

INTERREG V A GREECE - BULGARIA 2014-2020

BLAGOEVGRAD 11-10-2017

FIRST LEVEL CONTROL – GUIDELINES & PROCEDURES

General Guidelines (1/8)



- Regulation (EU) 1303/2013, Article 125 – Functions of the Managing Authority
- Regulation (EU) 1299/2013, Article 23 – Functions of the Managing Authority
- Regulation (EU) 481/2014, specific rules on eligibility of expenditure for cooperation programmes
- *European Commission Guidance for Member States on Management Verifications (EGESIF_14_12_final - 17/9/2015)*
- *Project Implementation Manual*

General Guidelines (2/8)

According to Article 125 of Regulation (EU) 1303/2013
The Managing Authority must:

(a) verify that:

- the co-financed products and services have been delivered
- that expenditure declared by the beneficiaries has been paid and
- that it complies with applicable law, the operational programme and the conditions for support of the operation;

(b) ensure that:

- beneficiaries involved in the implementation of operations reimbursed on the basis of eligible costs actually incurred, maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation

General Guidelines (3/8)

The verifications should cover in particular:

- ✓ That expenditure relates to the eligible period and has been paid;
- ✓ That the expenditure relates to an approved operation;
- ✓ Compliance with National and Union eligibility and procurement rules;
- ✓ Adequacy of supporting documents and existence of an adequate audit trail;
- ✓ Compliance with State aid rules, sustainable development, equal opportunity and non-discrimination requirements;
- ✓ The respect of EU and National rules on publicity;
- ✓ Physical progress of the operation measured by common and Programme specific output and, where applicable, result indicators;

General Guidelines (4/8)

According to Article 125 of Regulation (EU) 1303/2013

Verifications shall include the following procedures:

- a. **administrative** verifications in respect of each application for reimbursement by beneficiaries verify,
- b. **on-the-spot** verifications of operations

General Guidelines (5/8)

Administrative verifications during project implementation



All applications for reimbursement by beneficiaries, whether intermediate or final, shall be subject to *administrative verifications* based on an examination of the claim and relevant supporting documentation such as :

invoices	delivery notes
bank statements	timesheets
progress reports	

General Guidelines (6/8)

On the spot verifications

EFFECTIVENESS: On-the-spot verifications should be planned in advance to ensure that they are effective, in particular in view of the certification that the expenditure entered in the accounts complies with applicable law.

AVAILABILITY: Generally, notification of the on-the-spot verifications should be given in order to ensure that the relevant staff (e.g. project manager, engineer, accountant) and documentation (in particular, financial records including bank statements and invoices) are made available by the beneficiary during the verification. However, in some cases, where the reality of the operation may be difficult to determine after the project has been completed, it may be appropriate to carry out on-the-spot verifications during implementation and without prior notice to the beneficiary.



General Guidelines (7/8)

ADMINISTRATIVE VERIFICATIONS

Management verifications of **100%** of the applications for reimbursement submitted by beneficiaries are required by the Regulation CPR.

ON-THE-SPOT VERIFICATIONS

The intensity, frequency and coverage of on-the-spot verifications is dependent upon:

- the complexity of the operation,
- the amount of public support to an operation,
- the level of risk identified by management verifications,
- the extent of detailed checks during the administrative verifications and audits of the AA.

General Guidelines (8/8)



- 1. Centralized System - *Public FLC body at national or regional level*
- 2. De-Centralized System - *Private FLC body*

