

# AUDIT OF PUBLIC EXPENDITURES AND THE ROLE OF COURTS OF ACCOUNT: A COMPARATIVE ANALYSIS

ASSOC.PROF.DR.HAYRİYE IŞIK

Tekirdağ Namık Kemal University Department of Public Finance

Tekirdağ Türkiye

hisik@nku.edu.tr

## Abstract

The increasing public expenditures of the countries in recent years have brought with it the idea of a more effective audit. Audits have become more stringent and regular, audit staff has been expanded and new regulations regarding auditing have been introduced. In this direction, in our country, the Public Financial Management and Control Law No. 5018 was replaced by the Public Financial Management and Control Law No. 1050, and regulations were made in the law on the Court of Accounts (TCA).

The important issue in audits is how efficient public expenditures are. In our country, budget controls are intensified in order to make public expenditures more efficient. In particular, the external control which is done by the Court of Accounts has an important place in the expenditure audit.

After explaining public expenditures, this study considers audit and audit types. We explain the audit practices in Türkiye and touch on the mission of the Court of Accounts in audit process. Finally, we shed light on the Court of Account's practices in various countries.

## 1. 1. What is Public Expenditure?

The state has a considerable responsibility to incur specific costs as part of its duties. Primarily, it needs to address the "collective needs," which are considered the primary justification for the existence of the public sector. In order to fulfill mentioned issues, the public administration must avail itself of particular services and utilize specific goods. Additionally, there are various objectives, such as promoting economic growth, enhancing income and resource distribution, that may necessitate direct procurement of goods and services, similar to providing collective services. In certain cases, it may also entail making uncompensated payments to non-public sector. Ultimately, all mentioned issues imply the necessity of public expenditures.<sup>1</sup>

Public expenditures can be divided into two as narrow sense and broad sense public expenditures. In its non-wide sense, public expenditures consist of expenditures made by the central government for service delivery. In a broad sense, it includes the economic initiatives of the state and local governments, together with the expenditures made by both governments. At the same time, expenditures made for services such as social security are also evaluated within this scope.<sup>2</sup>

We can explain the characteristics of public expenditures within the framework of the Public Accounting Law No. 1050 and the Public Financial Management and Control Law No. 5018 as follows:

- Public expenditures are largely carried out in cash.
- Public expenditures are based on a law and are made by persons determined by the law.
- Public expenditure shows an upward trend.

## 2. Audit

The concept of control covers a wide area. Audit is a systematic process that impartially examines, collects evidence, evaluates and reports these findings in order to investigate the degree of compliance of economic activities and transactions with pre-determined criteria and to inform the

<sup>1</sup> Ahmet Arslan, Kamu Harcamalarında Verimlilik, Etkinlik ve Denetim, Maliye Dergisi Sayı 140, Mayıs-Ağustos 2002, s. 1-14

<sup>2</sup> Abdurrahman Akdoğan, Kamu Maliyesi, Gazi Kitabevi, Ankara 2007, s. 62



relevant parties about the results. There are many audits in many fields like education, health and defense where public services are provided. These audit activities are generally carried out in terms of financial auditing, political auditing, and performance auditing according to their objectives.<sup>3</sup>

According to Altug, auditing is the measurement and observation of the structure, functionality and occupations of a person, institution or administrative unit within the framework of predetermined criteria (law, statute, regulation, decision, rule, etc.), and according to these criteria, it is a written or verbal research to determine whether it contains inaccuracies, inconsistencies, contradictions or deficiencies.<sup>4</sup>

Based on the definitions above, we can list the objectives of the audit as follows: <sup>5</sup>:

- Ensuring accurate decision making,
- Ensuring the compliance of public activities with the law,
- Increasing efficiency in public administration,
- Achieving economic policy targets.

Although the audit phenomenon in the Turkish financial system started with the Public Accounting Law No. 1050, which was enacted in 1927, the Public Financial Management and Control Law No. 5018, which was enacted in 2003, gave different meanings to the understanding of auditing with the innovations and systems it brought. According to the Law No. 5018, we can classify audit types as below.

### 2.1. Financial Audit

Financial auditing is the subject of the activities of private and public enterprises to control, revision, inspection and similar types of auditing. When it comes to the financial auditing, it is carried out as the audit of the state's values in the form of goods, capital and money and the activities carried out on behalf of the state. In other words, it is the study of the collection of state revenues, the making of expenditures and the use of goods in accordance with the predetermined aims and the fiscal law and science of finance.<sup>6</sup>

Although the concept of financial audit includes financial control, it would be correct to explain this concept as well, since the concept of financial control is included in the Law No. 5018.

