

Interreg Knowledge Fair

# Accounts, common sample, system audits

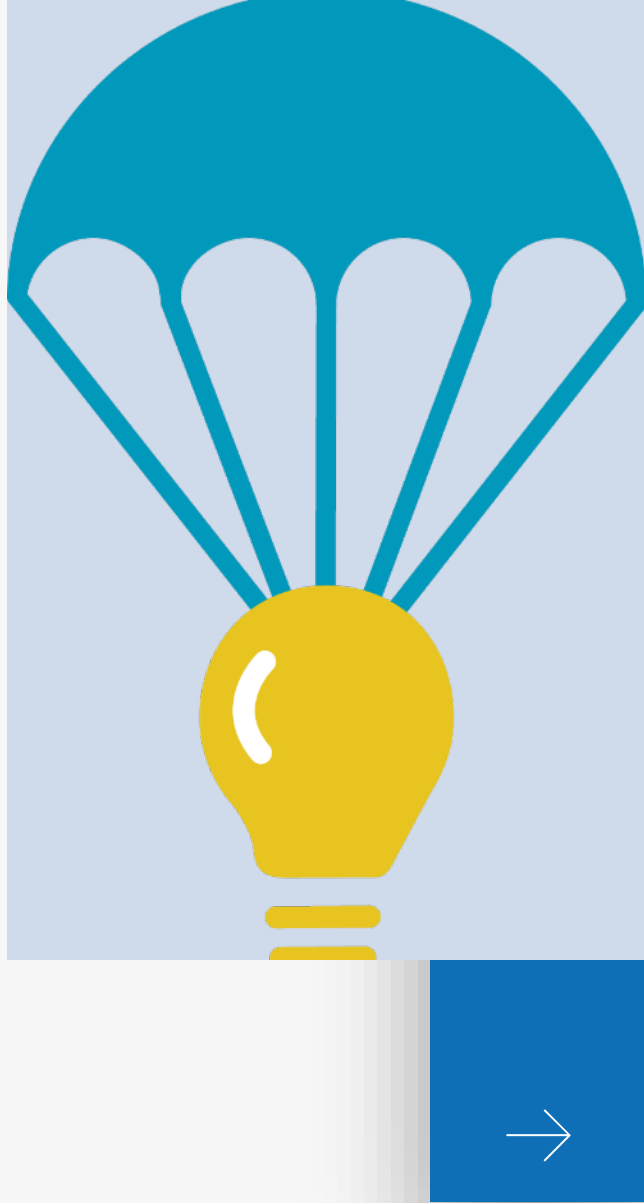
## Novelties

Przemyslaw Kniaziuk, Sanna Erkko | Interact programme | 07.03.2024

**Interact**



Co-funded by  
the European Union  
Interreg

