



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 2022

Audit period: year 2022

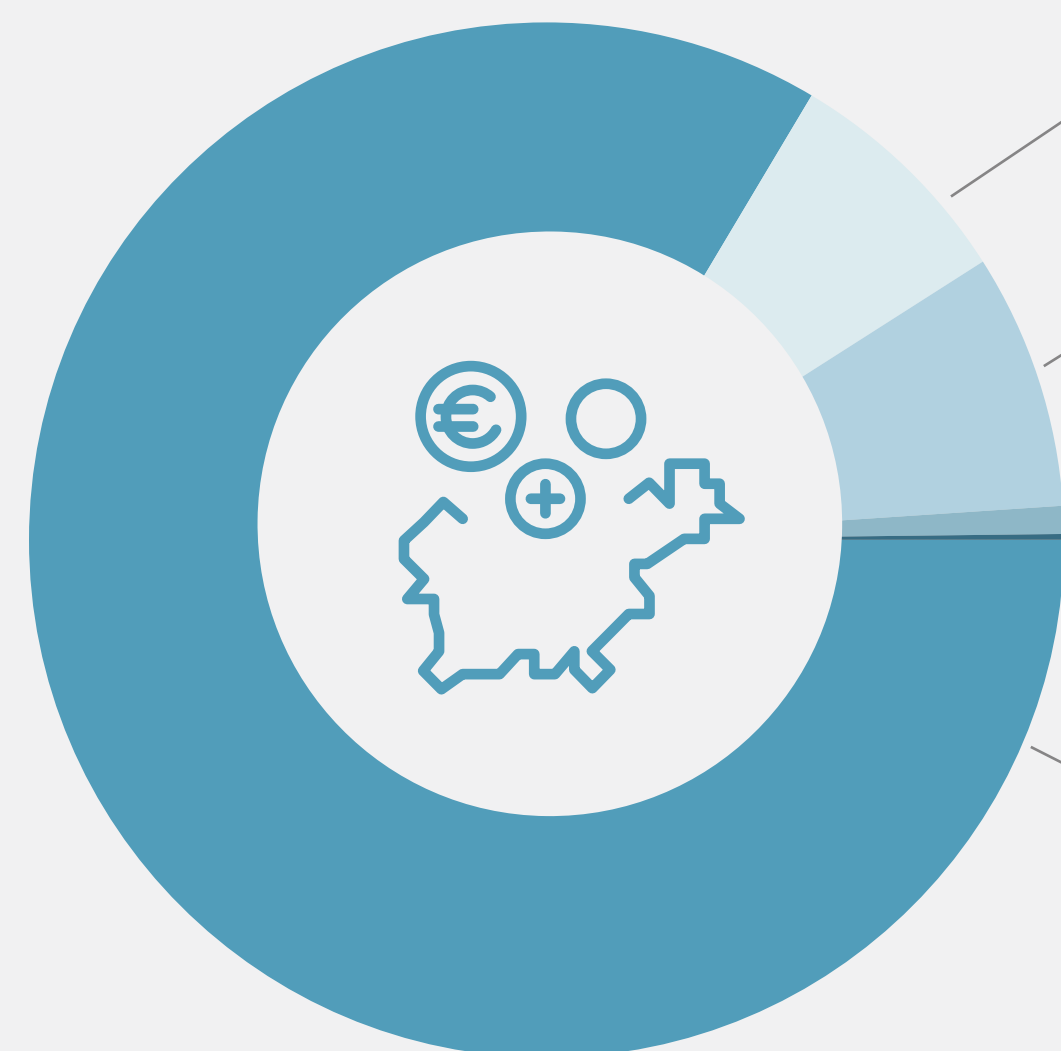
Implementation of the budget of the Republic of Slovenia 2022 (after the audit)

