# INFORMATION SOCIETY IN ROMANIA

***Marius Gust***[1]

**Abstract:**

*The world is changing so fast, and developed countries seem to have entered a global competition in the information society, computer use, mobile phone and other technologies to improve their performance but also to make life easier citizens and increase their comfort, reduce bureaucracy, optimize public spending and increase governance transparency. The paper aims to analyze Romania's position regarding the economy and the digital society, the information society sector of enterprises in the economy, using national indicators, as well as a number of international rankings at the level of the European Union. The paper also aims to investigate the mutations that have taken place in our country in the last decade, to localize the progress made and to highlight areas where the remains behind are very pronounced.*

**Keywords:** *economy and digital society, information economy, e-government, digital competitiveness*

**JEL classification:** O10, L80

The world is rapidly changing, and the production of information and its use are coordinates of today's world, economy and information society. This paper does not intend to delimit the latter categories: the economy and the information society, but only to investigate the place Romania occupies in the new economy, and to present some of the most significant achievements of countries that hold leading positions in the rankings of the new economy.

For several years the National Institute of Statistics has published a radiography of Romania's information society, which reviews some of its indicators [10].

Table 1. Primary indicators of Romania's information society

| **Indicators** | **2010** | **2011** | **2015** | **2016** |
|---|---|---|---|---|
| Number of fixed telephone lines per 1000 inhabitants | 209,4 | 219,3 | 197,9 | 191,0 |
| Number of mobile subscribers per 1000 inhabitants | 1135,6 | 1091,6 | 1071,4 | 1064,3 |
| Number of internet users per 1000 inhabitants | 399,3 | 440,2 | 557,6 | 595,0 |
| Number of broadband internet subscribers per 1000 inhabitants | 139,6 | 153,9 | 197,7 | 206,8 |
| % subscribers in total users | 34,96 | 34,96 | 35,46 | 34,76 |

Source: INS, Information Society, 2013, 2018 and author's calculations

If we analyze the equipment at forms the basis of Romania's information society (Table 1), we can see a reduction in the number of fixed telephone lines per 1000 inhabitants, about 10%, and the number of mobile subscribers per 1000 inhabitants, about 6%, a situation explained by the reduction of the number of inhabitants, as well as by reducing the barriers between subscribers of different networks. The number of Internet users increased by around 40% between 2010 and 2016, but the number of broadband Internet subscribers accounts for only 34% of the total number of users, and the figure remains constant over the analysis period.

Table 2. Evolution of the share of enterprises using PC in total active enterprises in each domain (%)

| **Sector** | **2010** | **2011** | **2015** | **2016** |
|---|---|---|---|---|
| **Total** | 83,5 | 81,5 | 87,3 | 87,0 |
| Industry and construction | 79,6 | 81,8 | 87,4 | 88,0 |
| Commerce | 85,2 | 80,1 | 83,8 | 87,7 |
| Services | 87,2 | 82,1 | 87,6 | 85,2 |
| Banking and insurance companies | 100,0 | 100,0 | 100,0 | 100,0 |

Source: INS, Information Society, 2013, 2018

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Although more than 85% of enterprises rely on computers to do business (Table 2), about 15% do not (Table 2). By business sector, computer usage is indispensable in the financial, and below average in the services sector, but statistics make no mention of agriculture. Additionally, endowment with such equipment seems to have reached its limit, and even in the last year we witness a slight decrease in the services sector.

Businesses that are almost entirely reliant on computers also have an Internet connection (Table 3). Lower average values are located in trade and services, sectors that experience even decline in 2016 in regards to Internet connections.

Table 3. Evolution of the share of enterprises with Internet connection in total enterprises active in each domain (%)

| Sector | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| **Total** | 78,5 | 79,3 | 86,5 | 86,1 |
| Industry and construction | 75,3 | 79,9 | 85,4 | 86,7 |
| Commerce | 79,2 | 77,3 | 82,7 | 81,7 |
| Services | 82,5 | 80,2 | 85,3 | 84,3 |
| Banking and insurance companies | 100,0 | 100,0 | 100,0 | 100,0 |

Source: INS, Information Society, 2013, 2018

But the staff in enterprises using the computer is a third of the total - Table 4 - (value that does not see radical changes) and the same staff also used the Internet at work (here there is more noticeable growth) - Table 5.

Table 4. Share of personnel using computers in total personnel in each domain (%)

| Sector | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| **Total** | 33,9 | 30,6 | 32,7 | 35,6 |
| Industry and construction | 21,4 | 21,4 | 23,8 | 25,2 |
| Commerce | 37,7 | 40,8 | 42,8 | 42,9 |
| Services | 48,3 | 40,6 | 43,0 | 46,1 |
| Banking and insurance companies | 98,4 | 99,1 | 94,3 | 99,6 |

Source: INS, Information Society, 2013, 2018

Table 5. Share of personnel using computers with an Internet connection in total personnel in each domain (%)

| Sector | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| **Total** | 28,8 | 26,5 | 28,7 | 32,3 |
| Industry and construction | 18,2 | 18,1 | 20,1 | 22,2 |
| Commerce | 29,5 | 34,7 | 36,4 | 38,3 |
| Services | 43,7 | 36,5 | 38,0 | 43,3 |
| Banking and insurance companies | 76,8 | 86,9 | 87,4 | 92,3 |

Source: INS, Information Society, 2013, 2018

Computers are used by almost all bank and insurance staff, and about 45% of staff in trade and services, although computer availability is below average, and is slightly below average in industry and construction due to activity specificity. Roughly the same numbers are recorded regarding staff using computers connected to the Internet (Table 5), although slightly smaller because not all businesses have an Internet connection. We can also see that in 2016 about 8% of financial sector computers lacked an Internet connection (Table 5).

Table 6. Investments in hardware products

| Indicators | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| **Total** (mil. lei) | 772,6 | 548 | 684,5 | 873,7 |
| GDP Romania (mil. lei) | 533.900 | 565.100 | 712.800 | 761.500 |
| % Investments in hardware products (mil. lei) in GDP | 0,14 | 0,10 | 0,10 | 0,11 |
| Industry and construction (per 1000 lei total net investments) | - | - | 6,9 | 8,4 |
| Commerce (per 1000 lei total net investments) | - | - | 15,5 | 22,5 |
| Services (per 1000 lei total net investments) | - | - | 20,0 | 21,3 |
| Banking and insurance companies (per 1000 lei total net investments) | - | - | 326,3 | 204,9 |

Source: INS, Information Society, 2018 and author's calculations

Business investment in hardware products is negligible and shrinking, a sign of either a shortage of financial resources, or persisting unawareness of their importance. The most notable investments in hardware products are in the financial sector, although in 2016 this drops by almost a third. In the other sectors, investments have absolutely negligible values.

Between 2010 and 2016, the share of businesses using a mobile Internet connection increases, and the number of businesses that have a website from one in three in nearly one in two increases, but Internet sales continue to be low, though nearly triple in six years.

