

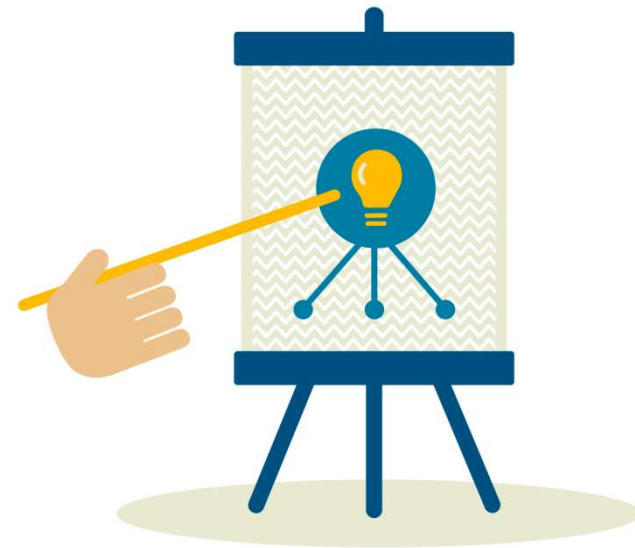
# Welcome and Introduction

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Annual accounts – piece of cake or a deal breaker ?

21 March 2018 | Florence, Italy

**Malgorzata Zdunek, Interact**



# Objectives

- to learn from others on best practices implemented;
- to familiarise yourselves with ways challenges could be overcome;
- to identify ways the process of submission of annual accounts for the programme can be improved.



# Who is here?



Interreg V - A: 24

IPA CBC – 4

Interreg VB (TN): 6

Interreg VC (IN): 2

TESIM

Urban Initiative Actions

# Interreg Implementation until the end of 2017 – State of play

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breaker ?

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## INTERREG 2014-2020

1  
OF THE

**2**

GOALS OF  
EU COHESION  
POLICY

10.1  
€ BILLION  
OUT OF

**351.8**  
€ BILLION FOR  
COHESION POLICY  
(2013 PRICES)

**2.8%**

OF THE TOTAL  
COHESION POLICY  
BUDGET

**107**  
COOPERATION  
PROGRAMMES

### ► CROSS-BORDER INTERREG VA

**60** COOPERATION  
PROGRAMMES  
INTERNAL BORDERS

**6.6**  
€ BILLION

**12** INTERREG IPA  
INSTRUMENT FOR  
PRE-ACCESSION

**242\***  
€ MILLION

**16** INTERREG ENI  
EUROPEAN  
NEIGHBOURHOOD  
INSTRUMENT

**634\***  
€ MILLION

### ► TRANSNATIONAL INTERREG VB

**15**  
COOPERATION  
PROGRAMMES

**2.1**  
€ BILLION

### ► INTERREGIONAL INTERREG VC

**4** COOPERATION  
PROGRAMMES

- INTERREG EUROPE
- INTERACT
- URBACT
- ESPON

► **0.5**  
€ BILLION

Source: InfoRegio

# Adopted programmes and status of designation of authorities by 31 December 2017

ETC	Total No of programmes adopted	No of designated authorities	Total allocation of adopted programmes, MEUR		Total initial pre-financing paid, MEUR (CBC, TN, IR) **cumulative, excl. IPA CBC
			Total funding	Union support	
2014	18	0	3 026	1 981	19.7
2015	67 (incl. IPA, PEACE, ESPON, URBACT)	6	9 927 *9 484	7 714 *7 337	164.9
2016	1 (IPA CBC Italy-Albania, Montenegro)	17	92.7	78.8	184.7
2017	0	39			n/a

\*without IPA CBC. Source: EC.

\*\* PF paid to IPA CBC – 94.2 MEUR.

