

ANNEX

to the Commission Implementing Decision on the financing of the multiannual support measure for audit in favour of the IPA region for years 2021, 2022 and 2023

1. SYNOPSIS

1.1. Action Summary Table

Title	Multi-country Multi-annual Support measure IPA III - Audit Programme in favour of IPA beneficiaries for years 2021, 2022 and 2023			
OPSYS number				
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)			
Team Europe Initiative	No			
Zone benefiting from the action	IPA III Beneficiaries			
Programming document	IPA III Programming Framework			
PRIORITY AREAS AND SECTOR INFORMATION				
Window and thematic priority	All			
Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 09: Industry, Innovation and Infrastructure			
DAC code(s) ¹	15110 - Public sector policy and administrative management 100%			
Main Delivery Channel @	60000 - Private sector institution			
Markers ² (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ DAC sectors (codes and descriptions) are indicated in the first and fourth columns of the tab 'purpose codes' in the following document: <http://www.oecd.org/dac/financing-sustainable-development/development-financestandards/dacandcrscodelists.htm>

² For guidance, see <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/> Go to "Data collection and resources for reporters", select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive.

If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).

	born and child health			
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition ³	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers @	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internal markers⁴	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Migration ⁵	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
Amounts concerned	<p>Budget line: 15 02 01 01.02</p> <p>Total estimated cost: EUR 5,100,000</p> <p>Total amount of EU budget contribution EUR 5,100,000</p> <p>The EU contribution is for an amount of EUR 1,700,000 from the general budget of the European Union for financial year 2021 and for an amount of EUR 1,700,000 from the general budget of the European Union for financial year 2022 and for an amount of EUR 1,700,000 from the general budget of the European Union for financial year 2023, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths.</p>			
MANAGEMENT AND IMPLEMENTATION				
Type of financing and method(s) of implementation	<p>Project Modality</p> <p>Direct management through:</p> <p>- Procurement</p>			
Relevant priorities and flagships from Economic and Investment Plan for	All priorities and flagships			

³ Please check the [Handbook on the OECD-DAC Nutrition Policy Marker](#)

⁴ These markers have a different scope/rationale than the DAC codes. They are drawn from the level of budget allocation and emphasis given to the action in terms main objective(s) selected. The definition of objectives, results, activities in description of the action should be in line with this section.

⁵ For detailed information on programming migration and forced displacement, please have a look at the [thematic guidance note](#) on migration and forced displacement; for information on the migration marker please look at annex 2 of the thematic guidance note.

the Western Balkans [only for the Western Balkans]	
Final date for concluding contribution / delegation agreements, procurement and grant contracts	Allocation 2021 - At the latest by 31 December 2022 Allocation 2022 - At the latest by 31 December 2023 Allocation 2023 - At the latest by 31 December 2024
Indicative operational implementation period	72 months ⁶ following the adoption of the Financing Decision

1.2. Summary of the Action (1/2 page max)

The overall objective of the support measure for Audit Programme is to provide reasonable assurance on the correct implementation of EU funds in the beneficiary countries as to the regularity and legality of the underlying transactions and the effectiveness of the control systems. Assurance also relates to sound financial management comprising the principles of economy, efficiency and effectiveness.

2. RATIONALE – 5 pages max

2.1. Context Analysis

N/A

2.2. Problem analysis by areas of support

N/A

2.3. Relevance and complementarity with strategies supported by key national stakeholders

N/A

2.4. Relevance and complementarity with EU policy and EU and other donors' assistance

N/A

2.5. Lessons learned and links with previous financial assistance

The audit methodology 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 to the management on issues which are recurrent or which point to deficiencies in the management and control system and may require management attention or intervention at the regulatory level;
- (b) 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 operational task managers to improve the depth of analysis of findings and consistency of their treatment.

⁶ Number of months should not exceed 72 months.

- 2.6. [For budget support actions only] Other areas of assessment N/A
- 2.6.1. Fundamental values N/A
- 2.6.2. Macroeconomic policy N/A
- 2.6.3. Public Financial Management (PFM) N/A
- 2.6.4. Transparency and oversight of the budget N/A
- 2.6.5. Policy Dialogue N/A

3. DESCRIPTION OF THE ACTION – 4 pages max (w/o LFM)

3.1. Planned results and intervention logic (describing causal links between impact, outcome(s) and output(s) and including assumptions)

If audits are contracted and the implementation of the audit contracts runs smoothly, then the projects will be audited. If the projects are audited and the implementation of audit contracts runs smoothly, then the intervention will contribute to reasonable assurance on the correct implementation of EU funds in the beneficiary countries as to the regularity and legality of the underlying transactions and the effectiveness of the control system.

The EU Action contributes to impact(s) and only indirectly influences its achievement. The latter will stem from the synergy of the interventions of all relevant stakeholders in the given context.

3.2. Indicative type of activities

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 by international organisations
- Verifications of projects implemented by delegated bodies
- 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
- Compliance audits, both for on-going and closed projects and programmes, to determine the legality and regularity of underlying procurement and expenditure transactions
- 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 of project implementation
- Analysis of audit findings to conclude on repetitiveness, severity, nature, etc. of findings across certain types of organisations or contracts
- Technical meetings and seminars concerning audit issues organized with the national authorities of the beneficiary countries.

