

22 09 2022Flanders Chancellery and Foreign OfficeMeasure name:Monitoring and implementation of the plan - IT TOOL (R-1)FENIX M/T ID: BE-C[CAC]-R[R-1]-M[209]]**Milestone/target description:**

Repository system for Audit and Controls: information for monitoring implementation of RRF.

A repository system for monitoring the implementation of the RRF shall be in place an operational.

The system shall include, as a minimum, the following functionalities:

- (a) collection of data and monitoring of the achievement of milestones and targets
- (b) collect, store and ensure access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation

Verification mechanism:

Audit report confirming repository system functionalities.

Copy of the final audit report on the system and acceptance protocol including a summary of the functionalities of the system. The audit report shall clearly indicate:

1. Auditor / responsible body signing the report;
2. Date on which the report is signed;
3. Whether the system is operational and has following functionalities: (i) collects data and monitors the achievement of milestones and targets; (ii) collects, stores and ensures access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation; (d) that the data is being collected by the implementing bodies and/or beneficiaries/any other entity entrusted with this task, according to the national set-up and that the data is being stored into the system; (e) any weaknesses of the system identified by the report and any corrective actions recommended to address them.

A. Evidence provided:

- *Final audit report confirming repository system functionalities signed by the Flemish Audit Authority (the responsible body for Flanders) on 15 09 2022.*

The audit report covers the three elements of milestone 209, insofar as these elements apply to the monitoring and implementation of the PHV within the Flemish Region, namely:

- 1) Data collection and monitoring of the achievement of the milestones and targets.*
- 2) Collection of data from final recipients, (sub)contractors and final beneficiaries.*
- 3) Collection of these data by the implementing bodies and/or beneficiaries/any other entity entrusted with this task, according to the national set-up and that the data is being stored into the system;*

Regarding these three items, weaknesses of the system and recommended to address them were identified in the report.

B. Detailed justification:

The milestone has been achieved by adding the signed final audit report, confirming that the repository system is operational and meets the requirements.

C. Achievement of the requirements in the description of the measure:

1) Data collection and monitoring of the achievement of the milestones and targets

A monitoring tool has been developed in a Sharepoint environment which ensures the monitoring of the milestones and targets. The tool is managed by DKBUZA (Flemish Chancellery and Foreign Office). Both the semi-annual reporting of the situation of the milestones and targets (bi-annual reporting), as well as the reporting on the achieved milestones and targets for each payment application is done via this tool. The tool contains a number of static data, namely data about the projects and the milestones and targets. With each report, the project managers enter the current state of affairs and, in the event of a payment application, upload the necessary supporting documents. The procedures are described in a guideline for project managers and in a manual for administrators.

The audit report indicates under point 4.1, in the discussion of criterion 1.1, that the conditions for this part of the milestone have been met.

2) Collection of data from final recipients, (sub)contractors and final beneficiaries

In Flanders, each concerned department or agency has established a database.

These databases contain the names of the end recipients. In addition, their KBO number is usually also included if it concerns a legal person. In the case of public contracts, the databases contain the contractors and subcontractors.

Since there is no access to the UBO register, in which this data is located, the policy areas requested an extract from the UBO register from the final recipients.

For foreign companies established in another EU Member State, an extract from the UBO register was requested from the Member State where the company is established.

For non-EU companies, the final recipient was asked to identify the final beneficiaries, as defined in Article 3(6) of Directive (EU) 2015/849.

Final recipients who are not obliged to complete the UBO register were asked to identify the persons who have control.

Each of the concerned department or agency set up a database with the above data. Some departments or agencies opted not to list the data of the final beneficiaries in a database, but to save and bundle the extracts received. They do, however, perform checks on the data. Since the extracts received are searchable files, checks have been performed on all names appearing in the files. As a result, the risks have been identified. In addition, the concentration risk factor is also used in Arachne to assess the risks.

The audit report indicates under point 4.1, in the discussion of criterion 1.2, that the conditions for this part of the milestone have been met. On pages 11-13, The Flemish Audit Authority also detects four possible weaknesses and formulates a recommendation in each case, namely:

- It is recommended to collect the data directly from the UBO register in an automatic and structured manner.*
- It is recommended to use a tool to collect and store this data, while ensuring good access management that can monitor the security and integrity of the data.*

- *With regard to Article 22(2)(d)(ii), it is recommended to also include the details of all subcontractors. With regard to Article 22(2)(d)(iii), it is recommended to also include the data of the final beneficiaries in the database in order to facilitate the performance of checks and increase the overview of the final beneficiaries. In addition, it is recommended to request and keep up to date extracts from the UBO register down to the level of the final beneficiaries and to keep the details of the final beneficiaries to continuously update them so that they are complete and up to date. Finally, as already described in recommendation M209_002, it is recommended to focus on a tool to collect and store the data.*
 - *When accessing the UBO register, it is recommended to check whether the dates of birth (or national register numbers) can also be retrieved from the UBO register. If not, it can be investigated whether this data can be made accessible via other databases.*
- 3) *Collection of these data by the implementing bodies and/or beneficiaries/any other entity entrusted with this task, according to the national set-up and that the data is being stored into the system.*

The data is collected and stored by the departments and agencies concerned in Flanders. They collect the data of the final beneficiaries by requesting this information from the final recipients.

The audit report indicates under point 4.1, in the discussion of criterion 1.3, that the conditions for this part of the milestone have been met.

The Flemish Audit Authority makes a reference herein to the first recommendation above.