



Republic of Serbia,
Ministry of Agriculture,
Forestry and Water
Management



Directorate
for Agrarian
Payments



IPARD - CURRENT STATUS AND EXTERNAL AUDIT FINDINGS

2nd Monitoring Committee for IPARD II

IPARD Agency

Žarko Radat

Director

Beograd, October 3rd, 2017

EXTERNAL AUDIT

- **External audit** of the structure responsible for conducting IPARD Programme, has been carried out from 14th August until 15th September during this year.
- **Major findings:**
 1. Harmonization of the Legal framework
 2. Memorandum of Understanding between the NAO (National Authorizing Officer), Managing Authority and IPARD Agency
 3. Signing Memorandums of Understanding with Technical bodies
 4. Recruitment for vacancies
 5. Reference Price Database
 6. New premises of the IPARD Agency

1. Harmonization of the Legal framework

- The Law on Agriculture and Rural Development was amended in December 2016.
- During September 2017 Rulebooks for Measure 1 (Investments in Physical Assets of Agricultural Holdings) and Measure 3 (Investments in Physical Assets Concerning Processing and Marketing of Agriculture and Fishery Products) have been adopted.

2. Memorandum of Understanding between the NAO (National Authorizing Officer), Managing Authority and IPARD Agency

- Memorandum is signed in September 2017

3. Signing Memorandums of Understanding with Technical bodies

- Memorandums of Understanding have been signed with all five Technical Bodies who are going to be involved in the conducting of IPARD Programme:
 - Veterinary Directorate,
 - Sectors in charged for Environmental Protection,
 - Labour Inspectorate,
 - Sector for Agricultural Inspection and
 - Directorate for Plant Protection
- Technical bodies are responsible for verification of national and EU standards with IPARD at beneficiaries

4. Recruitment for vacancies

- IPARD Agency has conducted recruitment process for vacancies between First and Second Monitoring Committee for IPARD II
- All 84 new employees underwent general and specific trainings
- The new Systematization Act has been adopted and IPARD Agency now has proper structure for conducting of IPARD Programme (The IPARD Registry Office and Unit for Reference Prices have been established)

5. Reference Price Database

- The Database has been prepared and filled in with available prices
- The Database will be continuously updated
- Additional security of the Database will be provided by IT support
- The Rulebook for Reference Price Database and the Manual for Unit for Reference Prices have been prepared

6. New premises of IPARD Agency

- Adaptation of the new premises of IPARD Agency is finished
- IPARD Agency started working at the new address in September 2017
- Regarding the finding related to non-existent physical security in the building, the finding has been addressed by relocation of IPARD Agency to the new premises

Current IPARD Agency's activities

- Finalization of Procedures according to external audit recommendations
- Entrustment package is expected to be sent to European Commission in the mid of October 2017
- DG AGRI audit mission is expected to be conducted in week of 20th-24th November
- Project „Support to IPARD Operating structure“ started on 23th of August and it is expected to last for the following two years

THANK YOU FOR ATTENTION!

Entrustment of IPARD – current situation and next steps

Dušan Brajković

Assistant Minister, Head of the Department for Management of EU funds – Management Structure (NAO SO and NF)

Ministry of Finance

1. Overview of key up till now steps for entrustment of IPARD (1)

- **Preparations for accreditation of IPARD** within previous IPA financial perspective **were initiated back in 2010.**
- **National legal framework** for indirect management of IPA programs (including IPARD) implementation **was rounded up in December 2015** (FWA, Government Decree on IPA II, Government Decision on Appointing responsible persons and bodies, Government Decree on AA, IPARD Sectoral Agreement).
- Structure and authorities (MCS) for indirect management of IPARD implementation is comprised of: NIPAC, NAO, Management Structure (NAO SO and NF) and Operating Structure (MA and IPARD A).
- **During 2015 intensive preparations of IPARD bodies (MS, MA, IPARD A) were conducted.** During last quarter of 2015 first external audit was conducted. In December 2015 NAO submitted the Request for the entrustment of indirect management of IPARD implementation (four measures – M1, M3, M7 and M9).

