

Republic of Latvia
Cabinet
Regulation No. 683
Adopted 13 November 2018

Regulations Regarding the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2021

*Issued pursuant to
Section 15, Clauses 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 of the Law on the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2021*

I. General Provision

1. The Regulation prescribes:

1.1. the procedures by which a programme agreement shall be harmonised and entered into and amendments to the programme shall be made;

1.2. the procedures for the selection of project applications and assessment of pre-defined projects, the content of the rules for the selection of project applications, the content of the rules for the assessment of the pre-defined projects, the content of the project contract, the procedures for entering into it and making amendments thereto, the content of the contract concluded between the project promoter and the project partner and the procedures for its harmonisation;

1.3. the procedures for publishing the information regarding programmes, projects, and pre-defined projects and ensuring compliance with the requirements for publicity and visual identity of Financial Mechanisms;

1.4. the procedures for the implementation of the technical assistance for the Financial Mechanisms and the procedures for the introduction of the fund for bilateral relations established in accordance with the Memorandum of Understanding referred to in Section 1, Clause 18 of the Law on the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2021;

1.5. the procedures for planning funds in the State budget for the implementation of the programmes, projects, and pre-defined projects co-financed by the Financial Mechanisms, for making payments, and preparing reports;

1.6. the cases and procedures by which the Focal Point shall temporarily suspend inclusion of the expenditures incurred in the programme, programme activity, project, and pre-defined project in the interim financial report of the programme or final programme report;

1.7. the procedures for ensuring the monitoring and control of Financial Mechanisms;

1.8. the procedures for reporting irregularities detected in the management of Financial Mechanisms and also for writing-off, withholding, or recovery of expenditures made incorrectly, and for applying the proportional financial correction;

1.9. the procedures and amount in which the Programme Operator, the agency, and the Procurement Monitoring Bureau shall perform *ex-ante* control of the procurement documentation and the procurement procedure of the project and pre-defined project;

1.10. the procedures for the provision and examination of the information regarding the application of value added tax within the framework of the programmes, projects, and pre-defined projects, and taking the decision to include the value added tax in the eligible costs.

II. Harmonisation of and Entering into a Programme Agreement

2. After receipt of a draft programme agreement from the European Economic Area Financial Mechanism Committee or the Norwegian Ministry of Foreign Affairs (hereinafter – the institutions of donor states), the Focal Point shall review it in cooperation with the Programme Operator and shall harmonise it with the institutions of donor states. The Focal Point shall ensure entering into a programme agreement with the institutions of donor states. The Focal Point and the relevant Programme Operator shall be responsible for the implementation of the programme agreement:

2.1. the Investment and Development Agency of Latvia – for the programme “Business Development, Innovations, and SMEs”;

2.2. the Ministry of Education and Science – for the programme “Research and Education”;

2.3. the Ministry of Justice – for the programme “Correctional Services”;

2.4. the Ministry of Environmental Protection and Regional Development – for the programmes “Climate Change Mitigation, Adaptation and Environment” and “Local Development, Poverty Reduction and Cultural Cooperation”;

2.5. the Ministry of the Interior – for the programme “International Police Cooperation and Combating Crime”.

3. The Ministry of Welfare shall, upon request of the Focal Point or donor states, provide a sectoral opinion on the planning and implementation issues of the programme “Social Dialogue – Decent Work”.

4. The Ministry of Culture shall perform the functions of the programme partner in the programme “Local Development, Poverty Reduction and Cultural Cooperation” co-financed by the European Economic Area Financial Mechanism.

5. The functions of the programme partner shall be determined in the law or regulation regarding the implementation of a programme.

6. If the Programme Operator submits a proposal to the Focal Point for amendments to the programme agreement, the Focal Point shall assess the abovementioned proposal and harmonise it with the Programme Operator or reject it within 15 working days after the receipt thereof.

7. After entering into the programme agreement or receipt of the harmonisation of the institution of donor states regarding amendments to the programme agreement, the Focal Point shall, within five working days, inform the Programme Operator, the agency, the Certifying Authority, the Audit Authority, and the Ministry of Economics thereof if the Programme Operator is the Investment and Development Agency of Latvia.

III. Open Call for Project Applications, Assessment of the Pre-defined Projects, Content of the Project Contract and the Procedures for Entering into It

8. The Programme Operator or the agency shall develop and approve the rules for an open call for project applications (hereinafter – the open call) or assessment of the pre-defined projects

(hereinafter – the rules for selection procedure). They shall contain at least the following information:

- 8.1. the title of the programme;
- 8.2. the contact details of the Programme Operator or the agency;
- 8.3. the project application selection round (if applicable);
- 8.4. the type in which the project application selection procedure shall be implemented in accordance with the law or regulation regarding the implementation of a programme;
- 8.5. the financing of the Financial Mechanisms available for the open call for project applications or for the pre-defined projects, the maximum aid intensity, and the necessary co-financing in accordance with the law or regulation regarding the implementation of a programme;
- 8.6. a reference to the requirements included in the law or regulation regarding the implementation of a programme for the project applicant and the project partner if the possibility of inviting it is provided for, and to the selection criteria for the open call project applications (if applicable), eligible activities and eligible costs;
- 8.7. the requirement that the project applicant indicates in the project application all advisers who were involved in the preparation of the project application;
- 8.8. the start and end date for the submission of the project application (in the open call the period for the submission of the project application shall be at least two months);
- 8.9. the procedures for the drawing up and submission of the project application;
- 8.10. the project application form;
- 8.11. a reference to the methodology for the completion of the project application form;
- 8.12. a list of the documents to be submitted additionally;
- 8.13. the selection criteria of the pre-defined project application (if applicable);
- 8.14. the procedures for the assessment of project applications;
- 8.15. the conditions which may be included in the decision on conditional approval of the project application or in the opinion on the conditional assessment of the pre-defined project;
- 8.16. the procedures for the decision-making or for the preparation of an opinion and for the notification thereof;
- 8.17. the draft contract of the project;
- 8.18. references to the legal framework and guidelines developed by donor states, and also to other documents developed by the Programme Operator or the agency applying to the particular project application selection procedure;
- 8.19. contact details of the Programme Operator or the agency for asking questions and the deadline for replies.

9. The Programme Operator or the agency shall announce the project application selection procedure or the pre-defined project assessment procedure according to the following procedures:

9.1. if the selection procedure is open, the Programme Operator or the agency shall submit a notification to the official gazette *Latvijas Vēstnesis* on the announcement of such selection procedure and, not later than on the day of announcing the selection procedure, place the rules for the selection procedure on the single website of the Financial Mechanisms of the programme (www.eeagrants.lv; www.norwaygrants.lv);

9.2. if pre-defined projects are intended in the assessment, the Programme Operator or the agency shall send an invitation to the project applicants specified in the law or regulation regarding the implementation of a programme to submit an application for the pre-defined project and place the rules for the selection procedure on the single website of the Financial Mechanisms of the programme (www.eeagrants.lv; www.norwaygrants.lv) on the day when the invitation was sent.

10. The draft project contract enclosed to the rules for selection procedure may be corrected according to the special nature of the project during the process of entering into the project contract accordingly.

11. The project applicant may plan in the detailed project budget up to five per cent of the total budget of the project for expenditures for unforeseen events.

12. If it is intended to implement the project in partnership, the project promoter shall, within 10 working days from the day when the decision on approval of the project application or the opinion on the fulfilment of the conditions included in the decision, or the opinion on positive assessment of the pre-defined project, or the opinion on the fulfilment of the conditions included in the assessment has entered into effect, submit a draft partnership agreement or a letter of intent to the Programme Operator or the agency. The Programme Operator or the agency shall verify whether at least the following information has been included in the draft partnership agreement:

- 12.1. the obligations and rights of the parties;
- 12.2. the procedures for the mutual settlement of accounts, including expenditures which will be refunded to the project partner from the project budget;
- 12.3. the method for the calculation of indirect costs and their maximum amount;
- 12.4. rules for currency exchange and reimbursement;
- 12.5. the conditions for audits and checks of the activities of project partners;
- 12.6. a detailed budget;
- 12.7. provisions on dispute resolution.

13. The Programme Operator or the agency and the project promoter shall enter into a project contract within 30 working days from the day when the decision on approval of the project application or the opinion on the fulfilment of the conditions included in the decision has entered into effect.

14. Upon reasoned request of the project promoter or due to other objective circumstances, the Programme Operator or the agency may extend the time period for entering into the project contract referred to in Paragraph 13 of this Regulation which overall from the day when the decision on approval of the project application or the opinion on the fulfilment of the conditions included in the decision has entered into effect does not exceed 60 working days. If the project promoter fails to enter into the project contract within the specified time period, entering into the abovementioned project contract shall not be permissible after the abovementioned time period.

15. After taking the decision on approval of the project application or provision of the opinion on the fulfilment of the conditions included in the decision, or a positive assessment of the pre-defined project, or the provision of the opinion on the fulfilment of the conditions included in the assessment, however, prior to entering into a project contract or pre-defined project contract (hereinafter both together – the project), the project promoter or the Programme Operator, or the agency may clarify the information indicated in the project application, if it is not current, without changing the substance of the project application. Corrections shall be made without exceeding the time period referred to in Paragraphs 13 and 14 of this Regulation.

16. The Programme Operator or the agency shall include at least the following information in the project contract:

- 16.1. a reference to the programme agreement and the regulations approved by the European Economic Area Financial Mechanism Committee on 22 September 2016 regarding the implementation of the European Economic Area Financial Mechanism in the period of

2014-2021 or the regulations approved by the Norwegian Ministry of Foreign Affairs on 22 September 2016 regarding the implementation of the Norwegian Financial Mechanism 2014-2021;

- 16.2. the title of the project and the subject-matter of the project;
- 16.3. the details of the Programme Operator or the agency and the project promoter;
- 16.4. the total project costs, separating the maximum sum (in euros) and rate of the co-financing of the Financial Mechanism and the State budget (hereinafter both together – the programme co-financing), and also the sum (in euros) and rate of the national co-financing of the project promoter;
- 16.5. the rights and obligations of the Programme Operator or the agency and the project promoter;
- 16.6. the time periods for the execution of the activities specified in the project contract;
- 16.7. the eligible costs, the eligibility conditions of costs, the requirements for the verification of the eligibility of expenditures, and also the time period during which the expenditures made within the scope of the project may be considered as eligible;
- 16.8. the method for the calculation of indirect costs and the maximum sum of such costs (applicable if it is provided for by the programme);
- 16.9. the procedures for the preparation and submission of project reports, including payment requests (hereinafter – the project report);
- 16.10. the time period for the use of an advance payment which does not exceed 12 months from the day of the disbursement of the advance payment, the procedures by which the project promoter shall provide a report on the used advance payment, and the conditions for the recovery of the advance payment not used within a specific time period;
- 16.11. the procedures for the disbursement of the programme co-financing if the project promoter is a private individual;
- 16.12. the procedures for the performance of financial control, audit, and other checks of the project, and also a reference that the project promoter and the project partner have the obligation to provide the necessary information within the time period stipulated by the Programme Operator or the agency, including the information necessary for assessment;
- 16.13. the publicity requirements of the project, including the use of the logo of Financial Mechanisms;
- 16.14. the condition that, upon entering into a supply, service, or works contract, the project promoter has the obligation to comply with the principle of good economic practice, transparency, and fair competition, and also to ensure efficient use of the allocated funding;
- 16.15. the conditions for performing the procurement if the foreseen contract price does not reach the threshold of the contract price specified for the project financed by the commissioning party of procurements or does not conform to the laws and regulations regarding the thresholds of contract prices of public procurements in order to ensure conformity with the principles referred to in Sub-paragraph 16.14 of this Regulation;
- 16.16. the conditions the fulfilment of which is ensured by the project promoter during the implementation of the project and after the completion thereof (if applicable);
- 16.17. the procedures for the submission of the notifications referred to in Paragraph 19 of this Regulation;
- 16.18. the time period for the storage of documents related to the project implementation;
- 16.19. the provisions for suspending the disbursement, continuing the disbursement, reducing the amount of the financial resources granted, and recovering thereof;
- 16.20. the term of operation of the project contract and also the procedures for amending and terminating the project and the project contract;
- 16.21. the procedures for the resolution of disputes;
- 16.22. a reference to partnership agreements or, if necessary, letters of intent;

