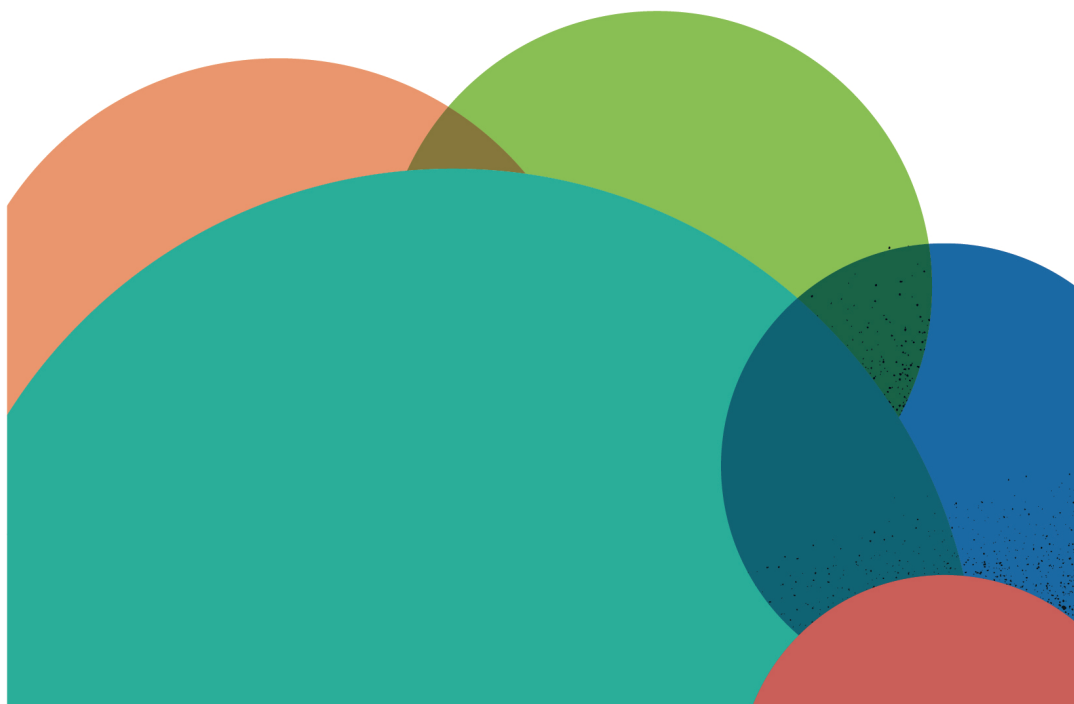


FACTSHEET

**Interreg IPA South Adriatic
(Italy–Albania–Montenegro 2021-2027)****PROGRAMME MANUAL****4.4 Controller guidelines**

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Contacts	js@southadriatic.eu

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Introduction

This factsheet provides technical guidance to Partners on Financial Management and First Level Control guidelines.

1 NATIONAL CONTROL SYSTEMS

Member State and Participating Countries participating in the Interreg IPA CBC South Adriatic Programme have set in place national control systems. In compliance with Article 46(3) of the ETC Regulation designated bodies or authorised individuals are responsible for verifying expenditures of beneficiaries in their territories.

They have to verify at least that:

- Expenditure relates to the eligible period and has been paid;
- Expenditure relates to an approved project;
- Expenditure complies with programme conditions;
- Expenditure complies with applicable eligibility rules;
- Supporting documents are adequate and an adequate audit trail exists;
- In case of simplified cost options (flat rates and lump-sums): that conditions for payments have been fulfilled;
- Expenditure complies with State aid rules, sustainable development, equal opportunity and non-discrimination requirements;
- Where applicable, expenditure complies with Union, national and programme public procurement rules;
- Applicable rules on branding are respected;
- The project physically progresses;
- The delivery of products/services is in full compliance with the content of the subsidy contract, including the latest version of the approved application form (which is an integral part of the contract itself);
- An effectively functioning accounting system exists on the level of each beneficiary allowing a clear identification of all project-related expenditure.

Expenditure incurred and paid by beneficiaries can be claimed within the project only after it has been verified by their respective national Controllers.

1.1. Types of national control systems

There are two types of national control systems in the Countries participating in the Interreg IPA South Adriatic Programme:

- **Centralized systems**, in which the Countries appoints one body / office to perform the

verification of expenditure of all beneficiaries located in its territory. In these Countries, beneficiaries must submit their expenditure for verification to this body / office.

- **Decentralized systems**, in which the Country has set up a system, where for each beneficiary a Controller is assigned, according to instructions / procedures set in place at national level. Controllers may be either internal (functionally independent department inside the beneficiary organisation) or external (auditors belonging to independent institutions or selected on the market). Controllers chosen by the beneficiaries are subject to the procedure and authorisation by a body designated at national level for this purpose.

Control costs can either be covered by the Technical Assistance in case of centralized systems or covered by the beneficiary budget, in case of de-centralised systems. In the latter case, costs of control are also eligible as project expenditure and can therefore be reimbursed if they have been both calculated and included in the project budget as well as claimed in the progress report.

The overview of the different control systems in the Countries participating in the Interreg IPA South Adriatic Programme is displayed in the following table.

STATE	TYPE	COSTS OF CONTROL
ITALY	DECENTRALIZED	Born by beneficiaries
ALBANIA	CENTRALIZED	TA Albania
MONTENEGRO	CENTRALIZED	TA Montenegro

2 QUALIFICATION AND CAPACITY OF CONTROLLERS

The whole management and control system, and ultimately the sound implementation of the Interreg IPA South Adriatic Programme and its co-financed projects, strongly relies on the quality of the national control systems set in place

Minimum qualification requirements of Controllers are set at national level, however the following requirements should be held by a Controller:

- Preferably degree in accounting, finance and relevant fields;
- Work experience in control and audit, preferably in controlling projects co-financed by EU Funds;
- Knowledge of relevant EU, programme and national rules;
- Command of English.

In addition, knowledge and skills of Controllers should be regularly updated through targeted trainings. In this respect, at national level, national bodies responsible for control or the NIPs regularly organise training and information events. Furthermore, the MA/JS periodically organize opportunities for exchanging knowledge and experiences among national control bodies.

While in centralized systems, the qualification of Controllers is ensured directly by the Member State and Participating Countries when designating the body in charge of national controls, in decentralized systems it is a responsibility of the beneficiary, within the selection procedure, to ensure that Controllers respect programme and national requirements. If the performance of Controllers in decentralized systems casts doubts on their professional standards, the MA reserves the right to require that the selected Controller is replaced, in consultation with the national responsible body.

Irrespective to the type of control system, national Controllers must have enough capacity for processing the expenditure submitted by the beneficiaries without delays. According to Article 46(6) of the ETC Regulation, the Member State (i.e. participating country) shall ensure that the expenditures can be verified within a period of three months following the submission of the documents by the beneficiary. The designated Controllers shall aim at submitting a signed certificate to the LP/PP within an appropriate time after the end of the reporting period.

A timely verification of expenditure by the Controllers largely depends on the completeness and accuracy of documents submitted by the beneficiary which, in turn, must also be ready to respond quickly to requests for clarification that the Controller may pose.

2.1 Independence / separation of functions of Controllers

The Controllers must be independent from the beneficiary. Whereas this requirement is met de facto in countries with a centralized system, beneficiaries located in countries with a decentralized system must bear in mind the following considerations:

- In case of **internal Controllers**, the de facto independence of the organisational unit in which the Controller is placed from the project activities and financial management must be ensured. This independence may not be easily given in small institutions and for such cases this option should be whenever possible avoided.
- The independence of **external Controllers** may not always be given in cases in which tight commercial relations already exist between the partner institution and the selected Controller.

Minimum requirements on independence are set at the national level in Participating Countries with a decentralized control system.

2.2 Selection and authorization of Controllers in decentralized/centralized systems

The Managing Authority has not formalized any delegation of functions. As already mentioned, the Programme is implemented in cooperation with Albania and Montenegro. The MA does not conduct audits in accordance with Article 74, paragraph 1, letter a) of Regulation (EU) No. 1060/2021.

In this respect, all Participating Countries of the Programme, pursuant to art. 46 of Regulation (EU) No. 1059/2021, indicates the body or the person responsible for conducting such management verifications in relation to beneficiaries on its territory (the "Controller/s"), ensuring that the expenditure of a beneficiary may be verified within three months of submission of documents by the beneficiary concerned. The Managing Authority shall ensure that a designated Controller has

verified the expenditure of each beneficiary participating in an operation.

The Managing Authority does not conduct management verifications in accordance with Article 74 of Regulation (EU) No. 1060/2021 of the whole Programme territory; for that reason, the participating States shall designate the body or the person responsible for managing audits on its territory following procedures laid down in its rules. The Managing Authority shall ensure that the checks on the expenditure declared by the beneficiaries have been carried out.

ITALY

The management and control system provides that, in Italy, the first level controls are conducted in a decentralized mode, identifying a Controller which may be:

- Internal to the beneficiary, in case of a public body having a sufficient broad organigramme;
- external to the beneficiary, in the case of body/private entities and small-scale public bodies and/or bodies governed by public law.

If the Controller is identified as "external", this will be assigned to the Italian beneficiary by the Managing Authority, through a random assignment out of a short list (the ROSTER of Controllers), which is set up through a public notice by Managing Authority following a procedure better detailed in Factsheet 4.9 of Programme Manual and if, on the contrary, the beneficiary will opt for the detection of the Controller to its "internal", this should not be hierarchically and functionally framed in the office that implements the operation. In order to assure sufficient separation of functions and avoid potentially biased verification outcomes, public bodies having limited administrative capacity, may not opt for an internal Controller.

The Roster of Controllers (the Roster) is a "register", separately containing the list of professionals and the list of companies which have specific, certified and recognized skills and requirements in the field of control of EU funds. The Roster aims of identifying the Controllers of the operations funded by the Programme through a specific random method of extraction of Controllers on the basis of expressed request made by the beneficiaries to the Managing Authority.

According to Article 46(4) of the Interreg regulation, "(...) *any Controller shall be functionally independent from the audit authority or any member of the group of auditors.*"

According to Article 46(9) of the Interreg Regulation, where the Controller carrying out management verifications is a private body or a natural person, those Controllers shall meet at least one of the following requirements:

- *be a member of a national accounting or auditing body or institution which in turn is a member of International Federation of Accountants (IFAC);*
- *be a member of a national accounting or auditing body or institution without being a member of IFAC, but committing to carry out the management verifications in accordance with IFAC standards and ethics;*
- *be registered as a statutory auditor in the public register of a public oversight body in a Member State or Participating Country in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council;*

or

- *be registered as a statutory auditor in the public register of a public oversight body in a third country, partner country or OCT, provided this register is subject to principles of public oversight as set out in the legislation of the country concerned.*

Also in accordance with the provisions of the document “*Nota Tecnica per l’intesa 2021-2027 in Conferenza Stato Regioni. Governance nazionale dell’attuazione e gestione dei Programmi di Cooperazione territoriale europea*” released on 12 July 2023 by Italian Conferenza Stato Regioni presso la Presidenza del Consiglio dei Ministri, Puglia Region is responsible for verifying fulfillment of these requirements by the Controllers identified and grant security clearance, on the basis of which the beneficiary may proceed to the contractualization of each Controller. The Puglia Region has identified the appointed officer with EQ (Elevata Qualificazione) “Coordinamento delle verifiche amministrative e dei controlli del Programma Interreg IPA South Adriatic” to be responsible for these activities.

With regard to the first level control activities in Albania and Montenegro, the system is instead centralized, as both countries have chosen to entrust the verifications to employees, belonging to internal offices to Ministries or Central Agencies.

In accordance with Article 46 of Regulation (EU) 2021/1059, the partner country shall ensure that the expenditure of a beneficiary can be verified within a period of three months of the submission of the documents by the beneficiary concerned. The number of Controllers that will be involved in carrying out checks will depend on the number of projects approved and the number of final beneficiaries who participate in implementation. First Level Control division is responsible for verifying regularity of the expenditures declared by each project partner participating in the operation located on national territory in the frame of Interreg IPA South Adriatic Programme 2021-2027. Controllers are responsible for verifying the legality and regularity of the expenditure declared by each lead beneficiary and/or project partner participating in the operation located on its territory. Following the completion of the control, the Control Body issues a signed CONTROLLER Certificate on the eligible and validated expenditures to the lead beneficiary and/or project partner.

ALBANIA

In Albania is in place a designated body – the First Level Control Office responsible for verifying expenditures of the Albanian beneficiaries. The minimum requirements in the possession of the staff of the CONTROLLER office must be: 1. knowledge of EU regulations, the program and the national legislation; 2. Sufficient knowledge of English.

The CONTROLLER Office is a unit composed by the Head of the CONTROLLER and the Controllers. The Head of CONTROLLER is responsible primarily for the identification and distribution of tasks and allocation of beneficiaries for each Controller, as required and also for issuing the certificate of verification of expenditures claimed by the beneficiaries. The verification of expenditure is performed by Controllers on incurred expenditure included in each progress report. This is done through administrative verifications (i.e. desk-based verifications) as well as on-the-spot verifications.

Following the approval of projects, SASPAC in collaboration with CONTROLLER office, may organize events or bilateral meetings with beneficiaries on issues related to project implementation, eligibility of expenses, the reimbursement arrangements etc. All relevant documentation (guidelines, circulars, manuals etc.) will be available on the web page of the program.

The certificate of appointment issued by the CONTROLLER office is obliged to transmit to the relevant structure of the Agency any issue related to the validity of the certificates so that the latter takes the necessary measures and encourages the beneficiaries to carry out the activities foreseen in the project on time and within the deadlines.