REVENUE

€ 12,344,341,150

+10.5%

compared to 2021



Non-tax revenue

▼ € 765,795,265

Capital revenue

▲ € 198,190,111

Transfer revenue

▲ € 997,474

Tax revenue

▲ € 10,390,442,827

higher ▲ lower ▼ compared to 2021

Funds received from the EU and other states

▲ € 957,373,903

Received donations

▲ € 31,541,570

BUDGET DEFICIT

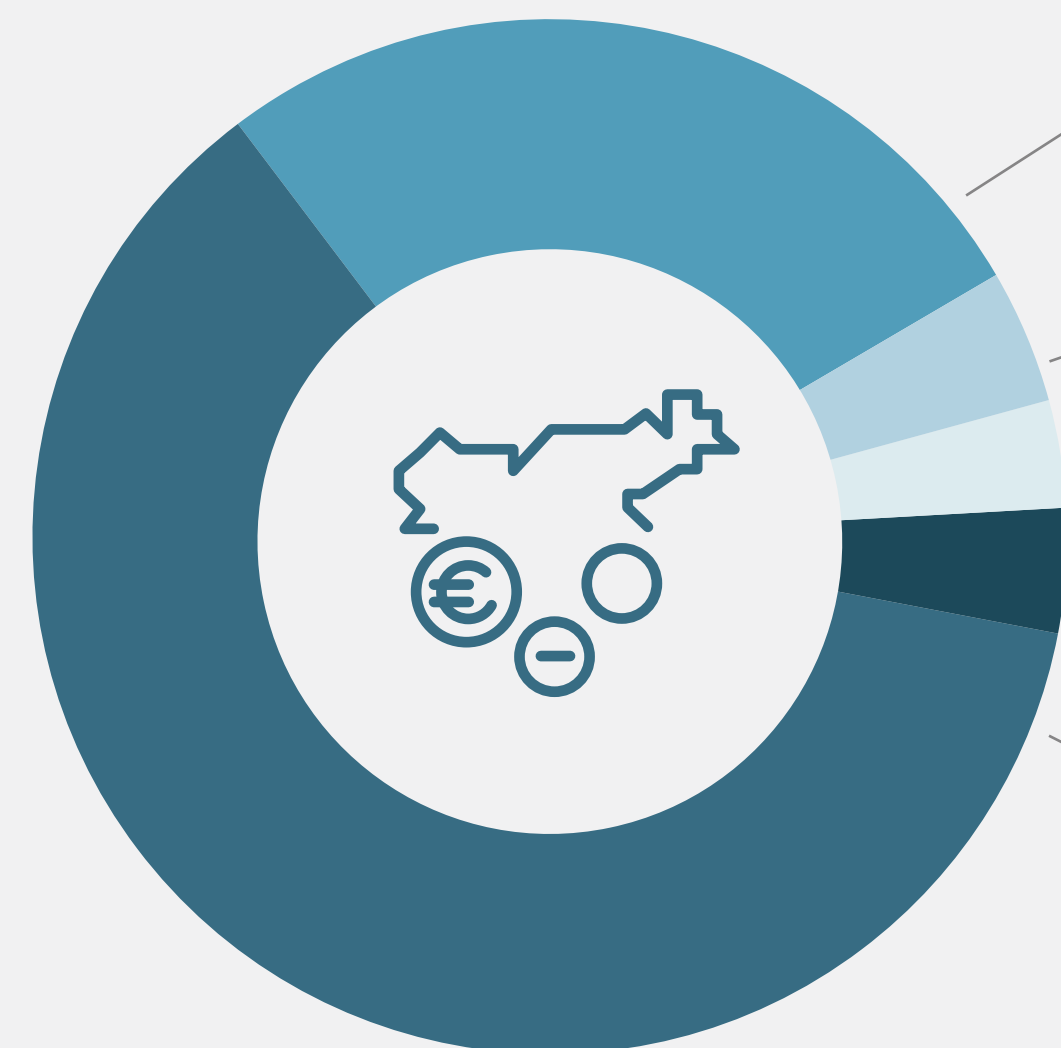
€ 1,363,851,406

EXPENDITURE

€ 13,708,192,556

-3.8%

compared to 2021



Current expenditure

▼ € 3,733,836,253

Investment transfers

▲ € 765,738,405

Current transfers

▼ € 7,576,471,499

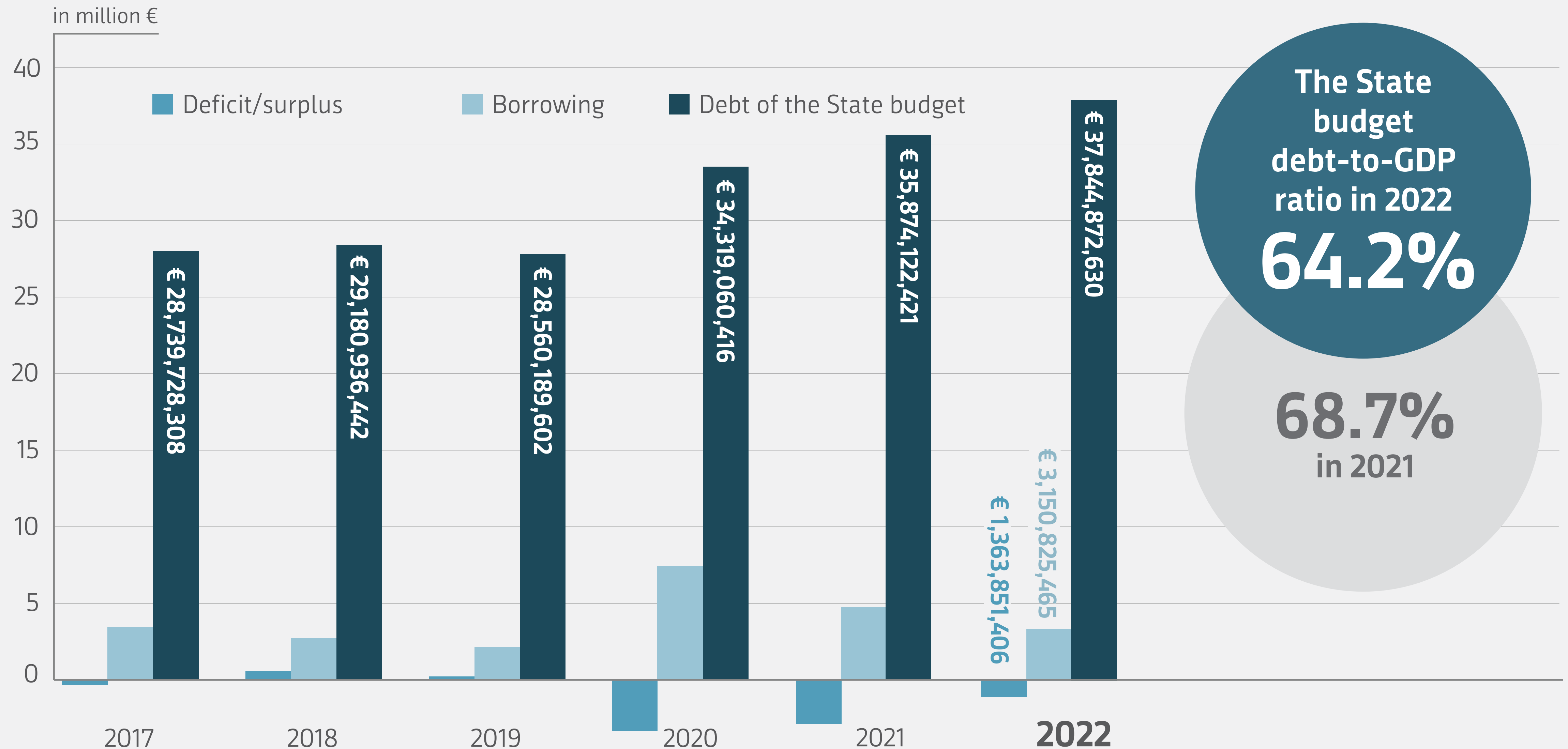
Payments to the EU budget

▲ € 729,506,261

