



## **Audit Report**

**22/01**

### **Funds spent on the motorway charging system according to Act No 13/1997 Coll., on roads**

The audit was included in the audit plan of the Supreme Audit Office (hereinafter the “SAO”) for 2022 under No 22/01. The audit was headed and the Audit Report was drawn up by SAO Member Ing. Roman Procházka.

The **objective of the audit** was to examine whether the Ministry of Transport had spent funds on the preparation, implementation and operation of the electronic vignette system effectively, economically and efficiently.

#### **Audited entities:**

Ministry of Transport (hereinafter the “MoT”),  
State Fund for Transport Infrastructure, Prague (hereinafter the “SFTI”);  
CENDIS, s.p., Prague (hereinafter “CENDIS”).

The audit was conducted with the audited entities between January and September 2022.

The **audited period** was from 2018 to 2021; where relevant, the preceding period and the period up to the end of the audit were also scrutinised.

The **SAO Board** at its 3<sup>rd</sup> meeting held on 13 February 2023

**approved** by Resolution No 4/III/2023

the **Audit Report** as follows:

## Motorway charging system using electronic vignettes

**CZK 329 million**

Funds spent on the electronic vignette system (e-vignette) until April 2022

**CZK 120 million**

Average annual reduction in the cost of motorway charging using e-vignettes

**19 months**

Duration of operation of the IS EDAZ without acceptance by the SFTI from the start of operation in December 2020

**10,351,335**

Number of vehicle passages recorded by stationary check gates in 2021 without fulfilled e-vignette payment obligation.

**38,589**

Number of offences detected by the Police of the Czech Republic and the Customs Administration of the Czech Republic in 2021 for non-compliance with the obligation to pay the e-vignette. The current legislation and the resulting limitations for the IS EDAZ do not allow for the proof of an offence without the need to stop the vehicle concerned.

**3 out of 6**

Of the planned six connections of the IS EDAZ to other IS, the connections to: the Vehicle Register, the Shared Services Information System and the National Identification Authority were not implemented.

## I. Summary and Evaluation

The SAO conducted an audit with the aim to examine whether the MoT had spent funds on the preparation, implementation and operation of the electronic vignette system effectively, economically and efficiently. Services and supplies related to the building, operation and development of the EDAZ<sup>1</sup> were selected for the audit. In the first year of operation of the EDAZ (2021), the SFTI ensured the collection of motorway charges in the total amount of CZK 5.46 billion.

**The SFTI and the MoT, in cooperation with CENDIS, spent a total of CZK 329 million on the building, operation and development of the EDAZ until April 2022. The SAO concludes that the implemented variant of motorway charging (e-vignette) is efficient and economical compared to the previous vignette system. According to the SAO, the average annual cost reduction resulting from the introduction of the e-vignette is approximately CZK 120 million.**

### **Evaluation of the EDAZ project:**

**Although in the first three months after the launch of the IS EDAZ, a number of operational complications occurred with the system, which had a negative impact on users/buyers of e-vignettes and increased the administrative complexity of processing on the part of the SFTI, the SAO did not find any uneconomical use of funds for the EDAZ project. The SAO further assessed that the EDAZ met the defined objectives, although the audit found that the MoT department had not achieved the optimal status for the objectives focused on the efficiency of the collection of motorway charges and the automation of vehicle checks.**

**The camera system installed as part of the EDAZ collects data on vehicle passages, but does not evaluate whether a particular case constitutes a failure to comply with the obligation to pay the motorway charge. Violation of the obligation to pay the motorway charge, and thus the commission of the relevant offence, can be detected by the Police of the Czech Republic or the Customs Administration of the Czech Republic only after the vehicle has been stopped and checked by them.**

**Of the six planned connections of the IS EDAZ to other IS, the SFTI implemented only three. In particular, there is a lack of automated data exchange with the Vehicle Register – for example, verification of records in the motorway charge exemption register must be carried out manually by CENDIS call centre staff.**

**The current level of communication links of the IS EDAZ thus does not correspond to the relevant objectives defined by the *Digital Czechia* programme and contradicts the efforts to promote an interconnected data pool within the global architecture of the Czech eGovernment.**

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<sup>1</sup> For the purposes of this Audit Report, “EDAZ” means the system that includes all services and components related to the introduction of e-vignette as a method of payment of the motorway charge according to Act No 13/1997 Coll. EDAZ includes, among other things, the agenda public administration information system “IS EDAZ”.

**For CENDIS as the provider of the IS EDAZ, the development of the information system represented a temporary accumulated loss of profit in the amount of CZK 22.9 million. The SFTI accepted the IS EDAZ with 226 reservations only after 19 months of operation on 1 December 2020.**

**The overall evaluation is based on the following facts:**

- a) A comparison of the absolute expenditure on vignettes in 2018-2020 and the projection of the EDAZ expenditure based on the first year of operation shows that the new solution is on average about CZK 120 million per year more cost-effective.
- b) The SFTI spent funds ineffectively on inspecting points of sale of up to CZK 0.3 million, which it paid to an external contractor (private individual)<sup>2</sup>.
- c) The MoT department did not achieve the optimal state for two of the five defined objectives of the EDAZ set in the *Final Report on the Regulatory Impact Assessment of the Draft Amendment to Act No 13/1997 Coll.*
- d) During the first seven months after the launch of the IS EDAZ, there was, among other things, confusion of characters in the entered data, the system allowed the purchase of e-vignettes for non-existent licence plate numbers or for the same licence plate number in the same time period, as well as the purchase of e-vignettes for vehicles that were not subject to the payment obligation; as a result, the SFTI changed the terms and conditions five times.
- e) By the time the SAO completed its audit, the SFTI had not automated the e-vignette exemption check.
- f) Compared to the original project plan dated 2013, the MoT department did not introduce an automated assessment of the obligation to pay the e-vignette.
- g) In 2021, the MoT provided a repayable loan of CZK 40 million from the state budget to the state-owned enterprise CENDIS.

**In connection with its findings, the SAO recommends that the MoT:**

**Connect the IS EDAZ to defined information systems to ensure automated data exchange in accordance with the interoperability principle defined by the *National Architectural Plan*.**

**On the basis of a future cost-benefit analysis, introduce a system of automated assessment of offences and submit a related amendment to Act No 13/1997 Coll., on roads, which sets out the conditions for the detection of offences and the enforcement of fines.**

**When implementing major ICT projects in the MoT department, prepare a business analysis including a description and proposal of solutions to risk situations before signing binding contractual arrangements.**

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<sup>2</sup> In the audited period, the SAO also considered the spending of funds for the inspection of points of sale of up to CZK 875,000 in terms of vignettes and for the same service provider as ineffective.

## II. Information on the Audited Area

The **Ministry of Transport** is responsible for the elaboration of the state transport policy and, within the scope of its competence, for its implementation. It prepares and issues legal regulations to implement Act No 13/1997 Coll., on roads, in connection with motorway charging.

The MoT is the administrator of the state budget chapter 327.

The **State Fund for Transport Infrastructure** is a state fund under the competence of the MoT. It was established by Act No 104/2000 Coll., on the State Fund for Transport Infrastructure. The activities of the SFTI are governed, inter alia, by its Statute. The SFTI is responsible for collecting motorway charges for the use of toll road sections by motor vehicles with a total weight of 3.5 t or less and the collected funds constitute its revenue. The SFTI is also the administrator of the IS EDAZ, which is a public administration information system (hereinafter also "ISVS").

**CENDIS, s.p.** was established on 15 July 2015 by transforming the state-owned enterprise CIMTO, s.p., and is intended mainly to perform contracts for the founder (MoT) and its subordinate organisations. CENDIS has the right to manage state property and operates a business on its own behalf and under its own responsibility. The subject of enterprise is specified in the deed of foundation issued by the MoT on behalf of the state. As of 5 March 2020, CENDIS' subject of enterprise was supplemented in the deed of foundation to include the operation of the electronic vignette registration and check system and activities related to the collection, transmission and processing of traffic data for the founder or organisations managed by the founder.

