Procedural Issues regarding the Audit of the Management and Control of EU Funds, in Terms of Specific Key Requirements of the New Funding Period 2014-2020

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Abstract. *In practice, planning the audit of management and control for each operational program and for the whole programming period, will perform during substantiation audit strategy, based on analysis and risk assessment, made at the entities involved in implementing the operational program. In what follows, we propose an assessment guidelines for the 2014-2020 programming period, especially in terms of explanation addressed key requirements that must be used, explaining the evaluation criteria for each key requirement, providing guidance for drawing conclusions for each key requirement by each authority and finally making recommendations for establishing general conclusions regarding the management and control.*

Keywords: management and control system, key requirements, evaluation criteria, risk

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1. Introduction

The audit of the management and control system (as in the new programming period, system management and control-SGC), enroll in auditing that are designed to ensure the premises carrying out subsequent audits operational rely on a high level of confidence determined by an appropriate size samples checked..

Applying techniques and specific audit procedures accepted auditing standards, an audit of the system is to obtain audit evidence relevant, reliable and sufficient on which to base the opinion on the functioning of the management and control europene.Totodata funds is envisaged and compliance with Community and national rules on public procurement, state aid, environmental protection, equal opportunities and information and publicity.

2. Stages of the audit of the management and control

The new programming period involves assessing the management and control through the 18 key requirements which account for a total of 81 evaluation criteria and institutional structured as follows:
   • Managing Authorities (AG) and intermediate bodies (IBs) with delegated functions corresponding eight key requirements which are based on 36 evaluation criteria;
   • Certification Authority (CA) and intermediate bodies with delegated functions corresponding five key requirements based on 18 evaluation criteria;
   • Audit Authority (AA) corresponds to 5 containing 27 key requirements of evaluation criteria.

The necessity of grounding systems for management and control in accordance with the relevant regulations to eliminate the risk of deficiencies materialized eventually the irregular expenditure affecting the budget of the Commission, involves work very rigorous in the institutions concerned, in full cooperation between them, after which auditors should formulate opinions addressing each evaluation criterion, then each key requirement, then each authority involved and subsequently one of the following general conclusions concerning the functioning of the GSC:

A. where there is irregularity or they are minor and have no impact on system requirements related key assessed that it works properly or not necessary improvements if they are to be minor;

B. if there were indeed some irregularities with a moderate impact on key operational requirements of the system, resulting as it works but some improvements are needed;

C. if irregularities were found with significant impact on the effective functioning of key requirements related to the system, that the system works partially substantial improvements are needed;

D. they revealed serious irregularities that expose the funds allocated and have a major impact on key requirements related to the system that it essentially malfunctioning or not working.

In the first stage occurs analyzing evaluation criteria, applying mainly auditor judgment, but taking into account any other audit evidence which provides relevant, the manuals of procedures, investigations or interviews at bodies involved in GSC.

The second step requires that the previously analyzed on the basis of a conclusion by key requirement audited. The question we have to answer auditor at this stage is primarily aimed at the impact it has partial compliance or non-compliance with certain criteria or key requirements on identifying irregularities and errors, as well as the GSC as a whole, and secondly detemine if his absence increased risk of not preventing, detection or failure to correct irregular expenditure properly or illegal. The report of the responses the auditor may formulate some opinions that lead to the assignment of the key requirements assessed and consequently the GSC in one of the above categories (A, B, C, D) .Spre example, if most criteria assessment are assigned the same category, say B, then the auditor can reasonably fit on a key requirement that matches the criteria in the same categorie.Sau if multiple endpoints are placed in category C or D, with safety requirement key question can not be classified in category A. such an assessment must take into account a large extent by the auditor's judgment which can fit a key requirement in a higher category, say a or B, even if several evaluation criteria were employed in lower categories, C or D.În this context requires the auditor to prioritize the importance of each criterion so as to avoid situations where a minor impact criteria even if they joined the Categori lower mathematical system does not influence the classification of all key requirement in a lower category, or vice versa.

After framing the key requirements of each one of the categories set out, following a third phase of the audit system which involves establishing a first conclusions by the auditors autoritate.În this regard certain rules to ensure appropriate conclusions to be drawn, as follows:

• establishing those key requirements that are defining in terms of legality and regulariteta spending and the proper functioning of the authority concerned;

• authorities within each key requirements will be evaluated independently of each other;

• deficiency of defining key requirements do not compensate with a higher employment in other key requirements to the authority.

