Project Number: SL9905.03.02

Title: Public Finance & Control - 2

Sub-programme: Adoption and Implementation of the Acquis

Geographical Location: SLOVENIA – Court of Audit (CoA)

1. Objectives:

The proposed project aims to adjust and develop the external audit function - the Court of Audit of Slovenia (CARS) - to fully comply with international standards for external audit and best European audit practices thereby providing the Parliament, government and citizens of Slovenia as well as the European Union with high quality information on the actual functioning of the public administration and safeguarding public resources.

The project addresses one of the key components mentioned in Agenda 2000 and the Accession Partnership, namely the need to strengthen the administrative structures in general and especially to establish a sound and effective financial management of EU and national resources via an independent and professional external audit.

The envisaged reforms include modernisation of the legislative, administrative and financial structures. As part of this process, there is a need to improve public financial controls and probity in order to increase the overall efficiency and effectiveness of the economy, to ensure a successful adoption of the acquis and to limit the waste of resources and possibilities of fraud and corruption. CARS has an important role to play in this process of reform being responsible for the independent external audit of all government and other public activities.

As part of its strategy for improving public administration, the Government of Slovenia has decided to build up the internal audit function in ministries and agencies. CARS plans therefore to build up its audits of management controls with the view to assist in strengthening also the internal audit.

Accession Partnership:
In the Accession Partnership the Article 85 exposes:
"The Parties shall cooperate with the aim of developing efficient audit systems in Slovenia following the harmonised Community methods and procedures.
(a) Cooperation shall focus on:
-technical assistance to the court of auditors in Slovenia;
-the establishment of internal audit units in official agencies;
-the exchange of information with regard to auditing systems;
-the standardisation of audit documentation;
-training and advisory operations.
(b) To this end, technical assistance shall be provided by the Community as appropriate."

Short-term.
Reinforcement of institutional and management auditing capacity: in particular major efforts on audit standards implementation as well as to set up the structures needed to build up methodology.

Long-term:
Reinforcement of institutional and auditing professional capacity: development of audit standards and methodology based on Intosai standards, documentation and analytical procedures. Implemented audit standards, audit methods and techniques will ensure readiness for strengthening the financial control and professional state audit. Implemented audit standards, audit methods and techniques will ensure readiness for strengthening the auditing knowledge and skills.

References to NPAA:
4.6.1. Decentralisation of budgetary responsibilities, creation of new budgetary mechanism;
4.6.2. Management of state assets institutional building;

2. Description:

This institution building project will, seen over its two years duration, address several of the components identified to be of key importance for a successful realisation of the objectives. The project will be managed in project: audit standards, manuals and training.

There should be developed audit standards and quality and human resource development including strengthening of management capacities.

The project will have the following main focuses:

Audit standards and quality. This activity intends to assure the use of common international and European audit standards and the maintenance of consistently high quality throughout the audit process in all audits. The focus is on regulatory, financial and management control audit. Standards to be used in all audits will be defined and amended to Slovenian realities. The Court of Audit Act and related laws specifying audit requirements need to be re-examined and eventually amended in order to facilitate more efficient and effective operations of CARS and to prepare for accession to the EU. Internal rules and regulations including the ethical codes for auditors have to be analysed and amended. Manuals and handbooks will be developed and decided upon. This sub-project has also as a very vital component implementation of the standards and methods. All staff including the members of CARS will be trained. Co-operation and co-ordination with the private accounting and audit professions as well as with the envisaged government internal audit functions are an essential component. Also library will be built up to make easily accessible data bases and literature on audit standards, methods and techniques.

2. Human resource development including strengthening of management capacities. The development aims to strengthen the quality of financial audit by defining the mandatory requirements on and developing and institutionalising the capacity of financial auditors. This will be achieved by further develop and institutionalise the partly existing program for certification of auditors on different levels. The certification will now be linked to and
harmonised with similar programmes for private auditors and the 8th European directive. The aim is also to introduce performance audit as an external audit component and on a pilot basis. A small audit team specialising in performance audit will be built up as a first step to introduce this type of audit of main government activities. Standards, handbooks and training of a handful of auditors will be needed. Special activities will be arranged for members of the relevant parliamentary committees. Experts from other SAIs will be needed to assist in on-the-job training. Secondments to other Member States SAIs will be necessary. It also aims to train close to all auditors and audit managers in audit of management control (including internal audit), a type of audit which is seen as specially important in an EU integration perspective. It also includes a range of activities for strengthening the management capacities and team-building on member and auditor levels. Methods for, among other things, analysis of audit risks and audit planning will be implemented.

