

# EFFICIENCY OF COMPANIES OWNED BY LOCAL AND REGIONAL SELF-GOVERNMENT UNITS

**Željko TURKALJ**, Ph.D.

Faculty of Economics in Osijek, Josip Juraj Strossmayer  
University of Osijek, Croatia

turkalj@efos.hr

**Dubravka MAHAČEK**, Ph.D.

State Audit Office, Regional Office Požega, Croatia

dmahacek@vup.hr

Faculty of Medicine in Osijek,

Josip Juraj Strossmayer University of Osijek, Croatia

## **Abstract**

*The subject matter of this paper are companies owned by local and regional self-government units from five counties (Požega-Slavonia, Vukovar-Srijem, Osijek-Baranja, Brod-Posavina and Istria). The research was based on business operations data from individual reports drafted in audits conducted by the National Audit Office. An analysis has been performed and conclusions drawn about business operations, sources of financing and efficiency of operations in five counties. This paper confirms the assumption that companies owned by local and regional self-government units differ significantly according to the sources of financing and achieved business results. Businesses were analysed according to the number of employees, total revenues, grants, total expenditures and expenditures for employees in total achieved expenditures. Conclusions have been made regarding setting business objectives, measurement of business results and achieving planned purposes for which the companies were established, and regarding the options for improving business results. This paper confirms the importance of accounting information system as a basis for information on business operations through an overview of revenues in accordance with prescribed regulations.*

**Keywords:** *audit, efficiency, companies, business operations, grants.*

JEL Classification: M42, D22

## 1. INTRODUCTION

The research was based on data from individual audit reports on companies which were drafted for five counties, from which data for the area of five counties was collected and analysed. In addition to the financial audit, efficiency audit is also performed. Financial audit is used for providing an opinion on business operations [1], while efficiency audit is used for giving recommendations for improving business operations. As much as 20 reports have been drafted on results achieving efficiency audits and achieving business goals audits for companies owned by local and regional self-governments units. Each report covered entities owned by local and regional self-governments units in the area of a particular county, and selected subjects have different business operations. Reports gave orders and recommendations, and evaluation of efficiency of achieving results and achieving business objectives, and they cover business operations for years 2010, 2011 and 2012.

## 2. EFFICIENCY AUDIT

The jurisdiction of the State Audit Office is also conducting efficiency audits, which is prescribed by the provisions of Article 7 of the State Audit Office Act [2]. According to Akrap, V. et al. [3] some basic characteristics of efficiency audit is that it is focused on the optimal use of resources, the organization, programs and their effectiveness, it evaluates overall business operations or a specific part of them, projects or activities of the audited entity, assesses cost-effectiveness, efficiency and expediency, and the selection of assessment criteria is different from audit to audit, audit methods are not standardized. European Court of Auditors also carries out audits of operations in the framework of such audits, “the Court examines the quality of revenue and expenditure of the EU and checks the application of the principles of sound financial management in practice” [4]. Performance audit is carried out within the framework of internal audit work. Internal Audit Manual Version 4.0, [5] states that “in the business performance audit the internal auditor must have clearly defined goals and performance indicators for the revised process, project, activity or program

of the audited entity before the start of the audit.” The methods used in business performance audits are methods of samples, questionnaires, observation and documentation analysis. Business performance audits are becoming increasingly important for reasons of affecting the use of resources of the public sector in achieving greater value for money. Companies owned by local and regional self-government units keep books and compile financial statements in accordance with accounting for entrepreneurs. The importance of accounting is not only to record business changes, but it serves as a starting point and a source of information needed for management. Within total revenues of companies grants by the founder are also given, or the budget, which was recorded as a part of the revenue and deferred revenue. The purpose of grants is financing business operations (employee expenditures, material expenditures and other expenditures). The manner of grant accounting recording affects the presentation of operating results. The above is specified by the Croatian Financial Reporting Standards [6]. In accordance with the provisions of the Croatian Financial Reporting Standards prescribed recording ensures the matching of revenues from state grants with the corresponding costs (employee salary), for which the entrepreneur has received funds. The basic purpose of delaying income is that deferred revenues are gradually confronted with the costs during the period of use of funds, i.e. they are transferred to periods in the amount of costs that are related to grants received. If the records were not performed that way, revenues would cover the cost of that period in which they are received, and a loss would be recorded in the following years. By conducting the manner of recording realized revenues in accordance with prescribed, information needed for business operations are ensured.

