

The Spanish Court of Auditors: a European comparison

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Hay Derecho is an independent foundation which promotes institutional regeneration, combats corruption and defends the rule of law in Spain.

Our mission is to provide objective and independent information to citizens and leaders on the problems of our society and their possible solutions.



BLOG

Every day we publish a post on a topical issue from a legal and political point of view.



RESEARCH

We perform independent studies of the running of our institutions based on empirical evidence.



EVENTS

We hold seminars, round tables, conferences and meetings on institutional issues and the defense of the rule of law.



ACTIVITIES

We promote activities in defense of transparency, institutional regeneration and the rule of law.

Democracy and institutions








Study from the Center of Sociological Research, 1998

w Utilizando una escala de 0 a 10, en la que 0 significa poca confianza y el 10 mucha confianza, ¿en qué medida le merecen confianza cada una de las siguientes instituciones?

	Media	Desviación típica	(N)
La Monarquía	6,86	2,83	(4665)
El Defensor del Pueblo	5,91	2,56	(3979)
El Gobierno de su Comunidad Autónoma	5,67	2,62	(4444)
El Gobierno de la Nación	5,60	2,61	(4619)
El Parlamento de la Nación	5,59	2,37	(4204)
El Ayuntamiento de su pueblo o ciudad	5,55	2,84	(4580)
El Tribunal Constitucional	5,53	2,37	(3340)
El Parlamento de su Comunidad Autónoma	5,50	2,52	(4003)
El Consejo General del Poder Judicial	4,88	2,50	(3298)
El Tribunal de Cuentas (del Estado)	4,84	2,53	(2697)

- Aims
 - Evaluate the functioning of the Spanish Court of Auditors from the comparison with other SAls
 - Identify international best practices
 - Identify potential areas for improvement and make recommendations
 - Bring the institution closer to citizens
 - Enhance its relevance in the fight against waste, mismanagement and corruption.
- Methodology
 - *Desk Research*: data and information publicly available
 - International benchmarking

Countries analysed

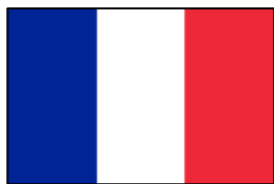
Country	Political system	Population (2014)	GDP (2013)	Public expenditure (% of GDP)	SAI
	Parliamentary monarchy	46.507.760	1.022.988 M€	43,6%	Tribunal de Cuentas
	Semi-presidentialist republic	65.856.609	2.059.852 M€	57%	Cour des Comptes
	Parliamentary republic	60.782.668	1.560.023 M€	51,1%	Corte dei Conti
	Parliamentary republic	80.780.000	2.737.600 M€	44%	Bundesrechnungshof
	Parliamentary republic	5.451.270.	193.443 M€	57,8%	Valtiontalouden tarkastusvirasto
	Parliamentary monarchy	64.308.261	1.899.098 M€	44,4%	National Audit Office
	Budget of the European Union 2015: 145.320 M€				European Court of Auditors

Fields of comparison

- Functions
- Institutional design and governance
- Activity (production)
- Decentralization (territorial) model and coordination
- Relevance and impact
 - Transparency
 - Recommendations follow-up
 - Public reporting and relations with citizens
- Supervision, quality control and validation
- External control: who audits the auditor

SAI's models analysed

- Continental model
 - Collegial body
 - Members with judicial status
 - Audit function and prosecutorial function
 - Support staff mostly made up of public employees
- Anglo-Saxon model
 - Irreplaceable General Auditor
 - Only auditing function
 - No civil service office staff



Functions and institutional design

	Type of body	Members	Who designates?	Judiciary status	Length of mandate	Prosecution function	Staff management & administration	Reports to
ES	Collegial	12	Parliament	Yes	9 years (renewable)	Yes	Steering committee President + Section presidents (3 in total)	Parliament
FR	Collegial	219	President of the Republic	Yes	Not limited	Yes	Secretary General, depending on the President of the Court	Parliament and Government
IT	Collegial	417	The Council of the SAI	Yes	Not limited	Yes	Council: President , Prosecutor , Vice-president, 4 members elected by the Parliament y 4 members from among the magistrates	Parliament
DE	Collegial	63	The Senate of the SAI	Yes	Not limited	No	Senate: President, Vice-President, 9 Senior Directors, 3 Directors and 2 <i>rapporteurs</i>	Parliament and Government
UE	Collegial	28 (1 per country)	Council, after consultation with the European Parliament	Yes	6 years	No	Secretary General appointed by the Court	Council and Parliament