16.23. the provisions regarding intellectual property rights (applicable if research-related activities are planned in the programme);

16.24. the contract law reinforcements (the amount of the contractual penalty and the procedures for the calculation) and sanctions (applicable if the project promoter is a private individual);

16.25. the procedures by which the project promoter and the project partner harmonise amendments to the project if the project is implemented in partnership and amendments to the project concern the liabilities of the project partner;

16.26. the procedures by which the project promoter shall submit a request for advance payment, the project report, and the documents justifying the expenditures included therein and the Programme Operator or the agency shall make payments to the project promoter which is not a State budget institution or planning region, and also the conditions for the approval of the sum of eligible expenditures included in the project report of the project promoter.

17. The project together with a detailed project budget shall be appended to the project contract in annex and it shall become an integral part of the project contract.

IV. Making of Amendments to the Project Contract

18. If after entering into a project contract, amendments thereto are required, the Programme Operator, the agency, or the project promoter shall propose amendments to the project contract. The Programme Operator or the agency with which the project contract has been entered into shall decide on the making of amendments to the project and shall make the abovementioned amendments in accordance with the procedures laid down in this Chapter unless other procedures are provided for in the law or regulation regarding the implementation of a programme.

19. If the basic data (contact details, legal address, and name) of the project promoter or project partner have changed after entering into the project contract, the Programme Operator or the agency shall, after receipt of a relevant notification, take note of it and introduce them into the content of the project contract with the subsequent amendments to the project contract.

20. If amendments to the project contract are required (including extension of the time period for the project implementation), amendments shall be made according to the following procedures:

20.1. the project promoter shall submit the proposal for amendments to the Programme Operator or the agency;

20.2. the Programme Operator or the agency shall, within 20 working days after receipt of the proposal for amendments, assess the efficiency, validity, and necessity of the submitted amendments to achieve the initial objective of the project, and make the relevant amendments to the project contract or reject the proposal for amendments, and inform the project promoter thereof;

20.3. if the Programme Operator or the agency rejects the proposal for amendments, it shall justify the rejection or, if necessary, indicate the information regarding the required clarifications to the proposal for amendments and the procedures for re-submitting it;

20.4. if, in accordance with Sub-paragraph 20.3 of this Regulation, the proposals for amendments must be corrected, the time period for the assessment of amendments shall be extended by the time period necessary for the submission and review of corrections which does not exceed 20 working days from the day when corrections to amendments were submitted.

21. If the costs of the activities intended in the project have decreased, the project promoter may, in the proposal for amendments, propose the carrying out of additional activities in the

project for the achievement of the project objective or to divert the savings for the financing of other activities planned in the project.

V. Implementation of the Technical Assistance for the Financial Mechanisms and the Fund for Bilateral Relations

22. The Focal Point shall ensure the harmonisation and signing of the technical assistance agreement for the Financial Mechanisms (hereinafter – the technical assistance) and the agreement on the fund for bilateral relations with the donor states.

23. If it is necessary to make amendments to the technical assistance agreement or the agreement on the fund for bilateral relations, the Focal Point shall submit a request for amendments to the donor states for harmonisation.

24. After entering into the technical assistance agreement and the agreement on the fund for bilateral relations or after receipt of the harmonisation of the institution of donor states regarding amendments to the contract, the Focal Point shall, within five working days, inform the Certifying Authority and the Audit Authority thereof.

25. Activities may be implemented and expenditures may be performed:

25.1. in the implementation of the technical assistance – until 31 August 2025;

25.2. in the implementation of the fund for bilateral relations – until 30 April 2025.

26. The financing for the technical assistance may be received by the authorities involved in the management of Financial Mechanisms (if they are not Programme Operators, agencies, or a programme partner), the Procurement Monitoring Bureau, and also other authorities if the donor states suggest to cover the expenditures of such authorities in relation to the implementation of Financial Mechanisms from the financing for the technical assistance.

27. The financing of the fund for bilateral relations may be received by:

27.1. Programme Operators, agencies, and also the programme partner referred to in Paragraph 4 of this Regulation;

27.2. other authorities and legal persons governed by private law according to the decision of the Joint Committee for Bilateral Funds.

28. The financing of the fund for bilateral relations shall not be granted to initiatives regarding which proposals are submitted in accordance with Sub-paragraph 32.2 of this Regulation and which may be classified as initiatives in which aid for commercial activity is granted in accordance with the Law on Control of Aid for Commercial Activity.

29. The following costs intended for the promotion of bilateral relations between the Republic of Latvia and the donor states which are granted from the fund for bilateral relations shall be eligible:

29.1. the costs of the measures for the attraction of the potential donor project partners;

29.2. the costs for the organisation of conferences, seminars, courses, exhibitions, campaigns, official travels, training workshops, and meetings;

29.3. the costs of data collection, preparation and publishing of reports, studies, and publications;

29.4. the costs of the services of external advisers and the experts involved;

29.5. the costs of a sworn auditor or a commercial company of sworn auditors, or the internal audit unit of the relevant authority;

29.6. other costs which have been harmonised at the Joint Committee for Bilateral Fund.

30. Remuneration for experts of the initiative promoters of the fund for bilateral relations and their partners shall be determined according to the average costs of remuneration in the relevant sector and in the State at large.

31. The Ministry of Foreign Affairs shall define the priorities of the Republic of Latvia for the strategic initiatives of the fund for bilateral relations and shall submit them for harmonisation to the Joint Committee for Bilateral Fund.

32. The initiatives of the fund for bilateral relations shall be submitted to the Joint Committee for Bilateral Fund for approval by:

32.1. the Programme Operator – regarding programme initiatives;

32.2. a participant of the Joint Committee for Bilateral Fund – regarding strategic initiatives.

33. The templates stipulated by the Focal Point shall be used for the preparation of an initiative of the fund for bilateral relations.

34. The Focal Point shall ensure the fulfilment of the functions of the secretariat of the Joint Committee for Bilateral Fund.

35. In order to ensure efficient, transparent public discussion of initiatives of the fund for bilateral relations which corresponds to the principles of sound financial management and to ensure preparation of an opinion thereon, the Ministry of Finance shall, prior to the inclusion thereof in the working plan of the fund for bilateral relations and examination at the Joint Committee for Bilateral Fund, establish the advisory working group of the fund for bilateral relations (hereinafter – the advisory working group). The advisory working group shall operate according to the by-laws developed by the Focal Point.

36. The Focal Point shall, prior to the submission of the initiatives of the fund for bilateral relations examined at the advisory working group to the Joint Committee for Bilateral Fund, submit them to the Cabinet for revision.

37. The Focal Point shall inform the Programme Operator or the strategic initiative promoter of the initiatives reviewed at Joint Committee for Bilateral Fund and of the decisions taken in relation to them within five working days after the meeting of the Joint Committee for Bilateral Fund.

38. After the decision referred to in Paragraph 37 of this Regulation on an initiative of the fund for bilateral relations has been received, the agreement determining at least the obligations and rights, the procedures for the granting of financing, for the submission of reports, for advance payments, and for the settlement of accounts shall be entered into by:

38.1. the Ministry of Finance and the strategic initiative promoter;

38.2. the Programme Operator or the agency and the programme initiative promoter, if the Programme Operator or the agency is not the programme initiative promoter.

39. The Programme Operator or the agency if it is the programme initiative promoter of the fund for bilateral relations:

39.1. shall ensure that a sworn auditor or a commercial company of sworn auditors, or the internal audit unit of the ministry or the agency performs an examination and prepares an examination report on the conformity of the expenditures made with the laws and regulations of the Republic of Latvia, including the laws and regulations in the field of public procurements

and accounting, with the conditions arising from the Memorandum of Understanding and the legal framework laid down therein, the conditions of the agreement on the fund for bilateral relations and the international accounting standards, and also examine whether the recording of expenditures may be clearly identified and separated. The sworn auditor or the commercial company of sworn auditors shall perform the examination of the conformity of expenditures in compliance with the laws and regulations governing the professional activity of sworn auditors and the international audit standards recognised in Latvia within the meaning of the Law on Audit Services. The internal audit unit of the ministry or the agency shall examine expenditures in conformity with the requirements of the international standards for the professional practice of internal auditing;

39.2. shall be responsible for the selection of a sworn auditor or a commercial company of sworn auditors if the examination referred to in Sub-paragraph 39.1 of this Regulation is performed by a sworn auditor or a commercial company of sworn auditors;

39.3. shall append the examination report to the report referred to in Paragraph 42 of this Regulation.

40. The Ministry of Finance shall plan the financing for the implementation of the strategic initiatives approved at the Committee for Bilateral Funds in accordance with the procedures for the budget planning laid down in the laws and regulations. The Ministry of Finance has the right to make an advance payment if it is requested by the strategic initiative promoter and it is provided for in the agreement referred to in Sub-paragraph 38.1 of this Regulation.

41. The Programme Operator or the agency shall verify of the supporting documents justifying expenditures, except for the examinations referred to in Paragraph 39 of this Regulation, for the expenditures of the fund for bilateral relations in the programme initiatives.

42. The Programme Operator or the agency shall prepare and submit a report to the Ministry of Finance on the implementation of the initiatives of the fund for bilateral relations and the expenditures made in the programme according to the form stipulated by the Focal Point together with the summary of the payments made:

42.1. by 31 March of the current year – regarding the reporting period from 1 January to 31 December;

42.2. by 31 May 2025 – regarding the last reporting period.

43. The Ministry of Finance shall examine the report referred to in Paragraph 42 of this Regulation. If the Ministry of Finance concludes that additional information is necessary or the report must be revised, the submitter of the report shall, within five working days from receipt of the request of the Ministry of Finance, submit additional information or the revised report. Upon a justified request of the submitter of the report or due to other objective circumstances, the Ministry of Finance may extend the time period for the submission of additional information or the revised report for up to 10 working days.

44. The Ministry of Finance shall aggregate the reports received and examined in accordance with Paragraphs 42 and 43 of this Regulation and, on the basis of the abovementioned information, prepare an interim financial report of the fund for bilateral relations.

