

# **Status Outline of EU SAI Contact Committee Working Group Activities**

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2009

<b>Working and Expert Groups</b>
<b>Working Group on Structural Funds IV</b>
<b>Working Group on National SAI Reports on EU Financial Management</b>
<b>Working Group on Activities on Value Added Tax</b>
<b>Working Group on Common Auditing Standards</b>
<b>Joint Working Group on Audit Activities (JWGAA)</b>

Name of WG	Working Group on Structural Funds IV “Cost of Controls”
<b>Purpose/Mandate</b>	In 2008, the Contact Committee tasked the Working Group on Structural Funds to continue its reviews of Structural Funds issues and specifically to carry out an audit on “ <i>costs of controls (this might include the use of technical assistance for the controls of Structural Funds)</i> ”. The Contact Committee welcomed the Working Group’s intention to submit the report on this audit to the Contact Committee in 2010 (or by 2011, depending on the start of the field work). The Working Group agreed that the audit is to be terminated in 2010.
<b>Status/Outcome/ Results in 2009</b>	The Working Group adopted a common audit plan and an audit schedule. The field work for the parallel audit started in June 2009.
<b>Links to relevant working group reports/ documents</b>	<a href="http://www.contactcommittee.eu">http://www.contactcommittee.eu</a>
<b>Activities this year (meetings etc.)</b>	<ul style="list-style-type: none"> <li>• 26 and 27 February, The Hague: Meeting of the Core Group; consider first draft audit plan and schedule.</li> <li>• 31 March and 1 April, Potsdam: Plenary meeting of the Working Group and meeting of the Core Group, discuss draft audit plan, schedule and methodology.</li> <li>• 11 and 12 May, Bonn: Meeting of the Core Group, finalise draft minutes of plenary meeting in Potsdam, finalise draft audit plan.</li> <li>• 25 May, Core Group/Working Group, finalise audit plan and circulate to all participants.</li> <li>• 15 June, Working Group, adoption of audit plan and schedule.</li> </ul>
<b>Working group members and observers</b>	SAIs of Austria, Bulgaria, Czech Republic, Finland, Germany (Chair), Hungary, Italy, Latvia (observer), Malta, the Netherlands, Poland (observer), Portugal, Republic of Slovenia, Slovak Republic, Spain and the ECA (observer). Core Group: SAIs of Germany, Netherlands, Republic of Slovenia.
<b>Name of contact person/chair of working group</b>	<u>Chair</u> : Rolf-Dietrich Kammer, Member of the Bundesrechnungshof. <u>Contact Persons</u> : Markus Bangert, Auditor at the Bundesrechnungshof ( <a href="mailto:Markus.Bangert@brh.bund.de">Markus.Bangert@brh.bund.de</a> ), Dr. Dirk Ehlscheid, Auditor at the Bundesrechnungshof ( <a href="mailto:Dirk.Ehlscheid@brh.bund.de">Dirk.Ehlscheid@brh.bund.de</a> )
<b>Activity Plan for 2010</b>	Until end of March: Continuation of fieldwork in member states, June: Submission of country reports to the Core Group, September: Compiling of draft composite report, December: Presentation of final report to the Contact Committee.

<p><b>Name of WG</b></p>	<p align="center"><b>Working Group on National SAI Reports on EU Financial Management</b></p>
<p><b>Purpose/Mandate</b></p>	<p>The Working Group strives to assist SAIs developing overall EU reports on EU financial management. Whilst recognizing the differences that exist among national SAIs, it functions as a platform to promote co-operation in the field and co-ordinate approaches and make recommendations on themes of common interest.</p> <p>In the longer term the Working Group hopes to intensify the co-operation among EU SAIs in the development of national SAI reports (support function) and to arrive at the use of viable indicators in national SAI reports that actually measure the development of EU financial management and enable the making of comparisons between Member States (common elements function).</p>
<p><b>Status/Outcome/ Results in 2009</b></p>	<p>Ten SAIs that have produced an overall report on EU financial management by the end of 2009 are: Austria, the Czech Republic, Denmark, Estonia, Germany, Hungary, Italy, Lithuania, the Netherlands, the United Kingdom. The Slovakian, Slovenian and Swedish SAIs are at present studying the feasibility of producing such a report.</p> <p>With respect to its <i>support function</i> the Working Group has developed a number of activities in 2009. Most important is the development of a closed intranet site for EU SAIs in which they can find and exchange relevant information on EU financial management and on the Working Group. At its annual meeting in Budapest (18-19 June) the recently updated site became operational. Furthermore presentations were given by representatives of the German and Lithuanian SAIs on the overall EU reports that these SAIs have developed. The Working Group also exchanged information at the meeting on EU audits being carried out by the SAIs and discussed new developments taking place in EU financial management. In addition the chair of the committee of Hungarian parliament that deals with EU affairs discussed how parliament in Hungary makes use of the audit work SAOs does in the EU field.</p> <p>With respect to its <i>common elements function</i> the Working Group continued in 2009 its debate on the added value of basic measures/indicators of the development in financial management in the individual Member States and the conditions under which they can be applied. At the meeting in Budapest representatives of DG Budget also gave a presentation on how the EC has measured impact in its Impact Assessment of the Action Plan on the Integrated Internal Control Framework. Furthermore the results of a first application of a template on the management of irregularities were presented.</p>

