ENI CBC Joint Operational Programme Black Sea Basin 2014-2020

Expenditure and revenue verification – Q&A

March 2021

Question	Answer
I. Controllers for the Joint Operational Programme Black Sea Basin 2014-2020 (JOP BSB)	
1. I am an independent auditor. How can I become a controller and verify expenditure within the JOP BSB?	All participating countries, through their appointed Control Contact Points (CCPs), are responsible for putting in place national procedures for the selection of controllers.
	For more details regarding how to become a controller and verify expenditure within the JOP BSB, please get in contact with the CCP from your country: http://blacksea-cbc.net/black-sea-basin-2014-2020/management-structures/control-contact-points/
2. What is the limit of Lead Beneficiary's involvement in the working processes of the controllers nominated by other Beneficiaries?	Lead Beneficiary has no involvement in the working processes of controllers nominated by other Beneficiaries. The Lead Beneficiary, according to the provisions of the Grant Contract, has the responsibility to collect from the Beneficiaries all the necessary information (including the FLC certificates) and draw up consolidated interim and final reports.
II. Expenditure and revenue verification rules	
1. What are the main changes in relation to the expenditure verification rules since the 2019 trainings for controllers?	To simplify the control work and remove overlaps, Annex 6 - The Report on Expenditure and Revenue verification and Annex 7 - List of Factual Findings to the MA Instruction 15/2018 laying down specific provisions for the expenditure and revenue verification of a grant contract funded under the ENI CBC Black Sea Basin Joint Operational Programme 2014-2020, have been removed. As a result, currently, apart from the work performed in the eMS, controllers only have to fill in and upload in the system the Annex 5 – Control check-list.
2. What are the most important obligations of controllers?	The MA Instruction 15/2018 describes the main aspects which should be considered by both the beneficiaries and controllers as part of the expenditure and revenue verification process, the tasks to be performed by the controllers, the procedures to be followed and how the results of the verification should be reported by the controllers.
	The controllers shall:
	- comply with the foregoing procedures;

	- obtain an understanding of the terms and conditions of the relevant documents;
	- perform verification of all expenditures and revenues;
	- ask for clarification and validate only the verified and compliant costs;
	- provide a verification report.
3. Is there a map of the eligible area of the Program?	The eligible area is presented in the chapter *1. Description of the Programme area* from the programming document Joint Operational Programme Black Sea Basin 2014-2020. For direct download, please click on the following link: http://blacksea-cbc.net/wp-content/uploads/2015/12/ENI-CBC-Black-Sea-Basin-JOP-final.docx.
4. How detailed should be the nature and extent of the procedures performed by the Controller?	The verification procedures performed by controllers should cover 100% of the expenditures declared by the Beneficiaries, so to ensure they are real, accurate, identifiable and verifiable and comply with Programme and national rules.
5. What are the concrete procedures and documentary support for confirming the eligibility of costs?	The specific procedures, rules, tasks and supporting documents related to expenditure verification are enclosed within MA Instruction 15/2018. For more details please consult: https://blacksea-cbc.net/black-sea-basin-2014-2020/reference-documents/ (Instructions section).
6. Are the administrative expenses, evaluated as a percentage, included in the volume of 100% of the expenditure subject to verification?	The administrative costs are included in the volume of 100% of the declared expenditures and revenues to be verified by controllers. The nature and extent of the verification performed by controllers in case of administrative expenses are presented below, within section II.7.
7. Is the Beneficiary obliged to present to the controller the supporting documents for the administrative expenses?	According to Article 8.3 of the Grant Contract, this flat-rate funding does not need to be supported by documents by the Beneficiaries. This means that no justifying documents proving the expenditures incurred under this category have to be provided during the interim and final reports.
	Controllers only check, once they receive the reports, that no office and administration costs have been declared under any other budget line and that the approved amount for office and administration costs has not been exceeded by the Beneficiary.
	However, the Beneficiaries should keep the documents and record them in the accounting system.
8. With regard to the exchange rate for salaries, should the Beneficiaries apply	The salaries will be reported in eMS in the currency mentioned in the payroll. The conversion into Euro is automatically done by the eMS using the monthly accounting exchange rate of the European Commission of the month

