



INTERREG IVB

Control & Audit Guidelines

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INTRODUCTION

Objective of the guidelines

These Guidelines are intended to assist project partners in the preparation of project controls and act as a basis for project controllers to complete their tasks. These Guidelines should not only contribute to the successful implementation of projects and speed up the payment process, enabling project partners to plan the control work ahead and execute all control procedures satisfactorily.

Although Member States' First Level Control systems can be different, it is important to establish common guidelines to foster the most uniform way possible of dealing with project controls. These Guidelines are intended to help projects to comply with European regulations and the NWE Programme rules.

These guidelines should be read together with the NWE Project Handbook where all programme rules are set out in detail.

General context

Funding made available to projects in the context of the European Regional Development Fund undergoes different levels of audit. These guidelines tackle the first level control under the IVB North West Europe Interreg Programme for the period 2007 to 2013.

The first level control takes place at project level and covers 100% of expenditure, including ERDF and national co-financing (in whatever form). All rules that apply to ERDF expenditure and pertain to co-financing of Swiss expenditure as well.

The organisation of the first level control has been delegated to the Member States for the 2007-2013 programming period. This means that each partner of a NWE project should refer to the system put in place by the Member State in which it is located (regardless of the Member State of the Lead Partner). The description of these systems is available in the Project Handbook (Guidance note n°19).

The ultimate goal of such controls is for the European Court of Auditors to sign off on the European Commission's accounts. It can be seen as a six-step process:

Step 1: Pre-contracting checks (*checks done during the assessment period at Secretariat level about the capacity of the partners to fulfil the Programme conditions and deliver the activities as set in the Application Form*)

Step 2: Control at partner level (*First level control as described in 'the first level controller's role' hereunder*)

Step 3: Control by the Lead Partner (*First level control as described in 'the Lead Partner controller's responsibilities' hereunder*)

Step 4: Administrative checks by the Managing Authority/Secretariat (*checks done at Secretariat level during the assessment of each Payment Claim and Progress Report*)

Step 5: Control by the Certifying Authority (*checks done at the Certifying Authority level on a sample basis to ensure The Managing Authority's work – see Guidance note 22 of the Project Handbook for more information*)

Step 6: On-the-spot checks (*checks done by the Secretariat on top of the administrative checks done on the Payment Claims and Progress Reports at step 4 – see Guidance note 22 the Project Handbook for more information*)

Beyond the first level control, additional controls are organised at Programme level. One of these is the second level control, a responsibility of the IVB NWE Programme's Audit Authority¹ (*see Guidance note 22 for more information*). The second level control has been reinforced compared to the previous programming period (2000-2006). The size of the yearly sample has been increased and will be renewed each year. A project will be drawn in a first step, of which the Lead Partner will be audited and an additional partner of this project will be drawn for second level control in a second step. This means that almost all Lead Partners will be audited in a second level control.

Legal context

Article 16 of Regulation 1080/2006 stipulates that "each Member State shall set up a control system making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations implemented on its territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community rules and its national rules" and "Each Member State shall ensure that the expenditure can be validated by the controllers within a period of three months".

Article 13 of Regulation 1828/2006 stipulates that "the verifications to be carried out (...) shall cover administrative, financial, technical and physical aspects of operations, as appropriate.

Verifications shall ensure that the expenditure declared is real, that the products or services have been delivered in accordance with the approval decision, that the applications for reimbursement by the beneficiary are correct and that the operations and expenditure comply with Community and national rules. They shall include procedures to avoid double-financing of expenditure with other Community or national schemes and with other programming periods.

¹ The Audit Authority of the IVB NWE Interreg Programme is the French 'Commission Interministérielle de Coordination des Contrôles' (CICC)

Verifications shall include the following procedures:

- (a) administrative verifications in respect of each application for reimbursement by beneficiaries;
- (b) on-the-spot verifications of individual operations”.

National specificities

As previously stated, the appointment of a first level controller depends on the Member State where each project partner is located. Two systems are possible: (1) the centralised control at national/regional level through a public administrative body or (2) the decentralised control through an internal or external controller proposed by the project partner and approved at national/regional level.

Please refer to Guidance note n°19 of the Project Handbook for the details of the national specificities.

As stipulated in Regulation 1083/2006, Article 56, paragraph 4, “the rules on the eligibility of expenditure shall be laid down at national level subject to the exceptions provided for in the specific Regulations for each Fund. They shall cover the entirety of the expenditure declared under the operational programme”.

National/regional rules (when they exist) shall be provided by the Member State’s (region) central approbation or control body. To date, national/regional eligibility rules have been provided to the Programme by the Netherlands, Ireland, the United Kingdom, Germany and Wallonia. Contact should be made with the national/regional first level control contact person for updates on the existence of national/regional rules. The stricter rule shall prevail in case of differences between national and NWE rules.

Training necessities

The task of controlling project expenditure co-financed under INTERREG goes far beyond checking projects’ accounts: it also involves a judgment on compliance with ERDF, national and programme rules. Therefore, first level controllers are expected to have additional skills such as a sufficient knowledge of English.

Due to the changes in procedures compared to the previous programming period, the training of controllers (both experienced and inexperienced) is essential for a successful first level control.

Training shall be provided at three levels: the Member State level, the Programme level and the controller level.

- **Member States** with a decentralised first level control system have been requested to provide training for their partners' first level controllers. Depending on the Member State, it will be provided in the form of seminars, extra guidance or networking. Sample checks shall also be organised at Member State level to ensure the quality of the first level control. For the national/regional specificities, contact should be made with the central approbation body.

Member States with a centralised first level control system are expected to provide training for their first level controller(s).

- The **Secretariat** will provide some training in the course of the programming period. After each round of project approval by the Programme Steering Committee, a Lead Partner seminar will be organised where the specificities of the NWE Programme will be explained, as well as the first level control requirements.
- Regardless of the training a controller receives, they are ultimately responsible for gaining the knowledge needed to successfully complete their tasks. When deemed necessary, training can be found the following organisations:

- Interact (<http://www.interact-eu.net>)
- European Institute for Public Administration (<http://www.eipa.nl/en>)
- European Academy for Taxes, Economics & Law (<http://www.euroacad.eu>)

THE FIRST LEVEL CONTROLLER'S ROLE

General

The first level controller is responsible for ensuring that all expenditure claimed complies with the requirements set at Programme, Member State and European level.

