Audit Activities of the Supreme Audit Offices in the V4 Countries: Comparative Analysis

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The paper focuses on an analysis of the work of Supreme Audit Offices (SAOs). The audits performed by Supreme Audit Offices represent the highest degree of independent audit. The paper aims to assess the performance of audit activities by the highest audit institutions in the V4 (Visegrad Group) countries. These are Central European countries, EU and NATO member states with similar socio-economic, cultural and historical values. Descriptive statistics are used to assess and compare audit performance. The Kruskal-Wallis H test is used to evaluate the hypotheses. We compare the number of audits performed, the volume of audit findings, the number of criminal reports filed, the number of recommendations issued by auditors, and the number of measures taken by audited entities. Due to the

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differences in the public sectors of the analysed countries, from the results it is impossible to draw a clear conclusion that the SAO of one country has better or worse results than others. Nevertheless, we conclude that the SAO in Hungary produces the highest number of recommendations and measures, and thus, in conclusion, we present it as an example of good practice.

Keywords: Supreme Audit Office, audit findings, recommendations by auditors, measures taken, public sector, the V4 countries

1. Introduction[1]

The paper focuses on audit activities performed by the Supreme Audit Offices in public administration. A Supreme Audit Office (SAO) is a state body independent in its audit activities and bound only by law. An audit performed by an SAO represents the highest degree of audit. It monitors compliance with generally binding legal regulations, and the principles of economy, efficiency and effectiveness.

The SAO's work is essential because it provides the management, superior institutions and citizens with independent information on how public institutions manage funds. Their activity is based on the Lima Declaration of Guidelines on Auditing Precepts, adopted at the 9th Congress of the International Organization of Supreme Audit Institutions. This document contains the fundamental philosophical axioms of audits in general, and the principles of operation for the supreme audit institutions of the participating states. According to these, audits are considered one of the most essential conditions for correct and efficient management of public funds. Therefore, for the supreme audit institution of a state to be able to fulfil its fundamental purpose, i.e., to facilitate the correct and efficient management of public funds, and to be able to perform its audit activities objectively and effectively, it must be independent in its activities.

SAOs are a crucial accountability pillar in managing and supervising public finances, especially in emergencies. The primary task of the SAO is

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to ensure efficiency and integrity in using public resources, and they also contribute to preventing and detecting corruption. Public control is an integral part of democratic systems. All 27 countries that now form the European Union (EU) have established arrangements to ensure that public expenditure is accountable, transparent and robustly supervised. This is where SAOs, as external public auditors, come into play. An independent and professional SAO is essential to the country's chain of responsibility. It is a government entity whose external audit task is established by the constitution or the highest legislative body. Its existence is a condition for joining the EU.

There are only a few studies on audits carried out by SAOs. That is why this topic is analysed in this paper. The uniqueness of the topic addressed lies in the absence of similar topics published so far. In the literature review, we present the results of a few other studies. Our aim was to analyse and compare the work and performance of supreme control authorities. We included our country – Slovakia, and three neighbouring countries in the analysis. The SAO is an independent state body that controls the management of the state's funds and assets, local governments, and the funds of the European Union. The Slovak SAO develops international cooperation at several levels (INTOSAI, EUROSAI, OLAF, European Court of Auditors, Visegrad Group of SAOs V4+2).[2] The Visegrad Group of SAOs 4+2 is an informal, independent, professional forum based on the principles of voluntariness, equality, and partnership. The Visegrad Group of SAOs 4+2 consists of leading representatives of the SAO of the so-called Visegrad Group countries (Czech Republic, Hungary, Poland and Slovakia) and the presidents of the SAO of Austria and Slovenia. We included four primary V4 member states in the analysis.

The paper aims to assess the performance of audit activities by the highest audit authorities. The countries of the Visegrad Group were chosen for comparison. Slovakia, one of the V4 countries, is our homeland. The paper, therefore, compares this country and the surrounding countries with each other. These are all Central European countries and EU and NATO member states that share similar socio-economic, economic, and cultural and historical values. Descriptive statistics are used to assess and compa-

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[2] INTOSAI - International Organization of Supreme Audit Institutions is an autonomous, independent, and non-political organisation that operates as an umbrella organisation for the external government audit community. EUROSAI - European Organisation of Supreme Audit Institutions is one of the regional organisations of INTOSAI. OLAF is the European Anti-Fraud Office.

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re audit performance. The Kruskal-Wallis H test is used to evaluate the hypotheses. Research questions and five hypotheses are established. After their evaluation, the results and conclusions are presented. Results and comparisons from these four countries can be useful and interesting for similar countries, that is, Central and Eastern European, post-communist countries.

The paper's introduction is followed by a chapter on the theoretical background, where the opinions of various authors on the given topic are presented. The importance of the SAO's activity in a country and the necessity of its existence for the public sector are explained. This is followed by the data and methodology section, defining research questions, hypotheses, methods and material used for analysis. The study is performed and described in the analysis and results section. In the discussion section, the obtained results are summarised and compared among V4 countries. The conclusion contains a summary and evaluation of the results, outlining possible further research in the given area.

2. Theoretical Background

This section provides an overview of opinions, findings, and outputs from analyses and studies in the given area from different countries. Some countries denote their supreme audit authorities with the abbreviation SAO (Supreme Audit Office), and some with the abbreviation SAI (Supreme Audit Institution). However, they are the same authority and in the following theoretical background, we use the abbreviation stated by the cited authors in their publications. Supreme audit institutions (SAIs) are fundamental institutions in liberal democracies as they enable control of the exercise of state power. To maintain this function, SAIs must enjoy high independence (Triantafillou, 2020). Building a solid audit system is integral to reducing the mismanagement of public funds and setting standard European policies (Manes Rossi, Brusca & Condor, 2020).

Supreme audit institutions are essential to governance and government resource management (Lassou, Hopper & Ntim, 2020). The independence of SAIs is necessary for their effectiveness (Bringselius, 2018). SAIs have an essential role in ensuring public sector accountability; their main activities are managing the audit of public sector entities' financial statements and assessing probity/compliance, providing advice to parlia-

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mentary committees, and undertaking performance audits. SAIs are encouraged to develop new ways to demonstrate their ongoing relevance (Cordery & Hay, 2019). They are gradually becoming essential agents of public management reform, a development raising autonomy issues and potential capture by auditees and the political system (Pierre & de Fine Licht, 2019).

The complexity of the public sector generated by the mobilisation and use of significant financial resources, national cultural factors, heterogeneity of the provision of public services, numerous interested parties, increasing demand for the quality of public services, information asymmetry, all require an actor to provide credible assurance regarding the proper management of public financial resources (Dragusin, Pitulice & Stefanescu, 2021). In addition, public administration audit is defined as a type of professional activity that requires considering the general principles of auditing and the specifics of public administration: publicity, high social significance, and political and economic lobbying processes (Popov et al., 2021).

