

**DESCRIPTION OF THE MANAGEMENT AND
CONTROL SYSTEMS**
EEA Financial Mechanism and Norwegian Financial Mechanism
2009–2014

BENEFICIARY STATE: **Republic of Slovenia**

NATIONAL FOCAL POINT (NFP):

Ministry of Economic Development and Technology (MEDT)
Regional Development and European Territorial Cooperation Directorate
International Relations and National Authorities Division
Kotnikova 5
1000 Ljubljana
Slovenia

Mailing address:

Ministry of Economic Development and Technology (MEDT)
Regional Development and European Territorial Cooperation Directorate
International Relations and National Authorities Division
Dunajska 58
1000 Ljubljana
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RESPONSIBLE PERSON

Mr. Franci Kluzer, Deputy Director, tel.: +386 1 3201602, E-mail: franci.kluzer@gov.si,

CONTACT PERSON

Ms. Mojca Pokorn, Secretary, tel.: +386 1 3201607. E-mail: mojca.pokorn@gov.si

THE INFORMATION PROVIDED DESCRIBES THE SITUATION ON NOVEMBER 2012.

1 IDENTIFICATION OF THE DESIGNATED AUTHORITIES

1.1 *General information on the designated authorities*

With the Decision of the Government of the Republic of Slovenia No. 54400-6/2011/2, of 28 April 2011, the Government of the Republic of Slovenia was informed on the preparation of the implementation of the EEA Financial Mechanism and Norwegian Financial Mechanism 2009-2014 and on the Management and Control Systems for the management of both financial mechanisms:

National Focal Point (hereinafter NFP)

The International Relations and National Authorities Division, within the Regional Development and European Territorial Cooperation Directorate, at the Ministry of Economic Development and Technology (hereinafter MEDT), acts as the NFP. The Deputy-Director of the Directorate is the Head of the NFP.¹

Certifying Authority (hereinafter CA)

The Department for the Management of EU Funds within the Budget Directorate at the Ministry of Finance (hereinafter MF) acts as the CA. The Head of the Department for the Management of EU Funds is the Head of the CA.

Audit Authority (hereinafter AA)

The Budget Supervision Office of the Republic of Slovenia (hereinafter BSO) acts as the AA. The Director of the BSO is responsible for the work of the AA, while the implementation of tasks related to the Norwegian and EEA Financial Mechanisms are assigned to the European Structural Funds Audit Sector, managed by the Head of Sector.

Programme Operators (hereinafter PO)

NFP has been designated to act as the PO for the EEA FM Programme and Norwegian FM Programme 2009–2014 with the signing of the Memorandum of Understanding between the EEA EFTA States and the Republic of Slovenia and the signing of the Memorandum of Understanding between Norway and the Republic of Slovenia. The PO for the Slovenian Scholarship Fund - Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes CMEPIUS was designated with the Decision of the Government of the Republic of Slovenia No. 0040-1/2011/15, of 12 September 2011. The Global fund for decent work and tripartite dialogue is managed centrally. The programme is operated by the Innovation Norway. For the NGO Fund, the FMO took the role of the PO in accordance with Article 5.13 of the Regulation. The public call for selection of the fund operator was published on 5 November 2012 with a deadline for submission of applications on 7 January 2013.

The Memorandum of Understanding on the implementation of the EEA Financial Mechanism 2009–2014 between the EEA EFTA States and the Republic of Slovenia was signed on 20 May 2011. The Memorandum of Understanding of the Norwegian Financial Mechanism

¹ The new deputy Director General of the Regional Development and European Territorial Cooperation Directorate has been appointed on 15 October 2012.

2009–2014 between Norway and the Republic of Slovenia was signed on 9 May 2011. The Memorandums have been revised twice due to changes in organizational structure on 4 November 2011 and on 20 August 2012.

1.2 National Focal Point

With the signing of the two Memorandums of Understandings the Republic of Slovenia appointed the former Government Office for Local Self-Government and Regional Policy as the responsible authority for the management of the EEA Financial Mechanism 2009–2014 and the Norwegian Financial Mechanism 2009–2014. The Government of the Republic of Slovenia Act, adopted on 4 February 2012, abolished the Government Office for Local Self-Government and Regional Policy and the working fields of European Cohesion Policy and Regional Development were assigned under the authority of MEDT. The latter also took over the tasks and responsibilities of the NFP.

MEDT is a direct budget spending authority and acts as an entity under public law (public body) in legal transactions. MEDT is organized into the Secretariat-General and 5 Directorates (see the enclosed Organizational Chart of the Ministry in Annex 1):

1. Entrepreneurship, Competitiveness and Technology Directorate
2. Internal Market Directorate
3. Tourism and Internationalisation Directorate
4. EU Cohesion Policy Directorate
5. Regional Development and European Territorial Cooperation Directorate

NFP is part of the Regional Development and European Territorial Cooperation Directorate, which has 4 divisions:

- Division for the Implementation of Regional Development
- Division for the Management of Cross-Border Programmes
- International Relations and National Authorities Division
- Division for Control – ETC, IPA and IFM programmes

Deputy Director of the Regional Development and European Territorial Cooperation Directorate was appointed as a Head of NFP with Minister's Decision on 21 of May 2012.² The International Relations and National Authorities Division is in charge of the implementation tasks of the NFP as well as PO for the EEA FM Programme 2009–2014 and the Norwegian FM Programme 2009–2014. Three employees within this Division work on the EEA and Norway grants 2009–2014: one employee for the tasks related to NFP, two employees for the tasks related to PO. Additionally one employee within this sector is legal advisor for the entire Division. The verification of expenditures will be carried-out by two to three employees (depending on the workload) within the same Directorate, namely in the framework of the Division for Control. Two controllers will cooperate in the preparation of the programme implementation until the verification procedures begin. The Head of the Division is the person responsible for the verification procedures of expenditures which incur within the framework of the MEDT in two roles: NFP and PO. The Division will carry-out

² The current head of NFP/deputy director general has been appointed on 15 October 2012.

verifications of the expenditures of the project promoters of the EEA and Norwegian FM programmes and the verifications of expenditures which incur within the framework of the MEDT in the role of NFP and PO. The Financial officer responsible for the payment procedures and budgetary issues is placed within the Financial Service of the Secretariat-General.

The roles and responsibilities of the NFP are defined in the Regulations, in particular Article 4.3. The NFP shall have the overall responsibility for reaching the objectives of the EEA Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014 as well as for the implementation of the both financial mechanisms, while its main responsibilities and tasks are the following:

- It shall serve as a contact point and be responsible and accountable for the implementation of the MoU.
- It represents the Republic of Slovenia in its relations with the FMO/donors regarding the implementation of the EEA Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014 in the Republic of Slovenia.
- It shall guide the work of the Monitoring Committee. NFP shall collect from the POs, and provide the Monitoring Committee the documents required to allow the implementation of the programmes to be monitored in light of their specific expected outcome(s) and objective(s).
- With the aim of highlighting the role of the EEA and Norwegian Financial Mechanisms 2009-2014 the NFP shall ensure that assistance from the mechanism is transparent, it shall provide information on the existence in the Republic of Slovenia of the EEA and Norwegian Financial Mechanism 2009-2014, its objectives (including cooperation with Donor State entities), implementation and overall impact. This will be provided in accordance with the Information and Publicity Requirements in Annex 4 of the Regulations³.
- It shall ensure that the POs fulfil their information and publicity obligations in accordance with this Regulation and the Information and Publicity Requirements in Annex 4 of the Regulation.
- It shall ensure that the programmes are implemented in accordance with this Regulation and monitor the progress and quality of their implementation and if necessary take measures to improve the implementation and progress.
- It shall carry out regular monitoring of the programmes regarding their progress to realise the programme outcome(s) and objective(s) according to the agreed indicators and financial requirements specified for the programme. Results of the monitoring shall be reported in the Strategic Report.

Contact information of the NFP (mailing address)

***Ministry of Economic Development and Technology
Regional Development and European Territorial Cooperation Directorate
International Affairs and National Authorities Division
Dunajska 56***

³ Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 and Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the Regulations)

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Legal advisor: Mr Stojan Tramte
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Financial officer: Ms Tatjana Krebelj
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1.3 Certifying Authority (CA)

The Department for the Management of EU Funds within the Budget Directorate of the Ministry of Finance (hereinafter MF-DMEUF) shall act as the Certifying Authority. The Head of the Department for the Management of the EU Funds shall act as the Head of the Certifying Authority. The MF acts as a public body (direct budget spending authority) in legal transactions.

The organizational structure of the MF displays the position of MF-DMEUF (Annex 2). Task related to the management of both financial mechanisms are expected to be carried out by one person, carrying out duties indicated in the paragraph below.

