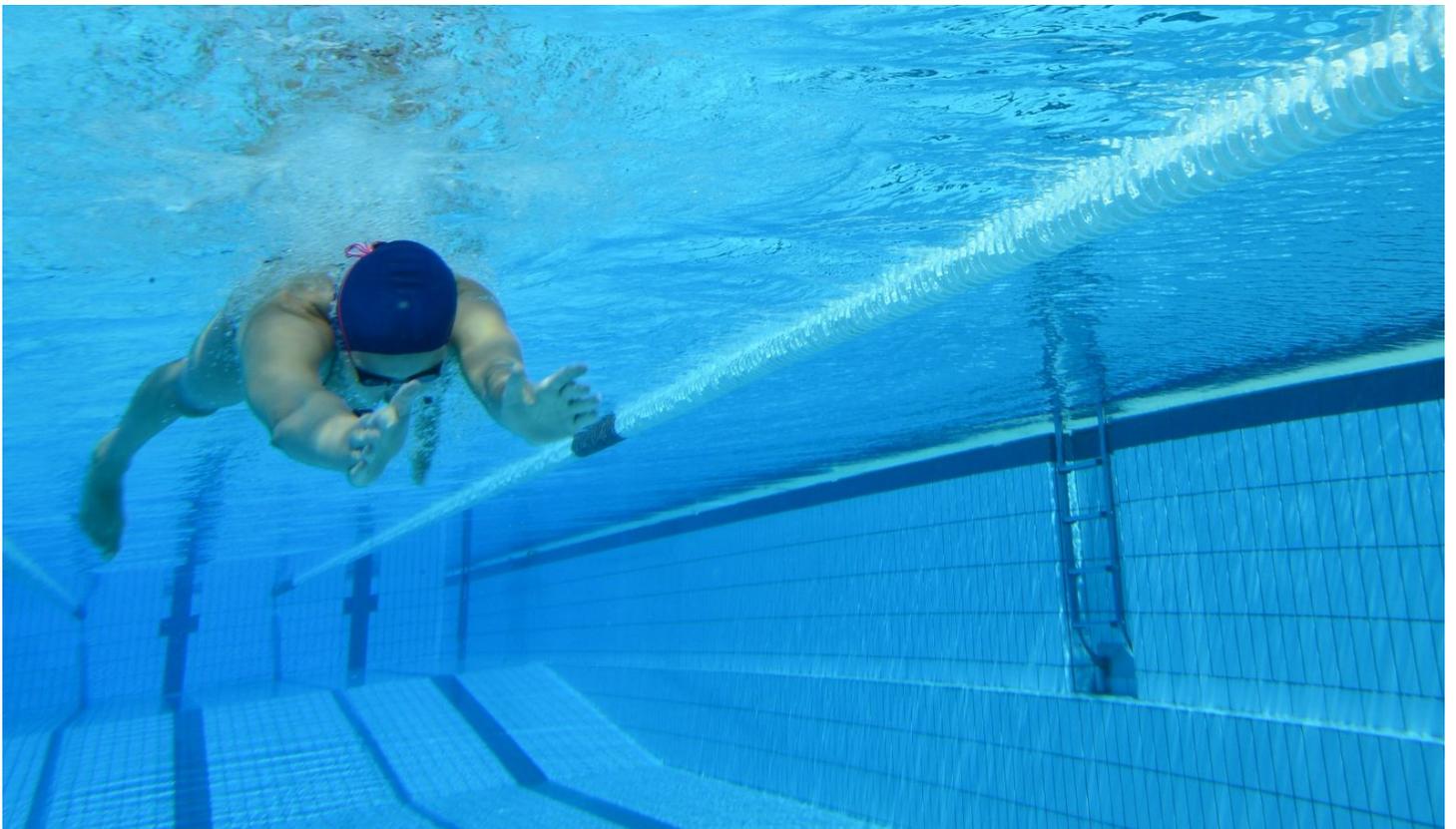


BLUE

Court of Audit of the Republic of Slovenia Newsletter • June 2015



modro (Slovene)

modrá (Czech)

modry (Polish)

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mėlynas (Lithuanian)

синьо/sinyo (Bulgarian)

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azul (Portuguese)

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bleu (French)

blå (Swedish)

sininen (Finnish)

zils (Latvian)

blau (German)

kék (Hungarian)

sinine (Estonian)

modrá (Slovak)

plava (Croatian)

μπλε/ ble (Greek)

albastru (Romanian)

Dear Colleagues

Court of Audit of Slovenia gives you **BLUE** - our newsletter in English as a counterpart to our internal publication **MODRO** which we first published in May 2015.

The idea of an internal publication has been with us for years, ever since a visit to the UK National Audit Office, where we were surprised to see with how much interest the staff was browsing through a new issue of their own. I knew the idea was ripe for realisation when last year a new colleague on our team asked me a simple question – and how am I to get to know them all?

Why **BLUE**? Word '**MODRO**' has two meanings in Slovene language – '**modro**' as colour blue and '**modro**' as wise. Both apply to us very fittingly. Colour **blue** has always been the colour of our logo and stationery as well as much of the interior. And to do our job best is to do it wisely – combine thoughts as clear as blue sky with reflections as deep as a blue ocean.

Our aim with **BLUE** is to give you a glimpse of our piece of sky, of some of our work that we feel is most relevant at the moment, for you to be able to get to know us better. We sincerely hope you will find it interesting and informative and will be happy to receive any feedback you may have.

Tomaž Vesel

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For more information regarding the internal publication MODRO or newsletter BLUE please contact Tina Eržen at tina.erzen@rs-rs.si.



