

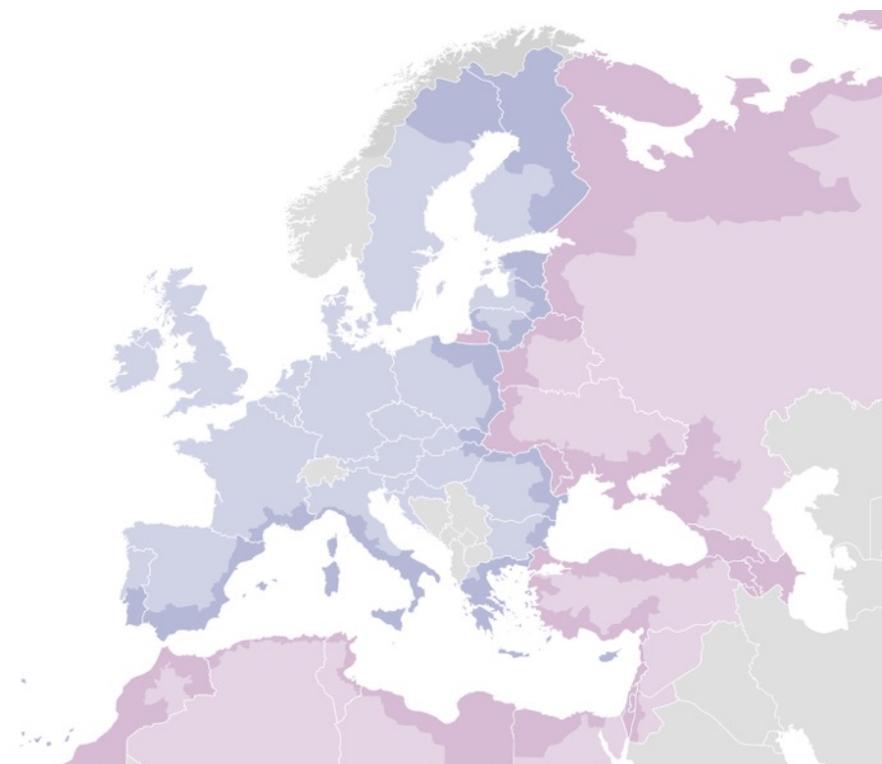


Technical support to the implementation
and management of ENI CBC programmes

Overview of 2018 annual audit reports

**3rd audit network meeting of ENI CBC
programmes**

Marseille, 29 May 2019



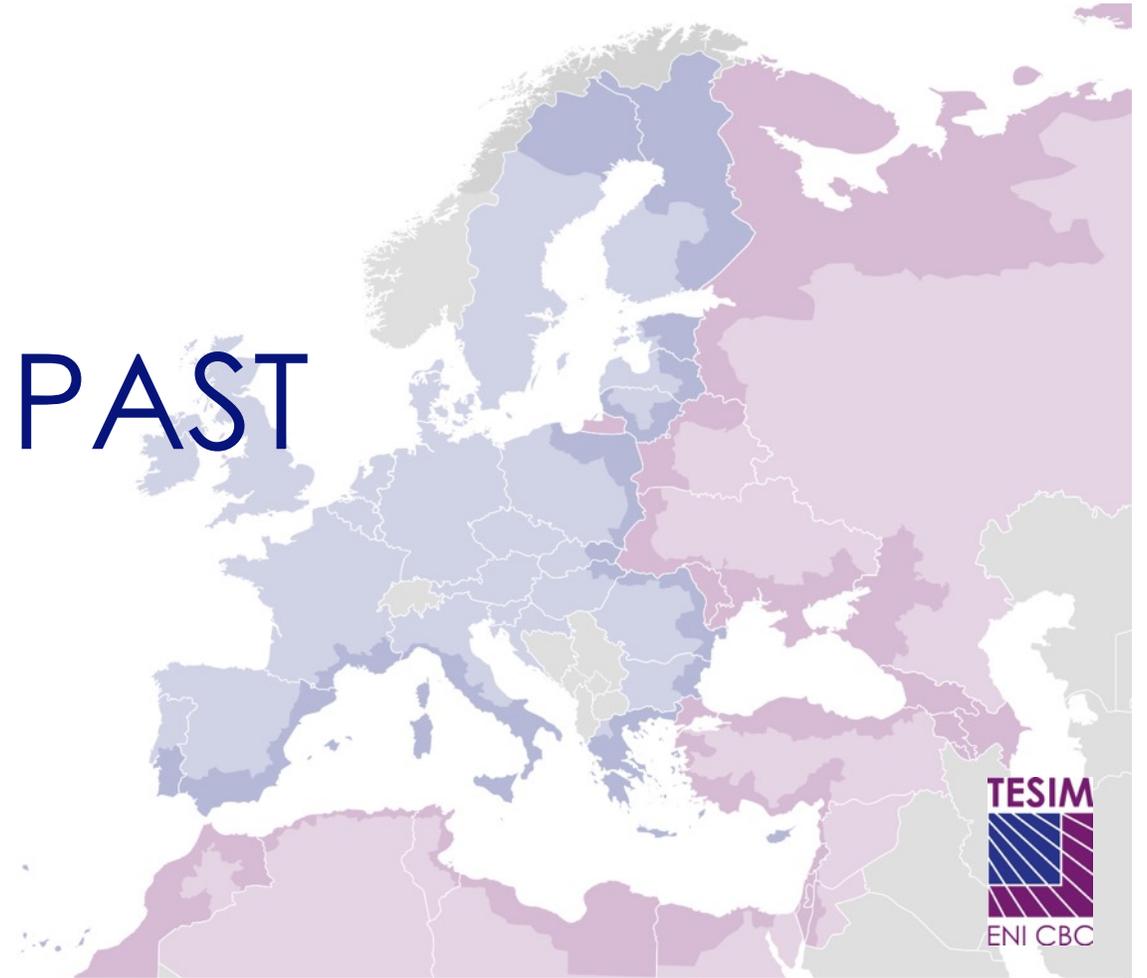
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THE PAST



