



REPUBLIC OF SLOVENIA  
**COURT OF AUDIT**



# ANNUAL REPORT **2016**

## **MISSION**

The Court of Audit informs the public about important audit findings concerning the operations of state bodies and other users of public funds in a timely and objective manner. It provides recommendations to state bodies and other users of public funds for the improvement of their operations.



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**Note:** For more detailed information please contact Dijana Možina Zupanc,  
Head of Cabinet of the President of the Court of Audit.







## KEY RESULTS

**66**

### Issued Audit Reports

(including two summary reports and one credibility audit report)

**24**

### Issued Post-Audit Reports

**424**

Measures Implemented During Audit and Post-Audit Procedures

**130**

Assessed Corrective Measures

**263**

Recommendations Provided to Users of Public Funds

**114**

Adequately Implemented Corrective Measures



**12**

Reports Discussed by the National Assembly and the National Council



**478**

Received Initiatives



**155**

Written Responses to the Questions of Users of Public Funds



**4.546**

Media Publications Related to the Court of Audit



# FOREWORD

In 2016, the Court of Audit pursued the set objectives of exercising control over regularity, efficiency, effectiveness and economy of operations of users of public funds. It issued 66 audit reports (including two summary reports and one credibility audit report) in which it audited 120 auditees. However, the number of audit reports issued is somewhat higher compared to the previous year, mainly due to increased number of regularity audit reports concerning the operations of municipalities that remain among priorities of the Court of Audit also in the future.

In addition to audit reports, there were also 24 post-audit reports issued. On the basis of the performed audits, there were 424 corrective measures implemented in 2016, of them 294 already during the implementation of the audit. In 2016, the Court of Audit received 37 response reports and published 24 post-audit reports where it assessed 130 corrective measures. 114 corrective measures were assessed as adequate, 14 as partially adequate and 2 as inadequate. In 2017 and the following years, the Court of Audit will focus on those fields of operations of users of public funds where the corrective measures imposed were not respectively will not be (fully) adequately implemented and where the auditees prepared the plan of measures required for improving their operations in the medium term.

At its committee, commission and plenary sessions, the National Assembly of the Republic of Slovenia and the National Council of the Republic of Slovenia considered 12 audit reports issued by the Court of Audit. However, the Court of Audit strives to additionally increase this number, since the practice shows that the auditees often have strong motivation in the period before the

Parliament discusses audit reports (or directly after) for carrying out activities for improving the regularity and/or efficiency, effectiveness and economy of their operations. Nevertheless, the Court of Audit is very satisfied by the media coverage received through as many as 4,546 publications on its work that were published by various media. In this regard, special attention was paid to the audit report on the operations of the bank Nova Ljubljanska banka, d. d. (Effectiveness of managing debt claims and contracts in the period from the year 2013 to 2 September 2016) that was published in November last year.

The public, however, is keeping a close eye on the work of the Court of Audit and, considering the number of initiatives received, it can be stated that it enjoys the reputation of an institution which successfully carries out its mission. In 2016, the Court of Audit received 478 initiatives for the implementation of audits, of those 13 by the National Assembly. It is evident from the content of the initiatives that different audiences are aware of the role of the Court of Audit and the submitters of initiatives are thus providing important information on business operations of various public funds users. Necessary to point out is also the fact that the number of initiatives by the National Assembly, especially by the Commission for Public Finance Control, has increased compared to the years 2012, 2013 and 2015 but is at the same time lower in comparison to the year 2014, in which the Court of Audit received 19 initiatives by the National Assembly and Members of Parliament.

A significant part of operations of the Court of Audit represents the performance of the advisory role. It thus prepared 155 responses to the

questions set by public funds users. The advisory role of the Court of Audit is often given less attention than it should be, mostly due to those audit reports which received greater response from different audiences. The number of written responses clearly indicates the need of the public sector to be given guidelines for its work, with which the Court of Audit undoubtedly affects the management of public funds. The representatives of the Court of Audit participated in 11 different trainings, seminars and meetings with their expert inputs. As in previous years, the Court of Audit also in 2016 actively participated in international activities, it thus strengthened cooperation with two international organisations of supreme audit institutions, namely INTOSAI and EUROSAI, as well as bilateral and multilateral relations with individual European supreme audit institutions and European Court of Auditors. The Court of Audit is putting particular emphasis on environmental activities and sustainable development and in the light of this, it will host the EUROSAI Working Group on Environmental Auditing (EUROSAI WGEA) in spring 2017.

