



#### PRELIMINARY REMARKS

On 31 January 2025, the Austrian Court of Audit submitted its Annual Report 2024:

pursuant to Article 126d para. 1 of the Federal Constitutional Law to the National Council (volume Federation 2025/3) III–100 of the enclosures to the Stenographic Minutes of the National Council XXVIII GP

pursuant to Article 127 para. 6 in conjunction with Article 127 para. 8 of the Federal Constitutional Law to the

Burgenland Parliament (volume Burgenland 2025/1) Carinthian Parliament (volume Carinthia 2025/1)) Lower Austrian Parliament (volume Lower Austria 2025/1) Salzburg Parliament (volume Salzburg 2025/1) Styrian Parliament (volume Styria 2025/3) Tyrolean Parliament (volume Tyrol 2025/1) Upper Austrian Parliament (volume Upper Austria 2025/1) Vienna Municipal Council (volume Vienna 2025/2) Vorarlberg Parliament (volume Vorarlberg 2025/1

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In agreement with the executive bureau of the National Council and in accordance with legal provisions, the Annual Report will no longer be submitted at the end of December of the current year but, as of the 2024 reporting year, at the latest by February of the following year in order to be able to comprehensively report on the entire past year.

#### DISCLOSURE

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#### INFORMATION

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#### In place of a foreword:

## In search of a future

from a speech held by President Margit Kraker in Salzburg in 2024



#### Freedom of thought and respect

At the Austrian Court of Audit (ACA), we always try not only to highlight past events in our audits. We always critically examine what has not gone well in any given case. This is our primary task. And criticism is important. However, as far as I am concerned, criticism is never an end in itself. If criticism is limited to merely describing the state of things, it is worthless taken in isolation. It gains significance when we use criticism to learn for the future in order to see how we can improve. This is my understanding of our work at the ACA. And for this purpose, the ACA makes recommendations. Knowledge of developments and an understanding of complex contexts is essential in order to properly assess current challenges and problems, including in relation to past mistakes and solutions to problems. A learning society has to build on knowledge gained from experience in order to achieve progress. For example, within the scope of our COVID-19 audits, we summarized and documented the experiences gained from the crisis as lessons learned in order to learn from them with potential future crises in mind. The ACA also routinely makes fundamental observations on important topics in other papers as part of its Added Value series.



In an enlightened society, we can learn from our experience. For this, we need an appropriate error culture. Blocking out unpleasant developments is not enough. On the contrary, we have to properly address them. At the same time, we need a culture in which freedom of speech, thought and expression are among society's most precious assets and benefit from protection.

In order to speak freely, we have to respect each other, including people who think differently from us, and cultivate the art of listening. Hasty judgements are not always accurate. We have to take the time to listen because sometimes we need time to think and a "sound absorber" to overcome media distractions of all kinds.

#### Challenges: wars, climate, the budget and state reform

Knowledge of the past, knowledge of mistakes and achievements form a necessary basis for contextualizing the problems and challenges of the present. State and society are currently facing many challenges and crises. Responding to them is not easy. For many things, we need to change our way of thinking.

International conflicts and wars that we have to experience in our region weigh most heavily and take a great toll on our mental health. The international community is increasingly fragmenting into several worlds. Among the separating factors is the divide between the world of democracy and that of dictatorship. How can Western democracy defend itself against the spread of dictatorship and terrorism without violating human rights itself? This frightens us and unsettles the Western world.

In her book titled "Autocracy, Inc.", Anne Applebaum describes how dictators keep each other in power and share their resources among themselves, spread lies and systemically want to undermine democracies. For all their ideological differences, modern autocrats share a common enemy, and this enemy is the democratic world, the "West", the European Union, the democratic opposition in their own countries and the liberal ideology that we collectively stand for. "Autocrats hate these principles," according to Anne Applebaum, "because they threaten their power". This applies especially to independent institutions.



In its 30<sup>th</sup> year as a member of the European Union, Austria has a great responsibility for promoting European values and its democratic culture and for reinforcing these as the central foundation for common economic and social life.

Climate change is one of the greatest challenges of our time. Particularly the Alpine region is massively affected by global warming. We sense that we have to take action to counteract this, but it is difficult for us to give up lifestyle habits and adapt our behaviour. In addition, the energy transition, the switch to renewable energies and new technologies require considerable investments, which generate costs for private households and public finances. In our latitudes, people perceive the sacrifice of prosperity as one of the most negative threats of the present. For this very reason, the topic – due to its political sensitivity - is often blocked out and left to future generations. In addition, there is no certainty that switching to a certain technology will actually be sustainable in the long term. It would be desirable to be able to make reliable plans. However, there is much uncertainty. And there are also many contradictions because personal sacrifice is not part of the traits of our modern society.

The demographic development in Austria and Europe represents another challenge. Age-related public expenditure accounts for around one third of the federal budget and needs to be financially viable in the long term. Without a strategy to secure the funds required for age-related public expenditure and to guarantee its viability, room for manoeuvre in other important areas will be increasingly restricted. Old-age care is an urgent sociopolitical concern that must be addressed to ensure that aging with dignity remains possible. How strong is today's intergenerational social cohesion that would ensure that both the future opportunities of young people and the needs of the elderly and vulnerable groups can be taken into account in an equitable manner? Demographic development alone means that the costs for pensions, old-age care and healthcare will continue to rise.

Not only nature, also humans are becoming increasingly vulnerable. Many aggressions root in insecurities and the fear of losing control. Artificial intelligence has become indispensable for medical and scientific progress. At the same time, it renders us more vulnerable – be it through risks to personality rights, possible system disruptions or the danger of abuse. We need clear ethical and legal standards in order to make use of opportunities and mitigate risks. This requires a nationwide strategy that gives equal consideration to the potential and the risks of artificial intelligence.

It is precisely because of the many crises, during which the state had to repeatedly advance funds, that all societal groups, private households, companies and NGOs received massive financial support. Due to the COVID-19 pandemic, inflation and the energy crisis, the Federal Government's financial debt has increased by EUR 75 billion since the end of 2019. The debt incurred by the public sector already amounts to almost EUR 400 billion. In



its outlook for 2024 and 2025, the Fiscal Advisory Council forecasts budget deficits of 3.9 per cent and 4.1 per cent of GDP. The deficit will thus remain well above the upper limit of 3 per cent of GDP in the medium term. According to the European Commission's figures, there is a need for consolidation in the amount of EUR 6.3 billion as early as 2025 in order to avoid the European Commission's excessive deficit procedure. Depending on the duration of the respective reference path, structural saving requirements range from EUR 18.1 billion (seven-year path) to EUR 24.1 billion (four-year path). According to the Fiscal Advisory Council, the public debt ratio will amount to 79.7 per cent of GDP in 2024 and will thus clearly exceed the Maastricht reference value of 60 per cent of GDP. Therefore, the new Federal Government will face the task of producing the first Austrian fiscal-structural plan containing a reform and investment package as well as a net spending path that ensures a sustainable reduction in public debt.

In the ACA's opinion, it is indisputable that swift action and assistance is needed in the event of a crisis or disaster and – as the catastrophic floods in 2024 have shown – that budgetary provision must be made for such events. This is an area where the public, that is the state, must provide support. It is a matter of securing peoples' livelihoods.

We also know that it is not the state's responsibility to provide the livelihood for individuals in general. Everyone is responsible for themselves in this regard. The state cannot and should not provide that. Government support is meant to ensure social equity and cover basic needs for those who need it. In addition, government support serves to attain political objectives, for example those of supporting families, switching to public transport or creating affordable housing. However, government support also creates a heavy reliance on the state. What happens if the political conditions change or the social consensus on the matter crumbles because people sense that the national budget is reaching its limits and realize that our prosperity can no longer be maintained this way? This is why a balance must be struck at all times in order to avoid injustice and use public funds in a demand-oriented and effective manner. The state can only advance funds in areas where it has to intervene for the benefit of the general public or in order to attain a specific target. Individual interests and alleged "political gifts" have no place in this context.

A big Austrian taboo is the question of how state processes can be improved. The fragmented health management, the distribution of tasks in education, spatial planning, the funding system or the administration of funds for disaster control clearly need to be improved. Of course, this is not primarily about questioning federalism, which has positive effects in terms of the distribution of power; rather, it is about making a commitment to the careful fulfilment of core tasks at each level of government. Each level should mainly fulfil the tasks for which it is responsible, which would lead to a disentanglement of national payment flows and increase the efficiency of so-called fiscal federalism. Interference in other spheres and an unclear division of roles between institutions dilute polit-



ical responsibility and accountability for the goal-oriented, effective use of taxpayers' money.

The present also confronts us with the task of maintaining a good balance within the social system in times of economic hardship. What has to be done in order to enhance the attractiveness of work and create a greater incentive for standard employment relationships? For individuals, it is important to make ends meet with the income from work; and for the state, this is important as a way to maintain the value of social protection in Austria. I am convinced that a functioning welfare state forms the foundation for prosperity and cohesion in society. The state must establish the right framework conditions, for example in the areas of education, healthcare and rule of law.

Migration and integration require a sophisticated approach without generalizations. Without targeted migration to our labour market, integration in schools and in civil society, it will no longer be possible to provide certain services in our ageing society. All-day schools would be an important milestone for enhanced integration and a necessary investment in our education system, bringing new impetus to it. To guarantee social acceptance, we need sustainable rules and procedures in the areas of asylum and primary care. Respecting the rule of law, our European values and rejecting parallel societies are prerequisites for a diverse society.

#### *Our democracy must be protected*

Democracy is our state's most precious asset. Trust is the fundamental prerequisite for a stable democracy. People in our country should be able to rely on the fact that all institutions and organizational units are stable and resistant to crises and that public welfare is in their interest; that institutions act equitably and fairly and do not discriminate against anyone; that human rights are respected even if one differs from the majority; that the greater desire for safety is taken into account because the world has become more turbulent. Institutions must be able to react quickly, proactively and appropriately.

The ACA has set itself the objective of keeping a watchful eye on democracy. Oversight and transparency strengthen democracy. As the supreme authority, it has an important role in the system of checks and balances and points to matters that are objectively not in order or warrant criticism. Watching over the state, including the national budget, is part of the political virtues of tomorrow. The control of public funds confers power, and the ACA limits this power through its audits. This is important as we are talking about taxpayers' money, money the state is entrusted with.

A prerequisite for trust in the state is that state bodies do everything to avoid betraying the citizens' trust. Sugar-coated truths or fake news take a heavy toll on trust. Facts and objective work create trust.



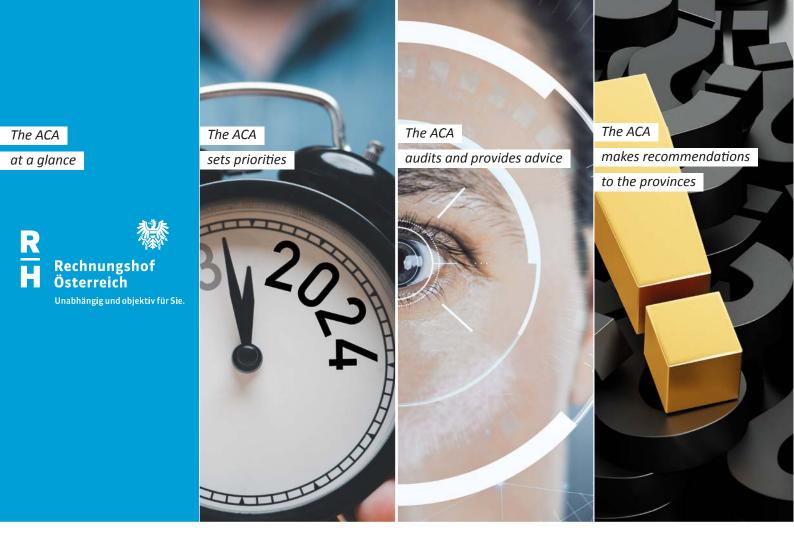


Even though we live in the here and now, we are also responsible for the future consequences of our actions. Actions and failures to act in the present shape the world of the future. We have to find answers to all the questions of the future, so we can offer the younger generation a long-term perspective; a perspective that opens up opportunities and increases the value of a shared society. It is about arriving at a social consensus that renders the future human, fair and ecological.

At a global level, Supreme Audit Institutions have committed themselves to supporting the implementation of the United Nations' Sustainable Development Goals (Agenda 2030) via their national audit work. SDG 16 on "Peace, Justice and Strong Institutions" also enshrines the role of Supreme Audit Institutions.

Only independent Supreme Audit Institutions are able to completely fulfil their responsibility within the state.

*Margit Kraker* President of the Austrian Court of Audit



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The ACA at a glance

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Independent and objective. At your service.

# What are the ACA's competences?

It is competent to audit around **5,800 entities**:

- public entities, institutions, foundations, funds at the federal, provincial and municipal level,
- companies with a public share of at least 50 per cent as well as
- social insurance providers and chambers.

These audits are performed by **317 staff members**.

# What impact do its recommendations have?



degree of impact follow-up enquiries



degree of impact follow-up audits

# What does the ACA wish to achieve?

- Providing effective audit-based advice to the National Council, the provincial parliaments and the audited entities
- Establishing transparency on the use of public funds and the financial sustainability of the general government
- Establishing transparency on the actual state of equality between women and men and on diversity
- Increasing the ACA's impact, in particular through the cooperation with other audit institutions and through a modern knowledge management in the ACA

## What does the ACA do? reports submitted to representative bodies in 2024 ongoing special audits Report on the Federal **Financial Statements** published statements of accounts submitted by political parties **182** financial debt documents countersigned General **Income Report** published ongoing follow-up audits audits 215 donations to political particle published in accordance with the Political Parties Act donations to political parties



## PRIORITIES IN 2024

• New tasks assigned to the ACA

under the Political Parties Act in the 2024 election year

Debt development and new European fiscal rules:

sustainable budget trajectory needed

• Audit priority

"Next Generation Austria"

• New audit priority as of 2025:

"Trust in public institutions. How future-proof

is Austria's public administration?"

- Secure, affordable and sustainable energy supply
- International audits
- Supreme Audit Institutions:

a comparison between Austria and Italy



### 1. THE ACA SETS PRIORITIES

#### 1.1 NEW TASKS ASSIGNED TO THE ACA UNDER THE POLITICAL PARTIES ACT IN THE 2024 ELECTION YEAR

On 1 January 2023, the amendment to the Section 11a of the Political Parties Act 2012 (Parteiengesetz 2012) entered into force and assigned a set of additional tasks to the ACA. On the one hand, these tasks comprised auditing the 2023 statements of accounts, the scope of which has been significantly expanded; on the other hand, they encompassed auditing the political parties' election campaign expenditure in connection with the election of the European Parliament and the National Council.

In 2024, this meant that the ACA had to audit a total of 22 reports: ten statements of accounts from 2023, five election campaign reports on the European elections and seven election campaign reports on the election to the National Council.

#### TASKS IN CONNECTION WITH THE EUROPEAN ELECTIONS AND THE NATIONAL COUNCIL ELECTION

As regards the European elections on 9 June 2024 (cut-off date: 26 March 2024) and the election to the National Council on 29 September 2024 (cut-off date: 9 July 2024), the ACA was responsible for

• publishing monetary donations exceeding EUR 2,500 in the period between the cut-off date and election day,

- publishing reports made by statutory associations of professions, employers or employees,
- the accompanying analysis of election campaign expenditure through the commissioning of expert opinions,
- auditing compliance with the upper limit on election campaign expenditure as well as
- auditing the election campaign reports.

In 2024, the upper limit on election campaign expenditure for the period between the cut-off date and election day amounted to EUR 8,662,515 (adjusted for inflation).



#### IMMEDIATE DONATION REPORTS

Between the cut-off date and election day, political parties had to immediately notify the ACA of individual monetary donations exceeding EUR 2,500, indicating, among other things, the name and address of the donor as well as the recipient of the donation. The political parties notified the ACA of donations totalling the amount below (in EUR), which the ACA published on its website without delay:

Election/ political party	ÖVP	SPÖ	FPÖ	The GREENS	NEOS
European elections	17,000	17,500	-	_	9,000
National Council election	31,500	4,285	_	3,000	19,000





#### REPORTS MADE BY STATUTORY ASSOCIATIONS OF PROFESSIONS, EMPLOYERS OR EMPLOYEES

Within four weeks after election day (European elections and National Council election), the statutory associations of professions, employers or employees were to report to the ACA whether they had incurred expenditure exceeding the ordinary course of business in the period between the election's cut-off date and election day - for example, on external and direct advertising, advertisements and commercials, communication services, staff and campaign events; they also had to disclose if no expenditure exceeding the ordinary course of business was incurred. The disclosed information did not have to be audited by an accountant; the ACA published the reports on its website without delay.

The legislator's intention was to ensure greater transparency as to the expenditure of statutory associations of professions, employers or employees on political communication in connection with their participation in the political debate during campaigning periods.

As regards the European elections, 16 statutory associations of professions, employers or employees that are connected to the Chamber of Labour, the Chamber of Agriculture and the Economic Chamber notified the ACA of expenditure exceeding the ordinary course of business – in varying numbers and amounts – on poster advertising, folders and direct mail, election campaign gifts, advertisements in print media and on the internet, commissioning of agencies, additional staff expenses and panel discussions. As regards the National Council election, 14 statutory associations of professions, employers or employees that are connected to the Chamber of Labour, the Medical Chamber and the Economic Chamber disclosed information.

#### ELECTION CAMPAIGN REPORTS

Political parties entitled to funding pursuant to the Austrian Support of Political Parties Act 2012 (Parteien-Förderungsgesetz 2012) are obliged to send the ACA an election campaign report. Political parties eligible for funding are parties that have members in the European Parliament after European elections or in the National Council after the National Council election or parties that are not represented in the National Council but have received more than one per cent of valid votes. The election campaign reports have to be audited by an accountant prior to submission and sent to the ACA within six months after election day.

The election campaign report must contain all election campaign expenses that were incurred between the cut-off date and election day, regardless of the payment date. Expenditure has to be divided into nine categories, for example, advertising (posters, folders, direct mail), advertisements or campaign events.

As regards the European elections, the ACA received the election campaign reports of all five parties with members in the European Parliament within the statutory period. As regards the National Council election, seven political parties are obliged to submit their election campaign reports to the ACA by the end of March 2025.



In accordance with its legal mandate, the ACA publishes the election campaign reports on its website without delay, noting that audits are pending.

The ACA audits the contents of the election campaign reports in line with a comprehensive control procedure, which includes examining their conformity with the expert opinions obtained by the ACA and ultimately the comparison with the 2024 statements of accounts. Once the ACA's audit has been completed, the note on the website referring to the pending audit is removed.



#### EXPERT ANALYSIS AND ASSESSMENT OF ELECTION CAMPAIGN EXPENDITURE

Section 11a of the Political Parties Act 2012 requires the ACA to appoint experts who can provide an accompanying analysis of election campaign expenditure a week before the cutoff date. The Europe-wide call for tender for the analyses in connection with the 2024 European elections and the 2024 National Council election took place in October 2023. The ACA selected an open tender procedure in order to ensure maximum transparency. Two offers were received for the area of transparency and campaign research, while three offers came in for the media sector; no offers were made by the accounting community.

Prior to the cut-off date of the respective election, the ACA commissioned the winning tenderers from the area of transparency and campaign research ("Observer" Gesellschaft m.b.H.) and from the media sector (Mag.a Barbara Sommerer) to prepare the expert opinions. After an analysis of the campaigning political parties' election campaigns, the expert opinions must assess the plausibility of compliance with the limits on election campaign expenditure for each individual political party. After a commenting procedure with the campaigning political parties, the expert opinions on the European elections were published on the ACA's website in December 2024. The expert opinions on the 2024 National Council election will be published at the end of March 2025.



#### PERSONAL COMMITTEES

Personal committees shall register with the ACA. A personal committee is an association of natural or legal persons that is distinct from the political party and whose purpose is to provide material support to a political party or political candidate between the cut-off date of an election and election day without their objection.

For the 2024 European elections and for the 2024 National Council election, no personal committee registered with the ACA. One political party did in fact notify the ACA of a personal committee. However, as the ACA did not consider it to be an association distinct from the political party, its registration was deemed unnecessary.



# ASSESSMENT OF THE STATEMENTS OF ACCOUNTS

(1) Due to the 2022 amendment to the Political Parties Act, the ACA has additional tasks in two respects:

- quantitative: increase in the number of statements of accounts that have to be assessed from seven to currently ten; additional work due to the elimination of the second accountant
- qualitative: increased content-related control due to new accounting rules, additional obligations to report and more detailed information on the individual party organizations

(2) Since the 2022 amendment to the Political Parties Act, parties that are represented in the National Council, a provincial parliament or the European Parliament are subject to accountability. Until 30 September 2024 the statutory submission date -, the ACA had received three statements of accounts for 2023 (the GREENS, NEOS, Bürgerforum Tirol - Liste Fritz). The statement of accounts of the political party "Team Kärnten – Liste Köfer" (without audit opinion) was received on 15 October 2024. Three of the political parties represented in the National Council (FPÖ, ÖVP, SPÖ) and one political party represented in Vienna's district councils (the Bierpartei; note: voluntary submission) submitted their statements of accounts within a requested and granted deadline extension. The political party "MFG Österreich – Menschen Freiheit Grundrechte", which is represented in a provincial parliament, submitted its 2023 statement of accounts (without audit opinion), after being requested to do so by the ACA, within the extended deadline it had granted. The Communist Party of Austria (KPÖ), which is represented in two provincial parliaments, did not submit a statement of accounts to the ACA by 31 December 2024.

As provided for by the 2022 amendment to the Political Parties Act, the ACA published all statements of accounts that it had received up to that point on its website on 1 January 2025, noting that their audits were pending.

(3) As of the financial year 2023, the scope and informational value of the statements of accounts were significantly extended as a result of the 2022 amendment to the Political Parties Act:

For example, the federal organization's assets shall from now on be presented in the form of

a balance sheet; provincial organizations shall disclose property assets as well as credits and loans exceeding EUR 50,000. At the level of the federal and provincial party organizations and, as of late, of the provincial capitals, revenue and expenditure shall be broken down in greater detail. Another change is that every district organization and statutory city must disclose the sum of their revenue and expenditure.

For further information about the financing of political parties, donors' names shall be published for donations starting from EUR 500 per year and donor (instead of EUR 2,500 as in the past) and for membership fees starting from EUR 5,000 per calendar year (instead of EUR 7,500 as in the past).

The statement of accounts shall contain an annexe listing all organizations affiliated with the political party. The affiliated organizations' revenue must be disclosed. The list of affiliated companies also has to set out the amount of the respective interest.

Revenue from advertisements have to be disclosed more extensively and in more detail: all media owned by or published by a political party, an affiliated organization, a Member of Parliament or a political candidate are now considered "political party newspapers".

Explanations regarding the assessment of the statements of accounts until 2022 are provided in chapter 5.3 Political Parties Act.

#### CONCLUSION

The rules on the contents of the statements of accounts, which were adopted as part of the 2022 amendment to the Political Parties Act – due, in part, to the ACA's initiative – and apply as of the financial year 2023, give an insight into the political parties' assets for the first time and contain broader information on their financial structures. In addition, the timely publication of the statements of accounts by the ACA on 1 January of the second year (e.g. publication of the 2023 statements of accounts on 1 January 2025) improves transparency in the area of political party financing.

The new 2024 election campaign reports provide a more timely overview of election campaign expenditure.

If there is well-founded suspicion and concrete evidence of violations of the Political Parties Act, the ACA may directly carry out an audit on the political party's premises and, if necessary, notify the Political Parties Transparency Panel (Unabhängiger Parteien-Transparenz-Senat).

As of the financial year 2023, the survey regarding legal transactions with affiliated companies covers payments to affiliated companies in the reporting year that were made by legal entities subject to the ACA's audits. However, the ACA highlights that the transparency of such payment flows has been restricted: since the 2022 amendment to the Political Parties Act has entered into force, the ACA has no longer been authorized to publish the survey results.



The statutory provisions on the contribution limit per year and donor (EUR 9,285 for 2024, adjusted for inflation), on the donation cap per political party and year (EUR 928,130 for 2024, adjusted for inflation) and on the publication of the names of donors whose monetary donations exceed EUR 2,500 during the election period have clearly led to a decrease in donations compared to the years before the rules entered into force.

While – in relation to all political parties – the sum of large donations of more than EUR 50,000 alone totalled more than EUR 760,000 between the cut-off date and election day of the 2017 National Council election, the sum of reported monetary donations above EUR 2,500 between the cut-off date and election day of the 2024 National Council election fell short of EUR 60,000.

All in all, two years after the 2022 amendment to the Political Parties Act entered into force, it should be noted that the new provisions significantly increase transparency of political party financing and that the ACA's extended tasks and competences have brought about an observable preventive effect.

However, the ACA still sees a fundamental need for further reform as regards giving the ACA the opportunity to lodge an appeal against decisions made by the Independent Political Parties Transparency Panel. At the moment, solely the political parties have the right to lodge an appeal with the Federal Administrative Court.



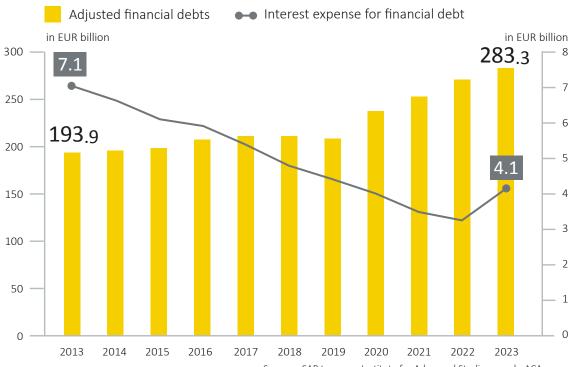




#### 1.2 DEBT DEVELOPMENT AND NEW EUROPEAN FISCAL RULES: SUSTAINABLE BUDGET TRAJECTORY NEEDED

The Federation's adjusted financial debts increased by EUR 12.4 billion to EUR 283.3 billion in 2023. This increase was essentially due to the financing of the cash flow deficit amounting to EUR 8.0 billion. The average real interest rate applicable to the debt portfolio increased from 1.2 per cent to 1.8 per cent; thus, interest expense for financial debts also increased to EUR 4.1 billion in 2023.





