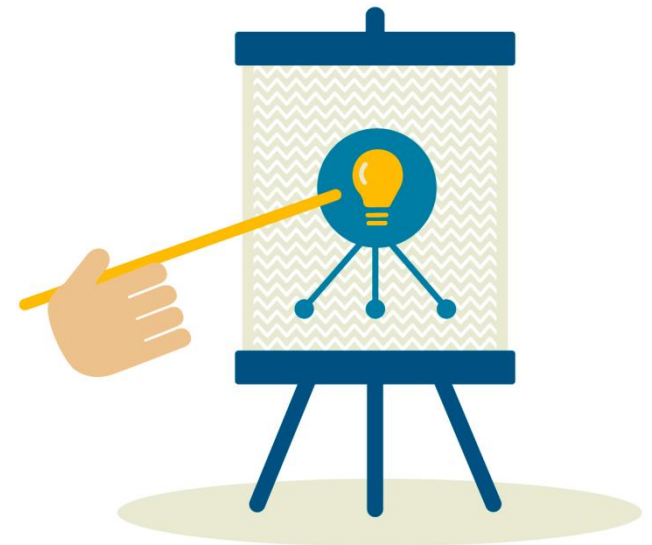


# Annual accounts – experience so far

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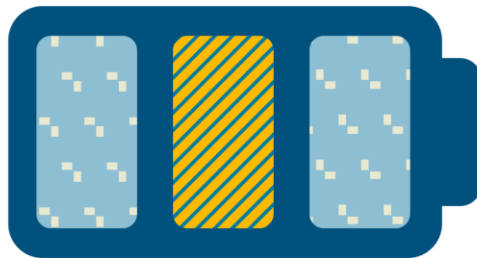
Audit Authorities network meeting  
29 -30 May 2018 | Valencia, Spain

**Malgorzata Zdunek, Interact**



# What is the current state of affairs?

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# Adopted programmes and status of designation of authorities by 31 December 2017

ETC	Total No of programmes adopted	No of designated authorities	Total allocation of adopted programmes, MEUR		Total initial pre-financing paid, MEUR (CBC, TN, IR) **cumulative, excl. IPA CBC
			Total funding	Union support	
2014	18	0	3 026	1 981	19.7
2015	67 (incl. IPA, PEACE, ESPON, URBACT)	6	9 927 *9 484	7 714 *7 337	164.9
2016	1 (IPA CBC Italy-Albania, Montenegro)	17	92.7	78.8	184.7
2017	0	39			n/a

\*without IPA CBC. Source: EC.

\*\* PF paid to IPA CBC – 94.2 MEUR.

