



**SUPREME AUDIT OFFICE
OF THE SLOVAK REPUBLIC**

Annual Report 2012



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SUPREME AUDIT OFFICE
OF THE SLOVAK REPUBLIC

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Preface



The environment in which the Supreme Audit Office of the Slovak Republic operates changes rapidly and is increasingly demanding, in particular in terms of quality and transparency. Every day, citizens express their opinions of the financial activities of public entities and their fears regarding their activities; they also seek our opinion of such matters. Indeed, this is one of the most important roles of a supreme audit institution: to provide objective information to the public on the results of activities conducted by audited entities. This remains the case even when such information portrays these entities in a less than favourable light.

Another important role of a supreme audit institution is the transfer of best practices to individual entities within public administration. Our auditors meet with different approaches to organizational management and different forms of disposing of property and funds and are able to assess them all from a professional standpoint. They are capable of providing qualified recommendations for the best solutions and proven practices and are able to be a partner for the audited entity.

Our primary role is not to find errors in adhering to the law, even if this is sometimes expected of us. Many activities may be lawful (or that at least do not break the law), but that does not mean that they are sufficiently cost-effective or efficient. We are able to say just how something can be done more efficiently and if management and audit processes in an organization are unnecessarily complicated and complex. We must be able to show that fewer funds are required to assure a specific activity, where duplicity exists and what can be rationalized and improved upon. This is the road that necessitates the completion of performance audits and these are elements of a pro-active approach and prevention.

This is the reason for more in-depth professional analysis of government policy and the decision to more narrowly focus of our audit activities into the most critical segments for society, including transportation, healthcare and public administration. If we are successful in being of assistance in resolving problems and finding funds that could be released to other more demanding sectors, e.g. to education, we'll take

with us a feeling of usefulness and the satisfaction of a job well done.

Recently we've taken a number of steps that have proven correct and completed a huge quantity of work while also introducing a system to improve our activities. The future will focus on the patient development of individual work procedures and specific employee skills and in improving available work tools. In an international context, we are faced with a new and previously unknown task within chairmanship of the INTOSAI subcommittee for supporting best practices and quality assurance in the form of voluntary peer review. This is certain to provide us with new knowledge in the field of management, the organization of work activities and presentation activities within a widely represented international group.

Ján Jasovský
President of the Supreme Audit Office
of the Slovak Republic

Standing and Scope of the Office

“...The Supreme Audit Office of the Slovak Republic is an independent authority for auditing the efficient use of budget funds approved by the National Council of the Slovak Republic or the government, as well as other property, property rights, funds, liabilities and receivables of the state, public institutions, municipalities, higher territorial units...

(Article 60 of the Constitution of the Slovak Republic)

The standing and scope of the Supreme Audit Office of the Slovak Republic (hereinafter only “SAO SR”) in connection with the Constitution of the Slovak Republic is defined in detail by the Act on SAO SR.

The SAO SR as a state authority independent in its audit activities is only bound by the law to execute the audits defined pursuant to the Act on SAO SR in terms of adherence to generally binding legal regulations, cost-effectiveness and efficiency. The SAO SR follows international ISSAI standards during its audits and these standards have been transposed into its internal regulations and methodology instructions.

Within the scope of its activities the SAO SR also audits the assessment and collection of taxes, customs duties, mandatory insurance contributions, fees and penalties that are revenues for the state budget of the Slovak Republic, the budgets of municipalities and the budgets of higher territorial units.

The SAO SR completes and submits statements regarding draft state budgets to the National Council of the Slovak Republic in which it assesses the draft

government budget and statements to the draft final account statement for the Slovak Republic. Funds from the European Union and other funds from abroad provided to finance projects on the basis of international treaties are also considered state budget funds in this respect pursuant to the Act on SAO SR.

In terms of European Union (hereinafter only “EU”) funds, the SAO SR fulfils the role of the authority issuing declarations to terminate aid from structural funds and the role of the authority issuing declarations to terminate projects and aid from the Cohesion Fund and is responsible for the contents of such declarations and providing them to the requisite authority.

The SAO SR submits the final report on the results of its audit activities for the previous calendar year to the National Council of the Slovak Republic by the end of March of the following year. It conducts audits within the scope of its defined activities on the basis of a resolution issued by the National Council of the Slovak Republic.

Organization of the Office

The SAO SR is a budgetary organization with a budget forming a separate chapter in the state budget. The office conducts its activities and fulfils the tasks arising from the Act on SAO SR through its bodies (President and Vice Presidents), the auditors it employs and other employees. It can also invite other entities or individuals to participate in audits that are not employees on the basis of a contract.

In 2012 the SAO SR maintained four audit sections with two sections conducting audit-related activities, eight regional offices located in the capitals of the higher territorial units (these offices have no legal subjectivity and are financed centrally), the office of the President, a separate department, a human resources office and two desks.

Strategic Objectives and Audit Plan in 2012

The strategic objectives of the SAO SR for 2012 to 2014 and the related audit plan for 2012 is focused on auditing the cost-effective use of public funds and disposal of public property in major economic, financial, social and other critical areas defined in the Government of the Slovak Republic's Official Programme as publicly declared and transposed into programmes and projects in the state budget. In this sense, the SAO SR's priorities within audit activities were defined as follows:

- Healthcare
- Transportation
- Science and research / education
- Efficient public administration, specifically:
 - Local government (resident satisfaction and local government reforms)
 - Reforms of the tax and mandatory insurance system (UNITAS project)
 - Other important civic matters selected on the basis of risk analysis
- Audit activities on the basis of the Act on SAO SR

Sufficient capacities were also reserved in the audit plan for audits focused on drawing funds from EU funds and other sources of funding from abroad and on a systematic audit of measures adopted to remedy findings and irregularities discovered in previous audits.

The draft of the Strategic Objectives of the SAO SR's audit activities was also submitted for public review to selected state and scientific institutions, universities, colleges and business entities. The individual topics covered in the audit plan for 2012 were presented to the requisite committee of the National Council of the Slovak Republic and the Strategic Objectives to 2014 was taken up by the National Council of the Slovak Republic's Committee for Finance and Budgeting. The audit plan for 2012 forecasted the completion of 49 audit activities. A total of 57 such audit activities were completed in 2012 after multiple updates to the audit plan for the SAO SR and a total of 354 entities were involved in these audits. The audit section completed 39 of these audits in 98 entities with the regional offices completing 18 audits in 256 entities.

