

Spending Review of the Ministry of Interior (Public Administration and Safety)

Final Report

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Introduction and Summary

The spending review is a part of the Value for Money project which aims to reform the rules, set up processes and reinforce institutions to support adopting sound decisions in public interest and significantly increase the value for money in Slovakia's public sector.

The spending reviews will cover most of the public expenditure for the electoral term. The proposed measures will enable fiscal saving, improved public service delivery to citizens and/or reallocation of funds to the Government's priorities. The review provides measures that are sustainable over a long term.

In developed countries, spending reviews are used as a standard tool helping governments to identify the room in public policies for more efficient use of public funds and for savings needed to meet their national and European fiscal obligations.

The fifth year of spending reviews focuses on the expenditures having an impact on the social inclusion of groups at risk of poverty and social exclusion, and expenditure on defence, expenditure on the Ministry of Interior (public administration and safety) and expenditure on culture. The Final Report identifies the areas offering the largest room for efficiency improvement as well as relevant measures and action for their implementation.

Public administration and safety are among the major areas of spending of Slovakia's public finance and have a large potential for the improvement of administration and safety and, consequently, the overall quality of citizens' life. The Final Report identifies measures for the Police Force and public administration and the functions of the Ministry of Interior of the SR in an amount between EUR 63 and 147 million.

Despite the positive developments seen in certain areas in recent years, there still is a room for improvement in the functioning through better allocation effectiveness. The spending review identifies, on the one side, the saving potential of areas where the use of funds lacks efficiency, and identifies areas for reallocation of savings, on the other side.

For these goals to be achieved, recommendations must be based on detailed and high-quality data. Despite the official formulation of the spending review assignment in the Government Decree No 188/2019 and repeated requests for assistance, the Ministry of Interior of the Slovak Republic provided only partial data to the Ministry of Finance. Therefore, the conclusions of the review are based mostly on publicly available data, which limits the depth of the analysis for certain topics. More active cooperation from the Ministry of Interior would enable making a more in-depth analysis and, accordingly, designing more specific measures.

The Ministry of Interior of the Slovak Republic (MI SR) manages the services provided by the Police, the Fire and Rescue Service and the Mountain Rescue Service, the exercise of public power by district authorities and Client Centres and the provision of IT services to other Ministries (government cloud). The Ministry's total spending in 2019 amounted to EUR 3.9 billion, of which **47% were financial transfers to the regional education system**, which has been managed by the MI SR since 2013. The change in the financing of schools has not brought any obvious benefits; to the contrary, the transparency of public debate on spending has worsened at both Ministries. Regional schools are outside the scope of this review as they were covered by the specific education spending review prepared in 2017.

- **The Ministry of Interior's core activities account for 53% of its spending.** According to the Classification of the Functions of Government (COFOG) and the estimate of the Value for Money (VfM) unit¹, the expenditure on police services provided by the Ministry of Interior exceeded EUR 1 billion. The expenditure on fire protection and mountain rescuers' operations² totalled EUR 222 million and the programme budget-based expenditure on district authorities nearly EUR 140 million. The amount of the Ministry of Interior's IT expenditure was EUR 79 million.
- **The Ministry's expenditure, exclusive of the education system (EUR 1.6 billion in 2019), has grown by 48% since 2013, while Slovakia's GDP has increased only by 27%.** Most of the increase was attributable to staff expenses. The number of employees has been stable since 2013 but the average wage in the area in the Ministry's responsibility has risen by 49% since 2013, which is 12 percentage points (p.p.) more than the average wage in the economy. During that period, the Ministry's capital expenditure ranged between 5% and 13% of its budget (i.e. between 87 and 318 million euros annually). The growth was also driven, to some extent, by projects financed from EU funds.
- **The ESO reform improved the provision of services to citizens by integrating multiple district functions and offices under a single service point (Client Centre). However, financial benefits of this step are unclear.** The MI SR's expenditure on the exercise of public power decreased by EUR 20 million after the change, but this was accompanied by an increase of EUR 51 million in the expenditure on central support, i.e. on the purchase of goods and services required for the exercise of public power. It is thus uncertain whether the integration resulted in a reduction in, transfer of, or even an increase in expenditure on the State level.

Among the Ministry's key functions, those allowing assessment through suitable and internationally comparable indicators are, in particular, safety and public order. While the police have an essential influence on those indicators, safety in the country also depends on socio-economic factors outside the police's direct control. Slovakia lags behind the average of EU15 as well as the other V4 countries ("V3"), and this even despite higher expenditure on police services.

Police Force key indicators

Indicator	Slovakia	V3	EU15
Expenditure on police services (in % of GDP, 2018)	1.27	1.15	0.84
Number of police officers (per 100 thousand of population, 2018)	403	347	316
Intentional homicides (per 100 thousand of population, 2018)	1.2	0.8	1.0
Lack of trust in the police (in % of population, 2019)	55	35	19
Feelings of safety when walking alone at night (in % of population, 2019)	63.5	65.3	74.9

Note: The years indicated are the last ones for which the data are available.

Source: Eurostat, Eurobarometer, OECD, VfM unit

- **In a global comparison, Slovakia is a safe country; nevertheless, with 1.2 intentional homicides per 100 thousand of population its performance is worse than those of the V3/EU15 countries.** In crime

¹ The COFOG classification categorises the State's expenditure by purpose (health, environmental protection, etc.) using an international methodology independent of the domestic administrative categorisation to enable international benchmarking. The expenditure on police services and fire-protection services is taken from the Ministry's total spending for 2019 and divided according to the 2018 proportions. Expenditures on financial administration and municipal police services are assigned to the MF SR and local self-governments and, accordingly, they are not included in the MI SR's expenditure. However, COFOG assigns those expenditures to Police Services.

² Exclusive of municipal fire brigades

statistics, the number of intentional homicides is one of a few indicators relatively suited for international benchmarking and providing a good indication of safety and the extent of crime.³

- **The police are distrusted by more than a half of Slovakia's citizens, which is the worst result of all EU countries.** The low level of trust has been a protracted problem and no improvement was seen in the last decade. Trust in the police is a key to the fight against crime, perception of safety as well as stability of the democratic societal order. Slovakia also falls behind with regard to the population's subjective feelings of safety. Courts also are faced with a lack of trust.⁴

Slovakia's spending on police services amounts to 1.27% of GDP⁵, more than the V3/EU15 averages. Similarly to the West-European countries, the expenditure on public order and safety, expressed as a share of GDP, is supposed to decrease over a long-term horizon. The key enabler of such decrease would be reduced criminality as a result of the growth of wealth, population ageing and enhanced quality of public services.

- **The Police Force's staffs include nearly 22 thousand police officers. The proportion per 100 thousand of population is higher than the V3 countries and EU15 countries by 14% and 21%, respectively.** The high number of police officers may be due to a lack of effectiveness in how the police functions, or the possible fact that the Slovak police administer certain civilian agenda which abroad is usually handled by civilian staff and not by police officers.
- **A police officer working in an administrative position means an additional cost burden to the State, a major part of which takes the form of retirement pension, i.e. the special pension earned for years of civil service in a public security force.** A retired policeman may receive up to ten average annual salaries more than a comparable civilian employee, this mainly because of substantially earlier retirement.
- **Reducing the number of police officers to the level of the V3 countries would save annually EUR 73 million** of the Ministry of Interior's expenditure on compensations. This also holds true if the major cause of the excessive number of police officers is lack of effectiveness, which offers a potential for further reduction in the total workforce number. The savings would be lower if the high number of police officers was due to excessive civilian agenda. Staffing relevant positions with civilians would lead to savings on future retirement pensions, in particular.

The Ministry of Interior of the SR has no long-term investment plan: its capital expenditure planning horizon is one year. To improve the planning of investment projects, it is advisable to develop a long-term investment plan and implement systematic assessment processes to ensure that only the most beneficial projects be carried out.

- **The Ministry's investment budgets are regularly underestimated.** Annual budget allocations amount on average to only 35% of actual spending.
- **The Ministry of Interior has launched a procurement process for investments totalling EUR 730 million without any economic efficiency assessment.** To improve the cost/benefit performance of those

³ Intentional homicides are the most common indicator of a country's level of criminality and of safety. Intentional homicides are internationally reported on the basis of the ICCS methodology, but there still are minor differences in definitions. As an example, Slovakia does not include intentional bodily injury leading to death or illegal feticide in intentional homicides but, alike the Czech Republic, does include attempted homicide.

⁴ Over 72% of citizens tend to distrust courts, which ranks Slovakia in the last place in the EU.

⁵ The VfM unit estimates that spending on police services, as per COFOG, reached a level between 1.24% and 1.32% of GDP in 2018. In accordance with the international classification, the expenditure on police services also includes the municipal police expenditure (EUR 65 million), and the expenditure of the Financial Administration of the SR (EUR 75 million) which falls under the Ministry of Finance of the SR. Those expenditures are outside the scope of this review.

projects, the MI SR could examine the possibility of repeating the public procurement, and reconsider the supply volumes, or review them additionally before signing the contract.

- **The Ministry of Interior is an organisation with the second highest IT expenditure in the State and in each of the years 2015 – 2019, the year-end actual spending was at least 70% higher than the planned annual budget allocations.** An as exact as possible estimate of the allocations required for objective needs to be met is an inevitable precondition for efficient IT management.
- **The efficiency of expenditure on extension, operation and development of the Government cloud is questionable. Average annual costs are supposed to reach EUR 34 million in 2015-2029.** The Ministry of Interior does not actively manage and reassess the required capacities. Without a change in the existing model of operation, there is a risk that the cloud will not bring sufficient savings compared to other alternatives.

In the period from 2015 to 2019, the Ministry of Interior procured consulting services in an amount of EUR 25 million. A better alternative, with a 60% saving potential, would be increasing and effectively employing the Ministry's in-house capacities. In-house staff would also help to build and retain know-how and improve the analytical capacities of the Ministry. For the outsourced services, the MI SR should publicly disclose the outputs delivered by the consultants.

The saving potential identified through the review is between 63 and 147 million euros. Out of that, the MI SR may save directly as much as 120 million euros, and further savings of up to EUR 27 million would be obtained through improved efficiency of the provision of IT services⁶. The measures proposed by the spending review are based mainly on publicly available data. More active involvement on the part of the Ministry of Interior and provision of data (Box 1) would enable making a more in-depth analysis and, accordingly, proposing more specific measures.

Improved performance and a higher value for money will be achieved mainly through:

- **Staffing audit and analysis of the functioning of the police.** The staffing audit will identify opportunities for the employment of civilian staff and review the substantiation of the numbers of police officers employed at the headquarters and service divisions. Analysis of the functioning of the police will identify main sources of procedural workload, such as certain duplicate steps in procedural action. Implementation of innovative policing strategies based on best practices will reduce the personnel intensity of the Police Force's operation and allow reaching a number of police officers comparable to other developed countries.
- **Implementation of a comprehensive police assessment system** based on extended criteria that better reflect the public's expectations of the police and its work and role in democratic society.
- **Consistent application of value-for-money principles** at all stages of the investment process. Preparation of a budget-linked long-term investment plan to enable early monitoring of projects already from the preparatory stage and definition of clear rules for return-driven prioritisation of investments. The return on investment projects should be supported by a feasibility study and an account of benefits should be publicly disclosed and reflected in the budget.
- **Consideration of expected IT savings in the budget.** Implementation of the new IT projects will free up human resources, and this should also be reflected in the MI SR's budget. Change in the operating model

⁶ The target foreseen in the National e-Government Concept and the feasibility study for the extension of the government cloud in the *Tajov* and *Kopčianska* data centres (DC); savings from effective operation of the government cloud can be achieved only after migrating the information systems.

of the government cloud to improve its operational efficiency could lead to budget savings for both the MI SR (infrastructure purchases and operation) and other Ministries (central operation of systems).

- **Insourcing of consulting services and more effective purchasing of goods and utilities.** In addition to savings, provision of adequate analytical capacities would also support the retention of know-how. Better management of the procurement of goods and utilities also has a potential to reduce the Ministry's expenditure. Further potential could also come from a review of the remaining 84% (EUR 214 million) of the expenditure on goods and services for which data were not made available.
- **A review of the ESO reform** aimed at improving the effectiveness of expenditure and quality of services.

Area	Type of measure	Measure	Annual savings (EUR million)	Horizon (years)
Budget	Management	Quantify the expenditure on police services and fire protection in accordance with the COFOG methodology, including reducing the expenditure not elsewhere classified to a maximum of 0.1% of GDP	-	-
Budget	Management	Align the programme budget expenditure structure with the functions performed	-	-
Police	Savings	Reduce the number of police officers per capita to the V3 level based on prior detailed analysis and adoption of necessary measures	6 – 73	7
Police	Management	Staff administrative positions at the MI SR and within the Police Force with civilian employees	-	-
Police	Value	Extend the system of assessment of the police's work in line with best international practices	-	-
Police	Management	Reconsider retirement pension arrangements for newly recruited police officers against other employee benefit or salary increase options	-	-
Police	Management	Review the system of retirement pensions in the context of Slovakia's pension security system	-	-
Police	Management	Increase the proportion of minorities and marginalised groups in the Police Force in order to improve the demographic representativeness	-	-
Police	Value	Examine available strategies and international practices to promote trust in the police	-	-
Police	Management	Perform an analysis to assess the attractiveness of the police officer profession in light of the limits on numbers of police officers in the Police Force	-	-
Police	Management	Promote the employment of analytical resources in drafting policies concerning the MI SR's public security forces	-	-
Firemen	Value	Extend the system of assessment of the Fire and Rescue Service's work in line with best international practices	-	-
Firemen	Management	Reconsider retirement pension arrangements against other employee benefit or salary increase options	-	-
Firemen	Management	Review the system of retirement pensions in the context of Slovakia's pension security system	-	-
Firemen	Management	Promote the employment of analytical resources in drafting policies concerning the MI SR's public security forces	-	-
Public administration	Management	Quantify the costs of the MI SR's administrative processes and compare them with administrative charges	-	-
Public administration	Management	Plan the workforce of the District Authorities on the basis of a predictive model	-	-
Public administration	Management	Carry out process and organisation audits of the District Authorities	-	-

Operation	Savings	Reduce utility purchase prices to the reference level of comparable Ministries	0.1 – 0.2	4
Operation	Savings	Reduce the purchase prices of public security forces' uniforms to the reference level	0.5	4
Operation	Savings	Make use of in-house capacities to insource analytical and consulting activities	1.5 – 3.0	2
Investments	Value	Prepare and present to a session of the Government of the SR a long-term capital expenditure plan of the MI SR and its subordinated organisations	-	-
Investments	Value	Integrate the preparation of feasibility studies and cost/benefit analysis into the work of the MI SR's analytical units	-	-
Investments	Value	Examine options for repeating the public procurement, reconsider the required volumes, additionally review investments before signing a contract and set up processes to enable partial deliveries	-	-
Investments	Budget	Ensure that only projects ready for implementation be included in the investment budget	-	-
IT	Value	Ensure that all operation expenditure, substantiated by objectively evidenced needs, be allocated at the beginning of a year	-	-
IT	Budget	Ensure that IT expenditures be allocated in accordance with the OEK rules	-	-
IT	Value	Ensure regular monitoring of the allocated and actually used cloud capacity		
IT	Value	Validate the methodology of calculation of cloud service costs		
IT	Value	Prepare a basis for charging cloud service fees	19 – 27	3
IT	Value	Reconsider existing capacity allocations against the actual utilisation data		
IT	Value	Improve the efficiency and utilisation of available resources		
IT	Savings	Once the IS is implemented, reduce the number of FTE in proportion to the measured resource saving benefits	29	10
IT	Savings	Implement a systemic approach to the cost, benefit and performance monitoring of ICT projects and systems	7 – 14	3

Box 1: Data on the basis of which a more detailed analysis could be performed and more specific measures designed

Data	Analysis
The MI SR's sub-account ledgers (of the Ministry's various services)	Mapping of the MI SR's expenditure on the individual functions and services, such as the police, fire service and the District Authorities (including central support)
Sub-account ledgers of expenditure on goods and services	Benchmarking of expenditure on general materials and services and special materials and services <ul style="list-style-type: none"> • Quantification of expenditure on armaments, equipment and working aids to support an improved quantification of per-capita expenditure • Quantification and benchmarking of expenditure on cleaning services and meals • Quantification and benchmarking of expenditure on general services
Sub-account ledgers of expenditure on vehicle fleet and technical equipment	Mapping and benchmarking of capital expenditure on the vehicle fleet, including maintenance, repair and fuels
Microdata on police officers	Analysis of the Police Force by: <ul style="list-style-type: none"> • Age, education, gender, compensation terms, working time and overtime work of its workforce • On-duty performance, criminality and effectiveness evaluation, broken down by district and county
Microdata on fire-fighters	Analysis of the Fire and Rescue Service by: <ul style="list-style-type: none"> • Age, education, gender, compensation terms, working time and overtime work of its workforce • Spending efficiency evaluation by district and county
Microdata concerning crimes and administrative offences	Evaluation of the police's work with regard to the level and regional spread of crime <ul style="list-style-type: none"> • Potential for efficiency improvement and evaluation of different approaches (such as hot-spot policing) • Evaluation of crime in districts in relation to prevailing socio-economic factors • Evaluation of the structure of crime and workload from the different types of crime and their geographical distribution
Microdata on fire service's interventions	Evaluation of fire-fighters' work by type of activity; mapping of the numbers of fire-fighters assigned to activities <ul style="list-style-type: none"> • Evaluation of the structure of the fire service's work and identification of the sources of workload, including their territorial distribution
Outputs from consultancy contracts	More precise estimation of the service insourcing potential and evaluation of the quality of outputs
Data on the District Authorities' performance	More extensive analysis of the District Authorities' performance <ul style="list-style-type: none"> • Spending efficiency evaluation of individual functions • Spending efficiency evaluation of individual District Authorities
Data on the District Authorities' workforce	<ul style="list-style-type: none"> • Benchmarking of functions/authorities across Slovakia • Costing of individual activities and services
Structure of the public administration information system (PAIS) in the MI SR's responsibility	Overview of the PAIS parts in the MI SR's responsibility which, because of non-compliance with the OEK methodological instruction, cannot be prepared without additional data from the MI SR <ul style="list-style-type: none"> • Basic IS structure by field of administration, scope of planned modifications and number of users • Benchmarking of costs of a service/activity (costs per user, per filing, etc.) • Benchmarking of costs of change requests; a basic concept of the planned modifications

	<ul style="list-style-type: none"> • Identification of potential savings: prioritisation of change requests; benchmarking of costs of a service/activity and setting of target values; benchmarking of the CAPEX/OPEX structure and setting of target values
Government cloud operation data	<ul style="list-style-type: none"> • Review of the actual utilisation of the government cloud and justification of further extensions (two OP II projects, each in the amount of EUR 37 million) • Review of the operating model: potential for insourcing outsourced services • Review of the use of capacities by concrete applications; reallocation proposal • Benchmarking of procurement contracts for government cloud HW and SW • Identification of potential savings: reconsideration of the necessity of the government cloud extension; proposal for insourcing outsourced services; preparation of a price list and charging fees for the cloud use in accordance with the IT review measures
Organisational structure and workforce of the IT organisation	<ul style="list-style-type: none"> • Overview of IT positions staffed by the MI SR internally • Evaluation of the success of staffing IT positions internally • Identification of potential savings: a review of barriers to internal capacity building
List of IS operation and development contracts	<ul style="list-style-type: none"> • Benchmarking of unit prices • Contract renewal plan • Identification of potential savings: identification of contracts the renewal of which is to be subject to a study/unit price benchmarking
Data concerning HW and infrastructure	<ul style="list-style-type: none"> • Evaluation of the utilisation rate of purchased HW and the infrastructure (network) managed by the MI SR • Identification of potential savings: benchmarking of unit prices of network access points; review of the scope of HW to be purchased
Keeping IT sub-account ledgers	<ul style="list-style-type: none"> • Identification of potential savings: benchmarking of the cost structure against other databases and development trends; identification of outliers; setting of target values

1. The Ministry of Interior's Responsibilities and Expenditure

- **The Ministry of Interior (MI SR) is responsible for the protection of inhabitants' safety and health, provision of IT services to the other Ministries and exercise of public power.**⁷ The protection of persons and property is the responsibility of the Police, the Fire and Rescue Service and the Mountain Rescue Service. The Ministry exercises public power directly through the District Authorities and Client Centres.
- **The expenditure of the Ministry of Interior in 2019 amounted to EUR 3 billion, while only 53% of that amount was spent on the Ministry's core activities.** The VfM unit estimates that the expenditure on the police services provided by the Ministry of Interior, according to COFOG⁸, amounted to over EUR 1 billion, the expenditure on fire protection and mountain rescue services to more than EUR 220 million and the programme budget-based expenditure on the District Authorities to nearly EUR 140 million. The IT expenditure of the Ministry of Interior incurred in its own operation was EUR 77 million and the MI SR was thus the second highest budget chapter in the State in terms of IT spending in 2017 – 2019.
- **The remaining 47% of the Ministry of Interior's expenditure is financial transfers to regional education systems,** the responsibility for which was conferred on the MI SR in 2013 within the framework of the ESO reform.
- **The MI SR's expenditure without the school system rose by 48% in the last six years, while Slovak GDP grew only by 27%.** In a long-term view, expenditure on public order and safety is supposed to grow slower than GDP since criminality declines as a result of the growth of wealth, population ageing and enhanced quality of public governance.
- **The expenditures on police services and fire-protection services amount to between 1.5 and 1.6% of GDP⁹, which is above the average of both V3 and EU15.** The inaccurate assignment of those expenditures poses an issue. Slovakia's public order and safety expenditures that are not classified amount to 0.5% of GDP, which is five times more than the EU average. The incorrect recognition of expenditures thus complicates the reviewing and international benchmarking of expenditure on the police and fire services.

The protection of persons and property is the responsibility of the police, the fire services and the mountain rescue service. In addition to police patrolling and fire service interventions, which are the most visible to citizens, the uniformed services of the MI SR are also responsible for guarding and managing the state border, keeping a motor vehicle register, or granting visas to third-country nationals entering the territory of Slovakia¹⁰.

The scope of exercise of public power by the MI SR includes a wide range of functions, from keeping the heraldry register to elections. The MI SR also administers the registration of political parties, civic associations and non-profit organisations. The MI SR is fully responsible for the organisation of elections and referenda. The

⁷ This refers to the exercise of general government powers within the scope of authority of the Ministry of Interior of the SR.

⁸The COFOG classification categorises the State's expenditure by purpose (health, environmental protection, etc.) according to the international methodology and independently of the domestic administrative categorisation to enable international benchmarking. The expenditure on police services and fire-protection services is taken from the Ministry's total spending for 2019 and divided according to the 2018 proportions. The expenditure on financial administration is assigned to the MF SR and, along with the municipal police expenditure, it is not included in the MI SR's expenditure. However, COFOG assigns those expenditures to Police Services.

⁹ The VfM unit's calculation. The international benchmarking also covers financial administration and municipal police services; for details refer to Box 2.

¹⁰ All responsibilities of the Police Force are defined in Section 2 of the Act No 171/1993 on the Police Force, as amended.

Ministry also manages the functioning of the Sole Traders Register, register of natural persons and state archives, and supervises the administration of the document registry.

According to the MI SR's claims, the reform of the system of exercise of public power, referred to as ESO¹¹, was supposed to simplify the citizen-state interaction. The implementation of ESO was launched in 2013. Scheduled over a 7 year span, it was intended to integrate specialised local government offices, establish Client Centres (so-called State front-offices) and optimise the public administration performance and processes. Also, the aim was to improve efficiency, reduce costs and modernise the interaction of a citizen with public authorities.

The regional education system was partially transferred under the responsibility of the MI SR within the framework of ESO. Transfers to local government bodies (referred to as founders) in respect of the conferred responsibilities for running schools and school facilities within their administrative areas thus accounts for a large portion of the MI SR's budget. At the same time, the Ministry itself acts, through the District Authorities in the seats of counties, as the founder of some schools. The District Authorities in the seats of counties also found certain school facilities, such as Pedagogical and Psychological Advice and Support Centres or student dormitories, and they also have certain powers over schools in the responsibility of other founders. They cooperate in this with the Ministry of Education, Science, Research and Sports of the Slovak Republic (MESRS SR).

Table 1: Scope of responsibilities of the MI SR

Protection of public order and safety of persons and property	State symbols
Protection and management of the state border	Keeping of the heraldry register
Safety and fluency of road traffic	Keeping and management of archives and registries
Safety and fluency of railway traffic	Citizenship administration
Weapons and ammunition administration	Vital registries
Regulation of the operation of security services	Regulation of the gathering and association of persons, including registration of certain legal entities
Administration of foreigners' entry into and stay in the territory of the Slovak Republic	Organisational management of all types of election
Issuance of identification cards, travel documents and licences for driving motor vehicles	Coordination of the education of the personnel of municipalities and higher territorial units performing general government duties
Administration of matters concerned with asylum-seekers and displaced persons	Sole trading administration
Regulation and keeping of registers of inhabitants	Permission of public fund-raising activities
General interior administration, including matters concerned with the territorial and administrative division of the Slovak Republic	Coordination of the performance of general government duties by municipalities, higher territorial units and local government bodies
Management of the Integrated Rescue System	Registration of road motor vehicles and trailers
Management of civil protection and fire prevention	Military graves

Source: MI SR

The administration of regional schools, including financial transfers, should be returned in the responsibility of the MESRS SR. As part of the reform, regional education offices, which manage the transfers of funds to the founders¹² of regional schools and school facilities, also became a part of the MI SR's organisation. This flow of funds via the MI SR distorts the overall picture of the Ministry's own expenditure as well as the expenditure on education.

In addition to financing regional education systems, the MI SR is the founder of over 300 schools. While they are a part of the regional school network, the founder's responsibilities remain at the state level. Such schools

¹¹ ESO is the acronym made of the initial letters of the Slovak words for effective, reliable and open (public administration).

¹² The MI SR funds through transfers only schools founded by municipalities, churches and private founders.

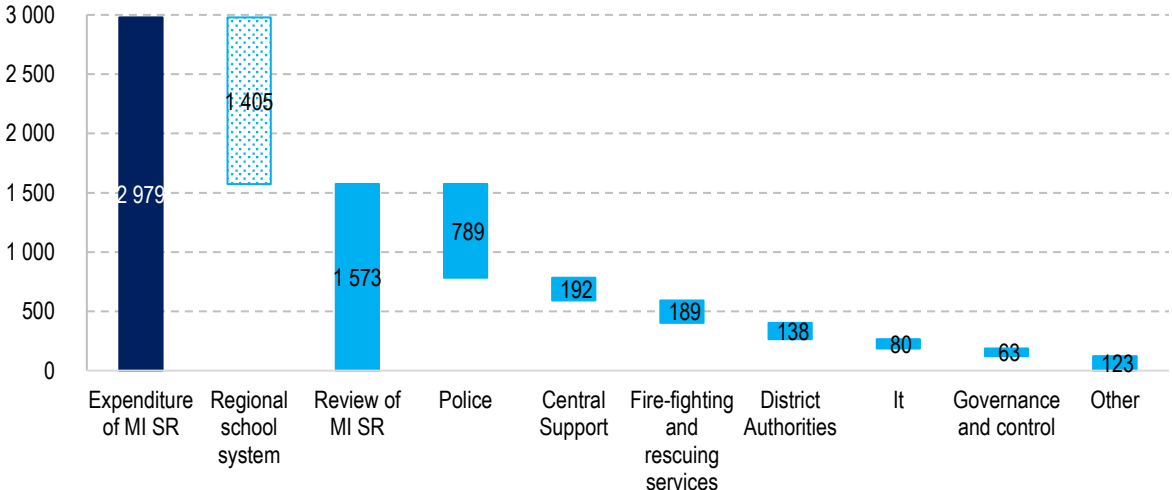
include schools for children with special needs (special schools), eight-year secondary grammar schools (*gymnasia*) and, in some specific cases, ordinary primary and secondary level schools.¹³ The MI SR exercises the direct management authority over those schools and finances them.

The education and training of future members of the Police Force and the Fire and Rescue Service are provided by four secondary vocational schools and one tertiary-level school. Police officers undertake training at the Secondary Specialised School of the Police Force (in *Pezinok*, Bratislava a *Košice*) and fire-fighters are trained at the Secondary Specialised School of Fire Protection (in *Žilina*). The MI SR has also founded the Academy of the Police Force as a tertiary level school.

The Ministry of Interior’s expenditure in 2019 reached EUR 3 billion, of which over 47% was spent on the school system. As a result of the transfer of the regional school financing responsibility from the Ministry of Education, Science, Research and Sports (MESRS SR) to the MI SR in 2013, the total budget of its chapter doubled. The expenditure on the regional school system presently amounts to EUR 1.4 billion of the total budget.

The real spending on services such as the police differs from the allocation in the respective budget programme. The difference is due to the fact that functions are merged with cross-cutting programmes in the programme budget data, which also hampers international comparability according to COFOG. This is only partially attributable to the methodology¹⁴; a part of the expenditure on the police and fire services is financed through programmes like central support and IT.

Graph 1: The MI SR’s expenditure broken down according to the programme structure (2019, in EUR million)



Source: MF SR BIS

Spending on regional education systems is outside the scope of this review of the MI SR’s expenditure, as it was already covered by a specific education spending review (2017). The spending review for the MI SR examines expenditures accounting for over 50% of the Ministry’s expenditure, which reached nearly 1.6 billion in 2019. The review parts below thus focus only on the MI SR’s own expenditure, without transfers to the regional school systems.

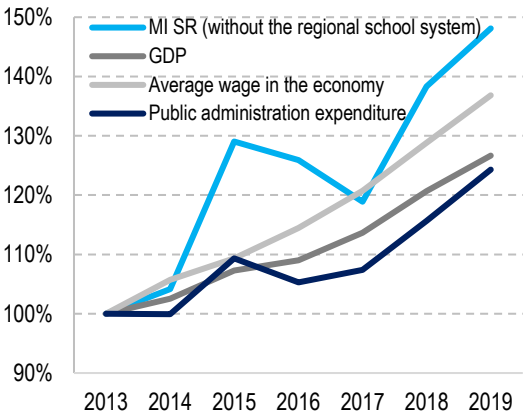
The expenditure of the MI SR grew at a rate higher than the education or health expenditure. The Ministry’s budget increased by 48% over the recent six years, in contrast to only 25% and 33% growth in expenditure on education and health, respectively. The expenditures of a majority of the MI SR’s programmes rose in 2013 and

¹³ Based on Section 10 of the Act No 596/2003 on the state administration of the education system and school self-government

¹⁴ A programme budget shows expenditure on a cash basis, in contrast to the ESA 2010 methodology of Eurostat which uses the accrual basis.

those with the highest increase were Fire Protection and District Authorities. Viewed from a perspective of the economic classification, the highest growing expenditures were capital expenditure and current transfers. The rise in expenditure is also attributable, though to a lesser extent, to projects financed by EU funds and the paying authority for EU funds (nearly EUR 40 million), but even without them the MI SR's spending grew higher than that of the other Ministries.

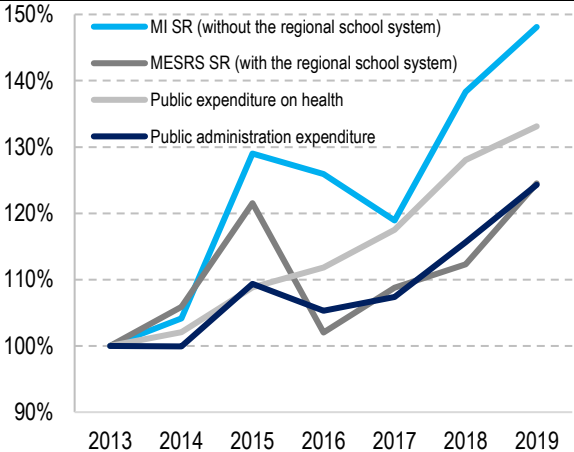
Graph 2: Overview of the growth of the MI SR's expenditure (2013 = 100%)



Note: The growth in 2015 was due to the drawing of EU funds.

Source: MF SR BIS

Graph 3: Comparison of the growth of the MI SR's expenditure with the other Ministries (2013 = 100%)

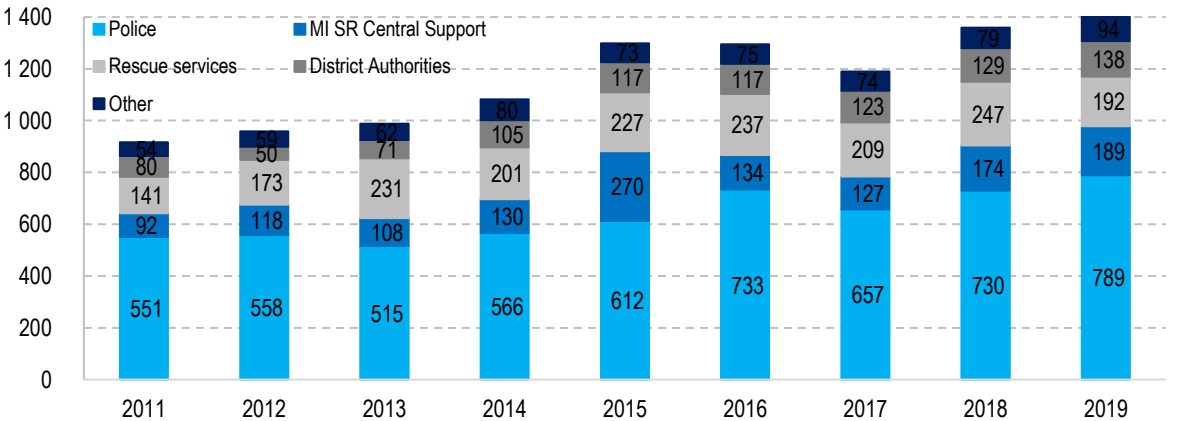


Note: The debt relief granted to hospitals is not included in the public expenditure on health

Source: MF SR BIS

Two thirds of the expenditure analysed in this review is on the uniformed services of the MI SR. The uniformed services of the MI SR's are covered by the budget programme "Effective and Reliable General Government". They include the police (EUR 789 million, 56%) and the fire services and the Mountain Rescue Service (EUR 189 million, 13%). The expenditure on the exercise of public power¹⁵, which includes the District Authorities, the organisation of elections and archive management, amounted to EUR 232 million (17%).

