



# **Common sample for audits of operations at EU level for INTERREG post 2020**

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# Preparatory Steps

- Audit Meeting organised by DG Regio in Brussels on 5 April 2018
- Commission proposal 29 May 2018
- Audit Network meeting organised by Interact in Valencia on 30 May 2018
- Negotiation in Council & Parliament
- Dedicated workshop during the Homologues Group meeting in Sofia on 25 September 2018
- Workshop on EU level sample for audits of operations for Interreg post 2020 on 10 December 2018.

## Cohesion policy post-2020

### Proposal for the Interreg Regulation **SIMPLIFICATION.**

- Flat-rate technical assistance approach
- Certain programme modifications without Commission decision
- New rules on VAT eligibility
- No requirements for revenue-generating projects
- **Single error rate approach for Interreg programmes**
- No longer a certifying authority as such
- No more annual implementation reports
- Combination of pre-financing and annual pre-financing

# Management Control systems & Audits

## Proposal for the Interreg Regulation

### Management verifications(Art. 68)

- Risk-based
- Accounting function(Art. 70):no controls at beneficiary level

### Audit work: Single audit arrangements (Art. 74)

- EC and AAs **shall** first use the information at MA level
- Inform the EC as soon as the contradictory procedure is concluded
- Enhanced proportionate arrangements on MCS and Audits Criteria for application (Art. 77-79) **not applicable for Interreg**
- ETC sample of audit of operations at EU level (ETC Art. 47-48)

# ETC sample of audit of operations at EU level

## Proposal for Interreg Regulation (Art. 47- 48)

- **(2007-2013) Significant reduction of audit effort and associated costs**, in 2015 the audits carried out for ETC represented 15% (1300 operations) of the total while ETC weight on expenditure was **just** 3%
- Proposed approach of EU level sample would divide by around 10 the number of audit visits to be carried out
- Commission selects a representative sample of operations/projects within the programmes which have provided the required information
- Stratification can be used for groups of programmes depending on the risks identified
- In case of residual error rate above 2%, **no automatic extrapolated correction**. Assessment needed to determine the targeted actions to be implemented (additional audit work, financial corrections,..) in the following accounting year

# Functions of the Audit Authority (article 47)

## Proposal for the Interreg Regulation

- Audit authority in the whole programme area (except for third/partner countries or OCTs under Chapter VIII) (reference?)
- Systems audits and audits on operations (just like under CPR) by the audit authority
- Where a programme falls under the common EU sample set out in article 48, the number of operations to be audited by the audit authority will be significantly reduced
- In the above case, the audit authority has a derogation **not to provide an annual audit opinion on legality and regularity of expenditure.**
- Annual control report's template is thus **simplified for programmes under the common EU sample** – they will need to provide less information there

# Audits of operations (article 48)

## Proposal for the Interreg Regulation

- **Commission selects a common representative sample**
- Programme authorities must send their information **by 1 September**
- **If programme is late → full audit of operations in line with Article 73 CPR**
- Audit by AAs: Report by 15/2 to the Commission
- Commission then calculates 'an INTERREG extrapolated error rate' for the sample i.e. TER at EU level
- If the TER is above 2% the Commission will consider the corrections already made and calculates 'an INTERREG residual error rate'
- If RTER still above 2% - additional audit work is needed **to limit the financial consequences to programmes/MS/beneficiaries/category of expenditure affected by irregularities**
- **Deadline to report on the results of the additional audit work: Before December n+1**