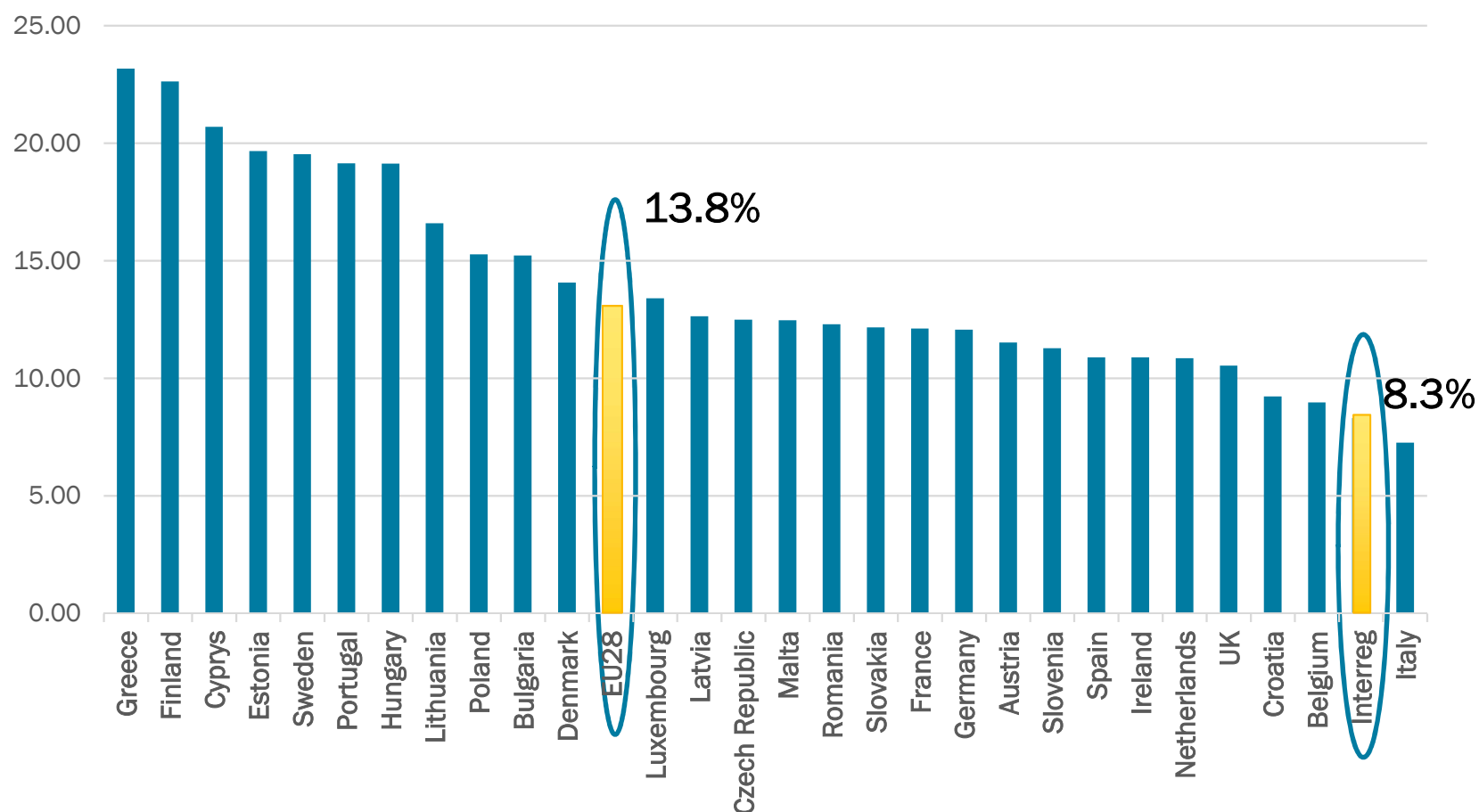
# Analysis of 2015/2016 budgetary implementation

