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Annual Report 2019

of the Austrian Court of Audit

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PRELIMINARY REMARKS

On 20 December 2019 the Austrian Court of Audit submitted its Annual Report 2019:
pursuant to Article 126d para. 1 Federal Constitutional Law to the
National Council (Federation 2019/49)

III–78 of the enclosures to the Stenographic Minutes of the National Council XXVII GP
pursuant to Article 127 para. 6 in conjunction

with Article 127 para. 8 Federal Constitutional Law to the
Burgenland Parliament (Burgenland 2019/5)

Carinthian Parliament (Carinthia 2019/6)

Lower Austrian Parliament (Lower Austria 2019/11)

Salzburg Parliament (Salzburg 2019/8)

Styrian Parliament (Styria 2019/7)

Tyrolese Parliament (Tyrol 2019/7)

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FOREWORD

This was a remarkable year for the Austrian Court of Audit (ACA). The political events put one of the special tasks of the ACA into the limelight of public interest: the examination of the accountability reports of political parties. The ACA has taken a clear stance in the discussion on increasing the transparency of funds used for the financing of political parties and election campaigns. And it put a plan for improvements on the table. However, the discussions in 2019 also showed the importance of strong public audit for a functioning democracy. Opinion polls have no practical relevance for the ACA's work. Nonetheless I would like to point out that almost two-thirds of the population is of the view that the ACA should look into the political party finances.

For me, this shows the following: the ACA is the recognized, objective audit authority in our state. It is a constitutionally established independent body. And in my capacity as President, I guarantee its independence. Everybody can count on this: the ACA makes the facts plain. Regardless of whether this suits somebody or not. The ACA presents suggestions for more transparency in Austria. It is constructively interested in improvements. I know: as a public audit institution, one does not win popularity contests. But the ACA is interested only in objective assessments.

At this point I would like to thank all those who lay the groundwork in our institution to ensure that the ACA occupies an important place in the state system: the auditors and the well-established, whole team at the ACA. Many spend weeks in working through documents and analysing comprehensive data. They attend to the financial situation of the state. They work on site and look directly into the provision of public-sector services. Others identify shortcomings, risks and undesirable developments, which cost taxpayers a lot of money. Money, which could be saved or used in a more sensible way. In many reports of the ACA, the benefit created for citizens and the prevention of corruption take centre stage. All auditors have one thing in common: they prepare their reports independently and free of influence. With their criticism, they contribute to a positive further development of Austria. The "central recommendations", which can be found in each report, are to serve as a call and as an inspiration for improvement.

The ACA perceives itself as an institution that strives to move the state – the Federation, the provinces and the municipalities as well as public companies and social insurance providers – forward. The challenges are big enough, as well as the demands placed in a well-functioning state. With its work, the ACA provides important incentives in this regard.

Margit Kraker
President of the Austrian Court of Audit
(ACA)



Priorities:

- *Quality of public-sector service provision*
- *Cost optimization*
- *Modern-day delivery of tasks*
- *Benefit for citizens*

1 PRIORITIES 2019

1.1 INCREASING THE BENEFIT FOR CITIZENS

Since 2018, in the framework of its three-year audit priority on the quality of public-sector service provision, cost optimization and a modern-day delivery of tasks, the ACA has been focusing its audits increasingly on the benefit for citizens. This is also in accordance with international audit standards on performance audits, which aim to create an added value and an improvement in the lives of citizens through auditing. With its audit activities, the ACA contributes to

- safeguarding and enhancing the citizens' quality of lives,
- increasing transparency as regards the use of budgetary funds, and
- promoting the participation of citizens in the planning, the delivery and the evaluation of public-sector services.

The benefit created for citizens is therefore also addressed in numerous reports published by the ACA in 2019.

- In its report on "The Roll-out of Intelligent Measuring Devices (Smart Metres)" (volumes Federation 2019/1, Lower Austria 2019/1 and Upper Austria 2019/1), the ACA pointed to deficiencies with regard to the preparation and organization. With the ordinance on the introduction of intelligent measuring devices (Intelligente Messgeräte-Einführungsverordnung) of April 2012, the Federal Ministry for Economic Affairs supported the quick and nationwide

roll-out as preferred by the Austrian regulator for electricity and natural gas markets E-Control. However, important issues related to calibration and data protection regulations as well as technical issues, which had been a concern already since 2009, had not been clarified. The Federal Ministry for Economic Affairs and E-Control failed to timely and proactively deal with the concerns of customers regarding possible detrimental effects on health caused by the operation of smart metres. They neither commissioned any studies nor did they make existing relevant study results available. The lack of sufficient and verifiable objective information was not helpful in building confidence among the customers and could potentially fuel discussions generally shaped by apprehensions and fears. The ACA's recommendation: relevant objective information on electromagnetic fields should be made available and also provided with available Austrian study results.

- In its report on "Inclusive Education: What Does Austria's School System Offer?" (volumes Federation 2019/4, Carinthia 2019/1, Tyrol 2019/1), the ACA highlighted that Austria had committed itself to an inclusive education system with the ratification of the United Nations Convention on the Rights of Persons with Disabilities. The ACA criticised that the Federal Ministry of Education only focused on general compulsory schools in its directive on the implementation of inclusive model regions, thereby failing to take vocational

schools and academic secondary schools on board. An inclusive strategy – comprising all educational levels – was therefore lacking. The ACA furthermore pointed out that general compulsory schools had many different competences and financing systems. Municipalities and municipal associations are also involved in their capacity as school providers. This includes barrier-free school buildings, teaching material designed to be accessible for disabled persons as well as care and assistance personnel. In general, the tuition of pupils with disabilities requires a higher degree of coordination of all involved bodies. According to the ACA's view, the fragmentation of responsibilities should not have adverse effects on pupils with disabilities. In order to establish an inclusive education system on all levels, the ACA recommended to the Federal Ministry of Education to devise an overarching education concept with the respective competent ministries.

- In the framework of its audit of "The Planning of Technical and Transport Security Infrastructure in Public Space in Vienna" (volumes Federation 2019/5, Vienna 2019/1) as a preventive protection against terrorist attacks, the ACA highlighted that, for the first time, the population as a whole had been defined as a special object of protection in the Police State Protection Act (Polizeiliches Staatsschutzgesetz) of 2016. In April 2017, the city of Vienna and the Vienna Provincial Police Directorate agreed on the establishment of a working group on the strategic planning of technical and transport security infrastructure in public space in Vienna and coordinated subsequently the basic approach and the concrete projects. In this context, the ACA

basically assessed the cooperation between the Vienna Provincial Police Directorate and the city of Vienna positively. It, however, deemed that the activities should not be limited to the protection against ramming attacks. In this regard, it pointed to the statement of the Vienna Provincial Police Directorate according to which it is indispensable that "all available measures be taken with joint efforts by the local administration and the Federation in order to preventively put a stop to terrorist elements".

- In its report on "Traffic Fines" (volumes Federation 2019/29, Lower Austria 2019/7, Upper Austria 2019/5), the ACA critically noted that the fines for identical offences varied widely in the provinces of Lower Austria and Upper Austria and deviated from the federal catalogue of traffic offences and penalties. Furthermore, the ACA criticised the limited transparency of the ordinances on anonymous penalty notices issued by the district authorities: on the one hand, the existence of such ordinances was largely unknown, and, on the other hand, their inspection was only possible to a limited extent and only temporarily. Consequently, the citizens had hardly any means to verify the adequateness of the fine. The ACA therefore recommended a legislative amendment in order to define nationwide uniform fines and penalties in the framework of abridged procedures and to lay down nationwide uniform provisions as to which offences incur anonymous penalty notices. Moreover, the publicity of the ordinances on anonymous penalty notices should be increased in order to facilitate their accessibility and to better verify the adequateness of fines.

- In the framework of its audit of the “Reform of the Military Service” (volume Federation 2019/6), the ACA also dealt with the impact of the reform of the military service. The ACA recommended, for example, to analyse the reasons for the declining satisfaction of those engaged in compulsory military service with the treatment by their superiors and senior officers and to remedy the causes via adequate measures – in particular in the framework of training and the day-to-day operations.
- The audit of the “Care for Mentally Ill People by Social Insurance Providers” (volume Federation 2019/8) showed that the expenditure incurred for invalidity pensions and rehabilitation allowance due to mental illnesses had risen by some 62% between 2007 and 2016, while the number of mental illness-related sick leave days of employed persons increased by some 94%. The consequences of mental illnesses incurred high expenditure compared to the treatment: the expenditure for invalidity pensions and rehabilitation allowance due to mental illnesses amounted to almost EUR 1 billion in 2016. This presented a substantial burden for social insurance, but – due to the low average payouts of some EUR 1,000 to EUR 1,100 per month for mental illness-related rehabilitation allowance or invalidity pension – also for the afflicted persons. The ACA therefore recommended to the Federal Ministry of Health to develop a cross-sector strategy on mental health together with the provinces. This strategy should be based on clear mechanisms of action, i.e. the question of which factors have what effects on which target group. Furthermore, both the treatment expenditure as well as the consequences of the illness should be taken into account. The ACA reiterated this recommendation in the framework of its audit on “Psychosocial Support Services in the Provinces of Salzburg and Styria” (volumes Federation 2019/9, Salzburg 2019/1, Styria 2019/2).
- In its report on the “Austrian National Library” (volume Federation 2019/40), the ACA positively noted that the library at the Heldenplatz has been open on all weekdays – hence also on Sundays – since 2011. The occupancy rate of the reading rooms was generally high and readers made use of the library’s resources in particular on Sundays. The ACA perceived this as an inspiring model for other libraries, e.g. for university libraries, as regards this service provided for citizens. In addition to the continuous reading-related services, the Austrian National Library was also tasked with making its collections accessible through expositions. In the period of 2013 to 2017, the number of visitors increased by 43%. The activities related to art outreach rose by 61%. Since, however, no quality-related assessment had been carried out among the citizens, the ACA recommended to undertake a visitor survey.
- In its report on “Diabetes Prevention and Care” (volume Federation 2019/43), the ACA pointed to qualitative problems with regard to the care provided for persons suffering from type 2 diabetes, to shortcomings concerning the prevention and to a poor management of data. Diabetes is a major challenge for the Austrian public healthcare system due to the increase in outbreaks, the health impairments and the financial consequences. In the period of 2013 to 2016 the number of persons

suffering from diabetes increased by about 10% from some 461,484 to some 506,690. Consequently, the ACA considered it necessary to establish valid and complete databases on diabetes. Furthermore, in the interest of the afflicted persons, regional and gender-related specificities should be analysed and taken into account for prevention and care. The

ACA critically noted that in 2017 only 13% of the persons suffering from type 2 diabetes in Austria had been enrolled in the disease management programme for diabetes “Active Therapy – Getting a Grip on Diabetes” (“Therapie aktiv – Diabetes im Griff”), of which only 9% had participated actively. Compared to international figures, this percentage was low.

1.2 AUDIT REQUESTS ADDRESSED TO THE ACA

As the Supreme Audit Institution of the state, the ACA is independent. This independence relates in particular to the selection of audit topics, the preparation of its audit programme and the publication of its audit reports. From 2010 to 2018, some 96.4% of all commenced audits were carried out on the ACA's own initiative.

Furthermore, the constitution provides for the right to subject specific fields of financial management to special audits. With regard to matters related to the Federation, the National Council or 20 members of the National Council are entitled to address an audit request to the ACA. As regards the provinces, the provincial parliaments or a specific number of members of a provincial parliament are entitled to this right. Furthermore, members of the Federal Government or a provincial government can address a substantiated audit request to the ACA. Municipalities with below 10,000 inhabitants have specific rights to submit audit requests related to the municipal finances. In order to ensure that the ACA's performance and its independent selection of audit topics are not impeded, the number of permissible audit requests by members of the National Council or the provincial parliaments is limited.

In 2019, the ACA received five requests to perform special audits, which represented a clear increase compared to the past years. From 2010 to 2018, 31 requests for special audits were addressed to the ACA. Eleven were carried out based on a request of at least 20 members of the National Council, whereas three were put forward by federal ministers.

Nine audit requests were submitted by provincial parliaments and eight requests came from provincial governments.

In 2019 the ACA received the following audit requests:

The National Council submitted three requests for an audit. On 29 January 2019, 20 members of the National Council addressed a minority request to the ACA pursuant to section 99 para. 2 of the Austrian National Council Rules of Procedure Act 1975 (Geschäftsordnungsgesetz 1975) for an audit of the secretaries general at the federal ministries with regard to the cost and staff structure. Simultaneously, another minority request was submitted to the ACA pursuant to section 99 para. 2 of the Austrian National Council Rules of Procedure Act 1975 with regard to the Burgtheater and the Bundestheater Holding GmbH.

In its session on 27 March 2019, the National Council decided to task the ACA, pursuant to section 99 para. 1 of the Austrian National Council Rules of Procedure Act 1975, with the audit of the "management of the Federal Ministry of Health in the period of 2009 to 2017 by federal ministers of the Social Democratic Party of Austria (SPÖ)". Such decisions are not limited in quantity.

A substantiated audit request on the awarding of contracts by ASFINAG (Austrian motorway and expressway corporation) was addressed to the ACA by the federal minister of transport of the government of experts put in place in early June 2019. Subsequently, the National Council also dealt with contract

awards in construction and civil engineering and requested the federal minister, via a resolution, to have the compliance with the public procurement rules audited by the Federal Attorney's Office. The resolution of the National Council and the audit request addressed to the ACA concerned largely congruent issues. The federal minister therefore informed the president of the National Council that he would immediately provide information on the reports and findings of the ACA.

34 members of the Vienna City Council asked for an "audit of the social and non-profit housing of the municipality of Vienna".

This large number of special – and often very comprehensive – audits of course affects the ongoing, initial audit plan of the ACA. Nonetheless the ACA strives to meet the audit requests of the parliaments and the governments as promptly as possible. To this end, other audits have to be postponed to ensure the availability of the necessary resources.

In 2019, the ACA published five reports based on special audits:

- "Burgenländische Krankenanstalten-Gesellschaft m.b.H. (KRAGES)" (volume Burgenland 2019/1, published on 8 March 2019)

With regard to the dismissal of the manager of KRAGES (Burgenland hospital association) in April 2017, the provincial government of Burgenland addressed an audit request to the ACA and the provincial parliament demanded the Burgenland Court of Audit to perform an audit. Since the topics of the audit request and the audit demand were essentially identical,

the two audit institutions carried out a joint audit to avoid duplications.

The dismissal of the manager was based exclusively on external reports. No documentation was available as to whether the province had considered alternative possibilities of termination. In the framework of the dismissal of the manager, eight contractors charged fees totalling EUR 526,410 by the end of June 2018. This included services amounting to EUR 253,030 that had not been commissioned by KRAGES.

- "Administrative Penalty Proceedings in the City of Linz" (volume Upper Austria 2019/4, published on 29 March 2019)

This audit was requested against the backdrop of the so-called Linz files scandal around the delay and the end of the limitation period of administrative penalty proceedings. In its audit request, the provincial parliament of Upper Austria addressed ten questions to the ACA. The audited period spanned the years from 2010 through 2017. The city of Linz is responsible for administrative penalties imposed pursuant to some 360 special administrative laws. This includes in particular also administrative penalty proceedings based on complaints filed by the financial police. Neither the mayor nor high-ranking officers responded to warnings concerning numerous cases in which the limitation period of administrative penalty proceedings had ended. The administration of the city of Linz was not able to prosecute administrative offences and to impose penalties as stipulated by the law. Due to its lack of action, the city of Linz failed to collect EUR 382,374 in penalties in the period of 2010 to 2017. The files scandal itself proved costly also for

another reason: EUR 377,00 had to be borne for legal assistance provided to the city of Linz and its employees.

- “International Exchange of Information in Fiscal Matters” (volume Federation 2019/33, published on 23 August 2019)

The audit was carried out based on a minority request of 20 members of the National Council pursuant to section 99 para. 2 of the Austrian National Council Rules of Procedure Act 1975. The request contained 16 questions addressed to the ACA. The audit was carried out at the Federal Ministry of Finance, the Tax Investigation Unit, which also comprises the Central Liaison Office, the Audit Unit for Large Traders, the Predictive Analytics Competence Center and at twelve tax offices in Austria. In line with the request, the audited period spanned the years from 2009 through 2017. Although the Federal Ministry of Finance attaches great importance to the international exchange of information in fiscal matters, the authorities are confronted with many obstacles. Numerous different legal bases render the enforcement of the relevant laws complicated. The reluctance to cooperate shown by other financial authorities, so-called stalling strategies, the pursuit of national self-interests and the related long

duration of proceedings stood in the way of a successful EU wide cooperation.

- “Purchase of Province-guaranteed Bonds by the Carinthian Compensation Payment Fund” (volume Carinthia 2019/4, published on 28 November 2019)

Based on an audit request submitted by members of the Carinthian provincial parliament to the Court of Audit of Carinthia and the ACA, both audit institutions carried out an audit of the agreement on the purchase of province-guaranteed bonds by the Carinthian Compensation Payment Fund (Kärntner Ausgleichszahlungs-Fonds). The risks of the province of Carinthia and the Kärntner Landesholding with regard to HYPO ALPE–ADRIA–BANK INTERNATIONAL AG (as from October 2014 HETA) resulted primarily from the assumption of liability for the bank’s liabilities. As of 1 March 2015, the province of Carinthia was liable for about 70%, i.e. some EUR 11.247 billion, of the overall liabilities of HETA, which amounted to some EUR 16.166 billion. Since, according to their own statements, the economic performance of the Landesholding and the province of Carinthia did not allow for the complete settlement of contingent liabilities at their due date, the province of Carinthia ran the risk of being facing insolvency.

In order to carry out the purchase of province-guaranteed bonds, the province of Carinthia established the Carinthian Compensation Payment Fund. The necessary financial means had to be provided by the province of Carinthia, the Landesholding and the Federation. On 12 October 2016, the majority of the creditors of the Carinthian Compensation Payment Fund

accepted the offer regarding the purchase of province-guaranteed bonds amounting to some EUR 10.672 billion.

The offer price was based, on the one hand, on the possible economic contribution by the province of Carinthia of EUR 1.200 billion and, on the other hand, on the expected returns from the wind-down of HETA. In order to increase the offer's probability of acceptance, the Federation furthermore provided a bonus for accepting creditors as an additional consideration for the assignment of province-guaranteed bonds, which resulted in the final offer price. Already immediately after the offer had been made in September 2016, the credit rating of the province of Carinthia was gradually raised again. From April 2018 on, the province of Carinthia was on the fourth highest of 19 levels with "Aa3"; by mid-2015 it had been downgraded to level "B3", thus to a "poor credit rating".

- "Hospital of Oberwart – Planning, Refurbishment and Construction" (volume Burgenland 2019/3, published on 29 November 2019)

The audit was performed based on a request of 15 members of the provincial parliament of Burgenland. The members of the provincial parliament determined that the audited period should span the years from 2004 through 2016. The costs for maintenance were audited by the ACA for the period of 2004 to 2017. They

accounted for some EUR 28.22 million, of which more than half was used for medical appliances, instruments and equipment. The question regarding a general refurbishment or a new construction was left unclear for a long time, hence also the remaining useful life of the building. Consequently, the planning of the maintenance was clearly rendered difficult.

The discussion regarding the project "new construction of the hospital of Oberwart", which was led from mid-2013 to mid-2015 and concerned the transfer of the builder-owner function from the Burgenländische Krankenanstalten–Gesellschaft m.b.H. (hospital association of Burgenland) to the Beteiligungs– und Liegenschafts GmbH sparked uncertainty regarding competence and decision-making structures among the parties involved. The dissolution of the construction advisory board in end-2014 and uncertainties regarding the responsibilities in the tendering of the general planner were direct consequences. This made it more difficult for the association to fulfil its function as builder-owner and prevented the establishment of a consistent, clearly structured project organisation. The costs of the project "new construction of the hospital of Oberwart" regarding the decision-making and planning process and staff amounted to some EUR 8.54 million from February 2014 to April 2018. In March 2018, the project management estimated the costs at EUR 202.51 million. This equalled a difference of some EUR 38.44 million compared with the agreed cost framework of the provincial government of Burgenland.

