



Flanders
State of the Art

ANNUAL REPORT

FLANDERS AUDIT AUTHORITY

2022



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LIST OF ABBREVIATIONS

ACR	Annual Control Report
AMIF	European Asylum, Migration and Integration Fund
AO	Audit of operations
BAR	Brexit Adjustment Reserve
CA	Certifying authority
ERDF	European Regional Development Fund
ESF	European Social Fund
Europa WSE	European programmes unit of the Department of Work and Social Economy
FAA	Flanders Audit Authority
FLC	First Level Control
FSI	Flemish Social Inspectorate of the Department of Work and Social Economy
FU	Follow-up audit of a system audit
GFO	Government of Flanders Order
IB	Intermediate body
IF	Inspectorate of Finance
Interreg VA	Interregional cooperation programme (e.g. border region: Flanders and South Netherlands)
KR	Key requirement
MA	Managing authority
MCS	Management and control system
QR	Quality review
REACT-EU	Recovery Assistance for Cohesion and the Territories of Europe
RRF	Recovery and Resilience Facility
RTER	Residual Total Error Rate
SYA	System audit
TA	Technical assistance
TER	Total Error Rate

Preface

Dear reader,

I am pleased to present the annual report of Flanders Audit Authority for 2022. In this report you can read more about all our activities during the past year.

Throughout the last year we have worked to resume normal operations after the COVID-19 crisis and to ensure efficient audits. We have for instance resumed site visits as part of project audits, which in many cases proves to be an essential element for successful and efficient audits.

I am delighted to announce that the audit activities within the framework of the European Structural Funds generally produced satisfactory results. The same holds true for RRF- and BAR-related audits, which continued to be undertaken. Detailed results are included in this annual report.

Flanders Audit Authority continually wants to evolve in today's fast-moving digital era, where automation and artificial intelligence play an increasingly important role. We hereby focus on our CATE project, whose proof of concept (1st phase) was developed in 2022. In 2023, this will eventually result in an AI risk model where much attention is paid to NLP in general and Chat-GPT4 in particular, bearing recent developments in mind. In our opinion, this is an important step to further improve our control activities and offer added value to our stakeholders, while at the same time actively seeking to reduce the administrative workload for all those involved: not only the beneficiaries, but also MAs, CAs and AAs.

Looking ahead to 2023 and beyond, Flanders will also introduce an anti-fraud strategy (AFCOS), which is becoming ever more topical and which will of course have to be aligned with other Flemish initiatives on data access and enforcement policy.

I would like to thank all staff members and all people involved for their commitment and contribution over the past year, and look forward to further developments in the future.

TONY MORTIER
Inspector General of Finance
Flanders Audit Authority

Management summary

This management summary outlines our main findings relating to the 2022 accounting year.

Audited funds

Based on all audit results for ERDF PA2, Interreg VA Flanders-The Netherlands and AMIF relating to the 2022 accounting year, the error rate per fund identified by FAA is below 2%. The error rate for ESF is slightly over 2%, leading to a flat-rate financial correction of € 109,884 apart from the corrections made as result of the audits.

Based on the SYAs for ESF, ERDF and Interreg VA Flanders-The Netherlands and follow-up audits of the previous accounting year, FAA believes that the management and control systems in place are functioning properly (category 1 and 2). Minor improvements are needed for a limited number of SYAs in category 2.

Supporting activities for other programmes

In a supporting role, FAA conducts AOs for other programmes involving Flemish project partners where FAA is not the responsible audit authority. For 7 programmes the RTER remains below the materiality threshold of 2%. For the Interreg VB Northwest-Europe programme, however, the materiality threshold is exceeded, leading to a flat-rate financial correction of € 1,328,251 supplementary to the corrections made as result of the audits.

Top events Event Flanders

The audit committee issued 15 opinions, mainly related to questions about financial aspects, public procurement legislation, the allocation of subsidies, the eligibility of submitted costs and the payment of grant instalments.

10 audits were conducted for the World Choir Games, Cycling World Championships, FIBA 3x3,

European Open, Royal Museum of Fine Arts Antwerp (KMSKA) and FIAF. These audits revealed that for certain events there might be major budgetary changes compared to the initially approved budget. Given the financial impact on grant disbursements, both ATEF and Event Flanders will monitor those budgets more closely.

Recovery and Resilience

In 2022, the management and control systems for each policy area were assessed. Overall, it can be said that the produced descriptions are adequate. FAA made some suggestions for improving those systems, which will be followed up in 2023.

The first payment request could not yet be submitted to the EC since some unachieved milestones are still in development.

In addition, the first project audits have been launched and are expected to be finalized in 2023.

Brexit Adjustment Reserve

The assessment of the management and control systems started in 2022. Only one payment request has to be submitted to the European Commission by September 2024 at the latest.

Flanders Audit Authority (FAA)

The mandate of Flanders Audit Authority (FAA) for the 2014-2020 programme period of the **European Structural Funds** was extended in the management agreement of 17 July 2015.

In order to carry out the work of Flanders Audit Authority (FAA) two Finance Inspectors were appointed, under the authority of the Flemish Government, to fulfil its tasks. For the moment, these are undertaken by one Inspector General of Finance, Tony Mortier.

FAA executes the functions mentioned in article 127 and article 128 of Regulation (EU) No 1303/2013, as well as the provisions that have already been issued for its implementation and those that will be issued in the future.

The Finance Inspector concerned belongs to the Interfederal Corps of the Inspectorate of Finance, whose organisational structure is regulated by the Royal Decree of 28 April 1998 concerning the organisation of the Interfederal Corps of the Inspectorate of Finance.

With the GFO of 23 December 2016, the Flemish Government decided to transfer the competence to perform second level controls for specific cooperation programmes (Interreg) to FAA. Initially, this competence was assigned to Flanders Innovation & Entrepreneurship.

Top events financed by the Flemish Government through Event Flanders are monitored and supported by the **Audit Committee Top Events Flanders (ATEF)**, established by protocol as of 1 January 2019. For the execution of its tasks, ATEF can rely upon FAA. More specifically, ATEF relies upon FAA for the external audit of accounts and consultancy, in accordance with international standards on auditing.

For these audits, FAA bases itself on the applicable legislation and auditing standards.

On 30 April 2021, the Flemish Government decided to appoint FAA to implement the proposed audit strategy for the **Recovery and Resilience Facility (RRF)**. As independent audit body, FAA will carry out audits on projects and the facility's management and control system.

FAA also acts as independent audit body for the **Brexit Adjustment Reserve (BAR)**, responsible for conducting the necessary audits and issuing an audit opinion in the final report.

The Flemish Government consented to the financing and procedure of the **CATE** project. The procedure to set up an innovation partnership was concluded at the end of December 2021 by awarding the contract to a consortium comprising Deloitte and ML6. The project's proof of concept was developed in 2022.

For its operations, FAA is assisted by 9 auditors. Article 2 of the GFO of 30 November 2007 states that these auditors are working under the functional authority of FAA and under the administrative framework of the Finance and Budget department. The structure of FAA is illustrated in Annex 1.

The present report aims to provide all stakeholders with an overview of the activities carried out by FAA in 2022.

European Structural Funds

3.1. Introduction

The central aim consists in providing the European Commission with a reasonable degree of assurance with respect to:

- the operations of the management and control system of the bodies managing assistance packages (MA, CA and IBs) and of the projects cofinanced by the European Structural Funds;
- the accuracy of the expenditure statements presented to the Commission in order to provide reasonable assurance on the legality and regularity of the underlying transactions.

