



Director's Report on the Execution of the Budget for the Year 2023

The present annual report of the Director to the Ministerial Council (as required under Art 75 of the Treaty¹) gives an overview of Energy Community spending in 2023.

The Energy Community achieved its mission and fulfilled the adopted Work Programme supported by the contributions made by the Parties to the Energy Community Treaty, i.e. the European Union (94.78%) and the Contracting Parties (5.22%) as a part of the ordinary budget approved by the Ministerial Council. The level of 2023 ordinary budget utilization reached 99,53%.

The Energy Community Secretariat is thankful to its additional donors – the Republic of Austria, the Republic of Poland, the Visegrad Fund, the European Commission, the European Climate Foundation, the UN for their extraordinary contribution.

The Moldova Rescue Scheme was established in 2023 with contribution from Slovak Agency for International Development Cooperations.

The Ukrainian Energy Support Fund established in 2022 in response to the Russian invasion to Ukraine was supported by donors from different donors in 2023, including donations from the governments of Spain, Iceland, Austria, UK, Sweden, Germany, Belgium, Switzerland, Denmark, Estonia, the US, as well as other donors with unprecedented for the organization level of funding amounted nearly EUR 350 million in 2023 and is greatly appreciated.

A handwritten signature in black ink that reads "Artur Lorkowski".

Artur Lorkowski

Director
Energy Community Secretariat

¹ Article 75 of the Treaty establishing the Energy Community ("the Treaty") and Art 38 of the Procedures for the Establishment and Implementation of Budget, Auditing and Inspection ("Budgetary Procedures") stipulate that the Director reports annually on the execution of the budget and activities of the Community to the Ministerial Council.

The presentation follows the applicable Standard 24 of the International Public Sector Accounting Standard (IPSAS) "Presentation of Budget Information in Financial Statements". In accordance with the standard, 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.

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1. Annual Activities of the Energy Community 2023: focusing on the role of Secretariat

1.1 Extending the EU electricity to the Energy Community

With the adoption of the Electricity Integration Package by the Ministerial Council of the Energy Community in December 2022, the integration of Contracting Parties into the EU's internal electricity market was made possible. To support this process, the Secretariat has assisted and facilitated the transposition of the Electricity Integration Package by drafting template clauses and reviewing several draft legislative acts submitted by the Contracting Parties throughout 2023. In addition to assisting and monitoring the Contracting Parties in their efforts to complete the transposition, the Secretariat has strengthened cooperation with various EU institutions, such as the European Commission, ACER, ENTSO-E, and the NEMO Committee, to further facilitate market integration. Furthermore, it has actively participated in EU coordination groups like the Pentalateral Coordination Group (PCG).

Regarding the implementation of the CACM Regulation and the extension of the EU market coupling to the Energy Community, the Energy Community Secretariat, in collaboration with EU national regulatory authorities, has assumed the chairmanship of a newly established joint expert team for the Energy Community within the PCG. This initiative has created a platform for discussions related to the integration of Energy Community Contracting Parties into the single day-ahead and intraday coupling (SDAC and SIDC) mechanisms. Furthermore, the Secretariat has actively contributed to the capacity building of the Energy Community Contracting Parties by organizing various webinars and workshops.

1.2 Reflecting on the carbon pricing system

Following an invitation from the Ministerial Council in 2022, the Secretariat established a Technical Working Group dedicated to carbon pricing. This group convened three times for two-day events in 2023, held in Vienna and Brussels, with the aim of discussing the role, function, and design of the ETS as well as examining planned and existing national policies related to carbon pricing in the Contracting Parties and their links to CBAM. Furthermore, the Secretariat conducted a series of country missions across different Contracting Parties to highlight both the risks and opportunities associated with CBAM.

The adoption of the EU CBAM Regulation in May 2023 represented a major policy instrument affecting the development of climate, energy, and economic policies in Contracting Parties. To address this, the Secretariat organized a high-level event in Brussels on 23 May 2023, bringing together EU policymakers, stakeholders, and academia to share their perspectives and discuss the potential impacts of CBAM. Furthermore, the Secretariat participated as an observer in the work of the CBAM informal expert group set up by the European Commission's Directorate-General for Taxation and Customs Union.

