

AUDIT NEWSLETTER • June 2006

For the Working Groups of the Presidents of the Supreme Audit Institutions of European Union
Acceding and Candidate Countries, Albania & the European Court of Auditors
Produced by SIGMA and the European Court of Auditors



SIGMA

Support for Improvement in Governance and Management

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Introduction

This issue of the Audit Newsletter is mainly dedicated to the 12th Audit Methods and Manuals Workshop which dealt with *Implementing Audit Quality Practices*. Sigma would like to thank Ms. Rasa Budbergytė, Auditor General of the Lithuanian National Audit Office, for kindly hosting as well as Ms. Dainora Venckeviciene and her efficient international relations team for the smooth running of this successful workshop.

Sigma would also like to thank ECA for its usual invaluable support and contributions, and the EU Member State SAIs (Finland, Hungary, Sweden and the UK) who made presentations. The workshop was special due to the excellent contributions from the SAI of India (representing ASOSAI) and the EU SAI Expert Group on Audit Quality (ECA, Hungary, Malta, Poland and Sigma).

We hope you will enjoy reading the workshop report (page 2) and learning of Sigma and ECA activities planned for the remainder of 2006 (page 12).

All the best from Sigma

Final NMS and CC SAI Audit Methods and Manuals Workshop

The 13th and final Audit Methods and Manuals workshop (from a series which started in 2002), will take place in Laulasmaa, Estonia from 13-15 September 2006 and will be hosted by the Riigikontroll.

The title will be: *Lessons learned during the Accession in Developing Audit Methods and Manuals*

The purpose of the workshop is to take a look at the lessons learned by the SAIs during the past seven years since approval of the so-called “11 recommendations concerning the functioning of SAIs in the context of the EU integration”; often referred to as the *1999 Prague Declaration*. Since 2002, we have had 12 workshops covering various topics linked to audit methods, manuals, guides and standards. With this in mind 17 SAIs, including ECA, will deliver presentations covering four audit areas; performance audit, financial audit, EU funds and general.

We sincerely hope that this final workshop will result in some further practical and concrete recommendations for audit methods and manuals in general and some good lessons learned in order to continue to help strengthen audit methods and processes in the future.



Ms. Rasa Budbergytė, Auditor General of the Lithuanian NAO and Host of 12th Audit Methods and Manuals Workshop

Conclusions from the Vilnius Workshop on Implementing Audit Quality Practices

Representatives of the SAIs from the New Member States and Candidate Countries, along with Ukraine, participated in a workshop hosted by the Lithuanian NAO and organised together with Sigma, ECA and the EU SAI Expert Group on Audit Quality. The purpose of the workshop was to discuss and exchange experiences on the subject of implementing audit quality practices. The purpose of the workshop was to identify the key issues of concern to SAIs in attaining and maintaining high standards of quality in their audit work and reports and in particular the role of “quality assurance”. Given that all countries concerned had experience of striving to achieve high standards of quality in their audit work and reports, even if the precise nature of their mandates could differ somewhat, the subject was going to be of wide interest to the participants.

The presentations, from the ECA, from the EU SAI Expert Group on Audit Quality, from old Member State SAIs (Finland, Sweden and UK), a new Member State SAI (Hungary), and from the SAI of India representing the Asian region of INTOSAI (ASOSAI), were intended to facilitate an exchange of knowledge and practical experiences of current practices and standards for achieving audit quality. And, despite the differences in backgrounds, a large number of common points and interests emerged during the workshop plenary and working group discussions.



Left to right; N. Treen, R. Budbergytė (Auditor General), C. Maynard, J. Revez, J. Mazur, G. Caller



Left to right; R. Bruzgulis, M. Macijauskas, R. Rudokiene, D. Satukute

The presentations and discussions covered the development of EU Audit Quality (AQ) Guidelines, and experience of elements of Audit Quality Management Systems (AQMS), which include not only Quality Control (QC) procedures and Quality Assurance (QA) functions (both internal and external), but also the management processes which can have an impact on the quality of an SAI’s audit work and results, such as leadership and the management of human resources and external relations. The results of the workshop are set out below under these headings. Discussions during the workshop indicated that many of the key issues which will help to achieve high quality in audit work fall into the categories of SAI leadership and audit management, as well as Human Resource Management.

