



Republic of Slovenia

CAP Paying Agencies -

Some Recent Eexperiences

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Content of the presentation

I.

- Accreditation Cornerstones
- Internal and external controls
- Experience of candidate countries in accreditation process,

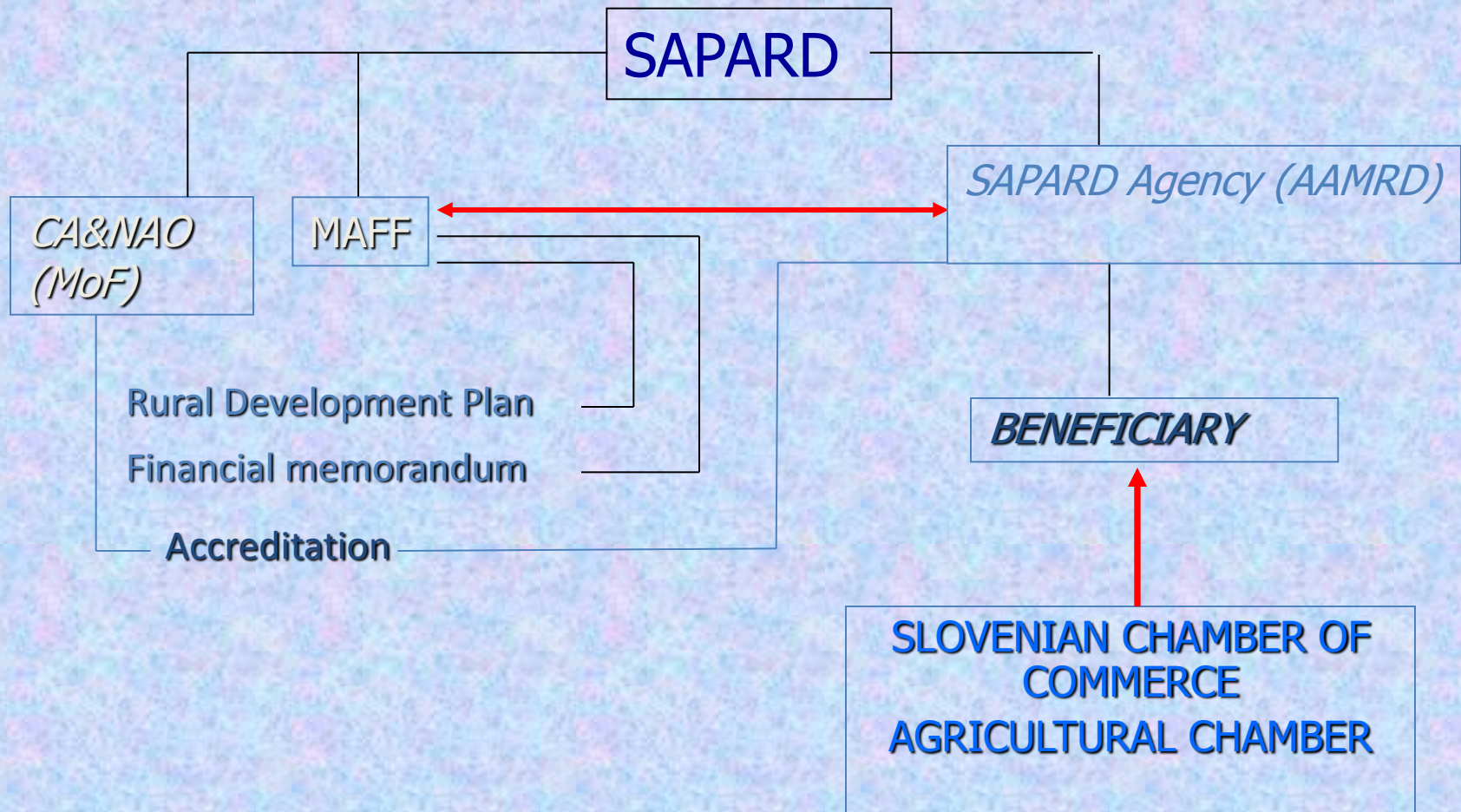
II.

