



REPUBLIC OF SLOVENIA
COURT OF AUDIT

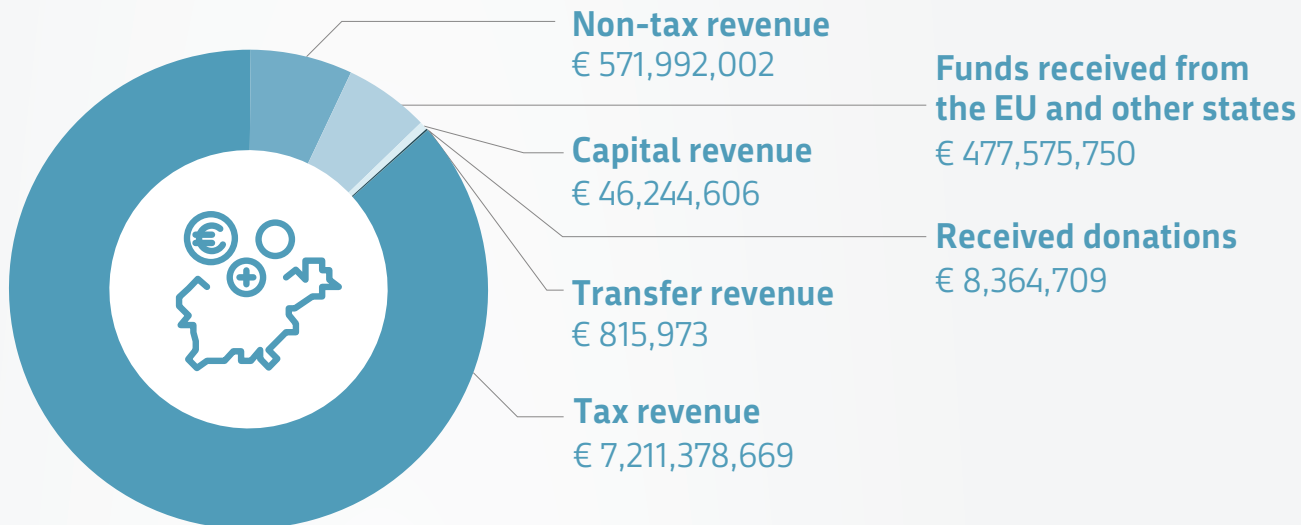
AUDIT REPORT

**Audit of the Proposal of the
annual financial statement
of the budget of the Republic
