

Welcome to

# The AA and GoA members network meeting

Przemyslaw Kniaziuk, Iuliia Kauk/ 13-14.06.2023 / Pisa, Italy

Axel Badrichani, Marcela Buzoi, Veronica Cotea, EC, DAC.6 unit

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**Welcome to Pisa, Italy!**

# Objectives of the meeting

- ✓ State of play of the financial implementation of the 2014-2020 programmes and progress with 2021-2027
- ✓ Exchange on common sample: challenges, common questions, clarifications
- ✓ Discuss the risk-based approach to management verifications and exchange on the role of the AA in the process; to hear first impressions of the informal consultations of the MA's methodologies
- ✓ Learn how auditors can make use of Jems / monitoring systems
- ✓ Exchange on the SCOs – audit and verifications highlights
- ✓ Network and learn from each other

# Agenda/13 June

**09.45 – 11.00**

**State of play –  
Financial  
implementation &  
Report on the  
assessment of  
assurance  
packages 2021-  
2027**

**11.30 – 13.00**

**Common  
sample**

**14.00 – 15.30**

**Risk-based  
management  
verifications –  
roles &  
responsibilities**

**15.45 – 17.00**

**AA and Jems**

**20.00 -**

**Networking  
dinner**

# Agenda/ 14 June

**09.30 – 11.45**

**SCOs – AA's  
perspective**

**12.15 – 13.00**

**AOB – SPF, State  
aid, Annex XVII CPR**

...

**13.00 – 14.00**

**Farewell lunch**

# Who are we?

- ✓ 13<sup>th</sup> annual meeting organized by Interact
- ✓ Auditors and GoA Members from 23 EU Member States (AT, CY, FR, MT missing) and IPA countries (Albania, North Macedonia, Serbia, Turkey)
- ✓ Separate TESIM meeting for NEXT auditors and GoA members
- ✓ DAC Unit from the European Commission
- ✓ Programmes: ADRION, Interreg Europe, North-West Europe

# Requested topics from the registration

- **Risk-based management verifications and common sample**
- Programme closure 2014-2020
- SPF area (set-up, audit and control in practice)
- Use of lump sums
- Enabling conditions, DNSH
- How to measure and check project deliverables on a short-term basis (within the project period)
- FNLC
- Updates of the legal framework of the 2021-2027 period

# Working agreements

- a) ~~Please stay muted unless talking~~
- b) Be active!
- c) Ask questions
- d) Contribute and share (any idea is welcome)
- e) Be open
- f) Be patient with your peers
- g) Have a good time 😊



# Auditor 2021-2027

Warm-up (5 mins)