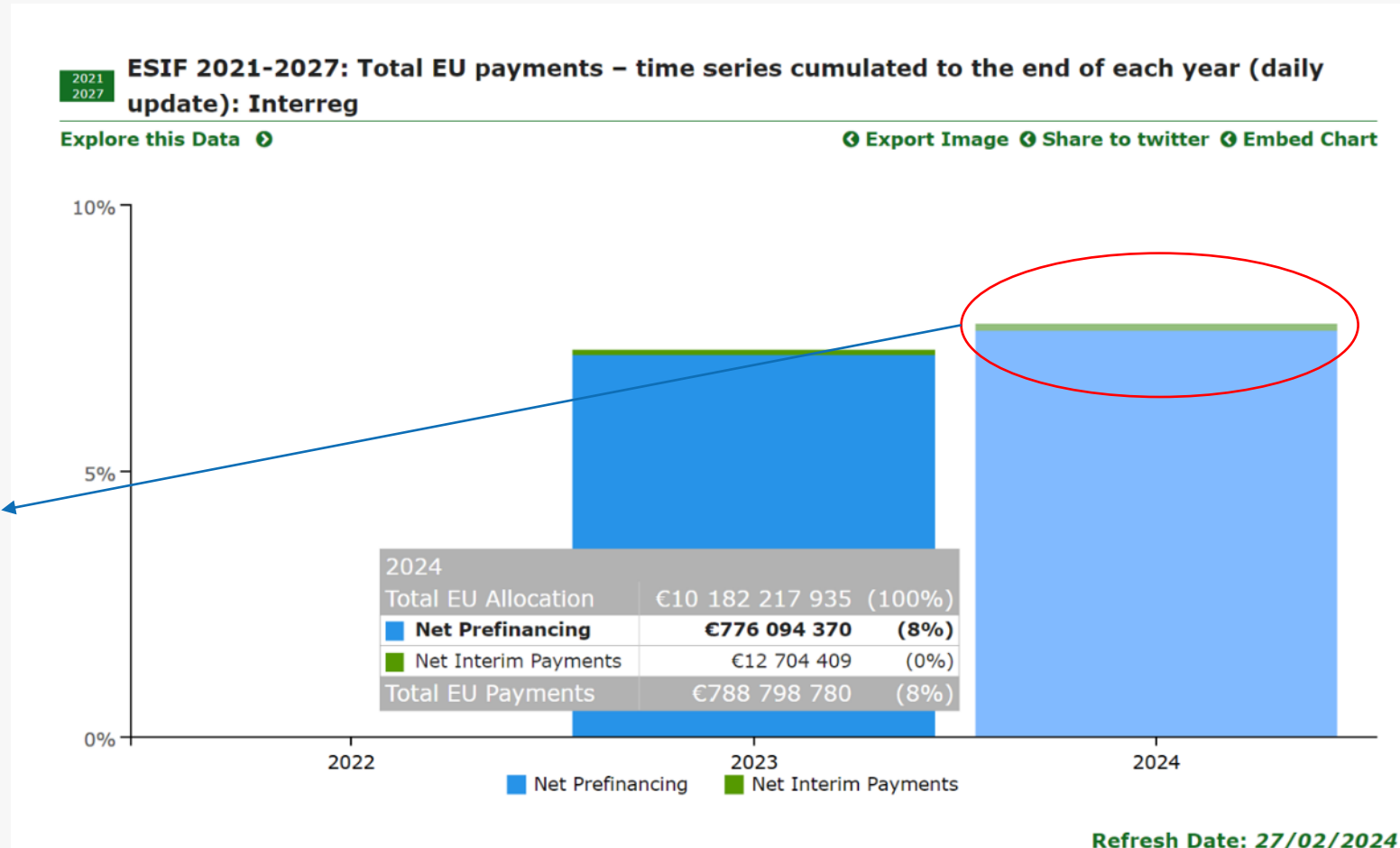


# Objective of the workshop

- ✓ To see where we are in 2021-2027 financial implementation
- ✓ To know the changes in comparison to 2014-2020: audit sampling + accounts
- ✓ Benchmarking exercise
- ✓ To determine next steps for your programmes

