

Closure of Operational Programmes 2014-20 Audit Authority perspective ...

Dermot Byrne
Head of Authority
Internal & EU Audit Unit, Ireland

EIPA – November 2022





An Roinn Caiteachais
Phoiblí agus Athchóirithe
Department of Public
Expenditure and Reform



An Roinn Airgeadais
Department of Finance

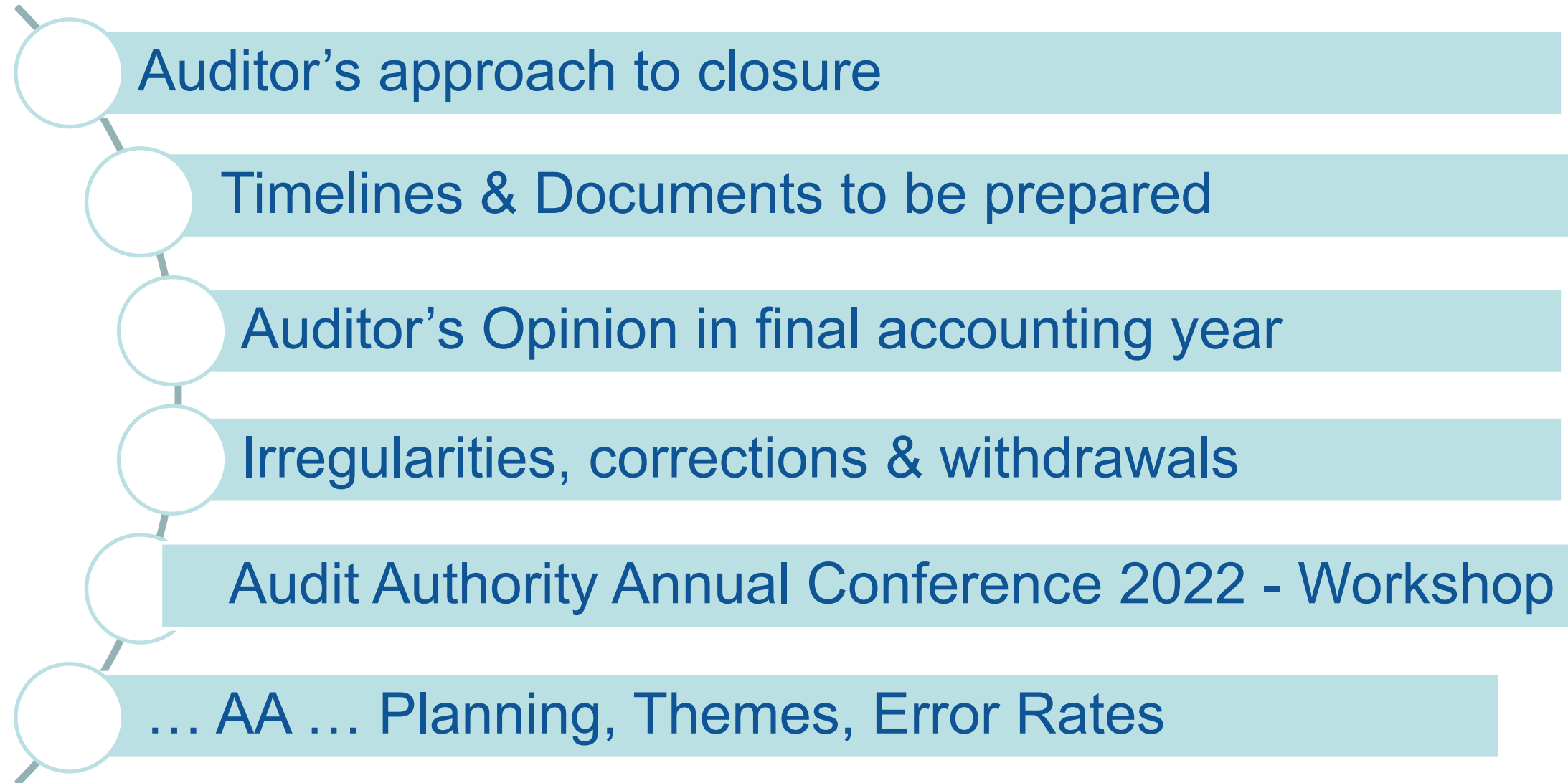


Provides an Internal Audit service to:

