



# **Audit of deciding on the use of water**

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# Audit background

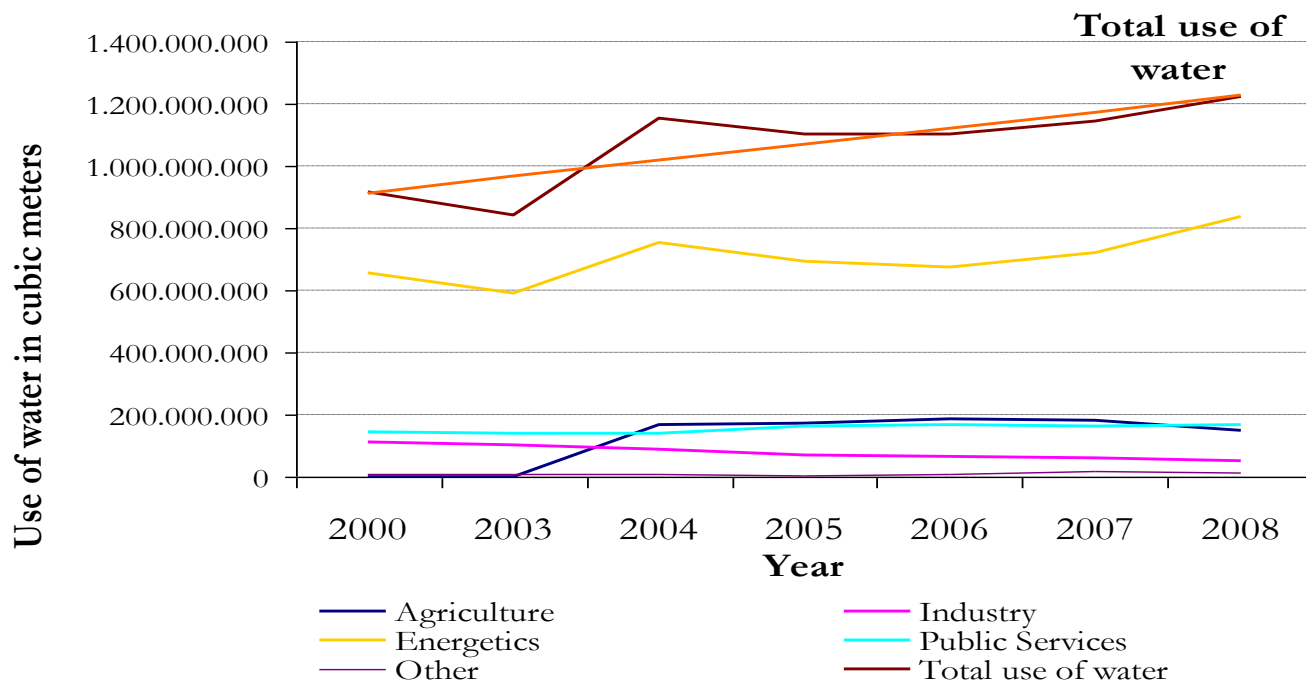
The audit of deciding on the use of water (report published in March 2013) was conducted as a **follow up audit** to the audit firstly carried out in 2007 (report published in April 2008). The first audit focused on the problems regarding deciding on the use of water and pricing the water for different uses and revealed numerous deficiencies in water management in Slovenia which led to the conclusion that it is not transparent, efficient or sustainable.

In 2011 the Court of audit did an **assessment of how the auditees implemented required and recommended corrective measures** and found out that almost none of them was fully considered or implemented. **This still causes risks that water management is not efficient and that the water is not used in a sustainable way.**



# Audit background

Slovenia is quite rich with the water, but the **use of water is constantly increasing**; there might be draughts in some parts of the country and therefore ban on use of water for several purposes during summer months (e.g. for irrigation, watering).





