REPORT
ON THE EXECUTION OF THE
ENERGY COMMUNITY BUDGET 2009
PURSUANT TO ARTICLE 75
OF THE
TREATY
ESTABLISHING THE ENERGY COMMUNITY

Prepared by the Energy Community Secretariat
1. INTRODUCTION

The purpose of this report is to present a synthesis of the budgetary and financial management of appropriations for the period ending 31 December 2009. This report is being issued in accordance with the relevant requirements of applicable rules for the budget execution.

1.1. Legal basis

This Report is issued on the basis of the Article 75 of the Treaty establishing the Energy Community which stipulates that "the Director of the Secretariat shall implement the budget in accordance with the Procedural Act adopted pursuant to Article 74, and shall report annually to the Ministerial Council on the execution of the budget". Further, Article 83 of the Procedures for the Establishment and Implementation of Budget, Auditing and Inspection (hereinafter "Budgetary Procedures") states that "On the basis of [...] report 1, the Ministerial Council shall discharge the Director from his management and administrative responsibility in respect of the budget before 31 December N+1". The audit report as referred to Article 80 of the Budgetary Procedure shall be submitted not later than eight months after the end of the financial year to which it relates 2.

Article 15(2) of the Budgetary Procedures refers to the scope this annual report to the Ministerial Council and requires explicit inclusion of "information on proposed and received donations and their usage" 3.

1.2. General on the financial and budgetary management within 2009

2009 represents the second regular year of financial operations of the Energy Community and the final year of the budgetary period 2008-2009. In this financial year, the practice related to the international character of operations of the Energy Community has been further developed. The Budget Committee of the Energy Community has been notified at all stages about the relevant decision made and informed on regularly basis through monthly and quarterly reports on the budget execution. Entire financial framework of the Energy Community Secretariat related to the implementation of the budget, its intentions to further improve those on the ground of the available practice and related recommendations of the external audit company was presented to the Budget Committee on regular basis 4.

The overall budget responsibility of the Director as referred to on the one side in the Article 75 of the Treaty and on the other side in the Article 31 of the Budgetary Procedures - in accordance with which the Director performs the duties of an authorising officer – is reflected accordingly throughout the entire financial framework of the Energy Community Secretariat established based on provisions of the Article 37 of the same Budgetary Procedures. This legal framework includes rules adopted by the Ministerial Council, guidance of the Budget Committee and rules, adopted by the Director of the Energy Community Secretariat (see a non-exhaustive list in Attachment 1). Summary of all principles regarding the financial management with the Energy Community Secretariat is provided in the key document, i.e. Internal Financial Management Rules of the Energy Community Secretariat.

In accordance with Article 22(2) of the Budgetary Procedures, the process is supervised and advised by the Budget Committee.

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1 In accordance with the Art 82 of the Procedures for the Establishment and Implementation of Budget, Auditing and Inspection (Ref.: 2006/03/MC-EnC) of 17 November 2006: Report of the external auditors and the auditors’ statement of assurance
2 Article 81 of the Procedures for the Establishment and Implementation of Budget, Auditing and Inspection, Procedural Act No. 2006/02, Ministerial Council, Skopje, 17 November 2007
3 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
4 Last information was provided at the 7th Budget Committee meeting on the 16th of March 2010
5 All of these are available upon request
2. BUDGET 2009 IN SUMMARY

2.1. Budget structure and achievements 2009


This budget was established in correspondence with the strategic planning of activities within the overall objectives of the Treaty establishing the Energy Community for the same period. Those activities are laid down in the corresponding EnC Work Program 2008-2009, which was approved at the same occasion as the budget, i.e. at the Ministerial Council meeting of 18 December 2007.

As far as the establishment and structure of the EnC 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 part of the budget.

Key conclusion for 2009

A key conclusion drawn on the ground of the actual results of the budget implementation is that the envisaged funds for 2009 were sufficient to cover the activities as specified in the EnC Work Programme derived from the obligations under the EnC Treaty. The major results along the performance of those tasks, however, are subject to a separate report as referred to in Article 52 of the Treaty. At this stage it is noted that substantial part of the budget is utilized in relation to the implementation of the Energy Community Treaty and of the corresponding Work Programme 2009, including inter alia:

- Functioning of the Energy Community institutions
- Event Management (overall number of events organized by the Secretariat in 2009 was above 80; see attachment 2);
- Studies, Research and Consultancy work on issues, directly linked to achieving concrete results within the area of work of the Energy Community as well as in the sphere of regional market development (see attachment 3);
- Support to the Contracting Parties and Observers regarding the proper implementation of the acquis under the Treaty as well as relevant monitoring, performed via relevant missions (see attachment 4).

2.2. Major operational results in 2009, concerning budget implementation

Main achievements reached in 2009 in the area of budget implementation and related areas of work are as follows:

- Audit of the EnC Financial Statements for the period ending 31 December 2008 was finalized in February 2009 and presented to the Budget Committee at its meeting in March 2009. "Ernst & Young" acted as designated external audit company with the approved mandate to audit the relevant annual accounts of the Energy Community. Based on the audit opinion of 19 February 2008 by
"Ernst & Young"⁶, the Ministerial Council adopted on 26 June 2009 its decision⁷ on the discharge to the Director of the Secretariat from his management and administrative responsibility for the financial year 2008.

- Within the financial year 2009, the Budget Committee continued to advice the Director in the matters of the financial management of the operations of the Energy Community.

- The Budget Committee had three meetings in 2009, preparation of which was assisted by the Secretariat. Summary of the outcome as reflected accordingly in the minutes of those meetings have been reported on a regularly basis to the Permanent High Level Group. The following topics were on the agenda of its meetings in the year 2009: presentation of the annual accounts and statements for the financial year 2008, discussion on the annual budget report issued under Article 75 of the Treaty for the same year 2008, budget 2010 – 2011 and its procedural aspects, principles of transfer of appropriations as laid down in the Budgetary Procedures, procedure of the reimbursements of costs to the participants at the Energy Community meetings.

