

REGIONE EMILIA-ROMAGNA

Atti amministrativi

GIUNTA REGIONALE

Atto del Dirigente a firma unica: DETERMINAZIONE n° 9709 del 20/06/2016

Proposta: DPG/2016/10184 del 20/06/2016

Struttura proponente: SERVIZIO AUTORITÀ DI AUDIT PROGRAMMA ADRION
GABINETTO DEL PRESIDENTE DELLA GIUNTA

Oggetto: APPROVAZIONE STRATEGIA DI AUDIT PER IL PROGRAMMA ADRION (CCI 2014TC16M4TN002), PROGRAMMAZIONE 2014-2020, AI SENSI DELL'ART. 127 DEL REG. CE N. 1303/2013 E PRESA D'ATTO DELL'ISTITUZIONE DEL GRUPPO DEI REVISORI E DELL'APPROVAZIONE DEL REGOLAMENTO INTERNO DEL GRUPPO DEI REVISORI.

Autorità emanante: IL RESPONSABILE - SERVIZIO AUTORITÀ DI AUDIT PROGRAMMA ADRION

Firmatario: ANDREA ORLANDO in qualità di Capo del gabinetto

Luogo di adozione: BOLOGNA data: 20/06/2016

SERVIZIO AUTORITÀ DI AUDIT PROGRAMMA ADRION IL RESPONSABILE

sostituito in applicazione dell'art. 46 comma 3 della L.R. 43/01 e della Delibera 2416/2008 e s.m.i., che stabilisce che le funzioni relative ad una struttura temporaneamente priva di titolare competono al dirigente sovraordinato, dal Capo di GABINETTO DEL PRESIDENTE DELLA GIUNTA, ANDREA ORLANDO

Visti:

- Il regolamento (UE) n. 1303/2013 del Parlamento europeo e del Consiglio del 17 dicembre 2013, e successive modifiche e integrazioni, recante disposizioni comuni sul Fondo europeo di sviluppo regionale, sul Fondo sociale europeo, sul Fondo di coesione, sul Fondo europeo agricolo per lo sviluppo rurale e sul Fondo europeo per gli affari marittimi e la pesca e disposizioni generali sul Fondo europeo di sviluppo regionale, sul Fondo sociale europeo, sul Fondo di coesione e sul Fondo europeo per gli affari marittimi e la pesca, e che abroga il regolamento (CE) n. 1083/2006 del Consiglio;
- Il regolamento (UE) n. 1301/2013 del Parlamento europeo e del Consiglio del 17 dicembre 2013 relativo al Fondo europeo di sviluppo regionale e a disposizioni specifiche concernenti l'obiettivo "Investimenti a favore della crescita e dell'occupazione" e che abroga il regolamento (CE) n. 1080/2006;
- Il regolamento (UE) n. 1299/2013 del Parlamento europeo e del Consiglio del 17 dicembre 2013 recante disposizioni specifiche per il sostegno del Fondo europeo di sviluppo regionale all'obiettivo cooperazione territoriale;
- Il regolamento (UE) n. 231/2014 del Parlamento europeo e del Consiglio dell'11 marzo 2014 che istituisce uno strumento di assistenza preadesione (IPA II);
- Il regolamento delegato (UE) n. 480/2014 della Commissione del 3 marzo 2014 che integra il regolamento (UE) n. 1303/2013 del Parlamento europeo e del Consiglio del 17 dicembre 2013 recante disposizioni comuni sul Fondo europeo di sviluppo regionale, sul Fondo sociale europeo, sul Fondo di coesione, sul Fondo europeo agricolo per lo sviluppo rurale e sul Fondo europeo per gli affari marittimi e la pesca e disposizioni generali sul Fondo europeo di sviluppo regionale, sul Fondo sociale europeo, sul Fondo di coesione e sul Fondo europeo per gli affari marittimi e la pesca;

- Il regolamento di esecuzione (UE) n. 1011/2014 della Commissione del 22 settembre 2014 recante modalità di esecuzione del regolamento (UE) n. 1303/2013 del Parlamento europeo e del Consiglio per quanto riguarda i modelli per la presentazione di determinate informazioni alla Commissione e le norme dettagliate concernenti gli scambi di informazioni tra beneficiari e autorità di gestione, autorità di certificazione, autorità di audit e organismi intermedi;
- Il regolamento di esecuzione (UE) n. 2015/207 della Commissione del 20 gennaio 2015 recante modalità di esecuzione del regolamento (UE) n. 1303/2013 del Parlamento europeo e del Consiglio per quanto riguarda i modelli per la relazione sullo stato dei lavori, la presentazione di informazioni relative a un grande progetto, il piano d'azione comune, le relazioni di attuazione relative all'obiettivo Investimenti in favore della crescita e dell'occupazione, la dichiarazione di affidabilità di gestione, la strategia di audit, il parere di audit e la relazione di controllo annuale nonché la metodologia di esecuzione dell'analisi costi-benefici e, a norma del regolamento (UE) n. 1299/2013 del Parlamento europeo e del Consiglio, il modello per le relazioni di attuazione relative all'obiettivo di cooperazione territoriale europea;
- Il regolamento (UE, Euratom) n. 966/2012 del Parlamento europeo e del Consiglio del 25 ottobre 2012 che stabilisce le regole finanziarie applicabili al bilancio generale dell'Unione e che abroga il regolamento (CE, Euratom) n. 1605/2012;
- Le linee guida della Commissione Europea per gli Stati membri sulla strategia di audit, EGESIF 14-0011-02 finale del 27/08/2015;
- La decisione di esecuzione della Commissione Europea C (2015)7147 del 20 ottobre 2015 di approvazione del programma di cooperazione "Interreg V-B Adriatico-Ionio" (di seguito Adrion), CCI 2014TC16M4TN002, nel quadro dell'obiettivo di cooperazione territoriale europea per il contributo del Fondo europeo di sviluppo regionale (FESR) in Croazia, Grecia, Italia, Slovenia e per il contributo di IPA II in Albania, Bosnia-Erzegovina, Montenegro, Serbia;

Richiamate:

- La deliberazione della Giunta regionale n. 1532/2015 del 20 ottobre 2015 "Programma di cooperazione territoriale europea transnazionale Adriatico Ionico 2014-2020 Adrion - Individuazione delle strutture comuni con ruolo di autorità di gestione, autorità di audit e autorità di certificazione" con la quale è stata designata quale Autorità di Audit unica del Programma di cooperazione transnazionale Adrion 2014-2020 il Responsabile del Servizio Tecnico e di Autorizzazione di AGREA;

- La deliberazione di Giunta regionale n. 622/2016 del 26 aprile 2016 "Attuazione seconda fase della riorganizzazione avviata con delibera 2189/2015" con la quale è stato istituito dal 1 maggio 2016 il Servizio Autorità di Audit Programma Adrion presso il Gabinetto del Presidente della Giunta;
- La deliberazione di Giunta regionale n. 889 del 13 giugno 2016 con la quale le funzioni di AdA vengono trasferite da AGREA al Servizio Autorità di Audit Programma Adrion;

Premesso che:

ai sensi del quadro normativo europeo per il periodo di programmazione 2014-2020, l'Autorità di audit (di seguito AdA) deve:

- entro tre mesi dalla decisione di approvazione del programma di cooperazione, istituire il gruppo dei revisori (group of auditors, di seguito GoA) composto da un rappresentante di ciascuno Stato membro e paese terzo che partecipa al programma di cooperazione, che è presieduto dall'AdA, elabora il proprio regolamento e assiste l'AdA nello svolgimento delle sue funzioni (art. 25 del Regolamento (UE) n. 1299/2013);
- entro otto mesi dall'adozione del programma operativo, preparare una strategia di audit - da aggiornare annualmente fino al 2024 compreso - che definisca la metodologia di audit, il metodo di campionamento per le attività di audit sulle operazioni e la pianificazione delle attività di audit in relazione al periodo contabile corrente e ai due successivi (art. 127 del regolamento (UE) n. 1303/2013);

Come stabilito al paragrafo 5.3 del programma Adrion, la lingua ufficiale del programma è la lingua inglese;

Preso atto che, in ottemperanza alle disposizioni comunitarie sopra richiamate:

- Il 18 gennaio 2016 è stato istituito il GoA, così come descritto nell'allegato A "Setting up of the group of auditors of the Interreg V-B Adriatic-Ionian cooperation programme - Programming period 2014-2020";
- Il 9 febbraio 2016 il GoA ha approvato il proprio regolamento, come attestato nell'allegato B "Approval of the rules of procedures of the group of auditors of the Interreg V-B Adriatic-Ionian cooperation programme - Programming period 2014-2020";

Considerato che:

- In data 19 maggio 2016 è stata avviata la procedura scritta per

l'approvazione della strategia di audit trasmettendo ai componenti del GoA la bozza del documento con indicazione delle modalità di approvazione:

- invio di osservazioni, commenti, richieste di integrazione, emendamenti entro 10 giorni lavorativi dalla data di spedizione della proposta di strategia di audit (ciclo di consultazione);
- approvazione del testo consolidato, elaborato e trasmesso dall'AdA ai componenti del GoA al termine del giro di consultazione, entro 5 giorni lavorativi (ciclo di approvazione);

Dato atto che:

- Entro il termine del ciclo di consultazione sono pervenuti via posta elettronica osservazioni e commenti da parte dei membri GoA di Croazia (il 30 maggio 2016), Slovenia (il 2 giugno 2016) e Grecia (il 3 giugno 2016);
- In data 10 giugno 2016 è stato inviato per posta elettronica ai componenti del GoA il testo consolidato della strategia di audit allegando anche la versione con evidenza delle modifiche intervenute durante il ciclo di consultazione, inclusi i commenti e le osservazioni presentate dai membri del GoA e le osservazioni/proposte dell'AdA, dando avvio alla fase di approvazione;
- In data 20/06/2016 è stata trasmessa ai componenti del GoA l'esito della procedura scritta e la strategia di audit approvata sulla base dei consensi scritti ricevuti dai membri del GoA di:
 - Croazia, tramite email del 14 giugno 2016 (acquisita agli atti con prot. n. PG/2016/454293 del 16/06/2016);
 - Serbia, tramite email del 15 giugno 2016 (acquisita agli atti con prot n. PG/2016/454349 del 16/06/2016);
 - Slovenia, tramite email del 15 giugno 2016 (acquisita agli atti con prot n. PG/2016/454403 del 16/06/2016);
 - Albania, tramite email del 16 giugno 2016 (acquisita agli atti con prot n. PG/2016/458164 del 16/06/2016);
 - Bosnia and Herzegovina, tramite email del 16 giugno 2016 (acquisita agli atti con prot n. PG/2016/458215 del 17/06/2016);
 - Montenegro, tramite email del 16 giugno 2016 (acquisita agli atti con prot n. PG/2016/458090 del 17/06/2016);
 - Grecia, tramite email del 17 giugno 2016 (acquisita agli atti con prot n. PG/2016/462271 del 20/06/2016);

Atteso che la strategia di audit:

- potrà essere presentata alla Commissione su richiesta;
- sarà trasmessa al Ministero dell'Economia e delle Finanze - Dipartimento Ragioneria Generale dello Stato - Ispettorato Generale per i Rapporti finanziari con l'Unione Europea (IGRUE), organismo nazionale di coordinamento delle autorità di audit, ai fini della valutazione dell'AdA riguardante i requisiti di professionalità, indipendenza e adeguatezza strutturale necessari per l'efficace svolgimento della funzione di audit secondo gli standard previsti dalla normativa europea;
- potrà essere rivista a seguito della presentazione all'AdA della descrizione del sistema di gestione e controllo da parte dell'autorità di gestione e dell'autorità di certificazione;

Ritenuto pertanto opportuno di procedere:

- alla presa d'atto dell'istituzione del GoA e dell'approvazione del regolamento interno al GoA, come riportato rispettivamente nei sopracitati allegati A e B parti integranti del presente atto;
- all'adozione della prima versione della strategia di audit del programma Adrion per il periodo di programmazione 2014-2020, allegato C parte integrante del presente atto;

Richiamate:

- La L.R. n. 43/2001 "Testo unico in materia di organizzazione e di rapporti di lavoro nella Regione Emilia-Romagna" e successive modifiche;
- La deliberazione di Giunta regionale n. 2416/2008 "Indirizzi in ordine alle relazioni organizzative e funzionali tra le strutture e sull'esercizio delle funzioni dirigenziali. Adempimenti conseguenti alla delibera 999/2008. Adeguamento e aggiornamento della delibera 450/2007" e ss.mm;
- Le deliberazioni della Giunta regionale n. 2189/2015 e n. 662/2016;

Attestata la regolarità amministrativa;

DETERMINA

- 1) Di dare atto dell'istituzione del gruppo di revisori (GoA), composto da un rappresentante di ciascuno Stato membro e paese terzo che partecipa al programma Adrion, avvenuta ai sensi dell'art. 25 comma 2 del Regolamento (UE) n. 1299/2013, in data 18 gennaio 2016 (allegato A parte integrante del presente

provvedimento);

- 2) Di dare atto dell'approvazione del regolamento del GoA avvenuta in data 9 febbraio 2016 (allegato B parte integrante del presente provvedimento);
- 3) Di adottare, per le motivazioni espresse in premessa e qui integralmente richiamate, la strategia di audit del programma Adrion per il periodo di programmazione 2014-2020, redatta ai sensi dell'art. 127 del Regolamento (UE) n. 1303/2013 e secondo il modello di cui all'allegato VII del Regolamento (UE) n. 2015/207, approvata in data 20 giugno 2016 all'interno del GoA, allegato C parte integrante e sostanziale del presente provvedimento;
- 4) Di presentare la strategia di audit alla Commissione su richiesta;
- 5) Di inviare la strategia di audit all'IGRUE, al momento della trasmissione dei documenti previsti per la prima fase della validazione sulla designazione dell'AdA del programma Adrion, ai fini del rilascio del parere del Ministero dell'Economia e delle Finanze - Dipartimento della Ragioneria Generale dello Stato - IGRUE sulla proposta di designazione dell'AdA del programma Adrion relativamente ai requisiti di professionalità, indipendenza e adeguatezza strutturale necessari per l'efficace svolgimento della funzione di audit secondo gli standard previsti dalla normativa europea;
- 6) Di aggiornare annualmente la strategia di audit fino al 2024 compreso, precisando che i successivi aggiornamenti della strategia saranno approvati come da procedure indicate nel regolamento del GoA e ne verrà dato atto da parte dell'autorità di audit all'interno delle sezioni apposite delle relazioni annuali di controllo (da trasmettere in Commissione tramite SFC entro il 15 febbraio di ogni anno);
- 7) Di prendere atto che la strategia di audit potrà essere rivista a seguito della presentazione all'AdA della descrizione del sistema di gestione e controllo da parte dell'autorità di gestione e dell'autorità di certificazione.



**Setting up the Group of Auditors
of the Interreg V-B Adriatic-Ionian Cooperation Programme
Programming period 2014-2020**

Acronyms

AA	Audit authority
Adrion	Interreg V-B Adriatic-Ionian Cooperation Programme
CA	Certifying authority
CCI	Code Commun d'Identification (reference number of each programme, attributed by the Commission)
CPR	Common Provisions Regulation (Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17.12.2013)
DGR	Deliberation of Emilia-Romagna Regional Council
GoA	Group of auditors
ETC	European Territorial Cooperation
ETC Regulation	Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17.12.2013
MA	Managing authority
Partner States	Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Serbia, Slovenia

Subject Setting up the Adrion GoA.

References Article 127 - Functions of the AA, CPR;

Article 23 - Functions of the MA and Article 25 - Functions of the AA, ETC Regulation;

Adrion, CCI 2014TC16M4TN002, adopted by the European Commission on 20 October 2015 with decision c(2015) 7147;

DGR No 1532/2015 Designation of the Adrion MA, CA and AA.

I, the undersigned, responsible of the Adrion AA, under Article 25(2 and 3) ETC Regulation¹, with letter progressive code AG.2015.19534, 11/12/2015, have required to each Partner State to communicate the name of the member entitled to participate in the Adrion GoA, including the name of the person who will substitute the appointed member in case of her/his absence, and to declare that the auditors are functionally independent of controllers who carry out verifications under Article 23 ETC Regulation.

Additionally, with further letter progressive code AG.2016.233, 13/01/2016, I have required to the Presidency of the Council of Italian Ministers - Agency for Territorial Cohesion to designate the Italian components (member and substitute) of the Adrion GoA.

On the basis of the information received (see Annex 1) from the audit bodies of:

¹ Art. 25(2) [...] the audit authority shall be assisted by a group of auditors composed of a representative from each Member State or third country participating in the cooperation programme and carrying out the function provided for in Article 127 of Regulation (EU) No 1303/2013 [...].

The group of auditors shall be set up within three months of the decision approving the cooperation programme. [...] it shall be chaired by the audit authority for the cooperation programme.

