

**REPORT
OF THE DIRECTOR OF THE ENERGY COMMUNITY SECRETARIAT
TO THE MINISTERIAL COUNCIL OF THE ENERGY COMMUNITY
ON THE EXECUTION OF THE ENERGY COMMUNITY BUDGET 2012
PURSUANT TO
ARTICLE 75 OF THE TREATY
ESTABLISHING THE ENERGY COMMUNITY**

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1. Introduction

In the year 2012 the Secretariat of the Energy Community continued its vigorous efforts towards implementation of the budget in accordance with the principle of the sound financial management.

The budget's main contribution came from the European Union, represented by the Commission, and amounted to EUR 3,053,642 (94,54 % of the overall budget). This budget was sufficient to perform the activities specified in the Energy Community ("EnC"; "the Community") Work Program.

The main areas of activities of the Secretariat in the process of budget implementation are to:

- secure the resources for Energy Community policies, on the basis of an effective financial planning;
- manage the budgetary framework;
- implement the budget in compliance with the applicable regulatory framework;
- draw up the annual accounts of the Energy Community;
- report on the budget implementation on monthly and quarterly basis towards the Budget Committee and annually to the Ministerial Council;
- progress towards the granting of a Discharge Decision by the Ministerial Council and coordinate the discharge procedure;

In the context of its/these activities, the Secretariat's main achievements in the area of budget implementation in 2012 were as follows:

- The Secretariat continued the effective management of the available financial resources for the implementation of the activities under the Energy Community Treaty and the established Work Program 2012;
- It contributed to the preparation of the Commission's budget proposal for the budgetary period 2014-2015;
- It reported on regular basis on the budget execution of the ongoing year; the produced reports were issued on monthly, quarterly and annual basis;
- It managed VAT refunds and other (minor) recovery amounts;
- It organized the Budget Committee meetings and contributed to its preparation on substance (three meetings in 2012);
- At the beginning of 2012, the annual accounts of the Energy Community ('financial statements') for 2011 were drawn up, audited and reported to the Budget Committee as well as to the Ministerial Council; the overall results of the audited year-end accounts resulted in an *unqualified auditors opinion* and discharge decision for the Director;
- In the context of the finalized audit, best efforts to follow-up of auditors recommendations were made;
- As a consequence of these recommendations, Accounting Guidelines - representing methods, measurement systems and procedures consistently followed by the management of the Energy Community for presenting disclosures in consistent and comparable way - were adopted by the Director on 28 September 2012;
- It carried out inventory of Energy Community assets within the applicable rules and framework;
- In the context of the financial management of funds, the Secretariat managed several procurement procedures in line with the applicable Procurement Law of the domicile country, both in the area of energy policy and general administration of services;
- The work on improvement of the relevant financial and legal framework within the area of management and administration continued, with the objective of responding to the requirements of the Staff Regulations of the Energy Community on one side and to the operational requirements of the Secretariat on the other side.

Legal basis

Article 75 of the Treaty establishing the Energy Community ("the Treaty") stipulates that the Director of the Secretariat shall report on annual basis to the Ministerial Council on the execution of the budget.

Article 38 of the *Procedures for the Establishment and Implementation of Budget, Auditing and Inspection* ("*Budgetary Procedures*") stipulates further that an annual activity report of the Director shall be accompanied by the report on financial and management information during the year.

The purpose of this report is to present a synthesis of the budgetary and financial management of appropriations for the period ending 31 December 2012.

The analysis follows the International Public Sector Accounting Standard (IPSAS) 24 issued by the International Public Sector Accounting Standards Board (IPSASB) in December 2006. In accordance with the rule, the comparison of the budget and actual implementation shall be presented, for each heading (budget line) separately, on the basis of both the original and the final budget amounts. Changes approved by the Director and/or Budget Committee to revise the original budget and the actual implemented amounts shall be also explained.

Content of the 2012 report

The report presents, as in the past, in details the expenditure and revenue side of the budget of the Energy Community. It also provides *information on (...) received donations and their usage*¹, as expressed in Article 15 of the *Procedures for the Establishment and Implementation of Budget, Auditing and Inspection*.

The report analyses the year at budgetary level including:

- A summary of the budgetary procedure 2012, explaining how the appropriations for 2012 arrived;
- A description of the main adjustments to this budget during the financial year and reasons for these adjustments, leading to final appropriations of the year;
- An overview of the implementation of expenditure in 2012;
- An assessment of the evolutions of the outstanding commitments at the end of the financial year and
- A summary of information on the revenue 2012.

The implementation data is based on the final and audited actual results for the financial year 2012².

Amounts are presented in *EURO*, after rounding.

¹ Extract from Art 15(2) of the *Procedures for the Establishment and Implementation of Budget, Auditing and Inspection* (Ref.:2006/03/MC-EnC) of 17 November 2006

² See Auditor's Report on the Financial Statements as of 31 December 2012 dated 22 March 2013

2. Establishing the initial budget 2012 and budgetary procedure

Budget 2012 of the Energy Community is part of the budget for the years 2012-2013 approved by the Ministerial Council on the proposal of the European Commission³ at its meeting on 6 October 2011.

