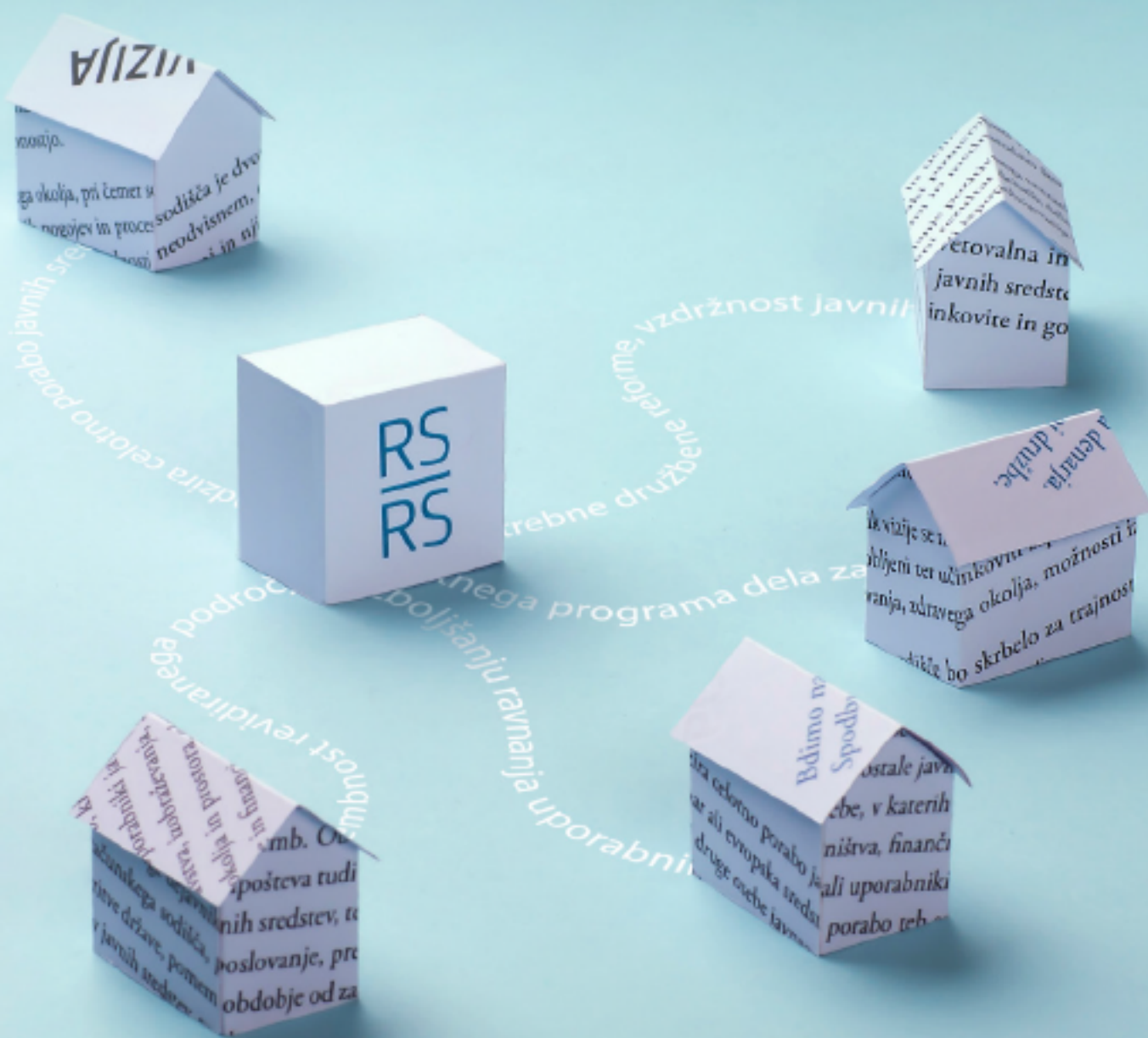




REPUBLIC OF SLOVENIA  
COURT OF AUDIT

# ANNUAL REPORT 2020



## **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.



REPUBLIC OF SLOVENIA  
**COURT OF AUDIT**

# **ANNUAL REPORT 2020**

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**NOTE:**

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# 1. INTRODUCTION

## 1.1 Opening address by the President

Compiling the Annual Report 2020, it is unavoidable not to label the 2020 as an extremely extraordinary year. The year, that was in each and every aspect strongly marked by the sudden COVID-19 pandemic which turned everything that was before taken for granted completely upside down. The global halt of all crucial systems and overnight broken and changed normal courses of events, habits and routines faced the systems with the new reality and forced them to cope with it – some more, some less successfully.

The operations of the Court of Audit, however, were uninterrupted, there were no serious obstacles to carrying out our mission and audit powers. This is partly due to the already well-established system of working from home which has been in practice even before the pandemic but in a narrower scope. Minimal disruptions to the course of our activities were also the result of the rapid response of the management of the Court of Audit, providing technical and other conditions necessary for smooth performance of work. In the first days after announcing the pandemic, 98% of our employees had the possibility of working from home. Nevertheless, without constructive cooperation of all employees and their adapting to new circumstances the operations of the Court of Audit could definitely not be implemented as efficiently as they were. Special thanks thus goes to all our employees.

In practice, new ways of working mostly affected our communication with the auditees, provision of documentation and explanations from their side. Despite that, the Court of Audit issued 64 audit reports in 2020, which is fully comparable with the previous years; in the past 2 years, there were namely 62 reports issued. Somewhat wider than in the previous years was also the scope of all audits since the reports addressed the operations of 139 auditees; total expenditure of all auditees in 2020 amounted to EUR 19.4 billion, which is 1 billion more than in 2019.