Art. 25(3) The auditors shall be functionally independent of controllers who carry out verifications under Article 23.



- Montenegro, by email dated 15 December 2015 (progressive code AG.2015.19695, 16/12/2015);
- Slovenia, by email dated 15 December 2015 (progressive code AG.2015.19697, 16/12/2015);
- Croatia, by email dated 16 December 2015 (progressive code AG.2015.19701, 16/12/2015);
- Serbia, by email dated 24 December 2015 (progressive code AG.2015.20023, 28/12/2015);
- Greece, by email dated 28 December 2015 (progressive code AG.2015.20024, 28/12/2015);
- Albania, by email dated 29 December 2015 (progressive code AG.2015.20083, 29/12/2015) and email dated 12 January 2016 (progressive code AG.2016.272, 13/01/2016);
- Bosnia and Herzegovina, by email dated 29 December 2015 (progressive code AG.2015.20108, 30/12/2015);

and the opinion of the Italian Ministry of Economy and Finance - Inspectorate General for Financial Relations with the European Union (IGRUE), deputed to nominate the Italian members in the groups of auditors, dated 13 January 2016 (progressive code AG.2016.302, 14/01/2016), that it is not necessary to designate a government official in the Adrion GoA because the Adrion AA is chaired by an Italian body and so the Italian representation is guaranteed;

the Adrion GoA is composed by the following members:

Partner State	Audit body	Member	Substitute
ALBANIA	Agency for the Audit of the European Union Programmes Implementation System	Julja Mata	Marjeta Prendi
BOSNIA AND HERZEGOVINA	Ministry of Finance and Treasury BH National Fund Department	Sehija Mujkanović	Dana Šarčević
CROATIA	Agency for Audit of European Union Programmes Implementation System	Zvonko Širić	Neven Šprlje
GREECE	Ministry of Finance State General Accounting Office Secretariat General of Fiscal Policy Directorate General of Financial Audits Financial Audit Committee (FAC-EDEL)	Eugenia Triantafylloupoulou	Angeliki Karastergiou
MONTENEGRO	Audit Authority	Omer Markišić	Stana Gačević
SERBIA	Audit Authority Office of EU Funds	Ljiljana Pantić	Jasmina Dilber
SLOVENIA	Budget Supervision Office of the Republic of Slovenia	Nataša Prah	Igor Zalokar

and it is chaired by the undersigned as responsible of the Adrion AA.

Bologna, 18 January 2016

Donato Metta

Annex 1 - The templates signed by the audit bodies of the Partner States

Designation of the Group of Auditors (GoA) of the Interreg V-B Adriatic-Ionian (Adrion) Programme

Partner State	Albania
Audit Body	Agency for the Audit of the European Union Programmes Implementation System
Address	Agjencia e Auditimit te Programeve te Asistences, akredituar nga BE Rruga e Elbasanit, godina e ish trikotazhit, kati 4, Tirane, Albania
Web site	
Head of the Audit Body	Albana Gjinopulli
Email	agjinopulli@yahoo.com
Phone	
Fax	
Legislative act attesting the designation of the Audit Body and date of designation	Council of Ministers Decision no.1020, date 14.10.2009, "On the establishment of the Agency for the Audit of the European Union Programmes Implementation System", amended
Member of the Adrion GoA	Julja Mata
Function of the person entitled to participate	Auditor
Email	juljamata@yahoo.com
Phone	
Fax	
Substitute of the Adrion GoA	Marjeta Prendi
Function of the person entitled to participate	Auditor
Email	marjetaprendi11@gmail.com
Phone	
Fax	

I, the undersigned, representing the Agency for the Audit of the European Union Programmes Implementation System, as defined by art. 25.3 Regulation (EU) 1299/2013, declare that the auditors of GoA (member and substitute) are functionally independent of controllers who carry out verifications under art. 23 Regulation (EU) 1299/2013.

Place and date
Tirana, 28.12.2015

Name and position of the representative of the Audit Body

Albana Gjinopulli
Acting Head



Designation of the Group of Auditors (GoA) of the Interreg V-B Adriatic-Ionian (Adrion) Programme

Partner State	Bosnia and Herzegovina
Audit Body	Ministry of Finance and Treasury BH; National Fund Department
Address	Trg BiH 1, Sarajevo
Web site	mft.gov.ba
Head of the Audit Body	Sehija Mujkanović
Email	smujkanovic@mft.gov.ba
Phone	+387 33 703 070
Fax	+387 33 703 143
Legislative act attesting the designation of the Audit Body and date of designation	Appointment No: 08-34-6-10106-1/15; 15 December 2015

Member of the Adrion GoA	Sehija Mujkanović
Function of the person entitled to participate	Assistant minister
Email	smujkanovic@mft.gov.ba
Phone	+387 33 703 070
Fax	+387 33 703 144

Substitute of the Adrion GoA	Dana Šarčević
Function of the person entitled to participate	Senior specialist for financial control in National Fund
Email	dsarcevic@mft.gov.ba
Phone	+387 33 703 067
Fax	+387 33 703 143

I, the undersigned, representing the **Ministry of Finance and Treasury BH** as defined by art. 25.3 Regulation (EU) 1299/2013, declare that the auditors of GoA (member and substitute) are functionally independent of controllers who carry out verifications under art. 23 Regulation (EU) 1299/2013.

Place and date: Sarajevo, 23 December 2015 **Name and position of the representative of the Audit Body**

Official stamp of the Audit Body



Sehija Mujkanović, Assistant minister

Vjekoslav Bevanda, Minister



Designation of the Group of Auditors (GoA) of the Interreg V-B Adriatic-Ionian (Adrion) Programme

Partner State	Republic of Croatia
Audit Body	AGENCY FOR AUDIT OF EUROPEAN UNION PROGRAMMES IMPLEMENTATION SYSTEM
Address	Alexandera von Humboldta 4, 10000 Zagreb, Croatia
Web site	http://www.arpa.hr/
Head of the Audit Body	Neven Šprlje
Email	neven.sprlje@arpa.hr
Phone	+ 385 1 4585 999
Fax	+ 385 1 4585 995
Legislative act attesting the designation of the Audit Body and date of designation	Regulation of the Government of the Republic of Croatia on the bodies in the management and control systems for the implementation of programmes under European Territorial Cooperation in the financial perspective 2014-2020 (OG 120/2014)
Member of the Adrion GoA	Zvonko Širić
Function of the person entitled to participate	Head of Service for Audit of European Territorial Cooperation Programmes
Email	zvonko.siric@arpa.hr
Phone	+ 385 1 4585 962
Fax	+ 385 1 4585 995
Substitute of the Adrion GoA	Neven Šprlje,
Function of the person entitled to participate	Director of the Agency
Email	neven.sprlje@arpa.hr
Phone	+ 385 1 4585 999
Fax	+ 385 1 4585 995

I, the undersigned, representing the **AGENCY FOR AUDIT OF EUROPEAN UNION PROGRAMMES IMPLEMENTATION SYSTEM**, as defined by art. 25.3 Regulation (EU) 1299/2013, declare that the auditors of GoA (member and substitute) are functionally independent of controllers who carry out verifications under art. 23 Regulation (EU) 1299/2013.

Zagreb, 16 December 2015

Neven Šprlje
Director



Designation of the Group of Auditors (GoA) of the Interreg V-B Adriatic-Ionian (Adrion) Programme

Partner State	HELLENIC REPUBLIC
Audit Body	MINISTRY OF FINANCE STATE GENERAL ACCOUNTING OFFICE SECRETARIAT GENERAL OF FISCAL POLICY DIRECTORATE GENERAL OF FINANCIAL AUDITS FINANCIAL AUDIT COMMITTEE (FAC-EDEL)
Address	57, PANEPISTIMIOU AVENUE, 10564 ATHENS GREECE
Web site	http://www.edel.gr/
Head of the Audit Body	Mr Stylianos Maravelakis Director General, State General Accounting Office President of Financial Audit Committee (EDEL) 57, Panepistimiou St., 10564 Athens, Greece
Email	s.maravelakis@edel.gr
Phone	(+30) 2103355981
Fax	(+30) 2103355931
Legislative act attesting the designation of the Audit Body and date of designation	According to articles 11 & 12 of National Law 4314/2014 the Financial Audit Committee (EDEL) is defined as the competent Audit Authority for all operational programmes for the programming periods 2007-2013 and 2014-2020 (NSRF), excluding the operational programme co-financed by the European Agricultural Fund for Rural Development (EAFRD).

Member of the Adrion GoA	Evgenia Triantafyllopoulou
Function of the person entitled to participate	Auditor
Email	e.triantafyllopoulou@edel.gr
Phone	(+30) 2103355934
Fax	(+30) 2103355939

Substitute of the Adrion GoA	Angeliki Karastergiou
Function of the person entitled to participate	Auditor
Email	a.karastergiou@edel.gr
Phone	(+30) 2103355977
Fax	(+30) 210 3355931

I, the undersigned, representing the Financial Audit Committee (EDEL) as defined by art. 25.3 Regulation

(EU) 1299/2013, declare that the auditors of GoA (member and substitute) are functionally independent of controllers who carry out verifications under art. 23 Regulation (EU) 1299/2013.

Place and date

28/12/2015

Name and position of the representative of the Audit Body

Mr Stylianos Maravelakis
Director General, State General Accounting Office
President of Financial Audit Committee (EDEL)

Official stamp of the Audit Body

A handwritten signature in black ink, appearing to be "Stylian".

Signature



Designation of the Group of Auditors (GoA) of the Interreg V-B Adriatic-Ionian (Adrion) Programme

Partner State	Montenegro
Audit Body	Audit Authority
Address	Beogradska 24b, Podgorica
Web site	www.revizorskotijelo.me
Head of the Audit Body	Mila Barjaktarović
Email	mila.barjaktarovic@revizorskotijelo.me
Phone	+382 20 513 089
Fax	+382 20 513 089
Legislative act attesting the designation of the Audit Body and date of designation	Law on Audit of EU Funds adopted by the Parliament of Montenegro at the sitting held on 27 February 2012 ("Official Gazette of Montenegro", no 14/2012 from 7 March 2012).

Member of the Adrion GoA	Omer Markišić
Function of the person entitled to participate	Team leader for IPA Component II
Email	omer.markisic@revizorskotijelo.me
Phone	+382 20 513 149
Fax	
Substitute of the Adrion GoA	Stana Gačević
Function of the person entitled to participate	Junior auditor for IPA Component II
Email	stana.gacevic@revizorskotijelo.me
Phone	+382 20 513 149
Fax	

I, the undersigned, representing the Audit Authority of Montenegro, as defined by art. 25.3 Regulation (EU) 1299/2013, declare that the auditors of GoA (member and substitute) are functionally independent of controllers who carry out verifications under art. 23 Regulation (EU) 1299/2013.

Place and date
Podgorica, 14 December 2015
Official stamp of the Audit Body



Name and position of the representative of the Audit Body
Mila Barjaktarović, General Auditor

Mila Barjaktarović

Designation of the Group of Auditors (GoA) of the Interreg V-B Adriatic-Ionian (Adrion) Programme

Partner State	Republic of Serbia
Audit Body	Audit Authority Office of EU Funds
Address	11 Nemanjina Str. 11000 Belgrade
Web site	www.aa.gov.rs
Head of the Audit Body	Slobodan Karanović
Email	slobodan.karanovic@aa.gov.rs
Phone	+381 11 363 9951
Fax	+381 11 363 9979
Legislative act attesting the designation of the Audit Body and date of designation	Audit Authority is established by the Serbian Government's Decision Number 110-3278/2011-1 dated 02.06.2011 as a functionally independent auditing body from all actors in the management and control systems and complying with internationally accepted audit standards.
Member of the Adrion GoA	Ljiljana Pantić
Function of the person entitled to participate	Head of Unit for IPA component III – Regional Development
Email	ljiljana.pantic@aa.gov.rs
Phone	+381 11 363 9981
Fax	+381 11 363 9979
Substitute of the Adrion GoA	Jasmina Dilber
Function of the person entitled to participate	Head of Unit for IPA component I - TAIB
Email	jasmina.dilber@aa.gov.rs
Phone	+381 11 363 9974
Fax	+381 11 363 9979

I, the undersigned, representing the Audit Authority Office of EU Funds, as defined by art. 25.3 Regulation (EU) 1299/2013, declare that the auditors of GoA (member and substitute) are functionally independent of controllers who carry out verifications under art. 23 Regulation (EU) 1299/2013.

Place and date

Belgrade, 24 December 2015

Official stamp of the Audit Body



Name and position of the representative of the Audit Body

Slobodan Karanović

Signature

A handwritten signature in blue ink, which appears to be 'S. Karanović', is written over a horizontal line. The signature is stylized and cursive.

Designation of the Group of Auditors (GoA) of the Interreg V-B Adriatic-Ionian (Adrion) Programme

Partner State	Slovenia
Audit Body	Budget Supervision Office Of The Republic Of Slovenia (Urad RS za nadzor proračuna)
Address	Fajfarjeva 33 1000 Ljubljana SI - Slovenia
Web site	http://www.unp.gov.si/
Head of the Audit Body	Nataša Prah, director
Email	natasa.prah@mf-rs.si
Phone	+386 (0)1 369 6900
Fax	+386 (0)1 369 6914
Legislative act attesting the designation of the Audit Body and date of designation	Regulation on EU cohesion policy in Slovenia in the 2014-2020 programming period for the European territorial cooperation (Uredba o porabi sredstev evropske kohezijske politike v Republiki Sloveniji v programskem obdobju 2014–2020 za cilj evropsko teritorialno sodelovanje); not approved yet

Member of the Adrion GoA	Nataša Prah
Function of the person entitled to participate	Director
Email	natasa.prah@mf-rs.si
Phone	+386 (0)1 369 6900
Fax	+386 (0)1 369 6914

Substitute of the Adrion GoA	Igor Zalokar
Function of the person entitled to participate	Auditor
Email	igor.zalokar@mf-rs.si
Phone	+386 (0)1 369 6900
Fax	+386 (0)1 369 6914

I, the undersigned **Nataša Prah**, representing the **Budget Supervision Office Of The Republic Of Slovenia**, as defined by art. 25.3 Regulation (EU) 1299/2013, declare that the auditors of GoA (member and substitute) are functionally independent of controllers who carry out verifications under art. 23 Regulation (EU) 1299/2013.

Place and date

Ljubljana, 15. 12. 2015

Official stamp of the Audit Body



Name and position of the representative of the Audit Body

Nataša Prah, director

Signature

A handwritten signature in blue ink, consisting of a stylized 'N' and 'P', written over a horizontal line.



**Approval of the Rules of Procedures of the Group of Auditors
of the Interreg V-B Adriatic-Ionian Cooperation Programme
Programming period 2014-2020**

Acronyms

AA	Audit authority
Adrion	Interreg V-B Adriatic-Ionian Cooperation Programme
CCI	Code Commun d'Identification (reference number of each programme, attributed by the Commission)
GoA	Group of auditors
ETC	European Territorial Cooperation
ETC Regulation	Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17.12.2013
Partner States	Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Serbia, Slovenia
RoP	Rules of procedures

Subject Approval of the Adrion GoA RoP.

References Article 25 - Functions of the AA, ETC Regulation;

Adrion, CCI 2014TC16M4TN002, adopted by the European Commission on 20 October 2015 with decision c(2015) 7147

Annex 1 Procedure for the approval of the RoP

Annex 2 Version of the RoP with track changes

Annex 3 RoP - Version 1.0 of 10/02/2016

I, the undersigned, responsible of the Adrion AA, by email message of 18 January 2016, have proposed to the GoA members of the Adrion Partner States to draw up the GoA RoP, according to Article 25(2) ETC Regulation¹.

To this respect, I have launched a written procedure for the approval of the GoA RoP sending to all GoA members the draft of RoP and the procedure for its approval (see Annex 1).

Within 10 working days from the dispatch of the proposal, I have received observations and comments from the GoA members of Slovenia (on 27 January 2016), Croatia (on 28 January 2016) and Greece (on 1 February 2016).

At the end of consultation round, according to the procedure for approval of the RoP, I have sent by email of 2 February 2016 the version of the RoP in track changes, including comments and remarks by the GoA members and the comments/proposals from the AA (see Annex 2), and the clean consolidated text together with the launch of the agreement on the final text to send in the next 5 working days through a written consensus.

On the basis of the agreements received from the GoA members of:

¹ Art. 25(2) [...] The group of auditors shall be set up within three months of the decision approving the cooperation programme. It shall draw up its own rules of procedure and be chaired by the audit authority for the cooperation programme.

