



REPUBLIC OF SLOVENIA
MINISTRY OF FINANCE

BUDGET SUPERVISION OFFICE
OF THE REPUBLIC OF SLOVENIA

ANNUAL CONTROL REPORT

**COOPERATION PROGRAMME INTERREG V-A
Slovenia - Austria 2014 – 2020**

CCI No 2014TC16RFCB054

**referred to the 8th accounting year
from 1 July 2021 to 30 June 2022**

Final Version



Interreg 
SLOVENIJA - AVSTRIJA
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1. INTRODUCTION	3
2. SIGNIFICANT CHANGES IN MANAGEMENT AND CONTROL SYSTEM(S)	4
3. CHANGES TO THE AUDIT STRATEGY	5
4. SYSTEM AUDITS	5
5. AUDIT OF OPERATIONS	13
6. AUDITS OF ACCOUNTS	18
7. COORDINATION BETWEEN AUDIT BODIES AND SUPERVISORY WORK BY THE AUDIT AUTHORITY..	21
8. OTHER INFORMATION.....	21
9. OVERALL LEVEL OF ASSURANCE	22
ANNEX 1 - "RESULTS OF SYSTEMS AUDITS"	24
ANNEX 2 - "RESULTS OF AUDITS OF OPERATIONS" - 7 th accounting year	26
ANNEX 4 (B) - "TABLE OF IRREGULARITIES"	27
ANNEX 3 - "CALCULATION OF RTER" (attached in excel table)	29
ANNEX 4 (A) - "TYPES OF FINDINGS" (attached in excel table)	29

1. INTRODUCTION

1.1 Identification of the responsible audit authority and other bodies that have been involved in preparing the report.

Audit Authority (hereinafter AA):
Republic of Slovenia
Ministry of Finance - Budget Supervision Office (hereinafter BSO)
Other European Funds and Mechanisms audit Division
Fajfarjeva 33
1000 Ljubljana – Slovenia

The AA is assisted, as envisaged under Art. 25 (2) of Regulation (EU) No. 1299/2013, by the Group of Auditors (hereinafter GoA).

The GoA is composed by representatives of AA (above) and Audit Body (hereinafter AB):

Audit Body:
Federal Ministry of Agriculture, Forestry, Regions and Water Management
Referat ERDF Audit Authority
Ferdinandstrasse 4
A-1020 Vienna - Austria

1.2 Indication of the reference period.

The period from 1 July 2021 to 30 June 2022 represents the reference period in accordance with Art. 2(29) of Regulation (EU) No.1303/2013

1.3 Indication of the audit period.

The Annual Control Report is referred to the audit work performed in the (audit) period from 1 July 2021 to the date of the submission of it to the EC.

On 25 January 2023, Audit Authority has sent to the EC a formal request of the Republic of Slovenia to exceptionally extend the deadline for submission of the Assurance Package for the 8th Accounting year to 1st of March 2023. On 6th of February 2023, EC has accepted the request for extended deadline for submission the Assurance Package for the 8th Accounting year¹.

1.4 Identification of the operational programme(s) covered by the report and of its/their managing and certifying authorities.

COOPERATION PROGRAMME INTERREG V-A Slovenia Austria 2014 – 2020
CCI No 2014TC16RFCB054

Managing Authority (hereinafter MA):
Government Office for Development and European Cohesion Policy
Interreg and Financial Mechanisms Office
Cross-border Programmes Management Division
Kotnikova ulica 5
1000 Ljubljana – Slovenia

Certifying Authority (hereinafter CA):
Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas (hereinafter SRDF)
Škrabčev trg 9a; 1310 Ribnica – Slovenia

¹ Ref.Ares(2023)843675-06/02/2023.

1.5 Description of the steps taken to prepare the report.

The report was drafted in accordance with Art. 63 (7) of Regulation No.1046/2018 and revised version of Guidance for Member States on ACR and Audit Opinion (Programming Period 2014-2020) and is based on activities envisaged in the audit strategy drawn up by the AA with the support of the GoA.

2. SIGNIFICANT CHANGES IN MANAGEMENT AND CONTROL SYSTEM(S)

2.1 Details of any significant changes in the management and control systems related with managing and certifying authorities' responsibilities.

In December 2022 the MA submitted to the AA the revised version of the Description of the Management and Control System (hereinafter DMCS), which include changes of the management and control system (hereinafter MCS), referred to the period from December 2021 to December 2022.

The changes related to the MA /JS are partly related to the organisational changes within the Government Office for Development and European Cohesion Policy and were implemented in December 2022 as follows:

- The GODC has re-organized European Territorial Cooperation and Financial Mechanisms Division into new Interreg and Financial Mechanisms Office.
- In the frame of the Interreg and Financial Mechanisms Office are organized two divisions:
 - o MA and JS of the CP Interreg SI-AT 2014-2020 works within Cross-Border Programmes Management Division².
 - o Slovenian National Authority (NA) of the CP Interreg SI-AT 2014-2020 works within the Interreg Division³.
- Slovenian Control Unit (CU) of the CP Interreg SI-AT 2014-2020 is organized separately in the Control and Evaluation Division, Interreg Programmes and Financial Mechanisms Control Section⁴
- No important personnel changes followed the organisational changes.

With regarding to the organizational changes of the GODC considering the MA, JS, CU and NA in Slovenia as well the changes of the managing structure, AA on base of the desk analysis considers that changes will not have substantial impact on the functioning of the MCS.

In the end of 2021, the organizational changes of the CU Burgenland were implemented. The „Regionalmanagement Burgenland GmbH “has been dissolved and from 1st of January 2022 the „Wirtschaftsagentur Burgenland GmbH “, performs the CU tasks. No important personnel changes followed the organisational changes.

The organizational changes occurred also in the frame of Audit Body from Austria. In July 2022 the Federal Ministry of Agriculture, Regions and Tourism has been reorganized, based on the

² Before MA was organized in ETC and Financial Mechanism Division, Cross-Border Programmes Management Section.

³ Before NA was organized in ETC and Financial Mechanism Division, European Territorial Cooperation and Financial Section.

⁴ Before NCU was organized in Control Division, Objective 2 Control Section.

Federal Ministries Act, into the Federal Ministry of Agriculture, Forestry, Regions and Water Management. From July 2022 the AB is managed by new Head, Mrs. Verena Wessely.

Audit Authority: In September 2022 Mrs. Patricija Pergar has been appointed as the Head of the Audit Authority⁵. Due to some internal organisational changes (not referred to the INTERREG Programmes) the name of division responsible for the audit of INTERREG Programmes changed into Other European Funds and Mechanisms audit Division⁶.