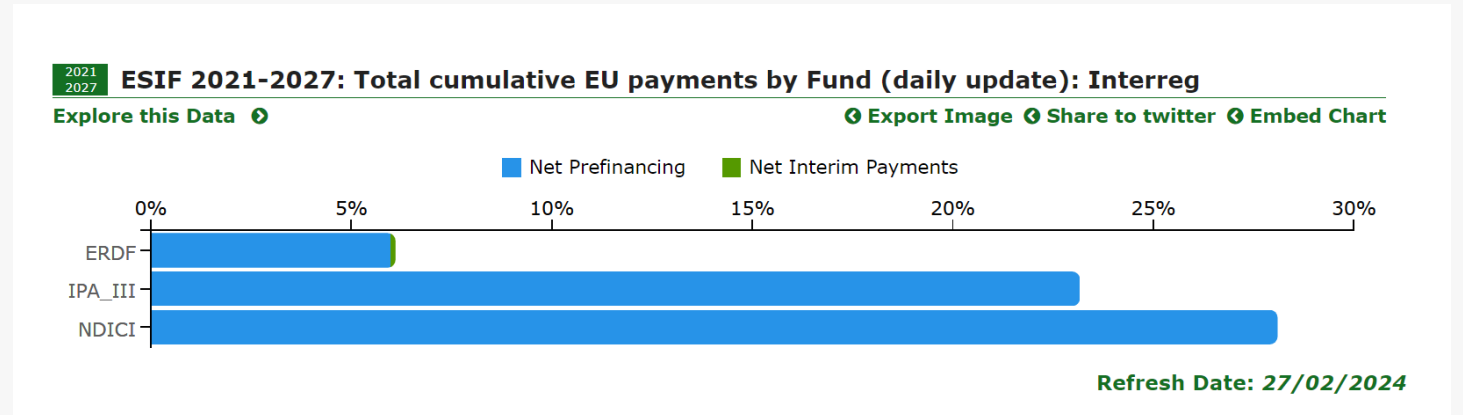
# Total EU payments

Net Prefinancing: 7,6 %  
 Net Interim Payments: 0,1%



# Total cumulative

ERDF: EUR 559 million + 12 million  
 IPA: 92 million  
 NDICI: 124 million



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

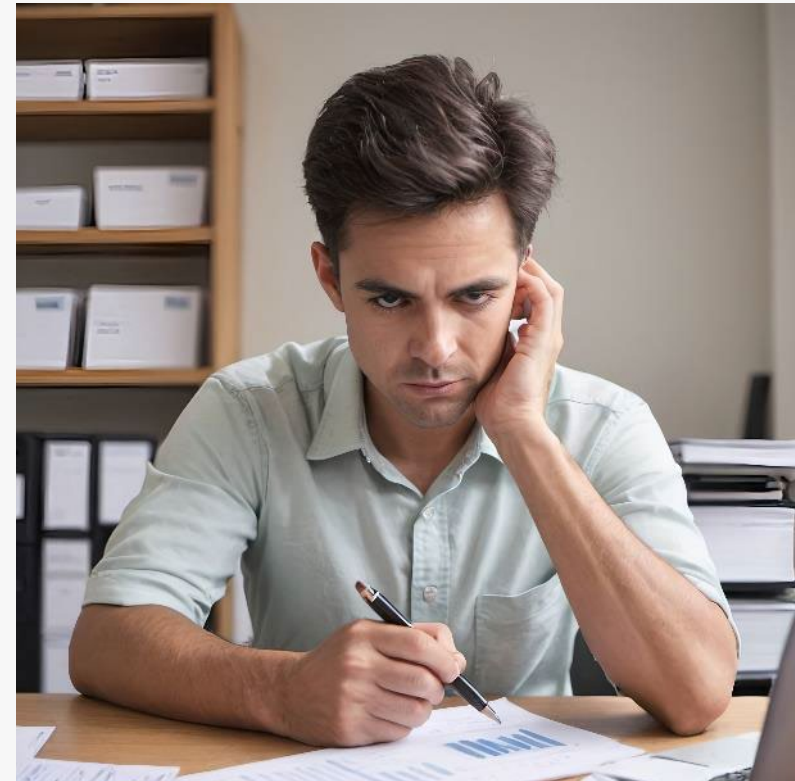
# 2<sup>nd</sup> accounting year

## 1 July 2022 – 30 June 2023

Recent 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 KRs were to be submitted by 30 June 2023



# 3<sup>rd</sup> 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)



# Payment application (Annex XXIII)

Priority	Calculation 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)
Priority 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; Article 91(4)(c) – SCOs.</p> <p><b>Real costs + SCOs from programme-beneficiary level</b></p>	<p>Total amount of Article 94 &amp; 95</p> <p><b>programme SCOs and FNLC</b></p>	<p>Calculated automatically.</p> <p>Basis = column (B) + column (C)</p>	<p><b>Article 1(5) CPR – Article 15 (enabling conditions) is not applicable to Interreg.</b></p>

# 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

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

if COM 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



# Overview KR's

## Comparative

'14-'20	Authority	'21-'27	Authority
KR1	Organisation, tasks, responsibilities, separation of functions	MA	MA
KR2	Selection	MA	MA
KR3	Information to beneficiaries	MA	MA
KR4	Management Verifications	MA	(R)BMV
KR5	Audit trail	MA	Audit trail
KR6	IT system for recording and storing data	MA	MA
KR7	Anti-fraud measures	MA	MA
KR8	Management Declaration	MA	MA
KR9	Adequate separation of functions and adequate system	CA	Procedures to ensure L&R of expenditure in the accounts
KR10	Preparation/submission of payment applications	CA	Preparation/submission of payment applications and accounting
KR11	Accounting records	CA	
KR12	Procedures and records of amounts recoverable, recovered and withdrawn	CA	
KR13	Drawing up and certifying accounts	CA	
KR14	Separation of functions and independant AA	AA	AA
KR15	Adequate system audit	AA	AA
KR16	Appropriate audits of operations	AA	AA
KR17	Appropriate audits of accounts	AA	AA
KR18	Procedures for ACR and AO	AA	AA

**Essential KR's:** MA (KR 2, 4, 5 and 9) and AA (KR 12, 13 and 15)

Deficiency in an essential KR **cannot be counterbalanced** by a better classification of the other KR's per authority

# Audit Strategy, System Audits, audits of operations Tools

[Roadmap to assurance package in 2021-2027](#)

[MN for the assessment of the MCS in MS](#)

[Interreg System Audit Checklists:](#)

- Result of AA-MA-JS Working Group
- KR 1 – KR 10 covered
- The checklists contain example questions – inspiration for AAs

[Audit of operation report template](#)

