



European Structural and Investment Funds

Guidance for Member States  
on the Drawing of  
Management Declaration and Annual Summary

**Programming period 2014-2020**

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## LIST OF ACRONYMS AND ABBREVIATIONS

AA	Audit Authority
ACR	Annual Control Report
AIR	Annual Implementation Report
CA	Certifying Authority
CCI	Code Commun d'Identification (reference number of each programme, attributed by the Commission)
CDR	Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014
CIR	Commission Implementing Regulation (EU) No 207/2015 of 20 January 2015
CPR	Common Provisions Regulation (Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17.12.2013) <sup>1</sup>
EGTC	European Grouping of Territorial Cooperation (Regulation (EU) No 1302/2013 of 17 December 2013)
ESIF	European Structural and Investment Funds This guidance applies to all ESI Funds (ERDF, ESF, Cohesion Fund, EMFF) except for the European Agricultural Fund for Rural Development (EAFRD)
ETC	European Territorial Cooperation (Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013)
MA	Managing Authority
MCS	Management and Control System

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<sup>1</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1303>

## I. BACKGROUND

### 1. Regulatory references

Regulation	Articles
Reg. (EU) No 1303/2013 Common Provisions Regulation <i>(hereafter CPR)</i>	Article 125(4)(e) CPR - Functions of the managing authority – MA responsibility for drawing up the management declaration and the annual summary
Reg. (EU) No 207/2015 Commission Implementing Regulation <i>(hereafter CIR)</i>	Articles 6 (1) and Annex VI (model for the management declaration)
Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012, on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002), OJ, L 298/1 –26.10.2012 <i>(hereafter Financial Regulation)</i>	Article 59(5) (a) and (b)

### 2. Purpose of the guidance

The MA is required to draw up a management declaration and an annual summary in accordance with Article 59(5) (a) and (b) of the Financial Regulation and Article 125(4)(e) CPR. These documents contribute to strengthening internal control at Member State level for the implementation of ESIF and to increasing accountability under the shared management system.

The purpose of the present document is to give practical guidance to the Member States on their responsibilities with regard to the drawing up of the management declaration and the annual summary<sup>2</sup>.

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<sup>2</sup> Required under Article 125 (4)(e) CPR and Article 23 ETC.

## II. GUIDANCE

### 1. The management declaration

#### Introduction

The model for the management declaration is set out in Annex VI CIR.

The management declaration comprises two parts:

- the declaration itself which, in accordance with the Financial Regulation, contains three elements linked to the accounts, the use of expenditure entered in these accounts and the legality and regularity of this expenditure based on the guarantees given by the MCS (section 1.1 hereafter); and
- a confirmation by the MA of the effective and compliant functioning of the MCS in relation to a number of key elements: appropriate treatment in the accounts of irregularities detected, including in the case of an on-going assessment of the legality and regularity of expenditure; data relating to indicators, milestones and progress of the programme; effective and proportionate anti-fraud measures; lack of undisclosed matters which could damage the reputation of cohesion policy (section 1.2 hereafter).

The management declaration is to be drawn up for each programme separately and relates to the implementation of the programme throughout the accounting year. The management declaration should be consistent with the annual summary. In case of multi-fund programmes, where accounts should be submitted to the Commission separately for each fund, a single management declaration should be drawn up by the MA.

#### **1.1 Elements covered in Part 1 of the management declaration**

##### **1.1.1 The information in the accounts is properly presented, complete and accurate in accordance with Article 137(1) of the CPR**

The MA has to establish a system to record and store in computerised form data on each operation necessary, inter alia, for the purpose of financial management, verification and audit. The financial data recorded by the MA underpin the preparation of the annual accounts by the CA. The MA is responsible for ensuring that reliable data is transmitted to the CA for the purpose of the preparation of the annual accounts. Within the limits of such responsibility, the MA is in a position to provide confirmation that the information in the accounts is properly presented, complete and accurate.

The ultimate responsibility to draw up the annual accounts and to certify their completeness, accuracy and veracity however remains with the CA.

##### **1.1.2 The expenditure entered in the accounts was used for its intended purpose, as defined in the CPR, and in accordance with the principle of sound financial management**

The expenditure entered in the accounts is considered to be used for its intended purpose and in accordance with the principle of sound financial management when, in line with the intervention logic of the programme, it contributes to the achievement of the specific

objectives and results set at the level of the priority axes under which the related operations are selected.

