



REPUBLIC OF CROATIA  
MINISTRY OF THE INTERIOR

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European Union  
Solidarity and Management  
of Migration Flows

## DESCRIPTION OF MANAGEMENT AND CONTROL SYSTEM

initial version

**revised version** (07 February 2014) following dialogue with the Commission

version revised for other reasons

MEMBER STATE: Republic of Croatia

FUND(S): European Refugee Fund, European Return Fund, within the framework of the general programme Solidarity and Management of Migration Flows (henceforth: Funds)

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## 1. IDENTIFICATION OF THE DESIGNATED AUTHORITIES

### 1.1. General information on the designated authorities

With the Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013 on Establishing the Management and Control System of the European Return Fund and the European Refugee Fund, are designated:

- the Ministry of the Interior as the **responsible authority**
- the Ministry of Finance, State Treasury, National Fund Sector as the **certifying authority**
- Agency for the Audit of European Union Programmes Implementation System as the **audit authority**

The management and control system also establishes associated bodies which implement projects together with the Responsible Authority as executing body. Associated bodies on the ground of administrative powers and technical expertise and on the ground of their legal status (they hold *de jure* monopoly) implement the projects and are also final beneficiaries of the projects. These are the Border Police Directorate (Illegal Migration Service and Foreigners Reception Centre) and Directorate for Administrative and Inspection Affairs, Service for Foreigners and Asylum - bodies within the Ministry of the Interior. In this case the appropriate conditions in accordance with Articles 7 and 8 of rules for the implementation of Funds are ensured.

The projects within the framework of the European Refugee Fund are implemented by Administration and Inspection Affairs Directorate. As the associated body it implements the projects in areas of reception and accommodation of asylum seekers and processing of asylum applications in the first instance.

Within the framework of the European Return Fund the Border Police Directorate, Illegal Migration Service and Foreigners Reception Centre are the institutions which deal with forced removal of aliens to whom a juridical or administrative act has been issued by the juridical administrative authorities, on the basis on which they are required to leave the territory of the Republic of Croatia thus implementing projects in association with responsible authority who acts as executing body, and is also final beneficiary of the projects. For projects of voluntary return of third country nationals in their country of origin public calls for proposals are published and they are then carried out by Border Police Directorate acting as associated body preparing the public call for proposals in accordance to national legislation and they are then carried out by non-profit organizations.

Within the associated body a responsible person for each of the Funds of the programme must be appointed.

The Coordinating Committee is a coordination body in which all bodies involved in the Fund's implementation are represented. It is composed of members and their deputies representing responsible authority, certifying authority and associated bodies. The representatives of audit authority are members of the committee as observers. Representative of the Ministry of Regional Development and EU Funds is also a member of the committee.

The Coordinating Committee has the right to receive all information regarding implementation of projects, on ground of which gives opinions and recommendations on a regular basis and suggests the correction of possible deficiencies arising during the implementation of projects.

Independent Sector for EU Integration and International Affairs is an organisational unit carrying tasks of the responsible authority within the Ministry of the Interior. Independent Sector for EU Integration and International Affairs is also responsible for 100% administrative, financial and eligibility control of all expenditures, it prepares all documents related to drawing of resources from Funds, controls the eligibility of expenditures, ensures the implementation of prompt evaluations of programmes, coordinates and monitors all the actions regarding preparation and implementation of projects, cooperates with other involved bodies.

#### **1.1.1. Short description of the choices made on the designation of the different authorities**

The management and control system is based on previous experience in drawing resources from pre-accession EU funds and having in mind limited time for the implementation of funds, limited available resources and the importance of the separation of functions of the responsible authority, audit authority and certifying authority.

#### **1.1.2. Indication of whether these management and control systems are operational If not, indication of the date when they will be operational**

The bodies involved in management and control systems will be operational within the management and control system after all accompanying documents are adopted. Tasks for each body in the management and control system are assigned based on their experience gained through managing pre-accession assistance. All included bodies are already operational on the national level and are performing different tasks regarding managing means from different EU funds.

The management and control procedures in more detail will be established by the Manual for the Implementation of the two Funds.

The Manual for the Implementation of the two Funds will explain in detail all relevant internal procedures, and define the tasks of all bodies in Management and Control System, presents financial circuits, checks, monitoring procedures, tasks of all relevant bodies and modes of communication. Manual is drafted on the grounds of Management and Control System and shall be adopted by the Minister of Interior within one month after the approval of the Management and Control System by the Commission.



1.1.3. Indication of whether these management and control systems have been accredited by the Commission for other Community financial instruments (if applicable)  
N/A

1.2. Organisational chart of all the bodies within which the designated authorities function

EUROPEAN COMMISSION		
AUDIT AUTHORITY	RESPONSIBLE AUTHORITY	CERTIFYING AUTHORITY
Agency for the Audit of European Union Programmes Implementation System	Ministry of the Interior, - Independent Sector for EU Integration and International Affairs	Ministry of Finance - Sector for National Fund Affairs of the State Treasury
	ASSOCIATED BODIES  Border Police Directorate -Illegal Migration Service -Foreigners Reception Centre - Directorate for Administrative and Inspection Affairs - Service for Aliens and Asylum	

### 1.3. Responsible authority

#### 1.3.1. Date and form of the formal designation of the responsible authority

With the Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013 on Establishing the Management and Control System of the European Return Fund and the European Refugee Fund and designating the Ministry of the Interior as the responsible authority.

Within this framework Independent Sector for EU Integration and International Affairs as an organisational unit within the Ministry of the Interior is designated to carry out the operational tasks of the responsible authority.

#### 1.3.2. Legal status of the responsible authority

The Ministry of the Interior is a direct budget spending authority and acts as an entity under public law (public body) in legal transactions.

### **1.3.3. Specifications of the functions carried out directly by the responsible authority and (if applicable and/or foreseen) by other bodies under the responsibility of the responsible authority**

Within the Ministry of the Interior, the Independent Sector for EU Integration and International Affairs, is in charge of the management and implementation of the multi-annual and annual programmes according to the principle of sound financial management, while its main tasks are the following:

- coordination of tasks with the associated bodies, certifying authority and audit authority,
- implementation of 100% administrative, financial and eligibility control of all expenditures;
- preparation, reconciliation and rectification if needed of a detailed description of the Management and Control System following adoption of the rules of implementation for individual Funds by the Commission;
- organising submission of proposals for multi-annual and annual programmes to the Commission;
- organisation of and allocation of the resources from the Funds;
- assurance of compliance and complementation between co-financing within the framework of the Funds and co-financing by other relevant EU financial instruments;
- the verification of the compliance of the applied public procurement procedure with legislation in force and with other instructions issued by the Commission, which ensure equal treatment, competition and transparency of procedures;
- monitoring the supply of co-financed products and services and monitoring whether the expenditure reported actually took place and whether they are in compliance with the Community regulations and national regulations;
- ensuring of the system for recording and saving the accounting data for each measure within annual programmes in computerised form, as well as the collection of implementation data required for financial management, monitoring, supervision and evaluation;
- assurance that final beneficiaries and other bodies participating in the implementation of measures co-financed from the Funds keep separate accounting records or appropriate accounting codes for all financial operations relating to the measures;
- assurance that evaluations of multi-annual and annual programmes are done within the time limits specified and that eventual revisions are made and submitted to the Commission and that they fulfil quality standards agreed upon by the Commission and the Member State;
- establishment of procedures for ensuring that all documents on expenditures and audits, required for the provision of the appropriate audit trail are saved according to acts regulating the Funds;
- ensuring that the audit authority in order to implement the audit receives all the necessary data procedures and verifications implemented with regards to the expenditure for the purposes of issuing certificates;
- preparations of the reports on implementation for the certifying authority certification process;
- assurance that the certifying authority receives all the audit reports on the Funds and all other necessary information for the purpose of certification;
- assurance that the audit authority receives a copy of reports and final reports submitted to the Commission;
- coordination of preparation of progress reports and final reports to be submitted to the Commission and related to the implementation of annual programmes, a declaration of expenditure certified by certifying authority, payment requests or, if required an adequate declaration of reimbursement
- implementation of notification and counselling activities, as well as publication of the results of the measures supported by the Funds;
- cooperation with the Commission and the responsible authorities in other Member States;
- verification of the implementation of the Commission's guidelines to ensure the recognition of financing by the final beneficiaries;



