



EAFRD Financial Execution and Error Rate

Rural Development Programme 2014-2020

March 2023



Rural Development Programme for Malta 2014-2020

Project part financed by the European Union
Co-financing Rate:
75% European Union; 25% Government of Malta



***The European Agricultural Fund for Rural Development:
Europe investing in rural areas***





Financial Clearance

- Clearance Documents

- ❖ Financial Year N is from 16th October N-1 to 15th October N.

- ❖ Following the Financial Year-end, each Member State shall send to the Commission a set of information/documents as established in Regulation No. 1306/2013 Article 7(3):

- (a) the annual accounts for the expenditure effected in carrying out the tasks entrusted to their accredited paying agencies, accompanied by the requisite information for their clearance in accordance with Article 51;
 - (b) a management declaration as to the completeness, accuracy and veracity of the accounts and the proper functioning of the internal control systems, based on objective criteria, as well as to the legality and regularity of the underlying transactions;
 - (c) an annual summary of the final audit reports and of controls carried out, including an analysis of the nature and extent of the errors and of weaknesses in systems identified, as well as corrective action to be taken or planned.



Financial Clearance

- Clearance of Accounts by Commission

- ❖ According to Article 51 of Regulation (EU) No 1306/2013, the Commission should clear the annual accounts of every Paying Agency by the 31 of May of the year following the Financial Year being audited. If the Commission decides not to clear the accounts, then these will be suspended until a conciliation is taken place.
- ❖ For FY 2018, FY 2019, FY 2020 and FY 2021 the accounts of the Maltese Paying Agency have been cleared by 31 of May.
- ❖ For FY 2022, Accounts have been sent to Commission by the deadline, 15.02.2023. Currently we are awaiting the 30th April Letter, upon we can answer any remarks done and recommendations given by Commission.



Financial Clearance

- **Paying Agency on Probation**

- ❖ In its certification report for FY 2020, the CB reported serious and recurrent weaknesses as regards the PA's compliance with the accreditation criteria and its Internal Control System, for Monitoring - separate evaluation via the Internal Audit Service, Human Resource standard and Procedures for Debts.
- ❖ As requested by DG AGRI, the PA's accreditation was put under probation as from 1.7.2021 for a period of 12 months and an action plan was drawn up by the Competent Authority.
- ❖ All actions within the accreditation action plan have been completed by the PA.



Financial Clearance

- **Paying Agency on Probation**

- ❖ The final (quarterly) progress report following the probation's decision was provided by the CA on 30.6.2022. According to this report, the PA implemented all actions included in the accreditation action plan and their effectiveness was confirmed by the CB.
- ❖ The Competent Authority restored the PA's accreditation on 29.06.2022.
- ❖ DG AGRI acknowledged the CA decision to restore the full accreditation based on its assessment that the remedial actions by the Paying Agency were effective and timely implemented.



Error Rate

- Part of the Financial Clearance Package sent by each Member State for each Financial Year N (16.10.n-1 – 15.10.n), is the Management Declaration. This is signed by DG Paying Agency.
- Annex I and Annex II of the Management Declaration give a detailed analysis on the Error Rate of the Member State according to the Control Statistics submitted to Commission during the Financial Year N, which relate to Control Statistics of Year N-1.



Error Rate for the last 4 FYs

| Population | Population Error rate | | | | |
|----------------------|-----------------------|---------|---------|---------|---------|
| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 |
| TOTAL EAGF – IACS | 0.96% | 1.08% | 0.40% | 0.07% | 0.78% |
| TOTAL EAGF Non-IACS | 5.80% | 1.77% | 3.00% | 1.07% | 3.46% |
| TOTAL EAFRD – IACS | 4.16% | 2.51% | 1.87% | 0.42% | 1.68% |
| TOTAL EAFRD Non-IACS | 0.00% | 0.00% | 0.00% | 0.77% | 0.20% |
| TOTAL | 1.68% | 1.34% | 0.70% | 0.41% | 0.41% |



Error Rate FY 2022

As Per Management Declaration for FY 2022 the following Error Rates were declared, based on Control Statistics of 2021:

| | |
|--------------------------|--------------|
| EAGF IACS: | 0.78% |
| EAGF Non-IACS: | 3.46% |
| EAFRD IACS: | 1.68% |
| EAFRD Non-IACS: | 0.20% |
| Total Error Rate: | 0.41% |



Extract from Management Decl FY 2022

| Population | Population Error rate in financial year 2022 | Error rate in previous financial year | Explanations in the event of the three cases defined above, please indicate |
|-------------------|--|---------------------------------------|---|
| TOTAL EAGF – IACS | 0.78% | 0.07% | The error rate at population level in the financial year is below the allowable threshold and hence no explanation is deemed necessary. |



Extract from Management Decl FY 2022

| Population | Population Error rate in financial year 2022 | Error rate in previous financial year | Explanations in the event of the three cases defined above, please indicate |
|---------------------|--|---------------------------------------|---|
| TOTAL EAGF Non-IACS | 3.46% | 1.07% | <p>This high error rate was mainly due to Apiculture 2022. For Apiculture Programme 2022, more beneficiaries were subject to OTS. During the OTS inspection, it was noticed that some of the beekeepers did not have the exact number of colonies and nuclei on the site as indicated by themselves on the application itself. Given that the overall amounts paid to each beekeeper are small, then any discrepancy, irrespective of its size, would result in a high error rate. For next Apiculture Programme, more information sessions are going to be held. Also, more guidance is going to be given to the Associations so that in turn, they pass the information to their members.</p> |