The budget of the year was established in correspondence with the strategic planning of activities within the overall objectives of the Treaty establishing the Energy Community ("EnC") for the same period. Those activities are laid down in the corresponding EnC Work Program that was part of the budget proposal as required under Article 25 of the *Budgetary Procedures*.

As far as the structure of the budget is concerned, Title V of the *Budgetary Procedures* defines the principle relevant for it. Following the initially established structure, the distribution of the budget funds is allocated to four major categories of expenditures of the Energy Community, the so called "*budget lines*", subdivided into the subordinated lines, called "*budget positions*". Operational expenditures necessary for the functioning of its institutions are laid down in different parts of the budget.

The initial budget for 2012 set at EUR 3,230,000 has been adjusted '*pro memoria*' through other sources of revenue (see also item 7 of this report) in the course of the finalization of the accounts for 2012 and arrived at a level of EUR 3,411,028.

The revenue of the year 2012 came mainly from the Parties' contributions in accordance with the table of contribution (Annex IV of the Treaty). Further sources of revenue are referred at a later stage of this report. Overview of the approved budget 2012-2013 with an indication of the percentage of subtotals in the overall budget is presented below:

³ Article 88 of the Treaty establishing the Energy Community

(in EUR)			%age presentation of Subtotals	
	INITIAL BUDGET 2012	INITIAL BUDGET 2013	% BUDGET 2012	% BUDGET 2013
1. HUMAN RESSOURCES	n=22	n=23		
Subtotal Human Ressources	1,650,000	1,750,000	51.08%	52.36%
2. TRAVEL EXPENSES				
Subtotal Travel Expenses	240,000	244,800	7.43%	7.32%
3. OFFICE				
Subtotal Office	218,000	222,360	6.75%	6.65%
4. OTHER COSTS AND SERVICES				
Advertising, communications, representation	30,000	30,600	0.93%	0.92%
Studies, research, consulting	420,000	409,000	13.00%	12.24%
Costs of outsourced services (IT, payroll)	110,000	112,200	3.41%	3.36%
Costs of audit, legal and financial advice	40,000	40,800	1.24%	1.22%
Financial services (bank)	12,000	12,240	0.37%	0.37%
Costs of events	210,000	214,200	6.50%	6.41%
Refunding	260,000	265,200	8.05%	7.93%
Training (internal and external)	40,000	40,800	1.24%	1.22%
Subtotal Other costs and services	1,122,000	1,125,040	34.74%	33.66%
Total	3,230,000	3,342,200	100.00%	100.00%

Table 1: Energy Community Budget 2012-2013: Overview (Source: ECS intern)

3. Amending the budget 2012

During 2012 objective needs of technical budget adjustments arose. Based on the provisions of the Article 18(1) of the *Energy Community Procedures for the Establishment and Implementation of the Budget, Auditing and Inspection*⁴, the Director of the Energy Community decided on transfers of budget appropriations in the overall amount of EUR 47.709 within the budget line 4. *Other Costs and Services* and overall available budget appropriations of EUR 3.230.000.

The summary of the transfers is presented below in a table format (see Table 2).

⁴ See MC-2006_PA_2006-03-MC-EnC_Procedures for the Establishment and Implementation of Budget, Auditing and Inspection_signed_17-11-2006

Description	Reference	Impact on Budget Line / Budget Position	in EUR			Justification
			Initial Budget	Transfer Amount	Final Budget	
Decision of the Director on transfer of appropriations within the Budget 2012 of the Energy Community.	Art_18_PA_2006_03_MC_EnC and Art_3_PA_2008_06_ECS	4. OTHER COSTS, SERVICES PI 460: COSTS OF EVENTS	210.000	-45.000	165.000	This budget position showed sufficient funds and served as a source for the justified transfer to the budget positions as noted below.
Decision of the Director on transfer of appropriations within the Budget 2012 of the Energy Community.	Art_18_PA_2006_03_MC_EnC and Art_3_PA_2008_06_ECS	4. OTHER COSTS, SERVICES PI 410: ADVERTISING, COMMUNICATION	30.000	7.000	37.000	Potential need for additional funds is for the conceptional work (incl. Layouting) on the Legal Framework book 3rd edition + advertisement of ongoing vacancy.
Decision of the Director on transfer of appropriations within the Budget 2012 of the Energy Community.	Art_18_PA_2006_03_MC_EnC and Art_3_PA_2008_06_ECS	4. OTHER COSTS, SERVICES PI 420: STUDIES, RESEARCH AND CONSULTING	420.000	20.000	440.000	Amount needed for study was higher than the initial estimation in the area of work of the Strategy Task Force.
Decision of the Director on transfer of appropriations within the Budget 2012 of the Energy Community.	Art_18_PA_2006_03_MC_EnC and Art_3_PA_2008_06_ECS	4. OTHER COSTS, SERVICES PI 470: REFUNDING	260.000	21.709 [18.000 + 2.709]	280.709	Justified through potential need in this Budget line to cover the costs of refunding.
Decision of the Director on transfer of appropriations within the Budget 2012 of the Energy Community.	Art_18_PA_2006_03_MC_EnC and Art_3_PA_2008_06_ECS	4. OTHER COSTS, SERVICES PI 480: TRAINING	40.000	-2.709	37.291	This budget position showed sufficient funds and served as a source for the justified transfer to the budget positions as noted below.

