

Interreg IVB North Sea Programme First Level Control Workshop

Second Level Control Audits

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Scheme of audits of IVA expenditure

- First Level Control – Before claims are paid, covers all expenditure. The most important level of control.
- Second level control – after claims are paid, includes review of 1st level control. Sample of expenditure.

Both of the above are subject to:

- EC DG Regio audit. Sample of expenditure.
- European Court of Auditors review. Sample of expenditure.

Common Error types detected by 2nd level control

- No supporting invoices
- Refundable VAT included in claim
- Same invoice claimed twice by mistake
- Wrong budget line used – eg Consultants travel booked to “travel and subsistence” line, whereas this is reserved for staff of the partner organization only – should have been booked to “consultants” line in accordance with programme rules.
- No evidence of travel for staff. Where eg tickets can not be kept some evidence necessary such as email confirmation of travel.
- Invoice received and cheque issuance are not evidence of defrayment. Must be bank statement

Common Error types detected by 2nd level control (cont)

- Timesheets not authorised by managers
- Timesheets missing
- No agreed and defensible methodology for attribution of overheads
- Same cost included as both a direct cost and overhead (eg accountancy costs). Double counting
- Original invoices not available. Only photocopies. EC requires verification against original invoices

Common error types detected by 2nd level control (cont)

- **Mileage claim not supported by evidence (eg minutes of meeting at remote venue)**
- **Sub partners must be named in application form and grant agreement and subsequent changes in name of sub partner must be notified**
- **Expenditure incurred before the start date in the grant agreement is not permitted.**
- **Outputs not achieved**
- **Expenditure not included in the project budget within the project application**

- First Level Control. 1st level control took place after the payment claims were sent and certified.
- First Level Control and Second level control checks on invoices were performed with mathematical accuracy but not enough emphasis on compliance with public procurement procedures.
- Source DG Regio report on the IIIB NWE programme.

- Complete non compliance with OJEU (100% ineligible)
- Partial non compliance with OJEU (some advertising allowing other companies in other member states to bid) (25%)
- Non competitive against EC principles of transparency and equal treatment but below EC threshold. “Not adequate degree of advertising” (25%)
- OJEU Follow on contract awarded non-competitively without justification such as unforeseen circumstances (100%)
- Discriminatory tender selection criteria. 5-100% depending on seriousness
- Lack of transparency as to reasons for selection of successful contractor (10% -25%)
- - reduction in scope of contract not accompanied by proportionate reduction in price (25% of the value of the final scope)

- EC regulations No 1083/2006 Article 56 , EC No 1828/2006 Articles 48-53, EC No 1080/2006 Article 7 all deal with ERDF eligibility
- IVA B North Sea Region Fact Sheet 2
- UK National Rules – ERDF User Manual Chapter 2 and 17
- EC Sec (2010) 898 Statistical Evaluation of Irregularities 2009

Any questions please?