**Adjectives/ words that best describe an Auditor in 2021-2027**

- List 4
- Reduce to 1
- Share with the group

# What's new?

## State of play and some updates

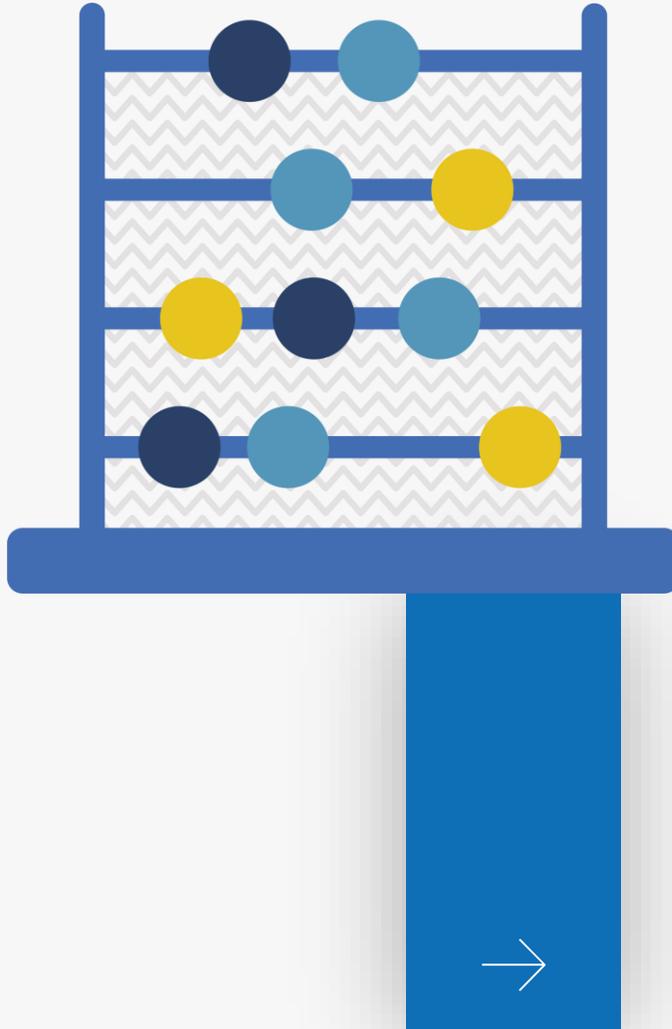
AA and GoA network meeting/ Pisa, Italy

Iuliia Kauk/ Interact / 13-14 June 2023

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# State of play of Interreg programmes implementation

29 May, 2023

Source: [Cohesion Open Data platform](#)

*(Interreg + IPA-II programmes, ENI programmes are not covered in 2014-2020)*

Real spending rates are higher!

# COHESION OPEN DATA PLATFORM

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## New to #CohesionOpenData?

[FAQ](#) - [Blog](#) - [User Guide](#)

[Cohesion Overview 2014-2020](#)

[INFOREGIO: policy website](#)

## Already a data expert?

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[Cohesion Overview 2021-2027](#)

[KOHESIO: project website](#)

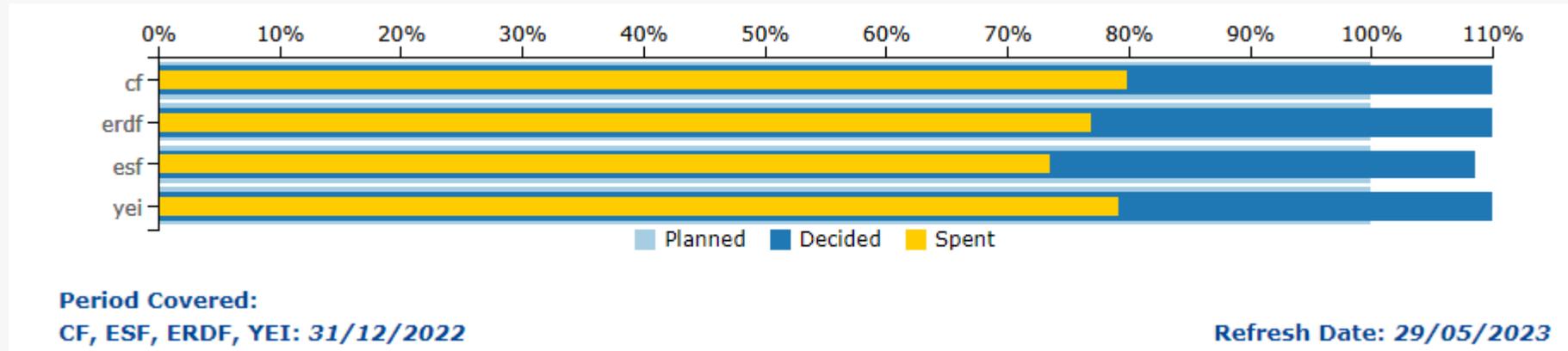
# Where are we with the „old“ programming period?

## 9th accounting year

- 1 July 2022 – 30 June 2023
- 10th accounting year left – 1 July 2023 – 30 June 2024
- Final eligibility of expenditure (N+3) – *for all projects to incur their expenditures* – 31 December 2023
- Programmes can pay later – end of June 2024 final deadline (in the course of July – final payment application to the EC)

