



# Methodological Note on Accounts Preparation, Submission, Examination and Audit

CPR EGM 19/06/2023

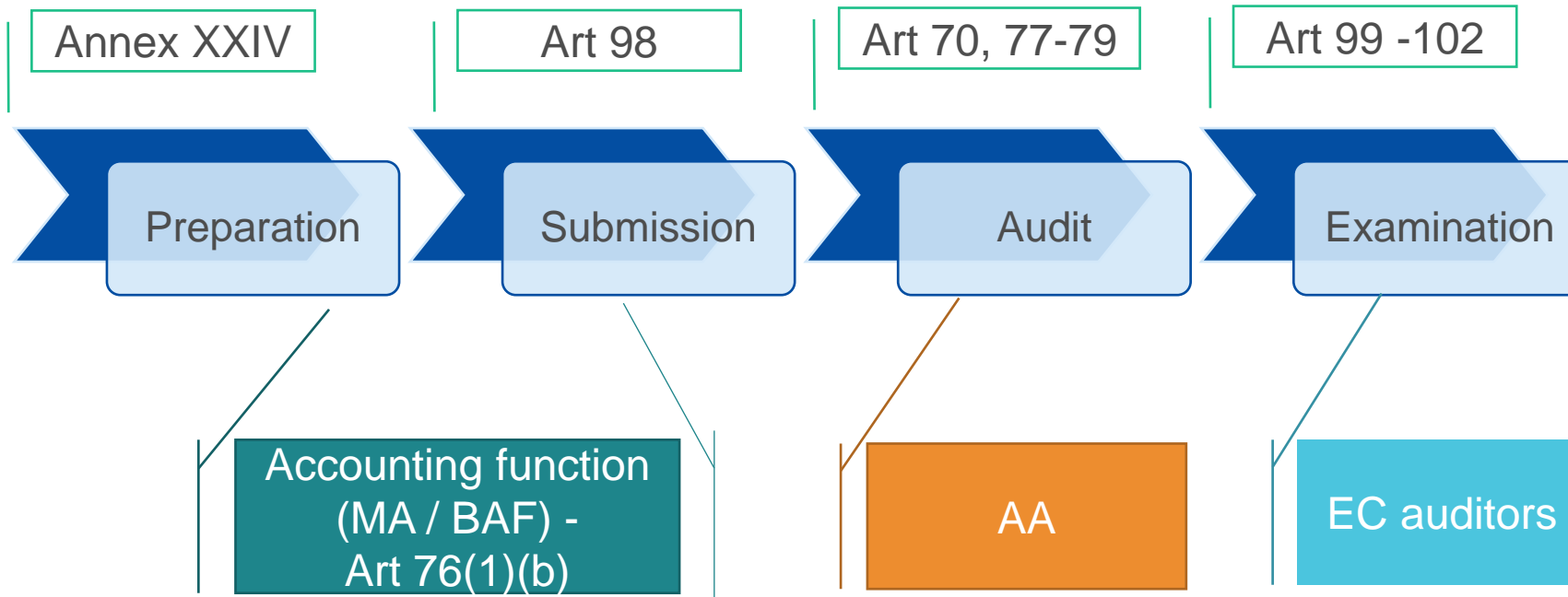
*Dana Greceanu DAC.7*

# Content

1. Introduction
2. Preparation of Accounts and Mapping reconciliations (ACC vs PAP)
3. Submission of Accounts
4. Examination of Accounts
5. Audit of Accounts

# 1. Introduction – Objectives and Legal basis

- Clarifications on **four main processes** in relation to Accounts :

