***Summary of the audit report Efficiency of operations of the public company Official Gazette***

The Court of Audit of the Republic of Slovenia implemented performance audit in order to express an opinion on the efficiency of the operations of the public company Official Gazette, an opinion on the efficiency of the Government of the Republic of Slovenia performing its responsibilities of the owner of the public company Official Gazette and defining prices of publications in Official Gazette journal and an opinion on the efficiency of the Slovenian Sovereign Holding performing its responsibilities of the owner of the public company Official Gazette in the period from 1 January 2010 to 30 June 2015.

The sole owner of the public company Official Gazette is the Republic of Slovenia. The public company Official Gazette is carrying out public service and commercial service. The public undertaking covers publishing of Official Gazette journal, preparations and issuing of the journal, maintaining of the website of Official Gazette journal, managing, implementing and coordinating the Legal information system of the Republic of Slovenia, managing IT system of e-public procurement as defined by the law regulating public procurement. Commercial services of the public company Official Gazette involve issuing and sale of books, newspapers, academic journals, periodicals, sound recordings and other publications as well as other services related to printing, reproduction and sale of recorded media, sound recordings, video recordings and computer recordings; organising professional consultations and other services related to publishing activities.

In the period from 2010 to 2014, the public company Official Gazette created 44.1 percent of revenue from implementing public services, while 55.9 percent of revenue represented commercial services revenue. The public company Official Gazette made profit only in 2011 and 2012, the gross income from business operations was reduced from EUR 3,754,013 in the year 2010 to EUR 2,130,456 in the year 2014; operating expenses reduced from EUR 3,860,233 in the year 2010 to EUR 2,154,356 in the year 2014. Total profit of the years 2011 and 2012 represented profit from public services, while the public company Official Gazette made loss from commercial services in those two years.

The Court of Audit expressed an opinion that the business operations of the public company Official Gazette were *not efficient* in the period covered by the audit.

The public company Official Gazette failed to record revenue and expenditure in order to be able to present separate financial statements according to activities respectively to present calculations of costs per product in the period covered by the audit. Prices of publications in Official Gazette journal must be proportionate to actual costs otherwise that can be considered unlawful state aid. The basis for defining prices of publications in Official Gazette journal must be the calculation of the cost price of publication, namely defining all direct and indirect costs related to the publications in Official Gazette journal. The public company Official Gazette presented two calculations of prices for the year 2010 and one calculation for the year 2015, but it was not possible to review them due to inappropriate bookkeeping.

In 2014, the public company Official Gazette founded association JURIS, institute for applicable social sciences in order to be able to apply to public calls for absorbing EU funds. Since association JURIS failed to obtain funds, the public company Official Gazette commenced the process of liquidation for the association JURIS. It was not efficient to fund the association, as it caused the public company Official Gazette costs at least in the amount of EUR 109,900.

The public company Official Gazette purchased new business premises before the period covered by the audit; because all offices were not occupied (too large), it tried either to sell or rent them what was assessed as appropriate by the Court of Audit.

According to the Court of Audit opinion the Government was *not efficient* in defining prices related to the publications in Official Gazette journal, since it approved prices of publications without demanding their calculations. After the paper form was replaced by electronic publication, the Government defined the objective of reduction of publication prices by 7 percent. The objective was achieved, nevertheless, the Court of Audit was not able to confirm that the Government monitored the achievement of the objective. Due to inappropriate bookkeeping and breakdown of the expenditure, the Court of Audit was not able to express an opinion whether the Government enabled the public company Official Gazette to create high profits by approving prices of publications in Official Gazette journal.

In the period covered by the audit, the Government only once took a decision in the role of the assembly. The Government was inefficient in making the decision on the use of the profit, since it was not able to explain which criteria were the bases for making a decision that total profit remained non-distributed. The Court of Audit *refused to express an opinion on efficiency* of the Government in implementing its role as the owner of the public company Official Gazette concerning the decision-making related to basic principles of commercial policy, development plan of the company and identification of activities, since the Government failed to decide thereon in the period covered by the audit.

According to the Court of Audit opinion the Slovenian Sovereign Holding was *partially efficient* in implementing its role as the owner of the public company Official Gazette. The procedures defining net profit limit were not recorded and it was not clear how the proposal on the amount of the distributable net profit to the owner was determined. The Slovenian Sovereign Holding actively participated in the decision making-process related to basic principles of commercial policy, development plan of the company and identification of activities, as it co-operated with the public company Official Gazette and developed Strategic plan of business operation and development of the public company Official Gazette for the period 2015-2019. The expectations of the Slovenian Sovereign Holding about public company’s profit were often unrealistic, since it was not taken into consideration that within public service undertakings making profit should be less important than meeting public needs. Furthermore, Slovenian Sovereign Holding failed to pay more attention to profit-making of individual commercial services undertaken by the public company Official Gazette.

The Court of Audit issued several *recommendations* to the public company Official Gazette, the Government and Slovenian Sovereign Holding in order to improve efficiency of their operations.

Ljubljana, 27 June 2016