

**EEA FINANCIAL MECHANISM 2014–2021 AND  
NORWEGIAN FINANCIAL MECHANISM 2014–2021**

# **DESCRIPTION OF THE MANAGEMENT AND CONTROL SYSTEM**

**Slovenia  
National Focal Point**

**Version 1  
July, 2019**



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## ABBREVIATIONS

AA	Audit Authority
CA	Certifying Authority
CMEPIUS	Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes
DMEUF	Department for Management of EU Funds within the Budget Directorate of the Ministry of Finance
DMCS	Description of the management and control system
DPP	Donor Programme Partner
EEA	European Economic Area
EFTA	European Free Trade Association
eMS	Electronic Monitoring System
EU	European Union
FLC	First Level Control
FMC	Financial Mechanism Committee
FMO	Financial Mechanism Office
FTE	Full Time Equivalent
GODC	Government Office for Development and European Cohesion Policy
GRACE	Grants Administration and Collaboration Environment (IT system)
IA	Irregularities Authority
JCBF	Joint Committee for Bilateral Fund
MF	Ministry of Finance
MoU	Memorandum of Understanding
NFP	National Focal Point
NMFA	Norwegian Ministry of Foreign Affairs
PO	Programme Operator
PP	Project Promoter
TA	Technical Assistance

## 1 INTRODUCTION

The implementation of the Norwegian Financial Mechanism 2014–2021 and the European Economic Area (hereinafter EEA) Financial Mechanism 2014–2021 in Slovenia shall be based on the common values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. All programmes and activities shall follow the principles of good governance, transparency, accountability, responsiveness, effectiveness, efficiency and zero tolerance towards corruption. They shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection. The programmes and activities shall follow a results and risk management approach.

As a Beneficiary State, the Republic of Slovenia shall be responsible for the preparation of the description of the management and control system at national and programme levels in accordance with Article 5.7 of the Regulation on the implementation of the Norwegian Financial Mechanism 2014–2021 and the Regulation on the implementation of the EEA Financial Mechanism 2014–2021. The National Focal Point (NFP) shall prepare and submit to the Financial Mechanism Office (hereinafter FMO)<sup>1</sup> Description of the Management and Control System (hereinafter DMCS) for the implementation of both Financial Mechanisms in Slovenia at national level.

The purpose of this document is to provide a detailed description of the management and control system at national level for the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021. The document relates to the management and control systems for both Financial Mechanisms in Slovenia and covers the organisation and procedures of the NFP (including the procedures related to the Fund for Bilateral Relations), Certifying Authority (CA), Audit Authority (AA) and Irregularities Authority (hereinafter IA). All descriptions are based on the donor and national regulatory framework and experiences of Slovenian national entities.

The management and control system may undergo changes for well-justified reasons. In such cases, the NFP shall immediately inform the FMO and the AA thereof and include the changes in the DMCS document. Any modifications to the DMCS shall be assessed and approved by the AA and submitted to the FMO.

## 2 LEGAL FRAMEWORK

The legal framework of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in Slovenia comprises the following documents:

- a) Agreement between the European Union and the Kingdom of Norway on a Norwegian Financial Mechanism for the period 2014–2021;
- b) Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on an EEA Financial Mechanism 2014–2021 (hereinafter EEA Agreement);
- c) Regulation on the implementation of the Norwegian Financial Mechanism 2014–2021; adopted by the Norwegian Ministry of Foreign Affairs (hereinafter NMFA) pursuant to Article 10.5 of the Agreement between the Kingdom of Norway and the European Union on a

<sup>1</sup> In accordance with point h of Article 1.6 of NOR and EEA Regulation, the FMO serves as a contact point of the NMFA and the FMC. All communication and documentation to be submitted to the NMFA and the FMC in accordance with the NOR and EEA Regulations is submitted to the FMO.

Norwegian Financial Mechanism for the period 2014–2021 on 23 September 2016 (hereinafter NOR Regulation);

- d) Regulation on the implementation of the EEA Financial Mechanism 2014–2021; adopted by the EEA Financial Mechanism Committee (hereinafter: FMC) pursuant to Article 10.5 of Protocol 38c to the EEA Agreement and confirmed by the Standing Committee of the EFTA States on 23 September 2016 (hereinafter EEA Regulation);
- e) Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2014–2021 signed on 17 April 2018 between the Republic of Slovenia and the Kingdom of Norway (hereinafter NOR MoU);
- f) Exchange of letters regarding amendments to Annex A of the MoU on the implementation of the Norwegian Financial Mechanism 2014–2021 signed on 17 June 2019 between the Republic of Slovenia and the Kingdom of Norway;
- g) Memorandum of Understanding on the implementation of the EEA Financial Mechanism 2014–2021 signed on 17 April 2018 between the Republic of Slovenia, Iceland, the Principality of Liechtenstein and the Kingdom of Norway (hereinafter EEA MoU);
- h) Exchange of letters regarding amendments to Annex A of the MoU on the implementation of the EEA Financial Mechanism 2014–2021 signed on 17 June between the Republic of Slovenia, Iceland, the Principality of Liechtenstein and the Kingdom of Norway;
- i) Programme Agreement for the Education programme, signed on... and Programme Agreement for Climate change mitigation and adaptation programme, signed on....
- j) Technical Assistance (hereinafter TA) Agreement;
- k) Bilateral Fund Agreement;
- l) The applicable national and EU law, especially law on public procurement, state aid, and public financing;
- m) Any guidelines adopted by the NMFA and the FMC;
- n) Any guidelines adopted by Slovenian national entities.

Slovenia shall ensure that any additional provisions applicable to the implementation of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 are kept to a minimum. The legal framework mentioned above (from point a) to point m)) takes precedence over any such provisions.

### **3 SYSTEM STRUCTURE AND SEPARATION OF FUNCTIONS AMONG NATIONAL ENTITIES**

DMCS at national level was agreed in the NOR MoU and the EEA MoU and complies with Article 5.2 of the NOR and EEA Regulations and with the Decision of the Government of the Republic of Slovenia No 51200-2/2018/5 of 5 April 2018 related to designation of national entities involved in the

implementation of Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in Slovenia.

The Government Office for Development and European Cohesion Policy (hereinafter GODC) shall take the role of a NFP and Programme Operator (hereinafter PO) for the programme “Enhancing Human Capital” and the programme “Climate Change Mitigation and Adaptation” in line with Article 5.2 of the NOR and EEA Regulations and both MoUs. The Director of the European Territorial Cooperation and Financial Mechanisms Office within GODC shall act as the Head of NFP, whereas the Head of the Financial Mechanisms Division within GODC shall act as the Head of PO in order to ensure proper separation of functions.

While the Financial Mechanisms Division shall bear overall responsibility for the functioning of the NFP as a national entity and implement the tasks laid down in 5.1 of this DCMS, the separation of functions among the NFP and PO tasks shall be ensured with functional segregation of duties assigned to Financial Mechanisms Division staff. The staff involved in the implementation of NFP tasks shall not be involved in the implementation of PO tasks and vice versa. These arrangements shall ensure separation of functions and optimal allocation of human resources.

The NFP shall not be designated as the IA to meet the institutional separation requirement in accordance with Article 5.2 of the NOR and EEA Regulations and both MoUs.

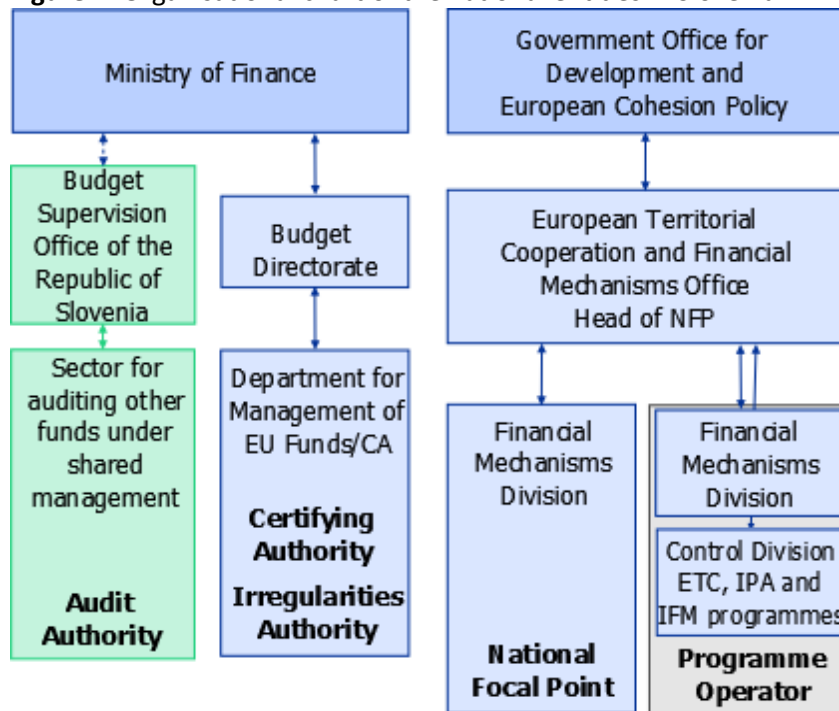
The Ministry of Finance shall act as the CA and the IA, and the Budget Supervision Office shall act as the AA in line with the EEA MoU and the NOR MoU.

Financial transactions of the CA shall be managed by the Department for Management of EU Funds within the Budget Directorate of the Ministry of Finance (hereinafter DMEUF). DMEUF shall open two separate interest-bearing bank accounts at the Bank of Slovenia dedicated to the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 and part of a treasury single account system in compliance with the national legislation (the Public Finance Act and the Implementation of the Republic of Slovenia’s Budget Act). The bank accounts shall be managed by the Public Payments Administration of the Republic of Slovenia.

The management and control system at national level 2021 shall be supported by electronic Monitoring System (hereinafter eMS). The IT system eMS was developed by INTERACT, initially for the benefit of all EU Interreg programmes. It is an online application supporting the whole programme management lifecycle and a system for recording and storing in a computerised form records relating to the performed functions of national entities involved in the implementation of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in Slovenia, and allowing reporting by Project Promoters (hereinafter PP).

Most of the documentation and information related to the reimbursements from the Donors and payments to PPs shall be recorded via eMS. Reporting to the FMO shall be recorded via Grants Administration and Collaboration Environment (hereinafter GRACE), an IT system developed by the FMO.

Figure 1 shows the national entities involved in the implementation of the EEA and Norwegian Financial Mechanism 2014–2021; their tasks and responsibilities are described in the following chapters.

