MONTENEGRO
AUDIT AUTHORITY

N^{o}: 01-908/25-163
Date: 14th February 2025

ANNUAL AUDIT ACTIVITY REPORT

OF THE AUDIT AUTHORITY FOR

IPA II 2014-2020 CROSS-BORDER COOPERATION PROGRAMME
“MONTENEGRO – KOSOVO”

FOR THE PERIOD
1st JANUARY 2024 – 31st DECEMBER 2024

Podgorica, March 2025

Contents

List of abbreviation

AA	Audit Authority of Montenegro
AAAR	Annual Audit Activity Report
AAO	Annual Audit Opinion
AMD	Annual Management Declaration
AMG	Annual Management Guarantee
AWP	Annual Work Plan
CA	Contracting Authority
CB	Control Body
CBC	Cross-border cooperation
CFCU	Central Finance and Contracting Unit
DMS	Directorate for Management Structure
EC	European Commission
EU	European Union
EUD	Delegation of the European Union
FA	Financial Agreement
GoA	Group of Auditors
HOS	Head of Operating Structure
IA	Implementing Agency
ICF	Internal Control Framework
IPA II	Instrument for Pre-Accession Assistance II perspective
ISA	International Standards on Auditing
JTS	Joint Technical Secretariat
MCSS	Management, Control and Supervision System
MLGA	Ministry of Local Government Administration
MoP	Manual of Procedures
MS	Management Structure
NAO	National Authorising Officer
NAO SO	NAO Support Office
NFD	National Fund Division
NIPAC	National IPA Coordinator
OG MNE	Official Gazette of Montenegro
OS	Operating Structure
OTSC	On-the-spot check
PLCP	Programme level control procedures
WA	Written approval
WLA	Work Load Analysis

1. INTRODUCTION

1.1 Details of the responsible Audit Authority and other bodies that have been involved in preparing the Report

The Audit Authority of Montenegro, as an independent audit body, was established by the Law on Audit of European Union funds ("*Official Gazette of Montenegro*" Nº 14/12, 54/16, 37/17 and 70/17). The Audit Authority is responsible for audit of EU funds (IPA, Structural Funds after the accession of Montenegro to the European Union and other EU funds). According to the Article 3 of Law on Audit of EU funds, the Audit Authority is functionally and operationally independent of all actors in EU funds management and control system.

The Law on Audit of EU Funds prescribes that auditees are public institutions and organisations, authorities and organisations of local self-government units, natural and legal persons who receive, use and manage EU funds respectively.

The functions and responsibilities of the Audit Authority are set out in the Framework Agreement between Montenegro and the European Commission on the arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance (IPA II), ("*Official Gazette of Montenegro*", Nº 5/2015) and in the Commission Implementing Regulation (EU) Nº 447/2014 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).

The Audit Authority is responsible for verifying:

- The completeness, accuracy and veracity of the annual financial reports or statements and the underlying annual accounts;
- The efficient and effective functioning of the management, control and supervision systems;
- The legality and regularity of the underlying transactions.

The Audit Authority of Montenegro is responsible for the performance of audit tasks in respect of the IPA II 2014-2020 Cross-Border Cooperation Programme "Montenegro-Kosovo" (C (2014) 9307). It has been assisted by the Group of Auditors (GoA) composed of representatives by the Audit Authority of Montenegro and Central Harmonization Unit for Internal Audit (CHU-IA) within Ministry of Finance of Kosovo.

The Audit Authority is obliged to draw up Annual Audit Activity Report (AAAR) and Annual Audit Opinion (AAO) following the model set out in Annexes D and E of the Framework Agreement for IPA II.

This Report has been prepared by the Audit Authority of Montenegro.

1.2 Reference period (i.e. the year) and the scope of the audits (including the expenditure declared to the Commission for the year concerned)

Pursuant to Article 3(f) of the Framework Agreement between Montenegro and the European Commission on the arrangements for implementation of Union financial assistance to Montenegro under the Instrument for Pre-accession Assistance (IPA II), reference period for this Annual Audit Activity Report is financial year and covers the period from 1st January 2024 to 31st December 2024.

In the period June 2024 – January 2025 Audit Authority performed system audit of functioning of Management, Control and Supervision System established for implementation of IPA II 2014-2020 CBC Programme "Montenegro-Kosovo". Also, the follow up of the findings and recommendations given in the course of previous audits was included in the system audit engagement.

Based on level of implementation of IPA II 2014-2020 CBC Programme "Montenegro-Kosovo", as well as in accordance with adopted Audit Strategy for period 2024-2026 and results of performed risk assessment, the following bodies being part of the management, control and supervision system and key requirements were covered by the system audit:

- **National Fund**: Control Activities;
- **NAO Support Office**: Risk Management, Control Activities;
- **CA/CFCU**: Risk Management, Control Activities;
- **HOS Office**: Risk Management, Control Activities, Monitoring of ICF;
- **HOS/CBC Body Kosovo**: Risk Management, Control Activities, Monitoring of ICF;
- **Control Body**: Risk Management, Control Activities.

In the period June 2024 - October 2024 Audit Authority performed audits of operation on the sample of operations for which the expenditures were declared to the European Commission (EC) in Final Declarations for 2014 and 2015 financial allocation.

During the reference year (2024), Final Declaration of Expenditure was sent to the European Commission (EC) on 28th June 2024 regarding 2014 allocation. The reference period from which the sample for audit of operations was drawn includes period from 1st January 2024 to 28th June 2024 when Final Declaration was sent to EC by NAO.

Population for the audit of operation includes cost recognised declared in the final declaration in the amount of 976.389,89€ reduced by the cost recognised declared in the previous declaration from 29th September 2020 in the amount of 375.366,11€.

The population consists of three (3) operations including 601.023,78€ of total cost recognised out of which 510.786,33€ is EU part and 90.237,45€ is private co-financing (other sources).

Non-statistical sampling was applied for the selection of sample of operations as applicable for small populations. Operation was set as sampling unit.

One (1) operation in overall amount of 208.131,73 € has been selected in the sample using equal probability selection which presents 33,33% of the total number of units/operations (population) and 34,63% of total amount of declared costs.

Sampled operation is as follow:

- CFCU/MNE/072 "CARES – Cross-border Actions in the Reproductive Health Sector".

Regarding 2015 financial allocation Final Declaration of Expenditure was sent to the European Commission (EC) on 20th August 2024. The reference period from which the sample for audit of operations was drawn includes period from 1st January 2024 to 20th August 2024 when Final Declaration was sent to EC by NAO.

Population for the audit of operation includes cost recognised declared in the Final declaration in amount of 1.248.893,00 € reduced by the cost recognised declared in previous declaration from 29th September 2020 in amount of 349.144,50 €.

The population consists of four (4) operations including 899.748,50 € of total cost recognised out of which 763.278,21 € is EU part and 136.470,29 € is private co-financing (other sources).

One (1) operation in overall amount of 202.325,11 € have been selected in the sample using equal probability selection which presents 25% of the total number of units/operations (population) and 22,49% of total amount of declared costs.

Sampled operation is as follow:

- CFCU/MNE/070 "Cross-border joint initiatives for better waste management".

Results of audits of operation for allocations 2014 and 2015 are presented in Final Audit Activity Report no. 3011-2-06-566 submitted to EC on 23rd September 2024 and Final Audit Activity Report no. 3011-2-06-734 submitted to EC on 20th November 2024. On the basis of results of audit of operation Audit Authority issued Final Audit Opinion on 23rd September 2024 for allocation 2014 and on 20th November 2024 for allocation 2015.

As for financial allocations for 2016 - 2020 no expenditures were declared during the year 2024. Consequently, the Audit Authority was unable to conduct an audit of transactions/operations regarding the financial year 2024.

At the end of February and beginning of March 2025, Audit Authority performed audit of the annual financial reports for the year 2024 and assessment of the Management declaration for the respective Programme.

NAO submitted Annual Financial Report for 2024 on 14th February 2025.

The amounts declared in the Annual Financial Report for 2024 are presented in the table below:

Programme Reference	**Financing Agreement contract number**	**Total Amount Disbursed**		**Total Costs Recognised**		**Total Open Pre-financing**		**Bank Balances (EU contribution)**	**Forecast disbursements**
		EU contribution	**Other sources**	**EU contribution**	**Other sources**	**EU contribution**	**Other sources**		**Next 12 months**
CBC MNE-KOS 2016	2016/038-182	1.171.047,93	0,00	1.171.047,93	183.526,15	0,00	0,00	26.428,28	N/A
CBC MNE-KOS 2017	2017/038-183	750.135,26	0,00	652.974,57	138.575,57	0,00	0,00	66.542,97	N/A
CBC MNE-KOS 2018	2018/041-472	837.235,21	0,00	134.630,79	29.087,41	702.604,42	0,00	265.412,87	362.764,79
CBC MNE-KOS 2019	2019/041-474	1.003.277,70	0,00	365.228,07	64.452,03	638.049,63	0,00	92.680,76	196.185,68
CBC MNE-KOS 2020	2020/041-475	778.366,26	0,00	245.080,05	50.913,64	533.286,21	0,00	261.643,69	301.633,69

During the audit AA verified whether the Annual Financial Reports/Financial Statements give a true and fair view as well as the completeness, accuracy and veracity of the annual financial reports or statements and the underlying annual accounts.

