



**TURKISH COURT OF ACCOUNTS
GENERAL EVALUATION ON ACTIVITY
REPORT- 2020
(SUMMARY)**

GENERAL FRAMEWORK

The aim of the General Evaluation on Activity Reports is that senior executives give assurance on the accuracy of the financial information and performance information disclosed to public through a declaration of assurance within the scope of strategic plan, performance program and budget relations.

The 2020 General Evaluation on Activity Reports was prepared in accordance with Article 41 of the Law no. 5018 and Article 39 of the Law no. 6085 as well as the Activity Reports Evaluation Manual through the determination of whether the information provided in the following reports meet the presentation criteria and process requirements prescribed in laws and other legal arrangements and assessment of the accuracy and reliability of the information provided in the these reports by taking the 2020 external audit results into consideration:

- 2020 public administrations activity reports prepared by the senior managements of public administrations to present the activity results of the public administrations within the framework of accountability;
- 2020 General Activity Report, which is prepared by the Directorate of Strategy and Budget of the Presidency and includes general evaluations on the 2020 activity results of the entities within the central government and social security institutions and the financial structures of local governments;
- 2020 Local Governments General Activity Report prepared by the Ministry of Environment and Urban Planning to present the general situation of the local governments on the basis of the activity reports prepared by the local governments.

EVALUATION ON THE ADMINISTRATION ACTIVITY REPORTS

As indicated in Figure 1, evaluations were conducted by taking the activity reports and audit results of 327 public entities in total including 35 general budget public entities, 98 private budget entities (higher education board, universities and high technology institutes), 30 special budget other entities, 2 social security institutions, 9 special provincial organisations and 153 municipalities, and as a consequence of the evaluation of these activity reports, results presented in Figure 2, Figure 3 and Figure 4 were obtained.