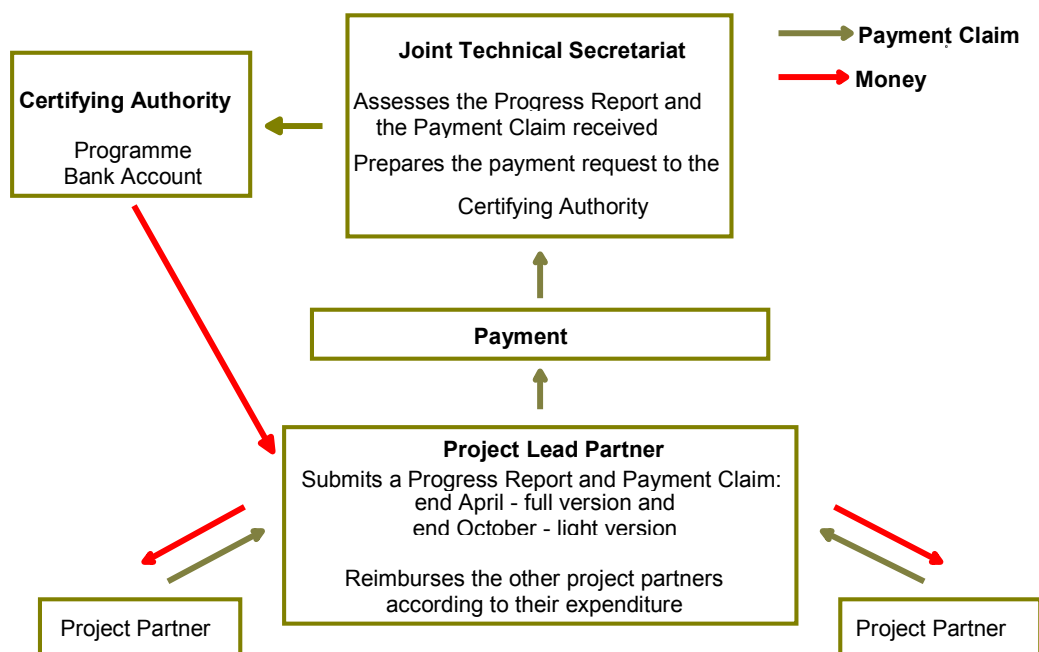
The basic checks of the first level control entail the following (refer to 'Summary of checks to be done' for more details):

- verification of the delivery of the products and services co-financed = has it been paid and received?

- verification of the traceability of the expenditure declared = is there an invoice or other document of equivalent probative value that is correctly recorded?
- verification of the compliance of such expenditure with Programme, European and Member State's rules as well as with Subsidy contract and Application Form = is it eligible ?

Building on the experience of the previous INTERREG programming period (2000-2006), we would like to stress the importance of carrying out a rigorous first level control as **it is the base of the pyramid of the checks and constitutes the most important level of the overall project audit**. A first level controller is indeed the first to check the expenditure, has the full range of information (100% of the expenditure controlled and they are closest to the project), knows the Member State rules and defines their own rules of procedure and audit. Thus, the first level controller has the opportunity to detect anomalies and to correct them before they become systemic. As the second level control and the Secretariat's audit role during site visits have been strengthened it is essential to correct errors as soon as possible to avoid administrative or financial corrections at a later stage. In other words, the first level controller is there to help, not to punish. Their good performance will help the project in any subsequent audits. Sound collaboration between the controller and the partner and between all project partners' controllers is paramount. Mutual understanding between partners on all control issues before the start of the project is equally important. The partnership agreement should be used for this purpose. The Lead Partner should make sure that all partners are aware of their liabilities in the field of control and that all relevant documents (i.e. control checklist in annex 2) are at their disposal and used correctly.

Summary of the procedure for reporting to the Secretariat



The Lead Partner will receive a pre-filled Payment Claim Excel file from the Secretariat before each reporting period (twice a year). The duly completed and signed file has to be returned to the Secretariat electronically and by post. It will be accompanied by expenditure sheets² and a progress report. Each project has two contacts within the Secretariat, the Finance Officer (who will assess the Payment Claim and the related expenditure sheets) and the Project development Officer (who will assess the progress report). Once the Payment Claim and the Progress Report are approved at Secretariat level, a request for payment will be sent to the Certifying Authority who will transfer the ERDF to the Lead Partner's account. The Lead Partner transfers the ERDF to the partners in accordance with the Payment Claim. The Lead Partner must keep track of the payments made.

Please refer to Guidance note n°17 for further details.

The NWE Programme provides three standard documents in order to guide the controllers' work and to uphold the same standard of quality at all levels:

- A control 'findings and declaration' for each partner (in the Payment Claim template)
- A control 'findings and declaration' for the Lead Partner (in the Payment Claim template)
- A checklist for all controllers with a special section for the Lead Partner's controller (see annex 2 of the present Control and Audit Guidelines). This document should be adapted to the project's specific needs.

These documents are the minimum requirement for the controller's checks and are all compulsory to ensure an appropriate audit trail; although only the Payment Claim containing the first two points shall be transmitted to the Secretariat.

Payment Claims

ERDF funding is transferred to approved projects based on incurred and paid expenditure that is reimbursed on the basis of payment claims. These must have been controlled at partner and Lead Partner level before submission to the Secretariat.

² The expenditure sheet is a list of the cost items that are claimed in the Payment claim it accompanies. One expenditure sheet must be submitted per budget line per partner.

In line with article 9 of the Subsidy Contract, the partners' controllers must ensure that they can validate expenditure within a timeframe of a maximum two months. Some Member States have set an even stricter limit of one month. Please refer to the Member States' First Level Control system for more details.

