Q&A on audit related matters
Based on MS exchanges

Recital (ex-13) 20 (..) Member States should also be required to submit, as part of the application, implementation reports providing more detail on the actions financed, the elements of accounts, a summary of the final audit reports and of controls carried out, a management declaration as well as an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards.

Q: What are the specific requirements for justifying „independency” in case of the audit body? Could these requirements be satisfied by an independent internal auditor of the managing body/ies?
RE: The audit body should be functionally independent from the body managing the reserve

Q: What are the examples for the „internationally accepted audit standards”?
RE: INTOSAI, IFAC or IIA

Q: Is the direct award procedure applicable by the management body in justified cases (under what conditions) instead of launching an open call?
RE: The question remains unclear and shall be further clarified with authorities. Does it mean direct award of grants or direct selection of measures? If that is what is meant, there is no need to launch an open call. The basic principles are always that there should be transparency, objective approach and equal treatment in the selection procedure.

Recital (ex-16a) 25: „To enhance the protection of the Union's budget, the Commission should make available an integrated and interoperable information and monitoring system including a single data-mining and risk-scoring tool to access and analyse the relevant data, and the Commission should encourage its use with a view to a generalised application by Member States.”

Q: Shall this system provide information from the final recipients directly to the Commission or elsewhere? When the system will be available?
RE: Member States shall store the necessary information on recipients to be available upon request. The system is already available to Member States under Cohesion Policy and will be extended to also cover the BAR.

Q: Can you specify the electronic standardised and interoperable format (Terms of Reference or a specific software to be used)?
RE: Each Member State can use its own IT system. In annex to the draft regulation is the list of the minimum required data fields.

Ref (ex- Article 10(2)(c)) Article 11(2)(c)
Q1: How is the Commission planning to evaluate the eligibility of incurred costs? For example, if a MS decides to buy a X-ray machine for customs checks, because of the increased need to control goods coming from the UK, but also uses it to check goods coming from other states, would such costs be eligible?
RE: If the Member States can prove that the need to use X-ray machines was increased due to Brexit and thus another machine is needed (i.e. number of X-ray controls increased by X% since Brexit) the cost proportionate to the Brexit-related use of the machine would be eligible. The importance of an adequate audit trail of the justification is reminded (i.e. statistics of the number of controls before Brexit, statistics of the number of controls after Brexit or at least (if no meaningful statistics on this yet available) past statistics of goods entering the country from UK and that would thus need control in future). The machine could then be used for border control together with the existing ones independently from the origin of the goods.
Q: What is expected in terms of supervision?
RE: The Member State will have to ensure that the independent audit body fulfils the responsibilities assigned to it - Article 14(1) a and b. Audits by the independent audit body can provide the necessary assurance on the adequate functioning of the body designated for the management of the Reserve and the management and control systems.

Q: Does the use of the term 'measures to be financed' in (ex- Article 13(3)) Article 14(3) mean that the managing authority of the BAR will select 'files' on the basis of selection criteria and procedures established in accordance with Article 14(3) or must it just select 'eligible measures', in accordance with the criteria and procedures laid down in Article 14(3) that is to say, the various fields to be covered by the BAR in the Member State, and then technically check that the cases fall within the measure? RE: Individual files/projects must also be selected on the basis of criteria established in advance to ensure their eligibility. The basic principles being always that there should be transparency, objective approach and equal treatment in the selection procedure.

Q: What audit strategy is expected? (or no strategy)
RE: An audit strategy should not be prepared for submission to the Commission. However, the independent audit body will have to decide which types of audits it will carry out in order to be able to issue an audit opinion at the end of the reporting period. It is recommended to summarise this decision in a written document.

Q: When should the system audit be carried out? (or no time limit)
RE: There is no time limit. This will be the professional decision of the independent audit body and this decision will depend on the system chosen. If the Member State decides to use existing bodies which have already been audited under the Structural Funds, this audit may be carried out later. If the Member State designates a completely new body, it may be necessary to carry out an audit early enough to identify any malfunctions as soon as possible.

Q: Is a single audit at the end of the period (2024) requested for the years 2021, 2022 and 2023, based on a sample of transactions covering the whole period?
RE: A single opinion based on a single error rate is requested. However, the independent audit body may, if it so wishes and in agreement with the body responsible for managing the reserve, carry out "multi-period" sampling to distribute audits over the various years.

Q: What is the provisional timetable for controls and audits? (ex-ante and post-application) financial contribution?
RE: See the reply above.

Q: Is it possible to sample supporting documents for major operations relating to operating expenditure (in particular salaries)?
RE: Yes, sampling is possible if the sample is representative. The results of the checks should be extrapolated to the entire population. The guidance on sampling methods for audit authorities of the Structural Funds is a good basis for doing so.

Q: Who prepares the accounts?
RE: The body responsible for managing the reserve prepares the accounts.

Q: Are these accounts annual or do they cover the whole reporting period?
RE: They cover the whole reference period (to be submitted by 30 September 2024).

Ref. (ex- Article13(1)(d)) Article 14(1)(d)
Q: Would it be possible to delay the notification of the designated body or bodies further than the two months prescribed in the BAR regulation? The objective would be to ensure that the measures
are appropriate and carefully selected. Additionally, the time allocated for the analysis of measures may extend beyond two months.

RE:. The text stipulates that the body (bodies) shall be designated and the systems description drawn up within 2 months from the date of the entry into force of this Regulation. The later the notification, the later the instalment of the pre-financing shall be granted. The measures do not need to be assessed and selected by the date of notification of the designated body.

Ref. (ex-Article13(1)(d)) Article 14(1)(d)
Q: What are the possibilities to change the designation of the body for implementing measures once a designated body has been notified to the Commission? Since the reference period spans over a few years, later on further analysis might show effects of the withdrawal of the United Kingdom that might not have been known at the time the designated body was notified. In order to have the most suitable measures a change of the designated body might be necessary in that scenario.
RE: A designated body might be changed but this would imply to change also the management and control system description. It would be strongly recommended to avoid such a cumbersome process and simply delegate tasks to another body at a later stage in case more specific expertise is needed, which the notified designated body does not have (i.e. employment agency...).

Ref. (ex-Article13(2)) Article 14(2)
Q: If a MS decides to use the Cohesion Policy management and control system for BAR, should that system be used or can it be modified to better accommodate the modalities of BAR (e.g. to include institutions which are currently not in the system)? Would some additional procedures be necessary in such a case?
RE: The Cohesion Policy system could be adapted for BAR. The Member State could use for example an existing Management Authority and the Audit Authority but not all existing Intermediate Bodies. The MA may also delegate tasks to another body, if need be. The management and control system description for BAR would need to describe the situation for BAR.

Ref. (ex-Article 13(4)) Article 14(4)
Q: Please confirm the interpretation of the following paragraph stemming from the (ex- Article 13(4)) Article 14(4) on the non-statistical audit sample.
RE: The non-statistical audit sample under the BAR shall be based on the expenditure declared during the reference period.
As a consequence, a single opinion based on a single error rate will be issued. However, the independent audit body may, if it so wishes and in agreement with the body responsible for managing the reserve, carry out “multi-period” sampling to distribute audits over the various years.