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

**EUROPEAN UNION SOLIDARITY FUND**

**for financing essential emergency operations in the scope of recovery measures following the August 2023 floods in Slovenia**

Ljubljana, July 2024

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# LIST OF ABBREVIATIONS

|  |  |
| --- | --- |
| EC | European Commission |
| EU | European Union |
| EUSF | European Union Solidarity Fund |
| MFERAC | single electronic accounting system for the state budget implementation |
| OLAF | European Anti-Fraud Office |

# DEFINITIONS

For the purpose of the Description of the Management and Control System for the European Union Solidarity Fund, the following definitions shall apply:

* ‘operation’ means a project, contract, action or group of projects selected under the programmes concerned in line with point 4(a) of Article 2 of the Regulation (EU) 2021/1060,
* ‘measure’ is a set of activities identified in the application for a financial contribution from the European Union Solidarity Fund for funding essential and recovery operations following the August 2023 floods in Slovenia and in the request for an advance payment from the European Union Solidarity Fund that is implemented through operations.

# INTRODUCTION

The Republic of Slovenia submitted the application for a financial contribution from the European Union Solidarity Fund (EUSF) for financing essential and recovery operations following the August 2023 floods in Slovenia on 20 October 2023. Slovenia also requested the payment of an advance from the EUSF.

At the end of 2023, Slovenia received an advance payment of EUR 100 million on the basis of the Commission implementing decision of 23 November 2023, number CCI 2023SI16SPO001, awarding an advance payment from the EUSF for funding essential and recovery operations following the August 2023 floods in Slovenia.

The Description of the Management and Control System for the European Union Solidarity Fund provides a detailed description of the management and control system established in accordance with the Council Regulation (EC) No 2012/2002 of 11 November 2002 on establishing the European Union Solidarity Fund (EUSF Regulation) and in accordance with Articles 63 and 154 of the Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union as regards the use of the financial assistance from the EUSF.

# LEGAL FRAMEWORK

The legal framework governing the implementation of the EUSF consists of the acts indicated below. The documents are given in their original form or in the official consolidated text form. Any applicable amendments adopted after the publication of these documents shall also be respected.

* Council Regulation (EC) No 2012/2002 of 11 November 2002 establishing the European Union Solidarity Fund; Regulation (**EU**)**No 661/2014**of the European Parliament and of the Council of 15 May 2014 amending Council Regulation (EC) No 2012/2002 establishing the European Union Solidarity Fund; Regulation (EU) 2020/461 of the European Parliament and of the Council of **30 March 2020** amending Council Regulation (EC) No 2012/2002 in order to provide financial assistance to Member States and to countries negotiating their accession to the Union that are seriously affected by a major public health emergency;
* Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012;
* Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy**;**
* Treaty on the Functioning of the European Union, OJ C 202, 7.6.2016;
* Act on Recovery, Development and Provision of Financial Resources, Official Gazette of the Republic of Slovenia, No 131/23;
* Act Determining Intervention Measures for Recovery from the Floods and Landslides of August 2023, Official Gazette of the Republic of Slovenia, Nos 95/23, 117/23 and 131/23;
* Natural Disaster Recovery Act, Official Gazette of the Republic of Slovenia, Nos 114/05 – official consolidated text, 90/07, 102/07, 40/12;
* Public Finance Act, Official Gazette of the Republic of Slovenia, Nos 11/11 – official consolidated text, 14/13 – amended, 101/13, 55/15;
* Act on the Implementation of the Budgets of the Republic of Slovenia for 2024 and 2025, Official Gazette of the Republic of Slovenia, No 123/23 – amended, 12/24;
* Commission Notice; Guidance on the avoidance and management of conflict of interest under the Financial Regulation (2021/C 121/01);
* Programme for the repair of direct damage to property caused by floods of 4 August 2023 in the field of national road and railway infrastructure, 23 May 2024

(https://view.officeapps.live.com/op/view.aspx?src=https://www.gov.si/assets/ministrstva/MzI/Dokumenti/Program-odprave-posledic-neposredne-skode-na-stvareh-zaradi-poplav-4.-avgusta-2023-na-podrocju-drzavne-cestne-in-zelezniske-infrastrukture.docx),

* Programme for the repair of direct damage to property caused by severe storms with heavy several days long rainfall with floods and landslides of 4 August 2023, 16 May 2024

(https://view.officeapps.live.com/op/view.aspx?src=https://www.gov.si/assets/ministrstva/MNVP/Dokumenti/Program-odprave-posledic-neposredne-skode-na-stvareh.docx),

