

Control and cash flow

Interreg Programme Management for Beginners

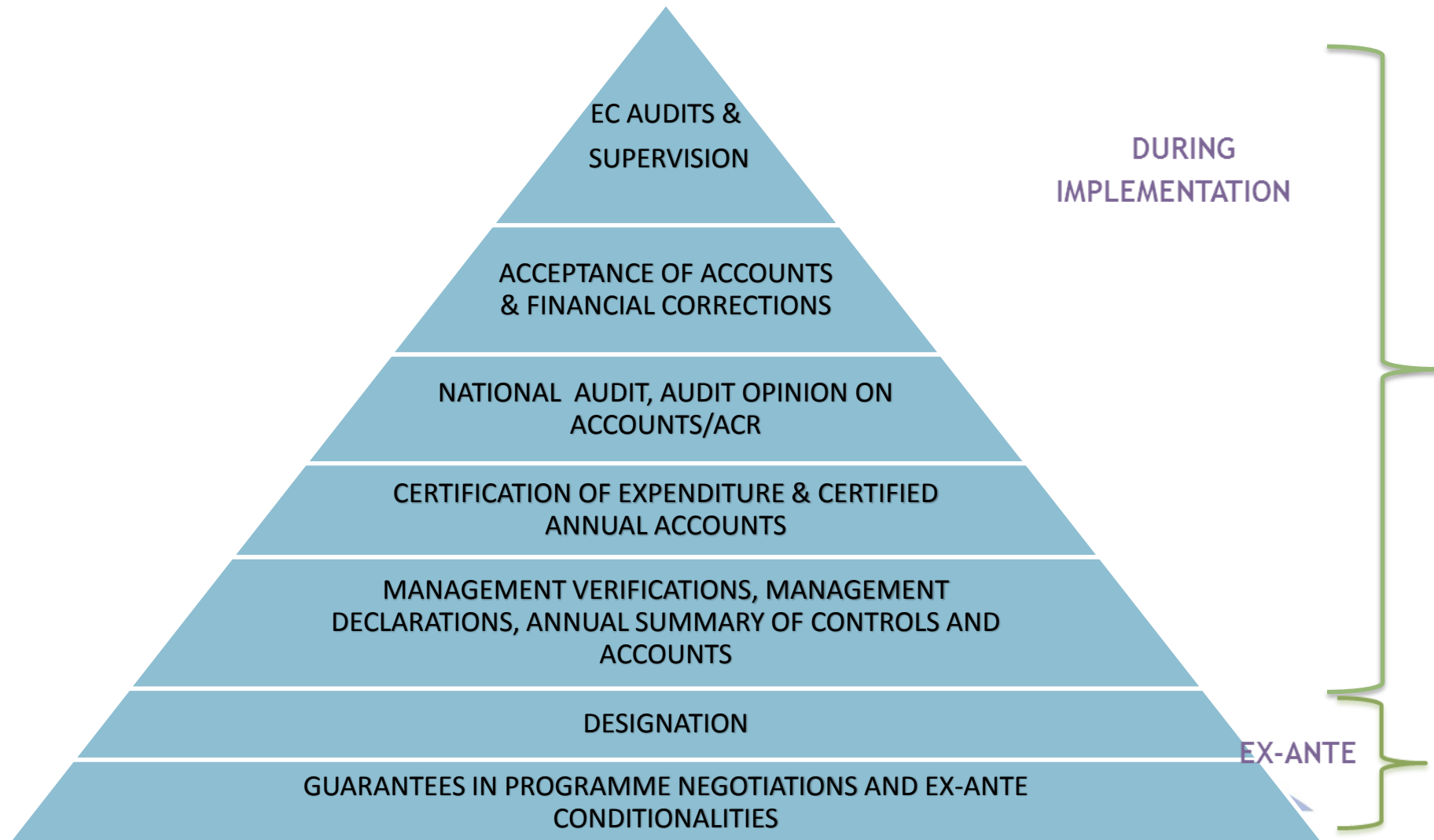
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 @InteractEU

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Assurance model 2014 -2020



Management verifications

Bodies involved:

Controllers

Joint
Secretariat

Managing
Authorities

Certifying
Authorities



Management verifications – regulatory framework

Legal basis

Regulation (EU) No. 1303/2013:

