

# Irregularities

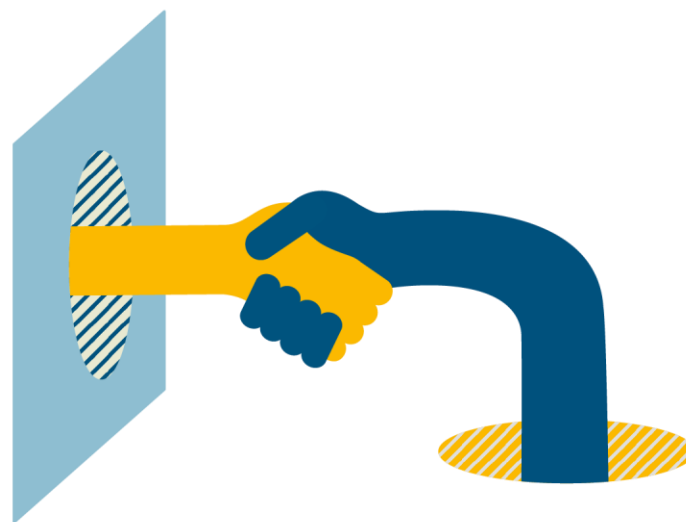
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Financial Management of IPA programme

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 @InteractEU

Malgorzata Zdunek, Interact Programme



# Definition - art 2 (36) CPR

Any breach of Union law or national law relating to its application  
resulting from an act or omission by an economic operator,  
involved in the implementation of the ESI Funds,  
which has or would have, the effect of prejudicing  
the budget of the Union by charging an unjustified  
item of expenditure to the budget of the Union

Most financial irregularities due to formal or administrative error, not fraud.

All Irregularities > €10,000 (EU contribution) must be reported to OLAF.

**Systemic irregularities** - definition (Art 38 CPR)



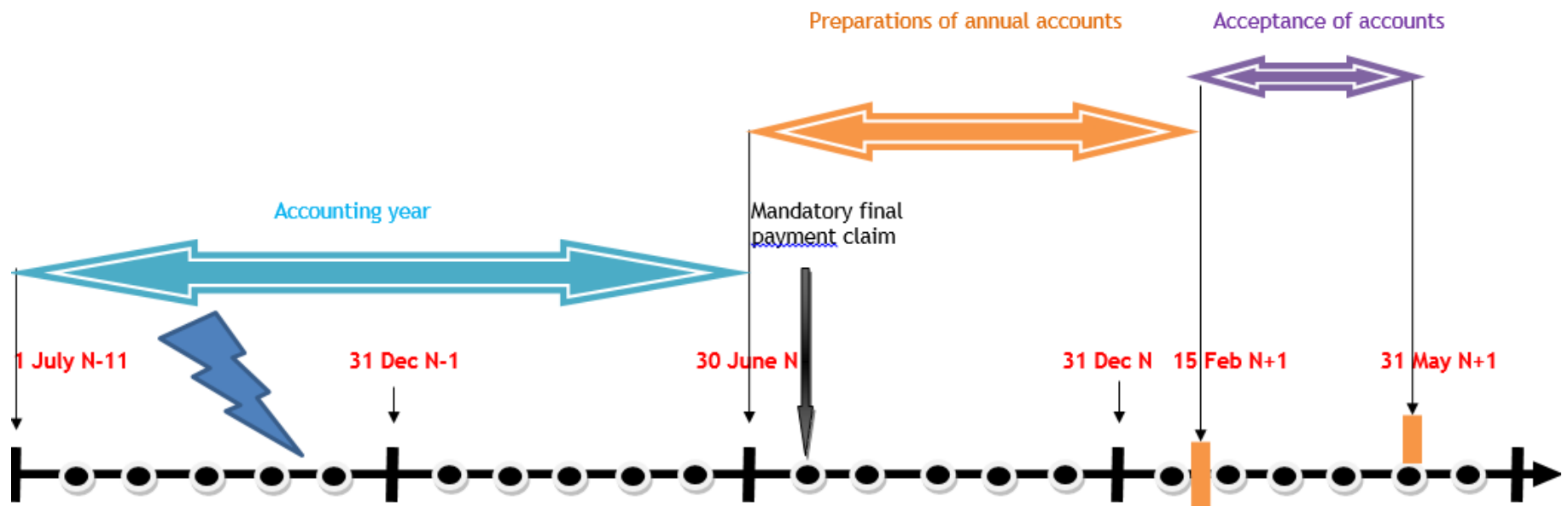
# Guidelines

Guidance for Member States on  
Accounts Withdrawn, Amounts  
Recovered, Amounts to be  
Recovered and Irrecoverable  
Amounts - EGESIF\_15\_0017-02

