

REPORT ON CONDUCTED FINANCIAL AUDIT OF PUBLIC INSTITUTIONS MANAGING NATIONAL PARKS AND NATURE PARKS

(June 2019)

SUMMARY

The State Audit Office conducted a financial audit of 19 public institutions managing national parks and nature parks, covering their financial statements and operations for 2017.

Audit objectives were to verify the accuracy and credibility of financial statements, compliance of operations with acts, regulations and administrative provisions that have a significant impact on operations, implementation of orders and recommendations from previous audits and other activities related to the operation of public institutions.

Total revenues of these public institutions amount to HRK 596.004.164,00, while total expenses and expenditures amount to HRK 533.457.426,00. The surplus of revenues was reported by ten public institutions in the total amount of HRK 72.771.859,00, and the revenue deficit of nine public institutions in the total amount of HRK 10.225.121,00. Most public institutions that showed a lack of revenue for 2017 covered it with surplus revenues from past periods.

Out of 19 public institutions, ten unqualified and nine qualified opinions were expressed for the financial statements. There were 12 unqualified, six qualified and one adverse opinion on business compliance (Public institution Plitvice Lakes National Park).

The audit found, inter alia, that:

- All public institutions have adopted a management plan and an annual programme, but the data in the plans and programmes are not comparable to each other. In 2017, the validity of some management plans expired and new plans for the next ten-year period were not adopted. Also, no action plans have been adopted for the implementation of the management plan, and some public institutions have not prepared a report on the implementation of the management plan and the annual programme.

- In the accounting business, irregularities were noticed regarding the recording of business events related to the application of the prescribed accounting principle, and recording on prescribed accounts of the accounting plan. Irregularities in cashier operations and inventory of assets were also observed. Furthermore, for certain public institutions, the data in the financial statements are not identical to those in the accounts.

- Public institutions generate significant own revenues, and the method of using their own revenues was not regulated by an internal act, which should have been done according to regulations.

- Some public institutions have significant amounts of due claims. As a rule, reservations have been sent to collect the receivables, while other available collection measures have not been taken.

- Irregularities were found in the calculation of salaries in the payment of benefits for performance at work and in the application of job complexity coefficients.

- Although the financial plan provided funds, some public institutions have achieved significantly lower expenditures for the protection and maintenance and conservation of protected areas than planned by the annual programme, which may indicate the fact that systematic and sufficient activities have not been undertaken for the protection, maintenance, conservation, promotion and use of protected areas.

- Some public institutions approved donations and did not define the criteria, benchmarks and the award procedure and did not conduct public tenders for awarding donations.

- Most public institutions did not submit data for the Register of State property, which they should have done according to regulations. The accounts of individual public institutions do not record assets acquired for use. These are most often buildings owned by the Republic of Croatia, which are used by public institutions for performing activities.

- In the total value of procurement of most public institutions, the largest share is the purchase of goods and services of individual value up to HRK 200.000,00, i.e. works of individual value up to HRK 500.000,00 (simple procurement), for which procurement procedures are prescribed by the internal procurement act. Irregularities and omissions related to procurement were found in a smaller number of public institutions, and they relate to the implementation of procurement procedures, keeping a register of procurement contracts and compiling statistical reports.

For irregularities determined, public institutions were given orders and recommendations whose implementation would contribute to a more realistic presentation of data in financial statements and increase of compliance of operations with laws, regulations and administrative provisions.

In addition, different actions have been observed in the registration of forests and forest lands, the granting of concession approvals and the drafting of the annual accounts of the financial plan, because they are not or they are not sufficiently regulated by standards.