

Are Performance Audits useful? The EU Experience.

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Abstract

This paper analyzes the level of implementation of performance audits by the Regional Audit Institutions (RAIs) and the Supreme Audit Institutions (SAIs) of the EU and the impact of these audits in promoting public value. For this purpose a questionnaire focused on performance audits was sent to the RAIs and SAIs of the European Union. The sample consists of 42 RAIs and 12 SAIs and includes 17 different countries plus the ECA. Three models of performance auditing have been identified. The study shows that there is more than one way to introduce performance auditing with an impact. Impacts are achieved from the implementation of audit recommendations directly by the audited entity or through Parliamentary/Governmental action.

1. Introduction

The growth of debt and high public deficits have increased the awareness of EU countries about the cost of European integration. At present, mechanisms to improve public sector performance are more crucial than ever and public activities, entities or initiatives that do not produce results should be avoided.

In this context, the added value and the performance of public entities need to be evaluated. Audit institutions should influence how government operations are administered and how services are designed and provided to citizens (INTOSAI 2010). Whether auditing produces economic value for stakeholders in the public sector needs to be evaluated, because in the public sector, auditing is in a competitive budgetary environment and it should have an incremental effect on public resource use (Saito, and McIntosh 2010). The main role of the auditor-general has been more in the capacity of a 'watchdog' than in the detection of waste and inefficiency (Funnell 2004). With the New Public Management (NPM) movement, there were new challenges for the audit institutions to assume new competencies and priorities. The public needs to know not only whether managers and officials use government resources properly and in compliance with the laws and regulations, but also whether government services are provided effectively, efficiently, economically, ethically, and equitably (GAO 2011). Are audit institutions tackling these challenges?

In addition to financial and legal audits, most public audit institutions also have performance audits in their mandates. For English (2007), Broadbent and Laughlin (2003) and Pollitt et al. (1999), performance audit practice influenced, and was influenced by, NPM implementation. Performance auditing focuses particularly on the possibilities of improvements and the need for change (Radcliffe 1999). Performance auditing played a role in legitimizing changes in government controls in accordance with NPM -for example, by promoting the idea that governments should be more accountable in terms of results (Gendron, Cooper, and Townley 2007). Like many other public sector reforms, performance audit developments show differences across countries (Funnell 2004, 2003, 1998; Pollitt 2003; Jacobs 1998; Free, and Radcliffe 2009; Radcliffe 2008, 1998; Yetano 2005). Thus, there is a need for comparative studies about the effects and consequences of audit practices (Power 2003).

This paper analyzes the level of implementation of performance audits by the Regional Audit Institutions (RAIs) and the Supreme Audit Institutions (SAIs) of the EU and the impact of these audits in promoting public value. This study seeks to answer the following questions: What kind of performance audits are being carried out in the EU? How are the recommendations of the performance audit reports being implemented? What is the impact of the performance reports in terms of changes in the management of the entities audited? The answers to these questions will help us to understand whether performance auditing is used as a tool to remove government inefficiency or whether it is merely a rhetorical instrument. The rest of the paper is organized as follows. Section 2 explains the main theoretical points of reference of this study. Section 3 includes the methodological aspects and Section 4 contains the analysis of results. Finally, Sections 5 and 6 address the discussion and conclusions.

2. Performance audits in the EU: what roles are being adopted?

Institutional theory has been extensively used by academics in recent years for interpreting the adoption of reforms in public management and accounting (Ribeiro, and Scapens 2006; Johnsen 2005; Pina, Torres, and Yetano 2009). It is mostly concerned with the diffusion and spread of organisational models within a given organisational environment (Oliver 1991; DiMaggio, and Powell 1983). It assumes that a common means of gaining legitimacy is an alignment with some rationalised institutional myths (Meyer, and Rowan 1977). This theory proposes that, through a process of isomorphism, a public institution will copy the techniques that the environment considers valuable although, in

some cases, there is a decoupling from the expected objectives due to previous traditions. This decoupling is underpinned by the historical and sociological approaches of New Institutionalism which suggests that the functioning and performance of institutions are historically and culturally embedded.

In the field of auditing, the trend towards a managerial approach to running public services has increased the importance of performance data and audit bodies are increasingly required either to verify existing performance data or to generate their own data (Ling 2003). Institutional theory foresees that audit institutions would see performance audit initiatives as a 'symbol' of efficiency and modernity. So, their adoption may not always be guided by effectiveness concerns but by isomorphic processes (DiMaggio et al. 1983).

Auditors'-General Offices have sought to ensure that their performance activities were consistent with, and supportive of, public sector reforms (Funnell 2003; Gendron et al. 2007; Gendron, Cooper, and Townley 2001; Power 2003; Skaerbaek 2009). Nevertheless, developments in most public administration reforms have proven to be heterogeneous. Pollitt and Bouckaert (2011) argued that there are three stages in public sector auditing: 1) the traditional financial and compliance auditing, 2) some performance issues mainly dealing with waste but remaining close to financial issues, and 3) the development of full-blown performance auditing as a distinct activity, often through a separate unit or section. Pollitt et al. (1999) argued that performance audit was more fruitfully adopted by countries with a common law tradition of public administration rather than by those with a strong administrative tradition. The UK is considered highly liberal, while France and Germany are characterized a more generous welfare state (Geis, Uebelmesser, and Werding 2011) with a clear distinction between the public and private sector.

