



Audit quality attributes of European Union supreme audit institutions

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Abstract

Purpose – To examine the enabling legislation of European Union (EU) member country supreme audit institutions (SAIs) for their accountability to parliament and independence from the executive arm of government.

Design/methodology/approach – The sample comprises the SAIs of the 25 EU member countries and the European Court of Auditors. Data were collected on 30 accountability and independence issues directly from the enabling legislation of these SAIs.

Findings – Results indicate that apart from a number of instances where the enabling legislation is silent, provisions generally provide for adequate independence of the SAIs from the executive arm of government. On the other hand, the provisions for the accountability of the SAIs to parliament are somewhat weaker.

Research limitations/implications – If actual practice or convention does not reflect the literal interpretation and application of the enabling legislation, then SAIs may have more or less independence and/or accountability than suggested by the analysis of the legislation alone.

Practical implications – Results of this study highlight where current provisions could be further strengthened through appropriate amendments to the enabling legislation.

Originality/value – Such findings may be useful to policy makers and legislators.

Keywords Auditors, Auditing, Auditing standards, European legislation, European Union

Paper type Research paper

Introduction

Supreme audit institutions (SAIs), including auditors general, courts of auditors and government or public sector auditors, play a major role in the enhancement of government and public sector accountability. This occurs through their examination of and reporting on the financial reports of the government, including government agencies, authorities, companies and controlled entities (that is, the financial report audit). More recently, there is increasing importance being placed on SAIs carrying out

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not only performance, or value-for money audits, of the efficiency and effectiveness of public fund usage, but also other judicial reviews, including environmental audits[1]. This study extends prior literature (Clark *et al.*, 2003; De Martinis and Clark, 2003; Kiraka *et al.*, 2002) by examining the enabling legislation of the SAIs of the 25 European Union (EU) member countries and the European Court of Auditors (ECA). The study looks at the provisions therein which deal with the extent of parliamentary powers on the accountability of SAIs to parliament, as well as SAI independence, oversight, mandate and funding. Given the significance of the EU and the economic, political and social diversity of its member countries (El-Agraa, 2004), it is useful to examine the enabling legislation of their SAIs.

The recent spate of world-wide spectacular corporate collapses and frauds, including Enron, HIH, Parmalat, Tyco, WorldCom and Xerox, highlighted the need for enhanced corporate and regulatory governance (De Martinis, 2002). Around the world and in the aftermath of these corporate collapses and frauds, and, in particular, the demise of Arthur Andersen, the adequacy of the auditor's legal requirements and professional standards for delivering a quality audit have come under increased scrutiny, in particular, the issue of auditor independence[2]. A significant outcome was in the USA where the Sarbanes-Oxley Act 2002 was enacted creating a tougher corporate governance and accountability regime, including a climate of stricter auditing independence rules. In other countries, government regulatory and professional bodies also followed suit with similar (proposed) changes to legislation and/or professional standards for the purpose of enhanced corporate governance, including audit quality[3]. Interestingly, well before the enactment of the Sarbanes-Oxley Act 2002, the European Commission had proposed enhancing auditor independence through the setting of minimum standards, particularly as related to obligatory quality assurance systems, since member states were found to operate under voluntary or partial systems, or with no system (Prossner, 2001).

Whilst such corporate collapses resulted in the media and regulators focussing on the adequacy of corporate governance and audit quality in the private sector, it is useful to consider the status of the audit regulatory environment from a government and public sector perspective. Government and public sector audits are the responsibility of SAIs, whose basic role is to conduct audit and other assurance services that enhance public sector and government accountability. SAIs are crucial in ensuring that an unbroken chain of accountability exists between parliament and the government, including government agencies, authorities, companies and controlled entities (Funnell, 1997). Therefore, they play a vital role in the scrutiny of government and public sector activity.

In the context of EU member countries that are socially, economically, politically and legally diverse (El-Agraa, 2004), other notable differences include: historical background; geographical location within Europe; the balance of government power; and the structure of parliament (that is, unicameral or bicameral) (NAO, 2001). NAO (2001) also describes differences between EU member SAIs based on the structure or type of SAI, the types of audit services provided, and other distinguishing characteristics based on the SAI's country, for example, governmental structure and, in particular, constitutional and other legislative arrangements, being the focus of this study[4]. Favere-Marchesi (2000) argues that such diversity may create a climate of differential audit quality, where audit quality depends on the extent to which regulatory and professional provisions enhance both auditor independence from

auditees and auditor accountability to stakeholders[5]. Therefore, given the diverse characteristics of both the EU member countries and their SAIs, this is an appropriate setting in which to examine whether SAI audit quality attributes differ as related to their independence from the government (and other auditees) and their accountability to parliament.

Audit quality attributes of SAIs

Whilst the private sector audit environment displays some competitive characteristics despite the concentration of services within a few large audit providers (Doogar and Easley, 1998; Knapp, 1990), the public sector audit environment is basically monopolistic in nature. This is because SAIs are primarily responsible for the provision of audit and assurance services for government, government agencies and authorities, and other public sector entities for a specified jurisdiction. In the absence of competitive forces that may enhance certain audit quality attributes for private sector audit providers, the monopolistic nature of public sector auditing means that alternative audit quality attributes are sought after or are more relevant for SAIs. For example, audit quality indicators for private sector audit providers, such as audit firm size (that is, one of the “big 4” as distinct to “non-big 4”) (De Angelo, 1981), industry specialisation (Craswell *et al.*, 1995), and audit fee premium (Francis, 1984), are not applicable to SAIs.

However, the extant literature recognises that key audit quality attributes of auditor accountability and, in particular, auditor independence are important to both private and public sector audit providers. For example, in a report by the Joint Committee of Public Accountants the role of public sector auditing in enhancing government and public sector accountability is reinforced, stating that:

... the principal elements of functional independence for the auditor general comprise the method of appointment, tenure of office, and the provision to appoint the audit office staff and determine their terms and conditions of service. Other factors are the discretion to conduct audits as deemed fit, wide information gathering powers, and a resource allocation model that strengthens accountability to parliament through effective auditing and reporting (JCPA, 1996, p. 11)[6].

Therefore, whilst SAI independence enhances the accountability of government, government agencies and other public sector bodies, it is equally important that SAIs also are accountable to parliament for its own use of resources and exercise of authority.

On SAI accountability, Barrett (1996) suggests that SAIs should report directly to parliament as distinct to government, and that parliament oversee the function and performance of the SAI. This recognizes that parliament is the client, not the government or auditees. For example, parliament should be responsible for approving the estimate of income and expenditure of the SAI, monitoring the operational performance of the institution with regard to finance, quality control, training and affirmative action. In particular, a parliamentary appointed independent auditor should carry out SAI oversight through yearly financial statement audits as well as regular performance audits (Mulgan, 1997). Such reports should be submitted directly to parliament and be available to any interested stakeholder. Therefore, power to appoint, oversee and remove the head of the SAI should rest with parliament since governments would be in a position to exert inappropriate political pressure.