- Delays in implementation

## Main reasons for delays in implementation

- Late adoption of the main legal issues
- New designation process for MAs/CAs – delays at national level
- Additional requirements introduced by the new regulations (e.g. fulfilment of ex-ante conditionalities, common strategy and stronger coordination requirements)
- Absence of a deadline for automatic decommitments at the end of 2016
- Closure of 2007-2013 programming
- Very slow submission of payment applications as compared to their forecasts

# Regional Policy 2014-2020 EU payment rate, 2017, %



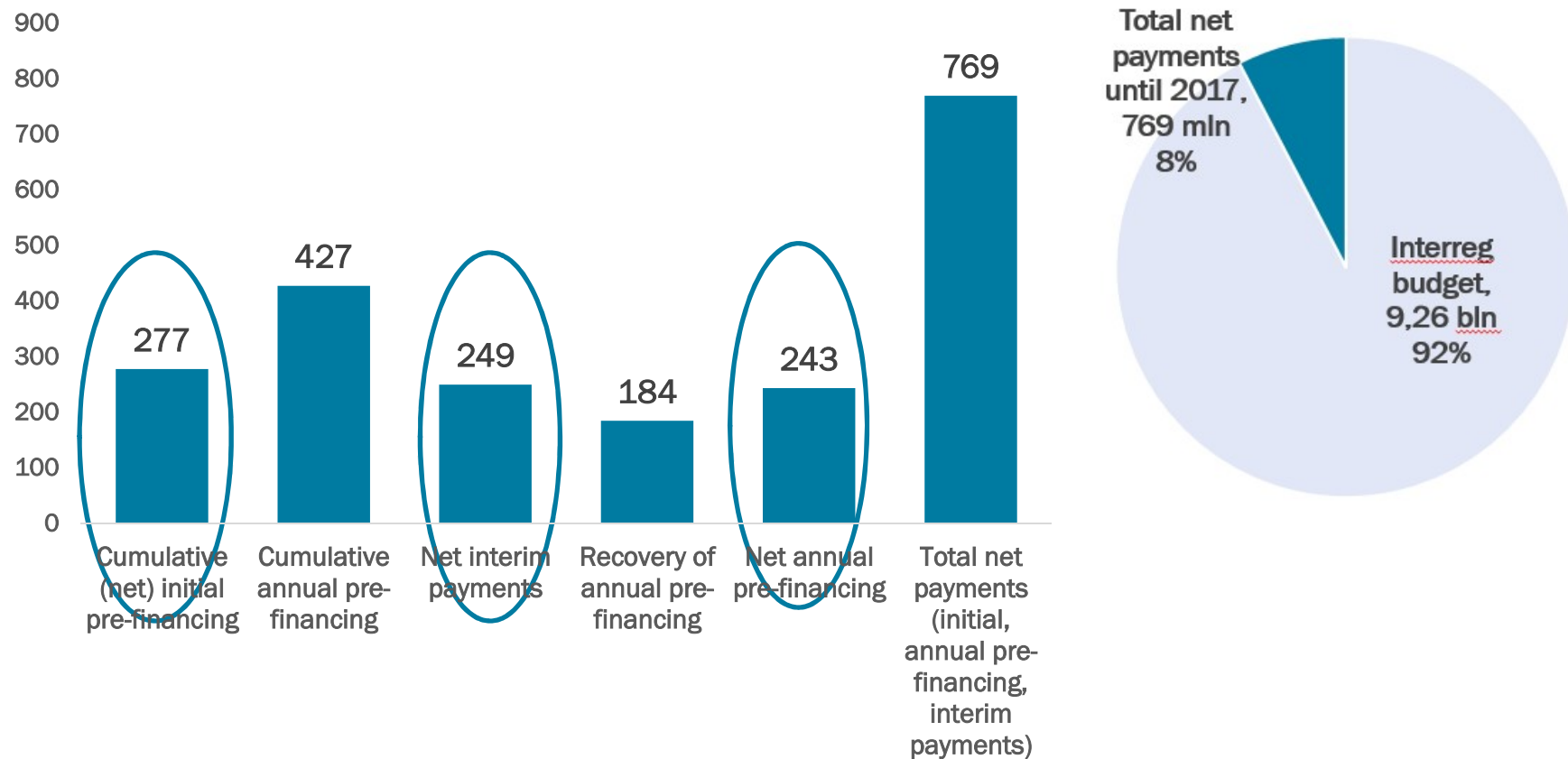
Source: Regional Policy 2014-2020 EU payment details, Cohesion Data



