

The logo consists of the letters 'R' and 'H' stacked vertically, with a horizontal line separating them. The letters are white and set against a blue background.

R  
—  
H



Rechnungshof  
Österreich

Unabhängig und objektiv für Sie.

# *Annual Report 2018* *of the Austrian Court of Audit*

**WE AUDIT, INDEPENDENTLY AND OBJECTIVELY. AT YOUR SERVICE.**

A large, white, stylized logo consisting of the letters 'R' and 'H' stacked vertically, with a horizontal line separating them. The logo is positioned on the left side of the page, overlapping the building facade.

R  
—  
H

## PRELIMINARY REMARKS

On 27 December 2018 the Austrian Court of Audit submitted its Annual Report 2018:

**pursuant to Article 126d para 1 Federal Constitutional Law to the National Council (Federation 2018/67)**

III–228 of the enclosures to the Stenographic Minutes of the National Council XXVI GP

**pursuant to Article 127 para 6 Federal Constitutional Law to the provincial parliaments**

Burgenland parliament (Burgenland 2018/6)

Carinthian parliament (Carinthia 2018/9)

Lower Austrian parliament (Lower Austria 2018/12)

Upper Austrian parliament (Upper Austria 2018/14)

Salzburg parliament (Salzburg 2018/10)

Styrian parliament (Styria 2018/8)

Tyrolean parliament (Tyrol 2018/10)

Vorarlberg parliament (Vorarlberg 2018/11)

Vienna Municipal Council (Vienna 2018/13)

File no 105.252/009–PR3/18

### DISCLOSURE

Publisher:

Rechnungshof Österreich

(Austrian Court of Audit)

1031 Vienna, Dampfschiffstraße 2

[www.rechnungshof.gv.at](http://www.rechnungshof.gv.at)

Editorial and graphic design:

Austrian Court of Audit

Published: Vienna, in December 2018

### INFORMATION

Rechnungshof Österreich

(Austrian Court of Audit)

Telephone: +43 (0) 1 711 71 – 8876

Fax: +43 (0) 1 712 94 25

Email: [presse@rechnungshof.gv.at](mailto:presse@rechnungshof.gv.at)

[facebook/RechnungshofAT](https://www.facebook.com/RechnungshofAT)

Twitter: @RHSprecher

### Photograph credits

p 3, 5, Cover: Court of Audit/Achim Bieniek

p 1: Court of Audit/Manfred Seidl

p 4: [iStock.com/MarsBars](https://www.iStock.com/MarsBars)

p 6: [iStock.com/Francisblack](https://www.iStock.com/Francisblack)

p 11: [iStock.com/101cats](https://www.iStock.com/101cats)

p 13: [iStock.com/southerlycourse/Halfpoint/](https://www.iStock.com/southerlycourse/Halfpoint/) [PeopleImages/Jag\\_cz/](https://www.PeopleImages.com/Jag_cz/) [Imgorthand](https://www.iStock.com/Imgorthand)

p 15, 72: [www.un.org](http://www.un.org)

p 19, 20: [Parliament Administration/Johannes Zinner](https://www.ParliamentAdministration.at/)

p 23: [iStock.com/razihusin/Imgorthand/](https://www.iStock.com/razihusin/Imgorthand/) [FooTToo/Google Art Project/fotofritz16](https://www.FooTToo.com/)

p 26: [Wiener Linien/Johannes Zinner](https://www.WienerLinien.at/)

p 38: [iStock.com/3alex](https://www.iStock.com/3alex)

p 42: [iStock.com/artisteer](https://www.iStock.com/artisteer)

p 52: [iStock.com/mammuth/vichie81/loveguli](https://www.iStock.com/mammuth/vichie81/loveguli)

p 57: [iStock.com/Diy13/marcduf/Povozniuk/Leontura](https://www.iStock.com/Diy13/marcduf/Povozniuk/Leontura)

p 64: [iStock.com/MF3d](https://www.iStock.com/MF3d)

p 74: [European Court of Auditors](https://www.EuropeanCourtOfAuditors.eu/)

p 75: [United Nations New York](https://www.UnitedNations.org/)



*We audit,  
independently and objectively.  
At your service.*

## CONTENTS

<b>1</b>	<b>PRIORITIES OF THE AUSTRIAN COURT OF AUDIT</b>	<b>5</b>
1.1	GIVING THE ACA A NEW STRATEGIC ORIENTATION	5
1.2	GUIDELINE FOR IMPROVING THE MANAGEMENT OF PUBLIC CONSTRUCTION PROJECTS	7
1.3	INCREASING THE BENEFIT FOR CITIZENS	11
1.4	STRENGTHENING THE NETWORK OF PUBLIC AUDIT	13
1.5	MAKING A CONTRIBUTION TO THE IMPLEMENTATION OF THE 2030 AGENDA	15
1.6	ORGANIZING AN EU SYMPOSIUM OF PARLIAMENTARY CONTROL BODIES	19
1.7	PROVIDING THE PUBLIC WITH COMPREHENSIVE AND MORE FREQUENT INFORMATION	22
1.8	ADVOCATING FOR COMPREHENSIVE COMPETENCE OF THE ACA TO AUDIT THE VIENNA AIRPORT	24
<b>2</b>	<b>AUDITING. REPORTING. DISCUSSING.</b>	<b>27</b>
2.1	AUDIT PLANNING	27
2.2	AUDIT REPORTS 2018	31
2.3	PARLIAMENTARY DISCUSSIONS	36
<b>3</b>	<b>AUDITS ARE EFFECTIVE</b>	<b>40</b>
3.1	FOLLOW-UP ENQUIRY	40
3.2	FOLLOW-UP AUDITS	41
<b>4</b>	<b>CONSULTATION ON DRAFT LEGISLATION</b>	<b>44</b>
4.1	FEDERATION	44
4.2	PROVINCES	46
4.3	SELECTED COMMENTS BY THE ACA	47
<b>5</b>	<b>SPECIAL TASKS</b>	<b>53</b>
5.1	REPORT ON THE FEDERAL FINANCIAL STATEMENTS	53
5.2	INCOME REPORT AND INCOME SURVEY	57
5.3	EXPERT OPINION PURSUANT TO THE STABILITY PACT	58
5.4	PARTICIPATION IN THE CREATION OF FINANCIAL DEBTS	59
5.5	POLITICAL PARTIES ACT	60
5.6	ACT ON THE ELECTION OF THE FEDERAL PRESIDENT	61
5.7	MEDIA TRANSPARENCY ACT	62
5.8	INCOMPATIBILITY AND TRANSPARENCY ACT	62
5.9	ADJUSTMENT FACTOR FOR POLITICIANS' EMOLUMENTS	63
<b>6</b>	<b>ORGANIZATION</b>	<b>66</b>
6.2	INTERNAL PROJECTS	68
6.3	CONTROLLING PLAN	69
6.4	STAFF	70
6.5	BUDGET	71
<b>7</b>	<b>INTERNATIONAL ACTIVITIES</b>	<b>73</b>



## THE AUSTRIAN COURT OF AUDIT IS MAKING AN IMPACT. AND IT WILL CONTINUE TO DO SO. ALSO IN 2019.



*As the year is drawing to its end, it is worthwhile to take a look back at 2018 and present an outlook for the upcoming year.*

The beginning of a new legislative term also restarted parliamentary work at the federal level, which, in turn, led to a very intensive work phase for the Public Accounts Committee. In the framework of 10 meetings, the members of all the parliamentary groups were granted the opportunity to take up the reports issued by the Austrian Court of Audit (ACA) in order to engage in a direct exchange with the respective responsible members of government and question respondents on the numerous audit reports. For the most part the members of government accepted the ACA's recommendations and also indicated their consent. This demonstrates that the non-partisanship and independence of the ACA are effective. Nonetheless – and this is in the very nature of things – we very often are the bearers of uncomfortable news.

The vast diversity of the ACA's tasks is being highlighted by the broad array of topics it had to deal with in the past year. The ACA published a report on the "Krankenhaus Nord" (Hospital North) in Vienna, which attracted a lot of attention. As the ACA provides expert comments on draft legislation, it also provided consultations with regard to the reform of the social insurance system. However, the ACA does not want to issue criticism alone; it also wishes to provide positive general instructions for action. This is why the "construction guideline" was published in 2018. The guideline serves as a guidebook for the public sector and can help reduce errors during the planning and construction phase of construction projects from the very beginning.

However, being satisfied with what has been achieved of course does not mean that the ACA can just rest on its laurels in 2019. In terms of its effectiveness, it will put a special focus on making sure that recurring recommendations, which have so far not been implemented in a satisfactory way, will be picked up again. This includes rigorous compliance with contract templates (mainly with regard to remuneration ceilings) and also strict adherence to the procurement law or – and this is of particular importance – realistic assessments of the financial implications of draft legislation, which is, at the same time, in line with the stipulations of the Federal Organic Budget Act. It is also desirable to make better use of the transparency database.

The new strategy of the ACA 2018–2028 can be summarized as follows: "We audit, independently and objectively. At your service." It will be the guiding principle for all of the ACA's audit and advisory work.

In the course of the upcoming year, the ACA will also have to report on the increase of the funding for political parties. This is part of its tasks. However, the ACA is unable to take real audit action and therefore it would be worthwhile if the relevant political decision makers could bring themselves to reforming the political party funding system so that the ACA would be granted a genuine right to audit.

I would also like to seize this opportunity to thank all the members of the National Council and the provincial parliaments. They have acknowledged that the ACA can support them in carrying out their control duties. Together we can achieve objective improvements of the entire public sector and also of its organizational units in Austria.

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



**TARGETS:**

*increasing transparency*

*on the use of public funds,*

*improving the effectiveness*

*of the allocation of public resources,*

*raising awareness*

*on equality and diversity*

*and broadening cooperation*

*with other audit institutions*

## 1 PRIORITIES OF THE AUSTRIAN COURT OF AUDIT

The Annual Report gives the Austrian Court of Audit (ACA) the opportunity to point to a series of activities and initiatives of 2018 that exceed the everyday business of an audit body. The ACA has, for example, developed a new strategy, implemented a comprehensive organizational reform, put the main focus of audit planning on the benefit for citizens and further strengthened cooperation with other audit institutions at the national and international level. Additionally, media work has, with the citizens' interest in mind, been expanded to various information channels.

### 1.1 GIVING THE ACA A NEW STRATEGIC ORIENTATION

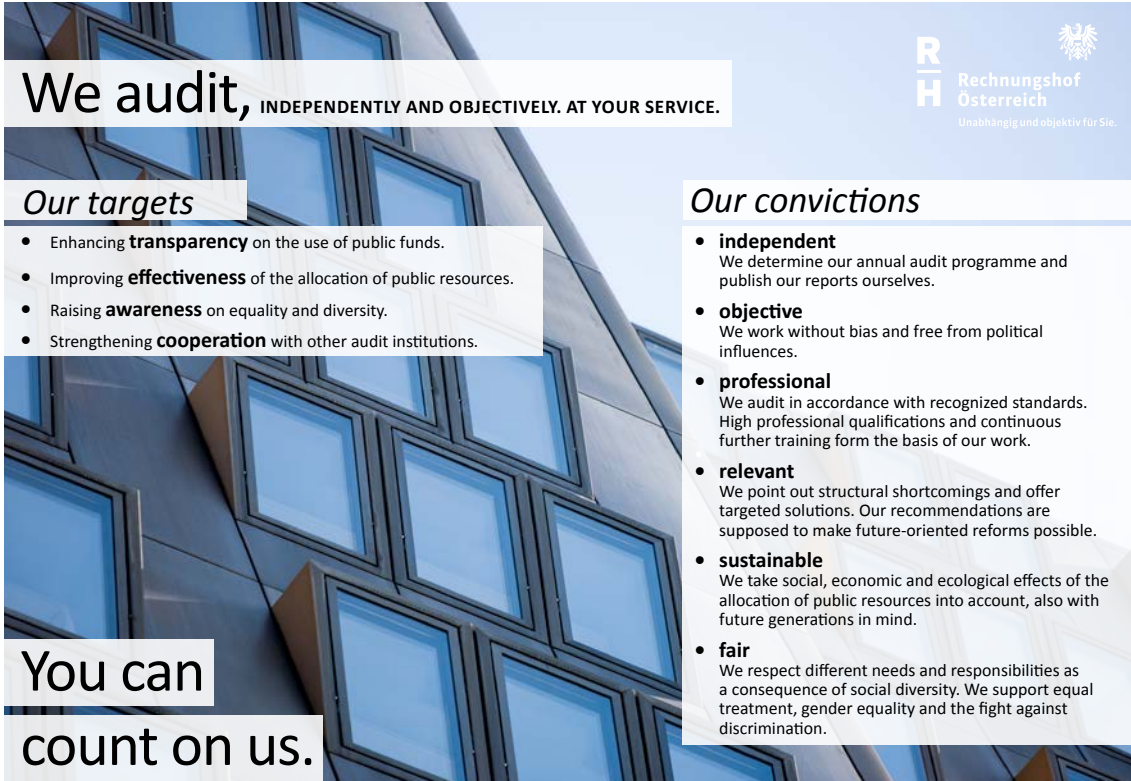
In order to provide the ACA with a clear strategic orientation, it was necessary to also set up a new strategy for the upcoming years. This new strategy can be summarized under the heading "We audit, independently and objectively. At

your service" and was developed through an internal work process during various months.

The new strategy 2018–2028 defines the ACA's targets, namely enhancing transparency on the use of public funds, improving the effectiveness of the allocation of public resources, raising awareness on equality and diversity as well as strengthening cooperation with other audit institutions.

The ACA fulfils its tasks of auditing and providing advice independently, objectively and professionally; its recommendations are relevant and aim at generating an appropriate level of sustainability and equality of opportunities.

This also guided the reasoning behind the organizational reform, which entered into force in mid-2018 (see chapter 6.1 Organizational reform). With the updated strategy and the revamped organization the ACA is well-prepared to face future challenges.



**We audit, INDEPENDENTLY AND OBJECTIVELY. AT YOUR SERVICE.**

**R H** Rechnungshof Österreich  
Unabhängig und objektiv für Sie.

**Our targets**

- Enhancing **transparency** on the use of public funds.
- Improving **effectiveness** of the allocation of public resources.
- Raising **awareness** on equality and diversity.
- Strengthening **cooperation** with other audit institutions.

**Our convictions**

- **independent**  
We determine our annual audit programme and publish our reports ourselves.
- **objective**  
We work without bias and free from political influences.
- **professional**  
We audit in accordance with recognized standards. High professional qualifications and continuous further training form the basis of our work.
- **relevant**  
We point out structural shortcomings and offer targeted solutions. Our recommendations are supposed to make future-oriented reforms possible.
- **sustainable**  
We take social, economic and ecological effects of the allocation of public resources into account, also with future generations in mind.
- **fair**  
We respect different needs and responsibilities as a consequence of social diversity. We support equal treatment, gender equality and the fight against discrimination.

**You can count on us.**





Rechnungshof  
Österreich

Unabhängig und objektiv für Sie.

# *Management of Public Building Projects*

SUGGESTIONS FOR IMPROVEMENT BY THE AUSTRIAN COURT OF AUDIT

A large, stylized version of the 'RH' logo, with the letters 'R' and 'H' stacked vertically and separated by a horizontal line. The background of the entire page is a close-up photograph of a red safety net with metal pins, creating a complex geometric pattern of red lines against a dark background.

R  
—  
H



## 1.2 GUIDELINE FOR IMPROVING THE MANAGEMENT OF PUBLIC CONSTRUCTION PROJECTS

When it comes to public construction projects, most of the time a lot of money is on the table; taxpayers' money to be precise. This is why construction projects are a priority for audits performed by the ACA.

In May the ACA published the audit report "City of Vienna – the Krankenhaus Nord (Hospital North) Construction Project" (Vienna 2018/6), which attracted a lot of attention. In addition, the ACA published a guideline for public builder-owners in September.

### AUDIT REPORT ON THE HOSPITAL NORTH

In June the Vienna Municipal Council set up an investigative commission to "provide clarifications on the development of the Hospital North project, its costs and its deadlines". During their first meeting the municipal councillors decided to use the ACA's report as an "application for evidence", and explained their decision as follows: "The provided information is of vital importance to the investigative commission's work." This turns the report into a central piece of the investigative commission's work.

The report highlights that the Vienna Hospital Association lacked the know-how and the resources to carry out a project as large-scale as the Hospital North. Lacking, late and wrong decisions delayed the construction project and caused a massive increase in costs.

According to initial vague estimates made by the Vienna Hospital Association in 2007, the costs for constructing the Hospital North were supposed to amount to EUR 350 million. These estimates were based on a cost comparison with the Provincial Hospital Klagenfurt (Landeskrankenhaus Klagenfurt); a related detailed list of costs was lacking. Later on, more detailed and concrete cost planning was conducted: in 2010 the Vienna Hospital Association set the cost target of EUR 824.92 million (at December 2008 prices), which reached about EUR 1.017 billion at December 2018 prices. Due to construction disturbances, a planning that was not ready to enter the tender process and changed services, the project management and the concomitant audit of the project predicted construction costs of up to EUR 1.405 billion in mid-2017; the possible divergence from the cost target ranked between approximately EUR 272.47 million and EUR 387.87 million (27% to 38%). The Vienna Hospital Association could surpass this limit if it continues to insufficiently fulfil its function as builder-owner. According to the original plans, the hospital was supposed to start working at full capacity in 2016. Due to the delays the Vienna Hospital Association lost about EUR 30.96 million in potential savings and additional revenue per year.

The reasons that contributed to this development have been highlighted in detail in the report of the ACA. For instance, the Vienna Hospital Association, contrary to the recommendation in an expert opinion from May 2006, decided to negotiate and assign all the services for the Hospital North (site provision, financing, planning incl. architectural call for tender, construction, delivery and general operation) in the framework of a public-private-partnership model with just one bidder. Linking the property provision to the PPP model is uncharacteristic and substantially lim-

7

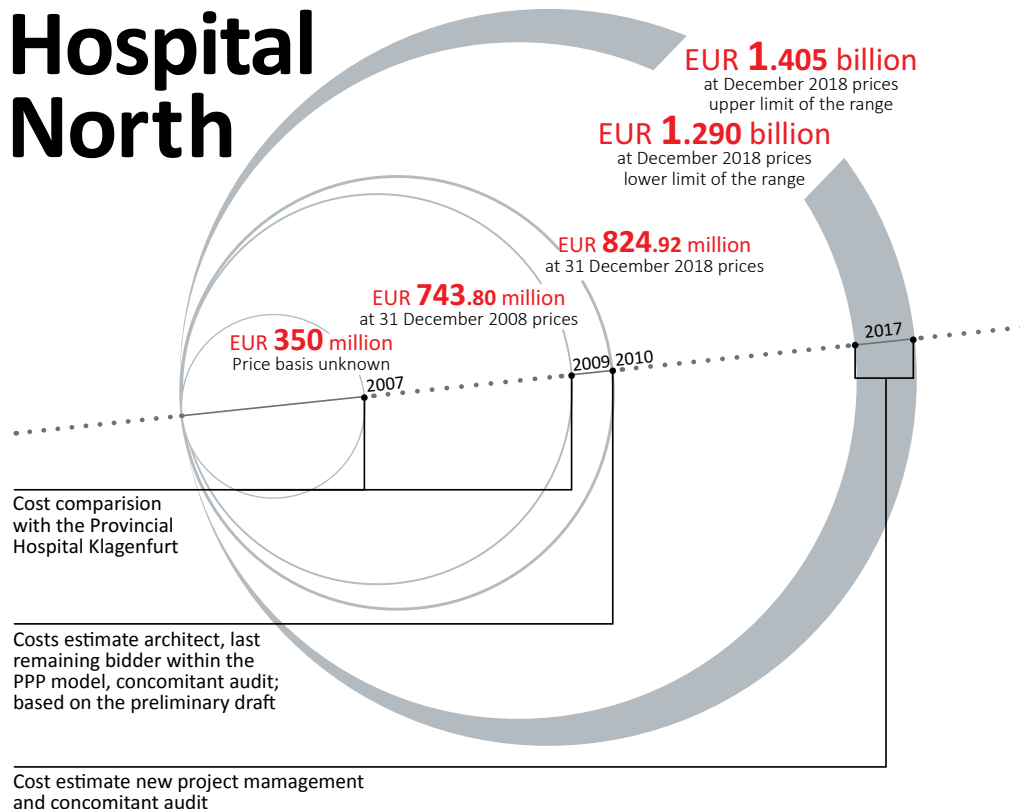
ited the call for tender. In the end, the Vienna Hospital Association revoked its call for tender after three years and eleven months. The last bidder remaining in the process presented an implementation concept that contained a purchase option for a site with 122,000 m<sup>2</sup> in Vienna's 21<sup>st</sup> municipal district. The Vienna Hospital Association paid a price of about EUR 292 per m<sup>2</sup> of land. This price is near the upper limit of the probable price range determined by the ACA of EUR 228 per m<sup>2</sup> to EUR 295 per m<sup>2</sup> of land. As a new procurement strategy had to be set up, 250 procurement processes needed to be concluded. The Vienna Hospital Association was unable to coordinate the large number of contractors. In addition, numerous shortcomings came to light. In 2016, for instance, the local construction supervision published a list of altogether 8,163 construction faults, of which about 22% had not been corrected to date. Pre-

cipitation penetrated into the building and caused, for example, considerable additional costs through moisture- and mould-related damages, which reached EUR 1.23 million.