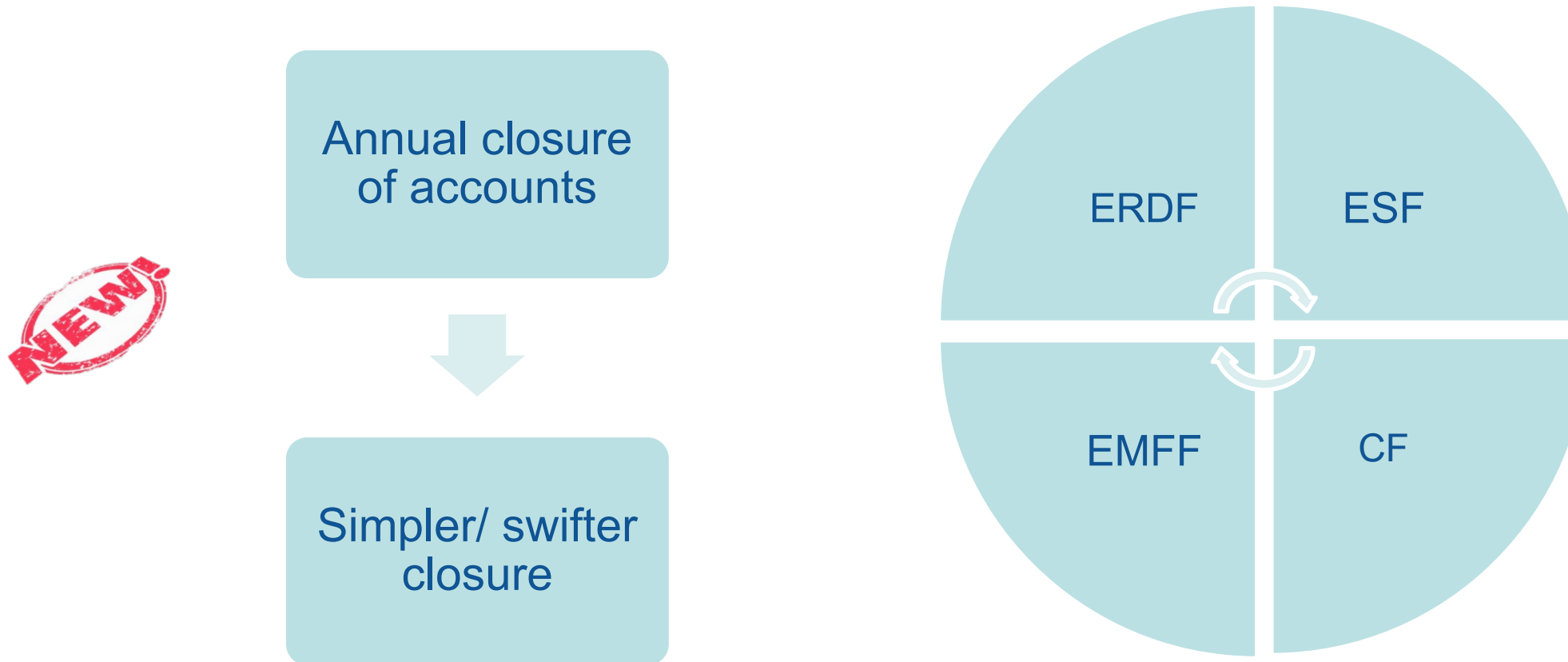
Department of Public Expenditure and Reform
Department of Finance

Provides an EU Audit function in Ireland for:

European Regional Development Fund 2014-20 and 2021-27 (€700 million)
European Territorial Cooperation Funds 2014-20 and 2021-27
Peace Plus Programme 2021-27 (Republic of Ireland and Northern Ireland) (€1.1billion)
EU Recovery and Resilience Facility 2022-26 (€1.0 billion)
EU Brexit Adjustment Reserve 2022-26 (€1.16 billion)
EU Just Transition Fund 2021-27 (€22.1 million)