Table 2: Energy Community Budget 2012 – Overview Transfers of Appropriations 2012

4. Budget Appropriations 2012 - 'Pro memoria' adjustments

Following the decision of the Ministerial Council of 6 October 2012⁵ based on Commission decision (C(2011)6207 final) of 5 September 2011, initial budget appropriations 2012 (EUR 3.230.000) was adjusted 'pro memoria' with appropriations related to the other sources of revenue. Details of those are shown in column 2 of table 3 of this report (see below). The adjustments concerning the increase of expenditure for (1) the rent of the Secretariat (2) consumables, (3) audit services and (4) financial services were decided upon by the Director in the course of closing the accounts for 2012⁶.

5. Budget 2012 - Implementation Overview

This section gives an overview in % of the implementation to the budget during the financial year 2012 and provides brief comments on the utilization of 2012 budget appropriations in comparison to the actual amounts. The execution of the 2012 budget, with the difference between actual execution⁷ and the amended budget are presented in the table 3 below. This presentation is made both at the level of the budget line as well as of each budget positions within budget lines.

(in EUR)	BUDGET 2012				ACTUAL 2012				Legal Commitments 2012	Actual Amounts on Comparable Basis incl. Legal Commitments 2012	Actual Amounts on Comparable Basis, incl. Legal Commitments 2012 [in %]	Unused appropriations 2012
	Initial Budget	Budget adjustments	Budget Transfers	Final Budget	Actual amounts on Comparable Basis	Final Budget vs. Actual Amounts	Final Budget vs. Actual Amounts [in %]					
	1	2		4	5	6	7	8	9		4 - 9	
1. HUMAN RESOURCES				1+2+3		4-5			5+8			
Total Human Resources	1,650,000.00			1,650,000.00	1,643,908.88	6,091.12	99.63%		1,643,908.88	99.63%	6,091.12	
2. TRAVEL EXPENSES												
Daily Subsistence Allowance	100,000.00			100,000.00	66,428.60	33,571.40	66.43%		66,428.60	66.43%	33,571.40	
Travel Expenses (tickets, accommodation, other t	140,000.00			140,000.00	123,608.03	16,391.97	88.29%	7,000.00	123,608.03	88.29%	16,391.97	
Subtotal Travel Expenses	240,000.00			240,000.00	190,036.63	49,963.37	79.18%		190,036.63	79.18%	49,963.37	
3. OFFICE												
Office rent	18,000.00	159,952.92		177,952.92	173,457.22	4,495.70	97.47%		173,457.22	97.47%	4,495.70	
Office, equipment and communications	50,000.00			50,000.00	33,441.59	16,558.41	66.89%	7,000.00	40,441.59	80.89%	9,558.41	
Consumables	30,000.00	11,074.73		101,074.73	88,700.21	12,374.52	87.76%		88,700.21	87.76%	12,374.52	
Other Services (Telephone, Fax, Communications	60,000.00			60,000.00	41,952.37	18,047.63	69.92%		41,952.37	69.92%	18,047.63	
Subtotal Office	218,000.00	171,027.65		389,027.65	337,551.39	51,476.26	86.77%	7,000.00	344,551.39	88.57%	44,476.26	
4. OTHER COSTS, SERVICES												
Advertising, communications and representation	30,000.00		7,000.00	37,000.00	30,131.28	6,868.72	81.44%	2,400.00	32,531.28	87.92%	4,468.72	
Studies, research and consulting	420,000.00		20,000.00	440,000.00		440,000.00	0.00%		439,353.00	99.85%	647.00	
Costs of outsourced services (IT, payroll, etc.)	110,000.00			110,000.00	61,646.87	48,353.13	56.04%		88,606.87	80.55%	21,393.13	
Costs of audit, legal and financial advice	40,000.00	5,000.00		45,000.00	35,043.41	9,956.59	77.87%		35,043.41	77.87%	9,956.59	
Financial services	12,000.00	5,000.00		17,000.00	12,438.96	4,561.04	73.17%		12,438.96	73.17%	4,561.04	
Costs of events	210,000.00		-45,000.00	165,000.00	158,783.00	6,217.00	96.23%		158,783.00	96.23%	6,217.00	
Refunding (internal and external)	280,000.00		20,709.37	280,709.37	280,709.37	0.00	100.00%		280,709.37	100.00%	0.00	
Training (internal and external)	40,000.00		-2,709.37	37,290.63	35,436.37	1,854.26	95.03%		35,436.37	95.03%	1,854.26	
Subtotal Other costs, services	1,122,000.00	10,000.00	0.00	1,132,000.00	814,189.26	317,810.74	54.26%	468,713.00	1,082,902.26	95.66%	48,097.74	
TOTAL EXPENSES	3,230,000.00	181,027.65	0.00	3,411,027.65	2,785,686.16	625,341.49	81.67%	475,713.00	3,261,399.16	95.61%	149,628.49	