1.3 Identification of the sector/policy area(s) covered by the report and of its/their operating structure and management structure

The Annual Audit Activity Report covers the Cross-Border Cooperation Action Programme "Montenegro-Kosovo" for the year 2014 (2014/037-592), the Cross-Border Cooperation Action Programme "Montenegro-Kosovo" for the years 2015-2017 (2015/038-161, 2016/038-182 and 2017/038-183) and Cross-Border Cooperation Action Programme "Montenegro-Kosovo" for the years 2018-2020 (2018/041-472, 2019/041-474 and 2020/041-475) which provide assistance for cross-border cooperation in the thematic area spelled out in the IPA II 2014-2020 CBC Programme "Montenegro – Kosovo" (C(2014) 9307).

Structures and bodies being part of the management and control system of this Programme are, as follows:

- National IPA Coordinators of both countries;
- The National Authorising Officer of Montenegro;
- The Management Structure of Montenegro (National Fund and NAO Support Office);

- The Operating Structure (OS) of Montenegro composed of: Head of the Operating Structure (Montenegrin HOS), Cross-border Cooperation Body (Montenegrin CBC Body) and Contracting Authority (CA/CFCU). The first two are located in the Directorate for European Territorial Cooperation within Ministry of European Affairs. Contracting Authority is located in the Montenegrin Ministry of Finance - Directorate for Finance and Contracting of the EU Assistance Funds (CFCU);
- the Operating Structure (OS) of Kosovo composed of: Head of the Operating Structure (HOS) and the Cross-border Cooperation Body (CBC Body) which are located in the Ministry of Local Government Administration;
- Control Body (KOS CB) placed in Ministry of Local Government Administration.

1.4 Description of the steps taken to prepare the report and to draw the audit opinion

To prepare the Annual Audit Activity Report, the Audit Authority processes, summarises and assesses the findings and recommendations included in the final reports on performed audits and carries out a follow-up to assess the time proportional implementation of audit recommendations.

The Annual Audit Activity Report sets out, inter alia, deficiencies found in the management, control and supervision systems and corrective measures taken or planned by the NAO/NAO Support Office, National Fund and/or the operating structures concerned, and details of any substantial changes in the management and control systems.

With a view to drawing up an audit opinion, Audit Authority assessed results of audit activities from the audits of management, control and supervision system and audits of operations performed during 2024, result of follow up of the findings and recommendations, results of audit of annual financial reports for 2024 and assessed the consistency of the management declaration with regard to performed audit work.

Based on the available information, final audit reports and follow up activities the Audit Authority prepares Annual Audit Activity Report and Annual Audit Opinion.

The Annual Audit Activity Report and Annual Audit Opinion have been submitted to the European Commission and Government of Montenegro with a copy to the NIPAC and NAO by 15th March each year.

2. SUBSTANTIAL CHANGES IN MANAGEMENT AND CONTROL SYSTEMS

2.1 Details of any substantial changes in the management and control systems, and confirmation of its compliance with Article 7 of Commission Implementing Regulation (EU) No 447/2014 based on the audit work carried out by the audit authority under Article 12 of Commission Implementing Regulation (EU) No 447/2014

During 2024 NAO informed the European Commission and Audit Authority about substantial and planned changes in the system. The following changes occurred in 2024:

- **National IPA Coordinator**

At the session held on 18th January 2024, the Government of Montenegro gave its consent to the proposal regarding the appointment of Mr Bojan Božović, new State Secretary in the Ministry of European Affairs, on the position of National IPA Coordinator.

Deputy NAO informed European Commission and Audit Authority on these personal changes on 27th February 2024 (Letter Nº: 08-908/24-951).

Mr. Božović performed the function of NIPAC until the Government reorganization on 23rd July, after which the position remained vacant until 6th February 2025, when the Government appointed Ms Maida Gorčevič, Minister of European Affairs, as the National IPA Coordinator.

- **Deputy National IPA Coordinator**

At the session held on 18th July 2024, the Government of Montenegro gave its consent to the proposal regarding the appointment of Mr Bojan Vujović as the General Director of the Directorate for coordination EU financial assistance within Ministry of European Affairs /Deputy NIPAC.

- **National Authorising Officer**

The mandate of Ms Ana Raičević as the Secretary General in the Ministry of Finance and National Authorising Officer was terminated at the Government session held on 2nd February 2024. The function of NAO was performed by Ms Anja Amidžić, Deputy NAO until 8th February 2024, when the Government of Montenegro appointed Ms Milica Adžić, the State Secretary in the Ministry of Finance, as the National Authorising Officer.

Deputy NAO informed European Commission and Audit Authority on these personal changes on 27th February 2024 (Letter Nº: 08-908/24-951).

- **Head of Directorate for Management Structure/Deputy National Authorising Officer**

The mandate of Ms Anja Amidžić as the Acting Director General of Directorate for management of the EU pre-accession funds structure was terminated at the Government session held on 11th July 2024. On the same session, the Government of Montenegro appointed Mr Velibor Damjanović as a new Director General of Directorate for management of the EU pre-accession funds structure/ Deputy National Authorising Officer.

NAO informed European Commission and Audit Authority on these personal changes on 19th July 2024 (Letter Nº: 08-908/24-366/1)

- **Head of NAO Support Office**

Ms Ivana Ćupić was appointed as Head of NAO Support Office in August 2024.

2.2 The dates from which these changes apply, the dates of notification of the changes to the audit authority, as well as the impact of these changes on the audit work are to be indicated

The changes that occurred in MCSS in 2024 have been communicated to the European Commission and the Audit Authority. Changes have been assessed by Audit Authority and we can confirm their compliance with Article 7 of Commission Implementing Regulation (EU) Nº 447/2014.

Above listed changes do not have an impact on the audit work.

3. CHANGES TO THE AUDIT STRATEGY

According to the Article 12 of Commission Implementing Regulation Nº 447/2014 the Audit Authority shall carry out audit in accordance with Audit Strategy prepared on a tri-annual basis.

The Audit Strategy for IPA II 2014-2020 CBC Programme "Montenegro – Kosovo" was prepared and submitted to the European Commission with a copy to the NAO in November 2023. The Audit Strategy was prepared on a tri-annual basis for period 2024-2026 following the model in Annex G of Montenegrin Framework Agreement and approved by General Auditor after having obtained the opinion of GoA members.

The Audit Strategy has not been changed in the reference period to which the Annual control report relates.

4. SYSTEMS AUDITS

4.1. Details of the bodies that have carried out system audit

The audit body that has carried out system audit is Audit Authority of Montenegro. The Audit Authority of Montenegro, as an independent audit body, was established by the Law on Audit of European Union funds ("Official Gazette of Montenegro" Nº 14/12, 54/16, 37/17 and 70/17). Audit Authority of Montenegro is responsible for carrying out the function of the Audit Authority for IPA II 2014-2020 CBC Programme "Montenegro - Kosovo", in line with the functions and responsibilities set out in Clause 5 of Annex A to the Framework Agreement.

Since the Audit Authority does not have the authorisation to directly carry out its functions in the whole territory covered by CBC Programme "Montenegro – Kosovo", it is assisted by Group of auditors comprising a representative of Audit Authority of Montenegro and the Central Harmonization Unit for Internal Audit (CHU-IA) within Ministry of Finance of Kosovo.

4.2 Summary table of the audits carried out, with the indication of the authorities/bodies audited, the assessment of the key requirements for each body, issues covered and comparison to the audit planning

Audit period	1. Programme (CCI and title)	2. Audit Body	3. Audited Body(ies)	4. Date of the audit	5. Scope of the audit	6. Principal findings and conclusions	7. Problems of systemic character and measures taken	8. Estimated financial impact (if applicable)	9. State of follow- up (closed /or not)
01.01.2024.-31.12.2024.	IPA II 2014-2020 Cross-Border Cooperation Programme Montenegro-Kosovo (C (2014) 9307) *CRIS Nº:* 2014/037-592 2015/038-161 2016/038-182 2017/038-183 2018/041-472 2019/041-474 2020/041-475	Audit Authority of Montenegro + Goa members	1.DMS (NFD/NAO SO) 2.CA/CFCU 3.HOS Office 4.HOS/CBC Body KOS 5.Control Body + Follow up in all bodies within MCSS of the IPA II 2014-2020 CBC Programme Montenegro-Kosovo	June 2024 – January 2025	-2(a) Objective settings – DMS, CFCU, HOS Office, HOS/CBC Body KOS, CB; -2(b) Risk identification, assessment and response – DMS, CFCU, HOS Office, HOS/CBC Body KOS, CB; -2(c) Fraud risk – DMS, CFCU, HOS Office, HOS/CBC Body KOS, CB; -2(d) Identification and assessment of changes affecting the system of internal controls – DMS, CFCU, HOS Office, HOS/CBC Body KOS, CB; -3(a) Selection and development of control activities - DMS, CFCU, HOS Office, HOS/CBC Body KOS, CB; -5(a) On-going and specific monitoring – HOS Office, HOS/CBC Body KOS; -5(b) Assessment, recording and communication of internal control deficiencies - HOS Office, HOS/CBC Body KOS; - Follow up of open findings from previous audits - all bodies within MCSS	No new findings identified *<u>Audit conclusion:</u>* Category 2 - Works, but some improvements are needed. For more details please refer to the points 4.4 and 7 of this report	–	–	–

Based on level of implementation of IPA II 2014-2020 CBC Programme "Montenegro-Kosovo", available AA's resources and all collected information and documentation as well as the results of risk assessment, the following bodies being part of the management, control and supervision system and key requirements were covered by the system audit:

1. National Authorizing Officer (NAO) and Management Structure (MS) composed of National Fund (NF) and Support Office for the NAO (NAOSO):
- 2(a) Objective settings
- 2(b) Risk identification, assessment and response
- 2(c) Fraud risk
- 2(d) Identification and assessment of changes affecting the system of internal controls
- 3(a) Selection and development of control activities

2. Contracting Authority (CA):
- 2(a) Objective settings
- 2(b) Risk identification, assessment and response
- 2(c) Fraud risk
- 2(d) Identification and assessment of changes affecting the system of internal controls
- 3(a) Selection and development of control activities

3. HOS Office:
- 2(a) Objective settings
- 2(b) Risk identification, assessment and response
- 2(c) Fraud risk
- 2(d) Identification and assessment of changes affecting the system of internal controls
- 3(a) Selection and development of control activities
- 5(a) On-going and specific monitoring
- 5(b) Assessment, recording and communication of internal control deficiencies

4. HOS/CBC Body KOS:
- 2(a) Objective settings
- 2(b) Risk identification, assessment and response
- 2(c) Fraud risk
- 2(d) Identification and assessment of changes affecting the system of internal controls
- 3(a) Selection and development of control activities
- 5(a) On-going and specific monitoring
- 5(b) Assessment, recording and communication of internal control deficiencies

5. Control Body (CB):
- 2(a) Objective settings
- 2(b) Risk identification, assessment and response
- 2(c) Fraud risk
- 2(d) Identification and assessment of changes affecting the system of internal controls
- 3(a) Selection and development of control activities

Additionally, during our audit we performed follow up of implementation of recommendations related to open findings from previous audits in all bodies within MCSS.