In order to be able to provide such confirmation, the MA has, through the functioning of the MCS, satisfied itself of at least the following:

- that the approved selection criteria are linked to the **intervention logic** under each priority and are designed to select operations which will deliver **outputs and results** in line with the objectives of the priority axis and the related indicators and performance framework;
- that the operations for which expenditure is entered in the accounts have effectively been selected in line with the **approved selection criteria** and;
- in case of expenditure related to **financial instruments**, the latter in addition are based on an ex ante assessment which has established evidence of market failures or suboptimal investment situations;

For ETC the same principles apply. One element which deserves particular attention for ETC, based also on the experience from the 2007-2013 programming period, is the setting out and application of appropriate and clear conditions for the selection of operations in order to ensure that only genuinely joint operations are co-financed.

### **1.1.3 The MCS put in place for the programme gives the necessary guarantees concerning the legality and regularity of the underlying transactions, in conformity with the applicable law**

The MA is able to conclude that the MCS put in place for the programme gives the necessary guarantees concerning the legality and regularity of the underlying transactions, in conformity with the applicable law, when:

- a) the key requirements of MCSs as detailed in Annex IV CDR have been assessed as compliant during the accounting year. Compliance with those key requirements ensures the legality and regularity of underlying transactions and the reality of operations included in programmes supported by the ESIF; and
- b) in cases where instances of non-compliance were identified, the MA has taken into account the results and the recommendations of the AA and, where relevant, EU auditors in relation to the programme.

More specifically, the MA has satisfied itself of at least the following:

- the existence of a reliable computerised system to collect, record and store data on each operation required by Annex III CDR, including data relating to the progress of the programme in achieving its objectives, financial data and data related to indicators and milestones as foreseen under Article 125(2)(a)CPR. Where an operation is supported by the ESF, this should include data on individual participants and a breakdown of data on indicators by gender where required by the ESF;
- that, when selecting operations, particular attention has been paid to the following aspects:
  - that the **scope of the intervention** is within the types of activities that can be co-financed from the ESIF;

- that the **geographical location** of the operations is within the areas which are eligible for the particular type of programme or activity;
  - that the **types of beneficiaries** are eligible (only certain enterprises, bodies or economic actors are eligible for support under given measures);
  - that the **operations are durable** and the investments are maintained for the time limits set out in Article 71 CPR;
- that, before expenditure is declared to the CA and up to the time of drawing up the accounts, adequate management verifications have been carried out by the services of the MA or by intermediate bodies acting under its supervision. The verifications shall include both administrative verifications in respect of each application for reimbursement by beneficiaries (where justified it may be done on a sample of transactions) and on-the-spot verifications of operations, thus confirming the existence of an adequate audit trail (cf. *Commission's Guidance on management verifications, EGESIF\_14-0012*);
  - that proportionate anti-fraud measures are in place and are effective, and are taken into consideration when certifying the expenditure in the accounts
  - that appropriate action has been taken in respect of findings and recommendations of the CA;
  - that appropriate action has been taken in respect of findings and recommendations from national or EU audit bodies.

The same principles apply for ETC programmes but require greater coordination given the usually complex systems in place and the variety of actors. The role of the joint secretariat, the functions of the controllers referred to under Article 23(4) ETC, and the written arrangements to be established between them and the MA form essential elements of the MCS for ETC programmes.

Therefore, the MA should base its statement that the MCS put in place for the ETC programme gives the necessary guarantees concerning the legality and regularity of the underlying transactions and in conformity with the applicable law on its appreciation of the coordinated work of the above mentioned bodies and authorities.

## **1.2 Elements covered in part 2 of the management declaration**

### **1.2.1 Irregularities identified in final audit or control reports in relation to the accounting year and reported in the annual summary attached to the management declaration have been appropriately treated in the accounts**

For this purpose, the MA should have satisfied itself that an appropriate follow-up of the irregularities was given up to the time of submission of the accounts to the Commission in relation to the results of its own management verifications and to the final audit results by national or EU audit bodies.

An appropriate follow-up means that the corresponding irregular amounts have been effectively deducted through a withdrawal from a subsequent interim payment within the accounting year or a deduction from the accounts, in which case appropriate information is provided in the reconciliation of expenditure included at Appendix 8 of Annex VII of Commission Implementing Regulation (EU) No 1011/2014.

The three guidance notes on accounts<sup>3</sup> provide further assistance and recommendations to national authorities in this respect.

