

**OBI**  
**Training materials for governments**

**AUDIT REPORT**

**Examples of countries that scored A in selected questions of OBI 2010, Part I (samples, not complete sections). Samples come from the current documents that are being reviewed for round 2012.**

**Percentage of expenditure audited**

**Q88 (112).** Two years after the end of a fiscal year, what percentage of annual expenditures has been audited and included in (except for secret programs) the Audit Report(s) released to the public?

- a. All expenditures have been audited and the Audit Report(s) released to the public.
- b. Expenditures representing at least two-thirds of, but not all, expenditure have been audited and the Audit Report(s) released to the public.
- c. Expenditures representing less than two-thirds of expenditure has been audited and the Audit Report(s) released to the public.
- d. No expenditures have been audited, the reports have not been released to the public or were released more than 24 months after the end of the fiscal year.
- e. Not applicable/other (please comment).

Guidelines for Questions 87 and 88:

Question 87 and those that follow explore practices associated with the supreme audit institution (SAI). Questions 87, 88, 89, and 91 cover the annual attestation audit of the final accounts that the SAI performs at the end of the year. These audits are sometimes known as “certification of the government accounts.” *The Lima Declaration of Guidelines on Auditing Precepts* (Chapter VI, Section 16 (1)) clearly states that the auditor’s annual attestation report should be published and be available to the public.

(The Lima Declaration is available on the Internet at [http://www.intosai.org/en/portal/documents/intosai/general/lima\\_declaration/](http://www.intosai.org/en/portal/documents/intosai/general/lima_declaration/)). According to OECD best practices, the SAI should complete these audits within six months of the end of the budget year for administrative units (that is, ministries, departments, or agencies). In order to be considered publicly available by Open Budget Survey methodology, the Audit Report must be released within two years of the end of the fiscal year in question.

Questions 87-88 look at the timeliness of the annual Audit Report. In some countries, such audits are produced only with substantial time lags, which significantly lessens the usefulness of the reports.

**PERU**

**Citation:**

<http://www.contraloria.gob.pe/wps/portal/portalcgr/infocontrol>

Informe de Auditoría a la Cuenta General de la República: 2010

**EXECUTIVE SUMMARY**

**Q89 (113).** Does the annual Audit Report(s) that is released to the public include an executive summary?

- a. The annual Audit Report(s) includes one or more executive summaries summarizing the report's content.
- b. No, the Audit Report(s) does not include an executive summary, or such reports are not released to the public, or were released more than 24 months after the end of the fiscal year.
- c. Not applicable/other (please comment).

Guidelines for question 89:

This question asks whether the annual attestation Audit Report includes an executive summary. The Audit Report can be a fairly technical document, and an executive summary of the report's findings can help make it more accessible to the media and the public.

**COSTA RICA**

**Citation:**

## Presentación

Es motivo de gran complacencia para estas servidoras públicas dirigirnos nuevamente a la Asamblea Legislativa de la República de Costa Rica para someter a su consideración, en acatamiento de disposiciones constitucionales y legales, la Memoria Anual de la Contraloría General de la República, correspondiente en esta ocasión al ejercicio económico del 2010.

Al cerrar el año 2010, la economía nacional muestra signos de recuperación luego de la crisis económica internacional desatada en 2008. Sin embargo, el problema fiscal y la recurrente incapacidad de culminar en forma satisfactoria el ciclo de la rendición de cuentas en materia de gestión pública continúan gravitando en el acontecer nacional, y empañan las perspectivas de contar con un sector público eficiente en la atención de las necesidades colectivas.

Es necesario que las autoridades del Gobierno de la República realicen un esfuerzo continuado para buscar una solución sostenible al problema fiscal en el marco general de una visión de país compartida. El rendimiento fiscal del proyecto de Solidaridad Tributaria, que se discute actualmente en la Asamblea Legislativa, calculado en alrededor de un 2,5% del PIB, es insuficiente para cerrar siquiera el déficit primario, calculado en 3,0%, por lo que vuelve a plantearse la necesidad de revisar también el gasto, no solo desde el punto de vista de su cuantía sino, y quizá más importante, en lo que respecta a su eficiencia.