of Slovenia for the year 2016**

REVENUE

-2.4%

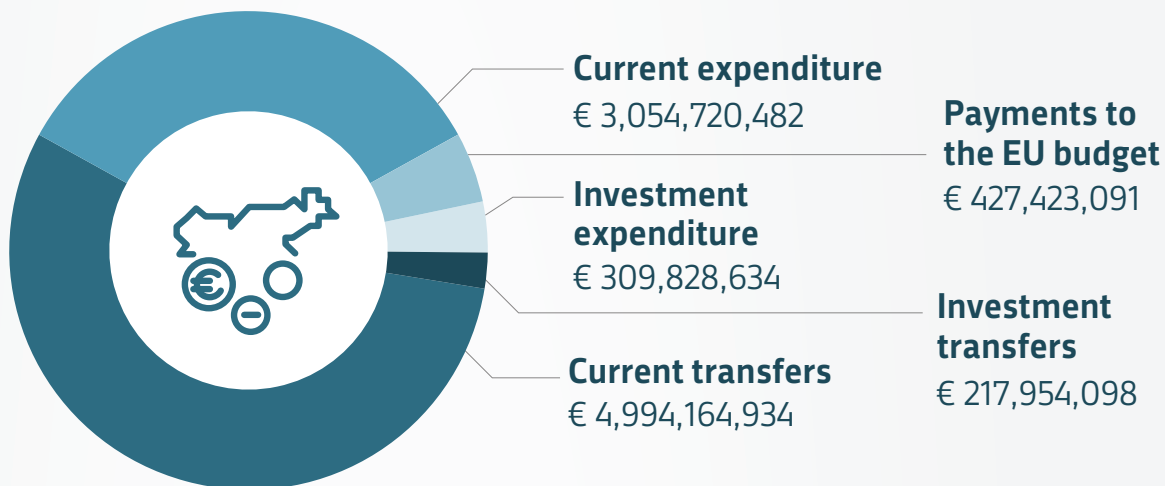
lower in 2016
compared to 2015



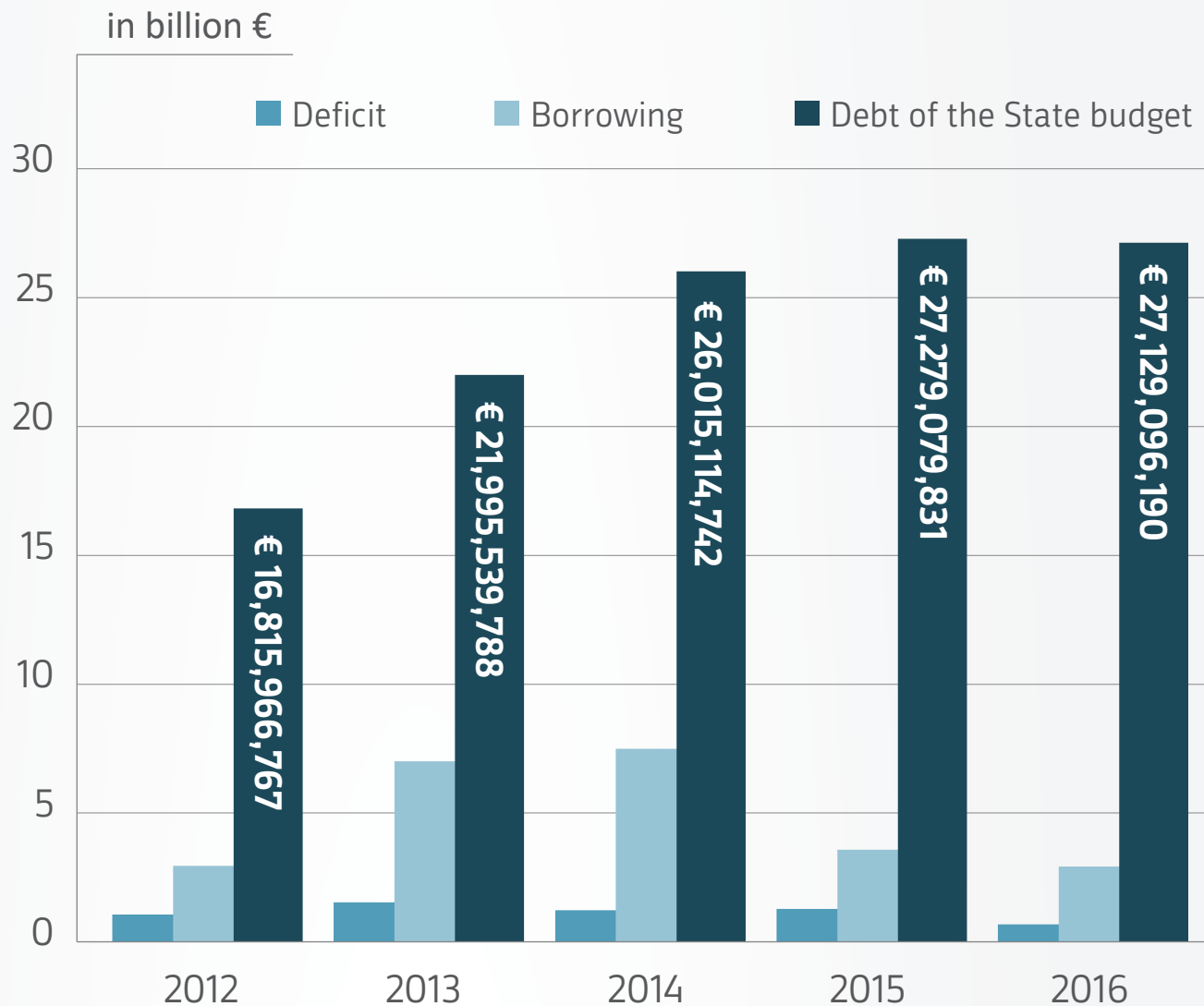
EXPENDITURE

-8.2%

lower in 2016