3. Institutional framework: The implementing authority is the Court of Audit of Slovenia

4. Budget:

<table>
<thead>
<tr>
<th>Sub-project</th>
<th>Investment</th>
<th>Institution Building</th>
<th>Total PHARE (I + IB)</th>
<th>Recipient</th>
<th>IFI*</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIS HQ DIS</td>
<td>0.6</td>
<td>0.6</td>
<td>0.6</td>
<td></td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>1. Audit standards</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>TOTAL</td>
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<td>0.6</td>
<td>0.6</td>
<td></td>
<td></td>
<td>0.6</td>
</tr>
</tbody>
</table>

5. Implementation arrangements:

A Reference Group consisting of senior audit managers from CARS and other SAIs will be established with the tasks of overseeing the quality of the implementation and of ensuring that best practices, experiences and lessons learned from several Member States are taken into account. A preliminary agreement has been reached with Phare/SIGMA to assist the Court in establishing such a Reference Group.

A Steering Group consisting of the President and three other CARS staff will oversee the effective implementation of the sub-projects and have the mandate to decide on all implementation issues. A senior auditor from CARS will be project coordinator working together with project leaders for the sub-projects and assisted via a long term twinning arrangement.

Twinning arrangements and several short term with, if possible, two or more other Supreme Audit Institutions (SAI) in the Member States are foreseen.

Training is a vital component in several of the subprojects and will, besides some basic classroom training, consist of on-the-job training guided by experienced experts from other SAIs and the audit profession in Slovenia.
It should be observed that the services looked for (training in public auditing including performance auditing, implementing of audit standards, development of audit manuals etc.) are not always provided on the market. Many components have instead to be picked up from other SAIs and especially SAIs of the Member States. These are organisations which are not market driven. Other ways have therefore to be found in order to complement the traditional tendering procedures when necessary.

6. Implementation schedule: See annex 3
7. Equal opportunity:

Equal opportunities is a strategic goal for CARS and the terms of reference for the Steering Group will explicitly mention that this has to be taken into account in the realisation of the project.

8. Environment: Not applicable

9. Rates of return: Not applicable

10. Investment criteria: Not applicable

11. Conditionality and sequencing: No specific conditions to be applied
### Annex 1: Log-frame Planning Matrix for Project

**LOGFRAME PLANNING MATRIX FOR PROJECT**

<table>
<thead>
<tr>
<th>Date of Drafting</th>
<th>August 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning Period</td>
<td>Dec. '99-Dec.'00</td>
</tr>
<tr>
<td>Contracting period expires</td>
<td>30/09/2002</td>
</tr>
<tr>
<td>Disbursement period expires</td>
<td>30/09/2001</td>
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</table>