Graph 4: Expenditure of the Effective and Reliable General Government programme (in EUR million)



Source: MF SR BIS

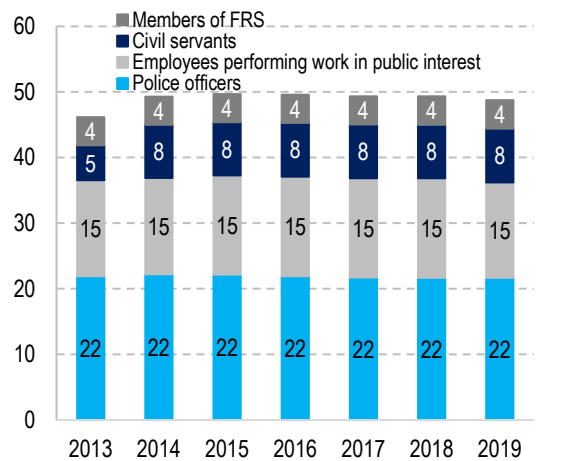
With the expenditure of EUR 192 million (14%), Central Support is the second largest budget sub-programme. It includes centrally paid current and capital expenditures of a cross-cutting nature (building management, purchase of weapons and equipment, provision of meals, etc.). The central support expenditure also

¹⁵ The sub-programmes of the Effective and Reliable General Government programme covering the exercise of public power include the District Authorities, governance a control, archive management, elections, asylum policy, technical assistance, projects of the European Union and the Operational Programme Quality of Environment.

covers the activity of the Government’s commissioners and various state-subsidised organisations (such as general government informatisation organisations, specific-purpose facility centre).

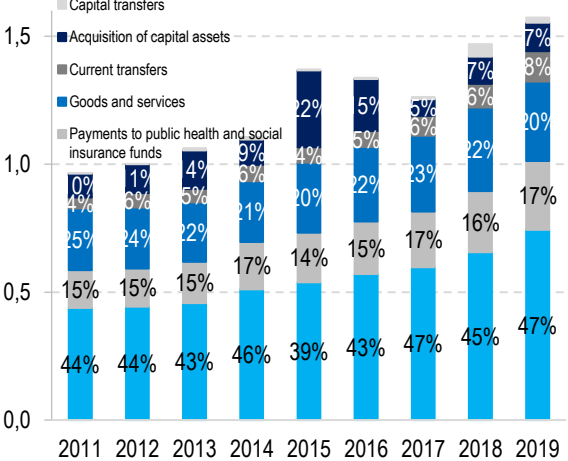
The MI SR employs nearly 50 thousand of persons, which makes it one of the largest employers in Slovakia. More than a half of the workforce is the personnel of the Ministry’s uniformed services. Almost 22 thousand employees are police officers and more than 4 thousand employees are members of the Fire and Rescue Service. Civil servants¹⁶ (i.e. the personnel of the Ministry or of the District Authorities) and employees performing work in the public interest¹⁷ (e.g. non-pedagogical personnel at schools, gatekeepers, etc.) make up one third of the MI SR’s workforce. The pedagogical staff work at more than 200 schools founded by the MI SR.

Graph 5: Numbers of the MI SR’s employees (in thousands)



Source: MF SR BIS

Graph 6: Expenditure broken down according to ECBT (in EUR billion)



Source: MF SR BIS

The Ministry’s staff expenses keep growing every year and increased by 64% since 2013. The growth rate is higher than the average of the other general government bodies, which is 54%. The MI SR’s staff expenses amounted to EUR 619 million in 2013, while in 2019 they totalled EUR 1,012 million. The amount of staff expenses as a share of total expenditure has been relatively stable, at 63%. Over a half of the compensation expenditure is on the Police Force. The average salary in the ministerial area rose by 49% since 2013, which is 12 percentage points (p.p.) more than the average wage in the economy.

The expenditure on police services and fire-protection services, as estimated by the VfM unit, reached a level between 1.5% and 1.6% of GDP. Compared to V3 and E15, it is above average and, besides that, it is incorrectly assigned.¹⁸ Out of the total expenditure on public order and safety, accounting for 2.2% of GDP, Slovakia does not classify expenditure¹⁹ in an amount of 0.5% of GDP, which is five times more than the EU average. Over 69% is allocated to the MI SR. The reporting is thus confusing and it hampers the evaluation and international benchmarking of expenditure on the police and the fire services.

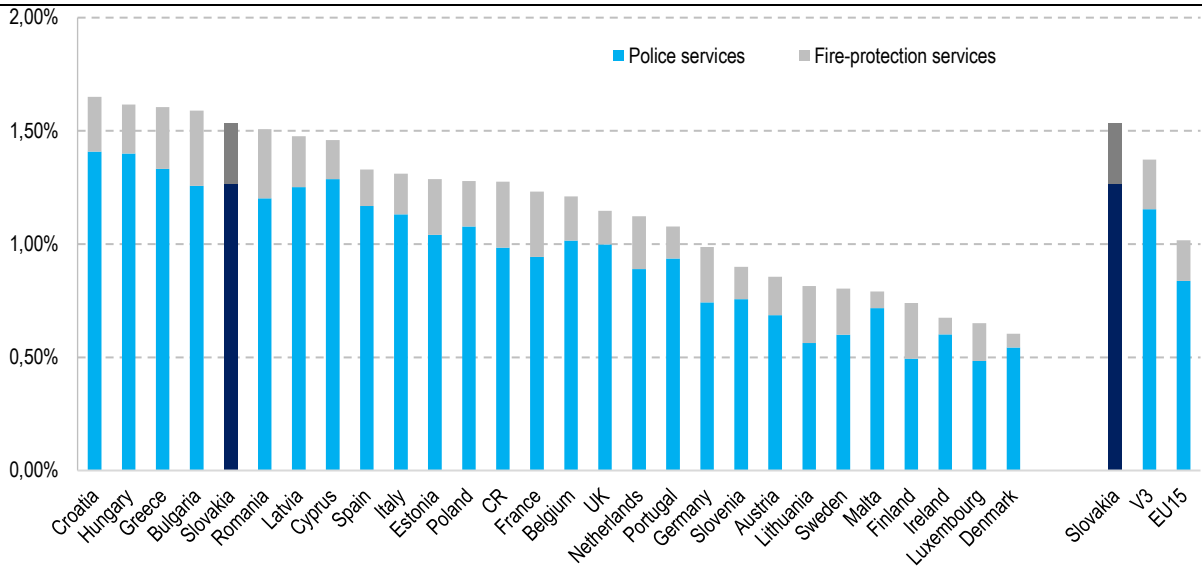
¹⁶ The personnel performing specialist work at the Ministries and other central government bodies. Their employment is governed by the Act No 55/2017 on civil service.

¹⁷ The general government personnel other than civil servants. Their employment is governed by the Act No 552/2003 on the performance of work in public interest.

¹⁸ The expenditure on police services also includes municipal police allocations (EUR 65 million) and allocations for the Financial Administration of the SR (EUR 75 million), which account for 12% of the total spending on police services. In order to enable international benchmarking, these expenditures remained included in the calculations.

¹⁹ See the calculation methodology described in Box 2.

Graph 7: Expenditure on police services and fire-protection services (the VfM unit's estimate according to COFOG, in % of GDP)



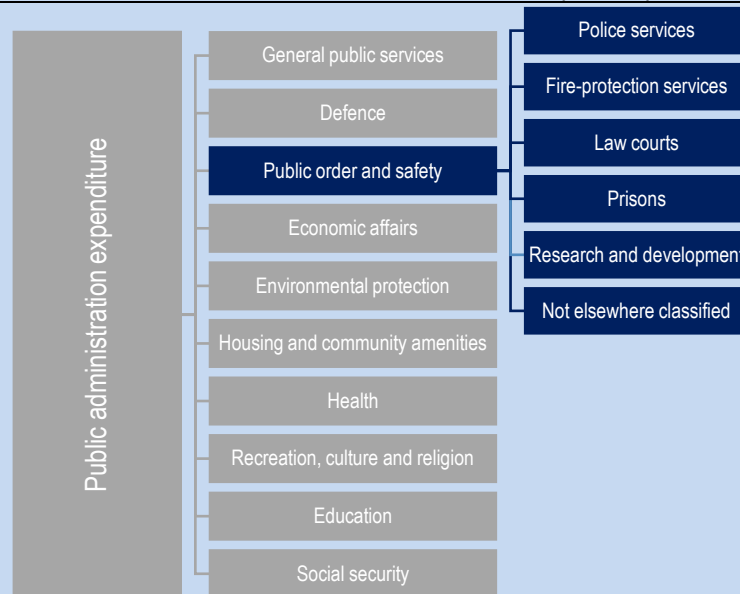
Source: Eurostat, MF SR BIS, VfM unit

Box 2: Methodology of the allocation of expenditure not elsewhere classified

COFOG classifies general government expenditure according to function, independently of the organisation by which it is performed. The methodology thus ensures the international comparability of data across the EU countries.

A substantial part of the MI SR's expenditure is classified under the public order and safety group. This includes, in particular, the Police Force (Police Services group) and the Fire and Rescue Service (Fire-Protection Services group). The Law Courts and Prisons groups do not fall under the MI SR's expenditure.

Diagram 1: Structure of the Classification of the Functions of Government (COFOG)



Source: Eurostat

Slovakia's reported expenditure on police services amounts to 1.04% of GDP and expenditure on fire-protection services to 0.22% of GDP, but an amount of public order and safety spending as high as 0.5% of GDP is not further classified. For a correct international comparison to be possible, that expenditure also needs to be taken into account. Several countries report unclassified expenditure of up to 0.1% of GDP on average, but Slovakia's proportion of unclassified expenditure is the highest. Based on the foregoing, and as the budget data indicate, Slovakia is probably undervaluing its spending on police and fire-protection services. The undervaluation was also confirmed in discussion with the Ministry of Interior.

According to Slovakia's budget data, 69% of the Ministry of Interior's unclassified expenditure is attributed to public order and safety. The VfM unit thus estimated the expenditure on police services and fire-protection services, including unclassified expenditure, at 0.1% of GDP, which is the EU average.

Out of the remaining unclassified expenditure, amounting to 0.4 of GDP, the portion assigned to the Ministry of Interior is 0.34% of GDP. Since, however, the Ministry of Interior's share was calculated from the total unclassified expenditure (0.5% of GDP), not only the re-assigned 0.4% of GDP, the VfM unit's estimate reflects this uncertainty and includes all mathematically possible amounts of expenditure on police services and fire-protection services. The amount remaining after the deduction of all unambiguously assignable expenditure on police services (1.0%) and fire-protection services (0.2%) was divided in the ratio of 81 to 19, which reflects the proportion of the reported expenditure of the MI SR. However, for the sake of accuracy, all calculations were made in millions of euros since figures expressed as a percentage of GDP are rounded to one decimal place and this could cause major inaccuracies.

The total expenditure on police services and fire-protection services amounts to between 1.5% and 1.6% of GDP. It is 0.3% to 0.4% of GDP more than the reported expenditure and the VfM unit's neutral scenario²⁰ assigns 1.53% of GDP to police services and fire-protection services, of which 1.27% is police services and 1.27% of GDP is fire-protection services.

Table 2: Estimated expenditure on police services and fire-protection services (VfM unit, 2018)

Interval	Total		Police services		Fire-protection services	
	EUR million	% of GDP	EUR million	% of GDP	EUR million	% of GDP
Lower limit	1,348.6	1.503	1,113.3	1.241	235.3	0.262
Neutral scenario	1,375.7	1.533	1,135.4	1.265	240.4	0.268
Upper limit	1,436.8	1.601	1,185.0	1.321	251.8	0.281

Source: VfM unit

Further, to determine the real amount of spending of the Ministry of Interior, it is necessary to deduct the expenditure on the police services provided by the Financial Administration of the SR (EUR 75 million) and at the local level (EUR 65 million). For fire-protection services, the local expenditure of EUR 26 million must be deducted. The estimated amount of the Ministry of Interior's expenditure on public order and safety for 2019 was calculated by re-dividing the total expenditure according to the 2018 proportions.

²⁰ The neutral scenario assumes that deduction of the unclassified expenditure of 0.1% of GDP would not change the MI SR's share of the remaining 0.4% of unclassified expenditure.

Table 3: Estimated expenditure of the MI SR on public order and safety (VfM unit)

Ministry of Interior of the Slovak Republic	VfM unit's calculation (2018)		VfM unit's estimate (2019)	
	Expenditure (EUR million)	Proportion (%)	Expenditure (EUR million)	Proportion (%)
Public order and safety	1,252	100	1,300	100
Police	995	79	1,034	79
Rescue services	214	17	222	17
Unclassified	43	4	44	4

Source: VfM unit

Properly implemented performance budgeting contributes to improved awareness of the structure and performance of public expenditure. It enables monitoring public spending by purpose and the targeted versus actual performance and outcome. Accordingly, it has the potential to inform policy-makers on where to allocate funds efficiently and citizens on what services they receive for such allocations.

The existing programme structure does not provide a sufficiently detailed picture of the performance of the MI SR's chapter. The MI SR is among the chapters with the highest expenditure. Its scope of responsibilities is very wide: schools, the police, fire services, local government authorities, elections etc. The function areas are aggregated at a too high level, without a sufficient detail.²¹

A change of the programme structure would enable more detailed monitoring of expenditure and improved linking of spending to performance. With the programme structure now used nearly all expenditure is merged under two programmes: *Effective and Reliable General Government* and *Youth Upbringing and Education*. Both programmes are relatively aggregated; for example, the Education programme does not support recognising the specific expenditure on kindergartens and primary and secondary level schools; the *Effective and Reliable General Government* programme, in turn, combines public security forces with the exercise of public power. A further break-down would make the budget structure more transparent. On the other hand, and in contrast to other chapters (MTC SR, MLSAF SR), EU funds are budgeted in the various programmes on a substantive basis.

Therefore, the spending review proposes the following:

- Implement a more detailed programming of *Effective and Reliable General Government*
- Define elements in line with the functions performed, including in particular:
 - Police: according to the type of service (Table 4)
 - Rescue services: division into fire services and mountain rescue services
 - Public administration: according to activities, with break-down by public administration function

Budgeting with a more detailed break-down could help to link particular activities to particular results, which would improve the setting of targets. Most of the police's expenditure is budgeted through a single element and this hampers the monitoring of spending by service or function. The present programme structure does not support setting more specific targets. With the same targets set for all police, it is impossible to evaluate the individual

²¹ The merging of expenditure under extensive programmes is caused by, among other things, the binding nature of programme allocations. Transfers of allocations between programmes are subject to the Government's (or the Minister of Finance's) approval. This motivates chapters to aggregate their allocations in a smaller number of programmes.

functions adequately. A break-down to the element level would enable monitoring allocations and assigning adequate measurable indicators to them.

Table 4: Example of a change in the programme structure²²

Current programme structure		Proposed programme structure	
Protection of public order and safety of persons and property		Police	
Element	Protection of public order and safety of persons and property;	Element	Criminal police service
	countering of crime		Traffic police service
	Schengen area safety		Order police service
	Crime prevention		Other police services
Fight against human trafficking	Crime prevention		
	Schengen area safety		
	Critical infrastructure protection		
	Interior Security Fund		
	Electronic services of the MI SR's information systems for the Police Force		

Source: The MI SR's Programme Budget, VFM unit

The review recommends considering a reduction in the number (or abandonment) of logical²³ indicators. This could free up resources for better monitoring of indicators. The logical indicators used by the MI SR account for one third of all indicators. Indicators with a logical (binary) value, i.e. yes or no, have a low informative capacity. The monitoring of such indicators does not contribute to the linking of allocations to performance, nor does it inform about the result and effectiveness of spending.

Table 5: Division of KPIs in the programme structure

Programme	Number	Unit of measurement of KPI		
		Logical	Percentage	Total
Effective and Reliable General Government	21	4	11	36
Youth Upbringing and Education	4	2		6
Information Technology Financed from the State Budget		5		5
Human Resources	1	2		3
Operational Programme "Effective Public Administration"		2		2
Protection of the Critical Infrastructure in the Slovak Republic	1			1
Development Cooperation		1		1
State Defence Support	1			1
Civil Emergency Planning in the Slovak Republic	1			1
Economic Mobilisation		1		1
The Slovak Republic's Contributions to International Organisations	1			1
Total	30	17	11	58

Note: Number – result in units; Logical - Yes or NO result; Percentage - performance against target in per cent. Source: The MI SR's Programme Budget, VFM unit

There is a clear link between crime prevention and crime clearance rates and police work, but trust in the police is missing among the targets. The MI SR has appropriately set two targets (crime prevention and crime clearance rate). Another primary goal of the police should be improving the citizens' trust, which would also strengthen the relation between expenditure and performance. Therefore, the spending review proposes introducing the target of enhancement of the citizens' trust in the police as well as other relevant indicators in the next programme budget.

The targets set for rescue services are adequate and performance-oriented. The MI SR thus improves the link between the rescue services' functions and expenditure. It focuses on both core functions of the rescue

²² A summary of the proposed changes to the programme structure can be found in Annex 1.

²³ A logical indicator in a programme budget has a value of either Yes or No.

services, i.e. preventive activities and rescuing action.²⁴ Both targets are planned ambitiously, in terms of absolute values, and are annually evaluated.

Table 6: Proposed MI SR programme structure broken down to the sub-programme level

Youth Upbringing and Education	
Sub-programme	Provision of upbringing and education at kindergartens and their operation
	Provision of upbringing and education at primary schools and their operation
	Provision of upbringing and education at secondary schools and their operation
	Provision of upbringing and education outside the classroom teaching process
Protection of Public Order and Safety	
Sub-programme	Police
	Rescue services
	Care of human resources
Effective and Reliable General Government	
Sub-programme	District Authorities
	Elections
	Archive management
	Asylum policy
	Technical assistance
Commissioners of the Government of the Slovak Republic	
Sub-programme	Agenda of the Commissioners of the Government of the SR
	Integration of marginalised Roma communities
Governance and Control	
Sub-programme	Governance and control
Information Technology Financed from the State Budget	
Sub-programme	Information technology financed from the state budget, Ministry of Interior
Human Resources	
Sub-programme	OP Human Resources 2014 - 2020, MI SR
Information Society 2014 – 2020 Inter-ministerial Programme	
Sub-programme	Information society 2014 - 2020, MF SR / MI SR
The Slovak Republic's Contributions to International Organisations	
Sub-programme	The SR's contributions to international organisations, MI SR
Development Cooperation	
Sub-programme	Official humanitarian aid of the Slovak Republic abroad
State Defence Support	
Sub-programme	State defence management points, MI SR
Economic Mobilisation	
Sub-programme	Economic mobilisation, MI SR
Anti-drug Policy	
Sub-programme	Anti-drug policy, MI SR
Protection of the Critical Infrastructure in the Slovak Republic	
Sub-programme	Protection of the critical infrastructure in the Slovak Republic, MI SR
Civil Emergency Planning in the Slovak Republic	
Sub-programme	Civil emergency planning in the SR, MI SR

Source: MI SR's programme budget, VfM unit

According to the VfM unit's baseline scenario²⁵, the MI SR's expenditure in 2020 will be more than EUR 200 million (7%) higher than assumed in the approved general government budget. Already in the past the budgeted expenditure often happened to be lower than the actual spending. The main sources of the differences were allocations for the indexation of compensations outside the chapter of the MI SR (GTA)²⁶ and inaccurate budgeting of allocations from EU funds. In 2019, the actual expenditure was 21% higher than the budget. About a half of the difference was due to the Youth Upbringing and Education programme and a quarter was due to an increase in the expenditure on the Effective and Reliable General Government programme and the spending of EU funds. Since 2014 (following the ESO reform), the actual annual expenditure was higher than the budget by 13% on average.

²⁴ The indicators are the number of fire-prevention inspections and the intervention speed, i.e. a response time shorter than 20 minutes in at least 90% of cases.

²⁵ The baseline scenario serves as an analytical tool for determining the envelope amount. The calculation methodology is described in Box 3.

²⁶ General Treasury Account. Because of the delayed conclusion of the higher-level collective agreement, the same situation occurred in all chapters.

Table 7: Baseline scenario for the MI SR's budget

	2018	2019	2020	2021	2022	2022	2022	2022	2022	2023
	A	A	B	E	BS	B	BS	B	BS	BS
Youth Upbringing and Education	1,2	1,4	1,4	1,5	1,5	1,44	1,5	1,4	1,6	1,724
Employee compensations: salaries and premium payments to the public health and social insurance funds	173	194	219	219	214	220	222	220	233	244
Employee compensations, other	6	7	2	5	8	2	8	2	9	9
Goods and services	22	21	7	22	21	7	21	7	21	22
Of which:	1,0	1,1	1,2	1,2	1,2	1,20	1,3	1,2	1,3	
Transfers on account of conferred responsibilities, education system	41	67	03	77	71	4	15	04	74	1,435
Transfers other than on account of conferred responsibilities	5	5	6	6	5	6	6	6	6	6
Capital expenditure	7	6	3	3	6	3	6	3	7	7
	1,3	1,3	1,3	1,3	1,4	1,34	1,4	1,3	1,5	
Effective and Reliable General Government	33	18	44	59	27	5	77	44	43	1,612
Employee compensations: salaries and premium payments to the public health and social insurance funds	889	981	60	55	79	0	22	60	76	1,234
Employee compensations, other	80	70	70	77	77	70	80	71	84	88
Goods and services	215	177	158	156	180	158	180	157	184	187
Of which:	13	15	15	15	16	15	17	15	17	18
Transfers on account of conferred responsibilities, ESO	20	32	21	25	34	21	35	21	36	37
Transfers other than on account of conferred responsibilities	115	43	20	31	41	20	43	20	45	47
Capital expenditure										
Information Technology Financed from the State Budget	69	80	47	47	81	47	81	47	83	85
Elections	5	16	11	11	11	1	1	15	15	
EU funds	60	162	75	146	75	134	134	139	139	
Of which:										
06G Human Resources	32	46	33	86	33	87	87	97	97	
0E9 OP Effective Public Administration	8	44	41	55	41	47	47	40	40	
0D6 Effective and Reliable General Government	19	66	1	5	1	1	1	1	1	
0D5 Youth Upbringing and Education	0	5	0	0	0	0	0	0	0	
0EJ Inter-ministerial Programme Information Company 2014 - 2020	1	1	0	0	0	0	0	0	0	
Other	0	0	0	1	0	0	1	0	1	1
	2,7	2,9	2,9	3,0	3,1	2,96	3,2	2,9	3,4	
Total	22	77	17	95	19	8	72	86	29	

Source: MF SR BIS,
ViM unit

Note: S = Actual; E = Expected; B = Budget; BS = Baseline scenario

Compared to the budget, the baseline scenario assumes a higher expenditure under the programme Effective and Reliable General Government. The budget foresees a reduction in expenditure on goods and services and a lower capital expenditure than the actual spending of the last years. The reduction, however, is not substantiated by any major capital expenditure project implemented in 2019. Similarly to other programmes, the (indicative) budget for 2021 and 2022 is only a formal one, as it is identical to or only negligibly different from the budget for 2020.

Box 3: Calculation methodology used for the baseline scenario for 2020 to 2023

The basis for the baseline scenario for the years 2020 to 2023 is the actual figures of 2019. The future expenditure on employee compensations²⁷ is indexed by the expected wage growth rate, and expenditure on goods and services is indexed by the expected inflation rate. Transfers are indexed by a combination of those two rates and with regard to their expected utilisation. The capital expenditure is forecast on the basis of the expected growth of tax revenues, i.e. a combination of the GDP growth and the elasticity of tax revenues.

The expected expenditure on projects co-funded by EU funds and expenditure on elections indicated in the baseline scenario are taken from the budget as they are one-time or occasional expenditures.

The baseline scenario does not include expenditures covered by own funds of the MI SR's organisations, which amount to less than 1% of the Ministry's total expenditure. They include mainly the spending of own revenues of the entities running the Ministry's specific-purpose facilities.

²⁷ Employee compensations according to the ESA2010 methodology and details of the included items can be found in Annex 7.

2. Police Force

- **The public trust in Slovakia's police is the lowest of all countries of the European Union.** This lack of trust not only hampers the Police Force's functioning, but it mainly impairs feelings of safety among the population and poses an issue to the democratic legitimacy.
- **The definition of the scope of functions of the Slovak police is not dissimilar to the standard of other countries.** However, it mentions **providing assistance to the public** only marginally, despite it is among the internationally recommended goals of policing. It is questionable to what extent the police are encumbered with a civilian agenda; this topic requires an additional analysis in cooperation with the Ministry of Interior.
- **At a global scale, Slovakia is a safe country; viewed regionally, however, it has a higher number of intentional homicides and lags behind in terms of the population's feelings of safety.** Today, the police focus their evaluations mainly on detected crimes and related police work. However, an evaluation of the police's work, whether in a national or international context, using too narrow criteria may be insufficient. A more comprehensive assessment would require information that is now missing, such as the degree of victimisation, or victims' satisfaction with the help they received.
- **The annual expenditure on police services in the amount of 1.27% of GDP is above the average of both V3 and EU15.** This figure is the VfM unit's own estimate as, because of the high proportion of unclassified expenditure, the official expenditure is likely to be undervalued by about one fifth (0.27% of GDP).
- **With nearly 22 thousand police officers serving in the Police Force, the number of police officers per capita in Slovakia is higher than the neighbouring countries as well as the EU15.** Changes in the organisation of work, rearrangement of processes and changes in administrative work would enable reducing the number of police officers. Achieving the V3 average would require a 14% reduction, which would amount to annual compensation savings of up to EUR 73 million. To achieve the EU15 average, the Police Force's workforce would have to be reduced by almost one fifth, which would bring annual compensation expenditure savings of up to EUR 112 million.
- **Police officers' salaries are comparable to other countries. The level of salaries of police officers in Slovakia corresponds to that of employees with a university degree in the economy.** As a major benefit, police officers are entitled to a retirement pension, i.e. the special pension earned for years of civil service in a public security force. A police officer may thus receive up to ten average annual salaries more than a civilian employee at the same salary level. The difference is due mainly to a shorter time of making payments to the public pension system and a longer time of receiving the pension.

The State has the obligation to protect the life, freedom and safety of an individual as a holder of human and civil rights.²⁸ In order to ensure public order and safety, enforce law and fight crime, the power to lawfully exert violence is conferred upon public security forces. However, the State and the police are not allowed to act arbitrarily and are required to act within the confines of law. The State enforces law through courts, the prosecution service and the police. The police, which are our major public security force, are an organisation of the Ministry of Interior.

The police are authorised to control the society and exert force against it. This privilege is based on the trust that it will be exercised in public interest. Citizens' trust in the police's work means that the citizens perceive it as lawful and just. The trust of the public in the police is influenced by how the public sees the police's

²⁸ UN Universal Declaration of Human Rights, Articles 3 and 9.

professionalism and integrity, and by its belief that the police use their position only for lawful action in public interest and with the aim to ensure safety and security and protection of human and civil rights.

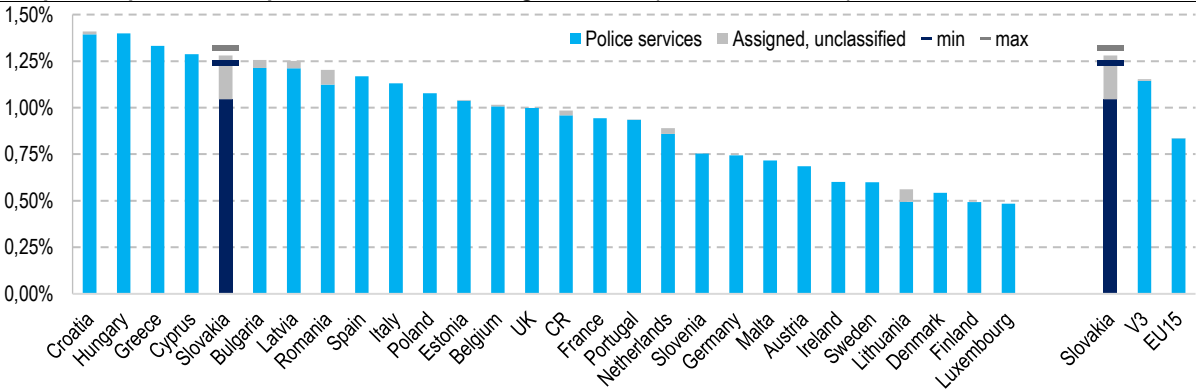
The Slovak police’s functions are to a large extent consistent with the best international practice. The main functions²⁹ include ensuring public order, protecting fundamental human rights and liberties, supervising the safety and fluency of road traffic and identifying the perpetrators of criminal offences. The Organisation for Security and Cooperation in Europe (OSCE) also defines the main functions of police as maintaining public order, protecting fundamental rights and freedoms, preventing and combating crime and providing assistance and services to the public. The police forces in the Netherlands and the United Kingdom have also codified similar objectives of policing, and they are also supported by recognised criminologists and think-tanks (e.g. Goldstein, 1977; Moore and Braga, 2003; Davis, 2012).

The main difference in the definition of the role of the police between Slovakia and the international standard is only in the limited scope of the obligation to provide assistance to the public. Slovakia’s law confers on the police the duty to support public administration, but it does not directly mention providing assistance to the public. This is a deviation from the objectives of policing outlined by the OSCE and the recommended policing principles, which include assistance to citizens in need of help, dispute resolution between individuals, communities and public administration, and a framework for enforcing the police’s responsibilities, including the criterion of users’ satisfaction (Goldstein, 1977; Sparrow, 2015).

2.1. Expenditure on the police

Slovakia’s reported expenditure on the police is undervalued; the VfM unit estimates that the actual expenditure reaches 1.27% of GDP, which is above the average of V3 as well as EU15. According to the Classification of the Functions of Government³⁰, expenditure on the police (including the Financial Administration of the SR and municipal police) is a sub-group of expenditure on public order and safety. Slovakia reports expenditure on the police in the amount of 1% GDP, but Slovakia does not classify public order and safety expenditure in an amount of 0.5% of GDP, which is five times more than the EU average. With a proportional assignment³¹ of the unclassified expenditure, spending on the police is higher by 0.27% of GDP, and it thus exceeds the average of both EU15 and V3. Details of the calculation are provided in Box 2.

Graph 8: Expenditure on police services according to COFOG (in % of GDP, 2018)



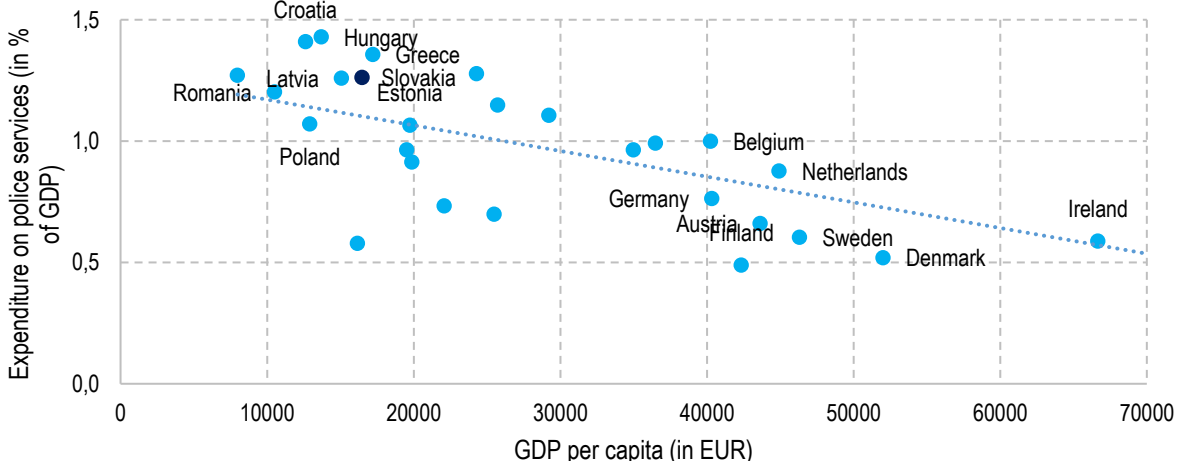
Source: Eurostat, VfM unit

The growth of wealth and population ageing will reduce demands towards the police in some areas. While the causes of crime are complex, effects concerned with poverty and economic development are among the major

²⁹ Act No 171/1993 on the Police Force
³⁰ COFOG; for more information refer to Box 2.
³¹ See the calculation methodology described in Box 2.

factors bearing on criminality (Patterson, 1991; Miguel et al., 2004; D’Ambrosio and Rodrigues, 2008; Hsiang et al., 2013; Bharadwaj, 2014; Dell et al., 2014). This is well evidenced by the fact, among other things, that wealthier and better governed countries report lower rates of intentional homicides, and their expenditure on policing is also lower. (Graph 9). In countries whose GDP per capita exceeds EUR 40 thousand, spending on the police does not exceed 1% of GDP. In contrast, countries with a lower GDP have a relatively higher expenditure on police services. The ageing of population also contributes to a natural reduction in criminality (Roeder et al., 2015). Hence, today’s demographic and social trends, as well as international practice, suggest that Slovakia’s spending on the police should be reduced over an extended term.

