



Court of Audit
Lower Austria

Mission Statement, Strategy and Values

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Foreword

With its audit work, the Lower Austrian Court of Audit pursues two main goals: ensuring, within the scope of the law, the best use of public money and a sustainable impact of state funds.

In doing so, the Lower Austrian Court of Audit pursues a risk- and outcome-based, forward-looking audit approach. It does not focus on shortcomings of the past, but on improving the organisation and future delivery of tasks by the audited entity. In this process, the audited entity is a partner whose achievements and outcomes are to be optimised in financial terms and whose financial risks are to be minimised.

Through its work, the Lower Austrian Court of Audit must convince decisions-makers in government, politics and business within the scope of the law and the given facts of the value and benefits of its audits and, above all, of its recommendations. In this process, “client” perception is indispensable. The mission statement and strategy lay down how the Lower Austrian Court of Audit is to operate, and how the desired success is measured and mapped in results and outcomes.

Our success is rooted in the expert knowledge and long-standing service of our staff members. They deserve credit for the fact that public-sector auditing in Lower Austria is working so successfully and self-evidently, even in the most challenging circumstances.

The mission statement and the strategy ensure that we can cope with future challenges which our staff are faced with on a daily basis independently and effectively, all while following a common strategic direction.

Complementary strategies have been put in place for major areas (human resources, IT, communication), such as a personnel development plan, or will be developed as and when needed.

Mandate

Article 51 of the Lower Austrian State Constitution 1979 (State Law Gazette LGBl 0001) entrusts the Lower Austrian Court of Audit with auditing the government of Lower Austria as to correctness, economy, efficiency and effectiveness. The mandate of the Lower Austrian Court of Audit includes the audit of the financial management of:

- the state of Lower Austria;
- foundations, institutions and funds which are administered by state bodies;
- companies
 - in which the state of Lower Austria alone, or together with other legal entities that are subject to being audited by the Lower Austrian Court of Audit, holds a stake of at least 50% of the share or equity capital,
 - which the state of Lower Austria alone, or together with other legal entities that are subject to being audited by the Lower Austrian Court of Audit, actually controls by financial or other economic or organisational means;
- companies or institutions which administer state funds on a fiduciary basis or where the state has issued a default guarantee;
- public-law entities with the exception of local authorities, inasmuch as state grants are used;
- grants and subsidies given by the state of Lower Austria as to their earmarked purpose.

In its audits, the Lower Austrian Court of Audit regularly reviews budget execution and the budgeting and accounting systems of the state of Lower Austria.

Moreover, it has a right of comment on the draft financial statements, expressing an opinion as to whether these financial statements are in conformity with the estimates and with the instructions and authorisations given and the requirements imposed by the state parliament upon formal adoption of the estimates, or with other decisions adopted by the state parliament which impact the estimates. This comment must be considered in the financial statements in consultation with the Lower Austrian Court of Audit. Points on which agreement cannot be reached are to be identified in the financial statements, together with a comment by the Lower Austrian state government.

In matters relating to local authorities, the Lower Austrian Court of Audit, at the request of the Lower Austrian state government, must draft opinions on the financial management of local authorities and municipal associations within the framework of municipal oversight. In this task as well, the Lower Austrian Court of Audit is independent and not bound by any instructions.

In its audit work, the Lower Austrian Court of Audit is not limited to performing mere financial audits. When auditing for regularity, compliance, economy, efficiency and effectiveness, the Lower Austrian Court of Audit is explicitly tasked to

- submit proposals for redressing shortcomings, and
- identify potentials for reducing or avoiding expenditure and increasing receipts.

Submitting proposals and suggestions comes within the consultancy function of audit. Reporting to the Lower Austrian state parliament is a manifestation of a constitutional and democratic policy function of public-sector auditing and of the Lower Austrian Court of Audit.

Audit environment

The Lower Austrian Court of Audit operates in an environment where independent audit institutions exist in parallel. The Austrian Court of Audit and the Lower Austrian Court of Audit both act as bodies of the Lower Austrian state parliament when auditing the financial management of the state of Lower Austria and of the local authorities, with some overlaps in their audit mandates. The audit trail of the European Court of Auditors extends right to the beneficiary, especially with direct payments. The existence of several audit institutions with overlapping audit mandates mirrors the joined-up system of public finance.

This interconnectedness is in keeping with the obligation set out in the Federal Constitution of coordinating the financial management of the federal, state and local levels to ensure an overall economic balance, financial sustainability, and genuine equality of men and women (gender budgeting).

The adoption of the federal budget law reform by the Austrian states will introduce an integrated system of statements of financial position, operating statements and cash-flow statements which is to give a true and fair view of the financial situation of the state.

