

Online meeting for Audit Authorities and GoA Members

25 September 2020 | Zoom



Meeting outline

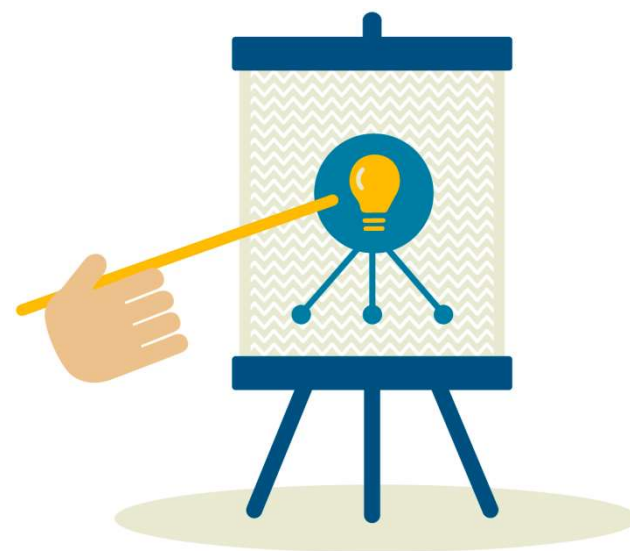
1. Introduction (incl. State of play of current Interreg implementation)
2. Results from the assesment of the assurance package 2018/2019
3. Current assurance package (COVID flexiblity measures)
4. State of play of the legislative process for 2021-2027
5. Updated guidance on SCOs
6. Harmonisation of audit documents

