



Landesrechnungshof
Niederösterreich

THE LOWER AUSTRIAN COURT OF AUDIT

External Public Sector Audit in Lower Austria and in the Federated States of the Republic of Austria

Presentation within the Working Meeting of the
Members of European Court of Auditors
1th October 2013





Public Finance Audit in Lower Austria

The Lower Austrian Court of Audit (LACA) is part of the democratic control system in Austria

focuses on federal state, local authorities and specific duties

Foundation: 1st July 1998; Budget: 2 million Euros; Audit

Staff: 17 civil servants; 10 - 20 reports per year; Director:

elected upon the nomination of the Standing Audit Committee of the Landtag for a term of six years

European Court of Auditors (ECA) focuses on the statement of assurance and the use of EU-subsidies

Austrian Court of Audit (ACA) focuses on the federation, the federal states, the local authorities and specific tasks

Legal Frame and Status

The LACA is - within the scope of the constitutional autonomy of the Austrian federated states -

- constitutionally implemented as part of the legislative
- grounded on the Constitutional Law of Lower Austria
- subject to legal foundations and related to the regional legislative body, the „NÖ Landtag“
- independent from the government not bound by any instructions, both in its organisation and work of its experts
- supported by international standards of auditing
- adhere to the principles of the Declarations of Lima and Mexico

Tasks



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The LACA examines

- the entire financial management and administration of Lower Austria, including
- funds, endowments,
- 27 hospitals, 48 foster homes, 20 schools,
- enterprises, in which the Land has a majority participation or dominating influence
- the preliminary annual statement of account
- use of government grants and subsidised institutions

Relation with NÖ Landtag



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The Constitution of Lower Austria decrees that

- the LACA has to examine whether public resources are raised and used economically, efficiently and effectively.
- the initiative to conduct audits rests with the court itself, but the NÖ Landtag is entitled to initiate special audits and has to agree to the budget
- the Lower Austrian Government may request evaluations of the financial management of communities for the purposes of their state supervision
- the LACA remains completely independent as far as staffing, planning and performing of audits, scope of all audits and reporting is concerned

Mission Statement



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- **vision:** the first address for public auditing in Lower Austria
- **highest objective** : most effective and sustainable use of public resources and funds in accordance with the law
- recommendations to optimise income and expenditure, to reduce costs and increase utility when using public resources
- **use:** accountability for the use of public funds, quantitative and qualitative improvements, objektive facts and recommendations
- **preventative and educative effects:** sound financial management

Auditing Principles and Standards



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The auditing approach of the LACA is according to the principles legality and truth, economy, efficiency and effectiveness:

- risk- and topic-oriented
- improve the way in which public funds are used
- work for modernisation of administration
- benefit the entity which has been audited
- based on laid down quality standards developed further according to international standards (ISSAIs)
- public audit reports can be seen on www.lrh-noe.at

Competences



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Legally defined authorisations

- right of discovery
- access to relevant information
- right to inspect files (also electronic)
- direct contact to auditees

Audits and consulting together as on

- maximize benefit for the auditee
- increase effectiveness and acceptance of audits
- facilitate communication with the auditees



Types of audits



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The annual audit programme is in full recognition of independence coordinated with the ACA and covers different types of audits

- Selective audits focus on specific topics, definite parts of financial operations or projects
- Crosscutting audits are comparisons between organisations or units
- Coordinated audits with other Courts of Audit in case of mixed financial models oder shares in companies
- Sample audits to include entities which would otherwise not be audited due to the risk oriented approach
- Follow up audits to show the extent to which the recommendations were implemented



The LACA distinguishes with reference to its quality standards and international auditing standards (ISSAIs) basically

- Financial audits which focus on regularity whether the preliminary annual statement of account complies with the legal and regulatory framework
- Performance audits which focus on results, whether the use of resources achieve economy, efficiency and effectiveness normally including
- Regularity audits which focus on comppliance

Audit of Community Funds



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With regard to net contribution to the EU and to prevent financial corrections the LACA by performing its own audits

