



Assessment of the assurance packages 2021-2022 and recommendations for the future audit work by DAC.2

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1. General information

- All 15 assurance packages for 15 ENI CBC programmes were received on time (15 February / 1 March).
- May - June 2023, letters with comments or observations were sent to the MS.

Letters with observations - 3 OPs
Letters with comments - 9 OPs

- July – August 2023, second rounds of the analysis.



2. General conclusions

- The EC issued letters with observations for 3 OPs, and letters with comments for 9 OPs → as compared to 13 letters with observations last year
- Most of the DAC.2 recommendations from the last year were implemented
- In most of the cases, DAC.2 agreed with the audit opinion issued by the AA

Some specific issues

- OP MED: Opinion on MCS qualified significant due to serious deficiencies affecting KR 13 and KR 6 → warning letter of preventive and corrective measures

3. Most common issues identified with respect to Annual Audit Reports 2021-2022

3.1. Audit of operations



- Sampling approach – 6 OPs
 - **Not clearly stated or described in the AAR**
 - **Methodology for sub-sampling not described**
 - **Sample size smaller than 3 units**
- Absence of indication of the nature of the findings – 1 OP
- Absence of indication in the AAR that the audit of operations was finalised – 1 OP



3.2. System Audit

- Insufficient information regarding the status of implementation of corrective actions / recommendations from previous years – 2 OP
- Absence of sufficient justification for the lack of system audits – 1 OP
- Delays in the completion of the system audit – 3 OPs
- Timely submission of the report to the Commission – 1 OPs
- System audit report not submitted in the official working language of the OP – 2 OPs
- Incorrect conclusions on the overall assessment of the Management and Control system by the AA – 1 OP

3.3. Audit strategy

- The audit strategy was not updated – 2 OP
- Insufficient description of the procedures in the audit strategy – 1 OP

3.4. Audit of accounts

- Request to resubmit the accounts – 1 OP

TABLE 1 of EGESIF_15-0002-04

3.5. Audit opinion

Type of audit opinion	Element of the audit opinion and overall assurance				Corrective measures needed (in view of the AA's conclusions in the ACR) (either financial corrections or system/procedural improvements or both)
	Functioning of MCS (results of system audits confirmed or amended by results of audits of operations – TER or/and improvements to overcome deficiencies in the MCS)		Legality and Regularity of expenditure certified in the accounts	Accounts	
	Results of system audits	TER (Results of audits of operations)	RTER (TER mitigated by implemented financial corrections before submission of the accounts to the Commission)		
1- Unqualified	System in category 1 or 2	and $TER \leq 2\%$	and $RTER \leq 2\%$	and adjustments to be made in the accounts $\leq 2\%$	Corrections of the individual errors in the sample
2 - Qualified (qualification with limited impact)	System in category 2	and/or $2\% < TER < 5\%$	NA ³¹	NA	Corrections of the individual errors in the sample Improvements to overcome any deficiencies in the MCS
3 - Qualified (qualification with significant impact)	System in category 3	and/or $5\% \leq TER \leq 10\%$	and/or $RTER > 2\%$	and/or adjustments to be made in the accounts $> 2\%$	Extrapolated financial corrections to bring the RTER below or equal to 2%, taking account of corrections already applied as a result of the AA's audits (including corrections of individual errors in the sample) + remedial action plan to overcome any deficiencies
4 - Adverse	System in category 4	and/or $TER > 10\%$	and/or $RTER > 2\%$	and/or	

3.6. Other deficiencies

- Suspension of financing agreement with Russia not considered by the AA as significant change in the MCS – 2 OPs
- The level of assurance obtained is not sufficiently disclosed in the AAR – 2 OPs
- Insufficient information in the AAR concerning the approach to the risk of fraud in the AA's audit– 2 OPs

3.7. Other deficiencies

- Insufficient details regarding the reconciliation of population used for the audit of operations with the expenditure declared to the Commission – 2 OP
- Description of the MCS not fully updated with changes in MCS – 2 OP
- Quality of reporting in the AAR – 1 OP

DAC.2 audits: State-of-play

- OP Mediterranean Sea Basin:
 - *Compliance audit (KR16 and KR18) and reperformance of system*
 - *Final audit report was issued in July 2023. MS reply awaited*
- OP Black Sea Basin:
 - *Compliance audit (KR16 and KR18)*
 - *First follow-up in the approval process*
- OP Karelia:
 - *Closed*

Thank you for your attention

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