

Moldova

Peer Review of the Supreme Audit Institution

SIGMA

State Audit Office of the Republic of Latvia Turkish Court of Accounts

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Executive Summary and Key Messages

At the request of the Court of Accounts (CoA) of the Republic of Moldova, SIGMA in conjunction with the State Audit Office of Latvia and the Turkish Court of Accounts have conducted the first peer review of the Court of Accounts of the Republic of Moldova.

The objective of the peer review was to assess the current state of play within the CoA in a number of key areas and provide significant input for the further development of the CoA. It was agreed that the peer review would not consider a number of areas where significant development activities were already underway or where the need for significant further development has already been identified, such as strategic planning, resource management and performance audit. The peer review focused on the following areas:

- Independence and Legal Framework
- Governance
- Financial Audit: Process and Quality
- Financial Audit: Reporting and Achievement of results
- Relationships with external stakeholders.

The role of a Supreme Audit Institution (SAI) is to provide parliament, taxpayers and citizens with confidence that the funds they pay to the state are used meaningfully, rationally and efficiently, and that each member of society receives quality services to which he or she is entitled. In doing so, an SAI both evaluates activities and makes recommendations on how to make improvements, which promote accountability, transparency, efficiency, economy and effectiveness. In order for an SAI to be effective in carrying out its role, and be an advisor that is trusted and listened to, it must lead by example. There are common international standards (the International Organisation of Supreme Audit Institutions (INTOSAI) Framework of Professional Pronouncements (IFPP)) to support the independence, credibility and trust in the work performed by an SAI which espouse principles that should be used by SAIs in delivering and developing their work.

The outcome of this peer review demonstrates that the CoA has been undertaking activities to develop its practices to meet the expectations of the IFPP, and to build an independent and credible institution. However there are a number of gaps and issues that need to be addressed, and there is still significant opportunity to further develop and embed practices within the institution.

With respect to the legal framework, the CoA is included in the constitution and the CoA Law is reasonably well developed and if implemented appropriately would provide the CoA with sufficient independence and autonomy. However, there are provisions in the CoA Law that should be strengthened and the implementation of other laws, in particular those relating to the budget, the public service and salaries, effectively undermine key elements of the CoA's organisational, functional and financial independence. It is important that the issues which impact the CoA's independence are addressed if its credibility and effectiveness are to be ensured.

Aside this from the significant issue around the legal framework this peer review highlights a number of areas for further development across the CoA:

- The CoA has in place governance and management arrangements to generally manage the organisation and make decisions related to audit work, but there opportunities to further develop the arrangements so that they are more rational, efficient and effective, including around roles and responsibilities and internal accountability.
- The CoA has undertaken a lot of work to develop financial audit practices, including the development and implementation of sound audit manuals and methodologies. There are number of areas which require further development, and work to embed sound financial audit practices across the CoA need to continue.

- A system of quality control and assurance has been developed for financial audit, which is compatible with the requirements of ISSAI 140. However the system is only recently established and further work needs to be undertaken to ensure that it is institutionalised.
- The CoA's reporting practices for financial audit are reasonably well developed, but further opportunities should be examined to increase the value and impact of the audit work, including the potential to bring forward the audit cycle and the further development of strategies to improve the implementation of recommendations.
- The Communication Strategy and Annual activity plan are aimed at strengthening the CoA's influence and define tools and actions to achieve that, but implementation, monitoring and control need to be improved.

The recommendations of the peer review are intended to help the CoA define the next steps for further strategic development on the journey to becoming fully effective SAI in line with international standards and sound European practice. This process should provide an important contribution to the strengthening of the financial control system and public accountability in Moldova, and support development of the CoA in line with the cooperation articulated in Article 49(e) of the Association Agreement between the European Union and the Republic of Moldova on the "*the implementation of internationally accepted external audit standards by the International Organisation of Supreme Audit Institutions (INTOSAI)*"¹. In this regard it is important to note that CoA developed a new Development Strategy for the period 2021-2025, supported by an implementation plan. The findings of the peer review were shared with the CoA as the peer review team were conducting the review and drafting the report. As a result many of the matters raised in this report are addressed in the CoA's Development Strategy.

¹ Official Journal of the European Union, L 260, Vol. 57, 30 August 2014

1. Introduction

1.1. Background

The Court of Accounts is the supreme audit institution (SAI) of the Republic of Moldova charged with conducting independent external audit of public resources. The mission of the CoA is to:

- assess legality, regularity, compliance, economy, efficiency, effectiveness of the management of public financial resources and public property;
- promote internationally recognised standards on transparency and accountability in public finance management;
- ensure transparency by informing responsible public authorities and the public about its strategic and annual plans, its findings and recommendations

The CoA is established in the Constitution of the Republic of Moldova, with its independence, mandate and organisation provided for under Law No. 260 on the organisation and functioning of the Court of Accounts of the Republic of Moldova adopted in December 2017.

The mandate of the CoA provides it with the powers to conduct financial, compliance and performance audits, examining the revenue, expenditure, assets and liabilities across central and local government institutions. This includes state and municipal owned commercial enterprises in which the state or municipality has a majority share.

The CoA is required to present the following reports annually to the parliament

- the CoA annual performance report;
- auditors reports on the annual reports of the Government on the execution of the state budget, state social insurance budget and the compulsory health insurance funds; and
- the annual report on the administration and use of public financial resources and public property.

The CoA may also submit other reports to the parliament, which it deems necessary to submit.

The CoA is going through a period of development and transformation. It is receiving assistance from a number of donors to support its development in line with the INTOSAI standards and EU good practices. The European Commission is providing technical assistance that is focused on:

- providing advice to the President and Members of the CoA on institutional development in line with the INTOSAI and EU good practices, and on improving the engagement of the CoA with the Parliament and other stakeholders; and
- developing the financial audit capacity of the CoA in line with the INTOSAI standards.

This support includes the further development of strategic and annual planning, including monitoring and reporting, and development of management systems and arrangements. The Swedish National Audit Office (SNAO) are also providing support in human resource management, communication including internal communication, and quality control. SIGMA are also providing support for the development of relationships between the CoA and parliament.

In 2019 SIGMA was requested to lead a peer review of the CoA. Following discussions with the President of the CoA and the EU Delegation the scope of the review was agreed and the State Audit Office of Latvia and Turkish Court of Accounts accepted the invitation to be support the peer review. This is the first peer review of the CoA.

In general the recommendations of the peer review are intended to help the CoA to develop towards being a fully effective SAI in line with international standards and good European practice. The process should constitute an important contribution to the strengthening of the financial control system and public accountability in Moldova. In particular, the recommendations of the peer review intend to help define the next steps for further strategic development.

The Peer Team established for the review consisted of:

- SIGMA
 - Mr. Alastair Swarbrick, SIGMA Senior Policy Advisor, former Auditor General of the Cayman Islands and Audit Director at Audit Scotland, responsible for leading and coordinating the peer review
 - Ms. Inguna Sudraba, SIGMA Expert, formerly a member of the Parliament of the Republic of Latvia and Auditor General of the Republic of Latvia
- State Audit Office of the Republic of Latvia
 - Mr. Ivo Valdovskis, Adviser on Communication Issues and lead official from the State Audit Office of the Republic of Latvia
- Turkish Court :
 - Mr. Mehmet Çivgin, Director General and lead official from the Turkish Court of Accounts.
 - Ms. Çiğdem Aslankara
 - Ms. Nihan Polat
 - Ms. Müjde Aksoy Türker

1.2. Scope

The objective of the peer review was to assess the current state of play within the CoA in a number of key areas and provide a significant input for the development of the CoA's new strategic development plan. Specifically, the reviewers assessed the following areas:

- **Independence and Legal Framework** – examined the constitutional and legal framework in place to support the independence of the CoA and whether it was respected in practice.
- **Governance** – focused on the CoA's organisational structure and management arrangements to support effective decision-making, operational efficiency and effectiveness, and the delivery of its mandate. The policies and practices in place to promote ethical behaviour, and the transparency and accountability of the CoA were also examined.
- **Financial Audit: Process and Quality** – examining how the CoA conducts its financial audit work, the approach and methodology it is applying, with a focus on practice and not just methodology. It also examined the CoA's system of quality control and assurance. The peer review focused specifically on the annual mandatory audits, which cover the consolidated financial statements of 9 Ministries and the 3 central state budgets.
- **Financial Audit – Reporting and Achievement of results** – focusing on the delivery of good quality and timely outputs from its financial audits, that are publicly available and have impact.
- **Relationships with external stakeholders** – including how the CoA engages and communicates with external stakeholders, about its role, responsibilities, audit work and results, in order to increase its impact, and promote accountability and transparency.

It was agreed that the peer review would not consider a number of areas where significant development activities were already underway and/or the need for significant further development was already identified. These were:

- strategic and annual planning;
- managing, monitoring and reporting on organisational performance;
- resource management, including human, financial and physical resources; and
- performance and compliance auditing.

1.3. Assessment criteria and methods used

Standards and yardsticks applied

The standards and benchmarks applied in the peer review are the INTOSAI Framework of Professional Pronouncements (IFPP) and other guidance and practice provided through INTOSAI. Special attention has been given to the Guidelines on peer reviews (GUID 5600) and the SAI-Performance Management Framework (SAI-PMF) developed by INTOSAI Development Initiative (IDI).

The peer review team also considered “good” practices among the SAIs across Europe, based on the knowledge and experience of the members of the peer group. This could prove useful as many important aspects of the management of an SAI are not specified in standards, and helps allow practical solutions to be offered to the Institution being reviewed.

Methodology

The peer review was agreed before the Covid-19 pandemic developed. The pandemic led to a delays in the implementation of the review, but it was agreed in mid-2020 to move forward with the review. However, the working methods were adapted due to the constraints imposed by the peer review team not being able to undertake missions, with all review activities being undertaken remotely.

The peer review team used video conferencing tools to conduct interviews with relevant CoA officials and external stakeholders (Annex 1) and gathered significant documentation and information to analyse.

A peer review, by its very nature, is more of an assessment than an audit. The time-frame and resources available to the peers do not make it possible to fully substantiate all findings or investigate issues as deeply as would be required to be absolutely certain about the validity or representativeness of findings. As a result the peers used a contradictory procedure to confirm the accuracy and understanding of the facts. This Report takes account of the observations made during the process.

Limitations

Conducting the peer review remotely posed some challenges and created some limitations on how the peer review team operated. However, the team were broadly able to complete the review in line with the agreed scope.

The Report could not take into consideration the developments which took place after the interviews. Considering the period of time available as well only those aspects the Peers deemed to be significant or essential are dealt with in this report. The Report is therefore not intended to be a full description, nor an exhaustive view of all aspects of the organisation and work of the Institution.

1.4. Acknowledgments

We wish to express our warm thanks to the Institution, its management and staff and in particular the President of the Court of Accounts, Mr. Marian Lupu. We feel very indebted to those who took care of the organisation of the review, especially to Ms. Ecaterina Paknehad (Head of Staff), and Ms. Violeta Balan, our main contact person and overall coordinator. Our special thanks go also to our interpreter, Ms Elena Dolgii who made it possible for us to understand our interlocutors, and the documents and audit reports issued by the Institution and other bodies.

1.5. Road map (Readers Guide)

The peer review report is organised into seven chapters. The situation is assessed in each chapter and followed by the peer review team’s recommendations. After this introductory chapter, the report is organised as follows:

- ▶ Chapter 2 deals with the legal framework and independence of the Institution
- ▶ Chapter 3 examines the governance and management of the Institution, including management systems and organisational structure; transparency and accountability; and ethics
- ▶ Chapter 4 assesses financial audit practices as well as audit quality assurance
- ▶ Chapter 5 deals with the reporting and impact of the CoA's financial audit work
- ▶ Chapter 6 discusses engagement and communications with the main stakeholders of the Institution.
- ▶ The seventh and final chapter discusses the way forward for the Institution.

2. Independence and Legal Framework *Introduction*

The legal framework of an SAI is crucial to the functioning of an external audit institution. The Peer Review team examined the Constitution, the CoA Law, and other relevant Laws related to it, in order to get a picture of the legal framework under which the CoA operates. This analysis of the legal framework has been carried out against the background of the INTOSAI Principles, in particular INTOSAI-Ps 1² and 10³, the Lima Declaration and the Mexico Declaration, which amongst others lay down the principles and requirements for the independence of SAIs and the legal foundation thereof. The implementation of these INTOSAI Principles in the legal framework are the foundations for meeting the expectations on “*the implementation of internationally accepted external audit standards by the International Organisation of Supreme Audit Institutions (INTOSAI)*” articulated in the Association Agreement.

2.2. Constitutional Framework

The Lima Declaration states that SAIs can accomplish their tasks objectively and effectively only if they are independent of the audited entity and are protected against outside influence. According to the Lima Declaration the establishment of SAIs and the necessary degree of their independence should be guaranteed by the Constitution, and details may be set out in legislation. In particular, adequate legal protection by a supreme court against any interference with a SAI’s independence and audit mandate shall be guaranteed.

The independence of the members, should also be guaranteed by the Constitution. In particular, the procedures for removal from office should be included in the Constitution and should not impair their independence.

Finally, according to the Lima Declaration, the independence of SAIs provided under the Constitution and law should also guarantee a very high degree of initiative and autonomy, even when they act as an agent of Parliament and perform audits on its instructions. The relationship between the SAI and Parliament should also be laid down in the Constitution.

Article 133 of the Constitution of the Republic of Moldova states that:

“(1) The Court of Accounts controls the ways of creating, administering and utilizing public financial resources.

(2) The Court of Accounts is composed of 7 members.

(3) The President of the Court of Audit is appointed for a 5-year term by Parliament on proposal submitted by the President of Parliament.

(4) The Court of Accounts submits annually to Parliament a report on the administration and utilization of public financial resources.

(5) The Court of Accounts other powers, as well as its structure and functioning, will be established by organic law.”⁴

The Constitution addresses the role of the CoA, its structure, the appointment procedure of the President and the responsibility of the CoA to submit an annual report to Parliament. However, the Constitution does not specify the most important issue - the status of the CoA - that it is an independent institution and that it is the supreme audit institution in the country. The status of the SAI is directly linked to its organisational, functional, operational and financial independence and determines the credibility and effectiveness of the institution.

² INTOSAI-P1 The Lima Declaration

³ INTOSAI-P10 The Mexico Declaration on SAI Independence

⁴ The Constitution of the Republic of Moldova. https://www.legis.md/cautare/getResults?doc_id=128016&lang=ro#

In this case, as the status of the Court of Accounts is not enshrined in the constitution, the norms included in the second level legislation are subject to possible changes more often and thus pose a risk of the Institution's dependence on political demands and decisions.

2.3. CoA Law

Independence

Although SAIs cannot be absolutely independent because they are part of the state apparatus, they should have the appropriate degree of functional and organisational independence required to undertake their work. The legal framework should clearly establish SAI independence.

A new version of the Law on the organisation and functioning of the Court of Accounts of the Republic of Moldova (the CoA Law) was adopted by the Parliament of the Republic of Moldova on 7 December 2017, and subsequently amended in 26 April 2018, 27 July 2018, 20 September 2019, 6 February 2020, 11 September 2020 and 12 February 2021⁵.

Although the Constitution does not define the status of the CoA, Article 3 of the CoA Law confirms the Status of CoA:

“(1) The Court of Accounts is the Supreme Audit Institution of the Republic of Moldova that controls the formation, administration and use of public financial resources and public property by carrying out external public audit in line with International Standards of Supreme Audit Institutions.

(2) The Court of Accounts shall have organizational, functional, operational and financial independence under this law.

(3) In discharging its duties and powers, Court of Accounts cannot be directed or controlled by any legal entity or individual”.

The CoA Law stipulates that the CoA is the supreme audit institution of the country. Article 5 indicates that the CoA shall carry out its work independently from the Government, other public organisations, legal entities of public or private law, and individuals. Under the Constitution the relationship between the CoA and the Parliament is limited to the CoA submitting its annual report to the Parliament on the administration and utilization of public financial resources, while the CoA Law provides that the CoA is accountable to the Parliament.

The CoA law also includes a provision that *“Parliament have the right, through a decision to demand the CoA to perform some external public audits”*⁶, which could be seen as contradicting the provisions that the CoA shall decide independently on its audit programme, and its implementation⁷. As a result it could be interpreted that Parliamentary decisions could direct the CoA in setting its operational priorities and planning its audit work, including the time and human resources required for it.

The Independence of the Head of the SAI and its members

In line with the INTOSAI-Ps, legislation should specify the conditions for appointments, re-appointments, employment, removal and retirement of the head of SAI and members of collegial institutions. Legislation should provide that they are:

- appointed, re-appointed, or removed by a process that ensures their independence from the Executive;

⁵ Law on the organisation and functioning of the Court of Accounts of the Republic of Moldova (CoA Law), no. 260 of 17 December 2017 (subsequently amended in 26 April 2018, 27 July 2018, 20 September 2019, 6 February 2020, 11 September 2020 and 12 February 2021) https://www.legis.md/cautare/getResults?doc_id=118293&lang=ru

⁶ CoA Law article 6(5)

⁷ CoA Law article 9(1)

- given appointments with sufficiently long and fixed terms, to allow them to carry out their mandates without fear of retaliation; and
- immune to any prosecution for any act, past or present, that results from the normal discharge of their duties as the case may be.

The President and Members of the CoA are appointed by the Parliament under article 17 of the CoA Law. Their appointment is for five years, which is renewable once. The appointment of the President is done at the proposal of the Speaker of the Parliament. The CoA Members are proposed by the President of the CoA, following their selection through a public competition, and they are then elected by a majority vote of the elected Members of Parliament. The Deputy President of the CoA is appointed by the Parliament from among the CoA's members, on the proposal of the CoA President.

The CoA has a Regulation on the procedure for organizing and conducting the public competition for the selection of candidates for the position of member of the CoA, approved by a decision of CoA⁸. The Regulation includes requirements for: publishing the announcement on the organisation and conduct of the public competition on the website of the CoA, as well as in at least three national media sources; principles for organising and conducting the competition; eligibility criteria for candidates; the selection procedure; and the summation of results.

In 2019, the CoA organised one competition to select a candidate for a CoA member vacancy. A competition commission consisting of eleven people, including the six existing CoA Members, the Head of Staff and four representatives from academia, was approved by a decision of the Court⁹. A public announcement was published on 1 July 2019 for the position of CoA member with a further announcement on 24 October 2019 regarding the development of the public competition and the interview test for the post. The Competition Commission selected a candidate for the post in its decision on 31 October 2019, for approval by the Parliament¹⁰. This decision was published on the CoA website (4 November 2019).

CoA members hold the status of positions of public dignity. The Law on the status of persons with positions of public dignity regulates the general principles for the activities of persons holding responsible public positions if *"their status is not regulated by special laws^{11"}*. In the case of CoA members their activity is regulated specifically by the CoA law. The CoA Law determines the status of CoA Members: they are independent in carrying out their mandate and immovable during the mandate period¹², except for specific reasons as articulated in the Law. They shall have functions of public dignity through their appointment.

⁸ CoA Regulation on the procedure for organizing and conducting the public competition for the selection of candidates for the position of member of the CoA (new edition) no.8 of 26.02.2021

⁹ CoA Decision (1 July 2019)

¹⁰ CoA Competition Commission decision no.2 of 31 October 2019

¹¹ The Law on the status of persons with positions of public dignity no. 199 of 16 July 2010, article 3. https://www.legis.md/cautare/getResults?doc_id=60951&lang=ru

¹² CoA Law, Article 19

CoA members can only be dismissed by the Parliament, with the CoA Law regulating specific grounds for their dismissal and suspension¹³. The grounds for removal are limited to following:

- loss of the Republic of Moldova citizenship;
- conviction by final and irreversible ruling of a court of law for a crime;
- inability, for health reasons, to perform their duties for more than 4 months consecutively;
- declared as missing without trace, in accordance with the law;
- activity in a political party or other social-political organisation;
- a final decision of the National Integrity Authority on a breach of the legal regime for conflict of interest;
- deprivation of the right to occupy certain positions or to perform certain activities, as a principal or complementary punishment, by a final court decision;
- failure to submit the declaration of wealth and personal interests or refusal to submit it
- the existence of an irrevocable court decision ordering confiscation of unjustified wealth;
- breach of the obligation in the Law on the assessment of institutional integrity.

Situations where CoA Members may be suspended include:

- from the moment of charge, when a criminal case is instituted in respect to their activity;
- from the date when a criminal case is sent to the court in which they are accused of committing a crime, up to a final court decision.

The CoA Law ¹⁴ states that:

(3)The CoA Members may not be investigated, retained, or arrested unless requested by the Prosecutor General, with the consent of the Parliament.

(4)The CoA Members shall not bear civil, administrative or criminal liability for the opinions expressed and the decisions taken in the exercise of their functions, except in the cases when the courts find out the fulfilment or the omission of fulfilment by these persons, in bad faith, of any deed or action related to the exercise of the powers of the Court Accounts that caused damage to third parties.

The CoA Law obliges the President, Vice-president and Members of the CoA to carry out their functions in an independent and impartial manner. Their appointment for a term of five years is relatively short, and a renewable mandate can be seen as potentially impairing independence: being dependent on re-election by a political body may affect the independence of the member, and therefore the institution as a whole. A solution is often found in the formula of a longer, but non-renewable mandate.

In situations in which a CoA Member may be suspended in the event of criminal proceedings brought against them by the Prosecutor General, there may be instances where there is evidence or suspicion of criminal conduct, but there is no guilty final court judgment. The potential for bringing an action against a person solely on the basis of suspicion is an example of when a person could be manipulated, and influenced in their actions and decisions. However, in all cases where the suspension of a CoA Member is proposed, the consent of Parliament is required and removal requires a majority of the Members of Parliament.

This provides the CoA Members with some immunity from prosecution in the course of the duties but it is not clear whether this is sufficient to protect them for any act, past or present that results from the normal discharge of their duties. For example, there is no specific protection provided by a constitutional or supreme court.

¹³ CoA Law, Article 20

¹⁴ CoA Law, Article 19 (3), (4)

Organisational independence

To ensure the independence and objectivity of the work of a SAI, it is fundamental that it has autonomy and full discretion in discharging its responsibilities. They should be able to manage their organisations and plan their activities without interference from the Legislature or the Executive in the:

- organisation and management of their office, including the appointment of staff;
- selection of audit issues;
- planning, programming, conducting, reporting, and following-up their audits.

Under the CoA Law, the CoA has organisational, functional, operational and financial independence in discharging its duties and powers, and it cannot be directed or controlled by any legal entity or individual¹⁵. The CoA operates independently from the Government, other public organisations, legal entities of public or private law, and individuals¹⁶.

The CoA Law gives the CoA the power to define the internal organisation, approve the office structure and staffing, administrative procedures, regulations and manuals, instructions and guidelines and audit standards¹⁷. However, while the CoA Law effectively provides for the organisational independence of the CoA, other laws and their implementation effectively undermine the CoA's independence.

The activities of the CoA are carried out by personnel authorised to conduct public audit, specialists and technical personnel. Staff authorised to conduct public audit and specialists are subject to the Law on Public Service and the Status of Public Servants No.158/2008¹⁸. The rights and responsibilities of technical personnel are regulated by the Labor Law¹⁹.

The Law on Public Service and the Status of Public Servants regulates the general regime of the public service, the status of public officials, the mutual hierarchy of positions, as well as stipulating that the management of the public service and public officials is a matter of the Government's competence. Each public authority must submit to the Government all information relevant to the fulfilment of the requirements of this Law. All departments of the CoA apparatus are also subject to the requirements of this Law²⁰.

The Law on the approval of the Single Classifier of Public Positions No.155/2011 regulates the positions, responsibilities and the minimum requirements for staffing public authorities. The government has rights under the Law to take the necessary measures to implement the provisions of this Law, including approving the list of public authorities subject to this Law²¹. The second part of the appendix to the Law classifies and describes the CoA staff positions. Under this law and Law on Public Service and the Status of Public Servants, the Government adopted Decision no.1001 on 26 December 2011. This decision determined the institutions to which the above-mentioned Laws applied, the norms for the creation of structural units, and the requirement for staffing tables to be submitted for approval. The implementation of this Government decision applies to the CoA.

As a result the Government directly regulates the CoA by setting requirements for the establishment of the organisational structure of the CoA. The CoA is also required to submit the details of its staffing and organisational structure to the State Chancellery for approval.

¹⁵ CoA Law, Article 3 (2), (3)

¹⁶ CoA Law, Article 5 (3)

¹⁷ CoA Law, Article 15

¹⁸ Law on Public Service and the Status of Public Servant, No. 158/2008 servant, article 4, 7, 11, 13
https://www.legis.md/cautare/getResults?doc_id=115176&lang=ru

¹⁹ CoA Law, Article 23

²⁰ Law no. on the Public service and the status of the public servant, article 4, 7, 11, 13

²¹ Law on the approval of the Single Classifier of public positions no. 155/2011, article 1, 3, 5
https://www.legis.md/cautare/getResults?doc_id=115200&lang=ru

The Law on the Unified Salary System in the Budgetary Sector²² includes principles, rules and procedures for setting salaries for the public sector. The Law regulates the formulation of salaries, and remuneration with the levels, classes and coefficients of remuneration established in the annexes to this Law. The provisions of the Annex 3 of this Law regulate the job code and title, pay grade and the related pay ratio for CoA Members and CoA employees who are civil servants (for example, Chief Public Auditor, Senior Public Auditor, Public Auditor, Chief Consultant, Senior Consultant)²³.

The entry into force of Law on the Unified Salary System in the Budgetary Sector changed the principles for determining the basic salary. In order to ensure that employees' salaries were not reduced when the law entered into force, it stipulated that employees should not be paid less than they were before the law entered into force²⁴.

