

National Control in ETC - Overview

Management verifications in Interreg
27-28 September 2018 | Limassol,
Cyprus

Aija Prince Interact



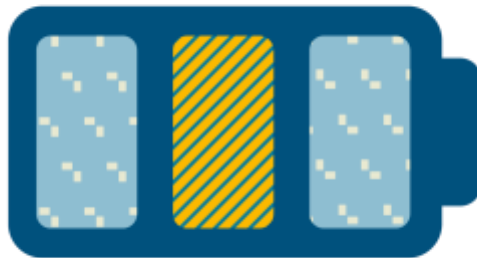
Table of Contents

1. Regulatory framework and guidance 2014-2020
2. What simplifies?
3. Harmonised Control Package



Regulatory framework and guidance

2014 - 2020



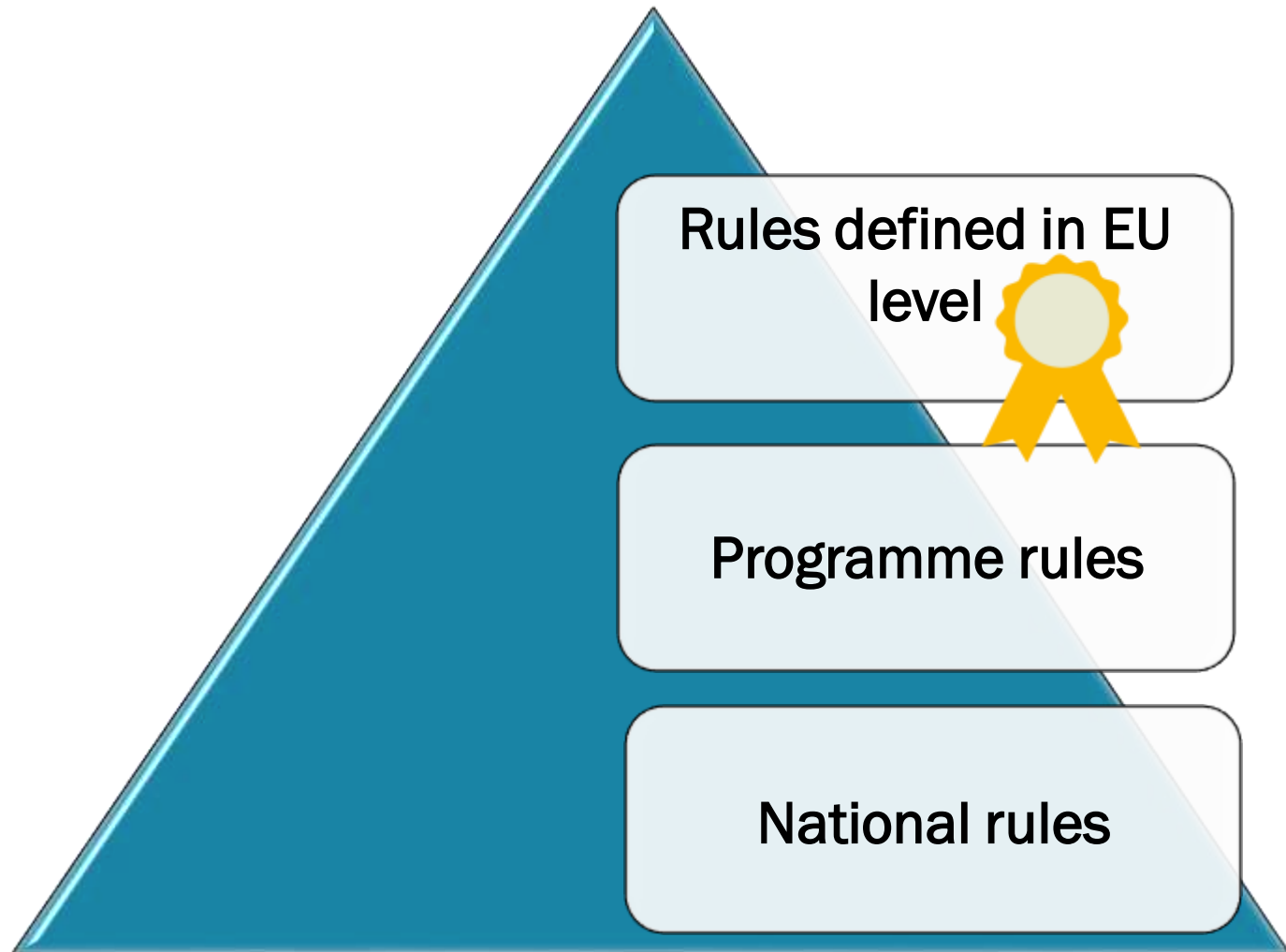
Management verifications – regulatory framework