Directorate for Administration of EU Financial Assistance, within SASPAC, will carry out checks on the First Level Control performance, the quality of the control system and the correct application of relevant applicable provisions. At the end, the structure will issue a report on the inspections and report any irregularities found in a special report on irregularities. More on-the-spot checks will be carried out on a sample basis using a risk assessment analysis system to determine which projects should be evaluated.

MONTENEGRO

As for Montenegro, the Ministry of Finance of Montenegro - Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) is the entity responsible for the system of first-level controls for each individual project partners from Montenegro. Within the Ministry, the Division has been identified that will designate the person (CONTROLLER) qualified to perform the first level control functions. Minimum requirements in the possession of Controllers must be: 1. University degree; 2. At least one year of working experience in the field of finances or project implementation; 3. Knowledge of English language (at least upper-intermediate level); 4. Computer literacy; 5. Knowledge of EU regulations, the Programme and national rules; 6. Knowledge of other foreign language is an advantage.

The Ministry of Finance of Montenegro - Directorate for Finance and Contracting of the EU Assistance Funds (CFCU) will carry out checks on the first level control performance, the quality of the control system and the correct application relevant applicable provisions. At the end, the Division will issue a report on the inspections and report any irregularities found in a special report on irregularities. More on-the-spot checks will be carried out on a sample basis using a risk assessment analysis system to determine which projects should be evaluated.

In order to ensure the well-functioning of national First Level Control systems and in compliance with the Programme quality standards, the Managing Authority adopts a Quality Review system basically implemented on management verifications and quality checks.

3 ADMINISTRATIVE AND ON-THE-SPOT VERIFICATION OF EXPENDITURE

The verification of expenditure is performed by the independent national Controller of each beneficiary (LP and PP) on incurred expenditure to be included in each partner report. This is done through administrative verifications (i.e. desk-based verifications) as well as on-the-spot verifications. Each Project report submitted to the MA/JS can contain only expenditure claims that

have been verified by national Controllers, in accordance with national requirements and procedures set up by each Member State and Participating Country.

3.1 Purpose of the Controllers' verifications

According to the Interact Fact sheet on management verifications, 2021-2027 (December 2021), the performed control should ensure that all the products and services paid for have been delivered, and costs paid out in compliance with all relevant regulations. It should establish the correctness and eligibility of the expenditures incurred by the beneficiaries and thus guarantee to the MA that all programme provisions and legal requirements, and provisions of the signed subsidy contract have been respected.

In respect of legality and regularity, the purpose of verifications is to observe the compliance with the relevant eligibility rules and Community and national rules on public procurement, state aid, environment, sustainable development, publicity, equal opportunity requirements, non-discrimination. In respect of reality, the purpose of verifications is to observe the existence of the project outputs, including physical progress of the project and compliance with the terms and conditions of the subsidy contract.

For SOUTH ADRIATIC, overall, the Controllers' task is to verify and certify that the expenditure reported by project partners in each partner report fulfils the following conditions:

- The costs are eligible and paid;
- The invoices and related payments are correctly recorded and sufficiently supported by evidence;
- The programme's conditions as in the approved application form and subsidy contract and its eventual modifications have been observed and followed;
- The related activities, sub-contracted supplies and services are in progress or have been delivered or are being carried out;
- All relevant applicable EU, national, internal and programme eligibility rules have been respected, especially with regard to information and publicity, public procurement, equal opportunities and protection of the environment.

3.2 Types of verifications

Management verifications under Article 74 (2) of the CPR include two types of verifications:

- **Administrative verification (desk-based).**
- **On-the-spot verification (on-site and in-person verifications).**

a) ADMINISTRATIVE VERIFICATIONS

This type of check is a desk-based check and is to be performed each time the beneficiary submits a partner report. The check must be performed through Jems.

All relevant documentation must be uploaded on Jems, including the requests for clarifications from national Controllers. In duly justified cases, a Participating Country's control body can decide to also request, in addition, paper documents; the MA and the beneficiaries should be informed accordingly.

As a general principle, the programme recommends adopting a paperless approach. In any case, all documents must be present online on Jems.

As previously said, management verifications shall be risk-based and proportionate to the risks identified ex-ante and in writing, meaning that not all elements composing the beneficiaries' requests for payment shall be verified. The SOUTH ADRIATIC methodology for identifying which elements shall be verified is presented in: Risk-Based management verifications methodology.

The Controllers check at least (when referring to "expenditure" we refer to the expenditure included in the verification's sample):

- The correctness of the partner report;
- That the expenditure relates to the eligible period and has been paid by the beneficiary;
- That the expenditure relates to the approved project and to the project partner total budget, disentangled per cost category;
- The compliance with programme conditions;
- The compliance with the relevant eligibility rules (Community, national and programme rules);
- The reality of the project, including physical progress of the products/service and compliance with the terms and the conditions of the subsidy contract;
- The expenditure declared, adequacy of supporting documents and the existence and compliance of the audit trail;
- For cost categories for which the beneficiary has adopted a flat rate option, the Controller shall comply with the specific requests for documentation as reported in the Implementation factsheets of the Programme Manual;
- Community, national and programme rules on public procurement, environment, sustainable development, equal opportunity requirements, non-discrimination;
- That de minimis rule and/or other state aid rules - if applicable - has been respected or other specific conditions set in place to avoid the application of state aid rules have been respected;
- That the information and publicity requirements at EU and programme level have been respected;
- That national eligibility rules have been respected;
- That the principles of transparency, equal treatment and effective competition have been complied with.

The Controllers must be able to establish a full audit trail of the expenditure claimed by the project. Verifications are finalized through the submission on Jems of control documentation attesting the performed checks, methodology used and findings

b) ON-THE-SPOT VERIFICATIONS

On-the-spot verifications are the control checks the Controllers undertake at the premises of beneficiaries or project-related sites (on-site verifications).

On-the-spot verifications are carried out to check the actual delivery of the co-financed services, supplies and works, and aspects that cannot be observed during administrative verifications.

Controllers check the existence of the original supporting documentation to incurred costs and other items which cannot be verified during the administrative check (such as separate accounting system, archiving, audit trail requirements etc.). Additionally, the Controllers check the presence of purchased equipment and their compliance with EU, programme and national eligibility and publicity rules.

On-the-spot verifications are checks with prior notification. The notification should be done with sufficient time in advance to allow the project partner to prepare all the available resources, documentation to be verified (supporting documents) and the project deliverables (delivery of products, services and works). The partner's responsible person shall be available at the moment of control at the project premises (i.e., project manager, financial officer).

On-the-spot verifications must be performed during project implementation: it is not recommended that on-the-spot verifications are carried out when the operation has been completed as it would be too late to proceed with any corrective action in case problems are identified and, in the meantime, irregular expenditure would have been certified. Specifically, it is desirable that the on-the-spot check is performed when the level of partner performance expenditure is approximately around 50%.

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, including the existence of project Staff;
- The existence of a separate accounting system or adequate accounting code for all transactions incurred within the project; in case of samples, this aspect concerns only the transactions included in the sample;
- The existence and completeness of data storage;
- Every time a partner is checked, it shall be checked that the expenditure is linked to the

delivered outputs (the deliverables produced by the partner).

In case irregularities are detected during the on-the-spot checks, the Controllers must start a consultation process to request the beneficiary to provide eventual counter-deduction and/or missing supporting documents.

If, at the end of the on-the-spot check, it results that one or more expenditure already included in a request for payment submitted to the European Commission is irregular, the Controller shall inform the MA, who then undertakes the necessary corrective measures (e.g.: recommendations or financial corrections if the detected irregularity has a financial impact). In relation to the above, the MA may ask to strengthen the administrative verifications or to carry out on-the-spot checks for the following reporting period before the project partner submits its next partner report to the Lead partner.

On Jems, Controllers must state the date of the on-the-spot checks, describe the checks performed and report any relevant findings, observations, and recommendations. 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;
- Control certificate (if the verification of expenditure is performed during the on-the-spot check);
- Control checklist;
- Control report.

Depending on the time when the checks take place, an on-the-spot check can be in addition to or in substitution of a desk-based check.

The extent and detail of on-the-spot verifications shall be determined by the Controller, as further specified in the below paragraphs.

3.3 Risk Based Management Verifications (RBMV) methodology

In compliance with art. 62 of Regulation (EU) 2021/1060 (CPR Regulation), in order “*to ensure an appropriate balance between the effective and efficient implementation of the Funds and the related administrative costs and burdens, the frequency, scope and coverage of management verifications should be based on a risk assessment that takes into account factors such as the number, type, size and content of operations implemented, the beneficiaries as well as the level of the risk identified by previous management verifications and audits*”, the Managing Authority of Interreg IPA South Adriatic has developed a methodology on Risk Based Management Verifications (RBMV) of funded operations. Following the prescription of art. 62 the management verifications are proportionate to the risks resulting from the programme risk assessment and the audits shall be proportionate to the level of risk to the budget of the Union.

According to Article 74 1. (a) of CPR Regulation Regulation (EU) 2021/1060 *“the managing authority shall carry out management verifications to verify that the co-financed products and services have been delivered, that the operation complies with applicable law, the programme and the conditions for support of the operation and:*

- (i) Where costs are to be reimbursed pursuant to point (a) of Article 53 (1) that the amount of expenditure claimed by the beneficiaries in relation to these costs has been paid and that beneficiaries maintain separate accounting records or use appropriate accounting codes for all transactions relating to the operation:*
- (ii) Where costs are to be reimbursed pursuant to points (b), (c) and (d) of Article 52 (1) that the conditions for reimbursement of the expenditure to the beneficiary have been met.”*

In addition, article 74.2 states that the *“Management verification referred to in point (a) of the first subparagraph of paragraph 1 shall be risk-based and proportionate to the risks identified ex ante and in writing.”*

To reach the goal of an effective and efficient RBMV system, the programme has structured the process based on the typologies of the call adopted by the Programme and for this reason two different RBMV procedures are developed:

- RBMV system for Standard and Strategic projects;
- RBMV system for SSPs fully managed through programme simplified cost options (**SCOs**).

The approach for risk-based management verifications tailored to the applicable combinations of reimbursement options per cost categories at partner level, where only real costs have to be checked by Controllers, is outlined in this Section.

The basis of the administrative verifications is every partner report (activity + financial report) submitted by the project partner to the Controller. Only cost categories with direct costs (staff costs, external expertise and services, equipment and infrastructure and works) are subject to verifications.

On-the-spot verifications cover in particular the risks related to the delivery of the product, work or service in compliance with the terms and conditions of the subsidy contract, physical progress, and respect of the EU rules on publicity. The main purpose of the on-the-spot is essentially to check the reality of the operation (costs belonging to Infrastructure and works and Equipment; Investments) and applicable publicity requirements. The basis of the on-the-spot verification is at partner level. On-the-spot verifications should preferably be undertaken when the project is well under way, both in terms of physical and financial progress.

Option n.1 – Flat 40%

Rationale: Although Staff cost has not been identified as the riskiest element within the Programme, the fact that by using this option the whole reimbursement is based only on the quality of reported staff expenditures makes verification of these costs particularly relevant in relation to the first and last partner report as confirmed by data analysis. It is indeed important to reduce the errors under Staff costs as any error found under this category would also lead automatically to the correction of

the 40% Flat.

ADMINISTRATIVE VERIFICATIONS

Key-items verification

The Controller performs full verification of key items for each progress partner report. Within this context, the following items are risky (key items) and should be fully (100%) verified:

1. Staff costs of the first and last partner report where staff costs occur. Furthermore, staff costs of a new staff member included for the first time in the partner report.

Expenditure items that correspond to the aforementioned characteristics have to be fully verified. "Fully verified" means that the Controller should perform full verification of the item, ensuring expenditure is in line with European, Programme and national eligibility rules, and complies with the conditions for support of the project and payment, as outlined in the subsidy contract.

ON-THE-SPOT VERIFICATIONS

In principle no OTSC has to be planned in this case, unless previous administrative management verifications have identified the risk of double-funding, suspicions of fraud or mismanagement of EU funds.

Option n.2 – Staff costs 20%

Rationale: Equipment and Infrastructure cost categories are elements of relatively higher risk.

ADMINISTRATIVE VERIFICATIONS

Key-items verification

The Controller performs full verification of key items for each progress partner report. Within this context, the following items are risky (key items) and should be fully (100%) verified:

1. Procurement for contracting amounts above Programme threshold of EUR 10.000,00 (excl.VAT);
2. VAT (for projects with total costs of at least EUR 5m, including VAT or in case of State aid).

In case 1 and 2 are not applicable, the Controller verifies a random selection of items representing 40% of the whole amount claimed in Equipment cost category, 40% of the whole amount claimed in Infrastructure and works cost category and 40% of the whole amount claimed in External Expert and Services cost category.

ACTIONS TO TAKE

1. The Controller reviews the list of expenditures submitted by the beneficiary to understand the type and nature of the expenditure (cost categories) claimed.
2. Expenditure items that correspond to the aforementioned characteristics have to be fully verified. "Fully verified" means that the Controller should perform full verification of the item,

ensuring expenditure is in line with European, programme and national eligibility rules, and complies with the conditions for support of the project and payment, as outlined in the subsidy contract.

Note: Only real costs are to be checked when considering risky items. Simplified cost options (SCOs) are not risky items.

PROFESSIONAL JUDGEMENT

On top of the full verification of key items, the Controller, based on their professional judgement (decision-making, analyses, or evaluation based on knowledge, skills, training, or experience that the Controller possesses) must select additional items from the list of expenditures to perform verifications on.

At least one item per report must be selected. Item(s) to be controlled are selected from the remaining population of reported real costs and 20% of value (of the remaining reported real costs) must be included in the sample (External expertise and services).

The Controller should briefly justify why a certain expenditure item has been checked.