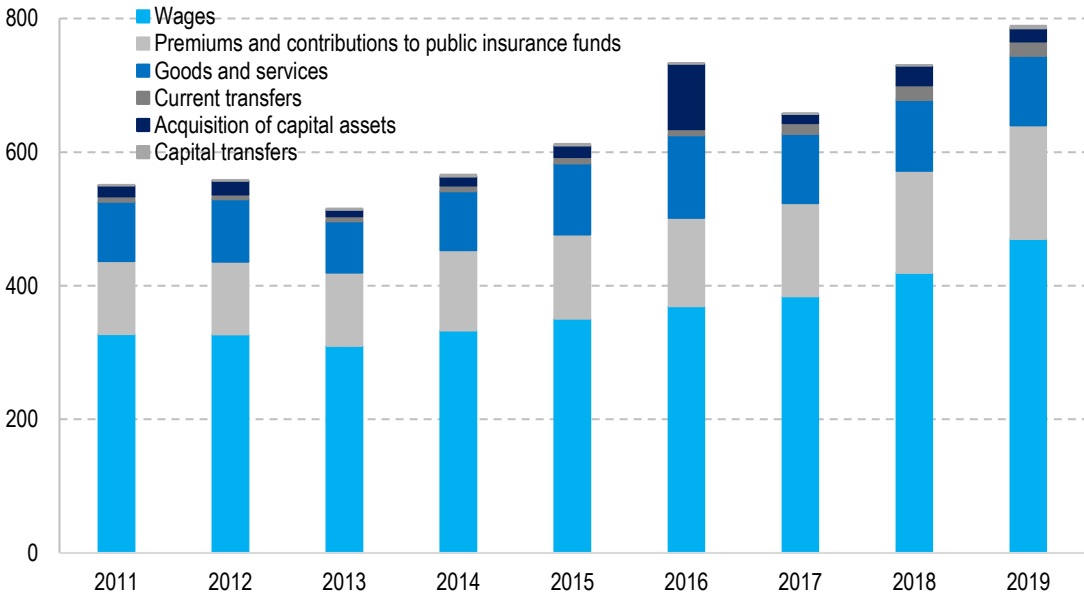
Graph 9: Relation between a country’s wealth and expenditure on police services (2018)



Note: Expenditure on police services according to the COFOG methodology Proportional assignment of unclassified expenditures; refer to Box 2 Source: Eurostat

According to the programme budget, the expenditure on police services rose by 43% since 2011. The absolute amount is EUR 789 million, but it is undervalued. Certain IT capital expenditure is not assigned to the police as it is aggregated at the Ministry level. Over 60% (EUR 640 million) of the expenditure on the police programme is staff expenses. Only 16% represents purchases of goods and services.

Graph 10: Expenditure of the Protection of Public Order and Safety programme, broken down according to ECBT (in EUR million)



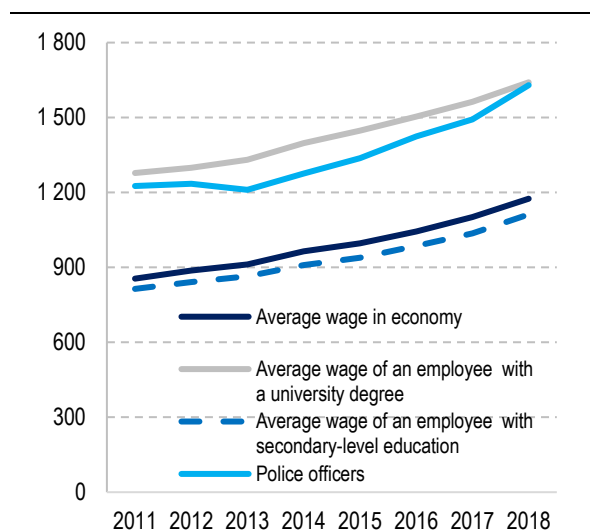
Source: MF SR BIS

2.1.1. Remuneration of police officers

Police officers' salaries³² are at the level of salaries of employees with a university degree. In 2018, the average monthly salary expense³³ on a police officer was EUR 1,630, including bonuses. The average salary of police officers has been growing since 2013, which is a result of the collective bargaining of the State's employees that has also led to the indexation of police officers' salaries. In 2019 and 2020, basic salaries increased annually by an agreed 10%. The increase by one third over the last seven years corresponds to the general development of wages in Slovakia.

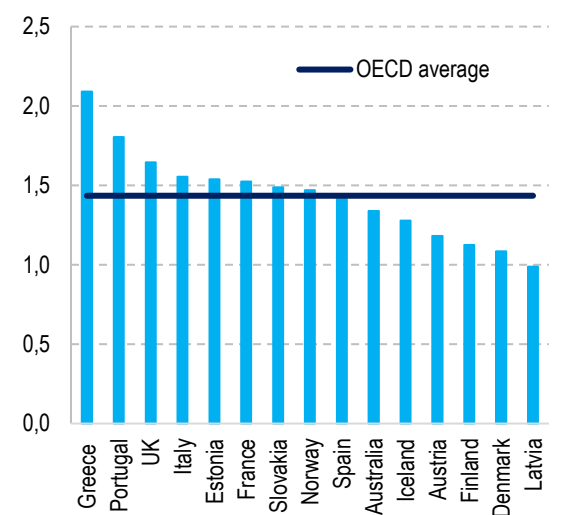
An international comparison indicates that the salaries of Slovak police officers are adequate (2015). It is a standard abroad, too, that police officers' salaries are higher than the average wage in the economy. The proportion is 1.39 times the average wage³⁴ (2018) in Slovakia and, according to available international data, 1.44 times the average wage abroad. This proportion has been stable in recent years, ranging between 1.32 (2014) and 1.43 (2011) of the average wage.

Graph 11: Police officers' average salary (in EUR)



Source: MF SR BIS

Graph 12: Police officers' average salary in proportion to the average wage in the economy (2015)



Source: OECD

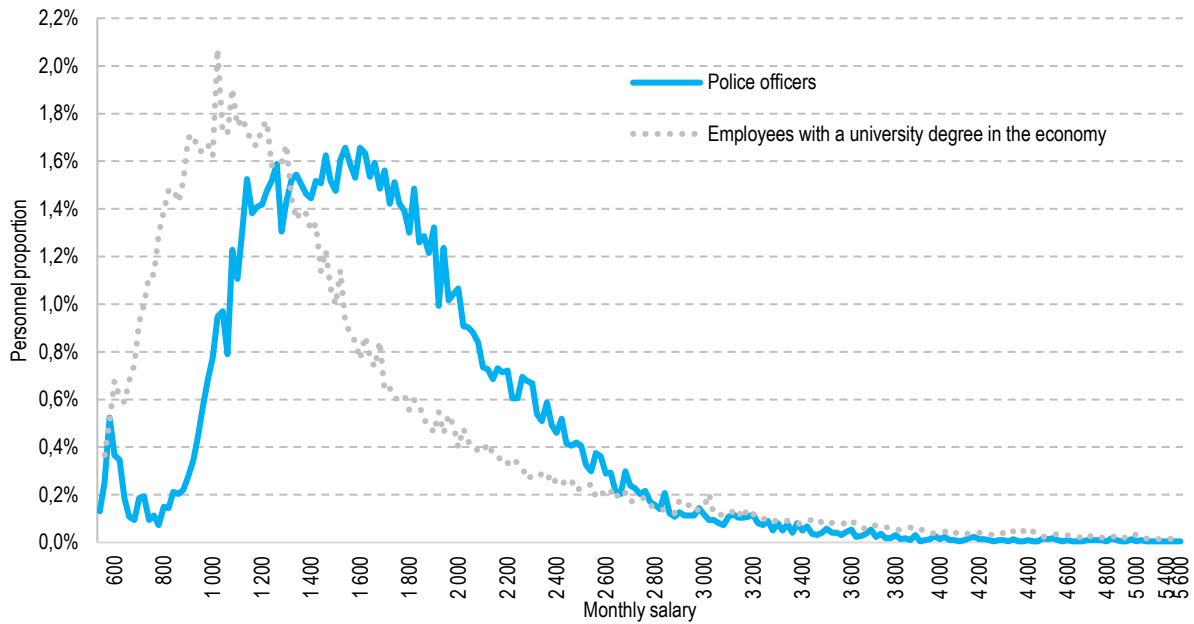
There are less low-paid police officers than low-paid employees with a university degree in the economy. 80% of police officers receive a salary between EUR 1,080 and 2,420. The same proportion of employees with a university degree in the economy receives a pay between EUR 760 and 2,480. However, the distribution of police officers' salaries does not suggest any compensation anomalies.

³² In the whole document, 'police officer' is used as a reference to a member of the Police Force of the Slovak Republic.

³³ Salary expense includes gross salary plus standby work compensation and other personal compensations.

³⁴ According to the selective employee wage structure survey, the average wage in the economy is EUR 1,175.

Graph 13: Pay distribution for the whole employee group (2018)

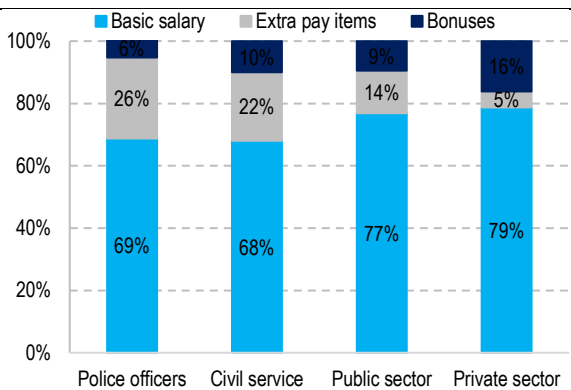


Note: The increment is EUR 20.

Source: LPIS

Extra pay items account for a quarter of police officers' compensations, which is more than other employees in the public sector. A police officer's compensation may include up to 20 different extra pay items. This is substantially more than in the private sector or in other public sector employees. Accordingly, the proportion of extra pay items in the total compensation is high, while bonuses account for only 6% of the total compensation.

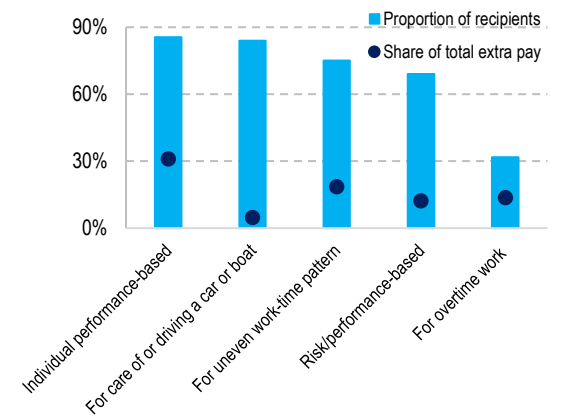
Graph 14: Components of compensation (2018)



Note: 2017 data for police officers

Source: LPIS, MF SR BIS

Graph 15: Numbers of recipients and expenditure amounts by extra pay item (2017)



Source: MF SR BIS

Nearly 90% of all police officers receive an individual performance-based extra pay, which accounts for 31% of the whole disbursed extra pay amount. As many as 84% of police officers receive the extra pay for the care of a car or boat; 75% the extra pay for an uneven work-time pattern; and 69% the risk extra pay. One third of police officers are entitled to overtime extra pay. These five extra pay items make up 81% of all extra pay expenditure.

Abolition of less used extra pay items would help to streamline the remuneration system. The extra pay for the preparation of a candidate police officer and the extra pay for language skills are received by only 7 police officers (0.03%) and the total annual expenditure on these extra pay items is EUR 2,500. Only 30 police officers

receive the extra pay for substitution or for undertaking a temporarily unstaffed position, which could be integrated into the management extra pay.

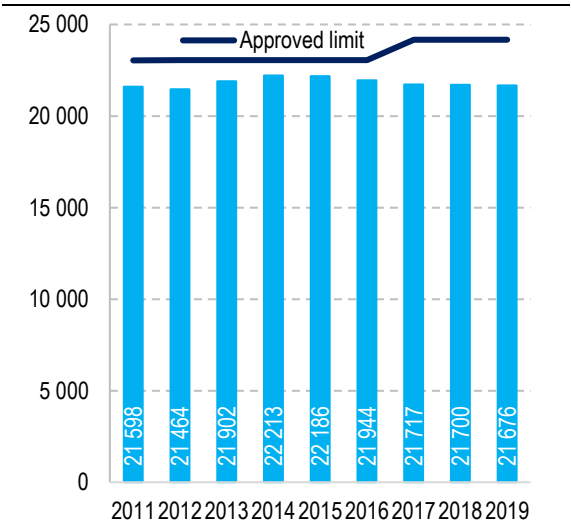
One of the main non-financial benefits is a longer leave entitlement. Police officers receive relatively little non-financial benefits. One of them is the statutory six-week annual leave entitlement. It is one week more than other employees in the private and public sectors. Police officers performing their duty in a more difficult working environment may be entitled to one additional week of leave (seven weeks in total).

2.1.2. Numbers of police officers

Compared to the V3, EU and EU15 averages, Slovakia has an above average number of police officers relative to the population. The number of police officers per 100 thousand of population is 403. The numbers for the V3 countries and EU15 countries are 347 and 316, respectively. The high number of police officers may be due to a lack of efficiency, but also to the practice of staffing civilian positions by police officers, the historical understanding of the role of the police (a police station in every municipality), or the complexity of procedures under the Slovak legislation³⁵ (the latter would require a specific analysis).

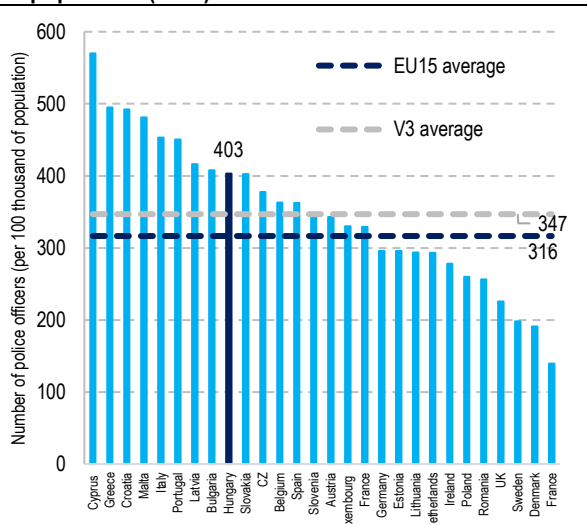
If the number of police officers in the Slovak police was at the EU15 level, it would be lower by one fifth. A reduction to at least the level of the V3 countries would mean a 14% lower number of police officers. In absolute figures, the Police Force’s workforce would be reduced by three thousand persons and compensation expenditure savings would reach nearly EUR 73 million. If all police positions where the staffing by police officers exceeds the V3 standard were filled with civilians, savings would be achieved even if the same salary level was retained. The elimination of the State’s higher-rate premium payments to the public health and social insurance systems (which partially cover the future police pensions) would mean an annual saving of EUR 4 million. The shorter leave entitlement would save EUR 2 million, and further, not quantified savings would be achieved on training, weapons and equipment, etc. From a long-term perspective, Slovakia should aim to approach the level of the E15 countries which achieve the comparable policing performance with lower numbers of police officers.

Graph 16: Numbers of police officers at the MI SR



Source: MF SR BIS

Graph 17: Numbers of police officers per 100 thousand of population (2018)³⁶



Note: The data for Latvia, Italy, Austria and Ireland are for 2016.

Source: Eurostat

³⁵ The examination of witnesses may be used as an example. In Slovakia, a police officer is required to re-examine the witness after the bringing of charge; this procedural step does not exist in the Czech Republic.

³⁶ The international comparison includes only police officers falling under the MI SR; municipal police officers are not included.

The policing work is carried out by nearly 22 thousand police officers; the number does not rise even though staffing limits have increased. The staffing limits are reviewed on an annual basis and the binding number is then specified in the systematisation of police officer positions, which is subject to approval along with the general government budget. In 2017, the staffing limit was increased by over one thousand of police officers; in 2020, the number was reduced by more than 200.

Over 75% of police officers serve a duty in the order, criminal, traffic or border and foreigner police services. More than 16 thousand police officers work in those four services. Less than a fifth of all police officers serve in the remaining 10 services including, for example, training and education, information technology or Police Force management.

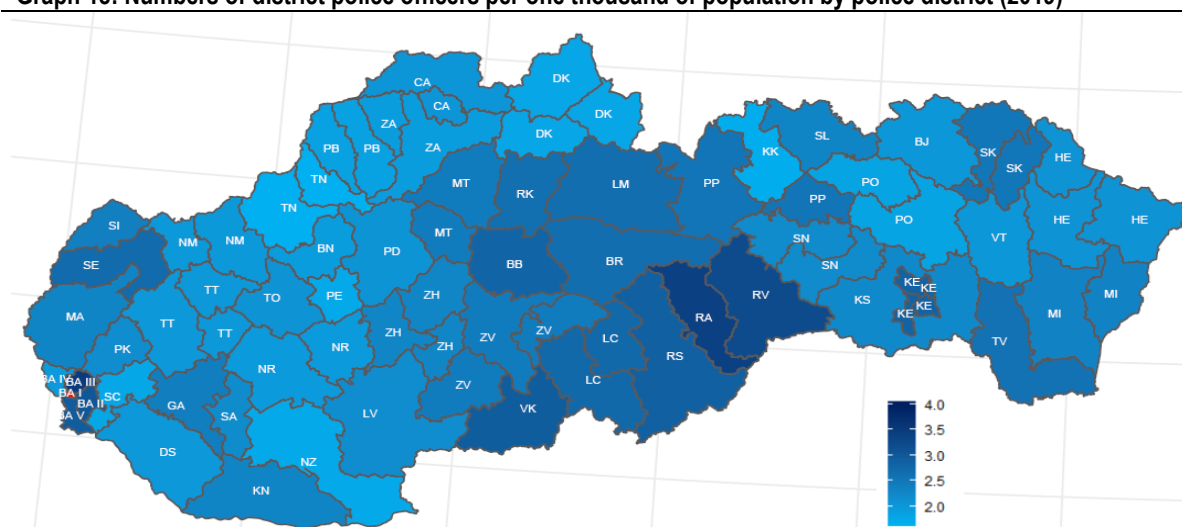
Table 8: Numbers of police officers by service (as of 31 December 2019)

Police service	Number	Share
Order police service	8,773	40%
Criminal police service	4,268	20%
Traffic police service	2,124	10%
Border and foreigner police service	1,395	6%
Railway police service	572	3%
Facility protection service	233	1%
Police Inspection	206	1%
Financial police services	33	0%
Police Force, other	4,130	19%
Total	21,734	100%

Source: MI SR

The distribution of district police officers relative to the populations they protect is uneven. The highest served districts include, apart from Bratislava, *Revúca* (3.4 police officers per one thousand of population) and *Rožňava* (3.2). The least intensively protected districts are *Kežmarok* (1.72), *Partizánske* (1.77) and *Nové Zámky* (1.78). The above figures do not include police officers of the County Headquarters and Presidium of the Police Force. The causal link between the distribution of police officers and the characteristics of a district, such as unemployment, remains unidentified.

Graph 18: Numbers of district police officers per one thousand of population by police district (2019)



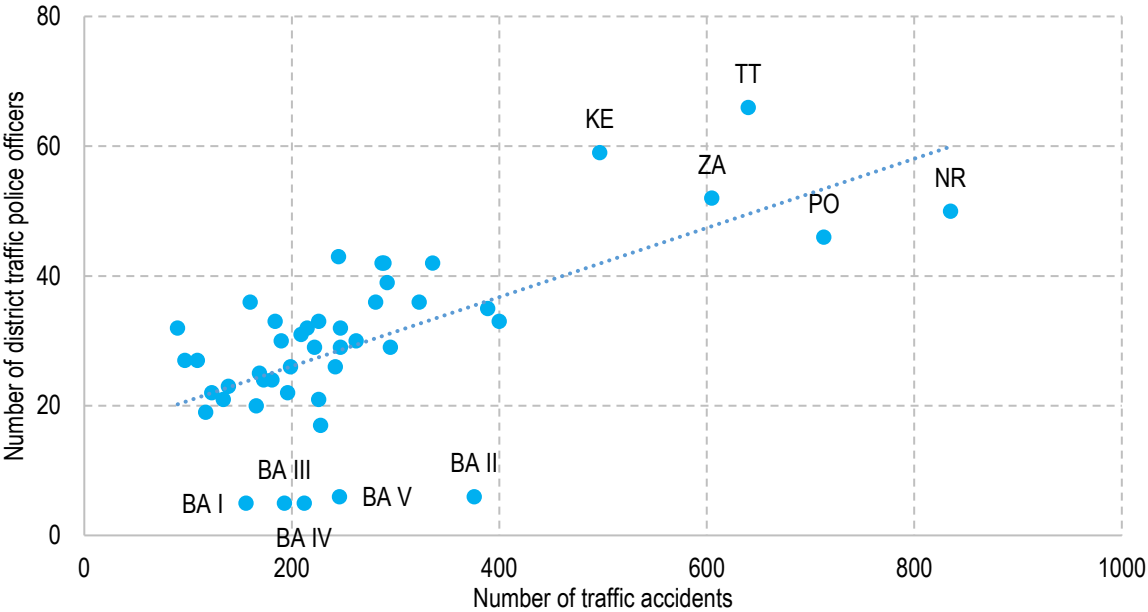
Note: The district of Bratislava has nearly eight policemen per one thousand of population.

Source: MI SR, Real Estate Registry

More than 1,300 traffic police officers are deployed in districts and their distribution does not correspond to accident rates. The police districts with the highest traffic accident rates are *Nitra*, *Prešov* and *Tрнава*. Police

districts often cover several smaller administrative districts; for example, *Tmava* District Headquarters of the Police Force serves the administrative districts of *Tmava*, *Hlohovec* and *Piešťany*. Among the county seats, Bratislava is the only one split into smaller police districts; if viewed in aggregate, it would be the district with the highest accident rate. Bratislava as a county has a significantly high number of traffic police officers (273), which may be due to lower workforce deployed at the district level.

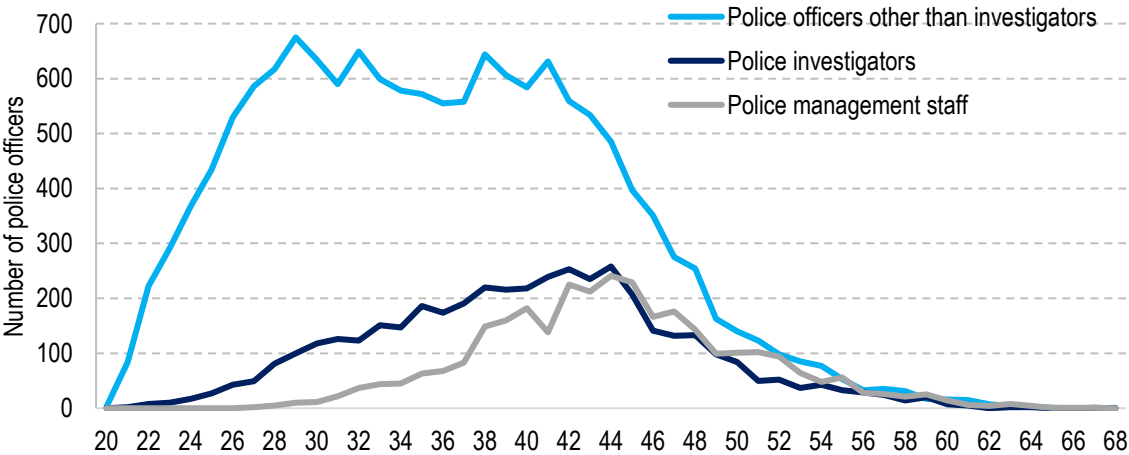
Graph 19: Numbers of traffic police officers and accident rates by police district (2019)



Note: The police districts with no traffic police officers are not included. Source: MI SR

Police officers also work in administrative positions at the MI SR and within the Police Force which should be staffed with civilian employees. Staffing positions that do not require any special police skills with civilian personnel offers a space for savings and for more efficient utilisation of police officers in the duties for which they were trained. A personnel audit of the MI SR and the Police Force should be carried out in order to identify those positions.

Graph 20: Age structure of police officers



Source: LPIS

The average age and median age of police officers are both near 38 years. Only 10% of police officers are older than 48. With the increasing age, the numbers of management personnel and of investigators rise. To become entitled to a retirement pension, a police officer must serve at least 25 years in the Police Force.

Box 4: Recruitment of members of Roma communities for the Police Force

The demographic representativeness of front-line public servants is an important instrument in protecting minorities' interests and supporting the democratic legitimacy of public policies. While police officers are obligated to respect the Criminal Code, no legislation is able to fully eliminate the influences of social background and the consequent attitudes, values and biases on the results of police work. It is, therefore, important to ensure that the Police Force reflects as truly as possible the heterogeneity of the society.

A higher degree of diversity and demographic representativeness (e.g. in terms of ethnicity or gender) of the Police Force may have a positive effect on the achievement of order and justice. A British study, which examined the impact of the government policy of 1999, setting 10-year targets for the recruitment of new police officers from among members of ethnic minorities for each police district, concluded that the 10% increase in the representation of ethnic minorities in a local police force led to cutting the rate of registered offences by between 1.4% and 3.8%. The results also suggest that the local police forces that were more successful in achieving the demographic representativeness enjoyed a higher degree of organisational integrity in citizens' eyes (Hong, 2015).

The low representation of ethnic minorities in Slovakia's police is an issue particularly in relation to marginalised Roma communities (MRC). A higher representation of Roma in the police could be achieved through more active dissemination of information on job opportunities across the community and improved support for the education of young Roma people. Information campaigns in minority communities that target an as wide as possible group of potential job seekers in order to improve the diversity of the police are used in the United Kingdom, for example. The Police Force of the SR chooses suitable MRC candidates for joining the Police Force within the framework of performance of its duties. Successful candidates receive police training and then they are deployed primarily in the MRC environment.

Information campaigns targeted at the marginalised Roma communities in Slovakia could improve the recruitment for the Police Force. Since under-qualification is a frequent barrier for people from MRC seeking to enter the labour market in Slovakia, it might be appropriate to test their financial motivation through a pilot scholarship scheme for young people with completed secondary-level education and knowledge of the Roma language to support them in further study at the Police Academy.³⁷ After the completion of the study, graduates would be bound to work a certain time in the Police Force. Their language competency, understanding of the community milieu and relationships and a higher level of trust from the community members could support the Police Force's goals substantially.

2.1.3. Retirement pensions

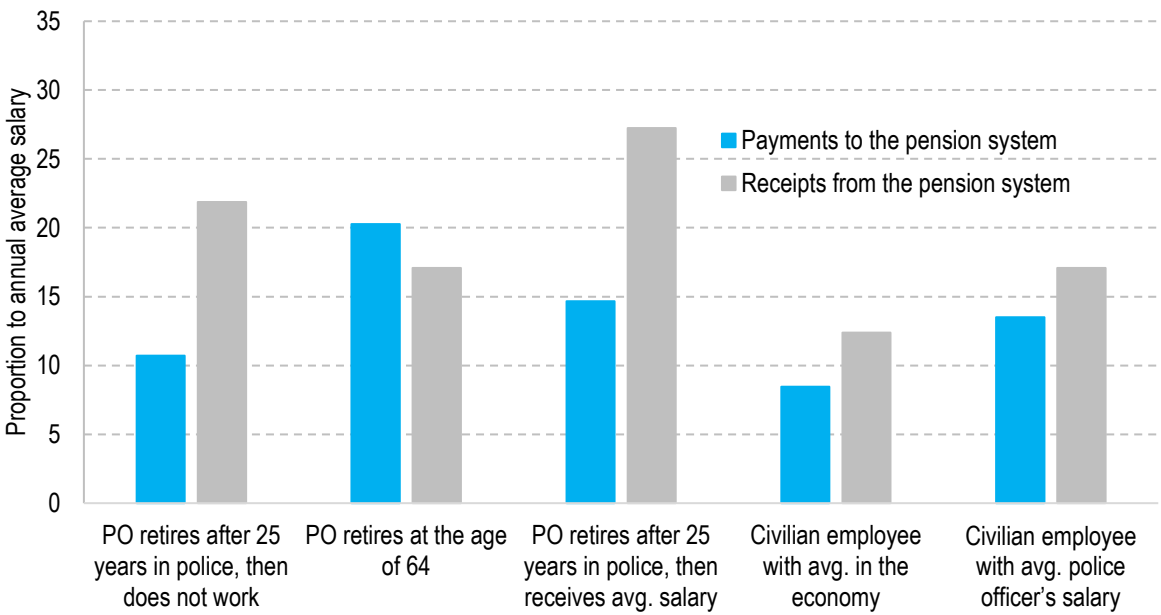
As a general rule, earlier retirement reflects the difficulty and physical strenuousness of police work as well as the legal limitation of certain rights and freedoms of police officers. However, the long-term substantiation of this non-financial benefit (compared to, for example, a higher salary) has not been subjected to a systematic review. The scheme of police pensions is more generous than pensions enjoyed by other public sector employees. The higher expenditure reflects the increased level of risk and stress to which police officers are exposed. The scheme allows the Police Force to maintain its personnel in a fit condition and renew human resources effectively. The substantiation of retirement pensions and the role of the scheme in the Slovak pension system should undergo a review.

A police officer may receive benefits from the retirement pension system in an amount twice as high as what they contributed to the system. Retirement pension, which is received only after retirement from active

³⁷ 10-month study at the Police Academy after successfully passing the secondary school-leaving exam (*"maturita"*) is a condition for admission to a police job.

service, is a major benefit afforded to police officers. The main advantage is the length of payment of retirement pension: a police officer may receive a pension for 10 years more than other professions.

Graph 21: Comparison of payments to and from the pension system



Source: VfM unit

A police officer may receive up to three times more than a civilian employee with the same level of earnings. A police officer who has left the Police Force after 25 years of service may receive retirement pension benefits in a total amount nearly ten average annual salaries higher than the amount the police officer contributed to the system. An employee with a salary similar to that of the police officer but retiring from a different profession may receive only five average annual salaries from the system.

In 2018, police officers who have served 25 years retired from the service in the Police Force. Their monthly pension reached nearly EUR 1,000. The number of years served in the Police Force as at the time of retirement ranges between 20 and 27 years. This reflects the situation preceding the 2013 reform which increased the threshold for years to be served in order to earn police retirement pension, and this led to a higher number of police officers remaining in service to reach the threshold.³⁸ The amount of police retirement pension depends on the number of years actually served in the Police Force and the salary.

Box 5: Methodology of the calculation of payments from and contributions to the pension system

The model quantifies mandatory contributions to the public pension insurance system and payments received from the system in form of pension benefits.

The simulation models five employees with different careers. All of them were born on the same date, started to work at the age of 18 (2010) and are 28 years old in 2020. The assumed life expectancy is 87 years³⁹ (2079). Their careers are modelled as follows:

1. A police officer with an average police salary who retires after 25 years in the Police Force and does not work anymore;

³⁸ The retirement pension is now earned after 25 years of service. Before 2013, the threshold was 15 years.
³⁹ This average life expectancy is based on Eurostat's projections.

2. A police officer with an average police salary who has worked in the Police Force until the age of 64, then retires and does not work anymore;
3. A police officer with an average police salary who retires after 25 years in the Police Force and then works in the private sector for a salary at the level of the average wage in the economy;
4. An employee in the private sector with a salary at the level of the average wage in the economy;
5. An employee in the private sector with a salary at the level of the average police salary.

The values of all variables for the period from 2010 to 2018 are real data and the projection is based on the assumptions of Eurostat and AWG⁴⁰; Slovak legislation remains unchanged.

Table 9: Variables used in the prediction

Variable	Value (%)
Average wage growth	4.15*
Pension inflation	2.20
Rate of police officers' contributions to the public pension system	27.00
Rate of civilian employees' contributions to the public pension system	18.00**

Note: * – Average until 2079; ** – Civilian employees' pensions are funded also from other funds of the Social Security Insurance Fund and a fair rate would be 22%. Source: VřM unit

The new legislation increased the service length threshold (from 15 to 25 years) for a police officer to earn a police retirement pension. The model disregards the transitional period, ending in 2023, and adjusts the pension calculation during the period of extension of the service length threshold.

A police officer working in an administrative position means an additional expense to the State, a major part of which takes the form of a retirement pension. The total expenditure so incurred may be up to three times higher than the State's expenditure on a civilian employee's pension. Moreover, the State finances the training, weapons and uniforms of such police officer.

Police officers, fire-fighters, rescuers, armed officers of the Financial Administration and soldiers each have their specific social security system.⁴¹ Such an arrangement is normal in foreign countries, too, and there are only a few European countries (e.g. Hungary or Norway) that have integrated those professions into the general system. Nevertheless, police officers and soldiers in those countries still enjoy preferential treatment, in particular earlier retirement.

Police officers and soldiers pay old-age and retirement pension system contributions that are higher than the civilian employees' contributions to the old-age pension system. On the other hand, on average, they pay contribution during a period shorter by 17 years and spend in retirement 10 years more. The rates of contributions paid to the pension systems by police officers and by civilians are 27% and 22%, respectively⁴². Police officers pay contributions, on average, for about 25 years, but civilians for over 42 years. Also, police officers' benefit ratio is now higher than that of civilian employees. Upon retirement, police officers receive a pension at 55% of the assessment base, while the pension afforded to a civilian employee with an average wage after 25 years

⁴⁰ Ageing Working Group as a working group of the European Commission dealing with demographic developments in Europe

⁴¹ For simplification, the system for police officers, fire-fighters, mountain rescuers and armed officers of the Financial Administration is also referred to as police retirement benefit system, but it covers all the above professions. The military retirement benefit system has its own specific account.

