

# Audit as the instrument of supervising public expenditures in particular subsidies

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# The Regional Chambers of Audit

The Regional Chambers of Audit (the RIOs) are bodies of supervision and control over the local government in budget matters.

The creation of the RIOs was provided for in the Local Government Act of March 1990.



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# The Regional Chambers of Audit

The responsibilities and the authority of the RIOs have been stated in:

- The Regional Chamber of Audit Act of October 1992;
- The Public Finance Act of November 26, 1998.



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# The Regional Chambers of Audit

The Regional Chambers of Audit Act lists the functions of RIOs:

- Supervision;
- Control / Audit;
- Opinion-giving;
- Providing training and information;
- Adjudication.



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# Subsidies in public budget

The public incomes are namely listed in the Territorial Units Incomes Act of November, 2003.

There are:

- Individual incomes;
- State budget subsidy;
- Intentional subsidies (including resources from purposeful funds and irreclaimable foreign donations).



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# Subsidies in public budget

## Individual incomes

The incomes generated by the self government unit on the basis of its own assets (e. g. revenue from estate taxes, renting the unit property, selling the unit property) and the accure part of individual incomes taxes as well as part of corporation taxes.



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# Subsidies in public budget

## State budget subsidy

The financial resources from the state budget delivered to self government units aim at performing errand lay down by state law. The example may be the education subsidy.



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# Subsidies in public budget