At the end of each of the following headings, specific recommendations are indicated (*in italics*), which can help SAIs make the improvements needed to ensure that the audit work they carry out, and the results produced, achieve the high levels of quality which stakeholders expect.

➤ EU Guidelines on Audit Quality (AQ)

The Guidelines on Audit Quality were developed, among other things, by an expert working group based on a 2002 mandate from the Heads of the SAIs of the EU Candidate Countries. The Contact Committee of the EU Member States and the ECA took note of and discussed them in December 2004. The SAIs mainly involved in the development of the AQ Guidelines were those of Hungary, Malta and Poland, together with Sigma. Significant contributions were also made by the SAIs of France and Germany. The Guidelines cater for both types of audit (performance and regularity/financial) and all types of SAI (from Offices through to Courts).

They cover:

- Quality “control” (“hot” review procedures applied during the audit process and before an audit report has been finalised and which can affect the content of the report).
- Quality “assurance” (“cold” review procedures applied after an audit report has been finalised aimed at making improvements in practices for the future).
- Quality management systems of SAIs as a whole (covering the management of human resources, institutional risks and external relations etc.).

The general view was that the existence of such guidelines on the subject of audit quality was extremely beneficial. The Guidelines have been, or are being, translated into the languages of at least nine SAIs in both old and new EU Member States. They have been formally adopted by some participant SAIs (such as Hungary which has used them directly as the basis for its own guidance document on audit quality). Others have not formally adopted them but use them (together with INTOSAI audit standards and the related EU implementing guidelines) as inspiration for the development of their own standards. Other participants are now planning to use the Guidelines for quality related projects after the workshop.

The AQ Guidelines should be considered as a living document which will be periodically subject to updating for new developments, such as checklists specifically designed for use on performance audits, and use of Total Quality Management frameworks such as the EFQM¹ and CAF². The subject of audit quality is likely to be a main topic of the next EUROSAI Congress, and this forum should provide an ideal opportunity for updating the EU Guidelines. The Guidelines, and related reports and other documents, are to be stored in a database which should be accessible on the CIRCA Web site.

Recommendations:

- *Participant SAIs who have not already done so should translate EU Audit Quality Guidelines into their own language.*
- *The implications of the Guidelines should be fully assessed and carefully considered by the highest level of SAI management.*
- *The Audit Quality Guidelines should be used as a basis for any SAI Quality improvement self assessment or quality improvement project.*
- *SAIs should take advantage of the standing offer to join the EU Audit Quality Working Group (current SAI members are Malta, Poland, Hungary and the ECA).*
- *Access to the database containing the information used by and produced by the Audit Quality Working Group should be made widely available to SAI staff.*



Working Group session (left to right); V. Akrap, T. Tasevska I. Miserciu



Working Group session (left to right); M. Naumoski, E. Ruiz-Garcia, R. Bruzgulis

¹ European Foundation for Quality Management (EFQM) www.efqm.org

² The Common Assessment Framework (CAF): Improving an organisation through self-assessment www.eipa.nl/caf/cafmenu.htm

➤ **The ASOSAI Report on the Audit Quality Management System (AQMS)**

The study recently carried out by the Asian Organisation of SAIs (ASOSAI) has resulted in a draft report on “Guidelines on Audit Quality management Systems” (presented to the Governing Board of ASOSAI in December 2004) which covers some similar ground to that covered by the EU Audit Quality Guidelines. These Guidelines are very interesting and acknowledge that some parts were influenced by the EU Guidelines. In addition to Audit Performance and Continuous Improvement, which correspond largely with Quality Control and Quality Assurance, the ASOSAI Guidelines also deal with Leadership and Direction, Human Resource Management and Client and Stakeholder Relations.