Financial control is defined in the Draft Law\* as “activities that include all financial and other control systems and cover the institutional structure, method, process and internal audit in order to make it clear that public resources are in the same direction with the rules established within the framework of the law, are economical, effective and efficient and are used in a purpose-oriented manner”.<sup>7</sup>

In the literature, financial auditing is referred to together with compliance and regularity auditing. Because basically, ensuring the accuracy of the administration's activities, documents, financial statements and their compliance with the determined criteria are evaluated within the scope of these audit types.<sup>8</sup>

### 2.2. Performance Audit

According to one definition, performance auditing is the evaluation of whether an organization's activities meet its financial responsibilities and whether resources are used effectively and efficiently. In addition, performance auditing is the audit of whether the audited institution takes

<sup>3</sup> Adem Yaman, Kamu Yönetiminin Yeniden Yapılandırılması Sürecinde Türk Denetim Sistemine Genel Bir Bakış, Güncel Sorunlara İlişkin Değerlendirme Ve Öneriler, Mali Hukuk Dergisi 133. Sayı, Ocak-Şubat 2008, s. 1

<sup>4</sup> Kamil Tüğen, Devlet Bütçesi, İzmir 2007, s. 311

<sup>5</sup> Metin Meriç, Vergi Denetimi, İzmir 2002, s. 5-7

<sup>6</sup> Meriç, a.g.e. , s. 1

<sup>7</sup> Baki Kerimoğlu, Kamu Mali Yönetimi ve Kontrol Kanunu Tasarısı: İç Kontrol Sisteminin Tasarımı, Maliye Dergisi Sayı 142, Ocak-Nisan 2003, s. 108-126

<sup>8</sup> Ahmet Kesik, 5018 Sayılı Kamu Mali Yönetimi ve Kontrol Kanunu Bağlamında ve AB Sürecinde Türk Kamu İç Mali Kontrol Sistemi, Kocaeli Üniversitesi Sosyal Bilimler Enstitüsü Dergisi (9) 2005 / 1, s. 94-114



due care in managing and using its resources (labor, money, materials and machinery) in an efficient, effective and economical (frugal) manner.<sup>9</sup>

The most emphasized points in performance auditing are efficiency, economy (frugality) and effectiveness. In fact, when public expenditures are taken into account, it is seen that these principles have been disregarded. We can explain these three principles as follows<sup>10</sup>:

- **Efficiency:** It shows the input and output relationships. It is about utilizing resources.
- **Economy (Frugality):** Frugality is a key element in performance auditing. It is essential to use the resources at the lowest cost in the realization of the corporate goals.
- **Effectiveness:** It refers to the level of objectives which have been fulfilled by an institution.

Efficiency, economy and efficiency audits, which are taken into account and are important in performance audits, affect the expenditure levels of institutions significantly, and they can also change the budget share in the next year.

### 2.3. System Audit

As explained in the dictionary of internal control concepts published by the European Commission, system auditing aims to evaluate the internal control system in detail in order to measure the effectiveness of the control activity carried out. The effectiveness, economy and efficiency of operations and the regulatory compliance and regularity of transactions provide assurance that financial reports are accurate and complete. In the system auditing, an examination is made to determine whether the financial reports of the auditee are correct and complete, whether the transactions comply with the legislation and/or whether effectiveness, efficiency and economy are provided.<sup>11</sup>

System-based audit results in the presentation (reporting) of the findings to the parliament, relevant administrations and authorities, and the public. Since the regularity of financial actions and transactions and the performance of the administration are handled and examined in its general framework, and the accuracy and compliance of individual transactions with the legislation are only examined as necessary (single transactions are made to test the functioning of the systems), system-based auditing is not a suitable method for judgement. As such, it is adopted and implemented by the office-type supreme audit institutions, which have no jurisdiction.<sup>12</sup>

### 2.4. Compliance Audit

After it has been determined that the accounts (book and document order) are kept fully and equally within the framework of the rules, it will be checked whether the recorded transactions (each transaction) are correct in the second step of the audit. The accuracy of a financial transaction means that it complies with the rules authorizing it in the legislation and is free from material errors.<sup>13</sup>

Conformity auditing, on the other hand, is the audit of whether the activities of a public administration (including transactions related to income, expenditure and goods) comply with the law.

## 3. Public Expenditure Audit Practices in Turkey

The Public Accounting Law No. 1050 (enacted in 1927) had been used until 2003 with various amendments. With the entry into force of the Public Financial Management and Control Law No. 5018 in 2003, Law No. 1050 was repealed and various innovations were introduced with the new law.