No critical risks
identified

Main key findings -
the improvement
and finetuning of
various procedures

5 of 11 key internal
control categories
with 0 findings*

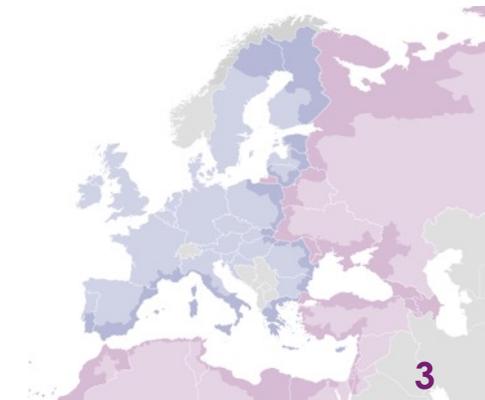
* *Accounting system and procedures*

Financial reporting system and procedures

Asset management including related procurement processes and procedures

Cash and bank management

Expenditure control including related procurement processes and procedures



Unqualified opinion – 8 programmes

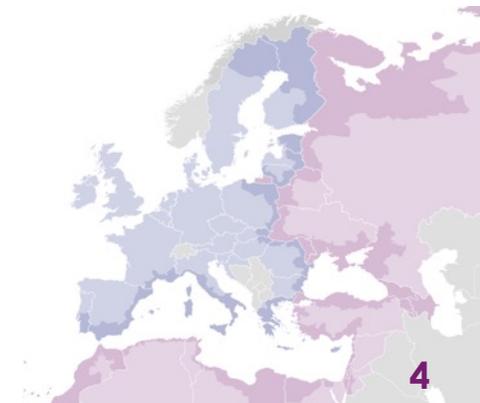
Qualified opinion – 5 programmes

Findings – ~ 5 per programme

Priority 1 – 38 findings

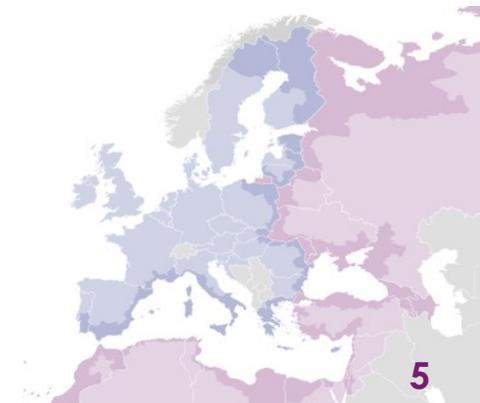
Priority 2 – 31 findings

Priority 3 – 6 findings



PRIORITY 1

- **Control environment** - 19 findings
- **Other** – 7 findings
- **IT systems and procedures** – 6 findings
- **Human resources** – 6 findings



Criterion 5 – Control environment

Insufficient anti-fraud policy and measures. Missing elements such as:

- fraud detection measures and red flags checklist;
- staff fraud awareness surveys and targeted fraud trainings;
- formal procedure for fraud reporting and whistle blowing.

