



We watch over citizens' money

BULGARIAN NATIONAL AUDIT OFFICE
DEVELOPMENT STRATEGY

2018–2022

A blurred background image of three business professionals in a modern office setting. In the foreground, there are several overlapping financial charts and data visualizations, including bar graphs and pie charts, with numerical values like 15.44, 75.25, 55.01, -12.14, 7.25, +0.98, 83.92, and 5.46. A laptop keyboard is visible on the left side of the frame.

COOPERATION **TRUST**



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Sofia, 2018

INTEGRITY trans independence CONSISTENCY **impartiality** good COON independence integrity
professionalism TRANSPARENCY
objectivity TRANSPARENCY
CONSISTENCY good faith impartiality
independence TRUST independence INTEGRITY TRUST
INTEGRITY PROFESSIONALISM
constructiveness consistency GOOD FAITH
TRANSPARENCY IMPARTIALITY
ITY IMPARTIALITY **trust** OBJECTIVITY
independence consistency independence CONSISTENCY
INTEGRITY transparency IMPARTIALITY impartiality
TRUST professionalism
INTEGRITY objectivity
TRANSPARENCY consistency TRUST trust
INTEGRITY constructiveness IMPARTIALITY
TRANSPARENCY good faith TRUST trust
PROFESSIONALISM consistency IMPARTIALITY
COOPERATION GOOD FAITH IMPARTIALITY
independence TRUST objectivity
CONSISTENCY **GOOD FAITH** INTEGRITY TRUST
CONSTRUCTIVENESS objectivity INTEGRITY TRUST COOPERATION professionalism CONSTRUCTIVENESS



I. INTRODUCTION

The strategic development of the Bulgarian National Audit Office (BNAO) encompasses sustainable building of crucial skills and capacity to enable the Supreme Audit Institution (SAI) to make optimal use of its restricted resources and efficiently fulfill its mandate for achieving the desired impact – improving the accountability of budget organizations and contributing to the effective, efficient and economic spending of public resources and conduct of public activities.

BNAO's strategic vision, mission and values outline the direction of its development, while the institution's strategic goals describe the means for implementing its vision and mission.

The Development Strategy of BNAO for the period 2018 – 2022 is based on the best international practices, namely the Strategic Planning and the SAI Capacity Building Needs Assessment Guide drafted by the INTOSAI Development Initiative (IDI).

The structured planning approach enabled BNAO to identify which of its operational aspects require additional efforts for ensuring compatibility with the international standards and best governance and organizational practices of the Supreme Audit Institution.

For the period until 2022, BNAO has set 16 strategic goals grouped in three priority areas. These goals aim at overcoming the weaknesses identified in the capacity building needs assessment to ensure effective use of the resources for modernization and development.

Specific actions contributing to the goal achievement were planned together with indicators for measuring performance. The correlation of priorities, goals, indicators and activities is presented in the BNAO Development Strategy Implementation Matrix. It contains description of the responsible persons and deadlines for the implementation of strategic activities making the Strategy a working tool that generates visible and measurable outcomes towards the implementation of the mission, vision and objectives of BNAO and hence strengthening the accountability, transparency and integrity of public sector governance and of public sector organisations.



II. BNAO'S ROLE AND MAIN FUNCTIONS

The National Audit Office of the Republic of Bulgaria is a public body mandated with performing independent external audit in the public sector. It was established in line with art. 91 of the National Constitution. The organizational structure, mandate and activities of the BNAO are regulated by a Law on the National Audit Office.

The National Audit Office is an independent Supreme Audit Institution reporting to the National Parliament.

Pursuant to the Law on the National Audit Office and to the International Standards of Supreme Audit Institutions, the Bulgarian National Audit Office conducts the following types of audit:

- Financial audits;
- Compliance audits;
- Performance audits;
- Specific audits.

OBJECTIVITY
PROFESSIONALISM



III. VISION, MISSION AND VALUES OF BNAO

BNAO'S VISION:

By constantly improving the quality of audits and developing its professional competences, BNAO is an independent guarantor for good governance and accountability in the public sector.

