

EDÖGENÖSSICHE FINANZKONTROLLE
CONTROLE FEDERAL DES FINANCES
CONTROLDI FEDERALI DELLE FINANZE
CONTROLA FEDERAL DA FINANZAS

Conditions for a Successful Audit: Avoiding Overlapping Tasks Between Control Organs, Cooperation with the National Parliament

Transparency Days 2007

Presentation by Kurt Grüter,
Director of the Swiss Federal Audit Office,
in Belgrade, Serbia

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Supervision outside Switzerland

System of supervisory reflects a political system

Three basic models:

1. Court of auditors holding judiciary power (Napoleonic Model)
2. Court of auditors with no judiciary power
3. Independent audit authority (Westminster Model)

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Characteristics of the SFAO

Independence of the SFAO

- Accountable only to Law and Constitution
- Determines activity programme autonomously
- Submits budget directly to the parliamentary Finance Delegation
- Appointment of Director for 6 years by Federal Council, approved by Federal Assembly
- Director's extensive authority as to resource and organizational issues
- Autonomous publishing of reports

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Supervisory bodies

Cooperation SFAO – Finance Delegation (FinDel)

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Supervisory bodies

Coordination

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Supervisory bodies

Finance Inspectorates

Finance inspectorates – directly subordinate to agency management

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Supervisory bodies

Cooperation between SFAO and finance inspectorates

SFAO

- Approval of finance inspectorates' rules of procedure
- Proposal to constitute a finance inspectorate
- Monitoring effectiveness of finance inspectorates
- Technical instructions to finance inspectorates
- Training of finance inspectorates' staff

Finance inspectorates

- Notification of SFAO about audit programs
- Delivery of audit reports to SFAO
- Immediate notification of SFAO about serious shortcomings

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National Networking



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Correlation with the Cantons

Art. 16 of the Federal Auditing Act (1)

- The Federal Audit Office deals directly with the Standing Committees on Finance and the Joint Committee on Finance of the Federal Assembly, the Federal Council, the administrative units of the Confederation, the Federal Courts as well as with all organisations and individuals outside the Federal Administration who are submitted to its financial supervision.
- The Federal Audit Office shall inform the head of the Federal Department of Finance of all matters on which it has direct dealings with other departmental heads, the Federal Chancellor or the Federal Council.

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Correlation with the Cantons

Art. 16 of the Federal Auditing Act (2)

- Should the Federal Audit Office determine particular occurrences or deficiencies of a fundamental or considerable financial importance, then besides that particular division it shall also inform the head of the department in charge as well as the head of the Federal Department of Finance. Should the ascertained deficiencies concern the financial management of a division of the Federal Department of Finance, the President, respectively the Vice President of the Federal Council shall be notified. At the same time it shall inform the Joint Committee on Finance of the Federal Assembly. If it shall regard it as expedient, it shall inform the Federal Council instead of the Department head responsible.

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Who audits the auditors?

Theoretical alternatives

| Provider | Advantages | Disadvantages |
|------------------|--|--------------------------------------|
| Private auditors | audit know-how models established procedures | costs dependency |
| Universities | scientific up-to-date on theory independent | costs lacking practice |
| Advisory firms | new ideas acceptance | costs insufficient specialization |

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Who audits the auditors?

Peer Review

According to a survey by the OECD of September 11, 2002, the term „peer review“ is not strictly defined. In one place, here's how it is circumscribed:

„.....Peer Review can be described as the systematic examination and assessment of the performance of a State by other States, with the ultimate goal of helping the reviewed State improve its policy making, adopt best practices, and comply with established standards and principles.“

In a working-paper of the INTOSAI, a peer review is explicitly recommended as a means of optimizing processes and results, but also of exchanging experiences.

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Who audits the auditors?

Questionary

- *Does the SFAO accomplish its statutory assignment? Is the strategy in line with the statutory assignment? Does an adequate strategic weighting of the core tasks take place? Are there adequate resources for accomplishing the statutory assignment?*
- *Is the job carried out professionally? In line with ethic principles? Consistent with generally accepted audit standards? According to structured processes? With sufficient quality assurance? With qualified staff?*
- *What added value does the auditee gain from the recommendations issued by the SFAO?*

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The SFAO Website

www.efk.admin.ch



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