<sup>9</sup> Hüseyin Özer, Performans Denetimi, Sayıştay Dergisi, Sayı 7, Ocak-Mart 1992, s. 31

<sup>10</sup> Özer, a.g.m., s.33

<sup>11</sup> Kesik, a.g.m., s. 104

<sup>12</sup> Doğan Bayar, Sayıştayın Anatomisi, Maliye Dergisi, Sayı 148, Ocak-Nisan 2005, s. 63-81

<sup>13</sup> Doğan Bayar, Mali Denetim Nedir, Maliye Dergisi, Sayı 155, Temmuz-Aralık 2008, s. 1-10



In Article 1 of Law No 5018, the aim of this law is stated as making arrangements for the effective and efficient use of public resources in line with the targeted policies in various plans and programs. Here, it also includes the regulations related to ensuring accountability in areas such as the structure of public financial management and the functioning of financial management, preparation and execution of the budget.

The important innovations brought in the field of public expenditure and control system with the Law No. 5018 are the transition of public administrations included in the general administration to the MYB, the preparation of SP, the making of PBB, and the execution of internal control and internal audit activities within the framework of management responsibility. In addition to these, it can be included to create a suitable structure for abandonment of cash-based accounting system and adoption of accrual-based accounting system and to carry out the independent external audit in terms of performance auditing in addition to the audit of compliance with the legislation. These innovations can be examined under the following headings.<sup>14</sup>

### **3.1. Multi Year Budgeting (MYB)**

Budget arrangements undergo transformations in response to changes in economic and social dynamics. The process of globalization plays an increasingly significant role in shaping these developments. In recent years, numerous countries have endeavored to incorporate a medium-term (multi-year) outlook into their state budgets as part of public reforms. The primary objective is to establish fiscal discipline within public administration and implement a performance-based budgeting system.<sup>15</sup>

One of the important innovations brought by the new public financial management approach in our country, the MYB was implemented in the budget preparation for the 2006-2008 period. The transition to the medium-term budget system started in 2005, and the 2006 central government budget was prepared in accordance with the macroeconomic framework and policy priorities set out in the Medium-Term Program, including the 2006-2008 period, and the principles and allowance proposal ceilings determined in the Medium-Term Fiscal Plan. The medium-term program and the medium-term financial plan form the basis of the MYB, and the economic and financial targets to be included in these two documents will form the three-year framework of the central government budget. These plans and programs will be prepared every year and will be updated in the following years according to the current economic conditions.<sup>16</sup>

Article 14 of Law No. 5018 includes a provision concerning fiscal discipline in line with the medium-term plan. According to this provision, public administrations under the central government are required to calculate and include in the budget the financial impact of draft laws that would lead to a decrease in public revenues or an increase in public expenditures. This obligation extends to at least three years and must be aligned with the appropriation types specified in the medium-term program and financial plan. The provision aims to ensure fiscal discipline and effective financial planning within the government's medium-term framework.

### **3.2. Strategic Plan (SP)**

Article 3 of the Law No. 5018 generally includes plans that include medium and long-term goals. In addition, this law includes the basic principles and policies of various public administrations, as well as their objectives and priorities, and moreover, performance indicators. Moreover, it also includes the methods to be applied to achieve the objectives and the strategic allocation of resources.

Public institutions must proactively engage in the production of planned services by developing concrete work programs and budgets, while effectively overseeing their implementation. To be

---

<sup>14</sup> Denetim uygulamaları alt başlıkları Özel İhtisas Komisyonu Raporu'ndan alınmıştır.

<sup>15</sup> Tüğen, a.g.e., s. 210

<sup>16</sup> a.g.r., s. 34



able to conduct these activities, "strategic planning" emerges as a fundamental tool for organizations. With participatory methods, public administrations establish a strategic plan that encompasses their mission and vision for the future, guided by development plans, programs, relevant legislation, and their core principles. The strategic plan aims to identify strategic objectives and measurable targets, assess performance based on predetermined indicators, and continuously monitor and evaluate the process. By adopting these practices, public institutions can ensure effective execution of their duties.<sup>17</sup>

By prioritizing with strategic planning, resource allocation is planned in accordance with priority issues and accountability is strengthened.

### **3.3. Performance Based Budgeting (PBB)**

Performance-based budgeting is a budgeting system that involves defining the core functions of public administrations, setting specific goals and targets to be accomplished through the fulfillment of these functions, allocating and utilizing resources in alignment with these objectives, assessing the achievement of targets by measuring performance against performance criteria, and reporting the outcomes. This approach emphasizes the effective utilization of resources by linking budget allocations to the performance and outcomes achieved by public administrations. By establishing clear performance metrics and regularly evaluating progress, performance-based budgeting aims to enhance accountability, transparency, and the overall efficiency of public expenditure.<sup>18</sup>

Since the budget is a contract signed between the state and the nation on how the state will spend the resources it collects from the citizens for the continuation of public activities, the reform in expenditure management should actually be considered as the most important part of a State Reform. The audit of public expenditures is carried out in line with the budgets of public institutions. With the budget reform, it can be ensured that the optimum use of the authority given by the people to the state can be measured.

