



**TURKISH COURT OF ACCOUNTS  
EXTERNAL AUDIT GENERAL EVALUATION  
REPORT – 2017  
(SUMMARY)**

*2017 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.*

## 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 Declarations, 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 2017 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

1.5 Lack of Arrangement Regarding the Reflecting of TCA Audit Results on the Strategic Plan, Performance Program and Activity Report

### **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 Findings on Problems Due to Lack of Coordination between Institutions in the Accrual and Collection of Revenues

2.4 Findings on Immovables

2.5 Findings on the Acquisition, Registration and Use of Movables

2.6 Non-Monitoring of Financial Fixed Assets in Accounting Records

2.7 Incorrect Accounting of Intangible Assets

2.8 The Failure to Allocate the Provisions for Termination Indemnities

2.9 Absence of Some Bank Accounts Opened in the name of the Public Entity in the Accounting Records

2.10 The Failure to Start the Follow-up and Collection Transactions of the Receivables Not Collected at Due Date

2.11 Non-Compliance with the Provisions of the Regulation on the Accounting of Transactions Relating to Private Accounts of Public Administration

2.12 Practices Contrary to General Communiqué of Public Treasurer

2.13 Provision of Health Service Expenses of Savings Deposits Insurance Fund Employees from the Budget of the Fund Against The Social Insurance and General Health Insurance Law No. 5510

2.14 Investment Expenses Covered by Public Administrations Not Requested by Electricity Distribution Companies to Receive Energy Permits

2.15 Expensing Appropriation by Using Account of Budget Deposit without Taking Service and Delivery Goods.

2.16 Findings on Investment and Services within the Framework of Public Private Partnership

2.17 Findings on Due from Persons Account

2.18 Promulgation of Regulations on Financial Matters and Regulatory Actions in the form of Regulations without Taking the Consultative Opinion of the TCA

### **3. Matters related to the General Budget Public Entities**

3.1 Findings on Unmovables

3.2 Non-compliance with Legislation for the Accounting Procedures of the Projects Carried Out from the European Union Resources

3.3 General Communiqué on Civil Servants Law Serial No. 161's Provisions against the Decree Law No. 375

3.4 Showing Business of Importer Companies in Free Zone

3.5 Failure to Evaluate Waste Engine Oils as Economical

3.6 Inadequacy of Current Legislation for Solving Problems Due to Payment of Abroad Treatment Expenses

### **4. Matters related to the Special Budget Public Entities**

4.1 Deficiencies in the Internal Control System of the Circulating Capital Enterprises of the University

4.2 The Need to Update the Circulating Capital Financial Management System

4.3 Findings Related to the Grants Provided to the Scientific Research Projects

4.4 Findings Related to Grants of The Scientific And Technological Research Council of Turkey (TÜBİTAK)

4.5 Incomes From the Examinations for the Admission of Foreign Students are not Recorded as Revenue to the University Budget

4.6 The lack of permission from the Ministry of National Education for the companies having cooperation protocols by the Continuing Education Centers

4.7 Existence of De Facto Idle Facilities, High Schools and Institutes and Employment of Academic and Administrative Staff

4.8 Revenues of the Circulating Capital Enterprises of the University Application and Research Hospitals Cannot Meet the Expenses

4.9 Failure to Obtain Compulsory Liability Insurance for Medical Malpractice

4.10 Presence of Academic Staff Who has His/Her own Private Clinic, Offering Private Practice Services during Working Hours or Working in Private Health Institutions Without Making any Agreement with Circulating Capital Enterprises

## **5. Matters related to the Regulatory and Supervisory Institutions**

5.1 Problems Due to Exemption for Regulatory and Supervisory Institutions from Some Provisions of the Law no. 5018

5.2 Non-Collection of Administrative Fines Imposed by Regulatory and Supervisory Agencies

## **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 Non-Collection of Social Security Premium Receivables from Municipalities.

## **7. Matters related to the Local Administrations**

7.1 Non-Accruals and Non-Collection of Some Revenues in the Municipal Revenues Law

7.2 Finding on Accruals and Collections of Property Tax

7.3 Low Income Collection Rates in Municipalities.

7.4 Not Determining Fee Tariff for Domestic Solid Waste Service and No Follow-up and Collection of These Fees

7.5 Findings on Managing Car Park and its Revenues.

7.6 Use of Fund Revenues, Generated in Accordance with Slum Law, Out of Purpose and the Problems in the Follow-up and Collection of Them.

7.7 Non-Follow-up and Non-Collection of Right of Way Fees from Telecommunications Infrastructure and Networks.

7.8 Transfer of the Royalty for the Collection of the Packaging Wastes Without Bidding and Obtaining Income

7.9 Granting the Royalty for the Public Transport without Bidding and/or Lack of Time Limits in the Bids

7.10 Non-compliance with the Limits Prescribed in the Municipal Law in the Borrowings of the Municipalities and Affiliated Entities

7.11 Establishment of Businesses Without Opening and Working License and Not Implementing Administrative Sanctions

7.12 Findings on the Municipal Estates

7.13 Contradiction with Legislation in The Social Stability Contracts

7.14 Deduction of VAT not Related with Commercial, Industrial, Agricultural and Vocational Transactions

7.15 The Partnership Interest in the Natural Gas Distribution Company Is Not Reflected to the Accounting Records

7.16 Non-Transferring of Conservation of Immovable Cultural Property Contribution Margin, Collected by the Municipalities, to the Related Administration

7.17 Inclusion of Partnership Shares in the Financial Statements of Water and Sewerage Administrations Withdrawn from Iller Bank Partnership

7.18 Public Administrations Having to Make Mass Payments Due to Not Using the Annual Leave of Workers Subject to Labor Law No 4857

7.19 Deficiencies in Legislation on Micro-Credit and Failure to be Properly Accounted, Followed and Collected for the Sources in this Scope.

7.20 The Record of the Opening Balance Sheet in the Investment Monitoring and Coordination Offices does not Reflect the Truth

7.21 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

7.22 Conducting Transfers from Special Provincial Administrations Budgets to Unions for Providing Services for Village Which are not in Legislation and are not Based on the Project