### 3. LEGISLATION

Local government units own companies engaged in various activities, from promoting regional development, project preparation, charging utility services, publishing and printing activities and other. Here we are going to highlight some of the acts regulating business operations.

The provisions of Article 61 of the Budget Act [7] provide that for the performance of public services and activities in the public interest of the state local government, i.e. local and regional self-government units, may use its assets to establish institutions, companies and other legal entities. According to the

provisions of Article 35 of the Local and Regional Self-Government Act [8] representative body establishes public institutions and other legal entities for the performance of economic, social, communal and other activities of interest for the local or regional self-government units in order to achieve certain objectives that are of the interest to local or regional self-government. The Regional Development Act [9], which is in force since January 2010, regulates the goals and principles of regional development of the Republic of Croatia, planning documents, bodies responsible for the management of regional development, assessment of the degree of development of local and regional self-governments and reporting on the implementation of regional development policy. The State Grant Act [10] prescribes the policy for state grants. Revenues realized by companies from their founders for the realization of economic activities with the possible effect on the distortion of competition and trade between the Croatia and EU Member States are subject to state grant rules. Entrepreneurship centres are established as companies (Ltd.) owned by local governments, i.e. the cities. According to the Improvement of Business Infrastructure Act [11] from July 2013, which is in force since August 2013, the issues of business infrastructure, enterprise zones and other issues are regulated. Among the founders and managers of entrepreneurial infrastructure, which are also prescribed, are units and bodies of local and regional self-government units. Companies are obliged to respect the provisions of the Public Procurement Act [12] and other laws covering the domain of their business operations.

#### **4. ACHIEVING RESULTS AND ACHIEVEMENT OF BUSINESS GOALS OF COMPANIES OWNED BY LOCAL AND REGIONAL SELF-GOVERNMENT UNITS**

The objectives of performed audits were: to check whether business objectives were set in accordance with the plans and expectations of the founder, to check whether companies managed to achieve planned business objectives, to determine whether the proper measuring and monitoring of business performance was established, to check whether companies achieved satisfactory operating results and to evaluate whether a planned purpose of their establishment was achieved. The audit covered companies that perform various activities, and all of the companies are owned by local self-government units. The importance

of accounting in addition to recording business events and preparing the financial statements is to provide information for decision making and information focused towards future operations. Data from financial accounting was used as a basis for making conclusion regarding the business of companies owned by local and regional self-government units, i.e. regarding the determination of achieving goals and achieving results and are given in the tables below. Accounting affects management through the analysis and control of the activities and guidance in projects which are planned to achieve better business results. The impact of management accounting is particularly significant for subjects that receive small grants from the founders because such subjects need to ensure funding sources for their operations. Achievement of planned purposes for which the company was established is also monitored through structure of the revenue generated, as seen in Table 1. An evaluation of the effectiveness was used for giving recommendations for achieving higher efficiency results and achieving business goals. Implementation of these recommendations should contribute to the achievement of greater responsibility by focusing on strategic objectives in accordance with the plans of the founders and more successful and more effective business operations of the companies. Application of recommendations eliminates the weaknesses and has an influence on the management. Therefore, the National Audit Office also performs verification of recommendation execution.

## 5. BUSINESS OPERATIONS ANALYSIS

Below is an overview of data on business operations of companies from the areas of five counties. As a basis for conducted business analysis we used data from reports on efficiency audit of companies owned by local and regional self-government units. Table 1 provides an overview of companies in the area of five examined counties with overall revenues, business operation results and grants issued by the founder. Founder's grants for companies in the area of each county is different, and is also different for every company. Founder's grants appear in absolute terms and in relation to the overall realized revenue.