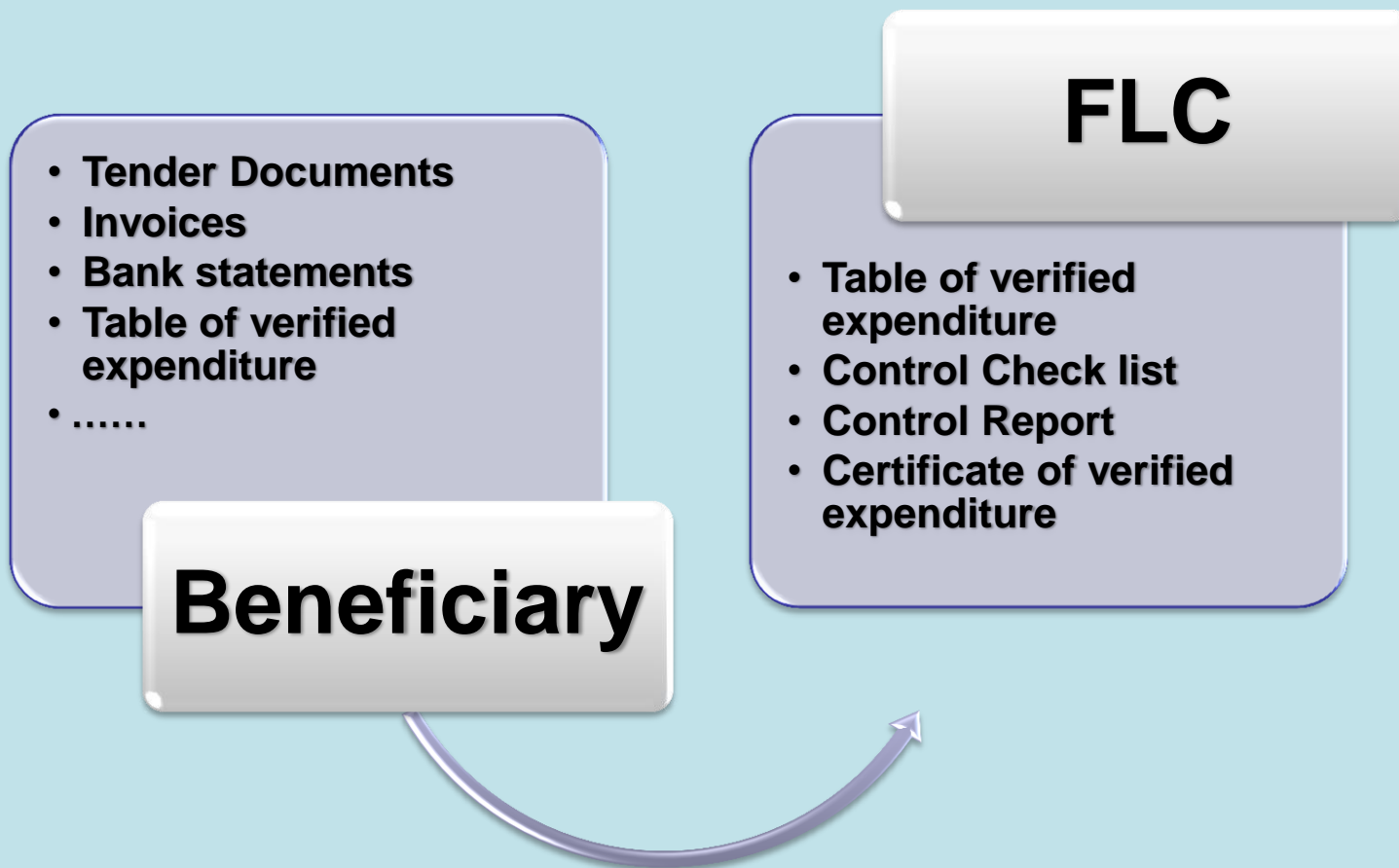
GREECE

Decentralised System -
Register of Controllers

BULGARIA

Decentralised System -
Independent external controllers

Procedures(1/7)



Procedures(2/7)

Common Documents



1. Guidance for Management verifications
2. Table of verified expenditure
3. Control Check list
4. Control Report
5. Certificate of verified expenditure

Procedures(3/7)

Guidance on management verifications

<p>1. Introduction</p>	<p>4. Guidance for beneficiaries</p> <ul style="list-style-type: none"> • The expenditure reporting procedure • Supporting documents • Guidelines for following the public procurement regulations
<p>2. General</p> <ul style="list-style-type: none"> • Regulatory requirements • General principles and scope of management verifications 	<p>5. Annexes</p> <ol style="list-style-type: none"> I. Control Checklist II. Certificate of Verified Expenditure III. Table of Expenditure IV. Control Report
<p>3. Guidance for Controllers</p> <ul style="list-style-type: none"> • The role of the controllers • Guidance for the conduction of verifications • Guidance for verifications of public procurement • Guidance for verifications of State aid schemes • Verifications in the environment area • Equality and non-discrimination • Audit trail 	

Procedures(4/7)

Table of verified expenditure

- ❖ Beneficiary's information
- ❖ Contractor's payment documents
- ❖ Beneficiary's payment documents
- ❖ FLC results

Procedures(5/7)