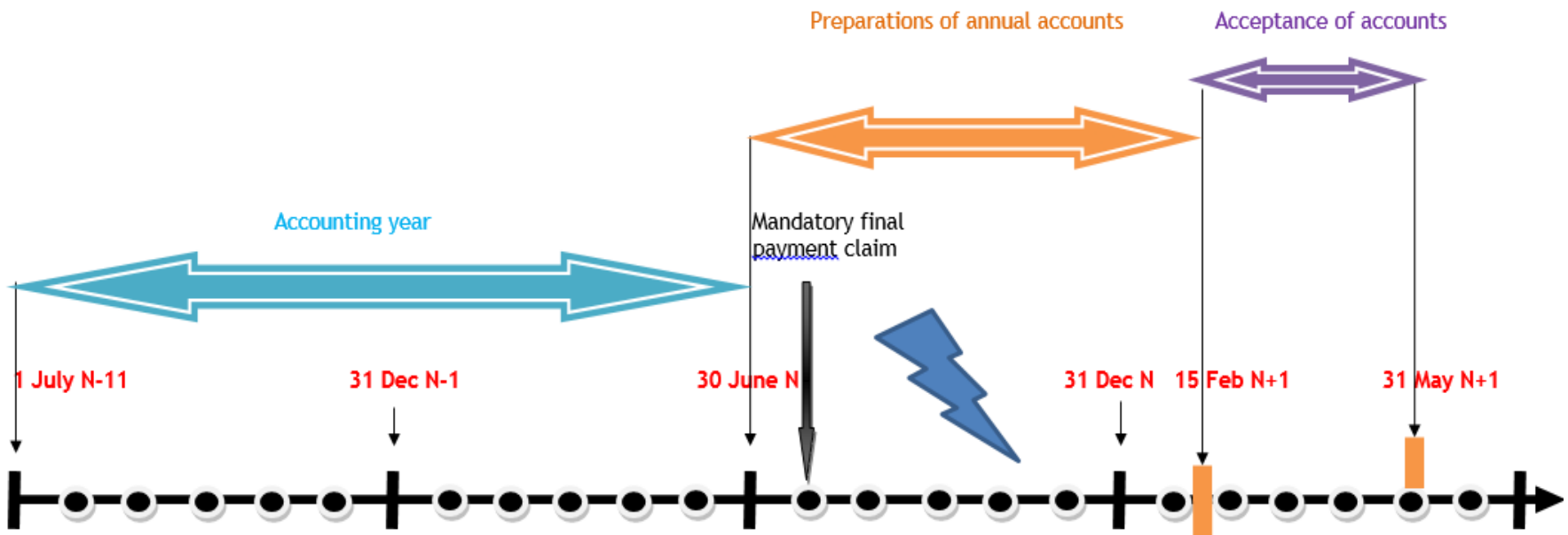
Guidance for Member States on  
preparation, examination and  
acceptance of accounts –  
EGESIF\_15\_0018-02



