

National Control in ETC - Overview

National Control (FLC) workshop
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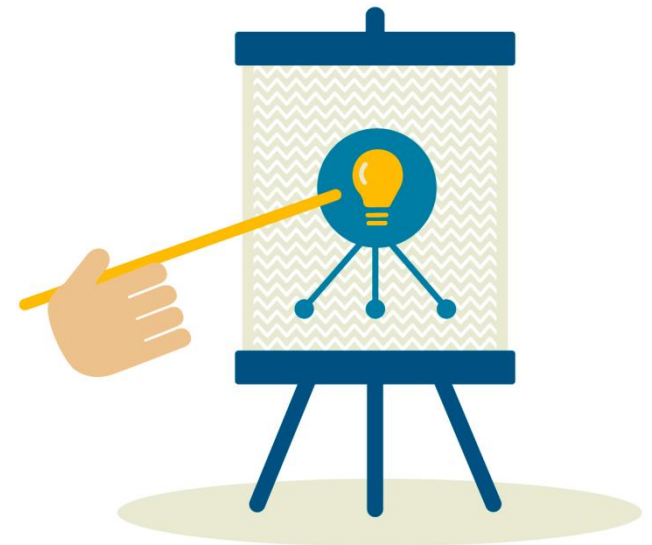


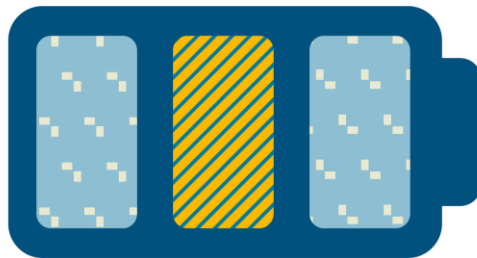
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Regulatory framework and guidance

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 on Simplification No. 481/2014

Guidance by the European Commission

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

Hierarchy of rules

1. Rules defined in **EU** legal framework
 2. Programme rules
 3. National rules
- **National rules cannot abolish or restrict rules established at a higher level!**
 - Stricter programme and national rules may apply only in areas that are not precisely regulated at the EU level or where EU Regulations provide the Member States with a discretionary power to set such rules.

Types of management verifications

Art. 125.5, reg. 1303/2013

- Administrative verifications (i.e. desk-based verifications) in respect of each application for reimbursement by beneficiaries:

Clarified in the EC Guidance: Sampling of items is possible.

- On-the-spot verifications of operations:

Recommended in the EC Guidance: Reality of operations, delivery of products and services, physical progress, compliance with Union rules of publicity, accuracy of information provided for administrative verifications.

Documenting management verifications

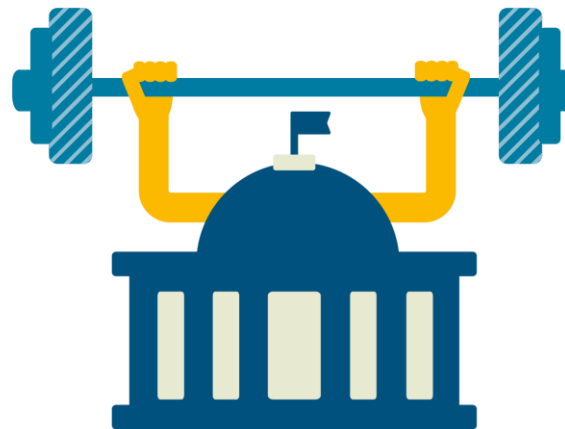
EC Guidance Management verifications

- Work performed by controllers (scope, amount of expenditure verified), date(s) when the work was carried out;
- 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)





Scope of management verifications

National Control
versus
MA/JS

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

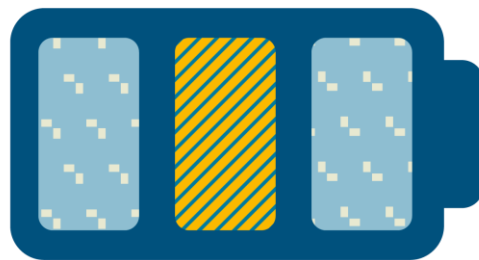
Non-compliance with EU and/or national public procurement rules