⁴² Civilian employees' pensions are also funded from other funds of the Social Security Insurance Fund and a fair rate would be 22%.

worked amounts to approx. 38% of the assessment base. After the transitional period, the benefit ratio of a police officer after 25 years of service will be similar to that of a civilian employee, 37.5%.

Table 10: Average values of variables for new retirees

Average values	Police officers			Soldiers			Civilians
	2012	2015	2018	2012	2015	2018	2018
Age at entry into service	22.9	23.9	24.0	18.7	20.9	19.7	N/A
Years of service	23.0	23.8	25.7	21.1	21.7	24.4	42.6
Retirement age	45.8	47.7	49.7	39.8	42.7	44.1	61.8
Life expectancy in retirement	34.9	32.9	30.9	41.4	38.3	36.7	21.1
Initial benefit ratio	49%	51%	56%	43%	45%	53%	51%
Old-age pension	631	655	697	794	805	801	516

Note: *relative to the average wage in the economy of 2018

Sources: Calculations of CBR

The parametric changes introduced in 2013, change of the length of service and benefit ratio in particular, made a substantial contribution to the stabilisation of the retirement benefit systems over a long-term horizon. The minimum length of service gradually extends from 15 to 25 years and the benefit ratio of new police officers is reduced, in a leap, to 37.5% of their assessment base. The determination of the assessment base also changed: the average instead of the best one of the last ten years served is used. The effect of those changes will be visible only after 2038 when police officers who entered into service after 1 May 2013 will start to retire. Further details of the changes are summarised in Box 6.

Box 6: Changes in the retirement benefit system for public security forces in effect from 1 May 2015

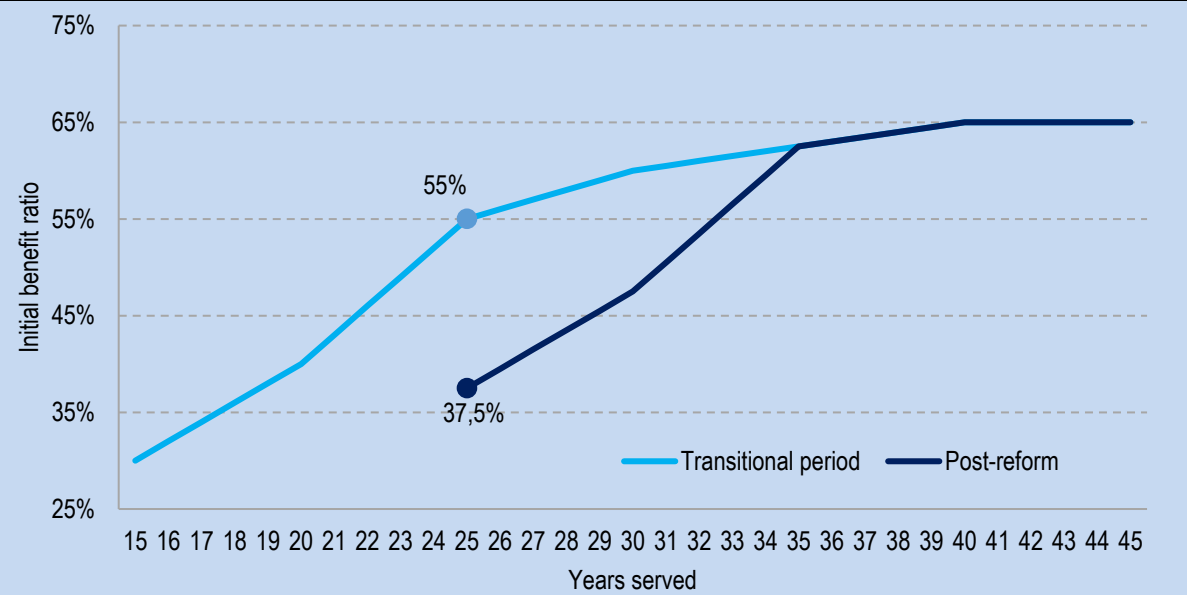
Effective from 01 May 2013, the amendment to the Act No 328/2002 on the social security system for police officers and soldiers launched an important **parametric reform** with a positive effect on the sustainability of the retirement benefit system. The most important measures include the following:

- Introduction of **gradual extension of the years of service** required for earning retirement pension from the **former 15 years to 25 years**. The change applies only to police officers and soldiers who had not met the minimum 15-year requirement until 1 May 2013.
- **For all hires entering into service after 1 May 2013, the benefit ratios (BR)** were redesigned and the minimum benefit ratio (after 25 years of service) was set to 37.5% of the assessment base. BR rises with the length of service, up to 65% of the assessment base (Graph 22).
- Transitional higher benefit ratios apply to all police officers or soldiers who started their service before 1 May 2013 and ended the service after 1 May 2013.
- The assessment base for the determination of retirement benefits⁴³ has gradually **changed from the best year of the last 10 years to the average of the last 10 years**.
- The retirement pension indexation method was changed and the approach used in the general pension system, i.e. indexation by the inflation index measured in pensioners' households, was supposed to start to apply from 01 July 2018. In the meantime, however, the provision was amended and now the retirement pensions are subject to increase depending on the average old-age pension paid by the Social Security Fund and the length of the recipient's service. This is, however, a transitional provision only and starting from 2022, retirement pensions will be subject to the same increase as pensions in the general system.
- With effect from 1 May 2019, the obligation to provide retirement grants and death benefits was transferred from the special account to the budget chapter of the last employer.

⁴³ Retirement benefits refer to retirement pension benefits, retirement allowances, retirement grants and death benefits.

- The minimum length of service required for earning retirement allowance is subject to gradual increase from 5 years to 10 years and the amount of the allowance increases by 1% (in contrast to 2% applicable before the reform) of the assessment base per year served after 1 May 2013. Also, conditions for the determination of the duration of payment of retirement allowance have changed.

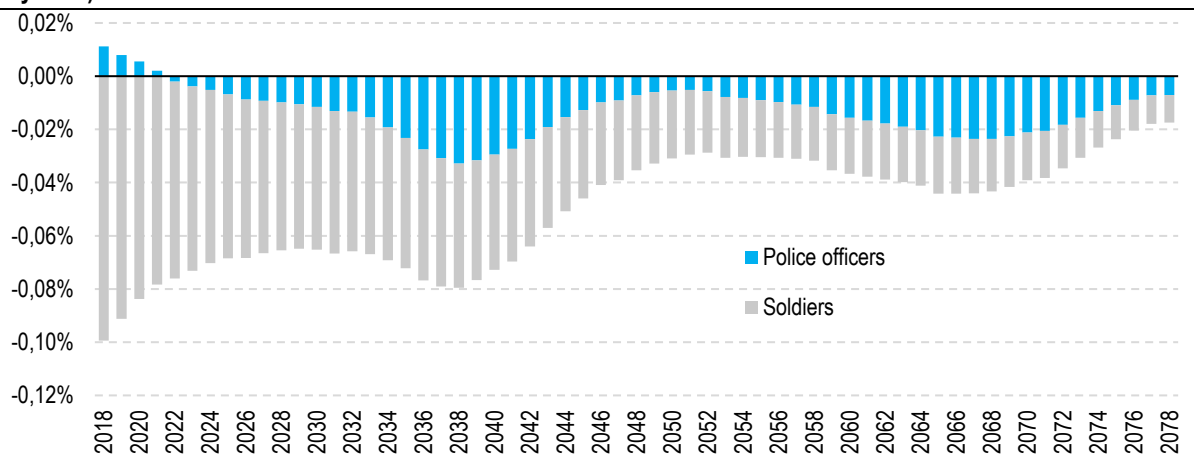
Graph 22: Benefit ratios before and after the reform



Source: Vfm unit, based on the legislation in force

The retirement benefit system for police officers and rescuers will remain in a moderate deficit from a long-term perspective. According to the CBR’s projections, the deficit of the system for soldiers will be several times higher than the deficit of the system for police officers in a near future. The police system account is now in a surplus (approx. 0.01% of GDP), but from a long-term perspective, the CBR expects a cyclical development with deficits not exceeding 0.025% of GDP. The irregular development is partially due to the reform itself, which defers a part of planned retirements to a later time.

Graph 23: Deficit of the police retirement benefit systems for police officers and soldiers (% of GDP, CBR forecast by 2078)



Note: Calculation details are provided in Annex 2

Sources: Calculations of CBR

The rate of police officers’ contributions is near to fair, as it is higher. Depending on the discount rate applied and the number of years served, “actuarially fair”⁴⁴ contribution rates for police officers would be between 24% and

⁴⁴ Details of the calculations and assumptions are provided in Annex 2.

34%, and for soldiers between 27% and 37%. A civilian employee with an average wage and an average number of years worked (41) should pay contributions between 15% and 21%. Fair premium rates are sensitive to the effective interest rate and the sensitivity rises with the length of time of receiving benefits.

Table 11: Actuarially fair premium rates and benefit ratios of the last pay

Years served	Police officer		Soldier		Civilian
	25 years	30 years	25 years	30 years	41 years
r = 2%	34%	32%	39%	37%	21%
r = 3%	26%	24%	29%	27%	15%
Premium rate on gross pay	27%	27%	27%	27%	23%
Benefit ratio of last pay	35%	44%	34%	44%	50%

Sources: Calculations of CBR

Where the system set-up is such that the real value of future pensions is higher on average than the premiums paid, it is advisable to communicate this fact as an employee benefit. Such a situation existed in the system before the reform of 2013: according to the IFP analysis⁴⁵, fair premium rates for police officers, based on the average of years served, were nearly 60% for police officers and even around 70% for soldiers. After the change of the system, the retirement benefit system still remains an employee benefit, in particular for soldiers.

CBR’s simulations suggest that the actual benefit ratio of the last pay will be lower in soldiers and police officers than civilian employees. This is a cost of the shorter premium payment time and longer pension receiving time compared to civilians. For soldiers in particular, who are more expected to retire after 25 years of service, with a benefit ratio of approx. one third of the last pay and the extending life expectancy and a relatively low age at the time of retirement, the major challenge will be finding ways how to support and encourage them to take on a new job.

Box 7: Retirement benefit systems for police officers and soldiers in the EU Member States

In most countries of the EU police officers and soldiers are covered by a specific social security system. Even in countries where they are integrated into the general system, these professions enjoy preferential treatment, particularly as regards retirement age. While many experts recommend integrating those employees into a single pension system as a way to support employees’ mobility between professions and enhance fairness, such reforms are difficult to implement. Poland and Romania, for example, returned to the former segregated system after several years.

Slovakia belongs to a minority of countries that have not set a minimum age for retirement from civil service. In most countries, the lowest age for civil service retirement is between 50 and 60 years, with some having exceptions for certain professions (pilots or submarine crews) or a system of reducing the age with a longer time of service. In general, the civil service retirement age is about 10 years lower than the retirement age in the general system. While eligibility to retirement pension arises after 20 or 25 years of service in those countries, the pay-out of retirement pension benefits is deferred until the minimum age is reached.

After the reform, the service length threshold in Slovakia will be set to a level equal to or higher than the EU standard. The most usual threshold in the EU is 25 years of service. Countries apply various exceptions or allow earlier retirement with reduced retirement benefits. Slovakia is now in a transition period: the length of service required until 2013 was 15 years, but it is gradually increasing now to reach 25 years.

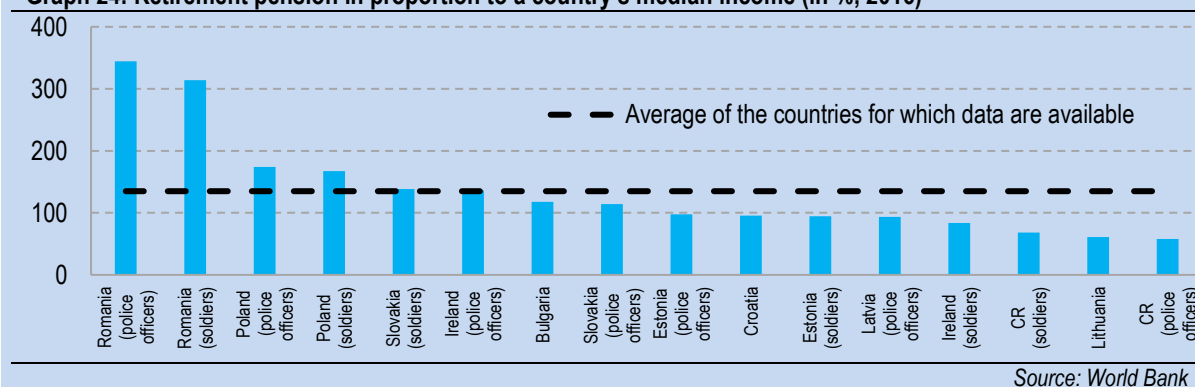
Large differences exist between countries in the benefit ratio offered by the retirement benefit system. The differences lie in the assessment base from which pension is calculated (ranging from the last-year pay to

⁴⁵ Available on-line at: https://www.finance.gov.sk/files/archiv/priloha-stranky/19983/70/EA_Dochodky_FINAL.pdf

the average pay for all career), as well as the percentage of the base a retiree receives. After the reform, the minimum retirement pension in Slovakia will correspond to a benefit ratio of 37.5%, less than what is common in the EU countries (usually around 50%). The maximum ranges between 60% and 85%. Because of the large differences in terms of the benefit ratio, assessment base as well as the time during which retirement pension is received, it is rather difficult to benchmark the “generosity” of systems.

Compared to Central and East European countries, Slovakia is among those providing higher retirement pensions, when related to the median income of households. According to the World Bank’s survey, retirement pensions paid to Slovak soldiers in 2016 were higher than the median income in the economy, amounting to 138% for soldiers and 114% for police officers. The same indicator for 2018 shows a reduction to 130% for soldiers and only a minimum decrease to 112% for police officers.

Graph 24: Retirement pension in proportion to a country’s median income (in %, 2016)



2.2. The police’s performance and safety in Slovakia

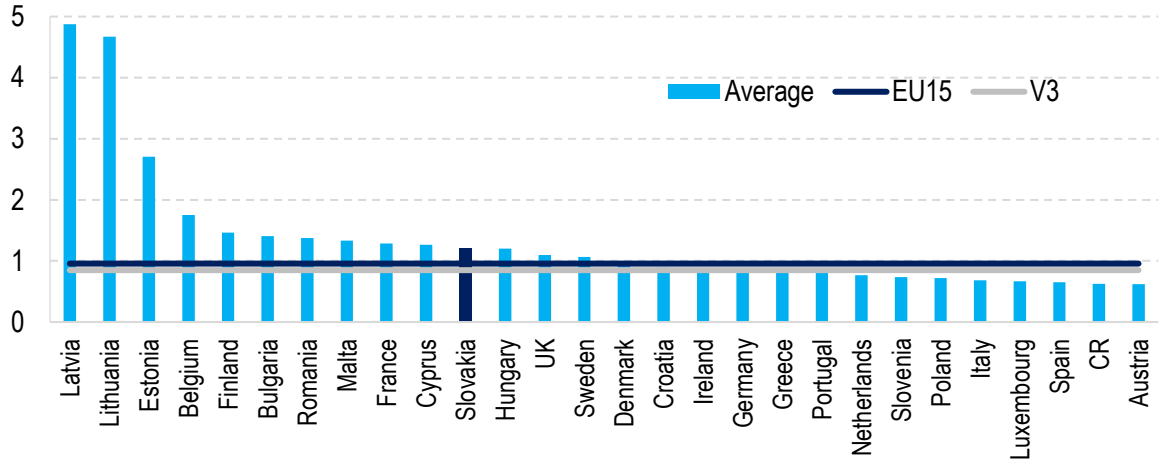
One of the options to assess safety in Slovakia is through benchmarking key indicators, such as the number of intentional homicides and subjective feelings of safety. Policing has an essential influence on the results, but they are also affected by socio-economic factors outside the police’s direct control. Hence, a worse safety performance does not necessarily mean that the police was not working well in the given year. However, the two cannot be wholly separated. To obtain a more comprehensive picture of the police’s work, it is advisable to monitor and consider some additional international and national indicators.

At a global scale, Slovakia is a safe country: the average number of intentional homicides per 100 thousand of population in the years 2014 - 2018 was 1.2. The number of intentional homicides is substantially lower than non-OECD countries, such as South Africa (25.9 for 2017), Brazil (30.5) or Russia (9.2). Figures on intentional homicides are a common indicator used in international assessments of criminality as they are easier to identify than some other types of crime (e.g. domestic violence) and their definitions in different jurisdictions are similar.

Slovakia’s rate of intentional homicides is higher than the average of V3⁴⁶ and is ranked in the worse half of E28. The annual average number of intentional homicides per 100 thousand of population is only 0.8 for V3 and 1.0 for E15. The number of intentional homicides in Slovakia is comparable to, for example, Hungary, Romania and Belgium (Graph 25).

⁴⁶ Data for 2017 or the last available.

Graph 25: Numbers of intentional homicides per 100 thousand of population (average for 2014-2018)

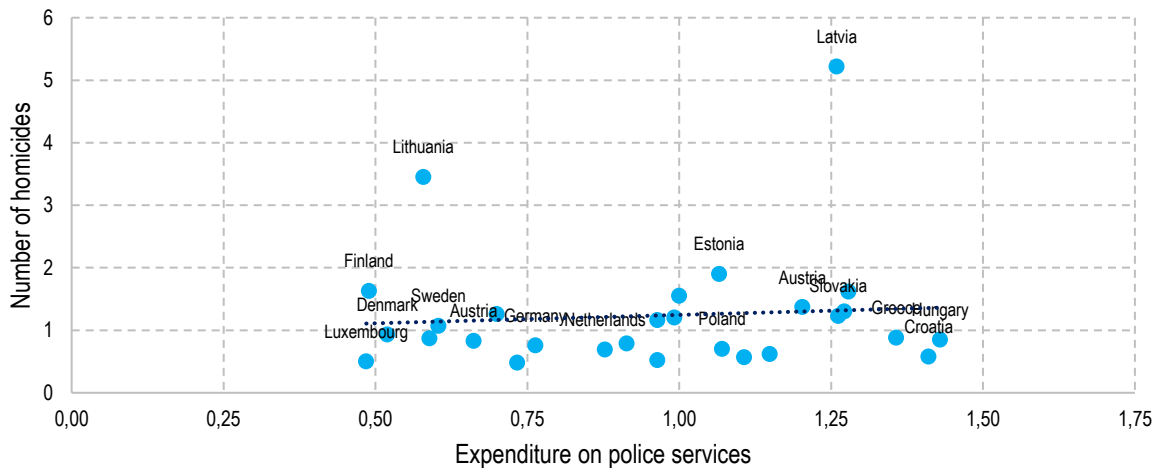


Source: Eurostat, UN CTS for the United Kingdom

A higher rate of intentional homicides is a concern not only in countries poorer than Slovakia In the USA, the number of people killed per 100 thousand of population was 5.3, while their spending on safety and order amounts to 2.1% of GDP.⁴⁷ Hence, a higher expenditure does not automatically guarantee that Slovakia will be a safer country.

Despite relatively lower spending on the police, the EU15 countries are safer on average. Criminology rates depend on a range of socio-economic and demographic factors. In terms of expenditure and number of intentional homicides, we are at the level of Romania or France. There are, however, countries that have the same expenditure but only a half homicide rate (Portugal), or even a substantially lower homicide rate achieved at lower expenditure (Luxembourg).

Graph 26: Overview of homicides (per 100 thousand of population, 2018) related to expenditure on the police (in % of GDP, 2018)



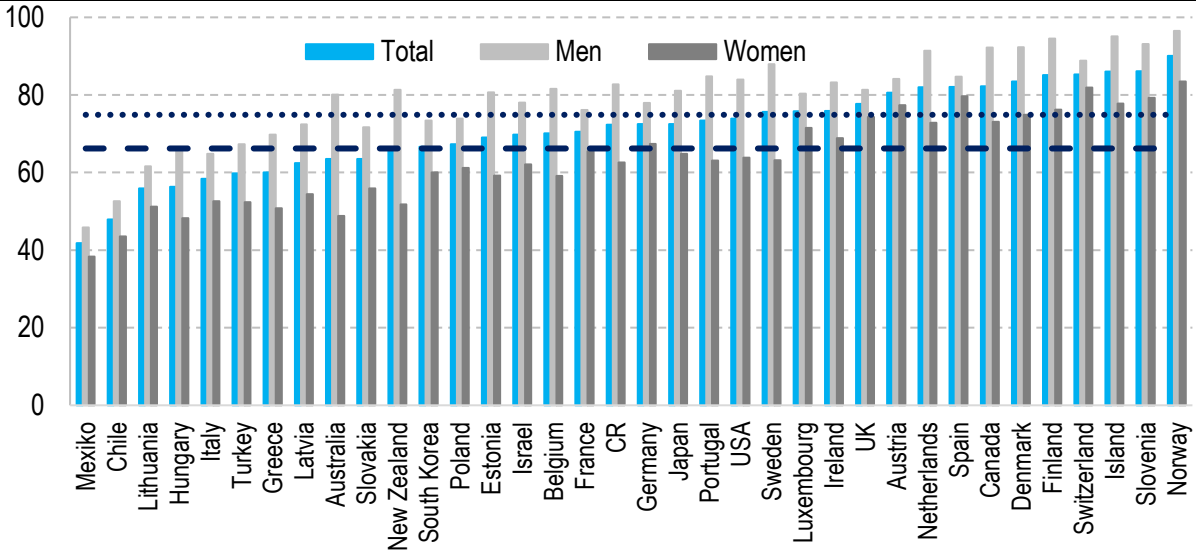
Source: Eurostat

The percentage of population feeling safe when walking home alone at night is 64%, which is below the OECD average. Only 56% of women and 72% of men feel safe (OECD, 2017). However, the trend is positive: the proportion has risen by 13 percentage points (p.p.) since 2005. Along with a decrease in the intentional homicides rate, this is an indication of improvement in objective and subjective personal safety. The data is derived from the

⁴⁷ COFOG 030, General

OECD's "How's Life?" project run since 2011, which regularly measures the quality of life in countries using 50 indicators, among which feeling of safety is the main indicator of the subjective perception of safety.

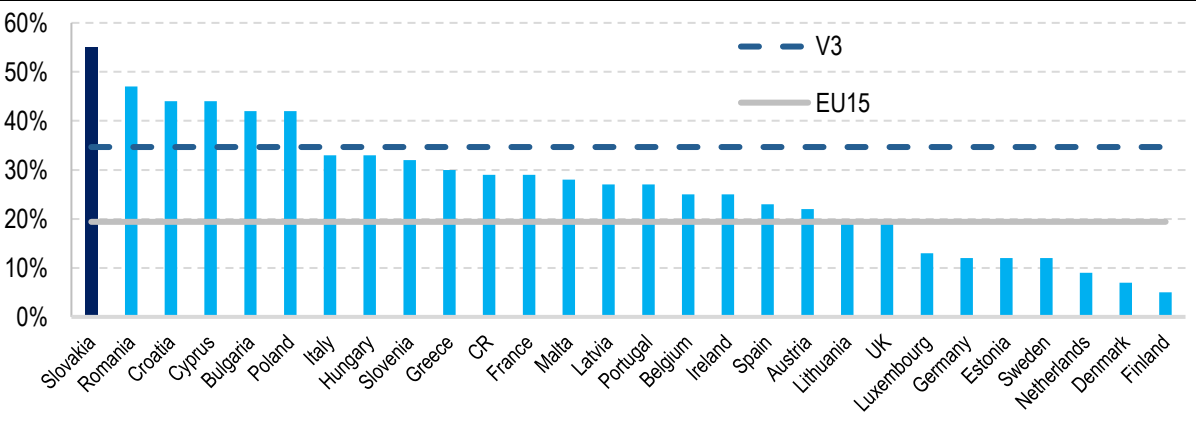
Graph 27: Feelings of safety when walking alone at night (in % of population, 2019)



Source: OECD

The level of distrust in the police in Slovakia is the highest of the EU countries, with over 55% of population not trusting the police. The average proportions of people not trusting the police in EU15 and V3 are 20% and 35%, respectively. Similarly bad results for Slovakia were also seen in 2014 - 2018. Since 2000, Eurobarometer has made semi-annual surveys of the public's trust in the member States' institutions, police included. Respondents choose between "I tend to trust" and "I tend not to trust". Despite the resources spent, Slovakia's police are ranked as the least trusted of all European countries. This indicates a poor value for money. Compared to the police forces of other countries, the Slovak police fail to deliver on one of their major roles, and even countries with lower expenditure have managed to build and retain a higher degree of trust.

Graph 28: Distrust in the police (2019)

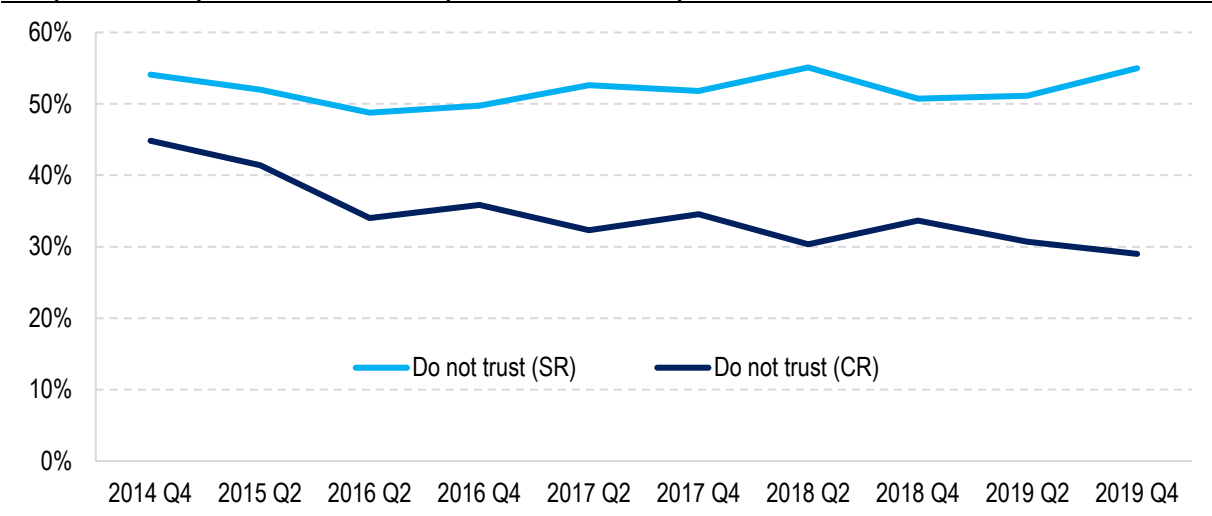


Source: Eurobarometer

The lack of trust in the police has not improved, while the situation in the Czech Republic has improved by 15 p.p. since 2014. In 2014, the rate of distrust in the police in the Czech Republic was 45%. In the last survey, it decreased below 30%. The Slovak police have not recorded any improvement over the same period. The Czech Republic is suited for the comparison as it has a similar institutional, social and cultural situation. In contrast to Slovakia, the Czech Republic is successful in its efforts to approach the EU15 countries (Graph 29). The Czech

Republic's police have, however, managed this without an increase in spending on the police. Czech citizens thus have more trusted police for a comparable expenditure.

Graph 29: Development of distrust in the police in the Czech Republic and Slovakia



Source: Eurobarometer

Trust in the police is essential for their successful functioning. To combat crime efficiently, the police need to maintain the general public's support and promote citizens' willingness to cooperate. If citizens trust the police, they are more inclined to seek the police's help in an expectation that their problem would be dealt with and considered in a fair manner. Also, citizens are then more willing to cooperate with the police, give testimonies and report crime (OSCE, 2008).

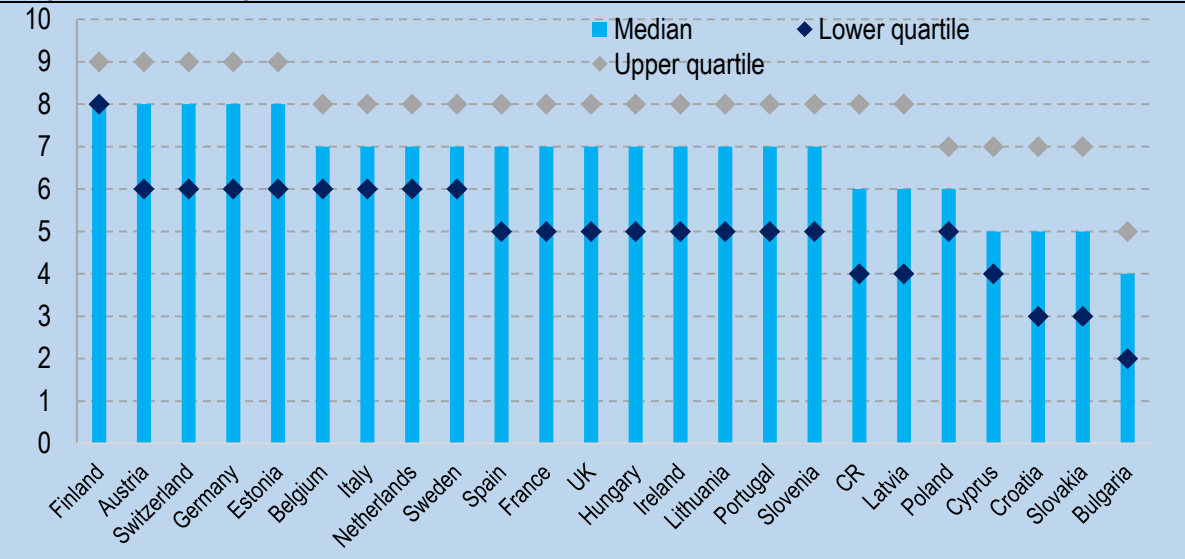
Trust in the police is key for the legitimacy of a democratic system. According to the OSCE, the police's daily work may reinforce the legitimacy of democratic states if it is up to the expectation that they would respond to the needs of the public and utilise the State's authority for the benefit of public interest. Inevitable prerequisites for gaining the trust of the public include ensuring transparency in police work and cultivating communication and mutual understanding with the public the police serve (OSCE, 2008).

Box 8: Survey on trust in the police as part of the European Social Survey

The low degree of trust in the police in Slovakia is also indicated by the results of the European Social Survey (ESS) for 2018/2019, in which the only country with results worse than Slovakia was Bulgaria. Over a long term, ESS has measured the social attitudes of Europe's inhabitants and ranks among the highest-quality surveys on politics and society. A representative sample of 1,073 inhabitants of Slovakia responded to questions about trust. Trust in the police and other institutions is rated using a rating scale of 11 levels from 'totally distrust' to 'totally trust'. Both questions and answer options thus differ from Eurobarometer, but the results are similar.

After Bulgaria, Slovakia, together with Croatia and Cyprus, has the second lowest median answer (5) with regard to trust in the Police Force. The remaining countries achieved at least a six-point score. Slovakia is thus clearly ranked among the four worst countries in terms of trust in the police. Compared to Cyprus, Slovakia has more inhabitants with a lower level of trust (the lower quartile is at 3). The ESS survey measured trust in the police across all EU countries except Denmark, Greece, Malta and Luxembourg.

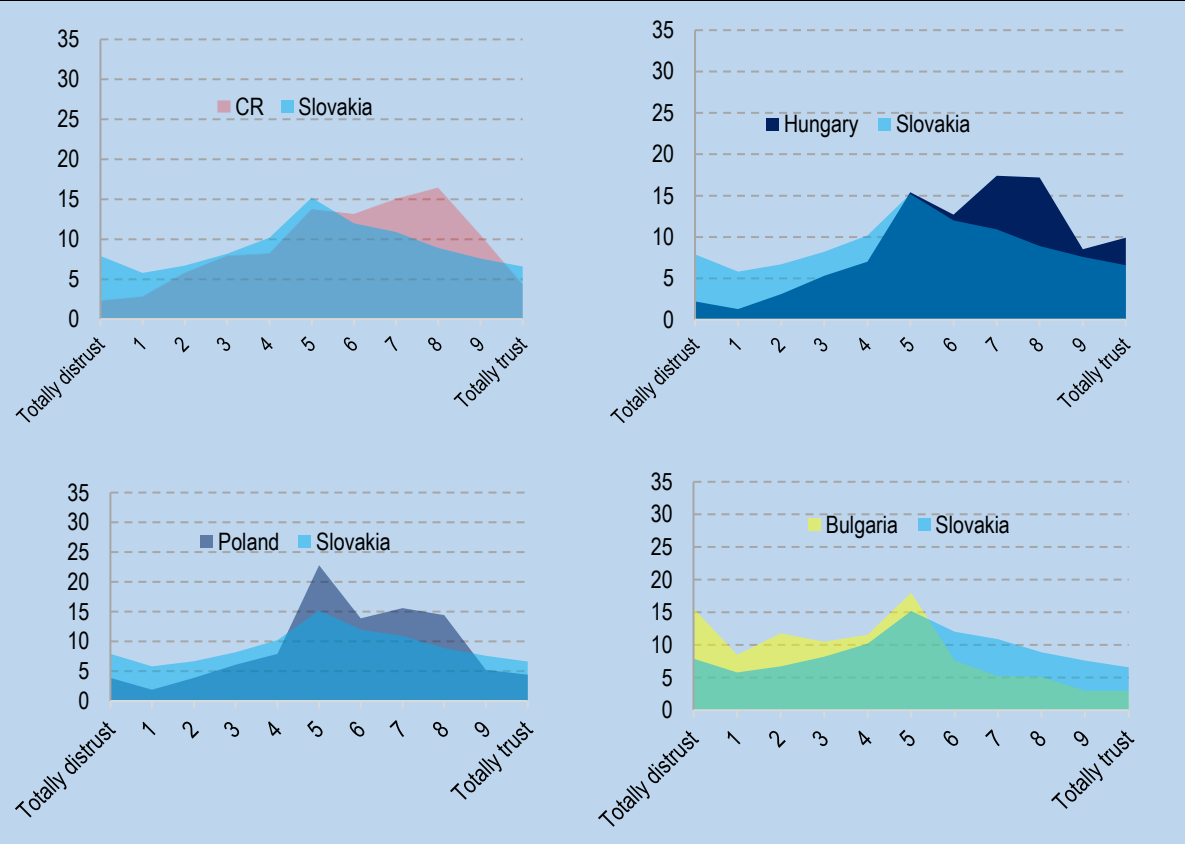
Graph 30: Trust in the police



Source: ESS

Slovakia lags behind all the V3 countries. Comparison of the distribution of responses with the Czech Republic, Hungary and Poland equally shows a higher number of responses with a low level of trust and a lower number of responses with a higher level of trust. There is a single country with a clearly lower level of trust: Bulgaria.

