



**SUPREME AUDIT OFFICE  
OF THE SLOVAK REPUBLIC**



**“The main task in a person’s life is to distinguish things from those that are completely out of control and those that can be really influenced”.**

Epiktétos, Greek philosopher (55 – app. 135)

## ADDRESS BY THE PRESIDENT



Esteemed ladies and gentlemen,

an independent, unbiased and complex view of the public finances or state property management is one of the basic pillars of audit institutions in the European or Visegrád area since the time of Maria Theresa. Even then, the rise of the Austro-Hungarian Monarchy was based, among other things, on the operation of targeted control, when conclusions and recommendations were translated into strategic country management. An important milestone was the establishment and operations of the Supreme Audit Office in the former Czechoslovakia. Not only then, but also today, in the life of the Supreme Audit Office of the Slovak Republic (SAO SR or Office) for more than a quarter of a century, the principle that external audit is independent of the executive power and is an extended hand of Parliament in evaluating individual public policies, meeting budgetary rules or managing the State property, is applicable. The Office must be a credible source of impartial and unbiased insight supporting useful changes in the public sector.

As our predecessors in the past, we are facing new challenges today. Audit is a public matter and its ultimate recipient is a citizen. Our duty is to respond to questions related to the fulfilment of strategic projects of sustainable development in the Slovak society or to comply with international obligations. Not to mention our duty to assess the efficiency in spending money or the Office’s view about the effectiveness in implementing individual policies. Today, it is not enough just to talk about value for money; we must offer reflection when defining answers to questions related to added value for the citizen and society. The national external audit authority must be motivated contributing to the positive changes in national economy, resource efficiency or offering good practice in key areas of society’s life. We keep in mind that audit is a lively mechanism and the mission of control and audit authorities is constantly evolving. That is why we continue to turn our attention from classic compliance audit to strategy assessments, to search for risky spots between public action and its effects, and talk about them. Communicating the results of these evaluations contributes creating an atmosphere of trust. I can assure you that we are doing everything we can to fulfil this potential in practice.

  
Sincerely Karol Mitrik, President





# SAO SR IN FIGURES

(1993 to 2018)

- 1890 audits
- 9770 audited entities
- 14 416 suggestions from citizens, institutions, parliamentary deputies and municipal councils
- 20 audits based on the National Council resolutions
- 178 criminal charges
- 165 notices of financial discipline violation
- 28 644 471 EUR amount involved in notices of financial discipline violation\*

**DID YOU KNOW?**  
How many entities can be audited by SAO SR?  
More than 17 000

\* (amounts involved in notice of financial discipline violation for 1993 to 2008 were converted from Slovak crown to euro at exchange rate Skk 30,126 to 1 euro)



# SAO SR – MODERN AND TRANSPARENT OFFICE IN PUBLIC ADMINISTRATION



Celebrations of the 25<sup>th</sup> anniversary of the SAO SR establishment - April 2018

The Supreme Audit Office of the Slovak Republic is an independent State body that audits the management of the funds and property of the State, local authorities and the European Union. Its status and scope is stipulated by articles 60-63 of the Constitution and Act no 39/1993 Coll. on the Supreme Audit Office of the Slovak Republic. Its audit activities are carried out by a resolution of the National Council and according to its own schedule of audit activities. Similar audit institutions operate in almost all countries in the world, yet even within the European Union itself, there is no common model.

#### SUBJECTS TO AUDIT BY SAO SR:

- Government, individual Ministries and other central State administration bodies;
- institutions, as well as legal entities founded by central Government authorities or other State administration agencies;
- local Governments (municipalities) and higher territorial units, their budget-funded organizations and legal entities incorporated by them;
- State special-purpose funds;
- public institutions;
- private individuals and legal entities, actively involved in the drawing national, public, European and other foreign funds;
- the Office submits to the legislative body its opinion on the draft State budget;
- the Office prepares an opinion for the National Council of the Slovak Republic on the State Final Account.

