



Regional Chamber of Audit  
In Cracow

# **EURORAI 2014**

**International Seminar  
„The audit of local government  
annual accounts”**



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in Cracow**

**Janusz Kot**

President of the Regional Chamber of Audit  
in Cracow



EURORAI 2014  
International Seminar  
„The audit of local government annual accounts”

**Submission of accounts to public sector audit institutions.  
Actions to enhance the quality and consistency of the accounts  
and to ensure their delivery within the legally required period.**



## Activities of the Regional Chambers of Audit

The idea of establishing regional chambers of audit in Poland arose with the adoption of the Local Government Act of 8 March 1990. One of the provisions of this Act became effective with the implementation of the Act on Regional Chambers of Audit of 7 October 1992 (Dz. U. [Journal of Laws] of 1992, no. 85, item 428, as amended) and of the Regulation of the Council of Ministers of 9 December 1992 on the registered seats, territorial range, detailed organisation and practices of regional chamber of audit (Dz. U. [Journal of Laws] of 1992, no. 94, item 463).



There are 16 regional chambers of audit in Poland



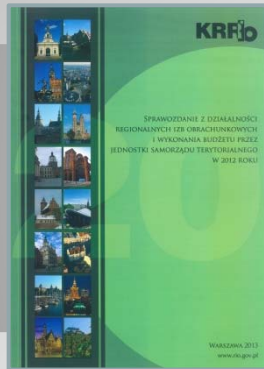


- The Regional Chambers of Audit are obliged to file with the Sejm reports on their activities and on the budget performances of local government units by 30 June each year.





Regional Chamber of Audit  
In Cracow



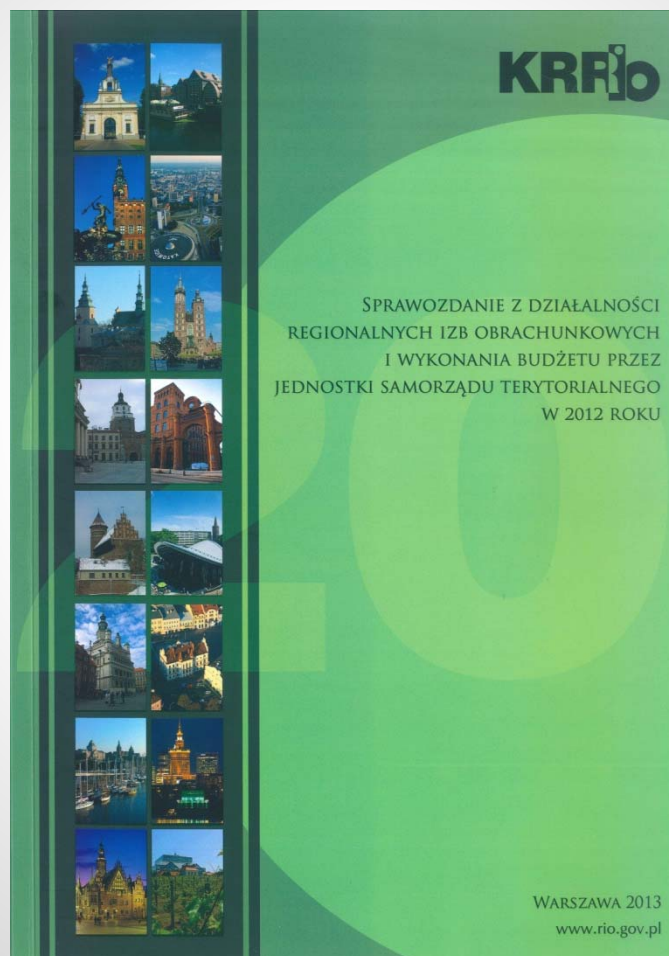
**The report on the activities of regional chambers of audit and on budget performance by local government units includes:**

**Information on the activities of regional chambers of audit**

**Information on budget performance by local government units**



## Report on the activities of regional chambers of audit and on budget performance by local government units for 2012







## Reports on the activities of regional chambers of audit and on budget performance by local government units





## Reports on the activities of regional chambers of audit and on budget performance by local government units





## **Legal Basis for the Functioning of Regional Chambers of Audit**

The Constitution of the Republic of Poland

Act on Regional Chambers of Audit of 7 October 1992

(consolidated text Dz. U. [Journal of Laws], no. 55, item 577, as amended)

Regulation of the President of the Council of Ministers of 16 July 2004

on the registered seats, territorial range, detailed organisation, number of board members and practice of Regional Chambers of Audit (Dz. U. [Journal of Laws], no. 167, item 1747)

Regulation of the Minister of Interior and Administration on detailed terms

and conditions of conducting a competition for regional chamber of audit board members of 23 April 2004 (Dz. U. [Journal of Laws], no. 130, item 1396)

Regulation of the Minister of Interior and Administration on detailed terms and conditions of conducting a competition for the president of the regional chamber


of audit of 19 January 2004 (Dz. U. [Journal of Laws], no. 10, item 93)




## Tasks and Functions of the Regional Chambers of Audit

- 
- Supervisory functions

- 
- Control functions

- 
- Consultative functions (preparation of reports, analyses and opinions regarding matters regulated by law)

- 
- Informational and training functions



## Supervisory Activities

Analysis of resolutions and orders adopted by local government units in the following matters:

- budget adoption and amendment procedures
- incurring liabilities that affect the public debt level of a given local government unit and granting loans,
- the rules for and scope of granting subsidies from the local government unit's budget,
- local taxes and charges covered by the provisions of the Tax Ordinance Act,
- vote of approval,
- long-term financial forecasts.