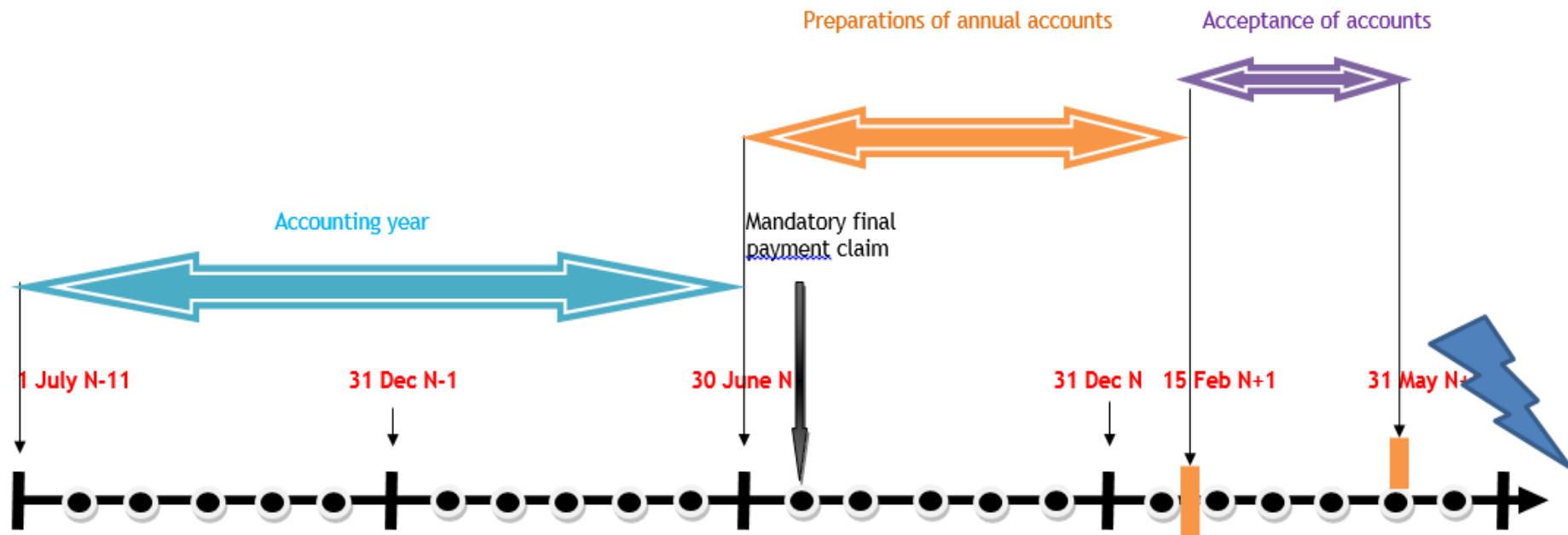
Irregularities referring to the expenditure certified in a given accounting year and **detected before submission of the final interim payment** application should be treated as withdrawals or recovered amounts, and should therefore reduce expenditure declared in final interim payment application and then be presented in Appendix 2;



Irregularities referring to the expenditure certified in a given accounting year **detected after submission of the final interim payment application but before submission of the accounts** should reduce expenditure presented in Appendix 1 and explained in Appendix 8. No further action is requested neither in Appendix 2 nor in interim payment applications of subsequent accounting year.



Irregularities detected **after submission of the accounts** may be treated as withdrawals or recovered amounts and should be deducted from an interim payment application of the accounting year in which the irregularity is detected and should be presented in Appendix 2 in the accounting year when the amounts are deducted.



# Error rate

In case of Audit Authority, during  
audit of operations or system  
audit detects and reports:

Error rate of more than 2%

Caused by irregularities

Serious deficiencies



It may lead to programme:

-Interruptions

-Suspensions

# Interruptions



## Article 83 of CPR

Payment deadline for interim payment claim may be interrupted for a maximum of 6 months when:

- Information from a national or EU audit body – clear evidence suggesting a significant deficiency in the functioning of management and control system
- COM has to carry out additional verifications following information alerting that expenditure in a request for payment is linked to a irregularity having serious financial consequences
- There is a failure to submit one of the documents required (i.e. accounts, management declaration, annual summary, audit opinion, ACR) - new (article 59(5) of Financial Regulation

# Suspensions

Article 142 of CPR



The Commission may suspend all or part of the interim payments at the level of priorities or programme, if one or more conditions are met:

- Serious deficiency in the management and control system and corrective measures not taken
- Serious irregularity in the statement of expenditure which has not been corrected
- MA falls to remedy the situation leading to interruption

