



Ministry  
of Finance

Republic  
of Poland

# System audits of the ENI Cross-border Cooperation Programme Poland-Belarus- Ukraine 2014-2020

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*Marseille, May 29, 2019*

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# Content

- The methodology used in the system audit
- Determining the scope of the audit
- The results of audit
- Annual audit report and opinion

## ENI programmes in Poland

ENI Programmes managed by the Polish side:

- The ENI Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020
- The Poland-Russia Cross-border Cooperation Programme 2014-2020

# The methodology used in the system audit

Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems in Member States (EGESIF\_14-0010-final) elaborated for the needs of European Structural and Investment Funds

The audit covered both procedures and their application (testing) at the level of MA and JTS.

## Determining the scope of the system audit

No expenditure in the financial statements in the financial year between July 1st 2017 and June 30th 2018:

- No audits on operations,
- No audits of Key requirement 4: *Adequate management verifications* and Key requirement 5: *Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail*

## Determining the scope of the system audit

State of play as of October 16th 2018:

- the first call for projects was finished;
- all large infrastructure projects to be co-financed in the programme were approved by the EC;
- the second call was foreseen to be closed on October 31st 2018;
- until the end of June 2018 one advance payment from the European Commission was transferred to the programme's account.

# The scope of the system audit

Key Requirement 2: *Appropriate selection of an operation.*

Assessment Criteria:

- 7 (2.1) - Appropriate procedures of selection, non-discriminatory and transparent criteria,
- 8 (2.2) - Call for projects notice is published,
- 9 (2.3) - All accepted applications are registered,
- 10 (2.4) - All applications / projects are assessed in compliance with applicable criteria,
- 11 (2.5) - Decisions on accepting or rejecting applications / projects are taken by a duly authorised person,

The audit was carried out at the level of the JTS.

# The scope of the system audit

Key Requirement 3 *Duly informing beneficiaries on conditions concerning the selected operations*

Assessment Criterion:

- 12 (3.1) - Efficient communication with beneficiaries concerning their rights and obligations,

The audit was carried out at the level of the JTS.



# The scope of the system audit

Key Requirement 13 *Appropriate procedures of drawing up and certifying completeness, accuracy and veracity of the annual financial statements*

Assessment Criterion:

- 50 (13.1) - Existence of procedures providing certification of complete, accurate and true statements of expenditure

The audit was carried out at the level of the MA and the JTS.

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Follow up of the recommendations issued during the designation audit.

# The results of the system audit

Findings in category 2:

Assessment criterion no. 10 (2.5):

- Finding related to the improper implementation of the procedure of approving / altering the assessment made by experts, by the Project Selection Committee (PSC).

# The results of the system audit

Assessment criterion no. 12 (3.1):

Finding in category 2:

The information / training on the following issues has not been provided to beneficiaries :

- 1) the use by Polish taxpayers of corporate income tax / personal income tax of the possibility of making one-time depreciation deductions from the initial value of fixed assets constitutes de minimis aid and should be included in the assessment of the acceptability of granting co-financing in the form of de minimis aid;
- 2) double financing, which should also be understood as the purchase of a fixed asset with the participation of EU funds, and then recognition of depreciation deductions from the full value of the fixed asset to tax deductible costs, without reducing the value of the fixed asset by the co-financing received.

# The results of the system audit

Assessment criterion no. 50 (13.1) - JTS:

Finding in category 2:

The JTS prepares the draft annual report on the Programme implementation and sends it to MA until August 31st of every year for the previous financial year.

The procedures of the JTS lack detailed information, *inter alia*, on:

- database(s), on the basis of which, the document will be prepared,
- obligation and scope of using the information contained in the annual summary concerning the controls conducted by the Managing Authority (Art. 68(2(c)) of R (EC) no. 897/2014);
- use of results of audits and controls conducted in relation to expenditure declared to EC in a given financial year and verification whether in the case of detecting irregularities institutions took appropriate corrective actions.

# The results of the system audit

Assessment criterion no. 50 (13.1) - MA:

Finding in category 2:

The JTS prepares the draft annual report on the Programme implementation and sends it to MA until August 31st of every year for the previous financial year.

The procedures of the MA lack detailed information, *inter alia*, on:

- database(s), on the basis of which the document will be prepared,
- use of results of audits and controls conducted in relation to expenditure declared to EC in a given financial year and verification whether in the case of detecting irregularities institutions took appropriate corrective actions,
- transferring the draft annual report to consultation to AA for the issuance of the audit opinion by the AA;
- description of actions necessary to be taken when sufficient corrective actions are not implemented or when the error rate calculated by the AA exceeds 2%.

# The results of the system audit

Overall opinion in the category 2

## Disclaimer of opinion

What was audited:

- the accounts for the accounting year from 1 July 2017 to 30 June 2018 in a limited scope,
- the functioning of the management and control system in a limited scope,

The management declaration prepared for the purpose of Article 68(2)(b) of Regulation (EU) No 897/2014 was also verified.

## Disclaimer of opinion

No transactions but a payment from the EC, have been included in the accounts for the accounting year from 1 July 2017 to 30 June 2018.

Thus:

The legality and regularity of the transactions related to the accounts have not been audited

No tests during the system audit in the scope of transactions related to the accounts could have been conducted .

Considering the above, We were not in a position to express an opinion on whether:

- the accounts give a true and fair view,
- the related transactions are legal and regular,
- the control systems put in place function.



Thank you for your attention