

WE HAVE ALREADY IMPLEMENTED SOME SIGNIFICANT TASKS

Interview with Mrs Rasa Budbergytė, Auditor General of Lithuania
by Rosmarie Carotti



R. C.: Mrs Rasa Budbergytė, in February 2005 you were appointed the Auditor General of Lithuania for a 5 year term. Did you have a 5 year plan and what have you been able to achieve so far?

Mrs Rasa Budbergytė: In 2005, the Public Audit Strategy of the Institution for the year 2006-2010 was approved. It was prepared according to the Long-term Development Strategy of the State approved by Seimas of the Republic of Lithuania and INTOSAI standards. It took a lot of effort to prepare it. When preparing this Strategy we took into account the national interests and specifics of Lithuania, INTOSAI Strategic Plan for 2005-2010, suggestions of PHARE Twinning Project and SIGMA experts and the results of the

studies on how the members of Seimas and the auditees assess public audits.

We have already implemented some significant tasks:

First, we have established the Audit Development Department in order to strengthen the framework of methodological support for public audit.

Second, we established IT Management and the Audit Department as the traditional activity of public institutions is increasingly in an electronic environment.

Third, we have revised the Performance Audit Manual which:

- Concentrates more on strategic study for audit topics to be selected properly and the audit to be focused on consolidating the positive impact on the state, public management and publicity;
- Anticipates the co-ordination of the relationship both with other auditors and auditees;
- Pays more attention to the selection of assessment criteria and their consideration with the management of the auditee, applying a „no surprise approach“ in order for the auditee to understand what activity standards we apply to assess its activity;
- Applies stricter requirements to audit planning, evidence collection, audit quality control.

R. C.: The Lithuanian weekly Veidas has elected the 10 most successful people of the year 2005. You are among them. What is the keyword of your success?

Mrs Rasa Budbergyté: Rather than 10 rules for success I would identify a few key factors:

First and foremost is honesty;

It is important to be demanding of yourself first and others later;

Effective personal time management is essential for good management;

Only reform what needs to be reformed and never simply because you are new to a role - avoid the scenario of "the new broom must be used immediately".

Experienced individuals who have contributed to the success of the NAOL over many years have also, through mutual understanding, contributed to my own. It is from them that all the positive aspects of the institution emanate.

R. C.: Lithuania has a strong legal tradition. Does the NAOL have a place in that tradition?

Mrs Rasa Budbergyté: The legal acts of the Republic of Lithuania do not entitle the National Audit Office (NAO) to legislate but the NAO may propose legislative improvements.

According to the Law on State Control, the Auditor General is entitled to make proposals for the improvement of legal acts to the Seimas, President of the Republic or the Government. The Auditor General is also entitled to attend plenary sessions of the Seimas and present his views when issues related to the activities of the State Control are being considered, as well as to attend the sittings of the Government and present his minority report on Government resolutions whereby he informs the Seimas and the Government in writing.

The National Audit Office makes proposals for legislative improvements every year in various areas, including within:

- the conclusions that arising from the account of the execution of the state budget and public debt;
- the report on loans granted from state borrowings and on state warranties;
- the report on the use and disposal of state property;
- the state draft budget.

In summary, we can state that the National Audit Office actively takes part in the process of legislation. In order to amend the goals and tasks of the activity from the perspective of law, to strengthen the role and responsibilities of the Auditor General and his deputies in the public audit process, to promote the positive and effective influence of public audit on the financial management and control system of the state and public management focussed on results and public needs, the National Audit Office initiated the amendment of the Law on the

State Control and the Seimas Audit Committee presented it to the Seimas of the Republic of Lithuania. The Seimas Committee on State Administration and Local Authorities assigned the National Audit Office to evaluate the possibility taking over the external audit of local authorities and preparing the drafts of necessary legal acts.

R. C.: In 1992 the NAOL became a full member of INTOSAI and in 1993 a full member of its regional working group EUROSAL. In 1996 your Institution signed a declaration of co-operation with the European Court of Auditors. Today Lithuania is a Member of the EU. How has the relationship between your Institution and the European Court of Auditors changed?

Mrs Rasa Budbergytė: From 2001 to 2004 eight auditors from the NAOL had been working on probation in the European Court of Auditors in the fields of financial and performance audit, they also worked in the EU funds audit groups, Secretariat General and Translation Service. It was a very good opportunity for them to get acquainted with the ECA's mandate, working methods and audit methodologies. The knowledge and experience obtained contributed towards our institution's preparation for joining the EU and later on.

On 1 st May 2004 after Lithuania joined the EU, the co-operation with the ECA became closer. Lithuania is a full member of the EU Contact Committee where topical issues for the new member states such as amendments of the EU agreements, the Draft EU Constitution, implementation of the new Community programmes as well as individual technical issues as VAT reform and others are being discussed.

Irena Petruškevičienė, the Lithuanian Member of the ECA, directly liaises with

NAOL and the Audit Committee at the Seimas of the Republic of Lithuania. In 2004-2005 Mrs Petruškevičienė visited the NAOL and had a meeting with the Auditor General and other officers and introduced the annual report of the ECA.