1.3 Powering Ukraine's resilience: supporting energy access and recovery

During the reporting period, the Secretariat remained steadfast in its support for the Ukrainian people in the face of the challenging circumstances brought about by Russian attacks. Our efforts encompass emergency actions related to war and measures focused on the post-war rebuilding process.

PART I: Emergency actions related to war

Ukraine Energy Support Fund - UESF

The Fund provides a platform for governments, international financial institutions, international organizations, and corporate donors to offer financial assistance to the Ukrainian energy sector's endeavors to repair the damage and sustain its operations. Contributions to the Fund are allocated towards addressing the most immediate needs of Ukrainian energy companies, including equipment, spare parts, technical resources, fuels, and services essential for the restoration and maintenance of energy and heat supply in Ukraine.

Ukraine Support Task Force – USTF

In response to the Ministry of Energy of Ukraine's request for assistance in coordinating equipment offers and deliveries from multiple partners, which was made just days after the invasion began against Ukraine, the Secretariat took swift action by establishing the Ukraine Support Task Force (USTF).

Pro Bono legal assistance

Through the Pro Bono legal support platform, launched in July 2023, the Secretariat mobilized the international legal community to join the effort in holding the Russian Federation accountable for the destruction of critical energy infrastructure and in recovering damages. The Pro Bono legal support platform has attracted reputable law firms willing to dedicate pro bono hours on specific legal tasks to support claims of the state-owned energy companies Energoatom, Ukrenergo and Ukrhydroenergo.

PART II: Measures focused on the post-war rebuilding process

Ukraine Energy Market Observatory

In January 2023, the Energy Community Secretariat established the Ukraine Energy Market Observatory. This observatory was created to streamline and consolidate its monitoring functions under the Energy Community Treaty. This proactive approach was designed to foster greater transparency, ensure compliance with energy market regulations, and ultimately contribute to the enhancement of the overall energy market environment in Ukraine.

High-level Advisory Group on the Ukrainian NECP

Building on the Memorandum of Understanding signed between the Ukrainian Government and the Secretariat on 14 March 2023, the Secretariat has been actively involved in providing essential support for the development of the National Energy and Climate Plan (NECP). This support aligns with the obligations outlined in the Energy Community Treaty and involves coordinating with international donors to ensure a collaborative effort in this endeavor.

1.4 Towards energy security and green transition

On 16 October 2023, at the Berlin Process Leaders' Summit in Tirana, the Director of the Energy Community Secretariat, presented a comprehensive report on the implementation of the Declaration on Energy Security and Green Transition in the Western Balkans, signed by the Western Balkans' leaders on 3 November 2022.

1.5 Demand reduction

In response to the 2022 Ministerial Council conclusions, and backed by extensive consultations and expert insights, the Secretariat drafted comprehensive policy guidelines on demand reduction measures with an aim to both address the current challenges and lay the groundwork for a sustainable energy future.

1.6 Advancing Renewable Investments

The Energy Community Secretariat continued supporting the Contracting Parties in their efforts to transpose and implement Directive (EU) 2018/2001 of 11 December 2018 on the Promotion of the Use of Energy from Renewable Sources. This support involved the development and revision of national legislation, which encouraged the utilization of energy from renewable sources. As a result, amendments or new renewable energy laws were adopted in Albania, Federation of Bosnia and Herzegovina, Serbia, and Ukraine.

1.7 EU4Energy Governance (Phase II) "Promoting the clean energy transition and securing in-creasing energy security for the EaP"

The overarching goal of the EU4Energy Governance Project Phase II is to advance the clean energy transition, enhance energy security, and facilitate access to energy for vulnerable populations in three Eastern partner countries: Georgia, Moldova, and Ukraine.

1.8 Communications and outreach efforts

The social media engagement and interaction metrics experienced remarkable growth. We increased the frequency of our posts and bolstered our online presence, leading to a more impactful and resonant communication strategy. Furthermore, the Secretariat enhanced and improved the visibility of its events, with a particular focus on visual aspects, including eye-catching graphics, high-quality photography, interactive visuals, social media visuals, etc. In total, the Secretariat has organized 120 events, a combination of online and in-person gatherings, over the course of the reporting period. These events encompass a diverse range of topics and formats, including conferences, webinars, work-shops, seminars, and interactive panel discussions.