BLUE – our little piece of sky

Word from the President

Court of Audit of the Republic of Slovenia celebrated in 2014 its 20-anniversary as the independent and the highest body for supervising state accounts, state budget and all public spending. These years were marked by various changes in our society, however, establishment of the general system of public finance, development of local self-government and successful introduction of euro as national currency had by far most significant impact on the use of public funds. We do believe that our activities in the 20 years, especially drawing the attention to the problems at hand, have contributed to the positive changes in our society although our recommendations and corrective measures were not always and fully followed through. In this time we have published as many as 1,800 audit and post-audit reports, suggesting there is hardly any field of public finance left which the Court of Audit did not examine.

Recently, with the amendments to the legislation on the one hand, the scope of the auditees is persistently expanding, i.e. to political parties, the Bank Assets Management Company (BAMC) and to over 200 companies indirectly owned by the Republic of Slovenia through majority ownership. On the other hand, we receive a few hundred audit proposals yearly from the public-at-large and the number is increasing. Therefore, an intrinsic gap in expectations of the different public segments appears, namely the public would like to receive prompt and reliable answers on the operations of the several thousand public bodies.

And there is another issue adding to the gap. A far more important one - the fact that the level of implementation of our findings and assessments in fact depends to a large extent on the auditees' perception of their relevance and appropriateness and not our arguments, with some of them even constantly pretending that this is not being the case.

The perceived importance and role of the Court of Audit in the Slovenian society is evident from the audit proposals it receives. Such interest in our work strengthens our belief that the general public is aware of our role and mission and that we do enjoy some of their trust. To achieve this, knowledge and independence of auditors are of crucial importance. And in order to be able to insist the state be organised in line with the principle of sustainability the main emphasis of our work does no longer follow the standard definition of the re-vision but it is gradually changing and focuses on the assessment of the visions developed by the competent authorities, including feasibility of their realisation.

I should reiterate that the Court of Audit is entering the third decade of its mandate with the respective competences which rank it among the European Supreme Audit Institutions with the most extensive powers with regard to the scope of its competence.

For all these reasons, we have modernised our mission in the newly adopted audit strategy for the period from 2014 to 2020, which follows the development efforts of Slovenia and the new financial perspective of the European Union. The updated guidelines on audit implementation, audit manuals concerning different types of audits, as well as good knowledge of the public spending enable the Court of Audit to meet the challenges of the future.

The aim of the Court of Audit is to ensure the balance between the innovative and expected conservative approach to work. In order to strengthen the public confidence in the audit function even further, the Court of Audit should maintain its professional authority by providing the predictability and certainty of the audit opinions.

The Court of Audit also plans to further develop partnership with the law enforcement authorities to better prevent corrupt practices, as well as with the Government and the National Assembly as this might provide for overall stronger effect of our work. Only through such cooperation can we assure that competence and responsibility of those in power are materialised and impact the future development.

During the past two decades, auditing and establishing our integrity was not a straightforward path. The auditors, in particular, carried out a thorough work; they withstood political and auditee's pressure with great perseverance. The work of an auditor is by no means a simple task. In my view, it is rarely gratifying and justly appreciated. I am therefore thankful to all who participated in shaping and establishing the institution.

Watching carefully over public money shall not only improve citizens' confidence in government's operations but shall as well improve our competitiveness and quality of life of each individual. In doing so our attention shall also be focused on the international environment and cooperation with other supreme audit institutions. Integration into the European Union brings about new challenges, in the future, also new competences and powers of the Court of Audit.

And with BLUE we wish to offer you a view of our little piece of sky!

EUropean Liaison Officers meet in Ljubljana

Tina Eržen

Cooperation between the European Court of Auditors (ECA) and national Supreme Audit Institutions (SAIs) on the basis of mutual trust and principle of independence is envisaged in para.3 Art 287 of the Treaty on the Functioning of the European Union. The main reasons for a certain level of interrelatedness of otherwise independent institutions are the European funds and the principle of their shared management. Central body responsible for the use of European funds is the European Commission and the ECA exercises control over its operations. In accordance with the principle of shared management, the Member States gain certain powers and responsibilities regarding regular and efficient use of funds, and various entities, including individuals, become beneficiaries of these joint funds. In this way auditing mandates of two supreme and independent supervision authorities meet, the national SAI and ECA.

The manner of cooperation among otherwise independent institutions was formed as early as in 1977 by establishing the Contact Committee, an informal body which brings together heads of SAI of the EU Member States and of the ECA once a year. However, maintenance of contacts and exchange of information about most recent developments at individual SAIs are the responsibility of liaison officers. Setting up of working groups and joint projects has to be approved by the Contact Committee at its annual meetings, however, in October 2014, a mutual

agreement has been reached that such initiatives and proposals may in the future be dealt with also through e-communication and liaison officers. The majority warmly welcomed a more flexible and responsive method of work. The opportunity to see how efficient this may be, was the meeting of liaison officers organised on 19 March 2015 in Ljubljana. The Court of Audit of the Republic of Slovenia responded to the request of the State Audit Office of Latvia, the host of the 2015 Contact Committee meeting, to organize a working meeting of liaison officers since they have to convene at least two months before the Contact Committee in order to discuss the material and topics for discussion of the Committee.

Our decision grew from the realisation that a contribution of an individual SAI to the European sphere does not depend merely on the size of the state or institution but mostly on its vision, will and knowledge. We considered the challenge as a great opportunity to demonstrate that even most different institutions are capable of good cooperation and that true cooperation is a future oriented and efficient way of working. It makes us particularly happy and proud that we took on that challenge and managed to organise a meeting at which 20 agenda items were addressed and common positions adopted. And, what is more, the liaison officers approached each task in high spirits which brings us to a conclusion that the institutions that



supposedly greatly differ from each other have much more in common in reality! Positive and stimulating atmosphere can also be unequivocally proven by our group photo.