R. C.: How many people in the NAOL audit controls in computer systems? To what extent are EU-funds involved?

Mrs Rasa Budbergytė: From 1, February 2006, Information System Audit is the Information Technology Management and Audit Department - a NAOL unit which brings together all the NAOLs' competence in IT management, security and audit fields.

At present we have only one IS auditor (with CISA certification¹) in the NAOL, but now we have established 3 more positions for those who will be employed soon, and trained to become IS auditors.

Although NAOL IS Audit Guidelines have already been developed and we are now testing them to fit to the National Audit Requirements and will approve them very soon.

There is a lot of in-house expertise in the area of IT management at the LNAO and local IT experts are providing help both to generalist and IS auditors if requested.

¹ Certification delivered by ISACA (Information Systems Audit and Control Association) is an association of more than 50,000 Information technology governance and audit professionals who live and work in more than in 140 countries worldwide.

Since 2005, auditing of information systems security at the Lithuanian National Payment Agency is considered as a part of general audit, performed by generalist auditors (department of EU funds) with assistance of IS auditors and NAOL IT experts in line with Annex 6 (vi) of the Commission Regulation 1663/95 and the associated Computer Security guidelines (document VI/661/97 REV.2) and ISO 17799. Such an audit is performed each year. Starting from 2008, and according to the Regulation 1663/95, a separate audit of the IS security in the Lithuanian National Payment Agency will be carried out.

In addition, an audit of SFMIS (Structural Fund Management Information System) is already planned in 2006.

R. C.: Are there ongoing joint audits? In which sector? And generally speaking, how do the NAOL and ECA complement each other in controlling the use of EU-funds?

Mrs Rasa Budbergytė: Since Lithuania became a member of the EU, the provisions of the Treaty concerning the Lithuanian SAI / NAO cooperation with the ECA became obligatory. However practical cooperation between the Lithuanian NAO and the ECA started in 2001: 8 auditors have participated in the ECA's internship programme and two joint audits, under initiative of the ECA, have been conducted since then. Both the possibility to work with the Court's auditors and perform joint audits using the Court's best practices enabled our Office to get better insight of the EU: the legal, institutional and financial management framework as well as to get the Court's *know-how*.

At present the NAOL, in parallel with other EU member state SAIs, is carrying out a review of the processes in place for identifying, reporting and following up on

Irregularities. The review is the most recent activity of the Working Group on Structural Funds which was created by the Contact Committee² in 2000. The Working Group will present the final report on this review to the Contact Committee at the end of 2006 for the approval.

Another form of cooperation between two independent audit authorities is the way the NAOL assists in organising and participates in the Court's audit missions to Lithuania.

Finally both institutions benefit from each other by directly or indirectly exchanging their audit results: the NAO's regular audits and specific certification and winding up audits of the use of EU funds and the Court's DAS and special audits.

I am fully confident that our present and future cooperation is and will be in a spirit of trust helping to develop our authorities towards mature and modern audit institutions with the final aim to assure the European tax payers their money is being used wisely.

The NAOL carries out parallel audits in the fields of VAT and tax subsidies.

The VAT audit is being conducted simultaneously with the Polish SAI as part of audits focused on combating VAT fraud. This tax is one of the most susceptible to fraud. According to the regulations this tax can be refunded. The reasonable question is whether the tax is being collected properly. This risk increased after Lithuania joined the common market of the EU. Only effective co-operation between state tax

² Cooperation between the SAIs and the European Court of Auditors principally takes place within the framework of the EU *Contact Committee* structure. This structure consists of the Contact Committee composed of the Heads of the SAIs (which includes the President of the ECA), the Committee of Liaison Officers and working groups on specific audit topics.

administrators can lead towards the effective combat of tax fraud.

The audit of tax subsidies is being carried out simultaneously with the German, Swedish and Swiss SAIs.

In 2005 the meeting of the EUROSAI Working Group on Environmental Auditing discussed the initiative of the French SAI for all EU countries to carry out the joint audit on The Implementation of the Directive Natura 2000 or, if audits on this topic had already been conducted in some countries, to present information on the results. The European Court of Auditors supported the idea of such an audit. As a first step, it was decided to present the joint international audit report to the European Commission.

The aim is to encourage the protection of biological diversity, taking into account scientific, economic, social, cultural and regional requirements. The planned focus is on the implementation of the project *The*

Preservation of Biological Diversity in the Wetlands of Lithuania. This project was designed to ensure the maintenance of biological diversity in the main wetlands of the country – state reservations which are the part of Natura 2000 network of protected areas.

R. C.: How many people audit EU funds in the NAOL?

Mrs Rasa Budbergytė: There are 26 staff members in the EU funds audit department. The NAOL is a certifying institution and we work with the European Commission. In addition, auditors from other departments of the NAOL perform the audit of procedures, performance audits and assess the efficiency and effectiveness of the use of the EU money spent in Lithuania. Our reports are submitted to the European Commission.