



Landesrechnungshof  
*Niederösterreich*

# **Lower Austrian Court of Audit**

**presentation of the  
Lower Austrian Court of Audit (LACA)**

**and**

**exchange of ideas with members of the Audit  
Committee of the norwegian province of Vestfold**

**Vienna, 11-10-2013**



## Lower Austria

<b>area</b>	19.186 km <sup>2</sup>
<b>population</b>	~ 1.612.000
<b>budget 2012</b>	~ 7,75 billion Euro
<b>civil servants</b>	> 33.000



## Lower Austrian Court of Audit

<b>auditors</b>	15 (2014: 17) + 2 servants in back office
<b>audit volume/auditor</b>	~ 520 million Euro
<b>budget 2013</b>	~ 2 million Euro
<b>audits</b>	~ 15 per year
<b>founded</b>	1998
<b>information</b>	<a href="http://www.lrh-noe.at">www.lrh-noe.at</a>



## **status of the LACA**

- **subsidiary body of the Lower Austrian Parliament**
- **part of the legislative**
- **independent in organisation and work**
- **not bound to orders from the government, the administration and not even the parliament**
- **equal to the Austrian Court of Audit**



## **LACA as an independent audit institution**

- **director is elected by the provincial parliament (for 6 years + possibly 6 years more)**
- **director is head of the employees**
- **director represents the LACA**
- **director has the same legal responsibility as a member of the provincial government**
- **LACA has a monocratic structure**



## mission and objectives

- **vision:** leading competence center of public auditing in Lower Austria
- **highest objective:** most effective and sustainable use of resources
- **use:** accountability for the use of public funds, quantitative and qualitative improvements, objektive facts and recommendations
- **preventive effects:** against waste and financial mismanagement, anti corruption impact



## **selecting the subject of audit**

- **risk-oriented**
- **potential for improvement**
- **widespread impact**
- **reforms or changes**
- **financial dimension**
- **susceptibility of corruption**
- **preventive effects**
- **complaints**



## audit fields I

- **financial management of**
  - the province of Lower Austria
  - endowments, institutions and funds administered by employees of the province
  - undertakings in which the province holds at least 50 per-cent or where the province has de facto control by financial or other economic or organizational measures
  - undertakings and institutions fiduciary management of capital assets of the province or the liability for losses
  - corporations under public law, except municipalities, as far as subsidies of the province are used





## **audit fields II**

- **control of the use of financial supports and subsidies of the province as designated**
- **under the procedure of local authorities' supervision the LACA has to submit expert opinions about the financial management of municipalities and associations of local authorities on request of the provincial government**
- **right to comment the draft of the accounts**



## principles of auditing

- **legality and truth**
- **economy**
- **efficiency**
- **effectiveness**
  
- **observe international auditing standards**
- **follow the principles of the „Declarations of Lima and Mexico“**



## **initiative for an audit**

- **basically audits are carried out by the initiative of the court itself or**
- **order from the provincial parliament (PP), the audit committee of the PP or one third of the members of the PP (minority right)**
- **request of the provincial government for auditing local authorities**
- **legal duty (draft of the accounts)**



## **audit competences**

- **direct contact to auditees**
- **right of discovery**
- **access to all relevant information**
- **right to inspect files (also electronic)**
- **right to consult external experts**
- **....**



## **(audit) procedure**

- **audit notification**
- **audit work (meetings, study of documents, investigations, ...)**
- **draft audit report is discussed with the auditees**
- **comment of the auditees**
- **audit report to the audit committee of the provincial parliament + publication of report**
- **debate in the audit committee and then in the provincial parliament**



## structure and content of reports

- table of contents
- summary
- found facts
- target-performance comparison
- analysis of difference
- appraisal
- recommendation (advice for elimination of shortcomings, reduction of expenditures or raising of revenues)



## quality management

- **quality of work is based on best qualified and motivated employees, high-quality trainings and partnerships with other audit institutions, universities and experts**
- **financial and performance auditing is done in structured and fair audit procedures**
- **quality standards are laid down and developed further according to international standards considering special local needs**
- **manual for quality management**



## **purpose of audit and surroundings**

- **maximize benefit for the auditee**
- **increase effectiveness and acceptance of audits**
- **inform the provincial parliament**
- **inform the public**
- **combat fraud and corruption**
- **effort to achieve transparency**
- **post audits (no concurrent audit but as promptly as possible)**
- **audits have advisory elements**





## **implementation of recommendations**

- **court has no influence in the implementation by the auditees**
- **court is not allowed to interfere into administration**
- **provincial parliament requests the implementation**
- **court makes follow-up audits**
- **provincial parliament can reduce the budget for the administration**



## **perspectives**

- **audit of local authorities on own initiative**
- **extension in auditing undertakings**
- **increase of auditors**
- **special training and examination regulations**
- **right to speak in the parliament**
- **extend contact to other audit institutions**
- **certification by an independent institution**
- **principle of subsidiarity**



## external audit institutions

- **Regional Courts of Audit**
  - in the provinces (except Vienna)
  - have different legal basis
  - have several specific duties
  - know the special features
  - can react faster
  - auditors have been working for the administration
- **Austrian Court of Audit**
  - for the federation and the provinces
  - has experts for special topics
  - can make cross-section audits in the provinces
- **European Court of Auditors**



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**Lower Austrian Court of Audit**

**Danke für Ihre Aufmerksamkeit!**  
**Thank you for your attention!**