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# Annual Report 2017

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## Preliminary remarks

On 29 December 2017, the Austrian Court of Audit submitted its Annual Report 2017:

**Pursuant to Article 126d para 1 Federal Constitutional Act to the National Council (Federation 2017/66)**

III–73 of the enclosures to the Stenographic Minutes of the National Council XXVI. GP

**Pursuant to Article 127 para 6 Federal Constitutional Act to the provincial parliaments**

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Carinthian parliament (Carinthia 2017/8)

Lower Austrian parliament (Lower Austria 2017/16)

Upper Austrian parliament (Upper Austria 2017/13) S

Salzburg parliament (Salzburg 2017/8)

Styrian parliament (Styria 2017/11)

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## Foreword

This Annual Report by the Austrian Court of Audit (ACA) for the year 2017 covers my first full year as ACA President. I am delighted to lead an organization characterized by commitment and energy. Last year saw the launch of many new projects – notably the ACA’s increased efforts to reach out to citizens. Service orientation of government has become a new audit focus and is a right step in a new direction. All government institutions must live up to the claim of citizens being at the core of what they do.

ACA recommendations are one thing, their practical implementation another. For reforms to be viable, all stakeholders in government, parliament, at federal, provincial and local level, must necessarily join forces.

In this endeavour, I count in particular on the National Council and on the provincial parliaments. I look forward to fruitful and constructive cooperation so that we can jointly contribute to efficient and reform-oriented governance. In this process, the work of the parliamentary Public Accounts Committee is crucial: if, when dealing with ACA recommendations, we succeed in developing proposals for improvement together, much has been gained. The ACA does not criticise for the sake of criticism. Its ultimate aim is a better use of public funds for the benefit of citizens.



Margit Kraker  
President of the Austrian Court of Audit (ACA)

# 1 Outlook and Review

In 2017, the ACA championed many endeavours that will have a lasting impact. The following chapters take a look back at what has been achieved all while providing an outlook into the future.

## 1.1 ACA focus on citizens

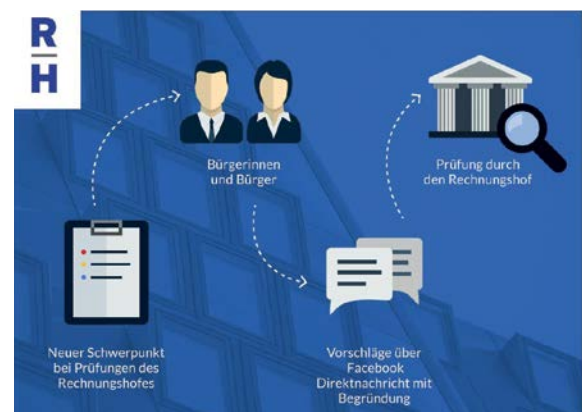
The ACA is increasingly placing the interests of citizens at the forefront of what it does. Audit is to help strengthen the trust of citizens in government institutions. This is reflected also in the new audit priority.

Spanning a period of three years, this audit priority revolves around the quality of public-sector service provision, with particular focus on the benefits for citizens, cost optimization and a modern-day delivery of tasks. The ACA will address in particular the following questions: Are the public services financed by taxpayers' money of the right quality? Do those services in fact reach the citizens and are they delivered in a modern-day fashion? And how innovative is the public sector in times of newly arising social challenges? These are the questions the ACA will devote special attention to in its future audits in a bid to look at the functioning of existing systems as a whole.

For the first time ever, citizens were invited in the run-up to audit planning to suggest their ideas for audits to the ACA.



Invitation to citizens to participate in audit planning via Facebook



How citizen participation was integrated in the process of audit planning

The result: Well over 100 interesting audit proposals were submitted to the ACA. Some will directly give rise to audits, others will be included in audits already planned.

The ACA made this new focus visible in its outward appearance, when it adapted its logo in spring 2017.



In a pleasing graphic display, the logo captures the guiding principle: “Independent and objective. At your service.” By this, the ACA wants to emphasize that audit is not a means in itself, but serves parliaments, auditees and, in particular, the citizens at large. This is consistent with the outcome targets which the ACA has set for its work. The effectiveness of the ACA depends on whether its recommendations are implemented. It is all the greater, the more the citizens are aware of its work.

The ACA’s social media presence will equally contribute to this end. Since late 2016, the ACA has been on Twitter (@RHSprecher) and since February 2017 also on Facebook (facebook/@RechnungshofAT).



Contact Committee – Summit meeting of EU SAs

This new focus on citizens is also being pursued at the European level. At their annual meeting in October 2017, the heads of SAs of the European Union member states and of the European Court of Auditors (ECA) discussed how SAs can contribute to restoring the trust of citizens in the European Union.

## 1.2 Audit institutions drawing closer together

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Coexistence turning into cooperation: Ever since President Margit Kraker took office in mid-2016, cooperation between the ACA, the provincial audit institutions and the European Court of Auditors is being filled with life.

The conference of audit institutions, launched in a bid for members to better coordinate and adjust their audit plans, has become firmly established on the annual agenda. After the first conference in 2016, the second meeting of this kind was held on 24 November 2017, which, at the invitation of President Kraker, was attended by all heads of the provincial audit offices and the head of the City of Vienna Court of Audit, as well as by Austria's representative at the European Court of Auditors.



The purpose of these conferences is not only to avoid duplication and thematic overlaps of audits, but also to foster cooperation in concrete audits. Examples of this cooperation could be found already in 2017. The ECA is currently auditing EU-supported high-speed rail projects. After the ACA had published its report “Railroad Project: Brenner Base Tunnel” (Federation 2017/4) in February, the ECA was able to rely on the ACA's expertise when auditing the Munich-Verona high-speed rail link.

The ECA's report is due in mid-2018. When presenting the ECA's Annual Report on 2 October 2017 in Vienna, Oskar Herics, Austria's representative in Luxembourg, shared the first results of the on-going audit. The extension of the Munich-Verona rail link remained a “patchwork governed by national interests,” Herics said. It is an illusion to believe that the network of core European transport projects will be completed by 2030. This will take at least until 2040. Austria will be impacted, since no significant shift of freight transport from road to rail will be possible before that date. The ECA was also criticising that the European Commission had no say in construction projects. Germany and Austria, he argued, were basing themselves on totally different forecasts. In this area, rethinking was called for.

At national level, two cooperative audit projects were agreed on in 2017: Since autumn, the ACA has been auditing the Burgenland Hospital Corporation (KRAGES) together with the Burgenland audit office. In the wake of the dismissal of the managing director of KRAGES in spring, the Burgenland parliament and the Burgenland government had instructed the Burgenland audit office and the ACA, respectively, to conduct an audit.



As the audit assignments were largely identical, the ACA and the Burgenland audit office agreed to carry out a joint audit and to submit a joint report – a novelty in Austria.

The ACA also agreed on a joint audit with the provincial audit office of Carinthia: In this case, the audit request by the Carinthian parliament to the Carinthian audit office on the “Acquisition of state-guaranteed debt instruments by the Carinthian Compensation Payments Fund” was largely identical in its wording to that addressed to the ACA.

This new spirit of cooperation also manifests itself in auditor training. To date, initial training has been separate for ACA staff and for staff from the provincial audit offices. The new Certificate Program Public Auditing started on 2 October 2017 as a joint three-semester basic training course for audit institutions in cooperation with the Vienna University for Economics and Business.

At the inauguration of the study programme, President Margit Kraker stressed how very important joint training was to her. All courses will be offered at the highest level, with a strong practical focus. “The combination of theory and practice is what makes this programme so outstanding,” said Kraker. Barbara Stöttinger, Dean of the University’s Executive Academy, thanked the President for not only continuing the well-established cooperation between the ACA and the Vienna University for Economics and Business in the form of an MBA programme, but also for expanding and deepening this cooperation through a new programme.



Certificate Program Public Auditing

The first round of the university programme started with 25 participants, eleven of which from provincial audit offices.

1.3 The top ten themes for the new government

The ACA perceives itself as a provider of incentives in Austria. On 26 October 2017 the ACA President presented ten themes that should be taken up by the new federal government – under the motto “What must be done now”.



“Now that the parliamentary elections are over, a new chapter is set to begin. Regardless of who will assume responsibility, it will be imperative to eventually make the necessary decisions,” said ACA President Margit Kraker, and added: “By making a fact-based and non-partisan contribution, the ACA intends to raise awareness for areas in need of urgent reform.” In this spirit the ACA elaborated the paper “What must be done now.” to spotlight the most important areas for action:

**Develop a reform strategy for Austria**

The country needs a common strategy coordinated among all governmental players, i.e. of the Federation, the provinces and the municipalities. The preparation of such a strategy, however, has hitherto failed due to giving preference to individual interests and reluctance to carry out reforms. We have to establish a shared, positive vision. Education, security and compliance (legal certainty) must clearly feed into Austria's locational advantages in international competition.

**Adapt the school system to newly arising challenges**

Austria invests considerable resources in its education system, while scholastic performance remains average. Migration and digitalization have placed new challenges on schools as well; this calls for mandatory educational targets for all schools in Austria. Actual classroom teaching hours must be raised. Resources must be employed in a well-targeted manner.

**Alleviate deficits in healthcare**

Healthcare expenditure is a vast challenge for the country. Decisions on hospital sites and on future demand for medical staff are overdue. Timely access to medical services is vital. The current system of 21 different social insurance providers is complex and fragmented and must be reorganized to improve both control and service offer.

**Take long-overdue decisions on funding old-age care**

The future federal government must eventually take a fundamental decision on its approach to a sustainable funding of old-age care in Austria. Several models of solidarity-based financing, such as public nursing care insurance, are conceivable. The aim is to develop an overall concept for planning and ensuring high-quality care

**There is no way around raising the factual retirement age**

Pensions and the labour market go hand in hand. Demographic development lessens the impact of reforms the longer measures are delayed. Pension-related reforms only work in the long term. From 2060 onward, there will be a mismatch between contributors and beneficiaries.

**The state must not give away anything for free**

The high number of funding entities, funds and funding programmes must be reduced since they increase red tape and render the programmes and structures complex. The transparency database has still not taken effect and must become an effective control instrument. If a funding fails to attain clearly defined objectives, it must be discontinued. Excessive funding ought to be avoided.

**Digitalization: safeguard locational advantages**

The incoming government's reform strategy must respond to digitalization by providing adequate infrastructure, adapting training curricula and tapping into locational advantages. Digitalization also transforms the state as such. The state administration must seize the opportunities opened up by digitalization.

**Debts entail duties**

Rising debts oblige the state to pursue a responsible budgetary policy. A revived economy must on no account result in a lack of budgetary discipline. The consolidation of public finance remains a priority.

**Modern administration: citizen benefit comes first**

Modern administration puts citizen benefit at the centre of all action. This entails a modern organizational structure in order to increase the quality and efficiency of government operations. One criterion of quality is the safeguarding of legal certainty. The state must take measures to reduce the length of proceedings before authorities and courts.

**Strong democracy and party-political transparency**

The incoming government must take on the reform of state structures without paying heed to any taboos. Austria needs institutions with clear-cut tasks and responsibilities assigned to them. Federal structures create problems when the Federation, the provinces and the municipalities are endowed with the same tasks. Each level of government must be willing to embark on reforms.

Democracy and party-political transparency go hand in glove. The funding of political parties must follow clear and traceable rules that apply to everyone. The ACA must be able to check compliance with those rules, i.e. not just formally, but materially. It is imperative that misconduct be sanctioned in an effective manner.

"Regardless of which government will be formed, it will have to decide on these central reform issues," stated ACA President Margit Kraker. The ACA would look into whether reforms are being implemented: "The public expects results".

On 29 October 2017, President Kraker was able to present the ten reform themes in detail to a wider audience on Austrian television during Press Hour. More than anything, she called for budgetary discipline: Careful planning is of the essence, she said. With debts and taxes there is no either-or. Any tax reform must be earned in advance.



President Kraker on Press Hour on Austrian TV

The booklet “What must to be done now” can be retrieved on the website <http://www.rechnungshof.gv.at/aktuelles/ansicht/detail/was-jetzt-getan-werden-muss-1.html> (German only).

**1.4 MPs satisfied with ACA work**

One of the ACA’s overriding goals is to give effective advice to the National Council and the provincial parliaments. The ACA has conducted a survey among MPs to measure how well its work has been received. The result: nine out of ten MPs are satisfied with the work of the ACA.

The ACA drafted a feedback sheet on 18 sets of questions. 183 members of the National Council and 440 members of provincial parliaments were given access to the online survey on satisfaction with the advisory services provided by the ACA in late 2016. Questions addressed included the readability, length and selection of themes of ACA reports, but also interest in deep–dive workshops on audit findings.