The system audit encompassed the period from 1st January 2024 to 31st December 2024. The audit was performed in the period from 14th June 2024 until 15th January 2025.

The Final Audit Report was issued and submitted to National Authorising Officer, Deputy National IPA

Coordinator of Montenegro, National IPA Coordinator of Kosovo, Head of Operating Structure in Montenegro and Head of Operating Structure in Kosovo on 11th February 2025.

4.3 Description of the basis for selection of the audits in the context of the audit strategy

For the purpose of detailed defining of the scope of the audit, during the preparation of Audit Strategy for period 2024-2026 the Audit Authority performed a detailed risk assessment to determine the bodies and ICF area which will be covered by system audit. Additionally, in order to define the key requirements within each area which will be encompassed by the appropriate audit activities in particular body, we performed risk assessment at the level of each requirement during system audit engagement planning.

The Audit Authority's methodology for risk assessment is based on the:

- International Standards on Auditing (and in particular ISA 300, 315, 320, 330, 500),
- Guidance for Member States on Audit Strategy (Programming period 2014-2020), (EGESIF_14-0011-02 final 27/08/2015),
- Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems (EGESIF_14-0010-FINAL 18/12/2014) and
- Guidance on sampling methods for audit authorities, Programming periods 2007-2013 and 2014-2020 (EGESIF_16-0014-01 20/01/2017).

During the preparation of Audit Strategy, risks were identified and taken into account at the programme/structures and authorities' level while during system audit engagement planning risk assessment was performed at the level of each key requirement. Specific risk factors have been assessed for each body and ICF area. Each risk factor has been assessed as Low, Medium or High, considering both the significance and likelihood of the risk, and has been evaluated in 5-points scale: the highest risk gets highest points and vice versa. In order to distinguish between the factors with varying importance, the weight have been given to the specific risk factors. After assessment, all bodies are ranked according to the total score.

Based on the results of risk assessment, the following bodies being part of the management, control and supervision system of this Programme were covered by the system audit:

- National Authorizing Officer (NAO) and Management Structure (MS) composed of National Fund (NF) and Support Office for the NAO (NAOSO)
- Contracting Authority (CA)
- HOS Office
- HOS/CBC Body Kosovo and
- Control Body (KOS CB).

The ICF area which was under the scope of audit according to risk assessment were ICF area 2. Risk Management, 3. Control activities and 5. Monitoring of ICF.

Additionally, in order to define the key requirements within each body and ICFR area we performed risk assessment at the level of each requirement during system audit engagement planning. The following key requirement was examined according to results of risk assessment:

- 2(a) Objective settings
- 2(b) Risk identification, assessment and response
- 2(c) Fraud risk
- 2(d) Identification and assessment of changes affecting the system of internal controls
- 3(a) Selection and development of control activities
- 5(a) On-going and specific monitoring

- 5(b) Assessment, recording and communication of internal control deficiencies

4.4 Description of the principal findings and conclusions drawn from the audit work for the management and control system and their functioning

The outcome of the audit process is summarized in the Final system audit report. No new findings were identified in respect to MCSS.

The evaluation of the MCSSs is expressed within one of the four categories as follows:

- Works well; only minor improvements are needed;
- Works, but some improvements are needed;
- Works partially; substantial improvements are needed;
- Essentially does not work.

Conclusions per auditee and audited requirements are given in table below:

IPA Body / Audit area	DMS (NF/NAOSO)	CA/CFCU	HOS OFFICE MNE	HOS/CBC BODY KOS	CB	TOTAL
2(a)	1	1	1	1	1	1
2(b)	1	1	1	1	1	1
2(c)	1	1	1	1	1	1
2(d)	1	1	1	1	1	1
3(a)	1	2	1	2	2	2
5(a)	-	-	1	2	-	2
5(b)	-	-	1	1	-	1
TOTAL	**1**	**2**	1	**2**	**2**	**2**

Our assessment is based on the examination of the functioning of the above-mentioned key requirement, as well as on the results of follow up of previous years system audits findings and professional judgement.

Overall conclusion for MCSS is presented in table below, per each body:

Category / IPA Body	Works well; only minor improvements are needed	Works, but some improvements are needed	Works partially; substantial improvements are needed	Essentially does not work
DMS (NF/ NAOSO)	x			
CA/CFCU		x		
HOS OFFICE MNE	x			

CBC BODY MNE	x			
HOS/ CBC BODY KOS		x		
CB KOS		x		
Overall conclusion	Works, but some improvements are needed			

4.4.2 Details of whether any problem identified were considered to be of systemic character, and of measures taken, including a quantification of the irregular expenditure and any related financial corrections

Not applicable.

4.5 Description of specific deficiencies related to the management of financial instruments

Not applicable.

4.6 Level of assurance obtained following the system audit (low/average/high) and jurisdiction

The evaluation of the MCSS is expressed within one of the four categories as follows:

- Works well; only minor improvements are needed;
- Works, but some improvements are needed;
- Works partially; substantial improvements are needed;
- Essentially does not work.

According to the results of the system audit conducted during 2024 MCSS established for implementation of the IPA II 2014-2020 CBC Programme ″Montenegro-Kosovo″ has been classified in **Category 2** that is it **'works, but some improvements are needed'.** Therefore, the level of assurance obtained from the system is average.

5. AUDITS OF SAMPLES OF TRANSACTIONS

5.1 Authorities/bodies that carried out the sample audits, including the audit authority

The audit of sample of transaction in the framework of IPA II 2014-2020 CBC Programme "Montenegro - Kosovo" was conducted by the Audit Authority of Montenegro according to Audit Strategy 2024-2026. In conducting the audit AA was assisted by the Group of Auditors composed of representatives of the Audit Authority of Montenegro who performed the audit in territory of Montenegro and representatives of the Central harmonization unit for internal audit (CHU-IA) who performed the audit in the territory of Kosovo in accordance with Rules of procedures of Group of Auditors.

5.2 Description of the sampling methodology applied and information whether the methodology is in accordance with the audit strategy

The sampling was performed by the Audit Authority in accordance with the method described in the Audit Strategy 2024-2026 adopted for the Programme and in accordance with international auditing standards and having regard to the EGESIF 16-0014-01 Guidance on sampling methods for audit authorities.

Bearing in mind small number of operations in accounting year 2024 the sample was selected applying non-statistical sampling method by random selection of items. Sample size has been determined taking into account AA overall assessment of the MCSS and EGESIF 16-0014-01 guidance regarding minimal sample size when applying non-statistical sampling.

5.3 Indication of the parameters used for statistical sampling, materiality level, the confidence level, the expected error rate applied, calculation of the required sample and the interval, sampling unit, number of sampling units in the population, number of sampling units actually audited.

Not applicable bearing in mind that AA used non-statistical method.

5.4 Reconciliation of the expenditure declared to the Commission in the financial year to the sampled expenditure. Reconciling items include negative items where financial corrections have been made in the financial year, as well as differences between amounts declared in euro and amounts in national currency, where relevant.

During 2024 NAO submitted to EC Final Declaration regarding CBC Action Programme "Montenegro-Kosovo" for the year 2014 and Final Declaration regarding CBC Action Programme "Montenegro-Kosovo" for the year 2015. Regarding CBC Programme Montenegro - Kosovo for the years 2016, 2017, 2018, 2019 and 2020 no expenditures were declared to the European Commission in the financial year 2024. Consequently, the Audit Authority was unable to conduct an audit of operations in respect of allocations 2016-2020. The audits of operations were performed on the sample of operations for which the expenditures were declared to the European Commission during 2024. (allocations 2014 and 2015)

CBC Action Programme ˝Montenegro - Kosovo˝ for the year 2014

Final Declaration was sent to the European Commission on 28th June 2024 in total amount of cost recognised for the whole implementation period of 976.389,89€ (829.805,08€ EU part and 146.584,81€ private co-financing).

No negative items were present in the amounts declared to the Commission in Final Declaration.

Before the Final Declaration, NAO sent one Declaration of expenditure within Request for Funds submitted to EC on 29th September 2020 in total amount of cost recognised of 375.366,11 € (319.018,75€ EU part and 56.347,36€ private co-financing). These expenditures were in the scope of audit of operation performed in 2020 for the purpose of issuing Annul Audit Opinion for the year 2020.