- the complete management of projects within the framework of activities defined in annual programmes and confirmed by the Commission's decision, including assessment of the adequacy of the public procurements, verifying contracts and reimbursement requests, as well as on-the-spot monitoring of the implementation and submission of reports to the certifying authority and Commission;
- the preparation of manuals;
- the financial management of the annual programme including verification of all eligible expenditure;
- the recovery of all established inadequately paid financial resources;
- the monitoring and keeping of records on the procedures for collecting recoveries;
- the preparation of regular reports on concluded contracts, project implementation, potential problems and future expectations, while also providing all other necessary data required by the Commission;
- on the spot verification whether associated bodies established appropriate organization to provide successful and timely project implementation;
- preparation of documents for the drawing of EU resources;
- coordination of preparation of multi-annual and annual programmes;
- preparation of materials to be submitted for discussion to the Coordinating Committee;
- storage of documentation for each project and the collection of all required data in connection to financial management, implementation, control and assessment;
- reporting on irregularities in accordance with national and Commission guidelines;
- forwarding annual audit report to the Commission.

The appointed programme manager of both Funds is Mr Nebojša Kirigin, Assistant Minister at the Ministry of the Interior. Since using of the Funds is available for Croatia only for the second half of 2013 and since the national allocation for European Refugee Fund is very low there is no need for different programme managers for each Fund.

The deputy programme manager for both Funds is Mr Stellan Petrić, Head of Independent Sector for EU Integration and International Affairs.

The tasks of the programme manager at the responsible authority are to ensure:

- management and monitoring of the Funds activities implementation and of the projects carried out on the basis of these Funds;
- maintenance of the appropriate system of technical and financial reporting;
- review of the public procurement procedures and the contracts related to the Funds projects implementation;
- approval of reimbursement requests for the resources from the Funds;
- assurance to the certifying authority that the expenses incurred are eligible to be financed from the Funds;
- maintenance of a separate accounting system or an appropriate accounting codification of all transactions according to each individual project financed from the Funds;
- quarterly submission of data on the financial status and on the completed work to the certifying authority.

#### **1.3.4 Organisational chart and specification of the functions of the units (including the indicative number of posts allocated)**

The organisational chart of the Ministry of the Interior is included in Annex 1.

Independent Sector for EU Integration and International Affairs carrying out tasks of the responsible authority (No. of employees: 19 + 2 trainees) has been established within the Ministry of the Interior and it performs tasks related to the implementation of the Funds. Organizational unit within the Independent Sector for operational managing of EU funds is Department for Implementation and



Monitoring of Projects (No. of employees: 5 + 2 trainees). Within the Department for Implementation and Monitoring of Projects are designated one employee and one trainee for operational management of the Return Fund and of the Refugee Fund, with estimated total engagement for both Funds of 40 working hours per week (20 working hours each). Both possess university degree, one of them for project management. The tasks and responsibilities are specified in the Manual for the Implementation of the Funds. The Manual for the Implementation of the two Funds shall be adopted by the Minister of Interior within one month after the approval of the Management and Control System by the Commission.

#### **1.3.5 Information whether the responsible authority can also act as executing body for the projects co-financed by the Fund**

In implementing the Funds, the Ministry of the Interior as the responsible authority shall also act as executing body for projects co-financed by the Fund. There are two associated bodies which on the ground of administrative powers and technical expertise will implement projects in association with RA. These are: Border Police Directorate and Directorate for Administrative and Inspection Affairs, bodies within the Ministry of the Interior. In this case, the appropriate conditions in accordance with Articles 7 and 8 of the Rules for the Implementation of the Funds are ensured.

The projects within the framework of **the European Refugee Fund** are implemented in association with Directorate for Administrative and Inspection Affairs. As the associated body it implements the projects in areas of reception and accommodation of asylum seekers and processing of asylum applications in the first instance, where it holds *de jure* monopoly, according to Asylum Act (Official Gazette Nos. 79/2007, 88/2001).

Within the framework of the **European Return Fund**, Border Police Directorate is the only body in the Republic of Croatia which deals with the forced removal of aliens to whom a juridical or administrative act has been issued by the juridical or administrative authorities, on the basis of which they are required to leave the territory of the Republic of Croatia according to *Aliens Act* (Official Gazette Nos. 130/2011, 74/2013) thus implementing projects in association with responsible authority who acts as executing body.

Associated bodies:

- Shall appoint responsible person who represent the associated body during the implementation of activities. who will carry out operational tasks and communicate with the responsible authority.
- The responsible person shall sign and officially submit to the responsible authority the declaration certifying that he/she is acquainted with the contents of the Decision establishing the Fund, the priorities which are to be followed when preparing and implementing projects and the rules on eligibility of the resources to be financed by the Fund.
- shall propose to the responsible authority members of the expert committee for the award procedure.
- Shall participate in procedures for awarding public contracts in accordance with national regulations, as well as in accordance with the instructions issued by the Commission and the responsible authority.
- Shall be responsible for the implementation of checks which comprise administrative, financial, technical and physical aspects of the projects as required by national financial regulations and shall report findings to the responsible authority, which approves payments. The reports will be used by responsible authority to establish if the expenditures are correct and eligible for the project purposes, that the approved projects were implemented pursuant to agreed procedures, that the EU contribution is in accordance with the relevant rules, that requests for reimbursement are correct and that the projects and expenditures are in accordance with the rules and prevent double financial expenditure with other EU or national schemes or other programming periods. Final 100 % administrative control is executed by the responsible authority (Independent Sector for EU Integration and International Affairs).

- The associated body must ensure that all project participants are informed that the project is co-financed through the Fund. Each document, inclusive of participation or other certificates regarding such projects shall include the statement that the project is co-financed through the Fund and the emblem of the European Union in accordance with graphic standards.
- On the basis of the invitation made by the responsible authority, shall prepare reports on the implementation of the projects. After the eligibility period has ended shall prepare the final report on the implemented activities.

### **1.3.6 If the responsible authority is the same for both Funds, a description of the common functions and systems**

The responsible authority shall manage both Funds and shall keep separate records for each Fund.

In the State Treasury separate budget lines for each Fund will be opened, divided per source of financing (EU contribution and Croatian participation).

The tasks of associated bodies are defined in the Manual for the Implementation of the Funds. Associated bodies do not have their own offices for technical, legal, public procurement and financial affairs and those activities will be carried out by units within the Ministry of the Interior.