- Art. 125.4
- Art. 125.5
- Art. 125.6

Regulation (EU) No. 1299/2013:

- Art. 23

Guidance by the European Commission

ESFI Guidance for Member States on Management verifications
(programming period 2014-2020)



Management verifications – obligations of MA

- Verify that the co-financed products and services have been **delivered**
- Verify that expenditure declared by the beneficiaries has been **paid**
- Verify that the expenditure declared **complies** with applicable **law**, the operational **programme** and the conditions for support of the **operation**
- Ensure that the beneficiaries maintain a **separate accounting** system or an adequate accounting code
- Set up procedures to ensure an adequate **audit trail**
- Put in place effective and proportionate **anti-fraud measures**
- Draw up **management declaration**



Management verifications – responsibilities

Member States or third countries or territories – each designates a body or person responsible for carrying out verifications in relation to beneficiaries on its territory:

- Each MS or 3rd country responsible for verifications carried out on its territory
- MA shall satisfy itself that the expenditure of each beneficiary has been validated by a designated controller
- *Recommended in the EC Guidance:* MA ensures that the responsible MS or 3rd countries put in place quality control procedures to verify the quality of the work by the controllers



Management verifications

- **Administrative** verifications (i.e. desk-based verifications) in respect of each application for reimbursement by beneficiaries
- **On-the-spot** verifications of operations with the purpose to check the reality of the operation, delivery of the product/service in full compliance with the terms and conditions of the agreement, physical progress and respect for Union rules on publicity



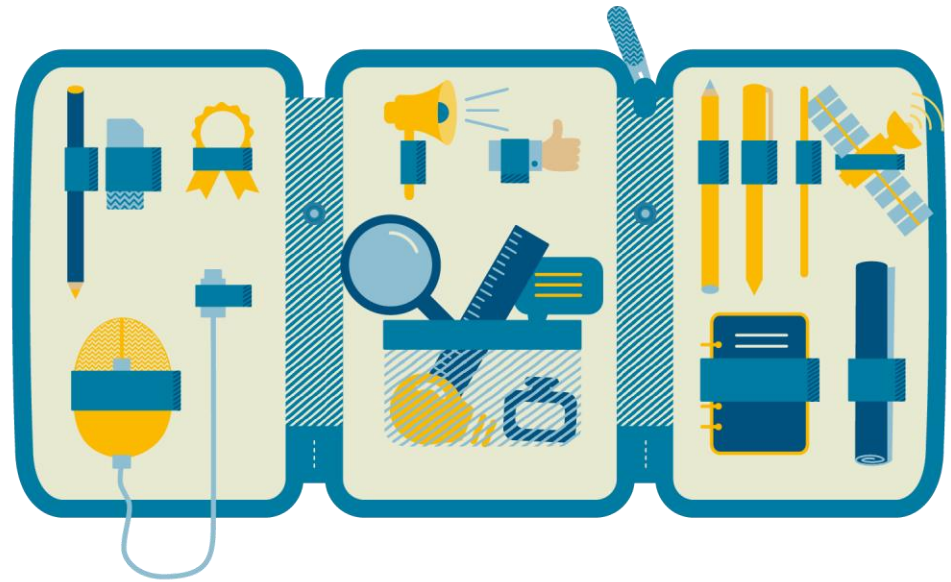
Scope of management verifications

- Expenditure relates to the **eligible period** and has been **paid**
- Expenditure relates to an **approved operation**
- Compliance with **programme conditions**, incl. the approved co-financing rate
- Compliance with national and Union **eligibility rules**
- Adequacy of supporting documents and existence of an adequate **audit trail**
- *For simplified cost options:* **conditions for payments** have been fulfilled



Scope of management verifications

- Compliance with **State aid** rules, **sustainable development**, **equal opportunity** and **non-discrimination** requirements
- Compliance with Union and national **public procurement** rules
- The respect of EU and national rules on **publicity**
- **Physical progress** of the operation
- **Delivery** of the product or service in full compliance with the terms and conditions of the agreement



Timing of management verifications

Each Member State shall ensure that the expenditure of a beneficiary can be verified within a period of **three months** of the submission of the documents by the beneficiary concerned.



