

MEMO

4/2016

To Raphael Scerri, Director General, Funds & Programmes Division
From Marilyn Grima, Senior Manager, Financial Control Unit
Date 11th February 2016
Subject Management Declaration Process – AMIF / ISF

Member States shall, from 2016 onwards, submit by 15 February each year a set of five documents which together form the so-called "assurance package":

- **Management declaration** confirming that (i) the information is properly presented, complete and accurate, (ii) the expenditure has been used for its intended purpose, and (iii) the control systems give the necessary guarantees concerning the legality and regularity of the underlying transactions;
- **Annual summary** of the final audit reports and of controls carried out, including an analysis of the nature and extent of errors and weaknesses identified in the systems, as well as corrective action taken or planned;

Both Management Declaration and Annual Summary are to be prepared by the Responsible Authority

- **Annual control report and opinion** (on the accounts, the legality and regularity of the expenditure, the proper functioning of the management and control system), both prepared by the Audit Authority;
 - **Certified accounts** (prepared by the Financial Control Unit, Funds and Programmes Division).
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Step 1 Preparation of Accounting Data

The FCU shall provide the Commission with their **accounts** on the expenditure that was incurred, during the relevant reference period.

Commission Implementing Regulation (EU) 2015/377 of 2 March 2015 establishes the models for the documents required for the payment of the annual balance pursuant to Regulation (EU) No 514/2014 of the European Parliament and of the Council.

ALL payments made in the year (to the extent possible) are to be included including Pre-financing.

On SFC during the year the FCU enters Project data, Payments, On the spot controls, Audit results and Control summaries.

Step 2 **Preparation of Management Declaration by FCU** accompanying the accounts + accompanying report including the **annual summary** of the final audit reports and of controls carried out.

OTS have to be reported in the accounts of the year they were performed: they will be taken into account when the 10% are calculated when final payments are made

On SFC by completing Step 1 and Step 2, Annexes 1-3 are compiled

Step 3 **Audit opinion** accompanying the documents above + annual control report supporting the audit opinion by AA – Annex IV on SFC

AA opinions can only be made after the accounts are validated in SFC and signed by the RA

AA gives 3 opinions or no opinion

- On the accounts, on the management and control system and the declaration
- The opinions may be unqualified, qualified or adverse
- qualified or adverse opinions may include amounts that are affected.

Return to the RA

Step 4 **FCU enables button ‘Ready to Send’ and the full process is complete**

By **31 May** the Commission informs the MS whether it accepts that the accounts are complete, accurate, accurate and true after having examined the documentation provided and after having requested information for clarification purposes as the need arises.

In the case of an unqualified opinion by the AA + the Commission has no information contradicting the audit opinion, the Commission accepts the accounts, calculates the annual balance, clears the annual pre-financing and treats any legality and regularity issues.

In the case of a qualified (modified) opinion, the CION examines the reasons for the qualified audit opinion determining how these affect the accounts and the action to be taken; the CION notifies the MS of actions to be undertaken and additional action is taken. If action is not adequate, a financial correction procedure may be possible.

First Accounting Year State of Play - 16 October 2014 to 15 October 2015

A nil account has been presented in view of the fact that calls for projects were issued following the end of the financial year and hence no information in respect to the project could be presented in the accounts. Hence, the management declaration by the Head of the RA included a remark stating such.

The AA submitted a Disclaimer of Opinion stating the reason for not having examined the functioning of the systems as the operational programmes are still at a very early stage of implementation and highlighting that fact that to date, no expenditure has been declared by the beneficiaries to the Commission.