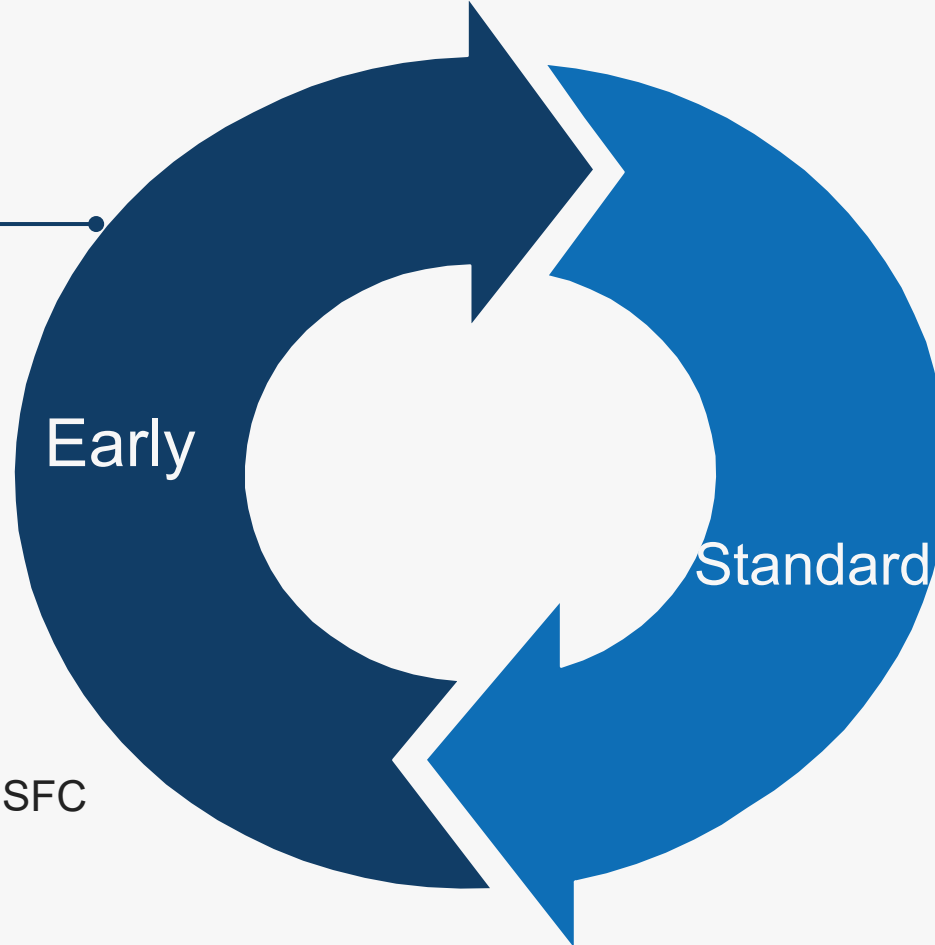
# Common sample



# Common sample submission of data

## Early submission

- By 1<sup>st</sup> of July
- EC sends sample in 15 working days



## Standard submission

- By 1<sup>st</sup> of August
- EC sends sample by 1<sup>st</sup> of September

Tools:

[Interact Q&A on Common sample](#)  
and the [data exchange template](#)

Any authority can submit the data in SFC  
But reconciliation beforehand!

# Data for common sample

Table on a positive population and expenditure declared to Commission for the programme by sampling unit (partner)<sup>1</sup>

A	B	C	D	E	F	G	H	I	J=G-H	K=J-I
Operation ID <sup>2</sup>	Partner operation acronym	Partner name (original)	Partner name (Latin letters)	Country (EU accounting year Abb.)	All positive amounts declared to the EC in the given accounting year (€)	Amount withdrawn related to expenditure declared in the given accounting year (€)	Amount withdrawn related to expenditure declared in the given accounting year (€)	Amount withdrawn related to expenditure declared in previous accounting year(s) (€)	Amount in the positive sampling population (€)	Final expenditure declared to EC in the given accounting year (€) (for information)
		To be completed if available and different from column E			This is cumulative expenditure of a project partner included in payment applications to the EC in the given accounting year	This is expenditure which was declared to the EC in the given accounting year, but has been later corrected/deducted in the same accounting year (de-certified) (this does not concern any corrections carried out by the MA or through management verifications BEFORE declaration)	This is expenditure which was declared to the EC in previous accounting years, but is corrected/deducted in the given accounting year (de-certified)	This is expenditure in the sampling population (€) used by the EC for sample selection and extrapolation	Final net amount declared to EC in the given accounting year used by the AA for reconciliation with expenditure declared to the EC (for completeness reason)	
					Sum of amounts G	Sum of amounts H	Sum of amounts I	Total sampling population for OP	Total expenditure declared to EC for OP	



