

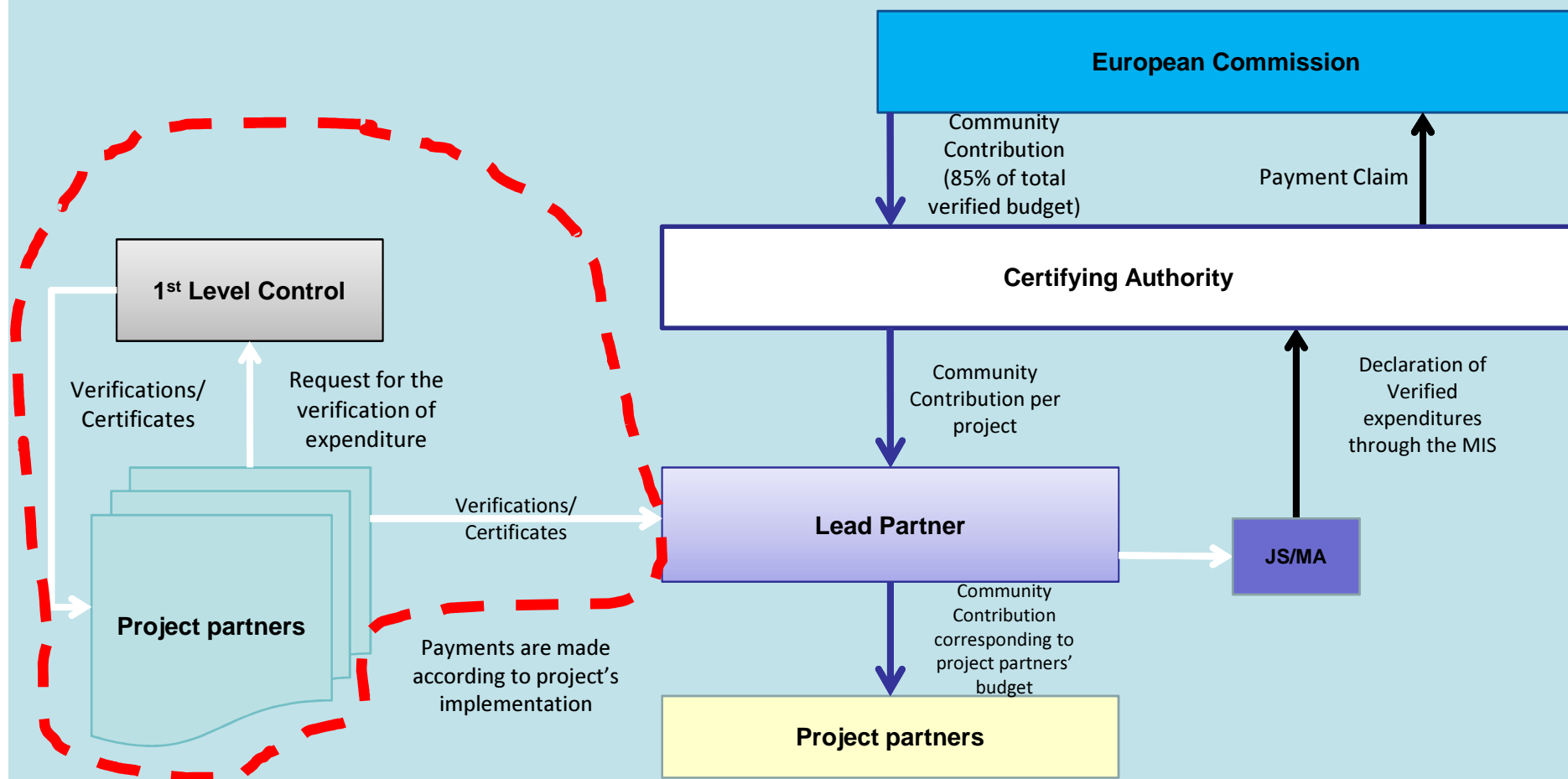
INTERREG V/A “GREECE – the former Yugoslav Republic of Macedonia 2014-2020”

PART A

STRUMICA 05/06/2018

FIRST LEVEL CONTROL – GUIDELINES & PROCEDURES

PROJECT'S LIFE CYCLE - Financial and Information Flow



General Guidelines (1/6)



- 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
- Regulation (EU) 447/2014, Pre-accession assistance (IPA II)
- *European Commission Guidance for Member States on Management Verifications (EGESIF_14_12_final - 17/9/2015)*
- *Project Implementation Manual*

General Guidelines (2/6)



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

GREECE

Decentralised System
Register of Controllers

The Former Yugoslav Republic of Macedonia

Decentralised System
Group of Auditors (Internal / External)

General Guidelines (3/6)

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 (4/6)

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 (5/6)