* Guidelines of the managing authority on reporting and follow-up of irregularities in the use of cohesion policy funds under Slovenia’s EU Cohesion Policy Programme 2021-2027 (https://evropskasredstva.si/app/uploads/2024/02/IRR\_-\_navodila\_21-27\_P.pdf);
* European Commission’s Handbook on ‘’Reporting of irregularities in shared management’’;
* Ministry of Cohesion and Regional Development – Managing Authority’s Anti-Fraud Strategy under Slovenia’s EU Cohesion Policy Programme 2021-2027 (<https://evropskasredstva.si/app/uploads/2023/11/Strategija-OU-za-boj-proti-goljufijam_2021-2027_nov-2023.pdf>);
* Decree on the uniform methodology for the preparation and treatment of investment documentation in the field of public finance (Official Gazette of the Republic of Slovenia, Nos 60/06, 54/10 and 27/16);
* Decree on the methodology for the preparation and treatment of investment documentation in the field of national road and public railway infrastructure (Official Gazette of the Republic of Slovenia, No 5/17);
* other relevant national legislation on the implementation of EUSF that also covers the sector-specific legislation of individual measures.

# GENERAL

## Information submitted by

Member state: **Republic of Slovenia**

Body responsible for the system and main contact point: **Ministry of Cohesion and Regional Development**

e-mail:[**gp.mkrr@gov.si**](mailto:gp.mkrr@gov.si)

Website: [Ministry of Cohesion and Regional Development | GOV.SI](https://www.gov.si/en/state-authorities/ministries/ministry-of-cohesion-and-regional-development/)

## System structure

The Description of the Management and Control System for the European Union Solidarity Fund shall provide all relevant information on the structure and organisation of the management and control system for the EUSF established in all bodies involved in the implementation of the EUSF for the recovery from the August 2023 floods in Slovenia.

**Coordination body**: Ministry of Cohesion and Regional Development

**Body responsible for financial report**: Ministry of Finance, Budget Directorate

**Independent audit body**: Ministry of Finance, Budget Supervision Office

**Implementing bodies**:

* Ministry of Natural Resources and Spatial Planning,
* Ministry of the Environment, Climate and Energy,
* Administration for Civil Protection and Disaster Relief,
* Ministry of Infrastructure,
* Ministry of Labour, Family, Social Affairs and Equal Opportunities

**EUSF beneficiaries** shall be ministries, bodies within the ministries and bodies governed by public law acting in accordance with the instructions and guidelines of the implementing body. Beneficiaries shall also implement operations.

The diagram in Figure 1 is a graphical representation of the system structure.

Figure 1: Structure of the management and control system

**E UROPEAN COMMISSION**

**AUDIT BODY**

Ministry of Finance,

Budget Supervision Office

**BODY RESPONSIBLE FOR FINANCIAL REPORT**

Ministry of Finance,

Budget Directorate

**COORDINATION BODY**

Ministry of Cohesion and Regional Development

**RESPONSIBLE BODY**

Ministry of Infrastructure

Ministry of Natural Resources and Spatial Planning

Administration for Civil Protection and Disaster Relief

Ministry of the Environment, Climate and Energy

Ministry of Labour, Family, Social Affairs and Equal Opportunities

**BENEFICIARIES (bodies implementing operations)**

# STATUS AND FUNCTIONS OF THE BODIES INVOLVED IN THE IMPLEMENTATION OF THE EUSF

The bodies involved in the implementation of the EUSF shall have different roles and shall perform different functions. Appropriate procedures shall be established to ensure the separation of implementation, management and control functions.

## 2.1 Coordination body

The coordination body shall be the ministry responsible for cohesion and regional development. Pursuant to Article 32.b of the State Administration Act the Ministry of Cohesion and Regional Development performs the tasks in the area of Cohesion Policy and is responsible for managing the relevant Cohesion Policy Funds and other sources of non-reimbursable funding to reduce economic and social disparities. It is also responsible for carrying out the tasks in the area of regional development.

In the context of the EUSF, the coordination body shall be the main partner in dialogue with the EC on behalf of the member state under shared management of EU Funds.

Article 5(4) of the EUSF Regulation sets out that the financial contribution from the EUSF to a member state shall be implemented within the framework of shared management in accordance with the Financial Regulation (EU, Euratom) No 966/2012. In this case, the tasks relating to the budget implementation are delegated to the member state in accordance with Article 63 of the Financial Regulation. The Commission and the member state respect the principles of sound financial management, transparency and non-discrimination when they manage Union funds.