<table>
<thead>
<tr>
<th>Programme Number</th>
<th>SL9905.03.02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Title</td>
<td></td>
</tr>
<tr>
<td>Total Budget</td>
<td>0.6 M€</td>
</tr>
<tr>
<td>Phare contribution</td>
<td>0.6 M€</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wider objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>Establishing a sound and efficient external audit system.</td>
<td>• Audit law and related secondary legislation harmonised to the Acquis</td>
<td>• Legislation</td>
<td>• Possibilities for CARS to attract experienced auditors</td>
</tr>
<tr>
<td></td>
<td>• Intosai standards and European Guidelines applied in external audit</td>
<td>• Screening and yearly revision NPAA</td>
<td>• Overall commitment to reform process</td>
</tr>
<tr>
<td></td>
<td>• Programme for certification of auditors in place and training for certification started - per ten auditors</td>
<td>• Reports from ECA and the DGXX (Financial controller of the EC)</td>
<td>• Adoption of legislation</td>
</tr>
<tr>
<td></td>
<td>• Potential to audit EU funds and resources exist</td>
<td>• Reports of other EU representatives and contracted experts' evaluations.</td>
<td>• Government commitment to reform process</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Immediate Objectives</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
<td>(8)</td>
</tr>
<tr>
<td>Adjustment of public external audit to comply with INTOSAI standards and to be in line with best European audit practices</td>
<td>INTOSAI standards and European guidelines and best audit practices generally applied in audits</td>
<td>Yearly reports from international reference group/SIGMA</td>
<td>Ability to implement legislation and standards</td>
</tr>
<tr>
<td>External audit (financial and performance audit and management controls) to follow &quot;European guidelines for the INTOSAI auditing standards&quot; (ECA)</td>
<td>Staff familiar with audit methods and practices used in Member States</td>
<td>Reports from ECA and the DGXX</td>
<td>CARS Members committed to reform</td>
</tr>
<tr>
<td>EU funds to be covered by appropriate audit arrangements</td>
<td>Audit reports on management controls</td>
<td>Reports of EU representatives and contracted expert</td>
<td></td>
</tr>
<tr>
<td>Audit focused on material areas of high risk</td>
<td>Team of five persons trained in performance audit</td>
<td>Audit reports</td>
<td></td>
</tr>
<tr>
<td>Auditors trained in French and English audit terminology</td>
<td>Joint and parallel audits of EU resources conducted in cooperation with the European Court of Auditors and other SAI</td>
<td>Screening the harmonisation process</td>
<td></td>
</tr>
<tr>
<td>Effective audit management</td>
<td>Selection of audit areas for the yearly audit plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Modern audit management practices applied</td>
<td>Modern audit management practices applied</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicators of Achievement</th>
<th>Sources of Information</th>
<th>Assumptions and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9)</td>
<td>(10)</td>
<td>(11)</td>
<td>(12)</td>
</tr>
<tr>
<td>Transparent finance and budget follow up procedures</td>
<td>Audit reports in public and knowledge of standards decided upon</td>
<td>Regular audit reports and public reporting</td>
<td>Co-financing by national budget</td>
</tr>
<tr>
<td>More effective management control and sound financial management</td>
<td>Audit standards decided upon</td>
<td>Yearly reports from international reference group/SIGMA</td>
<td>Government policy with respect to government auditing and management control</td>
</tr>
<tr>
<td>Full use of European implementing guidelines with all audits based on INTOSAI standards</td>
<td>Joint and parallel audits of EU resources conducted in cooperation with the European Court of Auditors and other SAI</td>
<td>Reports from ECA and the DGXX</td>
<td>Effective working relations between external and internal audit</td>
</tr>
<tr>
<td>Internal regulations, handbooks and manuals based on European standards and reflecting best practices</td>
<td>Certified auditors</td>
<td>Reports of EU representatives and contracted experts</td>
<td></td>
</tr>
<tr>
<td>Quality assurance system in place</td>
<td>Manual on financial audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning and management of audits based on materiality and risk</td>
<td>Questionnaire in own standards on quality assurance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Certified auditors</td>
<td>Own training courses about external audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional management tools introduced</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INPUT (13)  
TWINNING ASSISTENCE  
AUDIT MANUALS AND TRAINING
Annex 2 to Project Fiche SL 9905.03.02: Detailed Cost Breakdown

PROJECT AUDIT STANDARDS (MANUALS AND TRAINING)

A. Technical Assistance

<table>
<thead>
<tr>
<th>Expenditure in EUR</th>
<th>Total €</th>
</tr>
</thead>
<tbody>
<tr>
<td>International experts - long term twinning</td>
<td>400,000</td>
</tr>
<tr>
<td>Workshops – training</td>
<td>91,000</td>
</tr>
<tr>
<td>Study tours</td>
<td>43,000</td>
</tr>
<tr>
<td>Translation</td>
<td>51,000</td>
</tr>
<tr>
<td>Library</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total technical assistance costs</strong></td>
<td><strong>600,000</strong></td>
</tr>
</tbody>
</table>
Annex 3 To Project Fiche SL 9905.03.02: Implementation Chart

<table>
<thead>
<tr>
<th>Components/Modules</th>
<th>Implementation schedule (quarters)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLANNED</td>
</tr>
<tr>
<td>1. AUDIT STANDARDS</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>TOTAL PROGRAMME</td>
<td>D</td>
</tr>
</tbody>
</table>

Legend:
D = design of projects
C = contracting
I = implementation and payment
Annex 4 To Project Fiche SL 9905.03.02: Contracting and disbursement schedule by quarter