Pertaining to the aforementioned, it is necessary to point out that among the issued audit reports there is one of the most demanding audits of the Court of Audit that has not yet been conducted in such scope by any other supreme audit institution in the world. The audit Implementation of supervision functions of the Bank of Slovenia among others tried to provide an answer to the question, whether the decisions of the Bank of Slovenia made in the recovery process of banking systems in 2013 were in accordance with relevant bases; however, the Bank of Slovenia failed to provide evidence that would enable the Court of Audit to verify that the financial standing of banks was such that the measures taken for the recovery of banks were fully appropriate. In terms of public finance impact this is an extremely important subject, which is why it is difficult to accept the fact that the concerned audit findings received less attention in the public and among decision-makers than perhaps any other, in terms of its content more standard or routine audit. It is expected that audit findings deriving from audits with such a considerable financial impact should be subject to more open communication.

What causes great concern is also the communication accompanying other findings referring to the work of the Court of Audit. Constant explanations of the importance of maintaining the independence of the Court of Audit and other cornerstones of the legislation are completely unnecessary. Independent authority bodies are a synonym for a solid and strong state, which provides a foundation for a successful social development and must be in the interest of everyone. Indecent, unfair, unjustified, interest-driven and above all unsubstantiated attacks on the independence of those bodies may rock and undermine the foundations of democracy. These are extremely dangerous actions for which it will be necessary to take the responsibility. Through the years of its operation, the Court of Audit has successfully addressed complex public finance issues and thus built up its reputation of a righteous institution that does not bow to pressure of whatsoever. The Court of Audit is and will be the protector of objective, independent and efficient control over public money. In this regard, there has been no exceptions and will remain so also in the future. We have every reason to be proud of our committed auditors who are fully aware of the importance of their work and thus raise the level of public accountability every day. Maintaining an independent position of state auditors, safeguarding and developing their professionalism, deeply

rooted principle of equity and especially an appropriate legal framework for the institution's operation shall be of key importance for the future of the Court of Audit.

The latter, however, exposes us to another worrying situation. In 2020, the National Assembly concluded despite previous coordination and harmonisation that the proposal amending the Court of Audit Act is not appropriate for further procedure. This unexpectedly ended the legislative procedure that, considering a 20-year-old legislative framework, several years of experience gained through audits and changes in the field of finance and other laws and regulations, could bring about much-needed reforms, such as rapid and more effective response, improved access to required data and information, as well as broadening the scope of entities to be subject to audit of the Court of Audit. When the decision on the unsuitability of the proposal was made, the Court of Audit was assured that a new proposal would be formulated by autumn 2020, but is unfortunately still being under preparation. We sincerely hope that our endeavours for efficient control over public finance will nevertheless soon fall on fertile ground.

Notwithstanding the aforementioned, we last year issued the new Strategy of the Court of Audit 2021-2024 which considers the necessary changes in the future vision of the Court of Audit and its strategic priorities and thus sets the following as the principal objective: to contribute to the improvement of operations of the users of public funds and sustainability of society as a whole. The Court of Audit will continue to strive for greater impacts when it comes to implementing measures and following the recommendations laid down in our audit reports.

In 2020, the Court of audit expressed 90 opinions in total, which is 8 more than in 2019. There were 31 descriptive opinions expressed within performance audits, and 58 opinions expressed on the regularity of operations and on financial statements, and in 1 case the Court of Audit rejected to express an opinion. Among all the opinions expressed, there were 21 unqualified opinions, 24 qualified opinions and 13 adverse opinions. This means that the most frequent type of opinion expressed in 2020 was a qualified opinion – 41% of the opinions expressed on the regularity of operations and on financial statements were namely qualified opinions. In 2020, the submission of a response report was demanded in 16 cases, which represents one quarter of all issued audit reports. Pertaining to the audits for which audit reports were issued in 2020, the users of public funds implemented 342 out of 401 expressed corrective measures already during the audit procedure in order to remedy the established irregularities/inefficiencies respectively to improve their operations in the future. These figures indicate that the majority of measures is taken already during the audit implementation, which particularly pleases us since this shows significant response of auditees and that our demands are taken very seriously.

In addition to audit reports, there were also 17 post-audit reports issued in 2020. In the published post-audit reports, the Court of Audit assessed 59 corrective measures, of which 46 corrective measures were implemented adequately (78%), 12 partially adequately (20%) and 1 corrective measure was assessed as inadequate (2%). Due to partially or inadequately implemented corrective measures, the Court of Audit issued 5 decisions on violation of the requirement for operational efficiency and 2 calls for remedial actions in 4 post-audits reports. On the basis of the audit disclosures in the audit procedure, the Court of Audit in 2020 filed 1 announcement of a suspicion of a criminal offence committed and in 1 case it already during the audit procedure informed the General Police Directorate respectively the Criminal Police Directorate about the detected facts and circumstances. In regard to 1 audit procedure, the Court of Audit informed the National Review Commission for Reviewing Public Procurement Award Procedures as a misdemeanour authority about detected suspicion of an offence committed as in accordance with the Public Procurement Act and thus made a proposal to initiate minor offence proceedings; furthermore, the Court of Audit in 1 case notified the Labour Inspectorate of the Republic of Slovenia about the identified irregularities related to the labour legislation.

Aside from carrying out audits and adopting measures on the basis of issued audit reports, the Court of Audit contributes with other activities to the improvement of operations of public funds users. One of such important activities is proposing amendments to the legislation respectively proposing systemic solutions in individual fields of public sector operations where we warn about certain risks due to unclear or non-harmonised provisions of particular regulations.

In 2020, we thus pointed out the risk of providing actual (not only formal and theoretical) possibility of efficient and genuine implementation of legal provisions of the Legal Protection in Public Procurement Procedures Act. Additionally, we expressed the need for providing more adequate and precise definition of public funds users, since the existing one prevents the Court of Audit to carry out audits of companies where the majority shareholding is not ensured. It has often been established that majority ownership is formally not ensured but in practice the State, self-governing local communities or other bodies governed by public law exercise, directly or indirectly, individually or through several entities, a dominant influence on the management and operations of a company by appointing the majority of the members of the management and supervisory bodies or by making other crucial decisions about ownership.