At each stage of the control process, it is the responsibility of the Lead Partner to ensure that this timeframe is respected and that controllers dispose of all necessary information in order to perform a full and accurate control.

Practicalities

Each partner's controller must check and certify the partner's expenditure included in each payment claim. They should use a checklist to guide this task. As mentioned before, the checklist annexed to these guidelines can be modified to the project's needs but it represents the minimum requirements for the Programme. They must then fill in and sign the controller's 'findings and declaration' section in the payment claim. The filled in and signed checklist and findings and declaration section should be sent to the Lead Partner.

In turn, the Lead Partner's controller should check and certify all Lead Partner expenditure (and thus fill in and sign the same documents as all partner's controller) as well as the checklist and 'findings and declaration' section submitted by the individual partners. Any questions regarding these documents shall be addressed to the partner and their respective controller and the Lead Partner should eventually correct the partner's claim and give feedback to the Project Partner. In such cases, they shall mention any corrections in the appropriate section of the payment claim (on the summary sheet of the payment claim). When approved, the Lead Partner's controller shall sign the overall controller's findings and declaration (on the summary sheet). Each partner's controller's original signature must appear on the payment claim submitted to the Secretariat. The signed checklists should be kept at Lead Partner level.

The NWE Programme reserves the right to request further information for the purpose of validating the payment claim. The Secretariat will respond immediately to the Lead Partner by e-mail acknowledging receipt of the payment claim and again, either to inform them that the claim has been accepted and is being processed by the Secretariat or to notify them of any queries that have arisen and/or to request further information.

Basis for the Controller's work

The partner controller is responsible for the methods and techniques of their own control in accordance with national audit regulations. However, the Secretariat brings the following documents to the controller's attention:

- approved Application Form
- approved Application Form amendments, if applicable (i.e. budget line modifications, budget modifications, activity plan amendments)
- Subsidy Contract, Partnership Agreement
- relevant project correspondence (financial and contractual)
- original Payment Claim. For Lead Partners: original payment claims, controller declarations, checklist from all partners and copies from all invoices
- Progress Reports
- details on budget per partner, list of declared expenditure per partner
- partners controllers' confirmations (and checklists/control reports)
- bank account statements proving the reception and the transfer of EU funds
- invoices, cost items
- bank account statements / proof of payment for each invoice
- method used by all partners outside the EURO-zone for converting national currency into EUR
- staff costs: calculation method, information on actual annual working hours, labour contracts, payroll documents and time records of personnel working for the project
- list of subcontracts and copies of all contracts with external experts and/or service providers
- calculation of administrative costs, proof and records of costs included in overheads
- documents relating to public procurement, information and publicity
- public procurement notes, terms of reference, offers/quotes, order forms, contracts
- proof of delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participant lists, travel tickets, etc.)
- record of assets, physical availability of equipment purchased in the context of the project.

For your information, the legal documents of interest are:

- The EU-regulations and directives in particular with:
 - Regulation (EC) No. 1080/2006
 - Regulation (EC) No. 1083/2006
 - Regulation (EC) No. 1828/2006
 - Directive (EC) No. 2004/18/EC (on public procurement/the award of public works contracts, public supply contracts and public service contracts)
- further national rules and guidance (eg. national public procurement rules).
- Project Handbook.

SUMMARY OF CHECKS TO BE PERFORMED

As mentioned before, the Payment Claim contains a controller's 'findings and declaration' section for each partner. The Lead Partner's controller will certify the whole payment claim (on the summary sheet of the payment claim). To do so, they shall on the one hand rely on the partner's controllers' declarations – which covers exactly the same points – and on the other hand certify additional points, as explained below. We have tried to list the points that caused difficulties in the previous programming period but it is not exhaustive.

The points that are common between the partners' controllers' declaration and the Lead Partner's controller's declaration are the following:

√ the financial information is accurately stated in the Payment Claim

- *the amount claimed is a true and fair view of the project's accounts*
- *the expenditure sheets correctly sum up the invoices and other cost items*
- *invoices and cost items are effectively paid out and delivered*
- *the total of the expenditure sheets equals the sum claimed in the payment claim for each budget line*
- *any revenue generated by a project activity (i.e. entrance fee for a conference, sale of book) is declared in the relevant budget line*

√ all claimed costs are eligible

- *the expenditure is in line with:*
 - *the NWE eligibility rules (Guidance note 13 of the Project Handbook);*
 - *with any national eligibility rules (if existing - provided by the central approbation/control body)*
 - *recommendations made by the Secretariat in previous payment claims, the partner's controller or the Lead Partner's controller*
- *the expenditure has not been claimed before*

√ they are related to the project, necessary for the implementation of the action plan and incurred and paid after the start date of the project

- *the expenditure is in line with the approved Application Form and any approved modification of the Application Form*

√ they comply with applicable national eligibility rules

- *i.e. national budgetary law, national procurement rules*

√ the provisions in the Subsidy Contract

- *i.e. between the start and end date of the project as stipulated in article 4 of the Subsidy Contract*

√ the eligibility rules laid down in the NWE Project Handbook

- *See guidance note 13*

√ the NWE Control and Audit Guidelines

- *i.e. all expenditure claimed is backed by invoices or other documents of equivalent probative value; copies of invoices as well as all partners' controllers' checklists are available at the Lead Partner's premises*

√ the reality of "deliverables" (services, works, supplies, etc.) against plans, invoices, acceptance documents, experts' reports, and, where appropriate, on the spot. On-site spot checks should be carried out for the control of the 'reality' of co-financed works

- *i.e. for a meeting, check the invitation, attendance list, agenda, any printed matter (leaflet, programme, book, etc.), lunch receipts, minutes, conclusions, or any other follow-up.*

√ The controller is asked to report on these on-the-spot checks. Where these on-site controls for physical investments are not exhaustive, but performed on a sample basis, the report shall identify the controls carried out and describe the sampling method

- *The controller shall establish written standards and procedures for the verifications carried out and shall keep records for each verification, stating the work performed, the date and the results of the verification, and the measures taken in respect of any irregularities detected. All findings shall be mentioned in the relevant section of the Payment Claim.*

