

Assessment of Audit Activities in the Public Administration with a Focus on the Types of Audits

Practice in the Public Sector of the V4 Countries

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SUMMARY

This paper focuses on audits of public administrations performed by Supreme Audit Offices (SAO). The aim of the paper is to assess the performance of audit activities by the highest audit institutions in the Visegrad Four (V4) countries with a focus on the types of audits performed (compliance audits, performance audits, financial audits) in the period of 2005-2020. Pearson's correlation coefficient and Spearman's correlation coefficient were used to test the set hypotheses. The study focuses on the relationships between the number of audits performed (especially compliance audits and performance audits) and the volume of audit findings, recommendations and actions. Compliance audits predominate in the Slovak Republic and Hungary. However, the current trend is to gradually increase the share of performance audits. Most performance audits were carried out in the Czech Republic. The analysis found a statistically significant relationship between the number of performance audits performed and the number of auditors' recommendations in Poland and Hungary. In addition there is a statistically significant relationship between the number of performance audits performed and the number of audit findings in Poland and the Czech Republic.

KEYWORDS: Supreme Audit Office, performance audit, compliance audit

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The paper focuses on the assessment of audit activities performed by the SAOs in public administration. Within its defined scope, the SAO performs audits in accordance with auditing standards based on the international standards of supreme audit institutions. The SAO performs compliance audits, performance audits and financial audits.

Independent and objective feedback is necessary for the proper functioning of the state. This information is important for parliaments and governments, as key partners of the SAO, as well as for the general public. The SAO is in a relatively powerful position, which flows not only out of its independence from the executive, but perhaps more importantly by the fact that it has been a reliable, professional and trustworthy partner and provider of this information for a long period of time. The existence of the SAO in most countries is based directly on their constitution, thus guaranteeing its independence from legislative, executive and judicial power. The SAO thus represents one of the irreplaceable elements of parliamentary democracy. It performs audit activities on the basis of an audit activity plan. The aim of the paper is to assess the performance of audit activities by the supreme audit institutions with a focus on the types of audits performed in the V4 countries.

LITERATURE REVIEW

Supreme audit institutions (SAIs) play an important role in monitoring and maintaining accountability in public administration, where they concentrate mainly on auditing the accounts of public sector entities and assessing their truthfulness and compliance while they provide advice and conduct performance audits. The standards issued by the International Organization of SAIs provide them with

guidance to understand the value supreme audit institutions bring to citizens, parliaments and other stakeholders. SAIs are supposed to scrutinise and hold accountable the efficiency and effectiveness of public administration (Cordery & Hay, 2019; Moore, 2013).

In democracies, SAIs scrutinise the exercise of governmental authority. Therefore, they need for such an important function to have a high degree of independence. In today's practice, an SAI's performance audit has to be also relevant for government and the execution of its policies (Triantafyllou, 2020). Audits in public administrations are an essential attribute for assessing the proper use of public resources and achieving the state's economic and social objectives. Supreme audit institutions seek to guarantee the efficiency, effectiveness and legality of the generation, distribution and utilisation of public resources (Isaev et al., 2021). They are indispensable to the public sector because of their oversight over the use of public finances and their assurance of accountability (Bonollo, 2019). Examining the management and accountability of public finances is the chief role SAIs play and stakeholders expect them to carry out their audit work professionally and competently, something an SAI is obliged to do (Julianto et al., 2021).

An SAI is indispensable as an organisation for holding governments to account for their actions and decisions affecting public finances and particularly for the rising level of public debt (Cordery & Hay, 2021). External audits of government entities likewise have a significant impact on fiscal transparency (Cicek & Dikmen, 2021). Here, an SAI specifically focuses on the independence of the auditors and whether they are carrying out the audit in accordance with the standards and methods of the International Organization of Supreme Audit Institutions (INTOSAI) (Riadinska, 2020). The updated INTOSAI

standards provide a methodological basis for conducting all types of public administration audits.