HOME

STRATEGIC PLANNING

PROGRAMMING

MONITORING

EXECUTION

★ AUDIT

 National audit report

IJG ETC

 National audit report

EMFAF

 National audit report

AMIF ISF BMVI

 Annual control report

IJG ETC

 Annual control report

EMFAF

 Annual control report

AMIF ISF BMVI

 Action plans

EAGF EAFRD

 Costs of controls

EAGF EAFRD

 Interreg common sample

 EC audit report

 Annual coordination meeting

EVALUATION

CLOSURE

UTILITIES

Audit

# Common sample



1. Drawn by the EC



2. Sample unit: partner

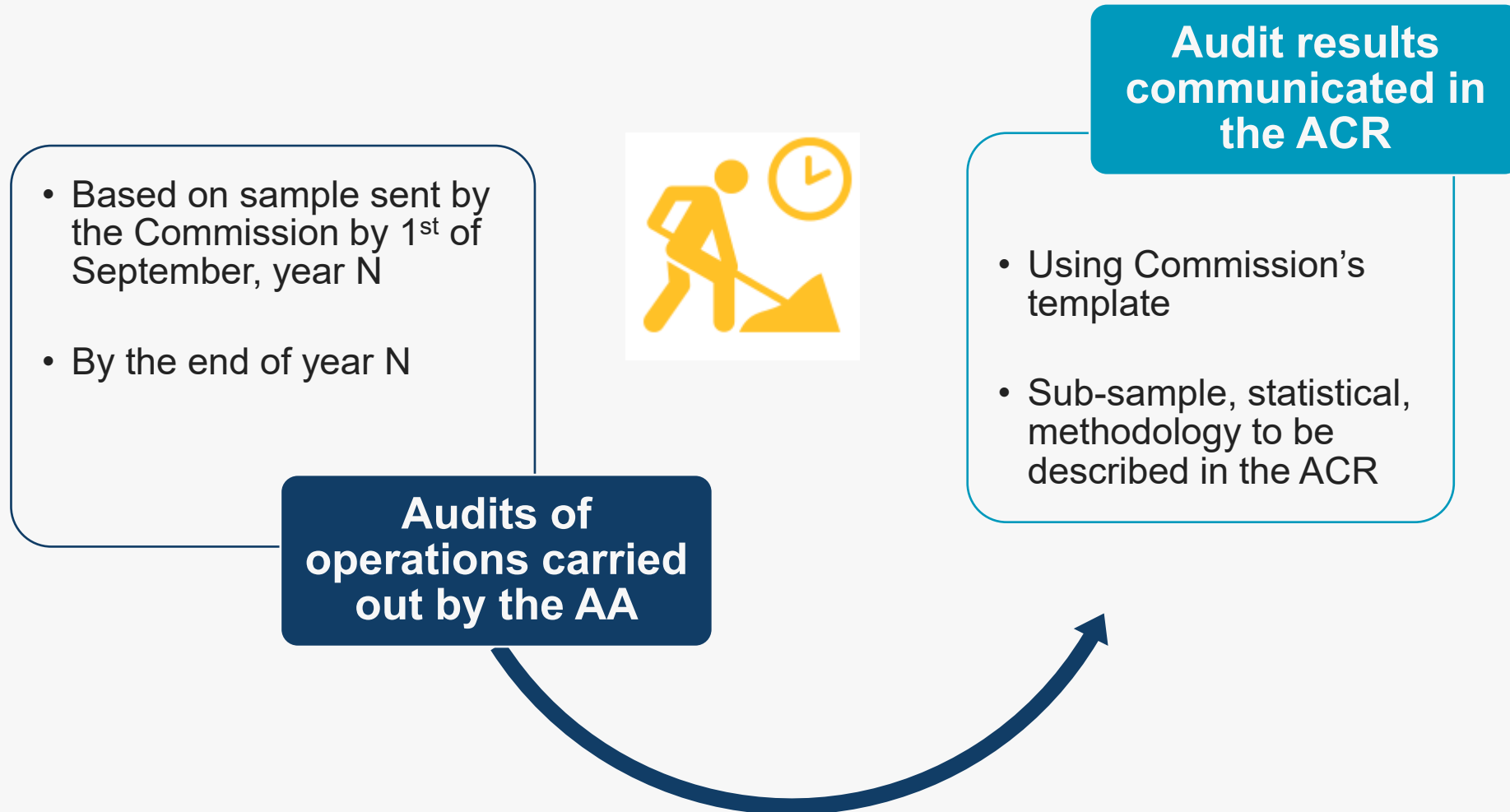


3. Equal probability selection (SRS)



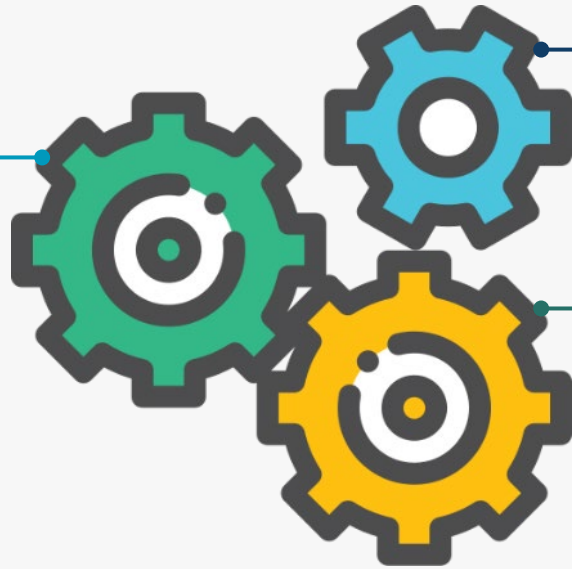
4. Minimum sample per programme:
- 3 for < 500 partners
  - 5 for  $\geq$  500 partners