The federal budget law reform has also introduced controlling mechanisms which rely on quantifiable outputs and outcomes (impacts), rather than on input. In its wake, it has brought on new audit competences for the national Court of Audit and the regional Courts of Audit, in particular as far as the estimates and the financial statements are concerned (impact monitoring).

Moreover, the audit environment is characterised by a general trend of centralisation of legislation and control, and a shift of fiscal-policy management and control (e.g. of deficits and debt levels) in the Euro zone from the member states to the European Union. This goes hand in hand with a gradual erosion of the principle of subsidiarity, as evident in public-sector auditing in the concentration of audit competences and resources with Supreme Audit Institutions (SAIs, ECA), and – in isolated cases – even the dissolution of regional audit institutions (Spain, UK).

Directive 2011/85/EU of the Council of 8 November 2011 sets out minimum requirements for national budgetary frameworks, in particular for budgetary and financial planning, budgetary accounting and statistical reporting. The accounts of all government sectors (federal, state, local levels and social insurance institutions) must now allow for ascertaining budgetary performance and debt levels in accordance with the European System of Accounts (ESA) and provide for an independent audit.

Resolution A/66/209 on “Promoting the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions“ adopted by the UN General Assembly recognises the contribution made by government audit to promoting good governance and the sustainable development of public finances. While the resolution does not mention regional audit institutions, they will clearly have to position themselves following the example of Supreme Audit Institutions and document in what way they contribute to the sustainable development of public finances and which added value they provide, so as to be recognised accordingly in the public.

The Lower Austrian Court of Audit takes part in this process within the framework of the European Organisation of Regional Audit Institutions (EURORAI) and has initiated a number of projects.

In addition to internationalisation by global integration, e.g. within INTOSAI (International Organisation of Supreme Audit Institutions) or EURORAI, public-sector auditing is becoming increasingly professionalised by the application of universal audit standards (IPSAS, ISSAIs), high-grade additional qualifications for auditors (Master of Business Administration in Public Au-

ding) and established quality assurance systems (CAF, certifications, peer reviews).

The professionalisation of public-sector auditing is also driven by a long-standing interest of private audit firms to conduct audits for the public sector and to thereby develop new fields of business.

The Lower Austrian Court of Audit closely monitors the legal, economic and political developments at the European, national, regional and local levels which may have an impact on the appropriations and audit prerogative exercised by the Lower Austrian state parliament or on public-sector auditing in Lower Austria. In line with the principle of subsidiarity, it does everything it can to strengthen regional audit.

Mission Statement

The Mission Statement of the Lower Austrian Court of Audit spells out its vision, goals and position vis-à-vis the Lower Austrian state parliament, the state government, the auditees and the public at large, as well as its strategic approach to implementing these goals. Moreover, the following key statements express the self-perception of the Lower Austrian Court of Audit which it derives from its status as an independent audit body of the Lower Austrian state parliament and from its statutory mandate embodied in the Lower Austrian State Constitution of 1979:

Mission Statement

We are the independent auditor of the Lower Austrian state parliament.

Vision

Lower Austria is proud of its Court of Audit! We are seen as the first port of call in public-sector auditing in the state.

Tasks

Through our work, we ensure that state funds are being spent properly, economically, efficiently and effectively in the interest of citizens.

Following international standards, our work is directed towards increasing benefits and reducing costs. In this way, we contribute to a sound development of the state.

Goals

Our main goals are to ensure, within the scope of the law, the best use of public money and sustainable impact of state funds in Lower Austria.

Strategies

We attain our goals through implementing our strategies in a cooperative effort between the state parliament, the state government, our auditees and the public. Their trust is important to us. We recognise achievements. We identify shortcomings and ask for their redress.

We rely on persuasive arguments and professional competence. Our expertise is based on dedicated knowledge and quality management. We evaluate our own performance and outcomes.

State parliament

We support the state parliament in exercising its appropriations and audit prerogative. Our task in this process is to audit the financial management of the state on an ongoing basis.

Our reports offer a factual basis for political debates and decisions.

State government and auditees

We direct our audit findings to the state government and to the auditees. In our findings, we assess the way in which they deliver their tasks and identify potentials for improvement.

We engage in a respect-based dialogue. We heed comments and include them in our reports. We follow up on the implementation of our recommendations.

Publicity

Our reports are public and accessible at www.lrh-noe.at. We consider the media as an important link between our work and the public.

Self-perception

We form a team and manage by objectives.

Every staff member contributes to our success and is aware of this responsibility. We see permanent further education and training as a matter of course. We are open to change.

We are committed to objectivity and integrity. Our actions are guided by our values.

Strategy

The Lower Austrian Court of Audit has developed a strategy to translate the key statements into practice. It explains how the mission statement is to be implemented and by which output and outcome indicators implementation is to be measured. What cannot be quantified is expressed by indicators or taken up in the knowledge scoreboard.