The main audit activities within the framework of the European Structural Funds are listed below. These activities were carried out in order to obtain a reliable picture of the functioning of MA's and CA's management and control systems:

- sampling of operations to be audited (projects or payment requests);
- carry out AOs;
- follow up AO results;
- carry out SYAs;
- carry out follow-up audits (FU) of SYAs where problems have been identified;
- carry out an audit of the accounts and check the annual summary;
- draw up annual control reports for the European Commission;
- ...

All these activities contributed to FAA's aims.

In addition, other activities were undertaken, such as:

- permanently monitoring and updating audit strategies where necessary;
- providing continuous professional development opportunities;
- consultations with the European Commission, other audit authorities, MA and CA, as well as the steering committees involved and political decision-makers;
- preparatory activities for the new programme period 2021-2027.

For its operations, FAA is assisted by auditors who:

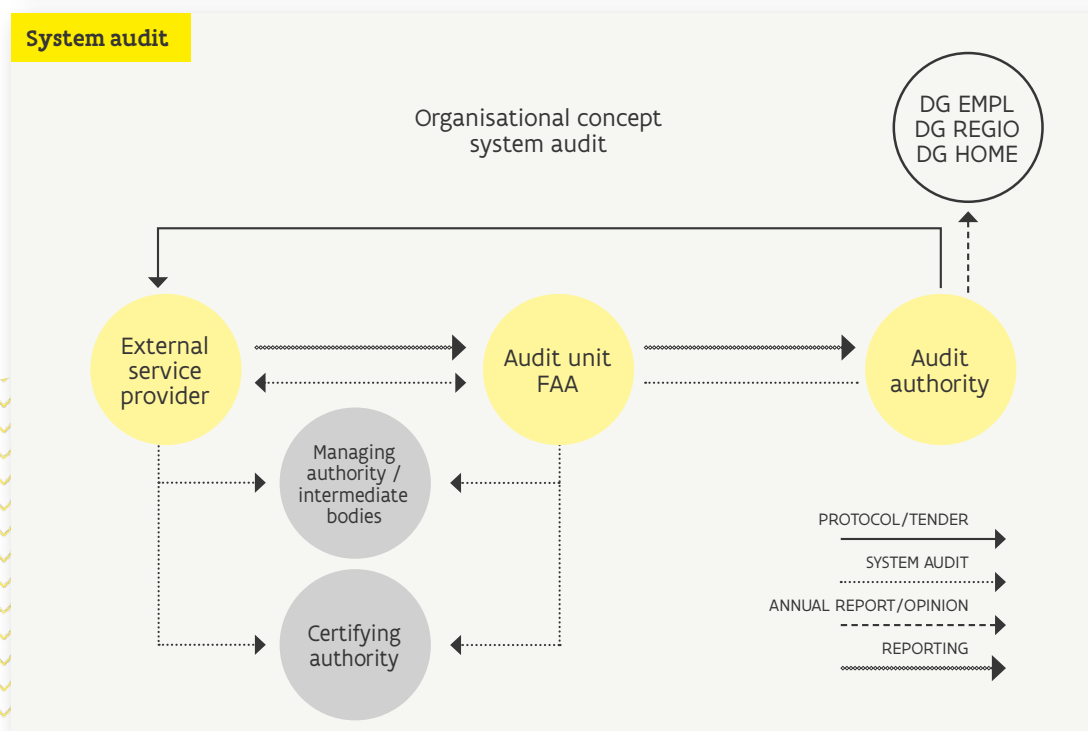
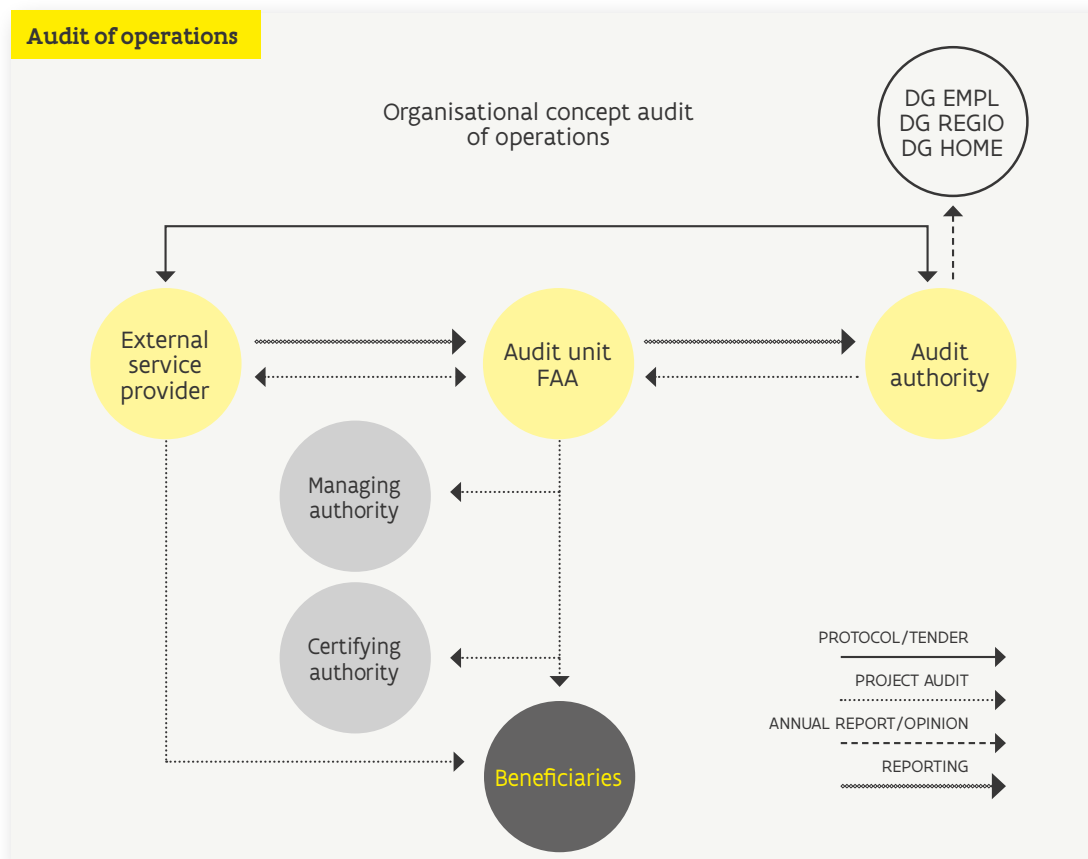
- carry out SYAs to check if the management and control system of operational programmes is functioning effectively;
- carry out AOs to verify the expenditure declared to the European Commission.

The outcomes of both activities should enable FAA to report to the European Commission before 15th February of the current year, on the basis of the audit operations for the accounting year in question¹, by providing for each fund:

- an annual report with the results of these audits, reporting on possible shortcomings in the management and control system of the programme;
- an annual audit opinion about the reliability of the management and control system, and the correct use of EU funding.

¹ An accounting year runs from 1 July year N-1 to 30 June year N.

The diagrams below illustrate AO and SYA activities:



3.2. Activities in 2022 relating to the programme period 2014–2020

The table below shows the funding related to the 2014-2020 Operational Programme (OP) for all funds under the responsibility of FAA, including European financing from structural funds as well as Flemish private and public cofinancing. Project costs relating to the 2014-2020 OP can be incurred until 31 December 2023.

Funding programme period 2014–2020 (in euros)

	ESF (€)	ERDF FA2 (€)	Interreg VA FL-NL (€)	AMIF (€)
TOTAL	1,024,665,509	435,508,940	305,151,170	16,678,503
European funding	398,502,847	175,592,098	152,575,585	16,678,503
Flemish cofinancing	561,333,319	178,131,968	152,575,585 ²	Determined separately for each call ³
Private funding	64,829,343	81,784,874	40,889,571 ⁴	

The table below provides a summary of the expenditure declared per fund, and the audit results for the accounting year 2021-2022. It also includes more detailed information on each fund.