Table 7. Other indicators of the information society and enterprises in Romania

| Indicators | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| Share of enterprises that have used a mobile connection to connect to the Internet per total enterprises active in the sector | 19,4 | 25,7 | 47,6 | 51,4 |
| Share of enterprises with their own website per total enterprises active in the sector (%) | 33,8 | 35,8 | 46,2 | 45,4 |
| Share of Internet turnover per total turnover of enterprises with economic activity in the sector (%) | 3,0 | 4,2 | 7,4 | 8,4 |

Source: INS, Information Society, 2013, 2018 and author's calculations

But what is the ICT sector's status in Romania. First of all, it should be noted that the ICT sector comprises the activities of: manufacturing of electronic components, computers and peripheral equipment, communications equipment, consumer electronics and magnetic media, optical recording equipment; editing of software products; telecommunications; information technology services; web portal activities, data processing, web site administration and related activities; repair of computers and communication equipment according to CAEN Rev. 2 classification.

Table 8. Evolution of the Information and Communication Technology (ICT) sector

| Indicators | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| Number of enterprises | 15.570 | 14.595 | 18.957,0 | 20.294,0 |
| Average number of employees (per 1000 persons) | 120,5 | 128,0 | 162,9 | 173,2 |
| Turnover of enterprises (mil. lei) | 40.474 | 40.113 | 47.766 | 52.118 |
| Turnover share of ICT enterprises per total turnover of enterprises with economic activity (%) | 4,6 | 4,1 | 4,2 | 4,3 |
| Turnover from software publishing and information technology services activities (mil. lei) | 9.408,1 | 9.958,5 | 18.482,7 | 20.528,6 |
| Turnover share of software publishing and IT service activities per total turnover (%) | 1,1 | 1,0 | 1,6 | 1,7 |
| Turnover share in software publishing and IT service activities in IT per total turnover of ICT enterprises (%) | 23,2 | 24,8 | 38,7 | 39,4 |
| Turnover share of telecommunications enterprises per total turnover | | | | |

| Indicators | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| of ICT enterprises (%) | 47,3 | 47,2 | 42,0 | 41,2 |
| Gross value added (mil. lei) | 14.107 | 14.320 | 20.337 | 22.598 |
| Personnel expenses (mil. lei) | 5.865 | 6.671 | 11.098 | 13.205 |
| Gross operating surplus (mil. lei) | 8.243 | 5.236 | 9.239 | 9.393 |
| Realized investments (mil. lei) | 2.600 | 3.016 | 3.140 | 3.813 |
| Gross value added/turnover (%) | 35 | 36 | 43 | 43 |
| Personnel expenses/turnover (%) | 14 | 17 | 23 | 25 |
| Gross operating surplus/turnover (%) | 20 | 13 | 19 | 18 |
| Realized investments/turnover (%) | 6 | 8 | 7 | 7 |

Source: INS, Information Society, 2013, 2018

In Romania, the ICT sector comprises about 20,000 businesses, with approximately 170 employees and a turnover of 52 billion lei, but which represent only 4% of the total turnover of Romanian enterprises, a percentage slowly decreasing.

In fact, the enterprises producing software and IT services make a turnover of about 20 billion lei, representing less than 2% of the turnover of Romanian enterprises, the percentage increasing by about 50% between 2010 and 2016, or representing approximately 40% turnover of ICT firms. It is worth mentioning that most of the turnover in the ICT sector comes from telecommunication companies, but these firms register a decrease in their share of ICT companies' turnover, from 47% to 41%.

ICT businesses are quite efficient, their added value increases from about one third to about 50%, their employees are well paid, a quarter of the turnover is used for salaries (the share of wages in turnover, between 2010 and 2016, almost doubles). Gross operating surplus represents almost one-fifth of turnover, and investment accounts for around 7% of turnover more than 33% of value added.

Table 9. Information Society in the Educational System in Romania

| Indicators | 2010 | | 2011 | | 2015 | | 2016 | |
|---|---|---|---|---|---|---|---|---|
| | Total | of which HE | Total | of which HE | Total | of which HE | Total | of which HE |
| Number of computers per 100 students | 10,1 | 15,6 | 10,7 | 18,9 | 10,5 | 19,2 | 11,9 | 20,1 |
| Number of Internet connections per 100 students | 7,3 | 14,4 | 8,1 | 17,7 | 11,1 | 18,3 | 10,5 | 19,1 |
| Share of education institutions with Internet connections per total number of educational institutions (%) | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

HE=higher education

Source: INS, Information Society, 2013, 2018

Table 10. Information Society in România households

| Indicators | 2010 | 2011 | 2015 | 2016 |
|---|---|---|---|---|
| Average number of households with landline per 100 households | 35,2 | 33,1 | 24,8 | 23,3 |
| The average number of households with PCs per 100 households | 37,2 | 40,0 | 47,2 | 49,9 |
| Share of communications expenditure per total household consumption expenditure (%) | 5,0 | 4,7 | 5 | 5,2 |

Source: INS, Information Society, 2013, 2018

Educational units own approximately 12 computers per 100 students, and almost double the value in higher education, growing by about 33% between 2010 and 2016. Most computers are connected to the Internet, and all school units have an Internet connection, although the numbers may not be reliable.

Households with landlines drop from just over 33% to less than a quarter between 2010 and 2016, but in contrast PC ownership increases to 50%. The share of communications expenditure remains relatively constant at about 5%, but telecommunication costs have declined sharply in recent years.

Table 11. The share of enterprises that used the Internet to interact with public authorities and the purpose of interaction (%)

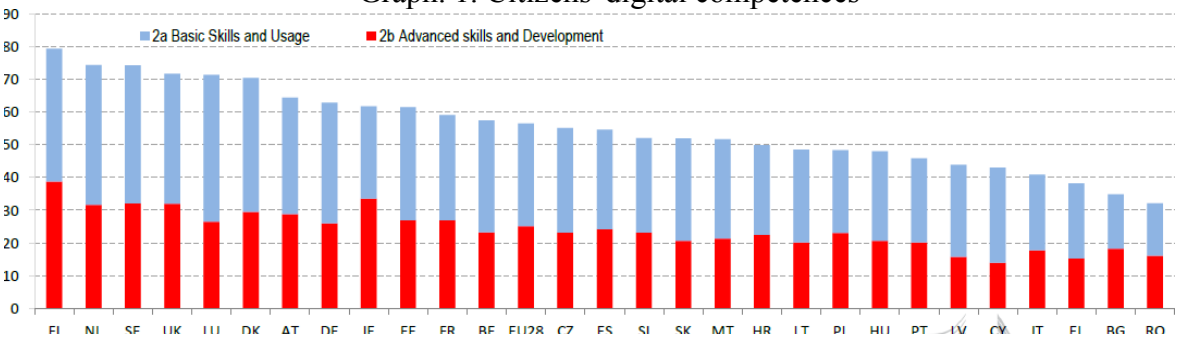
| Indicators | 2010 | 2016 |
|---|---|---|
| Interacting with authorities | - | 73,5 |
| Information gathering | 47,2 | 69,3 |
| Obtaining forms | 46,2 | 67,8 |
| Returning forms | 38,8 | 64,7 |
| Performing administrative procedures | 29,9 | 63,5 |

