

Audit Authorities' and GoA members' Network

Interact | 11.06.2024

Interact

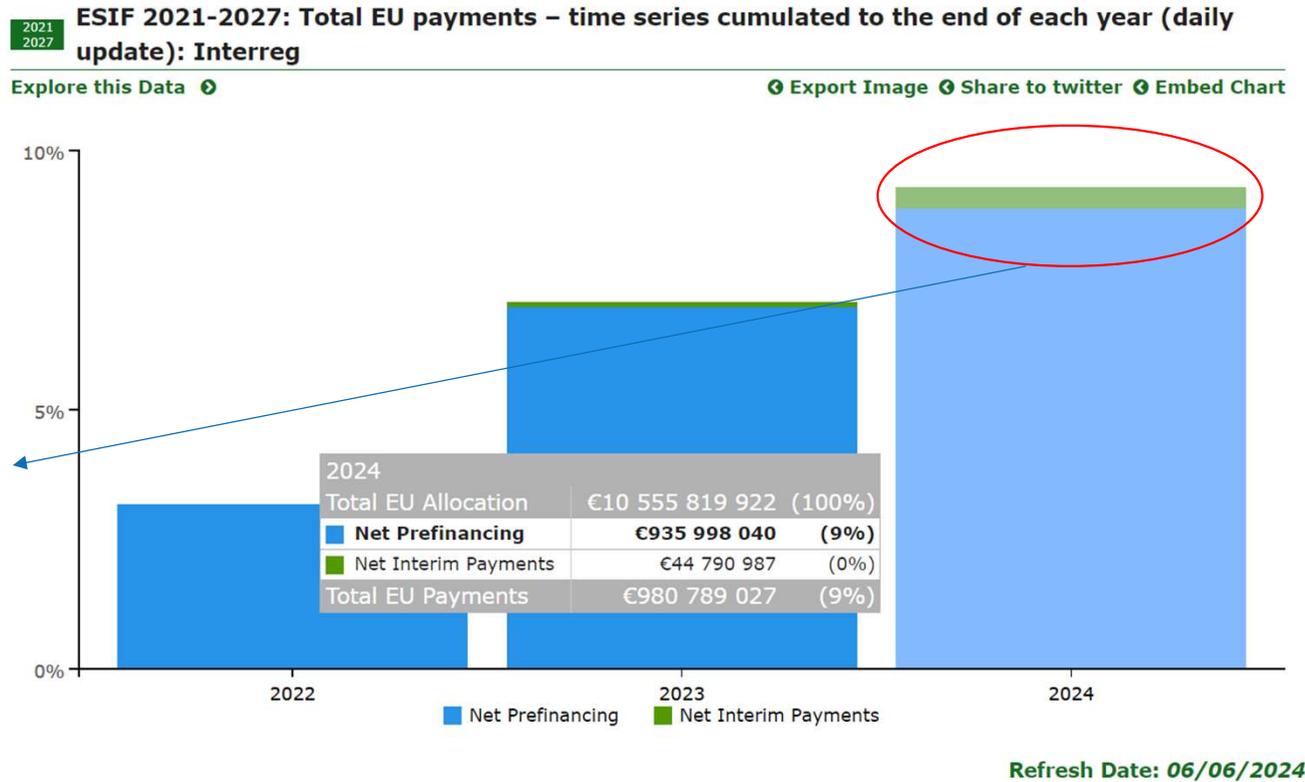


Co-funded by
the European Union
Interreg

2021-2027

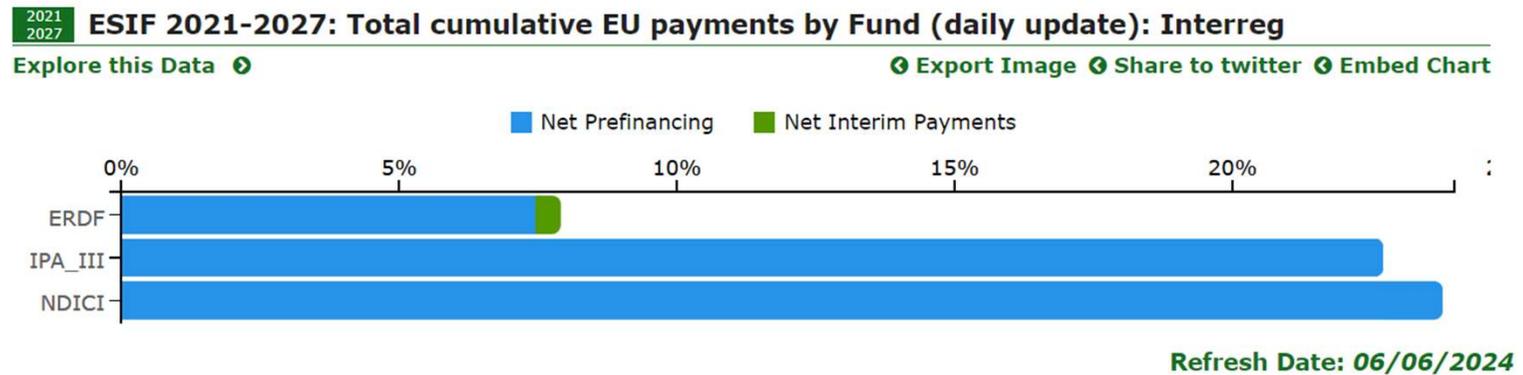
Total EU payments

Net Prefinancing: 8,76 %
 Net Interim Payments: 0,42%



Total cumulative

ERDF: EUR 718 million prefinancing + 44,9 million interim payments
 IPA: 93 million
 NDICI: 124,8 million



31 December 2025 first decommitment target for 2021-2027 ([decommitment calculator](#))

12 programmes with submitted payment applications

Interreg VI-A - Central Baltic
Interreg VI-A - Estonia-Latvia
Interreg VI-A - Germany-The Netherlands
Interreg VI-A - Poland-Slovakia
Interreg VI-A - Sweden-Finland-Norway (AURORA)
Interreg VI-A - Sweden-Norway
Interreg VI-A - Öresund-Kattegat-Skagerrak
Interreg VI-B - Alpine Space
Interreg VI-B - Baltic Sea region
Interreg VI-B - Central Europe
Interreg VI-B - North Sea
Interreg VI-C - Interact

2nd accounting year

1 July 2022 – 30 June 2023

Related deadline - 15 February 2024

No Interreg programme submitted an assurance package for the 2022-2023 accounting year, related to the 2021-2027 programming period

Descriptions of MCS following KR's were to be submitted by 30 June 2023 😊?



3rd accounting year 1 July 2023 – 30 June 2024

System audits

First payment applications submitted

Data for the common sample to be submitted by 1 July / 1 August 2024