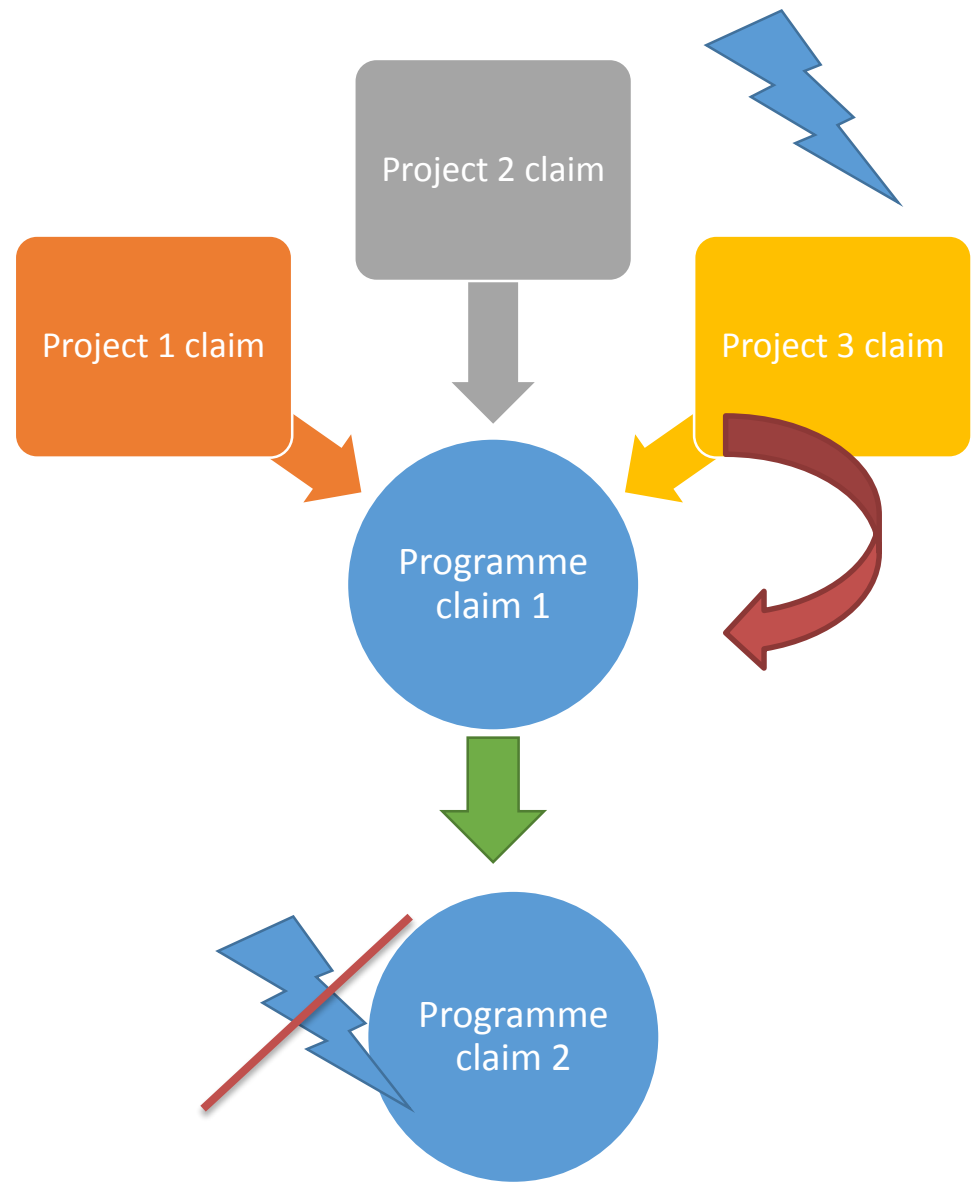
# Suspensions

## NEW

- Serious deficiency in the quality and reliability of the monitoring system or of the data on common and specific indicators
- Failure to complete actions for ex-ante conditionality
- Performance review shows failure to achieve priority milestone (indicators)
- MA fails to take effective action as requested by COM to review and amend the Partnership Agreement.