State of play

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Malgorzata Zdunek, Interact

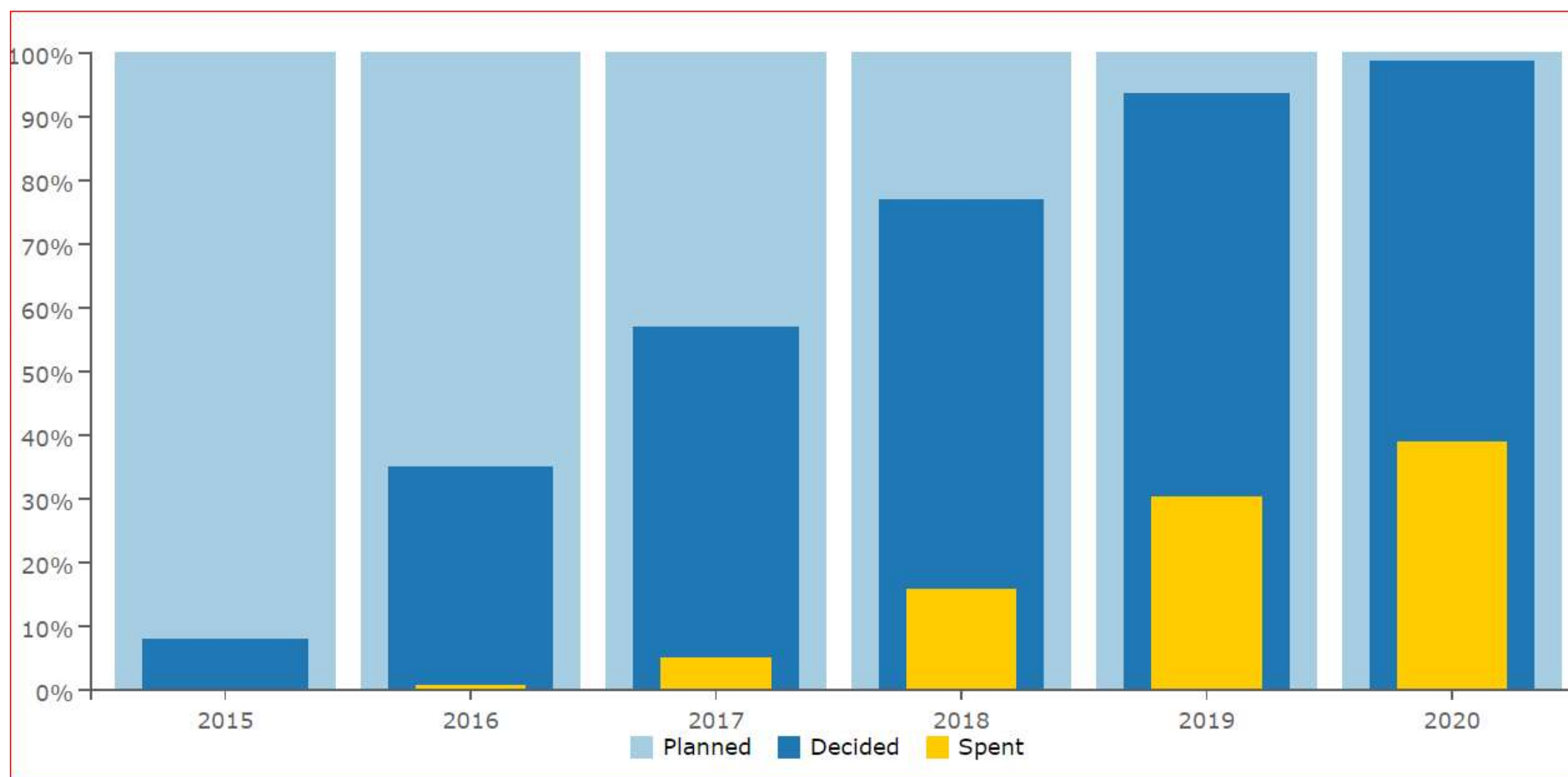


Implementation by MS, ERDF



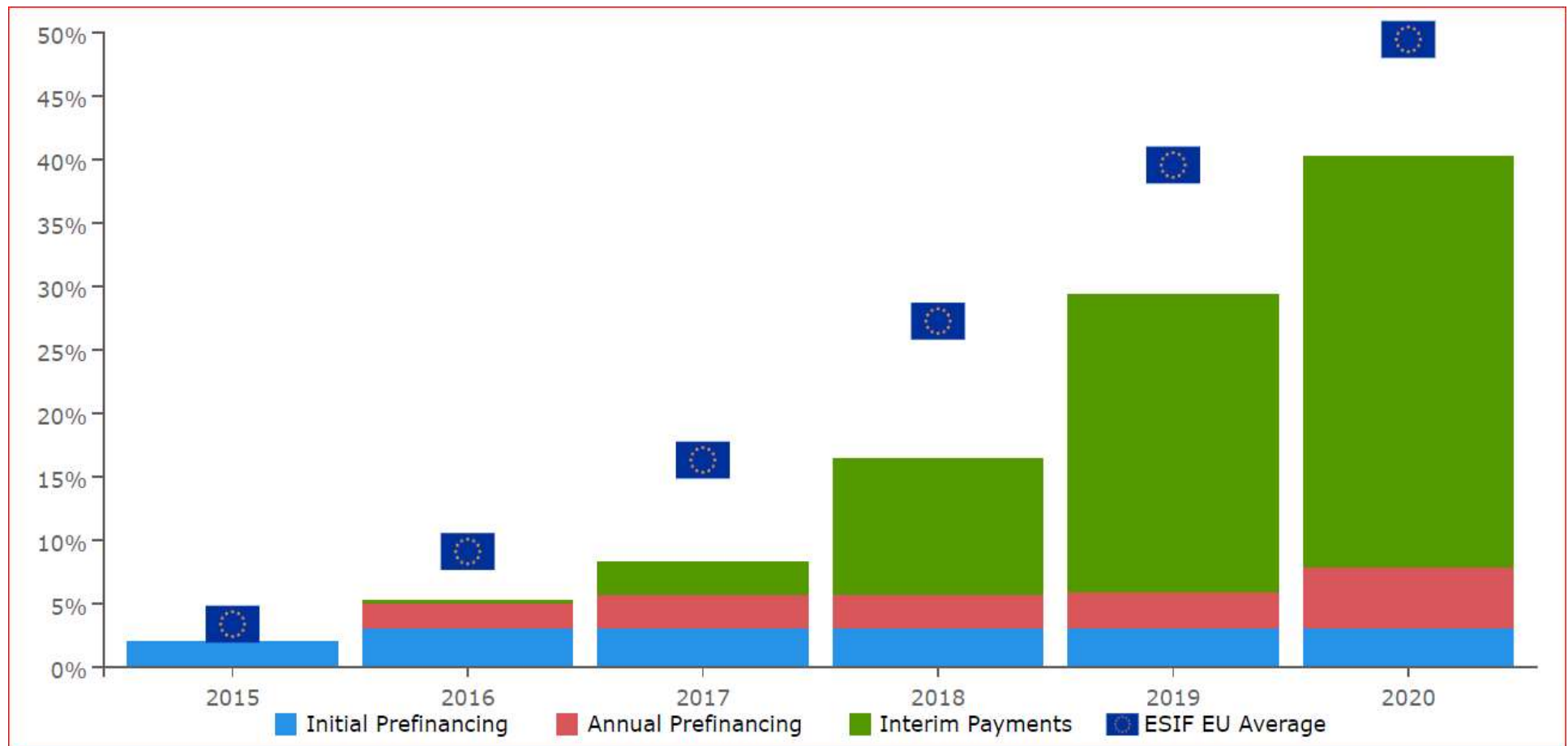
Interreg – up to 30.06.2020

Planned 12,6 billion € (100%)
Allocated 12,4 billion € (99%)
Reported 4,9 billion € (39%)



