

Overview on the ADRION Programme financial performance 2023

**18th ADRION MONITORING COMMITTEE MEETING
20 December 2023**

ADRION overall financial performance – Decommitment target

Overall cumulative financial yearly targets (ERDF and IPA II) according to EU Regulation(s)

	2018/15	2019/16	2020/17	2021/18*	2022/19*	2023/20*
ERDF	1.525.340,12	7.758.360,91	20.939.928,04	35.269.886,46	49.919.830	64.896.159
IPA II	286.707,97	1.458.288,47	3.935.941,86	6.629.451,12	9.383.105	12.198.110

* Amounts increased due to Reg. 1542/2020

Overall cumulative certified amount per fund:

EU FUNDS	Amounts certified by CA	Target to avoid decommitment	Difference
ERDF	68.768.504,32	64.896.159	- 3.872.345,32
IPA II	12.360.059,43	12.198.110	- 161.949,43

NO DECOMMITMENT

Priority Axes: financial state of play (ERDF and IPA II) considering Vth Call

Performance details according to source of funding (including Vth Call):

	ERDF				IPA II				Overall % ERDF + IPA II
	A Allocated in CP	B Granted to projects	C Reported to JS	C/A	A Allocated in CP	B Granted to projects	C Reported to JS	C/A	
Priority 1	17.104.594,00	18.975.267,89	16.220.530,59	94,83%	3.315.858,00	3.819.937,91	2.832.576,93	85,43%	93,30%
Priority 2	37.984.108,00	39.416.599,69	32.947.791,08	86,74%	6.960.835,00	7.450.678,47	5.659.659,75	81,31%	85,90%
Priority 3	15.024.191,00	14.672.795,86	11.775.546,96	78,38%	2.482.972,00	2.591.015,61	2.096.351,68	84,43%	79,24%
Priority 4	8.346.773,00	8.346.772,48	6.957.849,28	83,36%	1.429.222,00	1.429.221,99	939.745,10	65,75%	80,79%
Priority 5*	5.008.063,00	6.309.605,54	4.673.826,76	93,33%	1.500.000,00	1.987.734,56	1.194.566,94	79,64%	90,17%

* Data of Priority 5 do not include requests submitted on 15/12 and following days

The total of ERDF funds allocated to IPA partners amounts to EUR 2.442.488,16, out of which EUR 1.934.683,33 have been reported to the JS.

Irregularities amount to EUR 39.411 ERDF and EUR 13.070 IPA II.

Figures as per 15 December 2023

ADRION overall financial performance – First, Second, Third Call

FIRST CALL	Priority 1			Priority 2			Priority 3		
	Allocated	CA confirmed	%	Allocated	CA confirmed	%	Allocated	CA confirmed	%
ERDF	11.874.520	11.093.283	93%	9.038.076	8.293.532	92%	9.734.266	9.010.200	92,56%
IPA II	2.417.450	1.995.243	83%	1.920.716	1.524.708	79%	1.645.412	1.536.521	93,38%

34 projects in total. All project of the First call are closed and all reports verified.

SECOND CALL	Priority 2				
	Allocated	Certified by CA	Additional Reported to JS	Total reported	%
ERDF	27.914.843	22.151.931	2.059.254	24.211.185	86,73%
IPA II	4.824.795	3.961.690	112.462	4.074.152	84,44%

22 projects in total: six projects of the Second call have the final report not yet approved. Financial performance will therefore increase.

THIRD CALL	Priority 1					Priority 3				
	Allocated	Certified by CA	Additionally Reported to JS	Total reported	%	Allocated	Certified by CA	Additionally Reported to JS	Total reported	%
ERDF	4.862.113	3.163.445	1.020.782	4.184.228	86%	4.258.666	2.152.889	0	2.152.889	50,55%
IPA II	821.949	488.276	152.384	640.660	78%	812.864	413.954	0	413.954	50,93%

5 projects in total: one finalised, four are finalising the final reports. Financial performance will therefore increase.

ADRION overall financial performance – Fourth, Fifth Call and Strategic project

FOURTH CALL	Priority 1			Priority 2			Priority 3		
	Allocated	CA confirmed	%	Allocated	CA confirmed	%	Allocated	CA confirmed	%
ERDF	1.065.552	906.339	85%	481.682	421.822	88%	679.864	593.125	87,24%
IPA II	225.678	194.574	86%	85.116	59.123	69%	132.740	125.337	94,42%

All 20 projects of the Fourth call are closed and all reports verified.

FIFTH CALL	Priority 1			Priority 3		
	Allocated	Reported to FLC	%	Allocated	Reported to FLC	%
ERDF	1.173.083	990.569	84%	1.981.999	1.575.361	79%
IPA II	354.861	255.190	72%	620.052	591.179	95%

Reports of the Fifth Call (5 projects) still have to be submitted to JS and in some cases still have to be submitted to FLCs. Financial performance will increase.

STRATEGIC PROJECT	Priority 4				
	Allocated	Certified by CA	Additionally Reported to JS	Total reported	%
ERDF	8.346.772	6.310.132	647.717	6.957.849	83,36%
IPA II	1.429.221	866.052	73.694	939.745	65,75%

Data include the report recently submitted on 04/12/2023. One more report in progress.