45. The Ministry of Finance shall prepare and submit the following to the Certifying Authority:

45.1. by 31 January of the current year – an interim financial report of the fund for bilateral relations and the technical assistance on the reporting period from 1 July to 31 December of the previous year;

45.2. by 31 July of the current year – an interim financial report of the fund for bilateral relations and the technical assistance on the reporting period from 1 January to 30 June;

45.3. by 31 July 2025 – the last interim financial report of the fund for bilateral relations;
45.4. by 20 September 2025 – the final technical assistance report in which the information regarding the expenditures made in the last reporting period of the technical assistance shall be included.

46. The procedures referred to in Paragraphs 107, 108, 109, and 110 of this Regulation shall be applicable to the Ministry of Finance in the preparation of the statements referred to in Paragraph 45 of this Regulation with the necessary changes.

47. For ensuring an examination of the interim financial reports and the final report, the Certifying Authority shall on a sample basis examine:

47.1. expenditures of the authorities (if they are not Programme Operators, agencies, or a programme partner) involved in the management of Financial Mechanisms included in the technical assistance reports and of the Procurement Monitoring Bureau;

47.2. expenditures of the Focal Point included in the interim financial reports of the fund for bilateral relations.

VI. Conformity with the Requirements for Publicity and Visual Identity of Financial Mechanisms and Publishing of the Information Regarding Projects

48. The Focal Point shall:

48.1. establish a group for managing the communication of Financial Mechanisms, including therein the representatives nominated by the Focal Point, the Programme Operator, the agency, and programme partner, approve its by-laws, and ensure the functions of the secretariat;

48.2. distribute information on mass media on the implementation of Financial Mechanisms;

48.3. post information on the single website of Financial Mechanisms (www.eeagrants.lv; www.norwaygrants.lv):

48.3.1. the regulations, documents, guidelines developed by the donor states, and also the laws and regulations of the Republic of Latvia governing Financial Mechanisms;

48.3.2. the approved final programme report, including a short summary;

48.4. by 20 December of the current year, approve the communication plan of the programme updated by the Programme Operator or the agency (if it is necessary to update it) and inform the relevant authority thereof electronically;

48.5. provide methodological instructions to Programme Operators and agencies regarding the implementation of publicity measures, and also ensure the coordination of such measures;

48.6. implement other information and publicity measures arising from the Memorandum of Understanding and the legal framework laid down therein.

49. The Programme Operator and the agency shall:

49.1. develop the communication plan for the programme and ensure the implementation thereof;

49.2. by 1 December of the current year, send an updated communication plan of the programme (if it is necessary to update it) to the Focal Point to the electronic mail address (grantspublicity@fm.gov.lv);

49.3. distribute information to promote the understanding of the society regarding the impact of Financial Mechanisms on the development of the relevant sector at large;

49.4. ensure information and educational measures for the project applicants and project promoters, provide answers to the questions asked by the project applicants and the project promoters;

49.5. not later than two weeks before the announcement of an open call, inform the Financial Mechanism Office and the Focal Point thereof electronically, sending the open call text in Latvian and English;

49.6. post the following on the single website of Financial Mechanisms (www.eeagrants.lv; www.norwaygrants.lv) in Latvian and English:

49.6.1. the information regarding the possibilities of submitting questions electronically or by fax and the contact details of the responsible official (other additional information of relevance to project applicants may be posted only in Latvian);

49.6.2. the documentation necessary for the preparation of project applications and for the implementation of projects (at least the rules for the project application selection procedure and the documents appended thereto, the template for the open call project application, and the template for the project contract shall be appended in English);

49.6.3. a list of the approved project applications and the project contracts entered into. Information regarding the approved project applications shall be posted within 10 working days after the approval of project applications, while the current information regarding the project contracts entered into – once a quarter until the fifteenth date of the following quarter, indicating:

49.6.3.1. the Financial Mechanism from which co-financing has been granted;

49.6.3.2. the programme from which financing has been granted;

49.6.3.3. the title and number of the project;

49.6.3.4. the date and number of the project contract;

49.6.3.5. the name of the project promoter;

49.6.3.6. the contact details of the project promoter;

49.6.3.7. the name of the project partner;

49.6.3.8. the place of implementation and region of implementation of the project;

49.6.3.9. the period of implementation of the project in months;

49.6.3.10. the amount of co-financing of the programme granted to the project in breakdown by the sources of financing, and also the national co-financing of the project promoter;

49.6.3.11. the summary regarding cooperation with the donor project partner (if applicable);

49.6.4. other information arising from the Memorandum of Understanding and the legal framework laid down therein;

49.7. plan and implement other information and publicity measures and, once a quarter by 15 March, 15 June, 15 September, and 15 December, send the information regarding the information and publicity measures planned in the following quarter to the Focal Point to the electronic mail address grantspublicity@fm.gov.lv;

49.8. delegate a representative for the participation in the group for the management of communication of Financial Mechanisms;

49.9. implement other information and publicity measures arising from the Memorandum of Understanding and the legal framework laid down therein.

50. The Programme Operator or the agency shall, once a quarter until the fifteenth date of the following quarter, update the information referred to in Sub-paragraph 49.6.3 of this Regulation.

51. The authorities involved in the management of Financial Mechanisms shall, in the use of logos of Financial Mechanisms, comply with the dimensions of the logo and the conditions for the creation of the logo specified in the communication and design manual developed by the Financial Mechanism Office.

VII. *Ex-ante* Control of the Procurements of a Project

52. The project promoter shall, within 10 working days after entry into a project contract, submit a project procurement plan (Annex 1) to the Programme Operator or the agency with which the project contract has been entered into.

53. During the implementation of the project, the project promoter, if necessary, shall update the project procurement plan and submit it for review to the Programme Operator or the agency with which the project contract has been entered into.

54. The obligation to submit the project procurement plan to the Programme Operator or the agency shall not restrict the right of the project promoter to commence a procurement if the relevant procurement has been included in the project procurement plan or in the project procurement plan updated in accordance with Paragraph 53 of this Regulation.

55. The Programme Operator or the agency shall review the project procurement plan submitted in accordance with the procedures laid down in Paragraph 52 or 53 of this Regulation and:

55.1. within 10 working days after receiving it, shall examine whether:

55.1.1. the project procurement plan has been fulfilled in accordance with Annex 1 to this Regulation;

55.1.2. the subject-matter of the contract conforms to the activities planned in the project of the project promoter;

55.1.3. the information included therein does not suggest any possible violations of the laws and regulations in fields related to public procurement or the procurement procedure and its application procedures for projects financed by the commissioning party;

55.2. after the examination referred to in Sub-paragraph 55.1 of this Regulation, if necessary, the project promoter, within five working days after receipt of the opinion of the Programme Operator or the agency, shall be requested to correct and submit the project procurement plan for a repeated revision. If the Programme Operator or the agency, within the time period referred to in Sub-paragraph 55.1 of this Regulation, has not requested the project promoter to correct the project procurement plan, it shall be deemed that the project procurement plan has been harmonised.

56. The Programme Operator or the agency shall, within five working days after harmonising the project procurement plan or updated project procurement plan submitted by the project promoter, submit it to the Procurement Monitoring Bureau if procurements conform to any of the following conditions:

56.1. the sum of the public works contract provided for in the procurement exceeds EUR 700 000;

56.2. the sum of the public supply or services contract provided for in the procurement exceeds EUR 200 000.

57. The Procurement Monitoring Bureau shall, on the basis of the information referred to in Paragraph 56 of this Regulation, develop a plan of *ex-ante* controls and, in the form of risk-based selection, perform the examination of the documentation of the procurements referred to

in Paragraph 56 of this Regulation or the examination of the course of procurements (hereinafter – *ex-ante* controls) until entering into a procurement contract.

58. The Procurement Monitoring Bureau shall inform the Programme Operator or the agency of the *ex-ante* controls planned by the Procurement Monitoring Bureau not later than five working days after the approval or update of the *ex-ante* control plan.

59. The Programme Operator or the agency shall, in the form of risk-based selection, perform *ex-ante* controls of the procurements indicated in the procurement plans submitted in accordance with the procedures laid down in Paragraph 52 or 53 of this Regulation, except for the *ex-ante* controls of the procurements included in the *ex-ante* control plan referred to in Paragraph 58 of this Regulation. Risk-based selection shall be determined on the basis of the risk analysis of a project in accordance with the methodology for the performance of *ex-ante* controls specified in Paragraph 172 of this Regulation.

60. The Procurement Monitoring Bureau shall:

60.1. ascertain that the Programme Operator or the agency, upon performing the controls referred to in Paragraph 59 of this Regulation, applies the methodology of *ex-ante* controls;

60.2. once a quarter organise a meeting with all Programme Operators and representatives of agencies in order to discuss the problems detected in the relevant quarter in the performance of *ex-ante* controls of procurements, to agree on a joint approach to solving of the problems detected, and also to assess the need for updating the methodology for the performance of *ex-ante* controls;

60.3. if necessary or if Programme Operators and representatives of agencies have agreed thereupon at the meeting referred to in Sub-paragraph 60.2 of this Regulation, the methodology of *ex-ante* controls shall be updated within 10 working days and sent to Programme Operators and the agency for harmonisation. After the updated methodology for *ex-ante* controls has been harmonised, the Procurement Monitoring Bureau shall approve it within three working days and send to the abovementioned authorities.

61. The Programme Operator, the agency, or the Procurement Monitoring Bureau shall, within 20 working days after receipt of the documents or information necessary for *ex-ante* control of the procurement or determination of the results of *ex-ante* control, send one of the following opinions to the addressees referred to in Paragraph 63 of this Regulation:

61.1. a positive opinion if no violations have been established in the project procurement or the violations detected are not crucial and cannot affect the decision to grant procurement rights;

61.2. an opinion with objections if violations have been established in the project procurement, but it is possible to prevent them during the procurement;

61.3. a negative opinion if such violations have been established in the project procurement which cannot be prevented during the commenced procurement and which might affect the decision to grant procurement rights.

62. If *ex-ante* control of the documentation of the procurement is necessary for a procurement the time period for the submission of proposals or applications of which, in accordance with the laws and regulations in the field of procurements, is 20 working days or less, the Procurement Monitoring Bureau shall determine a shorter time period for providing the opinion referred to in Paragraph 61 of this Regulation in the methodology for *ex-ante* controls.

63. The Procurement Monitoring Bureau shall send the opinion referred to in Paragraph 61 of this Regulation on the project procurement to the Programme Operator or the agency and the

project promoter. The Programme Operator or the agency shall send the opinion referred to in Paragraph 61 of this Regulation on the project procurement to the project promoter.

64. The project promoter shall inform the performer of *ex-ante* control referred to in Paragraph 61 of this Regulation in writing:

64.1. of the elimination of the violations detected in the project procurement within 20 working days after receipt of the opinion specified in Sub-paragraph 61.2 of this Regulation;

64.2. of the amendments made to the procurement documentation according to the procedures specified in the project contract if they have been made after the provision of the opinion referred to in Sub-paragraph 61.1 or 65.1 of this Regulation.