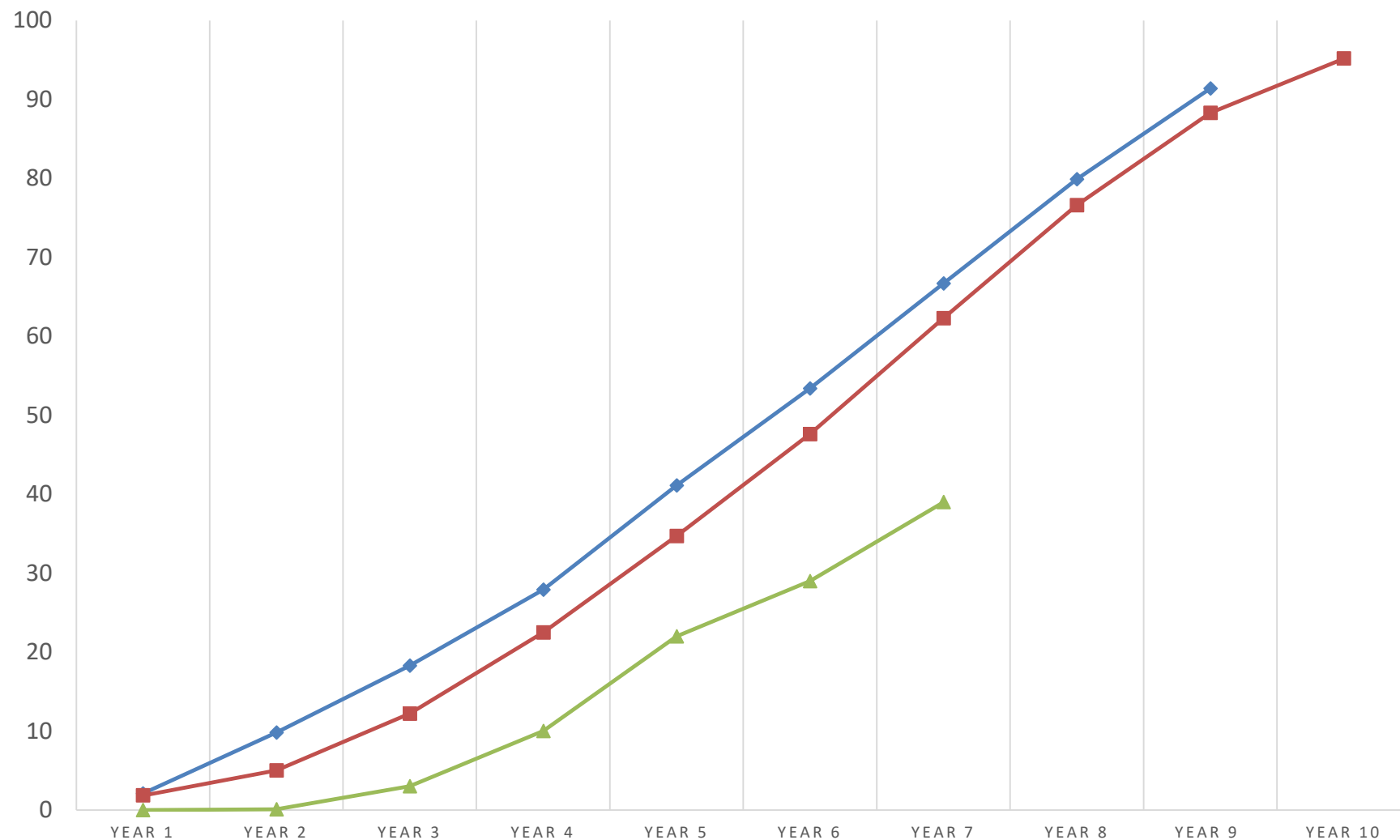
Interreg – payments from the EC

Total EU payment 3,78 billion €
Initial pre-financing 3%
Annual pre-financing 5%
Claims reimbursement 32%