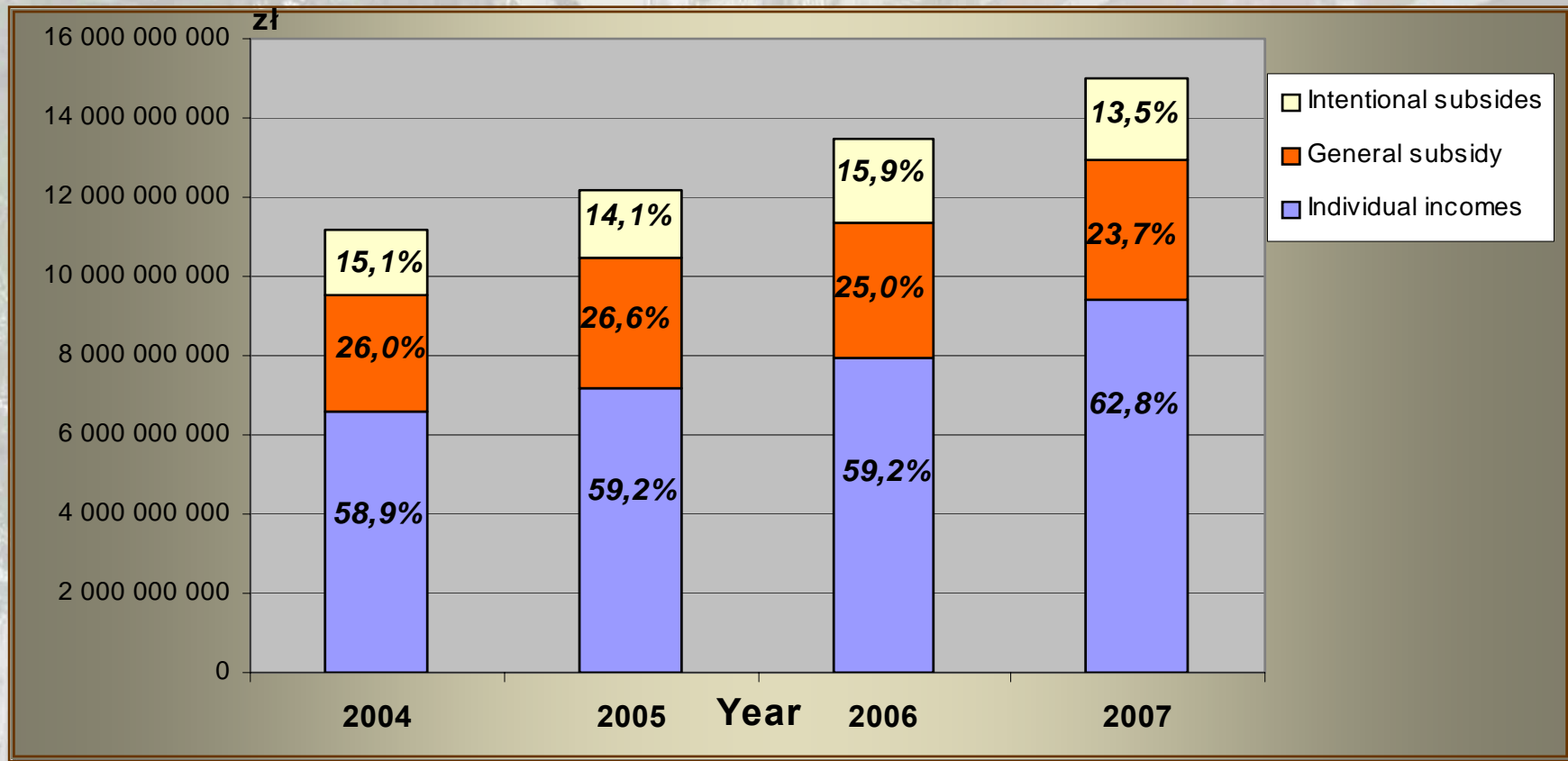
## Intentional subsidies

The financial resources coming from purposeful funds as well as the irreclaimable foreign donations such as the European Union structural funds.

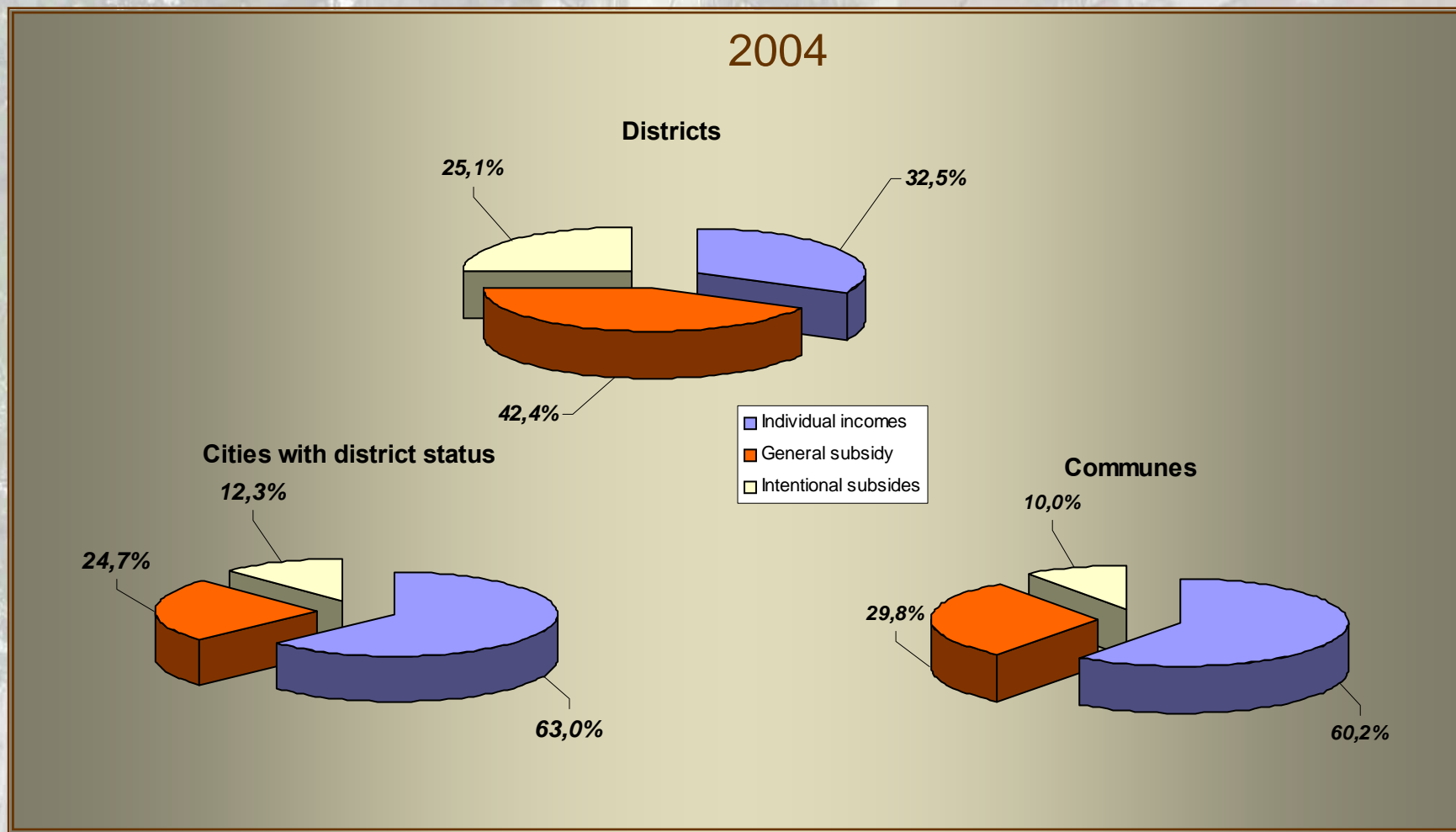


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# Subsequent parts of local government units budgets (silesian voivodeship 2004-2007)