With the PBB, the responsibility of determining measurable performance targets and indicators is given to public administrations. Thus, the success of public administrations will be determined according to predetermined performance targets. Here, the assumption is made that not only the implementation of financial decisions, but also all managerial work and transactions are measurable. In this system, the achievement of performance targets is also directly related to the performance of public officials. From this point of view, PBB has a close relationship not only with the budget preparation and implementation process, but also with the organization of the public administration and the personnel regime, and this relationship needs to be strengthened.<sup>19</sup>

### **3.4. Internal Control**

In Public Financial Management and Control Law No 5018, it is emphasized that internal control plays an important role in the financial management of the public. Fiscal management usually includes a series of activities such as pre-expenditure control and post-expenditure control. The purpose of these activities is to ensure that all business and transactions, including income, expenses, assets and liabilities, comply with the established purposes and legislation. The primary purpose of internal control is to use public resources effectively and efficiently, to prevent financial irregularities, and to strengthen accountability and compliance.

According to the European Commission, internal control is a comprehensive system. This system is used by an administration to carry out activities effectively and efficiently, protect assets and resources, maintain proper accounting records and keep financial statements properly. The internal control system mentioned here has been established in the same direction with the targets and policies determined by the administrations. It encompasses a range of financial and non-financial controls, including organizational structures, methods, processes, and internal control mechanisms.

---

<sup>17</sup> Osman Saraç, Kamu Mali Yönetimi ve Kontrol Kanunu ile Yapılan Düzenlemelerin Değerlendirilmesi, Maliye Dergisi Sayı 148, Ocak-Nisan 2005, s. 122-169

<sup>18</sup> Kesik, a.g.m., s. 104

<sup>19</sup> a.g.r., s. 38



The primary purpose of internal control is to safeguard resources, promote operational effectiveness, and generate reliable information to support decision-making within the administration.”

There are some differences between the definition made in the Law No. 5018 and the definition made by the European Commission. These differences have been resolved as a result of the amendments made to the articles (between 55 and 62) related to internal control of the Law No. 5436 amending the Law No. 5018.

### 3.5. Accounting System

Public accounts are maintained in a predetermined manner to ensure that essential information is available to the public, as well as to management and auditing authorities. These accounts encompass the recording of guarantees, liabilities, and various transactions having financial conclusions and impact the equity by increasing or decreasing it. They also include the income, expenditure, and assets of public administrations. The aim of these accounts is to provide a comprehensive and organized overview of the financial activities and resources of public administrations.<sup>20</sup>

The accounting system should contribute to the establishment of fiscal transparency by producing comprehensive, timely, comparable and reliable data on government activities and financial situation, both for the government itself and for domestic and foreign economic actors. In this direction, after the economic crisis in 2001, studies in the field of government accounting were accelerated and as of January 2004, the new accrual-based accounting system was started to be implemented in the departments included in the general budget and in the annexed budget administrations, with some deficiencies.<sup>21</sup>

### 3.6. Internal Audit

Internal auditing is a consulting activity that provides independent and objective assurance to enhance the operations of public administration and deliver added value. The aim here is to determine the effectiveness of risk management, audit and governance processes by using a systematic approach and thus to achieve the objectives of the public administration. Through this method, internal auditing contributes to the overall enhancement and efficiency of public administration.<sup>22</sup>

One of the inherent functions of the audit activity is to monitor and oversee the administration's compliance with laws and regulations regarding expenditures, decisions, and financial transactions. This includes ensuring alignment with objectives, policies, development plans, programs, strategic plans, and performance programs. Moreover, these functions involve utilizing suggestions for improving the administration's operations and promoting more effective and efficient use of resources. If any flawed transactions are identified, the audit activity aims to rectify them and, if necessary, initiate investigations to assign responsibilities accordingly. These activities contribute to enhancing the administration's performance and accountability while promoting the optimal utilization of resources.<sup>23</sup>

As stated in the law, internal auditing is performed by internal auditors. Due to these duties, internal auditors determine whether the organization is well-managed and provide guidance/consultancy to the employees, while increasing the effectiveness, efficiency and economy of the organization at the same time.

