



Ragioneria
Generale
dello Stato

Management, control and monitoring systems of EU Programmes

Rome, 22 april 2015

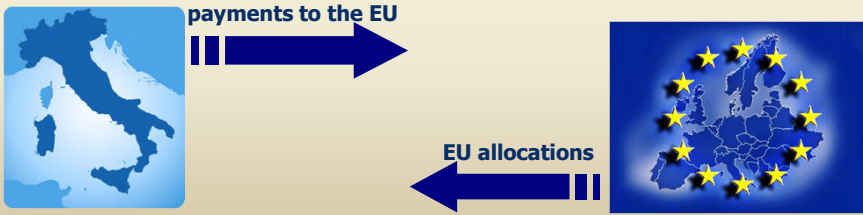


Ministero dell'Economia e delle Finanze

The EU policies


In order to ensure the achievement of the TFEU objectives, the EU allocates a significant amount of resources in favour of the Member States through different spending policies.

Funding of such policies is provided by the Member States' contribution to **the general budget of the European Union**.



payments to the EU

EU allocations



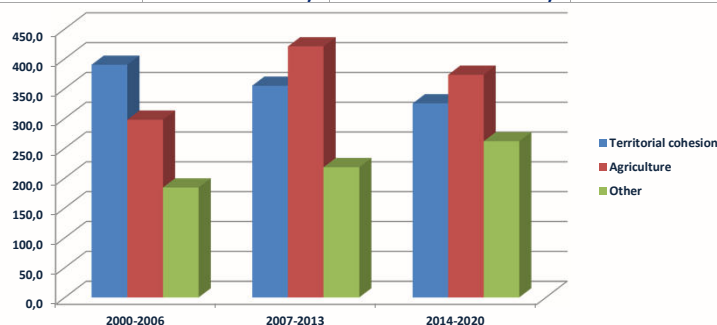
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EU financial framework: commitment appropriations

(Mauro - 2011 prices)

HEADINGS	Programming		
	2000-2006	2007-2013	2014-2020
Territorial cohesion	390,0	354,8	325,1
Agricultural sector	297,7	420,7	373,2
Other	184,2	218,1	261,6
Total	871,9	993,6	959,9



Management and control systems - MCS

Under shared management of EU funds, the relationship based on mutual trust between Member States and the European Commission in the use of these resources plays a key-role. Member States must therefore equip themselves with management and control systems reliable and consistent with the EU legislation in order to ensure a proper use of funds and an impact in terms of growth and development in the territories concerned .



Art. 59 of Regulation EU/EURATOM n. 966/2012 (new financial Rule)

Management and control systems - MCS

The substantial amount of financial resources mobilised at EU level involves the need for :

- ✓ **strengthened guarantees of sound financial management** at a national level;
- ✓ **more effective preventive control measures** to actively fight against frauds and irregularities before they occur;
- ✓ **more skilled and adequate administrative structures** for management and control;
- ✓ **increased transparency of information** through more reliable and integrated monitoring systems.

Management and control systems - MCS

It's furthermore necessary to strengthen **the MCS** in the light of results of ECA's report on the statement of assurance ('DAS'), since the European Court of Auditors does not give its full discharge if the error rate is above the Court's material threshold of 2% for almost all policy areas.

Areas of expenditure	Error rate 2013	Transactions subject to audit 2013	Error rate 2012	Transactions subject to audit 2012
		(Meuros)		(Meuros)
Regional policy, energy and transport	6,90%	45.477	6,80%	40.735
Rural development, environment, fisheries and health	6,70%	15.581	7,90%	14.994
Research	4,60%	10.431	3,90%	10.667
Agriculture: market and direct support	3,60%	45.016	3,80%	44.456
Employment and social affairs	3,10%	16.200	3,20%	13.404
External relations, aid and enlargement	2,60%	6.019	3,30%	6.616

MCS 2007-2013: shortfalls encountered

Following the audits carried out by the EU Commission and ECA several irregularities may include:

Expenditure considered ineligible for EU co-financing

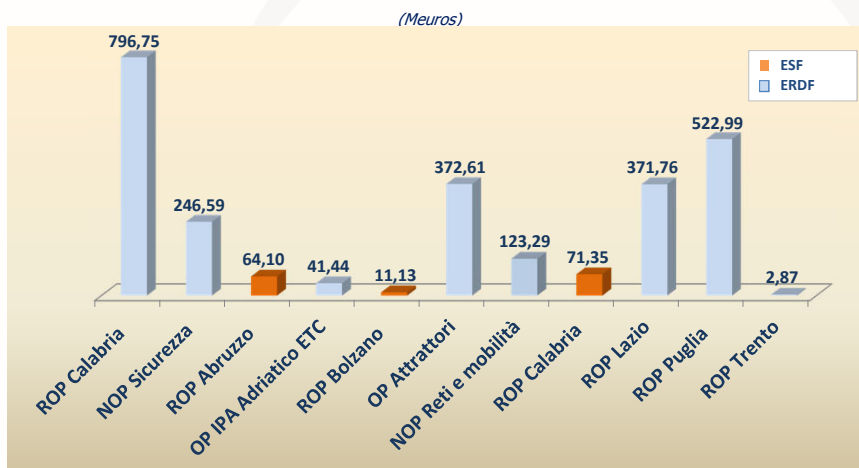
non-compliance with the rules on public procurement public procurement issues

incomplete and/or incorrect supporting documentation for the reported expenditure

non-compliance with the principle of the separation of duties of the bodies involved in the management and control



Programming 2007–2013 Interruptions/suspensions of the EU share Situation at 31 march 2015



Total: 2.624,88 Meuros



The challenges of the programming period 2014-2020



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Management and control systems - MCS

Risk factors of European structural and Investment Funds (ESIF) programming for 2014–2020 may include:

- structural weaknesses in managing and audit authorities of the programmes;**
- new obligations under EU legislation** (e.g. macroeconomic conditionalities, annual clearance – and closure – of accounts);
- delays in launching the new programmes due to overlapping** with the closure of the 2007–2013 programming period;
- spreading of resources over** a very large number of initiatives and Administrations/bodies.

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Programming 2014/2020 in Italy: European Structural and Investment Funds

57 operational programmes (OP) :

- **11 national OP (NOP)** managed by central governmental authorities (Ministries)
- **39 regional OP (ROP)** managed by Regions and 2 autonomous provinces
- **7 OP under** European Territorial Cooperation (ETC)

57 Managing authorities

24 Audit authorities:

- **3** AA for NOP
- **21** AA for ROP

- more developed regions
- transition regions
- less developed regions



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Main elements of MCS 2014–2020 in ITALY

- ✓ **The unitary governance** in the management and control procedures of the interventions **at national level** ;
- ✓ **Ex ante and interim assessment of the adequacy of systems:**
 - ✚ *designation of competent authorities;*
 - ✚ *maintenance of the requirements;*
 - ✚ *effectiveness of the System's operational activities;*
 - ✚ *extension of the performance assessment also to the audit authorities.*
- ✓ **Guidance policy and mentoring** to management and control activities support **intended to homogenize and standardize processes;**
- ✓ **Technical support to ensure the** functionality of the integrated IT System referred to in art. 122.3 of Regulation (EU) n. 1303/2013.



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Coordination committee for the ESI Funds

Target

- ✓ **To ensure coherence in management procedures of the programmes in order to achieve a timely and effective spending and the purposes laid down in the Partnership Agreement for 2014–2020**

Actions

- ✓ **Monitoring implementation of interventions**, the compliance with execution timetables and the expected results.
- ✓ **Setting up a task-force** offering assistance to Administrations in managing the interventions.
- ✓ **Promoting** re-deployment of resources upon shared processes, where necessary.
- ✓ **Defining common methodologies and best-practice** aimed at the improvement and standardisation of the management process