# What is counted in payment rate?

- Cumulative initial pre-financing – 3% of the amount of support from the Funds (3 instalments, 2014-2016)
- Cumulative annual pre-financing – certain % of the amount of support from the Funds, paid annually between 2016 – 2023
- Net interim payments – interim payment claims submitted plus annual pre-financing covered by expenditure
- Recovery of annual pre-financing – balance of annual accounts, offsetting positive balance against future annual pre-financing
- Net annual pre-financing - cumulative annual pre-financing diminished by recovery of annual pre-financing

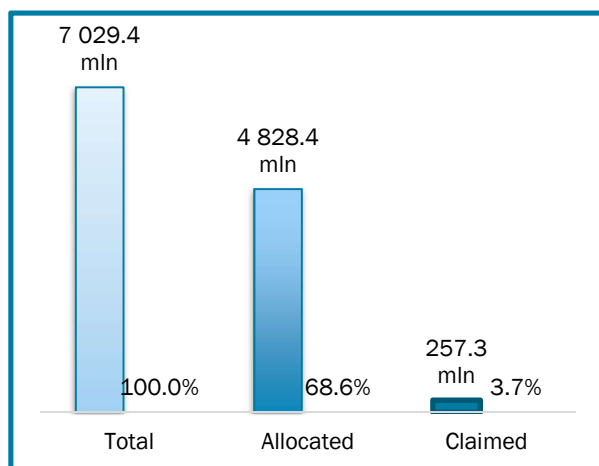
# Interreg payment details, 2017, mln EUR



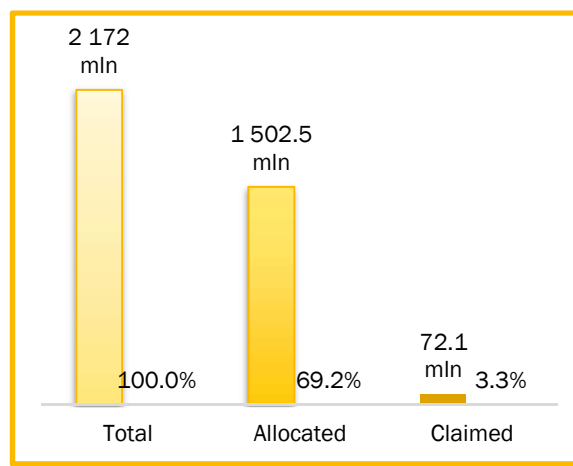
Source: Regional Policy 2014-2020 EU payment details, Cohesion Data

# Interreg implementation until Dec 2017

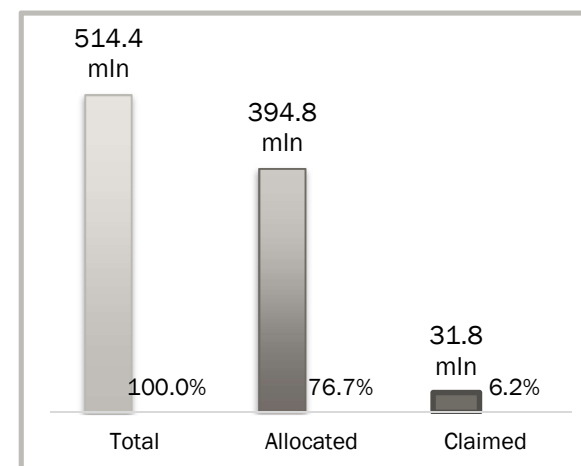
Interreg V-A + Interreg-IPA  
Cross-border