**A Regional Chamber of Audit Board**  
is composed of:

**The Chairman – President of the Regional  
Chamber of Audit**

and members representing both the national government and local government appointed by the Prime Minister from among candidates selected through a competition, in the number specified by the Prime Minister.

The Board is the authority of the Regional Chamber of Audit



## **The Regional Chamber of Audit Board**

The resolutions of the Chamber's Board are adopted by an absolute majority of votes, with the attendance of at least half of the members of the Board.

The competences of the Board are specified in Art. 18 of the Act on Regional Chambers of Audit.

Should it be necessary to make the local government unit's authorities aware of repeated irregularities or the risk of failing to perform statutory tasks, the Regional Chamber of Audit shall prepare a report on the financial condition of the unit in question, the scope of which is specified by the Chamber's Board.



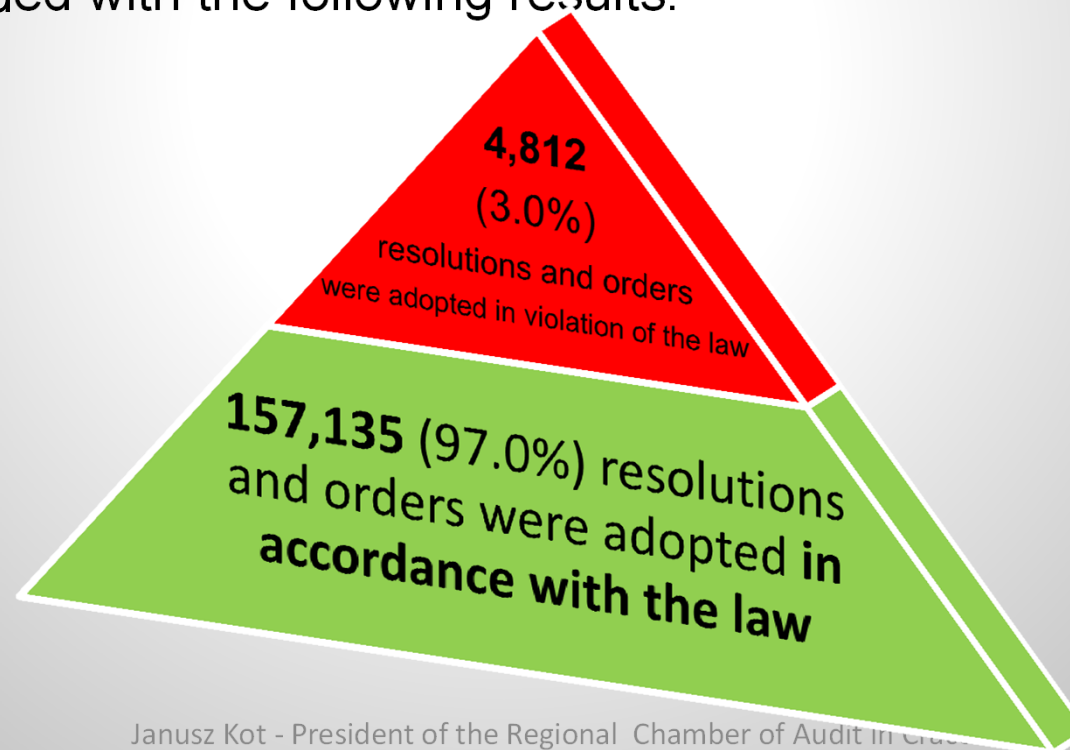


## The Regional Chamber of Audit Board

In 2012, the Regional Chambers of Audit supervised **2,809** local government units.

In 2012, the Regional Chambers of Audit audited a total of **161,947** resolutions and orders adopted by local government unit authorities and communal associations.

The audits ended with the following results:







## Consulting Activities

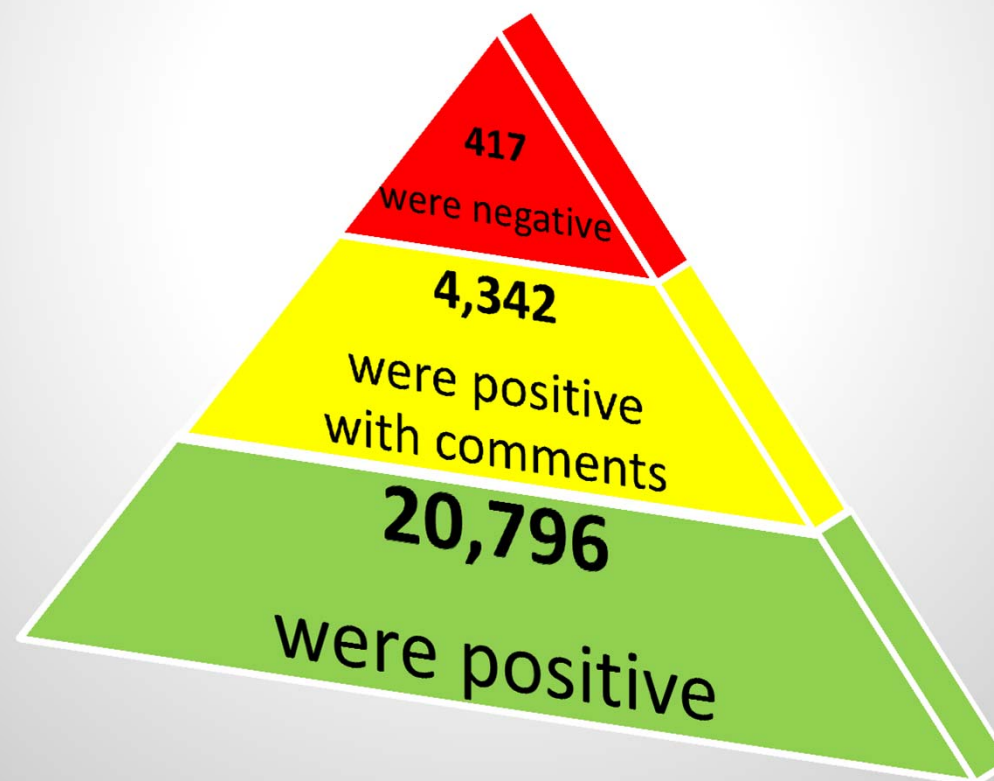
Art. 19 of the Act on Regional Chambers of Audit provides for the operation of adjudicating panels (consisting of 3 members of the Board) in Regional Chambers of Audit. These panels issue opinions on:

- credit repayment capability,
- loans and redemption of debt securities,
- draft budgets,
- draft resolutions on the long-term financial forecast,
- possible financing of the budget deficit and the accuracy of the amount of the predicted deficit, information on budget implementation for the first half-year,
- budget implementation report,
- a motion by the auditing committee and a resolution by the commune council on a failure to acknowledge the fulfilment of duties by the commune head – based on the documents submitted by commune heads (commune and city mayors), and district and provincial administration authorities.



## Consulting Activities

In 2012, the adjudicating panels of the Regional Chambers of Audit issued **25,555** opinions, of which:





## Control Activities

Supervision over the activities of the following entities:



- local government units – communes, districts and self-governing provinces as well as communal and district unions,



- communal associations, communal and district associations, district associations,



- local government organizational units, including those with legal personality,



- other entities using subsidies from the budgets of local government units.

Comprehensive inspections – conducted at least once every four years

Problem inspections

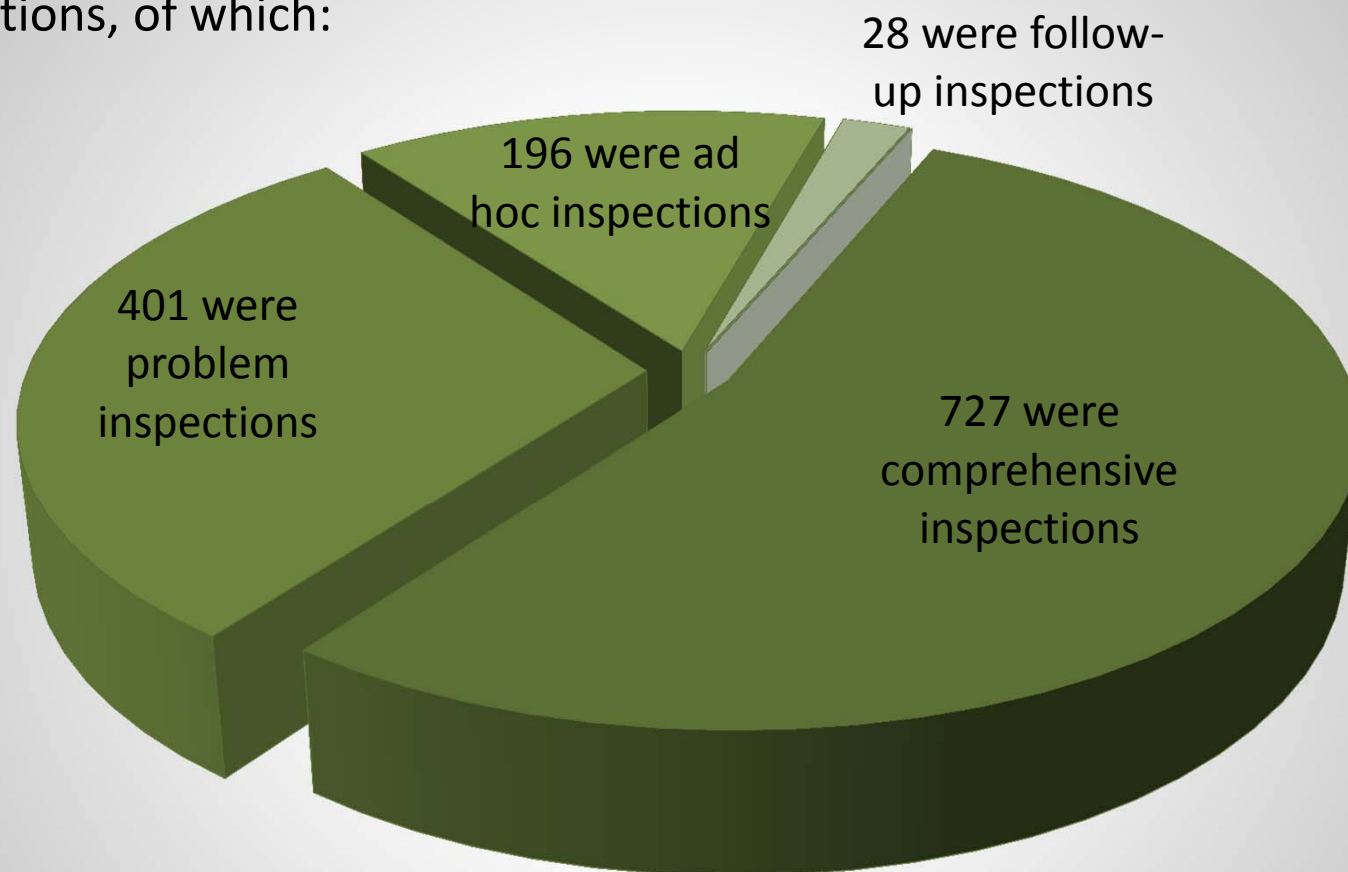
Types of inspection

Follow-up inspections

Ad hoc inspections



In 2012, the Regional Chambers of Audit conducted a total of **1,352** inspections, of which:





## Informational and Training Activities

**Art. 1, par. 4** of the Act on Regional Chambers of Audit

***Regional Chambers of Audit are obliged to conduct informational and training activities in the scope covered by supervision and control.***



## Informational and Training Activities

In 2012, the Regional Chambers of Audit organised

**237** training sessions attended by **17,564** employees of local government units



## Supervision over the Regional Chamber of Audit

- The activities of the Regional Chambers of Audit in terms of their compliance with the applicable laws is supervised by the Minister of Public Administration (since November 2011, the Minister of Administration and Digitisation, Rafał Kazimierz Trzaskowski).
- Members of the Regional Chamber of Audit boards are appointed by the Prime Minister. The President of the Regional Chamber of Audit is appointed and recalled by the Prime Minister. The president and board members are selected through a competition.





## **The National Council of Regional Chambers of Audit**

The National Council of Regional Chambers of Audit has been active since 1998, based on Art. 25a of the Act on Regional Chambers of Audit. It is composed of the presidents of Regional Chambers of Audit and one representative of the board of each Regional Chamber of Audit (32 people).

Art. 25a, par. 1 of the Act on Regional Chambers of Audit specifies the tasks of the National Council of the Regional Chambers of Audit:



## The National Council of Regional Chambers of Audit

- representing the Regional Chambers of Audit before the supreme and central state authorities,
- submitting applications to the Prime Minister concerning changes in the legal regulations governing communal financial management,
- submitting to the relevant budget funds administrator applications concerning the draft state budget, in the part concerning the Regional Chambers of Audit,
- disseminating the achievements and experiences of the Regional Chambers of Audit,
- preparing training plans and programmes for the employees of the Regional Chambers of Audit,
- coordinating audit plans and programmes,
- **submitting to the Sejm and Senate of the Republic of Poland reports on the activities of the Regional Chambers of Audit and the budget performance of local government units by 30 June of each year.**



## Standing Committees of the National Council of Regional Chambers of Audit



Legislation and Judicial Practise  
Committee



Budget Analysis Committee



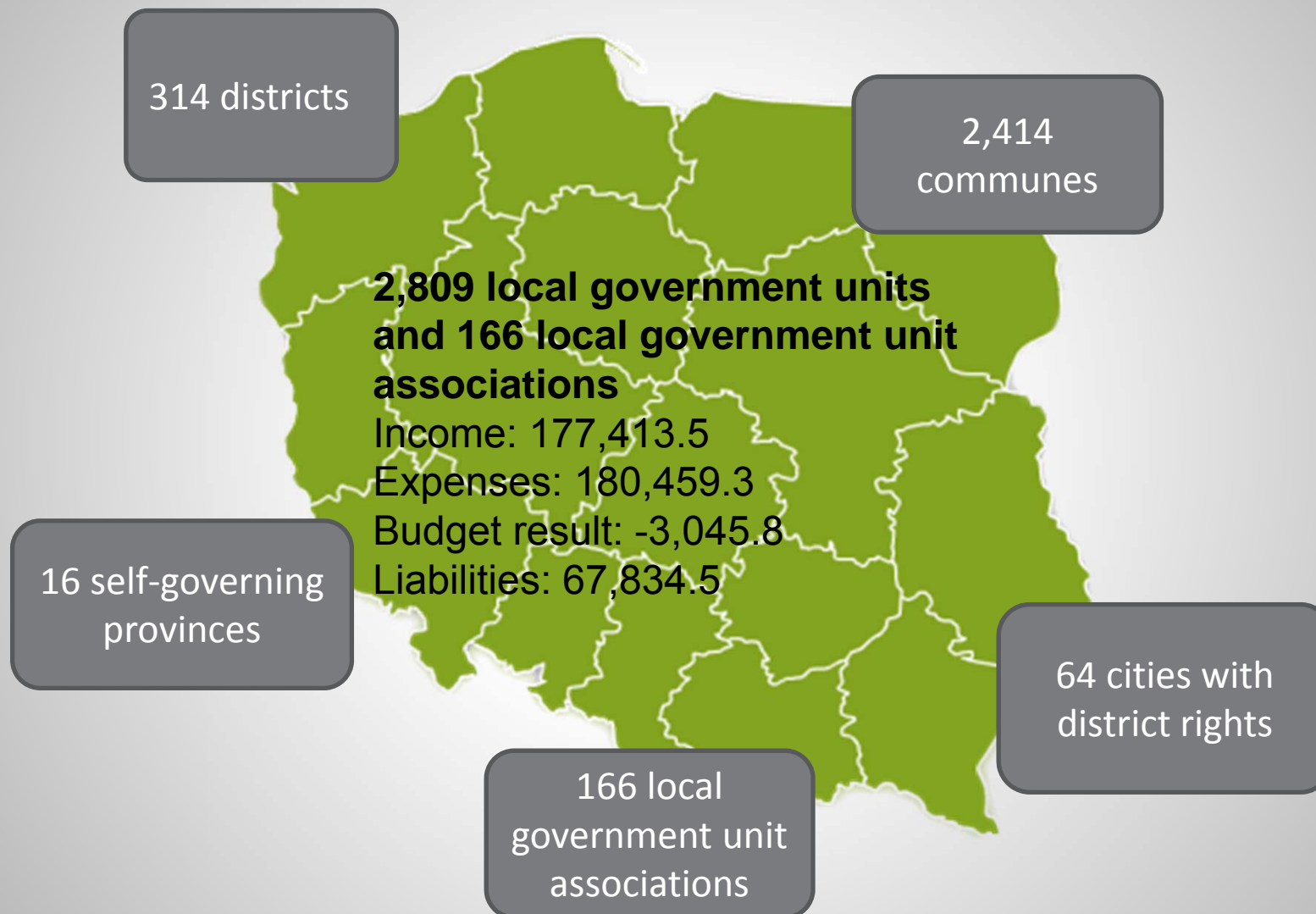
Audit Coordination Committee



Regional Chamber of Audit  
Budget Committee



Training, Information and  
Promotion Committee





## General information on local government unit finance in 2012

### 2,809 local government units and 166 local government unit associations

Income: 177,413.5  
Expenses: 180,459.3  
Budget result: -3,045.8  
Liabilities: 67,834.5  
including:

#### 2,414 districts

Income 7,497.6  
Expenses 78,419.4  
Budget result -83.9  
Liabilities 26,167.9

#### 64 cities with district rights

Income 11,941  
Expenses 12,612.7  
Budget result -671.7  
Liabilities 5,695.5

#### 166 local government unit association

Income 1,418.4  
Expenses 1,382.3  
Budget result 36.1  
Liabilities 374.6

#### 16 self-governing provinces

Income 15,236.1  
Expenses 15,760.5  
Budget result -524.4  
Liabilities 6,112.9

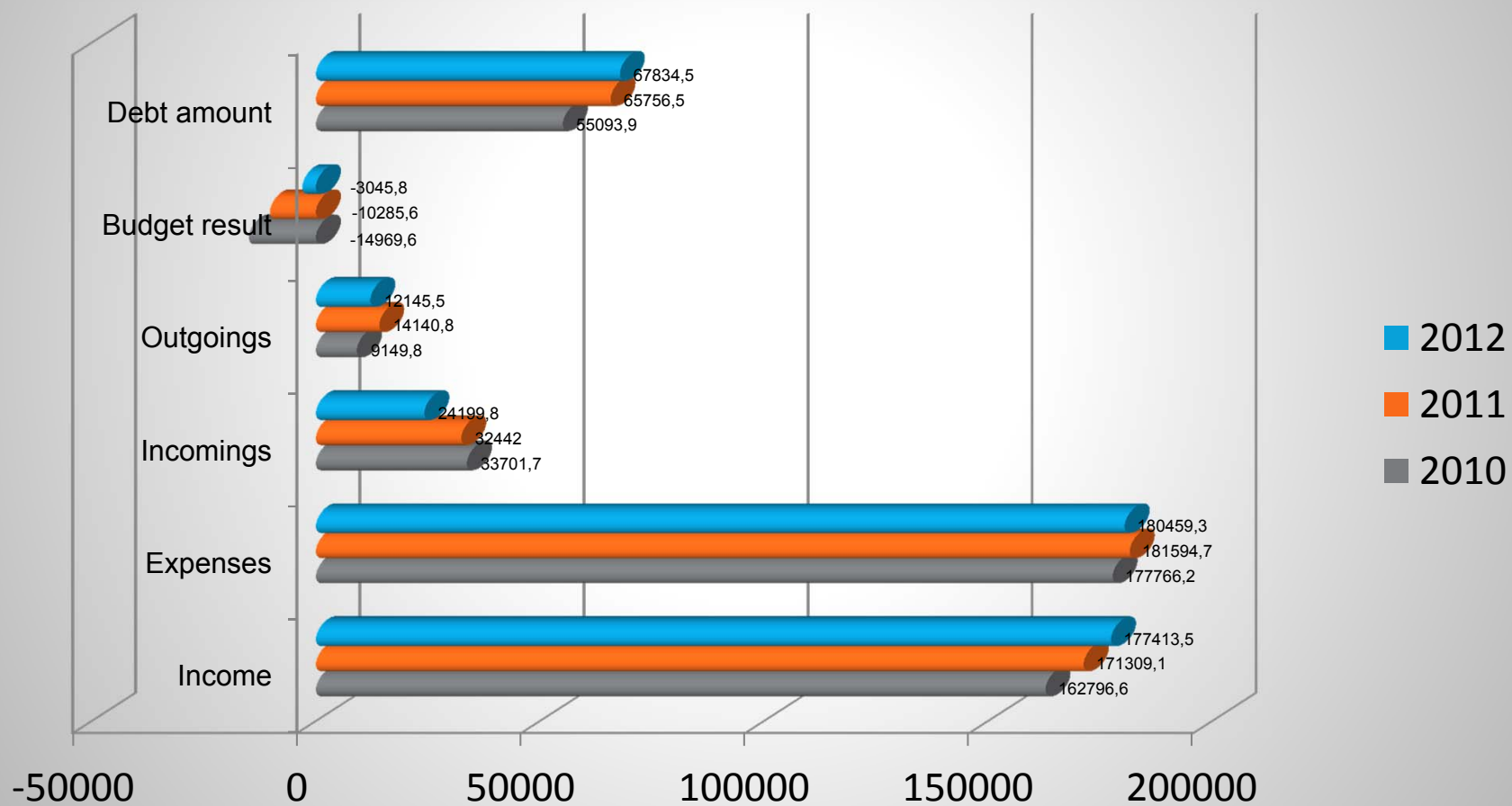
#### 314 communes

Income 22,522.9  
Expenses 22,476.5  
Budget result 46.4  
Liabilities 5,975.1

All amounts in  
mln. PLN



## General Information on the Local Government Unit's Funds





## Programmes and Projects Implemented in 2012 with the Support of Foreign Funds

### ➤ **Income**

European Union funds budget (Art. 117 of the Act on Public Finance) 13,591.4

Co-financing from national funds: 1,787.1

Foreign funds 1,831.2

### ➤ **Expenses**

European Union funds budget (Art. 117 of the Act on Public Finance) 11,728.2

Co-financing from national funds: 7,630.3

Foreign funds: 2,066.1

➤ **Revenues** from credits, loans and bonds assigned for the implementation of programmes supported by foreign funds: 2,223.3

