

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 I

**COMMON PROVISIONS**

TITLE II

**COMMON RULES FOR IMPLEMENTATION**

CHAPTER II

**Management and control systems**

*Section 1*

***Decentralised management***

*Sub-section 2*

***Structures and authorities***

*Article 29*

**Functions and responsibilities of the audit authority**

1 An audit authority, functionally independent from all actors in the management and control systems and complying with internationally accepted audit standards, shall be designated by the beneficiary country. The audit authority shall be responsible for verifying the effective and sound functioning of the management and control systems.

- 2 The audit authority, under the responsibility of its head, shall in particular:
- a during the course of each year, establish and fulfil an annual audit work plan which encompasses audits aimed at verifying:
    - the effective functioning of the management and control systems,
    - the reliability of accounting information provided to the Commission.

The audit work shall include audits of an appropriate sample of operations or transactions, and an examination of procedures.

The annual audit work plan shall be submitted to the national authorising officer and the Commission before the start of the year in question.

- b submit the following:

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**Changes to legislation:** There are currently no known outstanding effects for the  
Commission Regulation (EC) No 718/2007, Article 29. (See end of Document for details)

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- an annual audit activity report following the model to be found in the framework agreement, setting out the resources used by the audit authority, and a summary of any weaknesses found in the management and control systems or in transaction findings from the audits carried out in accordance with the annual audit work plan during the previous 12 month period, ending on 30 September of the year concerned. The annual audit activity report shall be addressed to the Commission, the national authorising officer, and the competent accrediting officer, by 31 December each year. The first such report shall cover the period from the entry into force of this regulation up until 30 November 2007,
- an annual opinion following the model set out in the framework agreement as to whether the management and control systems functions effectively and conforms to the requirements of this Regulation and/or any other agreements between the Commission and the beneficiary country. This opinion shall be addressed to the Commission, the national authorising officer, and the competent accrediting officer. It shall cover the same period and have the same deadline as the annual audit activity report,
- an opinion on any final statement of expenditure submitted to the Commission by the national authorising officer, for the closure of any programme or of any part thereof. Where appropriate, the final statement of expenditure may include payment applications in the form of accounts submitted annually. The opinion on any final statement of expenditure shall follow the model provided in annex to the framework agreement. It shall address the validity of the final payment application and the accuracy of the financial information, and, where appropriate, be supported by a final audit activity report. It shall be sent to the Commission and to the competent accrediting officer, at the same time as the relevant final statement of expenditure submitted by the national authorising officer, or at least within three months of the submission of that final statement of expenditure.

Further specific requirements for the annual audit work plan and/or the reports and opinions mentioned in paragraph (b) may be set out in the sectoral or financing agreements.

With regard to the methodology for the audit work, reports and audit opinions required by this Article, the audit authority shall comply with international standards on auditing, in particular as regards the areas of risk assessment, audit materiality and sampling. That methodology may be complemented by any further guidance and definitions from the Commission, notably in relation to an appropriate general approach to sampling, confidence levels and materiality.

**Changes to legislation:**

There are currently no known outstanding effects for the Commission Regulation (EC) No 718/2007, Article 29.