

Pursuant to Article 68 of the Law on the Budget system ("Official Gazette of the Republic of Serbia", no. 54/09, 73/10, 101/10, 101/11, 93/12, 62/13, 63/13 - correction, 108/13, 142/14, 68/15 - other law, 103/15, 99/16, 113/17, 95/18, 31/19, 72/19, 149/20, 118/21 – other law and 138/22) and Article 42, paragraph 1 of the Law on Government "Official Gazette of the Republic of Serbia", No. 55/05, 71/05 – correction, 101/07, 65/08, 16/11, 68/12 – US, 72/12, 7/14 – US, 44/14 and 30/18 – other law), and in conjunction to Art. 10 and 75 of the Financial Framework Partnership Agreement between the Republic of Serbia, represented by the Government of the Republic of Serbia, and the European Commission on specific arrangements for implementation of European Union financial assistance to the Republic of Serbia under the Instrument for Pre-Accession Assistance (IPA III) ("Official Gazette of the Republic of Serbia – International Treaties", no. 6/22),

The Government has adopted

DECREE

on the management of the European Union pre-accession assistance programmes under the Instrument for Pre-Accession Assistance (IPA III) for the period 2021-2027

I. INTRODUCTORY REMARCS

Subject

Article 1

This Regulation defines in more details the method of management of the European Union (EU) pre-accession assistance programmes in the Republic of Serbia financed from the Instrument for Pre-Accession Assistance (IPA III) for the Period 2021-2027, the structures and bodies for the management of programmes, as well as the way in which their mutual relations are regulated, in relation to the preparation, programming, implementation, monitoring, evaluation, visibility and reporting on the implementation of programmes financed from IPA III in the case when the European Commission entrusts budget execution tasks for certain programmes to the Republic of Serbia.

Definitions

Article 2

For the purposes of this Regulation, the following definitions shall apply:

1) The Instrument for Pre-Accession Assistance (IPA III) means an EU financial instrument provided in accordance with the enlargement policy framework (defined by the European Council and the Council) which purpose is providing assistance to candidate and potential candidate countries in the EU accession process;

2) Financial Framework Partnership Agreement means the Law on Ratification of the Financial Framework Partnership Agreement between the Republic of Serbia represented by the Government of the Republic of Serbia and the European Commission specific arrangements for

implementation of European Union financial assistance of the to the Republic of Serbia under the Instrument for Pre-Accession Assistance (IPA III);

3) Sectoral Agreement means an agreement concluded between the European Commission and the Republic of Serbia that regulates the implementation of a specific IPA III Programme, establishes rules and procedures applicable in a particular case, which are not an integral part of the Financial Framework Partnership Agreement or Financing Agreements;

4) Financing Agreement means an agreement concluded between the Republic of Serbia and the European Commission for the implementation of a specific annual or multiannual IPA III Programme;

5) Bilateral Agreement means an agreement concluded between two countries participating in a cross-border cooperation programme that defines the system of management and control of cross-border cooperation programmes, defines the responsible structures and bodies for management, implementation, control, and audit of cross-border cooperation programmes, as well as their rights and obligations to ensure proper functioning of the programme;

6) Programme means an annual or multiannual action plan or measures for the implementation of EU financial assistance;

7) Action Document means a document for the implementation of EU financial assistance with defined objectives, expected results, method of implementation, and other conditions for their delivery;

8) Strategic Response means a medium-term document, which is revised annually as part of the programming process, whose function is to determine the objectives and actions for financing from the IPA III support by way of intertwining priorities defined in the IPA III Programming Framework and the priorities from national strategic documents;

9) Action means a set of coordinated activities carried out in order to achieve intended results and a defined goal, for which the method of implementation, budget and indicative deadlines, all related support measures, and performance indicators have been determined;

10) Activity means a part of an action that features specific tasks which need to be undertaken for the duration of the action to achieve the intended results;

11) Operational Programme means a document adopted based on action documents, which features an assessment of medium-term needs and objectives, a description of selected strategic actions, a detailed financial table, modalities of evaluation and monitoring, an indicative list of large-scale projects, as well as other necessary information related to the implementation of the programme;

12) Major Project means a high-value project with a total cost exceeding EUR 20,000,000, consisting of a series of activities related to the execution of works, provision of services, and/or procurement of goods or equipment aimed at achieving a final and indivisible task of a precise economic or technical nature, with precisely defined objectives, whose total costs exceed the amount of support set out in the relevant sectoral or financing agreement;

13) Cross-Border Cooperation Programme means a document setting forth priorities, objectives, and methods of financing and implementing activities funded from a designated budget drawn up by a structure for cross-border cooperation programmes in the programme's participating countries;

14) Operation means a project, contract, action or a group of projects within a cross-border cooperation programme that contributes to the objectives of the thematic policy area or thematic priority areas to which they relate;

15) Rural Development Programme in the field of agriculture (IPARD programme) means a document defining priorities, investments, measures and financial framework of support within IPARD financial assistance;

16) IPA III Beneficiary is the Republic of Serbia, and, in cross-border cooperation programmes, this may also include partner country in the cross-border cooperation programme;

17) Final Recipient means a state body, government service, local self-government unit or other beneficiary of public funds that participates in the preparation and implementation of contracts concluded within the implementation of parts of the IPA III Programme, as well as organisations defined as eligible at the programmatic level for cross-border cooperation programmes and to which ownership of goods procured under the contract is transferred, be it the contracts for provision of services, supply of goods or the execution of works;

18) Management and Control System means establishment of institutional and organisational of structures and bodies, within the framework of public administration, as well as the definition of relevant processes and procedures for the management and implementation of IPA III assistance, in accordance with the rules prescribed by the relevant legislative framework of the European Union for the management of IPA III funds. The Management and Control System of IPA III funds is established in such a way as to ensure compliance with the principles of responsible financial management, transparency, non-discrimination and visibility of IPA III assistance, and encompasses the following: establishing and ensuring the functioning of an effective and efficient internal control system based on international best practices, entailing preventive measures for timely prevention, detection, reporting and correction of irregularities and frauds; the use of an accounting system which provides accurate, complete, analytical and reliable data in a timely manner; ensuring that structures and bodies for management of EU pre-accession assistance programmes under the IPA III are subject to an independent external audit carried out in accordance with internationally accepted auditing standards by an audit authority that is functionally independent of the structures and bodies that are audited; the implementation of appropriate rules and procedures to provide funding to third parties, including transparent, non-discriminatory, efficient and effective audit procedures, the rules for the reimbursement of unduly paid funds and the rules for exclusion from access to funding; public disclosure of adequate recipient data; and ensuring the protection of personal data;

19) Internal Control Framework – components, principles and characteristics of the internal control framework under IPA III as described in Annex B to the Financial Framework Partnership Agreement;