**Table 1**

**Revenues from 2010 to 2012**

in HRK without lp

Num.	Company name	Year	Revenues		Share in % (5/4)	Profit or loss
			Overall revenues	Founder's grants		
1	2	3	4	5	6	7
1.	Pozega-Slavonia County		16,497,925	6,037,530	36.6	58,607
1.1.	Entrepreneurship Centre Pakrac, Ltd. Pakrac	2010	2,294,238	318,000	13.9	7,146
		2011	2,330,198	220,000	9.4	19,473
		2012	2,621,191	132,400	5.1	16,377
1.2.	Entrepreneurship Centre Pleternica Ltd., Pleternica	2010th	1,927,430	1,023,926	53.1	12,807
		2011	1,682,328	974,439	57.9	8,437
		2012	1,980,669	1,049,848	53.0	8,233
1.3.	Pozega-Slavonia County Regional Development Agency Ltd., Pozega	2010	162,710	130,000	79.9	3,290
		2011	795,527	705,750	88.7	20,588
		2012	971,363	875,000	90.1	2,954
1.4.	Pakrački list Ltd., Pakrac	2010	652,742	267,667	41.0	1,185
		2011	573,897	172,000	30.0	-23,141
		2012	505,632	168,500	33.3	-18,742
2.	Vukovar-Srijem County		24,486,550	16,752,017	68.4	-72,642
2.1.	Vukovar-Srijem County Development Agency Hrast Ltd, Vinkovci	2010	2,358,400	1,870,000	79.3	42,460
		2011	4,267,967	2,140,388	50.2	171,149
		2012	3,473,106	2,468,777	71.1	8,181
2.2.	Vukovar Development Agency Ltd., Vukovar	2010	792,399	705,950	89.1	46,058
		2011	890,786	598,168	67.2	36,503
		2012	863,348	510,135	59.1	43,473
2.3.	Periska Ltd., Vinkovci	2010	482,228	431,000	89.4	-95,236
		2011	3,622,210	2,084,984	57.6	-312,626
		2012	3,631,910	1,991,366	54.8	-115,560
2.4.	Eko-sustav Ltd., Vukovar	2010	1,487,380	1,482,850	99.7	4,496
		2011	1,288,387	1,288,300	99.9	41,361
		2012	1,198,801	1,050,614	87.6	129,199
2.5.	Vinkovci Power Plant Ltd., Vinkovci	2010	6,024	6,000	99.6	573
		2011	3,024	3,000	99.2	666
		2012	120,580	120,485	99.9	-73,339
3.	Osijek-Baranja County		14,385,852	10,272,064	71.4	78,873



3.1.	Entrepreneurship Incubator BIOS Ltd., Osijek	2010	2,639,408	1,798,090	68.1	4,779
		2011	3,094,534	2,203,754	71.2	10,322
		2012	3,165,290	2,284,846	72.2	5,275
3.2.	Miholjac Entrepreneurship Centre, Local Development Agency Ltd., Donji Miholjac	2010	520,720	391,612	75.2	4,160
		2011	546,681	410,087	75.0	23,240
		2012	1,002,825	903,163	90.1	9,969
3.3.	Valpovo Entrepreneurship Centre Ltd., Valpovo	2010	601,117	378,500	63.0	-40,131
		2011	665,722	396,983	59.6	48,434
		2012	759,497	368,866	48.6	2,540
3.4.	Erđut Municipality Entrepreneurship-Development Centre Ltd, Dalj	2010	261,832	180,000	68.7	3,670
		2011	273,614	200,000	73.1	36,610
		2012	442,036	354,428	80.2	5,509
3.5.	Beli Manastir Entrepreneurship Centre Ltd., Beli Manastir	2010	162,446	157,540	97.0	-9,066
		2011	123,105	118,170	96.0	3,680
		2012	127,025	126,025	99.2	-30,118
4.	Brod-Posavina County		19,395,360	4,509,067	23.3	661,231
4.1.	Nova Gradiska Industrial Park Ltd., Nova Gradiska	2010	2,601,983	0	0.0	52,954
		2011	3,263,666	0	0.0	63,765
		2012	3,531,192	0	0.0	58,556
4.2.	Technology Development Centre-Brod-Posavina County Development Agency Ltd., Slavonski Brod	2010	2,090,194	750,000	35.9	39,899
		2011	1,899,906	846,400	44.5	169,088
		2012	2,239,318	1,080,000	48.2	204,281
4.3.	City of Slavonski Brod Development Agency Ltd., Slavonski Brod	2010	896,625	525,000	58.6	8,471
		2011	873,332	528,000	60.5	7,574
		2012	837,582	414,167	49.4	14,970
4.4.	Brodin Entrepreneurship Incubator Ltd., Slavonski Brod	2010	413,155	130,000	31.5	14,143
		2011	382,845	117,500	30.7	7,906
		2012	365,562	118,000	32.3	19,624
5.	Istria County		78,434,671	15,823,504	20.2	1,228,562
5.1.	IDA Ltd., Pula	2010	3,552,362	2,330,346	65.6	60,786
		2011	4,277,420	2,914,883	68.1	46,019
		2012	5,979,140	850,265	14.2	59,370
5.2.	IRENA Ltd., Labin	2010	518,397	513,000	99.0	187,174
		2011	761,789	450,000	59.1	150,113
		2012	1,143,745	350,000	30.6	61,288
5.3.	AZRRI Ltd., Pazin	2010	4,953,611	2,553,162	51.5	79,141
		2011	6,069,664	2,678,265	44.1	56,337
		2012	7,519,906	2,165,000	28.8	36,132

