Interreg V-A Latvia–Lithuania Programme  
2014–2020

FINANCIAL CONTROL MANUAL

Approved by the Head of the Managing Authority  
Sandis Cakuls  
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### Abbreviations

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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>Interreg V-A Latvia–Lithuania Cross Border Cooperation Programme 2014–2020</td>
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<td>Interreg V-A Latvia–Lithuania Cross Border Cooperation Programme 2014–2020 Manual</td>
<td>PM</td>
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<td>Financial Control</td>
<td>FC</td>
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<td>Financial control manual</td>
<td>Manual</td>
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<td>The employees of FC responsible for carrying out FC</td>
<td>controllers</td>
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<td>Electronic Monitoring System</td>
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<td>Monitoring Committee</td>
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<td>Joint Secretariat</td>
<td>JS</td>
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<td>Managing Authority</td>
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<td>Ministry of Environmental Protection and Regional Development of the Republic of Latvia</td>
<td>MEPRD</td>
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<td>National Authority of Lithuania</td>
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<td>Lead Partner</td>
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<td>Project Partner</td>
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<td>Partner Report</td>
<td>PR</td>
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<td>Project consolidated report</td>
<td>PPR</td>
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<td>European Regional Development Fund</td>
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1. Introduction

This FC Manual is issued for controllers/bodies performing FC functions for the Programme.

FC are bodies in Latvia and Lithuania responsible for verification on the basis of partner reports that the co-financed products and services have been delivered, expenditure declared by the project partners has been paid out and that it complies with applicable legal framework and the Programme. In Latvia FC is centralized and its functions are carried out by the MEPRD. In Lithuania a decentralized system is established by the MI.

FC Manual provides guidelines for the controllers on the minimum requirements of the FC process and on the overall scope of the controller’s work. The FC Manual must be read together with the PM, which contains crucial information about rules and procedures of the Programme. In addition, the Programme Document provides information on matters of general management and implementation of the Programme.

The Commission Guidance document on management verifications to be carried out by Member States on operations co-financed by the Structural Funds, the Cohesion Fund for the 2014-2020 programming period should also be taken into account by the FC.
2. General principles, purpose and legal basis of Financial Control

The legal basis for the FC work comes from the Common Provisions Regulation\textsuperscript{1}, where Article 125(4) states that the MA shall “verify that the co-financed products and services have been delivered and that expenditure declared by the beneficiaries has been paid out and that it complies with applicable law, the operational programme and the conditions for support of the operation”.

Based on the decision of the participating Member States of Programme the MA shall not carry out the verifications itself. Based on Article 23(4) of the European Territorial Cooperation regulation\textsuperscript{2}, each Member State has designated FC - a body or bodies responsible for carrying out the verifications in relation to beneficiaries on its territory.

The main aim of the controls is to guarantee to the MA and the project itself that costs co-financed under the Programme are accounted for and claimed in accordance with the legal and financial provisions of the Subsidy Contract, the approved Application, the PM, national rules and EU regulations.

The verifications take the form of administrative checks, performed for each project payment claim, and on-the-spot checks.

In accordance with Article 122 of the Common Provisions Regulation, all exchanges of information between the LP and the Programme bodies shall be carried out by means of electronic data exchange systems. Therefore submission of applications, reporting, and submission of requests for project changes, as well as any other communication regarding project and Programme implementation (including the verification of project reports by FC) shall be done via the eMS which is a web application, which can be accessed at www.ems.latlit.eu.

The FC verifications are done for each partner report. For each reporting period, the partner has to compile in the report on its expenditure and submit it for check to controller. Only after FC verification costs can be reported to the JS.

The controllers shall look at key supporting documents to make sure that the costs claimed by the PP are in line with application, are real costs, the activities have taken place and that all eligibility and national rules are being followed. Therefore FC should check every item of expenditure entered in the project accounts the supporting documents (such as time sheets, invoices etc.) and the costs reported per budget lines.

