

# National Control in ETC - Overview

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

**Aija Prince Interact**



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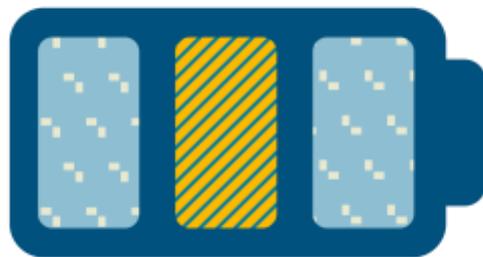
1. Regulatory framework and guidance 2014-2020
2. What simplifies?
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# Regulatory framework and guidance

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2014 - 2020



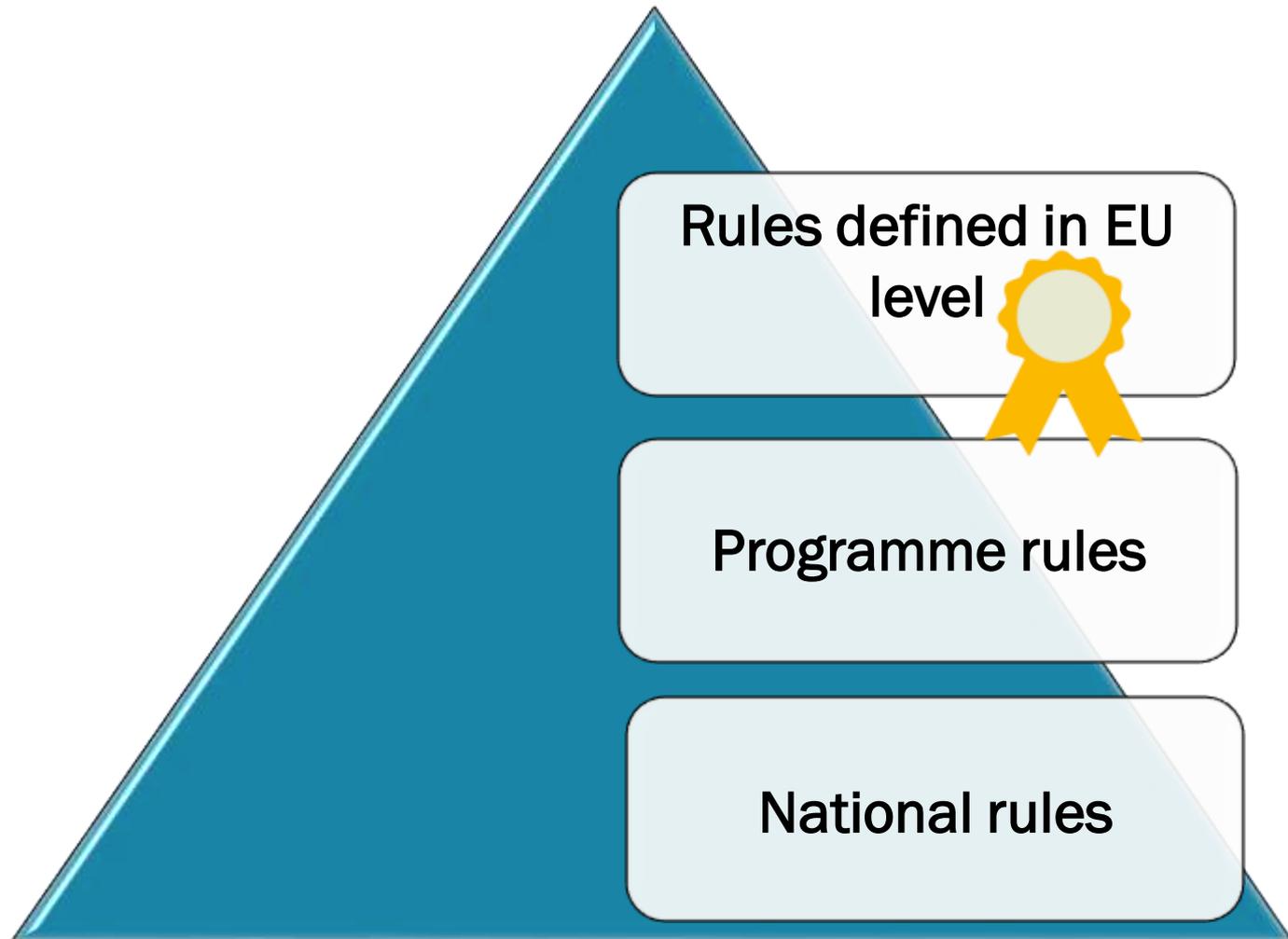
# Management verifications – regulatory framework