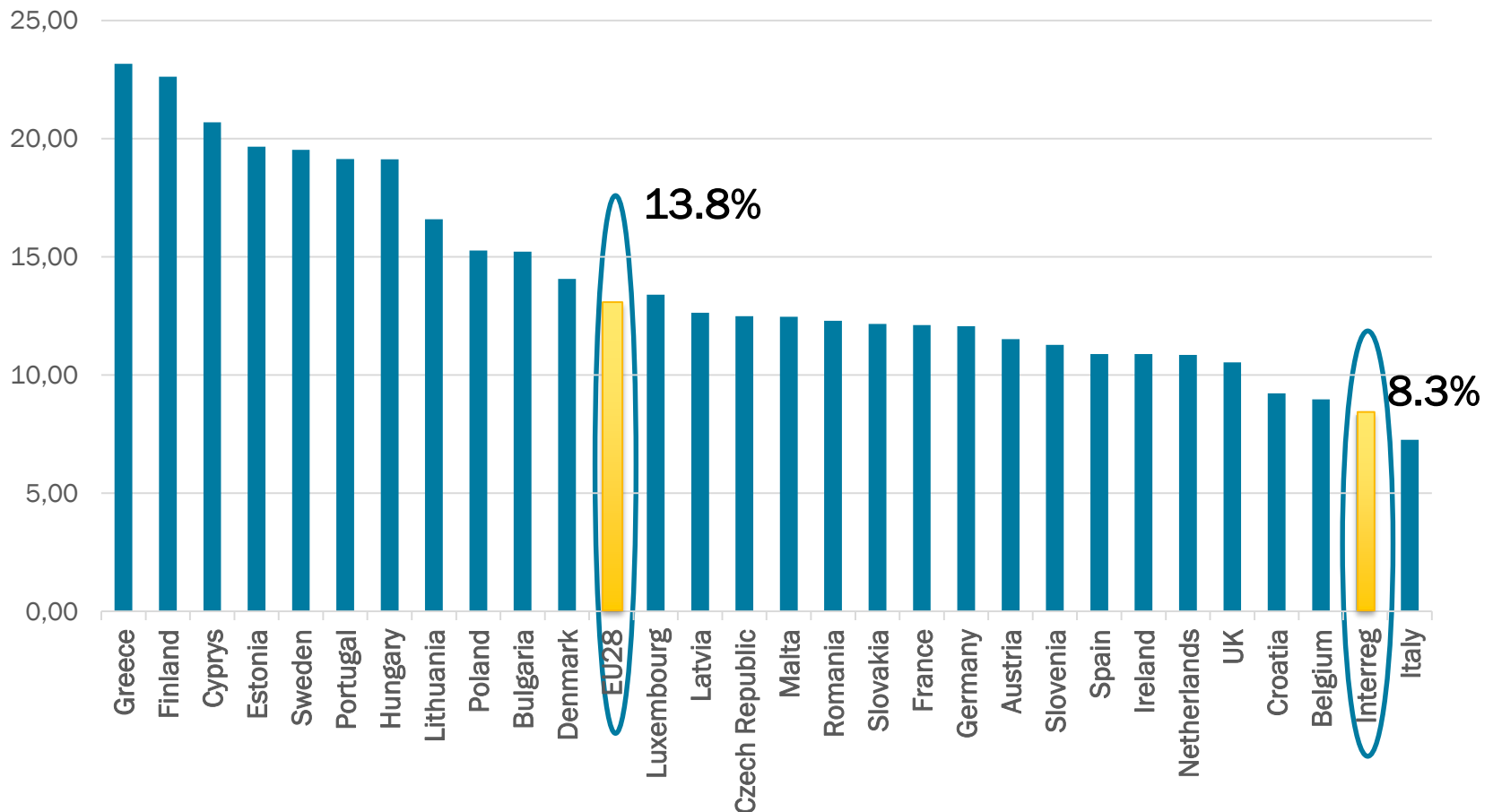
# Analysis of 2015/2016 budgetary implementation

