

Interreg



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IPA ADRION

Interreg VI-B IPA Adriatic-Ionian Programme 2021-2027

Annual control report

Accounting year 2024/2025

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1. INTRODUCTION

1.1 Identification of the audit authority and other bodies that have been involved in the preparation of the report

Name of the audit authority	Department of Interreg Audit Authority, Internal Audit and Grant Management
Responsible of the audit authority	Marcello Bonaccorso
Address	Viale Aldo Moro 52, 40127 Bologna (Italy)
E-mail	adrionaa@regione.emilia-romagna.it
Phone	+39 051 527 5674 +39 051 527 3129
Legislative act attesting the designation of the audit authority and date of designation	Act of Emilia-Romagna Region n. 43 of the 16/01/2023

According to the Act of the Emilia-Romagna Regional Government n. 43/2023 the Managing Authority (MA) is confirmed within the Directorate-General "Resources, Europe, Innovation and Institutions". The Unit of the IPA Adrion Programme Audit Authority (AA) has likewise been confirmed within the **Department of Interreg Audit Authority, Internal Audit and Grant Management** under the Cabinet of the President of the Emilia-Romagna Region.

This report has been drawn up by the AA assisted by Group of Auditors (GoA), which is composed of a delegation from each Participating State receiving the financial funding from the Programme according to Article 48 of the Interreg Regulation (IR).

The IPA Adrion GoA, chaired by the Head of the IPA Adrion Audit Authority, was duly established on 9 February 2023 (Regional Act n. 2655 of 09/02/2023) and approved its Rules of Procedures (RoP) on 19 March 2024 through written procedure (WP) 1/2024. Later some members (and substitutes) were formally replaced.

The current composition of the GoA is detailed below:

		Member	Substitute
Albania	Audit Agency for the EU-Accredited Assistance Programmes	Julja Mata	Geisa Greca Redi Cino
Bosnia and Herzegovina	Ministry of Finance and Treasury BiH Department of National Fund	Dana Šarčević	Katarina Puljić
Croatia	Agency for Audit of European Union Programmes Implementation System of the Republic of Croatia	Neven Šprlje	Martina Patrčević Ana Srdinić-Kovačić
Greece	Financial Audit Committee (EDEL)	Evelyn Sakka	Sofoklis Alveridis

		Member	Substitute
Italy¹	Emilia-Romagna Region Department of Interreg Audit Authority, Internal Audit and Grant Management	Marcello Bonaccorso	Anna Gatti
Montenegro	Audit Authority	Ksenija Barjaktarović	Stana Gačević
North Macedonia	Audit Authority for audit of instrument for pre-accession assistance	Milaim Abduraimi	Adem Curri
Serbia	The Governmental Audit Office of EU Funds	Milena Milojević	Marija Stanković
Slovenia	Ministry of Finance Budget Supervision Office	Mirjam Novaković	Gregor Lipušček

The AA approved the Audit Strategy for the IPA Adriion Programme with Regional Act n. 471 of 13/01/2025. The above Strategy confirms the involvement of the AA and the GoA members in the audit activities that led to the definition of the present Annual Control Report (ACR).

In September 2025, BDO Italia SpA, an external audit firm assuring the necessary functional independence, was contracted by the AA to support the AA in its audit activities by providing audit tools and technical assistance - Regional Act n. 17473 of 16 /09/2025.

1.2 Reference period (i.e. the accounting year)

The 4th accounting year covering the period from 1 July 2024 to 30 June 2025.

1.3 Audit period (during which the audit work took place)

The audit period considered is April 2025 - January 2026.

According to the indications and the timeline foreseen in the “Audit Strategy” (version 1), approved by the GoA during the meeting held on 20 December 2024 (internal reference of the minutes 08.01.2025.0011041.U), the audit work started on 1 April 2025. The main audit activities for said period referred to system audits, audits of operations and audits of the accounts.

For details on the above audit activities refer to the relevant sections below.

The audit work for the above period was finalised by drafting this ACR - the activity took place between January and February 2026. It was finalized following its approval by the GoA through WP 2/2026.

1.4 Identification of the programme covered by the report and of its managing authority.

Operational Programme	Interreg VI-B Adriatic-Ionian Cooperation programme
CCI	2021TC16IPTN001
Managing authority	Emilia-Romagna Region General Directorate, Europe, Resources, Innovation and

¹ According to the Italian Government Presidency of the Council of Ministers “Italian ETC Governance 2021-2027 document” (Act No 151/CSR of 12/07/2023), the AA is the Italian representative within the GoA.

	Institutions
Head of the authority	Mei Manuela - General Director
Address	Viale Aldo Moro 38, 40127 Bologna (Italy)
E-mail	ipa-adrion@regione.emilia-romagna.it
Phone	+39 051 5278703
Legislative act attesting the designation of the MA and date of designation	Act of Emilia-Romagna Region n. 43 of 16/01/2023

1.5 A description of the steps taken to prepare the report and to draw up the corresponding audit opinion

The Programme Authorities worked together for the submission of the assurance package, ensuring a smooth coordination to respect and -where necessary - to adjust the timeline for preparing the relevant documents. In this context, in two meetings, held among representatives of the MA and the Joint Secretariat (JS) respectively on 9 November 2025 (with the representative of the Accounting Function Unit (AFU) only) and on 23 December 2025, it was agreed to update the timeline for preparation and management of the documents concerning the assurance package 2025.

The steps taken by the Programme Authorities to ensure the timely submission of the assurance package, including an indication of the bodies involved, can be summarized as follows:

- System audit for the 4th accounting year - implemented in the period from April 2025 to December 2025;
- Submission of the population for the sampling of the operations to be audited in the framework of the audit of operations to the European Commission (EC) - 23/07/2025;
- Audit sample for performing the audit of operations received from the EC - 29/08/2025;
- Audit of operations - implemented from 29 September 2025 (date of signature of the relevant audit planning memorandum (APM) by the AA and the concerned GoA members) to 20 January 2026 (date of submission of the final audit reports to the MA);
- Submission to the AA of the preliminary accounts (prior to the submission of the results of the system audit and the audit of operations to the AFU) - 09/12/2025;
- Audit of accounts - implemented in the period from December 2025 to January 2026;
- Drafting of the preliminary report concerning the audit of the accounts (AA) - 31/12/2025;
- Meeting/email exchange with the MA for final updates and finalisation of the assurance documents – 22/01/2026;
- Drafting and submission of the accounts (AFU) - 23/01/2026;
- Drafting of the final report on the accounts (AA) - 28/01/2026;
- Drafting of the ACR proposal (AA) - 29/01/2026;
- Launch of the GoA written procedure for the approval of the ACR and Audit Opinion (GoA and AA) - 29/01/2026;
- Communication to the MA regarding the assurance package coherence verification (AA) – 06 February;
- Submission of the assurance package for the 4th accounting year via SFC2021 - within 15/02/2026.

As evident from the above list, the AA and the concerned GoA members performed the audit of operations based on the sample provided by the EC. For details on the audit work concerning the audit of operations refer to section 5 below.

During a meeting held on 23 December 2025, the AA communicated to the MA the provisional outcome of the performed audit of operations, and it was agreed to set the deadline for submission of

observations/counterclaims on 15 January 2026. The MA was informed that it will be the only body involved in the contradictory phase, as no findings impacting the beneficiaries were detected.

On 31 December 2025 the AA submitted the consolidated reports of the audit of operations, including the audit work carried out by the AA and the audit work carried out by the GoA, for validation to the concerned GoA members (one final audit report and two provisional reports).

