



REPUBLIC OF SLOVENIA  
COURT OF AUDIT

## AUDIT REPORT

# Administering and managing the company DRI as an in-house service provider for the State bodies and other public law entities

**Performance audit**

Audit period: 1 January 2020 to 31 December 2020



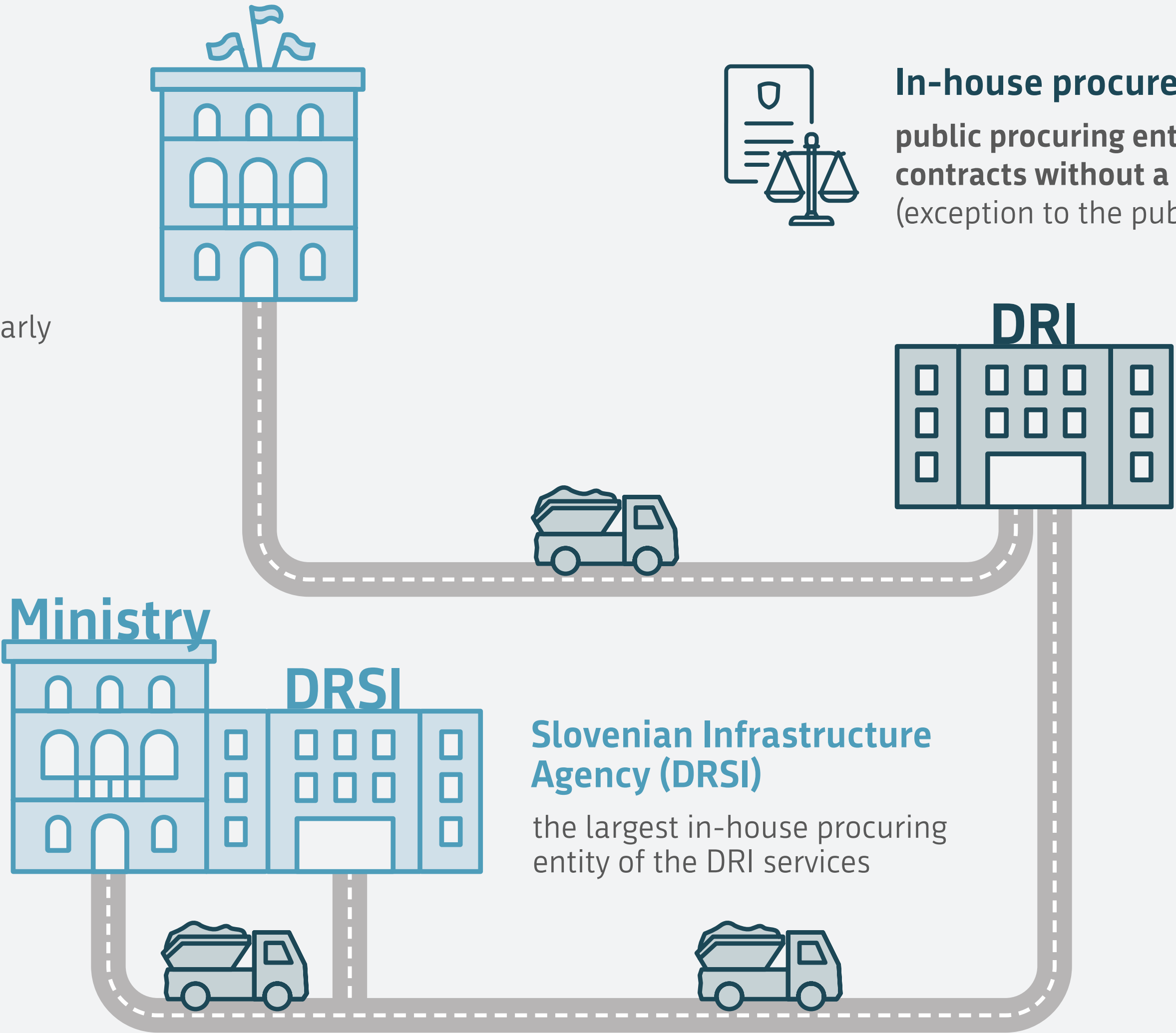
# DRI upravljanje investicij, d.o.o. (DRI Investment Management, Ltd.) is an in-house engineering services provider