Figure 1: Number of Entities Included in the Evaluation

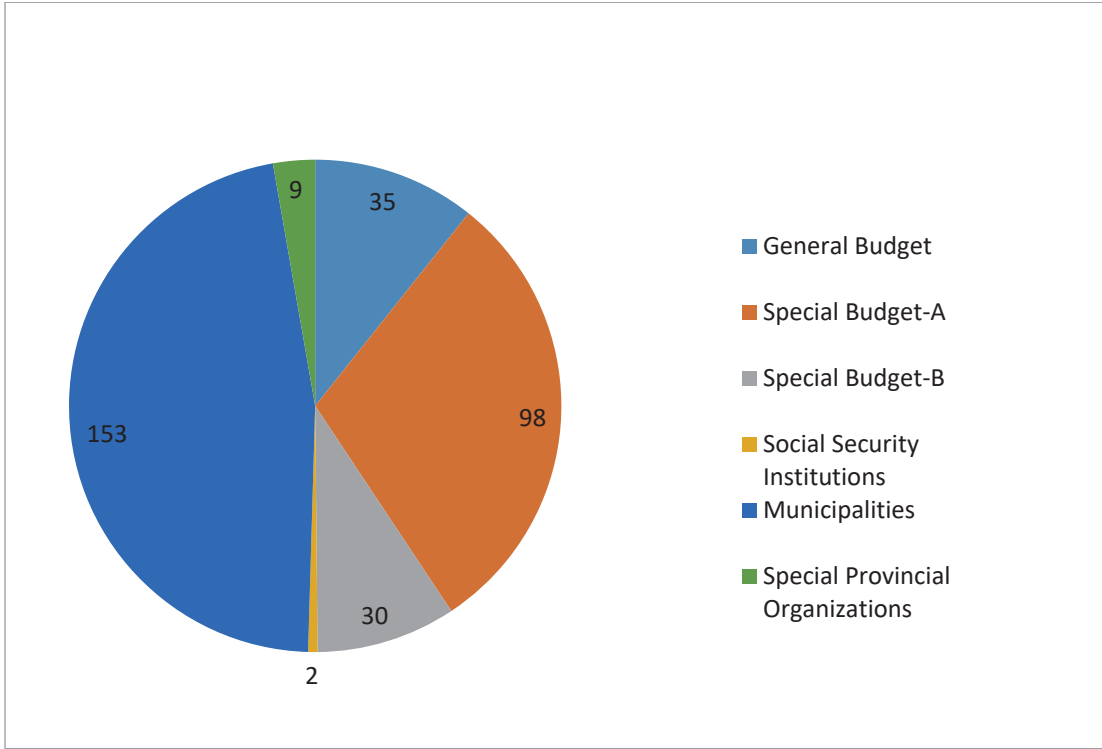


Figure 2: Number of Entities Included in the Evaluation

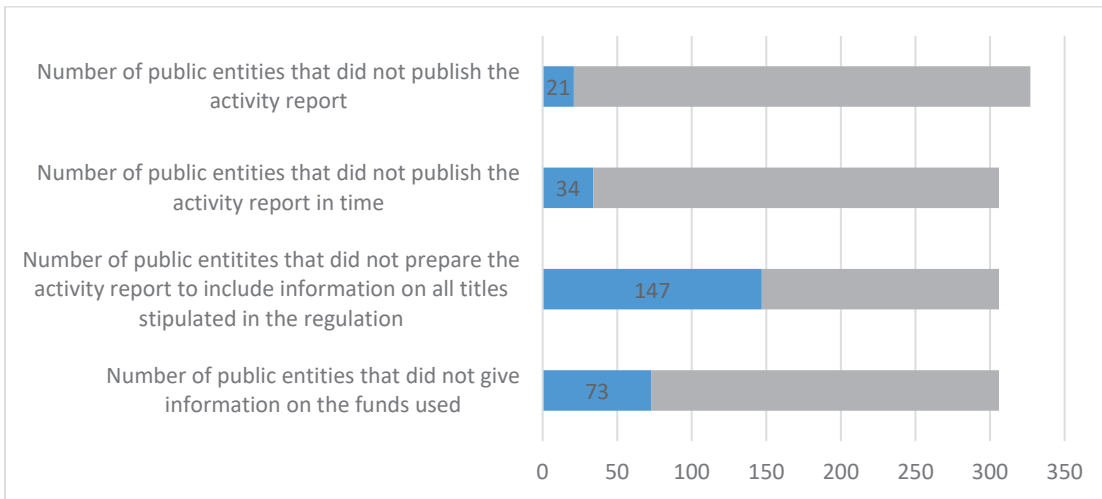


