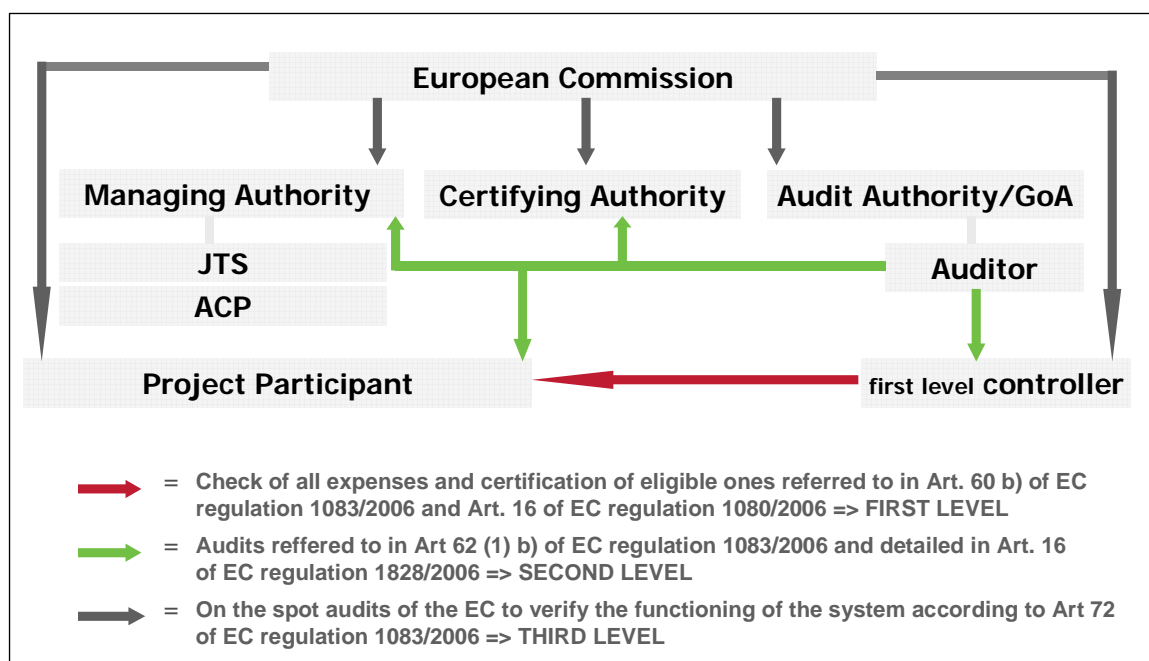


## Financial Control System of the programme

### ➔ Background Information

Following the structural funds regulations of the European Union, the programme set up procedures for ensuring the correctness and regularity of expenditure declared under the Operational Programme (OP) ("first level") and furthermore set up arrangements for auditing the functioning of these ("second level" = audits).



Furthermore the European Commission may perform on the spot audits of Operational Programmes that may also include audits on projects.

## ➔ Guidance - First Level Control

All expenses declared by a project have to be checked by responsible control bodies. These will have to verify the delivery of the products and services co-financed, the soundness of the expenditure declared and the compliance of these expenditure with Community, national and programme rules (especially the eligibility rules defined).

The Member States will authorise these controllers responsible for verifying the legality and regularity of the expenditure declared by a project partner. Only on the basis of "certifications of expenditures" issued by these controllers and supported by progress reports, ERDF payments will be initialised to the projects. It shall therefore be ensured that all controllers are authorised before the submission of the first report as otherwise certifications of expenditures will not be accepted by the Managing Authority.

Different procedures on the selection and authorisation of these controllers have been set up by the Member States.

### Austria

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Austria has set up a decentralized First Level Control system with the following characteristics:

- a) The control tasks are carried out by an appropriate body of the responsible federal ministry, if bodies who participate in the programme as beneficiaries are under their authority, act on behalf of them or are predominantly co-financed by them.
- b) The control tasks are carried out by an appropriate body of the responsible Land, if bodies who participate in the programme as beneficiaries are under their authority, act on behalf of them or are predominantly co-financed by them.
- c) As regards all other beneficiaries (who are not under the authority of the Republic of Austria or a Land, are not acting on behalf of them or are not predominantly co-financed by them) the responsibility for the control lies with the Austrian Federal Chancellery.

The bodies mentioned under a) – c) can assign qualified external controllers to carry out – under the supervision and ultimate responsibility of the abovementioned public bodies - the operative implementation of the control. The costs resulting from the control may be reported as eligible costs in compliance with the relevant EU-regulations and programme rules.

