

Gold Plating

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What is gold plating?

- Imposing additional administrative obligations on top of the minimum requirements set by the ESIF regulatory framework; i.e. additional work burden **without or with marginal added value**
- May be initiated by any level and player involved in the management of ESIF – from EU level to programme and beneficiary level – and can occur at any point of time during ESIF delivery
- Increases administrative costs and/or burden for all but is not the same as administrative costs and burdens arising from ESIF-regulations as such.

What is gold plating?

- Active gold plating: additional administrative procedures and regulatory obligations going beyond ESIF requirements set out at EU level
- Passive gold-plating: national, regional or local players fail to apply simplification measures proposed by ESIF regulations

Gold plating in Interreg

Why addressing gold-plating in Interreg ? - because it ...

- is affecting Interreg more strongly than other ESIF programmes due to high numbers of administrative players involved and tendency towards large numbers of smaller projects in Interreg (e.g. Small Project Funds)
- increases cost for programme administration (mostly MA) and beneficiaries → decreases the attractiveness of Interreg
- triggers off or deepens vicious cycles: more rules → higher risk of errors → more rules → higher risk of errors
- decreases project quality → compliance over performance
- tends to be unfair towards smaller organisations as beneficiaries (relatively more difficult to cope with the administrative load)

Scope

Who should address it and cope with it?

It would require a comprehensive perspective on the complete delivery system ... and an open exchange beyond established routines, rivalries etc.

What are effective measures to counteract the vicious cycle?

It requires in some cases fine-tuning but in many cases fundamental changes in established proceedings and a change of mind-sets and perceptions ...

Observations of the HLG (HLG 2016 0006 EN)

Challenge	Counteractions
Zero-error and zero fraud management rationale in ESIF – discouragement for MA and beneficiaries	Re-thinking shared management Strengthening principles of subsidiarity and proportionality
Lack of trust Fraud and administrative errors dealt at the same level	Auditors at all levels to fully partake in the simplification agenda
State aid	If possible for Horizon 2020 why not for ETC? at least for similar types of projects
Late legislative package and primary and secondary rules on ESIF in 14-20	Early development of streamlined legislative package for ESIF post-2020
Public Procurement (PP) rules – 48% of ESIF spent via PP! – lack of proportionality in corrections	Simplification of national PP-rules Preventive audits (ex-ante) Training
Monitoring and evaluation	Aligned reporting mechanisms for ERDF and ESF Lean indicator sets (reduced reporting burden) Proportionality principle in reporting

Observations of the HLG

Challenge	Counteractions
Inconsistent regulatory frameworks, differences in legal systems of participating MS	Negotiation for compromises to reduce burden for beneficiaries
Interpretation uncertainties of programme bodies (often combined with lacking experience in key fields such as legal matters)	Capacity building National coordination
Audit fear (risk aversion and fear as one of the main reasons – anticipation of strict audits ...)	Building trust Enforced exchange and learning cycles
Complexity of system (number of actors, vested interests, ...); need to comply with national systems plus Programme system	New approach to MA/CA/AA
Administrative tradition and culture (e.g. outdated or less effective approaches to task division)	External review of proceedings & reform agenda
Too many goals in Interreg (requesting compliance with horizontal principles, cooperation criteria, minimum numbers of partners ..., specific objectives, ...)	Back to the essence of Interreg!

Where in the **programme** cycle?

Step / element	What? Examples	Counteraction
Programming,	Delayed regulations / guidance, retroactive changes	
Eligibility rules FLC	Incomplete rules, excessive documentation requirements, ambiguous / vague / overly detailed requirements, Requirements related to the control of procurements (reports, strict and rigid rules on evidence ...), multiple control of procurements (ex-ante, ex-post) Changing regulations	Concise rules at EU level Consolidate SCOs Risk-based approach related to cost and benefit Regular training for procurement experts
Reporting	Multiple reporting (partly owed to language issues); No 'once-only'-principle in data management, request to keep paper trail	Acknowledgement of a result-based approach
Audit	Non-use of option for simplified designation if system unchanged Double reporting / excessive administrative burden Small margin for errors (materiality level 2%) Stricter interpretation of eligibility criteria Excessive audit trails	Mutual learning MA provides context for AA

Where in the **project** cycle?