Graph 31: Trust in the police



Source: ESS

ESS is a high-quality international academic survey measuring social attitudes in Europe. It has been taking place every two years since 2011. In terms of methodology, it emphasises international comparability and the

minimisation of statistical and survey deviations. It is frequently cited in academic literature⁴⁸ and the gathering and processing of data conform to best academic practice. In Slovakia, the survey is carried out by the Slovak Academy of Sciences (SAV).⁴⁹ The survey methods and documentation are fully transparent.⁵⁰ In line with the ESS' instructions, the data were adjusted by the application of post-stratification weights with the use of ancillary data (such as age and sex) to reduce the sampling error and distortion due to the sampling design and non-response bias.

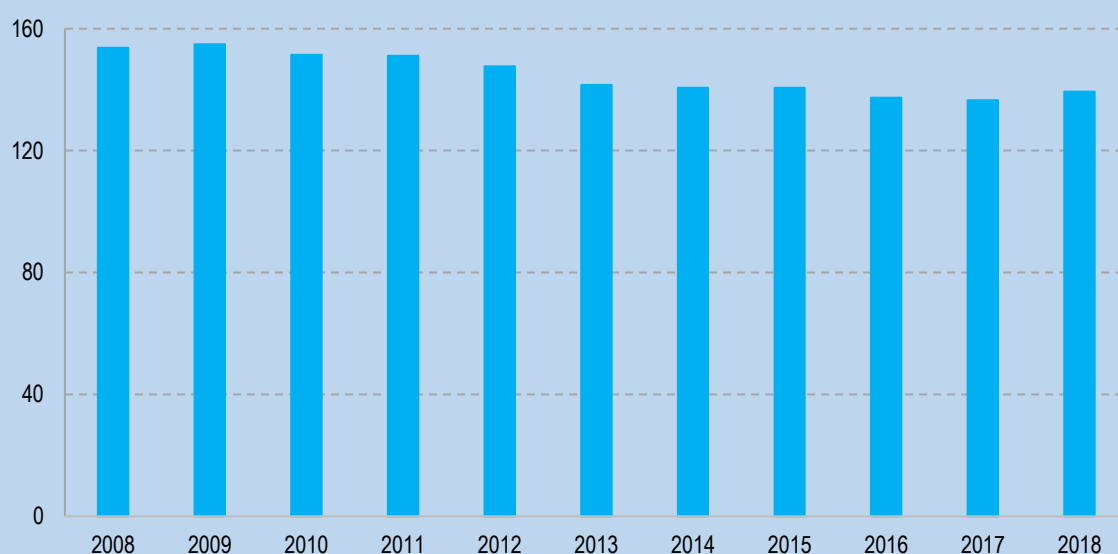
Distrust in the police also affects the willingness to report crime and cooperate with the police. Lower statistics for certain types of crime (such as petty theft) do not guarantee a low number of offences (Tarlton and Morris, 2010). Differences may be due to variations in the definitions of criminal offences and to non-reporting. Victims do not report if they don't believe that the police would deal with their complaints with appropriate seriousness and that the reporting would not cause further damage or excessive discomfort (Hough et al., 2010; Tyler and Huo, 2002; Tyler and Fagan, 2008; OSCE, 2008; Wolitzky-Taylor et. al, 2010). For sexual crime and other stigmatising types of crime, credible police are of a particular importance to victims. This review examines the low reporting rate for some types of crime later in this Chapter.

Box 9: Safety and the police in Finland

By multiple metrics, Finland is ranked among the safest countries in the world. It is the fourth safest member country of the OECD. In the EU, the Finnish police enjoy the highest trust (the police are trusted by 94% of population). In its strategic documents, the Finnish government set a long-term goal to make Finland “the safest country in the world” (Ministry on Interior of Finland, 2019).

These results are achieved with a very low level of expenditure and a low number of police officers. Finland's expenditure on police services amounts to only 0.5% of GDP and the number of police officers is correspondingly low. Around 7,200 police officers work for the Finnish police at present, which is the lowest number of police officers per capita in the EU. Moreover, the number of police officers has decreased in recent years, while the Finnish government plans to increase the number moderately to 7,500 by 2022.⁵¹

Graph 32: Number of police officers per 100 thousand of population.



Source: Eurostat

⁴⁸ In 2020, the American Political Science Association (APSA) chose ESS as the winner of the LPV award for the best dataset.

⁴⁹ https://www.europeansocialsurvey.org/about/country/slovakia/ess_slovakia.html

⁵⁰ The methodology is available on-line at: <https://www.europeansocialsurvey.org/methodology/>

⁵¹ Available on-line at: <https://newsnowfinland.fi/domestic/police-survey-paints-a-grim-picture-of-life-on-the-beat>

The structure of the Finnish police consists of the central headquarters and 11 regional departments. The National Bureau of Investigation and the Police Academy are nation-wide organisations. The police are managed by the National Police Committee, which is led by the National Police Commissioner.

In Finland, a part of functions normally carried out by police officers in other countries is performed by the paramilitary Border Guard Service. In addition to the direct protection of the State border, it also carries out the duties of foreign police and its total headcount is 2,700. Even if all the Border Guard Service personnel are counted as police officers, their number would still be only 180 per 100 thousand of population.

As many as 95% of Finland's inhabitants trust the police. This not only improves the subjective perception of safety: a high level of trust among the public is one of the core reasons why "the Finnish police have been able to perform effectively with resources that are smaller than in any other European country" (Ministry of Interior of the Republic of Finland, 2019).

Prevention is the priority. Social costs of resolving a crime that has been committed are much higher than the costs of avoiding the commission, and this is what motivates the Finnish police to putting an emphasis on prevention. The police force focuses its preventive efforts on four areas:

- **Community policing** (Box 10). The Finnish police endeavour to maintain the police presence in municipalities and build relations of cooperation with local communities. However, the police report that this community policing is human-resource intensive.
- **Cross-cutting (multi-professional) work ("Ankkuri and Marak" in Finnish).** It refers to involving other institutions and expertise in police intervention. For example, the police coordinate the help to problematic youth or the assistance to victims of domestic violence in order to mitigate the risk of victimisation, e.g. through providing a temporary shelter.
- **Tackling local problems.** The police help to coordinate local issues by undertaking the role of a mediator and engaging local stakeholder groups and institutions.
- **Persons of specific concern.** Identification and monitoring of problematic individuals on the basis of risk analysis.

The Finnish police make public commitments and communicate on the delivery. To that end, they use an extended set of indicators. The indicators cover a larger area of police work and reflect the public's expectations of successful policing. The police thus monitor not only criminality rates but also the level of prevention, trust, satisfaction on the part of both victims and the police staff, the quality of communication, etc.

In general, Finland records high positions in many international rankings concerning the quality of life (e.g. OECD Better Life Index). The excellent performance of Finland thus cannot be attributed solely to the police's work. Other important contributors include high-quality systems of education, social security, public health, prison service, etc.

In many countries, trust in the police among minority communities is lower than in the majority milieu (Taylor et al., 2001; Van Craen, 2013).⁵² **But trust in the police is particularly important among groups affected by extreme poverty and minorities, as their members are more vulnerable and often exposed to discrimination.** A low level of trust stems from one's own experience with subjectively unfair or impolite treatment by the police, or adverse experience of family members, friends or acquaintances (Brunson, 2007). Members of minorities often perceive that they are unjustly suspected as potential offenders by the police, or receive a lower quality of police assistance if they find themselves in the position of a victim (Braga et al. 2019). The ethnic composition of a local population may also have a bearing on trust: in the USA, a lower level of trust can also be observed among the white population in neighbourhoods having an African-American majority (Drakulich and Crutchfield, 2013).

⁵² The United Kingdom government publishes trends in the perception of the police across ethnic groups on its website: <https://www.ethnicity-facts-figures.service.gov.uk/crime-justice-and-the-law/policing/confidence-in-the-local-police/latest>

In Slovakia, the Roma minority is the one most affected by extreme poverty and discrimination. Distrust in the police is very high among Roma communities. As many as 49% of respondents in the FRA survey expressed a low level of trust in the police, which is the second highest rate, after Spain, of all countries included in the survey. Since the survey methodology is different from Eurobarometer, it is impossible to compare the level of trust between the Roma minority and the majority on the basis of the two surveys. A negative experience of Roma people with the police may be a reason behind the lack of trust in the police. As many as 35% of respondents stated that they had been stopped by the police on the mere ground of their ethnicity in the last five years. 30% out of that proportion perceived the policemen' behaviour as impolite, which is the highest proportion among the countries in the survey, after Portugal.

Police forces in a number of countries have adopted fundamental changes in their approach to communities in order to increase their trust and the populations' willingness to cooperate and improve the efficiency and targeting of policing. The purpose of those changes is to transform the model of policing from repressive to responsive and serving the society and addressing the needs of local neighbourhoods and communities to their satisfaction. More attention is paid to the contents of police work rather than the numbers of patrols in the streets. Police forces, those in the post-communist countries in particular, have implemented a closer cooperation with communities in hope of gaining more confidence. The international practice also confirms improvements.⁵³ In Slovakia, however, changes in the police are limited or none. The Crime Prevention Strategy for 2016 – 2020 mentions a community-oriented policing only marginally.⁵⁴

Developed countries thus increasingly focus on community policing, i.e. a close contact and cooperation with local communities, including hot spot policing and focused deterrence, and make efforts to analyse the causes of recurring problems and find innovative ways to tackle them in cooperation with the communities, municipalities, schools, caretakers, social workers and other actors (problem-oriented policing) (NASEM, 2018). Efficient policing does not necessarily lie in increased police supervision, arrests and prosecution; depending on the specific situation, it may take a form of providing better public lighting, taking down an abandoned building, accompanying children to school, introducing neighbourhood watches, or improving access to psychological advice or out-of-school activities for children and the youth. While such approaches do not eliminate the necessity of the police's response to the public's specific requests for assistance, they are able to reduce substantially the occurrence of situations giving rise to such requests.

General and repressive policing strategies are inefficient. Interventions which, without discussion with the local community, identify all neighbourhoods as problematic zones, profile people as suspects on the basis of ethnicity and penalise very aggressively even petty offences in hope of preventing more serious crime have empirically been demonstrated as inefficient ((Braga et al., 2019). A meta-analysis of 30 studies on policing strategies from the United Kingdom and the USA (in which top-quality evaluation methods were used⁵⁵) concluded that aggressive order maintenance strategies targeting individual disorderly behaviours did not lead to significant crime reductions. The strongest effects were generated by strategies designed to change the social and physical order maintenance conditions in specific localities using proactive rather than reactive interventions. These findings apply to a number of types of crime, including violent crime, property crime and drug-related crime (Braga et al., 2015).

⁵³ Meta-evaluation of COP (EUCPN, 2018. Community-Oriented Policing in the European Union Today)

⁵⁴ Ministry of Interior, 2015. Strategy of Prevention of Criminal and Other Antisocial Activities in the Slovak Republic for Years 2016 - 2020. Bratislava

⁵⁵ Certain studies examine the impact of policing strategies in smaller geographical areas using randomised controlled experiments or quasi-experimental methods involving control groups. The methods are the most effective ones in distinguishing the effects of policing strategies from those of the other variables affecting criminality rates.

Box 10: Community-oriented policing (COP) and marginalised Roma communities

In Slovakia, the community policing concept is applied through so-called Roma specialists. Community policing lies in building cooperation and trust between the Police Force and a local community through appointed members of the Police Force who patrol and work in a single location over a long time, spend most time in field and assist community members in identifying and resolving problems and disputes. While such work is focused mainly on wrongdoings and minor crime, its prevention may indirectly contribute to reducing the occurrence of more serious crime.

There are 316 senior community-work officers in Slovakia at present who work at 125 local departments of the Police Force, mainly in *Banská Bystrica*, *Prešov* and *Košice* counties. The Roma specialists have regular meetings with community members, field social workers as well as the State's and local authorities' personnel aimed at analysing the situation and issues which lead to community members' illegal behaviours (such as truancy, drug abuse etc.) and identifying preventive measures. The specialists also assist in improving the legal awareness of the members of Roma communities and in mitigating the police's bias and prejudice against Roma. They cooperate with the members of local neighbourhood order maintenance services, who are mostly selected directly from a community, to maintain public order.

While no qualitative evaluation of the Roma specialists' work has been made, their work is perceived positively among both Roma communities themselves and experts. Community members prefer addressing their requests for advice and assistance spontaneously to "their policeman".

What may pose a potential problem is the work schedule of the Roma specialists. The work with a community requires a specialist to spend most of time working in field, building mutual confidence and reinforcing their role as a mediator between the community and the Police Force. The proportion of working time to be dedicated to work in socially excluded groups is set to 50%.⁵⁶ In practice, however, the working schedule is subject to agreement with the specialist's superior and it happens that the Roma specialists spend too much time doing office work and helping in other areas, and their actual fieldwork thus amounts to substantially less than 50%. If the Roma specialists also perform duties in the law enforcement area, such as in police interventions or crime investigations, this may impair the community's trust and, as a consequence, adversely affect the efficiency of their preventive work.

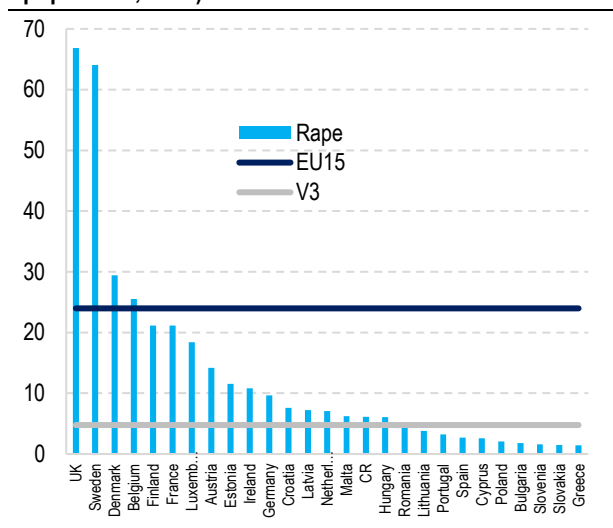
International comparison of police statistics is difficult and provides little information on the actual police work. Criminality is influenced by a number of factors other than the quality of policing, which include the socio-economic situation, demography, degree and character of urbanisation, geography, etc. Different countries use different categorisations of criminal offences and this impairs the informative capacity of comparisons. The difficulty of international benchmarking varies between offences, but homicides are a relatively reliable indicator allowing for country-to-country comparison.⁵⁷

The number of reported criminal acts does not provide a full picture of the extent of criminality. Unreported crimes are, naturally, not captured in police statistics (Bureau of Justice Statistics, 2012). Typical examples include criminal acts sensitive to the victims (e.g. sexual violence) and those where the victims have low confidence in the crime being resolved. The number of reported crimes also depends on the consistency of reporting processes and integrity in registering crimes.

⁵⁶ Decree of the President of the Police Force No 80/2018

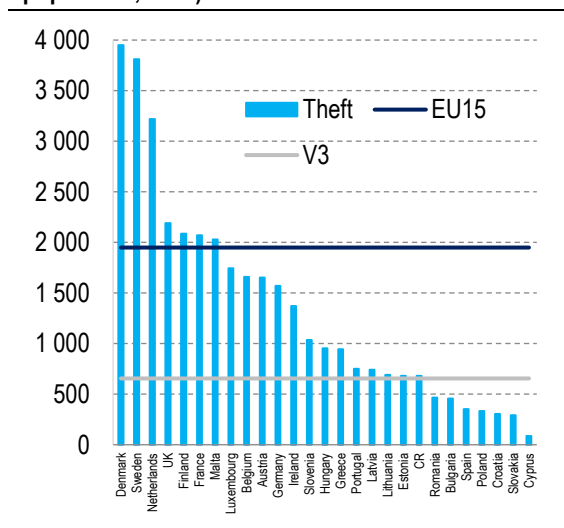
⁵⁷ UN, 2020. Compiling and Comparing International Crime Statistics

Graph 33: Registered rape (per 100 thousand of population, 2017)



Source: Eurostat

Graph 34: Registered thefts (per 100 thousand of population, 2016)



Source: Eurostat

Given the diversity of the roles the police perform, the police's success cannot be evaluated against a single criterion. Interpreting data and trends is impossible without supplementary information. For example, a higher rate of reported crimes may indicate an improvement in the situation (higher trust in the police), but also worsening (a higher number of victims). An evaluation lacking comprehensiveness may potentially create improper motivations for police officers. For example, rewards for a reduced amount of registered crime may generate pressure on the integrity of crime reporting and registration processes.

Accordingly, it is a recognised international practice to evaluate the police's work against sets of measurable criteria in three categories. Process criteria measure whether the police respect processes and act lawfully. Performance criteria measure, for example, the number of arrested perpetrators or the share of clarified crimes. Impact criteria measure, for example, the level of victimisation, feelings of safety within society and citizens' satisfaction and trust. An accurate and objective evaluation of the police's work is only possible with the use of a combination of those criteria. The criteria should also be reflected in designing measurable indicators within the framework of the proposed programme budgeting (Chapter 0).

Box 11: PEEL police assessment system (UK)

The UK police are constituted by 45 individual territorial forces, the National Crime Agency and the British Transport Police. The comprehensive police assessment, PEEL (Police Efficiency, Effectiveness and Legitimacy) was introduced in the United Kingdom in 2014. The assessments, as well as police inspections, are carried out in English and Wales by the inspectorate of police and fire services (HMICFRS)⁵⁸.

Under the PEEL assessment system, the Inspectorate evaluates each police force with regard to three categories:

1. **Effectiveness:**
How well forces are preventing and combating crime, protecting those who are vulnerable and tackling organised crime
2. **Efficiency:**
How well forces are aware of the demand for their work, what is their plan to cover the demand and how efficiently they use human and material resources

⁵⁸ Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, PEEL.

3. Legitimacy:

To what extent forces treat the public lawfully and respect ethical standards and how they treat their employees

Each category includes a number of questions with four assessment response options: *outstanding*, *good*, *requires improvement* and *insufficient*.

For these purposes, the Inspectorate uses data on registered crime, victim satisfaction surveys, public opinion surveys on the police's fairness, "value for money" reviews, criminality surveys and extensive fieldwork focused on the evaluation of processes.

The assessments are made on an annual basis and the outcomes are publicly disclosed in three rounds. The system was implemented with a view to reduce the inspection load on the police forces and the Inspectorate. In 2019, the Inspectorate decided to continue with the PEEL assessments and integrate them into the Force Management Statements (assessments prepared by the police forces' managements) and ordinary monitoring.

The police assessment system is formally centred around the rates of closed investigations and cases. Moreover, the quality of the police's work is evaluated on the basis of identified procedural errors, numbers of repealed decisions and the rate of errors in securing trace evidence. While assessing those data may be a good practice, it does not provide a comprehensive picture of safety and criminality in Slovakia.

Data on the police's operational efficiency are missing. Because of the unavailability of data, it was impossible to evaluate how well the police deliver on the demand for their services on the national or regional levels. It is thus impossible to establish whether the police respond to the citizen's reports with sufficient speed and what workload local departments face and to outline an outlook for the future. But those considerations should play a key role in the planning and management of the Police Force. And such assessments could be public (Box 11).

The police need to collect victimisation data in order to be aware of non-reported criminality. Since not all crimes are reported, it is necessary to carry out a detailed research on victims of crimes. The numbers of reported crimes are unrealistically low for certain types of crime (such as petty thefts and sexual attacks) and they thus indicate a low reporting rate. Knowledge of victimisation would thus help to get a better understanding of the criminality situation and trends. Further, it is desirable to measure the victims' satisfaction with the police's work.

Data on victims' satisfaction with the police's work should be collected. At present, the police do not assess how victims and wider communities are satisfied with their work. But collecting such data would enable measuring this particularly important aspect of police work and monitoring developments and identifying areas for improvement. Satisfaction data are also collected in the United Kingdom, as an example, and they are used as one of the inputs in police work assessments.

In Slovakia, there is no systematic monitoring of citizens' perception of the police's work in locations with increased criminality or differences in views between the majority and people from marginalised Roma communities. A survey on this could answer a number of interesting questions and help the police to improve the efficiency of their work and identify examples of good practice. Therefore, to improve the police assessment system, the review recommends undertaking annual detailed surveys focused on the risk areas to collect information on citizens' experience of crime and policing in their neighbourhoods, using well-established foreign surveying practices (e.g. Crime Survey for England and Wales) as a model. The results of such a survey should be made publicly available.

3. Fire Service and Mountain Rescue Service

- **The estimated expenditure on the Fire and Rescue Service of 0.27% of GDP is above the average of both V3 and E15.** The reporting of this expenditure lacks transparency. A pro-rata proportion of the expenditure on public order and safety not elsewhere classified, in the amount of 0.07 of GDP, is assignable to the fire protection expenditure in the amount of 0.2% of GDP. This hampers the assessment and international benchmarking of expenditure.
- **The number of fire-fighters and rescuers has been stable for an extended period of time and is comparable to the neighbouring countries as well as E15.** The fire services employed over 4,300 fire-fighters in 2019, which was close to the planned number. In an international comparison, the number of fire-fighters per capita in Slovakia is lower than in V3, but higher than in E15.
- **The performance of the Fire and Rescue Service conforms to international standards.** The assessed indicators include the number of interventions, number of victims and property damage incurred. In line with the best international practice, it would be appropriate to introduce a comprehensive system to also evaluate effectiveness, efficiency and human resource management.

The Fire and Rescue Service's work focuses, in particular, on protecting the lives, health and property of persons from natural disasters and other hazards. Its responsibilities include fire-fighting and fire prevention and related rescue works, natural protection and supervision, implementation of fire-protection measures, specialist and methodological training, etc.⁵⁹ The founder of the Fire and Rescue Service is the Ministry of Interior of the Slovak Republic.

The structure of the Fire and Rescue Service (FRS) includes the Presidium, the FRS Department of the Capital City and county and district FRS headquarters. All those divisions have independent decision-making powers in administrative matters. In performing its duties, the FRS is supported by specialised services, such as gas protection service, flood rescue service and fire rescue service. The Mountain Rescue Service (MRS) is responsible for searching and rescuing people in distress and providing first aid to such people and transporting them to a medical service.⁶⁰

3.1. Expenditure on the Fire and Rescue Service

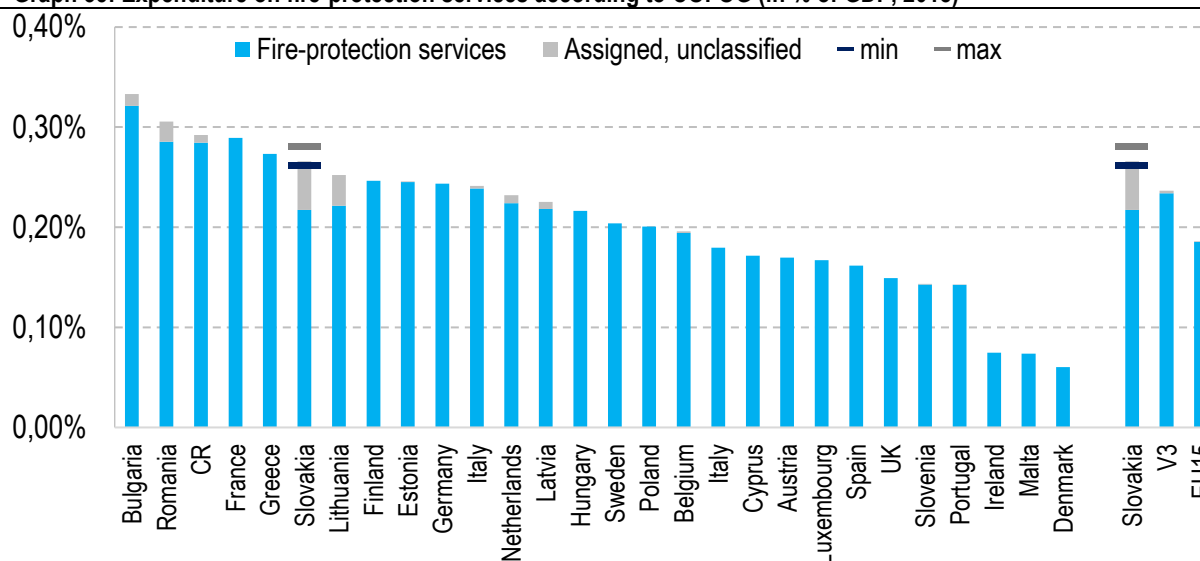
In international comparison, the expenditure on fire services is above average. The expenditure on fire protection in 2018 amounted to 0.27% of GDP. This amount was above the average of both V3 and a majority of the EU countries. The average spending of EU15 is lower by 0.06% of GDP. International comparability is distorted, similarly to the spending on police, by expenditure not elsewhere classified.⁶¹

⁵⁹ Section 3 of the Act No 315/2001 on the Fire and Rescue Service

⁶⁰ Section 2a of the Act No 544/2002 on the Mountain Rescue Service

⁶¹The calculation methodology is described in Box 2.

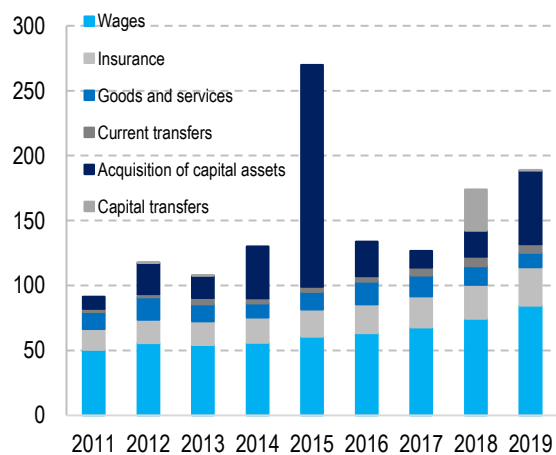
Graph 35: Expenditure on fire-protection services according to COFOG (in % of GDP, 2018)



Source: Eurostat

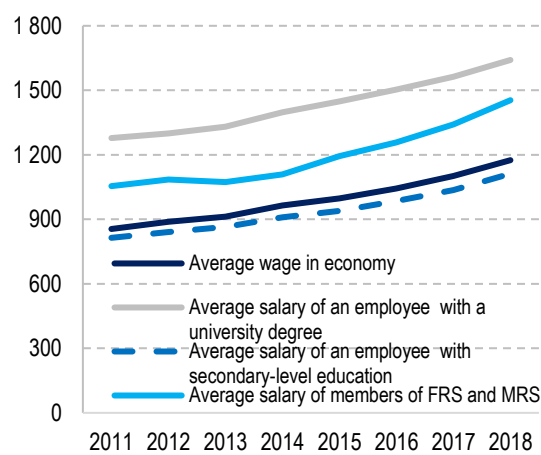
In terms of structure, the expenditure on life and health saving services is comparable to other services of the State. The capital expenditure relates to large purchases of new equipment. In 2011-2019, the expenditure on compensations of fire-fighters and mountain rescuers amounted on average to 61% (EUR 85 million) of the total expenditure of the programme. A relatively large portion of the expenditure was capital expenditure and capital transfers, which amounted in 2011-2019 on average to EUR 30 million, except 2015 (EUR 171 million).

Graph 36: Expenditure of the Saving Lives and Health programme, broken down according to ECBT (in EUR million)



Source: MF SR BIS

Graph 37: Average compensation expense on fire-fighters and mountain rescuers (in EUR)



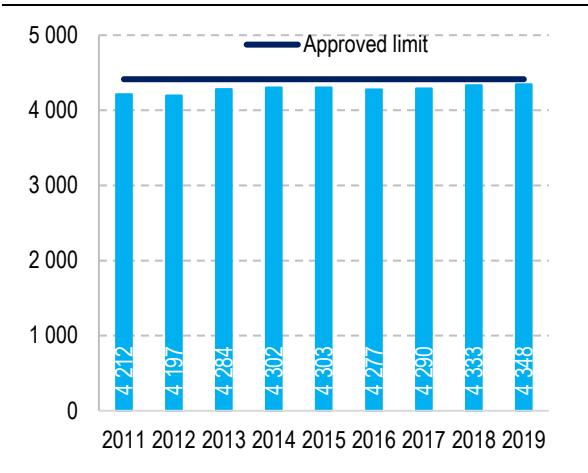
Source: MF SR BIS

The average salary in rescue services is 12% lower than in the police, while its growth rate has increased since 2011. The average compensation expense⁶² on members of the FRS and MRS reached EUR 1,454 in 2018, which is nearly EUR 200 less than the average compensation expense on police officers. But salaries grew faster than the average rate in the economy and increased by 38% in seven years. The proportion between fire-fighters' salaries and the average wage is similar to that of the Czech Republic (VfM unit, 2020).

⁶² The value is higher than the average gross salary. It also includes standby work compensation and other personal compensations.

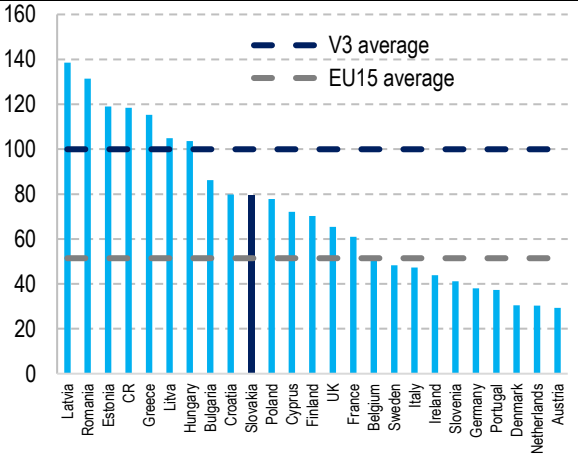
The Fire and Rescue Service and Mountain Rescue Service have a stable number of personnel, which is over four thousand. The number of fire-fighters is higher than the EU15 average. The average number of fire-fighters per 100 thousand of population in E15 is 51, while the average numbers in Slovakia and V3 are 73 and 100, respectively. However, international comparison is difficult because of inaccurate data and possible differences in the scope of responsibility and the historical organisation of the services.

Graph 38: Numbers of FRS and MRS workforce⁶³



Source: MF SR BIS

Graph 39: Numbers of fire-fighters (per 100 thousand of population, 2018)



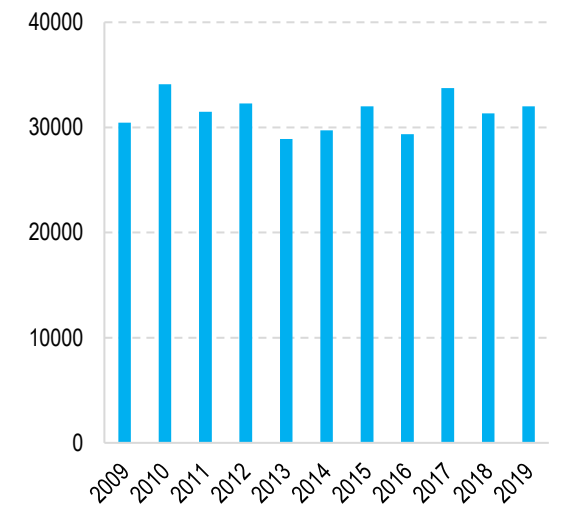
Note: Data for 2017 or the last available; data accuracy is uncertain. EU15 without Spain and Luxembourg

Source: CTIF, VfM unit (for SK)

3.2. Performance of the Fire and Rescue Service

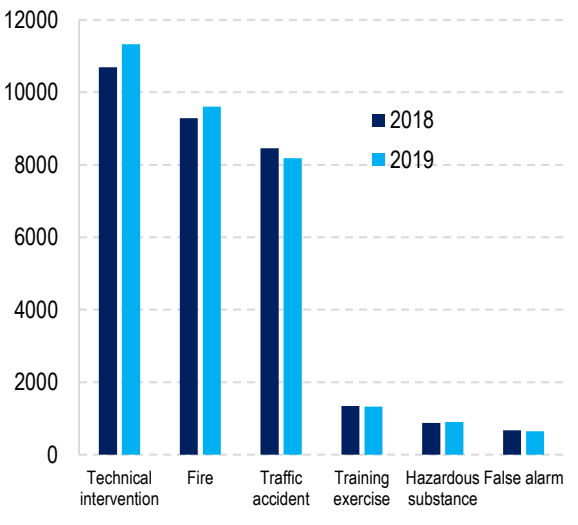
The Fire and Rescue Service has approximately 30 thousand interventions per year and this number remains about the same over a long time (Graph 40). The structures of interventions in 2018 and 2019 were very similar (Graph 41). Most of the FRS' interventions were so-called technical interventions (35%), fires (30%) and traffic accidents (26%). Less than 5% of interventions were due to a hazardous substance or false alarm. The FRS includes its training exercises in interventions and their number in 2019 was above 1,300.