20) Recipient means a beneficiary of the grant (including twinning partners), the contractor under the contract on services, procurement and works, a beneficiary under the cross-border cooperation programme, the contracting party under the contribution agreement where the European Commission entrusts the tasks of budget execution for certain programmes to the Republic of Serbia, or any natural or legal person receiving financial assistance under IPA III;

21) Beneficiary in terms of cross-border cooperation programmes means a public or private entity, responsible for initiation and implementation of operations as part of cross-border cooperation programmes;

22) Lead IPA III Beneficiary in terms of cross-border cooperation programmes means an IPA III beneficiary who is appointed as the lead and is accordingly the contracting authority for a given cross-border programme from that country;

23) Cross-Border Cooperation Structures are institutions involved in preparation and management of a specific cross-border cooperation programme in each of the IPA III

beneficiaries participating in it. The responsibilities of each of the cross-border cooperation structures are defined depending on the management model;

24) Twinning is a European Union's institution capacity-building instrument based on partnership cooperation between public administration bodies and eligible authorised bodies of the Member States of the European Union and the IPA III beneficiary country, designed to achieve mandatory results agreed jointly with the European Commission and to support the IPA III beneficiary country for the purpose of harmonisation and application of the EU *acquis*;

25) Twinning Partner means a body, a public administration organ of an EU Member State;

25) Irregularity means any breach of the provisions of applicable rules and contracts resulting from an act or omission on the part of persons employed by beneficiaries of public funds, contractors under service, procurement and works contracts, beneficiaries and final recipients, which as a result has, or could have, a detrimental effect on the general budget of the European Union, and consequently the budget of the Republic of Serbia, by means of the collection of unjustified costs at the expense of the general budget;

27) Anti-fraud coordination service is a body for combating irregularities and fraud in the handling of EU funds is an internal unit within the ministry responsible for finance affairs that performs tasks pertaining to taking all measures and activities aimed at protecting the financial interests of the EU and the Republic of Serbia, including coordinating and carrying out administrative checks, coordination and monitoring of activities designed to combat and prevent irregularities and frauds in the handling of EU funds;

28) Administrative Checks are actions comprising checks, official controls, supervision and other measures for the purpose of determining the nature of irregularities in order to protect financial interests of the European Union, and consequently, the financial interests of the Republic of Serbia;

29) Sustainability of IPA III Assistance means a degree to which the results have been achieved and to whose accomplishment the financial assistance has contributed continue to persist, or will continue to persist after the period of the action's implementation has ended;

30) Checks mean all the actions undertaken by responsible structures and bodies within their competences in order to ensure a reasonable assurance of: effectiveness, efficiency and cost-effectiveness of the activities and transactions; reliability, promptness and accuracy of reporting; protection of assets and information; prevention and detection and correction of frauds and irregularities, and their continuous monitoring; appropriate risk management pertaining to the legality and regularity of related transactions.

Other terms used in this Regulation which are not defined in paragraph 1 of this Article shall have the meaning set out in the Financial Framework Partnership Agreement.

II. STRUCTURES AND BODIES FOR MANAGEMENT OF EU PRE-ACCESSION ASSISTANCE PROGRAMMES UNDER IPA III

Functions and Responsibilities of Structures and Bodies for Management of EU Pre-Accession Assistance Programmes under IPA III

Article 3

Structures and bodies for management of EU pre-accession assistance programmes under IPA III are under obligation to perform the tasks within their competences, as stipulated in Art. 5-16 of this Regulation:

- 1) to implement and promote the principles of EU financial assistance under IPA III;
- 2) to ensure legality and regularity of transactions for which they are responsible;
- 3) to respect the principles of responsible financial management, transparency and non-discrimination;
- (4) to ensure a level of protection of the EU's financial interests equivalent to that provided when the European Commission directly manages IPA III funds;
- 5) to maintain compliance with the prescribed internal control framework;
- 6) to ensure internal audit of its structures and business processes and activities;
- 7) to carry out supervision and checks in accordance with its scope of work;
- 8) to ensure and respect adequate division of duties;
- 9) to establish effective and proportionate measures to combat irregularities, fraud, corruption and conflict of interest;
- 10) to ensure that agents or representatives of the National Authorising Officer, the Audit Authority, the Managing Authority, internal audit, as well as agents or representatives of the European Commission, including the European Anti-Fraud Office (hereinafter referred to as 'OLAF'), can review all relevant documentation and accounts relating to items financed from IPA III;
- 11) to assist the European Court of Auditors in carrying out audits related to the use of IPA III assistance;
- 12) to ensure protection of personal data;
- 13) to ensure publicity, transparency, strategic communication and visibility of IPA III assistance;
- 14) in conjunction with the competent authorities of the IPA III beneficiary, to enable the granting of allowances for the implementation of activities and the execution of contracts, as well as the application of the rules on taxes, customs and other fiscal duties;
- 15) to participate in monitoring committees and provide them with all the information necessary to support their work;
- 16) to provide support to evaluation and provide access to data and relevant information necessary for the implementation of evaluation;
- 17) to keep documentation and information in order to ensure a sufficiently detailed audit trail;
- 18) to take all other necessary steps to facilitate the implementation of IPA III assistance.

Responsible Structures and Bodies

Article 4

Under IPA III the following structures and bodies are designated:

- 1) National IPA Coordinator;
- 2) National Authorising Officer;
- 3) Management Structure of the National Authorising Officer, consisting of:

- (1) National Authorising Officer Support Office;
- (2) Accounting Body;
- 4) Management structure of the annual/multiannual programmes consisting of the following bodies:
 - (1) Managing authorities;
 - (2) Intermediate bodies for policy management;
 - (3) Intermediate bodies for financial management;
- 5) Management Structure of cross-border cooperation programmes in the Republic of Serbia consisting of the following bodies:
 - (1) Managing Authority;
 - (2) Intermediate Body for Financial Management;
- 6) Management Structure of the IPARD programme consisting of the following bodies:
 - (1) IPARD Managing Authority;
 - (2) IPARD Agency.
- 7) Audit Authority, in accordance with the regulation establishing the Audit Authority for auditing the management system of the European Union's pre-accession assistance programmes under the Instrument for Pre-accession Assistance - IPA III.

Bodies and persons performing tasks of structures and bodies referred to in paragraph 1 of this Article, as well as bodies referred to in Article 24 of this Regulation, shall be determined by a decision of the Government.

National IPA Coordinator

Article 5

The National IPA Coordinator is a member of the Government or an official who is involved in the structure for negotiations on EU membership and who is appointed by the Government.

The National IPA Coordinator is responsible for the overall coordination process of programming, monitoring the implementation, evaluation and reporting of IPA III assistance, as well as for cooperation with the European Commission regarding the use of IPA III.