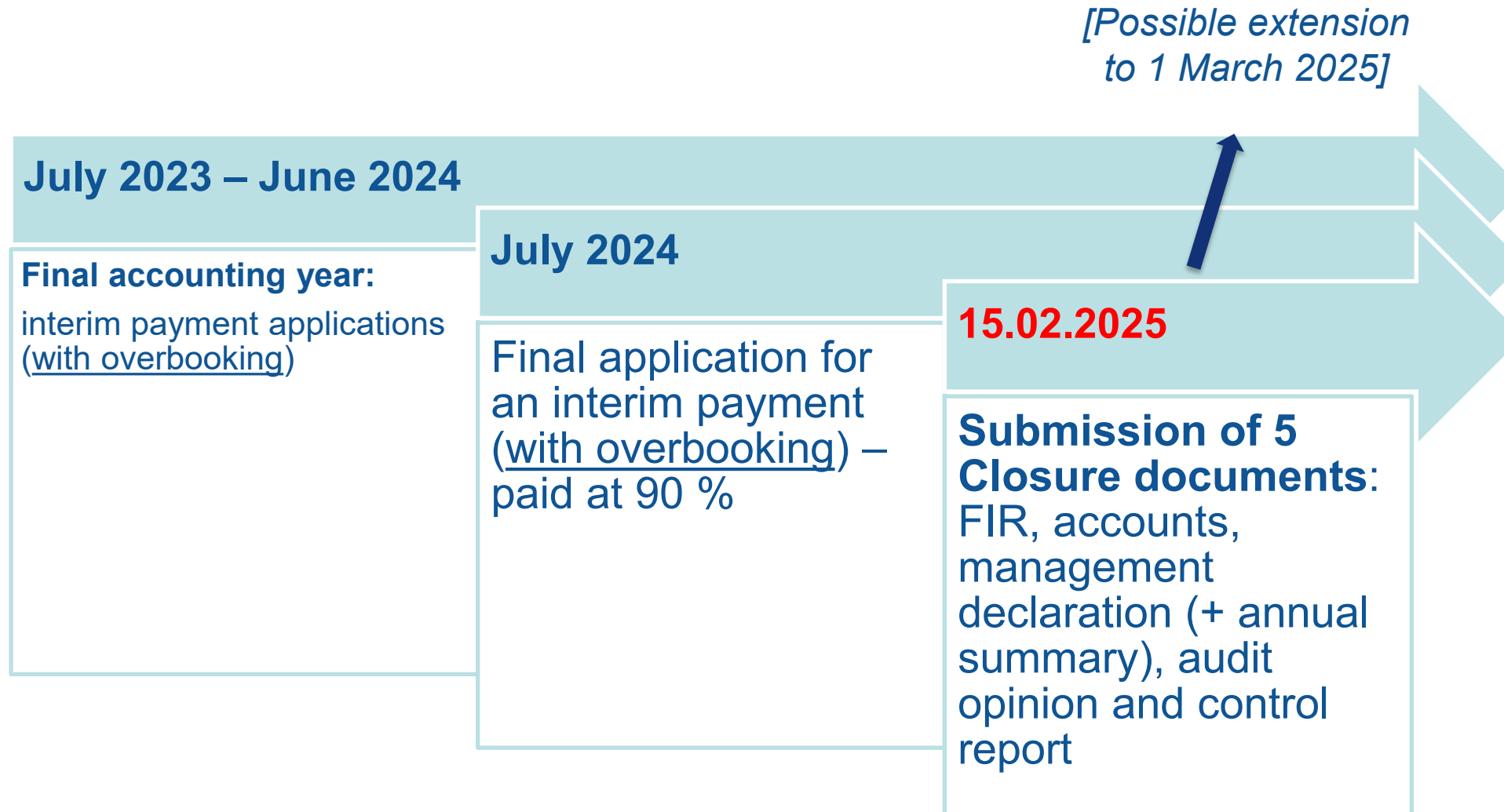


Concept and scope*



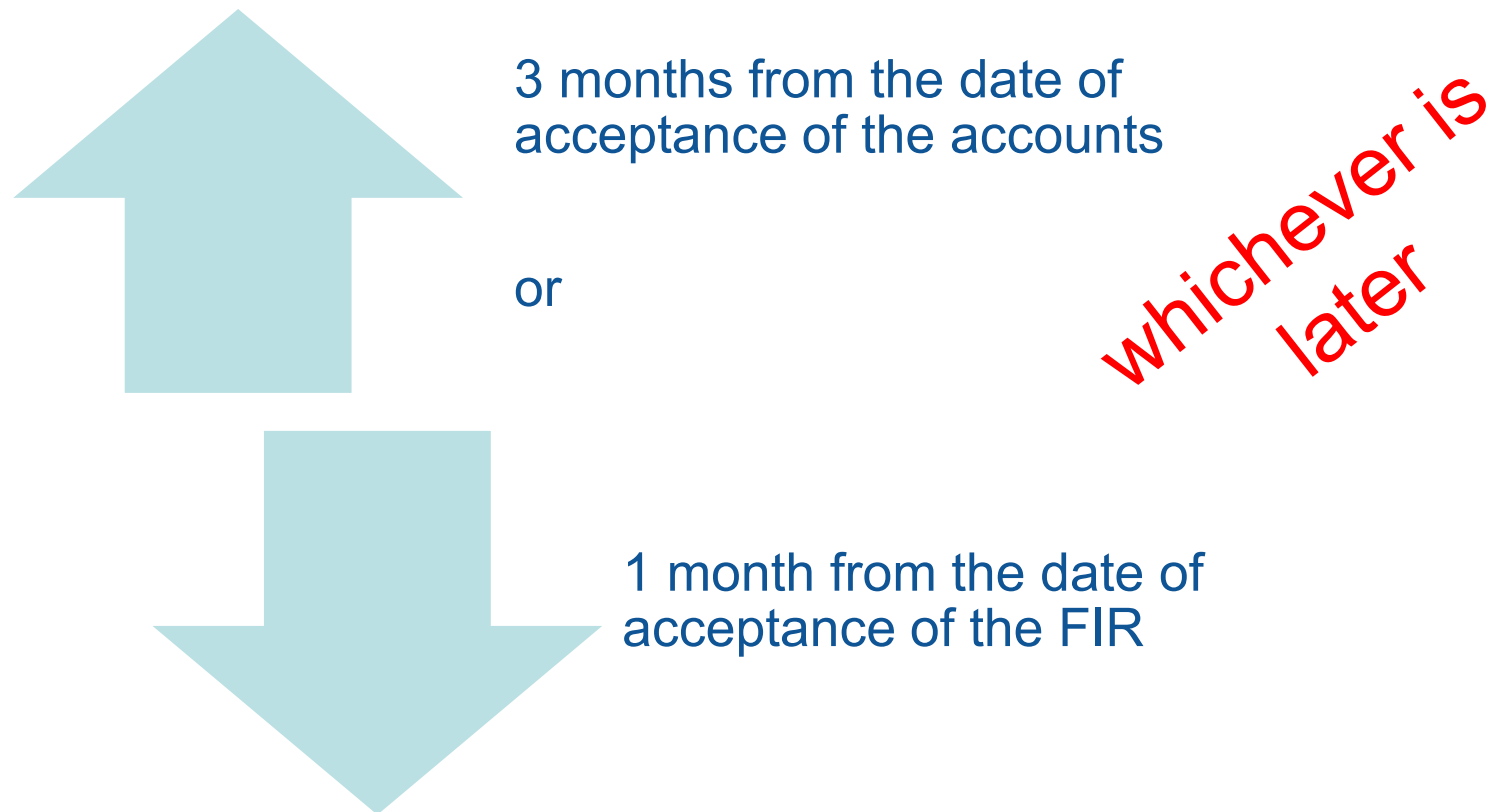
Early closure: possible if all activities related to the implementation of the programme have been carried out