Many authors have highlighted that, in the EU, there are different public administration styles (Hood 1991, 1995; Pina, and Torres 2003; Pollitt 2003; Pollitt, and Bouckaert 2000; Pollitt et al. 2011). The reforms initiated in the 80s by the Anglo-American countries were distinguished by their neo-liberal approach. These countries were more likely to introduce market mechanisms and notions of competitiveness and to make public services more responsive to their users or customers (Sanderson 2001; Sanderson, and Foreman 1996). With the NPM, new mandates stressing the three E's redefined the activities of audit institutions (Pollitt et al. 1999). Moreover, in the UK, the audit institutions played a key role during the reforms, among other things, designing

performance measures. Auditing has adopted a private sector orientation with a strong externalization of financial auditing services. Countries such as Sweden, that have followed a similar model in public sector reforms, have also been leaders in effectiveness audits (Pollitt et al. 1999).

By contrast, those public administration styles based on the administrative law, such as is found in the Weberian or Napoleonic countries, are characterized by a clear distinction between the private and public sector (see Pina et al. 2009; Rouban 2008; Wollmann 2001). Administrative practice is marked by an overriding legalistic philosophy where civil servants require specific training (Ongaro 2008; Jann 2003) This results in a supremacy of the legal profession within the members of the political community and the civil servants (Clark 2000; Gualmini 2008). In these countries, reforms in the public sector have been delayed until the 2000's. These reforms have also modified the role of RAIs/SAIs. In Germany, the administrative reform agenda stressed the 'lean state' approach focused on slimming down staff numbers and on reducing legislative and regulatory measures. Some key amendments were made to the civil service law to include probation periods for top management positions and performance-related bonus payments (Bowerman, Humphrey, and Owen 2003; Hood, and Lodge 2005). The activity of the RAIs was focused on two primary elements: budget control and the reduction of costs of the administrations. At the same time, in France, the Court of Accounts reinforced its "watchdog" role, focusing much more on policy evaluation and developing a new communication policy with the media (Rouban 2008). There is one SAI and 27 regional branches of this SAI. Between the Weberian and Napoleonic models, there are differences in their public auditing territorial structure: France has a predominantly centralistic one and Germany a greater territorial independence.

3. Methodology and data

A questionnaire focused on performance audits was sent to the RAIs and SAIs of the European Union, in cooperation with the European Organization of Regional Audit Institutions (EURORAI). It includes questions about: 1) resources devoted, 2) number and type of reports, 3) diffusion/accountability of the results to the Parliaments and to citizens, 4) results/impact of the reports/ performance audits (implementation of recommendations, 5) reforms carried out by Parliaments or Governments after the publication of the reports, and 6) externalizations of services/activities carried out as a consequence of the reports). Three rounds were completed in order to encourage RAIs and SAIs to fill in the

questionnaire. The sample consists of 42 RAIs¹ and 12 SAIs. The RAIs include Austria (6 of the 9 RAIs of the country, 6/9), France (10/26), Germany (9/16), Spain (8/12), Poland (6/16), and the United Kingdom (3/4). The SAIs are from Belgium, Cyprus, Czech Republic, Denmark, Germany, Hungary, Latvia, Lithuania, Malta, Norway, Portugal, and Sweden, as well as the European Court of Auditors (ECA) (see Annex 1). The total sample includes 17 different countries plus the EU. At regional level the response rate was 50.6% and at country level 44%. The sample represents 73.8% of the population of the EU 27. To verify the data obtained through the questionnaire, we have analyzed the reports published on the web of most audit institutions that have answered the questionnaire.

Exploratory analysis of the data was carried out to identify the characteristics of the performance auditing practices (see raw data in Annex 2). To test the statistical significance of this analysis and to identify similarities and differences between the SAIs and RAIs studied, Multidimensional Scaling (MDS) and cluster analysis were applied. This allows us to find homogeneous groups among the RAIs/SAIs performance auditing and to provide a graphical representation of them. They are complementary methods whose main function is to simplify the graphical representation of complex patterns of associations among different entities. The main output of MDS is a graphical representation of the data that summarizes all the items under study into just two dimensions; in our case in the form of a map of the RAIs/SAIs based on performance auditing characteristics. To complement and interpret the results obtained with MDS, cluster analysis (Ward method) was also applied. The cluster analysis classifies the Audit Institutions into a small number of groups which are mutually exclusive, showing to what extent the positions in the MDS reflect significant differences in the development of performance auditing. After identifying the homogeneous groups, the Mann-Whitney test was applied to analyze the impact and the characteristics of each group.

4. Analysis of results

Almost all RAIs/SAIs RAIs who answered the questionnaire carry out performance audits (see Table 1). The primary motivation to implement performance audits is a legal requirement, except in Poland and Spain where performance audits are not compulsory. Several audit institutions also signal the responsiveness of the RAIs towards the three E's

¹ All the countries with RAIs are represented in the sample (Austria, France, Germany, Poland, Spain and the UK).

as a motivation². Other reasons stated were: mismanagement, cost overruns on projects, poor budget projections and the trend towards performance audits.

Table 1: Performance audit and the motivations

	Do Performance audits?		Motivation*		
	N	%	Legal	Responsiveness	Others
Germany (RAIs)	8/9	89%	100%	25%	
Austria (RAIs)	6/6	100%	100%		17%
Spain (RAIs)	5/8	62.5%		80%	60%
France (RAIs)	9/10	90%	100%	67%	67%
Poland (RAIs)	0/6				
The UK (RAIs)	3/3	100%	100%	33%	
SAIs and ECA	13	100%	100%	46%	15%

* Multiple choice possible (% among those that do performance audit).

Figure 1 shows the MDS results. On the basis of the MDS map, four groups have been identified using Cluster analysis (Figure 2): (1) the Consultancy model, (2) the Weberian model, (3) the Napoleonic model and (4) “Other”. A descriptive analysis of the different groups is carried out below, combining the information of the questionnaire with the analysis of the reports published by the SAIs and RAIs in their websites. The raw data classified by group can be found in Annex 2.

Group 1 – The Consultancy model.