### Cumulative Contracting Schedule

<table>
<thead>
<tr>
<th>Components/Modules</th>
<th>Expected Contractual Commitments (quarters)</th>
<th>Budget Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLANNED (quarters)</td>
<td></td>
</tr>
<tr>
<td>Audit standards - Manuals and Training</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Cumulative Disbursement Schedule

<table>
<thead>
<tr>
<th>Components/Modules</th>
<th>Disbursement (payment) schedule (quarters)</th>
<th>Budget Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PLANNED (quarters)</td>
<td></td>
</tr>
<tr>
<td>Audit standards - Manuals and Training</td>
<td>0.1</td>
<td>0.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>0.1</td>
<td>0.2</td>
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</tbody>
</table>
Annex 5 to Project Fiche SL 9905.03.02: Relation of project with previous PHARE activities and other projects

The new project is based on the results of earlier activities. We have had the following PHARE financed activities in the past:

UK NAO assistance to the Slovenian Court of Audit (CARS) - Project Number 95-0920.02. The project included support to do the first performance audit in Slovenia and consisted of periodic assistance of one audit manager and one tax expert and the seven month long secondment of one principal auditor (from September 1996 to April 1997). This technical assistance gave the CARS basic knowledge on how to carry out VFM studies.

Project Number 98-0217.00. NAO assisted the CARS to further develop its financial auditing skills (five auditors and two Members in May/June and one auditor in September/October 1998). The training gave insights in the values, techniques and methods of good project management and team building, as well as experience in the conduct and management of audit assignments.

PHARE/SIGMA assistance to the CARS in July 1998 - Assessment of the CARS functions as a base for designing the future role and mandate of CARS and developing its audit methods and practices.

Not directly related to the CARS but linked with the proposed project is Technical assistance to the Slovenian Institute of Auditing in the field of auditing. One Member of the CARS co-operate with the Institute on Module 10 - Governmental Auditing - on this project. Its aim was to update the NAO Public Sector Audit Manual with recent developments in auditing practices in the UK and provide two days training on audit techniques and methods.

During the period from 1995 to 1996, CARS was assisted by the German and Austrian Audit offices (Rechnungshof). CARS organised three seminars where the representatives of both audit offices transferred their knowledge and experience on public sector auditing. Later on CARS engaged at its own expense one person (audit director) who visited CARS periodically to assist and advise the Members and auditors in performing selected audit tasks.

The proposed project intends to continue and develop further the CARS’s capability particularly its audit knowledge and skills. It will also help to develop an audit team to be able to perform performance audit on the most effective and efficient way and assist CARS to develop its manuals for specific audit areas. The designed project will support the CARS to correct weaknesses and deficiencies that have been discovered and to carry out the recommendations that have been made.
Annex 6 (*) : Reference to feasibility/pre-feasibility studies

A structural and functional reform of the public administration in Slovenia is seen as necessary for the transition to a market economy and for harmonisation with and future accession to the European Union. Reform includes modernisation of the legislative, administrative and financial structures. As part of this process, there is a need to improve public financial controls and probity in order to increase the overall efficiency and effectiveness of the economy, and to limit the waste of resources and possibilities of fraud and corruption. CARS has an important role to play in this process of reform.

The President of CARS asked SIGMA, following a seminar on financial control arranged by DGXX, to do an assessment of how CARS functions today, three years after its creation, and in the light of a future accession of Slovenia to the EU. SIGMA responded positively to the request and commissioned a team of three senior auditors with outstanding professional experience in supreme audit institutions.

In discussions with Slovenian officials and others with good insights into public administration, five areas were identified as being of crucial importance for the assessment: the constitutional position and legal status of CARS, the role of the Members and the President, strategic choices and priorities, the audit process, and how action can be obtained on audit findings.

In the assessment report SIGMA reached the following conclusions:

The laws establishing CARS satisfy the requirements of the INTOSAI Lima declaration. CARS is respected institution and is well positioned to have a positive influence on public administration and accountability in Slovenia.

In the report SIGMA gives greatest emphasis to the problems facing CARS and which CARS should overcome in order to meet the challenges of future accession to the European Union. SIGMA's recommendations include the following:

It is clear that the ambiguities in the nature of CARS have caused considerable problems in its operations. The Court of Audit Act and related laws should therefore be re-examined and amended in order to facilitate more efficient and effective operations of CARS and to prepare for accession to the EU.

