



# MED PROGRAMME

## Seminar for First Level Controllers

*Thessaloniki – 24<sup>th</sup> September 2010*

### First Level Control in practice

*Most common mistakes - Follow-up measures*



# BACKGROUND

**Major common mistakes detected during JTS check 1<sup>st</sup> and 2<sup>nd</sup> PR**

**Delays in finalization of JTS check procedures**

**Ineligible expenditures**

**Delayed ERDF payments to LPs consequent delayed ERDF quota reimbursement to PPs**

**Expenditures not reimbursed**



# MISTAKES

## CONTENT

- Double funding
- Entering expenditures in PRESAGE-CTE
- Staff costs
- Overheads
- VAT
- Depreciation
- Public procurement
- Documents justifying incurred expenditure

## FORMAL

- FL Controller Commitment
- Checklist – Sections not filled in
- Checklist - "No" or "N/A" answers
- Strong delays in submission of PRs
- Incomplete PRsb
- Original Signature/official stamp on Payment Claim



**Both First level Controllers and project partners are responsible**



# MISTAKES

## CONTENT

- **Double funding**
- **Entering expenditures in PRESAGE-CTE**
- **Staff costs**
- **Overheads**
- **VAT**
- **Depreciation**
- **Public procurement**
- **Documents justifying incurred expenditure**



# CONTENT [1]

## Double funding

**WHAT**

Check mechanism in place to avoid that same expenditures are reimbursed by different public funding (EU, national, regional)

**WHO**

Both Project partners and FL Controllers

**WHERE**

Section 3.2 checklist certification expenditures



# CONTENT [2]

## Double funding

### MISTAKES

- Declaring that the same expenditures won't be charged on more than 1 co-financed project. Any additional information provided
- Check on double funding only on some cost categories (staff,...)
- Answers «Yes» «No» or «N/A» with no further explanation provided



### FOLLOW-UP MEASURES

- Project partners have to implement a systematic and objective method that allows a real control/follow up of co-financed expenditures
- Allow a check implemented on 100% of expenditures on all cost categories
- Compulsory to provide a brief and clear explanation of the method adopted no matter the answer provided even in case of "YES" answer



## CONTENT [3]



# Entering expenditures in PRESAGE-CTE

## MISTAKES

- Expenditures allocated to the wrong budget line
- « Expenditure amount » higher than « Invoice original amount »
- Invoice date/payment date: in many cases the same date



## FOLLOW-UP MEASURES

- Check working plan + first level control guidelines + fact sheets  
LP: before validation of PP's expenditures, please verify the allocation per budget lines and components-phases
- « Expenditure amount » is the amount charged on the project
- Invoice date: date expenditure document has been issued  
Payment date: date the payment has been finalized



# CONTENT [4]



## Entering expenditures in PRESAGE-CTE

### Invoice document

**Issued by**

Who produced the invoice document

**Invoice reference**

Invoice number, ...

**Invoice date**

Invoice date must be before current date, between project start date and expenditure eligibility end date, and before the payment date

**Invoice document type**

Invoice or certificate

### Expenditure's data

**Working plan action to which the expenditure is related**

Choose the corresponding action in the list

**Expenditure subcategory**

Choose corresponding budget line

**Payment mode**

How the expenditure was paid

**Payment date**

Payment date must be before current date, between project start date and expenditure eligibility end date, and after the invoice date

**Invoice original amount**

The amount that can be found on the supporting invoice document (e.g. if the invoice is a salary sheet and the person is not working full time on the projet)

**Expenditure amount**

€ Official exchange rates for euro



# CONTENT [5]



## Staff costs

### MISTAKES

- Costs are based on estimations  
Example: Employee X charged 3h/day for every working day of the month
- POSSIBLE MISTAKE  
Double funding:  
Same employee charged on more than 1 project.  
All projects financed through public funding have to be considered



### FOLLOW-UP MEASURES

- Staff costs must be based on real costs meaning cost based on real hours worked on the project
- PPs have to implement a systematic method that allows a verifiable control/follow up to avoid charging more than 100 % of the working time thus excluding double funding.  
Timesheets including all project co-financed, not only MED
- Check to be finalized by the FLC as well – Section 3.2 checklist



# CONTENT [6]

## Overheads

### **MISTAKES**

- Cost items considered to calculate overheads do not have a direct link with project's implementation (garden maintenance, ...)