Based on the experience of other countries, it should be noted that in developed countries, audits are the leading form of independent control (Karabayev et al., 2021). The characteristics generally required of private-sector audit bodies (independence, accounting and financial expertise, industry specialisation, diligence, and institutional support) are also relevant to the public sector (Langella, Anessi-Pessina & Cantu, 2021). Specialisation of the audit industry is associated with higher quality in public sector organisations (Donatella, 2021).

Performed audits allow audit institutions to contribute to improving the economy, efficiency, and effectiveness of public sector entities through the recommendations in their reports (Torres, Yetano & Pina, 2019). At present, the SAO needs to add a fourth 'E' – ethical audit. The innovative approach to governance implies efficiency, effectiveness, economy and transparency in using public funds, creating a management culture based on effective risk relief mechanisms and the prerequisites for achieving the set business goals (Stamatović, Maksimović & Sućeska, 2020).

The task of SAIs is to ensure practical public sector auditing matters, and it is increasingly recognised that strong and well-functioning SAIs can be critical pillars in developing effective states, democracy, and trust in governments. At the same time, SAIs face challenges and opportunities in ensuring that they are effective and independent institutions that produce reports which have an impact and add value to the lives of citizens

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(Gorrissen, 2020). SAIs oversee the use of public resources and ensure accountability, and as such, they are essential for the public sector. However, feedback is also important – monitoring the effects of their audit recommendations (Bonollo, 2019). Significant variations exist between countries in how audit institutions are organised, in what they produce, their relations to stakeholders and the media, and their impacts on organisations and society (Johnsen, 2019).

Research in the area of SAO's audits in the public sector is also essential. Certain authors (Hay & Cordery, 2021) suggest areas with research opportunities. In particular, researchers can examine a broader range of jurisdictions, investigate differences among countries, and develop suggestions about what works best. A practitioner's engagement with academics supports an increased understanding of the respective views, leading to better outcomes for practitioners and scholars in public-sector auditing (Gorrissen, 2020). Knowing how an SAI orients its auditing can support SAI monitoring by stakeholders – the Parliament, the Government, citizens and others (Ahonen & Koljonen, 2020). There is also a justification for cooperation between countries in public finance control (audit) and mutual comparison of countries. It is essential to ensure the proper organisation of external public financial control (audit) based on International Organization of Supreme Audit Institutions standards and methods, as well as the exchange of EU best practices in external control and public financial audit, paying particular attention to the independence of the relevant state bodies. (Riadinska et al., 2020).

The SAO also uses social networks to improve awareness of the results of its activities. One of the studies (Garcia-Rayado, Royo-Montanes & Torres, 2021) indicates that the level of social media use by these institutions is low, with higher levels of adoption by SAIs in areas with larger populations and Anglo-Saxon, Nordic, and Eastern public administration styles. The results also show that social media are mainly used to disclose information on their activities, and that publications seeking to improve the image of the institutions have the most significant impact on users. Publications aimed at starting a dialogue with users are the least frequent. Users interact more on Facebook than Twitter, with "likes" being the most common user reaction and comments the least frequent.

The International Organization of Supreme Audit Institutions (INTOSAI) promotes the improvement of information transparency of Supreme Audit Institutions. Compliance with the statement of principles of transparency and accountability is intended to convert SAIs into an example of

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transparency and accountability (Garde Sanchez, Rodriguez Bolivar & Alcaide Munoz, 2014). Public sector audits performed by the SAO must demonstrate their ongoing relevance to citizens, the Parliament and other stakeholders, as required by the applicable international standards (Hay & Cordery, 2021). Several authors and international organisations have recommended that public sector audit institutions use social media to communicate with and engage stakeholders. The number of followers and the citizens' awareness is generally low, and the contents published rarely aim to encourage stakeholder participation (Torres, Royo & Garcia-Rayado, 2020). There is currently a trend that SAI legislative mandates should make provision for environmental auditing. In practice, an increase in environmental-related audits has occurred in all three major spheres of audit – financial, compliance and performance, which supports a shift in emphasis from predominantly financial-driven audits (Smith et al., 2021).

A group of authors (Hazgui, Triantafillou & Christensen, 2022) conducted a study to understand how the Supreme Audit Offices work to preserve and promote their audits' political neutrality and legitimacy. They evaluated Canada and Denmark using documentary analysis and interview methods. This study shows how the two SAIs have been pursuing pragmatic, moral, and cognitive legitimacy through the professionalization and standardisation of both the form and the content of their audit reports. The purpose of the research conducted by Dionisijev and colleagues (2022) was to explore the development of the State Audit Office in the Republic of North Macedonia over the past two decades regarding the organisational aspect and the state audit-related activities. The research is based on a detailed analysis performed using statistical tests of data collected from the State Audit Office's annual reports on operations and audits performed in 2001–2020. Another study (Ferry & Midgley, 2022) focuses on explaining why advocates for a reform of state audit in the United Kingdom (UK) in the early 1980s focused on improving the links between the new National Audit Office (NAO) and the Parliament, rather than on traditional notions of audit independence. The study shows how this focus on the auditor's link to the Parliament depends on a particular concept of liberty, and relates this to the broader literature on the place of audit in a democratic society. This study extends previous studies in considering the importance of audits for public accountability, preserving liberty and democracy. Other authors (Liston-Heyes & Juillet, 2022; 2023) investigate the factors that shape the communication of audit findings. The value of auditing as an instrument of accountability hinges on the independence of auditors. The study was conducted in Canada.

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Public sector auditing is a vast area of audit practice that is complex and relatively unexplored. In addition to the studies mentioned above, our inspiration was a detailed study focused on the function and purpose of audits in the public sector and how audits add value (Cordery & Hay, 2019). The study was developed on the examples of New Zealand, but the results are relevant for other Western democracies as well. The authors focus on evaluating and summarising existing studies in the field of public sector audit. They divide existing research into two streams: mainstream and alternative. The aim of the study was to be helpful to SAOs, but also to help understand SAOs. SAOs are national entities responsible for controlling the activities of the government and the entire public sector. They differ between countries and can fall under three main categories: the Westminster model, the Napoleonic model, and the Board system.

The Westminster model is used in many English-speaking countries. In the Westminster model, the SAO is headed by the Auditor General and supported by staff. SAOs have agreed to adhere to the International Standards for Supreme Audit Institutions (ISSAI), which require SAOs to communicate with stakeholders to ensure an understanding of the SAO's audit work and results. It is designed in such a way that the Auditor-General (AG) presents regular reports to the Parliament with the help of professional audit staff. While the AG is personally responsible for the operation of his office, the system is essentially collegial.

The Napoleonic system is focused on compliance, rendering legal decisions about compliance with laws and regulations. The French exported the Napoleonic system or the *Cours des Comptes* model to the Latin countries of Europe and, to some extent, to South America and Africa. *Cours des Comptes* systems have many judges who have judicial independence. Most European performance audits are smaller and less expensive than those in North America, and many target whole government programmes.

The council model is similar to the Westminster system and is prevalent in Asia. Indonesia, Japan and Korea use the council system with a chairperson and a small committee. Like the Westminster model, these systems are collegial and chaired by the *de facto* Auditor General (Dye & Stapenhurst, 1998).

