



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 2021**

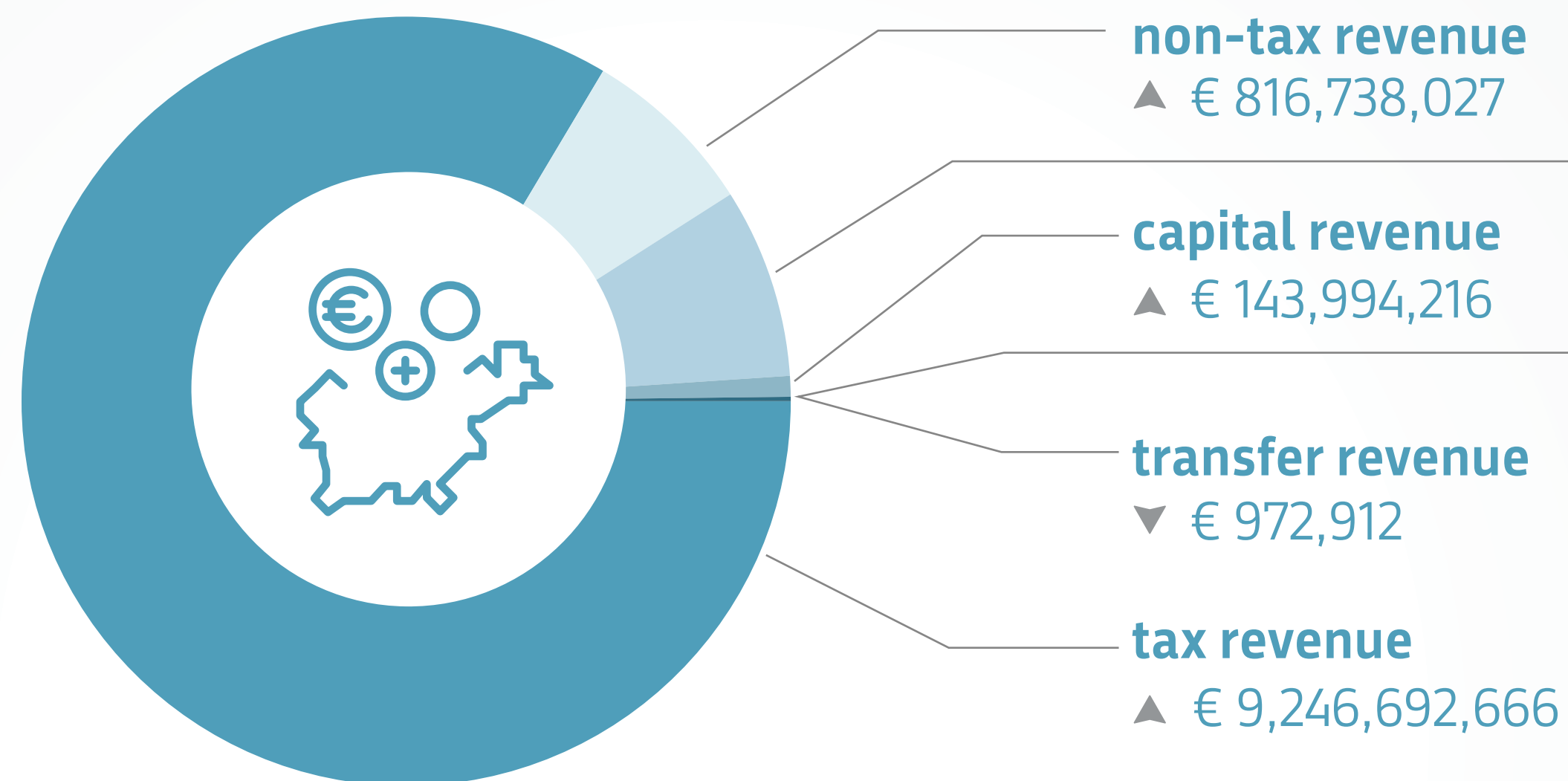
Audit period: year 2021



# Implementation of the budget of the Republic of Slovenia 2021 (after the audit)

**REVENUE**  
 € 11,174,092,889

**+23.1%**  
 compared to 2020