compared to 2015

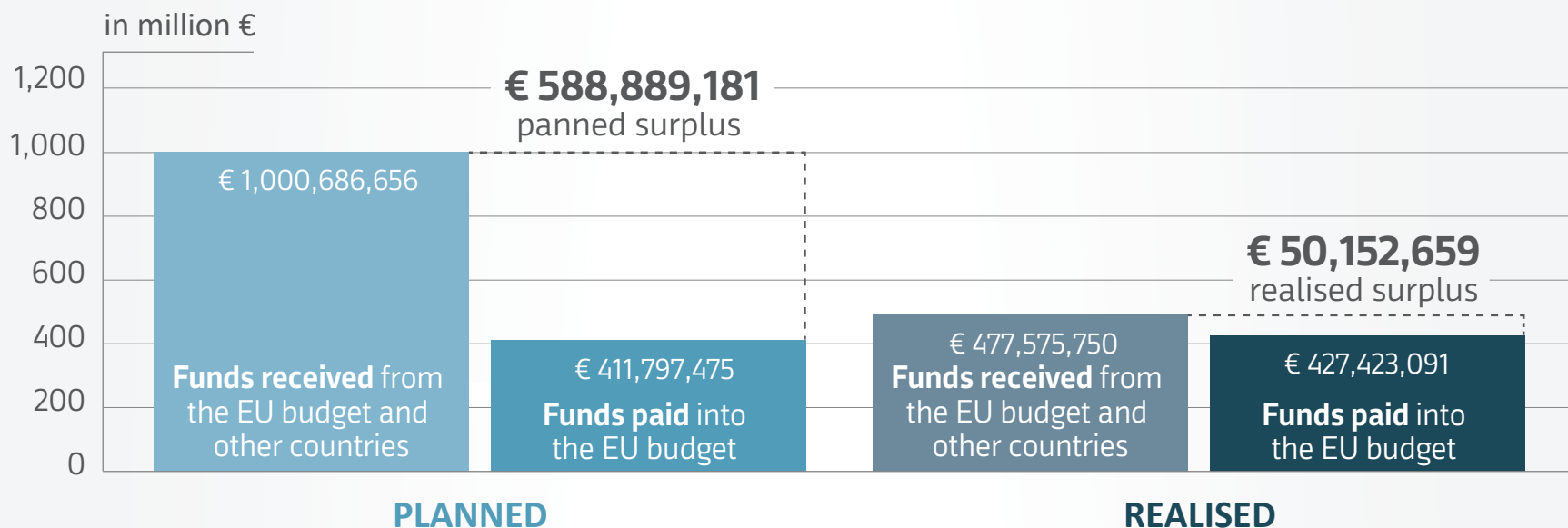


the State
budget
debt-to-GDP ratio
68.2%





The difference between the planned and received funds from the EU and other countries



