



CERTIFICATION QUALITY CHECK Structural Funds Program 2007-2013

References:

Regulation (EC) 1083/2006 (general provisions)

Regulation (EC) 1080/2006 (ERDF)

Regulation 1085/2006 (IAP – MED program only)

Regulation (EC) 1828/2006 (implementation rules)

Decree n°2007-1303 of 03/09/2007 fixing national eligibility rules of expenditures for the program co-financed by structural funds for 2007-2013 periods.

Circular of the Prime Minister n° 5210/SG of 13th April 2007 regarding the management, follow-up and control systems for the programmes co-financed by the European structural funds.

Eligibility guide of expenditures for the program co-financed by Europeans structural funds (ERDF, ESF) in France – 2007-2013 (Europ'Act)

Program manual

Caisse des Dépôts restitution form – April 2015

Controlled program

Name of the Program : MED

Managing authority : Région PACA

Program Management Software : Présage

Quality check n° : 1/2016

Controlled operation's identification : 5515

Identification of the controlled operations

Project title (or acronym)	PHILOXENIAPLUS
Reference (Identification number in Présage or convention)	5515/ 1CAP-MED12-27
Priority axis (n°-title)	4 – Promotion of a polycentric and integrated development of the Med space
Measure (n°-title)	1.4 Coordination of development policies and improvement of territorial governance
Lead partner <ul style="list-style-type: none"> • <u>name</u> • 1st level controller identity 	<ul style="list-style-type: none"> - Local Employability (Loc.Em.) - M. Christos TSIKMANLIS (First Level Control Unit Single Paying Authority, General Secretariat of Investments and Development, Ministry of Economy and Finance)
Controlled partner <ul style="list-style-type: none"> • <u>name</u> • 1st level controller identity 	<ul style="list-style-type: none"> - E-ZAVOD (Institute for Comprehensive Development Solutions) - Ms Nada Hozjan
	- Centralized system for the LP / Centralized for the PP
	- Outsourced for the LP/ Insourced for the PP
→ Join the Program funding plan in appendix	
Signature date of the subsidy contract or subsidy award letter	15/07/2013
If relevant, date and subject matter of the amending contract(s) or letter(s)	N.A.
Dates of expenditure Eligibility	from 25/10/2012 to 30/06/2015
Situation :	- Finalized / Current
<ul style="list-style-type: none"> • If cleared : • ERDF achievement rate (%) 	<ul style="list-style-type: none"> - Closed / Not-closed - 92.32%

Commentary

Eligible expenditures are :	- Declared : including non-recoverable VAT / Excluding VAT
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Control terms

Control carried out by : Fayçal Ramdane

Date of Notification : 31/05/2016

Date of Document reception: 09/06/2016

Date of Temporary report's transmission to managing authority: 25/07/2016

Date of Final report transmission : 25/07/2016

End of control date: 25/07/2016

Operation selection criteria

To ensure a representative sample of operations to be controlled, the criteria used by the Certifying Authority are as follows:

- The nature and scope of the selected operations must be varied enough; in particular all priorities and measures of the program must be subject to the same controls;
- Operations featuring the program's main beneficiaries must be subject to controls;
- Operations having already been controlled within the framework of a 2nd level control, or at a national or EU level cannot be selected

Spotted items being considered as risk factors for errors or irregularities with regards to territorial co-operation programs (Tick at least 2 items or give explanation below) :

- Operation's typology

Large number of partners:

YES / NO

Decentralized management of expenditures (by partners):

YES / NO

Large amount of ERDF subsidy:

YES / NO

Operation where the managing authority is in charge:

YES / NO

Operation with a high level of complexity (explain below) :

YES / NO

High percentage of investments:

YES / NO

- Operation's budget lines

High percentage of overheads:

YES / NO

High percentage of staff costs:

YES / NO

High percentage of expert costs:

YES / NO

- Other relevant risk factor(s) or reason justifying the selection of the operation being controlled :

The Philoxeniaplus project (final payment claim) has been selected according to the Programme's criteria selection, especially the covering of all axis and measures of the Programme. Also, no Slovenian partner has been controlled within the 2007-2013 Programming Period yet. It also represents an opportunity to control a capitalization project

Other commentary :

N/A

Scope of control

Number of controlled payment claims / Total number of payment made at control's date (requests of ERDF payments)	1/5
Identification Number of Payment claims controlled	N°5
Method for checking the supporting documentation of each payment claim	- exhaustive / Sampling
• <u>If sampling</u>	
- Sampling methodology	
- Percentage of invoices checked	
- Total eligible expenditures checked	
- Total controlled ERDF	

Commentary (Especially if the initial scope has been increased due to errors or irregularities detection, give details below)

The controlled partners have not been subject to any control in the frame of the MED Programme.

