European Union | European Regional Development Fund

*Sharing solutions
for better regional policies*

Interreg Europe first level control seminar

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Finance Officer

Nicosia, 1 March 2018

CONTENT

1. First level control

2. Eligibility of expenditure

3. Programme anti-fraud strategy and suspected fraud reporting

Our goal

To provide:

- Information on financial reporting, control procedures and requirements
- Opportunity to exchange on financial matters
- Room for your questions

Before we start…

Main abbreviations

- FLC = First level controller
- LP = Lead partner
- PP = Project partner
- JS = Joint secretariat
- MA = Managing authority
- PM = Programme manual (not ~~project manager~~ ☺)
- PR = Progress report
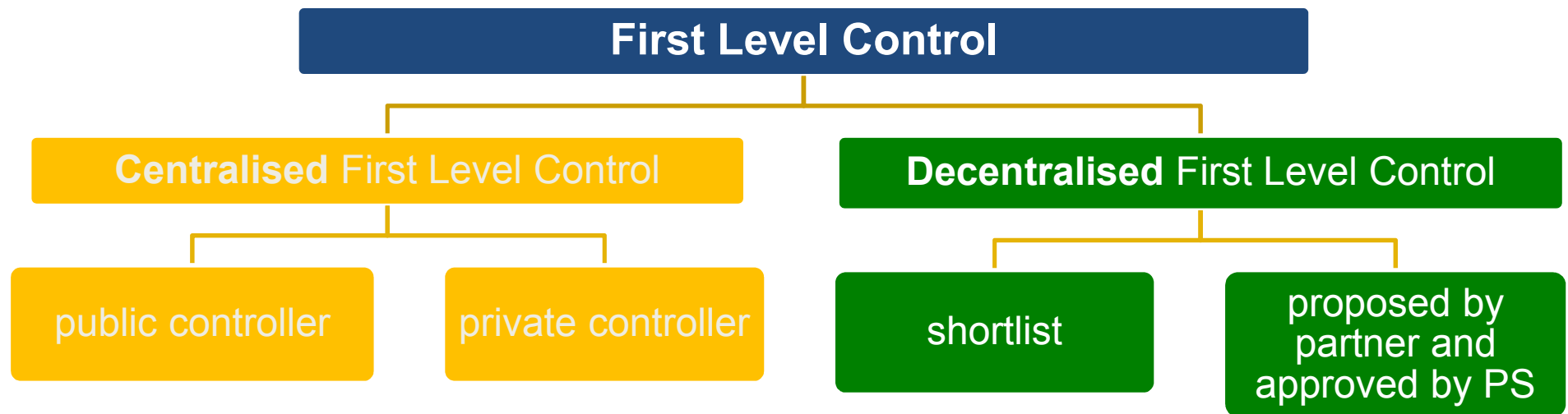- AF = Application form

1. FIRST LEVEL CONTROL

- FLC and regulatory requirements
- Role of the LP and of the FLC
- FLC verifications: desk and on-the-spot checks
- Overview of the certification process in iOLF

FLC and regulatory requirements

- All expenditure reported have to be certified by an independent controller, before submission to the JS

- MA is responsible for the financial management and control of the programme but…

- … the organisation of this control = Partner State responsibility (based on Article 23 (4) of Regulation (EU) 1299/2013: "… *each Member State shall designate the body or person responsible for carrying out such verifications…*").

The different FLC systems

First Level Control

Centralised First Level Control

Decentralised First Level Control

public controller

private controller

shortlist

proposed by partner and approved by PS

# The different FLC systems

CENTRALISED (15): Belgium: Brussels+ Wallonia, Croatia, Czech Republic, Estonia, Greece, Hungary, Ireland, Latvia, Luxemburg, Poland, Romania, Slovakia, Slovenia, Sweden, Northern Ireland (UK)

DECENTRALISED (16): Austria, Belgium-Flanders, Bulgaria, Cyprus, Denmark, Finland, France, Germany, Italy, Lithuania, Malta, Netherlands, Norway, Portugal, Spain, United Kingdom

Role of the LP and of the FLC

Two **different** roles:
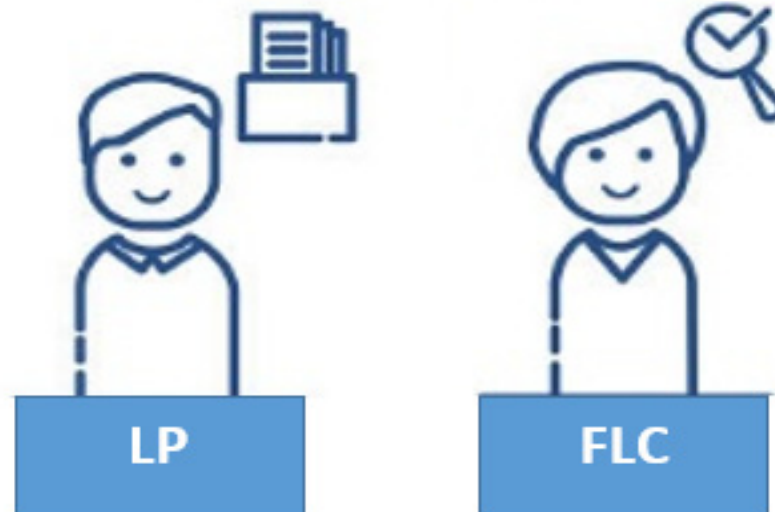
Role of the LP...