# Implemented finances, total costs

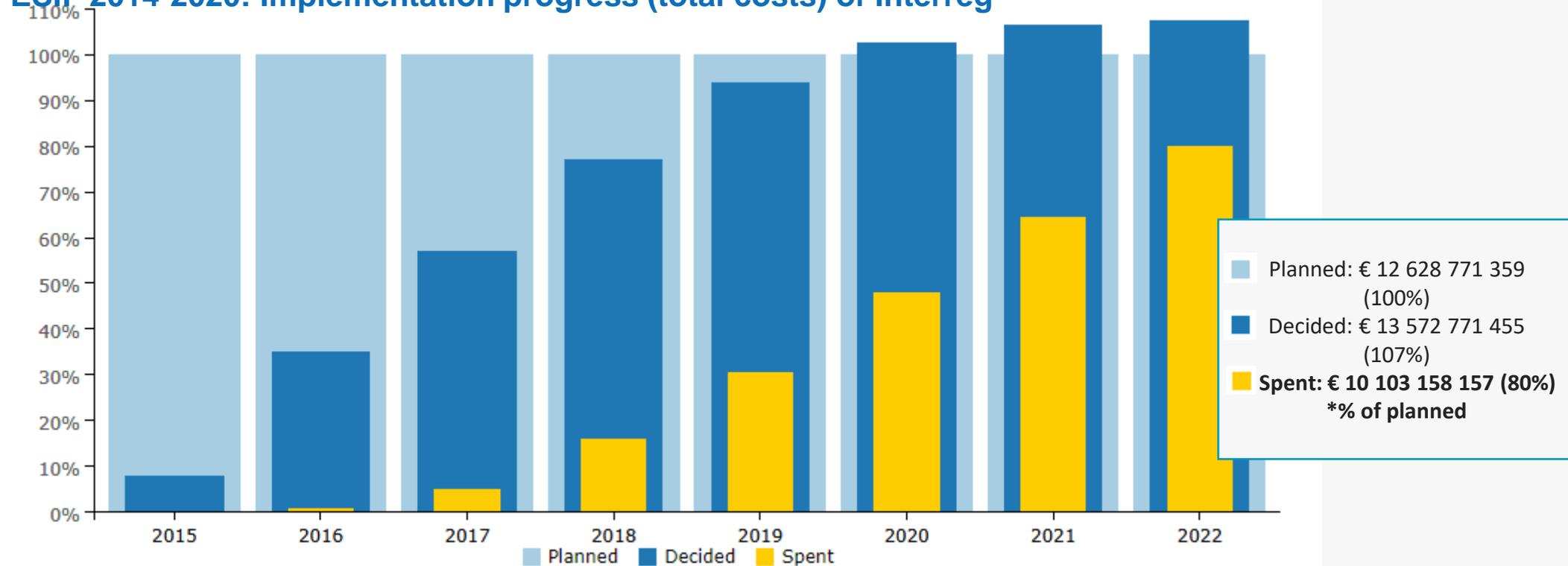
2014-2020: Cohesion policy financial implementation (total costs) by Fund



■ Planned: € 308 269 198 186 (100%)  
 ■ Decided: € 368 915 167 696 (120%)  
 ■ Spent: € 237 204 187 696 (77%)  
 \*% of planned