the Inforeuro exchange rate from the month of salary payment, or an average Inforeuro exchange rate from the beginning of the project till the month of salary payment?	during which the expenditures were submitted to the Controller.
9. Regarding the supporting documents for staff costs, should the declaration of the worked number of hours by each staff member be completed on a monthly basis, or once at the beginning of the project?	The declaration should be completed with each interim and final report submitted by Beneficiaries.
10. Who should sign the timesheet for Project Coordinator?	As a principle and whenever possible, taking in to account the division of roles and tasks within each structure/ entity playing the role of Beneficiary, the timesheets should be signed by a different person then the one being the subject of assessment.
11. For staff costs, the insurance and tax contributions are usually paid within the following month of the payroll. What happens with the staff costs of the last month of the implementation period? Are these costs eligible?	The mentioned costs can be paid even after the end of the implementation period, but not later than the date of submission of the Final Report to the controller.
12. What should be filled in the eMS for "Unit" section in case of travel expenses?	For travel expenses, Beneficiaries have to report "1 unit" and then describe, in the "List of expenditures", one by one, the type of reported expenditure, as described in the budget. By describing these expenses as in the latest approved budget, the Beneficiaries ensure that the reported travel expenses are easily identified and verified by the controllers.
13. Is the whole cost of equipment eligible when it was purchased, or only the depreciation cost?	Yes, the whole purchasing cost of equipment is eligible within the Programme.
14. What can be done to mitigate the exchange rate risk?	As the exchange rate is automatically selected by the eMS on the date of the report submission to the FLC, in order to mitigate the potential loses due exchange rate variations, the MA Instruction 15/2018 and the Project Implementation Manual have been modified, in order to include the option for the Beneficiaries to submit

	financial reports, prior to the submission of the Interim/Final Reports. However, the controllers shall not perform the verifications of the respective expenditure until receiving the Interim/ Final Reports. These steps will be properly recorded within the eMS, as reflected by the updated eMS Manual for the CCPs and controllers: https://blacksea-cbc.net/black-sea-basin-2014-2020/reference-documents/
15. Are the on-the-spot and desk-based verifications mandatory, or the controllers can choose only the desk-based?	Both types of verifications are mandatory. The controller shall perform on-the-spot checks at least once during projects' lifetime, at the latest during the verification of expenditure included in the final report, On-the-spot checks aim to verify the outcomes of the project, evidence of services, works, equipment, goods purchased by the projects under the JOP BSB, also verifying that the expenditures incurred by partners are in compliance with the requirements of the Programme, EU regulations and national legislation in force.
16. In the COVID 19 context, is it acceptable to verify expenditures electronically without the on spot visits?	The controller shall perform on-the-spot checks at least once during projects' lifetime.
17. What thresholds have to be applied when contracting services and goods?	The main legal framework regulating the general principles, the procedures and thresholds for service, supply and work contracts is Commission Implementation Regulation No. 897/2014, laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument, Articles 52-55. The Grant Contract also contains provisions on procurement, within its Article 9, detailing the rules to be applied depending on the type of entities, procurements and estimated values. For guidance, you can check the summary available on the Programme website: https://blacksea-cbc.net/news/archive-news/procurement-rules-national-legislation-or-prag/ More information can be found in the Projects Implementation Manual – Chapter 4 – Procuring services, supplies and works.
III. Instruction No. 15 of the MA	
1. Is the Annex 2 - *Template of Contract between Beneficiary-Controller* mandatory for beneficiaries and controllers, or the CCPs can request other templates?	In case the expenditure verification is carried out by private auditors, the Beneficiary shall conclude a service contract with the controller, regulating at least the following aspects: responsibilities of the controller, description of the agreed procedure, minimum standards and ethics, reporting requirements, aspects related to administrative and financial penalty or consequences on the controller in case of low quality control reports. The template of service contract between Beneficiary and controller, annexed to Instruction 15/2018, is indicative,

	containing the minimum mandatory requirements. Other provisions may be added according to the national specificities.
2. There are some discrepancies/ overlapping between the Annex 6 - *Template of Report on Expenditure and Revenue verification* and *the Independent First Level Control Report* issues by the eMS. Why do we need them both?	In the process of simplifying the procedures for the JOP BSB and removing the overlaps, Annex 6 - The Report on Expenditure and Revenue verification is no longer requested. As a result, currently, controllers only elaborate the report within the eMS.
3. Should the controller fill the Annex 7 - *List of factual findings* in with all costs or only with the cost deviations?	In the process of simplifying the procedures for the JOP BSB and removing the overlaps, Annex 7 - List of Factual Findings is no longer requested. The FLC certificate, as generated by the eMS, will provide the information regarding the factual findings, which will reflect the cases of cost deviations and other limitations, or observations made by controllers. Moreover, the Partner Reports - List of Expenditure will reflect such deviations within the FLC Section, filled in by controllers when verifying the forgoing reports.
IV. eMS	
1. Were there any eMS changes operated since the 2019 trainings, which affect the verification work of controllers?	Please consider the above answer on the question II.14
2. What are the main steps for uploading documents in eMS?	Documents issued by Controllers will be uploaded in the section FLC Documents/Attachments. For more technical details, please consult the eMS Manual for the CCPs and controllers, section 6.3 Verification activities, Attachments and uploads.
3. Is uploading of FLC documents allowed after issuing the FLC certificate? How can the FLC certificate be attached to the eMS, after being issued?	After issuing the FLC certificate, the controller can make a request to the CCP from his/her country to allow the upload of supplementary documents in the eMS. The FLC certificate is automatically generated by the eMS (for more details, please consult the eMS Manual for the CCPs and controllers, section *6.8:* https://blacksea-cbc.net/black-sea-basin-2014-2020/reference-documents/).
4. Will supporting documents be attached to the eMS, or will they be presented to the controllers in hard copies?	Copies of all supporting documents will be uploaded in the eMS by Beneficiaries and controllers will perform the verifications based of them. Nevertheless, Beneficiaries should have all originals and make them available at controllers' request. During the on-the-spot verifications, controllers will check the existence of original supporting documents and