**Figure 1:** Organisational chart of the national entities in Slovenia

## 4 IDENTIFICATION OF THE DESIGNATED ENTITIES

### 4.1 National Focal Point

#### 4.1.1 Status and organisation of NFP

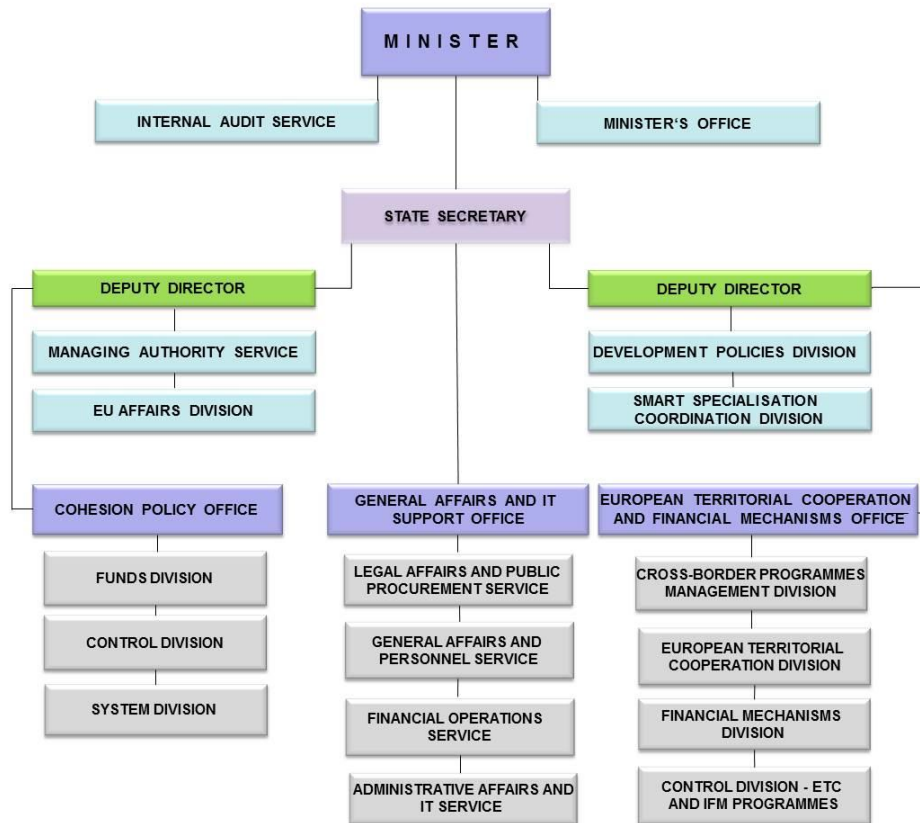
GODC, Financial Mechanisms Division within the European Territorial Cooperation and Financial Mechanisms Office shall act as the NFP.

GODC is a government office and as such a public body. It was established by the Decree on the Establishment and Tasks of the Government Office for Development and European Cohesion Policy. GODC is an administrative body belonging to the central government institutional sub-sector and as a direct budget spending unit fully financed from the State Budget. GODC is headed by the Minister without portfolio responsible for Development, Strategic Projects and Cohesion.

The Director of the European Territorial Cooperation and Financial Mechanisms Office within GODC shall act as the Head of NFP.

The position of the NFP within GODC is shown in the organisational chart below.



**Figure 2:** Organisational chart of GODC

#### 4.1.2 Human resources

The NFP shall be responsible for ensuring sufficient human resources adequate in numbers and quality to fulfil its tasks taking into account the separation of functions.

The NFP staff categories shall comprise five posts:

- Head of NFP;
- NFP Coordinator: 1 full time equivalent (hereinafter FTE);
- NFP Fund for Bilateral Relations Officer: 1 FTE;
- NFP Results and Evaluation Officer: 1 FTE;
- NFP Communication Officer: 0.6 FTE.

**Table 1:** Contact information of NFP staff

Post	Contact details
Head of NFP	<b>Mr Dimitrij Pur</b> Director of the European Territorial Cooperation and Financial Mechanisms Office Government Office for Development and European Cohesion Policy Kotníkova 5

Post	Contact details
	1000 Ljubljana, Slovenia Telephone: + 386 1 400 3443 E-mail: <a href="mailto:dimitrij.pur@gov.si">dimitrij.pur@gov.si</a>
NFP Coordinator	<b>Ms Petra Hiršel Horvat</b> Government Office for Development and European Cohesion Policy Financial Mechanisms Division Kotnikova 5 1000 Ljubljana, Slovenia Telephone: + 386 1 400 3435 E-mail: <a href="mailto:petra.hirsel-horvat@gov.si">petra.hirsel-horvat@gov.si</a>
NFP Fund for Bilateral Relations Officer	<b>Ms Nataša Babuder Rumpret</b> Government Office for Development and European Cohesion Policy Financial Mechanisms Division Kotnikova 5 1000 Ljubljana, Slovenia Telephone: + 386 1 400 3473 E-mail: <a href="mailto:natasa.babuder-rumpret@gov.si">natasa.babuder-rumpret@gov.si</a>
NFP Results and Evaluation Officer	<b>Ms Maja Humar (in her absence Ms Petra Hiršel Horvat)</b> Government Office for Development and European Cohesion Policy Financial Mechanisms Division Kotnikova 5 1000 Ljubljana, Slovenia Telephone: + 386 1 400 3471 E-mail: <a href="mailto:maja.humar@gov.si">maja.humar@gov.si</a>
NFP Communication Officer	<b>Ms Andreja Štravs (in her absence Ms Maja Vodopivec Crkvenjaš)</b> Government Office for Development and European Cohesion Policy Financial Mechanisms Division Kotnikova 5 1000 Ljubljana, Slovenia Telephone: + 386 1 400 3436 E-mail: <a href="mailto:andreja.stravs@gov.si">andreja.stravs@gov.si</a>

Certain horizontal tasks (human resources management, IT support, legal service, etc.) shall be carried out in co-operation with other units within GODC.

The NFP shall be assisted by other departments within GODC:

- IT Officer: 0.15 FTE;
- Legal Officer: 0.15 FTE;
- Financial Officer: 0.15 FTE;
- Secretary: 0.15 FTE.

On average, only 0.6 FTE of total NFP staff costs will be covered through TA.

The NFP staff is employed by GODC. Detailed job description of NFP staff is provided in the internal organisation and job classification act of GODC. The procedures for selection, recruitment and other human resource management procedures of NFP staff employed by GODC are specified in the Civil Servants Act and in the Decree on the procedure of filling a vacancy in state administration and judicial bodies.

The NFP shall ensure proper human resource management (i.e. training, assessment of job performance, organisation of work process etc.).

The NFP shall make sure that the staff members are qualified, trained and well-experienced in grant management and implementation. Nevertheless, up-skilling events, regular attendance of staff seminars/webinars and workshops organised by the FMO, Donors or other institutions highlighting the management of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in Slovenia shall be strongly encouraged by the NFP. The NFP training objectives and priority topics shall be defined in the GODC annual training plans. The funds for the training of the NFP staff shall be provided through the TA budget.

GODC shall provide the NFP staff with the necessary office space and technical equipment and apply appropriate safety at work standards and risk assessments in line with the relevant national legislation.

## **4.2 Certifying Authority**

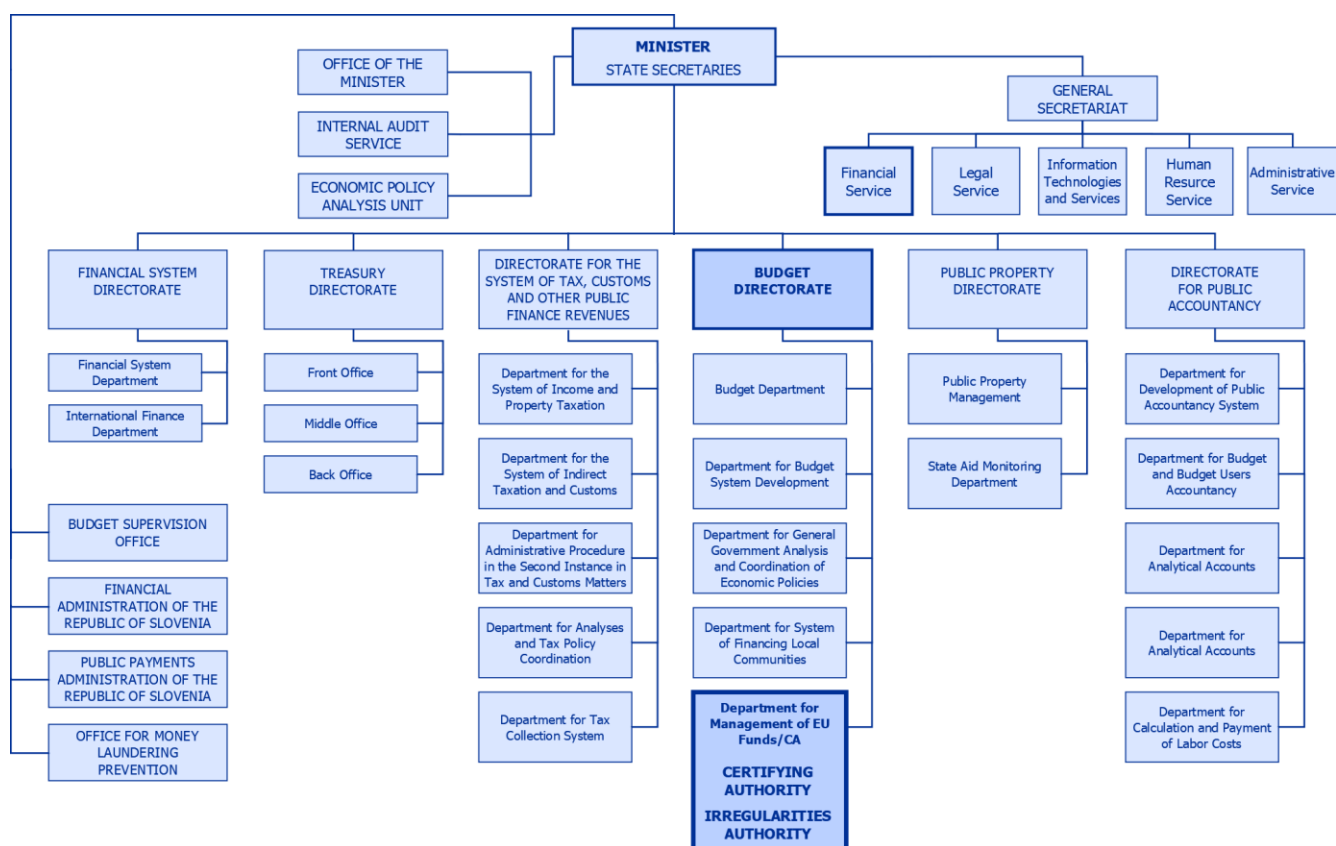
### **4.2.1 Status and organisation of CA**

The Ministry of Finance, Department for Management of EU Funds/CA within the Budget Directorate shall act as the CA.

The Head of the Department for Management of EU Funds/CA shall act as the Head of CA.

The Ministry of Finance acts as a public body (direct budget spending unit) in legal transactions.

The position of the CA within the Ministry of Finance is presented in the organisational chart below.

**Figure 3:** Organisational chart of the Ministry of Finance

#### 4.2.2 Human resources

The CA shall be responsible for ensuring sufficient human resources adequate in numbers and quality to fulfil its tasks taking into account the separation of functions.

The CA staff categories shall comprise three posts:

- Head of CA: 0.1 FTE;
- CA Coordinator: 0.5 FTE;
- CA Finance Officer: 0.4 FTE.

**Table 2:** Contact information of the CA staff

Post	Contact details
Head of CA	<b>Ms Evelyn Filip</b> Ministry of Finance Budget Directorate Department for Management of EU Funds Beethovnova 11 1000 Ljubljana, Slovenia Telephone: + 386 1 369 6510 E-Mail: <a href="mailto:evelyn.filip@mf-rs.si">evelyn.filip@mf-rs.si</a>

Post	Contact details
CA Coordinator/Finance Officer	<b>Mr Robert Šircelj</b> Ministry of Finance Budget Directorate Department for Management of EU Funds Beethovnova 11 1000 Ljubljana, Slovenia Telephone: + 386 1 369 6881 E-Mail: <a href="mailto:robert.sircelj@mf-rs.si">robert.sircelj@mf-rs.si</a>
CA Finance Officer	<b>Mr Maks Pajek</b> Ministry of finance Budget Directorate Department for Management of EU Funds/CA Beethovnova 11 1000 Ljubljana, Slovenia Telephone: +386 1 369 6426 E-mail: <a href="mailto:maks.pajek@mf-rs.si">maks.pajek@mf-rs.si</a>

Certain horizontal tasks (human resources management, IT support, legal service etc.) shall be carried out in co-operation with other units within the Ministry of Finance.

On average, 1.0 FTE of the total CA staff costs shall be covered through the TA budget.

The CA staff is employed by the MF. Detailed job description of the CA staff is provided in the internal organisation and job classification act of the ministry.