Related recommendation – to develop comprehensive anti-fraud policy including the missing elements.



Criterion 4 – IT systems and procedures

IT systems partially operational. Missing elements such as:

- monitoring modules not operating;
- the system to ensure audit trail not fully functional.

To ensure the fully operational IT systems by the end of 2018 or early 2019.

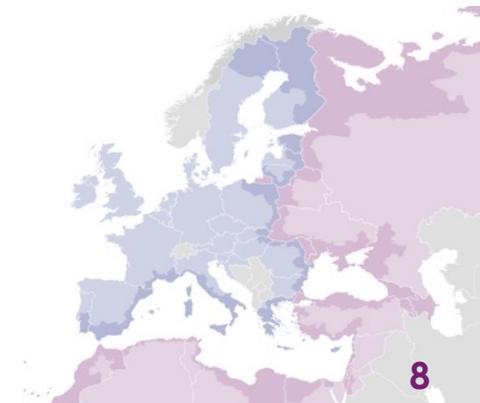


PRIORITY 2

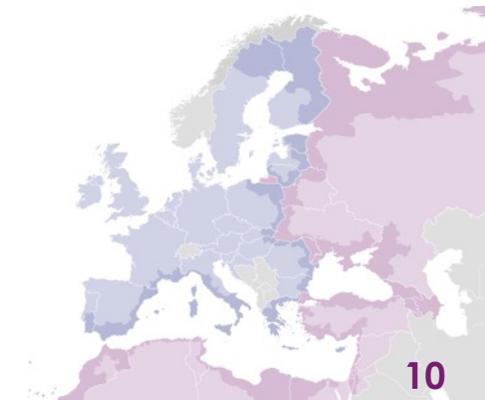
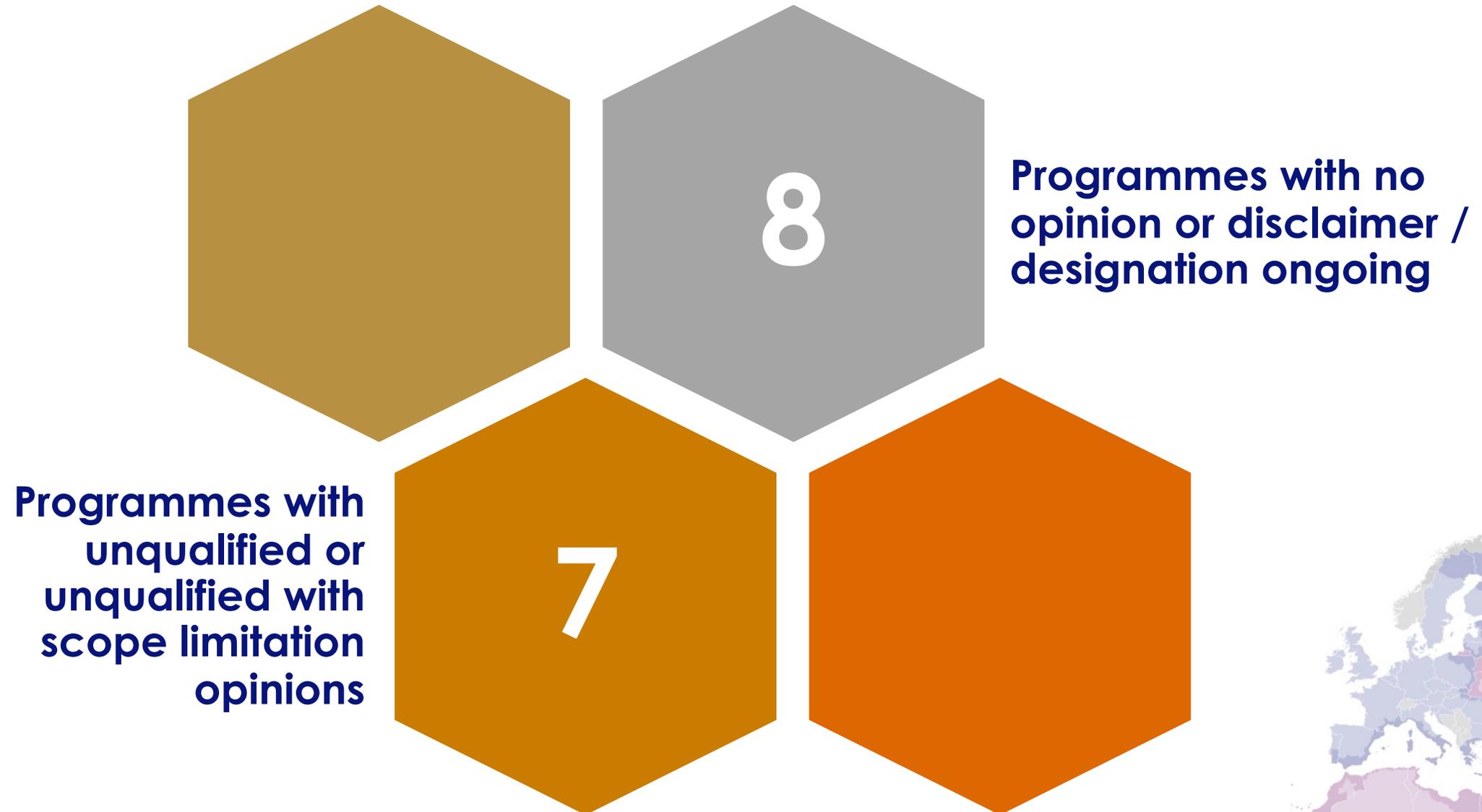
- **Other** - 12 findings
- **Control environment** – 11 findings
- **No or inadequate documentation** – 4 findings
- **Human resources and payroll** – 2 findings
- **IT systems** – 1 finding

