



Audit of Accounts 2nd Accounting Year

Point of view of the Greek Audit Authority
(EDEL -Financial Audit Committee)


Key features of the MCS - OPs funded by ERDF, ESF & CF

One MA for each OP

One CA for all OPs

One AA for all OPs

Common MIS

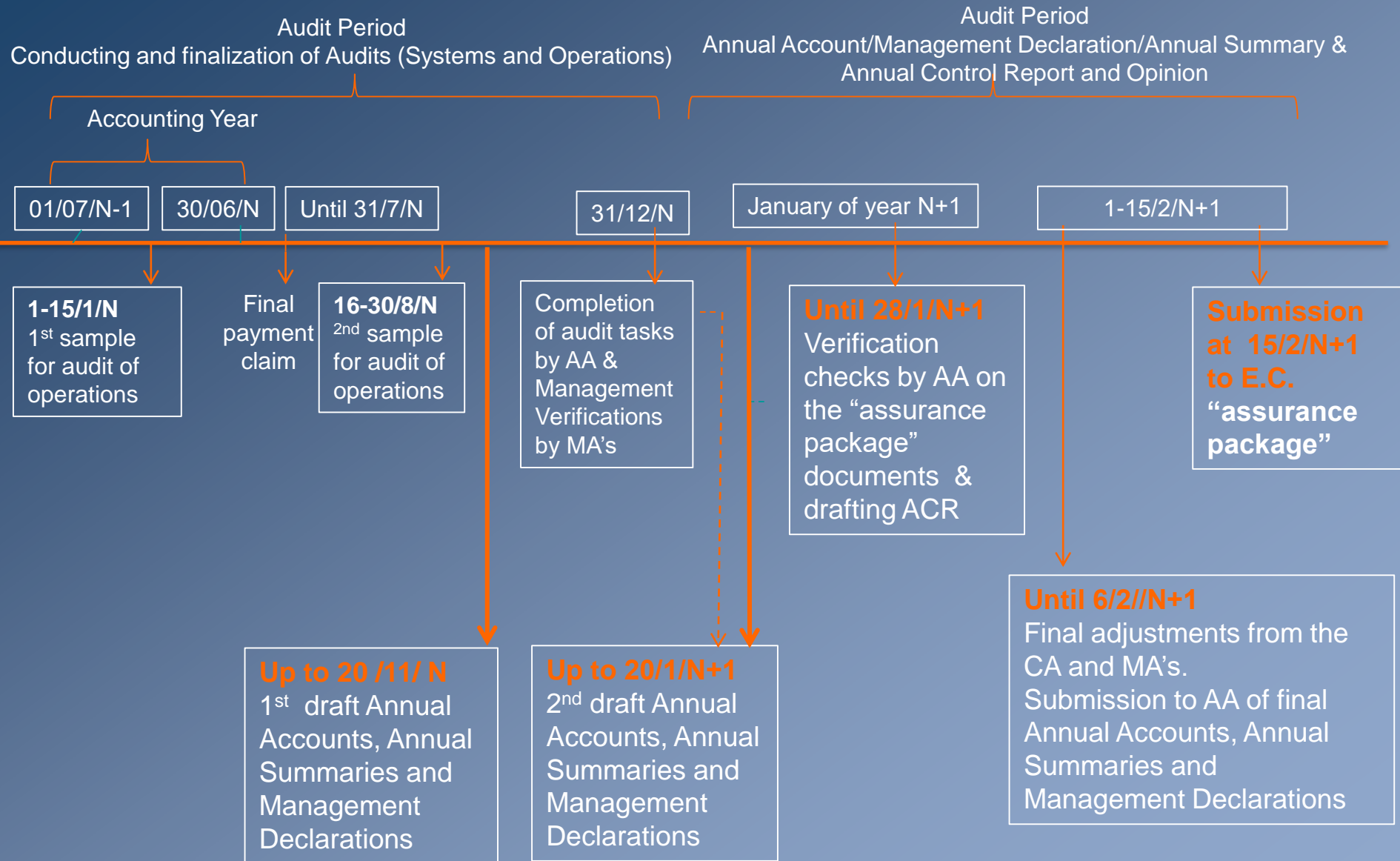


18 OPs under Goal
“Investment for
growth and jobs”

Uniform

Internal Deadlines & Reporting Procedures
for all authorities (MAs, CA, AA)

Provisions of Audit Strategy and MCS description



Audit Approach

- AA's Audit Manual was updated to include a Guidance for the System Audit to CA (adapted to Audit of Accounts new requirements and GN provisions EGESIF_150016-02 / 5-2-2016).
- AA's MIS system was adjusted to support the audit of accounts (new forms/ fields, reports, questionnaires & checklists)
- For the 2nd accounting year a full system audit to CA was planned and performed, covering all the relevant CA's key requirements.
- In the system audit report (under KR13) and questionnaire, the audit work for all accounts (drafts & finals) and any findings per account were documented.