BNAO'S MISSION:

The mission of the BNAO is to control the budget execution, the management of public spending and conduct of public activities through efficient, effective and economic auditing aimed at improving public sector governance and accountability.

BNAO'S VALUES:

- ***Independence and objectivity.*** The National Audit Office is independent from the legislative, executive and judiciary branches of power. It discharges its duties with impartiality, objectivity and fairness and is free of any external influence or conflicts of interest.
- ***Professionalism and integrity.*** The BNAO operates in line with the legislation and professional standards. It constantly invests efforts to further develop and improve its policies, practices and procedures in order to achieve better quality and reliability of the outcomes of its operations; it uses new technologies and considers the technological impact of its operations. BNAO's management and employees have an honest and fair conduct corresponding to the highest norms of professional ethics.
- ***Competence.*** BNAO takes due care of ensuring the continuous development of its employees' knowledge and skills, building the necessary capacity that corresponds to its functions and mandate and guarantees highest quality of the public sector audits. BNAO's employees are also required to maintain and develop their own knowledge and skills keeping up with the development of their professional environment for the optimal performance of their official duties.
- ***Confidentiality and transparency.*** The National Audit Office makes efforts to keep the public sufficiently informed about the management and organization of its operations whilst maintaining adequate systems to ensure the necessary level of confidentiality, especially of sensitive information. The outcomes of its audits are made public in a timely, user-friendly and accessible manner.

• *Cooperation and constructive approach.* BNAO establishes a conducive environment for a fair dialogue, team spirit and knowledge-sharing within the institution. It maintains good relations with the audited entities attempting to ensure optimum balance and effectiveness. In conducting its activities, BNAO maintains good cooperation with other Supreme Audit Institutions and the European Court of Auditors.

BNAO's vision describes the outcomes that the institution wishes to achieve at the end of the strategic planning period, whereas its mission is a representation of its main task.

BNAO's values describe the aspects that the Supreme Audit Institution considers important and that drive the professional conduct of its management and employees.

The attainment of BNAO's strategic goals and the implementation of its mission and vision bring about direct benefits for the public, by contributing to the improvement of governance and of public resources.

transparency
CONSTRUCTIVENESS

BNAO's VALUES



BNAO's ROLE AND MISSION
A public body performing independent external audit in the public sector, controlling the budget execution and the management of other public resources and activities.



BNAO's VALUES



Financial audits

Compliance audits

Performance audits

Specific audits



BENEFITS FOR THE PUBLIC
Improving public sector governance and accountability



BNAO's VISION AND MISSION
By constantly improving the quality of audits and developing its professional competences, BNAO is an independent guarantor for good governance and accountability in the public sector.

BNAO's VALUES



BNAO's STRATEGIC GOALS

Activities for the implementation of the strategic goals

Activities for the implementation of the strategic goals

STRATEGIC PRIORITIES OF BNAO



BNAO's VALUES



IV. STRATEGIC PRIORITIES AND GOALS

PRIORITY 1: THE NATIONAL AUDIT OFFICE CONDUCTS INDEPENDENT, EFFECTIVE AND EFFICIENT PUBLIC SECTOR AUDIT

STRATEGIC GOAL 1.1.

Applying the principles of ethics and integrity

- Bringing our Rules of Ethics in compliance with ISSAI 30 Code of Ethics.
- Ensuring compliance with the rules of ethics by conducting relevant thematic trainings for the employees and setting up an adequate control environment that restricts the vulnerability to unethical behaviour.
- Conducting a self-assessment of BNAO's ethics and integrity environment to monitor the adequacy and effectiveness of the measures addressing the violations of ethical principles and norms.

STRATEGIC GOAL 1.2.

Ensuring adequate resources to conduct our activity in line with the Law on the National Audit Office and the International Standards of Supreme Audit Institutions

- The BNAO will continue its efforts to gain financial independence pursuant to the principles enshrined in ISSAI 1 and ISSAI 10, in line with which all SAIs should have in place the financial, human and material resources necessary for the conduct of their activities.
- In line with the International Standards of Supreme Audit Institutions, the executive power should not exercise any control or manage the access to these resources. Therefore, the BNAO will try to achieve an independent budget endorsed by the National Parliament, based on the principles of programme budgeting that will enable the SAI of Bulgaria to attain its strategic goals.