1. Overview of key up till now steps for entrustment of IPARD (2)

- **DG AGRI audit mission** was held during May 2016. Draft audit report, which was provided in August 2016, contained significant number of findings and recommendations.
- In November 2016 IPARD bodies made joint **decision to exclude measures M7 and M9** from the Request and informed DG AGRI on this.
- In December 2016 **Government established IPARD Working Group** with the task to conduct all necessary preparation activities for successful finalization of IPARD entrustment process.
- In February 2017 **IPARD WG developed comprehensive Action Plan** for addressing all audit findings (first external audit and DG AGRI audit)
- By July 2017 almost all envisaged activities from the Action Plan were implemented allowing start of second external audit.

2. Second external audit (1)

- **Contracted** by the EUD in the Republic of Serbia in July 2017 as a FWC.
- **Scope** of the external audit was to: a) confirm compliance with regulatory framework of certain elements (Rulebooks on M1 and M3, internal audit capacities, signed memorandums with technical bodies and set up of IPARD A IT system), b) perform follow up audit of findings from first external audit and DG AGRI audit and c) express on adequateness of checking reasonableness of costs/PRDB and on adequateness of new IPARD A premises.
- **Started** as envisaged by the IPARD AP on 14th of August 2017
- **Implemented** through two missions of the audit team (first from 14th till 25th of August and second from 11th till 20th of September)
- Draft Audit Report provided on 15th of September, while auditees responded on 25th of September

2. Second (repeated) external audit (2)

- Draft Audit Report contained **overall 38 audit findings** (basically related to previous audit findings)
- NAO/Management Structure audit findings (18):
 - key areas to which major findings (10) were related are: retention policy, signing of MoU between NAO/MA/IPARD A and IT security policy,
 - key areas to which intermediate findings (6) were related are: capacity of IA and operational procedures,
 - One finding was minor and one was not categorized.

2. Second (repeated) external audit (3)

- NAO/Management structure already initiated (in some cases completed) corrective actions upon findings from second external audit:
 - MoU between NAO/MA/IPARD A was signed on 21st of September,
 - Initiated procedure for filling vacant posts within the MS and IA of MoF,
 - Scheduled trainings for IA staff on IPARD and IPA internal audit,
 - Established Government Working Group for preparing Action plan on IPA IT security,
 - Operational procedures revised according audit recommendations.

3. Further steps in regards to IPARD entrustment

- Coordination among IPARD bodies regarding addressing of second external audit findings – to be finished by first week of October
- Consolidation of revised IPARD entrustment package (revised in accordance with all provided audit findings – first external audit, DG AGRI audit and second external audit) and its submission to DG AGRI – mid October
- DG AGRI audit mission – end of November,
- Decision on IPARD entrustment / signing of Financial Agreement – beginning of 2018.

Thank you for the attention.

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VISIBILITY AND COMMUNICATION ACTIVITIES

2nd IPARD Monitoring Committee

Managing Authority

Sanja Prodanović

Head of the Group for TA and promotion

Belgrade, 3 October 2017

GENERAL OBJECTIVES

- Increasing the awareness of the general public about the role of EU contribution to the rural development in Serbia
- Ensuring transparent information on the opportunities provided by IPARD II Programme for all target groups
- Visibility of results achieved through the assistance provided by IPARD II

SPECIFIC OBJECTIVES

- Sufficient number of good quality applications and transparency of implementation for each measure by effectively communicating information on funding opportunities under the IPARD II Programme and by providing information, training and assistance;
- Visibility of the results of the implemented projects and promotion of the positive contribution of the EU and national funds for rural development in Serbia;
- The transparency of public support by publishing the list of supported recipients;
- Increasing of the general public awareness about the EU accession process and IPARD II support to Serbia.

