PROCESO SELECTIVO PARA EL INGRESO EN EL

CUERPO SUPERIOR DE AUDITORES

DEL TRIBUNAL DE CUENTAS

Resolución de 12 de diciembre de 2023, de la Presidencia del Tribunal de Cuentas (BOE núm. 302, de 19 de diciembre de 2023)

TERCER EJERCICIO

(24 de septiembre de 2024)

IDIOMA INGLÉS

(1 hora)

1. **Translate the following text, extracted from an article published in the EUROSAI magazine, into Spanish. (3 puntos)**

The importance of Supreme Audit Institutions for society

In a challenging fiscal, social and political environment, society increasingly demands governments to ensure the good use of public spending, including not only the traditional dimensions of legality, effectiveness and efficiency, but also the dimension of equity, so that public policies help reduce inequalities and combat the concentration of privileges in specific interest groups at the expense of the collectivity. In this setting, Supreme Audit Institutions (SAIs) have emerged as critical players within a process that begins with the elaboration of public policies, continues with the implementation of programs and actions, and culminates ensuring accountability: assessing the results and communicating them to society at large.

Supreme Audit Institutions are generally expected to demonstrate their value when the consequences of their actions are translated into societal benefits. However, even though some of the outcomes are measurable in financial terms, others are more difficult to predict. They can result, for example, from the expected consequences to the control itself, the prevention of waste, improvements in resource allocation, suggestions for improving laws, the reduction of environmental damage, and the improvement of public policies.

SAIs are known to operate under various mandates and models. However, the objectives and principles built to add value to society can be implemented in any SAI, since they are all considered as “pillars of integrity”. After all, SAIs are responsible for scrutinizing public spending, improving fiscal governance, safeguarding probity in the public financial sector and minimizing corruption.

SAIs must be perceived as trustworthy entities in order to fulfill their roles and add more value to citizens. They can only be trusted if they are recognized as competent, independent, and accountable. This requires each SAI to act decisively to strengthen the accountability, transparency and integrity of government entities and the public sector, as well as to demonstrate its continued relevance to citizens by serving as a model organization and leading by example.

To be a trusted voice, Supreme Audit Institutions must understand the evolution of society and its impact on public management, as well as conduct a meaningful dialogue with stakeholders to understand how their actions can contribute to the continuous improvement of government deliverables. By properly addressing citizens expectations, prioritizing audits and monitoring results, SAIs increase their relevance. As a result, each Supreme Audit Institution can assist its respective government in learning from the past, making sound decisions in the present, and thinking strategically for the long term. SAIs can, therefore, help citizens trust that policy decisions are made based on their actual needs.

For the effective improvement of Public Administration, auditing must be done in two dimensions: by an institutional authority, exercised by public agents defined by law; and by social control, exercised directly by society. The performance of these complementary

mechanisms can improve public accountability and contribute to social transformation and development of the country.

Citizen participation in monitoring public management depends on full transparency of the information produced by the state. In this scenario, many SAIs of the INTOSAI community have been working to improve citizen engagement in the control of public management.

It is well known that relations between SAIs and citizens have long been established by historical conditions, norms and regulatory frameworks, access to technology, and political conditions of each country, among other aspects. Making global voice a reality presents several challenges and opportunities for citizen participation. As the INTOSAI community improves its institutional structure, it becomes increasingly important for SAIs to share their best practices for citizen participation.

By systematizing, promoting and consolidating best practices and lessons learned in citizen engagement, we can strengthen our global voice. Thus, the INTOSAI becomes even more relevant in guiding SAIs to address challenges, and, by delivering results, SAIs also increase their relevance to society.

It is important that each SAI has its respective strategic plan encompassing the value chain, the objectives, and the key results that will guide its actions in improving public administration for the benefit of society.

With this in mind, it is time to promote further debate about the social impact we intend to generate. It is a good time for Supreme Audit Institutions to become more aware of the role they are playing, or could play, and be prepared to plan strategically, manage their resources effectively, and ensure that their work is timely and generates effective results.

2. **Read the following text, extracted from an academic article published in the journal *Accounting and Business Research*. You are requested to 1) summarise it in 100 words maximum for a non-specialized audience (for example, the readers of a newspaper), and 2) provide an accompanying title for your summary. Please use your own words and avoid borrowing literally from the text. (2 puntos)**

We study the accounting treatment of advance payments by Spanish railway companies in the first half of the twentieth century. In doing so, we identify and exploit a setting that gave rise to a unique principal-principal agency conflict rooted in a concessionary regime that took decades to sprout its negative spillovers. The Spanish rail network was operated under 99-year concessions. The sections of the lines had different termination dates, creating a complex puzzle of contracts. The first concession reversals, 99 years after the construction of the original sections, would trap both the State and the industry into a hard-to-resolve conflict. It bound them in an unlikely 'marriage,' that would leave each with rights over part of the overall network, and no easy way to exploit the lines without reaching further agreements with decades-long horizons (until the last reversals).

When the reversals of the first concessions loomed close, we predict and find evidence of aggressive earnings management and excessive dividend payments. The concessionary regime led to decreased investment and growing State intervention, as the stake of the State grew in inverse proportion with the decreasing stake of the industry, marked by the count down towards the termination of the concessions. However, State intervention further increased shareholders' concerns, accelerating value extraction and equity depletion.

Despite our general thesis and evidence, we acknowledge that the accounting for the advance payments was not straight forward. This ambiguity led to the first audit in Spain in 1923, proving the distrust caused by the heterogeneous accounting methods used. The inquiry committee's audit report denounced that the accounting was deficient and tried to demonstrate that railway companies did not need the aids. Railway companies argued back that the owner of the lines was the State and thus, the State had to aid the industry.

Overall, our evidence documents unexpected consequences of government contracting, where negative spillovers take decades to come to bear. This has implications even to the present day management of utilities and other government contracting, particularly in settings where politicians short-term horizons are not well-aligned with the horizon of such contracts, such as industries with rapidly developing technologies and where it is common to use long-term concessionary contracts, like in the telecommunication industry, where there is a potential for the maze-like contracting identified in this paper (as 3G antenna/cable and spectrum is superseded by 4G, and then by 5G in a rapid succession that spans less years than the useful life of the concessions). Our evidence suggests that such horizon mismatches in concessionary arrangements and government contracting may unintentionally leave limited room for either the private firms or the State to solve market inefficiencies and avoid negative contracting

spillovers. In our setting, we document that the State finally resorted to nationalization of the network, just two years shy of the end of the first concessions.