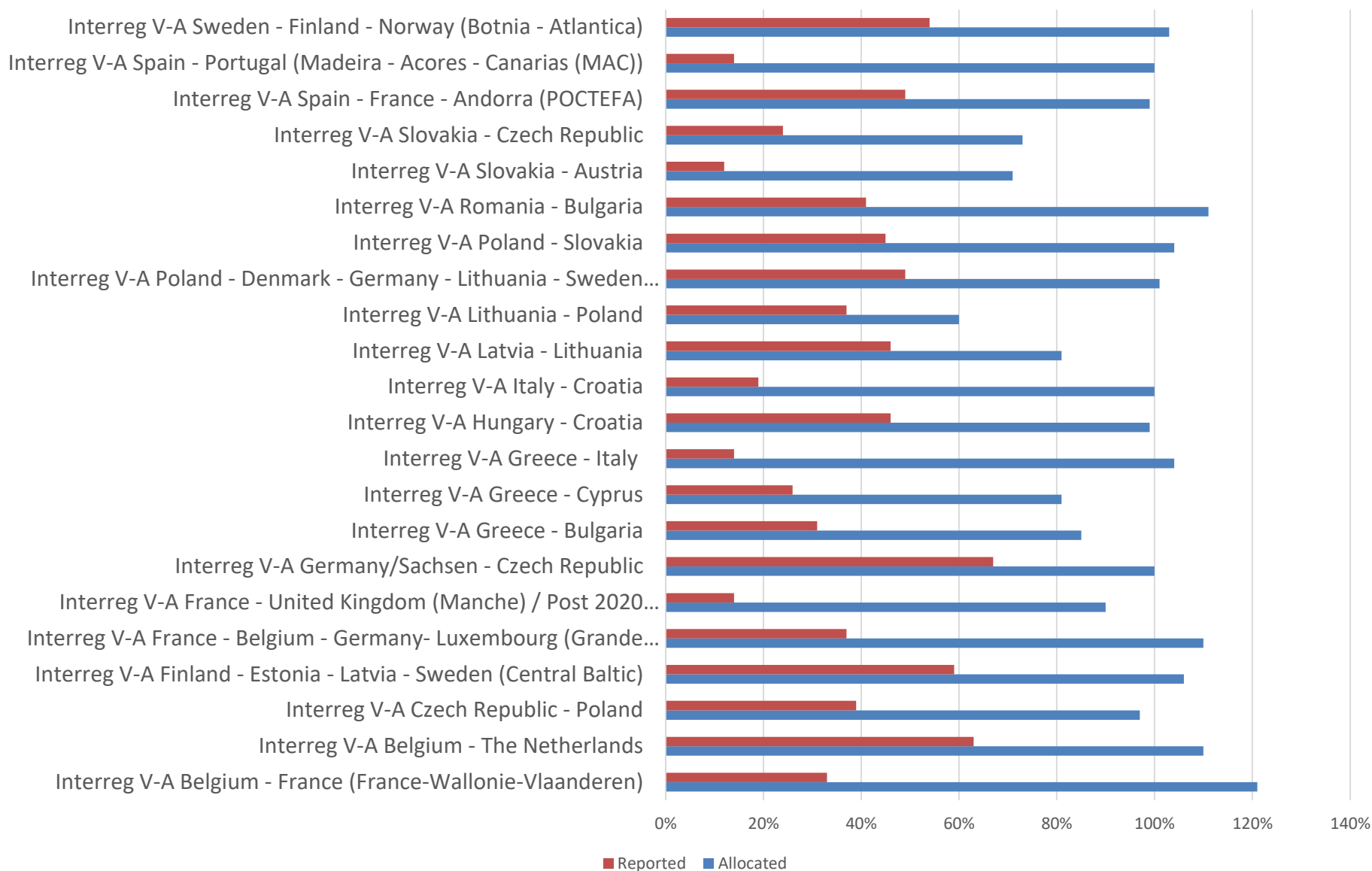


INTERREG ABSORPTION RATES

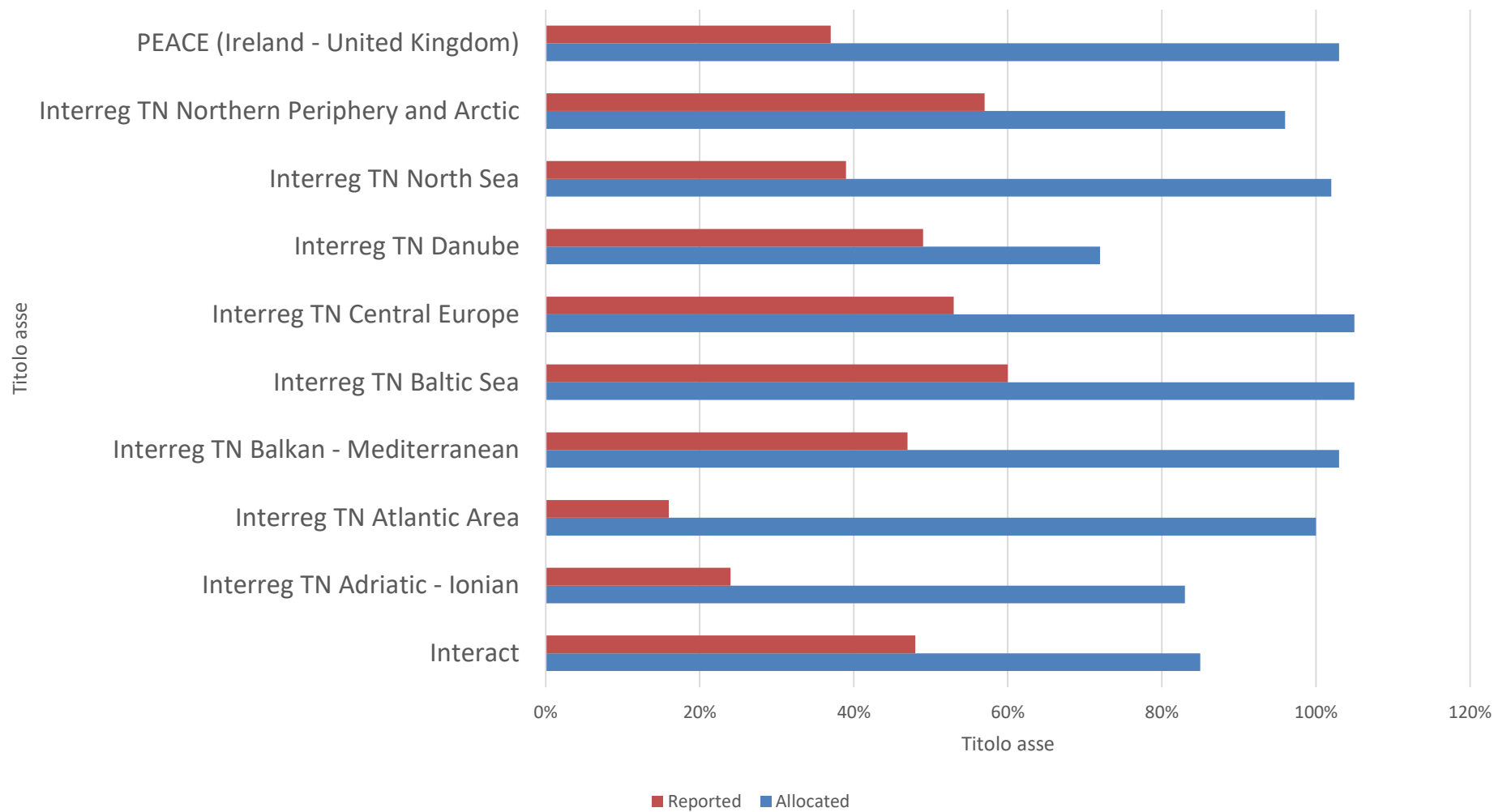
◆ 2000 - 2006 ■ 2007-2013 ▲ 2014-2020



CBC programmes represented here today



TN / IR programmes represented today

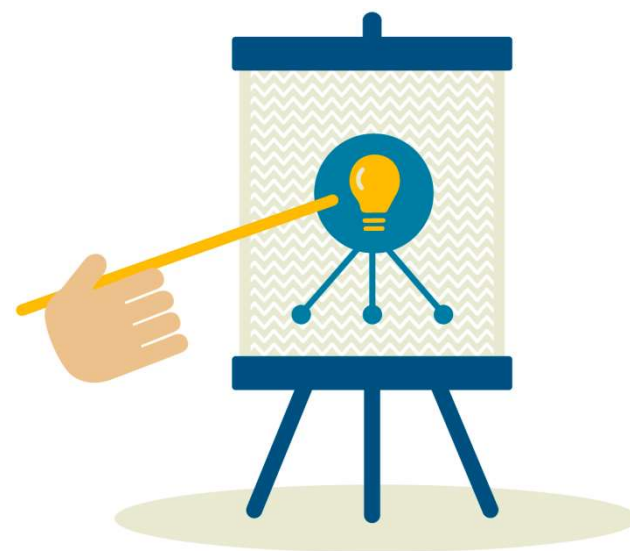


Assessment of the Annual Control Reports and Audit Opinions for the accounting period 2018-2019

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EC Presentation found on our website

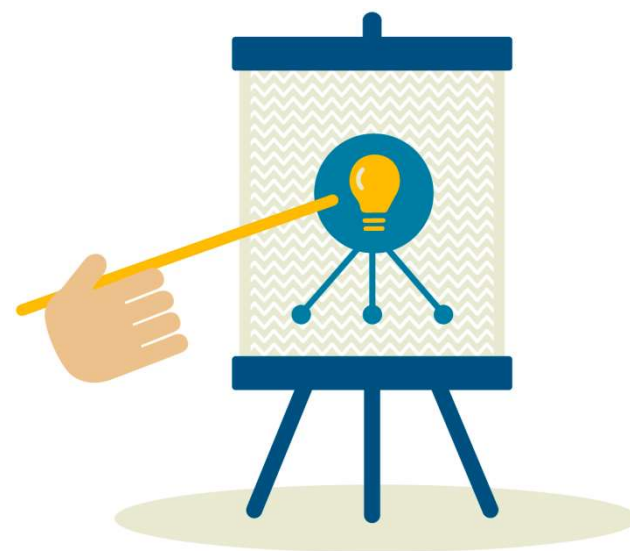


Current assurance package (COVID flexibility measures)