On 8 January 2026 the AA submitted the provisional reports of the audit of operations, previously validated by the concerned GoA members, for the launch of the contradictory phase with the MA/JS.

The MA provided clarifications (note ref. 15.01.2026.0029612.I) concerning some of the discrepancies detected by the AA with regard to the selection procedures for the project IPA-ADRION134 SMARTMOBAIR. Following the assessment of said clarifications the AA formalized the final audit reports. The follow up concerning the improvement recommendations formulated by the AA for the project IPA-ADRION134 SMARTMOBAIR will be carried out during the next audit period (April 2026 - January 2027).

The final considerations contained in the reports concerning the audit of operations have no impact on the preparation of the accounts, given that no financial corrections were proposed.

According to arrangements between the Programme Authorities, the draft of the accounts was made available on SFC2014 starting from 9 December 2025. With the aim to verify the state of art for preparation of assurance package documents a briefing among representatives of Authorities has been organized on 22 January 2026.

Furthermore, on 23 January 2026, the AFU sent to the AA the draft of the accounts (note ref. 26.01.2026.0059456.I) and the draft of the management declaration. The AA verified the consistency between the data in the accounts provided by the AFU and the data available in JEMS, in the interim payment application and in the internal accounting system.

On 28 January 2026 the AA sent to the MA the results of the audit of accounts (ref. 28.01.2026.0072312.I).

On 29 January 2026 the AA launched the WP 2/2026 for GoA approval of the ACR and the audit opinion. The procedure was positively concluded on 06 February 2026.

On 06 February 2026 the AA sent an official note to the MA/AFU confirming the coherence of all documents of the assurance packages to be uploaded in SFC2021 by 15 February.

2. SIGNIFICANT CHANGES IN MANAGEMENT AND CONTROL SYSTEM

2.1 Details of any major changes in the management and control systems related to the managing authority's responsibilities, in particular with respect to the delegation of functions to intermediate bodies, to the body to which the accounting function has been entrusted and confirmation of their compliance with Articles 72 to 76 and 81 CPR and Articles 46 and 47 IR based on the audit work carried out by the audit authority

Not applicable for the 4th accounting year given that no significant changes in the management and control system (MCS) occurred. The main results from the first system audit on the Programme Authorities, including the definition of the MA and AFU functions, are described in section 4 below.

2.2 Information on the application of enhanced proportionate arrangements pursuant to Articles 83, 84 and 85.

Not applicable to the Interreg programmes.

3. CHANGES TO THE AUDIT STRATEGY

3.1 Details of any changes made to the audit strategy and related explanations. In particular, indicate any change to the sampling method used for the audit of operations (see Section 5) and whether the strategy was subject to changes due to the application of enhanced proportionate arrangements pursuant to Articles 83, 84 and 85

The audit strategy applicable to the period April 2025 - January 2026 and concerning the audit activities to be implemented for the purposes of issuing the ACR and the audit opinion for the 4th accounting year was discussed and approved by the GoA during the meeting held on 20 December 2024 (ref. 08.01.2025.0011041.U, minutes of the GoA meeting of 20 December 2024).

Following its adoption by the GoA, the audit strategy was approved by the AA with Emilia-Romagna Regional Act n. 471/2025 on 13/01/2025 "Approval of Audit Manual, Audit strategy and of the templates of the tools for the system audit concerning the IPA Adrion 2021-2027 programme".

In the approved strategy it was stated that the audit of operations will be carried out based on the sample extracted by the EC. Said provision was confirmed and therefore no amendments of the audit strategy were necessary on the matter.

Furthermore, no events occurred such as to require the amendment of the audit strategy with regard to the provisions concerning the system audits or the audit of the accounts.

4. SYSTEM AUDITS

4.1 Details of the bodies (including the audit authority) that have carried out audits on the proper functioning of the management and control system of the programme ('system audits').

The Department Interreg Audit Authority, Internal Audit and Grant Management of the Emilia-Romagna Region is the body that carried out audits on the proper functioning of the management and control system in compliance with the provision set out in the Audit Manual v.1.

Within the implementation of the activities related to the system audit for the 4th accounting period the concerned GoA members were also involved (Albania and Republic of North Macedonia). In accordance with the procedures set in the GoA rules of procedures and the audit manual, the involvement of the GoA members consisted in information exchange related to the ongoing audit activities implemented by the AA, discussion of detected issues, and validation of the provisional and final audit report extracts concerning the functioning of the FLC structures in Albania and North Macedonia. The sections of the report related to the FLC bodies were validated by the relevant GoA members before being including in the overall report on the functioning of the management and control system.

For the review of the final system audit report, the AA was assisted by the technical assistance company BDO Italia SpA, according to the service contract signed on 26 September 2025 (see section 1.1).

The AA shared the final report with all GoA members through note ref. 24.12.2025.1280029.U and presented the outcomes of the activities carried out during the GoA meeting held online on 28 January 2026.

4.2 A description of the basis for the audits carried out, including a reference to the audit strategy applicable and more particularly to the risk assessment methodology and the results that led to establishing the audit plan for system audits. If the risk assessment has been updated, this should be described in Section 3 covering the changes in the audit strategy.

As stated in the audit strategy (vers. 1), the system audit activities covered the MCS set up by the MA for the implementation of the IPA ADRION Programme, the functions of the MA and the JS, considered an operative structure of the MA, the functions and setup of the FLC body of Albania and of the FLC body of the Republic of North Macedonia, the Monitoring Committee (MC) and the National Contact Points (NCPs).

To identify the priority order among the bodies, functions, processes and horizontal aspects to be audited, the AA performed a risk assessment.

It was implemented by the AA staff, based on the model provided by the European Court of Auditors in the document "Guideline on Risk Assessment - October 2013".

Based on the performed risk analysis, included in the audit strategy and the state of the art of the programme implementation, the AA evaluated the compliance of the MCS with the key requirements (KRs) 1, 2 and 3.

The **KR1** was analysed with reference to the organizational and function chart of the MA, JS, MC, NCPs and the FLCs of Albania and the Republic of North Macedonia, while **KR2** and **KR3** were analysed regarding the strategic projects in the framework of the priority axis 4 (ISO1) and the 1st call for proposals under the priority axes 1, 2 and 3.

For the accounting year 2024/2025, an in-depth examination of the national control systems of the Republic of North Macedonia and Albania was planned, given that the former joined the Programme as a newcomer for the programming period 2021-2027 and the latter registered significant changes in the structure responsible for carrying out national controls, compared to the programming period 2014 - 2020.

To verify and assess the functioning of the MCS, the AA carried out compliance tests on the activities and the procedures adopted by the MA/JS. Specifically, the tests aimed to examine the conformity, effectiveness, and actual implementation of the procedures applied at the various stages of implementation of the operations falling under the responsibility of the audited bodies, in compliance with the relevant regulatory provisions, as well as with what is set out in the DMCS and its relevant annexes. The aim was to check control points under KRs 2 and 3 related to the strategic projects in the framework of the priority axis 4 (ISO1) and the 1st call for proposals under the priority axes 1, 2 and 3.

The AA identified 9 populations using a simple random selection method and the number of items to be checked was determined as set out in the audit manual v1. The samples concerning the compliance tests were extracted on 23 April 2025 (MA system audit: sampling report for compliance tests ref. 23.04.2025.0408602.I).