## Government of the Republic of Slovenia

- manages capital investment in the company DRI
- administers the company DRI similarly as its own offices

## Ministry of Infrastructure

- monitors capital investment in the company DRI
- in-house procuring entity of the DRI services



**Purpose  
of DRI**  
providing investment  
engineering services as  
an in-house service provider  
for the State, the State  
bodies and other public  
law entities

## DRI upravljanje investicij, d.o.o.

100% state-owned enterprise

provides engineering services on  
public railway and road infrastructure



**€ 28.2 million**  
revenue

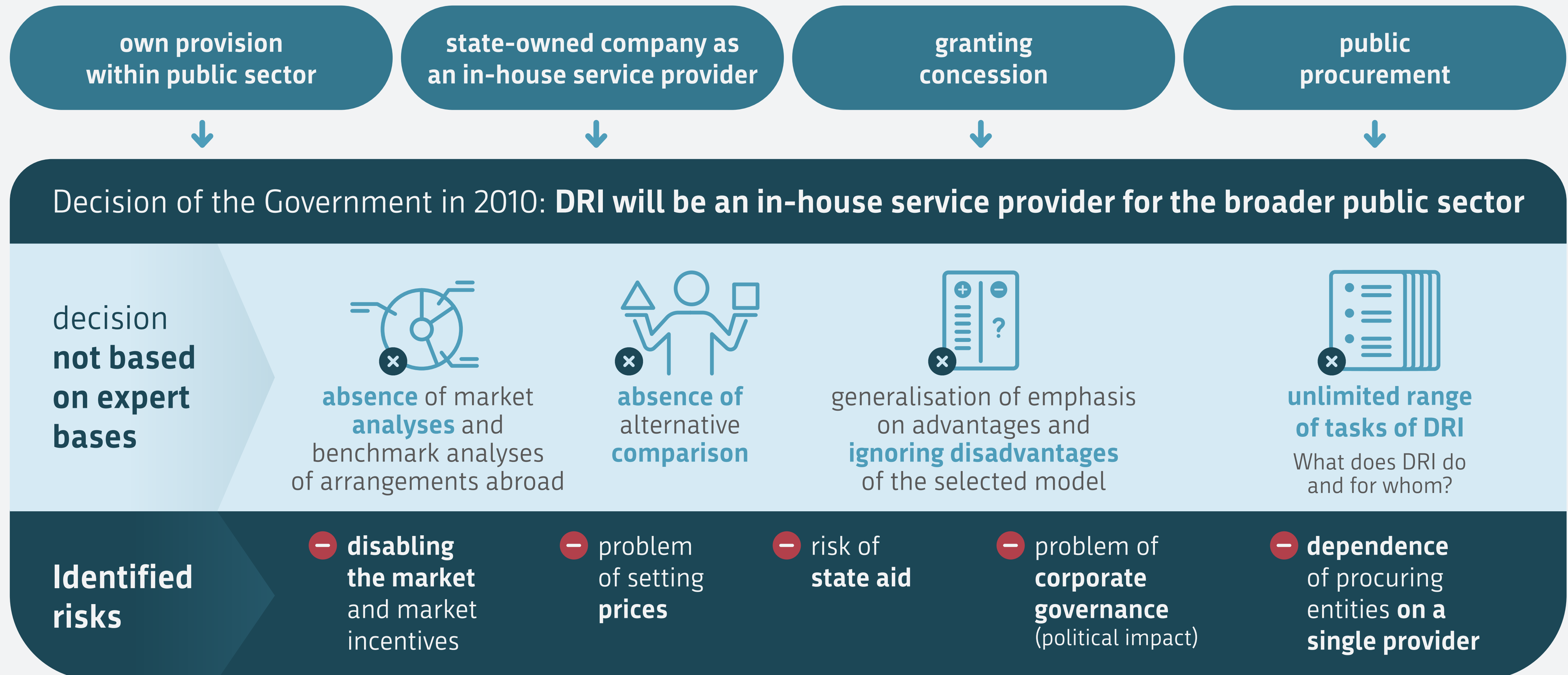
in-house  
procurement



commercial  
activity

# Selection of a model for providing engineering services to the State not well considered

The State should have examined several possible models and their combinations:



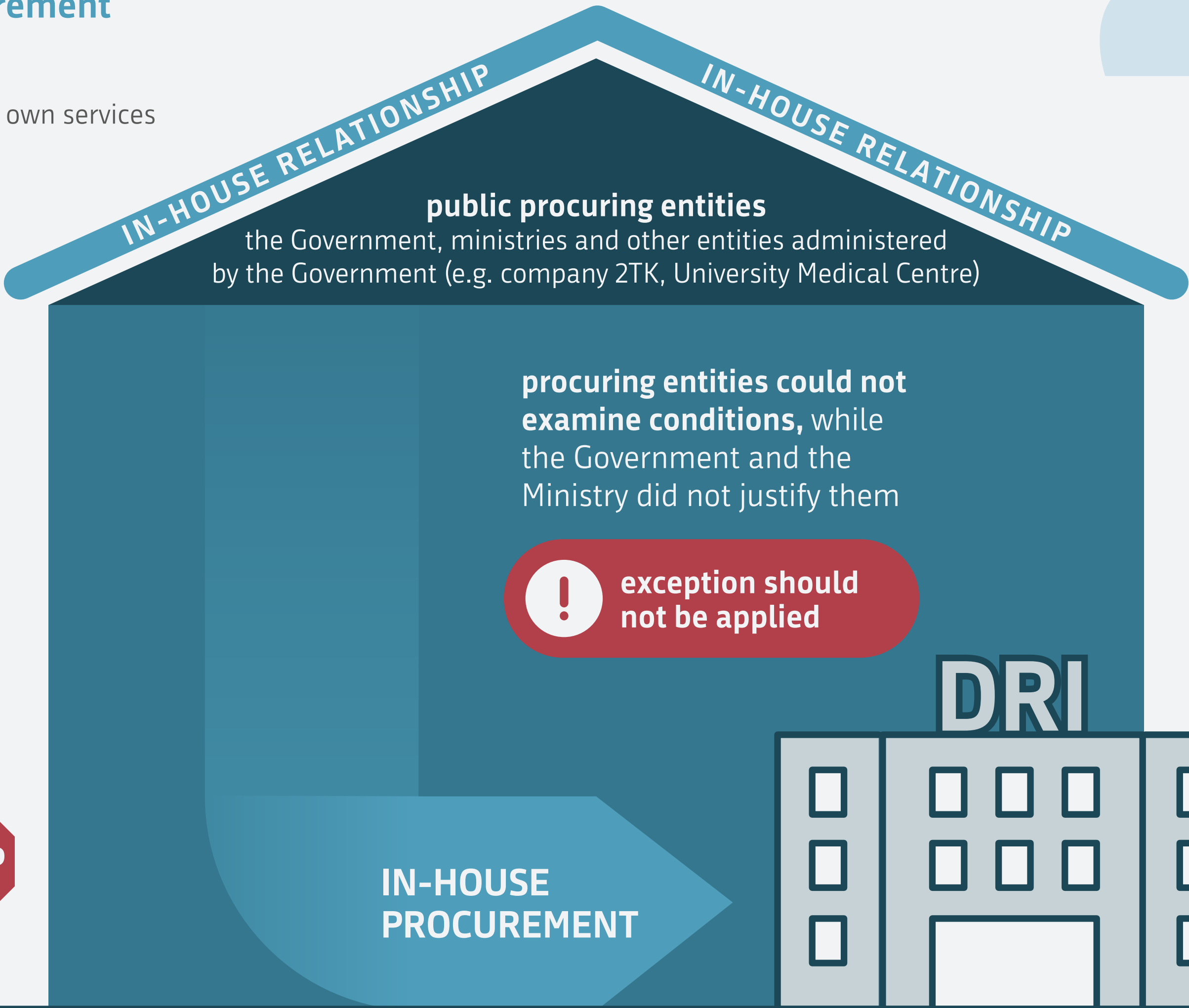
# DRI as an in-house service provider for the State failed to meet all conditions, the purpose of the DRI operations was thus not achieved