Assurance package to be submitted by 15 February 2025

(the accounts, management declaration, annual audit opinion and annual control report) – no annual summary



Payment application (Annex XXIII)

Pri-ri-ty	Calcula-tion basis	Total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations in accordance with point (a) of Article 91(3) and point (c) of Article 91(4)	Total amount of Union contribution pursuant to points (a) and (b) of Article 91(4)	Amount for technical assistance in accordance with point (b) of Article 91(3)	Total amount of public contribution made or to be made in accordance with point (c) of Article 91(3)
Priorit y 1	(A)	(B)	(C)	(D)	(E)
	Total	<p>Total amount of accepted expenditure at programme level (manual entry): Programme-beneficiary real costs and SCOs from Article 53 (Forms of grants)</p> <p>= Article 91(3)(a) – total amount of eligible expenditure incurred by beneficiaries – real costs;</p> <p>Article 91(4)(c) – SCOs.</p> <p>Real costs + SCOs from programme-beneficiary level</p> <p>Always filled in!</p>	<p>Total amount of Article 94 & 95</p> <p>programme SCOs and FNLC</p> <p>5 programmes using these SCOs.; Belgium-the Netherlands, Slovenia-Hungary, Slovenia-Austria, Slovenia-Croatia ESPON</p> <p>Filled in for them only!</p>	<p>Basis = column (B) + column (C)</p> <p>Calculated automatically Filled in by EC Front Desk</p>	<p>Always filled in!</p>

