

UNIUNEA EUROPEANĂ

GUVERNUL ROMÂNIEI

INSTRUMENTE STRUCTURALE
2007-2013

Evaluating for 2014-2020: Evidences and Experiences

Evidences on the administrative burden workshop

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Proiect co-finanțat din Fondul European de Dezvoltare Regională prin POAT 2007-2013

1



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Topics

- **Introduction**
- **The issue**
- **Considerations**
- **Examples**
- **Discussion**

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2



Introduction
Baker Tilly International

A worldwide network of premier independent accountancy and business advisory firms

- 8th** largest network in the world by combined revenue
- 149** independent member firms in **125** countries worldwide
- 25,000** people
- US\$3.22bn** – combined revenue of independent member firms, an **5%** year-on-year increase (2010/2011)

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3



Introduction
Baker Tilly

- Baker Tilly Romania is a leading audit, accounting, tax and business consulting firm, present in Romania since 2003. Currently Baker Tilly is one of the top audit firm in Romania. Though our 60 professionals employed, we are providing best quality services to over 550 companies in Romania and abroad.
- Through our membership with the Baker Tilly International network, we are able to draw resources and expertise to help meet the needs of their clients, solve complex business problems and face the demanding challenges of tomorrow.

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4



Introduction
Relevant experience

- **Various Baker Tilly International member firms did and do a number of audit, evaluation and advisory engagements in the member states in the past and current programming period**
- **Wide and deep experience**


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Introduction
Relevant experience (selection)

Romania

- **Audit of the Hungary-Romania CBC program together with Baker Tilly Hungária – including the recurring annual evaluation of the operations of the whole system**
- **Audit of the expenditure incurred in the project for rehabilitation of 2 county roads in Botosani, Romania. Project financed by EU and implemented during 2008-2011.**
- **Audit of the expenditure incurred in the project for rehabilitation of water and sewerage systems in Turda, Romania. Project financed by EU and implemented during 2007-2013.**
- **Various risk management, management and control system development, implementation and review work covering selected Intermediate Bodies and the National Development Agency**



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Introduction

Relevant experience (selection)

Hungary



- Review and evaluation of the financial processes of Cohesion Funds
- Review and evaluation of the complete Service Level Agreement based financing system for the main stream operative programmes (full coverage)
- Various risk management, management and control system development, implementation and review work covering selected Intermediate Bodies and the National Development Agency
- Various audit engagements in relation to the review and evaluation of the operations of the whole EU institution system
- Project audits

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7



Introduction

Relevant experience (selection)

Bulgaria



- Cost benefit analysis of 3 types of childcare services (for DG Employment in Bulgaria)
- Regulatory impact assessment

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8





Introduction

Relevant experience (selection)

Netherlands



- Baker Tilly Berk leads a couple of EU-wide engagements for DG Enterprise and DG Agriculture with the inclusion of the respective Baker Tilly International member firm in the relevant state (financial audits of the eligibility of the costs declared and several IT audits covering a number of member states)
- ESF audits

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9






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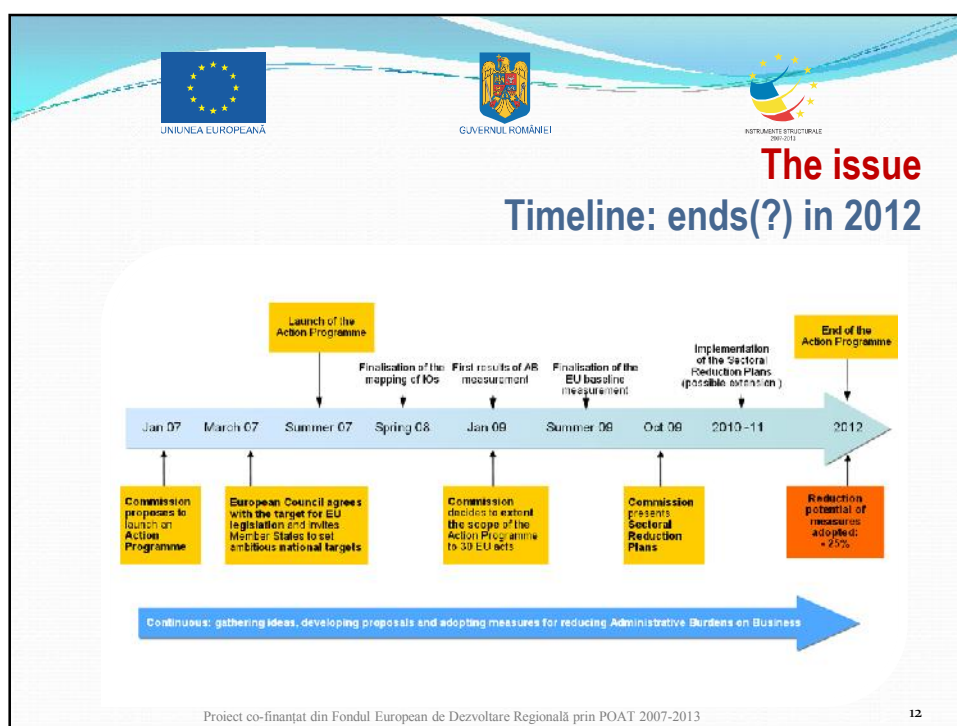
10