The audit mission was launched through a communication to the MA/JS (ref. 17.03.2025.0267619.I) and was presented during the web meeting held on 1 April 2025 (ref. minutes 02.04.2025.0336057.U) between the AA and the audited Authorities. More in detail, during the kick of meeting above, the audit objectives, scope, work programme, steps, and deadlines were presented and discussed. In addition, during the meeting, certain documents were requested to start the audit activities.

Following the kick of meeting, the APM related to the system audit for the 4th accounting year was notified to the GoA on 3 April 2025 (ref. 03.04.2025.0339522.U).

Keeping in mind that the audit activities within the current system audit also focused on the FLC bodies of Albania and Republic of North Macedonia, the planned was previously agreed with the GoA members of the

concerned participating States. In this regard the AA organized a web meeting with the GoA representatives of Albania on 18 March 2025 (minutes ref. 19.03.2025.0280495.U) and with the representatives of the Republic of North Macedonia on 21 March 2025 (minutes ref. 21.03.2025.0292241.U) to introduce the main features of the audit activities to be carried out with their support and share the APM for the system audit (APM validation by the GoA members of Albania ref. 25.03.2025.0303594.E and by the GoA members of the Republic of North Macedonia ref. 31.03.2025.0326728.E).

On 9 April 2025 a web meeting with the MA/JS was organized by the AA to ensure a proper exchange of information and obtain additional clarifications and documentation for the assessment of specific points of interest.

Furthermore, the AA deemed it necessary to acquire specific supplementary documentation related to the FLC bodies of Albania and the Republic of North Macedonia. Said supplementary documentation was requested to the FLCs at the beginning of April and received on 9 May 2025. Following the analysis carried out on the documents received on 9 May 2025 (ref. 09.05.2025.0464252.I) and integrated by e-mail on 14 May 2025 for the assessment of KR1, the auditors considered it necessary to acquire some missing documentation and additional information by the MA (ref. 29.05.2025.0535826.I).

With the above note the AA also required the documentation necessary to perform the compliance tests under KR2 and 3, as discussed during the web meeting held on 9 April 2025. The JS, on behalf of the MA, provided the documentation requested with note ref. 16.06.2025.0594338.E sent by email.

Once all checks were performed and the relevant GoA member validated the report extract for the concerned FLC bodies, a provisional audit report with specific issues was drawn and sent to the MA on 16 September 2025 (ref. 16.09.2025.0934896.I). The results of audit work and the issues formulated were also sent to the GoA members on 18 September 2025 (ref. 18.09.2025.0946970.U).

On 3 November 2025, the MA sent official communication (ref. 03.11.2025.1082985.E) providing clarifications and some documents related to some issues detected and reported in the system audit provisional report. Moreover, the MA/JS submitted additional documents in subsequent communications (ref. 09.12.2025.1233411.I, ref. 28.11.2025.1190863.I, ref. 18.12.2025.1262430.E). All these additional documents and clarifications were taken into account in the assessment of the audited KR2s when drafting the final audit report. The AA also consulted the concerned GoA members for all the issues that could have an impact on their territory.

At the end of the contradictory process, as some of the corrective measures were yet to be implemented, the AA set a follow up timetable (see section 1.6 of the final report) with specific deadlines.

On 23 December 2025 a web meeting with the MA representatives was held to present and discuss the main outcomes of the system audit and the key findings of the audit of operations that were about to be finalized. On 24 December 2025 the final system audit report was formalized and sent to the MA (ref. 24.12.2025.1280029.U).

All activities foreseen in the applicable audit strategy for the system audit concerning the accounting year 2024/2025 were carried out. A slight delay in relation to the APM timeline was noted; however, it did not compromise the timely finalization of all documents required for the implementation of the assurance package.

4.3 In relation to the table in Section 9.1, a description of the main findings and conclusions drawn from system audits, including the audits targeted at specific thematic areas.

This paragraph has been drafted, based on one side, on annex 1 to this ACR, to illustrate the results of the system audit and on the other side, on the overview tables included in the final system audit report for the 4th accounting year 2024/2025, paragraphs 1.4 “Issues detected and required clarifications” and 1.6 “Follow up measures”. With regard to the pending issues, the follow-up reflects the situation as it stood at the time of drafting the annual control report and considers the corrective measures implemented by the MA/JS by January 2026.

For the evaluation of each KR the AA used the assessment criteria set out in the “Methodological note for the assessment of management and control systems in the Member States” (ref. Ares(2023)3757159 - 31/05/2023).

As stated in the audit strategy (version 1) applicable for the accounting year 2024/2025 and approved by the GoA, the AA evaluated the compliance of the MCS with the KR 1, 2 and 3.

This paragraph outlines the main findings related to the pending issues identified in the final system audit report (registered in SFC, ref. Ares(2025)11610708 - 29/12/2025) that remained open at the time of drafting the annual control report.

KR 1 Appropriate separation of functions and adequate written arrangements for reporting, supervising and monitoring of delegated tasks to an intermediate body

<p>Issue No 2, 4 and 5²:</p> <p>The MA provided the questionnaires concerning the methodologies adopted by the FLC bodies (RBMV and OTSV methodologies), but some of them were not complete. Some of the relevant information appears to have been obtained by email exchanges without the use of the formal template.</p> <p>The Albanian FLC units were under reorganization and new controllers were appointed in the framework of other Interreg Programmes, the relevant documents were provided whereas the questionnaire concerning the FLC organisation and the JEMS section were not fully updated.</p>	<p>Corrective measure requested:</p> <p>The MA has to:</p> <ul style="list-style-type: none"> - draft an overview table of the adopted RBMV and OTVS methodology by each participating state; - require the updating of the questionnaire from the FLCs of Italy and MK; - provide the RBMV formally adopted by the BiH FLC body. <p>The Albania FLC body is requested to submit the revised questionnaire and to update the “Controllers” section in JEMS.</p>
<p>Issue No 8 and 9:</p> <p>The MK FLC office did not provide the document on Internal procedures for ensuring the performance of the periodic quality checks (IQR).</p> <p>The MK FLC office decided to regulate the timeline given to the MK controllers for submitting the control report by defining a threshold of 45 days.</p>	<p>Corrective measure requested:</p> <p>The MK FLC body is requested to provide:</p> <ul style="list-style-type: none"> - the internal procedures for ensuring the performance of the periodic quality checks, - the copies of the annexes/amendments to the contracts submitted to the controllers that rule the timeline of the checks, <p>formally adopted.</p>
<p>Issue No 10 and 21:</p> <p>The provided IQR procedure did not include description of the sampling methodology; the</p>	<p>Corrective measure requested:</p> <p>The MA is requested to review the IQR procedure description included in the DMCS.</p>

² Reference number in the final system audit report.