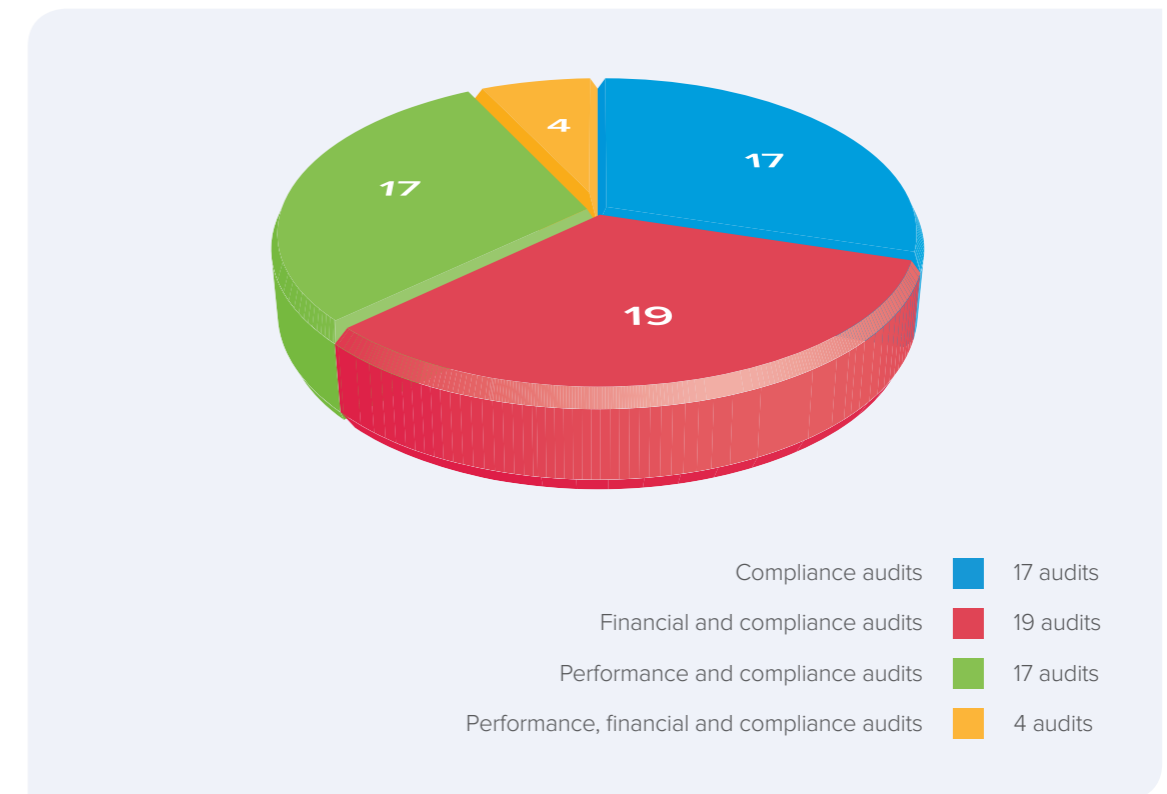
Based on a request from the National Council of the Slovak Republic's Committee for Finance and Budgeting dated 16 February 2012, the SAO SR completed an extraordinary audit of tax revenues to the state budget of the Slovak Republic at the Financial Directorate of the Slovak Republic and of the Financial Directorate of the Slovak Republic's processes within tax administration and in the fulfilment of specific measures.

The audit plan for the SAO SR in 2012 included two international audits with partnering Supreme Audit Institutions (SAIs) in Hungary and Poland (an audit for the cost-efficient and effective use of EU funds and public funds for the construction and maintenance of cycling paths from 2006 to 2011 and an audit of the Cross-Border Cooperation Programme between Poland and the Slovak Republic from 2007 to 2013).

Types of Audits

Three basic types of audits are defined in SAO SR audit methodology and are performance audits, compliance audits and financial audits: The break-

down of the three individual types of audits and their combinations in 2012 were as follows:



This data makes it clear the combined audits are the most common types of audits conducted by the SAO SR, which is based on the continued irregular-

ities in the activities of entities covered by the SAO SR's scope of audit activities in terms of adherence to laws when handling public funds and property.

Audit Findings

Healthcare

The audit into handling of state property and the use of healthcare equipment in selected healthcare facilities discovered breaches of generally binding legal regulations related to public procurement and budgetary rules as well as a failure to act in a cost-effective and efficient manner when handling and disposing of state property.

The irregularities related to public procurement concerned, among other matters, a lack of a systematic approach in planning public procurement, failure to create space needed to apply the principle of cost-efficiency and to minimize costs to secure orders as well as an unauthorized definition of the forms of communication between the contracting authority with bidders exclusively through the electronic procurement system and a failure to respect the terms defined in the law in the public procurement process. The Act on Budgetary Rules for Public Administration was not followed by providing deposits without any contractual agreement and a failure to ensure cost-efficient use of funds.

Cost-efficiency and efficiency in general in terms of real estate leases were not respected in multiple cases dealing with the handling of state property. Irregularities also concerned decision making regarding excess and temporarily excess state property.

The use of some healthcare equipment was also determined to be inefficient as the equipment was put into operation months or even years after the equipment had been procured; such equipment was used minimally or not used at all in some cases. In terms of efficiency it is important to note the excessively high costs to repair specific instruments and, conversely, there were some cases of healthcare equipment being inoperable due to a lack of funds for the needed repairs.

The audit into the cost-effective use of funds and handling of property in the Healthcare Surveillance Authority (hereinafter only "Authority") discovered multiple irregularities in capital expenditure when, for example, a total of €863,000 was used as a targeted investment into updating premises, which

was in dispute with the intended use of such funds in the budget. The Authority also used a total of €163,053 above the framework of the 2010 budget as a result of the conclusion of an inefficient contract. In 2008 the Authority purchased a building for €1,298,000 to operate a branch office along with medical examiner and pathologist offices whereby the expected costs for the renovation of such space exceeded the means available to the Authority, essentially killing the entire investment.

The Authority also inefficiently and uneconomically paid a total of €71,833 to create and deliver and electronic form to support the services of medical examiners and pathologists while the form remained unused as of the audit completion date as it was unsuitable for use and unnecessary with respect to statistics maintained by the Authority. Moreover, the Authority did not have the legal competency for the form itself or the details of such form.

The Authority also concluded a Services Agreement with the lessor of its office space until 14 June 2025 without applying procurement procedures

pursuant to the Public Procurement Act. Such services and operations increased rental expenses for the Authority without any corresponding assurance of such costs in the budget.

The audit of the application and collection of receivables in Všeobecná zdravotná poisťovňa, a.s., showed measures adopted in internal regulations for work with receivables increased success in collecting insurance premiums by 0.22% as of 30 September 2012 in comparison with 30 September 2011 and reached a level of 95.35%. In a year-on comparison from 2012/2011, overview receivables for selected accounts in the main ledger at 30 September dropped by 20.52%, i.e. by €66,261,000.

The audit did identify multiple cases of irregularities, for instance the late application of receivables within inheritance proceedings, delays in instalments pursuant to instalment calendars, delays in completing drafts for court execution matters and pre-execution calls and a lack of justification for writing off receivables.

Audit Findings

Transportation

In 2012 the SAO SR completed an audit of the use of public funds intended for the construction of 1st class roads and related infrastructure within the Ministry of Transport, Construction and Regional Development of the Slovak Republic and in the Slovak Road Administration. The results of this audit highlighted a number of irregularities in adhering to contractual relationships between the audited entities and irregularities in following the programme's budget and monitoring the fulfilment of indicators. This created the conditions for an increase in operating costs for the Slovak Road Administration and a biased drawing of funds for the construction of 1st class roads.

The audit into the use of public funds for the reconstruction, repair and maintenance of motorways, dual carriageways and related infrastructure conducted in 2010 and 2011 at the Ministry of Transport, Construction and Regional Development of the Slovak Republic and Národná diaľničná spoločnosť, a.s., discovered irregularities in public procurement, in unverifiable accounting for completed services, in adhering to contractual terms and conditions, in following contractual conditions, in assessing winter maintenance services as well as the lack of a strategy for repairs and maintenance.

The audit into fees for the use of road infrastructure and the efficient use of revenues from the electron-

ic toll system and motorway toll stickers, contractual matters and their application in construction, maintenance and repairs of the road network in 2010 and 2011 was focused on assessing the efficiency of the electronic toll system and fees assessed for use of the motorway network and 1st class roads. The results from the audit in 2012 concluded that the roll out of the electronic toll system was accompanied by various complications that the Ministry of Transport, Construction and Regional Development of the Slovak Republic resolved through multiple legislative changes. However, the ministry was not adequately informed of the problems related to toll collection and motorway toll stickers at Národná diaľničná spoločnosť, a.s.