---

<sup>20</sup> Saraç, a.g.m., s. 154

<sup>21</sup> a.g.r., s. 40

<sup>22</sup> Alan Pratley, Public Expenditure Management Manual for Europe, Çev. M. Sait Arcagök, Bahadır Yörük, [http://www.kidder.org.tr/dosyalar/makaleler/ickontrol\\_msaitarcagok.pdf](http://www.kidder.org.tr/dosyalar/makaleler/ickontrol_msaitarcagok.pdf) Erişim Tarihi:10.03.2011

<sup>23</sup> Doğan Bayar, Kamu Mali Yönetimi ve Kontrol Kanunu Ne Getir(m)iyor?, Maliye Dergisi, Sayı 144, Eylül-Aralık 2003, s. 47-62



### 3.7. External Audit

The best way to understand whether public institutions operate in accordance with the law, efficiently, effectively and economically is to ensure that they act in line with the basic rules of being transparent and accountable. Only then, when transparency is ensured and accountability is fully fulfilled, the parliament can be sure of how well its powers and resources are used.<sup>24</sup>

The law states that the Court of Accounts conducts external audits with the purpose of evaluating the financial activities, decisions, and transactions made by public administration management. These audits aim to assess whether they comply with laws, institutional goals, targets, and plans, all within the framework of holding public administrations accountable within the general government. The findings of the audit are subsequently reported to the Turkish Grand National Assembly. The objective of this external audit is to promote transparency, accountability, and adherence to legal and institutional frameworks in the financial management of public administrations. The scope of the audit is shaped within these frameworks<sup>25</sup>:

- Reliability and accuracy of financial statements,
- Compliance of income, expense and property transactions with the legislation
- Evaluating performance as well as evaluating the proper, effective and efficient use of public resources.

The Court of Accounts determines the compliance of the income, expense and property accounts of the public institutions affiliated to the general government and the transactions related to these accounts with the legal regulations, and submits the general evaluation report to the Parliament.

## 4. Courts of Accounts in the World and Turkey

In this part of our study, we will examine the Court of Accounts practices in Turkey and in the world.

### 4.1. Court of Accounts in Turkey, Its Purposes and Duties

In Article 160 of the 1982 Constitution, the Court of Accounts is tasked with auditing on behalf of the Turkish Grand National Assembly. This audit task includes auditing the revenues, expenditures and goods of the general budget administrations as well as the annexed budget administrations. Moreover, the TCA is authorized to judge the relevant accounts and transactions of those responsible for the administration. Additionally, the Court of Accounts is mandated to perform examinations, audits, and adjudications as required by the laws governing its operations. With the term "judgment" in this article, the Court of Accounts is endowed with jurisdiction, and the word "conclusive" prevents the judicial decisions of the Court of Accounts from being taken to other jurisdictions.<sup>26</sup>

Although the TCA acts within the framework of this Constitutional purpose, every issue related to the TCA is evaluated within the scope of the TCA Law No. 6085. In this context, the duties of the Court of Accounts are listed as follows in Article 6 of the Law on the Court of Accounts:

- Court of Accounts comprehensively audits the financial activities, decisions and transactions of various public administrations to ensure accountability and transparency. It aims to provide the Turkish Grand National Assembly with accurate, comprehensive, and timely information and reports regarding the outcomes of these audits. By fulfilling this role, it contributes to the effective oversight and scrutiny of public administration's financial operations.
- audits the compliance of the accounts and transactions of the revenues, expenses and assets, which are generally included in the public administrations and accepted within the scope of the general government, with the legislation. It thoroughly examines these matters and takes

<sup>24</sup> Saraç, a.g.m., s. 151

<sup>25</sup> Bayar, Kamu Mali Yönetimi ve Kontrol Kanunu Ne Getir(m)iyor?, s. 59

<sup>26</sup> Recai Akyel, Hasan Baş, Kamu Yönetimi ve Denetimi Bağlamında Sayıştayın Anayasal ve Yargısal Konumu, Maliye Dergisi, Sayı 158, Ocak-Haziran 2010, s. 374-387



necessary actions to address any instances that may result in public losses, based on the accounts and transactions of those responsible.

- It presents the overall statement of compliance to the Turkish Grand National Assembly.
- It performs examinations, inspections, and adjudications as mandated by relevant laws.

The Court of Accounts carries out the audit activities it conducts within the framework of Law No. 6085 on behalf of the Grand National Assembly of Turkey and is a constitutional supreme audit institution authorized to make final decisions regarding these audits.

#### 4.2. The Role of the Turkish Court of Accounts in the Audit of Public Expenditures

According to Köse, supreme audit defines the audits carried out on behalf of the parliament by independent organizations that derive their source from the Constitution, have **legal and legal guarantees** from the members of the profession, and are also equipped with judicial powers in most countries, and it is called the audit of the Court of Accounts in our country. Accordingly, the Court of Accounts legally audits whether public expenditures are used efficiently and for performance purposes, within the framework of its authority from the law.