Al respecto, los sistemas disponibles para la evaluación de la gestión pública en relación con los recursos asignados, siguen mostrando las mismas debilidades que durante años han impedido que se complete el ciclo de rendición de cuentas. A pesar de la existencia de normativa y de procedimientos establecidos, el avance en esta materia se percibe modesto, y la determinación de responsabilidades se constituye en una tarea de suma dificultad.

En materia de grandes metas nacionales, cabe indicar que al cierre del Plan Nacional de Desarrollo 2006-2010, expectativas en materia de pobreza, desigualdad, infraestructura de transporte, educación, producción, empleo y seguridad ciudadana no terminan de materializarse, a pesar de importantes esfuerzos realizados que esta Contraloría reconoce.

En este contexto se emite el presente resumen de la Memoria Anual 2010, el cual se compone de tres partes: Opiniones y Sugestiones para el mejor manejo de los fondos públicos, la Memoria del año económico y finalmente el Informe de labores, como lo determinan el artículo 184 de la Constitución Política y las sanas prácticas de rendición de cuentas.



**Licda. Rocío Aguilar Montoya**  
Contralora General de la República



**Licda. Marta Acosta Zúñiga**  
Subcontralora General de la República

## UNITED KINGDOM

Citation : General report of the Comptroller and Auditor General for 2008

[http://www.nao.org.uk/publications/0809/general\\_report\\_for\\_2008.aspx](http://www.nao.org.uk/publications/0809/general_report_for_2008.aspx)

# SUMMARY

1 The Comptroller and Auditor General is the statutory external auditor of all Government Departments, Executive Agencies and a wide range of other public bodies. In 2008, the Comptroller and Auditor General provided an independent audit opinion on some 460 accounts covering expenditure and revenue of some £900 billion. This report draws on the key matters arising from the audit work which supported those opinions to comment on the state of financial reporting and financial management in the central government sector.

## Financial Reporting

2 The quality of financial statements prepared by Departments for the 2007-08 financial year was generally high. Our financial audits resulted in unqualified audit opinions on 50 of the 56 resource accounts. There were six (four for 2006-07) qualifications of the resource accounts: the Armed Forces Pension Scheme, the Department for Transport, the Department for Work and Pensions, the Ministry of Defence, the Office of Fair Trading and the UK Atomic Energy Authority Pensions Resource Account. The reasons for them are set out in Part 1 of this report. 48 of the 56 (52 of 56 for 2006-07) resource accounts were audited and laid prior to the Parliamentary summer recess at the end of July.

3 The Department of Health was the only major Whitehall Department to miss the summer recess deadline, laying its account before Parliament on 9 October 2008, still well ahead of the statutory deadline of 31 January 2009. For the five main public sector pension schemes, work required to establish the extent of historic overpayments, estimated at £126 million, led to delays in the laying of their resource accounts.

4 In the March 2008 Budget, the Government announced the postponement of the introduction of International Financial Reporting Standards as the basis for financial reporting by central government departments and entities in the wider public sector from 1 April 2008 to 1 April 2009. The postponement allowed the Treasury to implement a 'Trigger Point' process to stage the work required to produce the first sets of IFRS based accounts. Progress under the Trigger Point process has been varied. Forty seven departments were required to restate their balance sheet as at 31 March 2008, on an IFRS basis, by 30 September 2008 to meet Trigger Point 1. The National Audit Office was able to provide clear opinions on the restated 1 April 2008 balance sheets for 23 of the 47 resource accounts under the timetable set for the Trigger Point process. Two further Departments, the Ministry of Defence and the Department of Health, have negotiated exemptions from the Trigger Point process and will complete the necessary work to a later timetable.

5 The departments who were unable to complete the exercise did so for a number of reasons, principally due to difficulties in assembling the required information to support balance sheet figures on an IFRS basis. A number of departments failed to implement plans to restate the balance sheet in time to meet the trigger point deadlines. The work completed by departments represents significant progress and should provide a good basis for the majority of departments to move to formal statutory IFRS based accounts.