65. The Programme Operator, the agency, or the Procurement Monitoring Bureau shall examine whether the project promoter has eliminated the violations referred to in the opinion and shall submit one of the following opinions within the time period referred to in Paragraph 61 of this Regulation:

65.1. a positive opinion if the project promoter has eliminated the violations referred to in the opinion;

65.2. a negative opinion if even one of the following conditions is established:

65.2.1. the project promoter has failed, in accordance with the requirements provided for in Sub-paragraph 64.1 of this Regulation, to provide written information to the Programme Operator, the agency, or the Procurement Monitoring Bureau of the elimination of the violations detected in the project procurement;

65.2.2. the violations in the project procurement have not been eliminated.

66. If a negative opinion on the project procurement has been provided, the Programme Operator or the agency may decide that the expenditures related to the relevant procurement are fully or partially (depending on the materiality of the violation) ineligible.

67. The Procurement Monitoring Bureau and the Programme Operator or the agency shall, by 20 July and 20 January of the current year, provide a report to the Focal Point, the Certifying Authority, and the Audit Authority on *ex-ante* controls of the project procurement performed in the previous six months (Annex 2). At the request of the Focal Point, the Certifying Authority, and the Audit Authority, the Procurement Monitoring Bureau, the Programme Operator, or the agency shall submit the opinions referred to in Sub-paragraphs 61.3 and 65.2 of this Regulation.

VIII. Planning of the Funds from the State Budget and Preparation of Requests

68. Funds from the State budget for a programme, project, for the implementation of the initiatives of technical assistance and bilateral relations shall be planned as a subsidy from the State budget from general revenues according to the total sum of the co-financing of the Financial Mechanism and the financing of the State budget (if applicable) approved in the programme agreement, the project contract, the technical assistance agreement, and the agreement on and work plan for fund for bilateral relations.

69. The funds from the State budget shall be planned:

69.1. for ensuring the co-financing of the programme for the project promoters other than a State budget institution or planning region;

69.2. for the implementation of a project if the project promoter is a State budget institution or planning region;

69.3. for the Programme Operator, the agency, and the programme partner for the programme management costs;

- 69.4. for the implementation of technical assistance;
- 69.5. for the implementation of the initiatives of bilateral relations.

70. The ministry shall prepare a request for the funds from the State budget for the project promoter, Programme Operator, the agency, or initiative promoter of the fund for bilateral relations under institutional subordination of the relevant ministry in accordance with the laws and regulations regarding the basic principles for the development and submission of budget requests and regarding changes in appropriations. The Ministry of Environmental Protection and Regional Development shall prepare the request for the funds from the State budget for planning regions. The Ministry of Economics and the Ministry of Culture shall prepare the request for the funds from the State budget for the programme management costs to be harmonised with the Programme Operator. Information from the Programme Operator, the agency, or the project promoter may be requested by the ministry for the preparation of the requests for the funds from the State budget.

IX. Ensuring of Financial Flow

71. The Certifying Authority shall ensure the recording of the co-financing received from the Financial Mechanism Office and used for each Financial Mechanism.

72. The Treasury shall transfer the co-financing of Financial Mechanisms received from the Financial Mechanism Office to the State budget revenues.

73. The Programme Operator or the agency shall, by 1 February, 1 April, 1 September, and 1 November of the current year, submit to the Focal Point for harmonisation a forecast of the requests for the funds of Financial Mechanisms, in the relevant economic year and subsequent economic years, granted to the programme and the programme's fund for bilateral relations according to the template developed by the Financial Mechanism Office prior to submission of the relevant forecast to the Treasury. The forecast of the programme expenditures shall be sent to the electronic mail address eeaprojects@fm.gov.lv.

74. The Programme Operator or the agency, and also the Ministry of Finance (for the technical assistance and the fund for bilateral relations) shall, by 10 February, 10 April, 10 September, and 10 November of the current year, submit to the Certifying Authority a forecast of the requests for the funds of Financial Mechanisms, in the relevant economic year and subsequent economic years, of the programme harmonised with the Focal Point and prepared according to the template developed by the Financial Mechanism Office. The forecast of the programme expenditures shall be sent to the electronic mail address ELD@kase.gov.lv.

X. Types of Payments and Submission of the Project Report

75. In the project contract, the Programme Operator or the agency may provide for the following types of payments to the project promoter other than a State budget institution or planning region:

- 75.1. an advance payment in the amount indicated in the programme;
- 75.2. an interim payment;
- 75.3. a final payment.

76. Expenditures incurred by the project promoter (other than a State budget institution or planning region) shall be refunded from the co-financing of the programme on the basis of the payment order prepared by the Programme Operator or the agency and the approved project report.

77. The project report shall be prepared and the expenditures of the project promoter shall be refunded in euros.

78. If the project promoter is a State budget institution:

78.1. upon implementing a project approved in the programme, it shall make payments from the funds provided for the implementation of the project in the budget of such ministry to which the relevant State budget institution is institutionally subordinated;

78.2. it shall submit the project report and the documents (copies) justifying the expenditures included therein to the Programme Operator or the agency within the time periods and according to the procedures specified in the project contract;

78.3. the Programme Operator or the agency shall, selecting by sample method on the basis of risk assessment, examine the documents referred to in Sub-paragraph 78.2 of this Regulation and approve the amount of eligible expenditures included in the project report which conforms to the requirements laid down in the project contract;

78.4. the Programme Operator or the agency may, in the cases specified and in accordance with the procedures laid down in the laws and regulations regarding the procedures for the allocation and execution of assignments, take the decision to suspend or renew an assignment.

79. If the project promoter is a planning region:

79.1. the Ministry of Environmental Protection and Regional Development shall, according to the proportion specified in the project contract, transfer the funds from the State budget intended for the implementation of the project to the account of the planning region in the Treasury. When implementing the project, the planning region shall make payments from the received financing from the State budget and, if it is provided for in the project contract, from other funds of the planning region intended for such purpose;

79.2. it shall submit the project report and the documents (copies) justifying the expenditures included therein to the Programme Operator or the agency within the time periods and according to the procedures specified in the project contract;

79.3. the Programme Operator or the agency shall, selecting by sample method on the basis of risk assessment, examine the documents referred to in Sub-paragraph 79.2 of this Regulation and approve the amount of eligible expenditures included in the project report which conforms to the requirements laid down in the project contract.

80. If the project promoter is not a State budget institution or planning region, the Programme Operator or the agency shall transfer an advance payment to the project promoter if it is provided for in the project contract. For the receipt of the advance payment:

80.1. a local government shall indicate an account in the Treasury;

80.2. other project promoter, except for a natural person, shall open one of the following accounts:

80.2.1. an account in the Treasury;

80.2.2. a transaction account with a credit institution registered in the Republic of Latvia;

80.2.3. an account with a credit institution registered in the Republic of Latvia and submit a guarantee of a credit institution registered in the European Union regarding the sum of the advance;

80.3. the project promoter that is a natural person shall open a transaction account with a credit institution registered in the Republic of Latvia.

81. If the project promoter is not a State budget institution or planning region:

81.1. upon implementing a project, the project promoter shall make payments from the advance payment received or from its own funds;

81.2. the project promoter shall submit the project reports and the documents justifying the expenditures included therein to the Programme Operator or the agency within the time periods and according to the procedures specified in the project contract;

81.3. the Programme Operator or the agency shall, randomly and on the basis of a risk assessment, examine the documents referred to in Sub-paragraph 81.2 of this Regulation and approve the amount of eligible expenditures included in the project report which conforms to the requirements laid down in the project contract;

81.4. the Programme Operator or the agency shall refund eligible expenditures to the project promoter according to the rate of co-financing of the programme specified in the approved project or prepare the decision to extinguish the advance payment. If a local government uses a government loan for the implementation of the project, it shall, within five working days after receipt of the financing, refund the loan to the lender, without exceeding the amount of the loan for the co-financing part of the programme;

81.5. upon making advance and interim payments, the Programme Operator or the agency shall conform to the condition that their total sum may not exceed 90 % of the programme co-financing granted to the project.

82. If the sum of eligible expenditures of the project report approved in accordance with Sub-paragraph 78.3, 79.3, or 81.3 of this Regulation is less than the sum of eligible expenditures requested by the project promoter, the Programme Operator or the agency shall prepare a justifying document (calculation, decision, or another document) in which the sum of expenditures not approved is explained and it is issued to the project promoter. If the Programme Operator or the agency has approved a smaller sum of eligible expenditures of the project report than requested by the project promoter because it has incurred expenditures which are intended as eligible costs within the scope of the project; however, are not eligible for financing from the programme financing and do not conform to the requirements laid down in the project contract, the total sum of the eligible project costs shall be reduced by the abovementioned sum. The Programme Operator or the agency shall ensure the recording of the abovementioned cases.

83. The Programme Operator or the agency shall examine the project report submitted by the project promoter and the supporting documents justifying expenditures included therein, approve the sum of eligible expenditures, and make the payment to the project promoter according to the conditions of the project contract or prepare the decision to extinguish the advance payment within 20 working days after receipt of the project report or within 60 working days after receipt of the final report.

84. The project promoter shall provide the documents justifying the expenditures necessary for the examination referred to in Paragraph 83 of this Regulation within five working days after receipt of the request of the Programme Operator or the agency or within another time period agreed upon separately.

85. The time period referred to in Paragraph 83 of this Regulation may be extended by the time period necessary for the revisions of the corrections and requested additional information or expert-examinations and opinions of the competent authorities, but no more than by 15 working days after the date of receiving corrections, additional information, or opinion.

86. The restriction on the time period specified in Paragraph 85 of this Regulation shall not apply to cases when the payment has been suspended. The Programme Operator or the agency

shall inform the project promoter and the Focal Point of the abovementioned action and the reasons for it without delay.

87. After revisions of the final payment request of the project, the Programme Operator or the agency shall notify the project promoter of the final sum of eligible expenditures of the project.

XI. Procedures for the Use of the Advance Payment

88. If an advance for the implementation of a project has been granted to the project promoter, the Programme Operator or the agency shall supervise the use of the advance according to the conditions of the project contract.

89. If the project promoter finds that it will not be able to use the advance payment within the time period specified in the project contract, it shall inform the Programme Operator or the agency not later than within 10 working days prior to the end of the time period.

90. The Programme Operator or the agency shall assess the usefulness of the refunding of the advance payment, taking into account the project activities planned by the project promoter, the reasons for not using the advance payment granted, the project risks, the amount of the interim payment, and the deadline for the payment of the next advance payment, and may decide on the refunding of the advance payment not used by the project promoter.

91. If the Programme Operator or the agency takes the decision on the refunding of the advance payment not used by the project promoter (the deadline for the refunding of the advance payment not used is determined in the decision) or the project promoter wishes to refund it voluntarily, the project promoter shall refund the advance payment not used into the account indicated by the Programme Operator or the agency. If the refund of the advance has been received for the advance disbursed in the previous economic years, the Programme Operator shall act in accordance with the laws and regulations regarding the procedures for the allocation and execution of assignments.