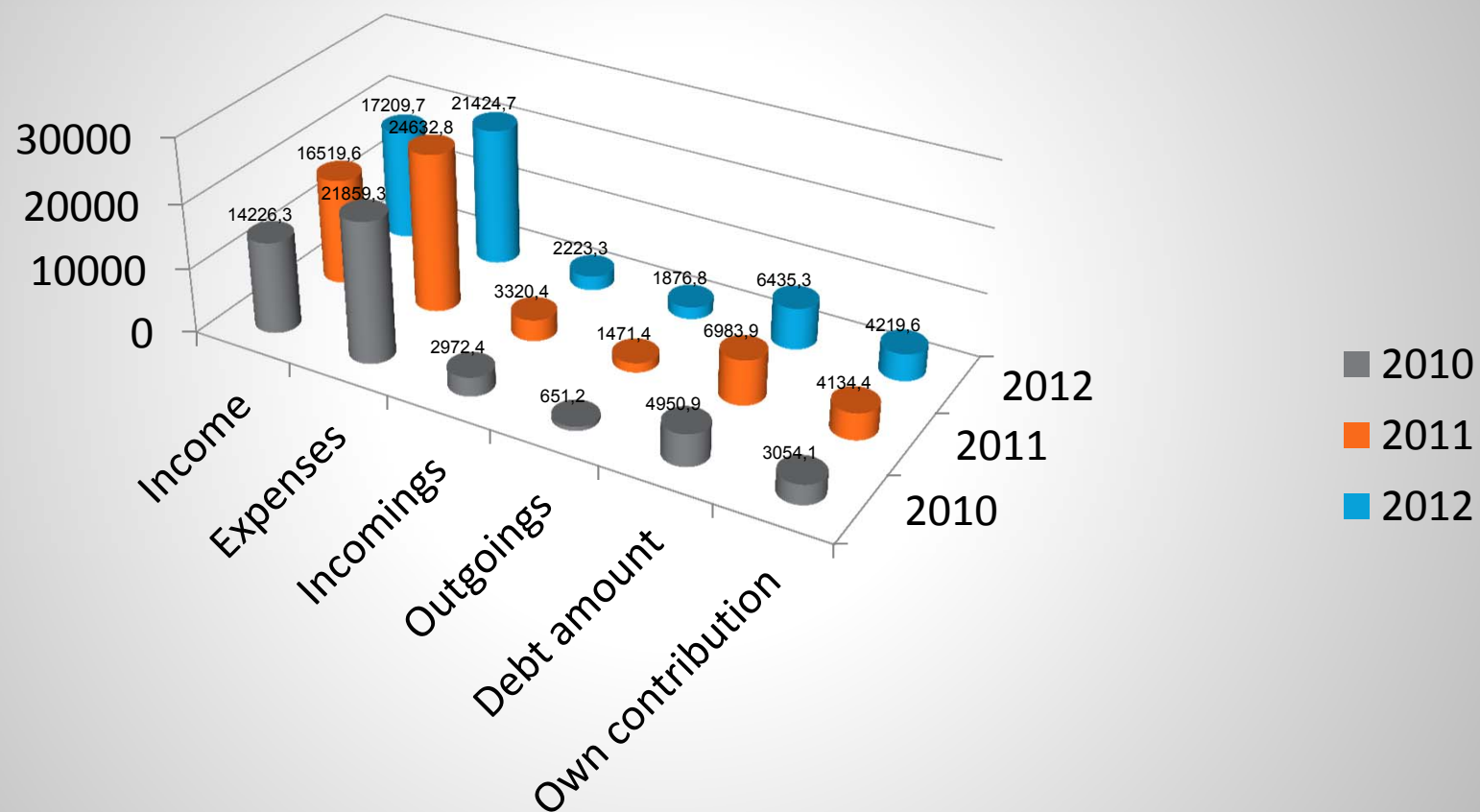
➤ **Outgoings** connected with the implementation of programmes supported by foreign funds for the repayment of credits and loans, and redemption of bonds: 1,876.8

➤ The **amount of debt** incurred for the implementation of programs supported by foreign funds: 6,435.3, including own contributions: 4,219.6

All amounts in  
mln. PLN



## Programmes and Projects Implemented with the Support of Foreign Funds in 2012







## Selected Model for the Submission of Financial Reports to the Regional Chamber of Audit

- Reports for the 4th quarter of 2013 relating to the budget of local government units should be filed with the Regional Chamber of Audit within the following deadlines:

Rb-27S, Rb-28S, Rb-NDS, Rb-30S, Rb-34S, Rb-ST and Rb-PDF reports - by the 20th day following the lapse of the reporting period.

Rb-N, RB-UN, Rb-Z and Rb-UZ reports - by the 23rd day following the lapse of the reporting period.

- Reports intended for the attention of the Regional Chamber of Audit should be filed with the Regional Chamber of Audit within the following deadlines:

Rb-277Z report - by the 10th day following the lapse of the reporting period.

Rb-50 - by the 15th day following the lapse of the reporting period.

- reports filed by units with legal personality - Rb-n, Rb-UN, Rb-Z.
- The Rb-UZ report should be filed with the Regional Chamber of Audit by the 25th day following the lapse of the reporting period.