**Motorway charging for selected types of roads** has been in force in the territory of the Czech Republic for road vehicles with a total weight of 3.5 t or less since 1995. For the purpose of providing vignettes for road users, the SFTI concluded a *framework contract for work*<sup>3</sup> with the State Printing Works of Securities. The contract provided for the production and supply of vignettes and other specific products that were part of the sale (leaflets, price lists, signage of points of sale, etc.).

Claiming the inflexibility of the method of payment of vignettes and the occurrence of a relatively large number of counterfeits, in December 2013 the SFTI commissioned a *Feasibility study on the introduction of electronic coupons for the payment of motorway charges for the use of roads by vehicles up to 3.5 tonnes in the Czech Republic* (hereinafter the "Feasibility Study"). The Feasibility Study became a key background document for the MoT for the preparation of an amendment to Act No 13/1997 Coll.

On 27 July 2016, the MoT together with the SFTI submitted to the Government of the Czech Republic a document entitled *Proposal to change the method of payment of the motorway charge for the general use of toll roads in the Czech Republic* in order to inform the members of the Government. Subsequently, the MoT, in cooperation with the SFTI, prepared a bill

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<sup>3</sup> At the time of the transition to e-vignettes, the contract with the State Printing Works of Securities was terminated on the basis of the provisions in force in the contract, i.e., by agreement with three months' notice.

amending Act No 13/1997 Coll. and submitted it to the Government of the Czech Republic for approval. The subject part of the amending Act No 227/2019 Coll. entered into force on 1 January 2021. With the approval of the amending Act, Act No 104/2000 Coll. was also amended to allow for the development of the EDAZ through the SFTI. This is despite the fact that the purpose of the SFTI is primarily to finance the development, construction, maintenance and modernisation of transport infrastructure through the transfer of funds to other entities. According to Act No 104/2000 Coll., the SFTI falls within the competence of the MoT. The funds used for the EDAZ are spent on the transport sector; however, the MoT is not responsible for the funds spent by the SFTI to develop and operate the EDAZ. The supervisory body of the SFTI is by law its Supervisory Board.

On the basis of the award of an above-the-threshold public contract in the “confidential” regime pursuant to the provisions of Section 29 of Act No 134/2016 Coll., on public procurement, the SFTI concluded a contract with a commercial company on 8 January 2020. The contract was concluded for the amount of CZK 401 million exclusive of VAT and included only parts of the development for a total value of CZK 104.5 million and operation for a total value of CZK 296.5 million exclusive of VAT. After 16 days, the parties terminated the contract by agreement as of 24 January 2020.

The SFTI responded to the situation by using the procedure pursuant to the provisions of Section 11(4)(b) of Act No 134/2016 Coll. and concluded with CENDIS, on 3 March 2020, a *contract for the design, development, implementation and administration of the Electronic Vignette Information System* (hereinafter the “IS EDAZ Contract”) in the original amount of CZK 309.1 million exclusive of VAT. At the time the SAO audit was completed, the contract price had been increased to CZK 372.3 million exclusive of VAT by means of amendments.

The IS EDAZ started its routine operation<sup>4</sup> on 1 December 2020, i.e., one month before the entry into force of the part of Act No 227/2019 Coll. which amended Act No 13/1997 Coll. and other related acts. Prior to that date, payment of the e-vignette could be made via the web application, payment kiosks and at physical points of sale.

### **III. Scope of the Audit**

The SAO audited the economy, effectiveness and efficiency of the funds spent on the preparation, implementation and operation of the electronic vignette system. The period audited was from 2018 to 2021, and the preceding and subsequent periods where materially relevant.

The SAO audit focused, among other things, on the comparison of the previous system of vignettes and the new solution of motorway charging in the form of the EDAZ, i.e., e-vignettes, in terms of efficient spending of funds. For the previous system, the SAO surveyed the total annual average operating expenditure for the period of 2018-2020 (production of vignettes

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<sup>4</sup> The operation of the IS EDAZ from 1 December to 31 December 2020 is referred to as acceptance operation under the IS EDAZ Contract. The IS EDAZ has been in routine operation since 1 January 2021. For the purpose of the Audit Report, the uniform term “routine operation” is used.

and their subsequent distribution and other related services). In the case of the new e-vignette system, the SAO examined the total expenditure on the establishment of the EDAZ and the expenditure for the first year of its operation (i.e., including development). It then recalculated that annual expenditure in relation to the planned duration of the contractual relationship (i.e., taking into account future costs according to the text of the contracts concluded for 4 years). The SAO also examined the average annual income from the sale of vignettes for both systems. The resulting cost-effectiveness of the original vignette system was a criterion for assessing whether the spending of funds on the new e-vignette system was efficient. As part of an international comparison, the SAO compared the e-vignette system in the Czech Republic and Slovakia also in terms of the efficient use of funds.

The SAO evaluated the economy of the use of funds by comparing the average annual expenditure on the provision of the vignette system and the new e-vignette solution. The criterion for assessing whether the funds had been spent economically was the average annual expenditure on the original vignette system. In recalculating the expenditure for the new e-vignette system, the SAO followed the same procedure as in the above case. Subsequently, the SAO quantified the annual savings of the new e-vignette system.

In terms of the effective use of funds in the amount of CZK 329 million, the SAO examined the fulfilment of the EDAZ objectives defined by the MoT and the SFTI in the *Final Report on the Regulatory Impact Assessment of the Draft Amendment to Act No 13/1997 Coll.*, and the functionality of the IS EDAZ in terms of the performance of the relevant agenda. The audit also verified whether the SFTI had fulfilled the obligations of the ISVS administrator and, together with CENDIS, complied with the related eGovernment architectural principles.

Furthermore, the SAO audited the performance of 69 PC worth CZK 128.6 million at the audited entity SFTI. It also assessed the impact of the implementation of the IS EDAZ on the management of CENDIS.

The audited amount of funds was:  
a total of **CZK 325,420,295** in the case of the SFTI,  
a total of **CZK 220,823,700** in the case of CENDIS,  
a total of **CZK 3,575,704** in the case of the MoT.

**Note:** The legal regulations indicated in this Audit Report are applied in their wording valid and effective for the audited period.

Funds are inclusive of VAT unless otherwise stated.

## **IV. Detailed Findings of the Audit**

### **1. Evaluation of the change to the motorway charging system**

As part of the audit, the SAO compared expenditure over a three-year period for the vignette (operating expenditure) and the e-vignette (development, operation and expansion expenditure). A comparison of the absolute expenditure on vignettes in 2018-2020 with the EDAZ expenditure projection below showed that the SFTI had spent funds on the EDAZ more economically during the audited period. The average cost reduction over the four-year

projection of the EDAZ operation is approximately CZK 120 million per year under current conditions.

In terms of efficient spending of funds, the average annual cost-effectiveness (cost ratio) of the EDAZ system is 3.61 %. Thus, when using the EDAZ, CZK 36.1 in expenditure is associated with the receipt of CZK 1,000 in income. The SFTI thus spends approximately CZK 54 for an annual e-vignette, CZK 16 for a monthly e-vignette and CZK 11 for a 10-day e-vignette. Compared to the expenditure on the vignette before the introduction of the EDAZ, the current e-vignette solution offers a more efficient use of funds.

The SAO carried out an international comparison, comparing the efficiency of spending of funds on two motorway charging systems. In terms of annual cost-effectiveness, the EDAZ solution is efficient comparably to the motorway charging system in Slovakia.

The inputs to the funds spending assessment are explained in detail in the following subsections 1.1 *E-vignette revenue and expenditure* and 1.2 *Vignette revenue and expenditure*.

### **1.1 E-vignette revenue and expenditure**

The IS EDAZ was put into routine operation on 1 December 2020, i.e., from that date onwards it enabled the sale of e-vignettes. In the first year of operation of the IS EDAZ, including December of the previous year, the SFTI sold a total of 6,126,057 e-vignettes. The revenue from their sale totalled CZK 5,468,950,735 (see Annex 1 for more details).