For transnational, interregional and network programmes under the European territorial cooperation objective (ETC) the Austrian Federal Chancellery pursuant to national law (Agreement between the Republic of Austria and the Länder pursuant to Art. 15a of the Federal Constitutional Act on the Management and Control System in Austria for the Structural Funds in the period of 2007-2013) is the so called “coordinating control body” which is assigned to coordinate the control tasks and to serve as contact for the relevant managing authorities, certifying authorities and audit authorities.

**Coordinating control body:**

Austrian Federal Chancellery Division IV/4

Officer in charge of FLC:

Luise FASCHING

Ballhausplatz 1

1014 Vienna

Telephone: +43 (0) 1 53115 2915

Fax: +43 (0) 1 53115 2180

E-Mail: [luise.fasching@bka.gv.at](mailto:luise.fasching@bka.gv.at)

**France**

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France is applying a decentralised control system.

The first level control is carried out by private or public auditors to be chosen by the project partner according to specific requirements defined by the Member State France, represented by the Préfecture de region Rhône-Alpes. The costs for private auditors can be part of the total project costs to be co-funded by the programme. It is then – according to the rules for private and public auditors – the private or public auditor who takes over the overall liability for the correctness of operations.

In any case it is the Préfecture de region Rhône-Alpes in its responsibility of national programme co-ordination who certifies vis-à-vis the Managing and Certifying Authority that the respective public body/private auditor is authorised to do so.

**Contact information:**

Céline Paris

Prefecture de la Région Rhône-Alpes, SGAR

31 rue Mazonod

69 426 LYON Cedex 3

Tel: + 33 4 72 61 63 81

e-mail: [celine.paris@rhone-alpes.pref.gouv.fr](mailto:celine.paris@rhone-alpes.pref.gouv.fr)

## Germany

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Germany is applying a decentralised control system.

For verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation according to Article 16 (1) of Regulation (EC) No 1080/2006, for Germany and/or the German part of the programme area the occupational groups are:

- + Auditors and Group of Auditors (Wirtschaftsprüfer und Wirtschaftsprüfergesellschaften);
- + Sworn Accountants and Group of Accountants (Vereidigte Buchprüfer und Buchprüfungsgesellschaften).

Furthermore, the first level control can be performed by units, which are authorised to audit the finances, expenditures and incomes of institutions governed by public law (e.g. Auditing Agencies, so called independent units, preliminary examination units,...).

The ability of the potentially FLC-body has to be demonstrated by the participation of an obligatory FLC-Seminar which will be held by the Bavarian State Ministry of Environment and Public Health in order to secure the know-how in the corresponding EU-Regulations.

In any case, the First Level Control Body has to be certified by the Bavarian State Ministry of the Environment and Public Health, division P4 vis-à-vis the Managing and Certifying Authority that the respective public body/private auditor is authorised to do so.

Therefore it is strongly recommended that each Project Partner gets into contact with the Bavarian State Ministry, attn. Mr. Ernst Polleter (see contact information below) at an early stage, at latest after project approval.

The above described rules apply for all German Project Partners.

### **Auditing of first level control bodies:**

As regards administrative-internal system audits, the public bodies carrying out the financial control and issuing the certification of expenditure are subject to controls of their internal control units. On an administrative-external level they are audited by the federal court of auditors on national level and the court of auditors of Bavaria respectively the court of auditors of Baden-Württemberg on regional level.

### **Contact information:**

Ernst Polleter

Bavarian State Ministry of the Environment and Public Health  
(Bayerisches Staatsministerium für Umwelt und Gesundheit)  
Referat Europäische Union  
Rosenkavalierplatz 2  
81925 München  
Tel.: +49 (89) 9214 2165  
Fax: +49 (89) 9214 3228  
e-mail: [ernst.polleter@stmug.bayern.de](mailto:ernst.polleter@stmug.bayern.de)

## Italy

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Italy is applying a decentralised control system as described below.

A committee responsible for the setting up of the FLC system and for its coordination will be established at the Italian Ministry of Economic Development and will be chaired by the same Ministry.