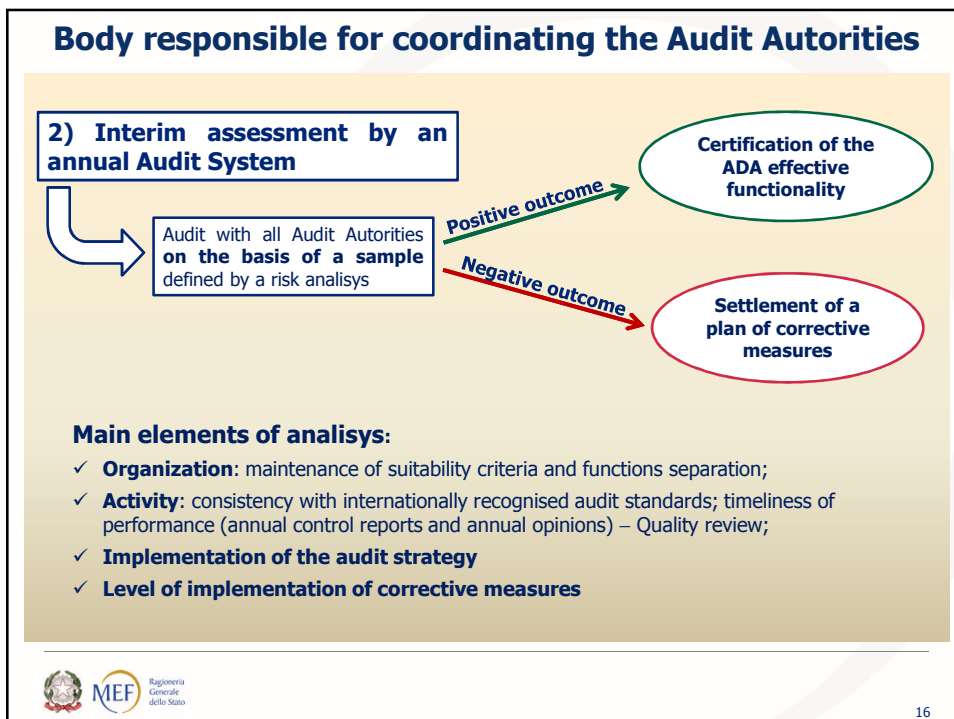
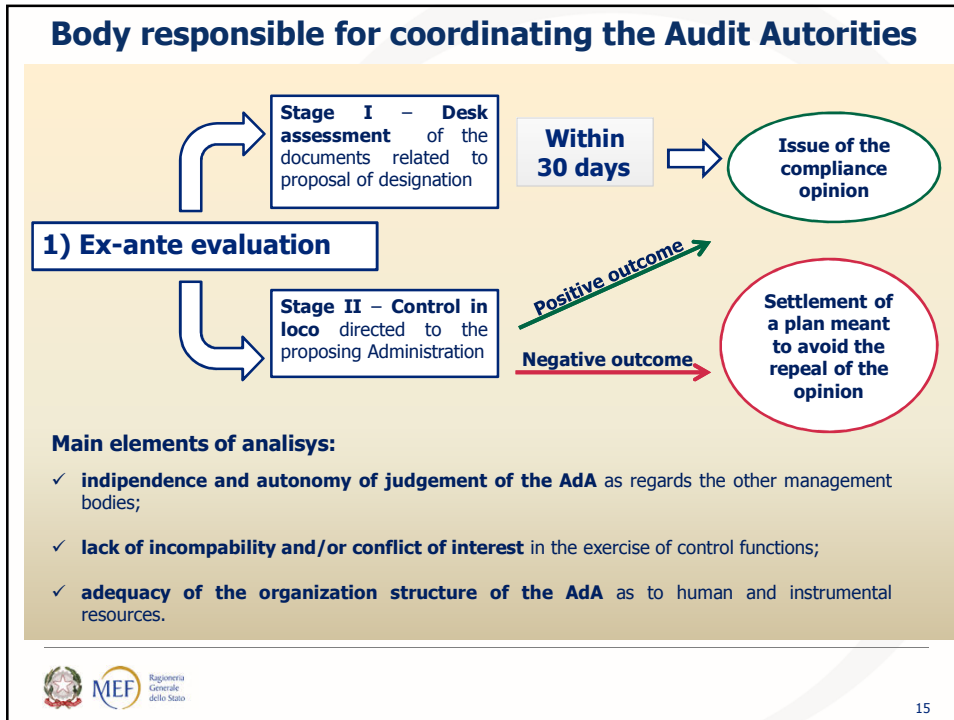
Body coordinating the Audit Authorities

Target

- ✓ To foster the **proper application of the EU rules concerning the audit of** programmes cofinanced by the ESI Funds 2014-2020 providing the European Commission with adequate guarantees as to the efficient development of functions concerning the management and control systems of programmes.