- Delays in implementation

## Main reasons for delays in implementation

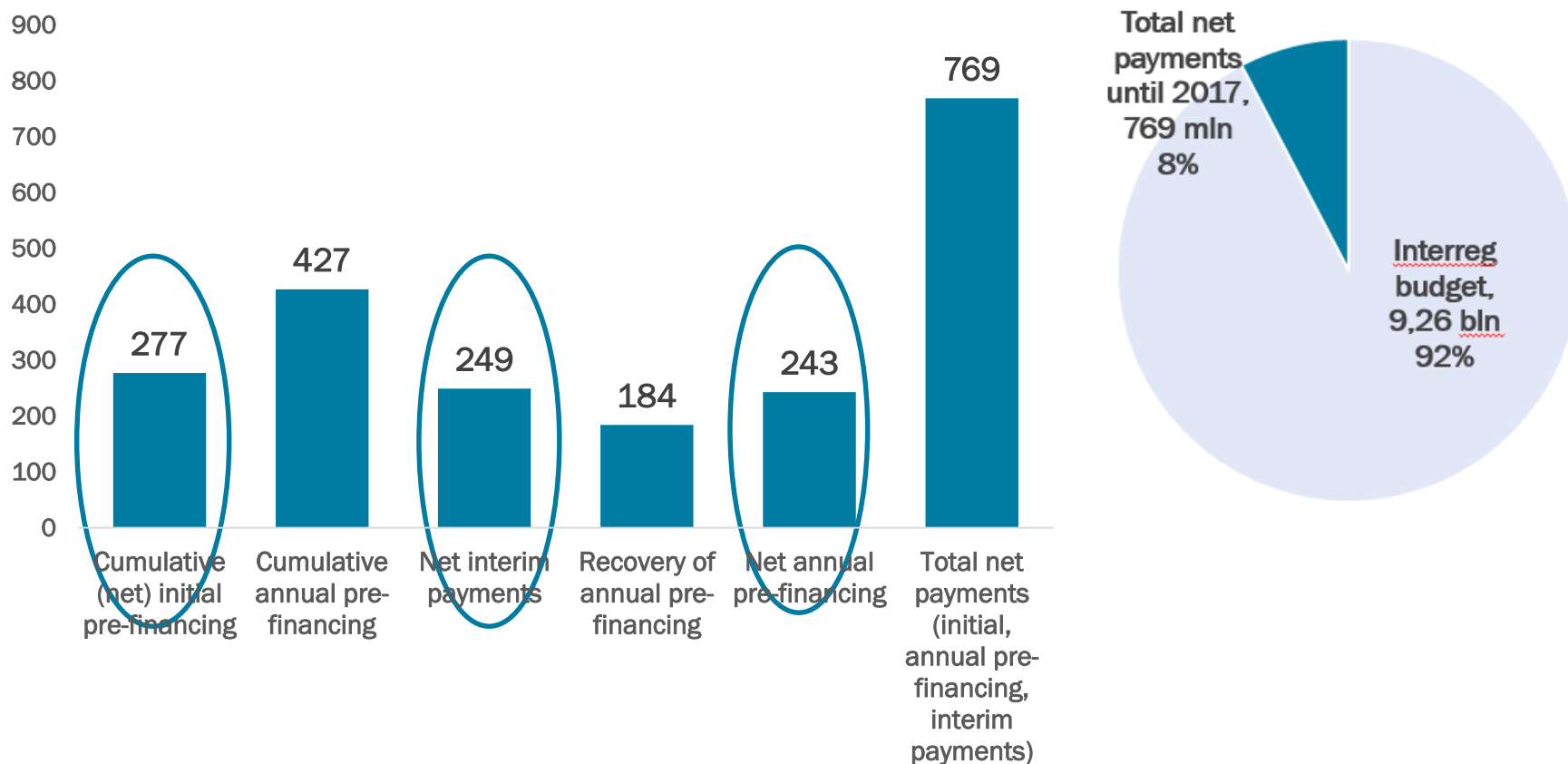
- Late adoption of the main legal issues
- New designation process for MAs/CAs – delays at national level
- Additional requirements introduced by the new regulations (e.g. fulfilment of ex-ante conditionalities, common strategy and stronger coordination requirements)
- Absence of a deadline for automatic decommitments at the end of 2016
- Closure of 2007-2013 programming
- Very slow submission of payment applications as compared to their forecasts

# Regional Policy 2014-2020 EU payment rate, 2017, %



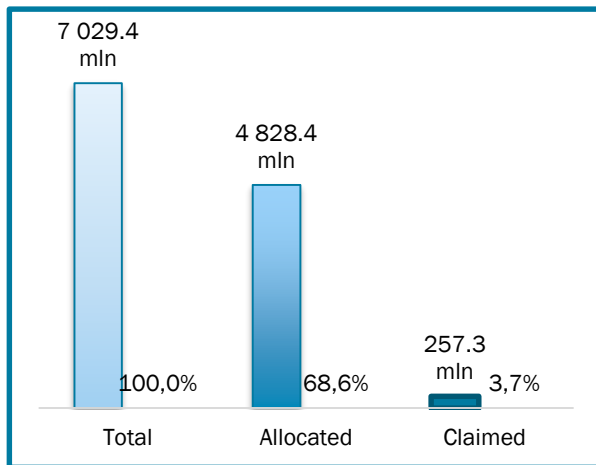
Source: Regional Policy 2014-2020 EU payment details, Cohesion Data