2.2 Information relating to the monitoring of the designated bodies according to Article 124(5) and (6) of Regulation (EU) No 1303/2013.

No information relating to the monitoring of the designated bodies according to art 124(5)(6) of Regulation No. 1303/2013 have been received until the phase of the preparation of this report.

2.3 The dates from which these changes apply, the dates of notification of the changes to the audit authority, as well as the impact of these changes to the audit work are to be indicated.

Please see Chapter 2.1 of the present report.

3. CHANGES TO THE AUDIT STRATEGY

3.1 Details of any changes to the audit strategy, and explanation of the reasons.

The version 1.5 of the audit strategy was updated in April 2022. The long-term/mid-term audit plans were updated. No other significant changes have been made to the audit strategy for the CP from the previous version.

3.2 Differentiation between the changes made or proposed at a late stage, which do not affect the work done during the reference period and the changes made during the reference period, that affect the audit work and results.

n/a

4. SYSTEM AUDITS

4.1 Details of the bodies (including the Audit Authority) that have carried out audits on the proper functioning of the management and control system of the programme – hereafter "system audits".

Audit Authority has performed the planned system audit of control unit in Slovenia in the 8th accounting year.

⁵ Mrs. Patricija Pergar was appointed as the Acting Director of the BSO.

⁶ Before AA organizational unit name was Other European Shared Management Funds Audit Division.

4.2 Description of the basis for the audits carried out, including a reference to the audit strategy applicable, more particularly to the risk assessment methodology and the results that led to establishing the audit plan for system audits.

Taking into consideration that relatively small number of the programme/bodies participate in the MCS and in addition that 2 of them (MA/JS and CU in Slovenia) are part of the internal organisation of the same institution - Government Office of the Republic of Slovenia for Development and European Cohesion Policy, no risk assessment methodology has been adopted in the Audit Strategy to establish the audit plan for system audits.

Instead of this it will be assured that all the authorities/bodies included in the MCS will be audited at least twice in the programming period. Additionally, the sequence order for the system audits of thematic issues has been created.

Based on this premises the AA in cooperation with AB established the rank list of system audits for period 2018 – 2022 (where the above assurance is fulfilled).

According to the rank list system audits of MA, CA, CU in Slovenia and 2 CUs⁷ in Austria have been planned and implemented in 2018 and follow-up of these audits have been performed in 2019.

In July 2020, according to the rank list, the system audit of specific thematic area on performance data reliability was finalized, and in the period November 2020 - January 2021, the system audit of the CA⁸ has been implemented.

In 2021, AA has implemented system audit of the Managing Authority⁹ and system audit of specific thematic area - withdrawals and recoveries.

In 2021, AB has concluded system audits of 2 (remaining) CUs¹⁰ in Austria (“Regionalmanagement Burgenland”¹¹ and “Amt der Steiermärkischen Landesregierung”).

Considering that no substantial changes of the MCS occurred and no specific problem areas were identified during the previous audits, in 2022, according to the audit plan, system audit of the CU¹² in Slovenia (please see chapter 4.3 of this report) and a follow-up of system audit of CU Wirtschaftsagentur Burgenland GmbH (please see chapter 4.5 of this report), have been implemented.

⁷ KWF - Kärntner Wirtschaftsförderungsfond and Amt der Kärntner Landesregierung.

⁸ The system audit of the CA was carried out for the second time in the programming period 2014-2020.

⁹ The system audit of the MA was carried out for the second time in the programming period 2014-2020.

¹⁰ In 2020, due to the COVID-19 epidemic, AB postponed the implementation of the system audits of 2 remaining CUs in Austria in the first half of 2021.

¹¹ From 1.1.2022 Wirtschaftsagentur Burgenland GmbH.

¹² CU in Slovenia was implemented for the second time in the programming period. It was agreed with the AB that upon some changes in the organisational structure of the Audit Body (in year 2021 and 2022), system audits of 4 CUs in Austria will not be implemented for the second time in the programming period. During the system audits of 2 CUs (KWF - Kärntner Wirtschaftsförderungsfond and Amt der Kärntner Landesregierung) no important findings have been identified (Cat.1) and follow-up audits of 2 CUs (“Regionalmanagement Burgenland” and “Amt der Steiermärkischen Landesregierung”) were planned to be finalized in the first half of the year 2022. However, it was also agreed with the AB, that system audits of all CUs (in Slovenia and Austria) will be implemented at the beginning of the implementation of the new programming period, considering the significant change of control procedures (risk assessment/sample of controls).

4.3 Description of the main findings and conclusions drawn from system audits, including the audits targeted to specific thematic areas, as defined in section 3.2 of Annex VII of Regulation (EU) 2015/207.

In the period from 1st of July 2021 until the submission of this report in accordance with the audit plan, the following system audit has been performed by AA:

- System audit of control unit in Slovenia (finalized in August 2022).

The table in annex 1 to this report indicates for each body audited by the AA and AB the assessment related to each key requirement, resulting also from the system audit listed above.

Summary of important findings and conclusions of the system audit performed:

System audit of the MCS of the Control Unit in Slovenia

In the first half of year 2022 the system audit of control unit¹³ in Slovenia has been implemented by AA. The audit has been performed for all three Interreg programmes together (CP Slovenia-Austria, CP Slovenia-Hungary, CP Slovenia – Croatia) for which GODC has a role as CU and JS.

The audit was subject to verification of the effectiveness of MCS in the CU for the audited CPs. In the frame of the system audit also management verifications in function of the Joint Secretariat (JS) were audited. The audit of the system was carried out for the second time in the programming period 2014-2020. The assessment criteria for the key requirements KR1, KR4 and KR5 that are applicable to the CU and JS, have been audited and assessed. The following findings have been identified during the audit:

KR 1: Adequate separation of functions and monitoring of delegated tasks

<p>Finding No.1:</p> <p>The position of the head of the Objective 2 Control Section is vacant. The tasks of the head of the Section are temporarily performed by the controller within the Objective 2 Control Section.</p>	<p>Recommendation No.1:</p> <p>AA recommends CU that, due to the importance of the tasks performed by the Head of the Section, the post should be filled as soon as possible.</p>
<p>Finding No.2:</p> <p>CUs internal manuals are deficient in the part that relates to the closure and monitoring of the sustainability of projects and the monitoring of irregularities and other findings within the framework of management verifications.</p>	<p>Recommendation No.2:</p> <p>AA recommends MA and CU to supplement the internal manuals and upgrade the system in such a way that it will ensure proper handling of all tasks.</p>

¹³ In the frame of the audit also JS functions on management verifications were audited.