In the case of deficiencies in the MCS for which the follow-up was still ongoing at the time of signing the management declaration, the MA indicates under this section the required ongoing remedial actions (free text foreseen in the template of the declaration).

### **1.3 Expenditure which is subject to an ongoing assessment of its legality and regularity has been excluded from the accounts, pending conclusion of the assessment**

Article 137(2) CPR states that where expenditure previously included in an application for interim payment for the accounting year is excluded by a Member State from its accounts due to an ongoing assessment of that expenditure's legality and regularity, any or all of that expenditure subsequently found to be legal and regular may be included in an application for interim payment relating to subsequent accounting years.

The CA shall declare in the accounts only expenditure which is found to be compliant with applicable law, i.e. legal and regular. This provision therefore provides the basis for excluding expenditure from the accounts in case doubts have arisen as to its legality and regularity since its declaration in a previous interim payment claim. Such doubts may have been raised through verification work by the MA, verifications by the CA or audits by the AA or by EU auditors, for which definitive results are not yet available (pending required additional verifications or completion of the contradictory procedure, for example).

If the MA has doubts regarding the legality and regularity of expenditure following its management verifications, it should not in first instance declare such expenditure to the CA until it has concluded on the legality and regularity of the concerned expenditure. Such doubts as to the legality and regularity of expenditure may also arise due to management verifications carried out after inclusion of the corresponding expenditure in a payment claim (for example following on-the-spot verifications or as a result of additional verifications of systemic issues), additional verifications by the CA or preliminary or draft audit results which are under contradictory procedure at the time of preparing the accounts. In this case, it is recommended that the CA, at the MA request or as a result of its own responsibilities, excludes the concerned expenditure from the accounts in relation to a particular accounting year, until all the verification work has been carried out and pending conclusion of the assessment. The MA and AA are kept informed of such exclusion, that is indicated through a comment in the table on reconciliation of expenditure in the accounts (cf. appendix above and *the Commission's Guidance on preparation, examination and acceptance of accounts EGESIF 15\_0018*). If the amounts provisionally excluded are found to be eligible after the submission of the accounts for an accounting year, they may be included in a subsequent application for interim payment of the following accounting year, in line with Article 137(2) CPR.

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<sup>3</sup> Cf. *Commissions's Guidance on preparation, examination and acceptance of accounts EGESIF 15\_0018*, *Commission's Guidance note on amounts withdrawn, amounts recovered, amounts to be recovered and irrecoverable amounts EGESIF 15\_0017* and *the Commission's Guidance on audit of accounts EGESIF 15\_0019*.



#### **1.4 Data relating to indicators, milestones and the progress of the programme required under Article 125(2)(a) CPR is reliable**

The MA is able to provide confirmation on the reliability of the data relating to indicators, milestones and the progress of the programme (common and programme-specific indicators as well as the financial data related to the programme) when it has in place an effective computerised system to collect, record and store data on each operation, as indicated in section 1.1.3 above. The MA has satisfied itself that the established procedures, taking account of internationally accepted IT standards<sup>4</sup>, functioned effectively to ensure the system security.

Moreover, the MA has satisfied itself through its procedures, instructions and verifications that detailed accounting records and supporting documents are kept at the appropriate management level for each operation, thus ensuring an adequate audit trail. Finally, the MA has also taken into accounts the results of audits carried out by the AA or EU bodies on the reliability of data relating to indicators and milestones provided under Article 125(2)(a) CPR.

#### **1.5 Effective and proportionate anti-fraud measures are in place and take account of the risks identified**

Article 125(4)(c) CPR lays down that the MA shall put in place effective and proportionate anti-fraud measures taking into account the risks identified. The *Commission's Guidance on Fraud risk assessment and effective and proportionate anti-fraud measures (EGESIF 14-0021-00 of 16/06/2014)* provides assistance and recommendations to MAs in this respect.

The MA is in a position to provide the required confirmation when it has put in place anti-fraud measures which are proportionate to the identified risks and tailored to the specific situations related to the delivery of the ESIF in a particular programme and region. It is recommended that the MA corroborates its confirmation on the existence of effective and proportionate anti-fraud measures by keeping updated information on the number of suspected and established fraud cases dealt with and by analysing the modus operandi of these latter cases and the missing controls that made such established cases possible.

