



Ministry  
of Finance

Republic  
of Poland

# Audit of accounts

*Rafał Długołęcki, Polish Audit Authority*

*Valencia, May 29, 2018*

12 Świętokrzyska St.  
00-916 Warsaw

tel.: +48 22 694 53 37  
fax :+48 22 694 51 52

[www.mf.gov.pl](http://www.mf.gov.pl)

# Audit of accounts

- general considerations
- timeline
- methodology
- evaluation by the EC
- remarks

# Interreg programmes in Poland

Programmes managed by the Polish side:

- Poland – Slovak Republic
- South Baltic (PL, LT, SE, DK, DE)
- Poland – Saxony

Additionally 8 other programmes (cross-border, international and interregional ones) Poland is participating in.

## Audit of accounts – schedule

- Pre-work: designation audit and verification of the existence /completeness of procedures referring to, *inter alia*, drafting of the accounts, annual summary of audit/controls
- Draft accounts by the 31st of October
- Final accounts by the 31st of January
- Draft ACR by the 31st of December
- Final ACR by the 15th of February

# Audit of operations – reality

Last year:

- small populations (39, 35, 35 payment claims of individual PP)
- non statistical method (Equal Probability Selection)
- 2 samples, drawn in May and in August
- small samples – 6 payment claims

Current year:

- Significantly larger populations (> 150 payment claims of individual PP)
- statistical method (Simple Random Sampling)
- 2 or 3 samples drawn (last interim payment claim foreseen by the end of April, May and June)
- Full size samples – 30 payment claims

# Audit of accounts – elements

Opinion of accounts based on:

- Audit of operations
- System audit

## Audit of accounts – within audits of operations

- Reconciliation of the sampling population with the accounting system and data submitted to the SFC
- On the basis of selected sample (taken from the positive population), the AA confirms, that the total eligible expenditure (art. 137 (1) (a) of 1303/2013) equals expenditure covered by payment claims submitted to the EC
- On the basis of selected sample of negative amounts the AA confirms, that financial corrections are properly reflected in the accounting books of a given financial year

# Audit of accounts – within system audits

## Two phases of system audit

- first phase: all the KR selected to be audited in a given audit year except for KR8 & KR13. Results are presented in a system audit report.
- second phase:
  - KR8 (MA) Appropriate procedures for drawing up the management declaration and annual summary of the final audit reports and of controls carried out
  - KR13 (CA) – Appropriate procedures for drawing up and certifying the completeness, accuracy and veracity of the accounts

The results of the second phase of the audit are presented to the MA/CA in the Annual Control Report.



# Audit of accounts – within system audits

## Relevance of the procedures (KR 13) that should assure:

- amounts included in accounting system of CA are compliant with expenditures in interim payment applications submitted to the EC in the accounting year (after corrections of clerical errors / double entries),
- all incorrect amounts arising from management verifications and audits (AA, EC, ECA) will be deducted,
- amounts withdrawn/recovered, to be recovered, and the irrecoverable will be adequately indicated in the accounts
- the accounts will be timely submitted to the MA, AA (for evaluation) and to the EC.

## Audit of accounts – within system audits

**Having received the drafts accounts submitted by the CA – AA confirms, that applied procedures resulted in drawing correct accounts:**

- a) the total amount of eligible expenditure is compliant with the expenditure included in the final payment application submitted to the EC for a given accounting year;
- b) amounts withdrawn and recovered during the financial year, amounts recoverable at the end of the accounting year, and amounts subject to reimbursement presented in the financial statements, correspond to amounts entered in the CA accounting system and are based on a justified decision taken by the competent MA or CA;
- c) the expenditure was excluded from the accounts, as applicable, in accordance with Article 137(2) of Regulation 1303/2013 due to ongoing assessment of their legality and regularity;
- d) amounts of contributions made to the programme of financial instruments and advance state aid payments to the beneficiaries are supported by information available from the MA and CA.

The above verifications (b-d) may be performed on samples.

# Audit of accounts - checklists

General checklist dedicated to accounts and separate checklists for every appendix to the accounts.

Exemplary questions:

- Are there any differences between the total amount reflected in the last interim payment claim, submitted on the basis of art. 135 (2) of 1303/2013 and the amount indicated in appendix 1?
- Are the differences adequately explained (AA has to evaluate the explanation)?
- Has the CA indicated in appendix 8 amounts corrected in current accounts, on the basis of the results of audit of operation, in accordance with art. 127 (1) of 1303/2013?
- Has it been confirmed during audit of operation (positive sample) that the total eligible expenditure (art. 137 (1) (a) of 1303/2013) equals expenditure covered by payment claims submitted to the EC?

# Audit of accounts – evaluation by the EC

Examples of EC's questions / concerns:

1. Why the irregular amount identified during audit of negative amounts is not indicated in the annual summary and in the appendix 8?
2. The single amount indicated in appendix 8 is the sum of which partial amounts indicated in the annual summary?
3. There's an amount in appendix 2 to the accounts which is not explained in the annual summary.
4. The annual summary should provide EC with details regarding irregularities that were deducted in the appendix 8: at least which control/audit they resulted from, on which project/payment claim (remark based on the amount in appendix 8).
5. The column about corrective measures in the annual summary indicates a comment from the MA, that it disagrees with the AA finding, but agrees to make a correction. Is it an amount under on-going assessment given the disagreement between institutions?

## Audit of accounts – remarks

The time limit is very short for AA

- to complete all audits by 31st of September / the soonest possible, so that MA / CA can reflect findings in annual summary of controls / audits and in accounts
- to write the final ACR on the basis of final versions of accounts and annual summary of controls/audit – two weeks in February
- to verify once again information uploaded into SFC by MA/CA and clarify potential differences

It is crucial to ensure coherence and completeness of information provided in the number of files attached to the ACR.

Thank you for your attention