A credit tranche at the European Investment Bank of EUR 225 million was outstanding in December 2010. It was retrieved by the City of Vienna prematurely. Thereby the city willingly accepted excessive liquidity, which led to additional costs in the form of interest rate payments of at least EUR 30.14 million. Based on recourse claims, the Vienna Hospital Association expected revenue of EUR 200 million as of 2021. The ACA points out that, in this regard, it is of vital importance for the Vienna Hospital Association to become a more effective and efficient builder-owner and to ensure that further construction work will be unobstructed and without any further delays.

We audit, **INDEPENDENTLY AND OBJECTIVELY. AT YOUR SERVICE.**

# Hospital North



## CONSTRUCTION GUIDELINE – MANAGEMENT OF PUBLIC CONSTRUCTION PROJECTS

The construction project of the Hospital North serves as an example of a public construction project. The collective experience gathered from 55 reports in the past 12 years has been compiled by the ACA for a construction guideline. In September 2018 the ACA published this guideline under the title “Management of Public Construction Projects”, thereby fulfilling its advisory role.

The structure of the guideline follows the phases of construction projects: first it deals with the project preparation phase, then the planning phase and the execution of the construction work, and lastly with the operating phase. Furthermore, it addresses a number of additional topics, such as the organization of construction projects, the framework conditions including an internal control system, corruption prevention and compliance as well as costs and deadlines; these are immensely important during the entire construction process and decisive factors for the successful completion of construction projects. Success can be defined as the correct cost, quality and schedule management.

The guideline describes the starting points for all the different areas of a construction project. The ACA observed these during its construction-related audits, and the guideline provides possible solutions, which can also be found in the respective ACA audit reports, for all of these areas.

When it comes to the organization of construction projects, the executing institution’s very own know-how and resources take centre stage. Well-qualified staff members should enable the public builder-owner to manage the contractors that are necessary for the provision of services and to monitor said services.

It was this area specifically that was pinpointed as a weak point of the Hospital North project.

Additionally, the guideline also states that internal control systems ought to be adapted to the size of the organizational unit and ensure that a functioning process and risk management can be implemented and evaluated on a regular basis. Regulations with regard to the documentation are supposed to lead to a transparent transfer of information and ensure the traceability of the related necessary actions.

In the chapter on corruption prevention and compliance, the ACA highlights that behaviour guidelines and regulations for dealing with misconduct, partiality and potential sidelines provide a framework for staff members that makes corruption and rule-adverse behaviour less likely to occur.

The project preparation phase is hugely important when it comes to construction projects. In this regard it is important to pay special attention to cost-benefit studies, life-cycle costs and financing parameters.

Turning the project idea into concrete and describable services takes place during the planning phase. An unequivocal and comprehensive description of these services prevents contractors from using shortcomings during the execution of the construction work for claims related to additional costs. Clear requirements provided by the public builder-owners in cooperation with the users are supposed to prevent later substantial changes to the planning or possible construction modifications. Preliminary studies are helpful in providing an accurate description of the status quo and eliminate potential room for speculations.



The management of a construction project has to focus, in addition to quality, on costs and deadlines. A regular target–performance comparison with regard to both the costs and the deadlines is supposed to ensure that project ailments are detected in a timely manner so that the builder–owner can adapt appropriately.

The public builder–owners have to face dynamically changing statutory regulations and complex processes in the area of public procurement. Know–how and a project–specific procurement strategy as well as internal procurement directives are to put the public builder–owner into a position that allows the builder–owner to receive the best possible offers under the respective competition conditions. In the case of a direct awarding of contracts, the selection of the procurement process, the evaluation of the bids and the accompanying measures play a vital role.

During the phase of the execution of the construction work and the billing, the managing of claims related to additional costs and reduced costs poses a great challenge for the public builder–owner. The timely processing as well as the identification of the steps to be taken for examining the claims and their documentation can help the public builder–owner to make informed and legally persuasive decisions and to accept only legitimate claims related to additional costs.

The operation of buildings accounts for up to 80% of the life–cycle costs of a building. An early incorporation of facility management can make a contribution towards minimizing costs for maintenance and repairs. By closely monitoring and measuring the energy consumption, the public sector can make a positive impact on the energy balance as “power

guzzlers” can be identified and energy–efficient solutions can be advanced.

Coordinated measures in the field of fire safety can also lead to cost reductions without having a negative impact on the safety itself.

The construction guideline is supposed to spur a discussion on sustainable and high–quality construction. It aims at strengthening the public builder–owners and to thereby manage costs, quality and deadlines in the best way possible. The guideline shall help to avoid or at least to minimize future errors similar to those committed during the Hospital North project.

The public has shown a great deal of interest in the guideline. Numerous public builder–owners, among them also the Parliament, which currently undergoes a comprehensive renovation process, and the construction company of the Brenner Base Tunnel, have requested copies of the construction guideline. Citizens addressed the brochure in many letters, which turned it into a very sought–after product.

The construction guideline can be found on the website [www.rechnungshof.gv.at/aktuelles/ansicht/wie-man-kostenexplosionen-vermeidet-und-qualitaet-sichert.html](http://www.rechnungshof.gv.at/aktuelles/ansicht/wie-man-kostenexplosionen-vermeidet-und-qualitaet-sichert.html)

#### **RENOVATION OF THE PARLIAMENT BUILDING**

The President is by law an advisory member of the builder–owner committee, the leading control body for the renovation works of the Parliament building.

In 2018 four meetings of the builder–owner committee took place. The members of the executive bureau of Parliament (the three members of the bureau of the National Council and heads of the parliamentary groups) and

the ACA President are represented in the committee. The latter, however, attends in a mere advisory function and explicitly abstains from voting. Her role is to contribute the ACA's expert know-how acquired through construction project audits and to point out deficiencies and shortcomings in the reports of the construction management, the project control and the concomitant audit.

An organizational change occurred at the end of August 2018. The Parliament Administration took over all of the shares of the Parlamentsgebäude-Sanierungsgesellschaft (contractor responsible for carrying out the renovation works) and transferred the entire construction management to the Bundesimmobiliengesellschaft (federal real estate company). This concerned also the responsibility for the planning and the construction quality, the budget and the deadlines. This change divided the project into a customer domain represented by the Parlamentsgebäude-Sanierungsgesellschaft and a creator domain represented by the Bundesimmobiliengesellschaft. The renovation of the Parliament building was the subject matter of two audits by the ACA: in 2012, the ACA audited the project's design and published its report in the same year (Federation 2012/11). The second report with the title "The Restoration of the Parliament Building – Detailed Preliminary Draft" was submitted to the National Council on 24 February 2017 (Federation 2017/6).

### 1.3 INCREASING THE BENEFIT FOR CITIZENS

The ACA considers the citizens' expectations vis-à-vis the public administration to be very relevant and so it strives to increase the benefit for citizens through its activities.

The benefit for citizens also takes centre stage in the ACA's three-year audit priority until 2020: "The quality of public-sector service provision: benefit for citizens, cost optimization and a modern-day delivery of tasks." 77 out of 102 audits of the audit programme 2018 are related to this audit priority. During the drawing up of the audit programme 2019, a seminar aimed at specifying the audit priority took place in June 2018 (see chapter 2.1 Audit planning).

Similarly to the previous year, citizens could submit audit proposals to the ACA also in 2018. The ACA received more than 250 citizen suggestions and tips, including 52 concrete audit proposals. More than one quarter of these proposals have been included in the audit programme 2019.

**We audit, INDEPENDENTLY AND OBJECTIVELY. AT YOUR SERVICE**

**YOU CAN COUNT ON US!**

**Citizen participation until 20 August 2018**

WHOM	WHAT	HOW	WHY
We audit:	Ministries   Provinces   Public undertakings   Municipalities > 10,000 inhabitants		
We audit:	Economy   Efficiency   Effectiveness		
We audit:	On site		
We audit:	Independently and objectively. At your service.		

**Participate**

Email: [buergerbeteiligung@rechnungshof.gv.at](mailto:buergerbeteiligung@rechnungshof.gv.at)  
 Facebook: [RechnungshofAT](#)  
 Write to: ACA (Rechnungshof), reference: "Citizen Participation"  
 Dampfschiffstraße 2, 1031 Wien

The benefit for citizens has already made its way into the ACA's reports. One example in this context is the audit "Quality Assurance for Independent Health Practitioners" (Federation

2018/37). The ACA recommended that the Austrian Medical Chamber should – in the interest of the patients – ensure a complete evaluation of the quality of the health practitioners’ facilities in the future. The ACA furthermore criticized, “that even though the Austrian Federal Act on the Quality of Health Care has been in force for twelve years, patients of independent health practitioners are still unable to inform themselves about the quality of treatment they are receiving based on comparable and nationwide criteria.”

In the report “Medical Care in Dentistry” (Federation 2018/24) the ACA highlighted that the overall expenses for medical care in dentistry reached about EUR 1.815 billion in 2014. A little less than half of the sum formed part of public–sector expenses and was predominantly covered by medical insurance institutions. With a total sum of about EUR 926.1 million, the costs related to medical care in dentistry rank among the top three private health expenses, the other two being nursing costs and expenses for medicines. This situation is based on the fact that a modern–day overall contract has not yet been concluded. The current contracts date back to 1956.

The audit “Funding of 24–hour Care in Upper Austria and Vienna” (Federation 2018/21) uncovered shortcomings, inter alia, in the mediating of domestic care by agencies. The ACA recommended that the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection should work together with the competent bodies and highlight those mediating agencies that commit themselves to maintaining certain quality standards. This would give the persons in need of care and their family members more transparent information with regard to the services provided

by mediating agencies. A “seal of quality” could be used to implement this recommendation.

Problems with regard to tariff structures were described in the report “Ticket Sales System of the Austrian Federal Railways Passenger Transport Company (ÖBB Personenverkehr AG)” (Federation 2018/66). The ACA’s conclusion: streamlining the complex tariff structures would – in the interest of the passengers – increase the transparency related to ticket prices.

The report “Day Care for Pupils” (Federation 2018/2) highlighted that dispersed competences led to varying parental contributions for day care in schools on the one hand and after school care centres on the other hand. The range of parental contributions for day care was vast and ranked between EUR 137.80 (general compulsory school in the city of Salzburg) and EUR 227.17 EUR (after school care centres of the City of Vienna). In addition, parental contributions varied within the two provinces as well. In Vienna, for example, day care in schools cost EUR 176.40 while the after school care centres of the city cost EUR 227.17.

The topic of benefit for citizens is increasingly receiving attention also at the European level. The Contact Committee, the body consisting of the heads of the Supreme Audit Institutions of the EU Member States and the European Court of Auditors, dealt with this topic already during its meeting in 2017. The deliberations aimed at assessing how Supreme Audit Institutions could make a contribution to rebuilding the trust of the citizens in the European Union. This is why the Supreme Audit Institutions agreed on pooling their vast audit experience for the general public, and so the Contact Committee published its first audit compilation of this kind in mid–2018. This compilation focuses



on the current topic of unemployment amongst young people and the integration of young people into the labour market. It is based on audit reports issued between 2013 and 2017 by the Supreme Audit Institutions of 14 EU Member States. The compilation is available on the website at [www.eca.europa.eu/sites/cc/de/Pages/ccdefault.aspx](http://www.eca.europa.eu/sites/cc/de/Pages/ccdefault.aspx).

Also at the most recent meeting of the Contact Committee in October 2018, the interaction with citizens took centre stage during the exchange of experience. The Contact Committee discussed the question of how citizens can be informed about the work of public institutions and what the role of Supreme Audit Institutions is in this context. The ACA presented a poster on the topic of “benefit for citizens”.

## 1.4 STRENGTHENING THE NETWORK OF PUBLIC AUDIT

The ACA, the eight provincial audit offices and the City of Vienna Court of Audit have fully committed themselves to enhancing their cooperation with the goal of strengthening the oversight network. This is supposed to ensure effective and efficient public auditing in Austria.

Since 2016 the president of the ACA has been inviting the heads of the provincial audit offices, the head of the City of Vienna Court of Audit as well as the Austrian representative at the European Court of Auditors to an annual conference in November. The conference’s goal is to align audit plans and discuss cooperation–relevant issues. The most recent conference took place on 9 November 2018. The general aim is to increase the potential for synergies as well as to avoid duplication of efforts and double audits. In the framework of this conference, the ACA and the provincial audit offices concurred that the agreement from 2005 entitled “Cooperation among Audit Institutions” is to be revised and updated. A working group under the aegis of the head of the Court of Audit of Vorarlberg and the head of the City of Vienna Court of Audit, in which the ACA will participate as well, is supposed to draft a new version by spring 2019.

A joint basic training course has been in place for auditors since autumn 2017. The ACA and the provincial audit offices jointly designed the three–semester certificate programme “Public Auditing” in cooperation with the Vienna University for Economics and Business. In September 2018 the second training programme with participants from the ACA, the provincial audit offices, the City of Graz Court of Audit and the internal audit department of a federal ministry launched. The goal of this joint basic training



course is to ensure that auditors can fulfil their tasks at the same high level.

In addition to the basic training programme, further education activities are being increasingly tackled in unison as well; for example in the framework of communities of practice of the ACA, in which experts of the provincial audit offices participate as speakers. The number of participants from provincial audit offices is also growing steadily, which ensures a transfer of knowledge among auditors.

For the first time, joint audits are being performed by the ACA and the provincial audit offices. The first experiences in this regard were made in Burgenland during the KRAGES (Burgenland hospital association) audit and in Carinthia in the framework of the audit of the Financial Compensation Fund. Both reports are to be presented in 2019 and both audits are based on audit requests addressed by the provinces to the respective provincial audit offices and to the ACA.

The ACA and the City of Vienna Court of Audit also cooperated in the framework of the audit "Education for Children and Young Persons with Refugee Experience". The ACA put its main focus on schools and the City of Vienna Court of Audit concentrated on extracurricular educational measures of the City of Vienna.

Joint working groups, which meet at least once per year, have been in place since 2016. The working groups "Municipalities" and "Health and Social Issues" had their most recent meeting in October 2018 in Graz. The

meeting aimed at the mutual exchange of experience and information with regard to completed, ongoing and planned audits and related facts and evaluations.

One of the outcome targets of the ACA is "Promoting effective government audit by strengthening cooperation with other audit institutions" and one of its indicators states "No double audits". The audit of the cable car "Patscherkofelbahn" was included in the audit programme of the ACA in autumn 2018. Citizens provided indications on this topic, but because of the fact that the municipal audit body in Innsbruck had initiated a special audit of the cable car "Patscherkofelbahn" in June, the ACA, for now, refrained from conducting an audit.

The audit institutions are also intensifying their cooperation with internal audit departments. In June 2018 a joint event by external and internal audit bodies took place for the very first time. The event on the topic of "approaches to external and internal audit during audits on the quality of public-sector service provision" was organized jointly by the Institute of Internal Auditors and the ACA. About 100 auditors including numerous representatives of the provincial audit offices participated in the event. The next event is scheduled to take place at the end of January 2019.

All of these activities pursue the common goal of using cooperation among audit institutions to strengthen public auditing in Austria and thereby also the oversight network. The mutual support will make the work of the audit institutions more targeted and efficient.

## 1.5 MAKING A CONTRIBUTION TO THE IMPLEMENTATION OF THE 2030 AGENDA

The United Nations Sustainable Development Goals (SDGs) are also an important topic for the ACA. In mid-2018 the ACA published a report on the audit of “The United Nations Sustainable Development Goals, Implementation of the 2030 Agenda in Austria” (Federation 2018/34). However, the SDGs have also been the subject of other audits.

In September 2015 the United Nations adopted “The 2030 Agenda for Sustainable Development”, which contains 17 Sustainable Development Goals (SDGs).

In the framework of the International Organization of Supreme Audit Institutions (INTOSAI), its member audit bodies agreed that they would make a contribution to the successful implementation of the Agenda 2030 at the national and international level. In this context the ACA presented its audit of “The United Nations Sustainable Development Goals, Implementation of the 2030 Agenda in Austria”. This audit focused on the legal framework conditions, the allocation of responsibilities at the federal level, the coordination between the Federation, the provinces and the municipalities as well as on the involvement of the civil society.





## Four approaches regarding the review of the implementation of the 2030 Agenda

Assessing the preparedness of national governments to implement the SDGs



Undertaking performance audits in the context of the SDGs

Contributing to the implementation of SDG 16 (effective, accountable and transparent institutions)

Possibilities for SAIs to act as models of transparency and accountability in their own operations

The ACA primarily audited those two federal ministries that were responsible for the coordination of the national implementation of the SDGs, namely the Federal Chancellery and the Federal Ministry for Europe, Integration and Foreign Affairs. Additionally, the ACA selected, as an illustrative example, two federal ministries that carry out tasks closely related to the SDGs, namely the Federal Ministry of Sustainability and Tourism and the Federal Ministry for Transport, Innovation and Technology.

At the beginning of 2016 the Austrian Federal Government defined the national implementation of the 2030 Agenda in the framework of a ministerial decision and set up an interministerial working group headed by the Federal Chancellery as well as by the Ministry of Foreign Affairs. However, the mandate of the working group was very limited: to merely coordinate the reporting on the implementation without coordinating and managing the implementation itself.

In contrast to other countries such as Germany, no other organizational units at the federal level were tasked with coordinating the implementation of the 2030 Agenda besides the working group. Furthermore, no other institution was tasked with providing advice to the Federal Government or Parliament.

The ACA therefore recommended to turn the interministerial working group into a national steering body and to set up an organizational unit or institution, such as a committee, advisory board or a special representative, for providing advice to the Federal Government and Parliament.

Another central area of the audit focused on the implementation strategy. For the national implementation of the 2030 Agenda, the Federal Government chose a “strategy” known as the “mainstreaming approach”. This approach entails that the responsibility for the implementation of the SDGs rests – in a decentralized manner – with the individual federal ministries. In concrete terms, the federal min-

istries were tasked “with integrating” the 2030 Agenda “into the relevant strategies and programmes” and “to develop corresponding action plans and measures”.

This means that Austria currently lacks a comprehensive sustainability strategy. Germany and Switzerland carried out comprehensive overhauls of their sustainability strategies based on the SDGs while Austria’s “Federal Sustainability Strategy” dates back to 2002. Additionally, Austria has a “Sustainability Strategy of the Federation and the Provinces” from 2010. However, the latter is just a framework strategy that defines the “operational framework for the Federation and the provinces”.

A systematic form of coordination with the provinces and municipalities for the implementation of the SDGs was lacking as was an organized civil society involvement. Following the “mainstreaming approach”, individual ministries conducted activities with regard to a coordination across all levels of government and an involvement of civil society representatives. However, a coordinated whole-of-government approach was lacking, and therefore the responsible federal ministries were given the recommendation to systematically involve the provinces and municipalities as well as the civil society in the implementation of the 2030 Agenda.

Additionally, the audit focused on the reporting system. At the global level, the United Nations High-level Political Forum on Sustainable Development serves as the central platform for reviewing the implementation of the SDGs. In the framework of this forum the UN Member States can – voluntarily – present progress reports on their respective national implementation.