#### **1.6 There is no undisclosed matter which could be damaging to the reputation of the cohesion policy**

For the purpose of this confirmation the MA satisfies itself that it is not aware of any undisclosed matter related to the implementation of the programme which could be damaging to the reputation of cohesion policy. To this end, the MA should have disclosed and shared all relevant information available to it with the programme authorities, national services competent for fraud investigation, the Commission services in charge of ESI Fund and, where appropriate, OLAF. This includes information linked to weaknesses identified in the MCS, irregularities or suspicion of fraud or corruption.

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<sup>4</sup> In addition to the COBIT (Control Objectives for Information and related Technology) framework, internationally accepted standards for information security include but are not limited to the ISO/IEC standard 27001 ("Information technology - Security techniques - Information security management systems – Requirements") and the ISO/IEC 27002 ("Information technology - Security techniques - Code of practice for information security controls"), last re-issued in 2013. The AA may also take into consideration any related national standards.

## **2.The annual summary**

The MA shall draw up an 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 systems, as well as the corrective action taken or planned. For the annual summary there is no model provided in the EU legislation. In order to promote a consistent approach a non-binding recommended template is included in Annex 1.

The annual summary should provide a global and synthetic picture of the results of management verifications, controls and final audits performed in relation to expenditure declared during an accounting year and entered into the accounts. It is one of the main foundations on which the management declaration is built and it complements the information included in the accounts and ACR.

In order to avoid administrative burden and overlaps, the Commission recommends that the annual summary should not repeat information already available in the ACR to be submitted by the AA. Instead, cross-references to the specific sections of the ACR should be considered in the annual summary as a best option. The corresponding sections of the ACR are therefore considered as the part of the annual summary on final audit reports requested under the Financial Regulation.

For the preparation of the annual summary it is expected that the procedures in place ensure:

- a. the collection of the final results of all audits and controls carried out by the relevant bodies for each program, including management verifications carried out by the MA or on its behalf by intermediate bodies and audits carried out by or under the authority of the AA;
- b. an analysis of the nature and extent of the errors and weaknesses identified in the systems and the subsequent follow-up to these deficiencies (corrective action taken or planned);
- c. the implementation of preventive and corrective action in case of identification of systemic errors.

### **2.1 Work to be performed by the MA for drawing up the annual summary**

#### **2.1.1 Introduction**

The MA should include all relevant data on management verifications carried out and the resulting analysis in the annual summary itself, assign the responsibility for aggregating the information to different bodies or in the case of audits make cross-references to the ACR, as deemed appropriate.

The list of controls carried out should be compiled by the MA on the basis of the administrative verifications and on-the-spot checks directly performed by it or by any intermediate body to which it has delegated such controls, under its supervision.

For ETC programmes, each participating Member State or third country may decide to designate a body or person for carrying out such controls in relation to beneficiaries on its territory (the "controllers"). In this case, the MA shall satisfy itself that the expenditure declared by each beneficiary participating in an operation has been verified by a designated controller and that the results of the verifications are reported in the annual summary.

## **2.1.2 Summary of final audit reports**

Duplication of information relating to final audit reports should be avoided since this information is already included in the ACR prepared by the AA.

### **2.1.2.1 Procedural aspects**

Where the MA chooses to include all the relevant data in the annual summary itself, the summary of final audit reports should be prepared by the MA based on information received from the AA. It is therefore essential that the AA makes all the final audit reports (system audit reports, reports on audit of operations, report on the audit of the accounts) available to the MA on a timely basis.

In case the responsibility for aggregating the information related to the summary of final audit reports is assigned to different bodies (MA, AA, delegated audit bodies), there should be arrangements in place between those bodies to ensure adequate co-ordination and a reliable information system which supports the gathering of data. In case of a common database, the AA and, where applicable, the delegated audit bodies should encode the data related to the final audit reports directly into the common database for the purpose of both the annual summary of the MA and the ACR.

In case the MA decides not to repeat information already provided by the AA in the ACR, it should include in the annual summary appropriate cross-references to the relevant sections of the ACR (see template of the annual summary proposed in Annex 1).

### **2.1.2.2 Nature and extent of errors and weaknesses identified in systems**

The summary of final audit reports, which are available after the contradictory procedure with the auditee, should also include an analysis of the nature and extent of errors and weaknesses identified in the systems, including identification of problems with a systemic character.