Investment expenditure

▲ € 902,640,138

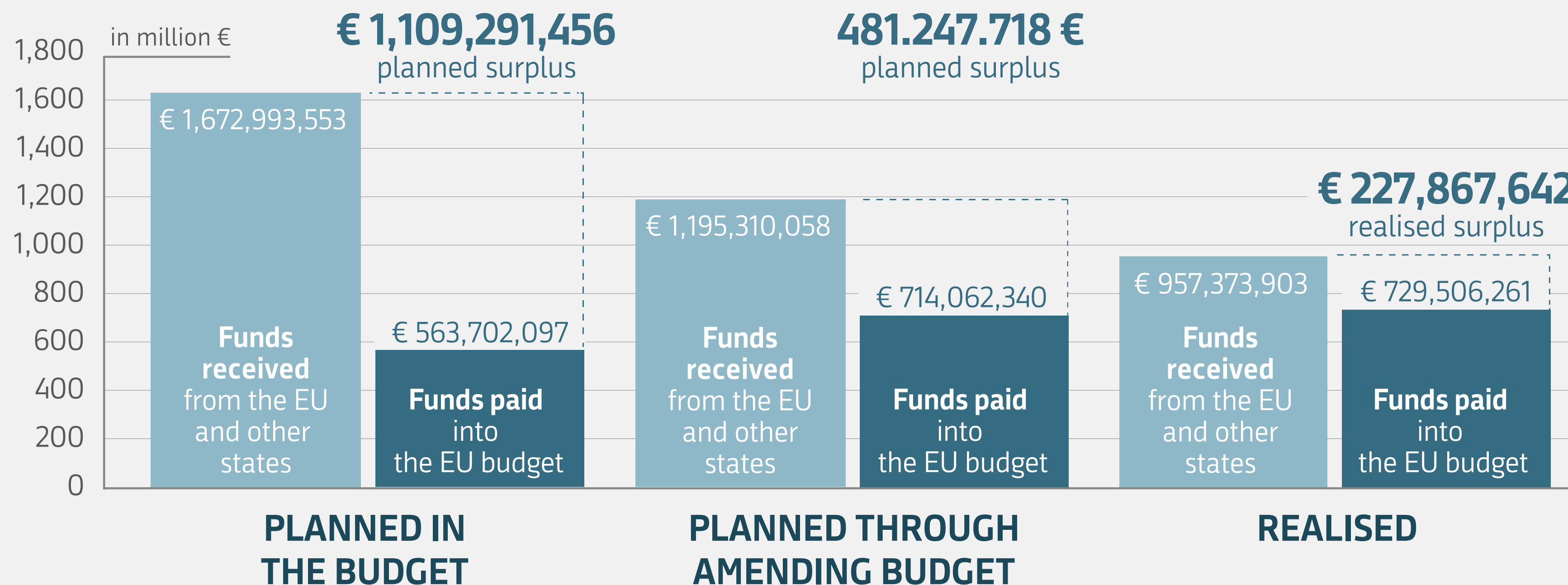
Deficit/surplus, borrowing and the debt of the State budget



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 **42.8% less funds than planned in the budget** respectively **19.9% less funds than planned through amending budget.**



Paid into the EU budget **34.7% more than planned in the budget** respectively **2.2% more than planned through amending budget.**

Irregularities in the Revenue and Expenditure Statement



DUTIES OF WATER PERMIT HOLDERS

19 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**
- **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 Education, Science and Sport, and Ministry of Culture) **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 2022 was thus realised in the amount:

€ 5,847,589 less



DISPOSAL OF IMMOVABLE PROPERTY BY AN EXCHANGE CONTRACT

The Ministry of Agriculture Forestry and Food acted contrary to Public Finance Act and Accounting Act because:

- **it failed to record the total amount of transactions accrued by the exchange of immovable property**, but only the ratio between the sold and purchased land

The budget revenue in 2022 was thus realised in the amount of **€ 98,842 less**, and **current transfers** paid into the budget **were also lower** by the same amount.