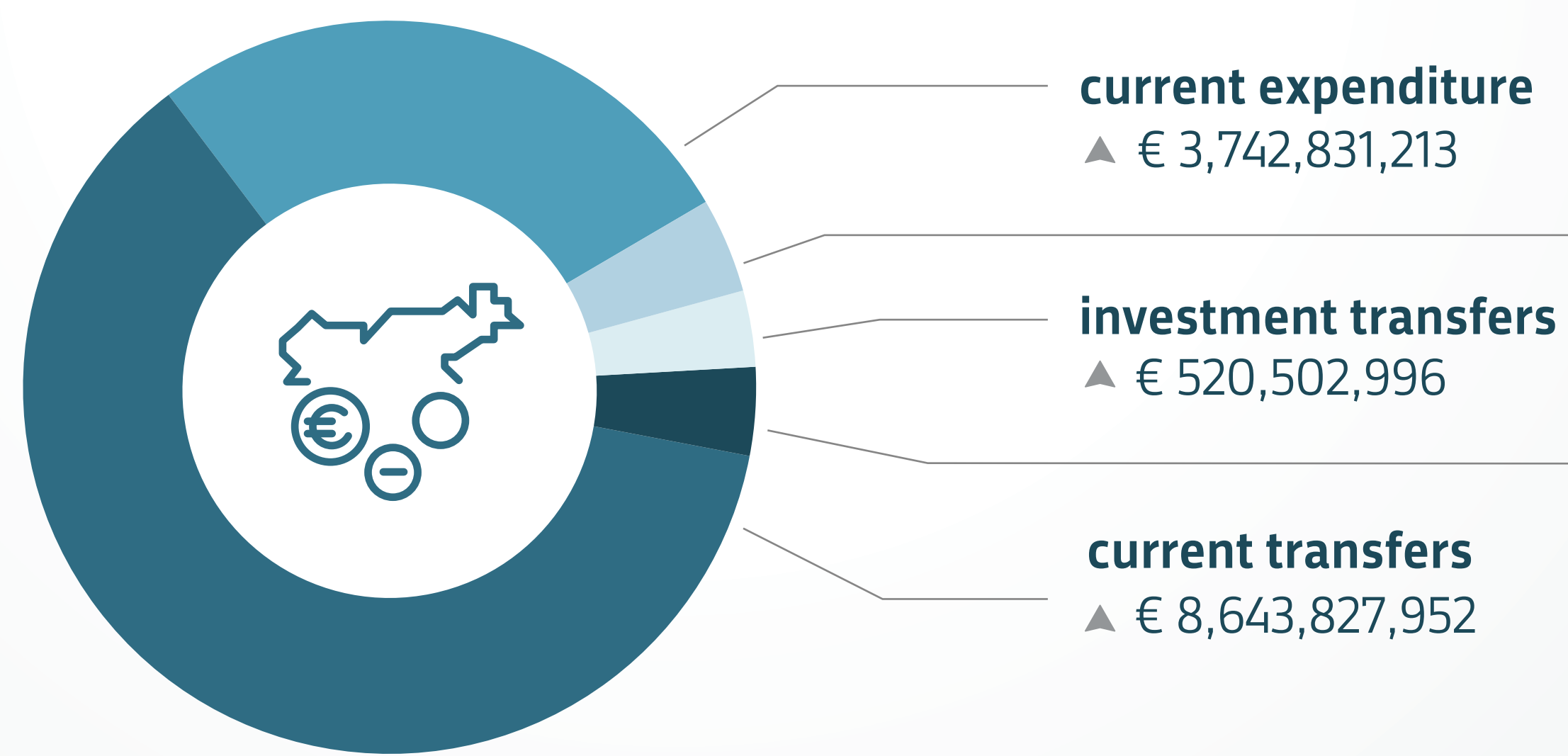


- tax revenue**  
▲ € 9,246,692,666
- transfer revenue**  
▼ € 972,912
- capital revenue**  
▲ € 143,994,216
- non-tax revenue**  
▲ € 816,738,027
- received donations**  
▲ € 18,813,239
- funds received from the EU and other states**  
▲ € 946,881,829

