

The summary of the audit report on *Effectiveness in achieving objectives in the reconstruction of the Hotel Astoria Bled*

The Court of Audit of the Republic of Slovenia audited the effectiveness in achieving objectives in the reconstruction of the Hotel Astoria Bled for the period between 1 April 2005 and 15 September 2007. The project, to which the audit refers, was co-financed by the funds of the European Regional Development Fund amounting to SIT 265,500,000 (EUR 1,107,912), representing 53.8 percent of SIT 493,650,000 (EUR 2,059,965), which was the total value of the project. The European Regional Development Fund financially supported the reconstruction of the Hotel Astoria Bled with the intent to contribute to the development of sports - tourist infrastructure.

The Court of Audit of the Republic of Slovenia audited the Ministry of Education and Sport, which was at that time responsible for implementing the tasks associated with structural funds in the area of sports, thus implementing the programme for constructing sports - tourist infrastructure buildings, as well as the Vocational College for Catering and Tourism Bled, which was responsible for managing the investment and achieving the objectives set for the partial reconstruction of the Hotel Astoria Bled.

The partial reconstruction of the Hotel Astoria Bled started on 3 November 2005 and ended on 5 March 2006, including adaptation of rooms, rearrangement of the reception and café, rearrangement and extension of the seminar part of the building, and arrangement of the office premises of the Hotel Astoria Bled management board.

Upon application of the project of partial reconstruction of the Hotel Astoria Bled, the Vocational College for Catering and Tourism Bled set out the objectives for the Hotel Astoria Bled reconstruction to improve the quality of education for future catering and tourist employees and the quality of congress premises, and to improve the existing and arrange the new high-quality accommodation capacities and other supporting facilities for athletes, preparing an additional offer for tourist infrastructure facility mainly for participating in sports activities and spending active leisure time (pools, fitness, sauna, massage, etc.) and health services, as well as making a profit and creating new jobs.

The Court of Audit of the Republic of Slovenia established the effectiveness in achieving objectives in the partial reconstruction of the Hotel Astoria Bled by evaluating the effectiveness of the Ministry of Education and Sport in ensuring the coherence between the objectives of selected projects and the objectives of the Single Programming Document of the Republic of Slovenia for the period 2004–2006 and other implementing documents, and evaluated the effectiveness of the Vocational College for Catering and Tourism Bled in achieving the implemented objectives of the project.

The Court of Audit of the Republic of Slovenia believes that the Ministry of Education and Sport was partly successful in ensuring the coherence between the objectives of partial reconstruction of the Hotel Astoria Bled and the objectives of the Single Programming Document of the Republic of Slovenia for the period 2004–2006 and corresponding measures and instruments. The Vocational College for Catering and Tourism Bled was also partly successful in achieving the objectives set for the partial reconstruction of the Hotel Astoria Bled, since its set objectives were not fully achieved.

The partial reconstruction of the Hotel Astoria Bled primarily improved the quality of the hotel services

and accommodation capacities. As the project did not include the construction or reconstruction of supporting facilities for athletes, the reconstruction objectives justifying co-financing for the project by the European Regional Development Fund within the programme for the implementation of sports - tourist infrastructure, were not fully achieved.

In allocating the funds, the Ministry of Education and Sport did not take due note of the maximum permissible limit of co-financing, as defined in Council Regulation (EC) No. 1260/99.

The Vocational College for Catering and Tourism Bled completed the partial reconstruction of the Hotel Astoria Bled in March 2006. Since only partial reconstruction of the Hotel Astoria Bled was carried out, the results of such reconstruction did not contribute to achieving the project objectives regarding the sports - tourist infrastructure objectives, i.e. improving the existing accommodation capacities and other supporting facilities for athletes and preparing an additional offer for a tourist infrastructure facilities mainly for participating in sports activities. The number of overnight stays by athletes after the partial reconstruction of the Hotel Astoria Bled increased by 13 percent; however, athletes still represent the smallest share in the structure of guests, not exceeding 10 percent.

In order to increase the effectiveness of achieving project objectives co-financed by the structural funds, the Court of Audit of the Republic of Slovenia recommends that the Ministry of Education and Sport examine and ensure the coherence between the expected project results and the objectives of the project or fund before selecting projects, and that it consider the nature of financing projects and associated limitations as regards the eligibility of the expenditure when allocating public funds.

The Court of Audit of the Republic of Slovenia recommends that the Vocational College for Catering and Tourism Bled complete the entire reconstruction of the Hotel Astoria Bled and include it into the construction of other supporting facilities for athletes, to ensure better conditions for their accommodation and connection of sports infrastructure to tourist activity, and to conclude agreements on business cooperation with the national branch association about the usage of the building under non-profit terms, as stipulated by the financing agreement, thus ensuring assistance in preparations and matches of the national team and thereby the implementation of public interest in the area of sport.

Ljubljana, 12 June 2008