ACTIONS TO TAKE

1. After performing full verification of key items, the Controller reviews the remaining list of expenditures to identify cost items that, for example, seem unusual or give rise to suspicion of fraud.
2. Evaluate if additional items should be included for the verification, based on the quality of the expenditure originally reported and the quality of key-items verification:
 - a. items similar to those where errors or ineligible expenditures were identified in the current/previous reports;
 - b. where repeated mistakes/errors, such as re-inclusion of ineligible expenditure (projects/reports), were noted in the previous reports
 - c. costs with the same provider of goods/services/works as reported in key items and costs of similar nature (in order to detect artificial splitting of contracts)
 - d. If a key item, specifically Procurement for contracting amounts above EUR 10.000 excluding the VAT is not claimed in the full contracted amount in the current partner report – meaning that the activity/delivery is realized in phases over more than one reporting period – this must be noted as a follow up note for next partner reports in the control report / verification check list, as errors can be detected not only in public procurement process but also in contract implementation and final delivery
 - e. costs which description appear mismatched with the cost category they are reported in (in order to detect costs reported under wrong categories or double financing).

EXTENSION OF SAMPLE

In case the Controller finds deficiencies in the sampled population, the sample will have to be extended. The purpose of extending the sample is to determine whether errors have a common feature (e.g., type of transaction, location, period, product/output, etc.) or whether they are simply random errors. If errors are found to have common features, the total error can be determined by verifying all relevant items (i.e., those likely to be affected by the same/similar error).

ACTIONS TO TAKE

If an error is detected in any budget category, the sample is to be extended to at least one more item with common features, if available. If the errors persist in the extended sample, the sample must be extended to a 100% verification of the reported costs in the affected budget category, if not, further extension is not obligatory.

ON-THE-SPOT VERIFICATIONS

On-site verifications are performed based on a sample and should be performed no later than before the final Certificate of Verified Expenditures is issued, in accordance with Article 74 of the Common Provisions Regulations 2021/1060. The decision if a partner should be included in on-the-spot check is based on a risk assessment that considers 3 criteria:

1. existence of equipment of a certain value, specifically, on site verification of equipment is performed by Controllers for all items with a purchase cost equal or above EUR 10.000 (VAT excluded). Therefore, the unit value of a piece of equipment equal or above EUR 10.000 (VAT excluded) is the trigger for inclusion of a partner in the on-site verification sample (next to already mentioned other criteria) and only this equipment is to be checked during OTSC.
2. existence of Infrastructure and works of any value should be checked.
3. the Controller's assessment based on professional judgement.

If one or more of the above criteria are met, the project partner will be the subject of an on-the-spot check before the verification of the last partner report.

OTSV has to be ideally planned to take place in order to check items pertaining to both Equipment and Infrastructure and works costs categories (possibly described as Investments in Jems), if applicable. Annex 4 - Equipment and infrastructure on-the-spot visit, must be filled in, printed, signed/stamped, scanned and uploaded onto the JEMS system.

Option n.3 – Staff costs real

Rationale: Equipment and Infrastructure cost categories are elements of relatively higher risk. Staff is also reported on a real cost basis.

ADMINISTRATIVE VERIFICATIONS

Key-items verification

The Controller performs full verification of key items for each progress partner report. Within this

context, the following items are risky (key items) and should be fully (100%) verified:

1. Staff costs of the first two progress reports where staff costs occur. Furthermore, staff costs of a new staff member included for the first time in the partner report, or if significant changes in the staff costs occur (> 20%) in the time allocation of staff members (if the fixed percentage method is used) or if there are changes in the staff costs methodology (e.g. a change from fixed percentage method to full time).
2. Procurement for contracting amounts above Programme threshold of EUR 10.000,00 (excl. VAT);
3. VAT (for projects with total costs of at least EUR 5m, including VAT or in case of State aid);

In case 1-2-3 are not applicable, the Controller verifies a random selection of items representing 40% of the whole amount claimed in Equipment cost category, 40% of the whole amount claimed in Infrastructure and works cost category and 40% of the whole amount claimed in External Expert and Services cost category.

ACTIONS TO TAKE

1. The Controller reviews the list of expenditures submitted by the beneficiary to understand the type and nature of the expenditure (cost categories) claimed.
2. Expenditure items that correspond to the aforementioned characteristics have to be fully verified. "Fully verified" means that the Controller should perform full verification of the item, ensuring expenditure is in line with European, programme and national eligibility rules, and complies with the conditions for support of the project and payment, as outlined in the subsidy contract.

Note: Only real costs are to be checked when considering risky items. Simplified cost options (SCOs) are not risky items.

PROFESSIONAL JUDGEMENT

On top of the full verification of key items, the Controllers, based on their professional judgement (decision-making, analyses, or evaluation based on knowledge, skills, training, or experience that the Controller possesses) must select additional items from the list of expenditures to perform verifications on.

At least one item per report must be selected. Item(s) to be controlled are selected from the remaining population of reported real costs and 20% of value (of the remaining reported real costs) must be included in the sample (External expertise and services).

The Controller should briefly justify why a certain expenditure item has been checked.

ACTIONS TO TAKE

1. After performing full verification of key items, the Controller reviews the remaining list of

expenditures to identify cost items that, for example, seem unusual or give rise to suspicion of fraud.

2. Evaluate if additional items should be included for the verification, based on the quality of the expenditure originally reported and the quality of key-items verification:
 - i. items similar to those where errors or ineligible expenditures were identified in the current/previous reports;
 - ii. where repeated mistakes/errors, such as re-inclusion of ineligible expenditure were noted in the previous reports
 - iii. costs with the same provider of goods/services/works as reported in key items and costs of similar nature (in order to detect artificial splitting of contracts)
 - iv. If a key item concerning Procurement for contracting amounts above EUR 10.000 excluding the VAT is not claimed in the full contracted amount in the current partner report – meaning that the activity/delivery is realized in phases over more than one reporting period – this must be noted as a follow up note for next partner reports in the control report / verification check list, as errors can be detected not only in public procurement process but also in contract implementation and final delivery.
 - v. significant “ad hoc” raises in the salaries of project staff.
 - vi. costs which description appear mismatched with the cost category they are reported in (in order to detect costs reported under wrong categories or double financing).

EXTENSION OF SAMPLE

If the initial sample shows that the quality of the information provided is not sufficient, the sample size should be extended. The purpose of extending the sample is to determine whether errors have a common feature (e.g., type of transaction, location, period, product/output, etc.) or whether they are simply random errors.

If errors are found to have common features, the total error can be determined by verifying all relevant items (i.e., those likely to be affected by the same/similar error).

ACTIONS TO TAKE

1. Project partners must provide a table laying out all reported staff costs as units of a single salary for each project team member, for each month. If a Controller finds an error while controlling an item in staff costs budget category (regardless of whether it is selected as a key item or based on professional judgement), the sample must be extended to:
 - i. one more item related to the same project team member if available
 - ii. one more item related to the same month (but of another project team member) if available
 - iii. one more item from the same staff costs calculation methodology (of another project team member) if available.

If no common features to the error are determined, the sample can be extended to 100%

verification of reported costs in the staff costs category.

2. If an error is detected in any other budget category, the sample is to be extended to at least one more item with common features if available. If the errors persist in the extended sample, the sample must be extended to a 100% verification of the reported costs in the affected budget category, if not, further extension is not obligatory.

ON-THE-SPOT VERIFICATIONS

On-site verifications are performed based on a sample and should be performed no later than before the final Certificate of Verified Expenditures is issued, in accordance with Article 74 of the Common Provisions Regulations 2021/1060. The decision if a partner should be included in on-the-spot check is based on a risk assessment that considers 3 criteria:

1. existence of equipment of a certain value, specifically, on site verification of equipment is performed by Controllers for all items with a purchase cost equal or above EUR 10.000 (VAT excluded). Therefore, the unit value of a piece of equipment equal or above EUR 10.000 (VAT excluded) is the trigger for inclusion of a partner in the on-site verification sample (next to already mentioned other criteria) and only this equipment is to be checked during OTSV.
2. existence of Infrastructure and works of any value should be checked.
3. the Controller's assessment based on professional judgement.

If one or more of the above criteria are met, the project partner will be the subject of an on-the-spot check before the verification of the last partner report.

OTSV has to be ideally planned to take place in order to check items pertaining to both Equipment and Infrastructure and works costs categories (possibly described as Investments in Jems), if applicable. Annex 4 - Equipment and infrastructure on-the-spot visit, must be filled in, printed, signed/stamped, scanned and uploaded onto the JEMS system.

3.4 Timeframe of verifications

The reporting periods and the reporting deadlines are set in Jems- section – project reporting schedule, which usually last six months. Partners are required to submit their partner reports to the national Controllers in due time. Controllers should then perform their checks within 90 days from the end of the reporting period, keeping in mind that the Lead partner should submit at least twice a year the project report, that could include both financial and content sections, including all certificates.

Therefore it is advisable to agree appropriate deadlines between Controller and beneficiary, for the timely submission of each R, to allow validation of partner's expenditures by the National Controller, a timely collection and quality check of all Rs by the LP (including deliverables and outputs) and the preparation and submission of the Project Report by the programme scheduled timeframe.

3.5 Control documents

The documentation of the control work carried out by the Controller is an essential element of the audit trail. It occurs through the filling-in and issuing of the following documents:

- (*Annex 1*) **Control check list**, i.e. the document in which the Controller gives evidence of the verifications performed. In case a partner report includes more than one public procurement procedure, the Controller shall list and describe every single procedure separately, within each field of the check-list (e.g. TITLE: a) Equipment XY, b) Small infrastructure ZW, c) Service QR, etc.).
- (*Annex 2*) **Certificate of expenditure**, i.e. the document certifying the compliance of the expenditure verified by the Controller with the principles of eligibility, legality and relevance as listed above in this chapter. The certificate of expenditure must be signed by the authorised Controller.
NB. In Jems , annexes 1 and 2 are an integral part of the CONTROLLER certificate, automatically generated by the system.
- (*Annex 3*) **Control report**, i.e. the document in which the Controller describes the methodology used for the verifications, explanation of the nature of the documents tested, of national and EU rules checked, etc. If applicable, the ineligible expenditure found during the verifications also needs to be described, including the reasons leading to this judgement.
- (*Annex 4*) Equipment and infrastructure **on-the-spot visit check list**. (to be completed out of Jems and uploaded in control attachment section of JEMS).
- (*Annex 6*) **application of the RBMV methodology check list** (to be filled in and uploaded in control attachment section of JEMS).
- The **spread-sheet file tool** made available for random selections (to be completed out of Jems and uploaded in control attachment section of JEMS).

Offline templates of the above documents (**in English language only**) are developed by the Interreg IPA South Adriatic Programme and attached at the end of this document. The **above documents must be compulsorily filled-in and issued by the Controllers through JEMS. Please consult JEMS Manual Controllers on how to manage and fill the above mentioned annexes.**

Be also aware that the Annex 4 and the spread-sheet file tool, need to be completed out of Jems by controller, and uploaded in control attachment section of JEMS.

Small Scale Projects (SSP) WARNING!

Take note that there are some differences in the verification procedure between Standard/Strategic projects and the Small Scale ones.

In case of Small Scale Projects (SSP), check carefully the Factsheet 4.10.1 Simplified cost options guidance. Basically the Controller shall fill in and issue the following documents:

- (Annex 4.10.1.1) Simplified Cost Options - Control check list desk based
- (Annex 2) Certificate of expenditure
- (Annex 3) Control report
- (Annex 4.10.1.1) Management verification Simplified Cost Options -on-the-spot visit check list, to be completed out of Jems by controller, and uploaded in control attachment section of JEMS.

As regards to Annex 4.10.1.1 Control check list desk based, any controller is advised to put “not Applicable” to the items listed in the checklist which are not relevant for the SCO output checked (including the SSUCs for staff not used by the SSP). In any case during management verification the controller may verify a suitable involvement of staff of the beneficiary’s organization, to make sure that the beneficiary has assumed a suitable level of ownership on the project and its outputs (ie. staff attendance during an on the spot check, staff involvement in the development of project documents, deliverables / outputs)

The national Controller will then either confirm or reject (in part or in full) expenditure submitted by the beneficiary for verification. The amount verified and confirmed by the national Controller will then be stated in the “certificate of expenditure” to be included by the LP in the partner report.

3.6 On-the-spot verifications by the MA/JS

Where specific deficiencies in project implementation arise, such as a substantial delay in project implementation or requests of major changes in the project, the MA-JS reserve the right to carry out additional on-the-spot verifications together with or in addition to national Controllers.

During the lifecycle of the single funded project, the Managing Authority will carry out initiatives aimed at ensuring a satisfactory level of quality and effectiveness of CONTROLLER activities.

In particular, the MA will carry out annual training sessions and technical workshops with Controllers, dealing with eligibility rules of expenditure, and aimed at disseminating best practices in the control procedures via JEMS platform.

4 AUDITS PERFORMED BY AUDIT AUTHORITY AND GROUP OF AUDITORS

The AA is the programme body responsible for carrying out system audits and audits on operations in order to provide independent assurance to the EC that the programme management and control system functions effectively and that expenditure submitted to the EC is legal and regular.

The AA is supported by the GoA which is composed of representatives from each programme Member State and Participating Country. The AA and the GoA entrust part of the audit work to an external audit company.

Audits on projects are performed during the entire programme lifetime. An EU level sample of the projects and project partners to be audited is drawn every year by the EC for all Interreg programmes.

During the audit, auditors analyze a number of aspects related to the implementation of the project, including the following:

- Existence of the project;
- Compliance with obligations set in the subsidy contract and partnership agreement;
- Eligibility of expenditure;
- Compliance with EU and national rules (including public procurement);
- Existence and soundness of the audit trail;
- Review of the control work carried out by the national Controller.

