

Summary on the ability of the Municipality of Komenda to use European Union funds

The Court of Audit audited the ability of the Municipality of Komenda to acquire and utilise funds of the Cohesion Fund for co-financing environmental projects and funds of the European Regional Development Fund for co-financing construction of business zones. The audit reviewed the activities and achievements of the municipality in acquisition and utilisation of the mentioned EU funds from the implementation of Single Programming Documents of the Republic of Slovenia in 2003¹ until the end of 2005.

The purpose of the audit was to assess the effectiveness of the municipality to acquire and utilise the EU funds and to assess the appropriateness of establishing conditions for successful acquisition and utilisation of the EU funds.

Municipality of Komenda was not identified as an area for implementation of projects in the field of environment, which could have been co-financed by the funds of the Cohesion Fund.

Municipality of Komenda acquired funds of the European Regional Development Fund for implementation of the project *Construction of Stage I of the Komenda Business Zone*. In accordance with the co-financing contract, the co-financing share of the European Regional Development Fund was 42.05 percent or EUR 1,514 thousand. By the end of December 2005, the Municipality of Komenda utilised EUR 1,094 thousand of state budget earmarked funds under the item of the European Regional Development Fund.

The paying authority at the Ministry of Finance determined during the eligibility review that the Municipality of Komenda used an incorrect procedure for the selection of the construction works contractor and estimated that the project, for which the municipality had already received earmarked funds, may not be co-financed by the European Regional Development Fund. The holder of the state budget item will have to reallocate funds of the European Regional Development Fund to some other successfully implemented project.

State institutions are also responsible for the incorrect selection procedure, because prior to that the Municipality of Komenda requested an opinion on the planned selection procedure from the Ministry of Finance; when the decision on public procurement implementation was issued, Municipality of Komenda, in accordance with the Public Procurement Act, informed the Ministry of Finance of the selected procedure and the representative of the intermediate body wrote into the project co-financing contract that the Municipality of Komenda selected the contractors in accordance with the Public Procurement Act.

The Court of Audit believes that the Municipality of Komenda is capable to acquire and utilise funds of the European Regional Development Fund. However, because of the determined irregularity of the selection procedure and inappropriate treatment of other competent institutions, the realised project may not be co-financed by the funds of the European Regional Development Fund.

For a more efficient acquisition and utilisation of EU funds, the Court of Audit recommends to the Municipality of Komenda the following:

- to adopt its own long-term strategic programme, which will define long-term economic development

¹ Single Programming Documents of the Republic of Slovenia define priority tasks, measures and priority lists of the projects co-financed by the EU funds for Programming period 2004 -2006.

in the municipality;

- to pay more attention to quality assessment of the value, extent and type of required construction works during preparation of the investment projects;
- to adopt a manual or some other act on project management in the municipality, which would define the municipality's activities in preparation and implementation of investment projects;
- to adopt an internal project implementation plan in larger investment projects, among which this project belongs as well;
- to train and educate employees in the fields like preparation of investment projects, public procurement procedures and rules concerning project implementation, co-financed by EU funds;
- to monitor and participate in creation of national development strategies and priority tasks and to monitor possibilities to utilise European Union funds for co-financing of own activities.

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