The next morning, the liaison officers from candidate countries and Kosovo gathered at the premises of the Slovenian Court of Audit together with the representatives of the Swedish SAI, which is heavily engaged in development of practices and knowledge in those SAIs, the liaison officer from Romania, providing invaluable mentoring support

to the group of candidate countries, and the ECA, offering additional support to development of knowledge and audit practices.

In conclusion I wish to say it was a real pleasure and a rewarding experience to host this meeting which hopefully contributed to enhancing the cooperation among SAI of the European Member States and ECA in the future. It has certainly increased the visibility of the Court of Audit of the Republic of Slovenia which we embrace as an encouragement to our further work.



Audits

The Court of Audit of the Republic of Slovenia (CoA) aims to address in its audits the broadest possible array of relevant issues in its sphere of influence. Selection of audits and their planning prove to be the decisive elements for building our relevance in the dialogue with all stakeholders of the process of spending public money. Beside the mandatory audits, it is our wish to shed light on the burning as well as emergent issues with the goal to provide the public-at-large and the decision-makers with independent, objective and rounded set of information to help facilitate the processes of necessary change. In our newsletter we wish to share with the international community abstracts of those projects that have recently made most impact.

Summaries of reports are available at our website www.rs-rs.si.

Abstract of the audit report Effectiveness of planning State borrowing requirements in the year 2013 and first half of the year 2014



The CoA implemented an audit of *the effectiveness of planning State borrowing requirements in the year 2013 and first half of the year 2014* at the Government of the Republic of Slovenia and the Ministry of Finance.

The key national document in the field of borrowing is the Financing Program of the Republic of Slovenia Central Government Budget adopted by the Government, which defines strategic and operational targets of borrowing for a given fiscal year. In the audit it has been established that these strategic targets of borrowing comply with best practices recommended by international financial institutions and represent the appropriate basis for the future phases of planning State borrowing requirements. In accordance with the guidelines from the international financial institutions, the strategic targets were not modified much. The CoA considers this an appropriate practice, since strategic targets are set for a longer period of time and are developed to be followed up, regardless of current macroeconomic circumstances of a state or capital market conditions.

Such strategic targets should represent the basis for defining medium-term borrowing strategy which the Government has not yet adopted. Specific elements that should be integral parts of the borrowing strategy are envisaged within the financing programs, which are annual documents and cannot provide the Ministry with the formal guidelines for borrowing in the long term nor are they as such at all presented to the public and the stakeholders. The borrowing strategy should mainly give a clear directive to the Ministry as to the level of the acceptable risks to minimize the costs of borrowing. Since the Government did not adopt such guidelines, the Ministry was forced to undertake a conservative policy of borrowing in order to minimize the risks. The same fact emerges from the CoA's analyses of the debt portfolio in which no specific risks with regard to debt management were detected. Even though the Government did not formally adopt a medium-term strategy, the Ministry of Finance reasonably applied procedures and methods that are recommended by the international financial institutions as necessary when developing medium-term strategy of borrowing and when planning borrowing execution.

Documentation shows that the Ministry routinely monitored and analysed the structure of debt portfolio and capital market conditions, while setting up of the formal framework for monitoring and risk management has only started in the years 2013 and 2014. An important step forward in this field was made by establishing a

Board for risk management and debt capital markets at the Ministry. Its task is to provide for appropriate recording of the decision-making and enabling easier reproduction of circumstances at the time when the decisions were adopted. The process of recording the analyses and decisions that were adopted on the basis of such data was until now not complete, this being the case as the employees performed large scope of tasks in the period referred to in the audit. By reducing the number of employees in the recent years, the operational risk increased, especially in cases of unexpected absences. Risks pertaining to effective implementation of the borrowing execution also relate to providing all necessary information on the situation of the State to possible investors by the Ministry. Specific communication channels between the Ministry and the stakeholders were not well established. Moreover, special protocols on communication and on sharing information affecting topical decisions and current situation were not adopted.

Operational targets of borrowing underlying the financing programs for the fiscal years 2013 and 2014 were defined solely by debt instruments without any specific directions explaining what risks the Ministry can bear in order to minimize the costs of borrowing and what portfolio structure it should reach. Thereby, the Ministry was given more flexibility in the implementation of the borrowing execution, which would in turn require undertaking more responsibility of the stakeholders and offices at the Ministry.