- Lessons learnt at SAPARD/IPARD (main risks),
- Stakeholders in CAP measures implementation,

III.

- Paying (IPARD) Agencies in the time of austerity

SAPARD matrix in Slovenia



IPARD institutional matrix of management and control

(according to the Framework and Sector Agreements)

➤ **Operating structure:**

- Managing Authority: programming, managing, evaluating, reporting, coordination
- IPARD Agency: project selection & payment approval, payment execution, accounting,

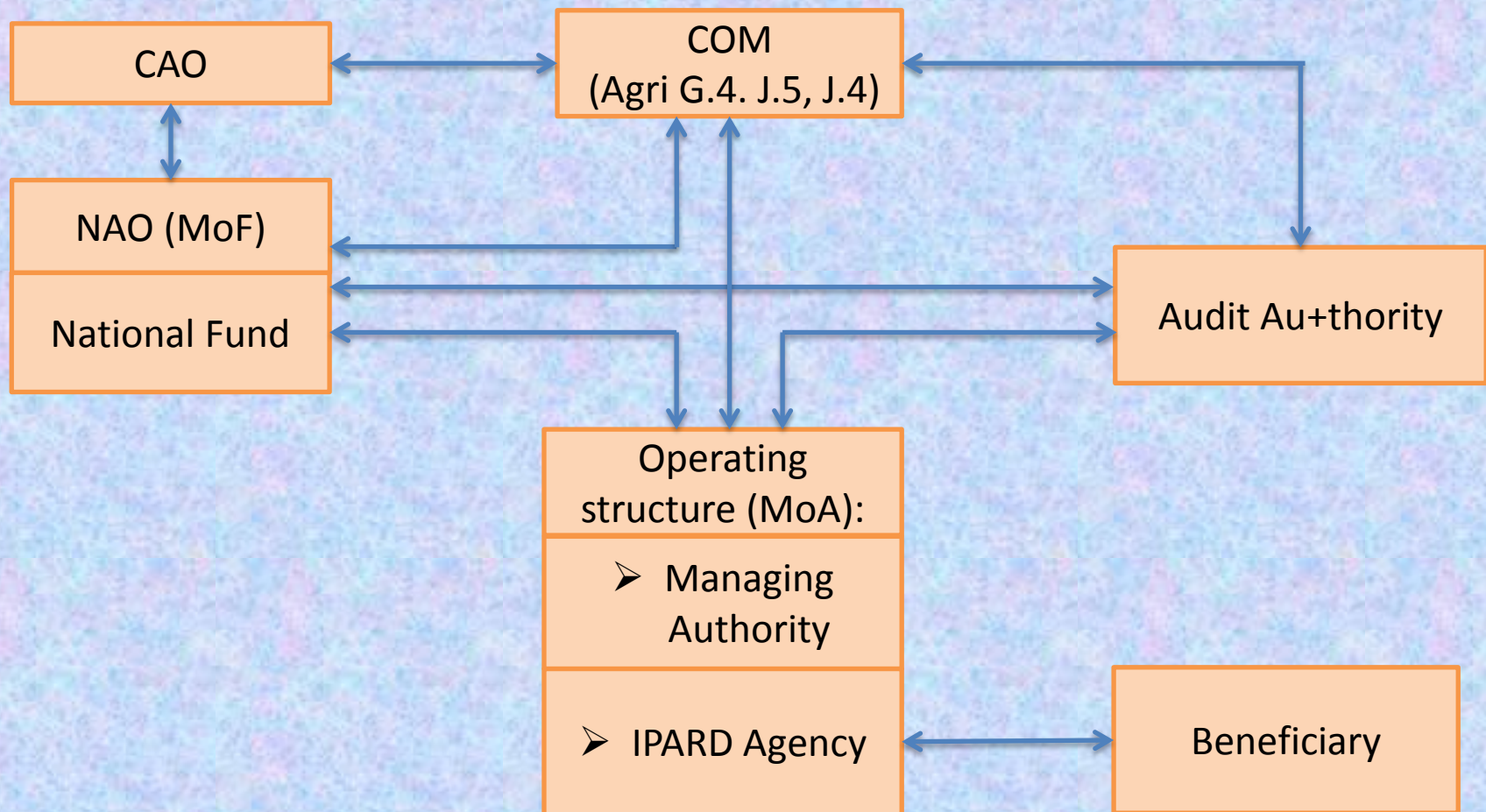
➤ **National Fund & NAO:** financial management of IPARD funds, treasury, giving the accreditation