Source: INS, Information Society, 2013, 2018

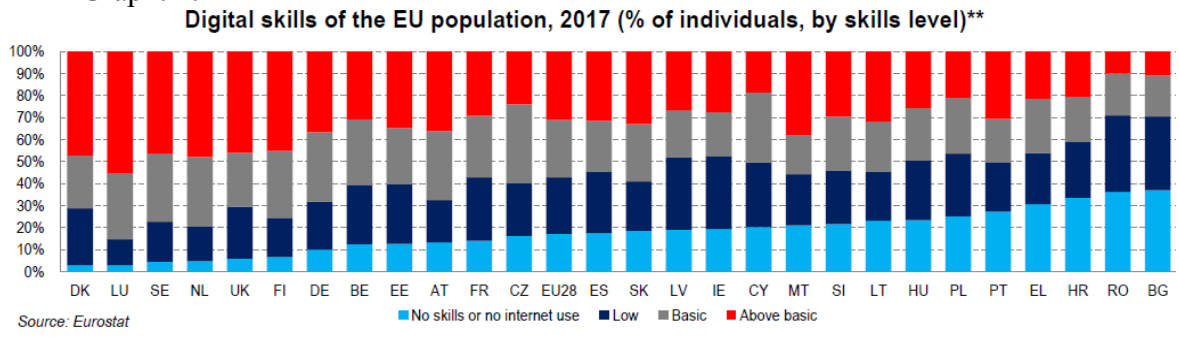
Romanian statistics are very optimistic when talking about the interaction of businesses with public authorities through the Internet, moreover as interaction goals almost double their values. Specifically, 75% of businesses interact with public authorities, gather information (70%), obtain forms (67%), return completed forms (64%) and perform administrative procedures (64%) via the Internet.

More details about the extent of the digital society in Romania can be found in the European Commission Report on The Digital Economy and Society Index 2018 [7].

Graph. 1. Citizens' digital competences

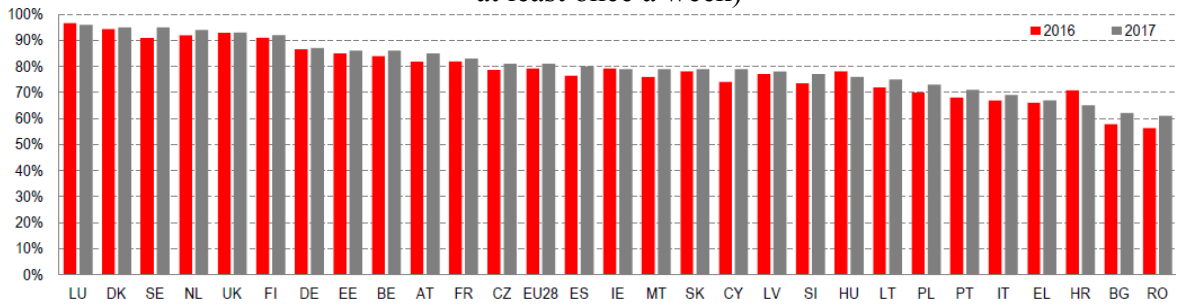



Graph. 2.

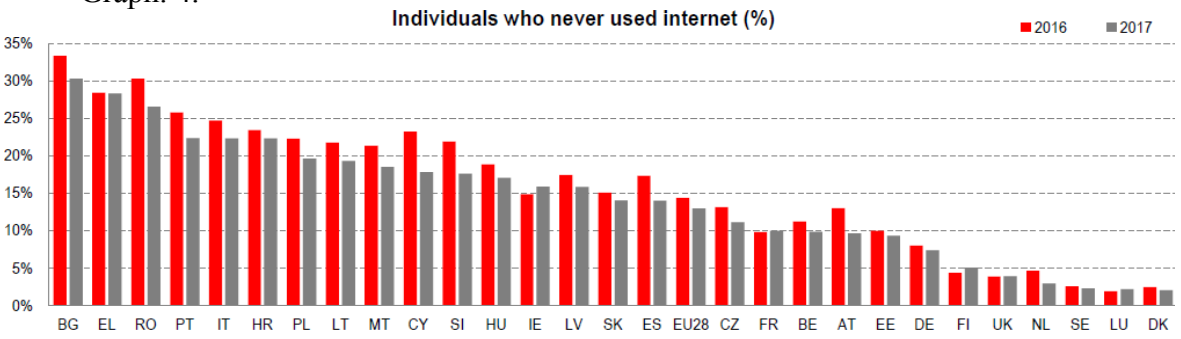



Romania ranks last in the European Union in regards to citizens' digital skills. Thus, (Graph 1), only 30% of Romanians have digital skills, half of which can only use computers, while the rest also possess development skills. Finland is at the forefront of digital skills, about 80%, half of whom also have development skills. More than 40% of Romanians have no digital skills, and 30% have only basic skills (Graph 2).

Graph. 3. Regular Internet use in the EU (% of individuals using the internet at least once a week)

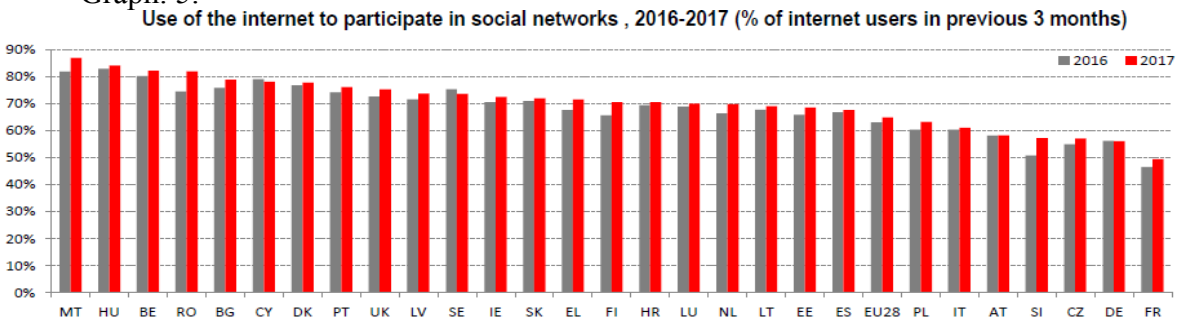



Graph. 4.

