

# CAP Audit Methods and Techniques used by the SAO

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# Introduction

- ❑ **Start** – 2004 first audit of EU funds - instrument for pre-accession SAPARD
- ❑ **Gradual development** – present number of 9 audits carried out including pilot project with ECA (still in the process)
- ❑ **CAP audit methodology**
  - adopted for project's operations (Fisheries, Rural Development Programme)
  - for payment entitlements is not so relevant (wide scale of payments and supervising role of special CAP unit)

# Methods and techniques used by SAO

## Planning phase

- **regular monitoring** – gathering necessary data from available sources, their analysis and evaluation by the **quantitative scrutiny method** (determination of trends, risks and weaknesses detection)
- **audit suggestion** – standard form containing topic, aim, scope, audited entities, timetable, sum of money to be audited etc. with use of **system – oriented approach** (for all phases); integral part of proposal is **feasibility analysis** (risk assessment) with use of **risk – oriented approach**
- **draft of annual plan** – external and internal priorities, for CAP audits is used **systematic discovery method**

## Preparation phase

- **audit program** – institutional, legal and procedural framework divided into two basic parts - audit of responsible authorities and audit of final beneficiaries – detailed **checklists** drawn up for every particular auditee in the administration system
- **sample** – for operation or transaction used ***stratified sample selection method*** (intersection of complexes set by specific criteria), in above mentioned pilot project used ***hit-euro method***

## Audit performance phase I

- **type of audit** – *compliance audit* including both concept of *legality* and *regularity audit* (with appraisal of financial management)
- **method used** – *substantive correctness testing* (operations checking) and *reliability testing* (management and internal control system analyzing), *interview* and *managed interview* (if written documents are absent), *logical deduction method* (proceeding from the general to the specific)
- **audit standards** – internal directive, ISSAI, INTOSAI

## Audit performance phase II

- **audit protocol** – audit results observed at each audited subject, constitutes set of findings, i.e. descriptions of the ascertained facts with relevant legal qualification and specification of their financial impact; based on *methodology for the legal qualification, classification and quantification of identified shortcomings*
- **audit evidence** – **worksheets** developed by auditors for all assigned audit tasks with relevant documents proving ascertained facts

## Reporting and evaluation phase

- **audit conclusion (final report)** – compiled by synthesising and generalising the identified shortcomings
  - its last chapter summarizes audit and evaluates shortcomings
  - should meet basic standards (objectivity, significance, relevance, reliability, comparability and comprehensibility)
- **method used** – *logical induction method* (proceeding from the specific to the general)
- **evaluation** – **Register of Completed Audits** shared by all auditors

**Thank you for  
your attention**

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