

CENTRAL EUROPE PROGRAMME 2007-2013



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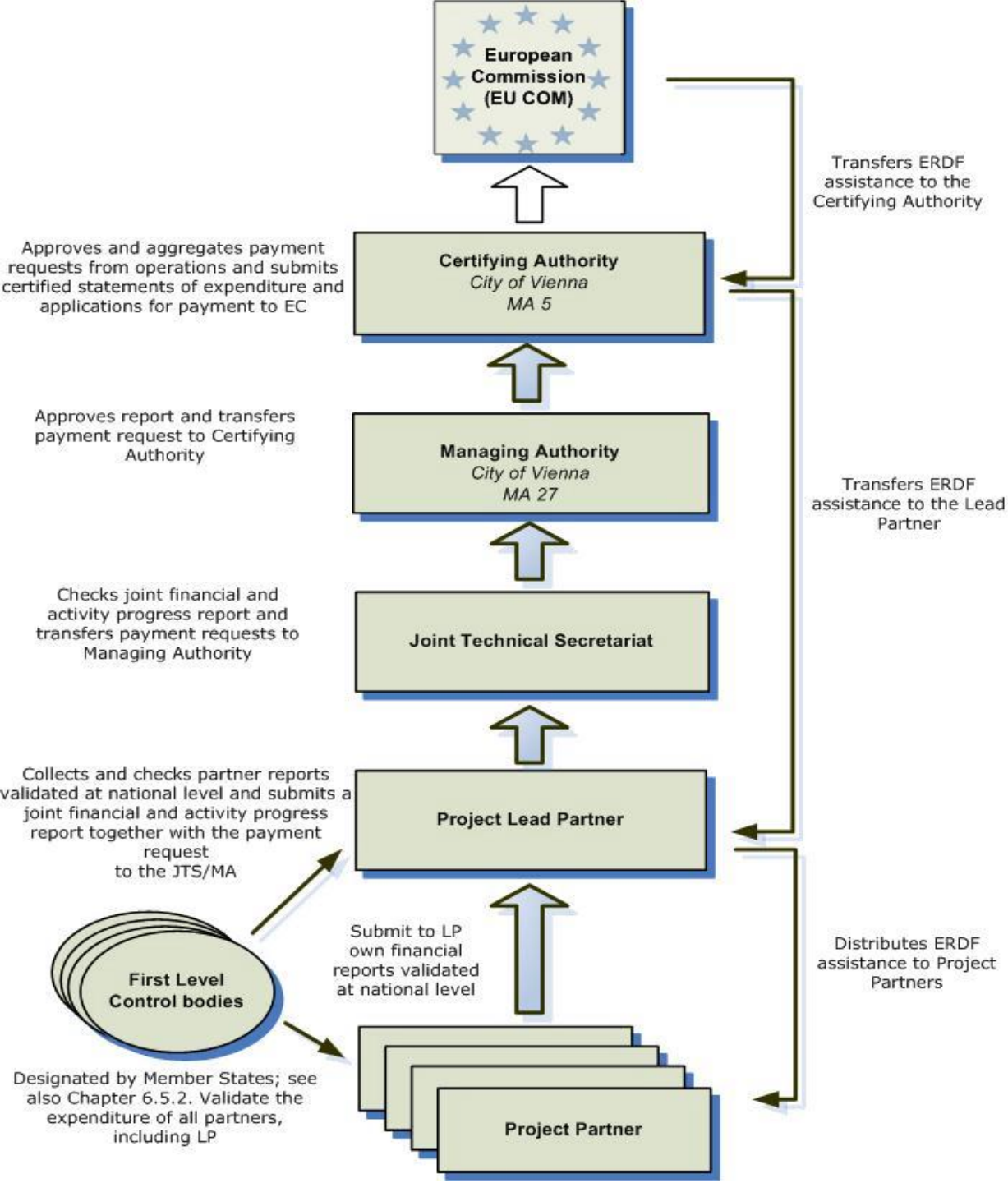
FIRST LEVEL CONTROL AND PAYMENT

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4. Audit Trail





Programme

Projects

2. Eligibility of expenditure



General principles of eligibility

1. The expenditure is actually paid (proof of payment);
2. It refers to activities implemented within the scope of the project as approved by the Monitoring Committee;
3. Its amount is adequate for achieving the project purpose;
4. It has been incurred as from the eligibility starting date set in the subsidy contract;
5. It is not in contradiction with specific eligibility requirements as set by EU, Programme and national rules.



