

The Interreg IVB North Sea Region Programme First Level Control & National Eligibility Rules for 2007-13

Arni Narain
European Policy and Programmes
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“Decentralised” First Level Control

- First level control in the UK is carried out by First Level Controllers (FLCs) selected by each project partner;
- FLCs must be approved by Department for Communities and Local Government;
- Approval is based on two important factors:-
 - **Qualification** - which can guarantee control in line with accepted audit Standards
 - **Independence** – no involvement in the management and activities implementation

Practicing member of an approved professional body

- The institute of Chartered Accountants in England & Wales
- The Institute of Chartered Accountants of Scotland
- The Association of Chartered Certified Accountants
- The Chartered Institute of Public Finance and Accountancy
- The Institute of Chartered Accountants in Ireland
- The Association of Authorised Public Accountants
- The Association of International Accountants



FLC's Independence

Professionally independent from activities and finance of the project

Not involved with:

- Project approval
- Project report as project partner
- Project accounting and payments

The aim of the system

- DCLG serves as the guarantor of first level control quality;
- Qualification and independence are confirmed rather than just assumed;
- Control evidence and findings can be traced back to named individuals – thus increasing transparency and accountability.

Verification of projects to ensure that:

- expenditure declared is real
- the products or services have been delivered as agreed
- the application for reimbursement is correct
- the project and expenditure comply with Community, Programme and national rules
- there is no double financing with other Community or national schemes

Role of a First Level Controller

- constitutes the most important level of the overall project audit
- first to check the expenditure and has full range of information
- has the opportunity to detect anomalies and to correct them before they become systemic
- role goes beyond checking projects' accounts
- makes a judgement on compliance with Programme, EC and national rules
- good performance will help the project in any other audits

Lead partner's FLC has slightly expanded responsibilities which require:-

- Quality control of other partners' materials - *not to redo/duplicate the work performed by the FLCs*
- to ensure that the main principles of controls as stated in the NSRP Manual for FLC have been respected
- Checking of the total (aggregated) claim

Good practice.....

- Take time to read and fully understand the programme rules and requirements
- good mutual understanding between partners and their FLCs on all control issues
- clear understanding of the timetable and responsibilities for claims/reports
- partners being aware of the FLC's holiday/retirement plans

Interreg IVB North Sea Region eligibility rules are set out in the Fact Sheet 2 (available on the NSR website)

Procurement:

- EU rules apply above a certain threshold (net of VAT)
- National rules for lower value public procurement

European Union Treaty requires:

- **Non-discrimination** – for suppliers across the EU
- **Equal treatment** – between potential suppliers
- **Transparency** – of the whole procurement process
- **Proportionality** – of contract value to procedures used
- **Mutual recognition** – of standards, qualifications, specifications

- EU law requires contracts above certain values to be advertised EU-wide and published in the Official Journal (OJ)
- thresholds are published on OGC website:
- http://www.ogc.gov.uk/procurement_policy_and_application_of_eu_rules_eu_procurement_thresholds_.asp
- vary according to the type of organisation and the type of procurement
- trigger point to start checking: £64 000
- smaller contracts must still be proven to be awarded in ways which are:
 - fair
 - open; and
 - competitive



**PUBLIC CONTRACTS REGULATIONS 2006
EC THRESHOLS FROM 1 JANUARY 2010 (net of VAT)**

	SUPPLIES	SERVICES	WORKS
Entities listed in Schedule 1	£101,323 (€125,000)	£101,323² (€125,000)	£3,927,260 (€4,845,000)
Other public sector contracting authorities	£156,442 (€193,000)	£156,442 (€193,000)	£3,927,260 (€4,845,000)
Prior Information Notices (Regulation 11)	£607,935 (€750,000)	£607,935 (€750,000)	£3,927,260 (€4,845,000)
Small lots (regulation 8 (12))	£64,846 (€80,000)	£64,846 (€80,000)	£810,580 (€1,000,000)

The Public Contracts Regulation 2006 implements Directive 2004/18/EC of the European Parliament on the co-ordination of procedures for the award of public works contracts, public supply contracts and public services contracts.

It applies to England, Wales and Northern Ireland and sets out:

- The procedures to be followed in relation to the award of contracts
- Remedies for the breaches of these regulations

Scotland has its own similar regulation.



Main cause of irregularities....

EC Directorate General for Regional Policy audit findings of ERDF.....

53% related to breach of public procurement rules



Consequences of getting things wrong....

- EC can suspend repayment to programmes
- EC can impose financial corrections

In the 2000-2006 ERDF Round two INTERREG programmes had their payments suspended because of inadequate management and control systems



Any Questions.....