Table 3: Budget Report 2012 (see also Auditor's Report 2012)

⁵ Ref.: MC-2011/PA/2011-01-MC-EnC

⁶ ECS-2013_D-01_ECS_A1-2012_2012 Budget adjustments Other Sources of revenue

⁷ The actual figures include legal commitments of the year 2011

Utilization of budget appropriations in 2012 is presented in comparison with the previous periods of budget implementation as well as in comparison with the budget 2013.

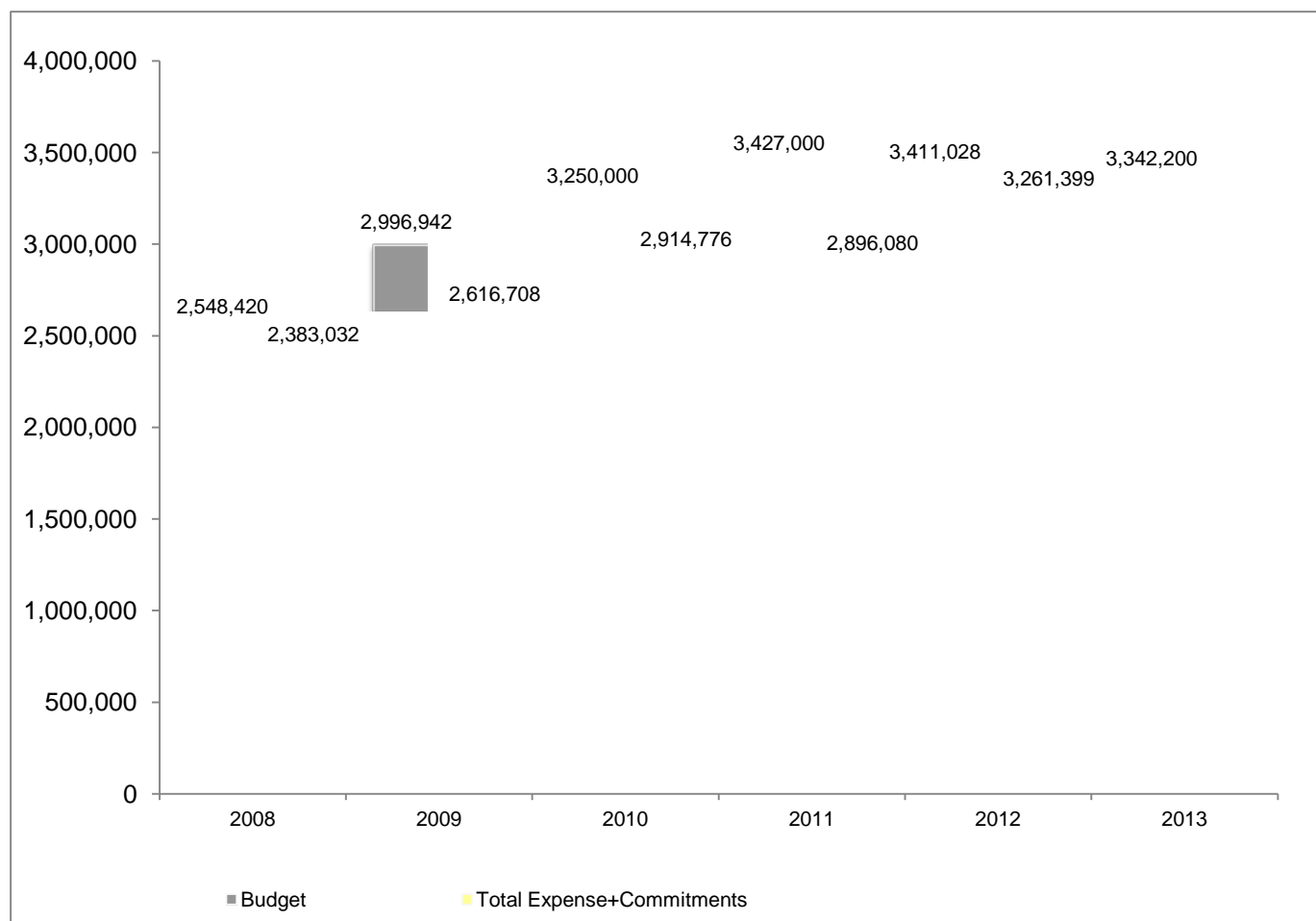


Chart: Energy Community Budget 2012 in comparison [source: ECS intern]

Narration note on the expenses 2012

The implementation of the budget line 1 *Human Resources* amounted to EUR 1,643,908, i.e. to 99,63% of the budget appropriations.