- Slovenia, by email of 5 February 2016 (progressive code AG.2016.1054, 08/02/2016);
- Serbia, by email of 8 February 2016 (progressive code AG.2016.1055, 08/02/2016);
- Croatia, by email of 8 February 2016 (progressive code AG.2016.1083, 09/02/2016);
- Montenegro, by email of 9 February 2016 (progressive code AG.2016.1084, 09/02/2016);
- Bosnia and Herzegovina, by email of 9 February 2016 (progressive code AG.2016.1087, 09/02/2016);
- Albania, by email of 9 February 2016 (progressive code AG.2016.1088, 09/02/2016);
- Greece, by email of 9 February 2016 (progressive code AG.2016.1090, 09/02/2016);

the Adrion GoA RoP - Version 1.0 of 09/02/2016 (see Annex 3) is approved.

Bologna, 9 February 2016

Donato Metta


Annex 1 - Procedure for the approval of the RoP

Procedure: Approval of the rules of procedures for the group of auditors of the Interreg V-B Adriatic-Ionian Cooperation Programme.

1. List of acronyms and abbreviations

AA	Audit authority
Adrion	Interreg V-B Adriatic-Ionian Cooperation Programme
GoA	Group of auditors
ETC Regulation	Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17.12.2013
RoP	Rules of procedures

2. Regulatory references

Article 25 - Functions of the AA, ETC Regulation.

3. Purpose of the procedure

The purpose of this procedure is to approve the Adrion GoA RoP, drafted under Article 25(2) ETC Regulation.

4. Operating modalities

The AA shall send the draft RoP to all members of the GoA by email message.

The GoA members shall have 10 working days from dispatch of the proposal to respond in writing by email message, sending observations, comments, requests of integration, amendments (consultation round).

If no objection has been received by the specified time the proposal is considered as approved by the GoA.

After the expiry of the deadline for sending observations, comments, requests of integration, amendments, the AA circulates a consolidated text to the GoA members and shall fix a deadline, giving the addressees at least 5 working days time for agreeing on the consolidated text (agreement round).

Agreement via written procedure will be by consensus among the Partner States. According to the principle "one Country one vote" each Partner State shall have one vote.

No agreement on the RoP may be taken via a written procedure without the written consensus of all GoA members.

In case of opposition by any GoA member, the AA submits a report to the GoA members illustrating the conflicting views on the subject matter and the agreement on the issue is postponed to the new written procedure.

The AA will inform the GoA members about the outcome of the written procedures within 5 working days following the expiry of the deadline of the agreement round, and send them the final text on which consensus was reached.

Annex 2 - Version of the RoP with track changes

For your convenience, remarks/comments by Croatia are in blue, Greece in purple, Slovenia in green and AA in red

Preamble

The ERDF Partner States Croatia, Greece, Italy and Slovenia and the IPA Partner States Albania, Bosnia and Herzegovina, Montenegro, Serbia (hereinafter referred to as Partners States)

on the basis of

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (hereinafter referred to as CPR);
- Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013;
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 (hereinafter referred to as ETC Regulation);
- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 (hereinafter referred to as IPA II Regulation);
- Commission Delegated Regulations (EU) No 240/2014 of 7 January 2014; No 480/2014 of 3 March 2014; No 481/2014 of 4 March 2014;
- Commission Implementing Regulation (EU) No 184/2014 of 25 February 2014; No 447/2014 of 2 May 2014; No 1011/2014 of 22 September 2014; No 207/2015 of 20 January 2015;
- Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (hereinafter referred to as Financial Regulation);
- Commission Delegated Regulations (EU) No 1268/2012 of 29 October 2012;

and

- The Interreg V-B Adriatic-Ionian Cooperation Programme (Document CCI 2014TC16M4TN002), approved by the European Commission on 20 October 2015 with Decision number C(2015)7147 (hereinafter referred to as Adrion Programme);

agree in setting up a **Group of Auditors** (hereinafter referred to as GoA) according to article 25 of ETC Regulation.

The GoA shall adopt the following rules of Procedures.

§ 1

Tasks and responsibilities of the GoA¹

1. According to article 25 of ETC Regulation, the GoA shall assist the Adrion AA to carry out the functions provided for in article 127 of CPR. ~~Its AA's²~~ overall task is thus to organize the audit work in the framework of the Adrion Programme, designed in particular:
 - to verify the proper functioning of the management and control system of the programme;
 - to verify the expenditure declared.
2. Each Partner State of the Adrion Programme shall be responsible for:
 - audits carried out on its territory;
 - providing the factual elements relating to expenditure on its territory that are required by the AA in order to perform its assessment.
3. The audit work will be carried out on the basis of the audit strategy of the Adrion Programme, which is prepared by the AA in accordance with Article 127 (4) of CPR and the model in Annex VII of Regulation (EC) No 207/2015. The audit strategy shall be drawn up within 8 months of adoption of the Adrion Programme and shall be submitted to the Commission upon request.
4. The GoA entrusts the audit work to an external audit firm with the necessary functional independence, which will be contracted by the AA. The terms of reference for the selection of the audit firm will be prepared by the AA and will be shared with the GoA.
5. All the documents prepared by the external audit firm according to the deadlines established in the terms of reference will be subject to approval by the GoA.
6. The AA ~~and the GoA~~ will steer the work done by the external audit firm. ~~In this case, the GoA will give all necessary advice and assistance to the external audit firm in order to conduct the audit work. The GoA may assist the AA in steering the external audit firm.~~ Beyond this, the members of the GoA (or their assigned deputies as defined in § 2.2) have the right to ~~participate as observers in~~ observe the audit conducted by the external audit firm in the territory of the respective Partner State³.

¹ **Comment by GoA Greek Member:** We are of the opinion that in the suggested RoP a more detailed procedure is needed regarding the approval by the GoA of the following issues: the audit strategy and the audit manual including methodologies, such as risk analysis, sampling method, and complementary sampling, and updating of them; The annual audit plan; the results of systems audits (both provisional and final); the results of audits of operations (both provisional and final); the results of the follow up of audits; Annual Control Report and the Opinion (including the checking by the Audit Authority of the accounts and the management declaration and the annual summary).

Comment by GoA Slovenian member: Regarding the Greek proposal on the draft RoP, here is our position and proposal: the issues the Greek GoA members propose are important. But we suggest that this issues are a part of the audit strategy, when prepared and not to put them in RoP to make RoP too long and complicated. It is also a problem to make changes, as you need to amend the RoP and it could happen more than once. Nevertheless, some important procedures and deadlines may (when audit strategy is prepared) in later stage constitute a part of the RoP as annex to it.

Comment by AA: We agree with the suggestion of Slovenia. Moreover, as referred in art. 1(4)(5) the term of reference with the duties of the external firm and all the documents prepared by external audit firm will be proposed to GoA for the approval.

² **Comment by GoA Croatian Member:** Articles mentioned in this Article stipulate the Functions of the Audit Authority. In our point of view the tasks and responsibilities of organisation audit work for system audits and audit of operations is prescribed for AA. According to Article 127 of CPR AA shall be assisted by GoA.

³ Including the audits of MA/CA/JS/LP/PP or other authorized bodies.

Comment by GoA Croatian Member: LP/PP are not authorized bodies. **Proposal by GoA Croatian Member:** "Including the audits of MA/CA/JS and LP/PP".

Proposal by AA: "Including the audits of MA/CA/JS or other authorized bodies".

7. ~~The GoA will take care that the audit work as mentioned above is documented in an appropriate manner.~~⁴ Specific audit reports for system and ~~sample operational~~ checks are prepared by the external audit firm and presented for feedback to the GoA member concerned and to the ~~audited body, as well as to the CA, the MA and the JS~~ auditee. The ~~final draft~~ audit report is presented to the GoA member concerned for approval before the ~~follow-up contradictory~~ procedure starts. In case that findings and ~~follow-up measures contradictory issues~~ cannot be solved between the ~~auditor, the national GoA member, the CA/MA/JS~~ audit firm and the auditee (on which ~~GoA members of related Partner country is informed~~), the respective report shall also be presented to the AA for consultation and may be discussed within the ~~group~~ GoA. The results of the system ~~checks audits~~ are communicated to the GoA for discussion.
8. For each year from 2016 until and including 2025, following article 127(5)(b) of the CPR the AA shall submit to the European Commission by 15 February for the preceding accounting year⁵ a control report setting out the main findings of the audits carried out, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions. Moreover, in accordance to article 59(5)(II) of the Financial Regulation, the AA shall draw up an audit opinion on the accounts prepared and submitted to the European Commission by the MA/CA within the same deadline. The documents shall be prepared by the external auditor and presented to the GoA in due time. The members of the GoA may react on the documents before the signature of the AA and the submission to the European Commission/MA⁶.
9. The GoA could be involved in the assessment of the fulfillment by MA/CA of the designation criteria, in accordance with Article 124(2) of CPR⁷.
10. The AA, assisted by the GoA, can make recommendations ~~in respect of audit reports~~⁸ to the MA/CA/JS and the Monitoring Committee.

§ 2

Composition of the GoA

1. According to article 25 of ETC Regulation, the GoA is composed of a representative from each Partner State of the Adrion Programme and carrying out the functions provided for in Article 127 of CPR.

⁴ **Comment by GoA Croatian Member:** External audit firm should take care to perform audit engagement in accordance with internationally audit standards and methodology prescribed.

⁵ 'Accounting year' means the period from 1 July to 30 June, except for the first accounting year of the programming period, in respect of which it means the period from the start date for eligibility of expenditure until 30 June 2015. The final accounting year shall be from 1 July 2023 to 30 June 2024.

⁶ The templates of the annual opinion and the control report are included in Regulation (UE) 207/2015.

⁷ **Comment by GoA Croatian Member:** Could you please clarify will GoA members observe or contribute to designation procedure?
Comment by AA: AA may ask to the GoA members further information/clarification on the description of the management and control system of the respective Partner State, for instance on the organisation of FLC.

⁸ **Comment by GoA Croatian Member:** Is the content of the Article 10 related to all audit recommendation derived from system audits and audit of operations or from designation activity only?

Comment by AA: It is related to all audit recommendation derived from system audits and audit of operations.

2. Each Partner State of Adrion Programme shall appoint one national representative and one substitute member. In duly justified cases, the GoA member or substitute member has the right to authorize a delegated substitute in written form.
3. The appointed representatives as well as their deputies must be and must have always been independent from the implementation of the programme and from the operations co-financed in the programme. The representatives as well as their deputies shall confirm their independence by written declaration.
4. The appointed representatives as well as their deputies must be and must have always been independent from the controllers who carry out verifications under article 23 of the ETC Regulation. The representatives as well as their deputies shall confirm their independence by written declaration.
5. The AA is in charge of regularly updating the information about the composition of the GoA, both regarding institutions and their designated representatives and deputies. In order to do so, the Partner States are obliged to inform the AA about any changes in due time.

§ 3 Chair and meetings⁹

1. As stipulated in article 25 of ETC Regulation, the GoA is chaired by the AA.
2. The AA, as chair of the GoA, shall:
 - convene the GoA at least once a year;
 - send the invitation to the members of the GoA at least 30 working days prior to the meeting;
 - draw up a provisional agenda, which shall be sent together with the invitation and the necessary documents at least 15 working days prior to the meeting. A confirmation of the attendance by the GoA members and any request must be communicated by the members of the GoA to the AA via mail 10 working days before the date of the meeting;
 - perform chairperson's duties during the meetings - e.g. verify the quorum (as defined in § 4), declare the opening and closing of each meeting, direct the discussion, accord the right to speak, put questions to the vote, announce the decisions, summarize in written form the decisions taken at the end of the meeting, rule on points of order, and pursuant to these Rules of Procedure, have control of the proceedings;
 - be responsible for the proper functioning of the GoA.
3. Representatives of the MA/CA/JS as well as a representative of the European Commission shall participate at GoA meetings in an advisory capacity. The aforementioned representatives have no right to vote.
4. The chair of the GoA may invite guests to the GoA meetings. If the chair so decides, the GoA shall be informed before the meeting. Subject to prior notification and to the approval of the chair, members

⁹ **Comment by GoA Slovenian member:** We would like to draw your attention to the fact that you do not mention the use of Joint Secretariat. Is it really the case that you intend to carry out all GoA activities (organisation of GoA meetings, dissemination of minutes, coordination) without their help?

Comment by AA: In the regulations of programming period 2014-2020 there is no mention on the role of JS as supporter of the AA. For this reason the external technical assistance shall support the AA in the management and the organisation of GoA meetings.

can be accompanied by an observer. The notification and approval must intervene at least 5 working days in advance to the date of the GoA meeting.

5. The AA shall send the drafted minutes of each meeting in a summarized form to the GoA for comments within 15 working days following the meeting. If no objections are raised within 10 working days after the minutes were received, they are considered as approved. If objections are raised, the AA shall revise the minutes accordingly, decide on the final version and send it to the GoA.
6. The meetings of the GoA will take place in Bologna.

§ 4 **Decision-Making**

1. At any meeting of the GoA, 5 Partner States representatives present at the meeting with voting right shall constitute a quorum.
2. Each delegation has one vote. In justified cases and with agreement of the chair votes may be delegated to other members. The corresponding mandate must be communicated in writing and in due time to the AA.
3. Decisions will be made by consensus. If consensus cannot be reached, the AA will take the final decision. National auditors who do not agree with the decision will have the right to put their opinion in writing. This opinion will be attached to the decision made by the AA.
4. If a decision needs to be made before the next meeting, the chair can initiate a decision making process in writing. In this case, the chair shall send the draft decision to the members of the GoA by email. The delegations shall have 10 working days from dispatch of the proposal to respond in writing. For the decision on the proposals for a complementary sample the delegations have 10 working days to respond. If an objection to the procedure or to the draft decisions is raised the matter shall be re-discussed via written procedure in order to find a shared agreement or to place on the agenda of the next meeting of the GoA. An objection can be withdrawn at any time. If no objection has been received by the specified time the decision is considered as approved by the GoA. The AA shall immediately inform all members on whether the decision is deemed to be taken or that objections have been raised.
5. In due and motivated circumstances the chair can initiate a decision-making process in writing through an urgent procedure to allow the immediate treatment or the approval of particularly urgent cases. In this case the decision shall be adopted within 5 working days.

§ 5 **Reimbursement costs**

The GoA members travel and accommodation costs can be reimbursed and charged on the Technical Assistance budget allocated to AA. An external company will be selected on the basis of a technical proposal defined by the AA in collaboration with the GoA. For reimbursement, costs must be eligible and in accordance with the hierarchy of eligibility rules.



§ 6

Impartiality - Conflict of interest

With regard to the responsibilities laid down in § 1, it shall be ensured that any assessment and/or decision of the GoA will be free from bias and must not be influenced by a conflict of interest of any of the individual members of this group. In case of direct conflict of interest the respective GoA member has to inform the AA at the beginning of the meeting or a written procedure. The particular representative will be excluded from the discussion and decision making procedure on the item/issue concerned.

§ 7

Confidentiality

Without prejudice to EU and national rules on access to information, the discussion of the GoA have to be confidential, especially with regard to work documents.

§ 8

Communication

Communication among the members of the GoA shall generally be done by email. Any document which shall be sent to the members of the GoA shall be transmitted by email or, if this is not possible, by fax. Any possible effort shall be done in order to ensure the correctness and effectiveness of communications.

§ 9

Official language

Official language of the GoA meetings shall be English. This rule also applies for the official documents of the GoA.

§ 10

Revision

The GoA Rules of Procedure shall be adopted by consensus. After their adoption, they shall be amended by consensus.

Approved on _____



Annex 3 - RoP - Version 1.0 of 09/02/2016

Preamble

The ERDF Partner States Croatia, Greece, Italy and Slovenia and the IPA Partner States Albania, Bosnia and Herzegovina, Montenegro, Serbia (hereinafter referred to as Partners States)

on the basis of

- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 (hereinafter referred to as CPR);
- Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013;
- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 (hereinafter referred to as ETC Regulation);
- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 (hereinafter referred to as IPA II Regulation);
- Commission Delegated Regulations (EU) No 240/2014 of 7 January 2014; No 480/2014 of 3 March 2014; No 481/2014 of 4 March 2014;
- Commission Implementing Regulation (EU) No 184/2014 of 25 February 2014; No 447/2014 of 2 May 2014; No 1011/2014 of 22 September 2014; No 207/2015 of 20 January 2015;
- Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 (hereinafter referred to as Financial Regulation);
- Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012;

and

- The Interreg V-B Adriatic-Ionian Cooperation Programme (Document CCI 2014TC16M4TN002), approved by the European Commission on 20 October 2015 with Decision number C(2015)7147 (hereinafter referred to as Adrion Programme);

agree in setting up a **Group of Auditors** (hereinafter referred to as GoA) according to article 25 of ETC Regulation.

The GoA shall adopt the following rules of Procedures.

§ 1

Tasks and responsibilities of the GoA

1. According to article 25 of ETC Regulation, the GoA shall assist the Adrion AA to carry out the functions provided for in article 127 of CPR. AA's overall task is thus to organize the audit work in the framework of the Adrion Programme, designed in particular:
 - to verify the proper functioning of the management and control system of the programme;
 - to verify the expenditure declared.



