



International Seminar on October 24th, 2014:

**“Auditing in a period of austerity –
a consideration of the impact of the wider
economic downturn on the role, coverage and
resourcing of public audit”**

Panel 2:

**“The experience of public sector audit institutions
identifying and implementing cost savings internally”**

Facts and figures of the Rechnungshofs von Berlin

Budget of Berlin 2014:
23 billion €,

**Budget of the Court of
Audit 2014:**
16 million €,

Share of the staff costs:
88 %

**Share of the costs for
equipment : 12 %**
(including 63 % for the offices
and 20 % for IT)

Employees: 240
(200 auditors, 40 administrative
employees)



Outline of the presentation:

- Preliminary remarks
- Budgetary situation of Berlin since the German reunification in 1990
- Reduction of staff costs as a substantial contribution to the budgetary consolidation
 - Participation of the Rechnungshofs
- Utilisation of synergies due to shared services
 - Participation of the Rechnungshof
- Additional possible measures of the Rechnungshof:
 - Slimming down of decision structures
 - Optimising the utilisation of IT
 - Optimising the resources management by utilisation of cost accounting
 - Optimising of the building utilisation

Preliminary remarks

Economic efficiency is also a benchmark for audits.

But:

- **The execution of the constitutional tasks must not be endangered,**

the public sector audit institutions should have available necessary and reasonable human, material and monetary resources (Declaration of Mexico 2007 of INTOSAI, principle 8)

and

- **the public sector audit institutions can generate only limited contributions to the budgetary consolidation.**

Budgetary situation of Berlin since the German reunification in 1990

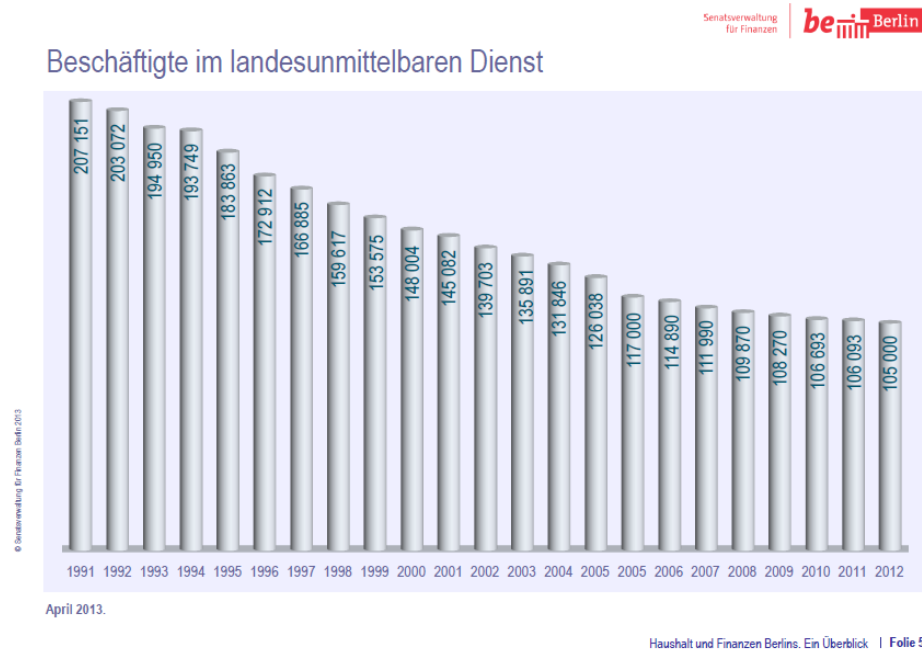
- Complete reduction of the so-called Bundeshilfe for the budget of (West)Berlin within a few years
- Loss of special financial grants for the Berlin economy
- Double administrative structures in the eastern and in the western part of the town
- Wide variations between tax estimates and actual tax revenues
- Increasing debts: from 9,3 billion € in 1990 to 62,9 billion € in 2011
- Sale of assets (12 billion €) to limit the new borrowing
- until 2012: no new debts and minor redemption (thanks to good economic trend, extremely low interest rates on borrowings and limitation of the increase in expenditures)





Reduction of staff costs

**During the last 20 years:
Halving of the number of
employees in the public
service of Berlin**
(in some cases externalisation of
functions)
and
**reduction of staff costs
between 2003 and 2009, also
due to the so-called
“Solidarpakt”**
(connected with a reduction of the
working hours and the salaries of the
employees up to an extent of 12%).

Reduction of the jobs at the Rechnungshof von Berlin since 1991: about 17 % .



Utilisation of synergies due to shared services

- personnel administration, for example file management, benefits in cases of illness and benefits for children
- IT-support (IT-Dienstleistungszentrum Berlin) 
- Facility Management (Berliner Immobilienmanagement GmbH) 
- Public procurement and tendering procedures (Landesverwaltungsamt Berlin)

Utilisation of shared services on the part of the Rechnungshof von Berlin, as far as it is consistent with the status as an independent supreme state authority.

Slimming down of decision structures

The following issues should be examined:

- **Necessity of all hierarchical levels**
- **Necessity to strengthen the function of the experts**
- **Advantages of team structures for the execution of audit tasks**
- **Possibility to centralise tasks of the personnel administration , for example in regard to the selection of personnel**

Optimising the utilisation of IT

- **Adaptation and upgrade of hardware and software (including mobile appliances and connections to workplaces at home)**
- **Implementation of a document management system with the objective of an “electronic file” and implementation of computerized business processes**
- **Implementation of an information portal for the employees to ensure a quick information retrieval**
- **Improvement of the data access possibilities , for example access to juridical databases**
- **Analysis of the business processes to accelerate the workflow**

Utilisation of cost accounting

- **There exists a cost object for each audit.**
- **The employees are entering the working time for each single task on the cost objects.**
- **The data is gathered centrally and it is available for the audit departments in the form of reports.**
- **The results referring to the audits can be used to evaluate them and to optimize the resources management**

Optimising of the building utilisation

- Reducing the lease costs due to optimised structures of the offices resp. rooms
- Moving to a state-owned building becoming available soon
- Possibility to sell the previous property in top-quality location