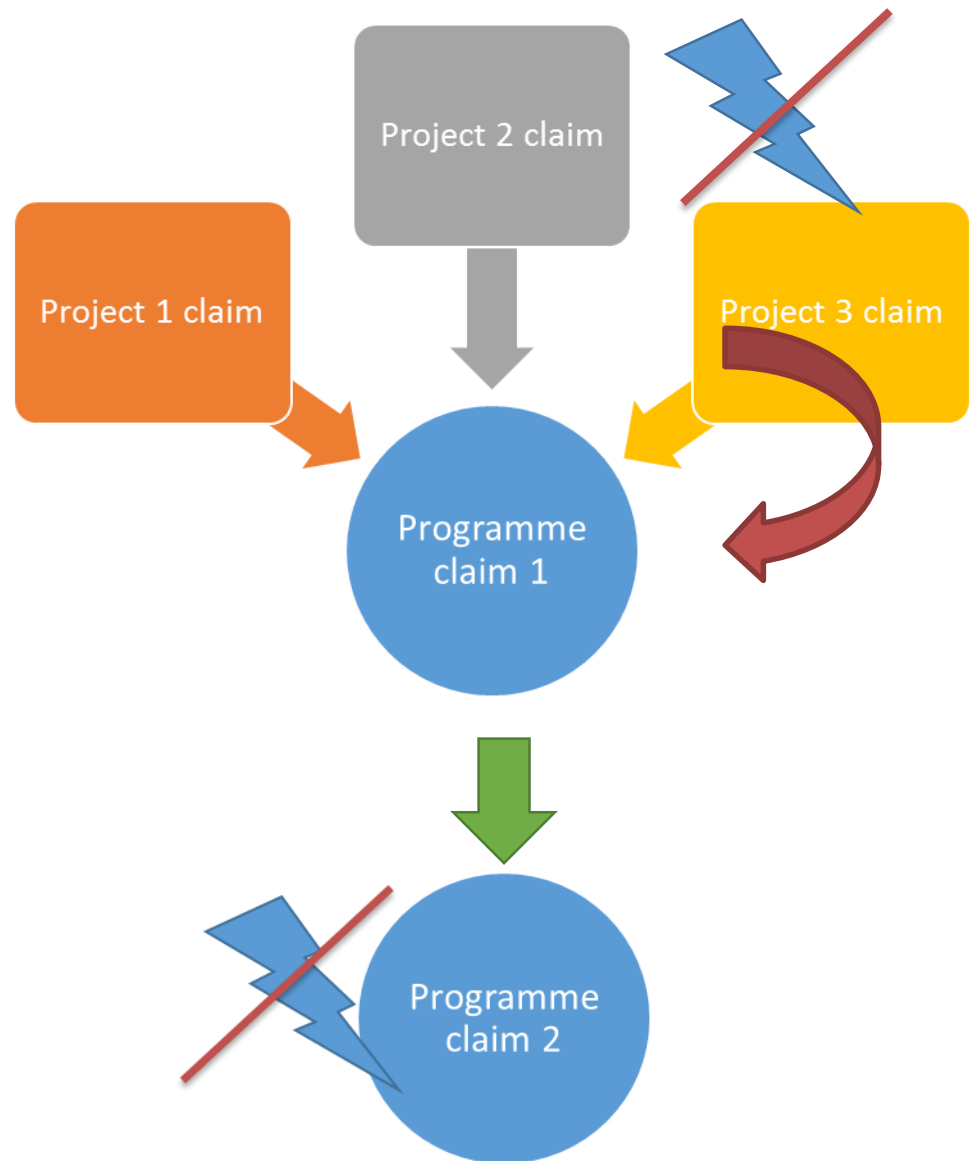
# Withdrawals

withdrawing the irregular expenditure from the programme immediately when it has been detected, by deducting it from the next interim payment application, thereby releasing EU funding for commitment to other operations



# Recoveries

leaving the expenditure, for the time being in the programme, pending the outcome of proceedings to recover the unduly paid grant from the beneficiaries, and deducting the expenditure from the next interim payment application only once recovery is effective. In the case of amounts to be recovered and included in interim payment application during the accounting year for which the accounts are prepared, if not withdrawn before, the CA will have to deduct the irregular amounts when drawing the accounts and report it in Appendix 8.



# Recovery from a beneficiary

- repayment to the programme authorities by the beneficiary of the amount received unduly or
- offsetting, whereby the amount to be recovered is deducted from a subsequent payment due to the beneficiary.



# Cooperation works

All materials will be available on:

[www.interact-eu.net](http://www.interact-eu.net)

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