√ The maintenance of an adequate and reliable accounting system and the maintenance of the audit trail (Commission Regulation 1828/2006 Annex III) within the project. All claimed expenditure has been actually paid out, is supported by invoices or accounting documents of equivalent probative value. In case of staff costs, direct costs, overheads and in-kind contributions, the necessary evidence exists in a form of timesheets, listings of costs or formula descriptions and costs calculation. This expenditure - except in-kind contributions - includes only actually paid out costs (for staff costs: gross salary, employers costs). The partner maintains either a separate accounting system or an adequate accounting code for all transactions related to the project

- *The documents that make up the audit trail are those mentioned in the chapter above, 'Basis for the Controller's work'*
- *It is essential that all documents and accounting records be kept available until 31st December 2021. See Guidance note 24 of the Project Handbook for more information.*

√ That the Community rules have been applied with, including all applicable procurement rules (the implementation of all stages of the relevant procurement procedure is properly documented), the applicable publicity and information requirements, the rules on equality between men and women, non-discrimination and sustainable development

- *See guidance note 15 for the procurement requirements*
- *See guidance note 16 and article 7 of the Subsidy Contract for the publicity and information requirements*

√ all national/regional specific control and audit requirements have been respected

- *See the chapter on 'national specificities'. Even if your Member State is not included in the list of Member States having issued specific guidance, please contact your national/regional contact person to have the latest information.*

√ the total ERDF claimed and the match funding do not exceed 100% of the expenditure

- *the controller must make sure that there is no double financing.*
- *A best practice in this matter: invoices or other documents of equivalent probative value are stamped to make sure they will not be claimed twice under the same or different European programmes.*

In case the project underspends at the end of the project, the controller has to make sure that all grant money actually received from external organisations (national ministries, etc.) for the project match-funding (MF) has been disbursed for this purpose in order to avoid 'overfinancing'.

<i>Example</i>		<i>Correct</i>	<i>Wrong</i>	<i>Partner 1 has received 1000 Euros Match Funding (MF) at the beginning of the project. This amount has to be fully disbursed on the project – even if the total costs of the project are lower. The ERDF grant to be received has to be adjusted accordingly.</i>
<i>Partner 1</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>	
<i>MF</i>	<i>1000</i>	<i>1000</i>	<i>800</i>	
<i>ERDF</i>	<i>1000</i>	<i>600</i>	<i>800</i>	
<i>Total Costs</i>	<i>2000</i>	<i>1600</i>	<i>1600</i>	

✓ if sub-partners have submitted expenditure, they are listed in the Application Form and approved by the Secretariat. Control and audit requirements apply to them.

- *The sub-partners' first level controllers shall be the same as the partner they are linked to. Only expenditure claimed by sub-partners mentioned in the Application Form is eligible.*
- *Original invoices and documents must be kept at the partner's level. Copies of invoices and other documents must be kept at Lead Partner level.*

The controller confirms that they are absolutely independent of the project.

- *A person/body which is functionally independent from the Lead Partner is one which is not involved in the project's decision-making or management processes. This means that they are not subject to instructions from the Lead Partner or the partnership and are not involved in the implementation of the controlled actions.*

In addition, the Lead Partner's controller will certify that:

✓ All inputs for the individual partner Payment Claims were certified by an independent controller who has been approved by the relevant national/regional approbation or control body. All national/regional specific control and audit requirements have been respected.

LEAD PARTNER RESPONSIBILITIES

The Lead Partner is accountable to the Secretariat for costs incurred by all project partners.

According to Article 20 of Regulation 1080/2006, the Lead Partner shall assume the following responsibilities, under which two are linked to control (see **bold**):

(a) it shall lay down the arrangements for its relations with the beneficiaries participating in the operation in an agreement comprising, inter alia, provisions guaranteeing the sound

financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;

(b) it shall be responsible for ensuring the implementation of the entire operation;

(c) **it shall ensure that the expenditure presented by the beneficiaries (e.g. partners) participating in the operation (e.g. project) has been incurred for the purpose of implementing the operation and corresponds to the activities agreed between those beneficiaries;**

(d) **it shall verify that the expenditure presented by the beneficiaries participating in the operation has been validated by the controllers;**

(e) it shall be responsible for transferring the ERDF contribution to the beneficiaries participating in the operation.

This means that the Lead Partner receiving the ERDF grant must have control systems in place that adequately secure the propriety and regularity of all payments, the proper handling of public funds and the identification of risk.

All partners, including the Lead Partner, must establish effective project monitoring and financial systems so that project costs and expected outputs can be clearly identified and that the propriety and regularity of all payments and handling of grant is ensured. These systems must be detailed in both the description of the audit trail given in the Application Form and the Partnership Agreement between project partners. **The partners' systems must ensure that grant is not claimed from the Lead Partner or the Secretariat until payment for eligible expenditure has been made by the partner.**

The Lead Partner must keep separate accounts for the project so that all expenditure (costs) and all revenue (receipts) can be posted and audited, and detailed summary reports drawn up. The Lead Partner alone is accountable to the NWE Programme for the project accounts.

In line with article 9 of the Subsidy Contract, the Lead Partner must receive original documents or copies, certified by a controller approved at Member State (regional) level, of all supporting documents relating to partner accounts. Depending on agreements made within the project partnership, it is the responsibility of each partner to send these copies to the Lead Partner at the same time as the corresponding accounting statements, including a list of all invoices included in the claim or statement. It is the responsibility of the Lead Partner to ensure that the financial and accounting statements drawn up by their partners are reliable and, in particular, that each partner applies all project management obligations. In addition, the Lead Partner must be informed of the name and contact details of the person responsible for authorising and certifying expenditure within each partner organisation. They must have a copy of the approbation certificate of the partners' controllers. These details must also be clearly shown as part of the Audit Trail.

