



REPUBLIC OF SLOVENIA
COURT OF AUDIT

AUDIT REPORT

**Regularity of a part of operations of
the Municipality of Šempeter - Vrtojba**

Regularity audit

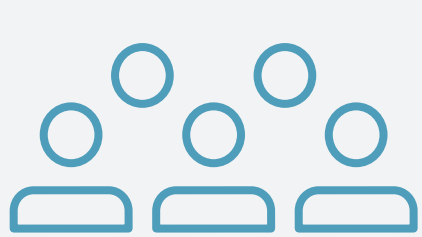
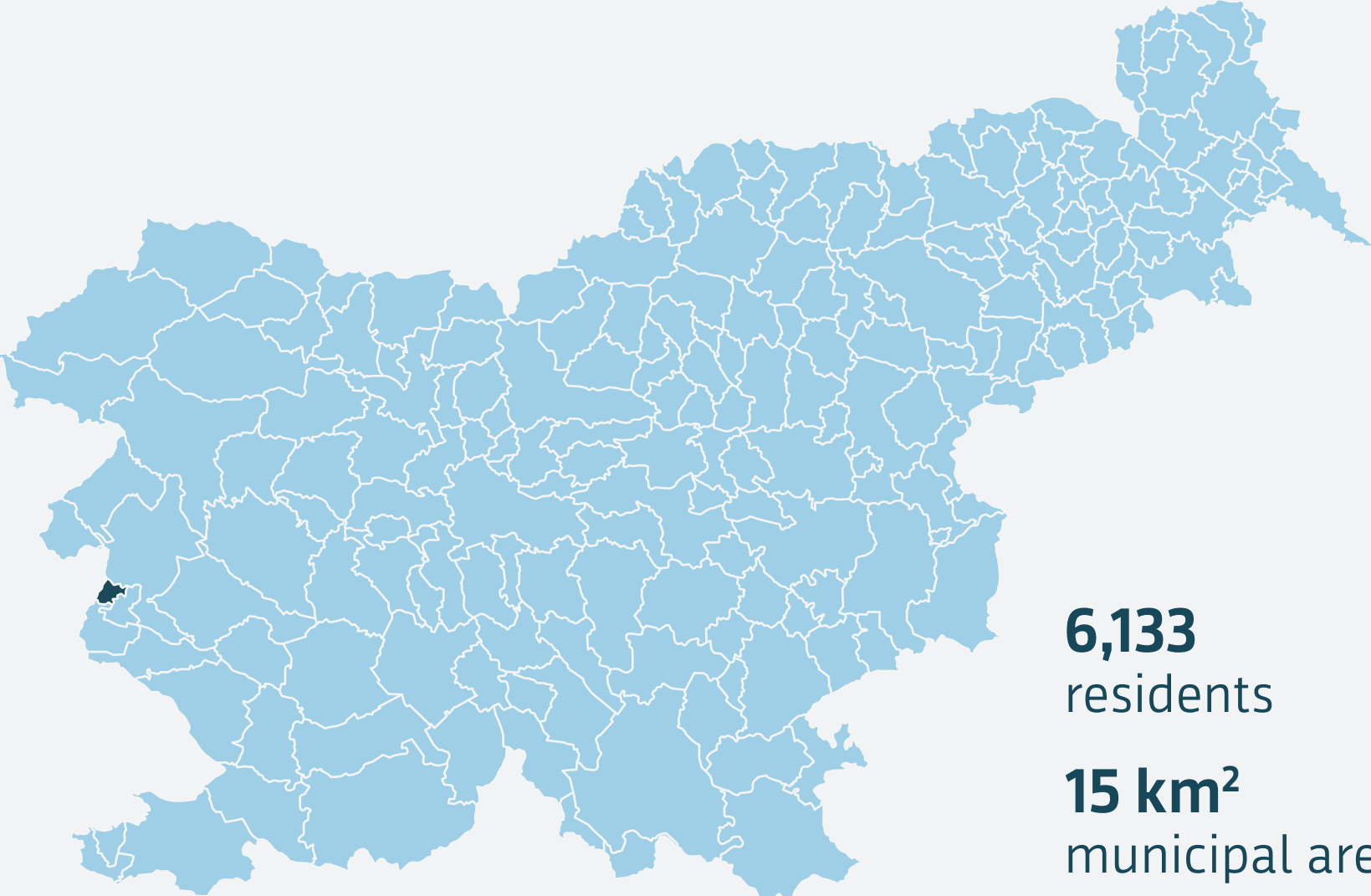
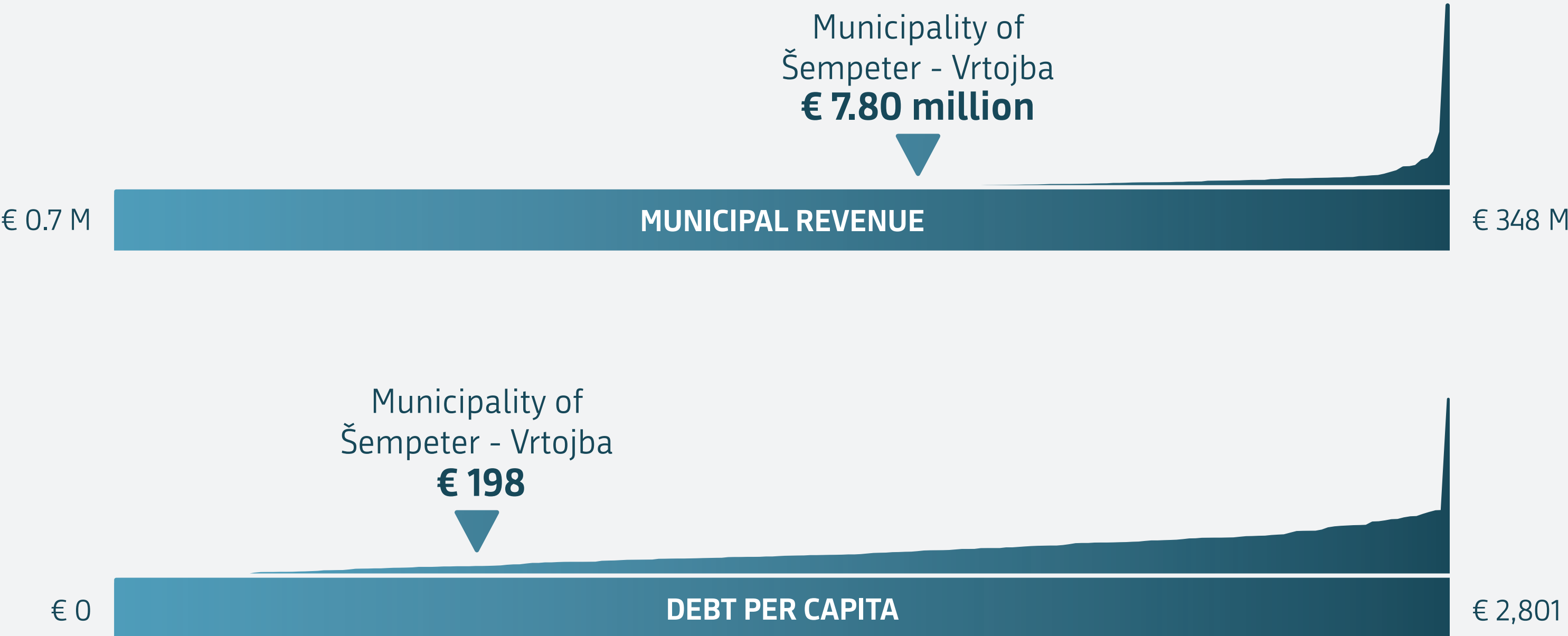
Audit period: 1 January to 31 December 2021