Graph 40: Numbers of FRS' interventions



Source: FRS SR

Graph 41: Structure of FRS' interventions

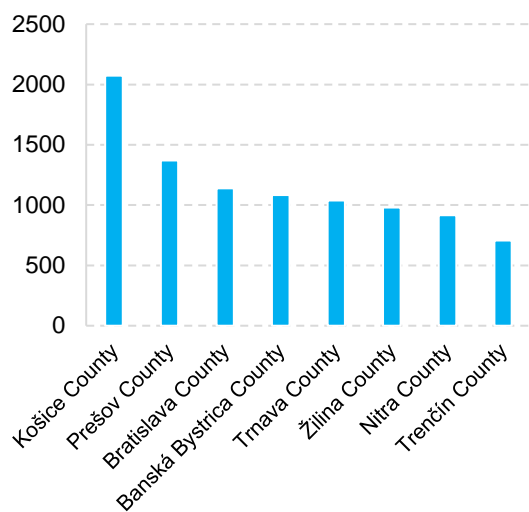


Source: FRS SR

⁶³ The actual workforce of the Fire and Rescue Service as of 31 October 2020 is 4,136.

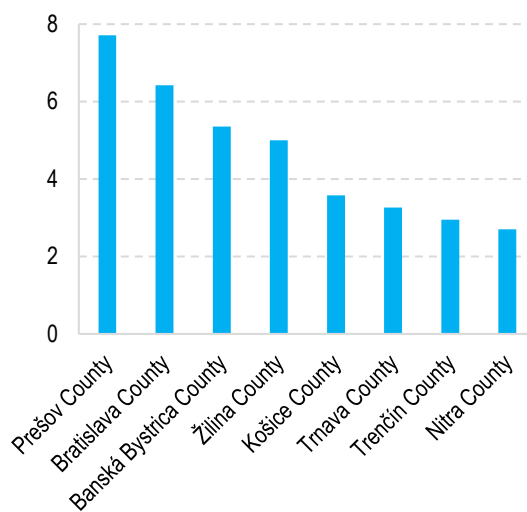
Direct losses due to fire reached EUR 37 million in 2019. Losses due to fire incurred in *Prešov* County, the one with the second highest number of fire occurrences, amounted to as much as EUR 8 million EUR. The highest number of fires occurred in *Košice* County, but losses incurred amounted to only 10% of all losses.

Graph 42: Numbers of fires (2019)



Source: FRS SR

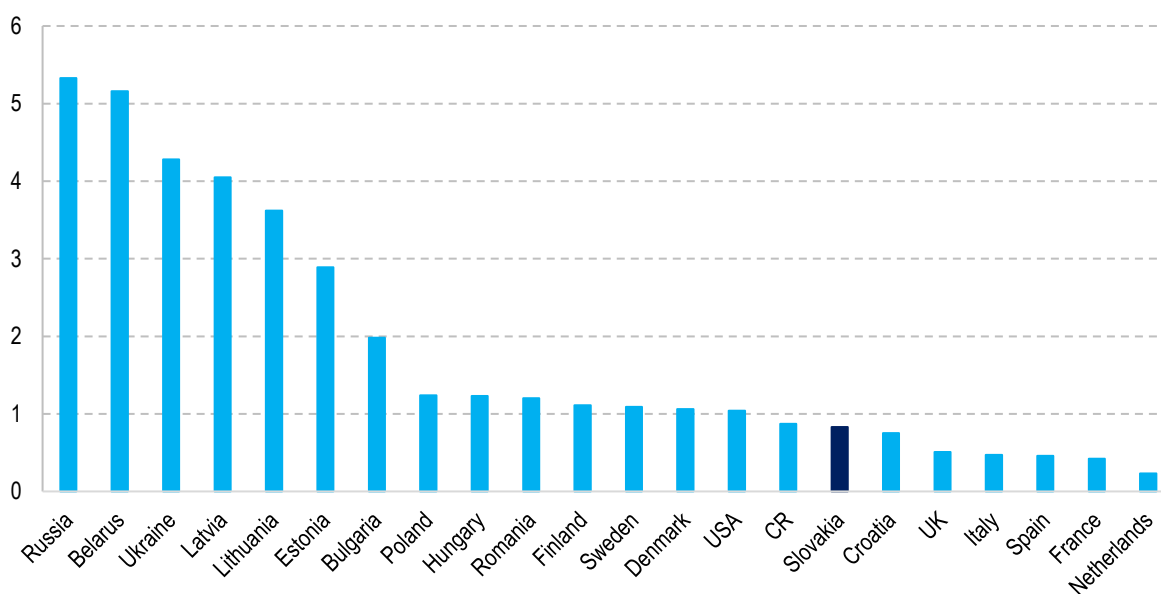
Graph 43: Direct losses due to fire (2019, EUR million)



Source: FRS SR

In terms of fire occurrences, Slovakia is a safe country: less than one person dies in a fire per 100 thousand of population. The most dangerous countries include post-Soviet countries such as Russia, Belarus and Ukraine. This indicates that the work done by FRS is up to the standards of developed countries' fire services, albeit it is difficult to compare the condition prevailing in Slovakia with those of other countries.

Graph 44: Numbers of deaths due to fire per 100 thousand of population (2017; 2019 for SR)



Source: FRS, CTIF

An important part of the FRS' operations is preventive work. The prevention efforts include fire protection of buildings and technical plant as well as safety in flammable material handling; this also involves responding to changes in technological and manufacturing processes. The Fire and Rescue Service's preventive work is also visible in Slovakia's fire occurrence rates: the positive trend is favourably influenced by people's fire prevention

behaviour. The FRS also carries out educational and outreach activities in the area of fire prevention in form of lectures targeted at general public, and the youth in particular.

The available data allow only a limited assessment of the Fire and Rescue Service's work. While the numbers of fires and deaths are influenced by the FRS' work, they are also largely affected by many external factors, such as the condition of buildings, safety of cars, weather, etc. as well as socio-economic factors and the FRS has control over only some of them. It is thus questionable to what extent the trends prevailing in Slovakia, whether positive or negative, can be attributed to the FRS' work. The scope of the data currently available also hampers the identification of areas for improvement. A more comprehensive assessment system would enable the adoption of improved measurable indicators within the Ministry of Interior's programme structure (Chapter 0).

Box 12: The Fire and Rescue Service Assessment System (UK)

The Fire and Rescue Service of England comprises 45 autonomous territorial services. In 2017, they introduced a comprehensive assessment system to evaluate the work of the Fire and Rescue Service using three categories of criteria (similar to the PEEL Reports for the police described in Box 11). Inspections of FRS are carried out by the inspectorate of police of fire services (HMICFRS)⁶⁴.

Under this assessment system, the Inspectorate evaluates each fire and rescue service with regard to three categories:

1. **Effectiveness:**
How well a fire and rescue service understands its current and future risks and how effectively it works to prevent fires and protect the public through regulation and responds to fires and emergencies
2. **Efficiency:**
How efficiently a fire and rescue service uses its resources and secures an affordable way of providing its service, now and in the future
3. **People:**
How well a fire and rescue service promotes its operating values and culture, trains and develops its personnel, and ensures fairness for its workforce and develops leaders

Each category includes a number of questions with four assessment response options: *outstanding*, *good*, *requires improvement* and *insufficient*.

The assessments are made on an annual basis and the outcomes are publicly disclosed in three phases.

⁶⁴ Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services, Fire and rescue services inspection programme and framework 2018/19, available at: <https://www.justiceinspectorates.gov.uk/hmicfrs/wp-content/uploads/frs-inspection-programme-and-framework-2018-19.pdf><https://www.justiceinspectorates.gov.uk/hmicfrs/peel-assessments/peel-2018/>

4. Exercise of Public Power

- **The Ministry of Interior provides its services to the State's citizens mainly through the District Authorities.** The number of District Authorities is 72 at present, but some of them do not provide all services. The ESO reform had a substantial effect on how public power is exercised today.
- **While the Ministry of Interior declared the achievement of savings in its review of ESO, it is not clear what they stem from.** It is uncertain whether the ESO reform has resulted in a reduction in, transfer of, or even an increase in the State's expenditure.
- Savings could be achieved through a change in the structure of the District Authorities or optimisation of services. For the future, it is desirable to predict the demand for services in the regions using a combination of a capacity model and a predictive model.
- **Administrative charges cover the State's expense on a service only to a limited extent.** In some cases, the charge amount compensates direct costs, but indirect costs are borne by the State nearly in full.
- **Most of the District Authorities' clients are satisfied with their services.** This is indicated by a survey in which over 90% of clients declared satisfaction with the provision of services. Based on the feedback, the MI SR is working on an improvement of the automated queuing system.

4.1. Public administration

The MI SR is in charge of a major part of the State's services directly targeted at citizens: citizenship administration, identification cards, vital registries, elections, etc. However, the MI SR also administers areas such as heraldry, state archive and state symbols, which are less known agendas.

Table 12: Departments of the Public Administration Section of the MI SR.

Local Government, Local Self-government Authorities and International Relations Department	Sole Trading Administration Department
Citizenship Administration Department	State Border Management Department
General Interior Administration Department	Registers, Vital Registries and Residence and Stay Registration Department
Election, Referendum and Political Parties Department	Organisation Department
Archives and Registries Department	Project Implementation Department

Source: MI SR

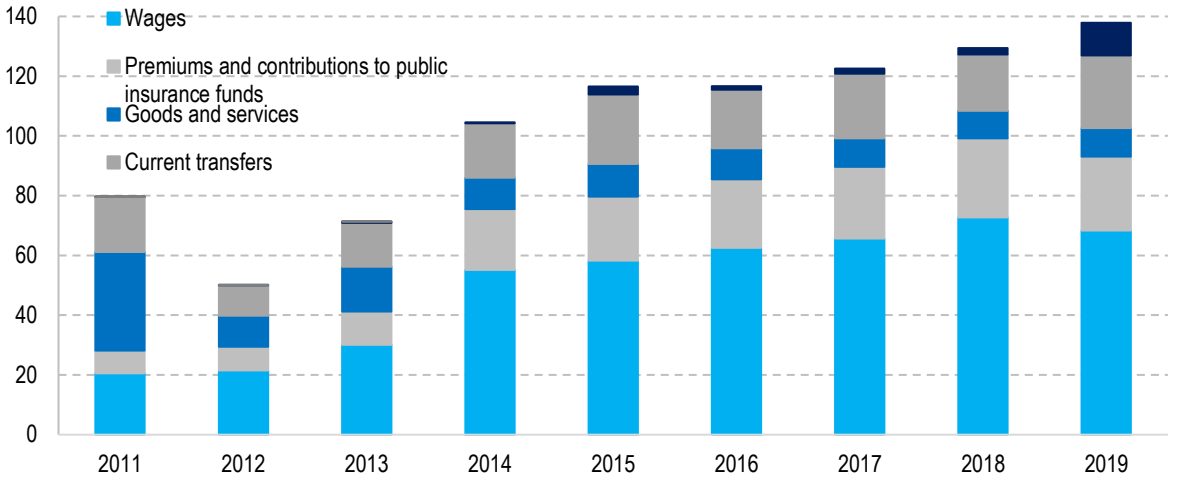
The District Authorities and Client Centres altogether form the first-contact network for citizens for most of the State's services. Officers at the District Authorities deal with citizens and receive their filings (as the State's front office) and also process the filings (as the State's back-office). Most of the District Authorities' agenda is administered by departments of the MI SR's Public Administration Section.⁶⁵

The District Authorities' expenditures reached nearly EUR 140 million in 2019, accounting for almost 9% of the MI SR's budget. Two thirds of the expenditures (EUR 93 million) related to the District Authorities' and Client Centres' workforce. The rest of the expenditures includes mainly current transfers (EUR 24 million, 18%), capital expenditure (EUR 11 million, 8%) and goods and services (EUR 9.5 million, 7%). The reported expenditure on goods and services is low, which is due to, among other things, central purchasing through Support Centres. This,

⁶⁵ Some of the Departments, such as the State Border Management Department, are not represented in the Client Centres. A part of the District Authorities' agenda is methodologically administered by the Departments of the Public Administration Section, Crisis Management Section and the central government bodies having the subject-matter jurisdiction pursuant to the Act No 180/2003 on the organisation of the local government.

however, is a mere carryover of expenditure to another programme, because of which the expenditure is not assigned to the District Authorities.

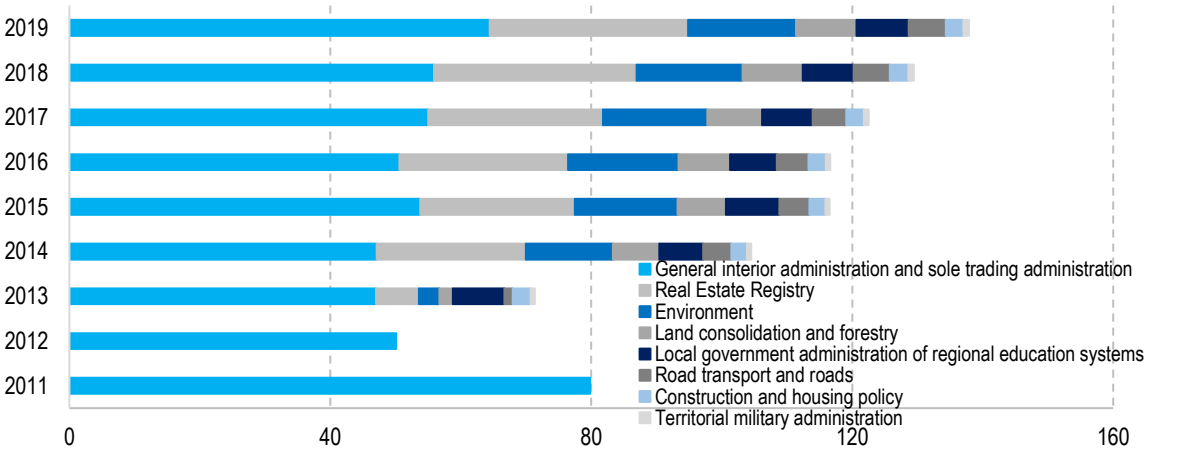
Graph 45: Expenditure of the District Authorities programme (in EUR million)



Source: MF SR BIS

The expenditure of 2013 reflected the effects of the ESO reform: the MI SR undertook the provision of services of further seven departments⁶⁶, which led to an increase of EUR 24 million in the District Authorities' expenditures (Graph 46). With effect from the beginning of 2014, the MI SR has been in charge of all the services of the departments newly put under its responsibility. The District Authorities' expenditures have been growing every year, which is partially assignable to the functions transferred under the MI SR's responsibility. The expenditure on those functions amounted to EUR 73 million in 2019 and made up 53% of the District Authorities' total expenditures.

Graph 46: Expenditures of the District Authorities by sub-programme⁶⁷ (in EUR million)



Source: MF SR BIS

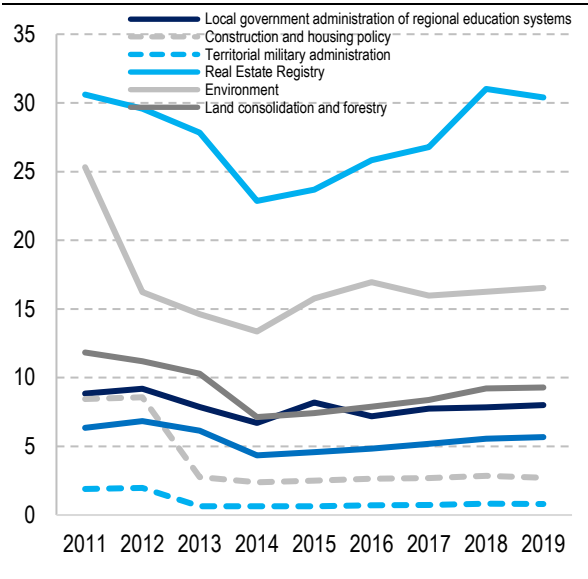
The expenditures of the transferred functions decreased between 2011 and 2019 by EUR 20 million, but savings are not clearly identifiable. With the conferral to the MI SR, the procurement of a major part of goods and services was taken over by the Central Support service and its expenditure rose over that period by EUR 51 million (Graph 47 and Graph 48). During the process of integration of offices and functions (2013), the Central

⁶⁶ They include Real Estate Registry, Environment, Land Consolidation and Forestry, Local Government Administration of Regional School Systems, Road Transport and Site Communications, Construction and Housing Policy and Territorial Military Administration.

⁶⁷ Sub-programmes are sub-sections of the programme budget

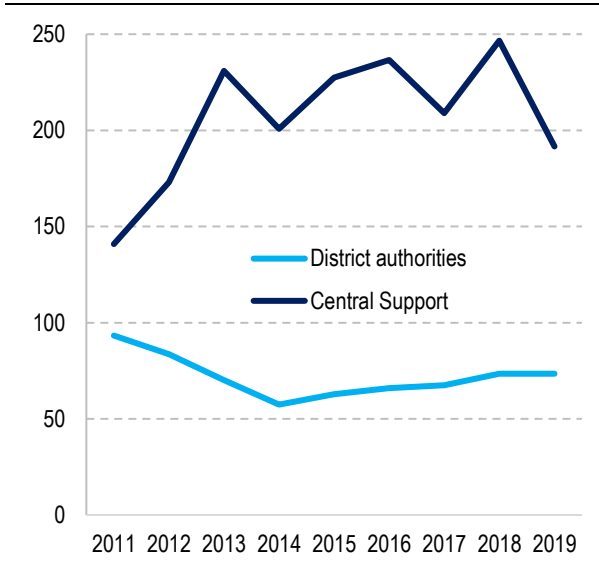
Support expenditure increased by EUR 58 million to EUR 231 million. It is thus uncertain whether the integration resulted in a reduction in, transfer of, or even an increase in expenditure on the State level.

Graph 47: Expenditures of the District Authorities by department (in EUR million)



Source: MF SR BIS

Graph 48: Expenditure of the District Authorities and the central support service (in EUR million)



Source: MF SR BIS

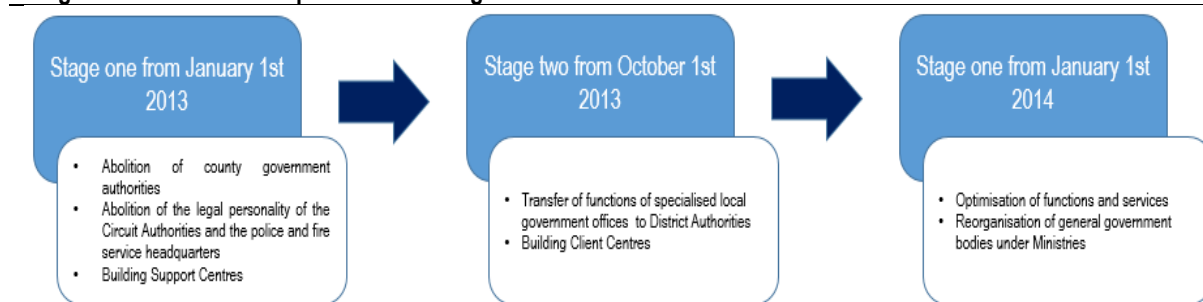
Most of the expenditure was incurred in connection with interior administration and sole trading administration. It amounted to over EUR 64 million in 2019. The General Interior Administration Department covers services such as residence and stay registration, vital registries or address register.⁶⁸ The Sole Trading Administration Department is responsible for issuing sole trading authorisations and supervising the operation of sole traders. The Sole Trading Administration is one of the MI SR's Departments with the highest workload: in 2019 it received the second highest number of filings (24% of all filings). The first one was the Real Estate Registry Department which received 31% of all filings (454,393 filings in total).

4.2. ESO: Effective, Reliable and Open public administration

The ESO reform was implemented through three stages and it was aimed at improving and facilitating citizens' access to the State's services, mainly through integrating several local government offices (functions) under a single Client Centre. As the first stage, county government authorities were abolished and their responsibilities and functions were conferred on the Circuit Authorities in the seats of counties ((Annex 4). As the second stage, certain specialised local government offices were abolished and their responsibilities and functions were transferred to an integrated local government body, District Authority (Annex 5). The last stage consisted of the optimisation of public administration functions and services.

⁶⁸ The scope of responsibility of the General Interior Administration Department includes residence and stay registration, vital registries, administrative offences, address register, registrations, censuses of population, houses and flats, citizenship administration, the territorial and administrative division system, state symbols, elections, referenda, and issuance of special vehicle designations and certificates.

Diagram 2: ESO reform implementation stages



Source: MI SR

Between 2013 and 2015, over 200 organisations, most of them falling under the MI SR, were abolished in the ESO reform. But the practical exercise of public power was not affected and the functions were gradually transferred to the District Authorities. In contrast to initial plans, some bodies (such as labour inspectorates) were not included in the reform and remained under the former responsibility of the respective Ministries.

The ESO reform brought a substantial change to the organisation of the State's functioning, but the implementation was not preceded by a sufficient feasibility study. The real savings are impossible to quantify (SAO, 2017). During an audit by the Supreme Audit Office (SAO), the MI SR declared savings on compensations and goods and services in an amount of over one billion euros⁶⁹ for the years 2013 to 2016. However, no analysis of real savings was performed (SAO, 2017), despite it was recommended. The main reason is the absence of a summary of pre-reform expenditures of the different bodies and offices.

Measure: Prior to implementing reforms, map all relevant expenditures so that it is possible to quantify savings.

Client centres provide (where possible) services of eight functions in a single point⁷⁰. The integration of various functions into a single point was intended to save the State's expenditure and, at the same time, improve the access to services. Most Client Centres provide services of the following functions:

- Real Estate Registry
- Sole trading administration
- Environmental care
- Road transport and roads administration
- Land and forestry administration
- Organisation
- General interior administration
- Certain Police Force's services

All those functions and services are carried out only by Type I and Type II offices. The District Authorities in the seats of counties (Type I⁷¹) provide the services of all functions and, at the same time, they act as appellate bodies in respect of first-instance decisions of the District Authorities. All citizen services, except the exercise of the appellate body authority, are also performed by Type II District Authorities. Type III District Authorities provide a limited scope of services. Offices with a limited scope of services were retained in order to facilitate citizens' access to services in territorial terms.

ESO reduced the number of local bodies and offices from over 200 to 72. Former Circuit Authorities were transformed into District Authorities and Client Centres were established in order to provide services in more effective ways. The location of authorities was based primarily on two considerations. The first one was availability to citizens within a distance of no more than 50 km or one-hour travelling time by a public transportation service.

⁶⁹ Savings of EUR 132.6 million for 2013, 240.5 million in 2014, and 347.4 million for 2015 and 2016.

⁷⁰ Services of the former specialised local government offices, extended to include certain Police Force's services (register of identification documents, traffic inspectorate, register of weapons and ammunition).

⁷¹ The division of the District Authorities' functions by type is provided in Annex 3.

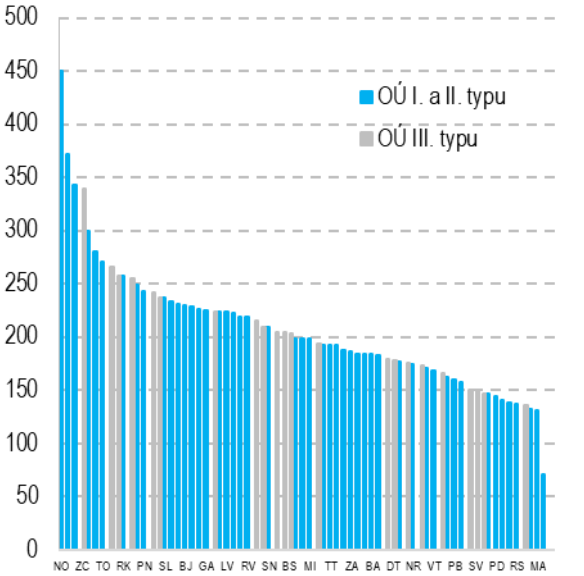
The second one was availability of buildings under the State’s control. Certain local specifics were also taken into account (e.g. an office located in an immediate vicinity of the future District Authority was not moved).

The centralisation of the MI SR’s support services through the establishment of Support Centres in 2015 resulted in workforce reduction by nearly one third. The Support Centres serve whole counties and provide support services such as human resource management, accounting, budgeting or provision of materials and equipment to the local divisions of the Police, Fire and Rescue Service, District Authorities and facilities of the Ministry of Interior.

4.3. Services and functions of the District Authorities

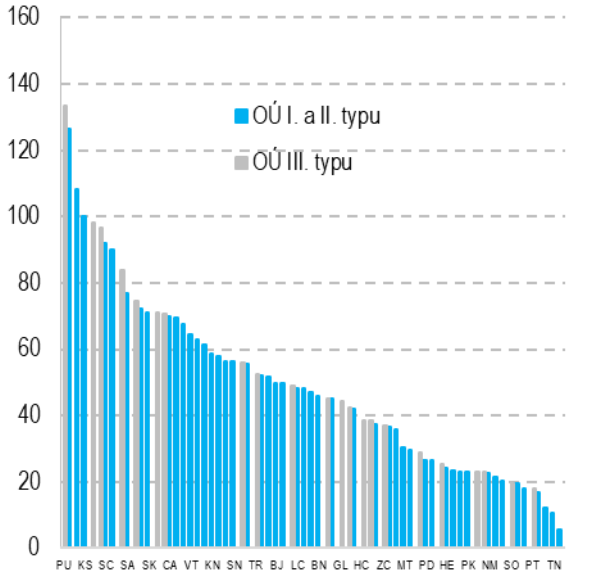
The distribution of personnel is not led by citizens’ demand for services: there is up to an eight-fold difference in numbers of filings between departments. Those with a high workload include, for example, the Traffic Inspectorate of Bratislava (the Police Force’s function available at some Client Centres) where the number of filings handled by one employee in one day in 2017 was 87⁷². The average for the other Traffic Inspectorate offices was only 11 per employee.

Graph 49: Numbers of filings per employee for the environmental administration function



Source: MI SR AMU

Graph 50: Numbers of filings per employee for the civil protection and crisis management function



Source: MI SR AMU

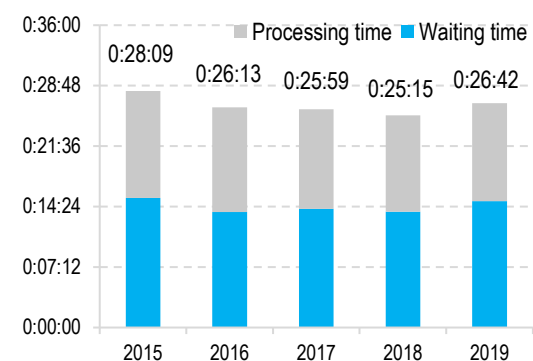
A low number of filings per employee is not necessarily an indication of inefficiency. It may suggest that the numbers of employees should be better aligned with citizens’ demands. The workload comparison highlights differences in the District Authorities’ performance. Differences in performance may also be due to differences in the types and complexity of filings. Planning personnel capacities of the District Authorities on the basis of a predictive model will bring the desired efficiency improvement.

For the monitored offices⁷³, ESO has increased the number of served citizens and reduced waiting times. Before the first reform stage, the Traffic Inspectorate function served on average 3,684 clients per month; after the implementation of the queuing system, the number of clients rose to 4,560. The waiting time for a service was reduced by more than one hour, to 75 minutes. During the second stage, which consisted in moving functions to a

⁷² Three-month monitoring. Based on a SAO Report.
⁷³ The County Traffic Inspectorates in Bratislava and Žilina

Client Centre, the average number of clients served increased to nearly eight thousand with an average waiting time of 69 minutes and processing time of 15 minutes.

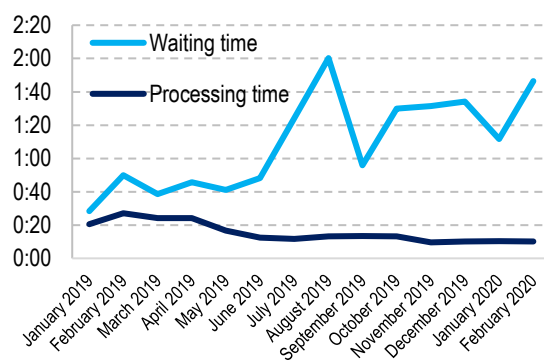
Graph 51: Waiting and processing times at the District Authorities (in minutes)



Note: It is the average time for all functions and all District Authorities

Source: MI SR

Graph 52: Average times at Bratislava District Traffic Inspectorate⁷⁴ (in hours)



Source: MI SR

Box 13: Administrative charges

An administrative charge is charged by a public administration body to cover the expenses incurred in connection with the provision of public services. Since the public sector, in contrast to the private sector, has no profit-gaining motivation, administrative charges may not cover all direct and indirect expenses connected with a service. Nevertheless, for the sake of effectiveness, a charge should cover those expenses at least partially.

The MI SR AMU analysed expenses of offices involved in the administration of sole trading. In 2018, the MI SR AMU priced the time required for the processing of sole traders' filings using the so-called capacity cost rate. The analysis also covered the supporting functions of the District Authorities, i.e. the organisation function and the property rights function. The MI SR AMU quantified direct expenses on one minute of work for each function. The values were then applied to the average time required to process one filing by the sole trading administration function.

Administrative charges cover the direct costs of the MI SR on the services of its Sole Trading Administration Department. The Sole Trading Administration Department receives over 32 thousand filings in one year. The average administrative charge per filing is eight euros and the MI SR's total revenue is EUR 259 thousand. The direct expenses on the filings reached nearly EUR 256 thousand.

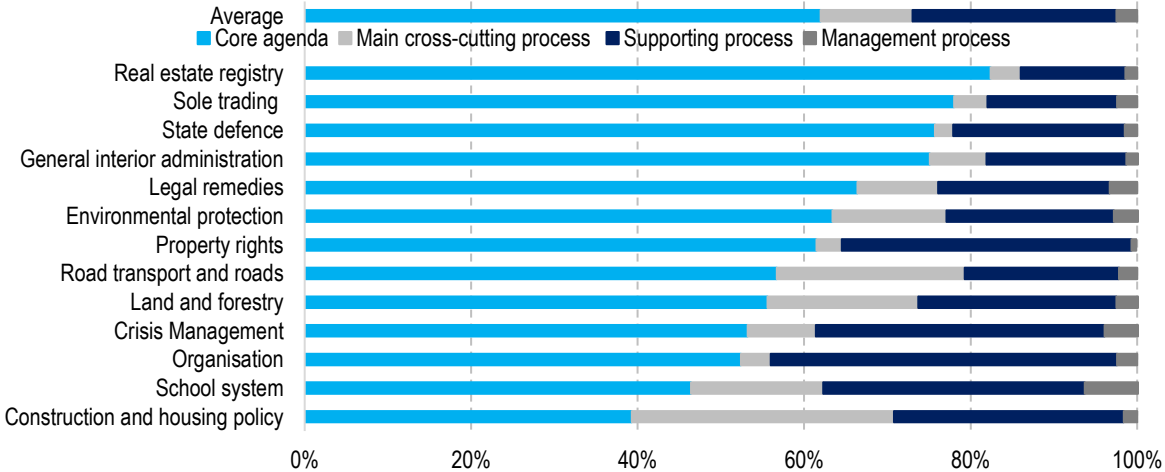
The price, however, does not include indirect expenses and they are funded from the MI SR's budget. Indirect expenses on sole trading administration include utilities, building management and various goods. They are covered by the MI SR from its budget. With both indirect and direct expenses included, the revenue from administrative charges does not cover all those expenses incurred in connection with the sole trading administration.

The rates of administrative charges have not changed for several years and should be reviewed. Administrative charges should not cover all expenses on the provision of a service by the State since the citizen also pays for the State's services in form of taxes. It is, nevertheless, desirable for the State to be able to correctly assess the amount of expenses on the different administrative services provided to citizens.

⁷⁴ The extension of the waiting time at BTI was caused by technical problems with the queuing system. A new queuing system has been implemented in the meantime and waiting times are supposed to return to the average prior to June 2019

The District Authorities' personnel spend on average 62% of their working time handling the core agendas.⁷⁵ The remaining time is devoted to managerial, support and servicing activities. The time devoted to the core agenda largely varies between the services provided. The highest proportion, around 80%, is that of the Real Estate registry and sole trading administration functions.

Graph 53: Overview of the pre-reorganisation distribution of processes by core function



Note: The values reflect the distribution of processes prior to the implementation of the measures resulting from the MI SR AMU's capacity model. Source: MI SR AMU

Low workload in the handling of the core agenda may indicate disproportionate workload distribution. It suggests that some functions and District Authorities are over-staffed, while there are District Authorities with insufficient workforce. It may also indicate a non-optimal organisation of work at some offices and involvement of the workforce in activities outside the core agenda.

A change in the District Authorities' processes could enable reducing the number of employees and increasing their salaries. Even after the completion of the ESO reform, it is still possible to optimise the processes in the exercise of public power. The capacity model created by the MI SR AMU identified options for workforce reorganisation at the District Authorities. The implementation led to a reduction in the number of employees by 221 to 5,610 and an increase in salary rates by EUR 42 on average.

4.4. Quality evaluation of services

During 2018 and 2019, the MI SR carried out two surveys on citizens' satisfaction with the provision of services by the State and the District Authorities. In addition to the identification of District Authorities' strengths and weaknesses, the MI SR considers the survey an instrument helping to identify opportunities for improvement of the services provided.

The 2018 survey showed a high level of citizen satisfaction with the District Authorities' and the Client Centres' services.⁷⁶ The average satisfaction score was 9 out of 10 points. The respondents awarded high satisfaction ratings particularly to the office personnel, availability of services and the queuing system. The worst rated items were the comprehensibility of forms and the office's websites, which gained scores of 6.