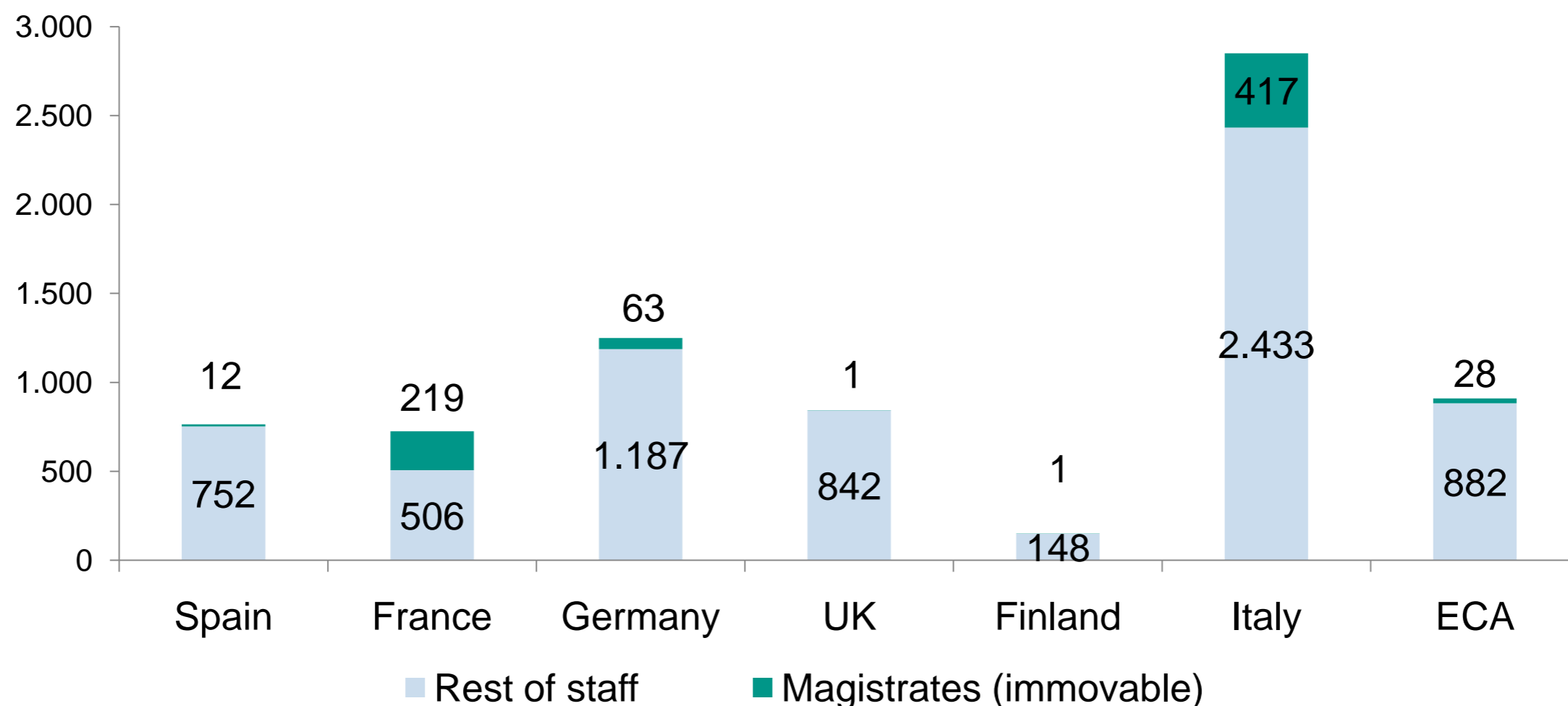
Chairman of the board

	Body	Who designates?	Length of mandate	Origin
ES	Collegial	Plenary (primo inter pares)	3, renewable	External/ Internal
FR	Collegial	President of the Republic upon proposal of the Council of Ministers	Not limited	External/ Internal
IT	Collegial	President: the executive among magistrates of the Court Magistrates: by the Council of the Court	Not limited	Internal: it must be a member of the Court
DE	Collegial	Upon the proposal of the Federal Government the two Houses of Parliament	12 years no renewable	External/ Internal: must be qualified to hold judicial office
UE	Collegial	Plenary (primo inter pares)	President 3 years	External
UK	Uni-personal	House of Commons upon proposal of the Prime Minister	Not limited	External/ Internal
FI	Uni-personal	Parliament	6 years	External/ Internal

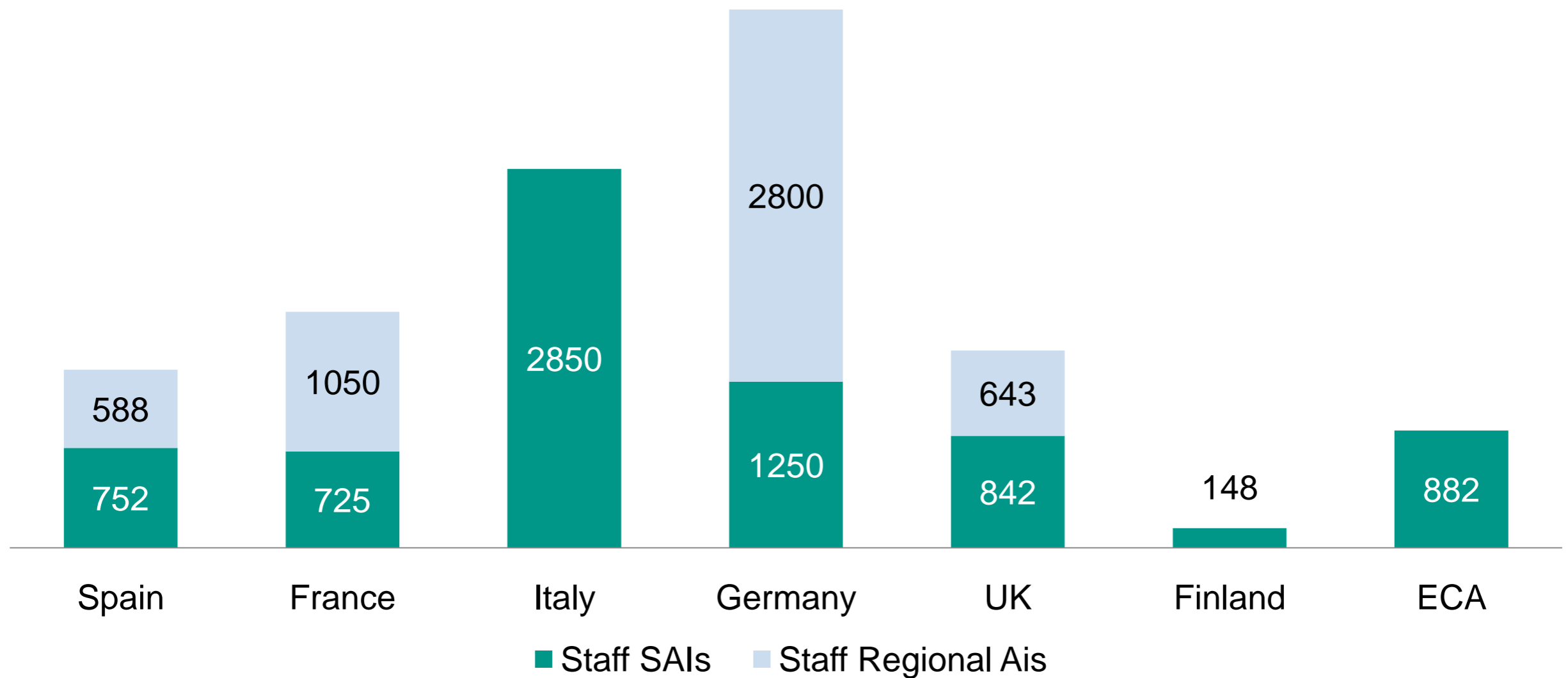
Nº of members of the SAI with judiciary status (immovable)

