



# European Network for Rural Development

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## **Auditor's view**

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# Experience from 2007-2013 programming period EAFRD Axis 4

## Related to the start-up of the programme

- *Selection of LAGs – call for interest and publicity – selection procedure and transparency - denunciations*
- *Late start of implementation – bottom-up approach*
- *Number of LAGs – guidance given to LAGs – uniform treatment*
- *Nature of the projects – added value to the RD programme*



# Experience from 2007-2013 programming period EAFRD Axis 4

*During the implementation of the programmes*

- *Conflict of interest*
- *Quality of the administrative and financial responsible agent at the LAGs*
- *Large number of LAGs and supervision / guidance / instructions => controllable?*
- *Quality of the projects - publicity*



# Experience from 2007-2013 programming period EAFRD Axis 4

## Administrative checks

- *Insufficient or no instructions given to LAGs*
- *Insufficient quality and quantity of checks*
  - \* *payment proof – cash payments*
  - \* *reality of the investment / project / intangible projects*
  - \* *eligibility issues e.g. VAT, % of overhead cost*



# Experience from 2007-2013 programming period EAFRD Axis 4

- *Weak or no documentation of the executed checks – use of checklists*
- *No on-the-spot checks*
- *Late payments to final recipients of Community aid*
- *No (independent) checks on projects / expenditure directly by the LAGs*



# Experience from 2007-2013 programming period EAFRD Axis 4

## Overhead costs

*Article 38 of R.1974(2006) as amended by R. 482/2009:*

*Running costs of LAGS... shall be eligible... within a limit of 20% of the total public expenditure of the local development strategy.*



# Experience from 2007-2013 programming period EAFRD Axis 4

## Checking the reasonableness of the costs

*Article 24(2)(d) of R. 65/2011:*

*Administrative checks on **applications** of support shall in particular include verification of the reasonableness of the costs submitted, which shall be evaluated using a suitable evaluation system, such as reference costs, a comparison of different offers or an evaluation committee.*



# Experience from 2007-2013 programming period EAFRD Axis 4

*Regulation mentions "a comparison of different offers" – the RDP often mentions that three offers have to be obtained.*



# Experience from 2007-2013 programming period EAFRD Axis 4

- *Public procurement issues – direct awarding of contracts – incompliance with European Directive*
- ***Simplified cost options*** (*New for the EAFRD!*): *standard scales of unit costs, lump sums not exceeding 100 000 EUR of public contribution; flat-rate financing (determined by the application of a percentage to one or several defined categories of cost)*



# **Experience from 2007-2013 programming period EAFRD Axis 4**

***THANK YOU FOR YOUR ATTENTION***

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