In the period from January 2018 to April 2022, the SFTI spent a total of CZK 325,420,295 in connection with the EDAZ project (more in section 2.2 *Total expenditure related to the IS EDAZ*). The MoT spent a total amount of CZK 3,464,311 from its budget for the preparation of the EDAZ.

In order to assess the economy and efficiency of the spending of funds on the implementation of the EDAZ, the SAO projected the total average annual expenditure of the SFTI related to the EDAZ, assuming that the system would be in operation for four years. The SAO based its calculations on contractually quoted prices for services related to the operation of the IS and checks<sup>5</sup> for the first year of operation, excluding deductions<sup>6</sup>. The SAO also included in the expenditure the relevant costs for consultancy services and potential future development, together with the cost of building the kiosks.

The resulting projection of the SFTI's average annual expenditure on the EDAZ system was CZK 190,039,223; the operation of the EDAZ was associated with the SFTI's personnel costs of CZK 3,247,862. The total projection of the average annual expenditure of the SFTI related to the EDAZ, after taking into account personnel costs, was thus estimated by the SAO at approximately CZK 193,287,085. Taking into account the costs of the MoT for the preparation of the EDAZ for 4 years in the amount of CZK 3,464,311, the resulting projection of the average annual expenditure of the MoT department related to the EDAZ is CZK 194,153,163.

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<sup>5</sup> "Check" understood as part of the EDAZ.

<sup>6</sup> For more details see section 2.2 *Total expenditure related to the IS EDAZ*.

## 1.2 Vignette revenue and expenditure

In the period from 2018 to (and including) 2020, the SFTI received a total of CZK 15,397,616,050 for vignettes sold, i.e., an average of CZK 5,132,538,683 per year (see Annex 1 for more details).

Expenditure on the part of the SFTI in the amount of CZK 943,496,077 was associated with the vignettes sold, i.e., an average of CZK 314,498,692 per year. The expenditure related to vignettes was mainly generated by the printing and distribution of the vignettes themselves and the commission agents' margin<sup>7</sup> of 4.6 % exclusive of VAT on the nominal value of the vignettes sold. The SAO estimated the average annual cost-effectiveness (cost ratio) of vignettes at 5.068 %. The SFTI thus spent approximately CZK 76 for an annual vignette, CZK 22 for a monthly vignette and CZK 16 for a 10-day vignette.

## 2. Evaluation of the EDAZ project

### 2.1 Objectives of the EDAZ

The objectives of the EDAZ, which were defined by the MoT together with the SFTI in the *Final Report on the Regulatory Impact Assessment of the Draft Amendment to Act No 13/1997 Coll.*, are based on the Feasibility Study of 2013 prepared by a consulting company for the SFTI.

The SFTI has met the objective of “*ensuring reliable, continuous and trouble-free collection of motorway charges*”. In assessing the objective, the SAO based its assessment on the availability of e-vignette sale, the setting of SLA parameters and resolution of incidents in the contracts concluded with service providers and, last but not least, on the SFTI monitoring itself, which evaluated these values on a monthly basis.

The SFTI fulfils the objective of “*ensuring high efficiency of motorway charge collection*” in terms of the quantity of the e-vignettes sold. The conditions for collecting the motorway charges in terms of the sales policy and sales method contribute to a higher efficiency of the collection of those charges. In the category of annual vignettes, sales in 2021 were the highest for the entire period under review, 2018-2021. While the validity of a vignette was defined by a precise calendar period, e-vignettes have the advantage of being valid for 365 calendar days from the moment of sale. The possibility of selling counterfeit vignettes has also been prevented. The SAO sees potential for improvement in the introduction of automatic checks in the Vehicle Register when purchasing e-vignettes at the so-called eco price (see section 2.5 *Interconnection of the IS EDAZ and the Vehicle Register*).

Within the framework of the objective of “*ensuring more consistent and more targeted checks of motor vehicles using toll roads via the automated check system*”<sup>8</sup>, the SFTI created conditions for the performance of checks by ensuring the operation of a functional check system, the outputs of which are used by the checking authorities (the Police of the Czech

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<sup>7</sup> Vignette vendor.

<sup>8</sup> Automated motor vehicle check system: the term in this text is based on the terminology of the Feasibility Study. Systematic checks of the motorway charge payment were to be carried out electronically at designated check points on toll road sections without the need to stop vehicles, reduce the speed or use a specific lane. In contrast, checks are now carried out by a check device equipped with a camera system. Therefore, automatic evaluation of exemptions or fines is not included.

Republic and the Customs Administration of the Czech Republic). The current legislation does not create suitable conditions for the fulfilment of this objective because the liability for the offence of using a toll road by a vehicle for which the motorway charge has not been paid and which is not exempted from the charge does not lie with the vehicle operator, but with the driver of the vehicle. The current legislation thus does not create conditions for a fully automated solution to this objective.

The objective of “*providing users of toll roads with modern, user-friendly tools and environment for the payment of motorway charges*” has been met by the SFTI (more in section 2.4 *Impact of the introduction of the e-vignette on users*).

The SFTI also met the objective of “*reducing the current cost of collecting motorway charges*” (see section 1. *Evaluation of the change to the motorway charging system*).

## 2.2 Total expenditure related to the IS EDAZ

In terms of expenditure related to the EDAZ project, a total of CZK 325,420,295 was spent by the SFTI in the period from January 2018 to April 2022. Of which CZK 196,866,967<sup>9</sup> for the cooperation between the SFTI and CENDIS on the basis of the IS EDAZ Contract and CZK 128,553,328 for other public contracts (hereinafter also “PC”)<sup>10</sup> related to the EDAZ project, see Table 1.

**Table 1: SFTI expenditure related to the EDAZ project**

	Area	Expenditure
IS EDAZ Contract	Development	CZK 69,575,000
	Checks	CZK 38,720,000
	Support for checks	CZK 41,809,737
	Operation*	CZK 39,021,020
	Expansion	CZK 11,611,210
	Contractual penalties	CZK 3,870,000
	<b>Subtotal</b>	<b>CZK 196,866,967</b>
Other PC	PC development	CZK 25,774,159
	PC media coverage	CZK 12,652,053
	Services related to the operation of the IS EDAZ	CZK 87,014,910
	Other services	CZK 372,439
	Kiosks – building	CZK 2,739,767
<b>Total</b>		<b>CZK 325,420,295</b>

Source: SFTI information; table prepared by the SAO.

\* For the item “operation”, a reduction of the given performance towards CENDIS for the period from 2021 to April 2022 for a total value of CZK 5,495,447 is included due to the non-delivery of the work in its entirety.

The largest portion of the SFTI expenditure in 2020 was paid for the development and provision of stationary and mobile checks (see section 2.6 *Checking the payment of the e-vignette* for more information).

<sup>9</sup> The amount of funds spent is reduced by fines for non-performance of the SLA in the total amount of CZK 3,870,000.

<sup>10</sup> The SAO identified 69 PC in the audited period in relation to the EDAZ.

## IS EDAZ in the SFTI's accounting

The SAO found during the audit that the IS EDAZ had been put into routine operation on 1 December 2020, with some parts still under development at that date<sup>11</sup>. On that date, the sale of e-vignettes, which is provided by the IS EDAZ, was also launched. As of 1 December 2020, the SFTI generates revenue from the sale of e-vignettes, which subsequently constitutes the SFTI's income. The SFTI accounted for these facts and reported them in the financial statements. As of 1 January 2021, it also reported operating expenses.

The SFTI took over the IS EDAZ as of 30 June 2022, i.e., after 576 days of routine operation, with 226 reservations on the basis of the acceptance report, and included it in its assets at the acquisition value of CZK 105,923,695.

