



**TURKISH COURT OF ACCOUNTS  
ACTIVITY GENERAL EVALUATION  
REPORT - 2015  
(SUMMARY)**



## GENERAL INFORMATION

2017 Activity General Evaluation Report was prepared according to Article 41 of Law no.5018 and Article 39 of Law no.6085 and Activity Reports Evaluation Manual. It was prepared by detecting whether the information included in:

- 2017 Administrative Activity Reports, which were prepared by the senior managers of public entities to show their activity results within the framework of accountability,
- 2017 General Activity Report, which was prepared by the Ministry of Finance (MoF) to include the general evaluations regarding the financial structures of local administrations and the 2017 activity results of the social security institutions and administrations under central government,
- 2017 Local Administrations General Activity Report, which was prepared by the Ministry of Interior (MoI) to indicate the general status of local administrations based on the activity reports prepared by local administrations,

met the process requirements and presentation criteria identified by laws and other legal regulations and by evaluating the accuracy and reliability of the information in the relevant reports by considering the results of the 2017 external audits.

The basis of the evaluations were: Law no.5018 on Public Financial Management and Control, TCA Law no.6085, By-Law on the Activity Reports to be prepared by Public Entities, TCA Audit By-Law, and the TCA audit and evaluation manuals.

The aim of the evaluations was to give assurance about the accuracy of financial information and performance information disclosed by senior managers to the public by giving a statement of assurance in the context of the strategic plan, performance program and budget information.

In line with this aim, the evaluations were made according to the TCA Activity Reports Evaluation Manual with respect to the reliability and accuracy of the information included in the Administrative Activity Reports, General Activity Report and Local Administrations General Activity Report and their compliance to the process requirements and presentation criteria identified by By-Law on the Activity Reports to be prepared by Public Entities and Law no.5018.

## EVALUATION OF ADMINISTRATION ACTIVITY REPORTS

The evaluations were made by considering the audit results and activity report evaluations of 372 public entities including: 42 public administrations with general budget, 87 administrations with special budget (higher education council, universities and higher technology institutes), 40 other administrations with special budget, 2 social security institutions, 27 provincial special administrations, 173 municipalities, 1 local administration union. In this scope, below is the list of the findings and general shortcomings that we have identified:

- Of the public entities audited by the TCA, 30 entities did not publish activity reports. Of the 342 public entities that had published activity reports, 58 entities did not comply with legislative requirements of the publication date
- 237 public entities did not include in their activity reports the basic financial statements and their explanations;
- 151 public entities did not include in the activity report the information on the unions, entities and institutions that they assisted;
- 131 public entities did not disclose all their assets and obligations in their activity reports;
- 37 public entities did not provide information in their activity reports on the resources they used;
- Of the public entities that prepared activity reports; 232 entities did not make an explanation on the reasons of the deviations that occurred between budget targets and realizations;
- Of the public entities that prepared activity reports; 72 entities did not show in their activity reports the resources such as donations, aids, external project loans, special allocations provided for the use of the administration, apart from the allocations made with budget;
- Of the public entities that prepared activity reports; 53 entities did not show the budget allocations separately as baseline and end-of-year allocations;
- Of the public entities that prepared activity reports; 41 entities did not show the budget targets accurately when compared to the allocation tables;
- Of the public entities that prepared activity reports; 31 entities did not record the end-of-year allocations accurately;

- Of the public entities that prepared activity reports; 14 entities did not give a true view when they were checked with the regularity audit results;
- Of the public entities that prepared activity reports and of which performance information was evaluated; 46 entities did not report the realizations regarding the objectives and indicators identified in the performance program;
- Of the public entities that prepared activity reports and of which performance information was evaluated; the information given in the activity report of 47 entities were not measurable or did not comply with the final data obtained from the verification sources;
- Of the public entities that prepared activity reports and of which performance information was evaluated; 103 did not make an explanation on the reasons of all deviations that occurred between performance objectives and indicators and the realizations, or the existent explanations were not based on valid and convincing reasons.

## EVALUATION OF GENERAL ACTIVITY REPORT

2017 General Activity Report was made public in a way ensuring financial transparency and in the time period foreseen in legislation, and it was sent to the TCA within the same time period.

When we evaluated the 2017 General Activity Report with respect to presentation and content, we found the following:

- As a result of the comparisons made by using 2015-2017, 2016-2018 and 2017-2019 MTFP data including the revenue and expenditure forecasts of 2017 in the scope of the total revenue and expenditure forecasts for the next three years with the MTFP in the framework of multi-annual budgeting mentality, some public entities under general budget had deviations that exceeded 100% in their MTFP forecasts of 2017;
- When the starting allocations of public entities under general budget were compared to end-of-year realizations; we saw that the budgets of some public entities continuously stayed under the end-of-year realizations. Despite that, the budget forecasts of the same public entities for the following year were determined lower than the realization;
- Information regarding assets and obligations was presented only through the balance sheet;

- While the use was above the allocation, no information was presented for this;
- There was no information on the activities of the entities that received aids.

## **EVALUATION OF LOCAL ADMINISTRATIONS GENERAL ACTIVITY REPORT**

2017 Local Administrations General Activity Report was sent to the TCA by the General Directorate of Local Administrations of the Ministry of Environment and Urbanization (MoEU)<sup>1</sup> on 29.08.2018 and was made public on the relevant website (yerelyönetimler.csb.gov.tr). 2017 Local Administrations General Activity Report was not shared with public or sent to the TCA on time, which was against the legal requirements.

When we evaluated the 2017 Local Administrations General Activity Report with respect to presentation and content, we found the following:

- The report did not include any evaluation that was made by combining the financial information, performance information and other information included in the activity reports of local administrations.
- The report did not include any information or evaluation regarding the budget revenues and expenditure targets.
- The report included only the information on the aids made from the local administration budgets and social service expenditures, and it did not include any evaluation regarding the aids and social service expenditures that were made.
- The report did not include a general evaluation that should have been made about the strategic planning and performance-based budgeting practices of local administrations based on the activity reports of local administrations.
- The report did not include open and understandable information that comply with openness principle regarding the investments made within the year and the contracts that spread over years.
- The report did not include any information or evaluation regarding the results of internal audits on local administrations.

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<sup>1</sup> Article 798 of Presidential Decree numbered 4, which was published on the Official Gazette dated 15/07/2018 and numbered 30479 stated that the references in legislation to the Mol regarding the duties of the General Directorate of Local Administrations would be considered to be valid for the MoEU or its units. Therefore, Local Administrations General Activity Report was sent to the TCA by the MoEU instead of the Mol.

- The report did not include any information or evaluation regarding debts of municipality partnerships and the entities and enterprises affiliated to local administrations.
- Since the consolidated financial statements published in the report are erroneous in terms of scope, they did not include complete and accurate information.
- The consolidated financial statements of local administrations in the report did not include the Activity Results Table, which is one the main financial statements to be prepared in financial reporting as per the provisions of the General Management Accounting By-Law.