State aid

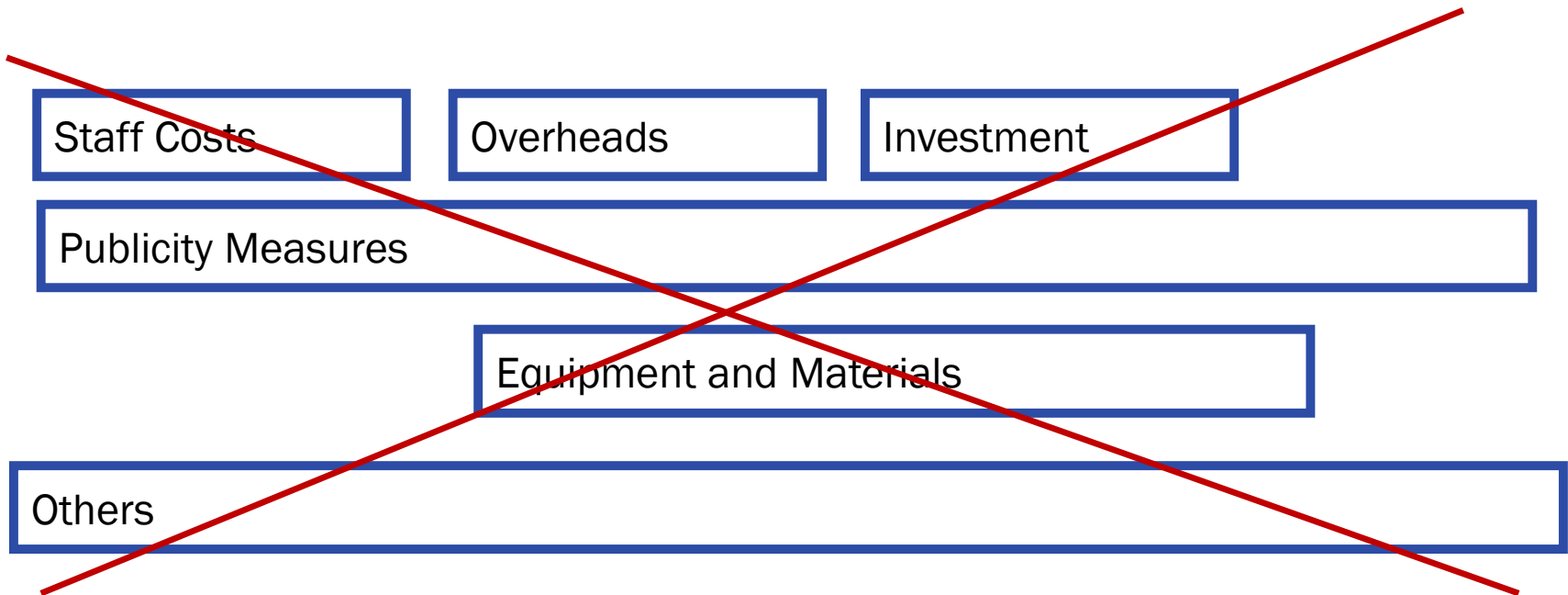
Failure to assess and/or notify state aid projects.

What simplifies?

2014 - 2020



Harmonised Cost Categories



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!

Simplified Cost Options

- No need to check original invoices, documents of equivalent probative value and payment proofs, etc.
- Most commonly used in Interreg:

Flat Rate for Office and Administration: Article 68 of Reg. No 1303/2013. Up to 25% of eligible direct costs OR up to 15% of eligible direct staff costs

Flat Rate for Staff Costs: Article 67(1)(d) of Reg. No 1303/2013 and Art. 19 of Reg. No 1299/2013. Up to 20% of eligible direct costs other than staff costs

Lump sums (mostly preparation costs)

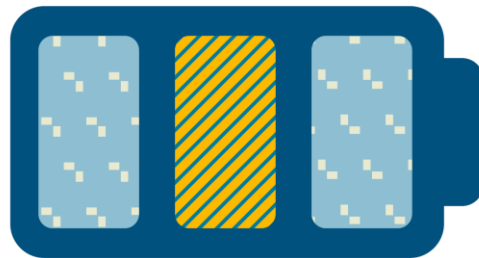
Sampling

- Sampling of transactions within an application for reimbursement
- In line with EC Guidance on Management Verifications
- HIT Sampling methodology for administrative verifications



HIT Control Package

2014 - 2020



‘Control Package’*

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

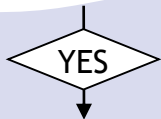


- Annex 1: Documents for verification
 - Annex 2: Example of Work File Index
 - Annex 3: Internal Risk Assessment
 - Annex 4: Sampling methodology
- for administrative verifications
- } **OPTIONAL
DOCUMENTS**

* 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