- 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

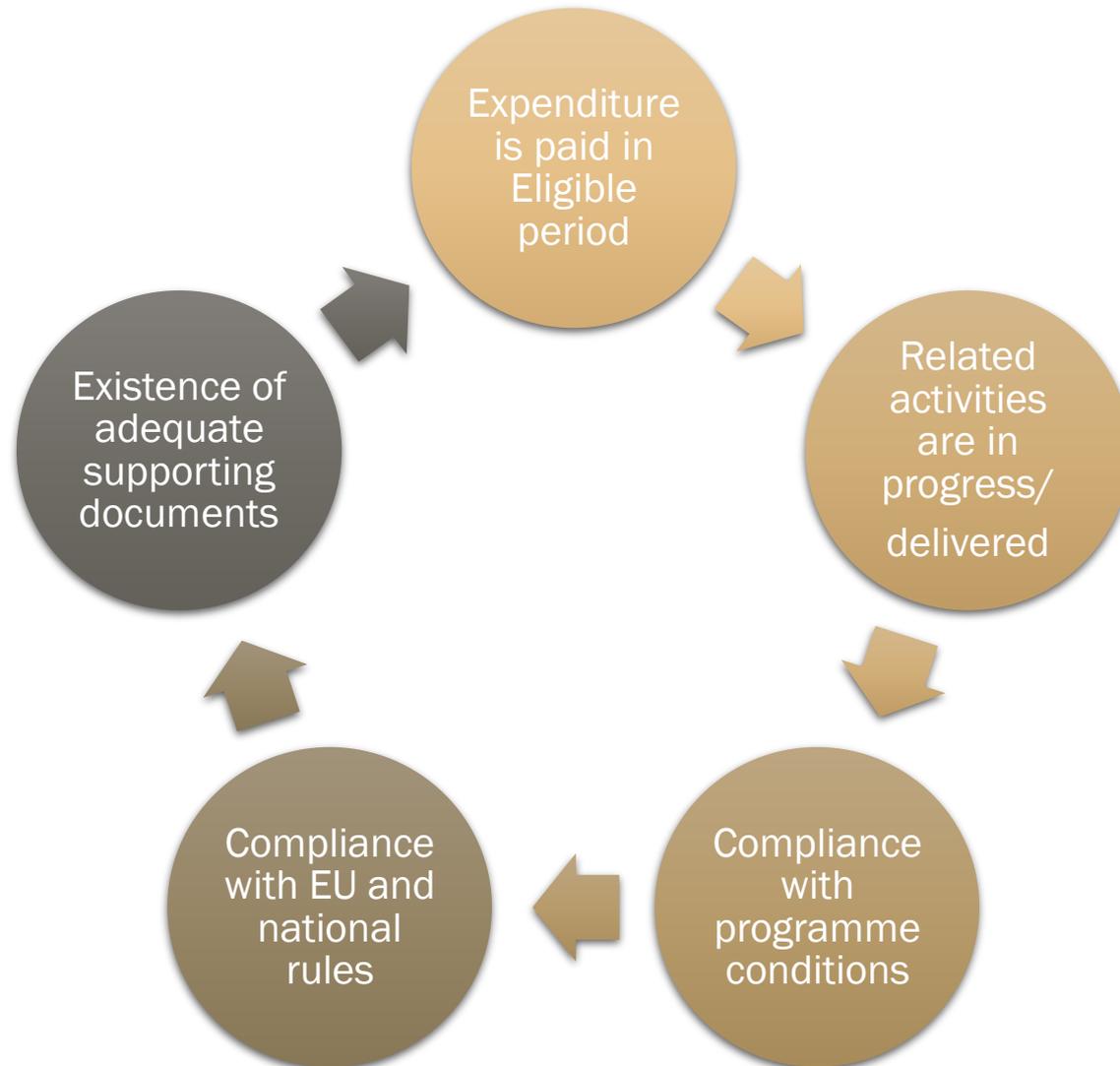
## Guidance by the European Commission

- 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

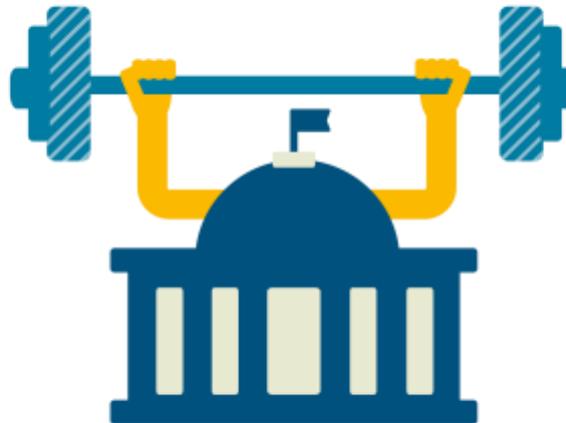
- Work performed by controllers (**keep the audit trail!!!**)
- Results of the verification, including:
  - the overall level and frequency of errors,
  - the rules infringed upon, and
  - corrective measures taken (follow-up actions).
- Photos of deliverables, copies of promotional material, etc. can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