They also have to provide credible information about the management and use of public finances. Therefore, they need to take into account the complexity of the government sector alongside cultural and national factors, the increasing demand for quality public services, heterogeneity when delivering public services, the numerous stakeholders and information complexity. In this sense, performance audits are an interface between public sector bodies and stakeholders (Pitulice & Stefanescu, 2021; Dragusin et al., 2021).

SAIs utilise performance audits to contribute toward overall improvement in the economy, while increasing the efficiency and effectiveness of government entities through the recommendations they issue in their final audit reports. These can operate in two main ways: either the German approach, based on parliamentary action, or the Anglo-American method of action taken by the audited entity (Torres et al., 2019). From both a democratic and political perspective, performance audits are appropriate in public administration. An SAI can ensure that transparency is safeguarded and the government operates in a sound manner from its ability to ascertain whether government entities are functioning properly. In this respect, both INTOSAI and research institutions consider public administration audits to be essential (Svardsten, 2019). The current trend in performance audits is for the auditors to try involving audited entities, the media and parliamentary representatives more in the performance of the audit, while maintaining their audit powers. The auditees are thus more cooperative, responsible and open to requests and recommendations the auditors make (Parker et al., 2021). If the stakeholders, namely the government, parliament,

government authorities, citizens and others have an understanding of how an SAI focuses its performance audits, they will be willing to support its activities (Ahonen & Koljonen, 2020; Jeppesen, 2017). From a theoretical perspective, it is envisaged that an SAI, as an independent body, will be able to provide feedback to support improvements in public administration (Nemec et al., 2016). Because supreme audit institutions are independent organisations, they can influence the lives of citizens through the recommendations they issue in order to improve the functioning of public information (Gorrissen, 2020).

Even though performance audits have been used successfully and frequently, they can also be controversial in some aspects (Reichborn-Kjennerud & Johnsen, 2018) and sometimes they fail to secure any changes in policies or administrative procedures. Nonetheless, they can be perceived by the audited entities as beneficial. The perceived usefulness and utility of performance audits are also influenced by the auditees' own perspective of the auditors' professionalism, their openness and ability to communicate, along with the quality of the final audit report. These factors have an impact on the willingness of the audited entity to accept the changes suggested by the auditor (Raudla et al., 2016).

SAIs in several Organisation for Economic Co-operation and Development (OECD) countries have stepped up their performance audits at government entities in order to ensure value for money (Triantafyllou, 2015). Auditors should be making greater use of modern information technology in their audits and to improve audit procedures, including in their investigative work, as well as for raising the level of international transparency (Antipova, 2018). Increasing the transparency of administration processes is an important attribute for making government authorities more efficient (Muratbekova et al., 2017).

MATERIALS AND METHODS

The aim of the paper is to assess the performance of audit activities by the supreme audit institutions with a focus on the types of audits performed. The supreme audit institutions in the V4 countries (Hungary, Poland, the Czech Republic and the Slovak Republic) forms the basis of the evaluation.

For the evaluation, we selected the V4 countries, a grouping of four Central European countries that have always been part of the same civilization, based on the same cultural, intellectual and religious traditions and values.

For the analysis, the data used was made up of the number of audits performed taken together, while at the same time also broken down into three types: performance audit, compliance audit and financial audit, and then further, the total volume of audit findings expressed in EUR, the total number of measures taken by the entities for remedial action, the number of recommendations made by the auditors as well as the numbers of the audited entities in each evaluated year.

To ensure comparability, we used data after conversion into relative indicators, in terms of the total number of entities in the audit scope of each SAO. The data on the volume of findings in EUR is converted into a relative indicator in relation to the size of the economy of the particular countries (to the volume of GDP). The volume of the findings was always converted to EUR at the prevailing exchange rate as of 31 December for each individual year. A sixteen-year period (years 2005–2020) was evaluated.

We collected data from the annual reports of the SAOs in individual countries separately; we were able to include more detailed information through a series of guided interviews (interviews with targeted specific questions aimed at obtaining the necessary data, which are not published by default in the

annual reports) with SAO staff (in the SAO in Hungary with a head of the Department of Methodology and International Studies; at the SAO in the Czech Republic with the Director of the Communication Department; in the SAO in the Slovak Republic with an employee of the Department of Communication and Public Relations).