#### DID YOU KNOW?

##### When was the predecessor of the SAO SR founded?

An inspection body with a fairly wide powers, not only to assess accounts, but also the actual management of accounting was set up as early as in 1761 by Empress Maria Theresa. A special feature of this Accounting Chamber was the so called preventive inspection, since this office formulated recommendations for all important financial matters, having a suspensory effect, until decision by the Empress. The Chamber did not succeed to keep this inspection within its jurisdiction and in 1773 it was abolished. In the past, a number of other agencies overseeing public spending was established and closed down.

# SAI SR MANAGEMENT

The top SAO SR representative is its President. The President and two Vice-Presidents are elected and recalled by the National Council of the Slovak Republic. Their tenure period is seven years. Since 1993, when the Slovak Republic Constitution established the SAO SR, six Presidents held this position. The present is Karol Mitrík.

#### Current managements:



**President**  
**Ing. Karol Mitrík**  
(May 2015 – present)



**Vice-President**  
**Ing. Igor Šulaj**  
(September 2013 – present)



**Vice-President**  
**Ing. Vladimír Tóth**  
(September 2013 – present)

#### Former Presidents:

**Dr. h. c., doc. Ing. Ján Jasovský, PhD.**  
(February 2005 – May 2015)

**doc. JUDr. Jozef Olej, CSc.**  
(April 1994 – December 1994)

**Ing. Jozef Stahl**  
(December 1999 – February 2005)

**PhDr. Marián Vanko**  
(July 1993 – April 1994)

**Štefan Balejik**  
(December 1994 – December 1999)

#### DID YOU KNOW?

The President and two Vice-Presidents can be elected for maximum of two consecutive periods. The President stays in the Office also after the tenure was completed until the National Council of the Slovak Republic elects the new President.



# STOP TO INEFFECTIVE MANAGEMENT

## Types of audits

**Financial audit** assesses the financial statements, budgeting and accounting of the audited entity. The audit verifies that the data and information are submitted in accordance with the accounting and financial reporting legislative framework.

**Compliance audit** is aimed at compliance with laws and regulations in public spending by the audited entities.

**Performance audit** assesses whether the entity handles public money economically (to minimize costs with a view to appropriate quality), efficiently (obtaining most out of available resources) and effectively (achieving goals and objectives), and whether it creates room for improvement.

## Audit process

### Planning the audit activities

As a rule, in autumn the College approves the audits for the following year. The audits list is based on the priority areas of the SAO SR audit activities based on strategic areas for a three-year period, risk analysis and on citizens' suggestions. Within the audit, the audit project is approved, where the purpose and subject of the audit are determined, and the audited entities and timeframe are set.



### Audit activities execution

The audit team for the given audit prepares an audit procedure in which the purpose and subject matter of the audit as well as the audited periods are elaborated on. The audit team is acquainted with the audited entity and the environment, and determines possible risks. The auditors may request the information needed to perform the audit. The auditors obtain information and documents from auditees and interview the auditee's staff. Based on findings, they draw up a report with possible recommendations. The audited entity is given the opportunity to submit objections, which the Office will incorporate into the audit appendix if the objections were found as justified. Based on the minutes of the audit report deliberation between the auditee(s) and the Office, the audited entity takes action to remedy the deficiencies found and sends a report to the Office about the fulfilment of the adopted measures within the deadlines set in the minutes of the audit report deliberations.



### Processing the audit results

Editors collaborating with the audit leader subsequently work out the concluding report with findings, conclusions and recommendations to solve and better the ascertained status quo. While the audit report is aiming at the auditee, the concise concluding report is targeting wider public and media.

“ ...we are turning our attention from classic compliance audits to strategy assessments, finding risky places between public action and its effects, and we talk about them ... “

K. Mitrik

## DID YOU KNOW?

### How long can an audit take?

An audit generally involves an audit of several entities (sometimes more than 100) and its length depends on its complexity, purpose, as well as the number of audited entities. Although the shorter audits represent a period of approximately two months, the longest ones, divided into a number of stages, can last in some cases as long as two years. On average, an individual audit takes 8 months.

