

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

The Court of Audit audited the ability of the Municipality of Hrastnik 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 Hrastnik successfully applied to acquire funds of the European Regional Development Fund for the project *Public Utility Arrangement of Industrial Zone Trbovlje – Hrastnik, Pokraj area*. In accordance with the co-financing contract, the co-financing share of eligible costs with the funds of the European Regional Development Fund was 68 percent or EUR 2,086 thousand. By 31 December 2005, the Municipality of Hrastnik utilised EUR 1,806 thousand of state budget earmarked funds under the item of the European Regional Development Fund, and in 2006 the remaining EUR 280 thousand. The Municipality of Hrastnik was able to realise the project *Public Utility Arrangement of Industrial Zone Trbovlje – Hrastnik, Pokraj area* in the planned time limit and extent. We assess the specification in the contract with the construction works contractor that the contract price includes unplanned and additional works as good practice.

In 2005, the Municipality of Hrastnik also acquired the right to utilise funds of the Cohesion Fund for the group of projects *Wastewater Treatment Plants and Sewage System in the River Basin Srednja Sava – Stage I: Trbovlje and Hrastnik*.

The Court of Audit believes that the Municipality of Hrastnik is capable to acquire and utilise funds of the Cohesion Fund in the field of environment and funds of the European Regional Development Fund in the construction of business zones.

To lower the risks in acquisition and utilisation of EU funds, the Court of Audit recommends to the Municipality of Hrastnik the following:

- to adopt its own long-term strategic programme, which will define the economic development in the municipality;
- 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;
- 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.

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.

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