

### Summary of the Management and Control System

Authorities	Assessment by institution	Existing mitigating factors/Compensating controls which directly influence assessment made at system level <sup>1</sup>	Residual risk to regularity <sup>2</sup>	Overall conclusion by system
<b>Managing Authority</b>	The management and control system established by the Managing Authority is determined as category 2 - works, but some improvements are needed <b>Category 2</b>	As the Managing Authority has delegated implementation of the most of the functions to the Responsible and Co-operation institutions substitute controls are implemented within these institutions, however the Managing Authority strengthened its controls and monitoring of the delegated functions significantly. The highest risk related to public procurement procedures is mitigated by additional controls performed by Procurement Monitoring Bureau.	Low	Works, but some improvements are needed <b>Category 2</b>
<b>Intermediate bodies</b>	In general terms it can be concluded that the functions at the Intermediate body level have been implemented and the management and control system works, but some improvements are needed. <b>Category 2</b>	Findings of the management and control system audits do not have a significant effect to the entire management and control system. In the opinion of the Audit Authority there are factors that significantly reduce risks of the management and control system: <ul style="list-style-type: none"> <li>- The Managing Authority had strengthened its controls and monitoring of the delegated functions:</li> <li>- evaluation of adequacy of all internal procedures of Intermediate bodies;</li> <li>- evaluation of the quality of delegated function (verifications at the level of the Intermediate bodies and performance of on-the-spot checks at level of beneficiaries);</li> </ul>	Low	

<sup>1</sup> Factors that significantly reduce risks of the management and control system

<sup>2</sup> Residual risk to be evaluated in one of the following categories: *Very low; Low; Medium; High*

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		<ul style="list-style-type: none"> <li>- Performance of on-the-spot checks (the risky projects).</li> <li>- The Certifying Authority had strengthened its controls of the management and control system:               <ul style="list-style-type: none"> <li>- the Certifying Authority performed evaluation of the procedures of Intermediate bodies on following key areas:                   <ul style="list-style-type: none"> <li>- verifications done to approve the payment claim;</li> <li>- preparation and verification of statement of expenditure and confirmation of it;</li> <li>- verification of double financing;</li> <li>- verification of public procurement;</li> <li>- verification of state aid rules and de minimis;</li> </ul> </li> </ul> </li> <li>- to verify the practical implementation of the procedures and determinate the level of reliance/confidence for each Intermediate body the Certifying Authority is performing random check of payment claims.</li> <li>- The Managing Authority has prepared and distributed guidelines regarding minimal publicity requirements;</li> <li>- Detailed internal procedures are prepared and updated in regards to the additional requirements.</li> <li>- Institutions have internal audit units that are involved in risk management to identify/reduce the possible risks; procedures set in order to report on irregularities; working groups established to evaluate risks within the institution.</li> </ul>		

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<b>Certifying Authority</b>	The management and control system established by the Certifying Authority is determined as works well. <b>Category 2</b>	In order to ensure the Certifying Authority with all necessary information on eligibility of the expenditure the Managing Authority once in a half year submits the report from the head of the Managing Authority to the Certifying Authority, in which there are described the results of checks of the information in Management Information System, follow-up of the Managing Authority recommendations, status of audit recommendations, statistical and etc. relevant information.	Low	
<b>Paying Authority</b>	The management and control system established by the Paying Authority is determined as works well. <b>Category 1</b>	N/a	Very low	