#### **ADJUSTED FINANCIAL DEBTS** IN EUR BILLION

Sources: SAP treasury; Institute for Advanced Studies; graph: ACA

As was the case last year, the ACA reported on the development of debts, liabilities and public finances in a separate volume as part of the 2023 Report on the Federal Financial Statements.

The final figures show that the general government deficit amounted to 2.6 per cent of the gross domestic product (GDP) in Austria in 2023. Government debt increased to EUR 371.7 billion, which corresponded to a public debt ratio of 78.6 per cent (calculations: Statistics Austria, September notification). This means that the deficit fell below the Maastricht reference value of 3 per cent for the first time since 2019; however, the debt continued to significantly exceed the Maastricht criterion of a maximum of 60 per cent of GDP. According to the latest forecast made by the Federal Ministry of Finance, the deficit will account for 3.3 per cent of GDP in 2024. In December 2024, the Fiscal Advisory Council's estimation was 3.9 per cent.

The reformed European fiscal rules re-entered into force in 2024. In November 2024, the European Commission noted (in its autumn 2024 forecast) that Austria will likely run a deficit amounting to 3.6 per cent in 2024 and also exceed the reference value of 3 per cent in the following years. In addition, it expects the public debt ratio to increase until 2026. Against the backdrop of these forecasts, Austria must in any case present consolidation measures.

Therefore, the future Federal Government will face the task of submitting to the European Commission, as quickly as possible, an initial Austrian fiscal-structural plan containing a reform and investment package as well as a net spending path that ensures a sustainable reduction in public debt.

The following developments have shaped public finances in recent years:

- The suspension of the European fiscal rules between 2020 and 2023 led to reduced incentives for the economical use of funds and thus the reduction of debts. Exceptions to European aid and competition rules further facilitated increases in public expenditure.
- The gradual increase in interest rates by the European Central Bank between July 2022 and September 2023 are having a delayed effect on interest expense. Once low-interest bonds reach maturity, the Federal Government will have to refinance with higher-interest bonds, which will keep interest expense high for a while, even if interest rates fall again.

- In addition to the state's financing costs, the costs in connection with pensions, old-age care and healthcare will continue to rise due to the demographic development. In 2023, around 57 per cent of public expenditure was incurred for social protection and the healthcare system (source: Eurostat).
- Many crisis-related measures in connection with the COVID-19 pandemic, the energy crisis and general inflation are being phased out. At the same time, already adopted measures in the areas of fiscal and social policy, financial equalization and climate policy will put a long-term strain on the budget. The abolition of bracket creep alone will lead to an estimated shortfall in public revenue of EUR 23.8 billion in the period from 2024 to 2027.

Against this backdrop, the ACA points to the urgent need for action in order to curb expenditure dynamics. The federal budgetary framework should be strengthened as an ambitious steering instrument with binding upper limits on disbursements. In 2024, for example, the maximum permissible disbursement level was higher by 38 per cent or EUR 34.6 billion than the amount initially budgeted within the 2021 to 2024 federal budgetary framework. The reform and investment projects that the future Federal Government must submit to the European Commission should be assessed in terms of their budgetary sustainability. It should be ensured that they are growth-oriented, engage all levels of government and fulfil the criteria of effectiveness, efficiency and economy.



#### 1.3 AUDIT PRIORITY "NEXT GENERATION AUSTRIA"

In the years between 2022 and 2024, within the scope of its medium-term audit priority "Next Generation Austria - are we passing on something besides debt to the next generation? On the future role of the state for the next generation.", the ACA put special emphasis on the sustainability of governance and the use of funds by the public sector in the interest of intergenerational justice. In this context, it addressed numerous challenges and needs for action, such as sustainable public finances and structural reforms, which are necessary to ensure that the state remains functional and institutions remain strong. The following comments on the topics of education, healthcare, pensions and oldage care, climate and migration are examples of the diverse reports that the ACA prepared within the scope of the audit priority.

Audit priority 2022+2 Next Generation Austria



#### EDUCATION

Education is essential for progress in our society and for the prosperity of every individual. Education is what we can pass on to the younger generation.

#### Early Language Support

In its report on "Early Language Support in Kindergartens" (volumes Federation 2021/20, Lower Austria 2021/6, Upper Austria 2021/3), the ACA examined the implementation of the two so-called "Article 15a B-VG agreements" (agreements pursuant to Article 15a of the Federal Constitutional Law) concluded between the Federation and the provinces on early language support in institutional childcare facilities. Although the responsibility for kindergartens rests with the provinces, the Federal Government was able to push for early language support by providing targeted contributions. Future "Article 15a B-VG agreements" should ensure that all eligible children of the respective age group take a mandatory standardized test to ascertain their language skills and that the results are used to reallocate the targeted contributions between the provinces in line with demand. In 2022, a follow-up enquiry found that first implementation steps had been taken with regard to the recommendation to harmonize the criteria for early language support across the country in collaboration with the provinces and in consultation with further experts working in the field of linguistics.

#### 8-Point Plan for Digital Learning

The Federal Ministry of Education, Science and Research launched the 8-Point Plan for Digital Learning in June 2020, towards the end of the first COVID-19 lockdown. The plan aimed at embedding digital learning within all schools – among other things, by preparing all teachers

for digitally supported teaching and learning, optimizing the infrastructure as well as by providing every pupil at the lower secondary level with access to a digital device. In its report on the "8-Point Plan for Digital Learning" (volumes Federation 2024/29, Carinthia 2024/3, Lower Austria 2024/6), the ACA critically noted that the 8-point plan did not contain outcome-oriented targets, such as an increase in pupils' digital competences. Consequently, it was unclear whether funds were used effectively. In the future, the Federal Ministry of Education, Science and Research should therefore set suitable targets and indicators for important projects in order to be able to review the success of adopted measures. Furthermore, neither the ministry nor the Carinthian and Lower Austrian boards of education had an overview of the digital competences of teachers. Likewise, there was no general overview of the digital competences of pupils at the lower secondary level. Therefore, the ministry and the boards of education should endeavour to obtain an overview of the digital competences of pupils as well as teachers in order to have a sound basis of data.



#### HEALTHCARE

According to the "Austrian Health Targets" set in 2012, every person in Austria should spend two additional years in good health by 2032. Despite this objective, the health situation has deteriorated. Preventive healthcare and the promotion of health literacy within all population groups are important prerequisites for an increase in healthy life years – including for the next generation.

# Electronic Health Record ELGA and ELGA GmbH

In its report on the "Electronic Health Record ELGA and ELGA GmbH" (volume Federation 2024/32), the ACA highlighted that ELGA can reach its full potential if healthcare providers comprehensively store and also use patients' health data. However, the provisions for mandatory storage that apply to ELGA healthcare providers allowed for different interpretations, which impeded ELGA's management and its further development. Therefore, the ACA recommended that the Federal Ministry of Social Affairs, Health, Care and Consumer Protection and the Umbrella Association of Social Insurance Providers, in collaboration with the provinces, advance the full deployment of the applications "eBefund" (electronic medical report), "eMedikation" (electronic medication record) and "eImpfpass" (electronic vaccination record) in line with EU requirements and establish their mandatory use for all healthcare providers. The Patient Summary – a non-standardized summary of basic medical information on each patient has since been approved as recommended.

Furthermore, the ACA had suggested simplifications and content-related clarifications in connection with the Health Telematics Act (Gesundheitstelematikgesetz), which were the subject of a National Council decision in 2024. The recommendation to work towards a timely adoption of an eHealth strategy within the Federal Goal Steering Commission while taking into account the developments at the EU level has also since been implemented.

#### Medical Care

#### in the Independent Healthcare Sector

Within the scope of the audit on "Medical Care in the Independent Healthcare Sector" (volume Federation 2021/30), the ACA assessed to what extent framework conditions for medical care had been in place in the independent healthcare sector - in particular as regards physician density, remuneration in the area of general medicine and legal provisions. The increase in demand for specialists for general medicine was particularly disproportionate to population growth. At the same time, the number of physicians of choice (who do not have a contract with the Austrian health insurance fund) rose. This poses a major challenge for ensuring adequate medical care under the statutory health insurance scheme.

The ACA had recommended a reform of legal framework conditions for the organization of healthcare in the independent healthcare sector. It should aim at making planning more binding and involving health insurance providers as well as the competent medical chamber in the implementation of statutory care mandates and enable a more flexible response to changing needs. Although first steps had already been taken, there was still room for improvement in these areas.



#### PENSIONS AND OLD-AGE CARE

Austria's age structure is undergoing a significant shift towards the elderly. Life expectancy is on the rise and the long-term trend shows declining birth rates. Demographic influences on public expenditure will increase, for example in the areas of pensions and old-age care.

#### Sustainability of the Pension System

In its report on the "Sustainability of the Pension System" (volume Federation 2023/29), the ACA audited the processes and parameters used to assess the sustainability of the Austrian pension system. Due to the sharply increasing federal contribution to the financing of the pension system (increase by EUR 8.2 billion to EUR 28.1 billion from 2020 to 2030) in conjunction with other budgetary strains, it identified medium-term threats to the sustainability of the pension system and the financial viability of the federal budget. In addition, it emphasized that, even though the average effective retirement age is expected to further rise in the future due to the increase of the statutory retirement age for women between 2024 and 2033, forecasts predict that the effective retirement age will stagnate as of the mid-2030s. This reflected the absence of a strategy for managing the retirement age in the future.

Furthermore, the ACA had recommended guaranteeing the Old-Age Security Commission's capacity to act, for example by ensuring a functioning chairmanship, the timely preparation of expert opinions, clear decisions and regular reporting to the National Council. This recommendation was partly implemented by ensuring a functioning chairmanship, i.e. by appointing a new chairperson. However, the recommendation with respect to expanding the Old-Age Security Commission's competences remained unheeded, which will con-



tinue to limit the extent to which its expertise can be used in the future. In addition, essential elements for a comprehensive assessment of the sustainability of the pension system are missing.

#### Old-Age and 24-Hour Care

In the report on "Old-Age Care in Austria an Funding of 24-Hour Care; Follow-up Audit" (volumes Federation 2023/39, Upper Austria 2023/7, Vienna 2023/8), the ACA had in particular examined the recommendations concerning the further pursuit of efforts to reform old-age care, the funding of the oldage care system, demand and development planning, increasing staff shortage and issues of care quality. According to information provided by the Federal Ministry of Social Affairs, Health, Care and Consumer Protection, the ministry has implemented the recommendation for developing a standardized understanding of quality in nursing homes in essential areas, such as quality of life or medical and social care. The provinces of Upper Austria and Vienna, on the other hand, saw this standardized understanding of quality in nursing homes as only partly implemented.

Within the context of the 2024 legal reorganization of financial equalization, the ACA had, furthermore, identified the following fundamental issues in the area of old-age care: a comprehensive financing concept, quality definitions, staffing ratios and availability as well as demand planning. The Federal Ministry of Social Affairs, Health, Care and Consumer Protection as well as the provinces of Upper Austria and Vienna partly implemented the central recommendation to address these issues in a timely manner in order to be able to comprehensively reform old-age care. Likewise, measures for ensuring the availability of the required nursing staff have now been partly implemented. All three audited entities promised to implement two further recommendations: developing a sustainable financing system as well as coordinating demand and development plans and preparing an overall strategy for further developing old-age care services.

Despite these positive tendencies, central recommendations made by the ACA remained unheeded. Among other things, they pertained to the establishment of a national, coordinated demand forecast for old-age care services and an overall strategy for the further development of old-age care services building on such a forecast. A comprehensive old-age care reform – in particular with regard to quality and financing – had yet to be implemented.

#### CLIMATE

Austria is particularly affected by global warming, which results in changes in the natural environment and extreme weather events. This has significant financial implications for both public finance and individuals.

#### **Climate Protection in Austria**

In its report on "Climate Protection in Austria; Follow-up Audit" (volume Federation 2024/37), the ACA reiterated that urgent actions must be taken in this regard. Since the preceding audit, the Federal Government has focused on taking measures for climate protection, for example by introducing a national carbon pricing scheme. However, specific suggestions and initiatives for further measures with a high potential for protecting the climate were not pursued; there have been no joint action programmes at federal and provincial level since 2021.

The EU greenhouse gas emission reduction targets for the non-emissions trading sector was implemented by way of the Climate Protection Act (Klimaschutzgesetz). It was the central planning, management and coordination instrument for climate policies. A new Climate Protection Act with binding sector-specific provisions for greenhouse gas emission reduction has been outstanding since 2021 for lack of agreement. In addition, there were delays with regard to Austria's final National Energy and Climate Plan, which was finally adopted by the Council of Ministers in December 2024.

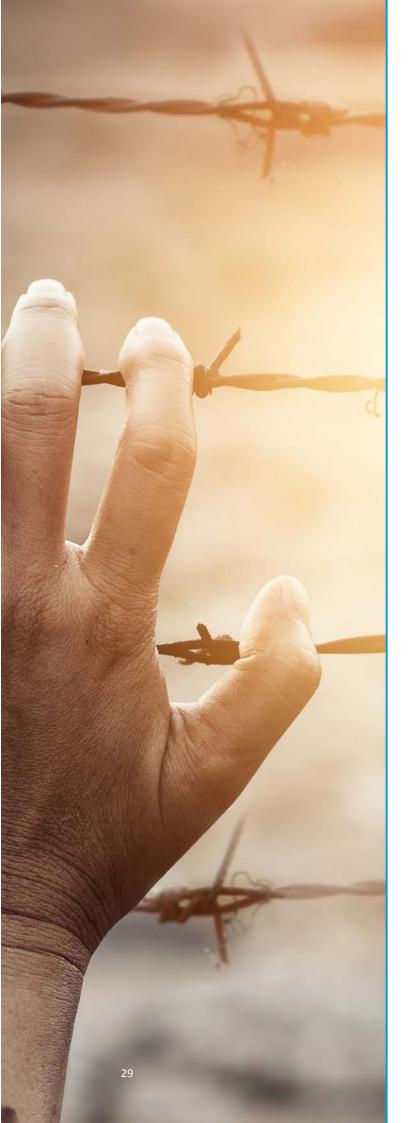
In the years 2022 and 2023, greenhouse gas emissions in non-emissions trading sectors declined by 5.0 per cent (2022) and 5.3 per cent (2023); however, forecasts for the years 2024 and 2025 projected a smaller decline. Should Austria fail to meet the EU's greenhouse gas emission reduction target for 2030, as is currently predicted, updated calculations show that the country can expect to face costs of up to EUR 5.8 billion for the purchase of emissions allowances.

Substantial additional efforts are needed in order to attain the 2030 climate target, and budgetary, fiscal and regulatory measures will have to be taken. The ACA recommended rapidly implementing effective climate policies aimed at sustainably reducing greenhouse gas emissions. Furthermore, a regulation based on the polluter-pays principle for the distribution of costs for the potential purchase of emissions allowances between the federal and the provincial level should be worked towards.

#### The Forest and Climate Change: Strategies and Measures

A changing climate has various impacts on forest ecosystems and may lead to massive disruptions to forest stands and their functions. In its report on <u>"The Forest an Climate</u> <u>Change: Strategies an Measures</u>" (volumes Federation 2022/37, Carinthia 2022/4, Lower Austria 2022/4), the ACA pointed to the fact that forests are caught between the interests of climate protection and those of forest owners when it comes to economic exploitation. For example, spruce stands often occupy forest areas that are not suitable for them, predominantly for economic reasons. Such forests are particularly vulnerable to the impacts of climate change. For a forest to be resilient to environmental impacts, it is important to regenerate forests and to mix tree species. Austria's forest area amounts to a total of 4.02 million hectares; 2.72 million of which were in need of regeneration. And 34 per cent of protective forest areas were classified as severely overmature or already decaying. Against the backdrop that protective forests are in need of regeneration, the ACA critically noted that more than half of protective forest-related funding was approved for forest roads. In the ACA's opinion, the current funding system should therefore primarily provide incentives for measures to achieve a diverse mix of tree species and ages in order to strengthen the resilience of forests to climate change. The Federal Ministry of Agriculture, Forestry, Regions and Water Management stated that it had partly implemented this central recommendation by providing substantial funds for reforestation and forest restructuring.





#### MIGRATION

In 2015/2016, it became evident that Austria's administration was not sufficiently prepared for large-scale immigration. The ACA highlighted the lessons that can be learned from the perspective of public auditing in several reports.

#### **Primary Care**

In the report on "Primary Care; Follow-up Audit" (volume Federation 2024/25), the ACA noted that the number of people receiving primary care benefits in Austria in mid-2023 was at 85,000, i.e. at a similarly high level as in 2015/2016. At between 7,500 and 10,000, the number of beneficiaries of subsidiary protection receiving primary care benefits also remained unchanged at a high level. Since beneficiaries of subsidiary protection were largely treated the same way as those entitled to asylum, their care in the primary care system was a source of tension for the framework conditions of primary care. A central recommendation of the ACA was therefore to create suitable framework conditions for beneficiaries of subsidiary protection outside of primary care, which take into consideration factors relevant to this group. The Federal Ministry of the Interior essentially implemented those recommendations that were exclusively within its sphere of influence, while the majority of recommendations that remained unheeded concerned the further development of the primary care system in coordination with the provinces.

The Federal Government continued to bear different portions of the costs of primary care benefits, depending on the stage of the asylum procedure, which led to cumbersome settlement procedures in some cases. In this context, the ACA considered the considerations made by a task force of the Federal Ministry of



the Interior regarding the standardization of cost-sharing rules to be appropriate.

There was still no coordinated concept for handling potential increases in the number of asylum applications. Likewise, no joint risk assessment and evaluation with regard to the provision of primary care at federal and provincial level was carried out. In addition, the ACA reaffirmed that a concept for an effective and economic approach to handling potential increases in the number of asylum seekers should be developed together with the provinces and, where appropriate, with non-governmental organizations and municipalities.



#### Federal Administrative Court

Among other things, the report on the "Federal Administrative Court" (volume Federation 2023/5) assessed the Federal Administrative Court's organization and structure as well as its collaboration with authorities – especially with the Federal Office for Immigration and Asylum. As an appeal body for administrative matters, the Federal Administrative Court has to enforce more than 200 substantive laws. The vast majority of proceedings dealt with the area of asylum and immigration law. In the financial year 2017, around 30,600 of a total of about 42,000 proceedings concerned this legal field; in the financial year 2021, the figure was around 8,500. Despite a significant decrease in the number of annual proceedings since 2017 and a simultaneous increase in human resources, the backlog of all pending proceedings roughly corresponded to the number of annual proceedings in 2020 and 2021 at the end of the financial year 2021. Besides, the duration of proceedings exceeded six months in 63 per cent of the cases concluded in 2020 and 2021, even though the Federal Administrative Court was required by law to decide on appeals within six months. According to the 2024 follow-up enquiry, the Federal Administrative Court implemented the ACA's recommendations with respect to personnel and organizational support for legal fields and court sections that are particularly burdened as well as with regard to the optimized use of existing human resources.



#### 1.4 NEW AUDIT PRIORITY AS OF 2025: "TRUST IN PUBLIC INSTITUTIONS. HOW FUTURE-PROOF IS AUSTRIA'S PUBLIC ADMINISTRATION?"

Austria, like all other European countries, is undergoing change in several areas and is therefore facing major challenges. They primarily concern the demographic development, technological, security- and climate-related developments but also the social balance and the significance of education. All these areas challenge the state and its administration. On top of this, there is the challenge of managing the energy transition, an inestimable flood of data, which has to be organized appropriately and responsibly at state level, or artificial intelligence, which has to be used responsibly and regulated appropriately. Wars, the tense global situation, migration and worries about declining prosperity impact people's trust in the future.

People living in Austria have to have the reassurance that the public administration has all it takes to meet the current challenges. Public administration has to ensure that it is functional, able to withstand crises and that it is taking the necessary steps towards reform, while diligently managing public finances in compliance with fiscal requirements. We need to refocus on spending responsibility, as the increase in public debt has a massive impact on the stability of public finances. Diligent financial management is a priority issue for the ACA. This involves getting back on a sustainable budget trajectory. The state itself has to be mindful of the requirements for a taskdriven administration. Public administration should be efficient, future-oriented and competitive. Investments have to be assessed in terms of their future viability, from a financial, ecological and social point of view.

The ACA's new audit priority for the years 2025 to 2027 reads "Trust in public institutions. How future-proof is Austria's public administration?" and will address the topics of "trust" and "future" to an equal extent.

## Audit priority 2025 to 2027 Trust in public institutions How future-proof is Austria's public administration?

Trust is the fundamental prerequisite for a stable democracy.



Trust in public institutions is multifaceted: It is based on

- institutions that perform the tasks entrusted and assigned to them well and properly,
- a state that provides public services in accordance with the law, economically and effectively and that is always there when it is needed and
- levels of government that set a high-quality standard for themselves.

All state bodies must strive for this trust day in and day out. Transparency and information are important in order to strengthen trust. In this context, the ACA makes a big contribution by providing verifiable facts and objective reports.

Within the scope of its new triennial audit priority, the ACA will place a particular focus on how to meet future challenges.

Relevant audit topics of sociopolitical importance aim at advancing the state's functionality as well as identifying and stopping undesirable developments. This should bring about, in particular, structural reforms, the acceptance of new concepts and consideration for the needs of young people. The ACA wants to expose outdated processes and structures, excessive bureaucracy and inadequate personnel deployment and encourage public administration to be more open to reform. Finding objective solutions should take centre stage, in particular when it comes to responsibilities shared between the federal and provincial level.

In the ACA's opinion, an administration is genuinely future-proof if it

- rapidly and adequately reacts to fundamental changes and challenges,
- adapts to new framework conditions in a timely manner,
- takes into consideration scientific insights,
- attaches importance to the right qualification of staff members,
- internalizes and lives by the principles of compliance, good governance and transparency,
- securely works with efficient and userfriendly digital systems,
- is inclusive in citizen-oriented areas,
- is able to effectively implement new measures in line with fiscal requirements,
- consistently advances efficiency increases and structural reforms,
- achieves reform targets it has set itself within federalism without taboos and
- defines good community life as an important goal.



#### 1.5 SECURE, AFFORDABLE AND SUSTAINABLE ENERGY SUPPLY

The energy sector has had to meet multiple challenges since the 1990s. The liberalization of the national electricity and gas markets starting in 2001, for example, fundamentally changed the market environment for energy suppliers in Austria. Competition and grid regulation, climate- and energy-related EU targets, the price development on wholesale markets as well as the expansion of renewable energy (energy transition) require companies to make far-reaching adaptations; investments in trans-European grid and energy infrastructure (among other things in electricity and gas lines or storage) are necessary in order to ensure a functioning internal EU energy market providing EU-wide security in terms of electricity and gas supply. At the same time, the energy sector is subject to the general technological change, especially the digitalization of an increasingly decentralized generation involving a multitude of players (including renewable energy communities).

Energy supply is a basic need for citizens and the economy. Therefore, it should be both cost-efficient and of high quality. In order to attain EU and national climate targets, total electricity consumption in Austria should be covered entirely by national renewable sources as of 2030, in line with the Austrian Climate and Energy Strategy #mission 2030. Sustainability, security of supply and competitiveness or affordability represent the energy policy triad and should be pursued as equally important targets. In the past years, the ACA audited different aspects of the energy transition, including with a view to pursuing the three targets in a balanced manner. In doing so, it noted that, due to the favourable conditions, the expansion of renewable energy facilities has so far progressed much faster than the necessary adaptation of the grid infrastructure as well as the flexibilization of the energy system. The funding system had weaknesses, such as an inefficient use of funding and a lack of economic incentives for green electricity producers to act in a way that stabilizes the system and benefits the grid. In addition, the ACA identified the risk that the benefits of the energy transition could be unfairly distributed and that low-income households could reap comparatively fewer advantages and benefits from the greater possibility that decentralized energy generation and supply provide. In the area of district heating and district cooling, there were no specific goals and frameworks aimed at achieving the ambitious decarbonization targets in a socially viable manner. There were shortcomings in the organization of the introduction of smart metres in terms of coordination, strategic management and support for the large-scale project from the competent authorities.

Due to the war in Ukraine, insecurities about Russian gas supply and the increase in energy prices, a particular focus was increasingly placed on the dimensions of supply security and affordability for households and the economy from 2022. Against this backdrop, the ACA published several reports in 2024:

#### WIEN ENERGIE GMBH: ENERGY TRADING TRANSACTIONS

In its report on "Wien Energie GmbH: Energy Trading Transactions" (volume Federation 2024/21), the ACA showed that energy suppliers - among them the Wien Energie GmbH - hedged the prices of their electricity and gas transactions in advance on the futures market; this approach aims at ensuring stable and affordable customer prices as well as security of supply. In August 2022, disruptions on the electricity and gas market led to an extreme increase in wholesale prices; the Wien Energie GmbH was only able to provide the security of EUR 1.8 billion required for trading on the stock exchange with the support of the city of Vienna. Since a high liquidity risk jeopardized the company's existence as well as electricity, gas and heat supply, the management board should have ensured broader risk diversification. Following the events of August 2022, the company changed its hedging strategy and reduced the liquidity risk.