Approximately 60% of CoA employees were in post before the law entered into force and under the new system would have been paid less than before, if they did not receive a salary that included the compensatory pay difference which is on average was around 30%. For employees who started employment with the CoA after 1 December 2018 they are paid under the new salary system and as result receive a significantly lower (at least 30%) monthly salary than colleagues in the same position doing the same job. Apart from this basic inequity, the determination of salaries also impacts employee motivation for their professional development and promotion, because even if they are promoted, their salary may not be increased as long as it does not exceed the compensatory pay difference.

Under the unified salary system there also significant differences in the remuneration for equivalent positions (in terms of professional requirements) in different institutions. The Law on the State Budget for 2020 sets the reference value for salaries, differentiated by groups of institutions. For the public sector employees a base salary rate of MDL 1 650 was established, which also applies to CoA employees. Institutions such as the Information and Security Service, the National Anti-Corruption Centre, the National Integrity Authority, the Service for the Prevention and Fighting of Money Laundering, which belong to the same professional group of institutions as the CoA, have a reference value of MDL 2 500 or 50% higher²⁵.

The remuneration of employees under the unified salary system apart from establishing basic salaries also includes monthly allowances which also vary significantly for employees in professionally equivalent positions. Employees working in budgetary institutions, including CoA staff, can receive a bonus up to 10% of the annual basic salary. In accordance with Government Decision "On the implementation of the provisions of Law No. 270/2018 on a unified system of remuneration in the public sector", special bonuses of up to 110% of the annual basic salary can be paid to employees of the Customs Service and the State Tax Service²⁶. In addition, the Law²⁷ entitles the Government to determine the procedures for assigning an annual bonus and the amount for each budget year²⁸.

In view of the requirements of the Public Service, Public Servants, Remuneration and Job Classification Laws and Government Decisions, the CoA is not independent in determining its personnel policy and organizational structure, and consequently also has limited discretion to decide on the more efficient use of its budget and other resources. The implementation of these Laws are in conflict with the organisational, functional, operational and financial independence of the CoA as articulated in the CoA law and international standards.

²² Law on the Unitary Salary System in the Budgetary Sector no.270/2018

²³ Law on the Unitary Salary System in the Budgetary Sector, article 25, annex 3
https://www.legis.md/cautare/getResults?doc_id=119781&lang=ru

²⁴ Law Unitary Salary System in the Budgetary Sector, article 27

²⁵ Law on the State Budget for 2020, No. 172 of 19 December 2019, article 10
https://www.legis.md/cautare/getResults?doc_id=119651&lang=ru

²⁶ Government Decision No.1231 of 12 December 2018 "On the implementation of the provisions of Law No. 270/2018 on a unified system of remuneration in the public sector", Annex no.4
https://www.legis.md/cautare/getResults?doc_id=121248&lang=ru

²⁷ Law on the Unitary Salary System in the Budgetary Sector

²⁸ Law on Unitary Salary System in the Budgetary Sector, article 21¹

The provisions for determining the salaries of the CoA staff do not recognise the status, importance and professional requirements of the CoA's role in supporting the accountability of the Government and public bodies in their use of public resources. The remuneration system also undermines the CoA's ability effectively manage its resources and motivate its staff.

Financial independence

The Lima and Mexico declarations state that SAIs should have available, necessary and reasonable human, physical and monetary resources to undertake their role and mandate. They also indicate that the Executive should not unduly interfere with the SAI's budget proposal, and after the budget has been adopted by the Legislature, the SAI should be free to manage its budget, the allocation and disbursement without interference or control from the Executive. If required, they should also be entitled to apply directly for the necessary financial means to the public body deciding on the national budget i.e. the legislature or one of its commissions.

On 20 September 2019, the CoA Law was amended to harmonize it with the rules for drawing up, reviewing and adopting the budgets of independent/autonomous institutions. Article 4 of the CoA Law provides that

“CoA activities are financed from the state budget; the CoA has its own budget, which is managed by it independently in accordance with the legislation; the budget of the CoA is developed and approved in accordance with the principles, rules and procedures stipulated by the Law on Public Finance and Fiscal Responsibility No.181/2014 for independent / autonomous budget bodies; the CoA has the right to apply to the Parliament if the allocated funds are insufficient to carry out activities.”

In accordance with the Law on Public Finance and Fiscal Responsibility²⁹ the independent/autonomous budgetary authorities develop their draft budgets in accordance with the budget planning methodology, following:

- a) the macroeconomic framework, budgetary and fiscal policy, sectorial policies, as well as the inter-budgetary expenditure/transfers within the medium-term budgetary framework;
- b) the performance performed/assumed within the programmes of the public authorities by area of competence;
- c) specific features included in the Circular on the preparation of annual budgets.

Annually the Ministry of Finance issues the circular on the elaboration and presentation of proposals for the draft State Budget for the following budget year. The budget circular guides Central Public Authorities in the process of elaborating their proposals for the draft State Budget. In the budget preparation circular for 2020-2022, the CoA baseline budget for the three years 2020, 2021 and 2022 was set by the Ministry of Finance at MDL 50678.5 thousand.³⁰ During the preparation of the draft state budget for 2020, the revenue forecast was reduced and, consequently, the forecast budget expenditures of state institutions were reduced. The amount of CoA 2020 budget expenditures were reduced by the Ministry of Finance to MDL 48151.8 thousand.

Article 51 of the Law on Public Finance and Fiscal Responsibility requires that the approved draft budgets of independent/autonomous budgetary authorities, are submitted to the Government, with the advisory opinion of the Ministry of Finance in line with the budget calendar, in order to be included in the draft state budget to be submitted to the Parliament for adoption. If an independent/autonomous budgetary authority does not agree with the parameters of the approved draft budget submitted by the Government, the Authority has the right to submit objections to the Parliament. The Parliament takes the final decision on the budget of the independent/autonomous budgetary authority.

²⁹ Law on Public Finance and Fiscal Responsibility, No.181/2014 ,Article 51
https://www.legis.md/cautare/getResults?doc_id=21383&lang=ru

³⁰ Circular on the elaboration and presentation of proposals for the draft State Budget 2020-2022
<https://mf.gov.md/ro/buget/circulara-bugetar%C4%83>

In practice, the draft budget submitted by the CoA to the Ministry of Finance, is revised by the Ministry of Finance and included in the draft state budget for submission to the Government. The original budget submitted by the CoA is not provided to the Government or the Parliament. Exhibit 1 shows the progress and result of the preparation of the CoA 2020 draft budget after receiving the advisory opinion of the Ministry of Finance.

Exhibit 1. Outcome of the CoA 2020 draft budget review by the Ministry of Finance

CoA Decision No.52 of 16.08.2019. Draft budget for 2020, total		Draft CoA 2020 budget approved by the Ministry of Finance, total
75 717.2	<u>MDL thousand</u>	48 151.8
49 142.5	Ongoing policy measures, which have financial coverage in the baseline	47 251.8
900.0	New policy measures (2 activities)	900.0
25 674.7	Measures without financial coverage (18 activities)	0

During the consideration of the state budget for 2020 in Parliament, the CoA submitted its proposals to the Parliamentary Committee on Economy, Budget and Finance for additional expenditure in the budget. When considering the law on the state budget for 2020 in the second reading in the Parliament, the proposals submitted by the MPs on additional expenditures in the CoA budget in the amount of MDL 6 million were supported. As a result, in the State Budget Law for 2020 approved by the Parliament, the CoA budget is MDL 54 151.8 thousand.

While the requirement for the CoA budget to go through the Ministry of Finance for inclusion in the draft state budget to be subsequently submitted to the Parliament does not necessarily undermine the independence of the CoA, it is dependent on the role the Ministry of Finance plays. If the CoA budget request is included in the state budget without amendment for transmission to the parliament in conjunction with any opinion of the Ministry of Finance wishes to provide then to all intents and purposes the independence of the CoA is respected. However the harmonisation of the budget process for the CoA with the general procedures for the drafting, consulting and adopting the state budget, has lead in practice to the Ministry of Finance significantly revising the draft budget of the CoA, with this being submitted to the Government and Parliament without the CoA's original budget request being provided. As a result the independence of the CoA is undermined, even when taking into account that the CoA's statutory ability to appeal directly to parliament and that the final adoption of the state budget falls within the exclusive competence of the Parliament.

Under the current process for setting the CoA's budget the Ministry of Finance and the Government, are directly involved determining the resources of the CoA and as result the CoA's operational priorities and activities. For example in the CoA's 2020 budget proposal the Ministry of Finance rejected funding for a number of specific policy priorities to support the development of the CoA and also funding to conduct audits of diplomatic missions. This is a direct and fundamental conflict of interest as the Ministry of Finance and Government are audited entities of the CoA, creating the clear risk that they will implement measures to undermine the ability of the CoA to deliver its responsibilities.

With respect to the implementation of its approved budget there are no specific restrictions on how the CoA uses its funds. However 83% of the approved budget is for staff costs leaving little flexibility.

Broad Mandate

An SAI should have a sufficiently broad audit mandate, covering all (or most) public financial operations, including extra-budgetary funds. In fulfilling their mandate the SAI should also be empowered to carry out all relevant types of audit activity, including performance audit (value for money), and free to choose the subjects or issues to be audited.

Article 9 of the CoA Law gives the CoA the right to independently determine its programme of audit activity and the procedure for its implementation. It requires the CoA to plan its audit activities over the medium term by developing a long-term audit programme (usually for three years), updated annually. The annual audit programme is developed on the basis of a long-term programme. While the CoA Law states that no authority is entitled to amend the audit program, legal and/or natural persons may express their wishes regarding the entities subject to audit. However, the final decision on audit activity is made solely by the CoA.

However, as we have already pointed out, Parliament is entitled, by its decision, to demand the CoA to carry out certain tasks. The CoA's planning of its work is made more manageable by the fact that the Parliament has a specific time limit of 15 September by which it must submit its proposals for the annual audit programme.

For instance, on 7 July 2019, the Parliament adopted a decision requiring the CoA to conduct an audit of the de-nationalisation of public property in four state-owned companies by 31 December 2019 and required the CoA to include in the Annual Audit Programme for 2020 the audit of the de-nationalization of public property for 2013-2019³¹.

The Law states that the CoA can perform financial, compliance and performance audits³². The law also specifically provides the CoA with the right to perform combined (comprehensive) audits. In conducting all types of audits, the CoA is required to evaluate the indicators of fraud and corruption.

The Law³³ gives the CoA broad audit powers to audit public entities and resources. The law states that the CoA has the right to audit the use of public financial resources by any beneficiaries, regardless of the type of ownership and legal form, as well as by political parties, and the right to verify all financial, administrative and other activities, programs and projects including the process of selling, privatizing or concession of assets and the income received from them. Specifically it provides for the CoA to conduct all types of audit in:

- all public institutions, including self-governed public institutions and authorities;
- state and municipal enterprises,
- commercial companies whose share capital is wholly owned by the state or administrative-territorial unit,
- commercial companies in which the state, the administrative-territorial units, the state and municipal enterprises hold, separately or together, at least half of the share capital.

With respect to central regulatory public authorities the CoA is limited to only auditing their expenditure and for political parties the CoA is limited to auditing expenditures made from funds provided by the state budget.

The CoA is also entitled to conduct audits on the use of public financial resources allocated to an (private) institution or organisation; the management of public property and its efficiency through public-private partnerships; the management of public property and efficiency under concessions; and loans, credits and debts guaranteed by public sector entities.

³¹ Resolution of the Parliament of the Republic of Moldova on the request for an audit of the privatization of the public property and privatization for 2013-2019, No 83 on 19 July 2019

³² CoA Law , Article 31

³³ CoA Law, Article 32

In terms of mandatory requirements the Law requires the CoA to conduct financial audits each year on the annual reports of the Government on the execution of the state budget, the state social insurance budget, the budget of compulsory health insurance funds and the Ministries reports on the execution of budgets³⁴. The CoA is also obliged to conduct audits of:

- the legality and regularity of expenditure estimates and investment allowances of the National Bank. The audit is limited to the examination of the operational efficiency of the decisions taken by the National Bank's management, excluding those related to the implementation of monetary and foreign exchange policy and to the state foreign exchange reserves management³⁵;
- the legality, regularity and efficiency of the formation and use of the budget of the National Agency for Energy Regulation³⁶;
- the control over the financial and economic activities of the National Commission of the Financial Market³⁷;
- the financial activity of the Information and Security Service of the Republic of Moldova³⁸;
- the activity of the National Integrity Authority³⁹.

A number of special laws also include specific requirements for the CoA to carry out audit work, although these audits are not mandatory or required annually, including:

- after the elections are concluded, the Central Electoral Commission shall submit to the Parliament, as soon as possible, a report on the management of the allocated funds, together with the opinion of the CoA⁴⁰;
- the performance audit of the Competition Council⁴¹;
- the audit of the financial activity and use of financial resources used by the Border Police⁴²;
- the audit of the use of the budget allocated for the maintenance of the General Inspectorate for Emergency Situations⁴³;
- the audit of the use of the budget allocated for the National Anti-Corruption Centre's maintenance⁴⁴.

³⁴ CoA Law, Article 6 (1) b)

³⁵ Law on the National Bank of Moldova No. 548/1995, Article 21
https://www.legis.md/cautare/getResults?doc_id=66550&lang=ru

³⁶ Law on Energy, No. 174 of 21 September 2017, Article 11 (8)
https://www.legis.md/cautare/getResults?doc_id=110368&lang=ru

³⁷ Law on the National Commission of the Financial Market, No. 192-XIV of 12 November 1998, Article 6 (7)
https://www.legis.md/cautare/getResults?doc_id=84363&lang=ru

³⁸ Law on the Information and Security Service of the Republic of Moldova, No. 753-XIV of 23 December 1999, Article 20 (4) https://www.legis.md/cautare/getResults?doc_id=108511&lang=ru

³⁹ Law on the National Integrity Authority, No.132 of 17 June 2016, Article 4 (4)
https://www.legis.md/cautare/getResults?doc_id=94148&lang=ru

⁴⁰ The Electoral Code, No.1381-XIII of 21 November 1997, Article 38 (3)
https://www.legis.md/cautare/getResults?doc_id=18262&lang=ru

⁴¹ Competition Law, No. 183 of 11 July 2012, Article 37 (3)
https://www.legis.md/cautare/getResults?doc_id=22364&lang=ru

⁴² Law on Border Police, No. 283 of 28 December 2011, Article 59 (2)
https://www.legis.md/cautare/getResults?doc_id=106470&lang=ru

⁴³ Law of the General Inspectorate for Emergency Situations, No.93-XVI of 5 April 2007, Article 10 (2)
https://www.legis.md/cautare/getResults?doc_id=24951&lang=ru

⁴⁴ Law on the National Anti-Corruption Centre, No. 1104-XV of 6 June 2002, Article 44 (3)
https://www.legis.md/cautare/getResults?doc_id=66260&lang=ru

As the Constitution stipulates that *“the Court of Accounts other powers, as well as its structure and functioning, will be established by organic law⁴⁵”*, and taking into account the principle that the CoA must be independent in use of its own resources and in approving its audit work programme, the CoA's activities should be regulated by the CoA Law and not piecemeal through other laws as well.

While the CoA's statutory audit mandate is broad, at the same time it presents a major challenge to ensure that all institutions subject to public external audit are audited with a reasonable degree of regularity, reflecting the risks to the use of public resources. Each year, the CoA's audit programme must include 16 mandatory financial audits (3 Government reports: execution of State Budget, Social insurance and Health insurance budgets and 13 Ministries budgets (which consolidate 329 subordinates)) and the audit of the National Integrity Authority.

In addition to these annual mandatory audits there are about 2300 audited entities that could be subject to audit by the CoA including:

- 15 central specialised bodies of the public administration,
- 14 regulatory authorities,
- 15 independent/autonomous public authorities, ,
- 899 first level local public authorities,
- 35 second level local public authorities
- 226 state enterprises and 550 municipal enterprises,
- 435 medical and sanitary institutions,
- 65 joint stock companies with a more than 50% state share and 41 joint stock companies with a more than 50% administrative-territorial unit share⁴⁶.

In 2019, the CoA implemented 34 financial audit missions, 5 performance audit missions, 10 compliance audit missions and 5 follow-up missions. These missions covered about 500 entities, including: 113 central public authorities, 312 local public authorities, and 77 state and municipal enterprises, public institutions, independent public bodies and other beneficiaries of public funds⁴⁷.

The CoA audit priorities in its Audit Strategy 2019-21 were

- continuing to conduct compliance and performance audit missions in areas of socio-economic importance (health and social insurance, education, poverty reduction, infrastructure development, central public administration reform, public sector wage reform etc.);
- mandatory assessment of the level of implementation of recommendations made in the annual financial audit missions.
- performing follow-up missions, in particular to assess the impact of implementing recommendations made in thematic or system audit missions in areas of socio-economic or specific importance;
- auditors' specialization by type of audit;
- standardising audit activities, including by implementing and using a specialised software system;
- improving the quality of audit missions, audit methodologies and the professional skills of audit staff⁴⁸.

The Audit Strategy also outlined the planned distribution of resources by type of audit, with the goals set for 2021 of 40% for financial , 25% for compliance, and 25% for performance audits, with 10% for ad hoc missions (e.g. requests from Parliament, civil society etc.)

While the CoA has a broad mandate, the number of entities potentially subject to audit and the limited resources of the CoA creates clear challenges in planning and delivering a comprehensive work programme over the medium term that delivers effective accountability and transparency for public resources. It is

⁴⁵ The Constitution of the Republic of Moldova, Article 133.5)

⁴⁶ Court of Accounts Audit Strategy 2019-2021 (Multi-annual plan) <https://www.ccrm.md/ro/strategie-de-audit-3572.html>

⁴⁷ Annual Activity Report of the Court of Accounts of the Republic of Moldova 2019

⁴⁸ Court of Accounts Audit Strategy 2019-2021 (Multi-annual plan)

therefore important that the CoA has a strategic and risk-based approach to the development of its audit programme, so that the results of its audits have a significant impact for the society, and strengthen the authority of the CoA as a competent and professional institution.

On 1 June 2020 the CoA approved the Regulation on the annual and multi-annual planning of the audit activity of the CoA, which sets out and describes the activities, mechanisms and procedures used in drawing up, amending and monitoring the implementation of the CoA's multiannual audit program/audit strategy and annual audit program⁴⁹. The intention of this regulation is to provide a methodological framework for planning audit work that is risk based and ensures a more targeted use of resources.

Access to information.

To enable an SAI to effectively carry out its work it should be entitled to free, timely and unrestricted access to all documents, information and premises it might need for the proper discharge of its responsibilities. Specifically an SAI should have:

- access to all the records and documents it needs, irrespective of the format in which they are held;
- right of access to the premises of audited bodies for its staff;
- staff of audited bodies are required to provide the information and explanations requested by the SAI;
- enforcement mechanisms in place to ensure that information is provided on a timely basis.

The CoA Law determines, that in order to fulfil its functions the CoA *“has the right to request information and use materials compiled by other public authorities / public institutions, which are required to submit them upon request, provided that the guarantees of the observance of the procedural rights of entities and other guarantees provided for by law are not violated⁵⁰”*.

CoA personnel authorised to conduct the public audit, in the performance of their duties, have the right to:

- request and receive any acts, documents, information or other materials necessary for the audit, regardless of the status of individuals or legal entities possessing them;
- have unhindered access to the territory, buildings or other premises of the audited entities to verify the availability and use of public financial resources or public property;
- request, and not more than five business days from the day of the request, to receive from managers and other officials oral and written explanations, copies of documents⁵¹.

In order to be able to carry out the audit work properly, to assess the risks and errors in the process of managing public finances and public property, the CoA *“has direct, free and unlimited access, within reasonable time limits, to digital information and databases necessary for the proper exercise of legal authority⁵²”*.

The audited entity, in turn, has a duty to:

- provide public auditors with access to their territory, into their buildings and other premises and create appropriate working conditions for them;
- present at the request of the public auditor, within a reasonable time, not exceeding the limits established by the auditor, the necessary acts, documents, information and databases;
- provide, at the request of the public auditor, oral and written explanations;

⁴⁹ CoA Decision on the Regulation on the annual and multi-annual planning of the audit activity of the Court of Accounts, no.19 of 1 June 2020

⁵⁰ CoA Law, Article 7 (3)

⁵¹ CoA Law, Article 29 (1)

⁵² CoA Law, Article 32 (8)

- submit written comments (explanations) on the draft audit report with an expression of consent or disagreement with the statements and conclusions set out there in within 7 working days⁵³.

This means that each public authority/institution is obliged to provide the CoA with the information required to carry out its audit work.

In cases where the audited entity fails to comply with these requirements, the CoA Law provides for the application of sanctions in accordance with the Code of Offences⁵⁴. In turn, if the management of the audited entity fails to fulfil its obligations, the President of the CoA may inform the Parliament, the President of the Republic of Moldova, the Government or the competent local public administration authority about this⁵⁵.

The CoA Law provides the CoA with the rights to obtain all the information needed to carry out its work, including both documents and electronic databases. Unfortunately, there are instances when during the audit the audited entity refuses access to the databases and delays the submission of information. The main argument provided by the audited entities relates to rules for protecting personal data, and interpreting the CoA's right as the right to obtain data, but not to process the data, resulting in CoA auditors spending more time in obtaining information. In 2018, the CoA twice exercised the right granted by the CoA Law to impose administrative penalties on the audit entity for failing to provide information.

All instances where there were problems in obtaining the information required for the audit were eventually resolved by the CoA through negotiations between the relevant Court Member or the Head of the General Audit Department (GAD) and the Head of the audited entity.

The Ministry of Finance is one of the largest audited entities in terms of the size of databases. Under an Order of the Minister of Finance in December 2019⁵⁶, the Ministry of Finance approved a Regulation on how it would cooperate with the audit missions carried out by the CoA and the implementation of the recommendations and requirements of the CoA. The procedures specified in the regulation provided for a multi-stage harmonization process before submitting information to auditors, leading to the auditors consuming additional time in obtaining information (access to databases) in audits related to the area of responsibility of the Ministry of Finance. Steps to improve mutual co-operation were taken during the CoA Plenary on 28 July 2020, when an oral promise from the Minister of Finance was received to provide CoA auditors with passwords for remote access to databases of the Ministry of Finance⁵⁷.

The CoA does not have the right to make legislative initiatives. However, MPs that support the CoA in conducting its audit work effectively have submitted to Parliament amendments to the laws to strengthen the responsibility of the management of the institutions to provide the information required for audits and to ensure the right of the CoA to process personal data.

The right and obligation to report on their work.

SAs should be free to report the results of their audit work to parliament and be required to report to parliament at least once a year. They should also be free to decide on the content of their audit reports, and publish and disseminate their reports once they have been formally tabled or submitted. There should also be effective mechanisms for the follow-up of the SAs audits.

The CoA Law states that among the principles on which the activities of the CoA must be based are accountability and transparency - accountable to the Parliament and society, and carrying out its work transparently and openly⁵⁸.

⁵³ CoA Law, Article 36 (2)

⁵⁴ Code of Offences, Article 349 and 423 https://www.legis.md/cautare/getResults?doc_id=131058&lang=ro#

⁵⁵ CoA Law, Article 36 (3), (4)

⁵⁶ Order of the Minister of Finance no.173 of 20 December 2019

⁵⁷ Information obtained from interviews.

⁵⁸ CoA Law, Article 5

The CoA Law stipulates that the CoA should submit annually to the Parliament by 1 May the annual report on its activities, by 1 June the audit reports on the annual reports of the Government on the execution of the state budget, the state social insurance budget and funds of compulsory health insurance funds, by 15 September the annual report on the management and use of public financial resources and public property, and other reports at its discretion⁵⁹.

The CoA Law also imposes an obligation that all the three annual reports should be published in the Official Monitor of the Republic of Moldova within 15 days of their approval by the CoA and be submitted to the President of the Republic of Moldova and the Government⁶⁰.

The Rules of Parliament provide that the Parliament hears in plenary the CoA annual activity report, the audit reports on the execution of the state budget, the state social insurance budget and funds of compulsory health insurance funds, simultaneously with the relevant reports of the Government, the annual report on the management and use of public financial resources and public property, and other reports of the CoA on which the Public Finance Control Commission considers it necessary to hold hearings. Public hearings on the reports provided by the CoA are held by the Public Finance Control Commission⁶¹.

The CoA Law obliges the CoA to inform law enforcement authorities of any violations it identifies, the examination of which are within the relevant law enforcement authorities' competence⁶².

The CoA has a legal obligation to inform the public about its activities not only by submission of reports to the Parliament and their subsequent publication in the Official Monitor of the Republic of Moldova, but also by: publication of reports on its official web page, as well as in other electronic media; holding press conferences and other public awareness events; by the publication of press releases and other information at its discretion, with the exception of state, commercial or other secrets protected by law; by conducting an external audit of its financial statements and publishing an external audit opinion on its official web page⁶³.

While the CoA Law establishes some statutory requirements for the timing of certain reports and includes some minimum requirements for matters that should be included in reports, it provides the CoA with the power to determine in its regulations the form and substance of its reports and how the auditor's reports should be handled⁶⁴. The law also provides the CoA with the power to set deadlines by which the audited entities and other institutions indicated in audit reports are required to report on the implementation of recommendations or on the reasons for their non-implementation⁶⁵. The CoA has a duty to follow-up the implementation of recommendations⁶⁶.

The CoA publishes on its website (www.ccrm.md) all annual reports and decisions on the approval of audit results, audit reports and recommendations and deadlines for their implementation. The auditor's opinion on the CoA's financial statements are also published on the CoA website in the Transparency Section⁶⁷. Each CoA decision approving an audit report or annual report specifies to whom the report is sent and where the report is published.

Press releases are regularly prepared, published on the website and sent to the media about the activities and news of the Institution.

