Commission Delegated Regulation (EU) No 532/2014 of 13 March 2014 supplementing Regulation (EU) No 223/2014 of the European Parliament and of the Council on the Fund for European Aid to the Most Deprived

COMMISSION DELEGATED REGULATION (EU) No 532/2014

of 13 March 2014

supplementing Regulation (EU) No 223/2014 of the European Parliament and of the Council on the Fund for European Aid to the Most Deprived

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) No 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived[(1)], and in particular Articles 32(8), 32(9), 34(7), 34(8) and 55(4) thereof,

Whereas:

(1) Regulation (EU) No 223/2014 allows the Commission to adopt delegated acts supplementing its non-essential elements with regard to the Fund for European Aid to the Most Deprived (FEAD).

(2) Regulation (EU) No 223/2014 requires the managing authority to establish a system to record and store, in computerised form, data on each operation necessary for monitoring, evaluation, financial management, verification and audit, including, with regard to social inclusion of the most deprived persons operational programmes (OP II), data on individual participants. It is therefore necessary to set out a list of data to be recorded and stored in that system.

(3) Certain data is relevant for particular types of operations or for one of the types of operational programme only; the applicability of data requirements should therefore be specified. Regulation (EU) No 223/2014 set out specific requirements for the recording and storage of data on individual participants in operations supported by OP II, which need to be taken into account.

(4) The list of data should take into account the reporting requirements set out under Regulation (EU) No 223/2014 in order to ensure that the data necessary for financial management and monitoring, including data needed to prepare payment applications, accounts and implementation reports exists for every operation in a form in which it can be easily aggregated and reconciled. The list should take into account that certain basic data on operations in computerised form is necessary for effective financial management of operations and to fulfil the requirement to publish basic information on operations. Certain other data is necessary to effectively plan and carry out verifications and audit work.

(5) The list of data to be recorded and stored should not prejudge the technical characteristics or structure of the computerised systems set up by managing authorities

or pre-determine the format of the data recoded and stored, unless these are specifically stated in this Regulation. Nor should it prejudge the means by which data is entered or generated within the system; in some cases, the data included in the list may require the entry of multiple values. Nevertheless, it is necessary to set out certain rules on the nature of this data, to ensure that the managing authority can fulfil its responsibility for monitoring, evaluation, financial management, verification and audit, including where this requires processing of data on individual participants.

(6) In order to ensure that expenditure under operational programmes can be checked and audited, it is necessary to set out the criteria with which an audit trail should comply to be considered adequate.

(7) It is necessary to provide, in relation to the audit work pursuant to Regulation (EU) No 223/2014, that the Commission and the Member States should prevent any unauthorised disclosure of or access to personal data, and to specify the purposes for which the Commission and the Member States can process such data.

(8) The audit authority is responsible for audits of operations. To ensure that the scope and effectiveness of such audits are adequate and that they are carried out to the same standards in all Member States, it is necessary to set out the conditions that they should meet.

(9) It is necessary to set out in detail the sampling basis for operations to be audited, which the audit authority should observe in establishing or approving the sampling method, including the determination of the sampling unit, certain technical criteria to be used for the sample and where necessary factors to be taken into account in taking additional samples.

(10) The audit authority should draw up an audit opinion covering the accounts referred to in Regulation (EU) No 223/2014. To ensure that the scope and the content of audits on accounts are adequate and that they are carried out to the same standards in all Member States, it is necessary to set out the conditions that they should meet.

(11) To ensure legal certainty and equal treatment of all Member States in making financial corrections, consistent with the principle of proportionality, it is necessary to set out the criteria for determining serious deficiencies in the effective functioning of management and control systems, define the main types of such deficiencies and set out the criteria for establishing the level of financial correction to be applied and criteria for applying extrapolated or flat rates financial corrections.

(12) In order to allow for the prompt application of the measures provided for in this Regulation, this Regulation should enter into force on the day following that of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

***Changes to legislation:** There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 532/2014. (See end of Document for details)*

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter

This Regulation lays down the following provisions supplementing Regulation (EU) No 223/2014:

(a) rules specifying the information in relation to the data to be recorded and stored in computerised form within the monitoring system established by the managing authority;

(b) detailed minimum requirements for the audit trail in respect of the accounting records to be maintained and the supporting documents to be held at the level of the certifying authority, managing authority, intermediate bodies and beneficiaries;

(c) the scope and content of audits of operations and audits of the accounts and the methodology for the selection of the sample of operations;

(d) detailed rules on the use of data collected during audits carried out by Commission officials or authorised Commission representatives;

(e) detailed rules concerning the criteria for determining serious deficiencies in the effective functioning of management and control systems, including the main types of such deficiencies, the criteria for establishing the level of financial correction to be applied and the criteria for applying flat rates or extrapolated financial corrections.

CHAPTER II

SPECIFIC PROVISIONS FOR MANAGEMENT AND CONTROL SYSTEMS

Article 2

Data to be recorded and stored in computerised form(Article 32(8) of Regulation (EU) No 223/2014)

1 The information on data to be recorded and stored in computerised form for each operation in the monitoring system set up in accordance with Article 32(2)(d) of Regulation (EU) No 223/2014 is set out in Annex I to this Regulation.