1.3 POLITICAL PARTIES ACT AND AUDIT BY THE ACA

One of its special tasks has taken up a considerable amount of the ACA's time in 2019 and led to numerous discussions and headlines: the financing of political parties.

The ACA's call for a reform of the Political Parties Act, which it had issued again and again, gained new topicality at the latest when possibilities for circumventing the obligation to report party donations to the ACA were explicitly addressed in the so-called Ibiza video. The ACA had highlighted already in 2015 that its role is largely limited to the receipt, formal examination and publication of the information contained in the accountability reports, therefore not comprising any genuine control rights. Consequently, a significant objective of the Political Parties Act 2012, namely to establish full transparency with regard to the financing of parties and their control, was not achieved. Also in its Annual Report 2018, the ACA called for genuine audit rights.

The "Ibiza video" sparked off an intense debate over the financing of political parties and the closing of gaps in the Political Parties Act in May 2019. Furthermore, the president of the ACA presented a "five-point programme for genuine control over the funding of political parties and election campaign expenses". The five points are the following:

1. Full audit rights for the ACA
2. Requirements for associations and committees
3. Individual report on election campaign expenses and election campaign financing
4. Sanctions by the ACA
5. Political party funding via the Parliament

In July 2019, the National Council adopted an amendment to the Political Parties Act. The central points concerned the prohibition of large donations and the tightening of fines in the event that the upper limit for election campaign expenses is exceeded. The amendment did not provide for a more in-depth audit by the ACA. Clarifications, for example with regard to the involvement of associations, were still lacking.

However, the administrative tasks of the ACA were expanded. An immediate obligation to report donations over EUR 2,500 and their immediate publication by name on the ACA's website have been introduced.

Furthermore, the amendment also provided for the disclosure of the revenue and expenditure of personal committees in the period of 1 January 2017 to 1 July 2019 to the ACA by 1 January 2020.

In order to increase the transparency of party financing, the ACA still calls for genuine audit rights, the concrete definition of the permitted designated use of public funding of political parties, the detailed disclosure of such funding in the accountability reports, the obligatory documentation of the – clearly defined – election campaign expenses, an obligatory list of affiliated organizations and their evaluation with regard to their de facto affiliation to the party as well as prohibitions for advertisements and sponsoring analogous to the provisions regarding party donations.

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WHAT MUST BE DONE NOW

AUDITING THE FUNDING OF POLITICAL PARTIES

- Full audit rights for the Austrian Court of Audit
- Requirements for associations and committees
- Individual report on election campaign expenses and election campaign financing
- Sanctions by the Austrian Court of Audit
- Political party funding via the Parliament

PUBLICATION OF THE ACCOUNTABILITY REPORTS 2017

Based on the provisions of the Political Parties Act, the ACA also carried out the stipulated formal examination of the twelve accountability reports that had been submitted by the political parties – including all parties represented in the National Council – in 2019.

This formal examination contains, among others, checks with regard to possible inadmissible donations and the verification of the correctness of the list of equity interests. Furthermore, the ACA asked the parties for comments if the accountability reports raised

questions or in the case of indications – such as publicly available information – that information in the accountability report might be incomplete or incorrect.

The ACA had to address such requests for comments to eleven parties. In addition to numerous specific matters, the ACA, in the light of the “Ibiza video”, also asked the political parties explicitly whether donations or other services had been reported by associations or other organizations. The ACA published the examined accountability reports on its website.

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ACCOUNTABILITY REPORTS OF POLITICAL PARTIES 2017

- *Publication of the Reports of ÖVP, SPÖ, NEOS, Liste Pilz and the Greens.*
- *The FPÖ submitted its statement immediately prior to today's publication. Missing signatures will have to be submitted. The FPÖ's accountability report will therefore be published at a later time.*

You can find further information at:
www.rechnungshof.gv.at

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ACCOUNTABILITY REPORT 2017 OF THE FPÖ

- *Review is now completed. Report was published.*
- *Notifications to the Independent Political Parties Transparency Panel regarding election campaign expenses, party associations and the Facebook page.*

You can find further information at:
www.rechnungshof.gv.at

Due to existing and assumed violations of the Political Parties Act, the ACA submitted notifications to the Independent Political Parties Transparency Panel. The Austrian People's Party (ÖVP), the Social Democratic Party of Austria (SPÖ) and the Freedom Party of Austria (FPÖ) exceeded the upper limit for election campaign expenses.

Further notifications on the ÖVP concerned two inadmissible donations, the late reporting of three donations made by associations, the late reporting of a donation by the AAB–FCG–Arbeiterkammerfraktion Tirol, the possible use of a funding granted to the province of Tyrol for the election campaign of a candidate, the non-reporting of revenue of EUR 3,500 generated from certain advertisements and a non-market-compatible low rent of a plot of

land at Lake Mondsee in Upper Austria by the Junge ÖVP (Young Austrian People's Party) of Upper Austria, which the ACA considered as an impermissible donation. The first above-mentioned donations to the ÖVP concern donations by two mountain railway companies in which the public sector held 83% and 52% respectively. As stipulated by the Political Parties Act, the ÖVP transferred the two impermissible donations totalling EUR 10,000 to the ACA to an account established for this purpose at the ACA. The ACA has the duty to transfer this money to institutions serving "charitable or scientific purposes" at the beginning of 2020.

Further notifications with regard to the SPÖ concerned the non-reporting of donations and election campaign expenses of the pensioners' association and the Fraktion Sozialdemokratischer GewerkschafterInnen (Social Democratic Trade Unionists, FSG) and a non-market-compatible low rent of a plot of land at Lake Attersee in Upper Austria by the association "Sozialdemokratische Partei Österreichs – Sozialistische Jugend" ("Social Democratic Party of Austria – Socialist Youth"), which the ACA considered as an impermissible donation.

Further notifications with regard to the FPÖ concerned possible donations and services provided by associations for the election campaign, a possibly impermissible donation by the parliamentary group of the FPÖ via the bearing of costs for the Facebook page "HC Strache", the non-reporting of revenue generated from advertisements in the magazine "Neue Freie Zeitung" and a possible inadmissible donation in the context of the payment of two FPÖ employees by the party's political academy.

The decisions of the Independent Political Parties Transparency Panel were still pending by early December 2019.

As a consequence of the experiences made in 2019, the ACA also took organizational measures. The matters related to "political parties and elections" had fallen within the sphere of responsibility of the department "Legal Matters". In the light of the increasing importance of political party financing, the ACA established a specific department "Political Parties and Elections" on 1 November 2019. Its tasks comprise matters related to the Political Parties Act (Parteiengesetz), the Parliamentary Groups Financing Act (Klubfinanzierungsgesetz), the Act on the Election of the Federal President (Bundespräsidentenwahlgesetz), the Transparency in Media Cooperation and Funding Act (Medienkooperations- und -förderungs-Transparenzgesetz) as well as the audit of the financial management of the competent local authorities and other legal entities.

AUDIT OF THE POLITICAL PARTIES' ACADEMIES

In 2019, the ACA also published its reports on the audit of "Party Academies" (volume Federation 2019/30). Therein, the ACA revealed structural weaknesses also in the area of journalism subsidies for party academies with regard to the transparency in the use of funds. For example, there was no reporting obligation for parties that were no longer represented in the National Council. Furthermore, the ACA highlighted the lack of regulations as to what should be done with unused funds granted to academies of parties that were no longer represented in the National Council – these funds totalled some EUR 1.73 million at the time of the audit.

1.4 AUDITING PUBLIC COMPANIES

In the context of the events regarding the Casinos Austria AG, in which the Federation holds 33.24%, there has been renewed public support for an extension of the ACA's audit remit to include companies with less than 50% public ownership.

The ACA seized the opportunity presented by this public discussion in order to recall that it had submitted a concrete proposal for a corresponding amendment of the Federal Constitutional Law as early as in 2004 (in the framework of the Austria Convention), for which a consensus had been reached also in the Board of the Austria Convention with regard to public limited companies. A clear definition of the ACA's audit remit regarding companies in which the Federation, the provinces or the municipalities hold at least 25% could close the existing control gap, which arises in particular from the unclear regulation on de facto control.

The lacking clarity with regard to de facto public-sector control is markedly shown in the ruling of the Constitutional Court KR 1/2018 on the Flughafen Wien AG (Vienna Airport). With this ruling, the Constitutional Court decided that the Vienna Airport had ceased to fall within the ACA's audit remit as of 1 June 2017, since from then on the Vienna Airport had not been under "de facto" public-sector control. This was decided despite the fact that the provinces of Vienna and Lower Austria have held an unchanged joint share of 40% in the Vienna Airport. The 2009 amendment of the Federal Constitutional Law on the occasion of the obstruction of the "Skylink" project by the Vienna Airport was explicitly effected due to the "Skylink"-related events; the constitutional legislator intended to render an audit by the

ACA in the case of a de facto public-sector control possible, thereby extending the ACA's audit remit instead of limiting it.

It is therefore evident that the current legal situation is highly ambiguous, raises massive doubts on "de facto control" and results, in particular, in lengthy and complex procedures to assess whether the ACA is entitled to carry out an audit. Therefore, the ACA is at any rate of the view that the audit remit must be clearly and unambiguously defined in the Federal Constitutional Law and must in no case be subject to arbitrary disposition. Only in this way is it possible to ensure timely audits and to create the necessary transparency.

This is why the ACA has repeatedly and continuously highlighted to the National Council its long-standing call for the mandate to audit companies in which the public sector holds a share of 25% or more, most recently in a letter of the ACA's president to the presidents of the National Council and to all parliamentary groups in November 2019.

Both the advantages for the audited companies as well as the substantially higher added value for the public shareholders are compelling reasons for extending the ACA's audit remit to companies in which the public sector holds 25% or more:

- The 25 per cent threshold would create a clear definition of the ACA's audit remit and render the difficult evidence of a de facto control, which can often be provided only through syndicate agreements – which are difficult to access by the ACA – superfluous. This would eliminate the risk

of cost-intensive and lengthy procedures before the Constitutional Court.

- With its performance audits, the ACA creates added value particularly for the audited company through the provision of information and advice, which surpasses the usual audit of the annual financial statements by accountants.
- As regards its audits, the ACA is obliged to protect commercial and business confidentiality, which was specified by a series of rulings by the Constitutional Court. This refutes the argument of a possible competitive disadvantage for such companies.
- Even under the current legal situation – namely in the case of a majority shareholding by the public sector or actual control WITHOUT such a majority shareholding – no provision under company law is in conflict with an audit by the ACA. This remains unchanged also in the case of minority shares held by the public sector. This results particularly from the fact that the constitutional status quo already recognises the ACA's audit competence WITHOUT a majority share held by the public sector (e.g. in the case of de facto public-sector control as a result of the articles of association, as for example at Media Quarter Marx GmbH). The ACA is entitled to audit public companies regardless of their legal form.
- As regards companies in which the public sector holds a share – such as in the energy industry or in the case of other utilities – a stake of slightly above 25% is considered as sufficient to protect public interests. This threshold must therefore all the more apply to the ACA's audits to ensure the most economic and effective use of public funds and to safeguard parliamentary control and transparency.
- The provision of the necessary information to Parliament can only be ensured through the audit competence of the ACA: already with regard to majority-owned companies (e.g. Austrian Public Railways) federal ministers regularly pointed to the fact that the management responsibility rests with the executive board or, as regards control-related matters, with the supervisory board, which is why parliamentary enquiries could not be answered. Therefore, in the case of companies in which the public sector holds a share, only the ACA's audit function can ensure that the Parliament is informed accordingly. Numerous audit requests (related to e.g. the Austrian Public Railways, ASFINAG, Burgtheater) attest to the interest in parliamentary control as regards public companies.
- In four provinces (Styria, Carinthia, Salzburg and Burgenland), the public share of 25% in companies determines whether the respective provincial audit institution is entitled to carry out an audit. These provincial audit institutions are therefore already able to perform an audit in provincial companies, whereas the ACA is denied this right.

- The ACA's audits furthermore create considerable added value for public shareholders, because they can contribute to the professionalization of participation management.
- Eventually, the ACA's audit competence also contributes to the implementation of the United Nations Convention against Corruption, which calls for the promotion of regulations that strengthen the transparency of the administration of public funds. The ACA's audit competence also strengthens Austria as a business location since the preventive effect of the ACA's audits motivates companies to refrain from unfair business practices.
- As a final argument it should be noted that, from a historical point of view, all companies in which the Federation – to whatever extent – held a share or for which the Federation was liable for profits or losses were subject to the ACA's audits until the amendment of the Constitutional Law in 1977. It was only in 1977 that the 50 per cent threshold was introduced.

In view of the number and gravity of these arguments in favour of extending the audit remit of the ACA to companies in which the public sector holds a share of 25% and more, the ACA reiterated its call to consider these arguments in the current debate on the ACA's audit remit and to finally take up the proposals that were put on the table in 2004.

The competence to audit public companies also concerns non-profit building associations. Most recently, the ACA recalled in the framework of its audit on "Supervision of Non-profit Building Associations" in the provinces of Salzburg, Tyrol and Vienna (i.a. volume Federation 2019/31) that of the overall 76 non-profit building associations in these provinces only eight fell into the audit remit of the ACA. Of the 185 non-profit building associations in Austria (cut-off date 31 December 2017, statistics of the Austrian Federation of Limited-profit Housing Associations – Auditing Association of 2017), only 25 or some 13.5% fell within the audit remit of the ACA. Owing to their services of public interest, non-profit building associations are exempted from corporation tax and receive housing subsidies and public-sector properties at favourable conditions. The audit of the economic, effective and efficient use of public funds and subsidies contributes to increasing parliamentary control and to strengthening transparency – also for the tenants.

1.5 COOPERATION BETWEEN AUDIT INSTITUTIONS

2019 saw a milestone as concerns the cooperation between the ACA, the provincial audit institutions and the City of Vienna Court of Audit: the “Vorarlberg Agreement” (Vorarlberger Vereinbarung).

The last cooperation agreement was more than 15 years old and several of its points did no longer correspond to the practice of cooperation. In autumn 2018, the president of the ACA and the directors of the provincial control institutions decided therefore to prepare a new agreement. In the framework of the 20th anniversary celebrations of the Court of Audit of Vorarlberg in May 2019, the president and the directors signed the new document on cooperation, the “Vorarlberg Agreement”.

The preamble states the following: “The external audit institutions in Austria agree that they wish to carry out the important task of auditing ‘shoulder to shoulder’ and on an equal footing.” The provincial audit institutions and the City of Vienna Court of Audit enjoy geographical proximity to the audited institutions and have in-depth knowledge of the regional specificities. As regards the audit of the provinces’ financial management, the ACA has the advantage that it can carry out cross-cutting audits across several provinces and all levels of state.



Vorarlberger Vereinbarung
Kooperation der österreichischen Einrichtungen
der externen Finanzkontrolle

Margit Kraker
Rechnungshof Österreich

Ludwig F. Hilli
Salzburger Landesrechnungshof

Andreas Mihalits
Burgenländischer Landes-Rechnungshof

Günter Bauer
Rechnungshof

In the spirit of efficient auditing, the audit institutions perform their activities within an audit network. They commit themselves to coordinating their audit activities and they agree on cooperating and to providing mutual support.

Every year in November, the audit institutions hold a conference, which is also attended by the Austrian member of the European Court of Auditors. The coordination of the audit plans is aimed at preventing a duplication of efforts and pooling the audit resources in an optimal manner. In the framework of the conference of audit institutions held on 12 November 2019, the ACA and the provincial audit institutions also concluded that the implementation of the Sustainable Development Goals (SDGs) should not only be a concern of Supreme Audit Institutions, but also a matter of importance for the regional audit institutions. In the end, the topics raised by the SDGs are relevant for all levels of state.



Signing of the Vorarlberg Agreement
in Bregenz in May 2019

One of the cooperation's priorities is the joint training and further education of auditors. The joint basic training has been in place since autumn 2017. The ACA and the provincial audit institutions jointly devised this three-semester certificate programme "Public Auditing" in cooperation with the Vienna University of Economics and Business. The third certificate programme started in September 2019 with participants of the ACA, the provincial audit institutions and other audit entities. The aim of this joint basic training is to ensure that the auditors can perform their activities to the same high standards.

The regular exchange of knowledge between the ACA and the provincial audit institutions takes place in the framework of working groups and communities of practice. The community of practice “Health Care and Social Affairs” held its recent meeting in Vienna in October 2019, the working group “Municipalities” also met in Vienna in December 2019. The purpose of such meetings is the exchange of experiences and the sharing of information on completed, current and planned audits and facts and assessments related thereto. The ACA’s annual expert meeting of building and construction auditors is also regularly attended by representatives of the provincial audit institutions. The ACA in turn participates in the meetings of the municipal audit bodies and the conference of the directors of the provincial audit institutions, recently in July 2019.



1.6 AUDITING THE IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS

The ACA attaches great importance to making a significant contribution to the implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs) – namely both on the national as well as on the international level in its capacity as the General Secretariat of the International Organization of Supreme Audit Institutions (INTOSAI).

In September 2015, the heads of state and government of the United Nations Member States adopted the 2030 Agenda for Sustainable Development comprising 17 SDGs, which are specified by 169 targets. The SDG Summit held in New York in September 2019 assessed the progress achieved in the implementation of the 2030 Agenda. It highlighted the topicality and the importance of this comprehensive global development agenda, which targets all Member States of the United Nations.



In the first stage of implementation of the 2030 Agenda, the audits focused on assessing to what extent the national governments were prepared for the implementation of the 2030 Agenda. Based on this, the ACA carried out an audit of the institutional implementation of the SDGs in Austria as early as in the years 2017/2018. The ACA published the report “The United Nations Sustainable Development Goals, Implementation of the 2030 Agenda in Austria” in July 2018 (volume Federation

2018/34). The audit was carried out at the entities primarily responsible for the coordination of the implementation, namely the Federal Chancellery and the Federal Ministry for Europe, Integration and Foreign Affairs. Furthermore, two ministries were selected as examples: the Federal Ministry of Agriculture, Forestry, Environment and Water Management and the Federal Ministry for Transport, Innovation and Technology.

In order to assess the effectiveness of the recommendations issued in this report, the ACA carried out a follow-up survey on the degree of implementation of its recommendations in 2019. In the framework of this procedure, the audited entities were queried on the state of implementation of all recommendations. The survey showed that the Federal Chancellery and the Federal Ministry for Europe, Integration and Foreign Affairs had, for example, already implemented the recommendation to increase the awareness of the 2030 Agenda.

Furthermore, the responsible stakeholders also promised to implement the recommendations concerning a stocktaking and a gap analysis, a systematic coordination across all levels of government, a systematic involvement of the civil society as well as the continuous reporting on the implementation. The recommendations with regard to the preparation of a sustainability strategy or the mandatory consideration of the SDGs in the outcome targets remained unaddressed.

As regards the next phase of implementation of the 2030 Agenda, the Supreme Audit Institutions – hence also the ACA – set out to carry out audits with regard to the implementation of specific SDG targets.

In addition to specific audits on this topic, the ACA also contributes to the implementation of the SDGs through its ongoing audit activities.

The following table presents examples of the ACA's audit reports published in 2019 that concern measures taken to implement specific SDGs:

| SDG | Sustainable Development Goal (SDG) | ACA report | Volume |
|-----|--|--|-------------------------|
| 2 | End hunger, achieve food security and improved nutrition and promote sustainable agriculture | Diabetes Prevention and Care | Federation 2019/43 |
| 3 | Ensure healthy lives and promote well-being for all at all ages | Care for Mentally Ill People by Social Insurance Providers | Federation 2019/8 |
| 4 | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | Inclusive Education: What Does Austria's School System Offer? | i.a. Federation 2019/4 |
| 6 | Ensure availability and sustainable management of water and sanitation for all | The Greening of Waterways, Second Rehabilitation Period | i.a. Federation 2019/19 |
| 7 | Ensure access to affordable, reliable, sustainable and modern energy for all | The Roll-out of Intelligent Measuring Devices (Smart Metres) | i.a. Federation 2019/1 |
| 8 | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all | Access to Commercial and Industrial Professions | Federation 2019/37 |
| 9 | Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation | Construction of the S10 Mühlviertel Motorway | Federation 2019/27 |
| 11 | Make cities and human settlements inclusive, safe, resilient and sustainable | Municipality of Bad Ischl | Upper Austria 2019/6 |
| 15 | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss | Post-project Analyses Pursuant to the Federal Act on Environmental Impact Assessment with Regard to Federal Highways | i.a. Federation 2019/13 |
| 16 | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels | Criminal Asset Recovery | Federation 2019/7 |
| 17 | Strengthen the means of implementation and revitalize the global partnership for sustainable development | International Exchange of Information in Fiscal Matters | Federation 2019/33 |

In the framework of INCOSAI, the congress of INTOSAI held in Moscow in September 2019, the SDGs also fed into the outcome document.