Interreg V-B  
Transnational

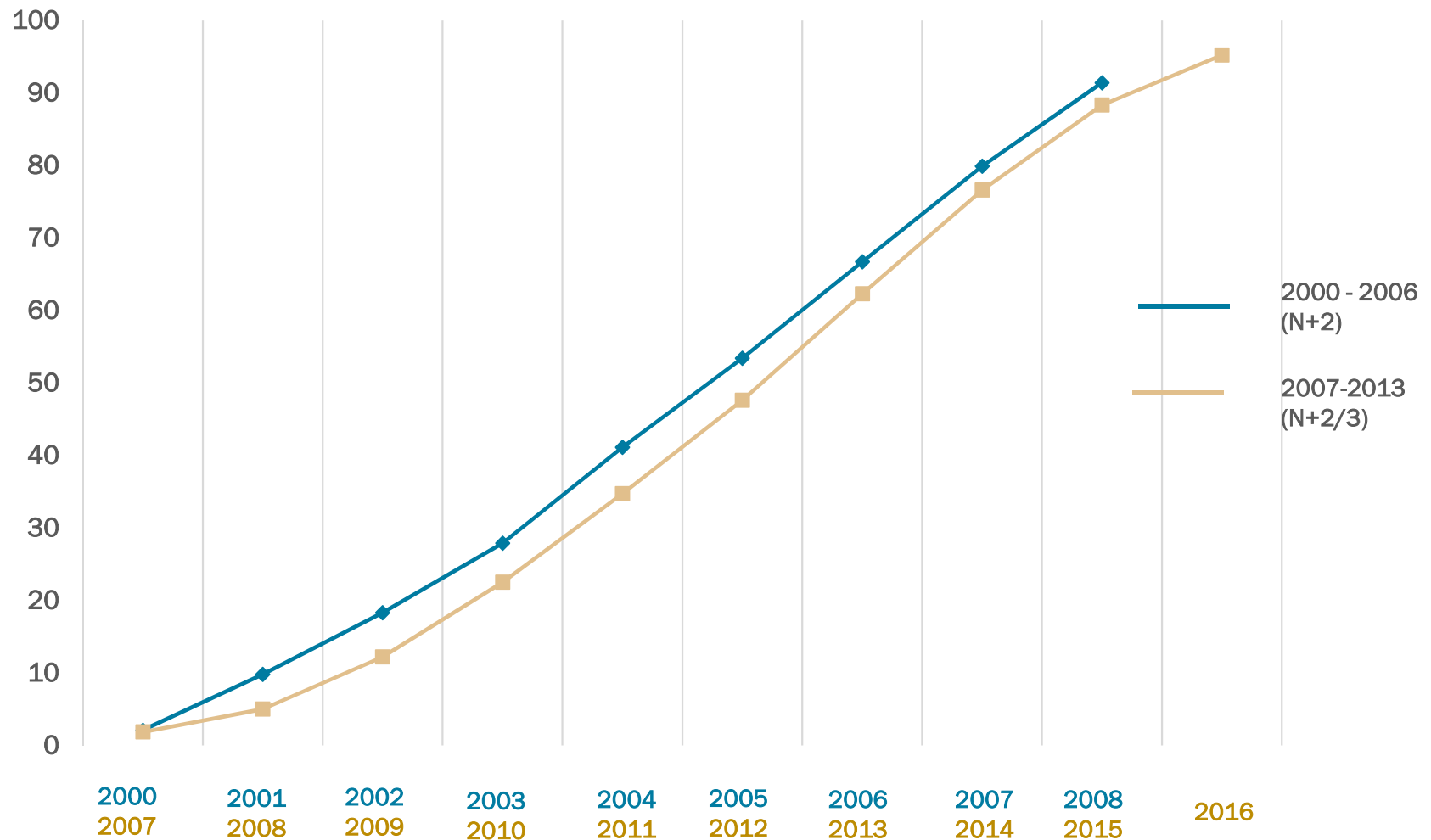


Interreg V-C  
Interregional



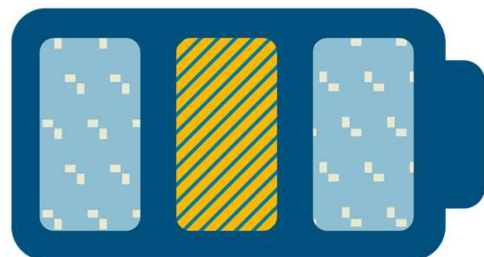
Source: Regional Policy 2014-2020 EU payment details, Cohesion Data