1.9 Achieving Sustainability: EMAS re-certification

During 2023, the Secretariat's commitment to environmental domain has been officially recognized with the re-certification of its environmental management system. Following a successful external audit during the year, the Austrian Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology officially extended the Secretariat's EMAS certification on 25 October 2023. The external EMAS audit centered on the Secretariat's Environmental Statement that translated the set environmental targets into actions and on the implementation of the measures established under the environmental management system.

2 2023 Energy Community ordinary and extraordinary budgets



With all these and other efforts, the Secretariat is committed to ensure that the Energy Community budget achieves the best outcomes for contributing to the attainment of the Energy Community's priorities and activities defined in the work programme 2022-2023. Its continuous efforts ensure the implementation of the budget in accordance with the principle of sound financial management.

Budget implementation in 2023 was smooth, effective, efficient, and timely. The level of implementation of the ordinary **budget** reached **99.53%** after writing-off the unpaid Ukraine contribution. The total repayment amount of unused budget appropriations and other income amounted to **EUR 26,413.55**

The overall results of the audited year-end accounts resulted in an **unqualified auditors' opinion** provided by Mazars Austria in July 2024.

2.1 Annual Revenue

In 2023, the Energy Community revenues and other available sources amounted to EUR **356,760,885.79** and were derived from the Parties' contributions **EUR 5,080,365** (ordinary budget), other revenue **EUR 1,240**, and extraordinary budget contribution **EUR 1,813,062.96** from different donors.

It also included **EUR 349,488,672.69** received as Fiduciary for the Ukrainian Energy Support Fund, and **EUR 377,515.14** received as Fiduciary for Moldova Energy Rescue Scheme.

2.1.1 Parties' contributions to the ordinary budget

The core operational financing of the Energy Community comes from the Parties' contributions to be paid annually in two instalments by June 30, 2023. The contribution and not used budget (with adjustments for 2022) is presented in *Table 1* with total repayment of EUR 26,413.55.

Note: that the contribution of Ukraine was not paid fully (partial solidarity payments was received Montenegro in amount of EUR 2,300) and was written off as per the 21st Ministerial Council decision dated December 14, 2023 by distribution proportionally to the different expenses categories of the ordinary budget.

Parties	Contribution in EUR	Contribution in %	Unused Appropriations 2023	Unused Legal Commitments 2022	Total repayment amount
			(1)	(2)	(3) = (1) + (2)
European Union	4.815.170,00	94,78%	22.504,67	2.530,11	25.034,77
Republic of Albania	4.572,00	0,09%	21,37	2,40	23,77
Bosnia and Herzegovina	10.161,00	0,20%	47,49	5,34	52,83
Georgia	5.588,00	0,11%	26,12	2,94	29,05
Kosovo*	3.556,00	0,07%	16,62	1,87	18,49
North Macedonia	5.080,00	0,10%	23,74	2,67	26,41
Moldova	5.080,00	0,10%	23,74	2,67	26,40
Montenegro	2.540,00	0,05%	11,87	1,33	13,21
Serbia	28.450,00	0,56%	132,97	14,95	147,93
Ukraine	200.166,00	3,94%	935,52	105,18	1.040,69
TOTAL	5.080.363,00	100,00%	23.744,10	2.669,45	26.413,55

Table 1: Contributions and repayments of unused budget appropriations and other income for 2023

2.1.2 Other contributions

Other available sources represent additional funds (extraordinary) available to the Energy Community and summarized in Table 2.

Other sources of revenue	Contribution in EUR
Republic of Austria	170,000.00
Republic of Poland	1,876.24
Visegrad Fund	25,122.00
Grant EU4Energy II	706,179.72
Grant EU4Energy II Plus	883,961.00
Grant European Climate Foundation	10,000.00
Grant EU4Climate	15,924.20
Total	1,813,062.96

Table 2: Contributions provided by other donors

2.1.3 The Ukrainian Energy Support Fund (UESF)

The UESF was established in March 2022 to support the Ministry of Energy of Ukraine to maintain the energy infrastructure and sector suffering from the attacks of the Russian Federation since the 24th of February 2022.