The Declaration of Moscow encourages Supreme Audit Institutions "to contribute to more effective, transparent and informative accountability for outcomes, keeping in mind the complexity of government efforts needed to support the achievement of national priorities and the SDGs". The Supreme Audit Institutions should "develop a strategic approach to public auditing in order to support the achievement of national priorities and the SDGs".

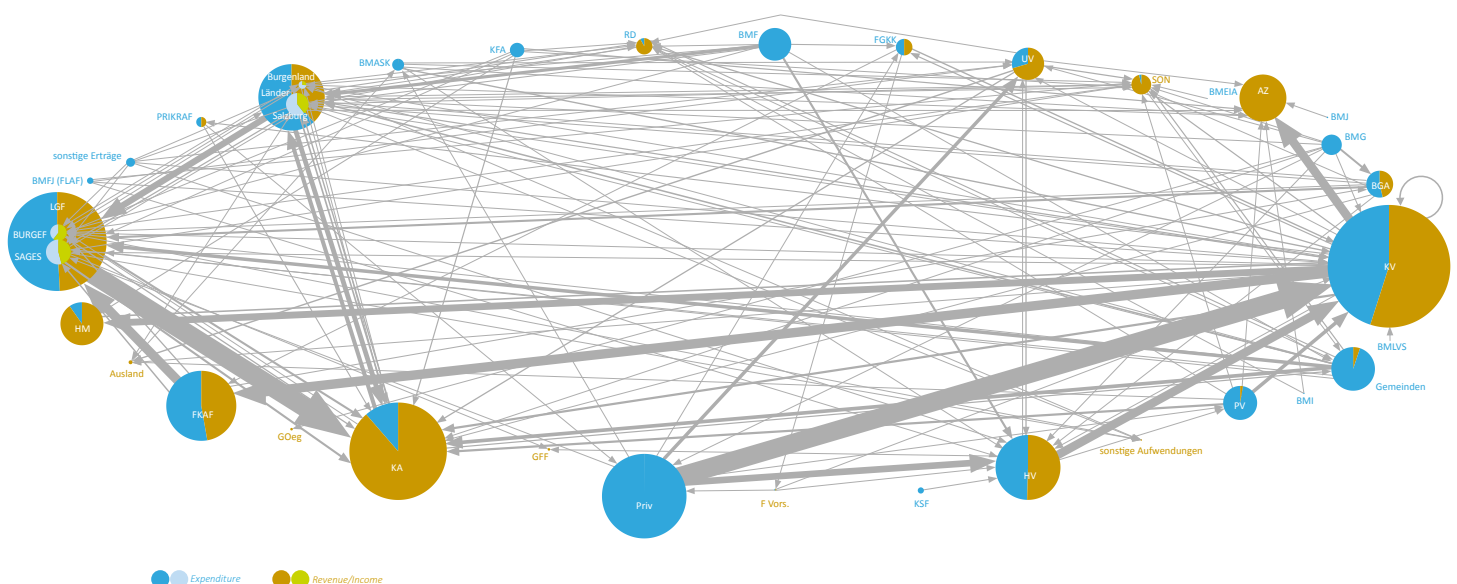
1.7 THE ACA'S NEW APPROACHES WITH REGARD TO DATA ANALYSIS AND BIG DATA

In 2013, the ACA set up the internal working group “Data Analysis”. Its tasks are the establishment and further development of the use of data analysis, big data and artificial intelligence in audits, the targeted further development of the related know-how of the ACA’s members and the international exchange with other Supreme Audit Institutions on such matters.

Since 2016 the ACA has published 24 reports on audits that involved complex methods of data analysis, comprising, among others, four reports on pension systems that featured comprehensive comparative calculations.

On the one hand, the use of network graphs helps the ACA's auditors to better comprehend the facts at hand, and, on the other hand, serves to convey complex matters more easily. This kind of presentation was used in the analysis of "Financial Flows in Health Care" (volume Federation 2017/10). The manifold ramifications of financial flows across several institutions and entities as well as the convoluted financial architecture in health care are depicted graphically.

Financial flows in health care / overall view



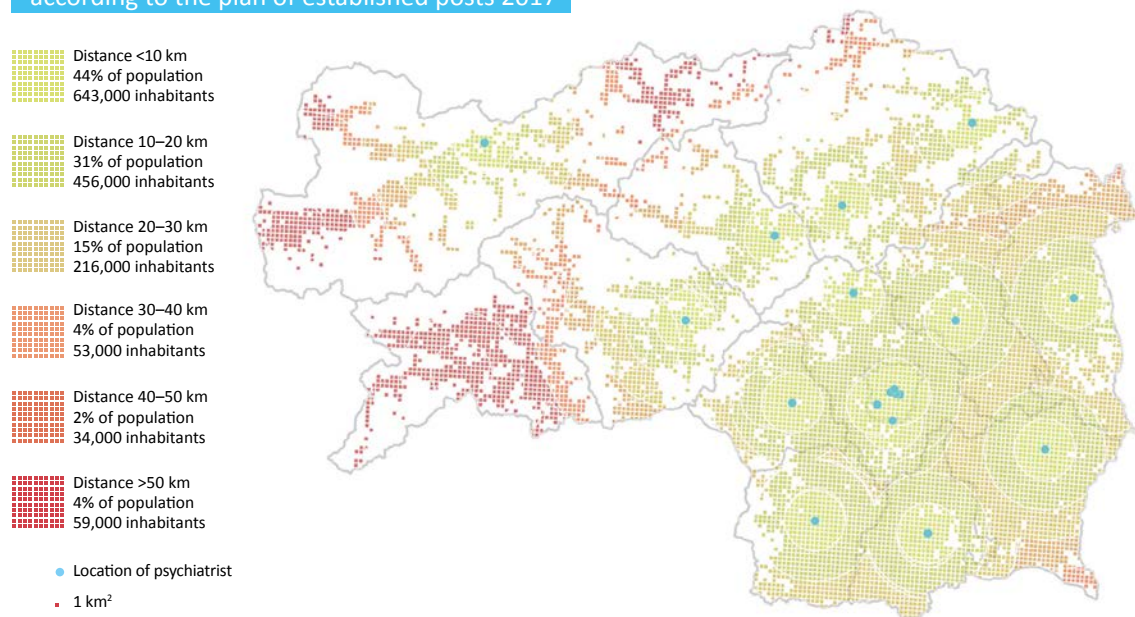
Based on the data provided by Statistics Austria, the ACA developed a monitoring system that gives a detailed overview of the financial situation of the Austrian municipalities and that is updated regularly.

As regards the biennial income survey, a model has been developed that allows for the quality-assured, traceable and automated performance of the comprehensive calculations needed for the preparation of the report.

In its audits, the ACA makes increased use of a geoinformation system as an additional audit method. With the spatial data, facts can be analysed, assessed and presented in clear graphics in the reports.

By using such a spatial information system, the ACA was able to visualize the impact of the establishment plan with regard to psychiatric posts in comparison with the actual situation. This comparison shows which areas are well supplied with psychiatric posts, but also which areas are poorly supplied (see “Care for Mentally Ill People by Social Insurance Providers”, volume Federation 2019/8).

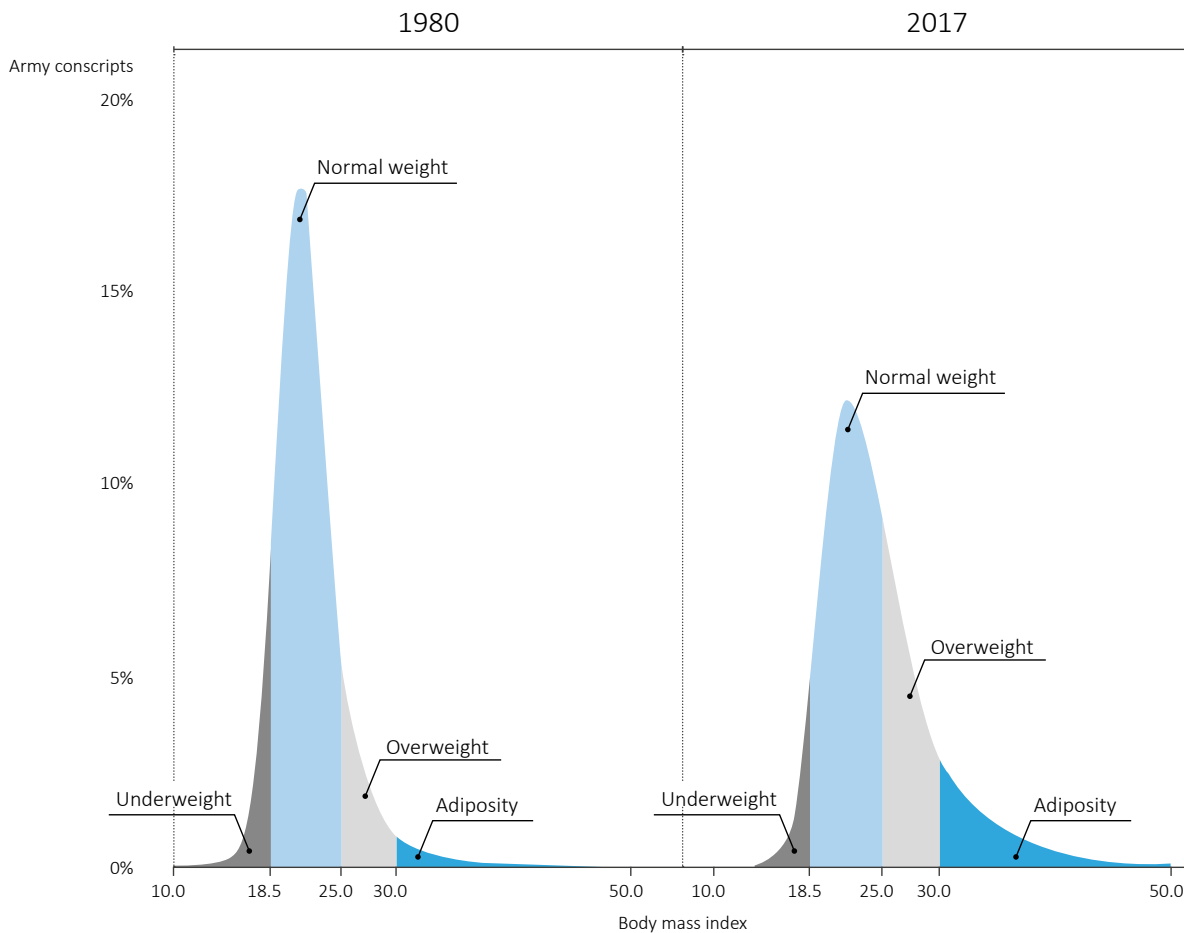
Distance between inhabitants
and the nearest psychiatric post;
according to the plan of established posts 2017



Sources: Province of Styria, Eurostat, Federal Office of Metrology and Surveying (data);
graph: ACA's spatial information system

The use of distribution graphs in combination with time points makes it possible to observe changes. With this method, the ACA analysed over time the body mass index of army conscripts and depicted a significant shift from normal weight to overweight in its report on “Diabetes Prevention and Care” (volume Federation 2019/43).

For 2020, the ACA intends to add, on its website, interactive web graphics to some of its reports in order to present complex facts in an easy-to-grasp manner.



TRAINING COURSES ON DATA ANALYTICS, BIG DATA AND ARTIFICIAL INTELLIGENCE

Since 2018, all members of the ACA have had the opportunity to engage in an online training through which they can acquire in-depth know-how in the area of data analytics.

INTERNATIONAL EXCHANGE WITH OTHER AUDIT INSTITUTIONS

Since 2016 the ACA has been a member of the INTOSAI Working Group on Big Data and plays a leading role in the development of standards and the exchange of best practices with regard to methods and tools.

The ACA also engaged in the 2019 workshop of the INTOSAI Development Initiative on “SAIs and Data Analytics”. This workshop covered topics ranging from the development of know-how in the field of data analytics through to the final product of analysis.

In the framework of the INCOSAI in Moscow, one of the main themes revolved around the challenges posed to audit institutions by big data and new information technologies. The Declaration of Moscow comprises, among others, the recommendation that audit institutions should also address the following themes in their audit activities:

- safeguarding the rights and interests of individuals and protecting public interests in the use of information and communication technologies by auditees,
- availability and openness of data, source codes and algorithms in public administration,
- joint use of data by public institutions, and
- improved decision-making processes and a better targeting of public-sector services through data analysis.

1.8 PREVENTION OF CORRUPTION REMAINS HIGH ON THE AGENDA

Corruption-related issues play a role in about one quarter of the ACA's audits. The prevention of corruption remains therefore high on the agenda for external auditing.

Since the establishment of the ACA department "Anti-Corruption, Compliance, Risk Management" in March 2018, the ACA has firmly continued to pursue its path regarding the prevention of corruption. Within the ACA, a risk analysis was carried out in 2019 in the framework of the ACA's compliance management system and coping strategies were developed for the risks identified. In addition to the creation of a central point of contact for advice on compliance-related matters, regular newsletters inform the members of the ACA on relevant topics.

Externally, the ACA strengthened its preventive impact on the one hand through priority audits of topics that require a high level of transparency owing to the sensitivity of the matter or due to an increased risk of corruption. In 2018, the ACA audited the "Register for Lobbying and Interest Representation" (volume Federation 2019/45), which is operated by the Federal Ministry of Constitutional Affairs, Reforms, Deregulation and Justice. The lobby register fails to provide an overall overview and the data published therein largely lack informational value. The ACA recommended to the federal ministry to evaluate the legal bases and to prepare a draft bill. The federal ministry should take a more proactive role in line with international recommendations and consistently report violations of the Lobbying and Interest Representation Transparency Act (Lobbying- und Interessenvertretungstransparenz-Gesetz).



On the other hand, the ACA compares organizational units in the framework of its cross-cutting audits, assessing their actions taken to prevent corruption. Based on the Guideline for Auditing Corruption Prevention Systems (volume Positions 3/2016), the ACA continued the cross-cutting audit, which had been completed on the federal level in 2016, on the municipal level in 2019. The guideline, which has been received very positively by the national and international expert community, is – together with the Guideline on Auditing Internal Control Systems – currently under revision and will be republished in early 2020.

INTERNATIONAL ACTIVITIES

The ACA also contributes its expertise on corruption prevention on the international level:

- In the framework of the second cycle of the Implementation Review Mechanism for the Review of Implementation of the United Nations Convention against Corruption (UNCAC) in Austria, the ACA made a significant contribution and underlined its role as an independent anti-corruption institution in line with the provisions laid down in the United Nations Convention.
- As member of the “INTOSAI Working Group on the Fight against Corruption and Money Laundering”, the ACA provides impetus with regard to the elaboration of international standards for the auditing of the prevention of corruption in public procurement.
- Furthermore, the ACA is a member of the “EUROSAI Task Force on Audit and Ethics”. This Task Force supports audit institutions in the building of capacities to strengthen ethical basic values in their own organizations. It also provides a platform for the exchange of experiences with regard to audits related to ethical matters and integrity.
- In order to promote the development of international standards related to internal control and to improve the cooperation with internal audit institutions, the ACA also participates in the “INTOSAI Subcommittee on Internal Control Standards”.
- In its capacity as the General Secretariat of INTOSAI, the ACA also played a substantial role in the preparation of a Memorandum of Understanding between the United Nations Office on Drugs and Crime (UNODC) and INTOSAI. The Memorandum was signed in Vienna on 30 July 2019.



***We make the facts plain** through a variety of channels*

#mitunskönnenSierechnen #youcancountonus

The ACA informs the public

via its website, Twitter, Facebook and Instagram.

TWITTER AND PRESS RELEASES

Christian Neuwirth, spokesperson of the ACA, communicates directly with journalists and interested followers on Twitter, where he provides information about the ACA's reports. Now and again, he also publishes statements by the president. Press releases and graphs on selected reports complement the ACA's service for journalists.

#Tip

Follow **@RHSprecher** on Twitter.



INSTAGRAM AND FACEBOOK

In the social networks Instagram and Facebook, the ACA informs about its reports, the activities of the president, and also on the joint university training of the Austrian audit institutions. As regards its public relations activities, the ACA aims at presenting complex topics concisely and in a pleasing graphic display. For this purpose, it makes use of all multimedia tools: the ACA provides graphs, charts, GIFs and also videos for the public. By disseminating relevant information on social networks, the ACA also takes into account the media habits of younger citizens.

#Tip

Visit us on Instagram
@rechnungshofat and take a look
at our annual review 2019.



TRANSPARENCY

The ACA attaches great importance to transparency. Since the amendment of the Political Parties Act in July 2019, the ACA has been obliged to publish donations to political parties exceeding EUR 2,500. In order to provide a good overview to the public, the amounts of donations are also displayed graphically.

#Tip

Check the daily updated information on **rechnungshof.gv.at/Parteispenden** and see which donations were reported to the ACA.



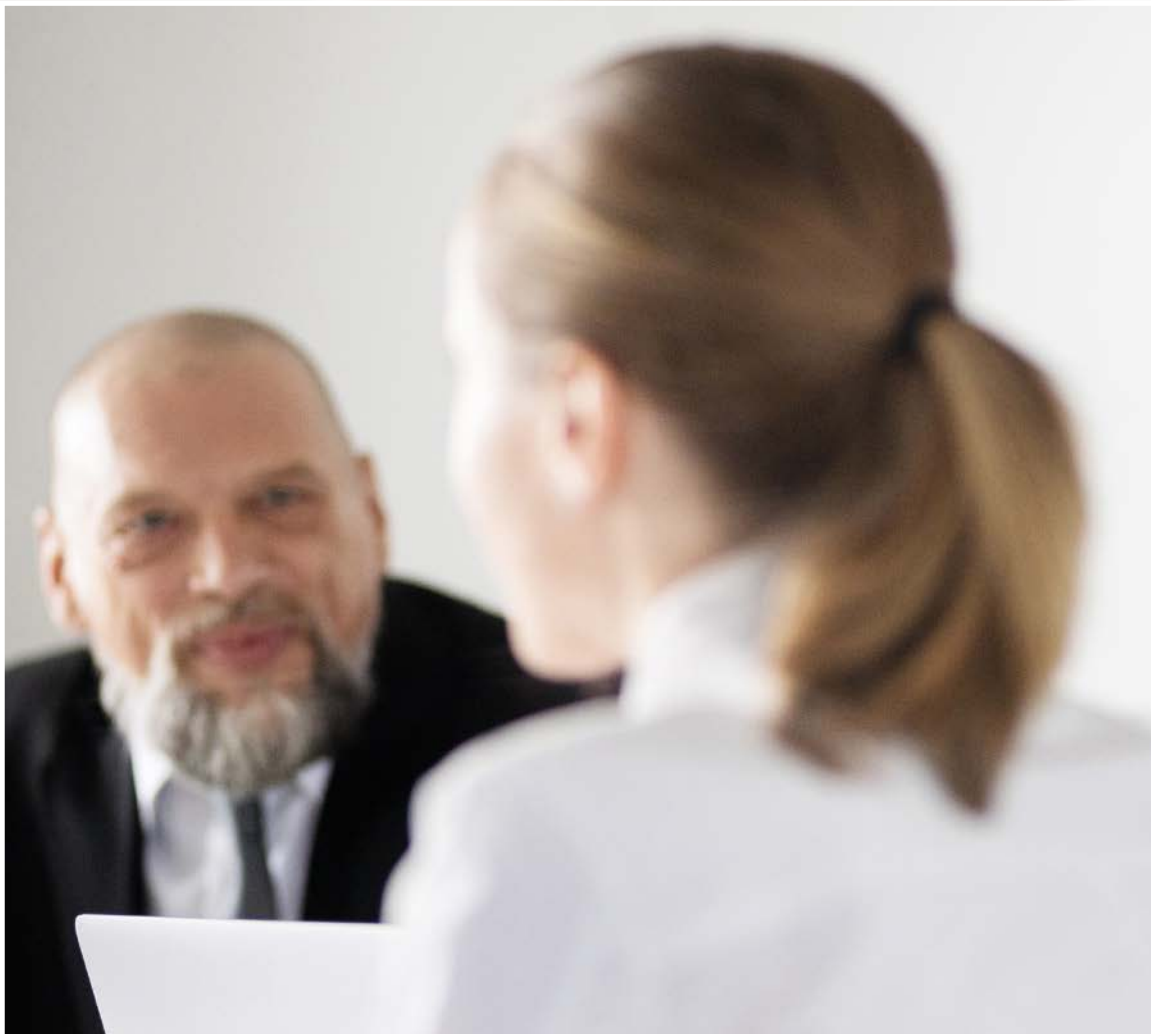
WEBSITE

In early 2019, the ACA's newly designed website went online. Its centrepiece is an integrated search engine, which allows the users to search for publications via freely selected keywords. By using the filter function, the ACA's reports can be searched by various audit topics, by the scope of competence (Federation, province, municipality) but also by the year of publication. The website also features the following products: expert opinions on draft legislation, the Report on the Federal Financial Statements, the Income Report, the accountability reports of political parties, the salary pyramid, a list of all legal entities that are subject to the ACA's audits as well as an explanatory video on the tasks of the ACA. Thanks to responsive design and a clear layout, the website works on all mobile devices.