Other offices within the Ministry of the Interior included in the implementation of the Funds are:

#### **1. Finance and Budget Sector (No. of employees: 63):**

- coordinates the preparation and implementation of the annual financial plans of the Ministry of the Interior;
- reviews draft contracts prior to their signature, especially whether the obligations are in accordance with the financial capabilities of the Ministry of the Interior and cautions office heads of possible exceeding of financial capabilities given the envisaged data;
- preparation of claims for reimbursement;
- performs accounting and controls on bookkeeping documents;
- processes, collects and accounts bookkeeping documents;
- performs payments and implements controls over payment liabilities and the fulfilment of receivables;
- archives original accounting documents;

#### **2. Procurement Sector (No. of employees: 21)**

- prepares and implements yearly work plans for the implementation of public tenders;
- carries out public tenders in the areas of equipment, goods and services;
- coordinates the preparation of tender documentation with other organisational units of the Ministry and external expert offices;
- prepares tender documentation for publication;
- is responsible for organizing the tenders, for launching the tenders and organizing evaluations;
- prepares decisions on the commencement and conclusions of procedures for the awarding of public contracts and appointment of expert committees;
- elaborates the draft of the contracts and prepares the contracts signing;
- the contracts are signed by the person responsible for signing according to internal rules of the Ministry of the Interior and by the contractors;
- is responsible for execution of contracts;
- implements small-value public contracts in accordance with the procurement plan.

#### **3. Investments and Real Estate Service (No. of employees: 15)**

- prepares yearly construction and maintenance work plans and executes them;
- carries out public tenders in the area of construction works;



- coordinates the preparation of tender documentation with organisational units of the Ministry and external expert offices;
- prepares tender documentation for publication;
- is responsible for organizing the tenders, for launching the tenders and organizing evaluations;
- elaborates the draft of the contracts and prepare the contracts signing;
- the contracts are signed by the person responsible for signing according to internal rules of the of the institution Ministry of Interior and by the contractors;
- is responsible for execution of contracts.

Other offices of Ministry of the Interior can be included in the implementation of the Funds if necessary.

Employees of the support services possess experience in implementing projects co-financed from pre-accession European funds (CARDS, PHARE and IPA). Some of the staff is appointed solely for the implementation of the EU funds, some is appointed to work partially on their implementation, some have only a supporting role as part of their daily routine.

#### **1.4. Certifying authority**

##### **1.4.1 The date and form of the formal designation of the certifying authority**

With the Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013 on Establishing the Management and Control System of the European Return Fund and the European Refugee Fund is designated the Ministry of Finance State Treasury, National Fund Sector (hereafter: MF, ST/NF), as the certifying authority.

##### **1.4.2. Legal status of the certifying authority**

The role of the certifying authority has been designated to NF acting within the State Treasury under the responsibility of the Ministry of Finance. The Ministry of Finance acts as a public body (direct budget spending authority) in legal transactions.

##### **1.4.3. Specification of the functions carried out directly by the certifying authority and (if applicable and/or foreseen) by other bodies under the responsibility of the certifying authority (outsourcing of tasks)**

In accordance with the Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013 on Establishing the Management and Control System of the European Return Fund and the European Refugee Fund, as regards the procedures for the use of resources, the certifying authority shall be responsible primarily for:

- certifying that the declaration of expenditure is accurate, that it results from a reliable accounting system and is based on verifiable supporting documents, that the expenditure declared complies with applicable Community and national rules and has been incurred in respect of actions selected in accordance with the criteria applicable to the programme and complying with Community and national rules;
- ensuring that for the purposes of issuing the certifications of expenditure, it received from the responsible authority sufficient data on implemented procedures and verifications related to expenditures contained in the declarations of expenditure;
- considering the results of all audits carried out by the audit authority or carried out within its competence, for the purposes of Issuing certifications;



- maintaining accounting records in computerised form of expenditure declared to the Commission;
- verifying the recovery of any Community financing found to have been unduly paid as a result of irregularities detected, together with interest where appropriate and keeping an account of amounts recoverable and amounts recovered

The certifying authority did not delegate the implementation of its tasks to other authorities.

#### **1.4.4. Organisation chart and specification of the functions of the units (including indicative number of posts allocated)**

The tasks of the certifying authority shall be carried out by National Fund Sector acting within the State Treasury under the responsibility of the Ministry of Finance.

The organizational structure of the Ministry of Finance displays the position of ST/NF (Annex 2).

The organizational structure of MF ST/NF displays fields of work within the department (Annex 2).

MF- ST/NF employs 14 persons allocated to posts with clearly defined tasks and obligations. All staff has permanent civil servant contracts and have previous experience in management and certification of pre-accession funds.

#### **1.4.5. If the certifying authority is the same for both Funds, a description of the common functions and systems**

The certifying authority shall manage both Funds and shall keep separate records for them.

### **1.5 Audit authority**

#### **1.5.1. The date and form of the formal designation of the audit authority**

With the Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013 on Establishing the Management and Control System of the European Return Fund and the European Refugee Fund is designated the Agency for the Audit of European Union Programmes Implementation System (hereafter: ARPA).

#### **1.5.2. Legal status of the audit authority**

ARPA was established by the "Regulation on the Establishment of the Agency for the Audit of European Union Programmes Implementation System" adopted by the Government of the Republic of Croatia on 20 June 2008.

ARPA has the capacity of the legal person and is functionally independent from all actors in the management and control system of EU funds including the Responsible Authority, Associated bodies, as well as Certifying Authority. It has 36 employees with 32 auditors divided into 6 Services under two Sectors. Audits will be performed by Service for audit of Transition Facility, Schengen Facility and IPA component I under the Sector for Audit of Structural Instruments.

**1.5.3. Specification of the functions carried out directly by the audit authority and (if applicable and/or foreseen) by other bodies under the responsibility of the audit authority (outsourcing of tasks)**

The tasks of the audit authority shall be:

- ensuring the implementation of audits to verify the effectiveness of the Management and Control Systems (system audits);
- ensuring that audits of measures are being carried out on the basis of an appropriate sample (at least 10% a year) and that the reported expenditures are being verified (audits of operations);
- preparing of and forwarding the audit strategy for both Funds to the Commission not later than six months of the date of confirmation of the annual programmes;
- issuing opinions on the basis of annual audit report of the implemented audits regarding the efficiency of the management and control systems;
- forwarding information on important findings regarding the management and control systems of all participants in the Funds' implementation procedures to the responsible authority, certifying authority and the audited participants;
- preparing of and forwarding the declaration evaluating the validity of the payment request or the declaration of reimbursement of the final difference in the amounts.

There are no other audit authorities and all activities are carried out by the one audit authority.

**1.5.4. Organisation chart and specification of the functions of the units (including indicative number of posts allocated)**

The organisation chart is included in Annex 3.

In order to effectively implement the tasks from its scope of work, within ARPA there are following organisational units:

- Director and the Director's cabinet;
- Independent Service for methodology development, quality assurance and IT (under the Deputy Director);
- Sector for audit of structural instruments (four Services);
- Sector for audit of agricultural and fisheries funds (two Services).

**1.5.5. Staff qualifications for the audit authority and (if applicable and/ or foreseen) of the other bodies expected to carry out audit work (outsourcing of tasks)**

ARPA performs its activities in compliance with internationally accepted auditing standards. It is responsible for the verification of the effective and sound functioning of the management and control systems, i.e. it has the role of the external audit in the system of EU funds.

The Service for audit of Transition Facility, Schengen Facility and IPA component I under the Sector for Audit of Structural Instruments currently has four auditors (Head of Service and three senior auditors). Two auditors shall be dedicated to the audits under European Refugee and European Return Fund. Both auditors have an auditors' certificate and over four years of experience in auditing EU funds.

**1.5.6. If the audit authority is the same for both Funds, a description of the common functions and systems**

ARPA shall be the audit authority for both Funds.



**1.5.7. If a responsible authority can also act as executing body for the projects co- financed by the Fund, a description of arrangements ensuring the independent position of the audit authority in accordance with article 8**

The ARPA is functionally independent body than the responsible authority.