CARS should develop and implement a strategy to assure the use of common audit standards and the maintenance of consistently high quality throughout the audit process. Audit manuals covering all relevant types of audit should be developed. All auditors should improve their knowledge and understanding of manual requirements. Intensive training, with an emphasis on on-the-job training via coaching from experienced auditors, should be provided.

Performance standards should be developed and used to assure continued attention to the quality of the work.
A coherent strategy to guide the current work and the future development of CARS should be developed and implemented. The initial strategic choices centre on the relative priority that should be given to the basic types of audits: financial statements (assurance) audits; regularity audits and value-for-money audits. Within each category, CARS needs to make further choices with respect to methodology, focus, and selection of the auditees.

To increase the probability of action in response to its audit work, CARS should further strengthen its good relations with the Ministry of Finance and should seek ways of gaining greater attention to its work by the National Assembly by focusing and targeting its reports better. CARS should also further develop its relations with the media.

The principal findings and recommendations of this assessment done by SIGMA are fully agreed upon by CARS and are intended to be used as one vital component, together with the experience from earlier PHARE projects, in designing the future role and mandate of CARS and in developing its audit methods and practices.

Annex 7 (*): List of relevant Laws and Regulations (framework for the work of the Court of Audit)

General legislation
Constitution of the Republic of Slovenia (Official Gazette of the Republic of Slovenia/I, No. 33/91)
Court of Audit Act (Official Gazette of the Republic of Slovenia, No. 48/94)
Rules of Procedure of the Court of Audit of the Republic of Slovenia (Official Gazette of RS, No. 20/95)
Law on Financing Public Expenditures (Official Gazette of RS, Nos. 48/90, 17/91, RS/I 34/91, 23/92, 30/92, 52/92, 7/93, 43/93, 80/94)
Law on Government of Republic of Slovenia (Official Gazette of RS, Nos. 4/93 and 71/94)

Budget
Law on Budget Implementation (Official Gazette of RS, Nos. 5/96, 78/97, 87/97, 34/98)
Law on Budget Implementation for the Years 1994 and 1995 (Official Gazette of RS, Nos. 26/94, 40/95)
Regulations on Procedures for Payments from the Budget (Official Gazette of RS, Nos. 19/96, 43/96)
Instructions for Certain Expenditures of Budget Users (Ministry of Finance, June 1993)
Instructions for Budget Implementation (Official Gazette of RS, Nos. 13/96, 71/97)
Instructions for Implementation of the Budget of the Republic of Slovenia (Official Gazette of RS, No. 100/98)
Instructions for Unified Book-keeping for the Budget and Budget Users (Official Gazette of RS, No. 72/95)
Law on Public Procurement (Official Gazette of RS, No. 24/97)
Order on Procedures for carrying Out Tenders for Public Procurement (Official Gazette of RS, Nos. 28/93, 19/94)
Labour/Employment

Law on Labour Relations (Official Gazette of RS, Nos. 14/90, 5/91, 17/91, 29/992, 13/93, 2/94, 19/94, 38/94 and 29/95)

Law on Basic Rights from Labour Relations (Official Gazette of SFRY, Nos. 60/89, 42/90, Official Gazette of the Republic of Slovenia, Nos. 4/91, 10/91, 17/91, 13/93 and 66/93)

Law on Employees in State Bodies (Official Gazette of RS, Nos. 15/90, 5/91, 18/91, 22/91, RS/I 2/91, 4/93, 18/94 and 41/94)

Law on Payroll Proportions in Public Institutions, State and Local Authorities (Official Gazette of RS, Nos. 18/94, 13/95, 36/96 and 20/97)

Law on Implementation of Social Agreement for the Year 1996 (Official Gazette of RS, No. 34/96)

Decree on Salaries for Functionaries Appointed by the Government of the Republic of Slovenia and other Employees of Government Services and Administrative Bodies (Official Gazette of RS, No. 82/94)

Decree on Criteria for Determining Salaries of Public Institution Managers (Official Gazette of RS, Nos. 26/94 and 5/97)

Decree on Criteria for Determining Salaries and Benefits of Employees in Government Services and Administrative Bodies (Official Gazette of RS, No. 35/96)

Methodology for Defining the Amount of Public Funds, for which Agencies and Funds Owned by the Republic of Slovenia are Entitled to