# ERDF absorption rate, EU28



# **February 2018. State of Play of Annual Accounts submission**

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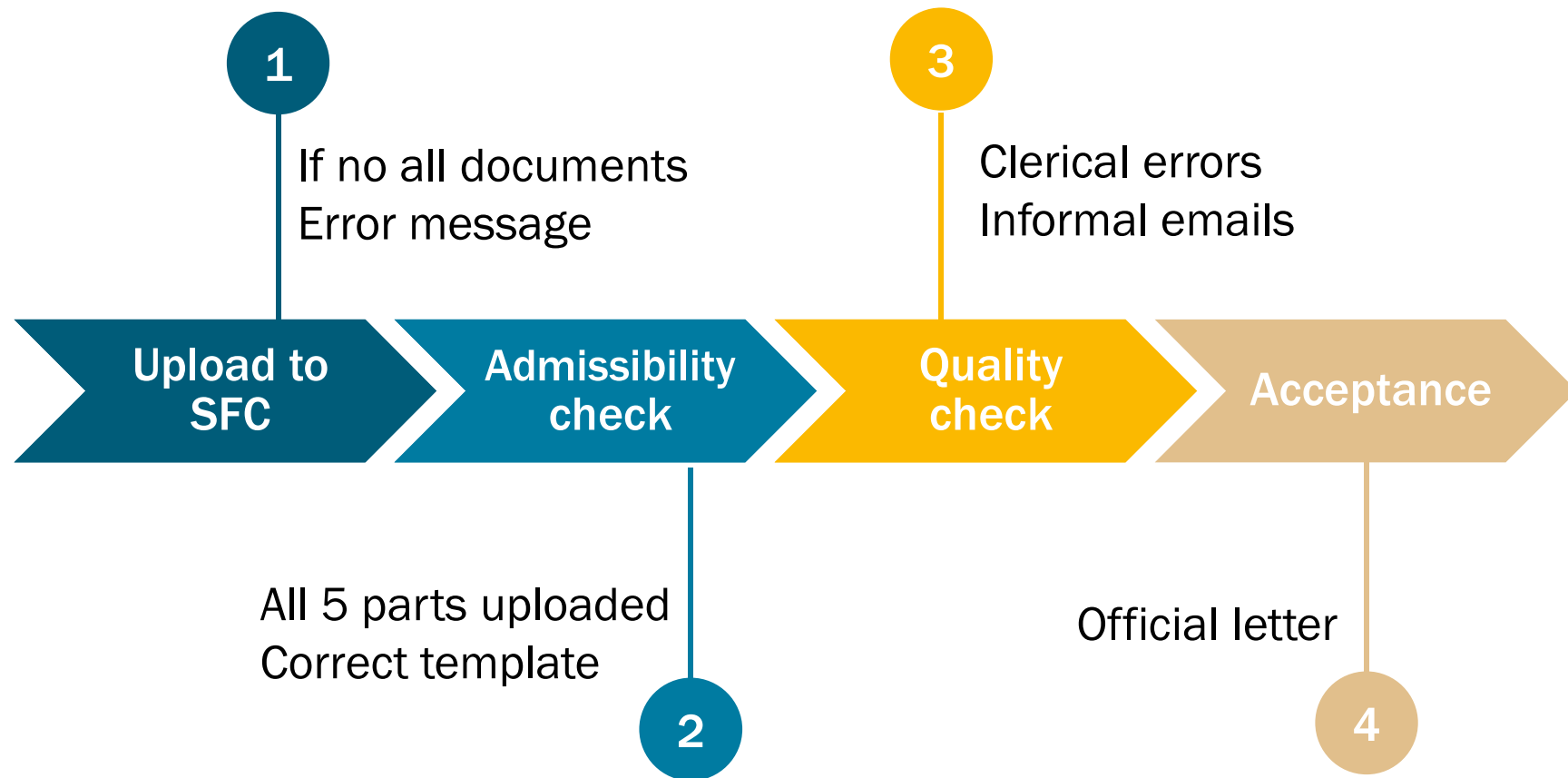