In the fourth stage, the overall conclusion that issue, auditors finalize the relationship between the conclusion by authority and the conclusion of Genel the SGC, but taking into account all factors mitigating and compensatory controls through which can significantly reduce the risk in the GSC. In this context it found instances where although the auditor has concluded that the checks carried out by an authority are incomplete or less effective but the same checks carried out at other authorities within the system are carried out effectively and in copletitudinea them, he can accept the risk that It is still low and does not cause irregular expenditure settlement submitted to the Commission. The implementation of action plans to improve SGC, through full correction of irregularities identified during previous audits, everything falls into the category mitigating factors that influence the audit before issuing its opinion.

In the following we highlight each body composing GSC main key requirements and evaluation criteria that auditors may be analyzed in order to provide an adequate opinion on its operation.

A.Cerinţe key evaluation criteria and related Management Authority (AG) and Intermediate Bodies (IBs) with delegated functions.

Key requirement. 1: proper separation of functions and systems for reporting and monotorizare when authority entrusts implementation to another body. GSC subject to general principles laid down by Article 72 letters a, b, e and h of EU Regulamenrul 1303/2013 (Regulation Dispoziţiilior Common-RDC), this requirement is based on a series of assessment criteria as follows: if the Member State organizing the certification function within the same administrative structure as AG must comply with the principle of separation therein; given the number and complexity of programs that are implemented must be ensured staff structure that meets the requirements of quantitative but also professional skills. If OI delegation of functions to be implemented procedures and agreements (protocols) providing adequate reperformării of their work and examinations regulate.Totodată, these agreements must provide all the tasks delegated by the AG and description and a clear allocation of functions.

Key requirement. 2: Selection of appropriate operations. This requirement involves primarily the development by AG of procedures and selection criteria non-discriminatory and transparent, on the one hand does not lead to discrimination and to respect the principles of sustainable development stated by the DRC and secondly to ensure delivery operations which will ensure the objectives and results scontate.Totodată, should be considered recording and evaluating all applications or projects, respecting criteria and scores clearly described in selection procedures and guidelines published applicants during the call for applications. The results of the evaluation of applications or projects whether rejection or acceptance is notified in writing and based on a decision taken by an authorized person and the motivation of acceptance or rejection must be clearly defined.

Key requirement. 3: adequate information to beneficiaries. Significantly for this requirement is the development for each program of EU rules and national clear and indisputable on eligibility, which should be communicated to beneficiaries, including their rights and obligations relating to: financing plan, specific conditions for support for each operation on products and services to be supplied, accounting requirements, the deadline for implementation, etc.

Key requirement. 4: Checks adequate management. The evaluation of this requirement is based on written procedures and checklists used to detect significant deviations on the management of appropriations. In general, checks on the management are organized on two levels, aimed on the one hand administrative checks performed AG and / or OI, for each request for reimbursement submitted by beneficiary, controls are based on risk assessment for each type of file or beneficiary, on the other hand, spot checks during the project, which concern both the physical and

financial progress. As stated above, these controls involve the use of checklists, which aims at providing answers regarding: the correctness and completeness of the application for reimbursement, compliance with the approved design and the funding rate approved; compliance with the rules imposed by legislation EU and national legislation both as regards the eligibility of expenditure and implementation of public procurement procedures, conformity between reality project in various stages of progress with the terms and conditions of the contract and indicators of results and achievement; the existence of audit trail, highlighting legally distinct accounting of all transactions operations to project cauză.De auditor would also verify the checks were kept records of administrative and on the spot and measures were taken due to deficiencies.

Key Requirement 5: The existence of an effective system to ensure that all documents regarding expenditure and audits are kept so as to ensure an adequate audit trail. Provided by Article 140 of the DRC, the availability of documents should be ensured on the basis of procedures to ensure the existence of an audit trail corespunzătoare.În this context AG will lead a record containing all the supporting documents required for such tracks, documents relating operations aimed at financial plan, technical specifications, progress reports, monitoring reports, etc. The documents are kept either as originals or as certified copies on commonly accepted data carriers jointly, including electronic versions of original documents or documents existing in electronic version.