## Losses, Special Payments and Fraud

6 Departmental losses and special payments – transactions of a type that Parliament cannot be expected to have authorised – are subject to special control procedures and disclosure requirements in resource accounts. The total of losses and special payments from the 11 largest resource accounts for 2007-08 was £1.1 billion (2006-07 £1.3 billion). The reduction of disclosed losses from the previous year is principally accounted for by a reduction in the amounts disclosed by the Home Office and in the Ministry of Defence, who had extraordinary one-off events which increased their losses in 2006-07. Despite this short term drop in value, losses and special payments remain above the long term average level, and departments need to apply proportionate controls and exercise them fully to mitigate the risk of loss.

## The Audit of Receipts of Revenue and Public Debt and Reserves

7 The Comptroller and Auditor General's report to Parliament that accompanies the accounts of Her Majesty's Revenue and Customs (HMRC) (HC 674 2007-08) detailed the main outcomes of the financial audit work carried out by the National Audit Office at HMRC. This report covered the Department's management of tax credits, the collection of Income tax through Pay As You Earn (PAYE) and Self-Assessment, Value Added Tax registrations and Excise Duties on alcohol.

8 We continued to draw attention to levels of error and fraud by tax credit claimants. HMRC estimated that in 2006-07 tax credits of between £1.31 billion and £1.54 billion (7.2 to 8.4 per cent by value) were paid to claimants to which they were not entitled. There is currently no evidence to justify a lower estimate for 2007-08 and the Comptroller and Auditor General consequently qualified his audit opinion on the HMRC Trust Statement account.

9 The Comptroller and Auditor General also reported on Vehicle Excise Duty administered by the Driver and Vehicle Licensing Agency (DVLA). The evasion rate was 1.5 per cent in 2007 as measured by a road side survey completed by the Department. Because of a change in the technique for data collection, no comparable figures are available for previous years. The Comptroller and Auditor General made observations and recommendations about enforcement measures. His opinion on the Vehicle Excise Duty accounts was unqualified.

10 Our audit of public debt and reserves accounts was conducted satisfactorily, consolidating the reporting timetables achieved for the first time in 2006-07. As in 2006-07, both the Consolidated Fund and the National Loans Fund were certified and laid in Parliament prior to its summer recess.

11 In the last 12 months the Government has announced a number of measures to restore financial stability in the United Kingdom's banking sector and in the markets more generally. We anticipate that these will result in significant increases in the assets and liabilities of the National Loans Fund and Debt Management Accounts in 2008-09. We also expect the results of other measures for which financial institutions are required to pay a fee will result in a significant increase in Consolidated Fund receipts during 2008-09.

## Progress towards better Financial Management by Departments

12 The Treasury and the Cabinet Office are continuing to press departments to improve their financial management capacity, to better join up financial and performance management information and to promote sound decisions by departments over their resource allocations.

13 We plan to publish the first in a series of financial management reports shortly. Subject to evaluating the success of the early reports, we aim to produce further reports looking at all major central government departments over the next three years.

## Whole of Government Accounts

14 The Chancellor's Pre-Budget Report (November 2008) re-affirmed the Government's decision to publish a Whole of Government Account (WGA), prepared on the basis of International Financial Reporting Standards for 2009-10. This project will make available comprehensive audited public sector information covering the whole of the UK public sector for the first time. We continue to work closely with the Treasury, and the second full WGA 'dry run' consolidation and 'dry-run' audit procedures were completed for the 2006-07 financial year. A number of key issues remain, however, which will need to be resolved to achieve the objective of a first published account in 2009-10.

## Future challenges

15 The Companies Act 2006 enables the Comptroller and Auditor General and the other UK auditors general to audit companies, as proposed in Lord Sharman's report into audit and accountability in central government.

The Comptroller and Auditor General will in 2009, for the first time, audit the accounts of wholly owned government companies.

16 The Treasury has continued its work on the 'Alignment Project' to bring planning, Parliamentary approval and reporting of public spending on to a more consistent basis. During 2008 the Treasury has carried out major consultation exercises with departments, the National Audit Office, the relevant Parliamentary Committees, the Financial Reporting Advisory Board and other interested parties. At the core of the project is a commitment to a better alignment of budgets and estimates and accounts. The project would include bringing Non-Departmental Public Bodies within the departmental boundary for estimates and financial reporting purposes. This major change to the relevant processes will require legislation; and whilst good progress has been made in agreeing alignment proposals, their full implementation is not expected before 2011-12.