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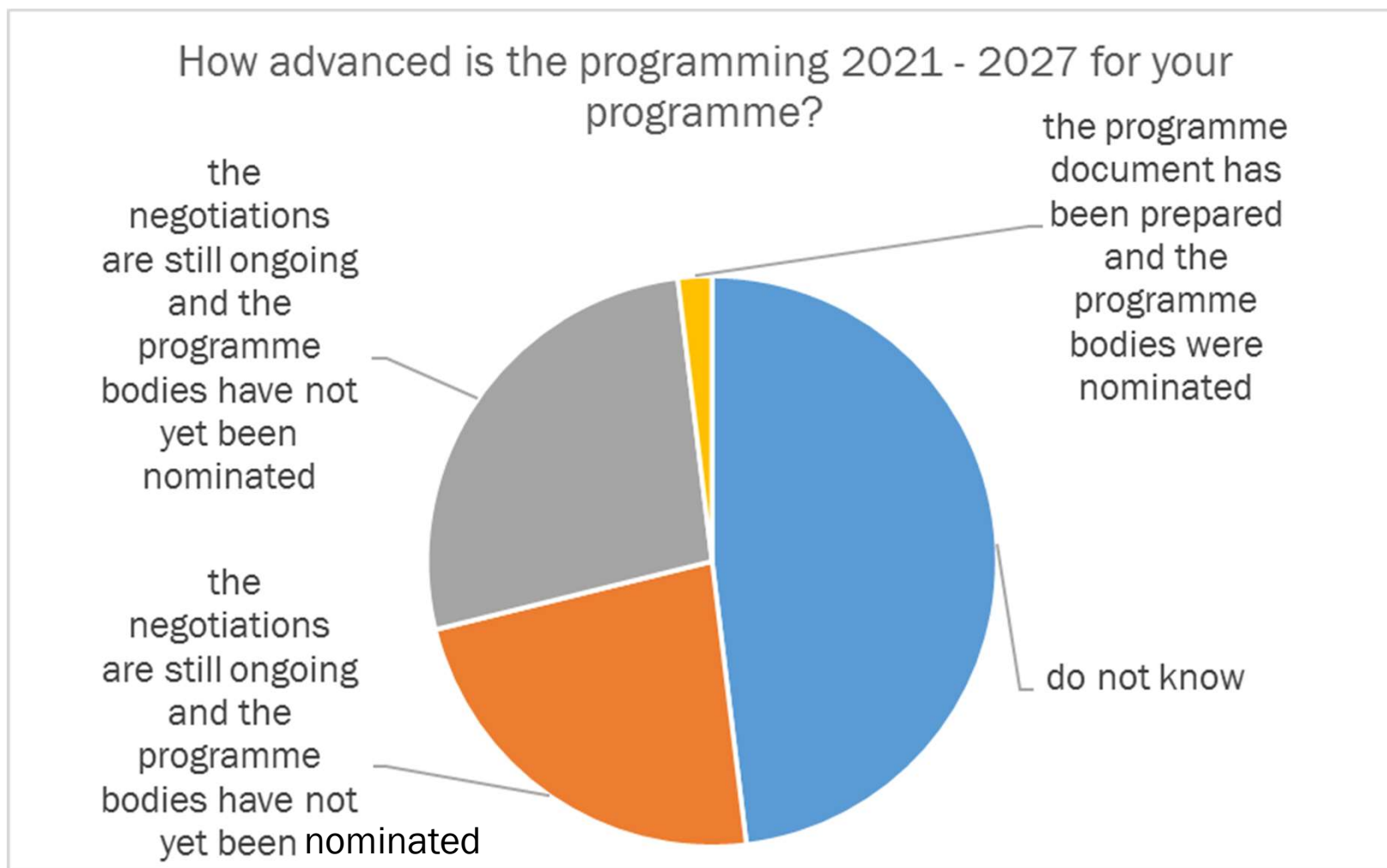
COVID flexibility measures implemented

- None / audits as in previous accounting years
- Non-statistical sampling (but for some - business as usual)
- Grouping ETC under a common sample with the mainstream programmes
- Postponing system audit to 2021
- No on-the-spot controls / postponing them / desk-based controls instead / using web conference instead / on-the-spot controls only for infrastructure investments / remote audits