List of documents at the controller's disposal

Tick the items concerned

- ☒ Subsidy contract or subsidy award letter
- ☒ Amending document to subsidy contract or subsidy award letter
- ☒ Documents accounting for the project's situation with regards to VAT
- ☒ Hard copy files of Payment claims
- ☒ Notes and background documents (management procedures, staff costs' calculation, overhead ...)
- ☒ Minutes and deliberations of the Regional Programming Comity
- ☐ Documents related to co-financing (contracts, fund transfer, -end date)
- ☐ In case the need arises for more information other documents to be provided , notes and documents used for 1st level controls, or explaining expenditures imputation to the project calculation's methods (example : staff costs), internal rules of repayment costs, etc.

Commentary :

The controlled partners have not been subject to any other control in the frame of the MED Programme.

After the contradictory phase, the CA concluded that, as agreed with the Managing Authority, issues related to the follow-up of co-financing contribution will be tackled in the activities closure.

Outcomes of the checks carried out

1. Project eligibility check: compliance with eligibility rules and regulations, for operational programs

Examined criteria:

- Compliance to axis definitions and goal details

Findings :

The Philoxeniaplus project intervenes in the frame of the capitalization activity of the Programme launched in 2012, which consisted in gathering lessons learnt from the 2007-2013 Programming period in order to elaborate the new 2014-2020 Programme. The capitalization activities implemented allow the Programme members to build a better Programme, tackling the challenges met within the IVB Programme. A total of 13 capitalization projects have been selected according to thematic poles identified by the Programme. The Philoxeniaplus project capitalized on the priority axis 4, in which the objective is to improve the *Welcome and attractiveness policies and territorial cohesion*.

According to the project description, the Philoxeniaplus capitalization activity respects the Programme eligibility rules.

2. Document Control for eligibility verification of declared expenditures

Examined criteria:

- Dates of eligible expenditures
- Geographical eligibility of expenditures
- Material eligibility of expenditures: consistency between the nature of declared expenditure and:
 - * The budget allowed in the subsidy contract
 - * Operational program
 - * EU regulation

It is reminded that the justifications of incurred expenditures is made by paid invoiced (scope statement on each bill by the supplier), but also by producing accounting documents of equivalent probative value, such as :

- For public operators, bills copy joined with a clearance certificate delivered by their public accountant;
- For private operators, certified as played bills, mentioned on each bill or on a statement, by an auditor or a public-accountant, or with operator's bank accounts statements showing the corresponding debits.

List of findings:

General warning: when an amount is indicated, either invoices / payment proofs / justification are provided, failing that the related amount has to be deducted from the next payment claim

LP Employabilité Locale (Em.Loc.)							
N°	Budget lines	Nature of expenditures and piece number	Finding description	Amount of withdrawals insufficiently justified in euros	Comments (contradictory phase)	CA position	Non-eligible declared amounts after contradictory phase, in euros
1.	n.a.	Final Certificate / 3.14: Additional respect of community policies n.a.	<p>The FLC stated Community rules on State Aid and other contractual obligations related to the State Aid discipline have been respected.</p> <p>Could you please define the procedure used to make sure this item has been correctly checked?</p>	n.a.	Durant la période examinée, Em.Loc. n'a été impliquée que dans un seul projet, celui de PhiloxeniaPlus et elle n'a pas reçu des Aides de l'Etat grec. Le FLC nous a obligé de	Based on the information provided by the LP and considering the project's aim, ie providing information on opportunities for activities in rural areas, facilitating integration of newcomers, developing partnerships, pooling costs, and accompanying those in need, there is no potential distorting	0€