XII. Right of the Focal Point to Suspend the Inclusion of Expenditures Incurred in a Programme, Programme Activity, or Project in the Interim Financial Report of the Programme or Final Programme Report

92. The Programme Operator or the agency, on the basis of a decision of the Focal Point, shall, temporarily until elimination of the relevant deficiencies, suspend the inclusion of expenditures incurred in a programme, programme activity, or project in the interim financial report of the programme or in the final programme report. The Certifying Authority shall ensure the control of the execution of the decision of the Focal Point.

93. The Focal Point may take the decision referred to in Paragraph 92 of this Regulation if at least one of the following conditions exists:

93.1. it has been detected in a report of the Audit Authority or in an external audit report that there are significant deficiencies in the management and control system of the Programme Operator or the agency;

93.2. it has been detected in an internal audit report of the ministry (within the scope of which the Programme Operator or the agency has been established) that there are significant deficiencies in the internal control system of the Programme Operator or the agency;

93.3. the Focal Point has other objective and justified information at its disposal on substantial risks of the implementation of a particular programme or on the fact that there is a

possibility that the donor states could unilaterally withdraw from the programme agreement according to its provisions.

94. The Focal Point shall send the decision referred to in Paragraph 92 of this Regulation to the Certifying Authority within three working days after the taking thereof and also for information to the relevant Programme Operator or the agency and to the Programme Operator to whom the relevant agency is functionally subordinate and to the Audit Authority.

95. The Programme Operator or the agency shall, within five working days after receipt of the decision referred to in Paragraph 92 of this Regulation, prepare a draft action plan for the elimination of the detected deficiencies (hereinafter – the action plan) and send it to the Focal Point for harmonisation. The Programme Operator or the agency shall indicate the measures to be taken and the schedule for their implementation in the draft action plan (the time period for the implementation of the measures provided for in the action plan shall not exceed three months).

96. The Focal Point shall, within five working days after receipt of the draft action plan referred to in Paragraph 95 of this Regulation, harmonise it or prepare comments on the draft action plan and submit them to the Programme Operator or the agency in writing and to the Programme Operator to whom the relevant agency is functionally subordinate.

97. The total time period for the harmonisation of the action plan shall not exceed one month from receipt of the draft action plan at the Focal Point.

98. The Programme Operator or the agency shall be responsible for the implementation of the measures included in the action plan according to the time period and procedures specified in the action plan. The Programme Operator or the agency shall, within five working days after setting in of the time period specified in the plan, notify the Focal Point of the progress of the implementation of measures in writing, and the agency shall send a copy to the Programme Operator to whom it is functionally subordinate. In justified cases an agreement on amendments to the action plan, including extension of the time periods, may be reached.

99. The Focal Point shall, within 10 working days after receipt of the information referred to in Paragraph 98 of this Regulation, examine whether the relevant measure has been implemented according to the action plan and inform the Programme Operator or the agency and the Programme Operator to whom the relevant agency is functionally subordinate, the Certifying Authority, and the Audit Authority of further action in a reasoned manner or of the decision referred to in Paragraph 100 of this Regulation.

100. If the Focal Point has got assurance of the implementation of the action plan, reduction or elimination of risks, it shall take the decision to resume the inclusion of expenditures made in a programme, programme activity, or project in the interim financial report of the programme or the final programme report.

101. If the Programme Operator or the agency and the Focal Point are not able to reach an agreement on the action plan within the time period referred to in Paragraph 97 of this Regulation or the Programme Operator or the agency has not implemented measures according to the action plan, and also in case of other significant risks, the Focal Point shall inform the Cabinet thereof.

XIII. Preparation and Approval of the Annual Programme Report, Interim Financial Report of the Programme, and Final Programme Report

102. The Programme Operator shall prepare the annual programme report and, by 20 January of the current year, submit it to the Focal Point for harmonisation.

103. The Programme Operator shall, by 15 February of the current year, submit the harmonised annual programme report to the Financial Mechanism Office and the Focal Point and shall send it to the Certifying Authority and the Audit Authority for information.

104. The Programme Operator shall prepare the progress section of the final programme report and, within one month after the end of the eligibility period of management costs specified in the programme agreement, submit it to the Focal Point for harmonization.

105. Unless it has been specified otherwise in the programme agreement, the Programme Operator or the agency shall prepare and submit to the Certifying Authority:

105.1. by 31 January of the current year – the interim financial report of the programme on the reporting period from 1 July to 31 December of the previous year;

105.2. by 31 July of the current year – the interim financial report of the programme on the reporting period from 1 January to 30 June;

105.3. within two months after the end of the eligibility period of management costs specified in the programme agreement, the final programme report harmonised with the Focal Point. The final programme report shall include the information regarding the expenditures of the programme which have been incurred, approved, or refunded to project promoters in the last reporting period.

106. The Programme Operator or the agency shall include the following in the interim financial report of the programme or the final programme report (hereinafter – the report):

106.1. the management costs of the agency of the Programme Operator and the programme partner made in the reporting period;

106.2. the advance, interim, and final payments made to the project promoter, and also the sum of eligible expenditures approved in accordance with Sub-paragraphs 78.3 and 79.3 of this Regulation and included in the project report.

107. Upon preparing the report, the Programme Operator or the agency shall take into account the results of controls and audit or other information at their disposal on eligibility of the expenditures to be included in the report, reducing the expenditures to be included in the reports referred to in Paragraph 106 of this Regulation accordingly, including reducing the expenditures included in the report for the detected irregular expenditures, advance disbursed to project promoters, but not used, and other refunds made in the programme.

108. The Programme Operator or the agency shall, together with the report, submit to the Certifying Authority a confirmation and the summary of the management costs, eligible expenditures, and payments made which are referred to in Paragraph 106 of this Regulation, and also other information according to the procedures stipulated by the Certifying Authority.

109. The Programme Operator or the agency shall inform the Certifying Authority of persons who are entitled to approve the interim financial report of the programme and the final programme report.

110. The Certifying Authority shall examine the financial data of the report submitted by the Programme Operator or the agency. If the Certifying Authority concludes that additional

information is required for the approval of the report or the report needs to be corrected, the Programme Operator or the agency shall ensure the submission of additional information and the submission of the corrected report within the time period stipulated by the Certifying Authority which is not less than three working days from receipt of the request of the Certifying Authority. The Certifying Authority may, by agreeing thereupon with the Programme Operator or the agency or upon its request, make corrections in the report if they are not related to the amount of expenditures included in the report.

111. During review of the report, the Certifying Authority:

111.1. shall randomly check the supporting documentation for management costs of the Programme Operator or the agency, taking into account the risk assessment;

111.2. shall get assurance that the Programme Operator has refunded the advance payments or expenditures included in the report to the project promoter which is not a State budget institution or planning region and also randomly get assurance that the payment has been made according to the project contract;

111.3. if the project promoter is a State budget institution or planning region, shall randomly get assurance that such expenditures of the programme partner and project promoter are included in the report which were approved by the Programme Operator or the agency;

111.4. may decide to check the supporting documents justifying the expenditures made by the project promoter.

XIV. Inclusion of Value Added Tax in the Eligible Project and Programme Management Costs and in the Eligible Costs of Programme Initiatives of the Fund for Bilateral Relations

112. The Programme Operator or the agency shall examine the status of the project promoter or the programme initiative promoter of the fund for bilateral relations (if applicable) in relation to registration with the State Revenue Service Value Added Tax Taxable Persons Register and also shall assess the report submitted by the project promoter or the programme initiative promoter of the fund for bilateral relations on the sums of value added tax to be included in the eligible project costs or in the eligible costs of the programme initiative of the fund for bilateral relations (Annex 3) and shall send the abovementioned report to the State Revenue Service according to the project contractor the agreement on the programme initiatives of the fund for bilateral relations. If the project or programme initiative of the fund for bilateral relations is implemented in partnership, the documents of the project promoter, the programme initiative promoter of the fund for bilateral relations and its partner included in the report shall be indicated separately.

113. If the Programme Operator or the agency is registered with the State Revenue Service Value Added Tax Taxable Persons Register, it shall, for the provision of an opinion, submit a report to the State Revenue Service on the sums of value added tax which are intended to be included in the eligible programme management costs (Annex 4) or in the eligible costs of the programme initiative of the fund for bilateral relations (Annex 5) by the Programme Operator or the agency in the reporting period (if the Programme Operator or the agency is the programme initiative promoter of the fund for bilateral relations). The abovementioned report on the sums of value added tax to be included in the programme management costs or in costs of the initiative of the field of the programme of the fund for bilateral relations (Annexes 4 and 5) shall be submitted within 20 working days after the end of the relevant reporting period of value added tax. The first reporting period shall be 12 months, starting from the initial date of eligibility of costs specified in the programme agreement or the agreement on the fund for bilateral relations. Each following reporting period shall be the 12 months following the previous reporting period, but if less than 12 months remain until the end of the period for the

implementation of the programme or implementation of the initiative of the field of the programme of the fund for bilateral relations, the reporting period of value added tax shall be the remaining period for the implementation of the programme or implementation of the initiative of the field of the programme of the fund for bilateral relations.

114. The State Revenue Service shall examine the documents submitted in accordance with Paragraphs 107 and 108 of this Regulation and prepare an opinion, filling in the corresponding section of the report and indicating the sum of value added tax which the project promoter and its partner, the Programme Operator or the agency, or the promoter of the fund for bilateral relations and its partner accordingly has the right or does not have the right to deduct from the sum of tax payable into the State budget as input tax in accordance with the procedures laid down in Chapter XI of the Value Added Tax Law.

115. After receipt of the opinion of the State Revenue Service referred to in Paragraph 114 of this Regulation, the Programme Operator or the agency shall:

115.1. append the report on the sums of value added tax to be included in the programme management costs and the opinion of the State Revenue Service on the abovementioned report for the next interim financial report of the programme or final programme report;

115.2. if, according to the opinion of the State Revenue Service, the sum of value added tax to be included in the eligible programme management costs have been overpaid, the overpaid sum shall be withheld from the eligible programme management expenditures to be included in the next interim financial report of the programme or final programme report;

115.3. if inaccuracies have been detected in the report referred to in Paragraph 113 of this Regulation, it shall be revised and submitted to the State Revenue Service.

116. If, according to the opinion of the State Revenue Service, the sum of value added tax to be included in the eligible programme management costs has been overpaid, the Certifying Authority, upon performing the examination referred to in Paragraph 106 of this Regulation, shall ascertain that the Programme Operator or the agency has withheld the overpaid sum of value added tax to be included in the eligible costs referred to in Sub-paragraph 115.2 of this Regulation.

117. If the Programme Operator or the agency does not make transactions taxable with value added tax in the reporting period or makes transactions to which the Value Added Tax Law is not applicable, it shall inform the Certifying Authority thereof by submitting an interim financial report or final report or the Ministry of Finance by submitting the report referred to in Paragraph 42 of this Regulation (if the Programme Operator or the agency is the programme initiative promoter of the fund for bilateral relations).

XV. Supervision and Control of Financial Mechanisms

118. The Focal Point, the Programme Operator, the agency, the Audit Authority, and the Certifying Authority shall establish an efficient internal control system and ensure its functioning in accordance with the laws and regulations regarding internal control system.