## **2. FUNCTIONING OF DESIGNATED AUTHORITIES**

### **2.1. Designation and supervision of the designated authorities**

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<p>With the Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013 on Establishing the Management and Control System of the European Return Fund and the European Refugee Fund the Government of the Republic of Croatia approved the Management and Control Systems within the framework of the general programme Solidarity and Management of Migration Flows and designated:</p> <ul style="list-style-type: none"> <li>- the Ministry of the Interior as the <b>responsible authority</b></li> <li>- the Ministry of Finance, State Treasury, National Fund Sector as the <b>certifying authority</b></li> <li>- Agency for the Audit of European Union Programmes Implementation System as the <b>audit authority</b></li> </ul>			
	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	Rules governing the relations of the Member State with the designated authorities identify the respective responsibilities	Y	Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013
2.	Member States have provided guidance to the designated authorities to ensure sound financial management (through training and/or manuals)	Y	1.Experience of the responsible authority from previous programmes (IPA, PHARE, CARDS) , as well as of the certifying authority and audit authority with both performing a very similar role in the process of implementation of other programmes 2. The staff of designated authorities regularly attend trainings
3.	Each authority will inform their staff of the mission statement of the organisation as well as their job description and expected results	Y	
4.	Steps have been taken to ensure that the	Y	

	different authorities are adequately staffed in terms of numbers, seniority and experience in order to carry out their functions		
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## 2.2. Separation of functions

The functions of the responsible, certifying and audit authority are separated in organizational terms. Each of the bodies performing these functions has its own capacity of the legal person and is functionally independent from other authorities in the management and control system. The certifying as well as the audit authority perform a similar role in managing the resources of other EU programmes.

Project implementation procedures are carried out in accordance with Croatian legislation which is aligned with the EU legislation. Individual project phases are under the responsibility of different units, thus ensuring the separation of individual functions during the realisation of the project, as presented in chapters describing functions of the responsible authority (1.3.3.) and associated bodies (1.3.5.), . programme

Within the scope of the state/national budget a separate budgetary lines for each of the Funds will be opened, divided per source of financing (one source covers part of the expenditure that will be later reimbursed by the EU contribution and another source part of the funding that is covering contribution from the MS (25%). On the basis of payments from these budget lines, the responsible authority performs 100% administrative control of eligibility. The claims of reimbursement prepared by associated bodies are sent to the RA which performs a 100% completeness, correctness and eligibility control of claims. When fulfilling the conditions from Articles 39 and 40 of the basic act, the responsible authority prepares the progress report on the implementation of the annual programme and submits it to the certifying authority. The certifying authority verifies that all conditions for the certification of expenditures have been fulfilled and certifies the declaration of expenditure. The responsible authority prepares a request for the second pre-financing and final payment to be sent to the Commission together with the progress report or the final report. The responsible authority's operating procedures are described in detail in the Manual for the Implementation of the Funds, defining in detail their tasks and obligations and the tasks of the responsible authority, which shall be adopted by the Minister of Interior within one month after the approval of the Management and Control System by the Commission.

	<i>Key targets</i>	<i>Achieved?</i>	<i>Comments</i>
1.	Rules are defined to ensure a proper separation of functions between actors within the responsible authority for the signature of contracts/grant agreements	Y	In accordance with the national legislation and internal procedures the minister or a person authorised by him/her signs the contracts.
2.	Rules are defined to ensure a proper separation of functions between actors within the responsible authority for the initiation, verification and approval of financial transactions	Y	In accordance with the internal rules on financial operations, the functions of the applicant, the responsible person



			and the authorizing officer are separated.
3.	The audit authority will be functionally independent of the responsible authority and the certifying authority.	Y	Organizationally and functionally independent.
4.	The certifying authority will not be involved in the selection, implementation and financial transactions related to Community resources.	Y	The certifying authority issues certifications for expenditure, while the responsible authority decides on payments to be made to final beneficiaries and contractors.

### 2.3. Monitoring of delegated authority

Independent Sector for EU Integration and International Affairs as an organisational unit within the Ministry of Interior is designated to carry out the operational tasks of the responsible authority. There are no delegated authorities appointed in the Management and Control System.

	<i>Key targets</i>	<i>Achieved?</i>	<i>Comments</i>
1	The tasks to be delegated are clearly defined	N/A	
2	Procedures are established concerning the delegated tasks and their compliance with the rules defined in the basic act/implementing rules has been checked	N/A	
3	Supervisory controls will take place to ensure that the tasks are carried out according to established procedures	N/A	

### 2.4. Monitoring of other tasks not carried out by the authorities themselves-if applicable

The tasks of the responsible authority along with the Independent Sector for EU Integration and International Affairs will be performed by Procurement Sector, Investments and Real Estate Service and Finance and Budget Sector- organisational units in the Ministry of the Interior. These organisational units will be responsible for tasks regarding public procurement procedures and calls for proposals (preparation of documents, advertising), preparation of reimbursement claims, financial controls, contracting etc.

All the above mentioned tasks are to be additionally checked by the Independent Sector for EU Integration and International Affairs is to ensure 100% completeness, correctness of all drafted documents and eligibility of reimbursement claims.

The performance of the tasks entrusted to Procurement Sector, Investments and Real Estate Service

and Finance and Budget Sector will be subject of audits conducted by the Independent Service for Internal Audit of the Ministry of Interior. The audit shall encompass the processes of management, implementation and monitoring of projects financed by two Funds. The audit shall be performed through analyses of documentation, auditors observations, flow diagrams, questionnaires, interviews and sampling.

The Internal Audit shall assess existence, adequacy, applicability and efficiency of internal controls and provide opinions and, where appropriate, recommendations for improvement of the processes. The audit of processes of management and implementation of two Funds shall be planned in the Annual Plan of the Independent Service for Internal Audit which is approved by the Minister of Interior on the grounds of the Strategic Plan of Internal Revision of the Ministry of Interior.

	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	In case of bodies acting under the responsibility of the responsible authority (and not considered as delegated authorities), audit mechanisms are in place to ensure sound financial management	Y	National rules on the system of internal financial controls in public sector, Annual Plan of the Independent Service for Internal Audit of the Ministry of Interior
2.	In case of outsourcing of audit activities and in case of bodies acting under the responsibility of the audit authority, audit mechanisms are in place to ensure a common audit methodology and consistency of the audit work.	N/A	N/A
3.	In case of outsourcing of certifying activities and in case of bodies acting under the responsibility of the certifying authority, audit mechanisms are in place to ensure a common approach to certification.	N/A	N/A
4.	In case of outsourcing to private bodies without a public-service mission, mechanisms are defined to ensure that the tasks which may be entrusted do not include the exercise of public authority or require the use of discretionary powers of judgment.	N/A	N/A

### 3. OPERATIONAL AND FINANCIAL PROCEDURES

#### 3.1 Establishing multi-annual programmes

Associated bodies propose priorities/projects to be financed from the Funds and forward them to the Independent Sector for EU Integration and International Affairs, which carries out the process of selection of priorities/projects to be included in the multi-annual programme. After review, the Independent Sector submits the annual programme draft for approval to the Minister of the Interior. The Minister of the Interior will approve and sign the multi-annual programme.



	<i>Key targets</i>	<i>Achieved?</i>	<i>Comments</i>
1.	Arrangements are foreseen to ensure the implementation of the principle of partnership in accordance with current national rules and practices	Y	The Independent Sector for EU Integration and International Affairs.
2.	Procedures are defined to check that the multi- annual programmes are consistent with the strategic guidelines and complies with Community law, in particular with Community law aiming at ensuring the free movement of persons in conjunction with the directly related flanking measures with respect to external border controls, asylum and immigration	Y	The Independent Sector for EU Integration and International Affairs.
3.	The multi-annual programmes will be approved by a duly authorised person.	Y	The Minister of the Interior approves multi-annual programmes.