➤ **Competent Accrediting Officer (CAO):** main official contact point to the Commission,

➤ **Audit Authority:** external auditor

IPARD institutional matrix of management and control

(according to the Framework and Sector Agreements)



General CAP matrix in Slovenia

(post-accession measures, as from 2004)

- Ministry of Agriculture Forestry and Food:
 1. Competent Authority (monitoring of the PA)
 2. Main policy-maker
- Paying Agency: AAMRD (EU Affairs Department as main contact point with the COM/DG Agri)
- Certifying Body: Budget Supervision Office (within the Ministry of Finances)
- European Commission (Brussels)
- European Court of Auditors (Luxembourg)

Accreditation criteria for the PA

(Commission Regulation No 885/2006, Sector Agreement-IPARD)

1. Written procedures for all functions;
2. Segregation of duties;
3. Control procedures before payment;
4. Transparency of procedures;
5. Procedures for the execution of payment;
6. Procedures for the accounting of payment;
7. IT security;
8. Internal audit;
9. Internal controls.
10. Ethics and Integrity (!)

Accreditation criteria, II

General aggregates (in interaction) :

- Written procedures
- Technical facilities
- Human resources



Internal control system + othr.

Accreditation process as a part of institution building:

- ▶ Achieving for the accreditation criteria
 - ▶ Self assessment: internal audit
 - ▶ Pre-accreditation review: ext. audit
 - ▶ National accreditation: NAO
 - ▶ Conferral of management:
COM, Agri J.5

Internal control systems

Harmonized set of actions (controls) allowing the organisation to manage/treat/avoid/mitigate... risks in order to achieve its objectives

- Custom/tailor made (or partly customized)
- Prescribed by the regulation (example: IACS)

How to set it up:

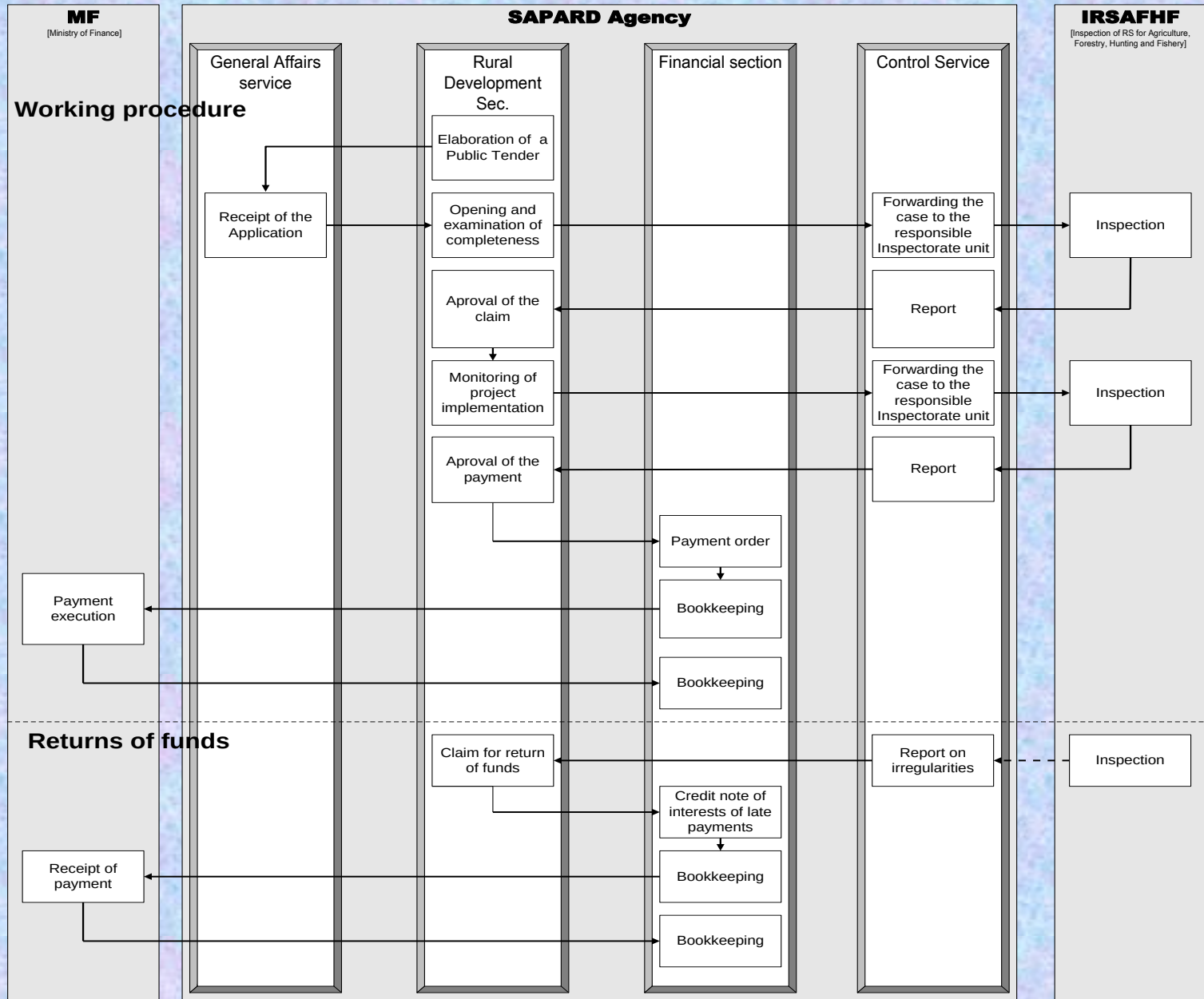
↳ Objectives

↳ Risks identification & evaluation

↳ Controls (actions to tackle risks)

↳ Internal control system (process)

