

# **PERFORMANCE AUDIT REPORT ON *MANAGEMENT OF FOOTBALL STADIUMS AND FOOTBALL FIELDS OWNED BY LOCAL UNITS***

(October 2019)

## **SUMMARY**

The State Audit Office conducted 21 performance audit on management of football stadiums and football fields owned by local units. The auditees were 127 cities and 428 municipalities (within 20 counties) and the City of Zagreb.

The audit subject was management of football stadiums and football fields owned by local units during the period 2017 and 2018. The audit areas were: keeping records on football stadiums and football fields, legal framework, management and supervision of football stadiums and football fields. In this audit, the term football stadiums and football fields refers to sports buildings with grass (natural or artificial) fields 90 to 120 m long and 45 to 90 m wide, with or without a grandstand.

The most important audit findings were:

- Local units did not take actions to record ownership of each football field and did not submit to the competent ministry an application for a document eligible for the registration of ownership rights
- Data on the value of individual football stadiums and football fields were not recorded in the analytical bookkeeping of local units
- The annual inventory of assets and liabilities of local units did not list football stadiums and football fields or did not establish values for the listed ones
- Some local units did not establish an asset registry or did not enter the data prescribed by the State property register Regulation, the property register was not linked to other records, nor were the data on football stadiums and football fields in the Register of assets consistent with the data in business records
- Mutual rights and obligations of the local units and the football clubs on the management or use of football stadiums and football fields were not established
- Local units did not systematically analyse and evaluate the effects of the activities performed in management and use of football stadiums and football fields, the impact of management and use of football stadiums and football fields on the local community, and did not determine how management can be improved
- Local units did not determine the authorities and responsibilities of individual holders in management of football stadiums and football fields, supervision of management, reporting on achieved goals and effects of management, and undertaking measures in case the activities have not been performed and objectives have not been met.

Based on the facts established in the audit and according to the audit criteria, the State Audit Office assessed that the management of football stadiums and football fields owned by local units in 46 cities and 79 municipalities were efficient, requiring some improvements, but do not significantly affect the management of football stadiums and football fields. In 74 cities, 222 municipalities and the City of Zagreb the management was partially efficient and significant improvements are needed. Irregularities and omissions have been identified regarding the recording and management of data on football stadiums and football fields, legal framework, management and the internal control system, that are required to monitor the management of football stadiums and football fields. 134 local units were not assessed because they do not own football stadiums or football fields.

The State Audit Office provided recommendations:

- Undertake activities to record ownership of football stadiums and football fields, in cooperation with competent authorities of the Republic of Croatia
- Manage the analytical bookkeeping of football stadiums and football fields by type, quantity and value and other necessary data
- List football stadiums and football fields, their individual values and harmonize the bookkeeping status recorded in the general ledger with the current status set out in the list, at the end of the year
- Establish a register of assets and record football stadiums and football fields owned by local units in the Register of assets, specify the data prescribed by the State property register Regulation, link the Register of assets with other records, harmonize the data on football stadiums and football fields in the Register of assets with data in business records
- Establish mutual rights and obligations of local units and football clubs regarding the manner of management and use of football stadiums and football fields, manner of covering management costs, supervision of management and other elements of management that are of interest to local units, with the aim of maintaining, preserving and improving the functionality of football stadiums and football fields
- Analyse and evaluate the effects of management and use of football stadiums and football fields in order to determine their efficiency, identify management and use problems, determine the impact of management and use on the local community and how the management and use of football stadiums and football fields can be improved and to establish criteria and indicators of efficiency and principles of effective management of football stadiums and football fields and other assets owned by local units
- Establish authorities and responsibilities of individual holders of the management of football stadiums and football fields, supervision of the management and use of football stadiums and football fields, reporting on the achieved objectives and effects of management, take measures in cases of not performing the activities and not meeting the set objectives, which would all increase the responsibility of individual holders of management functions in the efficient management of public resources and also meet the public needs.

The State Audit Office stated the opinion that by the implementation of provided recommendations the data recorded on football stadiums and football fields would be in line with regulations, legal framework on the management of football stadiums and football fields would be established, management would be more effective and the objectives of the internal control system would be achieved, which all would increase the efficiency of management of football stadiums and football fields owned by local units.