### 3.2. Establishing annual programme

Associated bodies propose priorities/projects to be financed from the Funds and forward them to the Independent Sector for EU Integration and International Affairs, which carries out the process of selection of priorities/projects to be included in the annual programme. After review, the Independent Sector submits the annual programme draft for approval to the Minister of the Interior. The Minister of the Interior will approve and sign the annual programme.

	<i>Key targets</i>	<i>Achieved?</i>	<i>Comments</i>
1.	Procedures are established to ensure: - consistency between the annual programme and multi-annual programme - the eligibility of the actions envisaged in the annual programmes - consistency and complementarity of these actions with other national and Community instruments -the compliance with the rules concerning co- financing percentage - consistency with the priorities/specific priorities stated in the strategic guidelines	Y	Responsible Authority – Management and Control System
2.	Procedures are established to enable the revision of an annual programme in case of duly substantiated emergency	Y	Responsible Authority - Management and Control System

	situations as described in the basic act if applicable		
3.	Procedures are established to enable the submission of a revision of an annual programme when required under Article 23(1) of the Commission Decision 2008/458/EC and Article 23(1) of the Commission Decision 2008/22/EC	Y	Responsible Authority, - Management and Control System
4.	Any modification to the financial breakdown of an annual programmes and the reasons for it is documented	Y	Responsible Authority - Management and Control System
5.	Any modification in the implementation of the annual programmes not relating to the financial breakdown (e.g. on nature and timing of the calls for proposals or the scope of technical assistance) and the reason for it is documented	Y	Responsible Authority - Management and Control System

<b>3.3. Establishing the audit strategy and the annual audit plan</b>			
<p>Within a period of 6 months after approval of the multi-annual programmes by the Commission, the audit authority shall present the Commission the audit strategy prepared on the basis of the requirements in the legal bases and taking account plans for carrying out the anticipated activities noted in annual programmes and the amount of the allocated resources. In accordance with the audit strategy and after its approval by the Commission, the audit authority shall also prepare the annual audit plan for the Funds.</p>			
	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	Rules are defined to ensure a transparent and appropriate communication between the responsible authority and the audit authority on management procedures implemented and on projects prior to and throughout the programming period	Y	Management and Control System
2.	Procedures are established to define annual audit plan (to be annexed to the audit strategy) based on risk analysis and to send them to the Commission in time (if applicable)	Y	The audit strategy and annual plans are prepared within the audit authority and approved by the audit authority's director.
3.	The audit strategy and the annual audit plans are approved by a duly authorised person	Y	The audit strategy and annual plans are prepared within the audit authority and approved by the audit authority's director.



### 3.4. Responsible authority acting as an executing body - if applicable

In implementing the Funds, the Ministry of the Interior as the responsible authority shall also act as executing body for some projects co-financed by the Fund. There are two associated bodies which on the ground of administrative powers and technical expertise will implement projects in association with RA. These are Border the Police Directorate (Illegal Migration Service and Foreigners Reception Centre) and Directorate for Administrative and Inspection Affairs (Service for Foreigners and Asylum) - bodies within the Ministry of the Interior. In this case, the appropriate conditions in accordance with Articles 7 and 8 of the rules for the Implementation of the Fund are ensured.

The projects within the framework of **the European Refugee Fund** are implemented in association with Directorate for Administrative and Inspection Affairs. As the associated body it implements the projects in the areas of reception and accommodation of asylum seekers and processing of asylum applications in the first instance, where it holds *de jure* monopoly according to Asylum Act (Official Gazette Nos. 79/2007, 88/2001).

Within the framework of the **European Return Fund**, Border Police Directorate is the institution in the Republic of Croatia which deals with the forced removal of aliens to whom a juridical or administrative act has been issued by the juridical or administrative authorities, on the basis of which they are required to leave the territory of the Republic of Croatia according to Aliens Act (Official Gazette Nos. 130/2011, 74/2013) thus implementing projects in association with responsible authority who acts as executing body and in cooperation with nongovernmental organisations.

It has been also established that the audit authority shall not act within the scope of a responsible authority. The agreed procedures ensure that the procedures of the audit authority do not influence the tasks of the responsible authority as defined in the basic acts.

	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	The justification of the need for the responsible authority to implement projects will be documented and endorsed at the appropriate level	Y	The annual programmes will be approved by the Minister of the Interior.
2.	Specific arrangements are put in place to ensure that the nature and the objectives of the projects comply with the provisions defined for the Fund	Y	The Independent Sector for EU Integration and International Affairs verifies eligibility and compliance with the basic acts.
3.	Specific arrangements are put in place in order to prevent conflict of interest for the projects implemented by the responsible authority	Y	Management and Control System.
4.	Specific arrangements are put in place to ensure the principle of value for money is respected in the implementation of projects by the responsible authority	Y	In accordance with national legislation which is harmonised with EU legislation

5.	Procedures are defined to ensure that the contractual terms governing these projects are clear and complete in particular with regard to the financing conditions, the payment terms, the eligibility rules and the obligations regarding operational and financial reporting	Y	National legislation which is harmonised with EU legislation, relevant EU legislation.
6.	Specific arrangements are put in place in order to ensure that the main functions of the responsible authority as provided for in the basic act are not affected in relation to the projects implemented by the responsible authority	Y	Management and Control System.
7.	When the responsible authority acts as an executing body, the audit authority is located in another body than the responsible authority (if not, please describe the additional guarantees put in place to ensure the proper independence of the audit authority)	Y	The audit authority is Agency for the Audit of European Union Programmes Implementation System
8	The audit strategy will cover the specific risks which may be related to the implementation of projects by the responsible authority	Y	Agency for the Audit of European Union Programmes Implementation System shall forward the audit strategy for both Funds to the Commission not later than six months of the date of confirmation of the annual programmes

### 3.5. Selection and implementation of the projects (responsible authority acting as an awarding body)

The programming of the Funds is coordinated and approved by responsible authority and adopted by the Minister of the Interior. After setting the priorities and actions, for the implementation of the European Refugee Fund and European Return Fund the Ministry of the Interior acts as an awarding body in accordance with the Law on Associations (OG 88/01, 11/02), Codex on Best Practices, Standards and Measures on Financial Support to Programmes and Projects of Associations (OG 16/07) and Articles 9 and 10 of the Commission Decision No 458/2008/EC laying down rules for the implementation of Decision No 575/2007/EC of the European Parliament and of the Council establishing the European Return Fund for the period 2007 to 2013, the Ministry of the Interior will publish a call for proposals for including non-governmental and non-profit organisations in projects. The call for proposals shall be open to all interested parties who are performing the activities subject



of the call for proposals in a non-profit manner.

The projects shall be evaluated according to the predefined criteria and taking into account the specific characteristics of individual project. The call for proposals shall be prepared by the associated body in cooperation with the Independent Sector. The call for proposals procedure shall be conducted by expert commission appointed by the Minister of Interior in a written form. The opening of proposals for the assignment of grants shall be conducted by the expert commission and completed within the time-frame foreseen in the call for proposals. Only complete proposals delivered on time in correctly marked envelopes will be taken into consideration. The expert commission shall keep an official record on the opening of proposals. At the opening thereof, the expert commission shall establish completeness of the proposals based on whether all required documents are submitted (formal completeness). The expert commission shall review the complete proposals and evaluate them according to the requirements and criteria specified in the proposal or the proposal documentation. The expert commission shall keep an official record of the review and evaluation of complete proposals. Based on the evaluation of the proposals, the expert commission shall prepare a proposal listing the recipients of grants and submit it to the Minister of the Interior together with proposals for decisions and notifications. Grants with the chosen applicants are then signed by the Minister of Interior.