The first group includes the RAIs of the UK (England, Scotland and Wales) and the Niederösterreichischer of Austria, and the SAIs of Scandinavian countries (Denmark, Norway and Sweden), Belgium, Hungary, Lithuania, Portugal and the ECA. This group shows high production in terms of number of performance reports (see Table 2 and Annex 2.3): all of these audit institutions produce at least 10 performance reports per year. Notwithstanding, the number of audits dealing with performance topics exceeds 200 in Wales and 1,000 in England³ because they include performance issues into their yearly local authorities’ financial audits. These audit institutions devote significant resources, in terms of budget, personnel and training, to performance audits (between 25-50%). They

² The lack of legal requirements to carry out performance audits is a factor that could contribute to explaining the absence of these activities in Poland and the lower development in Spain, as we will see below.

³ Data obtained from the analysis of the reports published on the website.

prefer carrying out the performance audits internally and only contract experts for specific topics.

With regards to the scope of the performance audits, it can be seen in Table 2 that all RAIs/SAIs of this group carry out both audits of single entities and programs and audits comparing entities and programs. Around half of the reports are of each type. Half of RAIs/SAIs distinguish between economy and efficiency audits, effectiveness audits and the three E's audits. The audit institutions of Scandinavian countries -Denmark, Norway and Sweden- and the ECA focus more audits on the effectiveness and on the three E's than the other audit institutions included in this group. An important characteristic of this group -except in Portugal and Hungary- is the timeliness of the reports. As can be seen in their webs, most of them publish the reports in the following year, as in the private sector.

In this group, the entities audited usually implement the recommendations of the audit reports without the help of the RAI/SAI. Furthermore, 42% of these RAIs/SAIs always go back to the entities to review whether their recommendations have been implemented, and 50% do it very often (see Annex 2). For example, in its annual report, the Hungarian SAI includes statistics of the recommendations implemented by the auditees. These audit institutions are focused on securing the improvement of the public entities through 'follow-up processes' that verify the implementation of their recommendations. Additionally, more than 30% go back to analyze whether savings have been made.

These audit institutions present the performance audit reports in Parliament in 75% of the cases for accountability purposes. However, the reforms are usually undertaken by the audited entity itself and not by the Parliament/Government. These reports have rarely brought about the privatization or outsourcing of public services and/or activities.

The RAIs/SAIs of this group do not find significant influence from the NPM doctrine in the development of performance audits. However, in many countries of this group, performance audits and NPM reforms have been developed at the same time as the audited entities developed accounting and management tools which facilitated the implementation of performance audits. A great percentage of RAIs/SAIs say that more than 50% of the entities audited have cost accounting (66%), performance measures (83%) and quantified objectives (66%).

This group of audit institutions shows the highest level of transparency as full reports are always available on their websites (Wales sometimes). In most cases, they also publish

a summary in their websites. Additionally, the RAIs of the UK and the SAI of Lithuania made special summaries for the press.

Group 2- The Weberian model.

The *Weberian group* is made up of the RAIs of Germany and Austria: six from Germany (Bayerischer, Hamburg, Mecklenburg-Vorpommern, Niedersächsischer, Rheinland-Pfalz and Sachsen-Anhalt) and five from Austria (Kärntner, Oberösterreichischer, Salzburger, Tirol and Vorarlberg). The only exceptions are the RAI of Niederösterreichischer (AU), included in the consultancy group, and the RAI of Brandenburg (GE), included in the group of "Other". This group also shows a high production: the majority carry out more than 10 reports per year (Annex 2, 3). The RAIs of this group often contract out (90%) of, rather than develop in-house techniques for, their performance auditing (see Annex 2.6). The group devotes more budgetary resources (around 75%) to performance auditing than the first group. These RAIs consider that performance audits are an influence of NPM-oriented reforms.

It can be seen in Table 3 that most of these RAI/SAIs carry out mainly audits of single entities or programs and only Mecklenburg Vorpommern and Salzburger do a significant number of audits comparing entities and programs. They also usually include performance aspects in their financial audits. Although these RAIs indicate that the focus of their performance audits is on “the three E’s”, the analysis of the reports published in their web shows that, in most cases, their focus is mainly on economy audit. The high percentage of audited entities that have implemented cost accounting (63%) enable their RAIs/SAIs to carry out economy audits. In contrast, only a low percentage of these entities have performance measures or quantified objectives (see Annex 2, 18, 19 and 20).

Almost all reports are presented to parliament (90%) where the RAI/SAI and the audited entity debate the content and conclusions of the audit report. In some cases, the *ad hoc* politician responsible also takes part. Only 36% of the RAIs publish the full report in the websites and the rest only upload a summary. This group seems to give greater importance to reporting to parliament than to the public. Not surprisingly, it is in this group that the impact of the audits is greater in terms of reforms promoted by parliaments and governments and in privatizations/outsourcing. While the Consultancy group usually carries out follow-up audits, this group helps the audited entities to implement their recommendations. The implementation of corrective measures is not hindered by the two-

year time lag observed in the issue of reports. The participation of the audited entity in the parliamentary debate and the introduction of its opinion in the reports show the political will for the performance audits to have a real impact.

Group 3- The Napoleonic model.

This group contains only the 9 French RAIs studied (Corse, Franche-Comte, Ile de France, Midi Pyrenees, Nord Pas Calais, Nouvelle Calédonie, Picardie, Poitou Charentes and Polynésie) which are carrying out performance audits. Their homogeneous behavior is a consequence of the organization of French RAIs which makes them more like regional branches of the French SAI than independent regional institutions (the French SAI and their RAIs share the same web with sub-pages for each RAI). The production is lower than in the previous groups (Annex 2.3) even though they devote similar resources to the Weberian group. They do not contract out or use external consultants for this work. The amount of resources needed may be also justified by the lack of readiness of the entities audited for performance revision, as most of them do not have cost accounting, performance measures and quantified objectives.