The survey ran until January 2017. The response rate was roughly ten percent at federal level and 19% at provincial level.

The overall result in detail:

	HIGHLY SATISFIED/ RATHER SATISFIED	RATHER NOT SATISFIED/ NOT SATISFIED
National Council	<b>89.5%</b>	<b>10.5%</b>
Provincial parliaments	<b>89.8%</b>	<b>10.2%</b>

The survey also allowed respondents to submit specific suggestions or requests. One frequently mentioned wish was for the ACA to submit individual reports only, instead of collected reports. This proposal was taken up immediately by the ACA: since early 2017, the findings on each audit have been published in a separate report.

In future, the MPs will be surveyed at three–year intervals as to how satisfied they are with the ACA’s work.

### 1.5 Project monitoring Renovation of Parliament Building

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For six years, the ACA has been monitoring the “Renovation of Parliament Building” project. The President is an advisory member of the builder–owner committee, the leading control body for the renovation works. Separately, the ACA published two audit reports.

In 2012, the ACA audited the design project and published its report in the same year (Federation 2012/11). The second report entitled “The Restoration of the Parliament Building – Detailed Preliminary Draft” was submitted to the National Council on 24 February 2017 (Federation 2017/6). In this report, the ACA drew attention in particular to the most ambitious timeline.

Doris Bures, the president of the Austrian National Council, thanked the ACA explicitly for its valuable concomitant monitoring of the renovation process. “In order to successfully and efficiently handle this renovation project, which is unique in the history of the Republic, it is essential that reports are being submitted throughout the entire process on stages that have already been completed. Only in this way is it possible to identify potential for improvement early on and consider them on an ongoing basis,” said Bures. She instructed the contractor responsible for carrying out the renovation works to take up the ACA recommendations.

On the same day the report was submitted, the first of a total of five meetings of the builder–owner committee in 2017 was held. This is the supreme control body for the renovation project, in which the members of the executive bureau of Parliament (the three members of the bureau of the National Council and the parliamentary party heads) are represented alongside the ACA President. The latter, however, attends in a mere advisory function and explicitly abstains from voting. Her role is to contribute the ACA’s specialist know–how gained in construction project audits and to identify deficiencies and shortcomings in the reports submitted to the builder–owner committee by the construction managers, project controllers and concomitant audit.



Furnishings of the plenary hall of Parliament building being dismantled

The reconstruction works officially began on 28 August 2017, when parliament had moved to the Hofburg building and to makeshift quarters at Heldenplatz and the library courtyard of the Hofburg building. In a first step, the fixtures and furnishings of Parliament building were dismantled, then the building site was set up. According to current plans, the reconstruction works are to be completed by 2021.

The most recent meeting of the builder–owner committee during the past legislative term was held on 3 November 2017.

### 1.6 Support in setting up compliance structures

Preventing corruption, compliance and risk management are issues of increasing relevance. The ACA has set up a separate organizational unit to deal with these issues which are increasingly relevant also in its audits.

In May 2017, the ACA set up a separate organizational unit dedicated to the prevention of corruption, compliance and risk management. Its tasks include building capacity within the ACA, as well as conducting audits in these fields. In doing so, the ACA is underlining the importance of preventing corruption and of compliance and risk management for government administration and for all organizations which are subject to ACA audits.

The audit on “Corruption Prevention Systems in Selected Federal Ministries” (Federation 2017/8) contributed to heightening awareness in this field. Prompted by the ACA audit, a project group set up at federal level compiled guidelines within a few months which are to help all ministries in establishing compliance structures.



Another example of an audit of compliance issues is the report on “Compliance in Procurement and Human Resources in Social Insurance Institutions” (Federation 2017/7). One of the key audit findings: none of the three social insurance providers (AUVA, BVA, PVA) had a system of systematic compliance management in place that would take account of the special financial and organizational risk factors. The rules governing consultation between self–government and the executive office, on preventing bias of members of self–government, and on granting discharge to the board of directors were found to be inadequate. Internal audit was neither sufficiently independent, nor was it adequately staffed.



The Main Association of Social Insurance Providers had not issued any guidelines on compliance in relevant areas such as advertising and filling of vacancies, or bias. The post tables were not mandatory, there was no systematic inter-institutional controlling, or, if in place, largely ineffective. Mandatory rules on advertising and filling vacancies were absent, or not complied with.

Another detail which emerged in the course of the audit: the pension insurance institution had taken on responsibility for the medical rehabilitation of pensioners without there being a clear-cut legal basis, simply on the basis of a decree. Consequently, the Federation had to finance approx. EUR 315m or approx. 58,000 cases which would have come under the responsibility of the health insurance provider. At the time of the audit, neither the ministries concerned (FM for Labour, Social Affairs and Consumer Protection, FM for Health and Women), nor the Main Association could provide aggregate data across institutions on the costs of medical rehabilitation and curative stays. According to calculations by the ACA, the total cost amounted to approx. 1,028m (2014).

The lack of coordination between the provinces and the special insurance providers has a most adverse effect on tax payers when it comes to planning for rehabilitation. In simple terms, the existence of different players and lacking coordination by the Main Association generates regional excess capacity, but also bottlenecks in the provision of care.

One example: although it had been clear as early as 2012 that there is a demand in the area of oncology in Western Austria (Tyrol and Vorarlberg), nothing changed. The consequence: patients based in Vorarlberg were referred to institutions in Germany. The pension insurance institution justified this by “irreconcilable differences” between itself, the land of Vorarlberg and potential providers.

Another example relates to service quality: applications for a curative or rehabilitation stay are not granted or rejected with sufficient care, with two to three minutes of processing time being spent on individual applications. The application forms often contain only a few headings to state a reason, data exchange (on the case history) could be improved.

Needs assessment was a two-stage process: one at land level, and the other consisting of the contract negotiations with the social insurance institutions. The coordination instruments between the land and the social insurance institutions were largely non-binding and not relied on sufficiently. The decisive factor in selecting applicants was not quality or price, but the date when applications were received (“first come, first served principle”). PVA, the pension insurance provider, did not fully record all documents in connection with the award of contracts, documents were not clearly assigned to transactions. The tasks of planning, tariff calculation, selection of contract partners and contract design were partly fragmented.

1.7 Progress with the transparency database

After many years of standstill, the transparency database project has been revived. This was triggered by the publication of an ACA report.

In 2010, the FM of Finance set up the transparency database. The aim was to create a publicly accessible database in which all support schemes and payments granted by the federal government and the provinces are recorded. The following goals were defined:

- Inform the public about public support schemes and support paid out
- Handle support payments more efficiently all while countering misuse
- Efficient control of public support schemes and the use of funds paid out
- Contribute to reaching the savings targets for public finance

The ACA audited the project in 2016. On 3 November 2017, it published its report “Transparency Database – Costs and Benefits, Targets and Target Achievement” (Federation 2017/45).

In its report, the ACA critically noted that six years after its introduction, the targets had not been met – and this at a cost of approx. EUR 13.6m. Instead, a complex instrument had developed that was overloaded with a multitude of data, recording support payments (e.g. research, environment grants) as well as transfers (e.g. family allowance, child-care allowance), social insurance benefits (e.g. unemployment benefit), retirement and pension payments (e.g. old-age pensions), or earnings-tax savings under the Income Tax Act and the Corporation Tax Act (e.g. tax allowance for children).



At the time of the audit by the ACA, the database was technically fully operational and online at [www.transparenzportal.gv.at](http://www.transparenzportal.gv.at). Funding schemes by the federal government and the provinces were accessible, payment data were recorded for the federal level. For the provinces, payment data were not shown (yet), the local authorities had reported neither their funding schemes nor any payment data.

Transparency database retrievable at [www.transparenzportal.gv.at](http://www.transparenzportal.gv.at)

For this reason, the database was hardly used in practical terms: neither for the purpose of control by the funding bodies when granting support, nor for analysing the distributive effects of the funding by the FM of Finance. The contents of the transparency database were mostly of little relevance to decision-makers, funding bodies and the public at large, given the fact that the aggregate volume of support could not be retrieved.

The audit conducted by the ACA showed immediate effect: on 10 November, one week after its report had been published, a meeting of the provincial governors was held in the course of which the transparency database was also addressed. All provinces stated their willingness to feed in data. Three days later, Upper Austria was the first to announce that “all support payments” – 450,000 altogether since January 2017 – had been entered in the transparency database. And another week later, the Austrian Association of Municipalities stated the willingness of local authorities to enter local support payments in the transparency database. Joining in with the provinces, they are calling for bureaucratic simplifications. In late November, the land of Lower Austria declared its intention to have all support payments recorded in the transparency database as of summer 2018.

### 1.8 Right to audit the Vienna Airport remains unclear

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In January 2017, the Vienna Airport denied the ACA auditing the “Maintenance of equipment and building services engineering”. The ACA had experienced a similar situation back in 2009, when auditing the “Skylink” project. Eight years ago, the constitutional legislator had enabled the audit. In the case at hand, the ACA’s audit competence has not yet been established.

Today, as then, the land of Lower Austria and the City of Vienna each hold a 20% stake in Flughafen Wien AG, 40% together. The ACA has a right to audit companies only if the stake of the public sector is 50% or more. However: Lower Austria and Vienna agreed on concerted action in the general meetings of shareholders by way of a syndicate agreement. The National Council then reacted thereto in 2009 by clarifying the audit competence, which is laid down in the Federal Constitutional Act. Accordingly, the ACA may audit companies in which the public sector holds a stake of less than 50% – explicitly mentioning Flughafen Wien AG as an example –, if these are “de-facto, by financial or other economic or organizational means” under public-sector control. Basing itself on the syndicate agreement, the ACA continues to assume that Lower Austria and Vienna exercise “de-facto control”.

In recent years, the composition of the remaining owners has seen changes: though free-float acquisitions, a Luxembourg company today holds 39.9% of the shares. In the opinion of Flughafen Wien AG, the new ownership structure does no longer imply that it is controlled de-facto by the public sector.

The ACA does not share this view: first, the syndicate agreement between Lower Austria and Vienna is still in force, and second, the Luxembourg company had intended to acquire a “non–controlling minority stake” in Flughafen Wien AG, which emerges from a publication of the Federal Anti–Trust Authority.

In mid–2017, the ACA filed a request to the Constitutional Court, as provided for in the Federal Constitutional Act, to decide on this difference of opinions. The primary issue is that of evidencing de–facto control. At its December session, the Constitutional Court did not decide on the merits of the case, and requested that the audit period and the subject–matter of the audit be specified in detail.

Obtaining a final decision on its audit competence in the area of public–sector companies – in particular Flughafen Wien AG – is fundamental to the ACA. This is why it will substantiate its request, heeding the formal suggestions made by the Constitutional Court, and seek a decision on the merits yet again.

## 2 Audits, Reports, Committees

Audit is the ACA’s core business. All audit findings are transmitted to the National Council, a provincial parliament or a local council after having been submitted to the auditee for comment. The report is then published – 90 reports altogether in 2017 – and discussed in the competent representative body.

### 2.1 Published reports

The ACA conducts audits in all fields of government policy, such as e.g. law, defence, labour, social, health, family, education, research, art, culture, finance, economy or infrastructure.

The ACA itself decides on its audit programme. It pursues a risk-oriented approach in audit planning and focuses on the relevance of the financial operations, on risk potentials, changes of key parameters, current events, special public interest, preventive effect and benefit for the citizens when selecting audit themes.