The Lower Austrian Court of Audit's annual report also provides information about how the different indicators evolve.

Mission Statement

“We are the independent auditor of the Lower Austrian state parliament.”

The Lower Austrian Court of Audit's independence is embedded in the Lower Austrian State Constitution and ensures comprehensive organisational, functional and financial independence following the model of the Lima Declaration of Auditing Precepts which was adopted by the International Organisation of Supreme Audit Institutions in 1977.

The Lower Austrian Court of Audit's organisational independence starts at top-level management. This is illustrated by the fact that the director of the Court of Audit

- is appointed by the Lower Austrian state parliament for a term of six years by a qualified majority. Her or she must diligently meet all obligations and be strictly impartial. He or she may be re-appointed for one further six-year term;
- is equal to the members of the Lower Austrian state government in terms of accountability under the law;
- is barred from holding defined offices (in general representative bodies, in a federal or state government, as state secretary, or with an audited entity) and must not engage in any further gainful professional activity;
- is responsible for determining how audits are conducted on a case-by-case basis as well as for reporting;

- has ultimate responsibility in personnel and service-law matters concerning Lower Austrian Court of Audit staff.

Functional independence requires that the fundamental audit competences and the objective exercise of the audit function are set out in constitutional legislation. On this point, the Lower Austrian State Constitution provides that

- the Lower Austrian Court of Audit interacts directly with all entities subject to its audits;
- the departments and entities subject to being audited provide all information and meet every request which the Lower Austrian Court of Audit may have in the exercise of its duties in any given case;
- the Lower Austrian Court of Audit may hear persons who are not employed with the auditee as informants;
- in terms of the Lower Austrian Court of Audit's financial independence, the staffing and material needs are communicated to the president of the Lower Austrian state parliament and to the Court of Audit Committee. After deliberation, the latter then forwards the projected needs to the Lower Austrian state government together with a recommendation for inclusion in the budget estimate of the following year,
- the Lower Austrian state government provides the Lower Austrian Court of Audit with the required number of adequately qualified staff and with the premises and material resources needed for the proper delivery of its tasks, as well as with the necessary funding.

The Lower Austrian Court of Audit guards its independence, in particular by not allowing any extraneous interference, respecting professional and private incompatibilities which may arise with its audit work. It has a code of ethics and an ethics board, and, to ensure objectivity, complies at least with the dual-control principle and with defined quality assurance steps. The status of an independent audit body of the Lower Austrian state parliament is filled with life by all staff members and recognised as such.

If possible, the Lower Austrian Court of Audit conducts client surveys and opinion polls and analyses available statements on the Lower Austrian Court of Audit from e.g. the media or parliamentary sessions to identify how its independence is perceived by the Lower Austrian state parliament, the Lower Austrian state government, the audited entities and the public at large.

Output and outcome ratios and indicators:

- Share of audits carried out by its own initiative in the total number of annual audits (output ratio, outcome ratio)
- Existence of a code of ethics, an ethics board, and a knowledge scoreboard (output ratio, indicator)
- Client survey conducted at least once during the term of office (output ratio, indicators)
- Positive trend of results from client survey on independence (average value from 2010 < 1.66) (output ratio, indicator)

Vision

“Lower Austria is proud of its Court of Audit! We are seen as the first point of call in public-sector auditing in the state.”

The Lower Austrian Court of Audit pursues its vision by delivering its mandate, which is embedded in the Lower Austrian State Constitution of 1979, to the best of its knowledge and abilities, independently, impartially, objectively, diligently and with subject-matter expertise. For its achievements and effects to be perceived, the Lower Austrian Court of Audit communicates mainly with the Lower Austrian state parliament, the Lower Austrian state government, auditees and – via the media – with the citizens.

To this effect, current news are published on its website and an annual report is drafted which are to convey that Lower Austria has every reason to be proud. The scope of communication is measured by the number of media reports, website visits, statements about the Lower Austrian Court of Audit and/or its reports.

The Lower Austrian Court of Audit deliberately refrains from any pro-active public relations work on its reports and therefore does not have a high public profile.

From an analysis of media reports, personal reactions and interventions in the Court of Audit Committee or the Lower Austrian state parliament we can ascertain how the Lower Austrian Court of Audit is being perceived.

Moreover, the Lower Austrian Court of Audit may survey the members of the Lower Austrian state parliament, the Lower Austrian state government and its auditees, as well as other opinion leaders (client surveys). An analysis of the existing statements on the Lower Austrian Court of Audit, e.g. from the media or sessions of the state parliament, can also provide an indication of how it is being perceived. Stakeholder and interest groups are such which have an interest in the Lower Austrian Court of Audit and its work. These include, in addition to its own staff, the members of the Lower Austrian state parlia-

ment, the Lower Austrian state government and the auditees as well as the citizens of Lower Austria, who are represented by the members of parliament.