RESPONSIBLE BODIES

- IPARD Operational Structure (OS)
- Tasks and responsibilities of IPARD OS are set in the MoU between MA and IPARD Agency

TARGET GROUPS

- Potential recipients and recipients of the IPARD II support
- Sector stakeholders (IPARD MS members)
- Support services (AAS, self-government services, consultants)
- Opinion leaders (media, academia, scientific-research organizations)
- General public

ACHIEVED ACTIVITIES

- Communication and Visibility Plan - adopted at the First IPARD Monitoring Committee, February 2016
- Planned funding through IPARD measure 9 - Technical Assistance
- The audit of DG AGRI in May 2016
- Considering the significant number of findings and recommendations of the audit report, there was no IPARD entrustment and promotional activities were reduced
- In November 2016 IPARD bodies made joint decision to postpone measures M7 and M9 for entrustment

ACHIEVED ACTIVITIES 2016 / 2017

- Three Workshops within the framework of the Rural-Regional Policy Platform under the project "Rural and Regional Development Support in the Republic of Serbia
- Topic: Preparation of the IPARD OS for Accreditation - Rulebooks for the Implementation of the IPARD II measures
- Representatives of local self-government units and regional institutions

ACHIEVED ACTIVITIES

- Training of the Agricultural Advisory Services during 2015:
 - Rural Development Policy in the EU and Serbia and preparation for implementation of the rural development programs (IPARD II) -176
 - Creating Business Plans and Application Forms for Measures 1 and 7 of the IPARD II Program) - 67

The Annual Programs of AAS for 2016 and 2017 envisaged activities related to the the dissemination of information on IPARD to potential beneficiaries - agricultural producers from different sectors

- EU Pre-accession Funds - IPARD
- Presentation of the IPARD programme measures
- General and Specific Criteria for measures M1 and M3
- Eligible investments for measures M1 and M3

ACHIEVED ACTIVITIES

AAS ACTIVITIES IN 2016

Information tool	Number of events held	Number of participants
Events (winter schools, tribunes, workshops)	299	7439
Media (local TV, radio, newspapers)	163	/
Advisory service bulletins	41	/

AAS ACTIVITIES IN 2017

Information tool	Number of events held	Number of participants
Events (winter schools, tribunes, workshops)	135	4235
Media (local TV, radio, newspapers)	87	/
Advisory service bulletins	31	/

ACTIVITIES FOR 2017 / 2018

- Preparation of the Guide for applicants for measure M1 and M3 together with the IPARD Agency is on-going
- Public procurement for IPARD website and for the printing of information material (leaflets, brochures, guides) is prepared
- Module envisaged by the AAS Annual Program for obtaining advisory skills needed for the implementation of the IPARD II program is prepared and will be held at the end of October 2017
- Events related to the IPARD Information Campaign in cooperation with PSSS, SKGO, Rural Development Network, the Serbian Chamber of Commerce
- Awareness activities on IPARD II programme in Serbia shall be increased in assistance with IPA 2013 unallocated TA Project: „Support to IPARD Operating Structure (Managing Authority, IPARD Agency and Advisory services)“.



NEXT MONITORING COMMITTEE - AGENDA AND THE DATE -

2nd IPARD Monitoring Committee

Belgrade, 3 October 2017



**Government of the
Republic of Serbia**
Governmental Audit
Office of EU Funds

Governmental Audit Office of EU Funds
II IPARD Monitoring Committee
Slobodan Karanovic
Deputy Director of the Governmental Audit Office

Belgrade, October 3rd, 2017

About us

- Governmental Audit Office of EU Funds (GAO) was founded in June 2011
- GAO is organized in 5 Groups (4 Audit Groups and Group for Legal and Financial Affairs) with 26 employees (23 auditors). 5 employees allocated to IPARD Group.

Legal Framework

- *Decree on appointing the GAO* for auditing the management system for pre-accession assistance of the European Union under the Instrument for pre-accession assistance (IPA II) adopted on 14 October 2015
- *Code of Ethics for the auditors* adopted on 17 August 2015
- *Rulebook on Job Classification of the GAO* with job descriptions adopted on 17 October 2016
- GAO is in process of re-institutionalisation and we expecting new *Law on Audit Agency* to be adopted and provide adequate legal base.

GAO activities related to IPARD

- GAO has formed audit team for IPARD programme and preparation for entrustment of IPARD II is ongoing
- Auditors from GAO participated as observers in external audit regarding IPARD II accreditation (pre-accreditation review) in November 2015 and in Second Compliance Assessment in August and September 2017 as well in DG AGRI audit mission in May 2016.
- Waiting for *DG AGRI audit guidelines*
- *Memorandum of Understanding* with NAO, MA and IPARD agency has been prepared and should be signed in the upcoming months

Thank you for your attention

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