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ANNEX

to the Commission Implementing Decision on the financing of the Multi-country Multi-annual Support measure IPA III - Audit Programme in favour of IPA beneficiaries for years 2024, 2025, 2026, and 2027

Action Document for Multi-country Multi-annual Support measure IPA III - Audit Programme in favour of IPA beneficiaries for years 2024, 2025, 2026, and 2027

MULTIANNUAL MEASURE

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation, and annual and multiannual action plans and measures in the sense of Article 9 of IPA III Regulation and Article 23(4) of NDICI - Global Europe Regulation.

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 2024, 2025, 2026, and 2027
OPSYS	ACT-62596
ABAC	ABAC Commitment level 1 number: JAD.1415981
Basic Act	Financed under the Instrument for Pre-accession Assistance (IPA III)
Economic and Investment Plan (EIP)	No
EIP Flagship	No
Team Europe	No
Beneficiary(y)/(ies) of the action	The action shall be carried out in IPA III beneficiaries
Programming document	IPA III Programming Framework
PRIORITY AREAS AND SECTOR INFORMATION	
Window and thematic priority	Window 2: Good governance, EU acquis alignment, good neighbourly relations and strategic communication
Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 09: Industry, Innovation and Infrastructure
DAC code(s)	15110 - Public sector policy and administrative management 100%

Main Delivery Channel @	60000 - Private sector institution			
Targets	N/A			
Markers (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"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	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 @	<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 markers and Tags	Policy objectives	Not targeted	Significant objective
EIP		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EIP Flagship		YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>	
Tags:		YES	NO	
Transport		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Energy		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Environment and climate resilience		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digital		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Economic development (incl. private sector, trade and macroeconomic support)		<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Human Development (incl. human capital and youth)	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>		

	Migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Rule of law, governance and Public Administration reform	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Other	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags	YES	NO
	digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION			
Amounts concerned	<p>Budget line: 15 02 01 01.02</p> <p>Total estimated cost: EUR 6 800 000</p> <p>Total amount of EU budget contribution EUR 6 800 000</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 2024 and for an amount of EUR 1 700 000 from the general budget of the European Union for financial year 2025 and for an amount of EUR 1 700 000 from the general budget of the European Union for financial year 2026 and for an amount of EUR 1 700 000 from the general budget of the European Union for financial year 2027, 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	
Implementation modalities (management mode and delivery methods)	Direct management through: - Procurement
Final date for concluding contribution / delegation agreements, procurement and grant contracts	Allocation 2024 - At the latest by 31 December 2025 Allocation 2025 - At the latest by 31 December 2026 Allocation 2026 - At the latest by 31 December 2027 Allocation 2027 – At the latest by 31 December 2028
Indicative operational implementation period	72 months following the adoption of the Financing Decision

1.2. Summary of the Action

The overall objective of the support measure for Audit Programme is to provide reasonable assurance on the correct implementation of EU funds by the beneficiaries 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.

1.3 Beneficiar(y)/(ies) of the Action

The action shall be carried out in IPA III beneficiaries.

2. RATIONALE

2.1. Context

According to article 74.5 of the Financial Regulation, in order to prevent errors and irregularities before the authorisation of operations and to mitigate risks of non-achievement of objectives, each operation shall be subject at least to an ex-ante control relating to the operational and financial aspects of the operation. Likewise, in line with article 74.6 of the Financial Regulation, the authorising officer by delegation may put in place ex-post controls to detect and correct errors and irregularities of operations after they have been authorised.

The Commission has the obligation to provide to the European Parliament and the Council of the European Union assurances on the manner how EU funds under its responsibility were spent, according to the principle of accountability. This is done through the Statement of Assurance within the annual discharge procedure.

In this context, this action provides the Commission with the substantive work needed for complying with the obligations arising from the Financial Regulation and for providing such assurances to the budgetary authorities.

2.2. Problem Analysis

Short problem analysis

Financial errors in the implementation of the project and weaknesses of the internal control systems to prevent or detect and correct irregularities of the implementing entities might seriously affect the achievement of the objectives of those projects. The detection of these errors and weaknesses brings the opportunity to timely correct them in order to ensure the achievement of the projects' objectives, the legality and regularity of the underlying transactions and the effectiveness of the control systems in place.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action

All entities implementing projects in the IPA III beneficiaries.