The budget for *Travel Expenses* amounted to EUR 240,000 and was utilized in 79,18% (i.e. EUR 190,036). Included therein actual expenditure for position *Daily Subsistence Allowance* amounted to EUR 66,428 and EUR 123,608 for *Travel Expenses* (tickets, accommodation and others). These expenditures are related to the authorized travels on behalf of the Energy Community by its staff (visits to the Contracting Parties⁸, implementation missions, technical assistance, participation at various conferences etc).

The budget for *Office expenditures* amounted to EUR 389,027, and was utilized in the amount of EUR 344,551, i.e. 88,57%. Within this budget line the expenditure for *Office Rent* amounted to EUR 173,457⁹, for the *Office, Equipment and communications* (IT) amounted to EUR 40,441, for the budget position

⁸ See attachment 3 of this report

⁹ This actual expenses are composed expenses covered by the Republic of Austria (on monthly basis) and of portion of rennet related paid directly by the Energy community. In total an amount of EUR 159.952,92 was covered by Austria in 2012 (see also Audit Report 2012, Statement of Financial Position for the period ending 31 December 2012).

Consumables amounted to EUR 88,700 and for the budget position *Other Services* (telephone, fax, communications) to EUR 41,952.

The implementation of *Other Costs, Services* (budget line 4) amounted to EUR 1,082,902, i.e. to 95,66% of the budget appropriations. Expenditure for the respective budget positions included therein was utilized at the levels as shown in the table 3. All of the positions were under-utilized in 2012. The most not used funds were derived from the following positions: 1) Daily subsistence allowance (EUR 33,571 remained unspent), 2) Costs of outsourced services (under-spending EUR 21,393), 3) Travel expenses (under-spending EUR 16,391).

All in all, in 2012 an amount of EUR 149,628 remained unspent (details see below under 7.).

6. Carry over from 2012 into 2013 (legal commitments)

In 2012, budget appropriations for legal commitments concluded by 31 December 2012 were carried into 2013 amounting in the total amount of EUR 475,713. Details of implementation of those is presented a summary table below:

Status: 15 May 2013

Budget Line/ Budget Position	Description	Appropriations 2012 carried over to 2013	Open for implementation in 2013
PI 111	Human Resources	-	-
PI 210, PI 220	Travel Expenses	-	-
	Office	7,000	122
PI 310	Office rent	-	-
PI 320	Office equipment	7,000	-
PI 330	Consumables	-	-
PI 340	Other Services	-	-
	Other Costs, Services	468,713	363,146
PI 410	Advertising & Communication	2,400	2,400
PI 420	Studies, research and consulting	439,353	333,786
PI 430	Costs of outsourced services	26,960	26,960
PI 440	Costs of Audit, Legal and Financial Advice	-	-
PI 450	Financial Services	-	-
PI 460	Costs of events	-	-
PI 470	Refunding	-	-
PI 480	Training (internal and external)	-	-
	Total	475,713	363,268

Table 4: Budget appropriations 2012 carried over into 2013: Overview [source: ECS]

7. Revenue 2012

This section of the report refers to the requirement of Article 15(2) of the *Budgetary Procedures* and provides information on the revenue as presented also in the *Statement of Financial Performance for the period 1 January – 31 December 2012* (see in the *Auditor's Report on the Financial Statements as of 31 December 2012*).

In 2012, the Energy Community received its funds from the following sources:

- Parties Contributions	EUR 3,230,000
- Donations of the Republic of Austria	EUR 159,952
- Finance revenue	EUR 15,850
- Other revenue	EUR 5,224

Budget Appropriations 2012 in the amount of EUR 3,230,000 result from the financial responsibility of the Parties to the Treaty under Article 2 of the *Budgetary Procedures*. Further to those, in 2012 **Republic of Austria** contributed to the office rent expenses in the amount of EUR 159,952¹⁰. This contribution is derived from the lease agreement between the Energy Community and the Republic of Austria regarding Secretariat's premises.

Other revenue in the amount of EUR 5,224 comes from refunding of travel expenses to the Energy Community experts by various organizations/institutions.

Finally, in 2012, the funds paid to the Energy Community borne an interest of EUR 15,850 (**finance revenue**).

8. Recovery procedure of non-used budget appropriations 2012

In 2012 some 5% of the initial budget 2012 (EUR 3.230.000) remained unspent. For comparison reasons non-spending (=repayments) in the previous years is presented as follows: in 2007: EUR 118,549¹¹; in 2008: EUR 195,136¹²; 2009: EUR 384,074¹³; 2010: EUR 335.224¹⁴; 2011: EUR 530.920. The procedure of repayment was based on the budget utilization report and took into consideration accruals for annual.