Municipality of Šempeter - Vrtojba

BASIC DATA

| | | | | | |
|----------------|-------------|--------------------|-------------|-------------|-------------|
| REVENUE | € 7,798,042 | EXPENDITURE | € 7,695,868 | DEBT | € 1,212,743 |
|----------------|-------------|--------------------|-------------|-------------|-------------|

COMPARISON WITH OTHER MUNICIPALITIES



- Municipal bodies**
- mayor
 - municipal council 16 members
 - supervisory committee 4 members

OPINION OF THE COURT OF AUDIT

- Adverse opinion**
- Appropriate measures implemented already during the audit
- Proposed were 3 recommendations

Municipality of Šempeter - Vrtojba: identified material irregularities

Municipal budget and annual financial statement preparation and implementation of municipal budget



- **failed to monthly plan** liquidity
- **failed to establish a record** of future budgetary commitments

Sale of immovable property and renting out premises



- **incomplete record** of immovable property
- irregularities **in the procedures of renting out premises and letting of premises for free-of-charge use** (failed to obtain expert appraisal, by means of a contract the lessees were granted a pre-emptive right in the case of sale, direct contracts for free-of-charge use were concluded although the required conditions were not met ...)
- irregularities **in financing and monitoring the operations of a private-law company** (the municipality provided funding of operations of a private company without any legal basis, did not charge market rent and did not control spending of the company)
- **incomplete collection** of municipal revenue

Municipality of Šempeter - Vrtojba: identified material irregularities

Public procurement spending – investment expenditure



- investment documentation **not prepared**
- irregularities **in the public procurement procedures** (dividing public procurements into lots, issuing purchase orders after completion of works, obtained inappropriate financial collateral)
- when assuming liabilities **not enough funds were provided** in the budget

Current transfers to non-profit bodies and organisations



- irregularities **in the funds allocation procedure** (the public call publication notice and tender documentation did not include all necessary elements)
- granting and allocation of funds **without a public call** (direct contract concluded with a recipient of funds although its tender was submitted too late)

Indebtedness



- **conclusion of credit agreements and arrangement of liability insurance** concerning the private-law company with mortgage on its property **not based on public finance rules**
- **repayment of a loan enabled** to a private-law company, representing indebtedness of a municipality
- **data** on debt level were **not received** from all legal entities of a public sector at municipal level