Step / element	What? Examples	Counteraction
Application	various statements of authorities as annexes State aid: parallel checks in participating countries	E.g. sworn statements
Assessment	Involvement of too many layers with limited added value (JS, regions, external experts ...)	Clear assignments acc. knowledge and competences
Contracting	Excessive legal requirements instead of clear wording on key issues and consequences in case of legal disputes	Check by experienced staff
Reporting	Frequent reporting on outputs, requirements in terms of languages	Strict result-based approach
Control	E.g. excessive evidence requirements (reports, strict and rigid rules on evidence ...), control of SCOs like for real cost	Training, eligibility rules, gold-plating as finding

Further examples I

- Programme bodies to stick to rules applied in previous period – e.g. hijacking the purpose of SCOs (staff cost, flat rates) or other simplification measures (timesheets, activity reporting)
 - Checking that the flat-rate for administration costs meets the actual administration costs
 - Timesheets or activity reports for staff working on the project on a fixed percentage
- Re-verification of expenditure at national level before submission of reports, after FLC
- Asking projects to submit documents, which are not checked at programme level

Further examples II

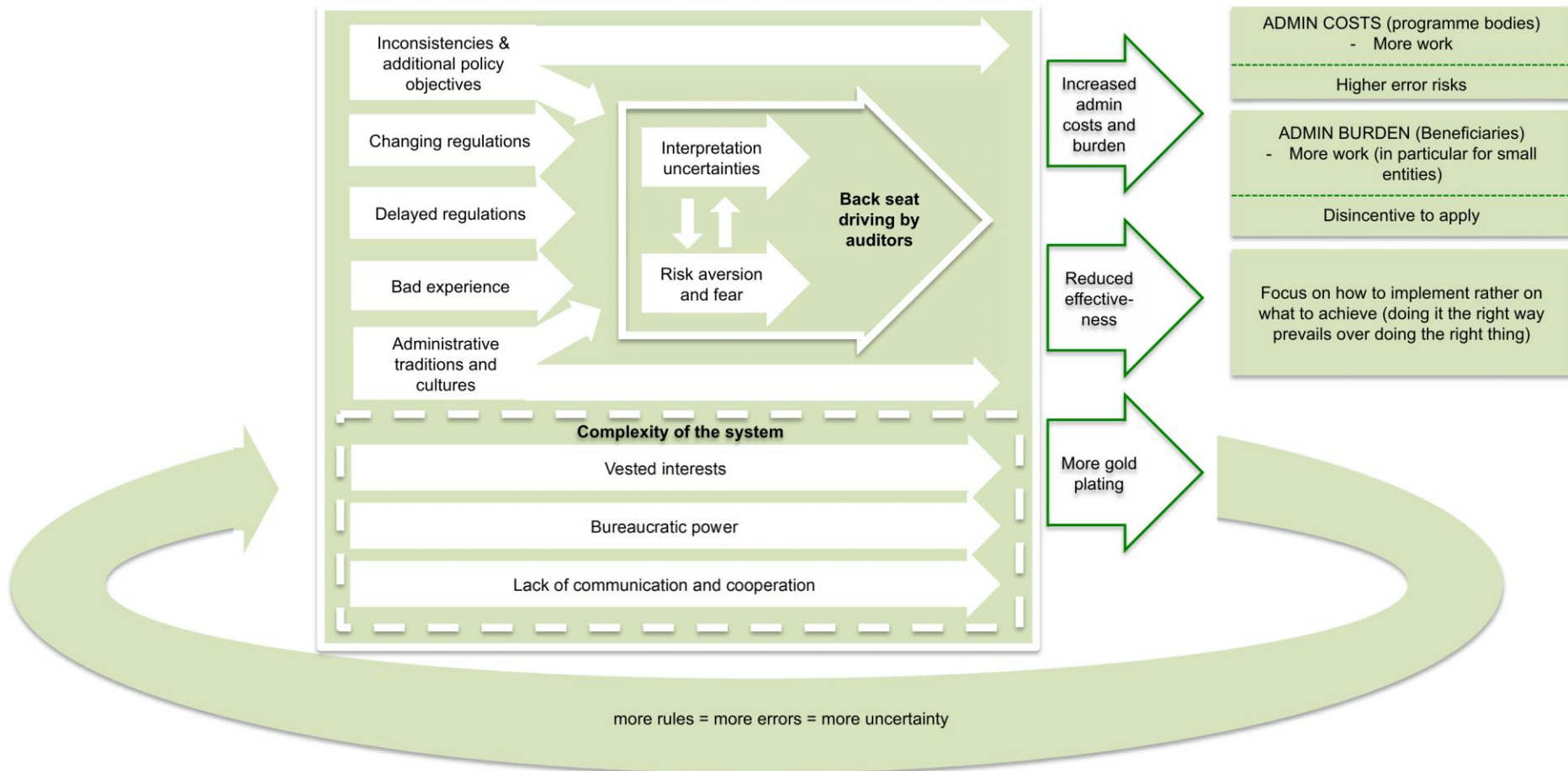
- Bid-of three rule at programme level
- Setting ceiling costs in travel & accommodation
- Asking for hand-written signature document, while a fully electronic system is in place

What is to come?

- Continuous effort of all programme bodies to honestly reduce the administrative burden for beneficiaries?
- Continued exchange among all programme bodies (vertically) to tackle the issue?
- To define Regulations as a maximum?
- For audits to not only confirm that the procedure was applied, but to critically question whether the procedure applied is really needed?

Cooperation works

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Figure 6: Causes and effects of gold-plating in ESIF**Source:** Spatial Foresight, 2017