This analysis is provided by the AA under sections 4, 5 and 6 of the ACR. It includes the following elements, which may be cross-referenced in the annual summary:

- In the case of system audits, the analysis should refer to the key elements of the systems taking into account the minimum requirements of the applicable legal framework (Table 10.1 of Annex IX CIR and Table 1 of Annex IV CDR. Further advice is included in the *Commission's Guidance on the common methodology for the assessment of management and control systems*" (EGESIF\_14-0010-final of 18/12/2014).
- In the case of audits of operations, the analysis should include the amount of irregular expenditure in the random sample, the total error rate, total residual error rate, the amount of other expenditure audited outside the random sample and the corrections implemented as a result of the total error rate (Table 10.2 of Annex IX CIR). The analysis should also indicate whether any such irregularity has either a systemic or anomalous nature.
- In the case of audits of the accounts, the analysis of errors should indicate whether exceptions detected refer to the proper presentation, completeness or accuracy of the accounts and it should include an indication of the financial corrections made and reflected in the accounts.

### **2.1.2.3 Corrective actions taken or planned**

The MA should describe in the annual summary the corrective actions taken or planned, taking into account whether any problems identified were considered to be of a systemic character. In such cases, the MA explains in the annual summary how the quantification of the irregular expenditure has been extended to the whole population affected by the identified problems.

The MA describes which corrective measures to improve the functioning of the management and control systems were decided and taken and allow preventing the repetition of the identified systemic weaknesses. When such measures are still to be implemented, the MA describes the corrective measures decided and the timetable for their implementation. This description supports the information reported in the respective section of the management declaration (cf. section 1.2.1 above). The MA also indicates the financial corrections applied on the expenditure certified to the Commission and corresponding adjustments in the interim payment claims and accounts as a result of irregularities detected during audits of operations.

Furthermore, the MA may, on the basis of information provided by the CA, indicate the corrective measures taken to follow-up audit findings related to the accounts and how this resulted in the necessary accounting adjustments before submitting the accounts to the Commission.

Finally, the MA should provide aggregate figures, by priority axis, of the amount of corrections in the accounts as a result of irregularities detected and implemented before and after the submission of the final interim payment claim. The indication of the corrections implemented after the submission of the final interim payment claim will provide a way to make cross-references to the table on reconciliation of expenditure – Appendix 8 of Annex VII of Commission Implementing Regulation (EU) No 1011/2014.

### **2.1.3 Summary of management verifications**

The MA should include in the annual summary synthetic information on all administrative and on-the spot controls carried out and an assessment of their results and impact on the MCS and legality and regularity of the expenditure entered in the accounts. The guidance document on management verifications (EGESIF 14-0012) provides detailed guidance in this respect.

The summary of the desk administrative controls carried out on expenditure declared should include a description of the methodology followed by the MA during the year and confirm whether the administrative controls or part of them were delegated to intermediate bodies. In this case the annual summary may contain a description of the supervisory procedures in place during the accounting year for the MA to satisfy itself of the adequacy and compliance of the verification work carried out by intermediate bodies.

The methodology should indicate if the administrative verifications covered 100% of the expenditure items included in each application for reimbursement or were carried out on a sample basis. In the latter case, the methodology and risk criteria used for the sample selection should be explained (e.g. by type of beneficiary, category of expenditure, value of items, past experience).

The summary of the on-the-spot controls should include the number of controls carried out on expenditure declared during the accounting year and a description of the methodology followed by the MA, including the criteria to select operations subject to such on-the-spot controls and if the main purpose was to confirm or complement the results of the administrative verifications. The description of the methodology used for on-the-spot controls

would also add value to the annual summary if it would also refer to the main aspects verified on the spot, in particular those aspects that are either not possible or are difficult to verify through desk administrative verifications (e.g. confirming the reality of accounting entries in the official accounts of the beneficiary, checking the reality of the operation, the physical progress, the respect of Union rules on publicity, the delivery of the product or service in full compliance with the terms and conditions of the contractual agreements).

In case the Commission has requested the description of the functions and the procedures in place for the MA in accordance with Article 124(3) CPR, a reference to the relevant section of the description where the methodology is described would be sufficient.

Where the same methodology or criteria continue to be applied in subsequent years either for the desk administrative or on-the-spot controls, the MA might make reference to the description made in previous annual summaries. However, any modification to the methodology should be disclosed.

For ETC programmes, when aggregating information on the overall work performed at the level of the programme, the MA shall satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by a designated controller in each Member State or third country.

#### **2.1.3.1 Nature and extent of errors and weaknesses identified in systems**

The MA is requested to include in its annual summary a description of the main results arising from the administrative verifications and the on-the-spot controls, including a list of the main types of errors detected. The MA should indicate whether the errors refer to eligibility rules, project's objectives not achieved, audit trail, breaches of public procurement rules, State aid rules, environmental rules, financial instruments provisions, revenue generating operations, reliability of data or indicators, information and publicity measures, simplified costs options, durability of operations, equal opportunities, sound financial management or other.