The roles and responsibilities of the Certifying Authority are defined in the Regulation, in particular Article 4.5 thereof. Its main tasks and responsibilities are:

- submitting to the FMO certified interim financial reports and final programme reports,
- submitting to the FMO a forecast of likely payment applications;
- declaring to the FMO any interest;
- taking account for certification purposes of the results of all audits carried out by or under the responsibility of the AA;
- maintaining accounting records in computerized form of expenditure declared to the FMO;
- ensuring that payments are transferred to the POs and
- ensuring that amounts recovered and amounts withdrawn following cancellation of all or part of the financial contribution for a programme or project are reimbursed to the FMO prior to the closure of the programme.

The CA shall ensure the establishment and maintenance of a separate interest-bearing bank account dedicated to the EEA and Norwegian Financial Mechanisms 2009-2014.

Contact information of the CA:

Ministry of Finance
Budget Directorate
Department for the Management of EU Funds / PO (MF-DMEUF)
Beethovnova 11,
1000 Ljubljana
Slovenia

Head of CA: Ms Mateja Mahkovec, Head of Department
○ Tel: +386 1 369 6511
○ E-mail: mateja.mahkovec@mf-rs.si

Contact person: Mr Robert Šircelj
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○ E-mail: robert.sircelj@mf-rs.si

1.4 Audit Authority (AA)

The Budget Supervision Office of the Republic of Slovenia (hereinafter BSO) shall act as the AA. The BSO is an autonomous body attached to the Ministry of Finance. The BSO Director reports directly to the Minister of Finance on the execution of the budget of the BSO. The BSO is not responsible for any function pursued by the NFP or the Certifying Authority and is organizationally separate from these bodies (see the enclosed Organizational Chart of the BSO in Annex 3).

The performance of the tasks of the AA has been assigned to the Cohesion and Structural Funds Audit Sector, which also performs audit activities for funds and programmes under, amongst others, the EU Cohesion policy and the Instrument for Pre-Accession Assistance. The Director of BSO is responsible for the work of the AA, while the implementation of tasks related to the Norwegian and EEA Financial Mechanisms are assigned to the European Structural Funds Audit Sector, managed by the Head of Sector.

The roles and responsibilities of the AA are defined in the Regulation, in particular Article 4.6 thereof. Its main tasks and responsibilities are:

- ensuring that audits are carried out to verify the effective functioning of the management and control system at the level of the Republic of Slovenia;
- ensuring that at least one audit is carried out for each programme to verify the effective functioning of its management and control system;
- ensuring that audits are carried out on projects on the basis of an appropriate sample to verify expenditure declared;
- presenting to the FMO - within nine months of the approval of the programme an audit strategy - the method to be used, the sampling method for audits on projects

and the indicative planning of audits to ensure that audits are spread evenly throughout the programming period;

- by 31 December each year from 2012 to 2017: submitting to the FMO an annual audit report setting out the findings of the audits carried out during the previous 12 month-period ending on 30 June of the year concerned in accordance with the audit strategy of the programme and reporting any shortcomings found in the systems for the management and control of the programme. The first report to be submitted by 31 December 2012 shall cover the period up to 30 June 2012. The information concerning the audits carried out after 1 July 2017 shall be included in the final audit report supporting the closure declaration;
- issuing an opinion to the FMO on the basis of the controls and audits that were carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of actual expenditure incurred presented to the FMO are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;
- submitting to the FMO at the latest by 31 December 2017 a closure declaration assessing the validity of the application for payment of the final balance claimed in the final programme report.

The FMO shall provide its comments on the audit strategy no later than three months from receipt thereof. In the absence of comments within this period it shall be considered to have been accepted.

Contact information of the AA:

***The Budget Supervision Office
Cohesion and Structural Funds Audit Sector
1000 Ljubljana
Slovenia***

Head of AA: Ms Nataša Prah, Director
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Head of the European Funds Audit Sector: Mr Jure Mekinc,
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1.5 Programme operators

The roles and responsibilities of the POs are defined in the Regulation, in particular Article 4.7 thereof. Its main tasks and responsibilities are preparing and implementing the programme in accordance with the principles of economy, efficiency and effectiveness and in particular for:

- a) ensuring that projects contribute to the overall objectives of the Financial Mechanism 2009-2014 and the specific programme outcome(s) and objective(s) and that they comply with the Regulation, the programme agreement as well as applicable national and European Union law in all implementation phases;
- b) collecting applications, selecting projects to be funded and signing project contracts for each project;
- c) verifying the project outputs and that the expenditure declared by the Projects Promoters actually incurred and complies with the Regulation, the programme agreement as well as the applicable national and European Union law;
- d) ensuring that payments of the project grant are made in a timely manner;
- e) ensuring the quality of the implementation of the programme and verifying the projects' progress towards expected outcomes, inter alia through reviews and/or on-the-spot verification of projects carried out on a sample basis;
- f) conducting annual monitoring of a sample of projects, selected based on risk assessment and including random samples;
- g) ensuring that the financial contribution is used exclusively for the purpose of the programme and its projects and according to the programme agreement and that all assets forming part of the programme are used only for such purposes as provided for in the programme agreement;
- h) ensuring that there is a system for recording and storing in computerised form accounting records for each project under the programme and that the data on implementation necessary for financial management, reporting, monitoring, verifications, audits and evaluation are collected;
- i) establishing an organisational structure of the PO that ensures independence and functional separation of the division responsible for the verification of payment claims from other divisions responsible for the implementation of the programme;
- j) subject to contrary provisions of the national law of the Republic of Slovenia, establishing and maintaining a separate interest-bearing bank account dedicated to the funds intended for re-granting;
- k) ensuring that Project Promoters maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project without prejudice to national accounting rules;
- l) ensuring transparency and availability of documents;
- m) ensuring that the CA receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- n) drawing up and submitting the interim financial reports, the annual programme report, the final programme report and reports on interests earned;
- o) submitting to the CA a forecast of likely payment applications necessary for the CA to fulfil its obligations;

- p) ensuring entry of project-specific statistical data to maintain the reporting database in accordance with the PO's Manual;
- q) ensuring that the FMO and the NFP is upon request, and within reasonable time, provided with all documents and information related to the implementation of the programme and its projects;
- r) ensuring that the Project Promoters are fully committed and able to implement their projects;
- s) ensuring that all necessary and appropriate measures are taken to prevent, detect and nullify any cases of suspected or actual irregularities, that they are investigated promptly and efficiently and properly reported and remedied, including making any financial corrections that may be appropriate;
- t) ensuring that all relevant local, national and EU legislation (including, but not limited to, legislation on the environment, public procurement and state aid) are complied with;
- u) complying with any other obligations stipulated in the programme agreement.

The PO shall comply with the Information and Publicity Requirements. It shall provide information on the existence, the objectives, and the implementation of the programme, as well as on the cooperation with Donor State entities. The PO shall ensure that also the Project Promoters fulfil their information and publicity obligations in accordance with the Information and Publicity Requirements. The PO shall comply with the requirements defined by the FMO for submitting information electronically.

According to both Memorandums of Understanding, different POs will manage 5 programmes in the Republic of Slovenia under the EEA and Norway Grants 2009–2014:

1. **Global fund for decent work and tripartite dialogue:** PO »Innovation Norway« has been designated by the donors. Programme is managed centralised for all 12 beneficiary countries.

Contact information:

Programme Operator:

Innovation Norway
P.O. Box 448 Sentrum
NO-0104 Oslo
Norway

E-mail: post@innovationnorway.no

Phone: +47 22 00 25 00

Contact person for Slovenia:

Ms Judit Ujfalussy, Associated Consultant
Mobile: +36 20 938 8792

Contact person at NFP:

Ms Mojca Pokorn
o Tel: +386 1 3201 607

- E-mail: mojca.pokorn@gov.si

2. **Slovenian Scholarship Fund (SI04):** Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes CMEPIUS acts as the PO on the basis of the Decision on the establishment of the public institute Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes CMEPIUS, Article 8 (OJ RS 103/06). The Government of the Republic of Slovenia gave its consent to CMEPIUS to carry out the tasks of PO for the EEA and Norwegian Financial Mechanism Scholarship Programme during its 152nd regular session on 29 September 2011. CMEPIUS is indirect budget spending unit.

Contact information:

Programme Operator:

Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes CMEPIUS
Ob železnici 16
1000 Ljubljana
Slovenia

Responsible person:

Responsible person:
Ms Marja Medved, Head of sector
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Contact person/financial officer:

Ms Irena Kos, Head of Finances
Tel.: + 386 1 620 9472
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3. **Norwegian Financial Mechanism Programme 2009–2014 (SI05):** NFP (currently placed within MEDT) has been designated to act as a PO for the Norwegian FM Programme 2009–2014 with the signing of the Memorandum of Understanding between Norway and the Republic of Slovenia, signed on 9 May 2011. With the Decision of the Government of the Republic of Slovenia No. 54400-6/2011/2, on 28 April 2011 the Government of the Republic of Slovenia was informed on the preparation of implementation of the EEA Financial Mechanism and Norwegian Financial Mechanism 2009-2014 therefore also on the Management and Control Systems within the framework of both financial mechanisms. The MEDT is a direct budget spending authority and acts as an entity under public law (public body) in legal transactions.

