

## ANNEX

to the

### COMMISSION IMPLEMENTING DECISION ADOPTING A SUPPORT MEASURE FOR THE AUDIT AND EVALUATION PROGRAMME FOR THE YEAR 2019

#### 1 IDENTIFICATION

|   |  |
|---|--|
| <b>Beneficiary</b>  | IPA II beneficiaries                                   |
| <b>Basic act:</b>   | Instrument for Pre-accession Assistance (IPA-II)       |
| <b>CRIS/ABAC Commitment references and budget line:</b>   | 2019/041-235<br>22.020401                              |
| <b>Total cost:</b>  | EUR 1,500,000.00                                       |
| <b>EU Contribution:</b>   | EUR 1,500,000.00                                       |
| <b>Method of implementation</b>   | Direct management by the European Commission           |
| <b>Final date for contracting, including the conclusion of delegation/contribution agreements</b> | at the latest by 31 December 2020                      |
| <b>Indicative operational implementation period</b>   | 48 months from the adoption of this Financing Decision |

## **2 DESCRIPTION OF THE ACTION PROGRAMME**

### **2.1 SECTORS SELECTED UNDER THIS ACTION PROGRAMME**

- Rationale for the selection of the specific sectors under this programme:  
All sectors are selected under this programme.

### **2.2 DESCRIPTION AND IMPLEMENTATION OF THE ACTIONS**

The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU<sup>1</sup>.

#### **(1) Description of the Action, objectives, expected results and key performance indicators**

- Description of the action and objectives

The audit methodology of the 2019 programme will be based upon the experience gained in the audits of the pre-accession assistance instrument, as well as the experience of the EU delegations in the beneficiary countries under previous financial instruments. Particularly the following elements have been taken into account and will continue to be improved:

- (a) the audit findings are now included in systematic reporting management on issues which are recurrent or which point to deficiencies in the implementation and control system and may require management attention or intervention at the regulatory level;
- (b) there is a more comprehensive and thorough analysis of the fulfilment of co-financing requirements by beneficiaries, including analysis of Project Authorising Officer/National Authorising Officer (PAO/NAO) declarations of co-financing as well as testing samples of documentation supporting these declarations; dedicated co-financing audits are also envisaged;
- (c) there is detailed briefing of external auditors before they undertake their audit missions, as well as regular debriefing and follow-up meetings, involving both the financial and technical task managers to improve the depth of analysis of findings and consistency of their treatment.

The overall objective of the support measure under the Instrument for Pre-Accession Assistance (IPA II) for the Audit Programme for the year 2019 is to provide reasonable assurance on the correct implementation of EU funds in the beneficiary countries as to the regularity and legality of underlying transactions as well as the respect of the principle of sound financial management.

The programme covers audits of projects financed from any of the pre-accession instruments the implementation of which is delegated to the Director General of DG Neighbourhood and Enlargement Negotiations as well as technical meetings and

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<sup>1</sup> [https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en)

seminars concerning audit issues. The focus is on verifying the legality and regularity of assistance.

- Expected results and key performance indicators

Audit provides the Commission with reasonable assurance as to the legality and regularity of the assistance and its underlying transactions, including whether systems and controls are efficient and effective. This concerns compliance with the applicable legislation and rules and whether project funds have been used for their intended purpose. Assurance also relates to sound financial management comprising the principles of economy, efficiency and effectiveness.

The audit activities under this programme may take the form of:

- **Expenditure verifications** to examine whether costs declared by the beneficiary/contractor and the revenue of the action/project are real, accurately recorded and eligible under the contract.
- **Verifications** of projects implemented jointly with international organisations.
- **Verifications** of projects implemented by a delegated body.
- **System audits** to assess the extent to which EU funds are safeguarded and to identify any further measures to ensure adequate control of these funds. This includes checks to assess whether the beneficiary countries comply with management and internal control standards required for the introduction of decentralised management and/or waiving ex-ante controls by the Commission in decentralised management.
- **Compliance audits**, both for on-going and closed projects and programmes, to determine the legality and regularity of underlying procurement and expenditure transactions, including compliance with the Financing Memoranda and Financing Agreements, specific provisions included in Project Fiches and other applicable rules and regulations.
- **Audits to investigate** allegations of mismanagement of EU funds (*ad hoc* or following allegations).
- **Ex-ante assessments** for the rules and procedures under indirect management and the content of delegation agreements.
- **Operational audits** relating to economy, efficiency and effectiveness.
- **Technical meetings and seminars** concerning audit issues organized with the national authorities of the beneficiary countries.

One audit may be a combination or mutation of any of the above types.

## **(2) Implementation modalities:**

### **(2)(a) Direct management (project approach)**

The global budgetary envelope reserved for procurement: EUR 1,500,000.00.

## **(3) Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions:

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### **3 BUDGET**

### 3.1 INDICATIVE BUDGET TABLE – SUPPORT MEASURES

| Choose as applicable       | Total (EUR) for Audit Programme for the year 2019 |
|----------------------------|---|
| DG NEAR HQ                 | 230,000.00  |
| EUD Albania                | 250,000.00  |
| EUD Bosnia and Herzegovina | 250,000.00  |
| EUD Serbia                 | 250,000.00  |
| EUD North Macedonia        | 300,000.00  |
| EUD Montenegro             | 20,000.00   |
| EU Office Kosovo*          | 100,000.00  |
| EUD Turkey                 | 100,000.00  |
| <b>TOTALS</b>              | <b>1,500,000.00</b>                               |

*\* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence*

#### **4 PERFORMANCE MONITORING ARRANGEMENTS**

As part of its performance measurement framework, the Commission shall monitor and assess progress towards achievement of the specific objectives set out in the IPA II Regulation on the basis of pre-defined, clear, transparent measurable indicators. The progress reports referred to in Article 4 of the IPA II Regulation shall be taken as a point of reference in the assessment of the results of IPA II assistance.

The Commission will collect performance data (process, output and outcome indicators) from all sources, which will be aggregated and analysed in terms of tracking the progress versus the targets and milestones established for each of the actions of this programme, as well as the Indicative Strategy Paper.

In the specific context of indirect management by IPA II beneficiaries, National IPA Coordinators (NIPACs) will collect information on the performance of the actions and programmes (process, output and outcome indicators) and coordinate the collection and production of indicators coming from national sources.

The overall progress will be monitored through the following means: a) Result Orientated Monitoring (ROM) system; b) IPA II Beneficiaries' own monitoring; c) self-monitoring performed by the EU Delegations; d) joint monitoring by the European Commission (DG NEAR) and the IPA II Beneficiaries, whereby the compliance, coherence, effectiveness, efficiency and coordination in implementation of financial assistance will be regularly monitored by an IPA II Monitoring committee, supported by Sectoral Monitoring committees, which will ensure a monitoring process at sector level.

#### **5 EVALUATION**

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

In case an evaluation is not foreseen, the Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The evaluation reports shall be shared with the IPA II beneficiary and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the IPA II beneficiary, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.