2012 also saw the audit into the use of public funds, contracts and financing for modernization and operation of railway transportation infrastructure completed from 2010 to 2011 in the audited entities: the Ministry of Transport, Construction and Regional Development of the Slovak Republic, Railways of the Slovak Republic and the Railway Regulatory Authority. The results of this audit showed that the approval and implementation of a new model for charging fees on railway infrastructure created the conditions needed to revitalize the railways. The audit also highlighted some of the irregularities in contracts that created space for further potential demand for funding increases from the state budget.

Within the audit of the assessment mechanism, monitoring and continuous fulfilment of selected operational programmes in the National Strategic Reference Framework for the Programme Period of 2007 – 2013, the SAO SR conducted an audit of Operational Programme (hereinafter only "OP") Transport. The audit showed that the fulfilment of the goals of the OP and the achievement of the planned results was conditioned by the completion of projects in priority axes 1 to 7 in the defined timeframe. The SAO SR assessed the fulfilment of OP goals in terms of time as sub-standard and the audit identified a range of problems regarding implementation. In terms of the processes, the management of structural funds and funds from the Cohesion Fund was problematic during the audited period in particular due to the systematic irregularities discovered by audit authorities from the Slovak Republic and the European Commission. Additional insufficient processes involved in pre-project and project preparation activities that proved problematic during construction and were manifested in delays in obtaining construction permits. In terms of the public procurement process, these issues were primarily insufficiently prepared tenders that caused delays in the closing the overall process and exhaustive revisions. All of these problematic processes significantly worsened OP performance in terms of the rate of contracting and ultimately the drawing of funds available to the OP. Irregularities

in the public procurement process, in pre-project and project preparations for construction and systematic irregularities in managing OP Transport may have a negative impact on the eligibility of costs for implemented projects from the point of view of the European Commission. The results of the audit showed an overall unsatisfactory situation in terms of implementing programmes within the National Strategic Reference Framework.

At selected local government entities in 2012 the SAO SR conducted audits into the handling of public funds and property during the administration, maintenance and reconstruction of local roads. One of the goals of these audits, in the absence of any standard costs or standards for cost efficiency, efficiency in general or efficacy of these activities, was to assist in the creation of an optimal model for administering, maintaining and reconstructing local roads. On the basis of the audit findings, the SAO SR recommended a number of measures to the audited municipalities with respect to eliminating irregularities and improving the status of the audited areas with consideration given to their individual conditions. For instance it recommended the creation of a cost centre for local road administration, maintenance and reconstruction using a suitable analytical grouping of synthetic accounts; furthermore it recommended a winter maintenance plan and a reconstruction and maintenance plan for local

Audit Findings

Transportation

roads be completed in writing with subsequent revisions; within public procurement it recommended applying the provisions of the Public Procurement Act to prove the economic and financial standing of bidders and their technical and professional capabilities and to consider assessing the submitted bids in terms of multiple criteria and not just the lowest price; it recommended that goals and measurable indicators for the programme's budget focus more on quality than quantity and recommended active monitoring and assessment of local resident satisfaction with the system for administering, maintaining and reconstructing local roads. The SAO SR added this audit activity across Slovakia into its audit plan for 2013 based on the seriousness of the audit findings and with the goal of generalizing knowledge obtained in the form of best practices.

In terms of local government in 2012 the SAO SR also conducted *an audit into the use of public funds and eligibility for the use of funds provided by the self-governing regions pursuant to contracts to perform regional bus transport in the public interest*. This audit in seven self-governing regions and 13 carriers was focused on the system of financing, price setting, contractual matters with regional bus transport carriers and adherence to general-

ly binding legal regulations to cover the costs for performing this service in the public interest. The audit discovered significant differences between the individual self-governing regions and between individual carriers. Every self-governing region had noted a year-on decline in the number of transported passengers. Irregularities were discovered in regulation aspects as the transport service plan was incorrectly or simply not completed and the pricing regulations were not issued pursuant to valid legislation; in other cases the upper territorial unit or another administrative authority had acted improperly when awarding licenses. Financial analysis of costs for calculating unpaid losses was also missing in terms of financial issues. Late payments from the budgets of the higher territorial units to carriers were also uncovered along with payments that were lower than the contractually-agreed amount, incorrect classification of such payments or late accounting. Among carriers, erroneous calculations of overhead costs were discovered along with the inclusion of ineligible costs into final billing. Irregularities were also discovered in the audit conducted in the higher territorial units. Insufficient fulfilment of measures adopted to eliminate irregularities identified in previous SAO SR audits was also noted among the audited carriers.

Audit Findings

Science, Research and Education

The audit into the eligibility of expenses within the Operational Programme Research and Development and the audit into projects to support research and development included in the Ministry of Education, Science, Research and Sport of the Slovak Republic's budget chapter uncovered irregularities in the use of tools to monitor cost-effective drawing of funds from the state budget. Many of these irregularities were systematic and uncovered in the process of assessing grant applications.

The implementation of the state's Long-Term Science and Technical Policy Objective to 2015 as the strategic material for supporting research and development and the adoption of a set of specific measures to ensure the achievement of the goals of the long-term objective including monitoring was halted within the audited period. The SAO SR recommended re-evaluating and approving this strategic document for state science and technical policy on the basis of the irregularities uncovered by the audit into science and research.

Expenditures on science and research in Slovakia are among the lowest in the EU, which is related to the limited funds available in the state budget of the Slovak Republic. This makes it essential to draw

funds from available foreign sources for science and research activities. The condition for such funding is that the financing be transparent to ensure the funds are used pursuant to generally binding legal regulations and in a cost-effective and efficient manner. Audit results support this transparency in financing science and research from foreign sources and increase the cost-efficient use of such funds.

Four selected sports unions were selected in 2012 at the Ministry of Education, Science, Research and Sport of the Slovak Republic for an *audit focused on the use of public funds to fulfil tasks within the National Sports Development Program*. The results primarily highlighted insufficient control over cost-effective and efficient use of such state budget funds for sports when settling subsidies. The sports unions only needed to provide lists of documents to the ministry for the purposes of settling these subsidies and such lists did not prove that the funds from the subsidy had been used for the intended purpose. Audit into some sports unions showed inefficient use of fund from approved subsidies and the failure to follow the Act on the Administration of State Property when the assets purchased and recorded from the approved subsidy were not used whatsoever.

Audit Findings

Efficient Public Administration

The efficiency of public administration was included in the SAO SR's audit plan for 2012 as a strategic topic accounting for nearly 50% of all audits. Most of them related to the functioning of local government authorities. However, the audits also focused on the issue of reforming the tax and mandatory insurance system and other important civic issues were also selected on the basis of risk analysis.

In terms of local governments, irregularities were primarily found in the performance of specific local government functions, in the internal system of controls and in the cost-effective use of budgeted funds. Problems also occurred in connection with incomplete or slow reforms within local government bodies.

Analysis conducted during audits identified a number of fundamental problems. Current laws do not stipulate the professional or educational conditions that a candidate for mayor in a municipality must possess. Cases have occurred when candidates who haven't even finished primary schooling have been elected as mayor. This leads to a subsequent failure to fulfil the role of mayor, a decline in the financial administration of the municipality and the failure to fulfil local government functions.

Another fact that was observed in terms of local government is the large number of such municipalities per number of residents that are granted the right of local government. Nearly 70% of such municipalities have less than 1,000 residents and around 40% have less than 500 residents. Administration costs in these communities account for the vast majority of ordinary expenses and likewise more than half of budgets. Small communities have no economic strength and produce no real tax income, which threatens their fiscal independence to a significant extent. The SAO SR on the basis of the results of these audits proposed continuing the Concept of Communal Reforms in Modernizing Local Government in the Slovak Republic including consolidation measures for common municipal offices and areas in which associations of municipalities are charged with administrative activities.