When the audit was conducted, the Austrian Federal Government intended to submit a first report to the High-level Political Forum in 2020 and another report until 2030. In comparison, Germany and Switzerland had presented a voluntary progress report already in 2016, which was the first year after the SDGs had come into force. Furthermore, Switzerland even submitted a second report in 2018. Out of the EU 28 Member States, 24 have already presented their respective national progress reports.

The ACA therefore recommended to report to the High-level Political Forum “as early as possible” and from then on periodically – at least once per legislative term. In their statements the Federal Chancellery and the Federal Ministry for Europe, Integration and Foreign Affairs declared that further reporting was intended.

At the national level, the Federal Chancellery published the first progress report on the implementation of the 2030 Agenda in March 2017. This report was to be presented as an outline of the SDGs for the public, and at the same time it was intended to be a preparatory work for the Austrian report at the High-level Political Forum on Sustainable Development. This report, however, did not provide a concise overall overview of the implementation of the 2030 Agenda in Austria. It was rather a compilation of selected illustrative contributions and it neither contained implementation measures of the provinces and the municipalities nor any contributions by the civil society.

The last part of the report deals with the question of what contribution the ACA itself can make – namely on the international level in its capacity as the General Secretariat of INTOSAI as well as on the national level –

towards achieving the SDGs. At the national level, the ACA has made a contribution through its regular performance audits on topics that encompass the implementation of the SDGs. An internal document lists 17 examples of sustainability-related topics in audit reports from 2016 and 2017.

In mid-2018, the ACA additionally established the “Centre of Excellence for the Implementation of the Sustainable Development Goals”.

The ACA’s goal is to continue to integrate the SDGs into its ongoing work, to take them into account during audits and to thereby make a contribution to the successful implementation of the 2030 Agenda in Austria also in the future.

## 1.6 ORGANIZING AN EU SYMPOSIUM OF PARLIAMENTARY CONTROL BODIES

The benefit for citizens, cooperation among control bodies and the Sustainable Development Goals (SDGs) were the topics of a symposium organized jointly by both control bodies of the Parliament, namely the ACA and the Austrian Ombudsman Board, in the framework of the Austrian Presidency of the Council of the EU in September 2018.

The question of how Supreme Audit Institutions (SAIs) and Ombudsman Boards can make a contribution to improving the citizens' quality of life was discussed among more than 110 participants from all over the European Union; among them were also several heads of SAIs. The venue chosen for the event was the festive hall "Großer Redoutensaal" of the Hofburg Palace Vienna, which temporarily serves as the replacement parliamentary chamber. The spokespersons of the parliamentary groups at the Public Accounts Committee also participated in the symposium. The answers given by the different institutions pointed in the same direction: towards more transparency, accountability and participation.

As the host of the event, the President of the National Council, Wolfgang Sobotka, stated in his welcoming speech that responsible and sustainable policy-making can be ensured only through objective control and respecting the law. The extent of this control, but also, in particular, the manner in which constructive criticism is handled are the characteristic features of a strong and sophisticated democracy.

"Supreme Audit Institutions and Ombudsman Boards are important partners of national par-



Symposium "Good Public Administration and Benefits for Citizens – the Role of Parliamentary Control Bodies"

liaments as they act in the best interest of democracy,"

underlined ACA President Margit Kraker in her introductory remarks. In this context, she pointed to the motto of the Austrian Presidency of the Council of the EU – "A Europe that protects" – and declared that parliamentary control bodies had to protect the citizens' interests by ensuring that the actions of governments provide an additional benefit for the citizens. "Especially in times shaped by challenges such as social change, migration flows or rapid technological developments, we need effective institutions on which the citizens can count," stressed the ACA President.

In her capacity as the Secretary General of INTOSAI, Kraker remarked that "Supreme Audit Institutions play a central role in auditing the 17 Sustainable Development Goals of the United Nations". When it comes to control



bodies, she considers SDG 16 – peace, justice and strong institutions – to be of particular importance as it calls, among other things, for effective, accountable and transparent institutions.

In her opening speech, Ombudswoman Gertrude Brinek stated that a quantum leap had been achieved when the EU had included the right to good administration in the Charter of Fundamental Rights of the European Union. “In Austria, the quality of public administration increased enormously throughout the last decades and we are on our way to evolve from an authority driven state to a service state.”

Brinek also addressed the SDGs. The Austrian Ombudsman Board has to face complaints on a daily basis and has therefore a good overview of how far the implementation of the individual goals has progressed domestically. “As parliamentary control bodies, the Austrian Court of Audit and the Austrian Ombudsman Board can make an important contribution to attaining those goals,” said Brinek.

Additional keynotes were given by Kay Scheller, President of the German Bundesrechnungshof, Oscar Herics, Austrian Member of the European Court of Auditors, Rolf Alter, Senior Fellow of the Hertie School of Governance in Berlin, Michel Huissoud, Director of the Swiss Federal Audit Office, and the European Ombudsman Emily O’Reilly.



President of the Bundesrechnungshof Kay Scheller,  
Ombudswoman Gertrude Brinek,  
ACA President Margit Kraker  
and President of the National Council  
Wolfgang Sobotka

The presentations were followed by two afternoon workshops during which the Supreme Audit Institutions and Ombudsman Boards of Estonia, Finland, Great Britain, Lithuania, the Netherlands and Poland shared their practical experience.

The central findings were summarized in the symposium’s conclusions. This final document underlines the importance of Supreme Audit Institutions and Ombudsman Boards as parliamentary control bodies as they provide an increased added value for citizens. This holds true especially because they ensure transparency, accountability and participation via good administration consistent with SDG 16. The document calls for joint and coordinated measures for the implementation of the SDGs. Finally, the document recommends that Supreme Audit Institutions and Ombudsman Boards expand their cooperation in order to create an added value in every area of life of the citizens, as is being stipulated by the SDGs.

The general sentiment after the symposium can be described as follows: the first joint event of the ACA and the Austrian Ombudsman Board was an excellent idea and it provided a valuable exchange of ideas for both sides. The documents related to the symposium are currently being compiled and a brochure is to be published in early 2019.

In her letter of thanks, the European Ombudsman O'Reilly stressed that she very much appreciated the exchange of ideas among colleagues from Ombudsman Boards and Supreme Audit Institutions from all over Europe.

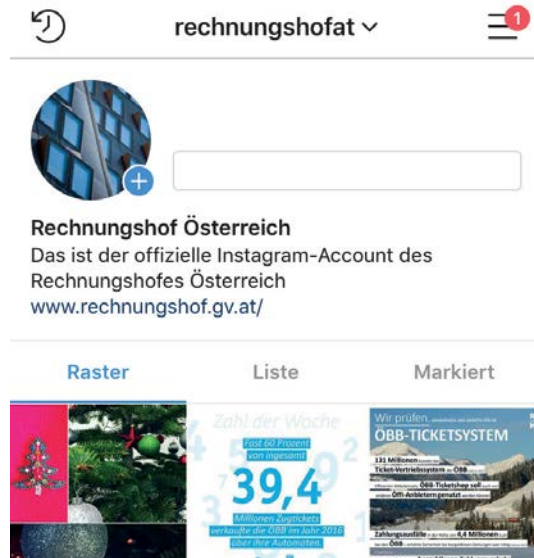


### 1.7 PROVIDING THE PUBLIC WITH COMPREHENSIVE AND MORE FREQUENT INFORMATION

An important task of the ACA consists of keeping the public informed. This task goes beyond the presentation of reports to the National Council, the provincial parliaments or the municipal councils, which the ACA is required to do by law, and encompasses providing information for the citizens, the civil society and the media. The ACA wishes to provide information for the broadest possible audience and to do so through various channels. Its social media presence has therefore been expanded.

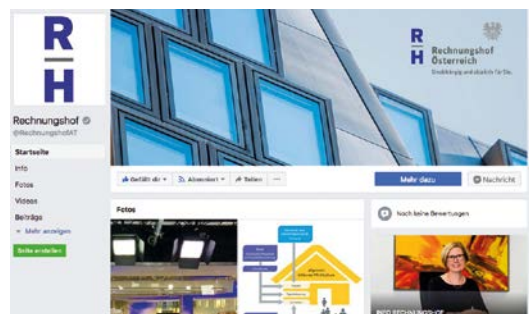
All of the ACA's reports are published on its website and, additionally, sent out to journalists. The ACA President regularly gave various newspapers, radio broadcasters and television stations interviews on the most important reports and topics. Press releases are provided for the media on selected reports and are also available online. Modern graphics in reports and related to them illustrate the ACA's work.

With regard to social networks, the ACA can be found on Facebook (@RechnungshofAT) and, as of December 2018, also on Instagram (@rechnungshofat). These channels are to be increasingly used to reach also a younger demographic. Furthermore, the Spokesperson of the ACA, Christian Neuwirth, informs the interested public on Twitter (@RHSprecher).



Citizens have the opportunity to contact the ACA also through the social networks. Just as in the year before, the ACA President called upon citizens to send their audit suggestions to the ACA in summer 2018. More than 200 suggestions were submitted via Facebook alone.

In the course of the reporting year, preparations for a re-launch of the website were made. Upon request the ACA also welcomes pupil and student groups to inform them about its work.



Graphics and charts illustrate central aspects of the ACA's audit reports. They are being shared on social media. This form of a concise presentation aims at reaching new target groups and at informing interested citizens.

We audit, INDEPENDENTLY AND OBJECTIVELY, AT YOUR SERVICE. R H

## VIENNA STATE OPERA

**Fact**  
Non-transparent sale of **44,681 tickets** per year

**Recommendation**  
Four-eyes principle as regards the allocation of **ticket quotas**

**Fact**  
Underemployment of the stage orchestra – Merely at **74%**

**Recommendation**  
Reduce **engagements** according to the collective agreement **by one quarter**  
**savings potential: EUR 700,000 per year**

We audit, INDEPENDENTLY AND OBJECTIVELY, AT YOUR SERVICE. R H

## FAMILY ALLOWANCE

Targets and target attainment, costs and control system

Eligible **children** per year abroad

Year	Number of children
2002	1,436
2003	1,600
2004	24,903
2005	30,477
2006	34,040
2007	39,319
2008	52,277
2009	59,539
2010	68,697
2011	87,104
2012	103,011
2013	117,518
2014	126,741
2015	129,295
2016	131,849

Sources: corresponding database of the Federal Ministry of Finance, graphic design: ACA, as of 2016

We audit, INDEPENDENTLY AND OBJECTIVELY, AT YOUR SERVICE. R H

## AUSTRIAN NUTRITION ACTION PLAN

**Fact**  
Share of **overweight** and **obese adults** at around **50%**  
**23%** as regards **children** and **adolescents**

**Recommendation**  
Take up **measurable indicators** and **targets** for the next **Austrian action plan**

We audit, INDEPENDENTLY AND OBJECTIVELY, AT YOUR SERVICE. R H

## ALBERTINA

**Collection:**  
Graphic Art Collection **919,310**  
Architectural Art Collection **50,000**  
Photographic Art Collection **148,227**  
All objects **1,117,537** items

**Collection assets:**

Year	Collection assets (EUR million)
2013	EUR 12.69 million
2014	EUR 13.31 million
2015	EUR 26.00 million
2016	EUR 28.45 million

We audit, INDEPENDENTLY AND OBJECTIVELY, AT YOUR SERVICE. R H

## TICKET SYSTEM OF THE AUSTRIAN FEDERAL RAILWAYS (ÖBB)

**Fact**  
The **ticket sales system** of the **ÖBB**  
Cost **131 million** (2005 to 2017)

**Recommendation**  
Efficient use of funds: **ÖBB ticket shop** should also **lend itself** to other **providers of public transport**

**Fact**  
**Payment default** amounting to **EUR 4.4 million** at the **ÖBB** – increased security as regards non-cash payments was necessary (2012 to 2017)

**Recommendation**  
Diligently and **continuously analyse** irregularities with regard to **non-cash transactions**



## 1.8 ADVOCATING FOR COMPREHENSIVE COMPETENCE OF THE ACA TO AUDIT THE VIENNA AIRPORT

On 11 December 2018 the Constitutional Court issued a decision according to which the ACA has had no right to audit the company Vienna Airport since 1 June 2017.

The Constitutional Court justified its decision that the ACA has not been entitled to audit the Vienna Airport since June 2017 by stating that in view of the share of 39.8% the company Airports Group Europe S.à.r.l. holds in the company Flughafen Wien AG (Vienna Airport) and the fact that the (...) City of Vienna and the province of Lower Austria (...) only have four supervisory board members (out of altogether ten members), (...) these territorial entities were not able to pass simple resolutions without the consent or against the will of the other supervisory board members, let alone resolutions on the appointment or dismissal of the management board. Since the election of the new supervisory board by the general assembly on 31 May 2017, its composition has no longer given the aforementioned territorial entities a controlling influence. Staff-related entanglements of these territorial entities with the members of the management board or the supervisory board are not discernible.

Despite the fact that the province of Lower Austria and the City of Vienna hold an unchanged joint share of 40% in the Vienna Airport and despite the fact that the management board, which was appointed by the supervisory board in 2011 (back then dominated by the province of Lower Austria and the

City of Vienna), is still in place today, the Constitutional Court ruled that the Vienna Airport has “de facto” not been under the control of public authorities since 1 June 2017 and has therefore since then no longer been subject to an audit by the ACA.

The Constitutional Court then elaborated further on its reasons for its decision and stated that the increased presence of the Airports Group Europe S.à.r.l. in the general assembly as of 31 May 2017 meant that the City of Vienna and the province of Lower Austria no longer had a factual majority in terms of voting shares while this majority had been given prior to 31 May 2017 because of the free float shares absent at the general assemblies.

From the ACA’s point of view, this decision and the linking of the de facto control to the attendance at the general assembly means that private shareholders have the power to give or deny the City of Vienna and the province of Lower Austria the control over the company by simply attending the general assembly or not.

Moreover, the share of the City of Vienna and the province of Lower Austria of 40% has not changed; the share still ranks at 40%, just as it did in 2015 when the ACA performed its most recent audit of a subsidiary of the Vienna Airport and when the Airports Group Europe S.à.r.l. had already acquired free float shares of about 30%.

The decision of the Constitutional Court that the ACA is not allowed to exercise its control function with regard to the company Vienna Airport for the period after 1 June 2017 means that the ACA will not be able to audit large projects undertaken by the airport, such as the past project Skylink or the future project of planning and constructing a third runway. This would also mean that the audit function vis-à-vis the airport would be non-existent, which, in turn, would have meant in the past that neither the public nor the provincial parliaments of Vienna and Lower Austria would have been informed about the cost increase and the construction defects with regard to the project Skylink. Moreover, the recommendations made by the ACA aimed at reducing the construction defects and additional costs would not have been implemented. From the ACA's standpoint this cannot be seen as an efficient use of public resources. This is why the ACA will advocate at the National Council for clear legislative regulations that would close this control-related loophole.

The ACA is of the opinion that an infrastructure company such as Vienna Airport should continue to be subject to its comprehensive control. In this context, the ACA points to the fact that for years it has demanded the right

to audit undertakings with a public share of 25%.

This is especially relevant as this decision by the Constitutional Court, which negates the ACA's right to audit, has far-reaching consequences for other fields as well:

- it also eliminates the ACA's right to audit a series of subsidiaries of the Vienna Airport;
- thereby the undertakings that were formerly subject to the audit by the ACA are no longer required to issue reports to the media authority KommAustria on media collaborations and on advertising orders and funding provided to media owners of periodic media outlets in accordance with the Media Transparency Act;
- furthermore, reporting obligations on the total amounts of concluded legal transactions with associated companies according to the Political Parties Act 2012 are eliminated as well;
- finally, the staff members of Vienna Airport no longer fall under the term of "public officials" and therefore cease to be subject to the more stringent stipulations of the Criminal Law on Corruption.





**AUDIT PRIORITY:**

*“Quality of public–sector service provision;  
with a particular focus on the benefit for citizens,  
cost optimization and a modern–day delivery of tasks”*



## 2 AUDITING.REPORTING. DISCUSSING.

Auditing is the ACA's core business. All audit findings are presented to the National Council, a provincial parliament or a local council after having been submitted to the auditee for comments. The report is then published – 91 reports altogether in 2018 – and discussed in the competent representative body.

### 2.1 AUDIT PLANNING

The ACA conducts audits in all fields of government policy, such as law and security, labour, social affairs, healthcare, family, education, research, art, culture, finance and economy or environment and 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 figures, current events, special public interest, preventive effect and benefit for the citizens when selecting audit themes.

The current audit priority, which spans a period of three years, namely from 2018 to 2020, is: "quality of public-sector service provision; with a particular focus on the benefit for citizens, cost optimization and a modern-day delivery of tasks."

In June 2018 the ACA organized a seminar to further elaborate on the audit priority. The event was conceived as the kick-off for the audit planning and was supposed to provide the executives and lead auditors of the ACA with new stimuli for the audit planning. In the morning the plenary session consisted of

presentations by external experts and discussions on the topic of benefit for citizens.

Daniel Lambauer of the National Audit Office of the United Kingdom gave a presentation with the title "The relevance of an audit body in the 21<sup>st</sup> century". He talked about how the National Audit Office audits the benefit for citizens and how it succeeds in swiftly completing and publishing its reports and expert opinions. He also stressed the strong role of Parliament in the United Kingdom: its Budgetary Control Committee practically "waits for" the reports of the National Audit Office and accelerates the implementation of the recommendations. He additionally stressed the close cooperation with the auditees throughout the entire audit process (also already during the preparation phase), which results in a relatively short deadline for comments of four weeks at the most.

Matthias Mähring of the German Bundesrechnungshof in Bonn gave a presentation on the topic of "External public audit and the benefit for citizens – two alien worlds or two sides of the same coin?" and came to the conclusion that an objective, generally applicable definition of "benefit for citizens" does not exist; a description of the term has to be provided subjectively on a case-by-case basis. He talked about the fields of activity the Bundesrechnungshof recently agreed upon; among them are: solid finances, legally watertight and efficient administration, societal change and cooperative partnerships in Europe and around the world. In the future, the audits conducted by the German Bundesrechnungshof are supposed to be assigned to these fields of action.



Alexandra Wegscheider–Pichler of Statistics Austria provided a link to the afternoon workshops. She presented the project “Wie geht’s Österreich?” (“How is Austria doing?”) and provided insights into the measuring of wellbeing and progress, which is closely related to the United Nations Sustainable Development Goals. She also offered an overview of the existing indicators, time series and comparisons between provinces, which in part, are directly related to the ACA’s audit areas. In the afternoon, the representatives of the different audit units withdrew for their internal discussions, which focused on specifying “benefit for citizens” within the respective audit areas.

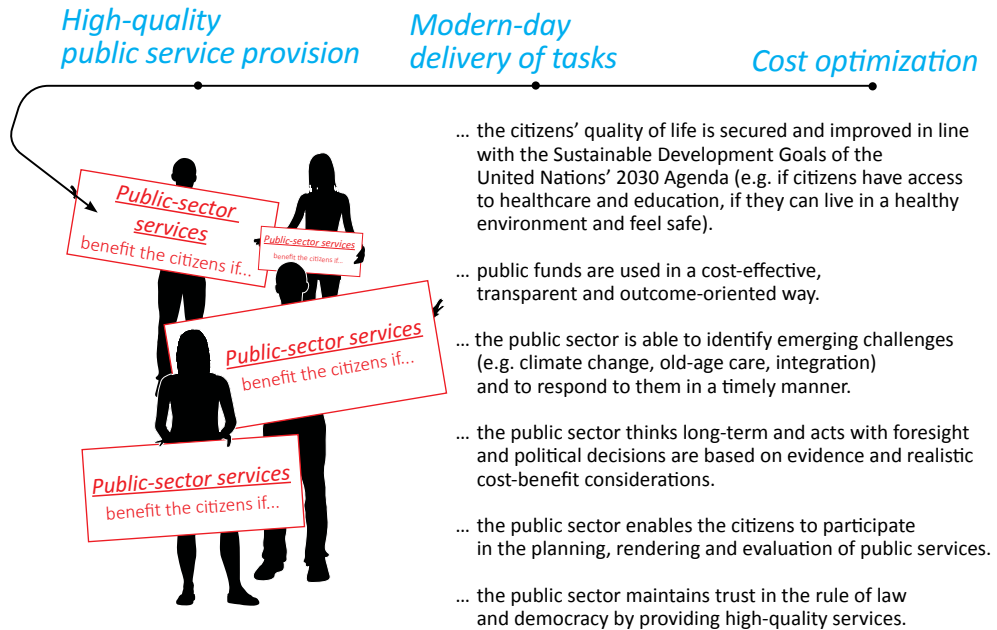
In late October 2018, at the audit planning conference, the heads of department presented the audit projects of 2019: 99 audits, of which 24 are cross–cutting audits.