The coordination body shall be responsible for setting up and monitoring the EUSF implementation system, for coordinating all stakeholders and their work and for reporting to the EC. The tasks of the coordination body shall be performed by the employees at the ministry on the basis of a decision issued by the head of the ministry.

The coordination body shall issue a series of separate guidelines detailing the implementation procedures (eligible measures, eligible costs, eligibility period, financial flows, etc.) to ensure proper implementation that is also as uniform as possible. The coordination body shall make these guidelines publicly available on the dedicated website of the Ministry of Cohesion and Regional Development.

Upon receipt of the Commission implementing decision awarding the financial contribution from the EUSF, the coordination body shall draw up the relevant government documents with the breakdown of the contribution from the EUSF per implementing bodies taking into account the eligible expenditure incurred under type budget item 222.

Besides stakeholders referred to in chapter 2.1 of this document, the bodies referred to in chapters 2.2, 2.3, 2.4 and 2.5 shall also take part in the implementation of procedures for the use of the financial assistance from the EUSF in Slovenia awarded to help the country finance essential emergency operations in the scope of recovery measures following the August 2023 floods.

The main tasks of the coordination body shall include:

* drawing up the description of the management and control system and submitting the document to the government for approval;
* drawing up detailed Guidelines on the implementation of procedures for the use of the financial assistance from the European Union Solidarity Fund in the Republic of Slovenia (Guidelines) awarded to support Slovenia’s recovery from the August 2023 floods;
* monitoring EUSF implementation: collecting the relevant information related to the EUSF implementation from the implementing bodies;
* communicating with the EC on the EUSF implementation: providing the EC with the relevant information on the EUSF implementation and taking appropriate coordination measures with the EC, if relevant;
* drawing up the EUSF implementation report in accordance with Article 8 of the Regulation (EC) No 2012/2002 and with the implementation report template;
* presenting a report on the implementation of the financial contribution from the EUSF with a statement justifying the expenditure, accompanied by an opinion of an independent audit body no later than six months after the expiry of the eighteen months period from the date of disbursement of the full amount of the assistance;
* publishing a list of EUSF-funded operations on the dedicated website;
* drawing up a risk analysis with a methodology for administrative verifications;
* keeping the government updated with the progress made in implementing the EUSF.

Name, address and contact point in the coordination body:

**Ministry of Cohesion and Regional Development**

**Kotnikova ulica 5**

**1000 Ljubljana**

**e-mail:** [**gp.mkrr@gov.si**](mailto:gp.mkrr@gov.si)

**Telephone: +386 1 400 3682**

**Website:** [**https://evropskasredstva.si/evropska-kohezijska-politika/**](https://evropskasredstva.si/evropska-kohezijska-politika/)**solidarnostni sklad**

Coordination body, responsible person:

**Srečko Đurov, State Secretary responsible for regional development**

**e-mail:** [**gp.mkrr@gov.si**](mailto:gp.mkrr@gov.si)

**Telephone: +386 1 400 3680**

Deputy responsible person:

**Mateja Mahkovec**

**e-mail:** [**mateja.mahkovec@gov.si**](mailto:mateja.mahkovec@gov.si)

**Telephone: +386 1 400 3462**

Contacts and experts in the coordination body:

**Mag. Tomislav Pospeh**

**e-mail:** [**tomislav.pospeh@gov.si**](mailto:tomislav.pospeh@gov.si)

**Telephone: +386 1 400 3392**

**Gregor Goropečnik**

**e-mail:** [**gregor.goropecnik@gov.si**](mailto:gregor.goropecnik@gov.si)

**Telephone: +386 1 400 3738**

**Simona Laznik**

**e-mail:** [**simona.laznik@gov.si**](mailto:simona.laznik@gov.si)

**Telephone: +386 1 400 3151**

## 2.2 Body responsible for financial report

The body responsible for financial report shall be responsible for drawing up the financial report and for submitting the report to the coordination body for review and approval.