Control Check list

- ❖ Beneficiary Information
- ❖ Audit trail of Project documents
- ❖ Audit Trail Checklist of expenditure
- ❖ Categories of eligible expenditure
- ❖ Compliance with information and publicity requirements
- ❖ Compliance with public procurement rules
- ❖ Compliance with EU policies
- ❖ Physical Implementation
- ❖ Recommendations

Procedures(6/7)

Control Report

- ❖ Information on project and progress report
- ❖ Information on Designated Controller
- ❖ Verification methodology
- ❖ Expenditure declared and certified by budget line
- ❖ Description of findings during on the spot check

Procedures(7/7)

Certificate of verified expenditure

- ❖ Information for the project and progress report
- ❖ Information for the Beneficiary
- ❖ Verification / certified amount

3. Verification			
Methodology	desk-based on-the-spot		
Date(s) of on-the-spot verification	DD.MM.YYYY - DD.MM.YYYY		
Amount certified	Total certified EUR	ERDF in EUR	National contribution in EUR



(1/3)

- ❑ Each Beneficiary (Lead or Project) submits electronically a request for the verification of expenditure to the respecting FLC body of each country, which is accompanied by a file with all proper documentation. The Beneficiary enters the expenditure data in predefined MIS screens that include the project data, but also uploads specific documents, which are in fact the verification file (e.g. tender documents, proof of publicity actions, invoices, payments, receipts etc.).
- ❑ Also, each Beneficiary fills in the “Table of Expenditures” in a predefined MIS form. In this stage, the MIS conducts a series of logical validation checks (e.g. the declared expenditure of a specific deliverable, or/and a specific type of cost don’t exceed the approved budget in the AF).



(2/3)

- ❑ The Controllers proceed to the administrative check of the above file (if it is complete).
- ❑ The Controller fills in the “Table of Expenditures” in the MIS Screen with the verified and not verified expenditure amounts by providing the proper validation.
- ❑ The Controller fills in the “control checklist” in a predefined MIS Screen.
- ❑ Finally, the Controller fills in the First Level Control Report in a predefined MIS Screen.
- ❑ The Controller prints for signing the following 4 first level control documents through the MIS: certificate of expenditure, table of expenditures, control check list and administrative verification report.



(3/3)

- ❑ The MA/JS, in order a payment application to be done, checks/validates the relevant data which have submitted by the Controller, through a specific MIS Screen.
- ❑ The Certifying Authority will be able to draw the table of expenditure, the eligible verified expenditure per budget line that will include in the following payment application through a specific MIS Screen. The payment applications per accounting year, are made on the basis of the validated by the MA expenditure, within the accounting year.

ELIGIBILITY OF EXPENDITURE (1/14)

EXPENDITURE CATEGORIES

1. Staff costs;
2. Office and administrative expenditure;
3. Travel and accommodation costs;
4. External expertise and services costs
5. Equipment expenditure; and
6. Infrastructure and Works.



ELIGIBILITY OF EXPENDITURE (2/14)

1. Staff costs

Expenditure on staff costs shall consist of gross employment costs in one of the following ways.

- i. full time;
- ii. part-time with a flexible number of hours worked per month;
- iii. part-time with a fixed percentage of time worked per month; or
- iv. on an hourly basis.



Option I: Real costs (pay slips and proof of payment required).

Option II: Simplified cost options, e.g. Standard scale of unit costs, Flat rate of up to 20% of direct costs other than the staff costs (Art. 19, ETC Reg. 1299/2013).