Spain	France	Italy	Germany	ECA
12	219	417	63	28

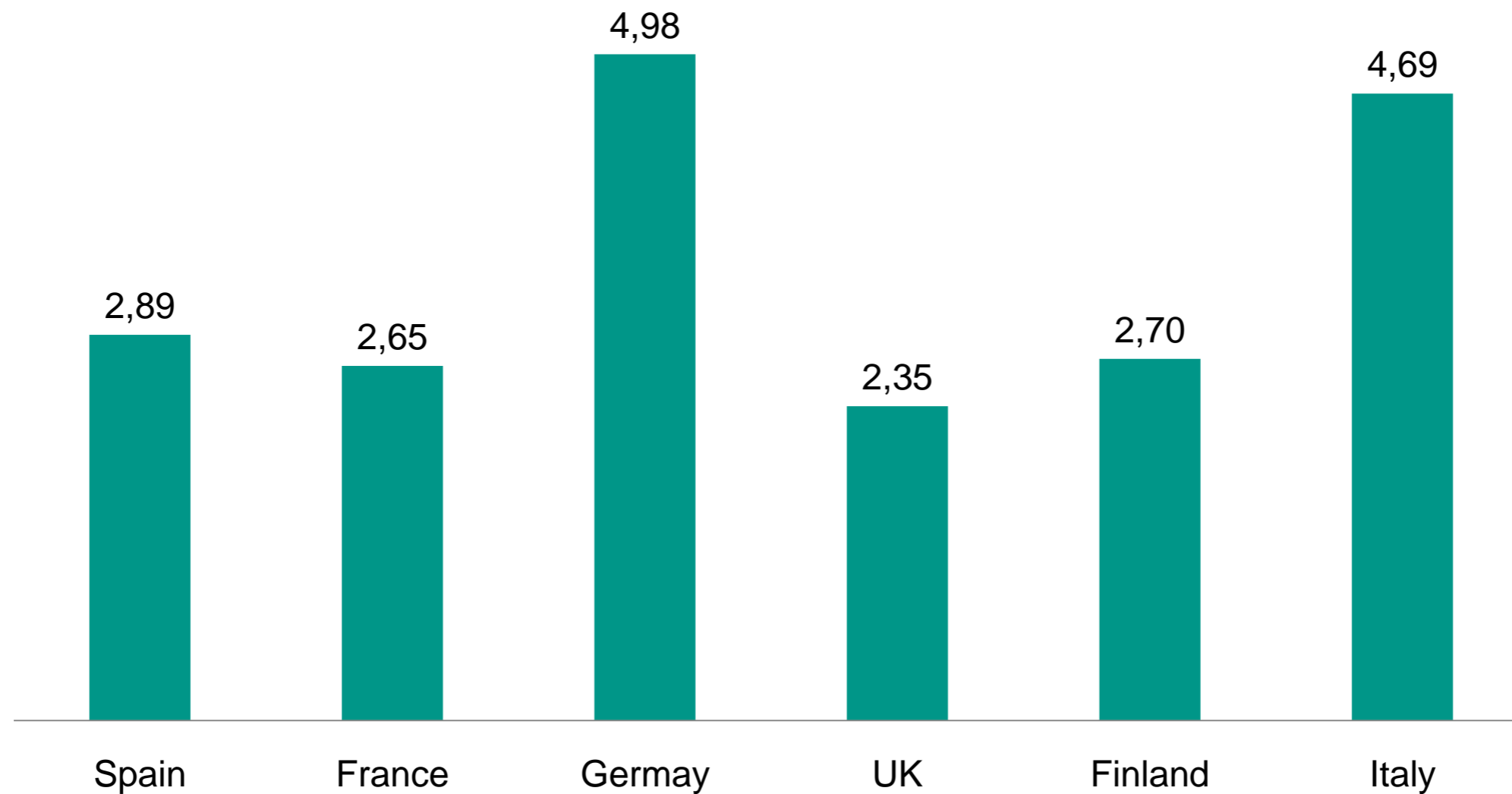
SAI's staff by status (judiciary or not)



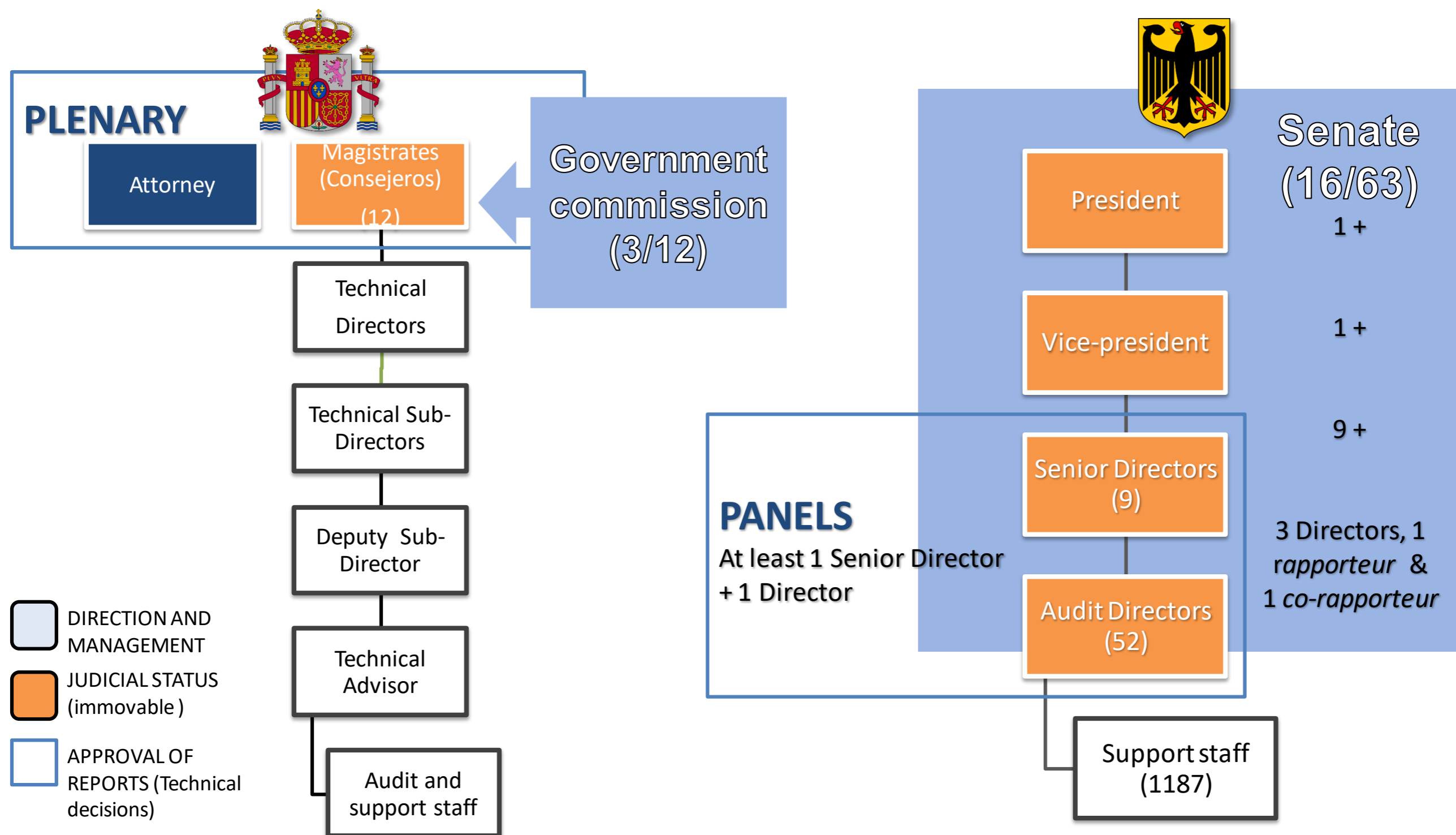
Total number of SAI staff: national and regional (when applicable)