The MF shall ensure proper human resource management (i.e. training, assessment of job performance, organisation of work process etc.).

The MF shall make sure that the staff members are qualified, trained and well-experienced in the implementation of both Financial Mechanisms. Nevertheless, up-skilling events, regular attendance of staff seminars/webinars and workshops organised by the FMO, Donors or other institutions highlighting the implementation of both Financial Mechanisms shall be strongly encouraged by the MF. The funds for the training of the CA staff shall be provided through the TA budget.

The MF shall provide the CA staff with the necessary office space and technical equipment and apply appropriate safety at work standards and risk assessments in line with the relevant national legislation.

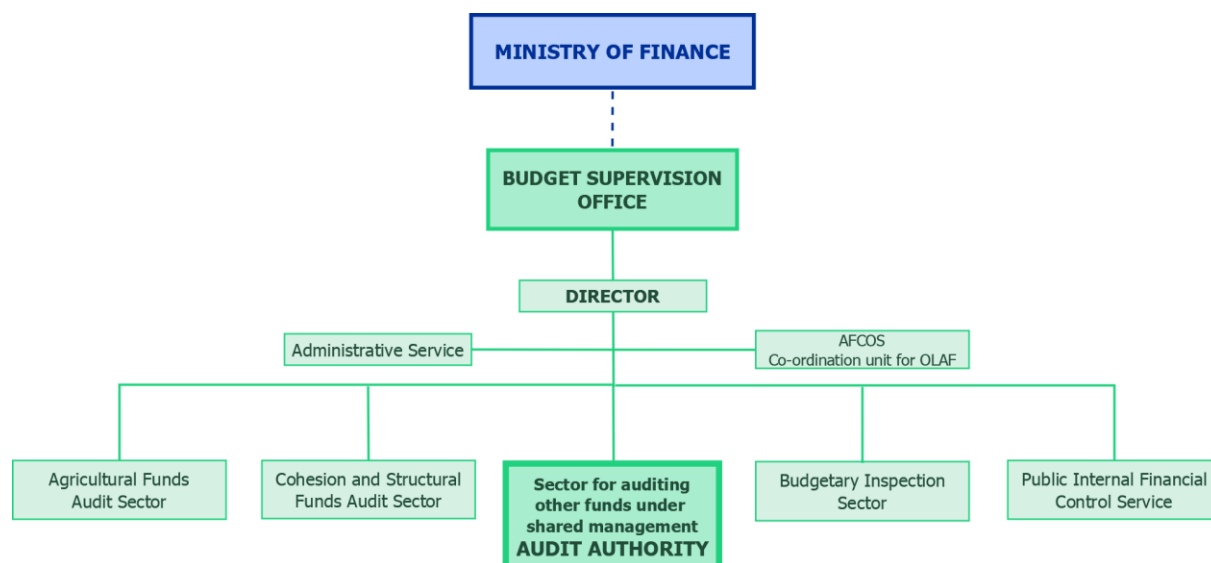
## 4.3 Audit Authority

### 4.3.1 Status and organisation of AA

The Ministry of Finance, Sector for Auditing other Funds under Shared Management within the Budget Supervision Office shall act as the AA.

The Director of the Budget Supervision Office shall act as the Head of AA.

The Budget Supervision Office is an autonomous body under the Ministry of Finance.

**Figure 4:** Organisational chart of the AA

#### 4.3.2 Human resources

The AA shall be responsible for ensuring sufficient human resources adequate in numbers and quality to fulfil its task.

The following Budget Supervision Office staff members shall be involved in the implementation of AA tasks:

- Head of AA: 0.05 FTE;
- AA Coordinator: 0.10 FTE;
- Auditor: 0.80 FTE;
- Administrative Service: 0.05 FTE.

**Table 3:** Contact information of the AA staff

Post	Contact details
Head of AA	<b>Mr Dušan Sterle</b> Director of the Budget Supervision Office Ministry of Finance Budget Supervision Office Fajfarjeva 33 1000 Ljubljana, Slovenia Telephone: + 386 1 369 69 00 E-mail: <a href="mailto:dusan.sterle@gov.si">dusan.sterle@gov.si</a>
AA Coordinator	<b>Ms Mirjam Novakovič</b> Ministry of Finance Budget Supervision Office Sector for Auditing other Funds under Shared Management Fajfarjeva 33 1000 Ljubljana, Slovenia Telephone: + 386 1 369 69 32 E-mail: <a href="mailto:mirjam.novakovic@gov.si">mirjam.novakovic@gov.si</a>

Post	Contact details
Auditor	<b>Mr Jure Mekinc</b> Ministry of Finance Budget Supervision Office Sector for Auditing other Funds under Shared Management Fajfarjeva 33 1000 Ljubljana, Slovenia Telephone: + 386 1 369 69 10 E-mail: <a href="mailto:jure.mekinc@gov.si">jure.mekinc@gov.si</a>
Administrative service	<b>Mr Primož Jereb</b> Ministry of Finance Budget Supervision Office Fajfarjeva 33 1000 Ljubljana, Slovenia Telephone: + 386 1 369 69 56 E-mail: <a href="mailto:primoz.jereb@gov.si">primoz.jereb@gov.si</a>

On average, only 1.00 FTE of the staff costs shall be covered through the TA budget.

The AA staff is employed by the Budget Supervision Office. Detailed job description of the AA staff is provided in the internal organisation and job classification act of the AA.

The AA shall ensure proper human resource management (i.e. training, assessment of job performance, organisation of work process etc.).

The AA shall make sure that its staff members are qualified, trained and well-experienced in implementation of both Financial Mechanisms. Nevertheless, up-skilling events, regular attendance of staff seminars/webinars and workshops organised by the FMO, Donors or other institutions highlighting the implementation of both Financial Mechanisms shall be strongly encouraged by the AA. The funds for training of the AA staff shall be provided through the TA budget.

The AA shall provide the AA staff with the necessary office space and technical equipment and apply appropriate safety at work standards and risk assessments in line with the relevant national legislation.

## 4.4 Irregularities Authority

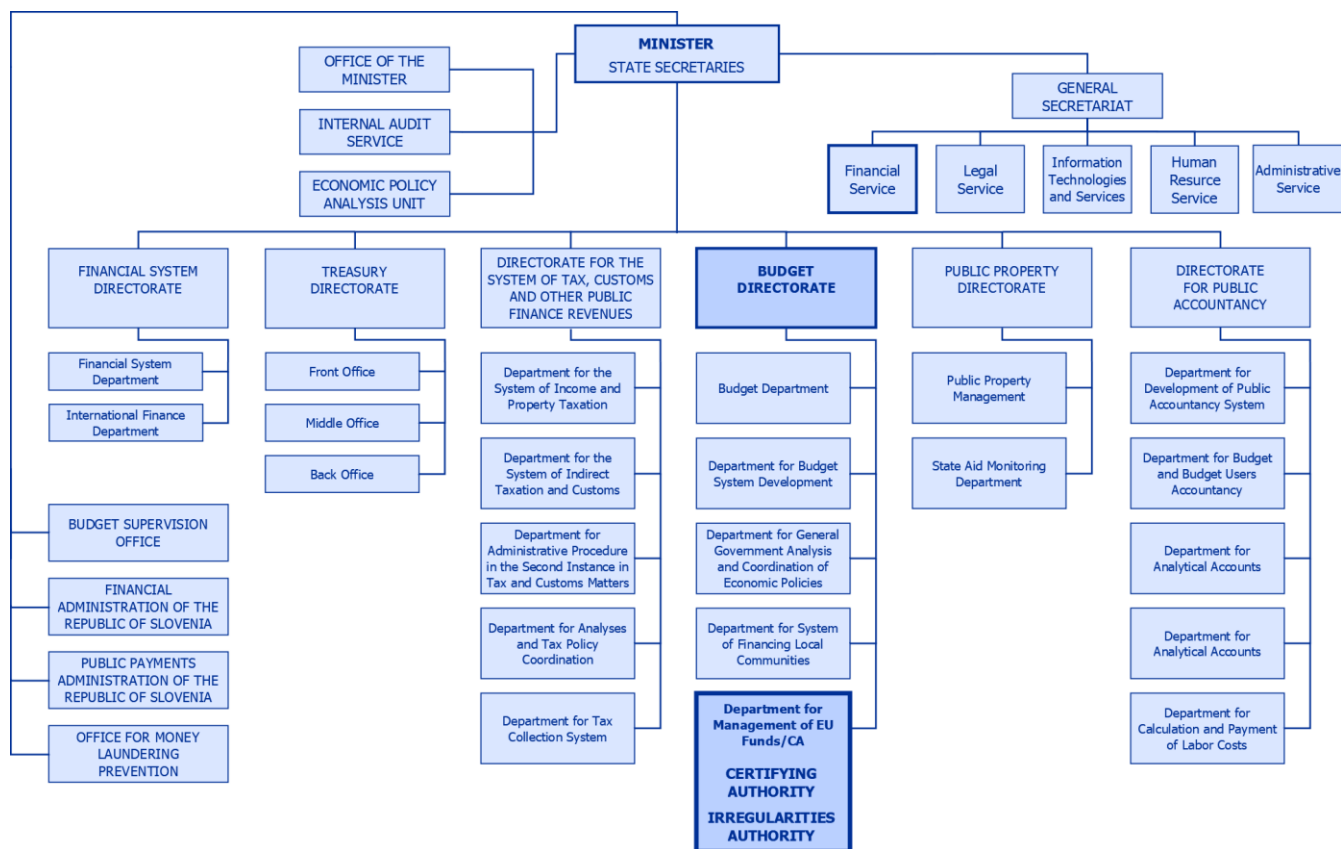
### 4.4.1 Status and organisation of IA

The Ministry of Finance, Department for Management of EU Funds/CA within the Budget Directorate shall act as the IA.

The Head of the Department for Management of EU Funds/CA shall act as the Head of IA.

The Ministry of Finance acts as a public body (direct budget spending unit) in legal transactions.

The position of the IA within the Ministry of Finance is presented in the organisational chart below.

**Figure 5:** Organisational chart of the Ministry of Finance

#### 4.4.2 Human resources

The IA shall be responsible for ensuring sufficient human resources adequate in numbers and quality to fulfil its tasks.

**Table 4:** Contact information of the IA staff

Post	Contact details
Head of IA	<b>Ms Evelyn Filip</b> Head of Department for Management of EU Funds/CA Ministry of Finance Budget Directorate Beethovnova 11 1000 Ljubljana, Slovenia Telephone: + 386 1 369 6511 E-mail: <a href="mailto:evelyn.filip@mf-rs.si">evelyn.filip@mf-rs.si</a>
IA Coordinator	<b>Mr Maks Pajek</b> Ministry of Finance Budget Directorate Department for Management of EU Funds/CA Beethovnova 11



Post	Contact details
	1000 Ljubljana, Slovenia Telephone: +386 1 369 6426 E-mail: <a href="mailto:maks.pajek@mf-rs.si">maks.pajek@mf-rs.si</a>

On average, 0.10 FTE of the IA staff costs will be covered through the TA budget.

## 5 ROLES AND RESPONSIBILITIES OF THE DESIGNATED AUTHORITIES

### 5.1 National Focal Point

The NFP has the overall responsibility for ensuring that the programmes contribute to the objectives of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 and ensures that the implementation of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in the Republic of Slovenia complies with common values and principles of implementation as specified in Article 1.3 of the NOR and EEA Regulations.