This section of the annual summary should also indicate whether the errors detected during the administrative or on-the-spot controls are of a systemic nature or related to tasks delegated by the MA to any intermediate body.

#### **2.1.3.2 Corrective actions taken or planned**

The MA carries out an assessment of the errors detected during the year. The MA indicates what conclusions it has drawn from these management verifications and controls and indicates the corrective measures that it has adopted regarding any improvement in the functioning of the MCS or individual operations, including instructions, guidance and training planned or provided to beneficiaries and candidates to prevent repetition of the same errors in future operations.

Where the MA concludes that the errors detected are of a systemic nature the MA is invited to indicate in the annual summary which corrective measures were taken to improve the functioning of the MCS and to prevent the repetition of the identified systemic weaknesses.

Where the errors detected are attributable to tasks delegated to an intermediate body, the MA is invited to indicate the measures it has requested from the intermediate body to improve its administrative verifications and on-the-spot controls. In addition, if necessary, the MA may describe how it has reviewed its procedures to supervise the tasks delegated to the intermediate body (e.g. by carrying out re-performance of verifications or on-the-spot controls performed by the intermediate body, if necessary). If it is the case, the MA may also indicate

that it has reconsidered and possibly withdrawn the delegation of tasks where repeated weaknesses were detected in the delegated tasks without improvement over time.

Where administrative or on the spot verifications led to adjustments in the accounts compared to expenditure included in interim payments within the year, following individual or systemic corrections, it would be helpful to indicate the amounts concerned per priority axis in the annual summary. This will facilitate the work of the CA and AA to ensure that these corrections have been duly reflected in the accounts to be submitted to the Commission.

Similarly to what is indicated for the summary of final audit reports under section 2.1.2.3, the MA should provide aggregate figures, by priority axis, of the amount of corrections in the accounts as a result of irregularities detected and implemented before and after the submission of the final interim payment claim. The indication of the corrections implemented after the submission of the final interim payment claim will provide a way to make cross-references to the table on reconciliation of expenditure – Appendix 8 of Annex VII Commission Implementing Regulation (EU) No 1011/2014.

### **3. Work to be performed by AA on the management declaration**

In accordance with Article 59 of the Financial Regulation, the AA should state after its audit opinion whether its audit work puts in doubt the assertions made by the MA in the management declaration.

The AA should therefore compare the assertions made in the management declaration with the results of its audit work, in order to satisfy itself that no divergence or inconsistency is present.

In case of divergences or inconsistencies, it is recommended that the AA discusses its observation with the MA so that the latter provides additional information or amends its management declaration, if time allows.

For the ETC programmes, a single AA should be responsible for carrying out the AA functions in order to ensure uniform standards across the whole programme area. Where that is not possible, a group of auditors should be able to assist the programme AA. In this case, the group of auditors representing each Member State or each third country participating in a cooperation programme shall be responsible for providing the elements of the management declaration relating to its territory so that the programme AA is in a position to perform its assessment.

### **4. Timing and planning**

Article 138 CPR states that the management declaration and the annual summary (together with the accounts, the audit opinion and the control report) shall be submitted for each accounting year from 2016 until and including 2025 by the deadline set out in Article 59(5) of the Financial Regulation, i.e. 15 February of the following year. The Commission may exceptionally extend this deadline to 1 March, upon justified request by the Member State concerned. This deadline applies to all documents described above. It is up to the Member State to define its procedures for transmitting the documents internally so that this deadline is respected at Member State level.

The MA should make available to the AA a copy of its final management declaration and the annual summary of the final audit reports and controls carried out including an analysis of the nature and content of errors and weaknesses identified in systems, as well as corrective actions taken or planned. For this, it is recommended that the programme authorities agree

appropriate internal deadlines for the transmission of documents between authorities for the purpose of their respective responsibilities. All correspondence between the Member State and the Commission related to the information required under Article 59(5)(a) and (b) of the Financial Regulation will be exchanged via SFC 2014.

Annex 2 presents an indicative work timeline between the programme authorities in order to be able to submit to the Commission the assurance documents described above by the regulatory deadline of 15 February each year.