Expenditure declared and audit samples per fund

Fund	Expenditure declared	Expenditure selected for audit		Value of errors identified in sample	Total extra-polated error rate (TER)	Residual Total Ex-trapolated Error Rate (RTER)
	AMOUNT (€)	AMOUNT (€)	COVERAGE %	AMOUNT (€)	%	%
ESF	119,751,647	33,069,276	27.61	114,725.37	2.18	2.09
EFRO FA2	55,984,760	28,721,304	51.30	190,520	1.32	0.75
Interreg VA Flanders-The Netherlands	37,624,017	3,723,332	9.90	3,153	0.13	0.12
AMIF ⁵	877,945	283,830	32.33	506	0.18	0.12

² Flemish-Dutch cofinancing

³ The Flemish cofinancing and private funding are not determined by the National Programme. The amount of Flemish cofinancing is determined separately for each project call. The minimum co-financing rate for AMIF actions is 25%.

⁴ The private funding is part of the national cofinancing of € 152,575,585.

⁵ These figures only include final payments of AMIF funding and do not include advance payments.

3.3. Activities in 2022 relating to the programme period 2021-2027

FAA assists ESF, ERDF and Interreg Flanders-The Netherlands with their preparations for the new programme period 2021-2027. Article 94 of the Regulation 2021/1060 of 24 June 2021 mentions various assessment methods and the possibility to calculate programme funding based on unit costs, lump sums

and flat rates. In order to make use of this method, funds will have to submit a request to the European Commission through their respective programme, including an ex-ante assessment by the audit authority.

3.4. The audit process

The execution of both SYAs and AOs involves different tasks. These activities can be subdivided as follows:

- **PREPARATION:** making appointments, downloading project data from the programme database or retrieving data from the MA and making a first assessment, asking questions to the auditee and/or MA, deciding for which audits site visits are necessary, making additional appointments if needed, reading up on the project aims...
- **LETTER OF INTENT:** The auditee receives a letter of intent by e-mail in order to inform them that an audit will be conducted. This letter includes the planning of the audit, contact details and a first series of questions based on the auditor's preparations.
- **SCREENING:** Collecting previously requested documents during the on-site visit, checking the items under examination and items selected through expansion of the sample, verifying the physical existence of the project, consulting original documents, asking specific questions about project administration, accounting or HR, examining specific issues related to the terms of approval (reality check), checking public procurement legislation and specific conditions for state aid, completing checklists, verifying publicity rules, taking pictures,...
- **REPORT:** Filling in the tool, extrapolating where necessary, transferring findings to the report, finishing checklists, keeping working documents in order, writing the accompanying letter, QR and possible adjustments after QR.
- **ADVERSARIAL PROCEDURE:** Updating tool and report, assessing the rebuttal, adjusting and recalculating the findings if needed, calculating and updating the error rate, updating working documents, writing the accompanying letter, QR and possible adjustments after QR.
- **FOLLOW-UP EXTERNAL PARTIES:** QR and possible adjustments after QR, follow-up of the adversarial procedure...
- **ADMINISTRATION EXTERNAL PARTIES:** random sampling, QR, writing the accompanying letter, organize trainings...

3.5 European Social Fund (ESF)

This fund aims to support projects that will strengthen the labour market and increase employment. It helps people retrain for a new career or assists those who are looking for their first job. The fund offers support to companies wishing to improve their work organisation structure and the work-life balance of their employees. It also targets socially vulnerable groups, such as low-skilled workers, immigrants or persons with an employment disability. Moreover, the ESF encourages organisations to work innovatively and internationally.

In order to help Flemish workers, job-seekers and organisations face the changing labour market, the ESF receives funding from the European Union and the Flemish government. These resources are distributed by ESF Flanders in the form of subsidies paid to organisations that stimulate the Flemish labour market in order to create new opportunities for job-seekers and keep employees satisfied with their jobs. ESF Flanders falls within the competence of the Flemish ministers of Work and Social Economy.

ESF Flanders receives € 398,502,847 from the European Social Fund to invest in valuable projects between 2014 and 2020.

3.5.1 Annual control report

The ACR must be submitted each year to the European Commission on 15 February. The ACR contains the main results of the audits carried out, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions. This report provides information on audits of expenditure declared to the European Commission in the period between 1 July 2021 and 30 June 2022.

FAA believes that the implemented management and control systems were functioning properly during

the above-mentioned period, that the expenditure declared to the European Commission and included in the annual accounts is legal and regular, and that the annual accounts give a true and fair view as laid down in Article 29, paragraph 5 of Regulation (EU) No 480/2014.

The RTER is 2.09%. To reach a maximum materiality level of 2%, a flat-rate financial correction of € 109,884.07 was needed.

The error rate of the random sample is largely determined by typological errors⁶:

- **12.2:** 'Wrong application of simplified cost options'; staff costs are based on a standard hourly rate and time registration data. In a number of cases, time registration or allocation did not meet the necessary requirements.

To a lesser extent, the error rate is also determined by the following typological errors:

- **8.3:** 'Expenditure is not related to the project'; corrections to time registrations and allocation of non-project related tasks.
- **5.1:** 'Missing or incorrect supporting information or documentation'; corrections to eligible participants and absence of a partnership agreement.
- **8.8:** 'Double financing'; corrections to time registrations overlapping with other ESF projects.

⁶ The typology of project findings is set out in European Commission [guidelines](#).

3.5.2 System audits

The SYAs focused on the follow-up of open recommendations resulting from previous SYAs. Several recommendations were closed. Some will be subject to further follow-up during future SYAs. New recommendations were also proposed.

All SYA activities were performed by FAA, except for the IT audit, which was carried out by an external service provider.

System audits performed for ESF

SYSTEM AUDIT OR FU AUDIT	AUDITED AUTHORITY
FU 1ITA4 - IT: KR 6 and 11	Managing authority
FU 1SYA24 - CA: SV 9-13	Certifying authority
FU 1SYA23 - FLC: SV 4	Managing authority
FU 1SYA25 - indicators: KR 1, 3, 4, 5, 6 and 8	Managing authority
FU 1SYA26 - supervision IBs: KR 1	Managing authority

The different SYAs conducted at the MA and CA sufficiently confirm the appropriateness and effectiveness of the procedures. All findings corresponded to category 1 or 2, which means that the management and control system still has some minor deficiencies with limited impact. These are not fundamental problems that obstruct the proper functioning of the programme. The level of assurance obtained based on the SYAs is average.

Based on the SYAs and follow-up audits, FAA believes that the management and control systems in place at the MA are functioning properly, but some improvements are needed (category 2). As for the CA, FAA is of the opinion that the management and control system is functioning properly, with no or only minor improvements needed (category 1).

3.5.3 Audits of operations

The audits of operations for this programme are carried out by FAA and VSI, an external service provider.

All draft reports (including working documents) written by the external service provider are subject to a quality check and final approval by FAA.

The selection of the AOs to be carried out is based on the 'Guidance on sampling methods for audit authorities EGESIF_16-0014-01' of 20 January 2017 (hereafter 'Guidance') published by the EC and with the help of a template provided by the EC.

A statistical sampling method was used, following a simple random sampling (SRS) selection procedure. The sample included 1 'high value' project and 33 randomly selected projects from a population of 410 projects.

As mentioned before, the RTER is above the materiality threshold of 2%, so an additional financial correction of € 109,884 was required, supplementary to the corrections made as result of AOs and first level controls.

The RTER is 2.09%. To reach a maximum materiality level of 2%, a flat-rate financial correction of € 109,884.07 was needed.