2. Each Partner State of the Adrion Programme shall be responsible for:
 - audits carried out on its territory;
 - providing the factual elements relating to expenditure on its territory that are required by the AA in order to perform its assessment.
3. The audit work will be carried out on the basis of the audit strategy of the Adrion Programme, which is prepared by the AA in accordance with Article 127 (4) of CPR and the model in Annex VII of Regulation (EC) No 207/2015. The audit strategy shall be drawn up within 8 months of adoption of the Adrion Programme and shall be submitted to the Commission upon request.
4. The GoA entrusts the audit work to an external audit firm with the necessary functional independence, which will be contracted by the AA. The terms of reference for the selection of the audit firm will be prepared by the AA and will be shared with the GoA.
5. All the documents prepared by the external audit firm according to the deadlines established in the terms of reference will be subject to approval by the GoA.
6. The AA will steer the work done by the external audit firm. The GoA may assist the AA in steering the external audit firm. Beyond this, the members of the GoA (or their assigned deputies as defined in § 2.2) have the right to observe the audit conducted by the external audit firm in the territory of the respective Partner State¹.
7. Specific audit reports for system and operational checks are prepared by the external audit firm and presented for feedback to the GoA member concerned and to the auditee. The draft audit report is presented to the GoA member concerned for approval before the contradictory procedure starts. In case that findings and contradictory issues cannot be solved between the audit firm and the auditee (on which GoA members of related Partner country are informed), the respective report shall also be presented to the AA for consultation and may be discussed within the GoA. The results of the system audits are communicated to the GoA for discussion.
8. For each year from 2016 until and including 2025, following article 127(5)(b) of the CPR the AA shall submit to the European Commission by 15 February for the preceding accounting year² a control report setting out the main findings of the audits carried out, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions. Moreover, in accordance to article 59(5)(II) of the Financial Regulation, the AA shall draw up an audit opinion on the accounts prepared and submitted to the European Commission by the MA/CA within the same deadline. The documents shall be prepared by the external auditor and presented to the GoA in due time. The members of the GoA may react on the documents before the signature of the AA and the submission to the European Commission/MA³.
9. The GoA could be involved in the assessment of the fulfillment by MA/CA of the designation criteria, in accordance with Article 124(2) of CPR.

¹ Including the audits of MA/CA/JS or other authorized bodies.

² 'Accounting year' means the period from 1 July to 30 June, except for the first accounting year of the programming period, in respect of which it means the period from the start date for eligibility of expenditure until 30 June 2015. The final accounting year shall be from 1 July 2023 to 30 June 2024.

³ The templates of the annual opinion and the control report are included in Regulation (UE) 207/2015.

10. The AA, assisted by the GoA, can make recommendations in respect of audit reports to the MA/CA/JS and the Monitoring Committee.

§ 2

Composition of the GoA

1. According to article 25 of ETC Regulation, the GoA is composed of a representative from each Partner State of the Adrion Programme and carrying out the functions provided for in Article 127 of CPR.
2. Each Partner State of Adrion Programme shall appoint one national representative and one substitute member. In duly justified cases, the GoA member or substitute member has the right to authorize a delegated substitute in written form.
3. The appointed representatives as well as their deputies must be and must have always been independent from the implementation of the programme and from the operations co-financed in the programme. The representatives as well as their deputies shall confirm their independence by written declaration.
4. The appointed representatives as well as their deputies must be and must have always been independent from the controllers who carry out verifications under article 23 of the ETC Regulation. The representatives as well as their deputies shall confirm their independence by written declaration.
5. The AA is in charge of regularly updating the information about the composition of the GoA, both regarding institutions and their designated representatives and deputies. In order to do so, the Partner States are obliged to inform the AA about any changes in due time.

§ 3

Chair and meetings

1. As stipulated in article 25 of ETC Regulation, the GoA is chaired by the AA.
2. The AA, as chair of the GoA, shall:
 - convene the GoA at least once a year;
 - send the invitation to the members of the GoA at least 30 working days prior to the meeting;
 - draw up a provisional agenda, which shall be sent together with the invitation and the necessary documents at least 15 working days prior to the meeting. A confirmation of the attendance by the GoA members and any request must be communicated by the members of the GoA to the AA via mail 10 working days before the date of the meeting;
 - perform chairperson's duties during the meetings - e.g. verify the quorum (as defined in § 4), declare the opening and closing of each meeting, direct the discussion, accord the right to speak, put questions to the vote, announce the decisions, summarize in written form the decisions taken at the end of the meeting, rule on points of order, and pursuant to these Rules of Procedure, have control of the proceedings;
 - be responsible for the proper functioning of the GoA.
3. Representatives of the MA/CA/JS as well as a representative of the European Commission shall participate at GoA meetings in an advisory capacity. The aforementioned representatives have no right to vote.

4. The chair of the GoA may invite guests to the GoA meetings. If the chair so decides, the GoA shall be informed before the meeting. Subject to prior notification and to the approval of the chair, members can be accompanied by an observer. The notification and approval must intervene at least 5 working days in advance to the date of the GoA meeting.
5. The AA shall send the drafted minutes of each meeting in a summarized form to the GoA for comments within 15 working days following the meeting. If no objections are raised within 10 working days after the minutes were received, they are considered as approved. If objections are raised, the AA shall revise the minutes accordingly, decide on the final version and send it to the GoA.
6. The meetings of the GoA will take place in Bologna.

§ 4 **Decision-Making**

1. At any meeting of the GoA, 5 Partner States representatives present at the meeting with voting right shall constitute a quorum.
2. Each delegation has one vote. In justified cases and with agreement of the chair votes may be delegated to other members. The corresponding mandate must be communicated in writing and in due time to the AA.
3. Decisions will be made by consensus. If consensus cannot be reached, the AA will take the final decision. GoA members who do not agree with the decision will have the right to put their opinion in writing. This opinion will be attached to the decision made by the AA.
4. If a decision needs to be made before the next meeting, the chair can initiate a decision making process in writing. In this case, the chair shall send the draft decision to the members of the GoA by email. The delegations shall have 10 working days from dispatch of the proposal to respond in writing. For the decision on the proposals for a complementary sample the delegations have 10 working days to respond. If an objection to the procedure or to the draft decisions is raised the matter shall be re-discussed via written procedure in order to find a shared agreement or to place on the agenda of the next meeting of the GoA. An objection can be withdrawn at any time. If no objection has been received by the specified time the decision is considered as approved by the GoA. The AA shall immediately inform all members on whether the decision is deemed to be taken or that objections have been raised.
5. In due and motivated circumstances the chair can initiate a decision-making process in writing through an urgent procedure to allow the immediate treatment or the approval of particularly urgent cases. In this case the decision shall be adopted within 5 working days.

§ 5 **Reimbursement costs**

The GoA members travel and accommodation costs can be reimbursed and charged on the Technical Assistance budget allocated to AA. An external company will be selected on the basis of a technical proposal defined by the AA in collaboration with the GoA. For reimbursement, costs must be eligible and in accordance with the hierarchy of eligibility rules.

§ 6

Impartiality - Conflict of interest

With regard to the responsibilities laid down in § 1, it shall be ensured that any assessment and/or decision of the GoA will be free from bias and must not be influenced by a conflict of interest of any of the individual members of this group. In case of direct conflict of interest the respective GoA member has to inform the AA at the beginning of the meeting or a written procedure. The particular representative will be excluded from the discussion and decision making procedure on the item/issue concerned.

§ 7

Confidentiality

Without prejudice to EU and national rules on access to information, the discussion of the GoA have to be confidential, especially with regard to work documents.

§ 8

Communication

Communication among the members of the GoA shall generally be done by email. Any document which shall be sent to the members of the GoA shall be transmitted by email or, if this is not possible, by fax. Any possible effort shall be done in order to ensure the correctness and effectiveness of communications.

§ 9

Official language

Official language of the GoA meetings shall be English. This rule also applies for the official documents of the GoA.

§ 10

Revision

The GoA Rules of Procedure shall be adopted by consensus. After their adoption, they shall be amended by consensus.

Approved on 9 February 2016





Audit Strategy

Programming period 2014-2020

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LIST OF ACRONYMS AND ABBREVIATIONS

AA	Audit Authority
ACR	Annual Control Report
Adrion	Interreg V-B Adriatic-Ionian Cooperation Programme, CCI 2014TC16M4TN002, adopted by the European Commission on 20 October 2015 with decision C(2015) 7147
Audit body	Body carrying out audits under AA's remit, as foreseen in Article 127(2) CPR
AO	Audit Opinion
CA	Certifying Authority
CCI	Code Commun d'Identification (reference number of each programme, attributed by the Commission)
CDR	Commission Delegated Regulation
CIR	Commission Implementing Regulation
CPR	Common Provisions Regulation (Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013)
DGR	Deliberation of Emilia-Romagna Regional Government
EGESIF	Expert Group on European Structural and Investment Funds
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
ETC Regulation	European Territorial Cooperation Regulation (Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013)
Financial Regulation	Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012
FLC	First Level Control
GoA	Group of Auditors set up under Article 25(2) ETC Regulation
IB	Intermediate Body
JS	Joint Secretariat
MA	Managing Authority
MCS	Management Control System
MEF-RGS-IGRUE	Italian Ministry of Economy and Finance - State General Accounting Department - General Inspectorate for Financial Relations with the European Union
Partner States	Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Serbia, Slovenia
RoP	Rules of Procedures

1 INTRODUCTION

This audit strategy has been prepared according to the Article 127(4) of CPR, on the basis of the model audit strategy defined in Annex VII of the CIR No. 2015/207, and shall be submitted to the Commission upon request.

The document “Guidance for Member States on Audit Strategy” (EGESIF 14-0011-02 final of 27/08/2015), drawn up by the European Commission, has been taken into account as a key reference.

The regulatory references and the main documents used for the preparation of the strategy are detailed in the table below.

EUROPEAN REGULATORY FRAMEWORK	
○	<p>REGULATIONS</p> <ul style="list-style-type: none"> • Common Provisions Regulation (CPR) Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006; • ERDF Regulation Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006; • ETC Regulation Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal; • IPA II Regulation Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II). <p>APPLICATION/IMPLEMENTING/SUPPLEMENTING</p> <ul style="list-style-type: none"> • Commission delegated Regulations (EU) No 240/2014 of 7 January 2014 on the European code of conduct on partnership in the framework of the European Structural and Investment Funds; • Commission delegated Regulations (EU) No 480/2014 of 3 March 2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund. <i>In particular Art. 24 “Data to be recorded and stored in computerised form”, Art. 25 “Detailed minimum requirements for the audit trail”, Art. 26 “Use of the data collected during audits carried out by Commission officials or authorised Commission representatives”, Art. 27 “Audits of operations”, Art. 28 “Methodology for the selection of the sample of operations”, Art. 29 “Audits of accounts” and Art. 30 “Criteria for determining serious deficiencies in the effective functioning of management and control systems”;</i>

- Commission **delegated Regulations (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013** of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes;
- Commission **delegated Regulations (EU) No 522/2014 of 11 March 2014 supplementing Regulation (EU) No 1301/2013** of the European Parliament and of the Council with regard to the detailed rules concerning the principles for the selection and management of innovative actions in the area of sustainable urban development to be supported by the European Regional Development Fund;
- Commission **implementing Regulation (EU) No 184/2014 of 25 February 2014** laying down pursuant to Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, the terms and conditions applicable to the electronic data exchange system between the Member States and the Commission and adopting pursuant to Regulation (EU) No 1299/2013 of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal, the nomenclature of the categories of intervention for support from the European Regional Development Fund under the European territorial cooperation goal;
- Commission **implementing Regulation (EU) No 215/2014 of 7 March 2014** laying down rules for implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund with regard to methodologies for climate change support, the determination of milestones and targets in the performance framework and the nomenclature of categories of intervention for the European Structural and Investment Funds;
- Commission **implementing Regulation (EU) No 447/2014 of 2 May 2014** on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II);
- Commission **implementing Regulation (EU) No 821/2014 of 28 July 2014** laying down rules for the application of Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards detailed arrangements for the transfer and management of programme contributions, the reporting on financial instruments, technical characteristics of information and communication measures for operations and the system to record and store data;
- Commission **implementing Regulation (EU) No 964/2014 of 11 September 2014** laying down rules for the application of Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards standard terms and conditions for financial instruments;
- Commission **implementing Regulation (EU) No 1011/2014 of 22 September 2014** laying down detailed rules for implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards the models for submission of certain information to the Commission and the detailed rules concerning the exchanges of information between beneficiaries and managing authorities, certifying authorities, audit authorities and intermediate bodies.
In particular Art. 3 "Model for the description of the functions and procedures in place for the managing authority and the certifying authority", Art. 4 "Model for the report of the independent audit body", Art. 5 "Model for opinion of the independent audit body" and their respective Annexes

III, IV and V;

- Commission **implementing Regulation (EU) No 2015/207 of 20 January 2015** laying down detailed rules implementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council as regards the models for the progress report, submission of the information on a major project, the joint action plan, the implementation reports for the Investment for growth and jobs goal, the management declaration, the audit strategy, the audit opinion and the annual control report and the methodology for carrying out the cost-benefit analysis and pursuant to Regulation (EU) No 1299/2013 of the European Parliament and of the Council as regards the model for the implementation reports for the European territorial cooperation goal.

In particular Art. 7 "Models for the audit strategy, the audit opinion and the annual control report" and its respective Annexes VII, VIII and IX;

- Commission **delegated Regulation (EU) No 2015/1970 of 8 July 2015** supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council with specific provisions on the reporting of irregularities concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund, and the European Maritime and Fisheries Fund;
- Commission **implementing Regulation (EU) No 2015/1974 of 8 July 2015** setting out the frequency and the format of the reporting of irregularities concerning the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund, under Regulation (EU) No 1303/2013 of the European Parliament and of the Council.

- **Financial regulation**

Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of **25 October 2012** on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002;

APPLICATION

- Commission **delegated Regulations (EU) No 1268/2012 of 29 October 2012** on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.

- **Aid regulation**

Commission **Regulation (EU) No 1407/2013 of 18 December 2013** on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid.

○ **EGESIF (EXPERT GROUP ON EUROPEAN STRUCTURAL AND INVESTMENT FUNDS)**

- Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems in the Member States (**EGESIF 14-0010 final, 18/12/2014**);
- Guidance for Member States on audit strategy (**EGESIF 14-0011-02 final, 27/08/2015**);
- Guidance for Member States on management verifications (**EGESIF 14-0012-02 final, 17/09/2015**);
- Guidance for Member States on designation procedure (**EGESIF 14-0013 final, 18/12/2014**);
- Guidance on Simplified Cost Options (SCOs): Flat rate financing, Standard scales of unit costs, Lump sums (**EGESIF 14-0017-00, 29/08/2014**);
- Fraud risk assessment and effective and proportionate anti-fraud measures (**EGESIF 14-0021-00, 16/06/2014**);
- Public Procurement - Guidance for practitioners on the avoidance of common errors in ESI Funded projects (**EGESIF 14-0030-00, 29/10/2015**);

- Guidance for Member States on the Annual Control Report and Audit Opinion (**EGESIF 15-0002-02 final, 09/10/2015**);
 - Guidance for Member States and Programme Authorities - Definition and use of repayable assistance in comparison to financial instruments and grants (**EGESIF 15-0005-00, 06/02/2015**);
 - Guidance for Member States on Article 41 CPR - Requests for payment (**EGESIF 15-0006-01, 08/06/2015**);
 - Updated guidance on treatment of errors disclosed in the annual control reports - Programming period 2007-2013 (**EGESIF 15-0007-01 final, 09/10/2015**);
 - Guidance for Member States on the Drawing of Management Declaration and Annual Summary (**EGESIF 15-0008-02, 19/08/2015**);
 - Guidance for Member States on audit of accounts (**EGESIF 15-0016-02 final, 05/02/2016**);
 - Guidance for Member States on amounts withdrawn, amounts recovered, amounts to be recovered and irrecoverable mounts (**EGESIF 15-0017-02 final, 25/01/2016**);
 - Guidance for Member States on preparation, examination and acceptance of accounts (**EGESIF 15-0018-02 final, 09/02/2016**);
 - Guidance for Member States on Article 42(1)(d) CPR - Eligible management costs and fees (**EGESIF 15-0021-01, 26/11/2015**).
- **OTHER GUIDANCE**
- Guidance on sampling methods for audit authorities (**COCOF 08-0021-03 final 04/04/2013**).