Lead partner:

- formal link between the project and the managing authority/joint secretariat

- responsible for management, communication, implementation and co-ordination of activities

Legal basis: article 13 of the ETC Regulation (EU) No 1299/2013

Role of the LP…

The LP consolidates the partner financial reports in the joint PR in the iOLF system and checks that:

- the expenditure is related to the project and corresponds to the activities in the AF

- the partner expenditure certified by a controller is in line with national control requirements

Role of the LP…

The LP carries out the checks on the basis of:

- First level control certificate

- Control report including checklist

- List of expenditure including list of contracts

...and role of the FLC

FLC verifies and confirms:

- the compliance of the costs with

  - ✓ the approved AF

  - ✓ the legal and financial provisions of the subsidy contract

  - ✓ the applicable European regulations

  - ✓ the national/internal rules

  - ✓ Interreg Europe programme requirements

…and role of the FLC

FLC verifies and confirms:

- the delivery and payment of funded products and services

NO longer special role for the LP's FLC

FLC verifications:
desk and on-the-spot checks

Desk checks	On-the-spot checks
Compulsory for each progress report	At least once during the project lifetime (end of phase 1?)
If 100% expenditure check not proportionate, sampling allowed	If not proportionate, sampling of operations checked on-the spot possible
Sampling methodology justified in control report	
Checks and results documented in the control report (including checklist)	Start date, amount checked and result recorded in control report

On-the-spot checks

In the context of Interreg Europe, they are useful to check in more depth

- the proper functioning of internal processes (ordering, accounting, payment)

- the existence & delivery of goods and services (meetings with staff, publications, equipment)

Reporting deadlines

- Reporting periods are set by call subject to the monitoring committee (MC)'s approval

- Joint PR due within three months after the end of the reporting period

Example 2nd call projects			
Phase 1 (e.g.36 months)	Reporting period		Deadline for submission
	six-monthly	01 Jan – 30 June 01 July – 31 Dec	01 October 01 April
Phase 2 (24 months)	annual*	01 Jan – 31 Dec	01 April (first year) 31 Dec (second year)

six-monthly reporting under certain conditions (e.g. decommitment risk, high amounts due to pilots)

Reporting procedures

Is it option 1?

1 • Project partners send their reports incl. list of expenditure and list of contracts to their FLCs through iOLF

2 • The FLCs verify and confirm the eligibility of the expenditure reported by the respective project partners in iOLF

3 • The lead partner consolidates and submits the joint progress report to the JS

Reporting procedures

Is it option 2?

1 • Project partners send their reports incl. list of expenditure and list of contracts to the lead partner through iOLF

2 • The FLC of the lead partner verifies and confirms the eligibility of the expenditure

3 • The lead partner consolidates and submits the joint progress report to the JS

Reporting procedures

Option 1 or 2?

Option 1!

1
- Project partners send their reports incl. list of expenditure and list of contracts to their FLCs through iOLF

2
- The FLCs verify and confirm the eligibility of the expenditure reported by the respective project partners in iOLF

3
- The lead partner consolidates and submits the joint progress report to the JS

Reporting system - iOLF

Interreg Europe data base

iDB

Joint secretariat
Managing authority
Certifying authority

Partner states*
Approbation bodies*

*statistics

Interreg Europe online forms

iOLF

Lead partners

Project partners
First level controllers
Validation bodies (ES & PT)
Approbation bodies

Reporting system - iOLF

Reporting fully online in the iOLF system! (no more paper documents)

- Partner reports
  - (incl. list of expenditure and list of contracts)
- FLC designation (no longer paper designation certificates)
- FLC certification
  - (incl. the first level control certificate, the control report incl. checklist, and the financial correction sheet, if applicable)
- Joint progress report

Overview of the certification process in iOLF

Directorate General for European Programmes, Coordination and Development:

-creates FLCs accounts in iOLF ➡ activation of accounts by FLCs

-assigns FLCs to their PPs in iOLF ➡ activation of assignments by FLCs

Overview of the certification process in iOLF

http://iolf.eu/Account/Login?ReturnUrl=%2f

Log in

My projects

List of projects the FLC is assigned to

Click on a row to access the project

Project dashboard for FLCs

Project History

Title	Version	Status	Last Updated
Monitoring Committee decision		Approved 09/02/2016	JS 18/04/2016 11:29:13
Application Form	6	Open	a.niechajowicz@interregeuropa.eu 27/04/2017 17:34:56
Progress report 2	1	Open	~~evroregionplevenolt@gmail.com~~ 24/05/2017 17:07:17
Application Form	5	Submitted 06/02/2017 13:29 evroregionplevenolt@gmail.com	~~evroregionplevenolt@gmail.com~~ 06/02/2017 13:29:28
Progress report 1 clarifications		Submitted	~~evroregionplevenolt@gmail.com~~ 07/02/2017 12:09:29

FLC Checks

Partner	Reporting period(s) / Including report	Status	Last change
PP 3	2 not included	Opened by lead partner	i.piazza@interregeurope.eu 30/05/2017 11:45
PP 3	3 not included	Control work started	~~vanni@aeiplodi.org~~ 24/05/2017 10:36
PP 3	4 not included	Opened for major changes	~~vanni@aeiplodi.org~~ 04/05/2017 10:56

FLC Contact Detail

greece@greece.flc ▾   ➕ FLC Contact Detail

FLC Name	Version	Status	Last Change
Robert Controller 2LP	13	Open	v.priem@interregeurope.eu 09/05/2017 15:39

Project dashboard for FLCs

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FLC Contact Detail   greece@greece.flc   **+** FLC Contact Detail

FLC Name	Version	Status	Last Change
Robert Controller 2LP	13	Open	v.priem@interregeurope.eu 09/05/2017 15:39

29

Summary

Activities summary

Contact details

💾 Save   ⊘ Check   Reporting period 2 ▾   Version 7 (Opened by lead partner) ▾

16 / 200 characters   0 / 200 characters

Flc Contact Details - Version 9   Version 9 ▾

Name   Robert Controller

17 / 50 characters

Organisation   vQ6cgjj

7 / 200 characters

Department   Audit department

16 / 200 characters

Position   vQ6cgjj

7 / 200 characters

Address   vQ6cgjj

7 / 200 characters

Town   vQ6cgjj   **Postal code**   vQ6cgjj

7 / 200 characters   7 / 50 characters

Country   Greece (ΕΛΛΑΔΑ (ELLADA)) ▾

List of contracts

3. List of contracts

Contract number	Supplier name	Contracted amount (excluding VAT)	Contracted amount (including VAT)	Above EU threshold	Procedure applied	Contract type	Partner comments	FLC comments
P04-02	Big contract	250,000.00	300,000.00	✓	Open procedure	Services		
P04-03	Small contract	15,000.00	18,000.00	☐	Request for several offers	Services		