# Implemented finances, total costs

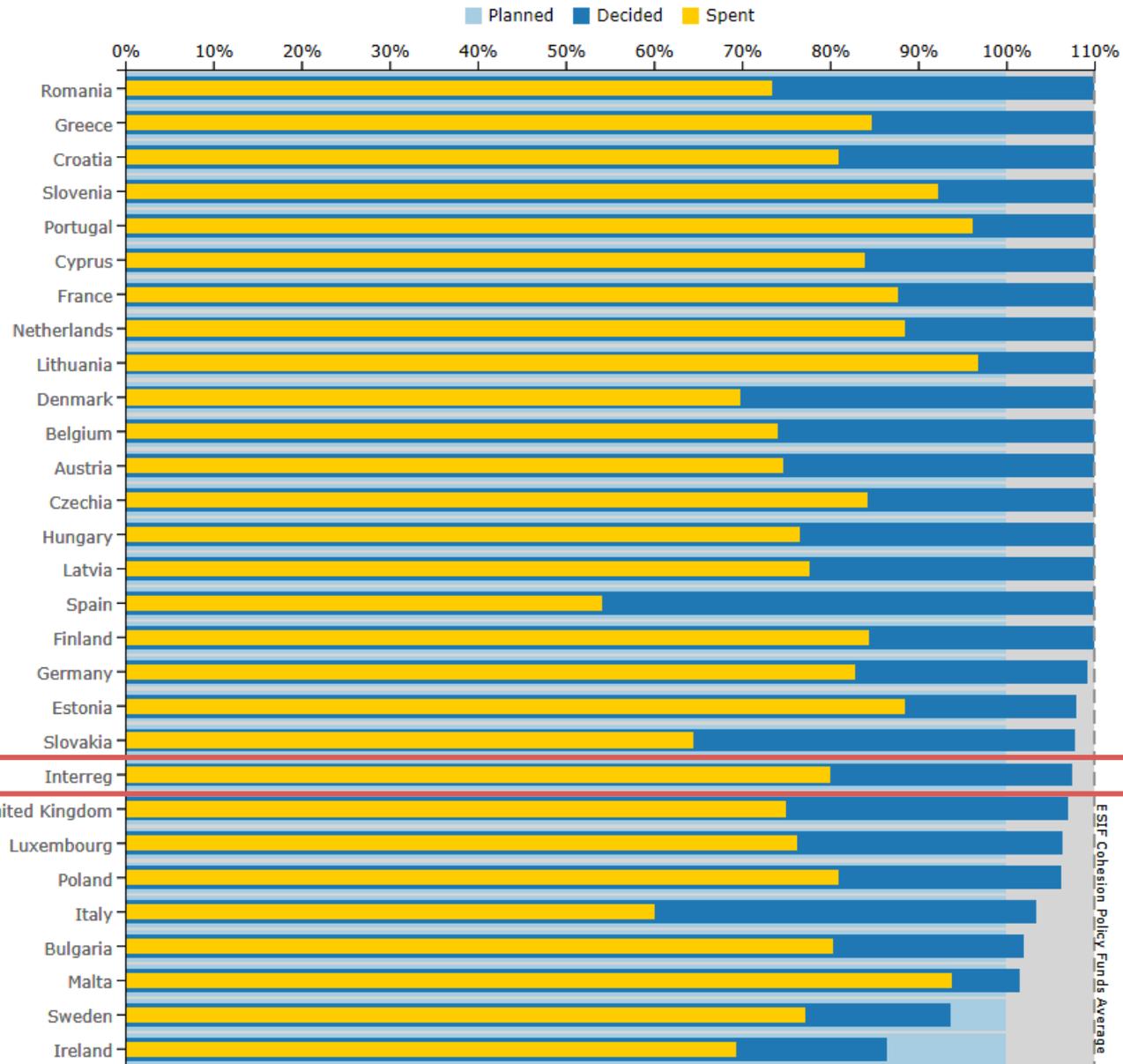
ESIF 2014-2020: Implementation progress (total costs) of Interreg