International Relations and National Authorities Division, within Regional Development and European Territorial Cooperation Directorate, of the MEDT, acts as a PO for the Norwegian Financial Mechanism Programme 2009–2014. One person employed within this division is the person responsible for the programme. The verification and control procedures are performed within the same Directorate but within a separate Division for Control, where one person is employed for this programme. Separately, within the Secretariat-General, Financial Service, one person is responsible for the financial and budgetary issues for this programme, as well as for the EEA FM programme and funds, managed by the NFP.

Contact information (mailing address)

Programme operator:

Ministry of Economic Development and Technology
Regional Development and European Territorial Cooperation Directorate
International Relations and National Authorities Division
Dunajska 56
1000 Ljubljana
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Responsible person:

Mr Bojan Suvorov, Secretary

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4. **EEA Financial Mechanism Programme 2009–2014 (SI02):** NFP (currently placed within MEDT) has been designated to act as a PO for the EEA FM Programme 2009–2014 with the signing of the Memorandum of Understanding between the EEA EFTA States and the Republic of Slovenia, signed on 20 May 2011. With the Decision of the Government of the Republic of Slovenia No. 54400-6/2011/2, on 28 April 2011, the Government of the Republic of Slovenia was informed on the preparation of implementation of the EEA Financial Mechanism and Norwegian Financial Mechanism 2009-2014 therefore also on the Management and Control Systems within the framework of both financial mechanisms. The MEDT is a direct budget spending authority and acts as an entity under public law (public body) in legal transactions.

International Affairs and National Authorities Division within Regional Development and European Territorial cooperation Directorate of the MEDT acts as a PO for the EEA Financial Mechanism Programme 2009–2014. One person employed within this division is responsible person of the programme. The verification and control procedures are performed within the same Directorate but separate Division for Control, where 1 person is employed for this programme. Separately, within the Secretariat-General, Financial Service, one person is responsible for the financial and budgetary issues for this programme, as well as for the Norwegian FM programme and funds, managed by the NFP.

Contact information (mailing address)

Programme operator:

Ministry of Economic Development and Technology
Regional Development and European Territorial cooperation Directorate
International relations and national authorities division
Dunajska 56
1000 Ljubljana
Slovenia

Responsible person:

Ms Silvija Jakopovič, Senior Advisor

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- E-mail: silvija.jakopovic@gov.si

5. **NGO Fund:** The PO for the NGO Fund will be selected on public tender, which will be implemented by the Financial Mechanisms Office.⁴

Contact person at the NFP:

Ms Mojca Pokorn, Senior Advisor

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1.6 Additional organizational structures

1.6.1 Monitoring Committee

The Monitoring Committee was established in accordance with Article 4.4 of the Regulation by the government decision (on establishment of the Monitoring Committee for the EEA Financial mechanism and the Norwegian Financial mechanism 2009-2014) on 17 November 2011 on its 159th regular session.

With the adoption of the Government of the Republic of Slovenia Act (ZVRS-F), the Government Office for Local Self-Government and Regional Policy was abolished. From the 10 February 2012 onwards the MEDT took over responsibilities in the field of European Cohesion Policy and Regional Development and in accordance with the Act also took over the tasks of the NFP for both financial mechanisms. The membership of the Monitoring Committee also changed. The NFP has invited Head of member institutions to nominate their members in the Monitoring Committee. In order to separate the roles of the NFP and PO, the members of the Monitoring Committee should not be the same as members of the working

⁴ The public call for selection of PO for the NGO Fund was published on 5 November 2012. The deadline for submission of bids is on 7 January 2013.

groups for the preparation and implementation of the programmes, for which the MEDT is acting as PO.⁵

The Monitoring Committee is chaired by a representative of the NFP. Its composition include representatives from relevant ministries, local and regional authorities, civil society, the social partners and, where relevant, the private sector. The representatives of FMO and the Norwegian Embassy shall be invited to participate in the meetings of the Monitoring Committee as an observer.

According to the selected programme areas within MoUs signed between the donor states and the Republic of Slovenia, the NFP invited to the Monitoring Committee representatives of the following institutions⁶:

- Ministry of Economic Development and Technology (Chairman)
- Ministry of Finance, Certifying Authority
- Ministry of Education, Science, Culture and Sport
- Ministry of Health
- Ministry of Labour, Family and Social Affairs
- Ministry of Agriculture and Environment
- Ministry of Infrastructure and Spatial Planning
- The Surveying and Mapping Authority of the Republic of Slovenia
- Ministry of Foreign Affairs
- Chamber of Commerce
- Association of Municipalities and Towns of Slovenia (SOS) and Association of Municipalities in Slovenia
- CNVOS – Centre for Information Service, Co-operation and Development of NGOs

Representatives of FMO, donors and the AA will be invited as observers. At the first meeting of the Monitoring Committee members adopt its Rules of procedures, defining competences and decision-making procedures. The meetings are held annually and before the Annual meeting with the donors.

The Monitoring Committee shall check the effectiveness and quality of the implementation of the EEA and Norwegian Financial Mechanisms 2009-2014, in accordance with the following provisions:

- it shall periodically review progress made towards achieving the objectives of the EEA and Norwegian Financial Mechanism 2009-2014 on the basis of documents submitted by the NFP and the POs;
- it shall examine the results of implementation, particularly the achievement of the outputs as well as the progress towards realising the expected outcome(s) and objective(s) set for programmes, and of the evaluations;
- it shall assess and prepare an opinion on the Strategic Reports;

⁵ The new members of the Monitoring Committee will be appointed by the Decision of the Minister at latest by the end of December 2012. The composition of the Monitoring Committee will assure that the division of responsibilities between PO and NFP will be respected.

⁶ This composition reflects changes after the adoption of the Government of the Republic of Slovenia Act.

- it may propose to the NFP any revision or examination of the implementation framework in Annex B to the MoU.

1.6.2 Co-operation Committee

According to Article 3.3 of the Regulation, the PO of a donor partnership programme shall establish a Cooperation Committee, consisting of representatives from the PO and the donor programme partner(s) (DPP). The Cooperation Committee shall provide advice on the preparation and implementation of the programme. The Cooperation Committees shall be chaired by a representative of the PO. Representatives of the FMO and the NFP shall be invited to participate as observers.

All documents presented to and produced by the Cooperation Committee shall be in English. The Committee meetings shall be conducted in English. The tasks of the Cooperation Committee include:

- advising on the selection criteria and the texts for call(s) for proposals;
- advising on possible project partners in the Donor States;
- reviewing progress made towards achieving the outcome(s) and objective(s) of the programme;
- examining the results of the implementation of the programme;
- reviewing the annual programme reports;
- advising the PO of any revision of the programme likely to facilitate the achievement of the programme's expected outcome(s) and objective(s).

The Co-operation Committee adopts the Rules of procedures and submits it to the FMO and NFP for information.

In the Republic of Slovenia there are 2 donor partnership programmes:

1. The Norwegian Financial Mechanism Programme 2009-2014 (SI05):

The PO in co-operation with the DPP established formally the Cooperation Committee at the first joint meeting on 14 October 2011. The Cooperation Committee is responsible for the preparation of the programme as well as the implementation of the programme. In the programming phase, the Cooperation Committee will meet ad hoc informally, the coordination of meetings, drafting of minutes and coordination of tasks will be the responsibility of the PO, acting also as a Secretariat of the Committee. After the approval of the Programme by the FMO/donors, the Cooperation Committee will adopt Rules of Procedures for formal periodical meetings in order to review the implementation of the Programme. The Committee consists of members of the working group for the preparation of the programme (members from the Republic of Slovenia), who were appointed by the institutions they represent and of the representatives of the donor program partners - the **National Institute of Public Health in Oslo**. The Committee is co-chaired by a representative of the PO and the representative of the Ministry of Health. Representatives of FMO, NFP and the Embassy of the Kingdom of Norway are invited as observers.