	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	In the case of call for proposals (or tenders), rules are defined to ensure open competition and adequate publicity	Y	In accordance with national legislation which is harmonised with EU legislation,
2.	Selection criteria will comply with the minimum criteria defined in the basic act	Y	In accordance with national legislation which is harmonised with EU legislation
3.	Procedures are defined for the receipt of proposals (or tenders)	Y	Management and Control System.
4.	Procedures are defined to ensure that the proposals (or tenders) are assessed against the predefined rules and criteria in a transparent and non-discriminatory manner	Y	Management and Control System
5.	The award decisions and the contracts/grant agreements will be approved by a duly authorised person	Y	Approved by the minister or a person authorised by him/her.
6.	Procedures are defined to ensure adequate ex-post information on the results of the selection process to the applicants	Y	Management and Control System
7.	Procedures are defined to ensure the monitoring of the implementation of grant agreements/contracts according to the contractual terms	Y	Management and Control System

### 3.6. Monitoring of the projects implemented by the final beneficiaries

Based on the information received from the final beneficiaries and on its own verifications the Responsible authority (Independent Sector) shall continuously monitor progress of projects implementation. Monitoring ensures that all contracts are implemented in accordance with the applicable procurement rules, rules for grants, contracting rules, and implementation plans.

Final beneficiaries shall continuously monitor implementation of every project (contract) and submit semi-annual and annual monitoring reports to the Responsible authority (Independent Sector), with information on implementation progress. The reports shall comprise financial and technical information, problems encountered and actions undertaken to address them.

The key operative and financial indicators are precisely defined in the signed contract between the final beneficiary and responsible authority.

The monitoring reports shall be submitted for approval to the Coordinating Committee.

	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	Key operational and financial indicators will be established, monitored and communicated to the responsible authority for each project	Y	Defined in the signed contract between the final beneficiary and responsible authority
2.	On-the-spot verifications by the responsible authority are foreseen to allow monitoring (of both the operational and financial aspects) of the projects	Y	The Independent Sector for EU Integration and International Affairs
3.	The responsible authority will ensure that final beneficiaries make use of an appropriate accounting system in computerised form	Y	The accounting records are in accordance with the national legislation and Croatian accounting standards and are in computerised form.
4.	The responsible authority will ensure that final beneficiaries implement the provisions on the visibility of the EU funding	Y	Defined in the signed contract between the final beneficiary and responsible authority



### 3.7. Financial management of the project

Since payments are implemented from the State budget of the Republic of Croatia, competent offices of the responsible authority in accordance with national legislation shall implement control of eligibility in accordance with the Manual for the Implementation of the Funds. The payment deadlines defined in the contracts in line with valid legislation regarding the implementation of the budget shall be observed.

The Finance and Budget Sector shall prepare the appropriate documentation for the payment of invoices or statements for supplied goods/performed services.

Appropriate control documents must also be enclosed - as defined in the Manual for the Implementation of the Funds.

The documentation shall be forwarded into the usual circuit for documentation and payment control, namely:

- Contractors submit invoices and supporting documents to the relevant contracting unit, depending on the nature of acquisition or service - Procurement Sector in case of goods and services or Real Estate Service in case of works and supervision of works.
- Procurement Sector or Real Estate Service sends invoices and supporting documents to the Independent Sector.
- Independent Sector sends invoices and supporting documents to associated body for verification of fulfilment of contract requirements and to the Finance and Budget Sector for confirmation of availability of the budget for realisation of payment
- Associated body verifies fulfilment of contract requirements and controls 100% of delivered services, goods or works by use of checklists
- After finalizing its checks, the associated body sends verification of fulfilment of contract requirements to the Independent Sector
- Finance and Budget Sector sends to Independent Sector confirmation of availability of the budget for realisation of payment
- After receiving verification from associated body the Independent Sector performs further verifications on a representative sample of transactions, covering all projects and on-the-spot checks on at least 10 % of the expenditure. If no irregularities are established, the Independent Sector sends the invoice, supporting documents and approval of payment to the Finance and Budget Sector
- Finance and Budget Sector files the request for payment to the State Treasury.
- The State Treasury executes payments
- After execution of payment, which Finance and Budget Sector follows through electronic State Treasury system, Finance and Budget Sector notifies on the executed payment Independent Sector, associated body and relevant contracting unit

The Independent Sector will not approve payment claims before any doubts on the eligibility of payment claims are solved.

In the case of ineligible expenditure from the national budget planned for the implementation of the Fund, in the period of 30 days after the notice on the denied payment claims has been received, the associated body shall submit to the responsible authority a proposal for expenditure transfer to the items not related to these resources. The expenditure transfer may only be carried out within the framework of the budget of the current year.

In the State Treasury separate budget lines for each Fund is opened, divided per source of financing,

(EU contribution and Croatian participation).			
	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	Financial transactions will be approved by duly authorised persons	Y	Persons authorised by the relevant internal decree.
2.	<p>Prior to making any payments/recoveries, verifications will be carried out in particular in order to monitor:</p> <p>the accuracy and the regularity of the payment request, with regard to the eligibility rules for the Fund(s)</p> <ul style="list-style-type: none"> <li>- that products and/or services co-financed by the project have actually been delivered</li> <li>- the accuracy, completeness and effective payment of other contributions received from public or private resources</li> </ul> <p>that the results of any audit activity have been taken into account</p>	Y	Management and Control System, Internal rules of the relevant bodies for the execution of payments.
3.	Verifications will be carried out in order to have a reasonable assurance of the legality and regularity of the underlying transactions	Y	Management and Control System, Internal rules of the relevant authorities for the execution of payments.
4.	Audit controls will be carried out throughout the programming period to ensure that the established financial procedures are respected.	Y	Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013, Management and Control System,
5.	Verifications will be performed on the complementarity with other Community financial programmes in order to avoid double funding	Y	Management and Control System,



### 3.8. Irregularities, corrections and recoveries

The responsible authority is responsible for the establishment and operation of the system for preventing, detecting, recording, investigating, reporting and correcting irregularities in accordance with EU and national regulations on irregularities. The associated bodies have to report quarterly to the responsible authority if there have been any irregularities detected.

For carrying out verifications, the responsible authority uses checklists serving as a tool for detecting irregularities. If the designated authorities detect:

- suspected irregularities, or
- a confirmed case of irregularities,

they shall report this immediately to the responsible authority.

The responsible authority shall report to the certifying authority on all established and potential irregularities and on measures taken.

In the case of established irregularities, the responsible authority shall estimate whether ineligibly spent resources from the EU contribution need to be returned. In order to do that, the responsible authority shall issue a recovery order for refund of ineligibly reimbursed funds to the associated body which demonstrated ineligible public expenditure. According to the recovery order issued, the associated body is obliged to return ineligibly spent resources in the period stipulated in the recovery order. This procedure shall also be used in the case when the Commission requires of the Member State to return ineligibly spent resources of the Fund. The responsible authority is responsible for correcting irregularities and for carrying out recoveries of ineligibly spent resources of the Funds.

The certifying authority shall monitor the recoveries of ineligibly spent resources of the Funds and shall ensure that recoveries of ineligibly spent resources of the Funds are considered when certifying expenditure in accordance with the Commission's requirements.