#Tip

Visit **rechnungshof.gv.at**
and check the latest news on the ACA
in the section "News".





Be it on the federal level

*or in the provinces, all public entities fall into
the audit remit of the ACA.*

*Furthermore, it audits municipalities
with more than 10,000 inhabitants.*

*The ACA's audits therefore encompass
the "entire state economy".*

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2 AUDITING, REPORTING, ADVISING

2.1 AUDITING

Auditing is the ACA's core business. Each year, a detailed audit plan is prepared in the framework of a structured process.

The audit plan 2019 comprised 87 audits, including 21 cross-cutting audits and 19 follow-up audits. 69 audits were related to the audit priority "Quality of public-sector service provision: benefit for citizens, cost optimization and a modern-day delivery of tasks".

The audit-planning process for 2020 started in summer 2020. The three-year audit priority "Quality of public-sector service provision: benefit for citizens, cost optimization and a modern-day delivery of tasks" will also be applicable for 2020. Similarly to the previous years, citizens could again submit audit suggestions to the ACA.

Of the suggestions and indications submitted by the citizens to the ACA, nine have fed into the audit programme for 2020.



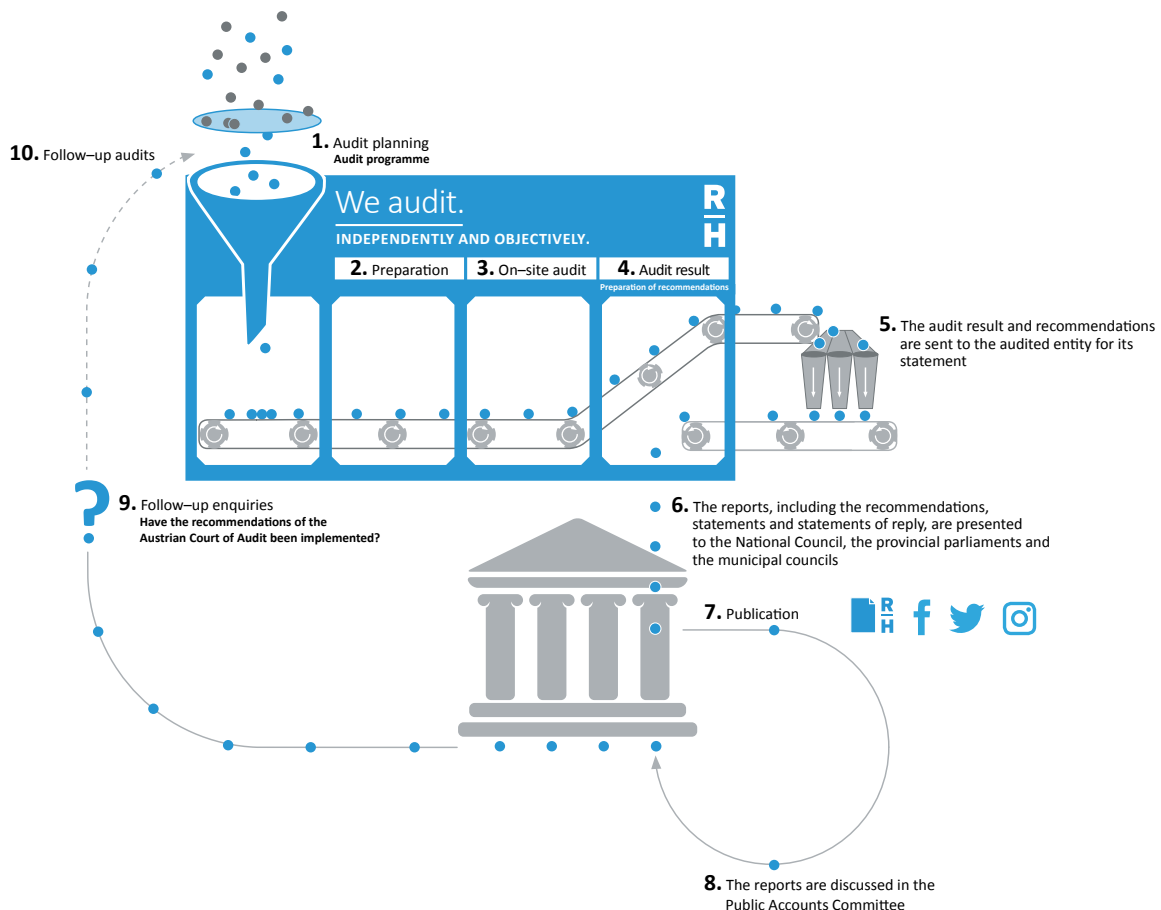
AUDIT PROCESS

Be it on the federal level or in the provinces, all public entities are subject to the ACA's audits. Furthermore, the ACA can audit all municipal associations and larger municipalities with 10,000 inhabitants and more. Therefore, the "entire state economy" falls within the ACA's audit remit. Currently, this comprises about 6,000 entities.

In addition to legal compliance, the ACA's audit criteria are economy, efficiency and effectiveness. The ACA is in direct contact with the audited entities. Against the backdrop of the digitalization of public administration, this also refers to the direct access and use of electronic files and data.



The Audit Process of the Austrian Court of Audit



As depicted in the graph above, each audit starts with the audit planning. When selecting its audit topics, the ACA focuses in particular on risk potentials, levels of expenditure, changes of key figures, current events, special public interest and the preventive effect.

Based on the project agreements, the auditors prepare themselves comprehensively for the audit. Then the so-called in-situ inspection takes place: the auditors collect documents, analyse them and have conversations with representatives of the audited entity. Based on their findings, they draft the audit

report, which contains a depiction and evaluation of the relevant facts as well as recommendations for improvements. The ACA sends the audit result – often called “draft report” in the media – to the audited entity for a statement. As soon as the ACA receives the auditee’s comments, it prepares, if need be, a statement of reply – i.e. “comments on the comments”. Both viewpoints are contained in the report, which is submitted to the general representative bodies and published simultaneously.

2.2 REPORTING

In 2019, the ACA published 70 reports:

| Title | Date of publication | Volume |
|--|---------------------|--|
| The Roll-out of Intelligent Measuring Devices (Smart Metres) | 11 Jan 2019 | Federation 2019/1 Lower Austria 2019/1 Upper Austria 2019/1 |
| Municipality of Perchtoldsdorf | 11 Jan 2019 | Lower Austria 2019/2 |
| Internal Audit and Control Assembly at the Social Insurance Providers for Businesses and for Railways and Mining | 25 Jan 2019 | Federation 2019/2 |
| COMET Centres ACIB GmbH and Linz Center of Mechatronics GmbH | 25 Jan 2019 | Federation 2019/3 Styria 2019/1 Upper Austria 2019/2 |
| Inclusive Education: What Does Austria's School System Offer? | 01 Feb 2019 | Federation 2019/4 Carinthia 2019/1 Tyrol 2019/1 |
| The Planning of Technical and Transport Security Infrastructure in Public Space in Vienna | 15 Feb 2019 | Federation 2019/5 Vienna 2019/1 |
| Reform of the Military Service | 22 Feb 2019 | Federation 2019/6 |
| Criminal Asset Recovery | 22 Feb 2019 | Federation 2019/7 |
| Care for Mentally Ill People by Social Insurance Providers | 01 Mar 2019 | Federation 2019/8 |
| Psychosocial Support Services in the Provinces of Salzburg and Styria | 01 Mar 2019 | Federation 2019/9 Salzburg 2019/1 Styria 2019/2 |
| ARE Austrian Real Estate GmbH (Group) | 01 Mar 2019 | Federation 2019/10 |
| Burgenländische Krankenanstalten-Gesellschaft m.b.H. (KRAGES) | 08 Mar 2019 | Burgenland 2019/1 |
| Medium-term Budgeting of the Provinces of Lower Austria and Upper Austria and the City of Vienna | 08 Mar 2019 | Federation 2019/11 Lower Austria 2019/3 Upper Austria 2019/3 Vienna 2019/2 |
| Education of Children and Adolescents with Refugee Experience | 15 Mar 2019 | Federation 2019/12 Vienna 2019/3 |
| Post-project Analyses Pursuant to the Federal Act on Environmental Impact Assessment with Regard to Federal Highways | 15 Mar 2019 | Federation 2019/13 Lower Austria 2019/4 Vienna 2019/4 |
| Administrative Penalty Proceedings in the City of Linz | 29 Mar 2019 | Upper Austria 2019/4 |
| Federal Sports Promotion Scheme | 12 Apr 2019 | Federation 2019/14 |
| KELAG Energie & Wärme GmbH; Follow-up Audit | 26 Apr 2019 | Federation 2019/15 Carinthia 2019/2 |
| Graz-Köflacher Bahn und Busbetrieb GmbH; Follow-up Audit | 26 Apr 2019 | Federation 2019/16 |
| Frontrunner Funding; Follow-up Audit | 26 Apr 2019 | Federation 2019/17 |
| Selected Foundations at the Austrian Academy of Sciences; Follow-up Audit | 26 Apr 2019 | Federation 2019/18 |
| The Greening of Waterways, Second Rehabilitation Period | 03 May 2019 | Federation 2019/19 Lower Austria 2019/5 Salzburg 2019/2 Styria 2019/3 Tyrol 2019/2 |
| Outside Employments of University Professors | 10 May 2019 | Federation 2019/20 |

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|---|---------------------|--|
| Bundesschullandheim Radstadt | 10 May 2019 | Federation 2019/21 |
| University Councils; Follow-up Audit | 24 May 2019 | Federation 2019/22 |
| Financial Flows between Local Authorities with the Focus on Funding Allocations in the Provinces of Lower Austria and Styria; Follow-up Audit | 24 May 2019 | Federation 2019/23 Lower Austria 2019/6 Styria 2019/4 |
| Procurement Processes of Construction Works in Bruck an der Mur (Styria); Follow-up Audit | 24 May 2019 | Styria 2019/5 |
| Financial Management Instruments for Health Insurance Institutions; Follow-up Audit | 07 Jun 2019 | Federation 2019/24 |
| The Execution of Custody Pending Deportation with a Special Focus on the Detention Centre Vordernberg; Follow-up Audit | 07 Jun 2019 | Federation 2019/25 |
| Land Use at the New Danube, the Danube Island and the Danube Canal; Follow-up Audit | 07 Jun 2019 | Federation 2019/26 Vienna 2019/5 |
| Media Quarter Marx; Follow-up Audit | 07 Jun 2019 | Vienna 2019/6 |
| Construction of the S10 Mühlviertel Motorway | 14 Jun 2019 | Federation 2019/27 |
| The System of Competition Authorities Outside the Financial Market | 14 Jun 2019 | Federation 2019/28 |
| Verein Wiener Kinder- und Jugendbetreuung (Vienna Child and Youth Care Association) | 14 Jun 2019 | Vienna 2019/7 |
| Report on the Federal Financial Statements (FFS) for 2018 | 28 Jun 2019 | FFS 2018 |
| Traffic Fines | 05 Jul 2019 | Federation 2019/29 Lower Austria 2019/7 Upper Austria 2019/5 |
| Party Academies | 18 Jul 2019 | Federation 2019/30 |
| Supervision of Non-profit Building Associations | 26 Jul 2019 | Federation 2019/31 Salzburg 2019/3 Tyrol 2019/3 Vienna 2019/8 |
| Risk-capital Participations of the Province of Burgenland as Exemplified by the BRB Fund | 26 Jul 2019 | Burgenland 2019/2 |
| Pension Rights of Employees of Economic Chambers | 22 Aug 2019 | Chamber 2019/1 |
| European Social Fund: Subsidies for Schools and in the Area of Adult Education | 23 Aug 2019 | Federation 2019/32 |
| International Exchange of Information in Fiscal Matters | 23 Aug 2019 | Federation 2019/33 |
| Municipal Association "Gemeindeverband Seniorenheim Altenmarkt" | 23 Aug 2019 | Salzburg 2019/4 |
| University College for Agrarian and Environmental Pedagogy; Follow-up Audit | 13 Sep 2019 | Federation 2019/34 |
| Burgtheater GmbH; Follow-up Audit | 13 Sep 2019 | Federation 2019/35 |
| Fire Safety at the Vienna Hofburg Palace – Follow-up Audit | 13 Sep 2019 | Federation 2019/36 |
| WIENER LINIEN GmbH & Co KG; Procurement of Buses and Internal Control System – Follow-up Audit | 13 Sep 2019 | Vienna 2019/9 |
| Access to Commercial and Industrial Professions | 04 Oct 2019 | Federation 2019/37 |
| Smart Minerals GmbH | 04 Oct 2019 | Federation 2019/38 |
| Post Office Building at the Rochusplatz in Vienna | 11 Oct 2019 | Federation 2019/39 |
| Austrian National Library | 11 Oct 2019 | Federation 2019/40 |
| Research and Science Communication | 11 Oct 2019 | Federation 2019/41 |
| AustriaTech – Mobility Technologies and Innovations | 18 Oct 2019 | Federation 2019/42 |
| Diabetes Prevention and Care | 18 Oct 2019 | Federation 2019/43 |
| Parking Deck Shares and Parking Space Management in the City of Waidhofen an der Ybbs | 25 Oct 2019 | Lower Austria 2019/8 |

| Title | Date of publication | Volume |
|---|---------------------|---|
| Municipality of Bad Ischl | 25 Oct 2019 | Upper Austria 2019/6 |
| Selected Large-scale Events in Vienna | 25 Oct 2019 | Vienna 2019/10 |
| Procurement of Medicines in Selected Hospitals in Salzburg and Tyrol | 08 Nov 2019 | Federation 2019/44 Salzburg 2019/5 Tyrol 2019/4 |
| Register for Lobbying and Interest Representation | 15 Nov 2019 | Federation 2019/45 |
| Financial Flows Between Provinces and Municipalities as Exemplified by Ansfelden in Upper Austria and Feldkirchen in Carinthia | 15 Nov 2019 | Carinthia 2019/3 Upper Austria 2019/7 |
| Municipality of Traiskirchen; Follow-up Audit | 22 Nov 2019 | Lower Austria 2019/9 |
| Purchase of Province-guaranteed Bonds by the Carinthian Compensation Payment Fund | 28 Nov 2019 | Carinthia 2019/4 |
| Disaster Relief; Follow-up Audit | 29 Nov 2019 | Salzburg 2019/6 |
| Hospital of Oberwart – Planning, Refurbishment and Construction | 29 Nov 2019 | Burgenland 2019/3 |
| Internal Control System in the Debt and Investment Management of the Province of Tyrol | 29 Nov 2019 | Tyrol 2019/5 |
| Federal Office for Immigration and Asylum | 29 Nov 2019 | Federation 2019/46 |
| Financial Target Control System in Health Care | 06 Dec 2019 | Federation 2019/47 Burgenland 2019/4 Carinthia 2019/5 Lower Austria 2019/10 Salzburg 2019/7 Styria 2019/6 Tyrol 2019/6 Upper Austria 2019/8 Vienna 2019/11 Vorarlberg 2019/1 |
| Average Income and Additional Benefits for Pensions at Federal Public-sector Companies and Institutions 2017 and 2018 (Income Survey) | 06 Dec 2019 | Federation 2019/48 |
| Average Income and Additional Benefits for Pensions in Public Companies and Federal Institutions 2017 and 2018 (Income Survey) | 13 Dec 2019 | Income Survey 2019/1 |
| Annual Report 2019 of the Austrian Court of Audit | 20 Dec 2019 | Federation 2019/49 Burgenland 2019/5 Carinthia 2019/6 Lower Austria 2019/11 Salzburg 2019/8 Styria 2019/7 Tyrol 2019/7 Upper Austria 2019/9 Vienna 2019/12 Vorarlberg 2019/2 |

All ACA reports are published on its website at www.rechnungshof.gv.at and are therefore available to the public; the access has been barrier-free since January 2017. This means that the PDF-files can now also be retrieved by blind people and people with visual impairments with the help of a speech reproduction programme.

Since November 2017, the ACA has submitted all of its reports to the National Council, the provincial parliaments and the municipal councils electronically and no longer in printed form. In April 2019, the layout of the reports was redesigned. The central recommendations are, for example, separately highlighted and displayed at the end of the report's executive summary.

2.3 PROVIDING ADVICE

After their submission and publication, reports are discussed within the respective representative body. Prior to and in the context of the parliamentary discussion of the reports, the ACA also provides explanatory information to the members of the National Council or the provincial parliaments.

NATIONAL COUNCIL

In 2019, the ACA presented 49 reports, the Report on the Federal Financial Statements 2018 and the Income Survey to the National Council.

President Kraker attended five meetings held by the Public Accounts Committee. She furthermore participated in one meeting of the parliamentary budget committee concerning the Report on the Federal Financial Statements 2018 and in four plenary meetings of the National Council. The Public Accounts Committee discussed 25 reports, the General Income Report 2018 and the Annual Report 2018.

At the close of the 26th legislative term of the National Council on 22 October 2019, 58 ACA reports from 2018 and 2019 were unaddressed; they remain to be dealt with by the Public Accounts Committee of the newly elected National Council. From the beginning of the 27th legislative term to the turn of the year, the ACA submitted six additional reports and the Income Survey to the National Council.

The ACA is also subject to the right of interpellation. This means that members of the National Council may address written questions concerning budget management, staffing and organizational matters to the ACA. In 2019 the members of the National Council addressed two enquiries to the ACA president. The parliamentary enquiry from 5 April 2019 concerned the conclusion of special contracts and the enquiry from 31 October 2019 the publication of ACA reports on statutory professional representations.



President Kraker with Irmgard Griss,
Chair of the Public Accounts Committee
in the 26th legislative term.

Pursuant to section 4 para. 1 (1) of the Act on the Renovation of the Parliament Building (Parlamentsgebäudesanierungsgesetz), the ACA president is an advisory member of the builder-owner committee of the National Council, the leading control body for the renovation works of the Parliament building. The members of the executive bureau of Parliament – the three members of the bureau of the National Council and the heads of the parliamentary groups – and the ACA president are represented in the committee. The latter, however, explicitly abstains from voting. Her role is to contribute the ACA's expert know-how acquired through construction project audits.

In 2019, the builder-owner committee held meetings in March and November. In July 2019, the Parliament Administration furthermore informed the members of the builder-owner committee via the quarterly report 2/2019 of the Bundesimmobiliengesellschaft (federal real estate company) on the state of renovation of the Parliament building.

In April 2019, after consulting the executive bureau of Parliament, the president of the National Council sent a written request to the ACA to conduct a further audit of the renovation project of the Parliament building from 2020 on.

Hitherto, two reports have been submitted by the ACA on this project: "Restoration of the Parliament Building – Planning Project" (volume Federation 2012/11) and "Restoration of the Parliament Building – Detailed Preliminary Draft" (volume Federation 2017/6).