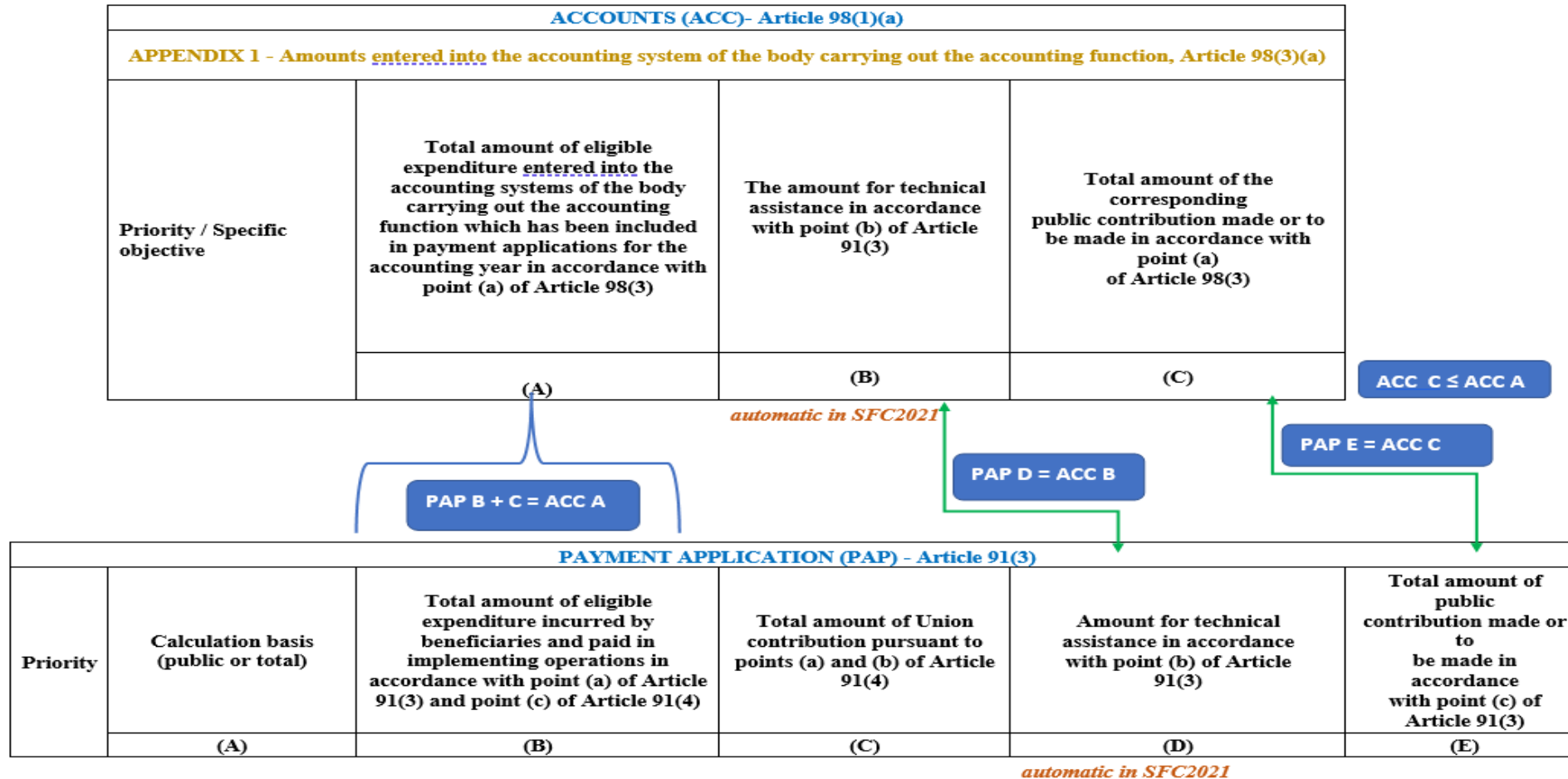


- Streamlining** the procedures and **Alignment** to '21-'27 CPR provisions.

## 2. Preparation of Accounts

Appendix 1	<ul style="list-style-type: none"><li>• Amounts entered into the accounting system of the body carrying out the accounting function</li></ul>
Appendix 2	<ul style="list-style-type: none"><li>• Amounts withdrawn during the accounting year</li></ul>
Appendix 3	<ul style="list-style-type: none"><li>• Amounts of programme contributions paid to financial instruments</li></ul>
Appendix 4	<ul style="list-style-type: none"><li>• Reconciliation of expenditure</li></ul>
Appendixes 5/6	<ul style="list-style-type: none"><li>• Information on expenditure linked to specific objectives for which enabling conditions are not fulfilled</li></ul>
Appendix 7	<ul style="list-style-type: none"><li>• Advances paid in the context of State aid under Article 91(5)</li></ul>