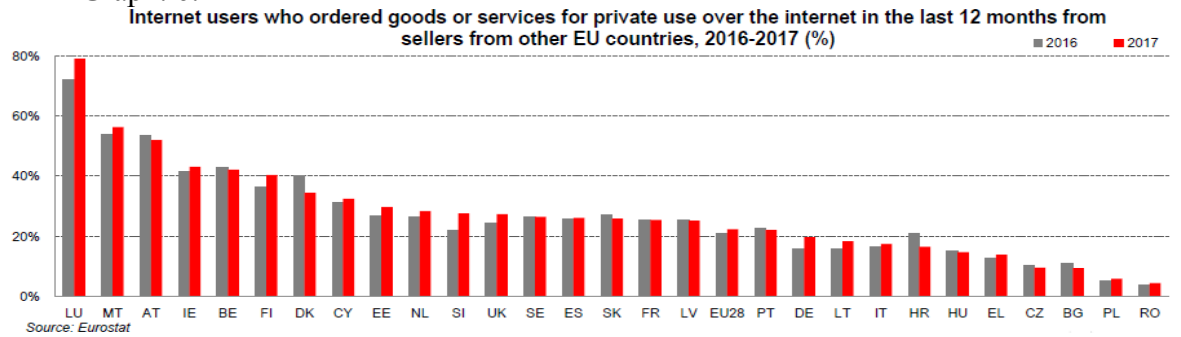



Romania is again among the last in regards to Internet usage (Graph 3), as only 60% of Romanians use, compared to 95% in Luxembourg, Denmark or Sweden. Romania, together with Bulgaria and Greece, are among the first in regards to number of people who have never used the Internet, between 25 and 30% of their population.

Graph. 5.



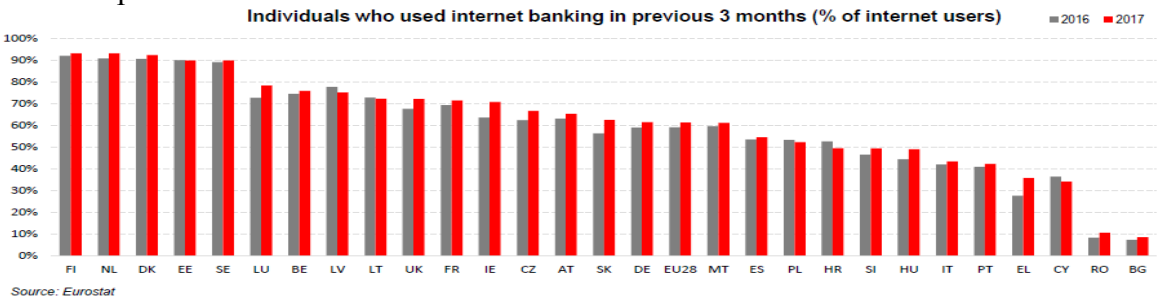

Graph. 6.




Of the 60% who use the Internet, 50% used it to participate in social networks (graph 5), while the number of those who used it to purchase goods and services is absolutely negligible (graph 6), Romania being last in this regard, compared to 80% in Luxembourg, and those who

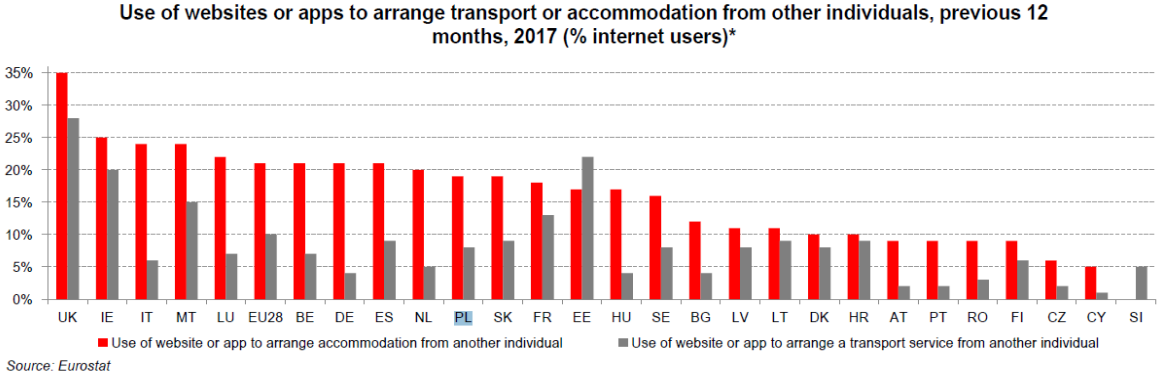
used it for banking (chart 7) account for about 5%, compared to 90% Finnish, Dutch, Danish, Estonian or Swedish people. But slightly more Romanians seem to contract accommodation (9%) and transport services (3%) via the Internet (Chart 8), far behind UK residents, where 35% of residents organize their holidays and 28% ensure their transport online.

Graph. 7.




*Source: Eurostat*

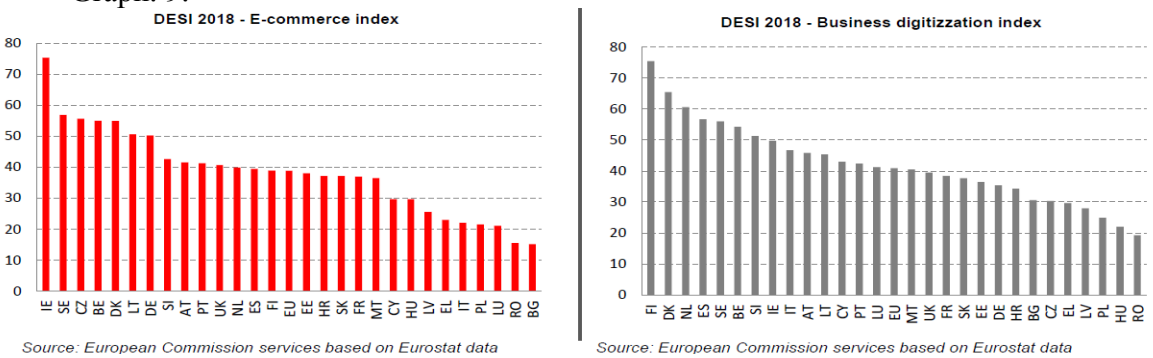
Graph. 8.




*Source: Eurostat*

The use of electronic services is not preferred even by companies in our country. Thus, Graph 9 shows that the E-Commerce Index ranks Romania, along with Bulgaria, 15%, last places in the EU-20, compared to Ireland's 75%. Romania ranks last on the Business Digitization Index as well, at about 20%, compared to 75% in Finland.

Graph. 9.