Population for the audit of operation includes cost recognised declared in the Final declaration in the amount of 976.389,89€ reduced by the cost recognised declared in the previous declaration from 29th September 2020 in the amount of 375.366,11€.

The population consists of three (3) operations including 601.023,78€ of total cost recognised out of which 510.786,33€ is EU part and 90.237,45€ is private co-financing (other sources).

Population is given in the table below:

Contract	Name of the Contract	Contractor	Contracted			Total amount paid by CFCU	Expenditure/cost recognised declared to EC by NAO	Cost recognised		
			EU part	Private co-financing	Total			EU part	Private co-financing	Total
FA 2014										
CFCU/MNE/068	Accursed mountains - exquisite outdoor destination	RDA Bjelasica, Komovi and Prokletije	360.994,40	63.730,33	424.724,73	358.710,20	1. Expenditure declared on 29/09/2020	94.566,95	16.694,95	111.261,90
							2. Expenditure declared in Final Declaration	358.710,20	63.327,08	422.037,28
							3. Expenditure declared in reference period (2-1)	264.143,25	46.632,13	310.775,38
CFCU/MNE/071	Green job for better future of cross-border region of Montenegro and Kosovo	Municipality of Andrijevica	223.062,32	39.383,00	262.445,32	222.027,28	1. Expenditure declared on 29/09/2020	152.233,18	26.877,69	179.110,87
							2. Expenditure declared in Final Declaration	222.027,28	39.200,26	261.227,54
							3. Expenditure declared in reference period (2-1)	69.794,10	12.322,57	82.116,67
CFCU/MNE/072	CARES - Cross-border Actions in the Reproductive Health Sector	FORS Montenegro	249.107,00	44.064,44	293.171,44	249.067,60	1. Expenditure declared on 29/09/2020	72.218,62	12.774,72	84.993,34
							2. Expenditure declared in Final Declaration	249.067,60	44.057,47	293.125,07
							3. Expenditure declared in reference period (2-1)	176.848,98	31.282,75	208.131,73
		Total	**833.163,72**	**147.177,77**	**980.341,49**	**829.805,08**	1. Expenditure declared on 29/09/2020	319.018,75	56.347,36	375.366,11
							2. Expenditure declared in Final Declaration	829.805,08	146.584,81	976.389,89
							3. Expenditure declared in reference period (2-1)	**510.786,33**	**90.237,45**	**601.023,78**

CBC Action Programme ˝Montenegro - Kosovo˝ for the year 2015

Final Declaration was sent to the European Commission on 20th August 2024 in total amount of cost recognised for the whole implementation period of 1.248.893,00 € (1.059.327,86 € EU part and 189.565,14 € private co-financing).

No negative items were present in the amounts declared to the Commission in Final Declaration.

Before the Final Declaration, NAO sent one Declaration of expenditure within Request for Funds submitted to EC on 29th September 2020 in total amount of cost recognised of 349.144,50 € (296.049,65€ EU part and 53.094,85 € private co-financing). These expenditures were in the scope of audit of operation performed in 2020 for the purpose of issuing Annul Audit Opinion for the year 2020.

Population for the audit of operation includes cost recognised declared in the Final declaration in amount of 1.248.893,00 € reduced by the cost recognised declared in previous declaration from 29th September 2020 in amount of 349.144,50 €.

The population consists of four (4) operations including 899.748,50 € of total cost recognised out of which 763.278,21 € is EU part and 136.470,29 € is private co-financing (other sources).

Population is given in the table below:

Contract	Name of the Contract	Contractor	Contracted			Total amount paid by CFCU	Expenditures/cost recognised declared to EC by NAO	Cost recognised		
			EU part	Private co-financing	Total			EU part	Private co-financing	Total
FA 2015										
CFCU/MNE/067	United Against Pollutions - UAP	Municipality of Đakovica	298.307,81	52.642,56	350.950,37	239.339,43	1.Expenditure declared on 29/09/2020	72.337,75	12.765,49	85.103,24
							2.Expenditure declared in Final Declaration	239.339,43	42.236,38	281.575,81
							3.Expenditures declared in reference perod (2-1)	167.001,68	29.470,89	196.472,57
CFCU/MNE/069	Eco and Outdoor Tourism Actions of Balkan Alps	Centre for Protection and Research of Birds	377.222,40	66.568,66	443.791,06	340.391,10	1.Expenditure declared on 29/09/2020	91.720,05	16.185,88	107.905,93
							2.Expenditure declared in Final Declaration	340.391,10	60.069,01	400.460,11
							3.Expenditures declared in reference perod (2-1)	248.671,05	43.883,13	292.554,18
CFCU/MNE/070	Cross-border joint initiatives for better waste management	″Komunalne djelatnosti″ Plav	266.012,76	49.711,95	315.724,71	252.217,35	1.Expenditure declared on 29/09/2020	81.749,03	15.277,10	97.026,13
							2.Expenditure declared in Final Declaration	252.217,35	47.133,89	299.351,24
							3.Expenditures declared in reference perod (2-1)	170.468,32	31.856,79	202.325,11
CFCU/MNE/082	Self-employment and Social Entrepreneurship for Youth	Association for Democratic Prosperity - ZID	245.286,69	43.285,89	288.572,58	227.379,98	1.Expenditure declared on 29/09/2020	50.242,82	8.866,38	59.109,20
							2.Expenditure declared in Final Declaration	227.379,98	40.125,88	267.505,86
							3.Expenditures declared in reference perod (2-1)	177.137,16	31.259,50	208.396,66
		Total	**1.186.829,66**	**212.209,06**	**1.399.038,72**	**1.059.327,86**	1.Expenditure declared on 29/09/2020	296.049,65	53.094,85	349.144,50
							2.Expenditure declared in Final Declaration	1.059.327,86	189.565,16	1.248.893,02
							3.Expenditures declared in reference perod (2-1)	**763.278,21**	**136.470,31**	**899.748,52**

5.5 Where there are negative items, confirmation that they have been treated as a separate population.

Not applicable.

5.6 In case of the use of non-statistical sampling, indicate the reasons for using the method in line with Article 12 (2) of Commission Implementing Regulation (EU) No 447/2014, the percentage of actions/operations / expenditure covered through audits, the steps taken to ensure randomness of the sample (and its representativeness) and to ensure a sufficient size of the sample enabling the audit authority to draw up a valid audit opinion. A projected error rate is calculated also in case of non-statistical sampling.

According to EGESIF_16-0014-01 “Guidance on sampling methods for audit authorities Programming periods 2007-2013 and 2014-2020” of 20th January 2017, the sampling unit in ETC programmes when designing the sampling methodology may be the operation, project partner or payment claim.

During the planning phase of audit of operation AA decided that operation is set as sampling unit considering that said sampling unit will allow the AA to assess all audit area in order to attain audit of operation´s objectives.

Bearing in mind small number of operations per programme (3 operations for allocation 2014 and 4 operations for allocation 2015) the sample was selected applying non-statistical sampling method by random selection of items. Sample has been determined in size of 1 operation per programme taking into account AA overall assessment of the MCSS, Commission statement regarding minimal sample size when applying non-statistical sampling, and risks identified in previous audit engagements.

To assure the randomness of the sample, the AA used a specialized CAAT tool CaseWare IDEA.

For audit of operation in respect to CBC Action Programme Montenegro - Kosovo for the year 2014 one (1) operation in overall amount of 208.131,73€ has been selected in the sample which represents 33,33% of the total number of units/operations (population) and 34,63% of total amount of declared costs.

For audit of operation in respect to CBC Action Programme Montenegro - Kosovo for the year 2015 one (1) operation in overall amount of 202.325,11 € have been selected in the sample which represents 25% of the total number of units/operations (population) and 22,49% of total amount of declared costs.

Taking into account the level of assurance provided by the system audits and risks identified, the AA considers that the drawn samples are sufficient to draw conclusions and an audit opinion.

5.7 Summary table (see below), broken down where applicable by programme indicating the eligible expenditure declared to the Commission during the year, the amount of expenditure audited, and the percentage of expenditure audited in relation to total eligible expenditure declared to the Commission for the last year, as well as the total number of sampling units in the population and the number of sampling units actually audited for the random sample. Information relating to the random statistical sample is distinguished from that related to other samples if applicable (e.g. risk-based complementary samples).

CBC Action Programme “Montenegro - Kosovo” for the year 2014		
1	Amount of declared expenditures	601.023,78 €
2	No of units in population	3
3	Value of the sample tested	208.131,73 €
4	Value of the sample tested in %	34,63%

5	No of units in sample	1
6	No of units in sample in %	33,33%
7	Materiality 2% of expenditure declared in reference period (tolerable misstatement) (1*2%)	12.020,48 €
8	Error amount determined by the audit	0,00
9	Sample error rate ((8/3)*100)	0,00
10	Projected random error (1*9)	0,00
11	Total projected error rate ((10/1)*100)%	0,00

CBC Action Programme "Montenegro - Kosovo" for the year 2015		
1	Amount of declared expenditures	899.748,52 €
2	No of units in population	4
3	Value of the sample tested	202.325,11 €
4	Value of the sample tested in %	22,49 %
5	No of units in sample	1
6	No of units in sample in %	25%
7	Materiality 2% of expenditure declared in reference period (tolerable misstatement) (1*2%)	17.994,97 €
8	Error amount determined by the audit	0,00
9	Sample error rate ((8/3)*100)	0,00
10	Projected random error (1*9)	0,00
11	Total projected error rate ((10/1)*100)%	0,00

5.8 Analysis of the principal results of the audits (sample items selected and audited, together with the respective amount and types of error by operation) as well as the nature of errors found, root causes and corrective measures proposed, including mitigating these errors in the future.