The SAO SR uncovered a number of irregularities in terms of budget cost-efficiency including specific breaches of financial discipline in local government entities. Irregularities were frequently noted in changes to municipal budgets during these audits. Changes associated with the use of funds above the framework of the approved budget were not performed pursuant to the Act on Budgetary Rules for Local Government using budgetary measures

and were not approved by local municipal bodies. This led to the use of budget funds above the framework of the approved budget with expenditures being made that were never approved in the budget. Other frequent irregularities included the incorrect application of budget classifications and incorrect reporting of budget results, which related to the subsequent incorrect creation and use of reserve funds. Irregularities were also discovered in connection with settling shortfalls in municipal finances and in settling the balance of budgetary funds remaining on bank accounts after the determination of the municipality's financial standing.

Irregularities were discovered in business activities conducted by local government entities, in particular in connection with the issue of covering losses from such business activities. In many cases when providing a subsidy to a legal entity or entrepreneur (sole proprietor), the municipalities did not adhere to the Act on Budgetary Rules for Local Government and provided such subsidies from their budgets to ineligible entities (individuals who are not sole proprietors). Many municipalities provided subsidies without checking to ensure that these funds were actually used for the intended purpose. Subsidies that were provided in many cases were not used by the recipients for the intended purpose but the

municipality accepted such fact and did not seek the return of such funds.

SAO SR audits also uncovered irregularities in legislation that forms the basis for the problem of determining personal responsibility and penalties related to breaches of financial discipline by local government entities.

On the basis of the results of its activities in 2012, the SAO SR repeatedly found evidence of on-going problems in terms of the internal system of controls in local municipalities and in the higher territorial units. It was determined that municipalities only formally conducted on-going financial audits while others did not perform them at all. The lead auditors frequently did not proceed in compliance with the Act on Financial Controls and Internal Audits when conducting such audits. They did not conduct their activities thoroughly, did not warn of the irregularities and errors and did not complete or submit any final audit materials such as statements to budget proposals or final accounts or audit reports to local councils.

The SAO SR proposed opening a wider discussion as to the issue of the role and the activities of the lead auditor in the context of local government.

Audit Findings

Efficient Public Administration

Many irregularities, in particular system-related issues, are proof that the audit activities of such lead auditors are not always completed in the required scope and quality. In practice, the application of derived responsibility for insufficient or low quality work by such lead auditors is also problematic. At question is the independence of the position of lead auditor, which is to be independent on the one hand and yet remains an employee of the municipality/higher territorial unit with remuneration provided by the municipality/higher territorial unit on the other hand. The position of lead auditor does have specific justification and that is why an amendment of the legislation determining the auditor's status, scope and other related institutes is urgent and critical given the scope of irregularities that were uncovered in terms of the internal system for checks employed by local governments.

The SAO SR systematically monitors the issue of tax fraud and other losses given the negative impact these have on all other phases of civic and financial life. **In terms of the tax and mandatory insurance system** in 2012, the SAO SR conducted a status audit into the *use of funds for OP Information Society in the programme period from 2007 to 2013 and an audit to check on the assurance of material and organizational solutions for the programme to unify the collection of taxes, customs duties and insurance premiums named UNITAS*. Additionally the

office conducted an audit into tax administration, the results of which were used to complete a statement into the draft state budget and the draft of the state's final account.

Based on the results of *the audit into the use of funds for OP Information Society* the SAO SR stated that defining prices to create such information society as a tool for development of a knowledge-based economy posed a threat resulting in delayed project implementation and therefore a low rate of drawing allocated funds. Drawing funds allocated for this OP in the last year of the programme period were the lowest among all the OPs for the 2007 to 2013 programme period. Serious issues were also uncovered in terms of public procurement. Late implementation of projects in this OP was fully reflected as negatives in the quality of the performance of public administration. The impact of a lack of preparedness within the project to convert the Tax Agenda of the Ministry of Finance of the Slovak Republic to electronic services was exceptionally serious as this was to have reformed both tax and customs administration (in the UNITAS project) which led to a collapse of tax administration itself with direct impact on the funds forming the source of revenue for the state budget at the beginning of 2012.

Audit activities were added to the audit plan on the **basis of risk analysis** for the state budget and were focused on the efficient and effective use of public funds used on **programmes and projects for the Roma community** and on the mechanisms used to assess, monitor and meet the goals of **selected OPs** in the National Strategic Reference Framework for the 2007 to 2013 programme period.

An audit into the efficient and effective use of funds on programmes and projects intended for the Roma community displayed a range of problems that must be resolved in connection with the use of funds intended for the marginalized Roma community. On the basis of its audit findings, the SAO SR stated that no institution or public authority had any effective overview of all the programmes, projects and subsidies and grants focused directly or indirectly on the Roma community. It was also determined that there is no clear criterion in local Slovak conditions that could be used to determine the funding with a real impact on the Roma community or to determine what share is contributed to support the Roma community. This causes a problem in measuring the real impact and assessing the quality and efficacy of the programmes focused on the Roma issue. This poses a risk of ineffective and uneconomical use of funding targeted for the Roma community. Another issue is monitoring the sustainability of the results of specific programmes and projects.

An audit of the mechanism used to assess, monitor and continuously meet the goals of the selected OPs in the National Strategic Reference Framework for 2007 to 2013 for OP Employment and OP Social Inclusion discovered a significant irregularity in the termination of the calls to submit grant applications as no relevant legal reason was given for this step. These calls were terminated a year after closing and 4 months after delivery of the final assessment reports.

The goal of the *audit at the level of using direct grants from the European Commission in the Slovak Republic* was to direct attention towards funds in various sectors that can be obtained by both private and public entities in the Slovak Republic (in other cases individuals may receive such funds) directly from the European Commission in the form of direct grants. This audit focused on verifying the system of monitoring and recording the use of direct grants and comparing the level of use of direct grants from the European Commission against other EU Member States. The results of the audit highlighted the significant reserves and negative conditions in the audited areas. Likewise it also highlighted the absence of a public authority that would deal with this issue in a complex manner and help increase the level at which funding was obtained in the form of direct grants in the Slovak Republic.

Implementing Audit Results and Recommendations

The SAO SR completed the results of all audits pursuant to requisite provisions of the Act on SAO SR. These audit reports were discussed with the statutory body of the audited entities. Minutes were kept for the discussions of such reports in which the statutory body of the audited entity was obliged to provide the SAO SR with measures to eliminate the irregularities uncovered by the audit within the given deadline and then to complete a written report regarding the fulfilment of the adopted measures. The SAO SR also notified irregularities uncovered by the audit to the authority acting in the name of the state or in the name of the municipality or higher territorial unit in the context of the audited entity's activities. The resulting materials from audits were also published on the office's website.

The SAO SR cannot levy any penalties on audited entities for the discovered breaches of financial discipline, the failure to follow laws or other serious irregularities that occur. The SAO SR can only proceed in the manner determined by the Act on SAO SR with respect to the process of implementing audit results in terms of the determined irregularities and to ensure their resolution/elimination.

“ *The Chairman of the National Council of the Slovak Republic (Prime Minister) and requisite authorities are to be informed by the Office with respect to particularly serious findings and other details gathered within the scope of its activities*

(Section 13 (1)
of the Act on SAO SR)

“ *The Office can provide the audited entity and requisite authorities with recommendations for resolving irregularities...*

(Section 13 (2)
of the Act on SAO SR)

Pursuant to the cited provisions of the law, the SAO SR informed the President of the Slovak Republic, the Prime Minister of the Slovak Republic, the Ministers of the Government of the Slovak Republic, requisite Committees of the National Council of the Slovak Republic, local government authorities and other authorities and entities with respect to particularly serious findings of its audit activities.