	<p>With respect to the functioning in general the Working Group has started a discussion on the support SAIs would like to receive from the WG, the results it has achieved so far and its objectives for the medium term.</p>
<p><b>Links to relevant working group reports/ documents</b></p>	<p>Recent Developments EU Financial management – presentation – version June 2009 (intranet)</p> <p>Update of CAP financial information indicators – version September 2008 (intranet)</p> <p>Analysis of CAP System Descriptions – version November 2007 (intranet)</p> <p>Comparing overall EU reports – version November 2007 (intranet)</p> <p>Systems Description Format (applied to Common Agricultural Policy) – final version 7 July 2006 (intranet)</p> <p>Producing Reports on EU Financial Management – November 2004</p>
<p><b>Activities this year (meetings etc.)</b></p>	<p>Update of the WG web pages – January-June 2009</p> <p>Discussion on medium-term goals Working Group – February-October 2009</p> <p>Discussion on measures of progress/indicators – March-June 2009</p> <p>Application of irregularities template – March-June 2009</p> <p>Annual update of table on EU Audit Activities of Member State SAIs – May-October 2009</p> <p>Meeting in Budapest, 18-19 June 2009 – at which the following 22 SAIs participated: Netherlands (chair), Albania, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Germany, Hungary, Italy, Lithuania, Malta, Poland, Portugal, Romania, Slovak Republic, Slovenia, Sweden, Turkey and the European Court of Auditors</p>
<p><b>Working group members and observers</b></p>	<p>The activities of the Working Group are open to all EU SAIs. Almost all SAI have participated in its meetings, although not all attend annually.</p> <p>The SAIs of Cyprus, Finland, Germany, Greece, Spain and the ECA participate in the Working Group as observers.</p>
<p><b>Name of contact person/chair of working group</b></p>	<p>Contact person for the Working Group is Fanny Melker – Netherlands Court of Audit (<a href="mailto:f.melker@rekenkamer.nl">f.melker@rekenkamer.nl</a>).</p> <p>Chair of the Working Group is Piet Rozendal – Netherlands Court of Audit</p>

**Activity Plan for 2010**

In 2010 the Working Group intends to:

Continue its activities to update its web pages and make this its primary instrument for the exchange of information among its participants;

Continue its discussion and development of the templates/indicators and the possibilities of using these in overall EU reports on EU financial management;

Conclude the discussion on the future organisation of its activities in line with the decisions that the Contact Committee will take on the evaluation of the Working Groups at its 2009 meeting in Budapest.

	National SAI overall report on EU financial management	Separate EU section in Annual Report of SAI	Number and type of EU audits by SAI completed in 2007/2008	Type of EU audit reports by SAI	Number of parallel/co-ordinated audits completed in 2007/2008
<b>Overview of EU audit activities of Member State SAIs</b>					
<i>Member States</i>					
Austria	P(05/2009)	-	3C+P, 3C, 1 Overall	SR/GR	1
Belgium	-	-	1F, 1O	SR	-
Bulgaria	-	-	34P	SR/GR	1
Cyprus	-	X	2F+C+P, 2 Overall	GR/Auditee	-
Czech Republic	A(05/2009)	X	9C+O, 1P, 1 Overall	SR/GR/Auditee	2
Denmark	A(11/2008)	X	12F, 1F+O, 1P, 2 Overall, 3 Other	SR/GR/Auditee	-
Estonia	O(10/2007)	-	3P, 1P+C, 1 Overall, 1 Other	SR	1
Finland	-	X	2F, 4P	SR/GR	3
France	-	-	1F+C, 2F+O, 4P+O	SR/GR/Auditee	2
Germany	?(01/2009)	-	2F, 1O, 1 Overall	SR/GR/Auditee	2
Greece	-	X	8F+C,	GR/Auditee	-

