Interreg North-West Europe

European Regional Development Fund

EUROPEAN UNION

Seminar for approved projects
8 December 2016

Investing in Opportunities

Interreg North-West Europe
European Regional Development Fund

Finance and other programme rules

Johanna März
Audit and Control Officer

Audit trail

"The audit trail is a comprehensive set of documents which provide a complete history of a project and provide evidence that proper procedures were applied and outcomes achieved."

First Level Control

The FLC checks that the expenditure incurred is compliant with the relevant EU, nation, regional, institutional and programme rules as well as with the provisions of the subsidy contract.

First Level Control

FLC per Member State

Decentralised

Germany, UK, Netherlands

Decentralised with shortlist

France and Flanders

Centralised

Ireland, Wallonia, Brussels Capital, Luxembourg

FLC per Member State

Contact details of approbation bodies and centralised FLCs are available on our website (implementation resources).

The FLC will receive the access to the eMS either via the approbation bodies (decentralised countries) or via the JS (centralised countries).

First Level Control

Documents that will have to be filled in by the FLC:

- FLC report and checklist (procurement part of the checklist is on NWE website)
- FLC certificate

Documentation of the FLC work is essential! Special trainings for FLCs are foreseen in all NWE countries.

First Level Control

Role of the LP FLC:

A specific role mainly outside the eMS. Three special questions to be answered in the checklist:

Lead Partner-specific verifications	Accepted			Comments	Index No.
	Yes	Not (fully)	n.a.		
The Lead Partner forwarded ERDF shares for the previous report to the project partners without unnecessary delays and in full.	☐	☐	☐	*e.g. Inspected the bank account statement to verify that the Lead Partner forwarded ERDF shares for the previous report to the project partners without delays taking into consideration shared costs.*	
The documents presented by the project partners are complete and have been validated by the partner FLC.					
The information provided by the partner FLCs in the checklists is sufficient.					
General comments, recommendations, points to follow-up					

Other controls:

Second Level Control

Financial control of the Member States is a requirement from the Regulations.

Managing & Certifying Authority quality controls

MA controls at JS, CA controls usually desk based.

Member State controls

Quality controls of the FLC system.

Commission controls

To verify the management and control system of the programme.

Public Procurement

How to comply with public procurement?

There are four levels of procurement rules:

- the EU directives
- National rules
- Partner orgnaisations‘ internal rules
- Programme specific rules

Public Procurement

NWE Programme rule:

For all contracts above € 5,000 (excl. VAT) project partners need to have documented proof that three quotes have been asked for. In the event that the partner must comply with other, stricter rules (e.g. internal rules), these stricter rules must apply.

The violation of this rule will lead to a 25% flat rate correction by the FLC.

Public Procurement

The fundamental procurement principles of transparency, non-discrimination and equal treatment also apply for all purchases and subcontracted activities below the threshold values.

Current EU threshold values:

- Services and supplies €209,000
- Works contracts: €5,225,000

Public Procurement

What documents to keep?

- Budgeting information (how was the contract amount established?)
- Terms of reference
- Request for offers or publication notice
- Offers/quotes received
- Report on assessment of bids including:
- Justification for procedure
- Evaluation of offers
- Letters of acceptance/rejection
- Contract including amendments
- Invoices, payments
- Proof of delivery of goods or services

Public Procurement

Public procurement for private partners

The 3 quote NWE rule also applies to private partners!

Private partners that can be defined as governed by public law must respect the provisions of Article 2(4) of Directive 2014/24/EU if they fulfill the following criteria:

1) Are established for the specific puropse of meeting general interest needs, do not have an industiral or commerical charancter, and;
2) Have a legal personality, and;
3) Are financed, f or the most part, by the State, or regional or local authorities, or other bodies governed by public law, or are subject o manamgent supervision by thos bodies or or or…

Private partners that do not fulfill those conditions are not obliged to apply the Directives, unless there are national or internal rules which oblidge them.

Public Procurement

Main procurement mistakes:

- Direct award of tenders without any competition
- Extension of contracts are too big or in addition to the old contract, breach a threshold.
- Insufficient audit trail (lack of documentation)
- Exceptions due to urgency, will also have to follow the three quotes rule as a minimum. Furthermore it has to be proven that the urgency was due to unforeseeable circumstances. Insufficient planning by the project partner is no justification.
- The fact of having already worked with a certain external provider in the past, having been satisfied by the quality of the work and wishing to benefit from the knowledge the provider acquired through working with the partner organisation in the past and on similar subjects does not represent sufficient justification and is never approved by external auditors.
- Flat rate corrections on procuremet mistakes range from 10% to 100% depending on the severity of the breach.

Public Procurement

More information on public procurement can be found in section 5.5 of the programme manual.

Q&A

Interreg
North-West Europe
European Regional Development Fund
EUROPEAN UNION