In the year 2009, the Budget Committee took several decisions (non-exhaustive list) in the context of budget implementation:

- Decision on no advance payments in the context of reimbursement⁸;
- Decision on the transfer of appropriations within the overall budget 2009⁹;
- Decision on the approach and principles for refunding of not used appropriations from the EnC budget;¹⁰

- As far as budget execution reporting is concerned, the Director reported on monthly and quarterly basis to the Budget Committee through submission of the relevant reports.

- The work of improvement of the relevant ruling 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.

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⁸ Minutes of the Meetings of 5th BC dated 26.6.2009
¹⁰ See Minutes of the Meetings of 6th BC dated 28.9.2009
3. BUDGET 2009: OVERVIEW


Budget 2009 was approved by the Ministerial Council at its 3rd meeting on 18 December 2007 as part of the biannual budget proposal made by the European Commission\(^\text{11}\). The budget 2009 was set at EUR 2,996,942, 18% higher than for 2008. The overview of the approved budget 2008-2009 is presented below.

<table>
<thead>
<tr>
<th>(in EUR)</th>
<th>BUDGET 1-12/2008</th>
<th>BUDGET 1-12/2009</th>
<th>% BUDGET 2008</th>
<th>% BUDGET 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. HUMAN RESOURCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Human Resources</td>
<td>1,053,474</td>
<td>1,197,072</td>
<td>41.34%</td>
<td>39.94%</td>
</tr>
<tr>
<td>2. TRAVEL EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Travel Expenses</td>
<td>175,320</td>
<td>232,992</td>
<td>6.88%</td>
<td>7.77%</td>
</tr>
<tr>
<td>3. OFFICE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal Office</td>
<td>251,000</td>
<td>212,103</td>
<td>9.85%</td>
<td>7.08%</td>
</tr>
<tr>
<td>4. OTHER COSTS AND SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising and communications (incl. representation)</td>
<td>30,000</td>
<td>60,000</td>
<td>2.81%</td>
<td>4.43%</td>
</tr>
<tr>
<td>Studies, research and consulting</td>
<td>290,000</td>
<td>450,000</td>
<td>27.14%</td>
<td>33.22%</td>
</tr>
<tr>
<td>Costs of outsourced services (IT, payroll etc.)</td>
<td>48,000</td>
<td>84,000</td>
<td>4.49%</td>
<td>8.20%</td>
</tr>
<tr>
<td>Costs of audit, legal and financial advice</td>
<td>31,500</td>
<td>30,000</td>
<td>2.95%</td>
<td>2.21%</td>
</tr>
<tr>
<td>Financial services (bank, fonds management)</td>
<td>6,000</td>
<td>12,000</td>
<td>0.56%</td>
<td>0.89%</td>
</tr>
<tr>
<td>Conference costs</td>
<td>270,000</td>
<td>260,000</td>
<td>25.27%</td>
<td>19.19%</td>
</tr>
<tr>
<td>Refunding</td>
<td>322,000</td>
<td>308,775</td>
<td>30.13%</td>
<td>22.79%</td>
</tr>
<tr>
<td>Training and seminars (internal and external)</td>
<td>71,126</td>
<td>150,000</td>
<td>6.66%</td>
<td>11.07%</td>
</tr>
<tr>
<td>Subtotal Other costs and services of Total</td>
<td>1,068,626</td>
<td>1,354,775</td>
<td>41.93%</td>
<td>45.21%</td>
</tr>
<tr>
<td>Total</td>
<td>2,548,420</td>
<td>2,996,942</td>
<td>41.93%</td>
<td>45.21%</td>
</tr>
</tbody>
</table>

Table 1: Energy Community Budget 2008-2008: Overview (Source: ECS intern)

3.2. Amending the budget 2009 (transfers of appropriations)

Article 18 of the Budgetary Procedures defines the technical amendment of the budget through the instrument of the transfers of appropriations. Guidance on the implementation of the provisions of Article 18 was provided by the Budget Committee at its meeting of 17 March 2009\(^\text{12}\).

In 2009, 4 transfers were submitted to decision making authorities, on the one side to the Director and on the other side to the Budget Committee. The global transfer totaled EUR 38,000 and covered the changes made within/between the relevant budget lines. Most ECS transfers of appropriations

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\(^{11}\) In accordance with Article 88 of the Treaty establishing the Energy Community

\(^{12}\) See item 26 of the Minutes of the 4th Meeting of the Budget Committee dated 17 March 2009;
concerned reinforcement of budget line 3 *Office* and its subordinated *budget positions*.

The proposed transfers for **reinforcement** were for:
- **Budget line 3 Office**: for office rent and office equipment  **EUR 35,000**
- **Budget line 2 Travel Expenses**: for Daily Substance Allowance  **EUR 3,000**

The proposed transfers of **available appropriations** were from:
- **Budget Line 2 Travel Expenses**: from budget position *Travel Expenses (tickets, accommodation, other)*  **EUR 3,000**
- **Budget line 3 Office**: from budget positions *Consumables* and *Other Services*  **EUR 15,000**
- **Budget line 3 Office** from budget position *Other Services* to budget position *Consumables*  **EUR 6,200**
- **Budget line 4 Other Costs, Services**: from budget position *Advertising & Communications*  **EUR 20,000**

The Budget Committee was notified about all decisions on the transfers in accordance with Article 18(2) of the *Budgetary Procedures*.

Details of those are presented in the table below.