List of contracts

- Listing **all** contracts used for the implementation of the project (above & below EU thresholds)

3. List of contracts

Contract number	Supplier name	Contracted amount (excluding VAT)	Contracted amount (including VAT)	Above EU threshold	Procedure applied	Contract type	Partner comments	FLC comments
P06-01	▓▓▓▓▓	1,600.00	1,600.00	☐	Negotiated procedure without prior publication	Services	Travel and accomodation for 2 stakeholder representatives to participate in the thematic seminar ▓▓▓▓▓	

➕ Add Contract

What should be included in the list of contracts?

'Classical' contracts

Any written contractual agreement e.g. confirmation emails or purchase orders.

What should **NOT** be included in the list of contracts?

One-off purchases

Oral agreement not documented
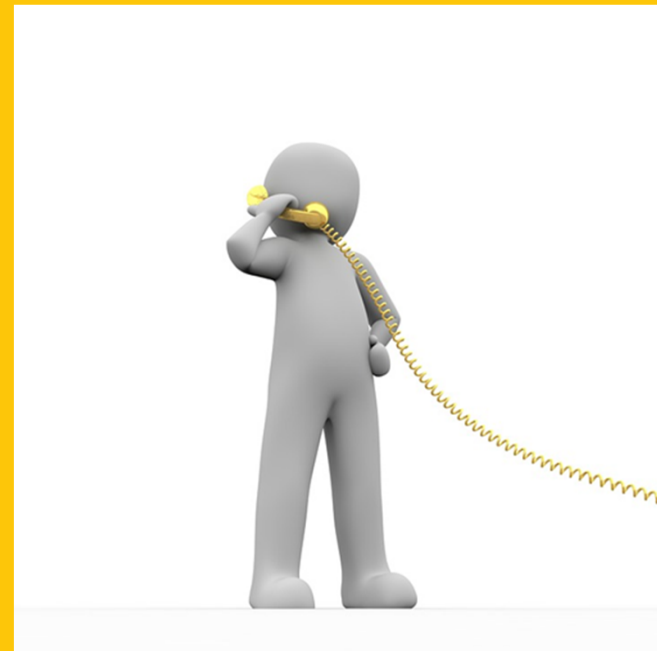
Expenditure

| Summary | ✔ Activities summary | ✔ Contact details | ✔ List of contracts | ✔ **Expenditure** | ✔ Financial corrections | ✔ FLC checklist | ✔ FLC |

💾 Save | ⊘ Check | 🗐 Export to Excel | | Reporting period 2 ▾ | Ve |

4. List of Expenditure ℹ️

Do any corrections linked to previous PRs have to be implemented in the current PR? ℹ️ ☑️

Budgetline ℹ️		Total budget	Previously reported	Currently reported	Certified amount	Total reported so far	% of Total reported so far
Staff costs	✔	179,280.00	10,769.76	8,000.00	7,999.56	18,769.32	10.47%
Office and administration		26,892.00	1,615.46	1,200.00	1,199.93	2,815.39	10.47%
Travel and accommodation	✔	14,400.00	1,411.08	80,900.00	890.00	2,301.08	15.98%
External expertise and services	✔	24,800.00	969.40	10,900.00	10,900.00	11,869.40	47.86%
Equipment	✔	0.00	0.00	0.00	0.00	0.00	0.00%
(Net Revenue)		0.00	0.00	0.00	0.00	0.00	0.00 %
Total		245,372.00	14,765.70	101,000.00	20,989.49	35,755.19	14.57 %

Expenditure

Expenditure

Why so important?

- Finances have to match the activities

- Costs in PR reported against expenditure planned in AF

Expenditure in list of expenditure coherent with reported activities + costs planned in AF!

FLC checklist

Downloadable

Summary | ✔ Activities summary | ✔ Contact details | ✔ List of contracts | ✔ Expenditure | ✔ **FLC checklist** | ✔ FLC report

💾 Save | ☑ Check | 📄 FLC Checklist

2 General checks

	Control question	Answer	Comments/Follow-up
2.1	Is it ensured that the partner is a "not for-profit" body?	● Yes ○ No	
2.2	If the partner contribution does not come from the partner's own resources but from an external public source, has the total public contribution not been exceeded? *If the partner contribution comes from the partner's own resources or entirely from private sources, please tick 'N/A'.*	● Yes ○ No ○ N/A	
2.3	Has the source of the partner's contribution (private or public) been correctly indicated?	● Yes ○ No	
2.4	Is it ensured that the expenditure has not already been reimbursed by any other funding (EU, regional, local or other)? Are there mechanisms in place to avoid double-financing?	● Yes ○ No	

If No or N/A selected – comment obligatory

FLC report

Downloadable

Summary	✔ Activities summary	✔ Contact details	✔ List of contracts	✔ Expenditure	✔ FLC checklist	✔ **FLC report**

🖫 Save	⊘ Check for errors	⬆ Back to list	🗎 FLC report	🗎 FLC certificate	🗎 Report on fraud

First level control report ⓘ

1. Project and progress report

Project Title	Supporting eco-innovations towards international markets		
Project Acronym	SUPER	Project Index	PGI00014
Progress Report	No.		
Reporting Period	Start	01/10/2016	End	31/03/2017

2. Project partner

Number	4
Organisation	Murcia Business Innovation Centre (BIC Murcia)

Certify report – step 1

Click "Certify report"

Certify report – step 2

Click the link received in the email

Dear Sven Controller,

Please confirm that you certified the partner report of [Partner name] [Project acronym] in reporting period(s) 2.