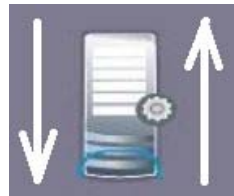
Regional Chamber of Audit  
In Cracow



LOCAL GOVERNMENT UNITS



COMMUNICATION SERVER



COMMUNICATION BETWEEN  
LOCAL GOVERNMENT UNITS  
and REGIONAL CHAMBER of  
AUDIT



MINISTRY of FINANCE

**Selected Model for the Submission of Financial Reports  
to the Regional Chamber of Audit and Ministry of Finance**



## **Selected Model for the Submission of Financial Reports to the Regional Chamber of Audit**

- By the end of 2013, the financial reports must have been submitted both in paper and electronic form.
- Starting from 2014, all financial reports shall be sent to the Regional Chamber of Audit in electronic form only (signed with a qualified electronic signature). This ensures the faster delivery and flow of the reports.
- The electronic form of all reports allows one to apply computer software to check these reports, which facilitates the verification process and increases its quality.



## Exemplary screen shots of end user communication software (BESTI@)

The screenshot displays the BESTI@ software interface. The main window shows a financial report for the year 2013, 4th quarter, for the entity 'kutnowski - Aga'. The report is structured as follows:

Dział	Rozdział	Paragraf	P4	Plan	Zaangażowanie	Wydatki wykonane	Zobowiązania ogółem	Zobowiązania wg stanu na koniec...	Zośta
750	75045	401	0	16 870,00	16 870,23	16 870,23	0,00	0,00	
750	75095	430	9	1 161,00	1 161,50	1 161,50	0,00	0,00	
852	85205	421	0	400,00	400,26	400,26	0,00	0,00	
853	85395	325	9	19 837,00	19 837,29	19 837,29	0,00	0,00	
853	85395	602	0	1 000,00	0,00	0,00	0,00	0,00	
				39 268,00	38 269,28	38 269,28	0,00	0,00	

Below the report, the 'Wyniki weryfikacji' (Verification Results) section shows several errors:

- [Rb-ST wiersz I]=[Rb-28 suma WN) - Reguly rachunkowe, 2014-03-31
- Wydatki niewygasające w Rb-28s są niezgodne z danymi w Rb-ST
- Paragraf nie dotyczy danego typu jednostki - Reguly merytoryczne, 2014-03-31
- Paragraf nie dotyczy danego typu jednostki
- Zgodność z planem (z uchwał) - Reguly rachunkowe, 2014-03-31
- Reguła nie została wykonana ze względu na brak planu
- Suma(W\*,R4)=BW - Reguly rachunkowe, 2014-03-31
- Suma pola R4(wykonanie) tego sprawozdania musi być równa kwocie wykonanych wydatków ogółem w sprawozdaniu o nadwyżce/deficycie
- planu>wykonania - Reguly merytoryczne, 2014-03-31
- planu>wykonania - Reguly merytoryczne, 2014-03-31
- planu>wykonania - Reguly merytoryczne, 2014-03-31
- planu>wykonania - Reguly merytoryczne, 2014-03-31

The interface includes a left-hand navigation tree with folders for 'Sprawozdania' (Reports) and 'Uchwały' (Resolutions), and a bottom menu with options like 'Uchwały', 'Sprawozdania', 'Komunikacja', 'Raporty', and 'Administracja'. The title bar indicates the software version: 'Bestia - Wersja JST - Build: 3.02.013.03 - kutnowski - Aga ()'.



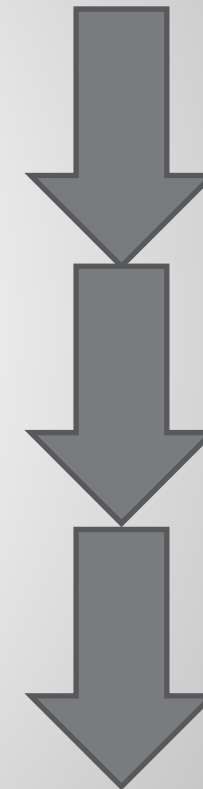
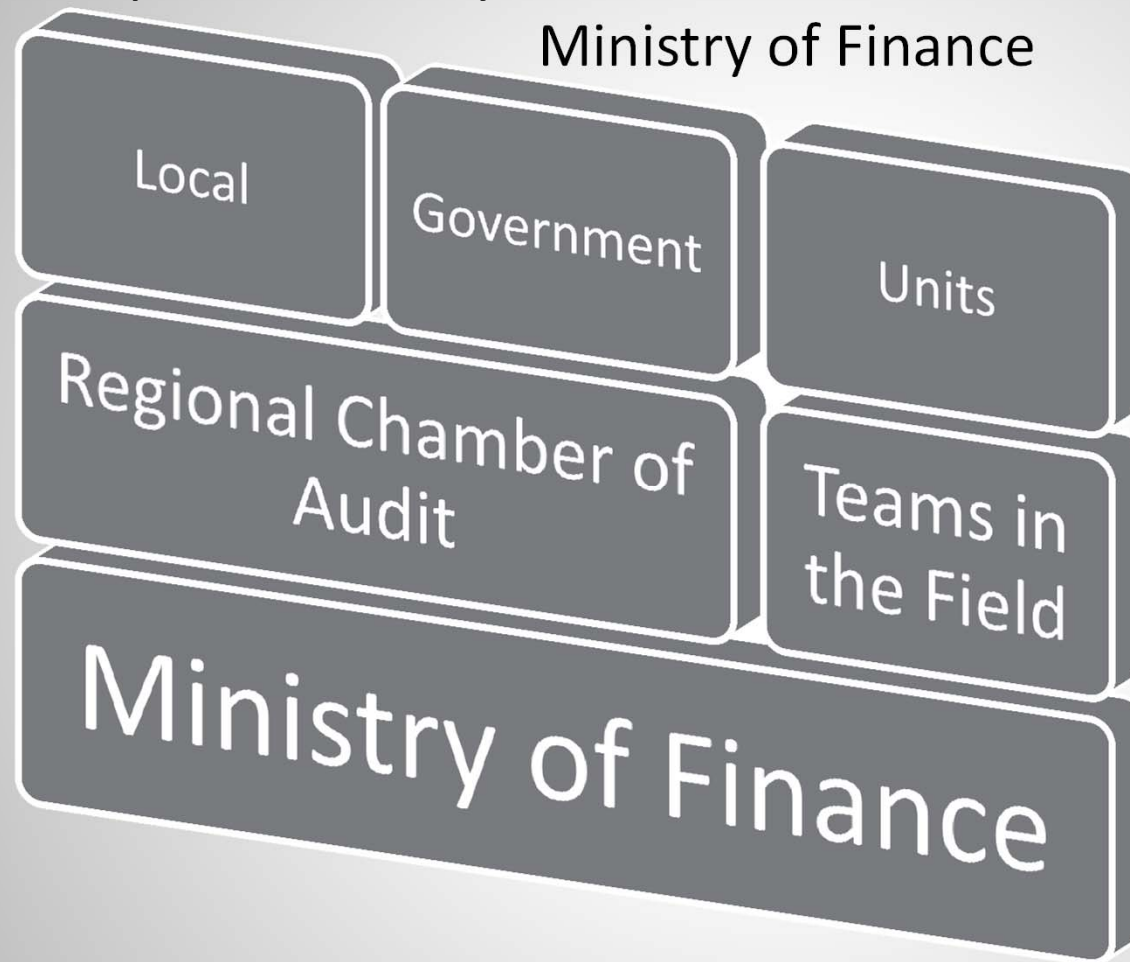
## Exemplary screen shots of end user communication software (BESTI@)