	Key targets	Achieved?	Comments
1.	Definitions of irregularities are established and comply with the Community requirements	Y	National rules and the EU acquis.
2.	Mechanisms are in place to ensure that irregularities can be detected in due time and immediate corrective measure are taken	Y	Management and Control System
3.	Procedures are in place to ensure that the Commission is kept informed of irregularities detected, and if appropriate, of any corrective measure taken in accordance with the obligations set out in this decision	Y	Management and Control System - The Responsible Authority monitors, registers and ensures that the necessary measures in case of irregularities detected are undertaken through: audit reports, on the spot verification reports or notifications of the beneficiaries regarding the irregularities signalled from other sources.
4.	Procedures are in place to ensure a proper follow-up of recovery orders issued and, if applicable, of default	Y	Management and Control System

	interest		
5.	In case recovery orders cannot be cashed in, causes will be identified to evaluate whether Member States should reimburse the funds to the Community Budget or not	Y	Management and Control System

### 3.9. Preparation and implementation of audit missions

The audit authority shall carry out its work on the basis of the audit strategy and annual plan. It shall carry out audits of the functioning of systems and audits of measures and expenditure certified by the responsible authority and the certifying authority.

It shall carry out as many audits as needed to issue annual opinions on the Management and Control Systems effectiveness and on expenditure related to the implementation of measures. A report shall be prepared for each audit, verifying all important areas specified in the EC legislation or established by the audit authority's risk analyses.

	Key targets	Achieved?	Comments
1.	The audit practice is in line with internationally accepted standards	Y	ARPA performs its activities in compliance with internationally accepted auditing standards.
2.	An audit manual is established for use by the auditors on the basis of the requirements defined in the basic act	Y	The audit authority procedures.
3.	Audits will be carried out to verify the effective functioning of the management and control systems	Y	The audit authority will perform a system audit for all key authorities with regard to their tasks in the system.
4.	The checks to be carried on the eligible expenditure will be based on an appropriate sample, and will consist of at least 10% of eligible expenses	Y	The audit authority audits projects and approved expenditure on the basis of an appropriate representative sample ensuring that at least 10% of the total eligible expenditure for annual programme is audited.



5.	The verifications on eligible expenses will verify at least the compliance, effectiveness and efficiency of the following elements: selection procedure, objectives of the project, reality of the achievements, eligibility of the expenses, valid supporting documents for the expenses, national co-financing, audit trail.	Y	The audit authority will perform verifications on eligible expenses
6.	A follow-up of earlier recommendations will take place on a regular basis	Y	The audit authority will perform follow-up of earlier recommendations
7.	The projects implemented by the responsible authority will be subject to robust scrutiny	Y	The audit authority

### 3.10. Audit report on annual programme and related declarations

The audit authority shall prepare annual reports on the basis of the implemented audits. In its annual reports, it shall present its conclusions, based on findings of the implemented audits, regarding the functioning of systems and the eligibility of expenditure related to them. The annual reports shall be accompanied by opinions on the functioning of Management and Control Systems and on the accuracy of the declarations of expenditure, as well as on the accuracy and legality of the transactions related to the expenditure.

	Key targets	Achieved?	Comments
1.	Procedures are established to consolidate the conclusions of the systems audit and the audit of projects for annual programme	Y	The procedures are described in the Audit strategy.
2.	Checks will be performed to assess the validity of the requests for payment	Y	The audit authority will check eligibility of expenditure and compliance of implementation with the national and EU legislation.
3.	Further examination will be launched in case of systemic errors or errors over the materiality threshold are detected	Y	The AA will undertake further examination in such cases.
4.	The report and the related declarations will be approved by a duly authorised person	Y	Annual audit reports and opinions shall be signed by the audit authority's director.

### 3.11. Certification of expenditure

The Decision of the Government of the Republic of Croatia Class:022-03/13-04/492 Number:50301-09/06-13-2 of 28 November 2013 on Establishing the Management and Control System of the European Return Fund and the European Refugee Fund defines that the MF ST/NF acts as a certifying authority.

Certifying authority shall receive quarterly the data on the financial status and on the completed work by responsible authority and monitor the fulfilment of financial triggers for preparation of progress report on the implementation of the annual programme and declaration of expenditure for second pre-financing payment (as defined in Article 39 of the basic act).

Upon receiving the progress report on the implementation of the annual programme from responsible authority, the certifying authority verifies that all conditions for the certification of expenditures have been fulfilled and certifies that

(i) the declaration of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents,

(ii) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of actions selected in accordance with the criteria applicable to the programme and complying with Community and national rules;

In order to be able to certify the expenditures, the certifying authority shall request adequate information from the responsible authority on the procedures and verifications carried out in relation to expenditure included in declarations of expenditure.

Also for the purposes of certification, the certifying authority shall take into account the results of all audits carried out by the audit authority and in cases where the audit authority gives a qualified opinion or an adverse opinion on the functioning of the management and control system, the certifying authority shall verify that this information has been sent to the Commission. It shall also ensure that an adequate action plan has been implemented by the responsible authority to restore effectively functioning management and control systems and to assess the impact of the malfunctioning on the declaration of expenditure

Certifying authority shall maintain accounting records in computerised form of the expenditure declared to the Commission and verify the recovery of any Community financing found to have been unduly paid as a result of irregularities detected, together with interest where appropriate as well as keep an account of amounts recoverable and amounts recovered.

Certifying Authority draws up the declaration for certification based on the information provided by the Responsible Authority and the Audit Authority.

	Key targets	Achieved?	Comments
1.	Procedures are established to ensure that the necessary information is received from the responsible authority for the purpose of certification	Y	Management and Control System
2.	Procedures are established to ensure that the audit report on each annual programme and the related declarations are received from the audit authority	Y	Management and Control System
3.	Procedures are established to ensure that recoveries are taken into account for the final declaration of expenditure and to follow on-going legal proceedings or administrative appeals with a suspensive effect regarding recoveries	Y	Keeping of records on recovery of funding procedure is described by Manual for the Implementation of the Funds,. All recoveries



			are taken into account for the final declaration of expenditure.
4.	Verifications will be performed to ensure the accuracy and completeness of the declaration of expenditure (in particular, on any interest generated by the pre-financing received from the Commission as well as its effective use as national contribution)	Y	On the basis of statements on the turnover and balances of special purpose sub-accounts the certifying authority shall keep records in case of interests arising from pre-financing by the Commission.
5.	In case of national currency, the methods used for the calculation in Euro comply with the rules defined by the Commission	Y	InforEuro, Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council. Calculation of the national currency in Euro will be performed with the date of the execution of payment.

### 3.12. Evaluation of the programme

For the purposes of programme evaluation, based on experience gained in connection with pre-accession EU funds evaluation will be carried out by Ministry for Regional Development and EU Funds.

For the purposes of the evaluation, the evaluator will be obliged to verify the quality of the activities within measures from the legal bases' aspect and other documentation connected with the implementation of the programme.

The evaluator shall submit an opinion on:

- the quality and suitability of the procedure for implementing measures,
- the quality of implemented measures.

The evaluator shall observe the following:

- the feasibility of the projects,
- the suitability of partnerships,
- the suitability of target groups,
- assess the effects and results and verify whether activities were carried out in lieu of attaining planned results and effects.

The evaluator is obliged to analyse the effects of the measures from the aspects of principles such as:

- relevance,
- permanence (sustainability or concurrence),
- success,

- effectiveness

Relevance pertains to the determination of the suitability of the entire programme. This principle also allows for the establishment of added value or additional benefits to already existing projects. The principle of permanence, sustainability or concurrence means the verification of how measures aid in attaining the programme objectives. Its purpose is to also analyse whether the effects will be maintained. Success is analysed at various programme levels based on the set objectives of the programme. This includes a review of whether the results and effects are in line with expected effects. Effectiveness is also verified at various programme levels. Procedures and measures in connection to available resources are compared and particularly costs associated with success and effectiveness. Analyses are implemented by comparing the costs of individual programmes and measures.

