Harmonized system audit checklists

Audit Authorities Network Meeting

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Basic information

- Working group for developing harmonised system audit checklists consisting of:

  – Audit authorities, GoA members

  – MAs/JSs

  – TESIM

  – EC

- Basis

  – Methodological note for system assessment published by DG REGIO for 2021-27 (not final yet, latest draft: March 2022)

  – EC / National checklists

  - Work started about a year ago

Context – raison d'etre

- Audit checklists often based on national checklists for EU funds, often ignore Interreg special features

- National checklists mean that different methodology / checklists might be used for the same programme, same project, same objective for audits

- Harmonisation and simplification is an important overarching aim

- Possibility to pool experience from practitioners working in different authorities

- Provide some help to AAs in starting their work related to 2021-27

What it is and what it is not ...

- It is not a mandatory checklist

- It is not a comprehensive checklist with all detail

- AAs will also have to consider their own individual audit strategy and context, and might need to update and refine their methodology on a yearly basis

- It is a tool to assist you in starting work related to the 2021-27 programming period by providing a framework and a collection of some useful ideas and information – you are free to use all or part of it depending on your audit scope

Working mode

- Proposal developed by Interact for each key requirement in Annex XI CPR

- Comments invited from members of the working group

- Discussion in the working group meetings

- Revised version developed by Interact

- Possibility to reflect again on some key / disputed points

- Final version developed

Discussions

- Main aims and fundamental issues linked to each key requirement

- Main principles of the system audit work

- Responsibilities of various bodies within the MCS

- Necessary scope: what questions should be asked and what might go beyond the requirements

- Interpretations of some new provisions

- What guidance exists

- How programmes implement or plan to implement some requirements

- Etc.

Main agreements - format

Main legal references as per methodological note: Articles 9, 29 (3), (4), 33 (3), 49 (1), (2), and (3), 59(7), 63, 69(7), (8), 72 (1), 73(1), (2), 75 and Annex XVI CPR, Article 61 FR

Main legal references proposed for Interreg: Articles 9, 29 (3),(4), 33 (3), 49(1),(2), and (3), 59(7), 63, 69(8), 72 (1), 73(1),(2), 75 and Annex XVI CPR, Article 22, 23, 28, 36(2),(3), 37-44, 56 ETC Reg., Article 61 FR

BASIC STRUCTURE:
The assessment criteria published in the draft system assessment note in March 2022 are used, with adaptions for Interreg programmes (changes proposed for Interreg are marked in red). Further changes may be required after the finalisation of the note.

BASIC APPROACH:
Systems audits are viewed primarily as a test of procedures already in place, therefore it is recommended to substantiate the answers by reviewing actual applications and their audit trail (i.e. walk-through tests)

Art. 73 CPR is not applicable in Interreg as per Article 1(5), therefore it has been replaced with Article 22 for Interreg.
Article 49(1) CPR has its corresponding provision in ETC Reg. (Article 36(2)). Article, 36(3) ETC Reg. states that from Article 49 CPR paragraphs (2)-(6) shall apply to Interreg.

The following additional references are proposed:

Art. 23 ETC Reg. Partnership within Interreg operations
Art. 28 ETC Reg. Monitoring Committee
Art. 56 ETC Reg. Eligibility

Interreg adaptations to legal references, KR/AC in RED

Testing of procedures is key

Structured based on the methodological note published in March 2022

| KR2 | Appropriate criteria and procedures for the selection of operations |

Main agreements and format

AC	Legal basis (ref. to § & Regulation)	Question	Answer (Y, N, N/A)	Comments - if 'yes' indicated, commenting is voluntary, but encouraged - if 'no' or 'N/A' indicated, commenting is obligatory	References to prog-ramme documen-tation used	Finding (Y/N)	Is the error of systemic nature? (Y/N/NA)	If the error has a financial impact, please indicate the amount before contradictory procedure	Score (1-4) for assess ment criteria	Completion guide

Answers related to several bodies might be needed

Give comments for no or n/a

Scoring from 1-4 envisaged per AC

Completion guide gives options for scope, info on practices and relevant guidance notes

Main agreements and format

Focus on assessment criterion

AC2.3	Calls for proposals are published[1] . In order to reach all potential beneficiaries, the MA has put in place, within 6 months of the decision approving the programme, a website where information on programmes under its responsibility is available, covering the programme's objectives, activities, available funding opportunities and achievements. The MA publishes on this website data concerning the calls for proposals with a clear description of the selection procedure used and the rights and obligations of the beneficiaries and including at least: a.geographical area covered by the call for proposal; b.policy objective or specific objective concerned; c.type of eligible applicants; d.total amount of support for the call; e.start and end date of the call. [1] Not applicable in case of direct allocation of EU funds to certain national, regional or local projects as well as for funding under Art. 29(1) and (3) CPR and Art. 25(2) and 57 ETC Reg. Legal references: Article 49(1), 49(2) CPR, 36(2) ETC Reg.	1 / 2 / 3 / 4	The AC wording is more specific than in the relevant former AC, and includes the deadline of 6 months for setting up a programme website and gives a list of minimum information to cover related to calls for proposals. Article 57 ETC Reg. (LIPs) has been added to the list of exceptions.

