Introductory remarks by the SAO SR President Karol Mitrík about the Results of Audit Activities in 2017 Report

In 1993, the National Council of the Slovak Republic adopted Act 39/1993 Coll. on the Supreme Audit Office of the Slovak Republic. Adoption of this Act, based on which the SAO SR was established. SAO SR has an irreplaceable place in the system of the country control institutions. Despite the complexity of the period, the Act was based on the principles of independent audit exercised by modern democratic states and "survived" several attempts to limit this status. Even after 25 years, the SAO SR is a State body that is independent in its audit activities, bound only by the Constitution and the Law. The mandate of the Office to exercise its powers is broad and covers public funds used in public administration organisations, including self-government. The SAO SR is also entitled to perform audits in entities of public interest. During these years, SAO SR performed almost two thousand audits, thanks to which legality, economy or efficiency not only of the controlled subjects but also of the parliament and the government was set. In most cases, it offered an unbiased view of how to make things better from public funds (efficiency) or what better things could be done from these sources (effectiveness).

"He, who controls the past, has the future under control. He, who controls the present, is in control of the past." This view by the British writer George Orwell on the control essence is clear. We would like the public, but especially those who are responsible for the fate of Slovakia and its citizens, to perceive the audit and control by the SAO SR and its results in this way. Control is not a scarecrow; audit is a step towards being wise and prudent in making decisions that our vision for the future is funded on concrete knowledge and a realistic vision.

Since the adoption of the Act, the SAO SR President submitted a report about audit activities and their results every year. Despite many things in common, each report presented can be seen as a mirror of victories and losses of the given time. We are convinced that if findings and warnings by the SAO SR about many shortcomings and risks were taken as a starting point for more efficient and effective use of national and European public funds, the trust in State and local government institutions today would be higher and many problems in health care, education, transport infrastructure, agriculture, but also in other important areas, were not as big as we feel them today.

Today, in the SAO SR quarter century of existence as a national audit institution, I submit report on audit activities and results of the Office for 2017. I am convinced that the report reflects the SAO SR efforts to focus audit on current and socially significant actions. Although the report contains information on non-compliance with the law several times, the decisive part of audit as well as analytical activities focused on efficient and effective use of public resources. These aspects, in our opinion, supported by the audit results, are a weak point in the use of financial resources of the public administration budget by its entities. If it would clear from the very beginning what measurable progress in the organisation, department or State development should be made, and this progress is actually assessed according to established criteria, we would achieve much more than if we assess whether the money has been spent in accordance with the law or not. That is why audit that focuses on assessing performance, efficiency and effectiveness, is of such great importance, and that is why the audit activity of the SAO SR in 2017 spotlights a relatively large extent on these parameters in spending resources.

Greater emphasis on such a focus in audits is currently applied in most EU supreme audit institutions. I am convinced that the SAO SR has all the conditions and preconditions for the audit activity to be assessed and, if possible and appropriate, to compare the efficiency and effectiveness of the public resources spent internationally too. In addition, in this way of exercising audit, we see the SAO SR mission and the benefit for society now and in the near future.