The main functions of the NFP in accordance with Article 5.3 of the NOR and EEA Regulations are:

- Representing the Republic of Slovenia in its relations with the FMO regarding the implementation of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021<sup>2</sup>;
- Ensuring that the programmes are implemented in accordance with the legal framework of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021;
- Ensuring that POs are fully aware of their responsibilities under the legal framework of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 as determined in administrative act of similar effect and content as programme implementation agreements concluded between the NFP and the PO for each programme;
- Coordinating the use of TA (as described in chapter 6 of DMCS and determined in Agreement between the FMC, the NMFA and GODC for the financing of Technical Assistance);
- Monitoring of progress and quality of programmes' implementation and continuous assessment of implementation risks by means of a risk assessment (as described in chapter 10 of DMCS);
- Reporting on monitoring results in the Combined Strategic and Annual Programme Report (as described in chapter 9.2 of DMCS);
- Implementing the Fund for Bilateral Relations (as described in chapter 7 of DMCS and determined in Agreement between the FMC, the NMFA and GODC on the Fund for Bilateral Relations).

<sup>2</sup> In line with the Decree on the Establishment and Tasks of the Government Office for Development and European Cohesion Policy (OG RS No 12/14 of 28 February 2015, OG RS No 69/14 of 26 September 2014 and OG RS No 24/17 of 12 May 2017), EEA MoU (dated 17 April 2018), NOR MoU (dated 17 April 2018) and the Decision of the Government of the Republic of Slovenia No. 51200-2/2018/5 of 5 April 2018 setting out that the NFP within GODC shall represent Slovenia as a Beneficiary State in its relations with the FMO.

## 5.2 Certifying Authority

The main functions of the CA in accordance with Article 5.4 of the NOR and EEA Regulations are:

- Ensuring the establishment and maintenance of a separate interest-bearing bank account dedicated to the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021;
- Submitting to the FMO certified interim financial reports and final programme reports as specified in chapter 6.2.1, 6.2.2, 7.2.2 and 8.2.3 of DMCS;
- Submitting to the FMO forecasts of likely payment applications as specified in chapter 8.2.4 of DMCS; Declaring to the FMO any interest earned on bank accounts held in the Republic of Slovenia dedicated to the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021. The CA shall annually as part of the interim financial report declare to the FMO any interest earned on these accounts as set out in Article 9.7 of the NOR and EEA Regulations;
- For certification purposes, taking account of the results of all audits carried out by or under the responsibility of the AA;
- Maintaining accounting records in electronic form of expenditure declared to the FMO;
- Ensuring that funds are made available to the POs<sup>3</sup>;
- 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;
- Any final balance payable to the FMO with any interest earned on the bank account between the date of the final programme report and the reimbursement date shall be reimbursed to the FMO.

## 5.3 Audit Authority

The main functions of the AA in accordance with Article 5.5 and Article 5.7 of the NOR and EEA Regulations are:

- Preparing a report and an opinion confirming that the implementation system complies with the NOR and EEA Regulations and generally accepted accounting principles;
- Ensuring that audits are carried out to verify the effective functioning of the management and control system at the national level;
- Ensuring that at least one audit is carried out of 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;
- Preparing an audit strategy and submitting it to the FMO (upon FMO's request);
- Preparing an annual audit report and submitting it to the FMO;
- Issuing an opinion to the FMO on the basis of the verifications and audits that have been carried out under its responsibility;

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<sup>3</sup> In accordance with the national legislation and budget procedures separate bank accounts are held for the Financial Mechanisms by the CA only - the Programme Operators are pre-financed from the national budget which is then reimbursed from the CA accounts.

The CA bank accounts are part of a treasury single account system in accordance with the national legislation (the Public Finance Act, the Budget Implementation Act of the Republic of Slovenia).

- Submitting to the FMO a closure declaration assessing the validity of the application for payment of the final balance claimed in the final programme report;
- Where the AA chooses not to carry out the above mentioned audits, it shall appoint an independent and certified auditor to perform these tasks;
- Ensuring that the audit complies with internationally accepted audit standards.

## 5.4 Irregularities Authority

The main functions of the IA in accordance with Chapter 12 of the NOR and EEA Regulations are:

- Reporting to the FMO on irregularities in line with Article 12.5 of the NOR and EEA Regulations;
- Reporting to the FMO on the progress made in the investigation and remedy of previously reported irregularities;
- Keeping a register of all irregularities.

# 6 TECHNICAL ASSISTANCE

## 6.1 Preparation/planning of Technical Assistance to the Beneficiary State

Efficient and effective implementation of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 calls for appropriate management that facilitates progress towards the objectives, and thus, the achievement of the desirable results. The allocation of TA aims to ensure smooth operation of all national entities (NFP, CA, AA and IA).

The funding shall be ensured under both Financial Mechanisms in accordance with Article 8.11.6 of the NOR and EEA Regulations.

The work portfolio of the designated national entities includes a variety of activities, *inter alia* preparation, management, monitoring, evaluation, information and communication, networking, complaint resolution, certification of expenditures, control and audit etc. These activities have to be provided to the general public, interested stakeholders (e.g. potential applicants, PPs ...) as well as to the Donors.

If considered necessary by the Donors and Slovenian authorities, evaluations, expert reports, statistics and studies may be carried out to make the achievements and the results of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 visible.

Details regarding the implementation of TA to the Beneficiary State shall be specified in the TA agreement between the Donors and the Republic of Slovenia (signed by the NFP).

## 6.2 Implementation/financial flows of Technical Assistance to the Beneficiary State

### 6.2.1 Implementation and reporting

TA shall cover the expenditures incurred by the NFP, the CA, the AA and the IA in relation to the implementation of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in accordance with Article 8.11 of the NOR and EEA Regulations. The NFP shall coordinate

the use of TA. The TA activities shall be jointly developed by all beneficiaries (i.e. national entities) that shall also monitor their implementation on the basis of implementation reports.

At the eMS level, TA shall be managed as a project with four project partners and the NFP acting as the PP. All recorded expenditures and reporting on activities shall be submitted separately by each project partner to the Control Division - ETC, IPA and FM Programmes within the European Territorial Cooperation and Financial Mechanisms Office (hereinafter Control Division) for verification via eMS. In accordance with the principle of separation of duties and in order to prevent potential conflict of interest, the verification of expenditures incurred in relation to TA shall not be performed by the control unit staff that are part of the PO staff performing PO tasks of verification and certification of expenditures incurred by projects implemented under the “Enhancing Human Capital” programme and “Climate Change Mitigation and Adaptation” programme.

The NFP shall, via the CA, submit interim financial reports and the final programme report on the implementation and use of TA to the FMO via GRACE. The reports shall follow the template provided by the FMO. In line with the deadlines specified in the NOR and EEA Regulations, there shall be two reporting periods in each calendar year. The final programme report shall be submitted no later than 15 November 2025.

The relevant provisions on audit trail and archiving shall fully apply to the TA project.

## 6.2.2 Financial flows and financial management

The NFP, the AA, the CA and the IA are so-called “direct budget spending units” that, in order to implement the relevant activities, use the funds from their “designated budget lines” within the state budget with specified budget appropriations. These “designated budget lines” shall also serve as a basis for planning the TA activities and related expenditures and shall be used as a source of pre-financing.

Each national entity involved in the implementation of TA shall collect and report its expenditures to the Control Division via eMS. The Control Division shall, on the basis of performed verifications, issue a certificate to each entity. The NFP shall collect all eligible expenditures in a joint report and submit the report to the CA via eMS. The CA shall confirm the joint report by creating a CA confirmation in eMS.

After the confirmation, the CA shall transfer the respective amount of donor funding from the CA accounts to the state budget.

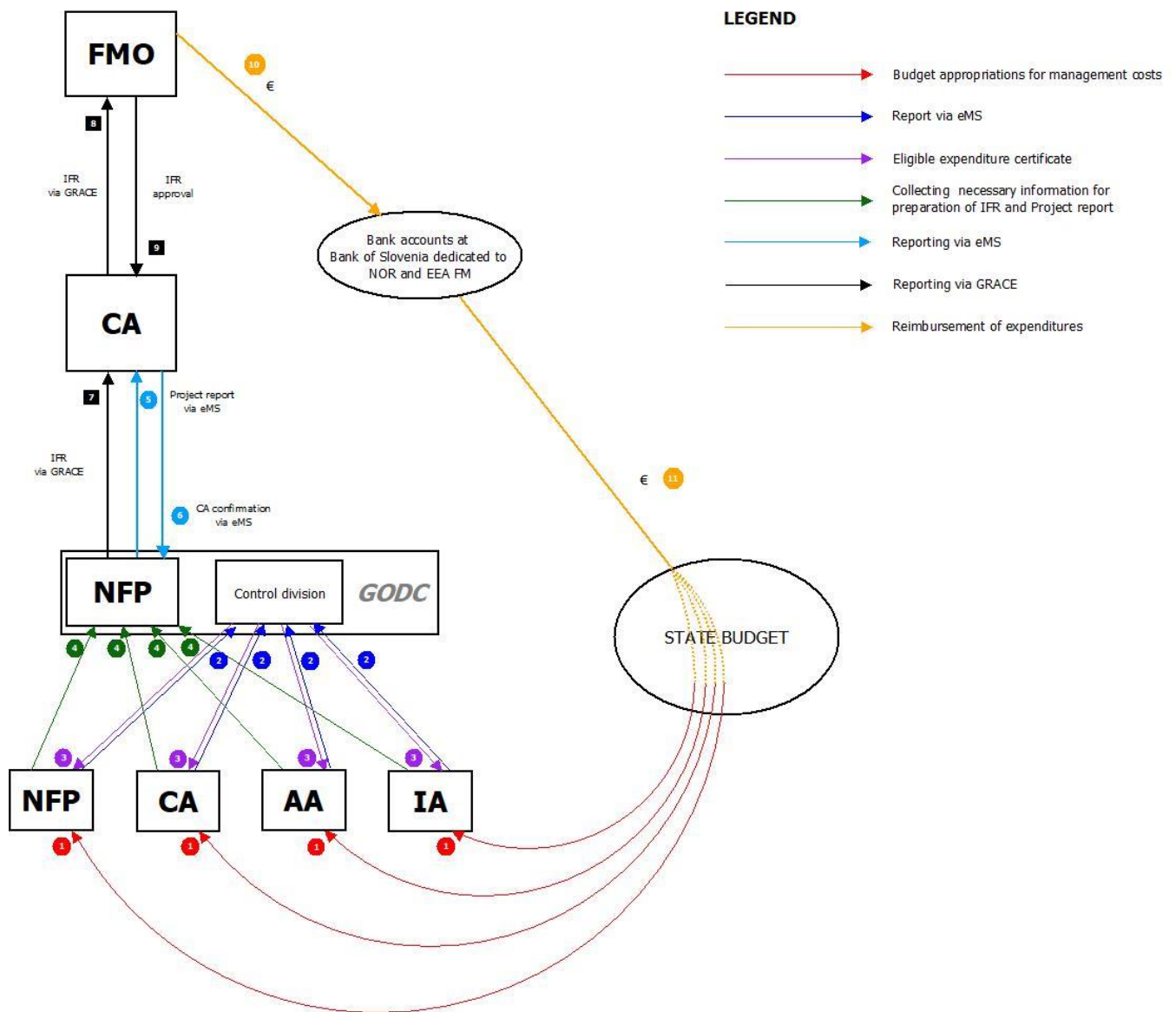
The NFP shall draw up an interim financial report which shall include the certified expenditures incurred by the NFP, the AA, the CA and the IA in the respective reporting period (the first part with the statement of the actual expenditure incurred during the reporting period preceding the payment date).

The NFP shall also prepare the second part of the interim financial report (the statement of the proposed expenditure for the reporting period immediately following the payment date). The NFP shall submit the interim financial report to the CA via GRACE.

The CA shall certify the incurred expenditures and submit the certified interim financial report to the FMO via GRACE. The interim financial report covering the reporting period from 1 January to 30 June shall be submitted to the FMO by 15 September. The interim financial report covering the reporting period from 1 July to 31 December shall be submitted to the FMO by 15 March.

After the certification performed by the CA and approval by the FMO, the donor funds shall be transferred to the bank accounts held by the CA at the Bank of Slovenia dedicated to the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021.