Notes to help understanding of AC (comparison to 2014-2020, explanation of novelty, difference for Interreg etc.)

12	Article 49(2) CPR	Have calls for proposals / ongoing application opportunities been published on the programme website? If not, w… it a case of a direct allocatio… EU funds to certain national, regional or local projects?			publication notice, terms of reference for calls ongoing application …ortunities falling within …ference period of …dit, programme …ual, website				application opportunities. The publication requirement is not applicable in case of direct allocation of EU funds to certain national, regional or local projects and of LIPs (regulated by Art 57 IR)

Recommended to use previous audit results where possible

Main agreements and format

	General										
17	With a view to avoiding additional administrative burden for beneficiaries/applicants (gold-plating)	Have you identified any rules, processes and procedures that constitute an excess administrative burden and cost, or that can be simplified without undermining the overall assurance and effectiveness of the management and control system?		me ures							The EC audit on simplification and gold plating found in respect of KR3 that many applicants had to rely on consultants to undertand and meet requirements, and recommended that the MA provide sufficiently detailed information to all relevant parties, so that candidates can apply without help from third parties. Depending on the scope of the audit the auditor might want to enquire further with beneficiaries/ applicants about the use of consultants, ease of understanding or need for clarification rounds due to overly complex procedures. It is also proposed to assess whether the rules for small-scale projects are proportionate compared to "regular projects" or could they be simplified?
18	Follow-up from previous audits (also, 2014-2020, if applicable)	Have follow-up recommendations from previous audits been implemented? (previous system audits, audits of operations, audit of EC/ECA etc)		Relevant audit reports							
19	Follow-up from current system audit (if applicable)	Please indicate any follow-up issues/recommendations from the current system audit		This checklist (and testing checklists, if separate)							
Overall assessment of KR3 (Category 1-4) + narrative justification– can be extracted to the annual control report	Justification									1 / 2 / 3 / 4	

Attention to gold plating

Follow up

Overall score for KR and justification to include in report

State of play – results and plans

- Some main agreements have been reached

- An agreed general checklist format has been developed

- The first six checklists (KR1-6) have been discussed, final versions due to be ready in September

- Remaining checklists (KR7-10) are planned to be discussed in September and completed by the end of October

# State of play – results and plans

- Results so far

  1. Tailoring of SCO checklist to Interreg - done

  2. Development of harmonised system audit checklists for Interreg – well on its way

  3. Time to continue…we are about to launch a new working group

State of play – results and plans

- Working group for the development of a

  HARMONISED AUDIT OF OPERATIONS REPORT TEMPLATE

  - Mini series of 3 workshops – two online in June and September, and one physical meeting in the first week of October in Brussels

  - Discussion on possibilities for including in JEMS

  - Warm up for audit of operations for 2021-27 with some hot topics discussed
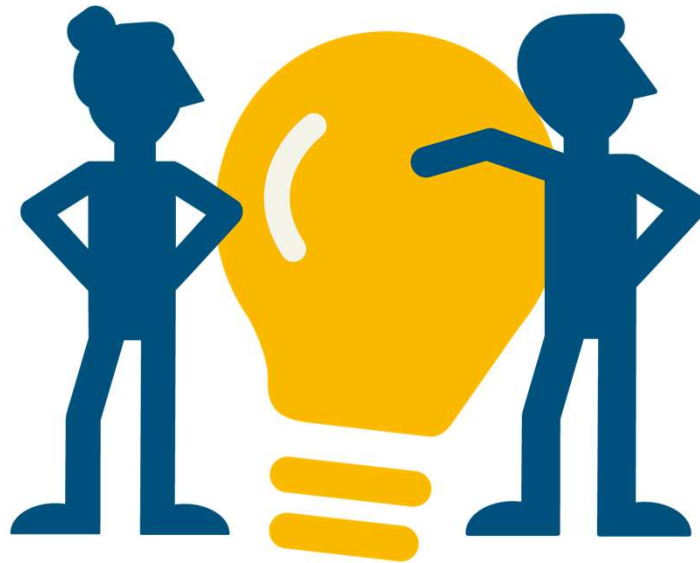
Interest to join? Let us know!

Cooperation works

All materials will be available on:

www.interact-eu.net