Period Covered: up to 31/12/2022

Refresh Date: 29/05/2023

# Financial progress by country

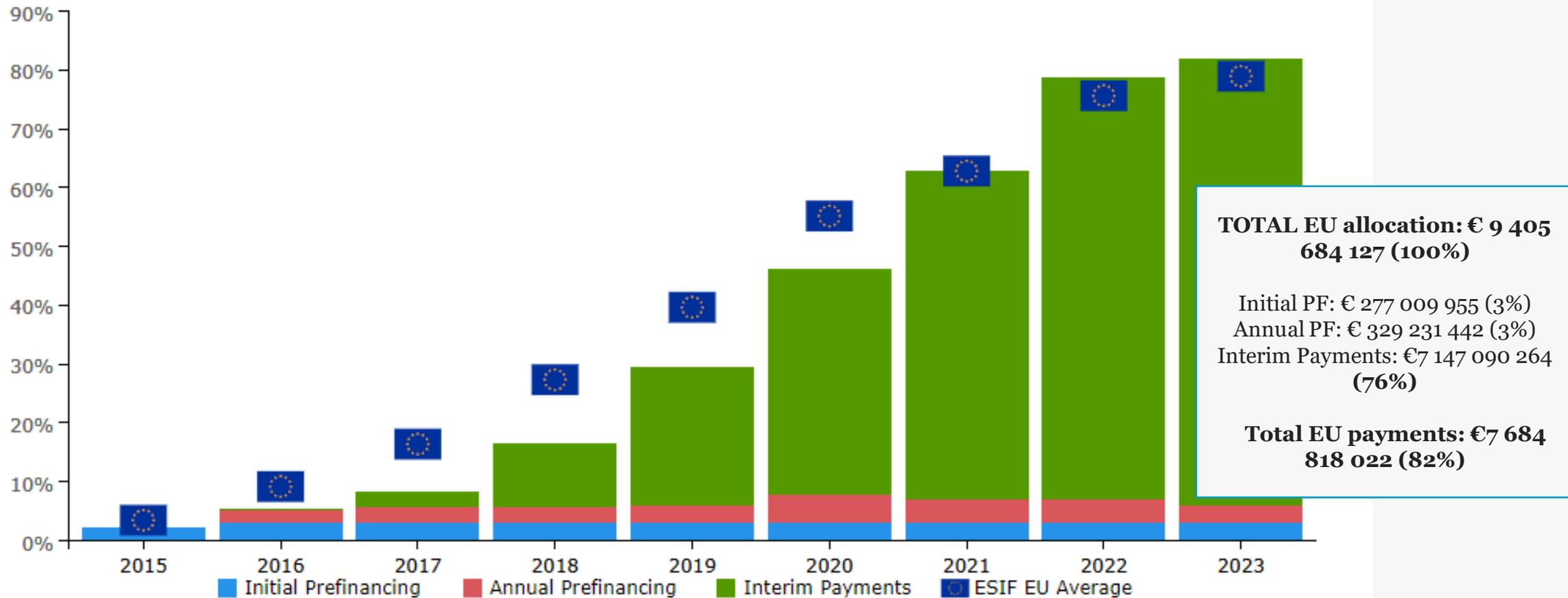


Planned: € 12 628 771 359 (100%)  
 Decided: € 13 572 771 455 (107%)  
**Spent: € 10 103 158 157 (80%)**  
 \*% of planned