All the V4 countries we analyse apply the so-called Westminster model of the SAO, where the chairman of the SAO submits regular reports to the Parliament with the help of an expert audit staff. The SAO in the V4 countries proceeds in the performance of audit activities in accordance with the Act on the Supreme Audit Office (the law of the specific country), with the international audit standards ISSAI (International Standards of Supreme Audit Institutions) issued by INTOSAI, as well as in accordance

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with the European implementation guidelines for INTOSAI audit standards, the aim of which is to elaborate the INTOSAI standards in more detail and provide guidance for their application in practice.

The SAO performs control activities based on the control activity plan for the relevant year. This plan is based on the SAO's three-year control activity plan which sets the strategic goals and objectives of the control activity. The basis for drawing up a control activity plan is the information and knowledge obtained during control activities, and suggestions from state administration bodies, local governments, and citizens.

There are three basic types of audits in the performance of control activities: compliance audit, performance audit, and financial audit. Compliance audit focuses on control from the point of view of compliance with laws and regulations when spending public funds of audited entities (standards for compliance control ISSAI 4000 – 4999). Performance audit checks whether the entity spends public funds economically (minimising costs while maintaining adequate quality), efficiently (getting the maximum from available resources), and effectively (achieving objectives and goals), and whether it creates room for improvement (ISSAI performance control standards 3000 – 3999). Financial audit assesses financial statements, parts of accounting and budgeting of the controlled entity. The audit verifies that the data and information presented are in accordance with the applicable accounting and legislative financial reporting framework (ISSAI 1000 – 2999 Financial Auditing Standards).

Public sector auditing is an area where further research is warranted. Based on the theoretical framework of the studies mentioned above and based on what we studied, our motivation was to carry out an analysis of the control activity of the SAO in several countries. We selected four neighbouring countries with similar historical and socio-economic backgrounds and conducted this exploratory study.

3. Data and Methodology

The paper aims to assess and compare the performance of the audit activity by the highest control bodies in the V4 countries (Slovakia, Czech Republic, Hungary and Poland). We compare the number of audits performed and the volume of audit findings, the number of criminal reports filed, the number of recommendations issued by auditors, and the number of measures taken by audited entities.

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The information and data for analysis have been collected in close cooperation with the Supreme Audit Offices. Based on their audits, SAOs draft reports presenting their findings and observations, pointing out irregularities, drawing audit conclusions, and making recommendations to address shortcomings. SAOs usually publish annual reports on their control activities, listing the number of controls carried out in a given year broken down by type of control, number of findings in monetary terms, number of recommendations, and number of criminal reports. We supplemented the data we could not find in the annual reports using email communication with individual SAOs.

SAOs are traditionally known for their oversight of public spending, which remains a crucial part of the audit portfolio. The SAO performs:

– financial audits to assess the reliability and accuracy of financial reporting of public entities,

– compliance audits to determine the compliance of public entities with their governing bodies and,

– performance audits to assess the principles of the so-called three E's (economy, effectiveness, efficiency).

We assumed similarities between the analysed countries in hypotheses and research questions. We verified the assumed similarity with a statistical test.

To achieve our objective, we defined the following research questions:

RQ1: Are the numbers of audits performed (after recalculation to the total number of entities under control), including their breakdown by type, similar in all countries?

RQ2: Is the volume of audit findings in relation to GDP similar in all countries?

RQ3: Is the number of criminal reports filed (calculated on the number of entities audited) similar in all countries?

RQ4: Are the numbers of recommendations issued by auditors similar in all countries?

RQ5: Are the numbers of measures taken similar in all countries?

The input data for all V4 countries were the number of audits performed in total and broken down by type into performance audit, compliance audit, and financial audit; the volume of findings in total expressed in EUR; the number of measures taken by the entities for remedial action, the number of recommendations made by the auditors, the number of criminal reports filed by the SAO, as well as the number of audited entities in each year evaluated.

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To ensure comparability, we recalculated the data into relative indicators, namely the primary input data in terms of the total number of entities in the audit scope of each SAO. The data on the volume of findings in EUR was converted into a relative indicator in relation to the size of the economy of the particular country (to the volume of GDP). For conversion to relative indicators, we chose the GDP indicator as a representative indicator of the size of the economy of individual countries. A period of 16 years (2005–2020) was evaluated. For the analysis, we included this period for which we obtained complete data for all countries.

Based on the research questions we had laid out, we identified five hypotheses:

H1: The numbers of audits performed are similar in relative terms in all countries.

H2: The volume of audit findings in relation to GDP is similar in all countries.

H3: The number of criminal reports filed (calculated on the number of entities) is similar in all countries.

H4: The number of recommendations auditors issue is similar in all countries.

H5: The number of measures taken is similar in all countries.

By evaluating these hypotheses, we produced the results and conclusions of our research.

Descriptive statistics (mean, median, mode, standard deviation, minimum, maximum, number) were used to assess and compare audit performance. The Kruskal-Wallis H test was used to evaluate the hypotheses.

When one works with three or more independent selections, and the dependent variable is scaled ordinarily, using the Kruskal-Wallis H test is necessary. The Kruskal-Wallis H test (or one-way non-parametric ANOVA) extends the Mann-Whitney test to three or more samples. The test aims to reveal whether the differences in medians of individual groups (according to the level of the factor) found in the sample are statistically significant (there is a relationship between the variables) or only random (there is no relationship between the variables). The null statistical hypothesis about the equality of all medians is tested.

Selected criteria for the performance of control activities in four countries in the V4 grouping are compared. As stated in the Introduction, these countries have a similar historical and economic development. They have the same operating model of the SAO (Westminster). Additional country characteristics are presented in Table 1.

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Table 1: *Characteristics of the analysed countries*

	Slovak Republic	**Czech Republic**	**Poland**	**Hungary**
Capital city	Bratislava	Prague	Warsaw	Budapest
Area	49,036 km³	78,866 km³	312,679 km³	93,036 km³
Population	approx 5.45 million	approx 10.8 million	approx 38.4 million	approx 9.60 million
Currency	EUR	CZK	PLN	HUF
GDP per capita	29,105 USD	38,622 USD	25,799 USD	26,455 USD

Source: Author.

Poland is much larger in area and population than the other three countries. This means that the SAO has many more entities within its scope of control, resulting in more performed controls, more control findings, and more submitted recommendations (in absolute terms). That is why we converted to relative indicators (in relation to GDP) during the analysis and comparison.

4. Analysis and Results

First, we evaluated the performance of audit activities by the SAOs in all four countries with descriptive statistics, and then compared them. The results are shown in Tables 2–4. When evaluating the number of audits performed (Table 2), we found that the highest average number of audits performed in relation to the total number of entities in the audit scope was in the Czech Republic, with the lowest being in Poland. When comparing the volume of audit findings (Table 3), we observed that the highest average number of audit findings relative to GDP was in the Slovak Republic, the lowest in the Czech Republic. Descriptive statistics also found that the highest average number of measures taken for remedies by the entities was in Hungary, and the lowest in the Slovak Republic. The highest average number of recommendations made by auditors was in Hungary, and the lowest in the Czech Republic. As for criminal reports filed by the SAO, the highest average number was filed by the SAO in Poland, the lowest in the Slovak Republic.