In its audit activities during 2012, the SAO SR recorded 6,180 individual irregularities, 2,698 measures adopt-

ed by the audited entities, 1,046 of its own recommendations for the audited entities, 1 criminal complaint filed with the requisite authorities, 11 cases of cooperation with the police and 10 audit findings that were turned over to requisite financial audit authorities.

SAO SR recommendations provided to the audited entities and stakeholders with the goal of eliminating discovered irregularities and preventing them from repeating and the application of best practices were focused on:

- Consideration for changes to the legislative rules stipulated in generally binding legal regulations (the Act on Budgetary Rules for Public Administration, the Act on Administrative Procedures, the Act on the Establishment of Municipalities),
- The definition of generally binding local ordinances related to the use and disposal of funds,
- Deriving personal responsibility or defining sanctions against those persons responsible for discovered irregularities,
- The completion and updating of internal regulations,
- Securing measurable indicators for assessing the level at which Operational Programme goals and project goals are achieved with the use of public funds,
- Systematic measures to improve the quality of management work,
- Increasing the efficiency of the internal system of controls among audited entities, including the strengthening of the standing of lead auditors in municipalities and in higher territorial units,
- Securing rules and criteria for remunerating management and providing reimbursement for verifiable expenses related to the fulfilment of work duties within entities where the state or local government entity holds a participation interest.

The SAO SR continued to put emphasis in 2012 on applying the preventative function of audits. In this context the office systematically cooperated with entities that associate local governments or their auditors such as Zruženie miest a obcí Slovenska (Association of Cities and Towns of Slovakia) and Združenie hlavných kontrolórov SR (Association of Lead Auditors of the Slovak Republic). Representa-

tives of the SAO SR also lectured at meetings with mayors and other local government representatives. The SAO SR used this as a means to transfer its knowledge from audit activities and to act in a preventative manner by providing consulting, lecture and publishing activities all while contributing to the development of these institutions.

Other Activities

SAO SR Reports and Statements for the National Council of the Slovak Republic

Pursuant to the provisions of Section 5 (1) of the Act on SAO SR, in 2012 the SAO SR completed and submitted its Statement to the Draft of the Final Account of the Slovak Republic for 2011 to the National Council of the Slovak Republic. The National Council of the Slovak Republic took up this statement at its 3rd session held on 26 June 2012.

Pursuant to the provisions of the Act on SAO SR cited above, the SAO SR completed and submitted its Statement to the Draft State Budget of the Slovak Republic for 2013 to the National Council of the Slovak Republic, which the National Council of the Slovak Republic took up at its 11th session on 06 December 2012.

Pursuant to the provisions of Section 5 (5) of the cited Act on SAO SR, the SAO SR completed and submitted its Statement on SAO SR Audit Results for 2011 to the National Council of the Slovak Republic. The National Council of the Slovak Republic took up this statement at its 3rd session held on 22 June 2012.

Performing the Position of EUROSAI Auditor

The SAO SR in 2012 held the position of EUROSAI Financial Auditor in cooperation with the Supreme Audit Institution (SAI) in Estonia. The SAO SR had held this position for three terms. Its partner for the next three years is once again the SAI in Estonia. Pursuant to the EUROSAI Statutes, these two institutions jointly conducted the audit of EUROSAI's financial statements for 2011 and the audit report with requisite recommendations was sent to the EUROSAI Executive Committee.

SAO SR Activities as the Authority Issuing Declarations to Terminate Aid from Structural Funds and the Cohesion Fund for the 2004 – 2006 Programme Period

In 2002 the SAO SR accepted the role as the authority issuing declarations to terminate aid as it was the only state institution at that time that met all of the defined requirements and prerequisites for the creation and activity of such authority. It had already created the detailed legal framework needed to be able to immediately begin fulfilling such role.

From the end of May 2004 to the end of 2012, the office audited a total of 275 entities for the structural funds and 73 more entities for the Cohesion Fund. It discovered a total of 1,068 irregularities and issued 1,068 recommendations for remedy and with subsequent follow up and monitoring until these irregularities are completely resolved. The SAO SR also issued declarations to terminate aid within 11 programmes supported from the structural funds and 41 Cohesion Fund projects. These declarations were submitted along with reports containing all the required information in the deadlines set by the requisite body of

the European Commission. These materials are used by the European Commission as the basis for accounting the individual programmes using structural funds and Cohesion Fund projects and for paying out the remaining balances to the Slovak Republic.

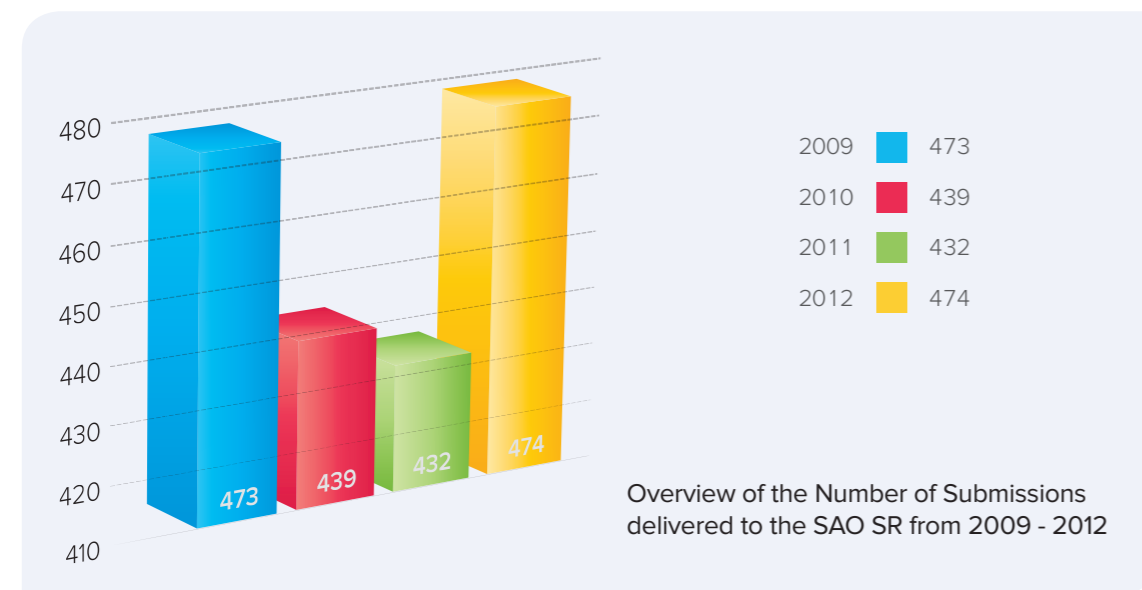
The closing of programmes using structural funds and Cohesion Fund projects for the 2004 to 2006 programme period took place during 2012. As of 31 December 2012 a total of 7 programmes from a total of 11 programmes using structural funds were closed with the remaining 4 in the closing process. A total of 23 projects from a total of 41 Cohesion Fund projects were closed with the remaining 18 projects in the closing process.

At the intermediate body/managing authority (IB/MA) and final beneficiary level the SAO SR discovered a total of nine irregularities that primarily concerned the incomplete fulfilment of contractual obligations and the failure to adhere to some provisions of the Public Procurement Act. The audit at the Ministry of Finance of the Slovak Republic finished up with no irregularities. The SAO SR gained sufficient assurance during the audit that the audit and control systems are sufficient and the expenses included in the certified statement of expenses for the audited Cohesion Fund project correspond to legal regulations and EU and Slovak law and are correct. Despite this the SAO SR did express one reservation in the declaration to terminate aid, the reason for which was the open financial correction for an irregularity within public procurement (ineligible criteria of "experience" in the evaluation stage).