#### SMART METRES

In the report on "<u>Smart Metres – Degree of</u> <u>Implementation in 2022</u>" (volume Federation 2024/15), the ACA critically noted that consumers and grid operators have so far hardly benefitted from the transition to smart metres. The digitalization of the measuring system and realtime measurement of consumption data were mainly aimed at enhancing energy efficiency, grid management and the integration of renewable energy; smart metres could, for example, help electricity customers decrease their consumption and save electricity costs in the event of high electricity prices, which would have been useful during the 2022 energy crisis.



However, as the ministry responsible for energy-related matters did not take the overall lead in managing this complex infrastructure project and many technical as well as legal issues were resolved too late or insufficiently, the planned roll-out fell behind schedule. The potential benefits could not be fully realized because the installed devices' data communication only worked to a limited extent. Furthermore, data protection regulations restricted the use of data by grid operators. However, a cost-efficient grid expansion would require grid digitalization and management. This is relevant because the



funds for the energy transition do not largely come from public budgets but are financed through the electricity and gas bills paid by energy customers.

The ACA also published the report on "Natural Gas – Security of Supply" (volume Federation 2025/1) in January 2025.

## 1.6 INTERNATIONAL AUDITS

International mandates complement the ACA's national tasks. Since September 2023, the ACA has held an important mandate as the external auditor of the Organization for Security and Co-operation in Europe (**OSCE**), the world's largest security organization based in Vienna.

In 2023 and 2024, it also conducted a peer review at the Supreme Audit Institution of Indonesia in collaboration with the Supreme Audit Institutions of Germany and Switzerland.

# AUDIT OF THE 2023 OSCE FINANCIAL STATEMENTS

On 18 July 2024, the OSCE addressed the ACA's audit report on its 2023 statements at the Hofburg Palace in Vienna. The audit report was presented by President Margit Kraker herself at the meeting of the OSCE Permanent Council – which is formed by delegates from all 57 participating states from Europe, North America and Asia. Established in 1975, the OSCE is a state conference for peace keeping, which celebrates its 50<sup>th</sup> anniversary in 2025.

# Unqualified audit opinion but 18 recommendations

The ACA's audit was performed in accordance with the "International Standards of Supreme Audit Institutions" (ISSAI). Based on its audit, the ACA issued an unqualified audit opinion on the OSCE's 2023 financial statements.

At the same time, however, it made a number of audit findings and a total of 18 recommendations aimed at existing risks to the OSCE's targets. They primarily addressed the OSCE's budget that has remained unchanged for years – despite high inflation – and the staffing plan.

President Margit Kraker at the presentation of the ACA's audit report at the Permanent Council of the OSCE in July 2024





As regards the discontinuation of the Special Monitoring Mission in Ukraine, the OSCE implemented a so-called Restatement (adjustment of the previous years' values) at the suggestion of the ACA in order to ensure a more appropriate and transparent accounting of the matter in the 2023 annual financial statements.

Many delegates at the OSCE (for example the EU states, the United States of America, Great Britain) and also the former OSCE Secretary General, Helga Maria Schmid, praised the ACA's thorough and comprehensive work. They also referred to the difficult circumstances: the OSCE had appointed the ACA in September 2023, i.e. at a comparatively late stage. According to the United States of America, the ACA's thorough and professional audit activities made a significant contribution to ensuring transparency and accountability within the OSCE. Therefore, it advocated for an extension of the ACA's mandate.

#### Extension of the audit mandate until 2026

Initially, the ACA's audit mandate only ran for a year. On 19 September 2024, the 57 states participating in the OSCE agreed to extend this for two more financial years. As a result, the ACA now has an audit mandate for a total of three years until 2026. In this context, it will not only audit the 2024 and 2025 annual financial statements, but also economic efficiency with regard to the use of OSCE funds by carrying out an on-site survey of a particular OSCE field operation per year.

Speech held by President Margit Kraker at the meeting of the OSCE Permanent Council ACA report on the OSCE's 2023 financial statements

## PEER REVIEW AT THE SUPREME AUDIT INSTITUTION OF INDONESIA

According to constitutional law, the Supreme Audit Institution of Indonesia is obliged to undergo a peer review every five years. In 2023 and 2024, the Supreme Audit Institution of Germany, the Supreme Audit Institution of Switzerland and the ACA advised the Supreme Audit Institution of Indonesia on three topics: the German Supreme Audit Institution on personnel matters, the Swiss Supreme Audit Institution on information technology and the ACA on ethics and integrity management. As peers, the three audit institutions were given insight into relevant guidelines, processes and standards. In addition, they gained direct insight into practical implementation on the ground in Jakarta.

Peer-to-peer procedures are used as a means of quality control, where independent experts audit the work of others in the same area. This procedure is also applied in external public auditing. The exchange of knowledge and experience forms an essential aspect of collaboration and innovation within INTOSAI.

#### Final report with 25 recommendations

On 7 August 2024, the peer review came to a conclusion with the formal handover of the report to the Indonesian Parliament by the participating Supreme Audit Institutions. In its report, the peer review team made 25 recommendations to the Supreme Audit Institution of Indonesia. Among other things, they addressed ethics and integrity management.

The Supreme Audit Institution of Indonesia has been developing a series of instruments (e.g. code of conduct, whistleblowing channels, anti-fraud measures) in this area for two decades. However, in practice, there are challenges with regard to maintaining integrity for example when it comes to issuing audit conclusions and audit opinions. The peer review team highlighted the importance of a well-functioning integrity management, as Supreme Audit Institutions (SAIs) can make a contribution to goal 16 of the United Nations' 2030 Agenda for Sustainable Development (strong institutions) via the dimensions of transparency and accountability. Therefore, the ACA recommended measures in the areas of leadership, management and standards.

# Reception hosted by the President of the Republic of Indonesia

On the occasion of the handover of the peer review report, the President of the Republic of Indonesia hosted a reception for the auditors. President Joko Widodo showed great interest in the results, which were presented by President Margit Kraker, President Kay Scheller (SAI Germany) and Director Pascal Stirnimann (SAI Switzerland). In her speech, the ACA president expressed her delight at the trust put in the expertise and independence of the three European Supreme Audit Institutions by way of their appointment. As the INTOSAI Secretary General, she also stressed that the Supreme Audit Institution of Indonesia will hold the INTOSAI chairmanship as of 2028.

Peer review report

from left to right: Arndt Fischer (SAI Germany), Ina Lepel (German Ambassador to Indonesia), Pascal Stirnimann (President of SAI Switzerland), Kay Scheller (President of SAI Germany), Joko Widodo (President of Indonesia (until 20 October 2024)), Isma Yatun (President of SAI Indonesia), President Margit Kraker, Thomas Loidl (Austrian Ambassador to Indonesia), Olivier Zehnder (Swiss Ambassador to Indonesia), Bahtiar Arif (Secretary General of SAI Indonesia)



## 1.7 SUPREME AUDIT INSTITUTIONS: A COMPARISON BETWEEN AUSTRIA AND ITALY

On 10 June 2024, the law faculty at the University of Innsbruck hosted an event on the subject of "Supreme Audit Institutions: a comparison between Austria and Italy". In the auditorium of the University of Innsbruck, participants from Italy and Austria addressed issues of comparative law at the national and regional level of the audit institutions of both countries. In addition to President Margit Kraker and the President of the Italian Supreme Audit Institution, Guido Carlino, speakers included representatives of the provincial audit institutions, the Provincial Administrative Court of Tyrol, the Italian Supreme Audit Institution both in Rome and in the region of Trentino-South Tyrol, the Public Prosecutor's Office at the Italian Supreme Audit Institution in Trento as well as the Prosecutor General's Office in Rome.

In her talk, President Margit Kraker presented the Austrian Court of Audit and, in particular, its competences and instruments. After placing the ACA in the context of the international system of Supreme Audit Institutions, she went on to discuss its comparatively broad mandate, its high degree of independence and autonomy and the parliamentary orientation of the ACA in the Austrian constitution. The importance of its role in the provinces and the constructive collaboration with the provincial audit institutions were also addressed, as were the audit remit at municipal level and the numerous tasks that the constitutional legislator has assigned to the ACA in addition to auditing. The question of what the ACA does in order to ensure that its recommendations have the greatest possible impact was of particular interest for the participants. In this context, President Margit Kraker began by addressing the non-binding

nature of the recommendations and stressed their preventive and political impact. The work of the ACA is highly relevant due to the immediacy of the audits, but especially because all reports are published in full and the ACA engages in timely and targeted public relations activities. After publication of the reports, follow-up enquiries and follow-up audits strengthen the impact of audit recommendations. In concluding her talk, Margit Kraker highlighted the fundamental importance of independent public auditing:

## "Audit institutions work well if they have to take into account neither applause nor political circumstances."

On the Italian side, President Carlino presented the Supreme Audit Institution, which is a constitutional body with branch offices in the autonomous regions and provinces. In addition to its audit function, the Supreme Audit Institution of Italy also has jurisdictional powers in connection with public accounts and administrative liability. However, the Italian Supreme Audit Institution's Deputy Prosecutor General added that a restriction of the jurisdictional function was currently being discussed in Italy, as it was often cited as the reason for the public administration's reluctance to take decisions.

The conference contributions will be published by the publishing house NOMOS in the volume "Grenzräume" (Border Areas). Annual Report 2024 of the Austrian Court of Audi

## THE ACA AUDITS AND PROVIDES ADVICE

- Auditing
- Reporting
- Special audits
- Report on the Federal Financial Statements
- Advisory and committee activities
- Committees of inquiry
- Freedom of information
- Public relations

5.76

70.90

74.79

53.67

48.09



# 2. THE ACA AUDITS AND PROVIDES ADVICE

## 2.1 AUDITING

As an independent public audit body, the ACA audits the financial management of the Federation, the provinces and the municipal associations, the municipalities, the social insurance providers, the chambers as well as other legal entities as defined by law.

For the legislator, financial management refers to conduct that goes beyond the mere handling of financial resources, namely to any conduct that has financial impacts (impacts on expenditure, income and assets). Therefore, "financial management" is not limited to budget execution; rather, it encompasses all actions taken by legal entities subject to audit that have financial or asset-relevant impacts.

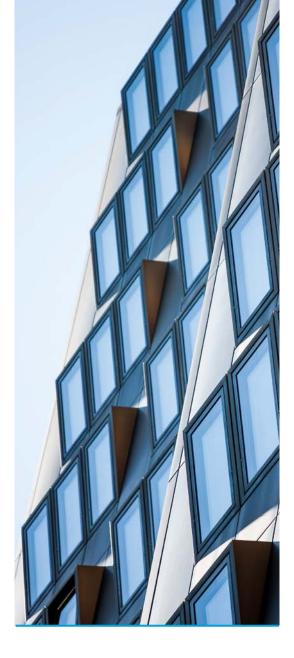
In its audits, the ACA identifies weaknesses and areas for potential improvement. It contributes to creating transparency about the use of public funds and thus to increasing efficiency and effectiveness in the public sector. It creates significant added value and benefits for society.

However, it is important to the ACA as a public audit institution that audits ex post, i.e. the audits are performed in retrospect, to anticipate and identify future challenges that will emerge for the state and society in the medium term ex ante, i.e. proactively, and to develop an audit programme that strategically builds thereon. At the end of December 2024, the ACA was carrying out 87 audits, of which 47 were dedicated to the audit priority "Next Generation Austria. Are we passing on something besides debt to the next generation? On the future role of the state for the next generation."

In July 2024, the ACA began planning its audits for the year 2025, which will put particular emphasis on the new audit priority

> "Trust in public institutions. How future-proof is Austria's public administration?"

Both the 2024 and the 2025 audit plans were coordinated with the provincial audit institutions. The purpose of this coordination is to avoid a duplication of audits.



## 2.2 REPORTING

In 2024, the ACA published 49 reports. They addressed numerous topics that are relevant for the achievement of the United Nations' Sustainable Development Goals:

Title	Volume(s)	SDG context
Climate Crisis – Challenges for Water Management in Lower Austria	Federation 2024/1 Lower Austria 2024/1	2 5
FFoQSI GmbH – Austrian Competence Centre for Feed and Food Quality, Safety and Innovation	Federation 2024/2 Upper Austria 2024/1	2 there 3 a model at a constant of the interest of the interes of the interest of the interest of the interest
Financial Market Supervision by FMA and OeNB	Federation 2024/3	
Cost Transparency in Media Work – Federal Chancellery, Federal Ministry of Finance, Federal Ministry for Climate Action	Federation 2024/4	16 AND ANY METRONY 16



Title	Volume(s)	SDG context
Austrian Business Agency – ABA	Federation 2024/5	
Federal Safety Investigation Authority	Federation 2024/6	16 Add attre Metanore Metanore 16
ARE Austrian Real Estate GmbH (Group); Follow-up Audit	Federation 2024/7	11
Obdach Wien gemeinnützige GmbH	Vienna 2024/1	<mark>1 אמרי</mark> אַרְעַיּאַיּאַיּ 1
Judicial Resocialization Measures	Federation 2024/8	4 mm ▲ mm ▲ mm ▲ mm ▲ mm ▲ mm 4, 16
Management and Coordination of the Execution of Sentences and Measures; Follow-up Audit	Federation 2024/9	16 Met and Stranger
Research at the Federal Ministry of Agriculture, Forestry, Regions and Water Management	Federation 2024/10	12 monte 2 monte 12 monte 12 monte 12 monte 12 monte 15 monte 12 monte 12 monte 12 monte 13 monte 14 monte 12 monte 14 monte 12 monte 14 monte 12 monte 14 mont
Red-White-Red Card and EU Blue Card	Federation 2024/11	
Stocktaking Report on Skills Shortage	Federation 2024/12	4 8000 8 1000 100 100 100 100 100 100 100
Social Media Accounts of Government Members	Federation 2024/13 Burgenland 2024/1 Upper Austria 2024/2 Vienna 2024/2	16 желене желене 16 желене желене 16
Administrative Support Staff at General Compulsory Schools	Federation 2024/14 Burgenland 2024/2 Styria 2024/1	4 800
Smart Metres – Degree of Implementation in 2022	Federation 2024/15 Burgenland 2024/3 Carinthia 2024/1 Lower Austria 2024/2 Salzburg 2024/1 Styria 2024/2 Tyrol 2024/1 Upper Austria 2024/3 Vienna 2024/3	
Management of IT Security in the Federal Ministry of Finance, Federal Ministry for Climate Action and Federal Ministry of Agriculture	Federation 2024/16	8 Reaction of the second secon



Title	Volume(s)	SDG context
Deposit Guarantee Scheme	Federation 2024/17	8 teter and teterations 8
Prevention of and Fight against Cybercrime; Follow-up Audit	Federation 2024/18	<b>16</b> лек. анте кетоток У
European Investment Bank (EIB): Func- tion and Task Performance of the Federal Ministry of Finance	Federation 2024/19	7 mmm         8 mmm         9 mmmm         10 mmm         11 mmm         13 mm           ♦
Report on the Federal Financial Statements	FFS	
Pesticide Use in Agriculture	Federation 2024/20 Burgenland 2024/4	2 : ::::: 2 : :::::::::::::::::::::::::
Wien Energie GmbH: Energy Trading Transactions	Federation 2024/21 Lower Austria 2024/3 Vienna 2024/4	7 summer Č 7
FH Burgenland and FH Vorarlberg	Federation 2024/22 Burgenland 2024/5 Vorarlberg 2024/2	4 mich 1 mich 4 mich
Non-Profit Organization Support Fund	Federation 2024/23	2 mm
Agricultural Livestock Farming – Subsi- dies and Animal Welfare Inspections	Federation 2024/24 Styria 2024/3 Upper Austria 2024/4	3 metaletan →√√• 3
Primary Care; Follow-up Audit at the Federal Ministry of the Interior	Federation 2024/25	10 ###### 10
Administrative Penalties in the Environmental Field	Federation 2024/26 Styria 2024/4 Upper Austria 2024/5	16 Mine 16 Attraction 16 Attraction 16 Attraction 16 Attraction 15 Jine 16 Attraction 15 Jine 16 Attraction 15 Jine 16 Attraction 15 Jine 16 Attraction 15 Jine 16 Attraction 15 Jine 15 J
Range of Digital Services of Selected Municipalities	Lower Austria 2024/4 Salzburg 2024/2	
NÖ.Regional.GmbH; Follow-up Audit	Lower Austria 2024/5	
Volksoper Wien GmbH	Federation 2024/27	
Coordination of Cybersecurity; Follow-up Audit	Federation 2024/28	9 <b>1000 1000</b> 29 9



Title	Volume(s)	SDG context
Management of IT Security in the Province of Carinthia	Carinthia 2024/2	8 <b>******</b> <b>***</b> 8, 9
8-Point Plan for Digital Learning	Federation 2024/29 Carinthia 2024/3 Lower Austria 2024/6	4 teacher Marine 4
Climate Change Adaptation Action – Wels and Wiener Neustadt	Federation 2024/30 Lower Austria 2024/7 Upper Austria 2024/6	11 WINNEAR 11 WINNEAR 13 WIN 13 WIN 13 WIN 13 WIN 11 WINNEAR 11 WINNEAR 11 WINNEAR 11 WINNEAR 11 WINNEAR 11 WINNEAR 11 WINNEAR 11 WINNEAR 11 WINNEAR 11 WIN 11 WIN
Benefits Pursuant to the Childcare Allowance Act; Follow-up Audit	Federation 2024/31	5 mm S
Electronic Health Record ELGA and ELGA GmbH	Federation 2024/32	3 metator √√ 3
Upper Austrian Medical Chamber – Chamber Management and Welfare Fund	Chamber 2024/1	3 ####### -₩∕₩ 3
Vienna Medical Chamber – Chamber Management and Welfare Fund	Chamber 2024/2	3 mentan -₩
Central Danube Region Marketing & Development GmbH	Vienna 2024/5	
Vorarlberg Transport Association	Federation 2024/33 Vorarlberg 2024/3	9 <b>********</b>
Bridge Maintenance in the Province of Vorarlberg; Follow-up Audit	Vorarlberg 2024/4	9
Medical Rehabilitation – Development and Control	Federation 2024/34	3 million
Medical Rehabilitation – Organization and Implementation	Federation 2024/35	3 ####10 ///*
Acute Geriatrics and Remobilization in Lower Austria and Styria	Federation 2024/36 Lower Austria 2024/8 Styria 2024/5	3 meterism ₩∕♥ 3
General Income Report 2024	Income 2024/1	10 #800# 10
Salzburg Bar Association	Chamber 2024/3	16 Activation Activation 16



Title	Volume(s)	SDG context
Climate Protection in Austria; Follow-up Audit	Federation 2024/37	13 mm 13 mm 13
Accreditation and Public Funding of Private Universities; Follow-up Audit	Federation 2024/38	4 that I that 4

The ACA submitted the reports listed in the table above to the National Council, the provincial parliaments, the Vienna Municipal Council, municipal councils as well as constituent organs of statutory associations of professions, employers or employees (chambers) in an electronic format.

In addition, the ACA published an issues paper on "IT Security in the Federal Government | the.ACA's.added.value". in October 2024. It summarizes the results of four audits on the topic of IT security and addresses the topics of IT consolidation, IT security organization, IT workplace and IT security with regard to staff and central systems.

For the sake of transparency, all ACA reports are published on its website at www.rechnungshof.gv.at; access is barrier-free. Hence, PDF files can also be retrieved by people with visual impairments with the help of a speech reproduction programme.





## 2.3 SPECIAL AUDITS

Under special circumstances and to a limited extent, the Federal Constitutional Law provides for the possibility for the Federal Government or a provincial government as well as for the National Council or a provincial parliament to address an audit request or demand to the ACA.

Owing to an amendment to the Rules of Procedure of the National Council (Federal Law Gazette I 141/2022), which entered into force on 1 January 2023, members of a parliamentary group with fewer than 20 Members of Parliament can now also address an audit request to the ACA, provided that all members of the parliamentary group are in favour of the request. The total limit of three pending audits has also been removed.

In 2024, one special audit pursuant to section 99 para. 2 of the National Council Rules of Procedure Act 1975 (Geschäftsordnungsgesetz 1975) of the National Council was requested:

 Audit on "Mechanisms for Preventing Incidents of Espionage in the Federal Ministry of the Interior, the Federal Ministry for European and International Affairs as well as the Federal Ministry of Defence" (requested by Members of Parliament (NEOS)) In addition, the ACA was in the midst of carrying out the following requested special audits at the end of December 2024:

- "AEI Agency for European Integration and Economic Development" (requested by the Federal Minister of Defence)
- "Own Investments of the Oesterreichische Nationalbank (Central Bank of Austria)" (requested by Members of Parliament (SPÖ))
- "Pricing Policy of KELAG" (requested by members of the Carinthian Provincial Parliament (FPÖ))
- "Municipality of Matrei in East Tyrol" (unanimous decision of the Tyrolean Provincial Parliament; the additional request was adopted by a majority (opposed by The GREENS and Liste Fritz))
- "Provincial Supervision of Non-Profit Housing Developers in Styria" (requested by members of the Styrian Provincial Parliament (The GREENS and FPÖ))
- "Audit on the Structural and Personnel Situation of the Steiermärkische Krankenanstaltengesellschaft m.b.H. (Styrian hospital association)" (requested by the Styrian Provincial Parliament)
- "Illegal Political Party Financing: Preferential Benefits Provided by the Federal Ministries to the ÖVP and The GREENS" (requested by Members of Parliament (FPÖ))

## 2.4 REPORT ON THE FEDERAL FINANCIAL STATEMENTS

#### ECONOMIC CONDITIONS

In June 2024, the ACA submitted the Report on the 2023 Federal Financial Statements to the National Council. For the fourth consecutive year, the 2023 federal budget was marked by aid measures for mitigating the impacts of various crises. In 2020 and 2021, the COVID-19 pandemic significantly influenced the economic development in Austria; in 2022 and 2023, high inflation and rising interest rates put considerable additional pressure on public finances. In 2023, the domestic economy shrank by 0.8 per cent in real terms but grew by 6.7 per cent in nominal terms. Inflation amounted to 7.8 per cent, which was lower than in 2022 but still four times higher than the European Central Bank's target of 2.0 per cent. Even though the situation on the labour

market was solid and employment increased, the number of unemployed rose slightly alongside a shortage of skilled workers.

Medium-term economic forecasts remain subject to uncertainty. Geopolitical and climate-related conditions (including the war in Ukraine and the climate crisis), coupled with the resulting macroeconomic challenges (energy prices, high inflation, the global weakness of industry and high interest rates compared to pre-crisis interest levels), put a strain on economic development.





#### CONSOLIDATED FINANCIAL STATEMENTS AND COMPARATIVE STATEMENT OF BUDGET ESTIMATES

The 2023 net result, i.e. the difference between expenditure and revenue, was markedly negative again and amounted to -EUR 10.717 billion. Even though the net result improved by EUR 2.027 billion compared to 2022, it was still far below the pre-crisis level. Higher tax revenue due to high inflation led to a marked increase in revenue, and expenditure also rose again. Financial expenditure rose sharply due to the surge in interest rate levels, which increased the Federal Government's refinancing risk.

The negative net funding balance 2023 of the statement of financial position accounted for -EUR 8.014 billion and represented an improvement of EUR 9.095 billion compared to the budgeted amount. The increase in incoming payments – EUR 4.226 billion above the budgeted amount – resulted in particular from high inflation, the energy crisis contribution and national carbon pricing. Outgoing payments were EUR 4.869 billion lower than budgeted. This primarily resulted from the fact that funds earmarked for expiring COVID-19 measures as well as for some measures for mitigating inflation were not fully used.

Given the high discrepancies compared to the budget estimates and in the interest of the budgetary principles of budget truth and clarity, the ACA considers accurate planning and budgeting to be necessary. It should not be possible to use unspent funds for one-off measures aimed at mitigating inflation – such as the COVID-19 funds – for reserves. As at 31 December 2023, the Federation's assets accounted for EUR 125.970 billion, which was more than in 2022 (+EUR 4.116 billion). The increase was mainly due to higher liquid funds (+EUR 4.160 billion), higher long-term receivables, mainly due to the accrual of interest and disagios in the area of financial debt management (+EUR 3.916 billion), as well as investments in the military sector (EUR 286.05 million). The assets were contrasted by borrowed funds amounting to EUR 342.229 billion, which were EUR 14.774 billion higher than in 2022 and primarily resulted from an increase in financial debt.

Net assets – i.e. the balance figure resulting from the difference between borrowed funds and assets – amounted to-EUR 216.260 billion in 2023 and were thus negative. This represents a further decline in the amount of EUR 10.659 billion compared to 2022 due to the continued significantly negative net result.

## FINANCIAL IMPACTS OF THE INFLATION RELIEF MEASURES ON THE FEDERAL BUDGET

As was the case in 2022, the population was provided relief from inflation in 2023, particularly in the form of grants to mitigate the increase in energy costs. A total of EUR 8.414 billion of the 2023 budget was earmarked for these measures. The actual payments for relief measures amounted to EUR 4.122 billion, i.e. 5.2 per cent of the Federation's transfer payments in 2023. The relief measures were mainly targeted at individuals and households; they received financial support totalling EUR 3.090 billion.



## FINANCIAL IMPACTS OF THE COVID-19 PANDEMIC ON THE FEDERAL BUDGET

From 2020 to 2023, the Federal Government disbursed EUR 45.265 billion for measures aimed at overcoming the COVID-19 pandemic. Of this amount, EUR 35.409 billion were spent within the scope of the COVID-19 Crisis Management Fund and EUR 9.856 billion within the scope of the COVID-19 Short-Time Work Allowance.