According to Article 125 of Regulation (EU) 1303/2013 Verifications shall include the following procedures:

a. **administrative** verifications of operations

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 documents, such as:

invoices	delivery notes
bank statements	timesheets
progress reports	

b. **on-the-spot** verifications of operations

EFFECTIVENESS: On-the-spot verifications should be planned in advance to ensure that they are effective, and

AVAILABILITY: 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

General Guidelines (6/6)

ADMINISTRATIVE VERIFICATIONS

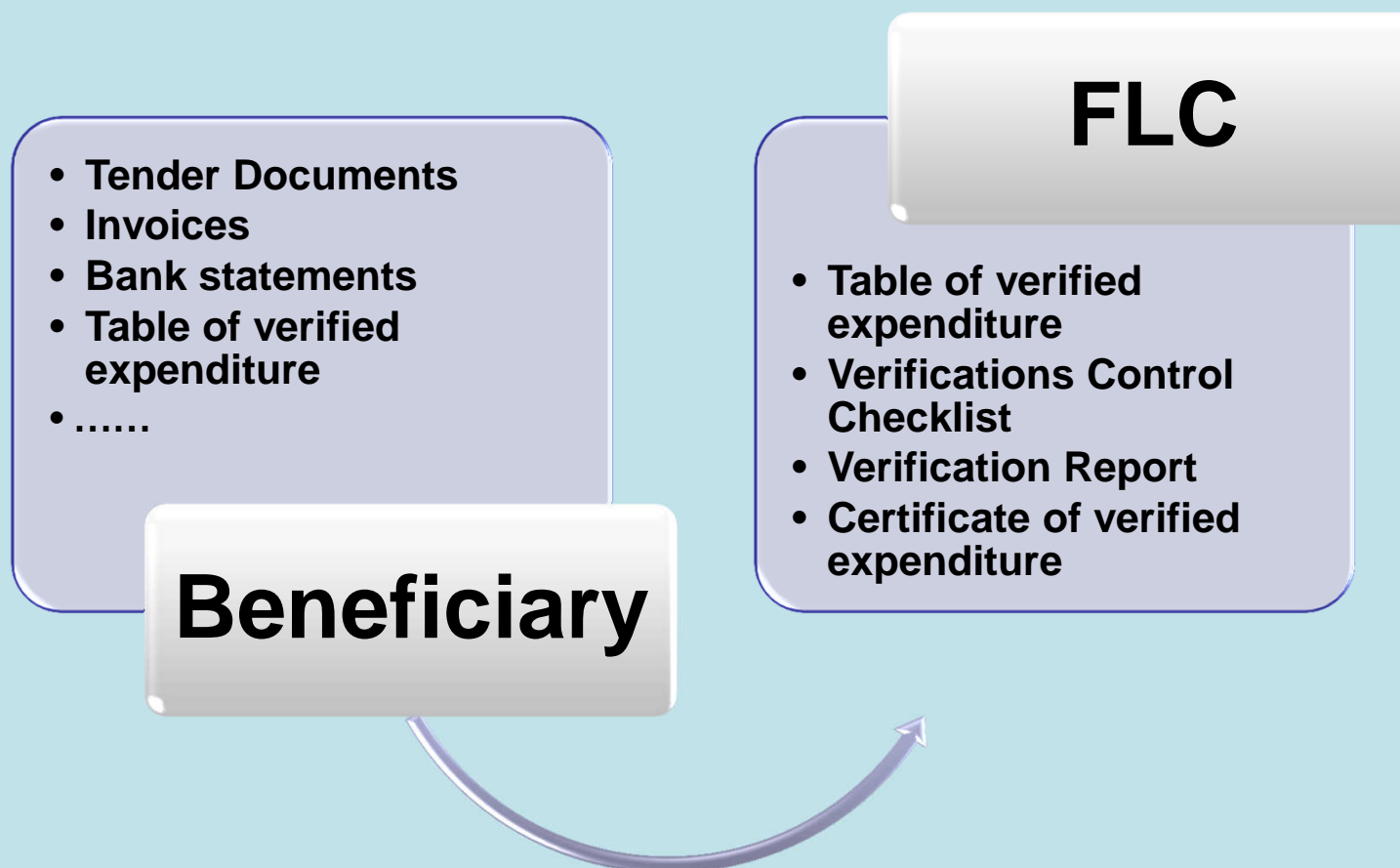
Management verifications of **100%** of the applications for reimbursement submitted by beneficiaries are required by the Regulation CPR.

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.