					<p>déclarer la totalité des projets auxquelles nous étions éventuellement impliqués. Au système national numérique "Diavgia" sont affichés toutes les aides. Mais il vaut mieux demander directement le FLC</p> <p>M. Christos Tsikmanlis; son courriel est ctsikmanlis@mnec.gr</p> <p>Em.Loc. l'a appelé, mais ça ne répondait pas.</p>	<p>effect on trade, there is no risk of State aid issue in this project.</p> <p>Also, considering the organization has claimed less than 200,000.00€ ERDF over the 3 last years, the partner falls into the De Minimis rules.</p> <p>Based on the two above-mentioned arguments, the CA considers there is no State Aid issue.</p> <p>As regards the comment on the FLC request, the CA kindly asks the MA/JTS to forward the final report to Mr. Tsikmanli so that he will be informed about our conclusions.</p> <p>Solved, thank you.</p>	
2.	n.a.	Other checks	<p>Could you please indicate if any other control has been carried out in the Frame of the 2007-2013 MED Programme (Member State control ...)?</p> <p>If so, please provide us with the control's report.</p>		<p>Aucun autre contrôle n'a eu lieu dans le cadre du programme MED. Par conséquent nous n'avons pas un rapport disponible à vous soumettre.</p>	Ok, solved.	0€
E-ZAVOD							
1	n.a.	Final Certificate / 3.15: other checks	<p>The FLC provided different information as regards the VAT status within the certificate 3 and 4.</p> <p>In the certificate 4, it is indicated the partner cannot declare VAT while</p>	n.a.	E-zavod fully retrieves VAT, therefore no VAT was ever claimed from the MED programme.	OK, solved.	0€

			it is not indicated in the certificate 3. Could you please confirm the ineligibility of VAT?				
	n.a.	Other checks	<p>Could you please indicate if any other control has been carried out in the Frame of the 2007-2013 MED Programme (Member State control ...)?</p> <p>If so, please provide us with the control's report.</p>	n.a.	No	OK, solved.	0€
	Travel and accommodation	Certificate 3 and 4	<p>Could you please provide us with a justification of selecting Slovenian bank's exchange rates instead of the EU (infoEuro) one?</p> <p>For instance, the EU rate for march 2015 is 7.6965, not 7.6518.</p>	<p>Certificate 4: 8.97€, 33.32€ to be recalculated.</p> <p>Certificate 3: 6.26€ and 30.25€</p>	When recalculating travel costs incurred in outside EURO area Slovenian law obliges institutions to use references exchange rate of Bank of Slovenia	<p>OK, solved.</p> <p>The CA estimates the answer provided by the partner as satisfactory as it is in accordance with the Programme's rules.</p> <p>On the basis of the Programme Manual validated by the EC (page 42, march 2010), the exchange rate used by the FLC is correct</p>	0€
	External expertise	Certificate 3	For audit purposes, could you please provide us with the public tender methodology, the call for tenders and the official decision for selecting EOOEE consultants and Politrin d.o.o.?	n.a.	For public tenders up to 20.000 Eur, by Slovenian public procurement law does not request procurement documentation. However we always check the best price by inquiry of at least 3 offers. For Politrin 5 offers were gathered, while for EOOEE	OK, solved. Thank you for the information.	0€

					we have received 3. All documentation was already sent in the file.		
General questions at project level aimed at the FLC							
8.	All budget lines	Payment of co-financing	Please describe the process in place for checking the payment of public (and if necessary private) co-financing by the First Level Controller (FLC) as well as the Joint Technical Secretariat (JTS) at the project level?		<p>Le processus en place pour vérifier le paiement de co-financement public par le contrôleur de premier niveau (FLC), ainsi que le Secrétariat technique conjoint (JTS) au niveau du projet est le suivant : les justificatifs bancaires qui montrent qu'un versement a été effectué sur le compte d'EM.LOC. par le JTS ou par la Région de Macédoine central (qui co-finance à 25%) est soumis au Contôleur national avec les autres justificatifs pour qu'il puisse contrôler au niveau des entrées du projet.</p>	<p>OK, solved.</p> <p>As agreed with the MA/JTS, The item will be specifically tackled in the closure activities No specific procedure has been set for the Philoxeniaplus project.</p> <p>After verification, the CA will get back to the Philoxeniaplus project to end the control.</p> <p>Thank you for the explication.</p>	0€
9.	All budget lines	Revenue generated by the project	Have any revenue been generated by the project (as per art.55 of the		<p>Aucun revenue n'a été générée par le projet</p>	<p>Ok, solved.</p> <p>Although the question does</p>	0€