The CoA send to law enforcement authorities' details of violations identified in its audits. In order to better understand the specifics of the work of CoA auditors and to make more effective use of the information

⁵⁹ CoA Law, Article 6 (1)

⁶⁰ CoA Law, Article 6 (2)

⁶¹ Law on adoption of the Rules of Parliament, No. 797-XIII of 04/02/1996, Article 128¹
https://www.legis.md/cautare/getResults?doc_id=89041&lang=ru

⁶² CoA Law, Article 7 (1), (2)

⁶³ CoA Law, Article 10

⁶⁴ CoA Law, Article 34 (3)

⁶⁵ CoA Law, Article 37 (1)

⁶⁶ CoA Law, Article 37 (3)

⁶⁷ The Auditor's opinion on the CoA's financial statements <https://www.ccrm.md/ro/rapoarte-de-audit-extern-91.html>

on violations in audited entities obtained through audits, the CoA meets regularly with law enforcement authorities through the Cooperation Council between the CoA and law enforcement bodies.

The CoA exercises all rights and obligations under the CoA Law, informing both the legislature and the public about its activities and results, as well as cooperating with law enforcement bodies.

2.4. Conclusion

The CoA is included in the constitution and the CoA Law is reasonably well developed and if implemented appropriately would provide the CoA with sufficient independence and autonomy. However, the Constitution does not address a number of issues adequately, and in particular does not address the status of the CoA, that it is an independent institution. Additionally there are provisions in the CoA Law that could be strengthened and the implementation of other laws, in particular those relating to the budget, the public service and salaries, effectively undermine key elements of the CoA's organisational, functional and financial independence.

For the CoA to be credible and effective, the legal framework should be changed so as not to affect the institutional, functional, operational and financial independence of the institution.

The INTOSAI Principles are applicable to all Institutions who are members of INTOSAI. If we systematically compare the eight principles of the Mexico Declaration (INTOSAI-P10) with the legal framework of the CoA, we come to the following assessment:

Principle 1: The existence of an appropriate and effective constitutional/statutory/legal framework and of de facto application provisions of this framework. This principle is partially complied with. The Constitution does not address the independence of the CoA and while CoA law generally provides the CoA with the relevant autonomy and independence, the broader legal framework and its implementation by the Executive effectively undermine the autonomy and discretion of the CoA and therefore its independence.

Principle 2: The independence of SAI heads and members (of collegial institutions), including security of tenure and legal immunity in the normal discharge of their duties. This principle is partially complied with. The independence of the CoA Members is not laid down in the Constitution. The CoA Law articulates the independence of CoA Members and provides them with some immunity from prosecution in the course of their duties, but it is not clear whether this is sufficient to protect them for any act, past or present that results from the normal discharge of their duties. The appointment of CoA members for a term of five years is relatively short, and a renewable mandate can be seen as potentially impairing independence, as it is dependent on re-election by a political body.

Principle 3: A sufficiently broad mandate and full discretion, in the discharge of Supreme Audit Institution functions. This principle is partially complied with. The CoA Law provides the CoA with a broad mandate to audit all public bodies and resources, and the power to undertake the different types of audit. However, the laws for a small number of entities prescribe the audit work the CoA to conduct for these entities and when that work must be done, placing some limits on the discretion of the CoA. Additionally, the Parliament has the right, by its decision, to demand the CoA to carry out certain tasks, which to a degree limits the CoA in determining and approving the use of its own resources and in approving its audit work program, .

Principle 4: Unrestricted access to information. This principle is partially complied with. The CoA Law provides the CoA with the rights to obtain all the information needed to carry out an audit, but in practice there are instances where access to information has been refused or delayed.

Principle 5: The right and obligation to report on their work. This principle is complied with. The CoA exercises all rights and obligations under the CoA Law, informing both the legislature and the public about its activities and results, as well as cooperating with law enforcement bodies.

Principle 6: The freedom to decide the content and timing of audit reports and to publish and disseminate them. This principle is complied with.

Principle 7: The existence of effective follow-up mechanisms on SAI recommendations. This principle is complied with.

Principle 8: Financial and managerial/administrative autonomy and the availability of appropriate human, material, and monetary resources. This principle is not respected. The Ministry of Finance and the Government, which are audited entities of the CoA, are directly involved in assessing the operational priorities of the CoA and determining the amount of resources (budget) required to ensure the operation of the CoA. Also, the requirements of the laws and Government decisions related to the public service, public servants, remuneration and job classification mean the CoA is not independent in determining its organisational structure and the management of its staff. As a result, there are limitations on the discretion of the CoA in the efficient use of its budget and other resources.

2.5. Recommendations

In order to meet the expectations of Article 49(e) of the Association Agreement and for the CoA's to comply with INTOSAI principles on independence, so that it is able to manage its resources independently and effectively, ensuring the long-term return on the resources invested in the CoA development, there are a number of issues that should be addressed as a matter of priority. Below are the key recommendations related to independence identified during the peer review:

- ▶ The status of the CoA is directly linked to its organisational, functional, operational and financial independence and determines the credibility and effectiveness of the institution. When the Constitution is reviewed the status of the CoA should be adequately addressed, with specific reference to it being an independent institution and the supreme audit institution in Moldova.
- ▶ The CoA should have autonomy in determining its priorities and work programme. Currently this is affected by the ability of the Parliament to demand the CoA undertakes certain work and the budget process. We recommend that the CoA law is amended to reflect that the CoA is solely responsible for setting its operational priorities and work programme, and while parliament and other may suggest audits that the CoA should consider, it is solely the decision of the CoA about whether to undertake the requested work.
- ▶ The term of five years for Court Members is relatively short, and the renewable mandate can be seen as potentially impairing independence. Consideration should be given to amending the provisions to provide for a longer, non-renewable mandate (for example between 8 to 10 years). Additionally, members should not all be appointed at the same time to ensure that there is some level of ongoing continuity and institutional memory in the membership of Court.
- ▶ The requirements of the CoA law with respect to organisational, functional and operational independence should be respected by the Executive. The implementation of the laws and decisions on public service, public servants, remuneration and job classification are in conflict with the organisational, functional, and operational independence of the Institution approved by the CoA Law. This should be addressed with the CoA being able to manage its personal and determine its staffing and organisational structure without interference of the Executives.
- ▶ The CoA should have sufficient status, in particular in respect of its professional requirements and its important role in scrutinising the use of public resources. This should be reflected in the remuneration of CoA staff which should at least be commensurate with employees of institutions with similar professional requirements.

- ▶ The requirements of the CoA law with respect to financial independence should be respected by the Executive and effectively implemented. The Ministry of Finance and the Government should have no direct involvement in assessing the operational priorities of the CoA, deciding what activities the CoA will implement, or in revising the budget submitted to parliament. We recommend that the consideration of the CoA's budget should fall solely within the competence of Parliament, without amendment or revision by the Ministry of Finance or Government
- ▶ The audit mandate of the CoA should be articulated solely in the CoA law. The provisions of other laws in this regard should not be contrary to the provisions of the CoA Law or place mandatory audit requirements on the CoA. Consideration should be given to removing the provisions in other laws that prescribe specific audits for certain institutions, and they should be included in the CoA law if considered appropriate.
- ▶ In order to ensure that the role of the CoA is fulfilled to a high-quality and in a timely manner, balancing the workload of the organisation with the limited resources required for its performance, the CoA should ensure that the Regulation on the annual and multi-annual planning of the audit activity of the CoA is implemented, with risk based audit plans developed. This should be effectively deployed so that the COA's limited resources deliver a work programme over the medium term that has impact, and effectively supports accountability and transparency for the use of public resources.

3. Governance and Management

3.1. Introduction

SAIs should be model organisations leading by example and adopting and complying with the principles of good governance. The SAI should be organised rationally, to support effective decision-making, and efficient and effective delivery of its mandate. It should adopt and implement policies or practices which promote ethical behaviour, transparency and accountability of the institution, which help to promote trust and confidence in the work of the SAI and its staff.

As INTOSAI-P20⁶⁸ states in its introduction:

“SAIs are (...) responsible for planning and conducting the scope of their work and using proper methodologies and standards to ensure that they promote accountability and transparency over public activities, meet their legal mandate and fulfil their responsibilities in a complete and objective manner”.

It is important that top management set the appropriate tone with this being reflected in consistent governance throughout the organisation. This includes:

- developing and implementing strategies to drive and incentivise improved performance;
- initiatives to promote a culture of accountability and robust internal control;
- leading by example, maintaining high standards of professionalism, accountability and transparency in decision making;
- encouraging an open and mutual learning environment where difficult and sensitive questions can be raised and discussed;
- recognising good ethical behaviour, while addressing misconduct;
- promoting the SAI’s values in public activities, core documents and communications;
- implementing managerial accountability where authority is delegated and managers are held accountable.

3.2. Governance and Management of Operations

Organisational Structure

The SAI’s organisational structure should be appropriate for supporting good governance, effective decision making and for achieving its mandate. This includes:

- the legal framework enables the SAI to effectively develop an appropriate organisational structure, and delegate responsibility and accountability;
- the SAI has an approved and implemented organisational structure;
- the roles and responsibilities of the SAI members and staff are clearly defined; and the relationship between the Court members and staff is clearly defined;
- the organisational structure enables the efficient and effective delivery of the SAI’s mission;
- delegation of responsibility and decision making authority is clearly assigned, along with appropriate empowerment, clear accountability lines and appropriate lines of reporting (on achievement of objectives).
- there are no overlaps in the responsibilities of organisational units.

As indicated in the previous chapter the CoA Law gives the CoA the power to define the internal organisation, approve the structure of the office and the level of staffing, administrative procedures, regulations and manuals, instructions and guidelines, and audit standards⁶⁹. However the CoA's right to

⁶⁸ INTOSAI-P 20 – Principles of Accountability and Transparency

⁶⁹ CoA Law, Article 15

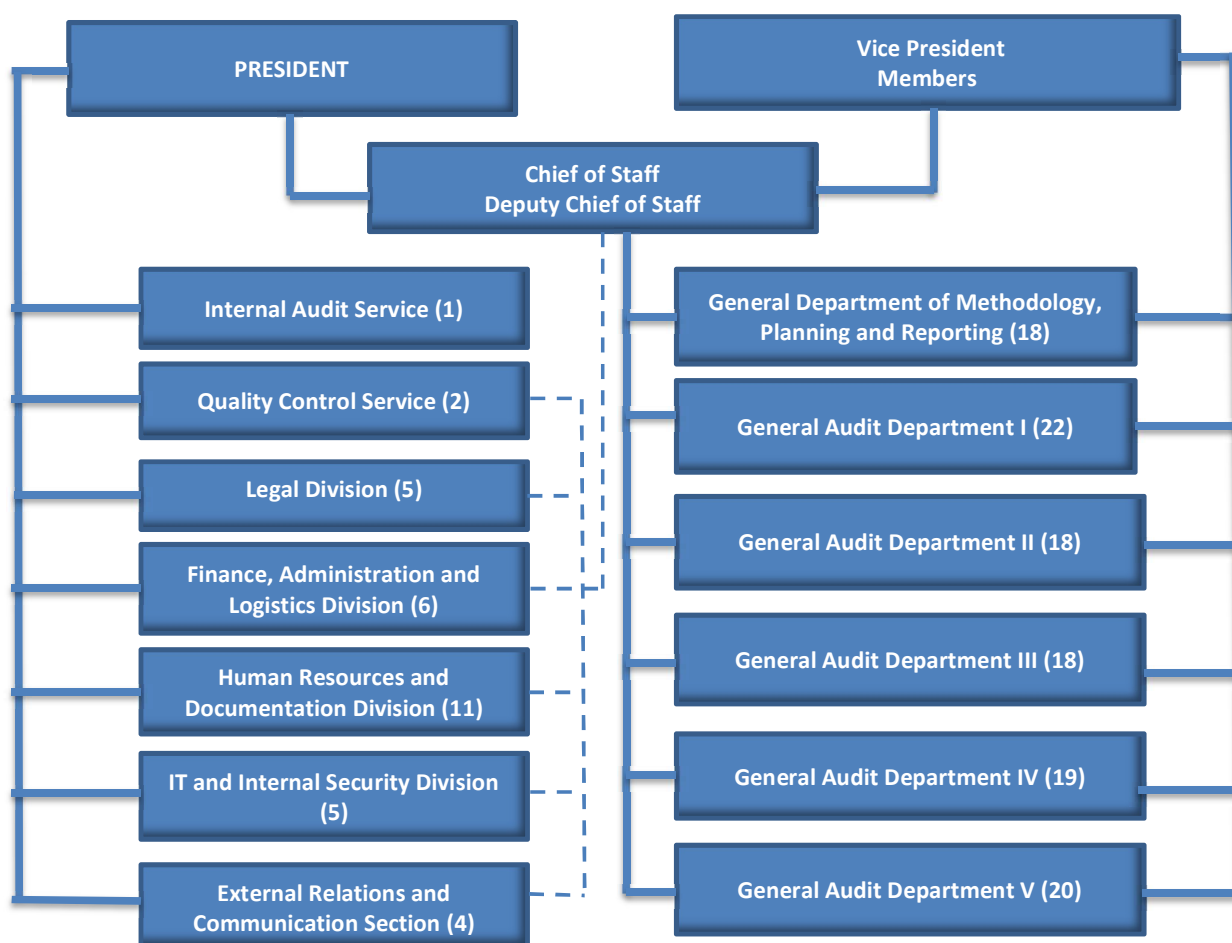
determine its own organisational structure is limited by Government Decision no. 1001 which sets standards for the creation of divisions within public authorities. For example, these standards state that general directorates should have at least 18 staff, with sub-divisions or units having at least 4 or 5 staff. It also sets standards for the ratio and number of management positions⁷⁰.

In accordance with Government Decision No.1001, the CoA has to agree its approved structure and organizational chart with the State Chancellery. Any changes that the CoA wants to make to its structure and organizational chart, have to be made in line with the standards approved by Government Decision no.1001, and must be agreed with the Executive.

Apart from the clear independence issues that Government Decision No.1001 has on the ability of the CoA to effectively organise its structure, the constraints it imposes also adversely impacts on the ability of the CoA to develop a rational and appropriate structure for its needs. In particular it doesn't recognise the professional and technical nature of their work, where for example it may be appropriate to have small departments which require significant technical and professional knowledge and experience. The requirement to obtain approval of the organisational structure from the State Chancellery is also an obstacle to the CoA being agile and flexible in how it organises itself.

According to the CoA Law, the organisational structure is approved by a decision of the CoA⁷¹. The current organisational structure of the CoA (Exhibit 2) was approved on 21 March 2019.

Exhibit 2. The organisational structure of the Institution⁷²



⁷⁰ Government Decision no.1001 of 26.12.2011, Appendix no.2
https://www.legis.md/cautare/getResults?doc_id=118658&lang=ru

⁷¹ CoA Law, Article 22

⁷² CoA Decision no.13 of 21 March 2019, Appendix 1

There have been a number of organisational changes over the last decade. For example, prior to 2016, the CoA had separate units for performance and IT audits. The structural changes made in 2019 aimed to strengthen the quality control system with the creation of a new structural unit, the Quality Control Service. There was also a partial reorganisation of some specialized functions.

The roles and responsibilities of management, members and employees of the CoA are governed by the CoA Law, the decisions of the CoA, regulations of the structural units and job descriptions. Over the last two years, a number of changes have been made to the CoA's internal framework. The current Regulations for the organisation and functioning of the Apparatus of the CoA (Rules of Procedure) were approved on 5 July 2018⁷³ and during 2020 a new version of the regulations on the structural units and job descriptions was approved. The rules of procedure of the Institution is an important document regulating its activities, articulating responsibilities, division of functions and responsibilities, hierarchy of structural units and positions, and principles and methods for organising work. However, the current Rules of Procedure are not aligned with the organisational structure and regulations of the structural units.

According to the CoA Law, the CoA is governed by the President and the Law sets out his responsibilities which include

- managing the CoA in accordance with the legislation and organising it's activities;
- appointing and dismissing employees;
- representing the CoA;
- proposing the agenda of the meetings of the CoA;
- organising and implementing a system of internal management control and bearing managerial responsibility for the administration of budget allocations, etc.⁷⁴.

The functions of the Court are to approve all documents governing the activities of the CoA (e.g. strategies, plans and audit programmes, budgets, administrative procedures, regulations and manuals, auditing standards), consider and approve audit reports and CoA annual reports, and perform other functions provided by law⁷⁵. Apart from participating in the Court meetings, CoA members are obliged to organise activities that are allocated to them and within the limits of their competence have the right to require from the employees of the CoA the necessary information on audits, including oral and written explanations⁷⁶.

The CoA's decision approving the current organisational structure also assigned to each CoA member oversight of one GAD. The President also delegated to each of the CoA members some organisational responsibilities, such as weekly participation in Government meetings; oversight of international projects; coordination with law enforcement agencies; oversight of CoA development projects; member of Auditor's Certification Commission; issues related to Moldova's integration into the EU, anti-corruption strategy; CoA representation in forums and conferences⁷⁷.

The CoA's decision approving the current organisational structure also allocated the areas to be audited by each GAD⁷⁸ to ensure that there is no overlap of areas audited by each GAD. The GADs are organised on the basis on administrative sectors (Exhibit 3) with each GAD responsible for conducting all types of audit. There is also a general department which is responsible for development of the audit methodology, the planning and reporting of the CoA's work and the training of the auditors. The specialized units are also organised to cover all activities supporting the work of the CoA and minimise any overlap.

⁷³ CoA Decision on the Regulations for the organisation and functioning of the Apparatus of the Court of Accounts, no. 49 of July 5,2018

⁷⁴ CoA Law, Article 12, 13

⁷⁵ CoA Law, Article 15

⁷⁶ CoA Law, Article 21

⁷⁷ Information obtained from interviews

⁷⁸ CoA Decision no.13 of 21 March 2019, Appendix 3

Exhibit 3. GAD allocation of responsibilities

GAD I	State Budget, Public Debt, Fiscal Service, Customs Service, Justice, National Defence, MIA, MFAEI, State Chancellery, Parliamentary Apparatus, President's Apparatus, etc.
GAD II	State social insurance budget, Compulsory health insurance funds; health, work and social protection, etc.
GAD III	Agriculture, forestry, regional development, environment, etc.
GAD IV	Autonomous and regulatory authorities, economy and infrastructure; information technologies etc.
GAD V	Local public authorities; education, culture and research, etc.

There is not one correct way to organise an SAI to deliver its audits. There are examples of SAIs where audit teams or departments are organised by type of audit (financial, compliance, performance), and others where they are organised by sectors of the economy (health, education, defence etc.). It depends on the SAI's environment and circumstances, but it should be focused on efficiently delivering audits that have impact.

The division of responsibilities by sectors enables GADs to look at audited entities across a whole sector, which can support efficient audit planning, execution and reporting. However, in organising by sectors, it is important to ensure that GADs have sufficient professional skills for different types of audits, for example having experienced and skilled performance auditors. It is also important that there are effective mechanisms across the GADs to address issues and undertake audits that cut across sectors, and also enable the sharing of professional knowledge and expertise, for example in performance audit. It was highlighted during the course of the review that sometimes the GADs have operated in silos and that there have been issues with sharing expertise and knowledge.

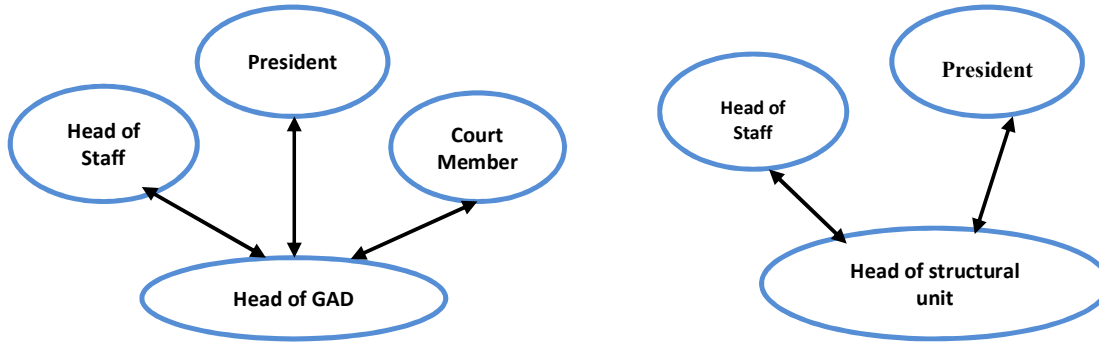
The regulations on the structural units include the mission of each unit, the activities to be performed and areas of responsibility. Job descriptions also contain a detailed description of the responsibilities and requirements for each employee, and information about their managers.

Each GAD is led by a Head of the GAD. However, as already indicated the activity of GAD is also coordinated by a CoA Member which in practice means, regular discussions with the Head of the GAD, receiving copies of all e-mails from the GAD staff and participation in the GAD meetings⁷⁹. In our view the supervision of a GAD by both a CoA member and Head of the GAD requires the clear distribution of roles and responsibilities to ensure organisational efficiency. In seeking a rational, efficient, and appropriate way to organise, manage and make decisions related to audit work, especially in a small organisations, each manager should have their own area of responsibility with personnel under their direct authority.

The organisational chart and regulations of the CoA also highlight challenges with multiple accountability and reporting lines for the Head of the structural units as indicated in Exhibit 4.

⁷⁹ Information obtained from interviews

Exhibit 4. Accountability and Reporting lines



The Head of Staff is responsible for managing the activities carried out by the structural subdivisions - the GADs, the Legal Division, the Quality Control Service, and Internal Audit Service. She is also responsible for ensuring the achievement of the CoA's objectives through the execution of the CoA's audit programme amongst other things.⁸⁰ The Deputy Head of Staff is responsible for managing the Finance, Administration and Logistics Division, Human Resources and Documentation Division, IT and Internal Security Division, and the External Relations and Communication Section. Amongst other things she is also responsible for managing the elaboration of the CoA's internal policies, procedures, regulations and instructions⁸¹.

The Heads of each GAD have multiple accountability and reporting lines. For instance the Head of General Department on Methodology, Planning and Reporting may at the direction of the relevant CoA Member, the Head of Staff or the President be requested to perform unplanned activities⁸². Another example is that the Heads of GADs are required to

- report to the CoA President proposals regarding the rewarding, promoting or sanctioning subordinate employees;
- periodically inform the Head of Staff and the CoA management about the activities carried out by the GAD and related issues;
- report regularly to the relevant CoA member, the Head of Staff, or the CoA management on meeting their delegated responsibilities within the strategic development plan and relations with audited entities activities⁸³.

The direct and senior managers identified in job descriptions also provide some confusion about the accountability lines. For example the job description of the of Head of General Department on Methodology, Planning and Reporting indicates that their direct line manager is the President, but their senior manager is the CoA member, and for the Head of each GAD the direct line manager is the CoA member, with their senior managers the President and Head of Staff. For most of the Heads of the specialized units their direct and senior manager is the President. However, the work of the specialized units is coordinated and supervised respectively by the Head of Staff or the Deputy Head of Staff creating duplicate accountability and reporting lines for their Heads.

The multiple reporting and accountability lines may reflect the working routines and traditions in the CoA and each head of unit may know the needs of their managers, and therefore it does not cause any significant additional burden or confusion. However, this is not the most rational or efficient arrangements for managing an organisation. It is important that the processes and their management in the institution

⁸⁰ Head of Staff, Job description, approved 2 January 2020

⁸¹ Deputy Head of Staff, Job description, approved 2 January 2020

⁸² Regulation, General Department on Methodology, Planning and Reporting, article 11

⁸³ Head of GAD III, Job description, approved 2 January 2020, articles 11.1.4., 11.1.13., 11.2.8

are arranged in such a way that managers have clear accountability and reporting lines, so they know in advance when, to whom, why and what information will be needed.

Management and Leadership

The management and leadership of a SAI should support good governance and effective decision making to enable the achievement of its mandate and the effective and efficient management of operations. This includes:

- the SAI leadership holds periodic decision making meetings, with key decisions documented and appropriately communicated to staff.
- the SAI leadership identifies, disseminates and promotes the SAI vision mission and values in its public activities, core documents and regular communications.
- the implementation of a system of delegated authority and accountability, where managers are held accountable for their actions.
- the SAI leadership clearly sets the right tone and leads by example, which supports the development of an ethical culture (with ethics identified as an explicit priority); and enables effective managerial accountability and strengthens the culture of internal control.
- the SAI leadership recognises the importance of building quality into carrying out all the SAI's work and establishes an internal culture that recognises this.

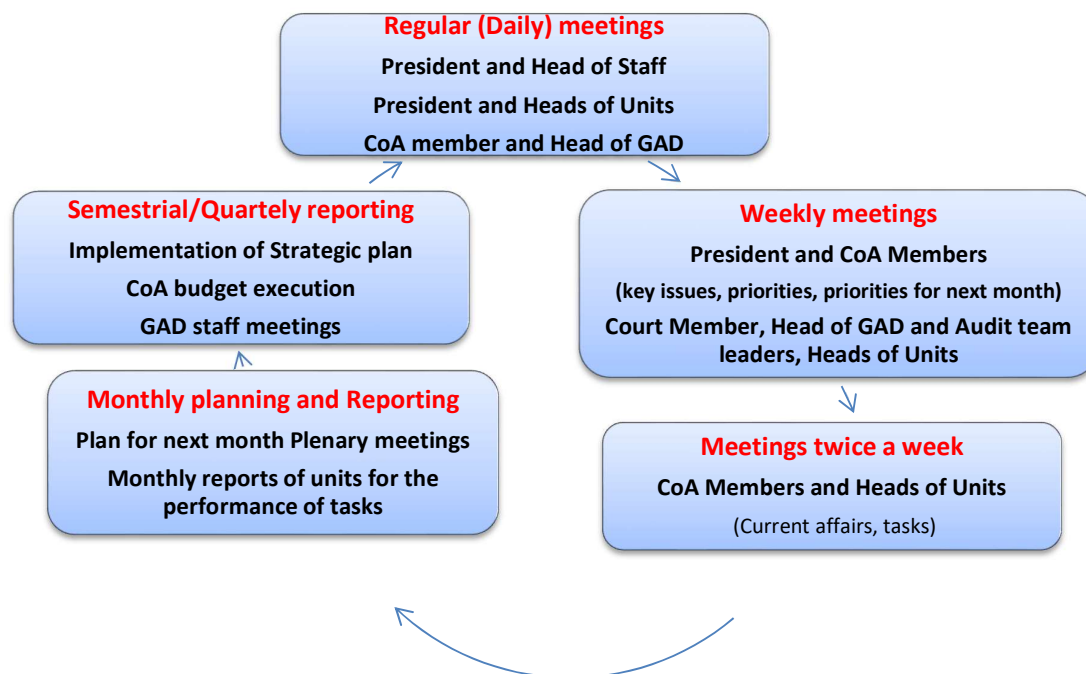
The organisational environment and culture created in the institution, is based on a hierarchy of planning and reporting, supported by personal responsibility and accountability as demonstrated in Exhibit 5.