	their correspondence with the eMS uploaded copies.
5. Is it possible to fill in all the control documents directly in the eMS?	Yes, all the control work is performed in the eMS, excepting the Control check list, Annex 5 to MA Instruction 15/2018, which should be filled in, signed, scanned and uploaded in the eMS. Moreover, in exceptional cases, the Report on suspected and/or established fraud or corruption (Annex 6 to the MA Instruction 15/2018) should also be filled in, signed and send following the procedure described by the Instruction.
6. Does the controller generate the FLC certificate? Is it necessary to attach the scans of the documents with the stamp?	The FLC certificate is generated by the eMS. The final form of FLC certificate must be printed, signed, scanned and uploaded in the Attachment section. For more information, please check the updated eMS Manual for the CCPs and controllers, section *6.8 Check FLC work & Finish the FLC work*: https://blacksea-cbc.net/black-sea-basin-2014-2020/reference-documents/
7. According to *Project Implementation Manual, Annex 5 - Guide on Reporting in the eMS for Lead Partners and Project Partners*, staff costs should be filled in separately per person, per month, in the List of Expenditure. How is it applicable if the salary was paid once for several months? The taxes are also paid as one amount. Should the partner duplicate this payment documents in every line per person?	Staff costs will be filled in separately per person, per month, in the List of Expenditure, in the same manner as they are described in the budget and the supporting documents can be uploaded only once for every employee per each month/ covered period.
8. In the context of Beneficiary's disagreement with controller's findings, is a contradictory procedure possible?	According to Annex 2 – Template of Contract between Beneficiary - Controller - of the MA Instruction 15/2018, a contradictory procedure should be possible, if the Beneficiary does not agree with the findings of the Controller. In this case, the Controller shall designate a different member of its staff, having similar competences, for re-performing the verifications for the expenditure in question and replying to the Beneficiary. If no agreement is reached, Art. 13 – Settlement of disputes and applicable law - of the foregoing contract is applicable.
9. Any change in the report by the partner is accompanied by a reissue of the	After each verification performed by a controller, the result is the FLC certificate, issued within the eMS. In case of changes made by Beneficiaries, having in mind that the system cannot identify the nature of the

certificate and a change in the closing date of the verifications. Is it possible to close the report without changing the date 'End of the control work', if the changes are not concerning the amount of expenses?	modification, a new FLC certificate must be released by the controller at the end of each verification. In the system, the date of the FLC verification will remain the date of the last FLC certificate. Nevertheless, by scanning and uploading the signed FLC certificate (see the above answer to question IV.6) the eMS will keep a track record of all issued FLC certificates.
10. What are the main steps for reverting a report to a Beneficiary?	Regarding the steps for reverting a report to the Beneficiary, please consult the eMS Manual for the CCPs and controllers, section 6.9 Revert a report, if the case. In case of reverting a report, the expenditure checked by the controller as "verified by FLC" cannot be modified by the Beneficiary. These verified expenditures are frozen so that the work of the controller is saved and re-verification time is reduced.
11. If a report was reverted by a controller, can the Beneficiary delete files from the 'Attachment' section?	In order to be able to modify expenditure, to delete it or the documents attached to it, the expenditure should not be marked as "verified by FLC". As a general rule, what is written or uploaded in the eMS, cannot be altered, if send to the next layer of verification/control. In the case the Beneficiary needs to delete an uploaded file related to an expenditure checked as "verified by FLC", the reports should firstly be reverted to the FLC, the controller should uncheck this specific expenditure and send back the report to the Beneficiary. Only at that point, the Beneficiary can make modifications to the expenditures that are unchecked by the FLC/controller. At any time, at the request of the controller, the JTS or MA, the Beneficiary can be allowed to upload additional documents, but without being able to delete the already uploaded ones.
12. Is it possible to replace an attached document in eMS without removing all documents from the attached list?	Yes, is possible to replace a single document from a list of attached documents. Please also see the above answer to question IV.11.
13. Do the CCPs have access to all control reports issued for all project partners?	Within the eMS the CCPs can only see the reports and expenditures of the Beneficiaries of their own country.