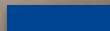




# Risk based management verifications

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# Before we begin

In 2021-2027 all irregularities (irrespective of the amount) contained in accepted accounts, and which were not detected and reported first by the MS but are identified by EC or ECA audits or OLAF investigations will lead to net financial corrections (amounts cannot be reused) -> art. 104(1)(b)/CPR

# Corrections will be net irrespective of the following:

1. the MS accepts or implements the correction (after accounts are accepted)
2. the nature and gravity of the breach of applicable law and its financial implications for the budget of the Union

The pre-correction letter will refer to the date of the detection by the EU audit or investigation.

## Financial corrections will not be net when:

1. the MS removes the amounts from the accounts before their submission or acceptance;
2. the MS detected (and reported) the irregularity first even if the irregularity was not correctly treated in the accounts.



## Reminders for risk based management verifications

- balanced approach
- risks identified ex-ante and in writing
- before accounts are submitted
- at any level (payment claim, category of expenditure, item of expenditure)

# For MAs

- you know best (the risky areas)
- tailor made
- think it through
- allow further verifications (if needed)
- describe clearly & back it up with previous experience
- review & update based on feedback from controls



# For AAs

- key role
- communication
- system audits (early, but not only)
- is the risk assessment clear & justified?
- feedback to MA based on audits of operations



# Example

MA checks previous projects and sees the errors with high impact in the areas of public procurement & State aid (to a lesser extent). Most errors are related to staff cost, but very low impact. No errors for administrative costs (flat rate).



## Possible outcome (previous example)

- Based on previous identified errors in the programme, we do 100% verifications of all payment claims with:
  - ✓ public procurement
  - ✓ State aid
- due to less errors with staff costs, we verify every 2<sup>nd</sup> or 3<sup>rd</sup> (alternate) payment claim with staff costs (+ not at all from public bodies)

# Issues we see (so far) in early (preventive) audits

- risk assessment not adapted to the programme needs and not performed by MAs (in Interreg, controllers or the MS may prepare it, but the MA should review).
- unclear risk assessments
- no mention of the previous experience
- allocation of points not linked with past experience
- no flexibility
- 100% management verifications (when not justified)



**Thank you! Questions?**