Exhibit 5. Planning and Accountability



In order for the management to be regularly informed about the progress of tasks and to promptly resolve issues, the CoA has established a system of regular meetings and discussions between managers and employees. Continuous communication between managers and employees is part of the CoA's work culture (Exhibit 6).

Exhibit 6. System of organisational meetings



The Court, as the Institution's decision-maker, holds weekly meetings on organisational management and work issues and twice a month extended management meetings with the heads of all departments. It also holds the plenary meetings as required where decisions are made on the approval of audit reports and the approval of documents governing the activities of the CoA. The CoA does not have an approved policy or procedure for organising its weekly (including extended) management meetings. The main purpose of these management meetings is to promptly address topical work and management issues, to coordinate and set work priorities for the month, to analyse the completion of tasks, and to coordinate the work of all structural units⁸⁴.

The CoA has a procedure approved by a decision of the Court on how the plenary meetings are organised. This procedure regulates the organisation of the meetings of the Court at which audit reports are reviewed, as well as those at which decisions are made regarding the internal regulatory acts of the institution, activity reports, etc. There is not an approved annual work plan for the plenary meetings. They are planned on a monthly basis, with a summary of the proposals of the heads of structural units on the issues to be considered and the possible date of the meetings being prepared at least three days before the end of the month prior to the month of the meeting⁸⁵.

All decisions taken by the Court are documented, indicating those responsible for implementing and enforcing the decision, who should be notified of the decision, whether it should be posted on the Intranet and/or website, and who is responsible for monitoring the execution of the decision. Managers have a duty to inform their subordinates about the decisions made by the management. When organising meetings with their staff, the heads of the structural units also document the discussion and decisions taken, sending information to all employees of the structural unit after the meeting. This allows managers to keep track of deadlines and ensure they have been met.

In drawing up the agenda for the following month's Plenary of the Court the Heads of GADs agree on the audits that will be completed and the draft audit report ready for submission to the Court, so that they can schedule at which Court meeting they will be considered. Before reviewing audits in the Plenary, the

⁸⁴ Information obtained from interviews

⁸⁵ CoA Decision on the approval of the Regulation on the organization and conduct of the meetings of the Plenary of the CoA, no.31 of 19 June 2018, Article 2.1.

relevant CoA member will meet with the audit team, to ensure that any concerns and issues are addressed before discussion in a public meeting, in order to protect the CoA's reputation⁸⁶.

During the review we were informed that the CoA's vision and values are articulated and promoted by the CoA leadership. We were also informed that the values that have been defined by the CoA - Professional excellence; Independence; Objectivity; Team Spirit; Openness; and Respect⁸⁷ - were being demonstrated by the leadership and were part of the CoA work culture. It was indicated that this is being achieved through the independence of each manager, the delegation of tasks and responsibilities, ensuring control and accountability; regular communication and in-depth analysis of issues, openness and availability of managers, while at the same time requiring the delivery of work on time and to a good quality.⁸⁸

We were informed that the management and leadership culture encourages the delegation of tasks, accountability and, while ensuring there is regular monitoring and control of execution and implementation. The leadership and management indicated that this is demonstrated by then being engaged in all main processes and through ongoing communication, consultation and collegial decision taking, and ultimately having the vision to develop a more efficient, effective institution in 5 years⁸⁹.

Internal Communication

An SAI should ensure that its internal communication processes are in accordance with its strategic documents, promoting open communication with staff, as well as enhancing the professionalism and productivity of the institution. This should include:

- established principles for internal communication, and monitoring of their implementation
- the SAI communicates its mandate, vision, core values and strategy to staff.
- the SAI informs and consults employees regularly on key issues related to the organization.
- using appropriate tools to promote effective internal communication
- regular and open interactions between management and staff.

The CoA Communication Strategy 2016-20 provides a framework for the CoA internal communication, as well as external and international communication activities, identifying stakeholders and communication channels, setting out the communication objectives, intended results, and establishing roles and responsibilities⁹⁰.

The Communication Strategy envisages the development of an annual communication plan as an important tool to support the effective implementation of the strategy and ensure effective day-to-day communication practices. There are Annual Plans for implementation of the Communication Strategy. There is an Annual Activity Plan for the External Relations and Communications Section⁹¹. However, it is more like a work plan for the section and in our opinion does not clearly set measurable objectives or identify how results will be measured for communication or stakeholder engagement. There are also no clearly defined internal communication principles - what information, in what way, and how often it is communicated to employees.

The External Relations and Communication Section' plays a key role in delivering efficient internal communication, through various channels: Intranet, e-mail etc.⁹². The key objective for internal communication in the Annual Activity Plan for 2020 is to promote the institutional values and improve internal communication. To achieve this objective several activities have been defined, including

⁸⁶ Information obtained from interviews

⁸⁷ CoA Communication Strategy 2016-2020, Approved by the CoA Decision no.13 of 19 May 2016

⁸⁸ Information obtained from interviews

⁸⁹ Information obtained from interviews

⁹⁰ CoA Communication Strategy 2016-2020, Approved by the CoA Decision no.13 of 19 May 2016

⁹¹ Annual activity plan of the External Relations and Communication Section for 2020

⁹² Regulation of External Relations and Communication Section, Section IV Article 4.8.

- monitoring employee survey results;
- informing employees about internal and external news and;
- monitoring information about internal events, communication via email, Intranet.
- monitoring media sources and informing employees about important news related to the activity of the CoA⁹³.

Employee surveys are an effective tool for examining the effectiveness of internal communication and to identify areas for improvement. In September and October 2019 Webropol conducted an employee survey at the request of CoA and Swedish National Audit Office. This was the first survey of its type conducted by the CoA. The purpose of the survey was to help the CoA management understand the needs and gaps⁹⁴ in the organisation as well as strengths and suggest actions for improvement. A total of 112 employees responded to the survey, a response rate of 83%. Although the survey was not specifically designed to address internal communication, the responses do provide some valuable insights. It generally indicated that employees are as whole satisfied with their place of work and the highest score was received from the questions regarding governance. It also demonstrated good levels of employee awareness of CoA's development goals and cooperation between managers and employees. For example,

- 83% agreed with statement: I'm familiar with the CoA's strategy and goals;
- 70% agreed that their manager creates a working culture characterised by trust and openness;
- 73% agreed that their managers communication encourages dialogue;
- 77% agreed that their manager is good at clearly communicating the department's performance;
- 63% agreed that their department co-operates well with people outside the department ; and
- 66% agreed that their department openly discusses their mistakes in order to learn from them

As previously noted the CoA leadership and other CoA managers regularly communicate and consult with employees. The CoA operates on the principle that managers are available to employees every day, to meet in person, talk by phone etc. When working on amendments to laws or discussing new proposals, there is constant consultation between them to achieve the most optimal option and gain employee support. Team work is used in both strategic and daily decision-making. For example, as the civil servant status of CoA staff and the legislation governing them significantly limit the CoA's independence and ability to develop an effective personnel management policy, all CoA staff were consulted on the possibility of leaving the civil service. A strategic decision was taken, supported by all employees, that CoA employees should be excluded from the civil service⁹⁵.

All number of electronic channels are used to support internal communication, including the Intranet, e-mail, WhatsApp groups and video conferences. The GADs use SharePoint to document the audit work, which is open to the CoA members as well as audit teams⁹⁶. The CoA actively uses the Intranet, where all new information, decisions, as well as developments in the audit methodology are posted. Employees are also notified of the latest information posted on the Intranet⁹⁷ and there are mechanisms or procedures for how this is done.

During the review we heard that there had been some issues in ensuring that departments communicated effectively with each other, sharing knowledge and information. For example it was indicated that GADs were sometimes seen as working in silos. However, it was also indicated that the CoA is working to improve the communication between departments. For example the GADs and General Department of Methodology, Planning and Reporting (GDMPR) are collaborating to share experience and knowledge useful for audits. Regular meetings are held with GAD Heads, and audit team Heads at key stages of audits, for example at the end of financial audit planning, fieldwork and finalisation of the audit opinion. After

⁹³ Annual activity plan of the External Relations and Communication Section for 2020, Objective no.7

⁹⁴ Survey scope- 1. Loyalty 2. Reputation 3. Governance 4. Management 5. Co-operation 6. Job content (All respondents) 7. Job content (Auditors only) 8. Working conditions 9. Physical working conditions 10. Learning and development

⁹⁵ Information obtained from interviews

⁹⁶ Information obtained from interviews

⁹⁷ Information obtained from interviews

each of the meetings the minutes are circulated to everyone⁹⁸. In addition, newsletters and bulletins prepared by GDMPR are available to everyone, analysing the problems and giving practical recommendations to help in conducting audits⁹⁹. We were informed that that cooperation between the specialized units, and also between specialized units and GADs continues to improve. For example the staff from the Legal Division are involved in each audit, and the Legal Division has a weekly meeting where they communicate legal issues that may be relevant across all audits.

We were informed that the CoA continues to work to improve its internal communication, and develop its internal culture, where managers and employees talk, employees are respected and where there is a strong ethos of teamwork.

3.3. Transparency and accountability

SAIs have a fundamental role in promoting the accountability and transparency in the use of public resources. Therefore, it is extremely important that they lead by example in demonstrating they are accountable and transparent in undertaking their work. International standards clearly articulate these expectations, particularly through INTOSAI-Ps 12¹⁰⁰ and 20¹⁰¹.

The SAI should be transparent about its role, responsibilities, the delivery of its mandate and its performance. It should be accountable to its stakeholders for its performance, the value of its audit work to external stakeholders, and the impact of its work has on society. Key expectations for an SAI include:

- transparent about its role, responsibilities, mandate, strategy and plans;
- proactively reports the outcomes of its audits publicly;
- reports publicly and is held accountable for its own performance, as a minimum, publishing its corporate plan and annual report;
- communicates widely on its activities and audit results;
- subject to independent assessments and audit which are publicly reported;
- seeks feedback from audited bodies and external stakeholders.

In later chapters some of these issues are dealt with in detail including communicating with the external stakeholders and achievement of results.

In broad terms the Institution has been making significant efforts to be transparent and accountable. The CoA Law sets out the requirements for the CoA about how information about its work and results should be made public. The CoA complies with these requirements with its Annual Activity Report, the annual audit reports on the Government's execution of the state budget, the state social insurance budget and the compulsory health insurance funds and the Annual Report on the management and use of public financial resources and public property, all published on the CoA's website¹⁰².

The CoA's website provides information about the CoA's roles, responsibilities and mandate, along with information about its planned activities. For example its Strategic Development Plan for 2016-2020, Audit Strategy 2019-2021 (multi-annual plan), Communication Strategy for 2016-2020 and Annual Audit Programme are available on its website. The Court meetings schedule for the next month along with the date when the results of specific audits will be considered are also published.

⁹⁸ Information obtained from interviews

⁹⁹ Newsletter #03, 1/3/19, Bulletin on methodology issues - testing control activities; Newsletter #04, 7/2/19, Information Bulletin on methodological aspects Control Activities and Background Tests; Newsletter #10, 11/10/19, Additional Aspects Regarding the Aggregation of Errors; Newsletter #12, 1/11/19, Newsletter – Risk Identification and Testing.

¹⁰⁰ INTOSAI-P12 The Value and Benefits of Supreme Audit Institutions – making a difference to the lives of citizens

¹⁰¹ INTOSAI-P20 Principles of Accountability and Transparency

¹⁰² Publication of Audit reports <https://www.ccrm.md/ro/decisions>

The CoA Law states that plenary meetings of the CoA are open¹⁰³ and the CoA has approved the Regulation on the organisation and conduct of the meetings of the CoA Plenary¹⁰⁴. The CoA Plenary meetings, where amongst other things the results of audit are discussed are conducted openly with the participation of audited entities, media representatives attending and broadcast on the Internet. The CoA must operate in accordance with the principles of accountability and transparency. This means not only carrying out the decision-making process publicly, but also ensuring that such decision-making does not affect the objectivity of the audit work and the professional judgment of the auditors. Before publicly disclosing the results of an audit, auditors need to be confident that they base their conclusions on substantiated evidence. Discussing the draft audit results according to the principles of the Court's operation, including discussions with the auditee in a public court hearing, creates risks and is in some respects contradicts auditing standards. This means that after the audit team has prepared a draft report, in which all conclusions must be based on verified evidence and also reflect the auditee's opinion, a public discussion between the auditors and the auditee on the objectivity of the audit report may be opened. This creates risks to the perception of the credibility, professionalism and the reliability of the audit work, which the CoA needs to manage.

Information on the results of the CoA's audits is also gaining more publicity as a result of the significant increase in the work of Parliament's Public Finance Control Committee, which meets weekly to review the results of the CoA's audits¹⁰⁵.

The CoA is supported by and engages with an Advisory Council, which is an advisory body composed of qualified specialists and scientists from the financial-economic, legal and audit fields. The President of the CoA is the chairman of the Advisory Council and the CoA members are also members of the Council. The Council provides advice on the areas to be covered by the CoA's work. In 2019, three working meetings of the Council were organized. Topics included on the agendas included

- the organisation of the certification process for public auditors of the CoA,
- the Report on the activities of the CoA for 2018
- proposals for legislative amendments to create functional mechanisms of managerial responsibility for good governance and strengthen the influence of external public audit
- the Audit Activity Program of the CoA for 2020¹⁰⁶.

The main way in which other external stakeholders are involved in the CoA's activities is through an invitation to submit proposals on the issues that the CoA should address¹⁰⁷. The CoA has so far not conducted any survey's to obtain feedback from auditees and external stakeholders.

The CoA Law provides that *"the annual financial statements of the CoA shall be subject to external audit conducted in compliance with the internationally recognized standards by an independent audit organization, selected by the Parliament in the manner stated in the public procurement legislation"*¹⁰⁸.

Based on the decision of Parliament's Economy, Budget and Finance Committee of 12 December 2018, a public procurement competition was organised to select an audit company to audit the financial statements of the CoA for the years 2017 and 2018. Grant Thornton were selected and performed the audits between February and April 2019. Subsequently the CoA published Grant Thornton's audit report and opinion on the CoA's annual accounts on its website, as well as its plan for implementing Grant Thornton's recommendations and the actions taken to implement those recommendations¹⁰⁹. In March 2020, the Secretariat of the Parliament initiated the public procurement procedure for the external

¹⁰³ CoA Law, Article 14 (4)

¹⁰⁴ CoA Decision on the approval of the Regulation on the organization and conduct of the meetings of the Plenary of the CoA, no.31 of 19 June 2018

¹⁰⁵ Information obtained from interviews

¹⁰⁶ Minutes of the meeting of the Advisory Council to the CoA, 26 November 2019, no.5.

¹⁰⁷ Information obtained from interviews

¹⁰⁸ CoA Law, Article 6 (3)

¹⁰⁹ Auditor's opinion and report on the CoA's annual accounts <https://www.ccrm.md/ro/rapoarte-de-audit-extern-91.html>

financial audit of the financial statements of the CoA for 2019. However, the process did not move forward due to the declaration of a state of emergency in connection with the COVID-19 pandemic.

While an external audit of the CoA financial statement has been established in the last few years, the procurement of the auditor should look to ensure that there is audit of CoA's annual accounts every year, which is conducted in a timely fashion.

The CoA has been subject to limited external assessment as part of wider assessments of the public financial management and public administration systems in Moldova, which have been reported publicly. For example the World Bank PEFA assessment (2016) and SIGMA assessment of the Public Administration (2016).

3.4. Ethics and conduct

SAIs are held to high standards in how they conduct their work and are expected to lead by example. As a result they are expected to promote a culture of integrity, ethical behaviour and professional conduct throughout their organisations. This includes SAIs developing a code of conduct or ethics in line with ISSAI 130¹¹⁰, which is implemented and complied with, and publicly seen to be complied with. An SAI should

- have a comprehensive, written code of conduct/ethics aligned with ISSAI 130, which is reviewed and revised periodically, and made public;
- ensure all staff are familiar with the code, and comply with it;
- have a senior manager responsible for the management of ethics;
- have systems to identify and analyse ethical risks and conflicts of interests, mitigate them, and address any breach of ethical values;
- have a job rotation policy developed and implemented to manage possible conflicts of interest;
- have procedures in place for employees to report suspected violations and to protect those who report suspected wrongdoing within the SAI (whistle-blowers);

The CoA has a Code of Ethics which was approved in 2019, replacing the previous Code of Ethics from 2013. The Code is publicly available on the CoA's website. It is based on the transposition of the provisions of ISSAI 130, the CoA Law, relevant national normative acts, as well as the good practices generally accepted at an international and European level¹¹¹. The CoA Decision approving the Code of Ethics states that

“the control over the observance of the provisions of the Code of Ethics is entrusted to the heads of the subdivisions of the CoA; this Decision shall be brought to the attention of the staff of the CoA by the External Relations and Communication Section, by placing it on the Intranet page of the CoA, as well as on the official website of the institution; this Decision shall be published in the Official Gazette of the Republic of Moldova.

The Code applies to the President, CoA members and all staff. It also requires persons contracted by the CoA to provide services or any other activities performed on behalf of the Institution to comply with the provisions of this Code¹¹². It is based on fundamental ethical values including: integrity; Independence; objectivity; competence; transparency; confidentiality and professional conduct. All employees of the CoA are responsible for promoting and ensuring the ethical climate within the CoA.

An integral part of the Code are the CoA's Ethical Guidelines. The Guidelines provide guidance on: potential risks to professional integrity; whistleblowing on illegal activities; signing the Declaration of Independence, the declaration of conflicts of interest, the declaration of improper influence, and the declaration of gifts; and, other principles of the Code of Ethics. The Guidelines state that in order to ensure the independence

¹¹⁰ ISSAI 130 Code of Ethics, <https://www.issai.org/pronouncements/issai-130-code-of-ethics/>

¹¹¹ CoA Decision on the approval of the Code of Ethics, no. 19 of 5 April 2019 https://www.ccrm.md/ro/codul-etic-3571_92063.html

¹¹² CoA Code of Ethics, Article 3

of CoA employees, before the start of an audit mission, each relevant employee must complete and sign a Declaration of Independence providing any information about any, relationships and/or interests they hold which may impact their independence in relation to the audited entity or entities. Two copies of declaration are signed, one of which is provided to the manager of the Register of Declarations of Independence of the public auditors, with the second kept on the file for the audit mission.

We were informed during the review that employees of the Institution comply with the requirements of the Code. At the beginning of each audit mission, declarations of independence are signed, at the beginning of the audit work managers discuss potential risks with employees, instruct on reputation risks, and explain the importance of adherence to ethical norms. As required by the Institution, one copy of the declaration is kept in the audit file and one is registered in the Register of Declarations of Independence in the Human Resources and Documentation Division¹¹³.

Each Head of Department is responsible for monitoring the compliance of their staff with the Code of Ethics. While the Head of Staff and the Deputy Head of Staff are responsible for verifying and monitoring the implementation and compliance with the Code of Ethics and work rules across the organisation, the overall responsibility for managing ethics is also not clearly defined in the CoA. No one individual is responsible maintaining and updating the Code of Ethics, monitoring and reporting on ethics or acting as the focal point for ethical problems or issues.

The CoA has approved and operates a number of regulations to support decision-making around ethical issues. These include

- the Regulation on the CoA Disciplinary Commission, which sets out the constitution, composition, mandate, duties and competence of the Commission; how to notify the Commission; the investigation of disciplinary violations; disciplinary sanctions and appeals¹¹⁴.
- the Regulation on the recording cases of improper influence, sets out the procedure for communicating and recording instances of inappropriate influence exerted on CoA officials¹¹⁵.
- the Regulation on whistleblowing in the CoA establishes the procedure for the submission and verification of potential illegal activities committed in the CoA, as well as measures to protect persons who raise concerns voluntarily, in good faith and in the public interest¹¹⁶.
- Methodology for assessing the risks of corruption in the CoA.

In recent years, there have been some attempts to unduly influence CoA employees. Such cases have been investigated and documented in accordance with the requirements set by the CoA. In addition, recommendations are made on what measures should be taken to prevent the undue influence of CoA staff in the future and protect the reputation of the CoA, as well as the actions to be taken in such cases¹¹⁷. The Disciplinary Commission has reviewed and fully considered a small number of the violations by CoA staff¹¹⁸. Also in accordance with the regulations approved, gifts received by officials are declared and registered¹¹⁹.

One way to reduce the risk of conflicts of interest is through employee rotation. This is especially important in audit work if the employee has been in contact with the same audited entity for a long time. The CoA does not currently have a policy on the rotation of staff, although the CoA members' responsibilities were rotated on 1 January 2020. Given that the annual turnover of CoA staff is over 20%, and around 50% of the

¹¹³ Information obtained from interviews

¹¹⁴ Annex to the Decision of the CoA on the Regulation on the Disciplinary Commission of the CoA, no.8 of 15 March 2017, Article 3

¹¹⁵ CoA Decision on the Regulation on the record of cases of improper influence, no.52 of 17 November 2014 Article 2

¹¹⁶ CoA Decision on the Regulation on Whistleblowing in the CoA, no.19 of 1 April 2014, Article 1

¹¹⁷ Deputy Head of the Human Resources and Documentation Division of the CoA, Informative note regarding the results of the attempt verification of inappropriate influence no. 02/01-1-418 of 20 November 2019.

¹¹⁸ Report of the Disciplinary Commission hearing no.4 of 4 August 2015 and Order no.66 of 02 December 2020.

¹¹⁹ Approaches regarding the delivery of the gift, 13.12.2019. Act of handing over-receiving the gift, 13 December 2019. Minutes No. 9 of 17 December 2019, the commission for evidence and evaluation of gifts.

staff have been at the CoA less than 5 years, the continuity of expertise and knowledge of experienced managers in the specific audit sectors has been seen as being particularly important. Nonetheless it is important to have a clear rotation policy in place, so that rotation can be managed effectively to ensure a level of continuity is maintained in sectors, while mitigating independence threats and meeting the expectations of international standards¹²⁰.

3.5. Recommendations

The recommendations of the Peer Review Team for governance and management are:

- ▶ The CoA should have the ability to develop a rational and appropriate organisational structure that meets its needs, and which in particular recognises the professional and technical nature of its work, and not be constrained by the requirements of Government decisions and the requirement to obtain approval from the State Chancellery.
- ▶ The CoA should consider a more rational, efficient and appropriate way to organise, manage and make decisions related to audit work. In particular the CoA should consider the potential duplication and overlap of the supervision responsibilities of the CoA Members and the Heads of the GADs, in relation to the supervision of GADs, and review the Court's role in approving each audit report.
- ▶ The rules of procedure of the Institution are an important document regulating its activities, which together show the responsibilities, division of functions and responsibilities, hierarchy of structural units and positions, principles and methods of work organization. The CoA should ensure that it develops, approves and operates in accordance with the updated Rules of Procedure, which are aligned with the organisational structure and regulations of the structural units.
- ▶ The CoA should consider how it balances the principles of accountability and transparency in its work with the risks of discussing and approving audit results in public, in order to ensure the transparency without compromising the professionalism and reliability of its audit work, and also ensure compliance with international standards.
- ▶ To ensure that rational or efficient arrangements for managing and delivering audit work are in place, particularly in a small organisation, the CoA should ensure that managers have clear accountability and reporting lines. It is important that senior management responsibilities for specific organisational units or professional matters are clearly allocated to relevant individuals. For example the senior management responsibilities for financial audit, performance audit, quality, ethics, HR management, financial management of the CoA and the development of electronic audit management system amongst others should be clearly established.
- ▶ Putting aside the current constraints relating to the organisational structure, the CoA should consider how it organises itself. In particular the CoA should examine how it can work to break-down silos between general directorates to ensure effective cross-sector working and sharing of information and expertise, and how it effectively develops and delivers different types of audit.
- ▶ The CoA should develop a communication plan as envisaged in the Communication Strategy or specific stakeholder engagement plans. Internal communication principles should be clearly defined about what information should be communicated to employees, how it will be communicated and how often.
- ▶ The CoA should examine the physical environment within the CoA premises which act as a barrier to open interaction between staff. In this regard the CoA should consider creating open facilities

¹²⁰ ISSAI 130 Code of Ethics, and the International Audit and Assurance Standards Board's International Standards on Quality Management 1 and 2

or spaces, such as a breakout or café area, or an open library, where staff across teams can interact and open communication is encouraged.

- ▶ In order to obtain information on the comprehensibility and significance of the CoA's work to their auditees and external stakeholders and thus to improve the work of the Institution, it is important to receive feedback by regularly conducting a survey of the institutions using the CoA's work.
- ▶ While the CoA's financial statements have been subject to independent external audit, the procurement procedure should be organized in such a way that there is an audit conducted annually, and so that the audit work can commence during the financial year under review. Consideration should also be given to procuring an external auditor for a period of 3 to 5 years to promote operational efficiency and audit effectiveness.
- ▶ The CoA should clearly define a senior manager (e.g. CoA member, or Head of GDMPR) who is responsible for managing and monitoring ethics within the CoA. They should be responsible for maintaining and updating the Code of Ethics, monitoring compliance and reporting on ethics, and acting as the focal point for handling ethical problems or issues.
- ▶ The CoA should develop a rotation or other appropriate policy to reduce the independence and familiarity threats through staff (in particular senior staff) being engaged with same auditees over a long period of time, in line with the expectations of international standards. The rotation policy should be designed to manage the effective mitigation of independence and familiarity threats, while ensuring a level of continuity is maintained in audit sectors.