The overall audit objective is to verify the legality and regularity of declared expenditures, in accordance with AA competencies established by the Law on Audit of EU Funds and functions and the responsibilities set out in Annex A of the Framework Agreement concluded between the Government of Montenegro and the European Commission.

CBC Action Programme ˝Montenegro - Kosovo˝ for the year 2014

The audit was performed on sample of one operation. Details about operation we have selected are given in the table below:

Nº	Sampled Contracts (operations)	EU part	Private co-financing	Total cost recognised declared to the Commission	Expenditure audited (EUR)	Audited / Declared expenditure (%)
1	CFCU/MNE/072 "CARES – Cross-border Actions in the Reproductive Health Sector"	176.848,98	31.282,75	208.131,73	208.131,73	100%
Total		**176.848,98**	**31.282,75**	**208.131,73**	**208.131,73**	**100%**

Following bodies were covered during the audit:

- Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) – Contracting Authority (CA)/Implementing Agency (IA);
- National Fund Division (NFD);
- Control Body (CB).

Audit Authority carried out on-the-spot checks at the premises of Grant Beneficiaries, i.e. Foundation for the Development of Northern Montenegro - FORS from Contract CFCU/MNE/072 and at the premises of health centres in Bijelo Polje, Berane and Plav where the procured equipment has been delivered.

The Kosovo GoA members carried out on the spot check at the premises of Kosovo project partner, i.e. European Center for Minority Issues (ECMI) Kosovo from Contract CFCU/MNE/072. The Health Centres visited are The Regional Hospital in Gjakova and the Health Centre in Istog.

During the audit, we have identified and documented audit findings. The categories which we use to classify our findings are as follows:

- Findings for which action should be taken to ensure full compliance, but have no financial consequences - *System findings*

- Findings which have financial impact - *Transaction findings*

System findings:

- **Finding Nº 1: Deficiencies in implementation of On-the-spot verification by CFCU**

Responsible body: *IA/CFCU*

Based on the submitted documents (On-the-spot Verification Reports and Checklists) during the audit, it is evident that CFCU staff conducted two on-the-spot verifications to the Grant Beneficiary "FORS Montenegro – Foundation for the Development of Northern Montenegro", Coordinator of the project "CARES – Cross-border Actions in the Reproductive Health Sector" for Contract CFCU/MNE/072.

Namely, on-the-spot verifications were conducted on 8th November 2019 for the purpose of interim payment and on 21st September 2021 for the purpose of final payment in the premises of the "Tehnopolis - Inovativno preduzetnički centar", instead of the official premises of the FORS Montenegro by Contract Manager and Financial Controllers.

Based on the submitted On-the-spot Verification Reports and Checklists, Audit Authority auditors concluded that:

1. Coordinator's project documents – original supporting documents (procurement as well as financial documentation) have been subject of the desk review by CFCU staff and

2. Existence of the procured equipment and supplies and its availability and usage at the envisaged project locations – Municipalities of Bijelo Polje, Berane, Plav and Rožaje (Ultrasounds machine, Instruments for primary health care, Mammography cassettes, Colposcope, Ultrasound probe, Fridge, Printers, TV Monitor, Sterilizator and Aspirator) have not been checked during OTSC, even though in the period of conducted on-the-spot verification equipment has been delivered to the Final Beneficiaries.

Additionally, based on the template Annex 3.1 On-the-spot verification Checklist for Grant Contract (MoP v:2,0 Chapter: Contract implementation and On-the-spot verification), the Audit Authority auditors concluded that:

3. the Checklist was not developed at a satisfactory level and based on that auditors are not convinced that the existence of the equipment can been checked in a valid manner. Namely, the Checklist does not have detailed questions related to the existence of the equipment and visibility.

There is no proof that the CFCU staff are convinced of the existence of the equipment.

Level of priority: *Intermediate*

Recommendation:

We recommend to the CFCU to:

1. update OTSC Verification Checklist for Grant Contract with detailed questions related to the existence of the supplied equipment, performed works or any physical aspects of project implementation and visibility.

2. check/verify existence of the project equipment, facilities and other physical aspects of project through on-the-spot verification in the future period for all procurement to the Grant Beneficiaries as well as Final Beneficiaries.

Transaction findings:

No transaction findings were identified during the audit.

CBC Action Programme ˝Montenegro – Kosovo˝ for the year 2015

The audit was performed on sample of one operation. Details about operation we have selected are given in the table below:

Nº	Sampled Contracts (operations)	EU part	Private co-financing	Total cost recognised declared to the Commission	Expenditure audited (EUR)	Audited / Declared expenditure (%)
1	CFCU/MNE/070 “Cross-border joint initiatives for better waste management”	170.468,32	31.856,79	202.325,11	202.325,11	100%
Total		**170.468,32**	**31.856,79**	**202.325,11**	**202.325,11**	**100%**

Following bodies were covered during the audit:

- Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) – Contracting Authority (CA)/Implementing Agency (IA);
- National Fund Division (NFD);
- Control Body (CB).

Audit Authority od Montenegro also carried out on-the-spot checks at the premises of ″Komunalne djelatnosti″ Plav and Recycling yard where the procured equipment has been delivered.

The Kosovo GoA members carried out on the spot check at the premises of Kosovo project partner, i.e. Regional Waste Management Company “Cabrati” Gjakova.

During the audit, we have identified and documented audit findings. The categories which we use to classify our findings are as follows:

- *System findings* - Findings for which action should be taken to ensure full compliance, but have no financial consequences

- *Transaction findings* - Findings which have financial impact

System findings:

No system findings identified during the audit.

Transaction findings:

One transaction finding has been closed during the contradictory procedure.

5.9 Details of the most likely error rate (total error rate) and, in case of statistical sampling method, the upper limit of the error rate as a result of the audits of operations, and the amount of irregular expenditure detected and the error rate resulting from the random sample audited.

Not applicable. No irregular expenditures were detected during the audit of operation.

5.10 Compare the total error rate with the set materiality level, in order to ascertain if the population is materially misstated or not. If so, analyse the significance of the total error rate for the audit opinion and report the recommended corrective measures.

Not applicable.

5.11 Corrections relating to the current year implemented by the operating structure/management structure before submitting the final declaration of expenditure and financial statements to the Commission, and resulting from the audits of operations, including flat rate or extrapolated corrections.

Not applicable.

5.12 Residual total error rate following the implementation of the above-mentioned corrections and significance for the audit opinion.

Not applicable.

5.13 Information on the results of the audit of the complementary (e.g. risk based) sample, if any.

Not applicable.

5.14 Information on the follow-up of irregularities, including revision of previously reported residual error rates, as a result of all subsequent corrective actions.

See Part 7.1. Follow-up of previous years' audit activity - *Status of audit of operation findings* and Part 6.2 - *Follow up of previous year' audit of accounts*

5.15 Details of whether any problems identified were considered to be systemic in nature, and the measures taken, including a quantification of the irregular expenditure and any related financial corrections.

Not applicable.

5.16 Description (where applicable) of specific deficiencies or irregularities related with financial instruments. Where applicable, indication of the sample error rate concerning the audited financial instruments.

Not applicable.

5.17 Analysis of the principal results of the audits of negative items, including conclusions as to whether the negative items audited correspond to the decisions of the country or of the Commission, and reconcile with the amounts included in the accounts on amounts withdrawn and recovered during the year and amounts to be recovered at the end of the year.

Not applicable.

5.18 Conclusions drawn from the results of the audits with regard to the effectiveness of the management and control system.

The conclusions of the audits are based on the information and documents gathered during the audits from beneficiaries and MCSS bodies, interviews conducted in the audited bodies and tests performed following the working papers and checklists for specific audit areas.

Based on the audit work performed we have obtained reasonable assurance that the expenditure declared in respect to CBC Programme Montenegro – Kosovo for the year 2014 in the amount of 601.023,78 € in the period 01/01 – 31/12/2024 is in all material aspects, legal and regular.

Based on the audit work performed we have obtained reasonable assurance that the expenditure declared in respect to CBC Programme Montenegro – Kosovo for the year 2015 in the amount of 899.748,52 € in the period 01/01 – 31/12/2024 is in all material aspects, legal and regular.

On the basis of result of the audit of operation, Audit Authority concluded that assessment of MCSS given during system audit which is in Category 2 ('works, but improvements are needed') shall remain same.

6. AUDITS OF THE ANNUAL FINANCIAL REPORTS OR STATEMENTS/ANNUAL ACCOUNTS

6.1 Indication of the authorities/bodies that have carried out audits of the annual financial reports or statements/annual accounts.

The audit of the annual financial reports or statements/annual account in the framework of IPA II 2014-2020 CBC Programme "Montenegro-Kosovo" was conducted by the Audit Authority of Montenegro according to Audit Strategy 2024-2026.

6.2 Description of audit approach used to verify the elements of the annual financial reports or statements/annual accounts defined in Article 12(2) and Article 23(1)(b) of Commission Implementing Regulation (EU) No 447/2014.

Audit of accounts was carried out in compliance with the Audit Authority Manual of procedures, Programme Audit Strategy 2024-2026, Framework Agreement and relevant Financing Agreements.

The NAO submitted to the Commission, in accordance with Article 59(2) of the Framework Agreement, the Annual Financial Reports for Action and CBC Programmes for Montenegro, managed under indirect management on 14th February 2025 including the CBC Programmes "Montenegro-Kosovo" for years 2016-2020[1].