In the framework of its audit priority related to the quality of public–sector service provision the ACA focuses on high–quality public service provision, a modern–day optimization of tasks as well as on opportunities for cost optimization.

When assessing the benefit for citizens, the following familiar audit criteria are used: compliance, legality, economy, efficiency and effectiveness. The ACA aims at publishing easily understandable reports on relevant topics in a timely manner. A graph with regard to the audit priority can be found on the next page.

Audit planning 2019/2020:

**Specifying the Audit Priority**



In order to assess the benefit generated for citizens, the following audit criteria need to be applied:

COMPLIANCE | LEGALITY | ECONOMY | EFFICIENCY | EFFECTIVENESS

**Goal:**

**Relevant themes**  
(with vital, guiding and sound recommendations)



**Timely reporting**  
(with topical and fact-based analyses)

**Easy-to-understand contents**  
(with conclusive findings, innovative approaches and modern graphic designs)

In 2018

the Austrian Court of Audit conducted 91 audits  
and published them in the following reports:

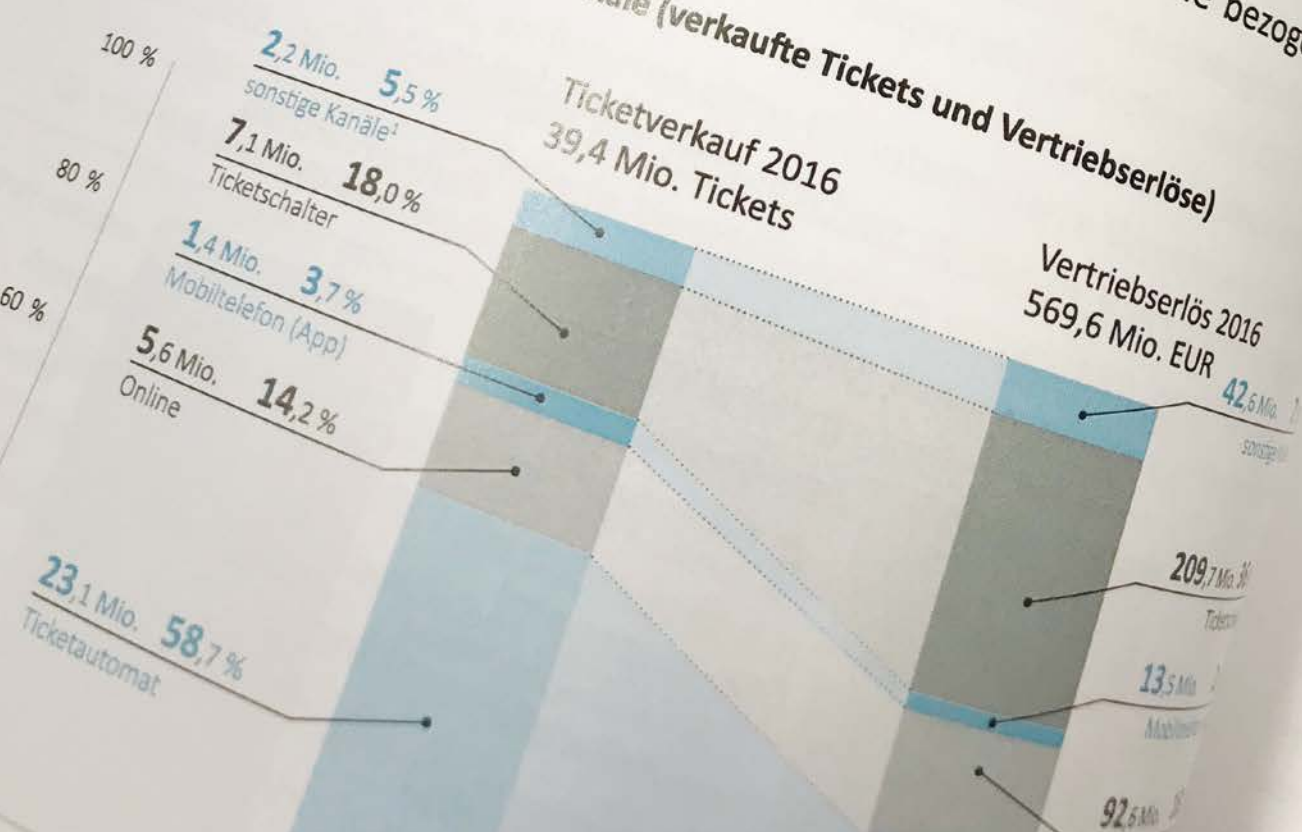
# Bericht des Rechnungshofes

## Ticket-Vertriebssystem der ÖBB-Personenverkehr AG

und solche mit komplexeren Reiseanforderungen (z.B. Auslandsreisen, Automaten, Liegewagen, Schlafwagen etc.) eher bediente Vertriebskanäle nutzen.

Die folgende Abbildung 4 veranschaulicht am Beispiel des Jahres 2016 die Zusammensetzung der verkauften Tickets und die jeweiligen Erlösanteile bezogen auf die verschiedenen Vertriebskanäle:

Abbildung 4: Vertriebskanäle (verkaufte Tickets und Vertriebs Erlöse)



## 2.2 AUDIT REPORTS 2018

Title	Type of audit	Date	Volume
Sites of General Compulsory Schools in Tyrol and Vorarlberg	Cross-cutting audit	19 Jan 2018	Federation 2018/1 Tyrol 2018/1 Vorarlberg 2018/1
Parking Space Management of the City of Salzburg	Priority audit	19 Jan 2018	Salzburg 2018/1
Day Care for Pupils	Cross-cutting audit	19 Jan 2018	Federation 2018/2 Salzburg 2018/2 Vienna 2018/1
Julius Glück Foundation for Railway Employees	Sample audit	19 Jan 2018	Vienna 2018/2
Financial Corrections in Agriculture	Follow-up audit	26 Jan 2018	Federation 2018/3
Transparency of Benefits with Regard to Income Tax Law	Follow-up audit	26 Jan 2018	Federation 2018/4
The Insolvency Contingency Fund (Insolvenz-Entgelt-Fonds, IEF) and the IEF-Service GmbH	Follow-up audit	26 Jan 2018	Federation 2018/5
The Federal Criminal Police Office (Bundeskriminalamt)	Follow-up audit	26 Jan 2018	Federation 2018/6
Gender Health in Austria	Follow-up audit	26 Jan 2018	Federation 2018/7
WIPARK Garagen GmbH	Priority audit	02 Feb 2018	Vienna 2018/3
Bundespensionskasse AG – Investment Strategies and Asset Management	Priority audit	02 Feb 2018	Federation 2018/8
City of Salzburg – Reporting Obligation Pursuant to the Political Parties Act 2012	Priority audit	02 Feb 2018	Federation 2018/9 Salzburg 2018/3
Province of Upper Austria – Reporting Obligation Pursuant to the Political Parties Act 2012	Priority audit	02 Feb 2018	Federation 2018/10 Upper Austria 2018/1
Welfare Funds of the Federal Ministry of the Interior	Cross-cutting audit	16 Feb 2018	Federation 2018/11
Development of Selected Federal Research Programmes	Cross-cutting audit	16 Feb 2018	Federation 2018/12
VERBUND AG – Asset Swap 2013	Priority audit	23 Feb 2018	Federation 2018/13
Bundesamt für Wasserwirtschaft (Federal Office for Water Economy)	Priority audit	23 Feb 2018	Federation 2018/14
Health of Pupils: School Medical and School Psychological Service	Follow-up audit	02 Mar 2018	Federation 2018/15
Oesterreichische Nationalbank – Gold and Pension Reserves, Jubilee Fund and Social Insurance Benefits	Follow-up audit	02 Mar 2018	Federation 2018/16
Property Transactions of the Federal Ministry of Defence and Sports, ASFINAG and the Urban Development Fund of the City of Korneuburg	Follow-up audit	02 Mar 2018	Federation 2018/17
Structure of Austrian Representations in the EU	Follow-up audit	02 Mar 2018	Federation 2018/18
The Military Training Area in Allentsteig	Follow-up audit	02 Mar 2018	Federation 2018/19
Large-Scale Police Operations	Priority audit	09 Mar 2018	Federation 2018/20
Selected Topics related to the City of Vienna – Wiener Wohnen and Wiener Wohnen Haus- und Außenbetreuung GmbH	Priority audit	09 Mar 2018	Vienna 2018/4
Funding of 24-hour Care in Upper Austria and Vienna	Cross-cutting audit	23 Mar 2018	Federation 2018/21 Upper Austria 2018/2 Vienna 2018/5
The Austrian Student Aid Foundation (Österreichische Studentenförderungsstiftung)	Follow-up audit	06 Apr 2018	Federation 2018/22
New Entries, Assignment and Deletion of Tax Registration Numbers and Value Added Tax Identification Numbers	Follow-up audit	06 Apr 2018	Federation 2018/23

Title	Type of audit	Date	Volume
City of Wels	Follow-up audit	06 Apr 2018	Upper Austria 2018/3
The Municipality of Klosterneuburg and Sportstätten Klosterneuburg GmbH	Priority audit	20 Apr 2018	Lower Austria 2018/1
Medical Care in Dentistry	Cross-cutting audit	20 Apr 2018	Federation 2018/24
The "Hohentwiel" Steamboat	Sample audit	27 Apr 2018	Vorarlberg 2018/2
IKT Linz Infrastruktur GmbH	Sample audit	27 Apr 2018	Upper Austria 2018/4
GLV – Gruberstraße Linz Verwertungsgesellschaft mbH	Sample audit	27 Apr 2018	Upper Austria 2018/5
Polytechnische- und Hauptschule Bruck an der Leitha GmbH & Co KG	Sample audit	04 May 2018	Lower Austria 2018/2
Uni.PR – Verein zur Förderung der Öffentlichkeitsarbeit der österreichischen Universitäten (association for the promotion of Austrian universities' public relations)	Sample audit	04 May 2018	Federation 2018/25
Compensatory Allowances under Pension Insurance	Follow-up audit	11 May 2018	Federation 2018/26
Pension Rights of Civil Servants of the Austrian Federal Railways (Österreichische Bundesbahnen, ÖBB)	Follow-up audit	11 May 2018	Federation 2018/27
Vienna University of Technology – Financial Situation	Follow-up audit	11 May 2018	Federation 2018/28
The Impact of the New Collective Agreement on Universities	Follow-up audit	11 May 2018	Federation 2018/29
City of Vienna – the "Krankenhaus Nord" ("Hospital North") Construction Project	Special audit	18 May 2018	Vienna 2018/6
National Anti-Doping Agency Austria	Cross-cutting audit	01 Jun 2018	Federation 2018/30 Burgenland 2018/1 Carinthia 2018/1 Lower Austria 2018/3 Upper Austria 2018/6 Salzburg 2018/4 Styria 2018/1 Tyrol 2018/2 Vorarlberg 2018/3 Vienna 2018/7
Quality Assurance of Municipal Budgetary Data	Cross-cutting audit	08 Jun 2018	Federation 2018/31 Burgenland 2018/2 Carinthia 2018/2 Lower Austria 2018/4 Upper Austria 2018/7 Salzburg 2018/5 Styria 2018/2 Tyrol 2018/3 Vorarlberg 2018/4
Kulturhaus Dornbirn GmbH	Sample audit	15 Jun 2018	Vorarlberg 2018/5
Wiener Staatsoper GmbH	Priority audit	15 Jun 2018	Federation 2018/32
Vienna School Refurbishment Package 2008–2017	Priority audit	22 Jun 2018	Vienna 2018/8
Transport Infrastructure of the Federation – Strategies, Planning and Financing	Priority audit	22 Jun 2018	Federation 2018/33
The United Nations Sustainable Development Goals, Implementation of the 2030 Agenda in Austria	Priority audit	06 Jul 2018	Federation 2018/34
Capital Gains Tax Refunds in the Wake of Dividend Distributions	Special audit	13 Jul 2018	Federation 2018/35
Family Allowance – Targets and Target Attainment, Costs and Control System	Cross-cutting audit	13 Jul 2018	Federation 2018/36
Quality Assurance for Independent Health Practitioners	Priority audit	20 Jul 2018	Federation 2018/37



Title	Type of audit	Date	Volume
Research Funding Programme COMET – “Competence Centers for Excellent Technologies”	Priority audit	20 Jul 2018	Federation 2018/38
Horticultural Centre Schönbrunn	Priority audit	20 Jul 2018	Federation 2018/39
Production of Orthophotos at the Federal Level	Priority audit	20 Jul 2018	Federation 2018/39
The Austrian Science Fund (FWF) – Internal Control System	Follow-up audit	27 Jul 2018	Federation 2018/40
The Internal Control System in Cases of Direct Awards	Follow-up audit	27 Jul 2018	Federation 2018/41
The Austrian Road Safety Fund	Follow-up audit	27 Jul 2018	Federation 2018/42
Austrian Presidential Election 2016 (Postponement of the Re-run of the Second Round)	Priority audit	31 Aug 2018	Federation 2018/43
Austrian Cultural Fora	Priority audit	31 Aug 2018	Federation 2018/44
Waste Management Association of Liezen	Priority audit	07 Sep 2018	Styria 2018/3
Bioenergie Kufstein GmbH	Sample audit	07 Sep 2018	Tyrol 2018/4
Ortsmarketing Lustenau GmbH	Sample audit	07 Sep 2018	Vorarlberg 2018/6
Wohnfonds Wien	Priority audit	07 Sep 2018	Vienna 2018/9
The Provincial Capital of Klagenfurt am Wörthersee	Priority audit	07 Sep 2018	Carinthia 2018/3
2016 Budgetary Outcomes According to the 2012 Austrian Stability Pact	Priority audit	07 Sep 2018	Federation 2018/45 Burgenland 2018/3 Carinthia 2018/4 Lower Austria 2018/5 Upper Austria 2018/8 Salzburg 2018/6 Styria 2018/4 Tyrol 2018/5 Vorarlberg 2018/7 Vienna 2018/10
Austrian Broadband Strategy 2020 (“Broadband Billion”)	Priority audit	21 Sep 2018	Federation 2018/46
IT Support in Schools		21 Sep 2018	Federation 2018/47 Burgenland 2018/4 Carinthia 2018/5 Lower Austria 2018/6 Upper Austria 2018/9 Salzburg 2018/7 Styria 2018/5 Tyrol 2018/6 Vorarlberg 2018/8 Vienna 2018/11
Federal Office for Transport	Priority audit	21 Sep 2018	Federation 2018/48
School Pilot Projects	Follow-up audit	28 Sep 2018	Federation 2018/49
Public Universities of Teacher Education	Follow-up audit	28 Sep 2018	Federation 2018/50
City of Wiener Neustadt and Wiener Neustadt Holding GmbH	Follow-up audit	28 Sep 2018	Lower Austria 2018/7
Operational Programme “European Territorial Co-operation Austria–Czech Republic 2007–2013”	Follow-up audit	28 Sep 2018	Lower Austria 2018/8
ART for ART Theaterservice GmbH	Priority audit	05 Oct 2018	Federation 2018/51
EAFRD: Establishment and Operation of Clusters and Networks	EU audit	05 Oct 2018	Federation 2018/52
Ordnungsdienst der Stadt Linz GmbH	Sample audit	05 Oct 2018	Upper Austria 2018/10
Universities' Equity Interests in Companies; Medical University of Vienna and Linz University	Cross-cutting audit	12 Oct 2018	Federation 2018/53
IT Project ZEPTA	Cross-cutting audit	12 Oct 2018	Federation 2018/54

Title	Type of audit	Date	Volume
Scanpoint GmbH	Sample audit	12 Oct 2018	Federation 2018/55
Foundation "Water for Carinthia"	Sample audit	25 Oct 2018	Carinthia 2018/6
Austrian Nutrition Action Plan	Priority audit	25 Oct 2018	Federation 2018/56
Psychiatric Care in Hospitals in Carinthia and Tyrol	Cross-cutting audit	09 Nov 2018	Federation 2018/57 Carinthia 2018/7 Tyrol 2018/7
Waiting Times for Selected Forms of Therapy and Surgeries in Hospitals	Cross-cutting audit	09 Nov 2018	Federation 2018/58 Lower Austria 2018/9 Vorarlberg 2018/9
Public Health Service in Selected District Authorities in Upper Austria und Salzburg	Cross-cutting audit	09 Nov 2018	Federation 2018/59 Upper Austria 2018/11 Salzburg 2018/8
Tyrolean Patients' Representatives and Tyrolean Patients' Compensation Fund	Priority audit	09 Nov 2018	Tyrol 2018/8
Albertina	Priority audit	16 Nov 2018	Federation 2018/60
EU Financial Report 2016	EU audit	23 Nov 2018	Federation 2018/61 Burgenland 2018/5 Carinthia 2018/8 Lower Austria 2018/10 Upper Austria 2018/12 Salzburg 2018/9 Styria 2018/6 Tyrol 2018/9 Vorarlberg 2018/10 Vienna 2018/12
Internal Control System of the Debt and Investment Management of the Provinces of Upper Austria und Styria	Cross-cutting audit	23 Nov 2018	Upper Austria 2018/13 Styria 2018/7
Weinmarketing GmbH	Follow-up audit	30 Nov 2018	Federation 2018/62
Implementation of the Water Framework Directive Regarding the Groundwater in the Weinviertel	Follow-up audit	30 Nov 2018	Federation 2018/63 Lower Austria 2018/11
Selected Control Areas within Medical Insurance	Follow-up audit	30 Nov 2018	Federation 2018/64
The Role of the Federation in the Austrian Hospital Planning	Follow-up audit	30 Nov 2018	Federation 2018/65
Ticket Sales System of the Federal Passenger Transport Company (ÖBB Personenverkehr AG)	Priority audit	07 Dec 2018	Federation 2018/66

#### Other reports presented by the ACA in 2018:

Title	Date
Report on the Federal Financial Statements 2017	29 Jun 2018
General Income Report 2018	21 Dec 2018

All ACA reports are published on its website at [www.rechnungshof.gv.at](http://www.rechnungshof.gv.at) and therefore available to the public; the access has been barrier-free since January 2017. This means that the PDF-files can now also be retrieved by blind people and people with visual impairments with the help of a speech reproduction programme.

Since the start of the 26<sup>th</sup> 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 of the National Council and of some provincial parliaments, the ACA makes printed desk copies available to the members of the National Council and of the provincial parliaments.

#### 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 the federal, provincial and municipal level, as well as between different legal entities. Through these audits, it can highlight best practices and benchmarks that subsequently serve as a basis for auditees and political decision-makers.

In 2018, the ACA submitted reports on 15 cross-cutting audits to the representative bodies, e.g. on Day Care for Pupils, Funding of 24-hour Care in Upper Austria and Vienna, Quality Assurance of Municipal Budgetary Data, Psychiatric Care in Hospitals in Carinthia and Tyrol as well as on Waiting Times for Selected Forms of Therapy and Surgeries in Hospitals.

#### SPECIAL AUDITS

The Federal Constitutional Law 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 2018 the ACA published the results of these special audits: "City of Vienna – the "Krankenhaus Nord" ("Hospital North") Construction Project" (Vienna 2018/6) and "Capital Gains Tax Refunds in the Wake of Dividend Distributions" (Federation 2018/35).

Five special audits were not yet completed at the end of 2018 and will presumably be published in 2019, namely "Planning, Renovation and Construction of the Hospital Oberwart", "Exchange of Information in Tax Matters", "KRAGES (Burgenland Hospital Association)", "Purchase of State-Guaranteed Debt Instruments by the Carinthian Compensation Fund" and "Provincial Capital Linz with a Focus on Administrative Penalties".