4. Financial Audit - Process and Quality

4.1. Introduction

The CoA Law elaborates the CoA's audit mandate and the types of audits that it can undertake¹²¹. Under article 31, it gives the CoA the legal authority to carry out financial, compliance and performance audits. Article 32 elaborates the CoA's audit mandate, and provides the CoA with a broad mandate to conduct audits across the public sector. Specifically article 32(1) states:

“The Court of Accounts shall be entitled to check all financial, administrative and other activities, programmes and projects managed by one or more of the entities referred to in this article, including the process and proceeds from sales of assets, privatisations and concessions”,

and article 32(2)

“The Court of Accounts shall have the right to audit the use of public financial resources by any beneficiary, irrespective of the type of ownership and legal form of organization, as well as by the political parties.” confer a broad audit mandate on the CoA.

The Law specifically provides the CoA with the right to carry out financial audits in all public institutions, including self-governed public institutions and authorities, as well as some central regulatory authorities. The CoA also has the right to carry out financial audits in State and Municipal Enterprises which are wholly owned by the state or administrative-territorial units, as well as in commercial companies in which the state, the administrative-territorial units, the state and municipal enterprises hold, separately or together, at least half of the share capital¹²².

Apart from this broad right to carry out financial audit the CoA is specifically obliged to conduct the following financial audits annually¹²³:

- the Government report on the execution of the state budget;
- the Government report on the execution of the state social insurance fund;
- the Government report on the execution of the compulsory health insurance funds;
- the Ministries' reports on budget execution.

An SAI should conduct its audit work professionally, applying an approach and methodology in line with professional standards. An SAI should adopt audit standards in line with the International Standards of Supreme Audit Institutions (ISSAIs) and have in place policies and procedures for its auditors, which interpret the standards in the context of the individual SAI, e.g. audit manuals. An SAI is expected to:

- have audit methods and processes that comply with appropriate auditing standards;
- develop a comprehensive written audit manual and/or technical guidance;
- use standardised documentation to plan the audit, carry out work, record findings and report;
- keep guidance under review and regularly updated;
- implement audits in line with the SAI's methodology and policies;
- liaise with internal audit, assesses their work and rely on it where possible to avoid duplication of effort.

Our review focused on key elements of developing and implementing professional standards in the CoA's financial audit processes. The review focused on the annual mandatory financial audits of the state budget, the social and health insurance funds, and the ministries, as the CoA has been implementing its revised audit methodology through these audits. This included reviewing a sample of four of these audits.

¹²¹ CoA Law articles 31 and 32

¹²² CoA Law article 32(5)

¹²³ CoA Law articles 32(3)

- State Budget Execution
- Ministry of Health, Labour and Social Protection
- Ministry of Education, Culture and Research
- Ministry of Economy and Infrastructure

Our review took account of the fact that the audit manual and methodology have been going through development.

4.2. Audit Standards and Policies

Adoption of ISSAI as authoritative public sector auditing standards

Article 33(1) of the CoA Law indicates, “*The audit procedure shall be carried out in accordance with this law, the international standards of the supreme audit institutions, as well as with the regulations, manuals and guidelines of the Court of Auditors drawn up in accordance with them*”. In line with this, the CoA has adopted the IFPP, which include the ISSAIs, as the authoritative auditing standards to be applied in their audits.

The CoA has adopted the IFPP as a whole to its work appropriately. It has prepared and adopted appropriate guidance material, including a financial audit manual and quality control framework guide, along with additional guidance issued through newsletters, all of which are generally in compliance with the ISSAIs. The financial audit manual makes appropriate reference to the ISSAIs and it acknowledges the use and acceptance of ISSAIs where it does not provide sufficient guidance. The manuals and guidance are available on a portal on the CoA’s intranet to which all CoA personnel have access.

The financial audit manual was drafted in 2016 and has been updated twice, in 2018 and in 2020. It is the responsibility of the Methodology Department to evaluate the need to update and propose revisions. The decision to update the manual is taken by the Court. Two updates in four years indicate an intention to periodically review and update manuals.

All audit staff in the CoA have been trained on the new financial audit manual and methodology, although as we discuss later there is currently no systematic training programme for new recruits.

Financial Audit Policy

We reviewed the CoA’s policies, manuals and guidance for conducting financial audits to confirm their compliance with the requirements of the ISSAIs. We concluded that they are generally appropriate for conducting financial audits in accordance with the ISSAIs. However, some areas need to be improved or developed more explicitly in the manual. In the rest of this section, we document our assessment of the manual against the key requirements of the ISSAIs and identify areas for improvement.

Financial audit focuses on determining whether an entity’s financial information is presented in accordance with the applicable financial reporting and regulatory framework¹²⁴. Without an acceptable financial reporting framework, the management has no appropriate basis for preparing the financial statements and SAIs lack suitable criteria for auditing them¹²⁵. At present, there is no objective and authoritative basis that has been generally recognised globally for judging the acceptability of general purpose financial reporting frameworks. In the absence of such a basis, financial reporting standards established by organisations that are authorised or recognised to promulgate standards (e.g., IPSAS, IFRS) are presumed to be acceptable for general purpose financial statements¹²⁶.

In Moldova, the financial reporting framework used as the audit criterion for performing financial audits of the entities which are subject to the mandatory annual audit by the CoA is defined in the Methodological

¹²⁴ ISSAI 200, Financial Audit Principles, Article 4.

¹²⁵ ISSAI 200, Financial Audit Principles, Article 21.

¹²⁶ ISSAI 200, Financial Audit Principles, Article 16.

Rules for Accounting and Financial Reporting in the budgetary system, approved by the MoF¹²⁷. The responsibilities of the management regarding the financial reporting are stipulated in the Accounting Law no. 113/2007.

At pre-engagement stage, the ISSAIs require auditors to assess whether the preconditions for an audit of financial statements have been met. This assessment includes assessing the existence of an acceptable financial reporting framework and acknowledgement by the management of audited entities of their responsibilities. The financial audit manual includes guidance on how to assess the applicability of the financial reporting framework, mentioning IFRS and other relevant guidance for the preparation of financial reports.

Following the approval of the revised version of the Financial Audit Manual¹²⁸ there are clear requirements regarding the auditors' assessment of the management's acknowledgement of its responsibilities. In 2020 the CoA drafted a newsletter about using a document called the "Mission Letter" which informs the audited entities about their responsibilities and the scope, objective and timing of the audit. These requirements are now embedded in the revised Manual, with the purpose and content of the Mission Letter clearly defined, and a template letter included in Annex 2.

The ISSAIs require audit teams to confirm their independence. According to the CoA's financial audit manual and "Regulation on the conduct of audit missions' related activities", the audit teams sign a declaration of independence at the beginning of the audit engagement ensuring compliance with this requirement of the ISSAIs. The CoA's Code of Ethics also lay down the requirements and the template of the Statement¹²⁹.

The ISSAIs require quality control procedures to be undertaken for each audit to provide assurance on compliance with standards and the issuance of an appropriate audit report. The financial audit manual includes details about the quality control responsibilities of the head of the engagement team and the person in charge of the audit. The Quality Framework Guide also details the responsibilities of the audit team and managers in ensuring the quality of the audit report. In summary, the CoA has adopted policies for quality control to ensure the quality of its reports and their compliance with the ISSAIs.

An ISSAI requirement when conducting financial audit is to reduce the audit risk to an acceptably low level to obtain reasonable assurance as the basis for a positive form of expression of the auditor's opinion. The financial audit manual acknowledges the 5% audit risk and assurance of 95% as the acceptable levels. The planning and execution phases of the audits are envisaged to be realized based on this principle, meaning that auditors are expected to plan and conduct the work to issue an auditors opinion that provides 95% assurance in compliance with ISSAIs.

ISSAIs give special importance to sufficient documentation and require policy documents to give guidance on preparing audit documentation. The financial audit manual includes a chapter on the documentation of audit files, which provides necessary guidance on how to document audit files.

According to the ISSAIs, auditors should develop an overall audit strategy and audit plan, which directs the audit. In line with this principle, the financial audit manual requires auditors to prepare an audit strategy and an audit plan as part of the planning phase. These documents cover the scope, timing and direction of the audits and give details on the audit procedures to be conducted, in line with the requirements of the ISSAIs.

The ISSAIs require that the planned scope and timing of the audit should be communicated to the audited entity. The financial audit manual was revised in November 2020 to require that at the audit inception meeting with the management of the audited entity a "Mission Letter" is presented which informs them of the audit scope, objectives and the audit plan and requires their agreement. Prior to the revision of the manual informing the audited entity about the scope, objectives and timing of the audit was considered good practice but was not a mandatory procedure, although it was expected that audit teams would

¹²⁷ Ministry of Finance Order no.216/2015

¹²⁸ CoA Decision no. 56 of 27 November 2020

¹²⁹ CoA Decision no. 19 of 5 April.2019

document such communication with the audited entity in the minutes of the audit inception meeting. It should be noted that in the sample audits we examined the Mission Letter was already in use before the explicit requirement was included in the revised manual.

The ISSAIs also require that the communication to the audited entity include the significant risks identified. The financial audit manual includes some procedures about the communication with the audited entity yet there is no explicit procedure for communicating the significant risks identified to the audited entity. The CoA emphasises the importance of ongoing communication with the audited entity during the audit and we were informed that auditors communicate the major risks they identify to the audited entities during the course of their audits. The Methodology Department also provide guidance on the application of the financial audit manual through bulletins, including for areas such communication with audit entities. However, there is no explicit guidance in the manual on communicating significant risks.

According to the ISSAIs, auditors should properly plan audits to ensure they are conducted in an effective and efficient manner. The financial audit manual's planning phase includes detailed information on how to do the planning and the documents to be produced are explicitly defined. The planning documents include the audit's scope, nature and timing as well as the details of the audit procedures. The manual provides sufficient guidance to enable auditors to plan the efficient and effective conduct of the audit.

The ISSAIs require auditors to determine materiality for the financial statements as a whole, and for particular classes of transactions, account balances or disclosures. The manual includes guidance about determining and assessing the materiality levels for the financial statements as a whole or if applicable, materiality level for classes of transactions or account balances. The guidance provided in the manual is sufficient for guiding the auditors to conduct procedures for determining materiality in compliance with the audit standards. The ISSAIs also require that performance materiality is determined and the manual provides sufficient guidance on performance materiality to enable auditors to do this.

Auditors are also required to revise materiality, as appropriate, during the audit for material changes in circumstances. While this requirement is not explicitly stated in the manual, in practice the CoA's audit planning documents can be revised during the execution phase if a need emerges, and this includes the possibility of revising materiality. In addition, the quality checklist for the "hot" review of financial audits explicitly asks about the need to change materiality during the audit.

According to the ISSAIs, auditors need to have an understanding of the audited entity and its environment, including internal control procedures that are relevant to the audit. The financial audit manual provides sufficient guidance on the information required for developing an understanding of the entity.

The risks of material misstatements need to be assessed at the financial statement level and the assertion level for classes of transactions, account balances and disclosures according to the ISSAIs. The financial audit manual directly refers to the requirements of ISSAI 2315¹³⁰, and in Annex 10 an example is provided on how to assess risks at the assertion level.

The ISSAIs require auditors to identify the significant risks. In line with this requirement, the financial audit manual provides detailed guidance on the definition of significant risks, and how to identify them. The ISSAIs also require that risks due to direct and material non-compliance with laws and regulations are identified and responded to appropriately. The CoA's financial audit manual in the audit planning chapter under step 8 "Review of assertions" indicates that regularity risks should be identified and assessed and describes how to identify and assess risks for the regulatory assertion. It also indicates that compliance audits are conducted separately. While there is no clear reference to ISSAI 1250, practical examples are described on how to assess the risks of non-compliance with laws and regulations.

According to the CoA Law, which takes into account of the provisions in the ISSAIs, *"auditors are engaged to audit the consolidated financial statements. The manual stipulates that they must obtain sufficient pertinent audit evidence about the financial information of the subordinated entities and the consolidation process to express their views on whether the consolidated financial statements are prepared, in all*

¹³⁰ ISSAI 2315 - Identifying and assessing the risks of material misstatement through understanding the entity and its environment

material respects, in accordance with the applicable financial reporting framework". The financial audit manual provides information on how consolidated financial statements are audited and details the specific issues to be addressed in an audit of consolidated financial statements. However, it does not describe the specific requirements of ISSAI 2600¹³¹, relevant for the audit of group financial statements. The CoA plans to develop these in separate guidance on non-standard audits, such as the execution of State Budget.

The financial audit manual gives detailed information on how to obtain sufficient and appropriate audit evidence and lists the methods for gathering evidence, including the use of external confirmations, analytical procedures and sampling. The manual also provides guidance on how and when to use and rely upon the work of internal audit, although, in practice it is understood that the work of internal auditors is not yet considered to be reliable so it is not generally used as audit evidence. With respect to the use of external experts as a source of evidence, the CoA can use external experts when special or technical knowledge is deemed necessary and the manual provides relevant guidance.

The ISSAIs require auditors to respond appropriately to address the assessed risks of material misstatement in the financial statements. The manual follows a risk-based approach, with auditors expected to determine the risks, assess their effects on the financial statements and then plan the audit procedures that will respond to those identified and assessed risks. The auditors are expected to develop audit procedures after they have determined and assessed the risks and manual indicates that: *"The Audit Assurance Model determines what mix of tests is necessary for the auditor to fulfil the objective of the audit, bearing in mind the identified risks"*. In the audit planning chapter of the manual the section "on assessing risks and identifying specific risks to the audit" describes the link between risks and audit procedures, and the requirement to document these in the Significant Risk Testing Plan, which should enable the tracking of the auditors' responses to specific risks

Auditors are required to undertake substantive audit procedures for each material class of transactions, account balances and disclosures. The manual indicates in a number of places that substantive audit procedures are to be used for significant classes of transactions and account balances.

ISSAIs require that policy documents provide guidance on the design and performance of audit procedures, including tests of control and substantive procedures. The financial audit manual provides sufficient guidance on the types of audit procedures including tests of controls, substantive analytical procedures and tests of details. The relevant sections include information on the design and performance of these procedures. Policy documents are also required to provide guidance on sampling, and how to deal with errors/deviations when evaluating the results of samples. The financial audit manual provides guidance on how to perform both sampling and error evaluation, and complies with the requirements of ISSAI 2450¹³².

According to ISSAIs when audit evidence about the operating effectiveness of specific controls, from a previous audit is being used, evidence should be obtained about whether significant changes in those controls have occurred. The Financial audit manual gives detailed and sufficient guidance on the performance of tests of controls but there is no explicit guidance on using the results of tests of controls from previous year's as audit evidence.

ISSAIs require that for significant risks, substantive procedures are performed that respond specifically to that risk. The financial audit manual defines the significant risks and includes a statement *"Our expectation is that significant audit risks have to be addressed through additional audit procedures beyond the standard audit programmes – these additional audit tests are our response to the identified risk."* This statement indicates a requirement for auditors to perform substantive audit procedures for each significant risk.

Auditors need to determine whether uncorrected misstatements are material, individually or in aggregate, and policy documents need to guide the auditors to do so. In various sections of the financial audit manual it is indicated that the audit opinion should be formed after evaluating whether the misstatements are

¹³¹ ISSAI 2600 - Special considerations – audits of group financial statements (including the work of component auditors)

¹³² ISSAI 2450 - Evaluation of misstatements identified during the audit

material in aggregate or individually and guidance is given for assessing the impact of the uncorrected misstatements.

According to the ISSAIs, an opinion should be formed based on an evaluation of the audit evidence obtained, which is expressed clearly through a written report, which also describes the basis for that opinion. The financial audit manual directly refers to ISSAI 2700¹³³ and provides sufficient guidance for evaluating audit evidence for reaching an audit opinion in compliance with the requirement of the ISSAI.

ISSAIs requires policy documents to provide guidance on the form and the content of the audit report including the opinion, basis of opinion, and the responsibilities of management and auditor. The CoA issued a newsletter on the content of the audit report and the structure of the report, with the requirements included in compliance with the audit standards. In addition, the Methodological Rules regarding structure, content and format of audit reports of the Court of Auditors¹³⁴ clearly describe the structure and requirements for writing audit reports, including for financial audits, and provide several illustrative examples on formulating the basis for opinion and other key aspects.

The policy documents should provide guidance on the circumstances when the audit opinion should be modified, including for qualified and adverse opinions, and disclaimer of opinion. The financial audit manual provides sufficient guidance on how to form the auditor's opinion in accordance with the ISSAIs. The manual explains in detail the forms of the audit opinion (unqualified, qualified, adverse and disclaimer of opinion) and provides guidance to auditors on the process of forming the opinion. The ISSAIs also require that nature of any modification is described in the basis of opinion in the auditor's report. The reporting framework that is provided in the newsletter on the content of audit report provides appropriate guidance to auditors in line with the requirements of the ISSAIs.

ISSAIs require the communication of misstatements, significant findings and difficulties from the audit, and the proposed audit opinion to the audited entity. The financial audit manual includes a section on audit reporting which refers to ISSAI 2260¹³⁵. In addition, Annexes 18 and 19 of the Manual include templates, which should be used for communication with audited entities. These templates include the audited entity's findings and reaction to the findings. The templates meet the requirements of ISSAI 2260 to a large extent, although certain elements are missing, such as the difficulties arising from the audit.

According to ISSAIs, auditors need to communicate in writing to the audited entity when significant deficiencies in internal control are identified during the audit. The financial audit manual states that *"You should advise the organisation as to the audit teams' findings in relation to the controls in place and recommend improvements to the control environment, using examples of control failures or poor risk management to demonstrate the problem. Where appropriate controls are not in place in response to an audit identified Significant Risk, this is an indicator of a significant deficiency in internal control which should be reported to management."* This can be evaluated as guidance for auditors to communicate the internal control findings to the audited entity. It is also understood that the draft report and the Annex to the Letter addressed to the management (management letter) are presented to the audited entity before they are approved to get the audited entity's comments on the findings. Since the report and the Management Letter Annex include findings on the internal control deficiencies, the CoA communicates the significant deficiencies in internal control to the audited entity in writing. The audited entity's comments are taken into consideration and the report is changed if deemed necessary. The comments are also included in the annex of the audit report and the management letter. All of these procedures comply with the requirements of the ISSAIs.

¹³³ ISSAI 2700 - Forming an opinion and reporting on financial statements

¹³⁴ Methodological Rules regarding structure, content and format of audit reports of the Court of Auditors, CoA Decision no. 13 of 25 March 2020

¹³⁵ ISSAI 2260 - Communication with those charged with governance

4.3. Financial Audit – Practice

The CoA have been implementing their new financial audit methodology in the annual mandatory financial audits of the state budget, the compulsory social and health insurance funds, and the ministries. To assess whether the methodology was being implemented effectively and that audits were being conducted in line with professional standards, we examined four audits that were conducted in 2020 on the financial statements for the year ended 31 December 2019. These were the:

- State Budget Execution
- Ministry of Health, Labour and Social Protection
- Ministry of Education, Culture and Research
- Ministry of Economy and Infrastructure

We reviewed the planning, audit execution and reporting for the sampled audits, focusing on the technical completion of the documentation in line with the manual and ISSAIs, and generally not the quality of the assessments and judgements reached in developing the relevant audit strategy, plans, reports and opinions.

Planning

Before commencing a financial audit engagement, the auditor should assess the acceptability of the financial reporting framework of the audited entity. This requirement is more relevant for environments that do not have authorized or recognized standard setting organizations or financial reporting frameworks prescribed by law or regulation. In Moldova there is a financial reporting framework regulated by the law¹³⁶ and adopted by the audited entities. Although auditors do not assess the acceptability of the framework (which is reasonable as the framework is adopted under the law), audit teams provide sufficient information about this framework, relevant legislation and related important aspects in the audit plan and working papers prepared at the planning phase.

The audit teams determined materiality for the financial statements as a whole and this process is sufficiently documented. However, materiality was not determined for classes of transactions. The financial audit manual provides for the determination of materiality at the level of transaction classes only in exceptional circumstances. In addition, performance materiality was not determined in all cases examined.

Auditors should identify the appropriate contact within the audited entity's governance structure and communicate with them regarding the planned scope and timing of the audit amongst other things. We found that communication of the audit teams are broadly in line with these requirements. The CoA audit teams' first communication with the audited entity is to inform them about the audit and its scope. They then discuss and agree directly with the audited entity the best timing for the audit. The minutes of these meetings with the audited entity are documented and included in the audit files.

The auditor should develop an overall audit strategy that includes the scope, timing and direction of the audit and also the nature, timing and extent of resources necessary to carry out the engagement. The auditor should also plan the audit properly to ensure that it is conducted in an effective and efficient manner. The CoA audit teams prepare an audit strategy and an audit program in which the audit scope, timing and direction are determined. These documents include details about the audited entity, the risks, responses to these risks, and the nature, timing and extent of the audit procedures. However, while there appears to be good communication with the audited entities including meetings with the audit entities at various stages and the submission of an Audit Order at the commencement of the audits (which explains the purpose, objectives, audit team, audit deadline and scope of the audit), there is no formal communication of the audit strategy and significant risks that will be addressed during the audit¹³⁷.

¹³⁶ Accounting law No.113

¹³⁷ The CoA has developed a model "General audit plan" which will be applied in the next audit cycle, the purpose of which is to inform those charged with governance of the significant risks identified and the auditor's response to those risks.

An understanding of the audited entity and its environment should be developed by the auditor. The audit teams in the CoA gather information about the audited entity and its environment and document this in two documents: the knowledge about the entity and the audit strategy.

The auditor should evaluate the overall internal control environment in the planning phase and gain an understanding of internal controls relevant to financial reporting. The CoA audit teams gather this information and document this in the planning documents. This includes information on the internal controls of the audited entity, the functionality of the controls, the internal audit function, the strategic management and risk management processes, and the IT environment and systems. The audit teams also complete checklists to evaluate the internal controls, and these checklists include the evaluation of the processes and controls used for financial reporting. While audit teams assess the internal controls of audited entities, they are generally found to be weak. Therefore, little reliance is placed on them, which impacts on the types of audit procedures and the level of work carried out in the execution of the audits, with a more substantive approach adopted.

As well as assessing the risks of material misstatement at the financial statement level, auditors should also identify and assess the risks of material misstatement due to fraud and material non-compliance with laws and regulations. The CoA audit teams identify and document fraud risks, pervasive risks, specific financial risks and minor financial risks in the planning phase. All the risks are sorted according to their effect on the financial statements, and the responses to the risks are identified. The risks due to fraud and the responses to those risks are documented. This is a standard procedure in the planning phase for all audit teams.

The assessment of risk of material misstatement due to non-compliance with laws and regulations is exercised through the identification of regularity risks. We understand that non-compliance risks are identified during the planning phase of financial audits, but in the sample audit files we could not clearly see the non-compliance risks, which may lead to material misstatement in the financial statements.

For each audit engagement, confirmation is required that the audit team meets and complies with certain ethical requirements: integrity, independence and objectivity, competence, professional behaviour, confidentiality and transparency. Within the CoA, it is standard practice to get a written confirmation from each member of the audit team called the 'declaration of independence'. This meets the expected requirements, and in the audits we reviewed this was appropriately completed.

While there are a few deficiencies that require to be addressed, the results of our review of the planning phase indicates broad compliance with the requirements of the CoA audit manual and the ISSAIs.

Audit Execution

The auditor should respond to the assessed risks by designing audit procedures, such as substantive procedures and tests of controls, and the nature, timing and extent of audit procedures should be responsive to the assessed risks. It is understood that audit teams in CoA identify the risks in the planning phase and perform the audit procedures as a response in the execution phase. In the audit programmes that are prepared the risks that have been identified are linked to the audit procedures to be performed, although this was not entirely clear in all the sample files reviewed. Also, in one sample audit the audit team did not determine the control and inherent risks.

With respect to the risks of material misstatement due to fraud, the audit teams identify and assess the risks of material misstatement due to fraud in the planning phase. However, again due to the lack of clear linkages between planning and execution phases it was not clear whether these risks were responded to in files we reviewed. We observed in only one audit file, the audit team specifying the related audit risk (in terms of fraud) when preparing the related audit procedures. A good practice, which supports the effective implementation of risk based auditing is to use standardized templates in which the risks, audit objectives and audit procedures are linked and clearly shown.

Auditors are required to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that are generally recognized to have a direct and material effect on the determination of

material amounts and disclosures in financial statements. The audit teams identify the risks of material misstatement due to non-compliance with laws and regulations and respond to them in the execution phase. However, the link between the risk and the related audit procedure is again not always clear, and while some audit files met this requirement it cannot be regarded as systematic.

Sufficient and appropriate audit evidence should be obtained by auditors using a variety of audit techniques, and this includes the use of external confirmations, external experts and the work of internal audit functions. Our review indicates that the audit teams obtain audit evidence through different audit techniques. The most commonly used procedures are analytical procedures. They also use direct substantive procedures where the working papers explain the sampling methodology. While the teams indicated that they plan to introduce statistical sampling this is not currently done. The interviews with the audit teams and the documents reviewed indicated that that non-statistical sampling is used and is generally applied in accordance with the standards and the Financial Audit Manual.

The use of external confirmations can be a useful tool for ensuring the credibility of certain audit evidence. While an example of an external confirmation was provided, for the sample audits reviewed they were not used systematically to provide audit evidence. Reliance is not generally placed on internal audit reports by the audit teams, as internal audit units are new and generally, the scope of their activities does not cover financial-accounting processes as internal auditors do not yet have the skills to perform such tasks. However, there are instances where internal audit reports serve as sources for identifying audit risks. The assessment of internal audit units is documented during planning. The CoA has authority to use external experts, generally from other parts of the public administration, and in one sample audit the team confirmed they had used an external expert, although we did not see any documented evidence of this.

