

Fiscal Institutions

Austrian Court of Audit and the Federal Financial Statements

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Austrian Court of Audit

Austrian Court of Audit

- The Austrian Court of Audit (ACA) is an independent body of the federal government, the Laender and the municipalities
- The Austrian Federal Constitution lays down the tasks, function, organisational set-up and position of the ACA
- The ACA is headed by its president
- The president is elected by the National Council for a term of office of 12 years
- The ACA has fulfilled its tasks for more than 250 years

General tasks of the Austrian Court of Audit

- Performance audits of the federal government, the Laender and municipalities (> 10,000 inhabitants)
- Performance audits of other legally defined legal entities (chambers and social security institutions)
- Audit of the Federal Financial Statements and publication of the Report on the Federal Financial Statements
- Participation in drawing up the federal budget with regard to outcome orientation
- Providing ongoing information about budget execution and overruns of budget allocations
- Special tasks: Report on average incomes

Tasks of the Austrian Court of Audit

- Core tasks: audit and advisory activities
- Audits based on the following criteria:
 - economy
 - efficiency
 - effectiveness
- Audits of financial operations are the ACA's strategically most important area of task delivery
- The ACA's evaluation is derived from its audit findings

Reporting to the National Council

- The ACA acts as a body of the National Council
- The ACA submits its reports to the National Council and publishes the reports on its homepage
- The reports of the ACA are dealt with by the Court of Accounts Committee (CAC)
- The president of the ACA has the right to participate and take floor in the sessions of the Court of Accounts Committee. He stands available to representatives for any questions.

Reporting to the National Council

- Afterwards the reports of the ACA are discussed in the plenary sessions of the National Council
- During the discussion of the reports in the plenary sessions, the president of the ACA is present and available for any questions of the representatives
- The president has the right to attend the plenary sessions of the National Council and to comment on topics concerning the ACA

Federal Budget Statement (part of the Federal Finance Act)

Federal Budget Statement

- The Federal Budget Statement is based on the Federal Medium-Term Expenditure Framework Act
- The Federal Medium-Term Expenditure Framework Act has to be submitted to the National Council by April 30th and has to contain the expenditure ceilings for the following 4 financial years
- The Federal Budget Statement is a plan concerning the financial revenue and expenditure of the federal government for the framework of 1 year

Federal Budget Statement

- The Federal Budget Statement contains the budget based on an operating statement and the budget based on a cash-flow statement
- Systematic structure of the Federal Budget Statement
 - Headings, Chapters,
 - Global Budgets,
 - Detail Budgets (1st and 2nd level)
- The Federal Budget Statement has to contain information about outcome orientation for each Chapter and Global Budget

Participation of the Austrian Court of Audit

- The president of the ACA has the right to place notes/recommendations derived from relevant performance audits with regard to the outcome targets of the Federal Budget Statement (in the framework of impact orientation)
- The ACA has to submit the comparative calculations of the Federal Budget Statement of the previous financial year by April 30th

These calculations serve the National Council as a basis for its decision on the Federal Medium-Term Expenditure Framework Act



Budget Execution

Participation of the Austrian Court of Audit

- Participation in the creation of financial debt:
 - all financial debt instruments must be countersigned by the president of the ACA
- Participation in the transfer of budget funds:
 - reporting obligation of the Federal Minister of Finance in case of overruns of approved budget allocations



Der
Rechnungshof

Unabhängig. Objektiv. Wirksam.

Report on the Federal Financial Statements

Report on the Federal Financial Statements

Annual Financial
Statements – Line
ministers

Consolidated
Financial
Statements –
Federal Ministry of
Finance

Audit of the Financial
Statements, submission
of the Report on the
Federal Financial
Statements – ACA

Report on the Federal Financial Statements

- The Report on the Federal Financial Statements has to contain a text part and a set of figures
- The Federal Ministry of Finance draws up the Consolidated Financial Statements (set of figures)
- The ACA audits the Financial Statements in accordance with Section 9 of the Court of Audit Act
- The ACA prepares an analysis of the figures and a report of the audit in accordance with Section 9 of the Court of Audit Act for the text part

Report on the Federal Financial Statements

- The ACA submits the Report on the Federal Financial Statements to the National Council (text part and set of figures)
- The Report on the Federal Financial Statements is discussed in the Budget Committee of the National Council
- The president of the ACA is present during the discussion of the Report on the Federal Financial Statements and stands available to the representatives for any questions

