

EURORAI-Seminar
from 4 to 6 November 2021 Sarajevo

**The added value of regional
audit institutions for public
financial control in times of
pandemic**

Survey



Landesrechnungshof
Niederösterreich

Introduction – Lower Austria and Lower Austrian Court of Audit

Position in the system of public financial control

Impact of the pandemic on the public financial control

Effects of the pandemic on Lower Austria and its Court of Audit

Added value of regional audit institutions during the pandemic

Resiliency in auditing, consulting and reporting

Conclusions

Introduction – Lower Austria and....



Landesrechnungshof
Niederösterreich



budget 9,50 billion Euro 2020

35.000 civil servants

50 nursing and special care homes, 27 hospitals

46 schools and colleges, 28 public enterprises

foundations, institutions,...



area 19.186 km²

population 1.670.000

572 municipalities and 20 districts

... the Lower Austrian Court of Audit 2020



Landesrechnungshof
Niederösterreich

- **independent body of the Lower Austrian Parliament and part of the federal legislative; 22 employees, thereof 20 auditors**
- **budget 2.50 million Euro, thereof 96 % staff costs, that is 0.03% of the state budget or 0,06% of the total personnel costs**
- **share of women total 36%, in the audit service only 30%**
- **14 reports with more than 100 recommendations**
- **savings in the millions Euro, degree of implementation 84%**



■ **holder of the EU quality certificate**



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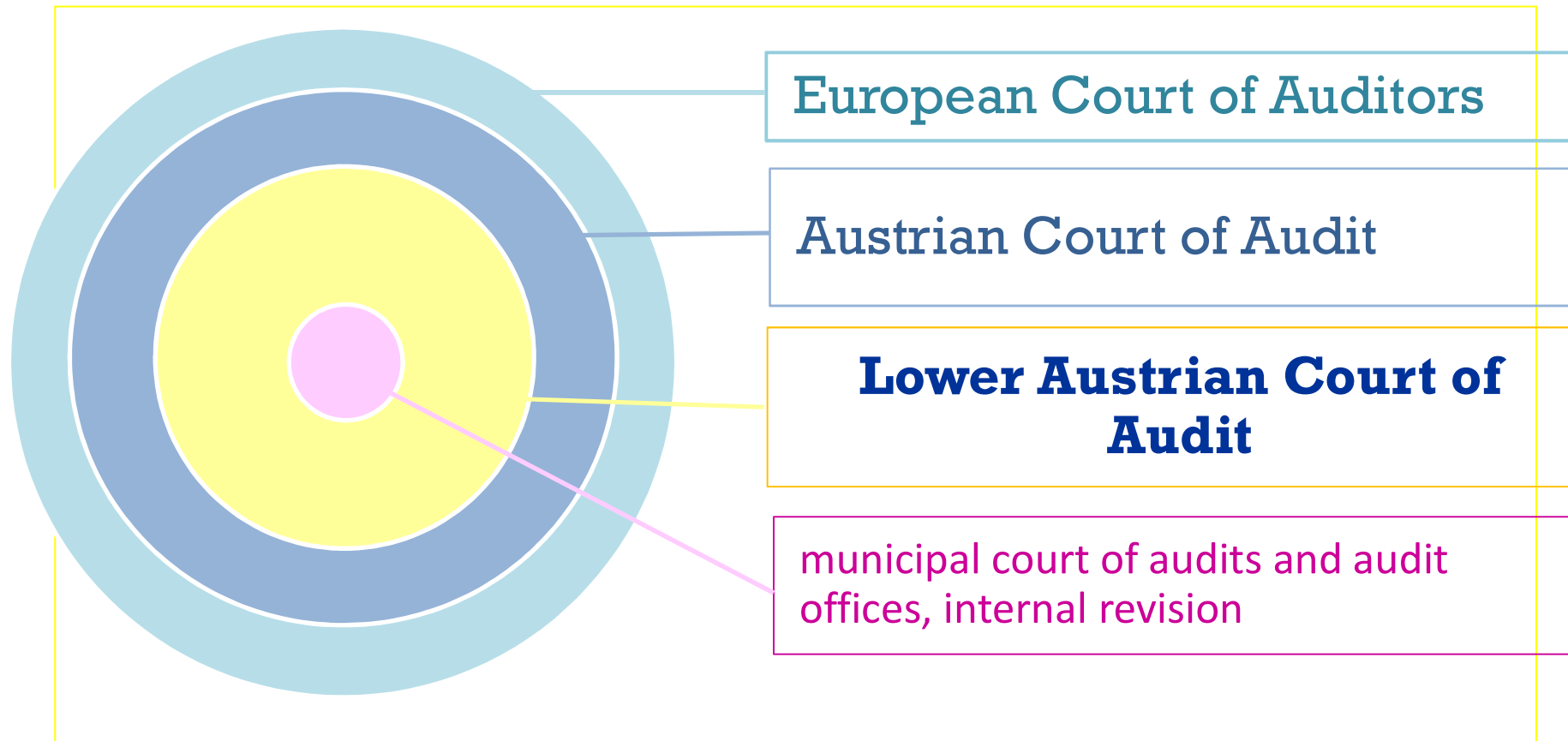
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Position of the Lower Austrian Court of Audit in the public financial control system



