

BACKGROUND FICHE: OPTIONS FOR POST-2020 AUDIT AND MANAGEMENT VERIFICATIONS

Ensuring the legality and regularity of expenditure financed by EU instruments is a key commitment for the EU. The management and control systems set up by Member States' authorities aim to prevent, detect and correct any irregularities. However, stakeholders frequently complain about the administrative burden associated with control and audit activities, both for the programme authorities and for the beneficiaries. Options for the design of the post-2020 delivery and related management and control arrangements should therefore be explored. These could either explore how to streamline the existing management and control systems or explore avenues for a more fundamental review of the set-up of the system, without backtracking on the level of assurance.

1. Streamlining of the 2014-2020 management and control system

The current system of management and control relies on the work of the management, certifying and audit authorities that need to be designated by the competent authorities in the Member States. In terms of management and control, the managing authority carries out the management verifications, the certifying authorities certify that the expenditure declared has been subject to verifications by the managing authorities and the audit authority carries out audits of the systems set up as well as of an appropriate sample of operations. Accountability has been reinforced in the 2014-2020 period with managing authorities required to draw up an annual management declaration, together with an annual summary of the final audit reports and of controls carried out. The certifying authority prepares the annual accounts for the operational programme, which are then submitted to the Commission together with the management declaration of assurance, the annual summary of controls prepared by the managing authority and the accompanying control report and audit opinion prepared by the audit authority. For the EAFRD, managing authorities and paying agencies perform the ex-ante checks before payment whilst the certification bodies carry out ex-post checks in order to issue an opinion on legality and regularity of the expenditure, to be submitted to the Commission together with the certified annual accounts. Stakeholders often raise concerns about multiple layers of controls and audits with partially overlapping scopes which may lead to duplications.

- How could the management and control system be streamlined, in line with single audit approach and the proportionality principle?
- What is the role of the different levels of control and audit? What should be their focus to avoid duplications of control and audit activities from the perspective of the beneficiary?
- What should be the scope of audit in the context of public procurement and other horizontal policies which apply to all public expenditure, not just EU funding?
- Should the designation/accreditation process be revisited?

2. Rethinking the delivery system and related management and control arrangements

Some stakeholders are advocating a more fundamental review of the management and control system for the post-2020 period. Some advocate a greater reliance on national systems, in which Member States would apply their own management and control arrangements to the EU funding. Others suggest enhancing the results-orientation by way of linking payments to the delivery of outputs and results rather than the reimbursement of expenditures, which would have an impact on the underlying control and audit work (focus on the actual delivery of deliverables). A more radical option would be the move to a system of budgetary transfers, through which payments are made to the Member State/region's budget based on the fulfilment of certain conditions (which may relate to policy actions and/or delivery of output and results).

- How could a greater reliance on national systems be implemented? Which requirements would national systems have to comply with so that they can be relied on? What should be the process for checking that they meet these requirements and do not deviate from them during the programming period?
- How could payments be linked to the delivery of outputs and results? When and how the target values would be fixed and verified? What should control and audit focus on in such a system (deliverables? systems? Quality of deliverables?)? How could related costs linked to the deliverables be established? What happens if expected outputs are not achieved (or are achieved independently of investments made)?
- What would be the advantages and disadvantages of a system of budgetary transfers? Would this be appropriate?