Within the audit of the proposal of the annual financial statement of the state budget, we have been proposing for many years to examine the existing arrangements of the Public Finance Act, namely the provisions regulating the field of leasing state assets, since we assessed that

budget revenue could be annually EUR 6 million higher when consistently complying with the relevant provisions. We also pointed out that it is necessary to adopt detailed criteria for determining the payment of water rights acquired with water permits in line with the Water Act, since the concerned fee was not paid into the state budget in 2019 either. The Court of Audit assessed that this is the reason for the budget revenue being realised in the amount too low, in 2019 in the estimated amount of at least EUR 6,465,004. In relation to the annual financial statement of the state budget, we have been for several years drawing attention to exceptions from the accounting and financial reporting framework as set out by the Public Finance Act and Accounting Act. In addition thereto, we submitted proposal for amending and supplementing the Organisation and Financing of Education Act in order to clearly define the period in which primary schools must ensure the implementation of prescribed number of hours of extra curriculum activities.

In the field of local self-government we again made several recommendations to amend legislation that regulates budget preparation, annual financial statement and the content of the budgetary documents. Regularity audits of the municipalities carried out by the Court of Audit showed some irregularities and weaknesses that are according to the Court's opinion results of systemic inconsistencies in public finance rules. Therefore, the audit of the regional development disclosed weaknesses pertaining to the regulations of the Promotion of Balanced Regional Development Act.

The Court of Audit pointed out in the audit of the aggregate balance sheet of the State Budget the issue of evaluating the immovable cultural assets. As in all previous years, also last year we noted the shortcomings in the control over the receivables relating to assets managed by others that was also the reason auditors rejected to express an audit opinion on the aggregate balance sheet.

Findings from the auditing of companies with the majority ownership held by the State and local-self governments in 2020 similar as in the past years confirm that there is a need to discuss whether certain specifics of business operations of those companies should be additionally arranged in the existing legislation or even in a specific act and whether the Companies Act is an appropriate legal framework to regulate those companies and whether its upgrading is sufficient and suitable for the public companies within the existing specific legislation.

In addition, we presented the concern related to regulating the management of equity investments in the companies with the majority ownership held by the State and local-self governments, namely in the field of candidacy limitations for members of the management bodies of those companies. The same should apply also to the management bodies and bodies controlling the companies where local-self governments have capital



investments, since there are no limitations at the moment. Furthermore, we found out that the Republic of Slovenia adopted the state-owned assets management strategy, while there is no such systemic arrangement at the local level. Managing capital investments owned by the State that are directly managed by the Government is not appropriately arranged in a systemic way and does not provide for uniform method and procedures, furthermore it does not enable a transparent system of their management. Therefore, we proposed the adoption of legal provisions that could arrange the aforementioned fields in a uniform way for all capital investments regardless the manager, with the stress on the consistent and independent management of the assets and on the division of the State's function of the owner of the capital investments and other State's functions. We also pointed out that there exists only general obligation to audit annual financial statements defined by the Companies Act, whereas all companies carrying out public utility services should be obliged to audit the annual financial statements. We also established that it would be necessary to define the manner of decision-making undertaken by the members of the council of founders in the Local Self-Government Act.

Moreover, last year the Court of Audit found out several difficulties in implementing the provisions of Health Services Act due to ambiguities, inappropriateness and dilemmas related to collective rehabilitation, healthcare camps for children and pupils and procedures for the exercising of such rights. Despite the call to act in 2018 there were no appropriate changes of the regulations, thus the Court of Audit in 2020 filed a demand to start the procedure for the assessment of legal compatibility of some provisions at the Constitutional Court.

The Court of Audit proposed the new National Strategy for the Development of Reading Literacy for the period 2019-2030 that was already adopted by the Government. We also demanded setting up appropriate legal and professional frames to work with the talented children and pupils and thus proposed to correct the current arrangements of public calls for co-financing of school competitions and also to prepare a proposal for the arrangement of school competitions. In accordance with the assessment of the Court of Audit, it is necessary to arrange cultural heritage protection in the field of sports. We believe that further consideration is needed in the field of environment, namely regarding the Decree on the protection of waters against pollution caused by nitrates from agricultural sources.

The Constitutional Court agreed with our position pertaining to some provisions of the Public Finance Act relating to the National Council, Constitutional Court, Ombudsman and Court of Audit that we publicly exposed several times in the past. Namely, it found out that all the above-mentioned bodies are constitutionally defined, i.e. the Constitution provides them independence and autonomous position. We expect the

disclosed discrepancies to be remedied in one year and thus financial independence shall be provided to the state bodies having a special constitutional position.

The importance of the work of the Court of Audit is justified by the received 300 initiatives for the implementation of audits last year, where we noticed constant downwards trend since 2013, nevertheless it is a telling figure of addressing the initiatives to the supreme audit institution. For several consecutive years, individuals and groups of individuals have been standing out according to the number of initiatives, i.e. in 2020 they filed 100 initiatives. Additionally, we also received 96 anonymous initiatives to implement an audit, different legal entities (companies, institutions, public companies, institutes, societies and associations) made 57 initiatives in total. The number of initiatives ranked the ministries and their subordinated bodies in the 4th position with 39 initiatives, which is less than in 2019 (55). Those initiatives include also 14 initiatives of the Commission for the Prevention of Corruption, 5 initiatives of the National Review Commission for Reviewing Public Procurement Award Procedure and 2 initiatives of the Police, which is comparable to last year. Bodies of the local governments delivered 7 initiatives in 2020, the National Assembly made 1 initiative in 2020, which is 13 initiatives less than in 2019. The Commission for Public Finance Control made one initiative which referred to the performance, transparency, economy and efficiency of the use of public funds and medical equipment during the COVID-19 pandemic. The received initiative was included in the Programme of work for the exercise of auditing powers for the year 2020.