STRATEGIC GOAL 1.3.

Updating and introducing adequate procedures and tools, incl. audit methodologies, to ensure the fulfillment of BNAO's statutory mandate

Ensuring compliance of the audit activities with the relevant up-to-date methodological rules, by:

- adopting a procedure for updating the Manual on ISSAIs application and BNAO's Audit Manual;
- analyzing annually the need for developing new and updating the current methodologies for auditing of entities or areas;
- gradually developing (until the end of the strategic period) the necessary methodological rules for all types of audits in response to the identified needs of methodological guidance.

STRATEGIC GOAL 1.4.

Using specialized software products in all audits conducted by BNAO

- Conducting all audits using the specialized audit software for documenting and reviewing the audit work, and for conducting ongoing quality control.
- Continuously improving the functionalities of the audit software modules in line with the requirements of the different types of audits conducted by the BNAO.
- Expanding the use of analytical auditing software in our work and ensuring the necessary training of auditors.

STRATEGIC GOAL 1.5.

Providing sufficient assurance (through the quality control system) that BNAO's audit work is compliant with the International Standards of Supreme Audit Institutions and with the relevant legal and regulatory requirements

Upgrading BNAO's quality assurance system by:

- developing and adopting a Concept paper on quality assurance for audits and a Quality Assurance Methodology based on the controls implemented by the different levels of management;
- including the Concept Paper and Methodology in the Manual on ISSAI Implementation and on Auditing.
- analysis of the elements of the quality control system in line with ISSAI 40.

STRATEGIC GOAL 1.6

Building an external quality control system

- Adopting Rules and a Methodology for ongoing monitoring of the audit quality control system based on analyses and adequate indicators for evaluating all types of audits and their compliance with the relevant ISSAIs.
- Annual assessments to ensure the quality of audit work by promoting good practices and adopting action plans to overcome the identified weaknesses.

STRATEGIC GOAL 1.7.

Updating the methodology for planning and reporting the auditors' workload

- Annual update of BNAO's methodology for planning and reporting the auditors' workload by refining the planned duration of separate steps and stages of the audits.
- Drafting the annual auditing programme based on the methodology for planning the auditors' workload using specialized planning software.

STRATEGIC GOAL 1.8.

Communicating audit reports in a clear and comprehensive manner and language for stakeholders

- Adopting a communications policy of BNAO to ensure better communication with the stakeholders.
- Promoting the audit reports and outcomes of our work by publishing press releases using a clear and comprehensive language.
- Expanding BNAO's presence in the printed and electronic media and social networks.
- Updating BNAO's web-page regularly and upgrading its software.

STRATEGIC GOAL 1.9.

More active participation in initiatives of the international auditing community that contribute to enhancing BNAO's institutional and administrative capacity

- Annual review of the needs for international cooperation to make sure that BNAO's international activities contribute to the attainment of its priorities laid down in the strategic auditing plan and strategic goals.
- Participation in working groups, task forces and networks of EUROSAI, INTOSAI and the Contact Committee of the Heads of the EU SAIs and the ECA.
- Enhancing the qualifications of BNAO's auditors and recruiting new personnel with adequate skills enabling them to take part in BNAO's international activities.
- Participating in joint international audits with other SAI as a leading SAI - coordinating or jointly coordinating a cooperative audit.



10329

31518

84

STRATEGIC GOAL 1.10

Ensuring periodic objective and independent external review of BNAO's activities (peer review)

- Conducting self-assessments in line with the Performance Measurement Framework (SAI PMF) to draw conclusions regarding BNAO's compliance with the ISSAIs and INTOSAI's best practices.
- Peer review of BNAO by other SAIs to identify additional areas that need improvement.
- The outcomes of the self-assessment and peer review will help our decisions to invest efforts and resources in relevant areas and contribute to the development of BNAO as a modern Supreme Audit Institution working to the benefit of the public.