Composition of the Cooperation Committee for the Norwegian Financial Mechanism Programme 2009-2014:

1. Chair: Programme Operator
2. Co-chair: Ministry of Health
3. Members and alternate members from:
 - Ministry of Finance of RS
 - Ministry of Health
 - Ministry of Labour, Family and Social Affairs
 - Ministry of Education, Science, Culture and Sport
 - Norwegian Institute of Public Health
4. Observers:
 - Representatives of FMO/donors
 - Representatives of Embassy of the Kingdom of Norway
 - Representative of NFP

2. **Slovenian Scholarship Fund (SI04)**

The Slovenian Scholarship Fund is financed by the EEA FM and Norwegian FM 2009–2014 and has 3 DPPs from all 3 donor states:

- The Norwegian Centre for International Cooperation in Higher Education (SIU), Norway
- Icelandic Centre for Research (RANIS), Iceland
- National Agency for International Affairs (AIBA), Liechtenstein

The Cooperation Committee is an advisory body on the implementation of the programme. The CC will have one representative of each DPPs (nominated by themselves). It will meet twice a year. One meeting will be before the publication of the Call and another after the Call is closed (selection closed). Committee members will be regularly informed about the activities of the PO with short reports sent by e-mail. If needed, more meetings will be called; possibility on-line (video) meetings called by the PO.

The tasks and responsibilities of the CC:

- programme administration: discuss the relevant matters (texts of Calls, selection criteria, forms), identification of partners in Donor States (manner of communication and help between BS and DS);
- implementation of the programme: review progress, examine results of the programme, discuss possible amendments on these matters;
- review of the annual and final reports.

1.6.3 **Selection Committee**

The PO establishes a Selection Committee (SC) for each programme. SC recommends the projects to be funded within the programme. The Selection Committee shall consist of at least three persons of relevant expertise. At least one of them shall be external to the PO. The FMO and the NFP shall be invited to participate in the meetings of the SC as observers. In donor partnership programmes the DPP shall be invited to participate in the meetings of the SC in an advisory capacity.

The PO shall provide interpretation assistance for SC meetings when necessary. The SC shall keep minutes of its meetings. The FMO shall be provided with a summary of the minutes in English no later than two weeks after the meeting.

In donor partnership programmes dedicated exclusively to donor partnership projects, the Selection Committee shall consist of an equal number of members appointed by the PO and the DPP. The working language of such Selection Committees, as well as the language of project applications and other documents relevant to its work, shall be English.

2 Description of the procedures and tasks related to the management of the EEA Financial Mechanism 2009–2014 and the Norwegian Financial Mechanism 2009-2014

2.1 Description of the management and control systems of the Programme Operator

Programme operators:

The POs shall submit to the NFP description of their management and control systems accompanied with the auditor's opinion with the first interim financial report but not later than within 6 months after the submission of the first interim financial report. Before submission to the NFP, the AA or independent auditor shall, in accordance with the provisions of the regulation on implementation of EEA and Norway Grants, draw up a report and opinion confirming that the implementation system of the PO complies with the Regulation and generally accepted accounting principles. The description shall cover in particular:

- the system for verification of payment claims;
- the audit and monitoring systems;
- the system for preventing, mitigating, detecting, reporting on and remedying irregularities; and
- the system established to maintain an audit trail of all supported activities.

Audit Authority

The AA shall, in accordance with the Regulations on implementation of EEA and Norway Grants, draw up a report and an opinion confirming that the implementation system of the Republic of Slovenia and the PO complies with this Regulation and generally accepted accounting principles. The report shall assess the proportionality of the management and control systems' requirements in relation to the effectiveness of realising the objectives of the programmes.

National Focal Point

Within six months from the submission of the first interim financial report, the NFP shall submit to the FMO a detailed description of the management and control systems of the POs and its own for the SI01 (Technical assistance and Bilateral Fund at the national level).

2.2 Programming

2.2.1 Preparation of programmes

Programme Operators

The POs are responsible for the preparation of the programme proposals. If the Programme covers more programme areas, the PO should establish an inter-sectoral working group, consisting of responsible institutions for the programme areas in the Republic of Slovenia. For the donor partnership programmes, the programme is developed and approved by the Cooperation Committee.

The Programme shall be prepared in accordance with the POs' Manual and limited to the objective and the expected outcomes of the relevant programme area(s). The purpose of the programme proposal is to describe the substantive and operative competence of the PO; the main features of the programme; the programme's contribution to the overall objective and expected outcomes of the relevant programme area; and the details in respect to the implementation of the programme, including financial planning as well as risk assessment and mitigation.

Programme proposals shall be in the format and contain the information required in the template for programme proposals, attached to the PO Manual.

National Focal Point

The NFP is consulted during the preparation of the programmes and is invited to the meetings for preparation of the programmes of the POs. The head of NFP shall co-sign a formal proposal for each programme and submits it to the FMO via DORIS. In case the Programme proposal is rejected by the FMO, the NFP may, as an alternative and within four months after rejection, propose that the funds intended for the rejected programme are used for another programme, provided that such reallocation is compatible with the MoU.

2.2.2 Selection of pre-defined projects

Programme Operators

In addition to any pre-defined project identified in the MoU, the PO may in exceptional cases propose any pre-defined projects to be implemented within the programmes. The following information on the pre-defined projects shall be provided as an Annex to the programme proposal:

- background and justification for the project including reference to relevant national priorities;
- objective and expected outcome(s) of the project;
- information on the Project Promoter;
- the results of feasibility studies when applicable;
- a timetable for implementing the project; and
- the financing plan showing the total planned financial resources and the planned contribution from the EEA Financial Mechanism 2009-2014.

The PO shall, prior to the signing of the project contract for a pre-defined project, appraise the project in order to verify its quality and contribution to the objectives of the Programme as well as compliance with the EU and national legislation.

2.2.3 Submission of the Programme proposals

Programme Operators

The POs shall assure signatures of DPPs(s) and the NFP submits the proposal electronically through DORIS for each programme to the FMO within eight months of the date of the designation of the PO, but no later than 31 January 2013. The FMO and NFP may be consulted during the preparation of the programme proposal. If a programme is rejected by the FMO, the PO may resubmit a revised programme proposal within four months from the date of the rejection.

2.2.4 Signing of the Programme agreement

National Focal Point

For each approved programme a programme agreement shall be concluded between the FMO and the NFP. The programme agreement sets out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties. The text of the programme agreement is prepared by the FMO and submitted to the NFP for signature.

2.2.5 Programme implementation agreement

National Focal Point

The NFP is responsible for drafting a Programme implementing agreement for each approved Programme. The implementation agreement shall be concluded between the NFP and the PO. In cases where a programme implementation agreement cannot be made between the NFP and the PO, due to provisions in the national legislation, the Republic of Slovenia may instead issue a legislative or administrative act of similar effect and content. In cases when the NFP took over the role of PO, the provisions of the implementation agreement are secured by an internal act of organization and consequently line of reporting by PO to NFP

The programme implementation agreement shall set out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the PO undertakes to comply fully with the provisions of the legal framework of the EEA and Norwegian Financial Mechanism 2009-2014 that are relevant for the operation of the programme, including any obligation that are valid after the programme has been completed.

The programme implementation agreement shall contain an explicit reference to the programme agreement and the Regulation and, as the minimum, provisions on the following:

- obligations regarding reporting which enables the NFP to comply with its reporting obligations to the FMO;
- obligations related to the PO's reporting obligations to the FMO and the Certifying Authority and its duty to provide documents upon request;
- the maximum amount of the programme grant and its breakdown between the items listed in Article 7.1 of the Regulation;
- the eligibility of expenditures;
- the first and final dates of eligibility of expenditures;
- modifications of the programme;
- ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;
- ensuring that obligations regarding publicity are complied with;
- the right of the NFP to suspend payments and request reimbursement from the PO in case decision on such actions is taken by the FMO or the NFP;
- that termination of the Programme Agreement referred may result in a termination of the programme implementation agreement; and

- if relevant, a reference to programme partnerships.

The NFP shall warrant that the obligations of the PO under the programme implementation agreement are valid and enforceable under the applicable national law of the Republic of Slovenia.

The NFP shall forward a draft programme implementation agreement to the FMO for review. The FMO shall, prior to the signing of the programme agreement referred to, confirm that the programme implementation agreement complies with the minimum standards set in the regulation.

Programme Operators

PO receives from the NFP the Programme implementation agreement and signs it.

2.2.6 Modification of programmes

Programme Operators

Unless otherwise explicitly stipulated in the programme agreement, any modification of the programme is subject to prior approval by the FMO.

Programmes may be modified, in particular in one or more of the following cases:

- in order to respond to the unforeseen events in the Republic of Slovenia;
- in order to take into account the conclusions of the review of the implementation framework at an annual meeting;
- in order to take into account conclusions from an evaluation referred to in Chapter 9;
- when changes are necessary to enhance the impact of the programme; or
- in order to mitigate risks and/or implementation difficulties.

The PO shall describe and justify the modification, as well as the likely impact on the financial figures, risk assessment, outputs and outcomes of the programme. The NFP shall provide its provisional approval to the modification proposal. The FMO shall, in consultation with the NFP, assess whether the proposed modification amounts to a substantial change which would require a screening by the European Commission. A substantial change is assumed to have been proposed when it affects the overall objective or the outcome of the programme or when the change conflicts with recommendations or comments provided by the European Commission as part of its screening of the programme proposal.