The Fund is based on a Fiduciary Agreement between Sponsors, **the Energy Community Secretariat (as Fiduciary)**, and the Ministry of Energy of Ukraine. A separate special bank account was established in Austria to receive donations and pay the invoices received and verified by the Ministry of Energy.

The total amount of funds received in 2023 to dedicated bank account is **EUR 349,488,672.69**

2.1.4 The Moldova Rescue Scheme

The Energy Rescue Scheme for Moldova was created at the initiative of the Energy Community Secretariat and was presented at the Paris meeting of the Moldova Support Platform in November 2022 (being fully set up in 2023), aiming to anticipate and address the country's energy crisis caused by the disruption of traditional energy supplies from the East. The Energy Community Secretariat committed to playing a pivotal role as the **Fiduciary**, managing the funds donated by international donors.

The total amount of funds received in 2023 to dedicated bank account is **EUR 377,515.14**

3 Expenditures

The total level of expenditures reached the amount of **EUR 57.510.221,10**, including actual expenses from the ordinary budget amounted to **EUR 5,057,860.90** and expenses under extraordinary budgets including Ukrainian Energy Support Fund in amount of **EUR 52,452,360.20**. The summary of budget expenditures from ordinary, extraordinary budget and Fiduciary is presented in Table 3.

Budget Line/Position (in EUR)	Ordinary Budget			Extraordinary Budget and Fudiciary								Total
	Final Budget 2023	Actual amounts 2023 on a comparable basis incl. Legal Commitments	Actual amounts on a comparable basis incl. Legal Commitments [in %]	Actual expenses Donation Austria	Actual expenses Donation Poland	Actual expenses IVF Visegrad Fund	Actual expenses Grant Contract EU4Energy	Actual expenses Grant European Climate Foundation	Actual expenses Ukraine Energy Support Fund	Actual expenses Contract EU4Climate CC	Actual expenses Moldova Energy Rescue Scheme	Ordinary and extraordinary expenses
1. HUMAN RESOURCES												
Subtotal Human Resources	2.998.465,00	2.998.119,56	99,99%				1.012.302,60					4.010.422,16
2. TRAVEL EXPENSES												
Daily Subsistence Allowance (DSA)	85.000,00	84.365,19	99,25%									84.365,19
Travel Expenses (flights and incidentals)	164.000,00	163.909,71	99,94%									163.909,71
Subtotal Travel Expenses	249.000,00	248.274,90	99,71%			19.854,59	42.704,11					310.833,60
3. OFFICE EXPENSES												
Office rent	170.500,00	170.427,07	99,96%									170.427,07
Office equipment	57.400,00	57.385,95	99,98%									57.385,95
Consumables	121.740,00	121.638,31	99,92%									121.638,31
Other Services	82.300,00	81.851,93	99,46%									81.851,93
Subtotal Office Expenses	431.940,00	431.303,26	99,85%	170.000,00		764,26	148.760,99					750.828,51
4. OTHER COSTS AND SERVICES												
Advertising, communication and representation	76.300,00	74.983,02	98,27%									74.983,02
Studies, research and consulting	418.900,00	408.735,15	97,57%									408.735,15
Costs of outsourced services (IT, payroll, etc.)	207.200,00	204.949,89	98,91%									204.949,89
Costs of Audit, Legal and Financial Advice	131.900,00	129.828,56	98,43%									129.828,56
Financial services	26.000,00	23.260,30	89,46%									23.260,30
Conference costs	246.000,00	244.757,66	99,49%									244.757,66
Refunding	261.400,00	260.704,06	99,73%									260.704,06
Training	34.500,00	32.944,54	95,49%									32.944,54
Subtotal Other Costs and Services	1.402.200,00	1.380.163,18	98,43%		1.876,24	7.887,84	167.207,58	15.654,00	3.680,50	0,00	1.658,62	1.578.127,96
Subtotal Operating Expenses	2.083.140,00	2.059.741,34	98,88%	170.000,00	1.876,24	28.506,69	358.672,68	15.654,00	3.680,50	0,00	1.658,62	2.639.790,07
Donations (fiduciary)									50.860.008,87			50.860.008,87
TOTAL EXPENSES	5.081.605,00	5.057.860,90	99,53%	170.000,00	1.876,24	28.506,69	1.370.975,28	15.654,00	50.863.689,37	0,00	1.658,62	57.510.221,10

Table 3: Summary of budget expenditures from ordinary and extraordinary budget

3.1 Human Resources from an ordinary budget

The budget line Human Resources covers expenses for salaries of the Secretariat 's staff which represent all-inclusive employee remuneration and expenses for accident insurance for staff. On 31 December 2023, Energy Community employed 56 staff (includes permanent and temporary staff i.e. internship and secondment).