STRATEGIC GOAL 1.11

Ongoing support for the efforts of the Ministry of Finance to modernize the public sector accounting practices and ensure a relevant financial reporting framework

- Continue to report to Parliament and the Ministry of Finance on the outcomes of the financial audits and comment on the relevance of the financial reporting framework.
- Developing a database of pending issues in the area of public sector accounting and putting forward proposals to the Ministry of Finance on how to improve the methodology in the different areas of public sector accounting.
- Initiating, organizing and participating in professional national forums dedicated to modernizing public sector accounting .



PREDICTABILITY
good faith

PRIORITY 2: BUILDING AN EFFECTIVE HUMAN RESOURCES MANAGEMENT SYSTEM WITHIN THE NATIONAL AUDIT OFFICE TO SECURE QUALIFIED AND WELL-MOTIVATED EMPLOYEES WITH HIGHEST DEGREE OF INTEGRITY

STRATEGIC GOAL 2.1.

Constantly improving the system for personnel recruitment, appraisal, training and retention

- Structuring the HR management processes within BNAO by adopting a framework for accountability in HR management, an HR Management Strategy and a Professional Competences Framework for all positions within the SAI.
- Conducting annual HR needs analyses and identifying training needs regarding different audit types within the structural units and at individual level.
- Strengthening the capacity of auditors and the HR department by offering support to obtain international professional certification.

STRATEGIC GOAL 2.2.

Ensuring an enhanced motivation and satisfaction of BNAO's employees

- Defining clear and fair personal tasks for each employee based on the objectives of each structural unit.
- Studying and analyzing the factors that influence the personnel satisfaction in order to efficiently manage the motivation risks.
- Continuously improving the remuneration system within BNAO to provide adequate indexation and performance-based incentives.

STRATEGIC GOAL 2.3.

Maintaining an institutional culture conducive to the development of the employees' professional capacity, that encourages their personal contribution, efforts and loyalty

- Analyzing the efficiency of internal communications and institutional culture and introducing measures to stimulate the development of the employee's professional capacity.
- Planning trainings based on the BNAO employees' individual needs.
- Identifying the next generation of leaders within the BNAO and supporting their carrier development.

PRIORITY 3: BNAO IS AN INSTITUTION THAT LEADS BY EXAMPLE CONTRIBUTING TO THE GOOD GOVERNANCE AND ACCOUNTABILITY IN THE PUBLIC SECTOR AND MEETING ALL STAKEHOLDERS' EXPECTATIONS.

STRATEGIC GOAL 3.1.

Improving the cooperation with the Parliament and other users of the audit reports in order to contribute to enhancing public sector accountability and transparency

- Encouraging Parliament to consider carefully BNAO's audit reports and rely on the SAI's work in conducting parliamentary control.
- Introducing a mechanism for obtaining the feedback of the audited entities regarding the usefulness of BNAO's audits.
- Expanding BNAO's collaboration with NGOs and academia in an attempt to achieve better impact of the audit work.

STRATEGIC GOAL 3.2

Improving the impact of BNAO's audits and its reputation as an institution that functions efficiently and effectively to the benefit of the public

- Monitor the audited entities' and general public's degree of confidence in the BNAO, since the public trust is a main prerequisite for the effectiveness of the institution.
- Following up on the audit recommendation and ensuring the highest level of compliance.
- Introducing a mechanism that measures the benefits of BNAO's audit work to promote the institution's actual contribution to improving the management of public finances.

impartiality
integrity





V. IMPLEMENTATION OF BNAO'S DEVELOPMENT STRATEGY 2018-2022

The implementation of BNAO's Development Strategy will require the efforts of both its management and employees. The National Audit Office will seek to obtain broad public support for the implementation, monitoring and assessment of the Strategy through active information, communications and publicity measures.