As per practice established, the repayment amount included all types of unused revenue (i.e. repayment of interest and other income).

As of 2013, the repayments shall be made on the basis statement of the financial position as of 31 December.

Based on the above, repayments amounts 2012 calculated in accordance with %-ages of Annex IV of the Treaty are presented as follows:

¹⁰ See also EnC Auditors' Report 2012 and Statement of Financial Performance for the period 1 Jan – 31 Dec 2012.

¹¹ 9.53 % of the budget 2007;

¹² 7.66 % of the budget 2008;

¹³ 12.81% of the budget 2009;

¹⁴ 10.31 % of the budget 2010;

Parties	Contribution in EUR	Contribution in %	Repayments in EUR
European Union	3.053.642,00	94.54%	141,458.78
Republic of Albania	2.907,00	0.09%	134.67
Bosnia and Herzegovina	6.460,00	0.20%	299.26
Republic of Croatia	12.920,00	0.40%	598.51
former Yugoslav Republic of Macedonia	3.230,00	0.10%	149.63
Moldova	3.230,00	0.10%	149.63
Montenegro	1.292,00	0.04%	59.85
Serbia	17.442,00	0.54%	807.99
Ukraine	126.616,00	3.92%	5,865.44
United Nations Interim Administration Mission in Kosovo	2.261,00	0.07%	104.74
TOTAL	3.230.000,00	100.00%	149,628.50

Table 5: Not used budget appropriations 2012 – table of repayments

9. Institutional budget 2012 – year-end utilization

In this section of the Report, the utilization of the established budget of the institutions is reported. The structure of this report follows the established structure of the approved budget 2013-2013 (see PA MC-2011/PA/2011-02-MC-EnC On the adoption of the Energy Community Budget 2012-2013, page 12).

The initial budget 2013 established for the functioning of its institutions at the level of EUR 470.000 has been sufficient, in it basis amended to the level of EUR 445.710. Further, intra-institutional adjustments (i.e. transfers of funds between the institutions) had to take place during the year to allocate higher than initially planned expenditures of several institutions. So, for example the initial budget of all fora has to be either increased (Athens/Gas/social Forum) or decreased (Oil Forum) to allocate the actual expenses of the year. All together, the final budget of the institutions of EUR 445.710 has been used in the high level of 94%. Details of the utilization through comparison of the final (adjusted) budget and actual results are presented in details in the table below.

(in EUR)	Final Budget 2012	Actual 2012	Utilisation Final Budget - Actuals in %
Ministerial Council	16,500	16,532	100%
Permanent High Level Group	52,000	52,124	100%
Energy Community Regulatory Board	128,000	127,934	100%
Electricity Forum	21,000	20,948	100%
Gas Forum	29,710	28,780	97%
Social Forum	20,000	20,085	100%
Oil Forum	10,000	9,105	91%
Budget Committee	10,000	10,049	100%
Security of Supply Group	6,000	4,624	77%
Energy Efficiency Task Force	35,000	34,659	99%
Renewables Task Force	11,000	10,545	96%
Environmental Task Force	24,000	22,281	93%
Investment Conference	7,000	6,160	88%
Workshops organised by the Secretariat	75,500	75,667	100%
TOTAL	445,710	439,492	99%

Table 6: Utilization of the budget 2012 per institutions

10. Audit 2012

In March 2013 the designated external audit company¹⁵ finalized the audit of the financial statements of the Energy Community for the period ending 31 December 2012. The audit scope included the review of the annual accounts of the Energy Community as well as of the internal control systems relevant for the implementation of the budget.

The key statements of the auditors for the relevant period ending 31 December 2012 are the following:

- "Financial statements present fairly, in all material respects, the financial position of the entity as of 31 December 2012 and of its financial performance and its cash flows for the financial year from 1 January 2012 to 31 December 2012 in accordance with the International Public Sector Accounting Standards (IPSAS)¹⁶
- During audit nothing has been noted by the external audit company, which caused doubt about the fair presentation of financial statements or adequate use of financial means;
- The rules and regulations as issued by the competent authorities were observed;

¹⁵ In accordance with Article 80 of the Budgetary Procedures

¹⁶ See Auditor's Report 2012 (page 6)

The audit of the financial statements as of 31 December 2012 delivered 3 recommendations presented in the *Management Letter* addressed to the Director, which shall be subject to follow-up by the management in 2013.

As a final result, statement of assurance has been issued by the audit company, which is the sound basis for the proposal of the decision on the discharge of the Director from his management and administrative responsibility for the financial year 2012.

11. Conclusion and outlook

In 2012, the operations followed the successful establishment of the Energy Community as an international organization mid 2007. Financial resources provided by the Parties to the Treaty allowed successful implementation of the Work Programs of the Energy Community within this period.