In Article 4 of Law No. 6085, the Court of Accounts is specified to inspect;

a) In this context, there are public administrations under the central administration, local administrations together with social security institutions, joint stock companies established by special laws and with a direct or indirect public property share of more than 50% (or less than 50% in terms of partnership rights), and other public administrations (excluding professional organizations categorized as public institutions).

b) This category encompasses all types of administrations, institutions, establishments, unions, businesses, and companies that are affiliated with or established by the administrations mentioned in subparagraph (a) or in which these administrations hold a direct or indirect ownership share (or partnership rights if the public share is less than half).

c) The subjects covered by this law generally include effective cash management, domestic and foreign borrowing and repayment of debts, lending, use of obtained grants, allocation of grants, treasury guarantees and receivables, etc. In addition, the transfer and efficient use of resources obtained from both national and international sources, including EU funds, are among the subjects covered by the law.

ç) It also covers all public accounts, funds, resources and transactions, including non-public accounts, regardless of whether they are in the public administration budget.

Moreover, the Court of Accounts's examination of the financial records of institutions operating within the framework of agreements and contracts with various international organizations is also assigned as a duty by the same article.

The audits conducted by the Court of Accounts, known as TCA audits, include regularity audits and performance audits. The concept of regularity audit is clearly defined in Article 36 of Law No. 6085. It involves the following:

- Verifying the legality of the accounts and transactions, as well as the income, expenses and goods resulting from the transactions carried out in public administrations.
- Evaluating the financial reports, statements, and supporting documents of public administrations, and providing opinions on their reliability and accuracy.
- Assessing the financial management and internal control systems in place.

It is stated that the performance audit is carried out by examining the activities related to the targets and indicators created by various administrations and in accordance with the principles of accountability. The Court of Accounts has the right to prosecute the following state officials and the matters that it detects errors and irregularities as a result of its examination.

- Accounting Officer
- Expenditure Officer
- Enforcement Officer
- Other Responsible Persons



As a result of the audits, a compensation decision may be made for those responsible for making unlawful decisions and actions, on the grounds that they cause public harm.

#### 4.3. The British Court of Accounts (National Audit Office)

NAO's main task is to oversee government spending at the central level. In other words, it is responsible for the external audit of all UK expenditures in the field of defense and criminal law. It monitors whether public funds are used effectively and efficiently. The reports they prepare on expenditures in the fields of health, education, justice and defense are presented to the parliament. Prepared reports are examined and discussed by the highest level officials of the relevant public administrations and action plans are determined.<sup>27</sup>

NAO, on behalf of the Parliament, is tasked with examining the activities of Ministry units and public institutions in terms of thrift, effectiveness and efficiency, and preparing sixty "value for money" reports each year. NAO also monitors, as part of the financial audit, whether the budget adopted by the parliament is used appropriately and whether the government's objectives are being achieved more economically.<sup>28</sup>

In the UK, the reports of the Court of Accounts are discussed in a special commission, called the Committee of Public Accounts, formed within the UK Court of Accounts and the House of Commons.<sup>29</sup>

#### 4.4. The French Court of Accounts (Cour des Comptes)

The Court of Accounts audits government accounts, government financial management, national public institutions and public companies. The Court of Accounts can audit the accounts of private and public institutions that receive financial assistance from the state and institutions and companies subject to mandatory audit, when necessary. It also audits the accounts of independent institutions such as social security institutions. Local public institutions, companies and partnerships have been audited by the local TCAs (Chambre Regionales Des Comptes) since 1982.<sup>30</sup> TCA conducts investigations each year, in which consultants conduct "individual and on-the-spot" investigations. At the end of these investigations, the Court of Accounts prepares a report for the attention of the relevant ministry on possible weaknesses or wastes observed within a unit. The effectiveness of the TCA also becomes concrete with the publication of its annual report. The conclusions of the Court of Accounts on the malfunctioning of administrations in using public money should be corrected by public forces.<sup>31</sup>

#### 4.5. The Canadian Court of Accounts (The Auditor General of Canada)

The Canadian Court of Accounts audits more than 100 federal government agencies, including small boards and large and complex departments and agencies. The Canadian court also audits approximately 40 state-owned enterprises, the three northern regions of the Canadian Government, and approximately 20 regional enterprises and institutions. Until the early 1970s, the Canadian Court of Auditors only conducted compliance audits on behalf of Parliament. In this context, audits were carried out on the government's financial statements, internal financial control systems, and compliance with parliamentary powers at resource creation and points of use. Later, since it was thought that this audit alone was not sufficient, the content of the audit was expanded and today's practice was adopted in the form of compliance audit, performance audit and special audits.