Programme example – Central Baltic Programme

KR 6 – Jems audit

Jems audit – KR6

Terms of Reference published 15 January 2024

Contractor chosen – PwC

Audit running, report tentatively planned for August 2024

Scope: 4 control objectives (ISO27001) defined on the basis of 4 assessment criteria from MN for the assessment of MCS and Interact checklist

Tests -> deviations corrected on the fly

Report including the Description of Control Objectives will be distributed to licence holders

Recommendation to take into account the results of PwC audit and not to reaudit

Jems audit – KR6

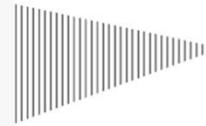
INTERACT Point Vienna

Audit of the electronic Monitoring System (eMS)
Description of Technical and Organizational Measures in
Place for eMS

Independent Service Auditor's Assurance Report on the
Description of Controls and the suitability of their Design

ISAE 3000 Report

November 2015



Ernst & Young
Wirtschaftsprüfungsgesellschaft m.b.H

System audits

System audits

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

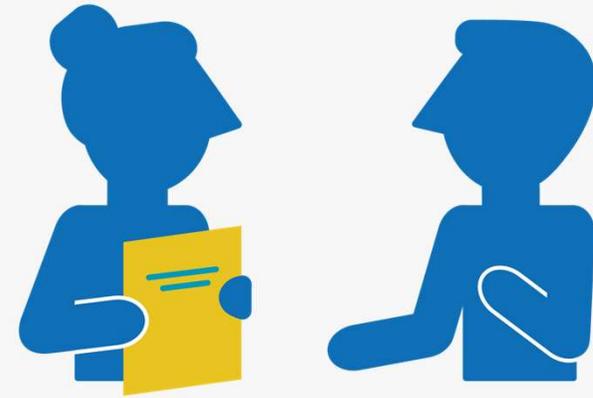
EC constantly assesses the situation at MS level – not respecting the deadline a breach of the legal provisions – deficiency

if EC concludes - a serious deficiency, for which no corrective measures have been taken, it could potentially launch the procedure to interrupt the payment deadline

A case by case decision depending on the result of the assessment

No provision in the CPR impeding the MA to submit a payment claim if the system audit is not finished in time

Checking-in system audits



At what stage are you with the system audits? Do you externalize?

Which KRs do you plan to audit first and why?

Are you willing to share the results of your system audits with other AAs?

System Audits Tools

[Interreg System Audit Checklists:](#)

- Result of **AAs**-MAs-JSs Working Group
- KR 1 – KR 10 covered
- The checklists contain example questions – inspiration for AAs

**Accounts
Irregularities
Clerical and technical mistakes
Withdrawals and deductions
Financial corrections**

Preparation of Accounts

Appendix 1	<ul style="list-style-type: none">• Amounts entered into the accounting system of the body carrying out the accounting function
Appendix 2	<ul style="list-style-type: none">• Amounts withdrawn during the accounting year
Appendix 3 (<i>ex-Appendix 6</i>)	<ul style="list-style-type: none">• Amounts of programme contributions paid to financial instruments
Appendix 4 (<i>ex-Appendix 8</i>)	<ul style="list-style-type: none">• Reconciliation of expenditure
Appendixes 5/6 (NEW!)	<ul style="list-style-type: none">• Information on expenditure linked to specific objectives for which enabling conditions are not fulfilled
Appendix 7	<ul style="list-style-type: none">• Advances paid in the context of State aid under Article 91(5)

Appendix 1 – Expenditure declared

!! NO payments to beneficiaries

ACCOUNTS (ACC)- Article 98(1)(a)			
APPENDIX 1 - Amounts entered into the accounting system of the body carrying out the accounting function, Article 98(3)(a)			
Priority / Specific objective	Total amount of eligible expenditure entered into the accounting systems of the body carrying out the accounting function which has been included in payment applications for the accounting year in accordance with point (a) of Article 98(3)	The amount for technical assistance in accordance with point (b) of Article 91(3)	Total amount of the corresponding public contribution made or to be made in accordance with point (a) of Article 98(3)
	(A)	(B)	(C)