## Reports 2017

TITLE	TYPE OF AUDIT	PUBLISHED IN
The Underground in Vienna – Expansion Packages	Priority audit	Federation 2017/1 Vienna 2017/1
Further Education and Training for Teachers	Priority audit	Federation 2017/2
Transparency with Regard to Tax Benefits in the Field of Corporate Tax Law with a Focus on Group Taxation	Follow-up audit	Federation 2017/3
Railroad Project: Brenner Base Tunnel	Priority audit	Federation 2017/4 Tyrol 2017/1
Staff Management by the Federation with a Focus on Human Resources Plans	Cross-cutting audit	Federation 2017/5
Standortagentur Tirol (Tyrol Location Agency)	Sample audit	Tyrol 2017/2
Restoration of the Parliament Building – Detailed Preliminary Draft	Priority audit	Federation 2017/6
Compliance in Procurement and Human Resources in Social Insurance Institutions	Special audit	Federation 2017/7
HYPO TIROL BANK AG	Follow-up audit	Tyrol 2017/3
Corruption Prevention Systems in Selected Federal Ministries (Federal Chancellery, FM of Education, FM of the Interior, FM of Agriculture, Forestry, Environment and Water Management)	Cross-cutting audit	Federation 2017/8
Verkehrsverbund Ost-Region (VOR) Gesellschaft m.b.H. (regional transport network)	Priority audit	Federation 2017/9 Burgenland 2017/1 Lower Austria 2017/1 Vienna 2017/2
Selected Property Sales by the City of Vienna – Municipal Department 69	Priority audit	Vienna 2017/3
RML Regionalmanagement Lavanttal GmbH	Sample audit	Carinthia 2017/1
Carinthian and Vorarlberg State Health Funds	Cross-cutting audit	Carinthia 2017/2 Vorarlberg 2017/1 Salzburg 2017/1
Financial Flows in Healthcare	Cross-cutting audit	Federation 2017/10 Burgenland 2017/2 Salzburg 2017/1
General Refurbishment and Extension of the Museum of Contemporary Art (21er Haus)	Follow-up audit	Federation 2017/11
Measures for Promoting Staff Mobility in Civil Service	Follow-up audit	Federation 2017/12
tech2b Inkubator GmbH	Follow-up audit	Federation 2017/13 Upper Austria 2017/1
Waste Water Disposal in Graz	Priority audit	Styria 2017/1
Funds and Foundations of the Federation	Cross-cutting audit	Federation 2017/14
Monopolverwaltung GmbH (monopoly administration)	Priority audit	Federation 2017/15

TITLE	TYPE OF AUDIT	PUBLISHED IN
The Solidarity and Structural Fund at the Monopolverwaltung GmbH	Sample audit	Federation 2017/16
Protection of Employees	Follow-up audit	Federation 2017/17
Agricultural Investment Subsidies with a Focus on Outcome-related Aspects	EU audit	Federation 2017/18 Styria 2017/2 Upper Austria 2017/2 Tyrol 2017/4
Procurement Practice at the FM of the Interior, with a Focus on Digital Radio	Follow-up audit	Federation 2017/19
Tiroler Landesgedächtnisstiftung (Tyrolean Provincial Memorial Foundation)	Sample audit	Tyrol 2017/5
Banking Supervision in Austria	Priority audit	Federation 2017/20
Profit Distributions – Objectives and Targets of the Federation	Cross-cutting audit	Federation 2017/21
Expansion of Parking Space Management in Vienna	Priority audit	Federation 2017/22 Vienna 2017/4
Federal Monuments Authority Austria	Priority audit	Federation 2017/23
Regionalverband Salzburger Seenland (Regional Association of the Salzburg Lake District)	Sample audit	Salzburg 2017/2
Government District in St. Pölten – Financing	Priority audit	Lower Austria 2017/2
Family Jurisdiction	Priority audit	Federation 2017/24
The Organization of the General Directorate of the Vienna Hospital Association	Priority audit	Vienna 2017/5
The Municipality of Hart near Graz	Special audit	Styria 2017/3
Employment Integration Support “Come back” of the Austrian Public Employment Service	Follow-up audit	Federation 2017/25
Asset Management of Selected Health and Accident Insurance Institutions	Follow-up audit	Federation 2017/26
Risk Management in Financial Administration	Follow-up audit	Federation 2017/27
Structural Reform of District Courts	Follow-up audit	Federation 2017/28
Technical Management and Structural Maintenance by the Vienna General Hospital – Medical University Campus	Follow-up audit	Vienna 2017/6
Residual Waste Disposal in the Southern Vienna Basin	Cross-cutting audit	Lower Austria 2017/3
Upstream Systems to the Federal Accounting System	Functional audit	Report on the Federal Financial Statements 2016
Audit Pursuant to Sec 9 Court-of-Audit Act (RHG) 1948 – Pre-audit, Quality of the Income Statement	Functional audit	Report on the Federal Financial Statements 2016
Regularity Audit and Voucher-based Audit of the Federal Accounting System for 2016 Pursuant to Sec 9 Para 1 Court-of-Audit Act (RHG) 1948	Functional audit	Report on the Federal Financial Statements 2016

TITLE	TYPE OF AUDIT	PUBLISHED IN
Protection Forest Management at Österreichische Bundesforste AG	Priority audit	Federation 2017/29
Stadt Wien Marketing GmbH – Reporting Obligation Pursuant to the Political Parties Act 2012	Priority audit	Federation 2017/30 Vienna 2017/7
Austrian Federal Railways (ÖBB) – Real Estate “Gauermannngasse 2–4”	Sample audit	Federation 2017/31
Means–tested Minimum Income Scheme in Vienna	Priority audit	Federation 2017/32 Vienna 2017/8
New Invalidity Pension	Priority audit	Federation 2017/33
Hallstatt Wasserkraft GmbH (hydropower plant)	Sample audit	Federation 2017/34
The Safeguarding of Raw Material Deposits in Lower Austria, Upper Austria and Tyrol	Cross–cutting audit	Federation 2017/35 Lower Austria 2017/4 Upper Austria 2017/3 Tyrol 2017/6
Clothing Fund of the Federal Police	Sample audit	Federation 2017/36
Apartments of the FM of Defence and Sports	Priority audit	Federation 2017/37
Financial Equalization: Financial Allocations Pursuant to Section 21 of the Financial Equalisation Law	Cross–cutting audit	Federation 2017/38 Salzburg 2017/3 Styria 2017/4 Tyrol 2017/7
Registers in the Main Association of Austrian Social Security Institutions	Follow–up audit	Federation 2017/39
Federal Institute for Educational Research, Innovation and Development of the Austrian School System (BIFIE)	Follow–up audit	Federation 2017/40
School Site Concepts/ Decisions on Compulsory Schools in Upper Austria and Styria	Follow–up audit	Federation 2017/41 Upper Austria 2017/4 Styria 2017
Bundestheater–Holding GmbH (federal theatre holding company)	Follow–up audit	Federation 2017/42
National Foundation for Research, Technology and Development	Follow–up audit	Federation 2017/43
The Regional Studios of the Austrian Broadcasting Corporation	Follow–up audit	Federation 2017/44
Municipality of Schwechat and Multiversum Schwechat Betriebs GmbH	Follow–up audit	Lower Austria 2017/5
Verkehrsverbund Kärnten GesmbH); Performance and Financing, Implementation	Follow–up audit	Carinthia 2017/3
Waste Disposal in Tyrol	Follow–up audit	Tyrol 2017/8
Transparency Database – Costs and Benefits, Targets and Target Achievement	Priority audit	Federation 2017/45
Supervision of Insurance Institutions and Pension Funds by the Financial Market Supervisory Authority (FMA )	Priority audit	Federation 2017/46
Federal Agency for Sect Issues	Sample audit	Federation 2017/47



TITLE	TYPE OF AUDIT	PUBLISHED IN
Passenger Rights	Priority audit	Federation 2017/48
EU Financial Report 2015	EU audit	Federation 2017/49 Burgenland 2017/3 Carinthia 2017/4 Lower Austria 2017/6 Upper Austria 2017/5 Salzburg 2017/4 Styria 2017/6 Tyrol 2017/9 Vorarlberg 2017/2 Vienna 2017/9
Public Transport Contracts – Railways	Priority audit	Federation 2017/50 Burgenland 2017/4 Lower Austria 2017/7 Vienna 2017/10
Implementation of Gender Equality in the Framework of Outcome Orientation in the Federal Chancellery, the FM of Agriculture, Forestry, Environment and Water Management, and the FM for Transport, Innovation and Technology	Cross-cutting audit	Federation 2017/51
Gender Aspects in Income Tax Law with a Focus on Earnings Tax	Priority audit	Federation 2017/52
The Provincial Health Funds of Burgenland and Styria	Cross-cutting audit	Burgenland 2017/5 Styria 2017/7
Disaster Relief in Lower Austria, Salzburg and Tyrol	Cross-cutting audit	Federation 2017/53 Lower Austria 2017/8 Salzburg 2017/5 Tyrol 2017/10
EVN Abfallverwertung Niederösterreich GmbH (waste disposal)	Priority audit	Lower Austria 2017/9
Funding provided to the Municipalities of Baden, Feldkirch and Traun	Cross-cutting audit	Lower Austria 2017/10 Upper Austria 2017/6 Vorarlberg 2017/3
The District Waste Management Association of Urfahr–Umgebung	Sample audit	Upper Austria 2017/7
Austrian Higher Education Area	Priority audit	Federation 2017/54
Research at the FH JOANNEUM Gesellschaft mbH and the Carinthian University of Applied Sciences – Charitable Private Foundation	Cross-cutting audit	Federation 2017/55 Carinthia 2017/5 Styria 2017/8
EU Funds under the Aspect of Outcome Orientation	EU audit	Federation 2017/56 Upper Austria 2017/8
Österreich Institut G.m.b.H. (educational institution)	Priority audit	Federation 2017/57
Amstettner Veranstaltungsbetriebe Gesellschaft m.b.H. and its Holdings	Sample audit	Lower Austria 2017/11

TITLE	TYPE OF AUDIT	PUBLISHED IN
Civilian Air Traffic Control	Priority audit	Federation 2017/58
PEW Technik + Service GmbH	Special audit	Burgenland 2017/6
Austrian Federal Office for Safety in Health Care and the Austrian Medicines and Medical Devices Agency	Priority audit	Federation 2017/59
Public Employment Service Austria (AMS)	Priority audit	Federation 2017/60
The Sale of Apartments by Non-Profit Housing Associations	Cross-cutting audit	Federation 2017/61 Lower Austria 2017/12 Upper Austria 2017/9 Vorarlberg 2017/4 Vienna 2017/11
Salaries of Board Members and Managing Directors of Non-Profit Housing Associations	Cross-cutting audit	Federation 2017/62 Lower Austria 2017/13 Upper Austria 2017/10 Vorarlberg 2017/5 Vienna 2017/12
GESIBA Gemeinnützige Siedlungs- und Bauaktiengesellschaft (non-profit housing developer)	Priority audit	Federation 2017/63 Vienna 2017/13
Pension Adjustments of the Civil Servants at Provincial Level	Cross-cutting audit	Federation 2017/64 Burgenland 2017/7 Carinthia 2017/6 Lower Austria 2017/14 Upper Austria 2017/11 Salzburg 2017/6 Styria 2017/9 Tyrol 2017/11 Vorarlberg 2017/6 Vienna 2017/14
Pensions and Pension Expenses of the Civil Servants at Provincial Level	Cross-cutting audit	Federation 2017/65 Burgenland 2017/8 Carinthia 2017/7 Lower Austria 2017/15 Upper Austria 2017/12 Salzburg 2017/7 Styria 2017/10 Tyrol 2017/12 Vorarlberg 2017/7 Vienna 2017/15

All ACA reports are published on its website at [www.rechnungshof.gv.at](http://www.rechnungshof.gv.at), barrier-free since January 2017. This means that the pdf-files used can now also be retrieved by blind people and people with visual impairments with the help of a speech reproduction programme. For this purpose, the ACA generates “tagged” pdf-files, creates barrier-free links, supplies text alternatives to images and graphics, and uses sans serif fonts.

Since the start of the XXVIth legislative term of the National Council on 9 November 2017, the ACA has submitted all of its reports electronically and no longer in printed form. At the request the National and some provincial parliaments, the ACA makes printed desk copies available to MPs.

### Audit priorities

Each year, the ACA defines focus themes for its audits. In 2017, the audit focus, as in 2016, was “The effective use of public funds with regard to sustainability and intergenerational fairness”. As mentioned, the new audit focus which, for the first time, will span a period of three years is “Quality of public-sector service provision; with particular focus on the benefits for citizens, cost optimization and a modern-day delivery of tasks.”

In the years to come, the ACA will look into

- whether the federal government, the provinces, the municipalities and the social insurance institutions are adequately equipped to meet the current tasks and requirements,
- which areas show room for improvement, and
- whether the necessary change processes have been identified and whether they have actually been initiated.

In addition, the ACA will continue devoting attention to large-scale infrastructure projects (such as the renovation of Parliament building or the Vienna North Hospital) and respond to current audit needs.



In preparation of its new audit priority, the ACA hosted a conference of talks and workshops in June 2017. 170 participants from the ACA, but also from provincial audit institutions, addressed the issue in-depth. The varied programme featured two days of national and international presentations by representatives of the private sector, the public sector, academia (including the Austrian Economic Research Institute WIFO and the Institute for Higher Studies IHS), as well of international organizations (World Bank, OECD), who shed light on the audit topic from different angles.

### Cross-cutting audits

The ACA's audit competence covers the entire public sector. It can therefore make comparisons across all territorial entities. For this purpose, it conducts cross-cutting audits which allow it to compare tasks and topics at federal, provincial and local level, as well as between different legal entities. Through these audits, it can highlight best practices and benchmarks which then serve as a basis for auditees and political decision-makers.