Expenditure declared and audit samples

Fund	Expenditure declared	Expenditure selected for audit		Value of errors identified in sample	Total extrapolated error rate (TER)	Residual Total Extrapolated Error Rate (RTER)
	AMOUNT (€)	AMOUNT (€)	COVERAGE %	AMOUNT (€)	%	%
ESF	119,751,647	33,069,276	27.61	114,725	2.18	2.09

3.6. European Regional Development Fund (ERDF) priority axis 2

This fund aims to support projects that strengthen regional competitiveness and increase employment. With regard to ERDF PA2, sufficient economic growth must be achieved in Flanders in order to maintain and increase the level of prosperity and well-being, taking into account the economic and demographic developments (population ageing).

Flanders receives € 175,592,098 from the ERDF to invest in valuable projects between 2014 and 2020.

3.6.1. Annual control report

The ACR must be submitted each year to the European Commission on 15 February. For ERDF an extension was granted until 1 March. The ACR contains the main results of the audits carried out, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions. This report provides information on audits of expenditure declared to the European Commission in the period between 1 July 2021 and 30 June 2022.

FAA believes that the implemented management and control systems were sufficiently functioning during the above-mentioned period despite some deficiencies with limited impact, that the expenditure declared to the European Commission and included in the annual accounts is legal and regular, and that the annual accounts give a true

and fair view as laid down in Article 29, paragraph 5 of Regulation (EU) No 480/2014. The residual total error rate (RTER) is 0.75%.

The error rate of the random sample is largely determined by typological errors⁷:

- 1.24 'Public procurement Others – Others' for 1 payment request;
- 8.3 'Expenditure is not related to the project' for 1 payment request;
- 8.9 'Other ineligible expenditure (such as a horizontal correction for shortcomings relating to promotion and publicity)' for 1 payment request;
- 12.2 'Wrong application of the methodology (off-the-shelf or other)' for 1 payment request.

3.6.2. System audits

The SYAs focused on the follow-up of open recommendations resulting from previous SYAs. Several recommendations were closed. Some will be subject to further follow-up during future SYAs. New recommendations were also proposed.

All SYA activities were performed by FAA. Since no REACT-EU expenditure had been recorded in the accounting year 2021-2022, this system audit will be conducted in 2023.

⁷ The typology of project findings is set out in European Commission [guidelines](#).

System audits performed for ERDF

SYSTEM AUDIT OR FU AUDIT	AUDITED AUTHORITY
FU 2SYA21 - MA/IB: KR 1-3	Managing authority/IB
FU 2SYA22 - CA: KR 9-13	Certifying authority
FU 2SYA23 - FLC: KR 4	Managing authority/IB
FU 2SYA24 - indicators: KR 1, 3, 4, 5, 6 and 8	Managing authority/IB
FU 2SYA25 – fraud prevention: KR 7	Managing authority/IB

The different SYAs conducted at the MA and CA sufficiently confirm the appropriateness and effectiveness of the procedures. All findings corresponded to category 1 or 2, which means there are no fundamental problems that obstruct the proper functioning of the programme. The level of assurance obtained based on the SYAs is average.

Based on the SYAs and follow-up audits, FAA believes that the management and control systems in place at both the MA and CA are functioning properly, but some improvements are needed (category 2).

3.6.3. Audits of operations

The selection of the AOs to be carried out is based on the Guidance published by the EC and made with the help of a template provided by the EC.

A statistical sampling method was used: the monetary unit sampling method (MUS), a form of probability-proportional-to-size (PPS) sampling with the monetary value as sampling unit. The sample included 9 'high value' items and 21 randomly selected projects from a population of 261 payment requests.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed apart from the corrections made as result of the audits.

Expenditure declared and audit samples

Fund	Expenditure declared	Expenditure selected for audit		Value of errors identified in sample	Total extra-polated error rate (TER)	Residual Total Extrapolated Error Rate (RTER)
	AMOUNT (€)	AMOUNT	COVERAGE %	AMOUNT (€)	%	%
ERDF PA2	55,984,760 ⁸	28,721,304	51.30	190,520	1.32	0.75

⁸ This amount does not include the lump-sum payment for TA.

3.7. Interreg VA Flanders-The Netherlands

The aim of Interreg VA Flanders-The Netherlands is to contribute to sustainable social and economic development throughout the border region of Flanders and the southern provinces of The Netherlands by means of targeted crossborder initiatives. Interreg VA Flanders-The Netherlands is a subsidy programme which has worked to foster collaboration between (border) regions in different member states of the European Union since 1990. The programme is financed by the European Regional Development Fund (ERDF). This structural fund supports authorities and organisations in different regions to carry out crossborder projects that contribute to the economic and/or social development of those regions. Interreg V is the fifth phase of this programme, running from 2014 to 2020. The programme is subdivided into three types: Interreg VA for crossborder cooperation, Interreg VB for transnational cooperation and Interreg VC for interregional cooperation. FAA is responsible for performing the second level controls for Interreg VA Flanders-The Netherlands.

Interreg Flanders-The Netherlands receives € 305,151,170 (including € 152,575,585 from the ERDF) to invest in valuable crossborder projects between 2014 and 2020.

3.7.1. Annual control report (ACR)

The ACR must be submitted each year to the European Commission on 15 February. The ACR contains the main results of the audits carried out, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions. This report provides information on audits of expenditure declared to the European Commission in the period between 1 July 2021 and 30 June 2022.

FAA believes that the implemented management and control systems were functioning properly during the above-mentioned period, that the expenditure declared to the European Commission and included in the annual accounts is legal and regular, and that the annual accounts give a true and fair view as laid down in Article 29, paragraph 5 of Regulation (EU) No 480/2014. The residual total error rate (RTER) is 0.12%.

The error rate of the random sample is largely determined by typological errors⁹:

- **8.3:** Expenditure is not related to the project
 - The hours of work performed did not correspond to the registered working hours;
- **8.2:** Expenditure not paid by beneficiary
 - A credit note had been received for a paid invoice, resulting in an incorrect cost declaration.

3.7.2. System audits

The SYAs focused on the follow-up of open recommendations resulting from previous SYAs.

All SYA activities were performed by FAA.

⁹ The typology of project findings is set out in European Commission [guidelines](#).

System audits performed for Interreg VA

SYSTEM AUDIT OR FU AUDIT	AUDITED AUTHORITY
FU 3ITA4 – IT: KR 6	Managing authority
FU 3SYA21 MA: KR 1-3	Managing authority
FU 3SYA22 CA: KR 9-13	Certifying authority
FU 3SYA23 indicators: KR 1, 3, 4, 5, 6 and 8	Managing authority

The different SYAs conducted at the MA and CA sufficiently confirm the appropriateness and effectiveness of the procedures. All findings corresponded to category 1 or 2, which means there are no fundamental problems that obstruct the proper functioning of the programme. The level of assurance obtained based on the SYAs is average.

Based on the SYAs and follow-up audits, FAA believes that the management and control systems in place at the managing authority are functioning properly, but some improvements are needed (category 2). As for the CA, FAA is of the opinion that the management and control system is functioning properly, with no or only minor improvements needed (category 1).

3.7.3. Audits of operations

The sample audits for this programme were carried out by the Group of Auditors under supervision of FAA, as described in the approved audit strategy. This group of auditors consists of Flemish and Dutch audit authorities. The audits for Flemish project partners (= subsample unit) were conducted by an external party, under supervision of FAA. The Central Government Audit Service of the Dutch Ministry of Finance is responsible for audits of Dutch project partners.

The selection of the AOs to be carried out is based on the Guidance published by the EC and made with the help of a template provided by the EC.