The level of utilization amounted to EUR 2,998,119.56 or 99.99%.

3.2 Travel Expenses from an ordinary budget

This budget line covers travel expenses of the Energy Community staff related to technical assistance to the Contracting Parties and participation at meetings and conferences organized at different locations outside the Secretariat's headquarters related to the implementation of the Treaty and includes direct travel expenses (flights, train and incidentals), as well as daily DSA.

The level of utilization amounted to EUR 248,274.90 or 99.71%.

3.3 Office expenses from an ordinary budget

This budget line covers expenses for acquisitions of non-current assets, office furniture, computer equipment and software, as well as expenses for telephone, cleaning, maintenance and repair, and rental expenses.

The level of utilization amounted to EUR 431,303.26 or 99.85%.

3.4 Other costs and services from an ordinary budget

3.4.1 Advertising, communication and representation

Advertising, communication and representation expenses relate to Energy Community publications aimed at distribution to the interested public in order to promote operations and the Institutions of the Energy Community throughout the region of its scope of activities. Similarly, all material related to public relations together with representation is covered by this budget line.

The level of utilization amounted to EUR 74,983.02 or 98.27% (including legal commitments 2023).

3.4.2 Studies, research and consulting

In general, this budget sub-line allocates funds for activities related to consulting by third parties in the areas of work of the Energy Community. In 2023 the Energy Community initiated several contracts related to studies and research and some will continue in 2024.

The level of utilization amounted to EUR 408,735.15 or 97.57% (including legal commitments 2023).

3.4.3 Cost of outsourced services (IT, payroll, etc.)

Outsourced services relate to consulting and maintenance work provided by external IT companies (web server, HQ network, end-user equipment and software). Also included in this position are the costs for leased office equipment, as well as fees for web-based travel administration software and a yearly service fee for the accounting software.

The level of utilization amounted to EUR 204,949.89 or 98.91% (including legal commitments 2023).

3.4.4 Cost of audit, legal and financial advice

Expenses under this budget sub-line relate mainly to the costs of the annual audit as well as financial and legal advice, when required.

The level of utilization amounted to EUR 131,900 or 98.43%.

3.4.5 Financial services

This budget forecasts expenditures for bank fees in relation to a bank account held by the Energy Community. In the course of its regular business, the Energy Community reimburses travel costs to participants at conferences and meetings coming mostly from non-EU countries where no-cost SEPA transactions are not applicable.

The level of utilization amounted to EUR 23,260.30 or 89.46%.

3.4.6 Conference costs

Conference costs relate to expenses incurred for conference and meeting facilities, rental and support of required technical equipment and catering.

The level of utilization amounted to EUR 244,757.56 or 99.49%.

3.4.7 Refunding

Refunding represents the reimbursement of travel expenses to the eligible participants at the meetings organized by the Institutions of the Energy Community, recruitment travel and travel by non-staff personnel.

The level of utilization amounted to EUR 260,704.06 or 99.73%.

3.4.8 Training

In general, this budget sub-line allocates different pieces of training for employees of the Energy Community. In 2023 some of those training was not completed, but funds are obligated as they continue in 2024.

The level of utilization amounted to EUR 32,944.54 or 95.49% (including legal commitments 2023).

3.4.9 Write-Off receivable from Ukraine

The receivable from Ukraine in the amount of EUR 167,458.80 was written off proportionally to the different budget positions in accordance with the decision of the 21st Ministerial Council on 14th December 2023.

4 Budget management

Since 2007, the EU and the Contracting Parties to the Treaty establishing the Energy Community have committed to biannual budgets that provide a solid basis for the implementation of the objectives of the Treaty and the functioning of the institutions.