In addition to this, the Canadian court has developed additional methods besides adherence to the law in order to perform more effective auditing. The court of accounts of Canada encouraged its

<sup>27</sup> Ahmet Kazan, 5018 Sayılı Kanun İle Sayıştay Kanun Teklifi Bağlamında Sayıştayın Türkiye Büyük Millet Meclisine Sunacağı Raporlar, *Dış Denetim Dergisi*, Sayı 1, Temmuz-Eylül 2010, s. 192-201

<sup>28</sup> Kazan, a.g.m. s. 198

<sup>29</sup> Sayıştay Raporu, Sayıştay Raporlarını Görüşmek Üzere Türkiye Büyük Millet Meclisinde İhtisas Komisyonu Kurulması Hakkında Rapor, *Sayıştay Dergisi* Sayı 40, s. 1-6

<sup>30</sup> J. Magnet, C. Camby Meller, Konferans Metni, 1992, Çev. Gül Alptürk, Erol Akbulut, *Fransız Sayıştayı*, *Sayıştay Dergisi*, Sayı 12, Nisan-Haziran 1993, s. 3-7

<sup>31</sup> Kazan, a.g.m. s. 199

members to develop codes of professional conduct in addition to the legislation and to report them to their superiors in order to ensure effective auditing and to maintain the public's trust.<sup>32</sup>

#### 4.6. The American Court of Accounts (Government Accountability Office)

Government Accountability Office (GAO) provides a variety of services, particularly the review and supervision of federal programs and activities. The majority of reviews are conducted in response to specific requests from Congress. Rather, the work requested by the commissions of the Congress is carried out. In addition, GAO also examines the topics requested by individual congress members. Finally, some reviews are done independently, ex officio, within the framework of GAO's core legal responsibilities.<sup>33</sup>

GAO's goal is to determine whether federal resources are being used effectively and efficiently, and inform Congress by reporting how well government programs and policies meet their goals.<sup>34</sup>

It has audit authority in many areas such as agriculture, housing, taxes, energy, education and defense.

#### Conclusion

In this study, we focused on the control of public expenditures. We mentioned the changes in the audit of public expenditures in our country, especially the Public Financial Management and Control Law No. 5018 and the role of the Turkish Court of Accounts.

Despite the changes made in the audit of public expenditures in our country, the efficiency of the audit has not yet reached the desired level. In this case, besides the fact that the changes made have not been fully implemented yet, factors such as the lack of audit staff and their professional inadequacy, and the inability to establish a sufficiently transparent system have an impact.

To sum up, it is necessary to know that the effectiveness of the audits cannot be achieved only by enacting a new law, however, it is necessary to take measures such as the regulation of the system and the training of the audit staff, and studies should be carried out in this direction.

#### REFERENCES

- [1] Akdoğan, Abdurrahman, *Kamu Maliyesi, Gazi Kitabevi, Ankara 2007*
- [2] Akyel, Recai, Baş, Hasan, *Kamu Yönetimi ve Denetimi Bağlamında Sayıştayın Anayasal ve Yargısal Konumu, Maliye Dergisi, Sayı 158, Ocak-Haziran 2010*
- [3] Arslan, Ahmet, *Kamu Harcamalarında Verimlilik, Etkinlik ve Denetim, Maliye Dergisi Sayı 140, Mayıs-Ağustos 2002*
- [4] Başaran, Fehmi, *ABD Sayıştay (GAO), Sayıştay Dergisi, Sayı 34, Temmuz-Eylül 1999*
- [5] Bayar, Doğan, *Kamu Mali Yönetimi ve Kontrol Kanunu Ne Getir(m)iyor?, Maliye Dergisi, Sayı 144, Eylül-Aralık 2003*
- [6] Bayar, Doğan, *Sayıştayın Anatomisi, Maliye Dergisi, Sayı 148, Ocak-Nisan 2005*
- [7] Bayar, Doğan, *Mali Denetim Nedir, Maliye Dergisi, Sayı 155, Temmuz-Aralık 2008*
- [8] Demir, Yasin, Partal, M. Onur, *Performans Denetimi, <http://application2.ibt.gov.tr/maliyonetim/raporlar/malihizmetler/PerformansDenetimi.pdf> Erişim Tarihi:10.03.2011*
- [9] *Kamu Harcama Yönetiminde Reform (Bütçe Reformu), [yonetimbilimi.politics.ankara.edu.tr/khyr.pdf](http://yonetimbilimi.politics.ankara.edu.tr/khyr.pdf), Erişim Tarihi:10.03.2011*
- [10] Kazan, Ahmet, *5018 Sayılı Kanun İle Sayıştay Kanun Teklifi Bağlamında Sayıştayın Türkiye Büyük Millet Meclisine Sunacağı Raporlar, Dış Denetim Dergisi, Sayı 1, Temmuz-Eylül 2010*
- [11] Kerimoğlu, Baki, *Kamu Mali Yönetimi ve Kontrol Kanunu Tasarısı: İç Kontrol Sisteminin Tasarımı, Maliye Dergisi Sayı 142, Ocak-Nisan 2003*
- [12] Kesik, Ahmet, *5018 Sayılı Kamu Mali Yönetimi ve Kontrol Kanunu Bağlamında ve AB Sürecinde Türk Kamu İç Mali Kontrol Sistemi, Kocaeli Üniversitesi Sosyal Bilimler Enstitüsü Dergisi (9) 2005 / 1*
- [13] Kuluçlu, Erdal, *5018 Sayılı Kamu Mali Yönetimi ve Kontrol Kanunu Işığında Sayıştay Yargısı, Dış Denetim Dergisi, Sayı 1, Temmuz-Eylül 2010*