General principles of **sound financial management** (i.e., economy, efficiency and effectiveness) are respected

2. Eligibility of expenditure

Legal basis of eligibility

✓ EU rules:

- Regulation (EC) No 1083/2006 “General Regulation” (Art. 56)
- Regulation (EC) No 1080/2006 “ERDF Regulation” (Art. 7)
- Regulation (EC) No 1828/2006 “Implementing Regulation” (Art. 48 to 53)
- Horizontal rules (Public Procurement, State Aid, Environment protection, Equality, Publicity)

✓ National rules:

- National documents/guidelines

✓ Programme rules:

- Control & Audit Guidelines (Version 2.1)



The stricter rule applies!



2. Eligibility of expenditure

Focus on public procurement

✓ Principle of cost efficiency

Under 2.500€	No specific selection process unless required by national or institutional rules
From 2.500€ to national tendering thresholds	Bid-at-three procedure: (e.g., three offers, three CVs) or selection process according to national/institutional rules, if stricter
From national to Community tendering thresholds	Selection process according to national rules
Above Community tendering thresholds	Selection process according to Community rules

2. Eligibility of expenditure



Not eligible expenditure

- ✓ VAT which is recoverable by whatever means even if it is not actually recovered by the partner;
- ✓ Interest on debt, fines, financial penalties, expenditure on legal disputes and foreign exchange losses;
- ✓ Costs for bank guarantees;
- ✓ Acquisition of land.

IMPORTANT NOTE: the list is not exhaustive and national and programme rules on eligibility must also be followed



3. First Level Control systems



Centralized FLC

- ✓ Czech Republic
- ✓ Hungary
- ✓ Poland*
- ✓ Slovakia
- ✓ Slovenia

More info in:

www.central2013.eu

Country specific section

Decentralized FLC

- ✓ Austria (PPs can choose the controllers with restrictions. **Must be approved**)
- ✓ Germany (PPs can choose the controllers but **must be approved**)
- ✓ Italy (PPs can choose the controllers but **must be approved**)
- ✓ Poland* (only for Marshal Offices, Voivodes, Ministries and Central Offices and **must be approved**)

3. First Level Control systems



Selection of controllers (for decentralized systems)

- ✓ Internal controller from an independent office OR
- ✓ External controller



The following must be ensured:

1. Qualification
2. Independence



- ✓ They have to be indicated in the **Subsidy Contract** (for the LP) and in the **Partnership Agreement**
- ✓ **Public procurement** has to apply in case of external controller

Contact the national coordination body ASAP!

3. First Level Control systems



Validation of expenditure by the controller

- ✓ Delivery of the products and services co-financed;
- ✓ Reality of the expenditure claimed;
- ✓ Eligibility of the expenditure according to Community, national and Programme rules;
- ✓ Compliance of the expenditure with Community rules;
- ✓ Adequacy to the purpose of implementing the operation;
- ✓ Existence and effective functioning of an accounting system on the level of each partner

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1. Confirmation of control and breakdown of exp.
 2. Internal control report
 3. FLC checklist



Templates in the Control & Audit Guidelines



4. Audit Trail

According to Art. 6 of the Subsidy Contract, the LP:

*“...ensures that all supporting documents required for an adequate audit trail regarding expenditure incurred and payments made are recorded, stored on commonly accepted data carriers ...
...ensures that the PPs are made aware of these requirements.”*



- ✓ To keep a full and traceable record of all documents (accounting system)
- ✓ To organize an archive dedicated to the project



Keeping of documents at least until 31 December 2022