In 2023, EUR 2.577 billion were disbursed from the COVID-19 Crisis Management Fund, i.e. EUR 6.695 billion less than in 2022. The bulk (EUR 2.312 billion) was spent under budget chapter 24 (Health), in particular in relation to loss of income as defined in the Epidemics Act 1950 (Epidemiegesetz 1950) and with regard to special-purpose grants as defined in the Act on COVID-19 Special-Purpose Grants (COVID-19-Zweckzuschussgesetz). Thus, budget chapter 24 (Health) was the only budget chapter under which larger sums were still being disbursed for COVID-19 measures in 2023.

#### **BUDGET MANAGEMENT**

In 2023, the Federal Minister of Finance approved overruns of the budget estimates amounting to EUR 50.505 billion, of which EUR 45.000 billion for short-term financial liabilities in the cash flow from financing activities. The shortening of average maturities on the financial markets led to a higher turnover rate of funds with regard to instruments for short-term liquidity supply. The funds for the budget overruns were almost exclusively covered by additional inflows, which predominantly originated from credit operations. As at 31 December 2023, the budget reserves totalled EUR 26.523 billion, representing an increase of EUR 5.287 billion compared to 2022 and another all-time high since the federal budget reform. In this context, the ACA reiterates its recommendations – which it has already put forward several times – concerning the further development of the reserve system within the scope of a federal budget reform. The reform should aim at strengthening the budgetary principles of budget truth and budget clarity as well as transparency in general.

# DEVELOPMENT OF FINANCIAL DEBTS AND FEDERAL GUARANTEES

As at 31 December 2023, the Federation's adjusted financial debts totalled EUR 283.252 billion or 59.4 per cent of the gross domestic product (GDP) and were EUR 12.362 billion (+4.6 per cent) higher than in 2022. Thus, for the fourth consecutive year, financial debts increased significantly. New financial debts taken on in 2023 had an average real interest rate of 3.3 per cent (2022: 1.0 per cent) and an average maturity of 7.3 years (2022: 8.6 years). The average real interest rate applicable to the entire debt portfolio increased to 1.8 per cent (2022: 1.2 per cent).

As at 31 December 2023, federal guarantees amounted to EUR 96.266 billion; guarantees were thus lower by EUR 3.848 billion than in 2022.



#### AUDITING THE FINANCIAL STATEMENTS

In order to assess the regulatory compliance as well as the accounting correctness of the accounting records and supporting documents, the ACA audited the 2023 financial statements pursuant to section 9 of the Court of Audit Act 1948 (Rechnungshofgesetz 1948). In addition to random document checks, this audit also included analytical and systematic audit activities, such as the valuation and recording of equity interests, the recording of asset additions and inventories, the allocation to provisions and the review of open line items as well as bank account balances. Within the scope of a preliminary audit pursuant to section 9 of the Court of Audit Act 1948, the ACA focused on assessing the labour market process, especially the accounting of active and passive labour market policy in regard to a correct presentation of assets, financial position and performance. In particular, it found that a correct transfer of accounting data from the upstream systems in the Public Employment Service to the federal accounting system could not be guaranteed in the area of passive labour market policy.



## 2.5 ADVISORY AND COMMITTEE ACTIVITIES

#### NATIONAL COUNCIL

In early 2024, 49 ACA reports submitted in the period from 2020 to 2023 were still unaddressed. In 2024, the ACA presented 39 reports as well as the report on the 2023 Federal Financial Statements, i.e. a total of 40 reports, to the National Council.

President Margit Kraker attended the five meetings held by the Public Accounts Committee. Furthermore, she participated in one meeting of the Parliamentary Budget Committee and in four plenary sessions of the National Council. The Public Accounts Committee discussed 26 reports, including the 2023 Annual Report as well as the 2021 and 2022 Income Survey. Consequently, 62 reports submitted by the ACA in the period from 2020 to 2024 remained unaddressed at the end of the year. At its meeting held in the presence of Federal Minister Johannes Rauch on 23 January 2024, the Public Accounts Committee dealt with five reports related to the areas of healthcare and social affairs ("Sustainability of the Pension System" (volume Federation 2023/29), "Reform of the Social Insurance Providers – Merger and Financial Position" (volume Federation 2022/41, volume Federation 2022/42), "COVID-19 Vaccine Procurement" (volume Federation 2023/16) and "Population-Wide COVID-19 Tests" (volume Federation 2023/19)). The National Council discussed these reports in its plenary session on 31 January 2024.

At its meeting held on 11 April 2024, the Public Accounts Committee addressed the report on the "Restoration of the Parliament Building" (volume Federation 2023/27). The vice director of Parliament as well as the managing director of the Bundesimmobiliengesellschaft m.b.H. (federal real estate company) were invited as respondents. Furthermore, the ACA's "2023

President Margit Kraker in a plenary session of the National Council



Annual Report" (volume Federation 2023/40) and the report on the "2021 and 2022 Income Survey" (volume Income 2023/1) were on the agenda of thePublic Accounts Committee.



At another meeting held in the presence of Federal Minister Martin Kocher on 7 May 2024, the Public Accounts Committee dealt with reports related to the areas of labour and economy. The reports on "Educational Leave" (volume Federation 2023/11), "Red-White-Red Card and EU Blue Card" (volume Federation 2024/11), "Stocktaking Report on Skills Shortage" (volume Federation 2024/12) and "Austrian Business Agency – ABA" (volume Federation 2024/5) were addressed. The chairman of the Board of Directors of the Public Employment Service Austria and the head of the Public Employment Service's internal audit department as well as the managing director of ABA were invited as respondents. At the beginning of its plenary session on 16 May 2024, the National Council discussed and took note of these reports as well as of the reports that were addressed by the Public Accounts Committee on 11 April 2024. Through its agenda, the National Council can support the ACA in its audit work.

In the presence of Federal Minister Alma Zadić, the Public Accounts Committee discussed reports related to justice affairs on 4 June 2024. The following four reports were addressed: "Federal Administrative Court" (volume Federation 2023/5), "Judicial Resocialisation Measures" (volume Federation 2024/8), "Management and Coordination of the Execution of Sentences and Measures; Follow-up Audit" (volume Federation 2024/9) as well as "Violence and Victim Protection for Women" (volume Federation 2023/21). During the debate on the respective report, the president of the Federal Administrative Court was available to provide information to the Members of Parliament.

At its meeting on 19 June 2024, which was attended by Federal Minister Martin Polaschek, the Public Accounts Committee focused on four reports related to the area of education: "Boards of Education" (volume Federation 2023/3), "Administrative Support Staff at General Compulsory Schools" (volume Federation 2024/14), "School Operation during the COVID-19 Pandemic" (volume Federation 2023/24) and "Austrian Academy of Sciences" (volume Federation 2023/6). The director of the Federal Institute for Quality Assurance in the Austrian School Sector (IQS) and the institutes and infrastructure director of the Austrian Academy of Sciences were invited as respondents. In its plenary session on 4 July 2024, the National Council discussed and took note of the reports together with the Public Accounts Committee's reports dated 4 June 2024.

The 2023 Report on the Federal Financial Statements was addressed in the Parliamentary Budget Committee on 12 September 2024 and in a plenary session of the National Council on 18 September 2024.

#### PARLIAMENTARY ENQUIRIES

In 2024, the Freedom Party of Austria (FPÖ) addressed a written parliamentary enquiry to the president of the ACA. The ACA must respond to parliamentary enquiries within a period of two months. In general, the ACA holds the opinion that the MPs' right to interpellate does not extend to the audit activities of the ACA. Pursuant to section 91a of the National Council Rules of Procedure Act 1975 (Geschäftsordnungsgesetz 1975), the right of the members of the National Council to put questions to the ACA covers "subjects within the scope of competence of the president of the ACA, insofar as they pertain to budget management as defined in the Federal Organic Budget Act (Bundeshaushaltsgesetz), staffing as defined in Article 125 para. 3 of the Federal Constitutional Law (Bundes-Verfassungsgesetz) and the ACA's organization as defined in section 26 para. 2 of the Court of Audit Act (Rechnungshofgesetz)".

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#### PROVINCIAL PARLIAMENTS

In 2024, the ACA submitted 21 reports to the provincial parliaments. The ACA's relations with the individual provincial parliaments are governed differently by the provincial constitutions and the standing orders of the provincial parliaments. All provincial parliaments address ACA reports and invite the auditors to attend the deliberations on a regular basis.

Representatives of the ACA's audit service took part in 23 committee meetings of the provincial parliaments in the provinces and the Vienna Municipal Council. In addition, President Margit Kraker attended a meeting of the Vienna Municipal Council on 17 December 2024, where six of the ACA's reports were up for debate. Moreover, the president reported on the ACA's activities.

The opportunity of attending committee meetings by way of videoconferences is being seized by all provincial parliaments. ACA audit teams virtually joined the meetings of the provincial parliaments' oversight committees a total of 15 times. In addition, the ACA is more than happy to attend committee meetings of provincial parliaments in person if it is invited to do so.

There is one specificity as regards the financial supervisory committee of the Salzburg Provincial Parliament. While committee deliberations in both the National Council and the provincial parliaments are usually not open to the public, the Salzburg Provincial Parliament livestreams the debates in its committees on its website.

#### MUNICIPAL COUNCILS

In 2024, the ACA submitted four reports to municipal councils.

The ACA attaches great importance to the cooperation with municipal councils. The ACA seeks to enhance this cooperation and, when submitting reports at the municipal level, expressly points out that its auditors are available to provide information as required when the reports are being dealt with by the respective municipal council.



President Margit Kraker at the Vienna Municipal Council on 17 December 2024

## 2.6 COMMITTEES OF INQUIRY

On 15 December 2023, two parallel committees of inquiry were set up in the National Council: the Committee of Inquiry on the "Red-Blue Abuse of Power" and the Committee of Inquiry on COFAG. The ACA was requested to submit files and documents relating to the respective subject of inquiry.

## COMMITTEE OF INQUIRY ON THE "RED-BLUE ABUSE OF POWER"

The subject of inquiry of the Committee of Inquiry on the "Red-Blue Abuse of Power" comprised seven points to be proved by evidence. Four points concerned actions guided by subjective interests while the Social Democratic Party of Austria (SPÖ), whose political colour is red, and the Freedom Party of Austria (FPÖ), whose political colour is blue, were in government, specifically: (1) the placement of advertisements and media cooperations, (2) surveys, expert opinions and studies, (3) the commissioning of advertising agencies as well as (4) the appointment of people to management positions. Two further points concerned actions by public prosecutors. The period of inquiry for these six points to be proved by evidence was 11 January 2007 to 7 January 2020. The seventh point to be proved by evidence concerned COFAG for the period from 18 December 2017 to 23 November 2023.

When submitting files encompassing a total of almost 40 reports with abstract relevance to the points to be proved by evidence on 9 February 2024, the ACA emphasized that the points nos. 1 to 6 (e.g. advertisements, media cooperations, expert opinions, studies, appointment to management positions) are regularly subject to its audits. As regards point no. 7 (COFAG), it referred to its report on "<u>COFAG and Grants to</u> <u>Companies</u>" (volume Federation 2022/31) published in October 2022, in which the ACA examined both the establishment and corporate governance of the COVID-19 Federal Financing Agency (COVID–19 Finanzierungsagentur des Bundes GmbH, COFAG) and the financial support provided to companies by COFAG.

In connection with point no. 7, the ACA also referred to its numerous audits on the topic of COVID-19. Therefore, it also submitted reports with potential abstract relevance for this topic, as well as on the topics of good governance and preventing and combatting corruption.

#### REQUESTS FOR ADDITIONAL EVIDENCE

In the course of the activities of the Committee of Inquiry, three requests for additional evidence and for the taking of evidence were addressed to the ACA:

(a) The first request dated 11 January 2024 concerned the inquiry into payments made by the Federal Chancellery and the federal ministries to 160 companies and associations listed by name in the period from 2007 to 2023.

(b) Another request for evidence dated 31 January 2024 related to the merger of the Social Insurance Providers. This was based on the ACA's report on the "Reform of the Social Insurance Providers – Merger and Financial Position" (volumes Federation 2022/41, Federation 2022/42) published at the end of 2022. This audit aimed at assessing the impacts of the Social Insurance Organization Act (Sozialversicherungs-Organisationsgesetz) compared to the outcome-oriented impact assessment,



with a particular focus on the intended reduction of the administrative burden, the progress made towards the harmonization of benefits and organizational integration.

With respect to the additional request for evidence, the ACA indicated that – as regards self-governing bodies – the control of the "exercise of powers of intervention, in particular of supervisory powers by (functional or organizational) federal bodies" is incumbent on a committee of inquiry. "Self-governing institutions {...} are subject to control by a committee of inquiry only insofar as they perform administrative tasks within the scope of competence conferred to them by the Federation." (*Kahl in Korinek/Holoubek/Bezemek/ Fuchs/Martin/Zellenberg* (eds.), Austrian Federal Constitutional Law, Article 53 B-VG, marginal no. 22).

Against this legal backdrop, the ACA submitted files of the Federal Ministry of Social Affairs, Health, Care and Consumer Protection on the awarding of contracts for advisory services, on staffing and on the expert opinion on potential savings due to the merger of the social insurance providers on 21 February 2024.

(c) Within the scope of the third request for additional evidence dated 11 April 2024, the ACA was requested to submit to the Committee of Inquiry all files and documents relating to the reports of Herbert Kickl pursuant to the Incompatibility and Transparency Act (Unvereinbarkeits- und Transparenz-Gesetz) that pertained to his term in office as Federal Minister of the Interior. In its written reply to the Committee of Inquiry dated 25 April 2024, the ACA pointed out that the request for the disclosure of the assets of a member of government pursuant to the Incompatibility and Transparency Act is an issue with far-reaching implications - not least due to the associated interference in the fundamental right to respect for private and family life of the persons concerned that is protected by Article 8 ECHR. Likewise, it had to be noted that, pursuant to section 3a of the Incompatibility and Transparency Act, only the president of the National Council or of a provincial parliament is entitled to request reporting on these matters from the president of the ACA.

Due to these far-reaching legal implications, utmost legal certainty had to be ensured before the requested documents and files could be submitted to the Committee of Inquiry. Without a supreme court decision by the Constitutional Court in this matter, the ACA was therefore obliged to refrain from submitting the documents to the Committee of Inquiry.

(d) Subsequently, the president of the National Council addressed a letter to the president of the ACA on 14 May 2024, requesting the president of the ACA to report in accordance with section 3a para. 3 of the Incompatibility and Transparency Act on the reports of Herbert Kickl that pertained to his term in office as Federal Minister of the Interior. The president of the ACA complied with this request for reporting in a letter dated 21 May 2024 addressed to the president of the National Council.

## PRESIDENT OF THE ACA AS A RESPONDENT IN THE COMMITTEE OF INQUIRY

President Margit Kraker was summoned to the Committee of Inquiry on the "Red-Blue Abuse of Power" as a respondent on 10 April 2024. She was questioned about all seven points to be proved by evidence that were being investigated by the Committee of Inquiry.

In her opening statement, the president highlighted the ACA's role in raising awareness of compliance in the public sector and its contribution to intensified anti-corruption measures. By publishing its reports, the ACA makes an important contribution to transparency in Austria. Thereafter, she discussed selected ACA audit reports, such as "Cost Transparency in Media Work – Federal Chancellery, Federal Ministry of Finance, Federal Ministry for Climate Action" (volume Federation 2024/4), "General Secretariats at the Federal Ministries" (volume Federation 2021/12), "Supervisory Boards - Selection Processes in Ministries" (volume Federation 2022/11), "Reform of the Social Insurance Providers – Merger and Financial Position" (volumes Federation 2022/41, Federation 2022/42), "Tax Offence Cases in Tax Administration" (volume Federation 2023/26) and in particular "COFAG and Grants to Companies" (volume Federation 2022/31).

In her statement, President Margit Kraker made concrete reform proposals for more transparency, such as the widening of the income survey to include all public companies and additional audit competences with regard to companies in order to allow the auditing of companies in which the public sector holds an interest of 49 per cent. In addition, she highlighted shortcomings with regard to cooling-off rules that do not prevent the revolving door effect within the public sector.

The questioning lasted over two and a half hours. 13 members of the Committee of Inquiry questioned President Margit Kraker, especially with regard to the ACA's reports on "Social Insurance Providers – Merger and Financial Position" (keyword "private files"), "General Secretariats at the Federal Ministries", "Commissioning of Advisory Services and Studies at Selected Ministries" as well as "Party Academies".

President Margit Kraker's statement in the Committee of Inquiry

> President Margit Kraker as a respondent in the Committee of Inquiry on 10 April 2024





#### COMMITTEE OF INQUIRY ON COFAG

The subject of inquiry of the Committee of Inquiry on COFAG was the enforcement by federal bodies, in particular COFAG, in connection with persons who have at least one billion euros in assets attributable to them and who supported the Austrian People's Party (ÖVP), for example through donations, or whose support was sought by the ÖVP, for example as part of the "Ballhausplatz Project". The subject of inquiry comprised four points to be proved by evidence: COFAG, information sharing and interventions, cooperations between state-affiliated companies and state supervision. The period of inquiry was 18 December 2017 to 23 November 2023.

On 9 February 2024, the ACA submitted five reports with abstract relevance and 24 reports with potential abstract relevance. As it had for the Committee of Inquiry on the "Red-Blue Abuse of Power", the ACA submitted all relevant files and documents relating to the report on "COFAG and Grants to Companies" (volume Federation 2022/31) to the Committee of Inquiry on COFAG – which was possible in light of the Constitutional Court's decision on COFAG dated October 2023, according to which COFAG's activities constitute public administration (as defined in Article 20 para. 1 of the Federal Constitutional Law).

In addition, the ACA submitted potentially relevant reports on the topic of COVID-19, which has been one of the ACA's priorities in the last four years, to the Committee of Inquiry on COFAG.

## ONGOING SUBMISSION OF FILES AND DOCUMENTS

In accordance with the Committee of Inquiry's "General Decision on the Evidence", files and documents were to be submitted on an ongoing basis for the duration of the inquiry.

The ACA consequently submitted files and documents relating to another report with abstract relevance to the subject of inquiry ("ARE Austrian Real Estate GmbH (Group); Follow-up Audit" (volume Federation 2024/7)) to the Committee of Inquiry on COFAG at the end of March 2024 and to the Committee of Inquiry on the "Red-Blue Abuse of Power" at the end of April 2024.

## CONCLUSION

### OF THE COMMITTEES OF INQUIRY

In view of the legislative period coming to an end in September 2024, the Committees of Inquiry on the "Red-Blue Abuse of Power" and on COFAG were concluded at the National Council's session on 3 July 2024.



## 2.7 FREEDOM OF INFORMATION

The amendments to Article 22a of the Federal Constitutional Law (Bundes-Verfassungsgesetz) and the Freedom of Information Act (Informationsfreiheitsgesetz), as set out in Federal Law Gazette I 5/2024, among other things, repeal the rules on official secrecy, establish a duty to proactively provide information and enshrine a constitutional right to information.

When performing audits and special tasks – for example pursuant to the Political Parties Act 2012 (Parteiengesetz 2012), pursuant to the Act on the Election of the Federal President 1971 (Bundespräsidentenwahlgesetz 1971) or the publication of income reports pursuant to Article 122 para. 1 of the Federal Constitutional Law -, the ACA functionally acts as a body of the National Council and the provincial parliaments and must thus be seen as part of the legislative branch of government. Since Article 22a para. 2 of the Federal Constitutional Law grants a fundamental right to information vis-à-vis administrative bodies, the ACA is obliged to provide information to the extent to which its activities are part of public administration (administrative auxiliary activities), however, not to the extent to which it acts as a legislative body.

This distinction is also legally relevant under the new rules on freedom of information. In accordance with Article 121 para. 5 of the Federal Constitutional Law, which will enter into force on 1 September 2025, the ACA – provided that it is acting as a legislative body – is obliged to publish information of "general interest" in a manner that is accessible to everyone on the internet (duty to proactively provide information) to the extent that, and as long as, it is not subject to confidentiality. The Freedom of Information Act itself does not apply.

Due to existing constitutional provisions, the ACA already publishes a wide range of information of general interest on its website and in other media, including reports on its audits, the Income Report, the Federal Financial Statements, donation reports and statements of accounts of political parties and much more. Thus, the ACA already almost fully complies with the constitutional provisions applicable as of 1 September 2025.

Section 2 para. 2 of the Freedom of Information Act defines information of general interest as information that concerns or is relevant to a general public. This applies, for example, to the Annual Report, announcements, statements and studies.





## 2.8 PUBLIC RELATIONS

The ACA reaches citizens in different ways: through interviews, speeches and talks given by President Margit Kraker as well as via media work in the course of the publication of all reports on the ACA's website www.rechnungshof.gv.at. In addition, President Margit Kraker provides information in the podcast "Trust: The ACA Podcast". The ACA's public relations repertoire also includes social media, such as X, Facebook and Instagram, where the ACA has been increasingly using self-produced videos since 2024.

## A VARIETY OF CHANNELS FOR SHARING INFORMATION

The ACA's reports and thus also its recommendations for improvement are regularly picked up by traditional media. In the interview with the Austrian Press Agency from October 2024, President Margit Kraker called on the future government to reach a positive "fundamental consensus". The three main points to be taken into account were strengthening Austria's competitiveness while complying with the EU fiscal rules, ensuring climate protection and the implementation of the EU migration pact.



Trust: The ACA Podcast is currently available on: Apple Podcasts Spotify Simplecast YouTube as well as www.rechnungshof.gv.at/trust Political party finances, election campaign expenditure and the placement of advertisements were among the topics addressed in the news programme "Zeit im Bild 2" (ZIB 2) to which President Margit Kraker was invited in spring 2024.



President Margit Kraker during the interview for ZIB 2 with Armin Wolf

It is important to the ACA to offer information to all population groups as far as possible. The information offered through "Trust: the ACA Podcast" and social media are directed especially at people who consume comparatively little traditional media for information purposes.

#### CITIZEN PARTICIPATION #TELL\_US

In 2024, numerous citizens responded to the ACA's yearly call for submitting audit suggestions. Audit suggestions could be submitted by post and email but also via messages on social media. The submissions were carefully reviewed by the audit teams and some of them were included in the audit plan for the coming year. All published audits that were carried out at the suggestion of citizens can be viewed on the ACA website at www.rechnungshof.gv.at/ buergerbeteiligung.



THE ACA MAKES RECOMMENDATIONS TO THE PROVINCES





#### 3. THE ACA MAKES **RECOMMENDATIONS TO** THE PROVINCES

Cross-cutting audits are one of the tools used by the ACA to implement its strategic audit priorities. They play a special role in this context, as they focus on auditing similar subject areas in different provinces and making a comparative analysis, for instance.

However, due to limited resources, these audits can often only take place in selected provinces. The ACA repeatedly makes recommendations that may be relevant to all provinces - including those that were not part of the audit -, while also aiming at ensuring that the different levels of government work together across provinces and with the Federal Government in order to reach a common understanding of task performance and standardize administrative practices as much as possible. This is the only way to achieve an efficient and economical administration.

Below, the ACA presents some recommendations made within the scope of its cross-cutting audits in 2024 with the aim of creating added value through the ACA's overview as a body of both the Federation and the provinces, not only for the audited entities but also for all decision-makers at federal and provincial level as well as in public administration at large.

The respective reports with all audit questions and recommendations are available on the ACA's website.

www.rechnungshof.gv.at



In its report on "Administrative Support Staff at General Compulsory Schools" (volumes Federation 2024/14, Burgenland 2024/2, Styria 2024/1), the ACA revealed that primary schools, secondary schools, polytechnic schools and special needs schools lack administrative staff that support school management and educational staff. The ACA believed that one of the reasons for this was that the legal situation made it unclear who was responsible for providing administrative support staff. Therefore, efforts should be made to clarify the legal situation and, subsequently, to establish a legal basis for hiring administrative support staff. In addition, the ACA critically noted that the Federal Government and the audited provinces of Burgenland and Styria were using at least four different models for the provision of administrative support staff at general compulsory schools. In the interest of simpler handling and transparency as well as due to the almost identical requirements and conditions for administrative support staff at all general compulsory schools, the ACA considered a nationwide model for this relatively small occupational group to be appropriate and sufficient.

Municipalities also provided administrative support staff to general compulsory schools and financed them in their role as the providing body for the school. Neither the audited boards of education nor the audited ministry had an overview of the Austrian municipalities that provided administrative support staff to their schools without financial assistance from the Federal Government, the provinces or the Public Employment Service Austria. The number of public general compulsory schools for which administrative support staff was already being provided by municipalities should therefore be determined in cooperation with the remaining provinces.



In its report on "Pesticide Use in Agriculture" (volumes Federation 2024/20, Burgenland 2024/4), the ACA highlighted that official controls of the use of plant protection products by the provinces were not carried out in accordance with uniform standards. Neither had the provinces specified any application criteria for compliance with the general principles for integrated pest management and farms were not required to keep records in this regard. In the ACA's opinion, the coordination meeting between the Federal Government and the provinces initiated by the Federal Ministry of Agriculture, Forestry, Regions and Water Management

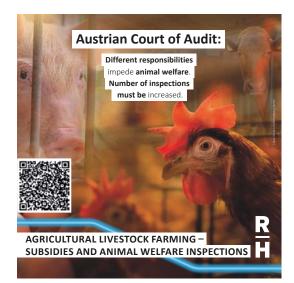
- should take the initiative for the introduction of an effective control of the use of plant protection products that is based on uniform standards as well as for the development of joint control plans and
- should elaborate binding criteria for the application of the general principles for integrated pest management.



Furthermore, in this report, the ACA critically noted that the requirement of the EU Sustainable Use of Pesticides Directive for setting up systems for recording information on acute or chronic pesticide-related poisoning incidents was not implemented in Austria. Neither the Federal Ministry of Agriculture, Forestry, Regions and Water Management nor the Federal Ministry of Social Affairs, Health, Care and Consumer Protection had an overview of the health effects caused by plant protection products. Therefore, the two ministries, together with the provinces, should establish a monitoring system for recording information on acute or chronic pesticide-related poisoning incidents.