Resolving Submissions from Individuals and Legal Entities

The SAO SR recorded a total of 474 official submissions from individuals and legal entities in 2012, representing an increase of 42 submissions and the largest number submissions received in recent

years. The increase in the number of submissions can be attributed to the ability to submit suggestions to conduct an audit or to make a complaint via the SAO SR website.

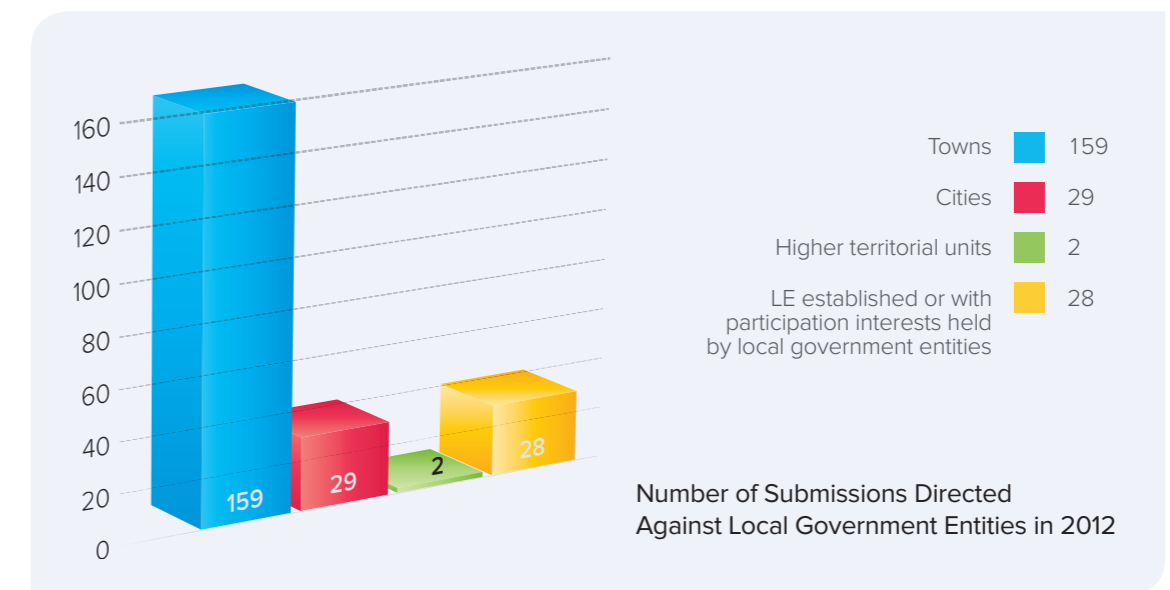


A total of 325 of the 474 overall submissions (69%) actually fell under the SAO SR's scope of audit activities. Those submissions that did fall under the SAO SR's scope of activities were primarily related to inefficient use of funds and property (192 submissions), the breach of generally binding legal regulations (76 submissions), problems with public pro-

curement (17 submissions), the inefficient use of EU funds (16 submissions) and irregularities related to tax and fee administration (8 submissions). The SAO SR also recorded 16 submissions related to SAO SR audits, either previously completed or under way at the time of receipt.

218 submissions, or 67% of the total number under the SAO SR's scope of activities, were related to local governments. Most of these submissions were directed against towns (159 submissions) and cities (29 submissions). A total of 2 submissions were di-

rected against the higher territorial units while 28 submissions were directed against legal entities (hereinafter only "LE") either established or with participation interests held by local government entities.

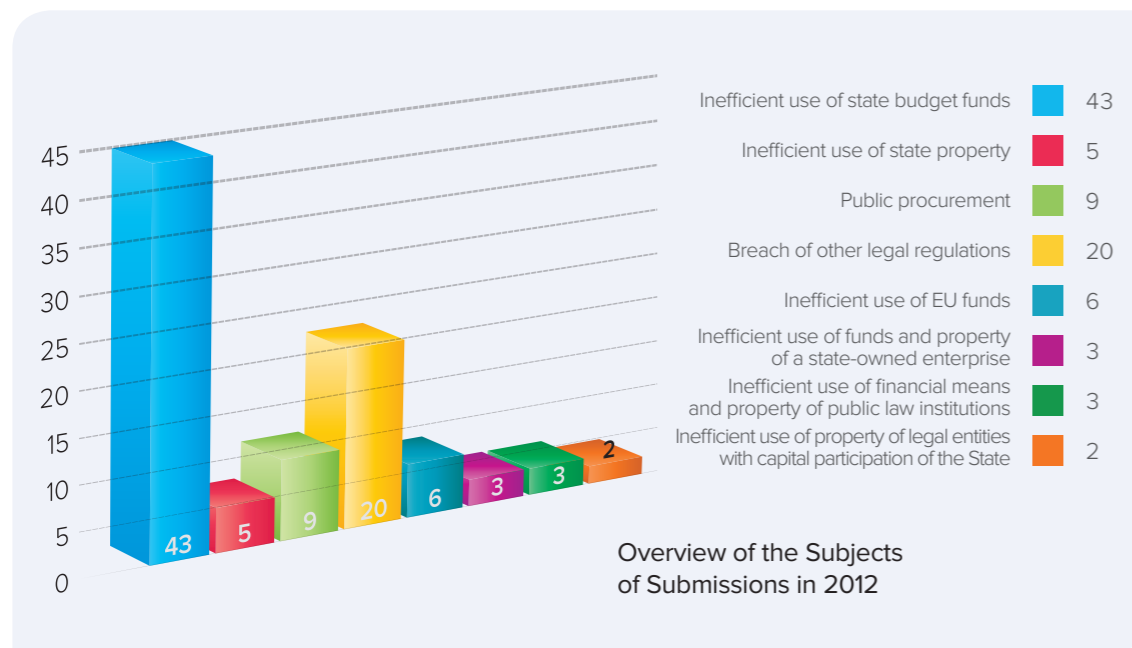


Complaints against towns most frequently highlighted irregularities that occurred in the activities of the town's mayor and council as well as in the activities of the town's lead auditor. Submissions frequently pointed out the fact that the town's mayor did not respect the standing of the local council and its powers as defined by the Act on Town Establishment and were frequently sent by members of the local council or the entire council but with an ex-

ception here or there these submissions were calls to conduct an audit. Another frequent suggestion to commence an audit addressed to the SAO SR was the issue of mandatory publication of contracts, orders and invoices pursuant to the Freedom of Information Act. A total of 91 submissions were directed against ministries, other central public administration authorities and other public administration entities in the past year.

Resolving Submissions from Individuals and Legal Entities

The subject and number of the individual submissions are shown in the following graph:



The involved organizational units of the SAO SR conducted the requisite analysis stipulated by internal regulations and reviewed the received submissions and requests to conduct audits, the results of

which led to a total of 73 audits being conducted in 2012 based on the audit plan involving 73 local government entities and a number of other audits conducted in state administration entities.

Contact with the Public

The SAO SR continued in 2012 in its efforts to open up to citizens with the goal of providing easier access to relevant information on audit activities and their results. In connection with the recommendations from international peer review and the Common Assessment Framework, the SAO SR conceptually adapted its communication with the public and incorporated its media and publication policies into a system and in particular in relation to local government. At the same time the SAO SR rolled out a system to measure the satisfaction of stakeholders with SAO SR activities.

In an effort to provide citizens with easier access to information and to enable transparent and open communication, effective 01 November 2012 the SAO SR has published all reports concerning the results of conducted audits after completion on its website. The implementation of the national "Auditor Information System for the SAO SR" (hereinafter only "AIS SAO SR") project saw the roll out of e-Government services including G2C, G2P and G2G services and are published on the office's website. This enables information about the audited entity to be delivered along the results of audits, the submission of complaints and suggestions to the SAO SR as well as the publication of reports for the public. These services will progressively be published on the central public administration portal.