Post 2020

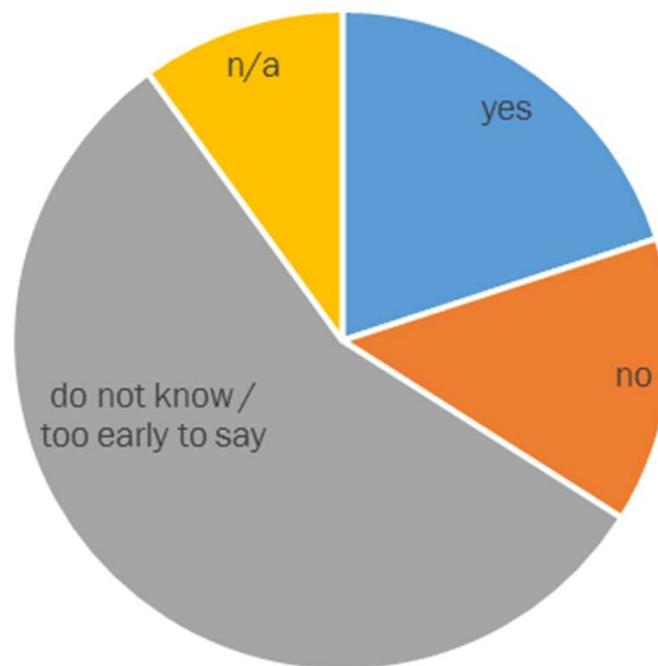


Post 2020



Post 2020

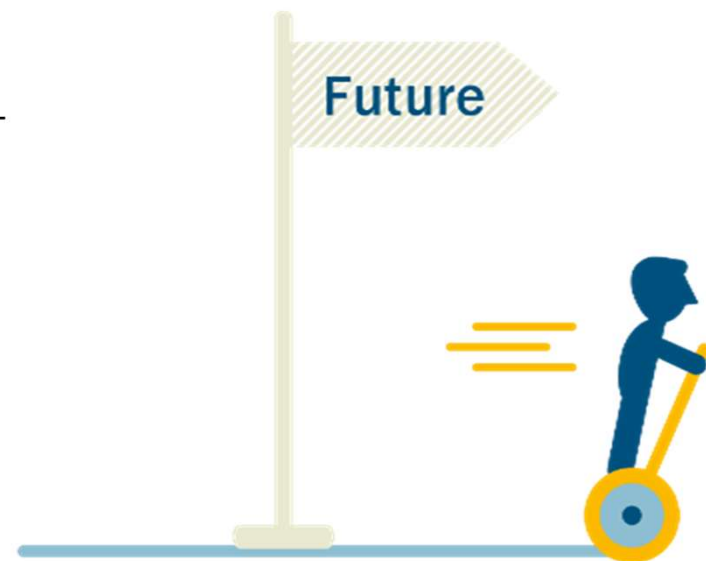
Will the certifying authority function be integrated in the managing authority?



Interreg legislation what we know

09/2020

Interact



What happened so far...

- 29/05/2018: COM publishes proposal for the new legislative package
 - Simplification!
- 29/01/2019: European Parliament position
- AT, RO, FI, HR & DE presidency
- Early July 2020: European Council (EUCO) – MFF proposal & everything [], e.g. co-financing rates, pre-financing, allocation

The following is based on the available information as mentioned above – it has no legal value (nothing is decided until everything is decided)

DE presidency

- Assessment of the state of play of the German Presidency for relevant future Regulations and ambition of their Presidency:
 - CPR: Open Blocks 3, 4 (financial support), 6 (financial management), 7 and 8; Planning: Technical meetings from July onwards, political Trilogues from September onwards
 - ERDF: Open, most complicated file, Planning: technical and political Trilogues from September onwards
 - Interreg: Very advanced file(!), political Trilogue in September
- Work plan of the German Presidency:
 - Finalise MFF
 - Finalise Brexit
 - Completion of technical work (translation, lawyer linguists, publication in OJ) under Portugal's Presidency of the Council

What do we know up to today...

COM proposal	EP proposal	EUCO 07/2020
8.430.000.000	11.165.910.000	7.950.000.000
CBC (land): 4.440M	CBC: 7.500M (land & maritime)	CBC: 5.713M (land & maritime)
TNC: 2.647M (incl. maritime CBC)	TNC: 1.974M (no maritime CBC)	TNC: 1.466M (no maritime CBC)
OMRs: 270M	OMRs: 357M	OMRs: 271M
IRC: 100M (2 programmes, no projects)	IRC: 365M (4 programmes, with projects)	IRC: 500M (4 programmes, with projects)
Comp 5: 970M	Comp 5: 970M	(Comp 5: 500M – ERDF Regulation)

What do we know up to today...

Annex XXII (CPR), allocation method

2014-2020	COM & EUCO 07/2020		
<p>The allocation of resources by Member State, covering cross-border and transnational cooperation, and including the contribution from the ERDF to the European Neighbourhood Instrument and the Instrument for Pre- Accession Assistance, is determined as the weighted sum of the share of the population of border regions and of the share of the total population of each Member State. The weight is determined by the respective shares of the cross-border and transnational strands. The shares of the cross border and transnational cooperation components are 77,9 % and 22,1 %.</p>		Criteria	Weight
	a)	Population of NUTS 3 <u>land</u> border regions (plus NUTS 3 where at least 50% of the population lives within 25 km of the land border)	36% 48.8%
	b)	Population living within 25 km of the <u>land</u> border	24% 30.5%
	c)	Total population of the MS	20%
	d)	Population of <u>maritime</u> NUTS 3 regions along border coastlines (plus ... where at least 50% ... border coastline)	9.8%
	e)	Population living within 25 km of the <u>border coastline</u>	6.5%
	d)	Total population of outermost regions	3.7%
<p>Share of CBC = $\sum a)+b)$ Share of TN = c) Share of OMR = d)</p>			

What do we know up to today...

COM proposal	EP proposal	Council/EUCO Jul 2020
ENI/IPA in Interreg Regulation	OK	OK
New „strands“	OK, with amendments (e.g. CBC structure, Interreg Europe & Urbact back)	No. Continuation from this period (incl. Maritime CBCs back)
New allocation method	OK	See slide 5
Small project funds	OK	OK, but not limited to legal cross-border body
Co-financing up to 70%	Up to 80% Up to 85%	80%
Non-compliance communication requirements → up to 5% correction	OK	OK, but remedial actions first and up to 2%

What do we know up to today...

COM proposal	EP proposal	Council/EUCO Jul 2020
No designation	OK	OK
CA → accounting function	OK	OK
TA flat rate	OK, but first 2 years flat rate on pre-financing	OK
VAT projects < 5M € eligible	On case-by-case basis, but eligible as COM	No
Management verifications at MA level	Option for MS to decide	Option for MS to decide
Risk-based sampling management verifications	OK	OK

What do we know up to today...