In its report on "Agricultural Livestock Farming - Subsidies and Animal Welfare Inspections" (volumes Federation 2024/24, Upper Austria 2024/4, Styria 2024/3), the ACA found that animal welfare was not enforced consistently in the provinces due to a lack of specific nationwide requirements. Although the audited provinces of Upper Austria and Styria had developed guidelines and a handbook for managing enforcement, these differed in quality. Therefore, the ACA is of the opinion that the enforcement advisory council, a body set up at the Federal Ministry of Social Affairs, Health, Care and Consumer Protection, should advance uniform enforcement in the area of animal welfare across the provinces. It could do so by developing and adopting guidelines (e.g. on administrative measures and sanctions) or proposals for processes, documentation, data collection or the assessment of violations.



Furthermore, the ACA noted that the provinces of Upper Austria and Styria documented the data on animal welfare inspections on farms on paper. They only entered the collected data into electronic systems at later stages. In 2023, the province of Upper Austria started using the system "ELKE" in order to



perform fully digital and mobile animal welfare inspections. The province of Styria had been using the system "JRVet", which was developed in cooperation with the Institute for Statistics and System Analysis of the JOAN-NEUM RESEARCH Forschungsgesellschaft mbH, since 2004. The system still involved the use of paper checklists on the farms. Therefore, the ACA recommended that the Federal Ministry of Social Affairs, Health, Care and Consumer Protection and the provinces of Upper Austria and Styria, together with the remaining provinces, review the use of a standardized electronic system for animal welfare inspections, for example within the enforcement advisory council.

In 2024, the ACA also published a report on the topic of "Administrative Penalties in the Environmental Field" (volumes Federation 2024/26, Styria 2024/4, Upper Austria 2024/5), which focused, among other things, on enforcement in the provinces of Upper Austria and Styria (in two district authorities each). During the audit, it noted differences in administrative offence proceedings (e.g. with regard to the number of proceedings per inhabitant, record keeping or the earmarking of penalty fines for specific purposes). In the ACA's opinion, the execution of administrative offence proceedings should be standardized in cooperation with the other provinces by means of decrees and further standards.

Both audited provinces used the IT programme "VStV" to process administrative offence proceedings. The programme was not very user-friendly for processing environmental administrative offence proceedings and allowed only for a very limited number of possible analyses, which is why essential information for effective controlling of administrative offence proceedings and appropriate administrative supervision was missing. Therefore, the programme should be technically revised in cooperation with the other provinces and the Federal Ministry of the Interior.

The ACA also saw the need to include the non-audited provinces in the implementation of a number of other recommendations. Examples include the establishment of an administrative penalties register accessible across the whole of Austria, legal quality assurance of provincial and federal offence codes following a peer review procedure as well as guidelines on their use.



In 2024, the ACA furthermore produced the report on "ELGA GmbH" (volume Federation 2024/32), in which it examined the Electronic Health Record (Elektronische Gesundheitsakte, ELGA) at the Federal Ministry of Social Affairs, Health, Care and Consumer Protection, the Umbrella Association of Social Insurance Providers and the ELGA GmbH. The provinces that had a share in the ELGA GmbH were not audited but were informed about the audit. In the report, the ACA noted that the set-up of the ELGA infrastructure has largely been completed since 2015. However,



it criticized that no measures were taken to reorganize the ELGA GmbH within the audited period from 2018 to 2022, despite the Federal Government and the provinces acknowledging the need for the further development of ELGA in the 2017 reform agreement. In the ACA's opinion, the Federal Ministry of Social Affairs, Health, Care and Consumer Protection and the Umbrella Association of Social Insurance Providers should therefore clarify the role the ELGA GmbH should play in the future in cooperation with the provinces. Its tasks should then be redefined on this basis, the articles of association and the shareholder agreement updated and the ELGA GmbH provided with the necessary resources. However, the ACA considered the current committee structure to be an obstacle to the further development of ELGA, as it hindered the coordination, communication and implementation of decisions taken. Decision-making structures related to ELGA and the expert group on "eHealth" should be simplified in cooperation with the provinces.



In addition, the ACA critically noted that hospitals were essentially the only service providers that made active use of the "eBefund" (electronic medical report) application, one of ELGA's key applications, eight years after the beginning of the roll-out in December 2015. Independent health practitioners, on the other hand, mainly made passive use of "eBefund" and only wrote medical reports in ELGA in individual cases. The "eMedikation" (electronic medication record) and "elmpfpass" (electronic vaccination record) applications had not yet been fully developed either. The full development of the "eBefund", "eMedikation" and "eImpfpass" applications should be advanced in line with EU requirements - and in cooperation with the provinces.

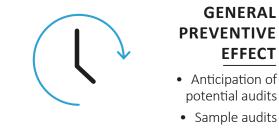


## 4. THE ACA MAKES AN IMPACT

## 4.1 THE ACA'S DIVERSE IMPACTS

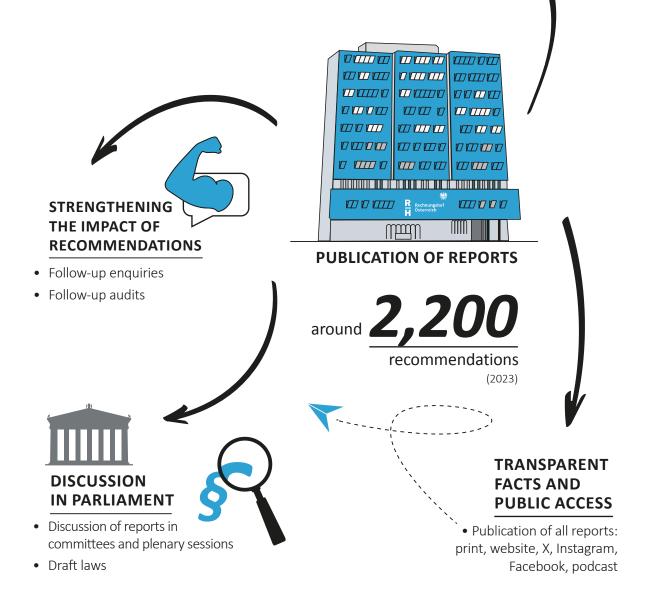
The ACA's activities mainly aim at ensuring an effective, efficient and economical use of public funds. In order to achieve this aim, the ACA regularly provides a number of services, which create broadly diversified impacts in different areas. The ACA has set itself the target of achieving an effectiveness of 80 per cent with its recommendations.

## RELEVANT AUDIT TOPICS

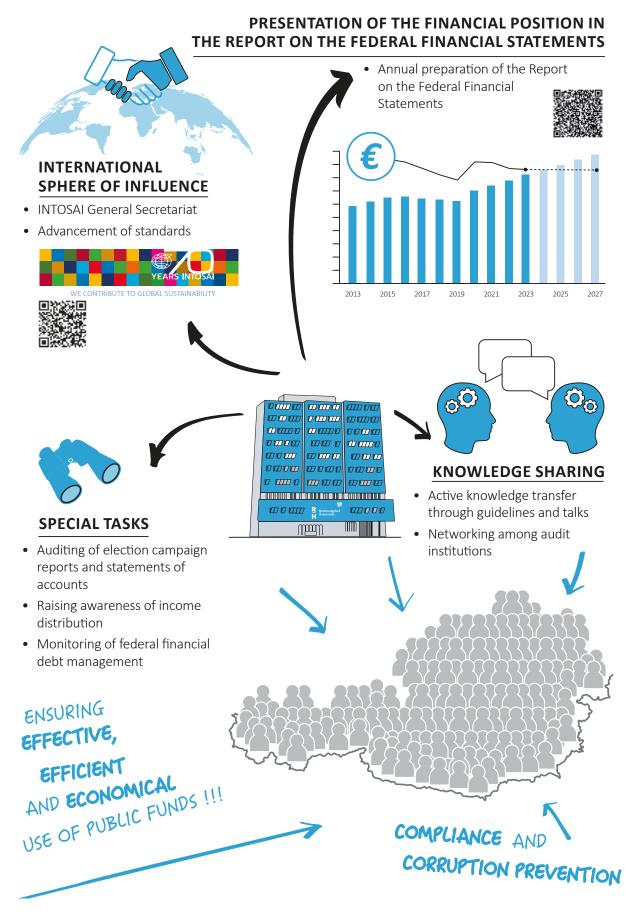


## IMMEDIATE SUCCESSES DURING AUDITING

Changes implemented while the audit is taking place







# IMPACT THROUGH PUBLICATION OF REPORTS

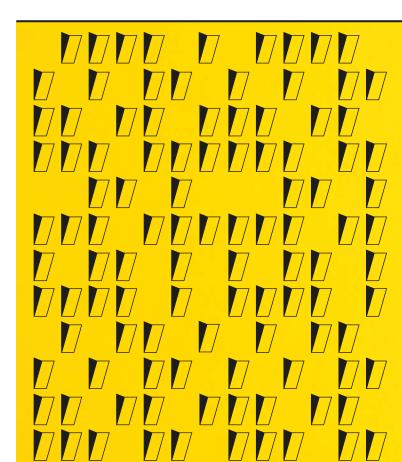
Within the scope of its audits, the ACA determines whether the funds allocated from the budget, i.e. taxpayers' money, are used in an effective, efficient and economical manner. As the only body auditing all levels of government (the federal, provincial and municipal level), the ACA contributes to strengthening a whole-of-government perspective. The ACA summarizes its findings and recommendations in reports on each audit, which highlight potential improvements, advancements and necessary reforms. As soon as the report is finalized, it is submitted to the National Council and/or the provincial parliaments and, where appropriate, to the municipal councils. The ACA's impact on the audited entities is illustrated through the implementation of its recommendations. For example, it made a total of around 2,200 recommendations in 2023, 80 per cent of which showed an impact.

## IMPACT THROUGH RELEVANT AUDIT TOPICS

The majority of audits are initiated by the ACA itself. Topical and relevant audit topics are set based on information from preceding reports, existing risks, increasing expenditure and expenditure overruns (unsolicited audits), for example. In order to increase their relevance - also in terms of benefits for citizens -, the ACA invites citizens to submit audit suggestions every year as part of its #tell us campaign. This way, topics of concern to people living in Austria can be taken into account during audit planning - provided they are covered by the ACA's audit remit. Members of Parliament can also request the ACA to conduct audits. The audit requests addressed to the ACA also cover relevant topics.

# IMPACTS THROUGH IMMEDIATE SUCCESSES DURING AUDITING

Some of the suggestions made by the ACA are considered useful by the audited entities and are immediately implemented while the audit is still in progress. These immediate successes are regularly achieved with regard to quickly actionable issues at the operating level.





### STRENGTHENING THE IMPACT OF RECOMMENDATIONS

The ACA increases the value of its recommendations by following up on them after certain periods of time and assessing the degree of their implementation. This outcome assessment is based on a two-stage process. In the first stage, the ACA asks the audited entities about the implementation of all the recommendations it had issued in the course of the previous year (follow-up enquiry). Based on the information they provide, the ACA assesses the degree of implementation of the recommendations without undertaking its own audit activities. During the second stage - which, in general, takes place one year after the follow-up enquiry –, the ACA checks the implementation of selected recommendations itself within the scope of on-site "follow-up audits". This allows the ACA to assess the extent to which the audited entities have actually implemented the recommendations two to three years after publication of the initial report. The fact that the audited entities have to deal with the recommendations multiple times and that the results of both the follow-up enquiry and the follow-up audit are published creates additional pressure to implement them.

### GENERAL PREVENTIVE EFFECT

The so-called general preventive effect of the ACA is also seen as particularly important. The mere anticipation of a potential audit by the ACA is intended to prompt organizations to act effectively, efficiently and economically. And this applies to organizations of all sizes. The ACA operationalizes and strengthens this non-measurable effect by carrying out sample audits at entities that would not be selected for auditing on the basis of an approach purely focused on the volume of funds managed.





## IMPACT THROUGH DISCUSSION IN PARLIAMENT

The ACA submits all its reports to the competent general representative body for discussion.

In meetings of the Public Accounts Committee and plenary sessions of the National Council, the contents of the reports are addressed at political level. The president of the ACA presents the report, including its findings and recommendations. In the presence of the competent ministers, among others, Members of Parliament then have the opportunity to discuss the reports with the political decision-makers and get answers to their questions.

In provincial parliaments, audit managers are available to answer questions on the reports that Members of Parliament may have.

The contents of ACA reports regularly serve Members of Parliament as the basis for parliamentary enquiries to members of the Federal Government or for motions for a resolution. This is a clear added value of ACA reports, which can thus generate additional impact.

As an advisory service provided to the legislative branch, the ACA issues written comments on draft laws at federal level and (sometimes) at provincial level, which are also used to highlight existing need for action as well as recommendations the ACA made in its audit reports that may or may not have been taken up.

## IMPACT THROUGH TRANSPARENT FACTS

In order to create transparency, the ACA publishes all reports and other products, such as comments on draft laws and ordinances, on its website in a timely and accessible manner. This allows the interested public to gain insights and knowledge that would often not be (easily) accessible without the ACA's public relations activities.

Since the ACA acts independently and objectively and bases its statements exclusively on facts and verified data, its reports provide Members of Parliament as well as the interested public with well-founded facts, figures and statements. In times of fake news that is sometimes difficult to recognize, the ACA is a guarantor for factual and accurate information, making an impact by providing a factually well-founded basis for discussion.

### IMPACT THROUGH PUBLIC ACCESS

Public debate about ACA reports, for example in the media, can – alongside parliamentary influence – create a favourable climate for implementing the ACA's recommendations. Therefore, the ACA actively engages in communication activities. In addition to publishing every report on its website without exception, the ACA also makes an impact through its presence on social media channels, such as Facebook, X and Instagram. The president also engages in knowledge transfer by informing listeners about interesting facts and topics in a regular podcast. Media reception of the reports is critical.



### IMPACT THROUGH PRESENTATION OF THE FINANCIAL POSITION IN THE REPORT ON THE FEDERAL FINANCIAL STATEMENTS

By preparing the Report on the Federal Financial Statements, the ACA makes a significant contribution to ensuring proper federal budget management. They present the Federation's financial situation in the preceding year as well as medium-term developments in the federal budget. In addition, they provide information about federal financial debts. Every year, the Report on the Federal Financial Statements is submitted to the Parliamentary Budget Committee at the National Council in due time before the budget negotiations for the subsequent year and explained by the president of the ACA. To promote proper financial management, the ACA audits the financial statements every year and also makes recommendations for improving compliance. The Report on the Federal Financial Statements forms the basis for the following year's budgeting.



#### IMPACT THROUGH SPECIAL TASKS

All federal debt instruments, which create a liability for the Federation, have to be countersigned by the president of the ACA. This means that the federal financial debt management is constantly monitored by the ACA. In addition, all budgetary provisions have to be coordinated with the ACA, which also allows it to be constantly involved in their advancement.

Other relevant tasks are in particular the preparation of the General Income Report on the average incomes of the population at large and the Income Report on the average incomes and additional pension contributions in federal public-sector companies. With these two reports, the ACA makes a special contribution to raising awareness in connection with questions of income distribution and highlights, among other things, issues of equality, differences in the annual earnings of employed women and men or the low percentage of women among supervisory board members.

Moreover, the ACA is charged with auditing the statements of accounts of political parties as well as election campaign reports. Since 2023, the ACA has had extended audit rights when auditing the statements of accounts if there is a reasonable suspicion of a violation of the Political Parties Act (Parteiengesetz). The aim is to render party finances transparent.



### INTERNATIONAL SPHERE OF INFLUENCE

In addition to the various services through which the ACA makes an impact at the national level, it also has a significant impact at the international level. The president of the ACA acts as the Secretary General of the <u>Interna-</u> tional Organization of Supreme Audit Institutions (INTOSAI).

The General Secretariat works towards strengthening the independence of audit institutions in general and supports the achievement of the Sustainable Development Goals (SDGs). It advocates for capacity building of Supreme Audit Institutions (SAIs), makes a significant contribution to the advancement of international standard setting and takes on all essential administrative agendas.

At the international level, the ACA also repeatedly participates in audits of other SAIs in the context of peer reviews. In addition, it participates in external audits of international institutions by exercising audit mandates for financial statements of international organizations.

In doing so, it also has an impact at this level with regard to efficiency and proper financial management as well as strengthening public auditing through international cooperation.





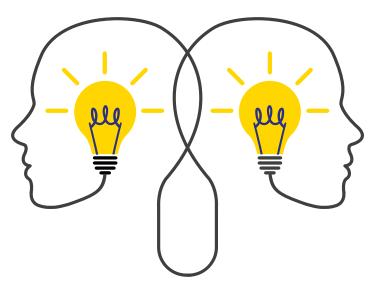
### IMPACT THROUGH KNOWLEDGE SHARING

In the course of their professional life, auditors gain a lot of knowledge and experience regarding various public institutions and different topics, optimal processes and the best possible use of funds in line with the principles of economy, efficiency and effectiveness.

However, at the audited entities, they also repeatedly see where difficulties and challenges may arise in practice. Therefore, they learn to always think in terms of goals, solutions and the future.

This knowledge and these experiences are actively passed on, for example by preparing guidelines on relevant topics or holding talks at ACA events. The basic training at the WU Executive Academy that was initiated by the ACA for both the ACA and provincial audit institutions – and which is also open to auditors of internal audit departments – enables colleagues to network with each other.

This exchange has a positive impact on uniform audit standards in the area of external public auditing.



Graduation ceremony for graduates of the sixth Public Auditing Certificate Programme on 1 March 2024



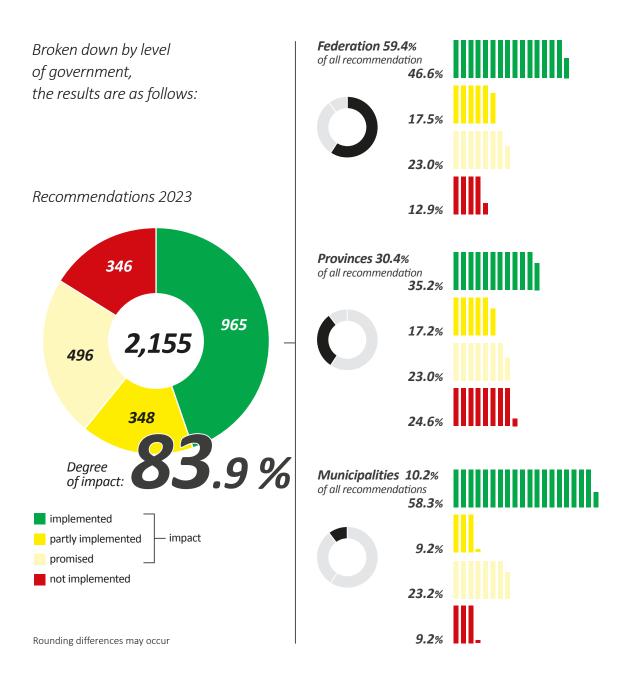


# 4.2 ENQUIRY ON THE DEGREE OF IMPLEMENTATION OF THE RECOMMENDATIONS ISSUED IN 2023

In 2024, the ACA asked 83 auditees about the degree of implementation of the recommendations it had issued in 2023 and assessed 2,155 recommendations. With regard to 40 recommendations, no information was provided or no action had been necessary owing to the developments that had taken place in the meantime.

### OVERALL RESULT

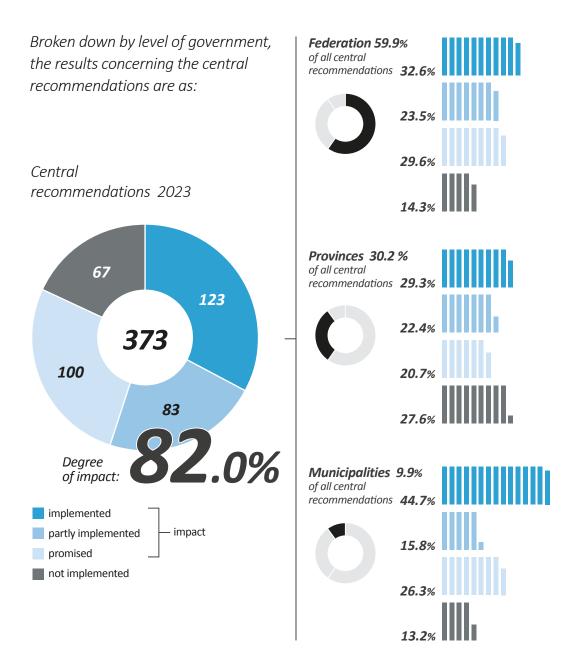
The enquiry carried out in 2024 provided the following result for 2023 (rounded figures):





### CENTRAL RECOMMENDATIONS

In the reports' executive summaries, the ACA separately highlights the central recommendations of each report (rounded figures):





The detailed results of the "Follow-up Enquiry in 2024" are part of the 2024 Annual Report (Annexe, in German) and can be retrieved on the ACA's website: www.rechnungshof.gv.at.

This purely quantitative evaluation shows a high level of impact. However, as in the previous years, some of the ACA's significant recommendations remained unheeded. The

### 4.3 QUALITATIVE EVALUATION

To conclude the three-year audit priority "Next Generation Austria. Are we passing on something besides debt to the next generation? On the future role of the state for the next generation.", the ACA focused this year's qualitative evaluation of the follow-up enquiry in particular on reports that addressed this priority in 2023. The ACA also always seeks to create transparency and raise awareness in the areas of equality between women and men as well as diversity. Therefore, these topic areas are implementation of the ACA's recommendations falls within the responsibility of the Federal Government, the provinces, the municipalities, the municipal associations, their companies or the social insurance providers, depending on their scope of competence. Often, the different players need to interact in order to successfully address the challenges in the audited areas.

regularly an additional focus of the qualitative evaluation of the achievements and unrealized potential for action of the past year.

The following analyses are based exclusively on the information provided by the audited entities within the scope of the ACA's follow-up enquiry.

#### **EDUCATION**



In the area of education, the ACA addressed both the necessary organizational change in school authorities and publicly supported training and further education programmes in adult education. In its report on the "Boards of Education" (volumes Federation 2023/3, Burgenland 2023/1, Carinthia 2023/1, Lower Austria 2023/1, Salzburg 2023/1, Styria 2023/2, Tyrol 2023/1, Upper Austria 2023/2, Vienna 2023/1, Vorarlberg 2023/1), the ACA had audited the establishment of the boards of education in the provinces as joint school authorities encompassing both the federal and the provincial level and assessed whether the reorganization of the school authorities had led to a simplification of public administration. Neither the Federal Ministry of Education, Science and Research nor the Federal Ministry of Agriculture, Forestry, Regions and Water Management followed the ACA's recommendation to evaluate whether responsibilities could be transferred to the boards of education and to implement such a transfer where applicable. Thus, both ministries missed the opportunity to reduce duplicate structures and to further concentrate enforcement responsibilities in the school and education sector within the boards of education.

Meanwhile, seven provinces reviewed the possibility of optionally transferring additional responsibilities to the boards of education; the province of Vorarlberg took initiatives to transfer the responsibilities under the Education Investment Act (Bildungsinvestitionsgesetz) and the province of Salzburg took initiatives to transfer financial responsibility with regard to providing administrative assistance at general compulsory schools. The province of Upper Austria refrained from further reviews as it was of the opinion that it had already transferred the largest number of responsibilities compared to the other provinces. The province of Tyrol pointed out that kindergartens, nurseries and after-school care (pre-primary education) had entirely different structures to the school sector and that separate enforcement would therefore be more appropriate.

The Federal Ministry of Education, Science and Research did not follow the

ACA's recommendation to strive for cost neutrality in line with the original objective in establishing the boards of education. Other audited entities promised to implement the recommendation or had at least partly implemented it. Several audited entities justified the failure to comply with cost neutrality so far on the grounds that additional responsibilities had been transferred to the boards of education.

Furthermore, the ACA had recommended that the boards of education ensure an accurate representation of resources in the resource, target and performance plan. All boards of education stated that they had implemented this recommendation.

Within the scope of its audit priority, the ACA had also assessed whether the instrument of educational leave (while receiving continuing education allowance) was aligned with the needs of the labour market and whether its implementation ensured that financial resources were used in an adequate and accurate manner ("Educational Leave" (volume Federation 2023/11)). Educational leave was often used to prolong parental leave. Expenditure on educational leave amounted to around EUR 300 million in 2021. It was financed from unemployment insurance funds.

The Federal Ministry of Labour and Economy promised to implement the ACA's recommendation to prepare a federal draft law in order to imple-



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ment a more ambitious commitment to further education. The aim should be to clearly focus on further education programmes that are suitable for improving the labour market position of benefit recipients. According to the ministry, talks with the social partners had already taken place; however, an agreement was yet to be reached. The ACA had highlighted that the requirements in terms of duration and content of training and further education were so low that educational leave could also be used for courses with little relevance to the labour market as well as for "time off from working" financed by public funds.

The Public Employment Service Austria partly implemented the recommendation to demand a certificate of attendance for further education programmes: it introduced a nationwide requirement to provide evidence of participation in non-university education programmes. While these certificates of attendance had to state the start and end date of the education programme as well as the number of hours, contrary to another ACA recommendation, they did not contain the number of hours missed.

### SECURITY OF SUPPLY



An important strategic responsibility of the state is to protect critical infrastructure and to take preventive measures for potential crisis situations. The ACA's audit on the safeguarding of food supply in Austria ("Food Security" (volumes Federation 2023/17, Tyrol 2023/5, Vienna 2023/3)) had aimed at assessing the adequacy of preventive measures taken in the area of food security as well as crisis management with regard to food supply.