Recommendation:

- *EU SAIs should seek to obtain the final version of the ASOSAI Guidelines as further material to aid understanding of quality issues as they specifically affect SAIs.*

➤ **Quality Control (QC) Procedures**

It is essential to apply quality control procedures throughout the audit process. Such procedures, generally consisting of review of audit work and results by senior staff that have a management role, are laid down and practised by all the participant SAIs. It is common for audit plans to receive very high level approval, for detailed working papers to be reviewed mainly by audit team leaders, and for results and draft reports to be reviewed by the most senior managers responsible for the audit before they are finalised.

Sometimes “hot” reviews, of plans and draft reports in particular, are carried out before audit reports are finalised by experienced audit staff that are independent of the audit team and the managers. Such reviews, even if carried out by a specific independent unit or function, should be regarded as quality “control” measures (rather than quality “assurance” measures – see below) because they are carried out in time to affect the content of the audit report.

The experience of some of the SAIs making presentations was interesting in respect of such independent (from those responsible for the audit product) reviews. On the one hand it was considered beneficial to carry out such reviews at the earliest possible stages in the audit process to add most benefit to the final report and to avoid seriously misdirected audits taking place (Finland for performance audits), but on the other hand there is a danger that such reviews carried out on all audits may “de-responsibilise” audit managers, who are aware that the reviews will take place (Sweden for performance audits). The UK NAO carries out independent “hot” reviews of all financial audits where potential qualifications of its opinion come into play.



(clockwise) G. Caller, N. Dragomir, S. Nicolaou, Z. Ruseva, J. Soukainen, A. Adamczyk, M. Macijauskas, H. Hellstroem



(clockwise) D. Satkute, L. Gusatafsson, N. Krusic, L. Dimante, J. Wojcik, V. Dan, V. Novackova, K. Nomm, T. Babic, J. Costantzer

Recommendations:

- *SAIs should ensure that effective quality control measures are applied at the critical early stages of the audit process, such as when audit plans are being adopted, or audit work programmes are being finalised.*
- *When audits have potentially high exposure (for instance for financial audits involving potential qualification of an audit opinion or for performance audits on particularly complex or sensitive subjects), SAIs should require that quality control measures are additionally applied by senior staff who are independent of those carrying out and managing the audit.*

➤ **The Independent Quality Assurance (QA) Unit or Function**

The main purpose of a quality assurance unit (or function) carrying out independent reviews of audits after the reports have been finalised is to reassure management that the quality control over the audit process is adequate, and, where this is found not to be the case, to propose improvements for the future in the audit process, methodology or quality control.

Most participant SAIs have such QA functions, organised in a variety of ways, many carrying out “hot” (quality control) reviews as well as “cold” reviews. Most consist of units independent of those carrying out audits, often within audit methodology departments which can facilitate the development of appropriate improvements in audit methods.

A significant number do not, or do not yet, have such a function. It can be more difficult for a small SAI to find the personnel resources to set up an independent unit to carry out reviews, but in such cases it should be possible to set up such a function using senior staff from audit units independent of those carrying out or managing the audits being reviewed. This is the approach taken by the UK NAO (which is by no means a small SAI), the quality assurance unit itself being responsible for programming the reviews and assessing and disseminating the results.

There is not much professional guidance available on setting up quality assurance functions, and this makes exchanges of experience all the more valuable. For such functions to be effective, certain critical conditions need to be met:

- A clear mandate emphasising the need to provide added value and to put the accent on substance rather than formalities.
- The full support of the top management of the SAI, to whom the QA function should be responsible.
- Clear communication of its purpose and strategy to audit staff and management.
- Staff carrying out reviews need to be experienced and have an objective and constructive attitude.
- Review work based on clear and transparent criteria set by SAI management.
- Wide dissemination of the results of quality assurance reviews, not only indicating weaknesses but also proposing improvements to audit procedures, methodology, management and quality control and training.