In 2018 the ACA did not receive audit requests or demands to perform an audit.

At the beginning of December, the ACA received not a formal request, but a written suggestion by the City of Vienna. This suggestion concerned the auditing of the cooperation between the City of Vienna and the Federal Ministry of the Interior in providing primary care for foreigners in need of help and protection. The ACA will include this audit in its 2019 audit plan.

## 2.3 PARLIAMENTARY DISCUSSIONS

After their submission and publication, reports are discussed within the respective representative body.

### NATIONAL COUNCIL

In 2018, the ACA submitted 66 reports, the Report on the Federal Financial Statements 2017, including a system audit with regard to the financial statements of the Federation, the Income Report and its Annual Report to the National Council.

After the National Council elections on 15 October 2017 and the swearing in of the new National Council on 9 November 2017, the Public Accounts Committee newly assembled on 21 December 2017. The Members of the National Council elected Irmgard Griss as its chairperson.

One month later, the spokespersons of the five parliamentary groups at the Public Accounts Committee followed the invitation of the ACA President and visited the ACA. At the beginning of the new legislative term, the topic of the future form of cooperation between the ACA and the Public Accounts Committee took centre stage during the deliberations. In this context, ACA President Kraker also presented her reform suggestions aimed at strengthening public auditing.

President Kraker attended 10 meetings of the Public Accounts Committee and, additionally, two meetings of the Budget Committee on the two-year budget 2018/2019 and on the Report on the Federal Financial Statements



The spokespersons of the parliamentary groups at the Public Accounts Committee Karin Greiner, Wolfgang Zinggl, Irmgard Griss, Wolfgang Zanger and Hermann Gahr talking to ACA President Kraker

2017, as well as seven plenary meetings of the National Council.

At the close of the 25<sup>th</sup> legislative term on 8 November 2017, 49 reports containing 69 contributions were outstanding, meaning the Public Accounts Committee had not discussed them yet. Additional 13 contributions had not been forwarded to the plenary of the National Council. One of those reports containing six contributions stemmed from the 24<sup>th</sup> legislative term and discussing it during the new legislative term was no longer possible according to the standing order of the National Council. By the end of 2017 another 17 reports, the Annual Report and the Income Report had been presented.

The Public Accounts Committee worked through most of this backlog during the first year of the 26<sup>th</sup> legislative term: only ten reports from that time were outstanding at the end of 2018. In 2018 the Public Accounts Committee took note, in addition to the Income Report and the Annual Report, of 91 reports with 119 contributions. 36 of the reports were on current audits, which had been presented by the ACA in 2018. This means that by the end of 2018, 40 reports by the ACA were outstanding; 30 from 2018 and ten from the time before 2018.

The ACA is also subject to the right of interpellation. This means that members of the National Council may address written questions concerning budget management, staffing and organizational matters to the ACA. In 2018 the Members of the National Council addressed no requests to the ACA.

#### **PROVINCIAL PARLIAMENTS**

In 2018, the ACA submitted 38 reports, the Income Report and the 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 ACA's relations with the individual provincial parliaments are governed differently by the provincial constitutions and 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 36 parliamentary committee meetings of the provincial parliaments and the Vienna Municipal Council. In addition, President Kraker attended meetings of the Vienna Municipal Council in September and in December 2018, where she has a right to take the floor. In March 2018, she visited the provincial parliament of Upper Austria.

Technological means have made it possible to attend committee meetings by way of videoconferencing, and this opportunity is being seized by an increasing number of provincial parliaments. ACA staff members joined the meetings of the Oversight Committee of the Styrian Parliament four times from Vienna; they did so three times in the case of the Oversight Committee of the Upper Austrian Parliament. This option was used for the first time by the Tyrolean Parliament in autumn 2018. And another premier: in October a video conference took place between the Financial Control Committee in Innsbruck and the ACA in Vienna.

#### **MUNICIPAL COUNCILS**

In 2018 the ACA submitted a total of 12 reports to municipal councils and the assemblies of municipal associations. Compared to the National Council and the provincial parliaments, cooperation with the municipal councils can be expanded. The ACA is striving to step up cooperation and, when submitting reports at the municipal level, points out that the auditors are available to give information when the reports are being dealt with by the municipal council.



*The effectiveness of the Austrian Court of Audit depends in particular on the implementation of its recommendations.*



### 3 AUDITS ARE EFFECTIVE

The effectiveness of the ACA depends in particular on the implementation of its recommendations. In order to determine – but also to enhance – its impact the ACA uses an outcome control process consisting of two phases. The first phase comprises an initial follow-up enquiry in the framework of which the ACA queries the auditees about all of the recommendations it had issued in the course of the previous year and their degree of implementation. The report on the follow-up enquiry is based on the information provided by the auditees. During the second phase the ACA checks the implementation of selected recommendations in the framework of follow-up audits on site. The results of the follow-up enquiry are used for the planning of the follow-up audits.

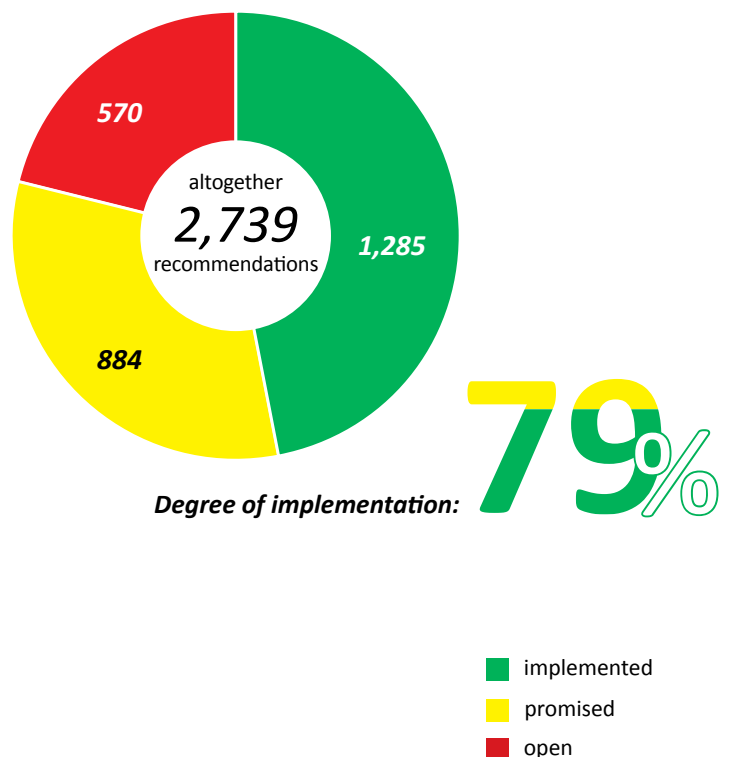
In the framework of its outcome-oriented controlling, the ACA sets a target it wants to reach during each of the two phases of the outcome control process. In the framework of the follow-up enquiry, it aims for a share of 75% with regard to the implemented and promised recommendations. In the case of the follow-up audits, the target is at 85%. The latter target is higher and reflects the expectation of the ACA that the auditees will have implemented a larger part of its recommendations in the course of two to three years.

#### 3.1 FOLLOW-UP ENQUIRY

In 2018 the ACA queried 111 auditees about the state of the implementation of the recommendations from 85 reports dating from the year 2017.

1,285 recommendations (47%) of the 2,739 queried and assessed recommendations had been implemented; in the case of 884 recommendations (32%) implementation was promised. This means that an impact was achieved with 79% of all the recommendations. 570 recommendations (21%) remained unaddressed.

The results of the follow-up enquiry for the year 2017, which are based solely on the information provided by the auditees, draw the following picture:



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

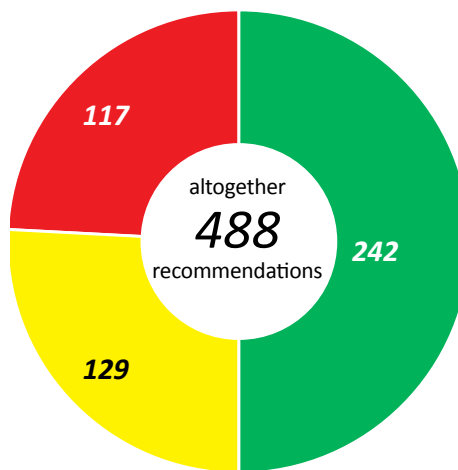


**Total number of recommendations 2,739**

### 3.2 FOLLOW-UP AUDITS

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

In 2018, the ACA published reports on 28 follow-up audits in which it reviewed and assessed the state of the implementation of a total of 488 recommendations: 242 recommendations (50%) had been fully implemented, and 129 (26%) had been partly implemented. This shows that 76% of the ACA's recommendations had made an impact.



**Degree of implementation: 76%**

The detailed results have been published and are available on the ACA's website at [www.rechnungshof.gv.at/berichte/nachfrageverfahren.html](http://www.rechnungshof.gv.at/berichte/nachfrageverfahren.html)





*In the framework of its advisory activities,  
the Austrian Court of Audit provides  
expert comments on draft laws and ordinances.*



## 4 CONSULTATION ON DRAFT LEGISLATION

In the framework of the official consultation process the ACA regularly provides 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.

Sec 17(2) of the Federal Organic Budget Act 2013 requires every federal minister to attach a presentation on the outcome-oriented impact assessment in terms of major effects, and, at any rate, a presentation of the financial implications according to the Outcome-oriented Impact Assessment – Financial Implications Ordinance (“Wirkungsorientierte Folgenabschätzung–Finanzielle–Auswirkungen–Verordnung” or “WFA–FinAV”, Federal Law Gazette II No 490/2012 as amended by the Federal Law Gazette II No 55/2018) to every draft bill and ordinance submitted by his or her ministry. Pursuant to sec 17(4) of the Federal Organic Budget Act 2013 the financial implications for the federal statement of assets, the cash–flow statement and the operating statement for the current and, as a minimum, for the next four fiscal years must be quantified, as well as the financial implications for the provinces, municipalities and social insurance institutions, and the long–term impact on the federal budget. Pursuant to sec 3(2) of the WFA–FinAV, the principles of relevance, consistency in content, understandability, plausibility, comparability and verifiability are to be respected in the framework of providing information with regard to the assessment of the financial implications. In consultations on draft legislation, the ACA assesses in particular whether:

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

### 4.1 FEDERATION

In general, the consultation period for the submission of comments should be at least six weeks. In 2018, the ACA was given significantly less time for providing a comment in the case of 16 legislative drafts, namely less than ten work days. This concerned, inter alia, the:

- Federal Ministry of Finance: Act on the Establishment of the Österreichische Beteiligungs AG (ÖBAG): 4 work days
- Federal Ministry of Education, Science and Research: Amendment to the Universities Act (Universitätsgesetz) 2002 (Danube University Krems): 8 work days
- Federal Ministry for the Civil Service and Sport: Data Protection Amendment Act Sport: 5 work days
- Federal Ministry for Digital and Economic Affairs: Amendment to the Industrial Code (Implementation of the Travel Package Directive): 4 work days

The Federal Ministry for Digital and Economic Affairs is preparing a draft amendment to the Conduct Guideline Ordinance (Gebarungsrichtlinienverordnung) in order to provide clarification on the maximum possible emoluments of board members, managing directors and staff members of non-profit housing associations. In its expert comment the ACA critically pointed out that it had not been invited to the consultations even though it had published three reports on reforms in the area of non-profit housing in end-2017 (“GESIBA Gemeinnützige Siedlungs- und Bauaktiengesellschaft“ (Federation 2017/63), “Salaries of Board Members and Managing Directors of Non-profit Housing Associations” (Federation 2017/62) and “The Sale of Apartments by Non-profit Housing Associations” (Federation 2017/61).

No consultation process took place, inter alia, with regard to the Budget Accompanying Act 2018/19.

In 2018 the ACA received altogether 173 federal draft laws and ordinances for commenting (cut-off date 1 December 2018). The Parliament requested the ACA to provide an expert comment on five legislative proposals. Two professional chambers, the Main Association of Austrian Social Security Institutions as well as the Data Protection Authority submitted a total of ten draft ordinances to the ACA for consultation.

Based on the legislative drafts submitted to the ACA, the following assessment of the information provided on their financial implications can be made:


Federal Ministry	plausible information	insufficient information
Federal Chancellery (BKA)	2	1
Federal Ministry of Labour, Social Affairs, Health and Consumer Protection (BMASGK)	19	5
Federal Ministry of Education, Science and Research (BMBWF)	11	10
Federal Ministry for Digital and Economic Affairs (BMDW)	15	5
Federal Ministry of Finance (BMF)	5	10
Federal Ministry of the Interior (BMI)	5	3
Federal Ministry of Defence (BMLV)	2	0
Federal Ministry of Sustainability and Tourism (BMNT)	29	5
Federal Ministry for the Civil Service and Sport (BMöDS)	1	3
Federal Ministry for Transport, Innovation and Technology (BMVIT)	20	3
Federal Ministry of Constitutional Affairs, Reforms, Deregulation and Justice (BMVRDJ)	14	3
Federal Ministry for Europe, Integration and Foreign Affairs (BMEIA)	2	0



## 4.2 PROVINCES

In 2018, the ACA also commented on draft legislation of the provinces. The following provinces submitted drafts: Carinthia, Lower Austria, Upper Austria, Styria, Vorarlberg and Vienna. No consistent obligation to carry out a cost calculation exists at the provincial level; only the Upper Austrian and Burgenland constitutions and the Styrian Budget Act provide for the ascertainment and presentation of the financial implications of new legislation.

In 2018, the ACA received a total of 77 draft laws and ordinances by the above-mentioned provinces for consultation (cut-off date 1 December 2018). The following assessment of the information provided on their financial implications can be made:



Province	plausible information	insufficient information
Carinthia	14	5
Lower Austria	6	2
Upper Austria	16	8
Styria	4	1
Vorarlberg	14	3
Vienna	3	1

### 4.3 SELECTED COMMENTS BY THE ACA

The ACA publishes consultations on its website at [www.rechnungshof.gv.at/beratung/gesetzesbegutachtungen.html](http://www.rechnungshof.gv.at/beratung/gesetzesbegutachtungen.html).

Here are some examples:

#### FEDERAL LAW AIMED AT AMENDING THE INCOME TAX ACT 1988

In July 2018 the National Council approved this law, which provides tax incentives through financial relief for families by introducing a tax allowance for families, the so-called Family Bonus Plus, which accounts for up to EUR 1500 and/or EUR 500 per child and year, as well as a child-related deductible amount of EUR 250 for (low-earning) single earners and single parents.

The ACA voiced the following concerns:

- As to the Family Bonus Plus, the ACA critically highlighted the proof of the predominant bearing of childcare costs in the case of parents living separately and the clarification in this regard in the framework of the tax assessment procedure.
- The new regulations would contribute towards making the tax law more complicated, the execution more difficult and they would cause a high control burden. The ACA considered it rather unlikely that all of the refunds could be successfully processed.
- It might be possible that various persons would claim a tax allowance for the same child without the knowledge of all the other parties involved not only in their (annual) tax assessment, but already in their monthly payroll at their respective employers. In this context, the ACA pointed to its findings in its report “Transparency of Benefits with Regard to Income Tax Law” (Federation 2013/3) according to which such a complicated execution produces an otherwise avoidable high administrative burden and insecurity on the side of the law-abiding citizens.
- The goal of unburdening working parents will not be achieved according to the ACA as working parents who live together and have a low income – contrary to families with a single earner with a high income and a spouse without an income – will not be able to take full advantage neither of the tax allowance in the form of the Family Bonus Plus in the way the law intends nor of the child-related deductible amount.
- It also remains unclear who is to carry out the calculations for the indexation of the Family Bonus Plus and/or the child-related deductible amounts and how the tax administration is supposed to identify all of the cases in which the calculation related to the indexation in the framework of the payroll process in companies was erroneous and/or contained wrong information on the place of residence of the children.
- With regard to the family allowance and the child-related deductible amount, the ACA detected a high control burden for the tax administration in cases that are connected to a foreign country.

From the ACA's point of view, the explanatory notes on the financial implications did not comply with the legal requirements as they lacked a plausibly traceable presentation of and complete information on the financial implications.

The ACA, inter alia, pointed to its repeatedly voiced recommendation to examine to what extent the current staff-related resources of the financial administration met the actual requirements.

FEDERAL CONSTITUTIONAL LAW AMENDING THE FEDERAL CONSTITUTIONAL LAW,  
THE TRANSITION ACT FROM 1 OCTOBER 1920 AS AMENDED BY THE FEDERAL LAW GAZETTE NO 368  
FROM 1925, THE FEDERAL CONSTITUTIONAL LAW WITH REGARD TO THE PRINCIPLES APPLICABLE  
FOR THE ESTABLISHMENT AND MANAGEMENT OF THE OFFICES OF THE PROVINCIAL GOVERNMENTS  
WITH THE EXCEPTION OF VIENNA, AND THE SETTLEMENTS AND RESIDENCE ACT

During the consultation process, the ACA approvingly pointed to the fact that the draft simplified the administration as it allowed for the elimination of the mutual consent requirements between the Federation and the provinces as regards the drawing of boundaries of administrative districts. The ACA had recommended this, e.g., with regard to district courts in its report "Structural Reform of District Courts" (Federation 2014/13) in 2013.

With regard to the "further disentangling of the division of competences, in particular of the remaining competences described under Article 12 of the Federal Constitutional Act" as indicated in the explanatory notes, the ACA pointed out that the draft neither encompassed the fields of "nursing homes and convalescent homes" nor the "sector electricity".

As regards the competences in the field of "nursing homes and convalescent homes" the ACA referred, for instance, to its repeated rec-

ommendation (e.g. report on "The Role of the Federation in the Austrian Hospital Plan"; Federation 2015/17, and "Positions on a Sustainable Development of Austria"; Positions 2016/2) to assign the matters pertaining to "nursing homes, convalescent homes and sanatoria" to Article 11 of the Federal Constitutional Law (the Federation has the legislative power while the federal provinces are in charge of the execution).

In view of the intended legislative power of the Federation in the field of "employee protection", in which the federal provinces are supposed to be put in charge of the execution, the ACA pointed out that its findings in the report "Protection of Employees in Austria" (Federation 2013/8) should be considered, namely that the legal situation in the field of "employee protection" was fragmented and that there was a need to take action in order to attain a harmonization.

#### FEDERAL OFFICES ACT (BUNDESÄMTERGESETZ)

The draft aims at legally merging the Federal Institute of Agricultural Economics and the Federal Institute for Less-favoured and Mountainous Areas.

In its expert comment, the ACA pointed to its audits “Federal Institute for Less-favoured and Mountainous Areas” (Federation 2004/7), “Federal Institute of Agricultural Economics”

(Federation 2013/4) and “Federal Institute of Agricultural Economics; Follow-up Audit” (Federation 2016/13), in which it had recommended to take this measure.

This is why the ACA sees the planned merger of these two federal institutes as the implementation of its repeated recommendations.

#### SOCIAL INSURANCE ORGANIC LAW (SOZIALVERSICHERUNGS-ORGANISATIONSGESETZ)

In December 2018 the National Council approved the Social Insurance Organic Law, which mainly aims at merging the current social insurance providers, leaving only five social insurance providers and replacing the current Main Association of Austrian Social Security Institutions with an umbrella organization.

The ACA was in favour of the goal of increasing efficiency and harmonizing the services provided by social insurance institutions, but it also encountered a series of problems:

- The goal of reducing the number of social insurance providers to five will be reached only in form, not in content: the Notarial Insurance will be transformed from an “insurance institution” into a “pension institution” and remains otherwise unchanged. The same holds true for the employer-based health insurances (currently there are five); even though they lose their status as social insurance providers, four of them can continue to exist as company-based welfare institutions. Moreover, the draft does not cover the existing 15 health insurance institutions for government employees.

- The financial explanatory notes are insufficient and do not provide an appropriate basis for an informed decision-making process. The reform objective stated in the presentation of attaining savings of EUR 1 billion was not contained in the draft; additional costs have not been considered.

- An appropriate basis for a professional merger management has not been prepared; the concrete merger-related and financial targets remain unclear and a set of rules for the merger costs is lacking. There are legal and economic risks involved.