<p>contradictory procedure; the communication flow and the adopted templates.</p>	
<p>Issue No 11: The DMCS contains no information on any specific document formalizing the risk-management analysis and the anti-fraud risk assessment.</p>	<p>Corrective measure requested: The MA is requested to update the DMCS with information concerning:</p> <ul style="list-style-type: none"> - the risk management assessment, - the fraud risk assessment, - the Self-Assessment Team (SAT) established. <p>Provide the R.O.P. formally approved by the SAT.</p>
<p>Issue No 12: The AL FLC institution is beneficiary under two IPA-Adrion strategic projects (one under the responsibility of the “Directorate of Projects” and one implemented by an external expert). The FLC ensures functional independence by assigning the projects to a separate directorate.</p>	<p>Corrective measure requested: The AL FLC body is requested to provide documentation supporting the appointment of the designated referents for the two strategic projects.</p>
<p>Issue No 15: For the MK FLC body, no information concerning the separation of functions when the same organization hosts the FLC body and is a beneficiary under the Programme is available.</p>	<p>Corrective measure requested: The MK FLC body is requested to provide the appointment documentation confirming the project referent and clarifying their functional independence from the office engaged in the project management within the organisational structure.</p>
<p>Issue No 16: The MK FLC body didn’t provide information concerning written procedures or internal rules on the prevention of conflict of interest. It foresees that the clauses will be included in the contracts with the controllers.</p>	<p>Corrective measure requested: The MK FLC body is requested to provide the updated contracts including the clauses concerning the Col.</p>
<p>Issue No 17: No information was provided by MK FLC body concerning the ongoing internal reorganization.</p>	<p>Corrective measure requested: The MK FLC office is requested to provide information concerning the state-of-the-art of the internal reorganization.</p>
<p>Issue No 18 and 19: The Col declarations of the MC members and of some of the newly appointed JS staff were not provided. Also, the current MC mailing list do not match with the MC representatives listed in the Programme website (§7(4) RoP).</p>	<p>Corrective measure requested: The MA is requested to provide all missing Col declarations concerning the JS staff and the MC members. The MA is recommended to verify the consistency between the list of MC members available at the Programme website and the updated designations.</p>
<p>Issue No 20: The DMCS v2.0 describes that the state aid assessment is performed by experts selected from a dedicated roster. It was found that a company has been contracted through a direct award for service without the consultation of a roster.</p>	<p>Corrective measure requested: The MA is requested to provide clarification about the discrepancy between the procedure performed and the one described in DMCS. Update the relevant section of the DMCS accordingly.</p>

<p>Issue No 22: Concerning the Project report controls, the MA “Verification Work” section on JEMS does not contain neither evidence about the checks performed nor the name of the MA controllers that performed the checks. Furthermore, no indication about the end date of said controls is available.</p>	<p>Corrective measure requested: The MA is requested to implement a tool to formalize the checks foreseen in the DMCS and fill in the section “Verification Work” before approving the Project Report to be forwarded to the AFU.</p>
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Based on the above, some discrepancies within the official documents are still pending and require the implementation of additional corrective measures and/or some clarifications yet to be provided. Therefore, regarding KR 1 the AA considers that the system put in place by the MA and all other actors involved functions correctly, but some improvements might be appropriate.

KR 2 Appropriate criteria and procedures for the selection of operations

The audit activities were related to the procedures applied for the first call for proposals and the call for the strategic projects within Priority Axis 4 (ISO1).

<p>Issue No 23: Some inconsistencies in the DMCS v.2.0 concerning the verification on double funding and on the infringements ex art. 73 (2) lett. (i) for the selection of the ISO1 strategic projects were detected.</p>	<p>Corrective measure requested: The MA is requested to update of the relevant DMCS section with specific information on: 1. the double funding verifications, 2. the infringements ex art. 73 (2) lett. (i) verifications.</p>
<p>Issue No 27, 35 and 37: The procedure concerning the antifraud checks mentioned in the DMCS v.2.0 and its annexes (i.e. assessment manual) is vague.</p>	<p>Corrective measure requested: The MA is requested to update the relevant section of the DMCS.</p>
<p>Issue No 32: The procedure in the DMCS v.2.0 and its relevant annex (i.e. assessment manual) concerning the evidence of the double funding checks performed by two assessors was not fully specified for the first call for proposals.</p>	<p>Corrective measure requested: The MA is requested to update the DMCS and its relevant annexes concerning the procedure on the absence of double funding, giving evidence of the checks performed by two assessors.</p>
<p>Issue No 34: Lack of evidence on the national contact points (NCP)s’ feedback for the assessment of the criterion No.2.3.3 concerning the associated partners for projects under the 1st call for proposals.</p>	<p>Corrective measure requested: The MA is requested to make available evidence of the NCPs’ feedback concerning the checks performed on the associated partners.</p>
<p>Issues No 39 and 40: In relation to the selection of the ISO1 strategic projects the templates of the eligibility grid points 1.2 and 2.3 and quality grids section "workplan" included in annex 8.2.2 of the DMCS v.2.0 (application manual strategic projects PA4 ISO1) do not match both with the templates available in the assessment manual and the compiled grids on JEMS.</p>	<p>Corrective measure requested: The MA is requested to update the DMCS with the annex 8.2.2. revised.</p>

<p>Issue No 48: MA/JS Internal rules were mentioned to support explanations on some issues detected.</p>	<p>Corrective measure requested: The MA is requested to formalize all internal rules, any potential extraordinary procedure or any similar tools, in adequate documentation (manual/operating instruction/guidelines or similar tools).</p>
<p>Issue No 49: The procedure concerning the admissibility/eligibility checks performed by the relevant national contact point (NCP) is not detailed in the DMCS v.2.0 and its annexes (i.e. assessment manuals) concerning the selection of the projects within the 1st call and the ISO1 strategic projects.</p>	<p>Corrective measure requested: The MA is requested to update the DMCS and its relevant annexes related to the procedure concerning the admissibility/eligibility checks, to include the outcomes and the registered communication from the relevant NCP in the admissibility/eligibility grid.</p>
<p>Issue No 56: The list of the operations selected for support available on the Programme website does not provide evidence of the release and the updating dates.</p>	<p>Corrective measure requested: The MA is requested to provide:</p> <ol style="list-style-type: none"> 1. Information on the schedule of the updates made to the list of operations since the beginning of the Programme. 2. Report the date of update on the list of the operations available on the Programme website.

Based on the above, some discrepancies within the official documents are still pending and require the implementation of additional corrective measures, therefore with regard to KR 2 the AA considers that the system put in place by the MA and all other involved actors functions correctly but some improvements might be appropriate.

KR 3 Appropriate information to beneficiaries on applicable conditions for support for the selected operations
Within the system audit for the 4th accounting year, AA activities for the evaluation of KR 3 were related to the audit of the procedures applied for the implementation of the first call for proposals and the call for the strategic projects within Priority Axis 4 (ISO1).

The issues detected were closed in the final system audit report by acquiring the documents and clarification during the contradictory procedure.

The AA considers that, regarding KR 3 the system put in place by the MA and all other actors involved, functions well.

4.4 Indications as to whether any irregularities identified were considered to be of a systemic character, details of the measures taken, including a quantification of the irregular expenditure and any related financial corrections made, in accordance with point (b) of Article 77(3) and Article 103.

No irregularities of a systemic nature with financial impact were detected during the audits relating to the 4th accounting year.

4.5 Information on the follow up of audit recommendations from system audits from previous accounting years.

Not applicable for the 4th accounting year.

4.6 A description of irregularities or deficiencies specific to financial instruments or other types of expenditure or costs covered by particular rules (e.g. State aid, public procurement, simplified cost options, financing not linked to costs), detected during system audits and of the follow up given by the managing authority to remedy these irregularities or deficiencies.

Not applicable for the 4th accounting year.

4.7 Level of assurance obtained following the system audits (low/average/high) and a justification.

For the audited body, a rating was assigned to each KR examined (see also section 9.1). Given that the final system audit report provides for some corrective measures to be implemented, the AA assesses that the MA system works but some improvements are needed.

Based on the assessments included in the system audit report, in annex 1 generated on SFC 2021 and following the considerations detailed in paragraph 4.3 of this annual report the AA has assigned to the system set by the MA an overall assessment falling under category 2, corresponding to an average level of assurance.