WORKING PROCESS



Layers of controls in the CAP matrix

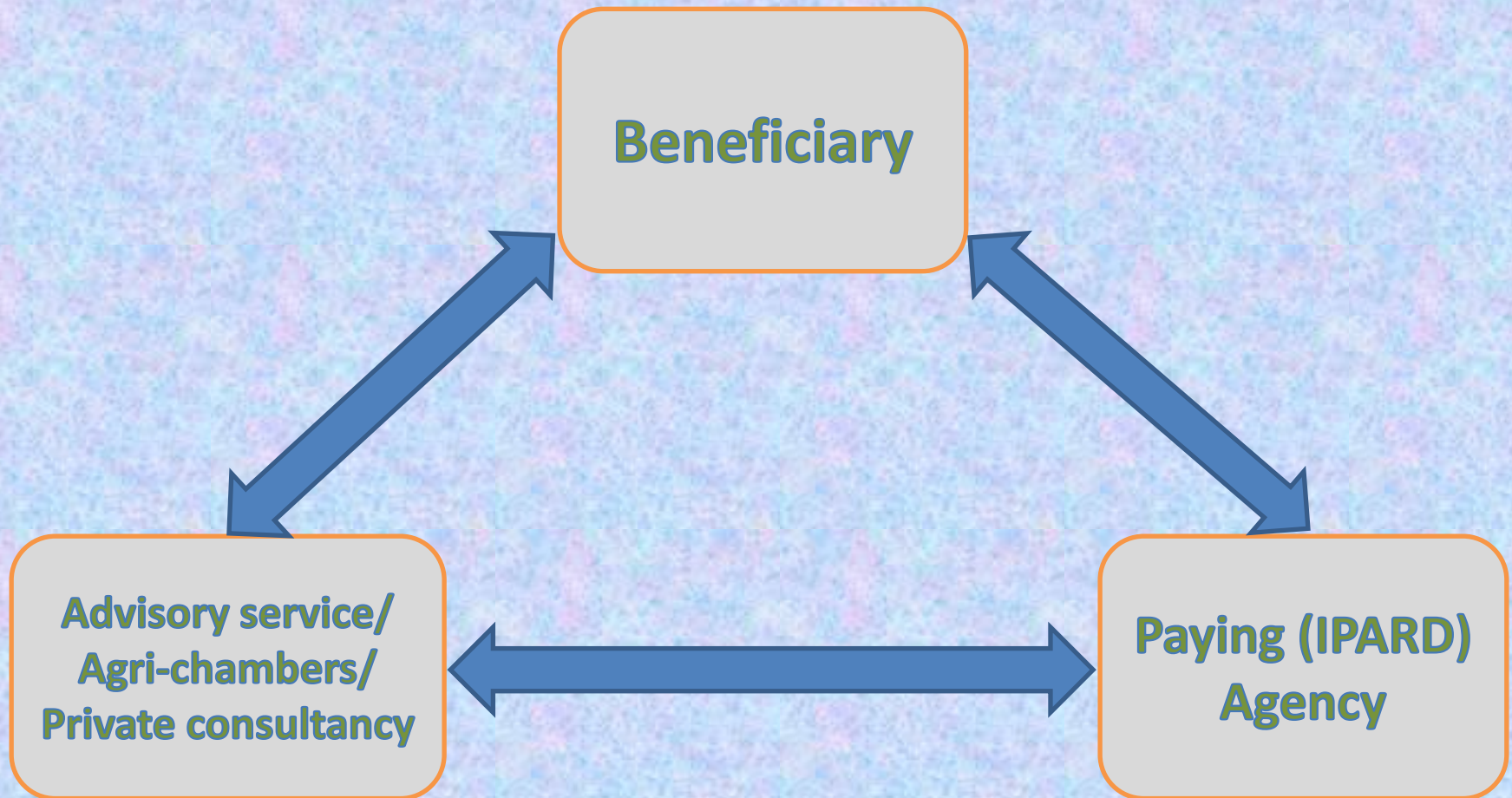
ECA (→ Declaration of Assurance to PARL)

COM (Agri J.5 → annual clearance of accounts/ Agri J.4 → ad hoc conformity clearance)