A non-statistical sampling method was used, spread over 2 periods, based on equal probability (EP) selection. In total (period 1 and 2), the sample included 6 randomly selected projects from a population of 65 projects. The costs submitted by 9 project partners were selected: 4 Dutch and 5 Flemish partners.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed apart from the corrections made as result of the audits.

Expenditure declared and audit samples

Fund	Expenditure declared	Expenditure selected for audit		Value of errors identified in sample	Total extrapolated error rate (TER)	Residual Total Extrapolated Error Rate (RTER)
	AMOUNT (€)	AMOUNT	COVERAGE %	AMOUNT (€)	%	%
Interreg VA Flanders-The Netherlands	37,624,017	3,723,332	9.90	3,153	0.13	0.12

3.8. European Asylum, Migration and Integration Fund (AMIF)

The European Asylum, Migration and Integration Fund (AMIF) is a European Commission financial tool aiming to promote a more efficient management of migration flows and the strengthening and development of a common approach to asylum, migration and integration.

AMIF resulted from the merge of 3 funds from the 2007-2013 programming period: the European Integration Fund (EIF), the European Refugee Fund (ERF) and the European Return Fund (RF).

As an EU member state, Belgium can draw on AMIF funding. The available European funding amounts to 89 million euros for the entire programming period 2014-2020. About one third of the budget is allocated to integration.

As delegated authority, the European programmes unit Europa WSE is responsible for the management of the Flemish integration component of AMIF. Europa WSE has years of experience with programme management in the context of the European Social Fund (ESF) and can also use this expertise for the call and project management processes of AMIF. For the preparation of project calls, Europa WSE closely cooperates with the Civic Integration Team at the Agency for Home Affairs, which also provides cofinancing for these projects.

The AMIF National Programme 2014-2020 describes the strategy, objectives and results for Belgium. Flanders will use the European resources to boost its inclusive and horizontal integration policy. The funding will primarily be used to close the employment gap, improve access to public services and set up initiatives for specific target groups (e.g. women, youngsters,...). All initiatives specifically target non-EU nationals (third country nationals).

3.8.1. Annual control report

Each year on 15 February, the ACR must be submitted by the federal audit authority to the European Commission. For AMIF an extension was granted until 1 March. The ACR of the Flemish component contains the main results of the audits carried out, including findings with regard to deficiencies found in the management and control systems, and the proposed and implemented corrective actions. This report provides information on audits of expenditure declared to the European Commission in the period between 16 October 2021 and 15 October 2022.

FAA believes that the implemented management and control systems were functioning properly during the above-mentioned period, that the expenditure declared to the European Commission and included in the annual accounts is legal and regular, and that the annual accounts give a true and fair view as laid down in Article 14, paragraph 5 of Delegated Regulation (EU) No 1042/2014. The residual total error rate (RTER) is 0.12%.

The error rate of the random sample is largely determined by typological errors¹⁰:

- 12.2: 'Wrong application of simplified cost options'.
- Corrections were made to the gross salary on the basis of the standard hourly rate.

3.8.2. System audits

Europa WSE carried out several SYAs of the management and control system for the ESF operational programme. These audits also apply to AMIF, since its management and control system is based on the ESF programme. The procedures for AMIF did not change, so in 2022 no additional SYA was needed in relation to differences between AMIF and ESF.

¹⁰ The typology of project findings is set out in European Commission [guidelines](#).

3.8.3. Audits of operations

Based on the data of 15 October 2022, the delegated audit authority responsible for AMIF takes stock of the situation by using the evaluation reports for accounting year 2021-2022. The expenditure audits were conducted by FAA.

The selection of the AOs to be carried out is based on the Guidance published by the EC and made with the help of a template provided by the EC.

A non-statistical sampling method was used, based on equal probability (EP) selection. The sample included 4 randomly selected projects from a population of 40 projects.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed.

Expenditure declared and audit samples

Fund	Expenditure declared	Expenditure selected for audit		Value of errors identified in sample	Total extrapolated error rate (TER)	Residual Total Extrapolated Error Rate (RTER)
	AMOUNT (€)	AMOUNT	COVERAGE %	AMOUNT (€)	%	%
AMIF ¹¹	877,945	283,830	32.33	506	0.18	0.12

3.9. Supporting activities for other programmes

In a supporting role, FAA conducts AOs for other programmes involving Flemish project partners where

FAA is not the responsible audit authority. These funding programmes are included in the table below.

Overview of the population and sample

FUND	EXPENDITURE DECLARED (IN EUROS)	NUMBER OF SAMPLE ITEMS IN POPULATION	NUMBER OF SAMPLE ITEMS RELATING TO FLANDERS
Interreg V A France-Wallonia-Flanders	50,710,914	30	8
Interreg V A Euregio Meuse-Rhine	32,209,833	13	3
Interreg V A 2 Seas	76,000,669	11	2
Interreg V B North Sea Region	59,550,610	25	3
Interreg V B North-West Europe	124,817,267	10	3
Interreg Europe	66,206,943	22	1

¹¹ These figures only include final payments of AMIF funding and do not include advance payments.

Results of the audits

FUND	EXPENDITURE SELECTED FOR AUDIT		TOTAL ERROR	TOTAL EX-TRAPOLATED ERROR RATE (TER)	RESIDUAL TOTAL EX-TRAPOLATED ERROR RATE (RTER)
	AMOUNT (€)	COVERAGE %	AMOUNT (€)	%	%
Interreg V A France- Wallonia-Flanders	2,080,697	4.10	34,495	0.61	0.54
Interreg V A Euregio Meuse-Rhine	4,489,932	13.94	34,170 ¹²	1.78	1.68
Interreg V A 2 Seas	4,335,279	5.70	845	0.05	0.05
Interreg V B North Sea Region	7,769,091	13.05	59,121	1.56	1.47
Interreg V B North-West Europe	2,605,950	2.09	63,229	3.09	3.04
Interreg Europe	4,844,814	7.32	186	0.01	0.01

3.9.1. Interreg VA France – Wallonia – Flanders

The responsible audit authority is the Cellule Audit de l'Inspection des finances pour les fonds européens (CAIF) in Wallonia.

For the AOs, the responsible audit authority used statistical sampling spread over two periods. The sample included 30 items and 8 of these involved a Flemish beneficiary. Audits relating to Flanders were conducted by an external party, under supervision of FAA.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed apart from the corrections made as result of the audits.

3.9.2. Interreg VA Euregio Meuse-Rhine

The responsible audit authority is the Central Government Audit Service in The Netherlands.

For the AOs, the responsible audit authority used a non-statistical sampling method. The sample consisted of 13 items, including 3 Flemish project partners. Audits relating to Flanders were conducted by an external party, under supervision of FAA.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed apart from the corrections made as result of the audits.

3.9.3. Interreg VA 2 Seas

The responsible audit authority is the Commission Interministérielle de Coordination des Contrôles des fonds européens (CICC) in France.

The responsible audit authority used a non-statistical sampling method for the AOs. The sample included 6 projects and the selected expenditure was submitted by 11 partners, including 2 Flemish ones. Audits relating to Flanders were conducted by an external party, under supervision of FAA.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed apart from the corrections made as result of the audits.

3.9.4. Interreg VA North Sea Region

The responsible audit authority is the EU Audit Danish Business Authority in Denmark.

The responsible audit authority used a non-statistical sampling method for the AOs. The sample in-

¹² The corrections resulting from audits amount to 272,745 euros, including an anomalous error of 238,575 euros.

cluded 6 projects and the selected expenditure was submitted by 23 partners, including 3 Flemish ones. Audits relating to Flanders were conducted by FAA.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed apart from the corrections made as result of the audits.

3.9.5. Interreg VB North-West Europe

The responsible audit authority is the Commission Interministérielle de Coordination des Contrôles des fonds européens (CICC) in France.