			2 Overall	tee	
Hungary	A (9/2009)	X	2F, 1O, 3P, 2 Overall	SR/GR	4
Ireland					
Italy	A 1/2009)	-	2C+O+ Overall, 3P	SR	-
Latvia	-	-	4C	SR/GR	2
Lithuania	A(05/2009)	X	10F, 5C, 6P, 1 Overall	SR/GR	1
Luxembourg	-	-	-	-	-
Malta	-	-	5F+C, 1P	SR/GR	1
Netherlands	A (02/2009)	-	2F, 2C, 1P, 2 Overall	SR	1
Poland	-	-	28F+C+P	SR/GR	3
Portugal	-	X	2F, 1C, 10, 6P, 1 Other, 2 F+Other	SR/GR	1
Romania					
Slovak Republic	F	X	2C, 2P, 3C+P, 7F+C+P, 2 Other	SR/GR	-
Slovenia	F	X	11P	SR/GR	1
Spain	-	-	1F+C+O, 1F+C+P	SR/GR	1
Sweden	F	X	2P+C	SR/Audit ee	1
United Kingdom	A (03/2009)	-			

<i>Candidate countries</i>					
Croatia	-	X	4F+C, 3P, 2 Overall	SR/GR/ Auditee	-
FYR of Macedonia	-	-	1P	SR	1
Turkey	-	-	2F	Auditee	-
<i>Legend</i>					
Symbol	Explanation				
Column 1					
A	Overall EU report published annually				
O	Overall EU report published once				
P	Overall EU report published periodically				
F	(Intends to) study feasibility of overall report in near future				
Column 3					
F	Financial audit (combination with other types of audit is possible)				
C	Compliance audit (combination with other types of audit is possible)				
O	Operational audit (combination with other types of audit is possible)				
P	Performance audit (combination with other types of audit is possible)				
Overall	Overall EU report type of audit (combination with other types of audit is possible)				
Other	Other type of audit (combination with other types of audit is possible)				
Column 4					
SR	Results published in separate report				
GR	Results integrated in more general report				
Auditee	Results only made available to auditee				
General					
X	Yes				
-	No/not applicable				



Name of WG	<b>Working Group on Activities on Value Added Tax</b>
<b>Purpose/Mandate</b>	<p>Forum for the exchange of experiences about functioning of the VAT system in the EU with special interest to:</p> <ul style="list-style-type: none"> <li>• General Trends in the VAT Area</li> <li>• Administrative cooperation among member states</li> <li>• Measuring VAT loss due to fraud</li> <li>• Tackling intra-community VAT Fraud</li> <li>• Monitoring Developments in the area of VAT</li> <li>• Promoting cooperation on VAT audit</li> </ul>
<b>Status/Outcome/ Results in 2009</b>	<ul style="list-style-type: none"> <li>• Core Group 1 Report on measuring VAT GAP</li> <li>• Core Group 2 Report on the current state of play on the preparation of an Anti VAT Fraud Strategy at EU level</li> <li>• Activity Report 2009</li> </ul>
<b>Links to relevant working group reports/ documents</b>	<ul style="list-style-type: none"> <li>• Report of Core Group 1 on Measuring VAT GAP, evasion trends and results of policies to fight VAT fraud</li> <li>• Report of Core Group 2 on the current state of play of an Anti VAT Fraud Strategy at EU level</li> </ul>
<b>Activities this year (meetings etc.)</b>	<p>Held plenary meeting in Luxembourg on 10-11 September chaired by European Court of Auditors (ECA)</p> <ul style="list-style-type: none"> <li>• Core Group 1 Meeting in Rome in February and in Luxembourg in September, chaired by SAI IT</li> <li>• Core Group 2 Meetings in Luxembourg in December 2008 and The Hague in June, chaired by the SAI DE</li> <li>• Steering Committee meeting in December 2008 and September 2009 in Luxembourg</li> </ul>
<b>Working group members and observers</b>	<ul style="list-style-type: none"> <li>• Members: Austria, Belgium, Bulgaria, Czech Republic, Cyprus, Denmark, Estonia, Finland, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, United Kingdom</li> <li>• Observer: Greece, European Court of Auditors</li> </ul>
<b>Name of contact person/chair of working group</b>	<ul style="list-style-type: none"> <li>• Mr. Paul Stafford - ECA – Chair of Working Group</li> <li>• Mrs. Sabine Hiernaux-Fritsch – ECA – other contact person</li> <li>• Chairmanship of Working Group is on a rotational basis. With effect from December 2009, after the Contact Committee Meeting, Chair of the Working Group will be the SAI of Romania.</li> </ul>
<b>Activity Plan for 2010</b>	<ul style="list-style-type: none"> <li>• To continue its work on identifying appropriate indicators to monitor trends of VAT gap/evasion/fraud and reviewing and assessing methodologies and requirements to measure results of policies aimed at fighting against VAT fraud</li> <li>• To review the revised estimation methodology and assumptions made by Reckon in its final report</li> <li>• To continue to observe the evolution of the EU anti-fraud strategy</li> </ul>