To do so, follow the link below:
http://iolf.interreg.gecko.de/FLCC/Summary/ConfirmCertify/4821/12992/137/a0f76d35-ab94-4062-9b57-d15cef953007

Kind regards,
Interreg Europe

This is an automatic email - please do not reply.

Help

- Info bubbles

- Check button

- Error messages

  • Exchange rates need to be refreshed.

- **Video tutorials**:

https://www.interregeurope.eu/projects/guidance/#flc-guidance

Conclusions

- Set clear deadlines with your project partner(s) to have the time needed to implement the checks

- Make sure that your account and your assignments are activated
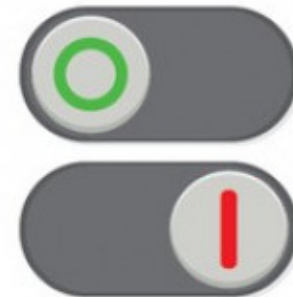
Conclusions

- Remember that all the reporting is online, **but** supporting documents (invoice, payment proofs, procurement documents) have to be received **offline**

- Remember that the certification is done in **2** steps
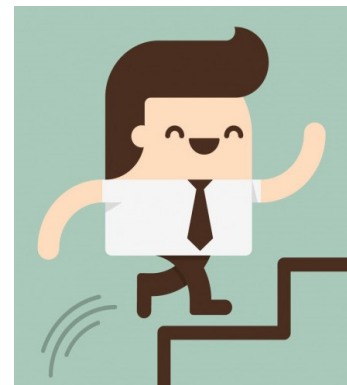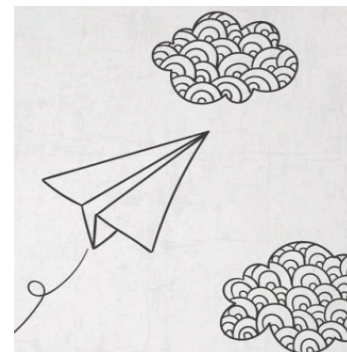
2. ELEGIBILITY OF EXPENDITURE

- Budget lines and ineligible costs

- Points of attention

- Dealing with financial changes

- Reporting and controlling staff costs

General principles

Different levels of rules

- European: EU regulations
- Programme
- National
- Partner/institutional

General principles

Eligibility of costs is determined by the <u>relevance of the activities!</u>

Costs necessary to

⬇

- Carry out the project activities
- Achieve the project objectives

General principles

CONSISTENT

- allocate the expenditure to the right budget line

JUSTIFIED

- unforeseen expenditure items or over/underspend needs to be justified

COHERENT

- reported activities and finances have to match

Eligibility period

Eligibility period from project approval by monitoring committee to **project end date**
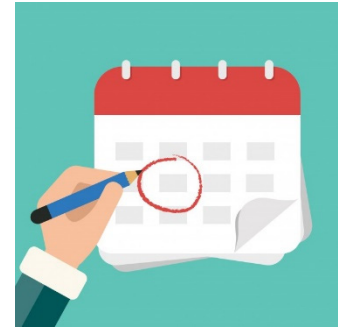
Submission date of last report = project end date = end date of eligibility of costs

Expenditure can be reported only if paid before the end of the reporting period ➡ Paid = debited from partner's institution bank account

Preparation costs

lump sum of EUR 15,000 per project attributed to <u>lead partner</u>

- Covers costs linked to the <u>preparation of the application</u>

- Added **only** to the <u>reported lead partner's expenditure</u> in PR1

- Distribution among partners regulated internally by project partnership agreement – only **lead partner** reports to the programme!

- No supporting evidence required!

Budget lines

- Staff

- Administration costs

- Travel and accommodation

- Equipment

Only for staff directly employed by the partner organisations

- External expertise and services

Staff costs (principles)

▪For partner staff only (employment contract)

▪Not for staff employed by other bodies even if

- 100% owned by partner

- seconded to partner

- they are members (of association, umbrella organisation)

- if seated in partner organisation

Programme manual section 7.2.1 & Delegated Regulation (EU) 481/2014, Article 3

Administration costs

- Flat rate of 15% of staff costs

- Includes: office rent, utilities, office supplies, general accounting etc.

- No administration costs under any other budget line

- No supporting evidence required!

Programme manual section 7.2.2 & Delegated Regulation (EU) 481/2014, Article 5

Travel and accommodation

- Only for staff employed by a project p

- Non-staff travel costs: external expert line!

- Includes items such as travel, meals, accommodation, visa, daily allowance

- Compliance with national and/or instit
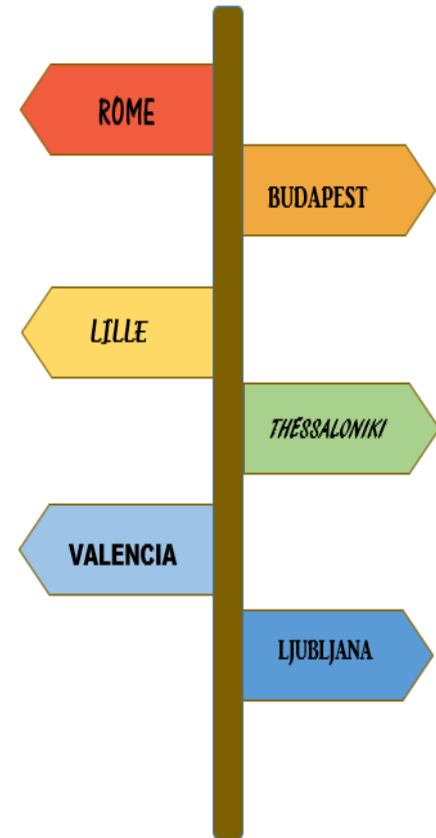
Programme manual section 7.2.3 & Delegated Regulation (EU) 481/2014, Article 6

ROME

BUDAPEST

LILLE

THESSALONIKI

VALENCIA

LJUBLJANA

Travel & accommodation – Audit trail

Agenda

Daily allowance

Paid invoices

Proof of payment

- Compliance with national / institutional rules

External expertise

- Services needed outside the partner organisation, incl. travel & accommodation for stakeholder groups

- Public procurement!