- verifies the sound management and efficient use of funds by the Lower Austrian administration
- identifies risk areas and error sources and provides appropriate remedies
- misses the breakdown by member states of determined error rates and financial corrections
- may avoid possible duplications or multiplication of the audit efforts which could result in overlapping audit mandates

Subsidiarity in Public Auditing



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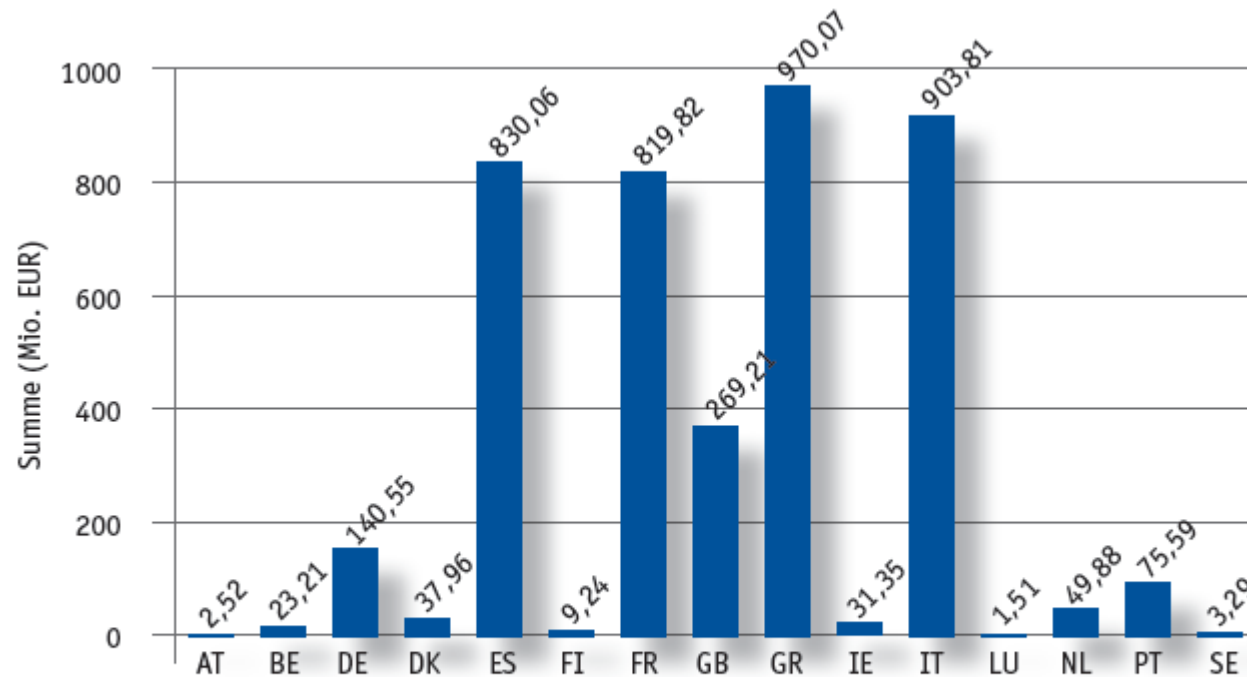
In respect of the principles of subsidiarity and proportionality the LACA – by performing its own audits

- distinguishes itself by its local proximity to the auditees, its clearer understanding of regional specials and problems
- faces the ECA and the ACA in terms of Lower Austria as an audit institution of equal regional competence
- should be the preferred regional partner on eye level to back ECA audit missions in Lower Austria
- may complement the sources of information and evidence to support the ECA conclusions
- would acclaim more conferencing and concrete cooperation in training and development



Breakdown of financial corrections by member states imposed by the European Commission in the agriculture sector from 1999 to 2007

Source : ACA Reihe NÖ 2010/7



(*) Die Aufstellung betrifft nur die 15 „alten“ Mitgliedstaaten.

Quelle: „Fact Sheet Umsichtige Verwaltung des Agrarhaushalts“ der Europäischen Kommission, 2007



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**Thank you for
your attention!**

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