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Characteristics of the public financial control system



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- **4 level with specific, independent of each other, audit institutions respectively court of audits EURH, RH, LRH, StRH and municipal audit offices**
- **advantages in view of connectedness of public budgets: plurality, specialization, overall view, cross-national and overarching comparisons and benchmarking**
- **disadvantages to be compensated: coordination required due to the same tasks and similar responsibilities, different procedures und standards, overlaps and duplication of efforts to be avoided, just as gaps in the control systems**



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Impact of the pandemic on the public financial control

- covid-19-measures determine the office and audit world
- modification of procedures, audit programs, audit types and methods
- remote and real time audits, no business travels,
- inventories and studies about the structure and scope of the Covid-19 aids
- limitation on the respective level (EU, state, federal level) and budget
- lively exchange of experience and studies

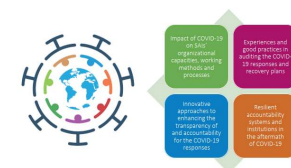


Report

25th UN/INTOSAI Symposium

Working during and after the pandemic: building on the experience of Supreme Audit Institutions (SAIs) for strengthening effective institutions and achieving sustainable societies

28 to 30 June 2021



Study of EURORAI
on the measures implemented by EURORAI member institutions
regarding the COVID-19 pandemic



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Effects of the pandemic on the Federal State of Lower Austria



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- reduced tax revenue but additional expenditure affects the budget: liabilities, financial debts and risks increase; budget targets and budget consolidation cannot be met
- sustainability gap increases, therefore downgrading of the ratings threatens A-1+ with negative outlook (12/2020)
- need of supplementary budgets and double budget 2022/23
- financing new public debts through outdated instruments: such as factoring (housing promotion loan) and PPP
- lack of legal bases (Bund, Land)

Effects on Lower Austrian Court of Audit I



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- measures to avoid any contagion and spread of the Covid-19 disease
 - home office as a rule not as an exception
 - restitutions of teleworking stations
 - reinforcement and increased use of IT equipment
- rolling adjustment of training, working and audit programs and of the personnel and organisational development concept
 - consideration of the infection situation and the work load of the audited entities (postponement, deadline extensions,...)
 - regular information to the Audit Committee of the Lower Austrian Parliament; Covid-19 became a cross sectional topic

Effects on Lower Austrian Court of Audit II



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- home office and remote auditing, restricted personal exchange of ideas and considerations, less background information
- detail questionnaires, video conferences, e-mails or skypeing cannot replace face-to-face meetings or local inspections
- increased digital literacy as expertise and better use of electronic devices and digital equipment
- attention to the infection situation and work load of the audited entities, strengthened reputation and trust
- coordination, cooperation and exchange with other audit institutions accelerate and improve ability to solve problems



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- familiarity with local conditions, better assessment of the local situation and the real work load of the entities to be audited
- presence due to the local proximity
- availability of core statements for example on procurement issues
- first point of contact for indications from the public and internal whistle blowers
- direct access to electronic files, budget data and others as well as user knowledge about databases
- agility and flexibility: short term adaption of audit programs, short term change between home office and office work



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Resiliency in auditing, consulting and reporting I



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Resiliency

- as the ability to overcome a crisis, to eliminate the effects, to learn from it and to emerge strengthened - requires:

- sufficient human, material, technical and financial resources
- adequate fail-safety (duplications, redundancies)
- quick access to information, data and solution capacities, large as resistant network and regular exchange of ideas
- agile management and flexible adaptation to new situations
- institutional diversity and different location or allocation

Resiliency in auditing, consulting and reporting II



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Resilience of the Lower Austrian Court of Audit was based primarily on

- motivated and qualified employees who convert their working methods to the covid-19 mode at short notice
- electronic equipment and high level of maturity of his organization certified with the EU quality certificate “CAF”
- confidence in his reliability and support of the Audit Committee and the Lower Austrian Parliament
- solid relations to the decision makers in administration, politics, public economy and financial control
- inclusion to the flow of information and access to resources



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Pandemic

- revealed strengths and weaknesses as well as approaches for improvements that need to be implemented
- increased public debt, liabilities, risks and consolidation needs, this will furthermore occupy the audit institutions for a long time
- revealed the value of independent regional audit institutions in the sense of EURORAI Guidelines, especially of Principles 2 “Subsidiarity and proportionality“
- stresses the benefit of the community of EURORAI and of the seminars giving support and back up in times of crisis



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**Thank you for your kind
attention, stay safe, healthy and
successful further on !**

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