# VALUE FOR MONEY – VALUE FOR A CITIZEN

The SAO SR focuses its audit activities in the areas and topics where it has the potential to bring the highest value to the citizen. The social interest for the Office is to maximize its value through its activities. However, this is a complex and difficult to quantify category, so maximizing it requires a sophisticated analytical approach, especially when planning the Office's audit work. In addition, this is the main mission of the Strategy and Analysis Department, which the SAO SR started to build in 2016.

The analysts actively cooperate with auditors in processing risk analyses and defining risk criteria for evaluating the key areas of public policy in Slovakia. They also focus on elaborating systemic analyses in selected areas of public policies and opinions on the drafts of the State Budget and State Final Account of the Slovak Republic. These bring a comprehensive view of the State economy and selected risk areas. As part of the international agenda, they are active in international working groups dedicated to the strategic objectives of the European Union (Europe 2020) and the world (UN Agenda 2030).

## DID YOU KNOW??

### Can the SAO SR, in conducting audits, apply international experience and standardized procedures?

Yes, the supreme audit institutions adhere to international standards, promoted by an international organisation INTOSAI (International Organisation of Supreme Audit Institutions); these methodologies, process recommendations are projected into internal national procedures. This is one of the ways to build a modern and open office with active use of European and global examples of best practice

# SAO SR – CLOSER TO THE CITIZEN

## Regional offices:

- **Banská Bystrica**  
Horná 57  
974 01 Banská Bystrica  
Tel.: +421 48 472 86 11  
Director: Ing. Katarína Šmondrková
- **Košice**  
Komenského 59  
040 01 Košice  
Tel.: +421 55 790 11 01  
Director: Ing. Vladimír Jurek
- **Nitra**  
Jelenecká 49  
950 38 Nitra  
Tel.: +421 37 693 38 32  
Director: Ing. Peter Bulla
- **Prešov**  
Obrancov mieru 6  
080 01 Prešov  
Tel.: +421 51 452 00 22  
Director: JUDr. Jana Tischlerová
- **Trenčín**  
Inovecká 7  
911 01 Trenčín  
Tel.: +421 32 748 49 79  
Director: Ing. Pavol Zigo
- **Trnava**  
Kollárova 8  
917 01 Trnava  
Tel.: +421 33 598 36 11  
Director: Ing. Ivan Šíkula
- **Žilina**  
Predmestská 1613  
010 01 Žilina  
Tel.: +421 41 555 39 01  
Director: Ing. Jana Pačková

YEAR	AUDITS	AUDITED ENTITIES	MEASURES	RECOMMENDATIONS
2006	19	43	560	
2007	10	118	1391	
2008	22	123	1451	
2009	31	183	1504	
2010	24	150	758	
2011	37	124	1036	
2012	15	247	2011	367
2013	15	118	1377	346
2014	12	340	1944	359
2015	13	306	2357	451
2016	10	247	3654	1 235
2017	9	175	972	370
2018	8	199	446	354
<b>TOTAL</b>	<b>225</b>	<b>2 373</b>	<b>19 461</b>	<b>cca 3 482</b>

AUDIT RESULTS IN MUNICIPALITIES





# SAO SR MILESTONES

## 1. April 1993

SAO SR came into existence when some 50 employees from the Audit and Complaints Department of the Office of the Government of the Slovak Republic were transferred along with the finance, the building and part of the inventory from the defunct Ministry of Control of the Slovak Republic.

## 1994

The National Assets Fund of the Slovak Republic (NAF SR) was removed from the audit scope of the SAO SR. According to Law, the Fund's assets were not the State's property and they were for possible use only according to a specific Act. NAF SR became a legal person that managed its own property. The SAO SR did not concur with the specific Act and proposed to amend the relevant provisions as the privatised assets were transferred into the NAF SR management sphere.

## 1998

SAO SR worked out "The Concept to better the Control of Public Finance in SR" its goal being proposal for technical, organisational and legislative recommendations for controlling and auditing process.

## 2000

SAO SR started to implement into its methodologies the INTOSAI audit standards.

## January 2001

SAO SR remit was widened to funds from abroad and EU funds.

## 2002

SIGMA/OECD in cooperation with the SAIs of United Kingdom, Germany and ECA conducted the SAO SR's peer review.