KR 4: Adequate management verifications

<p>Finding No.3:</p> <p>AA found that CU did not establish adequate procedures for checking possible double funding.</p>	<p>Recommendation No.3:</p> <p>CU should revise the internal manuals and upgrade the system in such a way that the risk of double financing and an audit trail of the performed checks are adequately ensured.</p>
<p>Finding No.4:</p> <p>AA found that in some cases the checklists do not provide an adequate audit trail of the controller's work.</p>	<p>Recommendation No.4:</p> <p>CU should give guidelines in the manuals on how the controller should ensure the proper audit trail of the controller's work in the checklist.</p>
<p>Finding No.5:</p> <p>The risk analysis for the selection of the on-the-spot check sample was not properly timed, justified and documented.</p>	<p>Recommendation No.5:</p> <p>AA recommends CU that, in the future, when preparing and performing a risk analysis, it considers the provisions of the Guidelines for management verifications and ensures an appropriate time frame, justification of the criteria and a proper audit trail.</p>
<p>Finding No.6:</p> <p>AA found that from the documentation of the on-the-spot checks carried out, there is no adequate audit trail on certain management verifications, and there is not enough information on the scope of the checks.</p>	<p>Recommendation No.6:</p> <p>CU should provide all relevant information about on-the-spot checks in checklists and in eMS.</p>

KR 5: Adequate audit trail

<p>Finding No.7:</p> <p>AA found that in some cases eMS does not include all the documentation related to the controller's work within the CU and JS attachments, which results in a deficient audit trail.</p>	<p>Recommendation No.7:</p> <p>AA recommends CU and JS to include in eMS all documentation related to verifications, as well as documentation which controllers and JS contract managers have on their shared drives.</p>
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No other important findings have been detected during the system audit.

Based on the audit performed, AA assessed MCS in the Control Unit in Slovenia with *Category 2: System works, but some improvements are needed.*

4.4 Indication of whether any problems identified were considered to be of a systemic character, and of the measures taken, including a quantification of the irregular expenditure and any related financial corrections, in line with Article 27(5) of Regulation (EU) No 480/2014.

No errors of systemic nature were identified during the system audits.

4.5 Information on the follow-up of audit recommendations from system audits from previous accounting years.

Audit Body has concluded planned follow-up of system audit of CU Wirtschaftsagentur Burgenland GmbH in Austria (Until 31.12.2021 Regionalmanagement Burgenland) in the 8th accounting year.

Follow-up of System audit of the MCS of the National Control Unit in Austria – “Wirtschaftsagentur Burgenland GmbH”

KR5: Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail

<p>Finding No.1:</p> <p>The AB established that CU lacks the completeness and traceability of the documents in verification process. The AB was hardly possible to trace the single, partial comprehensive documents in eMS and to verify, which papers were uploaded by which body (beneficiary, CU) and were basis for verification of eligibility by CU. The documents handed in later led to traceability of the audit trail in a few numbers of projects. Although it was in general possible to verify a consistent audit trail, the place of storage of the necessary documents differs from case to case.</p>	<p>Recommendation No.1:</p> <p>In order to ensure a traceable audit trail, the AB recommends the CU:</p> <ul style="list-style-type: none"> • to write down its operative control procedures (calculation sheets for all cost categories, calculations for hourly rates, annotations / comments in the mandatory fields CU certificates and checklists, etc.), • to enhance and improve the quality of the operative control procedures and its documentation by means of training units and measures of the staff, • to ensure that the required control quality is constantly by suitable supervisory measures checked and thus fulfilled.
<p>The recommendation is closed, the auditee has implemented the recommendation.</p>	

KR4: Adequate management verifications

<p>Finding No.2:</p> <p>The AB established that there was no written procedure available for the selection of random sampling in connection with</p>	<p>Recommendation No.2:</p> <p>The AB recommends an obligatory determination of methods for selection of random sample and the amounts of additional</p>
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<p>payment of salaries and payment of non-wage staff costs.</p>	<p>verifications in the case of findings for the future. Concerning staff costs the AB recommends the verification and documentation of the payments of income tax and social security contribution based on a random sample.</p>
<p>The recommendation remains open. The auditee has explained that the audit of non-wage staff cost will be standardized and documented in the internal manual for the next programming period.</p>	
<p>Finding No.3:</p> <p>The AB established that first level control process lacks the structured and standardized system concerning verification of personnel costs. In some CU reports the clear base for verification of staff costs was not traceable (the relevant documents were not uploaded in eMS).</p> <p>The AB has also identified that the staff descriptions of work done, are not detailed enough to allow traceability of an unambiguous project relevance and comparison with the progress reports in question.</p>	<p>Recommendation No.3:</p> <p>The AB recommends a structured and standardized system concerning verification of personnel costs.</p> <p>It is also recommended, that beneficiaries in the application process provide verifiable descriptions of work done in the project within the scope of staff costs.</p>
<p>The recommendation remains open. The auditee has explained that the flat rate or fixed percentage method will be used in the next programming period. The coordination process with other Austrian CUs for establishing a binding uniform method regarding the calculation of personnel costs, has already started.</p>	
<p>Finding No.4:</p> <p>CU lacks written internal process manuals for RB and CU inside the organization, which are obligatory transferred to the involved staff and should be additional to the CP documents.</p>	<p>Recommendation No.4:</p> <p>The AB recommends the implementation of own manuals covering all steps of activities required to the staff of RB/CU and to obligatory transfer this manual to all the involved staff in a written procedure. In this way even in cases of absence due to illness or new employments, a sufficient procedure of activities can be ensured.</p>
<p>The recommendation remains open. The auditee has explained that an internal manual including procedural instructions is being continuously created and maintained also regarding new programming period. AB recommends to the auditee, that comprehensive internal manual should be implemented before the start of the new programming period.</p>	

<p>Finding No.5:</p> <p>AB established insufficient documentation about the assessment of the state aid relevant regulations through the Regional Body.</p>	<p>Recommendation No.5:</p> <p>The AB recommends to the RB the improvement of audit trail regarding the documentation on the state aid assessment and despite the formal competence of the JS, to check the state aid conditions in complete and correct content.</p>
<p>The recommendation is closed. After the dissolution of the Regionalmanagement Burgenland, and the assumption of its tasks to the Wirtschaftsagentur Burgenland, the recommendation is no longer applicable.</p>	