Key requirement. 6: A reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit, including links to electronic data exchange systems with beneficiaries. This requirement, resides mainly in appropriate procedures to support an electronic system able to collect, record and store some data specific operations but also to enable collating data for evaluations, audits, drawing up annual reports for release application of final reports, including drafting rapoatrelor on the financial information presented Comisiei.De also envisages the development of procedures to ensure data integrity consistent with internationally recognized standards, maintenance and security of the system and the protection of individuals individuals with regard to the processing of personal data.

Key requirement. 7: The effective implementation of anti-fraud measures proportionate Aunor. And if this requirement, the work relies on developing procedures sufficient to examine all processes and controls related to fraud (potential or actual) and provide clear mechanisms for reporting in such a situation, to capture also the shortcomings in running controls and to ensure active communication with the Audit Authority with investigating authorities of the Member State, the EC and OLAF Fraud Office Européen de Lutte. Of major importance is the work of prevention with regard to fraud through measures targeting in particular the development of standards substantiated that does not give rise to interpretations of party, and assignment of responsibilities, training actions and increase the awareness that potential beneficiaries funds to understand the risks deriving from non-compliance with the legislative framework by fraud.

Key requirement. 8: Procedures for drawing up appropriate management declaration and annual summary of the final audit and controls. The evaluation of this requirement, primarily involves an analysis and follow appropriate final results of controls and audits carried out by the competent bodies for each program (AA EU), secondly to determine the nature and extent of irregularities retained in the system and monitor the impact corrective actions, and thirdly application of preventive measures in case of identification of system errors. Summary annually, underpinning the declaration management, both documents must be made available to the Audit Authority in order to evaluate them.

B. Key requirements related to the Certification Authority (CA) and its intermediate bodies.

Key requirement. 1: appropriate segregation of duties and appropriate systems for reporting and monitoring where the Responsible Authority entrusts execution of tasks to another autorităţi. AC and the other key requirements primarily involves assessing appropriate procedures aimed, on the one hand, key activities in the AC and OI, including monitoring and reporting nereguluilor, on the other hand, development of procedures and agreements by which to predict how the monitoring and supervision of compliance by the bodies delegated their duties, based on regular reviews of the results reported by OI, including reperformarea activitatăţii performances. Great attention will be paid to the principle of separation of functions within the AC, especially when certification function is found in the same structure which includes administrative and SGC.În AG or other authorities in this context, will track the allocation unite adequate amount of human resources, suitably qualified to be included in the documentation for this side (organizational chart, job descriptions), with a description and a clear allocation of functions.

Key requirement. 2: Procedures suitable for preparation and submission of plată. These procedures must include a workflow for the entire process of certification, based on detailed scrutiny and validation responsibilities to respect the principle of "four eyes" .In addition to those mentioned above procedures shall ensure receipt by AC all necessary supporting documents confirming the performance by the AG and IO checks aimed at managing first level and audit reports of AA or EU would point to the existence of certainties about the legality and regularity of expenditure certified. These documents will be examined systematically and to assess progress towards implementation, elborării previous declaration of expenditure by the Commission.

Key requirement. 3: The maintenance of appropriate electronic records of expenditure declared and the public contribution corespunzătoare. Is a priority in this context, appropriate procedures to ensure on the one hand, there is an audit trail on electronic recording and storage of information an accounting underlying the development of payment applications and payment accounts, on the other hand, to reconcile the expenditure declared to the Commission with statements of expenditure issued by the AG.

Key requirement. 4: Evidence of adequate and complete amounts recoverable, recovered and withdrawn. Evaluation in this case, specific procedures are based on a well-founded evidence of the amounts withdrawn and recovered during the financial year, those to be recovered and those which are recorded by the accounting records as amounts nerecuperabile.De also accounting system should describe clearly all financial corrections applied and that the amounts were excluded from the accounts.

Key requirement. 5: adequate procedures for the development and certification of the completeness, accuracy and veracity of the accounts. The procedures mentioned above, must provide at least the following:
• expenses recorded in the accounts comply with the rules and were conducted in accordance with specific criteria of the program;
• expenses recorded in accounts correspond interim payments for the financial year concerned taking into account the financial corrections applied and deducted, as a result of checks and audits;
• management of accounting records to reflect recoverable amounts and amounts withdrawn following cancellation of the contribution for an operation;
• expeditiously on the presentation of accounts by the AG for the AA for information and evaluation;

• compliance with art. 59 (5) of the Financial Regulation, the reference to the term of accounts reporting to the Commission;

C. key requirements relating to the Audit Authority (AA)

Key requirement. 1: adequate separation of functions and suitable systems for ensuring that any body carrying out the audit in accordance with the audit strategy of the program has the necessary functional independence and auditing standards take into account internationally accepted. Relying on the provisions of Article 72 letters a, b and e, evaluating this criterion involves primarily the principle of separation of functions between AA and other entities in the GSC (AG OI.AC). It also requires the organization and functioning of AA within the frameworks of structures to ensure independence of this institution deplină.Tinând the complexity of programs, personnel policy should be oriented towards employees with skills and training required for such action and also their number to be correlated with the volume of activities, issues that are of a description and a clear allocation of functions in accordance with the audit strategy.