Programme manual section 7.2.4 & Delegated Regulation (EU) 481/2014, Article 6

External expertise – Audit trail

Contract

Selection process

Paid invoices

Evidence of compliance
with procurement rules

Proof of payment

Service deliverables

Equipment

▪Purchased, rented or leased by a partner, to achieve the objectives of the project

▪Mainly 'office equipment' for project management, not exceeding EUR 5,000-7,000 per project

▪Only planned/pre-approved equipment eligible!

▪Compliance with public procurement rules

Programme manual section 7.2.5 & Delegated Regulation (EU) 481/2014, Article 7

Equipment – Point of attention

- If equipment item only partially used for the project (or bought at late stage), only share related to the use in the project can be reported!

Equipment – Audit trail
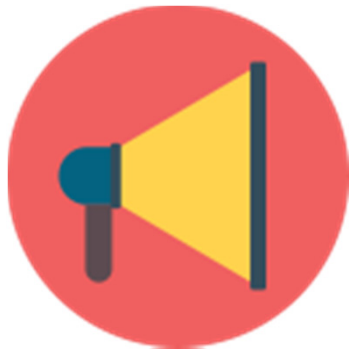
Evidence of compliance
with procurement rules

Paid invoices

Proof of payment

Calculation of pro-rata use

(where applicable)

Items requiring pre-approval

- Equipment if not planned at application stage

Items requiring pre-approval

Prior approval from JS necessary for items not already specified and approved in the application form, e.g.

- Activities/travel outside the programme area

Not eligible costs

- VAT – if recoverable by whatever means

- In-kind contributions

- Fines, financial penalties, expenditure on legal disputes and litigation, exchange rate fluctuation and interests on debt,

- Expenditure already supported by other subsidies

- Gadgets and gifts

Gifts and promotional items

Gifts and promotional items (gadgets) are **not eligible** unless

- approved **ex-ante** by the programme (application form & during project implementation)

- needed for a **specific communication activity** (EU logo/project logo does not automatically make a gift a promotional material)

Programme manual sections 7.4.9 and 8.2.1 & Delegated Regulation (EU) 481/2014, Article 2

Gifts and promotional items

BAD
- Bottle of wine
- Souvenirs
- Book voucher
- Box of chocolate

Gifts

Promotion & communication material

GOOD
- Project banner
- Good practice guide

BAD, unless **pre-approved by programme! e.g.**
- USB sticks
- Pens
- Notebooks
- Bags
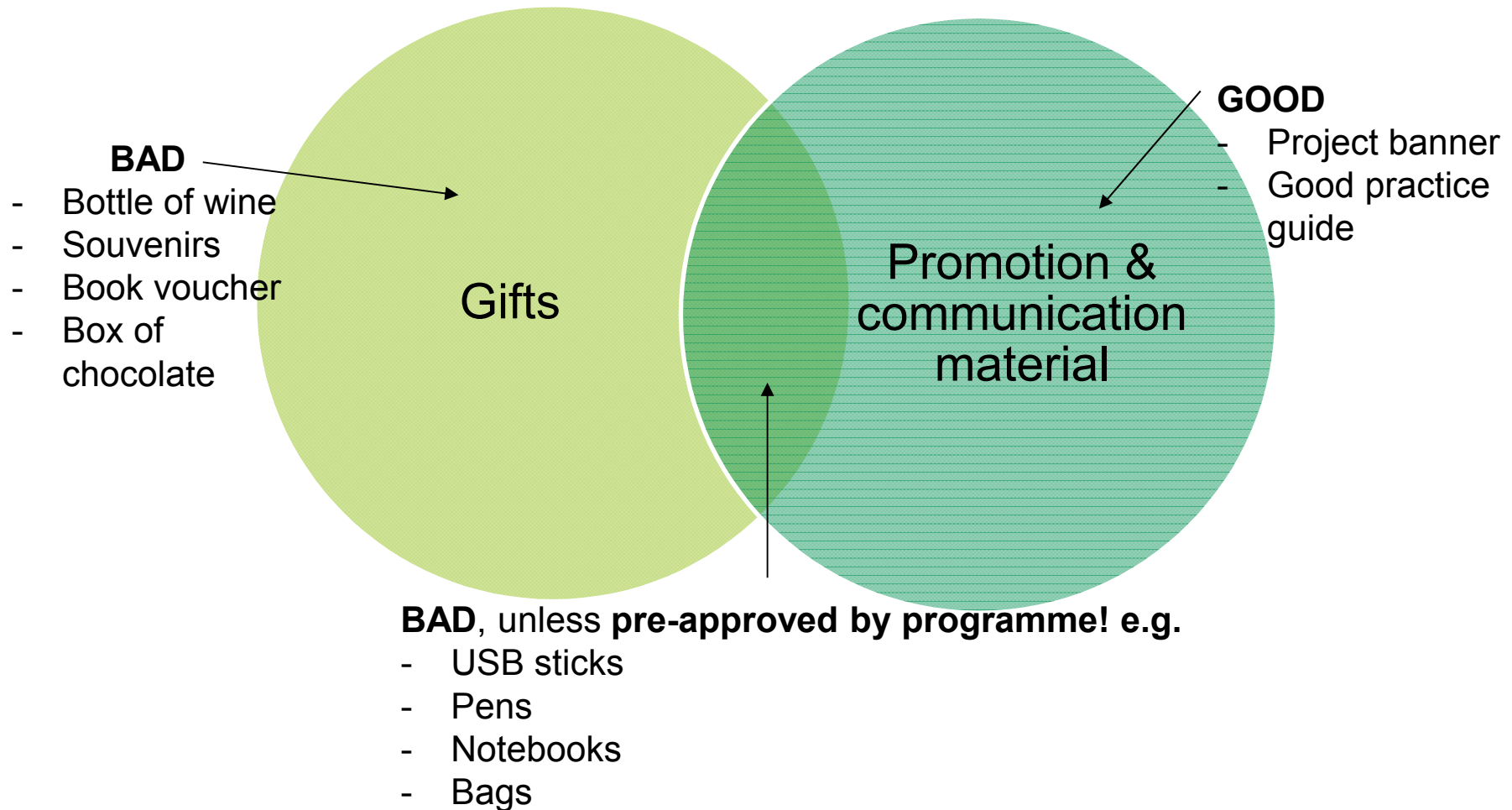
Points of attention