Name, address and contact point in the body responsible for the financial report:

**Ministry of Finance**

**Budget Directorate**

**Beethovnova ulica 11**

**1000 Ljubljana**

**e-mail:** [**gp.mf@gov.si**](mailto:gp.mf@gov.si)

**Telephone: +386 1 369 65 10**

Body responsible for the financial report, responsible person:

**Mag. Saša Jazbec**

**e-mail:** [**sasa.jazbec@gov.si**](mailto:sasa.jazbec@gov.si)

**Telephone: +386 1 369 63 67**

Deputy responsible person:

**Mag. Evelyn Filip**

**e-mail** [**evelyn.filip@gov.si**](mailto:evelyn.filip@gov.si)

**Telephone: +386 1 369 6511**

Contact and expert in the body responsible for the financial report:

**Maks Pajek**

**E-mail:** [**maks.pajek@gov.si**](mailto:maks.pajek@gov.si)

**Telephone: +386 1 369 6426**

The main tasks of the body responsible for financial report shall include:

* receiving payment of the EUSF contribution from the EC and keeping records of all transactions;
* collecting and preparing financial data and presenting a report with the relevant information in accordance with Article 8 of the Regulation (EC) No 2012/2002 and the implementation report template.

## 2.3 Independent audit body

The function of the independent audit body for the EUSF in the Republic of Slovenia shall be performed by the Budget Supervision Office, a body within the Ministry of Finance, that is responsible for budget control and also acts as the audit authority for Slovenia’s EU Cohesion Policy Programme 2021-2027. The independent audit body shall be responsible for issuing an independent opinion on whether the expenditure incurred in relation to the financial contribution from the EUSF and financed by the EUSF and presented in the implementation report is legal and regular.

According to Article 8 of the Regulation (EU) No 661/2014 on the European Union Solidarity Fund the opinion of the independent audit body referred to in the previous paragraph accompanying the implementation report establishes that the statement justifying the expenditure gives a true and fair view and that the financial contribution from the Fund is implemented in a legal and regular way.

Name, address and contact point in the independent audit body:

**Ministry of Finance**

**Budget Supervision Office**

**Fajfarjeva ulica 33**

**1000 Ljubljana**

**e-mail:** [**mf.unp@gov.si**](mailto:mf.unp@gov.si)

**Telephone: +386 1 369 69 00**

Independent audit body, responsible person:

**Patricija Pergar**

**e-mail:** [**patricija.pergar@gov.si**](mailto:patricija.pergar@gov.si)

**Telephone: +386 1 369 69 10**

Contact and expert in the independent audit body:

**Mirjam Novaković**

**e- mail:** [**mirjam.novakovic@gov.si**](mailto:mirjam.novakovic@gov.si)

**Telephone: +386 1 369 69 32**

## 2.4 Implementing bodies

The implementing bodies shall be ministries or bodies within the ministries that are responsible for implementing sector-specific measures. Implementing bodies shall act in accordance with the instructions and guidelines of the coordination body.

The main tasks of the implementing bodies in their respective areas of work in the context of EUSF implementation shall include:

- identifying indicative operations for the implementation of measures;

- coordinating activities and contents for the implementation of the relevant procedures

within ministries,

- directly approving operations financed by the EUSF[[1]](#footnote-2);

- adding projects to the development projects plan in the state budget;

- entering and reconciling financial data in the information system MFERAC[[2]](#footnote-3):

- concluding contracts or other legal bases with beneficiaries[[3]](#footnote-4) and managing these contracts or other legal bases;

- carrying out management verifications[[4]](#footnote-5) in accordance with the applicable national and EU legislation by adhering to the Guidelines and the risk analysis with the methodology at the EUSF level drawn up by the coordination body;

- verifying all procedures for the operations selected on the basis of a risk analysis with a methodology at the EUSF level drawn up by the coordination body; this is carried out by the internal audit service or other internal organisational units of the implementing body;

- reporting to the coordination body on the implementation of operations in accordance

with the Guidelines;

- carrying out information and publicity measures for the operations that are part of the

EUSF measure;

- providing access to the relevant documents to the coordination body and the national and EU supervisory authorities and cooperating with them in audits and other control checks;

- keeping records of detected irregularities, suspected fraud, conflicts of interest and reporting thereon to the coordination body;

- recovering amounts unduly paid in accordance with the Guidelines;

- ensuring an audit trail and keeping documents in accordance with the relevant document retention regulations;

- taking appropriate action in case of detected irregularities, suspected fraud or fraud in accordance with the Guidelines.