	<p>and, where possible, to submit its own proposals on how to improve the fight against VAT Fraud</p> <ul style="list-style-type: none"><li>• To identify other areas and players working in the field of VAT as well as other initiatives by the Commission (such as risk management) in order to establish a comprehensive picture in the European Union</li><li>• To suggest that SAIs plan parallel audits to evaluate methodologies adopted by Member States to estimate the hidden economy and tax evasion/fraud</li><li>• To make the Core Group Reports available on the restricted CIRCA site and, where appropriate, communicate them to the relevant national administrations</li><li>• To communicate to the relevant parties the situation regarding the access, exchange and use of unpublished EU documents</li><li>• To present the findings at the next VAT Working Group meeting in 2010</li><li>• To present an Activity Report to the 2010 Contact Committee meeting.</li></ul>
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<p><b>Name of WG</b></p>	<p align="center"><b>Contact Committee Working Group on "Common Auditing Standards and Comparable Audit Criteria based on internationally recognised auditing standards, tailored to the EU area"</b></p>
<p><b>Purpose/Mandate</b></p>	<p>To develop common auditing standards and comparable audit criteria, based on internationally recognised auditing standards applicable in the EU area.</p> <p>The Working Group's objective is to provide EU SAIs with guidelines on the application of international auditing standards related to the EU specificities allowing them to apply a common approach in the audit of Community funds. The Working Group is following a "step by step" approach including the compilation of an inventory of existing auditing standards, exchanging experiences and identifying international, including EU, good practices in public sector auditing, and interpreting such common auditing standards and comparable audit criteria in the light of EU specificities.</p> <p>This initiative aims at contributing and reinforcing the audit of EU funds, at national and Community levels, and providing EU SAIs with guidance on how to interpret and apply international audit standards and comparable audit criteria in the EU context. It also tries to outline a framework for further cooperation among the auditors of EU funds by facilitating the use of audit results, encouraging effective exchange of findings among Member States, and benchmarking systems across the EU.</p>
<p><b>Status/Outcome/ Results in 2009</b></p>	<p>The Working Group has almost finalised section A (common auditing standards in the field of compliance audits) and section B (common auditing standards in the field of performance auditing) of the Exposure Draft. In this context, the WG has taken into account the most recent deliberations by the INTOSAI Compliance and Performance Audit Sub-committees; in particular as regards the drafts of the ISSAIs 4100 and 4200 in the field of compliance auditing and 3000 for performance audits. The WG has also proceeded with the drafting of additional Interpretative Notes (IN), in the field of both compliance and performance audits.</p> <p>A general preamble / introduction, preceding the Exposure Draft, and covering its three sections, has been drafted. It provides an overview of the Contact Committee Working Group's remit, a reference to SAI national mandates and EU specificities in the audit field, the objectives and the added value of the Exposure Draft and on the significance of Common Auditing Standards in the EU context. It gives as well an overview on the structure and content of the Exposure Draft, and contains a provision for a periodical revision and updating following the new developments in the auditing field.</p>

	<p>The Working Group has also decided on a structure for part C of the Exposure Draft, dealing with ‘SAI experiences in the EU context’. A first section will report on a ‘mapping exercise’, which outlines the mandates of the different SAIs and their tasks with respect to the EU environment. This will lead to the second section which will feature examples of the relevant experience of EU SAIs in auditing EU funds.</p>
<p><b>Links to relevant working group reports/ documents</b></p>	<p>Working Group on National Reports in the field of EU (presided by the Dutch SAI).</p> <p>Working Group on the Audit of Structural Funds (presided by the German SAI)</p> <p>ISSAIs and ISAs</p>
<p><b>Activities this year (meetings etc.)</b></p>	<p>In 2009, the Contact Committee Working Group has held four meetings, hosted by the ECA. These meetings have taken place on 19-20 February, 23-24 April, 1-2 July and 8-9 October. They were attended by representatives from more than 20 Supreme Audit Institutions.</p>
<p><b>Working group members and observers</b></p>	<p>SAIs from Austria, Bulgaria, Cyprus, Czech Republic, Finland, France, Germany, Hungary, Italy, Latvia, Lithuania, Luxemburg, Malta, Netherlands, Poland, Slovakia, Slovenia, Spain, United Kingdom and the ECA.</p>
<p><b>Name of contact person/chair of working group</b></p>	<p>Name of contact person: Raymund Kist (raymund.kist@eca.europa.eu)</p> <p>Chair of Working Group: Professor Josef BONNICI, Member ECA.</p>
<p><b>Activity Plan for 2010</b></p>	<p>Finalise the Exposure Draft covering the 3 Sections: A (on common auditing standards in the field of compliance audits), B (on common auditing standards in the field of performance auditing) and C (on SAI experiences in the EU context).</p> <p>are further the knowledge and relevant experiences it has gained from its work, for example through the Contact Committee website.</p>