5.4.	MIH Ltd., Porec	2010	17,667,979	0	-	503,432
		2011	12,817,084	794,433	6.2	125,303
		2012	12,245,878	194 ,150	1.6	50,904
5.5.	Fish Market Ltd., Porec	2010	191,067	30,000	15.7	-158,170
		2011	284,815	0	-	-168,043
		2012	451,814	0	-	138,776
TOTAL			153,200,358	53,394,182	34.9	1,954,631

Source: Table drafted by the authors on the basis of data from individual reports from the Efficiency audit and achievement of business goals of companies owned by local and regional self-government units in the county (five reports)

Table 2 provides an overview of companies in the area of five counties with overall expenditures, employee expenditures and number of employees. Employee expenditures for companies in the area of these counties are different, and also differ among companies. Employee expenditures are presented in absolute terms and in relation to overall expenditures, and employee expenditures per employee are also presented.

**Table 2**

### Expenditures from 2010 to 2012

in HRK without lp

Num.	Name of company	Employees	Year	Expenditures		Share (6/5) in %	Employee expenditures/employees (6/3)
				Overall expenditures	Employee expenditures		
1	2	3	4	5	6	7	8
1.	Pozega-Slavonia County			16,439,318	9,863,471	60.0	
1.1.	Entrepreneurship Centre Pakrac, Ltd. Pakrac	15	2010	2,287,092	1,169,248	51.1	77,950
		14	2011	2,310,725	1,186,598	51.4	84,757
		18	2012	2,604,814	1,366,976	52.5	75,943
1.2.	Entrepreneurship Centre Pleternica Ltd., Pleternica	32	2010	1,914,623	1,455,386	76.0	45,481
		32	2011	1,673,891	1,209,713	72.3	37,804
		27	2012	1,972,436	1,146,176	58.1	42,451
1.3.	Pozega-Slavonia County Regional Development Agency Ltd., Pozega	4	2010	159,420	101,981	64.0	25,495
		4	2011	774,939	536,273	69.2	134,068
		5	2012	968,409	712,262	73.5	142,452