Recommendations:

- *SAIs need to have an independent quality assurance function with a clear mandate and the full support of the top management, to whom it should be responsible.*
- *Based on its mandate, the QA function should develop its strategy, which will set out what its goals are and how it is to achieve them (including decisions on whether it will carry out “hot” as well as “cold” reviews, how a sample of audits should be selected for review, in what forms the results will be disseminated, and how its role should be best communicated to the SAI’s staff and management).*
- *If the QA function has an element of “hot” authority (and great care and justification should be made regarding this decision), then care must be made to ensure staff carrying out and managing the audits are not ‘de-responsibilised’ by the QA function’s interventions.*
- *The QA function should have a direct link to the further development of audit methods and guidance so that lessons learnt are clearly and easily used to improve performance.*
- *The staff of the QA function should be fully experienced and respected auditors who have the necessary technical and personal skills to successfully carry out this sensitive and difficult job. Staff in QA work should be rotated so as not to lose touch with audit reality.*

➤ **The Role of SAI Leadership in Achieving Quality**

Achieving high quality in audit work and audit results, is only possible if staff at all levels in the audit process have a clear idea of what they are aiming at and what is expected of them in terms of their own contribution. It is up to the top management of each SAI to provide a clear vision of the aims and objectives of the SAI, and to “set the tone at the top” concerning how the objectives are to be achieved. This means not only defining a clear audit strategy, but also developing ways to ensure that the message is effectively communicated to its staff and is constantly reinforced. It also means embracing the need to change how things are done, where necessary starting at the top, and developing a strategy to overcome the common reluctance on the part of some staff to accept change.

Successfully achieving the SAI’s objectives will require top management to encourage an open exchange of views and, on key strategic issues, to consult staff that have direct experience of the practical performance of audit work. There needs to be a willingness to set priorities at the high level planning stage when audit tasks are chosen, as well as when setting plans for individual audits, and to recognise the time constraints imposed by law and brought about by circumstances. Achieving an acceptable level of quality can often mean “doing less, but well”. The management focus needs to be on the quality of the substance of the final product. It is after all on this that the reputation of an SAI depends.

Recommendations:

- *The top management (or the top management college or group) in SAIs need to formulate clear strategy and objectives for their institution and communicate them effectively to their staff. It is particularly important that Courts of Audit have arrangements and procedures to enable them to make top management decisions, in a timely and effective way, and to develop audit and institutional strategy easily and competently. It is necessary for top management structures, in all types of SAIs, to be able to monitor progress and receive and make timely feedback and evaluation on activities and results.*
- *The planning of annual work programmes and individual audits needs to take proper account of constraints in time and personnel resources, and priorities must be identified where necessary, so that the substance of the final audit results can attain the necessary levels of quality.*

➤ **Managing Human Resources**

The quality of an SAI’s audit work and the resulting audit reports depend above all else on the contribution made by its staff. It needs sufficient numbers of staff to carry out the tasks which its mandate demands. Any deficiency in this respect, unless it can be corrected, can only be dealt with by reducing the volume or scope of the tasks to be carried out. This is a serious management problem which has been raised in the previous section.

Assuming that the numbers of staff are adequate, they need to be adequately qualified and experienced in the auditing skills required by the SAI. It can be difficult to attract staff with the right skills, and to keep them when they have gained experience, given that salary levels in the public sector are very often lower than those available in the private sector. New staff usually need to undergo a significant training programme, and training needs to be maintained on a regular basis to keep up to date and develop new or specialist skills.

Even when staff have the skills and experience required to do the job, they need to be motivated to achieve high levels of quality in their work. Staff at all levels need to recognise that everyone needs to contribute to achieving quality, that quality is their job and not just someone else’s concern. Financial rewards can obviously help, but the possibilities are very limited given the constraints on salaries which are common in the public sector. Therefore other means of motivation need to be found. These can include giving staff greater encouragement, recognition and responsibility, and more involvement in decision making. Regular communication of information about an SAIs strategy and consultation about key issues can help to increase the personnel’s identification with and commitment to their SAI.