In early April 2019, the Parlamentsgebäudegesellschaft (contractor responsible for carrying out the renovation works) was dissolved. All of its rights and duties were taken over by the Parliament Administration.

PROVINCIAL PARLIAMENTS

In 2019, the ACA submitted 35 reports to the provincial parliaments. At provincial parliament level as well, the ACA would wish for a timely discussion of its reports and for being invited to attend the deliberations of its reports. The ACA's relations with the individual provincial parliaments are governed differently by the provincial constitutions and the standing orders of the provincial parliaments. Some provincial parliaments address ACA reports at great detail and regularly invite the auditors to attend the deliberations. In Carinthia and Vorarlberg, the ACA was not invited to all deliberations of its reports in 2019.

ACA staff members took part in 32 parliamentary committee meetings of the provincial parliaments and the Vienna Municipal Council. In addition, President Kraker attended a meeting of the Vienna Municipal Council on 19 December 2019, where she has a right to take the floor.

The technical opportunity of attending committee meetings by way of videoconferencing is being seized by an increasing number of provincial parliaments, now also by the provincial parliaments of Lower Austria and Salzburg. ACA staff members joined the meetings of the provincial parliaments' oversight committees 17 times from Vienna.



There is one specificity as regards the financial supervisory committee of the provincial parliament of Salzburg. While the National Council and the provincial parliaments don't usually hold public committee deliberations, the provincial parliament of Salzburg provides a live stream of the discussions held in its committee meetings on its website. The videoconference between the ACA in Vienna and the financial supervisory committee in the provincial parliament of Salzburg on 19 June 2019 was therefore broadcast live. The recording of the meeting is also available in the archive of the provincial parliament's website.

MUNICIPAL COUNCILS

In 2019 the ACA submitted a total of eight reports to municipal councils and the assemblies of municipal associations. Compared to the National Council and the provincial parliaments, the ACA's cooperation with the municipal councils can be expanded. The ACA is striving to step up cooperation and, when submitting reports at the municipal level, points out that the auditors are available to give information when the reports are being dealt with by the municipal council. In 2019, such an invitation occurred at least once: in the control committee of the municipal council of the provincial capital of Linz, the ACA auditors presented their report "Administrative Penalty Proceedings in the City of Linz" (volume Upper Austria 2019/4) and were available for questions posed by the committee members.

*The ACA's impact
is demonstrated especially through
the implementation of its recommendations.*

3 THE ACA'S RECOMMENDATIONS FACILITATE ITS IMPACT

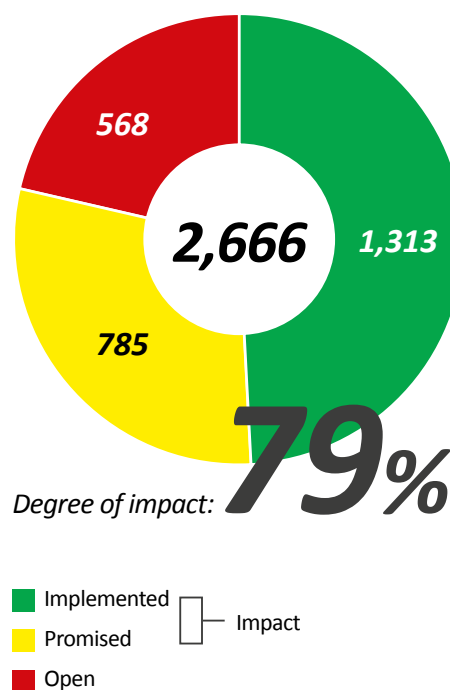
The effectiveness of the ACA depends in particular on the implementation of its recommendations. In order to determine – but also to enhance – its impact, the ACA uses an outcome assessment process consisting of two phases. In the first phase the ACA queries the auditees about all of the recommendations it had issued in the course of the previous year and their degree of implementation. The result of this enquiry, which involves no audit activities by the ACA, is therefore based on the information provided by the auditees. During the second phase the ACA checks the implementation of selected recommendations in the framework of “follow-up audits” on site.

In the framework of its outcome-oriented controlling, the ACA sets a target it wants to reach for each of the two phases of the outcome assessment process. As regards its enquiry on the degree of implementation of its recommendations, it aims for a share of 75% with regard to the implemented and promised recommendations. In the case of the follow-up audits, the target is at 85%. The latter target is higher and reflects the expectation of the ACA that the auditees will have been able to implement a larger part of its recommendations in the course of two to three years.

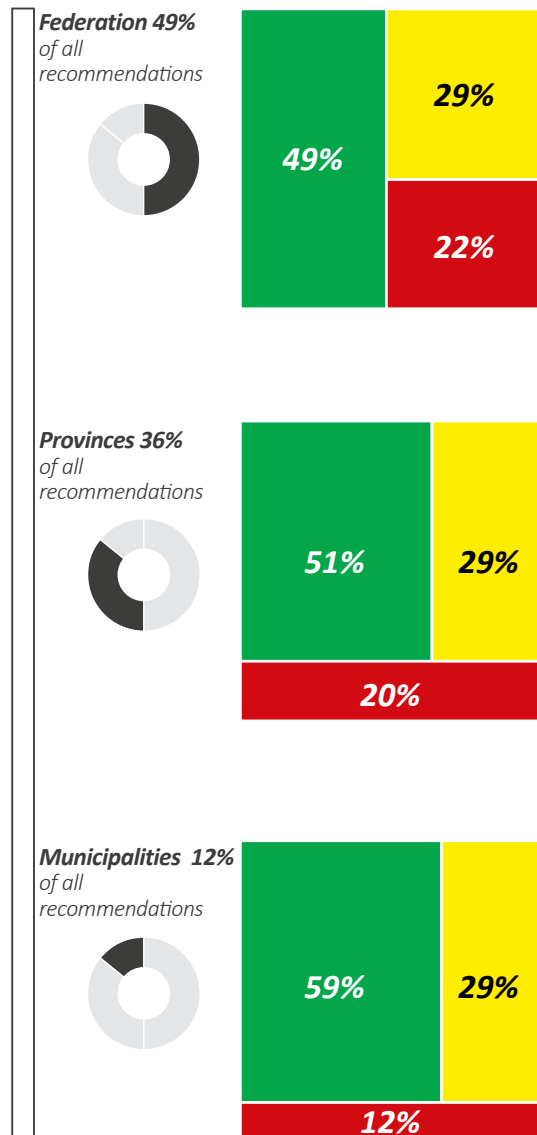
3.1 ENQUIRY ON THE DEGREE OF IMPLEMENTATION OF THE RECOMMENDATIONS ISSUED IN 2018

In 2019 the ACA queried 125 auditees about the degree of implementation of the recommendations issued in 91 reports dating from the year 2018 and assessed 2,666 recommendations. The enquiry for 2018 provided the following result:

Recommendations 2018



Broken down by territorial entities,
the results are as follows:



Rounding differences may occur;
chambers are not included

The detailed results have been published
in the report “Follow-up Enquiries in 2019”
and are available on the ACA’s website at
www.rechnungshof.gv.at

Since 2018, the ACA has separately high-
lighted the central recommendations in its
reports. Compared to the overall analysis, an
analysis of the central recommendations
results in a similar degree of implementation,
namely in an impact of 77%.

This purely quantitative evaluation showcases
a major impact. However, some of the ACA’s
significant recommendations also remained
unheeded.



In order to render the result of the enquiry more informative, the following section contains, for the first time, qualitative evaluations of the achievements and unrealized potential for action, in particular with regard to the ACA's central recommendations.

As mentioned, the following analyses are based on the information provided by the audited entities. In selecting the audit topics for a qualitative evaluation, the ACA focused in particular on the budgetary impact and the benefit for citizens.

EDUCATION

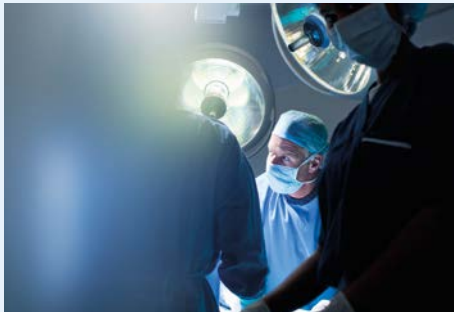


Austria's educational expenditure is among the highest in the OECD countries. As shown by numerous studies, the school system in Austria is characterised by comparatively high expenditure and average to below-average pupil performance. A complex constitutional allocation of competences and the lack of congruence of responsibilities as regards task performance and expenditure (provinces) and the funding (Federation) of teachers in compulsory schools result in inefficiencies, duplications and conflicting objectives.

In its report "Day Care for Pupils" (volume Federation 2018/2) the ACA's recommendation to address, in the framework of a comprehensible educational reform of the Austrian school administration, the fragmentation of competences in school day care in an outcome-oriented way and in the spirit of a holistic approach remained unheeded. As regards all-day schools in the field of compulsory education, the Federation, the provinces and the municipalities therefore continued to be involved.

The ACA furthermore pointed to the challenge of providing sustainable funding to all-day schools. The Federal Ministry of Education, Science and Research promised to ensure such funding to the extent that the further expansion of all-day schools remained secured at least until the 2031/32 school year through the extension of the Education Investment Act (Bildungsinvestitionsgesetz) in May 2018.

HEALTH CARE



Public healthcare expenditure continued to increase steadily. The ACA attaches great importance to the development of an effective, high-quality healthcare system through ensuring sustainable financing.

With the implementation of the ACA's recommendation issued in the report "Quality Assurance for Independent Health Practitioners" (volume Federation 2018/37) to ensure a complete evaluation of the quality of surgeries of independent health practitioners, a significant benefit could be achieved for the citizens. The ACA had noted that information on selected medical interventions and treatments on web portals had increased the transparency for patients. It had therefore recommended to provide quality-related information based on routine data on a neutral platform also in the independent healthcare sector; this recommendation, however, remained unaddressed. Consequently, patients still have no means to obtain information on the quality of treatments based on comparable and nationwide uniform criteria.

The ACA created an impact for citizens with its recommendations issued in the report "Psychiatric Care in Hospitals in Carinthia and Tyrol" (i.a. volume Federation 2018/57). The provinces of Carinthia and Tyrol, the Kärntner Landesrankenanstalten-Betriebs-gesellschaft (operating company of the Carinthian hospitals) and the Tirol Kliniken GmbH adopted or promised to adopt measures to ensure a higher quality of treatment for mentally ill persons. In more than half of the cases, the waiting times for radiation therapy in Lower Austria was longer than recommended from a medical perspective in the period 2016/2017. The province of Lower Austria and the NÖ Landeskliniken Holding implemented the majority of the ACA's recommendations issued in the report "Waiting Times for Selected Forms of Therapy and Surgeries in Hospitals" (i.a. volume Federation 2018/58) regarding the increasing of capacities for radiation therapy. These measures can lead to a reduction of waiting times for radiation therapy.

The Federal Ministry of Labour, Social Affairs, Health and Consumer Protection implemented the recommendation issued in the report "Funding of 24-Hour Care in Upper Austrian and Vienna" (i.a. volume Federation 2018/21) with regard to extending the existing quality assurance system for subsidised 24-hour care and providing for compulsory home visits by qualified nursing staff regardless of the type of qualification of the carer. The ministry's promise to highlight those mediating agencies that commit themselves to maintaining quality standards

will give the persons in need of care and their family members more transparent information with regard to the services provided by mediating agencies.

PENSIONS



Based on the forecasts on demographic development, a steadily increasing pension expenditure can be expected. Ensuring the financial sustainability of the pension system is of considerable importance as reforms only work in the long term. Pensions have not been harmonized yet.

The structure of pension rights of civil servants of the Austrian Federal Railways who entered into service prior to 1995 corresponded to the pension rights of federal civil servants. However, the lower retirement age, the lack of deductions in the case of early retirement and the longer lasting cap on losses applied for pension calculations resulted in higher pensions than the federal average. As the Federal Ministry for Transport, Innovation and Technology has failed to heed the recommendation issued in the report “Pension Rights of Civil Servants of the Austrian Federal Railways; Follow-up Audit” (volume Federation 2018/27) with regard to the harmonization of pen-

sions, the savings potential created by the implementation of the ACA’s recommendation, which would total EUR 560 million according to the ACA’s calculations for the period of 2018 to 2050, could not be realized.

The ACA also issued recommendations on the “Pension Rights of Employees of the Chambers of Labour” (volume Chamber 2018/1), which would lead to savings in the future. The Federal Chamber of Labour highlighted that the implementation was the responsibility of the legislator. Due to the fact that corresponding amendments to the law have not been made yet, future savings – in particular with regard to the increase in pension contributions for active employees of the chambers of labour and the pension security contributions to the pension benefits rendered by the chambers to workers and employees – cannot be realized. With regard to the “Compensatory Allowances under Pension Insurance; Follow-up Audit” (volume Federation 2018/26), the ACA noted that the Pension Insurance Institution (Pensionsversicherungsanstalt) and the Austrian Farmers’ Social Security Authority (Sozialversicherungsanstalt der Bauern) continued to interpret substantial parameters in different ways. The recommendations concerning a harmonization remained unaddressed. The responsible stakeholders failed to take a uniform approach concerning, in particular, the consideration of existing rights to maintenance payments and the interpretation of the requirement to submit an application for compensatory allowance.

CONSTRUCTION AND PROCUREMENT



Public construction projects and awards of contracts are generally characterised by a high volume of funding and form therefore a priority area in the ACA's audit activities. With its recommendations, the ACA aims at ensuring the economy of public procurement projects through effective and efficient management – in particular through strengthening the competence of the builder-owner.

In the framework of its audit of the “City of Vienna – the Krankenhaus Nord (Hospital North) Construction Project” (volume Vienna 2018/6), the ACA unveiled numerous problems and created a considerable impact for the future with its recommendations. The Vienna Hospital Association failed to sufficiently carry out its tasks as builder-owner. Lacking, late and wrong decisions delayed the construction project and caused a massive increase in costs. Consequently, the ACA recommended to examine alternative means of enabling efficient third parties with sufficient experiences in construction and relevant expertise as builder-owner to participate, e.g. via a project company. After its internal evaluation, the Vienna Hospital Association promised the creation of a project com-

pany, which would take over the delegable builder-owner tasks.

Furthermore, a planning assignment is to be drawn up for the management of investment projects and the planning is to be carried out in such a way that it is ready to be tendered.

On the federal level, the Federal Chancellery and the Federal Ministry of Finance started with the (pilot) establishment of a uniform procurement controlling in four ministries in autumn 2018. This project aimed at ensuring – in line with the recommendation issued in the report “The Internal Control System in Cases of Direct Awards; Follow-up Audit” (volume Federation 2018/41) – a uniform and mandatory documentation of procurement processes for the purpose of improved planning, management and monitoring.

The repeated recommendation of the ACA to obtain comparative offers in the case of direct contract awards was largely positively received by the audited entities. This has been revealed by the enquiry on the reports “City of Vienna – the Krankenhaus Nord (Hospital North) Construction Project” (volume Federation 2018/6), “The Internal Control System in Cases of Direct Awards” (volume Federation 2018/41), “Selected Topics related to the City of Vienna – Wiener Wohnen and Wiener Wohnen Haus- und Außenbetreuung GmbH” (volume Vienna 2018/4) and “Vienna School Refurbishment Package 2008–2017” (volume Vienna 2018/8).

The ACA furthermore succeeded in ensuring that the city of Vienna will undertake construction measures regarding barrier-free accessibility in a consistent and targeted manner. The Pedagogical University of Tyrol also promised to ensure barrier-free accessibility in all of its buildings in the framework of its future construction projects as recommended by the ACA in its report “Public Universities of Teacher Education; Follow-up Audit” (volume Federation 2018/50).

DIGITALIZATION




The advancing digitalization poses a considerable challenge for the public sector: on the one hand, the opportunities and the potential created by digitalization should be harnessed; on the other hand, the risks involved, in particular the safeguarding of data security and data protection, must be managed. All citizens should have access to the digital world.

Digitalization requires a good infrastructure. In its report “Austrian Broadband Strategy 2020 (“Broadband Billion”)” (volume Federation 2018/46) the ACA noted that the goal of pro-

viding the population with a virtually country-wide, ultra-fast broadband high-speed access – especially in rural regions – was far from being achieved. The utilization rate in the area of end-user fixed-network services was only at 4.2% in 2016. The Federal Ministry for Transport, Innovation and Technology either implemented or promised to implement the recommendations that concerned the partial improvement of the database both via the provision as well as via the use of ultra-fast internet. This can contribute to increasing the competitiveness of the Austrian economy. The ministry furthermore committed itself to developing suitable strategies and programmes to increase the incentive for the population to make greater use of ultra-fast internet.

The development of digital skills starts already in school. With the recommendations issued in its report “IT Support in Schools” (i.a. volume Federation 2018/47), the ACA succeeded in ensuring that all educational directorates – with the exception of Salzburg – assessed or will assess the current state of internet connection of schools in order to introduce measures regarding the implementation of the master plan for digitalization (Masterplan Digitalisierung). Furthermore, the development of a strategy to ensure an optimized and cost-efficient internet connection of the school sites was carried out or promised.

The advancing digitalization also requires a focus on the protection of personal data.

A person wearing a white lab coat is seated at a desk, with their hands resting on a tablet. The background is softly blurred, showing more of the lab coat and the desk surface. The text is overlaid on the left side of the image.

The ACA therefore attaches great importance to the safeguarding of data protection and issued recommendations for some areas – such as the “Ticket Sales System of the Federal Passenger Transport Company (ÖBB Personenverkehr AG)” (volume Federation 2018/66) and “Psychiatric Care in Hospitals in Carinthia and Tyrol” (i.a. volume Federation 2018/57) – which were addressed by the audited entities.

The ACA considers it as particularly important that access to the digital world is open to all citizens. In its report “Ticket Sales System of the Federal Passenger Transport Company (ÖBB Personenverkehr AG)” (volume Federation 2018/66), it highlighted the need for an easy operation of public platforms and apps. It therefore recommended – also in the spirit of a more efficient use of funds – to make the ÖBB ticket shop and the app “wegfinder” (“route finder”) available for other public mobility providers as a basis for a uniform, non-discriminatory operating platform or as an individual operating platform. The ACA also considered it important to establish a user interface optimized for the respective needs with an operating logic that is similar for all passengers and that is implemented nationwide for all sales platforms. The audited entities promised the implementation of both.

FUNDING



The funding system is shaped by a high number of funding entities, funds, funding programmes and funding instruments. An overall overview of the numerous actions taken by the Federation, the provinces, the municipalities and other public entities is lacking. The total amount of the funds paid out is not known.

A responsible use of public funds requires transparency in the funding area and the prevention of multiple funding. The ACA therefore attaches great importance to the completeness of the transparency database. In various reports it repeatedly highlighted that the provided funds should be entered into the transparency database. A success was achieved in the framework of its audit of “Day Care for Pupils” (i.a. volume Federation 2018/2) in the provinces of Salzburg and Vienna. The services provided according to the second agreement between the Federal Republic and the provinces under Article 15a of the Federal Constitutional Law were subsequently entered into the transparency portal. The recommendation regarding the “Welfare Fund

of the Federal Ministry of the Interior” (volume Federation 2018/11) remained unheeded. The services provided by the welfare fund were not entered into the transparency database.

The prerequisites for a needs-based and effective funding are a strategy, objectives and measurable indicators. The ACA repeatedly issued recommendations with regard to the definition of objectives and measurable indicators. As regards the report “The Austrian Road Safety Fund; Follow- up Audit” (volume Federation 2018/42), the Federal Ministry for Transport, Innovation and Technology promised that it would consistently require project applicants to provide measurable indicators for the objectives defined in the respective projects in their funding applications in order to be able to measure the projects’ impact. The definition of ambitious indicators and target values was also promised by the Federal Ministry of Digital and Economic Affairs, the Federal Ministry for Transport, Innovation and Technology and the Austrian Research Promotion Agency (FFG) with regard to the “Research Funding Programme COMET – Competence Centers for Excellent Technologies” (volume Federation 2018/38). The Federal Ministry of Digital and Economic Affairs furthermore promised to map the effects of the programme “Research Competencies for the Economy” more closely based on indicators.