The SAO SR also communicates with the public in the form of answers to requests to furnish information pursuant to the Freedom of Information Act and in response to questions from citizens, requests for advice, statements, directives and interpretations of the law. One of the more interesting findings from the past year was the number of requests in which citizens sought the publication of information in writing (in particular in providing photocopies), which was related to a large number of requests to provide the results of audits in local government frequently sent by residents of small communities without Internet access. Information was furnished in the deadlines and within the framework of the Freedom of Information Act. The SAO SR completed a number of publication activities in line with its communication strategy and plan of publication activities by sending professional articles of selected specialized periodicals. A total of 12 such contributions were published in 2012 in specialized and regional magazines.

Within internal communication, SAO SR continued in the tradition of informing employees using daily media monitoring and other information published on the Intranet; A total of 1,123 contributions concerning the SAO SR were included in monitoring in 2012, representing an increase of nearly 300% over 2011.

Inter-Departmental Commenting Process

Within the inter-departmental commenting process for materials intended for debate by the government of the Slovak Republic, the SAO SR recorded a total of 692 materials, 343 of which were of a legislative nature and 393 of which were of a non-legislative nature, in 2012. A total of 110 comments were provided for 33 separate legislative materials with 35 comments provided for 25 separate non-legislative materials.

Comments were directed to key materials including the "Project to Introduce a Unitary Health Insurance System in the Slovak Republic" or the "Stability Program for 2012 to 2015" as well as the draft proposal to provide aid for investors conducting business activities in the Slovak Republic. The SAO SR used these comments to recommend adopting measures to minimize expenditures, proposed adding an assessment of the efficacy of already expended public funds, assessing the fulfilment of conditions for providing investment aid and also responded to the development of the Slovak economy and the global economy. Not all of the comments were accepted by the submitters of these materials.

International Activities

The SAO SR is a member of INTOSAI (International Organisation of Supreme Audit Institutions) and its regional EUROSAI group. At the same time it is a member of the Contact Committee of the Heads of EU SAIs (hereinafter only "SAI") for EU Member States. An expression of trust and recognition of the work and international standing of the SAO SR came with the decision issued by the INTOSAI Administrative Committee in November 2012 which entrusted the task of Supporting Best Practices and Quality Assurance through Voluntary Peer Review to the SAO SR via Subcommittee 3 of the INTOSAI Committee for Building Competencies.

The SAO SR was active in 2012 in international organizations through its representatives delegated

to six committees, subcommittees and work groups within INTOSAI, six EUROSAI work groups, eight work groups in the Contact Committee and one work group for SAIs from the countries of the Visegrád Group + Austria and Slovenia (hereinafter only "V4+2") and two groups for contact with the European Commission and the European Court of Auditors (hereinafter only "ECA"). The primary benefits of the Office's international activities in terms of bilateral and multilateral relationships with institutions of the same focus on a global scale is to increase the quality and efficiency of audit activities by acquiring and exchanging professional information and experience and by increasing the international credibility of the Slovak Republic in the field of audit.



Meeting of the Heads of SAIs from the EU Member States and the European Court of Auditors

International Activities

In 2012 the SAO SR sent a total of 59 employees on 38 international business trips and hosted 38 individuals on 12 trips from abroad. Foreign business trips were primarily meetings at the highest levels, meetings between members of INTOSAI, EUROSAI and the Contact Committee working groups, conferences and seminars, meetings for international audits and other work activities.

Further recognition of the quality of the SAO SR's audit activities is the fact that it was added to the harmonization project group for revising INTOSAI international audit standards, a group in which it is

an active member. The November visit of Ms Giedrė Švedienė, Executive Chairwoman of the Contact Committee for Leading SAI Representatives for EU Member States and the ECA and the lead auditor for the SAI in Lithuania was further recognition of the work and results achieved by the Office.

The SAO SR is actively involved in implementing the strategic goals of EUROSAI in terms of building the professional capabilities of SAI, professional standards and the exchange of knowledge and experience. The Office participated in the 7th EUROSAI – OLACEFS Conference in Tbilisi, which adopted

important joint declarations leading to an increase in the efficiency and influence of SAI.

An important component of the Office's international activities was cooperation with the SAI in the V4+2 countries. Experience from the implementation of the CAF (common assessment framework) for quality was presented by the President of the SAO SR at the annual meeting and discussions held by leading representatives of the SAI from the V4+2 countries held in September 2012 in Hungary. With in cooperation in this group, the SAO SR joined in an internationally-coordinated audit in cooperation with the SAI of Hungary focused on the construction and maintenance of cycling paths. The SAO SR

also continued within cooperation with the SAI of Poland in a coordinated audit into the implementation of the Cross-Border Cooperation Programme. A joint report marked the end of the audit into the construction of motorways focused on comparing cost levels which the SAO SR completed in cooperation with the SAI of Germany. Cooperation with the ECA is another unmistakable part of international activities. Just as in the previous year, the Slovak Republic's ECA member Ladislav Balko also paid the SAO SR a visit in 2012. The subject of his visit in November was the presentation of the ECA's Annual Report regarding the Fulfilment of the EU Budget for the 2011 budget year.



Visit of the Lithuanian SAI's Delegation in Bratislava



Presentation of the ECA Annual Report

International Activities

Another important part of the SAO SR's international activity was cooperation with the SAI of Switzerland. After more than two years of efforts, mutual contact and cooperation, a cooperative partnership-based project named "Audit and Security of Information Systems" was commenced. The initial activity on the project took place in 2012 and was the self-assessment of information technology completed using modified COBIT methodology implemented in all of the EUROSAI countries. Similar self-assessment was completed for the first time in 2006. A comparison of results from the assessed processes showed a tremendous positive change and progress being made in terms of managing and using information and communication technology in the SAO SR.

The SAO SR's international activities also included activities of an educational nature. In 2012 the Office made contact with the SAI of Sweden and invited professionals from the field of performance audits to complete a four-day-long training session for SAO SR employees related to performance audits.

The experience and knowledge gained by the SAO SR was used in practice and also passed on to others. Upon invitation from the Institute for International Research, a representative of the Informatics Department gave a lecture on virtualization and the SAO SR's experience in Prague at the "IT Operations - Savings, Efficiency and Performance" conference. The representative of the Audit Section for European Funds presented experience at a seminar in September in Budapest concerning audits conducted for projects financed using EU funds in the 2006 to 2010 programme period.

In 2012 the SAO SR organized a professional seminar in February with international attendance and a number of external presenters focused on SAI activities in efforts to combat corruption. A number of recommendations to strengthen the activities of the Office in this area were adopted at the conclusion of the seminar. The importance of combating corruption is highlighted by the fact that the World Bank organized the international conference named the *International Corruption Hunters Alliance* took place in June in Washington and the President of the SAO SR took part.



Seminar Focused on SAI Activities to Combat Corruption, Bratislava

Within international activities the SAI SR took up an offer from the SAI of India to participate in an international training programme in 2012 paid for by the Ministry of External Affairs of India. Two SAI SR

employees participated in a month-long stay in India focused on "Audit in the Information Technology Environment" and "Performance Audit".

SAO SR Human Resources, Budget and Internal Audit

Human Resources

The total number of SAO SR employees at 31 December 2012 was 290 employees, 278 of which are public service employees with 12 employees performing work in the public interest. The SAO SR placed exceptional attention on their systematic education over the previous year in order to assure the highest quality in the work results of its employees. Education took place throughout the year pursuant to the approved annual educational plan, the contents and scope of which was adapted to the audit plan for 2012.

