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## ACHIEVING AUDIT QUALITY: A PATH LINED WITH OBSTACLES, AS WELL AS TREASURES

*by Mr. Karol Mitrík, President, Supreme Audit Institution of Slovakia*

A king placed a large boulder on the road then hid and watched to see if anyone would remove the huge rock. A few royal, wealthy merchants and courtiers encountering the obstacle simply bypassed it. Many whose paths were impeded by the boulder loudly blamed the king for not keeping the roads clean. Yet, nobody did anything to get the boulder out of the way.

Along came a peasant carrying a hefty load of vegetables. When he came to the boulder, he placed his load on the

ground and tried to push the enormous rock to the road's edge. After a great push and much strain, he finally succeeded.

As he returned to retrieve his load of vegetables, he noticed a pouch lying on the ground where the boulder originally rested. Inside the pouch—gold coins and a message from the king conveying that the coins were intended for the person who removed the boulder from the path.

The moral of the story...every obstacle is an opportunity to improve our situation.

Much like this tale, ensuring the highest audit quality is a permanent, endless road lined with seemingly never-ending obstacles.

Quality is a philosophy, a key priority and the cornerstone of Supreme Audit Institution (SAI) work. It is a component of strategy, culture, rules and practices, and, given these characteristics, quality is (as it should be) first and foremost.

Achieving audit quality requires an appropriate legal framework and institutional independence. The Supreme Audit Office (SAO) of the Slovak Republic (SR), our nation's SAI, possesses these prerequisites. As such, we are committed to fulfilling our mandate and mission while performing to the utmost level and seeking the highest quality and professionalism possible.

Only then can we be a credible institution that promotes useful public sector changes. Only then can we truly bring value and benefits to the lives of citizens.

#### **Audit Quality—Our Path Lined with Landmark Achievements**

In our pursuit of the highest quality, we will, inevitably, encounter obstacles. Along the way, as we overcome the challenges put before us, we will uncover great treasures, particularly in the form of improved public resource management.

Over the past four years, SAI Slovakia has made significant progress in ensuring audit quality, and it must be stressed that these improvements have been possible, in large part, through our high-performing staff and exemplary work in providing analytic, strategic, communicative and legal support.

We have achieved some important milestones in our positive audit quality shift, particularly in human resource expertise and professionalism; audit planning; analysis and strategy; methodology; audit quality assessment; and communications (internal and external).

#### *Human Resource Expertise and Professionalism*

In every organization, people are a decisive factor in organizational progress and success. SAI Slovakia pays considerable attention to staff professional knowledge and skills through various education and training programs—nationally and internationally.

At present, we are running a national project, "Building and Developing Professional Capacities to Improve SAO SR Audit Activities Quality," which is aimed at staff development and quality improvement.

The program, co-financed from European sources and led by top experts from Slovakia and abroad,

is designed for analysts, as well as financial and performance audit specialists and includes professional seminars and internships, Information Technology training courses and specialized English language instruction.

#### *Audit Planning*

Long-term strategic goals emphasize new approaches to audit topics and risk- and value-based audits. We endeavor to apply the "Value for Money" concept in ex-post audits of public finance, seek to transform audit philosophies and focus on public policy assessments.

#### *Analysis and Strategy*

We created a strong analytical team responsible for risk analysis, applying new strategic approaches and supporting audits and auditors alike.

#### *Methodology*

Updating our approaches, implementing the International Standards of Supreme Audit Institutions (ISSAIs) and ensuring audit procedure professionalization are some of the mechanisms employed to enhance our audit methodology.

#### *Audit Quality Assessment*

We introduced new procedures, improved, augmented transversal quality assessments and established senates to deliberate audit reports.

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*Internal and External Communication*

Today, there are new demands on what we share and how we share it. To exceed these demands, we have modified our communications strategy, strengthened our specialized communications and public relations departments and have created new positions.

We are now applying new approaches to stakeholder engagement, which includes leveraging our website and social networks and developing print, radio and television products for broadcast media.

Our office is the first state institution in Slovakia that has chosen such a broadly structured approach to informing stakeholders (at all levels) about who we are, what we do, and the key activities of interest.

**Audit Quality—Our Path Toward Continuous Improvement**

In addition to our landmark achievements, we continuously pursue effective tools and support aimed at improving the quality of our business, including self-assessments, independent peer reviews, and collaboration with the International Organization of Supreme Audit Institutions (INTOSAI) and its regions.

*SAI PMF Self-Assessment*

Our office champions self-assessments through the INTOSAI Development Initiative (IDI) SAI Performance Measurement Framework (PMF) methodology.

With IDI assistance, the SAO SR conducted a pilot self-assessment in 2013 illustrating how the SAI PMF is a useful tool in identifying organizational performance strengths and weaknesses, as well as their root causes.

In 2018, we repeated this process. This time, we verified the results through an external group of peers, which, in doing so, demonstrates our willingness to be an open, transparent entity seeking to constantly improve (the self-assessment

resulted in recommendations the SAO SR is subsequently implementing).

*Independent Peer Review*

We also underwent an independent, international peer review in 2010-2011. Led by the United Kingdom National Audit Office, the evaluation, which included experts from the SAIs of Estonia, Poland and Slovenia, focused on audit activities and audit quality, human resource development and public relations efforts.

We will be subject to an additional independent peer review between 2019 and 2020, where experts

from the U.S. Government Accountability Office (lead) and the SAIs of Finland, Hungary and Poland will assess our planning processes, audit quality, transparency and communication.

As chair of the INTOSAI Subcommittee on Peer Reviews, we recognize the importance of these assessments and remain steadfast in our commitment to quality.

**Support within the INTOSAI Family**

INTOSAI and its ability to bring independent national audit authorities together—to collaborate, cooperate and support one another—is admirable and, dare I say, unique.

The focus on exchanging ideas, experiences and best practices makes audit quality all the more important and gives us a true appreciation for the brilliantly applicable INTOSAI motto, "Experientia Mutua Omnibus Prodest."

"Mutual Experience Benefits All"—it certainly does!

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