

*Preg.ma Sig.ra Dottssa Anna Maria Catte  
Director of JMA  
Regione Autonoma Sardegna  
ENPI CBC Bacino del Mediterraneo  
Via Bacaredda n. 184  
09127 - Cagliari (CA)*

Dear Madam,

in accordance with our contract signed on 18.5.2018 with the JMA of the ENPI BC Mediterranean Basin Programme, we are send our report on objective evidence ("the Report"), referring to the 2017/2018 Financial Report, prepared by the JMA, for the period up to June 15, 2018 as well as for the entire duration of the Programme (Annex 1 Report composed of both Part I and Part II).

We performed a series of checks on the revenue and expenses included in the 2017/2018 Annual Report and in the final report of the entire programme, in accordance with the ENPI CBC Mediterranean Basin Programme ("the Programme") financed by the European Commission and we proceeded to analyze the contents of what was recorded in the audit reports of previous years.

### **Target**

Our mission is the implementation of the external audit service, which is the object of the contract, aimed at certifying the effectiveness, accuracy and eligibility of the expenses and revenues declared in the 2017/2018 Financial Report by the JMA of the Programme and BOs of Aqaba and Valencia as well as the ex-post verification activity of declarations of expenditure and consolidated entry (Managing Authority including Bos) for the entire duration of the programme. The objective of this certification of expenses is to execute the audit procedures and submit a report on the objective evidence regarding the report of the expenses declared by the JMA of the ENPI CBC Mediterranean Basin Programme both for the year 2017 / 2018 (article 31 Reg CE 951/2007) and for the entire duration of the Programme (article 32 Reg CE 951/2007).

### **Rules and Conditions of Reference**

We have performed our task against the JMA in respect:

- of the contract stipulated with the JMA of the Programme on 18.5.2018;



- the international Standard on Related Services (ISRS) 4400 Engagements to perform Agreed-upon Procedures on Financial Information, issued by the IFAC;
- in compliance with the Code of Ethics for Professional Accountants, published by the IFAC. Although the RS 4400 does not provide independence as a requirement for the assignment of tasks, the general conditions of the contract signed require the Auditor to comply with the independence requirements set by the code of ethics of the accounting professions.

## Checks performed

As requested, we have performed the checks and controls that are the subject of the contract stipulated with the JMA.

The attached Report, composed of Part I (2017-2018 Annuity) and Part II (Entire duration of the Programme, from 14.8.2008 to 15.6.2018), contains our observations on objective evidence emerged during the course of these checks and controls.

We have performed the following checks:

### 1. *With regard to the general aspects:*

- Verification of the Report of the declared expenses;
- Verification of compliance with accounting rules and documentation management;
- Verification of the procedures foreseen by the control tracks;
- Verification of compliance with the conditions established in contracts with the Antennas of Aqaba and Valencia.

### 2. *With regard to the aspects related to the certification of declared expenses:*

- Verification of the effectiveness, accuracy and eligibility of the expenses declared by the JMA, including expenses incurred by the Valencia and Aqaba BOs;
- Verification of payments made in favor of Projects;
- Verification of exchange rates;
- Verification of non-eligible costs;
- Verification of the JMA's revenue.

These checks and controls were carried out in order to establish whether the expenses declared by the JMA in the Annual and Final Financial Report have actually been incurred ("effectiveness"), are exact ("accuracy") and are eligible in accordance with current legislation.

The final Audit External Report elaborated, therefore, concerns the results of the activities carried out during the entire period of implementation of the Programme, including those carried out in 2017 and 2018.

### Sources of information

The Report contains the information that has been made available to us by the JMA, the Bos of Aqaba and Valencia, in response to specific questions or that we have obtained from the respective information and accounting systems.

We also received explanations in verb form from the Directorate of the JMA.

### Objective evidence

Annuity 2017/2018 (from 14.08.2018 and until 15.06.2018)

The total expenditures amounts to € 28,926,116.61, of which € 4.063.252,51 incurred for Technical Assistance and € 24.862.864.10 for payments made in favor of the Projects. The Report shows the total revenue for the Programme is equal to € 32.990.226,45, referring to:

- the collection of funds by the European Commission for € 32.200646.63;
- the recovery of € 669,683.86 from the Beneficiaries of the projects for the part of the contribution previously disbursed;
- the interest accrued on the amounts in the bank account of the Programme for € 119,570.03;
- the recoveries for interest totaling € 325.93. The coverage rate is 100.00%.

The rate represents the total amount of the controlled expenses under our care, expressed as a percentage of the expenses under this control compared to the total. The latter amount corresponds to the total expenses declared by the JMA in the Financial Report. The details of the objective evidence emerged during the execution of the procedures envisaged are contained in Chapter 2 of the Audit Report, Part I.

*Full programme period (from 14.08.2008 to 15.6.2018)*

The total expenditure for the entire duration of the Programme amounts to € 174,874,847.38, of which € 19.983.354,17 incurred for Technical Assistance and € 154,891,493.21 for payments made to the Projects.

The Report shows total revenue for the Programme equal to € 174.317.741,63, referring to the following items:

- collection of funds from the European Commission for € 174,177,300.37;

- recovery of € 694,355.60 from the Beneficiaries of the projects for the part of the contribution previously disbursed;
- interest income accrued on the amounts in the current account of the Programme for € 2,176,694.73;
- recoveries for default interest € 325.93;
- recoveries from Technical Assistance activities (including the reimbursement obtained by the Revenue Agency for the tax reimbursed for the period 2009-2013) for a total of € 269,065.00.

### Use of this Report

This Report has no other objective than the one specified above. It is intended for the exclusive confidential use of the JMA and the European Commission, for the sole purpose of submitting them to the European Commission and the Joint Monitorinh Committee, as required by art. 31e 32 of the Reg. (CE) n. 951/2007. The Report cannot be used by the JMA or the European Commission for other purposes than those envisaged, nor be transmitted to other parties.

The European Commission cannot transmit this Report other to parties duly authorized to become aware of it, in particular, the European Office for the Fight against Fraud and the European Court of Auditors.

This Report concerns the 2017/2018 Financial Report and the results of the overall activities carried out during the entire period of implementation of the Programme, including those implemented in 2017 and 2018.

Remaining available for any further information or clarification,

Best Regards,

Naples, 4 September 2018

Dr. Giorgio Gargiulo

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