THE LEAD PARTNER CONTROLLER'S RESPONSIBILITIES

The Lead Partner controller's primary task is to confirm the Lead Partner's expenditure as with any other partner. However, due to the special status of the Lead Partner, and because the Lead Partner's controller has an overview on the project as a whole, they shall perform additional controls covering the whole partnership (on top of the checks done by the partner's controller). The basis of those additional controls are signed partners' control templates provided by the Programme (Control checklist) and signed partners' section 'findings and declaration' (provided for in the payment claim itself). To ensure a smooth procedure, it is important to lay down the arrangements for the first level control with the partners in a partnership agreement (i.e. sound financial management).

In practice, this implies that the Lead Partner's controller shall:

- ensure that the expenditure of all partners have been checked against the approved Application Form (*i.e. any formal and major changes made to the project action plan or budget (for example, a partner dropping out) must have been approved by the Secretariat in writing and have been recorded – see Guidance note 21 for more information*)
- check whether it fits within the planned budget (*i.e. budget lines at project level cannot exceed 20% without prior approval by the Secretariat*)
- verify that the partners' expenditure is in line with what was agreed by the partnership and that it conforms with the delivery status of each partner (*importance for the controller to read the partnership agreement, the subsidy contract; to know the internal procedures,...*)

Incurring expenditure cannot be shifted from one partner to another within the project. For example, one partner cannot claim expenditure incurred (i.e. paid) by another partner; but each partner can spend more or less compared to the financial plan given in the approved Application Form within reasonable and justified limits (with justification to be included in the Activity Report).

- verify that the partners' controllers' declarations are signed (*signed Payment Claim and checklist*) and ensure that their work has been properly done (*the Secretariat recommends to check all partners' expenditure for the first payment claim and to perform sample checks on partners' expenditure for subsequent payment claims*)
- verify that the partners' controllers signing the declarations are those approved by their Member State (*on the basis of the copy of the approbation certificate for decentralised systems or the name mentioned in Guidance note 19 for the centralised systems*) and that they used a checklist to back up their work
- check that all copies of all cost items are available at Lead Partner premises

- verify that the previous ERDF contribution has been paid to the partners *(if it is not the case, it shall be mentioned in the relevant section of the Payment Claim)*

In case of any control findings that require corrections to be made, the Secretariat expects the Lead Partner to make these corrections.

CONTROLLING PARTNERS OUTSIDE THE NWE AREA

In exceptional and duly justified cases, partners located outside the NWE area may receive ERDF funding. However, in order to pay the ERDF share to a partner from outside NWE area, its country has to sign an agreement with the NWE Managing Authority to officially allow the partner's contribution. The agreement will include the First Level Control description for that country. This will be done on a case by case basis and information on the countries' First Level Control systems will be provided by the Secretariat when known.

LESSONS LEARNED FROM IIIB

The most common errors that occurred under the previous programming period are listed below to draw the attention of projects on the points that might need extra attention according to previous experience.

Most common errors under INTERREG NWE IIIB

- Claiming of costs not attributed to the project
- Double financing
- Miscalculations of overheads
- No invoices/supporting documents
- Claiming of recoverable VAT and other recoverable charges
- Public procurement rules not complied with or undocumented
- Publicity rules not complied with (no logo)
- Revenues not declared

PROJECT CLOSURE

After a project has closed, it remains accountable to the European Commission for a certain period of time. The European Commission has therefore set rules pertaining to project closure, in particular the specific requirements regarding ownership modifications, revenue generating projects and record keeping after completion of projects. Those requirements are explained in Guidance note 24 of the Project Handbook.

ANNEX 1 – List of national specific requirements

Belgium – Brussels Region

Belgium – Brussels Region has not issued such documents to date

Belgium – Flanders

Belgium – Flanders has not issued such documents to date

Belgium – Wallonia

« Note relative aux dépenses éligibles et au traitement comptable des déclarations de créance »

France

- Document n° CT 08-5 2007-2008 « La politique régionale européenne 2007-2013 – un outil rénové en faveur du développement local » (à retrouver sur carrefourlocal.senat.fr)
- Décret n° 2007-1303 du 3 septembre 2007 fixant les règles nationales d'éligibilité des dépenses des programmes cofinancés par les fonds structurels pour la période 2007-2013
- Circulaire n° 5210/SG du 13 avril 2007 relative au dispositif de suivi, gestion et de contrôle des programmes financés par les Fonds européens pour la période 2007-2013
- Circulaire n° 5197/SG du 12 février 2007 relative à la communication sur les projets financés par l'Union Européenne dans le cadre de la politique de cohésion économique et sociale

Ireland

- Southern & Eastern Regional Assembly's « Guidance Note on First Level Control for Irish organisations participating as Lead Partner or partner in projects approved by the INTERREG IVB North West Europe Programme »
- Circular 24/2008 issued by the Department of Finance "Eligibility Rules for Territorial Cooperation Programmes in Ireland"

The Netherlands

- VROM's « Controleprotocol INTERREG IV-B, IV-C en ESPON 2013 projecten »

Germany

- Overview of the German national regulations to be respected by beneficiaries implementing the INTERREG IVB North West Europe Programme projects on the territory of Germany: see annex 3

Baden-Württemberg:

- Verordnung der Landesregierung über die Arbeitszeit, den Urlaub, den Mutterschutz, die Elternzeit und den Arbeitsschutz der Beamtinnen, Beamten, Richterinnen und Richter (Arbeitszeit- und Urlaubsverordnung - AzUVO) vom 29. November 2005
- Landesreisekostengesetz (LRKG) in der Fassung vom 20. Mai 1996

Bayern:

- Verordnung über die Arbeitszeit für den bayerischen öffentlichen Dienst (Arbeitszeitverordnung - AzV) vom 25. Juli 1995
- <http://www.lff.bayern.de/nebenleistungen/reisekosten/index.aspx#vorschriften>

Hessen:

- Gesetz über die Reisekostenvergütung für die Beamten und Richter im Lande Hessen (Hessisches Reisekostengesetz – HRKG)
- Verordnung über die Arbeitszeit der hessischen Beamtinnen und Beamten (Hessische Arbeitszeitverordnung – HAZVO)

Nordrhein-Westfalen:

- http://sgv.lds.nrw.de/lmi/owa/lr_bes_text?anw_nr=2&gld_nr=2&ugl_nr=20320&ugl_id=684&bes_id=4790&aufgehoben=N
- http://sgv.lds.nrw.de/lmi/owa/lr_bes_text?anw_nr=2&gld_nr=2&ugl_nr=20302&ugl_id=679&bes_id=9446&aufgehoben=N
- Landeshaushaltsordnung (LHO) in der Fassung der Bekanntmachung vom 26. April 1999

Rheinland-Pfalz:

- Landesreisekostengesetz (LRKG) vom 24. März 1999

- Landeshaushaltsordnung (LHO) vom 20. Dezember 1971

Saarland:

- http://sl.juris.de/cgi-bin/landesrecht.py?d=http://sl.juris.de/sl/gesamt/RKG_SL.htm#RKG_SL_rahmen
- http://sl.juris.de/cgi-bin/landesrecht.py?d=http://sl.juris.de/sl/gesamt/ArbZV_SL_1999.htm#ArbZV_SL_1999_rahmen
- http://www.saarland.de/dokumente/thema_justiz/630-2.pdf

Luxembourg

Luxembourg will not issue such documents

United Kingdom

- Communities and Local Government's note « First level controls for 2007-13 territorial co-operation programmes – UK arrangements » and its annexed shortlist of approved professional bodies
- Communities and Local Government's « ERDF User Manual – Chapter 2 Eligibility rules »

In the NWE Project Handbook, the Guidance notes of particular interest are:

Guidance note n° 4: Partnership

Guidance note n° 10: Project management

Guidance note n° 13: Eligible costs

Guidance note n° 15: Public procurement

Guidance note n° 17: Reporting procedure

Guidance note n° 18: Exchange rate

Guidance note n° 19: First Level Control

Guidance note n° 21: Project changes

Guidance note n° 22: Other controls

Guidance note n° 23: Final report

Guidance note n° 24: Project closure

Partner name:	yes	no	N/A	Comments/Follow-up
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ANNEX 2 – Control checklist

1) Partner funding

In case that the co-financing does not come from the partner's own resources but from another funding source such as the national, regional or local level, please indicate the funding source(s) and check the following: Has the funding for the previous report been made available and the total co-financing amount contributed by the partner not been exceeded?				
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2) Accounting

Are specific accounts kept for the project or have other methods like specific cost centers in the accounting system been established to enable the costs allocated to the project to be identified and provide a computerised list of declared expenditure?				
Are the amounts paid accurately recorded in the accounting system?				
Has each reported expenditure been supported by an invoice or an accounting document of equivalent probative value? Are the documents complete and accurate in content as well as in accounting terms?				
Has each reported expenditure been supported by a payment proof (usually bank statement/bank transfer confirmations/cash receipts)?				
Can the amount of the reported expenditure be entirely reconciled with the supporting documents provided?				
Has the expenditure already been financed from other EU-funds?				

3) Expenditure by budget line and partner

Have the costs been correctly allocated to the budget lines and partners?				
Has the Partner's budget by budget line been respected?				

4) Eligibility period

Partner name:	yes	no	N/A	Comments/Follow-up
<p>Is the expenditure incurred and paid :</p> <ul style="list-style-type: none"> - between the start date of the project (max one year prior to the closure of the call and not before 1 January 2007) and the end date of the project? - Related to actions that are not completed before the approval date of the project? <p>remark: all preparation costs must be claimed at once and be backed by a separate set of verification sheets</p>				

5) Staff expenditure

Is the expenditure only related to employees of the organisation officially listed in the Application form (sub-partners included)?				
<p>Is the calculation based on the real salary costs: employees' gross salary + employer's contributions (Overhead costs cannot be added to staff costs and should be included under "Administration costs") ? The total expenditure claimed cannot exceed 100% of the staff's salary costs.</p> <p>Is the expenditure supported by payslips and when necessary timesheets?</p>				
If a staff member works less than 100% of the actual working time for the project, is the pro rata calculation based on payslips and timesheets?				

6) External expertise and consultants

<p>Are the following documents available to justify external expertise and services' expenses paid by the partner:</p> <ul style="list-style-type: none"> - contracts/agreements and - invoices/requests for reimbursement? 				
Has the recommended maximum rate for a senior consultant (€800 per day excluding VAT) been respected?				
Is the expenditure related to items foreseen under this budget line in the specifications provided in the Application Form?				
Have the travel and accommodation expenses for external experts been recorded under the external experts budget line?				
Have public procurement rules been respected?				

Partner name:	yes	no	N/A	Comments/Follow-up
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7) Travel and accommodation

Were the travel and accommodation costs reported in accordance with the national or internal rules of the respective partner organisation?				
Were the trips that these costs refer to justified by the project's activities as foreseen in the Application Form?				
Were the trips limited to the NWE area? In case of trips outside the NWE area, were they either: <ul style="list-style-type: none"> • explicitly stated and justified in the approved application? • approved beforehand by the Programme Secretariat 				
Do the travel and accommodation costs exclusively result from trips undertaken by staff employed by the partner institution?				
Are the costs in line with the maximum daily subsistence allowance and maximum daily rates for hotel as listed in the guidance notes?				

8) Meetings and seminars

Were the meetings and seminars clearly justified by invoices and has the documentation been kept by the partner (minutes, participants' list, agenda,..)				
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9) Publicity

Is all publicity and communication expenditure justified by invoices and were they already planned in the Application form?				
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10) Equipment

Have the purchased equipment items been initially planned in the Application Form?				
Have the equipment costs been reported by depreciating the cost of the equipment in accordance with the internal accounting?				
Is it ensured that the items:				

Partner name:	yes	no	N/A	Comments/Follow-up
<ul style="list-style-type: none"> - have not already been fully depreciated - are not already included as indirect costs in another category such as the administration budget line? 				
<p>Does the equipment purchase also fulfill the following criteria?</p> <ul style="list-style-type: none"> - The purchase has been made well before the end of the project. <p>If not, is the late purchase still justified? Or have the costs been depreciated and only the share corresponding to the remaining project period been reported?</p> <ul style="list-style-type: none"> - The amount for equipment reflects the actual use of these items in the context of the project. If it is not exclusively used for project purposes, only a share of the actual cost is allocated to the project. This share is calculated according to a fair, justified and equitable method. - Once the eligible amount is determined, it must be claimed in full at once - An inventory of the purchased items as well as the documentation of the method for reporting them has been kept for accounting, control and audit purposes. 				