In 2017, the ACA submitted reports on 18 cross-cutting audits to the representative bodies, e.g. on financial flows in the health-care sector, anti-corruption systems at selected federal ministries, fiscal equalization, the provincial health funds, on funds and foundations of the federal government, residual waste disposal in the southern Vienna basin, and on support schemes at local level.

### Special audits

The Federal constitution stipulates that, in given circumstances and to a limited extent, the National Council or a provincial parliament and/or the federal government or a provincial government may address an audit request to the ACA or demand it to perform an audit. In 2017, the ACA was commissioned with conducting four special audits:

“Fiscal authorities regarding the exchange of information in tax matters” (by the National Council), “KRAGES” (by the Burgenland state government), “Acquisition of state-guaranteed debt instruments by the Carinthian Compensation Payments Fund” (by the Carinthian parliament) and the “Handling of administrative penalties in the state capital of Linz” (by the Upper Austrian state government).

In 2017, the ACA published the findings of the special audits it conducted on “Compliance in procurement and human resources in social insurance institutions” (Federation 2017/7), “The local authority Hart bei Graz” (Styria 2017/3) and “PEW Technik + Service GmbH” (Burgenland 2017/6).

At the end of 2017, two other special audits were still in the commenting phase and will be published in 2018: “Tax fraud by publicly held companies (Cum-Ex deals)” and “City of Vienna – Vienna North Hospital project”. The special audit “Planning, restructuring and new build of the Oberwart hospital” was still ongoing.

## 2.2 Committees and plenary meetings

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After their submission and publication, reports are dealt with by the respective representative body.

### National Council

In 2017, the ACA submitted 65 reports, the Report on the Federal Financial Statements for 2016, its findings on three functional audits, the Income Report, and its Annual Report to the National Council

President Margit Kraker attended the six meetings held by the Public Accounts Committee (PAC), one meeting of the budget committee (on the Report on the Federal Financial Statements 2016), and seven plenary meetings of the National Council. The PAC discussed 21 contributions from the reports submitted, the Income Report 2016 and the Annual Report 2016.



President Kraker at the plenary of the National Council

At the close of the XXV<sup>th</sup> legislative term on 8 November 2017, 49 reports containing 69 contributions were outstanding, meaning the PAC had not discussed and/or forwarded them to the plenary of the National Council yet. They remain to be dealt with by the PAC of the newly elected National Council.

The reports are not only presented to the PAC or the budget committee of the National Council. Often, they are vital to parliamentary fact-finding committees. This was the case twice in 2017: a staff member of the ACA presented the report on “Air-space monitoring aircraft – settlement concluded by the Republic of Austria and Eurofighter Jagdflugzeug GmbH” (Federation 2008/9) to the Eurofighter fact-finding committee, as well as on the related follow-up audit (Federation 2013/2) and answered questions by MPs. The report on “Federal Monuments Authority Austria” (Federation 2017/23) was extensively discussed in the PAC subcommittee, also called the “small

fact-finding committee“. To that meeting as well, a staff member of the ACA was invited to provide information.

The ACA is also subject to the right of interpellation. This means that MPs of the National Council may ask questions concerning budget management, staffing and organizational matters within the ACA. In 2017, the ACA received four parliamentary enquiries from members of the National Council:

- Anonymous complaint addressed to the ACA against the CEO of the Austrian State Archive (7 June 2017)
- Barrier-free accessibility pursuant to sec 8(2), federal law on equal rights for disabled persons (19 April 2017)
- Accounting policies of Wiener Linien (Vienna transport authority) meriting audit (31 March 2017)
- Urgency of an ACA audit concerning support granted by Austria Wirtschaftsservice Gesellschaft mbH (aws) in need of clarification (15 February 2017)

Replying to the question of barrier-free accessibility, the President confirmed that “the ACA attaches utmost importance to everyone finding an open door at the ACA; barrier-free accessibility to public-sector service provision is one of its priority concerns. For this reason, the angle of barrier-free access has been repeatedly included in its audit work and the ACA had audited barrier-free access of schools and police departments. By its audit work,” she continued to explain, “the ACA was making a contribution to dismantling barriers which hinder persons with impairments to partake in social life”.

When refurbishing its own office building in 2009, the ACA had placed particular attention to removing barriers and equipping the building with barrier-free access, so that its staff in particular would find appropriate facilities, the reply to the enquiry stated.

The other three parliamentary enquiries concerned neither financial management, nor staffing or organization within the ACA, which is why the ACA was not in a position to respond.

### Provincial parliaments

In 2017, the ACA submitted 44 reports and its Annual Report to the provincial parliaments. At provincial parliament level as well, the ACA would wish for a timely discussion of its reports and for being invited to attend the deliberations of its reports. The relations with the individual provincial parliaments are governed differently by the provincial constitutions and/or the standing orders of the provincial parliaments. Some provincial parliaments address ACA reports at great detail and regularly invite the auditors to attend the deliberations. In Carinthia, Salzburg and Vorarlberg, the ACA was not invited to all deliberations of its reports.

ACA staff members took part in 40 parliamentary committee meetings in the provincial parliaments and the Vienna Municipal Council. In addition, President Kraker attended a meeting of the Vienna Municipal Council in December 2017, where she has a right to take the floor once a year.

Ever since this year, it is technically feasible to attend committee meetings by way of video-conferencing. On three occasions, ACA staff members joined a meeting of the Oversight Committee of the Styrian parliament from Vienna, and six times they joined an Oversight Committee meeting of the Upper Austrian parliament. Participation by video-conferencing has been successfully tested with the provincial parliaments of Tyrol and Vorarlberg.



Video conference with the Oversight Committee of the Styrian parliament

### Municipal councils

In 2017 the ACA submitted a total of 11 reports to municipal councils and/or the assemblies of municipal associations. Compared to the National Council and the provincial parliaments, cooperation with the municipal councils has seen improvement. The ACA is striving to step up cooperation and, when submitting reports at the local level, suggests that the auditors are available to give information when the reports are being dealt with by the municipal council. In 2017, none of the municipal councils took up this offer.

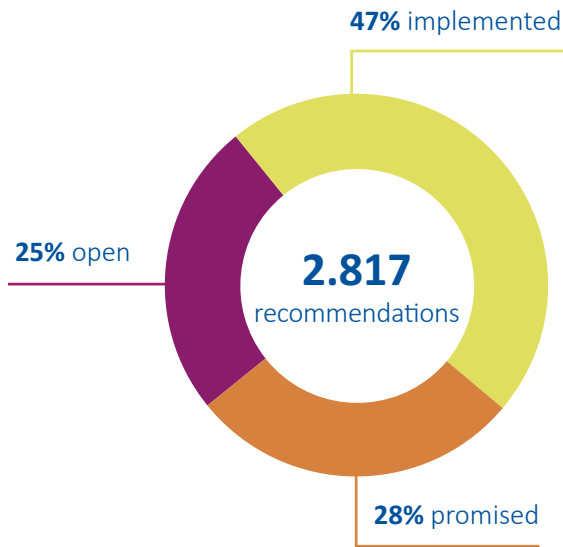
### 3 Audit Outcomes

How effective the ACA’s work is depends in particular on the implementation of its recommendations. This is why the ACA follows up on the implementation of its recommendations: each year it conducts a follow-up enquiry on all recommendations contained in its reports from the previous year. On top of that, it conducts follow-up audits on the state of implementation of its recommendations.

#### 3.1 Follow-up enquiries

In the year under review, the ACA queried 121 auditees about the state of implementation of recommendations contained in 82 reports dating from the year 2016. Based exclusively on data received from auditees, the follow-up enquiry for 2016 shows the following result:

1,328 recommendations (47%) of the 2,817 recommendations queried and assessed had been implemented, with 797 recommendations (28%) implementation was promised. In this way, an outcome was achieved with 75% of all recommendations. 692 recommendations (25%) remained unaddressed:





Broken down by territorial entities, the results of the follow-up enquiry are as follows:

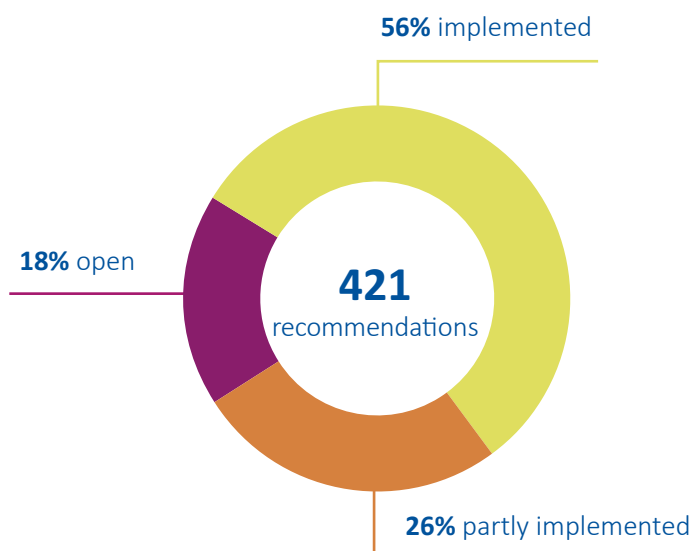
RECOMMENDATIONS	TOTAL	IMPLEMENTED	PROMISED	OPEN
Federal	1,691	689 <b>(41%)</b>	533 <b>(31%)</b>	469 <b>(28%)</b>
Provinces	845	455 <b>(54%)</b>	198 <b>(23%)</b>	192 <b>(23%)</b>
Local	281	184 <b>(66%)</b>	66 <b>(23%)</b>	31 <b>(11%)</b>

The detailed results have been published and are retrievable on our website at <http://www.rechnungshof.gv.at/berichte/nachfrageverfahren.html>.

### 3.2 Follow-up audits

In the second phase of outcome control, the ACA relies on the results of the follow-up enquiry. Follow-up audits are the most potent tool of outcome control, since the ACA audits the actual implementation of its recommendations on site.

In 2017, the ACA published reports on 21 follow-up audits in which it reviewed and assessed the state of implementation of a total of 421 recommendations: 236 recommendations (56%) had been fully implemented, and 108 (26%) had been partly implemented. This shows that the ACA was able to achieve an outcome with 82% of its recommendations.



## 4 Consultation on Draft Legislation

As part of its advisory activities, the ACA submits expert comments on draft laws and ordinances. In doing so, it closely looks at whether the financial implications of the project are sufficiently spelled out, and also whether recommendations from its reports are being implemented.

The Federal Budget Act requires every federal minister to attach a presentation on the results-oriented consequences in terms of major effects, and at any rate a presentation of the financial implications, to every draft bill and ordinance from their department. The financial impact on the federal statement of assets, statement of financial flows and operating statement for the current and, as a minimum, for the next four fiscal years must be quantified, as well as the financial implications on the provinces, local authorities and social insurance institutions, and the long-term impact on the federal budget. In consultations on draft legislation, the ACA assesses in particular whether:

- the presented results of the outcome-based assessment of the financial impact of the new legislation on public finance are plausible,
- ACA recommendations from earlier audits are implemented, and whether
- the planned measures will impact its audit work.

### 4.1 Federal legislation

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In general, the consultation period should be a minimum of four to six weeks for the submission of comments. In 2017, the ACA significantly fell below this six-week deadline with some of the 35 legislative drafts, taking less than ten work days for submitting its comments. This concerned, inter alia, the:

- FM for the Economy, Science and Research: Ordinance on the Green Power Act
- FM of Finance: Amendments to the Stock Exchange and Securities Supervision Act; Draft Act on a Register of Beneficial Owners, and
- FM of Education: 7<sup>th</sup> BIFIE survey ordinance and ordinances on curricula.