PERSONNEL



In the public sector, the personnel is key to an effective and modern administration and to the tackling of central challenges posed by an ever more rapidly changing environment (e.g. digitalization, sustainable administration). Such cost-intensive areas require human resource strategies, medium-term, needs-based human resource planning and a staffing that corresponds to the respective field of activities.

As regards the evaluation of the need for personnel, the ACA achieved an impact in several areas, as demonstrated by the interest shown in the reports “Large-Scale Police Operations” (volume Federation 2018/20), “Horticultural Centre Schönbrunn” (volume Federation 2018/39) and “Bundesamt für Wasserwirtschaft (Federal Office for Water Economy)” (volume Federation 2018/14).

As regards the “Wiener Staatsoper GmbH (Vienna State Opera)” (volume Federation 2018/32), the responsible stakeholders promised to address the recommendations with regard to the development of multi-annual human

resource targets based on a medium-term human resource strategy and the analysis of the human resource capacities.

The ACA created a significant impact with its recommendations to make provisions for the general or individual training and further education of civil servants. In the ACA's view, this is a substantial factor for the tackling of challenges posed to the public administration in particular by the topics of digitalization, sustainable development, compliance and the necessity of a functioning internal control.

On the federal level, the federal regulation on contract templates (Bundes-Vertragsschablonenverordnung) was the basis for contracts concluded with the management. In some of the cases audited by the ACA, the concluded contracts diverged from the provisions of this regulation. The ACA attained a success with regard to the “Wiener Staatsoper GmbH (Vienna State Opera)” (volume Federation 2018/32) and the “ART for ART Theaterservice GmbH” (volume Federation 2018/51): the responsible stakeholders promised to consistently implement the federal regulation on contract templates.

The management contracts with regard to the “Wohnfonds Wien (Vienna Housing Fund)” (volume Vienna 2018/9) were not based on the federal regulation on contract templates, although some regulations were lacking for the province of Vienna. The ACA's recom-

mendation remained also unheeded by the “WIPARK Garagen GmbH” (volume Vienna 2018/3) and in the case of “Selected Topics Related to the City of Vienna – Wiener Wohnen and Wiener Wohnen Haus– und Außenbetreuung GmbH” (volume Vienna 2018/4).

EQUALITY



For as long as ten years, the Federation, the provinces and the municipalities of Austria have been required by the Federal Constitutional Law to pursue, in their financial management, the goal of establishing actual equality between men and women. The ACA has time and again revealed objectively unjustifiable inequalities, thereby contributing to transparency and awareness raising. Often, the ACA is unable to assess cases of objectively unjustifiable inequalities between men and women due to defi-

cient or lacking databases.

The ACA was successful with its report “The Impact of the New Collective Agreement on Employees of Universities; Follow-up Audit” (volume Federation 2018/29), in which it noted that in the area of scientific staff the share of men paid over and above the collective agreement was significantly higher than that of women.

The recommendation to pay closer attention to the unequal distribution of overpayments was implemented.

In many areas, women are still under-represented in management positions, and decision-making bodies are not balanced. Several times, the ACA successfully recommended to increase the share of women in management positions and/or to promote an increased share of women. The ACA also issued successful recommendations on the number of women in supervisory boards and in commissions.

The “The Provincial Capital of Klagenfurt am Wörthersee” (volume Carinthia 2018/3) heeded the ACA’s recommendation to ensure the accessibility of the database required for the addressing of equal treatment and the promotion of women.

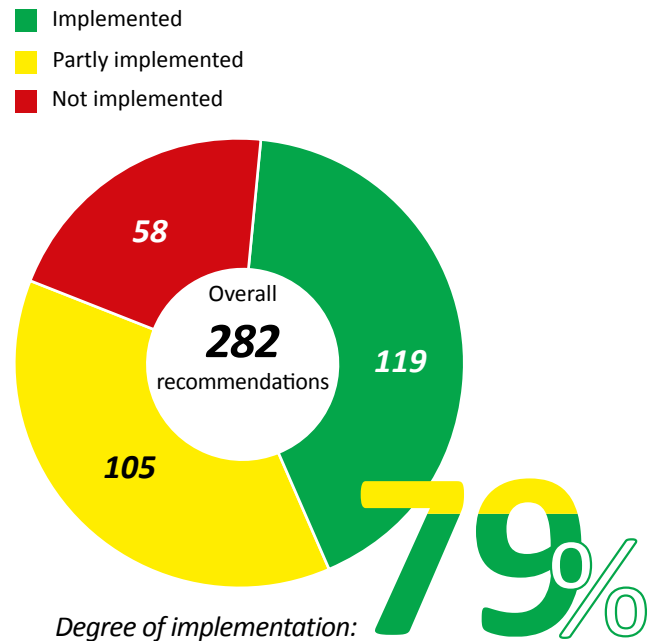
3.2 FOLLOW-UP AUDITS

Based on the results of the enquiry, the ACA carries out its follow-up audits. In this second stage of the outcome assessment process, the ACA ascertains the actual implementation of its recommendations on site.

In 2019, the ACA published reports on 17 follow-up audits in which it assessed the degree of implementation of a total of 282 recommendations: 119 recommendations (42%) had been fully implemented, and 105 (37%) had been partly implemented. This shows that 79% of the ACA's recommendations had made an impact. 58 recommendations (21%) had not been implemented.

In 2018, the degree of implementation was at 76%, in 2019 at 79%. Hence, the quantitative result has moved towards the target value of 85%.

The qualitative analysis shows a more nuanced picture: several follow-up audits revealed that the central recommendations remained unheeded, such as those presented in the report "Graz-Köflacher Bahn und Busbetrieb GmbH; Follow-up Audit" (volume Federation 2019/16): the Federal Ministry for Transport, Innovation and Technology failed to implement the central recommendation to adapt the pension regulation applicable for the company's civil servants to the pension regulation of the Austrian Public Railways (ÖBB). It continued to pay the part of the civil servants' pensions that would have ceased to exist had the ÖBB pension regulation been applied. From 2008 to 2017, the Federation paid EUR 27.45 million for this so-called benefit obligation. Furthermore, the federal ministry continued to pay the termination benefits of EUR 2.81 million at the Graz-Köflacher Bahn itself.



According to the report "University College for Agrarian and Environmental Pedagogy; Follow-up Audit" (volume Federation 2019/34), the central recommendation of including the schools for agriculture and forestry in a comprehensive reform of the Austrian school system remained unaddressed.


The report "Financial Management Instruments for Health Insurance Institutions; Follow-up Audit" (volume Federation 2019/24) presents an example of a deficient implementation of the ACA's recommendations. Of the 43 recommendations, the audited entities – the Federal Ministry of Labour, Social Affairs, Health and Consumer Protection, the Main Association of Social Insurance Institutions and the regional health insurance providers of Styria and Vienna – implemented six fully and 13 partly, which results in an impact of 44%. 24 recommendations, which equal 56%, were not implemented.

As regards the follow-up audit “Fire Safety at the Vienna Hofburg Palace” (volume Federation 2019/36), the competent Burghauptmannschaft implemented five of the 14 assessed recommendations. Six recommendations were implemented partly and three not at all. However, as shown by the report, the inspections carried out in line with the technical regulations concerning preventive fire safety revealed 55 shortcomings. Among others, inspections of fire extinguishers and a fire alarm system were lacking, as were markings and keys for the fire brigade. Fire doors were defect or not functional, escape routes and access routes were blocked. In light of the considerable number of detected shortcomings, it was questionable for the ACA whether the Burghauptmannschaft had applied due diligence and sensitivity as regards the handling of matters related to fire safety at the Vienna Hofburg Palace. The ACA pointed to the threats for employees and visitors resulting therefrom as well as to the liability risks for the Burghauptmannschaft.

The follow-up audits on the “Fronrunner Funding” (volume Federation 2019/17), the “WIENER LINIEN GmbH & Co KG; Procurement of Buses and Internal Control System” (volume Vienna 2019/9) and the “Municipality of Traiskirchen” (volume Lower Austria 2019/9) showed positive results: all assessed recommendations were implemented either fully or partly, no recommendation remained unheeded. Also the “Burgtheater GmbH” (volume Federation 2019/35), the “KELAG Energie & Wärme GmbH” (i.a. volume Federation 2019/15), the “Media Quarter Marx” (volume Vienna 2019/6) as well as the audited entities as regards the “Land Use at the New Danube, the Danube Island and the Danube Canal”

(i.a. volume Federation 2019/26) and the “Financial Flows between Local Authorities with the Focus on Funding Allocations in the Provinces of Lower Austria and Styria” (i.a. volume Federation 2019/23) implemented the majority of the recommendations. As to these follow-up audits, only one recommendation remained unaddressed each.

In this context, the follow-up audit on the financial flows between local authorities with the focus on funding allocations is noteworthy. Funding allocations are municipality funds to be distributed by the provinces, e.g. for the cooperation between local authorities, for disadvantaged municipalities, for the merging of municipalities or the funding of projects. In 2017, the funding allocations for all provinces totalled some EUR 1.364 billion. After the ACA’s preceding report had been published in 2016, the National Council adopted the Financial Equalization Act 2017 (Finanzausgleichsgesetz 2017), which changed – largely in line with the corresponding recommendations of the ACA – the calculation and distribution of the funding allocations for municipalities. Thereby, the financial equalization partner could also take the first steps to simplify the financial equalization, as called for by the ACA several times in its reports.



*In the framework of its advisory activities,
the Austrian Court of Audit provides
expert comments on draft laws and ordinances.*

4 CONSULTATION ON DRAFT LEGISLATION

In the framework of the official consultation process, the ACA regularly provides expert comments on draft laws and ordinances. In doing so, it closely looks at whether the financial implications of the project are sufficiently spelled out, and also whether recommendations from its reports are being implemented.

The Federal Organic Budget Act 2013 requires every federal minister to attach a presentation on the outcome-oriented impact assessment in terms of major effects to every draft bill and ordinance submitted by his or her ministry. Pursuant to the Federal Organic Budget Act 2013, the financial implications for the federal statement of assets, the cash-flow statement and the operating statement for the current and, as a minimum, for the next four fiscal years must be quantified, as well as the financial implications for the provinces, municipalities and social insurance providers, and the long-term impact on the federal budget. The principles of relevance, consistency in content, understandability, plausibility, comparability and verifiability are to be respected in the framework of providing information with regard to the assessment of the financial implications. In consultations on draft legislation, the ACA assesses in particular whether:

- the presented results of the outcome-oriented impact assessment of the financial implications of the new legislation on public finance are plausible,
- the ACA's recommendations from earlier audits have been implemented, and whether
- the planned measures will impact its audit work.

4.1 FEDERATION

In general, the consultation period for the submission of comments should be at least six weeks. In 2019, the ACA was, in part, given significantly less time for providing a comment in the case of 14 legislative drafts. This concerned in particular draft bills falling within the scope of competence of the Federal Ministry of Finance, such as: the collective amendment on the pooling of regulatory oversight over the financial market at the Financial Market Supervision: eleven work days; amendment to the insurance oversight regulations 2019: ten work days; Tax Reform Act 2019/20 and Act on Combating Tax Fraud 2020: 15 work days each.

In 2019 the ACA received altogether 164 federal draft laws and ordinances for comments (cut-off date 1 December 2019). Two professional representations of interests, the Gesundheitsplanungs GmbH (limited liability company for healthcare planning), the Agency for Quality Assurance and Accreditation Austria, the Austrian Patent Office and the Austrian Data Protection Authority forwarded 13 draft ordinances with the request for consultation to the ACA.

Based on the legislative drafts submitted to the ACA, the following assessment of the information provided on their financial implications can be made:

| Federal Ministry | Plausible information | Insufficient information |
|---|-----------------------|--------------------------|
| Federal Chancellery | 0 | 2 |
| Federal Ministry for Digital and Economic Affairs | 9 | 4 |
| Federal Ministry for Europe, Integration and Foreign Affairs | 2 | 0 |
| Federal Ministry for the Civil Service and Sport | 2 | 0 |
| Federal Ministry for Transport, Innovation and Technology | 23 | 0 |
| Federal Ministry of Constitutional Affairs, Reforms, Deregulation and Justice | 12 | 3 |
| Federal Ministry of Defence | 4 | 0 |
| Federal Ministry of Education, Science and Research | 14 | 9 |
| Federal Ministry of Finance | 9 | 8 |
| Federal Ministry of Labour, Social Affairs, Health and Consumer Protection | 23 | 8 |
| Federal Ministry of Sustainability and Tourism | 24 | 4 |
| Federal Ministry of the Interior | 4 | 2 |

4.2 PROVINCES

In 2019, the ACA also commented on draft legislation of the provinces. The following provinces submitted drafts: Carinthia, Lower Austria, Styria, Upper Austria, Vienna and Vorarlberg. No consistent obligation to carry out a cost calculation exists at the provincial level; only the Upper Austrian and Burgenland constitutions and the Styrian Budget Act provide for the ascertainment and presentation of the financial implications of new legislation.



In 2019, the ACA received a total of 105 draft laws and ordinances by the above-mentioned provinces for consultation (cut-off date 1 December 2019). The following assessment of the information provided on their financial implications can be made:

| Province | Plausible information | Insufficient information |
|---------------|-----------------------|--------------------------|
| Carinthia | 36 | 10 |
| Lower Austria | 4 | 0 |
| Styria | 6 | 1 |
| Upper Austria | 19 | 6 |
| Vienna | 0 | 1 |
| Vorarlberg | 17 | 5 |

4.3 SELECTED COMMENTS

The ACA publishes its expert comments on draft laws and ordinances on its website at www.rechnungshof.gv.at.

Here are some examples:

TAX REFORM BILL 2019/20

This collective amendment contained numerous amendments via 24 laws and comprehensive comments thereon.

As regards the area of income tax law, the ACA regarded the introduction of flat rate options for micro-enterprises as positive in the spirit of a citizen-friendly reduction of red tape and a simplification of business activities. However, the ACA also pointed to the implied additional special fiscal regulations.

As to the income tax provisions for co-habiting persons regarding the so-called Family Bonus Plus, the ACA once again – as in its expert comment in 2018 – recommended to work towards creating possibilities of pooling and streamlining the benefits in light of the numerous family benefits within and outside tax law.

At the same time, the ACA underlined in its comment the long-standing recommendations in particular with regard to the screening and limitation of tax reliefs as well as the evaluation of the attainment of the objectives of such reliefs as well as the creation of transparent, simple and comprehensible fiscal provisions.

Upon examination of several provisions of the bill, the ACA critically noted that the legislative texts, too, failed to provide more detailed

explanations on the proposed provisions. According to the conclusion of the ACA, the explanatory notes on the financial implications did not meet the legal requirements since they did not provide sufficient information on the expected financial implications. Furthermore, the ACA critically noted that the Federal Ministry of Finance failed to traceably document the calculation bases.

DRAFT BILL FOR THE 2020 ACT ON COMBATTING TAX FRAUD

As regards this collective amendment, the ACA rated the objectives pursued regarding an improvement of fair taxation and the promotion of fiscal honesty, for example with the amendment of the EU Reporting Act and the amendment of the Fiscal Offences Act, as positive. The amendment of the Value Added Tax Act aimed at implementing a recommendation issued by the ACA, namely an alignment of declaration obligations of persons who are not entrepreneurs but are liable to value added tax.

With regard to the presentation of the financial implications, the ACA also noted critically that the explanatory notes on several of the planned measures failed to contain information on the respective financial implications and that the bases for calculation were not laid out for the determined costs.

AMENDMENT OF THE EDUCATION INVESTMENT ACT

The draft bill aimed at safeguarding the provision of all-day schooling and the needs-based expansion of all-day schools under consideration of extracurricular institutions.

The ACA perceived the proposed amendment, according to which payments by the provinces shall be effected based on the announced requirements and unused earmarked grants shall be returned by the provinces, as an implementation of its respective recommendation issued in its report “Day Care of Pupils” (volume Federation 2018/2).

At the same time, however, the ACA pointed to the high number of financial transfer flows between the local authorities in the area of education and highlighted that the already existing complexity of transfer relations was further increased by the planned co-financing options for the provinces.

The presentation of the financial implications were, according to the ACA’s view, incomplete since the explanatory notes lacked information on the co-financing of the provinces and failed to depict the processing and administrative expenditure implied.

DRAFT OF A SCHOOL DOCTOR ORDINANCE 2019

By providing the opportunity to the Federal Ministry of Health to make use of the data collected by school doctors in pseudonymous form, the draft aims at opening up the fundamental possibility of accessing information needed for the listed tasks collected by the statutory school providers via their school doctors. In this way, long-standing structures in this area can also be used for the purposes of health care.

Also the explanatory notes stated that the plan set out aimed to consider and implement the corresponding recommendations of the ACA, which was viewed as generally positive by the ACA in its expert comment with reference to its reports “Health of Pupils: School Medical and School Psychological Service” (volume Federation 2013/1) and “Health of Pupils: School Medical and School Psychological Service; Follow-up Audit” (volume Federation 2018/15).

As regards the planned transfer of further tasks to school doctors, the ACA recalled its recommendation issued in its report (volume Federation 2013/1), according to which such a transfer should be effected in a cost-neutral manner.

Likewise, the ACA emphasized that, due to the still existing complex allocation of competences, the involvement of school doctors in particular in compulsory schools will need additional legal frameworks.

DRAFT BILL FOR THE 2020 LOWER AUSTRIAN HEALTH REFORM ACT

The ACA assessed the objectives of the draft bill, namely increasing the organizational efficiency of the instruments used to ensure the fulfilment of the current service obligations of hospitals as well as sufficient capacities in the framework of long-term nursing homes and safeguarding a modern, needs-based and efficient medical and nursing care in the province of Lower Austria by establishing the “NÖ Landesagentur für Gesundheit” (Lower Austrian provincial agency for health care) as an institution under public law with legal personality, as plausible.

However, the ACA pointed to the fact that the draft bill failed to provide a well-grounded analysis of different options regarding the structure of the new organization, a comparison of possible advantages and disadvantages of various organizational forms as well as their possible implications. Consequently, the ACA was unable to assess in detail the effectiveness of the reforms with regard to an optimal performance of tasks and an efficient use of funds.

The ACA critically assessed the option provided by the draft bill of establishing service companies for areas such as “human resources” or the “procurement of medical products and medico-technical devices in particular” since such companies – unlike in the case of a limited liability organization companies – did not allow for a majority stake of the NÖ Landesagentur für Gesundheit. In order to prevent possible control gaps in these financially important areas or to avoid ambiguities as regards the ACA’s audit remit, the ACA suggested to define a direct or indirect predominant influence of the province via corporate law measures with regard to service companies.

The ACA positively notes that the adopted law took into account its suggestions concerning the safeguarding of its audit competence for limited liability organization companies and service companies of the NÖ Landesagentur für Gesundheit by stipulating that all business shares of the service companies according to section 27 para. 1 of the Act on the NÖ Landesagentur für Gesundheit shall be held by the NÖ Landesagentur für Gesundheit.

ASSETS
100

ASSETS
100,316.72
EUR million

*The ACA has been assigned,
in addition to its core functions
of audit and advice, numerous special tasks.*



Rechnungshof
Österreich

Unabhängig und objektiv für Sie.



Rechnungshof
Österreich

Unabhängig und objektiv für Sie.



OESTERREICHISCHE
NATIONALBANK

DEBT
254,679.62
EUR million

DEBT
254,679.62
EUR million

18
FFS

Report on the Federal Financial Statements
as at 31 December 2018

18
FFS

Report on the Federal Financial Statements
as at 31 December 2018

5 SPECIAL TASKS

In addition to its core functions – auditing, reporting, providing advice – a number of special tasks have also been assigned to the ACA. Here is an overview:

5.1 REPORT ON THE FEDERAL FINANCIAL STATEMENTS

(1) The ACA submitted the Report on the Federal Financial Statements 2018 to the National Council in June 2019. The net result 2018, i.e. the difference between expenditure and revenue, accounted for -EUR 523.68 million and represents an improvement of EUR 3.881 billion in comparison to the estimate.

This resulted, on the one hand, from significantly higher revenue than expected (+EUR 1.953 billion), in particular as regards tax revenue, and, on the other hand, from lower transfer expenditure (-EUR 1.673 billion) as well as lower operating administrative expenditure (-EUR 0.305 billion).