On SAI independence from government, auditing standards and codes of ethics are a source of reference. These pronouncements generally describe the audit process as

an independent examination of the financial reports of an entity with the objective of forming an opinion on the fairness of such reports based on compliance with accounting standards and other mandatory professional and statutory reporting requirements. For example, the Auditing Standards Committee of the International Organisation of Supreme Audit Institutions (INTOSAI) issued a document titled *Auditing Standards*, which contains the postulates and principles for the proper carrying out of audit work, and reiterates the call for independent SAIs (INTOSAI, 1995). According to the *Auditing Standards*, SAIs must be independent from parliament, from the executive arm of government, and from the audited entity. In addition, SAIs should be free to conduct the audit function in accordance with its mandate without external direction or interference of any kind.

Codes of ethics, such as those issued by INTOSAI, include detailed discussion of the issue of auditor independence. For example, INTOSAI (1998a) espouses that the auditor should be independent of audited entities and interested groups, as well as objective, independent and impartial, both in fact and in appearance. In particular, the auditor should maintain both actual and perceived political neutrality, and bear in mind the impact of being involved in political or other activities that create professional conflicts. In addition, INTOSAI (1998b) published *The Lima Declaration of Guidelines on Auditing Precepts*, which contains guidelines on key government/public sector auditing issues including enshrining the independence of SAIs in legislation, providing sufficient powers to investigate and enforce findings, implementing effective audit methods, reporting to parliament, and adequate office staffing and funding.

An important issue affecting auditor independence is related to remuneration. For private sector auditors, professional pronouncements warn auditors to avoid being fee-dependent on one or few clients as part of maintaining independence in fact and appearance. For public sector auditors, Barrett (1996, p. 138) argues that:

... dependence for funding does potentially, if not actually, impact on the independence issue. In this connection, there have been questions about control by the executive through the estimates process in negotiations with Finance or Treasury agencies.

Therefore, the salaries of the heads of SAIs should come from a consolidated fund so that they are not subject to inappropriate executive or individual political influence. Funnell (1996, p. 118) supports this by stating that:

... the greatest threat to the operation of an independent public sector audit office in Australia, which the executive has not sought to highlight, has been the auditor general's dependence on the executive for the resources necessary to meet the audit mandate.

Therefore, in order for SAIs to be independent, it follows that funding must be determined by parliament, and not by government or ministers who may have vested political interests. Furthermore, where audit fees are payable, the amounts should be determined only by the SAI.

In summary, a key audit quality requirement for both SAIs and private sector audit providers is auditor independence, without which the audit opinion adds no credibility to a reporting entity's financial reports. Whilst SAI independence from the government enhances the accountability of the government, government agencies, and other public sector bodies, another audit quality requirement is SAI accountability to parliament, which enhances overall SAI performance and the monitoring and scrutiny of its own exercise of authority and use of resources. Other key SAI audit quality attributes are

based on factors affecting the integrity of the audit process, including the regulatory environment and setting of auditing standards. For all these audit quality attributes to be realised, particularly the independence of SAIs, well-functioning institutions of legal security must exist, and these are usually found in a democracy based on the rule of the law (INTOSAI, 1998b).

A framework for comparing SAI legislation

English and Guthrie (2000) present a two-part framework that describes:

- (1) the accountability mechanisms available to parliament, including those related to audit scope, SAI appointment, tabling of reports, funding and oversight; and
- (2) the powers required by SAIs to conduct audits, including those related to independence, mandate and funding source.

In total, the framework contains 30 accountability and independence issues. Following prior literature (Clark *et al.*, 2003; De Martinis and Clark, 2003; Kiraka *et al.*, 2002), an adaptation of the framework as shown in Table I is used in this study to examine the accountability and independence legislative provisions of the EU member SAIs in terms of the following audit quality attributes:

- relevant powers of parliament (on SAI accountability);
- funding (on SAI accountability);
- oversight (on SAI accountability);
- audit mandate (on SAI independence); and
- independence from direction of parliament and parliamentary committees (on SAI independence).

Issues related to SAI accountability to parliament include no impediment to the scope of the SAI in conducting financial statements and performance audits of the government, government agencies and other public sector bodies. Furthermore, parliament should have powers to appoint and oversee the office of the SAI, request audits, and have all audit reports tabled in parliament, rather than simply presented to the government. On funding, this should be determined by the parliament with input from a parliamentary audit committee. Finally, there should be oversight of the SAI through regular, independent financial and performance audits of the SAI.

Issues related to SAI independence from government include an adequate mandate, as well as the need for sufficient funding as recommended by parliament to enable the effective exercise of such mandate. Other necessary powers relate to independence from direction by the government by way of having such independence enshrined in law, being free of direction/control, discretion to determine type of work, reporting directly to parliament, wide information gathering powers, and appointment of the SAI head by parliament – not the executive. Also, the SAI head having the power to determine the terms and employment conditions of staff, as well as to appoint contractors to conduct audits.

Research method

Data were collected on the above accountability and independence issues directly from the enabling legislation for the EU member SAIs and the ECA, as at March 2003.

Accountability mechanisms available to parliament	Audit quality attributes	Issues
Powers of parliament as they relate to the head of the SAI (Table II)		<ol style="list-style-type: none"> 1. Appointment 2. Tenure of office 3. Eligibility for reappointment 4. Determination of remuneration 5. Payment to head of SAI out of consolidated fund 6. Removal of the head of SAI 7. Appointment of acting head of SAI 8. Annual work plan submitted to parliament 9. Power to request audits 10. Tabling of audit reports 11. Funding levels for office 12. Cost recovery from auditees 13. Amounts to be paid for audits 14. Independent auditor of the SAI 15. Appointment of independent auditor 16. Reporting by independent auditor 17. Independent auditor conducts financial statement audit 18. Independent auditor conducts performance audit 19. Financial statement audits of authorities, agencies, departments and statutory bodies 20. Financial statement audits of companies 21. Financial statement audits of individuals and bodies funded by government 22. Performance audits of authorities, agencies, departments and statutory bodies 23. Performance audits of public companies 24. Independence enshrined in law 25. Free from direction/control by anyone 26. Discretion in determining type of audit and auditee 27. Wide information gathering powers 28. Head of SAI an officer of the parliament 29. Head of SAI to determine the terms and conditions of staff in the office 30. Head of SAI to appoint contractors to conduct audits
Funding of the SAI (Table III)		
Oversight of the SAI (Table IV)		
Mandate of the SAI (Table V)		
Independence of the SAI (Table VI)		

Source: English and Guthrie (2000)

Table I.
A framework for accountability mechanisms available to parliament and independence powers required by SAIs

The legislation was examined to determine whether the three accountability attributes (Table I, rows A-C) and the two independence attributes (Table I, rows D-E) were explicitly addressed. To facilitate the examination, the five main rows in Table I are used to create Tables II-VI, where each table represents one of the three accountability or two independence attributes. The legislation was then examined to determine the extent to which the 30 issues as contained in Tables II-VI are addressed. It is noted that, by practice or convention, some SAIs may have more or less independence and/or have more or less accountability to the parliament than suggested by the analysis of the legislation alone. This is because such practice or convention may not reflect a literal interpretation and application of the enabling legislation[7]. However, a detailed examination of instances where such variations between practice and the legislative provision occur is beyond the scope of this study.

