



EUROPEAN COMMISSION  
Maritime Affairs and Fisheries DG  
Audit, Control  
E1  
[REDACTED]

**FLASH REPORT**  
**THE NETHERLANDS**

<b>EPM Early Preventive System Audits 2014 - 2020</b>		
Mission dates :	5 to 9 December 2016	
Location :	Den Hague	
Operational Programmes concerned :	2014NLMFOP001	
Key Requirements audited:	KR 2, 3, 7	
Authorities involved :	MA	
Principal Auditor :	[REDACTED]	DG MARE, F1
Associated Auditor:	[REDACTED]	DG MARE, F1
Suspected fraud cases	NO	
Interruption/suspension required	NO	

## 1. GENERAL CONCLUSION

The audit is performed in the context of the Enquiry Planning Memorandum 'Early Preventive System Audits 2014 - 2020' focusing on the most risky parts of the functioning of the management and control system at an early stage of programmes implementation, until the reception of first assurance package including audit opinion.

As the execution of the management verifications and the declaration of expenditure towards the Commission was delayed and did not take place, as initially foreseen, before the audit, the scope of the audit was limited to the assessment of the functioning and walkthrough testing of KR 2 "Appropriate selection of operations", KR 3 "Adequate information to beneficiaries" and KR 7 "Proportional anti-fraud measures".

The provisional audit opinion is **unqualified, category 2 "Works but some improvements are needed"**.

## **2. OBJECTIVE OF THE AUDIT**

The overall objective of the enquiry was to obtain reasonable assurance at an early stage of programme implementation that the management and control systems are functioning effectively.

This overall objective is reached by checking whether the following key requirements (KR) were fulfilled by the responsible authorities:

- KR2: Appropriate selection of operations
- KR3: Adequate information to beneficiaries
- KR7: Proportionate anti-fraud measures

## **3. SCOPE OF THE AUDIT**

The audit covered the management and control system set-up and implemented by the Netherlands under the provisions of Articles 72-74 and 123-126 of Regulation (EU) N° 1303/2013 as well as Articles 21-24 of Regulation (EU) N° 1299/2013, for the operational programme Duurzaam vissen voor de markt - CCI 2014NL14MFOP001.

In particular, the following key requirements were covered by the audit work:

- KR 2 Appropriate selection of operations
- KR 3 Adequate information to beneficiaries
- KR 7 Proportionate anti-fraud measures

As no expenditure was declared to the Commission and no management verifications had taken place at the time of our audit, only stage 1: "Assessment of the functioning of the selected key requirements" and stage 2: "Walk – Through Tests" were performed as foreseen in the EPM. Stage 1 & 2 for KR 4 & 5 as well as stage 3 for all KR's selected in the MPM will be audited once expenditure is declared to the Commission.

The audit work was carried out at the level of the programme authorities responsible for the audited key requirements (MA).

#### 4. SUMMARY OF THE AUDIT RESULTS

- One item out of the sample of 3 projects selected for the purpose of walkthrough testing received a new project code without closing the original project code. The new project code was due to a manually re-entering of the project in the operational system by a staff member of the MA due to technical issues at the moment of the call. Upon re-entering the project in the system it received a new project code but the original project code was not closed.

##### Other considerations

- Definitions for Red Flags as anti-fraud measures are still under development as were the procedures for management verifications. Red Flags should be defined and communicated before management verifications start taking place.
- Only 9 applications for projects under UP1 , UP 2 & UP 5 were approved at the time of the audit (other than projects for UP 3 "Forstering the implementation of the CFP" and UP 6 "Fostering the implementation of the Integrated Maritime Policy") which increases the risk of de-commitment in a later stage and not reaching the performance goals set in the OP.