- Regulation (EU) No. 1303/2013 (Common Provisions - CPR):
 - Art. 125.4 (scope of verifications)
 - Art. 125.5 (administrative and on-the-spot)
 - Art. 125.6 (on-the-spot sampling)
- Regulation (EU) No. 1299/2013 (ETC):
 - Art. 23 (ETC-specific rules)
- Delegated Act No. 481/2014 on eligibility of expenditure

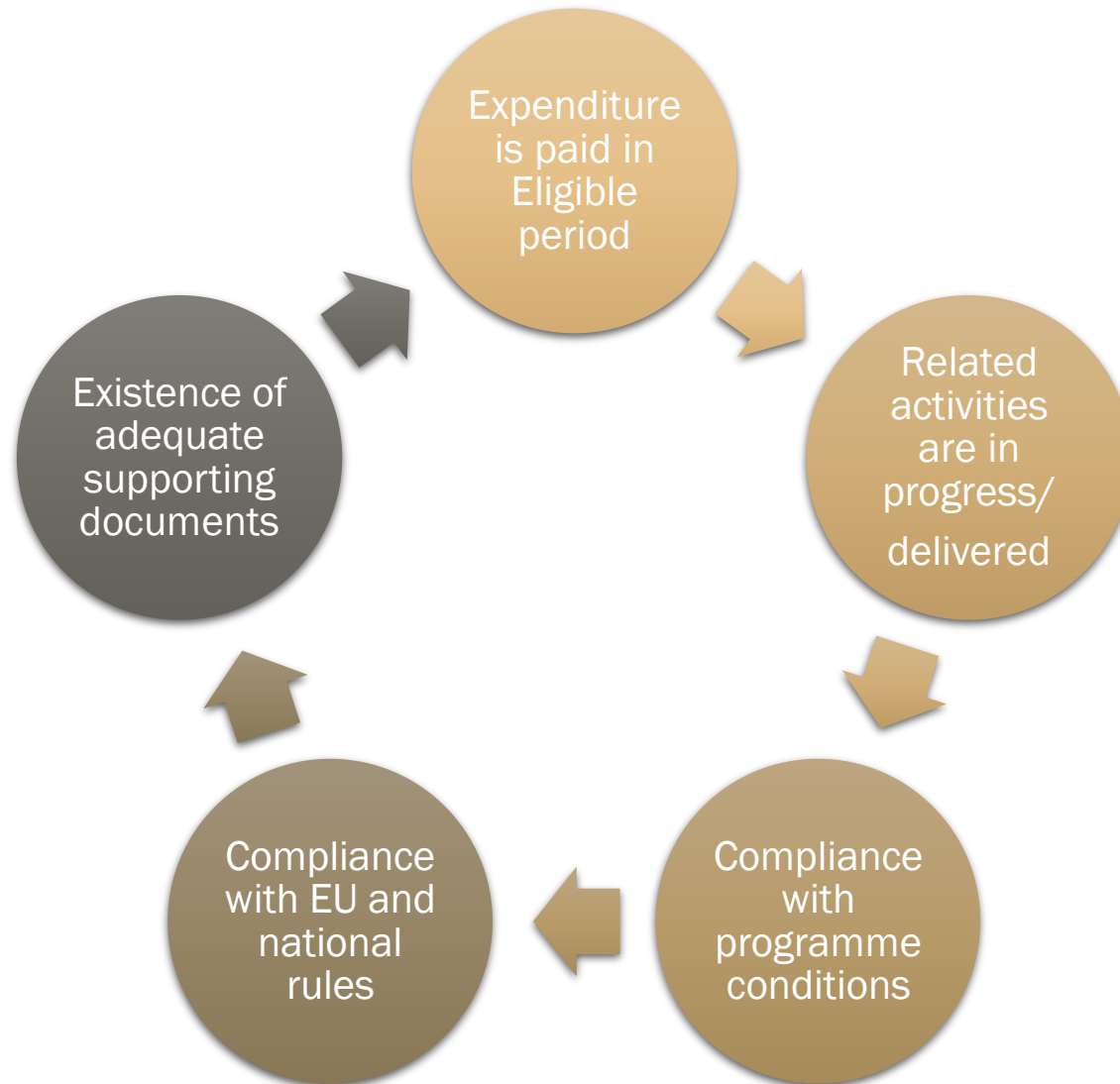
Guidance by the European Commission

- EGESIF Guidance for Member States on Management Verifications (programming period 2014-2020)

Hierarchy of rules



Scope of control



Types of management verifications

Regulation (EU) No. 1303/2013



Documenting management verifications

EC Guidance Management verifications

- Work performed by controllers **(keep the audit trail!!)**
- Results of the verification, including:
 - the overall level and frequency of errors,
 - the rules infringed upon, and
 - corrective measures taken (follow-up actions).
- Photos of deliverables, copies of promotional material, etc. can be used for verifying publicity requirements



Timing

EC Guidance Management Verifications

- **Timeframe:** Each Member State shall ensure that the expenditure of a beneficiary can be verified within a period of three months (Art. 23, Reg. 1299/2013)



Which level of control are national controls?

- 1) Project partner (internal control)
- 2) Lead partner (partner activities related to the project, have been verified by national controls, EU co-financing has been forwarded to partner)