Timeline



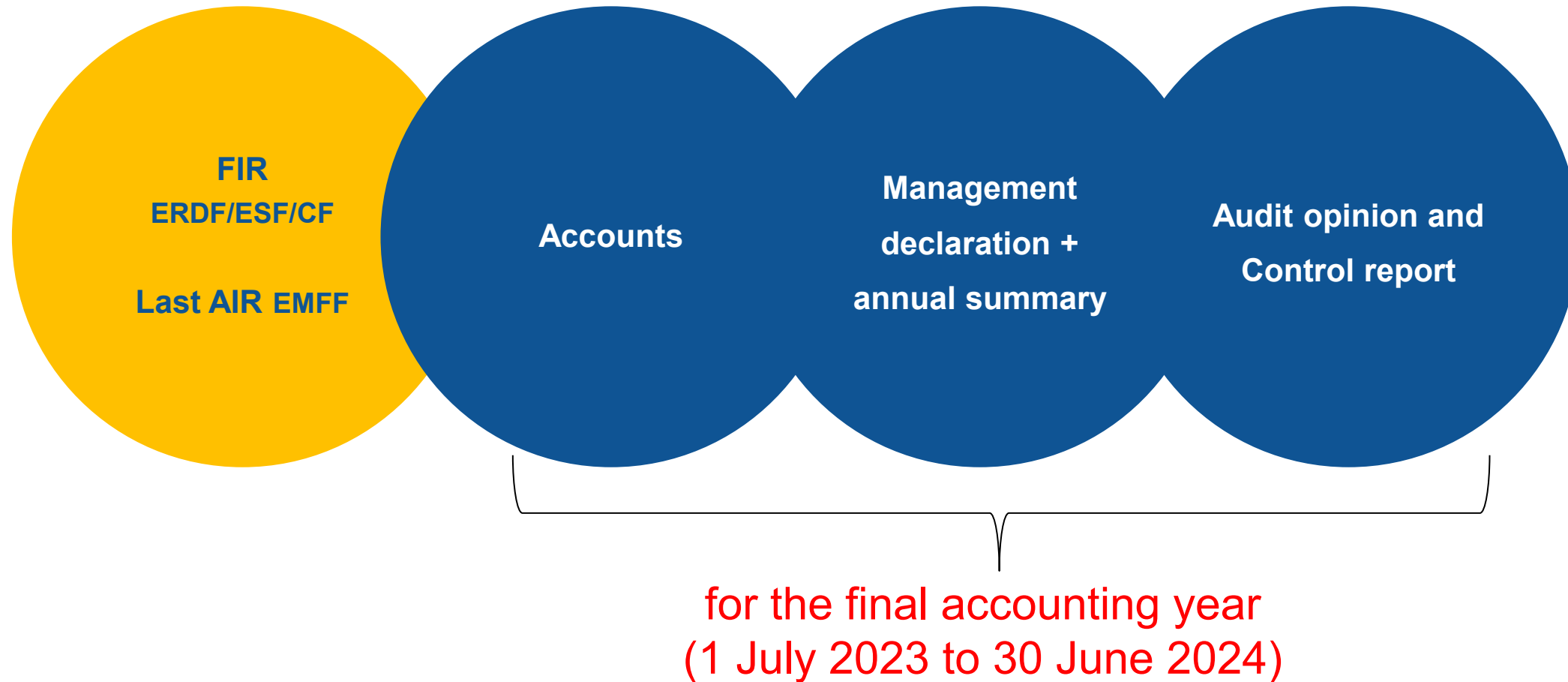
Reminder: 31 December 2023 – eligibility period ends

Payment of the final balance



Legality and regularity issues can be raised by EC after payment of the final balance and closure of the programme.