Table 4 shows that the scope is at the level of single entity or program (almost 100%) and most do not make any distinction between economy, efficiency and/or effectiveness audits. They classify the audits by functions -Sustainable Development, Economy, Education/Culture, Public Finance, Management, Authorities, Health/Social and Territories-, rather than as financial versus performance.

The audit reports are rarely presented in parliament and governmental reforms have rarely been carried out. The lack of a direct parliamentary involvement should be balanced by the monitoring of the implementation of the auditing recommendations. However, the RAIs consider that the great limitation of their performance audits is the absence of any negative consequences from not implementing recommendations.

In contrast with the Weberian group, this group shows a high level of transparency since the full reports are always uploaded onto the website. A summary is also published in 44% of cases. The response of the entities audited is often provided on the web.

Group 4- “Other”

This group, with a low activity in performance auditing, is quite heterogeneous. It includes 5 SAIs- Cyprus, Czech Republic, Germany, Latvia, Lithuania and Malta- and 7

RAIs – Baden Württemberg and Brandenburg from Germany, and Andalusia, The Canary Islands, Catalonia, Navarra and The Basque Country from Spain. The MDS representation (Figure 1) shows a great dispersion due to the variability in the responses.

These RAIs/SAIs show the lowest production, and some of them do not produce performance audits every year. Performance audits are not compulsory in Spain and, as a consequence, these reports respond to the interest of the individual RAIs in the question. Table 5 shows the diversity in the scope of the audits: some performance audits are focused on single entities and programs and others on comparisons between entities or programs. The three E's may be the objective but the analysis of the reports shows that they are mainly on economy and efficiency. Effectiveness is hardly analyzed.

The performance reports have a low impact due to the low level of implementation of their recommendations and the limited follow-up processes. The reports do not usually produce reforms, promoted from either the parliament or government, or privatizations. The low level of resources devoted to performance audits and training, the lack of specific personnel, and the low use of external experts explain the low production of this group. Additionally, the entities audited do not usually have cost accounting, performance measures and quantified objectives (see Annex 2.18, 19, 20). This becomes an additional barrier to carrying out performance studies.

Performance audit indexes

The four groups previously identified present differences in terms of production, the impact of performance reports, performance audit processes and primary users. To explore whether these differences are statistically significant, three indexes have been elaborated (see Table 3) and the Mann-Whitney test has been applied. The first index (A) combines the outputs (production) and outcomes (impact) of the performance audit activity. Indexes B and C have been elaborated from the Consultancy and Weberian models, whose performance audits have achieved a noticeable impact, in order to test whether significant differences exist between these two models. We have also applied the Mann-Whitney test to the Napoleonic and “Other” groups to see if they are statistically different from these two models.

Table 3: Performance audit indexes

A) Production-impact Index	B) Consultancy model Index	C) Weberian model Index
Number of reports per year	Mainly in-house performance audits, contracting specialist	Performance audits are mainly contracted out
Implementation of the recommendations	Audited organizations have cost accounting, performance measures and objectives	Audited organizations have cost accounting
Introduction of reforms by governments or parliaments	Follow-up of the recommendations	Help in the implementation of recommendations
Privatizations and outsourcing resulting from the audit reports	Topics of social and political significance in addition to financial significance	Topics of financial significance
	Full reports published on the web	Summaries published on the web (rarely full reports)
	Low level of parliamentary debate (RAI/SAI)	High level of parliamentary debate (RAI/SAI, entity audited and councilor/minister)
	Performance audits developed at the same time as NPM reforms	Performance audit are a result of NPM reforms
	Quality control mechanisms	

Table 4 shows that the production-impact index is higher and similar in the Consultancy and the Weberian models. The Consultancy model shows the highest impact in implementing recommendations by the entities audited and the Weberian group shows the highest impact in parliamentary or governmental reforms. The Mann-Whitney test shows that the Consultancy and Weberian groups achieve similar results in terms of noticeable production-impact while the other two groups are similar between themselves in terms of low impact. These results show that the right side of the MDS exhibit represents the RAIs/SAIs whose performance audits have higher production-impacts. The fact that the Consultancy model achieves impacts through the implementation of recommendations by the entity audited and the Weberian through parliamentary and governmental reforms suggests different valid approaches to implementing performance auditing recommendations.

Table 4: Values and percentages of the Indexes

Means	Consultancy		Weberian		Napoleonic		“Other”		Total	
	Mean	%	Mean	%	Mean	%	Mean	%	Mean	%
A) Production-impact Index (max 35)	18.41	53%	18.45	53%	14.56	42%	12.46	36%	15.91	45%

B) Consultancy model Index (max 44)	31.75	72%	22.00	50%	21.00	48%	21.41	49%	24.30	55%
C) Weberian model Index (max 37)	26.67	72%	33.36	90%	24.56	66%	24.16	65%	27.23	74%

As can be seen in Table 5, the differences between the Consultancy and the Weberian models are statistically significant. Thus, we can conclude that the two models follow different strategies with regard to performance auditing and that both result in improvements in management. The Napoleonic and “Other” groups do not follow the Consultancy or Weberian models of performance auditing, presenting a lower level of development and impact in performance audit. The Napoleonic RAIs achieve a greater mean in the Weberian model Index than in the Consultancy model Index. Nevertheless, their position in the MDS is closer to the Consultancy model because France does not have regional parliaments in which to debate the results of the performance audits.