KR7: Effective implementation of proportionate anti-fraud measures

<p>Finding No.6:</p> <p>The AB established that CU has no written procedure protecting whistle-blowers. In cases of suspicion of fraud, the staff members had to keep reporting a suspicion through the official channels to their direct superior.</p>	<p>Recommendation No.6:</p> <p>The AB recommends to the CU drawing up appropriate measures (as guarantee of anonymity, spokespersons outside the organisation, etc.) to ensure that whistle-blowers get protected from any negative consequences.</p>
<p>The recommendation remains open. The auditee has explained that whistleblowing system is currently being implemented. AB recommends to the auditee, that above mentioned system should be implemented before the start of the new programming period.</p>	

Regarding the fulfilment of the open recommendation from the System audit of Managing Authority / Joint Secretariat / National Authority¹⁴, in December 2022 the AA carried additional verifications of received documentation from the MA. The status of the recommendations is following:

System audit of the MCS of the Managing Authority / Joint Secretariat / National Authority

KR 7: Effective implementation of proportionate anti-fraud measures

<p>Finding No.1:</p> <p>MA did not adequately assess the total gross, net and target risk of fraud in the framework of the self-assessment of fraud risk for individual risks.</p>	<p>Recommendation No.1:</p> <p>MA should re-prepare a self-assessment of fraud risks in accordance with the EC guidelines for fraud risk assessment, with an appropriate self-assessment team whereas, for individual risks, it should properly assess the total gross and net and target risk of fraud, as well as properly assess the</p>
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¹⁴ Implemented in June 2021.

	management of these risks with existing and possible additional controls
<p>Implementation of the recommendation:</p> <p>The recommendation is closed. The auditee has submitted new version of self-assessment of fraud risks, in which individual risks, the total gross and target risks of fraud are assessed in compliance with EC guidelines for fraud risk assessment.</p>	

KR 8: Appropriate procedures for drawing up the management declaration and annual summary of the final audit reports and of controls carried out

<p>Finding No.2:</p> <p>In the annual summary of controls carried out, in the case of irregularities in the category "Other" and in categories with similar characteristics of irregularities identified by the CU, in most cases there are no comments about the type or the content of the irregularity.</p>	<p>Recommendation No.2:</p> <p>MA, should in cooperation with the CU, ensure more detailed information, for the purpose of a complete and accurate analysis of identified errors and irregularities, which may allow for appropriate corrective actions.</p>
<p>Implementation of the recommendation:</p> <p>The recommendation remains open. The IT system eMS does not enable comments about the type or the content of the irregularities in the category "Other". The change of the IT system is not foreseen, nevertheless, the recommendation will be considered for the future programming period.</p>	
<p>Finding No.3:</p> <p>In the annual summary of controls carried out, that most irregularities in the "Other" categories and in categories with similar irregularities are classified as administrative errors, which in the annual summary were not considered to be of a temporary nature.</p>	<p>Recommendation No.3:</p> <p>MA should in preparation of annual summaries, perform an appropriate analysis of irregularities in such a way that the so-called temporary irregularities or administrative errors without financial corrections are classified separately from other identified irregularities of the CU to ensure more appropriate analysis of irregularities with financial corrections.</p>
<p>Implementation of the recommendation:</p> <p>The recommendation is closed, the auditee has fully implemented the recommendation.</p>	

4.6 Description (where applicable) of specific deficiencies related to the management of financial instruments or other type of expenditure covered by particular rules (e.g. State aid, revenue-generating projects, simplified cost options), detected during system audits and of the follow-up given by the managing authority to remedy these shortcomings.

n/a

4.7 Level of assurance obtained following the system audits (low/average/high) and justification.

Overall conclusion by the MCS: BSO as the AA for the CP, on the basis of the results and conclusions of the second system audit of CA (assessed with Category 1), and of the second system audit of MA (assessed with Category 2), and of system audit of CU in Austria “Amt der Steiermärkischen Landesregierung” (assessed with Category 1) and Follow-up of system audit of “Wirtschaftsagentur Burgenland GmbH” (assessed with Category 2), and of the second system audit of CU in Slovenia (assessed with Category 2), assessed the overall MCS for the CP INTERREG V-A Slovenia-Austria in Category 2 (“System works, but some improvements are needed”).

5. AUDIT OF OPERATIONS

5.1 Indicate the bodies that carried out the audits of operation, including the audit authority.

For the reference period the audits of operations in Slovenia were carried out by the BSO. The audit of operations in Austria were carried out by the external auditors¹⁵ under the supervision of the Audit Body.

In this accounting year, audits of all (13) project partners in Austria were performed by external auditors. According to the contract the coordination between AB and external auditor is defined. The AB supervised the audit work of the external auditors.

According to Rules of Procedure of the Group of Auditors, each body (AA, AB in cooperation with external auditors) prepared the partial reports on performed audits of operations for the beneficiaries (project partners) in the relevant territory of the programme.

5.2 Description of the sampling methodology applied and information whether the methodology is in accordance with the audit strategy.

AA used a non-statistical sampling method to select a sample of operations for the reference period (8th accounting year). According to Audit Strategy the method used by the AA, was defined analysing the characteristics of the population: number of operations (with certified

¹⁵ Audits were outsourced to:

- MAZARS Austria GmbH;
- PwC Wirtschaftsprüfung GmbH;
- KPMG Austria Wirtschaftsprüfungs und Steuerberatungsgesellschaft;
- Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. (E&Y),

amounts), number of Project Progress Reports and Partner Progress Reports, size (in terms of certified amount per year) and type of operations.

5.3 Indication of the parameters used for statistical sampling and explanation of the underlying calculations and professional judgement applied.

AA used a non-statistical sampling method to select a sample of operations for the reference period (8th accounting year). Please see explanation in Chapter 5.6 of this report.

5.4 Reconciliation between the total expenditure declared in euro to the Commission in respect of the accounting year and the population from which the random sample was drawn.

In the 8th accounting year, the CA declared to the Commission in the frame of CP the expenditure in the total amount of **8.885.034,68 €**.

The value of the population from which the random sample was drawn¹⁶ corresponds to **8.902.755,81 €** (hereinafter population sampled).

The AA reconciled these two amounts; the difference between the above amounts corresponds to the negative amounts identified.

5.5 Where there are negative sampling units, confirmation that they have been treated as a separate population according to Article 28(7) of Commission Delegated Regulation (EU) No 480/2014.

In the frame of the total expenditure relating to a sampling unit for the accounting year five (5) negative sampling units have been identified in the total amount of **17.721,13¹⁷**. They were excluded from the population and were treated separately.

Analysing the above negative amount, the AA can confirm that it is consistent with amounts of financial corrections registered in the CA's accounting system.

5.6 In case of the use of non-statistical sampling, indicate the reasons for using the method in line with Article 127(1) of Regulation (EU) No 1303/2013, the percentage of operations/expenditure covered through audits, the steps taken to ensure randomness of the sample (and thus its representativity) and to ensure a sufficient size of the sample enabling the Audit Authority to draw up a valid audit opinion.

