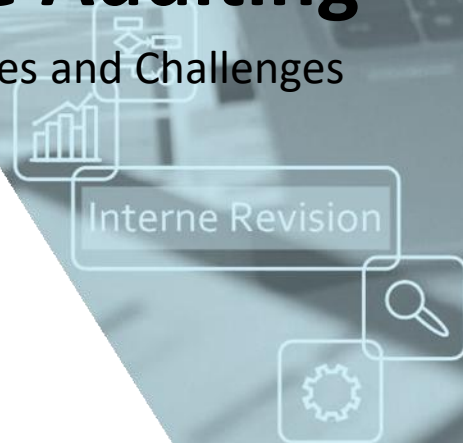


Practical experience of Performance Auditing

Developed Good and Internal Audit in the Public Sector: Opportunities and Challenges

Riga, 19. September 2025

Markus Erlmoser
Chief Audit Executive



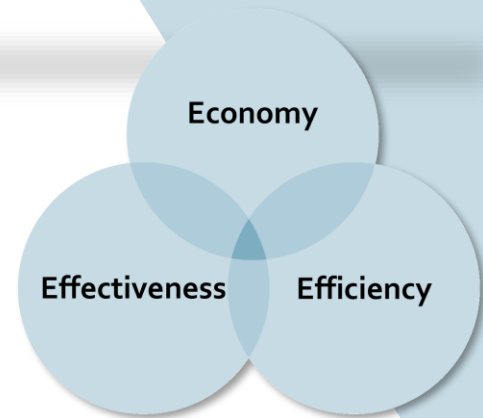
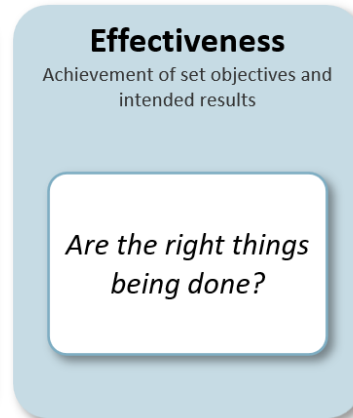
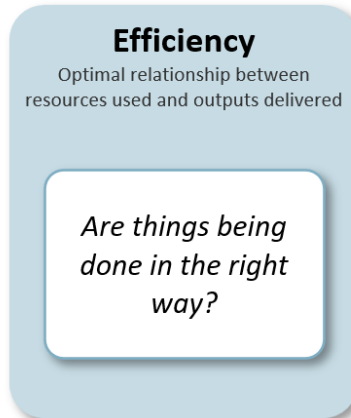
Agenda

- 1 What is Performance Auditing?
- 2 Strategic Significance
- 3 The Audit Process in Practice
- 4 Diversity of Methods
- 5 Concrete Case Examples
- 6 Reporting: Communicating Added Value
- 7 Success Factors
- 8 Outlook

What is Performance Auditing?





Performance audits are independent, objective examinations of government measures, projects, procedures and organizations from the point of view of economy, efficiency or effectiveness (“3E”), with an indication of any possibilities for improvement.