Table 5: Mann-Whitney tests

Mann-Whitney test (asymptotic significance)	Consultancy vs Weberian	Consultancy vs Napoleonic	Consultancy vs “Other”	Weberian vs Napoleonic	Weberian vs “Other”	Napoleonic vs “Other”
A) Production-Impact Index	0.921	0.005**	0.002**	0.016*	0.004**	0.501
B) Consultancy model Index	0.000**	0.000**	0.000**	0.789	0.885	0.712
C) Weberian model Index	0.004**	0.612	0.347	0.004**	0.001**	0.324

Note: ** Significant at the 1% level; * Significant at the 5% level

5. Discussion.

This study outlines the state of the art of performance audits and the impact they have in the European Union. Most audit institutions have extended their ‘watchdog’ role, following the international trend, towards assuming new competencies in order to detect waste and inefficiency. Performance audits have been extensively implemented, at least at the “formal” level. However, not all RAIs/SAIs achieve a valuable impact of their activity. The impact depends on the extent to which performance audit recommendations are implemented and on how those recommendations are implemented.

The step taken towards performance audits by most of the audit institutions is supported by a legal mandate, except in Poland and Spain. The former does not carry out performance auditing and the latter has a low development. This suggests that a legal

framework is a necessary condition for performance audit but not sufficient to generate an impact. The introduction of performance audit into legal frameworks can be explained by Institutional theory. Performance audit is a symbol of responsiveness to the demands of civil society. It could be introduced to legitimate governmental action (see Pina et al. 2009). However, as with other reforms, this search for legitimation does not avoid a decoupling between rhetoric and reality. The adoption of performance audit may not always be driven by efficiency and effectiveness concerns but by the emulation of best practices implemented by other significant organizations through isomorphic processes (DiMaggio et al. 1983). So the same instrument implemented in different institutions, may produce different impacts. For Pollitt and Bouckaert (2011), this has led to different levels of developments in performance audit.

This study finds different models of performance auditing in the EU which may be identified with the three biggest and influential EU countries, namely, Germany, the UK and France. These models are highly conditioned by the role that the public sector plays in each of these three countries. This suggests that when isomorphism processes take place, the Anglo-Saxon is not the only model followed but one of the options. The selection of the model to be followed depends on previous traditions -path dependency- (see Robinson, and Meier 2006; Pollitt 2008).

Under the Consultancy and the Weberian models, performance audit expenses are recovered either through the implementation of the recommendations directly by the entity audited or through reforms sponsored by the Government or Parliament. On the other hand, the Napoleonic model seems to produce no impact in terms of reforms and/or savings, as has happened with other French reforms (Rouban 2008). In this model, the responsiveness of the Parliament and/or Government is hindered by the distance between regional questions and national politics.

In the Consultancy model, followed by a range of RAIs/SAIs with different public administration cultures, the impact of the performance audits is mainly due to the implementation of recommendations by the entities audited. This model reflects the influence of the private sector in UK public sector reforms. In many cases, financial audits are carried out by private firms and performance audits use external consultants for specific issues or topics. The lack of distinction between private and public sector auditing has led to the dismantling of the Audit Commission of England and the transference of its activity to the private sector.

In the Weberian model, followed only by German and Austrian RAIs, the impact of performance audits comes from the reforms sponsored by the Government and Parliament. These RAIs show elements of bureaucratic cultures, where budgetary audit is crucial, supplemented with economy audits. The legal training of civil servants in Weberian countries may explain why they frequently contract out performance audits. The debates in Parliament, between the entity audited, the auditor and the politician responsible, about the results of the audits and the reforms undertaken show that this public law model produces an impact. The negative image that bureaucratic cultures have had during recent decades, and the lack of international dissemination of their practices, have led to limited diffusion of the Weberian model.

The Napoleonic and the “Other” are the groups with the lowest impact. In the first, the absence of Regional Parliaments means the reports lose effectiveness because of the lack of institutional proximity. The recommendations should be directly implemented by the entities audited, supervised/supported by the audit institutions. In the “Other” group, performance auditing seems testimonial. In this group, the audit institution, based on their public sector characteristics and traditions may choose either the Consultancy or Weberian model. In fact, the position in the MDS map of the German and the Czech SAIs seems to anticipate that, once they improve the involvement of their Government/Parliament in the implementation of performance audit results, they will move towards the Weberian model.

Conclusions

There is no single way to introduce performance auditing with an impact. The Consultancy model is not the only EU approach for carrying out performance audits and improving efficiency. The Weberian model, based on public law and administrative procedures, also attains impacts. Impacts are achieved through the direct implementation by the audited entity of the audit recommendations or through Parliamentary/Governmental action. The Consultancy model has been implemented by the SAIs of different administrative cultures. It is still considered to be the predominant model in performance auditing. The Weberian and Napoleonic models are only applied in Germany and Austria, and France, respectively.

In both the Consultancy and the Weberian models, the audited entities produce performance information. In the Consultancy model, the audited entities have cost indicators, performance measures and defined objectives. All this information allows the

RAIs/SAIs to carry out economy, efficiency and effectiveness audits more easily. In the Weberian model, it is more frequent to find cost accounting, which explains why the activity in performance audits of the RAIs/SAIs is focused on economy topics.

Performance auditing seems to require the collaboration of the private sector because both the Consultancy and the Weberian models use external support, the former for specific topics and the latter to contract out the full performance reports.

The necessary, but not sufficient, condition for performance audits to generate impacts is the legal framework. The absence of legal requirements shows a lack of political will which leads to shortages of resources with which to carry out performance audits. The sufficient condition is the effective implementation of the recommendations. The establishment of sanctions if recommendations are not implemented could be an adequate corrective measure. Otherwise, performance audits become a source of waste.