The population sampled in total value of 8.902.755,81 € includes 69 Project Progress Reports¹⁸ which corresponds to 43 operations with expenditures certified in the 8th accounting year.

Considering the size of the population sampled, AA decided to use a non-statistical sampling method in accordance with the Audit Strategy and selected the sample by means of random selection method.

Applying a non-statistical sampling, the sample size is calculated using professional judgment and considering the level of assurance provided by the system audits.

¹⁶ Population of positive sampling units.

¹⁷ Negative amounts are related to the operations: SIAT22 PaleoDiversiStyria, SIAT285 EUROVITA, SIAT253 INNOVET, SIAT339 Co_Operation.

¹⁸ Lead Partner level.

In accordance with the Audit Strategy the following (minimum level) of thresholds is observed in dependence of the level of assurance from the system audits:

Assurance level from the system audit	Recommended coverage	
	on operations	on expenditure declared
Works well. No or only minor improvements needed.	5%	10%
Works. Some improvements are needed.	5%-10%	10%
Works partially. Substantial improvements needed.	10%-15%	10%-20%
Essentially does not work.	15%-20%	10%-20%

For the 8th accounting year the assurance level from system audits was estimated, based on the results¹⁹ of the performed system audits and follow-up of system audits of MA, CA and CUs.

The Category 2, according to the Methodology included in the Audit Strategy, corresponds to medium-high level of assurance gained from the system, which in terms of the % of population represents (min) 10% of operations and in terms of expenditure declared 10% of amount of expenditure declared in the 8th accounting year²⁰.

Analysing²¹ the population, no “high value” operations were identified. Following the recommended coverage on operations, 5 (4,3) operations were randomly selected²² in the population of 43 operations. The selected operations are briefly described in the following table:

	Operation	Priority Axes	Certified amount in €	Audited amount in €
1.	SIAT87 Connect SME Plus	I	149.239,60	149.239,60
2.	SIAT327 BANAP	II	153.087,94	153.087,94
3.	SIAT261 Castle Road	II	302.505,38	302.505,38
4.	SIAT208 Innovative Location	III	414.367,53	414.367,53
5.	SIAT158 URBAN DIVERSITY	III	313.681,30	313.681,30
	Total		1.332.881,75	1.332.881,75

The size of the selected sample corresponds to 14,97 % of total certified expenditure and to 11,63% of number of operations in the population for the 8th accounting year. Consequently, the size of selected sample follows the recommended coverage.

5.7 Analysis of the principal results of the audits of operations.

During the audits of operations 18 irregularities (with financial corrections) in the total amount of 32.706,23 € were detected. The following table presents the basic data in relation to the amounts of irregularities detected per operation by the single audit authority and the % of error rate calculated on the level of operation:

¹⁹ Please see the results of system audits in Annex 1.

²⁰ The minimum coverage in accordance with Art. 127(1) of Regulation (EU) 1303/2013 is observed.

²¹ According to calculation for “high level” operation, it was identified, that in the frame of population no items are above 1.780.551,16 € (8.902.755,81 € total certified amount /5 operations to be selected).

²² No sub-sampling was applied in the frame of audits of selected operations.

Acronym of operation	Sample/Certified amount (in €)	Total amount of irregularities (in €)	The amount of irreg. (in €) detected by the BSO (Slovenia)	The amount of irreg. (in €) detected by the Federal Ministry of Agriculture, Forestry, Regions and Water Management (AT)	The error rate / audited amount per operation (in %)
1. SIAT87 Connect SME Plus	149.239,60	1.989,80	1.764,80	225,00	1,33%
2. SIAT327 BANAP	153.087,94	0,00	0,00	0,00	n/a
3. SIAT261 Castle Road	302.505,38	19,26	19,26	0,00	0,01%
4. SIAT208 Innovative Location	414.367,53	30.697,17	287,16	30.410,01	7,41%
5. SIAT158 URBAN DIVERSITY	313.681,30	0,00	0,00	0,00	n/a
	1.332.881,75	32.706,23	2.071,22	30.635,01	

The AA analysed the irregularities detected during the audits of operations and concluded that all of them are categorized as random errors. No systemic, known or anomalous errors were found by the AA and AB during the audits.

A brief description of the irregularities detected during audits of operation together with the information on the single operations, project partners, ineligible amounts and type of error are included in the Annex 4(B) of this report.

The materiality threshold is determined at 2% from the certified eligible expenditure for the 8th accounting year, which amounts to 178.055,12 €.

In the projection of sampling error, the AA applied the “ratio estimation” method²³.

The total error rate (TER) (calculated with this method) presents **2,45%**²⁴ of the amount of the certified eligible expenditure for the 8th accounting year, which projection corresponds to the amount of 218.455,67 €, and it is above the materiality threshold.

5.8 Explanations concerning the financial corrections relating to the accounting year and implemented by the certifying authority/managing authority before submitting the accounts to the Commission as a result of the audits of operations, including flat rate or extrapolated corrections.

The financial corrections in the total amount of 41.162,23 €, related to the irregularities detected during the audits of operations performed in 2022 (32.706,23 €) and to the extrapolated financial corrections (8.456,00 €) (Please see in the Chapter 5.9 of this report), have been deducted²⁵ by CA before submitting the final accounts to the Commission.

²³ Please see the calculation of projection method in Annex 3.

²⁴ Please see the calculation of TER in Annex 3.

²⁵ Please see also in the Chapter 6.3 of this report.

5.9 Comparison of the total error rate and the residual total error with the set materiality level, in order to ascertain if the population is materially misstated and the impact on the audit opinion.

As the irregular amount (32.706,23 €)²⁶ has been deducted before the finalization of the ACR, the RTER²⁷ has been calculated. It corresponds to **2,09%** and it is exceeding the materiality level of 2%.

According to the Guidance for MS on the Annual Control Report and Audit Opinion²⁸, when RTER is above 2%, and if Management and Control System is in category 1 or 2, Member State is expected to apply, before submission of the assurance package, additional extrapolated financial corrections to reduce the material residual risk to 2% or below, which is also the condition to allow an unqualified opinion on the legality and regularity of the expenditure certified in the accounts.

The additional financial correction (extrapolated correction) to reduce residual risk to materiality level in the amount of **8.455,00 €** has been applied using Calculation template for RTER (please see in Annex 3).

Before submitting the final accounts to the Commission, CA has deducted **8.456,00 €** as additional amount of financial correction to reduce residual risk to materiality level (please see chapter 6.3 of this report).