- Exchange rate

- Financing of joint activities

- Public / private funding

Exchange rate
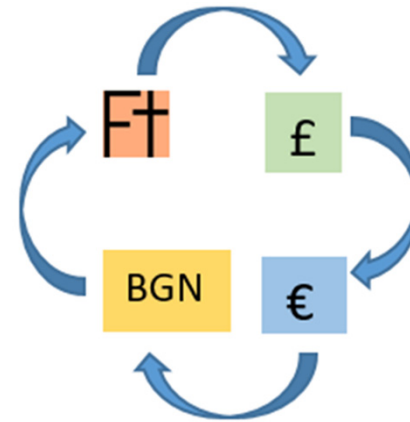
- **All** financial reporting and project follow-up in Euros

- Reg (EU) No 1299/2013 Article 28: expenditure incurred in non-Euro currency **by the partner organisation** to be converted in Euros

- EC Exchange rate applicable **in the month the partner reports are submitted for verification** to the FLC → automatically calculated in the iOLF system

Financing of joint activities

No shared costs!

Share activities, not costs!

Contracting partner principle applies

Contracting partner = the only one reporting and receiving the ERDF!

Public/Private funding

In the partner report, the FLC checks if the partner contribution is in the right place: public or private?

Partner expenditure breakdown per source of funding					
	Total ⓘ	ERDF/Norway	Total partner contribution	Partner contribution from public sources	Partner contribution from private sources
Declared by Partner	32,228.88	24,171.66	8,057.22	0.00	8,057.22
Certified by FLC	32,222.88	24,167.16	8,055.72	0.00	8,055.72

Public/Private funding

In iOLF, automatic allocation according to legal status:

- private not profit → private sources

- public or public equivalent → public sources

- But modification necessary if:

    1. A private partner receives public funding for the project = to be indicated as public funding

    2. A public or public equivalent body receives private funding for the project = to be indicated as private funding

Dealing with financial changes

- Budget changes within the 20% budget flexibility rule = can be justified and reported as 'deviations' in the PR

- Budget reallocation above the 20% flexibility rule = MAJOR budget change >formal approval by the JS/MA through request for change procedure

Programme manual section 6.3.5

The flexibility rule

- Budget line and partner's budget at **project level (total!)** can be exceeded by up to 20% of the original amount without formal approval by JS

The flexibility rule

- total ERDF/Norwegian funding allocated to the project cannot be exceeded

The flexibility rule

- overspending of partners/in budget lines needs to be compensated by underspending of other partners/in budget lines
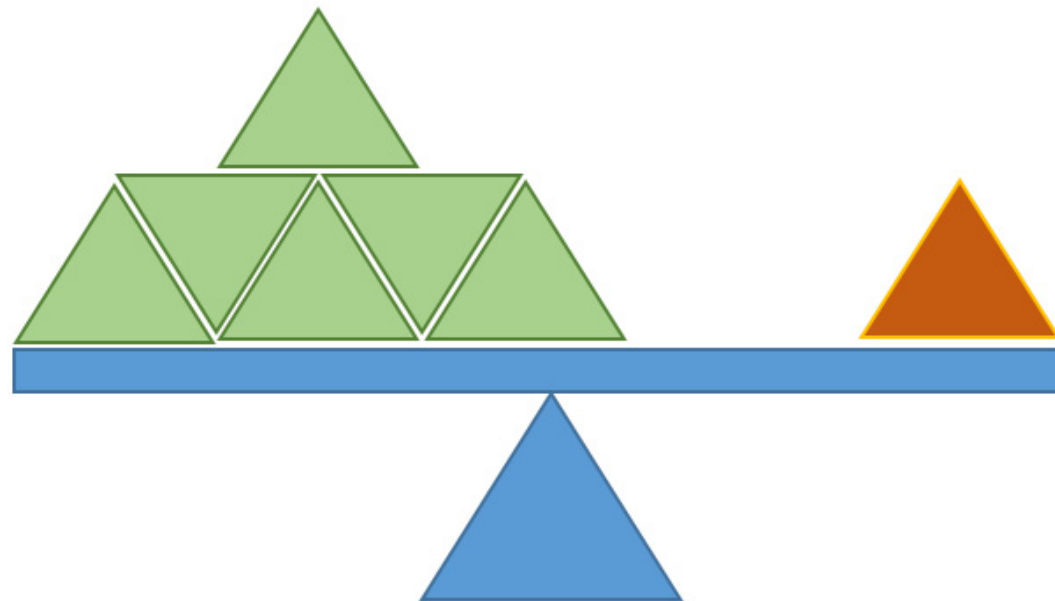
The flexibility rule

- Deviations justified in the PR

The flexibility rule

Example

Budget line at project level or partner budget	Original amount in the approved application form	Maximum possible overspending for this line	Explanation
Travel and accommodation costs	€180,000	€36,000	With the 20% flexibility rule, the original amount for this budget line can be exceeded by a maximum of EUR 36,000.
Partner 1	€220,000	€44,000	With the 20% flexibility rule, the original amount for this partner budget can be exceeded by a maximum of EUR 44,000.