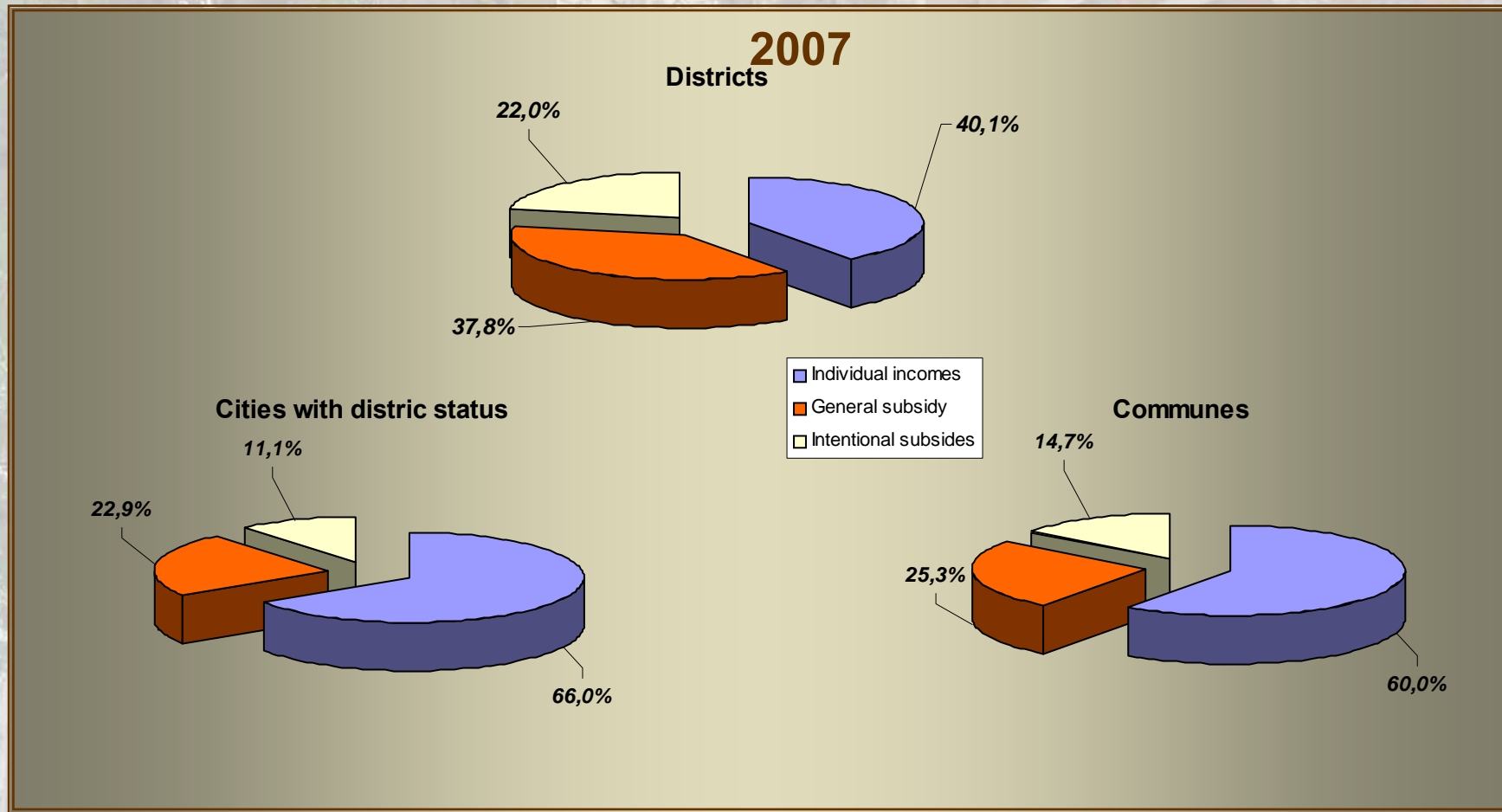


# Share of subsidies in different types of local government units budgets in 2004 (silesian voivodeship)

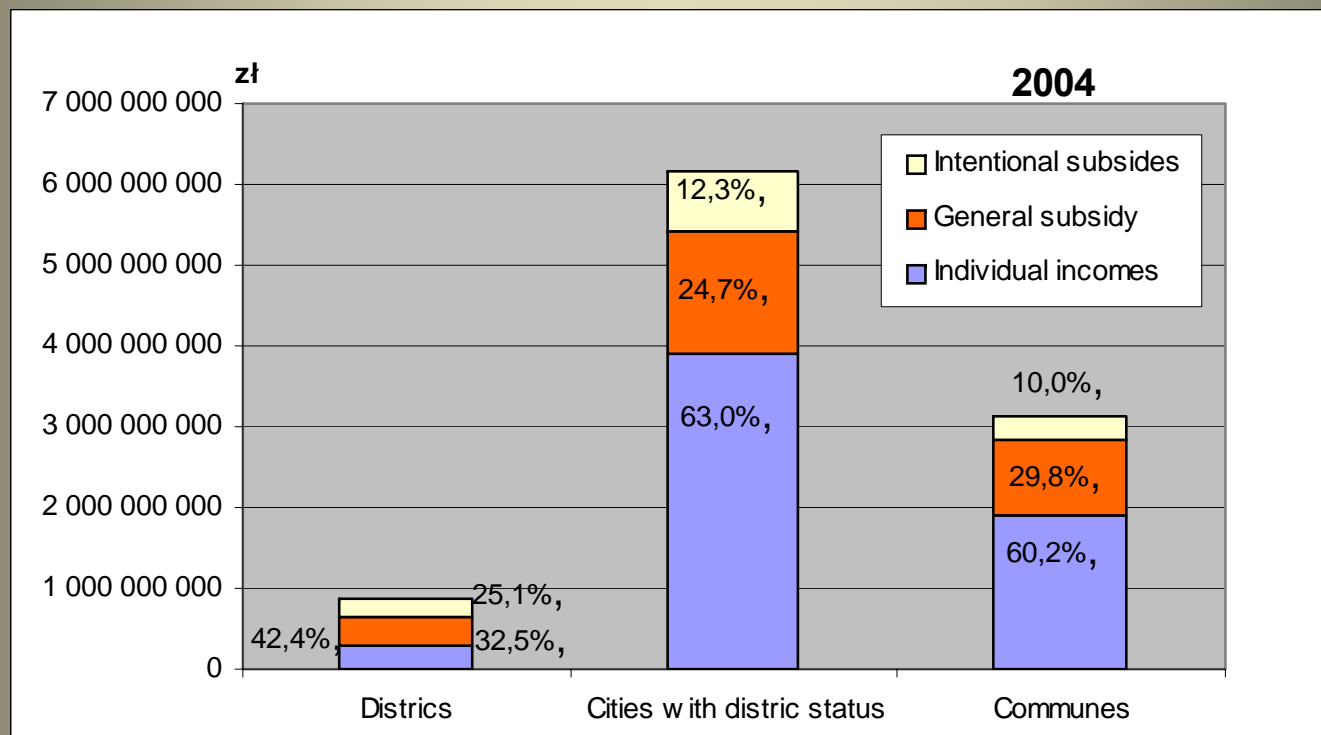




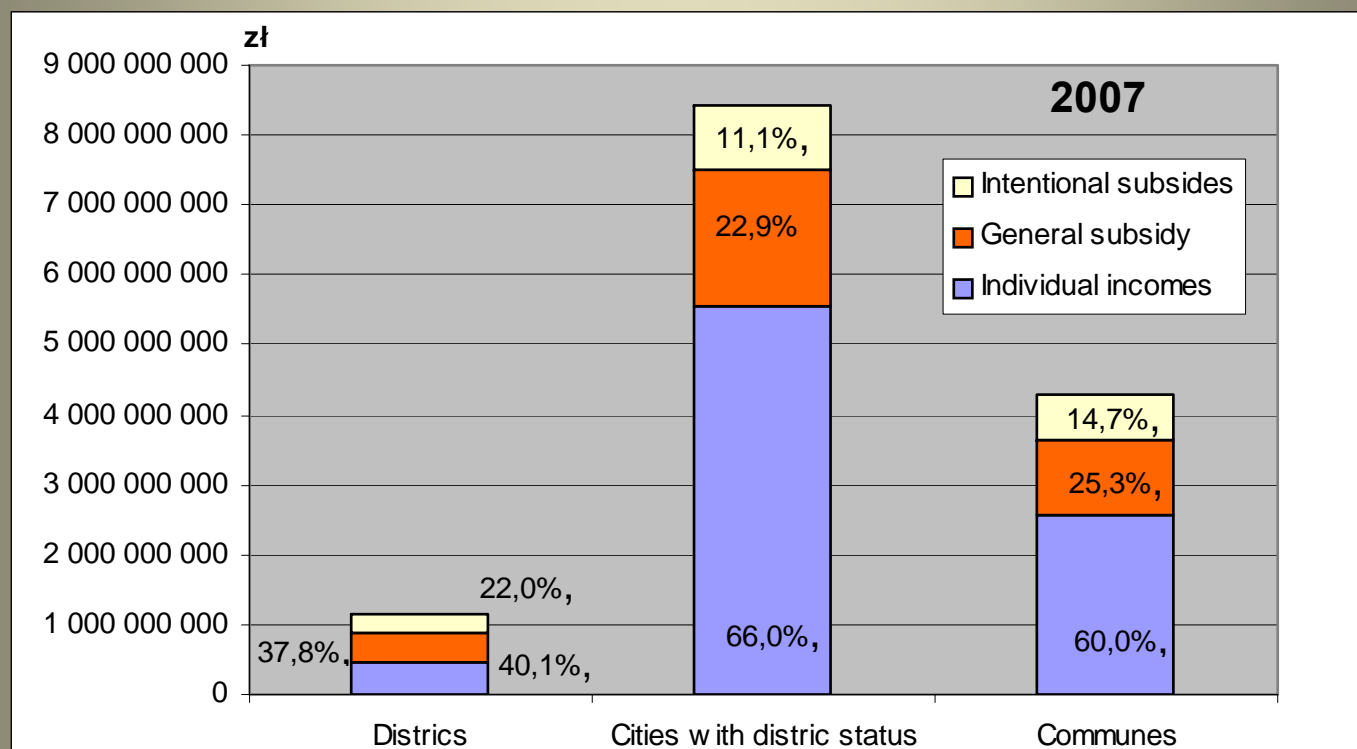
# Share of subsidies in different types of local government units budgets in 2007 (silesian voivodeship)



# Structure of budgets of different types of local government units in 2004 (silesian voivodeship)



# Structure of budgets of different types of local government units in 2007 (silesian voivodeship)



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# Auditing standards and methods

According to the Regional Chambers of Audit Act, the audit responsibility of the RIOs involves the financial management, including the execution of fiscal liabilities and public procurement of local government units as well as the entities managing the financial resources from the local government budgets.