ACC C ≤ ACC A

automatic in SFC2021

PAP B + C = ACC A

PAP D = ACC B

PAP E = ACC C

PAYMENT APPLICATION (PAP) - Article 91(3)					
Priority	Calculation basis (public or total)	Total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations in accordance with point (a) of Article 91(3) and point (c) of Article 91(4)	Total amount of Union contribution pursuant to points (a) and (b) of Article 91(4)	Amount for technical assistance in accordance with point (b) of Article 91(3)	Total amount of public contribution made or to be made in accordance with point (c) of Article 91(3)
	(A)	(B)	(C)	(D)	(E)

automatic in SFC2021

Irregularities and Jems corrections module

Established irregularity when the costs have been claimed in the payment application to the EC

subject of a first written assessment by a competent authority, either administrative or judicial,
-> irregularity has been committed

Annex XII to CPR + Handbook on requirement to report irregularities, COCOLAF/23-05-17/8.2/EN
before Delegated Regulations 2015/1970 and 2015/1974



Withdrawals and deductions in 2021-2027

Withdrawals financial corrections for irregular expenditure corrected (withdrawn) in the next payment application

Applicable to the current or previous accounting years

Deductions financial corrections for irregular expenditure corrected (deducted) in the accounts

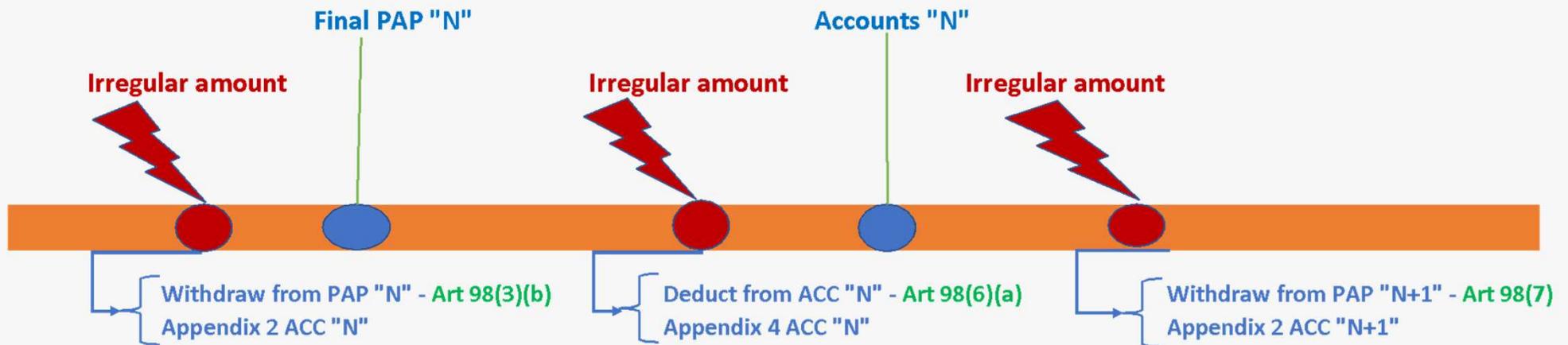
Applicable only to the current accounting year

Always negative amounts



Financial Corrections

- Timeline for applying Financial Corrections (FC) cf. Art 103 **Definitive**



- Other amounts deducted from the Accounts
 - amounts under ongoing assessment – Art 98(6)(b) **Temporary**
 - amounts to reduce the RER below 2% – Art 98(6)(c) **Definitive**

Appendix 2 – Withdrawals

Priority / Specific objective	Withdrawals	
	Total amount of expenditure included in payment applications	Corresponding public contribution
	(A)	(B)
Priority (category of region)		
Split of amounts withdrawn during the accounting year by accounting year of declaration of the corresponding expenditure		
In relation to accounting year ending 30 June XX ... (total)		
Out of which amounts corrected as a result of AA audits		
Out of which accounts corrected as a result EC and ECA audits and OLAF investigations		

- **Withdrawals** = corrections for irregular expenditure during the accounting year