2.3. Lessons Learned

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 and territories under previous financing instruments. Particularly the following elements have been considered 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.

3. DESCRIPTION OF THE ACTION

3.1. Intervention Logic

The Overall Objective / Impact of this action is the European Commission as represented by DG NEAR being provided with reasonable assurance on the correct implementation of IPA III funds by the beneficiaries and, ultimately, on the legality and regularity of the underlying transactions and the effectiveness of their control systems in place.

The Specific Objective / Outcome of this action is the appropriate implementation of DG NEAR annual Audit and Verification Plan for IPA III, which comprehends all projects to be audited and/or verified. The outputs related to this outcome are the Expenditure Verifications and Audits contracted.

IF Audits and Verifications under DG NEAR annual Audit and Verification Plan are contracted AND its implementation runs smoothly, THEN the specific outcome / impact will be realised. This is BECAUSE these exercises will provide the substantive work to directly contribute to the assurance building of the Directorate-General.

3.2. Indicative Activities

Activities related to the Specific Impact:

- 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 beneficiaries.

3.3. Mainstreaming

N/A

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
2	The implementation of audit contracts does not run smoothly	Low	Medium	<ul style="list-style-type: none"> • Use of Framework Contracts as procurement instrument • Use of desk reviews, tele-conferencing techniques and virtual working spaces when security situation advises so • Grouping of verified / audited contracts into batches for procurement purposes

External Assumptions

It is assumed that the implementation of the audit contracts runs smoothly.

3.5. Indicative Logical Framework Matrix

Results	Results chain: Main expected results	Indicators	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To provide reasonable assurance on the correct implementation of IPA III funds by the beneficiaries and, ultimately, on the legality and regularity of the underlying transactions and the effectiveness of their control systems in place.	N/A	N/A	N/A	N/A	<i>Not applicable</i>
Outcome 1	DG NEAR annual Audit and Verification Plan	Number of Audits and Verifications carried out per year	84 (2024)	84 (2027)	Key Performance Indicators Dashboard	The implementation of audit contracts runs smoothly
Output 1 related to Outcome 1	Audits and Verifications contracted	Number of Audits and Verifications contracted per year	84 (2024)	84 (2027)	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 envisaged to conclude a financing agreement with the partner country/regional organisation/territory.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date adoption by the Commission of this Financing Decision.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. 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 measures¹.

4.3.1. Direct Management (Procurement)

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

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 (Article 28(10) NDICI-Global Europe Regulation).

¹ [EU Sanctions Map](#) 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.

4.5. Indicative Budget

	EU contribution 2024 (amount in EUR)	EU contribution 2025 (amount in EUR)	EU contribution 2026 (amount in EUR)	EU contribution 2027 (amount in EUR)	Indicative third party contribution, in currency identified
Audit activities composed of Direct management (Procurement) – cf. section 4.3					
DG NEAR HQ	420,000	420,000	420,000	420,000	N/A
EUD Albania	200,000	200,000	200,000	200,000	N/A
EUD Bosnia and Herzegovina	250,000	250,000	250,000	250,000	N/A
EUD Serbia	250,000	250,000	250,000	250,000	N/A
EUD North Macedonia	250,000	250,000	250,000	250,000	N/A
EUD Montenegro	100,000	100,000	100,000	100,000	N/A
EU Office Kosovo*	100,000	100,000	100,000	100,000	N/A
EUD Turkey	130,000	130,000	130,000	130,000	N/A
TOTAL	1,700,000	1,700,000	1,700,000	1,700,000	N/A
Procurement – total envelope under Section 4.3			6,800,000		

* 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 MEASUREMENT

5.1. Monitoring and Reporting

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

5.2. Evaluation

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

In case an evaluation is not planned, 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, following the best practice of evaluation dissemination². 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 actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

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

5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [*Communicating and raising EU visibility: Guidance for external actions*](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

7. SUSTAINABILITY

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.

² See best [practice of evaluation dissemination](#)