5. AUDITS OF OPERATIONS

5.1 Identification of the bodies (including the audit authority) that carried out the audits of operations (as envisaged in Article 79CPR and Art. 48 IR).

For the reference period the bodies that carried on the audit of operations are the AA, Department Interreg Audit Authority, Internal and Grant Management and the GoA members of Albania, Serbia and Slovenia. The company BDO Italia SpA supported the AA in formalizing and reviewing the AA reports.

According to the dispositions of the audit manual §3.5 “Audit of operations - Verification”, as well as the GoA RoP (Article 1.3), the audit of operations was performed by the AA and the relevant GoA members. The interaction and the task of each auditor were also described in the APM signed by the AA, the concerned GoA members and a representative of the TA.

Here below a list of the performed macroprocesses with indications of the bodies in charge and the bodies involved at different levels is provided.

- Launch of audit mission - after acquiring the sample by the EC (29.08.2025), the launch of the audit mission was communicated to the MA (ref. 05.09.2025.0881140.I) and the GoA members (ref. 05.09.2025.0881074.U). According to the procedures approved, each concerned GoA member proceeded with the communication of the launch of the audit activities to the beneficiaries situated in the territory of their countries.
- The APM was signed by the auditors.
- Desk verifications were performed by the AA team and the concerned GoA members. An on-the-spot visit at the premises of the beneficiary was carried on by the Serbian auditors.
- Through formal MA/JS communications, the AA staff acquired the documentation, listed in the audit trail, but not made available through the JEMS, to be kept into consideration for the draw up of the AA provisional audit report. As Also, the concerned GoA members acquired additional documentation provided by the beneficiaries during their audit activities.

- Examination of the complete documentary evidence gathered during the audit, finalization of the provisional audit reports and checklists - the activity was carried out by both the AA and the involved GoA members by drafting the necessary checklists and the report.
- Each involved GoA member sent the checklists, the report of the audit operations and the examined documents to AA - as no findings concerning the beneficiaries and the FLCs work were detected, only final audit reports were-drafted by the GoA.
- The AA examined the completeness of the documents provided by the concerned GoA members.
- The AA drafted two provisional audit reports and one final audit report: - a final report was draft in the case where the inconsistencies detected during the audit of operations have already been addressed in the framework of the system audit and therefore, no further corrective actions were required beyond what is already outlined in the final system audit report issued on 24 December 2025; provisional reports were drafted, on the other hand, for the project IPA-ADRION00134 SMARTMOBAIR, as an additional inconsistency was detected for which some clarifications were requested before drafting the final reports.
- Validation of the provisional audit reports - the validation was carried out by the concerned GoA members before starting the contradictory phase with the MA/JS. The validation of the reports was formalized in the relevant form.
- Launch of the contradictory process - the AA informed the MA of the provisional results of the audit through the transmission of the provisional audit reports (ref. 08.01.2026.0008396.I).
- Draw up of the final audit reports - the final audit reports were drawn up by the AA.
- The results of the audit of operations were communicated to the MA by the AA (ref. 20.01.2026.0042035.I).

5.2 A description of the sampling methodology applied and information as to whether the methodology is in accordance with the audit strategy.

The AA provided the information necessary for the selection of the common sample of Interreg programmes to the Commission by mail on 23 July 2025 in compliance with the audit strategy (see section 5.).

The Commission informed through SCF2021 the AA about the sampled project partners on 29 August 2025 (Ares(2025)6998534).

According to Article 49 of the CPR the Commission applied the common sample of Interreg programmes by using a statistical sampling method for the audits of operations and the sampling unit chosen was the project partner report.

No additional audit of operations under the programme was requested by the Commission in accordance with Article 48(9) of the CPR and no subsampling on the sampled units was performed by the AA.

5.3 An indication of the sampling parameters and other information for statistical or non-statistical sampling procedures, as well as an explanation of the underlying calculations and professional judgement applied.

For the 4th accounting year the sample for performing audit of operations was selected by the EC.

5.4 A reconciliation between the amounts included in the accounts, as well as the amounts declared in payment applications during the accounting year and the population from which the random sample was drawn (column 'A' of table in Section 9.2). Reconciling items include negative sampling units where financial corrections have been made.

The amount of the population submitted to EC for the sample includes all positive amounts within the final interim payment application and was of € 5.454.506,47. No negative sampling units were found in the population. The performed audit of operations highlighted no significant irregularities, and the AA didn't propose any financial corrections in the framework of the system audit and of the audit of operations.

Therefore, the total amount of € 5.454.506,47 was confirmed by the AFU in the draft accounts for the 4th accounting year transmitted to the AA with note ref. n. 09.12.2025.1233215.I.

Given the above, the AA can confirm the reconciliation between the total expenditure declared to the Commission for the 4th accounting year and the population from which the sample was drawn.

5.5 Where there are negative sampling units, confirmation that they have been treated as a separate population. Analysis of the principal results of the audits of these units, namely focusing on verifying whether the decisions to apply financial corrections (taken by the Member State or by the Commission) have been registered in the accounts as withdrawals.

Not applicable because no negative sampling units were found in the population for the 4th accounting year.

5.6 Where a non-statistical sampling method is used, specify the reasons for using the method, the percentage of sampling units covered by audits, the steps taken to ensure randomness of the sample bearing in mind that the sample has to be representative. In addition, define the steps taken to ensure a sufficient size of the sample, enabling the audit authority to draw up a valid audit opinion. A total (projected) error rate is also calculated where non-statistical sampling method has been used.

Not applicable because for the 4th accounting year the sample for performing the audit of operations was drawn by the EC.

5.7 Analysis of the main findings of the audits of operations

Three sample units for the audit of operations were extracted by EC as reported in the following table:

Operation	Beneficiary	Country	Report period	Expenditure sampled and audited
IPA-ADRION00134 SMARTMOBAIR	Regional Council of Shkodra - RCSH (PP11)	Albania (AL)	R.1	€ 6.751,68
IPA-ADRION00134 SMARTMOBAIR	Innovation Center of the Faculty of Mechanical Engineering Belgrade - ICMF (PP6)	Serbia (RS)	R.1	€ 23.267,72
IPA-ADRION00406 GOTOTWIN	Jožef Stefan Institute (PP2)	Slovenia (SI)	R.1	€ 65.304,29
				€ 95.323,69

Following the performed audit of operations the AA detected some issues related to the selection of operations phase. More in detail the audit findings concern:

- clerical errors concerning lack of indication of the date in one of the statements in lieu of affidavit gathered from one of the experts involved in the evaluation process - the finding concerns all audited projects;
- inconsistency in the date indicated for the harmonize assessment grid stored for the projects – the harmonized assessment grid examined by the AA has been dated earlier than the double funding assessment grid, which results are included in the harmonized grid - the finding concerns all audited projects;
- discrepancies between the score reported in the single assessment grids and the harmonized one - the AA assessed that when preparing the harmonized assessment grid for the project IPA-ADRION00134 SMARTMOBAIR some clerical errors were made when indicating the scores of each of the assessors involved in the evaluation process. However, following the assessment of the counterclaims, it was possible to confirm that the indicated total score for the project was correct and therefore the issue has no impact on the eligibility of the project and its positioning among the projects to be financed within the framework of the first call for proposals – the finding concerns exclusively the IPA-ADRION00134 SMARTMOBAIR project.