The SFTI did not report the true value of the intangible fixed asset IS EDAZ in the financial statements by not including the functional units of the IS EDAZ worth CZK 50,584,122 in its assets as of 1 January 2021 and not depreciating the value of the IS EDAZ in the period from 1 January 2021 to 30 June 2022, which was in routine operation during that period and generated revenue and income for the SFTI. Thus, the value of the IS EDAZ in that period did not reflect the rate of impairment resulting from depreciation due to the asset not being put into use. The audit verified that the IS EDAZ had fulfilled its purpose, i.e., its technical and economic function, during the above-mentioned period. In the first year of operation, according to the depreciation determined in accordance with accounting standards, the acquisition value of the IS EDAZ should have decreased by approximately CZK 5 million; however, this did not happen, as a result of which the SFTI's financial result was overstated. Thus, the SFTI did not respect the factual and temporal context of the period in question by not accounting for the long-term prepayments for the development of the IS EDAZ, which had generated the IS EDAZ revenue for the period from 1 January 2021 to 30 June 2022. Thus, the State Fund for Transport Infrastructure violated the provisions of Section 11 and Section 12 of Decree No 410/2009 Coll., implementing certain provisions of Act No 563/1991 Coll., on accounting, as amended, for certain selected accounting entities.

### 2.3 SFTI purchases from external suppliers

For the SAO audit, the SFTI submitted documentation for a total of 69 PC concerning, wholly or partially, the development, operation and other services for the provision of the IS EDAZ. Within the framework of these PC in the period from 2018 to April 2022, the SFTI spent a total of CZK 128,553,328.

In order to establish a binding procedure and responsibilities in the awarding of PC, the SFTI adopted *guidelines for the determination of public procurement procedures* (hereinafter the "Guidelines"). The Guidelines regulate, among other things, the SFTI's procedure for awarding PC subject to exemptions from the obligation in the tender procedure under the law (i.e., small-scale public contracts under the provisions of Section 31 of Act No 134/2016 Coll. and other public contracts awarded on the basis of an exemption under the provisions of Sections 29 and 30 of Act No 134/2016 Coll.). According to the Guidelines, the SFTI divides small-scale

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<sup>11</sup> The total value of the operated parts of the IS EDAZ as of 1 January 2021 was CZK 92,573,673. It also includes the value of assets not related to the IS EDAZ Contract, i.e., the value of other related public contracts.

public contracts (hereinafter “SSPC”) into two categories. These are category 1 with an estimated value of less than or equal to CZK 400 thousand exclusive of VAT for supplies and services that can be awarded by direct procurement (addressing one supplier or provider), and category 2, where the estimated value of the PC is higher than CZK 400 thousand exclusive of VAT and at the same time less than or equal to CZK 2 million exclusive of VAT. These SSPC may be awarded by closed call or open call. However, the Guidelines also provide for exemptions from the procedure under the Guidelines, whereby it is possible to award SSPC directly (hereinafter the “Exemption”)<sup>12</sup>.

Out of the total of 69 PC, 63 contracts fell into the category of SSPC (see Table 2), of which the SFTI approached a single supplier/provider in 32 cases on the basis of the Exemption.

**Table 2: Overview of the SFTI’s public contracts in connection with the EDAZ**

	Number of PC	Exemption
PC over CZK 2 million	6	–
SSPC	63	–
- SSPC up to CZK 400 thousand	36	10
- SSPC over CZK 400 thousand	27	22
<b>Total PC</b>	<b>69</b>	<b>32</b>

Source: SFTI information; table prepared by the SAO.

Note: The prices are quoted exclusive of VAT.

Out of the total number of 69 audited PC, the SAO identified the PC for the IS EDAZ project management and for the checking of points of sale (hereinafter “PoS”) as risky PC.

### 2.3.1 IS EDAZ project management

On 25 February 2019, the SFTI executed an order for the provision of project management support under the EDAZ project on the basis of the Exemption. As a reason for the application of the Exemption, the SFTI stated that it had required specific expert consultancy, which it had seen in the provider’s experience in the performance of a similar subject-matter and in the provider’s expertise. Although it was not an expert consultancy, the SFTI paid to the provider a total of CZK 2,396,632 for the services.

In order to ensure the continuation of the EDAZ project management, the SFTI implemented three SSPC using a single provider during 2020-2021. Again, all three of these SSPC were carried out unlawfully on the basis of the Exemption. The SFTI violated the provisions of Section 2(3) and Section 16(2) of Act No 134/2016 Coll., as it divided PC in a total amount of CZK 6 million exclusive of VAT into three SSPC, which had the same subject-matter of performance and were related temporally.

<sup>12</sup> For example, in the case of a category 2 SSPC, it is directly possible to conclude a contract with a particular supplier or provider if the subject-matter of performance requires specific professional qualifications of the supplier or provider, in particular in the field of expert consultancy or control and analytical activities, i.e., activities the performance of which cannot be based on the tender price or other measurable criteria, as the personal expertise of the supplier/provider is decisive. However, the Guidelines make this conditional on proof of specific professional qualifications.

### **2.3.2 Point of sale inspections**

The SFTI, through a SSPC, selected the same provider (a former SFTI employee) to inspect the points of sale of e-vignettes; that provider had already provided the service of inspecting PoS for the sale of vignettes in the previous period. The PoS inspections consisted, among other things, in checking the posting of leaflets, price list and marking of the PoS and the conditions set by the SFTI, as well as the availability of vignettes.

In the case of inspecting PoS for the sale of vignettes, the SFTI concluded contract no 8/2013 with the selected provider on 7 January 2013; the contract was valid until 31 December 2020. Based on the Exemption, the SFTI then entered into a contract for work on 19 May 2021. In addition, in accordance with the second contract, PoS were informed in advance of the date of the inspection.

The SAO audited the documents submitted and found that, for most of the period of 2019-2020 and for the entire period of inspecting the conditions of sale of e-vignettes, the SFTI had not managed the provider's activities as it should have done according to the contractual arrangement. As a consequence, the provider performed PoS inspections to the extent and at times of its own choosing, always invoicing the SFTI for services of the maximum monthly scope of 50 hours. The SFTI did not have information throughout the audited period about the actual extent of the provider's inspections at the points of sale. The SAO also found in the audit sample of documents submitted that time sheets had been repeatedly copied or contained factual shortcomings.

The total expenditure for 2018, 2019 and 2020 (i.e., the years covered by the audited period) incurred by the SFTI under the contract for vignette PoS inspection services amounted to CZK 875,000. The SFTI thus spent funds in the amount of CZK 875,000 ineffectively.

The total amount invoiced by the provider for the period from May 2021 to April 2022 was CZK 300,000. The SFTI thus spent funds in the amount of CZK 300,000 ineffectively.

### **2.4 Impact of the introduction of the e-vignette on users**

Changing the method of payment of the motorway charge for the use of toll roads, as well as changing the method of proving and checking this payment, was one of the main objectives of the EDAZ project.

The introduction of e-vignette payment via the IS EDAZ has increased user comfort. The e-vignette can be purchased in the e-shop, via remote access at [www.edalnice.cz](http://www.edalnice.cz) in 365/24 mode, in the network of points of sale and at self-service kiosks. The validity of the annual e-vignette is 365 consecutive days. The user is no longer obliged to stick the vignettes on the windscreen and then peel them off again.

**Table 3: Share of individual methods of e-vignette sale as of 31 December 2021**

Method of sale	Sales in pcs		Sales in CZK	
	Total	Share in %	Total	Share in %
E-shop	5,114,146	83.5	4,521,995,835	82.6
Česká pošta, ČEPRO	910,111	14.9	912,151,760	16.7
Kiosks	101,800	1.6	41,205,750	0.7
<b>Total</b>	<b>6,126,057</b>	<b>100.0</b>	<b>5,475,353,345</b>	<b>100.0</b>

Source: SFTI information; prepared by the SAO.

The documented statistics of sales through individual distribution points show that the e-shop is the most frequently used sales channel. The remaining methods of sale are used to a lesser extent. The use of kiosks is negligible. However, kiosks have a specific role, especially for foreigners who make purchases immediately after entering the Czech Republic. The income from the sale of e-vignettes via kiosks covers the expenditure associated with them.