<table>
<thead>
<tr>
<th>Transfer / Description / Date</th>
<th>Ref.</th>
<th>Budget Line</th>
<th>Initial Budget in EUR</th>
<th>Final Budget in EUR</th>
<th>Transfer amount in EUR</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>T1-2009 Decision of the Director on the transfer of appropriations within Budget 2009 of the Energy Community 3.3.2009</td>
<td>2009/D-01/ECS/T1-2009</td>
<td>3. Office</td>
<td>212,103.00</td>
<td>232,103.00</td>
<td>15,000.00</td>
<td>Adjustment within budget line 3 to assure sufficient funds for ongoing (increase in comparison with 2008) rent related obligations</td>
</tr>
<tr>
<td>T2-2009 Budget Committee Decision on the transfer of appropriations within Budget of the Energy Community 2009 28.9.2009</td>
<td>2009/01/BC-EnC</td>
<td>3. Office</td>
<td>212,103.00</td>
<td>232,103.00</td>
<td>20,000.00</td>
<td>Adjustment between two budget lines (4. and 3.) required to assure sufficient funds of Office Equipment</td>
</tr>
<tr>
<td>Decision of the Director on the transfer of appropriations within Budget 2009 of the Energy Community 30.11.2009</td>
<td>2009/D-02/ECS/T3-2009</td>
<td>3. Office</td>
<td>212,103.00</td>
<td>232,103.00</td>
<td>6,200.00</td>
<td>Adjustment within budget line 3 required to assure sufficient funds for expenditures related to the <em>Consumables</em></td>
</tr>
<tr>
<td>T4-2009 Decision of the Director on the transfer of appropriations within Budget 2009 of the Energy Community 31.01.2010</td>
<td>2009/D-03/ECS/T4-2009</td>
<td>2. Travel Expenses</td>
<td>232,992.00</td>
<td>232,992.00</td>
<td>3,000.00</td>
<td>Adjustment within budget line 2 required to assure the sufficient funds for DSA related expenses</td>
</tr>
</tbody>
</table>

*Table 2: Energy Community Budget – Transfers of appropriations, overview (Source: ECS intern)*
This Section gives a brief overview in % of the implementation to the budget during the financial year 2009 (see table 3) and briefly comments on the utilization of the 2009 budget appropriations in comparison to the actual amounts. The execution of the 2009 budget, with the difference between actual execution and the adjusted 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.

### Table 3: Budget Utilization Report 2009 – Overview (see also EnC Audit Report 2009)

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</thead>
<tbody>
<tr>
<td><strong>1. HUMAN RESOURCES</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Salaries</td>
<td>1,194,420</td>
<td>1,194,420</td>
<td>1,148,586</td>
<td>47,834</td>
<td>96%</td>
<td>1,146,586</td>
<td>96%</td>
<td></td>
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</tr>
<tr>
<td>Others (accident insurance)</td>
<td>7,392</td>
<td>7,392</td>
<td>7,392</td>
<td>7,392</td>
<td>97%</td>
<td>7,392</td>
<td>97%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Human Resources</strong></td>
<td>1,197,812</td>
<td>1,197,812</td>
<td>1,148,978</td>
<td>48,834</td>
<td>96%</td>
<td>1,146,978</td>
<td>96%</td>
<td></td>
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</tr>
<tr>
<td><strong>2. TRAVEL EXPENSES</strong></td>
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<td></td>
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</tr>
<tr>
<td>Daily Subsistence Allowance</td>
<td>64,800</td>
<td>3,000</td>
<td>67,800</td>
<td>67,396</td>
<td>99%</td>
<td>67,396</td>
<td>99%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Expenses (tickets, accommodation, other travel expenses)</td>
<td>168,192</td>
<td>-3,000</td>
<td>165,192</td>
<td>138,503</td>
<td>84%</td>
<td>138,503</td>
<td>84%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Travel Expenses</strong></td>
<td>232,992</td>
<td>0</td>
<td>232,992</td>
<td>205,899</td>
<td>88%</td>
<td>0</td>
<td>205,899</td>
<td>88%</td>
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<tr>
<td><strong>3. OFFICE</strong></td>
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<tr>
<td>Office rent</td>
<td>15,000</td>
<td>15,000</td>
<td>12,360</td>
<td>2,640</td>
<td>82%</td>
<td>12,360</td>
<td>82%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office, equipment and communications (IT)</td>
<td>48,000</td>
<td>20,000</td>
<td>68,000</td>
<td>56,493</td>
<td>83%</td>
<td>56,493</td>
<td>83%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumables</td>
<td>92,103</td>
<td>-8,800</td>
<td>83,303</td>
<td>83,092</td>
<td>100%</td>
<td>83,092</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Services (Telephone, Fax, Communications)</td>
<td>72,000</td>
<td>-6,200</td>
<td>65,800</td>
<td>60,497</td>
<td>92%</td>
<td>60,497</td>
<td>92%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Office</strong></td>
<td>212,103</td>
<td>20,000</td>
<td>232,103</td>
<td>212,442</td>
<td>92%</td>
<td>6,465</td>
<td>218,907</td>
<td>94%</td>
<td></td>
</tr>
<tr>
<td><strong>4. OTHER COSTS, SERVICES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising &amp; Communication (incl. Representation)</td>
<td>60,000</td>
<td>-20,000</td>
<td>40,000</td>
<td>15,647</td>
<td>39%</td>
<td>1,155</td>
<td>16,802</td>
<td>42%</td>
<td></td>
</tr>
<tr>
<td>Studies, research and consulting</td>
<td>450,000</td>
<td>450,000</td>
<td>2,702</td>
<td>447,298</td>
<td>1%</td>
<td>445,390</td>
<td>448,092</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Costs of outsourced services (IT etc.) and IT consulting</td>
<td>84,000</td>
<td>84,000</td>
<td>75,162</td>
<td>8,838</td>
<td>89%</td>
<td>75,162</td>
<td>89%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs of Audit, Legal and Financial Advice</td>
<td>30,000</td>
<td>30,000</td>
<td>23,825</td>
<td>6,175</td>
<td>79%</td>
<td>23,825</td>
<td>79%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Services (bank)</td>
<td>12,000</td>
<td>12,000</td>
<td>9,466</td>
<td>2,534</td>
<td>79%</td>
<td>9,466</td>
<td>79%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conference Costs</td>
<td>260,000</td>
<td>260,000</td>
<td>183,212</td>
<td>76,788</td>
<td>70%</td>
<td>183,212</td>
<td>70%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Refunding</td>
<td>308,775</td>
<td>308,775</td>
<td>206,470</td>
<td>102,305</td>
<td>67%</td>
<td>206,470</td>
<td>67%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and seminar costs</td>
<td>150,000</td>
<td>150,000</td>
<td>78,742</td>
<td>71,258</td>
<td>52%</td>
<td>966</td>
<td>79,708</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Other costs, services</strong></td>
<td>1,354,775</td>
<td>-20,000</td>
<td>1,334,775</td>
<td>595,226</td>
<td>45%</td>
<td>447,511</td>
<td>1,042,737</td>
<td>78%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Other Operating Expenses</strong></td>
<td>1,799,870</td>
<td>-20,000</td>
<td>1,799,870</td>
<td>1,013,567</td>
<td>56%</td>
<td>453,976</td>
<td>1,467,543</td>
<td>82%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>2,996,942</td>
<td>0</td>
<td>2,996,942</td>
<td>2,162,732</td>
<td>72%</td>
<td>453,976</td>
<td>2,616,708</td>
<td>87%</td>
<td></td>
</tr>
</tbody>
</table>