The National IPA Coordinator performs the following tasks:

- 1) ensures a close connection between the use of IPA III assistance and the general EU accession process;
- 2) ensures general coordination of programming, in accordance with the objectives and thematic priorities of the IPA III Programming Framework, monitoring of implementation, evaluation and reporting on IPA III, including coordination within the public administration, as well as coordination with other donors;
- 3) coordinates participation of the Republic of Serbia as an IPA III beneficiary in relevant cross-border cooperation programmes with one or more EU Member States and with one or more IPA III beneficiaries, as well as, where possible, in transnational and interregional cooperation programmes. The National IPA Coordinator may delegate coordination tasks, in accordance with the needs, to the territorial cooperation coordinator or to the Managing Authority for the management of cross-border cooperation programmes;
- 4) strives to ensure that the public administration takes all necessary steps to facilitate the implementation of related programmes;

5) coordinates preparation of the Strategic Response and action documents in accordance with the thematic priorities and the process defined under the IPA III programming framework and the guidelines of the European Commission, taking into account applicable planning documents, including European macro-regional and marine basin strategies, and submits them to the European Commission;

6) coordinates preparation of amendments and addenda to the IPA III Programme, except for IPARD III programmes for which the IPARD Managing Authority proposes amendments and addenda to the European Commission, and submits a copy of the proposal to the National IPA Coordinator;

7) submits large-scale projects to the European Commission for assessment;

8) ensures that relevant national institutions, as well as stakeholders, partners in the field of economics, social policy and environmental protection, civil society organisations and local self-government units are adequately consulted and have timely access to relevant information related to IPA III assistance;

9) coordinates the overall process of preparing and implementing activities to inform the general public and ensure visibility of the IPA III Programme and actions financed under the IPA III assistance and develops IPA III strategic framework for communication;

10) establishes the IPA Monitoring Committee in cooperation with the European Commission, co-chairs the IPA Monitoring Committee with the European Commission, gives consent for the rules of procedure of the IPA Monitoring Committee, participates in the work of sectoral monitoring committees and ensures the participation of stakeholders in the IPA Monitoring Committee;

11) participates in the establishment and functioning of joint monitoring committees for cross-border cooperation programmes and ensures participation of its representatives in the work of those committees;

12) monitor the sustainability and effects of IPA III-funded programmes, monitor the fulfilment of preconditions for the commencement of public procurement procedures within the implementation of the programme, as well as the use of goods procured from IPA III after the implementation of the contracts through which the programmes are implemented;

13) coordinates the development of the evaluation plan in collaboration with the European Commission, and, in the event that the European Commission manages the project evaluation process, provides access to the data required for the implementation of the evaluation process;

14) coordinates preparation of and submits to the European Commission the Annual Report on the implementation of financial assistance provided through the IPA programmes implemented in the previous financial year, which encompasses the progress made in the implementation of the tasks entrusted, including any problems encountered as well as corrective action taken. Additional reporting requirements may be specified in sectoral or financing agreements, including reporting requirements for operational programmes and the IPARD III programme;

15) coordinates preparation of and submits to the European Commission the final report on implementation of each programme upon its completion, covering the entire implementation period, including, in particular, information on expected and actual results achieved, as well as financial information related to the implementation of the activities;

16) performs other tasks in order to fulfil his/her role.

Professional and administrative-technical tasks for the National IPA Coordinator shall be performed by the Technical Secretariat of the National IPA Coordinator (hereinafter referred

to as ‘NIPAC TS’), which shall be determined by the Decision of the Government referred to in Article 4, paragraph 2, of this Regulation.

NIPAC TS coordinates the preparation and submits to the National Authorising Officer an annual management statement for the previous financial year with the required supporting documentation.

National Authorising Officer

Article 6

The National Authorising Officer is an official appointed by the Government or a civil servant in a position appointed by the Government at the proposal of the minister in charge of finance.

The National Authorising Officer performs tasks related to the financial management of EU pre-accession funds in the Republic of Serbia in terms of ensuring legality and regularity of transactions, ensures the establishment and effective functioning of the management and control system related to IPA III, and cooperates with competent public administration bodies, government services and other institutions in connection with the execution of checks and controls in the implementation of these tasks.

The National Authorising Officer performs the following tasks:

1) ensures the establishment and efficient and effective functioning of the management and control system in the implementation of IPA III assistance with the support of the the National Authorising Officer Support Office, namely:

(1) prepares and submits to the European Commission a request for entrustment of budget implementation tasks under relevant IPA III Programme;

(2) monitors the continuous fulfilment of European Commission’s requirements for entrusting tasks related to the implementation of the budget, including compliance with the internal control framework defined in the Financial Framework Partnership Agreement, by the responsible bodies and structures. In the event of non-compliance with these conditions, he/she shall inform thereof the European Commission, the National IPA Coordinator and the Audit Authority, take appropriate safeguard measures in relation to payments made or contracts signed and the necessary activities in order to ensure re-fulfilment of the conditions;

(3) approves the procedures referred to in Article 18 of this Regulation for performing tasks within the competence of all structures and bodies;

(4) notifies the European Commission without delay of any significant changes to the management and control system, rules and procedures relating to the management of IPA III funds with a view to ensuring continuous fulfilment of the conditions for entrusting the tasks relating to the implementation of the budget;

(5) monitors the results of all external and internal checks and audits relating to the IPA III management and control system, including those carried out by the Audit Authority, the European Commission or the European Court of Auditors, and coordinates preparation and implementation of related action plans with a view to improving coherence and efficiency of the IPA III management and control system;

(6) ensures implementation of the assessment and effective handling in cases of suspected irregularities, fraud, corruption and conflict of interest, as well as the functioning of the related control and reporting mechanism thereof;

(7) cooperates and exchanges information with the Anti-fraud coordination service (AFCOS) in relation to cases of suspected irregularities and fraud, with a view to ensuring necessary actions in relation to procedures pertaining to specific cases and enabling that body to report directly suspected irregularities and fraud so as to prevent double reporting of cases or failure to report them;

2) ensures efficient and effective financial management with the support of the Accounting Body, namely:

(1) establishes an accounting system on an accrual basis for recording and storing, in an electronic form, accurate, complete and reliable accounting data for each IPA III Programme/activity/operation that provides all the data necessary for the preparation of payment requests and annual financial statements or balance sheets;

(2) organises and manages the system of euro accounts for funds from EU pre-accession assistance;

(3) provides the European Commission with a projection of expected payment requests for the financial year concerned and for the following financial year;

(4) submits requests to the European Commission for funds and receives payments from the European Commission;

(5) ensures the existence, correctness and availability of items for co-financing;

(6) makes funds received from the European Commission and public co-financing available to financial management intermediaries for further transfer to recipients;

(7) ensures that a sufficient amount of funds is provided in order to bridge any shortfall due to the delayed transfer of funds from the European Commission, i.e. due to payments on refund orders issued by the European Commission;

(8) ensures performance of exchange operations, if necessary;

(9) makes necessary financial corrections in relation to irregularities and provides the European Commission with comments and information in financial correction procedures;

(10) provides an explanation to the European Commission when the European Commission intends to terminate or suspend payments and take corrective action where necessary;