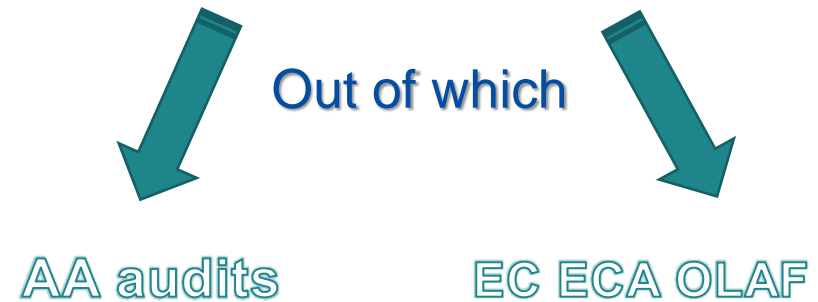
# Appendix 1 – Expenditure declared



# Appendix 2 – Withdrawals

Priority / Specific objective	Withdrawals	
	Total amount of expenditure included in payment applications	Corresponding public contribution
	(A)	(B)
Priority (category of region)		
Split of amounts withdrawn during the accounting year by accounting year of declaration of the corresponding expenditure		
In relation to accounting year ending 30 June XX ... (total)		
Out of which amounts corrected as a result of AA audits		
Out of which accounts corrected as a result EC and ECA audits and OLAF investigations		

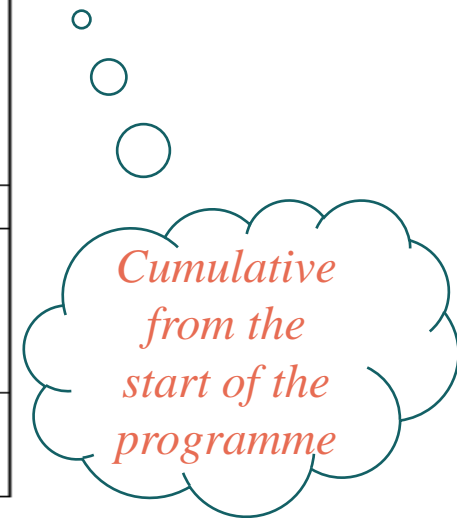
- **Withdrawals** = corrections for irregular expenditure during the accounting year



- Broken down per accounting year
- **!! NO Recoveries**

# Appendix 3 – Clearance advance FI

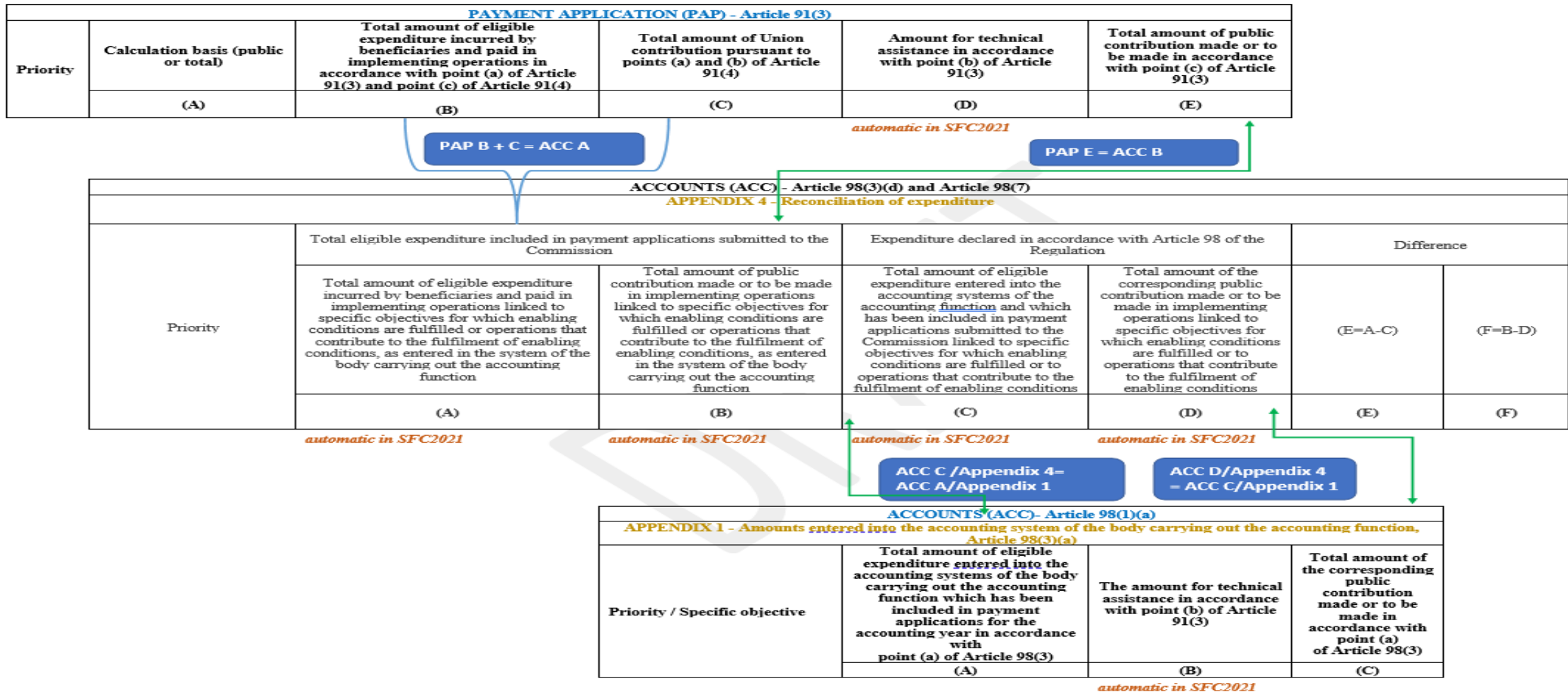
Priority / Specific objective	Amount included in the first payment application and paid to the financial instrument in accordance with Article 92 (maximum 30 % of the total amount of programme contributions committed to [the] financial instrument[s] under the relevant funding agreement)		Corresponding cleared amount as referred to in Article 92(3)	
	(A)	(B)	(C)	(D)
	Total amount of programme contributions paid to financial instruments	Total amount of corresponding public contribution	Total amount of programme contributions pursuant to point (b) of Article 92(2)	Total amount of corresponding public contribution
Priority (category of region)				