*Source: European Commission services based on Eurostat data*

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Adjacent to the DESI index, a Digital Intensity Index (ICI) is also calculated at EU level. It looks at enterprises and measures enterprise digitization through 12 indicators:

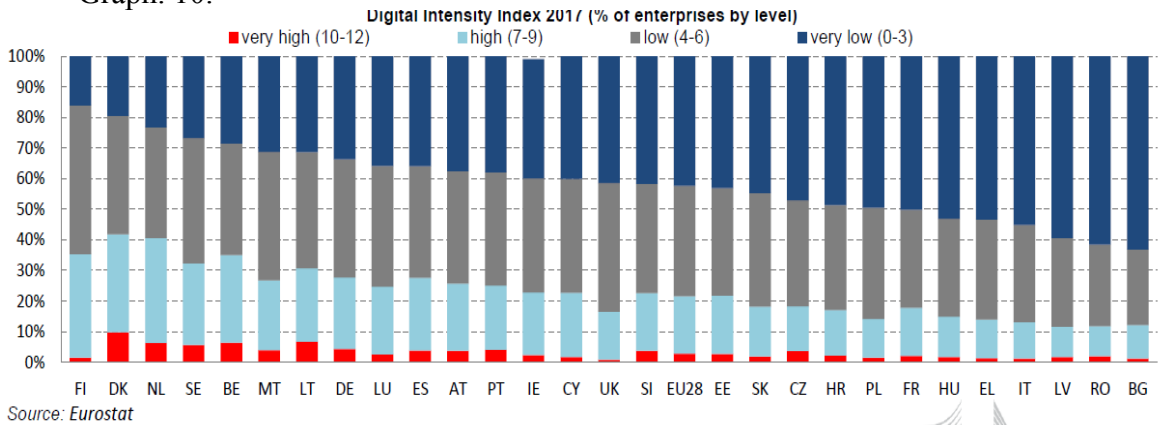
- Internet for at least 50% of employees;
- calls for ICT specialists;
- the existence of a fast broadband connection (30 Mbps or more);
- the existence of mobile Internet devices for at least 20% of employees;
- the existence of a web page;

• Web page with sophisticated features;
• use of social media programs;
• Internet advertising payments;
• Purchasing advanced cloud computing services;
• sending electronic invoices;
• the existence of eCommerce services (turnover over 1% of total turnover);
• the existence of business-to-consumer (B2C) business relationships (turnover to consumers over 10% of total web sales).

The index takes values between 0, the weakest performance, and 12, the maximum level.

In Romania, about 90% of enterprises get index values below 6 and only slightly more than 10% of enterprises receive grades higher than 6. At the opposite end are enterprises in Finland, Denmark, the Netherlands, where around 40% of enterprises earn scores of over 6.

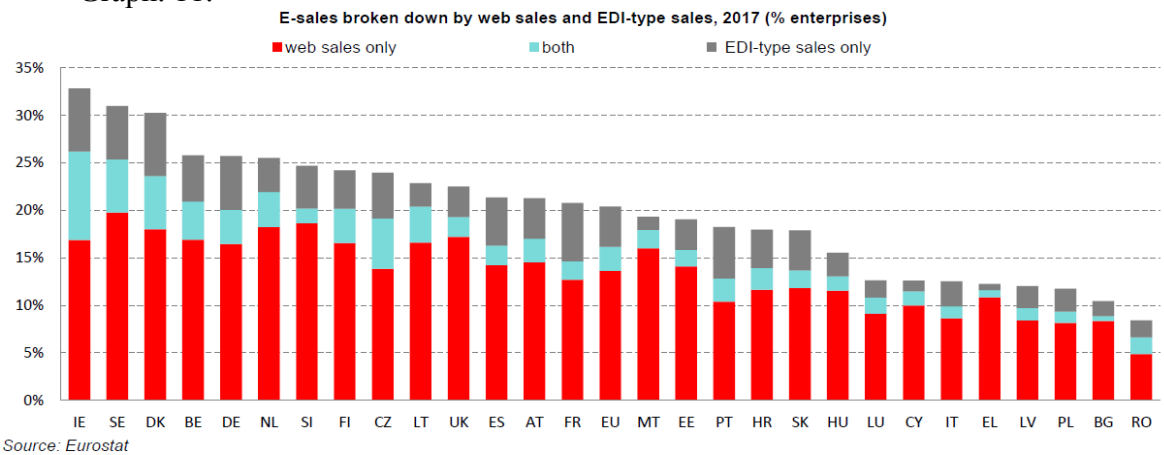
Graph. 10.




Source: *Eurostat*

Our country ranking last in terms of business digitization can be explained by the fact that less than 10% of enterprises use electronic sales (graph 11), our country being last among the EU-28 countries compared Ireland's 35%. Moreover, less than 5% is sales on the web, the rest being EDI (Electronic Data Interchange), the exchange of documents in a standard electronic format between business partners.

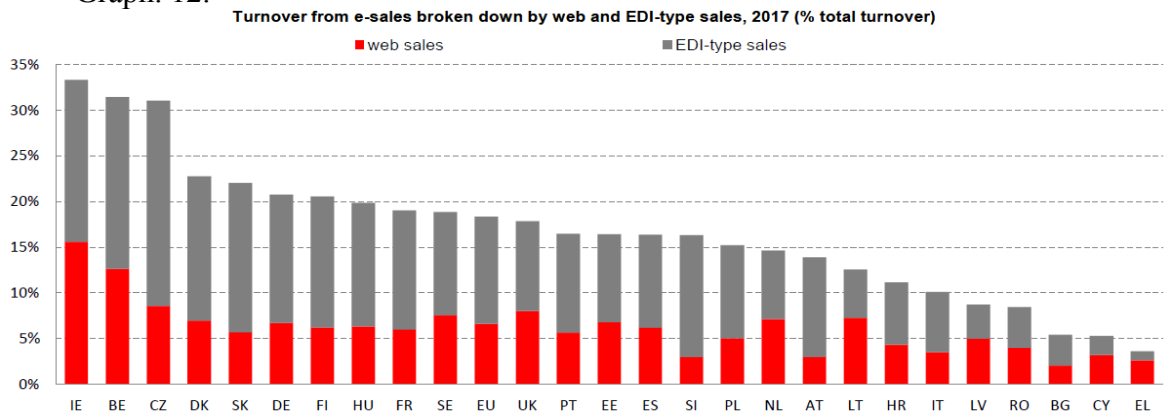
Graph. 11.




Source: *Eurostat*

Graph 12 reveals that electronic sales as a percentage of total turnover represent 8-9%, of which online sales only 4%, the rest comprising only the electronic exchange of sales documents. In fact, across the EU, turnover from online trading is low, with only Ireland and Belgium exceeding 10%.

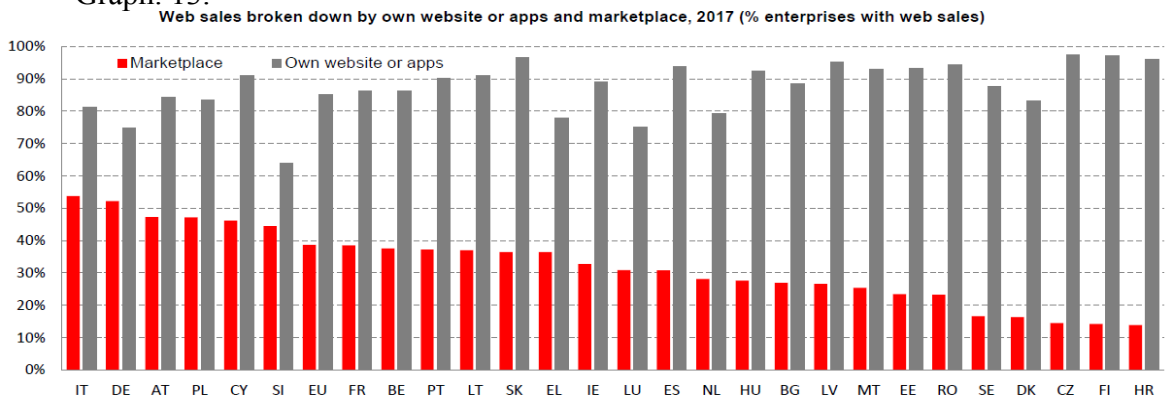
Graph. 12.