Results and discussion

Tables II-VI contain results of the analysis for the three accountability and two independence attributes, respectively. Within each table, the issues are examined in terms of how they are addressed in the relevant enabling legislation for the SAI. Results are presented for the 14 auditors general and the 12 courts of auditors (including the ECA), as well as for the combined collection of EU member SAIs, across the 30 accountability and independence issues. Appendices 1-5 contain results by type of SAI across the specific EU member countries. References to the relevant provision of the enabling legislation are in parenthesis, therefore, providing legislative authority for the summarised findings as contained in Tables II-VI. The focus of the following discussion is on the summarised results, and distinction is drawn between the auditors general and the presidents of the courts of auditors where there are notable differences.

Accountability mechanisms available to parliament

Powers of parliament as they relate to the head of the SAI (Table II). Having the head of the SAI appointed by parliament is likely to provide a more representative outcome, as well as diminishing opportunities for inappropriate individual or executive political interference. Table II shows that on the appointment, term of office, removal of the head of the SAI, appointment of the acting head of the SAI, and power to request audits, there are considerable differences in the enabling legislation. On the appointment of the head of the SAI, parliament or the national council appoint in a minority of cases. For tenure of office, the term is fixed for a majority of the heads of the SAIs but varies as to the period of tenure. A variety of provisions exist as to eligibility for re-appointment. Having fixed terms of appointment without eligibility for re-appointment would also enhance the independence of the office. Note that in several countries the head of the SAI is appointed until retirement age. This is perhaps another means of achieving the same objective in respect of independence. On remuneration, it is important that this is not determined in a way that jeopardises the independence of the SAI. This is in contrast to the finding that frequently the enabling legislation is silent on who determines the remuneration of the head of the SAI, especially for courts of auditors.

On the removal of the head of the SAI, a major issue of concern is where the president has such powers, since this also creates opportunities for political interference. Another concern is the extent to which the enabling legislation is silent on such a crucial issue. However, in most cases the legislation appears to provide adequate accountability.

	Auditors general (N = 14)		Courts of auditors (N = 12)		Total (N = 26)	
	N	Percentage	N	Percentage	N	Percentage
1. Appointment by						
National council	1	7.1	2	16.8	3	11.5
Government	1	7.1	0	0.0	1	3.8
Grand duke, king or queen	2	14.3	1	8.3	3	11.5
Parliament	5	35.8	4	33.3	9	34.6
President	4	28.6	4	33.3	8	30.8
Other	1	7.1	1	8.3	2	7.7
2. Tenure of office						
2-5 years	3	21.4	4	33.3	7	26.9
6-10 years	4	28.7	3	25.0	7	26.9
10 + years	1	7.1	2	16.7	3	11.5
Until retirement	1	7.1	3	25.0	4	15.4
Other	2	14.3	0	0.0	2	7.7
Silent	3	21.4	0	0.0	3	11.5
Yes	7	50.0	3	25.0	10	38.5
No	0	0.0	3	25.0	3	11.5
Not applicable	2	14.3	3	25.0	5	19.2
Silent	5	35.7	3	25.0	8	30.8
4. Determination of remuneration						
European council	0	0.0	1	8.3	1	3.8
Same as judge/public servant/minister	3	21.4	1	8.3	4	15.4
Legislation	3	21.4	0	0.0	3	11.5
Minister of finance	1	7.1	0	0.0	1	3.8
Parliament	1	7.1	0	0.0	1	3.8
Silent	6	43.0	10	83.4	16	61.5
Yes	4	28.6	1	8.3	5	19.2
5. Payment to head of SAI out of consolidated fund						
Silent	10	71.4	11	91.7	21	80.8
6. Removal of the head of SAI by						
National council	1	7.1	1	8.3	2	7.7
Court	0	0.0	2	16.7	2	7.7
Parliament	7	50.0	4	33.3	11	42.3
President	4	28.6	3	25.0	7	26.9
Silent	2	14.3	2	16.7	4	15.4

(continued)

Table II.
Powers of parliament as they relate to the head of the SAI of EU member countries

Table II.

	Auditors general (N = 14)		Courts of auditors (N = 12)		Total (N = 26)	
	N	Percentage	N	Percentage	N	Percentage
7. Appointment of acting head of SAI						
AG	3	21.4	0	0.0	3	11.5
National council	1	7.1	0	0.0	1	3.8
Government	1	7.1	0	0.0	1	3.8
Grand duke	1	7.1	0	0.0	1	3.8
Highest rank	0	0.0	2	16.7	2	7.7
Other judges	0	0.0	2	16.7	2	7.7
Parliament	2	14.3	3	25.0	5	19.2
President	4	28.7	1	8.3	5	19.2
Silent	2	14.3	4	33.3	6	23.1
Yes	2	14.3	1	7.1	3	11.5
No	1	7.1	0	0.0	1	3.8
Silent	11	78.6	11	92.9	22	84.6
National council	1	7.1	0	0.0	1	3.8
None	1	7.1	0	0.0	1	3.8
Parliament	3	21.4	5	41.8	8	30.8
Parliamentary committee	2	14.3	1	8.3	3	11.5
Government	1	7.1	0	0.0	1	3.8
Parliament and government	0	0.0	1	8.3	1	3.8
Treasury	1	7.1	0	0.0	1	3.8
Parliament, president and prime minister	0	0.0	1	8.3	1	3.8
Silent	5	35.9	4	33.3	9	34.6
Yes	12	85.7	11	91.7	23	88.5
No	2	14.3	0	0.0	2	7.7
Silent	0	0.0	1	8.3	1	3.8
10. Audit reports tabled directly to parliament						

	Auditors general (N = 14)		Courts of auditors (N = 12)		Total (N = 26)		
	N	Percentage	N	Percentage	N	Percentage	
11. Funding determined by	Parliament	7	50.0	4	33.3	11	42.3
	State budget	3	21.4	1	8.3	4	15.4
	Silent	4	28.6	7	58.4	11	42.3
12. Amounts to be paid for financial statement audits determined by	SAI	1	7.1	1	8.3	2	7.6
	Minister	1	7.1	0	0.0	1	3.8
13. Cost recovery from auditees for financial statement audits	Silent	12	85.8	11	91.7	23	88.6
	Yes	3	21.4	1	8.3	4	15.4
	Silent	11	78.6	11	91.7	22	84.6