## Appendix 1

Priority / Specific objective	Total amount of eligible expenditure entered into the accounting systems of the MA/BAF which has been included in payment applications for the accounting year in accordance with point (a) of Article 98(3)	The amount for technical assistance in accordance with point (b) of Article 91(3)	Total amount of the corresponding public contribution made or to be made in accordance with point (a) of Article 98(3)
	(A)	(B)	(C)
Priority (category of region)			

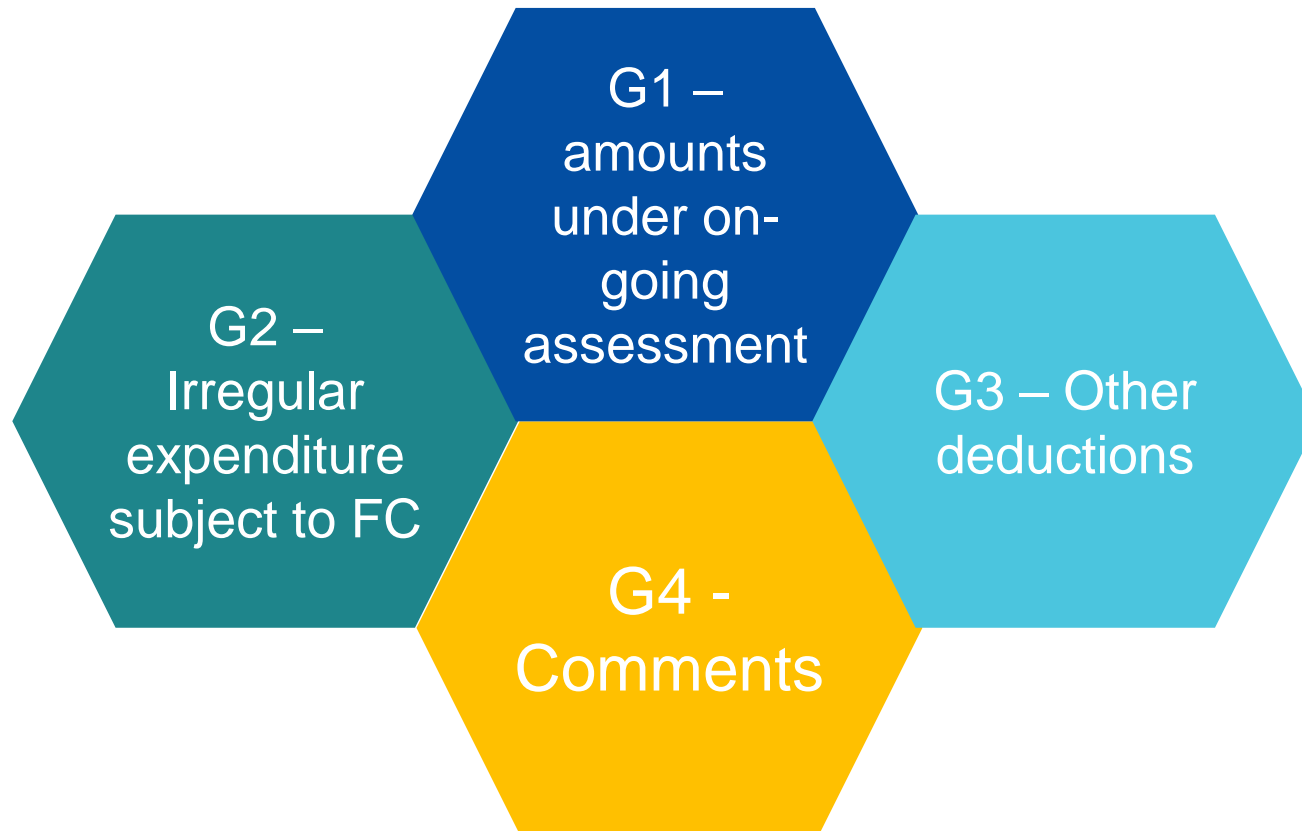
# Appendix 4 – Mapping ACC and PAP





# Appendix 4 – *Reconciliation ACC and PAP*

- Explain differences col. E



- Total amounts broken down per priority/specific objective



- Deductions from Accounts **ONLY** for the **current** accounting year
- **ONLY** negative differences (ACC < PAP)

# Appendix 5/6 – Enabling conditions not fulfilled

Priority / Specific objective	Calculation basis (public or total)	Amount of eligible expenditure incurred by beneficiaries and paid in implementing operations in accordance with Article 91(3)(a) or (c) or Union contribution pursuant to Article 91(4) linked to non-fulfilled enabling conditions within the meaning of Article 15(5) or (6), <u>with the exception of</u> operations that contribute to the fulfilment of enabling conditions		Amount of eligible expenditure incurred by