While the internal control structures created within the previous periods have been successfully implemented, in terms of organization of compliance more needs to be done to ensure controls are working effectively in practice. In particular, further efforts are needed to ensure that all staff members are aware of their responsibilities as regards internal control. Recommendations of the external audit company shall be also considered accordingly.

The internal control system will continue to be monitored and strengthened where necessary as to keep the effectiveness of utilization of the Energy Community budget and thus to create financial conditions for achieving the Energy Community objectives.

Thus, on the ground of the rule of law and concrete planning, it is expected that the implementation of the Energy Community budget shall be efficient tool to achieve the Energy Community objectives.

ATTACHMENTS

Attachment 1: List of Rules and Procedures of Relevance for the implementation of the Energy Community Budget, status as of May 2013

1. Procedural Act No.2006/03 of 17 November 2006 on Adoption of Energy Community Procedures for Establishment and Implementation of Budget, Auditing and Inspection;
2. Staff Regulations of the Energy Community; MC Decision of amendment of the Staff Regulations of 18 December 2009;
3. Rules for Reimbursement within the Energy Community of 15 February 2010;
4. Procedural Act 2008/01/ECS of 16 January 2008 on the Adoption of the Accounting Rules and Methods of the Energy Community;
5. Procedural Act 2008/02/ECS of 21 July 2008 on the appointment of a Steering Committee of the Energy Community Secretariat for ECRB related studies, research and consultancy services financed from the Energy Community Budget;
6. Procedural Act 2008/06/ECS of 10 September 2008 on Transfer of Appropriations within the Budget of the Energy Community;
7. Procedural Act 2008/07/ECS of 08 December 2008 on Energy Community Property Inventories;
8. Internal Note of the Director of the Energy Community Secretariat of 24 February 2010 (Ref.: *Note_sne_03_Bookings_24-02-2010*) concerning accounting aspects and relevant bookings;
9. Procedural Act 2010/02/ECS-EnC of 09 March 2010 on the adoption of Internal Management Rules of the Energy Community Secretariat on Personnel Administration.
10. Procedural Act 2011/01/ECS of 15 February 2011 on the Appointment of a Steering Committee for ECRB;
11. Internal Note of the Director of the Energy Community Secretariat (Ref.: *Note_sne_07_04-05-2011* on certain aspects of administrative and budgetary matters;
12. Internal Note of the Director of the Energy Community Secretariat on certain issues on procurement of 20 May 2011(Ref.: *Note_sne_08_20-05-2011*);
13. Procedural Act 2011/02/ECS of 04 May 2011 on the Assignment of a Deputy Director;
14. Procedural Act 2011/03/ECS of 23 November 2011 on the Rules for Secondees, Interns and Locally Recruited Persons;
15. Procedural Act 2011/04/ECS of 21 December 2011 on the Appointment of an internal Selection Committee for Interns and Secondees;
16. Procedural Act 2011/05/ECS of 21 December 2011 on the implementation of the Ministry Council decision of 6 October 2011 on the amendment of 2011 budget;
17. Procedural Act 2012/01/ECS of 04 January 2012 on the Adoption of the Rules for Reimbursement within the Energy Community;
18. Procedural Act 2012/02/ECS of 11 January 2012 on the Adoption of the Financial Management Rules of the Energy Community;
19. Procedural Act 2012/03/ECS-EnC of 28 September 2012 on the Energy Community Accounting Policy

Attachment 2: Energy Community Events 2012 – Annual Overview

No.	Date	Event
1	Jan-25	Workshop on Quality of Services
2	Jan-26	ECRB Customer Working Group
3	Feb-07	ECRB Electricity Working Group
4	Feb-15	ECRB Gas Working Group
5	Feb-21	14th Energy Efficiency Task Force Meeting
6	Feb-22	Workshop on Energy Efficiency in Buildings
7	Feb-28	2nd Regional Energy Strategy Task Force Meeting
8	Mar-06	8th Renewable Energy Task Force
9	Mar-07	The 6th Energy Community Statistics Workshop: Focus on Monthly Statistics
10	Mar-22	3rd Regional Energy Strategy Task Force
11	Mar-22	Budget Committee
12	Mar-23	24th Permanent High Level Group
13	Mar-28	Energy Community Regulatory Board
14	Apr-19	ECRB Customer Working Group
15	Apr-20	Workshop on Social Issues
16	Apr-25	ECRB Electricity Working Group
17	25-26 Apr	Workshop on Emergency Oil stocks
18	May-08	ECRB Gas Working Group
19	May-22	Technical Meeting on the Commission's Proposal for the adoption of Directive 2009/28/EC
20	May-23	3rd Environmental Task Force
21	May-29	Investor's Advisory Panel
22	May-30	4th Regional Energy Strategy Task Force
23	Jun-13	15th Energy Efficiency Task Force Meeting
24	Jun-20	Workshop on the Implementation of the Third Energy Internal Market Package
25	Jun-21	25th Permanent High Level Group
26	Jun-22	Budget Committee
27	27-28 Jun	17th Athens Forum Electricity
28	Jun-27	Energy Community Regulatory Board
29	10-11 Sep	ECRB Customer Working Group
30	Sep-10	Workshop on Customer Supplier Switching
31	11-12 Sep	5th Social Forum
32	Sep-12	ECRB Electricity Working Group
33	Sep-25	5th Regional Energy Strategy Task Force Meeting
34	26-27 Sep	7th Gas Forum
35	Sep-26	ECRB Gas Working Group
36	Oct-02	Western Balkans Investment Framework Electricity Transmission Workshop
37	Oct-04	16th Energy Efficiency Task Force Meeting
38	Oct-05	Workshop on preparing the 2nd National Energy Efficiency Action Plans
39	Oct-17	26th Permanent High Level Group
40	Oct-17	Security of Supply Coordination Group
41	Oct-18	10th Ministerial Council
42	Oct-23	Energy Community Regulatory Board
43	Oct-30	4th Environmental Task Force
44	Oct-31	Workshop on retrofitting of power plants
45	Nov-06	ECRB Electricity Working Group
46	Nov-07	ECRB Customer Working Group
47	Nov-07	Workshop electricity imbalance settlement
48	Nov-08	Workshop on the Quality of Gas Supply
49	Nov-09	ECRB Gas Working Group
50	21-22 Nov	4th Oil Forum
51	Nov-21	Budget Committee
52	Nov-23	Workshop on the Energy Community Competition Network
53	Dec-06	27th Permanent High Level Group
54	Dec-12	Energy Community Regulatory Board