# Audit Authorities' work and ACRs



# Calculation of TER and RTER by EC

Communication of  
the global Interreg  
TER and RTER by  
end of May N+1

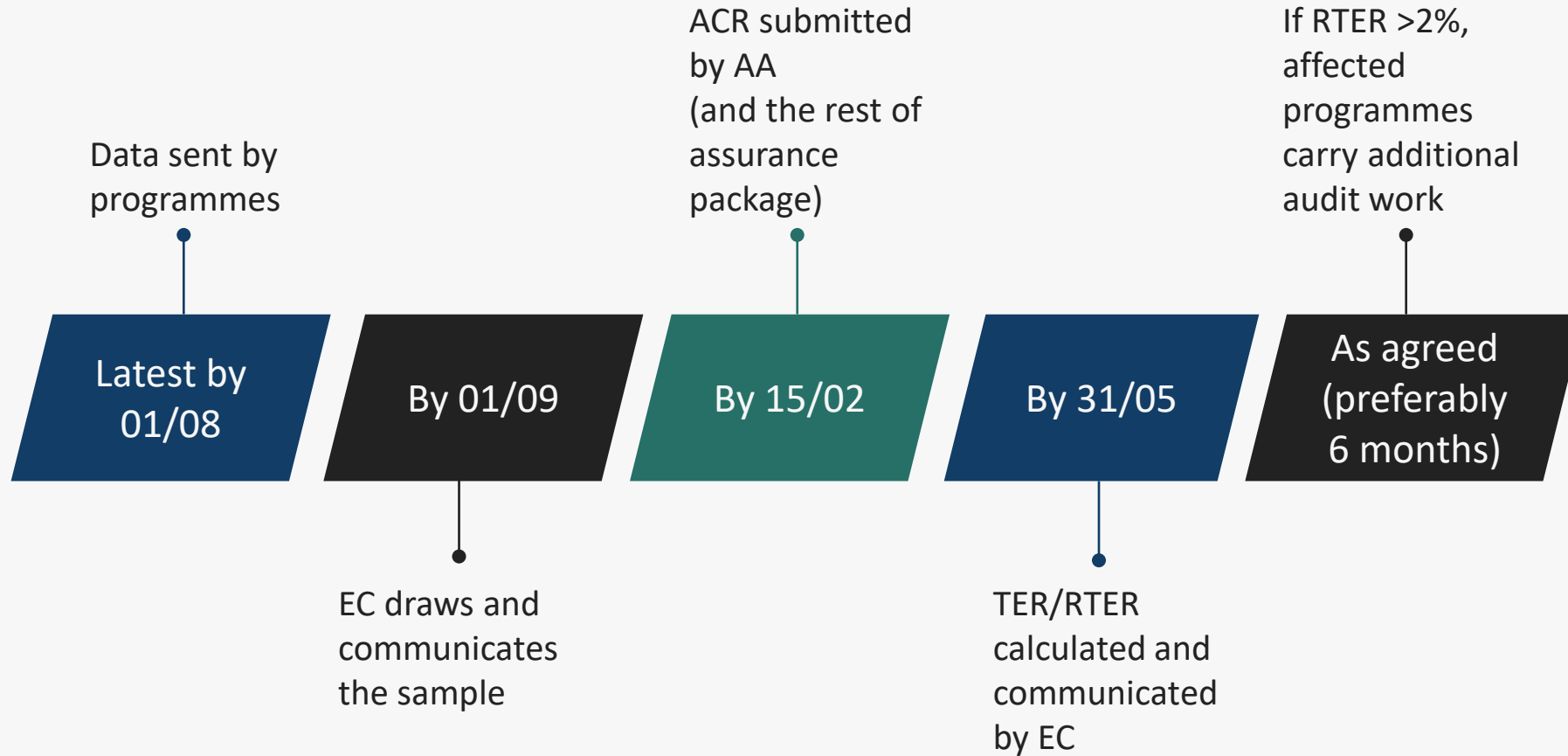


Relevant financial corrections  
taken into account

If global RTER > 2% : Analysis of  
the concentration of errors and  
additional audit work



# Timeline



# Annual Control Report, Accounts Tools

[MN on the annual control report, audit opinion and treatment of errors](#) +

Annex IV - Audit findings (typology of findings - used as basis in Jems)

[MN on the Preparation, Submission, Examination and Audit of Accounts programming period 2021-2027](#)

# Preparation of Accounts

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

# Appendix 1 – Expenditure declared

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)

!! NO payments to beneficiaries

ACC C ≤ ACC A

automatic in SFC2021

PAP B + C = ACC A

PAP D = ACC B

PAP E = ACC C

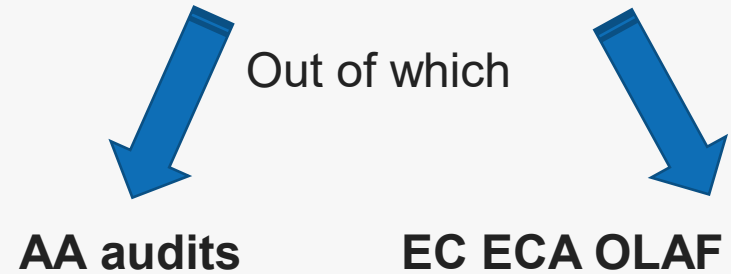
PAYMENT APPLICATION (PAP) - Article 91(3)					
Priority	Calculation basis (public or total)	Total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations in accordance with point (a) of Article 91(3) and point (c) of Article 91(4)	Total amount of Union contribution 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