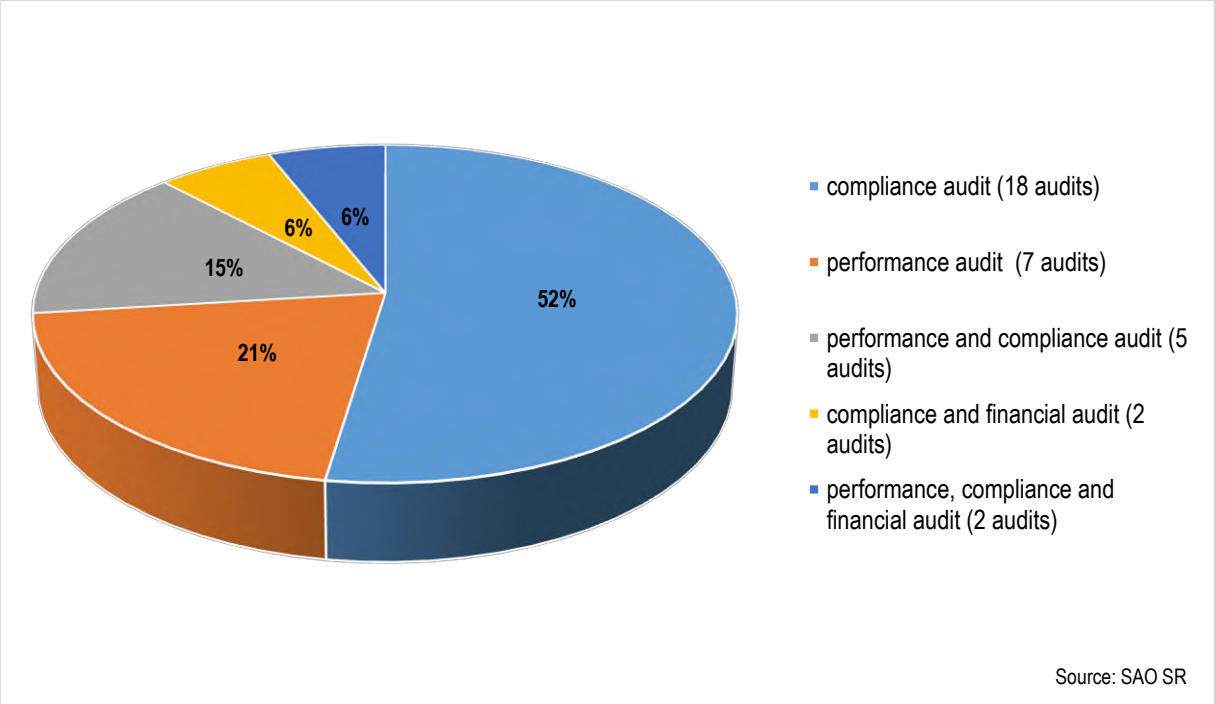
Audits plan and results

By evaluating the submissions, the Office included nine additional audits in the plan of audit activities. For this inclusion in the audit plan 2017, it was necessary to adjust the number of originally planned audits for capacity reasons. The SAO SR President therefore canceled five of the originally planned audits and transferred them into the next period. **The final number of planned audits thus reached 34 and the number of inspected entities reached 318.**

The structure of audits performed in 2017 was as follows: seven performance audits, 18 compliance audits, 5 audits were combined as performance and compliance audits and two as a combination of compliance and financial audits.

The Statements for the State Final Account of the Slovak Republic for 2016 and State Budget for 2018 were performed as combined compliance, performance and financial audits. In the case audits where performance elements were applied, the emphasis was on the efficiency and effectiveness of the resources used and only subsequently on compliance with legal standards or internal regulations. The following chart shows the breakdown of audits by type.

Graph 1 Planned audits according to type in % (34 audits)

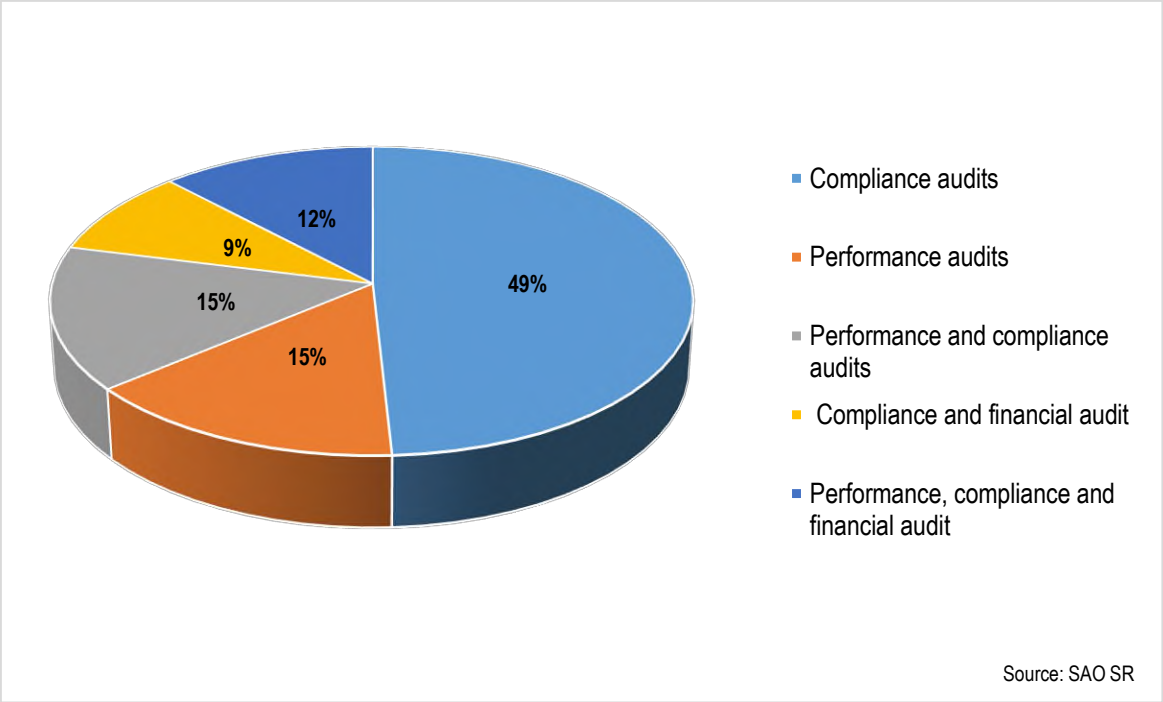


Source: SAO SR

The evaluation of the results of audit activities for 2017 contains data and findings from 33 audits. Nine of them were started in 2016 and 24 were completed audits from the audit plan for 2017.