The FMO shall assess the proposed modification and provide a formal response no later than two months after receiving all the relevant documents and necessary information. The modification shall be formalized through an amendment of the programme agreement.

National Focal Point

The NFP shall provide its provisional approval to the modification proposal upon the request of the PO before submission to the FMO. NFP and FMO must approve any modification of the programmes. NFP shall notify any modifications of the programmes at the Monitoring Committee meeting and the annual meeting.

If a modification of a programme results in a reduction of the programme grant, the NFP may allocate the amount that becomes available to other approved programmes in the Republic of Slovenia. A prior approval of the FMO and of the PO of the programme receiving the funds shall be required. The modification shall be in compliance with the MoU. Such allocation must be completed and formalized no later than 31 October 2014.

2.2.7 Reporting

2.2.7.1 Strategic Report

National Focal Point

The NFP shall annually submit to the FMO the Strategic report on implementation of the EEA and Norwegian Financial Mechanisms 2009-2014. The Strategic Report shall form the basis of discussions at the annual meeting, and shall be subject to approval by the FMO at that time. The opinion of the Monitoring Committee in respect of the Strategic Report shall be provided at the annual meeting by its representative. The Strategic Report shall provide:

- an assessment of the contribution of the EEA and Norwegian Financial Mechanisms 2009-2014 towards the reduction of social and economic disparities in the Republic of Slovenia;
- an assessment of the contribution of the EEA and Norwegian Financial Mechanisms 2009-2014 towards strengthening bilateral relations with the Donor States;
- an assessment of the efficiency and the effectiveness of the national management and control structures established in the Republic of Slovenia;
- information on the preparation and subsequent implementation and progress of the programmes within the programme areas set out in the implementation framework, including financial figures;
- the results of audits, reviews and evaluations carried out, and the plans for audits, reviews and evaluations for the next reporting periods;
- the results of monitoring carried out and the monitoring plan for the next reporting period;
- summary of actual output and an assessment of progress towards expected outcomes for each programme;
- an assessment of the implementation of the communication strategy in accordance with the Information and Publicity Requirements;
- a summary of irregularities detected and the measures taken as well as a summary of complaints received under the complaint mechanism.

The Strategic Report shall be written in English and submitted to the FMO no later than 31 March each year. The final Strategic Report shall be submitted within six months of the FMO's approval of the last final programme report, but not later than 31 October 2017, unless extensions have been granted.

The NFP is responsible for organizing annual meetings with donors/FMO and shall, when appropriate, arrange site visits. At the annual meeting the FMO and the NFP shall examine the progress achieved over the previous reporting period and agree on any necessary measures. The timing of the annual meeting shall be proposed by the FMO. If this date is

after 31 August, the Republic of Slovenia shall submit a brief update of the Strategic Report two weeks prior to the annual meeting.

Representatives of the AA, CA, Monitoring Committee, POs and the representatives of the Donor State Embassies in the Beneficiary States are invited to attend the meeting. The programme partners may be invited as observers.

The NFP is responsible for preparing the draft agenda, which shall reflect the main issues set out in the Strategic Report. The draft agenda shall be sent with the Strategic Report, and the agenda's final version shall be agreed upon between the FMO and the NFP at least one week before the meeting. Decisions taken at the annual meeting shall be set out in the agreed minutes. The NFP is responsible for the drafting of the minutes of the meeting, summarizing the main points and the action points discussed at the meeting and following the structure of the agenda. These minutes shall be decision oriented, follow-up oriented and task oriented. The approved Strategic Report and the minutes agreed between the FMO and the NFP shall be published on the website of the NFP within one month of the annual meeting. The attachment containing the audit plan shall not be published.

2.2.7.2 Annual programme report

Programme operators

The PO shall submit an annual programme report to the FMO and the NFP. The purpose of the report is to describe:

- the progress in implementing the programme compared to the plans set out in the programme agreement and/or the preceding annual programme report and in achieving the expected outputs;
- the programme's contribution to the overall objective and outcomes of the programme area;
- specific details of the challenges in implementation and the plans to overcome such challenges, including any changes to risk mitigation measures and financial plans;
- a summary listing of irregularities and of the measures taken to remedy them.

The reporting periods for the annual programme reports shall be the calendar year. The report shall be submitted not later than 15 February each year. The first annual reports for programmes approved by the FMO in the first half of the year shall be submitted in the following year; the first annual reports from other programmes shall be submitted in the second year following their approval. The FMO shall inform the NFP and the PO of its opinion on the annual programme report within two months of the date of receipt. If the FMO does not respond within the time limit laid down, the report shall be considered as accepted.

2.2.7.3 Final programme report

Programme Operators

The PO shall, through the Certifying Authority, submit a final programme report to the FMO and the NFP. The purpose of the report is to provide:

- an overall assessment of the implementation of the programme, including comparison to the plans set out in the programme proposal and any lessons learned;

- an assessment of the programme's contribution to the overall objective and outcomes of the programme area upon completion of all projects and the closure of the programme;
- overview of irregularities and measures taken to remedy them;
- specific details in respect to meeting and/or adapting financial plans;
- financial information, including a calculation of the final balance.

The FMO shall review the final programme report in order to determine whether it fulfils its formal and substantive requirements. The FMO shall approve the report no later than two months after the receiving the report and all relevant documents and necessary information.

Certifying Authority

The Certifying Authority shall submit a final programme report to the FMO and the NFP. It shall certify the financial annex to the report within three months of the completion of the last project under the programme, and no later than 30 April 2017, unless extensions have been granted by the FMO.

2.2.8 Selection of projects

2.2.8.1 Calls for proposals

The PO shall organize calls for proposals. Their content, form and publication shall be in accordance with the programme agreement and the Regulation. In its programme proposal the PO shall explain the methods of publicity, the estimated timing and amounts of the calls.

Calls for proposals shall as a minimum comply with the following:

- they shall be widely publicised with a view to reach all potential applicants. The national, regional and local media, as well as specialised publications and web based tools shall be used as relevant. Any limitation on the publication shall be justified in the programme proposal;
- they shall include a clear and reasonable deadline, which shall be at least two months from the date of the publication of the announcement, and an address for submission. The announcement shall specify the hour when the call expires, whether the deadline refers to a post stamp or actual delivery time to the office of the PO and the permissible method(s) of delivery. The announcement must specify whether one or more copies of the application are required;
- they shall clearly specify the eligible applicants and any restrictions, limitations or exclusions that they may be subject to;
- they shall contain detailed selection criteria as well as a scoring chart;
- they shall clearly address what kind of activities and expenditure are eligible;
- they shall provide a description of the selection process and the decision-making structure;
- they shall provide a clear reference or a link to the application form and user guide;
- they shall clearly state the total amount available through the call, as well as the minimum and maximum amount of each project grant;
- they shall contain provisions on the payment model;
- they shall clearly state the co-financing requirements;

- they shall provide clear references to further information, including a reference to the Regulation and the guidelines adopted by the FMO as well as other documentation prepared by the PO that is relevant to the call;
- they shall provide contact information for queries and the timeframe for answering such queries.

The call shall be published on the website of the PO in the national language(s) and in English. The FMO and the NFP shall be informed of all calls for proposals at least two weeks in advance of their announcement, and, at the same time, be provided with an English translation of the text of each call.

Selection Committee

The PO shall establish a Selection Committee in accordance with the Regulation. It shall provide interpretation assistance for Selection Committee meetings when necessary.

Selection procedures

The PO shall review the applications for compliance with administrative and eligibility criteria and inform applicants whose applications are rejected at this stage in a reasonable time to appeal that decision.

PO shall appoint two independent and impartial experts to review each application that meets the administrative and eligibility criteria. In donor partnership programmes dedicated exclusively to donor partnership projects, one expert shall be appointed by the PO and one by the DPP. Costs related to experts shall be covered from the management cost of the PO.

The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert shall be commissioned by the PO to score the project independently. In such cases the average score of the two closest scores shall be used for the ranking the projects.

The PO shall provide the Selection Committee with a list of projects ranked. It shall at the same time provide the FMO with the ranked list in English. The Selection Committee shall review the ranked list of projects. It may modify the ranking of the projects in justified cases. The justification for the modifications shall be detailed in the minutes of the meeting of the Selection Committee. If such a modification results in project's rejection, the affected applicant shall be informed in writing about the justification for the modification. The Selection Committee shall submit the list of recommended projects to the PO.

The PO shall verify that the selection process has been conducted in accordance with the Regulation and that the recommendations from the Selection Committee comply with the rules and objectives of the programme. Following such verification the PO shall, based on the decision of the Selection Committee, make a decision on which projects shall be supported. If the PO modifies the decision of the Selection Committee, it shall inform the applicants affected and provide them with a justification.

The PO shall notify the applicants about the results of the selection process within a reasonable time and publicise the results.