Furthermore, regarding the verifications of the project reports submitted by the beneficiaries, the lack of formalization of the controls assigned to the MA according to the DMCS was detected - after the JS checks, the project progress report is then checked by the MA to ensure that each partner's expenditure has been verified by an appointed controller in compliance with the control system set up by each Partner States participating in the Programme and to ensure a control on the respect of the audit trail and to confirm the amount of contribution to be paid in relation to the total amount of verified and certified expenses - the MA needs to formalized the procedures performed and adopt tools to provide evidence of the above activities - the finding concerns all audited projects.

Based on the performed assessment, the AA considers that the above findings have no impact on the legality and regularity of the declared expenditures and are to be considered without financial impact.

Refer also to section 5.10 of this ACR.

5.8 Details of any financial corrections relating to the accounting year and implemented by the managing authority before submitting the accounts to the Commission, and as a consequence of the audits of operations, including flat rate or extrapolated corrections leading to a reduction to 2 % of the residual error rate of the expenditure included in the accounts pursuant to Article 98.

No corrections were applied by MA before submitting the accounts to the EC as no findings with financial impact were detected either by the MA or by the AA after the submission of the final interim payment application for the 4th accounting year.

5.9 Comparison of the total error rate and the residual error rate (as shown in Section 9.2) with the materiality level of 2 %, in order to ascertain if the population is materially misstated and the impact on the audit opinion.

Not applicable because for the 4th accounting year the sample for performing the audit of operations was drawn by the EC.

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

As illustrated in section 5.7 of this report, some inconsistencies were identified in relation to the selection of operations and the verification/payment phases. In detail the following findings were considered:

- clerical errors concerning lack of indication of the date in one of the statements in lieu of affidavit gathered from one of the experts involved in the evaluation process - random finding;
- inconsistency in the date indicated for the harmonize assessment grid stored for the projects - random finding;
- lack of formalization of the controls assigned to the MA according to the DMCS - systemic finding.

Given that similar inconsistencies were also detected and addressed in the framework of the system audit, for said findings reference was therefore made to the relevant system audit report for the required follow-up actions and recommendations and no further corrective actions were required beyond those already set out in the final system audit report issued on 24 December 2025.

An additional inconsistency related to the scores assigned in the individual assessment grids and in the harmonized assessment grid prepared during the project selection phase was identified for the project IPA-ADRION00134 SMARTMOBAIR.

Based on the clarifications received and the documents provided on 15/01/2026 (ref. 15.01.2026.0029612.I) during the contradictory phase, the AA was able to confirm that the above discrepancies did not affect the ranking list, as the final score corresponded to the one used for the decision-making process. However, follow-up actions were requested by the 02/03/2026 regarding the accurate information to the MC, the proper storage of the checklists and to strengthen supervision activities minimizing clerical errors.

The above issue is considered a random finding, based on the outcomes of the further checks performed on some projects sampled for the compliance tests carried out within the system audit.

5.11 Information on the follow-up of audits of operations carried out in respect of the common sample for Interreg programmes based on the specific rules on audits on operations applicable to Interreg programmes as set out in Article 49 of the Interreg Regulation.

No findings with financial impact were detected.

5.12 Information on the follow-up of audits of operations carried out for previous accounting years, in particular on serious deficiencies of systemic nature.

Not applicable as no audit was carried out with reference to the previous accounting year.

5.13 A table categorising errors identified by type.

No findings with financial impact were detected.

5.14 Conclusions drawn from the main findings of the audits of operations with regard to the proper functioning of the management and control system.

Based on the outcomes of the audit of operations carried out by both the AA team and the GoA members of Albania, Serbia and Slovenia, as described in this section, the AA concludes that the sampled units are not affected by significant errors and the system works properly but some improvements are needed. (see also section 8.1).

6 AUDITS OF ACCOUNTS

6.1 Identification of the authorities/bodies that have carried out audits of accounts.

The Department of Interreg Audit Authority, Internal Audit and Grant Management Unit of the Emilia-Romagna Region (AA) is the body that carried out the audit of the accounts for the 4th accounting year.

6.2 Description of audit approach used to verify that the accounts are complete, accurate and true.

The audit of accounts carried out by the AA took into consideration the results of the system audit carried out for the MA (as described in section 4 of the present ACR) and the result of the audit of operation (as described in section 5 above). No findings with financial impact were detected during the audit of operations and no specific corrective measures were requested.

In accordance with the Methodological Note CPRE_23-0012-01-25/08/2023, the AA performed final additional verifications on the accounts to provide an opinion to establish whether the accounts give a true and fair view.

The AA through the audit work performed is able to confirm:

- the compliance with the timetable established for the preparation and transmission of the accounts to the AA ensures their submission to the Commission by 15 February of the subsequent financial year;
- the level of detail and aggregation of the data indicated in the accounts is at the level of each priority;
- the proper preparation of the accounts in accordance with the template set out in Annex XXIV of CPR;
- the completeness of the data contained in the accounts;
- the adequate retention of documents underlying the preparation of the accounts;
- the correspondence between the total amount of eligible expenditure recorded by the AFU in its accounting systems [pursuant to Article 98(3)(a) of CPR] and the expenditure and related public contribution included in the final payment applications submitted to the EC for the audited accounting period;
- that no withdrawn amounts have been recorded by AFU and no findings have been detected by the MA during controls performed within the internal quality review;
- that no adjustments have been requested by the AA, or by other entities including the EC and the European Court of Auditors (ECA);
- that no expenditures previously included in a payment applications have been deducted from the accounts;
- the completeness, veracity and accuracy of the accounts;
- the compliance with the correct application by the AFU of the Methodological note on the Preparation, Submission, Examination and Audit of Accounts programming period 2021-2027 CPRE 23-0013-01 26/07/2023.

The tools used by the AA for the above audit activities include the checklist audit of accounts, and the related audit report, annexes to the audit manual.

Regarding the timeline to follow for the presentation of the assurance package the MA and AA agreed on the timeframe for the submission of the accounts as follows: draft account within 31/10/n and draft final accounts within 15/01/n+1. The above deadlines are formalized in the Audit Manual and in the Audit strategy v.1.0. No indication on the timeline is included in the DMCS and the AFU manual.

In compliance with the methodological note on the Preparation, Submission, Examination and Audit of Accounts programming period 2021-2027 - CPRE_23-0012-01 25/08/2023, **a coordination meeting** between the MA/AFU and the AA was held on 10 November 2025 (ref. 12.11.2025/1114955). During the meeting it was decided to postpone the deadline for the submission of the draft of the accounts and the supporting documents to 9 December 2025.

In the same meeting the AFU was requested to provide the debtor ledger, matching table and data supporting the compliance with the 80 days deadline (ref annex B of the AFU manual). It was also recommended to attach all the templates to the AFU manual (e.g. Annex A, B, E and F).

On 9 December 2025 the MA/AFU sent the draft of accounts with the above requested documentations (ref. 09.12.2025.1233215.I) in compliance with the date agreed during the coordination meeting before acquiring the final outcomes of the audit of operations.

The AA sent preliminary report on the account on 31 December 2025 (ref. 31.12.2025.1284491.I) requesting some clarification.

The AFU sent a clarification email on 9 January 2026 (ref. 12.01.2026.0013888.I).

The AA sent to MA the outcomes of audit of operations and requested the final accounts on 20 January 2026 (ref. 20.01.2026.0042035.I).

The MA/AFU sent the final draft of accounts and the draft management declaration on 23 January 2026 (ref. 26.01.2026.0059456.I) in compliance with the date set.

The MA/AFU sent communication of outcomes of audit of operations to the beneficiaries and concerned controllers on 27 and 28 January 2026.

The final report on audit of the accounts considered the clarifications and documentation provided by MA/AFU.