ITALIAN REGULATORY FRAMEWORK

- **NATIONAL DOCUMENTS**
- **Partnership Agreement with European Union**, adopted by Commission on 29 October 2014 with decision C (2014) 8021.
In particular Annex II "Most important elements of management and control system (MCS) proposal";
 - **Circular No 47832 of 30 May 2014** of the Italian Ministry of Economy and Finance - State General Accounting Department - General Inspectorate for Financial Relations with the European Union "Issue procedure of opinion on audit authority designation - programming period 2014-2020";
 - **Circular No 56513 of 3 July 2014** of the Italian Ministry of Economy and Finance - State General Accounting Department - General Inspectorate for Financial Relations with the European Union (IGRUE) "Managing and audit bodies of EU Programmes 2014-2020";
 - **Manual** of the Italian Ministry of Economy and Finance - State General Accounting Department - General Inspectorate for Financial Relations with the European Union "**Programming period 2014-2020 - Requirements of the audit authority**";
 - **Manual** of the Italian Ministry of Economy and Finance - State General Accounting Department - General Inspectorate for Financial Relations with the European Union "**Programming period 2014-2020 - Valuation of designation criteria of the managing authority and the certifying authority**";
 - **Manual** of the Italian Ministry of Economy and Finance - State General Accounting Department - General Inspectorate for Financial Relations with the European Union "**Programming period 2014-2020 - Manual of audit procedures 2014-2020**".

○ **ACTS OF EMILIA-ROMAGNA REGION**

- Deliberation of Emilia-Romagna Regional Government No 1532/2015 of 20 October 2015 “Interreg V-B Adriatic-Ionian Cooperation programme 2014-2020 Adrion - Definition of the managing authority, the audit authority and the certifying authority”;
- Deliberation of Emilia-Romagna Regional Government No 270/2016 of 29 February 2016 “Implementation of the first stage of the reorganization started with Deliberation No 2189/2015”;
- Deliberation of Emilia-Romagna Regional Government No 622/2016 of 28 April 2016 “Implementation of the second stage of the reorganization started with Deliberation No 2189/2015”, setting up the Unit of the Adrion Programme AA;
- Deliberation of Emilia-Romagna Regional Government No 889/2016 of 13 June 2016 “Interreg V-B Adriatic-Ionian Cooperation programme - Definition of the managing authority, the certifying authority and the audit authority following to the DGR No 622/2016 on the administrative reorganization of Emilia-Romagna Region”.

ADRION PROGRAMME DOCUMENTS

- The Interreg V-B Adriatic-Ionian Cooperation Programme (CCI 2014TC16M4TN002), approved by the European Commission on 20 October 2015 with decision C(2015)7147;
- Act attesting the setting up the group of auditors of the Interreg V-B Adriatic-Ionian Cooperation Programme - Programming period 2014-2020, reference number AG.2016.396 of 18 January 2016;
- The rules of procedures of the group of the auditors of the Interreg V-B Adriatic-Ionian Cooperation Programme - Programming period 2014-2020 (Version 1.0), approved on 9 February 2016.

1.1 Identification of the operational programme (title and CCI), Funds and period covered by the audit strategy

This audit strategy covers the Interreg V-B Adriatic-Ionian Cooperation Programme (CCI 2014TC16M4TN002) over the programming period 2014-2020. It has been adopted by the European Commission on 20 October 2015 with Decision number C(2015)7147. As the Programme involves four UE Member States (Croatia, Greece, Italy and Slovenia) and four non-EU countries (Albania, Bosnia and Herzegovina, Montenegro and Serbia), it is co-funded by ERDF and IPA funds.

Under Article 127(4) of CPR, the audit strategy sets out the audit methodology, the sampling method for audits on operations and the planning of audits in relation to the current accounting year and the two subsequent accounting years and shall be updated annually until and including 2024¹.

1.2 Identification of the audit authority responsible for drawing up, monitoring and updating the audit strategy and of any other bodies that have contributed to this document.

During the last update of the organization chart of the Emilia-Romagna Region, an independent Unit under the Head of Cabinet of the President has been created and the functions of the AA moved from AGREA (Agricultural Paying Regional Agency) to the Presidency of the Region.

Name of the audit authority

Unit of the Audit Authority of the Adrion Programme

¹ Accounting year means the period from 1 July N-1 to 30 June N, except for the first accounting year in respect of which it means the period from the start date for eligibility of expenditure until 30 June 2015. The final accounting year shall be from 1 July 2023 to 30 June 2024. This accounting year is the reference period for the accounts, the management declaration, the annual summary, the audit opinion and the annual control report.

(Servizio Autorità di Audit Programma Adrion),
under the Cabinet of the President of the Emilia-Romagna
Region

Responsible of the audit authority Andrea Orlando, Head of Cabinet
Address Viale Aldo Moro 52
40127 Bologna
Italy
Email adrionaa@regione.emilia-romagna.it
Phone +39 051 5275432
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This audit strategy has been drawn up by the AA assisted by the GoA, which is composed of a delegation from each Partner State participating in the Adrion programme under Article 25 of ETC Regulation.
The Adrion GoA, set up on 18 January 2016, is chaired by the AA and consisted of the following members:

Partner State	Audit body	Member	Substitute
ALBANIA	Agency for the Audit of the European Union Programmes Implementation System	Julja Mata, Auditor	Marjeta Prendi, Auditor
BOSNIA AND HERZEGOVINA	Ministry of Finance and Treasury BH National Fund Department	Sehija Mujkanović, Assistant minister	Dana Šarčević, Senior specialist for financial control in National Fund
CROATIA	Agency for Audit of European Union Programmes Implementation System	Zvonko Širić, Head of Service for audit ETC programmes	Neven Šprlje, Director
GREECE	Ministry of Finance State General Accounting Office Secretariat General of Fiscal Policy Directorate General of Financial Audits Financial Audit Committee (FAC-EDEL)	Eugenia Triantafylloupoulou, Auditor	Angeliki Karastergiou, Auditor
MONTENEGRO	Audit Authority	Omer Markišić, Team leader for IPA component II	Stana Gačević, Junior auditor for IPA component II
SERBIA	Audit Authority Office of EU Funds	Ljiljana Pantić, Head of unit for IPA component III - Regional development	Jasmina Dilber, Head of unit for IPA component I - TAIB
SLOVENIA	Budget Supervision Office of the Republic of Slovenia	Nataša Prah, Director	Igor Zalokar, Auditor

The GoA approved the audit strategy on 20 June 2016.

1.3 Reference to the status of the audit authority (national, regional or local public body) and the body in which it is located.

At the end of 2015 the Emilia-Romagna Region started its own internal reorganization plan by pursuing the following specific objectives: reduction of the administrative costs, reduction of the decision-making structures, strengthening of the supervisory tasks and strategic direction under the Presidency, concentration of all cross-cutting processes and a stronger orientation to the policies.

The first step of the reorganization plan ended in February 2016 with DGR No 270/2016 and the second one in April 2016 with DGR No 622/2016. From 1 March 2016, according to the DGR 270/2016, the MA and the CA are in the new Directorate-General "Management, Development and Institutions", since the previous Directorate-General "Territorial and Negotiated Planning. Agreements. European and International Relationships" has been deleted and all the functions and officers moved to the new one.

With the DGR No 622/2016 the denomination of the Directorate-General under which are located the MA and the CA has been changed in "Resources, Europe, Innovation and Institutions" and the Unit of the Adrion Programme AA has been set up under the Cabinet of the President of the Emilia-Romagna Region; with DGR No 889/2016 of 13 June 2016 the Adrion AA functions moved from AGREA to the Cabinet of the President of the Emilia-Romagna Region.

As the internal reorganization concerns the allocation of the Adrion authorities, the European Commission and the Monitoring Committee shall be informed under Article 8(13) of ETC Regulation.

The procedure of AA's validation by IGRUE, the national body for the coordination of the audit authorities set up under Article 123(8) CPR, has been initiated.

1.4 Reference to the mission statement, audit charter or national legislation (where applicable) setting out the functions and responsibilities of the audit authority and other bodies carrying out audits under its responsibility.

The audit actors involved in the Adrion programme are the AA, the GoA and the external audit firm that will carry out part of activities foreseen by the Article 127 of CPR.

The acts of Emilia-Romagna Region attesting the setting up of the Adrion AA are the DGR No 622/2016 of 28 April 2016 "Implementation of the second stage of the reorganization started with Deliberation No 2189/2015" and the DGR No 889/2016 of 13 June 2016 "Interreg V-B Adriatic-Ionian Cooperation programme - Definition of the managing authority, the certifying authority and the audit authority following to the DGR No 622/2016 on the administrative reorganization of Emilia-Romagna Region".

The acts attesting the designation of the audit bodies participating in the GoA are detailed in the following table:

Partner State	Audit body	Act attesting the designation of audit body
ALBANIA	Agency for the Audit of the European Union Programmes Implementation System	Council of Ministers Decision no 1020, date 14.10.2009, "On the establishment of the Agency for the Audit of the European Union Programmes Implementation System. During 2015, two other Decisions of Council of Ministers, DCM no. 539, date 18.06.2015, and DCM no. 856, date 21.10.2015, have amended and

		changed the original DCM in order to refer the requirements of IPA II, Programming period 2014 -2020
BOSNIA AND HERZEGOVINA	Ministry of Finance and Treasury BH National Fund Department	Appointment No 08-34-6-10106-1/15, 15 December 2015
CROATIA	Agency for Audit of European Union Programmes Implementation System	Regulation of the Government of the Republic of Croatia on the bodies in the management and control systems for the implementation of programmes under European Territorial Cooperation in the financial perspective 2014-2020 (OG 120/2014)
GREECE	Ministry of Finance State General Accounting Office Secretariat General of Fiscal Policy Directorate General of Financial Audits Financial Audit Committee (FAC-EDEL)	According to articles 11 and 12 of National Law 4314/2014 the Financial Audit Committee (EDEL) is defined as the competent Audit Authority for all operational programmes for the programming period 2007-2013 and 2014-2020 (NSRF), excluding the operational programme co-financed by the European Agricultural Fund for Rural Development (EAFRD)
MONTENEGRO	Audit Authority	Law on Audit of EU Funds adopted by the Parliament of Montenegro at the sitting held on 27 February 2012 ("Official Gazette of Montenegro", no 14/2014 from 7 March 2012)
SERBIA	Audit Authority Office of EU Funds	Audit Authority is established by the Serbian Government's Decision Number 110-3278/2011-1 dated 02.06.2011 as a functionally independent auditing body from all actors in the management and control systems and complying with internationally accepted audit standards
SLOVENIA	Budget Supervision Office of the Republic of Slovenia	Regulation on EU cohesion policy in Slovenia in the 2014-2020 programming period for the European territorial cooperation (in the adoption procedure)

In accordance to Article 25(2) of ETC Regulation, the GoA approved its own RoP on 9 February 2016.

The RoP states tasks and responsibilities of the GoA and, in particular, determines that each Partner State of the Adrion Programme is responsible for:

- audits carried out on its territory;
- providing the factual elements relating to expenditure on its territory that are required by the AA in order to perform its assessment.

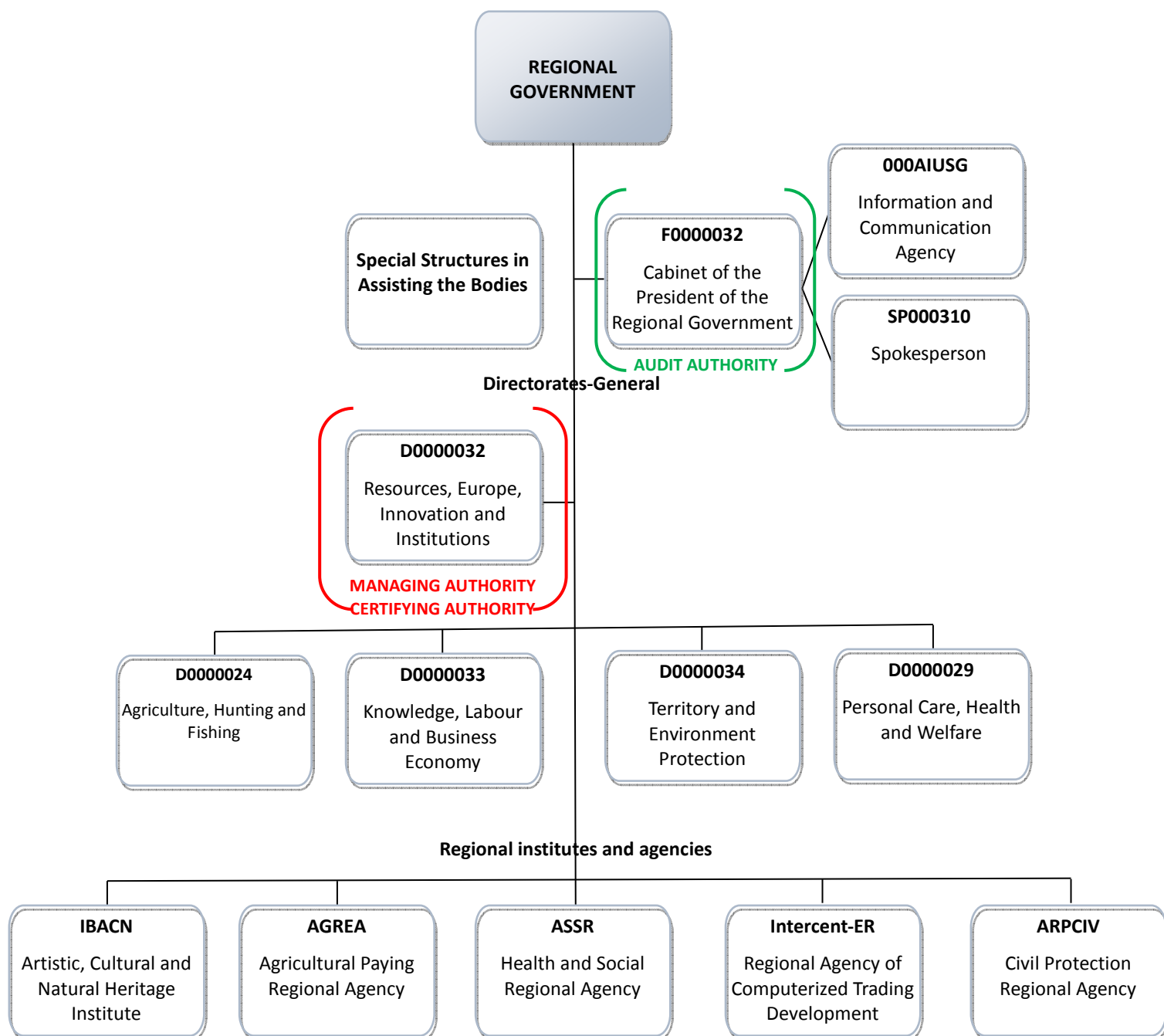
The RoP also establishes that the GoA will entrust the audit work, to carry out in the whole territory covered by the Adrion programme, to an external audit firm with the necessary functional independence, which will be contracted by the AA. The main elements (tasks of the technical assistance and deadlines that concern the GoA) of tender documents attesting the functions of the technical assistance will be submitted to the GoA for discussion and approval and within the end of the year the AA will start the tender procedures.

According to Articles 72 and 127(2) of the CPR, the AA maintains the ultimate responsibility for the audit work carried out by the external auditors, in particular it is responsible for ensuring that the work is in line with the Community regulatory framework, the internationally accepted audit standards and the audit strategy. The AA will guarantee a supervision of the work of the external auditors selected.

Additional information on tasks and responsibilities of the audit actors are reported in paragraph 3.1.4.

1.5 Confirmation by the audit authority that the bodies carrying out audits pursuant to Article 127(2) of Regulation (EU) No 1303/2013 have the requisite functional independence (and organisational independence, where applicable under Article 123(5) of Regulation (EU) No 1303/2013).

To ensure the degree of independence requested by the Article 123(4) of the CPR, the AA has been located under the Cabinet of the President of the Regional Government, functionally independent from the MA and CA, and shall report directly to the President, as shown in the organizational chart below:



This organizational placement ensures that the AA work is performed in an independent and objective manner, free of conflict of interests with the audited entities².

Additionally, the Article 6 of the GoA RoP ensures that any assessment and/or decision of the GoA will be free from bias and must not be influenced by a conflict of interest of any of the individual members of this group. In case of direct conflict of interest, the respective GoA member has to inform the AA at the beginning of the meeting or through a written procedure. The particular representative will be excluded from the discussion and decision making procedure on the item/issue concerned.

As well as each member of the GoA, also the external auditors that will carry the audit activities in behalf of the AA and GoA will have to declare the absence of any conflict of interest before starting any audit activities.

The AA is also functionally independent from the JS, set up by the MA under Article 23(2) ETC Regulation, and from the controllers foreseen under Article 23(4) ETC Regulation, as well as the GoA.

The confirmation of the independence of each member of the GoA from controllers was obtained by the AA, as reported in the act attesting the setting up the GoA (reference number AG.2016.396 of 18 January 2016).

² International Standard for the Professional Practice of Internal Auditing (IPPF) **1100** - Independence and Objectivity; **1110.A1** - The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

2 RISK ASSESSMENT

2.1 Explanation of the risk assessment method followed.

The identification and the assessment of risk factors by the AA are key elements in order to ensure the proper functioning of the MCS of the cooperation programme.