A business analysis defines needs and recommended solutions that add value to the use of ICT resources. The SFTI commissioned the *Electronic Vignette Business Analysis* document based on an order dated 13 December 2018. The content of the document was a description and solution of user situations in the IS EDAZ system. The final version of the document was received by the SFTI on 9 June 2020 (i.e., 98 days after the signing of the IS EDAZ Contract). After the launch of the IS EDAZ, several complications with a negative impact on the user/buyer emerged. As a result, the SFTI, inter alia, changed the terms and conditions five times during the first seven months, of which three changes were made by 30 April 2021 while the IS EDAZ was in operation (the development of the terms of payment of the e-vignette is described in more detail in Annex 2). These changes altered the grounds for refunding the e-vignette payment a total of three times. After the introduction of the possibility to have the motorway charge refunded, there were 1,017 cases of refund of the amount at the customer's request during the audited period.

As of the date of the end of the audit, the IS EDAZ allowed the purchase of e-vignettes at the so-called eco price if the vehicle was powered by natural gas or biomethane. However, at the time of purchase, it was not verified in the Vehicle Register whether the vehicle for which the user/buyer was purchasing an e-vignette at a reduced eco price met this criterion. In a check, the IS EDAZ evaluated all vehicles with a paid e-vignette (both at full price and reduced eco price) as having no detected offence. This shortcoming in the IS EDAZ could have been exploited by users/buyers, either by mistake or intentionally, to their advantage, thereby reducing the SFTI's income from e-vignette sales.

## 2.5 Interconnection of the IS EDAZ and the Vehicle Register

The draft architecture of the IS EDAZ in Annex 1 to the IS EDAZ Contract, prepared by the SFTI, assumed the development and use of the IS EDAZ links to external information systems, the list of which is presented in Table 4 below.

**Table 4: Planned links of the IS EDAZ to external systems**

External system	Function description
ISDS (data mailbox IS), NIA*, eidentity*	Optionally, it provides user identity verification through the data mailbox information system, national identity and eidentity.
eGSB*	Integrates the EDAZ platform into the eGOV environment.
JIP/KAAS	Provides two-factor authentication of internal users exclusively for the client and provider.
SEM***	Ensures the exchange of data between the EDAZ and the toll charging system and identifies vehicles falling exclusively within the toll charging system.
Vehicle Register**	Provides information from the Vehicle Register.
Filing service of the SFTI	Optionally, it allows to export data from the EDAZ to the administrator's main filing service.
SFTI accounting****	Provides data exchange with the general ledger of the EDAZ administrator.

**Source:** SFTI information.

\* Until the completion of the SAO audit, the link between the IS EDAZ and that IS had not been implemented.

\*\* As of 30 June 2022, the functionality was accepted with the proviso that it was provided only by call centre staff.

\*\*\* The connection is made directly. In agreement with the Office of the Chief Architect, the connection will be made via eGSB as part of the development requirement.

\*\*\*\* Accepted with a reservation. Waiting for the delivery of the solution from the EIS JASU (Economic Information System) supplier.

Although the functionality in the form of linking the IS EDAZ to the Vehicle Register had been accepted by the SFTI and CENDIS as of 30 June 2022 without any reservations, the validation of the exemption from payment of the e-vignette is carried out manually by the IS EDAZ call centre staff according to the Vehicle Register database. Thus, until the completion of the SAO audit, the SFTI had not ensured automation of the e-vignette payment exemption check within one year after the IS EDAZ was put into live operation, despite the fact that it had stipulated this in the approved *request for the opinion of the Chief Architect of eGovernment*. The SFTI had not implemented the link to the Vehicle Register by the time the audit was completed, therefore it acted in contradiction with the objectives, e.g., 6.2 and 6.3 of the *Information Concept of the Czech Republic*. In the case of automatic data validation through the connection to the Vehicle Register, errors would have been eliminated and therefore the number of subsequent refund requests would have been reduced.

## 2.6 Checking the payment of the e-vignette

The Feasibility Study dated 2013 defined the EDAZ processes from e-vignette payment through payment check to full resolution of identified administrative offences to maximise revenue from e-vignette sales.

The passage of a vehicle through the stationary system is identified by all toll gates as a separate passage. The system only monitors the passages, not the vehicle. A single vehicle may thus be recorded by the toll gate system with several passages depending on the length of the vehicle route and the frequency of use of toll roads. CENDIS was using 34 toll gates for stationary checks at the time the audit was completed. The amount of toll gates used thus corresponds to the statistical variant defined in the *Concept of the information system and*

*related processes for the establishment and operation of the “Electronic vignette” (hereinafter the “EDAZ Concept”).*

Thus, the IS EDAZ is not currently ready to launch the automated offence assessment functionality. A necessary step is to make changes to the legal framework. After the adoption of the change in legal regulations, the SFTI expects approximately one year to implement the functionality at the level of the information system.

The MoT incorporated the automated system for the evaluation of offences into the original draft amendment to<sup>13</sup> Act No 13/1997 Coll. In the framework of the inter-ministerial comment procedure, which took place in 2018, the Ministry of Finance (hereinafter the “MoF”) submitted a comment. The comment stated that the MoT had not carried out a cost-benefit assessment of the individual motorway charging variants, and, in particular for the proposed automated enforcement of fines, it had not taken into account the increase in personnel, organisational and material aspects of state administration at the beginning of its introduction. However, the MoT did not quantify the costs and did not indicate the benefits of the proposed system, but deleted the wording from the draft amendment to the law that was necessary for the introduction of automated assessment of offences and subsequent enforcement of fines.

According to the applicable legislation, the liability for the offence of using a toll road by a vehicle for which the motorway charge has not been paid and which is not exempted from the charge does not lie with the vehicle operator, but with the driver of the vehicle. The current legislation thus does not create conditions for a consistent and more targeted checking of motor vehicles without the need to stop them. The MoT has non-bindingly postponed the incorporation of the automated assessment of offences into legislation.

The total number of detected offences and the amount of fines imposed by the Police of the Czech Republic and the Customs Administration of the Czech Republic in 2021 for non-compliance with the obligation to pay the e-vignette shows that, on average, 106 offences are detected and an amount of CZK 119,600 is collected in fines every day.

The SAO quantified the potential loss of revenue of the SFTI from not introducing the automatic fine imposition system using the model example of a day in August 2021 (see Annex 3 for more details). If the drivers of all vehicles (including foreign vehicles) using toll roads unlawfully had been fined a minimum of CZK 1,000 for the offence, the amount of fines imposed on that model day would have reached up to CZK 4.8 million. If the drivers of all vehicles (including foreign vehicles) using toll roads unlawfully had purchased an e-vignette at least in the minimum value, i.e., CZK 310 for a period of 10 days, the SFTI’s revenue for that day would have exceeded CZK 1.5 million.

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<sup>13</sup> Act No 227/2019 Coll.

### 3. State-owned enterprise CENDIS

#### 3.1 Reduced period of implementation of the EDZ

CENDIS started the work related to the EDZ in September 2018, when it received the assignment from the MoT for the preparation of the EDZ Concept. The final version of the EDZ Concept was prepared by CENDIS as of 31 March 2019.

From March 2020, CENDIS is responsible for the design, development, implementation and administration of the IS EDZ, based on the IS EDZ Contract concluded with the SFTI on 3 March 2020. Thus, a functional system had to be developed in 9 months<sup>14</sup>, as it needed to be put into routine operation in December 2020. That is, one month earlier than the law stipulated.

#### 3.2 New jobs created and personnel costs

New EDZ-related jobs were created in the organisational structure of CENDIS based on the needs arising from the obligations defined in the IS EDZ Contract.

**Table 5: Number of new EDZ-related jobs created and filled in 2018-2022 (as of 30 April 2022)**

Year	Employment	Performance of work	Completion of a job	Note
2018	0	0	0	
2019	8	0	0	
2020	21	15	7	4 of the employment posts were for a fixed term
2021	3	3	4	
2022	0	0	0	
<b>Total</b>	<b>32</b>	<b>18</b>	<b>11</b>	

Source: CENDIS information.

Note: Employment = main employment relationship; performance of work = agreement to perform work<sup>15</sup>; completion of a job = agreement to complete a job<sup>16</sup>.