Order on Criteria for Defining Work Efficiency of Public Institution Managers from the Area of Agriculture, Forestry and Food (Official Gazette of RS, Nos. 5/97 and 13/97)

International Convention on Annual Leave Pay (Official Gazette of SFRY, No. 52/73)

Government Decision on Criteria for Employment Contracts with Managers of Public Companies, Agencies and Funds, Founded by the Republic of Slovenia (Official Gazette of RS, No. 33/97)

Decision on the Amount of Allowance for Annual Leave (Official Gazette of RS, No. 25/97)

General Collective Agreement for Commercial Activities (Official Gazette of RS, No. 40/97)


General Collective Agreement of Banks and Savings Banks (Official Gazette of RS, Nos. 3/94, 45/94, 18/96 and 23/96)

Decree on the Amount of reimbursed Costs Connected with Labour and Other Receipts, Recognised as Expenses when Determining Taxable Base (Official Gazette of RS, Nos. 72/93, 43/94, 62/94 and 7/95)

Public Funds/Agencies

Law on Slovenian Compensation Fund (Official Gazette of RS, Nos. 7/93 and 48/94)
Law on the Fund for Financing Decommission of Nuclear Power Plant Krško and Storage of Nuclear Waste from Nuclear Power Plant Krško (Official Gazette of RS, No. 75/94)

Law on Succession Fund (Official Gazette of RS, Nos. 10/93, 38/94 and 40/97)

Law on Development Fund of Republic of Slovenia (Official Gazette of RS, Nos. 14/90 and 7/93)

Law on Slovene Development Society and Program of Company Transformation (Official Gazette of RS, No. 39/97)

Law on Technological Development Fund (Official Gazette of RS, No. 13/94)

Law on Privatisation of Legal Entities Owned by the Development Fund of Republic of Slovenia and Liabilities of the Agency of Republic of Slovenia for Transformation and Privatisation (Official Gazette of RS, No. 71/94)

Law on Assurance and Usage of Funds for Environmental Protection (Official Gazette of SRS, No. 2/90)

Law on Fund of Agricultural Land (Official Gazette of RS, Nos. 10/93, 68/95, 1/96 and 23/96)

Law on Protection of the Environment (Official Gazette of RS, Nos. 32/93, 44/95 and 1/96)

Law on Agricultural Land (Official Gazette of RS, No. 59/96)

Law on Development of Small Businesses (Official Gazette of RS, No. 18/91)

Law on Structure of Some Investments of Certain Public Institutions, Funds and Insurance Companies (Official Gazette of RS, Nos. 71/93, 64/94 and 7/96)

Decree on Measures, Terms and Procedures for Allocation of Funds for Development and Foundation of Small Businesses (Official Gazette of RS, No. 62/95)

Regulations on Conditions for Acquisition and Allocation of Financial Recourses of the Fund for Regional Development and Preserving the Density of Slovenian Rural Regions (Government Decision No. 400-06/95-19/4-8, date 30.5.1996)

Instructions for Transferring Agricultural Land from Social Legal Entities - Non-agricultural Organisations- to the Fund for Agricultural Land (Official Gazette of SRS, No. 15/79)

Order on Issuing Bonds and on Implementation of Rules about Reimbursements from the Slovenian Compensation Fund (Official Gazette of RS, No. 78/94)

Order on Data and Reports to be sent to Ministry of Finance by Some Public Institutions, Funds and Insurance Companies (Official Gazette of RS, No. 2/94)

Decision on Measures, Terms and Procedures for Allocation of Funds for Development and Foundation of Small Businesses (Official Gazette of RS, Nos. 40/92 and 60/93)

Decision on the Methodology for taking over Receivables and Liabilities arisen from the Succession of Former SFRY (Official Gazette of SFRY, No. 45/94)

Decision on Issuing First Emission of Slovenian Compensation Fund Bonds (Official Gazette of RS, No. 78/94)
Accounting

Accounting Act (Official Gazette of SFRY, Nos. 12/88, 3/90, 5/90, 7/90, 42/90 and 61/90 and Official Gazette of RS, No. 42/90, 61/90, 30/93 and 32/93)
Order on Recording Revenues, Expenditures, Assets and Liabilities of socio-political Community Budgets (Official Gazette of RS, Nos. 15/91-I, 5/92)
Regulations on the Methods and Terms for Inventory and Adjustments of Book-keeping Data with Actual Data (Official Gazette of SFRY, No. 33/89, 73/90)