1.4.	Pakrački list Ltd., Pakrac	4	2010	651,557	376,148	57.7	94,037
		3	2011	597,038	327,559	54.9	109,186
		3	2012	524,374	275,151	52.5	91,717
2.	Vukovar-Srijem County			24,559,192	13,395,191	54.5	
2.1.	Vukovar-Srijem County Development Agency Hrast Ltd., Vinkovci	11	2010	2,315,940	1,454,380	62.8	132,216
		13	2011	4,096,818	1,992,940	48.6	153,303
		15	2012	3,464,925	2,424,241	70.0	161,616
2.2.	Vukovar Development Agency Ltd., Vukovar	4	2010	746,341	540,701	72.4	135,175
		4	2011	854,283	650,602	76.2	162,651
		4	2012	819,875	600,764	73.3	150,191
2.3.	Periska Ltd., Vinkovci	19	2010	577,464	267,044	46.2	14,055
		21	2011	3,934,836	1,664,307	42.3	79,253
		21	2012	3,747,470	1,445,565	38.6	68,836
2.4.	Eko-sustav Ltd., Vukovar	7	2010	1,482,884	569,621	38.4	81,374
		8	2011	1,247,026	824,878	66.1	103,110
		8	2012	1,069,602	795,012	74.3	99,377
2.5.	Vinkovci Power Plant Ltd., Vinkovci	0	2010	5,451	0	-	-
		0	2011	2,358	0	-	-
		1	2012	193,919	165,136	85.2	165,136
3.	Osijek-Baranja County			14,306,979	4,842,065	33.8	
3.1.	Entrepreneurship Incubator BIOS Ltd., Osijek	5	2010	2,634,629	650,649	24.7	130,130
		6	2011	3,084,212	521,959	16.9	86,993
		8	2012	3,160,015	590,368	18.7	73,796
3.2.	Miholjac Entrepreneurship Centre, Local Development Agency Ltd., Donji Miholjac	4	2010	516,560	396,881	76.8	99,220
		4	2011	523,441	386,313	73.8	96,578
		4	2012	992,856	500,446	50.4	125,112
3.3.	Valpovo Entrepreneurship Centre Ltd., Valpovo	3	2010	641,248	349,062	54.4	116,354
		3	2011	617,288	241,056	39.0	80,352
		3	2012	756,957	284,213	37.5	94,738
3.4.	Erdut Municipality Entrepreneurship-Development Centre Ltd, Dalj	1	2010	258,162	146,077	56.6	146,077
		1	2011	237,004	151,951	64.1	151,951
		3	2012	436,527	320,939	73.5	106,980
3.5.	Beli Manastir Entrepreneurship Centre Ltd., Beli Manastir	1	2010	171,512	121,571	70.9	121,571
		1	2011	119,425	62,239	52.1	62,239
		1	2012	157,143	118,341	75.3	118,341
4.	Brod-Posavina County			18,734,129	8,436,647	45.0	

4.1.	Nova Gradiska Industrial Park Ltd., Nova Gradiska	8	2010	2,549,029	1,001,225	39.3	125,153
		10	2011	3,199,901	1,141,482	35.7	114,148
		18	2012	3,472,636	1,425,476	41.0	79,193
4.2.	Technology Development Centre-Brod-Posavina County Development Agency Ltd., Slavonski Brod	7	2010	2,050,295	911,917	44.5	130,274
		9	2011	1,730,818	1,020,689	59.0	113,410
		9	2012	2,035,037	1,011,394	49.7	112,377
4.3.	City of Slavonski Brod Development Agency Ltd., Slavonski Brod	3	2010	888,154	428,538	48.3	142,846
		3	2011	865,758	476,290	55.0	158 763
		3	2012	822,612	472,872	57.5	157,624
4.4.	Brodin Entrepreneurship Incubator Ltd., Slavonski Brod	1	2010	399,012	195,887	49.1	195,887
		1	2011	3,74 ,939	175,290	46.8	175,290
		1	2012	345,938	175,587	50.8	175,587
5.	Istria County			77,206,109	16,968,230	22.0	
5.1.	IDA Ltd., Pula	11	2010	3,491,576	1,784,843	51.1	162,259
		12	2011	4,231,401	1,950,958	46.1	162,580
		12	2012	5,919,770	1,819,929	30.7	151,661
5.2.	IRENA Ltd., Labin	1	2010	331,223	248,428	75.0	248,428
		1	2011	611,676	388,565	63.5	388,565
		3	2012	1,082,457	555,321	51.3	185,107
5.3.	AZRRI Ltd., Pazin	15	2010	4,874,470	1,903,860	39.1	126,924
		14	2011	6,013,327	1,990,702	33.1	142,193
		20	2012	7,483,774	2,349,461	31.4	117,473
5.4.	MIH Ltd., Porec	9	2010	17,164,547	1,334,293	7.8	148,255
		10	2011	12,691,781	1,358,888	10.7	135,889
		9	2012	12,194,974	1,282,982	10.5	142,554
5.5.	Fish Market Ltd., Porec	0	2010	349,237	0	-	-
		0	2011	452,858	0	-	-
		0	2012	313,038	0	-	-
TOTAL				151,245,727	53,505,604	35.4	

Source: Table drafted by the authors on the basis of data from individual reports from the Efficiency audit and achievement of business goals of companies owned by local and regional self-government units in the county (five reports)

This paper examines whether there is a correlation between the share of founder's grants in overall income (as presented in Table 1) and the share of employee expenditures in companies (as presented in Table 2). To test the existence of correlations we used Spearman's correlation test (sample size,  $n = 23$  companies).