In exceptional cases, the PO may in its programme proposal suggest the use of different selection procedures that it already established and used successfully. The FMO may approve the use of such procedures only if it determines that they duly respect the principles of transparency, efficiency and quality. If approved by the FMO, the procedures shall be described in the programme agreement.

The PO shall keep all documents related to the selection procedures for at least three years following the approval of the final programme report by the FMO.

Project contract

For each approved project a project contract shall be concluded between the PO and the Project Promoter. In cases a project contract cannot, due to provisions in the national legislation, be made between the PO and the Project Promoter, the Republic of Slovenia may instead issue a legislative or administrative act of similar effect and content.

The project contract sets out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the Project Promoter undertakes to comply fully with the provisions of the legal framework of the EEA and Norwegian Financial Mechanism 2009-2014 that are relevant for the implementation of the project, including any obligation that is valid after the project has been completed. The project contract shall contain an explicit reference to the programme agreement and this Regulation and, as a minimum, provisions on the following:

- obligations regarding reporting that enables the PO to comply with its reporting obligations to the FMO and the NFP;
- the maximum amount of the project grant in euro and the maximum project grant rate;
- the eligibility of expenditures;
- the method of calculating indirect costs and its maximum amount;
- the first and final dates of eligibility of expenditures;
- modifications of the project;
- ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;
- ensuring that obligations regarding publicity are complied with;
- the right of the PO to suspend payments and request reimbursement from the Project Promoter in case decision on such actions is taken by the FMO, PO or the NFP;
- resolution of disputes and jurisdiction;
- a detailed budget, with itemised costs and unit prices, and which may allow up to 5% contingency;
- if relevant a reference to partnership agreements or letters of intent.

Project contracts for projects within a research programme or a research component under any programme shall contain provisions on intellectual property rights. These provisions shall

mutatis mutandis be in compliance with the Regulation (EC) No 1906/2006 of the European Parliament and of the Council of 18 December 2006.

The obligations of the Project Promoter under the project contract shall be valid and enforceable under the applicable national law of the Republic of Slovenia. The PO may request the FMO to confirm that the project contract template complies with the minimum standards as defined in the Regulation.

Project partners and partnership agreements

A project may be implemented in partnership with the project partners. If a project is implemented in such partnership, the Project Promoter shall sign a partnership agreement with the project partners. The PO shall verify that the partnership agreement complies with the provisions set in the Regulation.

Grant awarding and reallocation of funds

Project grants that have upon project closure not been fully utilised, as well as the project grants that have been cancelled due to irregularities or for other reasons, may be reallocated to future calls for proposals within the same programme or to additional activities of already approved projects, provided that these additional activities contribute to the objectives of the projects receiving the additional funds.

Any decision to reallocate project grants to already approved projects shall be based on the recommendations by the Selection Committee. The Selection Committee shall base its recommendations on transparent and objective criteria. By applying these criteria, the Selection Committee shall ensure equal treatment of all Project Promoters but may in justified cases give priority to: certain geographical regions lagging behind; and a clearly defined group of less privileged Project Promoters.

The criteria shall be made available on the website of the PO no later than one month prior to any decision to reallocate funds. Project Promoters shall be informed in writing without delay when such criteria have been published on the website.

2.2.9 Financial management

2.2.9.1 Common rules for payments

Payments to programmes shall be made when all relevant conditions for payments defined in the programme agreement and this Regulation have been fulfilled. Payments to programmes shall take the form of advance payments, interim payments and payments of the final balance. They shall be made to the designated account of the Republic of Slovenia. Subject to contrary provisions in national law, the Republic of Slovenia shall transfer the payments to the PO within 15 working days from reception of the payment.

The FMO may retain up to 10% of the management cost portion of every advance and interim payment to the programme. The retained amount shall not be paid until the final programme report has been approved by the FMO.

Payments to programmes shall be calculated by applying the co-financing rate laid down in the programme agreement. The principle of pro rata financing shall apply, meaning that the payments of the programme grant from the FMO shall be matched within one month by payment from the entity or entities responsible for providing the co-financing.

Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism shall be proposed in the programme proposal and set in the programme agreement.

The PO shall provide detail description on the reporting requirements for the project promoters within the description of the management and control systems of the PO, taking into account the responsibilities and deadlines for reporting to the FMO and Certifying Authority described below. The NFP will perform on the spot control of the management and control system before the first payment to the PO. Certifying Authority may be invited as an observer to such on the spot control.

2.2.9.2 Advance payments

Advance payments are the part of the programme grant necessary to cover its share of justified estimated programme expenditure for up to two full reporting periods (8 months). The maximum advance payment shall be set in the programme agreement. The advance payment shall be made when the relevant conditions in the programme agreement and this Regulation have been fulfilled. As from the beginning of the second reporting period, the procedure for interim payments shall apply.

2.2.9.3 Interim payments

There shall be three reporting periods in each calendar year:

- (a) 1 January - 30 April;
- (b) 1 May - 31 August; and
- (c) 1 September - 31 December.

Interim payments shall be paid based on an interim financial report submitted by the PO in a format provided by the FMO, certified by the Certifying Authority and approved by the FMO.

The interim payments from the FMO shall be made on the following payment dates: 15 April, 15 August and 15 December. Should a payment be a weekend or an EFTA public holiday, the payment shall be made on the next EFTA working day.

Interim financial reports shall be received by the FMO according to the following schedule:

- on, or before, 15 March for payments to be made on 15 April;
- on, or before, 15 July for payments to be made on 15 August;
- on, or before, 15 November for payments to be made on 15 December.

Payment based on an interim financial report received after its due date but on, or before, the following due date shall be due as the report would have been received on its following due date. If an interim financial report has not been received within eight months from the end of

the reporting period in which expenditure has been incurred by the PO, previously proposed expenditure for that period shall be declared ineligible and cancelled.

Interim financial reports shall include:

- a statement of actual expenditure incurred during the reporting period preceding the payment date; and
- a statement of proposed expenditure for the reporting period immediately following the payment date.

The actual incurred expenditure for the last reporting period shall be reported in the final programme report.

When the interim financial report has been provided, the FMO shall verify that it is in the correct form and that the conditions for payment have been met. If that verification is positive, interim payments shall be transferred no later than on the payment dates.

Interim payments shall in principle consist of the proposed expenditure for the following reporting period less the difference between the proposed expenditure for the previous reporting period and actual expenditure in that period, taking into account any justified unplanned expenditure in the reporting period within which the interim financial report is submitted. The FMO may modify the amount of the interim payment if the proposed expenditures are considered to be unjustified. The FMO shall provide the NFP, Certifying Authority and the PO with a justification of the modification without delay.

Should verification be negative, the FMO, the NFP and the PO shall closely cooperate to remedy the deficiencies. The FMO may provisionally hold interim payments until such deficiencies have been remedied. When the FMO, after receiving all necessary information, has positively verified interim financial report, it shall at the first possible payment date or when it deems it necessary following that verification release the payment due.

2.2.9.4 Payment of the final balance

The final balance is the total reported eligible expenditure of the programme, taking into account any previous reimbursements, less the following amounts: the total advance and interim payments to the programme from the FMO; any co-financing from sources other than the EEA and/or Norwegian Financial Mechanism 2009-2014; total interest earned until the date of the final programme report but not reimbursed to the FMO; and any funds reimbursed from Project Promoters to the PO, not paid to other projects or reimbursed to the FMO.

The final balance shall be calculated and reported in the financial annex to the final programme report in a format provided by the FMO. Any final balance payable to the PO shall be transferred by the FMO no later than one month after FMO's approval of the final programme report. Any final balance payable to the FMO shall be reimbursed to the FMO within the same deadline. Any interest earned on the bank account of the PO between the date of the final programme report and the reimbursement date shall be included in the reimbursement.

2.2.9.5 Forecast of likely payment applications

By 20 February, 20 May, 20 September and 10 December each year at the latest, the Certifying Authority shall send to the FMO, in a format provided by the FMO, a justified forecast of likely payment applications from Slovenia for the remainder of the current financial year and subsequent financial years.

2.2.9.6 Interest

Any interest generated on the following bank accounts shall be regarded as a resource for the FMO: accounts held in the Republic of Slovenia on which funds from the FMO are kept until they are transferred to the POs; and accounts established by the PO for funds intended for re-granting.

The PO shall annually and no later than 1 March declare to the CA any interest earned on the account established by PO. The interest earned shall be reimbursed to the CA within 20 working days of having been declared.

The CA shall annually and within three calendar months after year-end declare to the FMO any interest earned on the accounts in a format provided by the FMO. The CA shall verify the correctness of the declared interest. The interest earned shall be reimbursed to the FMO within 15 working days of having been declared.