11) Investments

Have the incurred investments been initially planned in the Application Form?				
In case of land purchase it doesn't exceed 10% of the total eligible costs for the operation concerned.				
<p>Does the investment also fulfill the following criteria?</p> <ul style="list-style-type: none"> - In case of land and real estate purchase, either a document explaining the direct link between the purchase and the objectives of the co-financed operation, or a certificate from an independent qualified value or duly authorised official body confirming that the purchase price does not exceed the market value, have been kept for accounting, control and audit purposes. - In case of building works, documents specifying the ownership of land and/or buildings where the works will be carried out may be required as well as proof of commitment to establish and maintain an inventory of all fixed assets 				

Partner name:	yes	no	N/A	Comments/Follow-up
<p>acquired, built or improved under the ERDF grant.</p> <ul style="list-style-type: none"> - the EU and Programme publicity requirements <p>Remark: the operation must not, within five years from the completion of the project undergo a substantial modification:</p> <p>(a) affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and</p> <p>(b) resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.</p>				
Were the procurement rules respected for investments?				
Have on the spot visits been organised on investment sites?				

12) Administration expenditure

<p>Do all the administration costs actually borne by the partner organisation fulfill the following conditions? They</p> <ul style="list-style-type: none"> - are eligible according to national rules and European regulations; - have been calculated on the pro-rata basis of actual costs and capable of verification, i.e. based on factual elements in the accounting system which can be verified by an auditor. They were calculated according to a duly justified, fair and equitable method (in case of indirect administration costs such as overheads). No lump sums, overall estimations or arbitrary keys are allowed! - show a direct link to the project's activities; - have not already been included in other budget lines or cost items. - Represent a maximum of 20% of staff costs at partner level and 10% of the total eligible budget at project level (condition to be met from a cumulative point of view at the end of the project) 				
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13) Revenues

In case the partner earns revenue that is linked to its participation to the project, is				
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Partner name:	yes	no	N/A	Comments/Follow-up
he declaring and deducting them from his eligible costs?				

14) Preparation costs

Do preparation costs only include expenditure like staff costs, external experts, travel and subsistence, meetings and publicity?				
Were they mentioned and foreseen in the Application form?				
Do preparation costs at project level exceed €100,000 (Total Eligible Cost)?				

15) Exchange rate

<p>Has one of the following options for converting national currency into EUR been used:</p> <ul style="list-style-type: none"> - partners convert their expenses from their national currency into Euros using the monthly exchange rate of the month the invoice was paid. - partners convert their expenses from their national currency into Euros using the monthly exchange rate of the month the partner's claim was submitted to the Lead Partner. - partners send their figures to the Lead Partner in their national currency which the Lead Partner will convert into Euros to fill in the Payment Claim Forms. In this case, the Lead Partner must use the monthly exchange rate of the month the Payment Claim is submitted to the Secretariat. <p>The monthly exchange rate to be used is the one published every month by the European Commission on the InforEuro website: http://ec.europa.eu/budget/inforeuro/index.cfm.</p>				
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16) Other eligibility considerations

Have works, goods and services been contracted/purchased in compliance with relevant provisions such as the European and national/internal or other applicable				
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Partner name:	yes	no	N/ A	Comments/Follow-up
<p>public procurement rules? Is the public procurement procedure well documented and documents such as procurement note, terms of reference, offers/quotes, order forms and contracts available? Have the principles of transparency, non-discrimination equal treatment and effective competition been complied with (also for items below the EU-thresholds)?</p>				
<p>Is the expenditure eligible according to EU-regulations, programme rules, national and internal rules of the partner?</p>				
<p>Has refundable VAT been deducted?</p>				
<p>Is it ensured that:</p> <ul style="list-style-type: none"> - VAT unless it is genuinely and definitively borne by the final beneficiary - Fines, financial penalties and expenditure on legal disputes - Interest on debt - Decommissioning of nuclear power stations - Housing - Exchange rate loss (or gain) - National banking charges <p>are not included in the report?</p>				
<p>Are financial charges limited to transnational financial transactions or do they result from opening and administering a separate bank account?</p>				
<p>Have any in-kind contributions been excluded if they were not listed in the approved application form?</p>				
<p>Has any revenue been deducted from the total reported eligible costs (ie. before the calculation of the ERDF)?</p>				
<p>Was it confirmed that the expenditure has not already been supported by any other funding (EU, regional, local or other)? Are there mechanisms in place to avoid double-financing?</p>				
<p>Is there evidence that the reported activities have taken place, the delivery of services, goods and works are in progress or have been completed? For info: If the evidence was not obtained through an on-the-spot check, it is important to indicate in the comment section, how sufficient assurance was gained instead. In case of the payment of contractual advances treated as actual eligible</p>				

Partner name:	yes	no	N/A	Comments/Follow-up
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<p>expenditure: Has the service, good or work been delivered at the latest by the end of the finalisation month as quoted in the application form?</p> <p>For info: Payment of contractual advances is defined as payments on account relating to the execution of works or services for the operation in accordance with normal commercial law and practice on the basis of contracts entered into by a final beneficiary or final recipient, and which are supported by receipted invoices (eg. payment for a travel ticket or advance payment for a consultant carrying out a study).</p>				
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17) Compliance with Community rules

Does the project comply with the EU 'horizontal objectives' of the promotion of equality and the protection of the environment?				
Have Community rules on state aid been respected?				
Have the information and publicity requirements of the EU and the programme been respected?				