# Interreg payment details, 2017, mln EUR

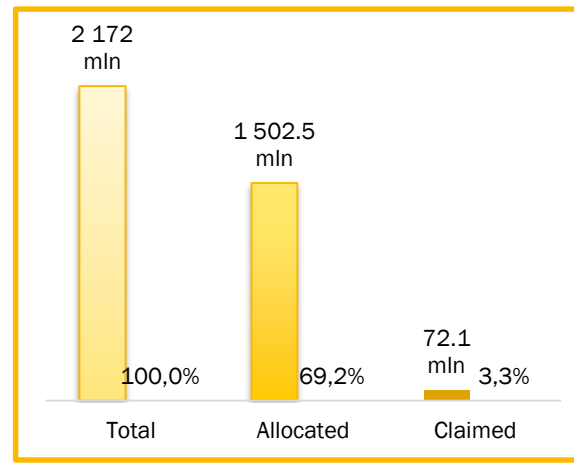


# Interreg implementation until Dec 2017

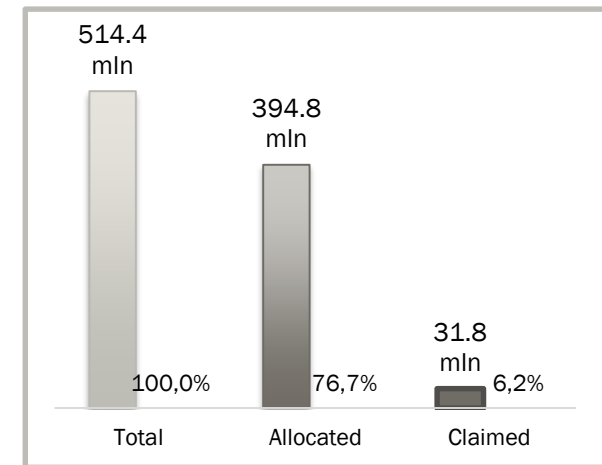
Interreg V-A + Interreg-IPA  
Cross-border