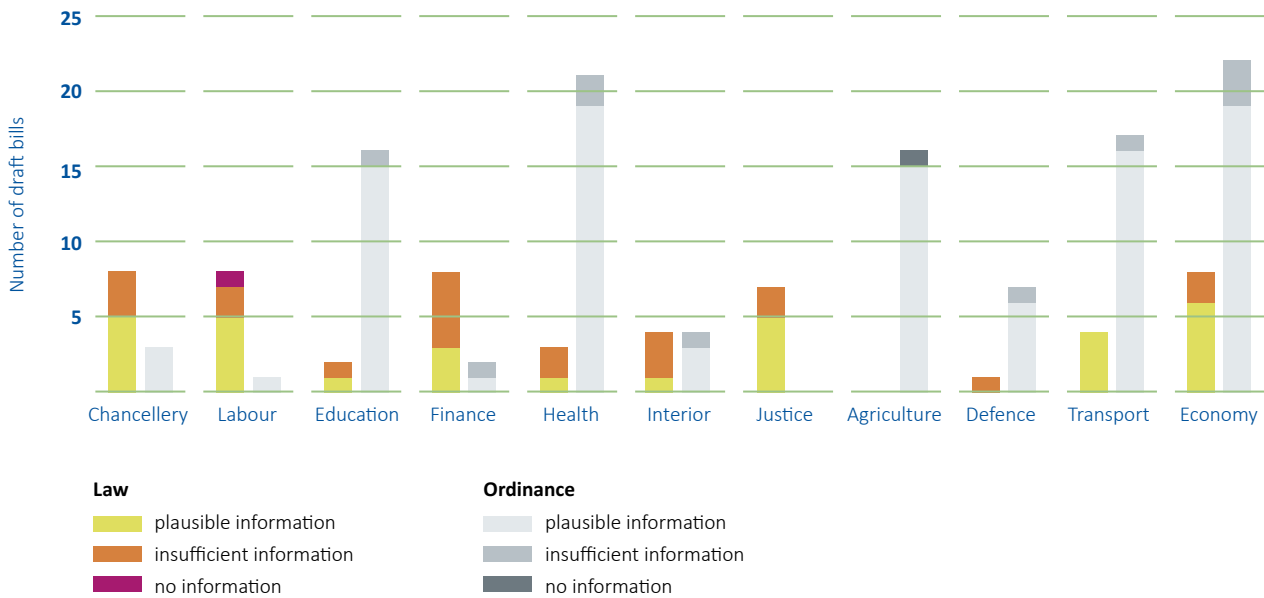
In its comment on the Health Reform Implementation Act, the ACA critically noted that the Article-15a agreements on the organization and financing of the health-care system and on target controlling in the health sector and the Act governing the implementation of these agreements of 2017 had not been subjected to consultation. Neither had the Municipal Investment Act 2017, the Pension Adjustment Act 2018 and the Principles of Deregulation Act been sent out for consultation.

In 2017, the ACA received a total of 162 federal draft bills and ordinances for comment (cut-off date 1 December 2017).

Parliament requested the ACA to comment on two legislative proposals. Two professional chambers and the Austrian Financial Reporting Enforcement Panel AFREP submitted a total of 12 draft ordinances to the ACA for comment.

Based on the legislative drafts submitted to the ACA, the following assessment can be made:

Degree to which the duty of financial impact calculation was met by the different ministries



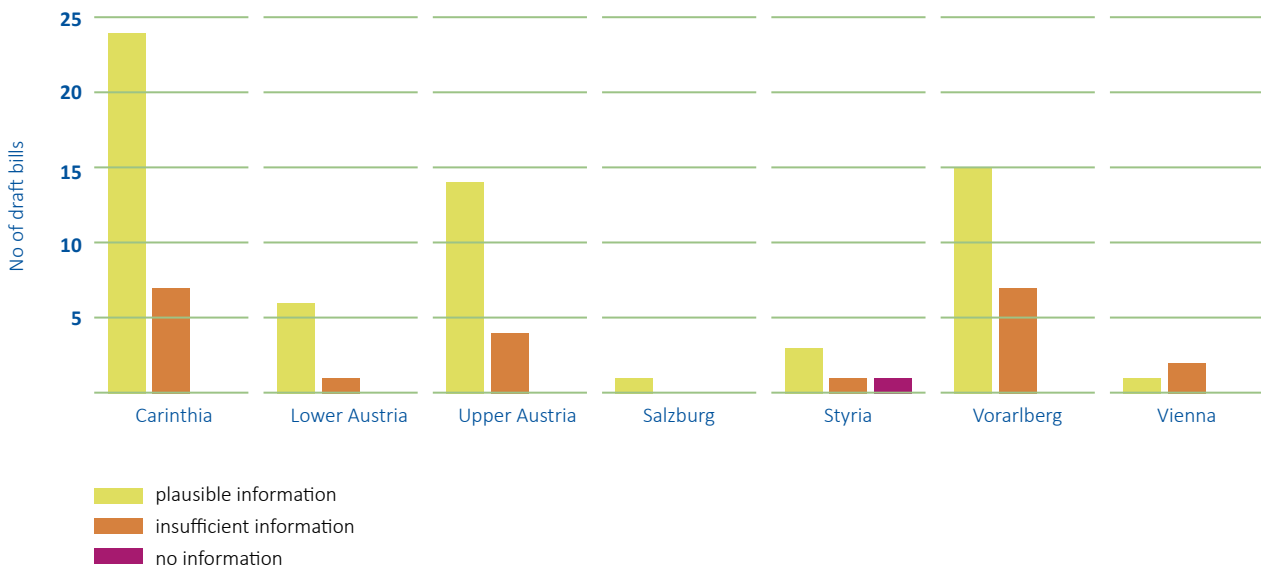
With approx. 81% of the 162 federal draft bills and ordinances the ACA commented on by 1 December 2017, the ministries had met their obligation to assess and present the financial implications on the federal statement of assets, statement of financial flows, and operating statement to a sufficient degree. Compared to the previous year, this is an increase in the number of drafts containing sufficiently plausible data (73% of all cases) and an improvement as against preceding years.

4.2 Provincial legislation

In 2017, the ACA commented on draft legislation of the provinces submitted by Carinthia, Lower Austria, Upper Austria, Salzburg, Styria, Vorarlberg and Vienna. At provincial level, there is no comprehensive duty of cost calculation; only the Upper Austrian and Burgenland constitutions and the Styrian Budget Act provide for the ascertainment and presentation of the financial impact of new legislation.

In 2017, the ACA received a total of 87 draft bills and ordinances by the above provinces for comment (cut-off date 1 December 2017). These draft legislative proposals contained information on their financial impact to the following degree:

Information on financial impact as provided by individual provinces



### 4.3 Examples of ACA consultations on draft legislation

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The ACA publishes consultations on draft legislation on its website at [www.rechnungshof.gv.at/beratung/gesetzesbegutachtungen.html](http://www.rechnungshof.gv.at/beratung/gesetzesbegutachtungen.html). In the following, you will find some examples:

#### Education reform

The ACA critically commented on the draft for an Educational Reform Act which the National Council adopted in June 2017 by a two-thirds majority: In the ACA's view the financial implications were incompletely presented, and the law would not redress the fundamental problem of fragmented responsibilities. In the opinion of the ACA, the reform package did not provide for an "overall reform of school administration", a fact that largely manifested itself in the new organizational set up of authorities, with educational directorates being introduced as "federal state – provincial authorities".

Moreover, the ACA critically assessed the possibility now given to neighbouring schools to form school clusters, so as to allow for the joint development of site-specific priorities and projects, and personal-skills-based deployment of teachers: in the ACA's view, the possibility for small compulsory schools to join a cluster would only defer or prevent the closing of micro schools. Structural reforms should rather foresee site optimisation measures, taking optimal school size into account.

The fact that its suggestion to form mixed clusters of federal and provincial schools has now been taken up in the text of the law was rated positive by the ACA. This will allow for the joint use of school space, but also inter-institutional cooperation between higher-level secondary schools and intermediate and higher-level vocational schools and new secondary schools (NMS).

The ACA rated the envisaged enlargement of school autonomy as partly positive, since this enables schools to use resources more efficiently and to organize teaching more flexibly. It also gave a positive assessment to the measures relating to further and continuous education of teachers and the redesign of the recruitment process for teachers and school heads.

#### Health reform

The Health Reform Implementation Act which was also adopted by the National Council in late June created the legal framework for the new primary care units. In its comment to the draft bill, the ACA had critically noted in May that this will cover only a partial area of the required "comprehensive reform plan" for the health sector.

On the basis of the draft bill, the ACA was not in a position to assess whether the set target of reducing in-patient capacities can actually be reached, in particular because relevant details – e.g. on the services actually provided, opening hours, quality assurance measures – did not emerge from the draft that had been submitted, but will only be agreed on by the social insurance institutions and the contract partners in the primary care contracts.

Therefore it remains unclear to what extent the measures proposed could help contain costs in the area of “medical help”, since the provision of medical services at the “best point of service” and their management is key to cost containment.

#### **Reform of public sports funding**

The Federal Sports Funding Act 2017 which was equally adopted by the National Council in late June 2017 provides for a concentration of federal sports funding by commercialising the Federal Sports Promotion Fund into Bundes Sport GmbH, and delegating the funding tasks currently assumed by the FM of Defence and Sports to that entity. At the same time, however, the ministry retains responsibility for awarding further federal sports funding in the amount of approx. EUR 25m for projects of overall Austrian significance. In its comment of May the ACA pointed out that a pooling of funding tasks was not achieved. It further stated that the explanatory notes did not contain any details on the expediency of the chosen legal form. Moreover it would have to be ensured that the federal government was given a strong position in terms of controlling sports funding and use of funds.

#### **Vienna minimum benefits**

In October 2017, the ACA reviewed the draft amendment to the Vienna Minimum Benefits Act, referring to its audit report on “Means-tested minimum income scheme in Vienna” (Vienna 2017/8). The ACA considered a number of provisions in the draft to constitute an implementation of recommendations, such as the:

- expansion and more concrete definition of the goals of the minimum benefits regime,
- adoption of countermeasures in the fields of integration, education and employment incentives, given the highlighted trend of long-term receipt of minimum benefits,
- consideration of dormant PES benefit claims as fictitious income, and
- extended duties to provide information of the Vienna municipal school board.

In spite of these developments, viewed as generally positive by the ACA, the following findings of the ACA were not taken into account, including its key recommendation to set up an Austrian-wide harmonized minimum benefits regime:

- the subsistence allowance for persons sharing an apartment or in co-habitation remains non-uniform,
- the preferential status of recipients of permanent benefits remains,
- the planned simplification of housing aids is just as much undealt with as the granting of housing allowance only if the costs of housing are actually proven,
- the minimum standard for minors remains unchanged,
- essentially no reforms and cost-cutting measures have been introduced to secure the financial viability of minimum benefits in Vienna in the medium and long term.

In November 2017 the Vienna provincial parliament adopted the amendment to the Vienna Minimum Benefits Act.

#### **Minor reform of financial markets supervision**

Behind the bulky title of the “Federal law amending the Banking Act, the Act on Deposit Guarantees and Compensation of Investors, the Financial Markets Supervisory Authority Act, the Capital Market Act and the Insurance Supervision Act 2016” stands a minor reform of the Financial Markets Supervisory Authority which was adopted by the National Council in 2017. In its comments on the draft legislation of August, the ACA referred to its audit of the “Austrian banking supervision architecture” (Bund 2017/20) and stated that its key recommendations had remained unconsidered, mainly the organizational integration of the twofold supervision function exercised by the financial markets supervisory authority FMA and the Austrian central bank.

Moreover, the ACA noted that, contrary to its recommendation, the system of state commissioners had not been thoroughly reformed. The only positive comment by the ACA related to the obligation for state commissioners to engage in continuous education which is laid down in the new law.

## 5 Special Tasks

In addition to its two core functions – audit and advice – a number of special tasks have been assigned to the ACA. Here is an overview:

### 5.1 Political Parties Act

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Under the Political Parties Act, the ACA has to:

- Appoint chartered accountants for the audit of the annual financial reports submitted by the political parties;
- Accept, formally control and publish, on its own website, the annual financial reports transmitted by the political parties;
- Notify the Independent Political Parties Transparency Panel if the information provided was incorrect or incomplete;
- Conduct a survey among all legal entities subject to its audit whether transactions were carried out with companies affiliated to political parties in the reporting period.

While the Political Parties Act has assigned the formal review of the annual financial reports of political parties to the ACA, it does not have a primary right of inspection and audit of the records and vouchers. Accordingly, the ACA does not have any powers to conduct genuine audits. In this manner, the major aim of the Political Parties Act, namely to generate comprehensive party–political funding transparency, is not achieved. The ACA is therefore calling for a genuine substantive control of party finances.

Another task of the ACA is to publish donations made to political parties exceeding EUR 50,000 in each individual case. In 2017, 12 such donations were reported on its website, compared to only three in the year before. Moreover, it must take in custody, safe–keep and pass on to charitable or scientific institutions donations which are unlawful under the Political Parties Act and which must be transmitted by the political parties to the ACA. In 2017, no such unlawful donations were transmitted to the ACA.

Pursuant to the Political Parties Act, the ACA regularly publishes the financial reports submitted by the political parties on its website at [www.rechnungshof.gv.at/sonderaufgaben/parteiengesetz.html](http://www.rechnungshof.gv.at/sonderaufgaben/parteiengesetz.html).



## 5.2 Media Transparency Act

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The Media Transparency Act is to create transparency in public-sector advertising and media cooperations. This act also assigns a special task to the ACA.