On the basis of the findings the evaluator prepares the evaluation report which is an expert detailed report of a professional nature which in addition to observing the aforementioned requirements shall contain the following:

1. Description of the situation;
2. indication of the identified questions for research and evaluation for which answers must be obtained through the evaluation;
3. analysis and results of the assessment;
4. recommendations and guidelines for the future

	Key targets	Achieved?	Comments
1.	The guidance documents from the Commission on evaluations are disseminated widely and made available to all potential final beneficiaries and other interested parties	Y	Upon approval of the programme.
2.	The key operational and financial indicators provided by the final beneficiaries to measure the achievements of the project will be recorded	Y	Management and Control System.
3.	The responsible authority (and/or delegated authorities) will ensure that the indicators provided are appropriate to measure the outcome and results of each project	Y	Management and Control System.
4.	Procedures are in place to ensure that the necessary evaluation will be carried out as required by the basic act	Y	Management and Control System.



<b>4. INFORMATION MANAGEMENT</b>			
<b>4.1. Documentation on the procedures</b>			
The Management and Control System and the Manual for the Implementation of the Funds establishes the procedures.			
	<b>Key targets</b>	<b>Achieved?</b>	<b>Comments</b>
1.	The authorities will ensure that the established procedures referred to in article 7 of the Commission Decision 2008/458/EC and Article 7 of the Commission Decision 2008/22/EC comply with national and Community law (e.g. accounting rules, etc.)	Y	Relevant national law which is aligned with EU acquis, Management and Control System., other relevant internal manuals and decrees
2.	The procedures are approved by a duly authorised person	Y	Responsible authority - minister, certifying authority -, assistant minister for MF ST/NF, audit authority - agency director.
3.	The established procedures set out clear instructions concerning each of the main operations and explain the decision-making circuits concerning the performance of functions	Y	Management and Control System., Manual for the implementation of the Funds, other relevant internal manuals and decrees.
4.	Arrangements are in place to ensure that all relevant staff is informed of the established procedures	Y	Management and Control System., Manual for the implementation of the Funds, other relevant internal manuals and decrees are distributed to all relevant staff.
5.	Where appropriate, these procedures include the use of check-lists summarising the key controls to be performed	Y	Manual for the implementation of the Funds, other relevant internal manuals.
6.	Arrangements are in place to ensure the protection of personal data	Y	In line with national legislation

4.2. Accounting and book keeping			
Both funds shall be accounted by the Sector for Finances and Budget of the Ministry of the Interior (the Responsible Authority) in compliance with the provisions set in the Budget Act (OG 87/08, 136/12) and the Ordinance on Budget Accounting and Accounts Plan (OG 114/10).			
	Key targets	Achieved?	Comments
1.	Arrangements are in place to ensure that accounting data is complete, reliable and correct. In particular, the accounting system will allow: <ul style="list-style-type: none"> <li>= a full traceability of the Community resources at the level of the final beneficiaries and projects</li> <li>= the identification of any interest generated by the pre-financing received from the Commission</li> </ul> the identification of recovery orders issued and if applicable, whether they have been cashed	Y	The accounting will be performed in the form of separate accounting of both Funds by Responsible Authority.
2.	The accounting and financial reporting system complies with the national data protection legislation	Y	
3.	The accounting and financial reporting system to be used will be in computerised form	Y	
4.	A back-up system exists to guarantee the continuity of operations should the need arise	Y	
5.	In case of national currency, the methods used for the calculation in Euro comply with the rules defined by the Commission	Y	

4.3. Reporting to the Commission			
Reporting shall be done in accordance with basic acts relating to the Funds, and other documents issued by the Commission.			
	Key targets	Achieved?	Comments
1.	Reporting obligations have been identified as well as the implications for resources.	Y	Management and Control System



2.	The established procedures allow proper, timely and complete input by the designated authorities	Y	Management and Control System, Manual for the Implementation of the Funds and other relevant Internal manuals of designated authorities and associated bodies.
3.	Reports are approved by a duly authorised person	Y	Management and Control System, approved by the responsible person who shall represent the responsible authority during the implementation of programmes.

#### 4.4. Audit trail

The responsible authority (RA) shall keep documents separately for each unit acting under the responsibility and carrying out tasks related to the projects' implementation. For certain projects under the responsibility of the associated bodies, the entire documentation related to the projects shall be kept by them.

The audit authority (AA) shall prepare all documents and keep their copies serving as evidence in audit files on the findings, methodology, time and performers of individual procedures and decisions. All reports and all collected material is kept in audit files and labelled, signed and certified by the responsible persons




Where are the following documents kept?	Body/Unit in charge	For how long?
Description of the management and control systems including manual(s) of procedures	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Audit strategy	AA	For five additional years following completion of the programmes - approx. until the end of 2019.
National multi-annual programme and possible revisions	RA	For five additional years following completion of the programmes - approx. until the end of 2019.

National annual programme and possible revisions	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
European Commission Decisions on multi-annual and annual programme	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Calls for proposals/Calls for tender	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Applicant files/Contract files	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Administrative, technical and financial analysis of proposals/tenders received (evaluation grids) and evaluation committee reports	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Funding decisions or rejections	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Project funding agreements	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Financial commitment decisions for each of the projects	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Progress reports and final reports submitted by funding recipients	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Financial reports and payment applications submitted for the funded Project	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Documentary evidence for expenditure and revenue of the funded Project	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Payments/recovery authorisations for funding (proof of verifications performed)	RA	For five additional years following completion of the programmes - approx. until the end of 2019.



Payments/recovery orders for funding	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Proof of payments/recovery of funding	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Documentation related to the sampling methodology for the audit activity	AA	For five additional years following completion of the programmes - approx. until the end of 2019.
Reports on audits carried out on projects	AA	For five additional years following completion of the programmes - approx. until the end of 2019.
Reports on audits carried out at national level on management and control systems	AA	For five additional years following completion of the programmes - approx. until the end of 2019.
Audit reports on annual programmes	AA	Permanently
Audit opinions on the management and control systems	AA	Permanently
Audit declarations on the validity of the requests for payment	AA	Permanently
Requests for payment sent to the European Commission	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Certification of expenditure sent to the European Commission	CA	For five additional years following completion of the programmes - approx. until the end of 2019.
Progress implementation reports sent to the European Commission	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Final implementation reports sent to the European Commission	RA	For five additional years following completion of the programmes - approx. until the end of 2019.
Proof of payment received from the European Commission	CA	For five additional years following completion of the programmes - approx. until the end of 2019.
Evaluation reports sent to the European Commission	RA	For five additional years following completion of the programmes - approx. until the end of 2019.

## 5. APPROVAL OF THE DESCRIPTION OF THE MANAGEMENT AND CONTROL SYSTEMS

Authority	Declaration	Date and signature
Responsible Authority	I certify the accuracy and completeness of the information about the identification and internal control systems of the responsible authority	<p>Name:</p> <p>Ranko Ostojić,</p>  <p>Function: Vice-president of Government and Minister of the Interior</p> <p>Date: 07.02.2014.</p>
Certifying Authority	I certify the accuracy and completeness of the information about the identification and internal control systems of the certifying authority	<p>Name:</p> <p>Miljenko Fičor</p>  <p>Function: Assistant Minister and Chief State Treasurer</p> <p>Date: 07.02.2014.</p>
Audit Authority	<p>I certify the accuracy and completeness of the information about the identification and internal control systems of the audit authority</p> <p>and</p> <p>I can confirm that what has been described provides a reliable picture of all the management and control systems.</p>	<p>Name:</p> <p>Neven Šprlje</p>  <p>Function:</p> <p>Director of ARPA</p> <p>Date: 07.02.2014.</p>