3) for reporting purposes, he/she confirms completeness, accuracy and authenticity of the following documents: annual accounting statements; annual financial statements or reports on an accrual basis, which clearly distinguish between recognised costs and payments made; annual management statements under the programme, including reports on the management and control system and status of action plans for resolving audit findings issued by the Audit Authority, internal audit services and the European Commission; financial statements or statements on an accrual basis for a period of 12 months ending on June 30 of the same year; final reports on the costs of the programme, and he/she submits them to the European Commission, as well as their copies to the National IPA Coordinator and the Audit Authority. Additional reporting requirements may be specified in sectoral or financing agreements;

4) issues recommendations to all responsible structures and bodies regarding the possibilities for implementation of the proposed programmes/actions, over the course of the programming process, and regarding the administrative capacities of the proposer for their implementation;

5) participates in monitoring of the implementation and evaluation of programmes financed from IPA III, participates in the work of the IPA Monitoring Committee and, when needed, in the work of sectoral monitoring committees;

- 6) performs tasks laid down in bilateral agreements between the participating states relating to the management of cross-border cooperation programmes;
- 7) performs other tasks in order to fulfill his/her role.

For the purpose of performing the tasks referred to in paragraph 3 of this Article, the National Authorising Officer may request additional information and carry out checks in accordance with its competences.

The National Authorising Officer may hire independent auditors to conduct additional audits of institutions.

Management Structure of the National Authorising Officer

Article 7

The internal unit in the ministry responsible for finance affairs performs the tasks of the Management Structure of the National Authorising Officer.

The Management Structure of the National Authorising Officer performs the tasks set out in the Financial Framework Partnership Agreement, sectoral and financing agreements.

Narrow internal units in the internal unit referred to in paragraph 1 of this Article performing the tasks of the Management Structure perform the tasks of the National Authorising Officer Support Office and the Accounting Body.

The National Authorising Officer Support Office shall provide support to the National Authorising Officer in the performance of tasks referred to in Article 6, paragraph 3, item 1), and items 3) - 7) of this Regulation, and in particular the tasks of providing support relating to:

- 1) establishment of the IPA III management and control system and monitoring its functioning;

- 2) regular collection of information to ensure compliance with the internal control framework;

- 3) supervising the management and control system, including carrying out checks with the responsible structures and authorities, final recipients, recipients and beneficiaries in terms of cross-border cooperation programmes, in order to assure the National Authorising Officer of the legality and regularity of IPA III transactions and of the efficient and effective functioning of the internal control system;

- 4) reporting to the European Commission on the functioning of the management and control system and the status of action plans and monitoring of audit reports issued by the Audit Authority, internal audit services and the European Commission, as well as in relation to this providing support to NIPAC TS in preparation of annual and final implementation reports, as well as to the managing bodies when reporting to sectoral monitoring committees; drawing up of the annual statement on management for each IPA III Programme and ensuring its submission to the European Commission, along with the submission of a copy to the National IPA Coordinator and the Audit Authority.

The Accounting Body shall provide support to the National Authorising Officer in the performance of tasks referred to in Article 6, paragraph 3, items 2) and 3) of this Regulation, and, in particular, ensure the provision of support relating to:

- 1) financial management of IPA III Programmes, including account management;

- 2) providing an accounting system on an accrual basis for each IPA III Programme/action/operation;

3) providing financial reporting to the European Commission on the basis of accurate, reliable and complete accounting data for each IPA III Programme/action/operation.

Managing Authorities

Article 8

The Managing authority is a public administration body or a government service or an internal unit in a public administration body or a government service that performs tasks related to the management of annual and multiannual IPA III Programmes and ensuring adequate preparation, programming, implementation, monitoring, evaluation, visibility and reporting on the implementation of programmes within its competence.

The Managing authority shall make a proposal for designation in accordance with Article 4(2) of this Regulation of one or more Intermediate bodies for policy management for one-year or multiannual programmes.

The Managing authority is obliged to supervise the results of the work of Intermediate bodies for policy management when they are designated.

The managing authority shall make a proposal for designation, in accordance with Article 4 paragraph 2, of the Regulation, of one or more Intermediate bodies for financial management whose tasks are separate from those of the Managing authority, and which have autonomy in making financial decisions within the framework of the programme. The Managing authority shall supervise the results of the work of Intermediate bodies for financial management whilst respecting their independence in financial decision-making.

The Managing authority performs tasks relating to:

- 1) management of the entire programme;
- 2) coordination of the implementation of programmes and projects in technical and operational terms, ensuring monitoring and verification of the work of the intermediate bodies related to timely preparation of technical documentation and implementation of public procurement procedures, as well as monitoring and verification of the results of the work of intermediate bodies in approving the results, i.e. project activities during their implementation;
- 3) submitting all necessary information to the National IPA Coordinator, the National Authorising Officer, the Management Structure and the Audit Authority in order to support their work and the preparation of their reports;
- 4) proposing procedures for performing tasks within its scope of work, as well as procedures for performing tasks within the competence of intermediate bodies to which it has transferred part of the tasks and forwarding it to the National Authorising Officer for approval;
- 5) continuous monitoring of compliance with the internal control framework in the bodies of the programme management structure, proposing and monitoring the implementation of corrective measures and reporting to the National Authorising Officer on any deviations, corrective measures and their implementation;
- 6) preparing and submitting for approval to the National Authorising Officer of annual statements on management for the preceding financial year for programmes which are within his/her competence, along with the required supporting documentation;
- 7) establishing and chairing programme monitoring committees which are within his/her competence and regular reporting to the IPA monitoring committee and the sectoral monitoring committee on progress in the implementation of those programmes, in terms of meeting the programme's objectives;
- 8) preparing and submitting *ad hoc* occasional or periodic reports on the implementation of the programme within his/her competence at the request of the National IPA Coordinator,

the National Authorising Officer and the European Commission, as well as any additional reports if so stipulated in sectoral or financing agreements;

9) monitoring that the funds for national co-financing have been planned in a timely manner in accordance with the envisaged pace of the implementation of actions, activities and contracts and inclusion in the planning process, in particular in multiannual programmes;

10) monitoring that the funds for additional and contingency expenses are provided, as well as reimbursement of improperly spent funds;

11) timely reporting of suspected irregularities and suspected fraud, as well as taking efficient and proportionate measures to prevent and combat fraud, taking into account the identified risks and participating in the implementation of procedures for detecting irregularities, as appropriate;

12) development of strategic communication plans for informing the general public and ensuring visibility of the IPA III Programme and achieved results;

13) monitoring sustainability of actions/operations financed under the programme;

14) performing other tasks related to the management of the programme.

In the event that no Intermediate Body for Policy Management has been designated for the management of multiannual programmes, the Managing Authority shall also perform other tasks referred to in Article 9 of this Regulation.

Intermediate Bodies for Policy Management Article 9

Internal unit in a public administration body or government service, formed in accordance with the regulations governing the establishment and scope of work of the public administration bodies or government services, performs the tasks of the Intermediate Body for Policy Management within its competence.