Figures as per 15 December 2023

ADRION overall financial performance – Core TA

CORE TA	Priority 5			
	Allocated*	Reported to JS	%	Overall %
ERDF	4.651.609,90	4.382.508	94,91%	93,69%
IPA II	888.000	807.617	90,95%	

* Allocation amount is based on the MC agreement on the budget allocated to Core TA

Data include the report recently submitted. One more report in progress.

NATIONAL TA financial performance (reports received)

	Total contract	Total presented in PR	%	ERDF/IPAII
Albania	186.495,00	3.380,30	1,81%	2.873,26
without reserve	156.995,00			
Greece	117.948,75	77.884,07	66,03%	54.518,85
BiH	187.784,80	143.568,93	76,45%	122.033,59
without reserve	158.284,80			
Croatia	147.034,70	108.234,71	73,61%	75.764,30
Italy	168.424,57	120.524,73	71,56%	84.367,31
Montenegro	183.361,20	154.748,37	84,40%	131.536,11
without reserve	153.861,20			
Serbia	192.359,00	151.920,24	78,98%	129.132,20
without reserve	162.859,00			
Slovenia	111.336,75	111.634,27	100,27%	78.143,99
TOTAL (ERDF/IPAII + national contribution)	1.263.292,95	871.895,62	69,02%	ERDF: 76,78% IPAII: 60,48%

ADRION 2014 -2020
system audit and audit on operations

System audit on MA/JS

- KR1 – Adequate separation of functions and adequate systems for reporting and monitoring where the responsible authority entrusts execution of tasks to another body
- KR 2- Appropriate selection of operations (mainly ref. V call)
- KR3 – Adequate information to beneficiaries (mainly ref. V call)
- KR4 – Adequate management verifications (only follow up issues)
- KR5 – Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail– (only follow up issues)
- KR6 – existence of a computerized system capable to collect, record and store on each operation the data, and more in detail the performance data, as well as that adequate procedures are in place to allow for the aggregation of the data and ensure their security, maintenance, integrity and the protection of individuals with regard to the processing of personal data.

System audit outcomes

MA/JS

- **KR 1 and KR 9** The verifications of KR 1 and 9 related to the organization chart and function chart.
- **KR 2 and KR 3** The verifications of KR 2 and 3, regarding the selection procedures and information to the beneficiaries applied to the V call for project proposals aim to assess the effectiveness/efficiency of the MA procedures on a call being issued at the end of the programming period and referred to a new type of projects (design of joint master programmes). The application of national eligibility rules will be performed by AA in the next accounting year through compliance test.
- **KR 4** Concerning the Internal quality review the AA required to formalize the sampling activity (as follow up of the previous system audit)

Positive outcome concerning the procedures

System audit outcomes

FLC systems

- Detected delays in previous and present system audit in Albanian FLC regarding verification of expenditure and update of national guidelines. The Albanian FLC ensured that an updated manual will be prepared to guarantee a timely submission of the controlled reports for the next programming period 2021-2027..
 - The audit of the Slovenian on the spot checks suggested to perform an attentive reassessment of the risk analysis methodology, considering the importance of the issue with regard to the upcoming programming period 2021 - 2027.
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- The AA required MA to guarantee an intensive monitoring of the timing presentation of the reports both by the Albanian beneficiaries and Albanian FLC.
 - AA recommends MA/JS to continue stressing controllers and beneficiaries on the importance of a proper audit trail and to upload the minimum set of documents listed in the implementation manual, to correctly compile the dedicated sections of the checklists and in the event that an FLC has found and requested the missing documentation to upload these documents in the dedicated section of eMS to avoid audit trail problems.

System audit on CA

CA

- KR 9 - Adequate separation of functions and adequate systems for reporting and monitoring in cases where the responsible authority entrusts execution of tasks to another body

Positive outcome concerning the procedures

Performance data

Based on the audit carried out on the performance data during the VI and VII accounting years (KR6) the AA launched the activities concerning the final verification of the performance data reliability to be completed within the X accounting year.

A compliance test was carried on through the sampling of the indicators that have not been examined in the previous accounting year.

In the next system audit, additional assessment will be performed for the sampled indicators needed more information and for assure the reliability of the final data of the Final implementation report

- AIR analysis performed in 2023 showed that for most of the output indicators the targets set have been reached and exceeded already or are expected to be reached/exceed according to the data available for the projects that are still ongoing.
- Sampled output indicators: the AA has performed compliance tests on a sample bases (5 projects) to confirm the reliability of the data, the correct registration in eMS and the availability of the necessary audit trail.
- Result indicators: based on the methodology adopted by the MA for gathering data, it will not be possible to carry out any audit work during the IX accounting period, given that significant data that might be confirmed in the final implementation report will not yet be available.

Audit of operations

- 5 operations audited for a total of certified expenditure of EUR 3.896.555,93
- Affected project partners were audited for a total amount of EUR 773.857,29

Some discrepancies without financial impact were detected:

- incorrect budget lines not identified by the first level controller
- incorrect staff cost reported per Work Packages not detected by the first level controller;
- inaccurate compiling of FLC checklist (imprecise, typos) / in case of wrong BL the correct CL section was not filled in
- no reference to the documents checked by the FLC;
- audit trail lack of documentation not reported;
- payments beyond 90 days;
- delays in the presentation of partners and project reports.