- Elemental questions related to the proposed reform, such as, in particular, the harmonization of services and the use of resources of the Österreichische Gesundheitskasse (Austrian health insurance fund), remain unanswered.

- The planned abolition of the control assembly is seen as problematic by the ACA: due to the high amount of financial resources spent by the social insurance providers of altogether about EUR 63.9 billion in 2018 and due to comprehensive problems faced

by the social insurance providers in the field of corporate governance (as highlighted in the ACA's report "Compliance in the Field of Procurement and Human Resources in Social Insurance Institutions"; Federation 2017/7) a control body is an absolute necessity. An appropriate internal control system and risk management are, especially during

the transition phase, urgently needed in the new structures.

- Following the ACA's criticism, the cost estimate was complemented in the government bill. The new cost estimate has not yet been examined by the ACA.

#### ÖBAG ACT 2018 (ÖBAG–GESETZ 2018)

The plans consist of, inter alia, transforming the Österreichische Bundes– und Industriebeteiligungen GmbH (ÖBIB) into the Österreichische Beteiligungs AG (ÖBAG). One of the measures planned by the federal legislator consists of extending funding opportunities for Austrian businesses, provided that the holding committee deems them location–relevant and strategically important. In this regard, the ACA issued a partially critical expert comment in November:

- The draft stipulated that the ÖBAG itself or its subsidiary would be able to acquire minority holdings in location–relevant businesses and grant such businesses loans, warranties and other forms of funding. These measures were to be evaluated and approved by a holding committee, which was to be set up within the ÖBAG.
- The ACA remarked that the envisaged independence of the holding committee from the bodies of the ÖBAG was problematic due to the fact that the members of the committee were appointed by the management board of ÖBAG with the consent of the executive committee of the supervisory board of the ÖBAG.
- The regulation according to which the financing of the instruments was supposed to be covered, on the one hand, solely by the equity of ÖBAG (dividends and revenue) – borrowing was not intended – while, on the other hand, the Federal Minister of Finance was to set the upper limit for capital employed and for borrowed financing and warranties, was unclear.
- According to the draft, the holding committee, together with the management board, was supposed to set up guidelines containing the principles of ÖBAG's investment strategy. The ACA pointed out that neither the owner nor the supervisory board of the ÖBAG had been involved in the drafting of the strategic provisions, which were of vital importance for the management board.
- The consultation deadline of at least six weeks, which, as a general rule and in accordance with the ordinance on the principles of the outcome–oriented impact assessment with regard to regulatory initiatives and other initiatives, shall be given to entities asked to provide an expert opinion, was significantly shorter in this case, namely four work days. This implied that a comprehensive and final assessment was not possible.



## LOCATION DEVELOPMENT ACT (STANDORT-ENTWICKLUNGSGESETZ)

The government bill of the Location Development Act is based on a ministerial draft on which the ACA provided an expert comment in August 2018.

The Parliament Administration submitted the government bill to the ACA; it contained, inter alia, the following regulations that the ACA had mentioned in its expert comment and that were amended in comparison to the draft:

- The ministerial draft had stipulated that a location-relevant project should also be regarded as approved in accordance with the Environmental Impact Assessment Act if, in the course of one year as of the announcement of the respective location-relevant project in an ordinance of the federal government, no administrative decision has been reached. The ACA had criticized this point. The government bill no longer contained this regulation; instead of this assumption of approval it stipulated that an administrative decision had to be reached by the authority within a period of twelve months after the lodging of the application.
- The ministerial draft allowed for the non-use of certain regulations of the Environmental Impact Assessment Act. This would have meant that environmentally unfriendly projects would have been approved on account of the expiry of deadlines as well. The ACA had also voiced its criticism in this regard. The government bill no longer contained a comparable regulation.
- The bill stipulated that in those cases in which the environmental impact assessment authority does not reach a decision within twelve months, the Administrative Court would have to make a decision in the matter itself based on an appeal by the project applicant alleging breach of the duty to reach a timely decision. Contrary to the regular respective proceedings, the Administrative Court will not be allowed to reject such complaints if the delay is not due to the predominant fault of the authority. This means that a default appeal will also be possible when the fault for the delay rests with the project applicant. The consequence: further proceedings would have to take place at the Administrative Court, which would not be allowed to, in the event of a grossly defective survey of the facts, refer the case back to the original authority, but instead would have to decide itself in the matter. The ACA voiced its criticism with regard to this regulation in view of the limited resources of the Administrative Court.
- The government bill also contained special regulations for the proceedings at the Administrative Court aimed at making the proceedings faster and more streamlined; however, they were problematic in terms of legal certainty. The ACA pointed to the fact that these regulations de facto eliminated the first instance and/or seriously limited legal certainty especially in the case of long and complex proceedings, which, after twelve months, were not ready for a decision to be made.

In its expert comment on the government bill the ACA pointed out the following:

The explanatory notes contained information on the financial implications of the creation of a related office, which was assessed positively.



R  
H

Rechnungshof  
Österreich

Unabhängig und objektiv für Sie.

ASSETS

EUR **90,966.06** million

*The ACA has been assigned,  
in addition to its core functions  
of audit and advice,  
numerous special tasks.*



DEBT

EUR **253,452.26** million

17  
FFS

Report on the Federal Financial Statements

As per 31 December 2017

## 5 SPECIAL TASKS

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

### 5.1 REPORT ON THE FEDERAL FINANCIAL STATEMENTS

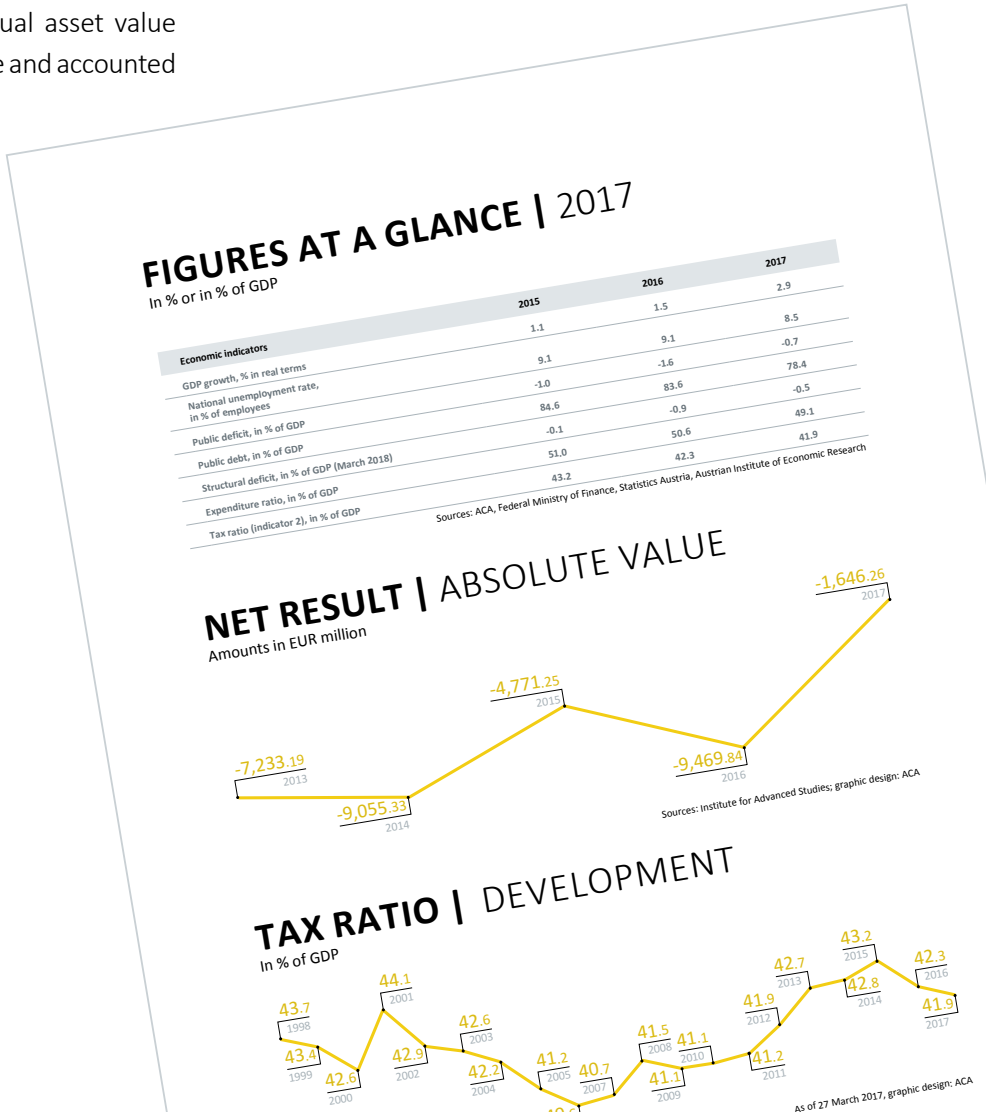
The ACA submitted the Report on the Federal Financial Statements 2017 to the National Council on 29 June 2018.

2017 was marked by favourable economic framework conditions, which also had an impact on the financial statements.

The net result, i.e. the difference between expenditure and revenue, is a measuring tool for effectiveness and the annual asset value changes. In 2017 it was negative and accounted for about EUR –1.6 billion.

Even though this represents an improvement of about EUR 7.8 billion in comparison to the previous year and of about EUR 7.3 billion in comparison to the estimate, it nonetheless had a negative impact on the net assets. A trend reversal was, once again, failed to be achieved in 2017.

The net result was better than in 2016, and this improvement resulted, inter alia, from increased tax revenue, which surpassed the previous year’s revenue by EUR 3.3 billion. Especially the value added tax and the earnings tax showed a revenue increase of more than EUR 1 billion respectively. Moreover, extraordinary effects also contributed to the improvement of the results.

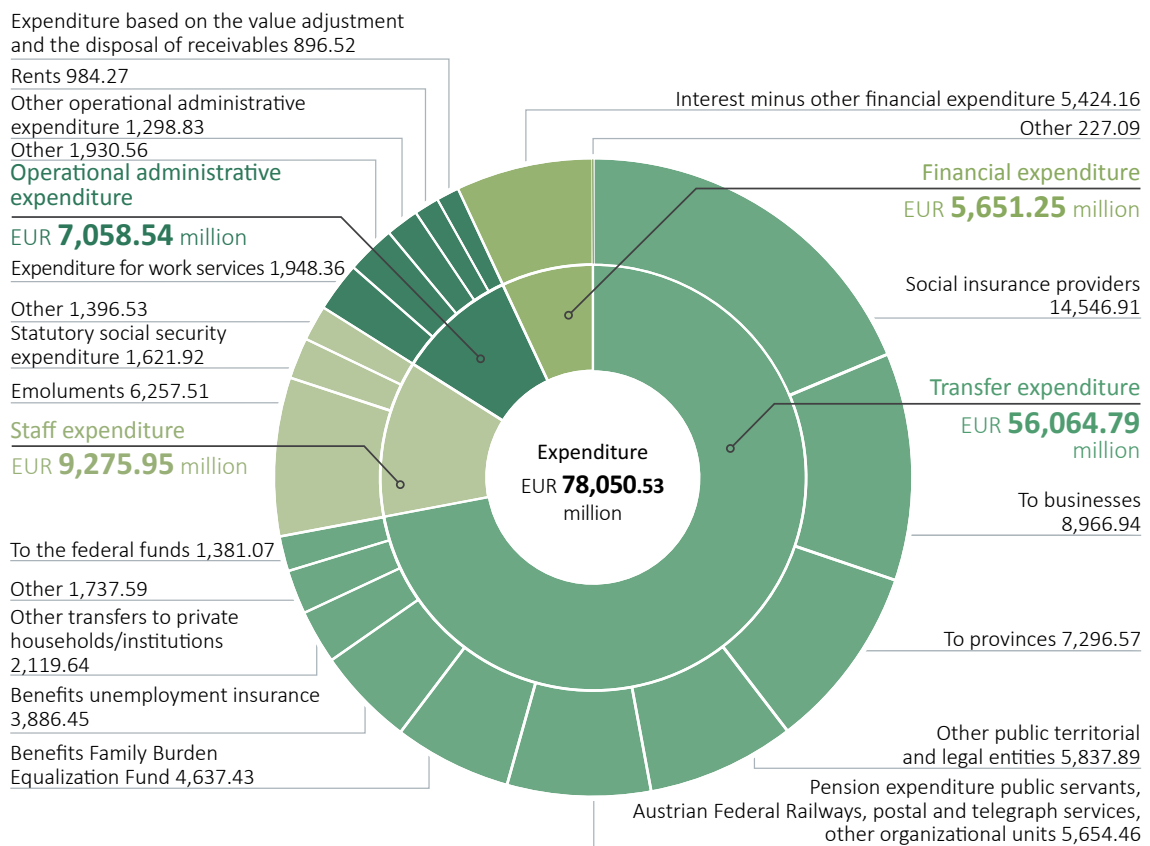


The federal budget is a budget that consists predominantly of transfers to other entities. In 2017 the expenditure consisted to a degree of 71.8% of transfers;

staff expenditure was at 11.9%, operational administrative expenditure reached 9% and financial expenditure amounted to 7.2%.

## EXPENDITURE | FEDERATION

Amounts in EUR millions



In the statement of assets, the debts clearly surpassed the assets by EUR 253.5 billion in 2017. Consequently the balance figure shows negative net assets. These assets include the cumulative net results of the previous years (since the opening balance sheet 2013). In 2017 the negative net assets amounted to about EUR –162 billion and showed thereby a deterioration compared to the year before, namely by EUR 788 million. Consequently, the already clearly negative net assets of the Federation increased even further by 0.5%. The assets consisted largely of participations and fixed assets and totalled about EUR 91 billion.

The high divergence between the estimate and the actual values is to be viewed critically as regards the operating statement as well as the cash flow statement. Differences between the estimate and the results can be traced back to internal and external factors, such as to an inaccurate or lacking planning with regard to foreseeable results or to higher expenditure for unforeseeable events. For example, the revenue of the operating statement surpassed the estimate by EUR 3.2 billion while the expenditure remained under the estimate by EUR 4 billion. This is why the ACA will, in the future, pay much closer attention to the budget accuracy and budget reality.

The financial debt of the Federation accounted for EUR 211.2 billion (57.2% of the GDP), which represented an increase by EUR 3.5 billion (+1.7%) in comparison to 2016. Measured in terms of GDP, this equalled a decrease by 1.6%. However, this development was influenced by the strong growth during 2017.

As of 31 December 2017, the budget reserves totalled EUR 15.5 billion, 20% of the estimated expenses of the cash flow statement. This caused the budget reserves to decrease in comparison to the previous year by about EUR 5 billion.

The general public debt determined by Statistics Austria encompasses the debts of the Federation, the provinces, the municipalities and the debts of certain organizational units and amounted to EUR 289.5 billion or 78.4% of the GDP. In 2017 the general government deficit accounted for EUR –2.6 billion or –0.7% of the GDP. The tax ratio was at 41.9% in 2017 compared to 42.3% in 2016.

The Federal Organic Budget Act 2013 introduced an integrated operating statement, cash flow statement and statement of assets. The reform was undertaken in view of the constitutional principle of providing a true and fair view of the financial situation of the Federation. In this regard, the operating statement plays an important role as it complements the cash flow statement, contributes to a complete overview of the financial situation of the Federation and thereby enhances transparency. In its Report on the Federal Financial Statements, the ACA therefore placed a special focus on the operating statement.

The ACA's end-of-year audits highlighted that the error rate improved considerably in comparison to the previous year; the number of audited receipts with errors decreased notably: while 37.4% of the reviewed samples in 2016 contained errors, only 16% showed errors in 2017. Moreover, the errors that were discovered in the framework of these sample reviews did not lead to any



changes of the sums in the annual statements.

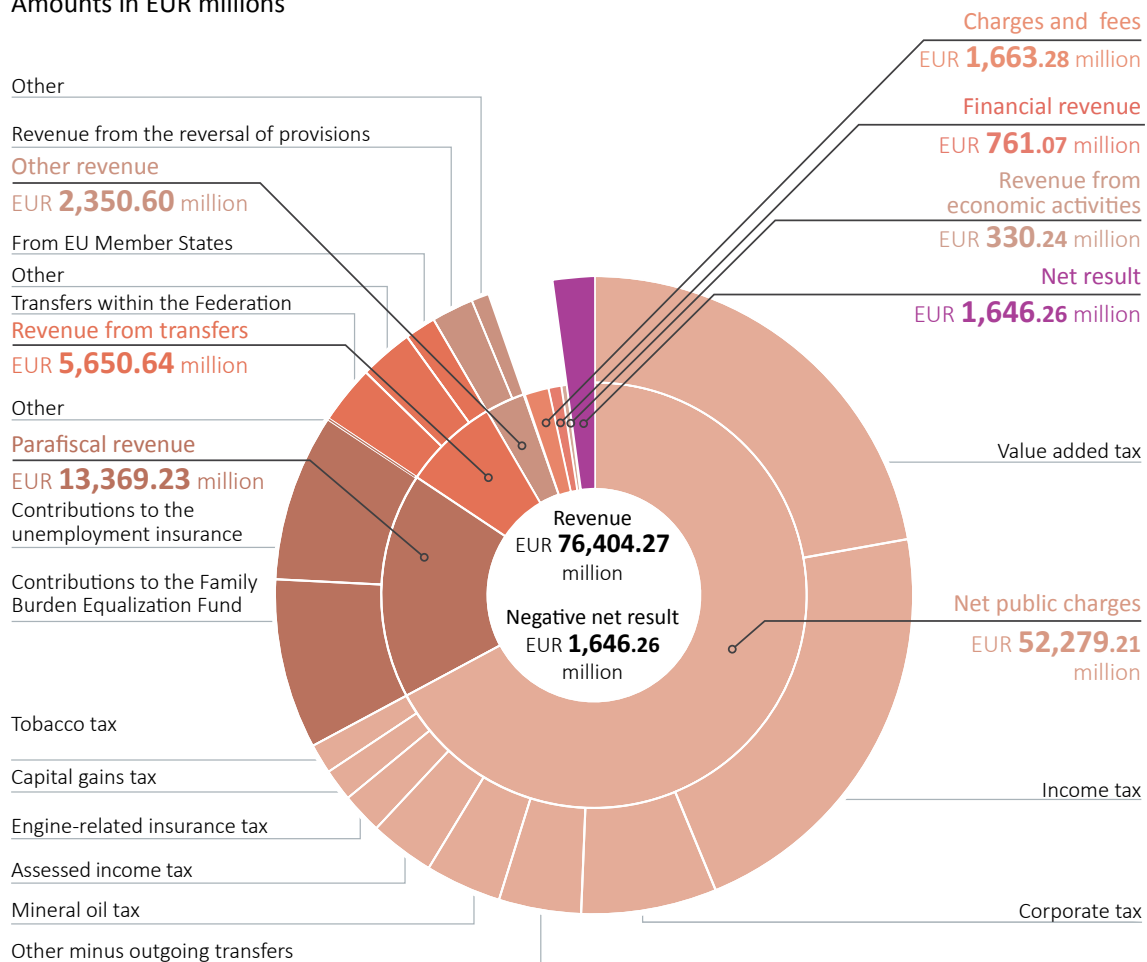
Similarly to the Annual Report of the previous year it is, at this point, pertinent to point to an important topic: the process of drawing up and auditing the federal financial statements can be further enhanced as well. In this context, the ACA stresses the advantages of a clear division

of responsibilities in view of the drawing up and auditing of the financial statements.

It is vital that the transparency of public finances takes centre stage and that Austria complies with international standards. To this end, a working group consisting of representatives of the ACA, the Federal Ministry of Finance and the National Council's budget department was established at the ACA and will be developing suggestions.

## REVENUE | FEDERATION

Amounts in EUR millions



## 5.2 INCOME REPORT AND INCOME SURVEY

Other special tasks arising under the Act on the Limitation of Emoluments (Bezügebegrenzungsgesetz) 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 that are subject to the audit of the ACA. A report is being submitted every other year.

The General Income Report provides an overview of the incomes of the Austrian population, broken down by employed, self-employed persons and pensioners, as well as by gender, industries, professional groups and functions. It provides data from the fields of 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 in December 2018.

The ACA submitted the last survey on incomes at federal public-sector companies and institutions on 15 December 2017.