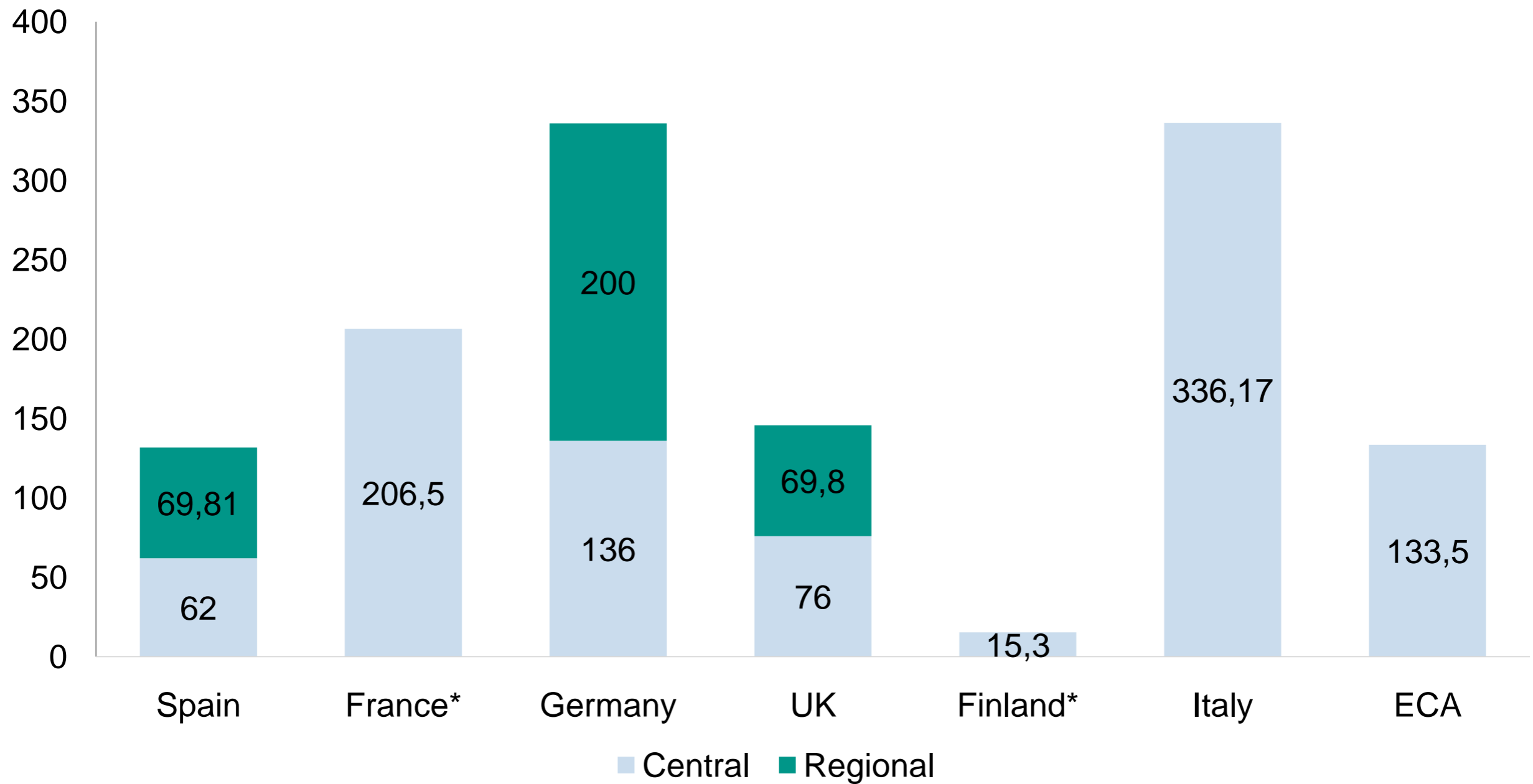
Employees per 100.000 inhabitants (including regional Als where applicable)