- 3) **National controls + JS/MA checks = 'Management verifications'**
- 4) Audit Authority
- 5) European Commission Auditors
- 6) European Court of Auditors



Findings of the European Court of Auditors for 2016



Ineligible expenditure

The main causes of ineligible expenditure were breaches of national/EU eligibility rules

- absence of an audit trail to justify expenditure,
- ineligible salary costs,
- incorrect calculation (or no calculation),
- revenue-generating projects,
- declaration of recoverable VAT,
- incorrect application of financial corrections

Findings of the European Court of Auditors for 2016 (ERDF)

Ineligible projects

- Projects that did not comply with the eligibility rules in the regulation, and/or the eligibility criteria in the OP or the specific call for proposals.

Public procurement

- Non-compliance with EU and/or national public procurement rules

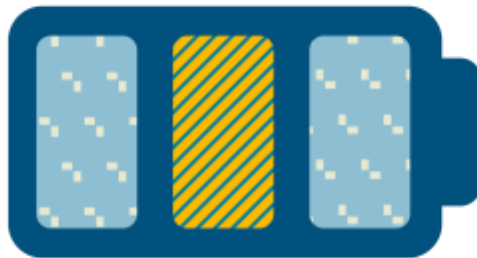
State aid

- Failure to assess and/or notify state aid projects.



What simplifies?

2014 - 2020



Harmonised Cost Categories

Staff Costs

Overheads

Investment

Publicity Measures

Equipment and Materials

Others

Harmonised Cost Categories

Delegated Regulation 481/2014 – Rules on eligibility of expenditure for cooperation programmes:

1. *Staff Costs*
2. *Office and Administration Expenditure*
3. *Travel and Accommodation Costs*
4. *External Services and Expertise Costs*
5. *Equipment Expenditure*
6. *And in addition (not in the Del. Reg.): Infrastructure and Works*