Every six months, the ACA must submit to the media authority *KommAustria* a list of all legal entities it is aware of and which are subject to its audits, stating their name and executive bodies. This biannual survey of executive bodies causes a high administrative burden for the SAI as well as the legal entities concerned. This special task is a non-audit activity which restrains the ACA in performing its core tasks.

In addition to the updating of master data, which is carried out by the ACA at six-monthly intervals, *KommAustria* must also survey media cooperations, advertising contracts and grants on a quarterly basis, which leads to temporal overlaps in the surveys conducted by the ACA and *KommAustria* twice a year. This creates an avoidable additional administrative burden for the legal entities and the ACA. The ACA therefore believes that the disclosure and reporting duties of the legal entities vis-à-vis *KommAustria* and the ACA should be separated.

For that matter: the ACA itself does not spend any money on advertising or fee-bearing publications in periodic electronic or print media (advertising contracts). Likewise, it does not financially support the owners of periodic media.

## 5.3 Act on the Election of the Federal President

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Under the Act on the Election of the Federal President, candidates running for election must disclose to the ACA donations, payments received from political parties, sponsoring and advertising, which the ACA reviews as to their accounting correctness and conformity with the Act on the Election of the Federal President.

If the ACA finds concrete indications as to the incorrectness or incompleteness of the information provided, it must request the candidates to submit a comment and publish such comments – including the results of its findings, as appropriate. In case of suspected violations, the ACA must transmit the documents to the Independent Political Parties Transparency Panel. Moreover, it must take in custody, safe-keep and report unlawful donations in its annual report and pass these on to charitable or scientific institutions.

In the 2016 elections for federal president, the following candidate tickets were published:

- Rudolf Hundstorfer on 24 August 2016
- Dr. Andreas Khol on 14 December 2016
- Dr. Irmgard Griss on 6 February 2017
- Norbert Hofer on 4 July 2017
- Dr. Alexander Van der Bellen on 4 July 2017

(see: [www.rechnungshof.gv.at/sonderaufgaben/aufgaben-nach-dem-bundespraesidentenwahlgesetz.html](http://www.rechnungshof.gv.at/sonderaufgaben/aufgaben-nach-dem-bundespraesidentenwahlgesetz.html))

The ACA did not have to take in custody unlawful donations or pass on records to the Independent Political Parties Transparency Panel on account of suspected violations.

#### 5.4 Incompatibility and Transparency Act

Since 1983, all members of government at the federal and provincial level, and all state secretaries, must disclose their financial circumstances to the President of the ACA on taking and leaving office or else every other year.

The President of the ACA is held to report any unusual accumulations of wealth to the President of the National Council or a provincial parliament.

In this process, the President of the ACA acts in a notarial function, without being granted audit or control rights as to the material correctness or completeness of the data supplied. This does not fully achieve the goals intended by the lawmaker, i.e. of clarifying “unusual accumulations of wealth” and informing the president or the competent general representative body of any such change.

### 5.5 Adjustment Factor for Politicians' Emoluments

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The Act on the Limitation of Emoluments builds on a salary pyramid and provides for a multi-tier system of remuneration, from the Federal President to members of the Federal Council, from members of the federal government to members of provincial parliaments, graded according to function. In addition, it sets ceilings for functions held at the Austrian central bank, the statutory interest representations and at social insurance institutions.

The Act on the Limitation of Emoluments provides, as a special task, that the ACA and its president must promulgate the adjustment factor for the emoluments of public-sector officials on the basis of the law.

By 5 December of each year, the ACA must ascertain and promulgate the factor by which the remuneration of public-sector officials is to be adjusted. For this, the ACA relies on the communications published by the federal statistics office Statistik Austria and the FM for Social Affairs.

This factor corresponds to the lesser of the inflation rate of the previous year and the pension increase granted under the General Social Insurance Act. Emoluments are then adjusted as of the 1 January of the following year.

For 2018, the ACA calculated a factor of 1.015 which was published on 5 December 2017 in the Official Journal.

### 5.6 Income Report and Income Survey

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Other special tasks arising under the Act on the Limitation of Emoluments include the submission of a report on average incomes of the population at large (General Income Report) and drafting a report on emoluments paid by federal legal entities which are subject to being audited by the ACA.

The General Income Report gives an overview of incomes earned by the Austrian population, broken down by employed and self-employed persons, and pensioners, as well by industries, professional groups and functions, provides data from agriculture and forestry, and compares private and public-sector incomes.

The ACA submits the General Income Report to the National Council, the Federal Council and all provincial parliaments every other year, most recently on 20 December 2016. In these reports the ACA was able to show once again that women still earn considerably less than men.

The ACA submitted the current survey on incomes at federal public-sector companies and institutions covering the years 2015 and 2016 on 15 December 2017. To that effect, it had surveyed the average incomes at 397 federal companies and institutions for the year 2015 and at 403 companies and institutions for 2016. The data surveyed for 2015 and 2016 contain information on the income of 1,635 and 1,642 supervisory board members, 651 and 654 members of managing boards or managing directors, and 217,443 and 219,766 employees respectively.

### 5.7 Report on the Federal Financial Statements

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One special task assigned to the ACA is to prepare the annual Report on the Federal Financial Statements. It submitted the Federal Financial Statements 2016 to the National Council on 27 June 2017.

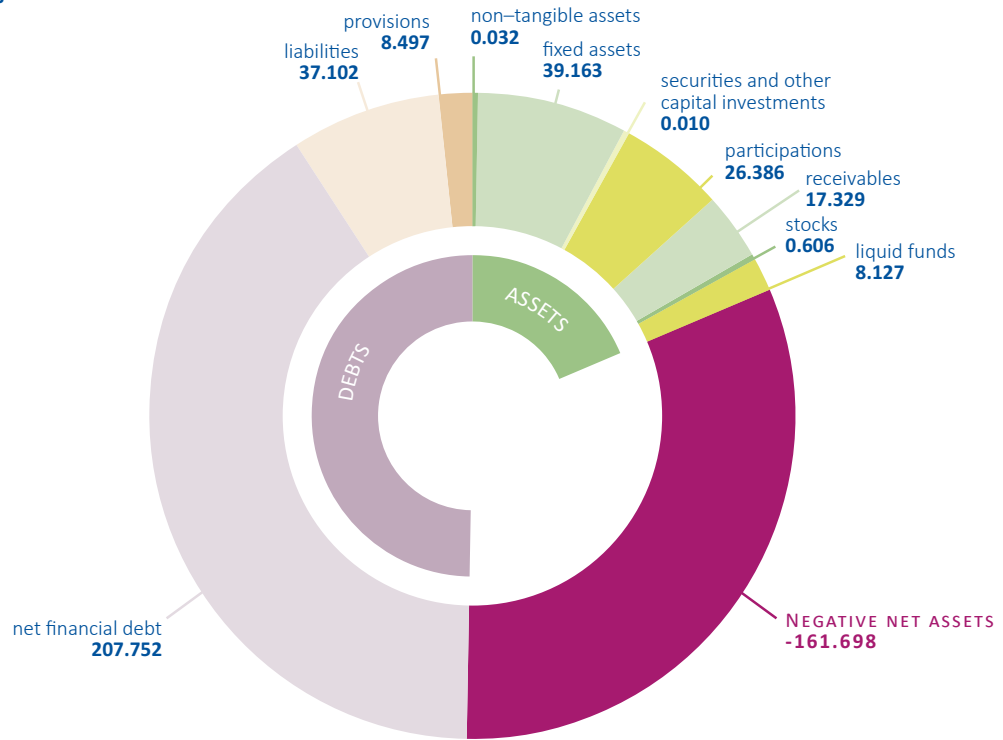
The key message of the Report on the Federal Financial Statements 2016: Austria's assets are increasing. However, Austria always had an excess of debt (e.g. financial debts, liabilities and provisions) over assets. And its debts are growing faster than its assets.

As reported in the Report on the Federal Financial Statements as per 31 December 2016, federal assets stood at EUR 91.653bn, which is a year-on-year increase of 3.925bn (+4.5%). Liquid funds and participations had recorded an increase. As per 31 December 2016, Austria's debt amounted to EUR 253.351bn. In a year-on-year comparison, financial debts, liabilities and provisions had risen by EUR 12.268bn (or 5.1%). Major items included liabilities, subsidies to the Austrian railways infrastructure company ÖBB-Infrastruktur AG, and higher provisions required in particular for the Carinthian Compensation Payments Fund. In 2016, the adjusted financial debts had increased by EUR 8.639bn to EUR 207.752 bn.

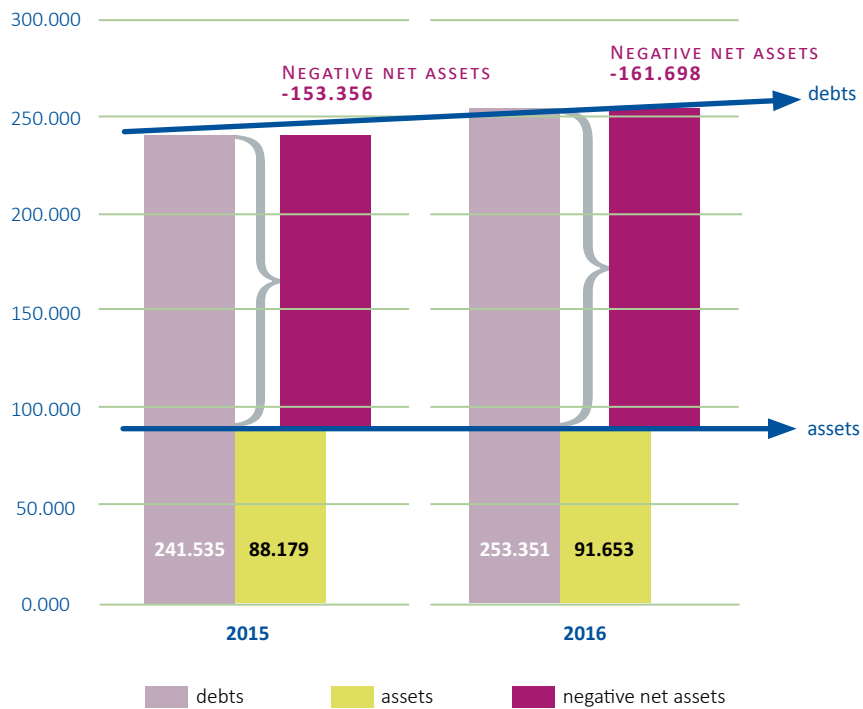
Overall, the result for 2016 is negative, scoring a shortfall of EUR 161.698bn ("negative net assets"). Compared with previous years, this shortfall increased last year by EUR 8.342bn (5.4%).

Statement of assets for 2016

**Break-down of assets**  
(in billion EUR)



**Development of assets**  
(in billion EUR)



In the Report on the Federal Financial Statements 2016, the ACA concludes: “Given these developments, the ACA sees an urgent need for action to improve the federal financial situation and explicitly calls for structural reforms and responsible fiscal policies.”

Alongside the Report on the Federal Financial Statements 2016, the ACA also published its findings on two so-called functional audits (“Upstream systems to the federal accounting system” and the “Quality of the income statement”) and on the “Regularity and voucher-based audit of the federal accounting systems for 2016”.



Report on the Federal Financial Statements 2016

The fundamental question of whether the ACA should continue to have responsibility for compiling the federal financial statements or whether the ACA’s task regarding the federal financial statements should be redefined as “audit of the federal annual accounts” is currently debated with the members of the parliamentary budget committee. The potential risk of mixing the two roles of preparing and auditing the financial statements is not in keeping with international standards. In 2017, a working group was set up on the initiative of the ACA consisting of representatives of the FM of Finance, the ACA and the National Council’s budget department in a bid to further develop the federal financial statements. In the meetings held to date, the group elaborated the status quo in detail and identified the key issues for designing a new process and procedural organization. Potential alternative scenarios are currently being devised. The parliamentary budget department provided a number of international examples for that purpose.

### 5.8 Incurring financial debts

By countersigning federal debt instruments, the President of the ACA confirms that the debts were entered into lawfully and recorded in the main ledger of government debt.

#### Federal financial debts incurred (status 1 December 2017)

	2016	2017
	NUMBER	NUMBER
Federal financial debts	<b>63</b>	<b>56</b>
of which countersigned	59	52
	VOLUME IN EUR BN	VOLUME IN EUR BN
Financial debts incurred	28.12	29.70
Short-term loans	8.27	26.00

In 2017, the Federation had raised financial debts in the amount of EUR 29.7 bn as at 1 December 2017. Compared to 2016, the volume of short-term loans (“liquidity boosters”) had increased significantly, although these amounts are passed through profit and loss and not carried on the balance sheet.