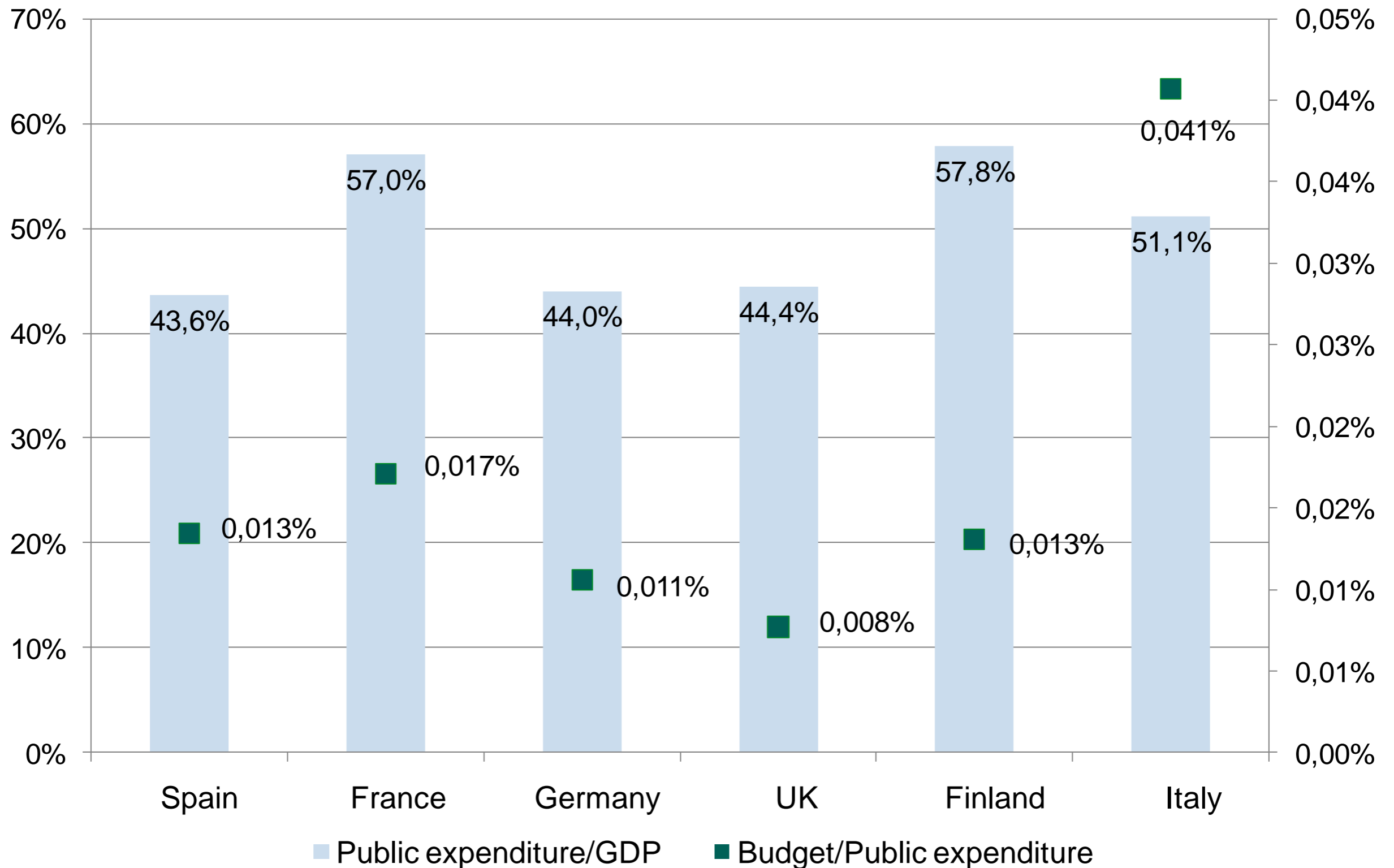
Governance



Budget 2014 (M€)

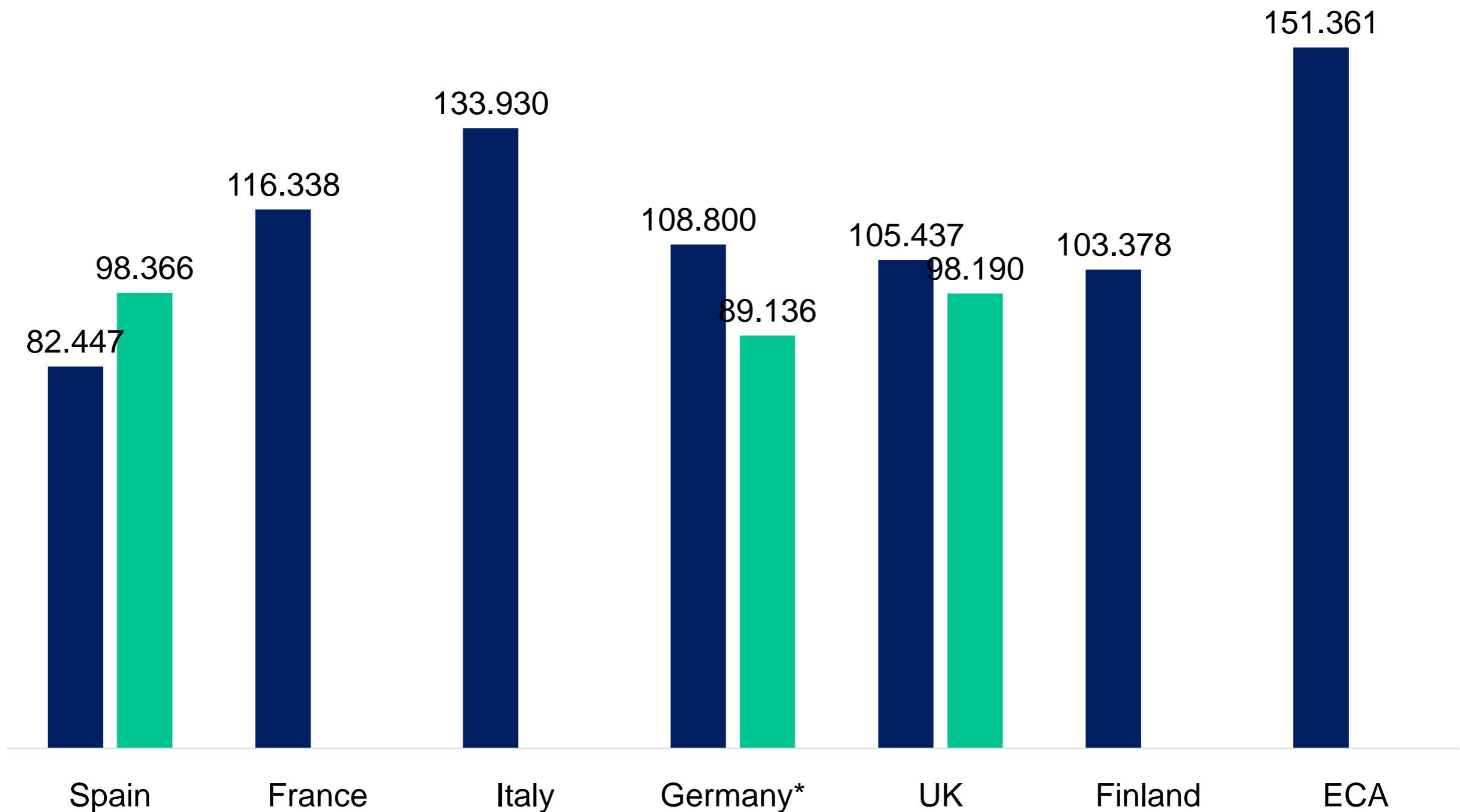


Budget as % of GDP



Average cost per employee (€)