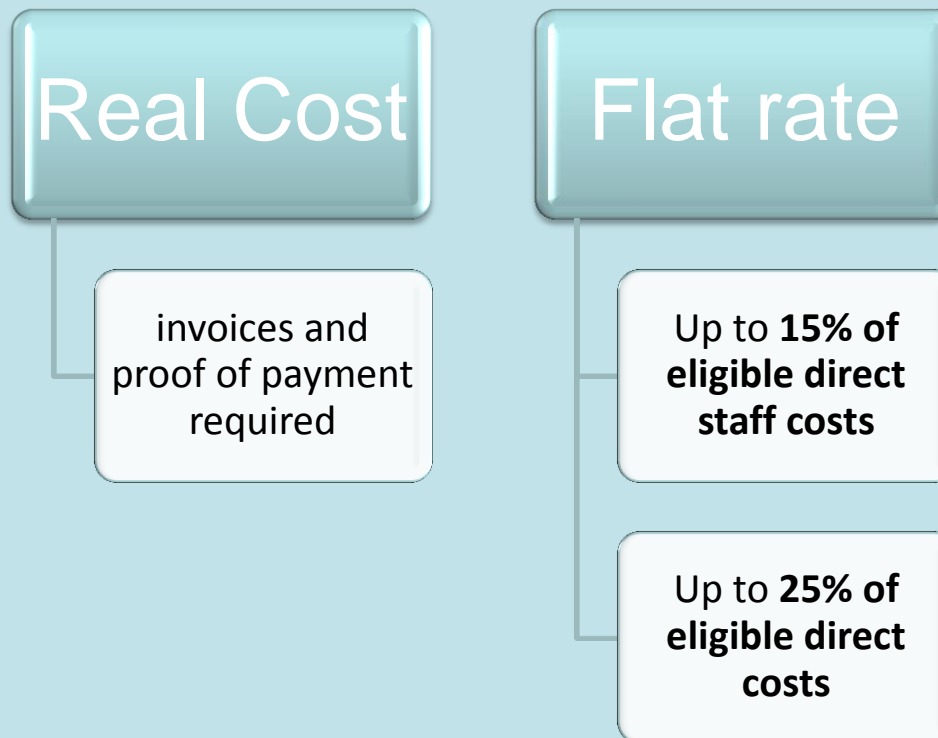
ELIGIBILITY OF EXPENDITURE (3/14)

2. Office and administrative expenditure

Eligible cost

- Operating and administrative expenses of the beneficiary organisation that support delivery of the project activities (Reg. 481/2014, article 4).

Reimbursement options:



ELIGIBILITY OF EXPENDITURE (4/14)

3. Travel and accommodation costs

The travel and accommodation costs are eligible only for the staff of beneficiary organisations that relate to delivery of the project.

Travel and accommodation of experts, external to the project partnership under **External expertise and services**.

Maximum daily rates for hotel and subsistence should be respected, in line with national legislation or internal policy of the partner organisation.

ELIGIBILITY OF EXPENDITURE (5/14)

Supporting documents for the verification of expenditure



The following documents must be available for control purposes:

- i. Agenda (or equivalent) of the meeting/seminar/conference;
- ii. Documents proving that the journey actually took place (boarding passes or participant lists etc.);
- iii. Paid invoices (including hotel bills, transport tickets, etc.) and, if applicable, the employee's expense report with a proof of reimbursement by the employer to the employee;
- iv. Daily allowance claims (if applicable), including proof of reimbursement by the employer to the employee.

ELIGIBILITY OF EXPENDITURE (6/14)

4. External expertise and services

External expertise and service costs include expenditure paid on the basis of contracts or written agreements, against invoices or requests for reimbursement to external service providers who are subcontracted to carry out certain tasks/activities linked to delivery of the project.

ELIGIBILITY OF EXPENDITURE (7/14)

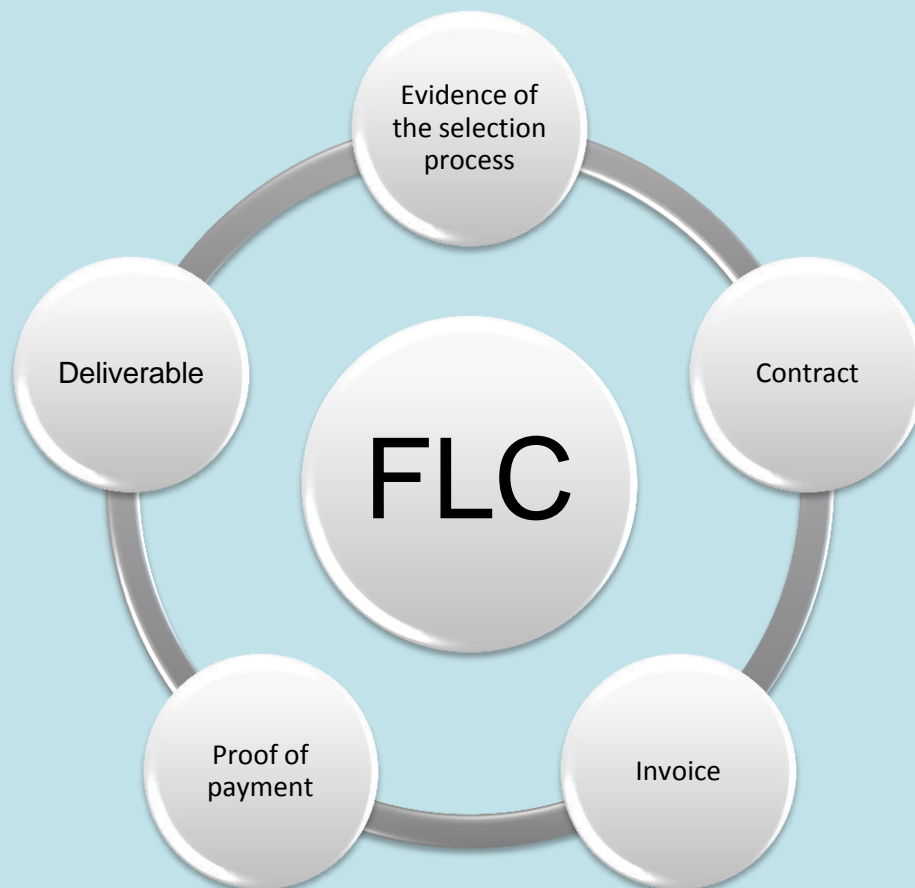
According to the Regulation (EU) No 481/2014 Article 6, expenditure on external expertise and service concern (indicatively):

- studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- training;
- translations;
- IT systems and website development, modifications and updates;
- promotion, communication, publicity or information linked to a project or to a cooperation programme as such;
- financial management;
- services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- legal consultancy, technical and financial expertise, other consultancy and accountancy services;
- verifications (i.e. first level control costs);

ELIGIBILITY OF EXPENDITURE (8/14)

Supporting documents for the verification of expenditure

The following documents must be available for control purposes:



ELIGIBILITY OF EXPENDITURE (9/14)

5. Equipment

Expenditure for the financing of equipment either purchased, or rented or leased by a partner, necessary to achieve the objectives of the project.

According to the Regulation (EU) No 481/2014 Article 7, equipment expenditure is limited to the following items:

- office equipment;
- IT hardware and software;
- furniture and fittings;
- laboratory equipment;
- machines and instruments;
- tools or devices;
- vehicles;
- other specific equipment needed for operations.

ELIGIBILITY OF EXPENDITURE (10/14)

Equipment can only be funded by the programme if no other EU funds have contributed to the financing.

Supporting documents for the verification of expenditure.

The following documents must be available for control purposes:

- Evidence of compliance with the applicable EU, national and internal procurement rules,
- Invoice (or a supporting document with equivalent probative value to invoices, in case of depreciation) providing all relevant information in line with the applicable accountancy rules,
- Calculation of depreciation in compliance with the applicable national schemes,
- Proof of payment.

ELIGIBILITY OF EXPENDITURE (11/14)

6. Infrastructure and Works

This includes costs for example; site preparation, delivery, handling, installation, renovation, when applicable.

The following documents must be available for control purposes:

1. Contracts and other related documentation (tender procedures, Selection committee decisions etc.).
2. Invoices and / or other documentation ensuring the works in progress.
3. Proof of payment.
4. The necessary environmental studies and licenses.

ELIGIBILITY OF EXPENDITURE (12/14)

V.A.T.

In accordance with Regulation (EU) No 1303/2013 Article 69 (3), VAT is not eligible except in the case where VAT is non-recoverable under national VAT legislation. In practice, if a partner can recover VAT (regardless whether he actually does or not), all expenditure reported to the programme has to be reported without VAT.

However, there are certain cases whereby specific activities can be excluded from VAT recovery.

ELIGIBILITY OF EXPENDITURE (13/14)

Net revenues

In accordance with Regulation (EU) No 1303/2013 Articles 61 and 65, if a project generates net revenue for example through services, conference participation fees, sales of brochures or books, it must be deducted from eligible costs. The ERDF funding is calculated on the basis of the total cost after deduction of any net revenue.

ELIGIBILITY OF EXPENDITURE (14/14)

Double Financing

The aim of the First Level Control is to verify that the specific expenditure is not financed by any other source, national or co-financed. In order to ensure the non double financing, the FLC should:

- Check that all original documents are signed and stamped by the beneficiary. The official name of the Programme and the project's acronym, must be indicated on all documents.
- Check that the beneficiary keeps the payment documents in a *separate accounting system* or an adequate accounting code.
- Check that the acronym of the project and the name of the Programme are referred to the contracts.





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