**BUDGET DEFICIT**  
 € 3,078,127,271

**EXPENDITURE**  
 € 14,252,220,160

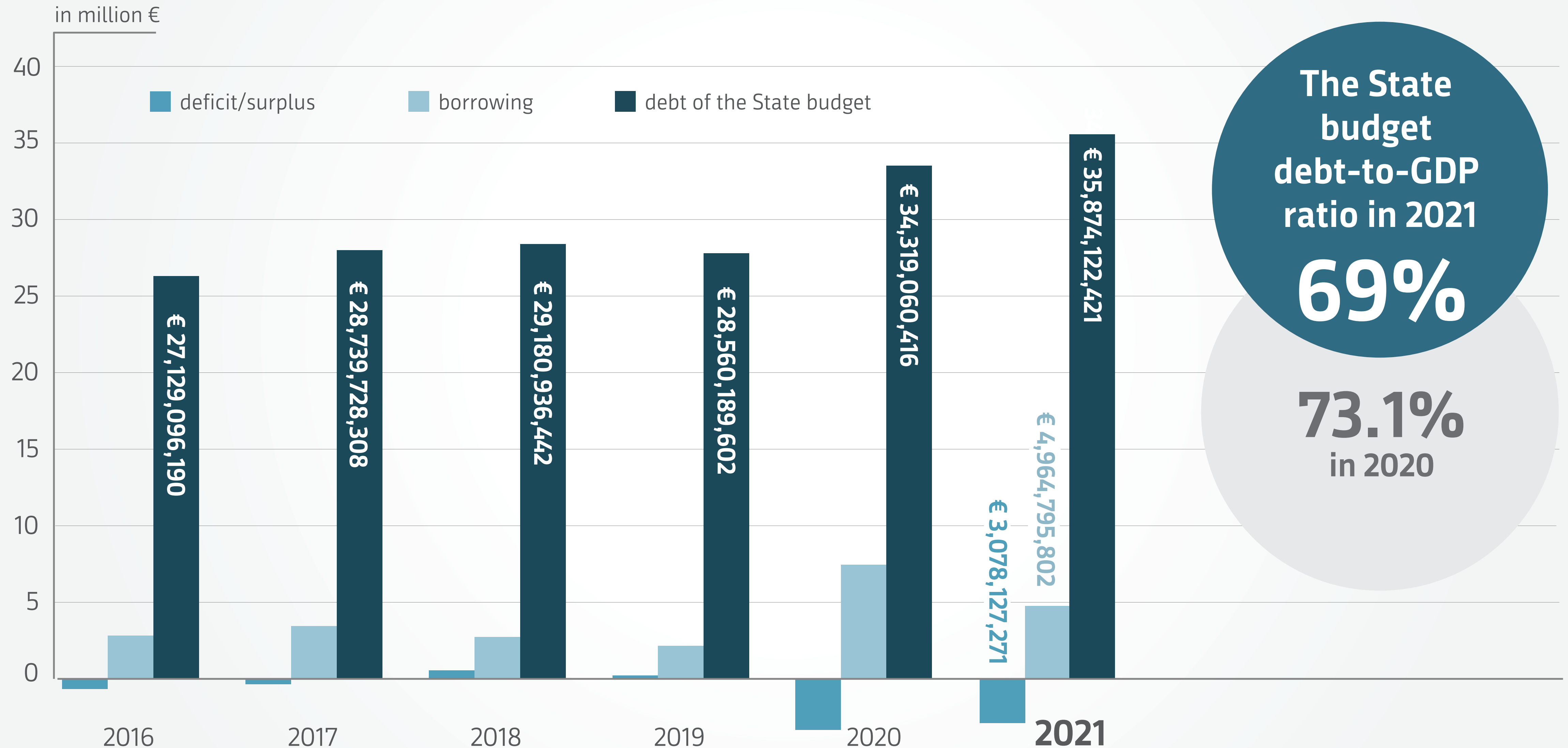
**+13.4%**  
 compared to 2020



- current transfers**  
▲ € 8,643,827,952
- investment transfers**  
▲ € 520,502,996
- current expenditure**  
▲ € 3,742,831,213
- investment expenditure**  
▲ € 716,192,852
- payments to the EU budget**  
▲ € 628,865,146