*Source: Eurostat*

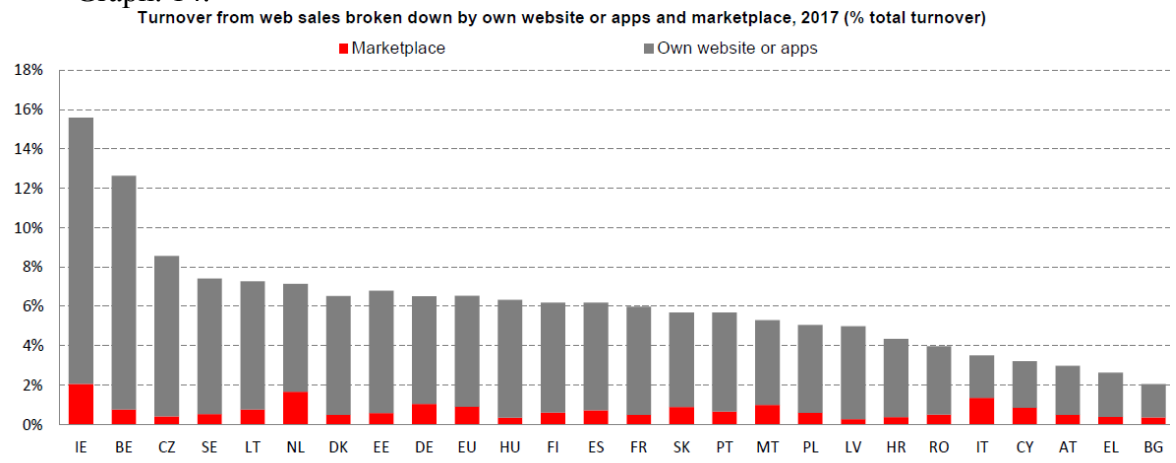
Most of the businesses that make online sales in Romania do so through "marketplaces", third-party e-commerce websites such as Amazon, e-Bay, internationally, or the well-known e-mag, in Romania (Graph 13), and just over 20% of businesses with online sales, do so through their own e-commerce sites,

Graph. 13.




*Source: Eurostat*

Graph. 14.

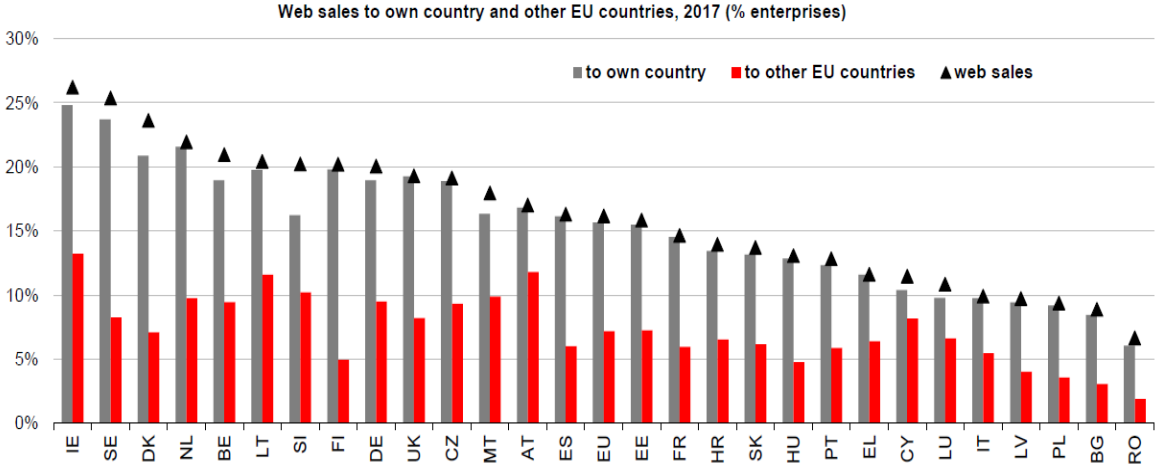



*Source: Eurostat*

But the above mentioned percentages come from intentions, as for all intents and purposes, the two electronic sales methods, which account for about 4% of Romanian sales, come from about 0.5% sales on their own sites and the difference in sales through websites marketplace (chart 14).

Also, only 2% of Romanian companies want to sell outside the country, the rest that are interested in online sales are targeting buyers in Romania (Graph 15).

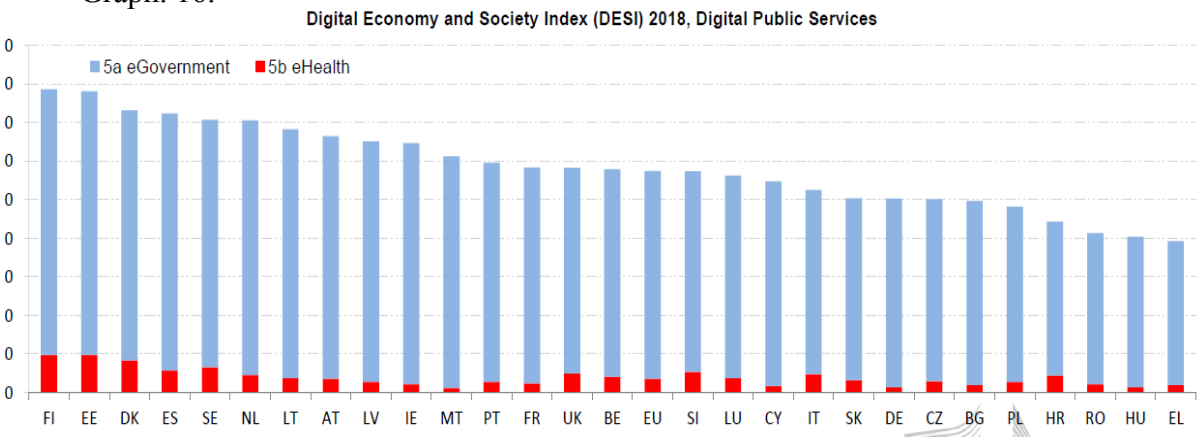
Graph. 15.