6.3 Conclusions drawn from the audits in relation to the completeness, accuracy and veracity of the accounts, including an indication on the corresponding financial corrections made and reflected in the accounts as a follow-up to these conclusions.

During the system audit for the 4th accounting year, within the assessment of KR 1, the AA analysed the AFU. As foreseen in Art. 72 of CPR and in Art. 47 of IR, the Programme opted to entrust the accounting function to the MA. In accordance with Art. 76 of CPR, the AFU doesn't carry out verifications at the beneficiaries' level. The tasks of the AFU are detailed in its Manual of procedure (annex 22 of DMCS 2.0) and they are compliant with the provisions of the Reg. (EU) 2021/1060 and the Reg. (EU) 2021/1059. Checklists are also foreseen and have been filled in for each accounting step by AFU staff.

The AA checked the procedures described in the AFU manual to verify the respect of the four eyes principle. Before any payment of Project Reports to the Lead Partner, a checklist is digitally signed by two controllers of AFU, as well as another checklist is compiled and signed by a controller before including the project report in the interim payment. The AFU will also fill in a specific checklist before submitting an Interim Payment Applications in JEMS and the Annual Accounts, both will be digitally signed by two controllers of the AFU. The AA checked all project reports included in the payment application and was able to verify that all checklists were signed by AFU controllers according to the procedures formally adopted in the AFU manual. During the audit of operations no findings with financial impact were detected and no specific corrective measures were requested.

The AA checked the final draft of the accounts and the related appendices and is able to confirm that:

- amounts indicated in Appendix 1 and 4 have been correctly calculated,
- neither withdrawals (Appendix 2) nor advances paid in the context of State aid under Article 91(5) 2 (Appendix 7) have been included in accounts for the 4th accounting year,

- the annual accounts are accompanied by the management declaration. It confirms that the information in the accounts is properly presented, correct, complete and accurate and confirms that the expenditures entered in the accounts comply with applicable law and have been used for the intended purpose.

Appendix 1 - Interreg Funds

Amounts entered into the accounting systems of the accounting function - point (a) of Article 98(3)

Priority	(A) Total amount of eligible expenditure entered into the accounting systems of the body carrying out the accounting function which has been included in payment applications for the accounting year in accordance with point (a) of Article 98(3)	(B) The amount for technical assistance in accordance with point (b) of Article 91(3)	(C) Total amount of the corresponding public contribution made or to be made in accordance with point (a) of Article 98(3)
1 - Supporting a smarter Adriatic Ionian region	2,193,850.70	219,385.04	2,101,634.33
2 - Supporting a greener and climate resilient Adriatic-Ionian region	3,096,322.81	309,632.26	3,019,178.87
3 - Supporting a carbon neutral and better-connected Adriatic-Ionian region	106,457.51	10,645.74	103,904.43
4 - Supporting the Governance of the Adriatic-Ionian region	57,875.45	5,787.54	57,875.39
Grand total	5,454,506.47	545,450.58	5,282,593.02

Appendix 4 - Interreg Funds - Reconciliation of expenditure - point (d) of Article 98(3) and Article 98(7)

Priority	Total eligible expenditure included in payment applications submitted to the Commission		Expenditure declared in accordance with Article 98 of the Regulation		Difference		Comments (obligatory in case of difference for each type of deduction in accordance with Article 98(6))			
	Total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations linked to specific objectives for which enabling conditions are fulfilled or operations that contribute to the fulfilment of enabling conditions, as entered in the system of the body carrying out the accounting function	Total amount of public contribution made or to be made in implementing operations linked to specific objectives for which enabling conditions are fulfilled or operations that contribute to the fulfilment of enabling conditions, as entered in the system of the body carrying out the accounting function	Total amount of eligible expenditure entered into the accounting systems of the accounting function and which has been included in payment applications submitted to the Commission linked to specific objectives for which enabling conditions are fulfilled or to operations that contribute to the fulfilment of enabling conditions	Total amount of the corresponding public contribution made or to be made in implementing operations linked to specific objectives for which enabling conditions are fulfilled or to operations that contribute to the fulfilment of enabling conditions	(E=AC)	(F=BD)	Expenditure subject to an ongoing assessment of its legality and regularity	Irregular expenditure subject to financial corrections	Other deductions	Comments
1 - Supporting a smarter Adriatic Ionian region	2,193,850.70	2,101,634.33	2,193,850.70	2,101,634.33	0.00	0.00				
2 - Supporting a greener and climate resilient Adriatic Ionian region	3,096,322.81	3,019,178.87	3,096,322.81	3,019,178.87	0.00	0.00				
3 - Supporting a carbon neutral and better-connected Adriatic-Ionian region	106,457.51	103,904.43	106,457.51	103,904.43	0.00	0.00				



Priority	Total eligible expenditure included in payment applications submitted to the Commission		Expenditure declared in accordance with Article 98 of the Regulation		Difference		Comments (obligatory in case of difference for each type of deduction in accordance with Article 98(6))			
	Total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations linked to specific objectives for which enabling conditions are fulfilled or operations that contribute to the fulfilment of enabling conditions, as entered in the system of the body carrying out the accounting function	Total amount of public contribution made or to be made in implementing operations linked to specific objectives for which enabling conditions are fulfilled or operations that contribute to the fulfilment of enabling conditions, as entered in the system of the body carrying out the accounting function	Total amount of eligible expenditure entered into the accounting systems of the accounting function and which has been included in payment applications submitted to the Commission linked to specific objectives for which enabling conditions are fulfilled or to operations that contribute to the fulfilment of enabling conditions	Total amount of the corresponding public contribution made or to be made in implementing operations linked to specific objectives for which enabling conditions are fulfilled or to operations that contribute to the fulfilment of enabling conditions	(E=AC)	(F=BD)	Expenditure subject to an ongoing assessment of its legality and regularity	Irregular expenditure subject to financial corrections	Other deductions	Comments
4 - Supporting the Governance of the Adriatic-Ionian region	57,875.45	57,875.39	57,875.45	57,875.39	0.00	0.00				
Grand total	5,454,506.47	5,282,593.02	5,454,506.47	5,282,593.02	0.00	0.00				
Out of which amounts corrected in the current accounts as a results of AA audits										
Out of which amounts corrected in the current accounts as a result of EC and ECA audits and OLAF investigations										

The AA checked that all the eligible expenditures certified in the project reports by 30/06/2025 and registered in JEMS were included in the payment application (Appendix 1). Then the AA checked the compliance between the payment application and the accounts.

The AA has reconciled the amounts registered in the accounting system with those kept in JEMS, with the payment application and the accounts.

All reports for which the AFU submitted payments to EC and that were included in the payment application of the 4th accounting year, were paid to the beneficiaries/LPs before the date on which the audit of the accounts report was issued.

Nevertheless 18 out of 43 project report were paid within 31/07/2025, 24 out of 43 project report were paid within 31/08/2025, and 1 project report (Facility Point) was paid on 9 September.

The MA/AFU is requested to respect the deadline set up by Article 91 of the CPR and pay within 80 days of their submission and by 31 July all project reports.

The AA also checked the excel file “accounting data IPA-ADRION” attached to the draft annual accounts and found out that 39 out of 43 project reports were paid within the set deadline of 80 days whereas 4 project reports were paid over 80 days.