## Fulfilling conditions for in-house procurement

- ✗ **organisational dependence**  
not all procuring entities administer DRI as their own services
- ✗ **economic dependence**  
DRI does not perform at least 80% of its business operations for procuring entities
- ✓ **no participation of private capital**
- ? **competitiveness**  
not presented that prices are equal to or lower than those on the market

! **the arrangement does not allow for awarding in-house procurements to all procuring entities which are part of the State, the State bodies and other public law entities**

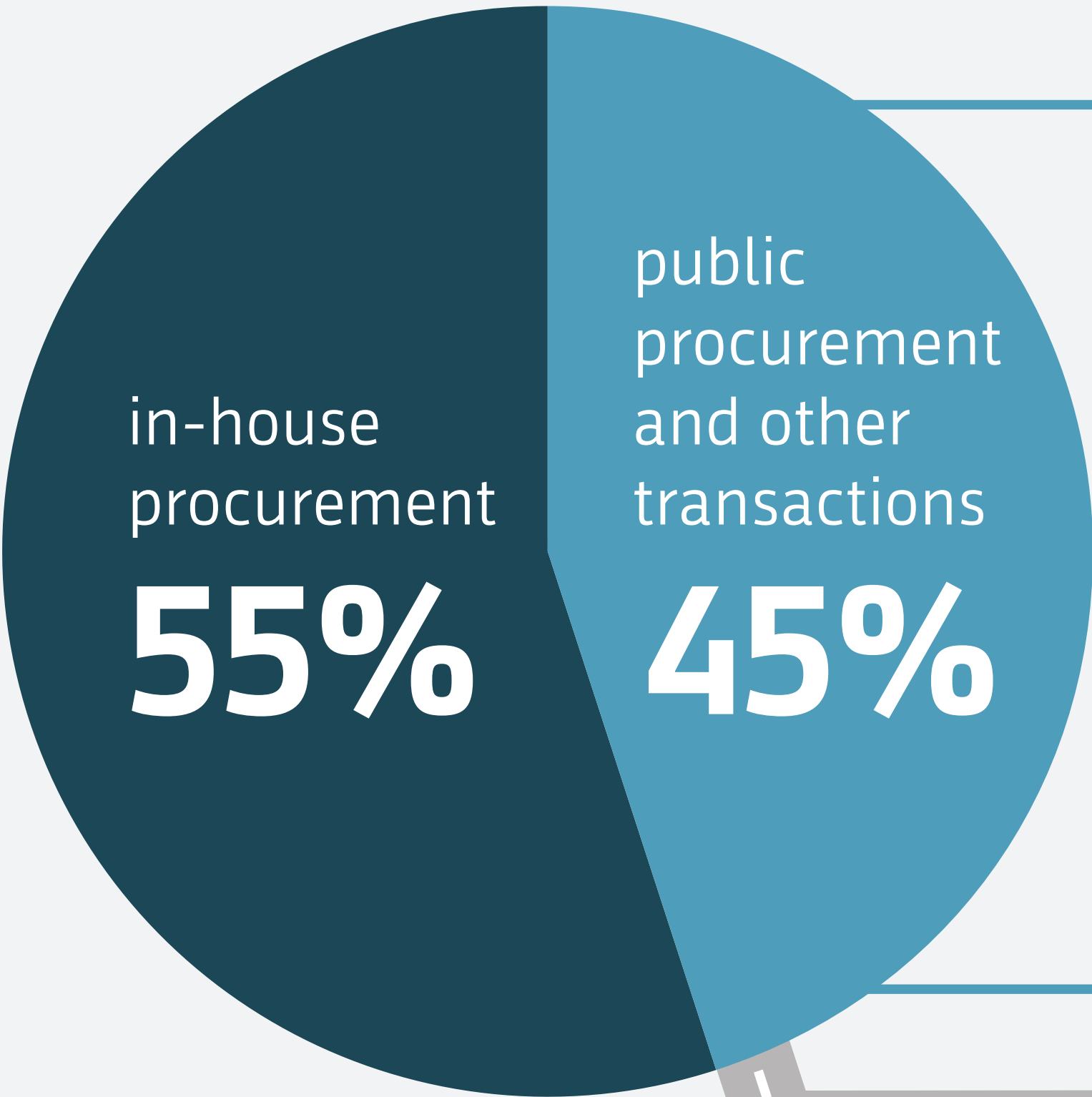
other public procuring entities  
(e.g. judiciary, company DARS)



