Agenda point 5.

*Budget 2017*
Content

- Report on Audit of the Financial Statements for the period ending 31 December 2017
- Director’s Report under Art 75
- Budget Committee Report on audit 2017
- Annual Activity Report of the Budget Committee
Agenda point 5.

*Report on Audit of the Financial Statements for the year ended 31 December 2017*
Audit Conclusions/Summary

Auditor’s report: Financial statements in accordance with International Public Sector Accounting Standards (IPSAS)

- **Unqualified audit option**
- **Audit did not give rise to any objections**
- The financial statements comply with legal requirements and are presented fairly in accordance with International Public Sector Accounting Standards (IPSAS)
- **No uncorrected audit misstatements identified during our audit**
- **No material weaknesses in the internal controls over the financial reporting process noted**
- During the audit no facts noted which indicate there could be substantial doubt about the Organization’s ability to continue as a going concern, or which might indicate a material offence of the Organization’s legal representatives or its employees against Austrian law or the Organization’s Articles of Association
- **No indicators for fraud**
Agenda point 5.

*Director’s Report under Art 75*
Director’s Report under Art 75 of the Treaty

Legal basis

- Art 75 of the Treaty

“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. (…)”

Content

- Budget (Financial Framework, budgetary procedure, management and control)
- Implementation (Overview)
- Revenue (details)
- Expenditure (details)
Director’s Report Budget 2017 - Revenue

Energy Community Revenue 2017

- Parties Contributions: 73.06%
- Donations: 4.33%
- Grants: 22.58%
- Other Sources: 0.03%

Legend:
- Parties Contributions
- Donations
- Grants
- Other Sources
Energy Community Budget 2017 – Utilisation overview

- **Union Revenue**: 4,354,832
- **Grant Contract EU4Energy**: 497,815
- **Secure Austria**: 170,000
- **Sponsor's Donation**: 7,200
- **IVF Vysehrad Fund**: 35,000

- **Total**: 6,278,482

- **Utilisation Overview**:
  - **Finance Revenue**: 1,879
  - **Contracting Parties**: 232,099
  - **European Union**: 4,354,832

- **Other Costs and Services**: 1,474,721
- **Human Resources**: 2,405,895
- **Office Expenses**: 329,095
- **Travel Expenses**: 318,991

- **Utilisation**: 5,656,418
  - **Sponsor's Donation**: 8,891
  - **IVF Vysehrad Fund**: 35,000
  - **Grant Contract EU4Energy**: 682,167
  - **Contracting Parties**: 227,547

- **Total Utilised**: 5,656,418

**Note**: The table and chart represent the utilisation overview of the Energy Community Budget 2017.
Director’s Report Budget 2017 – Repayments

Return Ratio Per Party

<table>
<thead>
<tr>
<th>Country</th>
<th>Return Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU (European Union)</td>
<td>1.30%</td>
</tr>
<tr>
<td>Albania</td>
<td>0.00%</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>0.00%</td>
</tr>
<tr>
<td>Kosovo*</td>
<td>0.00%</td>
</tr>
<tr>
<td>Montenegro</td>
<td>0.00%</td>
</tr>
<tr>
<td>Moldova</td>
<td>0.00%</td>
</tr>
<tr>
<td>former Yugoslav Republic of Macedonia</td>
<td>0.00%</td>
</tr>
<tr>
<td>Serbia</td>
<td>0.01%</td>
</tr>
<tr>
<td>Ukraine</td>
<td>0.05%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.37%</td>
</tr>
</tbody>
</table>

Note: The figures represent the return ratio per party for the year 2017.
Agenda point 5.

*Budget Committee’s Report on Audit 2017*
Reporting obligation of the Budget Committee under Art 81 (5) of the Budgetary Procedures:

- Scope of Audit
- Key Finding
  
  “In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of 31 December 2016, and its financial performance for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS)”.

- Financial management of the Energy Community Funds
Agenda point 5.

Annual Activity Report (AAR) of the Budget Committee to the PHLG
Reporting obligation under *Internal Rules of Procedures* of the BC, item III.3

<table>
<thead>
<tr>
<th>Dates</th>
<th>Topics of discussion</th>
</tr>
</thead>
<tbody>
<tr>
<td>27/6</td>
<td>Audit 2016&lt;br&gt;Financial Reports for MC&lt;br&gt;Donations (Poland, Austria)&lt;br&gt;Commission’s proposal on budget 2018-2019&lt;br&gt;Methodology of calculations of the budget contribution&lt;br&gt;Improved presentation of the work program (in future)&lt;br&gt;Ongoing budget utilisation</td>
</tr>
<tr>
<td>19/12</td>
<td>Budget utilisation 2017&lt;br&gt;Budget 2018-2019&lt;br&gt;Activity based budgeting&lt;br&gt;Information on staff legal case</td>
</tr>
<tr>
<td>WP 01 27/10</td>
<td>Preliminary Agreement on the acceptance of the donation in the amount of Eur 30k from the Republic of Poland</td>
</tr>
</tbody>
</table>
Agenda point 5.

*Discharge of the Director from his management and administrative responsibility for the year 2017*