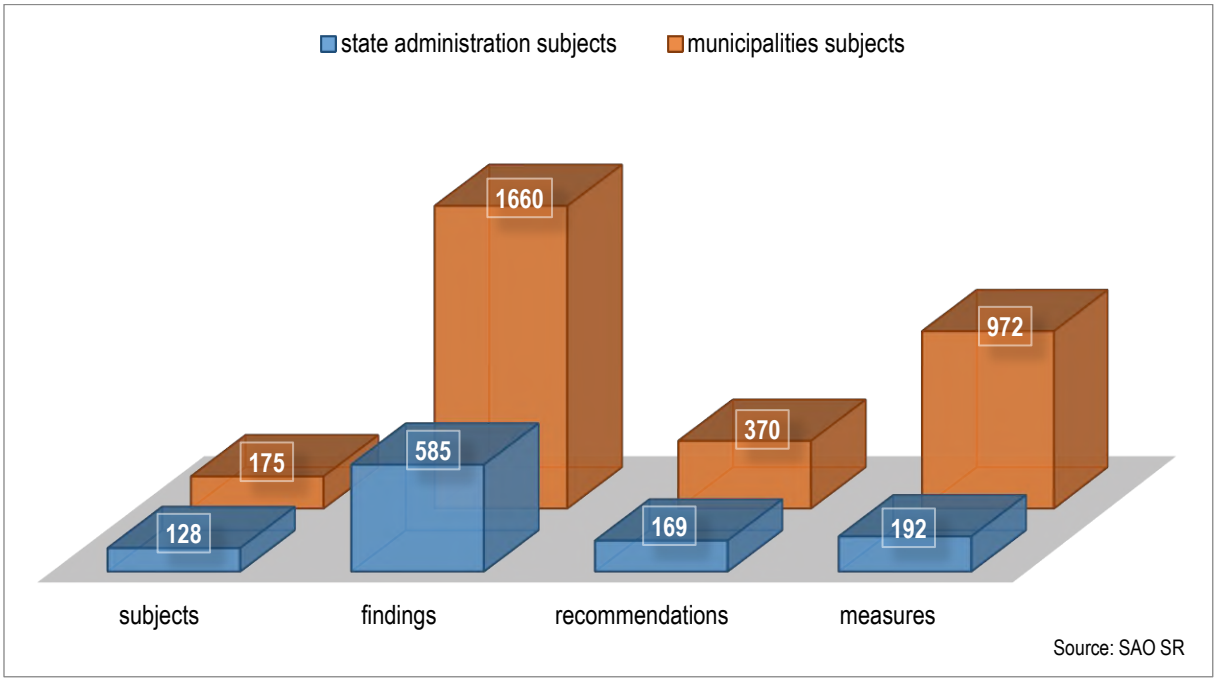
Of the completed audits, five were performance and 16 compliance. By combining the principles of performance, financial and compliance audit, 12 were performed. The structure of completed audits is shown in the following graph.

Graph 2 Audits completed in 2017 according to its type in % (33 audits)



In 2017, **we examined 293 entities** with **2,245 findings identified** from various areas of their activity - from violations of the law to systemic deficiencies causing the resources not being used efficiently, economically or effectively. To correct them, **the subjects took 1164 measures**. In addition, **the SAO SR auditors formulated 439 recommendations,** and their adoption could prevent the identified shortcomings.

Graph 3 Audit activities results in 2017 related to the State administration and municipality subjects



The most serious findings suspecting of criminal activity were forwarded to law enforcement authorities. **In 2017, the SAO SR filed 16 criminal reports.** According to the evaluated degree of seriousness and jurisdiction, two

criminal reports were filed with the General Prosecutor's Office of the Slovak Republic, four criminal reports were filed with regional prosecutor's offices, five were filed with the National Criminal Agency, one was filed with the Office for Combating Corruption and four were filed with the Police District Directorates. **In 2017, 13 submission for the performance audit in the area of public procurement** were submitted to the Public Procurement Office. **Twenty submissions of financial discipline breach were directed to the relevant body of the Ministry of Finance of the Slovak Republic.**

Table 1: Overview of submissions to other authorities

	Number of submissions in 2017
Suspected criminal activities	**16**
General Prosecutor´s Office	6
SR Police	10
Financial discipline breach, of it to:	**20**