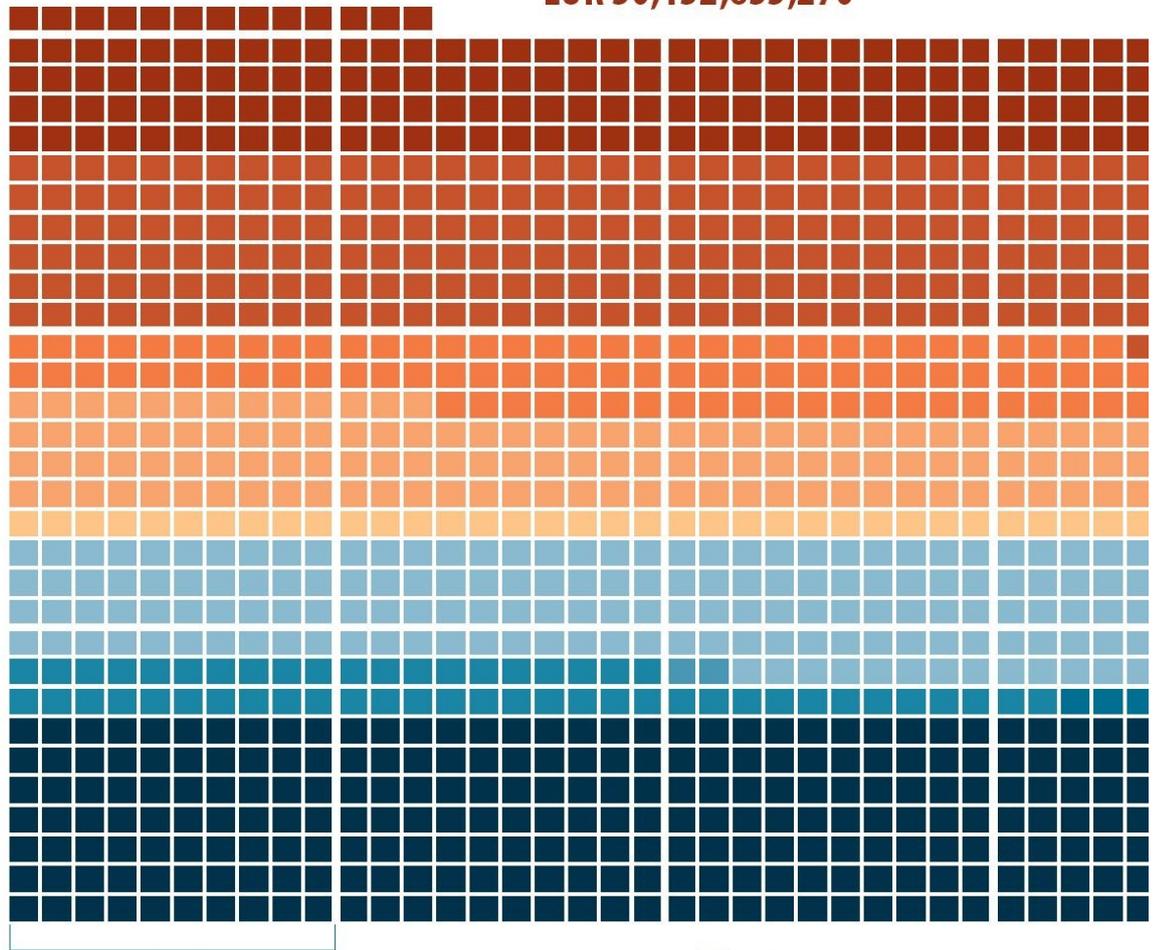
The CoA also reviewed compliance of planning State borrowing requirements by new bonds with strategic and operational targets. The CoA believes that the Ministry adopted its decisions on borrowing by issuing new bonds in the year 2013 and in the first half of the year 2014 based on the analyses performed with the aim to minimize the exposure of the debt to market risks as much as possible. At the beginning of the year 2013 the State could have benefited from more favourable conditions of borrowing compared to the result achieved later, but the Financing Program of the Republic of Slovenia Central Government Budget for the fiscal year 2013 was not adopted at that point and the Ministry was also not given the approval. Due to the political instability of the State at the time, the expected response of the international financial markets to a bond issued would probably not be favourable.

The CoA requested from the Government and the Ministry to submit *response reports* in which they have to disclose the plan of activities for adoption of the communication protocols, for defining the procedure of preparation of the annual Financing Program and for an analysis of the procedures of the execution of borrowing and State debt managing.

The CoA also submitted to the Government and the Ministry several *recommendations* concerning development of the medium-term borrowing strategy, implementation of stress tests, and recording of input information and different factors affecting the preparation of the annual Financing Program.

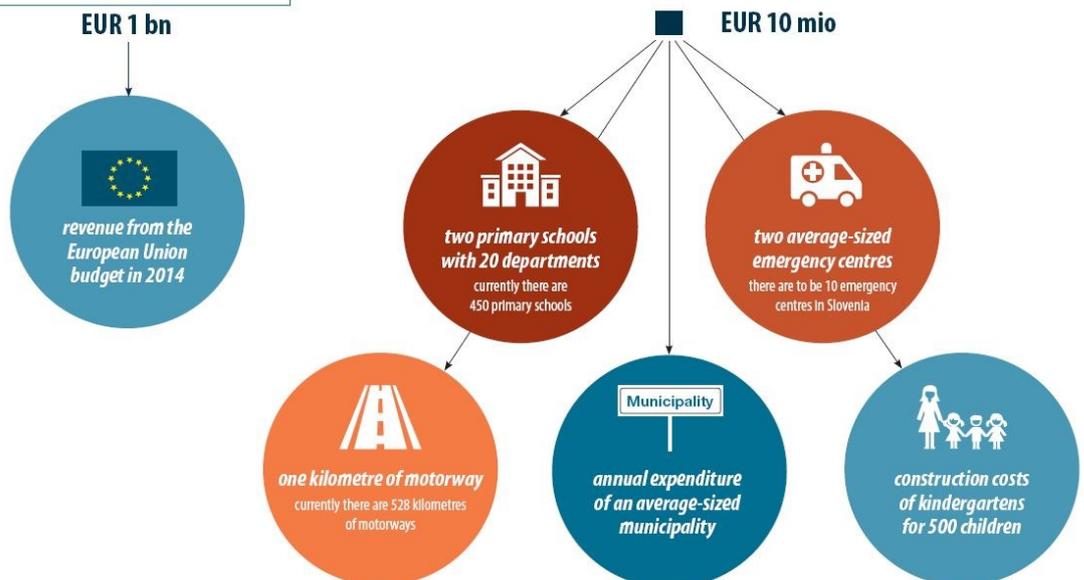
General Government Debt by Years

EUR 30,132,635,270



CoA has chosen to illustrate the relative size of general government debt with the aim to better facilitate future discussion among all stakeholders.