The net result of 2018 was by EUR 1.123 billion better than in 2017. This resulted, among others, from the fact that tax revenue (taxes – gross) increased by EUR 3.381 billion compared to 2017. However, extraordinary effects with regard to expenditure also contributed to the improvement of the results.

Revenue

Financial revenue

EUR **1,229.95** million

Operational administrative revenue

EUR **3,390.02** million

Revenue from charges

EUR **7,176.05** million

Revenue from taxes - net

EUR **67,606.25** million

Negative net result

EUR **523.68** million

Expenditure

Transfer expenditure

EUR **57,265.99** million

Staff expenditure

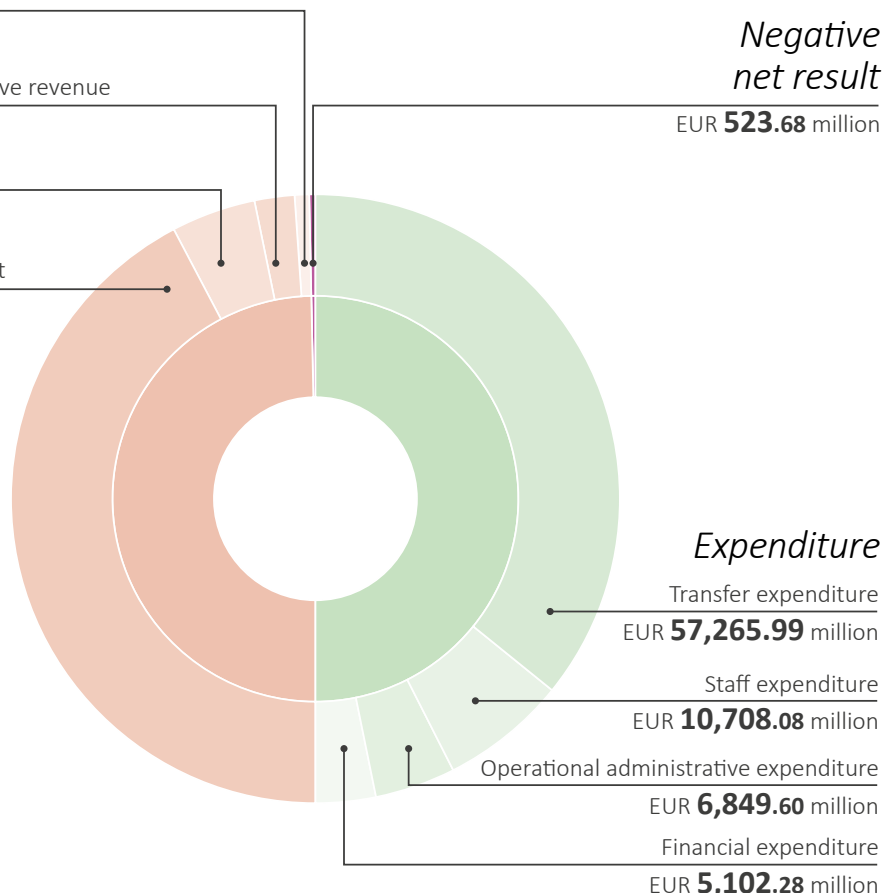
EUR **10,708.08** million

Operational administrative expenditure

EUR **6,849.60** million

Financial expenditure

EUR **5,102.28** million



The negative net funding balance 2018 of the statement of financial position accounted for -EUR 1.104 billion and was lower by EUR 1.055 billion than budgeted. This was largely thanks to higher net tax revenue as well as lower payments for interest on financial debts and lower transfers with regard to pension insurance.

In the statement of assets, the debts of EUR 254.68 billion clearly surpassed the assets by EUR 100.32 billion. Consequently the balance figure shows negative net assets, which amounted to -EUR 154.363 billion as at 31 December 2018 and improved by EUR 8.123 billion compared to the previous year. This improvement largely resulted from a change in the offsetting of the accrual of tax revenue. The assets of the Federation consisted mainly of equity interests, fixed assets and receivables.

Assets

Stocks

EUR **673.39** million

Liquid funds

EUR **4,138.97** million

Receivables

EUR **27,883.06** million

Securities and other capital investments

EUR **10.05** million

Equity interests

EUR **28,430.74** million

Fixed assets

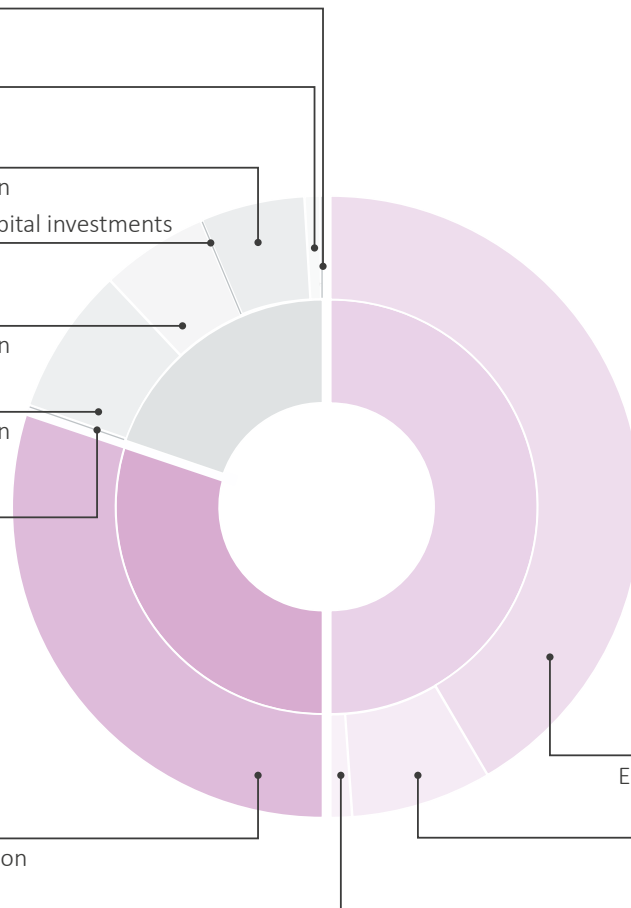
EUR **39,146.16** million

Non-tangible assets

EUR **34.35** Mio. EUR

Negative net assets

EUR **154,362.89** million



Debts

Net financial debt

EUR **211,655.89** million

Liabilities

EUR **37,282.72** million

Provisions

EUR **5,741.00** million

The financial debt of the Federation accounted for EUR 211.655 billion (54.8 % of the GDP). The general public debt determined by Statistics Austria according to the provisions of the European Union encompasses the debts of the Federation, the provinces, the municipalities and the debts of certain organizational units. This resulted in debts totalling EUR 285.3 billion or 74.0% of the GDP. In 2018 the general government surplus accounted for EUR 0.8 billion or 0.20% of the GDP. The tax ratio was at 42.8% in 2018 compared to 42.4% in 2017.

As at 31 December 2018, the budget reserves totalled EUR 15.662 billion, representing an increase of EUR 146 million compared to the previous year.

Liabilities incurred by the Federation at the expense of future financial years amounted to EUR 124.099 billion. This included, among others, future interest payments of the Federation for financial debts accounting for EUR 58.421 billion.

In view of the long-term sustainability of public finances, the ACA deems future-oriented reforms of the pension system to finance long-term care as indispensable. Without timely counter-measures, the share of age-related expenses in GDP, in particular with regard to pensions, health care and old-age care, will increase.

(2) The ACA's end-of-year audits highlighted that the error rate improved considerably in comparison to the previous years. The systematic audit actions resulted in findings, e.g. with regard to the recognition of receivables from remunerations, the documentation of infringement proceedings before the Court of Justice of the European Union in the balance-sheet and the calculation of personnel provisions.

WORKING GROUP "BRA NEU"

Based on the preliminary results of a working group ("BRA NEU") tasked with the new allocation of responsibilities for the drafting and auditing of the federal financial statements – consisting of representatives of the ACA, the Federal Ministry of Finance and the National Council's budget department – the president of the ACA and the federal minister of finance addressed a letter to the spokespersons on budgetary matters of the parties represented in the National Council. According to this letter, the Federal Government is to prepare the Report on the Federal Financial Statements and present it to the National Council in the future. The ACA is to audit the Report on the Federal Financial Statements and assess whether it presents a true and fair view. As regards the redesigning of the preparation process of the federal financial statements, the ACA wishes to ensure that a respective reform creates a clear added value for the members of the National Council.

The decision on the implementation shall be taken by the National Council.

5.2 INCOME REPORTS

Other special tasks arising under the Act on the Limitation of Emoluments include the submission of a report on average incomes of the population at large – the so-called General Income Report – as well as the income survey and the drafting of a report on emoluments paid by federal legal entities that are subject to the audit of the ACA. Those reports are being submitted by the ACA every other year.

The most recent General Income Report was submitted by the ACA to the National Council, the Federal Council and all provincial parliaments in December 2018. This report provides an overview of the incomes of the Austrian population, broken down by employed, self-employed persons and pensioners, as well as by gender, industries, professional groups and functions. It provides data from the fields of agriculture and forestry, and compares private and public-sector incomes.

The ACA submitted the current survey on incomes at federal public-sector companies and institutions to the National Council in December 2019. To that effect, it had surveyed the average incomes at 423 federal companies and institutions for 2017 and at 427 federal companies and institutions for 2018. The data surveyed for 2017 and 2018 contain information on the income of 1,632 and 1,754 supervisory board members, 627 and 637 members of managing boards and managing directors, and 234,177 and 238,916 employees respectively.



**Average Income
and Additional Benefits
at Federal Public
Companies and Institutions**
Report of the ACA

Volume INCOME 2019/1

HIGHEST AVERAGE
ANNUAL GROSS INCOME
ENERGY SUPPLY

Benefits for Pensions
in the Private Sector Companies
2017 and 2018
Austrian Court of Audit

GENERAL
INCOME
REPORT
2018

LOWEST AVERAGE
ANNUAL GROSS INCOME
ACCOMMODATION
AND FOOD SERVICE
ACTIVITIES

5.3 COUNTERSIGNATURE OF FINANCIAL DEBTS

All federal debt instruments, in so far as they create a liability for the Federation, shall be countersigned by the president of the ACA. In doing so, the president confirms that the debts were entered into lawfully and recorded orderly in the main ledger of federal debts without passing judgement on their economy or effectiveness.

In 2019, the Federation incurred financial debts in the amount of some EUR 23.161 billion as at 1 December 2019.

Financial debts are all financial liabilities of the Federation that are incurred to allow the Federation to have money at its disposal.

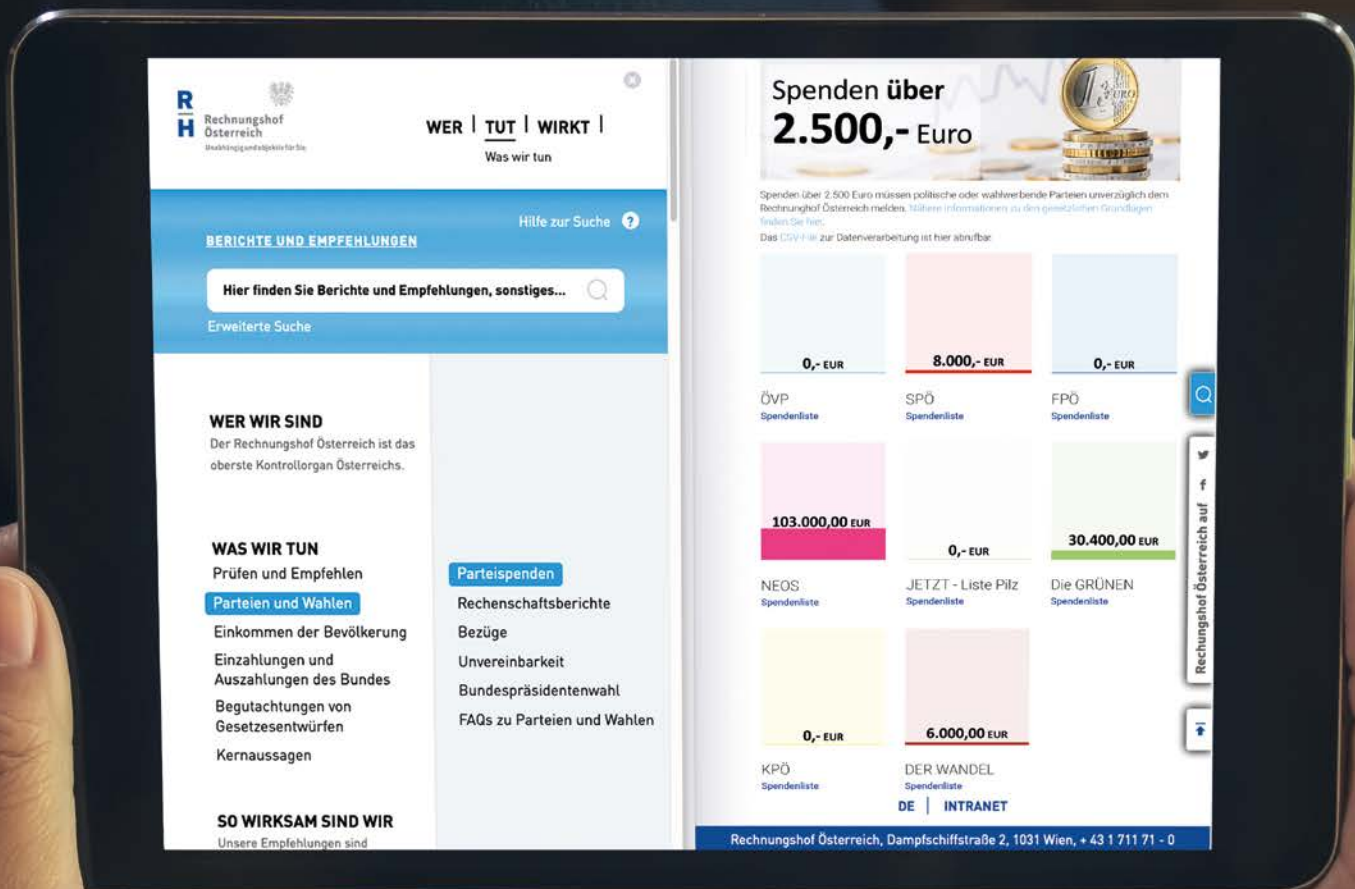
| | 2017 | 2018 | 2019 |
|---|-------|-------|-------|
| Federal financial debt documents (number) | 56 | 59 | 62 |
| <i>of which countersigned (number)</i> | 52 | 52 | 53 |
| Financial debts incurred (in EUR billion) | 29.70 | 21.87 | 23.16 |

5.4 POLITICAL PARTIES ACT

The formal review of the annual accountability reports of the political parties is the special task pursuant to the Political Parties Act that currently attracts widespread interest. However, it is not the only special task.

On its website, the ACA publishes, based on the Political Parties Act, the donations to parties that exceed a specific amount: prior to 9 July 2019, the threshold was at EUR 51,000, afterwards at EUR 2,500. Until 8 July 2019, one party reported a donation, after that four parties reported a total of 29 donations (as at 16 December 2019).

The survey regarding legal transactions with companies in which political parties or other organizations affiliated to them hold at least 5% directly or 10% indirectly is also a special task that is resource intensive. The ACA surveys all legal entities (around 6,000) that are subject to its audits and enquires whether such transactions with affiliated companies had been carried out and to which amount. This information is, similar to the accountability reports of the political parties, published on the ACA's website.



https://www.rechnungshof.gv.at/rh/home/was-wir-tun/was-wir-tun_5/was-wir-tun_5/Parteispenden_Nationalratswahl_2019.html; in German (original version); as at 16 December 2019

For 2017, 522 legal entities reported transactions with 75 of 80 companies affiliated to political parties.

One special task pursuant to the Political Parties Act, however, was abolished: following an amendment to the Political Parties Act in April 2019 the ACA ceased to be responsible for the promulgation of a possible valorisation of political party funding. From 2019 onwards, federal funds have been reduced or increased in line with changes in the consumer price index published by Statistics Austria.

5.5 MEDIA TRANSPARENCY ACT

The Media Transparency Act is to create transparency in public-sector advertising and media collaborations. This act also assigns a special and resource-intensive task to the ACA.

Every six months, the ACA must submit to the media authority KommAustria a list of all legal entities it is aware of and which are subject to its audits, stating their name and executive bodies. This biannual survey of executive bodies of these legal entities causes a considerable administrative burden both for the ACA and the legal entities concerned. This special task is another non-audit activity that restrains the ACA in performing its core tasks.

The ACA has repeatedly suggested measures to simplify the procedures regarding the enforcement of the Media Transparency Act. On the one hand, the ACA is in favour of the reporting duty of auditees as regards changes in data to be collected for the list of legal entities – such as name, address or executive bodies – as well as the creation of new companies. On the other hand, the ACA's periodic duty to survey and report on executive bodies

to KommAustria should be abolished since it is not necessary for the publications pursuant to the Media Transparency Act.

5.6 INCOMPATIBILITY AND TRANSPARENCY ACT

Since 1983, all members of government at the federal and provincial level, and all state secretaries, must disclose their financial circumstances to the ACA president on taking and leaving office or else every other year.

The ACA president is held to report any unusual accumulations of wealth to the president of the National Council or a provincial parliament.

In this process, the ACA president acts in a notarial function, without being granted audit or control rights as to the material correctness or completeness of the data supplied.

In 2019, owing to elections and changes of government on the federal and provincial level, more than 80 persons had to be requested to disclose their financial circumstances. Therefore, this task causes a considerable administrative burden.

5.7 ADJUSTMENT FACTOR FOR POLITICIANS' EMOLUMENTS

The Act on the Limitation of Emoluments builds on a salary pyramid and provides for a multi-tier system of remuneration, from the federal president to members of the Federal Council graded according to function. In addition, it sets ceilings for the highest body of the Oesterreichische Nationalbank (central bank of Austria) and the highest-ranking offi-

cials of the chambers and of the social insurance providers.

The Act on the Limitation of Emoluments provides, as a special task, that the ACA shall promulgate the adjustment factor for the emoluments of public-sector officials on the basis of the law. By 5 December of each year, the ACA shall ascertain and promulgate the adjustment factor. For this, the ACA relies on the communications published by Statistics Austria and the Federal Ministry of Social Affairs.

This factor corresponds either to the inflation rate between July of the previous year until June of the current year or the current year's pension increase granted under the General Social Insurance Act, whichever is the lesser. Emoluments are then adjusted as of the 1 January of the following year.

For 2020, the ACA calculated a factor of 1.018, which was published on 4 December 2019 in the Official Journal of the Wiener Zeitung.

The baseline amount – the gross emoluments for members of the National Council – therefore increased from EUR 8,930.90 (2019) to EUR 9,091.64 (2020).

In mid-December 2018, the National Council decided that top politicians – the federal president, members of the Federal Government and of the bureau of the National Council as well as heads of the parliamentary groups, the ACA president and ombudsmen and ombudswomen – would be excluded from the 2 per cent increase in 2019. For this group, this results in a baseline amount of EUR 8,913.36.

As regards public officers in the provinces, the promulgated amounts are regarded as upper limits, whereby the provincial legislation shall make the concrete reference definitions.

https://www.rechnungshof.gv.at/rh/home/was-wir-tun/was-wir-tun_5/was-wir-tun_10/Bezuege.html

5.8 NO NEED FOR ACTION AS REGARDS TWO SPECIAL TASKS

No need for action arose for the ACA in 2019 with regard to two special tasks, namely the tasks pursuant to the Act on the Election of the Federal President – the next presidential election will take place in 2022 – and the ACA's obligation pursuant to the Austrian Stability Pact to provide an expert opinion if Statistics Austria detects sanction-relevant circumstances.

6 ACA – INTERNAL ORGANIZATIONAL STRUCTURE

The ACA is only able to carry out its tasks because it has a well-functioning organization and qualified and motivated staff. However, a sound financial base is just as important.

6.1 ORGANIZATION

The ACA consists of five divisions: the Management and Administration Division comprises

The ACA's success rests on the knowledge and performance of its staff.