COM proposal	EP proposal	Council/EUCO Jul 2020
Common audit sample	OK	OK, but GoA back (with wording from 2014-2020), 1 August & 1 September
No clearance balance/ accounting year	OK	No (annual clearance back)
Simplified, but more frequent reporting (6x/year) to COM	OK	OK, but only 2x on outputs/results
Eligibility rules in Interreg Regulation	OK, but different flat rate for T&A budget category	OK, but different flat rate for T&A, hourly rate from CPR
No 20% outside programme area monitoring	OK	OK
N+2 (but different 60/40)	N+3	N+3 (<i>n+2 for 2029</i>)
4 payment applications/year	OK	Exception for Interreg

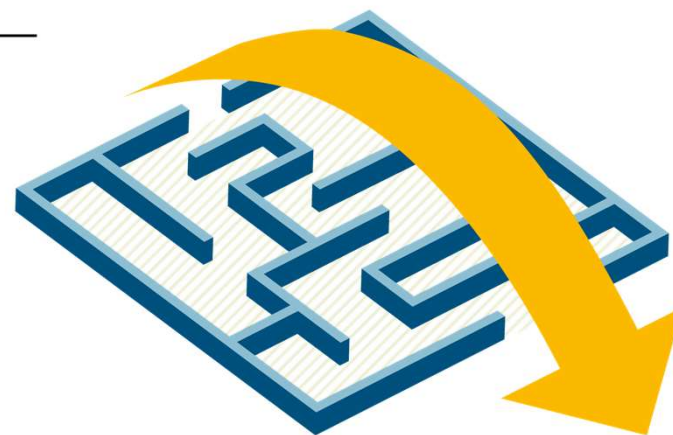
What do we know up to today... about State aid

1. the period of application of both de minimis regulation (1407/2013) and GBER regulation (651/2014) has been [prolonged until 31 December 2023](#)
 2. the amendment of Article 20 is planned to come into force at the end of 2020
 3. Article 20 open for all: large, medium-sized, small enterprises
 4. Eligibility catalogue in this article = the eligibility in Reg. 481/2014 (Financial Reg.) including the SCOs
 5. Max. aid intensity optimised with max. co-financing rate in the CPR
 6. Threshold EUR 2 million per undertaking, per project
- + new Article 20a

What do we know up to today... about State aid

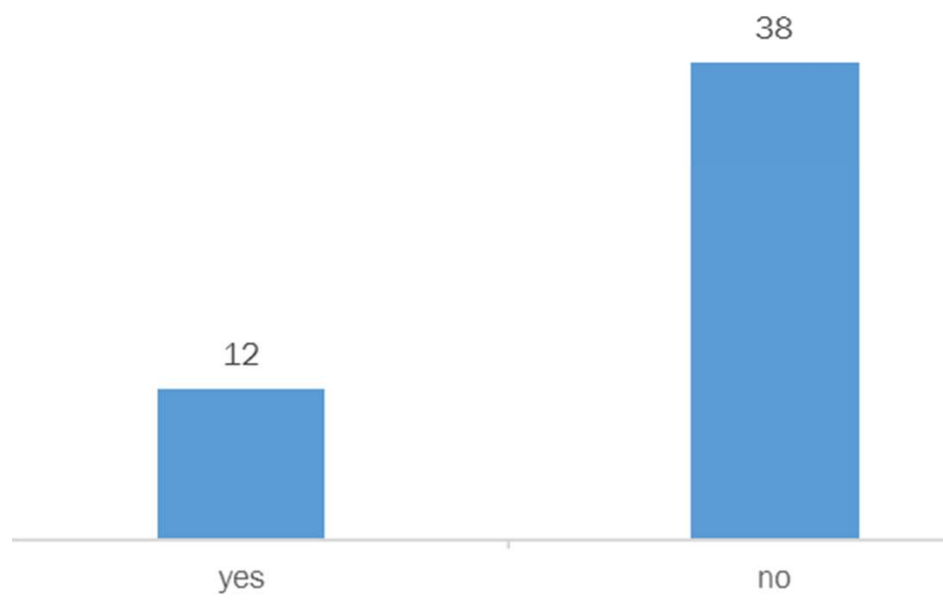
- Limited amounts of aid – EUR 20 000 per undertaking per project
- Can be applied to voucher schemes, trainings etc.
- Seems very easy to apply – typical SA reporting obligations do not apply
- The detailed records with supporting documentation kept for 10 years – do not apply

Simplified Cost Options

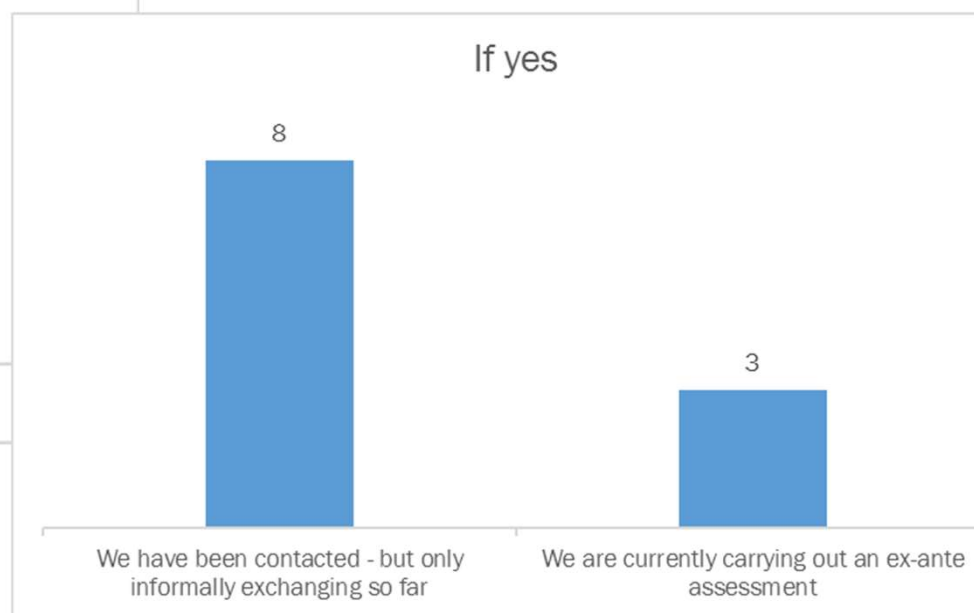


SCOs – post 2020

Have you been contacted by your MA for an ex-ante assessment of an SCO?