From the EU budget, we **received only 47.7%** of planned funds

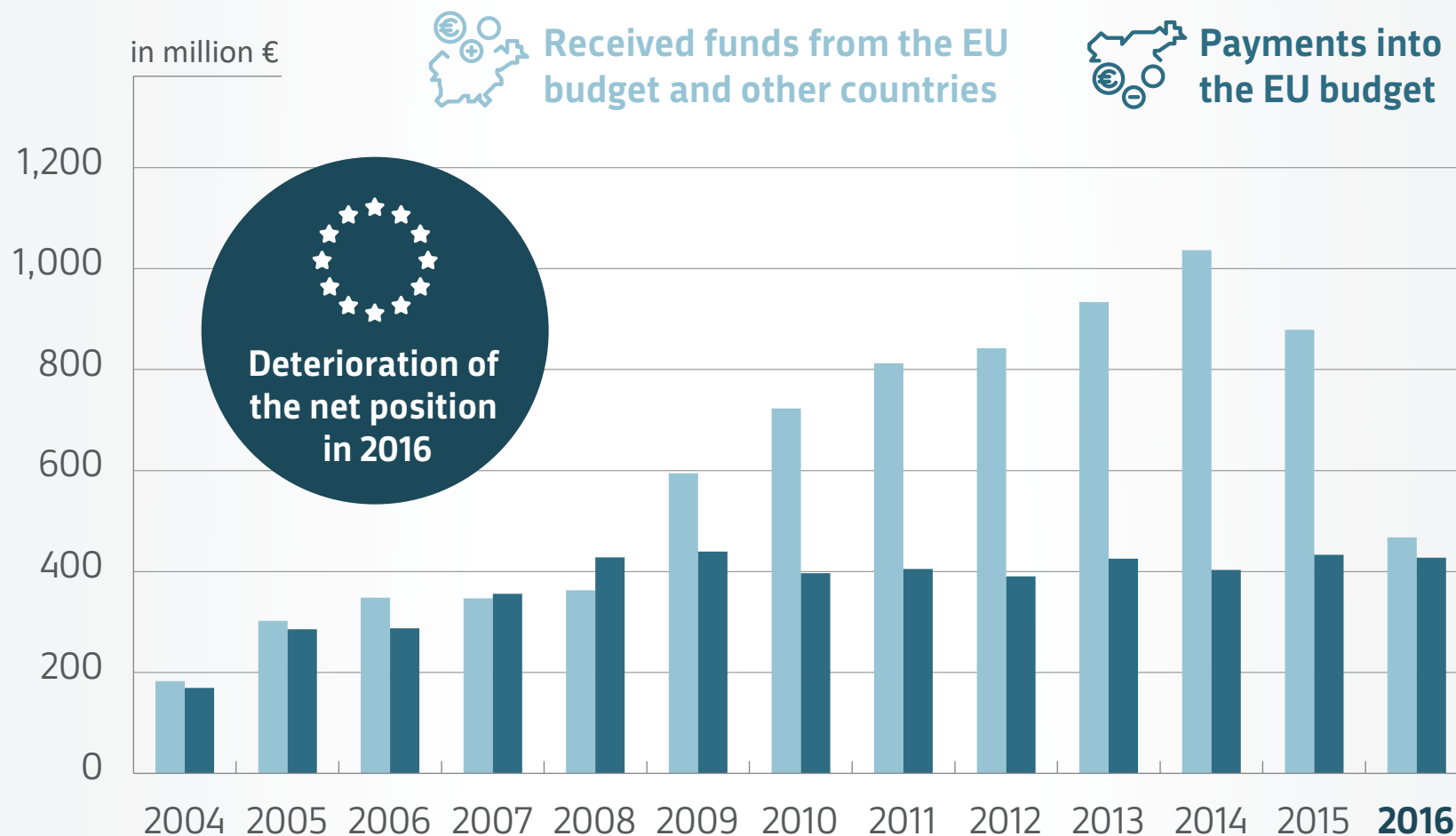
Into the EU budget, we **paid 3.8% more** funds than planned

Main reasons

92% less revenue from structural funds

47% less revenue from the Cohesion fund

Net position of the budget of the Republic of Slovenia compared to the EU budget



REVENUE

Incorrect classification of the VAT:

for at least
€ 7,828,024
 revenue from VAT

Among revenue received by the Slovenian Enterprise Fund for the account of the Republic of Slovenia there **were not presented**

€ 318,060
 of interests

€ 511,439
 of revenue from payment of commissions by small and medium enterprises



