

HELLENIC COURT OF AUDIT

WORK PROGRAM 2021

INTRODUCTION

1. The Hellenic Court of Audit (HCA) performs, annually, mandatory audits in public management fields in accordance with the law according to the law and as well as on the basis of risk analysis depending on the risk analysis.

2. The first category of audits includes:

- (i) Audits of / in the State Accounts and Annual Balance, to draft / compose the State's Budget Execution Report and Financial Statements (the Statement of Assurance)
- (ii) Pre-contractual audits of / on in public contracts for amounts exceeding EUR 300,000
- (iii) Accounting officers' discharge of liability - or of anyone assuming the role of accounting officer - when the accounts are correct / sound or declares them in default
- (iv) Evaluation of the effectiveness of internal control systems in relevant public bodies

3. The second category of audits includes:

- (i) Performance Audits, namely audits that deliver opinions about the economy, efficiency and effectiveness of public management
- (ii) Compliance Audits, in key / important areas, where there is a risk that public accounts do not follow laws, rules and regulations
- (iii) Audits which detect systemic pathogenesis in public management. Such audits analyse the causes that give rise to these as well as provide recommendations to recover them.

4. This Annual Audit Plan covers all the areas of HCA's audit activities. These activities are performed by Commissioners' Offices and by the General Audit Chamber. The General Audit Chamber, in cooperation with Audit Units, prepares a draft of the Annual Audit Plan, which is then submitted to HCA's Plenary for approval.

5. This Annual Audit Plan covers the entire audit activity of the Hellenic Court of Audit. This is done through the Court's Audit Units and the Court's Audit Chamber. The Audit Chamber, in cooperation with the Court's Audit Units, prepares a draft of the Annual Work Program, which is submitted for approval to the Plenary

6. The preparation of the Program takes mainly into account the auditing resources of the Court in conjunction with its audit obligations, as well as the audit priorities in view of the identified public management risk areas. The Program's execution is supervised by the Audit Chamber in cooperation with the relevant Audit Units of horizontal competence.

It is a matter of credibility for the Institution to adhere strictly to this Audit Plan regarding the completion of its planned audits within the set timeframe

7. The Court's audit activity includes not only the execution of planned audits, compulsory and non-compulsory, but also studies, reviews, preparatory work and the general monitoring of public administration. And this, either in view of the planning of new audits which will be included in the next Annual Work Program or in modification of the current one, or without this perspective, given that independently, in the Court's audit perception, only the auditee's sense that one is being monitored has the effect of strengthening fiscal discipline.

Therefore, in this Audit Working Plan, reference will be made to activities as above that are not included in a strictly meaning of audit planning schedule.

8. The following three parts contain firstly, a description of the mandatory audits to be carried out by the Court of Audit in 2021; secondly, an indication of the topics included in the list of non-compulsory audits in the current year's Annual Audit Plan; and thirdly, reference on the areas of audit interest on which studies or reviews, monitoring or preparatory work will be carried out with a view to planning, later, new audits.

PART ONE

Mandatory Audits

a) State's Budget Execution Report and Financial Statements (the Statement of Assurance)

9. The audit will be carried out through the specific competent Central Unit. The collaboration between the Central and Regional Unit that is responsible for monitoring and controlling of the collection of public revenues will be examined / will be the object of examination / study.

10. For the first time this year, an Audit Planning Memorandum will be prepared in order to enable the reliability of the balance sheet and other financial statements with verification of primary elements.

11. For the peak period of the audit work, experienced auditors will be seconded from other Units so that the Specific Unit's work be executed in a timely and qualitative manner reaching the highest standards, as this is considered the Court's primary audit work, in view of its use by the Parliament.

12. Finally, about 10% of the personnel working in Audit Units which audit the State will be employed in auditing the underlying transactions of the Budget Execution Report.

b) Pre-contractual audits.

13. These audits are carried out by the jurisdictional Sections or "*Klimakia*" (whose work is not included in this Program) and by the Audit Units of the Court. The Chambers are responsible for the control of draft contracts over 1,000,000 euros, while the Audit Units for draft contracts between 300,000 and 1,000,000 euros.

14. It is estimated that for the year 2021 about 2,000 draft contracts will be audited by the Audit Units and that each contract will require an average of four days exclusive working time from auditor assigned. It is also estimated that each Audit Unit disposes on average 20% to 25% of its audit capacity for the exercise of pre-contractual controls.

c) Audits of the accounting officers' accountants in the strictest sense of the term / narrowly defined *stricto sensu*.

15. The Court of Audit will audit, on the basis of its audit staff and after a risk assessment, any accounting financial management which fulfills the risk assessment criteria. None management will be excluded a priori, no matter how materially insignificant may be.