Over 80% of the District Authorities' functions received high satisfaction ratings, i.e. scores of 9 out of 10. They included the personal documents, Real Estate Registry, sole trading and environmental administration

⁷⁵ The analysis of processes was made by the MI SR AMU. Based on a questionnaire survey and analysis of the legislation, it identified 3,370 processes performed by the District Authorities.
⁷⁶ The survey was carried out by KPMG over a sample of 2,656 respondents/clients from 79 locations.

functions. Further, 9% of the functions received an above-average satisfaction rating and 9% an average satisfaction rating. The least satisfied clients were those of the Traffic Inspectorate function, which received a score of 6.

Employees of the District Authorities and Client Centres are generally satisfied. The same survey also measured the satisfaction of the MI SR's employees. The overall level of satisfaction is very high and the employees are generally very satisfied with aspects such as work, working environment, career and development, and management and leadership. The employees were little satisfied or not satisfied with the material and technical equipment of their offices and the Support Centre.

A high to very high level of satisfaction with the State's services was also confirmed in the 2019 survey. The MI SR AMU performed the survey over a sample of 1,117 clients of District Authorities' Client Centres in the seats of counties. The average overall satisfaction rating was 9.5 out of 10. One of the main factors in client satisfaction was the length of the waiting time. Further factors substantially influencing the level of satisfaction included the personnel's attitude, willingness, professionalism and a successful result of the client's matter.

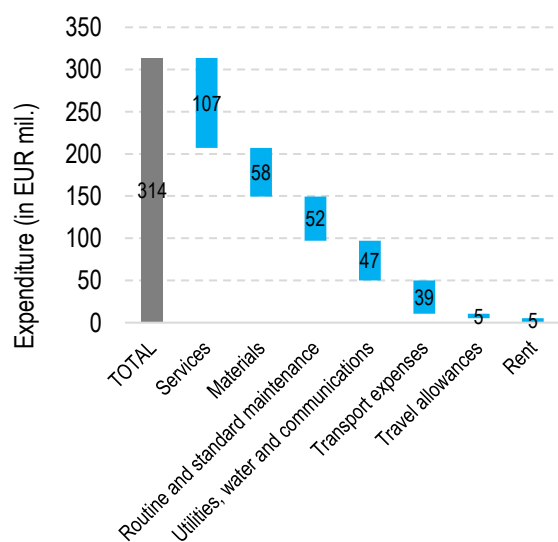
5. Operation of the Ministry of Interior of the Slovak Republic

- **The Ministry of Interior's expenditure in 2019 reached EUR 1.3 billion, of which over one half was spent on the police.** Staff expenses amount to nearly 70% of the Ministry's current expenses; one quarter is expenses on goods and services.
- **The MI SR's spending on goods and services is the highest of all Ministries. The average annual expenditure for 2016 - 2019 was EUR 314 million.** The highest expenditure items were general materials, utilities and meals.
- **In the period 2015 - 2019, the Ministry of Interior signed contracts for external consulting services in an amount of at least EUR 25 million. Insourcing those services could save up to 60% and help to maintain and build know-how.** The total expenditure on consultants was equivalent to 18% of the compensation expenditure on the Ministry's personnel for the same period. The procurement of consultancy services should be subject to strategic development planning of in-house capacities.

5.1. Operating costs of the MI SR

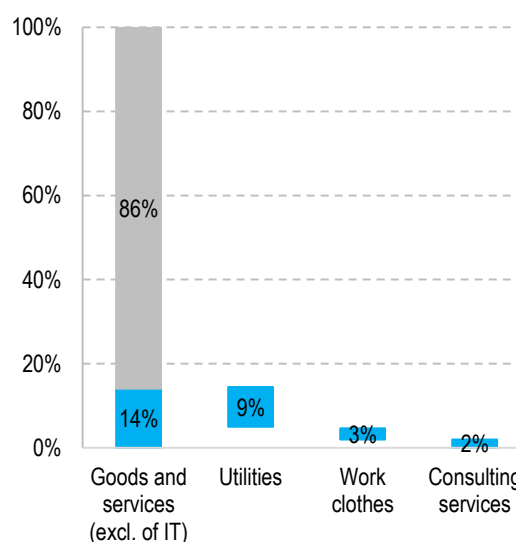
Staff expenses amount to nearly 70% of the Ministry's current expenses; one quarter is expenses on goods and services. The average amount of staff expenses in the years 2016 to 2019 was around EUR 882 million. The expenditure on goods and services, amounting to one quarter of current expenditure, ranged between EUR 298 – 335 million. Current transfers accounted for less than 5% (EUR 49 million) of current expenditure in 2016 - 2019.

Graph 54: Structure of expenditure on goods and services (without regional schools, average for 2016 - 2019)



Source: MF SR BIS

Graph 55: Proportions of analysed expenditures on goods and services (2019)



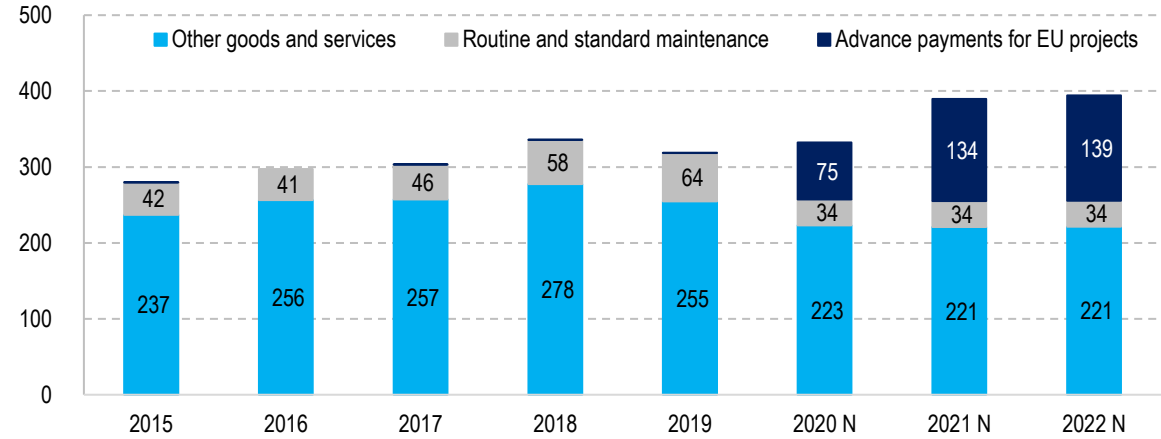
Source: MF SR BIS

The review analysed 14% of the Ministry's expenditure on goods and services. The analysed expenditure items included utilities, work clothes and consulting services, each having a different saving potential (Chapters 5.1 and 5.2). The expenditures not included in the analysis because of the unavailability of data may also present a saving potential.

Since 2015, the growth rate of expenditure on goods and services was a half of that of other current expenditures. The highest increase was recorded in the expenditure on routine and standard maintenance

(EUR 22 million). The maintenance expenditure increased in the period 2015 - 2019 by a half, which was mainly due to growing expenditure on the maintenance of road infrastructure (increase of EUR 19 million) and maintenance of special machinery (increase of EUR 5 million). The Ministry plans an increase of nearly one quarter in its spending on goods and services by 2022. This increase will be due to, in particular, EU projects (OP Human Resources and OP Effective Public Administration)

Graph 56: Development of expenditures on goods and services (EUR million)



Source: MF SR BIS

In 2016 - 2019, the Ministry’s average annual expenditure on services was EUR 110 million. This highest expenditure item included meals (EUR 24 million), studies, expert assessments and opinions⁷⁷ (EUR 16 million) and general services (EUR 12 million). A major part of the general service expenditure was incurred by the Ministry Office in providing central support. General services include, for example, cleaning or print of documents and most of them are outsourced. Because of the lack of data, it is not possible to identify the specific expenditure on each item in this category.

The average annual expenditure on purchased materials in 2016 - 2019 was EUR 58 million. This amount included the expenditures on general materials⁷⁸ (EUR 22 million) and on work clothes, footwear and equipment (EUR 11 million). The expenditure on general materials aggregates all purchases of materials required for an employee’s work. Identification of the amounts spent on individual items is impossible because of the unavailability of data.

The maintenance of buildings, office equipment and communications infrastructure cost the Ministry EUR 52 million per year on average. Nearly one quarter of the maintenance expenditure was on building maintenance (EUR 12 million).

The expenditure on utilities, water and communications amounted to EUR 47 million in 2016 - 2019. The Ministry’s highest spending in this category was on electricity, gas and heating (EUR 22 million).

Car maintenance and repair and fuels cost the Ministry annually EUR 39 million on average. The expenditure on the maintenance and repair of the Ministry’s vehicles amounted annually to EUR 19 million in 2016 - 2019. **The expenditure on fuels, greases and oils in the same period amounted to nearly EUR 17 million.**

⁷⁷ I.e. services of chartered experts, appraisers and specialists
⁷⁸ All materials, replacement parts and supplies required for work

Table 13: Major budget categories of goods and services

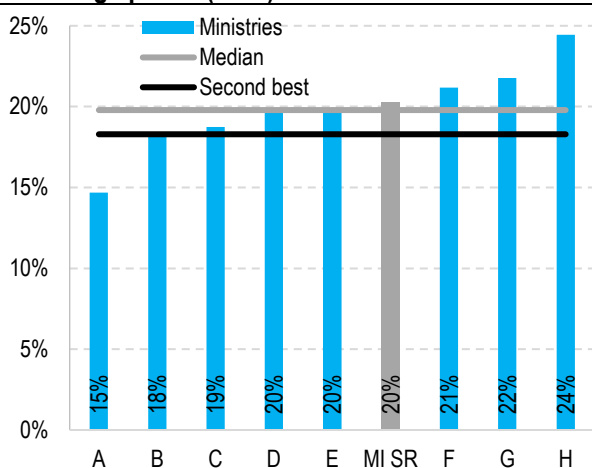
Category		Expenditure amount	2016	2017	2018	2019	Average for 2016 – 2019
Services	Meals		29.2	28.2	21.8	17.2	24.1
Materials	General materials		16.5	21.5	23.4	26.1	21.9
Utilities, water and communications	Utilities		21.3	21.5	21.0	23.6	21.8
Transport	Maintenance and repair and related expenses		19.3	18.6	17.7	21.2	19.2
Transport	Fuels, greases and lubricants, oils and special fluids		15.9	16.4	17.6	16.6	16.6
Services	Studies and expert assessments and opinions		11.9	23.1	15.2	14.0	16.0
Utilities, water and communications	Communications infrastructure		12.6	14.0	14.5	12.6	13.4
Services	General services		11.0	11.0	12.8	14.4	12.3
Routine and standard maintenance	Communications infrastructure		2.4	2.4	21.0	21.9	11.9
Routine and standard maintenance	Buildings, structures and their parts		8.0	13.9	12.4	11.6	11.5
Material	Working clothes, footwear and working aids		15.3	13.8	9.4	6.6	11.3
Services	Irregularities and other returns of EU funds included in the State Budget and co-financing		5.7	2.6	30.6	1.1	10.0
Routine and standard maintenance	Software		10.1	9.8	8.3	10.5	9.7
-	TOTAL		179.2	196.9	225.7	197.5	199.9

Source: MF SR BIS

Utilities

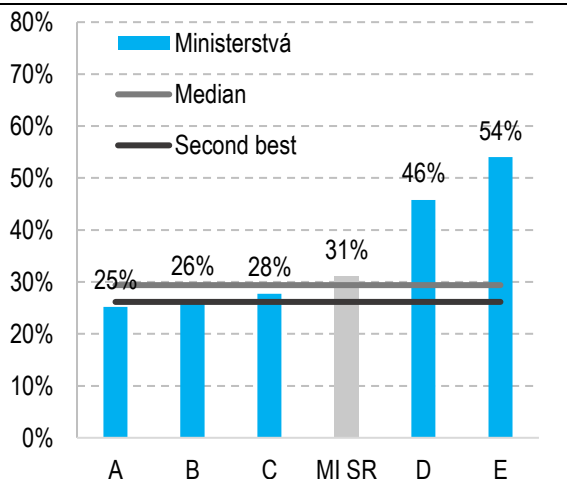
The MI SR could save EUR 60 to 230 thousand in 2019 through better purchasing of utilities. The analysed gas expenses for 2019 amounted to EUR 4.6 million. By achieving a median difference of the contract utility price against the exchange price, the Ministry could save EUR 60 thousand (1% of expenditure) and over EUR 170 thousand (4%) in case of the second lowest difference. The analysed electricity expenses for 2019 were EUR 3.2 million. The Ministry was purchasing electricity on preferential terms, similarly to the other Ministries. If the price difference of the second best Ministry was achieved, the savings could amount to EUR 52 thousand (2% of the expense). The savings relate to the Ministry Office and to the buildings in control of the Support Centres (the buildings of the police, fire service, District Authorities and the Ministry's facilities).

Graph 57: Electricity: unit price differences against exchange prices (2019)



Source: VřM unit based CBR data; PXE

Graph 58: Gas: unit price differences against exchange prices (2019)



Source: VřM unit based CBR data; PXE

In the first step, the unit prices of gas and electricity for the different Ministries were obtained from the contracts published in the Central Register of Contracts. As the next step, the differences in the contract unit prices against utility exchange prices in effect at the time a contract was signed were calculated. The potential saving was determined as the difference between the contract unit price and the price a Ministry would pay if the median/second lowest price difference was achieved, multiplied by the purchased quantity of the utility.

Uniforms

With better procurement of police officers' and fire-fighters' uniforms, the MI SR could save approx. EUR 520 thousand (15% of expenses) per year. Included in the analysis were the expenses for the contracts concluded in 2019⁷⁹ in the amount of EUR 13.5 million.⁸⁰ Comparison of unit prices against purchases of police uniforms in the Czech Republic and of the Slovak municipal police forces⁸¹ and Customs Administration indicates that the MI SR's purchases of some uniform components were more expensive.⁸² If the Ministry's purchases were priced at the lowest price of the reference group, the savings for the duration of the framework contract could reach almost EUR 2.1 million (15% of expenses)⁸³, and EUR 1.4 million (10% of expenses) with prices of the Czech Police Force.

⁷⁹ One of the analysed purchase contracts was made at the beginning of 2020.

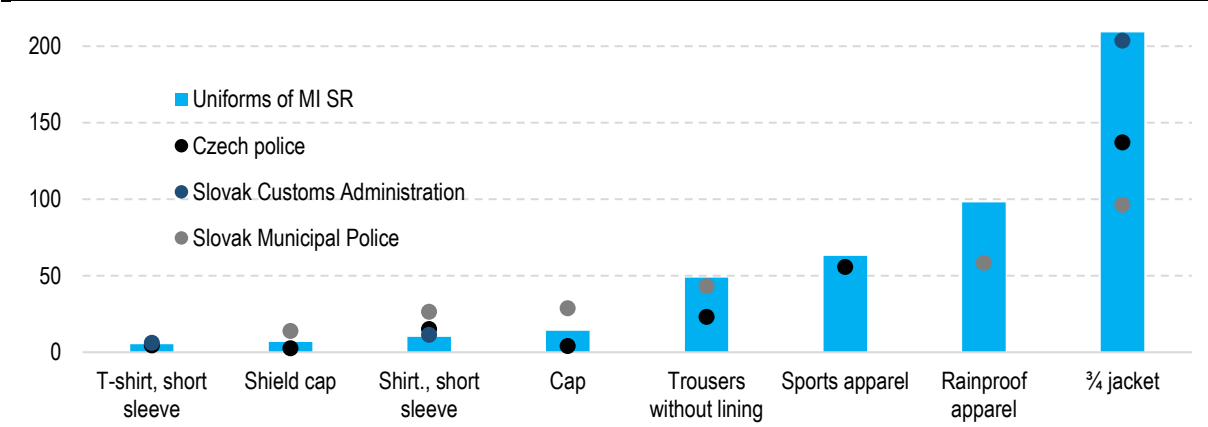
⁸⁰ Available on-line at: <https://www.crz.gov.sk/index.php?ID=4293592&l=sk> ; <https://www.crz.gov.sk/index.php?ID=3940451&l=sk> ; <https://www.crz.gov.sk/index.php?ID=4462239&l=sk> ; <https://www.crz.gov.sk/index.php?ID=4302885&l=sk> ; <https://www.crz.gov.sk/index.php?ID=4302885&l=sk>

⁸¹ Municipal Police forces in Bratislava and Trenčín

⁸² Uniform components serving the same purpose were included in the comparison. The purchase contract terms are similar across the reference uniformed services and the unit prices are inclusive of transport and packaging costs.

⁸³This saving would be achieved if the MI SR made purchase contracts under the framework arrangements for prices at the maximum unit price level.

Graph 59: Unit prices of MI SR's uniforms compared to reference uniformed services (in EUR, 2019)



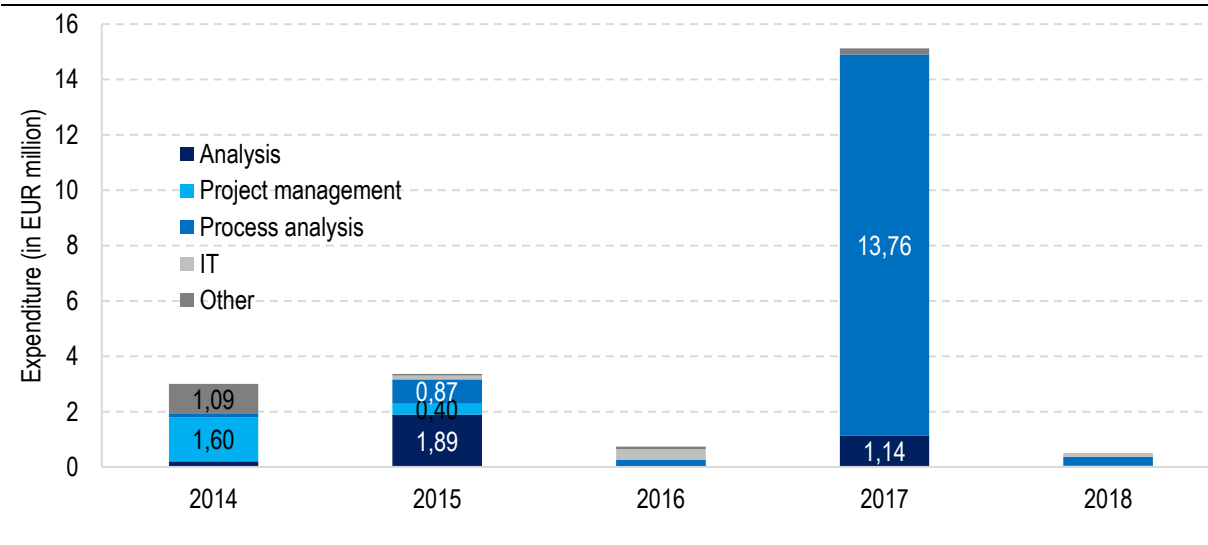
Note: The uniformed services of the MI SR include the Police Force and the Fire and Rescue Service

Source: VFM unit based CBR data; CRC

5.2. Consulting services

In the period from 2015 to 2019, the Ministry of Interior signed contracts for consulting services in an amount of at least EUR 24.7 million (incl. of VAT). The average annual expenses were EUR 4.9 million. The total expenditure on consultants would cover 17.6% of the compensation expenditure of the Ministry for the same period.⁸⁴ There are a few dominating firms on the list of the Ministry's suppliers.

Graph 60: Values of consultancy contracts of the Ministry of Interior of the SR



Source: Central Register of Contracts, VFM unit

The consulting firms are able to flexibly provide expertise, analytical capacity, as well as a valuable look from the outside; this is, however, relatively costly. Based on 64 analysed contracts, consultants' hourly rates typically range between EUR 100 and 110 (net of VAT). Expenses on an internal employee amount to only 40% of the cost of an external consultant⁸⁵. Recurring analyses, in particular, offer a room for increasing the value for money, compared to the current situation, by using the existing or building new in-house capacities.

The procurement of consultancy services should be subject to strategic development planning of in-house capacities. The Ministry should systematically look for opportunities to transfer professional skills to internal

⁸⁴ The expenditure on the compensations and bonuses of the Ministry's workforce reached EUR 107.6 million in 2015 – 2019 (Source: MF SR).

⁸⁵ For calculation refer to Box 12.

employees during the cooperation with consulting firms. Without the transfer of expertise, the project know-how is not retained by the contracting authority and the Ministry thus loses the potential to develop its in-house capacities and reduce its dependency on external suppliers of outsourced analyses. Compared to internal personnel, consultants are less aware of the Ministry’s organisation, albeit it was in the centre of certain reviewed projects.

The procurement of consulting services should be subject to a business case study.⁸⁶ The contracting authority should know what benefits will stem from the achievement of the project objectives. Delivery on those objectives should be evaluated after the implementation. Even if the supplier has done a good job, the recommendations may turn out to be infeasible. A low rate of delivery on objectives indicates a poor value for money, irrespective of the standard of the consultants’ work.

Insourcing helps to retain know-how. Analysts gain valuable experience and expertise through working on projects. Where, however, analyses are produced by external staff, that potential remains outside the public sector. Accordingly, with the extensive use of consultants, the competency to administer general government and transform public services concentrates in the public sector, and this further promotes dependency on suppliers.

Box 14: Calculation of the hourly cost of analytical work

An expense model was created to compare costs against the prices offered by consultancy firms. The model processes inputs into two outputs: the effective working time of a government analyst and the total cost per analyst job.

Working time of an analyst

The working time is considered as the standard annual working time less 25 days of annual leave and 5 days of sick leave. The number of days at work is multiplied by 7.5-hour working time and 80% utilisation. The remaining 20% is dedicated to training courses, etc.

$$effective\ time = (number\ of\ working\ days\ in\ year - annual\ leave - sickness\ leave) * working\ time * utilisation$$

The effective annual analytical time per analyst is thus 1,320 hours.

Inputs on the cost side include the total compensation expenses on analytical units (including managers and non-analytical staff), the total number of government analysts, and the average training and equipment expenses. The coefficient of 1.15 is applied to all expenses to reflect overhead expenses (building, utilities, cleaning, etc.)

$$expenditure = [(compensation\ expenses) + (education + equipment) * number\ of\ employees] * coefficient$$

The State’s total expenses on analytical units reach EUR 10.1 million (VfM unit’s research).

$$\frac{total\ expenditure\ on\ analytical\ units}{effective\ time * number\ of\ analysts} = EUR\ 45$$

The resulting effective hourly cost of analytical work is EUR 45.

When procuring projects, contracting authorities should seek to maximise the transfer of expertise and know-how to the internal personnel. Contracting authorities should demand the involvement of internal employees in teams with the consultants, cooperation in project implementation and formal training.

⁸⁶ A business case provides a reasoning for the proposed project based on the envisaged outcomes.

Deliverables from external consultants should be publicly disclosed. This would support a better transfer of knowledge among general public as well as professional public, improve transparency and extend the room for the quality control of services supplied. Publishing the outcomes will also help to identify duplicate activities.

Box 15: Consultancy Contracts of the Ministry of Interior of the SR

The Ministry of Interior procured analyses on topics which do not clearly imply the reason for the involvement of external analysts and consultants. Examples may include the following:

1. Analysis of “the legal frameworks of civil service in five selected countries and Slovakia”, ordered in 2015 for EUR 124 thousand at an hourly rate of EUR 115 net of VAT
2. Development of “the strategic context and analysis of alternatives for the GovCity project”, ordered in 2014 for EUR 48 thousand

According to specifications, the analyses did not require any highly specific knowledge that would substantiate outsourcing. The Ministry could use or build internal analytical capacities with the benefit of financial savings on the one side, and expertise and know-how building on the other side.

6. Investments and Informatisation

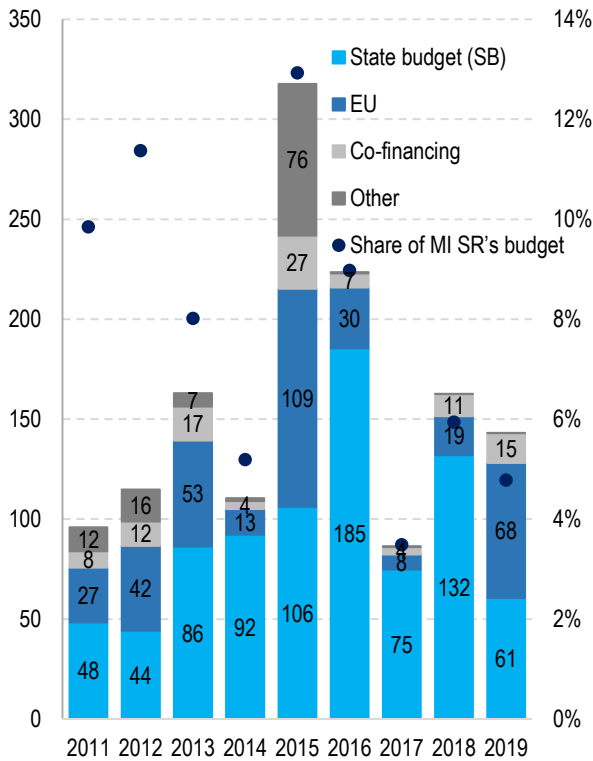
- **The Ministry of Interior of the SR has no long-term investment plan: its capital expenditure planning horizon is one year.** The Ministry's investment budget is regularly undervalued, with annual budget allocations amounting on average to only 35% of actual spending. To improve the planning of investment projects, it is advisable to develop a long-term investment plan and implement processes to ensure that projects with the highest benefit be implemented in a systematic manner and using the best alternatives.
- **The Ministry of Interior launched a procurement process for investments in an aggregate amount of EUR 730 million without any economic efficiency assessment.** The planned investments in information systems, hardware and services had not been presented to the MF SR for review. Risks to achieving goals at the highest value for money were not examined. To improve the cost/benefit performance of those projects, the MI SR should examine the possibility of repeating the public procurement and reconsider the supply volumes in question, or review them additionally before signing the contract.
- **The Ministry of Interior is the organisation with the second highest IT expenditure in the State and for 2015-2019, the actual year-end amounts of spending were at least 70% higher than the planned annual budget allocations.** An as exact as possible estimate of allocations for objective needs is an inevitable precondition for efficient IT management. Moreover, the MI SR does not respect the budgeting methodology, which hampers the comparison of expenditure both across a time span and with other Ministries.
- **The efficiency of expenditure on the extension, operation and development of the government cloud is questionable.** The average annual expenses on the cloud are expected to reach EUR 34 million in 2015 - 2029. The main argument used in advocating the government cloud is the alleged economic efficiency of the centralisation compared to decentralised purchasing and operation of hardware. Since the MI SR does not manage and reassess capacity requirements actively, administrators of information systems are not motivated to look for ways to ensure the most cost-efficient operation. Without a change in the existing model of operation, there is a risk that, compared to other alternatives, the cloud will not bring sufficient savings.

6.1. The MI SR's investments

During the period 2011 to 2019, the Ministry's expenditure on investments ranged between 5% and 13% of its budget (i.e. between 86.5 and 317.7 million euros annually). The investments were funded from the State Budget. The investments increased in 2015 to 2016, mainly because of higher financing by EU funds (2015) and the purchase of the Government's aircraft (EUR 90 million, 2016) (Source: SB). Further substantial investments of the Ministry of Interior financed from state budgeted funds included purchases of fire-fighting equipment for voluntary municipal fire services (EUR 63 million), police information systems (EUR 59 million), passenger cars (EUR 58 million) and special machinery for active flood-prevention measures (EUR 42 million). The budget for 2020 - 2022 envisages annual capital expenditure from the state budget of EUR 28 million.

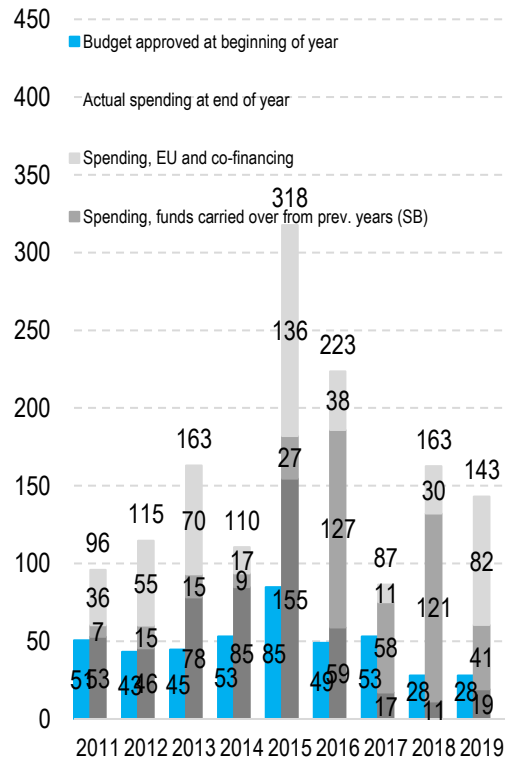
Capital expenditure allocations made at the beginning of year are regularly undervalued when compared to the actual spending at the end of year. The investment budget of the Ministry of Interior approved at the beginning of a year amounted on average to only 35% of the total capital spending at the end of the year. Major differences are attributable to investment projects supported by EU funds that were not considered in the budget and the state budget-financed projects mentioned above.

Graph 61: The MI SR's capital expenditure by source of financing for 2011 - 2019 (EUR million) and its share of the total budget of the MI SR chapter



Source: MF SR BIS

Graph 62: Investment spending vs. budget, 2011 - 2022 (EUR million)



Source: MF SR BIS

The Ministry of Interior does not prepare a long-term investment plan. In combination with the long-persisting inaccuracies in budgeting, it is impossible to plan long-term investments effectively. The Ministry of Interior prepares annual short-term investment plans (with a span of up to one year) which provide information on the duration and expected costs of a project. Investment projects are prioritised on the basis of the physical deterioration and obsolescence of assets. To improve the planning of investment projects, it is advisable to develop a long-term investment plan and implement processes to ensure that projects with the highest benefit be selected and implemented with the use of the best alternatives.

The long-term investment plan should list all planned investments, including the projects being in an early preparation stage. The plan will serve as a strategic planning instrument and support the transparency of investment planning and preparation already from the early stages. Developing a project and including it in the investment plan as soon as the project preparation has been commenced or a feasibility study presented would allow better planning of future expenditure.

Measure: Prepare and present to a session of the Government of the SR a long-term investment plan of the MI SR and its subordinated organisations.

The Ministry of Interior did not prepare a public procurement plan for 2020, which was supposed to reflect the investment plan and provide a comprehensive summary of the planned public procurements. A public procurement plan is normally a part of the preparatory stage of the public procurement process and it is important for the selection of the most appropriate approach to awarding contracts. According to the Ministry of Interior's statement, the Ministry did not prepare a plan for the reason of insufficiency of allocations. In view of the long-term pattern of spending above the approved budget (EU funds and allocations carried over from previous years), the review recommends that the public procurement plan should be prepared every year.

The preparation of investments, including feasibility studies, is today typically out-sourced, as described in Chapter 0. In addition to incurring higher costs on the external preparation of supporting materials, when compared to insourcing, the Ministry also loses the opportunity to build institutional knowledge. The Ministry's own capacities should be supplemented to be able to carry out feasibility studies internally.

Measure: Integrate the preparation of feasibility studies and cost/benefit analysis into the work of the MI SR's analytical units.

The cost efficiency of planned investments to be financed from the state budget in the amount of EUR 730 million was not subjected to assessment.⁸⁷ In 2018, the MI SR launched a public procurement process for the supply of technical equipment and related services in the total value of EUR 730 million incl. of VAT. The planned investments had not been submitted to the MF SR for economic assessment prior to the announcement of the procurement. Hence, the planned investments were not assessed in terms of risks and to check that the objectives would be achieved with the best possible ratio between the expected outcomes (benefits) and costs of the project.

Table 14: Investments in technical equipment not presented to the MF SR for economic assessment

Name	Estimated contract value (EUR million, incl. of VAT)	Contract notice date	State
TE 1 Servers and storage	196.5	07/2018	Bid evaluation completed and
TE 2 Large-capacity printing	44.8	03/2019	tenderers ranked
TE3 Equipment for LAN/WAN, IT security and telecommunications	294.9	09/2018	Legal defects remedied and bid assessment continued
TE 4 CCTV systems	119.4	11/2018	Explanation of tender documents
TE 5 Queuing systems	18.8	05/2019	Bid evaluation completed and
TE 7 Alarm systems	55.5	04/2019	tenderers ranked
Total	729.8		

Source: OPP; ECS; elaborated by the VfM unit

The procurements have not been completed yet as no signed contract is published in the Central Register. To improve cost efficiency, it is advisable to examine options for repeating the public procurement, reconsider the required volume of supply, set up a partial delivery process or review the investment additionally before signing the contract (e.g. demonstrate transparently the amounts of goods and services actually needed and compare bid prices against market prices).

Measure: Examine options for repeating the public procurement, reconsider the required framework, additionally review investments before signing a contract and set up processes to enable partial deliveries.

6.2. Informatisation

With an average expenditure of EUR 72 million in 2017 - 2019, the MI SR was the chapter with the second highest IT spending in the State. **As a long-term pattern, IT allocations budgeted at the beginning of a year are lower than actual needs.** While the available structure of data allows an initial comparison, to enable a more detailed analysis, it is necessary to fully follow the IT budgeting procedures in force. The amounts of operating expenditure in 2014 to 2019 were on average 56% higher than the budget approved at the beginning of a year.

Average annual expenses on building, operating and developing the government cloud are expected to reach EUR 34 million in 2015 - 2029, while its future efficiency remains questionable. The central operation of systems within the cloud is expected to be more effective and cheaper than in local data centres. The current

⁸⁷ Based on the Government Regulation (from 2016) and the Act on budgetary rules of public administration (from 2020), investment projects with costs exceeding EUR 40 million, or 10 million in case of IT projects, are subject to assessment prior to assuming any financial obligation.

model of service provision free of charge does not motivate government bodies to use the cloud effectively. To mitigate risks, it is desirable to implement real demand monitoring and use the outcomes for capacity scaling. An efficient capacity allocation could be achieved through charging cloud service fees.

