

# Annual accounts – how to improve?

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Bucharest, Romania

## Key messages

- In case of smaller errors (e.g. wrong attachment uploaded, clerical errors), it is possible to correct and re-submit the accounts. The Commission contacts programmes via e-mail, no official letter is sent.
- It is a good practice to agree internally deadlines for all authorities to work on the accounts; the key is to keep the dates to allow everyone enough time for their work.
- There are different approaches to cut-off date and multiple samples. The size of the sample is important as it influences the overall error rate of the programme. Generally, the bigger the sample the lower the chance to exceed the 2% error rate.
- It is important to have a reliable and user-friendly monitoring system, which provides necessary data. The amount of information to process is too big to work manually without appropriate tool.
- European Commission is working on updated guidance package for accounts. The updates will bring more clarity for the programmes preparing the accounts now. It is expected to be published latest in December 2018.
- Option to offset the negative annual balance against next interim payments will be introduced to avoid too many transfers.
- All amounts taken out from the accounts because of ongoing assessment must be treated as potential error and therefore taken into account when calculating programme error rate. It is therefore not optimal for programme and might lead to unpleasant consequences if 2% error is exceeded. Please note that in case your error is above 2% and there is a need for extrapolated correction on programme level, it is considered final and not ongoing and cannot be re-claimed if ongoing assessment shows no actual errors.
- Amounts under ongoing assessment should be deducted directly from the accounts and not from interim payment application anymore. This would lead to deducting the amounts twice. Expenditure under ongoing assessment can be claimed again via interim or final interim payment application to Commission (if confirmed to be eligible) the irregularities deducted from payment claims are final and cannot be re-introduced.

- In case of disagreements between authorities: MA decides on recoveries from beneficiaries, CA decides what should be reported in the accounts as eligible, but if AA decides some amount is irregular, MA might disagree and not recover from beneficiary, but it needed to be reported to Commission and repaid to the Commission.  
It is AA's responsibility to calculate the error, even if there are different opinions among authorities.
- Typology of errors proves to be a good initiative and Commission wants to continue this practice. The plan is to ask all AAs to use the full typology (it will be included in SFC to make it easier to report) and to recommend (via the updated guidelines) that also FLCs use this typology. It is however understood that the full typology might be too detail for FLCs and they would be expected to only use the main categories, not the detail ones.
- The Commission will not audit the use of typologies, no checks whether the right category is allocated or penalties in case of wrong allocation are foreseen.
- Irregular amounts below EUR 250 do not have to be deducted from the certified amounts, however it needs to be included in the TER calculation.
- The purpose of column c was to check if beneficiaries are usually paid within the regulatory deadline of 90 days. There are no plans to keep the column c for the period 2021-2027. This column has purely informative character and should only contain payments to projects done within 90 days.