# Negotiations in Council for Interreg programmes

State of play 30/11/2018

## General

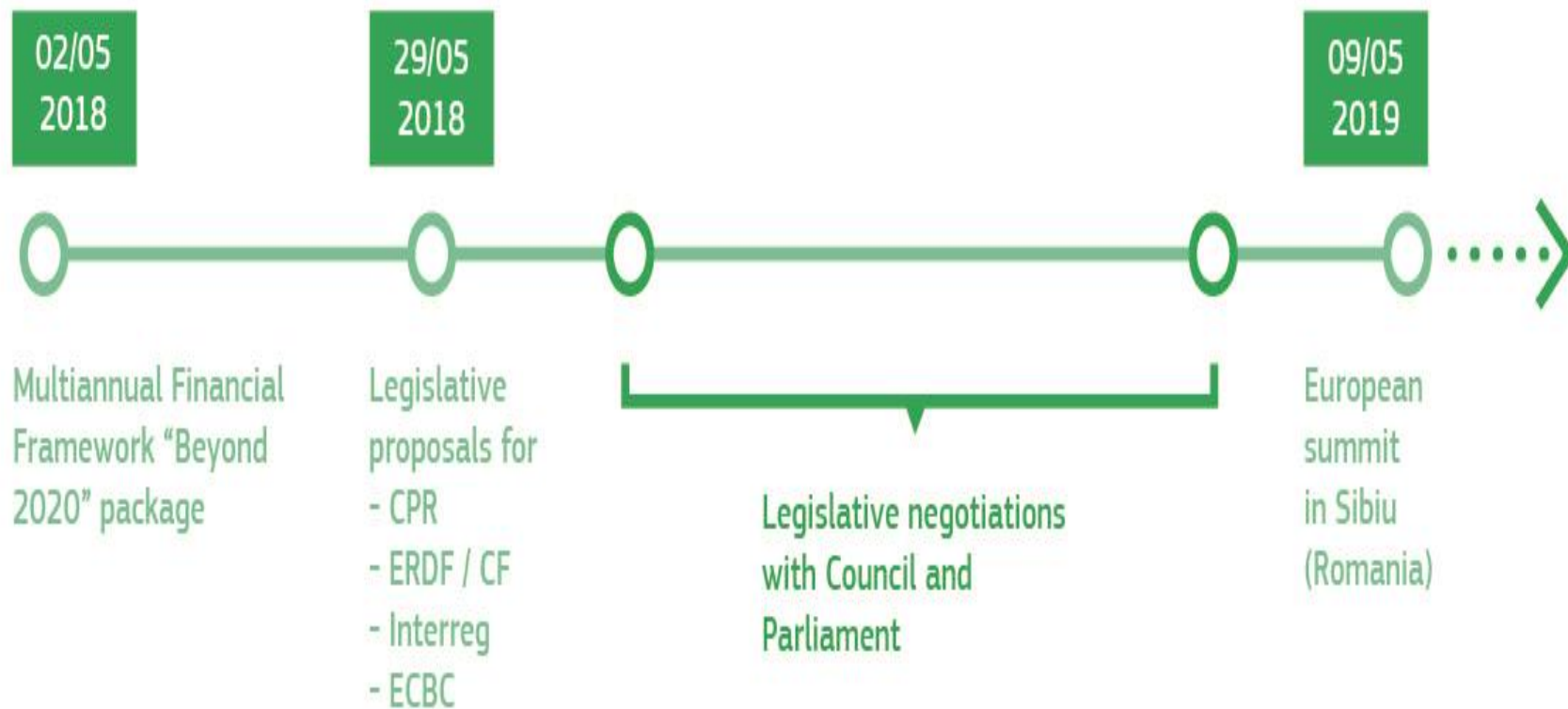
- Definition of Interreg 'components'
  - Maritime cooperation to be included under cross-border component
  - Interregional innovative investment to possibly move under ERDF mainstream; proposals also for shared management (instead of Commission proposal for direct/indirect)
  - URBACT – and possibly Interreg Europe - to be kept under Interreg
- Strong reservations of Member States in relation to ECBM – the need for such a legal instrument is questioned



# Management and control in Interreg

- **Definition of Interreg 'sub-programme area'** Member states questioned (considered too vague without clarity on competences)
- **Management verifications** – Member states want to keep first level controllers
  - Staffing issues for the MA to be able to cope with all these responsibilities
- **Group of Auditors for audits of operation** – Member states want to preserve them
- **Common audit sample** to be drawn by the Commission: Member states claimed too short deadlines for the audits to be done, clarifications needed on financial corrections in case of errors over 2%, etc

## Next steps \_ Negotiations Timeline



**Thank you for your attention**