16. The audit will definitely focus on the treasury Fund, as well as payments, in respect of which the correctness of the clearance will be examined, as well as the act of undertaking legal obligation.

Using artificial intelligence software that will be applied to the audited accounts, after reconciliation of data, deviations causing suspicion of irregular management will be sought.

17. It is estimated that this specific audit concerning the local authorities and other public legal entities, will absorb about 15 to 20% of the audit unit's capacity.

D. Audit of effectiveness of internal control systems (*Evaluating Internal Control System*)

18. This kind of Audit is conducted in two parts: the first one, includes the central planning of the Audit Plan, including issues that concern horizontally all Audit Units ("*Organizational Structure*") of the Court. The second part includes specific audits, decided, upon audit resources availability, by each Audit Unit. The Audit Themes with the related audit technical analysis data sheets of the 2021 Audit Plan, are listed in Annex I.

19. It is estimated that, for the execution of these audits, each central or regional unit, will need about 20 to 25% of its audit capacity to allocate.

20. However, it should be noted, that Audit Units who will implement the audit tasks related to Part 2, may be partly partially exempted from audit obligations described in this chapter.

21. A summary report of findings and recommendations, based on each individual audit report, will be prepared under the supervision of the Audit Chamber. This summary report will enjoy a broad publicity

22. It is worth noting that the Hellenic Court of Audit has, always, emphasized the importance of establishing internal control systems in the whole Public Administration.

PART TWO

Audits of Performance, Targeted Audits of Compliance, Audits of Systemic Pathogenesis

23. The list of audit topics, referred to in Part Two is set out in Annex II of the present, including the technical analysis data sheet of each.

24. It should be noted that the finally proposed topics were selected as follows:

(i) Initially, the possible subject matter was mapped based on the Court's audit responsibilities, and the audit issues that appear in corresponding mappings from similar audit institutions.

(ii) This was followed by three online meetings of the President of the Audit Department and the Programming Consultant, with all the Audit Commissioners of the Court, as well as an invitation to them to submit audit proposals to the Audit Department. The third meeting was attended by all members of the Audit Chamber.

(iii) All the proposals were included in the thematic map to determine that the most important areas of the map are covered.

(iv) Following an assessment by the Court of Audit, of the 46 audit items originally mapped, 21 were selected, of which 6 relate to audits of evaluation of internal control systems.

25. These audits will be distributed to all Audit Units, after taking into account their burden from this Annual Audit Plan and their audit capabilities. It is estimated that in order to carry out these audits, each Audit Unit will need to allocate about 20 to 25% of its audit staff capacity.

26. Based on the individual audit reports that will be prepared by the Audit Units, a summary report of Observations and Recommendations will be prepared under the supervision of the Audit Chamber, which will enjoy broad publicity.

27. It is pointed out that with the selected audits, the Court of Audit complements, as explicitly provided by the legislation, its image as an audit institution that, according to international standards, does not seek only irregularities in the public administration in order to impose sanctions, but also effectiveness issues on policies that lead to public funding in areas such as protection of fundamental social rights, the rule of Law and protection of the environment.

28. All similar Supreme Audit Institutions carry out such audits, and the argument that the Court of Audit is not entitled as a Court to review the expediency of public policies is unfounded, as the boundaries between expediency and performance auditing have been clarified since decades with completely clear and practically applicable auditing standards.

PART THREE

Studies, Reviews, Monitoring of Public Administration, Preliminary Tasks

29. The Court of Audit will prepare studies preliminary audit tasks to fully clarify, both on a constitutional and legislative basis, the limits of its audit jurisdiction.

30. In particular it should be clarified:

(i) Whether the Bank of Greece, which is a predominant institution of the Hellenic Republic exercising public authority on the basis of regulations of the national legislation²⁸, should be subject to the supervisory jurisdiction of the Court of Audit or not, according to the Greek Constitution. It should be noted that the European Central Bank is subject to the control of the European Court of Auditors under the Treaties, but it does not have the power to control the Central Banks of the Member States²⁹. As a result, the Greek Central Bank is not audited by a public external auditing body.

(ii) Hence, the Court of Audit will examine its constitutional and statutory jurisdiction over entities such as the Financial Stability Fund and the Fund³⁰ for the Hellenic Republic Asset Development Fund (HRADF).

(iii) In addition, The Court of Audit will examine its jurisdiction over professional associations, chambers or organizations which they operate as legal entities controlled by the State, while both the participation and the contributions of their members are required by law.