Report on the Federal Financial Statements

- Afterwards the Report on the Federal Financial Statements is discussed in the plenary sessions of the National Council
- During the discussions of the Report on the Federal Financial Statements in the plenary sessions, the president of the ACA is present and stands available for any questions of the representatives
- The National Council adopts the Report on the Federal Financial Statements, which then has the force of federal law
- The Report on the Federal Financial Statements is published by the ACA (accessible to the public)

Report on the Federal Financial Statements

Content:

- 5 Statements:
 - Comparison Budget Statements of the cash-flow statement
 - Comparison Budget Statements of the operating statement
 - Consolidated statement of financial position
 - Consolidated operating statement
 - Consolidated cash-flow statement
- Detailed notes
- Financial Statements for all levels

Audit of the Federal Financial Statements

- Section 9 Court of Audit Act stipulates that all Line Ministers have to submit the prepared Financial Statements to the ACA
- The ACA conducts the audit of the Financial Statements
- The ACA has to comply with national and international standards =>
 - **Application of the ISSAIs** (International Standards of Supreme Audit Institutions)
 - **Application of the ISAs** (International Standards on Auditing)

Audit of the Federal Financial Statements

- Relevant Standards for audit planning:
 - **ISSAI 1300** Planning an Audit of Financial Statements
 - **ISSAI 1315** Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment
 - **ISSAI 1320** Materiality in Planning and Performing an Audit
 - **ISSAI 1330** The Auditor's Responses to Assessed Risks

Audit of the Federal Financial Statements

- According to ISSAI 1300 and 1315, an audit of the Internal Control System has to be conducted
- For the audit of the Internal Control System, the results of the ACA's performance audits are used as far as possible
- Special functional audits for particularly important or relevant business processes
- Selection of audit fields on the basis of a risk-orientated audit

Audit of the Federal Financial Statements

Risk-Orientated Audit:

- Determining the Materiality according to ISSAI 1320
- Determining the Overall Materiality: 1% of the federal expenditure (75 billion euros)
=> 750 million euros Overall Materiality
- Sum of the findings max. 750 million euros
- Reduction of 30% for the Materiality of individual business processes
=> 525 million euros Planning Materiality

Audit of the Federal Financial Statements

- Adjustment of the reduction according to the quality of the Internal Control System:
effective Internal Control System => high reduction
defective or absent Internal Control System => low reduction
- Processes or positions below the Planning Materiality are not audited
- As to material processes or positions the sum of non-audited positions has to remain below 525 million euros

Audit of the Federal Financial Statements

- Example of guarantees:

Total amount of the process guarantees: 1,830.11 million euros

Allocation to global budgets:

46,01 Financial stability 1,336.61 million euros

45,01 Federal guarantees 493.50 million euros

Result:

The amount of the global budget 46,01 is above the Planning Materiality and has to be audited.

The amount of the global budget 45,01 is below the Planning Materiality of 525 million euros and does not have to be audited.

Audit of the Federal Financial Statements

- Functional audits of Internal Control Systems of business processes with high transaction volume.
- For the financial year 2013, the following processes were selected:
 - Personnel Process (about 8.6 billion euros)
 - Financing Process (about 7.3 billion euros)
 - Labour market (about 6.4 billion euros)

Audit of the Federal Financial Statements

Other audit procedures:

- Substantive audit:
Selecting samples from all Chapters to audit the regularity and legality (random samples)

Audit of the Federal Financial Statements

Other audit procedures:

- Analytical audit procedures to check the plausibility of changes:
Definition und comparison of expected target figures with actual changes
- If the actual changes do not correspond with the expected target figures, additional audit procedures have to be conducted

Audit of the Federal Financial Statements

Process

- The audit procedures are conducted by the responsible auditors of the ACA in coordination with experts
- The ACA describes the findings in the report on the results of the audit in accordance with Section 9 of the Court of Audit Act and deposits requests to remedy deficiencies to the responsible Line Ministers
- The ACA draws up a report on the audit result in accordance with Section 9 of the Court of Audit Act.
This report is submitted to the National Council together with the Report on the Federal Financial Statements.

Audit of the Federal Financial Statements

Have a pleasant day!