Figure 3: Evaluation of Financial Information

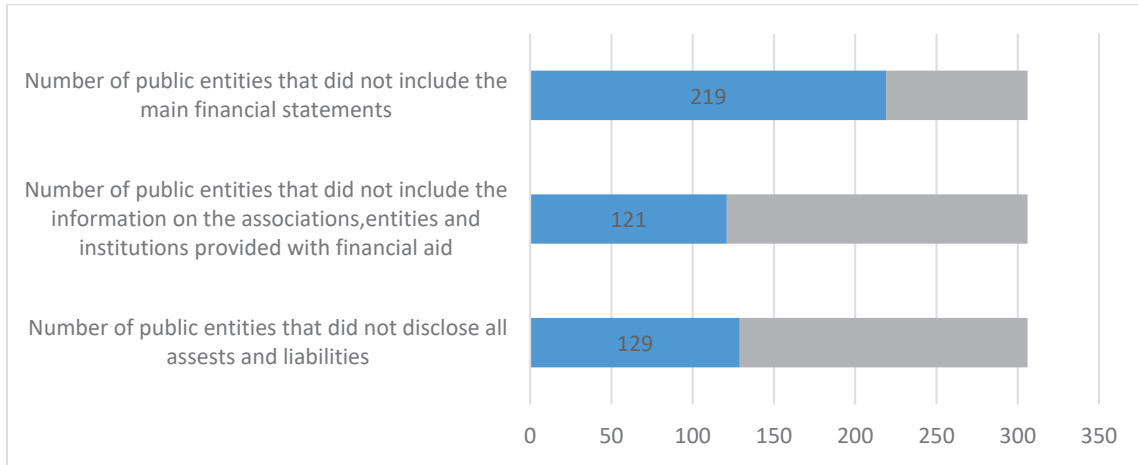


Figure 4: Evaluation of the Reporting of Budget Execution Results

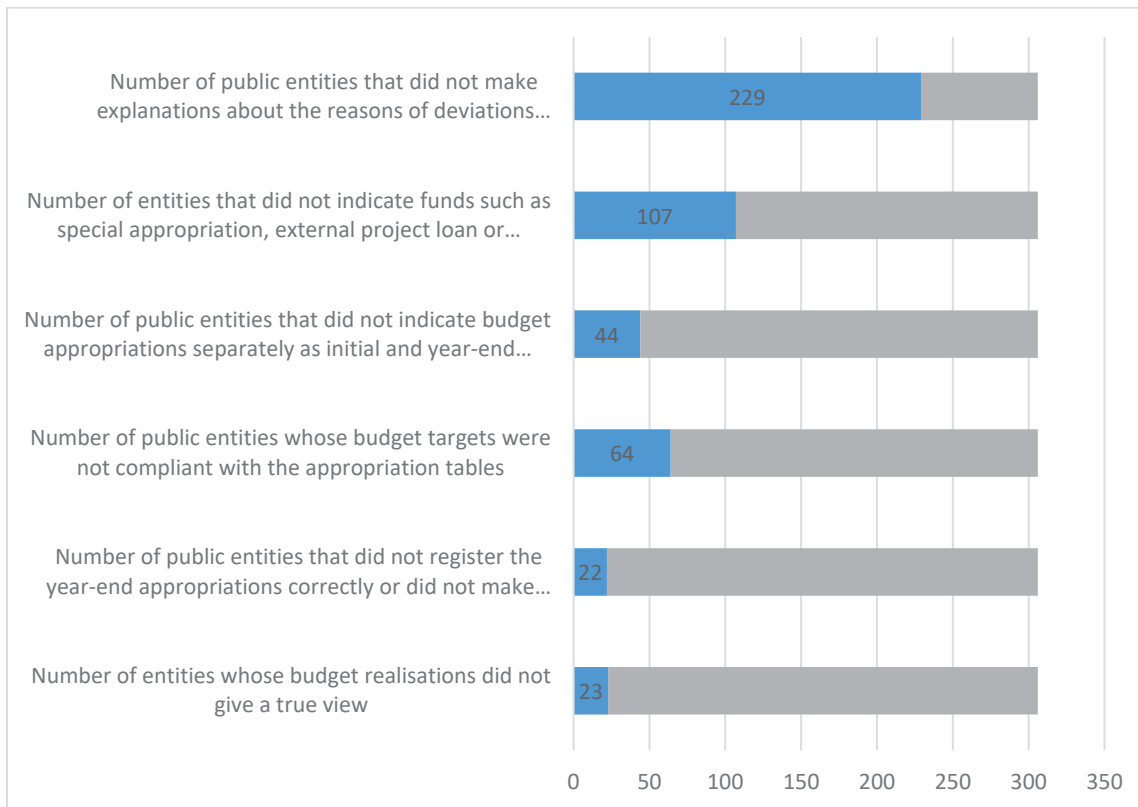
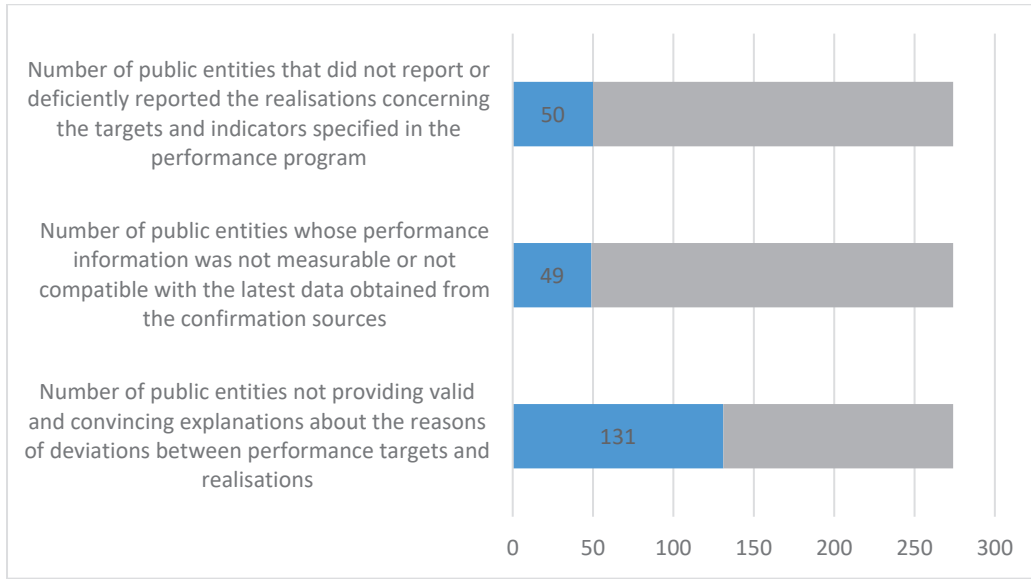