The audit is in most cases performed on the spot, at the premises of the audited body or in any other place where the project is being implemented. It is complemented by desk verifications.

In case of detected non-compliances or infringements, audit findings are raised. For each finding they clearly state the reasons and provide requirements for clearance of the finding. All findings are presented to the audited body upon completion of the audit in order to undergo a contradictory procedure. Within the contradictory procedure the LP, PP(s) and Controller(s) have the possibility to comment on each finding. At the end of this procedure, the AA and GoA have to confirm or lift the findings. Following this, the audit report becomes final and the audit follow-up process starts.

The audit follow-up depends on the type of findings detected:

- In case of findings with financial impact (i.e. in case of detecting irregular amounts), the amounts considered as not eligible are withdrawn from the next payment claim submitted to the MA/JS or are recovered from the LP if the project is already closed (or if the amount claimed by the concerned beneficiary is lower than the irregular amount);
- Should findings have no financial consequences, the affected beneficiary (or its Controller if applicable) has to document that recommendations set by the auditors have been followed up.

The MA/JS support the communication flows between all parties involved in the audit process, i.e. the AA, GoA members, audit company, LP, PPs and national Controllers.

The MA/JS will also provide further guidance as well as training to beneficiaries on audit preparation and follow-up.

5 OTHER CONTROLS AND AUDITS

As provided for in the subsidy contract, and in addition to the programme bodies, the European Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) and, within their responsibility, the auditing bodies of the Member States or Participating Countries or other national public auditing bodies, are entitled to audit the proper use of funds by the beneficiaries.

The concerned beneficiaries are notified in due time about any audit to be carried out by authorised persons of such bodies. Beneficiaries undergoing an audit have to provide any project-related information to the above auditing bodies and give access to their business premises. Audits may occur at any time until the end date for the retention of documents

6 SETTING UP THE AUDIT TRAIL

For the purposes of this document, an audit trail is to be understood as a chronological set of accounting records that provide documentary evidence of the sequence of steps undertaken by the beneficiaries and programme bodies for implementing an approved project.

According to this definition, the proper keeping of accounting records and supporting documents held by the beneficiary and its national Controller plays a key role in ensuring an adequate audit trail.

To understand the archiving rules in Jems for audit trail, please check also the Factsheet 4.1 - § 4 of the Programme Manual.

6.1. Requirements of an adequate audit trail

At the level of each beneficiary, an adequate audit trail is composed of the following elements:

- The subsidy contract (and its amendments);
- The partnership agreement;
- The latest version of the approved application form (which is substantial part of SC and PA);
- Adequate documentation of all outputs and deliverables produced during the project lifetime;
- Documents proving, for each cost item claimed within the project, the expenditure incurred and the payment made (invoices or other documents of equivalent probative value, extract from a reliable accounting system of the beneficiary, bank statements, etc.);
- Adequate documentation of all procurement procedures implemented for selecting experts, service providers and suppliers (from the planning of the procedure until the signature of the contract and its possible amendments);
- Any other supporting document applicable to each budget line (staff reports, timesheets, contracts with providers, etc.);

- Physical and financial reports submitted to the national Controller with the purpose of validating project expenditure;
- Documents issued by the national Controller validating all expenditure claimed within the project;
- A copy (as pdf) of all project progress reports and final report submitted and approved by the MA/JS.

In the project start-up phase it is essential for each beneficiary participating in a project to set up adequate arrangements that allow ensuring the availability of:

- A separate accounting system or an adequate accounting code set in place specifically for the project;
- A physical and/or electronic archive which allows storing data, records and documents concerning the physical and financial progress of the project - as listed above – until the end of the document retention period.

All documents composing the audit trail shall be kept either in the form of originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. The certification of conformity of documents held on commonly accepted data carriers with original documents shall be performed in compliance with national rules on the matter.

In case of beneficiaries using e-archiving systems, where documents exist in electronic form only, the systems used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

As good practice, e-archiving or image processing systems (original documents are scanned and stored in electronic form) should ensure that each e-document scanned is identical to the paper original and that the accounting and payment process for each e-document is unique (it should not be possible to account for or pay the same e-document twice).

Audit trail WARNING!

The audit trail shall also include evidence of all payment flows, including for the Lead Partner the payments carried out to all project partners.

The evidences of LP payments acts to partners shall be uploaded in Jems – Contract and Agreement section – project.

6.2. Annulling of documents

One important element to be taken into account when setting up the audit trail is the need to avoid double funding from different co-financing sources for the same expenditure item.

Whereas analytical accounting systems help in this respect, more straightforward measures must also be foreseen, as for instance the annulling of invoices and other probative documents.

Irrespective of the control system in place in the different States, the practice of annulling the

originals of invoices and other probative documents is compulsory in the framework of the Interreg IPA South Adriatic Programme.

Where available, the annulling of originals of expenditure documents should be carried out by means of a stamp bearing at least the following information:

- The information that the expenditure has been co-funded by the Interreg IPA South Adriatic Programme;
- The number and the name (acronym) of the project;
- The amount ascribed to the project;
- The reporting date.

If invoices (and/or other probative documents) are available only on electronic support (i.e. no original can be identified) the minimum information listed above has to be incorporated in the subject and/or in the body of the electronic document.

6.3. Retention of documents

All supporting documents composing the audit trail must remain available at the premises of each beneficiary at least for a period of five years. This period starts from 31 December of the year in which the last payment is made by the MA to the LP. Furthermore, all documents referring to project activities and expenditure for which State aid was granted to partners shall be available for at least 10 years from the date of granting the last aid by the programme. The retention period shall be interrupted either in the case of legal proceedings or by a request of the EC.

At the closure of projects, the MA/JS will inform each LP and its national Controller on the exact start date of the above mentioned retention periods. The LP shall in turn inform the PPs.

Other, possibly longer document retention periods according to e.g. national and internal rules, remain unaffected.

For the entire retention period, all bodies entitled to perform controls and audits are allowed to access the project and all relevant documentation and accounts of the project.

7 REVIEW OF THE ACCOUNTING SYSTEM

For the purposes of the first level control based on strict adherence to the principle of sound financial management as from EC Regulation No 1046/2018, as well as to the specific rules of the Interreg IPA Programmes, the beneficiaries should maintain a computerised accounting system where to keep separate accounting on project level for the analytical project expenditure.

The first level control on the accounting system begins with documentary administrative checks followed by the on-the-spot checks (planned or ad-hoc) conducted by the Controller.

While performing on the spot checks, the Controller should verify:

- the provided by the PPs print-out of the accounting system for the respective period subject to the particular control check together with the supporting documents; the print-out set of documents should contain the analytical accounting for each type of expenditure, generated within the reporting period; the Controller makes cross-check of each accounting record with the respective supporting accounting documents, the invoice report and the bank account statements as well;
- the submitted of the PPs print-outs/copies of records/registers required under the respective national law (e.g. cash books, VAT journals, etc.) and their correctness, completeness regarding the expenditures generated and recorded in the list of expenses;
- evidence of the accounting system (either separate accounting system or adequate accounting code/cost centre) for all project-related transactions;
- completeness of accounting systems, selecting at least one invoice per reported budget line expenditures and check if it is included in the analytical accounting system of the beneficiary and whether or not the same invoice appears in more than one cost centre.

8 OVERVIEW OF THE EUROPEAN UNION HORIZONTAL POLICIES

8.1 Information and publicity

During the implementation of the project, the beneficiary should provide publicity on the implemented projects by conducting communication and promotional activities (publicity campaigns, events, promotional and informational materials, electronic media, etc.) as per approved application form (incl. budget limits). The Controller checks the proofs provided by the beneficiary for the undertaken information and publicity measures (e.g. photos of billboards, promotional brochures, project homepages, visualisation of the project documents (when applicable), outputs etc.).

While executing its check, the Controller should verify whether the information and publicity actions taken are in accordance with the rules of the programme, the approved application form, the approved partner reports and those regarding information and publicity requirements expected by the European Commission in terms of transparency, clear management and publicity.

8.2 Horizontal issues

In performing his functions, the Controller is relied on his professional assessment based on the information submitted by the PPs for respecting the following issues:

Promotion of equality between men and women and non - discrimination:

During the verification, the Controller should check whether the PP did not commit any discrimination based on gender or other social attribute in the implementation of project activities. The check covers also an assessment whether each potential participant/sub-contractor, etc. had equal opportunities to participate in the project or was affected by the impact of actions (e.g. during project activities, the Controller could verify whether the number of the women and men are approximately equal, how different religions are represented in the events, etc.).

In general, in fulfilling his obligations, the Controller checks and verifies cumulatively:

- Information and Publicity - equal opportunities for access to information for the general public regarding the execution of activities according to the European guidelines on visibility and publicity and those of the Programme;
- Trainings, seminars, conferences and other events – that participants are not selected on the basis of any discriminatory features (race, sex, religion, etc.), unless the activities are not aimed at a specific target group.
- The procedures for sub-contracting:
 - technical specifications (requirements are not restrictive in terms of defining characteristics, scope and volume of needed products and services);
 - tenders are not prepared in a manner that limits the participation of a specific participant (e.g. indicating the brand and model);
 - equal information is provided to all tenderers, etc

Sustainable Development:

During the verification process, the Controller assesses the overall PPs balanced use of resources, the appropriate choice of logistics and raising public awareness on sustainable development issues (e.g. by inserting messages on printed materials or in the e-mails).

9 FINDING AND REPORTING IRREGULARITIES

An “irregularity” is to be considered as any breach of applicable law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified expenditure to that budget in accordance with Article 2 (31) of the CPR. According to art. 1(2) of Regulation (EC, Euratom) No 2988/95, an irregularity *“shall mean any infringement of a provision of Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities, or by an unjustified item of expenditure”*.

The applicable Union or national rules on public contracts must be considered as well. A breach of a rule on public contracts which affects the EU budget is an irregularity within the meaning of the Regulations, where Controllers specifically cover compliance with the applicable national and Union law, which includes law on public contracts.

An irregularity may occur at any moment in the project cycle, from programming to audit, ex post monitoring or evaluation. Checks at any stage of project implementation may indicate that the conditions to be met by a beneficiary after project completion are not being respected.

An irregularity does not need to have resulted in ineligible expenditure being declared by the Participating Country to the Commission as eligible. Even if it is detected before related expenditure is declared to the Commission as eligible, it is an irregularity, since it “would have” prejudiced the EU budget if it had not been detected.

All irregularities detected must be corrected. When an irregularity is identified in an expenditure that has already been paid out to the project, the amount will be deducted from the next project report or remaining payments can be suspended. In cases where the amount cannot be corrected by deducting it from the next project report, the MA will, if necessary, in consultation with the respective Participating Country concerned, and by informing the MC, ask the Lead partner to pay the amount back to the programme. For closed projects, the Lead partner must transfer the unduly paid out funds to the MA. According to Article 52 (1, 2, 3) of the Interreg Regulation, the MA shall ensure that any amount paid as a result of an irregularity is recovered from the Lead partner. Partners shall repay to the Lead partner any amounts unduly paid.

The amount to be repaid is due within one month following the date of receiving the letter with which the MA asserts the repayment claim. The due date must be stated explicitly in the order for recovery. Where the Lead partner does not succeed in securing repayment from other partners or where the MA does not succeed in securing repayment from the Lead or sole partner, the Participating Country shall reimburse the MA any amounts unduly paid to that partner.

An irregularity also includes - but is not limited to - suspected fraud and established fraud.

9.1 Suspected Fraud

A suspected fraud is an irregularity that gives rise to the initiation of administrative or judicial proceedings at national level in order to establish the presence of intentional behaviour, in particular fraud, as referred to in art. 325 Treaty on the Functioning of the European Union (TFEU).

In case irregularities above EUR 10.000,00 suspected or established fraud have been detected, they must be immediately notified to OLAF (the European Anti-Fraud Office) according to Regulation (EU) No 1970/2015 and No 1974/2015 by the national appointed institutions.

9.2 Fraud:

A fraud is a deliberate act of deception intended for personal gain causing a loss to another party (see more in art. 1 of the Convention on the protection of the European Communities' financial interests). If an irregularity is committed deliberately, however, it's fraud (see more in art. 1 of Council Regulation 2988/95).

Fraud can be defined as “the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of the European Communities, non-disclosure of information in violation of a specific obligation, with the same effect and the misapplication of such funds for purposes other than those for which they were originally granted.”