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Figure 1: MDS Projection on Dimension 1 and Dimension 2

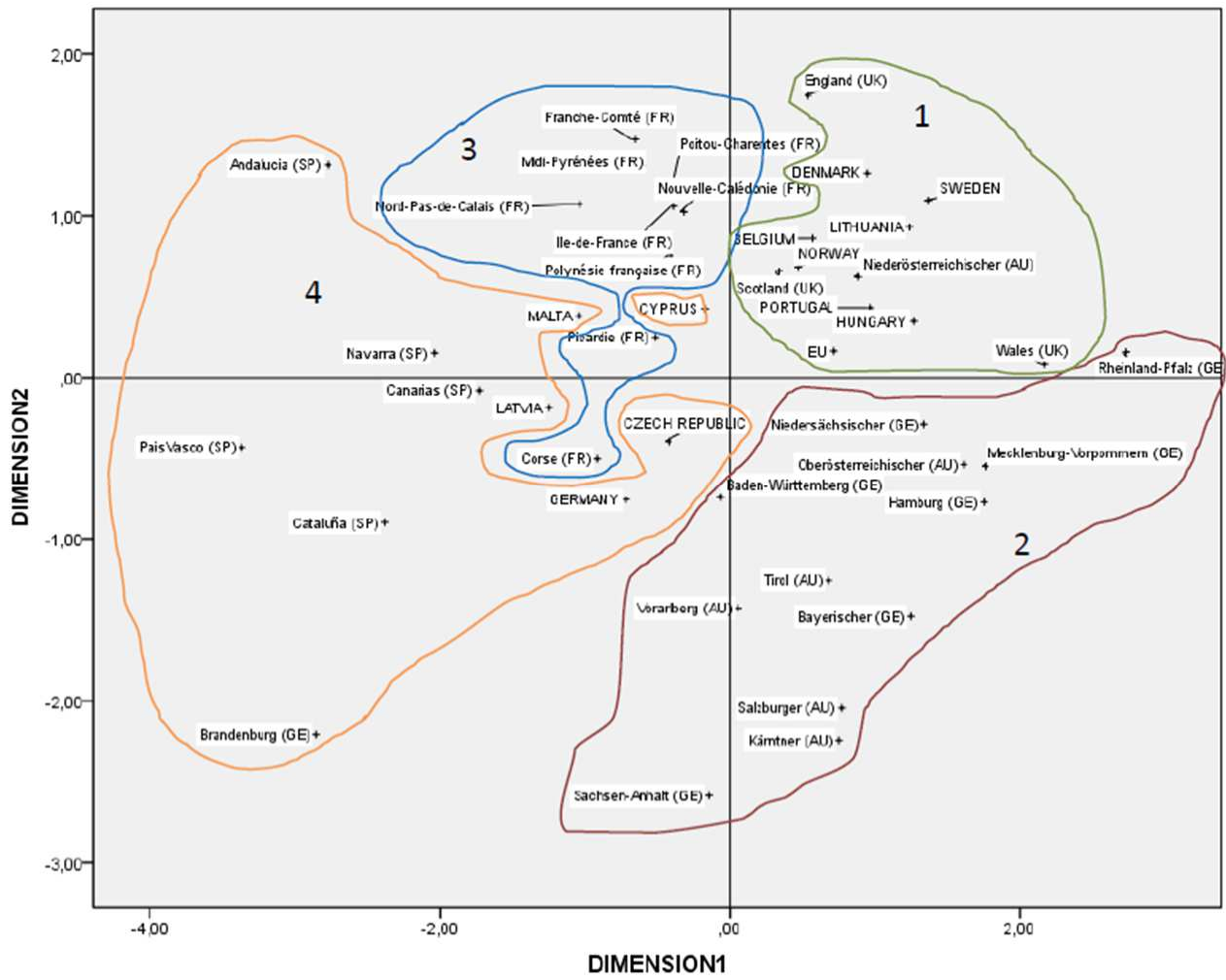
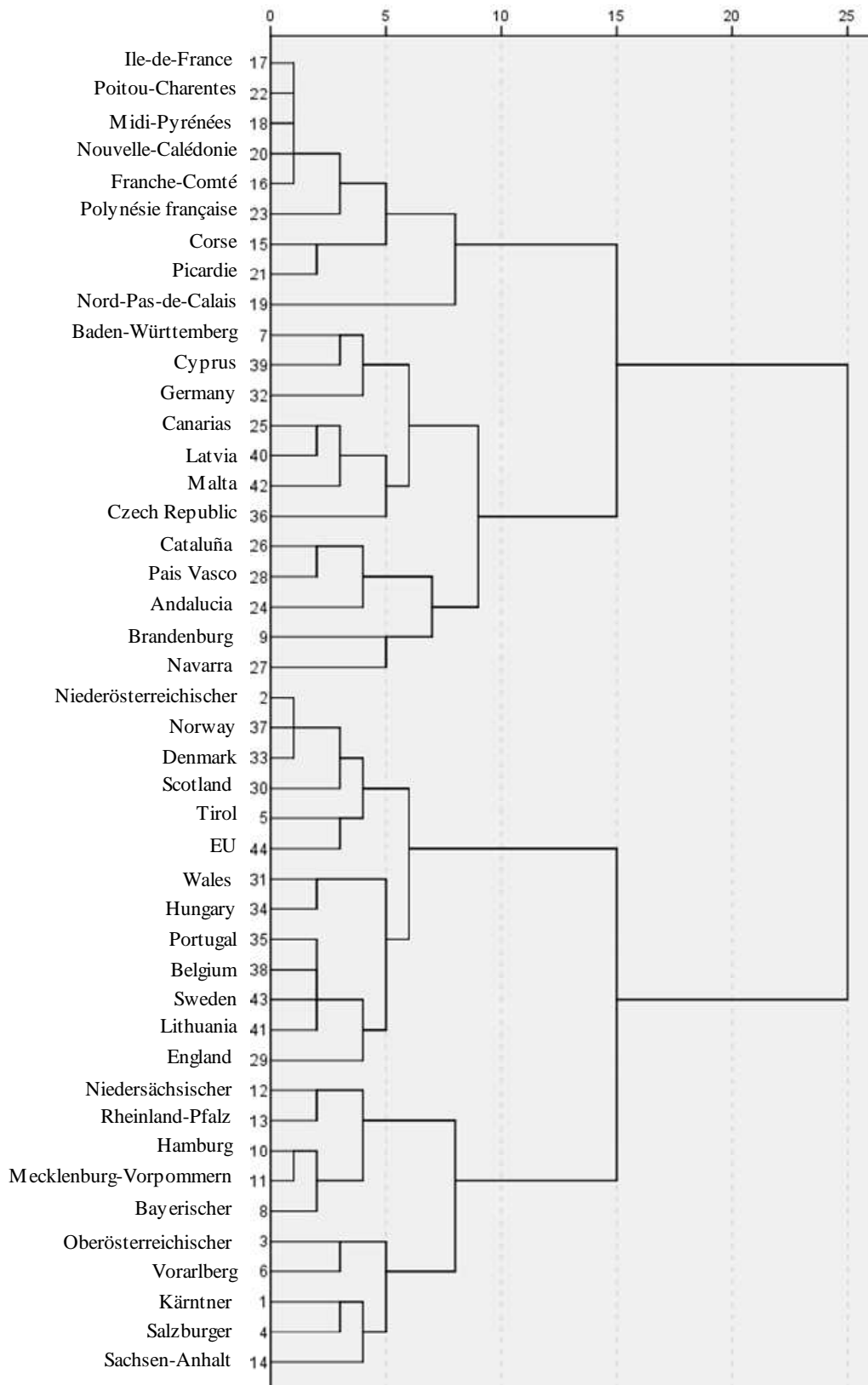