If yes



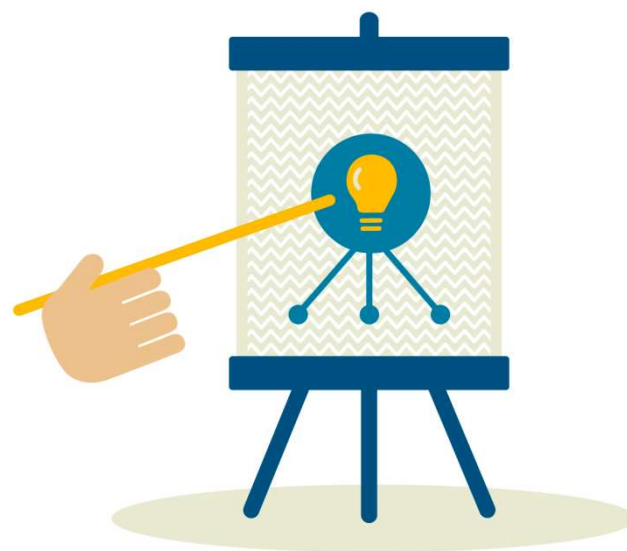
Updated GD on SCOs

Assessment of Simplified cost options, one step forward **2014-2020 vs 2021 – 2027**

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Harmonisation of audit documents



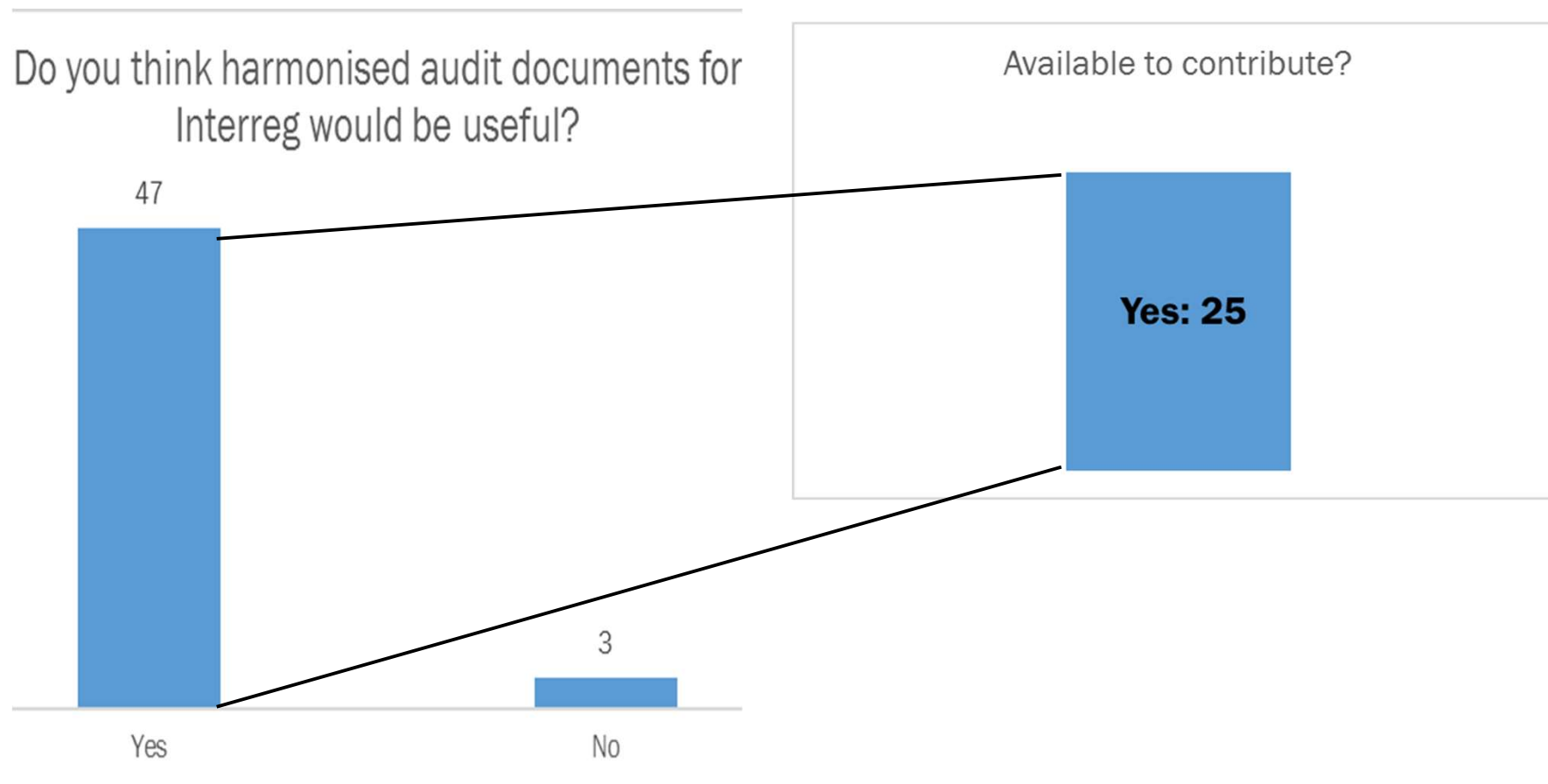
Harmonisation of audit documents

Approach

- background: common sample and wish of programmes
- objectives:
 - to have a common set of documents for audits (harmonisation)
→ support quality management
 - simplification (e.g. wording, integration in monitoring systems)
- audit documents: reports & checklists (system audit, audit of operations; specific areas: public procurement, SCOs, State aid, indicators...)
- basis: Commission's checklists → adopted to Interreg needs
- joint working group(s): Interact, programmes & auditors
- timeline: we have a bit of time, but not too much...



Harmonisation of audit documents



Cooperation works

All materials will be available on:

www.interact-eu.net