Table III.
Funding of the SAI of EU member countries

Table IV.
Oversight of the SAI of
EU member countries

	Auditors general (N = 14)		Courts of auditors (N = 12)		Total (N = 26)	
	N	Percentage	N	Percentage	N	Percentage
14. Independent auditor of SAI	6	42.9	1	8.3	7	26.9
	8	57.1	11	91.7	19	73.1
15. Appointment of independent auditor by	1	7.1	0	0.0	1	3.8
	1	7.1	0	0.0	1	3.8
	3	21.4	1	8.3	4	15.5
	1	7.1	0	0.0	1	3.8
	8	57.3	11	91.7	19	73.1
16. Reporting of independent auditor to	6	42.9	1	8.3	7	26.9
	8	57.1	11	91.7	19	73.1
17. Independent auditor conducts financial statement audits	6	42.9	1	8.3	7	26.9
	8	57.1	11	91.7	19	73.1
18. Independent auditor conducts performance audits	2	14.3	0	0.0	2	7.7
	12	85.7	12	100.0	24	92.3

	Auditors general (N = 14)		Courts of auditors (N = 12)		Total (N = 26)	
	N	Percentage	N	Percentage	N	Percentage
19. Financial statement audits of authorities, agencies, departments and statutory bodies	14	100.0	12	100.0	26	100.0
20. Financial statement audits of public companies	13	92.9	10	83.4	23	88.5
	1	7.1	1	8.3	2	7.7
Yes, if ownership is more than 50 percent/51 percent	0	0.0	1	8.3	1	3.8
Silent						
21. Financial statement audits of individuals and bodies funded by government	12	85.7	11	91.7	23	88.5
Silent	2	14.3	1	8.3	3	11.5
22. Performance audits of authorities, agencies, departments and statutory bodies	11	78.6	10	83.4	21	80.8
Silent	3	21.4	2	16.6	5	19.2
	10	71.4	9	75.0	26	100.0
23. Performance audits of public companies	4	28.6	3	25.0	7	26.9
Silent						

Table V.
Mandate of the SAI of EU
member countries

Table VI.
Independence of the SAIs
of EU member countries

	Auditors general (N = 14)		Courts of auditors (N = 12)		Total (N = 26)	
	N	Percentage	N	Percentage	N	Percentage
24. Independence enshrined in law	10	71.4	10	83.4	20	76.9
	0	0.0	1	8.3	1	3.8
	4	28.6	1	8.3	5	19.2
25. Free of direction/control from anyone	10	71.4	10	83.4	20	76.9
	0	0.0	1	8.3	1	3.8
	4	28.6	1	8.3	5	19.2
26. Discretion in determining type of audit and auditee	6	42.9	5	41.7	11	42.3
	8	57.1	7	58.3	15	57.7
27. Wide information gathering powers	13	92.9	11	91.7	24	92.3
	1	7.1	1	8.3	2	7.7
	2	14.3	0	0.0	2	7.7
28. Head of SAI an officer of parliament	12	85.7	12	100.0	24	92.3
	9	64.3	7	58.3	16	61.5
29. Head of SAI to determine the terms and conditions of office staff	2	14.3	3	25.0	5	19.2
	3	21.4	2	16.7	5	19.2
	6	42.9	6	50.0	12	46.2
30. Head of SAI to appoint contractors to conduct audits	8	57.1	6	50.0	14	53.8

Similar concerns prevail on the prospects of political interference for appointment of the acting heads of the SAIs, however, the findings suggest that the majority of provisions are adequate. The requirement for the submission of an annual work plan to parliament also raises concerns over the independence of the SAI, as the parliament may intervene to prevent a particular audit being undertaken, contrary to the public interest. Such provisions again create opportunities for inappropriate political interference. However, only a small minority of SAIs have such a requirement. On the power to request audits, parliament should not be constrained as to the choice of auditee or subject of audit, thereby enhancing the accountability of the SAI to parliament. Results suggest that in a majority of cases the parliament do have such power. However, there is some concern with the frequency of the enabling legislation being silent. Other concerns are with instances where the tabling of the SAI's reports to parliament is indirect or where the enabling legislation is silent, since this again creates opportunities for political intervention in the reporting process. Of particular concern is the finding for Sweden, where the tabling of such reports is via the government.

Funding of the SAI (Table III). Having funding of the SAI determined by parliament is also likely to minimise the prospect of political interference and ensure adequate funding for the office. Where the SAI determines the amounts to be paid for financial statement audits, this provides considerable discretion and independence to the office. However, Table III shows that the enabling legislation is frequently silent on who determines funding for the SAI, who determines the amounts to be paid for financial statement audits, and in providing for cost recovery from auditees for such audits. It is likely that in many instances where the legislation is silent, the funding of the SAI is addressed as part of the appropriation process of the parliament.

Oversight of the SAI (Table IV). The ideal situation is for an independent auditor to be both appointed by, and report to, parliament in respect of both financial statement and performance audits. However, Table IV shows an overwhelming absence of legislative provision.

Powers required by SAI to perform functions

Mandate of the SAI to perform audits (Table V). An SAI's ability to fulfil its watchdog role is enhanced when it can undertake financial statement and performance audits across the range of public sector entities, bodies, and individuals publicly funded. Table V reveals that the enabling legislation for most of the SAIs provides the mandate to perform financial statement audits of government authorities, agencies, departments, and statutory bodies, and that most have an explicit mandate to conduct performance audits of such entities. SAIs typically have the power to conduct financial statement and performance audits of public companies, individuals, and bodies where a specified level of public ownership applies.

Independence of the SAI (Table VI). SAIs should be independent from parliament, in particular, the executive arm of government, and auditees. Table VI shows that across the seven independence issues, most SAIs have legislative provisions that adequately support their independence from direction.

Conclusion

This study uses a two-part framework to examine the enabling legislation of EU member country SAIs, including auditors general, courts of auditors, and the ECA.

Specifically, the study examines five audit quality attributes comprising 30 issues for SAI accountability to parliament and independence from government. This comparative analysis reveals areas where a number of SAI related audit quality provisions could be further strengthened through amendments of the enabling legislation. The most common form of weakness found is where the legislation is silent, however, such deficiencies could be addressed by amending the legislation. Apart from the number of such instances where the legislation is silent, provisions that are present within the legislation generally provide for the independence of the SAIs from government. On the other hand, provisions in respect of the accountability of the SAIs to parliament are somewhat weaker. For example, the enabling legislation is less consistent in providing for the oversight of SAIs (Table IV), and accountability is greater for auditors general on the issue related to eligibility for re-appointment (Table II). Results of this study may be useful to policy makers and legislators of EU member SAIs and other jurisdictions.

