



Methodological Note for the assessment of the MCS in MSs 2021-2027 legal framework

**Jana FORSTOVA, Team Leader for ENI CBC
Martyna KULINSKA, Lead Auditor for ENI CBC**

**REGIO.EMPL.DAC.2
Directorate-General Employment, Social Affairs and
Inclusion
Directorate-General Regional and Urban Policy**

18 October 2023



Outline

1.Scope

2.Legal requirements

3.Assessment of MCS

4.Overview of the KR

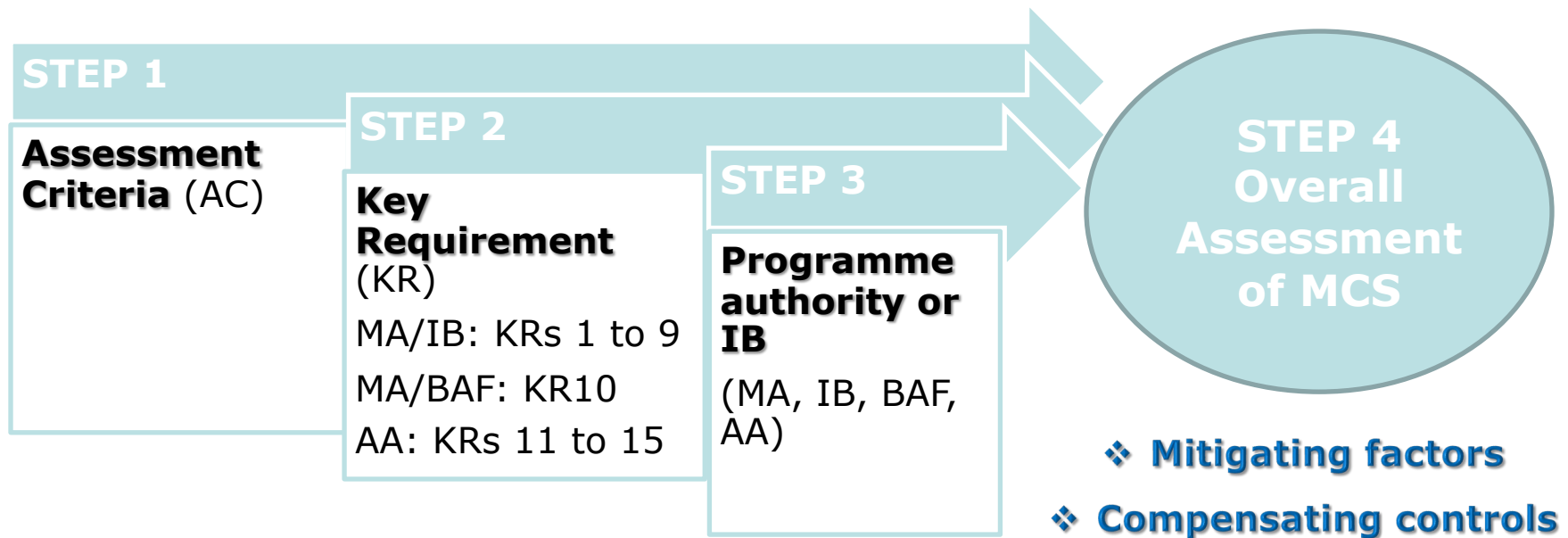
1. Scope

- **WHAT:** Tool
- **WHO:** Auditors (EC, AA) and MA (legitimate expectations)
- **HOW:** Assessment of the MCS
- **OBJECTIVE:** Conclude on the MCS (Design and Effective functioning)
 - ✓ Category 1. **Works well. No or only minor improvement needed.**
 - ✓ Category 2. **Works. Some improvement needed.**
 - ✓ Category 3. **Works partially. Substantial improvement needed.**
 - ✓ Category 4. **Essentially does not work.**

2. Legal requirements

- Article 69(11) CPR – **Description of the MCS** (Annex XVI CPR) before **1st payment application** but not later than **30 June 2023**
- Article 69(1) CPR – MCS follow the **KRs** (Annex XI CPR)
- Article 77(3)(a)(iii) CPR – **system audits** by AA (Audit Strategy, Article 78(1) and Annex XXII CPR)