The RTER after extrapolated financial correction corresponds to **1,99%** and it is below the materiality and therefore AA is able to express unqualified audit opinion.

5.10 Information on the results of the audit of the complementary sample.

No complementary sample has been audited in the 8th accounting year.

5.11 Details of whether any problems identified were considered to be systemic in nature.

No systemic errors were found by the AA and AB during the audit of operations in the 8th accounting year.

5.12 Information on the follow-up of audits of operations carried out in previous years, in particular on deficiencies of systemic nature.

No systemic errors were found by the AA and AB during the audit of operations in the 7^h accounting year. All financial corrections (29.850,90 €) related to detected irregularities during the audits of operations performed in 2021 have been deducted by CA before submitting the final accounts for 7^h accounting year to the Commission.

²⁶ The financial corrections related to the irregularities detected during the audits of operations.

²⁷ Please see the calculation of RTER in Annex 3.

²⁸ EGESIF_15-0002-04 (19/12/2018)

5.13 Conclusions drawn from the overall results of the audits of operations with regard to the effectiveness of the management and control system.

Based on the results of the audits of operations performed we can conclude that the results confirm our assessment of the effectiveness of the management and control system (“System works, but some improvements are needed”/ “Category 2”).

6. AUDITS OF ACCOUNTS

6.1 Indication of the authorities/bodies that have carried out audits of accounts.

The audit of accounts for the 8th accounting year have been performed by the Audit Authority for the CP.

6.2 Description of audit approach used to verify the elements of the accounts.

The audit approach, used to verify the elements of accounts defined in Art.137 of Regulation (EU) No.1303/2013, is described as follows.

The AA performed the audits of accounts through:

- audits of operation with the expenditure certified in 8th accounting year in the period May 2022 - February 2023;
- additional final verifications of audits of accounts in February 2023.

All the procedures for additional final verifications have been performed in accordance with the timesheet defined in the Partnership Agreement between MA, CA and AA for the Interreg V-A Slovenia-Austria, Slovenia-Croatia and Slovenia-Hungary for the programming period 2014-2020, where the following steps have been defined:

- submission of first draft of Annual Accounts for the previous accounting year until 30 November,
- submission of second draft of Annual Accounts for the previous accounting year until 7 January,
- submission of draft of Annual Summary and Management Declaration until 23 January.

6.3 Indication of the conclusions drawn from the results of the audits in regard to the completeness, accuracy and veracity of the accounts, including an indication on the financial corrections made and reflected in the accounts as a follow-up to the results of the system audits and/or audit on operations.

In relation to the 8th accounting year 5 Interim Payment Applications have been submitted to the EC.

The final verifications performed by the AA included the reconciliation between the total amount of expenditure declared in the Final Interim Payment Application and the total amount of expenditure declared in 5 Interim Payment Applications submitted by the CA to the EC in the 8th accounting year. The total amount of eligible expenditure declared in the Final Interim Payment Application corresponds to the cumulative amount of eligible expenditure declared in five (5) Interim Payment Applications.

The existence of the audit trail from the single amount declared by PP in the Partner Progress Report to the inclusion of it by the CA in Interim Payment Application have been checked by the AA (in cooperation with the AB) during the audits of operation. As described in the Chapter 5, 5 audits of operations were performed, which included 37 Partner Progress Reports.

During the final additional verifications 10 items of expenditure (CA confirmations) have been selected from 5 Interim Payment Applications with the purpose to verify their existence in the expenditure declared by the Project Partners as well the correctness of the amount paid to them.

Upon this additional checks as well as the checks performed during audits of operation the AA is able to confirm the consistency of data between the Interim Payment Applications and Final Interim Payment Application referred to the 8th accounting year.

The AA reconciled the total amount of eligible expenditure entered in the draft accounts to the total amount of expenditure included in the Payment Applications submitted to the EC. The differences between corresponds to the amount of **42.486,54 €**.

The AA analysed the above amount; it corresponds to the sum of the following final corrections:

- the total amount of 32.706,23 € corresponds to the irregularities detected during audits of operations: “Castle Road”, “Connect SME Plus” and “Innovative Location”;
- the amount of 1.205,51 € corresponds to the irregularities detected during CU desk-check (ex-post certification) of operation “ASAM”;
- the amount of 118,80 € corresponds to the irregularity detected during CU on-the-spot-check (ex-post certification) of operation “INVOLVED”.
- The amount of 8.456,00 € as additional amount of correction to reduce residual risk to materiality level.

The AA considers the CA explanations to be adequate regarding this adjustment, contained in the column G of the Appendix 8 of the Annual Accounts.

In the following table the reconciliation between the amounts declared in the Final Interim Payment Application and amounts included in the Annual Accounts (final version) is presented. In correspondence to the draft version (II) of the Annual Accounts no additional informations have been reported in its final version.

8 th accou nting year	Final Interim Payment Application (FIPA)		Annual Accounts (Annex 1)		(Annex 8; FIPA-Annex 1)	
	Total amount of eligible expenditure (in €)	Total amount of the corresponding public expenditure (in €)	Total amount of eligible expenditure (in €)	Total amount of the corresponding public expenditure (in €)	Total amount of uneligible expenditure (in €)	Total amount of the corresponding public expenditure (in €)
	8.885.034,68	8.587.653,11	8.842.548,14	8.545.729,04	42.486,54	41.924,07

The AA analysed the amount of Withdrawals in the Appendix 2 of the Annual Accounts; it corresponds to the sum of the following irregularities:

- 5 amounts (917,22 €; 1.869,83 €; 14.331,46 €; 565,42 €; 37,20 €) in total sum of 17.721,13 €, corresponds to the irregularities detected during CU desk-checks and on-

the-spot checks of operations “PalaeoDiversiStyria”, “EUROVITA” (2 amounts), “INNOVET”, “Co_Operation”, and are related to 6th and 8th Accounting Year.

The amounts were withdrawn within the 2nd, 3rd and 4th Interim Payment Application, which occurred during the 8th accounting year. The AA considers the reconciliation made by the CA to be adequate concerning amounts presented in Appendix 2 and its consistency with the information in the Annual Summary.

Following provisions of Article 137(2) CPR, no amounts (expenditures) were excluded from the accounts due to ongoing assessment of expenditure's legality and regularity. Also no amounts (expenditures) subsequently were found to be legal and regular and were not included in applications for interim payment relating to 8th accounting year.

In February 2023 the MA submitted the final version of the Management Declaration and the Annual Summary.

In the Annual Summary all the relevant findings related to system audits and audits of operations are included. The MA analysed them and briefly described the corrective measures, realised or to be realised in the future.