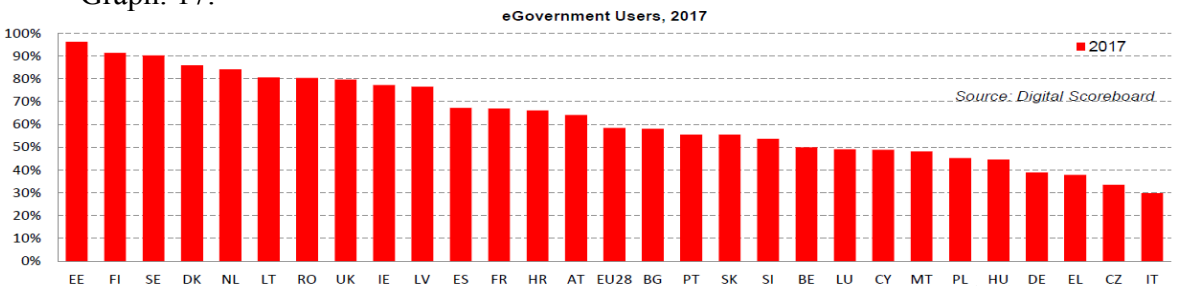

*Source: Eurostat*

About 40% is Romania's score in regards to the digitization of public services, but this stems mainly from the e-Government sub-chapter, and only a slight percent from e-Health (graph 16). Even though the score is high, however, Romania's performance is very low, compared with Finland, which is about 90%.

Graph. 16.

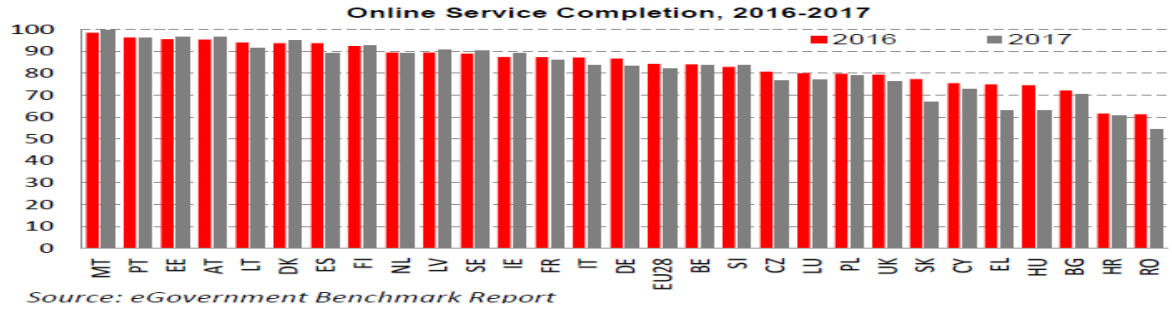



Graph. 17.



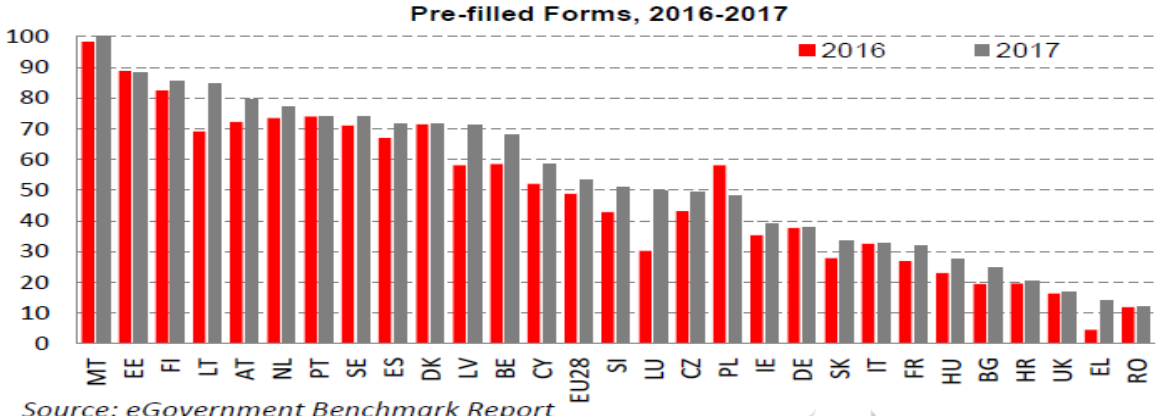

Romanian e-Government users make up about 80% (Chart 17), the only point in which Romania ranks among the top 10 EU-28 states (8th place).

Graph. 18.



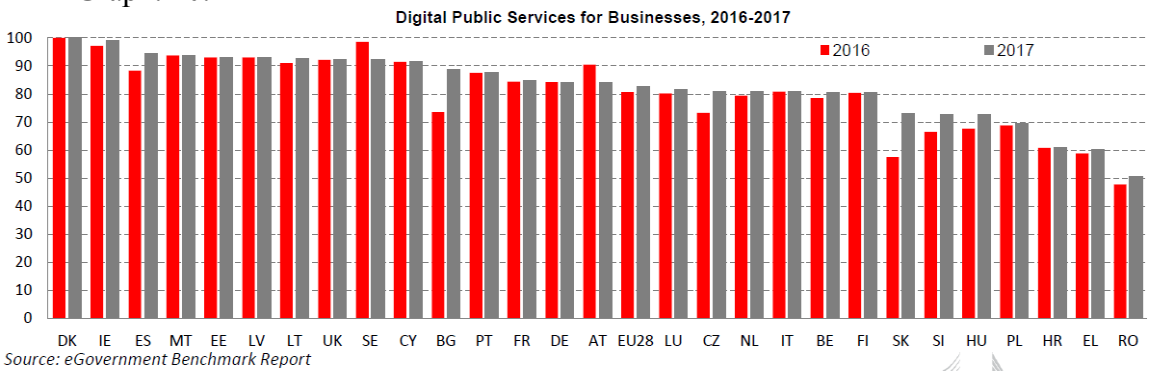

But when we break down the previous indicator into its components, we notice that Romania is last, with just over 50% of its public documents filled in online (value that is decreasing - graph 18), while in many EU-28 states, where about 100% are.

Graph. 19.




Romania achieves the same place and a value of about 10% when it comes to the electronic completion of predefined documents (graph 19), and 50% of businesses use digital public services (graph 20).

Graph. 20.




**Conclusion**

If we were to overview the information society in Romania, it is noteworthy that:

- the number of Internet users increases by around 40% between 2010 and 2016, but the number of broadband Internet subscribers accounts for only 34% of all users;
- Although more than 85% of enterprises use computers in their business activities, about 15% still do not;
- staff in enterprises that use computers represent one-third of the total, and the same staff also use the Internet at work;

- enterprises' investments in hardware are negligible and are diminishing, a sign of either insufficient financial resources or persisting unawareness of their importance;
- In Romania, the ICT sector comprises about 20 thousand enterprises, with approximately 170 employees and a turnover of 52 billion lei, only 4% of the total turnover of Romanian enterprises, a percentage slowly decreasing. In fact, enterprises producing software and providing IT services make a turnover of about 20 billion lei, representing less than 2% of the turnover of Romanian enterprises;
- ICT businesses are quite efficient, their added value increasing from roughly one third to about 50%, their employees being well paid, a quarter of the turnover being used for salaries (the share of wages in turnover, between 2010 and 2016, almost doubles). Gross operating surplus represents almost one-fifth of turnover, and investment accounts for around 7% of turnover, more than 33% of value added;
- Education units own about 12 computers per 100 students, and almost double the value in higher education, increasing by about 33% between 2010 and 2016;
- 50% of households own PCs, but the share of communications expenditures remains relatively constant at about 5%;
- Romanian statistics are very optimistic when talking about the online interaction between enterprises and public authorities. Specifically, 75% of businesses interact with public authorities via the Internet;
- But Romania is almost always last when compared with other EU-28 member states.