### 5.3 EXPERT OPINION PURSUANT TO THE STABILITY PACT

Article 18 of the Austrian Stability Pact 2012 stipulates that the ACA shall provide an expert opinion if Statistics Austria detects sanction–relevant circumstances; this is another and new special task of the ACA.

On 29 September 2017 Statistics Austria presented a report on the budgetary outcomes pursuant to the Stability Pact 2012. It contained the following results:

- The budget balance according to the European System of National and Regional Accounts (Maastricht balance): in view of existing sanction–relevant circumstances, Statistics Austria was not able to provide a definitive conclusion due to a lack of necessary information for the assessment.
- Structural budget balance: in view of existing sanction–relevant circumstances, Statistics Austria was, again, not able to provide a definitive conclusion due to a lack of necessary information for the assessment and due to legal uncertainties with regard to the interpretations of the stipulations of the Stability Pact.
- Expenditure growth: Statistics Austria detected no sanction–relevant circumstances.
- Debt ratio adjustment: Statistics Austria detected sanction–relevant circumstances with regard to the Federation and the provinces of Carinthia, Upper Austria, Styria, Vorarlberg and Vienna.

From October 2017 to January 2018 the ACA therefore reviewed the budgetary outcomes

of 2016 pursuant to the Austrian Stability Pact 2012. In doing so, the ACA assessed the calculations of the budgetary outcomes by Statistics Austria and the existence of sanction–relevant circumstances.

In its expert opinion pursuant to the Stability Pact 2012, the ACA came to the following results:

- Budget balance according to the European System of National and Regional Accounts (Maastricht balance): the Federation and the provinces (in total) failed to reach their budgetary targets while the municipalities (in total) reached them. After a consideration of all the exceptions of the Stability Pact, only the Federation showed sanction–relevant circumstances.
  - Structural budget balance: the Federal Ministry of Finance and the provinces had different legal opinions with regard to the calculation of the budgetary outcomes. The ACA presented the two legal opinions and their results in the form of two scenarios, but it also stated that the Austrian Coordination Committee, and not the ACA, was responsible for legal interpretations related to the Stability Pact 2012.
- > Scenario 1 (legal opinion of the Federal Ministry of Finance): the structural balance outcome complied with the Maastricht balance and so the Federation and the provinces (in total) failed to reach their budgetary targets. However, no sanction–relevant circumstances existed as such circumstances were only applicable as of 2017.

- > Scenario 2 (legal opinion of the provinces): the Federation failed to reach its budgetary target while the provinces (in total) and the municipalities (in total) reached their targets. By applying the legal opinion of the provinces, the structural balance would be decisive and not the Maastricht balance. The ACA was not able to provide a definitive conclusion on the existence of sanction-relevant circumstances in the case of the Federation as divergences from the budgetary target were to be recorded on control accounts and transferred back only in the subsequent years.
- Expenditure growth: the Federation and the municipalities (in total) failed to reach their budgetary targets while the provinces (in total) managed to reach them. However, these divergences are not sanction-relevant because of exemptions under European law.
- Debt ratio adjustment: according to the stipulations of the Stability Pact 2012 the fiscal

rule for the debt ratio adjustment was not to be used for the reporting year 2016, which certainly means that no sanction-relevant circumstances existed.

The ACA stated that based on this expert opinion the Austrian Coordination Committee had to provide a final interpretation of the unclear stipulations of the Stability Pact 2012, mainly with regard to the budget balances. Should sanction-relevant circumstances in line with this expert opinion exist, it is necessary to immediately convoke an arbitration panel in order to trigger the sanction mechanism.

The ACA published the expert opinion at the beginning of September 2018 and presented the report to the National Council, all provincial parliaments and the Vienna Municipal Council.

[www.rechnungshof.gv.at/berichte/ansicht/haushaltsergebnisse-2016-gemaess-oesterreichischem-stabilitaetspakt-2012.html](http://www.rechnungshof.gv.at/berichte/ansicht/haushaltsergebnisse-2016-gemaess-oesterreichischem-stabilitaetspakt-2012.html)

#### 5.4 PARTICIPATION IN THE CREATION OF FINANCIAL DEBTS

All documents on financial debt instruments are to be countersigned by the ACA President if they result in monetary liabilities for the Federation. In doing so, the President confirms that the debts were entered into lawfully (without passing judgement on their efficiency or effectiveness) and recorded orderly in the main ledger of federal debts. There is no countersigning requirement for the ACA President in the case of provincial or municipal debt instruments.

In 2018, the Federation incurred financial debts in the amount of about EUR 21.9 billion as at 1 December 2018.

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

	2016	2017	2018
Federal financial debt documents (number)	63	56	59
<i>of which countersigned (number)</i>	59	52	52
Financial debts incurred	EUR 28.12 billion	EUR 29.70 billion	EUR 21.87 billion

## 5.5 POLITICAL PARTIES ACT

Under the Political Parties Act the ACA has to fulfil mainly the following tasks:

- Appoint chartered accountants for the audit of the accountability reports submitted by the political parties;
- Accept, formally control and publish, on its own website, the accountability reports submitted 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 legal transactions were carried out with companies affiliated to political parties in the reporting period.

While the ACA was assigned the formal review of the political parties' accountability reports in the Political Parties Act, 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.

Another task of the ACA is to publish donations made to political parties exceeding EUR 50,000 in each individual case. In 2018 one such donation was reported on its website, compared to twelve in the year before. Moreover, the ACA must take into custody, safe-keep and pass on to charitable or scientific institutions donations that are unlawful

under the Political Parties Act and that must be transmitted by the political parties to the ACA. In 2018 no such unlawful donations were transmitted to the ACA.

Pursuant to the Political Parties Act, the ACA regularly publishes the accountability 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)

In September 2018 the ACA, in view of the accountability reports of the Austrian People's Party (ÖVP) and the Freedom Party of Austria (FPÖ), notified the Independent Political Parties Transparency Panel because it suspected that unlawful party donations had been accepted in 2016. One notification to the Panel, which is headquartered in the Federal Chancellery, was made on the Social Democratic Party of Austria (SPÖ), because one of its close organizations had not made a report on a affiliated company in due time. The decision of the Independent Political Parties Transparency Panel was still outstanding in December 2018.

In 2018 the following stipulations of the Political Parties Act 2012 applied for the first time: the funding of political parties shall be valorised as soon as the cumulative inflation as of 2013 surpasses the threshold of 5%. The legislator tasked the ACA with observing this figure and to promulgate the surpassing of the five per cent mark. This happened for the first time in February 2018, which, in turn, would have caused the funds for political parties to increase by 5.65% from about EUR 29.4 million to about EUR 31.1 million in April. Moreover, the increase would have affected also the ceiling for electoral expenses; in concrete



terms it would have increased from EUR 7.0 million to almost EUR 7.4 million. Donations made to political parties would have to be disclosed starting only at EUR 3,700 instead of EUR 3,500. The immediate publishing of large donations would have been mandatory starting only at EUR 52,825 and not at EUR 50,000.

In a written statement addressed to the leaders of the political parties, ACA President Kraker pointed out that the ACA had no freedom to act with regard to determining the increase; its task according to the Political Parties Act was to promulgate the valorisation, but it could not determine by how much it was going to increase.

In April 2018 the National Council eventually passed a law that eliminated the valorisation and that, in turn, meant that the question would become once again relevant in 2019.

The regulations of the Political Parties Act that concern the ACA are, from the point of view of the ACA, in need of reform as they, on the one hand, assign tasks to the ACA, and, on the other hand, deprive it of any real audit competences in this regard.

## 5.6 ACT ON THE ELECTION OF THE FEDERAL PRESIDENT

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.

After the most recent Austrian presidential election had been concluded in December 2016, the ACA, in 2018, had no activities to carry out based on this task that is assigned to it. However, at the end of August, the ACA published the report "Austrian Presidential Election 2016 (Postponement of the Re-run of the Second Round)"; Federation 2018/43. This audit of the Austrian presidential election 2016 – with a second round that had to be postponed due to faulty print forms – showed that the quality assurance was, at first, insufficient. Even though the Federal Ministry of the Interior had procured the print forms in accordance with the law and in a plausible way, the quality assurance during the production, storing and sending out was insufficient.

After the Austrian Constitutional Court had overturned the second round of the presidential election, the Federation, the provinces and the municipalities had to bear the costs of the re-run of the second round of altogether EUR 5.20 million from October to December 2016. The printing company paid a reimbursement of EUR 500,000 to Austria after a settlement.

[www.rechnungshof.gv.at/berichte/ansicht/bundespraesidentenwahl-2016-verschiebung-der-wiederholung-des-zweiten-wahlgangs.html](http://www.rechnungshof.gv.at/berichte/ansicht/bundespraesidentenwahl-2016-verschiebung-der-wiederholung-des-zweiten-wahlgangs.html)

## 5.7 MEDIA TRANSPARENCY ACT

The Media Transparency Act is to create transparency in public–sector advertising and media collaborations. 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 ACA as well as the legal entities concerned. This special task is a non–audit activity that 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 collaborations, 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.

The ACA itself does not spend any money on advertising or fee–bearing publications in periodic electronic or print media (advertising contracts).

## 5.8 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 ACA President on taking and leaving office or else every other year.

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

In this process, the ACA President 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.

At the end of 2017, a new federal government was sworn in, and in 2018 new provincial governments were set up in Carinthia, Lower Austria, Salzburg and Tyrol, which gave rise to many new reporting obligations.

## 5.9 ADJUSTMENT FACTOR FOR POLITICIANS' EMOLUMENTS

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 the highest body of the Oesterreichische Nationalbank (central bank of Austria) and the highest-ranking officials of the statutory associations of employers, employees and professionals and of the social insurance providers.

The Act on the Limitation of Emoluments provides, as a special task, that the ACA and its president shall 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 Statistics Austria and the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection.

This factor corresponds either to the inflation rate between July of the previous year until July of the current year or the current year's pension increase granted under the General Social Insurance Act, whichever is the lesser.

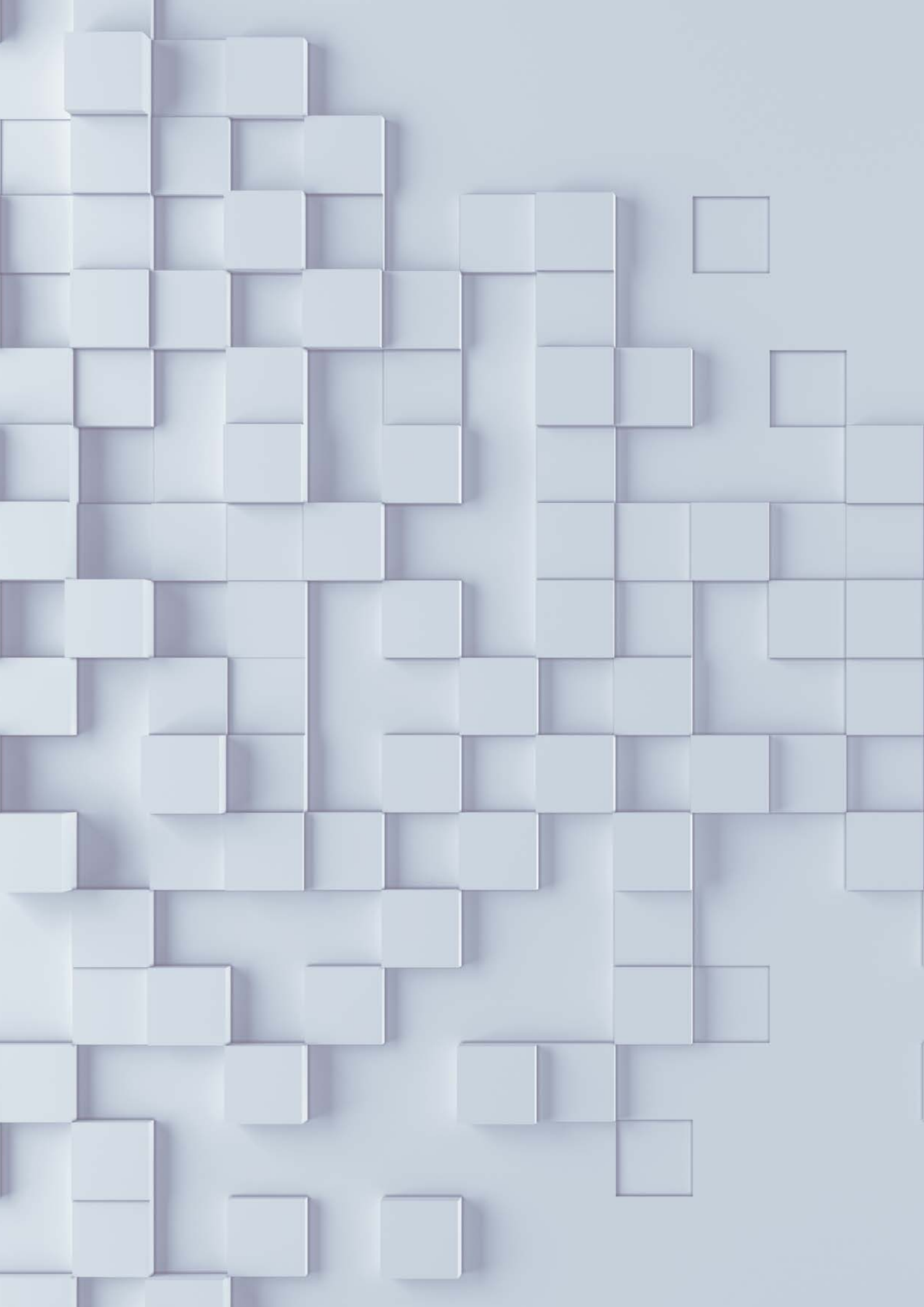
Emoluments are then adjusted as of the 1 January of the following year.

For 2019, the ACA calculated a factor of 1.020, which was published on 4 December 2018 in the Official Journal of the Wiener Zeitung.

The baseline amount – the gross emoluments for members of the National Council – therefore increased from EUR 8,755.80 (2018) to EUR 8,930.90 (2019).

[www.rechnungshof.gv.at/sonderaufgaben/anpassungsfaktor.html](http://www.rechnungshof.gv.at/sonderaufgaben/anpassungsfaktor.html)

In mid-December 2018, the National Council decided that top-politicians – starting from the Federal President and the Federal Chancellor, through to the Federal Vice Chancellor, the Federal Ministers, State Secretaries and the Presidents of the National Council, all the way to the ACA President, Ombudsmen and Ombudswomen and Heads of the Parliamentary Groups – would be excluded from the 2% increase. Politicians had already decided the year before that they would not raise their emoluments in 2018.



*The ACA's success  
rests on the knowledge  
and performance of its staff.*

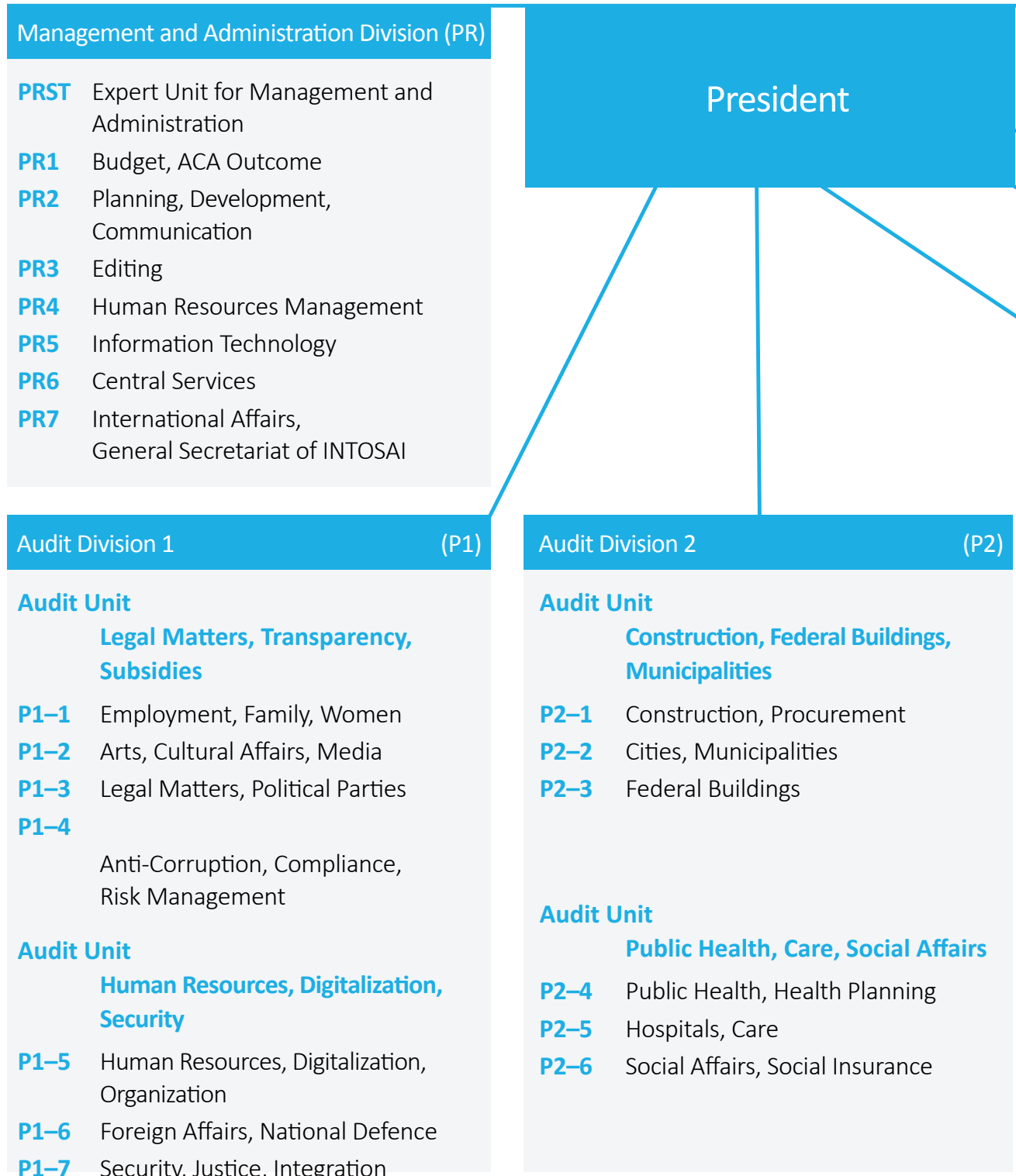




## 6 ORGANIZATION

The ACA needs a well-functioning organization in order to carry out its tasks. With a comprehensive organizational reform, which became effective in mid-2018, the ACA newly set itself

up for the future. It is the staff, and not the structures, that forms the core of the organization. However, a sound financial base is just as important.



## 6.1 ORGANIZATIONAL REFORM

Since 1 July 2018 the ACA has been newly organized.

Office of the President

Internal Audit

### Audit Division 3 (P3)

#### Audit Unit

##### Education, Science, Research

- P3-1** Education, Schools
- P3-2** Science, Universities, Universities of Applied Sciences
- P3-3** Research, Technology Development

#### Audit Unit

##### Infrastructure, Planning, Economy

- P3-4** Transport, Mobility
- P3-5** Spatial Planning, Regional Planning
- P3-6** Economy, Tourism

### Audit Division 4 (P4)

#### Audit Unit

##### Public Finances

- P4-1** Federal Budget, Audit of Financial Statements
- P4-2** Financial Equalization, Data Analysis
- P4-3** Public Charges
- P4-4** Financial Management, Financing, Banking Institutions

#### Audit Unit

##### EU Funding, Energy, Environment

- P4-5** Investment Management, Energy
- P4-6** Environment, Climate Protection
- P4-7** EU Funding, Agriculture

The new allocation of responsibilities entails the creation of a Management and Administration Division (PR), four audit divisions, eight audit units, 33 departments and centres of excellence, the Expert Unit for Management and Administration, five assistance units and two separate units clearly identified in the organization chart, namely Internal Audit and Office of the President.

The modernization and adaptation of the department names as well as the depiction of new topics were the declared goals of the reorganization. Digitization, compliance, climate change, migration and integration are new topics that are now being explicitly reflected by the new allocation of responsibilities. The Management and Administration Division is responsible for governance, and the four audit divisions are responsible for the fulfilment of the ACA's audit-related tasks.