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13 The actual figures include legal commitments of the year 2009
The implementation of the budget line 1 Human Resources amounted to EUR 1,149,165, i.e. to approximately 96% of the initial budget appropriations.

The initial budget for the budget line 2 Travel Expenses amounted to EUR 232,992 while actual utilization amounted to EUR 205,899, i.e. an implementation rate of 88% of the initial budget, of which the expenditure for budget position Daily Subsistence Allowance amounted to EUR 67,936 and for budget position Travel Expenses (tickets, accommodation and others) amounted to EUR 138,503.

The initial budget for the budget line 3 Office amounted to EUR 212,103, which after the transfer of appropriations was increased to EUR 232,103 (see table 2) while the actual utilization amounted to EUR 218,097, i.e. to approximately 94% of the adjusted budget appropriations. Within this budget line the expenditure for the budget position Office Rent amounted to EUR 12,360, for the budget position Office, Equipment and communications (IT) amounted to EUR 62,958, for the budget position Consumables amounted to EUR 83,092 and for the budget position Other Services (telephone, fax, communications) to EUR 60,497.

The implementation of the initial budget for budget line 4 Other Costs, Services amounted to EUR 1,042,737, i.e. to approximately 78% of the adjusted budget appropriations, of which the expenditure for the respective budget positions included therein were utilized at the levels as shown in the table 3. Within this budget line, all budget positions – with the exception of the budget position Studies, Research and Consulting where the utilization was at a level of 100% - were under-implemented. The general under-implementation, though, was primarily attributable to the following budget position: 1) Advertising and Communication (the budget’s implementation resulted in an under-spending of EUR 23,198 (i.e. 58% of adjusted budget remained under-spent)), 2) Training and Seminar costs (under-spending of EUR 70,292, equaling to 53% of the adjusted budget), 3) Refunding (under-spending of EUR 102,305, i.e. approximate 67% of the adjusted budget).
3.4. Carry over from 2008

In 2008 legal commitments amounting to EUR 338,171 (details see Table 4) were considered in the year-end accounts of the Energy Community, utilization of which continued in 2009. Of the commitments carried forward from 2008, EUR 4,386 was not implemented. For the reasons and an overview, please see the Table 4 below.

<table>
<thead>
<tr>
<th>Budget Line/ Budget Position</th>
<th>Description</th>
<th>Commitments 2008 (in EUR)</th>
<th>Note</th>
<th>Implemented in 2009 (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Office/ PI320 Office Equipment</td>
<td>Various items related to the furniture of the new office of ECS</td>
<td>42,168</td>
<td>All commitments from 2008 were implemented in 2009</td>
<td>42,168</td>
</tr>
<tr>
<td>4 Other Costs, Services/ PI420 Studies, Research, Consulting</td>
<td>Overall sum of commitments related to the studies 2008</td>
<td>263,146</td>
<td>Slight under-spending, i.e. of EUR 3,468, results from not finalization of one of the studies committed</td>
<td>259,578</td>
</tr>
<tr>
<td>4 Other Costs, Services/ PI430 Outsourced Services</td>
<td>Various IT related services carried out by third parties in the course of ECS office establishment</td>
<td>20,000</td>
<td>Minor under-spending results in less expenditure occurred in 2009 then estimated in 2009</td>
<td>19,628</td>
</tr>
<tr>
<td>4 Other Costs, Services/ PI420 Training</td>
<td>Training costs for regulators at FSR</td>
<td>12,857</td>
<td>Accrued part expenses for the year</td>
<td>12,857</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>338,171</td>
<td></td>
<td>334,331</td>
</tr>
</tbody>
</table>

Table 4: Legal Commitments 2008 – utilization
3.5. Carry over into 2010

In 2009, legal commitments amounting to EUR 453,976 (details see Table 5) were considered in the year-end accounts of the Energy Community, utilization of which will continue in 2010. For an overview, please see the Table 5 below.