Actually, the definition of a risk assessment method allows to set the priorities of system audits and audits of operations.

The risk assessment involves the detection of specific risk factors associated with two types of risk: the inherent risk (IR) and the control risk (CR).

The IR is the perceived level of risk that a material error may occur in the certified statements of expenditure to the Commission in the absence of internal control procedures. It is linked to the kind of activities of the audited entity and will depend on external factors (cultural, political, economic, business activities, clients and suppliers, etc.) and internal factors (type of organization, procedures, competence of staff, recent changes to processes or management positions, etc.).

The CR is the perceived level of risk that a material error in certified statements of expenditure to the Commission will not be prevented, detected and corrected by the management's internal control procedures. The control risks are related to how well inherent risks are managed (controlled) and will depend on the internal control system including for instance application controls, IT controls and organizational controls.

The IR needs to be assessed before starting detailed audit procedures (interviews with management and key personnel, reviewing contextual information such as organization charts, manuals and internal/external documents). Control risks can be evaluated by means of system audits - detailed tests of controls and reporting, which are intended to provide evidence about the effectiveness of the design and operation of a control system in preventing or detecting material errors and about the organization's ability to record, process, summarize and report data.

As a non-exhaustive example, some risk factors associated to the inherent and control risks are shown in the following table. When exercising its professional judgement, the AA will define additional risk factors that it considers the relevant ones within the framework of the Adrion Programme.

Type of risk and examples of risk factors	
<p>Inherent risk (IR)</p> <p>IR is the perceived level of risk that a material error may occur in the certified statements of expenditure to the Commission in the absence of internal control procedures.</p>	<p>Risk factors</p> <ul style="list-style-type: none"> - Total declared expenditure to Commission - Number of cofinanced OPs involved - Number of operations managed - Complexity of the organizational structure - Complexity of rules and procedures - Wide variety and complexity of the FLC - Wide variety of complex operations - Risky beneficiaries - Insufficient staff and/or lack of competences on key areas

Control risk (CR)

CR is the perceived level of risk that a material error in certified statements of expenditure to the Commission will not be prevented, detected and corrected by the management's internal control procedures.

Risk factors

- Degree of change from 2007-2013 or totally new system
- Quality of internal controls

The quantification of risk normally consists of a combination of the risk 'impact' - what consequences will the event have, financially and non-financially - and the risk 'likelihood' - how likely is the event to happen -, according to the following criteria:

	Risk impact	Risk likelihood
High	Major impact on the achievement of the objective established	Will often occur
Medium	Minor impact on the achievement of the objective established	Will sometimes occur
Low	No/limited impact on the achievement of the objective established	Will almost never happen

The analysis on the level of risk is carried out through the matrix below.

		Risk likelihood		
		Low	Medium	High
Risk impact	High	M	H	H
	Medium	L	M	H
	Low	L	L	M

The results of risk assessment will be reported in the table below where the main bodies involved in the MCS are classified by risk level.

On the basis of the results of the risk assessment, the AA will be able to prioritize the system audits of bodies for which the risk score is higher over the audit period.

Body	Inherent risk factors ³									Total scoring for inherent risk (maximum: 100%)	Control risk factors ⁴		Total scoring for control risk (maximum: 100%) ⁵	Total risk score (IR x CR)
	Total declared expenditure to Commission	Number of cofinanced OPs involved	Number of operations managed	Complexity of the organizational structure ⁶	Complexity of rules and procedures	Wide variety and complexity of the first level controllers	Wide variety of complex operations ⁷	Risky beneficiaries ⁸	Insufficient staff and/or lack of competences on key areas ⁹		Degree of change from 2007-2013 ¹⁰	Quality of internal control (key requirements from Guidance on the assessment of MSC in the Member States) ¹¹		
MA														
CA														
...														

³ For each factor, assess risk using a scale that ensures that the maximum total scoring for the inherent risk is 100%. For example, with four risk factors, the scale can be: High: 25%; Medium: 12,5%; Low: 6,25%. With more risk factors, this scale would have to be modified accordingly. Some of the factors may not be applicable to a given body; in this case, the scale needs also to be adjusted in order to ensure that for that body the total inherent risk scoring can reach 100%.

⁴ For each factor, assess risk using a scale that ensures that the maximum total scoring for the control risk is 100%. For example, with two risk factors, the scale would be: High: 50%, Medium: 25%, Low: 12,5%. With more risk factors, these scales would have to be modified accordingly.

⁵ The total scoring for control risk results from adding the scoring given for each of the control risk factors. In the examples given below, the maximum score for "degree of change from 2007-2013" is 50% and the maximum score for "quality of internal controls (...)" is also 50%, thus making a maximum total of 100%. Of course, if this needs to be adapted to the number of control risk factors that the AA decides to consider in the risk assessment.

⁶ The complexity may be due to the number of actors/ IBs involved and/or their relation with each other (e.g. a small sized MA responsible to supervise several IBs or to a new MA responsible to supervise experienced IBs that are the ones with the effective power in the management of the programme).

⁷ The complexity of the operations may be related with financial instruments, public procurement, State aid, among other areas where a high degree of judgment and estimation is involved. The specific situation applicable to each programme needs to be explained in detail in a separate sheet, cross-reference to the risk assessment table.

⁸ Beneficiaries with no experience with the Funds rules and/or beneficiaries with high error rates in past audits.

⁹ The specific situation in terms of human resources allocated to the programme's authority needs to be explained in detail in a separate sheet, cross-reference to the risk assessment table.

¹⁰ For example: No changes =12,5%; Some changes =25%, Significant changes or totally new system = 50%

¹¹ Assessment based on audit results from 2007-2013 period or the process of assessing compliance with the designation criteria. For example: Category 1: 5%, category 2: 20%, category 3: 35%, category 4: 50%.

2.2 Reference to internal procedures for updating the risk assessment.

Risk assessment is a continuous exercise and, therefore, if necessary, will be reviewed on a yearly basis. In view of possible further critical elements identified during audits, the AA will widen and/or adapt the assessment of inherent and/or control risk factors to apply for subsequent years.

3 METHODOLOGY

3.1 Overview

3.1.1 Reference to audit manuals or procedures containing the description of the main steps of the audit work, including the classification and treatment of the errors detected.

To carry out its activities, the AA will draw up adequate working tools to be used by AA's staff and other auditors. The main document is represented by the audit manual which will be prepared by the AA and discussed and approved by the GoA (with specific concern to the audit tools, i.e. facsimile audit report and check list that will be used by the technical assistance during the audit activity in the territory of each GoA member, the check list related to the supervision on the work done by the technical assistance for each audit activity).

The AA's audit manual will provide a description of the working procedures for the different phases of an audit, i.e. audit planning, risk assessment, performance of engagements, recording and documentation, supervision, reporting, quality assurance process and external review, using the work of other auditors, use of any computer assisted audit techniques, sampling methods used, etc.

The audit manual will contain reference to materiality thresholds and other quantitative and qualitative factors to consider when assessing the materiality of audit findings for system audits, audits of operations and audits of the accounts.

It will also provide a description of the different phases of reporting (such as draft audit reports, contradictory procedure with the auditee and final audit reports), deadlines for reporting, detailed approval procedures of all documentation through GoA, follow-up processes, including the classification and treatment of the errors detected. The nature of these errors, if "known", "random" or "anomalous", will be treated in the manual, according to the definitions contained in the "Guidance on sampling methods for audit authorities" - COCOF 08-0021-03 final of 04/04/2013.

The audit manual will be known and accessible to all the AA and audit bodies' staff and take into account the regulatory provisions, as shown in the following table:

Activity	Regulatory provisions
Report and opinion on the compliance of the designated bodies' systems with the designation criteria	<ul style="list-style-type: none"> - Article 124(2) of CPR "Procedure for the designation of the managing authority and the certifying authority"; - Annex IV of CIR No 1011/2014 "Model for the report of an independent audit body under Article 124(2) of CPR"; - Annex V of CIR No 1011/2014 "Model for the opinion of an independent audit body on the compliance of the managing authority and the certifying authority with the designation criteria set out in Annex XIII to CPR"; - EGESIF 14-0013 final, 18/12/2014 "Guidance for Member States on designation procedure".
Assessment of management and control system	<ul style="list-style-type: none"> - Article 127(1) of CPR "Functions of the audit authority"; - Article 30 of CDR No 480/2014 "Criteria for determining serious deficiencies in the effective functioning of management and control systems"; - Annex IV of CDR No 480/2014 "Key requirements of management and control systems and their

	<p>classification with regard to their effective functioning referred to in Article 30”;</p> <ul style="list-style-type: none"> - EGESIF 14-0010 final, 18/12/2014 “Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems in the Member States”.
Sampling and audit of operations	<ul style="list-style-type: none"> - Article 127(1) of CPR “Functions of the audit authority”; - Article 148(1) of CPR “Proportional control of operational programmes”; - Article 27 of CDR No 480/2014 “Audits of operations”; - Article 28 of CDR No 480/2014 “Methodology for the selection of the sample of operations”; - COCOF 08-0021-03 final 04/04/2013 “Guidance on sampling methods for audit authorities”¹².
Annual control report	<ul style="list-style-type: none"> - Article 127(5) of CPR “Functions of the audit authority”; - Annex IX of CIR No 2015/207 “Model for the annual control report”; - EGESIF 15-0002-02 final, 09/10/2015 “Guidance for Member States on the annual control report and audit opinion”; - EGESIF 15-0018-02 final, 09/02/2016 “Guidance for Member States on preparation, examination and acceptance of accounts”.
Audit opinion	<ul style="list-style-type: none"> - Article 127(5) of CPR “Functions of the audit authority”; - Article 59(5) of Financial Regulation “Shared management with Member States”; - Annex VIII of CIR No 2015/207 “Model for the audit opinion”; - EGESIF 15-0002-02 final, 09/10/2015 “Guidance for Member States on the annual control report and audit opinion”; - EGESIF 15-0018-02 final, 09/02/2016 “Guidance for Member States on preparation, examination and acceptance of accounts”.
Audits of the accounts	<ul style="list-style-type: none"> - Article 59(5) of Financial Regulation “Shared management with Member States”; - Article 29 of CDR No 480/2014 “Audits of accounts”; - EGESIF 15-0016-02 final “Guidance for Member States on audit of accounts”; - EGESIF 15-0018-02 final, 09/02/2016 “Guidance for Member States on preparation, examination and acceptance of accounts”.
Verification of the management declaration	<ul style="list-style-type: none"> - Article 59(5) of Financial Regulation “Shared management with Member States”; - EGESIF 15-0008-02, 19/08/2015 “Guidance for

¹² The guide to statistical sampling for auditing purposes has been prepared with the objective of providing audit authorities in the Member States with an updated overview of the most commonly used and suitable sampling methods, thus providing support for the implementation of the regulatory framework for the current and, where applicable, the next programming period 2014-2020.

	Member States on the drawing of management declaration and annual summary”.
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3.1.2 Reference to the internationally accepted audit standards that the audit authority will take into account for its audit work, as established by Article 127(3) of the Regulation (EU) No 1303/2013.

In accordance with Article 127(3) of CPR, the AA shall ensure that audit work takes into account of internationally accepted audit standards which are represented by a diversified set of rules (codes of conduct, criteria to be used to implement controls and reporting on expenditure) listed above on the basis of the issuing bodies:

- International Organization of Supreme Audit Institutions (INTOSAI): Code of Ethics and Auditing Standards;
- Supreme Audit Institutions (SAIs) of the EU: European Implementing Guidelines (EIG) for the INTOSAI Auditing Standards;
- Institute of Internal Auditors (IIA): International Professional Practices Framework (IPPF), composed of Code of Ethics and International Standards for the Professional Practice of Internal Auditing (Standards), which are divided between Attribute and Performance Standards;
- International Federation of Accountants (IFAC): International Standards on Auditing (ISA).

To ensure a common frame of reference for comparison of procedures and methodologies adopted by the AA for the programming period 2014-2020, the AA will respect the internationally accepted audit standards detailed in the table below.

Activity	International standards	
Attributes of auditors	INTOSAI	Code of Ethics and Auditing Standards 2.1 - General standards in government auditing, 2.2 - Standards with ethical significance
	IIA	Code of Ethics and Attribute Standards
Audit planning	INTOSAI	Auditing Standards 3.1 - Planning
	SAIs	EIG No 11 - Audit planning
	IFAC	ISA 200 - Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing, ISA 300 - Planning an audit of financial statements
	IIA	Performance Standards 2000 - Managing the internal audit activity, 2010 - Planning, 2020 - Communication and approval, 2030 - Resource management, 2040 - Policies and procedures, 2050 - Coordination, 2200 - Engagement planning, 2201 - Planning considerations, 2230 - Engagement resource allocation, 2240 - Engagement work program
System audits	INTOSAI	Audit Standards 1.0.23, 1.0.24, 1.0.30, 1.0.31, 1.0.40, 1.0.41, 2.2.37, 3.3 - Study and evaluation of internal control, 3.3.4, 3.4 - Compliance with applicable laws and regulations
	SAIs	EIG No 21 - Evaluation of internal control and tests of control, EIG No 22 - Information systems, EIG No 32 - Other information in documents containing audited financial statements, EIG No 41 - Performance audit
	IFAC	ISA 250 - Consideration of laws and regulations in an audit of financial statements, ISA 315 - Identifying and assessing the risks of material misstatement through understanding the entity and its environment, ISA 330 - The auditor's responses to assessed risks, ISA 450 - Evaluation of misstatements identified during the Audit, ISA 580 - Written representations
	IIA	Performance Standards 2100 - Nature of work, 2201 - Planning considerations, 2240 - Engagement work program, 2300 - Performing the engagement, 2310 - Identifying information, 2320 - Analysis and evaluation, 2330 - Documenting information, 2340 - Engagement supervision, 2400 - Communicating results, 2410 - Criteria for communicating, 2420 - Quality of communications, 2430 - Use of "Conducted in conformance with the International Standards for the Professional Practice of Internal Auditing", 2440 - Disseminating results
Audit operations	INTOSAI	Auditing Standards 1.0.9, 1.0.11, 3.5 - Audit evidence
	SAIs	EIG No 12 - Materiality and audit risk, EIG No 13 - Audit evidence and approach, EIG No 23 - Audit sampling
	IFAC	ISA 320 - Materiality in planning and performing an audit, ISA 450 - Evaluation of misstatements identified during the Audit, ISA 530 - Audit sampling
	IIA	Performance Standards 2240 - Engagement work program, 2300 - Performing the engagement, 2310 - Identifying information, 2320 - Analysis and evaluation, 2330 - Documenting information, 2340 - Engagement supervision, 2400 - Communicating results, 2410 - Criteria for communicating, 2420 - Quality of communications, 2430 - Use of "Conducted in conformance with the International Standards for the Professional Practice of Internal Auditing", 2440 - Disseminating results
Follow-up, reporting and recording	INTOSAI	Auditing Standards 3.5.5, 4.0 Reporting standards in government auditing
	SAIs	EIG No 26 - Documentation, EIG No 31 - Reporting
	IFAC	ISA 230 - Audit documentation, ISA 700 - Forming an opinion and reporting on financial statements, ISA 701 - Communicating key audit matters in the independent auditor's report
	IIA	Performance Standards 2330 - Recording information, 2400 - Communicating results, 2410 - Criteria for communicating, 2420 - Quality of communications, 2430 - Use of "Conducted in conformance with the International Standards for the Professional Practice of Internal Auditing", 2440 - Disseminating results, 2500 - Monitoring progress, 2600 - Management's acceptance of risks
Using the work of other auditors	INTOSAI	Auditing Standards 2.2.43, 2.2.44, 2.2.45
	SAIs	EIG No 25 - Using the work of other auditors and experts
	IFAC	ISA 600 - Special considerations-Audits of group financial statements (including the work of component auditors), ISA 620 - Using the work of an auditor's expert
	IIA	Performance Standards 2070 - External service provider and organizational responsibility for internal auditing

3.1.3 Reference to the procedures in place for drawing up the control report and audit opinion to be submitted to the Commission in accordance with Article 127(5) of Regulation (EU) No 1303/2013.

Under Article 127(5) of CPR, *“the AA shall draw up:*

- *an audit opinion in accordance with the second subparagraph of Article 59(5) of the Financial Regulation;*
- *a control report setting out the main findings of the audits carried out in accordance with paragraph 1, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions”.*

In the ACR to be submitted to the Commission by 15/02/N+2, the AA reports on system audits, audits of operations and audits of accounts, conducted on expenditure included in a payment application presented to the Commission, in relation to the accounting year from 01/07/N till 30/06/N+1 (deadline for the last payment request related to the accounting year 31/07/N+1).

The AO and ACR will be drafted in accordance with the models set out in Annexes VIII and IX to CIR 2015/207 and the procedures for their drawing up will be detailed in the audit manual taking into account the provisions of the “Guidance for Member States on the Annual Control Report and Audit Opinion” - EGESIF 15-0002-02 final of 09/10/2015 and “Guidance for Member States on Preparation, Examination and Acceptance of Accounts” - EGESIF 15-0018-02 final of 09/02/2016.