The ISSAIs require auditors to perform audit procedures in such a way as to obtain sufficient appropriate audit evidence and thus draw conclusions on which to base their opinion. The audit files reviewed include working papers in which the audit objectives, work done and conclusions are included. The conclusions appear to be based on reasonable evidence from the audit documentation we reviewed. However, each audit team performs and documents the process differently.

In the execution phase, all planned audit procedures should be performed, or where planned audit procedures are not performed, an explanation as to why not should be retained on the audit file and be approved by those responsible for the audit. It was not possible in all cases to see the link between the planning and the execution phases and as a result see clearly the realization of the planned procedures in a standardized way. For two of the audit files examined the quality control documents and some of the working papers indicate the link between the planned audit procedures and those performed. However, this is not a standardized practice.

The results of the review indicate that there is room for improvement in the audit execution phase to ensure compliance with the requirements of the ISSAIs. While the CoA's use of audit procedures appears to be sufficient for gathering the necessary audit evidence, the main issue is the lack of a clear link between the planning and execution phases. We could not see a clear link between the audit risks determined in the planning phase and the audit procedures carried out. As a result, it was not possible to get a clear understanding about the extent to which the audit procedures effectively responded to risks identified and the sufficiency of audit evidence. While the audit teams perform significant detailed audit procedures, due to the lack of a clear link of the audit procedures with the risks and audit assertions, the documentation for the execution of the audit needs to be improved¹³⁸.

Completion and Reporting

According to ISSAIs, auditors need to prepare sufficient audit documentation to ensure that an experienced auditor, without prior knowledge of the audit, understands the nature, timing and extent of

¹³⁸ It should be noted that the financial audit methodology approved by the CoA is constantly being updated and for the next audit cycle the Audit Program documentation has been further developed and supplemented with the Annex "Synthesis on audit testing". The purpose of this synthesis is to show the completeness of the audit activity and the connection between all the audit stages.

the audit procedures performed, the audit evidence obtained and the conclusions reached. We concluded from our review that the CoA's documentation is generally sufficient. The audit work carried out at the execution phase is explained in detail in the working papers and adequate information is given about the audit procedures performed, although as already highlighted the audit procedures are not clearly linked with the planning phase. As a result, it is difficult to understand fully the nature, timing and extent of the audit procedures performed and the results obtained, and therefore assess the adequacy of the audit evidence gathered.

The standards also require the auditors to follow the SAI's documentation procedures regarding the timely preparation of audit documentation, including the form, content and extent of documentation, and the assembly of the final audit file. We observed in two of the audit files reviewed that the audit teams could not meet the prescribed deadlines as the audit files could not be assembled on a timely basis due to the pandemic and the late response of the audited entity.

An SAI's audit findings should be subject to contradictory procedures and the recommendations (or observations) to discussion with and responses from the audited entity. For CoA's audits, it is standard procedure for the audit findings to be provided to the audited entities for comment, and audit reports are only issued after the audited entity has the opportunity to discuss and respond to the draft findings.

Auditors are required to evaluate whether the uncorrected misstatements identified during the audit are material, individually or in aggregate, before reaching their conclusions. We observed that the practice in the CoA for aggregating the misstatements and comparing them with the materiality varied between audits, and it was not clear in all the sample audits reviewed how they linked to the reporting phase or the audit report.

The standards indicate that financial audit reports should be in a written form and they specify the content of the report¹³⁹. We observed that audit teams prepare written reports which contain all the elements required by the standards and that a standardized structure was used.

Audit reports should be easy to understand, free from vagueness and ambiguity and complete. They should be objective and fair, only including information which is supported by sufficient and appropriate audit evidence and providing that findings are put into perspective and context. Our examination of the audit reports identified that they appear complete, they meet the formal requirements of the standards and the findings and recommendations are presented in a clear and unambiguous way. However, in one audit file we were not able to understand fully whether the opinion was supported by sufficient and appropriate audit evidence.

Additionally, the standards require that the audit observations and recommendations are written clearly and concisely, and are addressed to those responsible for ensuring their implementation. In CoA's practice, observations and recommendations are written clearly in all of the audit reports to ensure correction of errors. In addition, the addressee of the findings is identified and stated in the reports.

The results of the review of the reporting phase indicate general compliance with the relevant requirements of ISSAIs, but there are a few deficiencies that require to be addressed.

Quality control

Quality control and assurance are discussed in detail in section 4.6 but a key element in the implementation of audits, and meeting the requirements of the ISSAIs, is the quality control and the supervision of the audit. The Quality Framework Guide documents clearly the role of supervision and quality control for individual audits.

¹³⁹ "a title, an addressee as required by the circumstances of the engagement, an introductory paragraph that identifies whose financial statements have been audited, a section with the heading 'Management's responsibility for the financial statements', a section with the heading 'Auditor's Responsibility', stating that the responsibility of the auditor is to express an opinion based on the audit of the financial statements, a section with the heading 'Opinion', the auditor's signature, the date on which the auditor obtained sufficient appropriate evidence on which to base the auditor's opinion on the financial statements and the location in the jurisdiction where the auditor practices"

The Guide provides for three levels of quality control and supervision within the audit divisions. It articulates the roles and responsibilities of the head of the audit team, their immediate line manager and the Head of the audit division for undertaking documented reviews at each stage of the audit. Checklists have been developed for conducting the reviews.

For the audit files we reviewed the audit teams confirmed that for each stage of the audit the head of the audit team and the head of the audit division conducted reviews and completed the relevant quality control checklist. In practice, a two-stage review process is being operated, and while this is not in line with the CoA's Quality Framework Guide, it is sufficient and appropriate for meeting the requirements of auditing standards.

4.4. State Budget Execution Audit

One of the financial audit files selected for the peer review was the audit of the Government Report on the execution of the state budget. Following our review of the audit file and the interview with the audit team, we decided to handle the state budget execution audit separately from the other financial audit files.

The state budget audit is a unique audit and it cannot be regarded as a standard financial audit. The audit is mandatory for the CoA and the main objective of the audit is to ensure proper management of the state budget. The State Treasury is responsible for the (cash) execution of the state budget and reporting on it. The purpose of the state budget audit is described as providing reasonable assurance that the Government Report on the execution of the state budget is prepared and presented in accordance with the applicable financial reporting framework and does not present significant irregularities due to fraud or error. As a result, the audit work mainly focuses on the regularity¹⁴⁰ of the realised transactions during the execution of the budget (cash transactions). According to the legal provisions¹⁴¹, the annual report on the execution of the state budget is presented in a format comparable to the approved budget format and the statements presented in accordance with the financial reporting framework applicable in the budgetary sector.

While the state budget audit practice does not easily match with a standard financial audit, we have based our evaluation of the audit of state budget execution on the ISSAIs, including consideration of the requirements of ISSAI 2600¹⁴².

The CoA has considered the option of auditing the State Budget Execution Report in accordance with ISSAI 2600. However, this was not considered appropriate as Government's State Budget Execution Report because the applicable reporting framework for the State Budget report is different from the reporting framework for ministries and other component parts of the state budget. The report on the execution of the state budget is based on cash expenditures while the financial reports of ministries and other budgetary institutions are based on actual expenditures. Thus, the CoA decided that for the moment it will apply some of the principles for a group audit but not conduct the audit in accordance with ISSAI 2600. As a result, a formal agreement has been reached between the State Budget audit team and the audit teams for ministries and other budgetary institutions, stating that the State Budget audit team intends to use the work conducted by other teams in auditing financial data as required for the State Budget.

In this context we note that the CoA's obligation to perform the financial audit of the Government Report on the execution of the state budget is a relatively new task, introduced in 2017¹⁴³. As a result the CoA continues to review and develop its financial audit methodology in this regard.

Our review of the planning documents indicated that procedures are performed in accordance with the ISSAI requirements in general. The audit team gathered information about the audited entity, evaluated

¹⁴⁰ Compliance with the laws and regulations

¹⁴¹ Law on public finances and budgetary-tax responsibility no.181 of 25 July 2014, Article 73 (4)

¹⁴² ISSAI 2600 – Special considerations – audits of group financial statements (including the work of component auditors)

¹⁴³ CoA Law 2017

the internal control system and related IT systems, determined materiality and risks, and prepared an audit strategy and plan, but as ISSAI 2600 is not being applied the procedures performed do not take into account the ministries and other budgetary institutions.

In the planning of the audit of the state budget the audit team is guided by the provisions of the Financial Audit Manual. However, given that the state budget reporting format is not the one that meets the standard of classic financial statements, the CoA plans to develop a guide for non-standard financial audits, such as the execution of the state budget, which details the requirements for these audits.

The execution phase of the state budget audit has some characteristics consistent with the principles of group audit. We have identified that the audit team relies on the work of other audit teams for the ministries and other budgetary institutions audited as mentioned under the agreement previously, although we did not identify any specific audit procedures documenting this reliance. However, the audit team indicated that they communicated with the audit teams of the ministries, in a number of meetings. They also presented letters¹⁴⁴ to these audit teams requesting that the findings from ministry audits are provided to the State Budget audit team after the results of the ministry audits have been approved by the CoA, to enable them to have confidence in the quality of the information for inclusion in the state budget report.

During this phase, the audit team mainly focuses on the allocated budget of the ministries, the amount of financial resources used and how these are presented in the financial statements. In addition, the audit team indicated that their work is more than just issuing an opinion, and that they focus on others aspects such as regularity/compliance. As a result, we concluded that the state budget audit diverges from being a financial audit.

We observed that the reporting phase of state budget audit partially complies with the ISSAIs. The report structure is in line with the requirements of a financial audit report. However, the audit opinion does not comply with the ISSAIs a fact that is acknowledged by the audit team. The audit opinion does not give a view on the true and fair presentation of the financial statements of state budget execution, but focuses on the compliance of the executed expenditures with the relevant legislation. This is consistent with the focus of the audit team, which is to provide assurance on the compliance of transactions with the laws and regulations.

It is important to note that these circumstances are also because according to the legal framework¹⁴⁵ the annual report on the execution of the state budget is presented in a format comparable to the approved budget. Therefore the composition and format of the State Budget execution report is prepared in accordance with the annexes to the Annual Budget Law and does not in itself consolidate the financial statements submitted by the budgetary institutions/authorities. Additionally, the calendar of activities for the preparation of the Annual Report on the execution of the state budget, including its composition and format, is approved at the end of each year by order of the Minister of Finance¹⁴⁶.

In conclusion, while the current audit of state budget cannot be regarded as a standard financial audit as the State Budget Execution Report does not consolidate the financial statements of the state public sector and the focus is not on issuing an opinion on the true and fair presentation of the financial statements, many aspects of financial audit have been performed.

As already indicated the CoA is planning to develop a guide to support the audit of the State Budget Execution in order to ensure broad compliance with ISSAIs and this should consider the principles that underpin ISSAI 2600 as appropriate for the circumstances.

¹⁴⁴ Letters provided in a format agreed with the external expert in financial audit

¹⁴⁵ Law on public finances and budgetary-tax responsibility No. 181 of 25 July 2014, Article 73 (4)

¹⁴⁶ Order of the Minister of Finance no. 18 of 27 January 2020 "On amending order no. 44 of 12.02.2018 on the structure, composition and format of the forms in the Annual Report on the execution of the state budget".

4.5. Audit Team Management and Skills (including professional development)

An SAI should ensure that the members of their audit teams collectively possess the professional competence and skills necessary to carry out the audits. An SAI should also implement professional development and training plans to ensure its staff have the competency and skills to perform effective financial audit and enable the SAI to achieve its objectives. This should include:

- The SAI has systems to confirm that audit teams collectively possess the professional competence and skills for each audit.
- Knowledge, skills and competencies for financial audit within the SAI are defined
- Professional audit staff have, or are working towards, relevant qualifications
- SAI has a structured training programme to develop its professional staff, and staff are trained in the audit approach
- Development needs of individual staff are regularly assessed

SAIs should establish systems that ensure the audit teams have an understanding and practical experience of audit engagements of a similar nature and complexity through appropriate training and experience. In addition, audit teams are required to have an understanding of professional standards and the applicable legal and regulatory requirements as well as technical expertise, including expertise with relevant information technology and specialized areas of accounting. The Quality Framework Guide of the CoA states that the following criterion should be used when selecting the members of the audit team: *"understanding and practical experience of audit missions of a similar nature and complexity, acquired through appropriate training and participation, as appropriate"*. This requirement provides for the appropriate establishment of the audit teams and that they have sufficient knowledge of the professional standards and the legal and regulatory requirements. The Guide also requires that the necessary *"technical skills/experience including information technologies"* are considered when selecting the members of audit teams.

The ISSAIs also require that audit teams have knowledge of relevant industries in which the audited organization operates, have an understanding of the SAI's quality control policies and procedures and have an understanding of the applicable reporting arrangements. The Quality Framework Guide states that the audit members should be selected based on their knowledge of the relevant areas of the entity's activity. It also includes a section on informing and communicating the quality control policies to staff and indicates that management are responsible for ensuring staff are informed of the CoA's quality control policies. In addition, the Guide states that the following criteria should be used when selecting the members of the audit team *"understanding the Court's quality control policies and procedures"* and *"understanding and knowledge of professional and auditing standards, including those of the Court of Accounts, as well as legal requirements."*

The ISSAIs require that before the commencement of the audit the individual responsible (Head of the audit team) should confirm and document that the audit team, and any experts, collectively and individually have appropriate competence and capabilities to perform the audit engagement in accordance with professional standards. From our review of the documentation for the sample audits, while the independence statement signed individually by each member of an audit team requires them to indicate that they have the appropriate competence and capabilities we did not see any relevant working paper/template that provides an overall assessment by the head of the audit team of whether this requirement is met.

It is good practice for SAIs to have a system that ensures the knowledge, skills and expertise required for conducting the financial audit are identified and that there are clear reporting lines and allocation of responsibilities within the team. The CoA has policies in place to confirm that audit teams have the collective professional competence and skills for each audit. The Quality Framework Guide includes the criteria for selection of the audit team and head of the team. These criteria involve both characteristics and professional skills. However, these are the definitions of the criteria for establishing the audit team and do not specifically define the knowledge, skills and expertise required for conducting financial audit. Although certain knowledge, skills and competencies required to carry out external public audit missions

are defined, they are not regulated in sufficient detail and are not delineated by type of audit, including financial audit. Therefore, the CoA policies and procedures are not sufficiently established to identify the skills and knowledge required for financial audit. With respect to establishing clear reporting lines and allocation of responsibilities within the team, these are adequately detailed in the section of the guide, which defines the quality control procedures applied during the audit process (planning, execution and reporting).

SAls are expected to define the knowledge, skills and competencies for financial audit and to ensure that the professional audit staff have necessary qualifications. Currently the CoA does not have an analysis of competencies required for financial audit (and other work). The CoA has initiated activities in this regard in a project with the Swedish National Audit Office and a Professional Skills Framework is being developed. The approval and implementation of this is planned for 2022, including the development of subsequent instruments (training programs and individual development plans).

It is good practice for SAls is to have a structured training programme to develop its professional staff and train them in the audit approach. They are also expected to assess the development needs of the financial auditors. The CoA has prepared and issued a training and professional development strategy for staff with public audit responsibilities. This is an indicator that the CoA has the intention to continuously support its staffs training needs. The CoA is also planning to develop its annual training plans based on the results of an assessment of staff needs. However, over the last few years, while the CoA managed to train the staff sufficiently in regards to financial audit with international support it did not have a well-structured annual training program for the development of its staff.

In practice, the CoA faces challenges in ensuring that it has sufficiently qualified staff to meet its mandate, which creates risks in ensuring the quality of audits performed. In the self-assessment report prepared before this review the CoA identified that based on the work of the Quality Control Service and the self-assessment of the CoA's quality control system that

"... due to the large fluctuation of employees with audit experience, as well as the insufficiency of qualified audit staff, proper fulfilment of the audit mandate, some teams require additional and ongoing training and guidance" and "a major problem of the CoA is the fluctuation of audit staff who have received appropriate training over the years and have experience in auditing"

These challenges are borne out by the statistics. Audit activities, in particular mandatory financial audits, have increased considerably while the number of auditors has stayed broadly the same. At the same time, the audit work has become increasingly complex. There has also been a high turnover of staff in recent years, with turnover rates of 7.5% in 2018 and 9.9% in 2019, which creates an increased risk of the loss of knowledge and experience. As a result, there is pressure on ensuring sufficient qualified and competent staff to conduct all the CoA's audit activities, including financial audits. In this regard, the CoA's own analysis indicates a shortage of (competent) staff to fulfil its mandatory financial audit mandate¹⁴⁷.

Overall, we concluded that the CoA has generally constituted necessary strategies and policies to provide for the professional development of its staff. These include human resources management strategy, training programs, quality framework guide and action plans. However, these documents are relatively new and are not fully implemented to ensure the competency of all the audit staff. In practice, the CoA is not yet in a position to ensure that it has sufficient professional audit staff with the competence and skills necessary to carry out the audits meet its mandate, due to a number of factors not all of which are currently within its control.

4.6. Quality Control and Quality Assurance

An SAI should implement quality control measures to ensure the high quality of each audit product, which are carried out as an integrated part of the audit process. The quality control procedures should provide

¹⁴⁷ CoA Self-assessment report

reasonable assurance that the audit complies with professional standards, applicable legal and regulatory requirements, and that the report is appropriate.

An SAI should also have a monitoring process in place to provide it with reasonable assurance that the policies and procedures relating to the system of quality control are relevant and adequate and are operating effectively. This should include:

- appropriate policies and procedures in place to ensure that the SAI's system of quality control is adequate and operating as intended. The processes consider the risks to quality.
- the Head of the SAI having overall responsibility for the system of quality control, with responsibility for the quality system delegated to an individual with appropriate experience.
- the quality assurance process includes a systematic review of a sample of completed audit engagements from the range of work carried out by the SAI.
- reviews are carried out independently, and by staff members with sufficient and appropriate experience and authority.
- the results of the quality assurance work are reported to senior management and acted upon.
- SAI regularly opens itself to external review of its operation.

We focused our assessment on the arrangements for quality control and quality assurance related to financial audits, and the implementation of these arrangements for those audits that are mandatory each year. In carrying out our assessment, we took into account the results of the self-assessment exercise of the quality control system conducted by the CoA with the support of the Swedish National Audit Office and reported in November 2019, and the related action plan approved by the CoA¹⁴⁸.

ISQC 1¹⁴⁹ and ISSAI 140¹⁵⁰ require the SAIs to have a system of quality control in place for all its work. According to the ISSAIs SAIs should have established policies and procedures designed to promote quality as essential in performing all of its work. SAIs are also expected to clearly establish quality control policies and procedures and the Head of the SAI is expected to retain overall responsibility for the system of quality control.

The CoA has developed and issued a '*Quality Framework Guide*' in which policies and procedures are designed to promote quality in all of its work. Our overall assessment of the policies and procedures in the quality framework guide is that they generally meets requirements of international standards, and in particular ISSAI 140. The Guide states that:

"Planning, maintaining, evaluating and improving the quality of the work of the Court of Accounts requires a systemic and comprehensive approach to it, including the quality of:

- **products (audit reports)** - ensuring their usefulness, efficiency and effectiveness, to the improvement of public financial management, the conclusions and recommendations being convincing, constructive, accessible, coherent and objective;
- **staff** - a key element comprising: the management of the Court of Accounts, including the Plenum, the heads of subdivisions of all levels, the controllers/ auditors and other employees directly or indirectly involved in the Court's audit work;
- **processes** - succession of logically structured activities, which use resources by adding value, offering products and organizing them in order to achieve defined objectives."

The Guide states that the Management of the CoA is directly responsible for the quality of the products of the CoA, by which the President is held responsible.

The ISSAIs require SAIs to delegate the responsibility for managing the SAI's system of quality control to a person or persons with sufficient and appropriate experience to assume that role. The CoA's Quality

¹⁴⁸ CoA Decision no.8 of 20.02.2020

¹⁴⁹ ISQC 1 - International Standard on Quality Control 1 - Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements

¹⁵⁰ ISSAI 140 - Quality control for SAIs

Framework Guide includes a section on '*Delegation of control responsibilities*' in which it states that the responsibility for managing the CoA's quality system is delegated to a unit/person. Overall responsibility for quality was delegated to the Head of Staff following the self-assessment exercise and detailed in the related action plan¹⁵¹. Responsibility for the quality control and assurance framework, and planning and conducting the related work, rests with the Quality Control Service, which was established in 2019 and reports directly to the President. The Quality Control Service is staffed with personnel with significant professional experience in public audit and they are independent of the audit teams, and do not undertake any audit work

SAls are required to establish systems to consider the risks to quality, which arise from carrying out the work. The Quality Framework Guide states that *"In order to ensure the quality of the work, the Court of Accounts must analyse the risks to the quality of audits, as well as other matters, and put in place a quality control system that responds appropriately to those risks. Quality risks depend on the mandate and functions assigned to the Court by law and the conditions and context in which it operates."* This statement indicates that the CoA policies are in effect a system which controls and responds to risks to quality.

The Quality Framework Guide includes quality control procedures for all the work of the CoA. It states that *"Planning, maintaining, evaluating and improving the quality of the work of the CoA requires a systemic and comprehensive approach to it including the quality of products, staff and processes"*. This means that the quality control policies and procedures require that all the work of the CoA is subject to review within the quality control and assurance system.

Quality Control

With respect to quality control in section 4.3 on financial audit practices, we discuss the quality control measures that are integrated into each audit to provide reasonable assurance that the audit complies with professional standards, applicable legal and regulatory requirements, and that the report is appropriate. These include the reviews by the head of the audit team and the head of the audit division and using defined checklists.

The standards require that SAls recognize the importance of engagement quality control reviews for their work, and that where they are carried out matters raised should be satisfactorily resolved before a report is issued. The Quality Framework Guide describes the engagement quality control review process for the CoA, which is a "hot" review conducted on selected audits (which are considered as high risk and complex, etc.). The reviews should be carried out by appropriate auditors who are not involved in the selected audit. These criteria are defined in the guide and the foreseen procedures are in line with ISSAI 140 and ISSAI 2220¹⁵² requirements.

The practice of conducting hot reviews at the CoA has taken place since 2014, although in 2017 and 2019 no hot reviews were conducted. At the beginning of 2020, following an Order of the President¹⁵³, a working group was established and a programme of hot reviews approved. During the period of January to May 2020, hot reviews were conducted for all the mandatory financial audits of financial statements for the year ending 2019¹⁵⁴. Hot reviews were conducted at both the planning and reporting phase of each audit, using standardised checklists. A report was produced for each individual hot review conducted, as well as general reports summarising the results of the hot reviews at both planning and reporting phase of the audit.

We reviewed a sample of the checklists and reports produced and considered them reasonable. We also reviewed the general reports prepared, which we found to be well structured, clearly outlining the key issues identified and making recommendations for improvement. The general reports were provided to the managers of the general directorates with the obligation to address the issues identified. They were

¹⁵¹ CoA Decision no.8 of 20.02.2020

¹⁵² ISSAI 2220 - Quality control for and audit of financial statements

¹⁵³ Order of the CoA President no.22 of 13.02.2020 - "On the establishment of the working group to conduct hot reviews of the quality of audit missions of the Court of Auditors

¹⁵⁴ The program of "hot" reviews for 2020 audit, based on the Order of the President of the CoA no. 22 of 13.02.2020

also submitted to the President of the CoA for his consideration. The reports were also shared with the CoA staff through the CoA intranet.

Where difficult or contentious matters arise, SAIs should ensure that appropriate resources are used to deal with such matters. The quality framework guide provides for a consultation process in cases of difficult or contentious matters, both internally with relevant experts or with external experts. Our review identified that it is common practice in the CoA for auditors to consult the methodology department in cases where they need guidance to resolve difficult issues encountered during financial audits.

According to the ISSAIs, any differences of opinion within the SAI needs to be clearly documented and resolved before a report is issued. In the Quality Framework Guide, it is envisaged that differences of opinion between audit team members and other participants in the audit process will be resolved through appropriate consultation. A standard quality control procedure before the approval of the final report is to check whether differences of opinion between the auditors and the audited entity were resolved.

SAIs are expected to establish procedures for authorizing reports to be issued. According to the Quality Framework Guide, the draft audit reports are subject to defined quality control procedures. Specifically the Guide states that:

"Subsequently, the draft audit report will be evaluated/examined, in the established manner, from a legal and methodological point of view, including by the member who coordinates the activity of the respective audit subdivision, and, as the case may be, preliminary meetings will be organized with the participation of the Plenum of the Court", and that "The final report will be examined and approved in plenary, in accordance with the rules in force".

The rotation of staff between audit engagements is also important for reducing the independence risks to the CoA and this should be articulated in a rotation policy. The CoA established the rotation of members of the Court in decision of the Court in 2019¹⁵⁵, with the rotation of members annually, which in the view of the peer review team is too frequent. The mitigation of independence risks through rotation should be balanced, and take account of the benefits of developing an understanding of the audited entities amongst other things. Although there is no specific rotation policy in place for other key audit personnel in the CoA, the CoA's action plan¹⁵⁶ from the self-assessment of the quality control system indicates that this is being addressed and the CoA has a well-established practice of rotating audit staff, especially audit team leaders.

Overall, the CoA's quality control procedures for financial audits are generally designed to provide reasonable assurance that audits comply with the professional standards, applicable legal and regulatory requirements, and that the related report is appropriate. From our review of the sample files and quality control reports the quality control policies appear to have been generally implemented in line with the policies. While the practice of conducting hot reviews is not currently part of the CoA's annual plans the practice of conducting "hot" reviews appears to be embedded in the work of the CoA, and is incorporated into the work of the CoA through the establishment of working groups, based on Orders of the CoA President. Additionally the updated Quality Framework Guide, which is in draft, describes the procedures in detail.

