



REPUBLIC OF SLOVENIA
COURT OF AUDIT

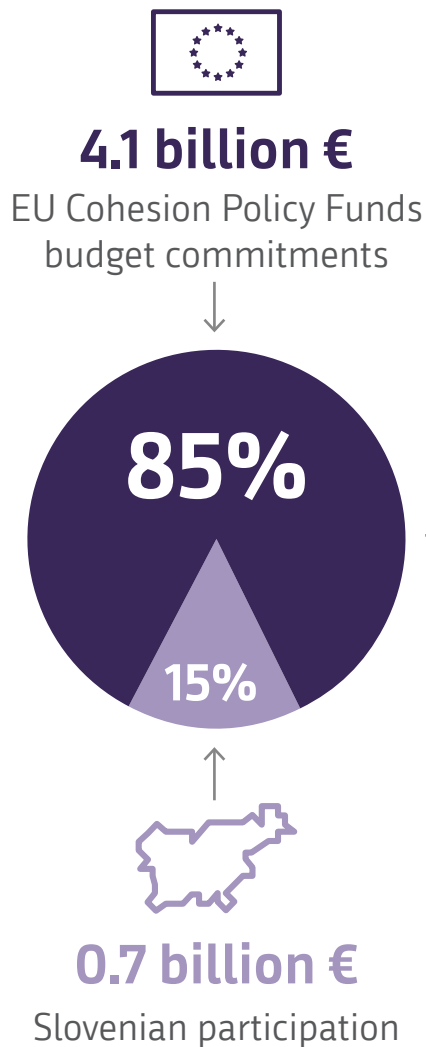
AUDIT REPORT

Managing irregularities and financial corrections regarding absorption of the European Cohesion Policy Funds in the Republic of Slovenia

Performance audit

Audited period: 1 January 2007 to 31 December 2015

Scope of European Cohesion Policy Funds in the 2007-2013 programming period



Funds of the three largest Operational Programmes



Strengthening Regional
Development Potentials

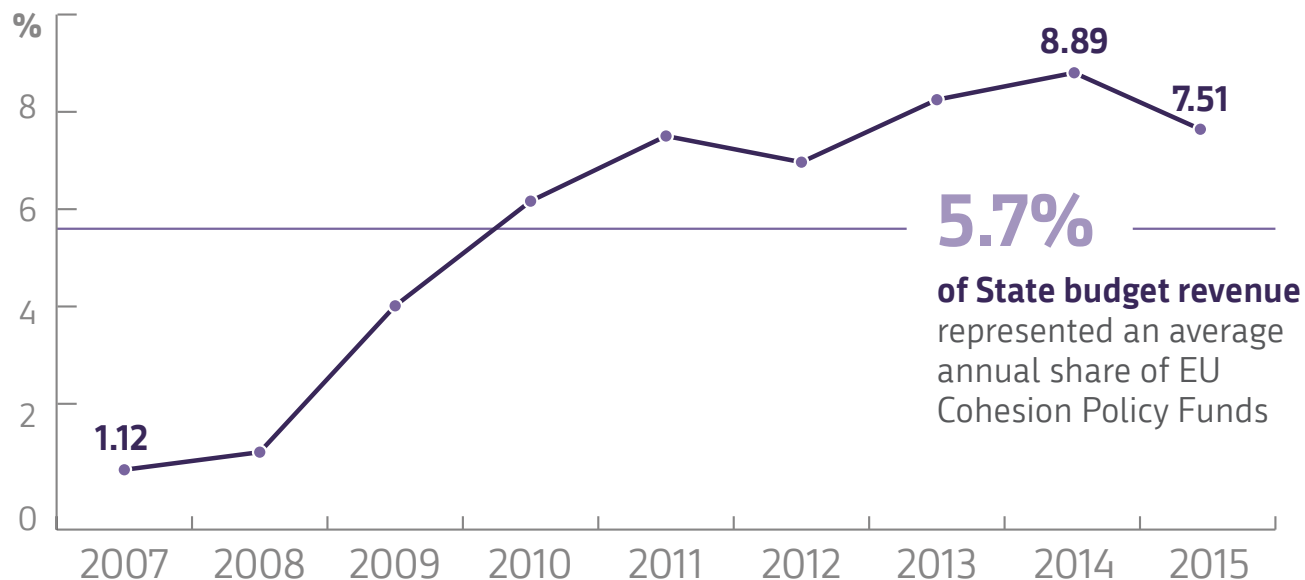


Human Resources
Development



Development of Environment
and Transport infrastructure

Share of EU Cohesion Policy Funds according to State budget revenue



Approved commitments for the 2007–2013

4.1 billion €



723 million €



Payments by the end of 2015

€ 227 million more payments for programmes

Proportionate share of increased payments

Proportionate share of Slovenian participation

at least € 34 million already repaid to the State budget by the end of 2015

at least € 56 million estimated actual burden

? € million

€ 57–193 million

Estimated burden imposed on State budget and other public resources by the end of 2015

Why increased payments?