# Appendix 2 – Withdrawals

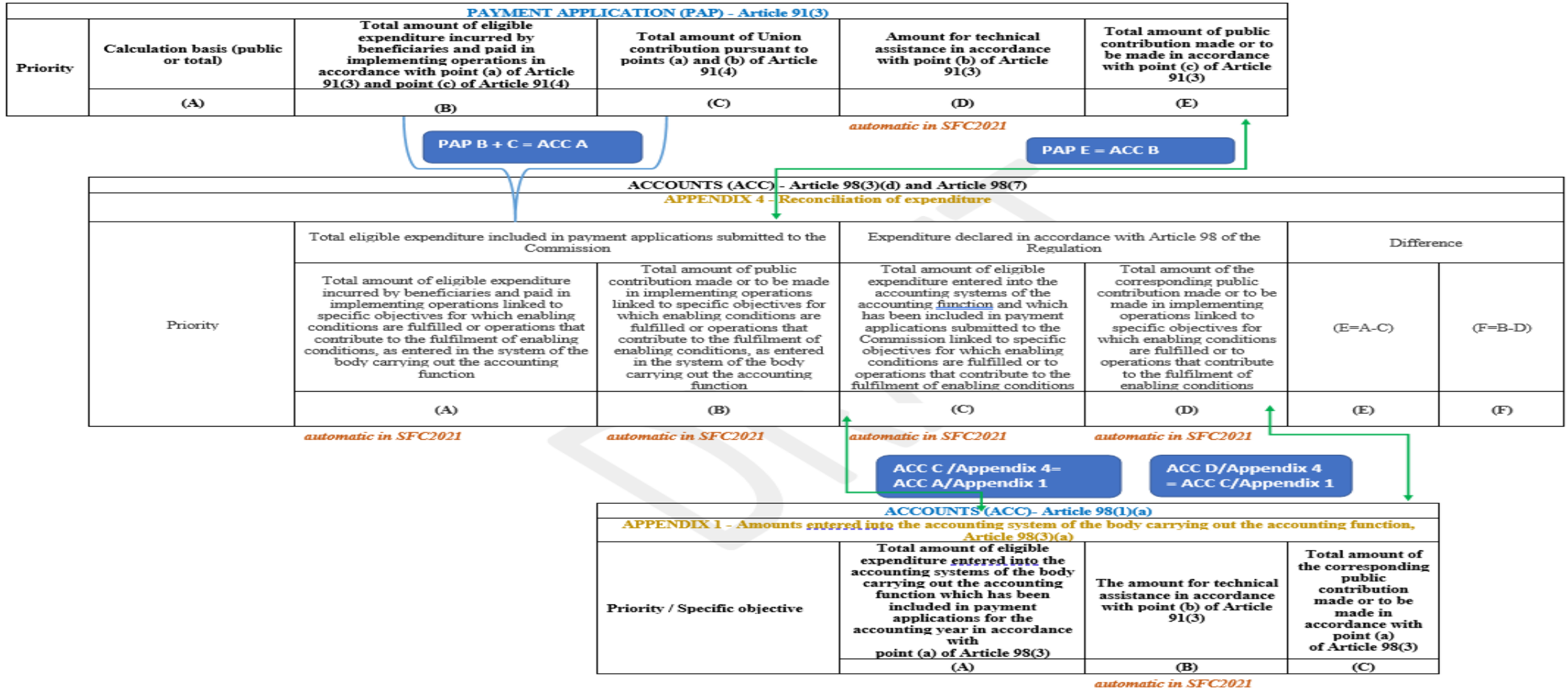
Priority / Specific objective	Withdrawals	
	Total amount of expenditure included in payment applications	Corresponding public contribution
	(A)	(B)
Priority (category of region)		
Split of amounts withdrawn during the accounting year by accounting year of declaration of the corresponding expenditure		
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