The Director of the Secretariat is entrusted with the implementation of the budget in accordance with the principles of Energy Community financial regulation, primarily Procedures for the Establishment and Implementation of Budget, Auditing and Inspection and Budget Committee Internal Rules of Procedure ("Budgetary Procedures").

The budget for 2023 is part of the biennium 2022-2023 approved by the Ministerial Council in 2021.

The biannual financial framework lays down the maximum amounts (ceilings) that the Energy Community may spend in 4 (four) different categories of expenditure (budget lines) each year.

The structure of the budget is defined in Title V of the *Budgetary Procedures*.

The funds are allocated between four major categories of expenditures of the Energy Community, "*budget lines*", composed of "*budget positions*". The headings (budget lines) correspond, therefore, to different types of expenditures, which are:

1. *Human resources* include the resources for the employment of the Energy Community personnel (temporary and permanent) at the seat of its Secretariat in Vienna
2. The *travel* budget line defines resources required for the travel activities of its personnel
3. *Office expenditures* include any resources that are necessary for the functioning of the Secretariat as a seat of the Energy Community
4. *Other costs and services* include resources required for the continuous functioning of the Secretariat (i.e. outsourced services for IT and accounting) and for technical assistance provided to the Contracting Parties as well as management and refunding of events.

The operational expenditure necessary for the functioning of its institutions are laid down in different parts of the budget. For the year 2023, the biannual ordinary budget sets a maximum of **EUR 5,080,365** for commitment appropriations (before adjustments).

4.1 Budget implementation

During the year, the budget of the Energy Community may be modified as is often required by the changing conditions during the year of implementation. This is usually done either through transfers or sometimes through amending the budget.

The final budget for a given year is considered as a final one once the financial year has ended and all changes have been approved, either by the Director or by the Budget Committee in line with their respective competencies (Art 18 of the Budgetary Procedures).

The following flexibility instruments may result in changes in the annual budget of the financial year:

4.1.1 Carryover of unused legal commitments

Unused commitments are budget contributions that have not been used (paid or invoiced) at the balance sheet date but for which commitments (e.g. by the commissioning of studies) have been entered into in the current year or in prior years. The carryover of legal commitments is presented in Table 4.

	2023 in EUR
Studies, research and consulting	87.848,50
Consulting	73.200,00
Advertising, communication and representation	21.550,00
Cost of outsourced services	11.480,00
Training	115,33
Total ORDINARY BUDGET	194.193,83
Thereof unused legal commitments	-
Total EXTRA ORDINARY BUDGET	
Thereof unused legal commitments	-
Total ORDINARY & EXTRA ORDINARY BUDGET	194.193,83

Table 4. Legal Commitments carried forward from 2023 to 2024.

4.1.2 Transfers of budget appropriations

Transfers between budget lines are cost neutral in their effect on the overall budget. Generally, the decision is by the Director with information provided to the Budget Committee for the amounts +/- 10% compared with the original budget lines. For higher amounts, or for transfers to/from the budget line "Human Resources", the approval of the Budget Committee is required and was granted in 2023 by written decision of the Budget Committee.

In 2023, EUR 23,000 were transferred from the budget line “Travel Expenses”, EUR 74,300 were transferred from the budget line “Office Expenses” to the budget line “Human Resources” (increasing it by EUR 91,600) and “Other costs and services” (increasing it by 5,700) required in response of the decision of the Ministerial Council dated December 14, 2023 to write-off unpaid contribution of Ukraine resulted in the overall reduction of the budget appropriation available in the Human Resources budget line. Overall, EUR 91,600 or 1,80% of the initial budget approved resources were reallocated, see details in Table 5.