## September 2003

SAO SR confirmed its international position by organising the meeting of the INTOSAI Committee for Auditing Standards in Bratislava

## January 2006

The SAO SR audit remit was significantly enlarged in its relationship to the territorial municipalities. The Office started to audit the towns, municipalities and higher territorial units, their contributory and budgetary organisations and their established legal persons.

## 2010/2011

The SAO SR again became the subject for peer review having assessed its audit activities, human resources development, public relations and quality control. SAIs of United Kingdom, Estonia, Poland and Slovenia conducted the peer review.

## October 2011

SAO SR celebrated 250th anniversary of establishment of the Accounts Chamber founded by Empress Maria Theresa – organ of audit with relatively wide rights not only in the accounts control but also in accounting administration.

## 2012

The SAO SR Audit Information System was introduced into production phase in order to secure the public administration informatisation tasks.

## November 2012

The INTOSAI Governing Board unilaterally approved the transfer of the chair in the INTOSAI Sub-Committee for Peer Reviews from SAI of Germany to SAO SR.

## October 2016

SAO SR hosted in Bratislava 56th meeting of the SAIs heads, the so-called Contact Committee. The topic was "EU Energy Policies and Climate".

## 4. - 5. April 2018

SAO SR celebrates its 25th anniversary.

## 1. April 2019

Bratislava meeting of the INTOSAI global working group targeting the sustainable financing of the public administration and support of public policies in social and pension systems, health and education



Visit by Andrej Danko, the National Council of the Slovak Republic Chair – May 2018



Visit by Andrej Kiska, the Slovak Republic President – March 2018



Visit by Seyit Ahmet Baş, the President of EUROSAI and SAI of Turkey – April 2019

# COOPERATION BY SAO SR FOR POSITIVE CHANGE

New setting up of audits, a cross-sectional view of the national authority for external control requires cooperation not only with other control and audit institutions, but also with the scientific and academic communities and other expert associations. The Supreme Audit Office of the Slovak Republic concluded memoranda of cooperation with 28 organizations and institutions, thanks to them it can invite the experts from partnering envi-

ronment to participate in the preparation, implementation and, last but not least, the evaluation of individual audits.

It is one of the ways to combine forces to multiple views into one goal, to offer recommendations to auditees that can not only take effective action, but also model systemic changes for support public policy sustainability and economy in public finance management.



Signing the Memorandum on Cooperation with the Centre for Science and Technical Information December 2018



Signing the Memorandum on Cooperation with the Faculty of Social and Economic Science of the Comenius University October 2018



Signing the Memorandum with the University of Economics in Bratislava



Assessing the Memorandum on Cooperation with the Attorney General and the Ministry of Interior of the Slovak Republic

## DID YOU KNOW?

### With whom the SAO SR cooperates in audits

#### Institutions:

- Slovak Centre for Scientific and Technical Information
- General Prosecutor's Office
- Ministry of Finance – Institute of Financial Policies and Value for Money Division
- Ministry of Education, Science, Research and Sports
- Ministry of Interior
- National Criminal Agency
- National Security Authority
- Antimonopoly Office SR
- Council for Budget Responsibility
- Slovak Academy Of Sciences
- Slovak Chamber of Auditors
- Slovak Chamber of Tax Advisers
- Office of the Commissioner for Children
- Office for Audit Oversight
- Healthcare Surveillance Authority
- The Slovak Office of Standards, Metrology and Testing
- Public Procurement Bureau
- Government Office SR
- Association of Towns and Communities

#### Universities and colleges:

- University of Economics in Bratislava
- Slovak University of Agriculture in Nitra
- University of Trnava
- Comenius University in Bratislava
- Matej Bel University in Banská Bystrica
- Pavol Jozef Šafárik University in Košice
- Cyril and Methodius University in Trnava
- School of Economics and Management in Public Administration in Bratislava
- University of Žilina



# INTERNATIONAL ACTIVITIES

Since 1994 the SAO SR has been a member of the International Organisation of Supreme Audit Institutions - INTOSAI and its regional group - the European Organisation of Supreme Audit Institutions - EUROSAI. Since 1993, the Office has participated in regular meetings of the leaders of the informal group of Supreme Audit Institutions from the Visegrad Group, Austria and Slovenia.

