

Workshop with ADRION Controllers

The verification process

Bologna, 27 September 2018

Controllers' task

Is to verify and certify that:

- the cost are eligible and paid;
- all supporting documents of the expenses are sufficient and correctly recorded, the existence of an adequate audit trail;
- the conditions approved in the Application Form and in the subsidy contract have been respected;
- the physical progress of the project;
- All relevant applicable EU, Programme, national, internal eligibility rules have been respected.

Controllers' task

Available through eMS, the following supporting documentation:

- a) Latest approved application form;
- b) Legal documents (signed subsidy contracts and further modifications);
- c) Partner reports of the verified partner;
- e) Supplementary information section.

Controllers' checks

Two types of checks performed by the controller:

- *Administrative checks*
- *On-the-spot checks*

Controllers' checks

Administrative checks :

- each time the beneficiary submits a partner report. The check must be performed through eMS;
- if a Partner State controller institution decides to ask for paper documents, it has to inform their beneficiaries accordingly.

Verifications are performed on 100% of the declared costs and on related supported probative documents.

Verifications are finalized through the submission of control documentation attesting the performed checks, methodology used and findings.

Controllers' checks

Administrative checks - Content of verification

The controllers checks at least:

- The correctness of the partner progress report;
- That expenditure relates to the eligible period and has been paid;
- That the expenditure relates to an approved project;
- The compliance with programme conditions;
- The compliance with the relevant eligibility rules (Union, programme, national);
- The reality of the project, including physical progress of the products/service and compliance with the terms and the conditions of the subsidy contract and performance indicators as reported in the application form;
- The expenditure declared, adequacy of supporting documents and the existence and compliance of the audit trail;

Controllers' checks

Administrative checks - Content of verification

The controllers checks at least:

- For simplified staff cost: when reporting staff costs, the distribution of costs between work packages shall reflect the distribution between work packages of the respective direct costs and the existence of further specific request for documentation as reported in the Implementation Manual;
- Community, national and programme rules on public procurement, environment, sustainable development, , equal opportunity requirements, non-discrimination;
- That de minimis— if applicable - has been respected or other specific conditions set in place in order to avoid the application of state aid rules have been respected;
- That the information and publicity requirements of the EU and the programme have been respected;
- That the principles of transparency, equal treatment and effective competition have been complied with.

Controllers' common harmonized tools:

First level control certificate	It states the amount certified and characteristics of the certified amount per reporting period
First level control check list	The check list in a detailed way on the checks carried out. It is an integral part of the control report. It also contains specific checks to be performed in compliance with the anti-fraud self – assessment performed by ADRION MA in accordance with art. 125.4 lett. c) of Reg. EU) No 1303/2013.
Control report	It provides the final overview on the checks performed, the methodology used and description of the findings.

Additional two non-compulsory check lists :

- I. Check list on the documents for verification
- II. A proposal of index numbers of documents used for verifications.

Controllers' checks

On-the-spot checks:

- at the premises of the beneficiaries
- It is not recommended that on – the- spot verifications are carried out when project has been completed as it would be too late to effect any corrective action in case of problems are identified
- At least once during project implementation; partner performance expenditure not higher than 50%.

Controllers' checks

For the centralized system, the intensity, frequency and coverage of on-the-spot verifications depends on:

- the complexity of the project,
- the amount of public support to an operation and to specific partners,
- the level of risk identified by verifications,
- the extent of detailed checks during the administrative verifications and audits of the Audit Authority,
- the identified irregularities or the presence of particular transactions identified during the administrative verifications that appear unusual and require further examination.

On-the-spot verifications can be performed according to a sample of operations in accordance with art. 125.6 of Reg.(EU) No 1303/2013

Controllers' checks

Overall, for both systems, the controllers must state the date of the on-the-spot checks, describe the checks performed and report any relevant findings, results and recommendations.

In general, the following aspects are to be included in the on-the-spot checks:

- The reality and existence of the project;
- Its physical progress and delivery of products and services in full compliance with the approved application form;
- The compliance with Community, programme and national rules on publicity, public procurement, equality between men and women, non-discrimination and environmental issues in relevant cases;
- The accuracy of all information provided by the beneficiary regarding physical and financial implementation of the operation;
- The existence of a separate accounting system or adequate accounting code for all transactions incurred within the project;
- The existence and quality of data storage.

On-the-spot checks must be supported by the following documentation:

- Inspection report signed by the controller and the controlled and list of checked documentation;
- First level control certificate;
- First level control check list;
- Control report.

Lead partner obligations (ex art.13 Reg. (EU) No 1299/2013)

The lead beneficiary shall:

- Ensure the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- assume responsibility for ensuring implementation of the entire operation;
- ensure that expenditure presented by all beneficiaries has been incurred in implementing the operation and corresponds to the activities agreed between all the beneficiaries;
- ensure that the expenditure presented by other beneficiaries has been verified by a controller.

It must also ensure that all project partners receive the total amount of the contribution from the funds as quickly as possible.

Such a task can be performed either by the lead partner or by the controller

Lead and partners declarations

- Partner report



Signed by all Project Partners (incl. Lead Partner)

- Project report



Signed by Lead partners or controllers.

Resolution of Complaints art. 74.3 of the Reg.(EU) No 1303/2013

Information on how a beneficiary can submit a complaint must be available on the national control system web site and/or on the ADRION National Contact Point institution web page.

Decentralised system: the complaints must be sent to the Italian National Contact Point no later than 10 working days after the issuing of the certificate by the controller. The NCP then forwards the complaint to the Italian 'Commissione Mista' in charge of deciding upon. The adopted decision is then communicated to the beneficiary and to the MA for the necessary administrative steps.

MA/JS Monitoring and Control

MA/JS has set in place a Network of national controllers' representatives in order to promote harmonization and coordination of activities with national control systems. Coordinators shall be in charge of collecting questions and address them to MA/JS.

- MA/JS shall report to controllers' coordinators on findings and deficiencies detected in audits and controls carried out in the last year in order to avoid repetition of errors. The report is planned mid of each year. Controllers' coordinators might complement this letter with national information.
- The MA performs verifications on the effectiveness and quality of the verifications based on a mapping exercise of identified risks. The MA shall maintain a record describing and justifying the sampling method used. The sample shall be defined on a risk based analysis supported by the ARACHNE tool and defined on the basis of the received project progress reports per accounting year. The sample will take into account the following aspects:
 - a) Types of beneficiary (e.g.: private or EGTC);
 - b) Beneficiaries with high budget;
 - c) Beneficiaries involved in more than one ADRION projects;
 - d) Projects with high expenditure on budget line external expertise and services.

MA/JS Monitoring and Control

- Any finding detected in the course of the sample checks will have to be corrected and both relevant project partner and controller will be informed; if necessary a consultation process shall start.
- The irregular expenditure will be excluded by the annual accounts addressed to the European Commission. The same applies if the control is still pending (on-going assessment).
- Decentralized system: in case of raised doubts on the controller's independence or professional standards (ref. to art. 6.2 of ADRION subsidy contract), the Managing Authority reserves the right to request the replacement of the controller.