higher ▲ lower ▼ compared to 2020

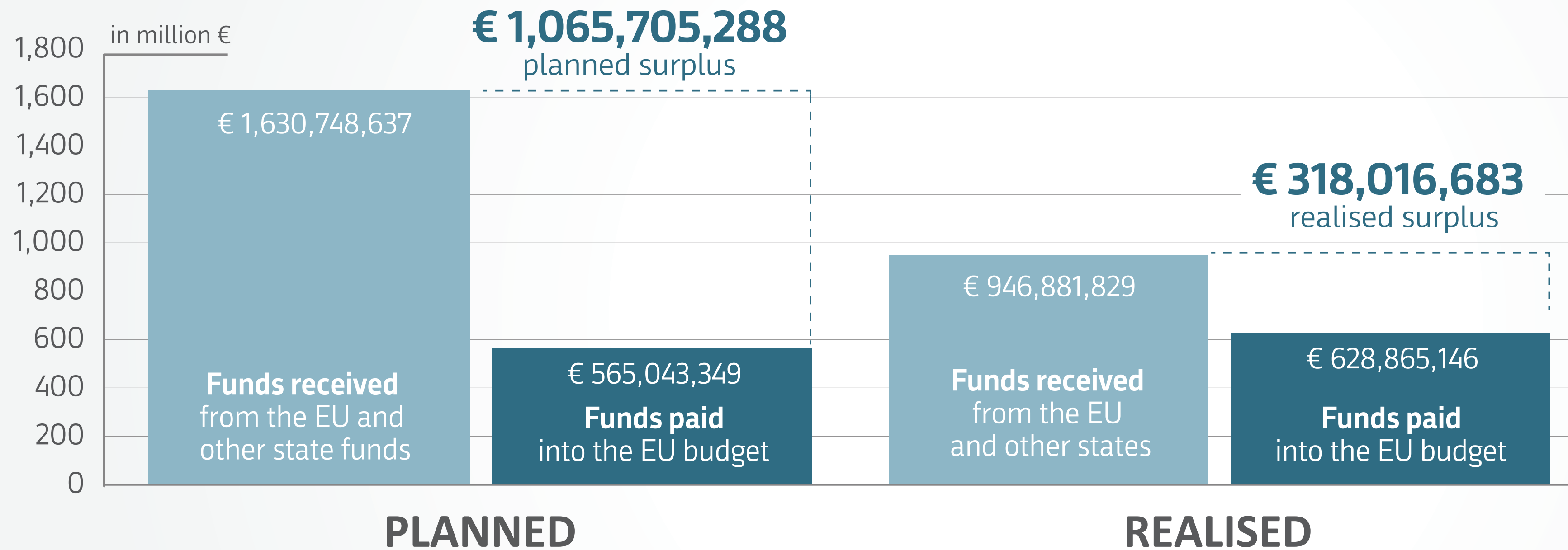
# Deficit/surplus, borrowing and the debt of the State budget



# Funds received from the EU and other states

– the difference between the planned and realised funds

Main reasons for the difference between planned and realised funds received from the EU and other states:



- shortcomings in planning
- dilatory activities regarding public procurement procedures and public-private partnership processes
- lengthy procedures for gaining environmental approvals
- problems with functioning of the information system

Received from the EU and other states **41.9% less funds** than planned



Paid into the EU budget **11.3% more** than planned

# Irregularities occurring in the accounts payable and accounts receivable



## DUTIES OF WATER PERMIT HOLDERS

**18 years after the legally prescribed time limit**, the Government has still not adopted a regulatory or administrative provision to define detailed criteria laying down:

- **deadline, method and amount for the payment of a water right** (for the use of water as a public good)
- **criteria for the reduction in the payment or for the exemption** therefrom for the cases whereby the water right is granted on the basis of a water permit.



It was thus **not possible to calculate and charge the statutory defined duty** to the holders of water permits.



## RENTS ON PHYSICAL ASSETS

**The ministries** (Ministry of Labour, Family, Social Affairs and Equal Opportunities, Ministry of Health, Ministry of Culture and Ministry of Education, Science and Sport) **acted contrary to Public Finance Act because:**

- **they failed to adequately supervise public institutes**
- they failed to ensure the **rents on physical assets** to represent the **state budget revenue**.

The **budget revenue in 2021** was thus realised in the amount:

**€ 4,130,323 less**

# Occurrence of irregularities in budget implementation

Irregularities most commonly occurred in the field of

## TRANSFERS



21%

## EXPENDITURE



8%

## SALARIES



3%

examined sampling units

# Irregularities in budget implementation – expenditure



## TRANSFERS

- non-compliance with the provisions of the Public Finance Act and other public finance rules
- non-compliance with the provisions of the agreements
- insufficient control of direct budget users over indirect budget users respectively **over the operations of legal entities**
- irregularities in payments pertaining to the field of intervention measures to contain the **COVID-19 epidemic**



## EXPENDITURE

- non-compliance with the provisions of the Public Finance Act
- irregularities in the public procurement procedures
- non-compliance with the provisions of the agreements

# OPINION OF THE COURT OF AUDIT

## GENERAL PART OF THE FINANCIAL STATEMENT → OTHER RECOMMENDATIONS AND OF THE COURT OF AUDIT

### ✓ **Unqualified opinion**

The Court of Audit expressed an opinion that audited general part of the financial statement of the Republic of Slovenia for 2021 **correctly**, in line with the regulations **presents receipts and expenditures of the budget for 2021.**

**Provide that sectoral regulations do not allow for the exemptions from the stipulation from the Public Finance Act and Accounting Act.**

**Provide compliance of the single treasury account of the State with the relevant regulations and draw up legal bases for borrowing**, leased and payable, within a year not subject to temporary deficit of the funds.

## REGULARITY OF BUDGET IMPLEMENTATION

### ○ **Qualified opinion** →

**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.**

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

- **Government of the Republic of Slovenia**
- **Ministry of Education, Science and Sport**

**The Court of Audit also proposed recommendations to improve operations.**