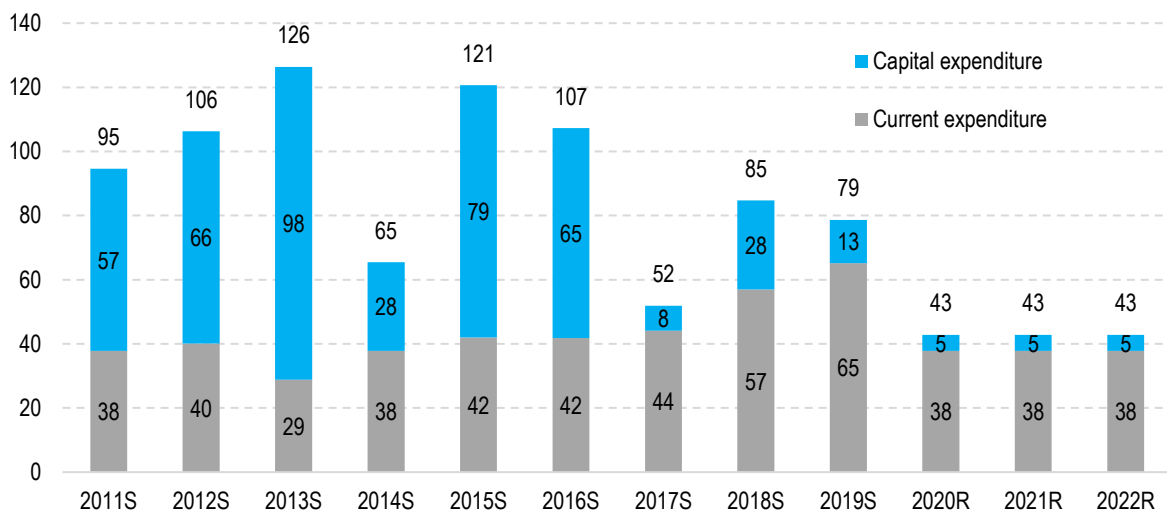
When commissioned, the envisaged IT projects co-financed by EU funds are supposed to free up human resources equivalent to one thousand employees, which corresponds to an annual compensation expenditure of EUR 24 million. After the completion of projects and commissioning of systems, savings should be monitored and reflected in the MI SR's budget.

The MI SR's IT budget

The MI SR Office, to which 98% of the Ministry's IT spending is assigned, is the State's organisation with the second highest expenditure. The average annual IT expenditure of the Ministry of Interior's chapter is EUR 80 million for 2011 - 2019. It was to a substantial extent co-financed by EU funds: the EU funding amounted to 31% of the total expenditure and 45% of the investment expenditure. The state budget for the years 2020 to 2022 includes only allocations from the state budget; planned investments from the Structural Funds are not budgeted.

The MI SR plans to implement ten IT projects co-financed by EU funds in 2020 - 2022.⁸⁸ The total investment expenditure is estimated at EUR 182 million. The MI SR's annual operation expenditure on the IT systems, when put in operation, is expected to rise by EUR 13 million on average.

Graph 63: IT expenditure of the MI SR (EUR million)



Note: A - Actual, B -Budget

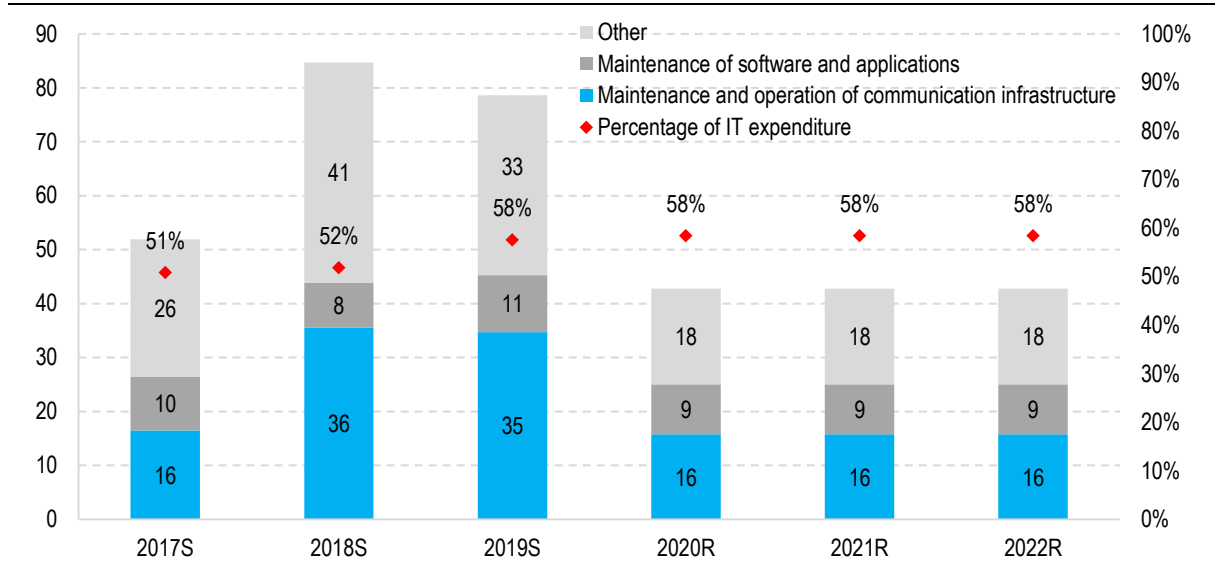
Source: BIS; elaborated by the VfM unit

In addition to new projects, the cost efficiency assessment should also be done before extending contracts for the operation of existing systems. Since 2007, the operation and maintenance of communications infrastructure have made up a major part of the MI SR's IT expenditure (EUR 31.8 million, 56% of the IT budget). Besides maintenance costs and charges for the use of communications, computer and inter-ministerial networks, the costs of operation of communications infrastructure also include virtual servers (refer to the "Government Cloud" Chapter). The methodological guideline for the preparation of feasibility studies of IT projects⁸⁹ provides a framework for the evaluation of expenditure.

⁸⁸ The feasibility studies of OP II projects are available at: <https://metais.vicpremier.gov.sk/studia/list?mainPerson=0303d336-d570-47f5-846d-7f2d95b1d40b>

⁸⁹ The methodological guideline is available on-line at: <http://informatizacia.sk/805-menu/22116s>

Graph 64: Structure of IT expenditure (EUR million)



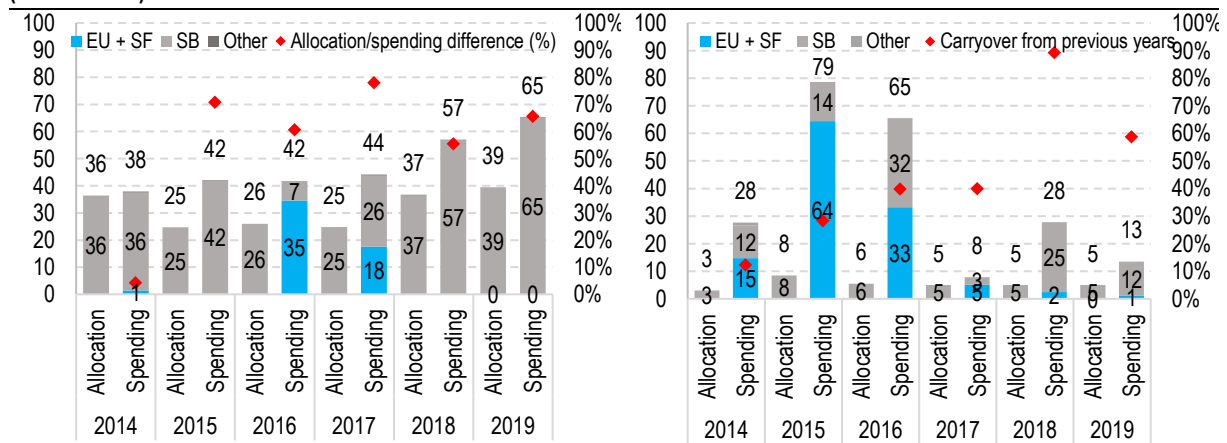
Source: BIS; elaborated by the VfM unit

According to the VfM unit's internal research, the MI SR operates its own local and remote networks. Cost efficiency analysis requires comparing the structure of the lines and unit prices of the servicing of access points with the other inter-ministerial or remote networks operated by the State (such as GOVNET administered by NASES, FINNET administered by the MF SR, or the academic network SANET).

IT allocations budgeted at the beginning of a year typically differ substantially from actual needs. In 2014 - 2019, total IT expenditure was at least 70% higher than approved budgets. Actual operation expenditures were on average 56% higher than the budget approved at the beginning of a year. An as exact as possible estimate of allocations for objective needs is an inevitable precondition for the efficient management of the budget and the organisation.

Insufficient preparation of projects hampers the drawing of a planned investment budget. On average, 40% of capital expenditure is financed from funds carried over from previous years. The accuracy of estimates of necessary IT expenditure did not improve in 2014 - 2019. Projects should be included in the budget only when they are ready for implementation. Better preparation of investments enables, in addition to more accurate estimation of future expenses, reducing the risk of deviations from the time plan and budget framework of a project.

Graph 65: Break-down and spending of IT operation allocations (left side) and IT investment allocations (rights side) (EUR million)



Source: BIS; elaborated by the VfM unit

Non-respecting the IT expenditure budgeting rules hampers a more detailed comparison of the expenditure both across a time span or with other Ministries. With effect from 2017, IT expenditure financed from the state budget is to be recorded in the newly established inter-ministerial programme OEK.⁹⁰ OEK supposes information systems (IS) with annual expenditure exceeding EUR 100 thousand to be budgeted as individual items. The MI SR complies with the expenditure budgeting rules of the new programme only to a limited extent. Since 2019, over 19% of expenditure has been budgeted in OEK. While the MI SR operates or plans to build at least 79 information systems (IS)⁹¹, none of them is specified in the budget as a separate item. The highest OEK item (60% of expenditure, EUR 28 million a year) refers to support infrastructure systems that are not further particularised (e.g. HW equipment for personnel, communications lines, etc.). The structure now used does not support monitoring expenditure amounts at an IS level and comparing them with expenditures of the other state budget chapters.

Measure: Ensure that operation expenditure be allocated at the beginning of a year on the basis of objectively evidenced needs

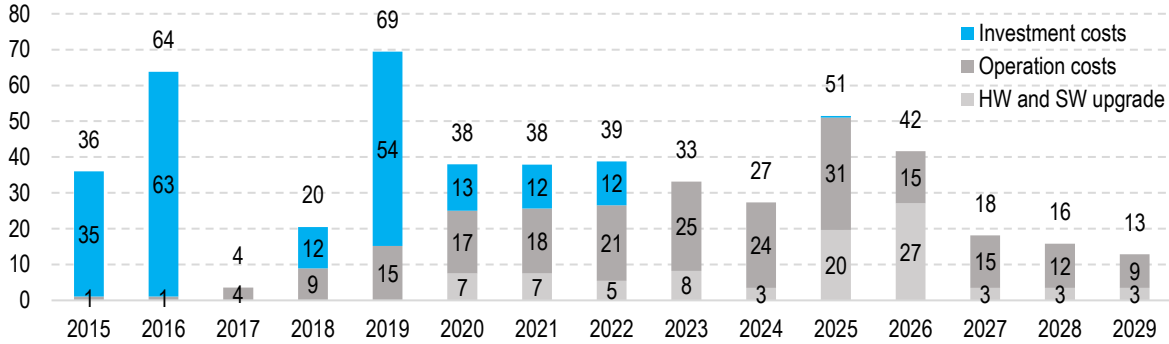
Measure: Ensure that only projects ready for implementation be included in the investment budget

Measure: Ensure that IT expenditure be allocated in accordance with the rules of the inter-ministerial programme OEK

Government cloud

Without a change to the cloud operation model, there is a risk that, compared to other alternatives, it will not bring sufficient savings. According to the feasibility studies, average annual expenses on building, operating and developing the government cloud will reach EUR 34 million in 2015 - 2029. The building and expansion of the cloud are co-financed by EU funds (EUR 31 million in total). The operation (EUR 14.5 million a year on average) and hardware and software upgrades (EUR 6.0 million a year on average) are to be financed from the state budget.

Graph 66: Costs of the government cloud* (in EUR million)



* Time structure of expenditure according to the feasibility study data; project delays are disregarded

Source: Project feasibility studies, elaborated by the VFM unit

Box 16: Operation of information systems within the cloud

A cloud and so-called “cloud computing” are technologies that enable using hardware (e.g. computing and storage capacities) or software (e.g. databases and applications) without owning them. Instead of buying hardware and software, the customer orders the resources they need as IT services from the cloud service provider. The capacities centrally provided within the cloud are shared by customers according to their current needs.

⁹⁰ The OEK methodological guideline is available on-line at: <http://www.nakup-it.sk/>

⁹¹ List of public administration IS administered by the MI SR according to MetalS: <https://bit.ly/38czxqH>

The essence of the cloud is in operating information systems at lower costs both to the operator and to the customer. Thanks to specialisation and economies of scale, the cloud service provider is able to provide the IT structure at a lower price and with a higher quality, when compared to building smaller local data centres. The customer pays only for the resources and services actually consumed and they are scalable to current needs. The customer does not need to buy and manage their own IT infrastructure.

A cloud may be operated as private, public or hybrid. A private cloud is built for a specific customer in their premises and is accessible to only a limited number of users (it is also referred to as community cloud). A public cloud serves general public and a customer doesn't have control over the location of the infrastructure (e.g. Amazon Web Services, Microsoft Azure, Google Cloud). A hybrid cloud is a combination of the two models: a customer may operate a part of their IS within their own cloud and, at the same time, use publicly shared infrastructure (e.g. separate storage of sensitive data when a publicly shared computing infrastructure is used).

The State's data centre (government cloud) is built on the private cloud principle. The aim is to improve the operational efficiency of IS by migrating them from smaller data centres operated by the Ministries and government bodies to a single, central data centre. In addition to higher operational efficiency of the data centre (operating costs decrease with increased size), the deployment of all IS is expected to require less hardware and software (the infrastructure can be shared by all IS and it is thus not necessary to build a sufficient capacity for each of them).

Cloud operation of government information systems is a long-term trend abroad, too. A hybrid cloud is the most common model (10 out of 21 observed EU countries). By default, a private cloud is considered the most secure solution; however, because of lower economies of scale, it is usually more expensive than the lease of a capacity in a public cloud. As a solution which combines the storage of really critical systems and data in own data centres fully under the control of the State with operation of non-critical systems in public clouds, a hybrid cloud allows improvement of the operation of IS. The hybrid cloud has already been in the implementation process and putting it in operation is one of the priorities of the NCeG.

The government cloud is being implemented through six projects co-financed by EU funds. A project to extend the capacities of the *Tajov* and *Kopčianska* data centres is now in the preparatory phase.

Table 15: Government cloud projects

Project	Approved	Investment costs	Operation (1 year)	Upgrade (1 year)
ICT infrastructure for IaaS, Part 1	2015	34.9	5.4	2.3
MI SR cloud	2016	37.0	5.5	0.4
MI SR data centre	2016	34.9	1.5	0.8
Implementation of Platform as a Service	2018	19.0	1.8	0.3
Capacity increase of the government cloud at the <i>Kopčianska</i> DC	2019	37.9	2.8	1.6
Capacity increase of the government cloud at the <i>Tajov</i> DC	2020	37.5	2.1	2.4

Source: Project FSS; elaborated by the VIM unit

There is a risk of inefficient allocation of government cloud capacities. According to the feasibility studies, over 70% of existing capacities have been allocated and they are expected to be fully exhausted by 2020.⁹² The real utilisation may be substantially higher. The allocation of capacities is done by the MI SR on the basis of IS administrators' demand at the early preparation stage of migration and development projects. The real utilisation is

⁹² The "Increasing the Capacity of the *Kopčianska* Data Centre" and "Increasing the Capacity of the *Tajov* Data Centre" feasibility studies

not evaluated. The government cloud services are provided to government bodies free of charge and the operators are not economically motivated to make as exact as possible initial estimates and refine them subsequently.

For the operation of the government cloud to be efficient, it is necessary to change the operating model.

The aim is to reduce the costs of operation of the systems deployed in the government cloud by at least EUR 18.8 - 27.1 million.⁹³ To achieve the declared savings, it is necessary to improve the efficiency of the operation and development of the government cloud and monitor the real savings achieved through the migration.

Optimisation of the capacities already allocated could help to meet a part of the demands of the new systems without additional investments. The demands of the new systems could partially be met through reconsideration of the existing capacity allocations. No capacity allocation review against real utilisation took place till 2020. The capacity management depended on the accuracy of initial estimates.

Regular monitoring is supposed to provide monthly data on capacity allocations and real utilisation rates, with a scope covering at least the number of virtual processors, operating memory volumes and used storage space at the level of individual information systems.

The financing and development of own cloud services require creating a mechanism to charge the services.

Development planning should be based on real data on the utilisation of available capacities and the development and operation should be financed from sales of own cloud services. As the first step, the methodology of pricing cloud services should be validated in coordination with ODP MII and MF SR. As the next step, it is necessary to develop a mechanism for the transfer of funds from the budget chapters of the MI SR and introduce cloud financing from internal sales of services.

The Ministry of Interior has committed itself to purchase additional capacities for the extension in phases scheduled on the basis of data on the actual utilisation of the existing capacities. At the same time, it is necessary to review the needs of the existing IS and prepare a cloud service price list as a basis for charging the use of services.

Measure: Ensure regular monitoring of the allocated and actually used cloud capacity

Measure: Validate the methodology for calculating cloud service utilisation costs

Measure: Prepare a basis for charging cloud service fees

Measure: Reconsider existing capacity allocations against the actual utilisation data

Measure: Improve the efficiency and utilisation of available resources

Savings from IT development

The informatisation development is expected to increase the effectiveness of work and free up personnel capacities equivalent to one thousand employees. The benefits of IT projects should be reflected in the budget. The MI SR plans implementing 17 projects co-financed by EU funds with investment costs of EUR 270 million by 2022 (for details refer to Annex 8). Seven projects with costs of EUR 106.9 million aim to improve the effectiveness of employee's work. The capacities to be freed up correspond to 1,085 full-time employees (2.85% of the MI SR workforce) with annual staff expenses of EUR 28.8 million.

⁹³ According to the feasibility studies of the *Kopčianska* DC and *Tajov* DC projects, the purchase and operation of the government cloud infrastructure should be cheaper by EUR 27.1 million than individual purchases and, according to the NCEG targets, this should bring a 10% reduction in costs, which amounts to EUR 18.8 million.

Table 16: Potential personnel expense savings of the MI SR from IT development

Project	Expected first year of achieving savings	Savings in the first year		Saving potential	
		FTE ⁹⁴	EUR million	FTE	EUR million
Central components of administrative procedures in public administration	2023	461	11.2	461	11.2
Digital working environment of MI SR personnel	2024	291	7.1	291	7.1
Electronic register of non-government/non-profit organisations*	2023	48	1.0	48	1.0
Register of weapons and ammunition	2023	50	1.0	50	1.0
Process and data management for the district divisions of the Police Force and FRS	2024	52	5.2	52	5.2
Implementation of Platform as a Service*	2021	11	0.2	145	2.5
Sole traders register	2023	38	0.8	38	0.8
Total				1,085	28.8

* saving on future employees otherwise needed in excess of the current workforce

Source: Project feasibility studies, elaborated by the VFM unit

Reflecting the benefits in the budget of the chapter requires their regular monitoring and comparing against the business case in the project feasibility study. Following the optimisation of functions, it is advisable to implement monitoring of the numbers of filings processed by information systems instead of employees. The freed-up resources should be reported to the MF SR at least annually, together with information on how they have been reflected in the budget or transferred to other functions.

Measure: Following the implementation of IS, adjust the numbers of FTE in the optimised functions in proportion to the measured resource saving benefits and numbers or filings and use the capacities freed-up to reduce overtime work or to increase the number of processed filings. Monitor and report the capacity transfers.

⁹⁴ Full Time Equivalent

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Act No 575/2001 on the organisation of the Government's operation and on the organisation of central government

Act No 552/2003 on the performance of work in public interest

Act No 596/2003 on experts, appraisers, interpreters and translators and on amendments to certain laws

Act No 55/2017 on the civil service and on amendments to certain laws

List of Abbreviations

Abbreviation	Meaning
AB	Assessment Base
APV	Actual Pension Value
AWG	Ageing Working Group
BIS	Budgetary Information System
BR	Benefit Ratio
CBR	Council for Budget Responsibility
COFOG	Classification of the Functions of Government
COP	Community-oriented Policing
CPI	Consumer Price Index
CR	Czech Republic
DA	District Authority
ECBT	Economic Classification of Budgetary Transactions
ECS	Electronic Contracting System
ESO	Effective, Reliable and Open Public Administration
ESS	European Social Survey
EU	European Union
FRA	European Union Agency for Fundamental Rights
FRS	Fire and Rescue Service
FS	Feasibility Study
FTE	Full-Time (Employee) Equivalent
GDP	Gross Domestic Product
GTA	General Treasury Account
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
HW	Hardware
IaaS	Infrastructure as a Service
IFP	Institute for Financial Policy
IS	Information System
IT	Information Technology
KPIs	Key Performance Indicators
MF SR	Ministry of Finance of the Slovak Republic
MI SR	Ministry of Interior of the Slovak Republic
MI SR AMU	Analytical and Methodological Unit of the Ministry of Interior
MRC	Marginalised Roma Communities
MRS	Mountain Rescue Service
NCeG	National Concept of e-Government
ODPMII	Office of the Deputy Prime Minister of the Slovak Republic for Investments and Informatisation
OECD	Organisation for Economic Cooperation and Development
OP	Operational Programme
OPP	Office for Public Procurement
OSCE	Organisation for Security and Cooperation in Europe
PEEL	Police Efficiency, Effectiveness and Legitimacy
PF	Police Force
pp	percentage point(s)
SAO	Supreme Audit Office
SK/SR	Slovakia/Slovak Republic
SLOPEM	Slovak Pension Model
SW	Software

TID	Traffic Inspectorate Department
UK	United Kingdom of Great Britain and Northern Ireland
V3	Visegrad Group countries without Slovakia

Annexes

Annex 1: Proposed MI SR programme structure broken down to the element level

Programme	Sub-programme	Element
Youth Upbringing and Education	Provision of upbringing and education at kindergartens and their operation	-
	Provision of upbringing and education at primary schools and their operation	-
	Provision of upbringing and education at secondary schools and their operation	-
	Provision of upbringing and education outside the classroom teaching process	-
Protection of Public Order and Safety of Persons and Property	Police	Criminal police service
		Order police service
		Other police services
		Crime prevention
		Schengen area safety
		Interior Security Fund
Rescue services	Electronic services of the MI SR's information services for the Police Force	
	Services of the Fire and Rescue Service Services of the Mountain Rescue Service	
Care of human resources	Care of human resources Education	
Effective and Reliable General Government	District Authorities	General interior administration and sole trading administration
		Sole trading
		Real Estate Registry
		Environment
		Land consolidation and forestry
		Local government administration of regional education systems
		Road transport and roads
	Elections	Construction and housing policy Territorial military administration
	Municipal and county self-government elections	New municipal self-government elections
		New county self-government elections
Election of the President of the Slovak Republic		
Election to the National Council of the Slovak Republic	Election to the National Council of the Slovak Republic	
	Election to the European Parliament	
Referendum	Referendum	
Archive management	-	
Asylum policy	Asylum policy	
	Asylum, Migration and Integration Fund (AMIF)	
	National contact point of the European Migration Network	
Technical assistance	Technical assistance for the OP Effective Public Administration	
	Technical assistance for the OP Quality of Environment	

Commissioners of the Government of the Slovak Republic		
	Agenda of the Commissioners of the Government of the SR	-
	Integration of marginalised Roma communities	-
Governance and control	Governance and control	-
Information Technology Financed from the State Budget	Information technology financed from the State Budget, Ministry of Interior	
	Interior administration systems	
	Specialised systems	
	Support infrastructure	
	National information systems	
	International information systems	
Human Resources	OP Human Resources 2014 - 2020, MI SR	
	Technical assistance	
	Integration of marginalised Roma communities	
	Technical equipment of municipalities with the presence of marginalised Roma communities	
Inter-ministerial Programme Information Society 2014 - 2020	Information society 2014 - 2020, MF SR / MI SR	
	Electronic services of the MI SR's information services for the Police Force	
The Slovak Republic's Contributions to International Organisations	The SR's contributions to international organisations, MI SR	-
Development Cooperation	Official humanitarian aid of the Slovak Republic abroad	-
State Defence Support	State defence management points, MI SR	-
Economic Mobilisation	Economic mobilisation, MI SR	-
Anti-drug Policy	Anti-drug policy, MI SR	-
Protection of the Critical Infrastructure in the Slovak Republic	Protection of the critical infrastructure in the Slovak Republic, MI SR	-
Civilian Emergency Planning in the Slovak Republic	Civilian emergency planning in the SR, MI SR	-

Annex 2: Retirement Pension Calculation Methodology

Assumptions for the calculation of fair public health and social insurance contributions:

- With regard to the gender structure of the police and military forces, mortality tables for men are used for the sake of better comparability
- The analysis considers a flat pay profile (a soldier, a police officer and a civilian officer receive annually the average salary of their profession)
- The analysis employs a SLOPEM (Slovak Pension Model) based inflation and wage growth projection
- The baseline year for the calculation of the time value of money is the year when the payment of contributions started
- The baseline year for the calculation of the real value of money of salaries and the current pension value is 2018
- The model assumes the adjustment for pension inflation within the meaning of Section 68 (16) of the Act No 328/2002 as currently in force, i.e. that to be effective after the transition period lasting until 31 December 2021 (Act No 153/2013)
- The transitional provisions do not apply to police officers/soldiers who entered into service after 30 April 2013
- The rate of growth of the assessment basis of soldiers and police officers assumed in the projection is identical to that of the average salary
- A civilian officer works until the age of 63 and retires at the age of 64
- The adjustment for pension inflation does not increase the fair value of a pensioner's pension (even if it is higher than CPI).

Details of the long-term sustainability calculation:

- The analysis employs basic demographic and macroeconomic development parameters derived from SLOPEM (Slovak Pension Model)
- A medium scenario is used which stands between the first-year scenario with a fixed number of police officers and soldiers and a scenario assuming a development proportional to the population
- Legislation providing for a gradual rise of the minimum length of service is considered
- The model does not afford a retirement pension to anyone who has not reached the minimum length of service. For time after the transitional period, a mid-scenario between the two extreme scenarios is used. The first extreme scenario assumes that police officers/soldiers will wish to leave at such times of service as at present but they will not be able to leave and, accordingly, they will leave as soon as they can. The second extreme scenario assumes a probability of leaving which is the same as that of the old system except that it is postponed by 10 years (i.e. the number of police officers/soldiers leaving after 25 years will be the same as the numbers formerly leaving after 15 years, etc.)

Mortality tables for men are used for active police officers and soldiers and those who are retired, disabled or male widowers; mortality tables for women are used for female widowers; and combined tables are used for orphans.

Annex 3: Overview of the functions of District Authorities by type

Function	Type I DA	Type II DA	Type III DA
Civil protection and crisis management	X	X	X
Economic mobilisation	X	X	X
Real estate registry	X	X	X
State defence	X	X	X
Environmental care	X	X	X
Regional development ⁹⁵	X	X	X
Road transport and roads	X	X	
Agriculture, forestry, hunting and land consolidation	X	X	
General interior administration	X	X	
Sole trading	X	X	
Education system	X		
Construction and housing policy	X		
Property rights	X		
Manages and coordinates the exercise of general government powers by the DA within its administrative area	X		
Exercises second-level general government powers for the DA within its administrative area	X		
Acts as the appellate body in matters where the first-instance body is the Higher Territorial Unit in its administrative area	X		
Acts as the appellate body in matters where the first-instance body is a municipality in its administrative area	X		

Source: MI SR AMU

Annex 4: Change in the structure of administrative bodies in the first stage of the ESO reform

Abolished specialised local government offices at the county level	Functions conferred on
County Construction Administration Offices County School Administration Offices Territorial Military Administration Offices*	→ Circuit Authorities in the county seats (* the territorial military administration function was conferred on the Circuit Authorities in the county seats and on the Ministry of Defence of the Slovak Republic)
County Environment Administration Offices	→ Circuit Environment Administration Offices in the county seats
County Road Transport and Roads Administration Offices	→ Circuit Road Transport And Roads Administration Offices in the county seats
County Land Administration Offices	→ Circuit Land Administration Offices in the county seats
County Forestry Administration Offices	→ Circuit Forestry Administration Offices in the county seats
Real Estate Registry Administration Offices	→ Real Estate Registry Administration Offices in the county seats

Source: MI SR

Annex 5: Change in the structure of administrative bodies in the second stage of the ESO reform

Abolition of specialised local government offices	Functions conferred on
Circuit Environment Administration Offices	→ District Authorities

⁹⁵ The regional development function is performed only by a District Authority in the seat of a district which is included in the list of least developed districts.

Circuit Land Administration Offices	→
Circuit Forestry Administration Offices	→
Circuit Road Transport And Roads Administration Offices	→
Real Estate Registry Administration Offices	→

Source: MI SR

Annex 6: Change in the structure of administrative bodies in the county seats in the third stage of the ESO reform

Functions of Circuit Authorities in the county seats	Functions conferred on
Circuit Environment Administration Offices in the county seats	→
Circuit Land Administration Offices in the county seats	→
Circuit Forestry Administration Offices in the county seats	→
Circuit Road Transport And Roads Administration Offices in the county seats	→
Real Estate Registry Administration Offices in the county seats	→
	District Authorities in the county seats

Source: MI SR

Annex 7: Compensation components according to the ESA methodology

Employee compensations	Compensation expenses	Staff expenses	610 Wages, salaries, service income and other personal compensations
			611 Tariff salary, personal salary, basic salary, office salary, rank salary, salary, including their replacements
			612 Extra pay
			613 Compensation and remuneration for standby work/service duty
			614 Bonuses
			615 Other personal compensations
			616 Additions to salary and additional salaries
			620 Insurance premiums and contributions
			621 Insurance premiums paid to <i>Všeobecná zdravotná poisťovňa</i> (public health insurance fund)
			623 Insurance premiums paid to other health insurance funds
		625 Insurance premiums paid to the Social insurance Fund	
		627 Contributions paid to supplementary pension insurance funds	
		628 Insurance premiums paid to special accounts	
		629 Contributions to old-age pension saving	
		630 Goods and services	
		631 Travel expense refunds (part of expenses)	
		637 Services (selected items)	
		640 Current transfers	
		642 Transfers to individuals and non-profit legal persons (selected sub-items)	

Annex 8: IT projects of the MI SR

Project title	Investment costs	Summary and recommendations
Capacity increase of the government cloud at the <i>Tajov</i> DC	37.5	The projects extend the capacity of the <i>Tajov</i> and <i>Kopčianska</i> DCs which, as studies of other projects suggest, will be exhausted in 2020. The extension estimate is based on the theoretical allocation of capacities considered in the project preparation, not on real utilisation data. Attention should be paid to the MI SR's commitment to implement regular capacity use monitoring and to present information to the OPII PO7 Steering Committee prior to any purchase. Concurrently with the project implementation, conditions for the introduction of charges for government cloud services and improvement of operational efficiency should be created.
Capacity increase of the government cloud at the <i>Kopčianska</i> DC	25.6	
Capacity increase of the government cloud at the <i>Kopčianska</i> DC, Phase 2	12.0	
Central components of administrative procedures in public administration	36.4	According to the MI SR's statement, the motivation behind the project is lack of efficiency and redundancies in the work of the District Authorities' workforce in handling one million of files and a half-million of filings. The projects integrate data and digitalise and automate processes. The projects are designed as SaaS services to enable their use also by other public administration bodies. We recommend improving the set of performance indicators and the measurement methods; splitting procurements into smaller lots; specifying the potential for sharing the SaaS to be implemented with other public administration bodies; considering options to reduce costs through minimising in-house development; and explaining the dependency of benefits of future projects if the MI SR
Digital working environment of MI SR personnel	19.4	
Process and data management for district Police Force and FRS divisions	16.4	
Implementation of PaaS services	19.0	The project will provide cloud service users with functions to simplify and reduce the cost of the development and operation of new IS in the public administration cloud. We recommend describing the monitoring and evaluation of savings for the State; looking for ways to reduce costs; and publicly disclosing the unit prices of purchased services and HW and SW
Register of weapons and ammunition	7.2	The project aims to abolish the territorial jurisdiction limitations in the administration of this agenda through full digitalisation of files, and to implement electronic communication on matters concerned with weapons and ammunition. We recommend looking for ways to reduce costs in order to improve the cost-benefit ratio.
Register of non-government and non-profit organisations	4.6	The project aims to build up a reliable, current and uniform register of non-government/non-profit organisations within the cloud environment. We recommend considering a minimum-scope alternative with a better cost-benefit ratio.
Sole traders register	3.9	The project aims to abolish the territorial jurisdiction limitations in the administration of this agenda through the full digitalisation of files, which is supposed to allow extended client consultancy and, also, handling of files by officers in other locations at times of increased service demand.
Cloud of the Ministry of Interior of the SR	41.2	Projects without economic assessment by the MF SR
Data centre of the Ministry of Interior of the SR	30.9	
Electronic services of the MI SR's IS in the PF area, Phase 2	10.8	
Other (4 projects with costs of up to EUR 5 million)	5.8	
Total	270.6	

Source: Project feasibility studies and business cases; elaborated by the VfM unit