In order to achieve the intended objective, the following research questions and hypotheses were set.

RESEARCH QUESTIONS:

RQ1: Does the SAO have more audit findings if it performs more compliance audits?

RQ2: Does the SAO have more audit findings if it performs more performance audits?

RQ3: Do auditors formulate more recommendations for compliance audits than for performance audits?

RQ4: Do the audited entities take more action in compliance audits than in performance audits?

HYPOTHESES:

H1: If more compliance audits are performed, there are more findings, actions and recommendations.

H2: If more performance audits are performed, there are more findings, actions and recommendations.

Descriptive statistics (mean, median, mode, standard deviation) were used to assess the audit activity of the SAO (number of audits performed and breakdown by type of audits) in the particular countries.

Pearson's correlation coefficient was used to test the hypotheses as to whether there was a statistically significant relationship between the variables if the assumption of normality was met and there were no outliers in the data. If the data were not normally distributed,

a non-parametric alternative was used - the Spearman correlation coefficient. Pearson's and Spearman's correlation coefficients measure the relationship between two continuous variables. They measure the strength of the association, as well as the direction.

Strength:

±1 – perfect correlation

Between ±0.50 and ±1 – strong correlation

Between ±0.30 and ±0.49 – medium strong correlation

Under 0.29 – weak correlation

The direction is determined by a sign – a negative sign indicates a negative correlation (when one source increases, the other decreases), a positive sign indicates a positive correlation (an increase in one variable means an increase in the other variable).

RESULTS AND DISCUSSION

First, we evaluated the performance of the SAO in general by assessing the volume of audits performed (*Tables 1–4*).

To perform its audit activities, the SAO uses three basic types of audits - audits of compliance with legal regulations (legality audit),

performance audit type control and financial audit type control. By checking compliance, the SAO verifies whether the audited activities are in accordance with applicable legislation, legal regulations, contracts, etc., and examines their factual and formal correctness to the extent necessary to achieve the objective of the audit. In the performance audit, the SAO assesses the effectiveness, economy and efficiency with which the audited entities handle state budget funds and state property, or other funds and property that it audits in accordance with its competence. Through the financial audit, the SAO verifies whether the financial statements of the audited entities faithfully and truthfully present the subject of accounting in accordance with legal regulations and whether they are a reliable basis for compiling the final accounts of the state budget chapters. This type of audit is a tool for verifying the information provided in the final accounts of the state budget chapters, which the SAO uses when formulating its opinion on the state final account. Information from the accounting and reporting of individual public administration entities is becoming a part of important macroeconomic indicators, and the financial audits of the SAO of the Slovak

Table 1

COMPLIANCE AUDITS PERFORMED

	SK	CZ	PL	HU
Mean	0.005	0.014	0.002	0.016
Median	0.005	0.015	0.002	0.016
Mode	0.008	0.012		0.003
Standard deviation	0.003	0.002	0.001	0.012
Minimum	0.002	0.009	0.001	0.003
Maximum	0.009	0.017	0.004	0.034
Number	16	16	16	16

Source: own elaboration

Table 2

PERFORMANCE AUDITS PERFORMED

	SK	CZ	PL	HU
Mean	0.002	0.027	0.004	0.003
Median	0.001	0.026	0.004	0.003
Mode	0.001	0.021	0.004	0.001
Standard deviation	0.002	0.005	0.001	0.001
Minimum	0.001	0.021	0.003	0.001
Maximum	0.009	0.034	0.006	0.007
Number	16	16	16	16

Source: own elaboration

Table 3

FINANCIAL AUDITS PERFORMED

	SK	CZ	PL	HU
Mean	0.001	0.006	0.00004	0.002
Median	0.001	0.005	0.00003	0.002
Mode	0.001	0.005	0.00005	0.002
Standard deviation	0.001	0.002	0.00002	0.001
Minimum	0.000	0.003	0.00001	0.001
Maximum	0.002	0.011	0.0008	0.006
Number	16	16	16	16

