



2012

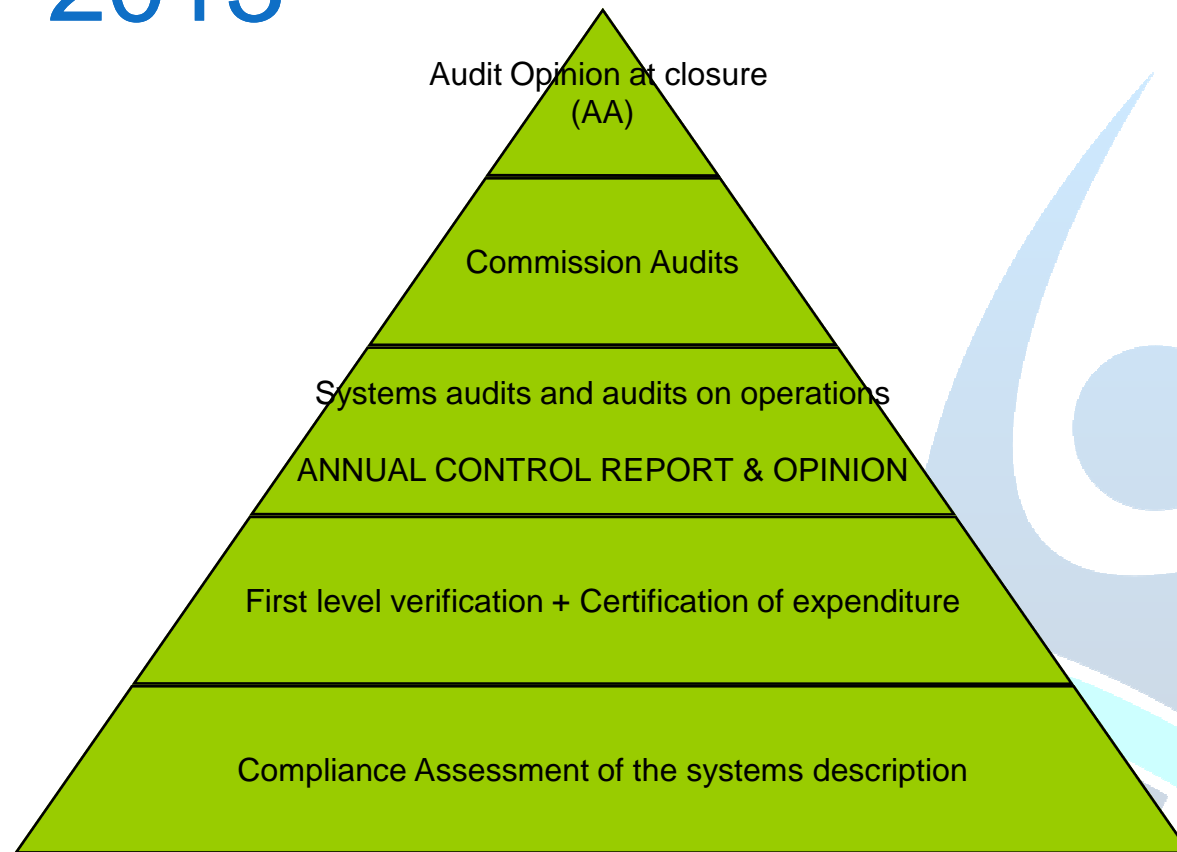
Annual Control Report and Opinion

Meeting of the Monitoring Committee
Operational Programme I
(2007 – 2013)
19th April 2013





How Assurance is being built up 2007-2013





Audit Strategy

- IAID's Audit Strategy, as approved by the Commission, comprises the **systems audits** and **audits on operations** that will be carried out during the programming period and the **auditing methods** to be used.
- **Systems audits** are carried out to verify the **effective functioning** of the management and controls systems
- **Audits on operations** are carried out to verify **expenditure declarations**, on the basis of an appropriate **sample**. Their timing depends on expenditure declarations to the Commission:

•Declared	Audited	Report & Opinion
2010	July 2010 – June 2011	31/12/2011
2011	July 2011 – June 2012	31/12/2012
etc		



Annual Control Report & Opinion

- The scope of the annual control report and opinion, based on systems audits and audits on operations, is to provide reasonable assurance on the effective functioning of the management and control systems.
- The 2012 Annual Control Report and Opinion for OP I and OP II based on systems audits and audits on operations, were submitted by IAID prior to the stipulated deadline, that is prior to 31 December 2012, in terms of Article 62(1)(d)(i) and (ii) of Council Regulation (EC) No 1083/2006.



Systems Audits Carried Out (June 2011 – June 2012)

•Certifying Authority (OP I and OP II)

Key Requirement 4 audited: Satisfactory arrangements for keeping an account of amounts recoverable and for recovery of undue payments.

Conclusion: works well, but some improvements are needed.