Last year, the National Assembly discussed only 4 audit reports (out of 64 published reports submitted to the National Assembly) and the annual report of the Court of Audit for 2019, which is considerably less than last year when the National Assembly held 15 discussions thereof. All 5 discussions were organised by the Commission for Public Finance Control. This gives a cause for concern, since we established that the auditees often see the period when preparations for the Parliament session take place (or directly after it) as a motivation for carrying out activities for improving regularity and/or performance of their operations.

The advisory role of the Court of Audit, which requires a lot of commitment, is often overshadowed by audit reports that receive more attention by different public, nonetheless 119 written responses we issued last year, thus providing advice to the users of public funds, show they express a clear need to be given guidelines for their work, with which the Court of Audit undoubtedly preventively affects the management of public funds.

At the same time we can additionally help to promote impacts of work of the Court of Audit, which is actually final target of our mission that is commonly accompanied by the public interest. Media response can



help to bring different topics closer to the wider public, can strengthen awareness of the importance of proposed changes and assist in developing cooperation of different stakeholders. Modern, fast, simplified and visual communication with the public that is used by the Court of Audit for several years helps us to be able to adjust to digitalisation and other needs of the society. Therefore, last year we recorded 4,531 publications (in 2019 there were 3,735). Audit reports apart from a summary of an audit report include also an infographic of our key findings, namely in 14 cases, and thus make our reports, which are complex and overflowed with data, more reader-friendly. They are being regularly published also on social media. Last year, we recorded and produced 6 videos by our own resources. We also prepared 78 written responses to the questions of journalists and several press releases as well as pre-scheduled meetings with journalists.

Work of the Court of Audit triggered the interest of the public which continues to grow also abroad, even though the circumstances in the international arena have drastically changed. The Court of Audit is one of trustworthy supreme audit institutions, which is publicly recognised in the international community and despite paralysed physical links that occurred last year we participated in 25 international events which represents the second most active international year in the history of the Court of Audit, just after the record year 2019, when there were 30 meetings. Due to the pandemic, 21 meetings were organised as video conference, 2 events took place abroad at the beginning of the year 2020, 2 visits were organised in Slovenia, i.e. from Poland and Luxembourg. At the events there were 16 different representatives from the Court of Audit, in 9 cases with their own presentations. In addition thereto, the Court of Audit provided 3 articles for the international publications.

The Court of Audit shall continue to play an active role in the international cooperation, since it brings positive impacts on direct transfer of best practice, possibilities of benchmarking, beneficial networking and spread of knowledge. Highly recognised role of the Court of Audit that would be appreciated also by much bigger institutions was definitely one of the key reasons for implementing two successful joint audit reports with two highly respected supreme audit institutions. With the head of the INTOSAI congress - Accounts Chamber of the Russian Federation we implemented the audit of cooperation between the Republic of Slovenia and the Russian Federation in the field of culture, science and education; with the Supreme Audit Institution of Austria, the INTOSAI General Secretariat we carried out the parallel audit on reading literacy in children in Austria and Slovenia.

In addition to gaining valuable international experiences, the employees of the Court of Audit obtain their knowledge and skills through other additional training, which was heavily disturbed by the pandemic last

year, namely the annual training programme was not meet, since many seminars were cancelled. Despite all the obstacles, the Court of Audit organised and carried out 2 internal seminars on our premises and a web presentation of how to use the portal that was attended by 74 employees. Before the outburst of the pandemic, 21 employees attended conferences and seminars that were organised by other educational institutions. The emergency situation encouraged the use of alternative forms of training and education whereby the most common types were webinars. In 2020, they were attended by 48 employees.

Also in future we shall promote possibilities of professional upgrading of the auditors, providing that they remain highly skilled and motivated. Related to the above, there still exists open dilemma about imbalanced payments in the public sector. The Court of Audit already in the past pointed out the issue of serious imbalance of the payments of functionaries considering their share of responsibility. It is difficult to accept the fact that for quite some time the value of work performance of public servants is exceeding the evaluation of work of head officials or the senior staff, who inevitably carry the responsibility to timely respond to key challenges. The time when things should be balanced is running out if we want to be successful in our attempts to recruit capable and efficient personnel who will be willing to resume the role of functionaries.

The impending need for skilled staff shall increase in the following years and will be all the greater, since we are facing the most difficult challenges in the field of public finance mostly due to unforeseen dimensions of the global pandemic. The echo of measures adopted on the basis of shutting down the public life shall unfortunately resonate for a long time. Along with the shared responsibility to face the consequences, a lot of constructive and unbiased cooperation will be needed. Also the Court of Audit recognised the burden of the high responsibility brought about by the current situation. We shall courageously carry on with the implementation of our audit responsibilities and informing the citizens on public spending. Thereby, it will be likely that we raise some unpleasant issues, nevertheless we shall ensure at all times that no findings of the Court of Audit are abused for political or any other interests.

With the highest responsibility we shall purely and solely continue to *Watch over public money.*