The Federal Ministry of Agriculture, Forestry, Regions and Water Management informed the ACA that it had implemented two central recommendations. The federal ministry regularly informed the Council of Ministers about the current state of food security in Austria and prepared a draft amendment to the Federal Act on Food Supply 1997 (Lebensmittelbewirtschaftungsgesetz 1997), as recommended by the ACA.

The Federal Ministry of Agriculture, Forestry, Regions and Water Management produced an updated risk profile for the food supply chain as a foundation for developing contingency plans. In doing so, it implemented another central recommendation made by the ACA, at least in part. Further contingency plans (e.g. the "blackout contingency plan") were being prepared or their preparation was being reviewed.

The ACA also recommended that the Federal Ministry of Agriculture, Forestry, Regions and Water Management advocate for mandatory coordination of planned intervention measures between all affected ministries on the basis of the economic intervention laws and support the definition of a coordination process. For better coordination between the ministries, an expert group on "supply security" and an expert committee on "blackout/ power failure" were established, which also included representatives of federal ministries that play an important role for coordination. However, there are currently no plans to enforce mandatory coordination of planned intervention measures between all affected ministries on the basis of the economic intervention laws.

The Federal Ministry of Agriculture, Forestry, Regions and Water Management promised, in principle, to analyse data required for the enforcement of the Federal Act on Food Supply 1997, which were, however, at best available at other entities, as well as its rights to access them. At the same time, it highlighted that the legal basis for the collection of supply chain data that is not covered by agricultural statistics and the Agricultural Market Transparency Ordinance (Agrarmarkttransparenzver-



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ordnung) had yet to be established. However, this should be created by the amendment to the Federal Act on Food Supply.

# FUNDING AND FINANCIAL ASSISTANCE



In its reports, the ACA regularly examines the allocation of public funds and the problems associated with it. In its report on the "Federal Sports Promotion Scheme; Follow-up Audit" (volume Federation 2023/20), the ACA had once again addressed the lack of accuracy and effectiveness of the sports promotion scheme. While the Federal Ministry for Arts, Culture, the Civil Service and Sport was generally committed to evaluating and further developing the promotion scheme, it continued to disregard the ACA's recommendation to work towards a legal amendment and profound changes. The central recommendation to change the organization of decision-making bodies and to no longer involve representatives of funding recipients in decision-making processes also remained unheeded. In addition. the ACA's recommendation to introduce a comprehensive obligation to report and clarify outside employments in the code of conduct had not been implemented either.

However, according to information provided by the Federal Ministry for Arts, Culture, the Civil Service and Sport and the Bundes-Sport GmbH, they had improved their funding administration, with the ministry, for example, improving the publication of funding programmes while the Bundes-Sport GmbH made changes to its online funding management and on-site inspections. Yet neither of the audited entities had implemented the recommendation to consistently request the submission of annual financial statements when applying for funding.

The climate bonus (including the anti-inflation bonus) and the 2022 energy cost credit were measures taken by the Federal Government in order to relieve citizens from the effects of the rising cost of living, in particular in terms of energy costs. The ACA had audited the processing of these two publicly funded financial support schemes ("Climate Bonus and Energy Cost Credit – Processing" (volume Federation 2023/36)).

The Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology stated that it had implemented a number of recommendations, for example on making documented estimations of the financial implications of each measure at the latest as of parliamentary decision-making or before the start of project implementation. In its report, the ACA had furthermore highlighted the clear advantages of paying out the climate bonus via bank transfer over delivering it as a voucher per post (costs and citizen friendliness). Consequently, the Federal Ministry for Climate Action, Environment, Energy,



Mobility, Innovation and Technology took further measures for increasing the number of bank transfers of the climate bonus and reducing the number of vouchers delivered by post as much as possible.

In line with the ACA's recommendation, the Federal Ministry of Finance disclosed that it would focus further relief measures to reduce the burden on the population on making it as easy as possible to claim benefits as well as on achieving a high level of effectiveness for the target groups as quickly as possible. At the same time, however, it highlighted that low-threshold options for claiming benefits had to be created for people who are not digitally savvy and that these are often associated with higher costs.

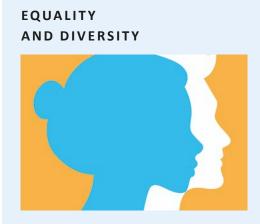
For a project that is comparable to the energy cost credit, the Federal Ministry of Finance stated that it had responded quickly to significant deviations from the expected number of applications and taken measures to increase the number of people claiming the benefit. However, no evaluation of the energy cost credit had been carried out to date.

Both the Federal Ministry of Finance and the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology followed the recommendation to take measures to ensure that the complaint management is adequately dimensioned in the future in light of the experiences with complaint management regarding the energy cost credit and the climate bonus.

In its report on "E-Mobility; Follow-up Audit" (volume Federation 2023/38), the ACA had recommended that the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology continuously monitor progress towards its ambitious targets for newly registered zero-emission vehicles, and, if necessary, to adapt the funding measures in a timely manner. According to information provided by the ministry, it implemented this central recommendation.







For some time now, the ACA has been setting itself the goal of creating transparency in the areas of equality and diversity. In its reports, it regularly reveals objectively unjustified differences and inequalities.

The year 2023 was no exception. The ACA had recommended that a balance between women and men be observed when filling positions and vacancies in the following reports: "Boards of Education" (volumes Federation 2023/3, Burgenland 2023/1, Carinthia 2023/1, Lower Austria 2023/1, Salzburg 2023/1, Styria 2023/2, Tyrol 2023/1, Upper Austria 2023/2, Vienna 2023/1, Vorarlberg 2023/1), "Federal Administrative Court" (volume Federation 2023/5), "Hohe Tauern National Park" (volumes Federation 2023/18, Carinthia 2023/3, Salzburg 2023/4, Tyrol 2023/7), "Federal Sports Promotion Scheme; Follow-up Audit" (volume Federation 2023/20). The majority of audited entities had, by their own account, already fully or partly implemented this recommendation or had promised to do so. Solely the Federal Ministry for Arts, Culture, the Civil Service and Sport did not follow the ACA's recommendation to ensure adequate representation of women in the management roles of the Bundes-Sport GmbH. However, the ministry promised to continue to pursue the goal of gender equality in sports. It intended to use performance indicators that focus on equality in terms of roles and allocation of funds within the funding structures in order to assess the impact of its actions.

The ACA regularly highlights the importance of valid underlying data, in particular in the areas of equality and diversity. For example, in its report on "Health Promotion and Prevention" (volume Federation 2023/1), the ACA had recommended that, when implementing the action plan on women's health, measures for improving women's health be collected, structured and analysed using existing structures (e.g. the database of the Austrian Health Promotion Fund (Fonds Gesundes Österreich)) as a way to implement monitoring activities. The Federal Ministry of Social Affairs, Health, Care and Consumer Protection implemented this recommendation.

The ACA had recommended that the University of Music and Performing Arts Vienna determine the cause of the master's degree programmes' discrepancy between a relatively balanced gender ratio in new admissions and a significantly lower share of women actually studying and develop measures based on this ("<u>Film Academy Vienna</u>" (volume Federation 2023/12)). Annual Report 2024 of the Austrian Court of Audit

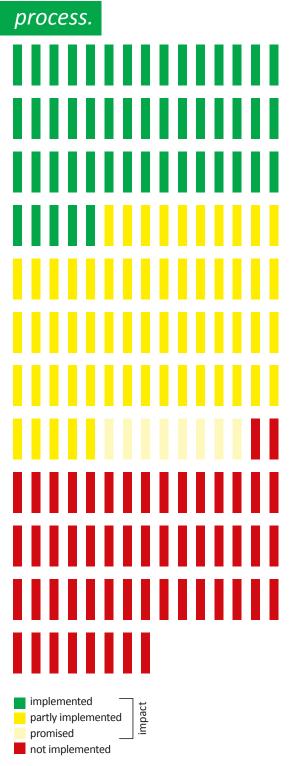
Due to its high relevance to our society, the ACA had audited violence and victim protection for women. In its report ("Violence and Victim Protection for Women" (volume Federation 2023/21)), it had recommended that the Federal Minister for Women, Family, Integration and the Media within the Federal Chancellery, among other things, work with the competent ministries and the provinces to define strategic priorities and associated targets to mitigate violence against women and record the measures taken for protecting women against violence and for preventing violence. As part of the implementation of this recommendation and in collaboration with other affected ministries as well as numerous players from the area of protection against violence, the Federal Chancellery prepared a strategy for protection against violence and presented it in July 2024. The strategy for protection against violence defines strategic priorities and associated targets in the key areas of internal security, justice, social affairs, health, education and women. In line with the ACA's recommendation, the Federal Chancellery has also started to record and publish federal expenditure on measures in favour of women and equality as well as on specific measures for the prevention of and protection against violence.

The Federal Ministry of Justice promised to specify the obligation to undergo continuing training for judges within a working group. Furthermore, it planned to record reliable and meaningful statistics on the incidence and outcome of criminal proceedings in the area of gender-specific violence against women in the best possible way, as recommended by the ACA. For this purpose, it will further develop its applications within the scope of personnel, technical and budgetary possibilities.

Thanks to a recommendation made by the ACA, the Federal Criminal Intelligence Service introduced expert teams for the professional and uniform handling of security police case conferences, standardized the procedure of these security police case conferences and integrated a regular cross-provincial exchange among team leaders.

In its report on the "House of Music in Innsbruck; Follow-up Audit of Selected Construction Projects" (volume Tyrol 2023/4), the ACA had once again highlighted unrealized potential for the consideration of the needs of people with disabilities. In this report, it had found that out of the 13 accessibility-related shortcomings that the preceding report had identified at the House of Music, eight were fully implemented, one in part and four not at all. Within the scope of the follow-up enquiry, the Innsbrucker Immobilien GmbH & CoKG (real estate company of the city of Innsbruck) stated that the shortcomings have yet to be remedied.

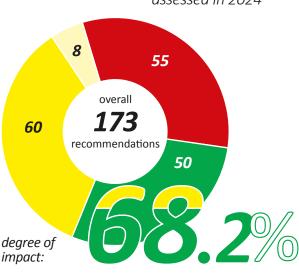
The follow-up audit forms the second phase of the ACA's outcome-oriented control



# 4.4 FOLLOW-UP AUDITS IN 2024

Follow-up audits are the second stage of the outcome assessment process. Based on the results of the follow-up enquiry, the ACA ascertains the actual implementation of selected recommendations on site. In 2024, the ACA published ten follow-up audits. Therein, it assessed the implementation of 173 recommendations: 50 (28.9 per cent) had been implemented fully and 60 (34.7 per cent) had been implemented partly. The implementation of eight recommendations (4.6 per cent) had been promised. This shows that 68.2 per cent of the ACA's recommendations had made an impact. 55 recommendations (31.8 per cent) had not been implemented. As regards two recommendations, no case had arisen in which they could have been applied.

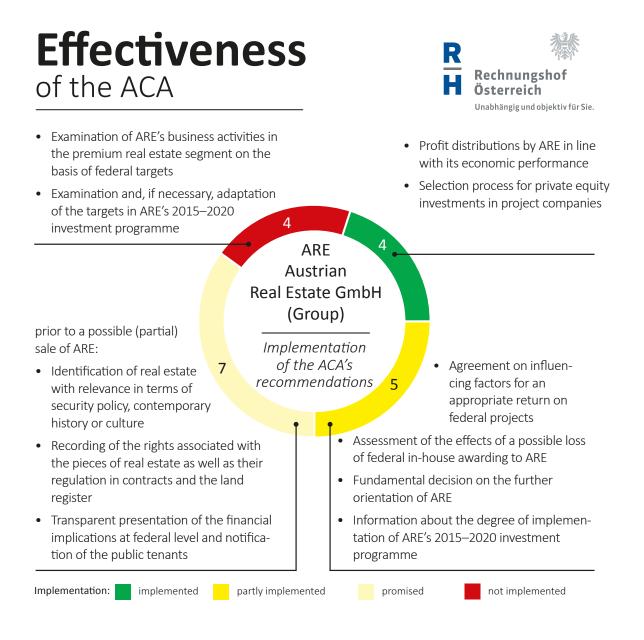
In 2024, the degree of impact amounting to 68.2 per cent fell considerably short of the target of 80 per cent. This can be attributed to the report on "Climate Protection in Austria; Follow-up Audit" (volume Federation 2024/37), which shows that there is still a strong need for action in this area.



# All recommendations assessed in 2024



In its report on the "ARE Austrian Real Estate GmbH (Group); Follow-up Audit" (volume Federation 2024/7), the ACA highlighted that there was still need for action with regard to more than three quarters of the assessed recommendations. In the ACA's opinion, the owner's strategic targets for ARE – i.e. development towards a market- and profit-oriented company – contradicted the target for subsidized housing set down in the 2020–2024 Government Programme. The strategic direction ARE has been pursuing since mid-2018, i.e. of becoming a market- and profit-oriented company, and its internationalization offered opportunities (participation in the privately financed housing market, rising earnings figures and higher profit distributions) but also bore risks and uncertainties. Therefore, the ARE group should adapt its strategy if risks increase.





ARE carried out new build, extension and renovation projects on behalf of the Federation that may have been subject to public procurement law. Under certain conditions, it was possible to commission ARE via in-house awarding without carrying out a public award procedure. Due to ARE's growth resulting from increasing revenue from contracts outside the Federal Government, the Federal Government was running the risk of losing the option of in-house awarding to ARE at the time of the preceding audit. As a result, it could award more construction contracts to private companies.

At the time of the follow-up audit, it remained unclear whether the Federal Government had already lost the option of in-house awarding to ARE or when the loss should be expected.

In line with a recommendation made by the ACA, the Federal Ministry of Finance, the Österreichische Beteiligungs AG (state-owned holding company), the Bundesimmobilien GmbH (federal real estate company) and the ARE aligned ARE's profit distribution to the Federal Government with its economic performance. Thus, profit distributions roughly doubled in the period from 2017 to 2021 in comparison with 2012 to 2016 to EUR 239.10 million, while the annual surpluses and the operating cash flows also increased. However, in the period from 2017 to 2021, the cash flow from operating activities could not cover both investments and profit distributions, which resulted in a negative free cash flow totalling EUR 108.55 million in the period from 2017 to 2021.

In its report on the "Management and Coordination of the Execution of Sentences and Measures" (volume Federation 2024/9), the ACA found that, out of the 15 assessed recommendations made in the preceding report, the Federal Ministry of Justice had implemented five fully, eight in part and two not at all. As compared to 2019, the situation in correctional institutions had aggravated further in 2023 due to a general decline of prison spaces. Possibilities for reducing the prison population – e.g. by electronically monitored home

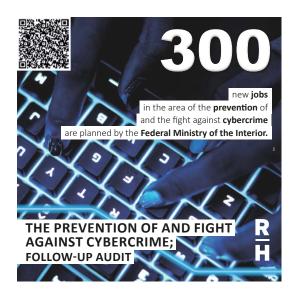
detention or by transferring prisoners to their states of origin – were limited for legal and factual reasons. The Federal Ministry of Justice has been working on an amendment of the Correctional Service Act (Strafvollzugsgesetz) with a focus on reintegration measures, which is also aimed at reducing the prison population. Without relief measures, however, overcrowding can only be remedied by increasing prison capacities.

A part of the planned reform of involuntary forensic placement was implemented with the Amendment Act on Measures Involving Deprivation of Liberty 2022 (Maßnahmenvollzugsanpassungsgesetz). However, no measures have been taken to ensure that prisoners are treated and cared for in an adequate and modern way.

In terms of staff, the situation of the Judicial Guard (Justizwache) remained tense; further intensification is expected. While 96 per cent of all posts were occupied at the beginning of 2023, posts corresponding to more than 130 full-time equivalents were still vacant. At the same time, applications decreased by more than a quarter between 2019 and 2022.



In its report on "The Prevention of and Fight against Cybercrime; Follow-up Audit" (volume Federation 2024/18), the ACA noted that the reform measures for fighting cybercrime remain inadequate: the number of cases that are labelled as cybercrime offences continued to increase in 2023 to 65,864 cases, and staffing needs are high in this area. Within the scope of a reorganization, the criminal investigation service reform 2.0, the Federal Ministry of the Interior anticipated that 300 new posts would be needed in the area of cybercrime prevention and the fight against cybercrime. However, no specific plans for recruiting staff for these positions had yet been made at the time of the follow-up audit. Since the beginning of 2023, the Federal Ministry of Justice has been setting up so-called "cybercrime competence centres" at public prosecutor's offices that support investigations in proceedings related to cybercrime. From 2020 to 2023, it offered more than 190 training events on the topic of cybercrime. In doing so, it implemented two central recommendations made in the preceding report.



Both ministries partly implemented the recommendation concerning a mutually aligned strategy for the area of cybercrime. They each defined targets for preventing and combatting cybercrime and coordinated their implementation.

In its report on "Primary Care; Follow-up Audit at the Federal Ministry of the Interior" (volume Federation 2024/25), the ACA once again examined the situation of asylum seekers. In mid-2023, the number of people receiving primary care benefits in Austria was at 85,000, i.e. at a similarly high level as at the height of the migration crisis in 2015/16. At between 7,500 and 10,000, the number of beneficiaries of subsidiary protection receiving primary care benefits – i.e. people whose asylum application was rejected for lack of persecution but whose health or lives are threatened in their country of origin – also remained unchanged at a high level.

There was still no coordinated concept between the federal and provincial level for handling potential increases in the number of asylum applications. Nor was a consensus reached with regard to care benefits provided to beneficiaries of subsidiary protection. The Federal Ministry of the Interior essentially implemented those recommendations made in the preceding report that were exclusively within its sphere of influence (e.g. internal organization, staff appointments, timely settlement and cost reimbursements), while the majority of recommendations that remained unheeded concerned the further development of the primary care system in coordination with the provinces.

Even though the Federal Government and the provinces considered a joint crisis plan to be desirable, there was still no coordinated con-



cept for handling potential increases in the number of asylum applications. Likewise, no joint risk assessment and evaluation was carried out with regard to the provision of primary care services (e.g. relating to changes in the need for help, the payment of benefits or the quality of housing) at federal and provincial level.

In its report on the "NÖ.Regional.GmbH; Follow-up Audit" (volume Lower Austria 2024/5), the ACA noted that the province of Lower Austria and the NÖ.Regional.GmbH (in charge of regional development in Lower Austria) had largely implemented the recommendations made in 2021. In line with a recommendation made by the ACA, the province of Lower Austria had the NÖ.Regional.GmbH's services evaluated in terms of potential streamlining and to avoid duplication with other organizations in Lower Austria. In addition, the NÖ. Regional.GmbH caught up on the appointment of advisory board members and adopted Rules of Procedure for the supervisory board. It also defined the technical focuses of the managing director role before advertising the role and publicly advertised the post of managing director of the NÖ.Regional.GmbH in October 2023.

At the time of the preceding report, the NÖ.Regional.GmbH had lent staff to the province of Lower Austria. The "grey" posts created this way were not included in the staffing plan approved by the provincial parliament. In this context, the ACA had recommended that the province avoid increasing staff levels through secondment contracts in the interest of transparent budgeting and settlement. At the end of 2023, there were no more "grey" posts in the spatial planning and general transport affairs unit of the Office of the Lower Austrian Provincial Government. In its report on the "Coordination of Cybersecurity; Follow-up Audit" (volume Federation 2024/28), the ACA also assessed the implementation of recommendations. In doing so, it took into consideration the new EU Directive on Cybersecurity (Network and Information Systems Security, NIS2), which had entered into force on 18 October 2024. Since the preceding report, the Federal Ministry of the Interior has set up a permanent cyber situation centre, which creates and discusses the cyber situation assessment. Other recommendations, however, were only partly or not yet implemented: coordination structures were only partly developed further. The ACA recommended that both the Federal Chancellery and the Federal Ministry of the Interior establish a permanently available national cyber rapid response team. In addition, potential solutions for recruiting cybersecurity experts should be developed together with the federal ministry responsible for the civil service. Furthermore, the ACA recommended establishing a public cybersecurity body with an operations centre.



In its report on the "Benefits Pursuant to the Childcare Allowance Act; Follow-up Audit" (volume Federation 2024/31), the ACA noted that childcare responsibilities continue to be considerably unequally distributed and that there is still need for further action in the area of childcare. Even though the Federal Chancellery improved processing and eligibility checks in subareas, for example through an interface with the IT system for family allowance, which enabled automated checks of eligibility requirements, the introduction of the childcare allowance account, the partnership bonus and the family time bonus in 2017 did not lead to the increase in paternity leave that the Federal Chancellery had expected. The share of fathers claiming childcare allowance decreased by seven per cent from 2016 to 2022. In 2022, only four per cent of the days that could be claimed were claimed by men.

The income-related childcare allowance that was introduced in 2010 was aimed at, among other things, a better reconciliation of family and work life as well as the quick return to the labour market. 60 per cent of employed women who had a baby in 2022 chose this option. However, the vast majority continued to take maternity leave after the payments had ended. The intention of promoting women's quick return to the labour market was thus only partly fulfilled.

In its report on "Bridge Maintenance in Vorarlberg; Follow-up Audit" (volume Vorarlberg 2024/4), the ACA focused on recommendations concerning bridge maintenance. It noted that the province of Vorarlberg as well as the city of Feldkirch implemented the measures for structural monitoring of road bridges that are proposed in the guidelines and regulations for road administration. In the city of Hohenems, six out of 53 bridges were neither monitored nor examined. The cities of Feldkirch and Hohenems fully implemented the recommendation to record all existing bridges. The province of Vorarlberg partly implemented this recommendation, as it had not yet fully recorded culverts. The province of Vorarlberg regularly and proactively carried out bridge maintenance measures. However, both the number and share of bridges in the category 5 (very bad condition) and the number of bridges in the category 4 (bad condition) increased in the period from 2019 to 2023. Provincial spending on the structural maintenance of bridges - which totalled EUR 38.53 million in the period from 2020 to 2023 – was not enough to prevent the bridges from deteriorating by the end of 2023. Thus, the province of Vorarlberg continued to run the risk that a high number of maintenance measures will become urgent at the same time in order to avoid seriously endangering road users.





In its report on "Climate Protection in Austria; Audit" Follow-up (volume Federation 2024/37), the ACA highlighted that the Federal Government had focused on taking measures for climate protection, for example by introducing a national carbon pricing scheme, since the preceding audit in 2021. However, specific suggestions and initiatives for further measures with a high potential for protecting the climate, such as the greening of grants that are harmful to the climate, were not pursued; there have been no joint action programmes at federal and provincial level since 2021. A new Climate Protection Act with binding sector-specific provisions for greenhouse gas emission reduction has been outstanding since 2021 for lack of agreement. Thus, there was no institutional framework with clear climate policy framework conditions and plannable requirements. Moreover, Austria did not submit an updated draft of the National Energy and Climate Plan to the European Commission until August 2024, i.e. around 14 months after the deadline. In December 2024, the final National Energy and Climate Plan was adopted by the Council of Ministers.

According to forecasts made by the Environment Agency Austria, Austria will clearly fail to meet the EU's greenhouse gas emission reduction target for 2030 with its existing climate protection measures. In this case, updated calculations assumed costs of up to EUR 5.8 billion for the purchase of emissions allowances; in the scenario "with additional measures", costs for emissions allowances would amount to up to EUR 1.7 billion. The Financial Equalization Act 2017 (Finanzausgleichsgesetz 2017) still did not contain a regulation that would distribute the costs between the federal and provincial level based on the polluter-pays principle. The ACA emphasized that considerable additional efforts are needed in

order to attain the 2030 climate target. Measures in the areas of funding, taxes and regulation with a high greenhouse gas emission reduction potential should be prioritized, using a cost-benefit analysis.

The report on the "Accreditation and Public Funding of Private Universities; Follow-up Audit" (volume Federation 2024/38) aimed at assessing the degree of implementation of recommendations made to the Agency for Quality Assurance and Accreditation Austria (AQ Austria) as well as to the Federal Ministry of Education, Science and Research. AQ Austria was financed by federal funds and revenue earned from the performance of its tasks, e.g. the accreditation of universities or audits. In comparison with the preceding report, the share of federal funds in its revenue (74 per cent on average in the audited period) had continued to increase, while the share of other (own) revenue had continued to decrease. The ministry should ensure that the agency's financing is balanced and aligned with AQ Austria's tasks.

The requirements for admission as a private university were set out in an accreditation decree issued by AQ Austria. In line with the ACA's recommendation, the Decree on Accreditation of Private Universities 2021 (Privathochschul-Akkreditierungsverordnung 2021) defined requirements more clearly – in particular in the area of financing - as compared to the two previous versions. However, the requirements for assessing the financing structure were based exclusively on planned figures, for which the applicant institutions in particular in institutional reaccreditation procedures - did not have to submit actual figures as a reference. The ACA recommended that this be explicitly provided for in a future amendment to the Decree on Accreditation of Private Universities 2021.

# 4.5 CONSULTATION ON DRAFT LEGISLATION

In the framework of the official consultation process, the ACA regularly provides expert comments on draft laws and ordinances.

The Federal Organic Budget Act (Bundeshaushaltsgesetz) requires every federal minister to attach a presentation on the outcome-oriented impact assessment to every draft bill and ordinance submitted by his or her ministry. In the framework of this process, the financial implications for the federal statement of assets, the cash-flow statement and the operating statement for the current fiscal year and, as a minimum, for the next four fiscal years must be quantified and the financial implications for the provinces, municipalities and social insurance providers as well as the long-term impacts on the federal budget must be presented. 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.

When consulting on draft legislation, the ACA assesses the new legislation's financial implications for public finances and the degree of implementation of recommendations the ACA made in its audits. In addition, the ACA deals with the content of the respective draft laws and ordinances by assessing whether planned measures appear to be adequate and efficient with regard to governance or whether they can lead to improvements in the flow of processes.