**Figure 6:** Flowchart of document and financial flows among national entities involved in the verification process and processing of the claim for reimbursement of funds under TA



## 7 FUND FOR BILATERAL RELATIONS

### 7.1 Preparation/planning of Fund for Bilateral Relations

The Fund for Bilateral Relations is an instrument aiming to strengthen cooperation and increase mutual knowledge and understanding between the Donors and Beneficiary States. The purpose of the Fund for Bilateral Relations is to financially support a wide range of activities with a clearly bilateral profile and contribute to strengthening bilateral relations.

Following the signing both MoUs, the NFP shall organise as soon as possible a meeting with the Donor States to discuss the next steps regarding the implementation of the Fund for Bilateral Relations. The meeting takeaways shall help the NFP prepare the draft work plan in consultation with the Donor States.

The NFP shall request the Ministry of Foreign Affairs to nominate a person to serve as the Slovenian member of the Joint Committee for Bilateral Fund (hereinafter JCBF). The FMO shall provide the names of JCBF members from the Donor States. Within two months of the signing of MoUs, the NFP shall submit to the FMO a proposal for the composition, role and work of JCBF. Following the submission of the proposal, the FMO shall prepare the Bilateral Fund Agreement to be signed by the Donor States and the NFP.

Once the NFP will have the draft work plan prepared, it shall submit it to the members of the JCBF and the FMO for comments at least four weeks before the adoption of the work plan by the JCBF at the JCBF meeting.

The work plan shall include a list of pre-defined activities, activities carried out by the NFP, allocation of funds to PO, decision about the open calls and the implementation system.

Activities within the scope of Bilateral Fund in Slovenia shall be implemented as pre-defined activities on national level, activities carried out by the NFP and activities at programme level. The majority of the funds under the Fund for Bilateral Relations is expected to be allocated to programmes and shall be managed by the PO as agreed in the MoU's.

Bilateral cooperation shall be addressed on programme level through co-operation with the Donor Programme Partners (hereinafter: DPPs) and on project level through co-operation with project partners from the donor states.

Any further needs in addition to those specified in the MoUs regarding Education programme and Climate change mitigation and adaptation programme shall be discussed with the DPPs and Cooperation committee members, and coordinated with the NFP, which shall amend the Bilateral Fund Work Plan accordingly and submit it to the JCBF for approval.

In order to better address emerging bilateral initiatives between the participating countries the work Plan shall be updated as appropriate.

## 7.2 Implementation/financial flows of Fund for Bilateral Relations

### 7.2.1 Implementation and reporting

The first meeting of the JCBF shall be organised by the NFP as soon as possible after the signing of the Bilateral Fund Agreement.

The JCBF meetings shall be chaired by the NFP. “Composition, Role and Functioning of the Joint Committee for the Bilateral Funds 2014-2021” shall be approved at the first meeting of the JCBF. This document shall define the composition and functioning of the JCBF (meetings of the JCBF, decision-making by the JCBF, work plan, bilateral funds to programmes, pre-defined bilateral activities, calls for proposals, monitoring and reporting).

The JCBF members shall, *inter alia*, discuss matters of bilateral interest, identify bilateral initiatives, review the overall progress towards the objective of strengthened bilateral relations, allocate bilateral funds to programmes and adopt the work plan for the Fund for Bilateral Relations. Implementation of the work plan may start once it has been adopted by the JCBF.

The adopted work plan shall be discussed at the annual meeting, and any comments to the work plan made at the annual meeting shall be taken into account by the JCBF.

The work plan shall be amended as needed. Modifications to the work plan shall be prepared by the NFP, and submitted to the members of the JCBF and the FMO for comments at least four weeks before the planned date of the JCBF meeting.

The NFP reports on the implemented activities and the use of the Fund for Bilateral Relations shall be included in the Combined Strategic and Annual Programme Report.

### 7.2.2 Financial flows and financial management

The Fund for Bilateral Relations supports a wide range of bilateral activities identified in the Bilateral Fund work plan which is approved by the JCBF. Bilateral activities can either be implemented by institutions classified as direct budget spending units or by institutions that are not direct budget spending units.

All institutions responsible for the implementation of a particular bilateral activity shall ensure its own financial resources to be able to make payments relating to bilateral activities. No advance payments are foreseen under the implementation of Bilateral Fund.

The NFP shall conclude implementation contracts with all the institutions responsible for the implementation of a particular bilateral activity identified in the work plan and adopted by the JCBF.

For initiatives at programme level the PO shall conclude implementation contracts with all the institutions responsible for the implementation of a particular bilateral activity.

The NFP shall plan the necessary financial resources to cover all expenditures incurred in relation to bilateral activities under the “designated budget lines” within the state budget with specified budget appropriations, which includes the expenditures relating to bilateral activities incurred by both the NFP and the PO, as well as the reimbursement of expenditures to other institutions, budget spending units or other entities implementing bilateral activities.



Should the institution implementing a particular bilateral activity be classified as a direct budget spending unit, it shall have to plan its own financial resources to cover the expenditures relating to bilateral activities under the “designated budget lines” within the state budget with specified budget appropriations. These “designated budget lines” shall be the basis of all budget expenditures.

Should the institution implementing a particular bilateral activity not be classified as a direct budget spending unit, it shall have to ensure its own financial resources to be able to make payments relating to bilateral activities.

The institutions responsible for the implementation of a particular bilateral activity shall report on the incurred expenditures to the Control Division. The latter shall perform verification of reported expenditures, and certify the amounts of eligible expenditures.

In accordance with the principle of separation of duties and in order to prevent potential conflict of interest, the verification of expenditures related to the Fund for Bilateral Relations shall not be performed by the control unit staff that are part of the PO staff performing PO tasks of verification and certification of expenditures incurred by the projects implemented under the programmes.

On the basis of the performed verification (administrative and on-the-spot, when necessary) and following the certification of the amounts of eligible expenditures, the Control Division shall issue respective eligible expenditure certificates and send them to the respective institutions implementing bilateral activities, which shall subsequently draw up corresponding claims for reimbursement of funds and send them to the NFP.

The NFP shall make payments to the institutions that implemented bilateral activities on the basis of the submitted claims for reimbursement of funds, except for bilateral activities that were implemented by the PO and the NFP.

The NFP shall collect the information on all eligible expenditures incurred in relation to bilateral activities in the respective reporting period, prepare a project report and send it via eMS to the CA for certification. The CA shall confirm the project report by creating a CA confirmation in eMS. After the CA confirmation, the CA shall transfer the respective amount of donor funding from the CA accounts to the state budget.

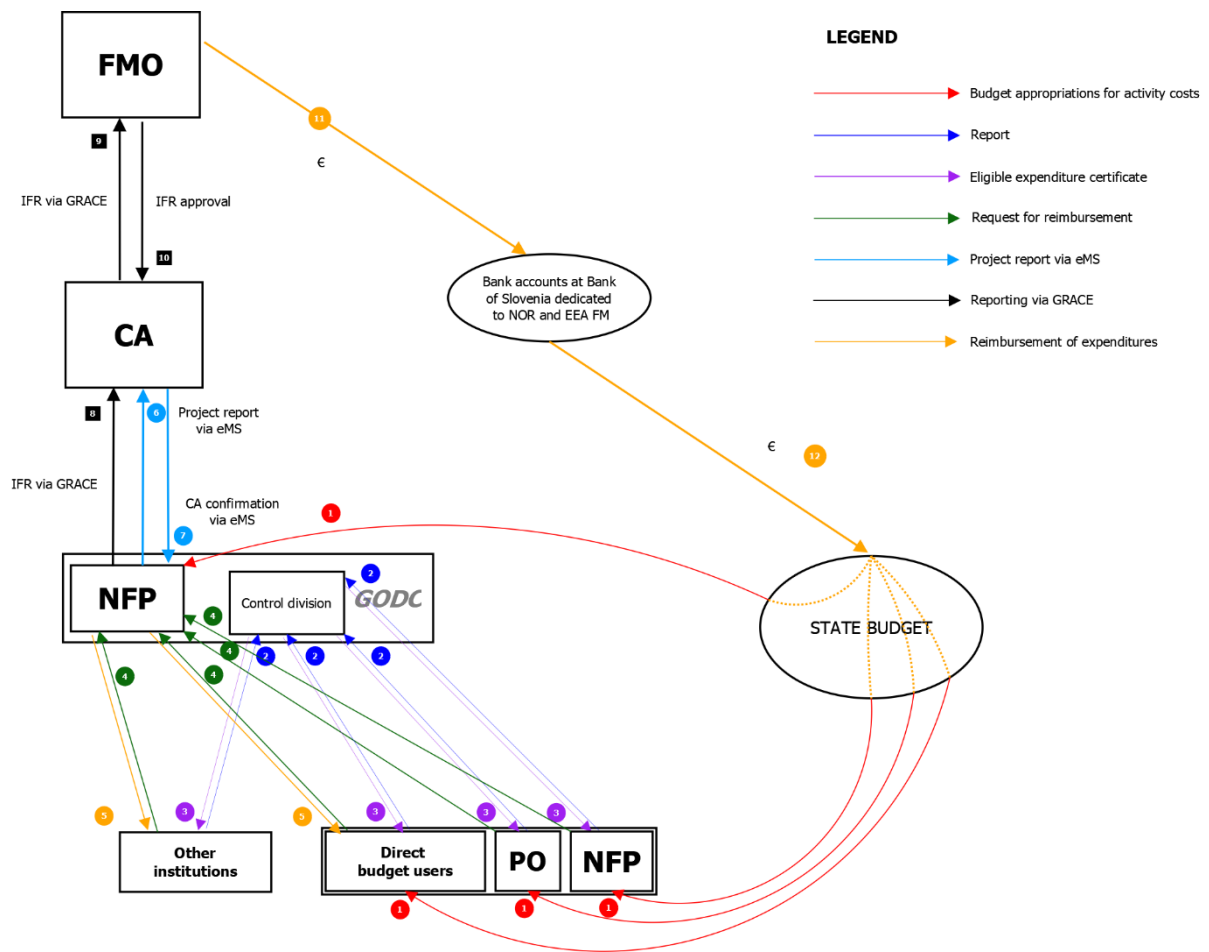
The NFP shall draw up an interim financial report which shall include the certified expenditures relating to the Fund for Bilateral Relations incurred in the respective reporting period. The NFP shall also prepare the second part of the interim financial report (the statement of the proposed expenditure for the reporting period immediately following the payment date). The interim financial report relating to the Fund for Bilateral Relations should follow the template provided by the FMO. The NFP shall submit the interim financial report to the CA via GRACE.

The CA shall certify and submit the interim financial report to the FMO via GRACE in line with the deadlines specified in the NOR and EEA Regulations.

On the basis of interim financial reports submitted to the FMO by 15 March, the FMO shall make payments to the bank accounts held by the CA at the Bank of Slovenia dedicated to the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 by 15 April. On the basis of interim financial reports submitted to the FMO by 15 September, the FMO shall make payments to the bank accounts dedicated to the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 by 15 October.



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## 8 PROGRAMME OPERATOR

### 8.1 Preparation/planning of funds for programmes

Two programmes supported by the Norwegian Financial Mechanism 2014-2021 and the EEA Financial Mechanism 2014-2021 shall be implemented in the Republic of Slovenia, namely “Enhancing Human Capital” and “Climate Change Adaptation and Mitigation”. In both programmes, the contribution from the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 shall account for 85% of eligible expenditure of the programme, while the remaining 15% shall be provided by the PO through national co-financing.

GODC, Financial Mechanisms Division within the European Territorial Cooperation and Financial Mechanisms Office shall act as the PO for both programmes, i.e. “Enhancing Human Capital” and “Climate Change Adaptation and Mitigation”.