Irregularities in the Financial Receivables and Investment Statement



ASSETS ACQUIRED PURSUANT TO THE LAW

Funds arising from proceeds acquired in accordance with the Act Regulating the Use of Funds Arising from the Proceeds Based on the Ownership Transformation of Companies Act, earmarked for economy rehabilitation, promoting and granting export credit and for investments in public sector of the economy **were not collected in the specific account of the ministry responsible for the economy**, this being contrary to the respective Act.



ALL FUNDS NOT DISCLOSED UPON PROPERTY TRANSFER

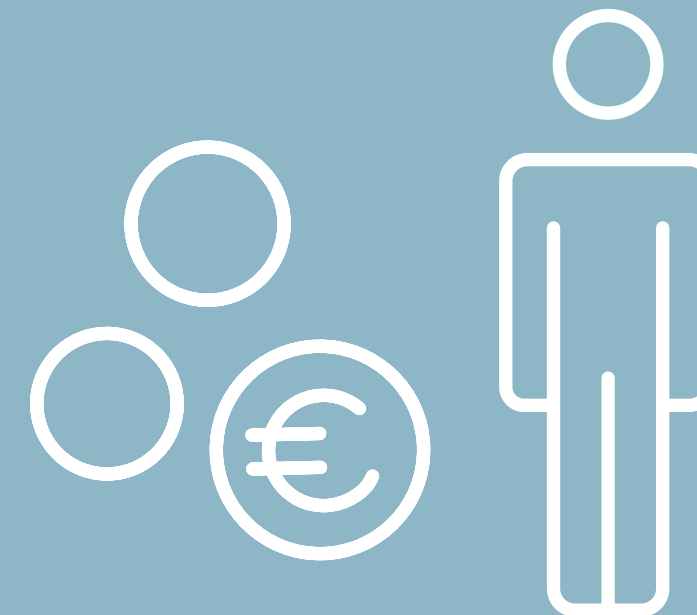
Not all funds of which the Republic of Slovenia had acquired ownership **were budgeted at the time of dissolution of the company** Center za avtohtone sorte semen (The Indigenous Seeds Centre).

Occurrence of irregularities in budget implementation

EXPENDITURE



SALARIES



TRANSFERS



General
budget reserve



Irregularities in budget implementation



EXPENDITURE

- ⊖ **irregularities in the public procurement procedures** and non-compliance with the provisions of the Public Procurement Act
- ⊖ **non-compliance with the provisions of the Public Finance Act and other public finance rules, namely irregularities mostly related to:**
 - **verification of a legal basis** prior to executing payments
 - **assuming liabilities**
 - **use of funds** for the purposes not representing the **financing of national authorities**



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 the procedures of allocating funds** to the beneficiaries
- ⊖ **irregularities in assuming liabilities**

Irregularities in budget implementation



SALARIES

- 8 ministers and 15 State Secretaries **received payment in lieu of untaken annual leave** upon termination of their office, this being contrary to the Public Finance Act

Unnecessary extra costs in the amount of € 204,756 thus arose in the State budget!

- non-compliance with the provisions of the Employment Relationships Act** and other rules regulating the field of salaries
- irregularities** in the calculation and payment of bonuses to salaries
- non-compliance of tariff classes** with the regulation and the collective agreement



GENERAL BUDGET RESERVE

- general budget provisions** in the total amount of **€ 22,796,379** were allocated to the budget users for the purposes that could be foreseen

OPINION OF THE COURT OF AUDIT

GENERAL PART OF THE FINANCIAL STATEMENT



OTHER RECOMMENDATIONS AND WARNINGS 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 2022 **correctly**, in line with the regulations **presents receipts and expenditures of the budget for 2022.**

Exemptions from the provisions of the Public Finance Act and the Accounting Act may materially affect the completeness and transparency of presentation in the annual financial statement!

Harmonisation of provisions of the concerned act and thereto related regulations in the part pertaining to the presentation of mobilised guarantees and their repayment **should be ensured. The concept of securities market intervention** and both types of investments **should be defined in a legal basis.**

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 Health**
- **Ministry of Justice**

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