



ESPON Financial Managers Seminar 31 March 2009, Brussels

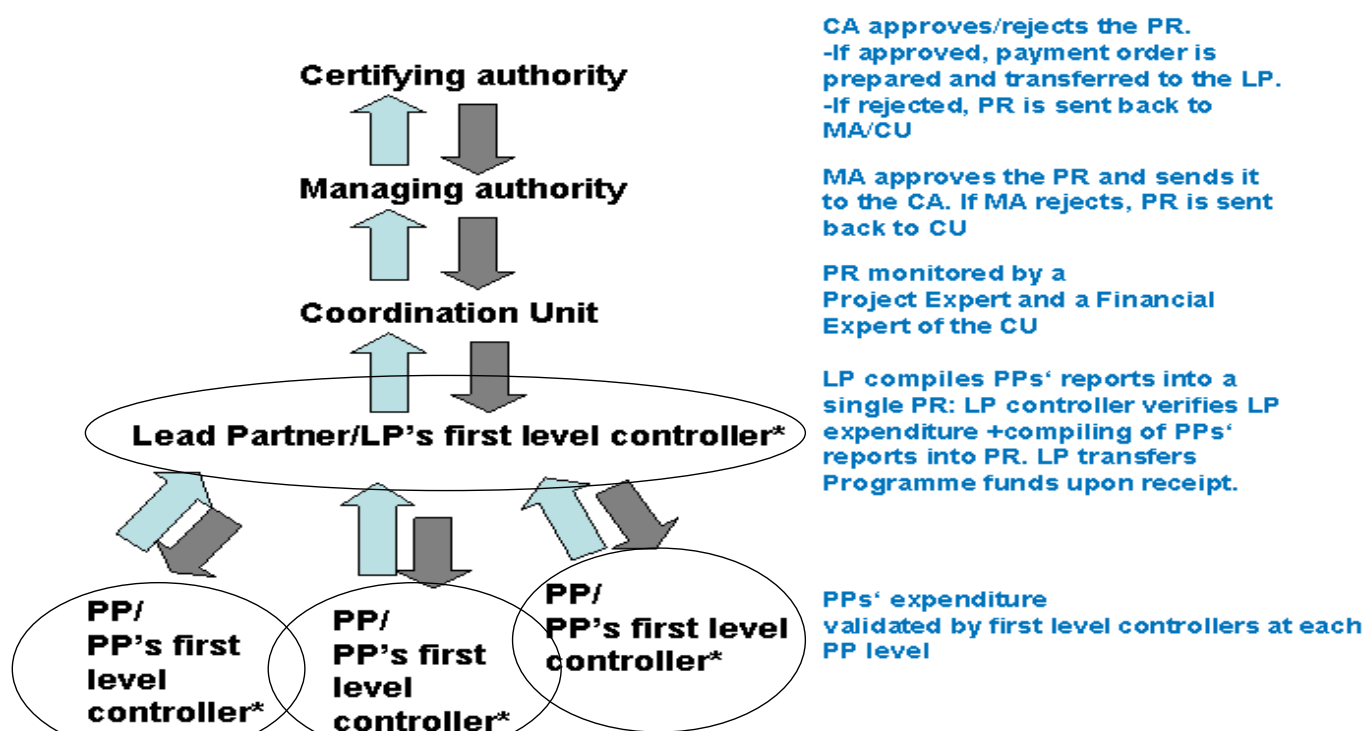
First Level Financial Control



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Reporting Flow



* In compliance with the control requirements specific for the country the partner is located in

Legal Framework

According to **Article 16 of Regulation 1080/2006** :

“In order to **validate expenditure**, each MS shall set up a control system. This control system must make it possible to **verify the delivery of the products and services co-financed**, the **soundness of the expenditure** declared for operations or parts of 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**.”

For this purpose, each MS shall designate the controllers responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation. MS may decide to designate a single controller for the whole area.

Each MS shall ensure that the expenditure can be validated by the controllers within a period of three months.”

First level financial control systems

Decentralised System	Centralised System
<ul style="list-style-type: none"> • Austria • Belgium – Bruxelles • Belgium – Flanders • Bulgaria • Cyprus • Denmark • Finland • France • Greece • Lithuania • Italy • Netherlands • Norway • Portugal • Spain • United Kingdom 	<ul style="list-style-type: none"> • Belgium – Wallonia • Czech Republic • Estonia • Germany • Hungary • Iceland • Ireland • Latvia • Liechtenstein • Luxembourg • Malta • Poland • Romania • Slovakia • Slovenia • Switzerland • Sweden

First level financial control systems

Decentralised System	Centralised System
<ul style="list-style-type: none"> • The controller is <u>proposed</u> by each partner to a central MS authority, on the basis of a questionnaire/checklist with specific selection criteria related to independence, competence and delays; • The controller can be <u>internal</u> as well as <u>external</u> as long as (s)he is qualified and from a unit independent of operation's activities and finances; • Only after the choice is confirmed by the central MS authority, the controller can assume its role; 	<ul style="list-style-type: none"> • expenditure are certified by the nationally designated controller (the list and contact details are available on the ESPON website)

Controllers are required to use a **standard control checklist** and to fill in a **standard control reporting form** detailing, for example, types of controls implemented; expenditures verified; expenditure not accepted

First level financial control systems – certification

- Controllers are required to use a **standard control checklist** and to fill in a **standard control reporting form** detailing, for example, types of controls implemented; expenditures verified; expenditure not accepted
- By signing the certification of expenditure the controller is verifying all requested items and declares the proper use of funds
- The controller's control report is useful document and it is also part of the project documentation/audit trail
- The report serves as an internal document and should be sent to the Lead Partner and then transmitted to the ESPON CU together with the project progress report.

First level financial control systems – certification

- The control report should contain at least the following elements:
 - A short description of the methodology used for the checks (size of the sample of documents tested, nature of the documents tested, national and EU rules checked);
 - Mention of the amount of expenses checked and of the period considered. Mention must be made of specific tests realised;
 - Mention that not only incurred expenses has been checked but also that these expenses have been paid within the current reporting period;
 - A clear specification of each of the reservations, if any, expressed about the eligibility of some expenses and the treatment given to these;
 - A checklist (a sample will be provided)

First level financial control systems – certification

- Controllers of PPs will have **TWO MONTHS** for implementing the checks
- Controllers of LPs will have **TWO MONTHS** for implementing the checks
- In order to make this possible and not to delay the reimbursement claim is crucial to:
 - Keep a proper **audit trail**
 - Provide the controller with all necessary information and all relevant supporting document
- Take contact as quickly as possible with your controller to clarify with her/him which documents (and in which form) you have to provide
- Should you have any doubt (e.g. about the eligibility of a specific expenditure; a certain procedure) get in contact with your controller to get support