Table 1: Name, address and responsible person in the implementing body

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | | |
| 1 | **Administration for Civil Protection and Disaster Relief**, responsible for the area of financing the costs of emergency operations of municipalities as well as rescue, relief and protection services | | |
|  | Address: | Vojkova cesta 61 |  |
| Telephone: | 1000 Ljubljana |  |
| e-mail: | urszr@urszr.si |  |
| Responsible person: | Leon Behin, Director-General | |
|  | Contact and expert (name and surname, e-mail, telephone) | mag. Martin Smodiš  [martin.smodis@urszr.si](mailto:martin.smodis@urszr.si), +386 1 471 33 10 or +386 2 535 22 01 | |
| 2 | **Ministry of Family, Labour, Social Affairs and Equal Opportunities**, responsible for the area of financing the costs of staff working on repairing the damage suffered by the employer | | |
|  | Address: | Štukljeva cesta 44 |  |
| Telephone: | +386 1 369 77 00 |  |
| e-mail: | gp.mddsz@gov.si |  |
| Responsible person: | Igor Feketija, State Secretary | |
|  | Contact and expert (name and surname, e-mail, telephone) | Nika Juvan  [nika.juvan@gov.si](mailto:nika.juvan@gov.si), +386 1 369 76 52 | |
| 3 | **Ministry of Infrastructure**, responsible for national transport infrastructure | | |
|  | Address: | Tržaška cesta 19, 1000 Ljubljana |  |
| Telephone: | +386 1 478 80 00 |  |
| e-mail: | [gp.mzi@gov.si](mailto:gp.mzi@gov.si) |  |
| Responsible person: | mag. Andrej Rajh, State Secretary | |
|  | Contact and expert (name and surname, e-mail, telephone) | Nataša Štor Zagoričnik  +386 1 478 80 00  natasa.stor-zagoricnik@gov.si | |
| 4 | **Ministry of the Environment, Climate and Energy**, responsible for the area of restoration/rehabilitation of polluted areas | | |
|  | Address: | Langusova ulica 4, 1000 Ljubljana |  |
| Telephone: | +386 1 478 82 00 |  |
| e-mail: | [gp.mope@gov.si](mailto:gp.mope@gov.si) |  |
| Responsible person: | Uroš Vajgl, State Secretary | |
|  | Contact and expert (name and surname, e-mail, telephone) | mag. Franc Lenarčič  franc.lenarcic@gov.si  +386 1 478 70 60 | |
| 5 | **Ministry of Natural Resources and Spatial Planning**,responsible for the water and wastewater sector, for providing temporary accommodation and for securing preventive infrastructures as well as for the projects for immediate restoration of affected natural zones to avoid immediate effects from soil erosion | | |
|  | Address: | Dunajska cesta 48, 1000 Ljubljana |  |
| Telephone: | +386 1 478 73 50 |  |
| e-mail: | [gp.mnvp@gov.si](mailto:gp.mnvp@gov.si) |  |
| Responsible person: | dr. Lidija Kegljevič Zagorc, State Secretary | |
|  | Contact and expert (name and surname, e-mail, telephone) | Ervin Vivoda  [ervin.vivoda@gov.si](mailto:ervin.vivoda@gov.si)  +386 1 478 72 34 | |

## 2.5 Beneficiaries

Beneficiaries shall carry out operations and receive[[5]](#footnote-6) EUSF resources; EUSF resources shall be secured for the beneficiaries at the approval of state budget or through reallocations made within state budget[[6]](#footnote-7). Beneficiaries shall be responsible for a regular and legal implementation and use of EUSF resources.

EUSF beneficiaries, simultaneously acting as bodies carrying out operations, shall be ministries, bodies within the ministries and bodies governed by public law acting in accordance with the instructions and guidelines of the coordination body.

The Description of the Management and Control System identifies the following beneficiaries:

* Employment Service of Slovenia,
* municipalities,
* Slovenian Infrastructure Agency,
* Slovenian Water Agency.

# CONTROL ACTIVITIES IN THE SCOPE OF EUSF IMPLEMENTATION

## 3.1 Management verifications

Management verifications shall be part of internal controls encompassing both verification procedures established for state budget resources (verifications carried out regardless of the source of funding) and verification procedures established specifically for Union funds, including the EUSF.

Management verifications in the scope of EUSF implementation shall include the following:

• administrative, desk-based verifications:

* + payment claims submitted to the implementing bodies by the beneficiaries that are not direct budget users, or
  + verification of invoices for the operations that are carried out by the beneficiaries that are direct budget users in accordance with the national public finance legislation,

• on-the-spot verifications – physical site visits to operations, including the verification of the contractor selection procedures and checks on the expenditure; this shall be carried out by the internal audit service or other internal organisational units in the implementing bodies.

The responsibility for financial control of the resources paid out to the beneficiaries from the EUSF shall lie with the implementing bodies or bodies within the ministries.