While checking the documents, the financial, administrative, technical and physical aspects of the operations the Controllers could assess the presence of the following possible irregularity cases or fraud indicators (non-exhaustive list):

NO.	IRREGULARITY CASES OR FRAUD INDICATORS (NON-EXHAUSTIVE LIST):
10	Partial booking;
11	Lack of separate analytical accounting;
12	Discrepancy between the value of invoices and accounting;
13	Differences between requested funds and the approved budget;
14	Weak or un-enforced controls in the receipt of goods and payment of invoices;
15	Inadequate, copied or apparently altered supporting documents;
16	Incorrect choice of a procedure in accordance to Public Procurement Programme rules;
17	Beneficiaries invite companies/organizations whose registered line of business is not one required for the tender, thus violating the principle of competitiveness;
18	Failure to comply with the horizontal principles;
19	Conflict of interests in compliance with the definitions set out in art. 61 of Financial Regulation EU 2018/1046 and other relevant applicable UE and national rules;
20	Discriminatory conditions in the prepared tender documentation;
21	Violation in the evaluation process;
22	Amendment of requirements first set in tender documents during the contracting phase;

23	Winning offer is too high compared to cost estimates, published price lists, similar or industry averages; persistent high prices over time;
24	Rotation of winning offers by type of economic activities or geographical area;
25	The information is incomplete, identical or similar with other bid;
26	Apparent connections between tenderers: common addresses, personnel, phone numbers, etc.;
27	Failure to meet contract specifications;
28	Discrepancies between actual deliveries, inspection results and contract claims and specifications;
29	Low quality, poor performance and high volume of complaints;
30	Indications from the contractor's expense records that the contractor did not e.g. purchase materials necessary for the works, does not own or did not lease equipment necessary for the work or did have the necessary labour on the site;
31	Poor control and inadequate tender procedures;
32	Acceptance of late offers;
33	A qualified tenderer, excluded from a public procurement for questionable reasons.
34	Two or more similar procurements from same supplier in amounts just under competitive threshold or upper level review limits;
35	Unjustified separation of purchases, e.g. separate contracts, each of which is below competitive threshold limits, but when their value is combined, it comes over such limits;
36	Sequential purchase orders or invoices under upper level review or competitive threshold limits;
37	Contracts under the competitive bid limit, followed by change orders that increase amounts of the contract, Incorrect choice of a procedure in accordance to Public Procurement Programme rules;
38	A significant number of qualified bidders fail to bid;
39	Unreasonably narrow contract specifications;
40	Allowing an unreasonably short time limit to bid;
41	The failure to adequately publicize requests for offers, concerning the respective tender procedure.
42	Violations of tax legislation
43	Contracts with suppliers of goods and services, which agreed price including VAT and invoices issued by contractors that tax is not charged
44	Not respected requirements for publicity and visualization
45	Indications of change in the circumstances declared by the beneficiary regarding the presence/lack of an economic nature of the activities

In case a suspicion for irregularity arises, the expenditures concerned have to be excluded from the Certificate for verified amount issued by CONTROLLER. All the suspicions are to be written down in detail in the relevant check-lists filled in by the Controllers along with an exact indication of the related national or EU rules which have been infringed.

Management verifications, where properly implemented, contribute to the prevention and

detection of fraud; Controllers are therefore encouraged to do their utmost to prevent fraud and to inform on any suspicion of fraud in relation to the programme.

Controllers shall be committed to respect the national anti-fraud and anti-corruption policies set up by their Participating Countries and in general to comply with the rules and procedures implemented in their national framework. Supporting documents have been drafted by OLAF which shall support Controllers in this respect

Programme reference documents

- Subsidy contract
- Partnership agreement
- SA Programme Manual
- Factsheet 4.1 Project reporting
- Factsheet 4.10 Eligibility rules
- Factsheet 4.10.1 Simplified cost options guidance

Annexes (offline versions)

- (Annex 1) Control check list
- (Annex 2) Certificate of expenditure
- (Annex 3) Control report
- (Annex 4) Equipment and infrastructure on-the-spot visit check list **(to be used only for strategic/standard projects)**
- (Annex 6) RISK-BASED MANAGEMENT VERIFICATION check list **(not Applicable for SSP)**
- The spread-sheet file tool **(not Applicable for SSP)**
- (Annex 4.10.1.1) Management verification Simplified Cost Options -on-the-spot & desk based check list **(to be used only for SSP)**

Since the Annex 4, the Annex 4.10.1.1 on the spot, and the spread-sheet file tool, are not automatically generated by JEMS, and then the Controller must fill in and signed them out of JEMS, in order to upload the completed documents in control attachment section of JEMS, they are provided in word/excel format too.

ANNEX 1 FIRST LEVEL CONTROL CHECK LIST (standard & strategic projects)

1. Partner Information

Note: Information in this section is normally filled-in once ('section for one-time checks'). In electronic systems, information can be entered once and transferred to the subsequent reporting periods.

1.1 Partner report	
Project logo	Filled-in once (automatic in electronic systems)
Project title	Filled-in once from AF (automatic in electronic systems)
Project acronym	Filled-in once from AF (automatic in electronic systems)
Project number	Filled-in once from AF (automatic in electronic systems)
Name of Lead Partner (if different from controlled entity)	Pre-filled from most recent AF (automatic in electronic systems)
Reporting period	(DD.MM.YYYY – DD.MM.YYYY) (automatic in electronic systems)

1.2 Project partner	
Name of controlled project partner	Pre-filled from most recent AF (automatic in electronic systems)
Partner role in the project (Lead partner, Project partner)	Pre-filled from most recent AF (automatic in electronic systems)

1.3 Accounting System				
<p>[according to Article 74 1a(i) CPR]</p> <p>The project partner uses for accounting purposes (filled-in once)</p>	<p>A separate accounting system</p> <p>☐</p>		<p>An adequate accounting code</p> <p>☐</p>	
<p>Double-financing is excluded by:</p>	<p><i>e.g., the accounting system avoids the allocation of the same invoice to different projects and/or invoices are annulled with project stamp, or the electronic invoice includes the necessary information. (Pre-filled from previous report and updated if changed)</i></p>			
1.4 VAT				
<p>Is the total project budget in the approved AF equal to/over 5 million Euro (incl. VAT)?</p>	<p>Yes</p> <p>☐</p>	☐	<p>No</p> <p>☐</p>	<p>Only for Strategic project, if applicable</p>

The partner organisation has the right to recover VAT. Please provide comments if 'partially' is ticked in case total project budget is over 5 million Euro. (Filled in once and only in case the project budget is over 5 million Euro)	Yes ☐	Partially ☐	No ☐	Pre-filled from previous report and updated if changed
Was the partner organization granted funds as aid under the General Block Exemption Regulation (GBER)? (VAT that is refundable under the applicable national tax law is always ineligible).	Yes ☐		No ☐	

1.5 Bank Account			
As stated by the beneficiary, the bank account used for the transfer of programme funds belongs to the beneficiary (filled-in once).	☐ Yes	☐ No	Comment

1.6 Partnership agreement			
According to the programme rules, the PA is signed by the project partner. (filled-in once)	☐ Yes	☐ No	Comment

1.7 Format of documents			
Documents were made available to CONTROLLER in the following format (tick all that apply) - filled-in once; multiple selection possible)	☐ Originals	☐ Copy	☐ Electronic

2. Audit Trail Checklist

General considerations / eligibility criteria	Accepted			Comments ¹
	Yes	Not (fully)	N.A	
Subsidy Contract signed by both parties (MA and Lead Partner) is available.	☐	☐	☐	
Any modification of the Project is available in JEMS	☐	☐	☐	
Costs are directly related to the project and necessary for the development or implementation of the project.	☐	☐	☐	<p>e.g. Verified that costs:</p> <ul style="list-style-type: none"> • have been initially planned in the application form under this cost category. <p>OR</p> <ul style="list-style-type: none"> • Have budget shift formally approved according to the Programme rules.

Costs are correctly allocated to the relevant cost categories.	☐	☐	☐	<i>e.g. Inspected list of expenditures.</i>
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¹ Text in the 'comments' box are EXAMPLES only.

Costs are declared only once.	☐	☐	☐	<i>e.g. Inspected list of expenditure and verified that expenditures have not been declared twice in different cost categories or in previous reporting periods.</i>
(NOT needed for flat rates, standard scales of unit costs or lump sums): [according to Articles 63(2), Article 67(2) CPR, Art 74 1a(i) CPR] Expenditure was incurred and paid within the eligibility period of the project.	☐	☐	☐	<i>e.g. Implementation expenditure is incurred and paid within the starting date of the project set in the subsidy contract and the end of the relevant reporting period.</i>
(NOT needed for Flat rates, standard scale of unit costs or lump sums): Expenditure is supported by invoices or documents of equivalent probative value, which are correct in content and accounting terms.	☐	☐	☐	
(NOT needed for Flat rates, standard scale of unit costs or lump sums): Expenditure is supported by a proof of payment (bank account statements, bank transfer confirmations, cash receipts, etc.).	☐	☐	☐	
Non-eligible costs according to the Regulations and programme rules are excluded from the Report.	☐	☐	☐	
Expenditure was incurred within the eligible programme area.	☐	☐	☐	
(in case expenditure was incurred outside the eligible programme area) The part of the expenditure incurred outside the programme area is eligible according to programme rules.	☐	☐	☐	<i>e.g. verified that the costs are outlined in the AF or have been approved by the programme bodies prior to their occurring</i>
The exchange rate used for the conversion into Euro is correctly applied, using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the Controller.	☐	☐	☐	
The co-financed products and services were delivered or are in progress to be delivered.	☐	☐	☐	<i>e.g. Inspected project evidences provided with the partner report, according to the prescribed audit trail OR inspected during on the spot visits</i>
Partner has received the IPA share from the previous periods.	☐	☐	☐	

The partner total budget and budget per cost category was respected.	☐	☐	☐	<i>e.g. Verified that accumulated partner expenditure is within the partner budget of the latest version of the approved Application Form, including distribution within cost categories.</i>
General comments, recommendations, points to follow-up; NOTE: deductions (if any) are allocated to the relevant cost categories				

Preparation costs				
Criteria – Simplified cost option	Accepted			Comments
	yes	no	n.a.	
No real costs are acceptable.				
Amount of lump sum is in line with programme rules.	☐	☐	☐	

Closure Costs

Closure Costs	Accepted			Comments
	yes	no	n.a.	
The lump sum is in line with programme rules (e.g.: check that double funding are excluded).	☐	☐	☐	
<i>Option for programmes to add mandatory verification(s) (if necessary)</i>	☐	☐	☐	
General comments, recommendations, points to follow-up; NOTE: deductions (if any) are allocated to the relevant cost categories				

On-the-spot verifications

On-the-spot verifications	Accepted			Comments
	yes	no	n.a.	
Documents submitted, included in the sample, match the originals.	☐	☐	☐	
Documents included in the sample are correctly archived.	☐	☐	☐	
A separate accounting code/ technical code or other technical arrangement on single bank account of the organisation available for the project is used allowing to identify, track and report all financial transfers and expenditure related to the project.	☐	☐	☐	

A separate set of accounts specifically for the project or specific accounting codes or other transparent methods are used for the project in the accounting system	☐	☐	☐	
which allow the identification of costs allocated to the project	☐	☐	☐	
Computerised list of project expenditure can be obtained from the accounting system	☐	☐	☐	
The expenditure declared corresponds to the accounting records and supporting documents held by the Lead Partner / Project Partner.	☐	☐	☐	
Original invoices related to the expenditure already declared are available at the premises of the Project Partner, and invoices are not annulled.	☐	☐	☐	
If VAT was declared as non recoverable, it was not reclaimed later by the Project Partner by any means	☐	☐	☐	
Audit trail relevant for the project partner exists and is completed at the premises of the Lead Partner / Project Partner (as listed in ETC regulation and the Programme Manual)	☐	☐	☐	
The project partner has provided accurate information regarding the physical and financial implementation of the part of operation	☐	☐	☐	
The accounting documents supporting the relevant calculation methods and proofs of payment are made available for the Controllers at the partners' premises	☐	☐	☐	
Services already declared within the project have been delivered in reality, and are available at the premises of the project partner	☐	☐	☐	
Services are used in line with the project purposes.	☐	☐	☐	
Equipment already declared within the project have been purchased in reality, and exist at the place traceable from the Application Form;	☐	☐	☐	

Equipment are in line with the description given in the approved Application Form	☐	☐	☐	
Equipment are used only for the project purposes	☐	☐	☐	
Purchases of equipment are properly accounted and documented in the	☐	☐	☐	
project partner's accounting system and related files.				
Investments already declared within the project have been implemented in reality, and exist at the place traceable from the Application Form	☐	☐	☐	
Investments are in line with the description given in the approved Application Form;	☐	☐	☐	
Investments are used only for the project purposes;	☐	☐	☐	
Investments are properly accounted and documented in the project partner's accounting system and related files	☐	☐	☐	
Evidence is available that the public procurement procedures applied by the Project Partner are in line: <ul style="list-style-type: none"> • with the relevant national public procurement rules and programme rules on procurements (for EU Member States' partners) • with the provisions included in Annex II of the Financing Agreement concluded by the relevant Partner State, the European Commission and the MA (for IPA Countries' partners) 	☐	☐	☐	
According to the evidence obtained, the Community rules on publicity and the publicity requirements of the Programme are respected.	☐	☐	☐	
On the basis of the verifications performed, it can be excluded that expenditure has already been supported by any other funding (double-financing of expenditure with other Community or national schemes and with other programming periods is avoided)	☐	☐	☐	

The requirements concerning durability of operations, including those related to ownership, provided in Art 65 Reg. 1060/2021 are respected.	☐	☐	☐	
General comments, recommendations, points to follow-up; NOTE: deductions (if any) are allocated to the relevant cost categories				

Eligibility along Cost Categories

Staff Costs

Staff Costs - ONLY in case of SIMPLIFIED COST OPTIONS

Criteria – Simplified Cost Option [according to Article 39(3)(c) of the Interreg Regulation - flat rate]	Accepted			Comments ²	Index No. ³
	yes	no	n.a.		
The staff calculation option is in line with programme rules.	☐	☐	☐		
The controlled beneficiary has at least one employee involved in the project.	☐	☐	☐		
Staff costs are correctly calculated.	☐	☐	☐		

² Text in the 'comments' box are EXAMPLES only.

³ Refers to the Index number assigned by the Controller to inspected documents.