The amounts declared in the Annual Financial Report for 2024 are presented in the table below:

Programme Reference	Financing Agreement contract number	Total Amount Disbursed		Total Costs Recognised		Total Open Pre-financing		Bank Balances (EU contribution)	Forecast disbursements
		EU contribution	Other sources	EU contribution	Other sources	EU contribution	Other sources		Next 12 months
CBC MNE-KOS 2016	2016/038-182	1.171.047,93	0,00	1.171.047,93	183.526,15	0,00	0,00	26.428,28	N/A
CBC MNE-KOS 2017	2017/038-183	750.135,26	0,00	652.974,57	138.575,57	0,00	0,00	66.542,97	N/A
CBC MNE-KOS 2018	2018/041-472	837.235,21	0,00	134.630,79	29.087,41	702.604,42	0,00	265.412,87	362.764,79
CBC MNE-KOS 2019	2019/041-474	1.003.277,70	0,00	365.228,07	64.452,03	638.049,63	0,00	92.680,76	196.185,68
CBC MNE-KOS 2020	2020/041-475	778.366,26	0,00	245.080,05	50.913,64	533.286,21	0,00	261.643,69	301.633,69

During the audit AA took into consideration the results from the system audits regarding the design and operating effectiveness of the management and control (MCSS) in the process of preparing and submitting of the Annual Financial Reports carried out in the National Fund Division (NF) and results of follow up of findings issued in the previous audits. Bearing in mind that no expenditures were declared during the year 2024 for the allocations 2016-2020, the Audit Authority has not been in position to perform audit of transactions/operations regarding the financial year 2024.

Moreover, in accordance with the EGESIF Guidance 15-0016-04 of 03/12/2018, the AA performed additional verifications on the accounts in order to provide an opinion whether the accounts give a true and fair view. AA also checked whether the accounts had been prepared in accordance with the templates set out in Annex 4a and 4b of Financing Agreement.

The Audit Authority, on the basis of the Annual Financial Reports provided by the National Fund Division (NF), verified that:

[1] For allocations 2014 and 2015 NAO submitted Final Declaration to the EC in 2024.

a) the total amounts submitted in the Annual Financial Report (programme budget, contracted amounts, amounts disbursed, total costs recognised, amounts of open pre-financing and the relevant percentages based on appropriate total amounts submitted to the Commission in accordance with the Annex IV of the Financing Agreements, as well as recovery context information on ineligible cost and recoveries) correspond to the amounts entered in the accounting system of National Fund Division (NF) and Implementing Agency/CFCU;
b) the total amounts submitted in the Annual Financial Report correspond to the amounts in the electronic database for each contract, in relation to the contract reference, contract value including any amendments, contract signature date, contract implementation start and end date, amount total paid by contract, amount related to total pre-financing paid and pre-financing cleared, total costs recognized, amount of recoveries under the contract;
c) the bank account statement balances and the bank confirmation letter correspond to the year-end balances in the accounting systems of the National Fund Division (NF);
d) reconciliation of the accounting records and cash flow statements of the National Fund Division (NF) and Implementing Agency (CFCU) is performed;
e) total amounts of recoveries correspond to supporting documents for recoveries.

Audit was performed using the Checklist for audit of accounts (Annex 4c of the AA MoP). Comparison and testing data were carried out on Annual Financial Reports – (Annexes 4a and 4b of Financial Agreements), IA Requests for Funds, IA Financial Reports Register, Quarterly Progress Report on contracts and payments, Written Approval Letters, IA payment orders, Payment books, IA Cash flow statements, Bank statements and IA Accounting records in the General ledger.

Furthermore, verifications on the amounts were carried out on the following evidence in the National Fund Division (NF): Year-end cut-off reports, Analytical cards of MF-NF IPA CBC MNE-KSV accounts, Payment requests to the EC, Requests for Funds from IA, Liquidity books, Bank statements and Transfer orders and accounting records in the General Ledger.

See reconciliation table below:

Programme/Grant beneficiary					NF Accounting System													IA/CFCU								
Name of allocation	Current contract value/ EU part	Current contract value/ Other sources	Source	Payment Request by Grant beneficiary	RfF from IA	Record in NF Acc system	Bridge Financing	Record in NF Acc system	RfFs to EC	Record in NF Acc system	Bank statement MF-NF-IPA Acc	Record in NF Acc system	Bank statement State Treasury Main Acc	Record in NF Acc system	Financial Forecast	Cost recognised EU part	Calculation by AA	Payment Order	Bank statement	Record in CFCU Acc system	Pre-financing/Final payment paid	Pre-financing/ Final payment cleared	Open pre-financing	Calculation by AA	Recovery by AA	Recovery by CFCU
CBC MNE-KSV 2016	1,197,476.21	188,195.32	Pre-financing Further pre-financing Final payment	1,171,047.93	1,171,047.93	1,171,047.93	0.00	0.00	1,171,047.93	1,171,047.93	1,171,047.93	1,171,047.93	1,171,047.93	1,171,047.93	0.00	1,171,047.93	1,171,020.81	1,171,047.93	1,171,047.93	1,171,047.93	1,171,047.93	1,171,047.93	0.00	27.12	27.12	0.00
CBC MNE-KSV 2017	816,678.23	167,464.47	Pre-financing Further pre-financing	750,135.26	750,135.26	750,135.26	0.00	0.00	750,135.26	750,135.26	750,135.26	750,135.26	750,135.26	750,135.26	0.00	652,974.57	652,974.57	750,135.26	750,135.26	750,135.26	750,135.26	652,974.57	0.00	97,160.69	97,160.69	97,160.69
CBC MNE-KSV 2018	1,200,000.00	274,436.06	Pre-financing	837,235.21	837,235.21	837,235.21	0.00	0.00	837,235.21	837,235.21	837,235.21	837,235.21	837,235.21	837,235.21	0.00	134,630.79	134,630.79	837,235.21	837,235.21	837,235.21	837,235.21	134,630.79	702,604.42	702,604.42	0.00	0.00
CBC MNE-KSV 2019	1,200,000.00	223,905.01	Pre-financing Further pre-financing	1,003,277.70	1,003,277.70	1,003,277.70	0.00	0.00	1,003,277.70	1,003,277.70	1,003,277.70	1,003,277.70	1,003,277.70	1,003,277.70	0.00	365,228.07	365,228.07	1,003,277.70	1,003,277.70	1,003,277.70	1,003,277.70	365,228.07	638,049.63	638,049.63	0.00	0.00
CBC MNE-KSV 2020	1,079,999.95	318,564.20	Pre-financing Further pre-financing	778,366.26	778,366.26	778,366.26	0.00	0.00	778,366.26	778,366.26	778,366.26	778,366.26	778,366.26	778,366.26	0.00	245,080.05	245,080.05	778,366.26	778,366.26	778,366.26	778,366.26	245,080.05	533,286.21	533,286.21	0.00	0.00

CBC MNE-KSV 2016* 27,12 € is total amount of EU part expenditures which was not included in the AFR for 2024.
CBC MNE-KSV 2017* 97.160,69 € is amount of initiated recovery for Contract CFCU/MNE/150. However, the amount has not been recovered yet.

During the audit, no findings which have an influence on the completeness, accuracy and veracity of the amount reported in annual accounts have been identified for CBC Programme MNE-KSV 2016 - 2020.

- Follow up of previous year' audit of accounts

During the audit, auditors performed follow up of implementation of recommendation related to open findings given in previous audits of accounts.

Results of follow up are presented in table below:

<table>
<tr><th>Nº</th><th>Findings identified during the audit of accounts 2023</th><th>Status in February 2025</th><th>Priority level and new deadline for implementation</th></tr>
<tr><td>1.</td><td>
Incorrect amount of "Total Amount Disbursed" in AFR
By the performed checks of relevant documentation and the accounting records, regarding to the total amount disbursed, total amounts recognized, total amount of open pre-financing and the amount of recoveries, we determined that "Total Amount Disbursed" was not properly reported in the ARF 1 for Programme CBC MNE-KOS 2015 (C2015/038-161).
By comparing the AFR 1 and the accounting records, we concluded that "Total Amount Disbursed" were adequately treated in accounting records of CFCU. However, they were not correctly presented in the AFR 1 for 2023. Namely, "Total Amount Disbursed" has been presented in the amount less than in accounting records of CFCU. Difference in total amount of 4,629.40 is related to the requested recovery funds, but since payment is not executed and paid, pending/requested recovery cannot be excluded from the "Total Amount Disbursed".
Table: Difference related to Total Amount Disbursed
<table>
<tr><th colspan="4">Total Amount Disbursed</th></tr>
<tr><th rowspan="2">CBC MNE-KOS 2015 (C2015/038-161)</th><th>A</th><th>B</th><th>Difference</th></tr>
<tr><th>Annual Financial Report</th><th>Record in accounting system IA and NFD</th><th>A-B</th></tr>
<tr><td>EU contribution</td><td>1,059,327.86</td><td>1,063,957.26</td><td>-4,629.40</td></tr>
<tr><td>Other sources</td><td>0.00</td><td>0.00</td><td>0.00</td></tr>
<tr><td>TOTAL</td><td>1,059,327.86</td><td>1,063,957.26</td><td>-4,629.40</td></tr>
</table>
In order to ensure complete and accurate annual financial report, we recommend that "Total Amount Disbursed" should represent only payments that were executed and paid. Requested recoveries should be treated as liabilities, since they are not fully recovered/paid.
</td><td>
<u>Implemented</u>
Based on the performed checks of relevant documentation and the accounting records, regarding the total amount disbursed, total amounts recognized, total amount of open pre-financing and the amount of recoveries in the Annual Financial Report for 2024, the auditors concluded that all items were reported according to Audit Authority's recommendation.
Namely, the amount of 97.160,69 € related to the requested recovery funds under Programme CBC MNE-KOS 2017, was not excluded from the column "Total Amount Disbursed", and the data corresponds with accounting records in the NFD and CFCU.
We consider this finding closed.
</td><td></td></tr>
<tr><th>Nº</th><th>Findings identified during the audit of accounts 2022</th><th>Status in February 2025</th><th>Priority level and new deadline for implementation</th></tr>
</table>

