

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

The Court of Audit audited the ability of the Municipality of Jesenice 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 Jesenice 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 Jesenice applied to acquire funds of the European Regional Development Fund to co-finance two projects for the construction of business zones.

The Municipality of Jesenice was unsuccessful twice with the application of the project *Jesenice Business Zone – Stage 2* to the tender for the funds of the European Regional Development Fund. However, it was successful in the application to the tender for the funds of the European Regional Development Fund to co-finance the project *Jesenice Business Zone - Ob Savi Area* and acquired 75 percent of eligible costs or EUR 850 thousand.

In the implementation of the project *Jesenice Business Zone – Ob Savi Area*, the Municipality of Jesenice was successful to include additional works among the eligible costs with timely conclusion and submission of the annex to the contract. The contract value of the works of the project *Jesenice Business Zone – Ob Savi Area*, including additional works, was lower than the assessed value of the works in the application. Managing authority will have to transfer the rest of the funds to other programmes and projects.

The utilisation of the funds of the European Regional Development Fund did not begin by the end of 2005 mostly because of delays in the public contracting procedures. The Municipality of Jesenice utilised EUR 736 thousand of European Regional Development Fund funds in 2006 for the construction of the project.

The Court of Audit believes that the Municipality of Jesenice is capable to acquire and utilise funds of the European Regional Development Fund, however it will have to ensure the conditions for successful application to tenders for EU funds for the central development project *Jesenice Business Zone - Stage 2*.

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

- in the selection procedure for the award of a public contract, not to include those criteria, which only evaluate the tenderer's qualifications and not the tender itself;
- to train and educate employees in the fields like preparation of investment projects and public procurement procedures;

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.

- 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.

Ljubljana, 8 June 2007