The screenshot displays the 'BESTI@' software interface. The window title is 'Bestia - Wersja JST - Build: 3.02.013.03 - kutnowski - Aga ( )'. The menu bar includes 'Plik', 'Edycja', 'Widok', 'Przejdź do', 'Ulubione', 'Narzędzia', and 'Pomoc'. The toolbar contains icons for 'Wyślij/Odbierz', 'Zakończ', 'Nowy', 'Otwórz', and 'Usuń'. The left sidebar shows a tree view under 'Administracja' with sub-items like 'Role', 'Użytkownicy', 'Jednostki', 'Cechy Jednostek', 'Grupowania jednostek', 'Dane kontrolne', 'Słowniki', 'Klasyfikacja', 'Reguły kontrolne', 'Informacje uzupełniające', 'Układy dokumentów planistycznych', 'Kategorie', 'Opcje', 'Dziennik zdarzeń', and 'Blokady'. The main area is titled 'Administracja->Lista reguł kontrolnych' and shows a table of control rules. The table has columns for 'Nazwa', 'Typ dokumentu', 'Typ Wyniku', and 'Obowiązuje od'. The data rows include various mathematical expressions and their corresponding document types, results, and effective dates.

Nazwa	Typ dokumentu	Typ Wyniku	Obowiązuje od
A1P + (D13P + D17P) >= B1P	Sprawozdanie Rb-NDS	Błąd	2011-01-01
A1W + (D13W + D17W) >= B1W dla 4kw	Sprawozdanie Rb-NDS	Błąd	2011-01-01
A2P=Suma[D,{076,...668},R1]	Sprawozdanie Rb-NDS	Błąd	2010-01-01
A2P>=0	Sprawozdanie Rb-NDS	Błąd	2010-01-01
A2W=Suma[D,{076,...668},R4]	Sprawozdanie Rb-NDS	Błąd	2010-01-01
A2W>=0	Sprawozdanie Rb-NDS	Błąd	2010-01-01
AP+D1P-BP-D2P=0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
AP=Suma(D,*,R1)	Sprawozdanie Rb-NDS	Błąd	2001-01-01
AP>0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
AP-BP+D1P-D2P<0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
AP-BP+D1P-D2P>0	Sprawozdanie Rb-NDS	Ostrzeżenie	2001-01-01
AW+D1W-BW-D2W>=0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
AW=Suma(D,*,R4)	Sprawozdanie Rb-NDS	Błąd	2001-01-01
AW>0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
B1P>0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
B1W>0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
B2P=Suma(W,{601,605,...680},R1)	Sprawozdanie Rb-NDS	Błąd	2001-01-01
B2P>=0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
B2W=Suma(W,{601,605,...680},R4)	Sprawozdanie Rb-NDS	Błąd	2001-01-01
B2W>=0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
BP=B1P+B2P	Sprawozdanie Rb-NDS	Błąd	2001-01-01
BP=Suma(W,*,R1)	Sprawozdanie Rb-NDS	Błąd	2001-01-01
BP>0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
BW=B1W+B2W	Sprawozdanie Rb-NDS	Błąd	2001-01-01
BW=Suma(W,*,R4)	Sprawozdanie Rb-NDS	Błąd	2001-01-01
BW>0	Sprawozdanie Rb-NDS	Błąd	2001-01-01
CP=AP-BP	Sprawozdanie Rb-NDS	Błąd	2001-01-01
CW=AW-BW	Sprawozdanie Rb-NDS	Błąd	2001-01-01
D1111P<=D1111P	Sprawozdanie Rb-NDS	Błąd	2001-01-01
D1111P<=D1111P	Sprawozdanie Rb-NDS	Błąd	2001-01-01



## Conception of the system – data flow from local government to Ministry of Finance





## Data flow from Ministry of Finance to outside systems



**Thank you for your attention!**