According to DMCS v.2.0, paragraph “2.1.2.2 Programme management tasks”, the monitoring and compliance with the 80-day regulatory requirement is ensured through an IT tool (a counter that calculates the number of payment days), which alerts the relevant bodies involved (JS, MA and AFU) and indicates when the timeframe has not been respected. If the timeframe is not met, a valid justification must be provided directly through the tool. Concerning the delays registered for the payments for the project IPA-ADRION537 FACILITY POINT and the project IPA-ADRION 107 ARCA, the AFU provided clarification whereas no clarifications were provided for the projects IPA-ADRION 73 SUPERALFUEL and IPA-ADRION 208 GRECALE.

The MA/AFU was requested to provide clarification concerning the 25 project reports paid later than 31/07/2025 and for the projects IPA-ADRION 73 SUPERALFUEL and IPA-ADRION 208 GRECALE, given that the 80 days timeframe was not respected and no clarifications were made available.

On 9 January 2026 the AFU sent a clarification email stating that the delays were due to the general workload and overlapping activities concerning the implementation of IPA-ADRION Programme and the closure of the programming period 2014-2020. The AA acknowledged the situation described and suggested to the Programme Authorities to foresee a working plan to manage such/similar situations in the future.

The AA also verified whether an adequate audit trail for the accounts was available. Based on the data recorded in the electronic systems, the AA was able to trace the project payments in which the beneficiaries’ expenditures were stored and the payment application through which these expenditures were declared eligible to the Commission. As previously mentioned, through the above verifications and the related audit trail, the AA was able to confirm that all reports included in the payment application submitted to the EC for the 4th accounting period were paid to the beneficiaries and duly registered in the JEMS section “payments to projects”. The AA noticed also that the total amount paid to the LPs slightly exceeds the total amount certified, due to automatic rounding at priorities co-financing rates level. All supporting documents are stored in JEMS and in the regional accounting system (payment claims, payment orders, acts, reports, AFU checklists and audit authority checklists and/or reports) making available a correct audit trail.

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

No systemic irregularities were found.

7. OTHER INFORMATION

7.1 Audit authority's assessment of the cases of suspicions of fraud detected in the context of their audits (and of the cases reported by other national or Union bodies and related to operations audited by the audit authority), together with the measures taken. Information on number of cases, gravity, and the amounts affected, if known.

No issue related to fraud were detected.

Regarding the audit activities carried out for the 4th accounting year, the AA performed checks on the existence and effectiveness of fraud-related controls through the audit work conducted. Regarding the audit of operations, the AA has included in its check-lists—since the first approval of the audit manual—specific control items addressing the verification of potential fraud cases. More specifically, the relevant control item is included in the “Payments controls” section of the Check-list for the audit of operations as follows: Control item 62 - “From the examination of the operation, is compliance with the anti-fraud measures defined by the MA as a result of the related risk assessment evident, or, where suspected fraud has emerged, have such cases been correctly communicated and addressed?”. The AA also acquired the checks performed by the MA in Arachne.

Within the system audit activities, the AA obtained the results of the anti-fraud checks carried out by the NCPs and the MA during the selection of projects under the first call and the ISO1 call (strategic projects). Furthermore, the AA verified the establishment of the self-assessment anti-fraud team, the implementation of the fraud-risk self-assessment exercise, and the procedure concerning anti-fraud checks (see section 4).

In the coming years, and based on the annual risk assessment, the AA will also perform the specific checks foreseen at system-audit level for KR7.

7.2 Subsequent events occurred after the end of the accounting year and before the transmission of the annual control report to the Commission and considered when establishing the level of assurance and opinion by the audit authority.

No subsequent events were registered between the presentation of the accounts and the submission of the present ACR and no other national or EU audit work was carried out in relation to the accounting year.

For the 4th accounting year the programme and the AA were not audited by the EC, ECA, IGRUE or other bodies.

8. OVERALL LEVEL OF ASSURANCE

8.1 Indication of the overall level of assurance on the proper functioning of the management and control system, and an explanation of how the level was obtained from the combination of the results of the system audits and audits of operations. Where relevant, the audit authority shall take also account of the results of other national or Union audit work carried out.

Regarding the audit of the accounts, as described in section 6 of the present document, the AA found no inconsistencies and deficiencies. The AA was able to assess the correct registration of the accounts in JEMS and of the related data in SFC 2021.

For the general evaluation of the reliability of the accounts, the AA also took into consideration the assessment of the MCS put in place by the MA. As described in section 4 of the present ACR the system has been assigned category 2 also in view of the results of the assessment of the functioning of the FLC bodies of Albania and the Republic of North Macedonia. The AA has also described in the present document some of the corrective measures requested to the MA.

The above outcome was also confirmed through the Audit of operations carried out by the AA, as described in section 5 of the present report.

8.2 Assessment of any mitigating actions not linked to financial corrections that were implemented, financial corrections implemented and an assessment of the need for any additional corrective measures, both from the perspective of improvements of the management and control systems and of the impact on the Union budget.

This section is considered not pertinent for the 4th accounting period given that the system audit performed assessed the MCS in category 2, and therefore the recommendations formulated by the AA concerned improvement suggestions with no significant impact on the Union budget. For details refer to the final system audit report for the 4th accounting period and section 4 above. Furthermore, the AA performed the audit on operations based on the common sample extracted by the EC. The AA therefore didn't calculate the TER and the RTER. It is in any case worth mentioning that no irregularities with financial impact were detected within the performed audit of operations.

9. ANNEXES TO THE ACR

9.1 Annex 1 - Results of system audit

Audited entity	Fund	Title of the audit	Date of the final audit report	Interreg programme: VI-B IPA Adriatic-Ionian (IPA ADRION) 2021TC16IPTN001										Overall assessment (category 1, 2, 3, 4) [as defined in table 2 of Annex XI to the Regulation]	Comments
				Key requirements (as applicable) as defined in table 1 of Annex XI											
				KR1	KR2	KR3	KR4	KR5	KR6	KR7	KR8	KR9	KR10		
MA	INTERREG	AY 2024/2025	24/12/2025	2	2	1								2	

9.2 Annex 2 - Results of audits of operations

Fund	Programme CCI number	Programme title	A Amount in Euros corresponding to the population from which the sample was drawn ³	B Expenditure in reference to the accounting year audited for the random sample		C Amount of irregular expenditure in random sample	D Total error rate ⁴	E Corrections implemented as a result of the total error rate	F Residual total error rate ⁵	G Other expenditure audited ⁶	H Amount of irregular expenditure in other expenditure audited
				Amount ⁷	% ⁸						
INTERREG	2021TC16IPTN001	IPA ADRION	5.454.506,47	95.323,69	0,017476135	0	NA	NA	NA	NA	NA

³ Column 'A' shall refer to the positive population from which the random sample was drawn, i.e. total amount of eligible expenditure entered into the accounting system of the managing authority/body carrying out the accounting function which has been included in payment applications submitted to the Commission less negative sampling units if any. Where applicable, explanations shall be provided in Section 5.4.

⁴ The total error rate is calculated before any financial corrections are applied in relation to the audited sample or the population from which the random sample was drawn. Where stratification is used, further information by stratum shall be provided in Section 5.7. The section is **not** to be filled in incase the sample has been drawn by the EC in the framework of the common INTERREG sample.

⁵ The section is **not** to be filled in incase the sample has been drawn by the EC in the framework of the common INTERREG sample.

⁶ Column 'G' shall refer to expenditure audited in the context of a complementary sample.

⁷ Amount of expenditure audited (in case sub-sampling is applied) only the amount of the expenditure items effectively audited, shall be included in this column).

⁸ Percentage of expenditure audited in relation to the population.