

**Homologues' Group Meeting –Prague, Czech Republic
25-26 September 2023**

Workshop 2 – “Enhanced detection capacity for audit authorities. Lessons learnt from recent reperformance audits.”

Monday 25 September 2023 (repeated workshop, 11:00-13:00 or 14:45-16:45)
Room: GRACIE

Facilitator:

Mr Rafael Lopez Sanchez, Head of Unit DAC.4

Presentations:

Ms Olivia Jordan, Deputy Head of Unit DAC.4, morning and afternoon sessions
Mr Ricardo Reis, Audit Authority, Portugal – morning session
Ms Maria Grazia Delleani, Audit Authority, Basilicata – afternoon session

Rapporteur:

Mr Balázs Dencső, Audit Authority, Hungary

Context

The Commission services base their assurance on the audit results reported by audit authorities which are generally reliable. However, the DAC and ECA auditors continue to detect additional errors when re-performing the audits of operations carried out by the audit authorities. Moreover, the revised assurance model for the programming period 2021-2027 with risk-based management verifications will reinforce the responsibility of the AAs to detect the non-compliances, as they may be in some cases the first ones to check that declared expenditure. Moreover, the provisions for net financial corrections are stricter than for 2014-20 and additional corrections needed once accounts were submitted will in most cases be net (loss of allocation for the programme). This demonstrates the continuous need to improve the detection capacity of the audit authorities.

The HGM 2022 workshop on ‘Commission audit findings’ comprehensively presented the main types of findings in the areas of eligibility of projects and expenditure, public procurement and State aid, and was widely appreciated by the participating audit authorities as an opportunity to share experiences and discuss root causes and ways to better mitigate risks. The aim is therefore to build on and update this work by presenting specific new (anonymised) findings from EC or ECA reperformance audits, in these and other areas, and by sharing the experience of two audit authorities in improving their detection capacity.

Objective of the workshop

- Share specific areas for attention of the AAs, where EC or ECA audits have raised findings in recent years, such as:

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- Public procurement: Unjustified use of exceptions for the direct award of contracts covered by EU Directives (COVID-related emergency, exclusive rights)
 - State aid: SME status not adequately checked; incentive effect
 - Missing supporting information/audit trail issues in complex operations
 - Specific conditions of the operation not respected
 - Eligibility of participants: NEET status not adequately checked; reliance on self-declarations not appropriately checked against available data,
 - Ineligible project/ non-compliance with art. 65(6) CPR
 - ...
- Share experience of two AAs (Italy-Basilicata, Portugal) on their processes to improve their audit capacity and reduce instances of undetected errors over the last years and the main results achieved;
 - Identify some root causes of these additional detected errors;
 - Identify targeted mitigation measures to improve the quality of the audits of operations carried out by the audit authorities.

Possible issues/questions to be covered by the workshop

Do the audit authorities share the views presented regarding these specific types of findings?
Have they detected similar issues?

What are the possible root causes of these findings?

What mitigation measures could participants suggest to prevent such errors or ensure their detection at an earlier stage?

More generally, which approaches are useful to improve audit authorities' detection capacity?
What are the limitations?

Do participants have any other experience they consider useful in this context?

Suggested reading

A document with summarised and anonymised descriptions of the findings will be circulated prior to the meeting.