Key requirement. 2: Audits appropriate system. Based on a risk analysis that takes into account accepted auditing standards internationally, it creates an audit strategy and methodology to enable conducting an audit system accordingly, respecting each key requirement of the GSC. System audit steps are documented in checklists appropriate to respond need to assess each key requirements and be accompanied by sufficient and relevant evidence. However, it is envisaged to organize follow-ups aimed at the implementation of recommendations and corrective measures suggested by the auditors in the audit reports.

Key requirement. 3: adequate audits of operations. Articles 27 and 28 of RD from suitability, audits of operations are carried out based on the audit strategy designed according to the audit stndardelor applied internationally and require verification of the legality and regularity of expenditure declared to the Commission on account supporting documents vivează mainly the following: physical implementation stage of the operation on the date of application for funding and the extent to which it has been selected in accordance with the selection criteria for the operational program; accounts must reflect the costs declared to the Commission based on supporting documents and an adequate audit trail; progress of the project and whether the expenditure required in settlement achievements are adequate physical and payments made to or by the beneficiary. Activities aimed at auditing operations are documented in all phases (checklists, working papers, audit evidence) to highlight specific activity audit opinions formulated a result of this activity and audit reports întocmite.De also audit operations in support of tests is based on visits to beneficiary made documentation to corroborate the information with the ground.

Key requirement. 4: Audits appropriate accounts. The auditing of accounts is done by taking into account the standards of internationally accepted audit in accordance with Art. 29 of RD and program audit strategy, operations being performed properly documenting audit procedures effective at AA. To meet the requirements on whether the accounts give a true and fair, given the elements provided in art. 137 in the DRC, in particular verify AA: expenditure declared corresponds to the public contribution related expenses and recorded in payment applications sent to the Commission; AC's accounting system reflects the amounts withdrawn and recovered during the accounting year, the amounts to be recovered, and the irrecoverable amounts; financial corrections have been recorded in the accounts and ineligible expenses were excluded.

Key requirement. 5: Procedures suitable for providing a reliable audit opinions and annual report elborarea Control (RAC) .These procedures should provide assurance that RAC is reliable audit opinion reflects the conclusions drawn from the system audits, audits and audits of operations and the errors are reported detained

and treated adecvat.Se also imposes to the deadline for transmitting the RAC provided art. 59 of the Financial Regulation.

3. Conclusions

Objectives mentioned above involves carrying out activities aimed mainly: verifying compliance of management and control put in place appropriate descriptions submitted to the Commission, assessing the ability of management and control to prevent, detect and correct errors and irregularities, check the effectiveness of systems management and control, improve the effectiveness of procedures and closing properly the operational programs implemented. What should be stressed is that the audit opinion issued SGC has a direct impact on the level of assurance and confidence level auditing operations following system audit. As already stated, the institutional structure of the GSC concerning several bodies have established their key requirements and evaluation criteria, which were designed to ensure the legality, regularity and reality of the transactions related programs implemented by the Member State.

References

***REGULAMENTUL (UE) NR. 1303/2013 AL PARLAMENTULUI EUROPEAN ȘI AL CONSILIULUI din 17 decembrie 2013 de stabilire a unor dispoziții comune privind Fondul european de dezvoltare regională, Fondul social european, Fondul de coeziune, Fondul european agricol pentru dezvoltare rurală și Fondul european pentru pescuit și afaceri maritime, precum și de stabilire a unor dispoziții generale privind Fondul european de dezvoltare regională, Fondul social european, Fondul de coeziune și Fondul european pentru pescuit și afaceri maritime și de abrogare a Regulamentului (CE) nr. 1083/2006 al Consiliului;
*** CE- Metodologia comuna pentru evaluarea sistemelor de management si control din statele member UE;
*** Standardele Internationale de Audit IFAC;