Intensity of management verifications

Administrative verifications

- All expenditure included in an application for reimbursement should be checked based on sufficient supporting documents, but...
- Where justified, verification of a sample of expenditure items is allowed

On-the-spot verifications

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



Management verifications - sampling

Administrative verifications

- Methodology is established ex-ante by the MA
- Risk-based selection is complemented by a random sample

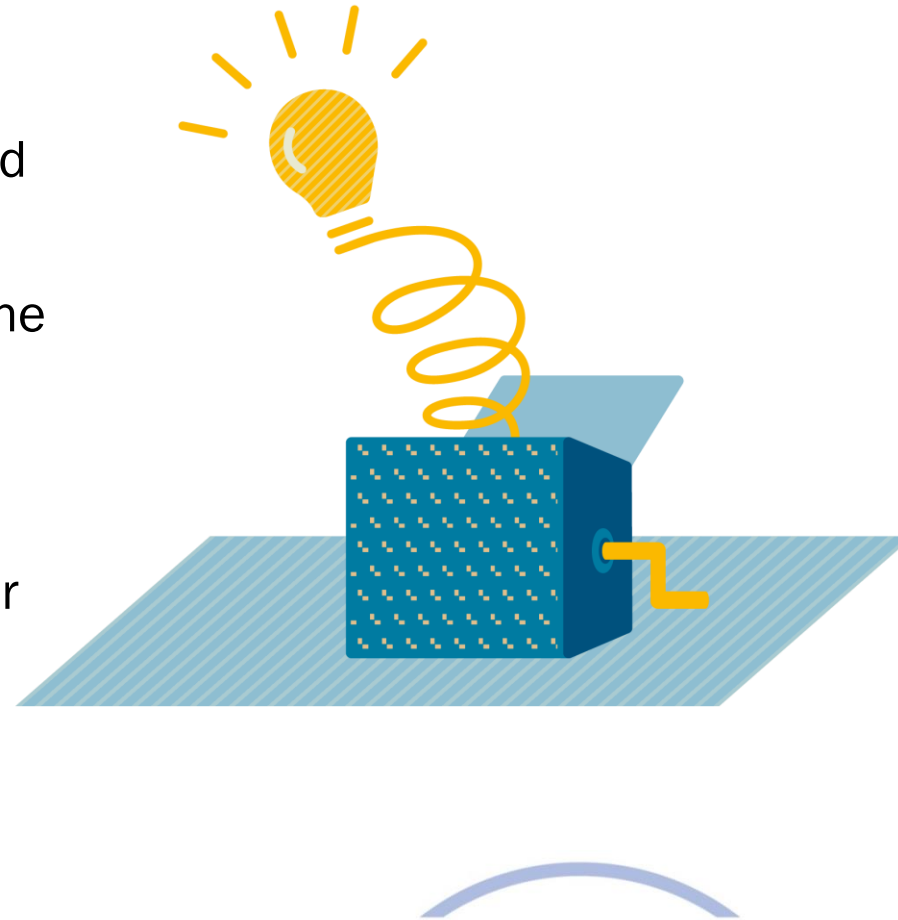
On-the-spot verifications

- MA keeps records of the operations selected and description of the sampling method
- Sampling method is review annually
- Risk-based selection is complemented by a random sample
- Sample: high value operations, problems/irregularities or unclear transactions have been identified



Documenting of management verifications

- Recommended to use checklists
 - For Interreg: adopt **Harmonised Checklists** developed by INTERACT
- Checklist should be sufficiently detailed (one tick for eligibility is not sufficient)
- Name/position of person completing the check and date of check should be recorded
- Photos of deliverables, copies of promotional material, etc. can be used for publicity



Harmonised Control Package

- Controller certificate
- Controller report
- Controller 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