We also compared the numbers of audited entities (Table 4). For the sake of comparability among countries, we provided absolute values of audited

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entities in relation to all entities that the SAO can audit in a given country (audit competence of the SAO). We found that the Czech Republic had the highest average number of audited entities, while the Slovak Republic had the lowest.

We subsequently evaluated the hypotheses to obtain answers to the research questions we had posed ourselves. The results of the Kruskal-Wallis H tests indicate a statistically significant difference between the countries for all the variables monitored. Using a post-hoc test, we further verified countries with a statistically significant difference (Table 5).

Table 2: *Audits performed in relation to the number of entities in the audit scope*

	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: Author.

Table 3: *Audit findings in relation to GDP*

	SK	CZ	PL	HU
Mean	0.0010	0.0003	0.0006	0.0004
Median	0.0008	0.0002	0.0004	0.0004
Mode				
Standard deviation	0.0008	0.0004	0.0006	0.0001
Minimum	0.0002	0.0000	0.0002	0.0003
Maximum	0.0024	0.0017	0.0022	0.0006
Number	16	16	16	16

Source: Author.

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Table 4: *Total number of entities audited*

	SK	CZ	PL	HU
Mean	0.050	0.291	0.115	0.111
Median	0.046	0.274	0.117	0.105
Mode	0.051			
Standard deviation	0.011	0.073	0.014	0.037
Minimum	0.035	0.216	0.082	0.069
Maximum	0.076	0.478	0.130	0.188
Number	16	16	16	16

Source: Author.

Table 5: *Kruskal-Wallis H test*

Test Statistics a,b									
	Audits performed	Perfor-mance audit	Compli-ance audit	Finan-cial audit	Audit findings	Number of remedial measures	Number of recommend-dations	Number of criminal reports	Number of audited entities
Kruskal-Wallis H	41.014	49.642	35.321	47.832	12.025	16.982	33.002	27.713	48.627
df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.000	.000	.000	.000	.007	.001	.000	.000	.000

a. Kruskal Wallis Test
b. Grouping Variable: Country
Source: Author.

In the first hypothesis (Table 6), we evaluated and compared the number of audits performed in individual years. The period assessed for all hypotheses spanned the years from 2005 to 2020. We evaluated the total number of audits in more detail, dividing them into three types (performance, compliance, and financial audits).

H1: The numbers of audits performed are similar in relative terms in all countries.

We found a statistically significant difference between the countries regarding the number of audits performed (p = 0.000). Therefore, we rejected

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hypothesis H1. The number of audits performed in the Czech Republic was statistically significantly higher than in other countries. The number of audits performed in Hungary was statistically significantly higher than in Poland (Figure 1).

Table 6: *Evaluation of Hypothesis H1*

Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. [a]
PL-SK	4.267	6.382	.669	.504	1.000
PL-HU	-18.000	6.382	-2.820	.005	.029
PL-CZ	36.733	6.382	5.755	.000	.000
SK-HU	-13.733	6.271	-2.190	.029	.171
SK-CZ	-32.467	6.271	-5.177	.000	.000
HU-CZ	18.733	6.271	2.987	.003	.017

Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical. Asymptotic significances (2-sided tests) are shown. The significance level is .05.
a. Significance values have been adjusted by the Bonferroni correction for multiple tests.
Source: Author.

Figure 1: *Evaluation of hypothesis H1 (total number of audits performed)*

Source: Author.

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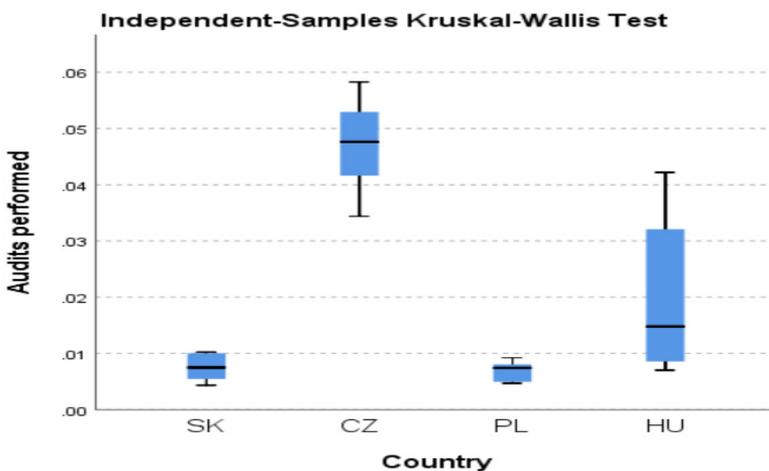
As part of the evaluation of this hypothesis, we also compared the audits performed according to type. We first evaluated performance audits (Table 7, Figure 2), then compliance audits (Table 8, Figure 3), and finally financial audits (Table 9, Figure 4).

We found a statistically significant difference between the countries regarding the number of performance audits (p = 0.000). Thus, hypothesis H1 was rejected. The number of performance audits in the Czech Republic was statistically significantly higher than in other countries. There was a statistically significantly higher number of performance audits in Poland than in the Slovak Republic (Table 6, Figure 2).

Table 7: *Comparison of performance audits performed (within H1)*

| Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. [a]
SK-HU	-17.333	6.270	-2.764	.006	.034
SK-PL	-25.324	6.381	-3.969	.000	.000
SK-CZ	-43.467	6.270	-6.933	.000	.000
HU-PL	7.990	6.381	1.252	.210	1.000
HU-CZ	26.133	6.270	4.168	.000	.000
PL-CZ	18.143	6.381	2.843	.004	.027

Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical.
Asymptotic significances (2-sided tests) are shown. The significance level is .05.
a. Significance values have been adjusted by the Bonferroni correction for multiple tests.
Source: Author.

There was a statistically significant difference between the countries regarding the number of compliance audits (p = 0.000). Hence we rejected hypothesis H1. The Czech Republic had a statistically significantly higher number of compliance audits than the Slovak Republic and Poland. Hungary had a statistically significantly higher number of compliance audits than Poland (Table 8, Figure 3).

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Figure 2: *Comparison of performance audits performed*
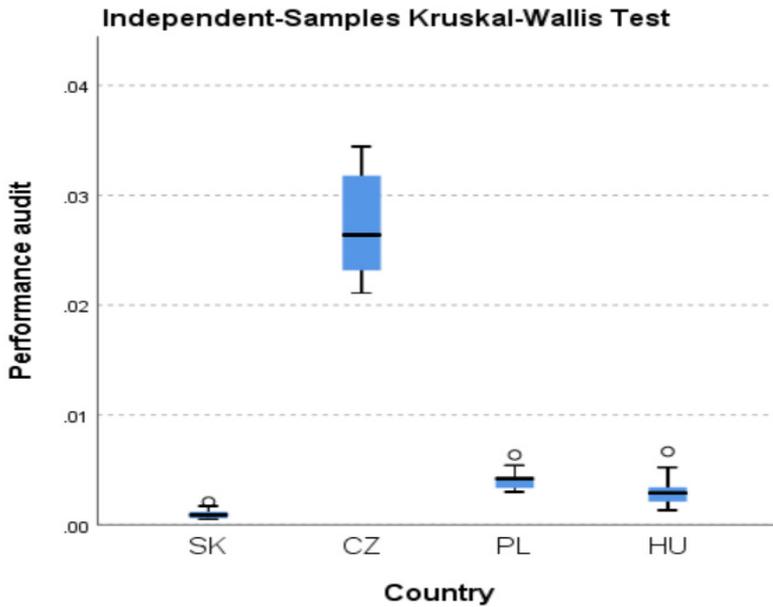
Source: Author.