<table>
<tr>
<td>1.</td>
<td>
Influence on the completeness, accuracy and veracity of the Annual Financial Reports
Reviewing the Annual Financial Report for 2022 it has been determined that part of financial correction identified during Audit of Operation have not been used into account which is not in accordance with the Framework Agreement, Article 36 - Examination and acceptance of accounts procedures, Paragraph 2 ” The examination and acceptance of accounts procedure shall consist of:
…c) the analysis of the opinion sent by the audit authority on the statement of expenditure supported, where appropriate, by an audit activity report“.
Namely, in the Final Audit of Operation Report No: 3011-2-06-129, from 13th February 2023, it is concluded that costs related to the budget line 4. Local office (4.1.1 Vehicle costs MNE) and corresponding indirect costs are ineligible in total amount of 126,23€ (EU part: 107,28€; other sources: 18,95€) for CBC Programme “Montenegro-Kosovo” for the year 2016, Contract CFCU/MNE/152. The overview of the ineligible costs is given in the following table:
<table>
<tr><th>Contract</th><th>Invoice Number</th><th>Ineligible amount</th><th>EU part of the Ineligible amount</th><th>Indirect costs (7%)</th><th>EU part of the Indirect costs</th></tr>
<tr><td rowspan="2">CFCU/MNE/152
BL 4.1.1 Vehicle costs MNE</td><td>6357</td><td>88,15 €</td><td>74,92 €</td><td>6,17 €</td><td>5,24 €</td></tr>
<tr><td>NŽ-15679/2021</td><td>29,82 €</td><td>25,34 €</td><td>2,09 €</td><td>1,78 €</td></tr>
<tr><td>Total</td><td></td><td>117,97 €</td><td>100,26 €</td><td>8,26 €</td><td>7,02 €</td></tr>
</table>
On the basis of received Final Audit of Operation Report the IA/CFCU didn’t issue Updated Written Approval Letter with clarification and/or Notification letter to inform Coordinators of the projects/beneficiaries about modification of the total cost recognised in line with the written procedures in the MoP (version 2.0) Chapter Financial Management (4. Flow of funds – 4.5 – Modalities concerning cost recognised). Bearing in mind above mentioned it is evident that in the IA Main entries and on the basis of SAP print-out, source of documents has not been recorded.
Additionally, it is evident that NF didn’t use into account ineligible expenditure prescribed in the Final Audit Operation Report during issuing Annual Financial Report for 2022 in amount of 27,12€ (25,34€ (EU part of 29,82€) + 1,78€ (7% indirect costs of 25,34€)).
Further, ineligible expenditure prescribed in the Final Audit Operation Report in amount of 74,92€ (EU part of 88,15€) NF included in Annual Financial Report for 2022. However, 7% of indirect costs of 74,92€ in amount of 5,24€ which were connected with this ineligible expenditure were not included in the AFR 2022.
Auditors concluded that total amount of EU part expenditures which was not included in the AFR for 2022 is 32,36€ (27,12€ + 5,24€). Cost recognised in the Annual Financial Report for 2022 for CBC Programme “Montenegro-Kosovo” for the year 2016 is not corrected in relation with
</td>
<td>
CFCU:
<u>Partly implemented</u>
As per AA recommendation, the amount of 88,15 € and related indirect costs in the amount of 6,17 € were deducted through final WA of 29th April 2024.
However, the amount of 29,82 € with related indirect costs of 2,09 € was not deducted from the Final WA.
The amount of 31,91€ (27,12€ EU Part and 4,79€ private contribution) should be deducted from the total recognised cost from the beneficiary.
DMS:
<u>Partly implemented</u>
NF didn’t take into account ineligible expenditure prescribed in the Final Audit Operation Report during issuing Annual Financial Report for 2024 in the amount of 31,91€ (27,12€ EU Part and 4,79€ private contribution)
Audit Authority recommends to the DMS to exclude the amount of 31,91€ (27,12€ EU Part and 4,79€ private contribution) from the total recognised costs in the Final declaration for Programme Montenegro-Kosovo 2016.
</td>
<td>
Level of priority:
Major
Body/-ies concerned by the finding:
Head of CFCU
Head of FD
Head of NF
Head of NAOSO
Deadline:
For CFCU: Immediately;
For DMS:
Next Declaration/ Financial Report
</td>
</tr>
</table>

	determined financial correction by Audit Authority. In respect to the finding prescribed in the Final Audit of Operation Report for CBC Programme "Montenegro-Kosovo" for the year 2016 we concluded that Annual Financial Report have not been corrected in amount of 32,36€ for EU part of expenditures (column: Cost recognised and Open pre-financing).		

6.3 Indication of the conclusions drawn from the results of the audits in regard to the completeness, accuracy and veracity of the declaration of expenditure and financial statements, including an indication on the financial corrections made and reflected in the declaration of expenditure and financial statements as a follow-up to the results of the audit on transactions/operations.

The conclusion of the audit is based on the analysis of the procedure in place, information and documents collected in the Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) and Directorate for Management Structure/ National Fund Division (NF), as well as the tests performed in the course of the audit by applying the Checklist for the audit areas.

The Audit Authority also considered the results from the system audit regarding the design and operating effectiveness of the management and control (MCSS) in the process of preparing and submitting of the Annual Financial Reports and results of follow up of findings issued in the previous audits. Bearing in mind that no expenditures were declared during the year 2024 for allocations 2016-2020, the Audit Authority has not been in position to perform audit of transactions/operations regarding the financial year 2024.

System audit has not resulted in financial corrections regarding the reference period and has not affected the accuracy of the Annual Financial Reports for 2024.

The audit of operation performed during 2022 has resulted in financial corrections regarding the reference period. Namely, in the Final Audit of Operation Report No: 3011-2-06-129, from 13th February 2023, it is concluded that costs in total amount of 126,23€ (EU part: 107,28€; other sources: 18,95€) for CBC Programme "Montenegro-Kosovo" for the year 2016 are ineligible. Annual Financial Report (column: Cost recognised and Open pre-financing) has been corrected for ineligible costs amounting to 94,32 € (EU part: 80,17 €; other sources: 14,15 €), as determined during the audit of operation. However, the amount of 31,91 € (EU part: 27,12 €; other sources: 4,79 €) was not included in AFR for 2024 i.e. cost recognised and open-pre financing have not been corrected for that amount. Therefore, this financial correction must be included in the next declaration/financial reports.

Based on the audit work performed we have obtained reasonable assurance on the completeness, accuracy and veracity of the amounts declared in the accounts submitted to the Commission for the accounting year 2024, except amount of cost recognised and open pre-financing (EU part: 27,12 €; other sources: 4,79 €) related to the CBC Programme "Montenegro-Kosovo" for the year 2016.

Correction which should be made are below materiality level of 2% (23.420,96€ for Cost recognised).

6.4 Indication of whether any problems identified were considered to be systemic in nature, and the measures taken.

No problems considered to be systemic in nature were identified.

7. FOLLOW-UP OF PREVIOUS YEARS' AUDIT ACTIVITY

7.1 Information on the follow-up of outstanding audit recommendations and on the follow-up of results of systems audits and audits of transactions/operations (including the audits done in regard to the complementary sample) from earlier years.

During system audit performed in 2024, Audit Authority in cooperation with Kosovo GoA members carried out follow up of implementation of recommendation related to open findings from the previous years. Results of follow up were presented in Final System audit report and Audit Recommendations' Status Reports.

Additionally, in the period February – March 2025 we performed follow up as separate activity before issuing the AAAR and AAO. Follow up covered the findings and recommendations given during audit of operation and audit of accounts. Results of follow up were presented in Audit Recommendations' Status Reports which were submitted to all IPA Bodies in Montenegro and Kosovo.

A summary of the results of the follow up of findings from previous years' system audits is shown in the tables below.

Status of system audit findings in respect to bodies of MS and OS in Montenegro:

Nº	Findings identified during the System audit 2017	Body	Status in January 2025	New deadline
1.	Deficiency in the MoP Written Procedures	NAOSO	***Not implemented*** It is evident that NAOSO staff works on improvement of MoP, continuously. MoP (version 2.0) has been updated (Chapters: Irregularities and NF Financial Management). Some improvements are visible on the basis of exceptions of the procedures. However, the difference between the chapter is evident. The changes in certain chapters have not considered compliance with other chapters to which they are reflected (Part I and Part II). Level of priority: *Minor*	6 months
2.	Inadequate backup of data and insufficient number of trainings related to IT	NAOSO IA/CFCU	**Partly implemented.** Based on the submitted documents and along with detailed explanations by MS it is evident that relevant training for staff have been organised and conducted. This part of finding is closed. Regarding the Action Plan ISO 27002, at the Government session held on 5th December 2024, the Information on the Proposed action plan ISO 27002 was adopted. The implementation of the Action Plan ISO 27002 will be followed up.	3 months

			Recommendation related to the implementation of Action Plan ISO 27002 and back up of documentation remains. Level of priority: *Minor*	
Nº	**Findings identified during the System audits 2018-2020**	**Body**	**Status in January 2025**	**New deadline**
	No open findings			
Nº	**Findings identified during the System audit 2021**	**Body**	**Status in January 2025**	**New deadline**
1.	Failure to meet prescribed deadlines	CFCU CB	***Not implemented*** Delays in performing verifications of expenditures by CFCU and CB and payment executions are still evident. Finding remains open. However, bearing in mind that finding relates to contracts from alocations 2014 and 2015 for which the activities have been completed and Final Declaration submitted to EC, implementation of the recommendations will be monitored through Finding No. 1 from system audit 2022 (System audit report No. 3011-1-06-582 from 26th December 2022) Level of priority: *Major*	Immediately
2.	Discrepancy between approved amount in the Global Endorsement table and approved amount in the Grant Contracts Award Notice table	CFCU JTS	***Closed*** Based on the documentation provided by CFCU, auditors concluded that Transmission Note with Letter of Correction to the Publication of Award concerning discrepancy/difference observed between the Grant Contracts Award Notice table and the grant amount for the contract CFCU/MNE/148 after signature of Addendum No.3 had been sent to the EUD. The EUD sent a Verso to Transmission Note where it is stated that Transmission Note from the CFCU was rejected with explanation: "Any addenda to the signed contracts, even if they change their initial amounts, do not trigger revision of the published notice. Therefore, the corrected notice of award will not be published on the website of DG International Partnerships or F&T portal."	