The Office is actively involved in the work of committees, subcommittees and working groups of INTOSAI, EUROSAI and organizations of the Contact Committee of the EU Supreme Audit Institutions. The aim of the Contact Committee, represented by the Chairmen and Presidents of all European SAIs and the European Court of Auditors is to enhance the exchange of expertise and experience

from audits of EU funds, as well as to expand cooperation between member SAIs with the aim of improving external audit. In recent years, it adopted a principle that the organiser of the Contact Committee meeting is generally the supreme audit institution of the country, which is that time presiding the Council of the European Union. SAO SR is chairing the INTOSAI subcommittee for Peer Review and it is represented in further 20 groupings.

International activities and know-how exchange at an international level contribute to the development of methodologies and the quality of work and thus towards improved implementation of the Slovak SAO's mandate for the benefit of citizens and the society.



Working Group for National Indicators - April 2019



Working Group for Environmental Audits - September 2018



Peer Review conference - June 2018

## DID YOU KNOW?

### How many members does INTOSAI have?

The international organization uniting supreme audit institutions is the second largest international organization (after the United Nations) with 194 members.





## FUTURE

# AUDIT REACTING TO THE CHALLENGES POSED BY TIME...

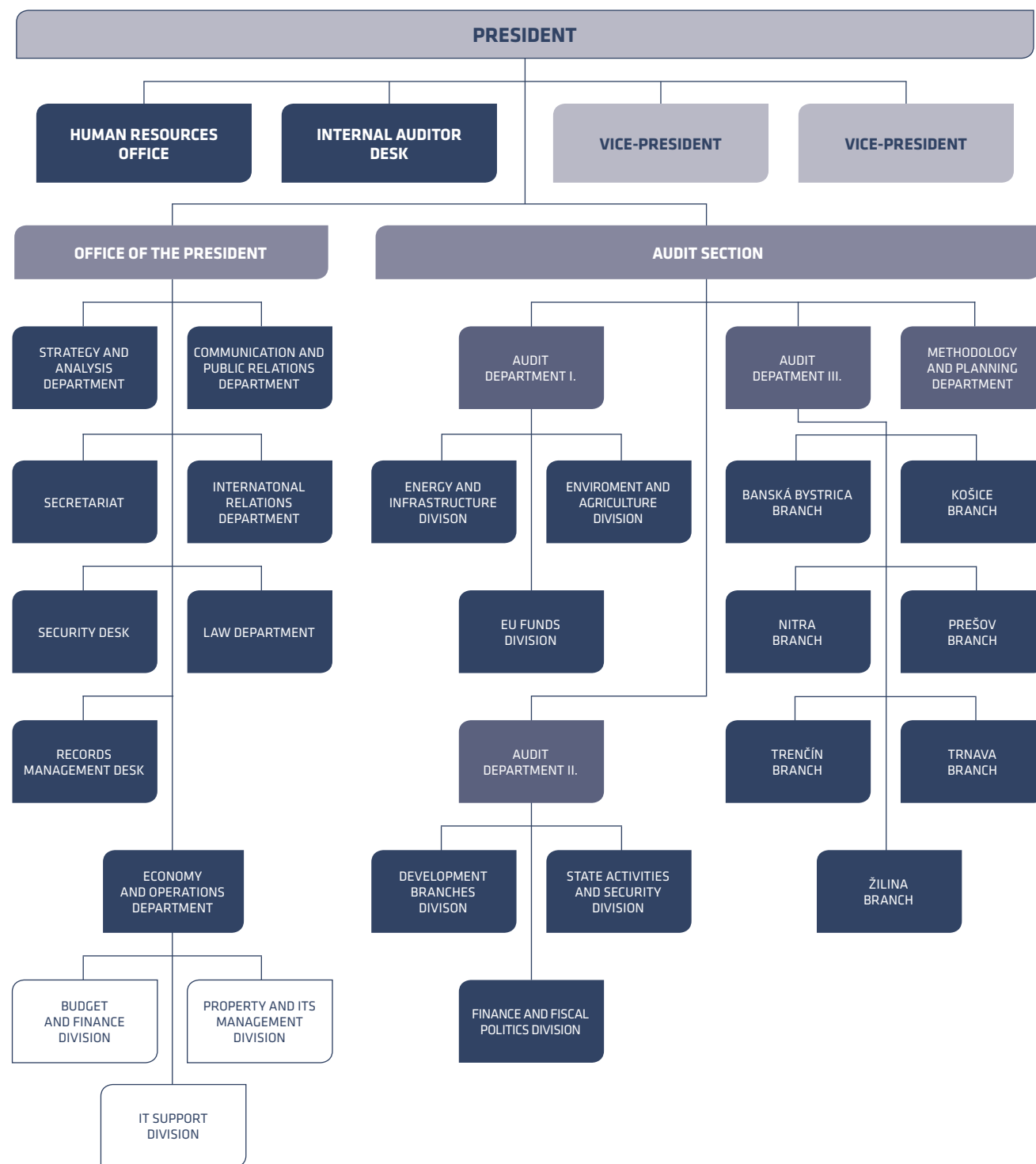
... audit is a process with no beginning nor end. It is an ongoing process when the Office actively responds to the challenges of the time. It is an activity when **every auditor must be professionally knowledgeable, can offer to the others recommendations to do things better, more modern, more efficiently**. At the same time, **openness, professionalism** and independence are key prerequisites for the Office to be considered a national authority in the field of external audit and control.

