



EUROPEAN UNION
Investing in Your Future
European Social Fund



Rialtas na hÉireann
Government of Ireland

PMC Meeting 22 October 2019

Agenda Item 10 – Audit Update

1. EPSA Commission Audit

The Commission is currently undertaking an Early Preventive System Audits 2014 -2020 Audit of the functioning of the management and control systems as required by Articles 72-74 and 123-126 of Regulation (EU) N° 1303/2013 as well as Articles 21-24 of Regulation (EU) N° 1299/2013 of the PEIL.

The audit took place in 2 phases:

- First phase from 23 to 27/09/2019: audit at the level of the Managing Authority and Certifying Authority (and possibly intermediary Bodies).
- Second phase from 14 to 18/10/2019: audit possibly at the level of Intermediate Bodies or Final Beneficiaries.

The main objective of the audit is to obtain reasonable assurance that the management and control systems (Articles 72-74 and 123-126 of Regulation (EU) No 1303/2013 as well as Articles 21-24 of Regulation (EU) No 1299/2013) are functioning effectively. It is focussing in particular on the following key requirements:

- KR 2 Appropriate selection of operations (Article 72(c) and Article 125 (3) of Regulation (EU) No 1303/2013)
- KR 3 Adequate information to beneficiaries (Article 125(3)(c) of Regulation (EU) No 1303/2013)
- KR 4 Adequate management verifications, including supervision by the managing authority of delegated tasks to intermediate bodies if applicable and implementation of responsibility of the managing authority to put in place proportionate anti-fraud measures (Article 72(c) and(h), Article 125 (4)(a),(5),(6) Article 72(h), Article 122 (2), Article 125 (4)(c), Article 72(a), (b),(e) and (h), Article 122(2), Article 123(1) and (6) Article 125(1) of Regulation (EU) No 1303/2013)
- KR 5 Adequate audit trail Article 72(g), Article 122(3), Article 140, Article 125(4)(d) and (8) of Regulation (EU) 1303/2013
- KR 6 Reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes, including links with electronic data exchange systems with beneficiaries Article 72(d), Article 112(3), Article 122(3), Article 125(2)(a),(d),(e), Article 125(4)(d) and (8) and Article 140 of Regulation (EC) n° 1303/2013

- KR 10 Adequate procedures for drawing up and submitting payment application Article 126(a), (e) and (f) of Regulation (EU) No 1303/2013

The audit work includes a review of the systems and procedures in place with regard to the above-mentioned key requirements, including walk-through tests of a selected sample of files and will be complemented by substantive testing through a review of a selected sample of operations.

The Commission have visited SOLAS and the Department of Justice and Equality as Intermediate Bodies and Cork ETB, City of Dublin ETB and Dublin Dun Laoghaire ETB as Beneficiaries.

The draft report will be available in January 2020 with the final report expected to be finalized by June 2020.

2. Comptroller and Auditor General Audit

The C&AG is undertaking an examination of Ireland's Financial Transactions with the EU in 2018 and as part of this exercise is conducting an audit of the management and administration of a sample of activities supported under the PEIL 2014-2020. The C&AG will be with the ESFMA from 29th October to review the payment applications made in 2018.

3. AA Article 127 Audits

A sample of 30 Operations/projects was selected for Article 127 audit. Due to (a) the timing of the submission of the claims by the CA (b) the nature of the costs involved these were split into three groups for Audit Purposes, namely:

- Further Education (SOLAS/ETB) Activities;
 - Adult Literacy;
 - Back to Education Initiative; and
 - Youthreach
- GYDP/YPP (DJE) Activities; and
- ETB Training for the Unemployed.

In relation to the further education activities twelve operations' Declarations were selected. The fieldwork is completed in 11 with some requests for outstanding information being followed up. 1 operation has required a revisit, so the fieldwork is ongoing in this case. Audit Letters will issue in due course to the ETBs

With regard to DJE activities nine projects declarations were selected and fieldwork is in progress.

Nine ETB Training for the Unemployed operations declarations were selected with fieldwork scheduled to take place in November.