The MA is recommended to assign clear responsibilities to ensure that all the data needed to prepare the annual summary is obtained from its services and from the intermediate bodies to which certain tasks have been delegated, where applicable. This should include a list of all controls carried out together with a summary and review of their results including information on main problems identified and corrective actions taken or planned.

In addition, arrangements should be made with the AA for the provision of relevant information on final audit results, a list of all final audit reports or cross-reference to the relevant sections of the ACR.

It would be considered good administrative practice that the MA ensures that all information that is needed to prepare the annual summary and draw the management declaration is reviewed at the appropriate level and consolidated in good time for the signature of the management declaration.

According to Article 83(1)(c) CPR, the authorising officer of the Commission may interrupt the payment deadline for an interim payment if there is a failure to submit one of the documents required under Article 59(5) of the Financial Regulation, i.e. amongst others the management declaration or the annual summary.

#### **Transitional provisions for late adoption of programmes or late designation of the MA**

The MA shall draw up the management declaration and the annual summary based on the implementation of the programme during the accounting year ended 30 June as foreseen in the model for the management declaration set out in Annex VI of the CIR, on condition that it has been designated in accordance with Article 59(5) of the Financial Regulation.

In the event that the programme has been adopted by 30 June 2015 and the designation of the MA has been notified to the Commission between 1 July 2015 and 15 February 2016, the MA should draw the management declaration and the annual summary based on all information available to it as of the date of the designation and up to the date of the accounts submitted to the Commission.

On the other hand, in the event that the programme has not been adopted by 30 June 2015 or the designation of the MA has not been notified to the Commission by 15 February 2016 the Member State is not required to provide the Commission with the management declaration and the annual summary.

## ANNEX 1 - TEMPLATE FOR THE ANNUAL SUMMARY

*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 systems, as well as corrective action taken or planned.*

### A) Summary of the **final audit reports** issued in relation to

- audits of the MCS put in place for the programme
- audits of the expenditure declared during the accounting year ended 30 June ... (year);
- audits of the accounts referred to in Article 127(5) (a) CPR and Article 59(5)(a) of the Financial Regulation.

<u>Type of audit</u>	<u>Results of audits</u>	<u>Analysis of the nature and extent of errors and weaknesses identified,</u>	<u>Corrective action taken or planned</u>
<u>System audits</u>	<u>Ref. to reports / description of scope</u>  <u>or</u> <u>Cross-reference to ACR (Table 10.1 of Annex IX CIR)</u>	<u>Ref. to reports / description of scope</u>  <u>or</u> <u>Cross-reference to ACR (Sections 4.3, 4.4, 4.6 of Annex IX CIR)</u>	<u>Ref. to reports / description of scope</u>  <u>or</u> <u>Cross-reference to ACR (Sections 4.4, 4.5 of Annex IX CIR)</u>
<u>Audits of operations</u>	<u>Ref. to reports / List of operations</u>  <u>or</u> <u>Cross-reference to ACR (Table 10.2 and Section 5.13 of Annex IX CIR)</u>	<u>Ref. to reports / List of operations</u>  <u>or</u> <u>Cross-reference to ACR (Sections 5.7, 5.10, 5.11, of Annex IX CIR)</u>	<u>Ref. to reports / List of operations</u>  <u>or</u> <u>Cross-reference to ACR (Sections 5.8, 5.11, 5.12 of Annex IX CIR)</u>
<u>Audit of accounts</u>	<u>Ref. to reports / description of scope</u>  <u>or</u> <u>Cross-reference to ACR (Section 6.3 of Annex IX CIR)</u>	<u>Ref. to reports / description of scope</u>  <u>or</u> <u>Cross-reference to ACR (Section 6.4 of Annex IX CIR)</u>	<u>Ref. to reports / description of scope</u>  <u>or</u> <u>Cross-reference to ACR (Section 6.3 of Annex IX CIR)</u>
<u>Amount of corrections in the accounts as a result of irregularities detected and implemented</u>			



until and after the submission of the final interim payment claim.		
	<b>Until submission of final interim payment claim</b>	<b>After submission of final interim payment claim</b>
		(ref. table on reconciliation of expenditure – Appendix 8 of Annex VII of Commission Implementing Regulation No 1011/2014)
	<b><u>Aggregated amount (EUR)</u></b>	<b><u>Aggregated amount (EUR)</u></b>
<b><u>Priority axis 1</u></b>		
<b><u>Priority axis 2</u></b>		

B) Summary of the controls carried out on expenditure in relation to the accounting year ended 30 June ... (year): **administrative verifications** pursuant to Article 125(5)(a) CPR