2 Data shall be recorded and stored for each operation, including, in case of operations supported by OP II, data on individual participants, broken down by gender where available, in order to allow it to be aggregated where this is necessary for the purposes of monitoring, evaluation, financial management, verification and audit. It shall also allow the aggregation of such data cumulatively for the entire programming period.

Changes to legislation: *There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 532/2014. (See end of Document for details)*

Article 3

Detailed minimum requirements for the audit trail(Article 32(9) of Regulation (EU) No 223/2014)

1 The detailed minimum requirements for the audit trail in respect of the accounting records to be maintained and the supporting documents to be held shall be the following:

a the audit trail shall allow the application of the selection criteria established in the food and/or basic material assistance operational programme (OP I), or by the monitoring committee for OP II to be verified;

b in relation to grants under Article 25(1)(a) of Regulation (EU) No 223/2014, the audit trail shall allow the aggregate amounts certified to the Commission to be reconciled with the detailed accounting records and supporting documents held by the certifying authority, managing authority, intermediate bodies and beneficiaries as regards operations co-financed under the operational programme;

c in relation to grants under Articles 25(1)(b) and (c), the audit trail shall allow the aggregate amounts certified to the Commission to be reconciled with the detailed data relating to outputs or results and supporting documents held by the certifying authority, managing authority, intermediate bodies and beneficiaries, including where applicable documents on the method of setting the standard scales for unit costs and the lump sums, as regards operations co-financed under the operational programme;

d in relation to costs determined in accordance with Articles 25(1)(d) of Regulation (EU) No 223/2014, the audit trail shall demonstrate and justify the calculation method, where applicable, and the basis on which the flat rates have been decided, and the eligible direct costs or costs declared under other chosen categories to which the flat rate applies;

e in relation to costs determined in accordance with Article 26(2)(b), (c), (e) and 26(3) second part, of Regulation (EU) No 223/2014, the audit trail shall allow the eligible direct costs or cost declared under other categories of costs to which the flat rate applies to be substantiated;

f the audit trail shall allow the payment of the public contribution to the beneficiary to be verified;

g for each operation, as appropriate, the audit trail shall include the technical specifications and financing plan, documents concerning the grant approval, documents relating to public procurement procedures, reports by the beneficiary and reports on verifications and audits carried out;

h the audit trail shall include information on management verifications and audits carried out on the operation;

i the audit trail shall allow data in relation to output indicators for the operation to be reconciled with reported data and result and, where appropriate, targets for the programme.

For costs referred to in points (c) and (d), the audit trail shall allow the calculation method used by the managing authority to be verified for compliance with Article 25(3) of Regulation (EU) No 223/2014.

2 The managing authority shall ensure that a record is available of the identity and location of bodies holding all the supporting documents required to ensure an adequate audit trail meeting all the minimum requirements laid down in paragraph 1.

***Changes to legislation:** There are currently no known outstanding effects for the Commission Delegated Regulation (EU) No 532/2014. (See end of Document for details)*

Article 4

Use of the data collected during audits carried out by Commission officials or authorised Commission representatives(Article 34(8) of Regulation (EU) No 223/2014)

1 The Commission shall take all necessary measures to prevent any unauthorised disclosure of, or access to, the data collected by the Commission in the course of its audits.

2 The Commission shall use the data collected in the course of its audits for the sole purpose of fulfilling its responsibilities under Article 36 of Regulation (EU) No 223/2014. The European Court of Auditors and the European Anti-Fraud Office shall have access to the data collected.

3 The data collected shall not be sent to persons other than those in the Member States or within the Union institutions whose duties require that they have access to it in accordance with the applicable rules without the express agreement of the Member State supplying the data.

Article 5

Audits of operations(Article 34(7) of Regulation (EU) No 223/2014)

1 Audits of operations shall be carried out in respect of each accounting year on a sample of operations selected by a method established or approved by the audit authority in accordance with Article 6 of this Regulation.

2 Audits of operations shall be carried out on the basis of supporting documents constituting the audit trail and shall verify the legality and regularity of expenditure declared to the Commission, including the following aspects:

a that the operation was selected in accordance with the selection criteria for the operational programme, was not physically completed or fully implemented before the beneficiary submitted the application for funding under the operational programme, has been implemented in accordance with the approval decision and fulfilled any conditions applicable at the time of the audit concerning its functionality, use, and objectives to be attained;

b that the expenditure declared to the Commission corresponds to the accounting records and that the required supporting documentation demonstrates an adequate audit trail as set out in Article 3 of this Regulation;

c that for expenditure declared to the Commission determined in accordance with Article 25(1)(b) and (c), outputs and results underpinning payments to the beneficiary have been delivered, participant data, where applicable, or other records related to outputs and results are consistent with the information submitted to the Commission and that the required supporting documentation demonstrates an adequate audit trail as set out in Article 3 of this Regulation.

Audits shall also verify that the public contribution has been paid to the beneficiary in accordance with Article 42(2) of Regulation (EU) No 223/2014.

3 Audits of operations shall, where applicable, include on-the-spot verification of the physical implementation of the operation.