119. Within the meaning of this Regulation control of Financial Mechanisms shall be:

119.1. the performance of a random on-the-spot verification of a project;

119.2. the verification of the fulfilment of the conditions for project completion (the conditions which must be complied with after completion of the project);

119.3. the verification of the Programme Operator or the agency.

120. The Programme Operator or the agency which has entered into a contract with the project promoter (hereinafter – the contracting entity), on the basis of a risk assessment, shall perform the on-the-spot verifications referred to in Sub-paragraph 119.1 of this Regulation, including at the project partner. The results of verifications which are aggregated according to the form stipulated by the Certifying Authority shall be appended to the interim financial report of the programme or the final report of the programme and concurrently also sent electronically to the Audit Authority to the official electronic mail address.

121. In order to ensure the verification referred to in Sub-paragraph 119.2 of this Regulation, the contracting entity has the right to, on the basis of a risk assessment, perform a random on-the-spot verification of a project, including at the project partner, or to request information confirming the fulfilment of the conditions for project completion and such liabilities which must be complied with after completion of the project. The contracting entity shall perform the verification referred to in Sub-paragraph 119.2 of this Regulation:

121.1. prior to approval of the final project report if particular conditions for project completion have been fulfilled after the implementation of the activities provided for in the project;

121.2. once a year after the approval of the final project report, but, if other procedures have been provided for in the law or regulation regarding the implementation of a programme or in the project contract, according to the abovementioned procedures.

122. The contracting entity shall, by 1 February of the current year, submit information to the Certifying Authority, the Focal Point, and the Audit Authority on the results of the verifications referred to in Sub-paragraph 119.2 of this Regulation which were performed in the previous year.

123. During the verifications referred to in Paragraph 119 of this Regulation, and also during audits, verifications, and assessments performed by the Board of Auditors of the European Free Trade Association, the institutions of donor states, the Office of the Auditor General of Norway, the Financial Mechanism Office, the Audit Authority, and the State Audit Office of Latvia, the Focal Point, the Programme Operator, the agency, the Certifying Authority, and the project promoter, and the project partner shall, without delay:

123.1. present the documents (also in electronic form) related to the management of programmes, projects, and Financial Mechanisms to auditors, the performer of verification or assessment;

123.2. ensure access to all financial documentation, premises, and other material values related to the programme or project which apply to the audit, verification, or assessment to be performed;

123.3. prepare extracts and copies of the necessary documents;

123.4. provide information to auditors, the performer of verification or assessment on the development, implementation, and supervision of programmes and projects.

124. On the basis of a decision of the donor states, the Focal Point has the right to suspend or renew payments into the programme. The Focal Point shall, without delay, inform the relevant Programme Operator, the agency, Audit Authority, and Certifying Authority of the suspension or renewal of payments. The Focal Point, the Programme Operator, and the agency shall take any corresponding and necessary measures to eliminate the deficiencies or losses of co-financing of Financial Mechanisms.

125. If the donor states unilaterally withdraw from the programme contract or the donor states and the Focal Point mutually agree on the termination of the programme contract, the Focal Point shall, without delay, inform the relevant Programme Operator, agency, Audit Authority,

and Certifying Authority of the termination of the programme contract and shall ensure the suspension of the co-financing of Financial Mechanisms to the programme.

XVI. Assessment of Irregularity and Reporting on the Detected Irregularity

126. The authorities involved in the management of Financial Mechanisms shall, according to their competence, ensure that expenditures which have arisen in the programme, projects, and initiatives supported under the respective programme and the fund for bilateral relations would conform to the conditions arising from the Memorandum of Understanding and the legal framework laid down therein, and also special provisions specified in the respective programme agreement, technical assistance agreement, and also agreement on the fund for bilateral relations (if applicable).

127. The procedures laid down in Chapters XVI, XVII, and also XVIII of this Regulation shall apply to the irregularities detected in the programme initiatives of the fund for bilateral relations with the necessary changes.

128. The Focal Point, the Programme Operator, the agency, the Certifying Authority, or the Audit Authority shall assess each possible irregularity detected thereby.

129. If the Focal Point, the Certifying Authority, or the Audit Authority has detected a possible irregularity in programme management costs or technical assistance expenditures, it shall, within 10 working days or by an audit report, inform the Programme Operator or the promoter of the technical assistance of a possible irregularity and shall provide a recommendation for the application of financial correction.

130. The Programme Operator or the promoter of technical assistance shall, by taking into account the information at its disposal, and also the information provided by the Focal Point, the Certifying Authority, or the Audit Authority, assess the possible irregularity, take the decision on detection of irregularity, and clarify the financial report or final report for the programme or technical assistance accordingly if such expenditures had not already been withheld previously.

131. If the Programme Operator or the promoter of technical assistance takes the decision on detection of such irregularity which is related to the programme management and control system or which is systemic, the Programme Operator or the promoter of technical assistance shall reduce the total sum of the eligible management or technical assistance costs of the programme for the sum of the detected irregularity. The Programme Operator and the promoter of technical assistance shall ensure the recording of the financing released due to such reduction.

132. If the Focal Point, the Programme Operator (if it is not the contracting entity), the Certifying Authority, or the Audit Authority detects a possible irregularity in the project, it shall, within 10 working days after detection of the possible irregularity or by an audit report, using its official electronic mail address, inform the contracting entity.

133. Upon providing the information referred to in Paragraph 132 of this Regulation, the authority which has detected the possible irregularity shall indicate the following (applicable if it has appropriate information at its disposal):

133.1. the project promoter in the project implemented by which the possible irregularity has been detected;

- 133.2. the number and title of the project in which the possible irregularity has been detected;
- 133.3. the sum of irregular expenditures arisen as a result of the possible irregularity (including in breakdown by cost headings);
- 133.4. the nature of the possible irregularity;
- 133.5. the way of discovering the possible irregularity.

134. The contracting entity, taking into account the information at its disposal, and also the information provided by the Focal Point, the Programme Operator (if it is not the contracting entity), the Certifying Authority, or the Audit Authority on the possible irregularity detected in the project, shall assess the possible irregularity, its severity, type, and amount of the losses caused and shall take the decision on detection of irregularity.

135. If the contracting entity detects that the sum of irregular expenditures cannot be precisely determined or it would be disproportionate to reduce eligible costs of the project for the entire sum of expenditures which does not conform to the conditions of laws and regulations and the project contract, the contracting entity shall, according to the guidelines developed by the Focal Point on the application of financial corrections, apply proportional financial correction.

136. The contracting entity shall reduce the sum of irregular expenditures for the total sum of eligible costs of the project and also ensure the recording of the financing released due to such reduction.

137. If the Audit Authority suggests the application of financial correction (including if the recommendation in the plan for the elimination of deficiencies of the audit report has been indicated as not harmonised):

- 137.1. the Programme Operator or the agency shall not include expenditures in the interim financial report or in the final report of the programme, including shall withhold the expenditures included in the previous interim financial reports which have been recognised as irregular by the Audit Authority;

- 137.2. the promoter of technical assistance shall not include expenditures in the interim financial report or in the final report, including shall withhold the expenditures included in the previous interim financial reports, which have been recognised as irregular by the Audit Authority.

138. The Programme Operator, the agency, or the promoter of technical assistance shall include the expenditures withheld in accordance with Paragraph 137 of this Regulation in the interim financial report or the final report for the programme or technical assistance only if the Audit Authority has later recognised such expenditures as regular.

139. The Certifying Authority shall, upon reviewing the interim financial report or final report for the programme or technical assistance, ascertain conformity with the conditions referred to in Paragraphs 137 and 138 of this Regulation.

140. The contracting entity shall, without delay, submit an immediate report to the Focal Point and the Programme Operator, if it is not the contracting entity, on the possible or detected irregularity in the project if:

- 140.1. the detected facts point towards action or failure to act causing suspicions of a criminal offence in the implementation of the project;

- 140.2. the detected facts point towards a significant violation of the principle of efficiency, usefulness, or economy in the implementation of the project which may affect the use of the co-financing of Financial Mechanisms;

140.3. the detected irregularity causes direct threats to successful implementation of the project, taking into account the proportion of irregularity in the total eligible costs of the project, its significance, or other reasons.

141. The contracting entity shall submit the following to the Focal Point and the Programme Operator, if it is not the contracting entity, within the time periods referred to in Paragraph 143 of this Regulation:

141.1. a quarterly report on each possible and detected irregularity in the project which has been detected by the authority involved in the management of Financial Mechanisms in the current quarter;

141.2. progress reports on the measures for the elimination of irregularities referred to in Paragraph 132 and Sub-paragraph 141.1 of this Regulation and detected previously.

142. The Programme Operator shall, within the time periods referred to in Paragraph 143 of this Regulation, submit information to the unified register of irregularities established by the Ministry of Finance (hereinafter – the unified irregularities register) on possible and detected irregularities in the programme and projects in the current quarter.

143. The contracting entity shall submit the reports referred to in Paragraph 141 of this Regulation within the following time periods:

143.1. for the first quarter of the current year – by 15 April of the current year;

143.2. for the second quarter of the current year – by 15 July of the current year;

143.3. for the third quarter of the current year – by 15 October of the current year;

143.4. for the fourth quarter of the current year – by 15 January of the next year.

144. The Focal Point shall aggregate the information referred to in Paragraph 143 of this Regulation within the following time periods:

144.1. for the first quarter of the current year – by 1 May of the current year;

144.2. for the second quarter of the current year – by 1 August of the current year;

144.3. for the third quarter of the current year – by 1 November of the current year;

144.4. for the fourth quarter of the current year – by 1 February of the next year.

145. If the Focal Point does not receive information from the contracting entity on the detected irregularities or on the measures taken for the elimination of the previously detected irregularities within the time period referred to in Paragraph 143 of this Regulation (for the time period until the end of the quarter), it shall be considered that the contracting entity has not detected irregularities in this quarter or the measures for the elimination of the previously detected irregularities have not been taken.

146. The Programme Operator shall, according to the procedures stipulated by the Focal Point, ensure the recording of the information regarding each possible and detected irregularity in the programme and projects and on the measures taken for the elimination of the detected irregularity in the unified register of irregularities.

147. In order to ascertain the credibility of the recording of information referred to in Paragraph 146 of this Regulation and the execution of the decisions referred to in Paragraphs 130 and 134 of this Regulation, the Focal Point shall perform the verification referred to in Sub-paragraph 119.3 of this Regulation as necessary.

148. The Focal Point shall, within 10 working days after the provision of the information regarding the detected irregularities and the measures taken for the elimination of the previously detected irregularities, send copies of the documents sent to the donor states to the contracting

entity, the Programme Operator (if it is not the contracting entity), the Audit Authority, and the Certifying Authority electronically.