The responsible audit authority used a non-statistical sampling method for the AOs. The sample included 5 projects and the selected expenditure was submitted by 10 partners, including 3 Flemish ones. Audits relating to Flanders were conducted by an external party, under supervision of FAA.

The RTER is above the materiality threshold of 2%, so an additional financial correction of € 1,328,251 was required, supplementary to the corrections made as result of AOs.

3.9.6. Interreg Europe

The responsible audit authority is the Commission Interministérielle de Coordination des Contrôles des fonds européens (CICC) in France.

The responsible audit authority used a non-statistical sampling method for the AOs. The sample included 12 projects and the selected expenditure was submitted

by 22 partners, including 1 Flemish project partner. Audits relating to Flanders were conducted by an external party, under supervision of FAA.

Both the TER and RTER are below the materiality threshold of 2%, so no additional financial corrections are needed apart from the corrections made as result of the audits.

3.9.7. Interreg VA South Baltic

The responsible audit authority for this fund is the 'Head of the National Revenue Administration' in Poland.

No audits of Flemish beneficiaries have been carried out for this programme in 2022.

3.9.8. Urbact III

The responsible audit authority is the Commission Interministérielle de Coordination des Contrôles des fonds européens (CICC) in France.

No audits of Flemish beneficiaries have been carried out for this programme in 2022.



10 audits were conducted. These audits focused on compliance with budgetary guidelines and accounting standards.

Audit committee Top Events Flanders

– ATEF

4.1. Introduction

The GFO of 19 January 2001 establishes the activities of the Finance Inspectors, who are accredited by the Flemish government. This order also includes the possibility to assign specific audit tasks to the inspectors; the GFO of 30 November 2007 focuses on the appointment of FAA and its organisation.

On 20 May 2016, the Flemish government approved the concept paper 'Top event policy – Event Flanders', presenting a framework for the development of a Flemish top event policy with the aim of attracting more major international events to Flanders or supporting the organisation of Flemish top events. The implementation of this concept paper resulted in the creation of 'Event Flanders', a specialised service established within Visit Flanders.

Audit committee Top Events Flanders (ATEF) is responsible for the support and follow-up of top events financed by the Flemish government through Event Flanders. ATEF was established through a protocol which entered into force on 1 January 2019 and its tasks consist in checking financial aspects related to contract performance, in line with single audit principles. This implies that all grant files for top events, defined as such by the Flemish government, are monitored by ATEF.

4.2. Responsibilities

1. Financial reporting

A. Monitor the integrity of legal transactions and financial statements of beneficiaries relating to Flemish government subsidies granted for top events organised by Event Flanders, while taking into account:

- possible changes in the assessment rules and associated accounting principles/procedures;
- compliance with the accounting standards, laws and regulations applicable in particular to listed companies;
- the applicable public procurement legislation.

B. Examine all other published documents and check if the information included corresponds to the annual statutory and/or consolidated financial statements.

C. Evaluate interim financial statements with the members of the board and if necessary the supervisory director, as well as all other announcements or financial publications aimed at shareholders, analysts and/or the general public.

D. Report at regular intervals to the steering committee on the progress of audit activities, final audit results and possible major deficiencies that fall outside the standard reporting scope.

E. Inform the competent ministers at regular intervals about the progress of audit activities.

2. Internal control – risk management and compliance

A. Make sure that appropriate risk management and control systems are put in place, ensure their proper functioning, and evaluate potential proposals to identify and reduce major risks. Provide the necessary assurance in the absence of such systems, if so required by the steering committee.

B. Examine information about internal control and risk management systems published in the annual report.

C. Evaluate all results of inspections conducted at beneficiaries in the event of fraud, errors or for any other reason; analyse the subsequent decisions made by the Flemish government and make own recommendations.

D. Monitor specific systems that enable the beneficiary's staff to confidentially voice their concerns about possible irregularities in the way financial information is reported or about other subjects.

3. Other

A. Formulate recommendations to the steering committee about all domains which fall within the remit of the audit committee.

B. Fulfil all other assignments delegated by the steering committee.

4.3. Objectives, structure and organisation

The audit committee consists of 5 members: 1 member of FAA, 2 members of the Inspectorate of Finance and an independent member. In addition, a secretary was appointed.

Members of the Audit committee Top Events Flanders (ATEF)

NAME	ROLE	APPOINTMENT	AS FROM
Tony Mortier	President	MD 15/10/2020	15/10/2020
Geert De Roover	Member	MD 15/10/2020	15/10/2020
Filip Strobbe	Member	MD 15/10/2020	15/10/2020
Paul van Sprundel	Member	MD 15/10/2020	15/10/2020
William Noppe	Secretary	MD 15/10/2020	15/10/2020 to 31/03/2022
Gert Adams	Secretary	Decision ATEF	01/04/2022

The role of the audit committee is to assist the Event Flanders steering committee with the organisation of top events. Their assistance includes:

- guaranteeing the independence, objectivity and quality of FAA's audit capacity during supporting audit activities;
- monitoring the efficiency of FAA;
- making proposals relating to FAA in order to detect opportunities and exploit possible synergies;
- monitoring the efficiency of audit reports on the auditees' internal control and risk management systems;
- providing audit reports to the Event Flanders steering committee and informing the competent ministers;
- streamlining and finetuning the activities included in FAA's audit plan and programmes with external audit plans and programmes, and possible ex-ante audit tasks of the competent Finance Inspector in order to avoid overlap and reduce the audit burden on auditees ('single audit').

4.4. Reporting and information exchange

The audit committee reports to the Event Flanders steering committee, informs the competent ministers and coordinates the activities of the auditors.

All audit reports are written in Dutch.

The scope of this assignment requires only limited legal interpretations or advice.

The reports, presentations and all relevant or supporting documents are exclusively addressed to and solely intended for the auditees and the parties concerned.

All information of a stable nature resulting from verification activities is communicated in written form within the most reasonable timescale and in a structured way, in accordance with the Charter.

4.5. Single Audit approach

The audit committee consists of a Finance Inspector and persons responsible for the auditing. This means that the single audit principle is applied towards Event Flanders and the auditees, as described in the GFO of 7 September 2012, and that the Inspectorate of Finance does not have to provide a separate opinion apart from the report on the audit structure.

4.6. Projects Event Flanders

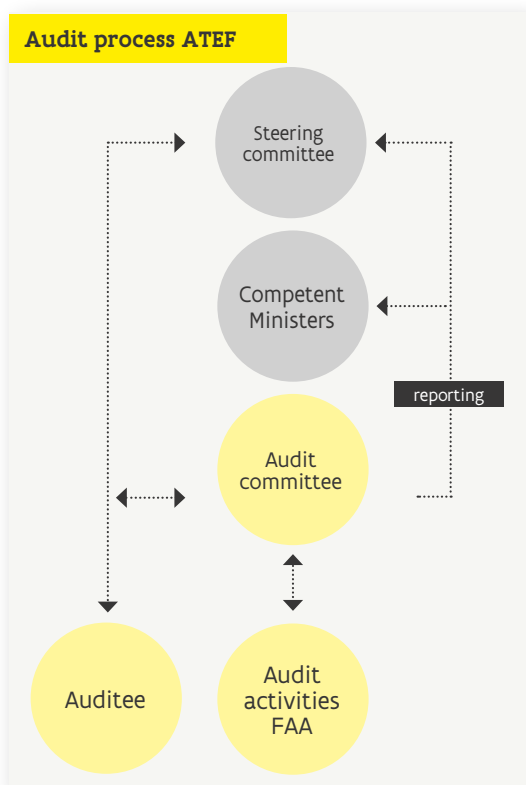
Event Flanders is part of Visit Flanders and supported by the Department of Foreign Affairs, the Department of Culture, Youth and Media and Sports Flanders.