Provide in the following form a brief description or summary of

- the methodology adopted and details of risk assessment made: verification of each expenditure item or on a sample basis. In the latter case, indicate the sample basis, e.g. by type of beneficiary, category of expenditure, value of items, past experience, etc. In case the Commission has requested the description of the functions and the procedures in place for the managing authority in accordance with Article 124(3) CPR, a reference to the relevant section of this description would be sufficient. When the methodology is changed this section of the annual summary should include the updated information.
- the main results and type(s) of errors detected
- Conclusions drawn from these controls and, consequently, the corrective measures adopted regarding e.g. the functioning of the MCS, in particular in case of detection of systemic irregularities, the need for update of the methodology for management verifications and of instructions or guidance to beneficiaries, etc.
- Financial corrections applied, per priority axis, as a result of management verifications carried out in relation to expenditure to be entered in the accounts

Description of the methodology adopted		
<p><b><u>Main results and type of errors detected</u></b>  (Select from the list provided in section 2.1.3.1)</p> <p>Ineligible projects  Project's objectives not achieved  Ineligible expenditure  Audit trail  Public procurement  State aid  Financial instrument  Revenue generating operations  Reliability of data and indicators  Information and publicity measures  Environmental rules  Simplified costs option  Durability of operations  Equality between men and women, equal opportunities  Non discrimination  Sound financial management  [Other] ( Specify)</p>		<p>Conclusions drawn and corrective action taken or planned [depending on the nature of the irregularity, i.e. individual or systemic]</p>
<p>Amount of corrections in the accounts as a result of irregularities detected and implemented until and after the submission of the final interim payment claim, aggregated by priority axis.</p>		
	<p><b>Until submission of final interim payment claim</b></p> <p><b><u>Aggregated amount (EUR)</u></b></p>	<p><b>After submission of final interim payment claim</b>  (ref. table on reconciliation of expenditure – Appendix 8 of Annex VII of Commission Implementing Regulation (EU) No 1011/2014)</p> <p><b><u>Aggregated amount (EUR)</u></b></p>
<b><u>Priority axis 1</u></b>		
<b><u>Priority axis 2</u></b>		

C) Summary of the controls carried out on expenditure in relation to the accounting year ended 30 June ... (year): **on-the-spot verifications** pursuant to Article 125(5)(b) CPR

Provide in the following template the total number of on-the-spot verifications carried out and a brief description or summary of

- the methodology applied, objective of the verifications (to confirm or to complement the result of administrative verifications); aspects verified; etc. In case the Commission has requested the description of the functions and the procedures in place for the MA in accordance with Article 124(3) CPR, a reference to the relevant section of this description would be sufficient. When the methodology is changed this section of the annual summary should include the updated information.
- the main results and of the type of errors detected
- conclusions drawn from these controls and, consequently, the corrective measures adopted regarding the functioning of the management and control system, in particular in case of detection of systemic irregularities, the need for update of the methodology for management verifications and/or of instructions or guidance to beneficiaries, etc.
- financial corrections applied, per priority axis, as a result of on-the-spot verifications carried out in relation to expenditure to be entered in the accounts

Description of the methodology adopted	
<p><b><u>Main results and type of errors detected</u></b>  <u>(Select from the list provided in section 2.1.3.1.)</u></p> <p>Ineligible projects            Project's objectives not achieved            Ineligible expenditure            Audit trail            Public procurement            State aid            Financial instrument            Revenue generating operations            Reliability of data and indicators            Information and publicity measures            Environmental rules            Simplified costs option            Durability of operations            Equality between men and women, equal opportunities            Non discrimination            Sound financial management            [Other] ( Specify)</p>	<p>Conclusions drawn and corrective action taken or planned [depending on the nature of the irregularity, i.e. individual or systemic]</p>

Amount of corrections in the accounts as a result of irregularities detected and implemented until and after the submission of the final interim payment claim, aggregated by priority axis.		
	<b>Until submission of final interim payment claim</b>  <u>Aggregated amount (EUR)</u>	<b>After submission of final interim payment claim</b> (ref. table on reconciliation of expenditure – Appendix 8 of Annex VII of Commission Implementing Regulation (EU) No 1011/2014)  <u>Aggregated amount (EUR)</u>
<b><u>Priority axis 1</u></b>		
<b><u>Priority axis 2</u></b>		

ANNEX 2 – INDICATIVE TIMELINE