18) LP specific checks (only to be filled by Lead Partner Controller)

Did the Lead Partner transfer the correct ERDF amount related to the previous report(s) to the project partners and this within a reasonable timeframe?				
Has the financial input provided by the partners been correctly entered into the payment claim (by budget line and partner) and correctly added up?				
Has the project's overall budget been respected by budget line (no budget line overspent by more than 20%)? Is all partners' expenditure in line with the approved Application form, partnership agreement and subsidy contract?				
Has the maximum ERDF budget been respected (as indicated in the subsidy contract)?				
<p>Has the Lead Partner received from each partner</p> <ul style="list-style-type: none"> - A duly signed payment claim? - A complete set of verification sheets - Filled in checklists from the partners 'controllers'? 				

Partner name:	yes	no	N/ A	Comments/Follow-up
- A copy of all invoices (or documents of equivalent probative value)?				
Has it been checked that the identity of the partners' controller matches the approbation certificate signed by the Member states?				
Have the previous control recommendations been taken into account by the concerned partner(s)?				
Have the findings in previous payment claims been taken into account in the current payment claim?				

Annex 3 : Overview of the German national regulations to be respected by beneficiaries implementing the INTERREG IVB North West Europe Programme projects on the territory of Germany. This list is not exhaustive and might change during the lifespan of the Programme.

Status on: 16.01.2009

Laws and regulations	
ERDF specific national regulations on:	<i>ERDF specific national regulations do not exist</i>
- administration	-"
- responsibilities and competencies	-"
- eligibility, accounts, auditing and control	-"
- irregularities	-"
- any other	-"
Controllers qualifications	<i>See Support document First Level Control</i>
State Aid	<i>Art. 54 of Council Regulation (EC) No 1083/2006 of 11 July 2006 i.V.m. Art. 87 European Treaty</i>
Environment	<p><i>Federal Nature Conservation Act of 25 March 2002 (BGBl. I S. 1193) [Bundesnaturschutzgesetz (BNatSchG)] in der jeweils geltenden Fassung</i> http://bundesrecht.juris.de/bnatschg_2002/index.html</p> <p><i>Relevant Nature Conservation Acts of the German Länder Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Vorpommern and Schleswig-Holstein.</i> http://www.bfn.de/0506_textsammlung.html</p> <p><i>Environmental Impact Assessment Act (Gesetz über die Umweltverträglichkeitsprüfung) BGBl I 2470 in the edition of 23.10.2007 in der jeweils geltenden Fassung</i> http://bundesrecht.juris.de/uvpg/</p>
Equal Opportunities	<i>Principle of Equality, Art. 3 Basic Law of the Federal Republic of Germany [Grundgesetz] in der jeweils geltenden Fassung</i> <i>General Equal Treatment Act of 18 August 2006 (BGBl. I S.</i>

	<p>1897)[Allgemeines Gleichbehandlungsgesetz (AGG)] in der jeweils geltenden Fassung http://www.gesetze-im-internet.de/bundesrecht/agg/gesamt.pdf http://bundesrecht.juris.de/agg/</p> <p>Federal Equality of Disabled Persons Act of 27 April 2002 (BGBl. I S. 1467) [Behindertengleichstellungsgesetz (BGG)] in der jeweils geltenden Fassung http://bundesrecht.juris.de/bgg/</p> <p>Relevant Gender Mainstreaming Acts and Equality of Disabled Persons Acts of the German Länder Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Vorpommern and Schleswig-Holstein</p>
Public Procurement	<p>Act against restraints on competition (Gesetz gegen Wettbewerbsbeschränkungen), Section 4 §§ 97-128, BGBl. I 2005, 2114 in the edition of 15.7.2005 Gesetz gegen Wettbewerbsbeschränkungen (GWB), Vierter Teil Vergabe öffentlicher Aufträge §§ 97-129 v. 15.7.2005 (BGBl. I 2114) in der jeweils geltenden Fassung http://www.bmwi.de/BMWi/Navigation/Service/gesetze.html</p> <p>Regulation on Public Procurement (Vergabeverordnung [VgV]), BGBl I 2003, 169 in the edition of 23.10.2006</p> <p>Verordnung über die Vergabe öffentlicher Aufträge (Vergabeverordnung - VgV) v. 11.2.2003 (BGBl. I 169) in der jeweils geltenden Fassung http://www.bmwi.de/BMWi/Navigation/Service/gesetze.html</p> <p>Regulation on Procurement of supplies, goods and services (Verdingungsordnung für Leistungen [VOL]) and Regulation on Procurement of freelance works (Verdingungsordnung für freiberufliche Leistungen [VOF]) http://www.bmwi.de/BMWi/Navigation/Wirtschaft/Wirtschaftspolitik/oeffentliche-auftraege.de</p> <p>Verdingungsordnung für Leistungen - VOL – v.01.11.2006 (Bundesanzeiger Nummer 100a vom 30. Mai 2006) in der</p>

	<p>jeweils geltenden Fassung http://www.bmwi.de/BMWi/Navigation/Service/gesetze.html</p> <p>Verdingungsordnung für freiberufliche Leistungen - VOF – v. 01.11.2006 (Bundesanzeiger Nummer 91a vom 13. Mai 2006) in der jeweils geltenden Fassung http://www.bmwi.de/BMWi/Navigation/Service/gesetze.html</p> <p><i>German Construction Contract Procedure [Vergabe- und Vertragsordnung für Bauleistungen (VOB)]</i> http://www.bmvbs.de/dokumente/-_302.3645/Artikel/dokument.htm</p> <p>Vergabe- und Vertragsordnung für Bauleistungen- VOB – v. 27.06.2006 (Bundesanzeiger Nummer 94a) in der jeweils geltenden Fassung http://www.bmwi.de/BMWi/Navigation/Service/gesetze.html</p>
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Publicity	
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Documents/Guidelines/etc. issued for the implementation of ERDF operations and relevant for the beneficiaries in the North Sea Region Programme

Administration	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>
First Level Control	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>
State Aid	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>
Environment	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>
Equal Opportunities	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>
Public Procurement	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>
Publicity	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>
Any other	<i>There are no national guidelines on this issue. OP, Fact Sheets, MC decisions and advice given by JTS as well as EU and national law have to be followed.</i>