Output and outcome ratios and indicators:

- Number of media reports about the Lower Austrian Court of Audit (output ratio, indicator) versus share of positive reports in the total media coverage (outcome ratio, indicator)
- Development and number of website visits (output ratio)
- Number of motions and contributions to debates in the Lower Austrian state parliament and share of positive statements about the Lower Austrian Court of Audit in the total number of statements (output ratio, indicator)
- Ratio of reports adopted by the Lower Austrian State parliament versus total number of reports submitted (output ratio, indicator).

Tasks

“Through our work, we ensure that state funds are being spent properly, economically, efficiently and effectively in the interest of citizens.

Following international standards, our work is directed towards increasing benefits and reducing costs. In this way, we contribute to a sound development of the state.”

These key statements are implemented by the Lower Austrian Court of Audit by scrutinising public spending in compliance with the law and following international standards (www.issai.org).

The Lower Austrian Court of Audit aims at a full implementation of its recommendations and expects an average rate of implementation of at least 80% in the course of its follow-up audits.

The implementation rate is expressed as the degree of implementation of the recommendations at the time of the follow-up audit, expressed as implemented fully or largely (1), partly (0.5) or not at all (0), and calculated as the share of (fully, largely or partly) implemented recommendations in the total number of recommendations.

The Lower Austrian Court of Audit’s published outcome and implementation ratios constitute benchmarks for the Lower Austrian Court of Audit (effectivity: share of findings on which the Lower Austrian state government and/or the auditees commented versus total number of findings).

On average, the annual savings attained should exceed the annual spendings for the Lower Austrian Court of Audit.

Qualitative improvements implemented at the suggestion of the Lower Austrian Court of Audit which are not financially quantifiable, but lead to better information and communication technologies, or to the elimination of building defects, also contribute to the positive development of the state of Lower Austria.

To this one should add the non-quantified preventive effect of reports and core findings which prevent shortcomings in different ways and therefore constitute added value in excess of the actual savings and additional receipts.

A measure for the Lower Austrian Court of Audit's own output is the number of reports, recommendations and core findings published in one year.

Output and outcome ratios and indicators:

- Total number of reports (comments, opinions) and recommendations per year (output ratio)
- Ratio of the reports adopted by the Lower Austrian state parliament versus number of reports submitted to the Court of Audit Committee (outcome ratio, indicator)
- State of implementation of its recommendations (outcome ratio)
- Sum total of the savings or additional receipts attainable or attained based on Lower Austrian Court of Audit recommendations (outcome ratio, indicator).

Goals

“Our main goals are to ensure, within the scope of the law, the best use of public money and sustainable impact of state funds in Lower Austria.”

Pursuant to Article 51 of the Lower Austrian State Constitution 1979 (State Law Gazette LGBl 0001), the Court of Audit is charged with auditing the state administration on an ongoing basis in terms of correctness, economy, efficiency and effectiveness and with auditing certain aspects of the financial management on an on-going basis. Explicitly, it provides that the Lower Austrian Court of Audit, when conducting audits, shall also

- submit proposals for redressing shortcomings, and
- identify potentials for reducing or avoiding expenditure and for increasing or generating receipts.

From this provision, the Lower Austrian Court of Audit derives the goals of *“best use of public money and sustainable impact of state funds in accordance with the law”*. It attains these goals by applying the audit standards and by the suggestions and proposals contained in its recommendations. These make up the Lower Austrian Court of Audit's consultancy function which, in addition

to helping an auditee to deliver its tasks in a more efficient and effective manner, is aimed at sustainability. The Lower Austrian Court of Audit achieves sustainability by summarising core findings which – beyond the individual case – can be transferred to similar contexts in terms of best practice and by publishing these findings in a theme-based compilation. Moreover, it conducts regular follow-up audits which also help to ensure the best use of public money and a sustainable impact of state funds.

Output and outcome ratios and indicators:

- Total number of reports (comments, opinions) and recommendations per year (output ratio)
- Number of core findings published on the website (outcome ratio, indicator)
- Sum total of savings or additional receipts attainable or attained based on Lower Austrian Court of Audit recommendations (outcome ratio, indicator).

Strategies

“We attain our goals through our strategies in a cooperative effort between the state parliament, the state government, our auditees and the public. Their trust is important to us. We recognise achievements. We identify shortcomings and ask for their redress.”

Cooperation and trust were the subjects of the client survey carried out in 2010 which showed that auditees wanted more advice. The Lower Austrian Court of Audit strengthens this trust by not focusing on shortcomings alone, but recognising positive achievements and concentrating on potentials for improvement. Moreover, the Lower Austrian Court of Audit conducts follow-up audits to find out which recommendations are still outstanding.