Actions

- ✓ **Assessment and definition of an opinion on the AdA's proposal for designation.**
- ✓ Survey of the AdA's actions and assessment of their efficiency, providing an **annual report on its activities.**
- ✓ **Providing technical and financial assistance to the Audit Authorities** to ensure an efficient development of their functions.



Audit Authorities Committee

Settlement, within the Economy and Finance Ministry, of an **Audit Authorities Committee**, forseeing the participation of responsables of the different Audit Authorities and a representative of the ERDF and ESF audit services of the European Commission, directed to deal with all questions of common interest related to the implementation of the audit function.

The Committee shall deal with:

- ✓ technical topics (i.e. statistical sampling);
- ✓ settlement and impulse to be given to a best-practice;
- ✓ audit strategy;
- ✓ control programming;
- ✓ quality review.



One best audit

An italian best practice: the Unitary system of monitoring of the Funds




The unitary system of Monitoring

Main Functionalities

- It surveys the financial, physic and procedural progress** at the level of a single project and the **certificated expenditure** related.
- It completes the information** about the EU Programmes with the information related to the Development and Cohesion Fund and the other programmes which pertain to the Cohesion Policy.
- It feeds the national data bank from** which it's possible to get the synthesis of the state of play of the EU activities in Italy.

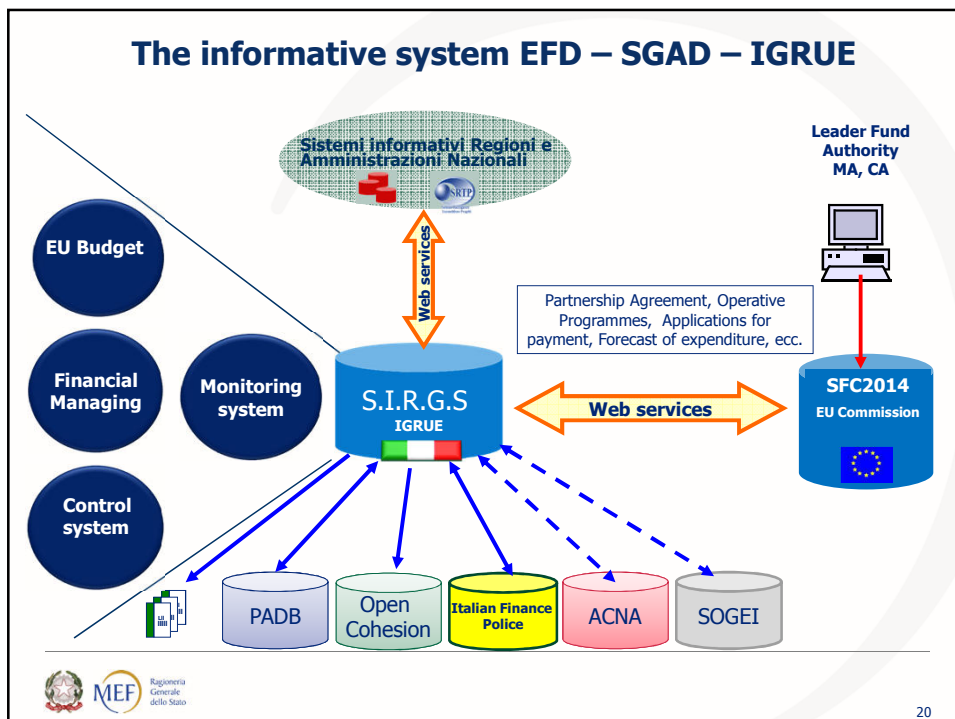
Consequences

- Strenghtening** of activities related to the assessment, monitoring and control of interventions.
- Dissemination of certificated information** related to the implementation of programmes.
- Increasing the decision making capacities** in the implementation of the development policies.
- Data availability** for evolved divulgative systems (Open Cohesion).