Source: own elaboration

Table 4

AUDITS PERFORMED IN RELATION TO THE NUMBER OF ENTITIES IN THE AUDIT SCOPE OF THE SAO

	SK	CZ	PL	HU
Mean	0.008	0.047	0.007	0.020
Median	0.007	0.048	0.007	0.015
Mode	0.010	0.053		
Standard deviation	0.002	0.007	0.002	0.012
Minimum	0.004	0.034	0.005	0.007
Maximum	0.010	0.058	0.009	0.042
Number	16	16	16	16

Source: own elaboration

Republic helps to increase the correctness of these indicators.

The highest average number of compliance audits was in Hungary, the lowest in Poland. The highest average number of performance audits was in the Czech Republic, the lowest in the Slovak Republic. The highest average number of financial audits was also in the Czech Republic, the lowest in Poland. The highest average number of all audits performed in relation to the number of entities was in the Czech Republic, the lowest in Poland.

EVALUATION OF HYPOTHESES

In the first hypothesis, we examined the relationship between the number of compliance audits performed and the volume of findings, actions and recommendations. We were interested in whether performing a higher number of compliance audits would increase the volume of audit findings, or whether the auditors would formulate a larger number of recommendations.

H1: If more compliance audits are performed, there are more findings, actions and recommendations.

There was a statistically significant relationship (*Table 5–8*) between the number of compliance audits and the number of audit findings in Poland ($p = 0.004$) and the Czech Republic ($p = 0.008$). There was also a statistically significant relationship between the number of compliance audits and the number of recommendations in Poland ($p = 0.000$) and Hungary ($p = 0.001$).

The second hypothesis examined the relationship between the number of performance audits performed and the volume of findings, actions and recommendations. We were interested in whether performing a higher number of performance audits would increase

the volume of audit findings, or whether the auditors would formulate a larger number of recommendations.

H2: If more performance audits are performed, there are more findings, actions and recommendations.

There was a statistically significant relationship (*Table 9–12*) between the number of performance audits and the number of recommendations in Poland ($p = 0.016$) and Hungary ($p = 0.035$). There was a statistically significant relationship between the number of performance audits and the number of audit findings in Poland ($p = 0.017$) and the Czech Republic ($p = 0.002$).

All three types of audits, with their own approach, try to answer the question of whether the public funds entrusted have been used in accordance with the principles of economy, efficiency and effectiveness. However, they are different.

In some countries, compliance audits are predominant (Slovak Republic, Hungary).

The compliance audit verifies compliance with the principles of economy, efficiency and effectiveness by assessing whether public resources have been used correctly in accordance with applicable legislation, regulations, contracts, etc., and whether all these standards have been applied in the use of resources. Application, or violation of generally applicable regulations and standards has a significant impact on finances, budgets, accounting, and the administration of state and local government property. Although it would seem obvious that public administration bodies and organizations are acting in accordance with adopted legal standards and internal regulations, the audit of the SAO shows that there is still much room for improvement in which internal audits and internal audit systems should play a key role.

Table 5

EVALUATION OF HYPOTHESIS H1 FOR THE AUDIT ACTIVITY OF THE SAO IN HUNGARY

Spearman's rho	Audit type	Correlation	Compliance audit	Audit findings in relation to GDP	Measures taken by the entities for remedial action	Recommendations made by the auditors
		Compliance audit	Correlation Coefficient	1.000	250	037
Sig. (2-tailed)			.	589	939	001
N			16	8	8	16
Audit findings in relation to GDP		Correlation Coefficient	251	1.000	750	535
		Sig. (2-tailed)	589	.	052	215
		N	8	8	8	8
Measures taken by the entities for remedial action		Correlation Coefficient	036	750	1.000	.893*
		Sig. (2-tailed)	939	052	.	007
		N	8	8	8	8
Recommendations made by the auditors	Correlation Coefficient	.769*	536	.894*	1.000	
	Sig. (2-tailed)	001	215	007	.	
	N	16	8	8	16	

* Correlation is significant at the 0.01 level (2-tailed).