Extract from Management Decl FY 2022

| Population | Population Error rate in financial year 2022 | Error rate in previous financial year | Explanations in the event of the three cases defined above, please indicate |
|----------------------|--|---------------------------------------|---|
| TOTAL EAFRD – IACS | 1.68% | 0.42% | The error rate at population level in the financial year is below the allowable threshold and hence no explanation is deemed necessary. |
| TOTAL EAFRD Non-IACS | 0.20% | 0.77% | The error rate at population level in the financial year is below the allowable threshold and hence no explanation is deemed necessary. |
| TOTAL | 0.41% | 0.41% | |



Extract from Management Decl FY 2022

- Detailed explanation of Error Rate for FY 2022 - EAFRD

| Population | Official control data/ statistics available | Date of control data/ statistics used as a basis for the MD | Total amount claimed | Total amount subject to OTSC (only random if available) | Total amount at error before application of penalties as a result of admin controls and OTSC (only random if available) | Error rate in financial year 2022 | Error per scheme/ measure | Population | Error in EUR for the financial year in question |
|--|---|---|----------------------|---|---|-----------------------------------|---------------------------|------------|---|
| | | | | | a | b | c | d=c/b | e=d*a |
| PAYMENTS TO AREAS FACING NATURAL OR OTHER SPECIFIC CONSTRAINTS (ARTICLES 31 AND 32) - Measure 13 - ANC | CS-33 | 53 | Y | 15/07/2022 | €1,959,810.98 | €22,752.92 | €165.02 | 0.73% | €14,213.91 |
| AGRI-ENVIRONMENT-CLIMATE (ARTICLE 28) - Measure 10 - AECM | CS-34 | 50 | Y | 15/07/2022 | €21,907.36 | €15,875.52 | €700.00 | 4.41% | €965.96 |
| AGRI-ENVIRONMENT-CLIMATE (ARTICLE 28) - Measure 10 - M214 | CS-33 | 50 | Y | 15/07/2022 | €2,236,839.36 | €88,107.31 | €1,274.48 | 1.45% | €32,356.08 |
| ORGANIC FARMING (ARTICLE 29) - Measure 11 | CS-33 | 51 | Y | 15/07/2022 | €4,047.14 | €552.43 | €0.00 | 0.00% | €0.00 |
| TOTAL EAFRD – IACS | | | | | €4,222,604.84 | €127,288.18 | €2,139.50 | 1.68% | €70,974.88 |

Extract from Management Decl FY 2022

| Population | Official control data/ statistics available | Date of control data/ statistics used as a basis for the MD | Total amount claimed | Total amount subject to OTSC (only random if available) | Total amount at error before application of penalties as a result of admin controls and OTSC (only random if available) | Error rate in financial year 2022 | Error per scheme/ measure | Population | Error in EUR for the financial year in question |
|---|---|---|----------------------|---|---|-----------------------------------|---------------------------|------------|---|
| | | | | | a | b | c | d=c/b | e=d*a |
| KNOWLEDGE TRANSFER AND INFORMATION ACTIONS (ARTICLE 14) - Measure 01 | CS-35 | 01 | Y | 15/07/2022 | €3,374.10 | €0.00 | €0.00 | 0.00% | €0.00 |
| ADVISORY SERVICES, FARM MANAGEMENT AND FARM RELIEF SERVICES (ARTICLE 15) - Measure 02 | CS-35 | 02 | Y | 15/07/2022 | €6,349.88 | €0.00 | €0.00 | 0.00% | €0.00 |
| QUALITY SCHEMES FOR AGRICULTURAL PRODUCTS AND FOODSTUFFS (ARTICLE 16) - Measure 03 | | | N | | | | | | |
| INVESTMENTS IN PHYSICAL ASSETS (ARTICLE 17) - Measure 04 | CS-35 | 04 | Y | 15/07/2022 | €17,501,860.27 | €1,017,577.26 | €2,480.24 | 0.24% | €42,658.99 |
| FARM AND BUSINESS DEVELOPMENT (ARTICLE 19) - Measure 06 | CS-35 | 06 | Y | 15/07/2022 | €578,813.86 | €33,750.00 | €0.00 | 0.00% | €0.00 |

Extract from Management Decl FY 2022

| Population | Official control data/ statistics available | Date of control data/ statistics used as a basis for the MD | Total amount claimed | Total amount subject to OTSC (only random if available) | Total amount at error before application of penalties as a result of admin controls and OTSC (only random if available) | Error rate in financial year 2022 | Error per scheme/ measure | Population | Error in EUR for the financial year in question |
|---|---|---|----------------------|---|---|-----------------------------------|---------------------------|------------|---|
| | | | | | a | b | c | d=c/b | e=d*a |
| INVESTMENTS IN FOREST AREA DEVELOPMENT AND IMPROVEMENT OF THE VIABILITY OF FORESTS (ARTICLES 21 TO 26) - Measure 08 | | | N | | | | | | |
| CO-OPERATION (ARTICLE 35) - Measure 16 | | | N | | | | | | |
| SUPPORT FOR LEADER LOCAL DEVELOPMENT (CLLD – COMMUNITY-LED LOCAL DEVELOPMENT) (ARTICLE 35) - Measure 19 | CS-35 | 19 | Y | 15/07/2022 | €1,520,048.98 | €67,626.64 | €0.00 | 0.00% | €0.00 |
| TECHNICAL ASSISTANCE (ARTICLE 51) - Measure 20 | CS-35 | 20 | Y | 15/07/2022 | €1,975,949.42 | €128,266.64 | €0.00 | 0.00% | €0.00 |
| <u>TOTAL EAFRD Non IACS</u> | | | | | €21,586,396.51 | €1,247,220.54 | €2,480.24 | 0.20% | €42,927.01 |



Thank you