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

# KEY RESULTS



**64**

audit reports



**17**

post audit reports



**401**

measures implemented during the audit or in the post-audit procedure



**259**

recommendations given to the users of public funds



**300**

received initiatives for auditing



**139**

audited users of public funds



**6**

discussions by the National Assembly and the National Council



**119**

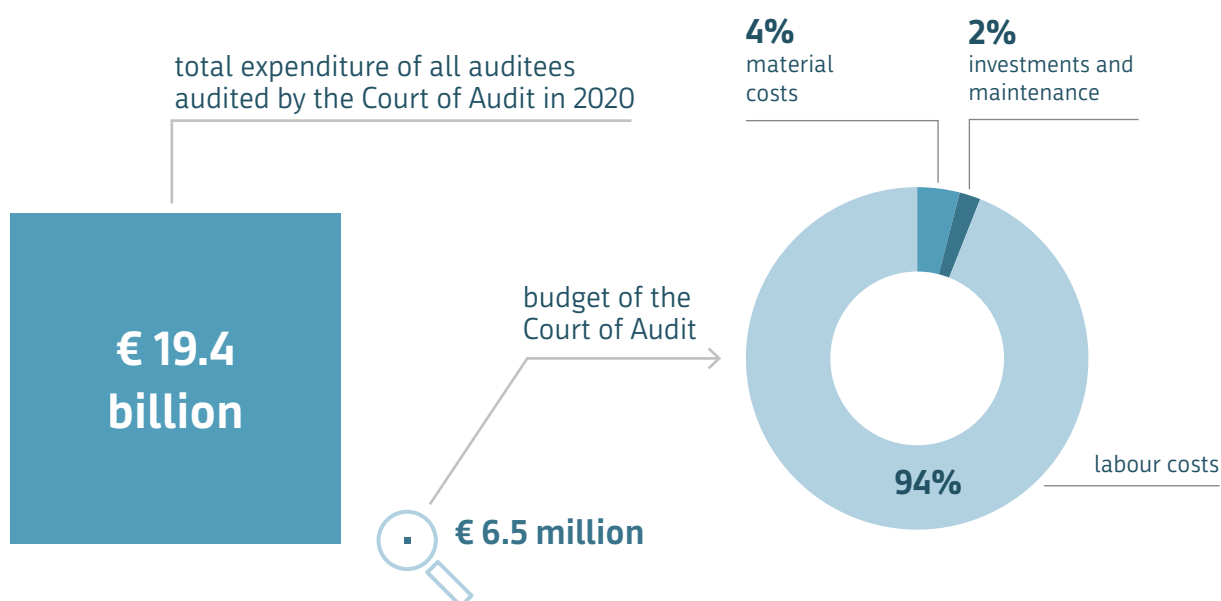
written responses to the questions posed by the users of public funds



**4,531**

media publications related to the Court of Audit

## TOTAL EXPENDITURE OF AUDITEES AND BUDGET OF THE COURT OF AUDIT



# AUDIT PLANNING

## RECEIVED INITIATIVES FOR AUDITING



**100**  
individuals  
and groups



**7**  
local  
communities



**39**  
ministries and their  
subordinate bodies



**1**  
National Assembly  
and deputies

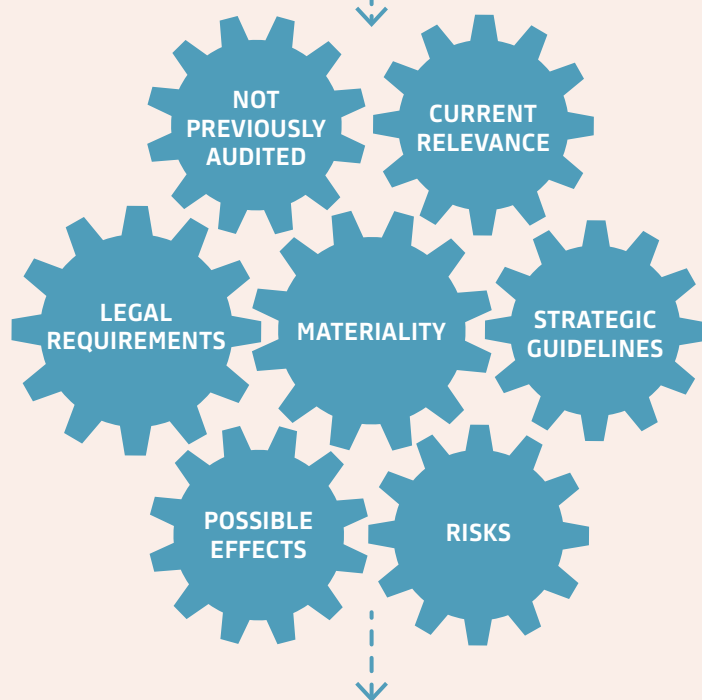


**96**  
anonymous



**57**  
other  
institutions

## SELECTION CRITERIA



## INTERIM ASSESSMENT

**12** AUDITS  
ADDED



**16** AUDITS  
EXCLUDED



PROGRAMME OF WORK FOR THE  
EXERCISE OF AUDITING POWERS

# AUDITS

## TOPICS COVERED BY THE AUDITS



STATE  
BUDGET



LOCAL SELF-  
GOVERNMENT



JURISDICTION



STATE  
ASSETS



EU FUNDS



HEALTHCARE



EDUCATION  
AND SPORT



CULTURE  
AND ART



PUBLIC UTILITY  
SERVICES



ENVIRONMENT



INFRASTRUCTURE  
AND PLANNING



SUSTAINABLE  
DEVELOPMENT



IT SYSTEM



POLITICAL  
SYSTEM



SOCIAL SECURITY  
SYSTEM



SCIENCE



DEFENCE



INTERNATIONAL  
AFFAIRS

64



AUDIT  
REPORTS

AUDIT OPINIONS  
EXPRESSED

CORRECTIVE  
MEASURES

PROPOSALS TO THE  
AMENDMENTS  
OF THE LEGISLATION

SAVINGS

RECOMMENDATIONS

### 46 on the regularity of operations



### 13 on the financial statements



### 31 on the performance of operations



16 demands  
to submit  
response reports

48 audit reports  
without  
a demand

59 measures  
in the  
reponse  
reports

✓ 46 adequate  
● 12 partially adequate  
- 1 inadequate

17



POST-AUDIT  
REPORTS

5

DECISIONS ON  
VIOLATION OF  
THE REQUIREMENT  
FOR OPERATIONAL  
EFFICIENCY

## COOPERATION WITH THE MEDIA AND THE PUBLIC



**14**  
infographics



**78**  
written responses  
to questions posed  
by journalists



**4,531**  
media publications  
related to the  
Court of Audit



**6**  
own video  
products

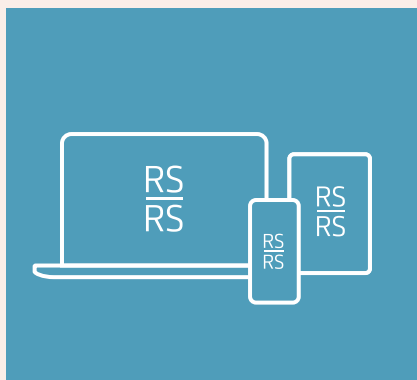


**110**  
posts on  
social media



available phone  
communication

## WEBSITE



Providing public access to audit work by contents on our website and publications, namely topical news, audit status, audit reports archive, other important documents and additional projects as well as answers to frequently asked questions.