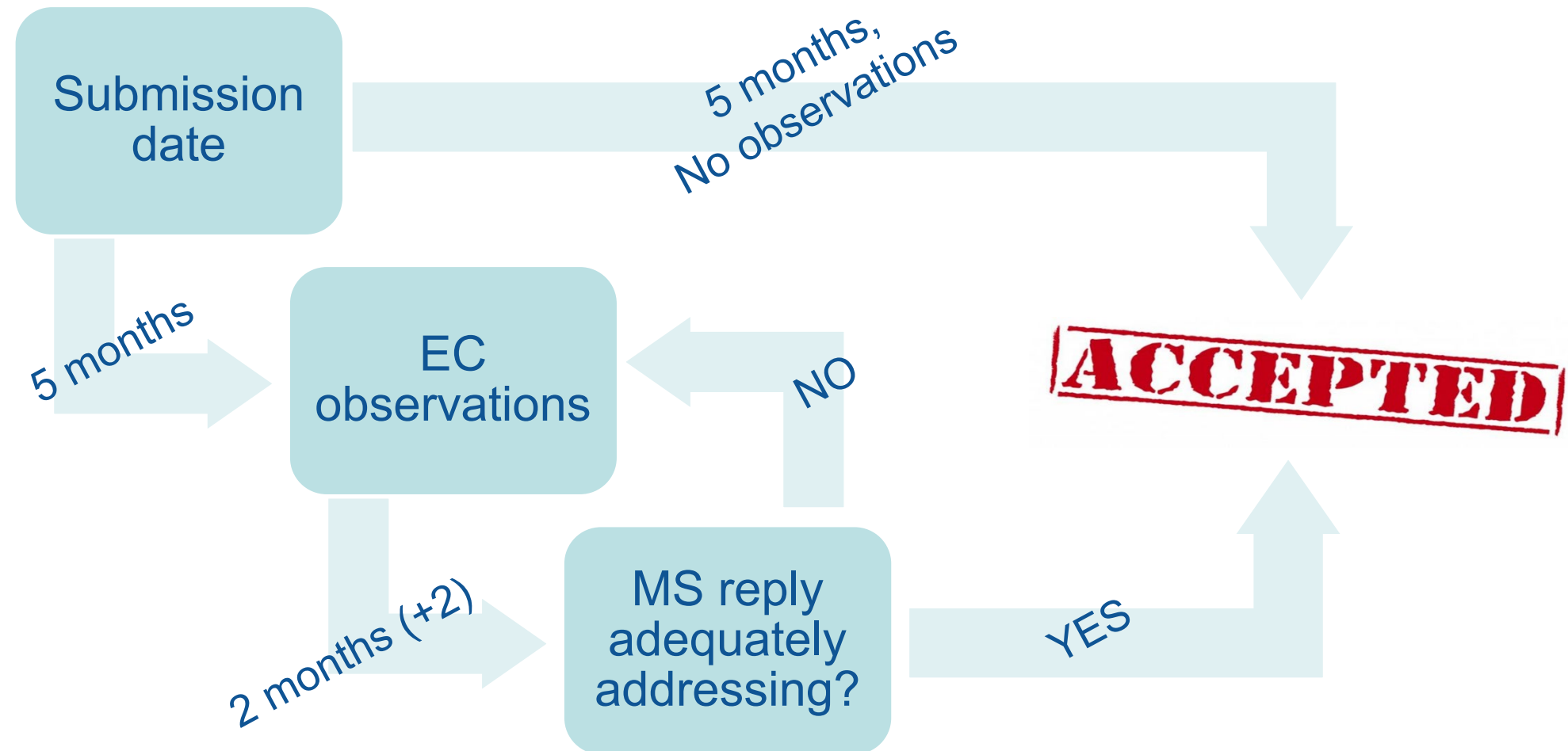
Closure documents



Final Implementation Report (FIR)

- ✓ Structure
- ✓ Deadlines
- ✓ Substantive issues to be included
 - Indicators (Common and programme specific)
 - Performance Framework
 - Reporting on Major Projects
 - Phased operations
 - Non-functioning operations
 - On-going national investigations / suspended operations

FIR: Acceptance and deadlines



Phasing of operations (Annex I to CGL)

CPR conditions for phasing

(cumulative) 

- Two phases from financial point of view
- Total cost \geq EUR 5 million
- Audit trail - no double declaration
- 2nd phase: eligible under 2021-2027
- MS undertakes to complete

FAST CARE proposal (new art.118a)

Project selected and started before 29 June 2022
Total cost \geq EUR 1 million
Relaxation of eligibility rules for 2nd phase

Non-functioning operations (Annex II to CGL)*



CGL: exclude expenditure from the last accounts for non-functioning operations, **unless...**

Total cost > ~~EUR 2 million~~
EUR 1 million
(1 million)

~~10%~~ of total
eligible expenditure
of OP
(15%)

Functioning
before
~~15 February 2026~~
(15 Feb 2027)

* Subject to the on-going revision of the Closure guidelines

On-going national investigations or suspended operations (Annex III to CGL)