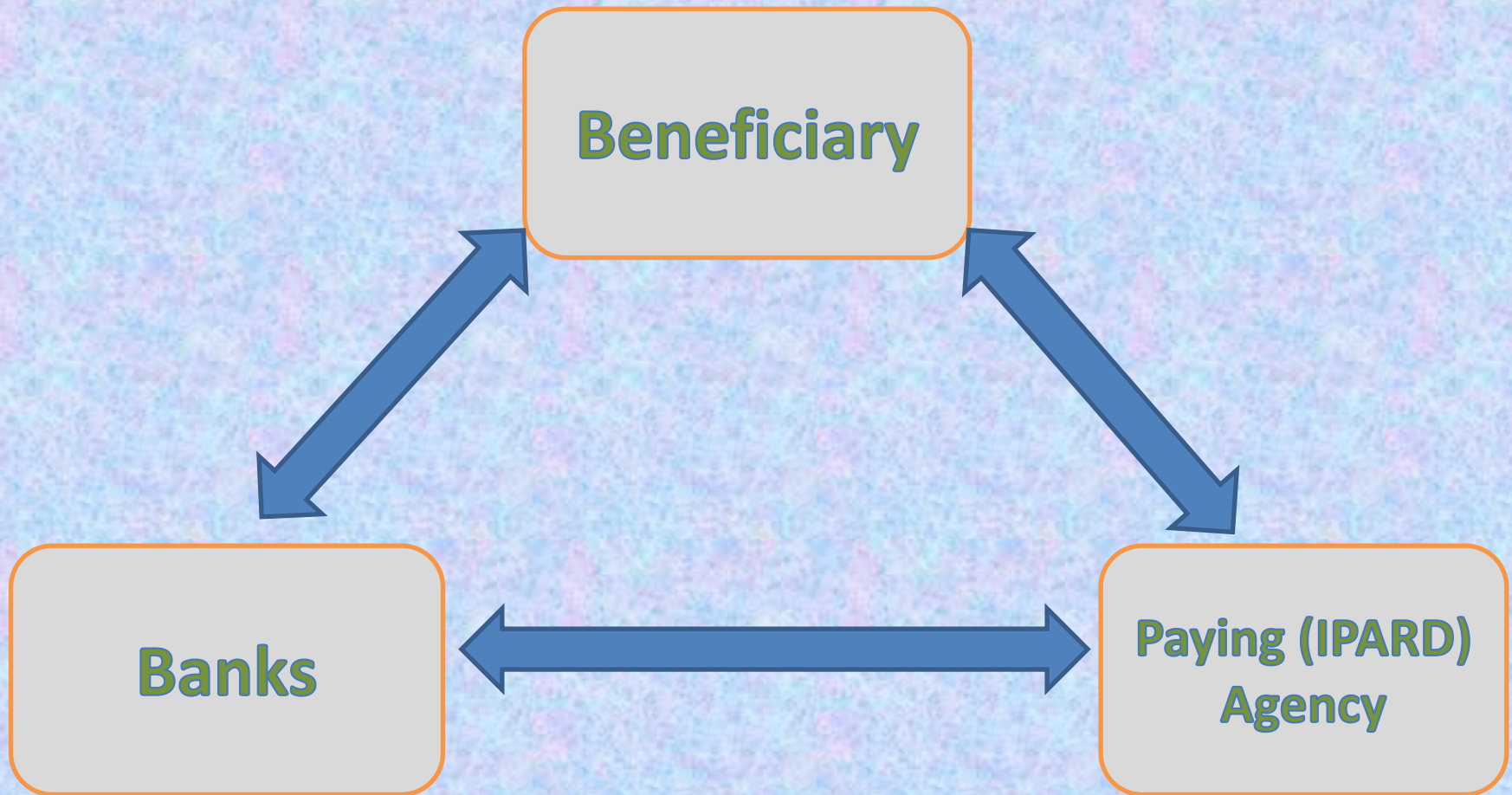
Certifying Body (→ annual audit report + certificate)

Paying Agency (internal control system + internal audit)

Applications preparation



Projects financing



Most important risks I

- Approved project ≠ payment of amount granted ≠ you've got the money;
- Good project → bad implementation & bookkeeping & reporting (force majeure) → lower payments at 2/3 of applicants;
- Unrealistic business plan;
- Incompliance with requirements (CC, technical and EU standards etc.).

Most important risks II

- Formal errors in the application;
- Complicated procedures at the S/I Agency;
- No differentiation between more and less important risks;
- Risk of financial corrections in case of non-compliance with requirements (a cheap Agency is a very expensive one at the end!)



Weak adsorption of funds

How to manage it

- Transparency of regulations;
- Close contact with policy makers/policy takers;
- Catalyst function of consultancy business;
- Risk management closer to the applicants;
- To rise awareness of the private financing sources (banks etc.)
- Keep it simple!

PAs in times of austerity

SOME GENERAL HR MARKS IN the NMS (PARL report 2011):

- High turnover of staff,
- Some profiles/groups more sensitive,
- Governments are dealing this challenge differently (salaries differentiation, the higher number the better performance...);

↓↓↓

- Financial resources are getting very limited,
- HR & tech facilities under pressure,

+

- New elements in the COM's approach;