Table 8: *Comparison of compliance audits performed (within H1)*

| Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. [a]
PL-SK	13.086	6.382	2.050	.040	.242
PL-HU	-28.552	6.382	-4.474	.000	.000
PL-CZ	34.219	6.382	5.362	.000	.000
SK-HU	-15.467	6.271	-2.466	.014	.082
SK-CZ	-21.133	6.271	-3.370	.001	.005
HU-CZ	5.667	6.271	.904	.366	1.000

Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical.

Asymptotic significances (2-sided tests) are shown. The significance level is .05.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Source: Author.

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Figure 3: *Comparison of compliance audits performed*
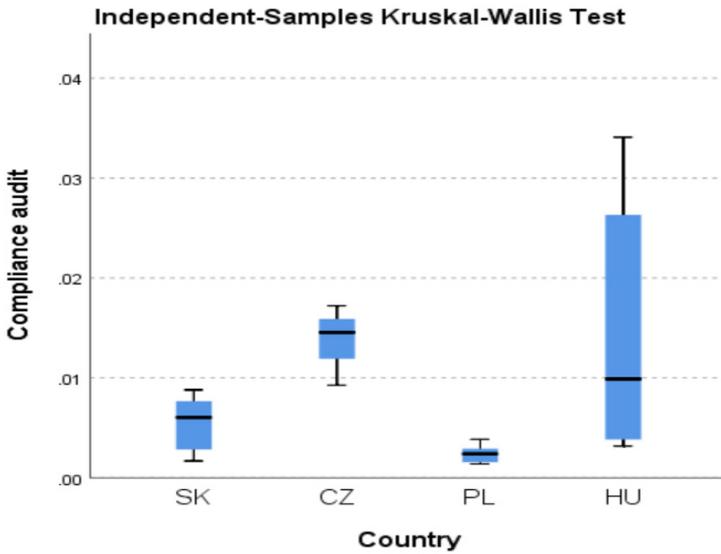
Source: Author.

We found a statistically significant difference between the countries regarding the number of financial audits (p = 0.000). So, we rejected hypothesis H1. The number of financial audits in the Czech Republic was statistically significantly higher than in other countries. Hungary had a statistically significantly higher number of audits than Poland (Table 9, Figure 4).

Table 9: *Comparison of financial audits performed (within H1)*

Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. [a]
PL-SK	16.724	6.382	2.621	.009	.053
PL-HU	-26.190	6.382	-4.104	.000	.000
PL-CZ	43.057	6.382	6.747	.000	.000
SK-HU	-9.467	6.271	-1.510	.131	.787
SK-CZ	-26.333	6.271	-4.199	.000	.000
HU-CZ	16.867	6.271	2.690	.007	.043

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Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical. Asymptotic significances (2-sided tests) are shown. The significance level is .05.

a. Significance values have been adjusted by the Bonferroni correction for multiple tests.

Source: Author.

Figure 4: *Comparison of financial audits performed*
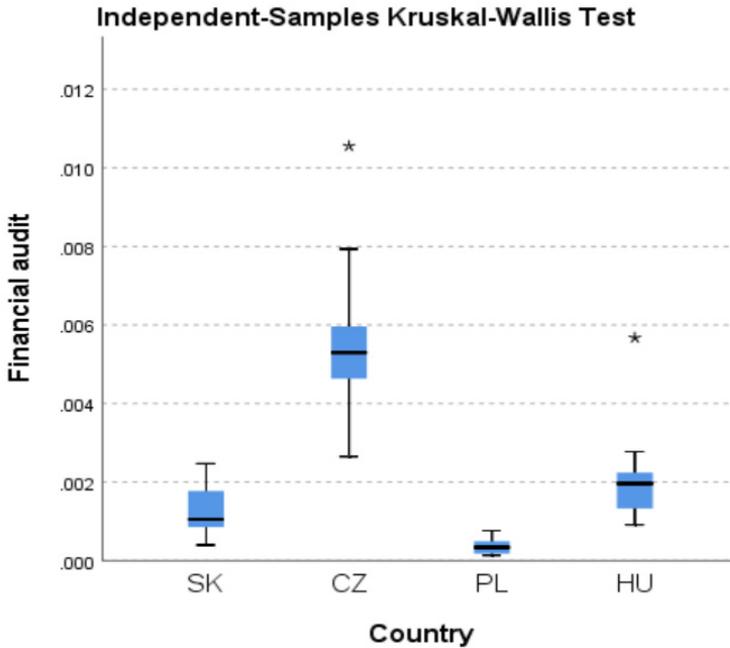
Source: Author.

For the second hypothesis, we evaluated and compared the volume of audit findings in millions of EUR for better comparability in relation to GDP in particular countries and years.

There was a statistically significant difference between the countries in terms of the number of audit findings (p = 0.007). Hypothesis H2 was therefore rejected. The Slovak Republic had a statistically significantly higher number of audit findings than the Czech Republic (Table 10, Figure 5).

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Table 10: *Evaluation of Hypothesis H2*

Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj.Sig. [a]
CZ-HU	-9.667	6.805	-1.421	.155	.933
CZ-PL	-10.238	5.524	-1.853	.064	.383
CZ-SK	18.800	5.428	3.463	.001	.003
HU-PL	.571	6.882	.083	.934	1.000
HU-SK	9.133	6.805	1.342	.180	1.000
PL-SK	8.562	5.524	1.550	.121	.727

Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical.
Asymptotic significances (2-sided tests) are shown. The significance level is .05.
a. Significance values have been adjusted by the Bonferroni correction for multiple tests.
Source: Author.

Figure 5: *Evaluation of Hypothesis H2*

Source: Author.