The Intermediate Body for Policy Management, where designated, performs tasks relating to programming, implementation, monitoring, reporting, management and control of programmes, namely:

1) proposing operations for financing and participating in the preparation of action documents;

2) preparation of technical documentation necessary for the announcement of public procurement and calls for proposals and assistance in preparation of responses to requests for clarification;

3) appointment of members of the assessment committee with voting rights;

4) establishing a team of experts or support for the management body in establishing such a team, in order to adopt the results of the activities and contracts to be implemented;

5) monitoring of technical aspects during the implementation of actions and contracts;

6) ensuring compliance with EU requirements and rules relating to information, publicity, transparency, visibility and communication;

7) monitoring sustainability of the results of actions/operations financed under the programme;

8) confirmation that the contracted services have been provided, the procurement has been delivered and installed, that the works have been completed and that the activities have been carried out in accordance with contractual obligations;

9) providing all necessary information to the National IPA Coordinator, the National Authorising Officer, the Managing Authority and the Audit Authority, as well as the Intermediate Body for financial management in order to support their work and prepare reports within their respective competences;

10) drawing up and submitting to the Managing Authority annual statements on management for the preceding financial year for programmes under their competence and the required supporting documentation;

11) providing information to the Managing Authority regarding the performance of tasks delegated to it by the Management Body and the implementation of corrective measures designed to ensure compliance with the internal control framework;

12) preparing and submitting *ad hoc* occasional or periodic reports on the implementation of programmes within its competence at the request of the National IPA Coordinator, the National Authorising Officer, the Management Body and the European Commission or for the purposes of the competent sectoral monitoring committee;

13) timely planning and provision of funds and/or provision of funds for national co-financing in accordance with the envisaged pace of implementation of actions, activities and contracts, as well as funds for additional and contingency costs and reimbursement of improperly spent funds;

14) timely identification and reporting of suspected irregularities, irregularities and suspected fraud, taking into account the identified risks, participation in the implementation of procedures for identifying irregularities as needed and acting upon the decision made on the identified irregularity;

15) performing other tasks or providing support relating to technical expertise of the Intermediate Body for policy management, including participation in the work of the relevant committee for monitoring of the programme in whose implementation it is involved.

Intermediate Body for financial management Article 10

Tasks of the Intermediate Body for financial management shall be performed by the internal unit in the public administration body, the body within the ministry or a special organisation, in accordance with the regulations governing its establishment and scope of work.

The Intermediate Body for financial management, in cooperation with other responsible structures and bodies for programme management under IPA III, shall perform tasks relating to:

1) ensuring that the activities proposed for funding comply with the procedures and criteria applicable to the relevant programme, action, call for bids and calls for proposals;

2) monitoring the execution of the contract, which implies administrative, financial, technical and physical aspects;

3) carrying out checks in order to ensure that payments to recipients are made in accordance with the laws of the Republic of Serbia and EU rules, programme requirements and contract terms;

4) performing tasks relating to the appointment of the president and secretary of the assessment committee;

5) ensuring that the EU requirements and provisions relating to transparency, communication and visibility are addressed in the relevant tender documentation and fulfilled during the implementation of the contract;

6) performing other tasks related to financial management.

The Intermediate Body for financial management performs independently the tasks related to:

1) implementation of public procurement procedures, grant procedures, quality control of relevant documentation and other contracting procedures, in accordance with the rules and procedures relating to these procedures, including the rules on nationality and origin referred to in Article 19 of the Financial Framework Partnership Agreement, as well as the principles of the twinning programmes' implementation;

2) ensuring that the activities selected for funding are in accordance with the procedures and criteria applicable to the programme, action, call for bids and call for proposals, in accordance with Art. 18, 19 and 22 of the Financial Framework Partnership Agreement;

3) conclusion of the contract, as well as amendments and addenda to the contract;

4) granting disbursement to recipients of IPA III funds;

5) claim of refund from recipients of IPA III funds;

6) maintenance of a special accounting system based on an accrual basis for recording and keeping, in an electronic form, accurate, complete and reliable accounting data for each IPA III Programme/action/operation and the application of adequate accounting codification.

The Intermediate Body for financial management also performs the following tasks relating to:

1) providing all necessary information to the bodies of the programme management structure, the National IPA Coordinator, the National Authorising Officer, the Managing Authority and the Audit Authority, as well as the Intermediate Body for policy management, in order to provide support to their work and the preparation of their reports;

2) preparation and submission for approval to the National Authorising Officer of annual accounting reports; annual financial statements or reports based on an accrual principle, which clearly distinguish between recognised costs and payments made; financial reports or statements based on an accrual principle for a period of 12 months ending on June 30 of the same year; final reports on the costs of the programme, with submission to the Managing Authority, and in accordance with the procedures and agreements referred to in Article 18 of the Regulation;

3) drawing up and submitting to the Managing Authority annual statements on management for the preceding financial year for programmes under its competence and the required supporting documentation;

4) providing information to the Managing Authority regarding the fulfilment of the internal control criteria and the implementation of corrective measures, as well as providing all requested information on the progress of the public procurement procedure, contracting and payment at the contract level;

5) preparing and submitting *ad hoc* occasional or periodic reports on the implementation of programmes within its competence at the request of the National IPA Coordinator, the National Authorising Officer, the Managing Authority and the European Commission or for the purposes of the competent sectoral monitoring committee;

6) timely detection and reporting of suspected irregularities, implementation of irregularity detection procedures and writing decisions, taking corrective measures in the process of acting upon the adopted decision on confirmed irregularities, taking efficient and proportionate measures to prevent and combat fraud, taking into account the identified risks, and acting upon the adopted decision on identifying irregularities in cooperation with other responsible structures and programme management bodies under the IPA III;

- 7) performing tasks of supporting the visibility of projects and publishing documentation, in accordance with the procedures;
- 8) performing other related tasks pertaining to financial management.

III. STRUCTURE FOR MANAGEMENT OF CROSS-BORDER COOPERATION PROGRAMMES

Structures and Bodies for Cross-Border Cooperation Programmes

Article 11

The structures and bodies participating in cross-border cooperation programmes shall be established within the public administration of the Republic of Serbia as IPA III beneficiary for the purpose of preparing, implementing and managing cross-border cooperation programmes. One structure for the management of cross-border cooperation programmes may be responsible for several cross-border cooperation programmes.

The structures and bodies participating in cross-border cooperation programmes, in addition to the National IPA Coordinator, the National Authorising Officer and his/her Managing Structure, shall consist of:

- 1) Managing Authority for cross-border cooperation programmes;
- 2) Intermediate Body for financial management of cross-border cooperation programmes.

Managing Authority for Cross-Border Cooperation Programmes

Article 12

The internal unit that performs cross-border cooperation tasks in the public administration body responsible for management of cross-border cooperation programmes or the government service responsible for management of cross-border cooperation programmes performs the tasks of the Managing Authority for cross-border cooperation programmes.

