

EN

ANNEX TO THE FINANCING DECISION

TITLE OF THE ACTION: SUPPORT MEASURE FOR THE IPA II AUDIT PROGRAMME FOR THE YEAR 2020

1 IDENTIFICATION

Beneficiary	IPA II beneficiaries
Basic act: CRIS/ABAC Commitment references and budget line:	Instrument for Pre-accession Assistance (IPA-II) 2019/42-667 22.020401
Total cost: EU Contribution:	EUR 1 700 000 EUR 1 700 000
Method of implementation	Direct management by the European Commission
Final date for contracting, including the conclusion of delegation/contribution agreements	at the latest by 31 December 2021
Indicative operational implementation period	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 TFEU¹.

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

- Description of the action and objectives

The overall objective of the support measure for the Audit Programme for the year 2020 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.

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.

¹ https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en

- **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.

The audit methodology of the 2020 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 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.

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

- Expected results and key performance indicators

It is expected to finance ca. 90 audit activities under this support measure. The implementation will be monitored by the audit related key performance indicators.

(2) Assumptions and conditions

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

(3) Implementation modalities:

(3)(b) Direct management (project approach)

The procurement will contribute to achieving the objectives in section (1).

The global budgetary envelope reserved for procurement: EUR 1 700 000.

(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 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 MEASURE

Choose as applicable	Total (EUR) for Audit Programme for the year 2020
DG NEAR HQ	400 000
EUD Albania	250 000
EUD Bosnia and Herzegovina	250 000
EUD Serbia	250 000
EUD North Macedonia	250 000
EUD Montenegro	100 000
EU Office Kosovo[*]	100 000
EUD Turkey	100 000
TOTALS	1 700 000

** 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 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.