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Some data of monitoring



Programming 2007-2013 State of play at 28 February 2015

(Meuros – Current prices)

STRUCTURAL FUNDS 2007-2013						
Objective	Fund	Programmed (a)	Committments (b)	Payments (c)	% (b/a)	% (c/a)
Competitività	ERDF	7.544,62	8.459,46	6.222,93	112,13%	82,48%
	ESF	7.634,24	7.847,82	6.470,94	102,80%	84,76%
Convergence	ERDF	25.110,08	32.749,32	17.133,51	130,42%	68,23%
	ESF	6.383,66	6.570,34	5.045,39	102,92%	79,04%
Cooperation	ERDF	697,43	760,89	538,62	109,10%	77,23%
TOTAL		47.370,03	56.387,83	35.411,39	119,04%	74,75%

The unitary system of Monitoring: some data

876.112 operations/projects

More than 92.000 beneficiaries or:

- ✚ 48.000 Companies (or 5.000 Spa)
- ✚ 16.000 Privates
- ✚ 9.000 Individual enterprises
- ✚ 8.000 Institutes and public schools
- ✚ 6.000 Municipalities
- ✚ 1.700 Associations acknowledged or not acknowledged



The unitary system of Monitoring: some data

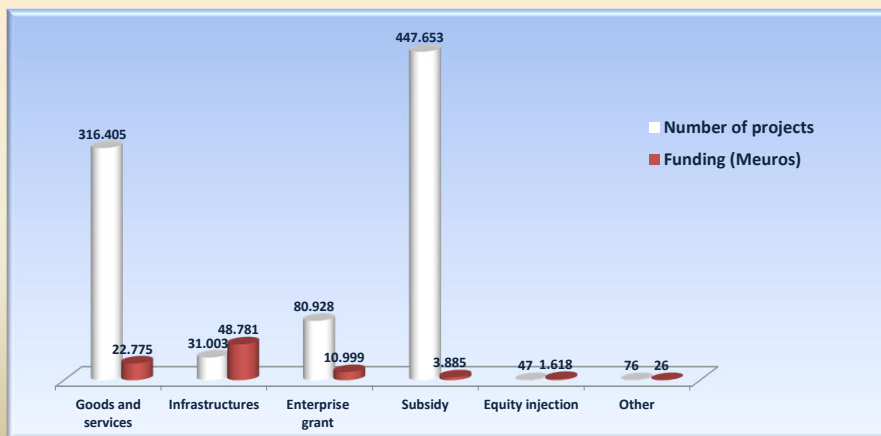
Apportionment of projects according to sectoral interventions

Sectoral interventions	Funding (Meuros) (*)	Number of projects
Transport	24.015	1.493
Research and Technological Innovation	12.360	31.050
Environment	10.174	7.219
Education	8.847	215.966
Occupation	8.273	252.056
Social inclusion	4.646	308.624
Culture and tourism	4.515	7.126
Cities and rural areas	3.491	2.894
Competitiveness of enterprises	3.080	12.953
Digital Agenda	2.865	20.631
Strengthening of PA	2.771	6.948
Energy	2.645	7.275
Childhood and Old People	402	1.877
Total	88.085	876.112

(*) It does also include national resources (i.e.: Develoement and Cohesion Fund)

The unitary system of Monitoring: some data

Apportionment of projects according to the type of expenditure



The unitary system of Monitoring: Output indicators



Transport

Km 1.621 National highways, regional and local roads
Km 142 Cycle tracks
Km 380 Railways



Environment

Hectares 5.135 Drainage of industrial and of contaminated land
Tons/year 450.180 Capacity of waste drainage



Digital Agenda

Km 903 Telephone infrastructures, large band included

Conclusions

One of the main elements of success in the programming of EU Funds is to be found in **the activation of efficient and reliable managing and control systems**.

The experience acquired so far shows “*lights and shadows*”. It’s therefore necessary a political and administrative engagement to:

- ✓ make certain there is an **accurate programming of the financial endowment** of the objectives and, also, actions of concrete achievability (in time due) that can produce an impact on the social and economic reality of the territories concerned;
- ✓ **strengthen up further on the administrative capacities** of managing and control structures of programmes, increasing, among other things, their capacity of cooperating;
- ✓ **spread the efficiency culture** and, so far, the proper administration at all levels;
- ✓ **strengthen up the monitoring/assessing systems as to** results and to enforce the consequent mechanism award/sanction.

Conclusions

«When public administrations managing the Funds (Managing Authorities, Intermediate Bodies, Certifying Authorities, Audit Authorities) are weaker, they are confronted with bottlenecks and challenges. The end result is that investments cannot deliver the expected benefits to people living in Europe's regions and cities. This is not merely a question of ethics and rules – it is also more costly to run an inefficient administration».

Corina Crețu, European Commissioner for Regional Policy
Bruxelles, 24 march 2015