Attachment 3: Energy Community Contracting Parties/Observer Missions 2012 – Overview¹⁷

	Electricity	Gas	Energy efficiency	Oil	ECRB	Legal	Infrastructure
Republic of Albania	-	2	-	-	-	3	1
Bosnia & Herzegovina	1	1	1	1	-	2	-
Republic of Croatia	-	1	1	1	-	1	1
former Yugoslav Republic of Macedonia	2	-	1	-	1	2	-
Republic of Moldova	1	-	-	-	-	3	-
Montenegro	2	-	1	-	-	5	-
Republic of Serbia	-	1	-	1	-	4	-
UNMIK	-	-	-	-	-	-	-
Ukraine	2	1	2	1	-	3	-
Armenia	-	-	-	-	-	1	-
Georgia	-	-	-	-	-	-	-

¹⁷ Details of the trips are available upon request

Attachment 4: Studies 2012 Overview – status of implementation as of 15 May 2013

Description	Responsible	Reference to the Austrian Public Procurement Law	Consultant	Date of Contract	Contract value in EUR (excl. VAT)	Status
Development of Best Practise Recommendations for Customer Switching in the Energy Community	ECRB	Restricted Procedure without prior public notice as laid down in §25(4) of the Austrian Public Procurement Law	Bofest consult GmbH Am Schimmersfeld 5, D40880 Ratingen, Germany	07-May-12	46,650.00	finalised
Development of Best Practise Recommendations for Imbalance Settlement	ECRB	Restricted Procedure without prior public notice as laid down in §25(4) of the Austrian Public Procurement Law	LDK Consultants Engineers and Planners S.A., 21, Off Thivaidos Str. 14564 Kiffisia, Greece	07-May-12	67,350.00	finalised
Implementation of the new Regulation (EU) 994/2010 concerning measures of safeguard security of Gas Supply in the Energy Community	ECS (gas)	Open Procedure § 25(2), 27 of the Public Procurement Law	Energy Institute Hrvoje Pozar Savska Cesta 163, 10000 Zagreb Croatia	26-Jul-12	112,263.00	in progress
Assistance to the Energy Strategy Task Force to identify priorities for future development of the electricity, gas and oil infrastructure in the Energy Community, as well as preparing for the identification of Projects of Energy Community Interest	ECS (infrastructure)	Open Procedure § 25(2), 27 of the Public Procurement Law	KEMA International B.V. Utrechtseweg 310,6812 Arnhem The Netherlands	10-Dec-12	143,030.00	in progress
Need for Modernization of Large Combustion Plants in the Contracting Parties of the Energy Community in the context of the implementation of Directive 2001/80/EC	ECS (environment)	Open Procedure § 25(2), 27 of the Public Procurement Law	South East Europe Consultants d.o.o. Makenzijeva 53, 11000 Belgrade Serbia	10-Dec-12	70,060.00	in progress
TOTAL 2012					439,353.00	

Attachment 5: Budget Repayments 2007-2012 in comparison

Repayments of unused appropriations - Comparison Table

<i>(in EUR) Budget years</i>	2007	2008	2009	2010	2011	2012
Repayment of unused appropriations	118,549	195,136	384,074	335,224	530,920	149,628
Budget of the year	1,244,100	2,548,420	2,996,942	3,250,000	3,427,000	3,230,000
Unused appropriations in % of the budget	10%	8%	13%	10%	15%	5%