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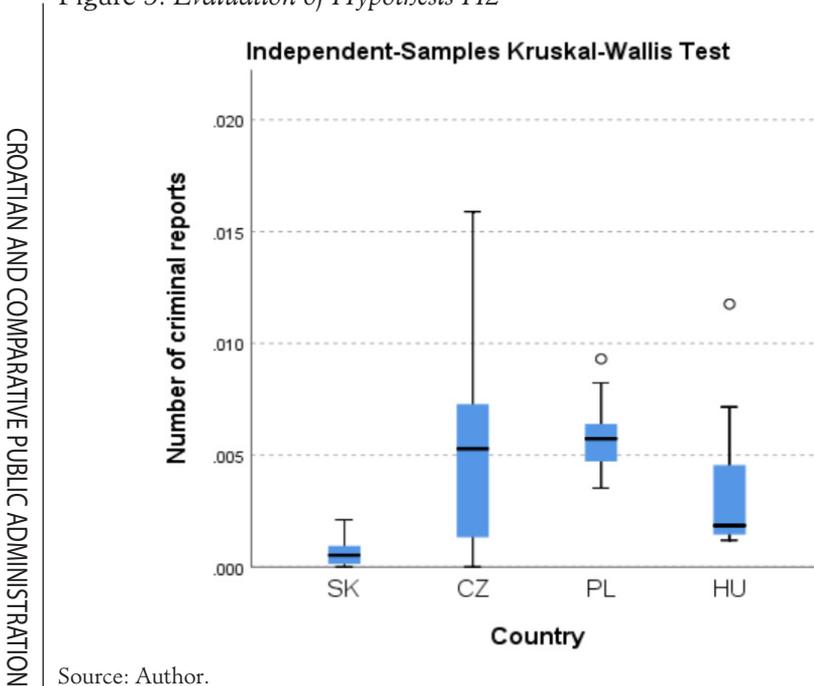
In the third hypothesis, we were interested in evaluating and comparing the number of criminal reports filed in all four countries. We first employed the absolute input data in proportion to the number of entities in the audit scope and then compared them.

There was a statistically significant difference between the countries in terms of the number of criminal reports (p = 0.000). So, we rejected hypothesis H3. The number of criminal reports filed in the Slovak Republic was statistically significantly lower than in other countries (Table 11, Figure 6).

Table 11: *Evaluation of Hypothesis H3*

| Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. [a]
SK-HU	-19.933	6.269	-3.180	.001	.009
SK-CZ	-23.800	6.269	-3796	.000	.001
SK-PL	-32.090	6.380	-5.030	.000	.000
HU-CZ	3.867	6.269	.617	.537	1.000
HU-PL	12.157	6.380	1.905	.057	.340
CZ-PL	-8.290	6.380	-1.299	.194	1.000

Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical.
Asymptotic significances (2-sided tests) are shown. The significance level is .05.
a. Significance values have been adjusted by the Bonferroni correction for multiple tests.
Source: Author.

Figure 6: *Evaluation of Hypothesis H3*
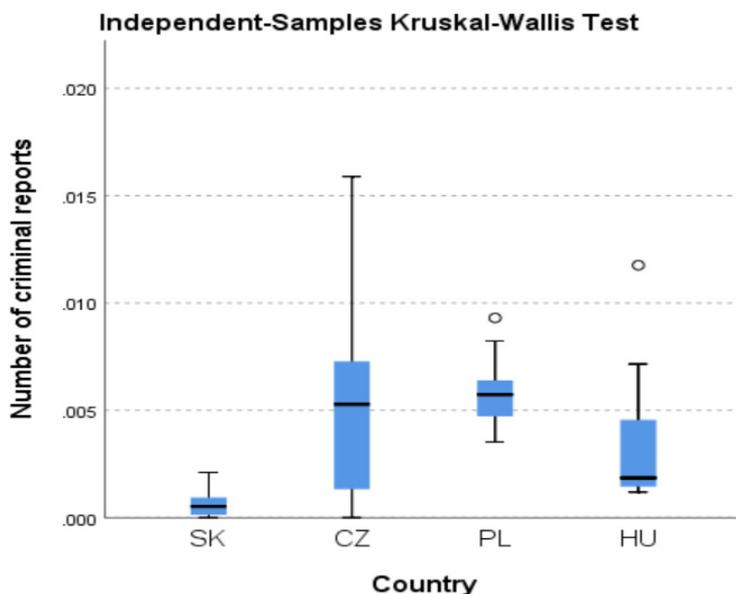
Source: Author.

In the fourth hypothesis, we compared the number of recommendations issued by SAO auditors for the purpose of improving the situation and eliminating the control findings.

We found a statistically significant difference between countries in terms of the number of recommendations issued by auditors (p = 0.000). We therefore rejected hypothesis H4. The number of recommendations issued in the Czech Republic was statistically significantly lower than in Poland and Hungary. The number of recommendations issued in the Slovak Republic was lower than in Hungary (Table 12, Figure 7).

Table 12: *Evaluation of Hypothesis H4*

Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. [a]
CZ-SK	10.422	6.511	1.601	.109	.657
CZ-PL	-19.724	5.739	-3.437	.001	.004

CZ-HU	-31.400	5.639	-5.568	.000	.000
SK-PL	-9.302	6.598	-1.410	.159	.952
SK-HU	-20.978	6.511	-3.222	.001	.008
PL-HU	-11.676	5.739	-2.035	.042	.251

Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical.
Asymptotic significances (2-sided tests) are shown. The significance level is .05.
a. Significance values have been adjusted by the Bonferroni correction for multiple tests.
Source: Author.

Figure 7: *Evaluation of Hypothesis H4*
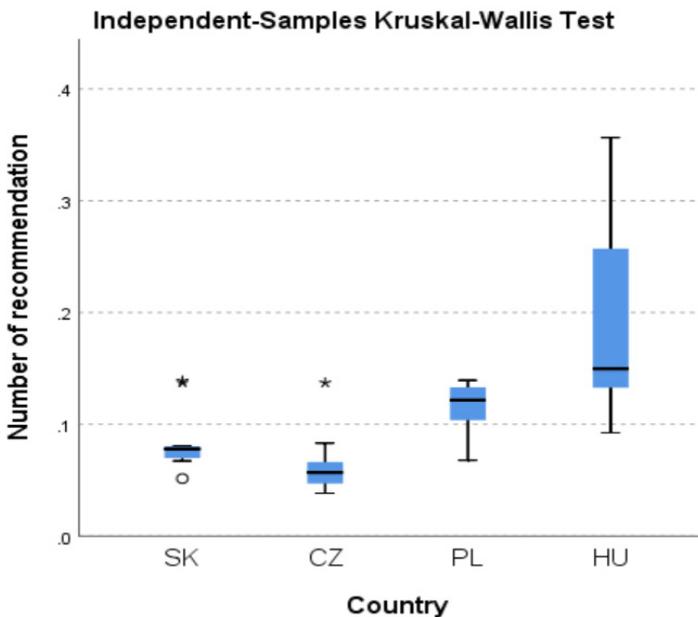
Source: Author.

For the fifth hypothesis, we compared the measures the audited entities took to improve the situation and eliminate the audit findings.

There was a statistically significant difference between the countries in terms of the number of measures taken (p = 0.001). Hypothesis H5 was therefore rejected. Statistically, Hungary had a significantly higher number of measures taken than the Czech Republic and the Slovak Republic (Table 13, Figure 8).