(picture above) Workshop speakers (left to right); J. Costantzer, R. Ghosh, G. Caller, K. Kerekes, L. Gustafsson, H. Hellstroem, E. Ruiz-Garcia, J. Soukainen, J. Mazur, J. Revesz

(picture on right): Workshop organizers (left to right) I. Baruseviciene, D. Jakimavicius, D. Venckeviciene, G. Miskinis, E. Bright, I. Kosaite



Recommendations:

- *SAIs should endeavour to recruit and retain high quality staff through well considered and developed policies and practices in this area.*
- *SAIs should promote the personal development and skill levels of their staff by providing them with appropriately tailored skills, professional and development training programmes at all levels.*
- *SAIs should take specific steps to encourage and give recognition to good audit staff (such as naming auditors or audit teams of the year, sending staff on special training courses or seminars, etc.).*
- *The Management and leadership skills of staff should be encouraged through training. These attributes should be identified as priorities for promotion.*

➤ **Managing Relations with Auditees**

Auditees naturally find it difficult to be objective about audit work and audit results. There is inevitably a certain amount of disruption caused by audit work, and audit reports which criticise auditees' decisions and performance can cause a strong adverse reaction. However, auditees usually have a great deal more knowledge about the activity they manage than the auditor can obtain. And the auditor will have more impact in terms of getting the auditee to take corrective action if the latter acknowledges that the audit carried out is competent, and that the reported conclusions are balanced and objective. This is very important, as an SAI's ultimate goal is to contribute to improvements in public sector financial management.

The auditee can make an important contribution to the auditor's own quality control if given the opportunity to comment on the content of draft reports. Almost all the participant SAIs give their auditees the opportunity to do this. However, changes should be made to the report only where the auditee can convince the auditor that an observation is inaccurate or unbalanced. The auditor must beware of gaining auditee approval through undue compromise.

Many SAIs make an effort to ensure that relations with their auditees are as positive and businesslike as possible by discussing the intended audit approach with them before the audit work starts. The purpose of this is to get the auditee to "buy in" to the potential results of the audit because he knows that the audit work, on which the results are based, is adequate. However, the auditor needs to take care that the audit approach he chooses is in no way unduly influenced or restricted by the auditee's input.

Ideally the auditor has an interest in developing a relationship of mutual trust with the auditee. This is not always easy, but it can be promoted by looking for feedback from the auditee about the auditor's performance. Adopting this procedure requires an SAI to have a reasonable degree of confidence about its own performance. The UK NAO does this by asking its auditees to complete a questionnaire assessing its reporting and impact, its approach and methods and its working relationships.

Recommendations:

- *SAIs should submit report drafts to auditees for clearance and comment to help ensure that the audit observations are accurate and balanced.*
- *SAIs could consider obtaining feedback from auditees on its own performance (by using questionnaires or other means).*
- *Responsibility for managing auditee relationships should be an important top management task and not just left to auditees in the field.*
- *Specialised training should be developed for audit staff at all levels for managing business relationships with auditees.*

➤ **Managing Relations with Stakeholders**

The reputation of an SAI depends to a great extent on its ability to convince the stakeholders in public sector finance, primarily the national parliament, that it is providing the product and having the impact which the SAI's mandate requires.

Producing high quality audit work is a first step towards achieving this goal, but that needs to be backed up by a considerable effort of communication to make sure that the quality is acknowledged and appreciated, particularly to a parliament where the members involved with committees dealing with an SAI's reports may be new.

This communication is needed to explain the SAIs overall objectives and strategy, and to explain the main messages contained in its audit reports. It is also helpful to have a commitment from the auditee to taking corrective action (see previous section), but where the auditee objects to the SAI's findings an audit report should make it clear why the SAI cannot accept the auditee's point of view.

It is also helpful if it can be demonstrated to parliament whether the SAI's reports are having an impact in terms of improving public sector financial management. For this reason it is important for the SAI to carry out a regular follow-up of the extent to which the recommendations in its reports have resulted in effective corrective action by the auditee. Most of the participant SAIs have laid down procedures for such follow-up. Requiring auditees to report to the SAI on the corrective action taken within a specified time limit after the publication of the audit report can be very helpful in this process.

Many SAIs have a unit coordinating external relations, particularly with parliament, which can be helpful to the top management's role of developing mutual understanding between the SAI and the legislative body. In this context an interesting practice mentioned by ASOSAI, is the secondment of SAI staff to legislative secretariats and vice versa.