PRIORITY 3

- **Other** – 4 findings
- **IT systems** – 2 findings



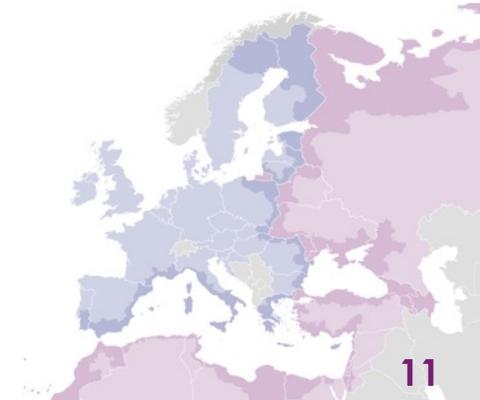
THE PRESENT



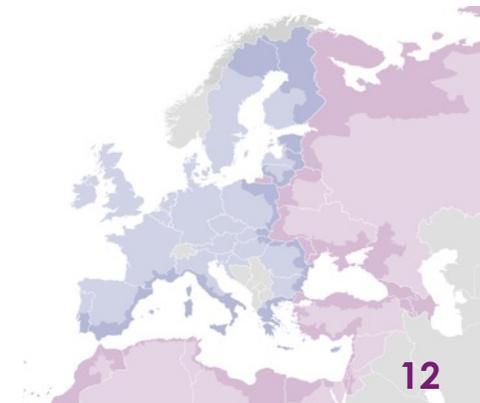
5 programmes
with system
audits carried
out

Systems work,
**but some
improvements
are needed**

No systemic /
systematic errors
detected



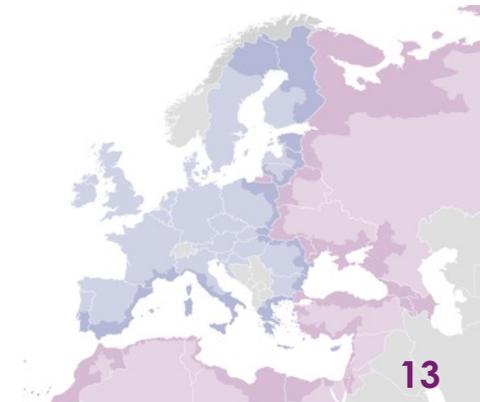
- Overall assessment of the monitoring and system controls
- Project selection procedures
- Electronic information systems
- Procedures of drawing up the annual financial statements/accounts



