

Commission Regulation (EC) No 718/2007 of 12 June
2007 implementing Council Regulation (EC) No 1085/2006
establishing an instrument for pre-accession assistance (IPA)

PART II

SPECIFIC PROVISIONS

TITLE II

CROSS-BORDER COOPERATION COMPONENT

CHAPTER III

Implementation

Section 2

Cross-border programmes between beneficiary countries and Member States

Sub-section 1

Management and control systems

Article 105

Functions of the audit authority

- 1 The audit authority of a cross-border programme shall be functionally independent of the managing authority and the certifying authority and shall be responsible in particular for:
- a ensuring that audits are carried out to verify the effective functioning of the management and control system of the cross-border programme;
 - b ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared;
 - c by 31 December each year from the year following the adoption of the cross-border programme to the fourth year following the last budgetary commitment:
 - (i) submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous twelve month period ending on 30 June of the year concerned and reporting any shortcomings found in the systems for the management and control of the programme. The first report, to be submitted by 31 December of the year following the adoption of the programme, shall cover the period from 1 January of the year of adoption to 30 June of the year following the adoption of the programme. The information concerning the audits carried out after 1 July of the fourth year following

*Changes to legislation: There are currently no known outstanding effects for the
 Commission Regulation (EC) No 718/2007, Article 105. (See end of Document for details)*

the last budgetary commitment shall be included in the final control report supporting the closure declaration referred to in point (d) of this paragraph. This report shall be based on the systems audits and audits of operations carried out under points (a) and (b) of this paragraph;

- (ii) issuing an opinion, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.

When a common system applies to several IPA cross-border programmes, the information referred to in point (i) may be grouped in a single report, and the opinion and declaration issued under point (ii) may cover all the cross-border programmes concerned;

- d submitting to the Commission at the latest by [^{F1}31 March] of the fifth year following the last budgetary commitment a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report. This closure declaration shall be based on all the audit work carried out by or under the responsibility of the audit authority.

2 The audit authority shall ensure that the audit work takes account of internationally accepted audit standards.

3 Where the audits and controls referred to in paragraph 1 points (a) and (b) are carried out by a body other than the audit authority, the audit authority shall ensure that such bodies have the necessary functional independence.

4 If weaknesses in management or control systems or the level of irregular expenditure detected do not allow the provision of an unqualified opinion for the annual opinion referred to in paragraph 1 point (c) or in the closure declaration referred to in paragraph 1 point (d), the audit authority shall give the reasons and estimate the scale of the problem and its financial impact.

Textual Amendments

- F1** Substituted by [Commission Regulation \(EU\) No 80/2010 of 28 January 2010 amending Regulation \(EC\) No 718/2007 implementing Council Regulation \(EC\) No 1085/2006 establishing an instrument for pre-accession assistance \(IPA\)](#).

Changes to legislation:

There are currently no known outstanding effects for the Commission Regulation (EC) No 718/2007, Article 105.