CA System Audit - Phases

1st Phase: 21-12-2016 to 15-1-2017

- Preparation of audit & collection of information mainly related to KR 9, 10, & 11

2nd Phase: 16-1-2017 to 25-1-2017

- On the spot audit to CA
- Finalisation of audit work on KR 9, 10, & 11
- Review of 2nd draft of Accounts submitted by CA on 20/1/2017
- Collection of information related to KR 12 & 13

3rd Phase: 26-1-2017 to 15-2-2017

- Review of the final drafts of Accounts submitted by CA on 6/2/2017
- Finalisation of audit work on KR 12 & 13
- Submission of temporary system audit report on 7/2/2017
- Submission of final audit report on 15/2/2017 (full compliance of CA to findings related to accounts KR 12 & 13)

Audit Approach - Results

GN provision

Based on the draft accounts provided by the CA, the AA verifies that “the total amount of eligible expenditure declared in accordance with Article 137(1)(a) of the CPR reconciles with the expenditure (and the corresponding public contribution) included in the final payment application submitted to the Commission for the relevant accounting year”

and “the amounts withdrawn during the accounting year presented in the accounts correspond to the amounts entered in the CA's accounting systems and are based on reasoned decisions taken by the responsible MA or CA”



Based on **detailed expenditure reports from the common MIS system, a reconciliation exercise (on draft accounts and on final accounts submitted)** was performed to verify the audit trail (in total per OP, as well as at the level of Fund, priority and region per OP) between:

- the final payment claim and the interim payment claims ,
- the expenditure included in Appendix 1 of the accounts and the expenditure included in the MIS for the 2nd accounting year,
- the expenditure declared by the Beneficiaries and the expenditure verified by MA in the MIS,
- the withdrawals included in Appendix 2 of the accounts,
- the deductions after the final payment claim which are included in Appendix 8 of the accounts

Audit Approach - Results

GN provision

Based on the draft accounts provided by the CA, the AA verifies that “expenditure has been excluded from the accounts in accordance with Article 137(2) of the CPR, where applicable, due to an ongoing assessment of its legality and regularity. The AA also verifies, possibly on the basis of a sample, that all other required corrections as a result of management verifications or audits were correctly reflected in the accounts for the accounting year concerned”



- It was also verified that any **ineligible expenditure reported by the Audit Authority** in audits of operations or system audits were deducted from the accounts submitted to EC on 15/2/2017.
- From Management Verifications performed by MAs, a **sample of verifications** (46) was selected from all OPs and relevant supporting documentation was reviewed (management verification reports, correction procedures), in order to ensure that any ineligible expenditure reported was appropriately treated in the accounts.
- **No other results** from EC, ECA or other authority.

Audit Approach - Results

GN provision

Based on the draft accounts provided by the CA, the AA verifies that “the amounts of programme contributions paid to financial instruments and advances of State Aid paid to beneficiaries are supported by the information available, in particular from the MA”



Appendices 6 and 7 – zero, because no expenditure was declared in the 2nd accounting year for State Aid operations and FIs

GN provision

The AA has to check that the draft accounts have been prepared in accordance with the templates set out in the Implementing Regulation No. 1011/2014. In this context, the AA needs to check that there is a disclosure in the relevant appendices of the financial corrections as a result of the audit of operations according to Article 127 (1) of CPR.



- It was verified that the Accounts were prepared in line with templates
- Deductions as a result of AA's audit work were fully reconciled to amounts included in Appendices of relevant accounts

Audit Approach - Results

USE OF RESULTS OF SYSTEM AUDITS TO MAs



In the MA system audits performed by AA, no material findings were reported in relation to KR 8 “Appropriate procedures for drawing up the management declaration and annual summary of the final audit reports and of controls carried out” (responsibilities of MA in relation to the preparation of payment claims, annual accounts, annual summaries and management declaration)

USE OF RESULTS OF AUDITS OF OPERATIONS



In the audits of operations, no findings were reported regarding the total eligible expenditure of the operation and the amount declared to the Commission in interim/ final payment claims for the accounting year.

USE OF RESULTS OF SYSTEM AUDIT TO CA



No material findings – Category 1

OPINION: UNQUALIFIED OPINION FOR ALL OP's

Examination of accounts by the Commission

For two (2) OPs the Commission was unable to accept the corresponding accounts:

No finalization by MA of planned on the spot verifications



AA imposed a 2% temporary withdrawal on the total declared expenditure subject to on going assessment from the accounts

Commission requested to temporarily withdraw **all** expenditure subject to on going assessment and resubmit the Account

Investigation on alleged collusion regarding tenders for public works of infrastructure



AA's opinion with “emphasis of matter”

Commission requested to temporarily withdraw **all** expenditure subject to the on going investigation and resubmit the Account

Total amount in final interim payment claims:

€ 422.052.665,46

**Total amount in the accounts submitted
15/2/2017 :**

€ 412.976.164,06

**Total amount in the accounts re-submitted
24/4/2017 (after examination by the
Commission for 2 OP's)**

€ 385.808.578,24

Areas of improvement

- Delays in the finalization of Management Verifications and AA's audit work. The deadline 31/12/2016 was not fully respected (all authorities have to be aware and committed to this deadline)
- Deadline 20/11/N for the submission of 1st draft of accounts to be re-considered (possibly to set a deadline within December)
- Audit work on Appendix 2 of accounts (which includes withdrawals incurred during the interim and the final interim payment claims) to be finalized at an earlier stage (possibly upon submission of 1st draft of Accounts)
- Since no system audit (on the spot) to CA is required for the 3rd accounting year, the verification checks on the Accounts could be administrative at the premises of AA.

Any questions?

Thank you for your attention