- Broken down per accounting year
- **NO Recoveries (incl. Amounts be recovered, Irrecoverable amounts)**
- Interreg Art. 52 Recoveries - No information needs to be provided to the Commission

Art. 103 Corrections in Jems

<u>Scenario</u>	<u>Action</u>
Scenario 1 (irregularity below 250 EUR)	No correction in the accounts or payment applications
Scenario 2 (irregularity detected before 31 July)	Withdrawal in the following payment application Withdrawn in Appendix 2
Scenario 3 (irregularity detected after the submission of the last payment application, but before the submission of the accounts)	Reduce the expenditure presented in Appendix 1 Deducted in Appendix 4 (Col. G2 - Irregular expenditure subject to financial corrections)
Scenario 4 (irregularity is subject to an ongoing assessment at the time of submission of the accounts)	Reduce the expenditure presented in Appendix 1 Deducted in Appendix 4 (Col. G1 - Expenditure which is subject to an ongoing assessment)
Scenario 5 (irregularity detected after the submission of the accounts of the accounting year)	Financial corrections implemented via withdrawal in a payment application of the subsequent accounting year(s) Withdrawn in Appendix 2 N+1

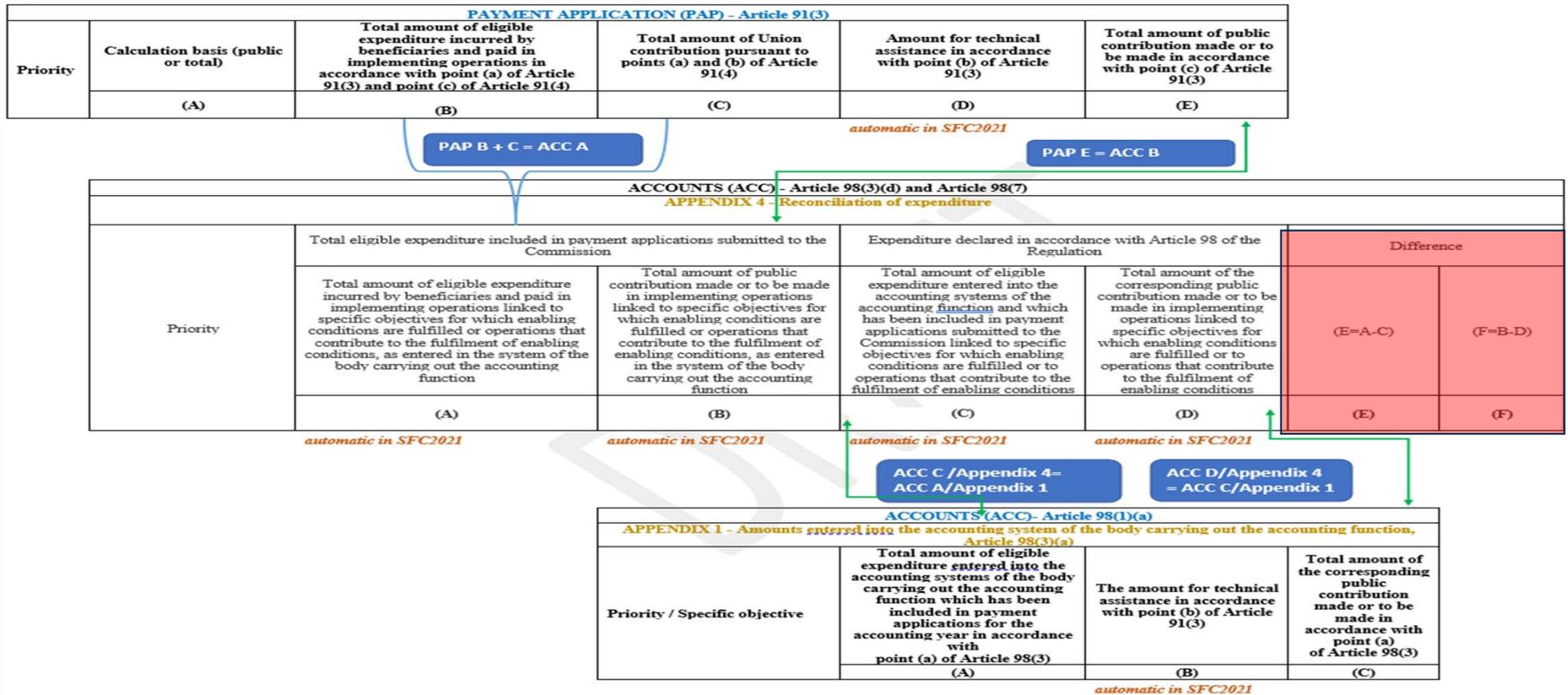
Clerical and technical mistakes

Corrections other than irregular expenditure (e.g. clerical or technical mistakes) implemented in the payment applications via withdrawals should not be disclosed in Appendix 2!

2 possibilities:

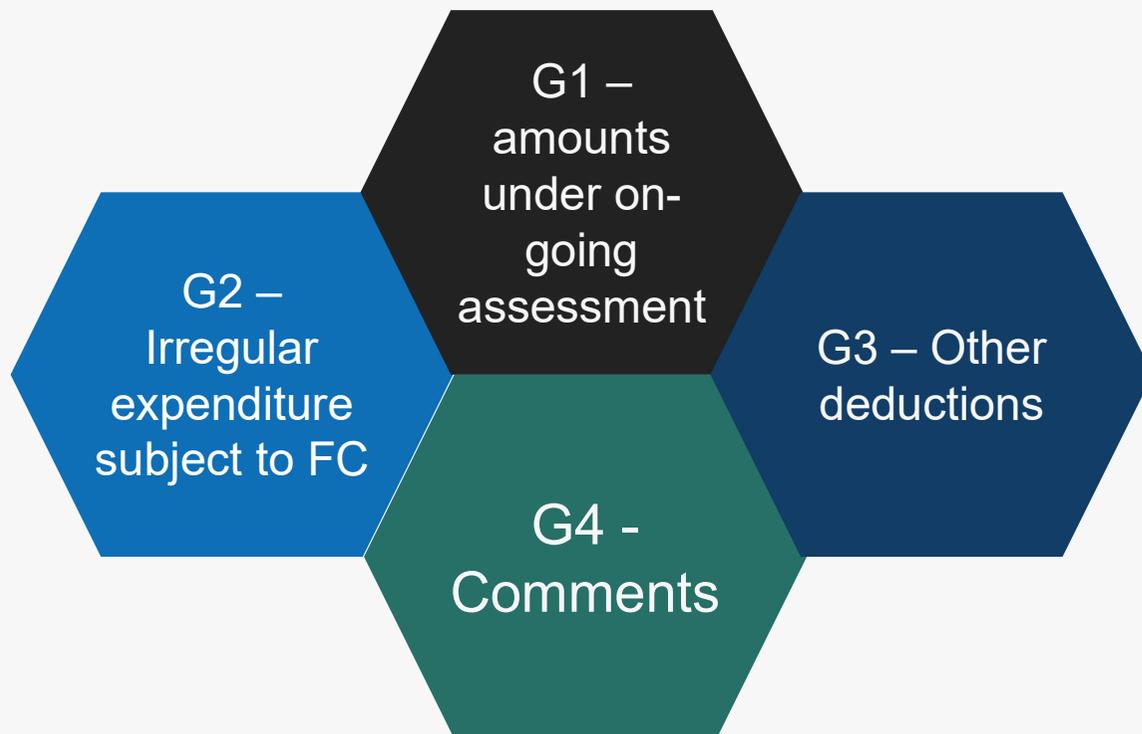
- 1) They are deducted from payment applications for the current accounting year. In this case, they will be automatically reflected in Appendix 1 of the Accounts (there is no need to reflect the withdrawal not related to irregularities in Appendix 4);
- 2) They are deducted directly from the accounts. In this case, they will have to be reflected in column G3 of Appendix 4.

Appendix 4 – Mapping ACC and PAP



Appendix 4 – Reconciliation ACC and PAP

- ! NEW** Explain differences col. E • Total amounts broken down per priority/specific objective



- **Deductions from Accounts ONLY for the current accounting year**
- **ONLY negative differences (ACC < PAP)**

Irregularities in 2021-2027

Rules for the reporting of irregularities

Report irregularities within two months following the end of each quarter from their detection or as soon as additional information on the reported irregularities becomes available.