The planned educational programme was focused in the 1st quarter of 2012 on training and instruction in the use of the SAO SR's Auditor Information System, audit work activities, training and the transfer of best practices in using various modules for leading

public service employees, training for the creators of e-learning courses and a seminar on the issue of budget rules in public administration. In the 2nd quarter the Office completed more planned seminars led by specialists from the Ministry of Finance of the Slovak Republic on the topic of state aid and on disposing of property at the local government level. In order to increase quality, audit activities were focused on multi-day training on procedures and management of performance audits led by a specialist from the SAI of Sweden.

Above the framework of the plan, the Office also conducted professional educational activities focused on the ethical codex for public employees, selected chapters of the Commercial Code, securing participation in CISA (certified IS auditor) certi-

fication and participation in selected monthly professional courses at the SAI of India (IS audit and performance audit). With respect to efforts to combat corruption, a professional seminar was held with the participation of specialists from Slovakia and the Czech Republic and auditors had the opportunity to attend the CKO OLAF event held by the Government Office of the Slovak Republic.

In 2012 the SAO SR assured a total of 34 individual trainings on the basis of requests from employees. Such trainings were focused on expanding the qualifications of employees in specialized units, acquiring professional capabilities within public procurement and other trainings based on the work needs of employees. In this context the participation of SAO SR employees in professional confer-

ences was also secured, for instance: Informatization of Healthcare, Conference of the Institute of Internal Auditors, Information Technology and Public Administration, ABIT Conference, Privacy Protection, Economic Perspectives for 2012, Diplomatic Protocol, Consular Services of the Slovak Republic, etc. Selected specialized employees were also afforded the opportunity to participate in professional seminars organized by other institutions, including: the Government Office of the Slovak Republic, the Ministry of Finance of the Slovak Republic, HNClub and the Regional Educational Centre in Košice.

A total of 71 training activities were completed in 2012 by the SAO SR for a total of 85.5 days' worth of educational activities.

SAO SR Human Resources, Budget and Internal Audit

Budget

Pursuant to the Act on the State Budget for 2012, the following binding indicators were approved for the SAO SR budget chapter:

Revenues	€11,850.00
Expenditures	€7,976,235.00

Updated binding indicators
for period to 31 December 2012;

Revenues	€11,850.00
Expenditures	€7,785,243.26

The SAO SR met all binding indicators for its budget chapter in the 2012 budget including the five budgetary measures executed during the year.

The real amount of budgeted expenditures in 2012 totalled €7,784,592.38, representing a total of 99.99% of the updated budget line item. The largest share in expenditures accounting for 79.20% of these

expenditures were expenditures on employees (salaries €4,566,068.01, insurance premiums and insurance contributions €1,554,986.77, compensation for employees outside of employment, €3,046.32 and regular transfers - severance, retirement and illness benefits totalling €41,226.37).

Operating costs (travel expenses, utilities, materials, transportation, repairs and maintenance, rental costs, services and expenses for membership dues in domestic and international organizations and funds from projects co-financed by the EU) totalled €1,598.955.27 and accounted for 20.54% of the total volume of all expenditures.

Capital expenditures totalled €19.921.58 or 0.26% of total expenditure.

SAO SR budget revenues in 2012 reached a total of €35,546.05 or 300% over the originally budgeted revenues. The fulfilment of the revenue indicator was influenced by credit notes, income from insurance benefits received as compensation and from the rental of premises (snack bar - building in Bratislava).

SAO SR Human Resources, Budget and Internal Audit

Internal Audit

Pursuant to the internal audit plan for 2012, an internal public procurement was conducted for 2011 with the goal of auditing the procedural accuracy of procedures and compliance of all the Office's public procurement activities with regulations; in addition an internal audit concerning cost-effective operation of the SAO SR for 2011 was conducted in order to assess the cost-effectiveness and efficiency of all expended budget funds as well as another audit related to the administration of property in the form of checking the fulfilment of the conclusions from the inventories completed for 2011 to 2012. An annual report from internal audit activities was completed for 2011 and sent to the Ministry of Finance of the Slovak Republic within the legally-stipulated term.

The conclusion that can be reached from the completed internal audits is that all processes related to public procurement conducted by the SAO SR were conducted properly and in compliance with all regulations; additionally it can be concluded that management and control systems are effective, the internal audit system is configured properly, the separation of individual functions related to financial management is appropriate and clear, every financial operation is subject to a preliminary financial check and the system of separating individual functions and authorization permissions is assured and respected. It was also determined that the parameters of efficiency and cost-effectiveness were followed in terms of disposing of the assigned funds with strong efforts made to achieve savings. It was stated that all procedures related to financial management were conducted properly during the assessed year and in compliance with applicable regulations.

Direction of Audit Activities from 2013 to 2015

The direction for the SAO SR's audit activities from 2013 to 2015 follows the intent for these audit activities to contribute to meeting the objectives of the SAO SR as defined by the Constitution of the Slovak Republic and the Act on SAO SR and other laws, international treaties and agreements to which the Slovak Republic or the SAO SR is bound.

In addition to its defined tasks, the SAO SR decided to update its previous strategic objectives for audit activities from 2012 to 2014 and to refocus its capacities from 2013 to 2015 to the areas considered the most important overall given the current economic situation.

Pursuant to this objective, the SAO SR's audit activities from 2013 and going forward shall be focused on the following topics:

- **Audit activities pursuant to the Act on SAO SR**
 - Statements to draft state budgets of the Slovak Republic
 - Statements to draft final account of the Slovak Republic
- **Fiscal consolidation in the interests of improving macro-economic stability**
 - Simplified payment of taxes and the tax and mandatory insurance system (UNITAS project)
 - Efficient tax collection (in particular in terms of VAT and consumption taxes) and decreasing tax receivables
 - Securing the Slovak Republic's obligation to decrease its deficit below 3% of GDP

- **Healthcare**
- **Education, science and research**
- **State subsidy policy**
- **Transportation**
- **Efficient public administration**
 - Electronization of public administration
 - Local government (resident satisfaction and local government reforms)
- **Audit activities focused on drawing foreign funding, European funds and other financial instruments.**

The SAO SR in 2013 included two international audit events into its audit plan focused on the issue of the mountain rescue service and a Cross-Border Cooperation Programme.

Conclusion

The Supreme Audit Office of the Slovak Republic fully fulfilled its position in the assessed year as a state authority that is independent in its audit activities and is only bound by the law. The Office completed its activities pursuant to the Constitution of the Slovak Republic, the Act on SAO SR and other related laws. Audit activities were conducted in a planned and systematic manner on the basis of the Strategic Objectives for 2012 to 2014. Methodology in compliance with requisite ISSAI international standards was deployed during these activities.

The Office also continued to responsibly fulfil its duties with respect to drawing EU funds related to its status as the authority issuing decision to terminate aid from the structural funds and the Cohesion Fund for the 2004 - 2006 programme period.

The Office applied recommendations for audited entities and other stakeholders when conducting its audit activities and in the inter-departmental commenting process in order to support accuracy and transparency in the management and use of public funds.

The SAO SR significantly enhanced its international standing and authority in 2012 thanks to active participation primarily within the structures of INTOSAI, EUROSAI, the V4+2 countries and within bilateral cooperation with partner foreign SAIs. These activities provide the opportunity to gain international experience and best practices and to then employ them under local conditions in the Slovak Republic.

The correctness of the SAO SR's procedures and processes has been confirmed in the positive results of assessments in selected activities conducted in the form of independent international peer review. Measures based on the conclusions from peer review and the continuous improvement of quality management using the CAF model and preparations to defend the title of Effective User of the CAF model have all been implemented in order to assure the highest level of quality in audit activities and in the subsequent development of the SAO SR.

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