Financing of additional projects due to the objective of a 100% absorption of EU funds and of covering of occurred irregularities.

The manner of monitoring irregularities did not enable to easily and accurately determine:

- scope of all established irregularities and financial corrections imposed
- scope of all repayments made by beneficiaries
- amount of burden placed on State budget due to irregularities and financial corrections imposed

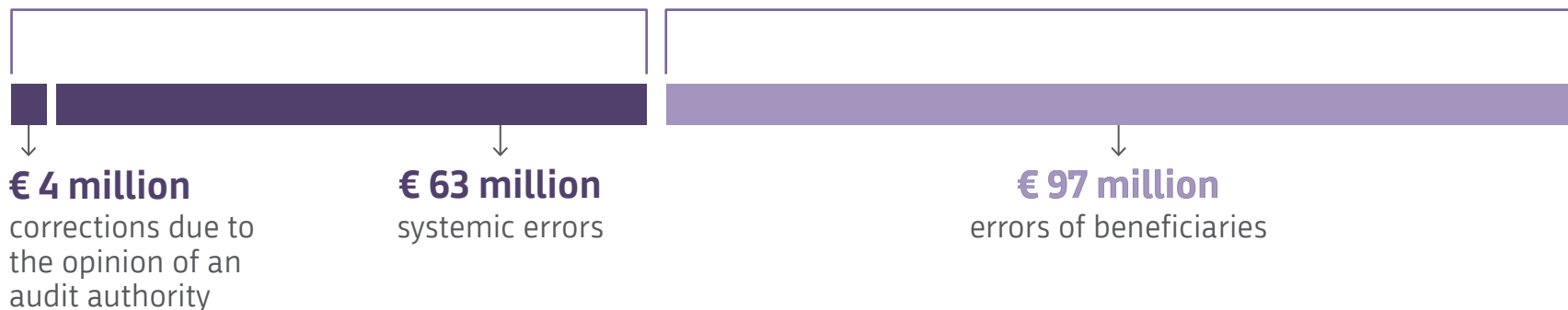
Irregularities regarding absorption of the European Cohesion Policy Funds



Covered by the State budget



To be claimed from beneficiaries by the State



At least € 164 million of financial corrections due to irregularities



- Unified, complete and up-to-date records not kept
- Joint records of all irregularities not kept

Unduly received funds recovered to the State budget and the EU budget



Funds unduly received

were, in most cases from the sample, **claimed** from **beneficiaries** by **intermediate bodies**, only exceptionally were **not claimed**