Financial debts are all financial liabilities of the Federation which are entered into to allow the Federation to have money at its disposal.

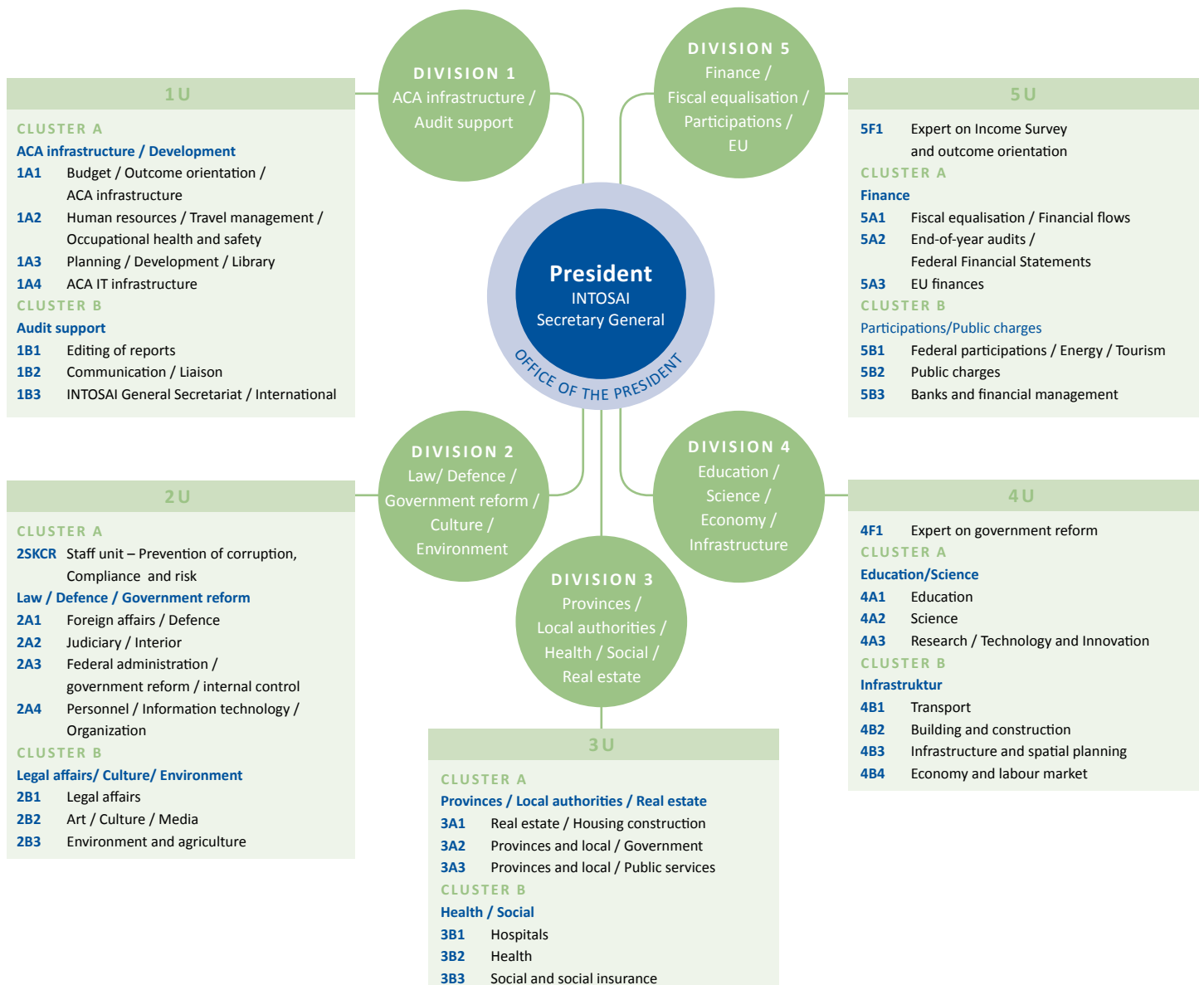
Liquidity boosters are raised to ease short-term liquidity bottlenecks and must be repaid within one and the same fiscal year, otherwise they are automatically converted into financial debt.

## 6 Organization

The ACA needs a well-functioning organization in order to deliver its tasks independently, unbiased and effectively. Excellent staff are at the core of the organization. Just as important is a sound financial base.

### 6.1 Staff

The ACA is headed by the President who represents the organization externally. She leads an organization of 309 staff members.

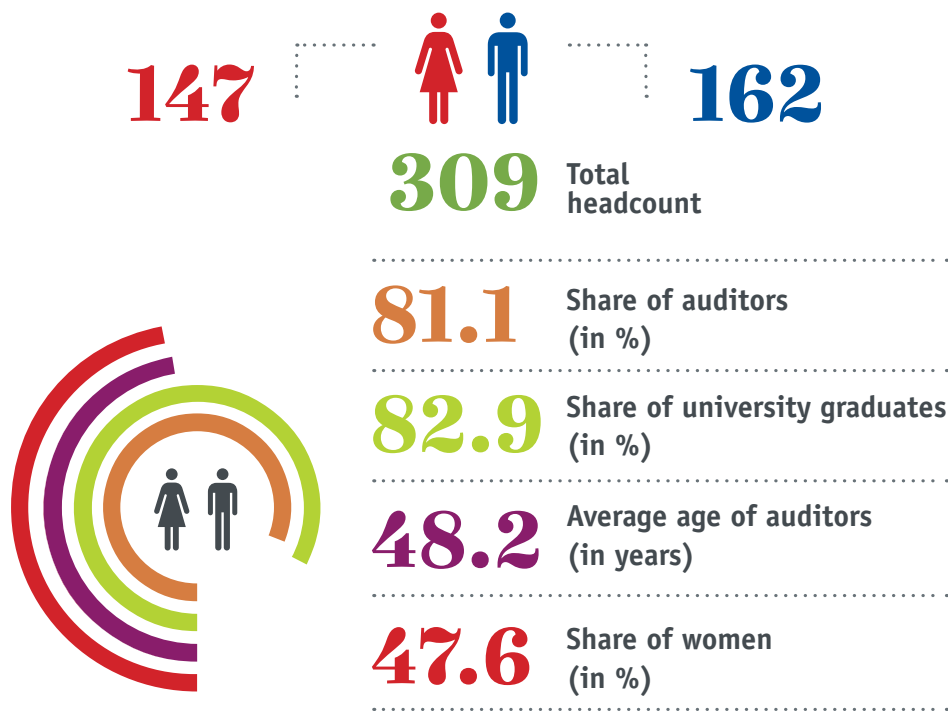




The ACA staff are assigned to five divisions covering a total of 33 specialist audit and technical departments. In addition, there are two expert positions for government reform and for issues relating to income surveys and outcome orientation, as well as a dedicated unit for anti-corruption, compliance and risk management.

The organization of the ACA is to be further developed, to keep abreast of modern times. Clearly defined audit fields are to lead to closer cooperation between thematically related areas of audit and allow for a better monitoring of resources. The further development of the organization is to be completed by the first quarter of 2018.

Current breakdown of ACA staff:



All data as at 1 December 2017

The ACA’s success rests on the knowledge and performance of its staff. This is why utmost attention is placed to the qualifications of new recruits and a programme of consistent initial and ongoing education. 81.1% of the total workforce of 309 persons (277.2 FTEs) employed in 2017 at the ACA, work in an audit function (calculation based on FTEs). Upon recruitment, they all have at least three years of work experience in the most varying fields. In line with the demanding job profile, the share of university graduates working in audit functions is very high (82.9). Most of these hold a degree in

law or business. The ACA's workforce also includes graduates of technical universities, and of the University of Natural Resources and Applied Life Sciences.

According to the Gender Controlling Report 2016 issued by the Austrian Federal Chancellery, the share of female employees of 47.6% at the ACA is significantly higher than the public-service average (41.9%). When it comes to management functions, the ACA also scores better (40.1%) than the public sector overall (35.2%).



Photoshooting on the occasion of World Women's Day 2017

27 women and eight men are currently working part-time, which demonstrates the ACA's commitment towards making work and family life more compatible. In 2017, teleworking was first introduced at the ACA.

New leadership model

In the year under report, the ACA developed a new leadership model:

**“As managers of the ACA we are aware that leadership tasks can only be fulfilled effectively if our actions are grounded in self–reflection and self–criticism. This allows us to assume responsibility towards our staff members, and may at times require an investment of time and effort. We subscribe to an organizational culture in which achievement is recognized and dedication and diversity are valued.”**

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#### LEADERSHIP PRINCIPLES

In our understanding, leadership based on commitment and appreciation entails:

- Living trust, team spirit, creativity and organizational change hands–on
- Setting, communicating and jointly achieving goals
- Thinking ahead, devising and applying the right strategies
- Identifying, developing and harnessing potential
- Delivering and demanding performance, ensuring quality and using suitable tools appropriately

“The new leadership model and the guidelines create a common understanding of leadership and should serve as a basis for our work,” said President Kraker during an in-house presentation early in the year. The entire management team at the ACA then followed up on the development of the leadership model in a one-day meeting.



Management workshop as a milestone towards a leadership model

### Communities of Practice

The ACA has set up communities of practice to promote an internal transfer of knowledge. Currently, there are 13 different communities of practice on a variety of different topics, ranging from procurement, government administration and reform to health, hospitals and social matters, which are open to ACA staff as well as to interested persons from other audit institutions. In 2017, a total of nine events were hosted by these communities of practice, recording more than 350 internal and external participants.

The largest event of this kind was the expert meeting of building & construction auditors at Austrian audit institutions, hosted by the Community of Practice on Building and Construction. From 26 to 27 June 2017, a total of 59 participants from seven provincial audit institutions, the City of Vienna Court of Audit, municipal audit bodies, municipalities, the Bavarian state audit office, the German Bundesrechnungshof and the ACA discussed the general theme of risk management.

## 6.2 Intellectual Capital Statement

As a knowledge-based organization, the ACA is aware of how strategically important its knowledge is. For the eleventh time it is now presenting its intellectual capital statement in this Annual Report.

### Comprehensive knowledge management

For the efficient delivery of its audit and advisory tasks as government auditor, it is indispensable to generate new knowledge on an ongoing basis and to share existing knowledge among staff members. The ACA is a living knowledge-based organization which continuously widens and deepens its comprehensive knowledge management at all organizational levels. In this process, it is vital to proactively design knowledge management between all organizational units and the cross-departmental communities of practice in a process-oriented manner. The ACA's four knowledge goals are always at the centre:



These are the four knowledge goals which are being pursued in all areas of intellectual capital and serve as basis for the ACA's strategic orientation. In the past year, the ACA implemented, for instance, a new system of initial training for newly recruited auditors in cooperation with the provincial audit institutions and the City of Vienna Court of Audit based on these knowledge goals. A leadership model, which has been developed together with all senior managers, highlights the ACA's commonly shared values.

## The ACA's human capital

The staff members of the ACA – its human capital – account for the overwhelming share of its intellectual capital.

	2014	2015	2016	2017
<b>Staff structure</b>				
Headcount	301	304	305	309
FTEs	281	282	273	277.2
Average age of staff in audit functions	46.8	47.4	47.6	48.2
Average years of service in audit functions	13.7	14.3	14.4	14.8
Share of university graduates in audit functions in %	81.1	81.0	82.4	82.9
Compliance with the obligation to employ disabled persons	+2	+2	+2	+2
Average retirement age	63.8	62.8	62.5	–
<b>Gender equality</b>				
Share of women in total in %	46.8	46.7	47.2	47.6
Share of women in management–level functions in %	37.2	37.2	38.1	40.1
Part–time employees	35	35	36	35
<b>Knowledge transfer</b>				
Events hosted by the communities of practice	12	16	11	9
Average days of educational leave per staff member	8	8	6.4	5.9

Data for 2017: 1 December 2017

Ongoing initial and further education and training as well as knowledge sharing among ACA staff and with partners from the public-sector audit community, academia and other institutions are vital for the ACA to be able to make assessments, evaluations and recommendations in the course of its audits. Here, the ACA strongly focuses on knowledge management, involving external knowledge-based organizations, specifically on generating and sharing knowledge, e.g. on audit methodologies and data analysis. More and more, the ACA is inviting other audit institutions to take an active part in the communities of practice, with a view to promoting integrated government audit.



Event hosted by the “Public Administration and Government Reform” community of practice in November 2017

### 6.3 Controlling plan

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The new resource, target and performance plan (controlling plan) for the years 2018 to 2021 has been available since November 2017. It sets out deliverables for results and outcome-oriented controlling by means of which the ACA wants to achieve its goals in the medium term.