€ 8.3 billion
 financial statement – revenue

€ 0.8 million
 auditor's correction

for 0.01%
 undervalued revenue



€ 9 billion
 financial statement – expenditure

€ 3.8 million
 auditor's correction

for 0.04%
 undervalued expenditure

EXPENDITURE

Expenditure that were not presented:

€ 4,517,432
subsidies of the interest rate which were paid to end users by the Slovenian Enterprise Fund for the account of the Republic of Slovenia

€ 1,801,750
commissions to the Slovenian Enterprise Fund

€ 80,659
payments of dedicated funds

Overstated expenditure:

€ 2,606,691
payments of compensation to the victims of war and post-war aggression and compensation for confiscated property pursuant to abrogation of the penalty of confiscation of property

REVENUE

Among revenue received by the Slovenian Enterprise Fund for the account of the Republic of Slovenia **there were not presented:**

€ 197,073
securities
received

€ 1,972,513
repayment of microcredits

€ 203,350
returns of investments
into the venture
capital company

€ 80,659
dedicated
assets



€ 630 million
financial statement – revenue

€ 2.5 million
auditor's correction

for 0.4%
undervalued revenue



€ 498 million
financial statement – expenditure

€ 12.9 million
auditor's correction

for 2.7%
overestimated expenditure

EXPENDITURE

Undervalued expenditure that **do not show all operations** of the Slovenian Enterprise Fund:

€ 4,082,800
payments
of overdue
guarantees

€ 4,629,932
granted loans

€ 413,881
increased
capital
shares

Overstated expenditure:

€ 22,000,000
expenditure for loans
to the Slovenian Enterprise
Fund and the Slovenian Fund
for Regional Development
and Rural Development

Irregularities
most commonly
occurred in the field of

TRANSFERS



EXPENDITURE



SALARIES



General
budget
reservation



GENERAL BUDGET RESERVATION



- funds from general budget reservation were **allocated** for purposes that **could be planned in advance**
- funds from general budget reservation were allocated for **recovery after natural disasters**, even though the funds were already provided for in the budget reservation

SALARIES



- irregularities in the calculation and payment **of bonuses to salaries**
- irregularities in the calculation and payment **of commuting costs**
- in the field of labour relations of the public servants there were **no legal provisions adopted** which related to **permanent availability and commuting costs**

EXPENDITURE



- not following provisions of the Public Finance Act
- irregularities relating to public procurement
- not respecting provisions of contracts
- delays in payments

TRANSFERS



- irregularities in the procedures of public calls and public procurement
- delays in payments
- not following provisions of the Public Finance Act
- insufficient control of direct budget users over indirect budget users respectively over the operations of legal entities
- conditions for letting infrastructure to be used free of charge were not set
- providing public utility services not in line with prescribed form
- not respecting provisions of contracts

Qualified opinion →

GENERAL PART OF THE FINANCIAL STATEMENT

- Except for **the errors presented**, the Court of Audit expressed an opinion that audited general part of the financial statement of the Republic of Slovenia for 2016 **correctly**, in line with the regulations **presents revenue and expenditure of the budget for 2016**.

REGULARITY OF BUDGET IMPLEMENTATION

- Except for **the impact of the irregularities presented** on the regularity of operations, the Court of Audit considered that the Government respectively governmental budget users **in all material aspects operated in line with the regulations and guidelines**.

Some auditees already during the audit **remedied irregularities**.

The Court of Audit demanded **response reports** from the auditees who failed to remedy irregularities:

- Government of the Republic of Slovenia,
- Ministry of the Interior,
- Ministry of Education, Science and Sport,
- Ministry of Public Administration,
- Ministry of Labour, Family, Social Affairs and Equal Opportunities,
- Ministry of the Environment and Spatial Planning,
- Ministry of Health,
- Government Office for National Minorities.

The Court of Audit **proposed corrections** to the proposal of the annual financial statement of the budget of the Republic of Slovenia for the year 2016 and **recommendations** to improve operations.