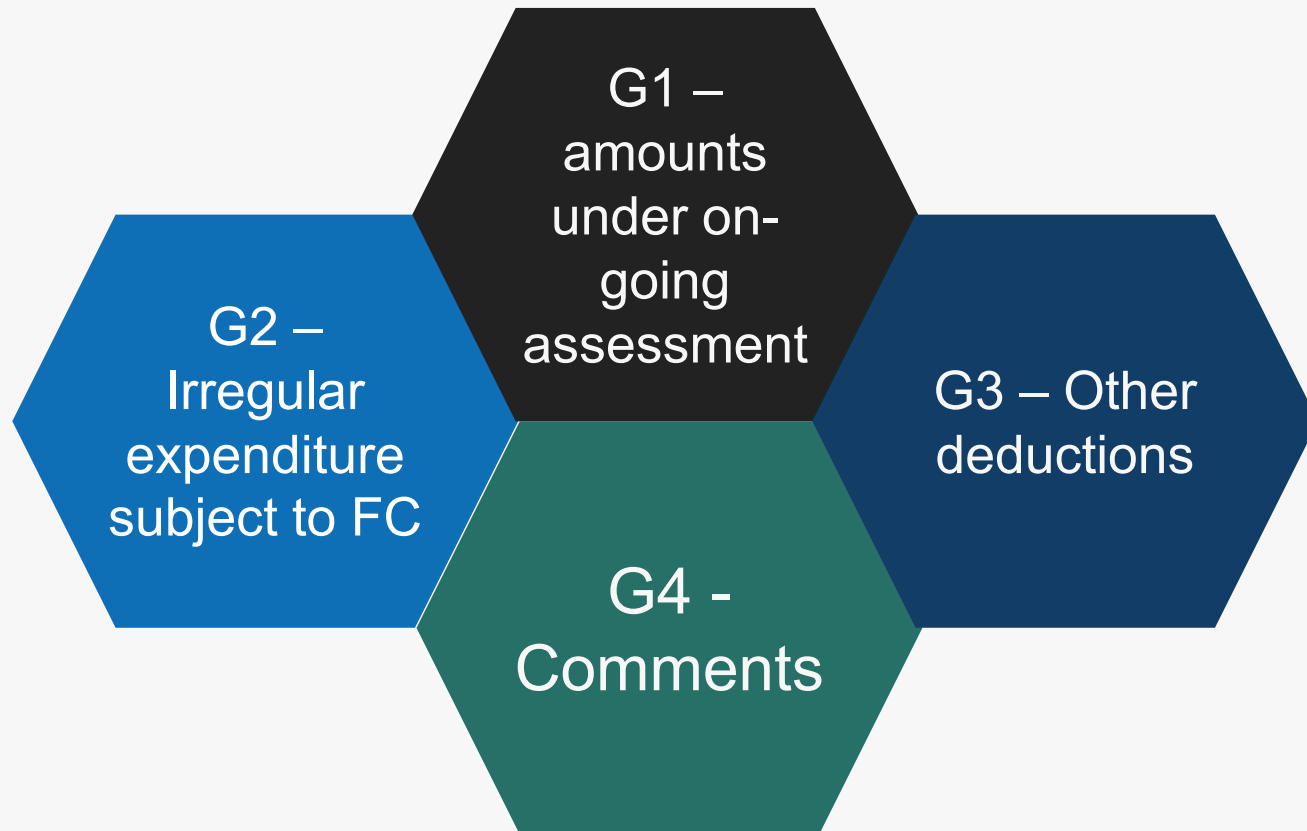
- Broken down per accounting year
- **NO Recoveries (incl. Amounts be recovered, Irrecoverable amounts)**
- Interreg Art. 52 Recoveries - No information needs to be provided to the Commission

# 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



Out of which

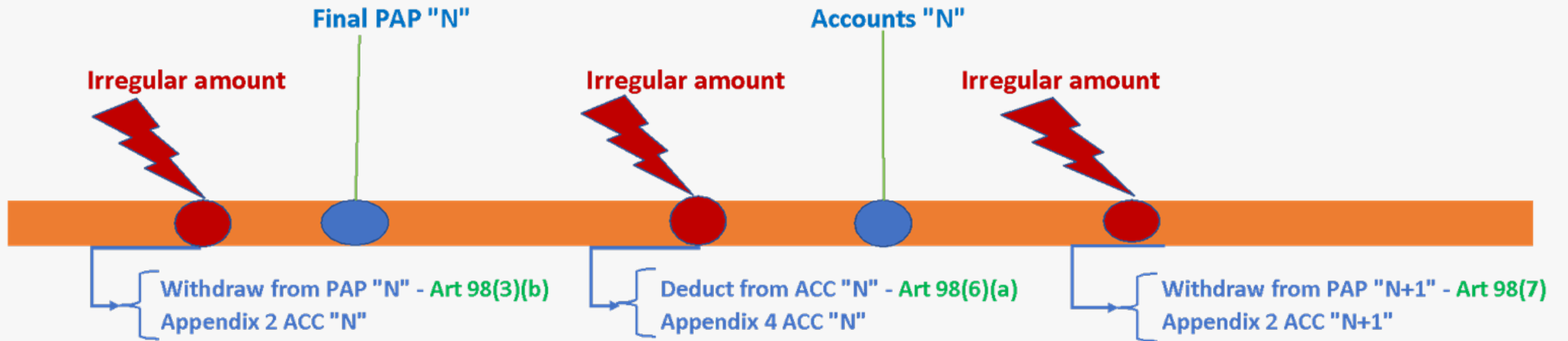
AA audits

EC ECA OLAF

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

# 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**



# Art. 103 Corrections in Jems

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

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Please check which session you are in!

You can also talk to us at the Conference Support stand in the networking area.



# Cooperation works

All materials will be available on:

[Interact / Events / Interreg Knowledge Fair \(5-7 March 2024\)](#)