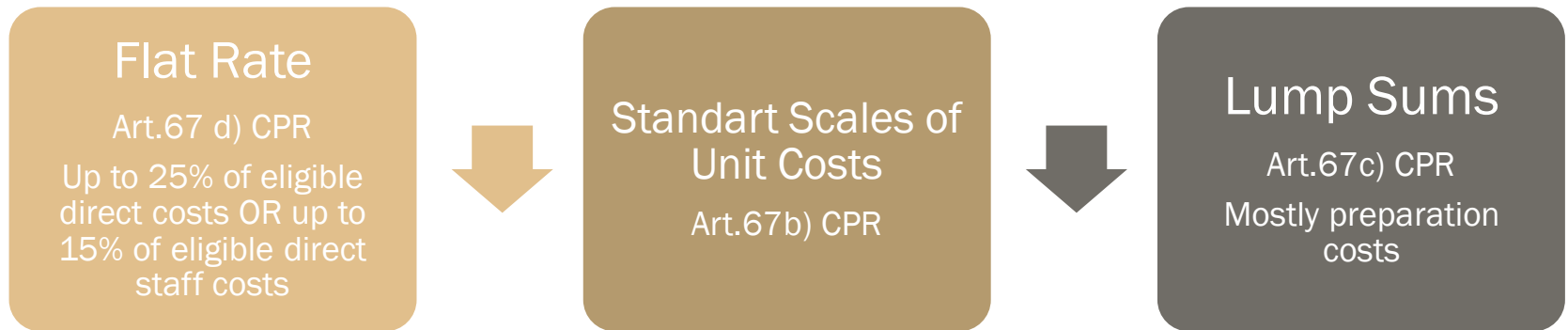
Expenditure items in each cost category are of similar type and therefore require a specific set of control procedures!

SCOs

- Used in Interreg programmes to a much bigger extent than in the past
- Measure used to help reduce the administrative burden
- Can overcompensate or undercompensate the costs actually incurred and paid by beneficiaries



Types of SCOs



No need to check original invoices, documents of equivalent probative value and payment proofs, etc.!!

*CONTROL 100%
EXPENDITURE
ITEMS!*



Sampling

- Sampling involves the application of control procedures to less than 100 % of items within a class of transactions or budget lines, such that all sampling units have a chance of selection (Definition based on ISA 530 No. 5)
- In line with **EC Guidance on Management Verifications**
- HIT Sampling methodology for administrative verifications



Pick the riskiest!

Intensity

On the spot verifications

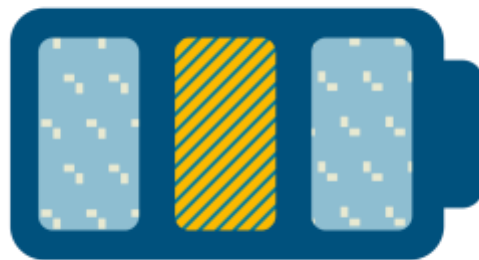
Art 125.5, Reg. [1303/2013](#): on-the-spot verifications may be carried out on a sample basis

Administrative verifications

Guidance on management verifications: where justified, verification of a sample of expenditure items is allowed.

HIT Control Package

2014 - 2020



‘Control Package’*

- Control certificate
 - Control report
 - Control checklist
- } **“MANDATORY”
DOCUMENTS**

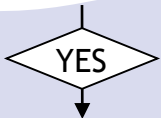


- Annex 1: Documents for verification
 - Annex 2: Example of Work File Index
 - Annex 3: Internal Risk Assessment
 - Annex 4: Sampling methodology
- for administrative verifications
- } **OPTIONAL
DOCUMENTS**

*** See: Interact Online Library**

Project selection

Administrative and Eligibility Checklist



Quality Assessment Criteria

Strategic and Operational Assessment Criteria

Application Form

A - Project Summary
B - Project Partnership
C - Project Description
D - Project Budget
E - Partner Budget
F - Annexes

ETC specific indicators

Budget lines fact sheets

Project / Partner Progress Report

PART A - Activity report
PART B - Finance report

Project Final Report

Project implementation

Progress Report Monitoring Checklist

FLC Certificate

FLC Checklist

FLC Report

Advantages of Harmonisation

- Common approach by different programmes (overlapping programme areas)
- Harmonisation increases certainty

Flexibility:

- Programmes can modify HIT tools (e.g. programme-specific requirements)
- Standalone documents that can be combined: Option to merge Control Report and Certificate OR Control Report and Checklist
- Avoid duplication or forgetting of elements: Coordination between JS and FLC checklists

Cooperation works

All materials will be available on:

www.interact-eu.net