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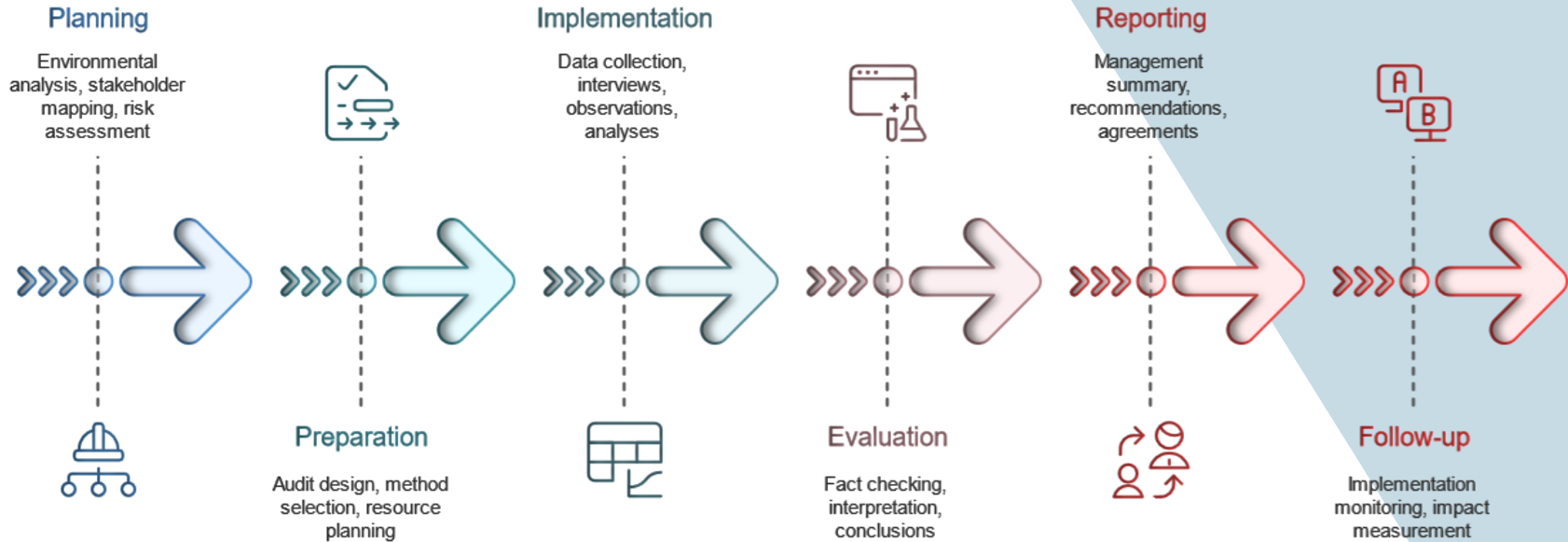
Strategic Significance

Performance Auditing is more than just control – it is a **strategic instrument** for leadership to:

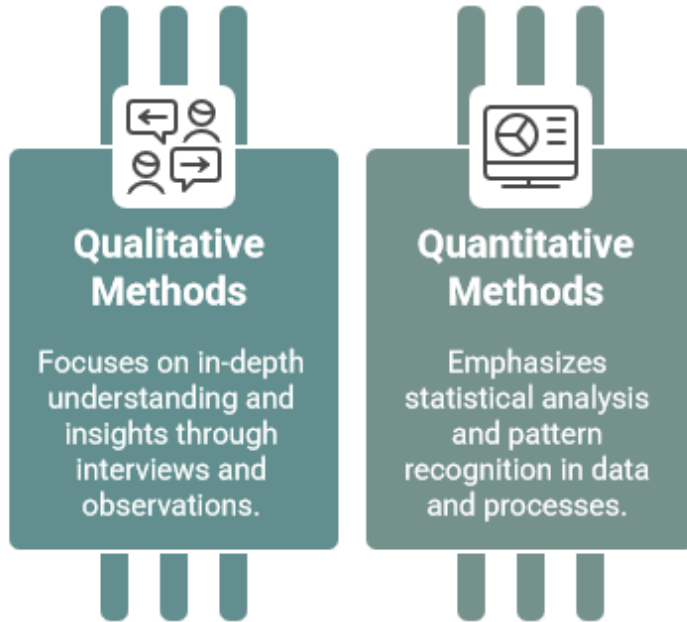
-  Create added value for the organization
-  Promote the organization's "fitness for the future"
-  Support decision-makers with objective information
-  Strengthen accountability and transparency



The Audit Process in Practice



Diversity of Methods



Method combination is the key to success!



The combination of different methods enables a comprehensive and well-founded assessment.



Concrete Case Examples

Case Example 1: Organizational Efficiency

Initial Situation:

Long processing times in a tax authority

Audit Approach:

- Process analysis and employee interviews
- Quantitative analysis of processing times

Results:

35% reduction in processing time

Case Example 2: Resource Optimization

Initial Situation:

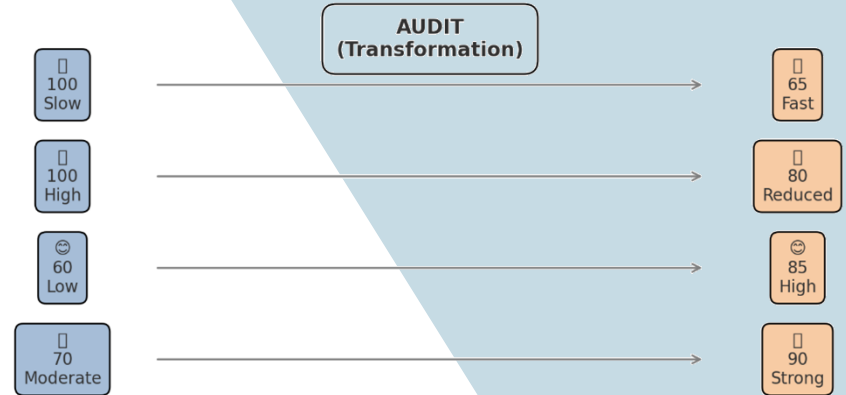
High costs in a public funding program

Audit Approach:

- Cost-benefit analysis and benchmarking
- Stakeholder surveys on effectiveness

Results:

22% savings with increased effectiveness



Lessons Learned:

- ✓ Early stakeholder involvement
- ✓ Method combination for best results
- ✓ Clear visualization of results
- ✓ Implementation follow-up

Reporting: Communicating Added Value

Management Summary as Centerpiece

Independent "story" for decision-makers that conveys the most important findings in a self-contained manner

Visualization of Complex Issues

Graphics and diagrams make complex relationships understandable and increase the impact of the message

Clear Separation

Facts - objective presentation of the situation

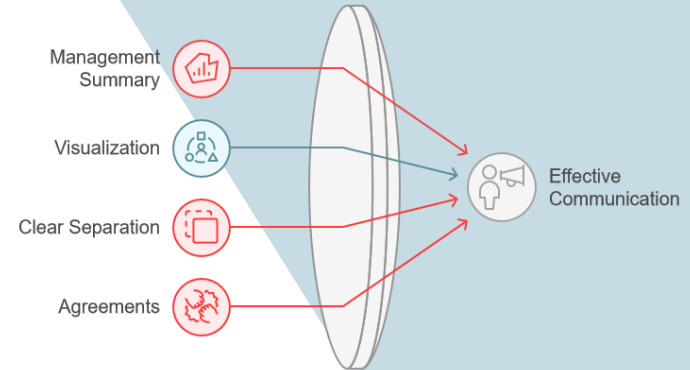
Evaluation - neutral assessment by auditors

Recommendations - concrete action proposals

Agreements as Success Measurement

Concrete measures with responsible parties and deadlines demonstrate the impact of the audit

Strategies for Impactful Communication



The success of a Performance Audit is not measured by the number of recommendations, but by the **actual improvement** of the audited organization.

Success Factors

Stakeholder Involvement

Early communication with all parties
Transparency about goals and approach
Common understanding of audit questions



Quality Assurance

- Consistent application of the 4-eyes principle
- Standardized quality criteria
- Regular reflection and feedback

Continuous Development

Regular method training
Experience exchange within the team
Adaptation to new challenges



Impact Orientation

- Focus on sustainable improvements
- Measurable goals and indicators
- Systematic follow-up

Outlook

Digitalization & Automation

Automated data collection and analysis accelerate the audit process and enable more comprehensive audits.

Artificial Intelligence

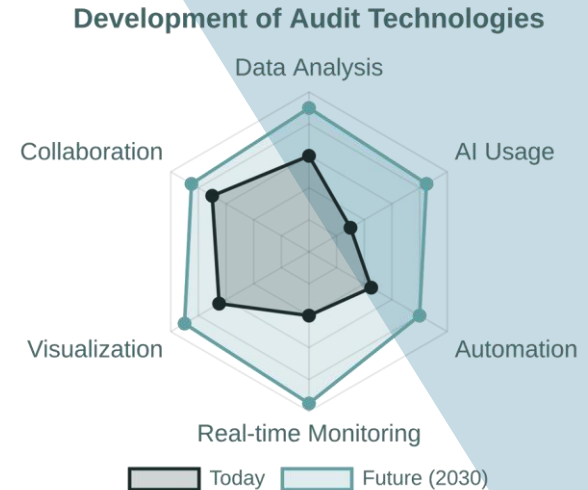
AI-supported pattern recognition identifies anomalies and assists in risk assessment and audit planning.

Real-time Auditing

Continuous monitoring instead of point-in-time audits enables early interventions and agile management.

Data Visualization

Interactive dashboards and advanced visualization techniques improve the communication of audit results.



“

*Effectiveness is the foundation
of success – efficiency is a
minimum condition for
survival after success has
been achieved.*

Peter F. Drucker

”

Markus Erlmoser