It was determined that:

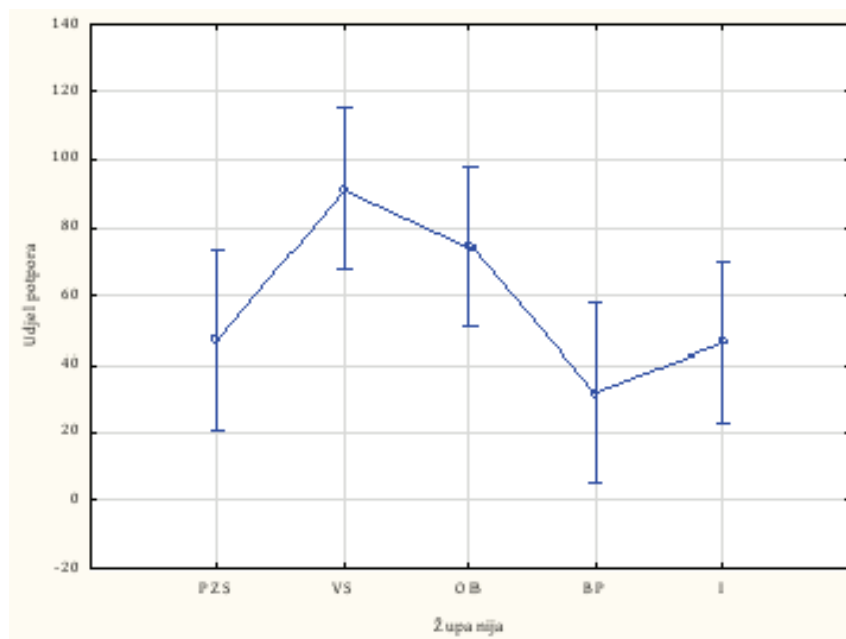
- there is no correlation between the share of grants in the income and the share of employee expenditures in companies in 2010 (Spearman  $r = 0.2932$ )
- there is no correlation between the share of grants in the income and the share of employee expenditures in companies in 2011 (Spearman  $r = 0.4016$ )
- there is a correlation between the share of grants in the income and the share of employee expenditures in companies in 2012 (Spearman  $r = 0.7004$ ,  $p < 0.05$ ).

A test was performed to determine whether there is a significant difference between the share of revenues between counties and share in expenditures between these counties, especially in 2010, 2011 and 2012. For that purpose we used Kruskal-Wallis and ANOVA test with statistical significance between the variables  $p < 0.05$  (if  $p$  value is lower than or equal to 0.05, the difference according to county was significant).

It was found that:

- a) share of grants in the revenues are significantly different according to counties in 2010 ( $F(4, 18) = 4.3282$ ,  $P = 0.01257$ ), which is presented in Graph 1
- b) shares of grants in revenues were significantly different according to counties in 2011 ( $F(4, 18) = 2.9118$ ,  $P = 0.05084$ ).
- c) shares of grants in the revenues are significantly different according to counties in 2012 ( $F(4, 18) = 7.0209$ ,  $P = 0.00137$ ).

**Graph 1:** Share of grants according to counties in 2010 (confidence interval 0.95)



Regarding the share in expenditures according to observed counties, especially in 2010, 2011 and 2012, the test showed that:

- share of employee expenditures in expenditures did not differ significantly according to counties in 2010 ( $F(4, 18) = 1.0953$ ,  $P = 38878$ )
- share of employee expenditures in expenditures did not differ significantly according to counties in 2011 ( $F(4, 18) = 1.1684$ ,  $P = 35760$ )
- share of employee expenditures in expenditures did differ significantly according to counties in 2012 ( $F(4, 18) = 4.1801$ ,  $P = 01443$ ).

Conducted statistical correlation procedures and data processing through Kruskal-Wallis and ANOVA with statistical significance between the variables amounting to  $p < 0.05$  allowed us to draw conclusions about the impact of grants in income and share of employee expenditures as well as the impact of employee expenses in overall expenditures according to counties.