EU average spent  
 – 79%

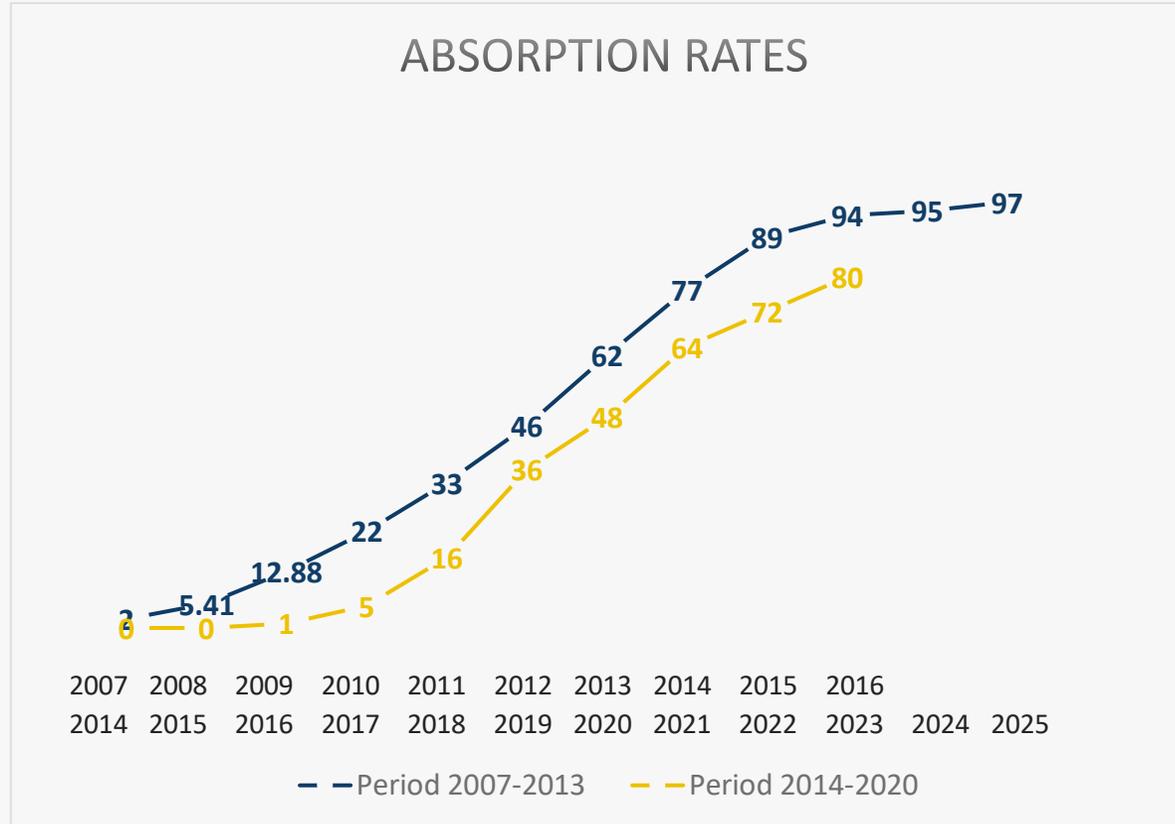
# Total EU payments

ESIF 2014-2020: Total EU payments – time series cumulated to the end of each year: Interreg



Refresh Date: 29/05/2023

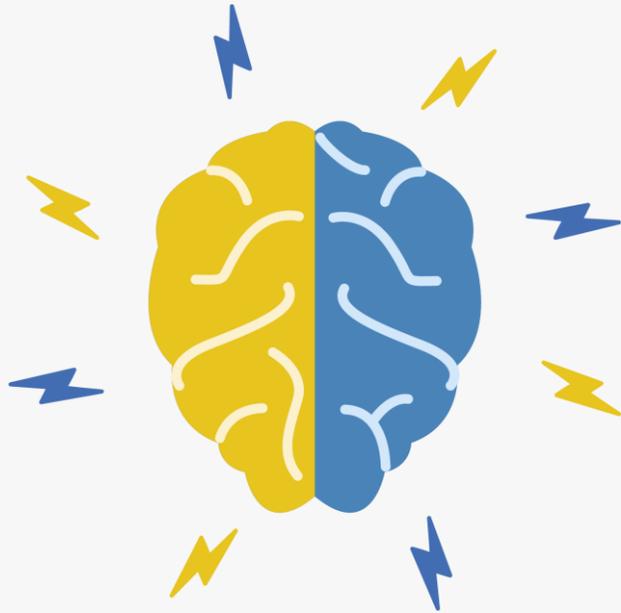
# ERDF Absorption rates, total costs



# Reasons for lower absorption rates in 2014-2020

- Late adoption of the main legal documents (+ lots of “secondary” legislation);
- New designation process for MA/CA – the majority of programme’s bodies designated in 2017 – 4<sup>th</sup> year of the programme implementation;
- Closure of the 2007-2013 programming period (clearance of the accounts with the final accounting year);
- Slower submission of payment applications as compared to forecasts;
- COVID-19 pandemic;
- Energy crisis;
- War of Russia in Ukraine.

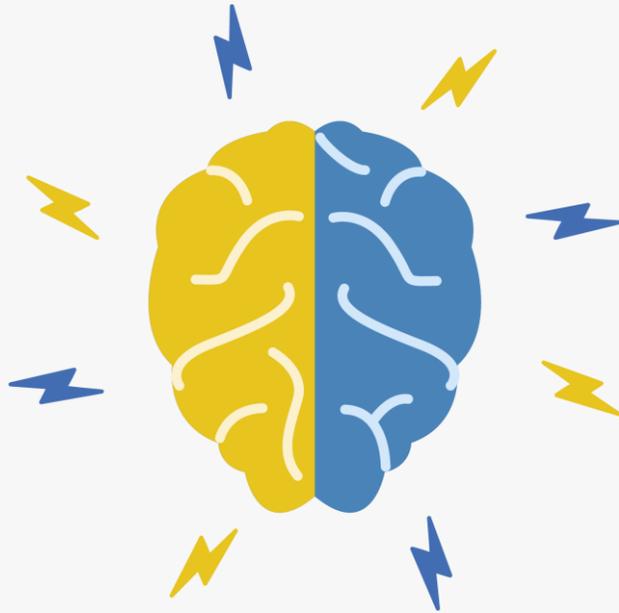
# What is your programme's current spending rate (2014-2020)?