At the end of 2016, the Court of Audit had 127 employees, which is the same number of employees as at the end of 2015. Since in the last few years the Court of Audit welcomed on board a large number of younger colleagues, expert trainings for obtaining the title state auditor and other educational seminars based mainly on the experience gained through the audits already carried out will be organised in 2017. Adopted budget of the Court of Audit for 2016 amounted to EUR 5,327,338, applicable budget amounted to EUR 5,236,639 and actual operating costs of the Court of Audit in 2016 amounted to EUR 5,207,899, which is EUR 149,925 more than in 2015 when they amounted to EUR 5,057,974.

A significant element influencing the work and operations of the Court of Audit is also the appointment of the Fiscal Council members in March 2017. The newly established national authority will commence work on the premises of the Court of Audit which shall, in accordance with Fiscal Rule Act, provide the Fiscal Council with administrative and technical support.

Among objectives of the Court of Audit set for the year 2017 there is also to rationally allocate the existing human resources to those fields of operations where, in line with its audit mandate, the Court of Audit can deliver the greatest positive outcomes pertaining to the field of public finance.

In the forefront will continue to remain the following fields of operations: healthcare, where the Court of Audit carries out several audits every year; banking sector, where the Court of Audit participates in formulating a proposal for amending the existing legislation to enable the efficient implementation of audit of operations of the Bank of Slovenia; control over the ambitions of local communities to channel public funds to capital investments; efficiency of drawing on the European funds; other fields of decisive impact on public finance standing. Furthermore, the Court of Audit will continue to carry out specific audits, such as IT audits and environmental audits, as well as focus on current events and their impacts, all in view of achieving its mission – watching over public money.

**Tomaž Vesel,**  
President of the Court of Audit

# POWERS

Article 150 of the Constitution of the Republic of Slovenia provides that the Court of Audit is the highest body for supervising state accounts, the state budget and all public spending. Under the Constitution, the Court of Audit is ensured the highest level of formal independence, in accordance with the provisions of the Lima and Mexico declarations of the International Organisation of Supreme Audit Institutions (INTOSAI) and in line with the Resolution A/66/209 of the General Assembly of the United Nations. In compliance with its constitutional mission, the Court of Audit provides the Slovenian society with relevant, expert, timely and complete information on the operations of the users of public funds and endeavours to improve the use of public funds by providing recommendations and imposing measures. The Court of Audit is independent, objective and efficient in the performance of its duties.

The powers and duties of the Court of Audit are provided for in the Court of Audit Act, namely to audit operations of users of public funds and to provide advice to them. The Court of Audit with its independence and expertise complies with its statutory obligations in a timely and quality manner and, by focusing on material fields in the public sector and more risky fields, it tries to promote regularity, efficiency, effectiveness and economy among users of public funds.



# OBJECTIVES

The mission of the Court of Audit is to inform the public and the National Assembly about important findings from the audits of operations of the users of public funds in a timely and objective manner and, based on its experience and knowledge of good practices, to provide advice to the users of public funds on how to improve their operations. By disclosing irregularities and inefficiencies, it points to the responsibility of state bodies and holders of public office and thus operates for the benefit of all the citizens of the Republic of Slovenia and the European Union.

Within the scope of its audit powers, the Court of Audit helps the users of public funds by identifying and disclosing errors, irregularities and inefficiencies in their operations as well as by making requests and providing recommendations for the elimination thereof.

Within the scope of its advisory powers, the Court of Audit helps the users of public funds by expressing opinions and providing answers to the questions on public finance, and the legislative and executive branches of government by proposing amendments to the relevant regulations.

At the end of 2013, the Court of Audit adopted the Strategy 2014-2020, which foresaw the following strategic objectives:

## **Objective 1:**

to contribute to the improvement of operations of the users of public funds and improve the quality of work of the Court of Audit;

## **Objective 2:**

to detect changes in a timely manner, identify the emerging risks and respond thereto in good time;

## **Objective 3:**

to provide advice to the users of public funds;

## **Objective 4:**

to improve outcomes by strengthening communication and cooperation with others; and

## **Objective 5:**

to provide a stimulating working environment.

These strategic objectives were considered in the annual programme of work for the exercise of auditing powers for 2016.









REPUBLIC OF SLOVENIA  
**COURT OF AUDIT**

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Watching over public money

**Računsko sodišče Republike Slovenije**  
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