The abovementioned documents will be prepared by the AA with the support of the external auditor and presented to the GoA in due time. The members of the GoA may react on the documents before the signature of the AA and the submission to the European Commission/MA (Article 1(8) of RoP).

As far as the first accounting year started on 1 January 2014 and ended 30 June 2015 is concerned, the audit scope has been limited by the following factors:

- the programme has been approved by the European Commission on 20 October 2015;
- the notification of the MA and the CA has not occurred by 15 February 2016 since the designation of authorities has not been carried out;
- no expenditure has been declared to the Commission in reference to the first accounting year;
- no system audit has been performed because the procedure for notification of the designation of the programme authorities has not been completed within 15 February 2016.

Consequently, the ACR has been prepared in a simplified format, including the information required by Annex IX of the CIR No 2015/207 for the applicable sections, and the AA has presented a disclaimer of opinion. Both documents have been shared with the GoA before the submission to European Commission via SFC2014.

3.1.4 For an ETC programme, reference to specific audit arrangements and explanation on how the audit authority intends to ensure the coordination and supervision process with the group of auditors from the other Member States concerned by this programme and description of the rules of procedure adopted under Article 25(2) of Regulation (EU) No 1299/2013.

The macro activities within the framework of the audit work carried out by AA are:

- drawing up and updating the audit strategy;
- drawing up and updating the audit manual;
- assessment and monitoring on the compliance of the MA and CA with the designation criteria;
- risk assessment and its updating;
- carrying out system audits (including the audit of the FLCs);
- sampling (preparation and updating of the methodology for extraction of the sample and extraction of the sample of operations to be audited);
- carrying out audits of operations;

- carrying out audits of accounts;
- drawing up the RAC and the Audit Opinion;
- setting up and coordination of the GoA;
- preparation of the tender documents for the external audit firm;
- coordination and supervision of the work carried out by the external audit firm.

According to Article 25 of ETC Regulation, the GoA shall assist the AA to carry out the functions provided for in Article 127 of CPR and draw up its own rules of procedure.

In this respect, on 18 January 2016 the AA has launched a written procedure by sending via mail to all GoA members the draft of RoP and the procedure for its approval. Within 10 working days from the dispatch of the proposal, observations and comments have been received from the GoA members of Slovenia (on 27 January 2016), Croatia (on 28 January 2016) and Greece (on 1 February 2016).

At the end of consultation round, the AA sent by email of 2 February 2016 the version of the RoP in track changes, including comments and remarks by the GoA members, and the clean consolidated text together with the launch of the agreement on the final text to send in the next 5 working days through a written consensus.

On the basis of the agreements received from the all GoA members, the Adrion GoA RoP (Version 1.0) has been approved on 9 February 2016. After its adoption, it shall be amended by consensus (Article 10 of RoP). As referred to the paragraph 1.4, the RoP states tasks and responsibilities of the GoA (Article 1 of RoP) and, in particular, determines that *“each Partner State of the Adrion Programme is responsible for:*

- *audits carried out on its territory;*
- *providing the factual elements relating to expenditure on its territory that are required by the AA in order to perform its assessment”* (Article 1(2) of RoP).

The RoP also establishes that *“the GoA will entrust the audit work to carry out in the whole territory covered by the Adrion programme to an external audit firm with the necessary functional independence, which will be contracted by the AA”* (Article 1(4) of RoP).

According to Articles 72 and 127(2) of the CPR, the AA maintains the ultimate responsibility for the audit work carried out by the external firm, in particular it is responsible for ensuring that the work is in line with the Community regulatory framework, the internationally accepted audit standards and this audit strategy.

“The terms of reference for the selection of the audit firm will be prepared by the AA and shared with the GoA” (Article 1(4) of RoP). Special considerations will be taken into account:

- the tender specifications shall be clear and precise with regard to the scope and objectives, definition of tasks, responsibilities and the audit procedures that the external auditor will be requested to carry out. Particular attention shall be dedicated to the aspect of the coordination and communication between the AA and the external auditors, by providing for regular meetings and appropriate planning;
- adequate assurance that the external auditor does have the requisite professional competence and capacity to perform the assigned tasks according to internationally accepted audit standards, including an adequate knowledge of the applicable Community regulations;
- written confirmation shall be obtained in respect of each audit assignment that the external auditor has no conflict of interest.

“All the documents prepared by the external audit firm according to the deadlines established in the terms of reference will be subject to approval by the GoA” (Article 1(5) of RoP).

The decision-making procedure is defined in the Article 4 of RoP.

The AA will steer the work performed by the external audit firm with the assistance of the GoA (Article 1(6) of RoP).

The AA will ensure through proper supervision of the contract that all provisions mentioned in the tender specifications are respected. In addition, to assure a supervision of the audit activity performed by the technical assistance in each territory of the programme, so to guarantee a quality review, each GoA member may use a check list to be defined in the audit manual. The check list will detail the control that

has to be made on draft and final report of audit of operation and system audit on FLCs by each GoA member.

Under Article 25(2) of ETC Regulation, each GoA member has the responsibility of the audit on its own territory. Therefore, the responsibility and the supervision of the audit work carried out by the external audit firm in each country are within the competence of the GoA member concerned. The useful tools for the review of the work performed by the external auditor will be defined in the audit manual.

In order to gain the evidence of the work of the external audit firm, *“the members of the GoA will have the right to observe the audit conducted in the territory of the respective Partner State”* (Article 1(6) of RoP).

“Specific audit reports for system and operational checks will be prepared by the external audit firm and presented for feedback to the GoA member concerned and to the auditee. The draft audit report will be presented to the GoA member concerned for approval before the contradictory procedure starts. In case that findings and contradictory issues cannot be solved between the audit firm and the auditee (on which GoA members of related Partner State will be informed), the respective report will also be presented to the AA for consultation and may be discussed within the GoA.” (Article 1(7) of RoP).

In addition to the approval of the abovementioned documents, each GoA member will be involved in the discussion and approval of draft and final audit reports related to the system audits on FLC set up in its own territory. *“The results of the system audits will be communicated to the GoA for discussion”* (Article 1(7) of RoP).

The other activities for which the GoA approval is required are the audit strategy (drawing up and updating), the main elements (tasks of the technical assistance and deadlines that concern the GoA) of tender documents for the external audit firm and the audit manual (drawing up and updating).

The AA will inform the GoA on all the audit activities and present for discussion the main documents related to the audit work.

3.2 Audit on the functioning of management and control systems (system audits)

3.2.1 Indication of the bodies to be audited and the related key requirements in the context of system audits. Where applicable, reference to the audit body on which the audit authority relies to perform these audits.

The system audit will be carried out on the programme authorities (MA, CA and any IBs), and on all the bodies having a role and responsibilities for ETC programmes in all Partner States, including the procedures used by the FLC.

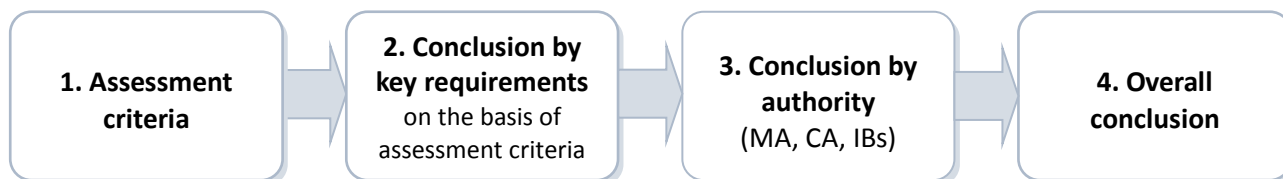
A complete list of the bodies and functions that will be covered by the system audits is requested to be provided in the “Description of the functions and procedures in place for the managing authority and the certifying authority”, that represents the basis on which the AA shall assess the set-up of the MCS within the designation procedure of the authorities.

As mentioned in the paragraph 3.1.3, the procedure has not yet been carried out; the first system audit will be initiated after the conclusion of the process.

The AA will audit all system bodies at least once during the programming period in order to ensure that all key requirements are adequately assessed. If during the programming period, significant changes to the MCS occur, the AA will perform a new system audit to obtain assurance on the proper functioning of the system.

As far as the methodology that will be used to assess the MCS is concerned, according to the “Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems in the Member States” - EGESIF 14-0010 final of 18/12/2014, the analysis will be focused on the fulfilment of the MCS with the key requirements set out in Table 1 of Annex IV of CDR (EU) No 480/2014 and the criteria for the assessment of their functioning.

The steps for the assessment will follow the schema presented below:



The overall key requirements are 13, of which:

- 8 key requirements - containing 36 assessment criteria - for the MA and any IBs to which functions have been delegated;
- 5 key requirements - containing 18 assessment criteria - for the CA and any IBs to which functions have been delegated.

Non-compliance with these criteria implies system deficiencies and thus a risk that irregular expenditure could be certified to the Commission and over-reimbursement made to Member States.

The assessment on the fulfilment of the key requirements will be done on the documentation available ("Description of the functions and procedures in place for the managing authority and the certifying authority", rules of procedures, audit trails, analysis, etc.) and through interviews with the key actors of the processes with the support of specific check lists.

Moreover, in order to verify and assess the functioning of the MCS, the AA will conduct some compliance testing of key controls with regard to the activities and the procedures of the bodies audited; such compliance testing will be carried out for a number of projects, transactions at the level of the MA, the CA, any IBs. The methodology used for determining the sample size for tests of controls will be in line with internationally accepted audit standards¹³ and with the "Guidance on sampling methods for audit authorities" - COCOF 08-0021-03 final of 04/04/2013.

For each key internal control, the AA will have to:

- define the test objectives;
- define the population and sampling unit;
- define the threshold above which a deficiency will be considered material;
- identify the sampling method, taking into consideration the paragraph "Sampling technique applicable to system audits" of the "Guidance on sampling methods for audit authorities" - COCOF 08-0021-03 final of 04/04/2013;
- evaluate the results.

The table below helps to show the correspondence between the categories set out in Table 2 of Annex IV of CDR (EU) No 480/2014 and the deviation rate detected.

Category 1 - Works well. No or only minor improvement(s) needed	Category 2 - Works, but some improvement(s) are needed	Category 3 - Works partially; substantial improvement(s) are needed	Category 4 - Essentially does not work
Less than 10% exceptions	Less than 25% exceptions	Less than 40% exceptions	More than 40% exceptions

When the system audit concludes that the deviation rate detected is higher than the materiality threshold defined by the AA, this means that the MCS does not meet the criterion set for a high assurance level. As a result, the MCS will be classified as having an average or low assurance level, and it will have implications in the determination of the sample size of the audits of operations.

At last, the AA will plan system audits targeted to specific thematic areas on the basis of the risk assessment

¹³ See the table in the paragraph 3.1.2.

carried out for the Adrion programme.

The AA will exercise its professional judgement in order to evaluate the results of these verifications forming the basis for the assessment.

The auditors will, for each step (i.e. first for each assessment criterion, then for each key requirement, then for each authority and then for the overall conclusion on the MCS), draw up their conclusions, on the basis of the following categories set out in Table 2 of Annex IV of CDR (EU) No 480/2014 and the guideline EGESIF 14-0010 final of 18/12/2014:

- **Category 1 - Works well. No or only minor improvement(s) needed.**
There are no deficiencies or only minor deficiencies found. These deficiencies have no, or minor impact on the functioning of the assessed key requirements/authorities/system.
- **Category 2 - Works, but some improvement(s) are needed.**
Some deficiencies were found. These deficiencies have a moderate impact on the functioning of the assessed key requirements/authorities/system. Recommendations have been formulated for implementation by the audited body.
- **Category 3 - Works partially; substantial improvement(s) are needed.**
Serious deficiencies were found. that expose the Funds to irregularities. The impact on the effective functioning of the key requirements/authorities/system is significant.
- **Category 4 - Essentially does not work.**
Numerous serious and/or wide-ranging deficiencies were found which expose the Funds to irregularities. The impact on the effective functioning of the assessed key requirements/authorities/system is significant - the assessed key requirements/authorities/system function poorly or do not function at all.

The results of system audits will be reported in the following table, according to the Annex IX of CIR No 2015/207 "Model for the annual control report".

Audited Entity	Fund (Multi-funds OP)	Title of the audit	Date of the final audit report	Operational Programme: CCI 2014TC16M4TN002, Interreg V-B Adriatic-Ionian Cooperation programme (Adrion)													Overall assessment (category 1, 2, 3, 4) [as defined in Table 2 - Annex IV of Regulation (EU) No 480/2014]	Comments
				Key requirements (as applicable) [as defined in Table 1 - Annex IV of Regulation (EU) No 480/2014]														
				KR 1	KR 2	KR 3	KR 4	KR 5	KR 6	KR 7	KR 8	KR 9	KR 10	KR 11	KR 12	KR 13		
MA																		
IB(s)																		
CA																		

Note: The parts in grey in the table above refer to key requirements that are not applicable to audited entity.

The audit tools that will be used for such verifications will be included in the audit manual.

3.2.2 Indication of any system audits targeted to specific thematic areas, such as:

- **quality of the administrative and on-the-spot verifications foreseen in Article 125(5) of**

- the Regulation (EU) No 1303/2013, including in relation to the respect of public procurement rules, State aid rules, environmental requirements, equal opportunities;
- quality of project selection and the administrative and on-the-spot verifications (foreseen in Article 125(5) of the Regulation (EU) No 1303/2013) related to the implementation of financial instruments;
- functioning and security of IT systems set up in accordance with Articles 72(d), 125(2)(d) and 126(d) of Regulation (EU) No 1303/2013; and their connection with the IT system 'SFC 2014', as foreseen in Article 74(4) of Regulation (EU) No 1303/2013;
- reliability of data relating to indicators and milestones and on the progress of the operational programme in achieving its objectives provided by the managing authority under Article 125(2)(a) of Regulation (EU) No 1303/2013;
- reporting of withdrawals and recoveries;
- implementation of effective and proportionate anti-fraud measures underpinned by a fraud risk assessment in line with Article 125(4)(c) of Regulation (EU) No 1303/2013.

The identification of any system audits targeted to specific thematic areas will be evaluated by the AA yearly.

3.3 Audits of operations

According to Article 127(1) CPR, the audits of operations are carried out on a representative sample of the expenditure declared during an accounting year to the Commission, on the basis, as a general rule, of a statistical sampling method.

3.3.1 Description of (or reference to internal document specifying) the sampling methodology to be used in line with Article 127(1) Regulation (EU) No 1303/2013 and Article 28 of the Regulation (EU) No 480/2014 and other specific procedures in place for audits of operations, namely related with the classification and treatment of the errors detected, including suspected fraud.

The population for sampling purposes includes the expenditure certified to the Commission for operations in the accounting year. All operations, for which declared expenditure has been included in certified statements of expenditure submitted to the Commission during the accounting year subject to sample, will be comprised in the sampled population, except when the population of operations is too small for statistical sampling.

The "Guidance on sampling methods for audit authorities" - COCOF 08-0021-03 final of 04/04/2013 states that is not possible to determine the exact population size below which non-statistical sampling is needed as it depends on several population characteristics, but it is safe to state that this threshold is somewhere between 50 and 150 population units. In such cases, the unit to be selected for audit may be the beneficiary's payment claim. In any case, the sample shall be selected using a random method and the size shall be sufficient to allow to draw valid conclusions on the effective functioning of the system.

The AA will ensure that the random sample is drawn from the correct population, i.e. the expenditure declared to the Commission during the accounting year except for the negative amounts. It can happen that, when breaking down the expenditure certified by payment claims submitted to the CA, there are some claims with negative amounts corresponding to corrections done by the MA. These negative amounts will constitute a separate population and will be audited separately by the AA since the objective in this case will be to verify if the amount corrected corresponds to what has been decided by the Partner State.

The AA will use technical parameters for a random statistical sample and will take into account factors for a

complementary sample.

According to Article 28 (11) of CDR No 480/2014, the size of the sample will depend on a confidence level determined according to the assurance level obtained from the system audit, i.e.:

- not less than 60% if assurance is high;
- not less than 90% if assurance is low.

The statistical method chosen will be one within the methods explained in the abovementioned guidance:

- Monetary Unit Sampling (standard approach);
- Monetary Unit Sampling (conservative approach);
- Difference of Estimation;
- Simple random sampling to be used generally when the analysis of the population does not imply the use of the other methods abovementioned.

The choice of the sampling method depends on the characteristic of the population declared during the accounting year. Thus every year the AA and the GoA, with the support of the technical assistance, will decide which method is the most suitable.

In case the number of operations for an accounting year is insufficient to allow the use of a statistical method, the non-statistical sample method will cover a minimum of 10%¹⁴ of operations for which expenditure has been declared to the commission and 10% of the expenditure which has been declared during the accounting year.