beneficiaries and paid in implementing operations in accordance with Article 91(3)(a) or (c) or Union contribution pursuant to Article 91(4) linked to fulfilled enabling conditions within the meaning of Article 15(5) or (6), or contributing to the fulfilment of enabling conditions	
		Total	Public	Total	Public
	(A)	(B)	(C)	(D)	(E)
Priority (category of region)					

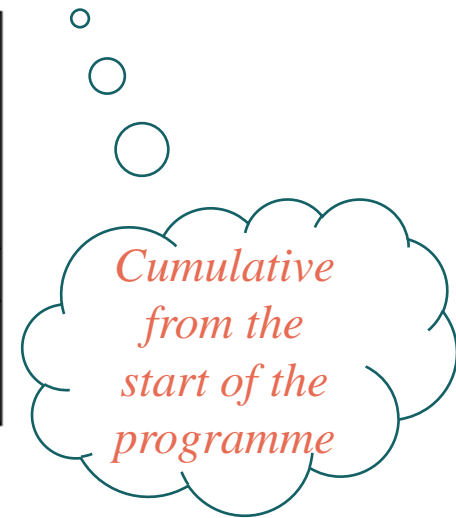
*Cumulative  
from the  
start of the  
programme*

## Appendix 1

Priority / Specific objective	Total amount of eligible expenditure <u>entered into</u> the accounting systems of the MA/BAF which has been included in payment applications for the accounting year in accordance with point (a) of Article 98(3)	The amount for technical assistance in accordance with point (b) of Article 91(3)	Total amount of the corresponding public contribution made or to be made in accordance with point (a) of Article 98(3)
	(A)	(B)	(C)
Priority (category of region)			

# Appendix 7 – Advances State aid

Priority / Specific objective	Total amount paid as advances <sup>20</sup>	Amount which has been covered by expenditure paid by beneficiaries within 3 years following the year of the payment of the advance	Amount which has not been covered by expenditure paid by beneficiaries and for which the 3 years period has not yet elapsed
	(A)	(B)	(C)
Priority (category of region)			