## 6. CONCLUSION

The paper confirms the assumption that the companies owned by local and regional self-government units in the area of five observed counties differ significantly according to the source of funding in relation to founder's grants, and

also vary according to business results. Those companies perform different business operations, and the amount of financial grants from the founder, for most companies, confirms their dependence on the local self-government unit budget. Despite the significant grants from the founder, some companies recorded operating losses, while other companies despite a drop in grants managed to keep the share of employee expenditures in overall expenditure at the same level, finding other sources of funding. Business improvement can be achieved by implementing audit recommendations, achieving greater efficiency, as well as by the removal of the irregularities and failures when setting business objectives and business results. To calculate association between the two variables we have carried out a statistical correlation procedures and used Kruskal-Wallis and ANOVA test with statistical significance between the variables  $p < 0.05$ . It was found that the share of grants in the overall revenues significantly differs according to counties in all three years and that there is a correlation between the share of grants in the overall revenues and the share of employee expenditures in companies in 2012. It was also found that the share of employee expenditures in overall expenditures significantly differed among the counties in 2012, and thus it would be necessary to investigate the structure of overall expenditures.

## WORKS CITED

- [1] Details on the review of the opinions expressed on the operations and the application of statistical analysis with the audited companies owned by local units: Mahaček, D.; Radman- Funarić, M.: Application of statistical analysis and the audited companies owned by local governments, p. 46
- [2] State Audit Office Act, Official Gazette 80/11
- [3] Akrap, V. et al. (2009). Državna revizija, Zagreb: MASMEDIA d. o. o., p. 154
- [4] More details on the effectiveness audit of the European Court of Auditors, <http://www.eca.europa.eu/hr/Pages/AuditMethodology.aspx> , (2014-05-28)
- [5] Internal Auditors' Manual Version 4.0, the Republic of Croatia, Ministry of Finance, Internal Audit and Financial Control Directorate, Zagreb, November 2010, [www.mfin.hr/hr/pifc](http://www.mfin.hr/hr/pifc) , <http://www.samobor.hr/web/datoteke/2010/04/Priru%C4%8Dnik-za-unutarnje-revizore-v-4-0-30-11-2010.pdf>, p. 28
- [6] Croatian Financial Reporting Standards, the Decision on publishing Croatian Financial Reporting Standards - 30/08, Decision on Amendments to the Decision on publishing Croatian Financial Reporting Standards - NN 4/09, Decision on Amendments to the Decision on publishing Croatian Financial Reporting Standards - NN 58 / 11)
- [7] Budget Act, Official Gazette 87/08 and 136/12
- [8] Local and Regional Self-Government Act, (OG 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 150/11, 25/12, 144/12 and 19 / 13)

- [9] Regional Development Act, Official Gazette 153/09
- [10] State Grant Act, Official Gazette 140/05 and 49/11 (terminated on June 30<sup>th</sup> 2013)  
State Grant Act, Official Gazette 72/13 and 141/13 (entered into force on July 1<sup>st</sup> 2013) and the State Grant Act, Official Gazette 47/14 (entered into force in April 2014)
- [11] Improvement of Business Infrastructure Act, Official Gazette 93/13 and 114/13
- [12] Public Procurement Act, Official Gazette 90/11, 83/13 and 143/13

## REFERENCES

1. Akrap, V. et al. (2009). Državna revizija, Zagreb: MASMEDIA d.o.o.
2. Odluka o objavljivanju Hrvatskih standarda financijskog izvještavanja, Narodne novine 30/08, Odluka o izmjenama i dopunama Odluke o objavljivanju Hrvatskih standarda financijskog izvještavanja, Narodne novine 4/09, Odluka o izmjenama Odluke o objavljivanju Hrvatskih standarda financijskog izvještavanja, Narodne novine 58/11,
3. Zakon o državnim potporama, Narodne novine 140/05 i 49/11, vrijedi do 30. lipnja 2013.; Zakon o državnim potporama, Narodne novine 72/13 i 141/13, stupio na snagu 1. srpnja 2013.; Zakon o državnim potporama, Narodne novine 47/14, stupio na snagu u travnju 2014.
4. Zakon o Državnom uredu za reviziju, Narodne novine 80/11
5. Zakon o javnoj nabavi, Narodne novine 90/11, 83/13 i 143/13
6. Zakon o lokalnoj i područnoj (regionalnoj) samoupravi, Narodne novine 33/01, 60/01, 129/05, 109/07, 125/08, 36/09, 150/11, 25/12, 144/12 i 19/13
7. Zakon o proračunu, Narodne novine 87/08 i 136/12
8. Zakon o regionalnom razvoju, Narodne novine 153/09
9. Zakon o unapređenju poduzetničke infrastrukture, Narodne novine 93/13 i 114/13

