



REPUBLIC OF SLOVENIA  
MINISTRY OF FINANCE  
BUDGET SUPERVISION OFFICE

Iceland  
Liechtenstein  
Norway grants



Norway grants

# 1<sup>ST</sup> ANNUAL AUDIT REPORT

FOR IMPLEMENTATION OF  
NORWEGIAN FINANCIAL MECHANISM AND  
EUROPEAN ECONOMIC AREA FINANCIAL MECHANISM  
FOR THE PERIOD 2014 - 2021

January 2019

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## **1. INTRODUCTION**

### **1.1 Reference period – accounting period**

In the period up to 31 December 2018 statements of expenditure were not submitted to donors.

### **1.2 Reference to the version of the audit strategy applicable**

The audit strategy is not prepared yet.

### **1.3 Audit period (during which the audit work took place)**

Annual Audit Report describes the audit work done up to 31 December 2018.

### **1.4 Identification of the programme(s) covered by the report and of its/their PO(s)**

Report covers the following programs and programme operators (hereinafter: PO):

- Education, Scholarships, Apprenticeship and Youth Entrepreneurship, PO: European Territorial Cooperation and Financial Mechanisms Office (hereinafter: ETCFM), within Government Office for Development and European Cohesion Policy (hereinafter: GODC);
- Climate Change Mitigation and Adaptation, PO: ETCFM within GODC.

### **1.5 Description of the steps taken to prepare the report and to draw the audit opinion**

In the line with article 101 of the Slovene Public Finance Act and the Annex A of Memorandum of Understanding on the implementation of the Norwegian financial mechanism and European Economic Area Financial Mechanism (hereafter also NFM and EEAFM) for the period 2014 - 2021<sup>1</sup>, the Budget Supervision Office of Republic Slovenia (hereafter BSO) is the main and only audit authority (hereafter AA) and consequently responsible for the preparation of this Annual Audit Report.

Annual Audit report and opinion is prepared on the basis of the Financial Guidance on how to carry out financial tasks under the EEA and Norwegian Financial Mechanisms for 2014-2021<sup>2</sup>.

In the period up to 31 December 2018 AA has not performed system or projects audits and there were no statements of actual expenditure incurred presented to the donors therefore AA cannot express an opinion as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of actual expenditure incurred presented to the NMFA and FMC are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.

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<sup>1</sup> Signed on 17 April 2018.

<sup>2</sup> Financial Mechanism Office Guidance Version 1 – Updated 19 May 2017

## **2. SIGNIFICANT CHANGES IN MANAGEMENT AND CONTROL SYSTEMS**

In the line with Annex A of Memorandum of Understanding on the implementation of the NFM and EEAFFM for the period 2014 – 2021 both financial mechanisms are sharing the same management and control system:

- a) National Focal Point: ETCFM within GODC,
- b) Certifying Authority – The Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas within the Ministry of Economic Development and Technology.
- c) Irregularities Authority - Department for management of EU funds, within the Budget Directorate of the Ministry of Finance,
- d) AA: BSO.

GODC sent to AA on 13 November 2018 the Description of the management and control system of the national level of the NFM and EEAFFM for the period 2014 – 2021. AA plans to start Compliance assessment in March 2019.

## **3. CHANGES TO THE AUDIT STRATEGY**

Audit strategy is not prepared yet.

## **4. SYSTEMS AUDITS**

In the reporting period AA didn't perform system audits.

## **5. AUDITS OF PROJECTS**

In the reporting period AA didn't perform audits of projects.

## **6. CO-ORDINATION BETWEEN AUDIT BODIES AND SUPERVISORY WORK OF THE AUDIT AUTHORITY**

In the reporting period audits were not performed.

## **7. OTHER INFORMATION**

Not applicable.

## **8. OVERALL LEVEL OF ASSURANCE**

Not applicable.



Dušan Sterle, Director



REPUBLIC OF SLOVENIA  
**MINISTRY OF FINANCE**

BUDGET SUPERVISION OFFICE  
OF THE REPUBLIC OF SLOVENIA

**For the:**  
**Financial Mechanisms Committee (FMC) and**  
**Norwegian Ministry of Foreign Affairs (NMFA)**

## INTRODUCTION

The undersigned Dušan Sterle, representing the Budget Supervision Office, as the authority responsible for auditing the functioning of the management and control system established for the Norwegian and the EEA Financial Mechanism for the period 2014-2021, and for the issuing an opinion to the FMC/NMFA as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of actual expenditure incurred presented to the FMC/NMFA are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.

## LIMITATION OF THE SCOPE

The scope of the examination was limited by the following factors:

- In the period up to 31 December 2018 no system audits were performed,
- In the period up to 31 December 2018 statements of expenditure were not submitted to donors, so in that period the no audits of projects were performed.

## DISCLAIMER OF OPINION

Because of the significance of the matter described in the Limitation of the scope, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of actual expenditure incurred presented to the FMO are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.

Date: 29 January 2019

Dušan Sterle, Director