Source: own elaboration

Table 6

EVALUATION OF HYPOTHESIS H1 FOR THE AUDIT ACTIVITY OF THE SAO IN POLAND

Spearman's rho	Variables	Correlations	Compliance audit	Measures taken by the entities for remedial action	Audit findings in relation to GDP	Recommendations made by the auditors
		Compliance audit	Correlation Coefficient	1.000	-.086	714
Sig. (2-tailed)			.	872	004	000
N			16	8	16	16
Measures taken by the entities for remedial action		Correlation Coefficient	-.086	1.000	771	600
		Sig. (2-tailed)	872	.	071	208
		N	8	8	8	8
Audit findings in relation to GDP		Correlation Coefficient	.715*	771	1.000	.736*
		Sig. (2-tailed)	004	072	.	003
		N	16	8	16	16
Recommendations made by the auditors	Correlation Coefficient	.807*	600	.736*	1.000	
	Sig. (2-tailed)	000	208	003	.	
	N	16	8	16	16	

* Correlation is significant at the 0.01 level (2-tailed).

Source: own elaboration

Table 7

EVALUATION OF HYPOTHESIS H1 FOR THE AUDIT ACTIVITY OF THE SAO IN THE CZECH REPUBLIC

Spearman's rho	Variables	Correlations	Compliance audit	Audit findings in relation to GDP	Measures taken by the entities for remedial action	Recommendations made by the auditors
		Compliance audit	Correlation Coefficient	1.000	.652*	-.418
Sig. (2-tailed)			.	.008	.351	.959
N			16	16	8	16
Audit findings in relation to GDP		Correlation Coefficient	.652*	1.000	-.429	-.039
		Sig. (2-tailed)	.008	.	.337	.88915
		N	16	16	8	16
Measures taken by the entities for remedial action		Correlation Coefficient	-.418	-.429	1.000	.964*
		Sig. (2-tailed)	.350	.337	.	.000
		N	8	8	8	8
Recommendations made by the auditors	Correlation Coefficient	.015	-.039	.964**	1.000	
	Sig. (2-tailed)	.959	.889	.000	.	
	N	16	16	8	16	

* Correlation is significant at the 0.01 level (2-tailed).

Source: own elaboration

Table 8

EVALUATION OF HYPOTHESIS H1 FOR THE AUDIT ACTIVITY OF THE SAO IN THE SLOVAK REPUBLIC

Spearman's rho	Variables	Correlations	Compliance audit	Recommendations made by the auditors	Measures taken by the entities for remedial action	Audit findings in relation to GDP
		Compliance audit	Correlation Coefficient	1.000	.133	.650
Sig. (2-tailed)			.	.732	.058	.940
N			16	10	10	16
Recommendations made by the auditors		Correlation Coefficient	.133	1.000	.217	.250
		Sig. (2-tailed)	.732	.	.576	.516
		N	10	10	10	10
Measures taken by the entities for remedial action		Correlation Coefficient	.650	.217	1.000	.200
		Sig. (2-tailed)	.058	.576	.	.606
		N	10	10	10	10
Audit findings in relation to GDP	Correlation Coefficient	-.021	.250	.200	1.000	
	Sig. (2-tailed)	.940	.516	.606	.	
	N	16	10	10	16	

Source: own elaboration

Table 9

EVALUATION OF HYPOTHESIS H2 FOR THE AUDIT ACTIVITY OF THE SAO IN HUNGARY

Spearman's rho	Variables	Correlations	Performance audit	Audit findings in relation to GDP	Measures taken by the entities for remedial action	Recommendations made by the auditors
	Performance audit	Correlation Coefficient		1.000	-.107	-.393
Sig. (2-tailed)			.	.819	.384	.035
N			16	8	8	16
Audit findings in relation to GDP	Correlation Coefficient		-.107	1.000	.750	.536
	Sig. (2-tailed)		.819	.	.052	.215
	N		8	8	8	8
Measures taken by the entities for remedial action	Correlation Coefficient		-.393	.751	1.000	.893*
	Sig. (2-tailed)		.383	.052	.	.007
	N		8	8	8	8
Recommendations made by the auditors	Correlation Coefficient		.547**	.535	.893*	1.000
	Sig. (2-tailed)		.035	.215	.007	.
	N		16	8	8	16