The interest earned on accounts during the year in which the final Strategic Report is submitted shall be declared by the CA to the FMO within one month of the submission of the final Strategic Report. The interest earned shall be reimbursed to the FMO within 15 working days of having been declared. The interest earned on accounts during the year in which the final programme report is submitted shall be declared in the final programme report and shall be included in the calculation of the final balance payment.

2.2.9.7 Description of Financial flows from FMO to Programme operators in Republic of Slovenia

The chart, showing the financial flows are attached in Annex 4.

2.2.9.7.1 If Programme operator is a direct budget user (Programmes SI01, SI02, SI05)

The PO (NFP) of the SI01 program as well as of the SI02 and SI05 programs are direct budget spending units (also referred in the flowchart as direct budget users). Due to national legislation and budget procedures separate bank accounts for the Financial Mechanisms funds are held by the CA only - the Program Operators are pre-financed from the national budget which is then reimbursed from the CA accounts. Since the PO does not hold bank accounts for the FM funds, the interest to be returned to the FMO account is only accrued on the CA account.

The PO for SI01, SI02, SI05 as direct budget spending unit has "designated budget lines" within the budget on which budget appropriations are stated and these are the basis for the budget expenditure.

In case of Project Promoters that are not direct budget users, PP issues a Request for Reimbursement to the Programme operator. PO prepares documents for payment to the PP. The PO authorizes these payment orders after the PO control unit performs positive controls on the Request for Reimbursement and after the PO performs checks whether the payments are in line with the PO budget. Authorized payment order is then sent to the Public Accountancy Department which processes the payment from the PO to the Beneficiary. Information on the execution is visible in the MFERAC (national budget information system). This has to be done within 30 days according to the Slovene Budget Implementation Act. The Programme Operator's Control Unit will perform 100% desk review of requests for reimbursement received from the Project Promoters. On the spot control will be performed annually on sample base in line with the Monitoring plan.

When the last Request for Reimbursement of an individual PP has been authorised by the PO, the PP submits a Final Report to the PO and a Claim for payment of the retained money with it (5% of every reimbursement to the PP is retained).

In case of PP that are direct budget users PP also issues a Request for Reimbursement to the Programme operator but there is no payment between the PO and the PP. For Project Promoters that are direct national budget users the program funding is stated as appropriations within the national budget on "designated budget lines" for FM part and national part of the co-financing separately and these are the basis for the budget expenditure. Additional funding for the project level is stated on different budget lines of the PP. The program level funding is thus already available to the PP for the project level eligible expenditure. After controls are performed by the PO and the CA the percentage of the co-financing is verified and the correct amounts are transferred from the CA accounts to the national budget as a reimbursement of the national budget.

The PO prepares a corresponding Report for Certification and Request for Transfer of Funds to the national budget in time defined in the CA instructions (at the latest in 15 days from the day of payment to the PP) and submits it to the CA. Report for Certification and Request for Transfer of Funds contain all of the documents that the CA prescribed in its instructions (also according to the national legislation) and that later permit the certification of expenditure. Report for certification together with positive checks and the CA authorisation forms an audit trail that permits reconciliation of reimbursements to the national budget with project eligible expenditure by applying the co-financing rate for the relevant financial mechanism as laid down in the Programme Agreement.

An interim financial report which includes all eligible expenditure of the programme authorised by the PO and proposed by the PO to the CA with Reports for certification is prepared by the PO and sent to the CA. The deadlines for submission of the interim financial reports from the PO to the CA will be prescribed by the CA in its instructions (15 days from the end of the interim reporting period). The CA will submit certified interim reports to the FMO.

The Program Implementation Agreement shall be performed in accordance with applicable legislation, especially the Public Finance Act, Budget Implementation Act, Rules on procedures for implementation of the budget of the Republic of Slovenia and Instructions issued by the CA (Minister of Finance).

2.2.9.8 If a Programme operator is an indirect budget user

The PO of the SI04 program is an indirect budget spending unit (also referred in the flowchart as indirect budget user). There is a general limitation on the level of advance paid out of the budget of the Republic of Slovenia of maximum 20% of the planned total amount defined in a contract between the NFP and the PO that can be provided to the PO at any time during implementation. By level of advance to the PO we mean cumulative payment to the PO not yet justified by eligible expenditure of the program (for any category of eligible expenditure of the program) proven to the NFP by bank receipts. If the advances are to be included in the program implementation agreement between NFP and nominated PO following criteria have to be met (in accordance with the valid Budget Implementation Act):

- Positive business results in the past year,
- Paid tax liabilities,
- Solvent in last three months

The flows of documents and funds are set on two levels:

- **FLows BETWEEN THE NFP AND THE PO**

The Program Operator issues a Request for Disbursement to the NFP according to the Program Implementation agreement (together with the documentation prescribed by the CA and NFP) and according to the above stated rules for advances to the PO. If the checks performed by the NFP allow disbursement, an authorized payment order is then sent by the NFP to the Public Accountancy Department which processes the advance payment from the NFP budget to the account of the PO. The interest on the special account that the PO opens for funds that it receives for purposes other than the management cost of the PO, are to be reported and returned to the budget of the Republic of the Slovenia (since the funds on the account of the PO are pre-financed from the national budget). For the Costs for preparation of programme, Management cost and Complementary action the NFP defines the payments within the agreement with the PO according to the Regulation (Articles 7.9, 7.10 and 7.11 respectively). The PO submits a Request for Reimbursement (with other documents as prescribed by the NFP to prove the incurred eligible expenses) to the NFP which after positive checks sends an authorized payment order to the Public Accountancy Department which processes the payment from the NFP budget to the account of the PO. NFP sends Requests for Transfer of Funds to the national budget that contain all of the documents that the CA prescribed in its instructions (also according to the national legislation) in 15 days after the PO has justified the funds it received by program eligible expenses (proven by bank receipts in case of payments to the PPs).

- **FLows BETWEEN THE PO AND THE PPs**

Following signature of the project contract PP sends a Claim for Advance Payment to the PO. PO after positive checks of the claim against the project contract executes the payment of advance to the PP. When the project has been concluded the PP sends a Final Report to the Programme operator. PO prepares documents for payment to the PP after the PO performs positive controls on the Final Report and documents attached (also the Claim for Final Payment) the incurred project eligible expenditure is offset by the advance paid to the PP. PO then processes the remaining amount for payment from the PO to the PP. The PO prepares a corresponding Report for Certification and submits it to the CA at the latest 15

days after the month of payment to the PPs (for amounts paid out to the PPs in that month). Report for certification contains all of the documents that the CA prescribes in its instructions (also according to the national legislation) that later permit the certification of expenditure to the FMO. Report for certification together with positive checks and the CA authorisation forms an audit trail that permits reconciliation of payments to the PO and of reimbursements to the national budget with project eligible expenditure by applying the co-financing rate for the relevant financial mechanism as laid down in the Programme Agreement.

An interim financial report which includes all eligible expenditure of the programme authorised by the PO and proposed by the PO to the CA with Reports for certification is prepared by the PO and sent to the CA. The deadlines for submission of the interim reports from the PO to the CA will be prescribed by the CA in its instructions (15 days from the end of the interim reporting period). The CA will submit certified interim reports to the FMO.

This contract shall be performed in accordance with applicable legislation, especially the Public Finance Act, Budget Implementation Act, Rules on procedures for implementation of the budget of the Republic of Slovenia and Instructions issued by the CA (Minister of finance).

2.2.9.9 Reimbursement to the FMO

There are different situations that require (or do not) a reimbursement of the financial mechanisms' funds dependent on the phase of the process, the reasons for reimbursement and the body that has to return the funds.

Since the system of paying of the FM funds to the recipients includes the payment out of the state budget of the Republic of Slovenia before the transfer of the FM funds to the budget and also a phase of authorization at the CA, it may occur that in most cases there will be no need for reimbursement of the FM funds to the CA account. Even if the payment to the recipient out of the state budget has been made, there will be a process that only affects the state budget because transfer of FM funds to the state budget has not yet been made or the non-eligible part of reimbursement is compensated with future transfer(s) of FM funds to the budget.

Only in the case that the need for reimbursement of FM funds has been established after the transfer of FM funds to the national budget, and compensation with future transfers to the budget is not possible, there will be a need for reimbursement to the CA account (and after that to the FMO account). In this case the reimbursement is made by the recipient to the responsible direct national budget user and the direct budget user reimburses the CA account.

If the recipient has not made the required reimbursement in due time so that deadline of the Debit Note for reimbursement to the FMO is not likely to be met, then the CA makes a claim to the responsible direct budget user to reimburse the CA account for the due amount (according to the Budget Implementation Act). This also applies in case when a direct budget spending unit is the beneficiary.

Claims for reimbursements to the national budget are made by the PO, claims for reimbursement from the national budget (from a direct budget user) are made by the CA. A

Claim for reimbursement to the CA account is always communicated by a copy of the document also to the Public Accountancy Department of the Ministry of finance.