### **FOLLOW-UP MEASURES**

- Costs related to project implementation
- Check method of calculation with FL Controllers + NCP



# CONTENT [7]



## VAT

### **MISTAKES**

- "No" or "N/A" answers in the checklist – section 3.15 – without any explanation and/or no coherence between the answer/comment and the information entered in PRESAGE concerning PP's VAT status.

It is not clear if relevant amount has been excluded or not.



### **FOLLOW-UP MEASURES**

- Check the information entered in PRESAGE
- In case "No" or "N/A" answers are given, provide the relevant explanation coherent with the information entered in PRESAGE
- Specify if expenditures have been considered as not eligible + related amount



# CONTENT [8]



## VAT

Description | Bank info. | Finance | Contacts | Former experience

**Institution**

**MED PARTNER**

**Partner's title**

 **MED PARTNER**

 **MED PARTNER**

**Eligibility Zone**

Med Partner

**General informations**

**Size of staff (total staff)**

290

**Administrative code (i.e. SIRET, Codice fiscale, NIF...)**

0123456789

**Is this partner the Lead Partner ?**

**VAT refunded ?**

Yes  No  Partially (is so, please explain)

**Type**

Private

**Legal type**

No profit organisation, association ... (public)



# CONTENT [9]

## Depreciation

### MISTAKES

- Depreciation NOT applied even if the purchased good is not 100% used for project purposes
- PCs charged 100% of their cost and not justified in the framework of project activities



### FOLLOW-UP MEASURES

- In case goods are NOT used exclusively for the project purposes depreciation applies
- Only a share of depreciation corresponding to actual use for project purposes
- In case of PC charged 100% it has to be used at least by 1 employee charged 100% or by more employees charged on the project with different % (50% + 50%; 30% + 70%; etc....)



# CONTENT [10]

## Public procurement



### WEAKNESS

- Purchase of:  
External expertise/Services  
Promotion, information  
Durable-consumable goods.  
In case of minor contracts  
a simplified procedure of effective  
selection has not been  
implemented



### FOLLOW-UP MEASURES

- MED Programme Framework:  
A simplified procedure of  
effective selection is warmly  
recommended even for low  
amounts.  
PPs shall request at least 3 offers  
from 3 different providers  
before selecting one to ensure  
that prices have been compared.
- Respect of principles of:
  - transparency
  - non-discrimination
  - equal treatment
  - effective competition



# CONTENT [11]



## Documents justifying incurred expenditures

### WEAKNESS

- Purchase of:  
External expertise/Services  
Durable-consumable goods.  
In many cases, according to specific national rules, there are NO contracts or/and invoices against payments

### FOLLOW-UP MEASURES

- MED Programme Framework:  
A complete audit trail shall be ensured at each PP level thus also for low amounts at least a letter to the provider shall exist indicating:
    - the service/ external expertise/ durable-consumable good purchased
    - related cost
    - name of MED project
- Same for related invoice/doc. justifying the expenditure



**Check carefully**

**FACT SHEET**

**19**



# MISTAKES

## FORMAL

- **FL Controller Commitment**
- **Checklist - Sections not filled in**
- **Checklist - "No" or "N/A" answers**
- **Strong delays in submission of PRs**
- **Incomplete PRs**
- **Original Signature/official stamp on Payment Claim**



# FORMAL [1]



## FL Controller Commitment

### MISTAKES

- Missing indication of the relevant body validating the choice of the FL Controller (in case FLC system not cartelized or with a system of 2 phases certification)
- missing/wrong indication of the “declared expenditures” submitted to FL Controller. Not to be confused with “confirmed eligible expenditures”



### FOLLOW-UP MEASURES

- The validating body is NOT the project partner who has chosen the FL Controller but the national regional relevant body that has validated the choice:  
i.e:  
Spain - Ministry of Economy  
Italy – ad hoc Commission  
France – Region PACA  
Cyprus – Planning Bureau
- “Declared expenditures”  
Expenditures submitted to FLC  
“Confirmed eligible expenditures”  
Certified expenditures