The picture on the right represents only a section of the poster. Full size poster available upon request.



Abstract of the audit report Efficiency of the system of financing and operations of public agencies and funds

The CoA audited the efficiency of the system of financing and operations of public agencies and funds. The period covered by the audit refers to the years 2012 and 2013. The auditees were *the Government of the Republic of Slovenia* exercising the rights and obligations on behalf of the Republic of Slovenia as the founder, and *eight ministries* responsible for exercising control over activities of public agencies and funds. Public agencies and funds were not auditees which gave rise to certain limitations during the audit and reporting on the established irregularities respectively inefficiencies.

The CoA focused mainly on four areas, namely on the establishment of public agencies and funds, provision of funds for their operations, congruence of regulation on the use of funds and on the exercise of control over the operations of public agencies and funds, which the CoA commonly defined as the system of financing and operations of public agencies and funds. It assessed that in the years 2012 and 2013 the existing manner of regulating the financing and operations of public agencies and funds was *mostly inefficient in terms of ensuring an efficient system of financing and operations*.

At the end of 2013, there were 15 public agencies and 8 public funds in the Republic of Slovenia founded by the State. However, due to continuous establishing of new and also merging, reorganising or abolishing individual public agencies and funds their number varied in the period covered by the audit and after it. It is also important to point out that their official name does not necessarily unambiguously indicate whether it is a public agency or a public fund, nor it is clear for certain entities which legal form of the organisation it should belong to.

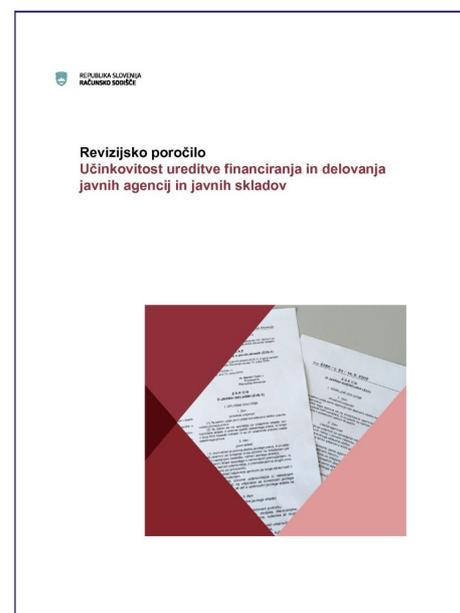
Even though the two existing framework acts should regulate most common areas of operations of public agencies and funds, they, however, cannot be applied to certain public agencies and funds in full, whereby the exceptions were also introduced by several sectorial regulations.

Additionally, it found out that director employment contracts are not unified.

Lack of proper regulation of premises, equipment and initial capital of these entities, which should remain in the ownership of the Republic of Slovenia, is reflected also in recording such real estate in the land register and books of account of public agencies and funds as own assets or as facilities management.

Public agencies and funds are financed from various sources. Their revenue and expenditure accounts show that they generated total revenue of approx.. EUR 169 million, whereby they received almost EUR 60 million from the State budget. It should be noted that certain public agencies and public funds are mainly financed from the State budget, however, there are some that do not receive any. The legislation enables the founder to pass a decision to reorganize the fund as a company, if it did not receive financial resources from the founder's budget in the past three years of its operation and if it disposes of a capital in the amount of more than EUR 30 million. In view of the aforementioned, the CoA pointed out certain risks related to such fund reorganization, as the companies emerged therefrom are considered to be under considerably lower control compared to the public fund.

The CoA also examined the legal bases for the use of funds applicable to direct and indirect budget users. There are negligible differences in the field of public procurement while the legislation, especially in the field of employment, granting



rights to employees and setting the amount of material costs of public agencies and funds, is vague and allows the public agencies and funds to impose restrictions on their own behalf. The CoA is of the opinion that additional limitations would be necessary.

Even though the ministries should exercise control over public agencies and funds, it is, however, not exerted sufficiently, equally and consistently. The Government as the founder failed to draw up the guidelines for the unification of control.

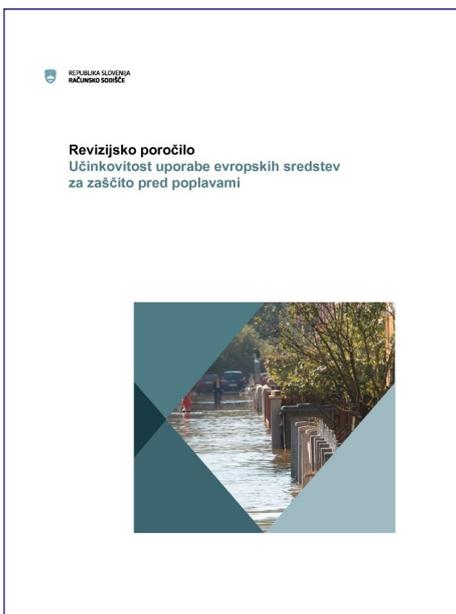
Financial plans of public agencies and funds were often approved late, moreover, some were even not addressed by the Government as they were submitted only at the end of the year. Amendments to the budget implementation act aimed at unifying the manner of adopting such documents and at the same time excluding the Government from the concerned procedures, were not sufficiently

substantiated and did not consider the differences in procedures applicable to individual indirect budget users.

At the end of 2013, public agencies disclosed surplus in the amount of almost EUR 10 million, and public funds in the amount of EUR 15 million. In the years 2012 and 2013 most of public agencies and funds produced excess of revenues over expenses. However, unanimous decisions on the use of surplus were not taken for all public agencies.