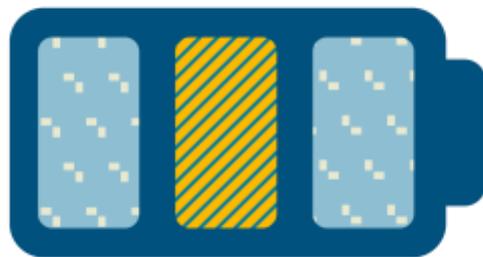
- Failure to assess and/or notify state aid projects.



# What simplifies?

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2014 - 2020



# Harmonised Cost Categories

Staff Costs

Overheads

Investment

Publicity Measures

Equipment and Materials

Others

# Harmonised Cost Categories

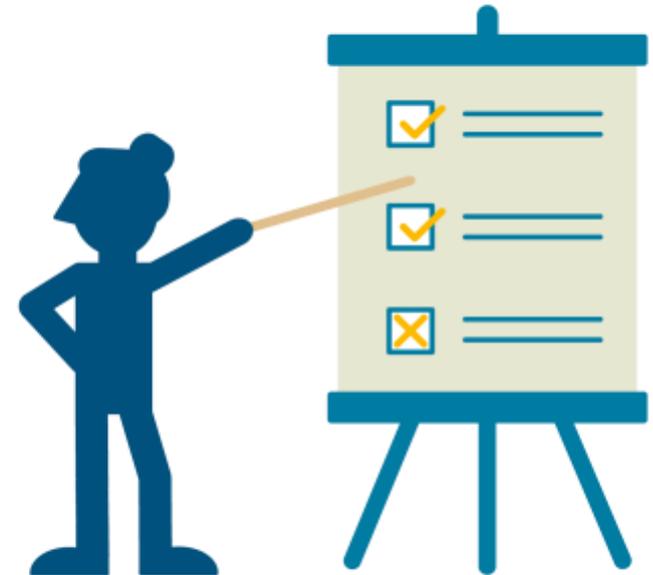
Delegated Regulation 481/2014 – Rules on eligibility of expenditure for cooperation programmes:

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

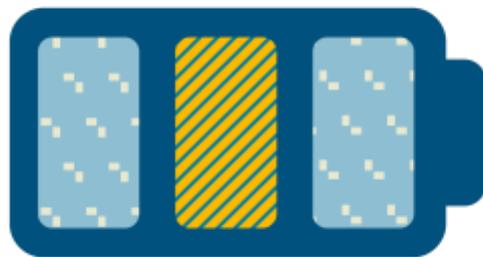
## Administrative verifications

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

# HIT Control Package

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2014 - 2020



# ‘Control Package’\*

- Control certificate
- Control report
- Control checklist

”MANDATORY”  
DOCUMENTS



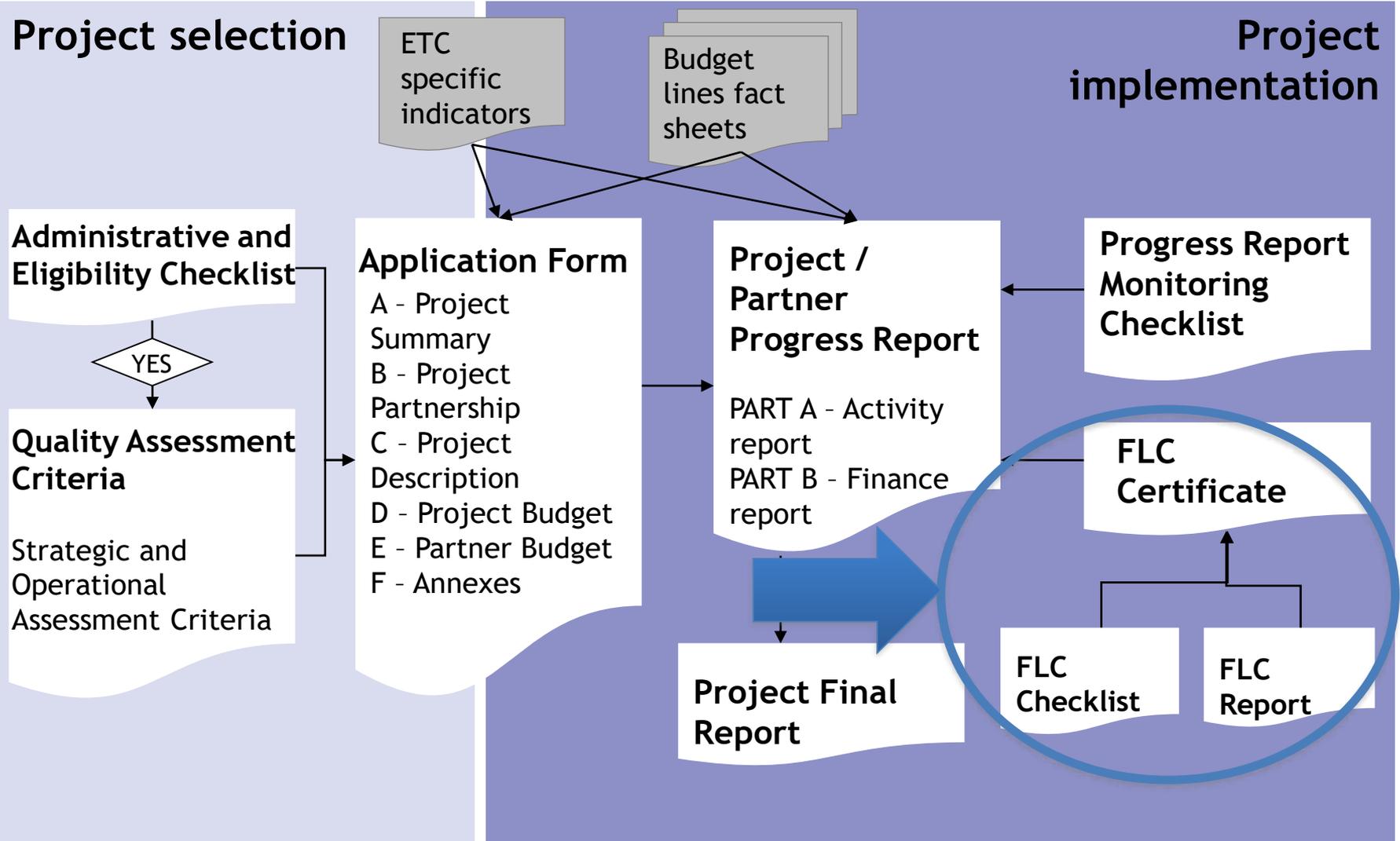
- Annex 1: Documents for verification
- Annex 2: Example of Work File Index
- Annex 3: Internal Risk Assessment
- Annex 4: Sampling methodology  
for administrative verifications

OPTIONAL  
DOCUMENTS

\* See: [Interact Online Library](#)

Project selection

Project implementation



# 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

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All materials will be available on:

[www.interact-eu.net](http://www.interact-eu.net)