Figure 2: Cluster Analysis (Dendrogram-Ward method)



Annex 1: Participating RAIs and SAIs

Regional Audit Institutions

AUSTRIA

Kärntner Landesrechnungshof- www.landesrechnungshof.ktn.gv.at
Landesrechnungshof Tirol - www.tirol.gv.at/landtag/landesrechnungshof
Landes-Rechnungshof Vorarlberg- <http://www.lrh-v.at/>
Niederösterreichischer Landesrechnungshof- www.lrh-noe.at
Oberösterreichischer Landesrechnungshof - www.lrh-ooe.at
Salzburger Landesrechnungshof - www.salzburg.gv.at/lt-rechnungshof.htm

FRANCE

Chambre régionale des comptes de Corse - www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes-CRC/Corse
Chambre régionale des comptes de Franche-Comté- <http://www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes/Bourgogne-Franche-Comte>
Chambre régionale des comptes d'Ile-de-France - www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes-CRC/Ile-de-France
Chambre régionale des comptes de Midi-Pyrénées - www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes-CRC/Midi-Pyrenees
Chambre régionale des comptes du Nord-Pas-de-Calais - www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes-CRC/Nord-Pas-de-Calais
Chambre régionale des comptes de Picardie - www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes-CRC/Picardie
Chambre régionale des comptes de Poitou-Charentes- www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes-CRC/Aquitaine-Poitou-Charentes
Chambre territoriale des comptes de Nouvelle-Calédonie- <http://www.ccomptes.fr/Nos-activites/Chambres-territoriales-des-comptes/Nouvelle-Caledonie>
Chambre territoriale des comptes de Polynésie française- <http://www.ccomptes.fr/Nos-activites/Chambres-territoriales-des-comptes/Polynesie-francaise>
Chambre régionale des comptes du Limousin (we do not carry out performance audit in the strict sense) - www.ccomptes.fr/Nos-activites/Chambres-regionales-des-comptes-CRC/Centre-Limousin

GERMANY

Bayerischer Oberster Rechnungshof - www.orh.bayern.de
Landesrechnungshof Brandenburg - www.brandenburg.de/landesrechnungshof
Landesrechnungshof Mecklenburg-Vorpommern - www.lrh-mv.de
Landesrechnungshof Sachsen-Anhalt - www.lrh.sachsen-anhalt.de
Niedersächsischer Landesrechnungshof - www.lrh.niedersachsen.de
Rechnungshof Baden-Württemberg- www.rechnungshof.baden-wuerttemberg.de
Rechnungshof der Freien und Hansestadt Hamburg - www.hamburg.de/rechnungshof
Rechnungshof Rheinland-Pfalz - www.rechnungshof-rlp.de
Sächsischer Rechnungshof (we cannot answer, we do not differentiate) - www.srh.sachsen.de

POLAND

Regional Chamber of Audit in Bydgoszcz (No performance audit) - www.bydgoszcz.rio.gov.pl
Regional Chamber of Audit in Szczecin (No performance audit) - www.szczecin.rio.gov.pl
Regionalna Izba Obrachunkowa w Gdańsku (No performance audit) - www.bip.gdansk.rio.gov.pl
Regionalna Izba Obrachunkowa w Krakowie (No performance audit) - www.krakow.rio.gov.pl
Regionalna Izby Obrachunkowa w Rzeszowie (No performance audit) - www.rzeszow.rio.gov.pl
Regionalna Izby Obrachunkowa-w-Zielonej Górze (No performance audit) - www.zielonagora.rio.gov.pl

SPAIN

Audiencia de Cuentas de Canarias - www.acuentascanarias.org
Cámara de Comptos de Navarra - www.camaradecomptos.org
Cámara de Cuentas de Andalucía - www.ccuentas.es
Sindicatura de Cuentas de Cataluña -- www.sindicatura.cat
Sindicatura de Cuentas de las Islas Baleares (NO) - www.sindicaturaib.org
Sindicatura de Cuentas de Castilla-La Mancha (NO) - www.sindicaturaclm.es/paginas/index.php
Sindicatura de Cuentas del Principado de Asturias (NO) - www.sindicatur.es
Tribunal Vasco de Cuentas Públicas - www.tvcp.org