The CoA requested from the Government to submit a *response report* in which it has to disclose the implementation of corrective measures for the elimination of inefficiencies, and provided the Government and the ministries with several *recommendations* for improving the efficiency of regulating the manner of financing and operations of public agencies and funds.

Abstract of the Audit report Efficiency of the use of European funds for flood protection



The CoA audited the efficiency of the use of European funds for flood protection in the period from January 2007 to March 2014 to examine whether the Republic of Slovenia efficiently used the available funds of the OP of Environmental and Transport Infrastructure Development 2007-2013 (hereinafter referred to as: OP DETI) for the reduction of harmful effects of waters through flooding. The CoA examined at Ministry of the Environment and Spatial Planning and the Slovenian Environment Agency whether the preparation and the implementation of the projects were carried out efficiently, with respect to their content and given time frame. It also examined the efficiency of the preparation of the flood risk reduction projects which are to be supported by EU funding within the 2014-2020 programming period.

It has been established that the programming and scientific bases that would enable the selection of such projects which could substantially contribute to the flood risk reduction were not available to the Ministry in 2007 when preparing the OP DETI. The Ministry only disposed of the framework strategic guidelines and descriptively defined objectives and was familiar with some of the areas with significant flood risk but the flood areas were not systemically defined and assessed in relation to damage potential. After 2007, the Ministry prepared several implementing regulations pertaining to the field of flood safety but failed to harmonise the provisions and terms laid down therein.

Upon including the projects into the OP DETI in 2007 the Ministry did not start working on their specific content until 2010. They were finalised and approved in the penultimate and in the final year of the programming period, namely in 2012 and 2013. The passive approach of the Ministry in the period from 2007 to 2009 caused serious delay in implementing the priority tasks of the OP. The Ministry failed to draw up an organisational plan and time schedule for the project preparation, it started late with the preparation of the investment documentation and had disproportionately low number of employees responsible for the project preparation. Additionally, the Agency failed to sufficiently prepare itself for managing the environmental factors accompanying the implementation of the project aimed at the improvement of monitoring of the aquatic environment, which is why the project is being carried out at a slower pace than initially planned. In seven out of nine years the Republic of Slovenia thus certified with the European Commission the expenses in the amount of 22.5 percent of the available EU funds for the reduction of harmful effects of waters.

In comparison with the 2007-2014 programming period, the Ministry has several programming and scientific bases at its disposal for the selection of the projects for the new 2014-2020 programming period. Nevertheless, they still do not provide the complete information on the areas most at risk of flooding and especially the measures to be taken to considerably reduce the flood risk with the allocated funds. However, when selecting the projects, the Ministry is to consider the areas recognised as the areas with significant flood risk, which is important improvement in comparison with the previous programming period.

In the period covered by the audit, the CoA assesses that the flood safety could be considerably improved if the government carried out regular maintenance works relating to water infrastructure to a greater extent.

In preventing damage caused by flooding, the restrictions regarding the changes in land use in the flood areas are also of significant importance. In view of the aforementioned measure, the government is thus acting inefficiently as the locations that may be intended for natural or artificial grouping of waters have not been identified in the majority of the flood areas. The CoA further assesses that the flood safety could be considerably improved if the government recognised the concept of preventing new damage potential in the flood areas as a crucial preventive measure also in practice.

Thereby the Ministry and the Agency *failed to efficiently use* the available EU funds for the reduction of harmful effects of waters through flooding. The preparation and the implementation of the projects in the 2007-2013 programming period were not carried out efficiently or efficiently enough in terms of content and time frame, and the efficiency of the preparation of the projects for the new 2014-2020 programming period was not significantly improved compared with the past programming period.

The CoA requested from the Ministry and the Agency to submit *response reports* in which the Ministry, inter alia, has to disclose the plan of activities for amending regulations in order to ensure consistency and clarity of terms and provisions pertaining to flood areas and areas at risk due to flooding, the plan of activities for the protection of most significant river basins that may be intended for grouping of waters at the level of individual river basins, as well as draw up a time schedule and organisational plan for the preparation and implementation of the projects that are to be carried out by using the EU funds for the 2014-2020 programming period. The CoA also submitted several *recommendations* for ensuring greater benefits relating to invested funds, improving transparency of the concerned subject filed arrangement, and for taking preventive actions.

Abstract of the audit report Efficiency of implementation of measures for the efficient use of energy

The *audit objective* in this case was to express an opinion on the efficiency, effectiveness and economy of operations of the Eco Fund, Slovenian Environmental Public Fund, Ministry of Finance, Ministry of the Economy, Ministry of Public Administration, Ministry of Agriculture, Forestry and Food, Ministry of the Environment and Spatial Planning, Ministry of Transport and the Ministry of Higher Education, Science and Technology in implementing measures for increasing the efficient energy use within the period from 2008 until the end of 2011.

From 2008 until the end of 2010 the auditees have, by spending public funds in the amount of EUR 34,866 achieved 1,097 gigawatt-hours of electricity savings. Adding the savings generated already prior to 2008, which amounted to 219 gigawatt-hours, the planned savings will be exceeded, i.e. in the amount of 1,187 gigawatt-hours. The envisaged 9-percent energy savings will thus be achieved by the end of 2016, however, the contribution of the implemented measures is merely 32 percent of the total savings achieved. Most energy savings disclosed are to be attributed to the economic crisis and certain methodologies for calculating energy savings which are based merely on estimations.

The *Ministry of the Environment and Spatial Planning* drew up the National Energy Efficiency Action Plan 2008-2016 which at the systems level presents the objectives set, measures envisaged, energy savings expected and public funds needed. It does, however, not include the measures planned in the Rural Development Programme 2007-2013, the objectives pertaining to the transport sector are insufficiently



defined, while the outcomes of certain measures are formulated in a manner that does not allow for neither assessing nor measuring.