Interreg V-B  
Transnational

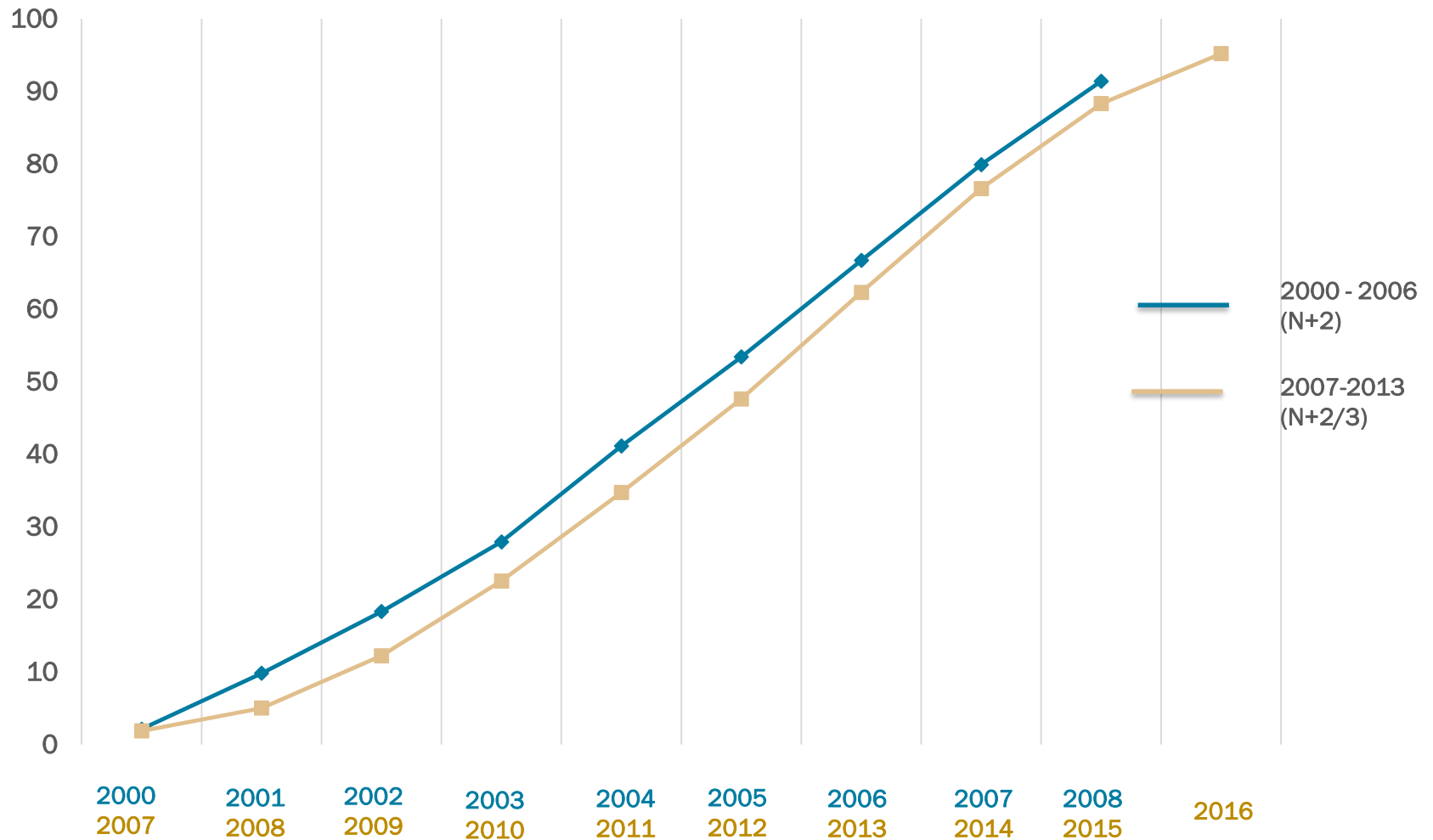


Interreg V-C  
Interregional



Source: Regional Policy 2014-2020 EU payment details, Cohesion Data

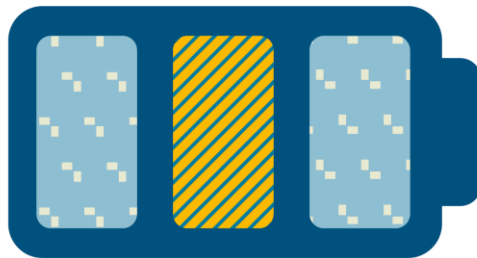
# ERDF absorption rate, EU28





# **February 2018. State of Play of Annual Accounts submission**

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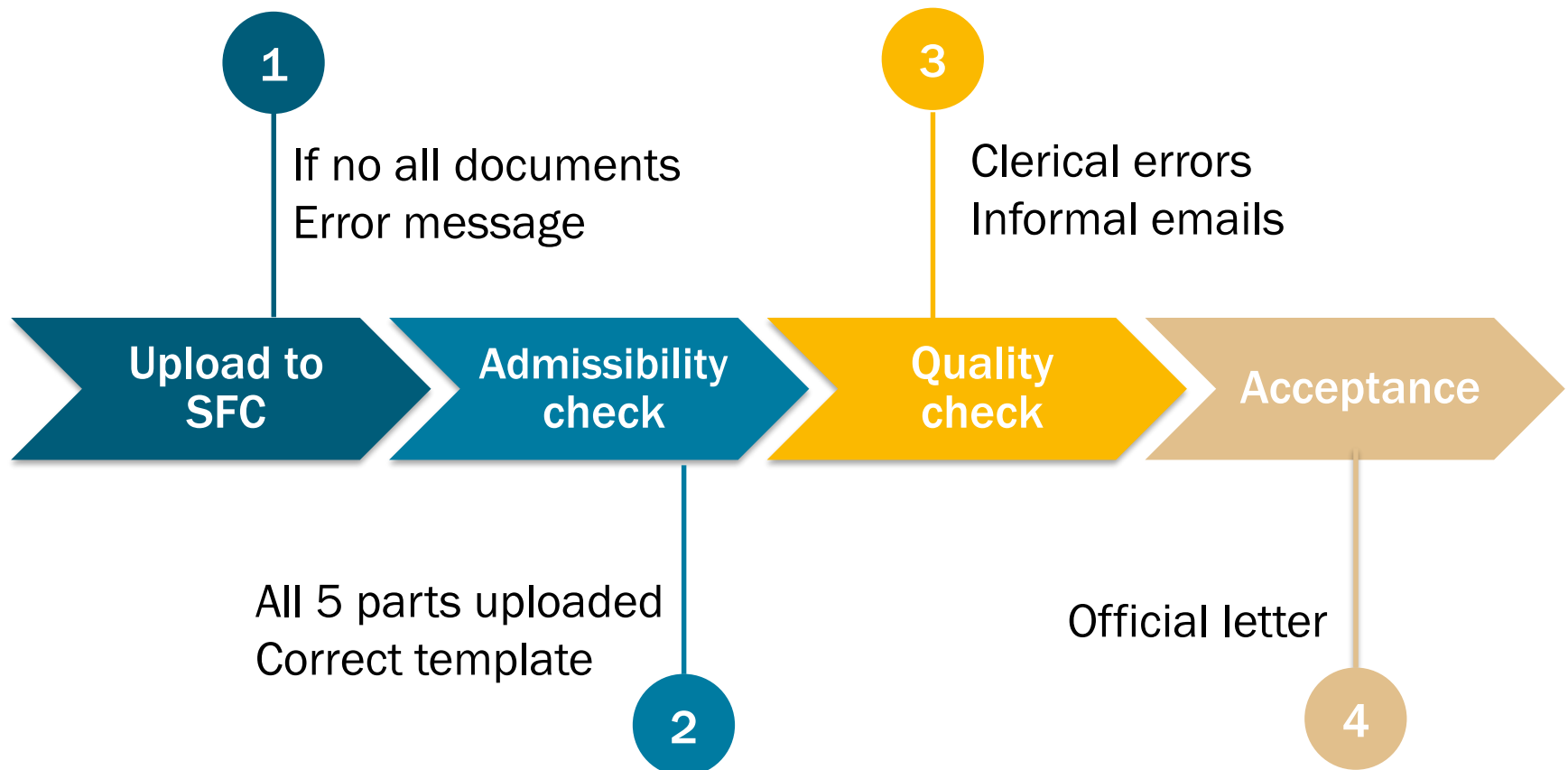