- ✓ MS decision: include / exclude from the accounts
- ✓ If included: Annex III + MS to inform on the outcome
- ✓ Irregularities established: Commission proceeds with the recovery
 - Possibility to use overbooking (if available)
- ✓ Suspended operations: No expenditure may be declared after July 2024

Deductions: as in any accounting year

Amounts to be recovered

- EC will exclude from of the final balance
- MS should report on the outcome

Irrecoverable amounts

- EC will exclude from the final balance
- EC will assess if amounts should be charged to EU budget

Audit opinion as any other accounting year

Control report = as any other accounting year +

1. information on open findings from EC/ECA audits;
2. assurance on legality and regularity of expenditure under financial instruments;
3. assurance on reliability of data on indicators;
4. Assurance: public expenditure paid to beneficiaries \geq Funds contribution received

Workshop 5

2014-20 - Audit work at Closure

World Café

‘What is the additional audit work and audit follow up to be done at closure?’

Rapporteur: Dermot Byrne

*Homologues Group Meeting, Cyprus
October 2022*

With kind permission of the European Commission

The Workshop addressed Closure under 3 headings:

Planning – What AA's should be planning to do at closure

Thematic Risks – What are the key thematic risks expected to arise?

Total Error Rate (TER) and Residual TER – Calculation of the TER & RTER

Key Topics (Art 12(4) of Closure Guideline)

Note: Closure Guidelines – new version in course of preparation

- Financial Instruments (not a feature in Ireland)
- EC and ECA audit findings and financial corrections
- Reconciliation of public expenditure paid to beneficiaries and EU Funds received
- Reliability of indicators

Planning (i)

- Commission Closure Guideline – new version coming soon
- Section 12.4: additional elements in control report for the final accounting year:
 - Information on the open findings of the Commission or the ECA (Section 8 – Other Information)
 - Legality and regularity of expenditure under Financial Instruments (A 41, 42 of CPR)
 - Assurance as to the reliability of the data relating to performance indicators
 - Assurance as to amount of public expenditure paid to beneficiaries at least equal to contribution from the Funds

Planning (ii)

- Art 137(2) - the need to decide eligibility of expenditure under ongoing assessment
 - Do AA's plan to meeting with MA's to discuss outstanding issues?
 - AA's appear to be aware of this issue and confident issues addressed
- Listing of all non-functional projects – discuss with the MA
- Projects over €2m can be phased – revised guideline reduces limit to €1m
- Decide if any projects can be carried forward to the next programming period – remember that 2007-13 phased projects cannot be phased again.
- One Member States carried out systems audit of 'projects not concluded'

Thematic Risks

- Reliability of performance indicators including conclusion on KR6
- Revenue generating project – obtain listing and review up to 3 years later
- New COVID measures carry specific risks
- Has the AA carried out a risk analysis on Financial Instruments?
 - Are management fees appropriate/eligible?
 - Review expenditure not yet audited – no FI should be excluded from random selection
- Are there State Aid advances in the absence of real expenditure by beneficiaries?
- Conflict of interest: are systems working effectively to avoid Col?

TER / RTER

- Any arrangements for audit strategies in consecutive periods where work is parallel?
- Where the MCS remains the same → Use of a common sample – TER will be common to both periods.
- AA will be requested to confirm the withdrawal by CA of corrections relating to EC/ECA audits.
- Art 129 check aggregate (macro level) calculation of EU Funds paid by Commission compared to public expenditure paid to beneficiaries
- It is essential AA re-calculates RTER in the first place (may consult with Commission Auditors) for all years

Audit Authority – summary

1. Structure of Audit Opinion and ACR set out in Annexes to CPR
2. If common MCS for Programmes, one ACR will suffice
3. Details of open findings of AA / EC / ECA / OLAF – in particular financial corrections
4. Assurance for FI's
5. Assurance of reliable data for indicators
6. Amount paid to ben's is at least equal to contribution of Funds
7. Final RTER calculation includes further corrections as outlined at (3) above

Further Commission Guidance?

- Training sessions / programmes?
- Technical Group Meeting?
- Q&A EGESIF_21-0012-05 distributed to all Member States
- Other suggestions?



Thank you



dermot.byrne@per.gov.ie