In 2018, CENDIS had 5 existing employees in an employment relationship involved in the preparatory phase of the EDZ and, as of 30 April 2022, CENDIS employed 54 employees in an employment relationship and 5 people under agreements to perform work in connection with the EDZ. The personnel costs for the newly created jobs from the beginning of 2018 to 30 April 2022 amounted to CZK 27,525,728.

#### 3.3 CENDIS purchases from external suppliers

CENDIS entered into a total of 40 contracts, 39 orders, 4 framework agreements and 3 framework contracts in relation to the EDZ from 2019 to 30 April 2022. CENDIS reimbursed a total of CZK 136,461,585 exclusive of VAT to external suppliers in the period from 2019 to 30 April 2022 in relation to the EDZ.

<sup>14</sup> Compared to the originally proposed 22 months in the EDZ Concept prepared by CENDIS.

<sup>15</sup> The expected scope of work must not exceed 300 hours in a calendar year.

<sup>16</sup> The work must be performed on average up to half of the stipulated weekly working hours, usually 20 hours per week.

In connection with the EDAZ, CENDIS implemented 9 PC outside the SSPC regime, 4 PC<sup>17</sup> for the supply and provision of related services in the field of mobile and static checks and distribution. For other services related to the EDAZ, it used the performance under 5 other PC.

On the basis of the identified risks of the contracts, the SAO selected two public contracts for audit, namely the PC *Supply of mobile cameras and provision of related services* and the public contract *Supply of self-service payment kiosks – framework agreement* and its part 1: *Self-service kiosks for outdoor placement – cashless*. The SAO found no non-compliance with Act No 134/2016 Coll.

### 3.4 Profit/loss for the EDAZ

CENDIS paid CZK 60,221,922 in wages, social security and health insurance.

CENDIS paid contractual penalties in the total amount of CZK 3,870,000 to the State Fund for Transport Infrastructure in connection with the implementation of the IS EDAZ Contract. In the period from January 2021 to April 2022, CENDIS had cut its income for the services of operating the IS EDAZ without a contractual arrangement and without a proper reason; the total value of that cut amounted to CZK 5,495,447. CENDIS thus violated the provisions of Section 17b(3) of Act No 77/1997 Coll., on state-owned enterprises.

Pursuant to Section 14(2) of Act No 218/2000 Coll., on budgetary rules and on amendments to certain related acts (the Budgetary Rules), and on the basis of a special-purpose call addressed only to CENDIS, in May 2021 the MoT provided CENDIS with a repayable loan in the amount of CZK 40 million from the state budget. The MoT approved the request for a repayable loan, although CENDIS had only stated a general purpose of the use of the funds to be provided without a more detailed explanation. The repayable loan provided was not directly linked to EDAZ, but EDAZ was one of two loss-making projects that negatively affected the performance of the state-owned enterprise in the same period. CENDIS is obliged to repay the repayable loan by 29 February 2024.

**Table 6: Total profit/loss for the EDAZ as at 30 April 2022** (in CZK)

Year	Costs	Revenues	Profit/loss
2018	391,920	1,159,116	767,196
2019	5,849,313	2,949,539	-2,899,774
2020	9,568,934	2,376,862	-7,192,072
2021	105,429,138	88,990,448	-16,438,690
Until 30 April 2022	19,262,141	22,149,800	2,887,659
<b>Total</b>	<b>140,501,446</b>	<b>117,625,765</b>	<b>-22,875,681</b>

Source: CENDIS information; table prepared by the SAO.

During the audited period, the MoT did not carry out a public audit of CENDIS.

<sup>17</sup> In the amount of CZK 39,662,280 exclusive of VAT.

### **3.5 Takeover of the EDAZ – acceptance by the client (SFTI)**

In accordance with the contract, the IS EDAZ was put into routine operation on 1 December 2020. The SFTI did not accept the information system as of 1 January 2021 on the grounds that the IS EDAZ was operational but had a number of defects. From 1 January 2021 onwards, from the IS EDAZ operation, the SFTI received revenues and funds generated from the sale of e-vignettes, which constituted the income of the SFTI. Acceptance of the IS EDAZ was made as of 30 June 2022 with 226 reservations<sup>18</sup>. Until then, CENDIS had reported the EDAZ project as work in progress under inventory. However, as of 1 December 2020, depending on the status of completion and commissioning of the various functions of the IS EDAZ, it was to gradually release the work in progress and book and recognise revenue in the periods to which it was temporally and materially related. By doing so, CENDIS violated the provisions of Section 3(1) of Act No 563/1991 Coll., on accounting.

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<sup>18</sup> In terms of development, CENDIS had implemented change requests totalling CZK 11,611,209 as of 30 April 2022.

## List of terms and abbreviations

CENDIS	CENDIS, state-owned enterprise
EDAZ	Electronic motorway charging system (Czech acronym for Elektronická dálniční známka)
CR	Czech Republic
Vignette	Motorway vignette (motorway charge)
VAT	Value added tax
e-vignette	Electronic vignette
ICT	Information and communication technology
IS	Information system
IS EDAZ	Public Administration Information System EDAZ (Czech acronym for Informační systém Elektronické dálniční známky)
ISVS	Public Administration Information System (Czech acronym for Informační systém veřejné správy)
Coefficient	Coefficient of number of vehicles without paid vignette
EDAZ Concept	<i>Concept of the information system and related processes for the establishment and operation of the “Electronic vignette”</i>
Toll gates	Motorway toll gates
MoT	Ministry of Transport
MoF	Ministry of Finance
SAO	Supreme Audit Office
Office of the Chief Architect	Office of the Chief eGovernment Architect attached to the Ministry of the Interior
PoS	Point of sale
Vehicle Register	Register of road vehicles (Vehicle Register)
SFTI	State Fund for Transport Infrastructure
SLA	Service Level Agreement
Guidelines	<i>Guidelines for the determination of public procurement procedures</i>
IS EDAZ Contract	<i>Contract for the design, development, implementation and administration of the Electronic Vignette Information System</i>
Licence plate number	National registration (licence) plate number
Feasibility Study	<i>Feasibility study on the introduction of electronic coupons for the payment of motorway charges for the use of roads by vehicles up to 3.5 tonnes in the Czech Republic</i>
Exemption	Exemption from the procedure according to the Guidelines, where it is possible to award the SSPC directly
PC	Public contract
SSPC	Small-scale public contract
Act No 104/2000 Coll.	Act No 104/2000 Coll., on the State Fund for Transport Infrastructure
Act No 13/1997 Coll.	Act No 13/1997 Coll., on roads
Act No 227/2019 Coll.	Act No 227/2019 Coll., amending Act No 13/1997 Coll., on roads, as amended, and other related acts
Act No 134/2016 Coll.	Act No 134/2016 Coll., on public procurement
ZTP	Person with a specifically serious handicap (Czech acronym for zvlášť těžké postižení)
ZTP/P	Person with a specifically serious handicap, with a guide (Czech acronym for zvlášť těžké postižení s průvodcem)

## Vignette sales statistics

**Table 1: Number of vignettes sold in 2018-2020**

Year	Annual – number of pieces	Monthly – number of pieces	10-day – number of pieces	Total
2018	2,522,566	676,592	3,613,003	6,812,161
2019	2,630,518	675,773	3,675,319	6,981,610
2020	2,603,534	518,186	2,194,409	5,316,129
Total	7,756,618	1,870,551	9,482,731	19,109,900
Share	40.59 %	9.79 %	49.62 %	

Source: SFTI information; table prepared by the SAO.

**Table 2: Total revenue from the sale of vignettes in 2018-2020**

Year	Annual – sales	Monthly – sales	10-day – sales	Total
2018	CZK 3,783,849,000	CZK 297,700,480	CZK 1,120,030,930	CZK 5,201,580,410
2019	CZK 3,945,777,000	CZK 297,340,120	CZK 1,139,348,890	CZK 5,382,466,010
2020	CZK 3,905,301,000	CZK 228,001,840	CZK 680,266,790	CZK 4,813,569,630
Total	CZK 11,634,927,000	CZK 823,042,440	CZK 2,939,646,610	CZK 15,397,616,050
Annual average				CZK 5,132,538,683

Source: SFTI information; table prepared by the SAO.