In the second part the MA reported on the work of the CU, including administrative verifications with the description of the main results and type of errors detected by the CU's as well as the on the spot checks performed by the Slovenian and Austrian CU's.

The AA compared the reported data in the Annual Summary with the Annual Accounts and the analytical evidences available in the eMS. No inconsistency have been identified during this verifications.

The AA also analysed the Management Declaration. For this purpose the AA compared the statements declared by the MA with the results of system audits, the audits of operations and audit of accounts as well as the information on the results of first level controls included in the Annual Summary of Controls 2022.

Based on these documents the AA can conclude that the audit work performed is not reducing the assurance of the statements declared by the MA in the Management Declaration.

6.4 Indication of whether any problems identified were considered to be systemic in nature, and the measures taken.

No systemic errors were found by the AA and AB during the audit of operations and system audits in the 8th accounting year.

7. COORDINATION BETWEEN AUDIT BODIES AND SUPERVISORY WORK BY THE AUDIT AUTHORITY

7.1 Description of the procedure for coordination between the audit authority and any audit body that carries out audits.

In April 2022, AA together with AB organized the on-line meeting, where the members of GoA were informed about the sample for audit of operations in 2022 and about the changes of audit strategy.

The AB agreed with the sample of operations for the 8th accounting year²⁹ and the audit plan regarding the implementation of the system audits of control units. All audits were performed by the AA and AB (outsourced audit work) based on the common methodology for system audits and audits of operation approved by GoA for the CP and part of the Audit Strategy.

Based on the results of the single audits the BSO as the AA for CP prepared this Annual Control Report, approved by GoA by written procedure on 21st February 2023.

7.2 Description of the procedure for supervision and quality review applied by the audit authority to such audit body(ies).

Please see explanation in the chapter above (7.1).

8. OTHER INFORMATION

8.1 Where applicable, information on reported fraud and suspicions of fraud detected in the context of the audits performed.

In the context of the audits performed by the AA (in cooperation with the AB) in the 8th accounting year, no fraud or suspicions of fraud have been detected.

In the context of the implementation of the financial corrections deriving from European Commission or European Court of Auditors audits, AA confirms that no such audits and therefore no financial corrections took place in the 8th accounting year.

8.2 Where applicable, subsequent events occurred after the submission of the accounts to the audit authority and before the transmission of the annual control report.

No events that could affect the amounts disclosed in the accounts occurred after the submission of the accounts to the Audit Authority and before the transmission of the Annual Control Report and the drawing-up of the audit opinion.

In January 2023, in the period of preparation of this report, the information from the MA have been received regarding the institutional and organizational changes of the MA/JS/NA and CU in Slovenia. The modification, based on Government Act of Republic of Slovenia include the changes related to the organizational structure in the frame of the Government; instead of the Government Office, the Ministry of Cohesion and Regional Development in the Republic of Slovenia was established. Regarding the organizational structure related to INTERREG Programmes, no changes have been implemented (see also Chapter 2.1).

²⁹ The AA agreed with the MA and CA to anticipate the final data of certification per single accounting year. In accordance with the Partnership agreement the final data of the certification is defined on 10 April n-accounting year.

Information about impact on Audit work due to COVID-19 epidemic

COVID-19 epidemic did not have important impact on audit work of both AA and AB in 2022, since from spring 2022 all restrictions considering the COVID-19 epidemic were lifted in Slovenia and Austria. AA and AB realized all the planned on-the-spot checks. System audit of the CU in Slovenia was implemented on the desk-based audit work and on-the-spot interviews.

9. OVERALL LEVEL OF ASSURANCE

9.1 Indication of the overall level of assurance on the proper functioning of the management and control system.

In the preparation of the audit opinion for the 8th accounting year the AA took into consideration the results of the performed system audit of the MA carried out during previous accounting year and system audit of CU in Slovenia, carried out during this accounting year (all assessed with Category 2), and of system audits of 2 CUs in Austria (assessed with Category 1 and with Category 2), and of system audit of CA (assessed with Category 1), and of 2 system audits of specific thematic area - performance data reliability and of withdrawals and recoveries (all assessed with Category 1), the results of the audits of operation as well as the additional final audits of accounts performed by the AA in December 2022 - February 2023.

Based on the results obtained from the system audits of the MA, CA and CUs in both countries, the AA assessed the overall MCS for the CP with Category 2 ("System works, but some improvements are needed").

During the audits of operation, the irregularities in the total amount of 32.706,23 € have been identified; upon these results the TER calculated corresponds to the **2,45%**.

Concerning the irregularities detected during audits of operation the corrective measures have been implemented by the MA before the final version of the ACR.

The RTER calculated upon the corrections applied corresponds to **2,09%** and is exceeding the materiality level of 2%.

Before submitting the final accounts to the Commission, CA has deducted additional amount of correction (8.456,00 €) to reduce residual risk to materiality level. The RTER after extrapolated financial correction corresponds to **1,99%** and it is below the materiality.

Performing the additional final verifications on annual accounts no important inconsistencies have been found.

Based on these partial conclusions on audit work performed in 2022 by the AA in cooperation with AB, the AA provides reasonable assurance on the completeness, accuracy and veracity of the amounts declared in the accounts.

Considering that the MCS is classified in Category 2 and the RTER is below to the materiality level of the 2%, the AA expresses the unqualified opinion.

9.2 Assessment of any mitigating actions implemented, such as financial corrections and assessment of the need for any additional corrective measures necessary, both from a system and financial perspective.

Concerning the irregularities detected during audit work, only random irregularities (financial corrections) have been identified, therefore all corrective measures have been implemented by MA and CA before the final version of this report.

ANNEX 1 - "RESULTS OF SYSTEMS AUDITS"

Audited Entity	Fund (Multi-funds OP)	Title of the audit	Date of the final audit report	Operational Programme: [CCI No 2014TC16RFCB054, CP INTERREG V-A Slovenia Austria 2014 – 2020]													Overall assessment (category 1, 2, 3, 4) [as defined in Table 2- Annex IV of Regulation (EU) No 480/2014]	Comments	
				Key requirements (as applicable) [as defined in Table 1- Annex IV of Regulation (EU) No 480/2014]															
				KR 1	KR 2	KR 3	KR 4	KR 5	KR 6	KR 7	KR 8	KR 9	KR 10	KR 11	KR 12	KR 13			
NCU AT - KWF ³⁰	ERDF	<i>Follow-up of System audit of the Control Unit in Austria</i>	October 2019	1	/	/	1	1	/	1	/							1	
NCU AT - AKL ³¹	ERDF	<i>Follow-up of System audit of the Control Unit in Austria</i>	October 2019	1	/	/	1	1	/	1	/							1	
MA / JS	ERDF	<i>System audit of specific thematic area - performance data reliability</i>	July 2020	1	1	1	1	1	1	/	/							1	
CA ³²	ERDF	<i>2nd System audit of the Certifying Authority</i>	January 2021										1	2	1	1	1	1	

³⁰ Kärntner Wirtschaftsförderungsfond.