Staff Costs - ONLY in case of REAL COSTS reimbursement

Criteria – Real cost [according to Art 67(a) of Reg. (EU) No 1303/2013] and Art (3) of Delegated Reg. (EU) No 481/2014]	Accepted			Comments	Index No.
	yes	no	n.a.		
Persons declared in staff costs are employees of the project partner or work under a contract considered as an employment/equivalent employment contract.	☐	☐	☐		
Written agreements/official assignment exist outlining work for the project.	☐	☐	☐		

<p>Staff costs are based on gross remuneration and other eligible components.</p>	☐	☐	☐	<p>e.g. Inspected e.g., payrolls/pay slips, print-out of accounting system, etc. of employees working on the project (part-time and full-time) and verified that staff costs are based on salary payments plus any other costs directly linked to salary payments incurred and paid by the employer such as employment taxes and social security including pensions provided that they are:</p> <p>(i) fixed in an employment document or by law;</p> <p>(ii) in accordance with the legislation referred to the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working;</p> <p>(iii) not recoverable by the employer.</p>	
<p>The calculation method is in line with programme rules.</p>	☐	☐	☐	<p>e.g. Verified that the method to calculate the staff costs (fixed percentage of the gross employment cost or hourly rate based on monthly/annual gross employment cost) is in line with the programme rules.</p>	
<p><u>(only in case of fixed percentage of time worked per month)</u></p> <p>Fixed percentage of gross employment cost is in line with fixed percentage of time worked on the project.</p>	☐	☐	☐	<p>e.g. verified that the fixed percentage worked is in line with the document setting out the percentage of time to be worked on the project for each employee and correctly calculated.</p>	
<p><u>(only in case of flexible shares varying from one month to the other OR hourly rates)</u></p> <p>The number of hours worked on the project is documented in time sheets.</p>	☐	☐	☐	<p>e.g. verified that the time sheets of persons claiming staff costs are based on flexible shares attesting the time worked on the project or showing the 100% of the work of the person involved.</p>	

Staff cost are correctly calculated	☐	☐	☐	<p>e.g.</p> <p>FIXED PERCENTAGE: verified that the percentage was correctly calculated by applying the percentage stipulated in the working document (and/or the official assignment of the employee to the project) to the monthly gross employment cost.</p> <p>FLEXIBLE SHARES: verified that staff costs are correctly calculated by multiplying the number of hours worked on the project with the hourly gross employment cost. Hourly rate calculated either</p> <p>1) by dividing the latest documented monthly gross employment costs by the average monthly working time of the person concerned in accordance with applicable national rules referred to in the employment or work contract, or</p> <p>2) by dividing the latest documented annual gross employment costs by 1 720 hours for persons working full time, or by a corresponding pro-rata of 1 720 hours, for persons working part-time).</p> <p>HOURLY RATES: Verified that staff costs are correctly calculated by multiplying the number of hours worked on the project with the hourly rate agreed in the employment/work contract.</p>	
The periodic staff report has been provided and is signed by both the employee and the supervisor.	☐	☐	☐		
The detailed monthly working time registration has been provided.	☐	☐	☐		
Payslips or other documents of equivalent probative value have been provided.	☐	☐	☐		
Proof of payment of gross employment costs have been provided.	☐	☐	☐		
Option for CONTROLLER to add risk-based verification (if necessary).	☐	☐	☐		
Results, comments, recommendations, points to follow-up.					

FLAT RATE OF 40% OF STAFF COSTS - SIMPLIFIED COST OPTION

Criteria – Simplified Cost Option [according to Article 56 CPR] Flat rate (up to 40% of eligible direct staff costs to calculate the remaining eligible costs of the project). No real costs are acceptable.	Accepted			Comments	Index No.
	yes	no	n.a.		

The amount of the flat rate % is calculated correctly.	☐	☐	☐		
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Office and Administration - ONLY in SIMPLIFIED COST OPTION

Criteria – Simplified Cost Option [according to Article 54 CPR and Article 40(2) of the Interreg Regulation]]	Accepted			Comments	Index No.
	yes	no	n.a.		
The flat rate is in line with EU and programme rules and is correctly calculated, as 15% of the eligible staff costs	☐	☐	☐		
There is no double declaration of the same cost item in other budget lines.	☐	☐	☐	<i>e.g. Verified that no cost items listed in Article 40 of the Interreg Regulation have been included in other budget lines.</i>	

Travel and Accommodation - ONLY in SIMPLIFIED COST OPTION

Criteria – Simplified cost option [according to Article 41(5) of the Interreg Regulation]	Accepted			Comments	Index No.
	yes	no	n.a.		
The flat rate is calculated correctly for the given reporting period, as 15% of the eligible staff costs	☐	☐	☐		
There is no evidence that costs covered by this SCO are claimed in other cost categories	☐	☐	☐	<i>e.g., Verified that cost items listed in Article 41(1) of the Interreg Regulation had not been included in other cost categories.</i>	
Travel and accommodation costs that occurred outside the programme area were planned in the approved application form or a written consent was provided by the JS.	☐	☐	☐	<i>e.g. Inspected the latest approved version of the application form to ensure that travels have been initially planned in the application form OR a written agreement of these costs exists from the MA/JS.</i>	
Option for CONTROLLER to add risk-based verification (if necessary)	☐	☐	☐		
Results, comments, recommendations, points to follow-up					

External Expertise and Services

New external expertise and services were acquired and paid in this reporting period (if yes) Refer to Section on public procurements	☐ Yes	☐ No
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Criteria – Real Costs [according to Art 67(a) of Reg. (EU) No 1303/2013] and Art (6) of Delegated Reg. (EU) No 481/2014]	Accepted			Comments	Index No.
	yes	no	n.a.		

Contracted external expertise and services were foreseen in the application form.	☐	☐	☐		
Providers of services or expertise are external to the project partnership.	☐	☐	☐	<i>e.g. Interviewed the project partner to verify that external expert or service providers are not employees of the project partnership.</i>	
Expenditure is limited to the elements listed in ETC Regulation and in the Programme Manual..	☐	☐	☐	<i>e.g., Verified that the types of costs listed under this cost category are eligible according to Article 42 of the Interreg Regulation.</i>	
Costs are paid on the basis of contracts/written agreements and against invoices/request for reimbursement, indicating also, if applicable, information required by National Laws on transparency and control of public investments and traceability of financial flows.	☐	☐	☐		
Invoices or documents of equivalent probative value are in line with the contract(s) – or where applicable- with the selected offer- in terms of amount and nature.	☐	☐	☐	<i>e.g. Inspected invoices and documents of equivalent probative value to verify that they are in accordance with the contract(s).</i>	
External expertise and services are clearly linked to the project and are essential for its effective implementation.	☐	☐	☐		
(In case of experts or services that are NOT exclusively used for the project) The share allocated to the project is plausible, i.e. calculated according to a fair, equitable and verifiable method.	☐	☐	☐	<i>e.g. Verified that only a share of the expenditure is allocated to the project and that this share is calculated according to a fair, equitable and verifiable method.</i>	
Deliverables or other evidence of the work carried out by the provider are available.	☐	☐	☐	<i>e.g. Inspected delivery notes, verified existence of outputs, etc.</i>	
Where applicable, the information, communication and branding requirements have been respected.	☐	☐	☐		
Expenditure is supported by proof of payment (bank account statements, bank transfer confirmations, cash receipts etc.).	☐	☐	☐		
Travels and accommodation costs of associated partners are correctly charged under this cost category.	☐	☐	☐		
Option for CONTROLLER to add risk-based verification (if necessary)	☐	☐	☐		
Results, comments, recommendations, points to follow-up					

Equipment

New equipment is reported (if yes) Refer to Section on public procurements	☐ Yes	☐ No
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Criteria – Real Costs [according to Article 43 of the Interreg Regulation]	Accepted			Comments	Index No.
	yes	no	n.a.		
Purchased equipment items were foreseen in the application form or prior approval of the relevant programme body was granted.	☐	☐	☐		
The types of costs listed under the cost category are eligible according to EU and Programme rules.	☐	☐	☐	<i>e.g., Verified that the types of costs listed under the cost categories are eligible according to Article 43 of the Interreg Regulation.</i>	
Equipment is clearly linked to the project and is essential for its effective implementation.	☐	☐	☐		
Equipment has not already been financed by other EU or third part subsidies and/or has not already been depreciated.	☐	☐	☐		
The contract/written agreement laying down supplies to be provided with a clear reference to the project and programme is available.	☐	☐	☐		
Invoices or documents of equivalent probative value are in line with the contract(s) or – were applicable- the selected offer in terms of amount and nature, indicating also, if applicable, information required by National Laws on transparency and control of public investments and traceability of financial flows.	☐	☐	☐	<i>e.g. Inspected invoices and documents of equivalent probative value to verify that they are in accordance with the contracts in terms of amount and nature.</i>	
Where applicable, a calculation scheme for depreciation is available and it is in compliance with national accountancy rules.	☐	☐	☐		
Where applicable, the depreciation of the office equipment was applied and it was correctly calculated.	☐	☐	☐	<i>Only in case of depreciation of office equipment. In case of equipment that, according to national and internal accountancy rules is not depreciable (e.g. low-value asset) please mark n.a. and provide further explanation in the comment box</i>	
The method to calculate equipment expenditure (full costs, depreciation or pro rata) is correctly applied.	☐	☐	☐	<i>e.g. Verified that the calculation methods used complies with rules.</i>	
Information, communication and branding rules have been respected.	☐	☐	☐		
(In case of purchases used only partially by the project – full costs and depreciations) The share allocated to the project is based on a fair, equitable and verifiable calculation method.	☐	☐	☐		
Equipment is available, physically exists.	☐	☐	☐	<i>Inspected on-the-spot. In case the equipment is not checked on-the-spot, existence was verified by other means (e.g. photo documentation and delivery notes).</i>	

In case of second-hand equipment all requirements are respected.	☐	☐	☐	<i>i.e. its price does not exceed the generally accepted price on the market in question; it has the technical characteristic necessary for the project and it complies with applicable norms and standards.</i>	
In case of equipment leased or rented, all Programme requirement are respected.	☐	☐	☐		
Expenditure is supported by proof of payment (bank account statements, bank transfer confirmations, cash receipts etc.)	☐	☐	☐		
Option for CONTROLLER to add risk-based verification (if necessary)	☐	☐	☐		
Results, comments, recommendations, points to follow-up					

Infrastructure and works

Infrastructure and works are reported (if yes) Refer to Section on public procurements	☐ Yes	☐ No
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Criteria – Real cost [according to Art 44 of Reg. (EU) No 1059/2021]	Accepted			Comments	Index No.
	yes	no	n.a.		
Infrastructure and works were foreseen in the approved application form or prior approval of the relevant programme body was granted.	☐	☐	☐		
The types of costs listed under the cost category are eligible according to EU and Programme rules.	☐	☐	☐	<i>e.g., Verified that the types of costs listed under the cost categories are eligible according to Article 44 of the Interreg Regulation.</i>	
Infrastructure and works have not been sub-contracted to another project partner.	☐	☐	☐		
If applicable, evidence that all compulsory requirements set by Community and national legislation on environmental policies were verified and authorised by national/regional/local authorities, where appropriate, is available.	☐	☐	☐		
The land and/or building where the infrastructure and works were implemented is in the ownership of the beneficiary. OR The beneficiary has the use of it and proper long-term legally binding arrangements between the beneficiary and the owner of the land/building in order to ensure the accomplishment of durability (including maintenance) requirements.	☐	☐	☐		

Infrastructure and works are clearly linked to the project and are essential for its effective implementation.	☐	☐	☐		
Contract/written agreement laying down the infrastructure and works to be provided, is available.	☐	☐	☐		
Invoices or documents of equivalent probative value are sufficiently detailed and in line with the contract(s) or – were applicable- the selected offer in terms of amount and nature, indicating also, if applicable, information required by National Laws on transparency and control of public investments and traceability of financial flows.	☐	☐	☐		
Expenditure is supported by proof of payment (bank account statements, bank transfer confirmations)	☐	☐	☐		
The part realized by the project is clearly and univocally identifiable. (In case of infrastructure and works being part of a larger infrastructural investment)	☐	☐	☐		
Infrastructure and works exists or evidence of work in progress is available.	☐	☐	☐	<i>Inspected on-the-spot. In case it is not checked on-the-spot, existence was verified by other means e.g. photo documentation.</i>	
Infrastructure and works were implemented in the programme area.	☐	☐	☐		
Where applicable, the infrastructure and works respect the relevant information, communication and branding requirements.	☐	☐	☐		
Infrastructure and works expenditure has not already been financed by other EU or third part subsidies and/or has not already been depreciated.	☐	☐	☐		
A temporary billboard of a significant size on the infrastructure or construction, or (if not possible) at a place nearby readily visible to the public has been installed.	☐	☐	☐	<i>In case the public support for a project carrying out infrastructure or construction measures exceeds EUR 500.000.</i>	
At least one poster (minimum size A3), was placed on the infrastructure or construction or (if not possible) at a place nearby visible to the public.	☐	☐	☐	<i>In case the total public support for a project with infrastructure or construction measures does not exceed EUR 500.000.</i>	
If applicable, any amendment of the contract is in line with the applicable public procurement rules without any relevant impact on the validity of the initial procurement procedure.	☐	☐	☐	<i>Only in case a contract amendment/extension has been issued.</i>	
The Certificate of regular execution/final test issued according to the national legislation.	☐	☐	☐		

Option for CONTROLLER to add risk-based verification (if necessary)	☐	☐	☐		
Results, comments, recommendations, points to follow-up					

Compliance with public procurement rules

Public procurement rules and principles are applicable to all public authorities and bodies governed by public law and therefore also apply in the context of their participation in an Interreg South Adriatic operation. Private non-profit bodies must also be able to prove how they awarded project-related contracts in compliance with the relevant national rules and guidelines as well as their own internal rules and the principle of sound financial management, according to national and – if applicable - programme, regional and internal public procurement rules