<sup>32</sup> Office of the Auditor General of Canada, Comprehensive Auditing Manual, Code of Professional Conduct, 1991, Çev. İlyas Sarıtaş, *Sayıştay Dergisi, Sayı 28, Ocak-Mart 1998, s. 130-140*

<sup>33</sup> Fehmi Başaran, ABD Sayıştay (GAO), *Sayıştay Dergisi, Sayı 34, Temmuz-Eylül 1999, s. 3-8*

<sup>34</sup> Kazan, a.g.m. s. 198

- [14] **Magnet, J., Meller, C. Camby**, *Konferans Metni*, 1992, Çev. Gül Alptürk, Erol Akbulut, *Fransız Sayıştayı, Sayıştay Dergisi*, Sayı 12, Nisan-Haziran 1993
- [15] **Meriç, Metin**, *Vergi Denetimi*, İzmir 2002
- [16] **Meriç, Metin**, *Türkiye'nin Mali Yapısı*, İzmir 2007
- [17] **Office of the Auditor General of Canada**, *Comprehensive Auditing Manual, Code of Professional Conduct*, 1991, Çev. İlyas Sarıtaş, *Sayıştay Dergisi*, Sayı 28, Ocak-Mart 1998
- [18] **Özel İhtisas Komisyonu Raporu**, *Kamu Harcama ve Kontrol Sistemlerinin İyileştirilmesi, Kamu İhaleleri*, Ankara 2006
- [19] **Özer, Hüseyin**, *Performans Denetimi*, *Sayıştay Dergisi*, Sayı 7, Ocak-Mart 1992
- [20] **Pratley, Alan**, *Public Expenditure Management Manual for Europe*, Çev. M. Sait Arcaçök, Bahadır Yörük, [http://www.kidder.org.tr/dosyalar/makaleler/ickontrol\\_msaitarcaçok.pdf](http://www.kidder.org.tr/dosyalar/makaleler/ickontrol_msaitarcaçok.pdf) Erişim Tarihi:10.03.2011
- [21] **Sakal, Mustafa, Şahin, E. Ayşe**, *Kamu Kurumlarında Performans Ölçümü Ve Sayıştay Denetimi İlişkisi: Türkiye'deki Düzenlemeler Bakımından Bir Değerlendirme*, *Sayıştay Dergisi*, Sayı 68, Ocak-Mart 2008
- [22] **Saraç, Osman**, *Kamu Mali Yönetimi ve Kontrol Kanunu ile Yapılan Düzenlemelerin Değerlendirilmesi*, *Maliye Dergisi* Sayı 148, Ocak-Nisan 2005
- [23] **Sayıştay Raporu**, *Sayıştay Raporlarını Görüşmek Üzere Türkiye Büyük Millet Meclisinde İhtisas Komisyonu Kurulması Hakkında Rapor*, *Sayıştay Dergisi* Sayı 40
- [24] **Tüğen, Kamil**, *Devlet Bütçesi*, İzmir 2007
- [25] **Yaman, Adem**, *Kamu Yönetiminin Yeniden Yapılandırılması Sürecinde Türk Denetim Sistemine Genel Bir Bakış, Güncel Sorunlara İlişkin Değerlendirme Ve Öneriler*, *Mali Hukuk Dergisi* 133. Sayı, Ocak-Şubat 2008
- [26] *T.C Anayasası ve İnsan Hakları, Yetkin Hukuk Yayınları*, 5. Baskı, Ankara 2004 5018 Sayılı Kamu Mali Yönetimi ve Kontrol Kanunu, Kabul Tarihi: 10.12.2003 6085 Sayılı Sayıştay Kanunu, Kabul Tarihi: 3.12.2010