Recommendations:

- *SAIs need to devote high level attention to communicating their objectives, strategy and audit results to its national parliament and other stakeholders.*
- *SAIs should implement procedures for the regular and timely follow-up of corrective actions taken in response to the recommendations in their audit reports. SAIs should report if corrective actions are unsatisfactory.*
- *Auditees should be required to report within a specified time limit on actions taken to correct weaknesses brought to their attention by the audit reports of SAIs.*

➤ **External Peer Reviews**

Except for the Sigma peer assistance reviews carried out for developmental purposes in the context of EU accession, most of the participant SAIs do not invite reviews by external peers. While the experience can be potentially challenging, an objective assessment by a competent outsider can be of great benefit in terms of identifying any major problems preventing an SAI from reaching its quality objectives and developing an action plan to redress the situation if necessary. Such a review can help an SAI to establish its legitimacy in the eyes of stakeholders.

Developing relations with private sector professional bodies can be beneficial in this context, as illustrated by the UK NAO practice of inviting the Quality Assurance Directorate of the Institute of Chartered Accountants in England and Wales to regularly review a selection of its audit files as well as procedures applying to the office as a whole.



(left to right); K. Vetevoog, A. Seppovaara, J Soukainen, G. Paterson



(left to right); W. Farrugia, K. Kerekes, C. Maynard

The Swedish National Audit Office has developed a practice of having its performance audit reports reviewed by its country's Scientific Advisory Council. Several EU SAIs have high level technical advisory committees with external expert members who give them advice and feedback.

The European Court of Auditors has decided to commission an external peer review, and has launched, as a preliminary measure, a wide-ranging self-assessment to be carried out in parallel by three different groups of its own staff following the CAF² model developed by the European Institute of Public Administration in Maastricht.

Recommendations:

- *SAIs should consider commissioning regular reviews of their audit work and results, as well as periodic reviews of its organisation and methods, by external peers who have the professional competence required.*
- *SAIs should also consider launching a self-assessment exercise (e.g. see Common Assessment Framework²)*
- *Candidate SAIs should continue to request Sigma to carry out peer assistance reviews if they would help support the development of the SAI's own institution building efforts.*
- *SAIs should take note of the advice contained in Sigma paper³ No. 34 "Achieving High Quality in the work of an SAI" when developing audit quality policies and practices.*

➤ **Implementing Audit Quality in Practice**

Achieving and maintaining high levels of audit quality is affected as much or more by key environmental issues, such as an SAI's capacity to show leadership and manage its audits and human resources, than by technical factors such as auditing standards and procedures, however, important the latter may be. Achieving quality in audit is not only about professional knowledge and training, but also about trust, transparency, openness and eliminating fear.

A lack of adequate resources within an SAI often further complicates the task, and this can be exacerbated unless the SAI's top management displays dynamic leadership. The high professional level of staff in SAIs means that, whatever their status, they have the potential to promote and implement whatever changes may be needed to achieve the highest standards in audit quality. Quality can be achieved only when:

- *Quality is built into the whole of the audit process, with emphasis on good planning.*
- *Top management focuses its attention on how the entire organisation works.*
- *Audit teams pay attention to the auditees' and stakeholders concerns.*
- *Leadership at all levels drives audit teams.*
- *Each staff member recognises that "quality is my job".*

³ SIGMA Web site: [Collection of Sigma Papers](#)

Each SAI needs to assess where it stands on the quality scale in terms of its own expectations and those of the stakeholders concerned. A good starting point would be a comprehensive self-assessment exercise, which can be carried out using an appropriate framework such as EFQM or CAF. The standards which set the quality benchmarks for the procedures and performance of SAIs are those contained in the European Audit Quality Guidelines, and in the relevant IFAC⁴ standards. A valuable extra measure of objectivity can be added by following the self-assessment by an independent external peer review.

The assessment should produce an action plan incorporating a project-based approach to its implementation. The project will need to address the managing of necessary change at all levels within the SAI. The whole process can only succeed if it is given commitment, support and understanding by the SAI's top management.