			General Regulation)? Please describe the procedure in place for the FLC and the JTS to check so?		PhiloxeniaPlus.	<p>not concerns the Philoxeniaplus project, the CA actually addresses the question to all the projects funded by the 2007-2013 Programme.</p> <p>Ok, on the basis of the FLC justification and after verification of the project activities and financial reports, the CA concludes that no revenue has been generated.</p> <p>As a reminder, the Philoxeniaplus project is capitalization project aiming at gathering lessons learnt from the 2007-2013 Programming period in order to elaborate the new 2014-2020 Programme</p> <p>Thank you for the information</p>	
10.	All budget lines	Non-functioning projects (as defined by Decision C(2013) 1573 on the closure of operational programmes	What is the procedure planned by the JTS for following-up on non-functioning projects after the closure of the project/ Programme?		<p>A notre connaissance il n'y a pas une procédure prévue par le JTS pour le suivi du projet PhiloxeniaPlus après sa cloture. Mais le JTS connait de façon atypique que le partenariat de PhiloxeniaPlus continue ses travaux sur les Politiques d'Accueil et l'Attractivité en</p>	<p>As agreed with the MA/JTS, The item will be specifically tackled in the closure activities No specific procedure has been set for the MITOMED project.</p> <p>After verification, the CA will get back to the Philoxeniaplus project to end the control.</p>	0€

					milieu rural ; nous lui communiquons des articles parus dans la presse, des interviews télévisés,etc et comme ça le JTS est au courant que nous sommes toujours vivants. En plus le JTS connait que Presque le même partenariat est candidat au programme Interreg MED 2014- 2020 avec le projet "Accueil-Pélican" qui est porté par le partenaire chypriote ANETEL.		
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Commentary :

The audited project had no budgeted or actual revenues.

As regards the LP Employabilité Locale (Em.Loc.):

As explained in the Final Certificate, all the supporting documents have been submitted during the FLC's control (On-the-spot check 10/09/2015) in which all the invoices are stamped with project information as well as the FLC's.

In accordance with Greek national legislation, the partner has a simplified book keeping method (no specific accounts). In terms of accountancy, the partner has created separate columns for the project expenditure (1CAP-MED12-27).

The certified expenses for which original documents were missing are being deducted (small travel receipts) and one double entry was deducted.

At the partner level, Some overspendings have been listed (services and overheads) but have no implication on the respect of the Programme's flexibility rules. No shared costs

in the controlled payment claim and no fines, no penalties, no revenues have been generated during the controlled period.

The partner has submitted a proof that the VAT is not eligible and a confirmation by the JTS that the LP is responsible for the organization of the 2 coffee breaks for the event.

On the basis of the audit performed, the CA concludes that FLC verification of expenses declared in the final Payment claim is clear, well presented and effective.

As regards the Project partner E-ZAVOD:

General checks:

As explained in the 3rd and 5th (Final) certificates, the First Level Controller checked that the project partner has a specific cost-accounting analytical code in order to record project costs (see statement from accounting system attached to the files). In addition to this, the project partner signed and submitted a statement to declare that expenditure has not been supported by any other funds.

During the check, all the expenditures have been checked. All original invoices submitted by the project partner are annulling by means of a stamp bearing the following information:

- expenditure has been co-funded by the MED Programme,
- the name of the project,
- the eligible amount,

These invoices cannot be reused if claimed in total as proofs of cost reimbursement claims for any other source of funding. The check of double entry has been carried out. No on-the-spot check has been performed for this project. The cumulative financial report and summary cost report for the current period have been provided and correspond to the figures certified by the Programme.

Staff costs:

The method for calculation of the hourly rate is: Monthly gross salary (including taxes and social charges) / real working hours in the given month and has been applied to all the employees of the project partner.

The calculation of eligible staff costs are based on real project worked hours as stated in the timesheets. The FLC provided methods of calculation of hourly rate, supporting documents explaining the calculation of taxes, social security including pensions and bank statements, payrolls, employment taxes, recapitulation of salary costs, banks statements proving payment of salary + taxes, January to April payrolls and annual leave payments for 2015.

The FLC also attached deliverables WPA1-WP4 Related to staff costs, justifying the presence of the employee.

Travel and accommodation:

The project partner participated in the seminar "The Med capitalization: Contributing to a stronger Europe" on 24th and 25th March 2015 at the Committee of the Regions in Brussels. The FLC provided proofs that Mr Darko Fercej attended the Programme event as well as payment claims for stakeholders and justifications of payments

External expertise:

The following documents have been transmitted by the FLC: the offers for translation and the translated content.

State Aid:

The FLC stated Community rules on State Aid and other contractual obligations related to the State Aid discipline have been respected. Indeed, the Project partner submitted a Declaration in which the activities carried out as well as the outputs resulting from these activities are non-State Aid relevant and non-economic (industrial, commercial...) in character.