# Audit risks (1)

- No overall strategy on managing waters in SI, no complete water management plan (it was adopted in August 2011, but complete economic analysis of the use of water is still missing) → no priorities and no definite long-term goals regarding the use of water no complete overview of the use of waters →
  - **environmental risk: the water is not used in a sustainable way;**
  - **audit risk: no sound criteria to estimate efficiency and effectiveness.**
- Huge delays in conducting procedures of granting water rights →
  - **environmental risk: the water is not used according to the set environmental criteria and in a sustainable way;**
  - **economic risks: the state allows using the water free of charge, hindering economic initiatives.**



## Audit risks (2)

- Water rights have been granted selectively: some consumers are paying for using water and some not, although all are obliged to pay
  - ➔ **economic risk: unfair treatment of consumers of water, because some pay for using water and the others not; not enough incomes to the state budget; risk of not allowed state aids.**
- The method to calculate payments for water rights and water fees are not fully determined
  - ➔ **environmental/economic risk: the payments don't correspond to costs for burdening waters; collected funds are not high enough to cover for all expenses caused because of use of waters.**



## Audit risks (3)

- There are no complete and up-to-date records of granted water rights and issued water approvals and procedures in progress

➡ **environmental risk: no complete information to make decisions upon deciding about rights regarding water use;**

➡ **audit risk: no complete information on procedures being carried out.**



# Audit objectives

- **Audit objectives** were to find out whether:
  - The competent institutions **decided on the use of waters efficiently** (according to strategic and environmental determination of the use of waters, in due time, and on equal terms for all petitioners)?
  - The competent institutions **managed the funds collected through payments for the use of water efficiently** (are the payments for water rights and water fees defined according the polluter pays principle, are they charged to all who use waters and are collected funds used for projects to diminish negative consequences regarding to the use of waters)?





# Methods

- **Methods used:**
  - file review and study, interviews, comparing databases and records from different sources.



## Audit findings and impacts (1)

- Water rights were not granted in due time to petitioners, particularly the concessions:
  - in some cases water was not used according to the set environmental criteria and also not in a sustainable way;
  - the charges were not paid into the state budget;
- ★ **recommendation:** immediately start procedures for all those who use water, but don't have a valid water right and assure all missing payments to the state budget (possible not-allowed state aid);



## Audit findings and impacts (2)

- Water management plan doesn't comprise a complete economic analysis of use of waters:
  - The polluter pays principle is not fully applied;
  - The prices for use of water don't stimulate sustainable use of water;
  - State constantly change the prices to use water – the priorities regarding use of water are not transparent.
- ★ **recommendation:** set priorities for use of water, prepare analysis upon which assess the burden set by different uses and set the price



## Audit findings and impacts (3)

- No effective and transparent system of managing and financing investments from the water fund, because:
    - goals and priorities for investments from the water fund are not set;
    - no evidence of costs from different use of water;
    - poor management of projects – final costs are much higher than the initial costs; projects are not finished in time.
- ★ **recommendation:** set priorities and goals for financing projects, monitor and supervise regularly the projects.



# Experiences & lessons learned

<p><b>Challenges/ solutions</b></p>	<p>The state doesn't treat all users of water <b>equally</b> → although the state adopted the provision in the Waters Act that every use of water is possible only against payment, it charges fees only to some users.</p>
<p><b>Methodology/ Data</b></p>	<ul style="list-style-type: none"> <li>• Unreliable data and records on petitions and procedures</li> <li>• Unreliable performance data (?)</li> </ul>
<p><b>Findings/ Recommendations</b></p>	<p>There is a <b>high risk that the use of water is not sustainable</b>, because there are no priorities set and the prices for different uses don't stimulate sustainable use of water</p>
<p><b>Outcome</b></p>	<ul style="list-style-type: none"> <li>• Procedures to grant water rights have started;</li> <li>• Water fees are charged according to special act.</li> </ul>
<p><b>Scope of audit &amp; Questions</b></p>	<ul style="list-style-type: none"> <li>• Limited to topics regarding use of water</li> <li>• Follow-up evaluations</li> </ul>



**Thank you for your attention!**

**Any questions?**