

## Final Report

September 2010

### *Contact Committee Working Group on Common Auditing Standards and Comparable Audit Criteria*

The Contact Committee decided, during its meeting held on 11-12 December 2006 in Warsaw, to establish a Working Group to be chaired by The European Court of Auditors (ECA) with the specific remit “to develop common auditing standards and comparable audit criteria, based on internationally recognised auditing standards, tailored for the EU area”.

The Working Group commanded a high level of interest throughout its mandate with 21 national Supreme Audit Institutions participating in its meetings, chaired and hosted by the ECA. The participants agreed to focus primarily on increasing SAIs understanding of approaches to interpreting and applying international audit standards. The Working Group took as its starting point those existing standards which appeared to be most relevant within the EU context, with particular reference to identified EU specificities.

In the course of its work , the Working Group took full account of the ongoing work of the Professional Standards Committee and Sub-Committees set up by INTOSAI to develop International Standards of Supreme Audit Institutions (ISSAIs) for financial, compliance and performance audit, in which several participants of the Working Group were also represented. Because of this contemporary evolution in the international standards, the Working Group’s task took longer than originally anticipated. On the other hand, the in-depth discussion within the Working Group allowed participants to provide a valuable input into the work of INTOSAI on professional standards.

The Working Group based its work on the most relevant common auditing standards, and gathered a set of case studies and examples of existing SAI practice, in the field of *compliance audits* of EU funds. It considered, also on the basis of the experience presented by its members,

the different forms of collaboration between EU SAIs, and explored various ways such cooperation could be enhanced and put into practice, at bilateral or multilateral level.

In addition, participants agreed that the scope of the work had to encompass *performance audits*, as an important component of potential co-operation, and was to include the sharing of individual audit experiences, as well as a more detailed analysis of the common features and differences in approaches among EU SAIs.

Building on this, the Working Group acted as a professional forum where numerous concrete audits' results, experiences and case studies in the EU context were collected, presented and compiled, covering a wide range of topics. In order to better assess the various structures and approaches of the Audit Institutions, improve each other's knowledge, and thus facilitate further co-operation, participants supported a *mapping exercise* covering the respective legal frameworks and SAIs' mandate, the types of audits carried out and, within the EU context, the reports published by the SAIs, their frequency and their addressees.

As an introduction to the three abovementioned documents, The Working Group also prepared a *preamble*, providing a comprehensive overview of the Contact Committee Working Group's remit, the context within which its work has been carried out, its results and its assessment of the added value of the documents prepared. The documents now presented to the Contact Committee therefore consist of the following :

- a) Information on SAI practices in auditing EU funds/policies within the framework of INTOSAI Standards – regarding SAIs mandates and audit activities in the EU field - the results of a Mapping Exercise;
- b) Information on SAIs practices in Auditing EU funds/policies within the framework of INTOSAI Standards - regarding Compliance Audit;
- c) Information on SAIs practices in Auditing EU funds/policies within the framework of INTOSAI Standards - regarding Performance Audit.

These documents are presented as a set but all parts are also self-standing and can be considered separately at SAIs own convenience. Therefore, each document includes, as a foreword, the general preamble mentioned above.

In addition, practical examples elaborated within the Working Group are made available to all EU SAIs for their use and convenience. These include a draft ‘memorandum of understanding’ for co-ordinated audits, which can be accessed on the ECA website, and illustrative examples of practices followed by certain SAIs. These include examples of practice regarding ‘the definition and treatment of errors’, ‘the analysis of supervisory and control systems for ‘shared management’ administrations’.

The Working Group documents, as well as the practical examples, will be made available to EU SAIs on the CIRCA part of the Contact Committee website.

By providing the set of documents detailed above, which, within the EU context, recalls the main guiding principles, offers a comprehensive picture of current audit activities, illustrated with examples of practice in compliance and performance audit, the Working Group is considered to have fulfilled the mandate given by the Contact Committee. The Working Group allowed for intense information exchange and wide-ranging sharing of experience. Its results and products lay robust foundations for further enhancement of the co-operation between SAIs in the auditing and improving accountability of EU funds. It therefore invites the Contact Committee to adopt the presented new resolution.

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