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# PERFORMANCE AUDIT AND ITS ROLE IN MAKING PUBLIC INSTITUTIONS MORE EFFECTIVE

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**Abstract**

*The attributions of the Court of Auditors regarding a performance audit are provided in Article 21 Paragraph (2) and Article 28 of Law no. 94/1992, reissued. According to these provisions, the Court of Auditors:*

*• deals with the performance audit of using the financial resources of the state and of the public sector;*

*• performs an independent assessment of the economic efficiency and effectiveness of a public entity, programme, project, process or activity in using public resources allocated to achieve the objectives set.*

*The paper aims to identify the peculiarities of audit missions and their effects on public institutions.*

**Jel Classification**: H80, H83

The creation and efficient use of public funds is a prerequisite for the success of Romania's ongoing economic and financial reforms and sustainable development. Budget funds allocated to public entities are not so comfortable as to allow them to spend such funds without any restrictions. This should be a call for prudent and thoughtful deeds, for the need to make great efforts to find the most appropriate ways to use the available resources. An essential contribution in the protection of financial resources, in promoting the responsibilities of entities involved in the creation and use of public funds, in promoting the order and the discipline needed for the management of public money, in the enhancement and development of the government's public and private patrimony rests with a public audit.

The main purpose of an audit carried out in public entities is the creation and use of their funds. A public audit is an independent review, a professional responsible opinion, a critical review of support and improvement, a credibility asset brought to the information on the use of public funds.

Internationally, the institutionalized framework regarding the external control and audit of public finance is provided by the International Organization of Supreme Audit Institutions (INTOSAI). It is for more than 50 years that INTOSAI has provided an institutionalized framework for promoting the exchange of knowledge and expertise, improving public external audit worldwide and has thereby contributed in strengthening the image, skills and prestige of various SAI's at national level and beyond.

According to the INTOSAI Audit Standards, a performance audit aims at independently assessing or examining the extent to which a programme, project, process, activity or public entity works economically, efficiently and effectively.

The Romanian Court of Auditors is the supreme external financial control institution on how to create, manage and use the financial resources of the government and of the public sector. The Court of Auditors also exerts jurisdictional duties.

The following types of activities are organized here:

1. Financial audit. The overall objective of a financial audit performed by the Court of Auditors in public institutions is to get reasonable assurance on: how to manage the public and private property of the government and of administrative and territorial units as well as the execution of revenue and expenditure budgets by an audited entity if they are consistent with the purpose, objectives and attributions provided in the normative acts by which the audited entity was set up and comply with the principles of lawfulness, regularity, economy, efficiency and effectiveness; audited financial statements, if prepared by an entity in accordance with the financial reporting framework applicable in Romania, comply with the

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principles of lawfulness and regularity and provide a true fair view of one's financial status, financial performance and other information regarding an entity's business and providing an opinion in this respect.

2. Conformity audit (control) consists in checking whether the activities of public entities are in accordance with the laws, regulations and decisions of the authorities governing the performance of such entities.

It implies checking how an audited entity complies with the laws, other regulatory acts, rules, regulations, policy rules, codes laid down or terms agreed upon, etc.

3. Performance audit

The attributions of the Court of Auditors on carrying out a performance audit are provided in Article 21 Paragraph (2) and Article 28 of Law no.94/1992 reissued. According to such provisions, the Court of Auditors: carries out performance audits of using the financial resources of the government and of the public sector; performs an independent assessment of the economy, efficiency and effectiveness by which a public entity, programme, project, process or activity uses the public resources allocated to achieve the objectives set.

A performance audit is the audit of one's good financial management, aiming at assessing the savings made while managing the funds allocated in order to accomplish an audited programme/project/process, namely determining the extent to which management principles and practices ensure the minimization of the costs of allocated resources, without compromising the successful achievement of objectives; the efficiency of using human, material, financial resources, including the examination of information systems on performance indicators, of internal control systems and procedures followed by audited entities, namely maximizing the results of a programme/project/process/activities in relation to the resources used and determining the ratio between the results obtained and the cost of resources used to obtain them; the effectiveness of using public funds, that is deciding the achievement level of the declared objectives in a programme/project/process/activity, as well as comparing the actual impact with the desired impact.

Measuring performance through the "3E's" - economy, efficiency, effectiveness - is a must to entity management at all levels in order to have a clear picture of the performance of a programme/project/process/activity.

The concepts of a performance audit are defined as follows:

Economy – it consists in minimizing the costs of resources allocated in order to achieve the expected results of a programme/project/process/activity or of a public entity, while maintaining the appropriate quality of such results. The economy concept refers to an entity's ability to minimize the cost of an activity without affecting its quality.

An economy audit can provide answers to questions such as: Do the procedures chosen for an entity's acquisition of goods and services represent the most economical way of using public funds? Have human, financial or material resources been used economically? Has the management acted in accordance with the policies to achieve the performance goals and targets set?

Efficiency – it consists in maximizing theresults of a programme/project/process/activity or of a public entity in relation to the resources used to obtain them. The efficiency concept refers to an entity's ability to execute a programme/project/process or activity with maximum efficiency while using limited resources.

An efficiency audit can provide answers to questions such as: Have human, financial or other resources been used efficiently? Have an entity's programmes, projects, processes, activities been managed, organized, executed, monitored and assessed efficiently? Do entities' activities meet the objectives and requirements set? Are public services good quality, citizen-oriented and timely?

Effectiveness – it consists in the level of achieving the objectives set for each of the programmes/projects/processes or activities and the relationship between a projected effect and an actual result of a certain programme/project/process or activity. The effectiveness concept assesses the extent to which goals and objectives have been achieved, that is the extent to which a programme, project, process or activity meets its goals and objectives.

An effectiveness audit answers questions such as: Have the management policy objectives been achieved via the means used, namely have the results set been achieved? Have the means used and the results obtained been in line with the objectives of the management policy? Is the planned impact a direct result of the management policy and not due to other circumstances?

A performance audit can be executed both in the end and during the course of the projects, programmes, processes or activities. A performance audit is conducted in accordance with the auditing standards developed by the Court of Auditors, based on the INTOSAI auditing standards and best practices in the field and on the professional judgment of external public auditors, and is completed by developing an audit report.

The findings and recommendations made in an audit report are aimed at reducing costs, increasing the efficiency of using resources and achieving the objectives proposed in a programme/project/process/activity/entity being audited.

A performance audit allows the Court of Auditors to provide the Parliament, the government, audited entities, institutions concerned and taxpayers with reports on how to use public funds, including the Court of Auditors' recommendations to increase economy, efficiency and effectiveness while using them.

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