3.3. Risks and assumptions

Risks	Risk level (H/M/L)	Mitigating measures
The implementation of audit contracts does not run smoothly	L	Use of framework contract, use of desk reviews and tele-conferencing techniques, grouping of verified contracts into batches
Assumptions (to be reflected in the Logical Framework Matrix above) – grouped by outputs and outcomes		
It is assumed that the implementation of audit contracts runs smoothly.		

3.4.1. [FOR BUDGET SUPPORT ACTIONS] Link with Risk Management Framework

N/A

3.4. Mainstreaming N/A

3.5. Conditions for implementation

It is assumed that the implementation of audit contracts will run smoothly.

3.6. Logical Framework for PROJECT MODALITY (3 levels of results / indicators / Baselines / Targets / Source of Data / Assumptions - no activities)

Results	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Baselines (year)	Targets (year)	Sources of data (1 per indicator)	Assumptions
Impact	To provide reasonable assurance on the correct implementation of EU funds in the beneficiary countries as to the regularity and legality of the underlying transactions and the effectiveness of the control system	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>Not applicable</i>
Outcome 1	<i>Projects audited</i>	<i>Number of audits carried out</i>	81 (2020)	81 (2023)	Key Performance Indicators Dashboard	The implementation of audit contracts runs smoothly
Output 1 related to outcome 1	<i>Audits contracted</i>	<i>Number of audits contracted</i>	81 (2020)	81 (2022)	Key Performance Indicators Dashboard	The implementation of audit contracts runs smoothly

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country/regional organisation/territory.

4.2 Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁷.

4.3 Direct Management (Procurement)

Procurement will contribute to achieving the impact (objective) and outcome listed under Section 3. .

Subject	Indicative type (works, supplies, services)	Indicative trimester of launch of the procedure
Audit activities	Services	Multiple procedures launched throughout the period

4.4. 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 services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. Indicative budget

	EU contribution 2021 (amount in EUR)	EU contribution 2022 (amount in EUR)	EU contribution 2023 (amount in EUR)	Indicative third party contribution, in currency identified
Audit activities composed of Direct management (Procurement) – cf. section 4.3				
DG NEAR HQ	400,000	400,000	400,000	N/A
EUD Albania	250,000	250,000	250,000	N/A
EUD Bosnia and Herzegovina	250,000	250,000	250,000	N/A
EUD Serbia	250,000	250,000	250,000	N/A
EUD North Macedonia	250,000	250,000	250,000	N/A
EUD Montenegro	100,000	100,000	100,000	N/A

⁷ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

EU Office Kosovo*	100,000	100,000	100,000	N/A
EUD Turkey	100,000	100,000	100,000	N/A
TOTAL	1,700,000	1,700,000	1,700,000	N/A
Procurement – total envelope under Section 4.3	5,100,000			

* 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

4.6. Organisational set-up and responsibilities

Direct management (procurement) by NEAR Headquarters and Delegations.

5. PERFORMANCE/RESULTS MONITORING AND REPORTING - 1 ½ page max

5.1. Internal monitoring

The action will be monitored by means of audit-related Key Performance Indicators.

5.2. Roles & responsibilities for data collection, analysis & reporting

N/A

5.3. 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 partner country 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 partner country, jointly decide on the follow-up

The financing of the evaluation shall be covered by another measure constituting a financing Decision.

6. AUDIT - ½ page max

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by this or possibly another future measure constituting a financing Decision.

For the part of the action incorporating a form of financing not linked to costs but on the achievement of results, the verification mechanisms will focus on the results and performance indicators previously agreed.

7. COMMUNICATION AND VISIBILITY – ½ page max

Visibility of EU funding and communication about objectives and impact of Actions are a legal obligation for all Actions funded by the EU, as set out in the EU communication and visibility requirements in force. In particular, the recipients of EU funding shall acknowledge the origin of the EU funding and ensure its proper visibility by:

- providing a statement highlighting the support received from the EU in a visible manner on all documents and communication material relating to the implementation of the funds, including on an official website and social media accounts, where these exist; and
- promoting the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media.

Visibility and communication measures shall be implemented, as relevant, by the national administrations (for instance, concerning the reforms linked to EU budget support), entrusted entities, contractors and grant beneficiaries. Appropriate contractual obligations shall be included, respectively, in financing agreements, delegation agreements, and procurement and grant contracts.

The measures shall be based on a specific Communication and Visibility Plan, established and implemented in line with the EU communication and visibility requirements in force. The plan shall include, inter alia, a communication narrative and master messages for the Action, customised for the various target audiences (stakeholders, civil society, general public, etc.)

Visibility and communication measures specific to this Action shall be complementary to the broader communication activities implemented directly by the European Commission services and/or the EU Delegations and Offices. The European Commission and the EU Delegations and Offices should be fully informed of the planning and implementation of the specific visibility and communication activities, notably with respect to the communication narrative and master messages.]

8. SUSTAINABILITY – ½ page max

The benefits/ results of the Action are likely to continue beyond its implementation period. The audited entities will receive audit reports and may use them as a source of information about the entities' internal control systems and introduce improvements thereto.