As the Lower Austrian Court of Audit cannot enforce its recommendations itself, it applies the following standards to its work:

“We rely on persuasive arguments and professional competence. Our expertise is based on dedicated knowledge and quality management. We evaluate our own performance and outcomes.”

These standards can only be met based on a recruitment and human resources development policy that meets the challenges and strengthens the subject-matter, methodological and social skills of our staff.

The Lower Austrian Court of Audit can ensure credible expertise only with an adequate number of staff.

To meet this standard, the Lower Austrian Court of Audit has a target of 24 established posts on average, based on the volume of financial management to be audited by each post.

Knowledge and quality are interdependent and therefore managed jointly. The evaluation of our own output and outcomes ensures the continuous improvement we are striving for and is a prerequisite for our credibility and persuasive power vis-à-vis the auditees.

We use accepted evaluation methods such as knowledge scoreboards, self-assessments, staff and client surveys. We rely on external advisors if needed and conducive to objectivity. In our annual reports we also account for our own performance to the public.

Our persuasive power is reflected mainly in the acceptance and implementation of our recommendations, which we review in follow-up audits after approximately two years.

Output and outcome ratios and indicators:

- Number of reports with positive findings versus total number of reports (indicator)
- Rate of implementation of the recommendations (outcome ratio)
- Sum total of the savings and/or additional receipts attainable or attained based on Lower Austrian Court of Audit recommendations (outcome ratio, indicator)
- Existence of job profiles, job descriptions, output and outcome indicators, knowledge scoreboards, annual reports, quality management (output ratio, indicator)
- Results of self-assessment and of staff and client surveys (outcome ratio, indicator)

State Parliament

***“We support the state parliament in exercising its appropriations and audit prerogative. Our task in this process is to audit the financial management of the state on an ongoing basis.*”**

Our reports offer a factual basis for political debates and decisions.”

The appropriations and audit prerogative exercised by the Lower Austrian state parliament is evidenced by the Lower Austrian Court of Audit’s standing as an independent audit body of the state parliament and in the rights which the state parliament has vis-à-vis the Lower Austrian Court of Audit. These include:

The appointment and dismissal of the director, the provision of human resources and financial means to the Lower Austrian Court of Audit, or the submission of audit requests.

The Lower Austrian Court of Audit supports the Lower Austrian state parliament in the exercise of its appropriations and audit prerogative by conducting audits and preparing high-quality reports. Our suggestions and proposals to reduce or avoid expenditure and to increase receipts contribute to compliance with budgetary requirements and targets, and to mitigate financial risks.

In doing so, the Lower Austrian Court of Audit never criticises the objectives, but looks at how they are being attained. It therefore does not question the efficiency and effectiveness of the policies set out by the Lower Austrian state parliament (decisions, budgets, laws, ...), but looks into whether they are implemented by the auditees in a correct, economic, efficient and effective manner. As a general principle, effectiveness always prevails over efficiency.

The Lower Austrian Court of Audit identifies conflicting goals and undesired financial implications, in particular avoidable follow-up costs. Thereby, it contributes to the setting and attainment of goals.

Following the case law of the Constitutional Court, financial management means any act or action that has financial implications. To be able to support the Lower Austrian state parliament as best possible in the exercise of its appropriations and audit prerogative, the Lower Austrian Court of Audit further strives to develop its staffing, organisational and legal bases. To this effect, it submits, within the scope of its autonomous audit mandate, specific proposals, such as on human resources development, or on the inclusion of companies at every level in which the state holds a stake of 25%, as well as of local authorities and municipal associations. To this end, the Lower Austrian Court of Audit director engages in a regular dialogue with political decision-makers.

Factually, the Lower Austrian Court of Audit reports must stand up to the most scrupulous scrutiny. The reports provide information in an objective, comprehensible and comprehensive manner.

To assist the Court of Audit Committee, the Lower Austrian Court of Audit compiles brief summaries of its reports. It aims at a timely deliberation of its reports and that the Lower Austrian Court of Audit director is granted the right to take the floor in the Lower Austrian state parliament and/or in the Court of Audit Committee.

With the Court of Audit Committee meeting ten times a year, and the finance committee which deliberates on the Lower Austrian Court of Audit's comment

on the draft financial statements meeting once a year, and the state parliament having 11 scheduled sittings a year, the Lower Austrian Court of Audit aims to submit 10 to 20 reports (including comments, opinions, annual reports), so that it will be able to submit 1-2 tablings at every meeting.