The purpose of management verifications shall be to ensure the regularity and legality of implemented operations eligible for financing from the EUSF.

Administrative verifications

Administrative verifications shall include the procedures set out in the national public finance legislation established for the purpose of verification of disbursement of funds from the state budget. Verifications shall be carried out in a quality and timely manner so as to prevent and correct possible errors and irregularities.

Administrative verifications taking place before the disbursement of EUSF resources from the state budget shall be carried out by contract managers or managers of other relevant legal bases and by other competent persons in internal organisational units of ministries or bodies within the ministries[[7]](#footnote-8).

The coordination body shall not carry out administrative verifications.

In the context of administrative verification, due attention shall be paid to checking for possible double financing of costs of operations otherwise financed by the EUSF from other operational programmes or from any other sources of EU, international or national funding, and to the possibility that the costs of repairing the damage are simultaneously covered by a third party or by insurance settlements.

On-the-spot verifications

On-the-spot verifications, including verification of contractor selection procedures and checks on expenditure as well as verification of compliance with the conditions for financing from the EUSF shall be carried out by the internal audit services or other internal organisational units of the implementing bodies. Adequate separation of functions between the different internal organisational units shall be ensured in cases where the implementing bodies act as beneficiaries. The coordination body shall not carry out on-the-spot verifications.

The coordination body shall draw up a risk analysis accompanied by a methodology at the EUSF level for the purpose of on-the-spot verifications. The baselines shall be prepared in a separate document Risk analysis accompanied by a methodology of the coordination body at the EUSF level and annexed to the Guidelines.

On-the-spot verifications shall be carried out to ensure that the contractor selection procedures have been adequate and correct and that the costs claimed for works, goods and services have actually been incurred and used for the purpose for which the contribution from the EUSF was awarded or that the conditions for the reimbursement of the expenditure to the beneficiary have been met.

For **emergency costs incurred in 2023** on-the-spot verifications shall not implemented. The responsibility for the implementation of the relevant contract award procedures or contractor selection procedures as well as their correctness and the eligibility of expenditure shall lie with the implementing bodies or bodies within the ministries which actually carried out the procedures and implemented the EUSF resources.

## 3.2 Reporting and follow-up of irregularities

The reporting and follow-up of irregularities in the context of EUSF implementation shall take due account of the Guidelines of the managing authority on reporting and follow-up of irregularities in the use of EU cohesion policy funds under Slovenia's EU Cohesion Policy Programme 2021-2027. The said document is based on the recommendations made by the national audit bodies, the auditors of the EC and the auditors of the European Court of Auditors in the scope of audits carried out in the previous programming periods (2007-2013 and 2014-2020) and incorporates the guidance of the European Anti-Fraud Office (OLAF) and the European Public Prosecutor's Office. The Guidelines are designed to guide national authorities through the steps of reporting on irregularities at national level.

Under EU law, member states must report cases of irregularities in revenue and expenditure to the EC, including suspected and established fraud. Similarly, they report on the follow-up action taken subsequently as well as the follow-up action taken with respect to OLAF investigations.

The EC receives the irregularity reports from member states through the Irregularity Management System (IMS) that is managed by OLAF. It is the responsibility of each member state to report regularly on irregularities detected.

Against this background, each member state must immediately report cases of suspected or established irregularities to the EC that have repercussions beyond its territory, indicating any other member state concerned. This is to prevent irregularities from having repercussions beyond the territory of the reporting member state.

## 3.3 Recovery of amounts unduly paid

Articles 5, 8 and 10 of the EUSF Regulation shall govern the recovery of amounts unduly paid in case of established irregularities.

Article 5:

* Point (d) of the fifth paragraph sets out that the measures taken by a member state shall include preventing, detecting and correcting irregularities and recovering amounts unduly paid together with interest on late payments where appropriate as well as notifying any such irregularities to the Commission, and keeping the Commission informed of the progress of administrative and legal proceedings.
* The sixth paragraph sets out that the bodies responsible for the management and control of the operations supported by the EUSF shall provide the Commission with the information set out in Article 63(5) or Article 154(5) of Regulation (EU, Euratom) No 2018/1046 (Financial Regulation) covering the whole of the implementation period when submitting the report and the statement referred to in Article 8(3) of the EUSF Regulation. In the Republic of Slovenia, the management of operations and the first-level financial control lie under the responsibility of the competent line ministries referred to in Chapter 2.4, whereas financial control of operations by an independent audit body is carried out by the Budget Supervision Office. The Ministry of Cohesion and Regional Development that acts as the coordination body is responsible for providing the relevant information to the EC.
* The seventh paragraph sets out that the beneficiary state shall make the financial corrections required where an irregularity is ascertained. The corrections made by the beneficiary state shall consist of cancelling all or part of the financial contribution from the Fund. The beneficiary State shall recover any amount lost as a result of an irregularity detected.