³¹ Amt der Kärntner Landesregierung.

³² Second system audit of CA in the programming period 2014-2020.

MA / CA	ERDF	System audit of specific thematic area - withdrawals and recoveries	February 2021	1	/	/	/	1	/	/	/	1	/	/	1	1	1	
MA³³ / JS / NA	ERDF	2nd System audit of the Managing Authority/Joint Secretariat / National Authority	June 2021	1	1	1	/	2	1	2	2						2	
NCU AT - Steiermark³⁴	ERDF	System audit of the Control Unit in Austria	May 2021	1	/	/	1	1	/	1	/						1	
NCU AT - WAB³⁵	ERDF	Follow-up of System audit of the Control Unit in Austria	July 2021	2	/	/	2	2	/	2	/						2	
CU SLO³⁶	ERDF	2nd System audit of the Control Unit in Slovenia	August 2022	1	/	/	2	1	/	/	/						2	

³³ Second system audit of MA in the programming period 2014-2020.

³⁴ Amt der Steiermärkischen Landesregierung.

³⁵ From 1.1.2022 Wirtschaftsagentur Burgenland GmbH, Until 31.12.2021 Regionalmanagement Burgenland.

³⁶ Second system audit of CU SLO in the programming period 2014-2020.

ANNEX 2 - "RESULTS OF AUDITS OF OPERATIONS" - 8th accounting year

Fund	Programme CCI number	Program me title	A	B		C		D	E	F	G	H	I
			Amount (in €) corresponding to the population from which the sample was drawn	Expenditure in reference to the accounting year audited for the random sample		Coverage of non-statistical random sample		Amount of irregular expenditure in random sample (in €)	Total error rate (TER)	Corrections implemented as a result of the total error rate (in €)	Residual total error rate (RTER)	Other expenditure audited	Amount of irregular expenditure in other expenditure audited
Amount	%	% of oper. covered	% of expend. covered										
ERDF	2014TC16RFCB054	INTERREG V-A SI AT	8.902.755,81	1.332.881,75	14,97	11,63	14,97	32.706,23	2,45%	41.162,23	1,99%	N/A	N/A

ANNEX 4 (B) - "TABLE OF IRREGULARITIES"

Nr	Acronym	Project ID	Audited amount per operation (in €)	Country	Partners name (LP/PP)	Audited Expenditure per PP (in €)	Irregular expenditure	Area of errors	Description of irregularity	Type of irregularity	Type of error (random, systematic anomaly)	Financial correction proposed
1	CASTLE ROAD	SIAT261	302.505,38	SI	Znanstveno raziskovalno središče Bistra Ptuj (PP3)	49.182,98	18,08	Travel costs	Incorrect calculation of travel costs.	Ineligible expenditure	Random error	18,08
							1,18	Staff costs including 15% flat rate admin.costs	Ineligible expenditure (settlement of bonus of length of service).	Ineligible expenditure	Random error	1,18
CASTLE ROAD - TOTAL												19,26
2	Connect SME Plus	SIAT87	149.239,60	SI	NETS, podjetje za storitve, d.o.o., Kranj (PP2)	4.742,11	1.764,80	External expertise and services	Activity was not planned in the application form.	Ineligible expenditure	Random error	1.764,80
				AT	trintec IT Solutions & Consulting GmbH (PP5)	3.612,66	225,00	External expertise and services	Insufficient reduction of ineligible VAT.	Ineligible expenditure	Random error	225,00
Connect SME Plus - TOTAL												1.989,80
3	Innovative Location	SIAT158	414.367,53	AT	Regions Entwicklungs und Management Oststeiermark GmbH, AT (LP)	114.071,70	16.789,94	Staff costs including 15% flat rate office and administration costs	Risk of double financing of implemented activities.	Ineligible expenditure	Random error	16.789,94
							20,00	External expertise and services	Missing contract or written agreement.	Ineligible expenditure	Random error	20,00
							693,00	External expertise and services	Public procurement procedure is not transparent missing invitation for offers; (flat rate 10%).	Ineligible expenditure	Random error	693,00

						1.039,50	External expertise and services	Public procurement procedure is not transparent missing invitation for offers; (flate rate 10%).	Ineligible expenditure	Random error	1.039,50	
						3.602,70	External expertise and services	Public procurement procedure is not transparent missing invitation for offers; (flate rate 10%).	Ineligible expenditure	Random error	3.602,70	
						1.800,00	External expertise and services	Public procurement procedure is not transparent missing invitation for offers; (flate rate 10%).	Ineligible expenditure	Random error	1.800,00	
					Znanstveno raziskovalno središče Bistra Ptuj (PP2)	73.807,97	43,87	Travel costs	Incorrect calculation of travel costs.	Ineligible expenditure	Random error	43,87
					SI BSC, poslovno podporni center, d.o.o., Kranj (PP3)	95.201,31	0,80	Staff costs including 15% flat rate admin.costs	The contribution for the employment was not paid by beneficiary.	Ineligible expenditure	Random error	0,80
				0,32			Staff costs including 15% flat rate admin.costs	Administrative error in time sheet of employee for the project.	Ineligible expenditure	Random error	0,32	
				19,39			Travel costs	Incorrect calculation of travel costs.	Ineligible expenditure	Random error	19,39	
				222,78			External expertise and services	Hotel service was certified in higher amount than actually paid.	Ineligible expenditure	Random error	222,78	

							1.750,00	External expertise and services	Insufficient audit trail in public procurement procedure (flate rate 25%).	Ineligible expenditure	Random error	1.750,00
				AT	AREA M STYRIA Gmbh, AT (PP4)	131.286,55	4.500,00	External expertise and services	Lack of transparency in public procurement procedure and deliverables could not be retraced to the offer.	Ineligible expenditure	Random error	4.500,00
							214,87	External expertise and services	Ineligible expenditure for dinner; snacks were included in workshop fee.	Ineligible expenditure	Random error	214,87
	Innovative Location - TOTAL											30.697,17
Total irregular expenditure (in €)										32.706,23		

ANNEX 3 - "CALCULATION OF RTER" (attached in excel table)

ANNEX 4 (A) - "TYPES OF FINDINGS" (attached in excel table)