Output and outcome indicators and ratios:

- Total number of reports (comments, opinions) and recommendations per year (output ratio)
- Ratio of Lower Austrian Court of Audit reports adopted by the Lower Austrian state parliament versus total number of reports submitted to the Court of Audit Committee (outcome indicator, ratio)
- Sum total of savings and/or additional receipts attainable or attained based on Lower Austrian Court of Audit recommendations (outcome ratio, indicator)
- Progress in the advancement of the legal bases (indicator)
- Number of motions and contributions to debates in the Lower Austrian state parliament and share of positive statements on the Lower Austrian Court of Audit versus total number of statements (outcome ratio indicator)
- Results of client surveys (outcome ratio, indicator)

State Government and Auditees

“We direct our audit findings to the state government and to the auditees. In our findings, we assess the way in which they deliver their tasks and identify potentials for improvement“.

In the course of our work, we develop recommendations for optimised task delivery and spending in a fact-based interaction with the auditee.

Rooted in an ex-post review, these recommendations are directed to the future and aim at qualitative and quantitative improvements. Findings and recommendations which are applicable to similar contexts beyond the case at hand and which address typical, recurrent shortcomings are summarised in core findings. By making these general recommendations accessible on our website, we want to help avoid inadequacies.

Output and outcome indicators and ratios:

- Sum total of savings and/or additional receipts attainable or attained based on Lower Austrian Court of Audit recommendations (outcome ratio, indicator)
- Number of core findings published on the website (output ratio).

“We engage in a respect-based dialogue. We heed comments and include them in our reports. We follow up on the implementation of our recommendations.”

The Lower Austrian Court of Audit commissions anonymous client surveys to ascertain how its activities and work are being perceived by the auditees and by the Lower Austrian state government.

Recognition of the performance of the auditee manifests itself also in positive findings.

The fact that the Lower Austrian Court of Audit includes the comments of the Lower Austrian state government at full length in its reports reflects the principle of “audiatur et altera pars” (literally translated as “may the other side also be heard”) and is a written manifestation of the respect-based dialogue with the auditee.

The Lower Austrian Court of Audit reviews the implementation of its recommendations after some two years in follow-up audits.

Output and outcome ratios and indicators:

- Share of reports with positive findings versus total number of reports (output ratio, indicator)
- Results of the assessment of the audit climate and satisfaction identified through client surveys (outcome ratio)
- Number and/or share of reports and recommendations for which no follow-up was conducted (output ratio)
- Rate of implementation of recommendations (outcome ratio).

Public

“Our reports are public and accessible at www.lrh-noe.at. We consider the media as an important link between our work and the public.”

The Lower Austrian Court of Audit engages in a respect-based dialogue with the auditees and provides factual bases for the political debates in the Lower Austrian state parliament. As soon as a report has been submitted, the public is informed in a timely fashion on our own website and that of the state parliament. The messages on the Lower Austrian Court of Audit website provide up-to-date information about its other activities and can be subscribed to (RSS feed) or transmitted (newsletter).

Moreover, the Lower Austrian Court of Audit is available to the media and the public for information. The Lower Austrian Court of Audit director responds to inquiries within the statutory limits or else passes them on to the competent department. The Lower Austrian Court of Audit also follows up on in-

formation received about shortcomings. The initial response time should be 48 hours, if possible.

Output and outcome ratios and indicators:

- Share of reports (comments, opinions) in respect of which messages were posted on the website or sent versus total number of reports per year (output ratio)
- Number and development of visits to the Lower Austrian Court of Audit website (outcome ratio)
- Presentation of the annual report (output ratio, indicator)

Self-image

“We form a team and manage by objectives. Every staff member contributes to our success and is aware of this responsibility.”

The Lower Austrian Court of Audit director has ultimate responsibility in all personnel and service-law matters. The Lower Austrian Court of Audit has a flat hierarchy which is conducive to team spirit and cooperation. This is reflected in its organisational chart.

Management-level staff (director, deputy, audit managers) guide and direct their teams by agreements on objectives. Deviations from planned objectives are openly analysed and addressed in milestone evaluations and best-practice reports. The Lower Austrian Court of Audit conducts regular staff appraisals.

The Lower Austrian Court of Audit strives for a balance between the number of male and female staff members and is an equal-opportunities and non-discrimination employer.

All staff members are assigned defined tasks and responsibilities. They may be assigned or take on additional tasks and responsibilities in the form of special functions and individual assignments.

Audits are carried out as projects following internal guidelines which are based on international standards (www.issai.org). Management responsibility in the project teams lies with the audit and project leaders. All audit projects are evaluated and lessons learned are shared.

The tasks and responsibilities within the team are assigned in a performance- and gender-focused manner, relying on transparent and well-balanced workload planning. Special functions and individual assignments are considered in workload and audit planning and in performance assessment.

Personnel and organisational development planning is evaluated and tracked by indicators. The staff members are involved and have a say in this process (CAF).