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# Auditing standards and methods

Types of audit (according to the Regional Chambers of Audit Act):

- Comprehensive audit (carried out at least once every four year in the government unit);
- Unscheduled audits;
- Problem-focused audits.



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# Auditing standards and methods

The aim of audit is to check the correct budget execution and the method of proper allocation the public funds.

The RIOs are the intermediary bodies – transferring the information of detected irregularity to the higher level of state administration.



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# Auditing standards and methods

The basic criterias of on-going audit are:

- Compliance with law;
- Correspondence between documentation and the state of affairs.

In case of government administration tasks carried out by local government also:

- Purposefulness;
- Dilligence;
- Economic prudence.



# Irregularities in spending subsidies

Subsidies are the expenditures undergoing particular accounting. Unproper spending of subsidies infringes the The Public Finance Discipline as well as the Tax Penal Code.

The penalty may be:

- Rebuke;
- Financial penalty;
- Suppression of any public functions up to 5 years.



# Example of irregularities in subsidies expenditures

Coordinated audit of RIOs and NIK (the Supreme Chamber of Control):

- Duration: 01.01.2006 – 30.06.2007;
- Number of units: 186;
- Total subsidies: 289.338.600 PLN;
- Misuse: 26.151 PLN.



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# Example of irregularities in subsidies expenditures

## Irregularities in spending the subsidies:


- Inconsistency with allocation;
- Against the agreement;
- Omitting the public procurement procedures.



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**Thank you  
for your attention**



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