# 15 February 2018 – annual accounts submissions

- 28 non-zero Interreg annual accounts submitted
- Including 3 IPA – CBC programmes
- 2 requests of extension of the deadline (till 1 March)
- Extensions asked due to audit work not finalised within deadline

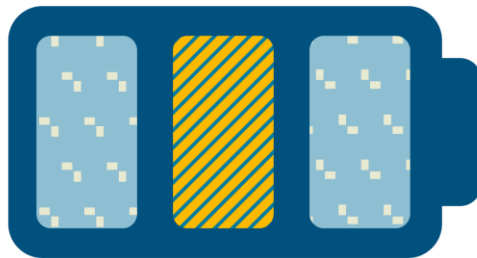


# Annual accounts – process at the EC



# **Annual accounts meeting held 21 March 2018 – collected before the meeting**

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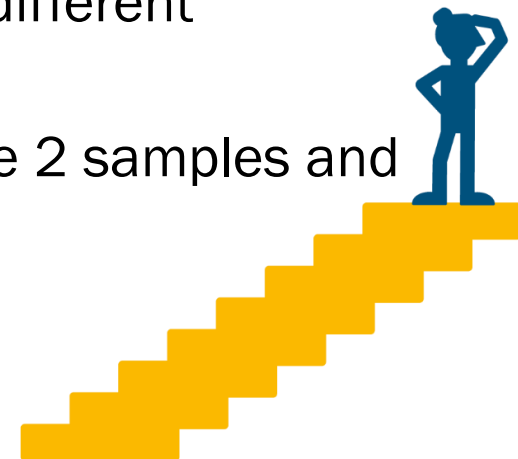
# What went smoothly?

- We had only zero accounts till now
- The idea was clear to us
- We did not have any irregularities
- Clear guidance / template on Management Declaration and Annual Summary
- Our e-system allows easy access to all needed data
- Establishment of calendar of actions for MA/CA/AA
- No audit of operations as only lump sums claimed
- ..Nothing went smooth!