<table>
<thead>
<tr>
<th>Budget Line/ Budget Position</th>
<th>Description</th>
<th>Commitments 2009 (in EUR)</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Office/ PI320 Office Equipment</td>
<td>Various items related to the furniture of the new office of ECS</td>
<td>6,465</td>
<td>Office equipment for new staff members</td>
</tr>
<tr>
<td>4 Other Costs, Services/ PI410 Advertising &amp; Communication</td>
<td>Legal commitment in relation with the new edition of the EnC Legal Framework book</td>
<td>1,155</td>
<td>Need for update and consideration of newly adopted Directives</td>
</tr>
<tr>
<td>4 Other Costs, Services/ PI420 Studies, Research, Consulting</td>
<td>Overall sum of commitments related to the studies under the Energy Community budget</td>
<td>445,390</td>
<td>Duration of the contracts for the deliveries of studies exceeded in majority of case the financial year 2009</td>
</tr>
<tr>
<td>4 Other Costs, Services/ PI480 Training</td>
<td>Commitment of training fee in the area of office protection</td>
<td>996</td>
<td>For organizational the staff training has to take place early 2010</td>
</tr>
</tbody>
</table>

**TOTAL** 453,976

*Table 5: Legal Commitments 2009 (Overview)*

4. Revenue 2009

This section of the report refers to the reporting requirement stated in Article 15(2) of the Budgetary Procedures and provides information on the revenue side as reflected in the Statement of Financial Performance for the period 1 January – 31 December 2009 (thereinafter: the Statement) presented in the Auditor’s Report on the Financial Statements as of December 31, 2009.

In 2009 Energy Community received its funds from the following sources:
- Parties Contributions to the budget EUR 2,996,942
- Donations of the Republic of Austria EUR 146,400
- Finance revenue EUR 10,570
As far as **Parties Contributions** to the Budget 2009 in the amount of EUR 2,996,942 are concerned, this position in the Statement results from the financial responsibility of the Parties to the Treaty (see Article 2 of the **Budgetary Procedures**), amount of which for the year 2009 is stipulated in the approved budget of the EnC (see also **item 3** above).

**Donations of the Republic of Austria 2009** of EUR 146,40014 follow an agreement between the Energy Community and the Republic of Austria regarding the expenditure refunding for the rent of the seat of the Secretariat. This commitment was made by the Republic of Austria hosting the Secretariat of the Energy Community in 2005 upon the establishment of the Secretariat. The amount of EUR 146,400 reflects the pure expenditures related to the office rent, without relevant operational costs and portion of a rent corresponding to equipment expenditure, which are presented also in the Budget Report 2009 (see **Table 3: Budget Line 3 Office: Office Rent and Consumables**). Those expenditures amounted to EUR 12,360 in 2009.

The other revenue positions refer to other income received by the EnC in 2009 through the house bank of the EnC (interest income) and through repayment procedure of minor expenses to the EnC by a Third Party (ticket cost refund).

5. **Recovery procedure of non-used appropriations, years 2007-2009**

In August 2009, the European Union represented by the Commission, requested the Energy Community to refund non-spent appropriations remaining from the budgets 2007 and 2008. Following this request, the principles and procedure concerning the recovery of non-used appropriations within the budget utilization were discussed and agreed upon at the 6th meeting of the Budget Committee on 28 September 2009.15

The recovery of funds for the years 2007-2008 was finalized in the 2nd half of 2009.

The basis for the calculation of the recovery amounts is given in the annual **budget reports** - and **not audited financial statements**16. In all cases, the recovery amount can be also derived from the financial statement through reconciliation calculation.17

Based on model applied, recovery amounts for the financial years 2007-2008 were defined and the credits distributed to the Parties in accordance with the Annex IV of the Treaty (table of contributions). The repayment of non used appropriation for 2007 amounted to some 9.5% of the annual budget, and in 2009 to 7.7%. For the details please see **Table 6** below.

---

14 See also EnC Auditors’ Report 2009 and Statement of Financial Performance for the period 1 Jan – 31 Dec 2009 [position 1.b]
15 Annex 6 of the Budget Committee meeting materials of 28 September 2009 may be presented upon request
16 Standard model is applied
17 Details of reconciliation between FinStmts and Budget Reports can be presented upon request.
Table 6: Recovery of non-used appropriations within the utilization of the Energy Community budget 2007-2008

The same procedure shall be applied for calculation of the refund amounts in relation with the budget utilization 2009. Finalization of the repayment procedure for the financial year 2009 shall be concluded within the 2nd half of 2010; the indicated amount of repayment equals 12.9% of the annual budget of 2009 (see Table 7 below).

Table 7: Recovery amounts, non-used appropriations from the budget 2009
6. Audit 2009

In February 2010 the designated external audit company finalized the audit of the financial statements of the Energy Community for the period ending 31 December 2009. 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. Further, the follow-up audit of outstanding recommendations at 31 December 2008 indicated that 100% of all recommendations issued were implemented by the end of 2009.

The key statements of the external auditors as presented in the Management Letter addressed to the Director (attached) are the following\(^\text{18}\):

- "..the internal control system of ECS seems to be adequate as to the size and nature of the entity";
- "There seems to be adequate internal management rules and procedures to ensure effectiveness of internal controls";
- "During our audit nothing has come to our attention which may cause material doubt about the fair presentation of financial statements or adequate use of financial means";
- "The rules and regulations set by the Ministerial Council and by the Director principally have been observed".

The audit of the financial statements as of 31 December 2009 delivered 4 recommendations presented in the above mentioned Management Letter, which are the following\(^\text{19}\):

1. Use of notes checklists

In view of the growing number of disclosure requirements (refer also to 4. New IPSAS Standards) we recommend to use a standard checklist to ensure the completeness of disclosures. An official notes checklist can be downloaded from the following website:


2. Accounting Guidelines

We recommend to prepare accounting guidelines on issues which are not explicitly regulated by the IPSAS Standards (such as carry-over, unused commitments and unused appropriations etc.) and to include them in the Internal Management rules. These guidelines should be approved by the Budget Committee to ensure common understanding and guarantee consistent and proper application of accounting policies.

3. Documentation of risks and controls

In view of actual developments regarding internal control and risk management standards we recommend to complete documentation of the main transactions of the Energy Community Secretariat and to define risks inherent in these transactions as well as controls implemented by management to ensure the accurate use of funds and reliable presentation of accounts. The aim of this documentation should be to provide reasonable assurance regarding the achievement of the following objectives:

a) effectiveness and efficiency of operations

\(^{18}\) The information is directly quoted out of the Auditor’s Management Letter addressed to the Director (attached)

\(^{19}\) Ibid.
b) reliability of financial reporting and
c) compliance with laws and regulations.