The Managing Authority for cross-border cooperation programmes shall put forth a proposal for designating, in accordance with Article 4, paragraph 2, of this Regulation, the Intermediate Body for financial management, whose tasks are separate from those of the Managing Authority for cross-border cooperation programmes, and which has autonomy in making financial decisions under the programme. The Managing Authority shall supervise the results of the work of the Intermediate Body for financial management whilst respecting its autonomy in financial decision-making.

The Managing Authority for cross-border cooperation programmes performs tasks related to:

- 1) management of cross-border cooperation programmes;
- 2) participation in the preparation of cross-border cooperation programmes and changes to these programmes;
- 3) submitting all necessary information to the National IPA Coordinator, the National Authorising Officer, the Management Structure and the Audit Authority in order to support their work and preparation of reports within their respective competences;

4) ensuring the fulfilment of tasks related to preparation, operational monitoring, monitoring of the technical aspects of operations and confirmation that the operations have been carried out in close cooperation with another IPA III beneficiary participating in the programme;

5) proposing procedures for performing tasks within its scope of work, as well as procedures for performing tasks within the competence of the Intermediary Body and forwarding it to the National Authorising Officer for approval;

6) continuous monitoring of the compliance of the structure with the internal control framework, proposing and monitoring the implementation of corrective measures and reporting to the National Authorising Officer on any deviations, corrective measures and their implementation;

7) preparing and submitting to the National Authorising Officer annual statements on management for the preceding financial year for programmes within his/her competence, along with the required supporting documentation, including the annual financial statements;

8) preparing and submitting *ad hoc* occasional or periodic reports on the implementation of programmes within his/her competence at the request of the National IPA Coordinator, the National Authorising Officer and the European Commission, as well as any additional reports if so stipulated in financing agreements;

9) timely reporting of suspected irregularities and suspected fraud, as well as taking efficient and proportionate measures to prevent and combat fraud, taking into account the identified risks and participating in the implementation of procedures for detecting irregularities, as appropriate;

10) monitoring sustainability of actions/operations financed under the programme;

11) appointing members with voting rights to the assessment commission and ensuring that the assessment commission includes one more voting member from a participating state other than the lead IPA III beneficiary;

12) preparation of technical documentation necessary for the announcement of the call in close cooperation with another IPA III beneficiary;

13) monitoring progress of the implementation of operations and technical aspects of operations, as well as certifying that the operations have been carried out in close cooperation with another IPA III beneficiary;

14) preparing reports for preparatory and regular meetings of joint committees for monitoring cross-border cooperation programmes and other bilateral meetings, as well as implementing strategic decisions of joint monitoring committees;

15) coordinating activities pertaining to the signing of financing agreements by the Republic of Serbia;

16) in cooperation with another participating state, initiating the preparation and coordination of activities for the signing of bilateral agreements, monitoring and ensuring their implementation in accordance with its competences, as well as for amendments to those agreements;

17) providing a certificate of readiness for work and carrying out a systemic audit of joint technical secretariats for cross-border cooperation programmes on the territory of the Republic of Serbia (where applicable);

18) close cooperation with another country participating in the cross-border cooperation programme;

19) participation in the establishment and functioning of Joint Monitoring Committees for cross-border cooperation programmes, as well as appointment of representatives of the Republic of Serbia to the Joint Monitoring Committees;

20) preparation and implementation of strategic decisions of the Joint Monitoring Committees;

21) ensuring participation of representatives from the Republic of Serbia in the meetings of the Joint Monitoring Committees and other bilateral meetings;

22) establishing Joint Technical Secretariats and ensuring that adequate personnel are engaged;

23) providing support for the work of the Joint Monitoring Committees, as well as the information that they need for the performance of their respective tasks, in particular the data pertaining to the progress in achieving specific objectives of the operational programme and target values according to thematic priorities, as set out in the cross-border cooperation programme;

24) establishment of a system for collecting reliable information on the implementation of cross-border cooperation programmes;

25) preparing annual and final reports on the implementation of cross-border cooperation programmes;

26) preparation and implementation of a coherent communication and visibility plan;

27) preparation of annual work plans of the Joint Technical Secretariats which are approved by the Joint Monitoring Committee;

28) performing other tasks related to the management of the programme.

With a view to the effective management of programmes, the Managing Authority for Cross-Border Cooperation Programmes shall carry out the tasks referred to in Article 5, paragraph 3, item 3) of this Regulation.

Intermediate Body for financial management of Cross-Border Cooperation Programmes

Article 13

The internal unit in the ministry responsible for finance affairs, an organ within the ministry or a special organisation performs the tasks of the Intermediate Body for Financial Management of Cross-Border Cooperation Programmes in accordance with the regulations governing their establishment and scope of work.

In addition to the tasks referred to in Article 10 of this Regulation, for the purposes of cross-border cooperation programmes, the Intermediate Body for financial management shall also perform tasks relating to the appointment of the president and secretary of the assessment commission.

IV. IPARD PROGRAMME MANAGEMENT STRUCTURE

IPARD Programme Management Structure

Article 14

The IPARD Programme Management Structure under IPA III shall consist of:

- 1) IPARD Managing Authority;
- 2) IPARD Agency.

IPARD Managing Authority

Article 15

The internal unit in which the tasks related to IPA rural development are performed in the ministry responsible for agriculture performs the tasks of the IPARD Managing Authority.

IPARD Managing Authority performs tasks related to the preparation and implementation of actions, selection of measures and ensuring their visibility, coordination, monitoring, evaluation and reporting, such as:

- 1) preparation of IPARD III programme proposals and any amendments and addenda thereto, including those required by the European Commission;
- 2) possibilities of controlling and verifiability of measures defined by the IPARD III programme in cooperation with the IPARD Agency;
- 3) selection of measures as part of each call for applications under the IPARD III programme and their timetable, eligibility requirements and financial allocation per measure and per call, in cooperation with the IPARD Agency;
- 4) ensuring that appropriate regulations have been adopted for the implementation of the IPARD III programme;
- 5) providing assistance in the work of the sectoral monitoring committee, in particular by providing documents necessary for monitoring the quality of the implementation of the IPARD III programme;
- 6) establishing a reporting and information system for collecting financial and statistical data on the implementation of the IPARD III programme, including information obtained from the IPARD Agency and its submission to the IPARD III Monitoring Committee, in accordance with the modalities agreed between the Republic of Serbia and the European Commission, using, where possible, computerised systems enabling the exchange of data with the European Commission and related to the reporting system and the information system established by the National Authorising Officer;
- 7) proposing amendments and addenda to the IPARD III programme to the European Commission after consultations with the IPARD Agency with the consent of the IPARD III Monitoring Committee and informing the National IPA Coordinator, as well as informing the relevant administrative authorities, of the need to make appropriate amendments to the regulations following the decision of the European Commission on amendments and addenda to the IPARD III programme;
- 8) preparation of an annual action plan for planned operations within the framework of technical assistance measures with the consent of the IPARD III Monitoring Committee;
- 9) development of an evaluation plan submitted to the sectoral monitoring and reporting committee of the IPARD III Monitoring Committee and the European Commission on the progress achieved in the implementation of this plan;

10) drawing up a coherent visibility and communication plan in consultations with the sectoral monitoring and notification committee of the European Commission, after accepting the advice of the sectoral monitoring committee;

11) ensuring that the management and implementation of delegated tasks is carried out responsibly, in the case where part of the activities are entrusted to another public administration body in accordance with the principle of responsible financial management;

12) timely reporting of suspected irregularities and suspected fraud, as well as taking efficient and proportionate measures to prevent and combat fraud, taking into account the identified risks and participating in the implementation of procedures for detecting irregularities, as appropriate;

13) performing other tasks related to the management and implementation of the IPARD III programme.