Social media - Facebook, Twitter and YouTube are used exclusively for informing the public about our work.

## COUNSELING

### OPINIONS AND ANSWERS TO THE USERS OF PUBLIC FUNDS



**119**  
written responses to the  
questions posed by the  
users of public funds

**MOSTLY**

- to non-commercial and commercial public service providers
- to local communities
- to political parties and organisers of the election campaigns
- to ministries and their subordinate bodies

### TARGET GROUPS



**11**  
trainings for  
domestic and  
international  
audience

### PUBLICATIONS ON THE WEBSITE



database of all audit  
and post-audit reports



summaries and  
infographics

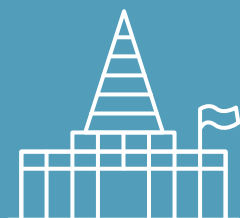


views and  
opinions



manuals and  
auditing standards

## COOPERATION WITH THE NATIONAL ASSEMBLY AND THE NATIONAL COUNCIL



**5**

reports discussed  
by the National  
Assembly

**0**

sessions  
of the National  
Assembly

**5**

discussions of the  
Commission for  
Public Finance Control

**1**

report discussed  
by the National  
Council

**0**

sessions  
of the National  
Council

**1**

discussion of the  
Committee on  
Economy, Crafts,  
Tourism and Finance

## INTERNATIONAL COOPERATION

**25**  
international  
events

**21**



video conferences

**2**



meetings abroad

**2**



visits by foreign  
delegations

**17**



representatives of  
the Court of Audit  
at the events

**2**



joint  
international  
audits

**3**



articles in the  
international  
publications

## COOPERATION IN INTERNATIONAL ORGANISATIONS

INTOSAI

EUROSAI

EURORAI

Contact  
Committee

OECD

V4+2  
Group

Bilateral  
cooperation

Other  
international  
organisations

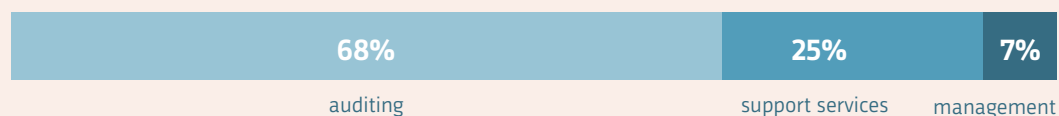
# EMPLOYEES

**133**

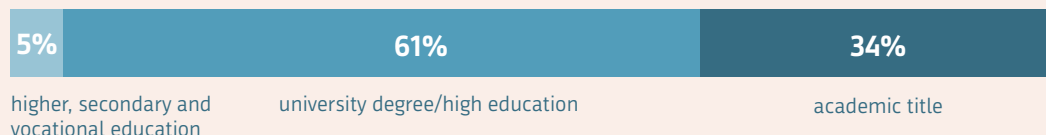
NUMBER OF  
EMPLOYEES

STAFF  
TURNOVER  
**2.3%**

## Structure of employees by field of activities



## Structure of employees by formal qualification



# WORKING FROM HOME DURING THE EPIDEMIC



**98%**

of the employees  
able to work  
from home



**20%**

lower total  
material  
costs



**30%**

less  
commuting  
costs

# PROFESSIONAL DEVELOPMENT TRAININGS



## DEVELOPMENT OF AN ANNUAL TRAINING PROGRAMME

TOPICAL  
PROFESSIONAL  
ISSUES

AMENDED  
LEGISLATION

PROPOSALS  
BY EMPLOYEES

## IN-PERSON LEARNING IN SLOVENIA AND DISTANCE LEARNING COURSES



**21**

employees attended seminars  
and conferences organised by  
different institutions in Slovenia