* Correlation is significant at the 0.01 level (2-tailed). ** Correlation is significant at the 0.05 level (2-tailed).

Source: own elaboration

Table 10

EVALUATION OF HYPOTHESIS H2 FOR THE AUDIT ACTIVITY OF THE SAO IN POLAND

Spearman's rho	Variables	Correlations	Performance audit	Audit findings in relation to GDP	Measures taken by the entities for remedial action	Recommendations made by the auditors
	Performance audit	Correlation Coefficient		1.000	.622**	.486
Sig. (2-tailed)			.	.017	.329	.016
N			16	16	8	16
Audit findings in relation to GDP	Correlation Coefficient		.622**	1.000	.771	.736*
	Sig. (2-tailed)		.017	.	.072	.003
	N		16	16	8	16
Measures taken by the entities for remedial action	Correlation Coefficient		.486	.771	1.000	.600
	Sig. (2-tailed)		.329	.072	.	.208
	N		8	8	8	8
Recommendations made by the auditors	Correlation Coefficient		.627**	.736*	.601	1.000
	Sig. (2-tailed)		.016	.003	.208	.
	N		16	16	8	16

* Correlation is significant at the 0.01 level (2-tailed). ** Correlation is significant at the 0.05 level (2-tailed).

Source: own elaboration

Table 11

EVALUATION OF HYPOTHESIS H2 FOR THE AUDIT ACTIVITY OF THE SAO IN THE CZECH REPUBLIC

Spearman's rho	Variables	Correlations	Performance audit	Audit findings in relation to GDP	Measures taken by the entities for remedial action	Recommendations made by the auditors
		Performance audit	Correlation Coefficient	1.000	.730*	-.415
Sig. (2-tailed)			.	.002	.355	.909
N			16	16	8	16
Audit findings in relation to GDP		Correlation Coefficient	.730*	1.000	-.429	-.039
		Sig. (2-tailed)	.002	.	.337	.889
		N	16	16	8	16
Measures taken by the entities for remedial action		Correlation Coefficient	-.414	-.429	1.000	.964*
		Sig. (2-tailed)	.355	.337	.	.000
		N	8	8	8	8
Recommendations made by the auditors	Correlation Coefficient	-.032	-.039	.964*	1.000	
	Sig. (2-tailed)	.908	.889	.000	.	
	N	16	16	8	16	

* Correlation is significant at the 0.01 level (2-tailed).

Source: own elaboration

Table 12

EVALUATION OF HYPOTHESIS H2 FOR THE AUDIT ACTIVITY OF THE SAO IN THE SLOVAK REPUBLIC

Spearman's rho	Variables	Correlations	Performance audit	Audit findings in relation to GDP	Measures taken by the entities for remedial action	Recommendations made by the auditors
		Performance audit	Correlation Coefficient	1.000	-.072	.050
Sig. (2-tailed)			.	.800	.898	.244
N			16	16	10	10
Audit findings in relation to GDP		Correlation Coefficient	-.072	1.000	.200	.250
		Sig. (2-tailed)	.800	.	.606	.516
		N	16	16	10	10
Measures taken by the entities for remedial action		Correlation Coefficient	.050	.201	1.000	.217
		Sig. (2-tailed)	.898	.606	.	.576
		N	10	10	10	10
Recommendations made by the auditors	Correlation Coefficient	-.433	.250	.216	1.000	
	Sig. (2-tailed)	.244	.516	.576	.	
	N	10	10	10	10	

Source: own elaboration

The analysis found a statistically significant relationship between the number of compliance audits performed and the number of audit findings (Poland, the Czech Republic), as well as between the number of compliance audits performed and the number of recommendations made by auditors (Poland, Hungary).