... the national authority must be able to show the public and public institutions a real picture of the success, effectiveness and efficiency of the policies they guarantee. This means, that today, it is no longer just a matter of implementing pure types of audits. The conservative approach to audit is becoming increasingly complex, with new features that make it diverse, crosscutting and performance oriented. Thus, the results of the audit, the recommendations by the auditors can be translated into systemic changes and measures that help making public policies more effective.

... walking with time means we can use examples of good practice from partner institutions on the national or international scene. The implementation of joint audits within European countries, the exchange of audit findings and their use in modeling recommendations to national governments is a step supporting new expectations from the authorities in external audit mission. Hand in hand, this challenge is partnered with investments in human capital, targeting and thematically educating auditors using the latest academic knowledge.



## SAO SR ORGANIGRAM



## CONTACTS

### Ing. PhDr. Ľubomír Andrassy

Director General of the President's Office

E-mail: [lubomir.andrassy@nku.gov.sk](mailto:lubomir.andrassy@nku.gov.sk)

T: +421 2 5011 4415 M: +421 903 255 024

### Ing. Janka Burdová, PhD.

Director of Communication and Public Relations Department

E-mail: [janka.burdova@nku.gov.sk](mailto:janka.burdova@nku.gov.sk)

T: +421 2 5011 4411 M: +421 910 673 333

### Mgr. Ľubica Gazdová

Director General of Audit Section

E-mail: [lubica.gazdova@nku.gov.sk](mailto:lubica.gazdova@nku.gov.sk)

T: +421 2 5011 4102 M: +421 918 765 116

### Ing. Peter Ružič

Director of Audit Department I

E-mail: [peter.ruzic@nku.gov.sk](mailto:peter.ruzic@nku.gov.sk)

T: +421 2 5011 4201 M: +421 905 367 743

### Ing. Ivana Morvayová

Director of Audit Department II

E-mail: [ivana.morvayova@nku.gov.sk](mailto:ivana.morvayova@nku.gov.sk)

T: +421 2 5011 4301 M: +421 918 765 110

### Ing. Michal Bohunčák

Director of Audit Department III

E-mail: [michal.bohuncak@nku.gov.sk](mailto:michal.bohuncak@nku.gov.sk)

T: +421 2 5011 4208 M: +421 918 765 134





## Supreme Audit Office of the Slovak Republic

Priemyselná 2  
Bratislava 26  
824 73



[www.nku.gov.sk](http://www.nku.gov.sk)



[info@nku.gov.sk](mailto:info@nku.gov.sk)



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