Overheads:

The FLC provided the calculation methodology of key for overheads (12,5% of office infrastructures for purposes of the project) as well as the list of invoices and receipts.

On the basis of the audit performed, the CA concludes that FLC verification of expenses declared in the final Payment claim is clear, well presented and effective.

3. Program operational information system controls

Findings list:

N°	Nature	Piece number
1	Cofinancing	N.A
2		

Commentary :

No follow-up of the cofinancing is being made in Presage.

4. National contributions checks

Supporting documents regarding national contributions, related to the project, have been provided (subsidy contract, subsidy-granting decision, letters of agreement, co-financing decisions): **YES / NO**

In case of final payment, have the national contributions fund transfers been declared ? **YES/ NO**

Commentary :

Insufficient follow-up on Presage limits the verification of the payment of the national contributions.

5. Taking into account of previous checks

- Existence of managing authority controls : ~~YES~~ / NO

Findings (financial adjustments and/or qualitative recommendations) :

- Existence of a 2nd level control : ~~YES~~ / NO

Findings (financial adjustments and/or qualitative recommendations) :

- Existence of national authorities control : YES / NO

Findings (financial adjustments and/or qualitative recommendations) :
N.A.

- Existence of Community authorities control : ~~YES~~ / NO

Findings (financial adjustments and/or qualitative recommendations) :

6. Other questions given rise to

	Question	Answer	Control authority answers
1			
2			

7. Conclusions

a. General commentary on verified controls before contradictory phase (on 07th March 2016)

Partners	Controlled expenditures	Corresponding ERDF	Withdrawals (TEC)	Withdrawals (ERDF)	Eligible expenditures after control	Corresponding ERDF	Error rate
LP Employabilité Locale (Em.Loc.)	801.72€	601.29€	0.00	0.00	801.72€	601.29€	0%
PP E-ZAVOD	48,280.87€	41,038.74	0.00	0.00	48,280.87€	41,038.74	0%

Findings and recommendations:

The audit track is deemed satisfactory. The certifying authority appreciates that most documents have been provided in an orderly way, making checks easier. However, further justification are need as regards VAT status, confirmation of the national contribution payment, the correct use of the exchange rates, verification of the generation of revenues, etc. The CA also appreciates that each expense is detailed, expense by expense, and line by line. This prevented from declaring the same expense twice and reinforces the audit track for controllers.

The staff costs have been well documented allowed us to better understand the calculation taking into account all the information needed.

b. Final report

<i>Partners</i>	<i>Controlled expenditures</i>	<i>Corresponding ERDF</i>	<i>Withdrawals (TEC)</i>	<i>Withdrawals (ERDF)</i>	<i>Eligible expenditures after control</i>	<i>Corresponding ERDF</i>	<i>Error rate</i>

Findings and recommendations

At the end of the contradictory phase, no ineligible expenditure has been declared in the final payment claim. Indeed, all the expenses match those in the bank statements and other documents provided by the LP and PP. Therefore, the difference has to be corrected.

Each expense has been thoroughly controlled and the amounts calculated line by line. Expenses corresponding to the public procurements have been well documented and justified, which allow the CA to check the eligibility of the declared amounts. All expenses which do not require public procurements have been justified by the nature of the expenses and the amounts declared (20.000€).

Questions related to State Aid issues have been raised but no risk of State aids nor double funding have been detected (no issues regarding public procurement rules or concerning state aids (internal market not affected, no distortion of competition in the sense of art. 107 of the Treaty)).

The project is not generating revenues and communications carried out by the partners respect the EU and Programme rules related to communication.

The supplementary documents and explanations provided by both partners during the contradictory phase were sufficient enough to resolve the other findings. The contradictory phase confirmed the excellent quality of the final payment claim control et the eligibility of the totality of the declared expenses.

The logo of the Interreg IV B MED 2 programme and the reference to EU financing can be found on the pages of the project's website (<http://www.philoxeniaplus.eu/>), which complies with publicity rules.

Ineligible amount at the end of the control: 0€.

Date: 25/07/2016

Céline Nguyen
Head of European Programs Unit

This document was drafted on the basis of the information communicated to Caisse des Dépôts within the scope of its mission as the programme's Certifying authority and within the limits of its analysis and its understanding. The related work was done on the basis of our methods and know-how. This report is subject to the terms and conditions of the contract signed between the Regional Council, the managing authority and the Caisse des Dépôts. The document can be communicated to any person, duly informed of the before mentioned agreement. In any case, we do not assume any liability with respect to third parties, the report not being drafted for this purpose.