Taxation

Law on Personal Income Tax (Official Gazette of RS, Nos. 71/93, 2/94, 1/95, 2/95 and 7/95)
Law on Profit Tax on Legal Entities (Official Gazette of RS, Nos. 72/93 and 20/95)
Law on Tax on Some Defined Receipts (Official Gazette of RS, Nos. 72/93, 22/94, 45/95, 12/96 and 82/97)

Other

Law on Commercial Companies (Official Gazette of RS, Nos. 30/93, 29/94 and 82/94)
Law on Ownership Transformation of Socially Owned Companies (Official Gazette of RS, Nos. 55/92, 7/93, 31/93, 43/93, 32/94, 43/95 and 1/96)
Law on Public Service Companies (Official Gazette of RS, No. 32/93)
Law on Public Institutions (Official Gazette of RS, Nos. 12/91, 17/91, 55/92, 13/93, 66/93, 45/94 and 8/96)
Law on Usage of Funds, Attained from Purchase Money on the Basis of Law on Ownership Transformation of Socially Owned Companies (Official Gazette of RS, Nos. 45/95 and 34/96)
Law on Co-operative Enterprises (Official Gazette of RS, Nos. 13/92, 7/93, 13/93, 22/94 and 35/96)
Law on Intellectual Property (Official Gazette of SFRY, Nos. 19/78, 34/78, 24/86, 75/89 and 21/90)
Law on Intellectual and Similar Rights (Official Gazette of RS, No. 21/95)
Law on Binding (Obligation) Relations (Official Gazette of SFRY, Nos. 29/78, 39/85, 45/89 and 57/89)
Law on Forests (Official Gazette of RS, No. 30/93)
Law on Building Land (Official Gazette of RS, Nos. 18/84, 32/85, 33/89 and 24/92)
Housing Law (Official Gazette of RS, Nos. 18/91, 19/91, 13/93, 9/94, 21/94, 29/95, 23/96, 24/96 and 44/96)
Law on Settlement and Environment Intervention (Official Gazette of SFRY, Nos. 18/84, 37/85, 29/86, 83/89, Official Gazette of the Social Republic of Slovenia, Nos. 43/89, 5/90, Official Gazette of RS, Nos. 26/90, 3/91, 10/91, RS/I 17/91, RS 55/92, 13/93, 18/93, 47/93, 71/93, 29/95 and 44/97)
Law on Motorway Company of Republic of Slovenia (Official Gazette of RS, Nb. 57/93)
National Program of Highway Construction in Republic of Slovenia
Unified Methodology for Evaluation of Agricultural Land and Forests (Official Gazette of SRS, No. 10/87 and 30/89)
Annex 8 (*): Reference to relevant Government Strategic plans and studies

Compliance with the European Union's budgetary, financial control, and audit requirements is one of the basic obligations of EU membership. The integration of the Supreme Slovenian Audit Institution in the European environment demands development of existing external audit in Slovenia. Its independence is guaranteed by the Constitution.

The European Agreement provides for cooperation in audit, including technical assistance from the Community as appropriate.

The main activities in the auditing sector so far were and still are a logical finalisation of projects that started previously: organising, training, starting preparing methodology, applying auditing standards, drafting manuals for Government Auditing and others. The article 85, part 2, of the Europe Agreement (Government Gazette 1997 no.13) specifies that co-operation shall focus on:

- Technical assistance to the Court of Audit in Slovenia
- The establishment of internal audit units in official agencies
- The exchange of information with regard to auditing systems
- The standardisation of audit documentation
- Training and advisory operations.

Commission of the European Communities stressed in its opinion on Slovenian application for membership of the European Union that

- Court of Audit must be reaffirmed, and
- The efficiency of auditing is still not on the level of other European states

External auditing done by the SAI is included in the Slovenian national programme of reinforcement of the Slovene institutional and administrative capacity to ensure the adoption, implementation, and enforcement of the Acquis in the public finance and financial sector.

Sound financial, management control, and audit requirements are defined in European Commission Financial Regulation applicable to the General Budget of the European Communities. Following the Progress Report, Accession Partnership, and NPAA external audit is a priority.

(*) Annexes to Project Fiche SL 9905.03.02