### FEDERATION

The consultation period for the submission of comments should be at least six weeks. In 2024, this six-week consultation period was only roughly complied with in 14 cases; however, in 31 cases, the ACA was partly given significantly less time, sometimes only five working days. This concerned draft legislation pertaining to the scope of competence of almost all ministries. Especially legislative projects with significant financial implications have been subject to a very short consultation period. For 2024, the ACA wants to highlight the draft ordinance on investment grants for electricity (Investitionszuschüsseverordnung Strom), based on the Renewable Energy Expansion Act (Erneuerbaren-Ausbau-Gesetz), with anticipated financial implications of around EUR 150 million at federal level (consultation period of three working days) as well as the drafts of the First and Second Part of the Fraud Prevention Act (Betrugsbekämpfungsgesetz) with an estimated additional annual revenue amounting to around EUR 60 million at federal level (consultation period of nine working days).

The ACA notes that a sufficiently long consultation period should be a minimum standard for legislative procedures. This would also increase the number of bodies, players and stakeholders who can provide an expert opinion, which, in turn, contributes to an informed decision-making process.





In 2024, the ACA received a total of 125 federal draft laws and ordinances for comments from the federal administration. The Parliament, two professional representations of interests, the Agency for Quality Assurance and Accreditation Austria, the Gesundheitsplanungs GmbH (limited liability company for healthcare planning) and the Austrian Patent Office forwarded a total of 21 draft laws and ordinances with the request for consultation to the ACA.

Based on the drafts submitted by the federal administration 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	4	0	
Federal Ministry for Agriculture, Forestry, Regions and Water Management	8	0	
Federal Ministry for Arts, Culture, the Civil Service and Sport	2	0	
Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology	23	3	
Federal Ministry of Defence	5	1	
Federal Ministry of Education, Science and Research	14	2	
Federal Ministry of European and International Affairs	2	0	
Federal Ministry of Finance	15	7	
Federal Ministry of Justice	6	2	
Federal Ministry of Labour and Economy	11	1	
Federal Ministry of Social Affairs, Health, Care and Consumer Protection	13	2	
Federal Ministry of the Interior	2	2	
Overall	105	20	

#### PROVINCES

In 2024, 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 the Burgenland constitution and the Styrian Budget Act as well as the Rules of Procedure of the provincial parliament of Styria provide for the ascertainment and presentation of the financial implications of new legislation. In 2024, the ACA received a total of 103 draft laws and ordinances by the above-mentioned provinces for consultation. They contained information on their financial implications to the following extent:

Province	i	plausible nformation	insufficient information		
Carinthia		50		2	
Lower Austria		3		3	
Styria		4		1	
Upper Austria		22		2	
Vienna		2		1	
Vorarlberg		13		0	
Overall		94		9	



### SELECTED COMMENTS

The ACA publishes its expert comments on draft laws and ordinances on its website at www. rechnungshof.gv.at. In 2024, it commented, among other things, on the following drafts:

Draft of amendments to the Universities Act 2002 (Universitätsgesetz 2002), the Act on the Organization of University Colleges of Teacher Education 2005 (Hochschulgesetz 2005), the Act on Quality Assurance in Higher Education (Hochschul-Qualitätssicherungsgesetz), the University of Applied Sciences Act (Fachhochschulgesetz), the Private Higher Education Act (Privathochschulgesetz) (promulgated in Federal Law Gazette I 50/2024) In January 2024, the Federal Ministry of Education, Science and Research submitted a draft of statutory amendments in the area of universities, universities of applied sciences and university colleges of teacher education for comments. The main aim of the drafts was to increase the attractiveness of university teacher training and to meet the demand for teachers, which was created by the generational change in teaching staff and will continue in the medium term.

As regards the draft's envisioned regulations concerning the linguistic deficits of pupils, the ACA positively noted that recommendations made in its reports on "Pupils with Migrant Background, Answers of the School System" (volume Federation 2013/6, item 21) and "the Education of Children and Adolescents with Refugee Experience" (volume Federation 2019/12, item 17) had been taken into account. Against the backdrop of its report on "IT Support in Schools" (volume Federation 2018/47), which recommended a stronger focus on promoting teachers' educational and didactic knowledge in the digital sphere, it considered the framework requirements for the assess-



ment of curricula by the quality assurance council for teacher education, which is included in the appendices and relates, among other things, to e-didactics, to also be an amendment in line with its recommendation in this area.

# Draft of an Electricity Sector Act (Elektrizitätswirtschaftsgesetz) – Act on the Definition of Energy Poverty (Energiearmuts-Definitions-Gesetz)

The draft aimed at reaching energy and climate targets – such as the target of covering total electricity consumption in Austria entirely by national renewable sources as of 2030 and achieving climate neutrality in Austria by 2040 - and creating coherence between the national electricity law and the funding system of the Renewable Energy Expansion Act (Erneuerbaren-Ausbau-Gesetz, EAG). Recalling the reports on the "Rollout of Smart Metres" (volume Federation 2019/1), "Subsidies for Green Electricity as Exemplified by Wind Power and Photovoltaics" " (volume Federation 2020/15) as well as "Energy Industry Measures Against Energy Poverty" (volume Federation 2020/23), the ACA critically noted that

- there is still no transparent presentation of the overall costs of the smart metre rollout, although the investment costs of EUR 1.7 billion set out in the explanatory notes were already significantly higher than initially expected, and
- the draft legislation did not provide for a central assessment of the extent of energy poverty.

# Drafts of the Fraud Prevention Act 2024 (Betrugsbekämpfungsgesetz 2024) Part I and Part II (promulgated in Federal Law Gazette I 107/2024 and 108/2024)

The drafts submitted in May 2024 aimed at promoting fair taxation and ensuring effective anti-fraud measures, combatting social fraud more comprehensively, especially undeclared wages paid by sham companies, and creating greater liability for the contracting business operator for remuneration claims under collective agreements when involving sham companies.

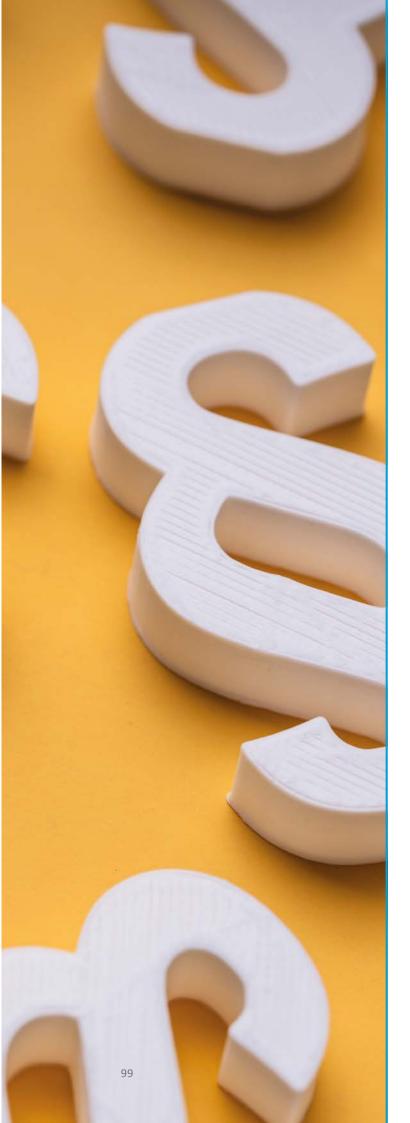
In its comment, the ACA referred to its reports on "Tax Offence Cases in Tax Administration" (volume Federation 2023/26) and "COVID-19-Short-Time Work" (volume Federation 2022/7). It considered the drafts' envisioned provisions for adapting regulations on tax offences, in particular regarding violations of tax and monopoly laws by sham companies, to be appropriate for reaching the goal of combatting tax fraud and promoting fair taxation.

The use of the database for combatting social fraud by the Public Employment Service Austria as a cooperation centre and the duty of the Anti-Fraud Office to provide the Public Employment Service Austria with information in cases of suspected sham companies, as provided for in the draft, were also considered positive.



# Final Assessment (428/AUA) pertaining to the COFAG Consolidation Act (COFAG Sammelgesetz (4070/A)) (promulgated in Federal Law Gazette I 86/2024) In line with the requirements of the Constitutional Court's decision dated 5 October 2023, G 265/2022, the Financial Committee's motion submitted in May 2024 aimed at reorganizing the tasks incumbent on the COVID-19 Federal Financing Agency (COVID-19 Finanzierungsagentur des Bundes GmbH, COFAG) as well as their performance and at enabling the dissolution and liquidation of COFAG under company law. The responsibility for deciding on grant applications that had not been reviewed by 31 July 2024 should be transferred to the Federal Government and the Federal Minister of Finance as the processing entity, while the awarding of grants should remain in the private sector. As of 1 August 2024, however, the tax authorities shall be responsible for the recovery of unduly received COVID-19 aid within the scope of an administrative recovery procedure.

The ACA referred to its recommendation made in item 17 of the report on "COFAG and Grants to Companies" (volume Federation 2022/31), according to which the Federal Ministry of Finance should assess which benefits - categorized by type, volume and time frame - are still to be provided by COFAG and dissolve the company after completion of the tasks. Therefore, it welcomed that the proposed amendment, which implements the mentioned decision of the Constitutional Court, takes this recommendation into account. In view of the risk of unduly disbursed grants and the high funding volume of around EUR 15 billion (237,000 funding recipients), it also reiterated the importance of a risk-oriented examination concept for ex-post controls by tax authorities.



Draft of a Network and Information Systems Security Act 2024 (Informationssystemsicherheitsgesetz 2024) and amendments to the Telecommunications Act 2021 (Telekommunikationsgesetz 2021) and the Health Telematics Act 2012 (Gesundheitstelematikgesetz 2012 und des Gesundheitstelematikgesetzes 2012

The draft submitted in April 2024 aimed at implementing the Directive (EU) 2022/2555 dated 14 December 2022 on measures for a high common level of cybersecurity across the Union (NIS2 Directive). The ACA positively acknowledged that the draft envisaged a consolidation of cybersecurity competences, which are "currently extremely fragmented" and "split between a large number of ministries", as this could avoid the interministerial processes created by the current division between several ministries as well as negative conflicts of competences in particular.

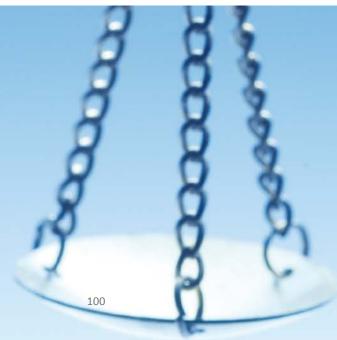
In reference to its report on the "Coordination of Cybersecurity" (volume Federation 2022/13), the ACA noted that the draft took into account recommendations such as the creation of a legal foundation for and composition of the Cybersecurity Steering Group or the involvement of institutions of the public administration at provincial level. In contrast, it did not provide for the establishment of a permanently available Cyber Rapid Response Team, a Cybersecurity Centre or a Cyber Security Operations Centre (SOC). However, the ACA was of the opinion that the rapid implementation of this recommendation is particularly important, as it considers it to be an important infrastructure measure - given the fact that cyber incidents can be expected at any time and have to be fought off as efficiently as possible.

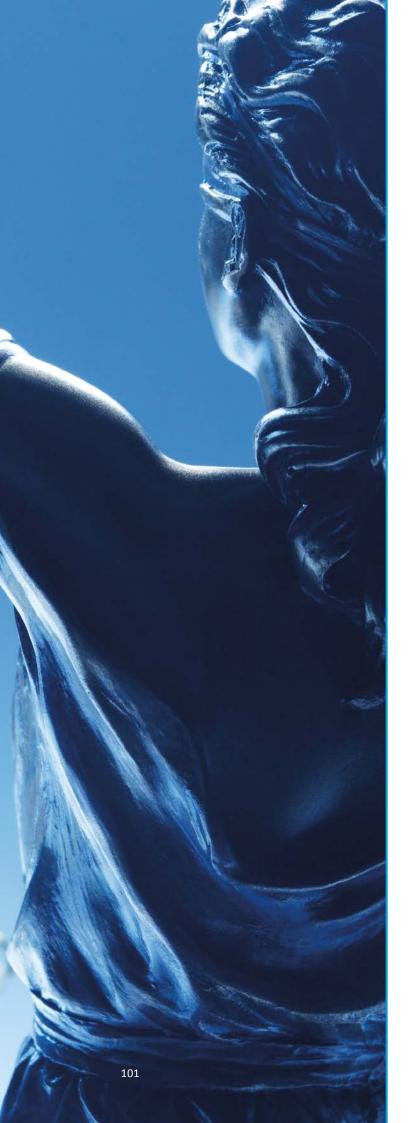


THE ACA PERFORMS

NUMEROUS STATUTORY TASKS

- Income Reports
- Countersignature of financial debts
- Political Parties Act
- Media Transparency Act
- Adjustment factor for politicians' emoluments





5. THE ACA PERFORMS NUMEROUS STATUTORY TASKS

# 5.1 INCOME REPORTS

### GENERAL INCOME REPORT

Every other year, the ACA publishes the report on the average incomes of the Austrian population. The most recent "General Income Report" was published in December 2024. Particular emphasis was put on the analysis of gender-specific income disparities as well as on the development of full-time and parttime employment.

The report shows that the median gross annual income of all employees amounted to EUR 35,314 in 2023.



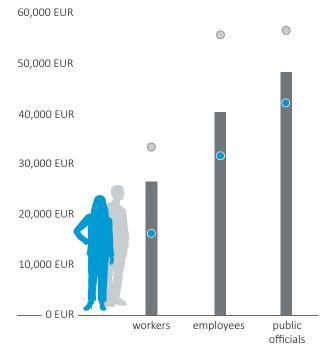
On average, women earned 66 per cent of men's income. This difference in income can in part be explained by women working parttime: women in year-round full-time employment earned on average 88 per cent of men's income.

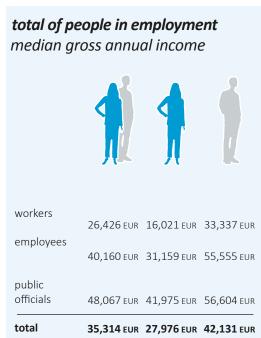


An analysis of the ratio between full-time employment and part-time employment shows: the share of year-round full-time employees in the employed labour force has fallen in the last ten years; the share of yearround part-time employees has risen. The share of women in year-round part-time employment accounted for 79 per cent in 2023; in year-round full-time employment, it was 33 per cent.

Overall, it was also shown in 2023 that having completed vocational training and having a high qualification level had a positive impact on earned income. The ACA has again provided interactive graphs on key topics in connection with the General Income Report on its website, allowing users to select aspects to be displayed according to their individual interests.







Graph without apprentices

Source: Statistics Austria, 2024; earnings tax and social insurance data; graph: ACA



## INCOME IN FEDERAL PUBLIC-SECTOR COMPANIES

In the respective subsequent year, the ACA publishes the report on the incomes at state-affiliated companies. It contains the average incomes of executive board members, supervisory board members and of all employees of federal companies and institutions that are subject to its audits. The ACA submitted the report on the "Average Income and Additional Pension Contributions in Federal Public-Sector Companies 2021 and 2022" (volume Income 2023/1) to the National Council on 15 December 2023. On 16 May 2024, the report was discussed in a plenary session of the National Council, during which the five political parties in parliament agreed on a joint motion for a resolution. The resolution would allow the ACA to use official data from earnings tax and social insurance statistics for its income survey at federal companies. This adjustment would enable a significant modernization and increase in the efficiency of future reporting. It is still unclear whether this request directed at the executive will be granted.



# 5.2 COUNTERSIGNATURE OF FINANCIAL DEBTS

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

By countersigning federal debt instruments, the president of the ACA 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.

The federal financial debt amounted to EUR 299.252 billion as at 31 December 2024. In 2024, the Federation incurred financial debts in the amount of some EUR 66.332 billion as at 31 December.

	2020	2021	2022	2023	2024
Federal financial debt documents (number)	196	164	168	202	231
of which countersigned (number)	195	147	153	163	182
Financial debts incurred (in EUR billion)	52.10	51.69	65.70	67.42	66.33

from 2020 to 2022: as at 30 November each; 2023 and 2024: as at 31 December each



# 5.3 POLITICAL PARTIES ACT

# ASSESSMENT OF THE STATEMENTS OF ACCOUNTS

The Political Parties Act (Parteiengesetz) requires the ACA to audit and publish the statements of accounts of political parties. The 2021 and 2022 statements of accounts were still subject to the version of the Political Parties Act in force before the amendment was adopted in mid-2022.

In 2024, the ACA concluded the audits of the 2021 statements of accounts of the Freedom Party of Austria (FPÖ) and the Austrian People's Party (ÖVP) and made one notification to the Independent Political Parties Transparency

Panel for each party (see "Decisions of the Independent Political Parties Transparency Panel").

In addition, the ACA published six statements of accounts for the year 2022 in 2024 and submitted notifications regarding all statements of accounts, on a total of 18 issues, to the Independent Political Parties Transparency Panel, due to evidence of violations of the Political Parties Act.







The ACA was of the opinion that the ÖVP, the GREENS and the NEOS had received impermissible donations in 2022, namely in connection with the management of social media accounts of members of the government by employees of public-law entities, the creation and provision of advertising services by public-law entities for a party medium and the increased advertising value of party political messages due to the use of public resources.

The ACA identified violations by the Social Democratic Party of Austria (SPÖ) with regard to impermissible donations as a result of party political postings on a social media account attributable to the Office of the Burgenland Provincial Government as well as violations by the municipal council group of the SPÖ in Graz in connection with the magazine "4U: Das Magazin der SPÖ Graz". The FPÖ provided grounds for a notification, among other things, due to unreported donations in connection with the fan shop of the FPÖ Carinthia. The ACA also made a notification regarding the political party "Die Bierpartei", as it had not disclosed donations in the form of in-kind contributions provided by the company Pogo's Empire GmbH for the web shop with the branding "Bierpartei" in its 2022 statement of accounts.

The ACA's extended tasks in relation to the audit of the new statements of accounts for 2023, which the political parties had to submit by 30 September 2024, are described in the chapter "The ACA sets priorities" (p. 13).

### DONATION REPORTS

For the purpose of informing the public about the financing of political parties, every party has to send the ACA a report on individual donations exceeding EUR 165 at the latest four weeks after the end of each calendar quarter. The ACA shall publish all individual donations exceeding EUR 540 mentioned in the report without delay, stating the name and postal code of the donor, the date of receipt of the donation and the exact amount as well as categorizing them by specific donation recipient.

In 2024, the ACA published a total of 215 donations made to twelve parties on its website www.rechnungshof.gv.at.



### **IMPERMISSIBLE DONATIONS 2024**

In addition, the ACA is required to receive donations that are impermissible according to the Political Parties Act. Such donations shall be forwarded to the ACA by the respective political party. The ACA, in turn, has to accept and hold such donations and pass them on to charitable or scientific institutions.

In its decision dated 15 April 2024, the Independent Political Parties Transparency Panel found that the political party "The GREENS" had accepted an impermissible donation as defined in the Political Parties Act in connection with the repayment without interest of an outstanding liability to the parliamentary group of the Greens. Since the political party "The GREENS" repaid the outstanding liability – again without interest – to the parliamentary group of the Greens in 2022, the party forwarded the unpaid interest amounting to EUR 4,643.89 to the ACA in 2024.

In the first quarter of 2024, the SPÖ received a donation of EUR 224 from the "Theater in der Josefstadt" theatre; however, the city of Vienna holds a small percentage of shares in the "Theater in der Josefstadt" Betriebsgesellschaft m.b.H. As political parties are not permitted to accept donations from companies and institutions in which the public sector holds a direct interest, the political party transferred the donated amount to the ACA.

The ÖVP disclosed to the ACA that it had received a donation by the "Sparkasse Mühlviertel-West Bank Aktiengesellschaft" in the third quarter of 2024; the public sector holds a direct interest of 60 per cent in the donor. As political parties are not permitted to accept donations from companies in which the public sector holds a direct interest as defined in section 6 para. 6 no. 5 of the Political Parties Act, the ÖVP forwarded the impermissible donation of EUR 200 to the ACA.

Furthermore, the NEOS forwarded an amount of EUR 20,520 to the ACA in 2024. While auditing the 2022 statement of accounts, the ACA noted that the Styrian provincial parliament group had paid invoices for market research that related to the provincial party. In the ACA's opinion, this represents a violation of the Political Parties Act, as the NEOS accepted an impermissible donation in the form of in-kind contributions made by the Styrian provincial parliament group of the NEOS. The Independent Political Parties Transparency Panel is currently investigating this matter. Impermissible donations from 2024 will be forwarded to the ACA within the first months of 2025.

### DISTRIBUTION OF IMPERMISSIBLE DONATIONS FROM 2023

A total of EUR 15,343.22 in impermissible donations from 2023 were available to be forwarded. The ACA received more than 200 suggestions from citizens. The recipients of the donation – five violence and victim protection institutions – were decided by lot: the institutions WEISSER RING, die Boje and the women's shelters Tyrol and Mistelbach received EUR 3,068.64 each. The institution Tamar received EUR 3,068.66.





## SURVEY ON TRANSACTIONS WITH AFFILIATED COMPANIES

Another task according to the Political Parties Act, which is resource-intensive for the ACA, is the survey regarding legal transactions with companies in which political parties or other organizations affiliated to them hold at least 5 per cent directly or 10 per cent indirectly. The ACA asked around 5,800 legal entities that are subject to its audits whether such transactions with affiliated companies had been carried out and, if yes, to which amount. Within the scope of the 2024 survey, 364 legal entities reported transactions with 39 out of 51 companies affiliated to political parties in 2022. This information was published on the ACA's website. The ACA was still allowed to do so in accordance with section 10 para. 3 of the Political Parties Act in the version applicable in 2022.

## DECISIONS OF THE INDEPENDENT POLITICAL PARTIES TRANSPARENCY PANEL

If the ACA is of the opinion that the Political Parties Act has been violated, it has to notify the Independent Political Parties Transparency Panel. In 2024, the Independent Political Parties Transparency Panel imposed fines on the ÖVP, the SPÖ, the FPÖ and the GREENS due to notifications made by the ACA. The imposed fines totalled EUR 123,443.87:

- ÖVP: EUR 29,217 (2020) and EUR 8,500 (2021)
- SPÖ: EUR 53,100 (2021)
- FPÖ: EUR 19,004.87 (2021)
- The GREENS: EUR 13,622 (2021).

The following circumstances, among other things, prompted the Independent Political Parties Transparency Panel to impose fines:

- The ÖVP did not disclose the revenue and expenditure of the "Young Farmers/Rural Youth" (Jungbauernschaft/Landjugend) in its 2020 statement of accounts. In its 2021 statement of accounts, the ÖVP reported donations with a delay (Carinthian People's Party and Upper Austrian provincial group of the ÖAAB (Austrian Workers' and Employees' Association)).
- The SPÖ had accepted a donation in kind made by the SPÖ's municipal council group Graz for the magazine "4U: Das Magazin der SPÖ Graz" and had not reported this in its 2021 statement of accounts.
- In 2021, the FPÖ received impermissible donations from the Salzburg provincial parliament group of the FPÖ for the benefit of the FPÖ Salzburg in connection with the "Ist es das wert?" (Is it worth it?) campaign and from the group of FPÖ members of the Upper Austrian provincial parliament for the benefit of the FPÖ and the Upper Austrian FPÖ (79 advertisements).
- The GREENS were fined, among other things, due to an interest-free loan granted by the parliamentary group to the political party (2021 statement of accounts).

The Independent Political Parties Transparency Panel will take separate decisions on the "Austrian Pensioners' Association" (Österreichischer Seniorenbund) and the "Tyrolean Young Farmers/Rural Youth" (Tiroler Jungbauernschaft/Landjugend), i.e. the ACA's notifications regarding the ÖVP's 2021 statement of accounts.



Starting with the 2023 statements of accounts, the ACA is allowed to publish notifications made to the Independent Political Parties Transparency Panel (and the results of its audit activities). This will allow the public to gain a complete picture of the cases brought to the attention of the Independent Political Parties Transparency Panel by the ACA.

#### 5.4 MEDIA TRANSPARENCY ACT

The aim of the Media Transparency Act (Medientransparenzgesetz) is to create transparency in public-sector advertising and media collaborations. 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 such legal entities requires considerable resources and causes a considerable administrative burden both for the ACA and the legal entities in question. As at 31 December 2024, this concerned around 5,800 legal entities. This special task is a non-audit activity that restrains the ACA in performing its actual core tasks.

#### 5.5 ADJUSTMENT FACTOR FOR POLITICIANS' EMOLUMENTS

The Act on the Limitation of Emoluments (Bezügebegrenzungsgesetz) builds on a salary pyramid and provides for a multi-tier system of remuneration, from the Federal President to members of the Federal Council. According to the original intention of the legislator, the salaries of political officials should be graded according to the range of tasks and responsibilities associated with the respective office and should be proportional to each other.

In addition, the Act on the Limitation of Emoluments sets ceilings for the highest body of the Oesterreichische Nationalbank (central bank of Austria) and the highest-ranking officials 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 adjust, ascertain and promulgate the adjustment factor for emoluments of public-sector officials. For this, the ACA relies on the communications published by Statistics Austria and the Federal Ministry of Social Affairs, Health, Care and Consumer Protection.

This factor corresponds either to the inflation rate between July of the previous year and June of the following year or the following year's pension increase granted under the General Social Insurance Act (Allgemeines Sozialversicherungsgesetz), whichever is the lesser. The ACA has no discretion in this regard. Emoluments are then adjusted as of the 1 January of the following year. In accordance with the legal requirements, the president of the ACA published an adjustment factor of 9.7 per cent as well as the two baseline amounts (in accordance with Federal Law Gazette I 155/2020), which form the basis of emoluments for political officials, on 1 December 2023.