The controlling plan is based on the ACA's outcome targets:

**THE CONTROLLING PLAN IS BASED ON THE ACA'S OUTCOME TARGETS:**

- Providing effective audit-based advice to the National Council and the provincial parliaments to promote the implementation of reforms
- Establishing transparency on the use of public funds and the financial sustainability of the general government
- Establishing transparency on the actual state of equality between men and women and on diversity
- Promoting effective government audit by strengthening cooperation with other audit institutions

The structure of new controlling plan is twofold. Part I gives an overview of the outcome targets and sets of measures, as well as of the outcome and performance parameters. Part II lists the individual areas of performance such as audits, special tasks and internal projects including responsibilities for implementation. As in the past, the achievement of the set targets and planned results will be evaluated at bi-annual intervals. The most recent biannual evaluation conducted in mid-2017 showed that the set targets such as satisfaction of MPs with the work of the ACA, or avoidance of duplication in audits conducted by the ACA and the provincial audit institutions, had been reached or will certainly be reached, with six of the 12 indicators on which the four outcome targets are based. With the remaining indicators, the ACA put all efforts into reaching the targets it had set for itself during the second half of 2017. The target of conducting 26 follow-up audits per year had been almost reached in early December 2017, with 24 such audits having been completed by then. The target of giving 10 recommendations with a diversity aspect could not be attained.



**6.4 Budget**

The ACA has been operating on a tight budget for years, with no mid-term planning security.

On the occasion of the parliamentary deliberations of the budget 2017, President Kraker in late 2016 urgently drew the National Council’s attention to the tight staffing situation at the ACA, since the ACA was not enjoying sufficient medium-term planning security for its budget. As per 1 December 2017 a mere 277.2 FTEs were actually filled, even though the plan of established posts provides for 323 posts and the government’s consolidation roadmap – which should not apply to the ACA – 312 posts. By the next financial framework at the latest, President Kraker called on the MPs, sufficient funding would have to be allocated to the ACA to cover its medium-term needs. The ACA’s operative budget for 2017, she stated, was lower than in 2012. However, additional tasks were being delegated to the ACA at the same time, which is why it was necessary to step up its funding.

The ACA’s budget in a five-year comparison:

	2013	2014	2015	2016	BUDGET 2017
	IN EUR M	IN EUR M	IN EUR M	IN EUR M	IN EUR M
Spending federal	75,566.68	74,652.52	74,589.49	76,308.96	77,457.19
Spending ACA	30.08	30.62	31.53	32.24	32.96

Sources: Federal Accounting Office, Federal Budget

The ACA is greatly concerned about the economic, efficient and effective use of its own budget. This is why it regularly reviews its own internal improvements and savings potentials. Savings have been achieved in the areas of printing, telecommunications and licence fees. By introducing a system of electronic report submission in the new parliamentary term it has been possible to significantly cut printing costs. Desk copies of every report are now printed in very low numbers only, which the ACA transmits to the general representative assemblies only by request. Travel costs at the ACA have also been reduced.

In spite of tightening resources, the ACA is striving to enhance its impact by issuing convincing recommendations, to significantly contribute to an effective use of means, and to highlight the need for action in areas that impact the financial operations of government. A few examples from the reports of 2017 illustrate that the savings potentials identified by the ACA outweigh its own cost:

**Federation 2017/19: Procurement at the FM of the Interior with Focus on Digital Radio; Follow-up Audit**

The FM of the Interior partly implemented the ACA's recommendation to take action, considering the high costs it had incurred in the BOS digital radio project, and to harness cost-saving potentials. The ministry used the opportunity of tendering the terminal devices through the Federal Procurement Agency (BBG), and was able to benefit from a price reduction of approx. 40% for every device. Moreover, as of January 2016, the ministry took on responsibility for network management as a contributory performance. After full rollout, this contribution will generate savings for the ministry in the order of approx. EUR. 300,000 per year or approx. EUR 7.5m, calculated for an operating life of 25 years. Moreover, the ministry deployed two radio network planners and was thereby able to bring down costs by approx. EUR 130,000. Also, the ministry has contacted the contractor to negotiate a fee reduction.

**Federation 2017/33: New Invalidation Pension**

The "New Invalidation Pension" scheme was to relieve the budget 2014 to 2018 by approx. EUR 648.62m. According to plan, some 4,000 patients in medical rehabilitation and some 2,500 in occupational rehabilitation were to be covered in 2015. As was found by the ACA, almost 19,000 persons received a rehabilitation benefit in 2015 and less than 200 persons were in occupational rehabilitation schemes. An extrapolation by the ACA revealed that the slightly higher benefit amount and the additional support required would generate excess costs of approx. EUR 100 to 200m up to 2018, if no counter-measures were taken.

**Federation 2017/37: Apartments held by the FM of Defence and Sports**

The vacancy rate of flats increased from approx. 10% (2010) to approx. 13% (2014). Some flats had been unoccupied for up to 17 years. In the period 2010–2014, the cost (rent and pro-rated overheads) incurred by the ministry for vacant flats amounted to approx. EUR 6.84m.

## 7 International Activities

Consisting of 194 full members, INTOSAI, the world-spanning independent, autonomous and non-political umbrella organization of SAIs (Supreme Audit Institutions) is at the core of the ACA's international activities. The Austrian Court of Audit is the seat of the INTOSAI General Secretariat.

Ever since 1953, INTOSAI has been providing SAIs with an institutionalized framework for capacity building and knowledge sharing to promote government audit worldwide and to strengthen the professional competence, status and impact of SAIs in the various countries.

Since 1963, the ACA has been hosting the INTOSAI General Secretariat in Vienna. The President of the Austrian Court of Audit such acts as Secretary General of INTOSAI and the Austrian Court of Audit is the first point of contact for 194 Supreme Audit Institutions around the globe.

Brief chronology of international activities:

### Cyber Security Conference – April 2017, Jerusalem

In April 2017, the SAI of Israel hosted a high-ranking seminar on Cyber Security – National Threats & State Audit. Attended also by President Kraker, the seminar dealt with existing and potential future threats and hazards encountered in cyberspace.



The attendees unanimously agreed that SAIs must address this issue internally as well as externally. An exchange of experiences in this fast-moving area is to be further promoted.

### GALF Meeting – May 2017, Copenhagen

In her capacity as Secretary General of INTOSAI, the President of the ACA attends the annual meetings of the Global Audit Leadership Forum (GALF), an informal network of SAI heads designed to promote an exchange of experience and know-how at peer level. This fourth meeting of GALF was hosted by the Danish SAI in May 2017 in Copenhagen. The main themes addressed included “Strategic work in SAIs” and “Evaluation of audit work”.



### 24<sup>th</sup> UN/INTOSAI Symposium – June 2017, Vienna

In early June 2017, the INTOSAI General Secretariat hosted the 24<sup>th</sup> UN/INTOSAI Symposium at the Vienna International Centre in cooperation with the UN Department for Economic and Social Affairs (DESA). The over 150 participants included heads and high-ranking representatives of more than 70 SAIs and of several international institutions (United Nations, International Budget Partnership).

The symposium dealt with the impact of digitalization, open data and data mining on the work carried out SAIs and with how SAIs can contribute to implementing the 2030 Agenda and the UN Sustainable Development Goals.

The debate revealed that new information technologies and new data uses bring a wide range of opportunities with them, as well as serious challenges for SAIs. SAIs are aware that, in times of information overload, they will play a vital role in supplying qualified information through their audits, and digitalization creates high expectations on SAIs as well as changing requirements as to the way they design their audits; this is why sharing experience and best practice is all-important.



At the close of the Symposium, the participants adopted conclusions and recommendations. These conclusions are to provide guidance for SAIs on using digitalization, open data and data mining in their future audit work and for their contribution to implementing the SDGs. The conclusions and recommendations can be accessed following the link: [www.intosai.org/fileadmin/downloads/5\\_events/symposia/2017\\_24th\\_symposia/EN\\_Final\\_Conclusions\\_and\\_Recommendations.pdf](http://www.intosai.org/fileadmin/downloads/5_events/symposia/2017_24th_symposia/EN_Final_Conclusions_and_Recommendations.pdf)

### ACA President visiting the German Bundesrechnungshof – August 2017, Potsdam



At the invitation of her German counterpart Kay Scheller, the ACA President paid a visit to the German Bundesrechnungshof in Potsdam in August 2017. The working visit was devoted to matters such as reporting, cooperation with parliaments, public relations and how to approach the UN audit theme of sustainable development. The visit was rounded off by an exchange of experience on current audit issues of relevance to both SAIs.

### EU Contact Committee – October 2017, Luxembourg



In October 2017, the heads of SAIs of the European Union and of the European Court of Auditors (ECA) gathered for their annual meeting, the so-called Contact Committee.

This year's meeting was hosted by the ECA in Luxembourg. The discussions focused on how SAIs can contribute to restoring lost trust in the European institutions among citizens.

The SAI heads shared their experience in interacting with stakeholders and discussed ways and means of reaching out to citizens in their work.

A ceremony was held in Luxembourg on 12 October 2017 to commemorate the ECA's 40th anniversary. Apart from the SAI heads of the European Union, guests included Jean-Claude Juncker, President of the European Commission, Antonio Tajani, President of the European Parliament, as well as the President of the Republic of Estonia, Kersti Kaljulaid, as European Council representative.

#### 70<sup>th</sup> Meeting of the INTOSAI Governing Board – November 2017, Graz

This year's meeting of the INTOSAI Governing Board was hosted in November 2017 in Graz. Inter alia, the Board adopted the main themes for the next congress which will be held in Moscow in autumn 2019 and approved a new format for reporting on the state of implementation of the Strategic Plan by the goal chairs.

The participants engaged in an in-depth debate on how SAIs can contribute to the implementation of the UN Sustainable Development Goals (SDGs) and about developments in INTOSAI's standard-setting process.



The following themes were adopted for the upcoming INCOSAI, to be held in late September 2019 in Moscow:

- Theme I: “Information technologies for the development of the public administration”, with the SAI of China acting as theme chair, and
- Theme II: “The Role of the Supreme Audit Institutions in the achievement of national priorities and goals”, with the SAI of the Russian Federation acting as theme chair.

#### Meeting of the IDI Board – November 2017, Vienna

Following the meeting of the INTOSAI Governing Board in Graz, the Board of the INTOSAI Development Initiative (IDI) convened in Vienna for a meeting. Alongside Secretary General Margit Kraker as IDI Board member, the meeting was attended by heads or high-ranking representatives of the SAIs of Norway (seat of IDI), Costa Rica, Jamaica, Sweden, Sierra Leone, South Africa and the United Kingdom.





### SIGNALS Conference – November 2017, Vilnius

In late November 2017, the SAI of Lithuania organized an international conference on sustainable development under the heading of SIGNALS.



President Kraker gave a keynote presentation on behalf of INTOSAI on the role and significance of SAIs in monitoring the implementation of the UN SDGs and reported that the Austrian Court of Audit had also launched an audit on the implementation of the sustainability goals in Austria. All audits conducted in the framework of INTOSAI on the sustainability goals will be available on the INTOSAI website ([www.intosai.org](http://www.intosai.org)). In addition, President Kraker described the main ideas underlying the Strategic Plan of INTOSAI for the period 2017 – 2022.



### 40 Years Lima Declaration Anniversary Event – December 2017, Lima

In December 2017 the Peruvian SAI hosted a high-key ceremony to commemorate the 40th anniversary of the Lima Declaration of Guidelines on Auditing Precepts. The Lima Declaration postulates the independence of SAI as a fundamental prerequisite for their effectiveness. It is often called the Magna Carta of government audit.

To mark this occasion, the INTOSAI General Secretariat had compiled a publication entitled “40 Years of Lima Declaration of INTOSAI”, authored by the former President of the European Court of Auditors, Hubert Weber, and published in several languages.

On the sidelines of the anniversary event, the General Secretariat presented the outcome of peer reviews on SAI independence which had been conducted in all regions of the world, as well as an action plan (see [http://www.intosai.org/fileadmin/downloads/downloads/0\\_news/2017/061217\\_fortyyears\\_lima\\_action\\_plan.pdf](http://www.intosai.org/fileadmin/downloads/downloads/0_news/2017/061217_fortyyears_lima_action_plan.pdf)).

Representatives of the audited SAIs confirmed the usefulness of such peer reviews for further developing their institutions. The participants concurred that INTOSAI ought to devote specific attention to championing SAI independence also in the future.



Rechnungshof  
Österreich

Vienna, December 2017

The President:

Dr. Margit Kraker





»The ACA  
makes the  
facts *plain*.«

MARGIT KRAKER, ACA PRESIDENT