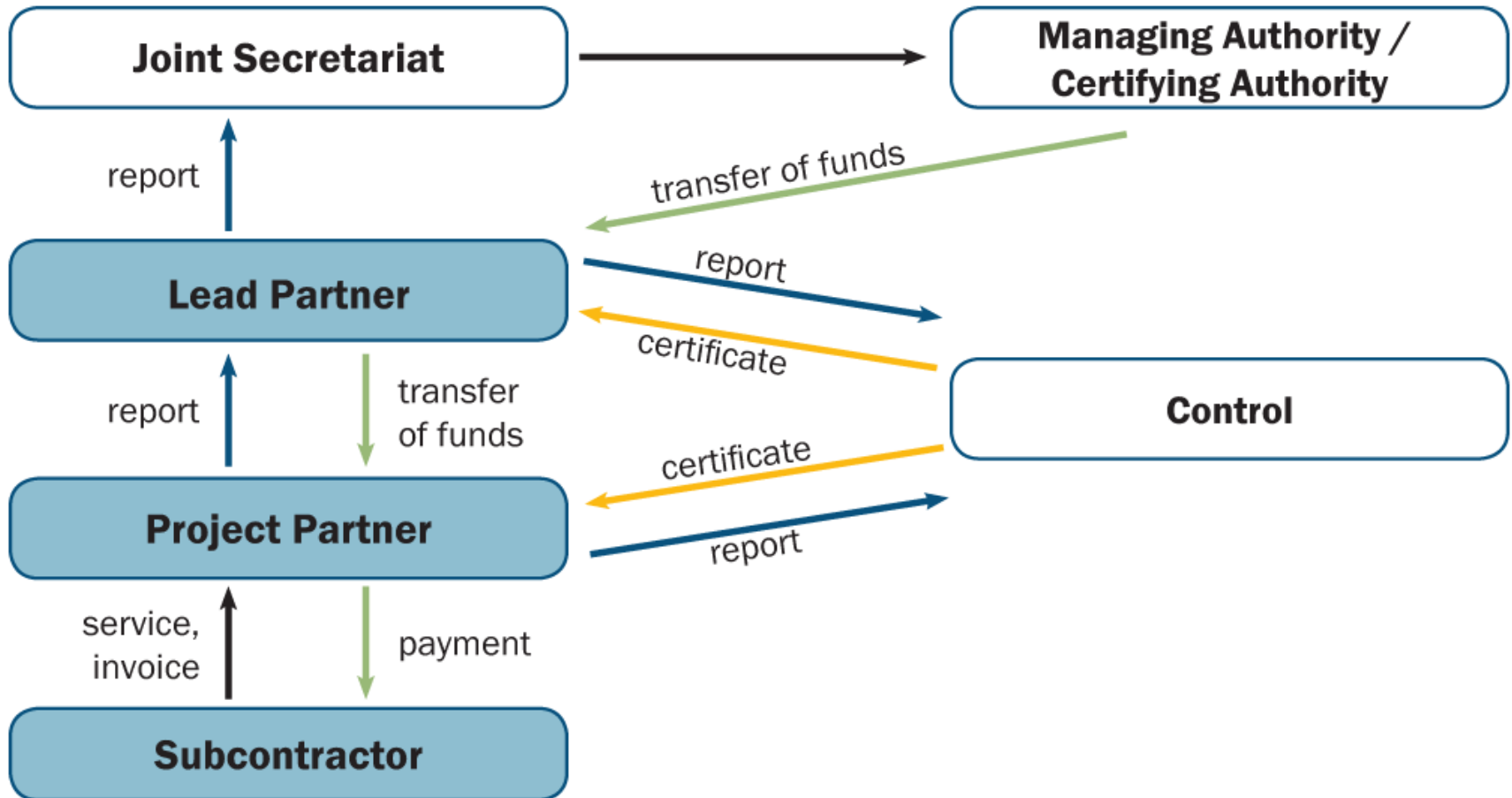
OPTIONAL
DOCUMENTS



Why harmonised tools?

- Different programmes have different requirements regarding documentation (controllers checklists/ reports)
 - Different programmes have different expectations on the scope of control:
 - Force controllers to confirm issues that cannot be confirmed by the controllers
 - Do not reflect the fact that professional judgment of controllers play a significant role in control and 100% certainty does not exist
 - Simplification for beneficiaries, controllers, programmes
 - Common understating of concepts/ definitions between beneficiaries, controllers
 - Common approach by different programmes (overlapping programme areas)
 - Harmonisation based on EU rules and legal requirements.
- 

Cash flow programme – project



Cash flow programme – project

Art. 132.1 of the CPR

The payment to the beneficiary needs to be done within **90 days** from the submission of the application for payment

The deadline may be interrupted by MA when:

- The amount claimed is not due or the appropriate supporting documents, necessary for management verification have not been provided
- An investigation has been initiated in relation to the possible irregularity affecting the expenditure concerned.



Cooperation works

All materials will be available on:

www.interact-eu.net

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