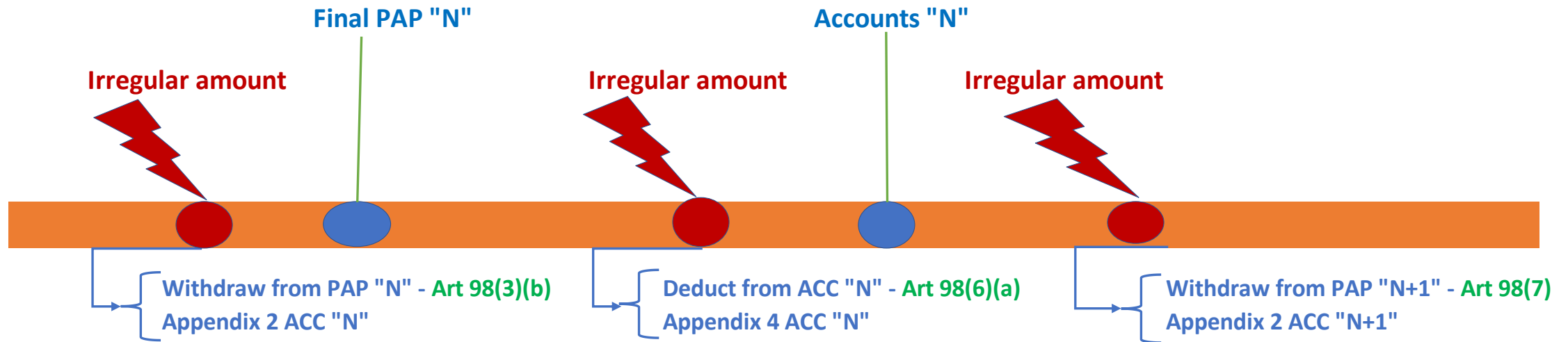
## Appendix 4 PAP

Advances paid in the context of State aid (Article 91(5)) and included in the payment applications  
(cumulative from the start of the programme)

Priority	Total amount paid as advances <sup>1</sup>	Amount which has been covered by expenditure paid by beneficiaries within three years following the year of the payment of the advance	Amount which has not been covered by expenditure paid by beneficiaries and for which the three year period has not yet elapsed
	(A)	(B)	(C)

# Financial Corrections

- Timeline for applying Financial Corrections (FC) cf. Art 103 **Definitive**



- Other amounts deducted from the Accounts

- amounts under ongoing assessment – Art 98(6)(b) **Temporary**
- amounts to reduce the RER below 2% – Art 98(6)(c) **Definitive**

# Financial Corrections (ct'd)

- **Net** Financial Corrections under Art 104(1)(b) CPR =>> reduce the support from Funds

## Conditions:

- MS is informed of EC auditors' conclusions in a letter cf. Art 104(2)
- Irregular expenditure is contained in accepted accounts
- Irregularities have not been detected and reported by the MS
- For **Interreg programmes** – corrections for all irregular expenditure (even < 250 EUR) – **Regulation (EU) 2021/1059**