In an interview with SAO staff, we found that the current trend and strategic intention is to gradually increase the share of performance audits and its combined type in order to better evaluate public policies and increase the added value of the audit activities of the Office. Most performance audits in the evaluated period 2005-2020 were performed in the Czech Republic, with the least in the Slovak Republic.

The change in the structure of the audits performed is also reflected in the statistics of the findings, measures and recommendations. The essence of performance audits is other than compliance or financial audits. In these cases, the recommendations mainly concern problems of a systemic nature, and these are, for example, objectively fewer when compared to accounting audits.

The emphasis on a higher share of performance audits will then be reflected in a lower number of findings and thus in the proposed measures and recommendations. The decrease in the number of recommendations is mainly related to their factual focus. Recommendations are currently being gradually and increasingly profiled as systemic measures, reducing their overall number.

When performing performance audits, the SAO evaluates the economy, efficiency and effectiveness of the use of public resources. However, it evaluates economy not only in terms of procurement (purchase) of goods, works and services at the best price, but also in terms of whether the goods or services are needed at all. The SAO also assesses

whether goods or services are purchased in a reasonable quality. In addition to economy, the SAO also evaluates efficiency, i.e. it examines the optimal ratio between inputs and outputs. In assessing the effectiveness of public spending, it finds out whether the objectives have been met or what the reasons are for not meeting them. This type of audit is used by the SAO mainly for evaluating the use of public resources in evaluating public policies, setting processes that should satisfy the goals set, measuring the effectiveness or efficiency of achieved goals, etc. The application of performance audit principles is often combined with compliance audit and financial audit principles.

The analysis revealed a statistically significant relationship between the number of performance audits performed and the number of recommendations made by auditors (Poland, Hungary) and also a statistically significant relationship between the number of performance audits performed and the number of audit findings (Poland, the Czech Republic).

CONCLUSION

The strategic mission of an SAO is to provide objective information on the state management of public funds. The outputs in the form of audit conclusions and opinions aim, in particular, to provide important information on the legality, effectiveness, economy and efficiency of the management of public funds and thus contribute to the achievement of good practice.

Mutual communication between the SAO and the audited entities is important, which makes it possible to ensure a higher number of measures taken by the audited entities, to increase the demands of the Office on the quality and scope of measures taken to

eliminate the identified deficiencies. Good communication will also increase the number of recommendations from auditors.

Through its activities, the SAO provides independent and objective feedback. It is essential to ensure that objective, targeted and comprehensible conclusions and recommendations of the SAO remain not only as a statement of the identified situation, but that they bring the elimination of shortcomings and a positive shift in the management of public funds and assets and the promotion of good management practices.

All three types of audits are aimed at adhering to the principles of economy, efficiency, effectiveness. Through the analysis, we found a statistically significant relationship between the number of compliance audits performed and the number of audit findings – in Poland and in the Czech Republic), as well as between the number of compliance audits performed and the number of recommendations from auditors – in Poland and in Hungary).

Compliance audits predominate in the Slovak Republic and Hungary. However, the current trend is to gradually increase

the share of performance checks. The nature of performance audits is different from a compliance audit or a financial audit. The recommendations mainly concern systemic problems. Most such audits were carried out in the Czech Republic. The analysis found a statistically significant relationship between the number of performance audits performed and the number of auditors' recommendations – in Poland and Hungary. Also a statistically significant relationship between the number of performance audits performed and the number of audit findings – in Poland and the Czech Republic.

There are some differences in the structure and functioning of the public sector in individual countries. For this reason, it is not possible to draw a clear conclusion from the results of the analyses that the SAO gives good, better or less good results in any country. The results of the analysis are more descriptive, it is an overall assessment.

Control in public administration represents a wide space for further analyses. The results of such analyses are certainly a good aid and support for auditors in public sector practice. ■

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