The issue Background

- In January 2007, the Commission launched the Action Programme on reducing administrative burdens in the European Union in order to measure administrative costs arising from legislation in the EU and reduce administrative burdens by 25% by 2012.
- Fast track actions (rather technical changes in existing rules – for short term results)
- Large-scale measurement of administrative burdens in 2007-08, to be followed by major simplification proposals (for results in a longer run)
- Objective: reducing administrative burdens on businesses by
 - simplification,
 - efficient legislation
 - while doing impact assessments and cost-benefit analyses
- The Commission prepared its „Better Regulation Strategy”
- A uniform EU Standard Cost Model was developed (SCM)

11





The issue Fast track actions

Examples of successfully adopted fast track actions (2007-2008)

- Simplification of control procedures
- Removing the requirement of costly expert reports
- Simplifying reporting obligations
- Easing the paper work for receiving export refunds for agricultural products
- Simplifying statistics obligations (especially for SMEs)
- Elimination of certain unnecessary disclosure requirements for companies (filing, IFRS financial statements)

13

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The issue Deep analysis

Baseline measurement


- In the Action Programme, priority was given to 42 legal acts, which was then extended to 72 in 2009.
- Agriculture, company law, cohesion policy, financial services, statistics, food safety, tax law, and transport were covered
- All information obligations in the 72 legal acts and their national transposition acts were identified. The resulting costs imposed on businesses were measured using the EU's SCM
- The aim was to identify and eliminate obsolete or repetitive information obligations
- Completed in October 2009
- All Member States have set ambitious national reduction targets

14


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The issue Results

- Do you feel the results of the reduction of the administrative burden?



Will be discussed...

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15



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16




Considerations

Requirements vs. Elements of Legislation

- A set of rules defined based on certain requirements

Major components



- Tasks
- Roles
- Documents
- Systems
- Deadlines
- Controls

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17



Considerations

Ineffective Legislation

What makes legislation ineffective?



- Stipulation of *unnecessary* Tasks/Activities
- Definition of *unnecessary* or improper Roles
- Requirement of *unnecessary* or improper Documents
- Inclusion or omission or lack of proper Systems
- *Unnecessarily* tight or too loose Deadlines
- Stipulation of *unnecessary* or too strong Controls

Will be discussed...

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18



Considerations Cost of compliance


What does „unnecessary” Mean?



- Everything is necessary which is in compliance with the requirements (nothing more, nothing less...)
- If requirements can be met without the stipulation of a certain Task, Activity, Role, Document, System, Deadline, Control – omission of them makes the regulation more effective
- Those elements that cannot be mapped into the requirements can be considered unnecessary

19

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Considerations Cost of compliance

Unnecessary
legislation
elements

Compliance with
legislation requires
resources (time,
material, people...)

Use of resources
result in costs and
lose of money

20

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Considerations Ineffective Legislation

**Quickly?
At low cost?
In a controlled
way?**



- Can be all: optimised processes (for compliance with the requirements)
- Depends on the requirements (whether they relate more to speed, cost, or controls...etc)
- Risks must be identified and evaluated prior to the stipulation of certain controls by taking into consideration of the requirements.

Risk is everything which results in operations, tasks, activities deviant from those stipulated by the **requirements**.
(Definition from D-RISC methodology)


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- Introduction
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Examples EU Funds financing

- Ineffective management and control system that was built into the legislation, moreover, regulated at wrong levels (Operative rules at Act level, strategic rules at decree or internal rule and procedure level...)
- Operative level controls were allocated to high level management roles by law which resulted in ineffective operations, increased throughput time (of controls as a result of tasks that were controlled), delay in the payment of EU financing
- Controls were not in compliance with the inherent risks (resulted in over controlled tasks) which took time and money



Over-controlled processes stipulated by national legislation slowed down the payment process

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23



Examples Bad example Romania

- Publicly available information is required in original documents
- No central database or paperless required from the tax authorities, either on national or local level
- Less standardized evaluation procedures at the competitiveness operational program for SMEs and large companies



More standardization and go more paperless procedures

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24





Examples

National public procurement rules (Hungary)

- Publicly available company information cannot further be required in original documents
- Officially executed paper-based Statements from authorities (e.g. tax, customs, social security, local...etc.) for compliance with payment obligations by tenderers are not required anymore if the tenderer is listed in the central database
- Reduced number of statements required from the tenderer



Outstanding reduction of administrative burdens

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25





Examples

Implementation of e-government

- Number of official processes can be done via the e-government portal
- Simplified procedures that can be executed using a web-browser



Outstanding reduction of administrative burdens

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26





Examples

Good example Romania

- The National Program for the increase of competitiveness of SMEs and large companies and there is a standardized platform to include all financial and forecast information
- Bank comfort letter required by the managing authority to prove the financial capacity of the applicant
- Tight and standardize evaluation procedures on the Rural Development Program for SMEs



Outstanding reduction of administrative burdens

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27





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28





Discussion

Questions and topics that would worth to talk through...

What is your opinion?

Any comments?



- Do you feel the results of the reduction of the administrative burden?
- What makes legislation ineffective?
- Quickly? / At low cost? / In a controlled way?
- Cost of compliance – Do you have any experience with the EU's Standard Cost Model (SCM) that you would like to share?
- What doubts / „wishes” / realistic visions of reduction of administrative burdens do you have in your mind in terms of Romania?
- What do you think, will the EU achieve its goals in this field? (25% reduction of costs, increase in EU's GDP, etc.)

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29





Discussion

Further reference

Further information is available on the web



Visit

http://ec.europa.eu/enterprise/policies/smart-regulation/administrative-burdens/index_en.htm

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30





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2007-2013

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31