IPARD Agency

Article 16

The administrative body responsible for agrarian payments within the ministry responsible for agricultural affairs performs the tasks of the IPARD Agency.

IPARD Agency performs tasks related to:

1) providing confirmation to the IPARD Managing Authority of the control and verifiability of measures in the IPARD III programme;

2) issuing a call for applications and publishing deadlines and conditions with prior agreement with the IPARD Managing Authority in relation to the issues pertaining to the selection of measures under each call for applications as part of the IPARD III programme and their timetable, eligibility requirements and financial allocation per measure, per call, as well as the implementation of the procedure for exercising the right to IPARD incentives;

3) selection of projects to be implemented;

4) granting the right to IPARD incentives and providing information on possible sanctions in case of non-compliance with obligations for beneficiaries and recipients of IPARD funds;

5) monitoring the implementation of approved projects;

6) maintaining a special accounting system based on an accrual basis for recording and keeping, in an electronic form, accurate, complete and reliable accounting data for the IPARD programme and the application of adequate accounting codification;

7) reporting on progress in the implementation of measures in relation to indicators;

8) ensuring that the recipient is aware of the EU contribution to the project;

9) timely planning and provision of funds for national co-financing in accordance with the envisaged pace of project implementation, as well as providing funds for additional and contingency costs and reimbursement of improperly spent funds;

10) timely detection and reporting of suspected irregularities, confirmed irregularities and fraud, implementation of irregularity detection procedures and taking efficient and proportionate measures to prevent and combat fraud, taking into account the identified risks, and acting upon the adopted decision on identifying irregularities, as well as ensuring reporting on irregularities at the national level;

11) ensuring that the National Authorising Officer, the Management Structure and the IPARD Managing Authority receive all the information necessary for the performance of their tasks;

12) ensuring compliance with obligations relating to public scrutiny of the IPARD III Programme;

13) ensuring that for any project under the IPARD III programme, the total public assistance granted from all sources per project does not exceed the established maximum ceilings for public expenditures;

14) performing other tasks determined by the sectoral agreement.

In terms of investments in the type of infrastructure projects that are expected to generate significant net revenue, the IPARD Agency shall, before approving these projects, assess whether it is indeed a project of this type. If the IPARD Agency concludes that this is such a type of project, then it shall ensure that public assistance from all sources does not exceed 50% of total costs related to the project and which are considered eligible for EU co-financing.

V . REGULATION OF MUTUAL RELATIONS FOR IMPLEMENTATION OF EU PRE-ACCESSION ASSISTANCE PROGRAMME UNDER IPA III

Final Recipient

Article 17

The Final Recipient receives tangible and/or intangible assets under contracts funded within the IPA III Programme and is obliged to use the funds in accordance with the objectives set out in that contract. In some cases, the Intermediate Body for policy management may be the final recipient.

The Final Recipient shall follow the instructions provided by the Managing Authority, the Intermediate Body for financial management and the Intermediate Body for policy management to fulfil its obligations in relation to programming, procurement, contract implementation and sustainability of outputs for projects funded under IPA III and any corresponding reporting obligations, in accordance with the agreement referred to in Article 18.

The Final Recipient is responsible for sustainability of outputs of the projects funded under the IPA III Programme, as well as for planning of the funds in its budget to maintain outputs and visibility.

The Final Recipient shall immediately inform the Intermediate Body for policy management and the Management Body of any changes affecting or likely to affect sustainability of projects funded under IPA III Programme.

For audit and control purposes, the Final Recipient is responsible for providing all necessary information and documents, as well as access to tangible and intangible assets financed under the IPA III Programme, to the representatives of the National IPA Coordinator, the National Authorising Officer, the Managing Authority, the Intermediate Body for policy management and their respective supporting units, the Audit Authority, Anti-fraud coordination service (AFCOS), the services of the European Commission, the European Anti-Fraud Office and the European Court of Auditors, and for ensuring that corrective measures

pertaining to the recommendations made as a result of those controls and audits are timely and properly planned, carried out, monitored and reported.

Performance of Additional Tasks

Article 18

Performing additional, procedural and operational tasks of structures and bodies shall be defined by:

1) agreements that include the regulation of relations between the responsible structures and the bodies for management of EU pre-accession assistance programmes under IPA III, and between the responsible structures and bodies and the Final Recipient, to whom the implementation of IPA III assistance by the Republic of Serbia as the IPA III beneficiary pertains;

2) procedures for programming, implementation, monitoring, evaluation and reporting processes relating to IPA III-funded programmes approved by the National Authorising Officer.

Administrative Capacities for Management of EU Pre-Accession Assistance Programmes under IPA III

Article 19

Structures and bodies for management of the EU pre-accession assistance programmes under IPA III shall provide and maintain appropriate administrative capacities required for the smooth and continuous performance of tasks related to the preparation, programming, implementation, monitoring, evaluation and reporting on the implementation of IPA III-funded programmes.

Structures and bodies for management of the EU pre-accession assistance programmes under IPA III shall inform the National Authorising Officer and the competent Managing Authority of changes pertaining to administrative capacities, including new recruitments, redeployment or departure of employees, as well as propose a plan with measures designed to remedy deficiencies in case of major deficiencies identified.

The National IPA Coordinator and the National Authorising Officer, in cooperation with the minister in charge of finance, are responsible for proposing and monitoring the implementation of an appropriate policy of retaining employees performing tasks related to the management of EU pre-accession assistance programmes under IPA III.

VI. SUPERVISION, CONTROL AND AUDIT

Supervision, Control and Audit

Article 20

Supervision, controls and audits of the structures and bodies for management of the EU pre-accession assistance programmes under IPA III, in cooperation with the competent authorities of the Republic of Serbia, are carried out by the European Commission or independent auditors designated by the European Commission, the European Anti-Fraud Office (OLAF) and the European Court of Auditors and the Anti-fraud coordination service (AFCOS), in accordance with Article 50 of the Financial Framework Partnership Agreement.