The flexibility rule

- Lead partner to agree on the changes in cooperation with partnership

- Lead partner to keep an overview on all the budget changes → Problems may occur if budget flexibility not monitored closely

- JS to advice, but FLC responsible to confirm the eligibility of the costs

Major budget change

▪Budget reallocation above 20% limit for each budget line and partner budget at project level (total!) requires prior approval by MA/JS through request for change procedure

▪Only one request for change procedure possible during project's lifetime

Strongly recommended only at the end of the project, with solid overview on the project spending!

Major budget change

Example

Budget line at project level or partner budget	Original amount in the approved application form	New budget proposed by the project	Explanation
Travel and accommodation costs	€180,000	€220,000	Any budget increase above EUR 36,000 is no longer covered by the 20% flexibility rule, hence an official budget change has to be requested.
Partner 1	€220,000	€300,000	Any budget increase above EUR 44,000 is no longer covered by the 20% flexibility rule, hence an official budget change has to be requested.

Conclusions

- Read the programme manual section 7.2

- Pay attention to unplanned expenditure
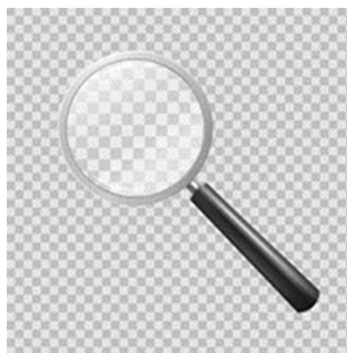
Reporting and controlling staff costs

Calculation methods:

Contract

▪what does the contract say?

▪what is the involvement of the staff member in the project?

Reporting and controlling staff costs

A. full-time on project?
> Real cost charged

B. fixed % on project?

> % of real cost charged

C. flexible hours on project?
> C.1 - monthly salary / contractual hours or
> C.2 - annual salary / 1,720 hours

D. hours + hourly rate fixed in contract?

NOT applicable to 4th call projects!!
1st, 2nd and 3rd call projects highly encouraged to consider ONLY methods A, B and D

A. + B. Full-time / fixed %

- Calculation:

    Employment cost * %

- Points of attention:
    - ✓ Regular review (e.g. annual staff appraisal)
    - ✓ % adjusted if necessary

A. + B. Full-time / fixed %

- Supporting documents:

Mission letter

Contract

Payslip

Proof of payment

Time registration

C. 1 Flexible hours - monthly calculation

- Calculation:

  ✓ hourly rate: **Monthly gross employment costs / nb of hours per month per employment contract**

  ✓ record 100% working ➔ timetimesheet needed!

Recalculation potentially each month: higher error risk!

C.1 Flexible hours - monthly calculation

▪**Supporting documents:**

NOT applicable to 4th call projects!!
1st, 2nd and 3rd call projects highly encouraged to consider ONLY methods A, B and D

Contract

100% Time registration

Payslip

Proof of payment
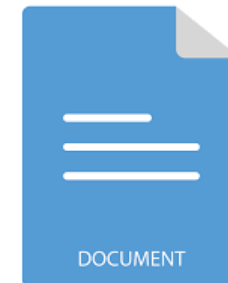
Document showing calculation of hourly rate

C.2 Flexible hours - 1720h method

NOT applicable to 4th call projects!!
1st, 2nd and 3rd call projects highly encouraged to consider ONLY methods A, B and D

▪ <u>Calculation:</u>

- ✓ latest gross annual employment costs/ 1720h for person working full time

- ✓ pro-rata of latest gross annual employment costs/ 1720 h for person working part-time

- ✓ one time calculation hourly rate possible

For persons working full time, the yearly number of hours declared shall **not exceed** 1720 h!

C.2 Flexible hours – 1720h method

■ <u>Supporting documents:</u>

NOT applicable to 4th call projects!!
1st, 2nd and 3rd call projects highly encouraged to consider ONLY methods A, B and D

Contract

100% Time registration

Payslip

Proof of payment
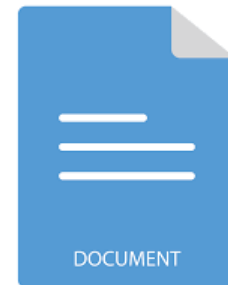
Document showing calculation of hourly rate

D. Hourly rate fixed in contract

▪ <u>Calculation:</u>

- ✓ Hourly rate indicated in contract per number of hours worked on the project
- ✓ Example timesheet on website! (<u>http://www.interregeurope.eu/about-us/programmedocuments/</u>)

D. Hourly rate fixed in contract

▪ <u>Supporting documents:</u>

Contract

100% Time registration

Payslip

Proof of payment

PRACTICAL EXERCISE

Practical exercise-Question 4

- What should be indicated in the mission letter?

Mission letter

Mission letter

- Name of employee

- Role in the project

- % allocated to the project

- Description of project related role, responsibilities and monthly tasks (see application form)

- Dated and signed by employee + line manager

- Regularly reviewed (e.g. annually on occasion of staff appraisal) and adjusted if needed.

Interreg Europe - Mission letter

Important information: This template serves as an example and it is at the disposal for the projects to be used, the use is optional. The template includes all elements required by the programme for the mission letter for staff costs calculation method XXX. When filling this template, project partners should pay attention that the level of details on the concrete tasks and activities of the employee corresponds to the involvement in the project. Please delete this text when actually using the template

Project information

Project acronym	*Please indicate*
Project title	*Please indicate*
Name of project partner	*Please indicate*
Project start date	*Please indicate* **Project end date** *Please indicate*

With this mission letter I confirm that [*Name employee*] is being assigned to work on the above mentioned project.