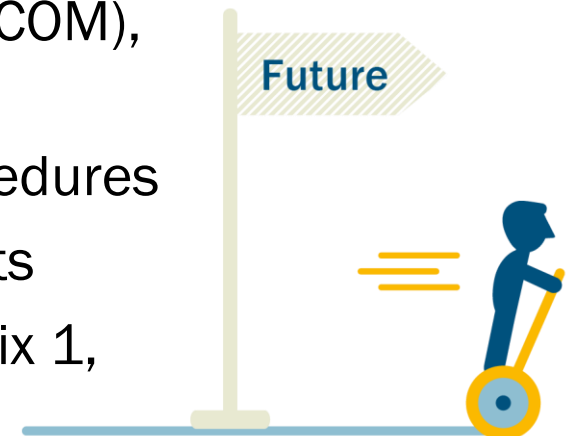
# Main challenges

- To guess what COM means with certain columns headers
- Audit of accounts for the first time
- Complexity, administrative burden, poor SFC guidance
- Treatment of irregularities
- Coordination, timing, not respecting deadlines, sharing the common understanding, consistency of documents
- Different authorities in different countries with different workflow
- Decision on a) to declare less costs or b) to have 2 samples and tight schedule for auditors



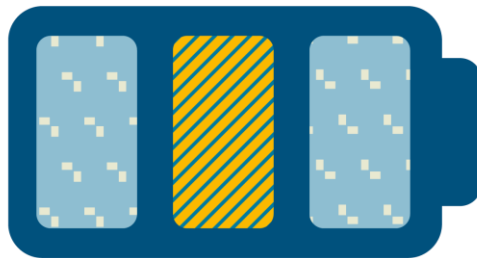
# Desired changes

- Timing, prolong the deadline for submission
- Harmonised vocabulary (wording used by COM), need of more clarity on what to include
- We need to improve our own internal procedures
- The alignment of N+3 and annual accounts
- Entry of payment to beneficiaries (Appendix 1, column C) should be skipped
- Integrated data collection and reporting system for all with automatic download of data to accounts
- Analysis of the necessity of annual accounts
- ... let's skip the annual accounts!



# **Annual accounts meeting held 21 March 2018 – proposed improvements**

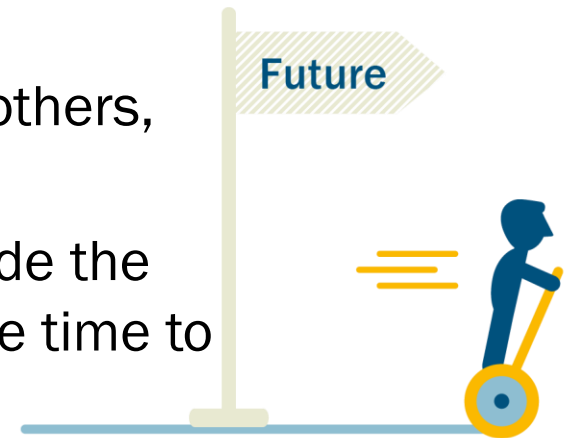
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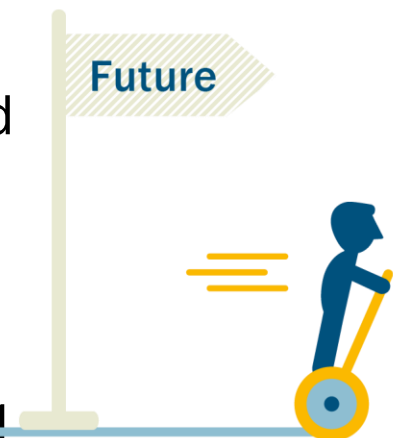
# Strengthen cooperation between authorities

- Use e-space to share all documents, with recent changes, meet often, talk to each other
- Communicate with the EC, common understanding is the key
- Plan timeline with deadlines for all authorities, add buffer, keep deadlines, modify timeline
- Participate in trainings and meeting, learn from others, exchange
- If AA and MA disagree on something, CA to exclude the discussed expenditures from the accounts to give time to conclude
- Team work - we are all (MA, CA and AA) in the same pot, we are not enemies!



# How to deal with tight timeline

- Prolong the deadline for submission of annual accounts
- $N + 2$  for accounts and not  $N + 1$
- Align accounting year with fiscal / calendar year
- Reduce the sample size for audit of operations and strengthen the human resources of AA
- Agree on cut off day on including irregularities, it cannot be end of January
- Establish consistency check process (1 person at 1 authority checking data before submission)
- ... let's skip the annual accounts!



# Cooperation works

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All materials will be available on:

**[www.interact-eu.net](http://www.interact-eu.net)**