



**SIGMA**

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OCDE



Créer le changement ensemble

## Regional conference for Supreme Audit Institutions of European Neighbourhood South countries

### Profile of the SAI of Republic of Latvia

#### Presentation of the SAI

State Audit Office (SAO) is an independent, collegial, supreme audit institution in the Republic of Latvia. Auditor General and Members of Council (6) are elected by the Parliament for a definite period, they can be removed from the post only in case of court verdict

SAO audit scope :

- ✓ revenues, expenditure and property of State or local government institutions (except Parliament)
- ✓ revenues, expenditure and property of public and private companies, where State and local governments own shares
- ✓ Funds of European Union and other international organisations, which are included in State or local government budgets

SAO performs (1) financial audits, (2) compliance audits and (3) performance audits.

#### Key reforms and achievements

**1. Independence and legal framework** (for example: safeguarding the independence of SAI, mandate, access rights, publication rights for reports, etc.)

SAO financial and operational independence can be characterized as high. However, SAO continuously performs actions to increase independence.

SAO's budget: SAO must submit its budget proposal to the Parliament "via" Ministry of Finance and government. In 2010, SAO initiated modifications to the law, which foresaw submission of budget proposal directly to the Parliament. Proposed modifications were rejected, based on necessity to ensure integral budget planning process. SAO submitted complaint on the above to the Constitutional Court (CC). CC supported point of view of the Parliament, however supported a specific procedure for approval of SAO's budget proposal, namely, - government has no power to reduce SAO's budget proposal. In cases where government and SAO have dissenting views regarding SAO's budget proposal, government must formally justify its position to the Parliament, - and the Parliament decides on the SAO's budget.

The SAO, in principle, have access to all documents, except – personal data related to medical diagnosis. This imposes limitations to audit scope in health issues (in particular, when using IDEA software to ensure 100% checks instead of sampling). SAO has initiated activities to remove those limitations.

<p><b>2. Audit standards and audit process</b> (for example: implementation of international auditing standards (ISSAI), realisation of different audit types, mechanisms for audit quality control and assurance, etc.)</p> <p>SAO performs audits in full compliance with ISA and ISSAI.</p> <ul style="list-style-type: none"> <li>✓ In addition, in 2014 SAO performed PMF compliant self-assessment, and in the beginning of 2015 will start ISSAI 5600 compliant peer-review by the team consisting from USA, Danish, Slovakian and Polish SAIs and the European Court of Auditors.</li> <li>✓ In SAO's strategy 2014-2017 and based on INTOSAI's initiative – SAO plans to undertake a full responsibility over adapting and ensuring supervision of applying ISSAIs in the Republic of Latvia, to ensure that ISSAIs are properly used also by sworn auditors auditing public sector bodies.</li> </ul>
<p><b>3. Reporting, communication and impact</b> (for example: communication with auditees, parliament and citizens, response to changing environments, objectivity, clarity and conciseness of reports, etc)</p> <p>In 2014 SAO adopted new Communication Strategy (CS). CS somehow switched focused from the Parliament and government as SAO «clients» to the public and individual citizen as SAO's main «client».</p> <p>This has already resulted in changing format of SAO's audit reports, simplifying and making them «user-friendly». Almost each and every audit report is also produced as 3-5 minutes video movie, published in the date of publication of the audit report and afterwards placed in YouTube.</p> <p>In 2014, SAO also started to extensively use social networks, like twitter and Facebook.</p>
<p><b>4. Organisation, management and professional development</b> (for example: transparency and accountability of SAI, code of ethics, efforts towards service excellence and quality, good governance of SAI, etc.)</p> <ul style="list-style-type: none"> <li>✓ See above for PMF and ISSAI 5600 compliant reviews;</li> <li>✓ “Ad-hoc” audits as from 2014.</li> </ul>

### Ongoing challenges

<p><b>1. Independence and legal framework:</b></p> <p>See above.</p>
<p><b>2. Audit standards and audit process:</b></p> <p>See above.</p>
<p><b>3. Reporting, communication and impact:</b></p> <p>Knowledge, know-how and willingness to impartially use SAO reports by MPs.</p>
<p><b>4. Organisation, management and professional development:</b></p> <ul style="list-style-type: none"> <li>✓ For 2015 – 2 opinions in a result of annual financial audits – (1) on accuracy of financial statements and (2) on compliance of operations ;</li> <li>✓ Strategic goal for 2017 – possibility to assess SAO's financial impact – 1:5 principle: every euro spent for SAO needs returns 5 euros to the state budget.</li> </ul>