4.7. Quality Assurance

SAIs are expected to have a monitoring system which includes the ongoing consideration and evaluation of the SAI's system of quality control, including a review of a sample of completed work across the range of work carried out by the SAI. The CoA's Quality Framework Guide provides for this in the section on Post-Audit Quality Assurance and Control – Cold reviews. The guide provides for a number of types of post-audit reviews, which are:

¹⁵⁵ CoA Decision no.77 of 27.12.2019

¹⁵⁶ CoA Decision no.8 of 20.02.2020

- internal "cold" reviews;
- external "cold" reviews - post-audit quality examinations, performed by persons/experts from outside the Court of Accounts, such as peer reviews
- monitoring reviews of the execution of the Court of Accounts' decisions;
- feedback from the audited entity;
- studies/assessments from stakeholders

While the Guide provides for these different types of post-audit reviews, the policies and procedures in the Guide are solely focused on the internal cold reviews. However, it should be noted that the Guide is undergoing significant revision, following a self-assessment and report against the requirements of ISSAI 140, after which an action plan to improve the quality system was approved by the CoA in February 2020. This has been conducted with support from the Swedish National Audit Office. A number of the observations below about the guide are planned to be addressed by this revision.

SAIs are expected to have written procedures and/or plans for quality assurance which specify the frequency with which quality assurance reviews should be carried out. According to the Quality Framework Guide; *"The planning of "cold" reviews is similar to that of "hot" reviews, usually at the end of the year, involving a comprehensive analysis of completed audit missions liable for evaluations and the selection of audit missions and review teams, taking into account the criteria"*. It also states that: *"The audit missions to be subject to "cold" reviews will be selected from the Court's Audit Schedule for the previous/current year."* This statement implies that cold reviews are conducted on an annual basis, although the frequency of the reviews is not explicitly documented. With respect to the criteria for selecting audits these are clearly established in the Guide and include: high risk audits; complex, significant audits; audits subject to parliamentary/media scrutiny; and, audits where there is new head of the audit subdivision amongst others

Individuals with sufficient and appropriate experience and authority in the SAI should be assigned responsibility for quality assurance. The Quality Framework Guide determines the criteria for establishment of cold review teams. The criteria include professional competence and independence from the team of the selected audit. The details are all explained in the relevant section of the Guide, which comply with ISSAIs and good practice.

Quality assurance reviews should result in clear conclusions and recommendations for appropriate remedial actions for deficiencies that are noted. The Quality Framework Guide provides guidance for reporting the results of the review. The findings should be documented for each audit file and then consolidated in a general report, in which recommendations are also determined.

The Head of an SAI is expected to examine the recommendations resulting from the quality assurance reviews of the audits and draw the necessary conclusions. In the CoA's case, the Guide states that *"At the meeting, the Plenum of the Court examines the Report and orders the necessary measures to be taken in accordance with the recommendations made in the Report, in order to correct/improve the quality control system, establishing, as the case may be, deadlines for their accomplishment."* According to this statement the senior management, including the President as the chair of the Plenum of the CoA, should review the general report and determine the necessary actions to be taken.

Those carrying out the review need to be independent from work being reviewed. The Quality Framework Guide indicates that *"objectivity and independence from the audit subject to review, the audit team and the audited entity"* is a criterion for being selected as a member of the cold review team.

The results of the monitoring of the system of quality control should be reported to the Head of SAI in a timely manner. The Quality Framework Guide indicates that the deadline for submission of cold review reports is the first quarter of the year. However, the Guide does not explicitly indicate to whom the report should be submitted. Even if the president is a member of the Plenum, it is considered that the Guide should be clear about the submission of the report to the President as well as the Plenum.

In practice the quality assurance reviews (internal cold reviews) are conducted by the Quality Control Service, which is staffed with two experienced public auditors and is independent of the audit teams. The

Service planned and conducted five cold reviews in 2019, on ministry financial audits carried out in 2019, with an audit being selected from each of the General Audit Department. In 2020, they conducted two cold reviews of ministry financial audits conducted in 2020¹⁵⁷. For each review, standardised cold review checklists were used covering organisation, planning, execution and reporting. Reports were produced for each review and then for each year the results were synthesised into a general report on the cold reviews where the most significant issues and findings were elaborated covering both the deficiencies in ensuring the quality of audits and areas of good practice. Recommendations were also made for the CoA management, audit teams and the methodology department, and significant issues identified where further training should be provided.

We reviewed a sample of the cold review checklists and reports produced and considered them reasonable. We also reviewed the general reports prepared, which we found to be well structured, clearly outlining the key issues identified and making recommendations for improvement. The general report was provided to the managers of the general directorates with the obligation to address the issues identified. It was also submitted to the President of the CoA for his consideration. The report was also shared with the CoA staff through the CoA intranet.

In 2020, the Quality Control Service also prepared an Annual Report that reported the results of the "hot" and "cold" reviews for 2020 audits. This report details the most significant findings and conclusions, identifies the conditions that lead to deficiencies in audit quality, and includes an action plan for the recommendations included in the "hot" and "cold" General Reports to improve the quality of external public audit activities. The Annual Report was coordinated with the Head of the Staff and subsequently provided to and approved by the President of the CoA.

With respect to external reviews of its operations and practices, the CoA has been subject to analysis and review of certain elements within the scope of various donor or partner projects to support the CoA's development, and the financial audits conducted of certain donor funded projects have been evaluated. This is the first peer review of the Institution. However, the CoA so far it has not been subject to regular external reviews of its audit practices.

With respect to obtaining feedback from audited entities on the processes and quality of the CoA's audits, the CoA has so far not systematically undertaken questionnaires or surveys of audited entities opinions, and the Quality Framework Guide has not elaborated policies on conducting such questionnaires or surveys¹⁵⁸. The CoA's Development Strategy 2021-2025, under Pillar III: "Improving communication with stakeholders to increase the impact of the activity of the Supreme Audit Institution", envisages such activities.

Overall, the monitoring policies and processes established by the CoA are generally designed to provide management with reasonable assurance that the system of quality control for financial audits is relevant, adequate, and operating effectively. From our review of the sample files and quality assurance reports, the internal cold review policies appear to have been generally implemented in line with the policies. However, the policies and practices for quality assurance and monitoring activities other than internal cold reviews need further development.

4.8. Conclusion

The Court of Accounts of Moldova conducts financial audit work professionally, applying an approach and methodology in line with professional standards. The compliance of the CoA with INTOSAI Framework of Professional Pronouncements (IFPP) in the financial audit field, is regulated by the Law of the Court of Accounts. The CoA has adopted a new financial audit manual and some regulations along with the manual, which comply with the international standards. There is still room for improvement in some specific issues,

¹⁵⁷ The programme of cold reviews of 2020 audits, approved by the President of the CoA on 22 July 2020

¹⁵⁸ Feedback is obtained from surveys organised by NGOs in coordination with the CoA. For example the Survey of Central Public Authorities which examined their opinions and experiences on communication with the CoA, the professionalism and integrity of its auditors and the implementation of the CoA's recommendations

which are explained in detail in this report. However, as an overall evaluation it can be concluded that the CoA's financial audit methods and processes mainly comply with audit standards.

The CoA has an appropriate system of quality control and assurance, which covers all aspects of its work and protects the reputation and credibility of the SAI. The systems are compatible with the requirements of ISQC1 and ISSAI 140. It is understood that quality control and quality assurance systems are newly established and still being improved. Thus, the functioning of the systems need to be assessed separately to ensure the full compliance with the standards.

4.9. Recommendations

The recommendations of the Peer Review Team on financial audit processes and quality are:

Financial Audit Policies

- ▶ A systematic approach for regularly updating the audit manuals should be ensured through inclusion in the CoA's strategic and annual planning framework.
- ▶ The Institution should consider updating the financial audit manual for the following
 - The requirement to effectively communicate the audit strategy and significant risks to the audited entity should be clearly set out and the procedures elaborated.
 - The conditions that require a revision in the materiality level and how to document the revision should be clearly set out.
 - The manual should clearly articulate when auditors can rely on the results of prior years' audits of the controls in operation and elaborate the procedures for confirming that the controls operating have changed since the prior year, including the documentation requirements.
 - The CoA should consider providing further guidance on assessing risks of non-compliance with laws and regulations, clearly linked to ISSAI 2250, and identifying those which may lead to material misstatement in the financial statements
 - The requirements for communicating the results etc. of the audit should be developed to ensure they meet the requirements of ISSAI 2260 fully. For example, they should be developed to include the communication of difficulties arising from the audit.
 - For the audit of group financial statements, the requirements for communication and engagement with component auditors should be further developed to meet the requirement ISSAI 2600.

Financial Audit Practice

- ▶ The CoA should ensure that the requirements for the determination of materiality for individual classes of transactions, account balances or disclosures, and performance materiality are appropriately applied for all audits
- ▶ Standardised documentation and templates should be developed to the support the effective and consistent documentation of audit execution and audit procedures, and to clearly demonstrate the conclusions reached. This should include ensuring that the linkages between risks, audit objectives and audit procedures are clearly demonstrated.
- ▶ The CoA should ensure that statistical sampling is developed and conducted as appropriate in accordance with the standards.
- ▶ The CoA should ensure that the requirements for the preparation of the audit files as articulated in the audit manual are met for all audits.

- ▶ The CoA should ensure that the evaluation of misstatements is conducted in a consistent manner by audit teams and effectively documented. Standard templates should be developed and used by all audit teams for the evaluation of misstatements against materiality.
- ▶ For the audit of the execution of the state budget, we recommend that in developing a specific audit guide that this should consider the principles that underpin ISSAI 2600 as appropriate for the circumstances of this audit.
- ▶ For the audit of group financial statements where reliance is placed on the work of internal or external audit teams, specific audit procedures should be conducted and documented to clearly demonstrate this.

Audit Team management and Skills

- ▶ As part of the induction of new recruits, the CoA should develop and implement a system to meet their training needs and ensure that they are provided with the basic skills and competencies to conduct audit work.
- ▶ The CoA should develop a competency framework in which the knowledge, skills and expertise required for conducting the financial audit (and other work) are identified.
- ▶ The CoA should develop and implement a structured, needs based training programme. Professional staff of the CoA need to be subject to a training programme, which ensures that the qualifications of auditors meet the requirements determined in the competency framework.
- ▶ At the commencement of each audit engagement, the responsible manager should document that the audit team, and any experts, collectively and individually have the appropriate competence and capabilities to perform the audit in accordance with professional standards.
- ▶ As part of its strategic planning the CoA should develop plans to address the underlying issues that impact on the resourcing of the CoA, and its ability to develop and maintain sufficient competent professional audit staff.

Quality Control and Quality Assurance

- ▶ The CoA should ensure that engagement quality reviews (hot reviews) are embedded into the annual work plans of the CoA and conducted each year.
- ▶ The Quality Framework Guide should be revised to explicitly state the frequency of the internal cold reviews i.e. that a programme of cold reviews are conducted every year.
- ▶ The Quality Framework Guide should be revised to include an explicit statement that the cold review reports are submitted to the Head of the SAI.
- ▶ The CoA should develop a rotation policy for key audit personnel in the CoA, in line with the expectations of the ISSAIs and good practice, to mitigate independence threats.
- ▶ The CoA should further develop the policies and practices for monitoring activities other than internal cold reviews. For example, policies and procedures for conducting questionnaires or surveys of audited entities should be elaborated.
- ▶ The reporting of quality assurance and monitoring activities should be developed to include all relevant activities. In due course reporting on quality should be developed to cover all functions, activities and work of the CoA, as part of CoA wide quality management system.

5. Financial Audit – Reporting and Achievement of Results

5.1. Introduction

Audit reports are the key outputs of SAIs and it is important that they are relevant to their stakeholders and have impact. An SAI should deliver good quality and timely outputs, that are publicly available, and which have impact. To achieve this SAIs should ensure that:

- audits are completed and the reports submitted to the appropriate authority in line with the statutory requirements and/or in a timely manner to ensure that they are relevant.
- its reports and other outputs are published in timely manner, in accordance with the prescribed legislation and in a manner that is easily accessible to a variety of stakeholders.
- processes and systems are in place for following up on whether audited entities or other responsible entities take appropriate action based on observations and recommendations made by the SAI.
- it reports on the implementation of its recommendation and the impact of its work.

5.2. Reporting, submission and publishing

An SAI should deliver good quality and timely outputs, that are publicly available, and which have impact. The IFPP indicates the importance of timely reporting throughout the professional pronouncements. This includes ensuring:

- statutory deadlines for completing and reporting audits are met (assuming other parties have met their obligations);
- statutory deadlines for publishing reports and other outputs are met;
- where audit reports are prepared at the SAI's discretion they should be produced to ensure that the findings are relevant and up to date. They should also be made public in a timely manner;
- published reports and outputs are made easily available to various stakeholders through a variety of communication channels.

Under the CoA Law, a draft of the auditor's report for a financial audit (and all other audits) is required to be submitted by the auditor in charge of the audit to the head of the audited entity for their comments¹⁵⁹.

After receiving the draft auditor's report, the audited entity was required to submit its written comments and any relevant documents to the audit team within 15 working days. The audit team then had 7 working days to examine these comments/documents, and was required to inform the audited entity about the outcomes and explain them briefly in the final report (as of 30 October 2021, these deadlines have been reduced to 7 and 3 business days respectively). If the audited entity does not agree with the outcome then it is required to provide its written disagreement in 3 working days, to be attached to auditor's final report¹⁶⁰. As part of this process the audit teams generally meet with the audited entity to discuss the audit report. The draft report is also submitted to the legal and methodology departments for review. They are also shared with the members of the Court so they get acquainted with them, before the formal Court meeting where the reports are approved and the final decision is made.

For the financial audits, there is also a mandatory requirement that the audited entity presents a written declaration (management representation letter) on the auditor's findings regarding the financial statements, in line with the auditing standards¹⁶¹.

¹⁵⁹ CoA Law Article 33(3)

¹⁶⁰ CoA Law Article 33(4) amended 12 February 2021, Official Journal MO108-110 / 30.04.21 Article.114. Came into in force 30 October 2021

¹⁶¹ ISSAI 2580 – Written Representations

The CoA Law stipulates that the CoA should submit annually to the Parliament by 1 June the audit reports on the annual reports of the Government on the execution of the state budget, the state social insurance budget and funds of compulsory health insurance funds. With respect to other financial audit reports it is at its discretion¹⁶². The CoA Law also imposes an obligation that the reports should be published in the Official Monitor of the Republic of Moldova within 15 days of their approval by the CoA and submitted to the President of the Republic of Moldova and the Government¹⁶³. In 2020, as a result of the COVID-19 pandemic, emergency provisions were enacted and approved by the Commission for Exceptional Circumstances, which amended the timetable and extended the deadlines for the presentation of the CoA's reports to Parliament.¹⁶⁴

With respect to the financial audits that have been carried out, the CoA has respected the statutory deadlines for completing and reporting its audits, including for the mandatory audits of the State Budget Execution and the compulsory social and health insurance funds. In 2019, the CoA met the statutory deadlines for mandatory reporting¹⁶⁵, and in 2020 the CoA met the deadlines under the emergency provisions.

The CoA has a legal obligation to inform the public about its activities, not only by submitting its reports to the Parliament and their subsequent publication in the Official Monitor of the Republic of Moldova, but also by their publication on its official web page and other means¹⁶⁶. The CoA publishes on its website (www.ccrm.md) all annual reports, decisions on the approval of audit results, audit reports and recommendations and deadlines for their implementation. The auditor's opinion on the CoA's own financial statements is also published on the CoA website in the Transparency Section¹⁶⁷. Each CoA decision approving an audit report or annual report specifies to whom the report is sent and where the report is published.

The CoA delivers timely outputs from its financial audits that are publicly available and disseminated through various channels on a relatively timely basis. The CoA submits its audit reports to the Legislature and to the audited entities and publicises the reports afterwards. In the last few years, there have been some delays in the publication of the reports due to limited resources. For instance in 2019, publication of audit reports in the official gazette was delayed due to a lack of translators. However, we concluded that the CoA complies with the statutory deadlines for completing and submitting the financial audit reports to the Parliament and the audited body, and generally submits and publishes its reports in a timely manner.

SAIs are expected to make published reports and outputs easily available to various stakeholders through a variety of communication channels. In the CoA the External Relations and Communication Section deals with communication with external stakeholders. It is the duty of this department to disseminate the reports to various stakeholders, for example to NGOs in hardcopy. The CoA's audit reports and outputs are made easily available for various stakeholders through publication in the Official gazette, the CoA's website and through dissemination in hard copy. The CoA also undertakes other activities to publicise its work including through the meetings of the Court where reports are discussed, which are open to the media, broadcast online and made available on YouTube (see section on engagement with external stakeholders).

5.3. Timing of Audits

It is also good practice to conduct, complete and report audits prior to statutory deadlines where possible and consider the statutory deadline a minimum requirement, to increase the relevance of the audit, particularly when the deadlines are significantly after the period being audited.

¹⁶² CoA Law, Article 6 (1)

¹⁶³ CoA Law, Article 6 (2)

¹⁶⁴ Order of the Commission for Exceptional Situations of the Republic of Moldova no. 17 of 13.04.2020. <https://www.moldpres.md/news/2020/04/13/20003179>

¹⁶⁵ CoA 2019 Annual Activity Report

¹⁶⁶ CoA Law, Article 10

¹⁶⁷ The Auditor's opinion on the CoA's financial statements <https://www.ccrm.md/ro/rapoarte-de-audit-extern-91.html>

Looking at the financial audits for the State Budget, state social insurance and compulsory health insurance funds and ministries all the work for these audits is generally implemented in the period from January to June in the year following the year subject to audit. While the reporting of these audits is generally done within six months of the relevant year end, and is therefore relatively timely, the concentration of the planning, execution and reporting phases into this period creates logistical and resource challenges.

It is good practice for SAIs not to wait for the year to be audited to end before starting to plan and conduct audits. There are several SAIs that conduct the planning and commence the audit work well before the end of the year being audited. The objective is to increase the efficiency, effectiveness, and relevance of the audit, and reporting the results of the audit as close to the end of the year as possible.

It is our view that the CoA needs to explore how it could bring forward the planning, and execution of its financial audits, and subsequently the completion, reporting and publication of the audits. This should include examining the whole audit cycle from annual audit planning to reporting and publication of the reports and the development of strategies to bring them forward.

5.4. Monitoring and Follow-up

Compared to audit planning, execution and closure phases, the IFPP fails to impose strict requirements regarding the monitoring of audit recommendations and following up audits. However, follow-up is one of the most crucial tasks of an SAI since the main added value and impact from audits is the implementation of audit recommendations. There is no point in an SAI conducting more audits if it fails to facilitate the implementation of previous recommendations.

An SAI should have a system for following up on whether audited entities or other responsible entities take appropriate action based on observations and recommendations they make, and an SAI should report on implementation of its recommendation and the impact of its work. INTOSAI-P10¹⁶⁸ and ISSAI 100¹⁶⁹ clearly set out the importance of follow-up in the work of the SAI. This includes:

- formal mechanisms exist requiring to report how audited bodies are responding to the SAIs recommendations (as well as those made by the Legislature or one of its commissions);
- having appropriate procedures, criteria and methodologies for deciding on and conducting its follow-up work;
- monitoring the implementation of recommendations by audited bodies and reports as appropriate;
- analysing its follow-up work and other appropriate information to assess the impact of its work;
- reporting on the results it has achieved - e.g. value of savings generated by implementing audit recommendations.

The CoA Law sets out clear requirements for audited bodies to respond to reports of the CoA. The audited entities and other institutions specified in the auditor's report are required to report on the implementation of the recommendations or the reasons for not implementing them by the deadlines set by the CoA¹⁷⁰.

The CoA is required to set concrete deadlines for reporting on the implementation of recommendations, taking into account the complexity of the measures to be taken to implement the recommendations. The CoA is also required to follow up on the implementation of recommendations¹⁷¹.

The CoA has established monitoring and follow-up systems. On an ongoing basis the CoA monitors the actions taken by all audited entities against the recommendations of the CoA. The CoA also undertakes follow-up missions where a more detailed examination is undertaken on selected entities to check the

¹⁶⁸ INTOSAI-P10, Mexico Declaration on SAI Independence

¹⁶⁹ ISSAI 100 Fundamental Principles of Public Sector Auditing

¹⁷⁰ CoA Law Article 37(1)

¹⁷¹ CoA Law Articles 37(2) and (3)

implementation of the recommendations. The CoA Law obliges the audited entities to answer the CoA's questions about the actions taken against the recommendations.

The CoA has developed its own electronic recommendation monitoring information system - "Audit CCRM". It is an electronic register where data on audits performed is stored and analysed, including all recommendations made to audited entities. All information on the responses to the recommendations and the actions taken by the audited entities, including supporting documents are systematically recorded and stored in Audit CCRM. The system allows the audited entities to provide information to the CoA for the actions they have taken against the recommendations. The system also links directly to the website of the CoA and, once information is placed in the system, it becomes public on the CoA website.

For the financial audits, the information in the monitoring system serves as a good starting point for planning the audit. During the planning phase of the financial audits the audit teams analyse and document the actions taken to implement previous recommendations documented in the system. In the reporting phase the audit teams also include in the audit report observations regarding the level of implementation of the recommendations set out in previous decisions. The results of the internal cold reviews indicated that these processes were complied with.

SAIs are expected to submit their follow-up reports to the Legislature, one of its commissions, or the auditee's governing board, as appropriate, for consideration and action, even when SAIs have their own statutory power for follow-up and sanctions. The CoA's follow-up reports are submitted to the Parliamentary Commission and to the audited entity. As well, monitoring findings are included in the audit reports and submitted to the Parliament. In conclusion, the CoA has an internal system for following up the implementation of its recommendations.

While there is a regulated and functional system for the monitoring and follow-up of recommendations, there are still problems with the level of implementation of recommendations. We have not analysed the implementation rates specifically related to financial audit, but information provided by the CoA related to the overall implementation rate across all audits was relatively low. In the CoA self-assessment report they indicated that there are a number of factors that influence this, including

- deficient regulatory, accounting and reporting frameworks
- short implementation deadlines for recommendations;
- the quality of recommendations to address the causes of the issues identified.

The CoA has been taking steps to address the implementation of recommendations, including strengthening its capacity to develop qualitative and timely audit recommendations, intensifying communication and cooperation with audited entities during audits so that issues are addressed before the audit report is issued, and intensive engagement with Parliament's Public Financial Control Committee.

5.5. Recommendations

The Peer Review Team's recommendations in relation reporting, monitoring and follow-up of recommendations are:

- ▶ The CoA should then examine the opportunities and its requirements to bring forward the audit cycle and develop a strategy to enable this. This should examine undertaking the individual audit engagement planning and fieldwork earlier and as a result reporting audits consistently earlier and closer to the relevant financial year end
- ▶ The CoA should continue to develop strategies to improve the implementation of recommendations. This should be done in close cooperation with the Parliament's Public Financial control Committee.

6. Relationship with External Stakeholders

6.1. Introduction

The INTOSAI framework, in particular, INTOSAI-P12 highlights the importance of SAIs effective engagement with its stakeholders. SAIs should engage and communicate with external stakeholders, about their role, responsibilities, audit work and results, while maintaining their autonomy and independence, to support their work and ensure it has relevance, increase their impact, and promote accountability and transparency. This should include:

- the implementation and monitoring of a communications strategy/policy, which is aligned with the objectives established in their strategic plan;
- identifying stakeholders and audiences whom the SAI seeks to communicate with, the key messages the SAI wants to communicate, and the tools to be used;
- establishing active and regular cooperation and information exchange and promoting public confidence in the SAI by providing comprehensive, useful, and clear information to targeted audiences;
- cultivating positive working relations with audited bodies, based on mutual respect and two-way communication;
- developing good working relationships with the legislature and its committees to maximize the impact of the audits.

6.2. Communication Strategy / Policy

The purpose of a communication strategy/policy is to ensure that effective communication is seen as an important strategic tool for increasing the relevance and impact of the SAI. Through effective communication, an SAI can provide information to stakeholders on how public resources have been used, enable the legislature for example to hold the Government to account, promote increased transparency and accountability in the use of public resources and provide motivation for the government and auditees to improve their performance. By consulting the various target groups of the society during the planning, performance, and reporting of work, both the understanding of the role of the SAI and the credibility of the work of the institution is increased. A well-designed communication strategy/policy is also an important tool for engaging and motivating staff to achieve the institution's overall goals. It is important that the staff are engaged and feel responsible for the performance of the Institution. This includes:

- the SAI identifies all external stakeholders and develops a communications strategy for each;
- indicators monitor progress towards the objectives of the communications strategy.

External stakeholders and communication strategy

The CoA has an approved Communication Strategy for 2016–2020¹⁷². It is developed based on the Institution's Strategic Development Plan, CoA legal mandate, legislation related to transparency and access to information, International Audit standards, and other regulations relevant to the CoA's role in its relationships with external stakeholders.

As stated in Communication Strategy, the CoA's vision is to become a Supreme Audit Institution (SAI) regarded by its international peers and national stakeholders as a Performing SAI. Its Mission is to: contribute to good governance and sound financial management in the public administration; to perform quality audits in line with internationally recognized public sector auditing standards and good European

¹⁷² CoA Communication Strategy 2016-2020, Approved by the CoA Decision no.13 of 19 May 2016. The new communication strategy is currently being developed.

practice; to build confidence in the use of and reporting on public funds; to be a trusted source of information; and, to play an active role in securing taxpayers' and other stakeholders' interests in enhancing public accountability.

The objective of the Institution's communication with external stakeholders is to be seen as the main driver of sound financial management, and a high level of accountability and transparency of the public sector in the Republic of Moldova¹⁷³.

The Communication Strategy identifies all the relevant stakeholder groups for external communication, including Parliament, Government institutions and public bodies, Law enforcement bodies, Non-governmental organizations (NGO) from audit and public finance areas, Academia, education, national and regional Media, and Citizens.

The Communication Strategy defines an action plan for achieving communication objectives. There are defined communication channels that CoA intends to use to reach its stakeholders with roles and responsibilities attached.