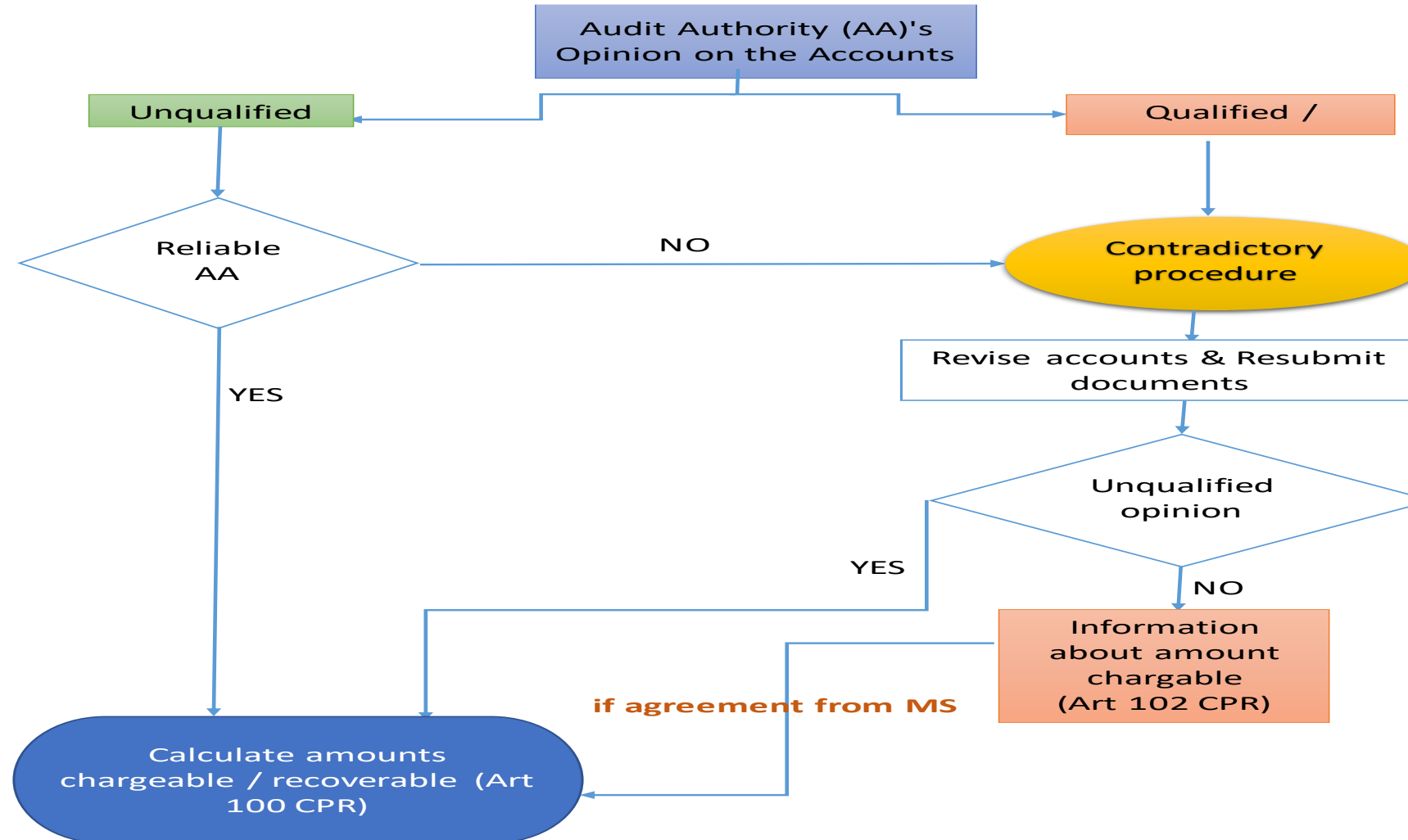
# 3. Submission of Accounts

- Deadline: 15 February – Art 98(1)
- Extension possible until 1 March (request + justification via SFC2021) - Art 98(2)

!!Key aspect: Cooperation AA – MA for internal deadlines

- Special situations:
  - Non-submission of Accounts =>> PAP not admissible – Art 91(2)
  - RER > 2% =>> ACC not admissible – Art 98(5)

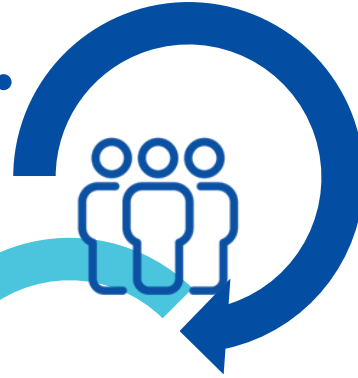
# 4. Examination of Accounts



# 5. Audit of Accounts – Overview

## WHO

Audit Authorities



## WHY

Audit opinion on completeness, accuracy and veracity of the accounts –  
**Art 77(3)(a)**

## HOW

- Audit of accounts – **Art 77(1)**
- Cf. Audit strategy – **Art 78**
  - Synergies with System audit and Audit of operations
  - Results of previous audit work on the accounts (if relevant)