Title of the procurement – if applicable					
Name of contractor - if applicable					
The value of the procured, works, goods or services is above the EU threshold.	yes		no		
The type of tender – if applicable	works	services		supply	
The procurement procedure chosen (open, restricted, negotiated, single tender etc.)					
Total value of the tender (specified in the publication)					
Total value of the tender (specified in the contract)					
Date of the signature of the contract					
Date of project start					
Date specified in the contract of delivering of works/goods/services					
Total amount paid to the contractor					
The media chosen for publication and the date of publication – if applicable					
Criteria – Real cost	Accepted			Comments	Index No.
	Yes	No	N.A.		
EU, national and any other applicable public or private procurement rules were observed	☐	☐	☐	e.g. - Complies with the applicable rules; - Publicity requirements were respected; - The principles of transparency, Non-discrimination, Equal treatment, effective competition has been complied with; - There was a clear distinction between selection and award	

				<p><i>criteria in the evaluation of the bids;</i></p> <ul style="list-style-type: none"> - Selection and award criteria and required technical specifications and national permits are transparent, nondiscriminatory and ensure equal treatment; - No cases of actual or potential conflict of interest came to the attention of the controller, or the conflict of interest policy was followed where applicable 	
<p>The procurement procedure is <u>documented</u> and <u>available</u> (If documentation is not required, please tick n.a. and provide an explanation in the comments section),</p>	☐	☐	☐	<p>e.g.</p> <ul style="list-style-type: none"> - Initial cost estimate made by the project partner to identify the applicable public procurement procedure; - Request for offers or procurement publication/notice; - Terms of reference (TOR); - Offers/quotes received; - Report on assessment of bids (evaluation/selection report); - Information on acceptance and rejection (notification of bidders); - Legal remedies / contradictory procedure / complaints; - The contract including any amendments and in line with the selected offer, etc. 	
<p>There is no evidence of artificial splitting of the contract objective/value.</p>	☐	☐	☐		
<p>The tender procedure is adopted in compliance with applicable procurement rules.</p>	☐	☐	☐	<p>e.g.</p> <ul style="list-style-type: none"> - Is the tendering procedure adopted in line with existing procurement rules? Explain the tender procedure used; - Have all the requirements of current procurement law been met for using the procedure used? - In the event that an open procedure was not used, did the motivations for the chosen operation be specified? - Procedure for opening tenders according to the notice/call and the relevant applicable procurement rules; 	

<p>The tender evaluation and award procedure are adopted and documented in compliance with applicable procurement rules.</p>	☐	☐	☐	<p>- documentation attesting the evaluation of the submitted offers; - Evaluation Commission appointed and composed in accordance with existing procurement rules; independency of evaluators is assured; No cases of actual or potential conflict of interest came to the attention of the controller, or the conflict of interest policy was followed where applicable;</p>	
				<p>- are the criteria used for the selection in accordance with the criteria set out in the notice of invitation to tender and the applicable public procurement rules? - are the results of the award procedure published and documented in accordance with the provisions of applicable procurements rules? - is the contract consistent with the provisions contained in the notice/tender notice and concluded in accordance with applicable law?</p>	
<p>If the partner organization decided to award the contract directly (negotiated procedure without prior publication), the decision is justified and documented.</p>	☐	☐	☐	<p>For direct awards because of:</p> <ul style="list-style-type: none"> - Urgency: it is proven that the urgency is due to unforeseeable circumstances. - Technical/exclusivity reasons: it is ruled out (based on objective evidence) that any other supplier is capable of providing the services.), etc. 	
<p>The contract is performed and executed according to the contract terms/obligations and applicable law.</p>	☐	☐	☐		
<p>Any amendment of the contract is in line with the relevant public procurement rules without any relevant impact on the validity of the initial procurement procedure. (Only if the contract was amended or extended)</p>	☐	☐	☐		
<p>The invoices have been issued and payments have been made in respect of the products and services delivered and the tender (in terms of nature, procurement budget and the amounts fixed in the contract/accepted offer).</p>	☐	☐	☐		
<p>GENERAL CONCLUSION ON PROCUREMENT PROCEDURE General comments, recommendations, points to follow-up</p>					

Compliance with information and publicity requirements

Criteria – Real cost [According to Annex IX CPR and Articles 47, 49 and 50 CPR, and in line with Article 36 of the Interreg Regulation]	Accepted			Comments	Index No.
	Yes	Not (full y)	N.A.		
Information and publicity rules of the EU and the programme were complied with.	☐	☐	☐	<i>e.g., Inspected project publicity items, including brochures, agendas of conferences, studies and deliverables, and promotional material to ensure they meet the publicity requirements outlined in Annex IX CPR..</i>	
General comments, recommendations, points to follow-up					

Compliance with other EU rules

Criteria – Real cost	Accepted			Comments	Index No.
	Yes	Not (full y)	N.A.		
There is no evidence that the project activities do not comply with the EU horizontal objectives of sustainable development.	☐	☐	☐	<i>e.g. Compared the partner report to the application form and verified that activities are in line with the application form and do not raise any new issues.</i>	
There is no evidence that equipment purchased does not comply with EU and national legislation in terms of environmental impacts, required permits, etc.	☐	☐	☐	<i>e.g. On the basis of my professional judgement as a Controller, the compulsory requirements set by the EU and national legislation related to respective equipment are fulfilled (e.g. environmental impacts, permits, etc.).</i>	
There is no evidence that infrastructure and works do not comply with EU and national legislation in terms of environmental impacts, required permits, etc.	☐	☐	☐	<i>e.g. On the basis of my professional judgement as a Controller, the compulsory requirements set by the EU and national legislation related to respective infrastructure and works are fulfilled (e.g. environmental impact assessment, building permissions, etc.).</i>	
There is no evidence that the project activities do not comply with the EU horizontal objectives of equality between men and women and non-discrimination.	☐	☐	☐	<i>e.g. Compared the partner report to the application form and verified that activities are in line with the application form and do not raise any new issues.</i>	

There is no evidence that the project activities do not comply with Community rules on State aid.	☐	☐	☐	<i>e.g. Compared the partner report to the application form and verified that activities are in line with the application form and do not raise any new issues.</i> <i>e.g. Verified that the project partner does not exceed the de minimis threshold and is not 'in difficulty'.</i>	
General comments, recommendations, points to follow-up					

Lead Partner-specific verifications (filled-in in the case of Lead Partners only)

Criteria – Real cost	Accepted			Comments	Index No.
	Yes	Not (fully)	N.A.		
The Lead Partner forwarded IPA shares for the previous report to the project partners without unnecessary delays and in full.	☐	☐	☐	<i>e.g. Inspected the bank account statement to verify that the Lead Partner forwarded IPA shares for the previous report to the project partners without delays taking into consideration shared costs.</i>	
General comments, recommendations, points to follow-up					

Control Work Status

ANNEX 2 *INDEPENDENT FIRST LEVEL CONTROL CERTIFICATE*

Project title	
Project acronym	
Project id (automatically created)	
Project implementation period	
Reporting period	
Partner Report Number	
Name of partner organisation in English language	
VAT number (or other identifier)	

Total eligible after control (in Euro)	
---	--

Based on the documents provided and my verification and professional judgement as a controller, regarding the eligible amount indicated in this Control Certificate, I declare that:

- expenditure is in line with European, programme and national eligibility rules and complies with conditions for support of the project and payment as outlined in the subsidy contract;
- expenditure was actually paid except for costs related to depreciation and simplified cost options;
- expenditure was incurred and paid (with the exceptions above under "b") within the eligible time period of the project and was not previously reported, except for small scale project funded only through SCOs;
- expenditure based on simplified cost options (if any) is correctly calculated and the calculation method is correctly applied;
- expenditure reimbursed based on eligible costs actually incurred is either recorded accurately in a separate accounting system or has an adequate accounting code allocated. The necessary audit trail exists, and all was available for inspection, except for small scale project funded only through SCOs;
- relevant EU/ national/ institutional and programme procurement rules were observed;
- EU and programme publicity and communication rules were followed;
- co-financed products, services and works were actually and properly delivered;
- expenditure is related to activities in line with the versions in force of Application form and Subsidy contract.

Based on the documents provided, my verification and my professional judgement as a controller, I have NOT

found any evidence of:

- infringements of rules concerning sustainable development including environment protection, equal opportunities and non-discrimination, equality between men and women and state aid;
- double-financing of expenditure through other financial source(s);

I hereby declare that the verification of the project financial report was done precisely and objectively.

The control methodology and scope, control work actually done, and eligible and ineligible expenditure per cost category are documented in the Control report and Checklist (based on the programme template). Risk-based sampling was applied according to the applicable methodology.

In case of suspicion of fraud, it is reported using the specific programme template. I and the institution/department I represent are independent from the project's activities and financial management and authorised to carry out the control.

Designated control body responsible for verification	
Controller name	
Date (when certificate is generated)	
Controller's signature (if applicable)	
Official stamp of the institution (if applicable)	

Control Work Status

ANNEX 3

FIRST LEVEL CONTROL REPORT

1. Partner report	
Interreg programme	
Project title	
Project acronym	
Project id (automatically created)	
Application Form version linked to partner report	
Project implementation period	
Reporting period	
Partner Report Number	
Partner Report first submission date	
Partner Report last re-submission date	

1.2 Format of supporting documents	
Documents were made available to controller in the following formats (tick all that apply)	
Type of partner report	

2. Project partner	
Name of partner organisation in English language	
Name of partner organisation in original language	
Partner number	
Partner role in the project	

3. Designated Project partner controller	
--	--

Control institution/body/intermediate body responsible for the verification (filled automatically)	
Controller name	
Job title	
Division/Unit/Department	
Address	
Country	
Telephone number	
E-mail address	
Controller reviewer name (if applicable)	

4. Verification	
General methodology	
Risk-based verification applied	

4.1 Control timing

Start of control work	
Date(s) of request(s) for clarifications, if applicable	
Date(s) of receipt of satisfactory answers, if applicable	
End of control work	

Overview of control work for current report (in Euro)

Total declared by partner	Total included in control sample without flat rates added	% sampled from Total declared without flat rates	Total parked in current report	Total deducted by control	Total eligible after control for current report	% Total eligible after control / Total declared by partner

Overview of control deduction for current report, by type of errors (in Euro)

[illegible]

5.a Description of findings, observations and limitations

A description of the types of errors found and a reasoning on why it is an error. Also add: a clear specification of additional observations and limitations (if any) expressed about the eligibility of some expenditure.

5.b Follow-up measures from last certified report

Follow-up measures implemented in current report should be explained here.

5.c Conclusions and recommendations

The conclusion takes into consideration the above-mentioned observations/reservations. It also describes the measures implemented to solve the errors detected, and it provides recommendations, where possible, to avoid repetition of the same types of errors in the future.

5.d Follow-up measures for next partner report

Follow-up measures to be implemented in the next progress report should be described in this section.

Controller's signature (if applicable)

Date (when report is generated)

Controller name

Controller's signature (if applicable)

Official stamp of the institution (if applicable)

ANNEX 4 standard & strategic projects FIRST LEVEL CONTROL EQUIPMENT AND INFRASTRUCTURE ON THE SPOT CHECK LIST

Project number				
Acronym and full project name				
Beneficiary/project partner (please also include the No. of project partner as in the Application Form)				
Country of the Beneficiary				
Duration of the visit				
Location of the visit	<i>(specify if online and justification in such case)</i>			
Project partner budget	Interreg		National contribution	
Number of periods of Partner report/s checked				
Indicative percentage of the budget already spent by the beneficiary				
Indicative percentage of the budget checked during the on-the-spot check				

1. Please list eventual documentation requested to the beneficiary and submitted in advance in view of the meeting:

2. Verify that the expenditure is linked to the delivered outputs (the deliverables produced by the partner):

3. On-the-spot sampling methodology applied:

With regards to the extent and detail of the on-the-spot check, these shall be influenced by the level of risk identified by the Controller during the administrative verifications.

The Controller should perform on-the-spot checks after undertaking a risk-based assessment of the expenditure reported.

Please briefly describe the sampling methodology with regards to the extent and detail of the on-the-spot check, in compliance with the requirements reported in paragraph 3.3 SOUTH ADRIATIC Manual

for Controllers.

Sampling methodology's relevant details, such as information on the sampling scope and on the percentage checked, shall be included.