# 15 February 2018 – annual accounts submissions

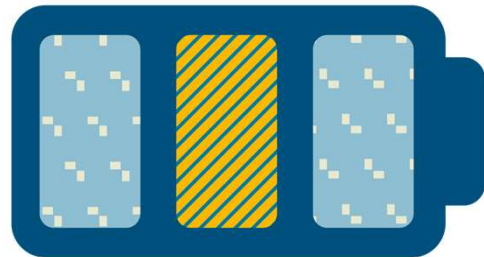
- 28 non-zero Interreg annual accounts submitted
- Including 3 IPA – CBC programmes
- 2 requests of extension of the deadline (till 1 March)
- Extensions asked due to audit work not finalised within deadline



# Annual accounts – process at the EC



# What did you say during registration to the event?





# What went smoothly?

- We had only zero accounts till now
- The idea was clear to us
- We did not have any irregularities
- Clear guidance / template on Management Declaration and Annual Summary
- Our e-system allows easy access to all needed data
- Establishment of calendar of actions for MA/CA/AA
- No audit of operations as only lump sums claimed
- ..Nothing went smooth!



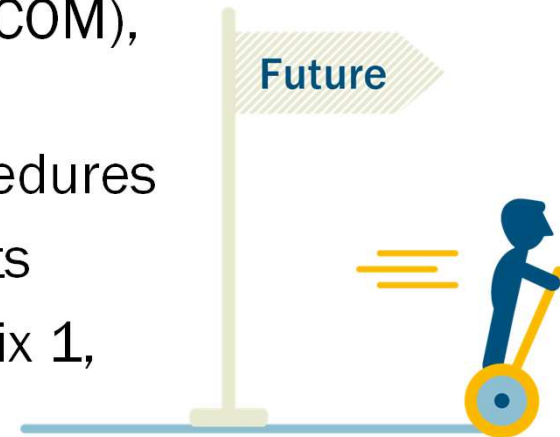
# Main challenges

- To guess what COM means with certain columns headers
- Audit of accounts for the first time
- Complexity, administrative burden, poor SFC guidance
- Treatment of irregularities
- Coordination, timing, not respecting deadlines, sharing the common understanding, consistency of documents
- Different authorities in different countries with different workflow
- Decision on a) to declare less costs or b) to have 2 samples and tight schedule for auditors



# Desired changes

- Timing, prolong the deadline for submission
- Harmonised vocabulary (wording used by COM), need of more clarity on what to include
- We need to improve our own internal procedures
- The alignment of N+3 and annual accounts
- Entry of payment to beneficiaries (Appendix 1, column C) should be skipped
- Integrated data collection and reporting system for all with automatic download of data to accounts
- Analysis of the necessity of annual accounts
- ... let's skip the annual accounts!



# Cooperation works

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All materials will be available on:

[www.interact-eu.net](http://www.interact-eu.net)

# Upcoming Interact events

- Simplified costs options in practice 5  
– 6 April, Turin
- Programme management for  
beginners 24 – 25 April, Budapest
- National control (FLC) workshop 8 –  
9 May, Dubrovnik
- Audit Authorities network meeting 29  
– 30 May, Valencia
- Annual accounts with COM  
representatives – September