GODC is a direct budget spending unit and has “designated budget lines” within the state budget with specified budget appropriations which are the basis of all budget expenditures, including expenditures relating to the management costs incurred by GODC for “Enhancing Human Capital” and “Climate Change Adaptation and Mitigation” programmes. These expenditures include management costs incurred by GODC Financial Mechanisms Division, GODC Control Division and the Centre of the Republic of Slovenia for Mobility and European Educational and Training Programmes (hereinafter CMEPIUS), which is responsible for the implementation of the small grant scheme under the “Enhancing Human Capital” programme.

Eligible expenditures of a programme are: i/ payments to projects under the programme and ii/ management costs of the PO.

### 8.2 Implementation/financial flows of funds for programmes

#### 8.2.1 Payments to projects

The PP and all project partners involved in the implementation of a particular project shall report on the implementation of projects by means of partner reports which shall be submitted to the PO via eMS. The PPs and all project partners shall report on project implementation and associated incurred expenditures separately. Project implementation reports shall be submitted to PO’s Control Division via eMS.

The Control Division shall perform verification of reported expenditures and certify the amounts of eligible expenditures. The Control Division shall issue respective certificates and send them to the PP and project partners involved in the implementation of a particular project on the basis of performed verifications and certification of the amounts of eligible expenditures.

The PP of a particular project shall prepare a project report and submit it to the PO via eMS on the basis of project implementation reports and certificates issued by the Control Division.

The project manager at PO shall verify the project report and send it via eMS to the Head of PO for approval. The Financial Operations Service within the PO shall subsequently make payment of certified total eligible costs to the PP (85% of the amount co-financed by the Financial Mechanisms and 15% of national co-financing). The PP shall make payments of respective amounts to project partners in the next step.

Afterwards, the project report shall be sent to the CA via eMS. The CA shall confirm the project report by creating a CA confirmation in eMS.

### **8.2.2 Management costs of PO**

The PO, i.e. Financial Mechanisms Division within GODC and GODC Control Division shall report on the management costs relating to the implementation of “Enhancing Human Capital” and “Climate Change Adaptation and Mitigation” programmes to the Control Division via eMS.

CMEPIUS shall report on the management costs relating to the implementation of the small grant scheme to the Control Division via eMS.

The Control Division shall perform verification of reported expenditures and certify the amounts of eligible expenditures.

The verification and certification of GODC Financial Mechanisms Division and GODC Control Division (all performing PO functions) expenditures relating to the implementation of “Enhancing Human Capital” and “Climate Change Adaptation and Mitigation” programmes shall not be performed by Control Unit staff that is part of the PO, is paid from the programmes (programme management cost) and performs PO tasks of verification and certification of expenditures incurred by projects implemented under the programmes.

The Control Division shall issue respective eligible expenditure certificates and send them to the GODC Financial Mechanisms Division and CMEPIUS (as appropriate) on the basis of performed verifications and certification of the amounts of eligible expenditures.

The programme manager of a particular programme (“Enhancing Human Capital” or “Climate Change Adaptation and Mitigation”) shall prepare a project report (the management costs shall be treated as any other project) and submit it for approval via eMS on the basis of the reports and certificates issued by the Control Division.

Once the project report is approved by the Head of PO, it shall be sent to the CA via eMS. The CA shall confirm the project report by creating a CA confirmation in eMS.

### **8.2.3 Reporting to the FMO**

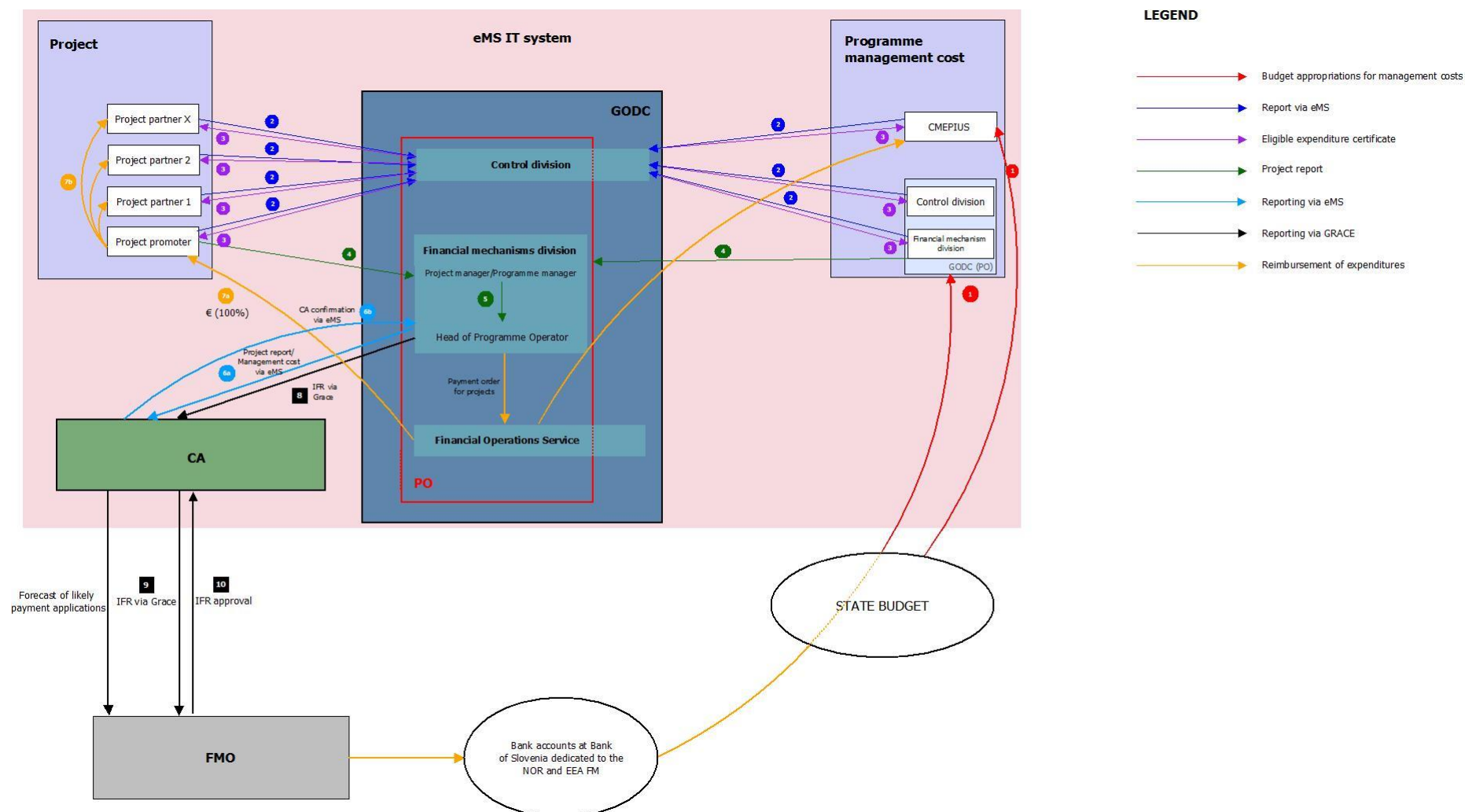
The interim financial reports for “Enhancing Human Capital” and “Climate Change Adaptation and Mitigation” programmes shall follow the template provided by the FMO and shall be submitted to the FMO via GRACE. There are two reporting periods in each calendar year: from 1 January to 30 June and from 1 July to 31 December.

Once the reporting period for the actually incurred expenditure under the programme ends, the PO shall send an interim financial report to the CA via GRACE. All payments for the reporting period in question shall be added up (payments to projects and management costs) in the interim financial report.

The CA shall certify the interim financial report and submit it to the FMO via GRACE while informing GODC of the submission of the report to the FMO.

The FMO shall check the form of the interim financial report and satisfy itself that the conditions for payment have been met. The interim financial report shall be approved and payments (85% of the programme grant) shall be transferred to the bank accounts held by the CA dedicated to the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 based on positive results of the above verification no later than on the payment dates specified in the NOR and EEA Regulations.

**Figure 7:** Flowchart of document and financial flows among national entities involved in the verification process and processing of the claim for reimbursement of funds under the programmes



### 8.2.4 Forecast of likely payment applications

By 20 February, 20 April, 20 September and 20 November each year, the CA shall send to the FMO, in a format provided by the FMO, a justified forecast of likely payment applications from the Republic of Slovenia.

### 8.2.5 Additional controls

The CA shall perform additional controls in order to ensure reasonable assurance on eligibility of projects and programme management costs. Additional controls shall be based on non-statistical methods used on the professional judgment. They shall focus on areas and issues identified as most problematic on the basis of past experience, the irregularities and deficiencies detected in the scope of audits and other day-to-day verifications. They shall be performed either as desk-based or on-the-spot checks.

## 9 MONITORING AND REPORTING SYSTEM

### 9.1 Monitoring

In line with Article 1.6 (I) of the Regulations monitoring is the observation of programme and project implementation in order to insure that agreed procedures are followed, to verify progress towards agreed outcomes and outputs and to identify potential problems in a timely manner so as to allow for corrective actions.

The NFP shall be responsible for carrying out regular monitoring of the progress and quality of programme implementation, with due regard for the progress towards the programme outputs, outcome(s) and objective(s), and according to agreed indicators and financial requirements specified for the programme. The NFP will continue to liaise closely with Programme Operators to support them during programme implementation, and to ensure that sufficient risk monitoring, compliance monitoring and results monitoring is carried out, at the appropriate time. Based on their own risk assessment and the PO's monitoring plans, the NFP will carry out risk monitoring as needed. Additional compliance monitoring may be carried out by the NFP, eg in the case of complicated or large public procurements. In the medium term, the NFP may carry out results monitoring to identify best practices or lessons learned, as programmes begin to deliver some results. Findings from results monitoring should also feed into any programme evaluations carried out.

PO shall be responsible for monitoring the implementation of all projects within certain programme.

The PO shall use the following methods of project monitoring during the programme implementation:

- administrative monitoring and verifications of projects (interim and final projects reports),
- on-the-spot verifications of projects and on site-monitoring visits,
- regular monitoring of project implementation.

These monitoring tools shall, either during the project implementation or upon project completion, allow the PO to check whether the projects contribute to the overall objectives of the Norwegian Financial Mechanism 2014-2021 and the EEA Financial Mechanism 2014-2021 as well as to the specific programme outputs, outcomes and objectives, and whether they comply with the provisions of the Regulations, the programme agreement and the applicable national and European law. The PO shall

also monitor whether the financial contribution is used exclusively for the purpose of the programme and in compliance with project applications.

### Administrative monitoring and verifications of projects

The PO shall carry out regular verifications of periodic partner and project reports submitted within the reporting periods. Partner reports, containing financial reports by PPs and a list of implemented activities, shall be created by PPs and project partners in the information system eMS.

The Control Division shall verify eligibility of the expenditure declared by the PP and Slovenian project partners, and check compliance with the project application, the project contract, the partnership agreement, the programme agreement, the Regulations, public procurement law and other applicable national law. The Control Division shall check the partner report of PP and project partners and issue a notification informing the beneficiary of eligibility of expenditure. Administrative verifications of partner reports shall be carried out on a sample basis based on a sampling methodology for administrative verifications developed by the Control Division.

The PP shall draw up a joint project report containing information about the implemented project activities and certified expenditure of all project partners following the approval of partner reports of all project partners (including donor project partners). The PO (project contract manager) shall check the project reports, verifying in particular the compliance of implementation of project activities with the project application and the project contract as well as the projects' progress towards the agreed project outputs, outcomes and objectives. The PO shall further verify the projects' contribution to the overall objectives of the Norwegian Financial Mechanism 2014-2021 and the EEA Financial Mechanism 2014-2021. The PO shall review the report and approve it after satisfying itself as to its correctness and regularity. On the basis of the approved report, the PP shall draw up the payment application in the form of an e-invoice and submit it to GODC.