Each audit division consists of two cross-department audit units. The audit planning takes place both within the departments as well as across the departments at the level of the audit units. The goal is to optimally manage time and expertise with regard to upcoming audit topics. "Self-organized teamwork" is the target. This requires flexible teams with the right size that cooperate well amongst each other and shall, from now on, be in a better position to deal with the topics in question. A transfer of knowledge shall take place and a balance of resources shall be achieved. Additionally, the centres of excellence are a novelty as well; they are in charge of the various different topics. Each department functions as a centre of excellence for a certain topic. It is therefore important that expertise is gathered, strengthened and broadened within the centres of excellence.

The Internal Audit has also been newly positioned and enhanced. As an expert unit it reports directly to the ACA President. The Internal Audit provides independent and objective audit and advisory services, which are geared towards highlighting the ACA's improvement potential as well as towards optimizing processes and procedures within the ACA.

The department Anti-Corruption, Compliance, Risk Management, which was created in March 2018, has, in addition to its audit activities, taken on internal tasks as well. The department has been tasked with establishing a compliance management system for the ACA, and it also serves as a point of contact for compliance matters within the ACA. Furthermore, the department functions as a central point of contact for law enforcement authorities.

## 6.2 INTERNAL PROJECTS

Important internal projects have been launched in 2018. One of them consists of a fundamental revamping of the ACA's security concept with a special focus on IT security. A so-called ACA Box has already been created. This "electronic mailbox" now makes it possible to quickly and securely exchange data with the auditees. It is envisaged to submit the audit results to the auditees for comment via the ACA Box in electronic form in the future. Pilot projects will launch in early 2019.

After an analysis of the ACA's business processes conducted by an internal working group, the accompanying instruments are being accordingly adapted to the current needs with regard to the depiction, management and coordination of processes. The technical capabilities in the fields of budget controlling, performance controlling and resource

identification are being enhanced in order to create new options for evaluating and reporting. This comprehensive database solution is supposed to meet all vital information and management needs in the framework of the ACA's core tasks. In concrete terms: interface problems are to be avoided, the information flow is to be improved and project development shall become more efficient and resource-saving.

### 6.3 CONTROLLING PLAN

The resource, target and performance plan (controlling plan) for the years 2018 to 2021 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:

#### 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 the new controlling plan is twofold. Part I provides an overview of the outcome targets and of 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 every six months.

The most recent evaluation conducted in mid-2018 showed that the targets related to five of the 12 indicators on which the four outcome targets are based can be reached; e.g. with regard to the carrying out of events geared towards the exchange of knowledge with other audit institutions or the publication of reports with aspects of equality and/or diversity. Also the addressing of the implementation of the Sustainable Development Goals of the 2030 Agenda in the framework of INTOSAI formed, as planned, a focus area of the ACA. The follow-up enquiries on the recommendations from 2017 showed that the ACA was able to boost its effectiveness in comparison to the previous year: according to the information provided by the auditees, 79% of the recommendations had either been implemented or implementation had been promised.

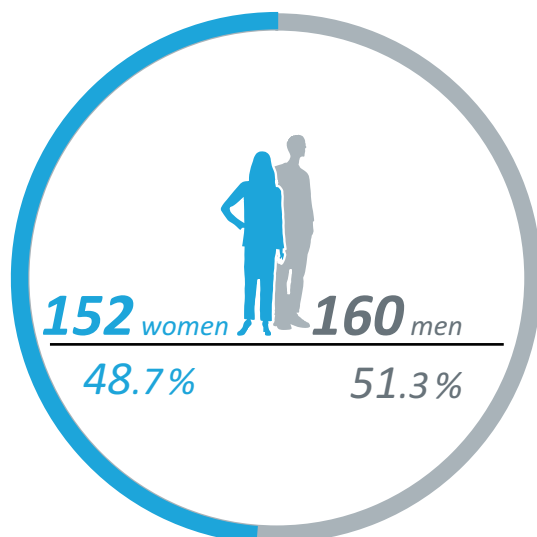
Due to the fact that the number of cases in which members of the National Council referred to the ACA, for example in the form of parliamentary enquiries, had decreased, it was not possible to reach the corresponding target. Likewise, the planned number of published reports related to the ACA's audit priority will be reached only as of 2019.

## 6.4 STAFF

The current breakdown of ACA staff is as follows:



Ø age in audit functions **48.4 years**



Share of university graduates in audit functions: **83.5%**

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 basic and ongoing education. 81.3% of the total workforce of 312 persons (284.7 full-time equivalents) employed in 2018 at the ACA (cut-off date 1 December 2018) worked in an audit function (calculation based on full-time equivalents). Upon recruitment, they all had 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 (83.5%). 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 2017 issued by the Austrian Federal Chancellery, the share of female employees of 48.7% at the ACA is significantly higher than the public-service average (42.1%). When it comes to management functions, the ACA also scores better (44.4%) than the public sector overall (35.3%). At the highest management level of the ACA the men-women ratio is even balanced. 30 women and six men are currently working part-time, which demonstrates the ACA's endeavours towards making work and family life more compatible. After a pilot phase in 2017 the ACA has made telework possible as of 2018.



## 6.5 BUDGET

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

In spring 2018, at the parliamentary Budget Committee and in the plenary session of the National Council, President Kraker pointed once again to the tense situation with regard to staff-related and financial resources of the ACA on the occasion of the parliamentary deliberations on the two-year budget 2018/2019, because the ACA does not have sufficient mid-term planning security for its budget. By the cut-off date (1 December 2018), only 284.7 full-time equivalents could be appointed although the 2018 list of posts of the Federation provides for 323 full-time equivalents for the ACA.

During the budget debate, ACA President Kraker highlighted that, in 2018 and 2019, the ACA will only be able to finance the tasks assigned to it via withdrawals from reserves.

However, from 2020 on, this will not be possible any more, especially as the reserves will almost be fully expended by then. Since the current staff-related expenditure, which is regarded as a long-term liability, is already financed via reserves, the future budget will, in any case, have to be adapted.

It should be highlighted that staff-related expenditure will cease to be covered in end-2019. As far as the next financial framework until 2022 is concerned, the necessary funds would have to be provided for the ACA and the upper limit for payments to cover the current expenditure would have to be raised in accordance with the requirements. It has to be taken into account that about 85% of the ACA's budget is used for the financing of staff, which provides for hardly any flexibility as regards the use of funds.

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 and licence costs. By introducing a system of electronic report submission in the course of 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 representative assemblies only upon request.

Spending and reserves in EUR millions	2014	2015	2016	2017	Estimate 2018	Estimate 2019
Spending ACA	30.62	31.53	32.24	31.81	33.54	34.94
Reserves by 31 December	6.73	5.40	3.97	3.71	2.41	0.41

*The “International Roadmap”  
of the ACA featured no less than  
102 dates in Austria and abroad in 2018.*

- 1 NO POVERTY
- 2 ZERO HUNGER
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

## 7 INTERNATIONAL ACTIVITIES

At the international level, the ACA is regularly engaging in an exchange of ideas and experiences with other Supreme Audit Institutions (SAIs). Envisaged are also coordinated audits with SAIs of neighbouring countries.

The ACA is furthermore the headquarters of the INTOSAI General Secretariat. INTOSAI is the independent, autonomous and non-political umbrella organization of SAIs worldwide and has 194 full members. Since 1953 it has provided an institutionalized framework for SAIs to promote the transfer and development of knowledge in order to enhance government audit globally and to increase the professional capacities, standing and influence of SAIs in their respective countries.

Since 1963 the General Secretariat has been headquartered at the ACA in Vienna. The ACA President is therefore also the Secretary General of INTOSAI, and the ACA is consequently the first contact point for 194 SAIs worldwide.

One of the strategic priorities of INTOSAI is the fostering of SAI independence. In April 2018, the INTOSAI Secretary General sent a letter to UN Under-Secretary-General Liu Zhenmin to point to the alarming developments in this regard: for example, the percentage of SAIs that may publish their audit reports decreased from 70% in 2014 to 49% in 2017.

### Brief chronology of international activities:



In March, the INTOSAI Development Initiative (IDI) held its Board meeting in Oslo. ACA President Margit Kraker attended the meeting in her capacity as Board member. The agenda featured the Annual Report 2017, the Financial Statements 2017, the new Strategic Plan of IDI 2019–2023, and the presentation of IDI's capacity building programmes. IDI promotes

the development of capacities of INTOSAI's member SAIs through, e.g., regional workstreams and partner programmes as well as trainings and further education in key areas of government audit.

## 5<sup>TH</sup> GLOBAL AUDIT LEADERSHIP FORUM (GALF)



In the framework of this high-level forum held in Luxembourg in April 2018, ACA President Margit Kraker and 19 heads of audit institutions engaged in an exchange of experiences on “Carrying out performance audits in a political context: what are the limitations?” and “Communicating audit findings in a digital world: challenges and opportunities”.

## ROUND-TABLE MEETING IN PREPARATION OF INCOSAI XXIII

In the framework of the International Economic Forum, the Accounts Chamber of the Russian Federation, which will host the next congress of INTOSAI in Moscow in autumn 2019, organized a round-table meeting in preparation of the thematic priorities of INCOSAI XXIII. The Supreme Audit Institutions (SAIs) of the Russian Federation and China presented the discussion papers produced on the Congress themes “Information technologies for

the development of the public administration” and “Role of SAIs in the achievement of the national priorities and goals – strategic audit: evaluation of goals, impacts and associated risks of governmental programs and policies”. In her capacity as Secretary General of INTOSAI, President Kraker highlighted the importance of the mentioned topics for the future work of SAIs worldwide.

## VISEGRAD 4+2 MEETING

The annual meeting of the Visegrad Group was held in Budapest in June 2018. The meeting was attended by the Supreme Audit Institutions of Hungary, Poland, the Slovak Republic, the Czech Republic, Slovenia, Austria, and the State Audit Office of Croatia, which attended as a guest. The agenda included such topics as the interaction with citizens, audits targeting the implementation of the United Nations Sustainable Development Goals and possible forms of cooperation among audit institutions of neighbouring states.

## VISIT AT THE SUPREME AUDIT OFFICE OF THE CZECH REPUBLIC

In end-June 2018, President Kraker accepted the invitation of her Czech counterpart Milošlav Kala and visited the Supreme Audit Office in Prague. The main topics of the exchange of experience featured audit quality, cooperation among Supreme Audit Institutions through coordinated audits and the benchmarking project initiated by the host of the meeting. President Kala also presented an outlook on the presidency of EUROSAI, which will be taken over by the Supreme Audit Office, and the EUROSAI Congress 2020, which will be held in Prague.

## WORK-LEVEL MEETING WITH THE PRESIDENT OF THE EUROPEAN COURT OF AUDITORS IN VIENNA

The cooperation between the European Court of Auditors (ECA) and the Austrian Court of Audit (ACA) took centre stage at the work-level meeting held in Vienna in June between the President of the ECA, Klaus-Heiner Lehne, the Austrian Member of the ECA, Oskar Herics, and ACA President Margit Kraker.



## INTOSAI SIDE EVENT IN NEW YORK



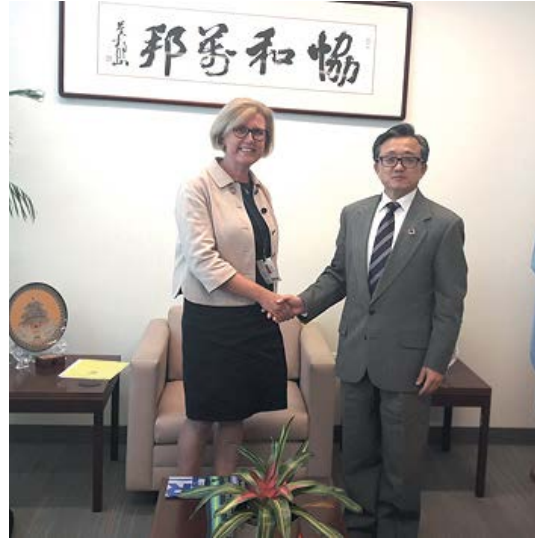
In July 2018, the INTOSAI General Secretariat organized, in cooperation with the United Nations (UN), a side event in the framework of the annual High-level Political Forum on Sustainable Development (HLPF). The round-table discussion hosted by the Permanent Representation of Austria was attended by the Secretary General of INTOSAI, Margit Kraker, as well as by high-ranking representatives of Supreme Audit Institutions, the UN, ambassadors and representatives of the civil society and national parliaments.

The event focused on the results achieved in the framework of auditing the preparedness of national governments to implement the United Nations Sustainable Government Goals.



## SAI LEADERSHIP AND STAKEHOLDER MEETING

On the day after the High-level Political Forum, the Secretary General of INTOSAI opened the “SAI Leadership and Stakeholder Meeting” jointly organized by the INTOSAI Development Initiative (IDI) and the United Nations. This event aimed at the exchange of knowledge and experience. The IDI supports more than 70 SAIs around the world in carrying out SDG-related performance audits. During her stay in New York, the Secretary General of INTOSAI also met with UN Under-Secretary-General for Economic and Social Affairs, Liu Zhenmin. The meeting served the further deepening of the long-standing good relations between the UN and INTOSAI.



## VISIT OF THE PRESIDENT OF THE GERMAN BUNDESRECHNUNGSHOF

Upon invitation of President Kraker, Kay Scheller, President of the German Bundesrechnungshof, visited Styria for a bilateral work-level meeting in August 2018. The talks featured in particular issues regarding strategic audit planning, audit activities related to the United Nations Sustainable Development Goals and the exchange of views on possibilities to strengthen the effectiveness of audit institutions. A presentation of the current audit topics of the two audit institutions concluded the interesting talks shaped by mutual appreciation.

## EU CONTACT COMMITTEE MEETING

The heads of the Supreme Audit Institutions (SAIs) of the EU Member States and the European Court of Auditors met in Dubrovnik, Croatia, in October 2018. The 2018 meeting focused on the interaction with citizens. In this context, President Kraker reported on the experiences of the ACA with regard to citizen engagement.

## GERMAN “CONFERENCE OF PRESIDENTS OF THE AUDIT INSTITUTIONS OF THE FEDERATION AND THE FEDERATE STATES”

Sustainability was the main topic of the German “Conference of Presidents of the Audit Institutions of the Federation and the Federate States”, which took place in Bonn, Germany, in October 2018. This conference is regularly attended by the presidents of the German Bundesrechnungshof and the regional audit institutions of Germany, as well as the Austrian Court of Audit (ACA) and the

Swiss Federal Audit Office. Progress reports from Germany, Austria and Switzerland clearly reflected the importance of sustainability in the field of government audit. ACA President Margit Kraker informed the participants on the initiatives and activities of INTOSAI regarding the implementation of the United Nations Sustainable Development Goals.

## 71<sup>ST</sup> MEETING OF THE INTOSAI GOVERNING BOARD

Upon the invitation of the Accounts Chamber of the Russian Federation, the 71<sup>st</sup> Governing Board meeting of INTOSAI took place in Moscow, Russian Federation, in November 2018 and was attended by around 90 participants. President Kraker reported on the most important activities of the INTOSAI General Secretariat since the last Governing Board meeting in November 2017. In this context, she high-

lighted the activities aimed at strengthening the independence of Supreme Audit Institutions, numerous initiatives with regard to the implementation and monitoring of the United Nations Sustainable Development Goals, and the first Performance and Accountability Report of INTOSAI, which presents an evaluation of the implementation of the INTOSAI Strategic Plan 2017–2022.

## OTHER INTERNATIONAL MEETINGS

The “International Roadmap” of the ACA featured around 102 dates in Austria and abroad in 2018. Therefore, in addition to ACA President Kraker, numerous members of the ACA were active at the international level and attended working group meetings, network meetings, conferences, workshops and seminars. A Director General represented the President at the 25<sup>th</sup> anniversary conference of the Supreme Audit Office of the Slovak Republic in April 2018 and at the celebration of the 25<sup>th</sup> anniversary of the Supreme Audit

Office of the Czech Republic in October 2018. Another Director General attended, as a representative of the ACA, a conference organized in May 2018 in Sofia by the Bulgarian National Audit Office on the occasion of the Bulgarian Presidency of the Council of the EU.

By the way, President Kraker did not attend the INTOSAI meetings in Kuwait and Riyadh in early September in person: she took part in the deliberations via videoconference from Vienna.



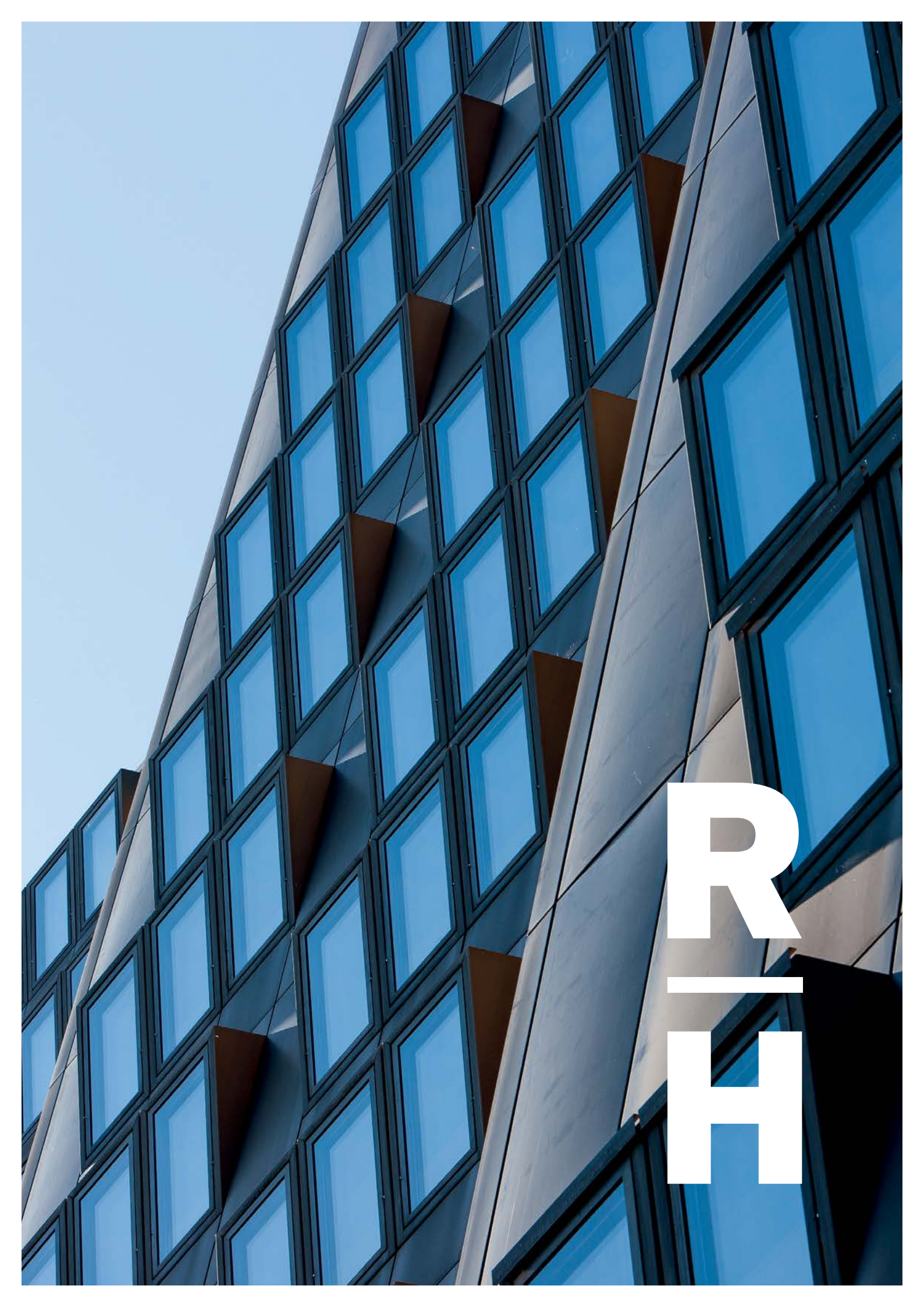
Vienna, December 2018  
The President:

Margit Kraker









**R**  
**H**