Procedures(1/9)



Procedures(2/9)

Common Documents



- | | |
|--|--------------------------|
| 1. Guidance for Management verifications | } Beneficiaries & FLCs } |
| 2. Table of verified expenditure | |
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| 3. Verifications Control Check list | } FLCs } |
| 4. Verification Report | |
| 5. Certificate of verified expenditure | |
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| 6. Working Timesheet | } Beneficiaries } |
| 7. Personnel Timesheet | |

Procedures(3/9)

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(4/9)

Table of verified expenditure

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

Procedures(5/9)

Verification 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
- ❖ Fraud Indication
- ❖ Recommendations

Procedures(6/9)

Verification 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
- ❖ Conclusions and recommendations

Procedures(7/9)

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	<i>Total certified EUR</i>	<i>IPA in EUR</i>	<i>National contribution in EUR</i>

Procedures(8/9)

Working Timesheet

- ❖ General Information for the personnel
- ❖ Working hour per day and deliverable
- ❖ Hourly rate
- ❖ Requested amount per deliverable
- ❖ Total requested amount for the specific application for reimbursement
- ❖ Signatures by the employee and the responsible supervising person

Procedures(9/9)

Personnel Timesheet

- ❖ General Information for the personnel
- ❖ Working hour per day and beneficiary's project
- ❖ Hourly rate
- ❖ Requested amount per project
- ❖ Total requested amount for the specific application for reimbursement
- ❖ Signatures by the employee and the responsible supervising person

CO-OPERATION PROGRAMME

INTERREG V/A "GREECE – the former Yugoslav Republic of Macedonia 2014-2020"

PART B

Bitola 17.05.2018

ELIGIBILITY OF EXPENDITURE(1/11)

The expenditure is eligible since,

- They correspond to actions, services or products described in the Application Form and are foreseen in the approved budget of the project under a specific budget line.
- They are executed by the beneficiary and they are paid in the approved period of the project.
- They comply to the financial and the labour legislation of the country.
- They are paid by invoices or any other documentation of equal value.
- They reflect the present account system of the beneficiary.

ELIGIBILITY OF EXPENDITURE (2/11)

EXPENDITURE CATEGORIES

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

ELIGIBILITY OF EXPENDITURE (3/11)

1. **Staff costs** Expenditure on staff costs shall be limited to the following,
 - i. relating to responsibilities specified in the job description of the staff concerned;
 - ii. in accordance with the legislation referred to in the employment document in the country and/or organisation where the individual staff member is actually working;
 - iii. The salary payments related to the activities, fixed in an employment / work contract
 - iv. Signed payment rolls.
 - v. Salary payments and other costs linked to salary payments not recoverable by the employer.
 - vi. All costs fixed in the employment document/law.
 - vii. Salaries related to responsibilities specified in the job description.

ELIGIBILITY OF EXPENDITURE (4/11)

2. Travel and accommodation costs

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

ELIGIBILITY OF EXPENDITURE (5/11)

3. Office and administrative expenditure

Eligible cost

Operating and administrative expenses of the beneficiary organisation that support delivery of the project activities.

ELIGIBILITY OF EXPENDITURE (6/11)

4. Equipment

Costs of equipment are eligible if they are detailed in the latest approved version of the Application Form. Equipment has to be purchased in compliance with public procurement rules. 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 (7/11)

5. External expertise and services

Supporting documents for the verification of expenditure

The following documents must be available for control purposes:

- ❖ Evidence of the selection process, in compliance with the applicable EU, national and internal public procurement rules. Any changes to the contract must comply with the public procurement rules and must be documented,
- ❖ A contract or other written agreements of equivalent probative value laying down the services to be provided with a clear link to the project,
- ❖ An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules,
- ❖ Proof of payment,
- ❖ Outputs of the work of external experts or service deliverable.
- ❖ Additionally, in case of seminars, meetings etc. photographs are necessary as a proof of the realisation of the meeting.

ELIGIBILITY OF EXPENDITURE (8/11)

6. Infrastructure

Covers costs related to investments in infrastructure that do not fall into the scope of other budget lines. The necessary studies, allowances must be met.

- This includes costs for example; site preparation, delivery, handling, installation, renovation, and purchase of land, 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 (9/11)

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 in full or pro-rata depending on whether it was generated entirely or only partly by the co-financed project. The ERDF/IPA funding is calculated on the basis of the total cost after deduction of any net revenue.

In such cases there must be a before hand Benefit-Cost analysis.

ELIGIBILITY OF EXPENDITURE (10/11)

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 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.

ELIGIBILITY OF EXPENDITURE (11/11)

Non Eligible Expenditure

The following expenditure is non eligible for the programme:

- (a) fines, financial penalties and expenditure on legal disputes and litigation;
- (b) costs of gifts, except those not exceeding EUR 50 per gift where related to promotion, communication, publicity or information;
- (c) costs related to fluctuation of foreign exchange rate.



UNIT C “VERIFICATION OF EXPENDITURES”
MANAGING AUTHORITY OF EUROPEAN TERRITORIAL COOPERATION PROGRAMMES

Tel: +30 2310 469 600, 469 620, 469 614, 469 622, 469 672

Fax: +30 2310 469 602

e-mails: kxristodoulou@mou.gr, dkaravatos@mou.gr, tsalonidis@mou.gr,
dvoutira@mou.gr