The documentation of transactions and internal controls is an important source of information for all supervising bodies of the EC as to whether the internal control and risk management system of ECS is adequate to ensure accurate use of funds and reliable financial reporting as well as for new employees to get an understanding of transactions and policies of the ECS within adequate time.

4. New IPSAS Standards

In 2009 the International Public Sector Accounting Standards Board (IPSASB) has published the following new Standards:

- IPSAS 25 – Employee Benefits (effective after: 01.04.2011)
- IPSAS 26 – Impairment of Cash-generating assets (effective after: 01.04.2009)
- IPSAS 28/29/30 – Financial Instruments: Presentation, Recognition and Management, Disclosures (effective after: 01.01.2013)
- IPSAS 31 – Intangible Assets (effective after: 01.04.2011)

Early adoption of these standards is encouraged. Further, there are exposure drafts on the accounting of entity combinations and service concession arrangements. In view of the dynamic developments of IPSAS standards we encourage early consideration of the effects of these new standards on your accounts and prepare early implementation of the new guidelines.

The planned and undertaken steps under each of the recommendations are the following:

1. In relation to the use of note checklist

   The Accounting Officer has reviewed the recommended check list and will use the same during preparation of the 2010 financial statements

2. In relation to the Accounting guidelines

   The Secretariat shall develop draft guidelines as recommended by the auditors, which shall be presented to the Budget Committee for consideration.

3. In relation to the Documentation of risks and controls

   The Director shall provide an assessment of the Secretariat’s administrative procedures, guidelines and workflows in order to identify possible adjustments and areas of improvement.

4. In relation to the New IPSAS standards

   The Accounting Officer has studied the new IPSAS standards as per Auditor’s recommendation and prepared a report on their applicability to the Energy Community financial reporting.

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 2009.
7. Conclusion

Year 2009 is considered as last year within the first regular budgetary period 2008-2009 of the Energy Community. In both years, 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 2007-2008 have been successfully implemented, in terms of organization of compliance the work towards improving the effective controls in practice shall continue.

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.
6. ATTACHMENTS

Attachment 1: List of Rules and Procedures of Relevance for the implementation of the Energy Community Budget, status as of 15 March 2010

2. Staff Regulations of the Energy Community; MC Decision of amendment of the Staff Regulations of 18.12.2009; [http://www.energy-community.org/portal/page/portal/ENC_HOME/SECRETARIAT/Job](http://www.energy-community.org/portal/page/portal/ENC_HOME/SECRETARIAT/Job);
7. Procedural Act 2008/02/ECS of 21.07.2008 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;
10. Internal Note of the Director of the Energy Community Secretariat of 24.02.2010 (Ref.: Note_sne_03_Bookings_24-02-2010) concerning accounting aspects and relevant bookings;
Attachment 2: Energy Community Events 2009 – Annual Overview

Meetings of Energy Community Institutions and Bodies

1. 6th Ministerial Council (Sarajevo, Bosnia and Herzegovina) – 26 Jun
2. 7th Ministerial Council (Zagreb, Croatia) – 18 Dec

3. 12th Permanent High Level Group (Vienna, Austria) – 17 Mar
4. 13th Permanent High Level Group (Sarajevo, Bosnia and Herzegovina) – 25 Jun
5. 14th Permanent High Level Group (New Belgrade, Serbia) – 24 Sep
6. 15th Permanent High Level Group (Zagreb, Croatia) – 17 Dec

7. 14th Athens Forum Electricity (Greece) – 13 May
8. 4th Gas Forum (Ljubljana, Slovenia) – 10-11 Sep
9. 1st Oil Forum (New Belgrade, Serbia) – 24-25 Sep
10. 2nd Social Forum (Zagreb, Croatia) – 13-14 Oct
11. 15th Athens Forum Electricity (Athens, Greece) – 25-26 Nov

12. 5th Energy Efficiency Task Force (Vienna, Austria) – 05 Feb
13. 6th Energy Efficiency Task Force (Vienna, Austria) 05-06 May
14. 7th Energy Efficiency Task Force (Vienna, Austria) – 17 Sep

15. 1st Renewable Energy Task Force (Vienna, Austria) – 08 Oct

17. Energy Community Regulatory Board (Athens, Greece) – 12 May
18. Energy Community Regulatory Board (Athens, Greece) – 09 Jul

20. ECRB Electricity Working Group (Budva, Montenegro) – 19 Jan
21. ECRB Electricity Working Group (Athens, Greece) – 22 Apr
22. ECRB Electricity Working Group (Athens, Greece) – 08 Jun
23. ECRB Electricity Working Group (Vienna, Austria) – 16 Sep

24. ECRB Customer Working Group (Vienna, Austria) – 03 Feb
25. ECRB Customer Working Group (Vienna, Austria) – 17 Jun
27. ECRB Customer Working Group (Vienna, Austria) – 02 Dec

28. ECRB Gas Working Group (Vienna, Austria) – 16 Mar
29. ECRB Gas Working Group (Vienna, Austria) – 24 Jun
30. ECRB Gas Working Group (Athens, Greece) – 22 Sep

31. Implementation Group for Coordinated Auction Office Meeting (Budva, Montenegro) – 20 Jan
32. Implementation Group for Coordinated Auction Office Meeting (Athens, Greece) – 23 Apr
33. Implementation Group for Coordinated Auction Office Meeting (Athens, Greece) – 09 Jun
34. Implementation Group for Coordinated Auction Office Meeting (Budva, Montenegro) – 20 Jan

35. Budget Committee (Vienna, Austria) – 17 Mar
36. Budget Committee (Sarajevo, Bosnia and Herzegovina) – 25 Jun

20 The list contains all institutional meetings as indicated in the Energy Community calendar through its website.
37. Budget Committee (Vienna, Austria) – 28 Sep