Austerity and COM

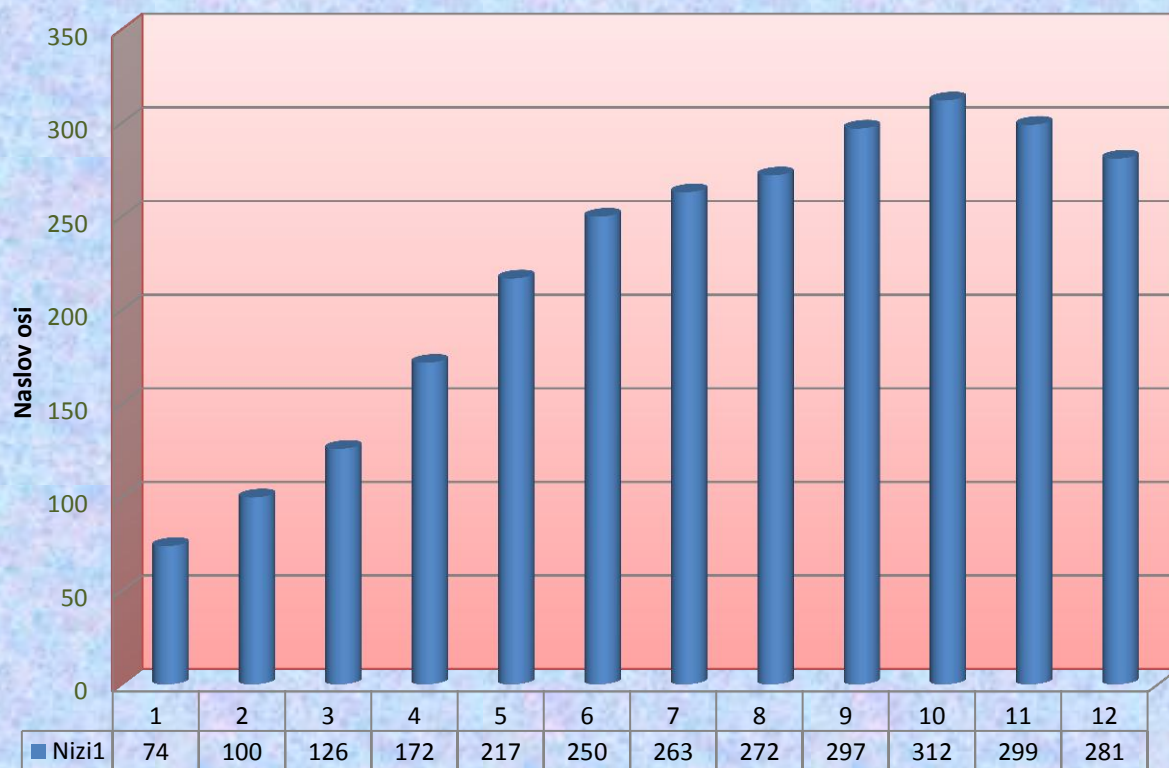
- No excuse to indulge the internal control system performance,
- Ex-ante evaluation of HR capacities and staff retention policy,
- Ethics and Integrity (Sector A, Annex I, Point 1.B(a)),
- COM letter (DG Agri), Nov 2011, Asking MSs to *„inform me whether any budgetary cuts in your MS affect paying agency in their control and management capacity... ..notably as regards human and financial resources available to them. ...“*

How to tackle it?

- Higher salaries is a weak HRM tool,
- Enthusiasm + trainings + merit-based career path,
- „Biological minimum“ of the PAs (WLA taking accredit. criteria fully into account!) as a starting point
- Composition of teams,
- Interaction with two others accreditation aggregates,
- From Gutenberg to binary world (e-business),
- Relation Policy making – Policy taking (single eligibility platform),
- Keep it simple!

Employment dynamics at the AAMRD from 2000 to May 2011

Employment dynamics at the AAMRD from 2000 to May 2011



Year	Number of employees
2000	74
2001	100
2002	126
2003	172
2004	217
2005	250
2006	263
2007	272
2008	297
2009	312
2010	299
2011	283

PAs' real nature

- **Public institution** (art. 6 of Reg 1290/06: “Paying agencies shall be the departments or bodies of the MS...”)
- **Activities' characteristics:**
 - Very clear objectives/results to be achieved,
 - An „industrial“ working process,
 - Sharp deadlines,
 - Control over financial errors → sanctions
- **Manager's tools:** rather limited

Have we got a right solution?

Thank you for you attention

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