Article 8:

* The first paragraph sets out that the financial contribution from the Fund shall be used within eighteen months from the date on which the Commission has disbursed the full amount of the assistance. Any part of the financial contribution remaining unused by that deadline or found to be used for ineligible operations shall be recovered by the Commission from the beneficiary State.
* The fourth paragraph sets out that where the cost of repairing the damage is subsequently met by a third party, the Commission shall require the beneficiary state to reimburse a corresponding amount of the financial contribution from the EUSF.

Article 10:

* The second paragraph sets out that In the event of a significantly lower valuation of the damage incurred, as shown by new elements, compared to the estimated damage indicated in the application for financial assistance from the EUSF, the beneficiary state shall reimburse the corresponding amount of the financial contribution from the EUSF to the EC.

The procedure for the recovery of the amounts unduly paid in the event of established irregularity shall apply to all bodies and shall be described in the Guidelines on the implementation of procedures for the use of the financial assistance from the European Union Solidarity Fund in the Republic of Slovenia (Guidelines) awarded to support Slovenia’s recovery from the August 2023 floods.

## 3.4 Risk management, prevention of irregularities, fraud and conflict of interests

All bodies involved in the management and implementation of the financial contribution from the EUSF shall have effective and proportionate measures in place as well as procedures to manage risks and prevent irregularities, fraud and conflict of interests.

Risk mitigation shall be ensured through a robust, well-functioning internal organisational structure consisting of risk management, control activities, information and communication, training and follow-up of risk management performance.

The relevant stakeholders shall ensure the legality and regularity of the expenditure included in the implementation report and submitted to the EC; they shall take all necessary, effective and proportionate measures to prevent, detect and correct irregularities, including fraud. They shall also ensure reporting thereon. On the basis of these provisions and other guidelines and recommendations issued by the EC and OLAF, the Ministry of Cohesion and Regional Development prepared the Anti-Fraud Strategy under Slovenia’s EU Cohesion Policy Programme 2021-2027 to effectively prevent and combat fraud. The strategy is also relevant for the management and implementation of the financial contribution from the EUSF.

The strategy details the anti-fraud policy that revolves around four specific goals and the measures to achieve them. The constituent part of the strategy is an action plan that identifies the measures, responsibilities, timeframes and indicators that help track progress towards the achievement of the set goals of fight against fraud. The main focus of the strategy is on prevention, deterrence, detection and reporting in the area of anti-fraud policy. It does not, however, cover the investigation, response to and prosecution of fraud and corruption, which is the responsibility of other national and European institutions.

## 3.5 Adequate audit trail and archiving system

The procedures for ensuring an adequate audit trail and archiving system shall apply to all bodies involved in the management and control system for the EUSF.

Ensuring an audit trail

Proper bookkeeping for each financed operation, collection of data on the implementation of these operations and archiving of documents in accordance with the relevant legislation shall ensure transparency of the use of the financial assistance from the EUSF in financial management, monitoring, controls and audits.

An audit trail shall be ensured for each operation at all levels of implementation, i.e., all data and documents important for the justification of the costs and expenditure incurred and made from the financial contribution from the EUSF shall be trackable and traceable.

To this end, all bodies involved in the management and implementation of the financial contribution from the EUSF shall maintain a separate accounting system or use an appropriate accounting code to ensure the identification of all transactions relating to the financial contribution and the corresponding supporting documents justifying each item of expenditure.

The implementing bodies responsible for the implementation of EUSF measures shall ensure that the beneficiaries and other bodies responsible for the selection and implementation of operations for which EUSF resources are earmarked keep either separate accounting records or use an appropriate accounting code (type budget item 222) so that the intended use of these resources can be directly checked. In the context of the internal accounting procedures carried out by the contractor, expenditure and revenue shall be reconciled and consistent with the accounting statements and other supporting documents. Expenditure shall be verifiable and accompanied by original receipts (original documents).

The documents shall be kept available for inspection by persons or bodies authorised to inspect such documents in accordance with their responsibilities in the system for the use of the financial assistance from the EUSF.