BNAO's Development Strategy Implementation Matrix

The attainment of BNAO's strategic goals is supported through the Strategy Implementation Matrix, which encompasses:

- **Indicators measuring the strategic goals implementation** – meeting the required indicators at the end of the period will be an indication of goal attainment;
- **Activities for the implementation of the strategic goals** – specific actions will be outlined for each goal in order to ensure its attainment. The activities will be considered successfully completed if they meet the indicators for success of activities;
- **Timeline for the implementation of activities towards goal attainment** – specifying the initial and final year for each activity, incl. the multi-annual or ongoing activities. The timeline of all tasks is planned in a logical sequence, since the successful completion of some of them serves as a basis for launching others;
- **Additional resources necessary for the implementation of activities** – the implementation of all activities for the attainment of BNAO's strategic goals should be backed by sufficient financial resources. The majority of activities may be implemented out of the available budget of BNAO in line with the ceiling of expenses in the mid-term budget projection. Nonetheless, additional funding will be necessary for the implementation of certain strategic activities. BNAO will send justified requests to Parliament and the Ministry of Finance for the extension of such funding;
- **Responsible persons** – the persons responsible for the initiation, management and reporting on the implementation of each activity.

The Implementation Matrix contains detailed information on the strategy implementation manner and the resources necessary for attaining the strategic goals. The timeframe for the activities corresponds to the strategic planning period.

The Matrix is a tool for coordinating the efforts for strategy implementation. It serves as a basis for developing annual operational plans, which helps transform the strategy from a static document into a working instrument ensuring visible and measurable outcomes towards the implementation of BNAO's mission, vision and goals.

Annual operational plans for the BNAO Development Strategy Implementation

Annual operational plans will be developed for the implementation of BNAO's development strategy. The adoption of an annual operational plan backed with a relevant budget is an important prerequisite ensuring a coordinated and efficient implementation of the Development Strategy. The operational plan describes all activities for the strategy implementation that should be completed during the respective year. In addition to the activities from the Matrix, the Annual Operational Plan contains also all tasks necessary for the functioning of BNAO's structural units, as well as lists of tasks, deadlines, necessary resources, expected outcomes, responsible persons and risks relating to the execution of activities.

The background of the page features a collage of financial data visualizations. It includes a candlestick chart with price points such as 2971.98, 3041.05, 2988.88, and 3349.32. Below this is a bar chart with a date axis showing 'Jun 8 15 22' and 'Jul 6 13 20 27'. At the bottom, there is a line graph with a date axis showing 'Jun 8 15 22', 'Jul 6 13 20 27', and 'Aug 3 10 17 24'. On the right side, there is a circular gauge or chart with the text '93% Up' visible. The overall aesthetic is professional and data-driven.

INDEPENDENCE **consistency**

VI. MONITORING AND ASSESSMENT OF BNAO'S DEVELOPMENT STRATEGY 2018-2022

The monitoring and assessment of BNAO's Development Strategy will enable the identification of possible implementation issues and will demonstrate whether the strategic goals have been met.

The monitoring enables the observation of the progress and identifies potential issues and deviations from the original plans. It allows a timely response to the changing environment and introduction of corrective measures.

The assessment of BNAO's Development Strategy implementation will demonstrate whether the institution's strategic goals have been met and whether the SAI has achieved its desired status (i.e. implemented its vision).

The monitoring and assessment functions will be integrated in the existing organizational and governance structure of BNAO as follows:

- *Ongoing monitoring.* The implementation of the activities in the Annual Operational Plan will be monitored continuously by the heads of the respective structural units as part of their daily management and control responsibilities.
- *Interim monitoring.* Within June 30th of the respective year, the heads of directorates will report in writing to BNAO's President on the progress of the activities in the annual plan for the implementation of the Development Strategy. In case of unsatisfactory implementation or delays, the heads of structural units will report on the underlying reasons and will propose corrective measures to overcome the barriers to meeting the success indicators.
- Annually, between January 1st and 31st, BNAO will *assess the implementation of annual operational plan* for the preceding year and the Matrix for the Implementation of BNAO's Development Strategy. The heads of directorates will report on whether the undertaken corrective measures to address the issues identified during the interim monitoring have produced the desired impact. BNAO will decide on the introduction of possible additional corrective actions, where necessary.

The Strategy may be amended should objective reasons for that arise.