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Table 13: *Evaluation of Hypothesis H5*

Pairwise Comparisons of Countries					
Sample-Sample2	Test Statistic	Std. Error	Std. Test Statistic	Sig.	Adj. Sig. [a]
CZ-SK	.984	4.291	.229	.819	1.000
CZ-PL	-5.595	4.737	-1.181	.238	1.000
CZ-HU	-16.429	4.551	-3.610	.000	.002
SK-PL	-4.611	4.488	-1.028	.304	1.000
SK-HU	-15.444	4.291	-3.599	.000	.002
PL-HU	-10.833	4.737	-2.287	.022	.133

Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical.
Asymptotic significances (2-sided tests) are shown. The significance level is .05.
a. Significance values have been adjusted by the Bonferroni correction for multiple tests.
Source: Author.

Figure 8: *Evaluation of Hypothesis H5*

Source: Author.

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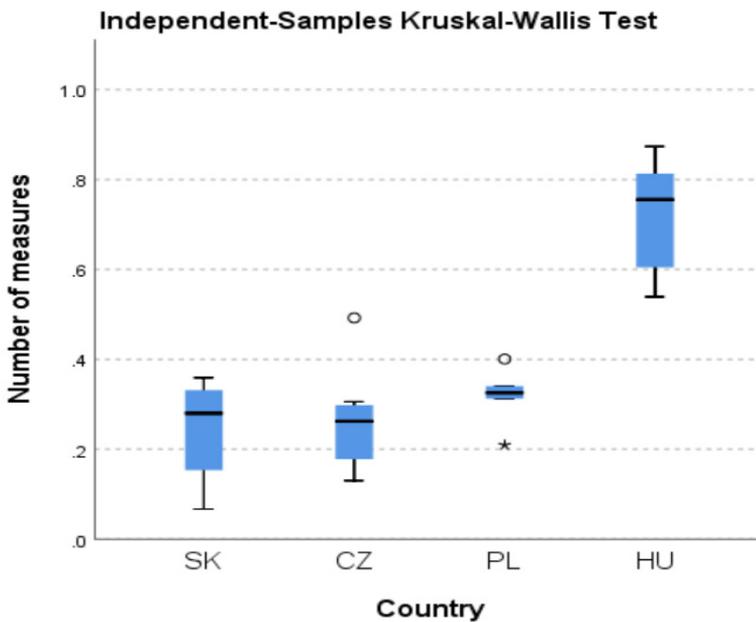
5. Discussion

SAOs perform audits in all four V4 countries using the International Organization of Supreme Audit Institutions (INTOSAI) standards. SAOs use three basic types of audits to perform their audit activities. The first type is the performance audit. In this type, the SAO assesses the effectiveness, economy, and efficiency with which the audited entities manage the state budget funds and state property, the budgets of towns and municipalities and their property, and the budgets of the local government and their property. Our analysis revealed that the Czech Republic has a statistically significantly higher number of performance audits than other countries. Poland has a statistically significantly higher number of performance audits than the Slovak Republic.

The second type is the compliance audit. With this type of audit, the SAO verifies compliance with legal regulations. By comparison, we found that the number of compliance audits in the Czech Republic was statistically significantly higher than in the Slovak Republic and Poland. Hungary had a statistically significantly higher number of compliance audits than Poland.

The third type of audit is the financial audit. With this, the SAO verifies whether the financial statements from the audited entities reflect the accounting subject faithfully and truthfully. Our analysis showed that the number of financial audits in the Czech Republic was statistically significantly higher than in other countries. Hungary has a statistically significantly higher number of audits than Poland. Generally, the number of financial audits performed in the Czech Republic was statistically significantly higher than in the other countries. Hungary had a statistically significantly higher number of audits performed than Poland.

In the analysis of audit findings, we found through our interviews with SAO staff that the findings covered a broad range of issues – from violations of the law, which did not have a significant impact on public spending, to systemic deficiencies that cause public administration organisations to have deficiencies in management, and the resources expended not yielding the expected results. There was a statistically significant difference in the number of audit findings between the countries. The Slovak Republic had a statistically significantly higher number of audit findings than the Czech Republic.

The audited entities should take measures to correct the audit findings. The SAO continuously monitors the implementation of the measures

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adopted and checks these on the spot in a reasonable time interval. There was a statistically significant difference between the countries in terms of the number of measures taken. The number of measures taken in Hungary was statistically significantly higher than in the Czech Republic and the Slovak Republic.

SAO auditors issue recommendations to eliminate the deficiencies identified during the audit. The SAO thus instructs the relevant state administration and self-government bodies to perform remedial measures. Adopting these may prevent similar problems from arising in the future. The number of recommendations issued in the Czech Republic was statistically significantly lower than in Poland and Hungary. The number of recommendations issued in the Slovak Republic was lower than in Hungary.

In cases of suspected criminal activity, the SAO files criminal reports with the bodies active in criminal proceedings. Our analysis showed that the number of criminal reports filed in the Slovak Republic was statistically significantly lower than in the other countries.

This contribution aimed to evaluate the activity of SAOs according to the selected criteria (number of audits carried out, volume of audit findings, number of criminal reports filed, number of recommendations issued by auditors, and number of measures taken by audited entities), and to compare the results among the four analysed neighbouring countries. We present the results in a statistical, comparative form. A similar comparative study has yet to be carried out in the given countries. Therefore, this study is of exploratory nature. It was carried out for the period of 2005–2020, which is the time window for which it was possible to obtain complete data. The most extensive data have been published in recent years; the further we go back in history, the terser the data are.

The V4 countries are similar in some ways but different in others. Differences between the countries include the difference in size, the smallest country being the Slovak Republic (the countries' basic characteristics are detailed in the Data and Methodology section). There is also a difference in the scope of the SAO's control competencies.

Similarities are mainly due to the same historical development. These are all Central European countries and EU and NATO member states that share similar socio-economic, economic, and cultural and historical values. In public sector control, they develop international cooperation at several levels (INTOSAI, EUROSAI, OLAF, European Court of Auditors, Visegrad Group of SAOs V4+2). In all of them, the so-called Westminster model of the SAO (following Cordery & Hay, 2019; Dye & Stapenhurst,

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1998) is dominant, where the Auditor-General (Chairman of the SAO) presents regular reports to the Parliament with the help of professional audit staff. While the chairperson is personally responsible for the functioning of the SAO, the system is essentially collegial.

Based on the results, we conclude that the performance of controls itself has similar features in all four countries. SAOs in the V4 countries have similar competencies (scope of control), namely controlling the entire public administration. However, the Czech Republic is an exception, as there the SAO has jurisdiction only in the state administration, which can slightly distort mutual comparisons. The Supreme Audit Office of the Czech Republic does not have control over the resources of municipalities, cities and regions, or control over the companies with state or self-government ownership shares.

Based on the analysis performed in this manner, Hungary is an example of good practice for an SAO. The result of its activities is a high number of recommendations provided to the audited entities, which makes it possible to address the deficiencies identified and prevent further errors. In addition to the recommendations, the activities of the SAO in Hungary are also characterised by a high number of measures taken by the audited entities themselves. By taking adequate measures, it is also possible to eliminate shortcomings and their causes effectively and prevent further errors.

The lower number of recommendations may be mainly related to their factual focus. If measures are profiled as systemic measures, their total number is reduced.