Notes

1. See, for example: Antonio Gonzalo *et al.* (2003), Carisse *et al.* (2004), Joscelyne (2003), Laffan (2003), Pollitt (2003), Toepfer (2004), Torres and Pina (1999, 2003); van Leeuwen (2003) and Zacchea (2003).
2. De Angelo (1981, p. 186) defines the quality of audit services as “the market-assessed joint probability that a given auditor will both (a) discover a breach in the client’s accounting system, and (b) report the breach. The probability that a given auditor will discover a breach depends on the auditor’s technological capabilities, the audit procedures employed on a given audit, the extent of sampling, etc. The conditional probability of reporting a discovered breach is a measure of the auditor’s independence from a given client” (emphasis in original).
3. For example, in Australia, subsequent to the Ramsay Report on auditor independence (Ramsay, 2001), the Corporate Law Economic Reform Program (CLERP, 2002) released a report containing over 40 proposals for improving existing laws on corporate governance including aspects of audit quality as related to auditor independence.
4. On structure, there are four types of SAIs. One, courts with a judicial function, where the SAI has judicial powers to impose sanctions, fines, and penalties on public servants who have been found to mismanage government funds (for example, Portugal; Spain; Italy; Greece; France; and Belgium). Two, collegiate bodies without a judicial function, where the individuals appointed cannot impose sanctions (for example, The Netherlands; Germany; Luxembourg; and the European Court of Auditors). Three, independent audit offices headed by an auditor general (for example, United Kingdom; Ireland; Denmark; and Cyprus), and four, audit offices headed by an auditor general within the structure of the government (for example, Finland). On the type of audit services provide, there are four types. One, a priori audit, where the audit is conducted in advance of expenditure. That is, the public sector auditor checks the expenditure before it is actually paid to ensure it is within the budget criteria being established (for example, Greece). Two, a posteriori judicial audit, where the SAI audits the annual accounts submitted. In some countries the SAI forms a judgment on whether the accountant has carried out the duties properly (for example, Belgium and France). In Greece, the SAI “judges the liability of the individual responsible, who make up any deficit” (NAO, 2001, p. 20). Three, a posteriori financial audit, where a financial audit is conducted after the expense is incurred and settled in full. All EU SAIs carry out this type of audit. Four, a posteriori performance audit, where a performance audit is carried out after the expense

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- is incurred to assess the efficiency, effectiveness and economic implications of the transactions. All EU SAIs, except for Greece, perform this audit (NAO, 2001, p. 20).
5. In an examination of the legal environment and statutory audit requirements faced by four international auditing firms in member countries of the Association of Southeast Asian Nations (ASEAN), Favere-Marchesi (2000) finds that the diverse legal environments of the sampled ASEAN member countries is associated with climates of differential audit quality.
 6. See also JCPA (1989).
 7. For example, De Martinis and Clark (2003) find that the Australian federal auditor general, by convention, presents an annual work plan to parliament without the legislative requirement to do so. It is only in the case of the auditor general of the state of Victoria that a legislative requirement to submit an annual plan to parliament exists.

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Czech Republic

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Poland

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Appendix 1. Powers of parliament as they relate to the head of the SAI of EU member countries

Audit quality attributes

Country	1. Appointment by	2. Tenure of office	3. Eligibility for reappointment	4. Determination of remuneration by	5. Payment to head of SAI out of consolidated fund	6. Removal of the head of SAI	7. Appointment of acting head of SAI	8. Annual work plan submitted to parliament	9. Power to request audits	10. Audit reports tabled directly to parliament
Panel A. Auditors general										
Cyprus	President and vice-president (C 115)	Until retirement (C 115:3)	N/A	Parliament (C 166:168)	Yes (C 166:1b)	President and vice president on advice of a council (C 115:3 and 153:8)	President and vice president (C 115:1 and 117:2)	Silent	Silent	No, submitted to president and vice president who submit to parliament (C 116:4) Yes (Act 166 18:3)
Czech Republic	President (C 97:2)	Nine years (Act 166 10:2)	Silent	Legislation (Act 236 52:8)	Silent	President (Act 166 8)	President (C 97:2, Act 166 9:1)	Yes (Act 166 17:4)	Silent	Yes (Act 166 18:3)
Denmark	Speaker of parliament (AGA para 1:1)	Silent	Silent	Silent	Silent	Parliament (AGA para 1:2)	Silent	Silent	Parliamentary committee (AGA para 8:1)	Yes (AGA para 17: 4)
Estonia	Parliament (SAOA 17)	Five years (SAOA 17)	Yes (implied in SAOA 27:2)	Salaries of state public servants (SAOA 27:1)	Silent	Parliament (C 134)	Auditor general (SAOA 25:1)	No, approved by AG (SAOA 37:3)	No, mandatory audit duties cannot be assigned (SAOA 37:2)	Yes (SAOA 10)
Finland	Parliament (ASAO 10)	Six years (ASAO 10)	Yes (ASAO 10)	Silent	Silent	Silent	Parliament (PRP 16)	Silent	Silent	Yes (ASAO 6)

(continued)

Country	1. Appointment by	2. Tenure of office	3. Eligibility for reappointment	4. Determination of remuneration by	5. Payment to head of SAI out of consolidated fund	6. Removal of the head of SAI	7. Appointment of acting head of SAI	8. Annual work plan submitted to parliament	9. Power to request audits	10. Audit reports tabled directly to parliament
Hungary	Parliament (C 19:3k)	12 years (SAO 8)	Yes (SAO 8)	Same as that of a minister (SAO 14:2)	Silent	Parliament (SAO 12:4)	Parliament (SAO 8)	Silent	Parliament (SAO 17:4) and government (SAO 17:6)	Yes (C 32:c:2)
Ireland	President (C 33:4)	Silent	Silent	Minister of finance (CAGAA 14:1)	Yes (CAGAA 14:3)	Parliament (C 33:5)	Auditor general (CAGA 5)	Silent	Parliament (CAGAA 19)	Yes (C 33:4)
Latvia	Parliament (C 88 and 84; SAOL 26:1)	Seven years (SAOL 26:1)	Yes (SAOL 26:3)	Silent	Silent	Parliament on court judgement (SAOL 29:1)	Auditor general (SAOL 9)	Yes (SAOL 60)	Silent	Yes (SAOL 8:2)
Lithuania	Parliament (C s133; LSC s27:1)	Five years (C 133; LSC 27:1)	Yes (LSC 27:2)	Law on remuneration of civil servants (LSC 42:3)	Silent	President (LSC 34)	President (LSC 28:1)	Silent	Parliament (LSC 14:3)	Yes (C 34; LSC 3:1 and 9:3)
Luxembourg	Grand Duke (C 12)	Silent	Silent	Silent	Silent	Parliament (ML 1931 (12))	Grand Duke (ML 1931 (13))	Silent	Silent	Yes (C 105)
Malta	President (C 108:2)	Five years (C 108:3a)	Yes (C 108:3a)	Prescribed or same as judge of superior court (C 108:6a)	Yes (C 108:6b)	President (C 108:4a)	President (C 108:9b)	Silent	Parliamentary committee (AGNAOA First, Sched 5 and 7)	Yes (C 108:5; AGNAOA First, Sched 5 and 7)
Slovakia	National council (SAOA 8:2)	Seven years (SAOA 8:3)	Yes (SAOA 8:4)	Silent	Silent	National council (SAO 8:2)	National council (SAO 8:2)	Silent	National council (SAO 5)	Yes (SAOA 5:4)