In an attempt to ensure the missing public funds required for the implementation of measures for achieving the planned energy savings, *the Ministry of the Economy* prepared a Decree on Energy Savings at End-Users in which it inappropriately enabled direct allocation of public funds to large energy suppliers without prior recording of those funds in the state budget.

The Eco Fund, Slovenian Environmental Public Fund was found to be successful in implementing the measures for efficient energy use in households, namely in the field of energy renovation and sustainable construction of buildings, since its financial incentives helped to exceed the planned outcomes and thus significantly contributed to the achievement of the highest energy savings in the household sector.

Before the end of 2011, *the Ministry of Public Administration* did not possess the complete record of real estate owned by the Republic of Slovenia and did not plan the implementation of measures for the efficient energy use in the public sector. *The Ministry of the Economy* failed to adopt the regulation on energy accounting, while it adopted the rules on energy performance certificates too late. *The Ministry of Finance* was not timely in adopting the rules and regulations on green public procurement and also failed to adopt the policy of energy performance contracting. Since they failed to implement the required measures, the measures implemented in the public sector and the achieved energy savings represented less than one percent of the total savings achieved.

The Ministry of Transport failed to formulate a policy of transport infrastructure development for sustainable mobility but continues to implement the project of integrated public passenger transport and plans to conclude the construction and maintenance of railways until 2030. The outcomes of these projects will only be visible at the end of the National Energy Efficiency Action Plan 2008-2016 period. The foreseen energy savings in transport, calculated by the method based on the estimated data, exceed the planned energy savings, although, apart from certain rules and regulations, there were no other measures implemented in the transport sector.

The Ministry of Higher Education, Science and Technology was ineffective in ensuring the sufficient scope of financial resources for the development of energy technology, since it failed to include energy technology development as one of the priority fields in its strategic documents.

The CoA demanded from the auditees *to implement corrective measures*. The Ministry of the Environment and Spatial Planning was thus requested to submit the plan of activities for transport infrastructure development for sustainable mobility, few amendments to regulations concerning allocation of eligible funds, determining energy savings, quality of energy services providers and on strategic awareness-raising. The Ministry of Agriculture and the Environment was requested to submit the proposed amendment to the Decree on Consumer Information on Fuel Economy and CO₂-Emissions. The Ministry of Finance was requested to submit a plan of activities to facilitate public-private partnership projects in the field of energy savings performance contracts. The Ministry of Justice was requested to submit a plan of activities for centralised record of physical assets of the State.

The CoA also provided the Eco Fund, Slovenian Environmental Public Fund, the Ministry of the Environment and Spatial Planning, the Ministry of Finance, the Ministry of the Interior and the Ministry of Agriculture and the Environment with some *recommendations* to improve their operations regarding the implementation of measures for increasing the efficient energy use.

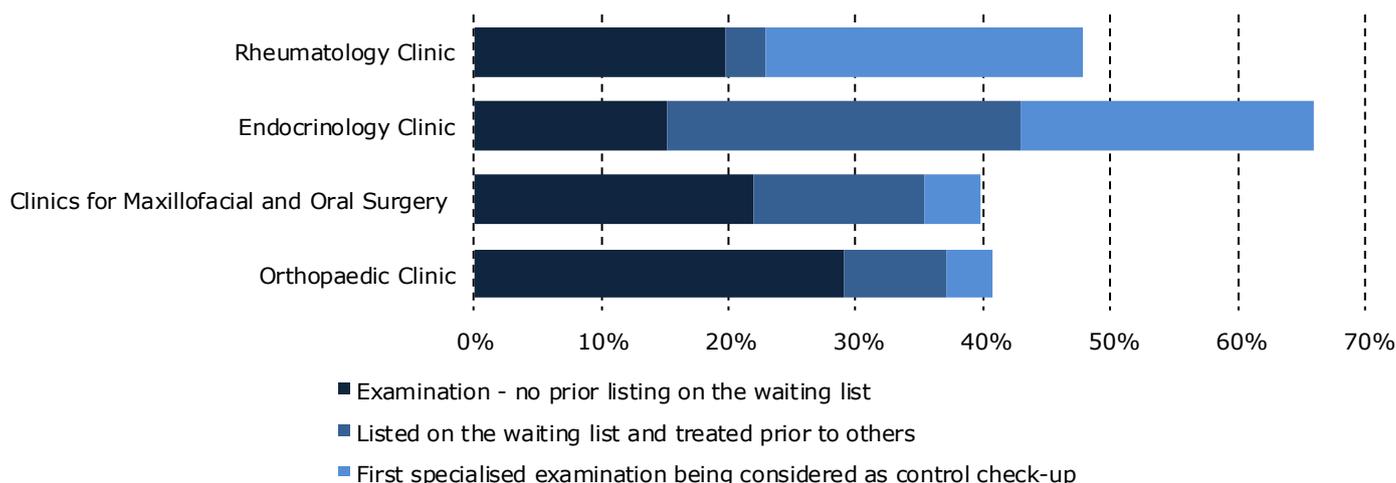
Abstract of the audit report Waiting lists at University Medical Centre Ljubljana

The CoA established within the performance audit concerning the management of waiting lists in 2012 that the University Medical Centre Ljubljana *was not effective in ensuring equal treatment of patients regarding access to healthcare services.*