Conclusion

Carrying out audit work and producing audit results which achieve a high level of quality is not easy, and there are no easy solutions. Quality is a concept which is abstract and not easy to measure. In the end it is up to those to whom an SAI reports who are the final judges of whether the quality of what it produces is adequate – that means the stakeholders (Parliament, taxpayers, etc.). In this context auditing in the public sector has its own particular complications, difficulties and exposure. From a practical point of view, many SAIs face problems in dealing with the issues which can make it difficult to attain and maintain high quality standards. SAIs need to be confident in their skills and use their professional judgment, while benefiting from the comprehensive international standards which exist on the subject of implementing audit quality practices. The more they can exploit opportunities for cooperation with their colleagues in other countries (as was done in this workshop), the easier that will be. Working together to share experiences and good practice to harmonise and improve methods and systems designed to contribute to achieving high quality audit, is surely a very good thing.

Nick Treen, SIGMA, Workshop Co-Chair
Colin Maynard, ECA (retired), Workshop Co-Chair
Dainora Venckeviciene, LNAO
George Paterson, ECA

May 2006

SIGMA PIFC AND SAI PEER ASSISTANCE UPDATES

- The second Sigma peer assistance for the Lithuanian National Audit Office (LNAO) has delivered the final Detailed Report and Sigma summary of the peers' report. Formal presentations by the peers (Denmark, Scotland, Germany and Ireland) have been made to the staff and senior managers of the LNAO, the Parliament, the Ministry of Finance and the President's Office. Peer assistance for the LNAO is on-going concerning drafting new legal provisions.
- Draft peer assistance reports for the SAIs of Bulgaria and Romania have been completed and are currently being discussed and agreed.
- On-going PIFC peer assistance has continued in Hungary and Lithuania into 2006. The PIFC peer assistance review draft detailed report for Cyprus is currently being discussed and agreed.

⁴ International Federation of Accountants: International Standard on Auditing (ISA) No. 220 on "Quality Control for Audit Work" and International Standard on Quality Control (ISQC) No. 1 on "Quality Control for Firms that Perform Audits"

PARTICIPANTS AT VILNIUS WORKSHOP

Mariana KATSAROVA	Bulgaria	Stephen ATTARD**	Malta
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***Main presenters **Group exercise presenters ***EU SAI Expert Group on Audit Quality**
#Facilitators ##Chairs



ECA Reports in 2006

The European Court of Auditors has published two Special Reports and one Opinion in 2006.

Special Report No1 on the contribution of the European Social Fund in combating early school leaving, together with the Commission's replies

Special Report No2 concerning the performance of projects financed under TACIS in the Russian Federation, together with the Commission's replies

Opinion No 1/2006 on the proposal for a regulation of the European Parliament and of the Council laying down the rules for the participation of undertakings, research centres and universities, in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013)

The Reports in full can be found on the ECA web-site, in all EU languages: www.eca.europa.eu

Agenda of Events for 2006

Year	Month	Day	Event	Place
2006	June	29-30	14 th meeting of the EUROSAI Training Committee	ECA
	July	7	Meeting of Expert Group on Audit Quality	ECA
	Sept	13-15	NMS and CC SAIs Working Group on audit methods and manuals – SIGMA/ECA 13 th workshop on Experiences learned in developing audit methods and manuals. Hosted by the Riigikontroll	Laulasmaa
		11	31st Meeting of EUROSAI Governing Board	Reykjavík
		19-21	EUROSAI Conference on role of SAIs in the fight against fraud and corruption	Kiev
		20-22	4 th Meeting of the EUROSAI IT Working Group	Bratislava
	October	11	Meeting of the Liaison Officers of the SAIs of the EU Candidate Countries, Close to Candidate Countries, ECA and SIGMA	ECA
		12-13	Meeting of the Liaison Officers of the SAIs of the EU	ECA
		17-18	Baltic SAI, Parliamentary Audit Committee and Ministry of Finance Seminar hosted by the Lithuanian NAO	Vilnius
	November	1-4	55 th Meeting of the INTOSAI Governing Board	Mexico
		6-8	EUROSAI Seminar on the Audit of Public Aids and Subsidies	Prague
		22-29	5 th Seminar of the EUROSAI Working Group on Environmental Auditing	ECA
	December	1-2	EUROSAI – ARABOSAI Conference	Tunisia
		11-12	Meeting of the EU SAI Contact Committee	Warsaw

Contributions for the next issue of the newsletter are most welcome and should be sent to:

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