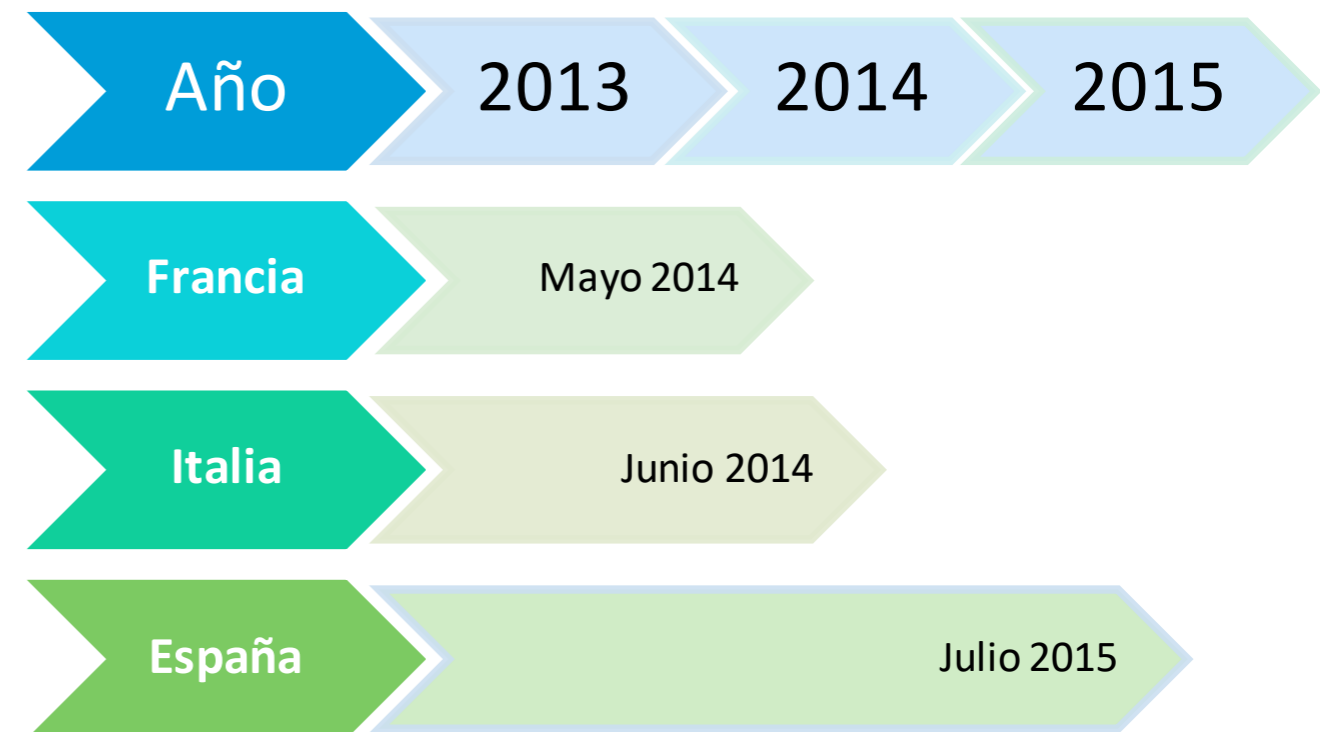
■ Average cost per employee (central) ■ Average cost per employee (central + regional)



State General Account Report

- Publication date makes it impossible to be a useful tool for the Parliamentary debate
- Lack of monitoring of the state budget execution during the year

Date of the publication of Report on the Settlement of the State General Account 2013