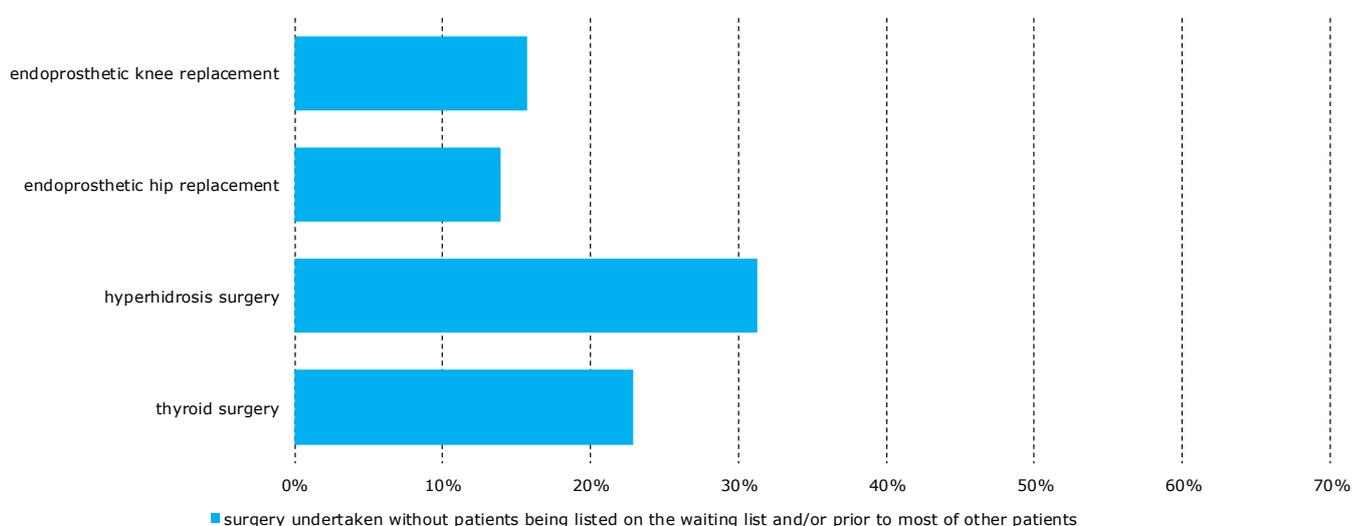
When reviewing the activities of management of waiting lists of five selected organisational units (clinics or departments), the CoA detected material inefficiencies, ineffectiveness as well as derogations from regulations leading to unequal treatment of patients regarding the access to healthcare services. Waiting lists were kept by different units of the University Medical Centre Ljubljana in distinctly different manners and none of the reviewed units provided for the traceability of changes made, to the lists such as whom by, when and why the changes were made.

The CoA established that 15.2 - 29% of non-urgent patients were examined by medical specialists immediately, not even being listed on the waiting lists, 3.2 - 27.7% of patients were listed on the waiting list but were treated prior to most of the patients with the same degree of urgency. Additional 3.7 - 24.8% of patients were treated as patients coming for a control check-up, even though they should have been regarded as patients waiting for the first specialist examination and listed on the waiting list. The share of patients that were treated preferentially differs between the units as shown in the figure below.

Regarding medical surgeries, the CoA established that 13.9 - 31.3% of non-urgent patients received surgery without being listed on the waiting list or were admitted to



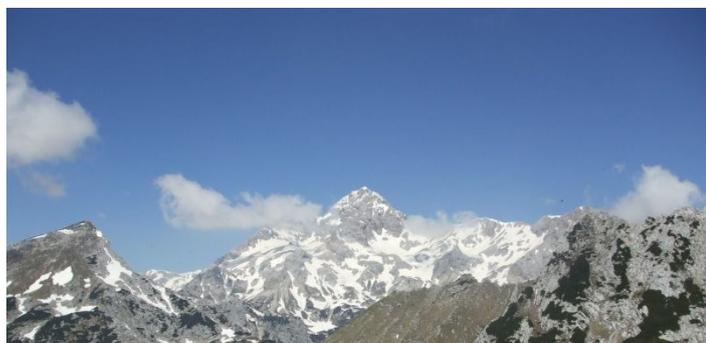
hospital prior to most of other patients. The share of patients that received priority surgery is shown in the figure below.



Note: Both figures present the share of non-urgent patients that were treated as a priority relative to all patients that should have been listed on the waiting list and treated according to the date of entry on the list.

The CoA among else established that none of the units appropriately managed risks of possible corruptive activities, since they did not prevent the possibility of patients being provided healthcare service directly upon an agreement with the doctors or other employees, and since patients were treated without being scheduled as urgent. At the same time, majority of check-ups and surgery in all units in question have been performed without any reference to the waiting lists. The CoA established that the information systems at the University Medical Centre Ljubljana were not fully facilitating all procedures for efficient and effective keeping of the waiting lists, furthermore they did not have efficient control mechanisms to reduce the known risks for unequal treatment of patients regarding the access to healthcare services, namely to prevent non-urgent patients who were not entered in the waiting list to receive healthcare service, and to provide control over the occurrence of deviations.

The CoA is therefore of the opinion that the management of the University Medical Centre Ljubljana was not efficient in reaching the objective of providing for equal treatment of patients regarding equal access to healthcare services and for control over the keeping of the waiting lists by each unit. Due to the fact that the management of the University Medical Centre Ljubljana did not detect most of the risks for unequal treatment of patients and did not take action to systematically reduce such risks, the CoA submitted several *recommendations* and demanded from the auditee to implement *corrective measures*, to prevent unequal treatment of patients in future and to set up appropriate controls over possible occurrence of deviations.



**PHOTOGRAPHY IN BLUE
BY THE STAFF OF THE COURT OF
AUDIT OF THE REPUBLIC OF
SLOVENIA**



BLUE

Court of Audit of the Republic of Slovenia Newsletter • June 2015