THE UNITED KINGDOM

Audit Commission of England - www.audit-commission.gov.uk

Audit Scotland - www.audit-scotland.gov.uk

Wales Audit Office - www.wao.gov.uk

Supreme Audit Institutions

Auditor General and the Audit Office of the Republic of Cyprus- www.audit.gov.cy

Bundesrechnungshof (Germany)- www.bundesrechnungshof.de

Cour des comptes (Belgium)- www.ccrek.be

Latvijas Republikas Valsts Kontrole (Latvia)- www.lrvk.gov.lv

National Audit Office (Malta) - www.nao.gov.mt

Nejvyšší kontrolní úřad (Czech Republic)- www.nku.cz

Rigsrevisionen (Denmark)- www.rigsrevisionen.dk

Riksrevisionen (Sweden) - www.riksrevisionen.se

Riksrevisjonen (Norway) - www.riksrevisjonen.no

State Audit Office of Hungary- www.asz.hu

Tribunal de Contas (Portugal) - www.tcontas.pt

Valstybes Kontroliere (Lithuania)- www.vkontrole.lt

European Union

European Court of Auditors - www.eca.europa.eu

22. Follow-up: We go back after a period to verify whether recommendations have been implemented											23. Follow-up: We go back after a period to evaluated to what extent savings have been achieved												
		TOTAL		Consultancy		Weberian		Napoleonic		"Other"				TOTAL		Consultancy		Weberian		Napoleonic		"Other"	
		N	%	N	%	N	%	N	%	N	%			N	%	N	%	N	%	N	%	N	%
Great Extent	18	40.91	5	41.67	4	36.36	6	66.67	3	25	Great Extent	8	18.18	3	25	4	36.36			1	8.33		
Some Extent	12	27.27	6	50	2	18.18	3	33.33	1	8.33	Some Extent	2	4.55	1	8.33			1	11.11				
Little Extent	5	11.36	1	8.33					4	33.33	Little Extent	15	34.09	3	25	1	9.09	7	77.78	4	33.33		
Very Little Extent	1	2.27							1	8.33	Very Little Extent	8	18.18	4	33.33	1	9.09	1	11.11	2	16.67		
Not at all	6	13.64			4	36.36			2	16.67	Not at all	8	18.18	1	8.33	4	36.36			3	25		
N/A	2	4.55			1	9.09			1	8.33	N/A	3	6.82			1	9.09			2	16.67		
24. Performance audits are discussed in Parliament											25. How many participate in the debate (RAI/SAI, Minister /councilor and/or Audited entity)												
		TOTAL		Consultancy		Weberian		Napoleonic		"Other"				TOTAL		Consultancy		Weberian		Napoleonic		"Other"	
		N	%	N	%	N	%	N	%	N	%			N	%	N	%	N	%	N	%	N	%
Always	19	43.18	5	41.67	6	54.55	2	22.22	6	50	All	5	11.36			4	36.36			1	8.33		
Most cases			3	25	4	36.36			2	16.67	Two of them			4	33.33	4	36.36			5	41.67		
Some times	6	13.64	2	16.67	1	9.09			3	25	One of them	17	38.64	7	58.33	3	27.27	2	22.22	5	41.67		
Few cases			1	8.33					1	8.33	No answer			1	8.33			7	77.78	1	8.33		
Never	8	18.18	1	8.33			7	77.78															
No answer	0																						

26. Full reports disclosed in the web page											27. Summary of reports disclosed in the web page												
		TOTAL		Consultancy		Weberian		Napoleonic		"Other"				TOTAL		Consultancy		Weberian		Napoleonic		"Other"	
		N	%	N	%	N	%	N	%	N	%			N	%	N	%	N	%	N	%	N	%
Always	32	72.73	11	91.67	4	36.36	9	100	8	66.67	Always	20	45.45	7	58.33	3	27.27	4	44.44	6	50		
Most cases	0										Most cases	2	4.55	1	8.33					1	8.33		
Some times	2	4.55	1	8.33					1	8.33	Some times	7	15.91	1	8.33	3	27.27	3	33.33				
Few cases	3	6.82			2	18.18			1	8.33	Few cases	2	4.55			1	9.09			1	8.33		
Never	7	15.91			5	45.45			2	16.67	Never	8	18.18	2	16.67	3	27.27	2	22.22	1	8.33		
No answer	0										No answer	5	11.36	1	8.33	1	9.09			3	25		
35. Outcome of the audits: we give assistance in implementation of the reforms											36. Outcome of the audits: the Parliament introduces reforms or promotes changes												
		TOTAL		Consultancy		Weberian		Napoleonic		"Other"				TOTAL		Consultancy		Weberian		Napoleonic		"Other"	
		N	%	N	%	N	%	N	%	N	%			N	%	N	%	N	%	N	%	N	%
Always	6	13.64	2	16.67	2	18.18	1	11.11	1	8.33	Always	0											
Very Often	9	20.45	1	8.33	2	18.18	4	44.44	2	16.67	Very Often	9	20.45	3	25	5	45.45	1	11.11				
Sometimes	5	11.36	1	8.33	2	18.18	1	11.11	1	8.33	Sometimes	14	31.82	6	50	3	27.27	1	11.11	4	33.33		
Rarely	14	31.82	3	25	5	45.45	2	22.22	4	33.33	Rarely	9	20.45	1	8.33	1	9.09	4	44.44	3	25		
Never	8	18.18	5	41.67					3	25	Never	7	15.91	1	8.33	1	9.09	2	22.22	3	25		
N/A	2	4.55					1	11.11	1	8.33	N/A	5	11.36	1	8.33	1	9.09	1	11.11	2	16.67		

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