The balanced allocation of fields of work and audit according to professional expertise also serves to implement these principles. It is reflected, amongst other things, in job descriptions, promotion guidelines, annual work programmes and in the following

output and outcome ratios and indicators:

- Number of periodic staff appraisals versus total number of staff and interval between staff appraisals in months (output ratio)
- Share of female Full-time equivalents in the total number of staff and in audit service (outcome ratio, indicator)
- Existence of performance measurements (rate of implementation, sum total of the savings and/or additional receipts actually generated based on Lower Austrian Court of Audit recommendations), of a system of performance recording and parameters (output ratio, indicator)
- Balanced allocation of audit projects, other tasks and projects, initial and further education and training and special functions based on equal opportunities (outcome ratio, indicator)
- Results of staff survey (outcome ratio, indicator)

“We see permanent further education and training as a matter of course. We are open to change.”

Educational goals are agreed between management and staff in staff appraisal talks, taking account of needs, equal opportunities and available resources. In addition to engaging in self-study, new staff members are expected to obtain additional qualifications. We share experience in knowledge pools and dedicated working groups to enhance and multiply existing knowledge. For this purpose, the Lower Austrian Court of Audit has been compiling an annual knowledge scoreboard since 2014, in which it details the knowledge objectives as well as spending on education and training and days of educational leave, broken down by disciplines and by staff members.

Based on the feedback from participants, education monitoring by the Lower Austrian Court of Audit assesses whether education and training measures were appropriate”

organisation such as the Lower Austrian Court of Audit, we consider ten to fifteen days of educational leave per year and person adequate to allow it to remain abreast of subject-matter and methodological developments.

Our openness to change relates also to current developments in government audit in general and in the Lower Austrian Court of Audit in particular. This is why internal structures and processes are continuously further developed in line with the statutory objectives, the mission statement and the strategies for implementation. If and when needed, we rely on external consultants to strengthen our organisational development.

In its annual report, the Lower Austrian Court of Audit informs the Lower Austrian state parliament about current developments in government audit. Moreover, it takes on an active role at conferences and within EURORAI (European Organisation of Regional Audit Institutions), which it joined in 2012. These activities are also mapped in our knowledge scoreboard.

Output and outcome ratios and indicators

- Availability of an annual knowledge scoreboard (output ratio)
- Existence of educational controlling (output ratio, outcome ratio)
- Presentation of an annual report (output ratio, indicator)

“We are committed to objectivity and integrity. Our actions are guided by our values.”

The Lower Austrian Court of Audit reports provide a factual basis for political debates. The Lower Austrian Court of Audit is therefore strictly non-partisan. Objectivity is attained by rules (service law, code of ethics), quality assurance and team work (dual control principle), and by unbiased investigations which are conducted without preconceived notions on expected outcomes.

A code of ethics to which the director of the Lower Austrian Court of Audit and all staff members subscribe and an ethics board sustain personal and professional integrity beyond mere compliance with legal regulations.

The Lower Austrian Court of Audit derives its values from the general objectives and principles of governance, as laid down in Article 4 of the Lower Austrian State Constitution of 1979, and from the principles specifically defined for government audit set out in Articles 51 to 56 of the Lower Austrian State Constitution. The values enshrined by these principles are mirrored

in the key statements and in the code of ethics. The Lower Austrian Court of Audit is committed to equal opportunities and promoting women, with a view to raising the share of women in audit service, where they are underrepresented. We are a non-discrimination employer. Qualification profiles, career promotion guidelines, education and performance agreements ensure equitableness and equal opportunities.

The Lower Austrian Court of Audit also conducts client surveys and analyses statements and other comments on its findings and reports to ascertain how it is being perceived.

Output and outcome ratios and indicators

- Existence of a code of ethics and an ethics board (output ratio, indicator)
- Increase of the share of female auditors (outcome ratio)
- Availability and results of analyses and surveys on how objectivity and integrity are being perceived (output ratio, indicator).

Values

The Lower Austrian Court of Audit values are derived from the general objectives and principles of governance, as laid down in the Lower Austrian State Constitution 1979, and from the principles defined specifically for government audit in Articles 51 to 56 of the Lower Austrian State Constitution 1979. They form the Lower Austrian Court of Audit's set of values, which is also reflected in its mission statement and in its code of ethics.

Objectives and principles of governance

Article 4 of the Lower Austrian State Constitution 1979 contains the objectives and principles of governance. These also encompass relevant values for Lower Austrian Court of Audit audits, in particular legality, economy, efficiency and effectiveness, as well as proportionality (the means used must be commensurate with the objectives pursued) and subsidiarity.

1. Subsidiarity

Preserving the common welfare, the state of Lower Austria shall ensure the free development of each individual, promote self-reliance of the state's citizens as well as the cohesion of all social groups, and delegate those tasks to local authorities and small communities which are in their exclusive or overwhelming interest and suitable for being delivered by them through their own effort.

