



Audit of EAFRD measures LEADER running costs and animation with Simplified Cost Options

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Introduction

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AGRI-J.4 carries out **compliance audits** in order to evaluate if the expenditure declared to the Commission has been effected in compliance with the rules.

Introduction



How does DG AGRI intend to audit the running and animation costs (seminars, trainings, conferences) for LEADER with simplified cost options?

Key controls

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Key controls

Key controls

Application for support - stage

- K1: Eligibility of the applicant
- K3: Eligibility of the costs
- K4: Double financing
- K5: Selection criteria
- K6: Reasonableness of the costs
- K7: Public procurement

Key controls

Payment stage

- K8: Payment claim
- K9: Application of sanctions
- K15: Quality of on-the-spot checks

Key controls

Which key controls are mainly concerned?

Application for support - stage

- K3: Eligibility of the costs
- K6: Reasonableness of the costs

Payment stage

- K8: Payment claim
- K15: Quality of on-the-spot checks

Audit of running and animation costs without SCO

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Audit of running and animation costs without SCO

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Application for support – stage

- K3: Eligibility of the costs
- K6: Reasonableness of the costs

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Application for support - stage

- K3: Eligibility of the costs
 - Costs of salaries, rents, overheads;
 - Costs for the seminars, trainings, conferences;
 - Costs for consultancy costs (trainer's fee).

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- **K6: Reasonableness of the costs**
 - **Analysis of salary slips, contracts, time sheets:**
 - ✓ the salaries are paid according to contracts;
 - ✓ the time sheets are filled in by each employee and reconciled with the contract, job description and salary slips;
 - **Analysis of invoices:**

DG AGRI examines that:

 - ✓ the invoice's amounts are reasonable;
 - ✓ the date and the services delivered according to the invoices is within the scope of the training, seminar, conference.
 - **Presence list, contract for consultancy**

DG AGRI verifies that the:

 - ✓ presence list is signed by all the participants;
 - ✓ the invoice's amounts reconcile with the amounts stipulated in the contract for consultancy and with the declared amount.

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Payment Stage

- K8: Payment claim
 - Salary slips & Invoices
- K15: Quality of on-the-spot checks
 - Check of salary slips & invoices and accounting data
 - May even include cross check with accounting of supplier
 - Check of procurements (if appropriate)

Audit of running and animation costs without SCO

Conclusion for projects without SCO:

DG AGRI audits focus on

- The check of the reasonableness of costs
 - for each project and each item
 - in the administrative checks on the application for support

Audit of running and animation costs with SCO

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Audit of training and animation costs with SCO

Audit of running and animation costs with SCO

Before the application for support – stage

- Calculation of SCO
 - Audit of the method of the calculation
 - Audit of the calculation of the amount
 - Audit of the statement of the independent body confirming the method and the calculation of the amount

Audit of running and animation costs with SCO

Application for support - stage

- K3: Eligibility of the costs
 - SCO for the running and animation costs: application correct?
 - SCO for consultancy costs: application correct?
- K6: Reasonableness of the costs

Not audited any more for running and animation costs. (Included in the audit of the calculation of SCO.)

Audit of running and animation costs with SCO

Payment Stage

- **K8: Payment claim**
 - The auditor should get assurance that the activities or the outputs claimed were in fact realised;
- **K15: Quality of on-the-spot checks**
 - No verification of invoices & salary slips
 - Verification of the reality of the expenditure
 - No verification of accounting data
 - No verification of reasonableness of costs

Audit of running and animation costs with SCO

Conclusion for projects with SCO:

DG AGRI audits focus on

- The correct calculation of the SCO
- The correct use of the SCO (in each audited file)
- The existence of the training and animation costs

Audit experience

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DG AGRI's audit experience with SCO projects

Audit experience

- DG AGRI audits: the RD3 team has very limited experience with SCO for LEADER projects:
 - until now only few cases of overheads were noted, which were calculated using the flat rate.

Conclusion

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Overall
conclusion

Conclusion

- For projects with SCO, DG AGRI
 - Will examine in detail the calculation of the SCO
 - Will not audit any more the checks on the reasonableness of costs (which is otherwise done for each file and for each item)
 - Will not any more examine financial values on invoices.
- If the calculation of the SCO is done correctly,
 - There will be less negative audit findings of DG AGRI. The error rate will go down.

Conclusion

And, last but not least:

- Checks carried out by the Member State will become easier;
- The administrative burden for the beneficiary will be reduced.



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