- Below 50%
- 50 – 60%
- 60 – 70%
- 70 – 80%
- 80 – 90%
- 90+ %

# Early closure\* of the 2014-2020 programmes

\*in 9<sup>th</sup> accounting year – 1 July 2022 – 30 June 2023



- 3 Interreg programmes so far – anyone else?

# Programme closure 2014-2020

- [New closure guidance for Interreg and IPA-CBC](#) – NB: as of 14.12.2022! (amended after FAST-CARE Regulation adopted)
- Not covering ENI-CBC – separate guidance
- By 30.09.2023 – transfers between PA of the same OP/Fund + request/ notification/ amendment of major projects
- July 2024 – final application for an interim payment (with overbooking) – paid at 90%
- 15.02.2025 – submission of 5 closure documents (FIR, accounts, management declaration + annual summary, audit opinion and audit control report) – possible extension to 1 March 2025.
- 5 month (July 2025) for EC to comment + 2 month for MS to reply to the EC's observations



[Interact's seminar on programme closure](#)

# Programme closure 2014-2020

- Final balance – calculated by the EC!
  - Clearance of initial and annual pre-financing, 2020 accounts (amounts cleared or recovered), 15% flexibility (CRII+) by Priority/ Fund; + overbooking (only if declared in the final accounting year!)
  - Payment – 3 months from the date of acceptance of the accounts OR 1 month from the date of acceptance of the FIR whichever is later



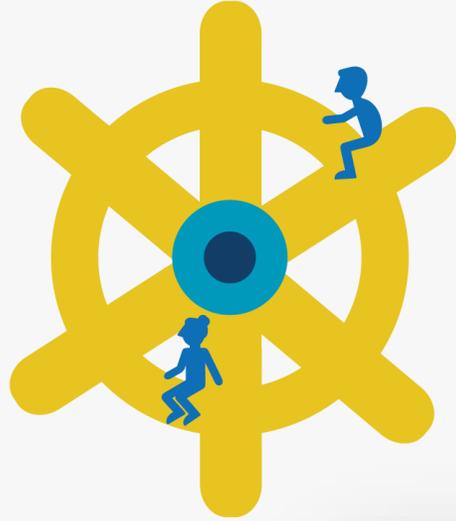
[Interact's seminar on programme closure](#)

# Programme closure 2014-2020 – few clarifications

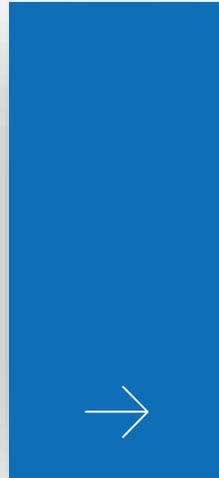
- In case of an early closure (with the accounting year 1 July 2022 – 30 June 2023), the AIR due in May 2023 is not required
  - Article 111(1) CPR: AIR due every year, incl. 2023
- FIR – same structure as AIR but with annexes (I-III)
- The last transmission of financial data is made together with the final implementation report (Annex V, section 3.4 of the Commission Implementing Regulation (EU) 2015/207)
- New Q&A from EC expected + calculation of the final balance.



[Interact's seminar on programme closure](#)



# Progress with the 2021-2027 programmes



# Interreg programmes adoption



- 4 strands
- [Implementing Regulation \(EU\) 2022/74](#) – list of programmes + amounts (as per Article 11 IR)
- All 86 Interreg programmes adopted by the end of 2022
  - *(incl. 6 programmes with participation of Ukraine and Moldova; 10 programmes with Russia and Belarus discontinued)*
- 3% of the cohesion policy budget, ca EUR 10 billion (incl. external EU funds)



# Description of the MCS – legal framework

- Article 69(11) CPR – a deadline for the description of the MCS to be in place – latest 30 June 2023
- Annex XVI CPR – Template for the description of the MCS
- Annex XI CPR – Key requirements of MCS and their classification

1. Methodological note for the assessment of the MCS in MS

2. EC reflection note on the risk-based management verifications in 2021-2027



adopted on 24 May 2023!