When the funds are received at the CA account the CA makes a transfer to the FMO account.

2.2.10 Evaluations

NFP shall organise evaluations of the programmes to assess the actual and/or expected effects at the outcome level. It shall present its evaluation plan in the Strategic Report. Evaluation shall be carried out by experts or entities independent of the NFP, the Certifying Authority and the PO in accordance with the Evaluation Guidelines. The results of the evaluations shall be sent to the FMO, the Monitoring Committee and the POs, and made public. Prior to publication, the FMO, the NFP and the PO shall be given the opportunity to provide comments.

The FMO may carry out evaluations related to the overall objectives of the EEA and the Norwegian Financial Mechanism 2009-2014, objectives of programme areas or evaluations of the overall contribution of the EEA and Norwegian Financial Mechanism 2009-2014 to a specific Republic of Slovenia. The FMO may, in consultation with the NFP, carry out evaluations of on-going or completed programmes to assess actual and/or expected effects at outcome level. The results shall be sent to the NFP, the Monitoring Committee and the PO, and made public. Prior to publication, the NFP and the PO shall be given the opportunity to provide comments.

2.2.11 Irregularities

2.2.11.1 Definition of irregularities

An irregularity shall mean an infringement of:

- the legal framework of the EEA and Norwegian Financial Mechanisms 2009-2014;
- any provision of European Union law; or
- any provision of the national law of the Republic of Slovenia, which affects or prejudices any stage of the implementation of the EEA and Norwegian Financial Mechanisms 2009-2014 in the Republic of Slovenia, in particular, but not limited to, the implementation and/or the budget of any programme, project or other activities financed by the EEA and/or Norwegian Financial Mechanisms 2009-2014, for instance by unjustified or disproportionate expenditure, or by reducing or losing revenue under the programme and/or the project.

National Focal point

The NFP has been defined in the MoUs to be responsible for the preparation and submission of irregularities reports on behalf of the Republic of Slovenia. The responsibilities of the POs related to irregularities reporting shall be defined within the Programme Implementation Agreement.

The NFP will establish a complaint mechanism that shall be capable of effectively processing and deciding on complaints about suspected non-compliance with the principles of good governance in relation to the implementation of the EEA and Norwegian Financial

Mechanisms 2009-2014 in the respective Republic of Slovenia. Information on how to submit a complaint will be available on the website of the NFP. The NFP shall without delay report to the FMO on any complaints involving suspected irregularities. Complaints involving suspicion of other irregularities shall be reported to the FMO in the reports described above. The FMO shall, when relevant, be consulted on the appropriate response. The NFP shall report to the FMO on the irregularities in accordance with the Regulations and other guidelines on irregularities prepared by the FMO.

Programme Operators

The PO shall report to the NFP on all irregularities, their investigation and any remedies taken. The PO shall closely co-operate with the NFP to ensure rapid, accurate and full reporting of irregularities to the FMO.

2.2.12 Transparency and availability of documents

The NFP shall ensure audit trail for financial contributions from the EEA and Norwegian Financial Mechanism 2009-2014 that permits:

- reconciliation of the expenditure certified by the Certifying Authority in the interim financial reports and the final programme report and original supporting documents held at various administrative levels and/or by the PO, the Project Promoter and its partners;
- verification of the allocation and transfer of the available EEA and Norwegian Financial Mechanism 2009- 2014 and national financial contributions.

The NFP, CA, AA, POs and Project promoters shall ensure that all the supporting documents regarding expenditure and audits on the programme concerned are kept either in the form of originals or in versions certified to be in conformity with the originals on commonly accepted data carriers. The documents shall be kept available for the FMO for a period of at least three years following the FMO's approval of the final programme report.

2.2.13 Submitting information electronically

Article 4.1, paragraph 3 states "The Beneficiary State shall comply with the requirements defined by the FMC for submitting information electronically" while the Article 4.1.1 states that "The management and control systems established by the Beneficiary State for the EEA Financial Mechanism 2009 – 2014 shall ensure the respect of the principles of economy, efficiency and effectiveness".

Given the relatively small amount that Slovenia receives from both FMs, the NFP decided not to introduce a new and separate IT solution for providing information electronically for the FM 2009 – 2014 and will use the same system of keeping and providing information electronically as it was in place for FM 2004 -2009.

All budgetary users in Slovenia use the so-called MFERAC (electronic database for all revenue and expenses in the Slovenian budget). All revenues and payments for both FMs

are ran through this system, because all funds are managed under the umbrella of the MEDT budget. In addition, PO for SI03 and PPs for all programmes managed in the Republic of Slovenia will be requested to submit reports and other documents in electronic format (Word, Excel and scanned documents).

All received electronic documents are archived in SPIS application of the MEDT, through which an electronic report is later sent to the CA. Since the introduction of DORIS, the Ministry of Finance (AA) also reports to FMO electronically.

Since the regulation does not require the NFP to develop a new data system for the implementation of the grants. The NFP will be able to interface with the FMO's data management system and to be able to satisfy reporting requirements as set out in the Regulation with the usage of the above describe applications. The system used will allow proper management of the funds, transparency, proper accounting procedures and the proportional and efficient management of the funds.

3 Legal framework

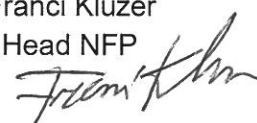
Legal framework for implementation of both financial mechanisms 2009 -2014:

1. Protocol 38b to the EEA Agreement
2. Agreement between the European Union, Iceland, Liechtenstein and Norway on an EEA Financial Mechanism 2009-2014, an Agreement between the European Union and Norway on a Norwegian Financial Mechanism for the period 2009-2014
3. Memorandum of Understanding on the implementation of the EEA Financial Mechanism 2009 – 2014 between the EEA EFTA States and the Republic of Slovenia, signed on 20 May 2011.
4. Memorandum of Understanding of the Norwegian Financial Mechanism 2009–2014 between Norway and the Republic of Slovenia, signed on 9 May 2011.
5. Exchange of letters regarding amendments to Annex A of the MoU between Iceland, Norway and Liechtenstein and Slovenia, signed on 17 November 2011.
6. Exchange of letters regarding amendments to Annex A of the MoU between Norway and Slovenia, signed on 4. November 2011.
7. Exchange of letters regarding amendments to Annex A of the MoU between Iceland, Norway and Liechtenstein and Slovenia, signed on 20 August 2012.
8. Exchange of letters regarding amendments to Annex A of the MoU between Norway and Slovenia, signed on 20 August 2012.
9. Public Finance Act of RS (OJ RS 79/99, 124/00, 79/01, 30/02, 56/02 – ZJU, 110/02 – ZDT-B, 127/06 – ZJZP in 14/07 – ZSPDPO)
10. Republic of Slovenia Budget Implementation Act
11. Rules on procedures for implementing the budget of the Republic of Slovenia
12. Public procurement act (OJ RS, [128/2006](#), [16/2008](#) - ZJN 2); The Act Amending the Public Procurement Act (OJ RS, 19/2010 - ZJN-2B) and The Act Amending the Public Procurement Act (OJ RS, 16/2008 - ZJN-2A)
13. Decree on administrative operations (OJ RS 20/05, 106/05, 86/06, 32/07, 115/07, 122/07, 31/08))
14. Decision of the Government of the Republic of Slovenia No. 54400-6/2011/2, of 28 April 2011 the Government of the Republic of Slovenia was informed on preparation of implementation of the EEA Financial Mechanism and Norwegian Financial Mechanism 2009-2014.

Donor Guidelines:

1. NGO Programmes Guidelines
2. Evaluation Guidelines
3. Scholarship Guidelines
4. Guideline for strengthened bilateral relations

Franci Klužer
Head NFP



4 ANNEXES:

1. The organizational structure of the MEDT (National Focal Point)
2. The organizational structure of the MF – CA
3. The organizational chart of AA
4. Financial Flows - chart
5. Action plan for resolving open issues

5 LIST OF ABBREVIATIONS

AA	Audit Authority
BS	beneficiary state
BSO	Budget Supervision Office
CA	Certifying Authority
CMEPIUS	Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes
DPP	Donor Programme Partner
DS	donor state
EEA	European Economic Area
ETC	European Territorial Cooperation
FM	Financial Mechanism
FMC	Financial Mechanism Committee
FMO	Financial Mechanism Officer
IFM	International Financial Mechanisms
IPA	Instrument for Pre-accession Assistance
MEDT	Ministry of Economic Development and Technology
MF	Ministry of Finance
MF-DMEUF	Department for management of EU Funds within the Budget directorate of the Ministry of Finance
MoU	Memorandum of Understanding
NFP	National Focal Point
NGO	Non-Governmental Organization
PO	Programme Operator
PP	Project Promoter
RS	Republic of Slovenia
SC	Selection Committee