Budget Line/Position (in EUR)	Original Budget 2023	Changes due to other Sources of Revenue	Budget Transfers 2023	Final Budget 2023
ORDINARY BUDGET				
1. HUMAN RESOURCES				
Subtotal Human Resources	2.906.865,00	0,00	91.600,00	2.998.465,00
2. TRAVEL EXPENSES				
Daily Subsistence Allowance (DSA)	89.600,00	0,00	-4.600,00	85.000,00
Travel Expenses (flights and incidentals)	182.400,00	0,00	-18.400,00	164.000,00
Subtotal Travel Expenses	272.000,00	0,00	-23.000,00	249.000,00
3. OFFICE EXPENSES				
Office rent	215.000,00	0,00	-44.500,00	170.500,00
Office equipment	70.000,00	0,00	-12.600,00	57.400,00
Consumables	150.000,00	1.240,00	-29.500,00	121.740,00
Other Services	70.000,00	0,00	12.300,00	82.300,00
Subtotal Office Expenses	505.000,00	1.240,00	-74.300,00	431.940,00
4. OTHER COSTS AND SERVICES				
Advertising, communication and representation	50.000,00	0,00	26.300,00	76.300,00
Studies, research and consulting	516.500,00	0,00	-97.600,00	418.900,00
Costs of outsourced services (IT, payroll, etc.)	200.000,00	0,00	7.200,00	207.200,00
Costs of Audit, Legal and Financial Advice	130.000,00	0,00	1.900,00	131.900,00
Financial services	26.000,00	0,00	0,00	26.000,00
Conference costs	120.000,00	0,00	126.000,00	246.000,00
Refunding	284.000,00	0,00	-22.600,00	261.400,00
Training	70.000,00	0,00	-35.500,00	34.500,00
Subtotal Other Costs and Services	1.396.500,00	0,00	5.700,00	1.402.200,00
Subtotal Operating Expenses	2.173.500,00	1.240,00	-91.600,00	2.083.140,00
TOTAL EXPENSES - ORDINARY BUDGET	5.080.365,00	1.240,00	0,00	5.081.605,00

Table 5. Comparison of original budget with budget transfers and other revenues

4.1.3 Amendments to the budget

There were no amendments in 2023.

5 Accounting framework

The Energy Community accounts are prepared in accordance with the International Public Sector Accounting Standards (IPSAS), ensuring that the accounts provide relevant, reliable, comparable and understandable financial information to its stakeholders.

6 Annual accounts

The accounts provide information on the financial position (statement of financial position) and financial performance (statement of financial performance) with detailed explanations of the respective positions presented (notes to the financial statements). Further, a detailed report on the execution of the Energy Community budget, as required under IPSAS 24, is part of the annual accounts.

Annual accounts comprise two main elements:

- 1) Financial statements that show the Energy Community's assets and liabilities and the revenues and expenditure for that period
- 2) The budget implementation report shows the ordinary budget, derived from the contributions of the Parties, and the extraordinary budget, established through other sources of revenues received (direct grants, donations, other).

7 The budgetary discharge

Every year, the Ministerial Council, after taking account of the potential observations of the Budget Committee, examines the certified accounts and financial statements of the Energy Community and the report of the external auditors, with the view of granting the discharge of the Director from his/her management and administrative responsibility with respect to the budget for the year in question.

The integrated financial package being a basis for the discharge decision comprises the following documents:

- 1) The Director's Report on the budget utilization as required under Article 75 of the Treaty (the present Report)
- 2) Annual accounts produced in accordance with IPSAS
- 3) Potential observations of the Budget Committee in relation to the audit as per Article 82 of the Budgetary Procedures.

8 Control of the Energy Community budget

The annual accounts are audited by the assigned external audit company, which gives its opinion in a public report (published on the website of the Energy Community) and directly to the Budget Committee of the Energy Community comprising representatives of the Parties to the Treaty.

In July 2024, the designated external audit company *Forvis Mazars Audit GmbH Wirtschaftsprüfungsgesellschaft* (Austria) finalized the audit of the financial statements of the Energy Community for the year ending 31 December 2023. The audit's 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 statement of the auditors for the relevant period ending 31 December 2023 is the following:

“In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Organization as of 31 December 2023, of the financial performance and of its cash flow for the financial year then ended in accordance with International Public Sector Accounting Standards (IPSAS). The Statement of Comparison of Budget and Actual Amounts for the Year 2023 is prepared, in all material respects, also in accordance with IPSAS.”¹

As a final outcome, a statement of assurance has been issued by the audit company, which is the sound basis for the proposal for the decision on the discharge of the Director from his management and administrative responsibilities for the financial year 2023.

¹ See Audit Report on the Financial Statements as at 31 December 2023.