Moreover, in accordance with the guidance, the AA will take the opportunity to proceed to a two period method of sampling in order to spread the work load of the audit of operations over the programming period.

3.4 Audits of the accounts

In line with the principle of the segregation of duties, the legal framework assigns the responsibility for preparing different elements of the accounts package to different authorities (accounts by the CA, management declaration and annual summary by the MA and audit opinion and annual control report by the AA).

According to Article 126(b) CPR, it is the programme's CA who is responsible for drawing up the accounts. The CA is also responsible for certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with applicable law. Accounts are submitted by 15 February N+1 for each accounting year, from 2016 until and including 2025.

3.4.1 Description of the audit approach for the audit of the accounts.

Under Article 29 CIR No 480/2014, the AA shall carry out the audits of the accounts in respect of each accounting year for providing reasonable assurance on the truth, completeness, accuracy and veracity of the amounts declared in the accounts.

In order to allow the AA to issue its opinion on the accounts in time for submission of information to the Commission (15 February of each accounting year), the CA should make available to the AA the draft accounts by 31 October of each year.

Based on the draft accounts provided to it by the CA, the AA verifies that:

- (a) the total amount of eligible expenditure declared in accordance with Article 137(1)(a) of the CPR reconciles with the expenditure (and the corresponding public contribution) included in the final payment application submitted to the Commission for the relevant accounting year. If there are

¹⁴ Statement of the Commission (2013/C 375/02) in relation to Article 127 CPR on non-statistical sampling.

differences, the AA shall assess the adequacy of the explanations provided in the accounts;

- (b) the amounts withdrawn and recovered during the accounting year, the amounts to be recovered as at the end of the accounting year, the recoveries effected pursuant to Article 71 of the CPR, and the irrecoverable amounts presented in the accounts, all correspond to the amounts entered in the CA's accounting systems and are based on reasoned decisions taken by the responsible MA or CA;
- (c) expenditure has been excluded from the accounts in accordance with Article 137(2) of the CPR, where applicable, due to an ongoing assessment of its legality and regularity;
- (d) the amounts of programme contributions paid to financial instruments and advances of State Aid paid to beneficiaries are supported by the information available, in particular from the MA.

The AA will take into account the results of

- the system audits, in particular those regarding the CA,
- the audits of operations,
- the audits performed by the Commission,
- the audits carried out by the European Court of Auditors and its follow-up performed by the Commission,
- checks performed by other programme authorities (administrative verifications and on-the-spot verifications carried out by FLCs, checks carried out by CA).

Moreover, the AA will carry out final additional verifications on the accounts to provide an opinion to establish whether the accounts give a true and fair view.

Through the system audit of the CA, the AA will verify the reliability of the accounting system of the certifying authority and, on a sample basis, of the accuracy of expenditure, of amounts withdrawn and amounts recovered recorded in the CA's accounting system.

When performing a system audit of the CA, the AA will ensure that the following procedures are being adequately implemented: to report and monitor irregularities; to account for the amounts to be withdrawn or to be recovered and to be deducted from payment claims during the accounting year; and to follow-up pending recoveries and irrecoverable amounts.

In particular, the AA will pay special attention to the assessment of key requirement 13 on “adequate procedures to drawing up and certifying the completeness, accuracy and veracity of the accounts”. In practice, this means that system audit concerning the CA's accounting system will include at least the verification of whether the CA's procedures (including controls on the IT system) effectively ensure that the total amount of eligible expenditure entered into the accounting system reconciles with the expenditure (including the corresponding public contribution) included in interim payment applications submitted to the Commission for the relevant accounting year, less the relevant financial corrections and/or other adjustments made by the CA for the expenditure at stake.

As far as the sample of operations selected is concerned, the AA will check that:

- the total amount of eligible expenditure declared in accordance with Article 137(1.a) CPR reconciles with the expenditure (and the corresponding public contribution) included in payment applications submitted to the Commission;
- all irregular amounts detected in the operations sampled have been excluded from the accounts.

If applicable for the operations in the audited sample, the AA will verify that the amounts of programme contributions paid to financial instruments and advances of State aid paid to beneficiaries are supported by the information available at the level of the MA and of the CA. The objective of these checks will be also to confirm the reliability of the audit trail of the accounting system.

Taking into the account the annex of the “Guidance for Member States on Audit of Accounts” - EGESIF 15-0016-02 final of 05/02/2016, the AA will develop a dedicated section in the check list (or a separate check list) of the audit manual to be applied to the CA covering all the elements of the accounts, as described in Article 29(5) of the CDR.

In order to provide an audit opinion on the accounts, the AA will carry out final additional verifications on the (draft) certified accounts provided by the CA. These verifications will aim to confirm that all the

elements required by Article 137 of the CPR are correctly included in the accounts and supported by underlying accounting records maintained by the relevant authorities (or bodies) and beneficiaries.

The AA will check that the results of any audit or control activity as defined above are adequately reflected in the accounts, including the expenditure under an ongoing assessment of legality and regularity in application of Article 137(2) CPR. This verification of the effective correction of irregularities detected by the audit work (by withdrawal or recovery from an interim payment application during the accounting year or deduction in the accounts) will be particularly useful for the calculation of the residual error rate, to be provided in the annual control report.

The results of the audit work performed by the AA on the draft accounts, once communicated to the CA, will allow the former to further adjust its accounts if necessary, before certification to the Commission.

3.5 Verification of the management declaration

The MA is required to draw up a management declaration and an annual summary in accordance with Article 59(5) (a) and (b) of the Financial Regulation and Article 125(4)(e) CPR. These documents contribute to strengthening internal control at Member State level for the implementation of ESIF and to increasing accountability under the shared management system.

The model for the management declaration is set out in Annex VI CIR No 2015/207.

The management declaration comprises two parts:

- the declaration itself which, in accordance with the Financial Regulation, contains three elements linked to the accounts, the use of expenditure entered in these accounts and the legality and regularity of this expenditure based on the guarantees given by the MCS; and
- a confirmation by the MA of the effective and compliant functioning of the MCS in relation to a number of key elements: appropriate treatment in the accounts of irregularities detected, including in the case of an on-going assessment of the legality and regularity of expenditure; data relating to indicators, milestones and progress of the programme; effective and proportionate anti-fraud measures; lack of undisclosed matters which could damage the reputation of cohesion policy.

3.5.1 Reference to the internal procedures setting out the work involved in the verification of the assertions contained in the management declaration, for the purpose of the audit opinion.

In accordance with Article 59 of the Financial Regulation, the AA has to provide for the purpose of the audit opinion whether its audit work puts in doubt the assertions made by the MA in the management declaration. In order to satisfy itself that no divergence or inconsistency is present, the AA will compare the assertions made in the management declaration with the results of its audit work. In particular, the AA will verify whether the financial corrections, as a result of AA audits and MA/CA verifications carried out in relation to expenditure to be entered in the accounts, are properly included in the declaration.

In case of divergences or inconsistencies, the AA will discuss its observation with the MA so that the latter will provide additional information or amendments.

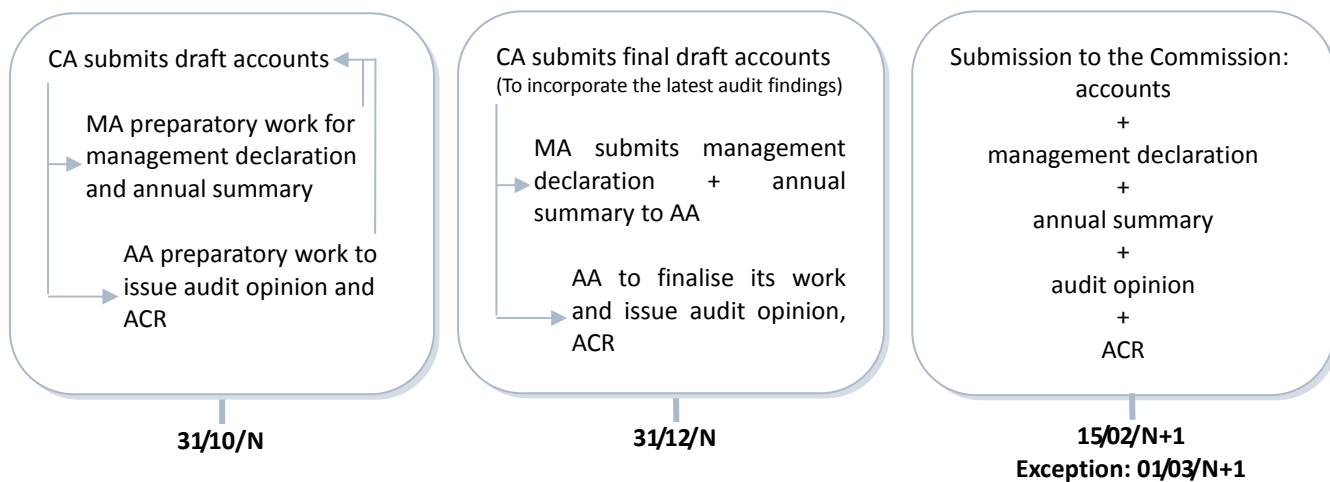
The MA should make available to the AA a copy of its final management declaration and the annual summary of the final audit reports and controls carried out including an analysis of the nature and content of errors and weaknesses identified in systems, as well as corrective actions taken or planned. In order to allow the MA to enter the information abovementioned, the AA will promptly provide the results of its audits.

Since the Article 138 CPR states that the management declaration and the annual summary (together with the accounts, the audit opinion and the control report) shall be submitted for each accounting year from 2016 until and including 2025 by 15 February of the following year¹⁵, it is necessary to agree with the MA

¹⁵ The deadline of 15 February may exceptionally be extended by the Commission to 1 March, upon communication by the Member State concerned.

and the CA appropriate internal deadlines for the transmission of documents.

The following schema presents an indicative work timeline in order to be able to submit to the Commission via SFC2014 the assurance documents described above by the regulatory deadline of 15 February each year.



4 AUDIT WORK PLANNED

4.1 Description and justification of the audit priorities and specific objectives in relation to the current accounting year and the two subsequent accounting years, together with an explanation of the linkage of the risk assessment results to the audit work planned.

The audit priorities shall be defined on the basis of the risk assessment. On the assumption that the assessment on the designation criteria has not yet been initiated, in the schema below is presented a draft of the audit priorities, that take into account of the following items:

- new MCS;
- transnational programme with wide variety of bodies (JS, FLC, National Contact Points, etc.);
- programme area also composed by IPA Partners.

After the conclusion of the designation procedure, it will be possible to identify the risk assessment, the priorities and the specific objectives; the audit strategy will be amended accordingly.


Authorities/Bodies or specific thematic areas to be audited	CCI	OP Title	Body responsible for auditing	Result of risk assessment	01/01/2014 - 30/06/2015 Audit objective and scope	01/07/2015 - 30/06/2016 Audit objective and scope	01/07/2016 - 30/06/2017 Audit objective and scope	01/07/2017 - 30/06/2018 Audit objective and scope
MA	2014TC16M4TN002	Interreg V-B Adriatic-Ionian Cooperation Programme	AA		N.A.	N.A.	System audit on the functions of the MA and any IBs; verification of the fulfilment of the key requirements based on the risk assessment	- System audit - Compliance tests - Audit of operations - Verification of the management declaration
FLCs					N.A.	N.A.	System audit on the FLCs	System audit on the FLCs
JS					N.A.	N.A.	System audit on the functions of the JS	System audit on the functions of the JS
CA					N.A.	N.A.	System audit on the functions of the MA and any IBs; verification of the fulfilment of the key requirements based on the risk assessment	- System audit - Compliance tests - Audit of operations - Audit accounts

4.2 An indicative schedule of audit assignments in relation to the current accounting year and the two subsequent accounting years for system audits (including audits targeted to specific thematic areas), as follows:

The planning of the audit activities for the current accounting year and the two subsequent accounting years will take into account of the progress of the designation procedure and of “Description of the functions and procedures in place for the managing authority and the certifying authority”. It is assumed that the designation procedure will end within the first months of 2017.

The planning schedule presented below is the audit work indicative timelines that will be updated after the conclusion of the designation procedure.

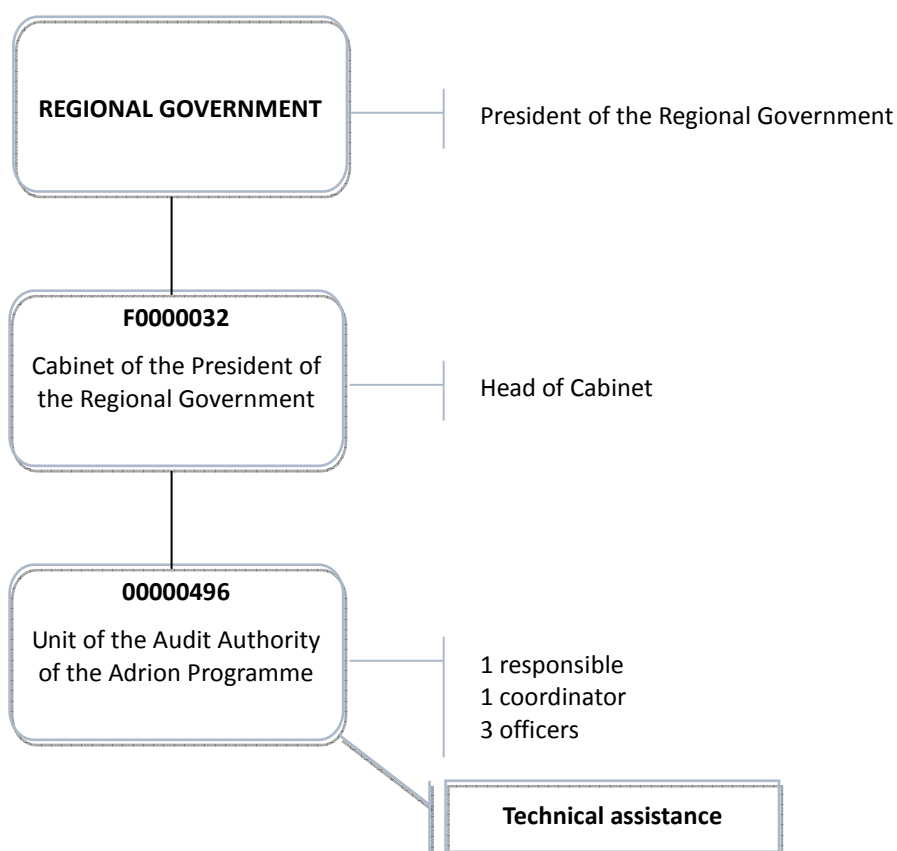
Audit activities	2015			2016												2017												2018					
	Oc	No	De	Ja	Fe	Ma	Ap	Ma	Ju	Ju	Au	Se	Oc	No	De	Ja	Fe	Ma	Ap	Ma	Ju	Ju	Au	Se	Oc	No	De	Ja	Fe	Ma	Ap	Ma	Ju
CP approved																																	
Setting up GoA																																	
GoA RoP approved																																	
Audit strategy																																	
Designation procedure																																	
System audits																																	
Sampling																																	
Audit of operations																																	
Audit accounts																																	
Verification of management declaration																																	
RAC and AO																																	

 Whether the CA submits the first payment application within May 2017 and/or July 2017.

5 RESOURCES

5.1 Organization chart of the audit authority and information on its relationship with any audit body that carries out audits as foreseen in Article 127(2) of the Regulation (EU) No 1303/2013, where appropriate.

Organization chart of the AA



5.2 Indication of planned resources to be allocated in relation to the current accounting year and the two subsequent accounting years.

As referred to in paragraphs 1.2 and 1.3, during the last update of the organization chart of the Emilia-Romagna Region, the Unit of the Adrion programme AA has been set up under the Cabinet of the President of the Regional Government.

The organization chart presented in the previous paragraph refers to the AA working at full capacity from 2017. The procedure of AA's validation by IGRUE on the adequacy of the organizational structure has been initiated.

The internal staff resources will be composed by:

- Head of Cabinet of the President of the Emilia-Romagna Region as AA responsible;
- 1 coordinator;
- 3 officers.

As states in the RoP, the GoA decided to entrust the audit work for the whole territory covered by the Adrion programme to an external audit firm with the necessary functional independence, which will be contracted by the AA. The tender procedure for the technical assistance, will be launched within the end of the year.

REGIONE EMILIA-ROMAGNA

Atti amministrativi

GIUNTA REGIONALE

Andrea Orlando, Capo di GABINETTO DEL PRESIDENTE DELLA GIUNTA, in sostituzione del Responsabile del Servizio Autorità di Audit programma Adrion temporaneamente privo di titolare esprime, contestualmente all'adozione, ai sensi della deliberazione della Giunta Regionale n. 2416/2008 e s.m.i., parere di regolarità amministrativa in merito all'atto con numero di proposta DPG/2016/10184

IN FEDE

Andrea Orlando