**48**

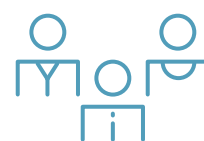
employees attended  
webinars

## TRAININGS ORGANISED BY THE COURT OF AUDIT



**3**

trainings organised  
by the Court of Audit

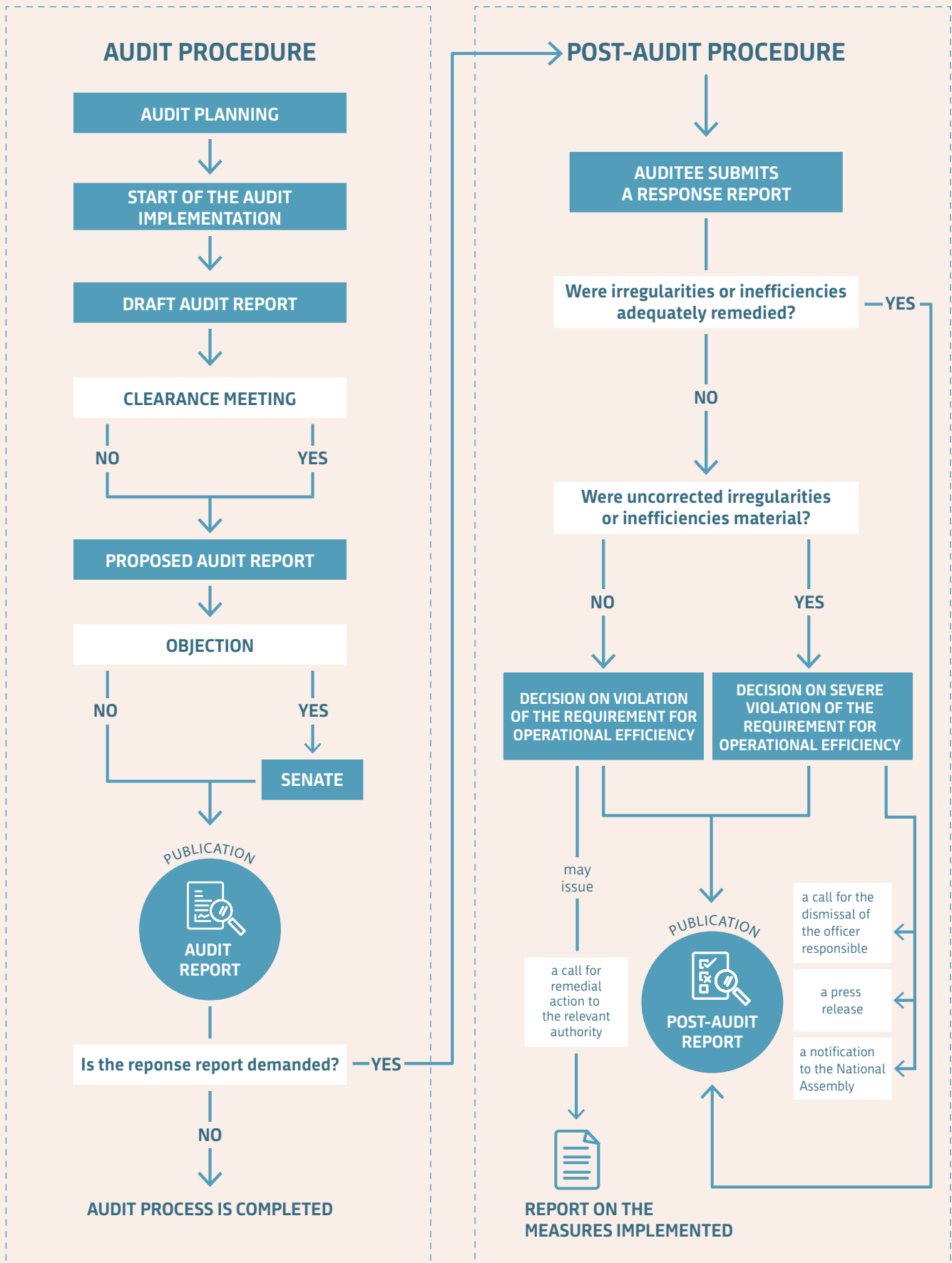


**74**

employees participated  
in trainings



# AUDIT PROCESS



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**The Court of Audit is a supreme audit institution and the highest authority for supervising state accounts, the state budget and all public spending.**



## 2. COURT OF AUDIT OF THE REPUBLIC OF SLOVENIA



The Court of Audit is independent, objective and efficient in the performance of its duties.

### 2.1 Activities

Article 150 of the Constitution of the Republic of Slovenia provides that the Court of Audit is the highest authority 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.

### 2.2 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 serves 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 issuing demands and providing recommendations for their remedy.

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.

Operations of non-governmental organisations and adequately developed non-governmental sector represent one of preconditions for the implementation of principles of pluralism and democracy. This is why it is necessary to ensure appropriate mechanisms for promoting development of non-governmental organisations and their cooperation in establishing and implementing public policies. Non-governmental organisations also shape Economic and fiscal policy (code 02).

Economic and fiscal policy consists of four main programmes which are broken down into sub-programmes, as presented below:

PROGRAMME	SUB-PROGRAMME
<b>Regulating fiscal policy</b>	<ul style="list-style-type: none"> <li>• Implementing and regulating fiscal policy</li> <li>• Payment services for the budget users</li> </ul>
<b>Bases for economic and development policy and preparation of macroeconomic analyses and forecasts</b>	<ul style="list-style-type: none"> <li>• Statistical survey</li> <li>• Preparation of analyses and forecasts</li> </ul>
<b>Fiscal surveillance</b>	<ul style="list-style-type: none"> <li>• Operations of the Court of Audit (020301)</li> <li>• Legal protection and control over public procurement procedures</li> <li>• Public law records and audit control</li> <li>• Control over money laundering prevention</li> <li>• Internal control, examining budgetary spending and audit</li> <li>• Operations of the Fiscal Council</li> </ul>
<b>Financial administration</b>	<ul style="list-style-type: none"> <li>• Financial administration</li> </ul>

Operations of the Court of Audit (020301) became an independent subprogramme in the beginning of 2013 and represents one of six subprogrammes of the Fiscal Council programme.

## 2.3 Strategy of the Court of Audit

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
- **objective 5:** to provide a stimulating working environmen

These strategic objectives were considered in the annual programme of work for the exercise of auditing powers for 2020.

At the end of 2020, the Court of Audit adopted the new Strategy 2021-2024, which entered into force in 2021. At the same time also Human Resource Strategy 2021-2024 and Communication Strategy 2021-2024 were adopted, as recommended by self-assessment process based on the INTOSAI Performance Measurement Framework – a tool ensuring compliance of the supreme audit institutions' operations with international standards. The annual report for the following year will thus consider objectives and priorities of the new Strategy of the Court of Audit that shall contribute to the improvement of operations of the users of public funds and sustainability of society as a whole.