## Sales statistics of e-vignettes

**Table 3: Number of e-vignettes sold/registered between 12/2020 and 4/2022**

Year	Form	Annual (number of pieces)	Monthly (number of pieces)	10-day (number of pieces)	All types of e-vignettes together
12/2020	Total	162,509	503	764	163,776
12/2020	Full price	160,392	7	746	161,628
12/2020	Eco price	2,117	0	18	2,148
2021	Total	2,788,894	667,171	2,506,216	5,962,281
2021	Full price	2,764,377	664,321	2,492,683	5,921,381
2021	Eco price	24,517	2,850	13,533	40,900
2022*	Total	1,775,586	144,299	872,773	2,792,658
2022*	Full price	1,759,692	143,528	867,895	2,771,115
2022*	Eco price	15,894	771	4,878	21,543
Total for the period under review		4,564,480	811,470	3,378,989	8,754,939
Share of sold		52.14 %	9.27 %	38.60 %	

Source: SFTI information; table prepared by the SAO.

\* Data until 30 April 2022.

**Table 4: Revenue from the sale of e-vignettes**

Period	IS EDAZ – accounting*	IS EDAZ – actual revenue*	SFTI Annual Report*
12/2020	CZK 189,120,456	CZK 242,628,260	**
2021	CZK 5,251,671,142	CZK 5,226,322,475	CZK 5,360,673,161
Total	CZK 5,440,791,598	CZK 5,468,950,735	CZK 5,360,673,161

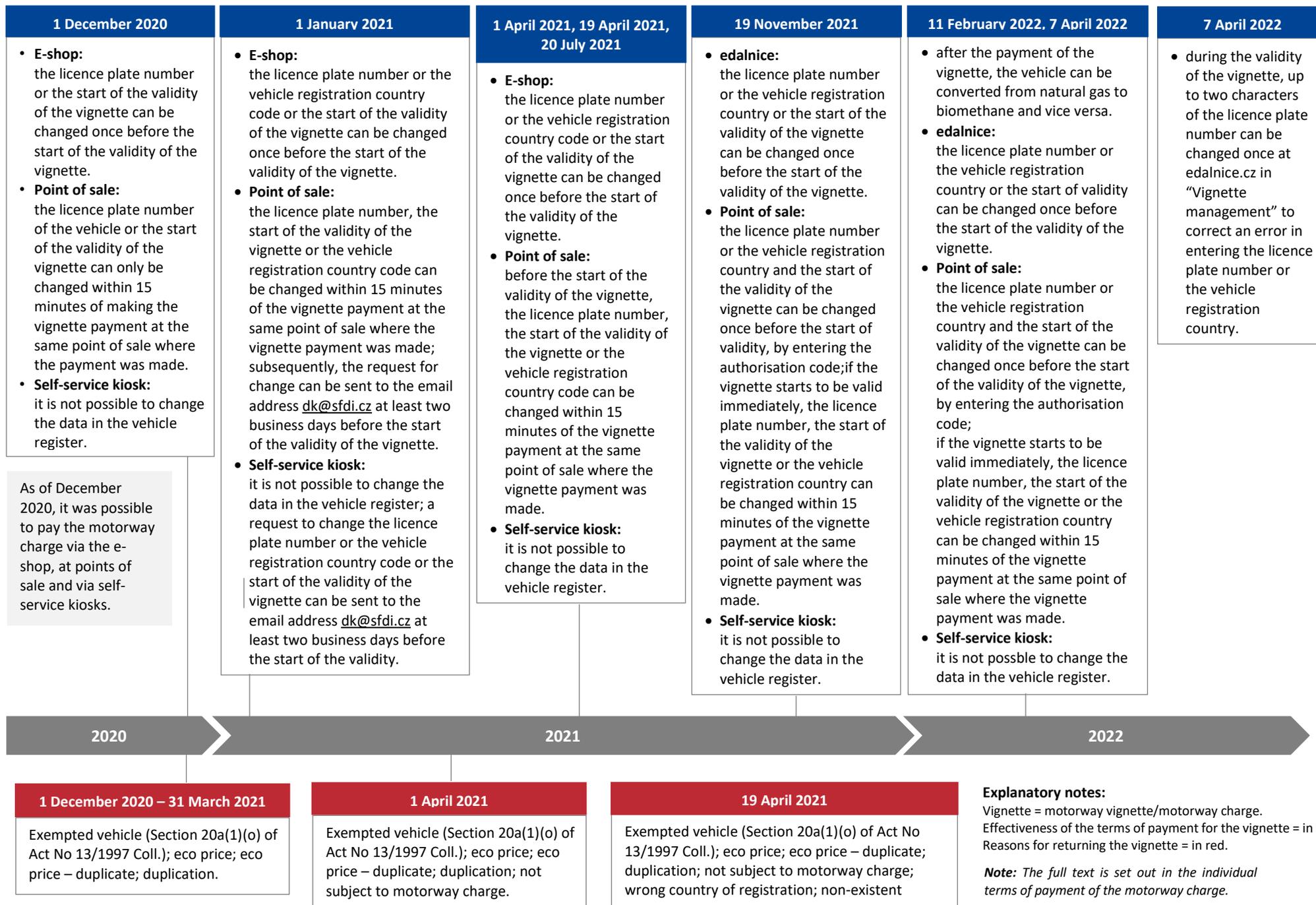
**Source:** SFTI information, *Annual Report of the SFTI for 2021*; table prepared by the SAO.

\* The difference is made up of the additional unaccounted-for 2020 emissions (January 2021) and possibly additional sales that took place through the IS EDAZ in the acceptance operation. In addition, the difference may also arise from a delay in entry in the accounts, as sales from the e-shop paid by bank transfer, etc., are accounted for with a delay.

\*\* N/A.

Evolution of the possibilities for changes to vehicle registration data

Evolution of the reasons for the return of the vignettes



### Model example

The SFTI submitted to the SAO, for the purposes of the audit, the document entitled *Statistical report of the passage of vehicles through the stationary check under the IS EDAZ*. The document contains data on the number of vehicle passages detected by toll (check) gates on toll roads in the period of 01/2021-03/2022. The data has not been adjusted for multiple passages of a single vehicle through multiple gates.

For the purposes of the data presented below, an unpaid vehicle passage is defined as a unique movement of a vehicle through the stationary check devices which, according to automatic licence plate number recognition, have determined that it is not a vehicle passage under at least one of the following conditions:

- with paid motorway charge (vignette);
- registered in the *electronic toll system (toll-based charging)*;
- registered in the IS EDAZ as an exempted vehicle;
- for which the data cannot be uniquely identified due to the unrecognised country of registration.

On average, one vehicle passes through the toll (check) gates about 3-4 times. At the same time, the output from the statistical report also represents the passages of vehicles for which there is no obligation to report exemption from the motorway charge (provisions of Section 20a(h), (i), (l), (p) of Act No 13/1997 Coll.). Table 1 provides the output from the document entitled *Statistical report of the passage of vehicles through the stationary check under the IS EDAZ*.

**Table 1: Output from the statistical report for the period from January to December 2021**

Category	Item	Number of passages	%
1	Unrecognised country of registration	35,697,384	11.41
2	Exempted by licence plate number	1,319,056	0.42
3	Exempted from registration	1,370,386	0.44
4	Electronic toll	1,009,134	0.32
5	Paid	257,657,788	82.32
6	Not paid	15,925,130	5.09
	Not paid – adjusted for ZTP, ZTP/P	10,351,335	3.31
<b>Total</b>		<b>312,978,878</b>	<b>100.00</b>

Source: SFTI information; prepared by the SAO.

According to information from the Police of the Czech Republic, of the total number of passages that the EDAZ system classifies as “not paid”, approximately 30-40 % fall on persons with a ZTP card or other exemption. These cases do not involve drivers who are using toll roads unlawfully.