<b>Name of WG</b>	<b>Joint Working Group on Audit Activities (JWGAA)</b>
<b>Purpose/Mandate</b>	<p>Originally a Candidate Countries Working Group set up to promote and facilitate small-scale, practical, hands-on co-operation between Candidate Country and EU Member State SAIs the (renamed) Joint Working Group on Audit Activities (JWGAA) was established in 2002.</p> <p>The 2004 Contact Committee confirmed the JWGAA as a key element of the post -May 2004 EU enlargement framework with a mandate to contribute to maintaining the working links and co-operation between the SAIs of the Contact Committee and the Presidents' Network (Candidate and potential-Candidate countries).</p> <p>The JWGAA Chair provides the Contact Committee with an annual report on the level and nature of all small scale audit activities.</p>
<b>Status/Outcome/ Results in 2009</b>	<p><u>PIFC Workshop 2009</u>: The proposed Network workshop on PIFC to be hosted by the SAI of Bosnia and Herzegovina in September 2009 was deferred. EC DG Budget had also scheduled a PIFC Conference on issues related to the EU negotiation Chapter 32 for the same period.</p> <p>The planned Network workshop will now take place in February 2010 and will build on the foundations of the 2008 event on the Audit and evaluation of PIFC systems that was held in Ankara, Turkey.</p> <p><u>Annual Activity Report for the Contact Committee</u>: Monitoring bi-/multi-lateral audit activities (ongoing) and compiling the annual report for presentation in Luxembourg.</p>
<b>Links to relevant working group reports/ documents</b>	<p><u>Parallel audit report</u>: the document "Parallel Audit Activity on EU funded projects: Consolidated Report" is now on the Contact Committee website as approved by the CC2008 (ADD link).</p> <p><u>Twinning Guide</u>: the document "Making SAI Twinning Successful: A Good Practice Guide" is now on the Contact Committee website as approved by the CC2007.</p> <p>It is also available on the Sigma website at <a href="http://www.sigmaxweb.org/dataoecd/9/58/39606898.pdf">http://www.sigmaxweb.org/dataoecd/9/58/39606898.pdf</a></p>

<b>Activities this year (meetings etc.)</b>	<p><u>Liaison Officers' meetings</u> (October 2009, Luxembourg): attended by the JWGAA Chair.</p> <p>Other activities were largely carried out by e-mail</p>
<b>Working group members and observers</b>	<p><u>Full JWGAA</u></p> <ul style="list-style-type: none"> <li>▪ All SAIs from the Contact Committee and the Presidents' Network</li> <li>▪ Sigma</li> </ul> <p><u>Core Group</u></p> <p>SAIs of United Kingdom (Chair), France, Hungary, Romania and the European Court of Auditors <i>plus</i> Sigma</p>
<b>Name of contact person/chair of working group*</b>	<p>Iain Johnston (Chair) SAI of the United Kingdom (NAO)</p> <p>e-mail: <a href="mailto:iain.johnston@nao.gsi.gov.uk">iain.johnston@nao.gsi.gov.uk</a></p> <p>Tel: +44 207 798 7089 Fax: +44 207 798 7466</p>
<b>Activity Plan for 2010</b>	<p>Maintain contacts with and support to the Network by</p> <ul style="list-style-type: none"> <li>• inputting to Candidate and Potential Candidate country Liaison Officers' meetings;</li> <li>• contributing to further development of the Network Activity Plan;</li> <li>• assisting with the design of activities and ensuring proper account is taken of the important lessons-to-be-learned from previous activities;</li> <li>• facilitating CC support to specific Network projects or initiatives for example <ul style="list-style-type: none"> <li>- the follow-up PIFC seminar now to be held in 2010;</li> <li>- consideration of a further, future parallel audit activity.</li> </ul> </li> </ul> <p><u>Reporting</u></p> <ul style="list-style-type: none"> <li>• to the 2010 Contact Committee (to be held in Luxembourg)</li> </ul>