SAOs needs to identify and point out the most significant systemic issues concerning various areas of the state economy. Providing valuable feedback for audits, decision-making, and management is possible, and can significantly contribute to improving the state economy. Systematic recommendations and notifications of violations of financial discipline are also a significant benefit. Last but not least is the role of notifications to law enforcement authorities.

The public sector works slightly differently in all countries, so the stated conclusions are descriptive rather than recommendatory. The area of control in public administration is open to further research, the results of which will undoubtedly help auditors in practice. Such research can be done by including other countries or by posing other research questions and hypotheses in these same countries.

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6. Conclusion

In the paper, we focused on analysing the SAO's control activity because the role of SAOs is indispensable in democratic countries. The role of SAOs is evolving as they increasingly take a broader and more comprehensive view of the reliability, effectiveness, efficiency, and economy of policies and programmes.

Based on their audits, SAOs draft reports presenting their findings and observations, pointing out irregularities, drawing audit conclusions, and making recommendations to address shortcomings. These recommendations are essential to every audit report, providing policymakers with valuable guidance. This can help them improve the effectiveness, efficiency, and economy of public expenditure and its compliance with the applicable rules, and help prevent errors, irregularities, and misspends. SAOs have an untapped potential to go beyond their traditional oversight role and contribute evidence for more informed policymaking.

Mutual cooperation, comparison, and evaluation of the work of SAOs in individual countries is also essential. EU SAOs can conduct mutual assessments or participate in capacity-building activities such as twinning projects, which aim to help third-country SAOs develop their legal and institutional foundations. A specific network has been established to support SAOs in EU enlargement, aimed at supporting and facilitating cooperation between EU Member States, EU candidate countries, and potential candidate countries, mainly through small-scale practical and practical cooperation. Several EU SAOs also work closely with public control authorities in countries with which their Member States maintain close relations for historical reasons and/or which are part of their linguistic community.

The exchange of experience and international cooperation of the SAOs contributes to development, especially in auditing the management of state property, state funds, and funds provided from abroad.

The SAO in the Czech Republic had the highest average number of audits performed in relation to the total number of entities within its audit scope, and at the same time, it had the lowest average number of audits found in relation to GDP. The Czech SAO also had the lowest number of recommendations formulated by auditors and the highest number of audited entities. In Poland, the SAO had the lowest average number of audits performed in relation to the total number of entities within its audit scope and the highest average number of criminal reports.

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The SAO in the Slovak Republic had the highest average number of audit findings in relation to GDP, the lowest average number of remedial measures taken by entities, and the lowest average number of criminal reports. Slovak SAO had the lowest average number of audited entities. The SAO in Hungary had the highest average number of remedial actions taken by entities and the highest number of recommendations provided by auditors.

Thus, we have created room for further studies in the future to examine in more detail why some of these differences occur. It is advisable to focus future research on a detailed analysis of individual types of audits, supplemented by more detailed interviews with auditors. We believe that the presented analysis and its conclusions are interesting and inspiring for other European countries, especially post-communist countries, with a history similar to the V4 countries, and that it will enrich the existing body of literature on state audit. The uniqueness of the topic addressed lies in the absence of similar topics published to date. As far as we know, this paper is the only one that examines the performance of the Supreme Audit Office and compares it between V4 countries. We are aware that this research has certain limitations – only four Central European countries were included in the study; the research is also limited by the availability of published data and the willingness of the SAO to provide extra information.

The research results can create a good basis for further detailed research in areas relevant to the given issue. In this context, it would be appropriate to extend the analysis to other EU countries and evaluate the comparison with more advanced economies.

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AUDIT ACTIVITIES OF THE SUPREME AUDIT OFFICES IN THE V4 COUNTRIES: COMPARATIVE ANALYSIS

Summary

The paper analyses the activity of Supreme Audit Offices (SAOs). The aim was to evaluate the performance of control activities performed by SAOs in the Visegrad Group countries. These are four countries with similar historical development and cultural and socio-economic values, and all of them are members of the EU and NATO. Descriptive statistics are used to analyse and compare the control activity, and the Kruskal-Wallis H test is used to evaluate the hypotheses. The evaluation mostly focused on the number of audits performed in all countries, the number of audit findings from these audits, the number of recommendations issued by audit authorities, the number of measures taken by the audited entities to ensure the correction of identified deficiencies, and the number of criminal reports filed. Despite the countries' historical, cultural and economic similarities, we find differences in the public sector, especially in the control scope of SAOs, the number of audited entities, the focus of audits, and the types of audits performed. Nevertheless, we believe that the presented analysis and its conclusions are interesting and inspiring for other European countries, especially post-communist countries, with a history similar to the V4 countries, and that it will enrich the existing body of literature on state audit. The research results can provide a reasonable basis for further detailed research in areas relevant to the given issue. In this context, it is appropriate to extend the analysis to other EU countries and evaluate the comparison with more advanced economies.

Keywords: *Supreme Audit Office, audit findings, recommendations by auditors, measures taken, public sector, the V4 countries*

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REVIZORSKE AKTIVNOSTI NAJVIŠIH REVIZORSKIH INSTITUCIJA U ZEMLJAMA VIŠEGRADSKE SKUPINE: KOMPARATIVNA ANALIZA

Sažetak

U radu se analizira djelovanje najviših državnih revizorskih institucija (DRI). Cilj je bio procijeniti učinkovitost nadzornih aktivnosti koje provode državne revizorske institucije u zemljama Višegradske skupine. Riječ je o četiri zemlje slična povijesnog razvoja te kulturnih i socioekonomskih vrijednosti, a sve su članice EU-a i NATO-a. Za analizu i usporedbu nadzornih revizorskih aktivnosti koristi se deskriptivna statistika, a za evaluaciju hipoteza koristi se Kruskal-Wallis H test. Evaluacija se uglavnom usredotočila na broj revizija obavljenih u svim zemljama, broj revizijskih nalaza iz tih revizija, broj preporuka koje su izdala revizijskih tijela, broj mjera koje su subjekti revizije poduzeli kako bi osigurali ispravljanje utvrđenih nedostataka te broj podnesenih kaznenih prijava. Unatoč povijesnim, kulturnim i gospodarskim sličnostima između uspoređenih država, istraživanje je našlo razlike između njihovih javnih sektora, posebice u opsegu revizorskog nadzora DRI-ja, broju revidiranih subjekata, fokusu revizija i vrstama revizija koje se provode. Ipak, vjerujemo da su predstavljena analiza i njezini zaključci zanimljivi i inspirativni za druge europske, posebice postkomunističke zemlje, s poviješću sličnom zemljama V4 te da će obogatiti postojeću literaturu o državnoj reviziji. Rezultati istraživanja mogu pružiti razumnu osnovu za daljnja detaljnija istraživanja u područjima relevantnim za danu problematiku. U tom kontekstu, bilo bi uputno proširiti analizu na ostale zemlje EU-a te usporediti navedene države s onim razvijenijima.

Ključne riječi: *najviše državne revizorske institucije, nalazi revizije, preporuke revizora, poduzete mjere, javni sektor, zemlje V4*