This statutory increase was retrospectively altered at federal level by Federal Law Gazette



I 185/2023 dated 30 December 2023 to halt the increase in emoluments of certain federal officials (Federal President, members of government, president of the National Council, president of the ACA, members of the Ombudsman Board as well as heads of the parliamentary groups of the National Council), while allowing other emoluments (e.g. of members of the National Council) to increase by 4.85 per cent. At provincial level, the upper limit of permissible maximum emoluments was increased by 9.7 per cent as prescribed by law. Although the Federal Government recommended taking a comparable approach at provincial level, the provinces are free to determine the emoluments of their officials within these upper limits. The federal provinces made use of this option to varying degrees.

This statutory amendment meant that for the first time three different baseline amounts for the emoluments of public officials had to be announced in 2025.

Based on the communications published by Statistics Austria and the Federal Ministry of Social Affairs, Health, Care and Consumer Protection, the ACA calculated an adjustment factor of 1.046 for 2025, which was published, together with the salary scales for public officials, on 4 December 2024 on the electronic Federal Announcement and Information Platform (elektronische Verlautbarungs- und Informationsplattform, EVI).

Three baseline amounts were published for emoluments for 2025. A differentiation is made within the group of federal officials and the baseline amount for the upper limits of emoluments for the provinces and municipalities exceeds the baseline amounts for federal officials. With an amendment to the Federal Emoluments Act (Bundesbezügegesetz) (Federal Law Gazette I 156/2024) dated 27 December 2024, the legislator mandated that the planned adjustment of the baseline amount for federal officials be suspended again until 31 December 2025. It was thus mandated that the baseline amount II for emoluments pursuant to section 3 para. 1 no. 1 to 11 of the Federal Emoluments Act remain at EUR 9,535.94 and the baseline amount III for emoluments pursuant to section 3 para. 1 no. 12 to 17 of the Federal Emoluments Act remain at EUR 10,351.39 in 2025, which means that federal officials' salaries were not increased.

The adjustment of the baseline amount I (upper limit for emoluments for provincial and municipal offices listed in section 1 para. 1 of the Act on the Limitation of Emoluments) by 4.6 per cent to EUR 11,328.40, which will be announced for 2025, remained unaffected. These most recent statutory amendments continue to counteract the goal, set more than 25 years ago, of creating a fair and well-organized income pyramid for politicians active at federal, provincial and municipal level as well as in self-governing bodies based on the responsibilities of the individual officials.

As the ACA continues to be obliged to adjust the emoluments annually, it would like to highlight at this point that the informative value of the emoluments pyramid, which is to be published annually, is increasingly limited and that it does not provide a national comparative overview of the emoluments of public officials. The relevance of the existing arrangements is thus increasingly being called into question. Annual Report 2024 of the Austrian Court of Audit

SETS INTERNATIONAL PRIORITIES

THE ACA

THE ACA

AS THE INTOSAI GENERAL SECRETARIAT





#### 6. THE ACA SETS INTERNATIONAL PRIORITIES

Cooperation with other audit institutions represents one of the ACA's outcome targets. The ACA therefore attaches great importance to professional exchange with other Supreme Audit Institutions (SAIs). International cooperation primarily takes place within the framework of INTOSAI, whose General Secretariat is held by the ACA, and EUROSAI (European Organization of Supreme Audit Institutions) as well as the "EU Contact Committee" at EU level. Within these organizations, specialist working groups address fundamental and current topics.

Alongside cooperation within international working groups, international, multilateral or bilateral meetings and events offer opportunities for collaboration. For example, the ACA organized the 26<sup>th</sup> UN/INTOSAI Symposium, the annual meeting of the Visegrad 4+2 Group as well as meetings of the Expert Group of the INTOSAI Supervisory Committee on Emerging Issues and the Global Project Group for Promoting SAI Independence in 2024.

Another important platform for exchange is the German conference of the presidents of the federal and provincial audit institutions, which is also regularly attended by President Margit Kraker as well as the Director of the Swiss Supreme Audit Institution and the German member of the European Court of Auditors. In addition, ACA representatives participate in several working groups of German provincial audit institutions and the German Supreme Audit Institution. In 2024, the ACA organized the annual meeting of the working group on construction.

#### 6.1 UN/INTOSAI SYMPOSIUM

The 26<sup>th</sup> UN/INTOSAI Symposium, which is organized by the ACA as the INTOSAI General Secretariat in collaboration with the United Nations every three years, took place from 16 to 18 April 2024. After a break due to the COVID-19 pandemic, it was once again held on site at the Vienna International Centre, where more than 200 representatives from 82 SAIs and international partner organizations came together to discuss the topic "Implementation of SDG 13 on climate action: role, contribution and experience of Supreme Audit Institutions (SAIs)".

In panel discussions on the three subthemes

- SAI practices in auditing the impact of climate change
- Enabling conditions for auditing climate action
- Strengthening climate action impacts of climate change audits

speakers from SAIs and the United Nations presented, among other things, the various legal frameworks for climate action, assessments of national action plans and climate strategies, data analyses, evaluation mechanisms, financial and budgetary aspects and key factors for implementing and auditing the SDGs – such as a multi-stakeholder approach and a whole-of-government approach to ensure coherent policies.

President Margit Kraker highlighted that SAIs play an important role in the implementation of SDG 13. They can encourage national governments to take effective action to combat climate change, and their audits make an important contribution to ensuring transparency and accountability with regard to climate action. The Symposium also placed a special focus on the challenges faced by Small Island Developing States (SIDS) due to climate change.

As their audits and lessons learned are of particular importance, a separate panel was dedicated to this topic with presentations from the SAIs of Jamaica, the Maldives, St. Kitts and Nevis and St. Lucia.

Participants in the UN/INTOSAI Symposium at the Vienna International Centre





The presentations were concluded with a keynote speech by Åsa Persson, Research Director of the Stockholm Environment Institute and Deputy Director of the University of Linköping, who highlighted measures to mitigate climate change and adapt to its consequences from a scientific perspective.

On the last day of the symposium, the participants adopted the final document of the event - the "Conclusions and Recommendations" which contain the key messages of the Symposium. These should provide important guidelines for the future course of action and collaboration between SAIs in this context. For example, one recommendation aimed at investing in internal capacity building of SAIs to oversee energy transition initiatives, which need to be just and inclusive. In addition, audit priorities should be adapted to address the different impacts of energy sectors as well as clean energy. The report on the results of the 26<sup>th</sup> UN/INTOSAI Symposium is available on INTO-SAI's website.

#### ADOPTION OF THE UN RESOLUTION 79/231

United Nations <u>Resolution 79/231</u>, which was adopted in December 2024, highlighted the important contribution that SAIs can make in the area of climate action: its subject is "Promoting and fostering the efficiency, accountability, effectiveness and transparency of public administration by strengthening supreme audit institutions".

The adoption of this resolution represents a milestone for INTOSAI and recognizes the important role of SAIs in the implementation of climate action and the United Nations' Sustainable Development Goals as well as in ensuring efficient, accountable and transparent public administration in general. In addition, UN member states and institutions are invited to continue and further intensify their collaboration with INTOSAI, among other things in the area of capacity building.

#### 6.2 78<sup>TH</sup> INTOSAI GOVERNING BOARD MEETING

The 78<sup>th</sup> INTOSAI Governing Board meeting was held in Cairo, Egypt, on 28 October 2024. The INTOSAI Governing Board meets annually in order to take important decisions and to ensure strategic management as well as continuity between the triannual INTOSAI Congresses.

In her capacity as INTOSAI Secretary General, President Margit Kraker provided an overview of the most important activities in 2024. The priorities of INTOSAI and the General Secretariat were, for example, the promotion of SAI independence as well as the contribution that they can make to SDG implementation.



The first meeting of the Network of INTOSAI Communication Officers (NICO), led by the INTOSAI General Secretariat, was held in February. NICO aims at enabling and promoting a regular exchange of information and ideas among representatives from all bodies and Regional Organizations of INTOSAI on a working level.

Furthermore, the Governing Board adopted the "INTOSAI Brand Guidelines", which had been developed by the Task Force INTOSAI Communication, co-chaired by the INTOSAI General Secretariat and the Supreme Audit Institution of Brazil. These guidelines aim at ensuring that INTOSAI has a uniform visual image. As a next step, an implementation policy regarding these guidelines will be prepared.



# **INTOSAL** EXPERIENTIA MUTUA OMNIBUS PRODEST

The report "Navigating Global Trends", which was prepared by the INTOSAI Supervisory Committee on Emerging Issues, was also presented. This report was drafted by an expert group and is intended to support the strategic planning of INTOSAI and its members when it comes to addressing new challenges.

It identifies global megatrends that will affect INTOSAI's future operations.

The meeting also focused on the preparations for the 25<sup>th</sup> INTOSAI Congress, which will be hosted by the SAI Egypt in October 2025.

from left to right: Marian Banas (President of SAI Poland), Gene Dodaro (Comptroller General of SAI USA), President Margit Kraker, Bruno Dantas (President of SAI Brazil), Mohamed El-Faisal (President of SAI Egypt) and Hussam Alangari (President of SAI Saudi Arabia)



#### 6.3 MEETING OF THE VISEGRAD 4+2 GROUP IN GRAZ

On 24 and 25 June 2024, a meeting of the SAI presidents of the Visegrad 4+2 group was held in Graz. The Visegrad 4+2 group is an informal, voluntary, independent and personal cooperation between the presidents of the SAIs of the Visegrad states, Poland, Slovakia, the Czech Republic and Hungary, as well as Austria and Slovenia. It is a platform for the exchange of experience among neighbouring countries and pursues the aim of identifying and discussing shared interests of external public auditing, developing potential solutions as well as promoting the connection between the Visegrad 4+2 group and the SAIs of EU candidate countries. On the occasion of their annual meetings, the presidents of the Visegrad 4+2 group develop common positions and problem-solving approaches, reach agreements on bilateral and multilateral collaboration and exchange about current issues of external public auditing at a professional level.

The theme of the 2024 event read "Next Generation". In connection with the COVID-19 pandemic, many governments provided considerable funds in order to support their local economies. The EU has also made funds available through its "NextGenerationEU" stimulus instrument to assist the EU in becoming "green, digital, healthy, strong and equal". Within the scope of the meeting, the participating SAIs discussed their role in ensuring that the next generation inherits more than just debts. The ACA presented a selection of its most-publicized audits on the audit priority "Next Generation Austria". To emphasize the deepening relations, the presidents of the SAIs of Bosnia and Herzegovina as well as Montenegro were also invited to this year's meeting. In addition, Olha Pishchanska, president of the Ukrainian SAI, attended as an observer.

In a bilateral talk, President Margit Kraker and President Olha Pishchanska discussed how the two SAIs could strengthen their professional relations. President Olha Pishchanska put particular emphasis upon knowledge sharing on international audit standards, the efficient use of public funds and corruption prevention. President Margit Kraker promised to support the SAI Ukraine.

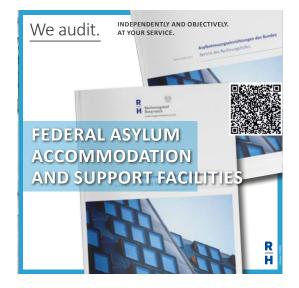


#### 6.4 2024 CONTACT COMMITTEE IN CYPRUS

On 16 and 17 October 2024, the Heads of the SAIs of the EU Member States and the European Court of Auditors came together for their annual meeting - the Contact Committee - in Paphos, Cyprus. The meeting's central topic was "migration". The exchange focused on EU migration policy. In their presentations, representatives of the European Commission, the International Organization for Migration, the UNHCR and the European Court of Auditors addressed both their experiences and lessons learned in the past years and their expectations about the EU's new Pact on Migration and Asylum. Presidents of individual SAIs also provided insights into their audit results. On this occasion, President Margit Kraker presented, among other things, the report on "Federal Asylum Accommodation and Care Facilities" (volume Federation 2022/2).

In her speech, she discussed accommodation and care facilities but also experiences in connection with the 2015/16 refugee crisis in Austria. The most important challenge that the Member States have in common is the lack of a government strategy that facilitates legal migration in line with labour market demand while at the same time keeping illegal migration at bay. While the EU Member States face illegal migration to different degrees, incomplete data, complex statutory provisions and the oftentimes lacking monitoring of measures taken represent challenges for all SAIs. The task of public auditing at national and European level is to contribute fact-based audit reports that encourage objectivity in a discussion that is often led emotionally in the general public. In doing so, the challenges and opportunities of migration should be taken into consideration to an equal extent.

> President Kay Scheller (SAI Germany), President Margit Kraker and Thomas Obermayr (ACA) at the Contact Committee





#### 6.5 PARALLEL AUDIT OF THE EUROPEAN INVESTMENT BANK

The European Investment Bank (EIB), based in Luxembourg, is the world's largest multilateral development bank. The EU Member States as shareholders have provided the EIB with more and more liable capital in recent decades. For example, Austria's capital share amounted to EUR 6.4 billion, Germany's to EUR 46.7 billion in 2022.

Against this backdrop, the Supreme Audit Institution of Germany and the ACA carried out parallel national audits to examine whether their governments are sufficiently committed to ensuring adequate risk management and appropriate supervision and control at the EIB.

#### FINDINGS OF THE SUPREME AUDIT INSTITUTION

## OF GERMANY AND THE ACA

The EIB's task is to promote investment through low-interest loans and guarantees. In recent years, the bank has significantly expanded its business activities. If the EIB incurs losses, the EU Member States are liable with their share in the bank's subscribed capital and ultimately through their national households. In addition, the volume of highrisk transactions at its own risk has increased. In 2022, the share of high-risk transactions at the EIB's own risk accounted for 55 per cent of its transactions and surpassed secured high-risk transactions for the first time. A central finding of the reports relates to deficits in transparency and monitoring: national audit institutions cannot audit the EIB itself. The European Court of Auditors has only limited audit rights; in addition, the EIB is not subject to comprehensive independent external banking supervision, for example by the European Central Bank.

The German Supreme Audit Institution and the ACA make recommendations for action derived from this situation to the shareholders of the EIB. They should increase transparency as well as accountability and reduce the risks for the households of the Member States.

In June 2024, these recommendations for action were presented in the respective national audit reports: in Austria, in the ACA report on "European Investment Bank (EIB): Function and Task Performance of the Federal Ministry of Finance" (volume Federation 2024/19). In addition, the two Supreme Audit Institutions summarized the main results in a joint report: "European Investment Bank – Strengthening the Supervisory and Control Framework"





#### CONTACT COMMITTEE

The SAI Germany and the ACA presented this joint report, which is also available as a video in English, to the Heads of the SAIs of the EU Member States and the European Court of Auditors at the Contact Committee in Cyprus in October 2024. In her speech, President Margit Kraker highlighted a transparency deficit in connection with public funds at the EIB. It was agreed that the SAI Germany and the ACA will prepare a statement setting out the EU Contact Committee's joint position. The aim is to enshrine audit rights for national audit institutions. Similar to the United Nations, a Board of Auditors could be formed by a rotating group of three SAIs that would be responsible for external public auditing for a certain period of time.

Link to the video in English



#### 6.6 KNOWLEDGE SHARING WITH THE SAI SWEDEN

The ACA also closely cooperates with other European Supreme Audit Institutions (SAIs) on topics such as data analytics, artificial intelligence and machine learning as well as on new audit methods. The ACA collaborated with the SAI Sweden in particular, thanks to several projects, which enabled an in-depth exchange of experience.

At the beginning of 2024, a workshop on the topics of data analytics, artificial intelligence and machine learning, which was attended by representatives of the SAIs of Belgium, Denmark, Germany, the United Kingdom, the Netherlands, Norway, Sweden, Slovakia and Austria, was held in Sweden. At the workshop, each SAI presented two projects on data analytics from their area of auditing. The workshop's aim was to facilitate an exchange on novel data analytics methods used in audits. The use of artificial intelligence and machine learning at European SAIs was also addressed.

In addition, two ACA staff members attended the Swedish NAO Data and AI Academy in the first half of 2024. It was organized by the Swedish SAI in cooperation with the Aalto University (Helsinki, Finland) and aimed at imparting basic knowledge about artificial intelligence and machine learning. The use of such applications is also becoming increasingly common in public administration, presenting both an opportunity and a challenge for SAIs. A staff member of the Swedish SAI completed a data analytics internship at the ACA in April 2024. As part of a creative team project ("hackathon"), a support tool was developed for a concrete task in the area of quality assurance of reports.



INSIDE THE ACA • The ACA in figures • The ACA as an employer • Human resource management • Training and knowledge management • Digitalization at the ACA • Sustainability at the ACA 



### 7. INSIDE THE ACA

#### 7.1 THE ACA IN FIGURES

as at 31 December 2024

51.4%

share of women at the ACA

share of 38.4% women in management positions

317 staff
members
114 female public officials
121 male public officials
49 female contractual
333 male contractual
333

298 full-time equivalents

47.7%

share of women working in audit functions

46.688

million euros in 2024 budget

> 2.125 million euros in reserves

84% share

of budgeted personnel expenses in overall expenses in 2024

#### 7.2 THE ACA AS AN EMPLOYER

Working at the ACA offers unique insights into the different areas of public administration: auditors get to the bottom of things and highlight issues and improvements for the state. They audit the use of tax revenue in the public sector throughout Austria and ensure taxpayers' money is spent carefully. Together, they work towards a better Austria.

## Working for our democracy. We watch over the state.

The exciting and varied work, the professional exchange and the opportunities for ongoing further education make the ACA especially attractive as an employer. The in-house expertise enriches the daily learning curve and keeps work at the ACA interesting even after many years. In addition, staff members value working in teams and appreciate the mutual support.

The ACA staff members' high level of satisfaction was also clearly reflected in the 2023 federal employee survey: external conditions, working equipment as well as the organization's successful digitalization were seen as very positive. Staff members are particularly motivated by the feeling of doing meaningful work, by being personally responsible for their work and by the collaboration with colleagues.



The ACA was labelled a Top Company 2024 by kununu, an employer rating platform.



#### 7.3 HUMAN RESOURCE MANAGEMENT

Out of the 317 people employed at the ACA at the cut-off date of 31 December 2024 (on average 291 full time equivalents in 2024), 83.3 per cent work in an audit function. Due to the demanding tasks and the high level of responsibility, the share of university graduates among the auditors is very high: at the end of 2024, 84.9 per cent of ACA staff members working in an audit function – i.e. 224 people – had at least one university degree. The degrees were distributed across the following subjects: around 37 per cent were degrees in social and business sciences (such as business administration), around 31 per cent in law and around seven per cent each in natural sciences and the humanities. There were also staff members with university degrees in other areas, such as engineering or languages.

The ACA is committed to the principle of gender equality and equal opportunities for women and men as well as to the promotion of women. It strives for a balanced gender ratio, including in management positions.

At the cut-off date of 31 December 2024, the share of women was 51.4 per cent and well above the 2023 average of 44.1 per cent in the federal civil service as a whole (source: "Das Personal des Bundes 2024" (Federal Staff 2024), p. 88), as was the share of women in top management positions (job group A1/7 to A1/9 and remuneration group v1/5 to v1/7), which amounted to 54.6 per cent (compared to a share of 37 per cent in the federal civil service in 2023).

#### 7.4 TRAINING AND KNOWLEDGE MANAGEMENT

The audit topics demand broad and interdisciplinary knowledge. This requires a constant willingness to learn the ropes of new subject areas, to keep knowledge up to date and to share it with colleagues. Therefore, the ACA attaches great importance to ongoing further education and a modern knowledge management to maintain and develop skills and expertise.

In 2024, the ACA's staff members made use of more than 150 different educational measures, which covered methodology and specialist seminars on audit-relevant topics, IT trainings as well as management seminars. In the "Data Camp", 17 auditors specialize in "R", a software for statistical calculations and graphs which is used in audits.

The Public Auditing certificate programme is the joint basic training for external public auditing. Since 2017, the ACA has been offering this programme in collaboration with the Executive Academy of the Vienna University of Economics and Business as well as the provincial audit institutions and the City of Vienna Court of Audit. The eighth Public Auditing certificate programme, which started in autumn 2024, is being attended by 13 ACA auditors.

Audit managers have an important role to play in the ACA's audit activities. In 2024, a training programme on audit management was introduced as part of a pilot project to acquire the necessary skills and the required expertise. The content of this modular training covers technical and methodological skills, social competences as well as the practical management of an audit. In addition, the



exchange of experience among the participants and feedback sessions constitute an important part of the training.

The ACA's education conference held in February 2024 was dedicated to the topic of "Artificial Intelligence in the Context of Auditing". The agenda included talks by scientists and practitioners on the possible applications, opportunities and risks of artificial intelligence. The event also provided the opportunity for an exchange with the German Supreme Audit Institution about experiences with auditing the use of artificial intelligence as well as with artificial intelligence as an auditing tool.

The Knowledge Summit is another event that serves to strengthen cooperation between public audit institutions. This well-established event, which is organized by the ACA and the Institute of Internal Auditors Austria, addresses current issues auditors are facing. To allow for a detailed discussion of the amendments to the Federal Act on the Access to Information (Federal Law Gazette I 5/2024) – also known as Freedom of Information Act (Informationsfreiheitsgesetz) –, the 2024 Knowledge Summit was dedicated to the topic of "Freedom of Information and Data Protection". Around 300 people attended the event in person or via livestream. The aim of the Freedom of Information Act is to render government action more transparent and open – while also safeguarding the rights of third parties, in particular – and to grant citizens access to information on a wide range of government activities. The ACA has a positive attitude towards the extension of transparency and access to information and has already made internal preparations with regard to the statutory amendments, which will enter into force in 2025.

The expert meeting of building and construction auditors of Austrian audit institutions was held at the ACA for the 18<sup>th</sup> time in 2024. Around 60 participants from Austrian audit institutions, the Supreme Court of Audit of Bavaria and the SAI Germany discussed current audit topics related to innovations and energy efficiency in existing and new buildings.



The ACA's education conference in February 2024



#### 7.5 DIGITALIZATION AT THE ACA

#### DATA ANALYSIS AT THE ACA

In 2024, the ACA's data analytics team participated in 21 audits. The specialists were involved in the entire audit process – from the preparation and the generation of the audit result to quality assurance, the visualization of the analysed data and the creation of interactive web graphs. They focused on cleansing, analysing and visualizing data collected at audited legal entities as well as on the creation of models.

At the same time, the ACA continued to work on the digitalization and automation of its business processes (e.g. a database for federal budget overruns), using machine learning as well as artificial intelligence. In addition, it tested the use of its own search engine for targeted searching of large document collections within the scope of audits.

In 2024, the ACA also published further interactive graphs. For example, it published a dynamic storytelling format on the audit of the "<u>Non-Profit Organization Support Fund</u>" (volume Federation 2024/23) in order to present central findings and recommendations in an innovative manner. All interactive graphs can be retrieved at <u>https://rechnungs-</u> hof.gv.at/interaktiv.

#### INFORMATION SECURITY

The ACA gives information security the highest priority. This means that the confidentiality, integrity and availability of information must be ensured. The aim of information security is to protect data from dangers and threats during processing and storage, to avoid damage and to minimize risks.

In recent years, numerous information security incidents in public administration have led to safety-relevant damage entailing very high costs. The NIS2 Directive aims at setting up cybersecurity capacities in order to enhance the protection of network and information systems and at building cyber resilience of critical infrastructure, such as public administration and network operators.

The basic security goals of information security are confidentiality, integrity and availability; advanced security goals include authenticity, accountability and non-repudiation. Using state-of-the-art technical and organizational measures (including the set-up of an information security management system, training and awareness measures), the ACA manages to achieve these security goals. Due to the short technical innovation cycles, the ACA's technical and organizational measures have to be optimized and improved on an ongoing basis.

In 2023, the ACA had an external consultant conduct a cybersecurity assessment and a gap analysis, which compared the current and the targeted "maturity level" of information security and identified potential measures that will increase information security at the ACA if implemented. First projects in this regard have already been completed or are



currently being implemented. However, the problem is that the implementation of the measures will lead to high costs over the next few years.

#### 7.6 SUSTAINABILITY AT THE ACA

In 2024, the ACA continued to advance the sustainable measures in the areas of mobility, buildings, digitalization, public procurement and education that it had already taken in previous years. For example, it ensures that business trips are climate-friendly and provides its staff members with a total of five company bicycles for business trips within Vienna. A newly created lockable bicycle parking area should promote the use of private bicycles for travel to and from work. Working from home also contributes to avoiding CO<sub>2</sub> emissions by reducing commuter traffic.

The ACA rents an office building. In cooperation with the building's owner, the ACA has taken energy efficient and sustainable measures in the areas of heating, cooling, air circulation, electricity and waste. In 2023, the ACA managed to reduce its energy consumption for electricity (100 per cent green electricity from Austria) by around 20 per cent and for heating (district heating) by around 29 per cent compared to 2022. Furthermore, the ACA set up an electric charging station in its building. In procurement, the ACA pays attention to sustainability as well as ecological and social standards wherever possible. For example, when new IT devices were purchased, the old devices were traded in and refurbished for possible further use as an environmentally friendly solution.

Within the scope of the campaign "energy-saving measures at the workplace", the ACA provided specific information on ways to save energy and raised awareness for this issue among staff members.

In addition, the ACA as the supreme authority participated in the interministerial working group on "energy conservation", with the aim of taking into account measures discussed in this forum as suggestions for future implementation steps towards achieving a climate-neutral federal administration.





Vienna, January 2025 The President:

Dr. Margit Kraker



#### PHOTOS

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