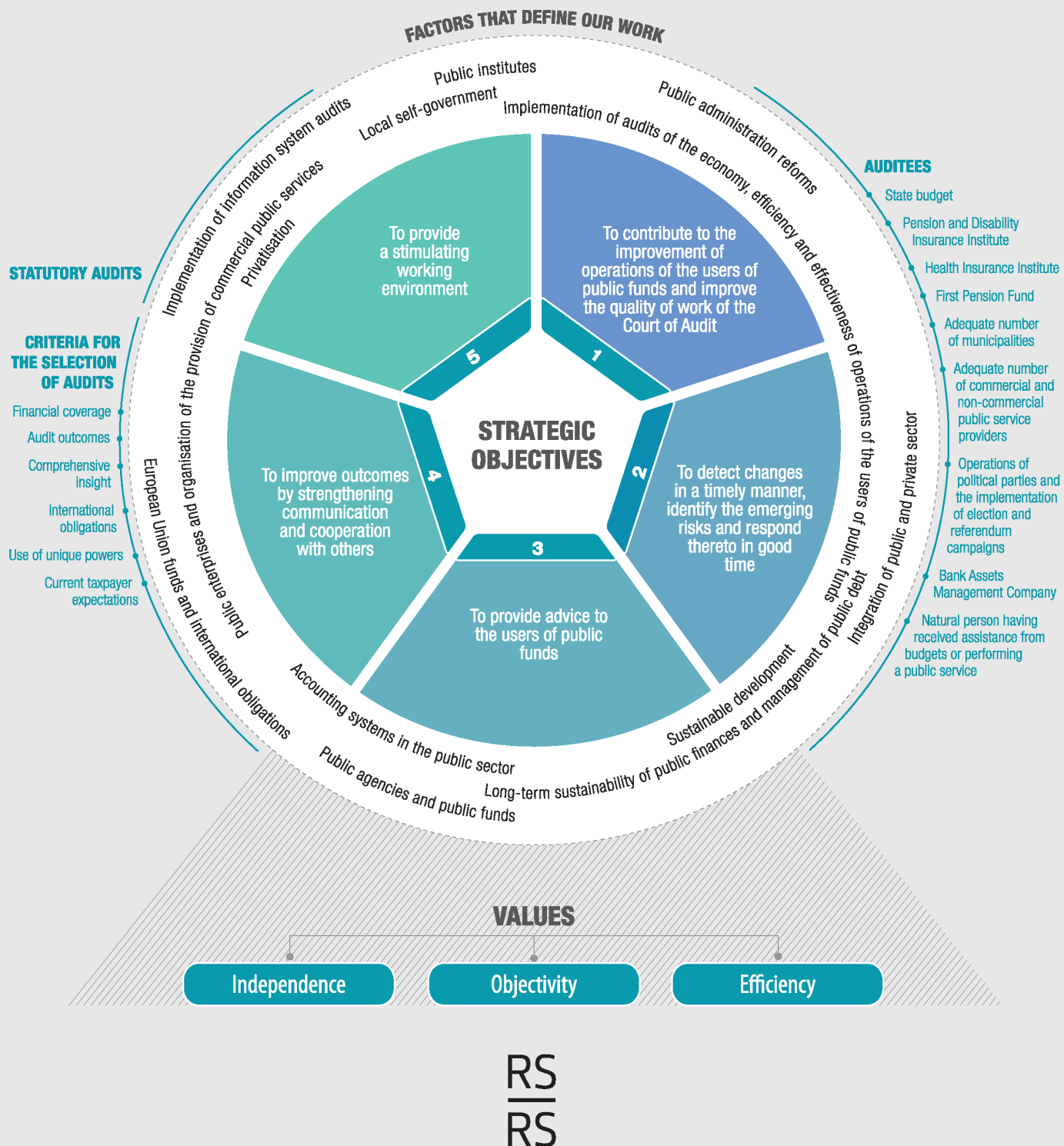


At the end of 2020, the Court of Audit adopted the new Strategy 2021-2024, which entered into force in 2021.



# Strategy 20<sup>14</sup><sub>20</sub>

Watching over public money.





## 2.4 Sustainable development

Sustainable development is not and cannot be perceived just as a simple guideline for further steps but it must be rather seen as the only appropriate way of addressing global and national issues. The Court of Audit is fully aware of its responsibility to meet those challenges in the most suitable way. Not only by undertaking auditing powers concerning past operations but also by demanding, recommending, advising and taking action.

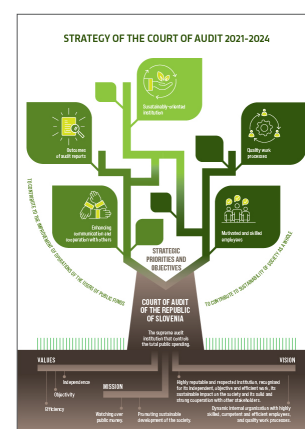
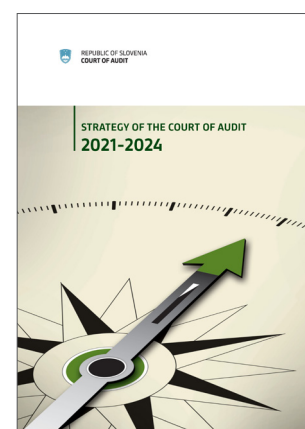
Use of public funds in future shall strongly depend on recognition and consideration of sustainable development principles. Development policies must be guided by objectives of sustainable development, the Agenda 2030 and the Slovenia's Development Strategy 2030, therefore the Court of Audit made a clear commitment thereto. The Court of Audit monitors implementation gaps related to sustainable objectives and considers them as one of key criteria for deciding where its auditing powers should be concentrated, furthermore it tries to point out areas where problems are expected.

Also in future, follow-up audits related to sustainable issues already covered before will remain priorities alongside those areas which were not (fully) audited previously. The main focus is on meeting objectives of sustainable development and improving their implementation at national level. Apart from carrying out its auditing powers the Court of Audit directs its efforts towards sustainability within its internal organisation – namely, greening the institution is one of its key organisational and technical objectives laid down also in the new Strategy of the Court of Audit.

Sustainable orientation of the Court of Audit is recognised and respected in relevant international community. Thus, its endeavours were warmly welcomed when urban beehives were placed on the roof top of the Court of Audit. Going beyond the purely symbolic meaning of sustainable objectives the bees shall provide honey for protocol gifts. Not only this raises awareness of sustainable development but also calls for preventive activities and helps reduce the use of public funds in future. Those are the objectives that shall be followed by the Court of Audit also in future.



The Court of Audit is fully aware of its responsibility to meet the challenges of sustainable development in the most suitable way. Not only by undertaking auditing powers concerning past operations but also by demanding, recommending, advising and taking action.





REPUBLIC OF SLOVENIA  
**COURT OF AUDIT**

**Watching over public money**

**Računsko sodišče Republike Slovenije**  
**The Court of Audit of the Republic of Slovenia**

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