3. Assessment of MCS – Steps



3. Assessment of MCS – General principles

- Impact of the **non-respect** or **partial respect** of AC, e.g. irregularities
- **Mitigating measures**, e.g. participation in enhanced cooperation on the establishment of the EPPO =>> KR7
- **KRs are assessed independently** for the same entity (No compensations between KRs per authority). Exception: STEP 4!!
- **Essential KRs**: MA (KR 2, 4, 5 and 9) and AA (KR 12, 13 and 15)
- Deficiency in an essential KR **cannot be counterbalanced** by a better classification of the other KRs per authority
- **Synergies** between KR 2, 4 and 5 **for audit trail**

4. Overview KR – Annex XI CPR

		Bodies/authorities concerned
1	Appropriate separation of functions and written arrangements for reporting, supervising and monitoring of delegated tasks to an intermediate body	Managing authority
2	Appropriate criteria and procedures for the selection of operations	Managing authority ¹
3	Appropriate information to beneficiaries on applicable conditions for support for the selected operations	Managing authority
4	Appropriate management verifications, including appropriate procedures for checking fulfilment of conditions for financing not linked to costs and for simplified cost options	Managing authority
5	Effective system to ensure that all documents necessary for the audit trail are held	Managing authority
6	Reliable electronic system (including links with electronic data exchange systems with beneficiaries) for recording and storing data for monitoring, evaluation, financial management, verifications and audits, including appropriate processes to ensure the security, integrity and confidentiality of the data and the authentication of users	Managing authority
7	Effective implementation of proportionate anti-fraud measures	Managing authority

4. Overview KR – Annex XI CPR

8	Appropriate procedures for drawing up the management declaration	Managing authority
9	Appropriate procedures for confirming that the expenditure entered into the accounts is legal and regular	Managing authority
10	Appropriate procedures for drawing up and submission of payment applications and of accounts and confirming completeness, accuracy and veracity of the accounts	Managing authority/ Body carrying out the accounting function
11	Appropriate separation of functions and functional independence between the audit authority (and any body carrying out audit work under the responsibility of the audit authority on which the audit authority relies and supervises, if applicable) and the other programme authorities and audit work carried out in accordance with internationally accepted audit standards	Audit authority
12	Appropriate system audits	Audit authority
13	Appropriate audits of operations	Audit authority
14	Appropriate audits of accounts	Audit authority
15	Appropriate procedures for providing a reliable audit opinion and for preparing the annual control report	Audit authority

4. Overview KR - Comparative

'14-'20		Authority	'21-'27		Authority
KR1	Organisation, tasks, responsibilities, separation of functions	MA	KR1	Organisation, tasks, responsibilities, separation of functions	MA
KR2	Selection	MA	KR2	Selection	MA
KR3	Information to beneficiaries	MA	KR3	Information to beneficiaries	MA
KR4	Management Verifications	MA	KR4	(R)BMV	MA
KR5	Audit trail	MA	KR5	Audit trail	MA
KR6	IT system for recording and storing data	MA	KR6	IT system for recording and storing data	MA
KR7	Anti-fraud measures	MA	KR7	Anti-fraud measures	MA
KR8	Management Declaration	MA	KR8	Management Declaration	MA
KR9	Adequate separation of functions and adequate system	CA	KR9	Procedures to ensure L&R of expenditure in the accounts	MA
KR10	Preparation/submission of payment applications	CA	KR10	Preparation/submission of payment applications and accounting	MA / BAF
KR11	Accounting records	CA			
KR12	Procedures and records of amounts recoverable, recovered and withdrawn	CA			
KR13	Drawing up and certifying accounts	CA			
KR14	Separation of functions and independant AA	AA	KR11	Separation of functions and independant AA	AA
KR15	Adequate system audit	AA	KR12	Adequate system audit	AA
KR16	Appropriate audits of operations	AA	KR13	Appropriate audits of operations	AA
KR17	Appropriate audits of accounts	AA	KR14	Appropriate audits of accounts	AA
KR18	Procedures for ACR and AO	AA	KR15	Procedures for ACR and AO	AA

Useful link

[UD0099 - Methodological Note for the Assessment of Management and Control Systems in the Member States - RegioWiki Extranet - RegioWiki \(europa.eu\)](#)

Thank you for your attention!