(continued)

Country	1. Appointment by	2. Tenure of office	3. Eligibility for reappointment	4. Determination of remuneration by	5. Payment to head of SAI out of consolidated fund	6. Removal of the head of SAI	7. Appointment of acting head of SAI	8. Annual work plan submitted to parliament	9. Power to request audits	10. Audit reports tabled directly to parliament
Sweden	Government (O 16)	Fixed period (not specified) (O 16)	Silent	Silent	Silent	Silent	Government (O 16)	Silent	Government (O 9)	No, reports submitted to government (O 5)
United Kingdom	Her majesty (NAA 1.1)	No fixed term (EADA 1866 3)	N/A	Civil service legislation (EADA 1957 1:4)	Yes (EADA 1957 1:4)	Parliament (EADA 1866 3)	Silent	Silent	Treasury (GRA 25:6)	Yes (GRA 6:3, 6:4, 7:3c 11:4; NAA 9)
Panel B. Courts of auditors										
Austria	National council (C 122:4)	12 years (C 122:4)	No (C 122:4)	Silent	Silent	National council (C 123:2)	Most senior official to deputise (C 124:1)	Silent	Parliament or minister (C 126b:4)	Yes (C 126d:1)
Belgium	Parliament (C 180)	Six years (CAOL 1)	Yes (CAOL 1)	Silent	Silent	Parliament (CAOL 1)	Silent	Silent	Silent	Yes (C 180)
European Court of Auditors	Members of the ECA (TEEC 247:3)	Three years (TEEC 247:3)	Yes (TEEC 247:3)	European council (TEEC 247:8)	Silent	Court of justice (TEEC 247:6, 7)	Members of the COA (RPCA 9:3, 11)	Silent	Silent	Yes (TEEC 248:1)
France	Council of Ministers (CC 2.1)	Until retirement (CC 2.1)	Not applicable	Silent	Silent	Silent	Silent	Silent	Parliamentary commissions and committees (C 1)	Yes (C 1)
Germany	Parliament (FCAA 5:1)	12 years (FCAA 3:2)	No (FCAA 5:1)	Silent	Silent	Silent	Parliament (FCAA 5:1)	Silent	Silent	Yes (BL 11:4; FBC 97, 99)

(continued)

Country	1. Appointment by	2. Tenure of office	3. Eligibility for reappointment	4. Determination of remuneration by	5. Payment to head of SAI out of consolidated fund	6. Removal of the head of SAI	7. Appraisal of acting head of SAI	8. Annual work plan submitted to parliament	9. Power to request audits	10. Audit reports tabled directly to parliament
Greece	President on proposal of cabinet (C 90:5)	No more than four years (C 90:5)	No but implied (C 90:5)	Silent	Silent	President on proposal of cabinet (C 90:5)	President on proposal of cabinet (C 90:5)	Silent	Silent	Yes (C 98:1e)
Italy	President (RD 7)	Until retirement (RD 9)	Not applicable	Silent	Silent	President (RD 8)	Silent	Silent	Parliament (L400)	Yes (C 100; RD 43)
The Netherlands	President royal decree (GAA 70:1)	Until retirement (GAA 74:1)	Not applicable	Silent	Silent	Supreme court (GAA 74:2)	Most senior ordinary member (GAA 77:3)	Silent	Parliament (GAA 90)	Yes (GAA 84)
Portugal	President on proposal of the government (C 133:m)	Four years (C 214)	Silent	Silent	Silent	President on proposal of the government (C 133)	Other COA judges (RCA 3:4)	Silent	Parliament and government (RCA 29)	Silent
Poland	Parliament (C 205:1)	Six years (C 205:1 and SCCA 16:1)	Yes (C 205:1 and SCCA 16:2)	Silent	Yes (SCCA 26:2)	Parliament (SCCA 17)	Parliament (SCCA 21)	Yes (SCCA 6:2)	Parliament, president, prime minister (SCCA 6:1)	Yes (C 204 and SCCA 7)
Slovenia	Parliament (C 151 and SAO 6:3)	Nine years (SAO 7:1)	Silent	Same as president of constitutional court (SAO 33:4)	Silent	Parliament (CAA 10:6)	Parliament (CAA 6:1, 6:3)	Silent	Parliament (CAA 25:2)	Yes (CAA 5:2)
Spain	King (CAOA 29)	Three years (CAOA 29)	Silent	Silent	Silent	Parliament (CAOA 36)	Silent	Silent	Parliament (CAOA 45)	Yes (C 136:2 and CAOA 12)

Appendix 2. Funding of the SAI of EU member countries

Audit quality attributes

Country	11. Funding determined by	12. Amounts to be paid for financial statement audits determined by	13. Cost recovery from auditees for financial statement audits
Panel A. Auditors general			
Cyprus	Parliament (C 167)	Silent	Silent
Czech Republic	State budget (Act 166 32:1)	Silent	Silent
Denmark	Parliament (AGA para 1: 5)	Silent	Silent
Estonia	State budget (SAOA 4)	Silent	Silent
Finland	Silent	Silent	Silent
Hungary	Parliament (SAO 14:1)	Silent	Silent
Ireland	Parliament (CAGAA 23)	AG (CAGAA 12:1)	Yes (CAGAA 12:1)
Latvia	State budget (SAOL 44:1)	Silent	Silent
Lithuania	Parliament (LSC 8:2)	Silent	Silent
Luxembourg	Silent	Silent	Silent
Malta	Parliament (C 108:10b)	Silent	Silent
Slovakia	Silent	Silent	Silent
Sweden	Silent	Silent	Yes (O 9)
United Kingdom	Parliament (NAA 4:1)	Minister of the crown (NAA 5)	Yes (NAA 5)
Panel B. Courts of auditors			
Austria	Silent	Silent	Silent
Belgium	Silent	Silent	Silent
European Court of Auditors	Parliament (TEEC Part 5, title II)	Silent	Silent
France	Silent	Silent	Silent
Germany	Silent	Silent	Silent
Greece	Silent	Silent	Silent
Italy	Silent	Silent	Silent
The Netherlands	Silent	Silent	Silent
Portugal	State budget (RCA 54)	Court of auditors (RCA 58)	Yes (RCA 58)
Poland	Parliament (SCCA 26:3)	Silent	Silent
Slovenia	Parliament (CAA 31:1)	Silent	Silent
Spain	Parliament (CAOA 6)	Silent	Silent

Table AII.

Appendix 3. Oversight of the SAI of EU member countries

Table AIII.