Systems Audits Carried Out (June 2011 – June 2012)

- **Intermediate Body: Tourism for Sustainable Development Unit**

Key Requirement 4 audited: Satisfactory arrangements for keeping an account of amounts recoverable and for recovery of undue payments.

Key Requirement 7 audited: Necessary preventive and corrective action where systemic errors are detected by the audit authority.

Conclusion: works well, but some improvements are needed.



Audits on Operations (Projects) Expenditure Declared in 2011

Statistical Sample Selected

OP I (ERDF & Cohesion Fund)

- 44 claims were selected from a total of 267 claims.





Audits on Operations (Projects) Audited Expenditure for current year

Fund	Expenditure declared during year ending 2011	Expenditure audited in 2012 for reference year	Expenditure audited as a % of expenditure declared %	Irregular Expenditure detected by the Audit Authority during the audits carried out
Total	€87,176,890.58	€49,793,931	57%	€135,598.10*

* €65,092.79 relate to Aid Schemes



Audits on Operations (Projects) Cumulative Audited Expenditure

Fund	Cumulative expenditure declared to the Commission up to 31.12.2011	Cumulative expenditure audited	Cumulative expenditure audited as a % of cumulative expenditure declared %
Total	183,812,460.07	71,978,773.00	39%



Nature of Irregularities detected during the audits carried out

- Procurement process
 - Procuring items additional to those specified in the tender document;
 - Additional quantity of items over that specified in the tender document;
 - Incorrect bid bond of the winning bidder;



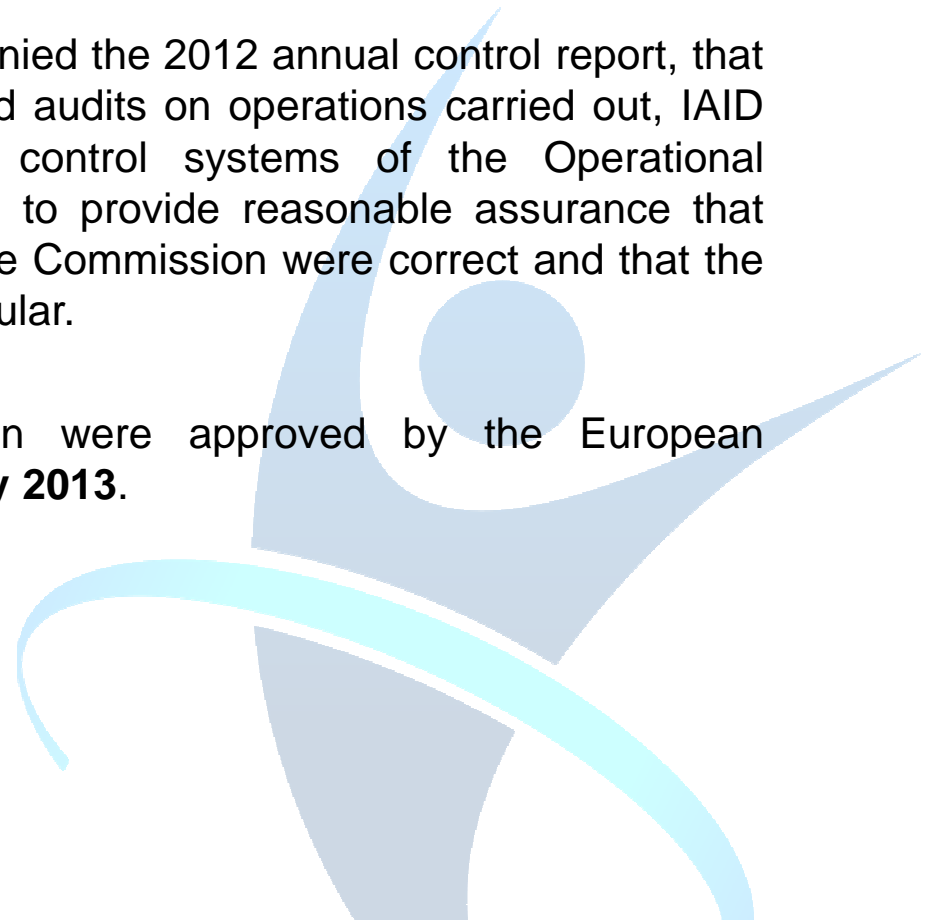
Nature of Irregularities detected during the audits carried out

- Procurement process
 - Inappropriate use of ‘exclusive right’ clause;
 - Successful bidder not administratively compliant;
 - Problems with quotations;
- Aid Schemes - End product was not according to what was approved in the grant agreement.



Annual Control Report and Opinion

- **An unqualified (clean) opinion** accompanied the 2012 annual control report, that is, on the basis of the systems audits and audits on operations carried out, IAID concluded that the management and control systems of the Operational Programmes functioned effectively so as to provide reasonable assurance that statements of expenditure presented to the Commission were correct and that the underlying transactions were legal and regular.
- The annual control report and opinion were approved by the European Commission in its letter dated **8th February 2013**.





Thank you for your attention