- In case of Italian beneficiaries with the legal status of public body, control activities can be entrusted to internal control offices, provided that the separation of functions with the offices responsible for implementing the operations is ensured. The related costs for the control activities will be borne by the flc body itself. The requirements as regard the qualifications of the person acting as flc body are those generally required at national level for the control of public expenditures. An ad-hoc Committee composed also by Member State representatives will verify the respect by the beneficiaries of the procedures and criteria defined for the selection and appointment of the first level controllers.
- In case of Italian private beneficiaries and for public beneficiaries not choosing the previous option, the flc body can be appointed respecting the criteria indicated by the Italian Ministry of Economy and Finance and detailed in the note prot nr.135274 dated November 14th 2008 signed by the Accountant and Comptroller General of the Italian State. The criteria foresee that in case the Beneficiary is not a public body with a specific office the activity of expenditures validation (first level control) concerning operations partially or completely implemented in Italy, is to be assigned by the same Beneficiaries, to particularly qualified bodies in possession of professionalism, honorability and independence requirements. The controllers qualification requirements, have to be verified by the Beneficiaries themselves at the moment of the task assignment with acquisition of the suitable documentation that will be kept in case of possible further controls (at project/programme level). Private and public partners choosing this option will have to pay for the flc activities and the expenses will therefore be co-funded by the Alpine Space Programme. An ad-hoc Committee composed

also by Member State representatives will verify the respect by the beneficiaries of the procedures and criteria defined for the selection and appointment of the first level controllers.

A specific manual for the implementation of first level controls has been prepared by the Ministry of Economy and Finance, and will be available for beneficiaries and controllers.

The **responsible person** for answering questions concerning eligibility rules is:

Mrs. Sabina De Luca  
Ministry of Economic Development  
Directorate General for Structural Funds Policies  
Via Sicilia, 182 – 00187 ROMA  
tel. 06 4761 9952/3  
e-mail: [Sabina.Deluca@tesoro.it](mailto:Sabina.Deluca@tesoro.it)

## Slovenia

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Slovenia is applying a centralised system with one unit on one location within the Ministry of the Environment and Spatial Planning. The body in charge of the FLC is:

Ministry of the Environment and Spatial Planning  
Secretariat of the Secretary-General  
Ms. Kaja Špiler  
Acting Secretary-General  
phone: +386 1 478 7370  
fax: +386 1 478 7423  
email: [kaja.spiler@gov.si](mailto:kaja.spiler@gov.si)

The verification of the project expenditure and the delivery of products and services are conducted by first level controllers, Department of Finance. The control includes sample on-the-spot checks, which complement the desk control.

### Contact person of the FLC:

Ms Nada Hozjan  
Ministry of the Environment and Spatial Planning  
Dunajska 48  
1000 Ljubljana – Slovenia  
Phone: +386 (0) 1 478 7400  
e-mail: [nada.hozjan@gov.si](mailto:nada.hozjan@gov.si)

The administrative control covers 100% of expenditures. Original invoices or documents of similar probative value must be submitted with the financial and activity report and their supplements. The FLC comprises the following aspects:

- compliance of the activities financed and the expenditures claimed with the Subsidy Contract/ Application Form;
- eligibility of expenditures;
- compliance with the relevant EU and national regulations.

Second level control (audit) is the responsibility of the Ministry of Finance – Budget Supervision Office. External audits are carried out by the Court of Audit of the Republic of Slovenia and by the National Review Commission for Reviewing Public Procurement. These bodies are independent by law.

The project participants will be provided with some further information on national level (especially as regards details of the procedure, eligibility questions and documents to be submitted).

## **Non Member States - Switzerland and Liechtenstein**

As regards project activities in Non Member States the respective Alpine Space Contact Point (ACP) will notify to JTS/MA that the project part in its country was completed and will furthermore inform on the expenses related to the implementation of the project.

### **Guidance - Audits**

Whereas 100% of the declared expenses have to be checked by the controllers implementing the "first level control", the second level of the control system (audits) will be restricted to sample checks.

The audits will be performed by an external body selected by the Audit Authority on behalf of the group of auditor on the spot (at the premises of the LP, PP or controller). The projects to be audited will be selected on the basis of a random statistical sampling method. Therefore all project participants and controllers might be subject to audits.

## ➔ Reference Documents

- + Operational Programme “Alpine Space”
- + Articles 60, 62 and 72 of Council Regulation (EC) No. 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999
- + Article 16 of Regulation (EC) No. 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999
- + Article 16 of Commission Regulation (EC) No. 1828/2006 of 8 December setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund

## ➔ Annexes

- + Eligibility Rules of the Programme
- + Template Certification of Expenditure
- + Template FLC Checklist
- + Template Listing of invoices-regular
- + Template Listing of Invoices-CTA
- + Timesheet-Guidance
- + Template Timesheet
- + Template Listing Contracts
- + Calculation Staff Costs Guidance(PDF)
- + Template Calculation Staff Costs (XLS)