# FORMAL [2]



## FL Controller Commitment

### 2. First level controller commitment

I, the undersigned **FL Controller's name** representing the First Level Controller designated by(\*) **Name of relevant body validating the choice**, based on verification within the meaning of Article 16 paragraph 1 of Commission Regulation (EC) 1080/2006 performed on expenditure declared by the above-mentioned partner (or Lead partner), hereby certify the following:

1. For the attached statement that forms an integral part of this certificate, the total declared expenditure by the beneficiary amounts to **17,548** EUR of which the total confirmed eligible expenditure amounts **16.000** EUR. This amount is free from any reservation casting doubts on its eligibility.



# FORMAL [3]

## FL Controller Commitment

Check that amounts indicated under “total declared expenditure” and “confirmed eligible expenditures”

1. For the attached statement that forms an integral part of this certificate, the total declared expenditure by the beneficiary amounts to **17,548** EUR of which the total confirmed eligible expenditure amounts **16.000** EUR. This amount is free from any reservation casting doubts on its eligibility.

**CORRESPOND in Annex 2 of the certification**

Annex 2 : List of expenditure included in the certificate

Expenditure fund	Invoice reference	Issued by	Payment date	Invoice document type	Payment mode	Expenditure amount	Amount certified	Amount rejected
						17.548	16.000	0,00 €



# FORMAL [4]

## Checklist – Sections not filled in

### "No" or "N/A" answers

### MISTAKES

- Relevant Sections of the checklist are not filled in
- "NO" or "N/A" answer provided with no explanation in the comment box



### FOLLOW-UP MEASURES

- Check that relevant Sections are duly filled in
- in case of "NO" or "N/A" answer, provide the necessary clarifications. Particularly when "NO" or "N/A" are provided and expenditures are certified as eligible.
- in case expenditures, or part, are not considered as eligible, specify the amount



# FORMAL [5]

## Checklist – Sections not filled in

### "No" or "N/A" answers

➤ The following Sections have always to be filled in

- 3.1 Accounting System
- 3.2 Double financing
- 3.3 Compliance with project budget
- 3.14 Additional respect of community policies
- 3.15 Other checks



➤ The other Sections are specifically related to budget lines and preparation costs



# FORMAL [6]



## Strong delays in submission of PRs

### WHEN?

Within 2 months from the end  
of the 6 months implementation period  
Check art 3.3 subsidy contact

#### 1<sup>st</sup> call:

<u>IMPLEMENTATION PERIOD</u>	<u>DEADLINE FOR THE SUBMISSION OF THE PAYMENT CLAIM</u>
1 <sup>st</sup> April – 30 <sup>th</sup> September	30 <sup>th</sup> November
1 <sup>st</sup> October – 30 <sup>th</sup> March	30 <sup>th</sup> May

#### 2<sup>nd</sup> call:

<u>IMPLEMENTATION PERIOD</u>	<u>DEADLINE FOR THE SUBMISSION OF THE PAYMENT CLAIM</u>
1 <sup>st</sup> March – 30 <sup>th</sup> August	30 <sup>th</sup> October
1 <sup>st</sup> September – 28 <sup>th</sup> February	30 <sup>th</sup> April



# FORMAL [7]

## Incomplete PRs

### WHAT?

- **PAYMENT CLAIM** signed and stamped in original
- Copy of the **CERTIFICATIONS OF EXPENDITURES** and related **CHECK LIST** of validated expenditures provided by the first level controllers
- Copy of the **VALIDATION of the certification** by **RELEVANT NATIONAL Authorities** (Spain – Portugal)
- **PROGRESS REPORT** with relevant information concerning the activities implemented during the relevant implementing period
- Copy of **OUTPUTS**



**Check carefully**

**FACT SHEET**

**21**

**REPORTING**



## FORMAL [8]



### Signature/official stamp on Payment Claim

#### Lead partners:



- Remember to sign and stamp in original the payment claim
- Use the official stamp of the LP's structure



***THANK YOU FOR  
YOUR ATTENTION!***

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