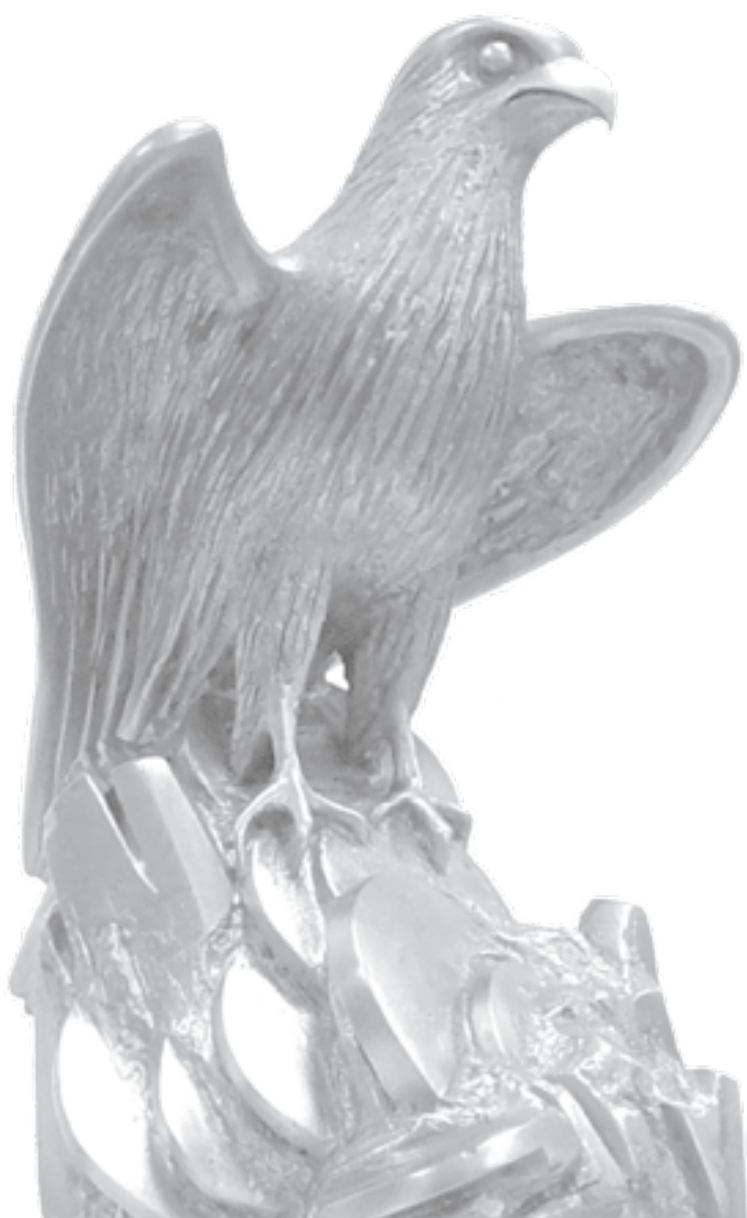
This Strategy was adopted by BNAO with resolution No 108, dated 31 May, 2018 (Protocol No 17).

LIST OF TERMS AND ABBREVIATIONS

BNAO	Bulgarian National Audit Office
SAI	Supreme Audit Institution
INTOSAI	The International Professional Organization of SAIs
EUROSAI	INTOSAI's regional organization in Europe
Contact Committee of the Heads of the EU Supreme Audit Institutions (SAIs) and of the European Court of Auditors (ECA)	Members of the contact committee are the heads of Supreme Audit Institutions of the EU Member States and the European Court of Auditors (ECA).
SAI PMF	Framework for measuring SAI's performance – an instrument for assessing the compliance of SAI's operations with the internationally accepted standards of the Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
Capacity building	SAI's strategic development (capacity building) includes sustainable development of key skills and capacity needed for the optimal utilization of resources and more effective conduct of activities to achieve the necessary impact.
Strategic priority	The cumulative implementation of strategic priorities results in attaining BNAO's main goal (its mission) and implementing its vision.

Capacity needs assessment	Identifying SAI's current status and comparing it to the desired one (in line with the best international practices and the institution's own vision about the future); identifying the gaps between the two (weaknesses) and the reasons for them.
Strategic goal	Specific measurable outcomes that support the attainment of the strategic priorities. The strategic goals show the ways to attain the strategic priorities.
Performance indicators	Standards measuring the performance of activities/ goals against the expected outcomes





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