Document retention

Proper archiving by the bodies involved in the management and implementation of the financial contribution from the EUSF and by the contractors shall preserve the content of the documents, which must be accessible, comprehensible and maintained in an unaltered and authentic form for three years after the termination of the assistance from the EUSF. This shall ensure an audit trail allowing traceability and visual inspection for control and audit purposes for the entire document retention period.

For the retention period of supporting documents relating to the award and use of the financial assistance from the EUSF, the applicable national legislation governing the protection of documents and archives shall also be taken into account.

The documents shall be kept either in the form of the originals, or certified true copies of the originals, or another form corresponding to the original, on commonly accepted data carriers, e.g. photocopies of original documents, microfilms (microfiches) of original documents, or documents in electronic form. In the case of documents in electronic form, the authenticity of the documents and their long-term preservation must be ensured. To this end, the use of computerised systems shall comply with the provisions of the applicable national legislation specifying the operational, organisational and technological conditions for the capture, conversion and preservation of documents in digital form.

The documents relating to the implementation of the financial contribution from the EUSF shall be kept available and accessible so that the relevant national or European authorities may, at any time within the prescribed deadlines, verify the documents, i.e. their authenticity, the regularity and consistency of the costs, the correctness and the effectiveness of the procedures and the regularity and effectiveness of the use of the funds.

The implementing bodies, the beneficiaries and any other bodies shall, as a rule, keep the following documents by taking into account the abovementioned rules:

1. damage report,
2. an estimate (valuation) of the damage,
3. photographs of the damage caused by the natural disaster, which they were able to obtain during the floods of August 2023 or before the implementation of emergency operations eligible for financing from the EUSF,
4. documents in respect of the procedure for the award and execution of works,
5. documents demonstrating the extent and value of the works carried out,
6. invoices,
7. proof of payment/receipts,
8. contracts concluded with contractors

or any other documents necessary to establish or prove that the damage occurred or that the activity was carried out as a result of a natural disaster.

# INDICATIVE USE OF FINANCIAL ASSISTANCE FROM THE EUSF PER IMPLEMENTING BODIES PER YEARS

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  | **2023** | **2024** | | **2025** | **TOTAL** |
| ***implementation*** | ***implementation 2024 (by 8.7.2024)*** | ***estimate*** | ***estimate*** |  |
| **Ministry of Natural Resources and Spatial Planning** | 62,058,758 | 105,258,305 | 150,000,000 | 61,128,746 | **273,187,504** |
| **Ministry of Infrastructure/ Slovenian Infrastructure Agency** | 45,632,625 | 12,147,190 | 57,100,000 | 36,200,000 | **138,932,625** |
| **Ministry of Defence** | 6,638,436 |  |  |  | **6,638,436** |
| **Ministry of the Environment, Climate and Energy** | 3,166,490 | 2,841,986 | 2,892,678 |  | **6,059,168** |
| **Ministry of Labour, Family, Social Affairs and Equal Opportunities** | 2,245,457 | 899,059 | 936,810 |  | **3,182,267** |
| **TOTAL** | **119,741,766** | **121,146,540** | **210,929,488** | **97,328,746** | **428,000,000** |

1. If the Programme for the repair of damage caused by floods of 4 August 2023 is foreseen for the measure, the implementing body prepares a government document which is first approved by the Commission for the Repair of Damage to Objects due to Natural Disasters and subsequently by the government and includes the projects that are eligible for co-financing by the EUSF. The adopted Programme can be the basis for the direct approval of the operation. The procedures are carried out in accordance with the public finance legislation: the proposers of financial plans submit their financial plan proposals to the ministry responsible for finance on the basis of the instructions for the preparation of the draft state budget; the EUSF financial resources are thus secured for each operation at the time of the adoption of the state budget, or subsequently by means of reallocations within the state budget with the agreement of the competent implementing body. [↑](#footnote-ref-2)
2. If the beneficiary is a direct budget user, this specific task is performed by the beneficiary itself in accordance with the national public finance legislation. [↑](#footnote-ref-3)
3. If the beneficiary is a direct budget user, no contract/other document is concluded between the implementing body and the beneficiary. [↑](#footnote-ref-4)
4. If the beneficiary is a direct budget user, the beneficiary itself carries out administrative verification of invoices in accordance with the national public finance legislation. [↑](#footnote-ref-5)
5. On the basis of submitted payment claims. [↑](#footnote-ref-6)
6. If the beneficiary is a direct budget user. [↑](#footnote-ref-7)
7. If the beneficiary is a body within the ministry, it carries out administrative verifications itself. [↑](#footnote-ref-8)