## INTERNET SOURCES

1. Izvješća o obavljenim revizijama, rezultati i ciljevi u trgovačkim društvima, po županijama, <http://www.revizija.hr/hr/izvjesca/redovne-revizije-2014> (2014-10-15)
2. Izvješće o obavljenoj reviziji Postizanje rezultata i ostvarivanje ciljeva poslovanja trgovačkih društava u vlasništvu jedinica lokalne i područne (regionalne) samouprave na području Požeško-slavonske županije, <http://www.revizija.hr/izvjesca/2014/rr-2014/revizije-ucinkovitosti/rezultati-i-ciljevi-u-trgovackim-drustvima/pozesko-slavonska-zupanija-trgovacka-drustva-rezultati-i-ciljevi.pdf> (2014-10-15)
3. Izvješće o obavljenoj reviziji Postizanje rezultata i ostvarivanje ciljeva poslovanja trgovačkih društava u vlasništvu jedinica lokalne i područne (regionalne) samouprave na području Vukovarsko-srijemske županije, <http://www.revizija.hr/izvjesca/2014/rr-2014/revizije-ucinkovitosti/rezultati-i-ciljevi-u-trgovackim-drustvima/vukovarsko-srijemska-zupanija-trgovacka-drustva-rezultati-i-ciljevi.pdf> (2014-10-15)



4. Izvješće o obavljenoj reviziji Postizanje rezultata i ostvarivanje ciljeva poslovanja trgovačkih društava u vlasništvu jedinica lokalne i područne (regionalne) samouprave na području Osječko-baranjske županije, <http://www.revizija.hr/izvjesca/2014/rr-2014/revizije-ucinkovitosti/rezultati-i-ciljevi-u-trgovackim-drustvima/osjecko-baranjska-zupanija-trgovacka-drustva-rezultati-i-ciljevi.pdf> (2014-10-15)
5. Izvješće o obavljenoj reviziji Postizanje rezultata i ostvarivanje ciljeva poslovanja trgovačkih društava u vlasništvu jedinica lokalne i područne (regionalne) samouprave na području Brodsko-posavske županije, <http://www.revizija.hr/izvjesca/2014/rr-2014/revizije-ucinkovitosti/rezultati-i-ciljevi-u-trgovackim-drustvima/brodsko-posavska-zupanija-trgovacka-drustva-rezultati-i-ciljevi.pdf> (2014-10-15)
6. Izvješće o obavljenoj reviziji Postizanje rezultata i ostvarivanje ciljeva poslovanja trgovačkih društava u vlasništvu jedinica lokalne i područne (regionalne) samouprave na području Istarske županije, <http://www.revizija.hr/izvjesca/2014/rr-2014/revizije-ucinkovitosti/rezultati-i-ciljevi-u-trgovackim-drustvima/istarska-zupanija-trgovacka-drustva-rezultati-i-ciljevi.pdf> (2014-10-15)
7. Mahaček, D & Radman - Funarić, M.: *Application of Statistical Analysis in Audited Companies Owned by Local Governments* (Primjena statističke analize kod revidiranih trgovačkih društava u vlasništvu lokalnih jedinica), znanstveni rad objavljen u Zborniku radova 3rd International Scientific Conference «Whither Our Economies – 2013», Vilnius: Mykolas Romeris University, Faculty of Economics and Finance Management, 24.-25. October 2013, ISSN (online) 2029-8501, str.43 – 50, <http://woe.mruni.eu/wp-content/uploads/2013/11/WOE-2013-ONLINE.pdf> (2014-06-30)
8. Priručnik za unutarnje revizore verzija 4.0, Republika Hrvatska, Ministarstvo financija Uprava za harmonizaciju unutarnje revizije i financijske kontrole, Zagreb, November 2010., [www.mfin.hr/hr/pifc](http://www.mfin.hr/hr/pifc), <http://www.samobor.hr/web/datoteke/2010/04/Priru%C4%8Dnik-za-unutarnje-revizore-v-4-0-30-11-2010.pdf>, (2014-06-28)
9. More details on the effectiveness audit of the European Court of Auditors, <http://www.eca.europa.eu/hr/Pages/AuditMethodology.aspx>, (2014-05-28)