Some of the events planned by Event Flanders for the next few years are:

- World Breaking Championship 2023;
- World Gymnastics Championships 2023;
- Stories Unfold 2023;
- Exhibition 'Rare and Indispensable: masterpieces from Flemish collections' 2023;
- Bouts 2023;
- Ensor 2024;
- Flanders Technology and Innovation 2024;
- European road cycling championships 2024.

The following events were organised in 2022:

- European Open ATP (edition 2022);
- FIBA 3*3 2022;
- Reopening Royal Museum of Fine Arts Antwerp (KMSKA) 2022.





4.7. **ATEF activities**

The audit committee assembled 7 times in 2022 and issued 15 opinions, which were sent to the steering committee.

These opinions mostly relate to questions about budgetary aspects, public procurement legislation, the allocation of subsidies, the eligibility of submitted costs and the payment of grant instalments.

In addition, 10 audits were conducted for the World Choir Games, Cycling World Championships, FIBA 3x3, European Open, Royal Museum of Fine Arts Antwerp and FIAF.

These audits focused on compliance with budgetary guidelines, accounting standards and public procurement legislation, and also examined the submitted income and expenses.

The audits revealed that for certain events there might be major budgetary changes compared to the initially approved budget. Given the possible financial impact on grant disbursements by Event Flanders, both ATEF and Event Flanders will monitor those budgets more closely.



Recovery and Resilience Facility - RRF

5.1. Introduction

The European Recovery and Resilience Facility is the key instrument at the heart of NextGenerationEU. Its 672.5 billion euro budget is intended for loans and grants that support reforms and investments by EU countries. The facility aims to mitigate the economic and social impact of the coronavirus pandemic, and to make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions.

To achieve these aims, Flanders receives 2.225 billion euros of subsidies. This 2.225 billion euro budget is part of the recovery plan 'Flemish Resilience', which totals 4.3 billion euros and for now includes 180 projects. The recovery and resilience plan is currently being reviewed, with some projects being cancelled as a result of the updated maximum financial contribution and objective circumstances affecting the achievement of milestones and targets. All RRF projects must not have started earlier than 2020 and must be implemented by 2026 at the latest. The reforms or investments are linked to specific milestones and targets.

One of the particularities of RRF is that the financing is not linked to costs but based on the fulfilment of those milestones and targets. Disbursements are requested twice a year (in June and December) and each payment request includes a detailed explanation on whether the agreed milestones and targets for this period have been met.

5.2. Responsibilities

1. ASSESSMENT OF PROJECTS SUBMITTED UNDER THE RECOVERY AND RESILIENCE PLAN

To benefit from the support of the Recovery and Resilience Facility, all member states had to submit a recovery and resilience plan. The submitted projects are structured around six axes: (1) climate, sustainability and innovation, (2) digital transformation, (3) mobility, (4) social cohesion and living together, (5) economy of the future and productivity and (6) public finances. Prior to the submission of this plan in April 2021, FAA was asked to assess the projects under the plan and check if the European Commission's requirements would be met. The projects were screened for the following aspects:

- feasibility of the projects: project monitoring and implementation;
- a detailed and substantiated budget plan/cost estimate, using SCOs (simplified cost options), historical data,... where appropriate;
- additionality of European funding;
- the presence of a data collection and registration system to keep track of the final recipients and beneficiaries of funds, using a standardised and readable electronic data format;
- reliability of the proposed indicators, milestones and data collection;
- conformity with state aid rules;
- a correct application of the green transition rates and digital transformation rates.

2. ASSESSMENT OF MANAGEMENT AND CONTROL SYSTEMS FOR POLICY AREAS

The RRF Regulation¹³ states that in implementing the facility, member states should ensure the functioning of an effective and efficient internal control system. To that end, every Flemish policy area creates its own management and control system (MCS). FAA is responsible for monitoring the adequacy of the MCS and its compliance with the requirements established in the RRF Regulation. This assessment covers the following items:

- checking if resources are managed according to all applicable rules (both European and national);
- prevention, detection and correction of fraud, corruption and conflicts of interest;
- prevention of double funding;
- data collection and registration system to keep track of the final recipients and beneficiaries of funds, using a standardised and interoperable electronic format;
- collection of indicators, milestones...;
- communication strategy.

3. AUDITS OF PROJECTS

Tests are carried out to assess the adequacy of the MCS, its compliance with the requirements established in the RRF Regulation and its effectiveness based on the above-mentioned items.

These effectiveness audits are performed on projects that have already started. The selection of projects that will be audited (first) will be based on sampling and risk analysis. The procedure for project audits involves continuous auditing, so these audits will also be followed up.

4. ASSESSMENT OF THE ACCURACY AND RELIABILITY OF REPORTED MILESTONES AND TARGETS

From 2022, Belgium will submit a payment request to the European Commission twice a year (in June and December). This payment request will also report on whether the milestones and targets for this period have been met.

For each payment request FAA will express an opinion on whether the Flemish milestones and targets have been achieved based on the submitted supporting documents.

5. VERIFICATION OF THE MANAGEMENT DECLARATION, SUMMARY OF AUDITS, AND PROVIDING AN AUDIT OPINION FOR EACH PAYMENT REQUEST

For each payment request FAA will not only check the fulfilment of milestones and targets but will also verify the management declaration and provide a summary of audits undertaken.

When verifying the management declaration, FAA will check the correctness and completeness of the information included therein as well as the usage of the right template. FAA will also provide a summary of its audits undertaken during the period covered by the payment request.

Finally, FAA will formulate an audit opinion for each payment request. This opinion is based on the audit work performed and assesses the truthfulness of the statements in the management declaration.



5.3. Objectives, structure and organisation

Flanders Audit Authority supports the Recovery and Resilience Facility and has developed an audit strategy specific to this context (Flemish Government decision of 26 February 2021). As an independent audit body, FAA will conduct audits on the projects and the facility's management and control system. In addition, an assessment of the project files submitted to the European Commission was carried out together with the Inspectorate of Finance.

On 30 April 2021, the Flemish Government decided on the Flemish component of the Recovery and Resilience Facility. It was decided that Flanders Audit Authority could implement the proposed audit strategy, for which the government would provide additional staff and operating resources.

The developed audit strategy should enable FAA to formulate an audit opinion on the completeness, accuracy and reliability of data reported to the European Commission. The management and control activities used are partly governed by the RRF Regulation and partly by international audit standards.

5.4. Activities

In 2022, the management and control systems for each policy area were assessed. Overall, it can be said that the descriptions of these management and control systems are adequate. Based on its findings, FAA made some suggestions for improving those systems, which will be subject to further follow-up.

The report for the first payment request was written in 2022. For Flanders, this report included 3 milestones assessed by FAA. These milestones have been achieved. There are two additional milestones relating to control and audit. The milestone relating to double financing (210) has also been achieved. The other one covers collecting data on final beneficiaries (milestone 209). After clarification by the European Commission, this milestone cannot yet be considered as satisfactorily fulfilled. The activities undertaken to achieve this milestone are still ongoing. The first payment request has not yet been submitted to the European Commission, also because of several other milestones not yet met by other entities.

Furthermore, the first project audits have been launched in 2022. The first selection contained 6 projects to be audited. These audits will examine the effectiveness and reality of the procedures described. These audits will be finalized in 2023.