			Audit Authority considers this finding closed.	
3.	Technical errors observed in process of control and supervision of grant beneficiaries financial reports and payment requests	CFCU	***Not implemented*** Based on the audit conducted in 2024 and the reviewed documents related to approval of payment request, it was evident that: 1. FC1 and FC2 filled out all Checklists in hard copy. This part of finding is closed. 2. The Head of CFCU didn't approve and sign Checklist for Request for Funds since, in accordance with the MoP, this Checklist is not foreseen to be approved by the Head of CFCU. However, bearing in mind the crucial importance of this Checklist for Request for Funds before approval and executed payment, AA auditors provided recommendations. We recommend that the CFCU issue an exception to the prescribed procedures prior to preparing and approving the next payment requests, pending the adoption of the new version of the MoP. Level of priority: *Intermediate*	Next approval of request for payment
Nº	**Findings identified during the System audit 2022**	**Body**	**Status in January 2025**	**New deadline**
1.	Failure to meet prescribed deadlines	CFCU CB	***Not implemented*** Delays in performing verifications of expenditures by CFCU and CB and payment executions are still evident. Level of priority: *Major*	Immediately

Of the 6 findings that remained open after the previous Annual Audit Activity Report, one was closed during the follow up.

Status of system audit findings in respect to bodies of OS in Kosovo:

Nº	**Findings identified during the System audit 2017**	**Body**	**Status in January 2025**	**New deadline**
1.	Internal audit unit in the Ministry of Local Government Administration (MLGA)	HOS CBC Body	***Not implemented*** The IAU Audit Manual has not been updated and trainings for audit of EU funds have not been provided for IAU staff.	6 months

			Level of priority: *Intermediate*	

Regarding the Kosovo bodies, one (1) finding from previous audits remains open.

Status of audit of operation findings:

Nº	Findings identified during the Audit of operation 2024	Body	Status in March 2025	New deadline
1.	Deficiencies in implementation of On-the-spot verification by CFCU	CFCU	***Not implemented*** Template for OTS Verification Checklist for Grant Contract does not contain detailed questions related to the existence of the supplied equipment, performed works or any physical aspects of project implementation and visibility. Based on this, auditors are not convinced that the existence of the equipment can be checked in a valid manner. It is necessary that CFCU update OTS Verification Checklist for Grant Contract and check/verify existence of the project equipment, facilities and other physical aspects of project through on-the-spot verification in the future period. Level of priority: *Intermediate*	*- for checking/verifying existence of the project equipment:* During on-the-spot verification period; *- for updating the OTS Verification Checklist for Grant Contract:* 3 months
Nº	**Findings identified during the Audit of operation 2022**	**Body**	**Status in March 2025**	**New deadline**
1.	Un-respected procedures related to the retention of documents	CFCU	***Implemented*** Audit Authority continuously conducts audits at CFCU. The auditors' opinion is that CFCU has mostly recovered from the consequences of the cyber-attack, during which the documentation in its possession was compromised. At the Audit Authority's request, CFCU submitted the requested documentation in respect to CBC Programe Montenegro - Kosovo within the agreed deadline. We	

			consider this finding closed.	
2.	Deficiencies in implementation of On-the-spot verification by CFCU for Contract CFCU/MNE/151	CFCU	***Implemented*** Based on the submitted OTSV Report, OTSV Checklist and photos of the equipment, it is evident that CFCU conducted on-the-spot check on 16th May 2023 in respect of contract CFCU/MNE/151 and collected documentation proving that the mentioned equipment had been delivered to the Final Beneficiaries. The finding is closed.	
3.	Ineligible expenditure related to the Local office costs (Vehicle costs MNE)	CFCU	***Not implemented*** Out of determined ineligible expenditure of 126,23€ (EU part: 107,28€; other sources: 18,95€), amount of 88.15 € and related indirect costs in the amount of 6,17 € were deducted through final WA. However, the costs in amount of 29,82 € with related indirect costs of 2,09 € for CBC Programme "Montenegro-Kosovo" for the year 2016 were not rejected by CFCU. Level of priority: *Major*	Immediately

Of the 4 findings that remained open after the previous Annual Audit Activity Report, two were closed during the follow up.

7.2 Subsequent events affecting the previous opinion and the previous annual audit activity report under Article 12(3) of Commission Implementing Regulation (EU) No 447/2014.

Not applicable.

8. OTHER INFORMATION

8.1 Information on reported fraud and suspicions of fraud, together with the measures taken.

Not applicable.

8.2 Subsequent events occurred after the submission of the declaration of expenditure and financial statements and before the transmission of the annual audit activity report under Art. 12 (3) of Commission Implementing Regulation (EU) No 447/2014 to the Commission and considered when establishing the level of assurance and opinion by the audit authority.

Not applicable.

8.3 Any other information that the audit authority considers relevant and important to communicate to the Commission, in particular to justify the audit opinion, is reported in this section.

Not applicable.

9. OVERALL LEVEL OF ASSURANCE

9.1 Explanation on how the overall level of assurance on the proper functioning of the management and control system is obtained from the combination of the results of the system audits and audits of operations.

The overall level of assurance regarding CBC Programe Montenegro – Kosovo 2016-2020[2] could not be obtained bearing in mind that Audit Authority did not perform audit of operations in the reference period since no expenditure were declared to the European Commission in the financial year 2024. The assurance on the proper functioning of the management and control system is based only on the result of the system audit (system assessment – please see section 4 above), and taking into account the results of the follow-up of the findings given in the previous years where the management, control and supervision systems is assessed as *works, but some improvement(s) are needed.*

On the basis of above mentioned, we will issue an unqualified opinion on the proper functioning of the system and disclaimer of opinion on the legality and regularity of expenditure.

The assurance on the Annual Financial Reports or Statements/Annual Account is based on the results of the audit as described in section 6.3 of this AAAR. Therefore, as based on the performed audit of Annual Financial Reports or Statements/Annual Account we have obtained reasonable assurance on the completeness, accuracy and veracity of the amounts declared in the accounts submitted to the Commission for the accounting year 2024, it is appropriate to issue an unqualified opinion on the reliability of Annual Financial Reports or Statements/Annual Account.

9.2 Where the total error rate relating to the expenditure declared in the payment claims in a year is above the materiality level, analyse its significance and assess whether this indicates a serious deficiency (ies) in the functioning of the relevant management and control system during the year. Where relevant, take also account of the results of other national or Union audit work carried out in relation to the year.

Not applicable.

9.3 Assessment of the corrective action necessary both from a system and financial perspective.

No new findings were identified during system audit.

Bearing in mind that no expenditures were declared during the year 2024 in respect of allocations 2016-2020, the Audit Authority has not been in position to perform audit of transactions/operations regarding the financial year 2024.

During the audit of operation performed for allocations 2014 and 2015 no ineligible expenditures were determined.

[2] Regarding CBC Programe Montenegro – Kosovo for the years 2014 and 2015, Final Declarations were submitted to EC by NAO in 2024. Audit Authority issued Final Audit Opinion on 23 September 2024 for allocation 2014 and on 20 November 2024 for allocation 2015.

9.4 Assessment of any relevant subsequent adjustments made and corrective actions taken such as financial corrections included in the declaration of expenditure and financial statements and assess the residual error rate and the need for any additional corrective measures necessary both from a system and financial perspective.

Not applicable.

10. TABLE FOR DECLARED EXPENDITURE AND SAMPLE AUDITS

			A	B		C	D	E		F	G	H=F-G	GI	JH
Fund	Reference (CCI)	Programme	Expenditure declared to the Commission in reference to the year	Expenditure in reference to the financial year audited for the random sample		Total number of units in the population	Number of sampling units for the random sample	Amount and percentage (error rate) of irregular expenditure in random sample		Total projected error rate	Corrections implemented as a result of the total error rate	Residual total error rate	Other expenditure audited	Amount of irregular expenditure in other expenditure sample
				Amount	%			Amount	%	%				
IPA	C(2014) 9307 2014/037-592	CBC Programme Montenegro- Kosovo 2014	601.023,78	208.131,73	34,63	3	1	0,00	0	/	/	/	/	/
IPA	C(2014) 9307 2015/038-161	CBC Programme Montenegro- Kosovo 2015	899.748,52	202.325,11	22,49	4	1	0,00	0	/	/	/	/	/
IPA	C(2014) 9307 2016/038-182 2017/038-183 2018/041-472 2019/041-474 2020/041-475	CBC Programme Montenegro- Kosovo 2016-2020	/	/	/	/	/	/	/	/	/	/	/	/