### On-the-spot verifications of projects and on site-monitoring visits

The Control Division shall perform on-the-spot verifications on a sample of projects selected based on a risk assessment analysis indicating high level of technical, administrative, financial and legal risk and other project risks.

If relevant (when a project is perceived to be at risk, when a project has a significant impact on the overall objective of the programme) a representative from NFP, project contract manager or PO shall carry out on site-monitoring visit which can be merged with on-the-spot verification.

The annual plan of on-the-spot verifications shall be annexed to the Combined strategic and annual programme report.

On-the-spot verifications may be carried out on an ad-hoc basis in cases where there is suspicion that the information provided by the PP may be false or misleading or where there are other suspected irregularities identified. The PP shall not be informed of on-the-spot verifications on an ad-hoc basis in advance.

On-the-spot verifications shall be carried out to check on the projects' progress and verify whether the projects comply with the project contract, the Regulations and other documents constituting the legal framework for the implementation of programmes and projects. The PO shall take the relevant measures specified in chapter 11 of this document should an irregularity, suspected or actual, be detected during an on-the-spot verification.

The PO shall perform at least one on-the-spot verification at the operator of the small grant scheme (CMEPIUS) during the implementation of the small grant scheme.

### Regular monitoring of project implementation

Regular monitoring of project implementation shall be made throughout the project lifecycle. Project contract manager shall be responsible for regular monitoring of project implementation.

Each PP shall be invited to a meeting with the PO prior to the project contract signing to openly discuss and identify all potential project risks that could result in project delay and outline the respective mitigation measures. The PO shall prepare the minutes of the meeting with the PO outlining all of the discussed possible risks and the measures taken to address them.

The PO shall promote and see to it that regular direct communication is established between the PO (project contract manager) and the PP, most often made via phone or email.

The PO shall verify sustainability of the achieved project results after the project completion.

The NFP and other entities involved in the implementation of programmes and projects shall use eMS that enables recording, collecting and storing of data and documents in computerised form for all main implementation steps and for all relevant actors at the project, programme and national level. The system also ensures exchange of information among the PPs and the PO, the NFP, the CA, the AA and the IA in compliance with Article 3.2 of the NOR and EEA Regulations.

The IT system eMS is set up on the internal server architecture and is customised and configured according to the requirements of programmes. The maintenance and possible adjustments of the system shall be under the responsibility of GODC.

The IT system eMS shall comply with the following aspects:

- Data integrity and confidentiality;
- Storage of documents in compliance with Article 9.8 of the NOR and EEA Regulations;
- Secure transfer of data;
- Availability during and outside standard office;
- Accessibility by NFP, CA, AA, IA, PO and PPs;
- Protection of privacy of personal data for individuals and commercial confidentiality for legal entities with respect to the information processed;
- User rights shall be granted to users based on their functions.

The data on project and programme level shall be entered and stored in eMS by the PPs and the PO. The monitoring data shall be available to the NFP, the CA, the AA, the IA, and the PO via online access.

The NFP shall perform monitoring using the data aggregated by the PO. The data on programme level shall be aggregated through eMS from the data on project level entered in eMS by the PPs and from the data on programme level entered in eMS by the PO.

The eMS provides certain data and information needed to fulfil management, monitoring and evaluation requirements of the NFP.

The NFP shall also review the monitoring plan which is a part of the Annual programme report. The NFP shall report on monitoring results in the Combined Strategic and Annual Programme Report. The NFP shall submit the evaluation plan for all the programmes within the first Combined Strategic and Annual Programme Report.

Data exchange with the FMO shall be carried out electronically via GRACE.



The NFP shall be responsible for granting access to documentation to representatives of the NMFA/FMC performing audits or on-the-spot verifications.

## 9.2 Reporting

The NFP shall annually submit to the FMO a Combined Strategic and Annual Programme Report on the implementation of the EEA and Norwegian Financial Mechanisms 2014–2021 covering all programmes and bilateral activities implemented in Slovenia. The Combined Strategic and Annual Programme Report shall form the basis of discussions at the annual meeting, and shall be approved by the Donors in consultations with the FMO.

The Combined Strategic and Annual Programme Report shall follow the template provided by the FMO. It shall be written in English and submitted to the FMO at least two months before the annual meeting unless otherwise agreed.

The Final Strategic Report shall be submitted within six months of the submission of the last final programme report, but not later than 31 August 2025.

The NFP shall be responsible for organising annual meetings, when appropriate, arrange site visits. The timing of the annual meeting is agreed by the NFP and the Donors in consultation with the FMO. 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 agreed by the FMO and the NFP. Representatives of the AA, the CA, the IA, the POs, the DPPs and members of JCBF may be invited to attend the meeting.

The NFP is responsible for preparing the draft agenda, which shall reflect the main issues set out in the Combined Strategic and Annual Programme Report. The draft agenda shall be sent along with the Combined Strategic and Annual Programme Report, and the agenda final version shall be agreed upon between the NFP, the FMO and the Donors 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 minutes of the annual meeting shall be agreed by the NFP and the Donors in consultation with the FMO.

The approved Combined Strategic and Annual Programme 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 agreement of the final version of the minutes.

## 10 RISK MANAGEMENT

Implementation of the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 shall follow a risk management approach. Risk management shall be a continuous, proactive and systematic process undertaken to understand, manage and communicate risks from a wide perspective.

The NOR and EEA Regulations lay out risk management responsibilities of NFPs at country level (Article 5.3.3.) and of POs at programme level (Article 5.6.1 (h)). While national entities are responsible for ensuring they identify and mitigate the risks that affect the achievement of expected results through the Financial Mechanisms as provided for in the NOR and EEA Regulations and specified in the Risk Management Strategy, the NFP and the PO shall also annually prepare risk assessment at the national level and risk assessment at the programme level, including a risk mitigation plan, and report on it in the Combined Strategic and Annual Programme Report. The NFP and the PO should annually adjust the plan to any changes or unforeseen circumstances.

The risk assessment shall also be prepared at the level of GODC and shall include the European Territorial Cooperation and Financial Mechanisms Office within GODC acting as the NFP and the Financial Mechanisms Division within GODC acting as the PO. The risk assessment shall be carried out on an annual basis. The purpose of the risk assessment exercise shall be to identify the risks affecting the implementation and the measures to mitigate these risks.

A risk register shall be drawn up by the GODC Internal Audit Service on the basis of risk self-assessment questionnaires. The risk register shall identify and describe all potential risks, corrective measures to be taken and all persons responsible for risk management. The risk register shall be available to the NFP and the PO.

## **11 IRREGULARITIES**

### **11.1 Definition of irregularities**

An irregularity shall mean an infringement of the legal framework of the EEA Financial Mechanism 2014–2021 and the Norwegian Financial Mechanism 2014–2021, any provision of European law or any provision of the national law, which affects or prejudices any stage of the implementation of the EEA Financial Mechanism 2014–2021 and the Norwegian Financial Mechanism 2014–2021 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 Financial Mechanism 2014–2021 and the Norwegian Financial Mechanism 2014–2021.

### **11.2 Reporting on irregularities by NFP, CA, PO and AA**

The NFP shall make every effort possible to prevent, detect and nullify the effect of any cases of irregularities. Any suspected and actual cases of irregularities shall be investigated promptly and efficiently and properly remedied, including making any financial corrections that may be appropriate.

Irregularities and any measures taken to prevent, detect, investigate, or remedy irregularities shall be reported to the IA.

Potential irregularities shall be detected through regular monitoring activities of the NFP and POs, such as on-the-spot verifications, on-site monitoring visits and administrative monitoring (administrative verification of partner reports).

The PO shall carry out regular verifications of periodic partner and project reports submitted within the reporting periods. The Control Division within the PO shall perform on-the-spot verifications on a sample of projects selected based on a risk assessment analysis indicating high level of technical,

administrative, financial and legal risk and other project risks. If relevant, a representative from the NFP shall carry out on site-monitoring visit which can be merged with on-the-spot verification.

Prevention and detection shall also be part of routine procedures relating to the implementation of Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 of all involved institutions or bodies (public procurement procedures, financial controls, project implementation etc.).

The AA shall perform system audits and eligibility of expenditures audits. In cases where the AA discovers an irregularity, it shall recommend measures for handling the irregularities to the NFP and the PO which shall implement the respective recommended measures, report to the AA about the measures taken and inform through the IA the Donors on handling of certain irregularity.

The NFP, the CA, the PO and the AA shall immediately report to the IA all suspected and actual cases of irregularities identified in paragraph 1 of Article 12.5 of the NOR and EEA Regulations.

The NFP, the CA, the PO and the AA do not need to report on irregularities identified in paragraph 3 of Article 12.5 of the NOR and EEA Regulations.

For irregularities other than those referred to in paragraph 1 of Article 12.5 of the NOR and EEA Regulations, the NFP, the CA, the PO and the AA shall report to the IA after its quarterly claim.

Together with each report on new irregularities the NFP, the PO, the AA, the CA shall report to the IA on the progress regarding the investigation and remedy of already reported irregularities.

Unduly paid amounts shall be recovered and reimbursed in accordance with the programme agreements and the NOR and EEA Regulations.

### 11.3 Reporting on irregularities by IA

As specified in the MoUs, the IA is responsible for the preparation and submission of irregularity reports to the FMO on behalf of the Republic of Slovenia.

The reporting shall cover irregularities that affect or prejudice the implementation of the NOR and EEA FM 2014-2021 as well as any measures taken by the competent national authorities to prevent, detect, investigate, or remedy such irregularities.

The IA shall immediately report to the FMO and inform the NFP about all suspected and actual cases of irregularities in accordance with paragraph 1 of Article 12.5 of the NOR and EEA Regulations.

At the end of each quarter, the IA shall request the NFP and the POs to report on any suspected and actual cases of irregularities discovered during that quarter. The IA shall, within two months after the end of each quarter, submit to the FMO the report describing any suspected and actual cases of irregularities discovered during that quarter. The IA shall send a copy of the quarterly report to the NFP. Should there be no irregularities to report on during the quarter, the IA shall inform the FMO and the NFP of this fact.

The IA does not need to report on irregularities identified in paragraph 3 of Article 12.5 of the NOR and EEA Regulations.

Together with each report on new irregularities, the IA shall report to the FMO and inform the NFP of the progress regarding the investigation and remedy of already reported irregularities.

### 11.3.1. Irregularities at programme level

The PO shall make every effort possible to prevent, detect, and nullify the effect of any cases of irregularities. Similarly, any suspected and actual cases of irregularities shall be investigated promptly and efficiently and properly remedied, including making any financial corrections that may be appropriate.

Unduly paid amounts shall be recovered and reimbursed in accordance with the Programme Agreement and the Regulations.

The PO shall report to the IA on all irregularities, their investigation and any remedies taken.

The PO shall immediately report to the IA on all suspected and actual cases of irregularities in accordance with paragraph 1 of Article 12.5 of the NOR and EEA Regulations.

### 11.3.2. Irregularities at project level

Regular control and monitoring of projects by the PO and its Control Division help unveil potential irregularities. The main control mechanisms applied during the project implementation period include financial control of payment claims, regular monitoring of interim project reports and on-site visits, and post-completion monitoring after the projects are implemented.

The PP bears financial responsibility towards the PO for any irregularity that occurs during the implementation of the project. If an irregularity is committed by a project partner, the PP may resort to remedies in order to collect the amounts due in accordance with the national legislation and the partnership agreement.

In case the PO with its Control Division detects an irregularity, the PO may:

- suspend payments to a project/the PP;
- require from the PP the recovery of funds that have been found to be misspent due to irregularities, or deduct the unduly paid amounts, including interest, from the following reimbursement of grants. The amounts on identified irregularities and/or amounts unduly paid shall be recovered by the PP within deadlines set by the PO. In case the request for recovery of the due amounts is not complied with within the deadline set, the PO shall start to accrue interest for the overdue payment. Should the PP fail to recover the funds within the deadline defined, the PO shall resort to remedies in order to collect the amounts due in accordance with the national legislation. Upon recovery of the amount due by the PP, the PO shall inform in writing the NFP and the CA
- terminate a contract with the PP.