Recovery of unduly received funds

Irregularity less than € 10,000

Beneficiaries in more than **95%** of cases **repaid the funds**

Irregularity over € 10,000

Beneficiaries in less than **40%** of cases **repaid the funds**

Funds not claimed from beneficiaries

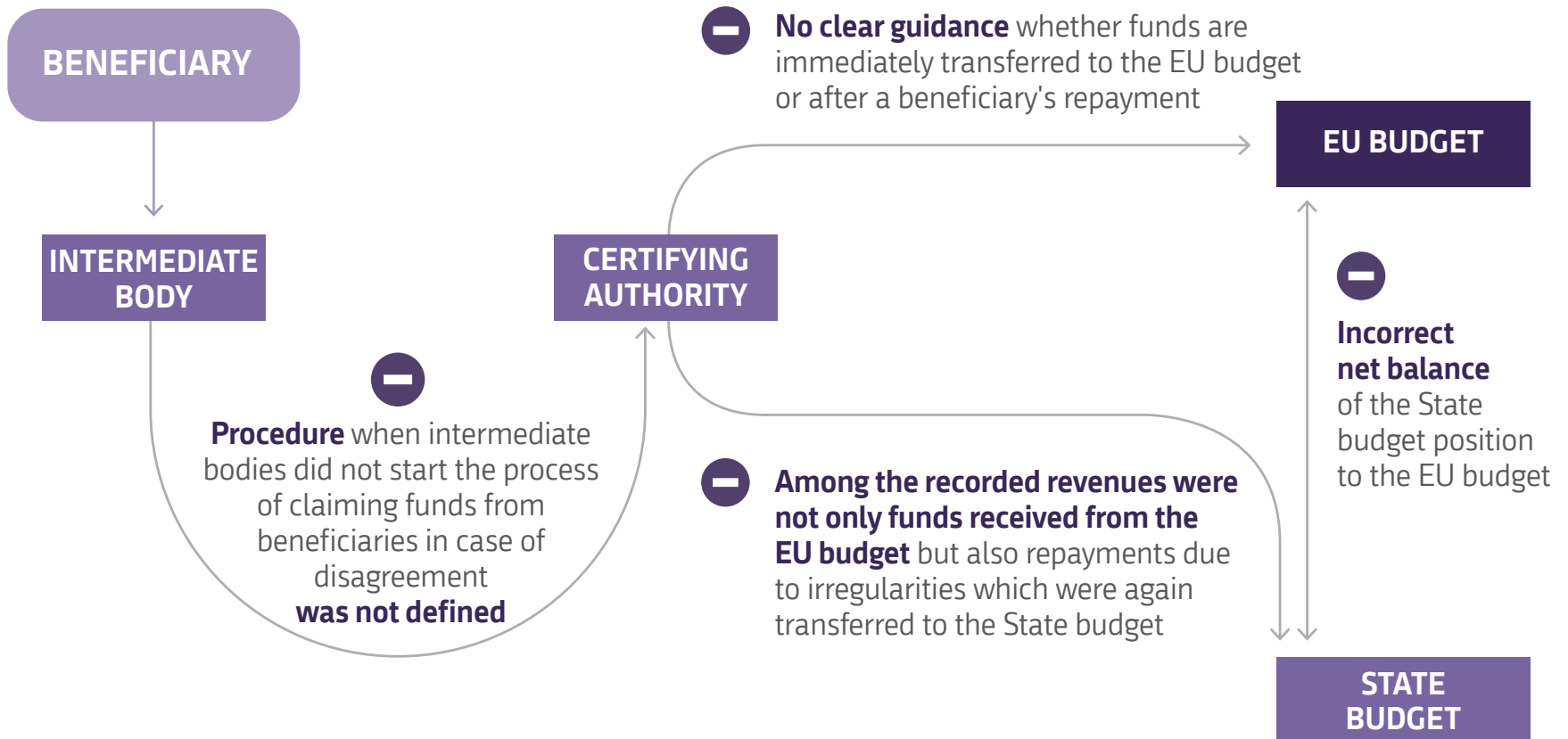
if intermediate bodies **did not agree upon irregularity** and **considered the call to repay funds inappropriate**,

if other responsible bodies assessed **unlikelihood of successful recovery of funds** due to the **nature of irregularity** or **time-barred claims**

- **Intermediate bodies** acted **differently** when **calculating interests on late payments** and **defined different time limits for recoveries**
- **Intermediate bodies** issued beneficiaries **calls to repay funds at different paces**, on average **from the date when a report** on disclosed irregularity **was prepared to the date when a call was issued 3 months passed**

- **Procedure** when intermediate bodies **did not start the process of claiming funds** from beneficiaries in case of disagreement **was not defined**

Unduly received funds recovered to the State budget and the EU budget



- Auditees **adopted measures** to remedy irregularities but should aim at **higher efficiency**

MANAGING AUTHORITY

Government Office for
Development and European Cohesion Policy

CERTIFYING AUTHORITY

Ministry of Finance

INTERMEDIATE BODIES

Ministry of Economic Development and Technology

Ministry of Labour, Family, Social Affairs
and Equal Opportunities

Ministry of Education, Science and Sports

Ministry of Infrastructure

Ministry of Environment and Spatial Planning



when managing disclosed irregularities and financial corrections related to absorption of the European Cohesion Policy Funds within the 2007–2013 programming period they were **partially efficient**

Key recommendation of the Court of Audit:

The existing **system needs to be upgraded**, for example:

- by defining **simplified activities** of the procedure for recovery of funds from beneficiaries (standardisation of deadlines, calculations of interests on late payments)
- **by setting up unified central records** of all irregularities and financial corrections within central IT system