Country	14. Independent auditor of SAI	15. Appointment of independent auditor	16. Reporting by independent auditor	17. Independent auditor conducts financial statement audits	18. Independent auditor conducts performance audits
Panel A. Auditors general					
Cyprus	Silent	Silent	Silent	Silent	Silent
Czech Republic	Silent	Silent	Silent	Silent	Silent
Denmark	Silent	Silent	Silent	Silent	Silent
Estonia	Yes (SAOA 5)	Parliament (SAOA 5)	Parliament (SAOA 5)	Yes (SAOA 5)	Yes (SAOA 5)
Finland	Silent	Silent	Silent	Silent	Silent
Hungary	Silent	Silent	Silent	Silent	Silent
Ireland	Yes (CAGAA 13:1)	AG (CAGAA 13:1)	Parliament (CAGAA 13:4)	Yes (CAGAA 13:1)	Silent
Latvia	Yes (SAOL 45:1)	Parliament (SAOL 45:1)	Parliament (SAOL 45:2)	Yes (SAOL 45:1)	Silent
Lithuania	Yes (LSC 8:3)	Parliament (LSC 8:3)	Parliament (LSC 9:3)	Yes (LSC 8:3)	Silent
Luxembourg	Silent	Silent	Silent	Silent	Silent
Malta	Yes (AGNAOA Second Sched 18)	NAO committee (AGNAOA Second Sched 18)	Parliament (AGNAOA Second Sched 21)	Yes (AGNAOA Second Sched 18)	Silent
Slovakia	Silent	Silent	Silent	Silent	Silent
Sweden	Silent	Silent	Silent	Silent	Silent
United Kingdom	Yes (NAA 4:5)	Public accounts commission (NAA 4:5)	Parliament (NAA Sched 3)	Yes (NAA Sched 3)	Yes (NAA Sched 3)
Panel B. Courts of auditors					
Austria	Silent	Silent	Silent	Silent	Silent
Belgium	Silent	Silent	Silent	Silent	Silent

(continued)

Country	14. Independent auditor of SAI	15. Appointment of independent auditor	16. Reporting by independent auditor	17. Independent auditor conducts financial statement audits	18. Independent auditor conducts performance audits
European Court of Auditors	Silent	Silent	Silent	Silent	Silent
France	Silent	Silent	Silent	Silent	Silent
Germany	Silent	Silent	Silent	Silent	Silent
Greece	Silent	Silent	Silent	Silent	Silent
Italy	Silent	Silent	Silent	Silent	Silent
The Netherlands	Silent	Silent	Silent	Silent	Silent
Portugal	Silent	Silent	Silent	Silent	Silent
Poland	Silent	Silent	Silent	Silent	Silent
Slovenia	Yes (CAA 31:2)	Parliament (CAA 31:2)	Parliament (CAA 31:3)	Yes (CAA 31:2)	Silent
Spain	Silent	Silent	Silent	Silent	Silent

Table AIII.

Appendix 4. Mandate of the SAI of EU member countries

Country	19. Financial statement audits of authorities, agencies, departments and statutory bodies	20. Financial statement audits of public companies	21. Financial statement audits of individuals and bodies funded by government	22. Performance audits of authorities, agencies, departments and statutory bodies	23. Performance audits of public companies
Panel A. Auditors general					
Cyprus	Yes (C 116)	Yes (C 116)	Yes (C 113:1)	Yes (C 113:1)	Yes (C 113:1)
Czech Republic	Yes (Act 166 3)	Yes (for specified companies)(Act 166 3:5)	Silent	Yes (Act 166 4:1)	Yes (Act 166 4:1)
Denmark	Yes (AGA para 2:1)	Yes (AGA para 2: 1-4 and para 4: 2)	Yes (AGA para 4:1)	Silent	Silent
Estonia	Yes (SAOA 7)	Yes (SAOA 7)	Yes (SAOA 7)	Yes (SAOA 6-7)	Yes (SAOA 6-7)
Finland	Yes (ASAO 2)	Yes (ASAO 2)	Yes (ASAO 2)	Yes (ASAO 2, and RCSAO)	Yes (ASAO 10 and RCSAO)
Hungary	Yes (C 32c:1)	Yes (C 32c:1)	Yes (SAO 2:5)	Yes (C 32c:2)	Yes (C 32c:2)
Ireland	Yes (CAGAA 3)	Yes (CAGAA 3; First, Sched)	Yes (CAGAA 8)	Yes (CAGAA 9)	Yes (CAGAA 9)
Latvia	Yes (SAOL 46)	Yes (SAOL 46)	Yes (SAOL 46)	Yes (SAOL 47)	Yes (SAOL 47)
Lithuania	Yes (LSC 9; 14:1)	Yes (LSC 14:1)	Silent	Yes (LSC 14:2)	Yes (LSC 14:2)
Luxembourg	Silent on type of entity: refers to audit of public monies (ML 1936 10)	Silent on type of entity: refers to audit of public monies (ML 1936 10)	Silent on type of entity: refers to audit of public monies (ML 1936 10)	Silent	Silent
Malta	Yes (C 108:5a)	Government owns not less than 51 percent (AGNAOA First, Sched 9a:iv)	Yes (C 108:5b; and AGNAOA First, Sched 9a:iii)	Yes (AGNAOA First, Sched 3)	Yes (AGNAOA First, Sched 9a:iv)
Slovakia	Yes (SAO 4)	Yes (SAO 4)	Yes (SAO 4)	Silent	Silent
Sweden	Yes, for central government activities and commitments (O 2: 1-2)	Yes, if the company's articles of association specify (O 4: 2)	Yes, if audit is a condition of the grant (O 2: 3)	Yes, for central government activities and commitments (O 2: 1-2)	Silent
United Kingdom	Yes (GRA 7)	Yes (GRA 6)	Yes (GRA 11)	Yes (NAA 6)	Yes (NAA 7)
Panel B. Courts of auditors					
Austria	Yes (C 126b:1)	More than 50 percent (C 126b:2)	Yes (C 126b:3)	Yes (C 126b:5)	Yes (C 126b:5)

(continued)

Country	19. Financial statement audits of authorities, agencies, departments and statutory bodies	20. Financial statement audits of public companies	21. Financial statement audits of individuals and bodies funded by government	22. Performance audits of authorities, agencies, departments and statutory bodies	23. Performance audits of public companies
Belgium	Yes (C 180)	Silent	Silent	Silent	Silent
European Court of Auditors	Yes (TEEC 248:1)	Yes (TEEC 248:1)	Yes (TEEC 248:3)	Yes (TEEC 248:1)	Yes (TEEC 248:2)
France	Yes (CC 1)	Yes (CC 1)	Yes (CC 1)	Yes (CC 1)	Yes (CC 1)
Germany	Yes (FBC 88-89)	Yes (BPA 55)	Yes (FBC 91)	Yes (FBC 90)	Yes (FBC 91)
Greece	Yes (C 98; and OL 15)	Yes (C 98; and OL 15)	Yes (C 98; and OL 15)	Silent	Silent
Italy	Yes (RD 13)	Yes except if state contribution is particularly low (L259 3)	Yes (C 100; RD 13, 33)	Yes (L20 3:4)	Yes (L20 3:4)
The Netherlands	Yes (GAA 82:1, 83)	Yes (GAA 91:1a, 1b)	Yes (GAA 91:1c)	Yes (GAA 82:2)	Silent
Portugal	Yes (RCA 1, 17 and 29)	Yes (RCA 1, 17 and 29)	Yes (RCA 1, 17 and 29)	Yes but for financial management (RCA 16)	Yes but for financial management (RCA 16)
Poland	Yes (SCCA 2)	Yes (SCCA 2)	Yes (SCCA 2)	Yes (SCCA 5)	Yes (SCCA 5)
Slovenia	Yes (CAA 20)	Yes (CAA 20)	Yes (CAA 20)	Yes (CAA 20)	Yes (CAA 20)
Spain	Yes (CAOA 4)	Yes (CAOA 4)	Yes (CAOA 4:2)	Yes (CAOA 9:1)	Yes (CAOA 9:1)

Table AIV.

