



# Recovery and Resilience Facility



*EPC 2<sup>nd</sup> March 2021*

# Resilience and Recovery Fund – Audit and Control

- **RRF is a unique instrument for Member States, hence :**
  - The funds should be used wisely and be managed well to avoid irregularities and protect the financial interests of the Member State and the Union. EP and ECA will scrutinize.
  - Prime responsibility lies with MS, but the Commission will lend strong support, monitor, and can check/investigate itself if needed
  - Only a robust national audit and control structure will allow for the efficient use of RRF funds, in line with the strong solidarity effort that the RRF represents.
  - The audit and control arrangements proposed by MS will be assessed according to the criteria contained in the regulation.

# Resilience and Recovery Fund – Audit and Control

- Annex V of the Regulation contains the **assessment criteria**
- It is a **pass or fail assessment**
- **Clear definition** of responsibilities of all actors
- Nomination of a **national audit and control coordinator**

# Controls for achievement of Milestones and Targets

Ex-ante

*Member States explain in their plan:*

Milestones & targets related to reforms and investments proposed & agreed with COM

National system to ensure indicators underlying M&T are correct and M&T are met

During implementation

*The Commission assesses if:*

Conditions for disbursement & M&T are satisfactorily fulfilled (incl. no reversal on previous M&T)

Provisions of operational arrangement also taken into account (further details on M&T)

Partial/full suspension of payment if M&T are assessed as not met

Ex-post

*The Commission will:*

Verify (risk-based checks) whether M&T were fulfilled

Recover proportionate amount if M&T were not fulfilled

Obligations are specified in (1) operational arrangement, (2) financing agreement and (3) loan agreement

# Controls for Protection of Union financial interests

- **Financing not linked to cost**; obligation on MS as beneficiaries/borrowers to take all appropriate measures to protect the Union's financial interests.
- **MS and final recipients must authorise** COM, OLAF, EPPO and ECA to exert their rights
- Plans with weak control systems (**rated "C"**) are not approved.

Ex-ante

During implementation

Ex-post

*Member States explain in their plan:*

National control systems against double funding, conflict of interest, corruption, fraud

Details on the responsible audit & control bodies and their capacity

Record keeping & collection of data on final recipients

*Member States need to submit:*

Payment request with management declaration & summary of audits

*The Commission will:*

Assess info based on evidence and external sources

Ask for more info where doubts arise

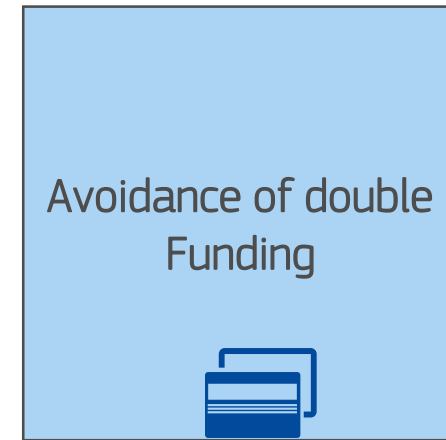
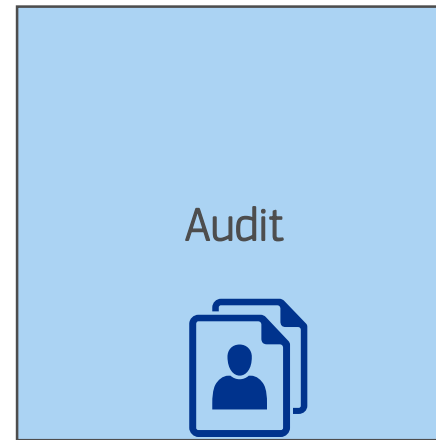
Reduction or recovery in case of serious irregularities

*The Commission will:*

- Ex-post controls on submitted info & corrective actions
  - Audits on particular transactions;
- In case of evidence of serious deficiencies, system audits;
  - Possible OLAF checks
- Possible financial corrections

# Self-assessment checklist for monitoring and control systems

- **Internal arrangements** for the monitoring and the implementation of the RRP
- **The Checklist** is intended to help Member States make sure that their plan includes all the information required by the regulation and necessary for the Commission's assessment (Art. 19(3)(h) and (j) and further detailed in Annex V (2.8 and 2.10))



# Self-assessment checklist for monitoring and control systems

- Internal arrangements for **monitoring/ implementation** of RRP – (Art. 18(4)(p))
- Financing has been used in accordance with applicable rules - **Union and national law** – (Art. 22(2)(a))
- Prevent, detect and correct **corruption, fraud and conflict of interest + avoid double funding from RRF** and other Union Programmes - (Art. 18(4) (r))

# Monitoring and Implementation



## Central level

- Indication of lead ministry/body for the overall **coordination**
  - Suitable mandate/authority
  - Administrative capacity
- Indication of Ministry/body responsible for **verifying milestones & targets**
  - Suitable mandate/authority
  - Administrative capacity
  - Description of the procedures, data sources and indicators

## Payment request

- Indication of the ministry/body responsible for submitting the **payment requests and Management Declaration:**
  - Suitable mandate/authority
  - Administrative capacity
  - Summary of audits
  - Clear description of the procedures and data sources

## For each component and/or reform and investment

- Roles clearly described if there is a specific coordinating body
  - Suitable mandate/authority
  - Administrative capacity
  - Delegation of tasks
- **Audit trail up to final recipients**
- Record of controls carried out
- Data gathered & stored
- Follow-up on audit recommendations
- **Access** for the Commission, ECA, OLAF and the EPPO



# Control systems



## Central level

- **Description** of the control systems
- **Verification procedures** assuring that there are no serious irregularities
- Control system address:
  - **Fraud, corruption and Conflict of interest**
- Procedures ensuring respect of applicable Union and national law
- Indication of bodies
  - Suitable mandate/ authority
  - Administrative capacity
  - Report of irregularities
- **Anti-Fraud** measures

## For each component and/or reform and investment

- **Role and interaction** vis-à-vis the central coordinating body described
- Which **IT systems** will be used to collect and store data of final recipients?
- Whether data will be provided to the **single data-mining and risk-scoring tool**

# Audit & Avoidance of Double Funding



## Audit

- Indication of the **specific roles**
  - Suitable mandate/ authority
  - Administrative capacity
  - Functional independence of the ministries/bodies in charge of the **audit**
- **Audit Strategy**
  - Frequency
  - Type of audits
  - Systems
  - Actions

## Avoidance of Double Funding

- Description of the responsibilities to **ensure complementarity and coordination** of the management of various EU sources of funding?
  - Consideration all obvious **data sources**
  - Sufficient **coordination** with other responsible bodies
  - Systemic separation of **funding streams**
  - **Cross-checks**