Brexit Adjustment Reserve - BAR

6.1. Introduction

The Brexit Adjustment Reserve was established on 6 October 2021 to support EU member states, regions and sectors that were negatively affected by the UK's withdrawal from the EU. This support mechanism intends to preserve the economic, territorial and social cohesion, and to minimise the environmental consequences where appropriate. The maximum amount available for BAR is 5.4 billion euros in total for all member states. In the Belgian constitutional context, Flanders Innovation & Entrepreneurship is the designated authority that will receive the provisional allocations and additional payments under the Reserve for the whole of Belgium. Flanders Innovation & Entrepreneurship thus serves as a go-between, passing on BAR funding to the other regions, i.e. the Walloon Region and Brussels-Capital Region. The Flemish Region receives 244,056,157 euros from BAR.

For BAR only one payment request has to be submitted to the European Commission by 30 September 2024 at the latest. This request includes an implementation report and a comprehensive overview of all expenses, together with an accompanying audit opinion.

6.2. Responsibilities

1. ASSESSMENT OF MANAGEMENT AND CONTROL SYSTEMS FOR POLICY AREAS

The BAR Regulation provides that when implementing the regulation, member states must put a management and control system in place in accordance with the principles of sound financial management. FAA is responsible for monitoring the adequacy of the MCS and its compliance with the requirements established in the BAR Regulation. This assessment covers the following items:

- checking if resources are managed according to all applicable rules (both European and national);
- prevention, detection and correction of fraud, corruption and conflicts of interest;
- prevention of double funding;
- data collection and registration system to keep track of the final recipients and beneficiaries of funds, using a standardised and interoperable electronic format;
- collection of indicators, milestones...;
- communication strategy.

2. AUDITS ON PROJECTS

Tests are carried out to assess the adequacy of the MCS, its compliance with the requirements established in the BAR Regulation and its effectiveness based on the above-mentioned items.

These effectiveness audits are performed on projects that have already started. The selection of projects to be audited will be based on sampling. The results of these audits will be extrapolated to formulate an audit opinion for the European Commission in order to establish with reasonable certainty that the expenditure declared to the European Commission is legal and regular, and that the submitted final report gives a true and fair view.

7.1. Challenges

The CATE project is part of the Programme for Innovation Procurement (PIP). This project wants to completely rethink the audit process on a technological as well as a conceptual level, with the following objectives: increased assurance at a lower cost, within a shorter time frame, with greater added value and lower loss of (European) resources.

With the CATE project, Flanders Audit Authority wants to obtain a platform that assesses the functioning of the management and control system of European structural funds in a fully autonomous way. To this end, FAA will collaborate with partners of the ESF, ERDF and Interreg Flanders-The Netherlands fund. From this point of view, the opinion on the functioning of the management and control system of a European structural fund programme consists of various elements. The platform should, for instance, indicate where the risks of projects and MA's & CA's working methods lie, and when they will occur. This means that risks are already being followed up from the start of the audit process and that the possible emergence of problems within the management and control system is continuously being monitored. Feedback to stakeholders allowing for timely adjustments forms an integral part of this opinion, as well as the reporting of error rates or other problems to the EC.

Rethinking the audit process, both on a conceptual and a technological level, does not at all mean that the existing process will be automated, but only that a fundamentally new approach is required. More concretely, this means that there is complete freedom to entirely change the procedural stages, milestones, utilised data sources, algorithms, technologies and FAA's input, in order to create an autonomous end-to-end platform.

7.2. Implementation

For this project, FAA looked for a private partner to set up an innovative partnership. Deloitte Consulting & Advisory has started the project development in mid-March 2022.

The project entered its 'proof of concept' phase in 2022. The use of state-of-the-art technology adds an inherent risk to the CATE development process. The initial aim of the PoC was therefore to derisk high-risk/high-value features (providing significant added value while also entailing high risks) in both the short and long term. The provider's PoC will have to demonstrate that CATE's intended design and architecture allow to achieve the desired level of ambition, i.e. a fully autonomous audit tool.

In this PoC, different use cases have been developed as part of the derisking process. The provider was free to decide his own approach for each type of use case, such as building a prototype, carrying out simulations or analyses, creating architecture and flow diagrams, etc.

The partnership cooperated intensively during 2022 to further develop the project, its processes, risk model and technological feasibility. The PoC will be evaluated in the first quarter of 2023. If the overall assessment is positive, the next project phase will be launched.

Annexes

Structure of FAA

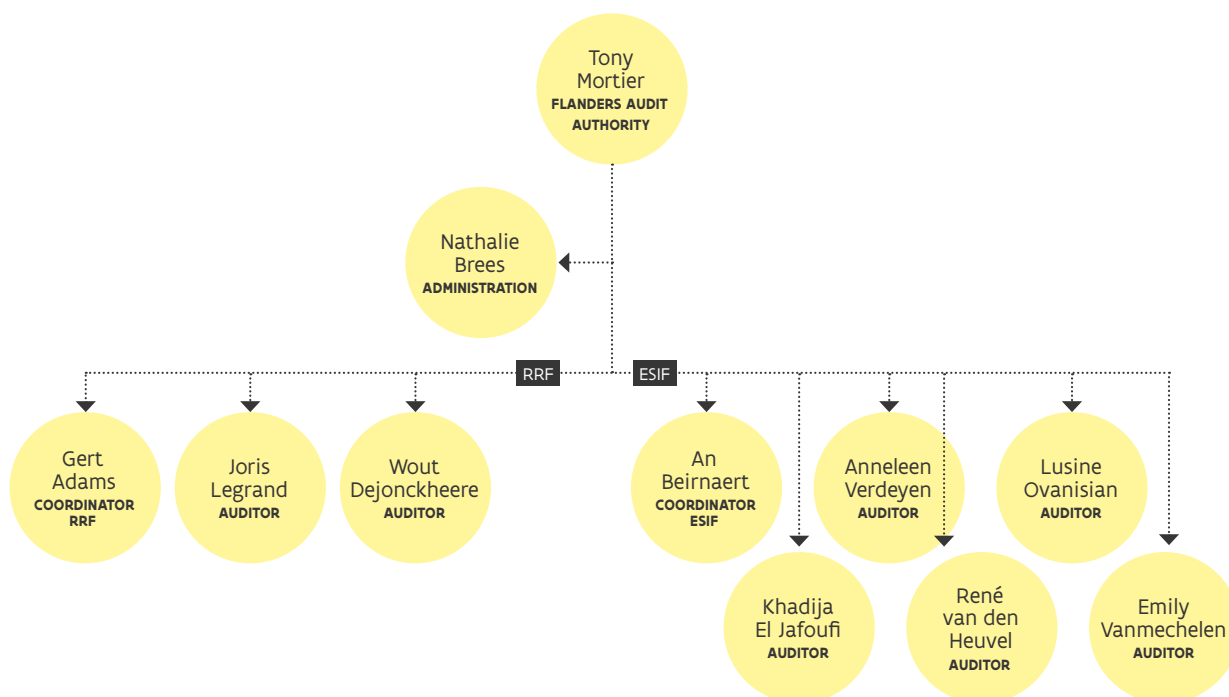
In order to carry out the work of FAA, two half-time Finance Inspectors were appointed to fulfil its tasks, under the authority of the Flemish Government and as part of the government system for administrative and budgetary control. For the moment, these tasks are undertaken by just one Finance Inspector:

- Tony Mortier

In 2022, FAA consisted of 9 auditors. The following staff members are working as full-time auditors for FAA and are seconded from the Finance and Budget department:

- An Beirnaert (coordinator structural funds)
- Gert Adams (coordinator RRF)
- Wout Dejonckheere
- Khadija El Jafoufi
- Joris Legrand
- Lusine Ovanisian
- Emily Vanmechelen
- René van den Heuvel
- Anneleen Verdeyen

FAA is supported by an administrative assistant, Nathalie Brees.







FLANDERS

AUDIT AUTHORITY

ESF, EFRO, Interreg VA, AMIF, ATEF & RRF

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