Workshops and Conferences organized by or with the participation of the Energy Community

38. Workshop on Generally Applicable Standards (Vienna, Austria) – 19-20 Feb
39. Workshop on Regulation 1775 (Vienna, Austria) – 05-06 Mar
40. Workshop on Competition (Vienna, Austria) – 18 Mar
41. Workshop on the Implementation of the large Combustion Plants Directive (Vienna, Austria) – 24 March
42. Investment Conference (Sarajevo, Bosnia and Herzegovina) – 30-31 Mar
43. Workshop on Renewables (Vienna, Austria) – 29-30 Apr
44. Workshop on National Energy Efficiency Action Planning for Buildings (Vienna, Austria) – 06 May
45. Workshop on the SEE CAO Related Studies (Athens, Greece) – 10 Jun
46. Workshop on Social Issues (Vienna, Austria) – 16 Jun
47. Workshop on Energy Efficiency Planning and Investment Project Design (Vienna, Austria) – 15-16 Sep
48. Workshop for non-household customers on electricity market opening (Vienna, Austria) – 16 Sep
49. Workshop on Statistics (Vienna, Austria) – 29-30 Oct
50. Commissioner Meglena Kuneva’s lecture at the Secretariat (Vienna, Austria) – 15 May
51. World Forum on Energy Regulation IV (Athens, Greece) – 19-20 Oct

Visits and other meetings

Concrete Information is available upon request.
## Attachment 3: Energy Community Contracting Parties/Observer Countries Missions 2009 – Overview

<table>
<thead>
<tr>
<th>Contracting Party/Observer</th>
<th>QR1 - 2009</th>
<th>QR2 - 2009</th>
<th>QR3 - 2009</th>
<th>QR4 - 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gas</td>
<td>Electricity</td>
<td>Gas</td>
<td>Electricity</td>
</tr>
<tr>
<td>Albania</td>
<td>11-12 May</td>
<td>18-20 May</td>
<td>07-09 Oct</td>
<td>19-20 Nov</td>
</tr>
<tr>
<td>Bosnia &amp; Herzegovina</td>
<td>12 Feb</td>
<td>09-10 Jun</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td>19-20 Mar</td>
<td>12 Mar</td>
<td>05-06 Oct</td>
<td></td>
</tr>
<tr>
<td>former Yugoslav Republic of Macedonia</td>
<td>25-27 Feb</td>
<td></td>
<td>01-04 Dec</td>
<td></td>
</tr>
<tr>
<td>Montenegro</td>
<td>10 Mar</td>
<td>9-10 Mar</td>
<td>16-17 Nov</td>
<td></td>
</tr>
<tr>
<td>Serbia</td>
<td>17-Feb</td>
<td>26-27 Mar</td>
<td>02-03 Nov</td>
<td>13-15 Oct</td>
</tr>
<tr>
<td>UNMIK</td>
<td></td>
<td></td>
<td>22-Oct</td>
<td>27-Oct</td>
</tr>
</tbody>
</table>
## Attachment 4: Studies 2008-2009, Overview

<table>
<thead>
<tr>
<th>Description</th>
<th>Responsible</th>
<th>Consultant</th>
<th>Date of Contract</th>
<th>Status</th>
<th>Contract value in EUR (excl. VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Study on the Improvement of Interconnection, Interoperability, Transparency and Harmonisation of Operational Rules for Natural Gas Transportation in the Energy Community</td>
<td>ECRB</td>
<td>ENERGY MARKETS PARTNERS LLP 37 BARNARDS HILL, MARLOW BUCKINGHAMSHIRE, SL7 2NX UNITED KINGDOM</td>
<td>14-Aug-2008</td>
<td>finalised</td>
<td>74.200,00</td>
</tr>
<tr>
<td><strong>2</strong> A Study on Tariff Methodologies and Impact on Prices and Energy Consumption Patterns in the Energy Community</td>
<td>ECRB</td>
<td>IPA ENERGY + WATER ECONOMICS 41 Manor Place EDINBURGH, EH 7EB SCOTLAND</td>
<td>21-Aug-2008</td>
<td>finalised</td>
<td>73.575,00</td>
</tr>
<tr>
<td><strong>3</strong> Prototype for a Service platform for the Regional Balancing Market (&quot;BETSEE&quot;) including training, trial run and platform hosting</td>
<td>ECRB</td>
<td>Elektroenergetski Koordinacioni Centar Vojvode Stepe 412 11040 Belgrade</td>
<td>20-Oct-2008</td>
<td>under execution to be finalized by Dec 2010</td>
<td>28.900,00</td>
</tr>
<tr>
<td><strong>4</strong> Study for the Final Development and Establishment of a Coordinated Congestion Management in SEE</td>
<td>ECRB</td>
<td>Consetec Consulting fuer Energiewirtschaft und -technik GmbH Gruener Weg 1 D-52070 Achen AND APCS Power Cleaning and Settlement AG Alserbachstrasse 14-16 A-1090 Wien</td>
<td>28-Nov-2008</td>
<td>finalized, contract amendment signed, 16.10.2009</td>
<td>120.615,00</td>
</tr>
<tr>
<td><strong>5</strong> Study on the Identification of Legal Obstacles to the Establishment and Operation of and the Participation in a Coordinated Auction Office in South Eastern Europe</td>
<td>ECRB</td>
<td>Kelemenis &amp; Co 5 Tsakalof Street Athens 106 73</td>
<td>28-Nov-2008</td>
<td>finalised</td>
<td>74.870,00</td>
</tr>
<tr>
<td><strong>6</strong> Study on the Implementation of the new EU Renewable Energy Directive in the Energy Community</td>
<td>ECS</td>
<td>IPA ENERGY + WATER ECONOMICS incl. EPU-NTUA 41 Manor Place EDINBURGH, EH 7EB SCOTLAND</td>
<td>24-Apr-2009</td>
<td>under execution, inception report approved, finalization in 2010</td>
<td>199.950,00</td>
</tr>
<tr>
<td><strong>7</strong> Study Assistance to Regulators in Introduction and Improving Quality Regulation in the EnC</td>
<td>ECRB</td>
<td>Energy Institute Hrvoje Pozar EIHA Savska Cesta 163 HR-10000 Zagreb</td>
<td>16-Sep-2009</td>
<td>under execution, finalization in 2010</td>
<td>34.500,00</td>
</tr>
<tr>
<td><strong>8</strong> Study on Regulation of Tariffs and Quality of the gas distribution service in the Energy Community</td>
<td>ECRB</td>
<td>KEMA International B.V. Utrechtweg 310 6812 AR Arnhem</td>
<td>16-Sep-2009</td>
<td>under execution, finalization in 2010</td>
<td>57.972,00</td>
</tr>
<tr>
<td><strong>9</strong> Study on the Potential Climate Change combining in power generation in the EnC</td>
<td>ECS</td>
<td>South East Consultants (SEEC) Makenzijeva 53/4 11000 Belgrade Serbia</td>
<td>7-Dec-2009</td>
<td>under execution, finalization by end 2010</td>
<td>49.500,00</td>
</tr>
<tr>
<td><strong>10</strong> Study on State Aid and the effectiveness of State Aid Control in the Energy Community</td>
<td>ECS</td>
<td>Hunton &amp; Williams together with Eisenberg &amp; Williams</td>
<td>14-Dec-2009</td>
<td>under execution, finalization by end 2010</td>
<td>100.000,00</td>
</tr>
</tbody>
</table>