Figure 5: Evaluation of Performance Information

EVALUATION ON THE GENERAL ACTIVITY REPORT

Evaluation of the Budget Targets and Realisations

The Law no. 5018 envisages that public policies are specified in the development plan, medium-term program and medium-term financial plan and the allocation of resources is made through the budgets prepared on the basis of these policy documents. Also, the Article 17 of the said Law clearly states that expense offers are prepared in consideration of the principles and procedures specified in the medium-term program and financial plan.

However, when the appropriation limits determined in the Medium-Term Financial Plan (MTFP) and the initial appropriations envisaged in the 2020 Central Government Budget Law were compared and examined, it was observed that initial appropriations exceeded the limits in some entities. As also pointed out in the 2019 General Evaluation on Activity Reports, this situation, which results from the failure to include the Treasury grants from the general budget entities to the special budget entities into MTFP, has a potential to complicate the evaluation of the relation between plan and budget. Therefore, it is considered that inclusion of the Treasury grants into MTFP with the aim of ensuring that a more sound evaluation is made and accountability is strengthened will be appropriate.

On the other hand, when the initial appropriations of public entities within the general budget were compared to the year-end realisations, it was observed that the budgets of certain public entities continuously remained below year-end realisations, and despite this, budget estimations of the same entities for the following year were determined below the realisation.

Although the General Activity Report includes the reasons of deviations between the budget and realisations due to the economic classification of expenditures, it is considered that some of these disclosures do not meet the clarity and full disclosure principles adequately since they can be predicted in the budget and planning process.

Evaluation of the Chart on the Carryover of Appropriations and Other Appropriation Transactions

Despite the existence of expenditures in excess of appropriation amounts, according to the “2020 Budget Appropriation and Realisations of Public Entities Within the General Budget” Table, there is not any explanatory information in the General Activity Report on this issue.

Evaluations on the Activities of Non-Governmental Organizations Provided with Financial Aid

Although the 2020 General Activity Report includes the non-governmental organizations provided with financial aid, there is not any evaluation on the activities of these organizations in the report.

Evaluation of the Financial Information of the Social Security Institution

After examining the Social Security Institutions’ budget target and realisations information in the General Evaluation Report, it is concluded that the information is compatible with the 2020 Budget Execution Results Statement which is submitted to TCA audit.

Evaluation of the Financial Information on Public Debt Management

The public debt management information presented in the 2020 General Evaluation Report is compared with the Public Debt Management Report published by the Ministry of Treasury and Finance and it is concluded that the information and data are true and reliable.

EVALUATION ON THE LOCAL GOVERNMENTS GENERAL ACTIVITY REPORT

As a result of the evaluation on the financial information provided in the 2020 Local Governments General Activity Report, the following points were determined:

1) Report included detailed information on the budget revenue and expense realisations, but an assessment was not made about this information.

2) Information on the debt breakdown and total debt burden of local governments as of 2020 was included in the report, but an assessment was not made about this information. Also, the report did not include any information and assessment about the debts of affiliated institutions and enterprises of local governments as well as municipal companies.



3) Report included detailed information on the human resources, but an assessment was not made about this information.

4) Aid and expenditures made by local governments were classified as transfers to local governments and non-profit organizations, transfers to households and abroad, and capital transfers. But an assessment was not made on these aid and expenditures in the report.

5) A general evaluation, which should be made about the strategic planning and performance-based budgeting practices of local governments on the basis of the local governments activity reports, was not included in the report.

6) Report did not include any information and assessment on the internal audit results of local governments; information was provided only on the internal auditor cadres allocated to local governments and the assignments made to these cadres as well as the formation.

7) Report included the amounts of investment made within the year and their percentages in total expenditures, but there is not any information on the commitments extending into subsequent years.