No audits on
projects carried
out

Technical
assistance
expenditure
audited

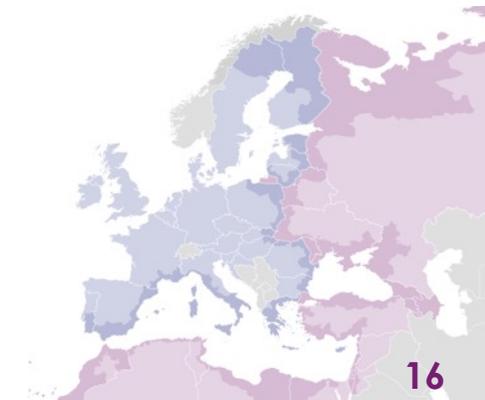
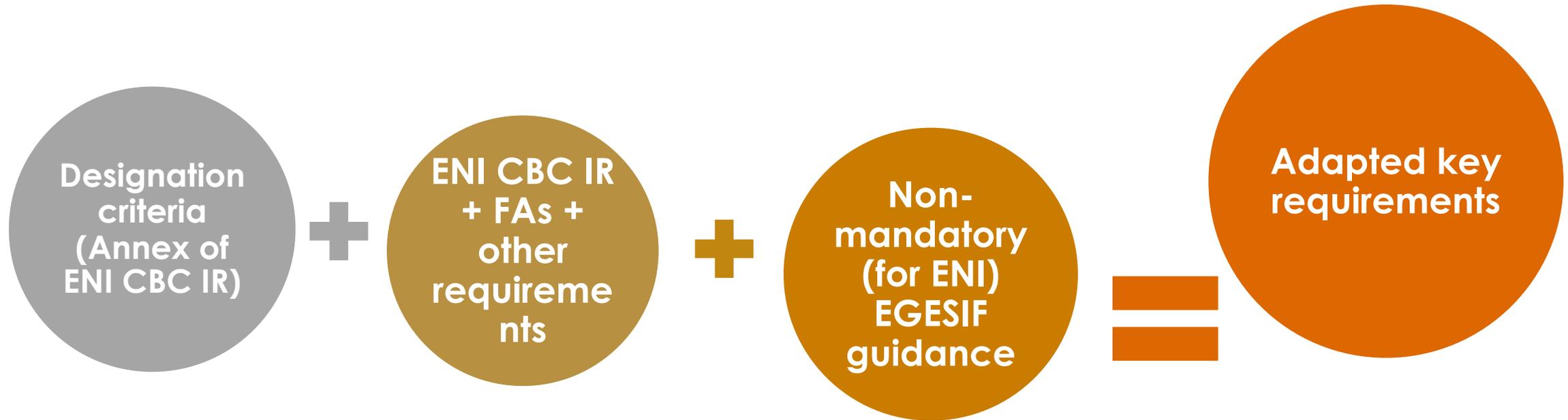
On average,
ECR of ~80% for
the audit on TA
expenditures



Let's hear from our colleagues!



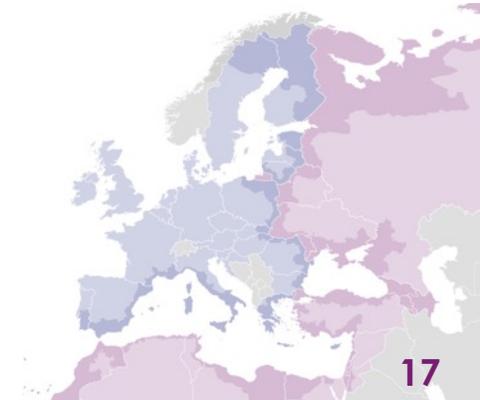
THE FUTURE



18 key requirements adapted and 1 additional key requirement of the management and control systems and the adapted criteria:

- The MA / IBs (9 key requirements containing 39 assessment criteria)
- The CA/ IBs* (5 key requirements containing 18 assessment criteria)
- The AA / any audit bodies (5 key requirements containing 27 assessment criteria)

* Payment/declaring to the EC in the ENI CBC



1. Read the handouts with key requirements and discuss with your colleagues!
2. What is your overall impression – does the working paper cover the needs for your system audits?
3. Are there any elements missing?
4. Please discuss how which key requirements can be used to assess programme bodies?





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You deserve lunch!



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