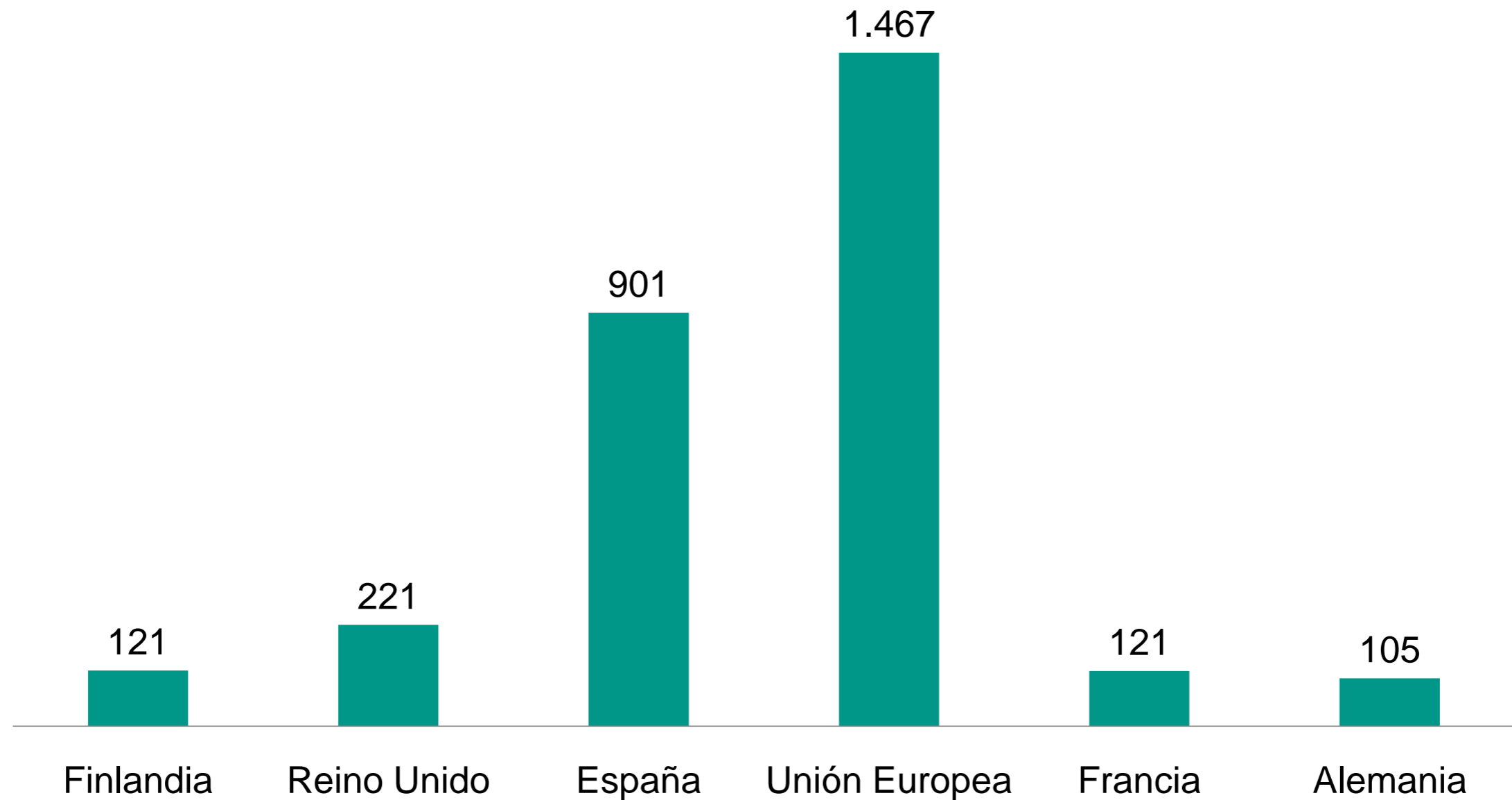


- The report has 3.200 pages (295 + annexes)
- Language is excessively technique
- Structure is no useful for parliamentary debates: accounting concepts (Spain) vs. expenditure policies (France)

Audit activity of the TcU in 2014 (Spain)



Average cost of audit report (thousands of €)



Auditing activity in Spain

- Long auditing periods, although there has been recent improvements (e.g. Political parties: from 5 to 2 years)
- Low number of performance or value-for-money audits
- Even operational or performance audits are focus on financial issues, and not on achievement of objectives or effectiveness
- Difficulties for operational or performance audits due to inadequate management systems in the public administration and the poor quality of programs and public policies in Spain (unclear objectives, lack of performance impact indicators, etc.)

Example of performance audit

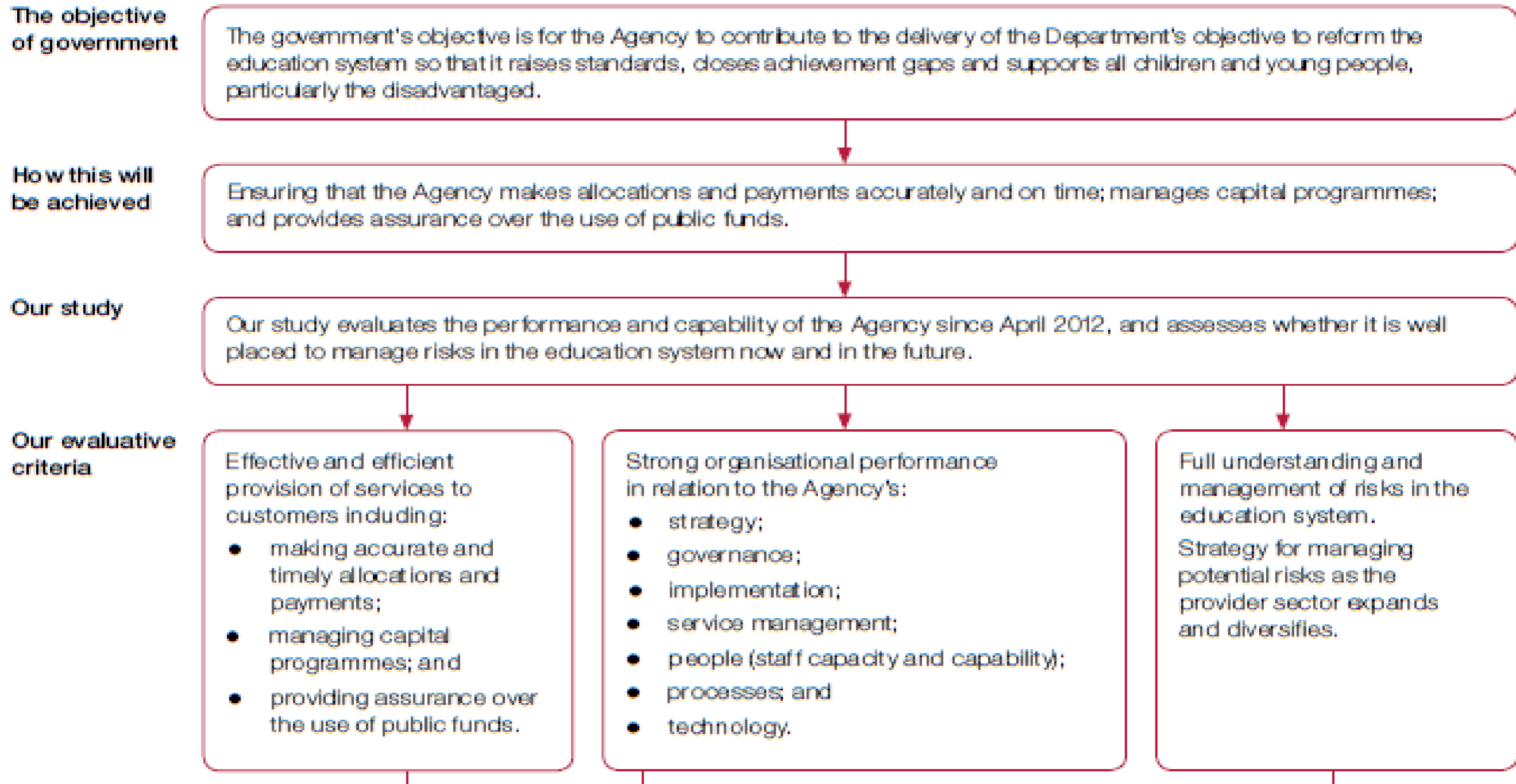
- Indicators used in audit report N° 1095, a theoretically performance audit:
 - Financial situation: immediate liquidity, short-term solvency, average payment period, average collection period, average cash period
 - Results: economic profitability, financial profitability, profitability without subsidies, contribution of subsidies, margin without subsidies.
 - Assets situation: financial autonomy