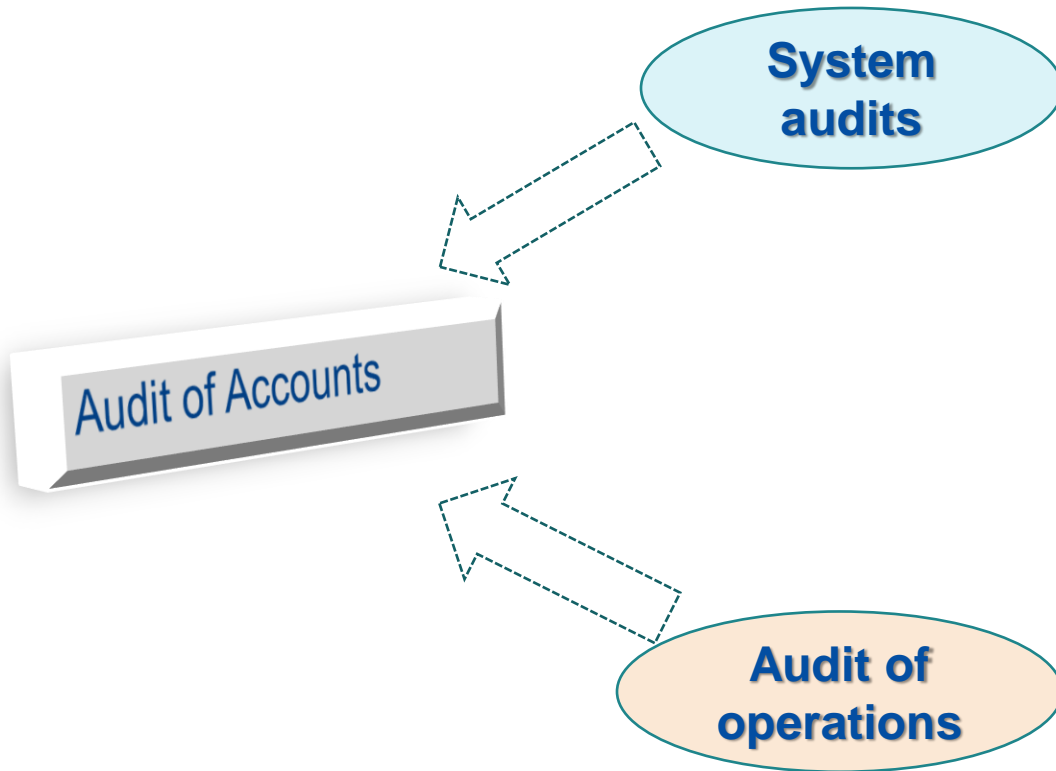




# 5. Audit of Accounts – Key messages

- Key verifications:
  - ✓ Accounts cf. template in Annex XXIV
  - ✓ Correct and accurate disclosure of FC cf. Art 98(6)
  - ✓ Corroborate information (e.g. AA's audits, ECA's audits, EC's audits, MA's RBMV)
- Verifications of (draft) accounts =>> all elements cf. Art 98 are properly considered in the Accounts and are supported by evidence
- FUP procedures for the implementation of recommendations

# 5. Audit of Accounts - Synergies



- **KR10 ->> New Accounting function**

- ✓ *Art 78(1): 21 months*

- ✓ *Annex XXII/§3.2: 12 months*

- **Reliability of the accounting system**

- ✓ PAP cf. Annex XXIII and Accounts cf. Annex XXIV

- ✓ Conversion rates cf. Art 76(1)(c)

- ✓ Electronic records of the accounts

- ✓ Reconciliations PAP and ACC, focus on FC cf. Art 98(6) and Art 98(7)

- ✓ Data exchange information system

- **Audit trail** (vouching and tracing expenditure declared by the beneficiary into the PAP / ACC): **BENEF vs MA/BAF**

- **Payments** made to beneficiaries cf. Art 74(1)(b)

- **Irregular amounts** from sample are excluded from ACC

# 5. Audit of Accounts – Examples

## Appendix 1 Amounts in the accounting system

- Reconciliation  $ACC = PAP - Deductions$
- Final PAP = PAPs + new expenditure – withdrawals cf. Appendix 2
- Tracing/Vouching PAP with incurred expenditure (sample based)
- Correct declaration in the Accounts of expenditure with fulfilled enabling conditions

## Appendix 2 Withdrawals

- Adequate split per accounting year
- FC in PAP from AA audits + other audits (EC, ECA) or OLAF investigations
- Check consistency of the amounts of FC in PAP with accounting records

## Appendix 3 FI

- Reconciliation with Programme contribution minus deductions (if relevant)
- Reconciliation for advance(s) with accounting records at MA level (max 30% - Art 92(2))
- Verification that cleared amounts are not in Appendix 1 (sample based)

# 5. Audit of Accounts – Examples

## Appendix 4 Reconciliation

- Check the split of differences in col. G1-G3 and comments in col. G4
- Check consistency with the ACR
- Check consistency with the MA/BAF records for FC, including amounts under on-going assessment

## Appendix 5/6 Enabling conditions not fulfilled

- Check with the accounting records (cumulative from the start of the programme)
- Reconciliation with MA system and with expenditure declared by BENEf
- Check that expenditure in Appendix 5/6 is not declared in Appendix 1

## Appendix 7 Advance - SA

- Reconcile the advance for State aid with the records at MA level
- Check audit trail: advances paid for SA (cumulative from the start of the programme) reconcile with the records in MA/IB

# Thank you



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