

Bettina Martus

Audit: Means of Sustainable Good Governance

A Review of Book by László Domokos

SUMMARY

The book entitled *Audit: Means of Sustainable Good Governance* by László Domokos was published in December 2019 by the Akadémiai Kiadó, and it is a practical description of the role supreme audit institutions play in achieving social welfare through the establishment of the well-managed state. The book introduces many important ideas and provides guidance in a comprehensive manner.

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The book describes how the key institution of democracy contributes to the welfare of society. The author has comprehensive experience in leadership, and in the past ten years he has been a part of this work, i.e. the contribution to the establishment and maintenance of the well-

managed state himself, so the book is an authentic and practical description of the role supreme audit institutions play, both domestically and internationally.

Several events make this book a topical one. The World Bank was exploring the idea of good governance in the 1990s already, and its significance was further increased by the International Organisation of Supreme Audit Institutions (INTOSAI). After the 2008, crisis it became obvious that major changes were required both in national economies and globally, which was bolstered by the Fundamental Law of Hungary, which entered into force in 2011. The United Nations developed its sustainable development goals, and a key goal is transparency in institutions. The list of events that contributed to the creation of this book could go on and on, but what I would like to highlight is an idea that ensures the book will stand the test of time: change is eternal, but it must be managed. Many events that took place in Hungary and in the world

triggered changes that have affected and will affect society, so it is important that these should be managed properly.

The author describes the characteristics of the concept that is conventionally referred to as the well-managed state in Hungary and how it is related to the concept of good governance. Going through key events, it shows what effects these acts had on the concept of good governance and how the State Audit Office of Hungary as a key instrument of democracy can support international goals. The book also sums up the essence of Domokos's previous studies, e.g. how the static model of good governance is converted into a dynamic one, where, besides integrity and risk management, another major element introduced is change management.

The question comes naturally: what changes must be managed that contribute to the improvement of social welfare? Such changes in connection with the SAO included the increase in the number of audits and analyses, and the establishment of other capacity building tools/activities. The State Audit Office of Hungary is named, and its competences are described in the Fundamental Law of Hungary. The State Audit Office of Hungary performs its duty to protect public funds and public property through its audits and analyses. Over the past ten years, the number of such activities has multiplied, which means that in the course of its work the SAO can reach an increasing number of institutions and organisations, and it can ensure the protection of public funds in an increasing number of areas. Naturally, today we have more and more tools that can help us in capacity building, such as digitalization – the author describes this in detail as well, with a focus

on the spread of information technology.

Like all institutions, supreme audit organisations must try to keep up-to-date and part of this involves creating an innovative and self-learning system. This means it is not enough to follow the changes triggered by digitalization, they must keep up with them. One idea doesn't guarantee success, obviously, and it can't be used in a live system first, so-called pilots are necessary. This is what the SAO does as well, so that errors in the system can be detected and corrected before we start converting every process into a non-productive or not very productive one.

As I mentioned in the introduction, the author of the book has accumulated knowledge in leadership and management and can rely on that in his work at the SAO as well. This is clear from chapter 10, where he discusses public sector management and the importance of leadership performance in public sector management. He discusses the importance of criteria like efficiency, economy and efficacy, and the roles of those who exercise proprietary rights and proprietary control (supervisory board) and of those responsible for operation (management). The role of the State Audit Office of Hungary in this is to point out, through its activities, where change might be necessary, what the typical errors are that need to be dealt with, and it also provides advice in these matters.

If organisations have clear and unambiguous organisational and operational rules with set goals and a strategy and if the management is responsible and observes basic ethical principles, we can say that organisations are on the right track to be able to contribute to the well-man-

aged state. Experience shows that audits by the SAO help organisations correct their mistakes and improve their transparency and accountability, which means these audits are a kind of guarantee that the goal of the well-managed state will be achieved and maintained. It should be noted that changes based on audit findings are only possible if they are managed, so the role of the leader is extremely important.

The book summarises the key Hungarian and international events that underline the legitimacy of supreme audit institutions, and it describes major events

from recent years in the SAO's life that also help establish and maintain good governance, including the potential in industry 4.0, change management and the importance of leadership. The book has a practical approach and it includes a glossary that helps the comprehension of readers who are less familiar with this topic: it lists the concepts and provides a definition for all of them, making the book comprehensible for everyone.

László Domokos: Audit: Means of Sustainable Good Governance. Akadémiai Kiadó, Budapest, 2019.