All financing agreements, as well as subsequent programmes and actions and relevant contracts and subcontracts concluded by beneficiaries with the final recipients, shall be subject to supervision and control by the European Commission, including controls carried out by the European Anti-Fraud Office (OLAF), the Anti-fraud coordination service (AFCOS), and audited by the European Court of Auditors.

The structures and bodies for management of the EU pre-accession assistance programmes under IPA III are responsible for taking corrective measures on the basis of the recommendations given and remedying the identified deficiencies resulting from the implemented controls and audits referred to in paragraphs 1-3 of this article.

The structures and bodies for management of programmes funded from IPA III, final recipients, recipients, beneficiaries in terms of cross-border cooperation programmes and leading IPA III beneficiaries in terms of cross-border cooperation programmes shall, for the purposes of controls and audits referred to in paragraphs 1-3 of this article, provide access to their employees, work premises and documentation relating to IPA III-funded programmes as well as take all other actions to facilitate the performance of controls and audits.

The structures and bodies for management of programmes funded from IPA III, final recipients, recipients, beneficiaries in terms of cross-border cooperation programmes and leading IPA III beneficiaries in terms of cross-border cooperation programmes shall record, keep and archive documentation in such a way so as to ensure an appropriate audit trail in accordance with the provisions of the signed financing agreements on the basis of which IPA III-funded programmes are implemented.

In order to responsibly manage EU pre-accession assistance funds under the IPA III, the structures and bodies for the implementation of the EU pre-accession assistance programmes under IPA III, final recipients and beneficiaries in terms of cross-border cooperation programmes who are public funds beneficiaries shall establish a financial management and control system in accordance with the law governing the budget system.

Internal Audit

Article 21

Internal audit related to the management of programmes financed from IPA III shall be carried out by internal auditors in public administration bodies and government services in accordance with the law governing the budget system.

Internal auditors referred to in paragraph 1 of this article shall submit audit reports to the manager of the audited entity and to the manager of public funds beneficiary.

The manager of the public funds beneficiary shall submit a copy of audit reports or extracts from the audit report to the Managing Authority and the National Authorising Officer.

VII. PROTECTION OF FINANCIAL INTERESTS OF THE REPUBLIC OF SERBIA AND FINANCIAL INTERESTS OF THE EUROPEAN UNION

Protection of Financial Interests

Article 22

In order to protect the financial interests of the Republic of Serbia and the financial interests of the European Union, the Republic of Serbia, as an IPA III beneficiary entrusted with the tasks of implementing the IPA III budget, shall establish mechanisms for preventing, detecting and correcting irregularities and fraud in the implementation of the EU pre-accession assistance programme under IPA III, in accordance with the requirements of the Financial Framework Partnership Agreement. The Republic of Serbia, as a beneficiary of IPA III, shall also recover unduly paid funds and in this regard initiate legal proceedings, if necessary.

Irregularities

Article 23

The National Authorising Officer shall be responsible for reporting and submitting reports on identified irregularities and fraud to the European Commission under the management and control system of the European Union's pre-accession assistance programmes under IPA III and shall ensure the implementation of the assessment and effective handling of suspected irregularities, fraud, corruption and conflict of interest, as well as the functioning of the related mechanism for control and reporting on the measures taken.

Civil servants and employees in the structures and bodies for the implementation of programmes financed from IPA III are obliged to sign a statement that they are familiar with the notion of irregularities and the system for reporting irregularities, as well as to report any deviation, inconsistency or violation of regulations that constitutes an irregularity or causes reasonable suspicion that fraud has occurred.

Protection of the individual who has reported irregularities is stipulated by law and other regulations governing the protection of whistleblowers.

Anti-fraud coordination service (AFCOS)

Article 24

Anti-fraud coordination service (AFCOS) is the internal unit in the ministry responsible for finance affairs and performs tasks related to taking all the measures and activities in order to protect the financial interests of the European Union and the Republic of Serbia.

The tasks which this body performs are related to:

- 1) coordination of legal, administrative and operational activities aimed at combating irregularities and fraud in the handling of EU funds;
- 2) carrying out administrative checks of reports of irregularities and suspected fraud, establishing facts for the purpose of decision-making and initiating proceedings for the purpose of penalising irregularities and abuses in the handling of EU funds;

3) identifying possible weaknesses in the system for management of European Union's pre-accession assistance programmes in the Republic of Serbia financed from IPA III;

4) establishing operational and technical cooperation with responsible persons and bodies in the EU pre-accession assistance management system under IPA III and OLAF in order to collect information related to evidence, as well as to establish facts and initiate proceedings for the purpose of penalising irregularities and abuses in the handling of IPA III funds by competent state authorities and institutions;

5) exchange of data on irregularities and cases of fraud in the handling of EU pre-accession assistance funds under IPA III with the bodies in the Network for Combating Fraud and Managing Irregularities in the handling of EU funds and with OLAF;

6) providing administrative and technical and logistical support to the representatives of the European Commission and OLAF on the territory of the Republic of Serbia;

7) monitoring the course of investigations and court proceedings related to proven fraud cases and reporting them to OLAF;

8) support to the work of the Network for Combating Fraud and Managing Irregularities in the handling of EU funds;

9) coordination of activities related to the harmonisation of national legislation with EU regulations relating to the protection of the EU's financial interests;

10) monitoring and reporting through the Irregularity Management System (IMS) on all cases of irregularities and fraud.

In order to establish the facts regarding reported irregularities and suspected fraud, the Anti-fraud coordination service (AFCOS), cooperates with the structures and bodies for implementation of the EU pre-accession assistance programme under IPA III, final recipients, beneficiaries in terms of cross-border cooperation programmes and recipients who are obliged to provide access to documentation and on-site cooperation within the framework of this cooperation.

Checks

Article 25

Subject to prior notification by the Anti-fraud coordination service (AFCOS) and other competent authorities by the European Commission, authorised agents or representatives of the European Commission, including OLAF, shall have the right to carry out all investigative actions, in particular on-the-spot checks and inspections which the European Commission or OLAF may consider necessary for the implementation of the programme, action or contract, including visits to sites and premises where the activities financed from IPA III are carried out.

Refunds

Article 26

The Republic of Serbia, as a beneficiary of IPA III, is obliged to recover improperly spent funds in accordance with Article 40 of the Financial Framework Partnership Agreement.

The contract with the recipient stipulates that or another legal act requires the recipient to recover improperly paid funds, or possibly offset the debt.

Monitoring Sustainability of IPA III Assistance upon the Completion of the Contract

Article 27

The Republic of Serbia, as a beneficiary of IPA III, shall ensure sustainability of IPA III assistance. Long-term impacts and sustainability of IPA III assistance shall be monitored in accordance with the procedures referred to in Article 18 of this Regulation.

VIII. FINAL PROVISION

Entry into Force

Article 28

This Regulation shall enter into force on the eighth day following its publication in the Official Gazette of the Republic of Serbia.

05 Number 110-3169/2023

Belgrade, 12 April 2023

GOVERNMENT PRESIDENT