[*Name employee*] will be having the following duties in the frame of the implementation of the project:

- [*specify task*]
- [*specify task*]
- [*specify task*]
- [*specify task*]
- [*specify task*]

[*Name employee*] is expected to dedicate [% of working time to be performed on the project] of his/her the working time to carry out the tasks described above.

[name of employer]

[date & place]

[name of employee]

[date & place]

_____

Signature employer

_____

Signature employee

| 1 / 1

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Practical exercise-Question 5

- How to check the mission letter?

Mission letter

Full-time / fixed %?

- **Is the % stated in contract/mission letter?**
  - Document signed at beginning
  - Reviewed on regular basis (e.g. annual staff appraisal)
- **Is the person involved in another project? No double-financing?**
- **Is the % plausible?**
  - in relation to their role in the project?
  - in relation to other costs declared (e.g. travel?)?
  - in relation to the FLC's knowledge from controlling other projects?

The budget is the (natural) limit!

Practical exercise-Question 6

- Eligible or not eligible to Interreg Europe...?
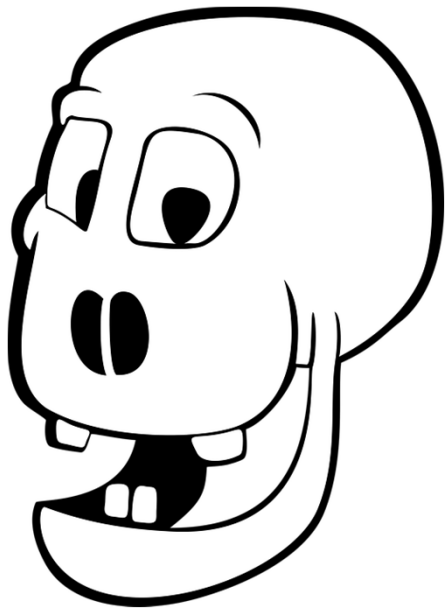
That is the question…

Eligible or not eligible?

- Indirect staff costs?

  - ✓ Either covered by administration cost flat rate

  - ✓ Or reported as direct staff costs acc. to one of the 4 methods if it can be directly linked to project

Eligible or not eligible?

▪<u>Bonus + lunch vouchers</u>?

- On payslip?

- In line with labour policy applicable in partner organisation?

- Project related?

Eligible or not eligible?

- Private pension schemes?

    - Actually paid (not only set aside)?

    - In line with labour law policy in partner organisation?

Eligible or not eligible?

▪ <u>**Person seconded and paid by another entity**</u>?

No because:

- ▪ Staff costs = for partner staff only (employment contract)

- ▪ Not for staff employed by other bodies even if

  - ▪ 100% owned by partner

  - ▪ seconded to partner

  - ▪ they are members (of association, umbrella organisation)

Time for questions…

3. PROGRAMME ANTI-FRAUD STRATEGY AND SUSPECTED FRAUD REPORTING

Definition of fraud

Fraud   ≠   **Irregularity**

Intentional   error /bad
                                                  management

Consequences:

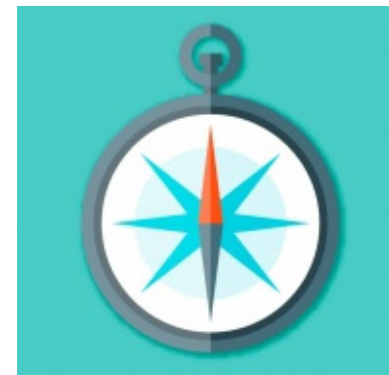correction   correction

investigation & sanctions

Programme anti-fraud strategy

Regulatory requirement for MAs:

"put in place **effective and proportionate anti-fraud measures** taking into account the risks identified"

(Article 125(4)(c) of Regulation (EU) No 1303/2013)

Fraud risks identified

Main risks identified for Interreg Europe programme:

- **Staff costs** reported do not correspond to the reality

- **Public procurement** (conflict of interests, favouritism, corruption)

- **Double financing**

Fraud risks - origin

Fraud risks may be at the level of:

- the programme authorities

- the beneficiary staff

- the external contractors

- the first level controllers

Anti-fraud measures

- information of LPs and FLCs on the main risks identified

- recommendations included in the PM

- FLC checklist taking into account risks identified

- use of IT specialised tools, such as ARACHNE by programme authorities

- procedures for the reporting of suspected fraud

Fraud prevention and detection

To prevent and detect fraud, **project partners** should:

- be aware of the potential risks of fraud
- have internal procedures in place to prevent and detect fraud

➡ See revised programme manual

- general info in section 7.8
- recommendations for public procurement in section 7.4.6

Fraud prevention and detection

To prevent and detect fraud, **FLCs** should:

- be aware of the potential risks of fraud

- check the beneficiaries' reports and supporting documents with "appropriate skepticism" (in particular when checking staff costs and public procurement)
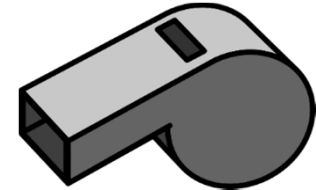
Fraud prevention and detection

appropriate skepticism = "an attitude that includes a questioning mind and a critical assessment of audit evidence"

Reporting suspected or established fraud

How can the MA/JS be informed ?

- whistleblowing procedure for general public/beneficiaries (dedicated email)

  https://www.interregeurope.eu/about-us/anti-fraud-policy/

- specific **reporting template for FLC**

FLC reporting template on suspected or established fraud

- Annex 4 of the programme manual

- Available on the Interreg Europe website and downloadable in iOLF by the FLC from the partner report

- To be sent by the FLC to the JS financial control and audit officer by email

Quality checks/audits

Several bodies to carry out quality checks/audits

- To detect errors and ensure proper use of funds

Second Level Auditors

Time for questions…

Video tutorials

Finances

- Partner report: 13 video tutorials + 1 webinar recording
- FLC section: 8 video tutorials + 1 webinar recording

https://www.interregeurope.eu/projects/implement-a-project/