### Coefficient of number of vehicles without paid vignette

As the SFTI does not have statistical data from the motorway charging system that provides information on the number of vehicles without an e-vignette on toll roads, but only data on the number of passages, the SAO established the so-called “coefficient of the number of vehicles without paid vignette” (hereinafter the “Coefficient”) in order to calculate the potential for collection of funds.

In setting the Coefficient, the SAO did not seek to achieve the maximum value of the Coefficient, but to quantify it objectively using restrictive criteria that took into account the maximum degree of caution. Some aspects, such as drivers’ motives when deciding to purchase an e-vignette of a given value or the reasons and frequency of drivers’ journeys, are not taken into account by the model.

For the purpose of determining the Coefficient, the SAO relied on the number of vehicles for which the stationary check system on toll roads detected non-payment of the motorway charge. The values are based on the document entitled *Statistical report of the passage of vehicles through the stationary check under the IS EDAZ*.

The following criteria and conditions were set for the calculation of the Coefficient:

- 1) the monthly values of the number of vehicle passages were converted into calendar days; the Coefficient thus includes the so-called maximum degree of caution, as it works with the theoretical assumption that each vehicle (subject or not subject to the charge) uses the toll road daily;
- 2) the values of the number of passages of vehicles without paid motorway charge were adjusted for passages of vehicles carrying persons with ZTP, ZTP/P cards; according to the experience of the Police of the Czech Republic, these vehicles account for 40 % of all vehicles that do not have the motorway charge paid;
- 3) based on the information contained directly in the statistical report that vehicle movement can generate on average about 3-4 passages through the toll (check) gates, the Coefficient works with the assumption that one vehicle generates on average 4 passages through the toll (check) gates during a single journey;
- 4) it was assumed that each detected vehicle had made a round trip on a given day, i.e., made 2 trips on toll roads.

The reference period was set at August 2021. This was a month that was no longer significantly affected by the pandemic situation associated with the COVID-19 epidemic. Table 2 describes the determination of the Coefficient.

**Table 2: Determination of the Coefficient of number of vehicles without paid vignette**

Item	August 2021	Comment
Not processed	0.00	Values from the document entitled <i>Statistical report of the passage of vehicles through the stationary check under the IS EDAZ</i> .
Unrecognised country of registration	25,415.00	
Exempted by licence plate number	153,990.00	
Exempted from registration	138,240.00	
Electronic toll	107,346.00	
Paid	34,262,653.00	
Not paid	2,010,226.00	
Not paid in %	5.48	
Total	36,697,075.00	
Percentage of passages of vehicles without an e-vignette carrying persons with ZTP, ZTP/P cards	40 %	
CALCULATION of the item "not paid" adjusted for ZTP, ZTP/P	1,206,135.6	The value of the item "not paid" adjusted by 40 %.
calculation of passages per day	38,907.60	Conversion of the monthly value to calendar day.
taking into account the average number of 4 passages through the gates	9,726.90	According to the information in the document entitled <i>Statistical report of the passage of vehicles through the stationary check under the IS EDAZ</i> , the movement of a vehicle can generate on average about 3-4 passages through the toll (check) gates; the SAO used the value of 4 passages for the calculation.
taking into account 2 passages, i.e., a round trip	4,863.45	For the purposes of the Coefficient, the assumption was made that each detected vehicle had made 2 trips on a given day (i.e., there and back).
<b>Coefficient</b>	<b>4,864.00</b>	Model value of the number of vehicles using toll roads on a daily basis without paying the motorway charge.

Source: SFTI information; table prepared by the SAO.

The Coefficient calculated on the basis of the procedure in Table 2 and using data from the reference period of "August 2021" is 4,864 vehicles/day.

#### Calculation of potential

The SAO quantified the daily potential of collected funds in case of introduction of the system of automatic imposition of fines for the offence of non-payment of the e-vignette (motorway charging).

Pursuant to the provisions of Section 42a(2) of Act No 13/1997 Coll., the driver of a vehicle in the motorway charging system commits an offence by using a toll road with a vehicle that is not exempted from the charge without paying the motorway charge (vignette) contrary to the provisions of Section 21. Pursuant to the provisions of Section 42a(8)(e) of the same Act, a fine

of up to CZK 5,000 may be imposed for the offence by way of an on-the-spot order or up to CZK 20,000 in administrative proceedings.

In the event that drivers of all vehicles (including foreign vehicles) using toll roads unlawfully had been fined a minimum of CZK 1,000 for the offence (i.e., even in the case of repeated offences, the competent authorities would not use the option to impose a higher or even maximum fine), the amount of fines imposed could have reached up to CZK 4.8 million, according to the Coefficient, for that one model day.

This is the indicative “maximum potential” of the funds collected per model day, provided that the automated fine imposition system was operational already in 2021. The SAO does not interpret this value as “lost revenue” as a result of the non-implementation of the automated fine imposition system.

At the same time, this value cannot be used unambiguously to predict possible future revenues. For example, in the context of EU Directive 2022/362 of 24 February 2022, which regulates the scope of motorway vignettes, there may be a significant change in the behaviour of drivers when deciding to purchase vignettes, which may have a significant impact on the number of drivers who use toll roads unlawfully.

**Table 3: Statistics of offences related to motorway charging for 2021**

	Number of offences		Total amount of fines (in CZK '000)	
	Detected for the year	Daily conversion	Imposed for the year	Daily conversion
Police of the Czech Republic	19,733	54	18,998	52.05
Customs Administration of the Czech Republic	18,856	52	24,654	67.55
<b>Total</b>	<b>38,589</b>	<b>106</b>	<b>43,652</b>	<b>119.60</b>

Source: SFTI information; table prepared by the SAO.

Taking into account the statistics, which recorded for 2021 approximately 312 million passages through stationary check devices, while the operator of the IS EDZ assessed approximately 10.351 million passages as not paid, it seems highly probable that the actual number of vehicles using toll roads without paying the motorway charge is significantly higher than the number of detected and fined offences.

There are two main routes to realising this potential for collecting funds for the use of toll roads:

- Greater and more targeted activity of the authorities that check compliance with the obligation, i.e., the Police of the Czech Republic and the Customs Administration of the Czech Republic; this method may be limited, for example, by the staff capacity of the inspection authorities and the way in which vehicles without paid charge (i.e., in full operation on toll roads) are identified and fined. The SFTI has no legal competence to control or influence the activities of the inspection authorities, but through the EDZ it has created the initial preconditions for more targeted and efficient check activities

of these authorities. At the same time (according to the SFTI) it does not have precise information on the performance of the check activities and their results.

- Introduction of a more efficient system for detecting and fining vehicles that use toll roads unlawfully and the subsequent imposition and enforcement of the fines. This method is not legislatively ready and would require additional costs.

Using the information presented in the subsection *Coefficient of number of vehicles without paid vignette*, the SAO calculated the daily potential for the collection of funds in the situation that the existing “defaulters” would be forced to purchase an e-vignette of the minimum value based on the general awareness of automated fine imposition. In 2021, it was possible to purchase a ten-day e-vignette (for CZK 310), monthly e-vignette (for CZK 440) and annual e-vignette (for CZK 1,500). The SAO carried out the audit calculation using the assumption that the driver would only purchase a vignette with the lowest value of CZK 310. At the same time, the so-called “eco discount” was not taken into account in the calculation.

If the drivers of all vehicles (including foreign vehicles) using toll roads unlawfully had purchased an e-vignette at least in the minimum value, i.e., CZK 310 for a period of 10 days, the additional revenue from these motorway charges for the above-described model day would have exceeded CZK 1.5 million, using the Coefficient. At the same time, however, this would minimise the funds collected from fines, which in 2021 amounted to CZK 43.7 million (see Table 3 in Annex 3).

This is the indicative “potential” of the funds collected per model day in 2021, provided that the automated fine imposition system was operational.

**The SAO quantified the potential loss of revenue of the SFTI from not introducing the automatic fine imposition system for the above model day at approximately CZK 1.5 million.**