Appendix 5. Independence of the SAIs of EU member countries

Country	24. Independence enshrined in law	25. Free of direction/control from anyone	26. Discretion in determining type of audit or auditee	27. Wide information gathering powers	28. Head of SAI an officer of parliament	29. Head of SAI to determine terms and conditions of office staff	30. Head of SAI to appoint contractors to conduct audits
Panel A. Auditors general							
Cyprus	Yes (C 115:2)	Yes (C 115:2)	Silent	Yes (C 116:1, 113:1)	Silent	Silent	Silent
Czech Republic	Yes (Act 166 2:1)	Yes (Act 166 2:1)	Silent	Yes (Act 166 21)	Silent	No, governed under the labour code (Act 166:48)	Silent
Denmark	Yes (AGA para 1:3)	Yes (AGA para 1:3)	Yes (AGA para 15:1)	Yes (AGA para 12, 13)	Silent	Yes with limitation (AGA para 1:7 and para 18a)	Silent
Estonia	Yes (SAOA 2, 37)	Yes (SAOA 2, 37)	Yes (SAOA 37)	Yes (SAOA 43-45)	Silent	Yes (SAOA 15:2, 30:2, 32-33)	Yes (SAOA 33, 38:2)
Finland	Yes (ASAO 1)	Yes (ASAO 1)	Yes (ASAO 3, 7)	Yes (ASAO 4)	Silent	Yes (ASAO 11, 12)	Yes (ASAO 3)
Hungary	Silent	Silent	Silent	Yes (SAO 21)	Silent	Yes, to some extent. Other terms are legislated (SAO 14:5-8,11-13)	Silent
Ireland	Silent	Silent	Silent	Yes (CAGAA 10)	Silent	No, Minister of finance (CAGA 4)	Silent
Latvia	Yes (C 87 and SAOL 1:1)	Yes (C 87 and SAOL 1:1)	Yes (SAOL 48)	Yes (SAOL 49, 50, 51)	Silent	Yes (SAOL 8:1, 16:1)	Yes (SAOL 52)
Lithuania	Silent	Silent	Silent	Yes (LSC 12:1)	Silent	Yes (LSC 10:1)	Yes (LSC 12:1)
Luxembourg	Silent	Silent	Silent	Silent	Silent	Silent	Silent
Malta	Yes (C 108:12)	Yes (C 108:12)	Yes (AGNAOA First, Sched 9a)	Yes (AGNAOA Second Sched 3, 4, 5)	Yes (C 108:2)	Yes (AGNAOA Second Sched 2)	Yes (AGNAOA Second Sched 7a)
Slovakia	Yes (SAO 1:1)	Yes (SAO 1:1)	Silent	Yes (SAO 17)	Silent	Silent	Yes (SAO 6:2)
Sweden	Yes (O 2:1)	Yes (O 2:1)	Silent	Yes (O 8)	Silent	Silent	Silent

(continued)

Table AV.

Country	24. Independence enshrined in law	25. Free of direction/control from anyone	26. Discretion in determining type of audit or auditee	27. Wide information gathering powers	28. Head of SAI an officer of parliament	29. Head of SAI to determine terms and conditions of office staff	30. Head of SAI to appoint contractors to conduct audits
United Kingdom Panel B. Courts of auditors	Yes (NAA 1:3) Yes (C 122:2)	Yes (NAA 1:3)	Yes (NAA 1:3)	Yes (NAA 8 and GRA 8)	Yes (NAA 1:2)	Yes (NAA 3)	Silent
Austria	Silent	Yes (C 122:2)	Silent	Yes (FL 3:2)	Silent	Yes (FL 22)	Yes (FL 14:1; 15:7; 20:2; 20a:3) Silent
Belgium	Silent	Silent	Silent	Yes (C 180, and CAOL 5b) Yes (TEEC 248:3)	Silent	Yes (CAOL 18)	Silent
European Court of Auditors	Yes (TEEC 247:2, 4)	Yes (TEEC 247:2, 4)	Silent	Yes (CC 2.1) Yes (BPA 54; FBC 95)	Silent	No. Determined by council (TEEC 247:8) Silent Yes (FCAA 4)	Silent
France	Yes (CC 2.1)	Yes (CC 2.1)	Yes (CC 1)	Yes (OL 16:1; 22:3)	Silent	Silent	Silent
Germany	Yes (BL 114:2; FCAA 1)	Yes (BL 114:2; FCAA 1)	Yes (FBC 89:2)		Silent		Yes (FBC 94:2)
Greece	Yes (C 98:3; and OL 2)	Yes (C 98:3; and OL 2)	Yes (OL 17:4)		Silent	Silent	Silent

(continued)

Table AV.

Country	24. Independence enshrined in law	25. Free of direction/control from anyone	26. Discretion in determining type of audit or auditee	27. Wide information gathering powers	28. Head of SAI an officer of parliament	29. Head of SAI to determine terms and conditions of office staff	30. Head of SAI to appoint contractors to conduct audits
Italy	Yes (C)	Yes (C)	Silent	Yes (RD 16)	Silent	No. Determined by Presidential decree (RD 97)	Silent
The Netherlands	Not explicitly stated (see GAA 73:3)	Not explicitly stated (see GAA 73:3)	Yes (GAA 86:1)	Yes (GAA 86, 87)	Silent	No. Appointment and dismissal determined by Central and Local Government Personnel Act, but in some case by the COA (GAA 80)	Silent
Portugal	Yes (RCA 3)	Yes (RCA 3 and 4)	Yes (RCA 29)	Silent	Silent	Yes (RCA 59)	Yes (RCA 59)
Poland	Yes (SCCA 22:3)	Yes (SCCA 22:3)	Silent	Yes (SCCA 29)	Silent	Yes (SCCA 68:2)	Yes (SCCA 29:2g)
Slovenia	Yes (C 150; CAA 1:2)	Yes (C 150; CAA 1:2)	Yes (CAA 25)	Yes (CAA 26)	Silent	Yes (CAA 14:3, 15:3, 36:2)	Yes (CAA 19)
Spain	Yes (CAOA 5)	Yes (CAOA 5)	Silent	Yes (CAOA 7)	Silent	Yes (CAOA 20c)	Yes (CAOA 7:4)

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