



TURKISH COURT OF ACCOUNTS

INFORMATION ON EXTERNAL AUDIT GENERAL EVALUATION REPORT - 2016

2016 External Audit General Evaluation Report was prepared and submitted to the Turkish Grand National Assembly in line with the Article 68 of the Law no.5018 on Public Financial Management and Control and the Article 38 of the Law no.6085 on the TCA.

EXECUTIVE SUMMARY

General Information about the Report

- A. External Audit General Evaluation Report is prepared in a manner to include the matters that are deemed material or the materials that are generally found in the audit reports of the public entities, the general information about the audits conducted as well as the other financial matters that are found appropriate to be addressed, submitted to the Turkish Grand National Assembly and made public as per the Article 38 of the TCA Law no. 6085.
- B. External Audit General Evaluation Report is a significant tool contributing to the taking of the necessary measures by those responsible and authorised for obtaining and using public funds to ensure that the funds are obtained, used, recognized and reported in an effective, economic, efficient and lawful manner and are not misused. The Lima Declaration, in which the basic principles of the International Standards on the Supreme Audit Institutions (ISSAIs) are specified, also clearly points out the importance of the reports through which the audit results are submitted to the parliament annually. Within this scope, the External Audit General Evaluation Report prepared by the TCA which is the only supreme audit institution in our country has a crucial role in contributing to the obtaining and use of the public funds in an effective, economic and efficient manner.
- C. In the preparation of the External Audit General Evaluation Report, the findings in the audit reports of the public entities within the central administration, social security institutions, municipalities and the other public entities which are not covered by the Law no. 5018 but fall into the scope of the TCA audit are taken as basis.
- D. The draft report was prepared after the matters proposed by the headships of audit groups at the end of the audits conducted within the scope of the 2016 Audit Program to be included in the external audit general evaluation report were evaluated in terms of the criteria of materiality, generality and necessity of the submission to the Turkish Grand National Assembly as well as the common procedures determined for the public entities at the beginning of the audit process, and the report was finalized after the opinion of the Report Evaluation Board was received.
- E. With the External Audit General Evaluation Report, the TCA targets to provide the Turkish Grand National Assembly, on behalf of which it conducts its independent

and objective audits, with sufficient and reliable information and recommendations about the financial situations and activities of the public entities for the use of the power of the purse, to guide the public entities and to inform the public.

Titles of Findings Included in the Report

1. General Evaluation on the Strategic Planning and Performance Management System

- 1.1 Findings on the Evaluation of the Strategic Plans
- 1.2 Findings on the Evaluation of the Performance Programs
- 1.3 Findings on the Measurement of the Activity Results
- 1.4 Findings on the Evaluation of the Activity Reports

2. General Issues about the Public Entities

- 2.1 General Evaluation on the Internal Control System
- 2.2 The Failure of the Public Entities to Generate Financial Reports Covering the Circulating Capital Enterprises
- 2.3 The Lack of Footnotes in the Financial Tables
- 2.4 Findings on Revenue Recognition and Collection
- 2.5 Findings on Immovables
- 2.6 The Detection of Practices against the Law no. 5510 on Social Insurance and Universal Health Insurance
- 2.7 Promulgation of Regulations on Financial Matters and Regulatory Actions in the form of Regulations without Taking the Consultative Opinion of the TCA
- 2.8 Absence of Some Bank Accounts Opened in the name of the Public Entity in the Accounting Records
- 2.9 The Failure to Close Off the Advance Payments Transferred to the Set-Off Period in Due Course
- 2.10 The Failure to Start the Follow-up and Collection Transactions of the Receivables Not Collected at Due Date

- 2.11 The Failure to Transfer the Tangible Assets Followed in the Account of Construction-in-Progress to the Relevant Asset Accounts Despite the Completion of the Temporary Admission
- 2.12 The Failure to Follow up the Rented Real Estates and the Obtained Revenues in the Accounting Records
- 2.13 The Failure to Follow-up the Financial Tangible Assets in the Accounting Records
- 2.14 Incorrect recognition of the Incorporeal Right Acquisitions
- 2.15 The Failure to Allocate the Provisions for Termination Indemnities

3. Matters related to the General Budget Public Entities

- 3.1 Existence of Some Special Accounts in the Use of Some Public Entities under General Budget against the Provisions of the Law no. 5018 on Public Financial Management and Control
- 3.2 The Absence of the Liabilities Arising from the Use of the European Union Funds in the Financial Tables and Footnotes of the Undersecretariat of Treasury
- 3.3 The Use of Different Additional Indicator Figures for the Managers at the Same Positions in the Offices of the Governor

4. Matters related to the Special Budget Public Entities

- 4.1 Revenues of the Circulating Capital Enterprises of the University Application and Research Hospitals Cannot Meet the Expenses
- 4.2 The Need to Update the Circulating Capital Financial Management System
- 4.3 The Need to Update Say2000i Information System Used in the Universities
- 4.4 Findings related to the Grants Provided to the Scientific Research Projects
- 4.5 Findings related to the Grants Provided to the TÜBİTAK Projects
- 4.6 Existence of De Facto Idle Faculties, High Schools and Institutes and Employment of Academic and Administrative Staff

5. Matters related to the Regulatory and Supervisory Institutions

5.1 Regulatory and Supervisory Institutions Are Held Exempted from Some Provisions of the Law no. 5018

5.2 Problems Experienced in the Transfer of the Surplus Revenues Resulting from the Follow-up of the Revenues of the Regulatory and Supervisory Institutions

6. Matters related to the Social Security Institutions

6.1 Receivables of the Social Security Institution Are Not Recognized and Reported in the Financial Tables in an Accurate, Complete and Timely Manner

6.2 The Invoiced Receivables Are Not Collected in Due Time

6.3 Additional Reserve Premiums Are Not Followed and Collected

6.4 The Inconsistency Between the Information System Used by the Turkish Employment Agency for the Follow-up of the Receivables and the Accounting System

7. Matters related to the Local Administrations

- 7.1 Findings on the Accrual, Follow-up and Collection of the Municipal Revenues
- 7.2 Transfer of the Royalty for the Collection of the Packaging Wastes Without Bidding and Obtaining Income
- 7.3 Findings on the Municipal Estates
- 7.4 Findings on the Imposition, Accrual and Collection of Property Taxes Resulting from the Expropriation Transactions in the Municipalities
- 7.5 Non-compliance with the Limits Prescribed in the Municipal Law in the Borrowings of the Municipalities and Affiliated Entities
- 7.6 Problems Experienced in the Transfer of the Surplus Incomes in the Final Accounts of the Metropolitan Municipality Affiliated Entities to the Metropolitan Municipality
- 7.7 The Failure to Implement the Provisions of the Regulation on Parking Area
- 7.8 Granting the Royalty for the Public Transport without Bidding and/or Lack of Time Limits in the Bids
- 7.9 Inclusion of Irrelevant Provisions in the Social Stability Contract
- 7.10 Erroneous Use of the Deductable Value Added Tax Account
- 7.11 The Partnership Interest in the Natural Gas Distribution Company Is Not Reflected to the Accounting Records
- 7.12 E-Interior System Used by the Provincial Special Administrations Reports the Activity Results Incorrectly
- 7.13 Non-compliance with the Legislation in the Use of the Investment Appropriations Transferred to the Provincial Special Administrations by the Ministries and Central Administrative Institutions