Management and Administration Division (PR)

| | |
|------|---|
| PRST | Expert Unit for Management and Administration |
| PR1 | Budget, ACA Outcome |
| PR2 | Planning, Development, Communication |
| PR3 | Editing |
| PR4 | Human Resources Management |
| PR5 | Information Technology |
| PR6 | Central Services |
| PR7 | International Affairs, General Secretariat of INTOSAI |
| PR8 | Political Parties and Elections |

Audit Division 1 (P1)

Audit Unit

Legal Matters, Transparency, Subsidies

| | |
|------|--|
| P1–1 | Employment, Family, Women |
| P1–2 | Arts, Cultural Affairs, Media |
| P1–3 | Legal Matters, Audit Remit |
| P1–4 | Anti-Corruption, Compliance, Risk Management |

Audit Unit

Human Resources, Digitalization, Security

| | |
|------|---|
| P1–5 | Human Resources, Digitalization, Organization |
| P1–6 | Foreign Affairs, National Defence |
| P1–7 | Security, Justice, Integration |

Audit Division 2 (P2)

Audit Unit

Construction, Federal Buildings, Municipalities

| | |
|------|---------------------------|
| P2–1 | Construction, Procurement |
| P2–2 | Cities, Municipalities |
| P2–3 | Federal Buildings |

Audit Unit

Public Health, Care, Social Affairs

| | |
|------|----------------------------------|
| P2–4 | Public Health, Health Planning |
| P2–5 | Hospitals, Care |
| P2–6 | Social Affairs, Social Insurance |

eight audit departments; the four audit divisions consist of overall 26 departments. The eighth department of the Management and Administration Division, “Political Parties and

Elections”, was established on 1 November 2019 as a response to the increasing demands faced by the ACA regarding political party financing.



PRESIDENT Margit Kraker

Office of the President

Internal Audit

Audit Division 3 (P3)

Audit Unit

Education, Science, Research

- P3–1 Education, Schools
- P3–2 Science, Universities,
Universities of Applied Sciences
- P3–3 Research, Technology Development

Audit Unit

Infrastructure, Planning, Economy

- P3–4 Transport, Mobility
- P3–5 Spatial Planning, Regional Planning
- P3–6 Economy, Tourism

Audit Division 4 (P4)

Audit Unit

Public Finances

- P4–1 Federal Budget, Audit of Financial Statements
- P4–2 Financial Equalization, Data Analysis
- P4–3 Public Charges
- P4–4 Financial Management, Financing,
Banking Institutions

Audit Unit

EU Funding, Energy, Environment

- P4–5 Investment Management, Energy
- P4–6 Environment, Climate Protection
- P4–7 EU Funding, Agriculture

All divisions of the ACA reflect the knowledge and the experiences of its members. This is especially clearly illustrated by the 33 centres of excellence.

The centre of excellence for construction works and procurement, for example, provides information within the ACA on important developments with regard to construction- and procurement-related matters. Furthermore, it offers trainings for auditors, harmonizes assessments of procurement cases and collates recommendations, such as in the construction guideline concerning the subarea of procurement. Moreover, the centre of excellence engages in an exchange of experiences with other audit institutions. The expert meeting of building and construction auditors, for example, is held annually and was recently attended by auditors of the provincial audit institutions, the City of Vienna Court of Audit, the audit institutions of the cities and municipalities, the ACA, the Court of Audit of Bavaria and the German Bundesrechnungshof. The discussions revolved around topical matters related to the audit of building and construction.

Another example is the centre of excellence for the national implementation of the United Nations Sustainable Development Goals (see chapter “1.6 Auditing the implementation of the Sustainable Development Goals” in this report).

In December 2019, the centre of excellence for sustainable spatial development organized a lecture on “Climate protection and shrinking regions – central challenges for spatial planning”.

6.2 INTERNAL PROJECTS

The ACA runs numerous internal projects in order to continuously enhance its organization and its structures.

Therefore, a project group developed a modern risk management system, which provides for a uniform methodology to identify risks. The aim of this system is also to enhance the security at the ACA.

Several projects concern topics of digitalization, such as the projects “Integrated Audit Management” and “Electronic Workflow” (see chapter “1.7 The ACA’s new approaches with regard to data analysis and big data” in this report).

A further project revolves around “site security”. A respective analysis has already been completed, recommendations have been elaborated and prioritized and the implementation is in progress.

Furthermore, a “green policy” is to be introduced, which involves, for example, sustainable procurement and energy-saving measures. A working group is to prepare a sustainable strategy for the ACA in the first quarter of 2020.

6.3 OUTCOME TARGETS

The ACA defined four central targets it wishes to attain with its work. Since the federal budget reform in 2013, all ministries have been required to set so-called outcome targets. Such targets define which concrete benefit shall be achieved for citizens through public administration – within the budgetary framework.

The ACA has set the following targets:

1. Providing effective audit-based advice to the National Council and the provincial parliaments to promote the implementation of reforms
2. Establishing transparency on the use of public funds and the financial sustainability of the general government
3. Establishing transparency on the actual state of equality between men and women and on diversity
4. Promoting effective government audit by strengthening cooperation with other audit institutions

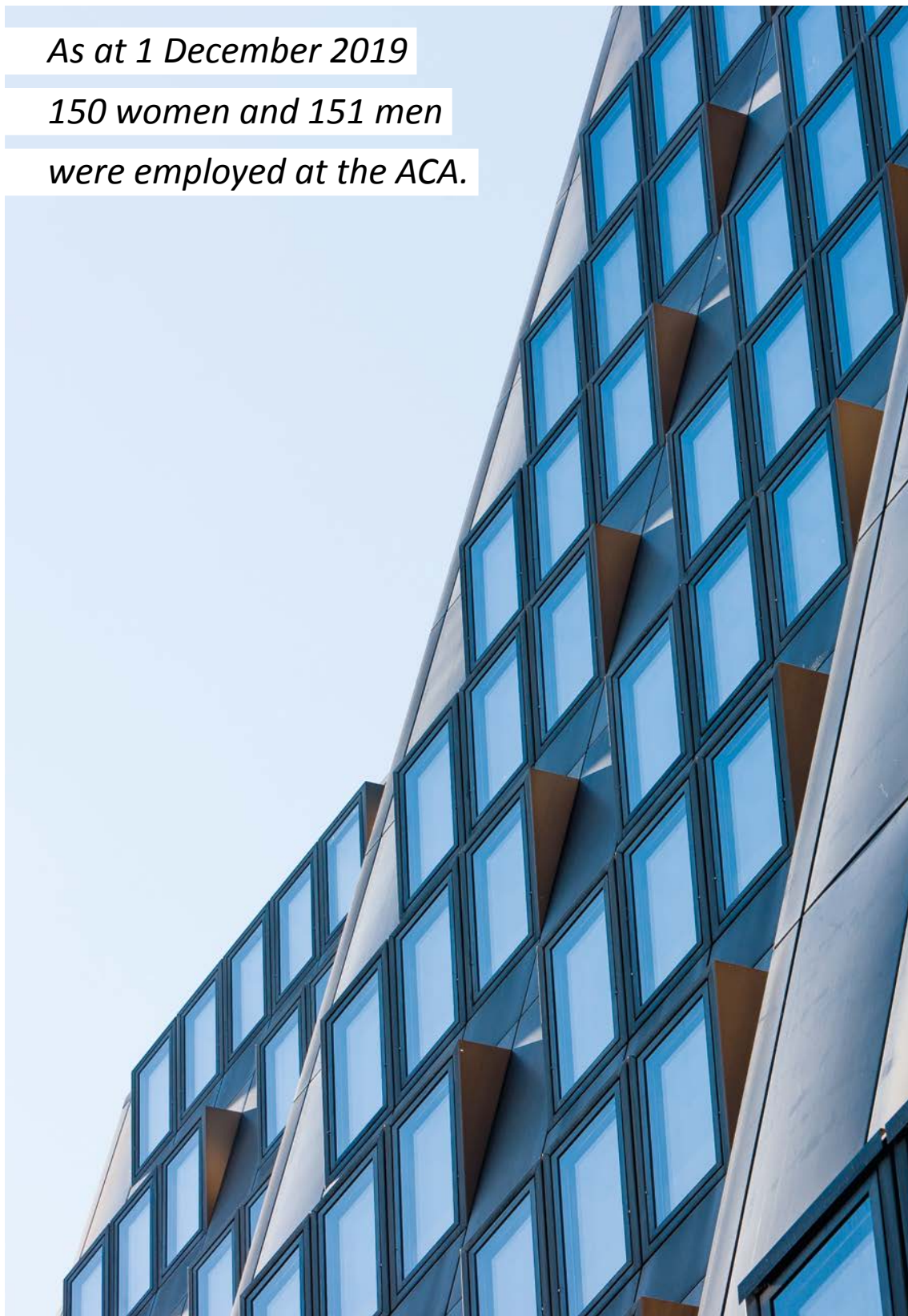
These four outcome targets are the centre piece of the controlling plan for the period of 2019 to 2022. The achievement of the set targets and planned results will be evaluated every six months.

The biannual evaluation conducted in mid-2019 showed that the target values of ten of the 12 indicators defined for the four outcome targets can be reached. The target value “a degree of implementation of 85% as regards follow-up audits” was not achieved. The target values “twelve knowledge-sharing events with other audit institutions” and “35 recommendations concerning equality or diversity” were overachieved.

The indicator “level of satisfaction of the members of the National Council and the provincial parliaments with the advisory activities of the ACA and with the topicality of audits and understandability of the reports” will be of importance again in 2020: in the first half of 2020, the ACA intends to carry out a survey among the members of the National Council and the provincial parliaments, similarly to 2017. At that time, the level of satisfaction was at 90%.

As at 1 December 2019

*150 women and 151 men
were employed at the ACA.*



6.4 STAFF

As at 1 December 2019, 150 women and 151 men were employed at the ACA. Consequently, the share of women at the ACA is clearly higher than the total share of women in public service (42%). When it comes to management functions, the ratio is exactly at 50% at the ACA.

The overall 301 staff members equal almost 276 full-time equivalents.

Almost 70% of the staff members are graduates, almost 83% work in an audit function. The average age was at slightly over 49 years in end-2019.

6.5 BUDGET

The ACA has been operating on a tight budget, with no mid-term planning security, for years.

| Spending and reserves (in EUR million) | 2014 | 2015 | 2016 | 2017 | 2018 | Estimate 2019 |
|--|-------|-------|-------|-------|-------|---------------|
| Spending ACA | 30.62 | 31.53 | 32.24 | 31.81 | 33.56 | 34.94 |
| Reserves as at 31 December each | 6.73 | 5.40 | 3.97 | 3.71 | 2.48 | 0.48 |

President Kraker has repeatedly pointed to the need of an adequate allocation of resources, most recently in the public plenary session of the National Council in March 2019. In 2019, only 280 full-time equivalents could be appointed although the list of posts of the Federation provides for 323. This figure was and is not attainable with the current budgetary resources.

The president had held talks with the Parliament Administration and the Federal Ministry of Finance about the ACA's future budgetary needs already in spring 2019. Due to the new

elections in September 2019, the discussions on the budget 2020 were suspended. It is evident already now that the financial framework for the ACA has to be adapted in order to ensure that the high level of auditing and oversight is maintained. This will be all the more the case if the ACA's competences are to be extended. The planning security of the ACA and, hence, a stable financial envelope are a prerequisite for high-quality auditing in Austria. Due to the low level of reserves, there is no financial leeway anymore.

XXIII INCOSAI:

*Moscow – INTOSAI members agreed
on a shared vision.*



XXIII INCOSAI

2019 RUSSIA

2019 RUSSIA

7 INTERNATIONAL AFFAIRS

For decades, the ACA has attached great importance to cooperation at the international level.

Its international role in its capacity as the General Secretariat of INTOSAI, the international umbrella organization of Supreme Audit Institutions (SAIs), is important and challenging. INTOSAI comprises 194 SAIs all around the world. It provides to its members an institutionalized framework for knowledge transfer and knowledge enhancement in the spirit of improving of external public audit worldwide. In accordance with INTOSAI's statutes, the President of the ACA is also the Secretary General of INTOSAI.

In addition, the ACA as the Supreme Audit Institution of Austria also interacts with other audit institutions in Europe and all around the globe.

7.1 ACA AS THE GENERAL SECRETARIAT OF INTOSAI

The priority areas of the General Secretariat in 2019 encompassed initiatives to promote the independence of Supreme Audit Institutions, to implement the United Nations Sustainable Development Goals (SDGs) and comprehensive preparational work in the context of INCOSAI XXIII (the congress of INTOSAI) in Moscow.

INTOSAI AND THE WORLD BANK

In February 2019 in Washington, President Kraker paid a visit to Kristalina Georgieva, the Interim President of the World Bank, together with the chairs of the Steering Committee of the INTOSAI-Donor Cooperation, Hussam Alangari and Gene Dodaro. The aim of the meeting was to raise the awareness of the World Bank and the Donor Community about the fact that only independent Supreme Audit Institutions are in a position to strengthen transparency and accountability. The representatives of the World Bank expressed their support and highlighted an assessment tool that was available at the World Bank's country offices in this regard.



Meeting of INTOSAI representatives with the World Bank in Washington in February

INTOSAI REGIONS

At a meeting of the INTOSAI Regions in Cape Town in May 2019, the General Secretariat declared its willingness to act as a central point of coordination on independence within INTOSAI.

SDG CONFERENCE

In May 2019, the General Secretariat also participated in a conference on SDG 16 (peace, justice and strong institutions) in Rome. The representative of the General Secretariat emphasized that Supreme Audit Institutions can play an important role in the implementation of the SDGs, but only if their independence is guaranteed. In the future, the General Secretariat will act as an information platform with regard to all SDG-related activities and initiatives of INTOSAI.

INTOSAI GOAL COMMITTEES

The annual meeting of the INTOSAI Policy, Finance and Administration Committee (PFAC) was held in Washington in July 2019. President Kraker participated personally. The meeting focused on the preparations for INCOSAI.

The meetings of the other INTOSAI Goal Committees (Professional Standards Committee, Capacity Building Committee und Knowledge Sharing Committee) were also held in the run-up to INCOSAI in June and July 2019. The General Secretariat participated in all these meetings.

INCOSAI XXIII

Every three years, INTOSAI stages the international congress INCOSAI. The XXIII INCOSAI was held in Moscow, Russian Federation, in end-September 2019. In the framework of the congress, the President of the Accounts Chamber of the Russian Federation, Alexei Kudrin, took over the INTOSAI chair from Harib Al Amimi, the President of the State Audit Institution of the United Arab Emirates, for three years. The event was attended by 650 representatives of Supreme Audit Institutions and

international organizations such as the United Nations and the World Bank.



President Kraker, Secretary General of the International Organization of Supreme Audit Institutions (INTOSAI), with Aleksei Kudrin, new Chairman of INTOSAI, at the international congress INCOSAI in Moscow in September 2019

The main themes of the congress were “Information technologies for the development of the public administration” and “The role of the Supreme Audit Institutions in the achievement of the national priorities and goals”.



The most important outcomes of the intense work in the framework of INCOSAI XXIII are compiled in the Moscow Declaration.

The Declaration provides guidance for the activities and strategies of INTOSAI and its member SAIs for the upcoming years.



In ten concrete theses the Supreme Audit Institutions commit themselves to providing independent external oversight on the achievement of nationally agreed goals including those linked to the United Nations Sustainable Development Goals.

The Moscow Declaration can be retrieved at www.intosai.org.

NEW INTOSAI WEBSITE

In September 2019, the new INTOSAI website (www.intosai.org) went online. In addition to comprehensive information in six languages, it also contains many multimedia features.



INTOSAI AND EURORAI

Also in her capacity as Secretary General of INTOSAI, President Kraker opened the EURORAI Congress in the city of Linz (Upper Austria) in mid-October 2019. The congress was attended by more than 135 participants from 14 countries. EURORAI is a cooperation project among regional audit institutions in Europe. President Kraker reported about INCOSAI XXIII in Moscow, which also highlighted the role of regional audit institutions in the implementation of the United Nations Sustainable Development Goals.

In the framework of this congress, the Director of the Court of Audit of Upper Austria, Friedrich Pammer, took over the chair of EURORAI.

SDG SEMINAR IN LISBON

The contribution that Supreme Audit Institutions (SAIs) in Europe and Africa can make to a successful implementation of the SDGs was addressed by a seminar held by the SAI of Portugal (Tribunal de Contas) in Lisbon in November 2019. Around 140 participants from more than 50 countries engaged in an exchange of information and focused on the lessons learned from their already completed SDG audits.

President Kraker highlighted the importance of SDG-related cooperation within INTOSAI and explained the role of the General Secretariat as an information hub in this regard. At the same time she underlined that SAIs are called upon to integrate the SDGs in their ongoing activities.



President Kraker
at the SDG Conference in Lisbon

INTOSAI DEVELOPMENT INITIATIVE

In her capacity as Secretary General of INTOSAI, President Kraker has been member of the Board of the INTOSAI Development Initiative (IDI) since 2017. In November 2019 she was reappointed as the representative of INTOSAI in the framework of the IDI Board meeting in Oslo for another term of three years.

IDI is an INTOSAI institution that supports Supreme Audit Institutions in more than 140 developing countries in building their capacities and promoting their independence and professionalism.

7.2 ACA'S EXCHANGE WITH OTHER AUDIT INSTITUTIONS

CONTACT COMMITTEE 2019

The presidents of the Supreme Audit Institutions (SAIs) of the EU Member States met in Warsaw at the so-called Contact Committee in late June 2019. The deliberations of this meeting focused on the Digital Agenda for Europe, one of the seven flagship initiatives under the Europe 2020 Strategy.

In their joint final statement, the presidents affirmed that the SAIs wish to make a contribution to a successful digital transformation by considering digitalized processes and approaches in their audit activities.

The Contact Committee meeting coincided with the 100th anniversary of the SAI of Poland.



VISEGRAD 4+2 MEETING

On the day prior to the Contact Committee, a meeting of the heads of the SAIs of the Czech Republic, Hungary, Poland and the Slovak Republic ("Visegrad Group") and the SAIs of Slovenia and Austria was held in Warsaw. The exchange of experiences revolved around the impact of SAIs.

In the spirit of a careful use of resources, the members of the Visegrad 4+2 Group resolved, with immediate effect, to hold their annual meetings on the day before the Contact Committee meeting, and at the same venue.

CONFERENCE IN THE FRAMEWORK OF ROMANIA'S PRESIDENCY OF THE COUNCIL OF THE EU

In the framework of its presidency of the Council of the EU, the Supreme Audit Institution of Romania staged a conference on audit innovations and on the strengthening of the advisory function of audit institutions in early May 2019. The attending representatives of the Romanian Parliament and the Romanian Government highlighted the importance of cooperation with SAIs, which are not only perceived as guardians of public finances but more and more also as advisory bodies.

The conference in Romania was the successor event to the symposium "Good Public Administration and Benefits for Citizens – the Role of Parliamentary Control Bodies" organized by the ACA and the Austrian Ombudsman Board in September 2018 on the occasion of Austria's presidency of the Council of the EU.

BILATERAL CONTACTS

The President of the French Supreme Audit Institution (Cour des comptes), Didier Migaud, welcomed President Kraker in Paris in the framework of a bilateral meeting in mid-January 2019 on the occasion of a solemn session regarding the presentation of the annual report and the appointment of new members of the Cour des comptes. At their meeting, Kraker and Migaud discussed, among others, issues related to social media and the benefit for citizens. In Paris, the president furthermore paid a work visit to the OECD, the Organization for Economic Co-operation and Development.

The President of the Court of Audit of Slovenia, Tomaž Vesel, visited Vienna in January 2019. The talks held with President Kraker revolved, among others, around the experiences made with the participation of citizens, quality assurance as well as internal and external communication.

Numerous bilateral events were also held at expert level in 2019, such as a bilateral meeting with the Supreme Audit Office of the Czech Republic in February on quality assurance in Vienna, a videoconference with experts of the Swiss Federal Audit Office on IT issues and an exchange of experiences with the German Bundesrechnungshof on visual displays in Vienna in July.

In March 2019, President Kraker took part in the German "Conference of Presidents of the Audit Institutions of the Federation and the Federate States", which was held in Bern. Also at this conference, to which the Swiss Federal Audit Office and the ACA are regularly invited, digitalization was one of the central topics.



**Rechnungshof
Österreich**

Vienna, December 2019

The President:

Margit Kraker



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