XVII. Recovery of Irregular Expenditures

149. If the project promoter in the project implemented by which irregularity has been detected due to which irregular expenditures have arisen is a State budget institution or planning region, after detection of irregularity the contracting entity shall:

149.1. if possible, withhold irregular expenditures from the project report;

149.2. if irregular expenditures cannot be withheld in accordance with Sub-paragraph 149.1 of this Regulation and the sum of irregular expenditures in one project due to one irregularity does not exceed EUR 250, not recover irregular expenditures and write off as expenditures;

149.3. if it is not possible to withhold irregular expenditures in accordance with Sub-paragraph 149.1 of this Regulation or it is not possible to apply the procedures provided for in Sub-paragraph 149.2 of this Regulation, take the decision on irregular expenditures in the project and send the copy of the decision to the Focal Point. The decision on the recovery of irregular expenditures (copy) shall be submitted to the Certifying Authority if the decision is taken after sending the final programme report to the Financial Mechanism Office and the relevant irregular expenditures had not been withheld from the interim financial report of the programme or the final programme report.

150. If the project promoter in the project implemented by which irregularity has been detected due to which irregular expenditures have arisen is a local government, a derived public entity partially financed from the State budget, a derived public entity (except for a planning region), an institution not financed from the budget, a State capital company which is implementing the project within the scope of the State administration tasks delegated thereto, the contracting entity shall:

150.1. if possible, withhold irregular expenditures from the project report;

150.2. if irregular expenditures cannot be withheld in accordance with Sub-paragraph 150.1 of this Regulation and the sum of irregular expenditures in one project due to one irregularity does not exceed EUR 250, not recover irregular expenditures and write off as expenditures;

150.3. if it is not possible to withhold irregular expenditures in accordance with Sub-paragraph 150.1 of this Regulation or it is not possible to apply the procedures provided for in Sub-paragraph 150.2 of this Regulation, take the decision on the recovery of irregular expenditures and send the copy of the decision to the Focal Point. The decision on the recovery of irregular expenditures (copy) shall be submitted to the Certifying Authority if the decision is taken after sending the final programme report to the Financial Mechanism Office and the relevant irregular expenditures had not been withheld from the interim financial report of the programme or the final programme report.

151. The contracting entity shall, within three working days after the actual withholding of irregular expenditures referred to in Sub-paragraphs 149.1, 150.1, and 158.1 of this Regulation, inform the relevant project promoter thereof.

152. If the contracting entity has taken the decision referred to in Sub-paragraph 150.3 of this Regulation, the project promoter shall refund irregular expenditures within three months from the day of entering into effect of the abovementioned decision or according to the refunding schedule referred to in Paragraph 156 of this Regulation.

153. If the decision on withholding irregular expenditures has been taken in accordance with Sub-paragraph 149.1 or 150.1 of this Regulation and reports on the relevant expenditures have been submitted to the Financial Mechanism Office, the contracting entity shall inform the Certifying Authority. The day when the contracting entity has made the payment for the approved project report from which irregular expenditures are withheld or, if making of the payment is not eligible, the day when the contracting entity has approved the project report from which irregular expenditures are withheld shall be considered the day of recovery of irregular expenditures.

154. If the contracting entity takes the decision on the recovery of irregular expenditures in accordance with Sub-paragraph 150.3 of this Regulation, it shall inform the Certifying Authority of the abovementioned decision and the day when the monetary funds for irregular expenditures have been transferred into the account referred to in Paragraph 167 of this Regulation in full amount shall be considered the day of recovery of irregular expenditures.

155. The Ministry of Finance shall, once in six months by 1 March and 1 September accordingly, inform the Cabinet of all the cases referred to in Paragraphs 149 and 150 of this Regulation. The Cabinet shall decide:

155.1. on the covering of expenditures from the funds from the State budget if the contracting entity has taken the decision referred to in Sub-paragraph 149.3 of this Regulation;

155.2. on the covering of expenditures from the funds from the State budget or on the recovery of irregular expenditures if the contracting entity has taken the decision referred to in Sub-paragraph 150.3 of this Regulation; however, irregular expenditures have not been refunded within the time period specified in the decision on the recovery of irregular expenditures or according to the refunding schedule.

156. The project promoter shall, not later than within 10 working days prior to the end of the time period specified in the decision referred to in Sub-paragraph 150.3 of this Regulation, inform the contracting entity of inability to refund irregular expenditures within the time period specified in the decision and shall, within 10 working days, agree on a schedule for refunding irregular expenditures.

157. If the contracting entity has taken the decision referred to in Sub-paragraph 149.3 of this Regulation, the day of taking the relevant decision shall be considered the day of recovery of irregular expenditures. If the contracting entity has taken the decision referred to in Sub-paragraph 150.3 of this Regulation and irregular expenditures have not been refunded within the time period specified in the decision on the recovery of irregular expenditures or according to the refunding schedule, the day when the information referred to in Sub-paragraph 155.2 of this Regulation is reviewed at the Cabinet or when the project promoter has executed the decision of the Cabinet shall be considered the day of recovery of irregular expenditures. The Focal Point shall inform the Certifying Authority and the contracting entity electronically of the decision of the Cabinet within five working days after the relevant meeting of the Cabinet.

158. If the project promoter in the project implemented by which irregularity has been detected due to which irregular expenditures have arisen is a legal person governed by private law, after detection of irregularity the contracting entity shall:

158.1. if possible, withhold irregular expenditures from the project report;

158.2. if irregular expenditures cannot be withheld in accordance with Sub-paragraph 158.1 of this Regulation and the sum of irregular expenditures in one project due to one irregularity does not exceed EUR 250, not recover irregular expenditures and write off as expenditures;

158.3. if it is not possible to withhold irregular expenditures in accordance with Sub-paragraph 158.1 of this Regulation or it is not possible to apply the procedures provided for in Sub-paragraph 158.2 of this Regulation, take the decision on the recovery of irregular expenditures and send the copy of the decision to the Focal Point. A copy of the decision shall be sent to the Certifying Authority if the decision is taken after sending the final report of the programme to the Financial Mechanism Office and the relevant irregular expenditures had not been withheld from the interim financial report of the programme or the final programme report.

159. If the contracting entity has taken the decision referred to in Sub-paragraph 158.3 of this Regulation, the project promoter shall refund irregular expenditures within three months from the day of entering into effect of the abovementioned decision or according to the schedule referred to in Paragraph 158 of this Regulation.

160. If the contracting entity has taken the decision on the withholding of irregular expenditures in accordance with Sub-paragraph 158.1 of this Regulation, the day when the contracting entity has made the payment or, if the payment is not made, has approved the project report from which irregular expenditures are deducted shall be considered the day of recovery of irregular expenditures. If the contracting entity takes the decision on the recovery of irregular expenditures in accordance with Sub-paragraph 158.3 of this Regulation, the day when irregular expenditures have been transferred into the account referred to in Paragraph 167 of this Regulation in full amount shall be considered the day of recovery of irregular expenditures.

161. If the contracting entity writes off the irregular expenditures referred to in Sub-paragraphs 149.2, 150.2, and 158.2 of this Regulation in expenditures, it shall prepare an accounting statement in which the title of the Financial Mechanism, programme, and project, the project number, the total sum of irregular expenditures and its division according to the sources of financing, and also the date when irregular expenditures have been written off in expenditures shall be indicated. The abovementioned date shall be considered the date of recovery of irregular expenditures.

162. The contracting entity shall, within three working days after writing off of irregular expenditures in expenditures, send a copy of the accounting statement referred to in Paragraph 161 of this Regulation to the relevant project promoter and also ensure the recording of the information regarding the writing off thereof in expenditures (in electronic form).

163. The project promoter shall, not later than within 10 working days prior to the end of the time period specified in the decision referred to in Sub-paragraph 158.3 of this Regulation, inform the contracting entity of inability to refund irregular expenditures within the time period specified in the decision and shall, within 10 working days, agree on a schedule for refunding irregular expenditures.

164. If the project promoter does not refund irregular expenditures within the time period referred to in Sub-paragraph 158.3 of this Regulation or the schedule for refunding of irregular expenditures harmonised in accordance with Paragraph 163 of this Regulation, it shall pay late payment charge – 6 % of the non-refunded sum per year – for each day of delay.

165. The late payment charge shall not be applied for a time period when the schedule for refunding of irregular expenditures in accordance with Paragraph 163 of this Regulation is being harmonised. After harmonisation of the schedule, late payment charge is not applied if the project promoter is making payments within the time specified in the schedule.

166. The contracting entity shall submit information in relation to the decisions on the recovery of irregular expenditures which have been taken in accordance with Paragraphs 149, 150, and 158 of this Regulation and also the information regarding the actual withholding of the expenditures referred to in Paragraph 159 of this Regulation, the accounting statements referred to in Paragraph 161 of this Regulation, and the information regarding the refunding of irregular expenditures referred to in Paragraph 154 of this Regulation to the Certifying Authority together with the interim financial report of the programme or the final programme report according to the procedures stipulated by the Certifying Authority.

XVIII. Refunding and Recording of Irregular Expenditures

167. The project promoter shall refund irregular expenditures and late payment charge into the account in the Treasury indicated by the contracting entity.

168. The contracting entity shall monitor that the project promoter refunds irregular expenditures and late payment charge into the account referred to in Paragraph 167 of this Regulation.

169. After recovery of irregular expenditures, if irregularity was detected and recovery was performed after submission of the final programme report to the Financial Mechanism Office, the contracting entity shall ensure the refunding of the recovered co-financing of Financial Mechanism to the Financial Mechanism Office. If irregular expenditures were not included in the interim financial report of the programme or final programme or were withheld, the contracting entity shall transfer the irregular expenditures recovered and the late payment charge in the account referred to in Paragraph 167 of this Regulation into State budget revenues.

170. In accordance with the laws and regulations governing accounting, the contracting entity shall perform the recording of withheld or recoverable and recovered irregular expenditures.

171. If the donor states apply financial correction, the Programme Operator shall withhold irregular expenditures from the interim financial report of the programme or final programme report. If irregular expenditures cannot be withheld from the interim financial report of the programme or final programme report and they should be refunded to the donor states from the State budget, the ministry in which the relevant Programme Operator has been established shall inform the Cabinet without delay. The Cabinet shall make the decision to direct funds from the State budget for the refunding of irregular expenditures.

XIX. Closing Provision

172. The Procurement Monitoring Bureau shall, by 31 December 2018, ensure the development and harmonisation of the methodology for the performance of *ex-ante* controls of the Programme Operators referred to in Sub-paragraphs 2.1, 2.2, 2.3, 2.4, and 2.5 of this Regulation with the Focal Point.

Prime Minister

Māris Kučinskis

Minister for Finance

Dana Reizniece-Ozola

Procurement Plan of the Project

No.		
1.	Name of the Financial Mechanism	
2.	Programme Operator	
3.	Agency	
4.	Project title	
5.	Pre-defined project (<i>mark if applicable</i>)	<input type="checkbox"/>
6.	Project identification No.	
7.	Contract/agreement No.	
8.	Date of entering into the contract/agreement	
9.	Project promoter	
10.	Registration No.	
11.	Legal address	

No.	Subject-matter of the procurement contract ¹	Reference to the project activity No. according to the project application	Code according to the budget summary of the project	Planned contract price ²	Part of the contract price applicable to the project ³	Legal framework ⁴	Planned procurement procedure/procurement ⁵	Green procurement applicable (yes/no)	Time period for the announcement of procurement

Responsible official _____

(given name, surname)

(signature)

Telephone _____

Fax _____

E-mail _____

Date _____

dd/mm/yyyy

Place for a seal

Notes.