# Essential key requirements of the MCS

**Essential key requirements** with regard to the legality and regularity of expenditure and the proper functioning of the relevant authority (to determine serious deficiencies):

- for MA: **KR2** (selection of operations), **KR4** (management verifications), **KR5** (audit trail of documents), **KR9** (confirming legality and regularity of the expenditure in the accounts);
- for AA: **KR12** (system audits), **KR13** (audit of operations), and **KR15** (reliable audit opinion and preparation of ACR).

*If one of the essential key requirements or two or more of the other key requirements for authority are classified in categories 3 or 4, this authority cannot be assessed overall in a better category than category 3. In other words, deficiency in an essential key requirement cannot be counterbalanced by a better classification of the other key requirements for the authority in question.*

# MCS – points of attention (1/2)

- To be in place by 30 June 2023 (system audit can be organised in 2024)
- The description of the MCS is not approved by the EC (no submission in SFC2021)
- No approval by the AA
- Programme's practices – to have the whole document/ parts of the document approved by the MC/SC
- Content of the MCS – stick to the simplified template but reference all documents (e.g., methodology for the risk-based management verifications, internal controls, risk assessment)



[Q&A from Interact's seminar](#)

# MCS – points of attention (2/2)

- If MA takes over the accounting function, no need for Chapter 3 to be filled in
- AA – compulsory system audit (within 21 months of the date of the adoption of the programme by the EC) where a new managing authority or a new authority in charge of the accounting function was identified (Article 78(1) CPR); otherwise – system audit to ensure the effective functioning of the MCS according to the audit strategy



[Q&A from Interact's seminar](#)

# Methodological note for the assessment of the MCS

Comments	Updates
Criterion 2.4 – for Interreg	<ul style="list-style-type: none"> <li>Footnote 14: In the case of Interreg programmes, the task is attributed to the Monitoring Committee or where applicable to Steering Committee (Article 22(4) Interreg).</li> <li>Footnote 15: For Interreg projects, <u>only an assessment of expected impacts of climate change is required to be carried out for investments in infrastructure with an expected lifespan of at least five years (Article 22(4)(j) of the Interreg Regulation).</u></li> </ul>
Criterion 3.3	<ul style="list-style-type: none"> <li>Added: In addition, beneficiaries and potential beneficiaries are communicated their rights to <u>file complaints</u> (Article 69(7) CPR).</li> </ul>
Criterion 4.1	<ul style="list-style-type: none"> <li>Appropriate procedures are in place to ensure risks are updated regularly, considering for example results from audits results and previous management verifications carried out.</li> <li>Risk assessment carried out by controllers are <b>reviewed by the MA.</b></li> </ul>

# Methodological note for the assessment of the MCS

Comments	Updates
Criterion 6.1	<ul style="list-style-type: none"><li>In relation to Annex XVII CPR – written as applicable for each operation – <b>under clarification of the EC.</b></li></ul>
Criterion 10.1	<ul style="list-style-type: none"><li>Payment applications can be submitted to the Commission only in respect of expenditure linked to specific objectives for which enabling conditions are fulfilled, or which contribute to the fulfilment of enabling conditions.</li><li><b>NB: Enabling conditions are not applicable to Interreg (Article 1(5) CPR)</b></li></ul>

# 1<sup>st</sup> accounting year

## 1 January 2022 – 30 June 2023

- All Interreg programmes approved (re-programming of 2021)
- Many calls launched (for regular, small-scale projects, SPF)
- No payment applications submitted/ will be submitted to the EC in the 1<sup>st</sup> accounting year



# Coffee Break

# Cooperation **works**

All materials will be available on:

**Interact connections / MC community**