**Attachment 5: Management letter of 19 March 2010**
Audit of the Financial Statements of Energy Community Secretariat for the period ending 31 December 2009
Management Letter

Dear Mr. Neykov

This Letter is addressed to the Director of the Energy Community Secretariat and includes our observations and findings made during the audit of the Financial Statements of the Energy Community Secretariat within the period 8. - 12. February 2010. We have reviewed the accounts of the Energy Community for the period 1 January to 31 December 2009 as well as the internal control system of the Secretariat, including the Internal Management Rules of the Energy Community as referred to in Article B1. of the "Procedures for the Establishment and Implementation of the Budget, Auditing and Inspection". Our analysis, based on a sample approach, included the review of the financial and business processes within the overall legal framework provided for the operations of the Energy Community.

As a general remark we wish to point out that the internal control system of ECS seems to be adequate as to the size and nature of the entity. There seem to be adequate internal management rules and procedures to ensure effectiveness of Internal controls. During our audit nothing has come to our attention which may cause material doubt about the fair presentation of financial statements or adequate use of financial means. The rules and regulations set by the Ministerial Council and by the Director principally have been observed. Recommendations for improvement, as identified by us through our audit, are summarized below.

1. Use of notes checklist

In view of the growing number of disclosure requirements (refer also to 4. New IPSAS5 Standards) we recommend to use a standard checklist to ensure the completeness of disclosures. An official notes checklist can be downloaded from the following website:

Management response:

Thank you for your recommendation. The Secretariat shall follow it. You will be informed within the first half of 2010 about the undertaken steps.

2. Accounting Guidelines

We recommend to prepare accounting guidelines on issues which are not explicitly regulated by the IPSAS Standards (such as carry-over, unused commitments and unused appropriations etc.) and to include them in the Internal Management rules. These guidelines should be approved by the Budget Committee to ensure common understanding and guarantee consistent and proper application of accounting policies.

Management response:

Thank you for your recommendation. The Secretariat shall follow it. You will be informed within the first half of 2010 about the undertaken steps.

3. Documentation of risks and controls

In view of actual developments regarding internal control and risk management standards we recommend to complete documentation of the main transactions of the Energy Community Secretariat and to define risks inherent in these transactions as well as controls implemented by management to ensure the accurate use of funds and reliable presentation of accounts.

The aim of this documentation should be to provide reasonable assurance regarding the achievement of the following objectives:

a) effectiveness and efficiency of operations
b) reliability of financial reporting and
c) compliance with laws and regulations.

The documentation of transactions and internal controls is an important source of information for all supervising bodies of the EC as to whether the internal control and risk management system of ECS is adequate to ensure accurate use of funds and reliable financial reporting as well as for new employees to get an understanding of transactions and policies of the ECS within adequate time.

Management response:

Thank you for your recommendation. The Secretariat shall follow it. You will be informed within the first half of 2010 about the undertaken steps.
4. **New IPSAS Standards**

In 2009 the International Public Sector Accounting Standards Board (IPSASB) has published the following new Standards:

<table>
<thead>
<tr>
<th>New standards</th>
<th>Effective date for periods beginning on or after</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPSAS 25 - Employee Benefits</td>
<td>01.01.2011</td>
</tr>
<tr>
<td>IPSAS 26 - Impairment of Cash-generating assets</td>
<td>01.04.2009</td>
</tr>
<tr>
<td>IPSAS 28/29/30 - Financial Instruments: Presentation, Recognition and Measurement, Disclosures</td>
<td>01.01.2013</td>
</tr>
<tr>
<td>IPSAS 31 - Intangible Assets</td>
<td>01.04.2011</td>
</tr>
</tbody>
</table>

Early adoption of these standards is encouraged. Further, there are exposure drafts on the accounting of entity combinations and service concession arrangements.

In view of the dynamic developments of IPSAS standards we encourage early consideration of the effects of these new standards on your accounts and prepare early implementation of the new guidelines.

**Management Response**

*Thank you for your recommendation. The Secretariat shall follow it. You will be informed within the first half of 2010 about the undertaken steps.*

In case you wish to discuss with us any of the above recommendations in more detail, please feel free to contact us.

Yours sincerely

Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H.