### 11.3.3. Sanctions by Donor States

In relation to irregularities, the FMO may decide to suspend payments (Article 13.1 of the NOR and EEA Regulations) or make financial corrections (Article 13.2 of the NOR and EEA Regulations).

#### 11.3.4. Financial corrections by national authorities

NFP shall take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the PO takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds.

If an irregularity is detected by the NFP during the on-the-spot check, the NFP shall inform the PO to contact the relevant PP. The PO shall issue and submit to the PP a request for the repayment of the funds. The PO shall inform the NFP about the follow-up actions.

If the NFP suspects that the irregularity detected during the on-the-spot check comprises the elements of a criminal offence, it shall file a criminal complaint against the person who committed the criminal offence.

Should the AA, based on the performed audit of the expenditure, detect an irregularity (ineligible expenditure) on the programme level, it shall recommend that the PO recovers the ineligible expenditure and reimburses the amount unduly paid to the Donor.

Should the AA, based on the performed audit of the expenditure, detect an irregularity (ineligible expenditure) on the project level, it shall recommend that the PO recovers the ineligible expenditure from the project promoter and reimburses the amount unduly paid to the Donor.

The CA shall be responsible for taking account for certification purposes of the results of all audits carried out by or under the responsibility of the AA.

#### 11.3.5. Reimbursement to the FMO

The CA shall, on behalf of the Republic of Slovenia, reimburse the amount requested by the FMO within three months of the decision on the financial correction.

The FMO may waive any claim for reimbursement from the Republic of Slovenia of funds that were lost due to irregularities in a project if the NFP shows that the loss and the circumstances related thereto are not due to negligent performance or non-performance of duties of entities referred to in the first paragraph of Article 5.2 of the NOR and EEA Regulations and of the PO duties, and the NFP and the PO have taken all reasonable measures to seek recovery of such funds.

Any delay in reimbursement shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment.

The IA shall keep a register of all irregularities within IT system eMS. All national entities involved in the implementation of Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in Slovenia shall use eMS for recording and storing all the documents including all irregularity reports.

The IA shall, upon request by the FMO, provide information on irregularities within one month.

## 12 COMPLAINT MECHANISM

Good governance is fundamental to the economic and social development process of all countries, and is inherently linked to the objectives of the Financial Mechanisms. The Donor States adhere to a strict zero-tolerance policy on corruption. Coordination of actions serving to ensure good governance and prevent corruption and mismanagement is an integral part of the Beneficiary State's responsibilities.

The purpose of the complaints procedure is to ensure that members of the public who wish to complain or report irregularities regarding the implementation of the Financial Mechanisms are provided with a simple means of doing so, that their complaint is handled with confidentiality, and that incidents of mismanagement and corruption are uncovered and corrected.

The NFP shall establish a complaint mechanism in accordance with Article 12.7 of the NOR and EEA Regulations.

Members of the public who suspect mismanagement or corruption shall be encouraged to share their concerns with the FMO, the NFP or other entity responsible for the management of Financial Mechanisms. Contact information on where complaints can be addressed (via email) shall be made available by the FMO and the NFP on their respective websites (contact details listed), advertised during events related to Financial Mechanisms or provided upon request. The information shall be available in English on [www.eeagrants.org](http://www.eeagrants.org) and in Slovenian language on [www.norwaygrants.si](http://www.norwaygrants.si). The concern/complaint shall be treated confidentially and revert to the complainant within 10 working days.

The complaints procedure shall apply where the nature of the complaint indicates threat to the proper use of Financial Mechanisms, or where mismanagement or corruption by those charged with managing the funds is suspected. When the complaint concerns a project selection or public procurement process, the appeal mechanism shall also be used.

Any complaints or information regarding possible mismanagement or corruption of Financial Mechanisms support received by the FMO or the NFP shall, as appropriate, be shared between the institutions of the Donor and Beneficiary States.

The procedure of the NFP shall follow national practice and comply with the principles of good governance and anti-corruption policy. The complaints shall be differentiated according to the object of the complaint. The NFP shall forward the complaints to the competent institutions and request their response within a specific deadline. While preparing the response, the NFP shall, when necessary, co-operate with legal, finance service and the relevant PO. After receiving their opinion, the NFP shall prepare the response and send it to the complainant.

The NFP complaints handling procedure shall consist of, but not be limited to:

- designation by the Head of NFP of a person or persons assigned to review issues raised by members of the public;
- written acknowledgement of the complaint or report of irregularities, including information on the actions that shall be undertaken, together with an indicative timeline;
- prompt action with by all institutions involved in the review to provide an initial assessment of the issue and stop cases of mismanagement or corruption, or dismiss unsubstantiated allegations;

- written information to the member of the public on the results of the review, the actions to be taken as a result of the review, and information on redress mechanisms should the result of the review not be satisfactory to the member of the public;
- the NFP shall be obliged to inform the bodies that investigate and prosecute instances of mismanagement or corruption;
- If the NFP concludes that the complaint is an irregularity (by definition of Article 12.2 of the NOR and EEA Regulations), it shall immediately report about the case to the Irregularities Authority.

The NFP shall, upon request by the FMO, also examine complaints received by the FMO. The NFP shall inform the FMO, upon request, of the results of those examinations.

## 13 INFORMATION AND COMMUNICATION

In accordance with Article 3.1 and Article 3.2 of the NOR and EEA Regulations and Information and Communication Requirements in Annex 3, the NFP shall provide information to the public on the Norwegian Financial Mechanism 2014–2021 and EEA Financial Mechanism 2014–2021 and its Programmes, its objectives, its implementation and overall impact, as well as information on cooperation with, *inter alia*, Donor State entities.

The NFP shall ensure that POs fulfil their information and communication obligations in accordance with the NOR and EEA Regulations and that all entities involved in the preparation and/or implementation of the Norwegian Financial Mechanism 2014–2021 and EEA Financial Mechanism 2014–2021 contribute to the dissemination of information. With this purpose and with the purpose to coordinate the implementation of communication activities a communication network will be established including the NFP, the POs and the fund operators.

The NFP shall also, *inter alia*:

- draw up and implement a communication strategy for the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021;
- organise at least three major information activities on the implementation of the Norwegian Financial Mechanism 2014–2021 and EEA Financial Mechanism 2014–2021;
- establish a dedicated website on the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021 in Slovenian language and in English;
- designate one person responsible for information and communication to coordinate the implementation of information and communication activities in Slovenia. This person shall support and act as coordinator for POs' information and communication activities.

The information and communication activities are further described in the Communication Strategy, developed by the NFP. The progress on the implementation of the Communication Strategy and activity plan shall be reported on and submitted to the FMO with the Combined Strategic and Annual Programme Report and shall be discussed at annual meetings.

## 14 EVALUATION

Evaluations are an essential tool helping to assess the quality of programmes funded by the Norwegian Financial Mechanism 2014–2021 and the EEA Financial Mechanism 2014–2021, and determine whether the support provided contributes to achieving the set results. Capturing and evaluating results



is important to ensure transparency and accountability of the Grants towards the general public. The NFP shall organise external evaluation of each programme in accordance with Article 10.1 of the NOR and EEA Regulations to assess the actual and/or expected effects of interventions, extent of the results and outcomes achieved or expected to be achieved.

The frequency and scope of evaluations shall be determined on the basis of the intervention's character, risk and significance. In addition to the above criteria, the decision to undertake an evaluation should be based on the cost-benefit assessment. The evaluation under consideration should be relevant to and useful for the public and partners in the Beneficiary States and the Donor State(s), and other relevant stakeholders. The need for and benefits from an evaluation must clearly exceed its costs. The NFP shall be responsible for the preparation of the overall evaluation plan, which shall be prepared and agreed upon with POs. The NFP shall present its evaluation plan in the first Combined Strategic and Annual Programme Report.

Evaluations shall be carried out by experts or entities independent of the NFP, the CA and the PO in accordance with respective guidelines provided by the FMO in order to assess the relevance, effectiveness, efficiency, impact and sustainability of the programmes. The NFP shall ensure the necessary financial resources for carrying out evaluations and shall ensure that procedures are in place to produce and collect the necessary data. The PO shall be responsible for providing data on programme and project level for evaluation purposes. The NFP shall also be responsible for monitoring the implementation of evaluation plan and procedures related to external evaluation experts.

The purpose of evaluations shall be four-fold: 1) to evaluate whether programmes have performed as intended and/or whether the expected results have been achieved (control function, documentation); 2) to assess the impacts and sustainability of support (documentation); 3) to produce knowledge of results and performance which can contribute to improved support in the future (learning function); and 4) to assess how the funding overlaps with or complements other sources of funding (particularly EU funding). Evaluations shall seek to establish the causes why an intervention was more or less successful, make an assessment of success according to objectives/expected outcomes and place the intervention and its contributions into a broader context (sectoral and/or national).

All evaluation reports and respective recommendations shall be examined by the NFP. If necessary, appropriate follow-up actions shall be undertaken.

The NFP shall submit to the FMO the evaluation report summarising the findings of evaluation, including an assessment of the main outputs and results of the programmes.

The final evaluation report and a summary for the general public shall be published.

The evaluations performed by the FMC shall lie within the responsibility of the FMO in consultation with the Beneficiary State in compliance with Article 10.2 of the NOR and EEA Regulations.

## 15 STORING OF DOCUMENTS AND ARCHIVING

The procedures in place ensuring an adequate audit trail shall comply with the relevant donor and national legislation and shall be implemented via eMS and GRACE as well as national SPIS 4 application (public administration archiving system) if necessary.



In accordance with Article 9.8 of the NOR and EEA Regulations, the documents can be kept either in the form of originals or in versions certified to be in conformity with the originals on commonly accepted data carriers.

The programme has an IT system eMS in place which meets the requirements set out in Articles 8.12 and 11 (11.1 to 11.4) of the NOR and EEA Regulations. As a result, a much larger volume of documentation shall be kept electronically and centrally in the eMS compared to the previous programming period.

The IT system eMS shall provide for permanent storing of all data. Backup copies and archives of files shall be made on a daily basis in accordance with the procedures applicable to public administration.

Reporting of national entities to the FMO shall be implemented via GRACE.

In line with Article 9.8 of the NOR and EEA Regulations, the documents can be kept either in the form of originals or in versions in conformity with the original on commonly accepted data carriers. The documents shall be kept available for a period of at least three years after the approval of the final programme report.

Generally, archiving of documents can be summarised as follows:

- Scans of documents proving declared expenditures such as original/e-invoices, accounting documents and supporting documents (e.g. contracts with providers of services or goods, public procurement documentation, communication material, employment contracts and assignments to the projects, etc.) are uploaded in eMS.
- Project implementation reports, Control Division Checklists, Reports and Certificates, and related follow-ups on the findings detected during verifications, including measures taken in respect of irregularities detected are drawn up and stored in eMS.
- Project implementation contract, Partnership Agreement and other accounting documents (e.g. original invoices) are stored as originals at the PPs.
- Original Project implementation contracts are stored at the PO.
- CA Checklists and reports of additional controls performed by the CA are stored in eMS. CA reimbursements of the national budget by donor funds are drawn up, executed and stored in the MFERAC ((Ministry of Finance Unified Accounting System)<sup>4</sup>.
- All reports submitted to the FMO (interim financial reports, Combined Strategic and Annual Programme Reports etc.) are stored in GRACE.

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<sup>4</sup> Basic data on reimbursements of the national budget by donor funds made by the CA are available in eMS or entered in eMS (like date of payment). Details about payments are available in the MFERAC (Ministry of Finance Unified Accounting System).