Who reports?

The Member State in which the irregular expenditure is incurred by the beneficiary and paid in implementing the operation shall be responsible for reporting

For programmes under the European territorial cooperation goal (Interreg), **the reporting Member State shall inform the managing authority and the audit authority of the programme.**



Irregularities in 2021-2027

Irregularities to be reported

1. have been the subject of a first written assessment by a competent authority, either administrative or judicial
2. give rise to the initiation of administrative or judicial proceedings at national level in order to establish the presence of fraud or other criminal offences (suspected fraud)
3. preceding a bankruptcy;
4. for which the Commission submits a written request for information to the Member State following the initial reporting from a Member State

Irregularities in 2021-2027

Irregularities not to be reported

1. for an amount lower than EUR 10 000 in contribution from the Funds, BUT if interlinked and total amount > EUR 10 000 have to be reported
2. Consist solely of failure to execute an operation included in the co-financed programme owing to the non-fraudulent bankruptcy
3. cases reported to MA / BAF by the beneficiary voluntarily and before detection by either authority, whether before or after the payment of the public contribution, BUT suspected fraud YES
4. cases which are detected and corrected by the managing authority before inclusion in a payment application submitted to the Commission, BUT suspected fraud YES

Common sample



Common sample state of play

Submitted

Interreg VI-A - Germany-The Netherlands

Interreg VI-A - Sweden-Finland-Norway (AURORA)

Interreg VI-A - Sweden-Norway

Interreg VI-A - Öresund-Kattegat-Skagerrak

Interreg VI-A - Estonia-Latvia

Early submission until 1 July (planned)

Interreg VI-A - Central Baltic

Interreg VI-B - Alpine Space

Interreg VI-B - Baltic Sea Region

Interreg VI-B - Central Europe

Interreg VI-B - North Sea

Standard submission until 1 August (planned)

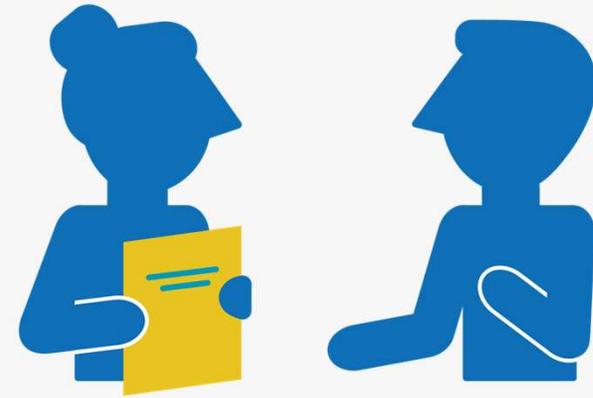
Interreg VI-C – Interact

Interreg VI-A - Poland-Slovakia

2 additional factsheets on common sample and SFC submission published by EC available

Programme example – Central Baltic Programme

Checking-in Groups of Auditors



At what stage are you with the establishment of Group of Auditors?

Do you have the audit strategy approved by GoA?

If not, when do you plan to do that?

Article 36(6)

Interpretation

Responsibilities of managing authorities and partners with regard to transparency and communication

Where transparency and communication remedial actions have not been put into place the managing authority is required to apply measures, taking into account the principle of proportionality, by cancelling up to 2 % of the support from the funds to the beneficiary / final recipient who does not comply.

regardless of the forms of reimbursement (real costs or simplified cost options)

Before applying the above-mentioned measures, the managing authority is required to allow the beneficiary / final recipient to put into place remedial actions.

The measures can be applied by the managing authority once or multiple times, but cannot exceed 2%.

Article 36(4)c

Interpretation

with regard to operations supported by an Interreg fund, the total cost of which exceeds EUR 100 000;

displaying durable plaques or billboards clearly visible to the public

as soon as the physical implementation of an Interreg operation involving physical investment or the purchase of equipment starts or purchased equipment is installed,

Matrix of costs Factsheets on eligibility

2028-2034