(iv) Finally, the Court of Audit will examine its jurisdiction over religious organizations provided that they are organized as legal entities controlled by the State or as public entities, given that their administrative autonomy is protected as an element of the right to religious freedom.

31. Furthermore, the Court of Audit, through its Audit Units (Central and Regional) will monitor the public management (revenues, expenses, fixed assets) by recording in its software systems appropriate information to be diligently processed to identify and, if deemed useful, to publish appropriate discrepancies.

32. Specifically, the allocation of public money to halt the economic impact of the pandemic will be reviewed, where each financial instrument will be examined to ensure transparency, the required internal controls (data cross-checks, raw data verifications) and accountability.

33. The Court of Audit will, finally, study the possibility of publishing each year a consolidated report that will present in a panoramic and concise way all the performance indicators in all kinds of executed programs.

According to the Court's audit view, the public administration must be held accountable in ensuring and proving that its management is honest, its accounts are credible, its decisions are lawful, and most importantly that the public money are spent as efficiently as possible.

It is not the Court's responsibility to establish that all the above apply. Its responsibility includes the verification of the administration's assurances that its management has been effective.

The new audit tool will help the Court to gather the necessary information and carry out the appropriate verifications so that the Parliament and the Greek people are informed whether there is a solid proof that the taxpayers' money are well spent, getting value for money.

ANNEX I

Audits on the effectiveness of Internal Control systems

1. Real Estate Tax (Article 202 Law 4555/2018): Is it collected for the non-electricity powered properties?
2. Service provision by public organizations: Are there sufficient internal control assurances that guarantees the actual implementation of services?
3. Safeguarding of state property: Is medical equipment of state hospitals subject to an efficient protection system?
4. Safeguarding of state property: Are medical consumables subject to a quality assurance system regarding their proper disposal?
5. Fixed assets of Local Authorities and other Public Entities: Is there a Fixed Asset Register being properly kept and informed by each Local Authority or Public Entity?
6. Have costly procurements been properly utilized according to the original planning of fulfilling specific needs or have they been long left idle?

ANNEX II

[Performance audits, targeted compliance audits, Audits for detection of systemic weaknesses]

A. FUNDAMENTAL SOCIAL RIGHTS, SERVICES OF GENERAL ECONOMIC INTEREST

a) Health

1. Covid-19: Criteria for the allocation of public resources in insufficiency:
the problem with intensive care units.

b) Labour

2. Covid-19: Financial aid (lump sum) to non-subsidized long-term unemployed citizens: Are the selection criteria clear and well defined? Are the relevant documents associated with selection procedure sufficient and adequate? Is there an ex-post audit executed to detect any irregularities?

3. Hellenic Fund for Entrepreneurship and Development - Hellenic Development Bank: Financial tools to support Small and Medium size Enterprises (MSMEs) in times of crisis (financial or health)

c) Education

4. Children with special educational needs: Is the educational system in line with the international standards?

d) Welfare

5. Minimum guaranteed income: have any procedures been in place to ensure that the criteria for inclusion in the program of eligible individuals are met in accordance with the relevant provisions?

6. Gender Balance: Is the problem of Domestic Violence treated in an effective way?

e) Equal Opportunities

7. Social reintegration of detainees: How is the state concerned about the adaptation of detainees (during detention and after their release) to the family and social environment and their professional rehabilitation?

B. ENVIRONMENT, DEVELOPMENT AND CLIMATE CHANGE

a) Water supply

8. Provision of water supply services by the State: Are desalination plants efficient?

b) Litter

9. Waste and recycling: Is the effectiveness of recycling programs measured by reliable economic indicators?

C. FISCAL SUSTAINABILITY, COMBAT WASTEFULNESS

a) Revenue, taxes, royalties

10. Municipal charges and fees: Are the charges and fees calculated correctly so that they do not end up being converted into taxes? Are they available for the contributory service for which they are exclusively intended in order to benefit the citizens?

11. Revenues of state hospitals: Has the “standard consolidated hospital-bill” per patient been diverged from the real cost of the patient’s hospitalization?

b) Public procurement

12. Public work projects awarded with very high discounts: How does the execution of these projects evolve?

c) Fiscal discipline and transparency

13. Ensuring fiscal sustainability: Are the independent advisory bodies been taken into account adequately in order to maintain budgetary fiscal discipline?

d) Cost reduction

14. Was the fulfillment of the scope and the mission of the Hellenic Financial Stability Fund (HFSF) accomplished in compliance with the regulatory framework that applies for its operation?

D. RULE OF LAW, SECURITY

a) Good Governance

15. Improving the living conditions of the Roma: Have the relevant international obligations for the social inclusion of the Roma been respected?