# The core mission of DRI is an in-house status, but in practice it also operates in the market



Many laws and instruments of incorporation emphasise the **in-house status of DRI** as its core mission



DRI participates in public tender procedures of those public procuring entities who also award DRI their in-house procurements



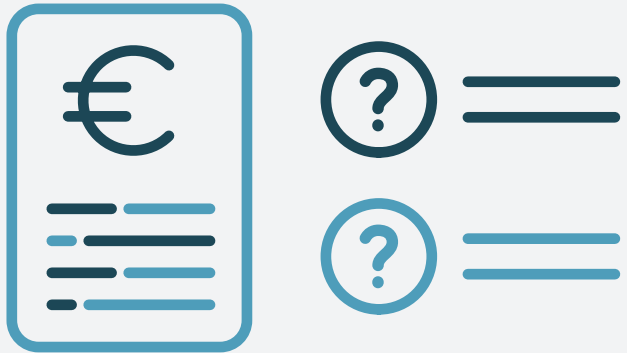
? **privileged treatment of DRI**

other business entities



**DRI is too market-oriented**

! **this makes no sense considering the role of DRI as an in-house service provider**



**DRI does not keep separate accounts**

- > **not possible to determine profit by individual activities** (in-house transactions and market transactions)
- > **risk** of state aid and cross-subsidization of services



# DRSI failed to appropriately apply in-house model when carrying out tasks



## not unified role of DRI in the field of railway and road infrastructure



- > **although DRSI was established specifically for those tasks** (e.g. drawing up contracts with concessionaires, spatial planning and siting, administrative functions)
- > **not all tasks fall within basic tasks for fulfilling the purpose of DRI** (e.g. participating in public procurement award procedure, public relations, international cooperation)



- > **which tasks** should be performed **by own resources** and which should be outsourced?
- > **when** and to what extent **should DRI be directly engaged** as an in-house service provider and when to conduct **tender procedure?**



- > **questionable reporting by DRI** (no mistakes detected in the calculations and no mistakes or delays in performing work)
- > **information system** for managing investments in the infrastructure **not established**
- > **understaffing at DRSI** (23 project managers manage 3,174 contracts)

# OPINION OF THE COURT OF AUDIT

- The Government and the Ministry of Infrastructure were **inefficient** when ensuring conditions for efficient implementation of tasks of DRI.
- Slovenian Infrastructure Agency was **partially efficient** when implementing, monitoring and exercising control over in-house procurement at DRI.
- Company DRI upravljanje investicij, d.o.o. was **partially efficient** as an in-house service provider.

## Demands for corrective measures:

The Government must prepare an **action plan** for:



**suitability assessment**  
of engineering services  
implemented by an  
in-house service  
provider



**strategic decision**  
about the best model  
for public investments  
in the infrastructure



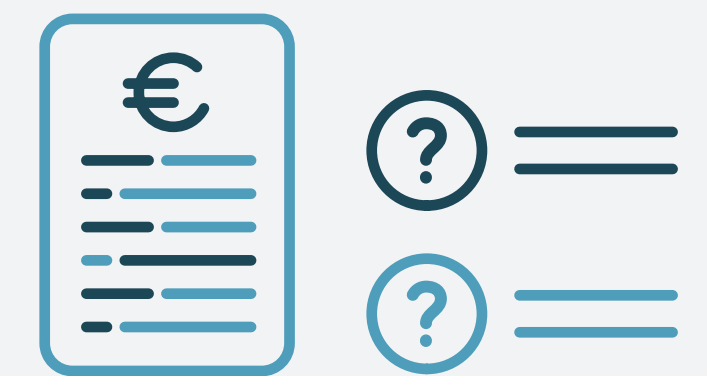
**defining**  
the role of an  
in-house service  
provider in the  
regulations

The Ministry and DRSI must:



**examine the possibilities  
for improving** the system  
of defining, assessing and  
charging the services of an  
in-house service provider

DRI must prepare an **action plan** for:



**setting up  
the system**  
for keeping separate  
accounts

**The Court of Audit also proposed to the auditees several recommendations.**

# Events after the audit period materially affected the governance framework of DRI

