

# First Level Control

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ALBANIA

# First Level Control Office – MED

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- The First Level Control Office is within CFCU ALBANIA
- Functions under FLC are fulfilled from Financial Management Sector
- Responsible persons for FLC :
  - General Director of CFCU
  - Head of FM Sector
  - 2 First Level Controllers
- Insuring “four eye” principle

# First Level Controller

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- FLC is responsible for verifying that the expenditure declared by beneficiaries complies with the applicable law and the Programme rules (Article 23 (4) of Regulation (EU) No 1299/2013)
- National Control System – Centralized (public controller)
- FLC covers 100% of all declared expenses
- Administrative verifications at the end of each implementation period
- On-the-spot checks at least once during the project lifetime
- A guarantee for beneficiaries that project accounts comply with the legal and financial provisions of the Subsidy Contract, the Interreg MED Programme rules, and EU and national provisions

# 2013-2016

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## - Approved projects

SEE and MED Programme during 2013-2015

CFCU has been involved in FLC of the expenditure for 19 Albanian partners and 20 projects for the SEE Program; also for the 4 partners who have implemented 4 projects under the MED Program; for the period from 2013 up to 2016.

## - Audit findings

No audit Findings

## - Lessons learned

Very important continuous corporation and communication between FLC and project partners in order to prevent delays and ineligible expenses.

# Eligibility of Expenditure - MED

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- Hierarchy of rules on eligibility :

- EU rules
- Programme rules      **COMPULSORY**      When foreseen by Programme rule
- National (and internal) eligibility rules      Matters not covered by EU and Programme rules

- Legal basis: Article 18 (2) (3) Regulation (EU) No 1299/2013

# Programme Rules

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Eligibility principles

Budget Line description

Eligible cost items

Budget Line general principles

Audit trail

Compulsory templates

# BL1 - Staff Costs

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- Costs of staff employed by the beneficiary for implementing the project; already employed by the beneficiary or contracted specifically for the project
- It includes salary payments + any other costs directly linked to salary payments supported by the beneficiary
- Calculated based on real costs using compulsorily one of the 4 methods established by the Programme: ☐ Method A: Full-time in the project ☐ Method B: Part-time in the project – fixed % of time ☐ Method C: Part-time in the project – flexible number hours ☐ Method D: Contracted on an hourly basis

# BL 2: Office and administrative expenditure

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Flat rate automatically calculated by the system based on the staff costs entered

Direct costs falling under this budget line are not eligible

Legal basis: Article 68 (1) (b) Regulation (EU) No 1303/2013



## BL 3. Travel and accommodation costs

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- Expenditure on travel and accommodation of the staff of the beneficiary for missions (e.g. participation in project meetings, project site visits, meetings with the programme bodies, seminars, conferences, etc.).
- Participation in events organised by the MED Programme, National Authorities, Horizontal Projects, other projects working on the same subjects, etc.
- In the case of travels outside of the MED area: – indicated in the approved Application Form – authorised by the MA/JS prior to the travel

# BL 4. External expertise and services costs

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- Costs of external expertise and services provided by a body outside of the beneficiary organisation (e.g. studies and surveys, translation, promotion and communication, services related to meetings and events, audits, travel of experts).

Sub-contracted

In-house companies

- Full respect of EU, Programme and national (including stricter institutional) public procurement rules and compliance with the principles of transparency, non-discrimination and equal treatment.
- No sub-contracting between project partners or associated partners is allowed.

# BL 5. Equipment expenditure

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- Equipment purchased, rented or leased by a beneficiary which are essential for the implementation of the project.
- Full respect of EU, Programme and national (including stricter institutional) public procurement rules and compliance with the principles of transparency, non-discrimination and equal treatment.
- Need to be specified in the Application Form or approved by the JS
- Equipment for general office use not used exclusively for the project covered by the budget line OFFICE AND ADMINISTRATIVE EXPENDITURE = cost not eligible under equipment budget line
- Different rules for each subbudget line.

# Non-eligible expenditure

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- In-kind contributions
- Shared costs
- Gadgets and gifts (> EUR 50)
- VAT – if recoverable by whatever means
- Fines, financial penalties, expenditure on legal disputes and litigation, exchange rate fluctuation and interests on debt
- Expenditure already supported by other subsidies

# Procurement rules

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- IPA Partners are allowed to follow PRAG RULES

- Levels of rules to be applied:

- EU rules
- National rules
- Internal rules of the partner organization

- *The strictest rule must always be applied*

>>>> All partners, public and private

# Common findings – National Level

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- 12 approved Projects of MED till now
- Lack of knowledge of PRAG rules
- Inadequate procedure chosen
- Splitting the contracts to fit below thresholds
- Insufficient audit trail (e.g. missing documents)
- Lack of knowledge of general eligibility principles
- Misunderstanding of Programme rules
- Lack of Coordination between all partners and structures involved in transnational Programmes