¹ Goods, services, and works to be performed regarding which it is intended to enter into a procurement contract (procurements of both the project promoter and the cooperation partner(s) must be included). Such procurements the costs of which only apply to expenditures to which simplified costs are applied need not be included in the procurement plan.

² The planned contract price excluding VAT, taking into account the entire period of validity of the procurement contract.

³ Part of the contract price applicable to the project excluding VAT. If after entering into the procurement contract the contract price is different from the planned one, upon submitting the current clarifications to the procurement plan, the contract price must indicated according to the contract entered into.

⁴ Legal framework on the basis of which the procurement was performed – the Public Procurement Law, Cabinet Regulation No. 104 of 28 February 2017, Regulations Regarding Procurement Procedure and Procedures for Application Thereof to Projects Financed by a Contracting Authority.

⁵ Including sub-threshold procurements (procurements in accordance with Section 9 of the Public Procurement Law).

Responsible official

_____ (given name, surname)

_____ (signature)

Telephone

Fax

E-mail

Date

dd/mm/yyyy

Place for a seal

Minister for Finance

Dana Reizniece-Ozola

Report on *Ex-ante* Controls of Project Procurements

No.	Performer of <i>ex-ante</i> control	Title of the programme	Project title	Contract/agreement No. (date of signing); procurement ID No.	Project promoter (reg. No.)	Initial statement of <i>ex-ante</i> control	Date of control	Type of the statement of repeated control	Date of repeated control	Performer of repeated control
1	2	3	4	5	6	7	8	9	10	11

Minister for Finance

Dana Reizniece-Ozola

Report on the Sums of Value Added Tax which are Intended to be Included in the Eligible Project Costs of or in the Eligible Costs of the Programme Initiative by the Project Promoter or the Programme Initiative Promoter of the Fund for Bilateral Relations in the Reporting Period

No.	Name	Taxpayer's registration code
1.	Project promoter/programme initiative promoter of the fund for bilateral relations	
2.	Address or electronic address of the project promoter/programme initiative promoter of the fund for bilateral relations	
3.	Partner of the project promoter/programme initiative promoter of the fund for bilateral relations (if applicable):	
3.1.	Partner of the project promoter/programme initiative promoter of the fund for bilateral relations	
	Address or electronic address of the partner of the project promoter/programme initiative promoter of the fund for bilateral relations	
3.2.	Partner of the project promoter/programme initiative promoter of the fund for bilateral relations	
	Address or electronic address of the partner of the project promoter/programme initiative promoter of the fund for bilateral relations	
3.3.	Partner of the project promoter/programme initiative promoter of the fund for bilateral relations	

I hereby confirm that the information indicated in the report is true and the VAT sum included in the report has not been deducted as input tax in accordance with the procedures laid down in the Value Added Tax Law.

Programme Operator or head of agency	_____	_____
	(given name, surname)	(signature ³)
Person responsible for the preparation	_____	_____
	(given name, surname)	(signature ³)
Date ³	_____	Telephone _____

Notes.

¹ The project promoter/programme initiative promoter of the fund for bilateral relations shall indicate the note “separate recording” or, if the goods and services are intended both for ensuring such transactions which give the right to deduct input tax and for ensuring such transactions which do not give the right to deduct input tax and it is not possible to ensure separate recording of such goods and services, shall indicate the proportion specified for the relevant taxation period (when the transaction was made).

² To be filled in by an employee of the State Revenue Service.

³ The details of the document “signature” and “date” shall not be filled in if the electronic document has been drawn up in accordance with the laws and regulations regarding the drawing up of electronic documents.

Statement of the State Revenue Service

In accordance with Cabinet Regulation No. 683 of 13 November 2018, Regulations Regarding the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2021, and the report on sums of value added tax which the project promoter/programme initiative promoter of the fund or bilateral relations intends to include in the eligible project costs in the reporting period, the project promoter/programme initiative promoter of the fund or bilateral relations and (or) the partner of the project promoter/programme initiative promoter of the fund or bilateral relations, from the sum of value added tax indicated in the report (in total), has the right/does not have the right (fill in the relevant box of the table) to deduct the following sums as input tax from the sum of the tax to be paid into the State budget in accordance with the procedures laid down in Chapter XI of the Value Added Tax Law:

	Name	Taxpayer's registration code	has the right to deduct	does not have the right to deduct
			EUR	EUR
Project promoter/programme initiative promoter of the fund for bilateral relations				
Partner of the project promoter/programme initiative promoter of the fund for bilateral relations				
Partner of the project promoter/programme initiative promoter of the fund for bilateral relations				
Partner of the project promoter/programme initiative promoter of the fund for bilateral relations				

Responsible person of the State Revenue Service

_____ (given name, surname)

_____ (signature⁴)

Note. ⁴The detail of the document “signature” shall not be filled in if the electronic document has been prepared in accordance with the laws and regulations regarding the drawing up of electronic documents.

Minister for Finance

Dana Reizniece-Ozola

Report on the Sums of Value Added Tax Intended to be Included in the Eligible Programme Management Costs by the Programme Operator or the Agency in the Reporting Period

No.		Name	Taxpayer's registration code
1.	Programme Operator or agency		
2.	Address or electronic address of the Programme Operator or the agency		

3.	Title of the programme	
4.	Start date of the reporting period	
5.	End date of the reporting period	

No.	Name of goods or service	Registration code of the supplier of goods or service provider in the State Revenue Service Value Added Tax Taxable	VAT invoice number or customs declaration number	VAT invoice issuance date or customs declaration date	Number of the payment document	Date of the payment document	Sum of costs					Notes		
							total invoiced sum excluding VAT (EUR)	total invoiced sum of VAT (EUR)	total invoiced sum including VAT (EUR)	note regarding the ensuring of separate recording or proportion specified for the relevant	VAT sum which is not deductible as input tax in accordance with the procedures laid down in the Value Added Tax Law		VAT sum as the sum of eligible expenditures (EUR)	
											according to the data of the Programme Operator or the agency	according to the data of the State Revenue Service ²		

		Persons Register or the Value Added Tax Taxable Persons Register of another European Union Member State								taxation period ¹				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Total													

I hereby confirm that the information indicated in the report is true and the VAT sum included in the report has not been deducted as input tax in accordance with the procedures laid down in the Value Added Tax Law.

Programme Operator or head of agency _____
 (given name, surname) (signature³)

Person responsible for the preparation _____
 (given name, surname) (signature³)

Date³ _____ Telephone _____

Notes.

¹ The Programme Operator or the agency shall indicate the note “separate recording” or, if the goods and services are intended both for ensuring such transactions which give the right to deduct input tax and for ensuring such transactions which do not give the right to deduct input tax and it is not

possible to ensure separate recording of such goods and services, shall indicate the proportion specified for the relevant taxation period (when the transaction was made).

² To be filled in by an employee of the State Revenue Service.

³ The details of the document “signature” and “date” shall not be filled in if the electronic document has been drawn up in accordance with the laws and regulations regarding the drawing up of electronic documents.

Statement of the State Revenue Service

In accordance with Cabinet Regulation No. 683 of 13 November 2018, Regulations Regarding the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2021, and the report on sums of value added tax which the Programme Operator or the agency intends to include in the eligible costs of the project in the reporting period, the Programme Operator or the agency, from the sum of value added tax indicated in the report (in total), has the right/does not have the right (fill in the relevant box of the table) to deduct the following sums as input tax from the sum of the tax to be paid into the State budget in accordance with the procedures laid down in Chapter XI of the Value Added Tax Law:

	Name	Taxpayer's registration code	has the right to deduct	does not have the right to deduct
			EUR	EUR
Programme Operator or agency				

Responsible person of the State Revenue Service

_____ (given name, surname)

_____ (signature⁴)

Note. ⁴ The detail of the document “signature” shall not be filled in if the electronic document has been prepared in accordance with the laws and regulations regarding the drawing up of electronic documents.

Minister for Finance

Dana Reizniece-Ozola

Report on the Sums of Value Added Tax Intended to be Included in the Eligible Costs of the Programme Initiative of the Fund for Bilateral Relations by the Programme Operator or the Agency in the Reporting Period if the Programme Operator or the Agency is the Programme Initiative Promoter of the Fund for Bilateral Relations

No.	Name	Taxpayer's registration code
1.	Programme Operator or agency	
2.	Address or electronic address of the Programme Operator or the agency	
3.	Title of the initiative of the field of the programme of the fund for bilateral relations	
4.	Start date of the reporting period	
5.	End date of the reporting period	

No.	Name of goods or service	Registration code of the supplier of goods or service provider in the State Revenue Service Value Added Tax Taxable Persons Register or the Value Added Tax Taxable Persons Register of another European Union Member State	VAT invoice number or customs declaration number	VAT invoice issuance date or customs declaration date	Number of the payment document	Date of the payment document	Sum of costs						Notes	
							total invoiced sum excluding VAT (EUR)	total invoiced sum of VAT (EUR)	total invoiced sum including VAT (EUR)	note regarding the ensuring of separate recording or proportion specified for the relevant taxation period ¹	VAT sum which is not deductible as input tax in accordance with the procedures laid down in the Value Added Tax Law			VAT sum as the sum of eligible expenditures (EUR)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	Total													

I hereby confirm that the information indicated in the report is true and the VAT sum included in the report has not been deducted as input tax in accordance with the procedures laid down in the Value Added Tax Law.

Programme Operator or head of agency

_____ (given name, surname)

_____ (signature³)

Person responsible for the preparation

_____ (given name, surname)

_____ (signature³)

Date³

Telephone

Notes.

¹ The Programme Operator or the agency shall indicate the note “separate recording” or, if the goods and services are intended both for ensuring such transactions which give the right to deduct input tax and for ensuring such transactions which do not give the right to deduct input tax and it is not possible to ensure separate recording of such goods and services, shall indicate the proportion specified for the relevant taxation period (when the transaction was made).

² To be filled in by an employee of the State Revenue Service.

³ The details of the document “signature” and “date” shall not be filled in if the electronic document has been drawn up in accordance with the laws and regulations regarding the drawing up of electronic documents.

Statement of the State Revenue Service

In accordance with Cabinet Regulation No. 683 of 13 November 2018, Regulations Regarding the Management of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism for the Period 2014-2021, and the report on sums of value added tax which the Programme Operator or the agency intends to include in management costs of the initiative of the field of the programme of the fund for bilateral relations in the reporting period, the Programme Operator or the agency, from the sum of value added tax indicated in the report (in total), has the right/does not have the right (fill in the relevant box of the table) to deduct the following sums as input tax from the sum of the tax to be paid into the State budget in accordance with the procedures laid down in Chapter XI of the Value Added Tax Law:

	Name	Taxpayer's registration code	has the right to deduct	does not have the right to deduct
			EUR	EUR
Programme Operator or agency				

Responsible person of the State Revenue Service

(given name, surname)

(signature⁴)

Note. ⁴ The detail of the document “signature” shall not be filled in if the electronic document has been prepared in accordance with the laws and regulations regarding the drawing up of electronic documents.

Minister for Finance

Dana Reizniece-Ozola