2. Living conditions

Within its sphere of activity, the state of Lower Austria shall ensure that the conditions of life in the different communities and regions of Lower Austria are guaranteed with due consideration of assessable economic, social and cultural needs. Creating and maintaining adequate working and social conditions, the fundamental recognition and preservation of Sunday as the day of rest, securing the provision of health care in the best possible manner, meeting housing demands, protecting and caring for the environment, nature, the landscape and the architectural heritage are of particular importance. The sustainable supply of water as a basis of our livelihood must be secured. Climate protection is of the essence.

3. Economy

The state of Lower Austria shall promote the development of the economy in consideration of social, ecological and regional needs.

4. Youth, family and the older generation

The state of Lower Austria shall support the family in its various manifestations and, given the fact that children, due to their vulnerability, require special protection and care, specifically promote their concerns within the terms of the UN Convention on the Rights of the Child as well as support the interests of the older generation and ensure that they can age with dignity..

5. Culture, science and education

Art and culture, science, education and local traditions are to be promoted to the widest extent possible, all while maintaining their freedom and independence.

6. Principles of governance

In delivering its tasks, the state of Lower Austria shall follow the principles of legality, economy, efficiency and effectiveness. The means applied must be commensurate with the objectives aspired to.

7. Proximity and deregulation

Access to the law must be ensured and made as easy as possible for citizens. Crucial steps in this context include limiting legal provisions to what is essential, using clear and easy-to-understand language in legal and official matters, and a citizen-friendly administration.

Values

Subsidiarity
Legality
Economy
Efficiency
Effectiveness
Proportionality

Correctness
Regularity

Independence
Freedom from
Instructions

Principles of government audit

The provisions on government audit in the Lower Austrian State Constitution 1979 (Articles 51 to 56) set out relevant values for the Court of Audit, in addition to **subsidiarity, legality, economy, efficiency effectiveness** and **proportionality** (Article 4 Lower Austrian State Constitution 1979), which are encompassed by the goals and principles of state activity and good governance.

Subsidiarity and proportionality are also among the fundamental principles which govern the exercise of the competences of the European Union (Article 5 Treaty on European Union and protocol on the application of the principles of subsidiarity and proportionality). Prompted by given cases, the Lower Austrian state parliament has time and again called for upholding these principles (“subsidiarity complaint”). In light of the growing shift of fiscal-policy control and monitoring in the Euro zone from the member states to the European Union and the need to coordinate its audit activities in particular with the national Court of Audit, subsidiarity and proportionality are values that are of practical relevance also for the Lower Austrian Court of Audit.

Article 51 of the Lower Austrian State Constitution 1979 for instance stipulates that audits must relate to **correctness**, economy, efficiency and effectiveness. These universal audit standards encompass the values covered by the principles of good governance. The standard of correctness includes, amongst other, mathematical correctness, legality and compliance with existing rules. These principles could also be summarised under the heading of **regularity**, which is central to any audit.

In the interest of credibility, the Lower Austrian Court of Audit naturally applies the measures it applies to auditees also to its own work. Credibility together with professional competence are critical for success.

Independence and **freedom from instructions** are two further universal values of government audit, which the Lower Austrian State Constitution 1979 emphasises in various contexts: drafting of opinions on the financial management of local authorities, the endowment of the Lower Austrian Court of Audit with human and material resources, and the delivery of tasks under service and remuneration law.

**Impartiality
Objectivity**

Moreover, the director of the Lower Austrian Court of Audit is explicitly subjected to incompatibility and accountability provisions as well as to strict **impartiality** and diligence in the exercise of duties, rules which are all conducive to **objectivity**.

Integrity

The Lower Austrian State Constitution 1979 further stipulates that, for the proper delivery of its tasks, the Lower Austrian Court of Audit needs a sufficient number of adequately qualified staff (Article 51 (6)).

With their vast specialist know-how and personal dedication, all staff members embody the Lower Austrian Court of Audit's values. Committed to the ambitious performance of their tasks, they live up to the requirement of **integrity** set out in the mission statement and in the code of ethics beyond mere compliance requirements.

**Excellence
Professionalism
Equal Opportunities
Reconciliation of
Work and Family Life**

Relying on quality and knowledge management, the Lower Austrian Court of Audit keeps developing its own organisation in order to achieve **excellence** and **professionalism** in all areas in line with international standards. Equal treatment and the promotion of women enhance **equal opportunities** and measures are in place to help **reconcile work and family life**.

**Accountability
Public**

It goes without saying that the Lower Austrian Court of Audit is itself **accountable** to the Lower Austrian state parliament and to the **public**. It informs about current developments in government audit and takes on an active role in this field, in particular within the framework of EURORAI.

St. Pölten, april 2015

Director of the Lower Austrian Court of Audit

Dr. Edith Goldeband