Cuadro 71

Bloque	Indicadores
Situación financiera	Liquidez inmediata, Solvencia a corto plazo, Periodo medio de pagos, Periodo medio de cobros, Periodo medio de caja
Resultados	Rentabilidad económica, Rentabilidad financiera, Rentabilidad sin subvenciones, Aportación de subvenciones, Margen sin subvenciones
Situación patrimonial	Autonomía financiera

Example: NAO (UK) performance audit report

Figure 11
Our audit approach



The judicial function

- Poor performance; many cases initiated few resolved in favor of the promoter
- Little impact
- Excessive complexity of procedures
- Recovery of small amounts
 - Spain, 2014: refunds amounting reached 14,7 M €
 - Italy, 2014: execution of judgments recovered 208 M € (and other € 6M refunded spontaneously without existence of judgment)
- Limited dedicated resources
 - Spain, 2014: 14% of the staff (about 100 people)
 - Italy, 2014: 30% of the staff (129 judges and 470 support staff)

De-centralization and coordination

- Spain has a heterogeneous model of decentralization: not all regions have Ais, not all have the same organization and functions
 - The judicial function is unique to the TCu
 - TCu maintains constitutional mandate of control over the entire public sector
 - Coordination problems may arise
 - Scarce number of joint reports
- Regional AIs-TCu

CC.AA.	OCEX	Staff	Budget	Average cost per employee
Andalucía	Sí	117	10 m€	85.470,09 €
Aragón	Sí	27	2,93 m €	108.518,52 €
Asturias	Sí	34	3,33 m€	97.941,18 €
Baleares	Sí	40	2,84 m€	71.000,00 €
Canarias	Sí	44	4,41 m€	100.227,27 €
Cantabria	No			
Castilla La Mancha	No			
Castilla León	Sí	66	5,08 m€	76.969,70 €
Cataluña	Sí	95	11,15 m€	117.368,42 €
Extremadura	No			
Galicia	Sí	88	6,5 m€	73.863,64 €
La Rioja	No			
Madrid	Sí	85	6,8 m€	80.000,00 €
Murcia	No			
Navarra	Sí	37	2,6 m€	70.270,27 €
País Vasco	Sí	87	7,77 m€	89.310,34 €
Valencia	Sí	87	7 m€	80.459,77 €








Relevance and impact

- The work of the SAI should be useful to society and have a real impact, which should be measurable and recognizable by citizens
- Impact and relevance can be assessed:
 - Monitoring and implementation of recommendations
 - Utility of reports for the Parliament
 - Relationship with citizens
 - Media impact
 - Relevance in the fight against corruption, waste and mismanagement








Transparency and accessibility of information to citizens

Level of transparency							
Low			✓				
Medium	✓	✓		✓			
High					✓	✓	✓








Recommendations follow-up

Country	Systematic follow-up	Monitoring actions (public)	Impact measurement
	X	<ul style="list-style-type: none"> -Few specific follow-up reports (1 in 2014) -Follow-up objectives are included in other broader audit reports -An internal follow-up tool is being developed 	
	✓	<ul style="list-style-type: none"> -Summary in the annual report of the Court -Specific follow-up reports 	69,8% of recommendations implemented (2014)
	Only for the central administration	Annual report on the level of implementation of recommendations by the central government	- Qualitative measurement
	✓	Audit Impact Report (annually, 2 years after the audit report)	<ul style="list-style-type: none"> - N° of recommendations implemented by entity - Economic impact by entity
	✓	29 follow-up reports (2014) and summary in the annual report	68% of recommendations implemented (2014)
	✓	<ul style="list-style-type: none"> -Summary of impact in the annual report - Specific follow-up reports 	<ul style="list-style-type: none"> - 88% of recommendations accepted by the Government - Global economic impact: 1.151 M£ 2014
	✓	<ul style="list-style-type: none"> -Summary of impact in the annual report - Specific follow-up reports 	69% of recommendations implemented (2014)

Media impact and citizens perception

							
Number of media impacts		16.000 (2013)					5.100 (2014)
“Clients” surveys					✓	✓	✓
Citizens surveys	CIS, year 1998				✓	✓	
Presence in social media		✓	✓	✓	✓	✓	✓

Quality and external control

							
External review of the quality of works					External Quality Board	External independent reviewers	External independent reviewers
External audit of the institution	It has no separate accounts	Review by Parliament	✓		✓	✓	✓
Peer reviews	First in 2015	✓			✓		✓



Conclusions & Recommendations

For the Spanish SAI

Conclusions and recommendations

Governance

- Consider extending the judicial status to technical staff (auditors)
- Differentiate and clearly separate management, supervision and HR administration functions from technical functions
- Strengthen the neutrality and independence of the technical staff of the TCu and the preference of the principle of merit and ability in their selection and career development.
- Improve transparency in decision-making, in particular regarding control and prosecution functions.
- Establish appropriate mechanisms to ensure the prevalence of technical criteria in carrying out the functions of TCu.

Conclusions and recommendations

Enhance the relevance of the TCu

- Improve the readability of audit reports and boost operational audits
- Reduce processing times of audit reports to improve impact
- Make a thorough and rigorous monitoring of recommendations to the audited agencies
- Increase transparency in the preparation of the annual program
- Strengthen its advisory and consultative role for other public bodies
- Enhance coordination with regional AIs and joint audits
- Increase relations with the internal control organs
- Review the actual usefulness of accounting liability proceedings

Conclusions and recommendations

Get closer to citizens

- Provide reliable, clear and accessible information on its activity
- Develop objective indicators to measure effectiveness and efficiency
- Increase the relationship with the media
- Use social networks
- Increase the number of audits close to the concerns of citizens: strengthening its role in the fight against fraud, waste and corruption

Conclusions and recommendations

Management and quality

- Conduct "customers" periodic surveys to verify their level of satisfaction
- Conduct employee surveys
- Establish internal quality management systems
- Develop internal indicators of effectiveness and efficiency
- Modify the internal audit system and guarantee the neutrality and independence of the auditor (*Interventor*)
- Conduct external audits periodically
- Ensure transparency in all processes
- Establish mechanisms for effective accountability

One year later...

- The annual plan for the first time includes information about the expected date of publication of the reports
- Reports tend to be shorter and more readable.
- They are considering including executive summaries in reports (although there is internal resistance).
- An internal system to follow-up recommendations is being designed in the context of a digitalization project.
- Improvements in communication: more press releases, more concreted and oriented to the citizen and more fluent relation with the media.

Contact



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Thank you!