

INTERREG III B
NORTH WEST EUROPE


INTERACT – Finance Staff Network Meeting
Paris, 14-15 March 2005

FINANCIAL CORRECTIONS AND RECOVERY PROCEDURE

INTERREG IIIB – NWE Programme experience

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FINANCIAL CORRECTIONS AND RECOVERY PROCEDURE



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BACKGROUND INFORMATION

E.C. Regulations

- Article 39 of regulation 1260/1999 :

« Member States shall, in the first instance, bear the responsibility for investigating irregularities and making the financial correction required »
- Article 8 of regulation 438/2001:

Role of the Paying and Managing Authorities in keeping account of the amounts recoverable
- Regulation 448/2001:

Procedures for making financial corrections to assistance granted under the Structural Funds


BACKGROUND INFORMATION
E.C. Regulations



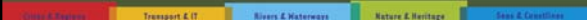
- Regulation 1681/1994:
Communication to OLAF concerning irregularities and the recovery of sums wrongly paid




BACKGROUND INFORMATION
Commission working paper




- « **INTERREG IIIB and IIIC Member State responsibility – management and control system** » - 6 March 2001
- Question: who bears the final financial responsibility in the framework of an INTERREG project?
- Several options are proposed in the document (joint responsibility, limited responsibility, etc.)
- It remains with the Member States concerned to agree amongst themselves about the most appropriate formula



BACKGROUND INFORMATION
Legal basis for the NWE Programme



- The Letter of Agreement between the Member States, the Managing Authority and the Paying Authority
- Joint liability of the seven Member States for Technical Assistance expenditure, proportionally to their respective share in the TA budget
- Individual liability of each Member State for the ERDF funding granted to projects led by their nationals (even for cases where the errors or irregularities are committed by partners from other Member States)



BACKGROUND INFORMATION
Process

- November 2003: draft proposal by the Secretariat
- November 2003 – May 2004: discussion within the NWE Auditors Group (“Financial Controllers Group”)
- May 2004: approval of the final version by the NWE Auditors’ group
- November 2004: approval by the NWE Monitoring Committee

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KEY POINTS OF THE PROCEDURE
Principles

- The procedure follows from the general principle agreed upon by the Member States
- Distinction between a procedure for « projects » and a procedure for « technical assistance »
- Possible detection of errors at various stages with the consequence of different actions
- Clear and precise definition of everybody’s role (who does what when and how)


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KEY POINTS OF THE PROCEDURE
Principles

- Importance to fix deadlines
- The JTS is the interface between the various bodies involved (projects, national auditors, Managing Authority, Paying Authority)
- Standard form to inform the National Authority of an irregularity (or suspicion of irregularity)

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KEY POINTS OF THE PROCEDURE
Procedure for projects



- Depending at which stage the error is detected, different actions are possible:
 - project has to send a revised payment claim
 - amount to be deducted from the next payment
 - launch the recovery procedure
- The Lead Partner will be asked to submit (if applicable) a corrective payment claim in order to properly record the amount to be deducted

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KEY POINTS OF THE PROCEDURE
Procedure for projects



- Recovery procedure:
 - LP to reimburse the amount reclaimed within 3 months
 - involvement of the National Authority concerned in the recovery process
 - if the LP fails/refuses to reimburse the amount due, the National Authority is asked to pay the amount reclaimed to the Programme bank account within 3 months
 - the National Authority reclaims the amount from the LP (but the Programme is not involved anymore at this stage)

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KEY POINTS OF THE PROCEDURE
Procedure for TA expenditure




- Member States pay their contribution to the Technical Assistance budget on the TA bank account in advance
- In case of correction, the related expenditure is covered only by the Member States TA contribution
- No reimbursement to be made as the money is already on the TA bank account

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KEY POINTS OF THE PROCEDURE
Statement to OLAF



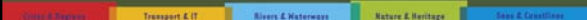
- The national auditors inform the JTS about the irregularities found in projects led by their nationals and prepare the OLAF statement
- The Secretariat centralises the information received and send it to the Managing Authority
- The Managing Authority sends the information notice to OLAF on a quarterly basis




KEY POINTS OF THE PROCEDURE
Other requirements



- The Paying Authority keeps an account of amounts recoverable (Art. 8 – Regulation 438/01)
- The Paying Authority sends to the European Commission a yearly statement of the amount awaiting recovery (Art. 8 – Regulation 438/01)
- The JTS informs (on a 6 months basis) the body in charge of the Programme closure on the financial correction and the amounts to be recovered



INTERREG IIIB NWE
Annexes



- Annex 1: Commission working paper on INTERREG IIIB and IIIC Member State Responsibility
- Annex 2: NWE Programme procedure for financial corrections and recovery
- Annex 3: NWE notification to National Authority