Developing an annual communications plan is a task defined in the Communication Strategy of CoA. The CoA prepares an annual action plan for the implementation of the Communication Strategy, and reports on its implementation annually. The development of an Annual Activity Plan for the External Relations and Communications Section¹⁷⁴ has been an ongoing practice for the CoA for at least the last 4 years. This sets specific tasks, deadlines and responsible persons for the Section. However, it is more like a work plan for the section and in our opinion does not clearly set measurable communication objectives or identify how results will be measured.

Communication of audit report findings is largely based on public hearings that are available online for all interested parties, publishing reports on the CoA website, distribution of press releases, and following up on media requests for information. This leads to the opinion that communication activities are somewhat routine and do not reach the full potential of positioning the CoA as per the goals set out in the Communication Strategy.

There are some planning practices developed for achieving the CoA's external communications objectives including a stakeholder analysis and defined communication channels (website, press releases) for making reports publicly available. However, several important aspects need to be improved in defining and engaging with NGOs and citizens.

The CoA definition of stakeholder groups is rather general. There are groups where it is sufficient and self-explanatory, like Parliament or Government institutions. In other cases, a more specific definition would give a better understanding of communication messages and communication channels to use.

The Communication Strategy emphasize NGOs from the audit and public finance areas as external stakeholders from civil society. Agreeing that it is important to develop close cooperation with NGOs from audit and public finance areas, there is no reason for CoA to limit its reach there. NGOs of various areas can be valuable partners in achieving the CoA objectives. These areas include, but are not limited to healthcare, social, entrepreneurship, labour unions, environment, and others.

To achieve defined objectives, it is important for the CoA to consistently increase the share of society that recognizes, understands, and approves of the CoA work. To achieve communication objectives defined in the CoA Communication Strategy and develop effective communication campaigns, a better and more detailed definition of the target group Citizens should be defined. Demographics, interests, spoken language and other relevant criteria can be used as a basis for the definition. Understanding target groups and finding new ways to interact with them is an important step towards achieving the goals.

Defining the media strategy is closely related to the definition of citizen target groups. The Communication Strategy does not define a specific media strategy, nor does it explain how exactly media will be a

¹⁷³ CoA Communication Strategy 2016-2020, Approved by the CoA Decision no.13 of 19 May 2016, Objective 1

¹⁷⁴ Annual activity plan of the External Relations and Communication Section for 2020

stakeholder of CoA work. The CoA mostly focuses on partnerships with media and NGOs who focus on economic and policy issues. Based on interviews and media monitoring data, three NGOs and three media organizations were identified with significant evidence of close cooperation within 2020. These three combined represent the majority of the CoA's media coverage. All three of these media outlets are largely focused on analysing political processes, policies, government institutions and the state of the economy. This is an important niche, closely related to the CoA's work, but with limited reach to a wider audience. However, it is important to have an approach that has a broad reach to achieve a high level of authority with the general public.

To strengthen society's trust, the CoA should present its work in a way it is understood by society, relevant to their needs and beliefs, through media channels they use in their everyday life.

Indicators for achieving communication objectives

The CoA Communication Strategy and Annual Activity Plan of the Section in most cases do not define intended results in sufficient detail. Often, instead of defining the intended results, it defines the intended metrics. For example, Point 3.6.4. of annual activity plan defines activities to support organising the participation of the representatives of the CoA in round tables, press conferences, television, and radio shows. While several events can be considered as relevant, goals are not set for the metrics so the success of the described activities cannot be evaluated. The number of records and summaries placed, the effectiveness of information placement, the number of press releases and news items produced and placed are other examples where the intended metrics are defined but specific goals are not set.

The CoA evaluated progress in achieving goals in the area of external communication in the Self-assessment Report prepared for the Peer Review process.

Research of stakeholder groups is one of the main tools to evaluate the achieved results and the effectiveness of implementing a Communication Strategy and gain necessary learnings for improvement in external communication related activities. It is important to conduct sociological research to be informed on the awareness, opinions, and attitudes of different stakeholder groups to the CoA's work. The necessity to conduct surveys to assess the CoA's impact, including aspects of the CoA's reputation and communications is defined in the Communication Strategy. However, no surveys have been conducted during the Communication Strategy period (2016-2020). The number of surveys evaluating the cooperation with audited bodies is included in Annual activity plan for 2020. The peer review team was not presented with any results. However, subsequently between 20 September and 5 November 2021, Transparency International Moldova conducted a survey (based on a questionnaire coordinated with the CoA) of the heads of public entities and officials from 14 central public authorities who communicated with the Court of Accounts during the external audits carried out in the period 2018-August 2021¹⁷⁵.

Successful implementation of the Communication Strategy and Annual Activity Plan requires that measurable objectives for defined activities are set and annual evaluation is performed. Although both the Communication Strategy and Annual Activity Plan include relevant steps towards achieving the CoA's external communication goals, they lack measurable criteria for success. For example, the number of media seminars organised can increase the number of media interested in covering CoA audit findings.

The situation is different regarding civil society, media, and non-governmental organizations (NGOs). The CoA's Communication Strategy defines these stakeholders, describes activities to undertake to achieve better results in their engagement. Specific activities are included in the Annual Activity Plan, but the achieved results are not strong enough to demonstrate a broad relationship with civil society, media, and NGOs.

According to NGO expert opinion, the CoA does not fully understand its potential and role in supporting major structural reforms in the country. The understanding of CoA's role and mandate is low in society.

¹⁷⁵ https://www.ccrm.md/ro/comunicarea-cu-entitatile-auditare-discutata-cu-societatea-civila-80_92149.html

Expectations are low. CoA has not been noticed in public opinion polls and public opinion. CoA is not recognised in the media as one of the opinion leaders¹⁷⁶.

6.3. Engagement with stakeholder groups

An SAI should identify stakeholders and audiences whom the SAI seeks to communicate with, the key messages the SAI wants to communicate, and the tools that will be used to do so. This should include:

- the SAI senior management plays a leading role in communicating formally and informally with key stakeholders;
- SAI staff at all levels understand that they are ambassadors for the SAI in all their interactions with external parties;
- the SAI produces user-friendly reports and other outputs, and other communication tools, tailored to the needs of the target audience.

Communication tools and result of their use

The CoA has developed communication tools to achieve its external communication goals. Ongoing activities and communication channels for cooperation with media are the official website of the CoA, free access to public meetings and hearings, media kits, training of journalists, press releases, providing information upon request, and participation in interviews and TV and radio debates, talk shows, and discussions.

The results of external communication with the general public in 2019 were

"46 sessions of examination of the reports of the Court of Accounts transmitted online, in 2019, were viewed by 80129 people. Recordings of meetings, placed on the account www.youtube.com, recorded, in the reference year, 3920 views. Also, at the meetings of the Court of Accounts were present media sources, which ensured the online transmission of the meetings, on the pages www.privesc.eu, www.realitatealive.md. Thus, in 2019, the meetings of the Court of Accounts were viewed by 827677 users on the website www.privesc.eu and 13704 users on this site www.realitatealive.md"¹⁷⁷.

The CoA does not set objectives for achieving measurable goals towards increasing the awareness and trust of the general public and it does not undertake any kind of independent sociological research or surveys to measure levels of awareness and trust in the CoA and its leadership. The CoA is not included in annual research conducted by NGO Public Policy Institute that surveys public trust in various state institutions and organisations. Lack of data limits the CoA's possibilities to evaluate the effectiveness of its external communication and work on improvements.

Reaching the target audience with audit reports

Civil society and citizens of Moldova should be considered as one of the most important external stakeholders of the CoA. Broad awareness of and trust in the institution, and a good understanding of its mandate and work strengthens the impact of the audit reports and independence of the institution. Close cooperation with the media and NGO sector is important to gain the support of society.

To evaluate the effectiveness of developed tools and communication practices, the peer review team analysed media monitoring data for the period January-August, 2020, held online interviews with the EU Delegation in Moldova (EUD) and the NGOs the Centre of Journalistic Investigations, Public Policy Institute and Expert-Grup.

According to the opinion of all experts from NGOs and the EUD, awareness (recognition) of the CoA, its mandate and work are low in the general public of Moldova. In the opinion of Public Policy Institute, who conduct research on society's trust in state institutions, they estimated public awareness (recognition) of

¹⁷⁶ Information obtained from interviews

¹⁷⁷ Self-Assessment Report of CoA, Section.5.2.4

the CoA to be around 4 – 5% of society, with trust in the CoA and understanding of its mandate as low as 2%¹⁷⁸. There is no data available to confirm this, but such evaluations from organizations engaged in analysing public processes should be considered representative.

The CoA audit reports are named as an important source of information by NGOs involved in studying political and economic processes and doing investigative and analytical journalism. Reports are considered to be complicated and there is only a limited number of journalists able to understand them and use report findings in their articles. The CoA is considered by NGOs as responsive when asked to explain the findings of reports, but otherwise not proactive in efforts to promote their work¹⁷⁹.

The CoA is considered the best institution in the country to fight corruption, the best partner to encourage institutional improvements in the public sector. However, this status is not used to its full potential. More educational communication for the public and journalists is necessary on the CoA's work, mandate and the values it represents¹⁸⁰.

Each audit report represents a unique opportunity to engage the society of Moldova in the CoA's work, and to significantly broaden the CoA's reach to its target groups. The issue with audit reports is that they are usually fully understood only by experts. It is a task of the CoA to find ways to present the relevant findings in audit reports to society and media in a language they understand, and in a way that relates to their everyday life.

Such an approach requires developing communication plans for each audit report, considering target groups, media channels, communication partners, communication tools, and materials developed, in a way that is relevant to the needs of target groups and is understood by them.

6.4. Engagement with the executive and audited bodies

An SAI should cultivate positive working relations with audited bodies, based on mutual respect and two-way communication. This should include:

- the SAI involves audited bodies in dialogue on its work program;
- clear processes and timetables are established for communicating with audited bodies at each stage of the audit;
- the SAI discusses its findings and recommendations with audited bodies and provides them with an opportunity to respond before issuing reports;
- the SAI's audit recommendations are constructive and seek to improve overall performance.

To evaluate, the engagement with executive and audited bodies the peer review team interviewed representatives from State Chancellery, Ministry of Finance, and the municipality of Chisinau. Overall findings are that cooperation with auditees has been well-developed, based on good dialogue and mutual respect.

In cooperation with the CoA, auditees have a good understanding of the auditors' requirements - the CoA communicates with the auditee on its work program. At each stage of the audit, it discusses its findings with auditees and provides them with an opportunity to respond before issuing reports¹⁸¹.

The professionalism of the CoA's auditors was generally seen as being variable, but it was acknowledged that there are also very knowledgeable and professional auditors. Disagreements (on rare occasions) with the CoA are resolved in day-to-day cooperation. They never go public¹⁸².

¹⁷⁸ Information obtained from interviews

¹⁷⁹ Information obtained from interviews

¹⁸⁰ Information obtained from interviews

¹⁸¹ Information obtained from interviews

¹⁸² Information obtained from interviews

The implementation of the recommendations provided by the CoA is monitored. The auditees have an action plan for the implementation of recommendations, which contains the planned actions, their deadlines, and those responsible. The State Chancellery monitors the implementation of recommendations, all institutions report on the implementation of CoA recommendations within certain deadlines¹⁸³.

6.5. Engagement with Legislature

The IFPP sets the expectation that an SAI will develop effective communication with parliament and its relevant oversight committees. Specifically, INTOSAI-P12 indicates that *"SAIs should develop professional relationships with relevant legislative oversight committees (...) to help them better understand the audit reports and conclusions and take appropriate action."*

An SAI should develop good working relationships with the legislature and its committees to maximize the impact of the audits, including:

- the SAI involves the legislature in dialogue on its work program;
- There is a regular liaison between the SAI and the legislature;
- the SAI provides oral and written briefings in advance of parliamentary committee hearings;
- the SAI assists parliamentary committees in monitoring whether its recommendations have been implemented.

The Parliament's Public Finance Control Committee (PFCC) was established in 2019 with the mandate to scrutinise of the use of public resources, and in doing so use the work of the CoA. It also has a role in providing oversight of the work of the CoA on behalf of the Parliament. Prior to the creation of the PFCC, the scrutiny was the responsibility of the Parliament's Budget and Finance Committee.

The CoA has developed a strong and close working relationship with the PFCC since its establishment, and the work of the PFCC has developed significantly in a short space of time. In the first 9 months of 2020, 39 reports have been reviewed in 25 Committee hearings. Auditees participate in hearings. When relevant also representatives from law enforcement bodies. The committee has initiated two legislative initiatives to strengthen CoA mandate.

In the view of the Chairman of the PFCC, committee officials are better communicators of the CoA audit results, especially when communicating on political or policy issues¹⁸⁴. It is important to note, however, that the independence of CoA relates also to its communications choices. CoA can and shall comment on the implementation of policies if audit reports suggest improvements are necessary, while maintaining its independence and political neutrality.

While a good relationship between the CoA and PFCC has developed, the working arrangements of the PFCC and how it engages with the CoA should continue to be strengthened, become embedded and business as usual. It is important that they are not dependent on the leadership and composition of the PFCC and the CoA for their effective operation.

6.6. Engagement with Judiciary, Prosecutors etc.

An SAI should develop good working relationships with the judiciary, prosecutors, and investigating agencies to ensure that relevant findings are acted on and the public resources and assets are protected. This includes:

- the SAI has policies and procedures in place on how to communicate with the Judiciary and/or prosecuting and investigating agencies;
- the SAI has systems and practices in place for communicating, transferring, and following-up on cases transferred to the Judiciary and/or prosecuting and investigating agencies;

¹⁸³ Information obtained from interviews

¹⁸⁴ Information obtained from interviews

- the SAI conducts awareness-raising activities about its role and mandate with the Judiciary and/or prosecuting and investigating agencies.

The CoA has no written and defined policies and procedures in place for how to communicate with the Judiciary and/or prosecuting and investigating agencies. It is not common practice in Moldova to communicate publicly on audit findings that reveal possible law violations by public officials. The media is informed, but no detailed explanations are provided¹⁸⁵. Wider public communication should be considered as it strengthens the role of CoA as an institution that will hold officials responsible for law violations and safeguard public resources

The CoA has practices in place for communicating, transferring, and following-up on cases transferred to the Judiciary and/or prosecuting and investigating agencies, but there are no written policies and procedures. The responsibilities are written in the Regulations of the Legal Division and in the job description of the Head of the Legal Division.

Cooperation with law enforcement agencies is based on the professional contacts and professional experience of the CoA's Vice-president. The CoA conducts awareness-raising activities about its role and mandate with Judiciary and/or prosecuting and investigating agencies. The vice-president of the CoA holds regular meetings with representatives of law enforcement agencies on the current work of the CoA, discusses the current issues in ongoing audits and the progress of investigations into irregularities detected by audits. This has led to progress in the investigation of the irregularities found in the audits. However, law enforcement agencies are still slow to respond to investigations into violations identified in CoA audits.

The awareness-raising activities have certainly developed the mutual understanding between the law enforcement agencies and the CoA and increased their cooperation, but are too dependent on the effort of individuals and need to be institutionalised.

6.7. Recommendations

Communication Strategy and Annual activity plan are aimed at strengthening the CoA's influence and define tools and actions to achieve that, therefore implementation, closer monitoring and control need to be improved. The recommendations of the Peer Review Team on Relationships with External Stakeholders are:

- ▶ To reach the target groups of the society with the results of the CoA's audits the Communication Strategy should include a more segmented approach to the definition of CoA target groups and intended results describing performance indicators for the set objectives and activities included in the strategy.
- ▶ To achieve the goals set out in the Communication Strategy, it is recommended to develop annual Communication plans as set out in Strategy, develop a campaign-based approach to communicate audit findings and a communication campaign plan for each audit report, presenting findings relevant to society.
- ▶ To increase the reach of the CoA's message, it is recommended to consider
 - significantly widening media relationships, creating tools, and partnership practices that enable the relevance of audit findings to be demonstrated to respective target groups in the media;
 - widening the NGO cooperation, especially when communicating audit report findings that influence significant groups of citizens and
 - develop communication products that explain the CoA's report findings in a simple, widely understood way and are target group-specific.

¹⁸⁵ Information obtained from interviews

- ▶ To ensure objective and relevant feedback towards the CoA's work, it is recommended to undertake research on awareness and attitudes towards the CoA in the General public once a year and the opinion of stakeholder groups and opinion leaders in society at least once every two years.
- ▶ To ensure more consistent implementation of Communication Strategy and Annual Activity plan, it is important to set up quarterly progress reviews for Annual Activity plan and an annual evaluation of Communication Strategy implementation progress.
- ▶ To work with the PFCC to ensure that the communication, engagement and operational practices between them are institutionalised and seen as business as usual.
- ▶ To institutionalise communication practices with the judiciary and/or prosecuting and investigating agencies, appropriate regulated procedures and processes should be established and approved by the CoA.

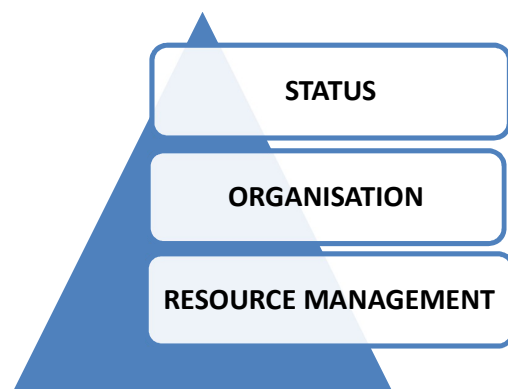
7. Way Forward

7.1. Introduction

The role of an SAI in a country is to ultimately provide citizens and taxpayers with confidence that the funds they pay to the state are used meaningfully, rationally and efficiently, and that each member of the society receives quality services to which he or she is entitled. In doing so, the SAI evaluates how the public sector uses resources and makes recommendations on how to improve the administration and delivery of public services. For an SAI to be an advisor that is trusted and listened to, the institution must set an example for everyone else in its own activities, and all time it must be several steps ahead of others in its development.

The outcome of this peer review demonstrates that the CoA has been undertaking activities to develop its practices to meet the expectations of the IFPP, and to build an independent and credible institution. However, there are number of gaps and issues that need to be addressed, and there is still significant opportunity to further develop and embed sound practices within the institution. In the view of the peer review team, there are a number of important areas for the CoA to address in the next phase of its development and for Moldova to continue on the path of the *“the implementation of internationally accepted external audit standards by the International Organisation of Supreme Audit Institutions (INTOSAI)”* as envisioned by the Association Agreement.

7.2. Status and Organisation of the Institution



The **status of the CoA** is directly linked to its organisational, functional, operational and financial independence and determines the credibility and effectiveness of the Institution. For the decisions of the CoA to be taken independently and be trusted, they should not be inappropriately influenced by other parties, or specifically directed by the Legislature or the Executive. At the legislative level there are some issues that need to be addressed about the Institution’s status:

- in the Constitution it should be articulated that the CoA is an independent institution and the supreme audit institution in Moldova.
- in the Laws amongst other things the CoA should be solely responsible for setting its operational priorities and work programme; the consideration of the CoA’s budget should be the competence of Parliament, without revision by the Ministry of Finance or Government; and the CoA should be able to manage and determine its personal and organisational structure without interference.

The **organisation of the CoA** should be based on a rational, efficient and reliable decision-making system. To ensure confidence in the decisions being taken and the quality of decisions the CoA should ensure that there are clear roles and responsibilities for decision making, taking into account the potential duplication

and overlap of the supervisory responsibilities of the CoA Members and the Heads of the GADs, and the roles in approving each audit report.

The CoA should consider how it balances the principles of accountability and transparency in its work, in particular examining the risks of discussing and approving audit results in public, without compromising the professionalism and reliability of its audit work.

The CoA should ensure that each employee has clear accountability and reporting lines, including ensuring that senior management responsibilities for specific organisational units, corporate functions or professional matters are clearly allocated to appropriate individuals. It should also consider how it organises itself and develops ways of working to ensure effective cross-sector working and sharing of information and expertise, and break down silos within the CoA.

With respect to the **resource management of the CoA**, it should ensure the accountability of the Institution and the quality, integrity and competence of its staff. The CoA should complete the development and implementation of the competency framework that defines clearly the competencies (the knowledge, skills and expertise) expected of an individual employee for specific positions within the CoA¹⁸⁶.

A clear pathway for professional development should be developed, with a formalised and structured development programme put in place focused on developing and maintaining competent and professional auditors in the CoA.

The remuneration of CoA staff should reflect the CoA's important role in scrutinising the use of public resources and professional requirements of an SAI. It should also be commensurate with employees of institutions with similar professional requirements.

7.3. Operational management

Looking at the day to day operational management to achieve the strategic goals of the Institution, managers need to be able to answer the question - do you know what, how and why? The focus is on developing and improving the planning, implementation and management of the systems, processes and activities to achieve the CoA's objective and goals.



For effective operational management it is the interests of each manager to continuously look for the most rational way to achieve their objectives within the resources available. This should be supported by appropriate guidance and documented standard operating processes and procedures for all main systems, functions, processes and activities. The CoA should ensure this is the case including arrangements to manage and monitor how they contribute to achieving the Institution strategic goals.

¹⁸⁶ The CoA is being supported by the Swedish National Audit Office in this process.

With respect to **financial audit processes** the CoA has been developing its practices in line with the IFPP, and while there is still room for improvement the methodology and processes mainly comply with audit standards. Work should continue to refine the financial audit policies and manual, and the development of standardised working papers in conjunction with the implementation of an electronic audit management system. However, a key priority of the CoA should be on embedding the practices across all its financial audit work and ensuring that it develops and maintains sufficient competent professional audit staff. Further consideration should also be given to how the audit of the execution of the state budget and the related guidance is developed.

The CoA has also developed appropriate policies of quality control and assurance compatible with the requirements of ISSAI 140. Further work is still required to ensure that these policies are implemented and embedded, and to ensure that a quality management system is developed across all aspects of the CoA's work.

The CoA complies with the statutory deadlines for submitting financial audit reports to the Parliament and, and generally publishes its reports in a timely manner. However, to further enhance its impact, improve accountability and the efficiency of the audit process it should examine the opportunities and requirements to bring forward the audit cycle. The CoA should also continue to implement and develop strategies for the effective monitoring and follow-up of their recommendations to improve the level of implementation in close cooperation with the Parliament's Public Financial Control Committee.

Well developed **communication processes** are important for increasing an SAIs impact through increasing the visibility of its work and promoting the trust in the broader society. The CoA has been undertaking various communication activities but should further develop its communication and stakeholder engagement planning. This should include a campaign-based approach to communicating audit findings. The CoA should also consider how it monitors and evaluates the implementation and effectiveness of its communication plans, including receiving feedback from its stakeholders.

7.4. Final Comment

In conclusion, the Institution is developing its practices in line with the expectations of the IFPP to build an independent and credible institution, and improving the quality of its financial audits. Given the commitment of the Institution's leadership and staff to reforms and the desire to improve performance, the SIGMA peer review team is confident that this report with its recommendations will become part of the plan for the further development of the Institution.

Annex 1– List of interviewees

Court of Accounts

Mr. Marian Lupu, President
Mr. Viorel Chetragu, Vice-president
Ms. Violeta Andries, Court Member
Ms. Marina Covali, Court Member
Mr. Andrei Munteanu, Court Member
Mr. Eduard Moroşan, Court Member
Mr. Petru Rotaru, Court Member
Ms. Ecaterina Paknehad, Head of the Staff
Ms. Tatiana Vozian, Head of General Department of Methodology, Planning and Reporting
Ms. Natalia Trofim, Head of General Audit Department I
Ms. Sofia Ciuvalschi, Head of General Audit Department II
Ms. Svetlana PURICI, Head of General Audit Department III
Mr. Vasile Moşoi, Head of General Audit Department IV
Mr. Sergiu Ştirbu, Head of General Audit Department V
Ms. Violeta Balan, Head of External Relations and Communication Section
Ms. Reghina Bogatîret, Head of Legal Division
Ms. Lilia Ivasco, Head of Human Resources and Documentation Division
Ms. Natalia Paduca, Head of Finance, Administration and Logistics Division
Ms. Irina Ter-Cula, Head of Audit Division,
Ms. Lucia Drăguţan, General Department of on Methodology, Planning and Reporting
Mr. Ion Vintilă, Head of audit team
Ms. Violeta Golovin
Mr. Ion Pleşca, Head of audit team
Ms. Nadejda Ioniţă,
Ms. Tatiana Ungureanu,
Mr. Sergiu Miţă,
Ms. Aurica Rusu
Mr. Igor Lungu
Mr. Dorin Ciubotaru
Ms. Elena Colibă
Ms. Maria Tabacari
Mr. Andrei Țarălungă, Legal Division
Ms. Maia Savva, Head of the audit team
Ms. Diana Croitoru

EU Technical Assistance to CoA

Peter Latti, EU External Advisor to CoA
Kevin Suttie, EU External Advisor to CoA

Parliament of Moldova

Mr. Igor Munteanu, Chairman of the Public Finance Control Committee

State Chancellery

Mr. Adrian Ermurachi, Vice General Secretary

Ministry of Finance

Mr. Iuri Paşinschi, Secretary General

Ms. Ludmila Popa, Head of the Analysis, Monitoring and Policies Evaluation Department

Chisinau municipality

Ms. Raisa Cotorobai, Head of Internal Audit Department

Ms. Nadejda Cujba, Main specialist within Legal Assistance

European Union Delegation, Moldova Office

Ms. Ekaterina Yakovleva, former Project Manager

Mr. Boris Filipov, Project Manager

Non-government organisations

Mr. Dumitru Budianschi, Project Director, Expert Grup

Ms. Tatiana Savva, Project Director, Expert Grup

Ms. Cornelia Cozonac, Director, Centrul de Investigații Jurnalistice (Center of Journalistic Investigations)

Mr. Arcadie Barbăroșie, Executive Director, Institutul de Politici Publice (Public Policy Institute)