4. Please indicate the amount to be checked:

Amount to be checked	<i>Out of which:</i> Interreg funds		<i>Out of which:</i> National contribution	

5. Please provide the following additional information:

Cost category	Jems reference	Information and documents checked	Amount	Result of verification (e.g.: availability and completeness of documentation)

6. Please indicate if the compliance with Community, programme and national rules on publicity, public procurement, equality between men and women, non-discrimination and environmental issues (if relevant) is respected

On-the-spot verifications	Accepted			Comments
	Yes	Not (fully)	N.A	
1) Documents submitted match the originals.	☐	☐	☐	
2) Documents are correctly archived.	☐	☐	☐	
3) A separate accounting code/ technical code or other technical arrangement on single bank account of the organisation available for the project is used allowing to identify, track and report all financial transfers and expenditure related to the project.	☐	☐	☐	
4) A separate set of accounts specifically for the project or specific accounting codes or other transparent methods are used for the project in the accounting system which allow the identification of costs allocated to the project	☐	☐	☐	
5) Computerised list of project expenditure can be obtained from the accounting system	☐	☐	☐	
6) The expenditure declared corresponds to the accounting records and supporting documents held by the Lead Partner / Project Partner.	☐	☐	☐	
7) Original invoices related to the expenditure already declared are available at the premises of the Project Partner, and invoices are not annulled.	☐	☐	☐	
8) Audit trail relevant for the project partner exists and complete at the premises of the Lead Partner / Project Partner (as listed in the IPA Implementation Manual)	☐	☐	☐	
9) If the Project Partner reported revenues, evidence exists in the accountings documents of the project partner on the revenues generated by the project.	☐	☐	☐	
10) The project partner is provided accurate information regarding the physical and financial implementation of the part of operation	☐	☐	☐	
11) Office & Administration costs are allocated proportionally to a project (flat rates based on STAFF costs)	☐	☐	☐	

12) Relevant accounting documents supporting the calculation method and proofs of payment are made available for the Controllers at the partners' premises	☐	☐	☐	
13) Services already declared within the project have been delivered in reality, and are available at the premises of the project partner	☐	☐	☐	
14) Services are used in line with the project purposes	☐	☐	☐	
15) Equipments already declared within the project have been purchased in reality, and exist and put in use at the place traceable from the Application Form;	☐	☐	☐	<i>Existence of the equipment shall be documented also through other suitable means, e.g. photo documentation.</i>
16) Equipments are in line with the description given in the approved Application Form	☐	☐	☐	
17) Equipments are used only for the project purposes	☐	☐	☐	
18) Purchases of equipment are properly accounted and documented (existence in the invoice of the list of the equipment purchased or other equivalent document/act with the same effect) in the project partner's accounting system and related files	☐	☐	☐	
19) Existence of the report regarding the taking over procedure with reference to the supplies awarded (quantity, quality, type, completeness of the supply and related supporting documents or other equivalent document/act with the same effect)	☐	☐	☐	
20) Is the Certificate of regular execution/final test of the equipment purchased (or other equivalent document/act with the same effect) issued accordingly to the national legislation?	☐	☐	☐	
21) Do supporting documents justify deviations in the execution of the contract and in the delivery of equipment/works, if any?	☐	☐	☐	
22) Infrastructures already declared within the project have been implemented in reality, and exist at the place traceable from the Application Form	☐	☐	☐	<i>Existence of the infrastructures shall be documented also through other suitable means e.g. photo documentation.</i>

23) Infrastructures are in line with the description given in the approved Application Form;	☐	☐	☐	
24) infrastructures are used only for the project purposes;	☐	☐	☐	
25) Infrastructures are properly accounted and documented in the project partner's accounting system and related files	☐	☐	☐	
26) Is the Certificate of regular execution/final test of the works (or other equivalent document/act with the same effect) issued accordingly to the national legislation?	☐	☐	☐	
27) Evidence is available that the selected public procurement procedure is in line with the Programme and national public procurement rules considering, the procurements of the institution as well.	☐	☐	☐	
28) According to the evidence obtained, the Community rules on publicity and the publicity requirements of the Programme are respected.	☐	☐	☐	
29) Mechanisms are applied by the project partner to avoid double financing	☐	☐	☐	
30) On the basis of the verifications performed, it can be excluded that expenditure has already been supported by any other funding (double-financing of expenditure with other Community or national schemes and with other programming periods is avoided)	☐	☐	☐	
31) The requirements concerning durability of operations, including those related to ownership, provided in Art 71 (1) Reg. 1303/2013 are respected.	☐	☐	☐	

General comments, recommendations, points to follow-up;	
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Place and date _____

 Signature
 On behalf of the beneficiary
 Name and Surname

 Signature
 The Controller
 Name and Surname

ANNEX 5 Typology of “errors” for management verifications

Category	Ref.	Sub-Category
Public Procurement - Contract notice and tender specifications	1.1	Lack of publication of contract notice or unjustified direct award (i.e. unlawful negotiated procedure without prior publication of a contract notice)
	1.2	Artificial splitting of works/services/supplies contracts
	1.3	Lack of justification for not subdividing a contract into lots
	1.4	Non-compliance with time limits for receipt of tenders or time limits for receipt of requests to participate or Failure to extend time limits for receipt of tenders where significant changes are made to the procurement documents
	1.5	Insufficient time for potential tenderers/candidates to obtain tender documentation or restrictions to obtain tender documentation
	1.6	Lack of publication of extended time limits for receipt of tenders or failure to extend time limits for receipt of tenders
	1.7	Cases not justifying the use of a competitive procedure with negotiation or a competitive dialogue
	1.8	Non-compliance with the procedure established in the Directive for electronic and aggregated procurement
	1.9	Failure to publish in the contract notice the selection and/or award criteria (and their weighting), or conditions for performance of contracts or technical specifications. Or Failure to describe in sufficient detail the award criteria and their weighting. Or Failure to communicate/publish clarifications/additional information.
	1.10	Use of - criteria for exclusion, selection, award or - conditions for performance of contracts or - technical specifications that are discriminatory on the basis of unjustified national, regional or local preferences
	1.11	Use of - criteria for exclusion, selection, award or - conditions for performance of contracts or - technical specifications that are not discriminatory in the sense of the previous type of irregularity but still restrict access for economic operators
	1.12	Insufficient or imprecise definition of the subject-matter of the contract
	1.13	Limiting sub-contracting
Public Procurement -	1.14	Selection criteria (or technical specifications) were modified after opening of tenders or were incorrectly applied.
Selection of tenderers and evaluation of tenders	1.15	Evaluation of tenders using award criteria that are different from the ones stated in the contract notice or tender specifications Or Evaluation using additional award criteria that were not published

	1.16	Insufficient audit trail for the award of the contract
	1.17	Negotiation during award procedure, including modification of the winning tender during evaluation
	1.18	Irregular prior involvement of candidates/tenderers towards the contracting authority
	1.19	Competitive procedure with negotiation, with substantial modification of the conditions set out in the contract notice or tender specifications
	1.20	Unjustified rejection of abnormally low tenders
	1.21	Conflict of interest with impact on the outcome of the procurement procedure
	1.22	Bid-rigging (identified by a competition / anti-cartel office)
Public Procurement - Contract implementation	1.23	Modifications of the contract elements set out in the contract notice or tender specifications
Public Procurement - Others	1.24	Others
State aid	2.1	Failure to notify State Aid
	2.2	Wrong aid scheme applied
	2.3	Misapplication of the aid scheme
	2.4	Monitoring requirements not fulfilled
	2.5	Reference investment not taken into account in the applicable aid scheme
	2.6	No consideration of revenue in the applicable aid scheme
	2.7	No respect of the incentive effect of the aid
	2.8	Aid intensity not respected
	2.9	De Minimis threshold exceeded
	2.10	Error in the application of the SGEI
	2.11	Other State aid
Revenue Generating projects	3.1	Incorrect treatment of revenues generated by an operation
	3.2	Incorrect calculation of the funding gap
Financial instruments	4.1	Non-compliance with the implementing modalities for Holding Funds
	4.2	Non-compliance with the rules for selection of Financial Intermediaries
	4.3	Absence of essential elements in the business plan
	4.4	Absence of / inconsistency of investment strategy with programme's objectives
	4.5	Modification of the FEI set-up not in accordance with applicable rules
	4.6	Absence of funding agreement
	4.7	Absence of essential elements in the funding agreement
	4.8	Breach of funding agreement: national co-financing not effectively paid at the level of the FEI
	4.9	Absence of a separate block of finance within a financial institution

	4.10	Investments not eligible
	4.11	Final recipient not eligible
	4.12	Management costs/fees not eligible
	4.13	Incompatible State aid
	4.14	Incorrect use of interests generated from programme contribution
	4.15	Incorrect use of resources return
	4.16	Other financial instruments
Missing supporting information or documentation	5.1	Missing or incorrect supporting information or documentation
	5.2	Lack or incomplete audit trail
Ineligible project	6.1	Project not eligible
	6.2	Project's objective not achieved
Accounting and calculation errors at project level	7.1	Accounting and calculation errors at project level, including available budget exceeded in cost category or at partner level.
Other Ineligible expenditure	8.1	Expenditure incurred before or after the eligibility period
	8.2	Expenditure not paid by beneficiary
	8.3	Expenditure not related to the project
	8.4	Expenditure outside of the eligibility area
	8.5	Ineligible VAT or other taxes
	8.6	Non-compliance with rules on purchase of land or real estate
	8.7	Ineligible beneficiary
	8.8	Double financing
	8.9	Other ineligible expenditure
Environmental rules	9.1	Non respect of environmental requirements (Natura 2000, EIA,...)
Equal Opportunities / Non discrimination	10.1	Non compliance with the principle of equal opportunities
Information and publicity measures	11.1	Beneficiary not informed of the EU support
	11.2	Lack of billboard
	11.3	Lack of commemorative plaque
Simplified Cost Options	12.1	Wrong methodology (in advance, fair, verifiable and equitable)
	12.2	Wrong application of the methodology (off-the-shelf or other)
Sound Financial Management	13.1	Non compliance with the principle of sound financial management
Data protection	14.1	Non compliance with the rules of data protection
Performance indicators	15.1	Incorrect output data
	15.2	Incorrect result data

ANNEX 6 RISK-BASED MANAGEMENT VERIFICATION CHECK LIST

To provide evidence that the Controller has applied the methodology set by the Interreg IPA South Adriatic Programme for a risk-based management verification, in compliance with art. 62 of Regulation (EU) 2021/1060 (CPR Regulation), this is a simplified template, which the Controller is required to use.

This applies only to Standard and Strategic projects, and not to Small-Scale Projects managed through programme simplified cost options.

Partner report identification

Project acronym	Fill in e.g. SEAFLAG
Project number	Fill in e.g. SA-0100123
Partner organisation name	Fill in e.g. Region Transmaris – Department for Tourism
Partner Report no.	Fill in e.g. R.1

Options

Please fill in only the option applied by the Partner (ie. no. 1, 2 or 3), as well as the additional verifications and on-the-spot verification below

Option no.1 – Flat rate 40%

Criteria according to the RBMV methodology	Accepted			Comments
	yes	no	n.a.	
Does Partner apply flat rate 40%?	☐	☐	☐	
Are staff costs 100% verified (if previous Yes, this must be also Yes)?	☐	☐	☐	
Was risk of double-funding, suspicions of fraud or mismanagement of EU funds identified?	☐	☐	☐	
In case of risk of double-funding, suspicions of fraud or mismanagement of EU funds identified, was on-the-spot visit carried out & check-list filled in & uploaded?	☐	☐	☐	

Option no.2 – Staff costs 20%

Criteria according to the RBMV methodology	Accepted			Comments
	yes	no	n.a.	
Does Partner apply flat rate for staff costs 20%?	☐	☐	☐	
Does the report include procurements with value above EUR 10.000,00 excl. VAT?	☐	☐	☐	
Were all procurements with value above EUR 10.000,00 excl. VAT duly documented and verified?	☐	☐	☐	
In case the project total budget exceeds 5M EUR including VAT or in case of state aid, were VAT application and its eligibility verified according to the Programme rules?	☐	☐	☐	
In the Report, no procurement value above EUR 10.000,00, no VAT and no State Aid is applicable, consequently has a random selection of expenditure items for at least 40% of the total reported amount in equipment, 40% in infrastructure & works & 40% in external expert been verified?	☐	☐	☐	Please attach the spread-sheet file. The tool made available for random selections may be used together with other tools, of which evidence shall be provided.
Has at least one item per report been included in the sample from the remaining population of reported real costs and 20% of value (of the remaining reported real costs) accordingly to a motivated professional judgment?	☐	☐	☐	Please attach the professional motivation
If an error is detected in any budget category, has the sample been extended to at least one more item with common features, if available?	☐	☐	☐	
If errors persist in the extended sample, has the sample been extended to a 100% verification of the reported costs in the affected budget category?	☐	☐	☐	
In case of: 1) existence of equipment items with a purchase cost equal or above EUR 10.000 (VAT excluded), and/or 2) existence of Infrastructure and works of any value, and/or 3) the controller's assessment based on professional judgement, has the on the spot verification been carried out before the verification of the last partner report and check-list filled in & uploaded?	☐	☐	☐	

Option no. 3 – Staff costs real

Criteria according to the RBMV methodology	Accepted			Comments
	yes	no	n.a.	
Is this the first and second reporting period where staff costs are present, therefore verified 100%?	☐	☐	☐	
Does this report include staff costs of a new staff member for the first time, therefore verified 100%?	☐	☐	☐	
Did the total staff costs budget reported substantially increase (above 20%), therefore verified 100%?	☐	☐	☐	
Did the fixed percentage amount change from previous periods, therefore verified 100%?	☐	☐	☐	
Did the staff costs methodology change (e.g. a change from fixed percentage method to full time), therefore verified 100%?	☐	☐	☐	
Did the total staff costs budget reported substantially increase (is above 20%)?	☐	☐	☐	
Does the report include procurements with value above EUR 10.000,00 excl. VAT?	☐	☐	☐	
Were all procurements with value above EUR 10.000,00 excl. VAT duly documented and verified?	☐	☐	☐	
In case the project total budget exceeds 5M EUR including VAT or in case of state aid, were VAT application and its eligibility verified according to the Programme rules?	☐	☐	☐	
In the Report, no procurement value above EUR 10.000,00, no VAT and no State Aid is applicable, consequently was a random selection of expenditure items for at least 40% of the total reported amount in equipment, 40% in infrastructure & works & 40% in external expert verified?	☐	☐	☐	<i>Please attach the spread-sheet file. The tool made available for random selections may be used together with other tools, of which evidence shall be provided</i>
Has at least one item per report been included in the sample from the remaining population of reported real costs and 20% of value (of the remaining reported real costs) accordingly to a motivated professional judgment?	☐	☐	☐	<i>Please attach the professional attachment motivation</i>
If an error is detected in any budget category, has the sample been extended to at least one more item with common features, if available?	☐	☐	☐	
If errors persist in the extended sample, has the sample been extended to a 100%	☐	☐	☐	

verification of the reported costs in the affected budget category?				
<p>In case of:</p> <p>1) existence of equipment items with a purchase cost equal or above EUR 10.000 (VAT excluded), and/or</p> <p>2) existence of Infrastructure and works of any value, and/or</p> <p>3) the controller's assessment based on professional judgement, has the on the spot verification been carried out before the verification of the last partner report and check-list filled in & uploaded?</p>	☐	☐	☐	