Professional scepticism should be used when doing the checks.

The audit trail must allow controllers and auditors to enter the accountancy of the project cost centre of the PP and to be able to trace back all declared costs to the original invoices (or equivalent documents).


\textsuperscript{2} Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal
It must also be possible to verify the transfer of ERDF funds from the LP to the PPs according to the partnership agreement, except for the projects’ first PPR when no funding has been received yet.

The controller endorses with his/her authorization of FC certificate in eMS the whole PR, it refers to the activities performed, services, products or works delivered and to the costs incurred and actually paid within the reporting period, taking into account exceptions’ set in PM. The controller is required to make a profound judgment on the implemented activities and incurred costs before declaring both of them eligible for reimbursement. The controller declares the proper use of funds in FC certificate.

3. The control process

3.1. Overview of the process

Project implementation and reporting is divided into reporting periods set in application. Two weeks after the reporting period has ended each project partner must submit its partner report with all supporting documents to the FC via eMS. The FC gets the user rights to the eMS from the JS eMS administrator (Please see Manual section Registration in eMS). The FC should verify compliance of expenditure and activities with the legal framework of the Programme. The FC can clarify any issues and may deduct any expenditure that is considered ineligible. The FC confirms eligible expenditure in a form of the FC certificate, which is available in eMS for the relevant project partner, the LP and all relevant programme bodies.

<table>
<thead>
<tr>
<th>Activity</th>
<th>LP and PP submit their reports to the FC</th>
<th>FC verification and issuing of FC certificates</th>
<th>LP prepares and submits the consolidated progress report to the JS</th>
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<tr>
<td>Deadline</td>
<td>2 weeks after the reporting period</td>
<td>2 months after the partner report is submitted via eMS</td>
<td>2 weeks after the FC has issued FC certificates</td>
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<tr>
<td>Total max time from end of reporting period</td>
<td>2 weeks</td>
<td>2,5 months</td>
<td>3 months</td>
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Reports could be confirmed only in chronological order, for instance in case if project have foreseen preparation costs in reporting period “0”, then FC certificate for period 1 costs, could be issued only if costs for reporting period “0” are confirmed by FC.

FC certificate must be issued for each reporting period even if Project partner did not have any expenditure during reporting period.

The FC has two months for its verification process.

The FC must check the compliance of the following rules by the project partners:

- Sound financial management;
- Public procurement;
- Double financing;
- Publicity rules;
- The generation of revenue;
- State aid;

The basic control on these issues is to take place during the FC and the respective result is to be provided in the Checklist.

3.2. FC administrative checks

The main task of the FC is to ensure that within the frameworks of the project the products and services paid for have been delivered and costs paid out, according to programme rules stated in PM (particularly in sections: Project reporting and payments, Project budget, Financial framework) as well as compliance with all relevant regulations.

It must be possible to clearly identify which expenditure has been reported in the context of the project and to exclude the possibility of reporting the same cost twice (e.g. in two different budget lines, reporting periods, or projects/funding schemes). The PP must ensure separate accounting system or project specific accounting code in the organisations accounting system for the project costs in order to separate the costs from the standard bookkeeping of the organisation. Project costs should be visible in project accounting before they can be included into partner reports.

FC is done based on a general ledger, or an equivalent. The general ledger must show all project transactions (except flat rates) during the reporting period.

All partner reports submitted are subject to a FC desk-based administrative check. Support documentation should include Bookkeeping list/General ledger as well as documents stated in list of documents which must be available for control purposes under each budget line description of PM (section Project budget) ensuring adequate audit trail.

The task of the controller is to confirm the information contained in these accounts, using tests enabling sufficient evidence to be obtained to give a reasonable opinion on at least:

- the correctness of the partner report;
- that expenditure relates to the eligible period and has been paid out during the reporting period;
- that the expenditure relates to an approved project;
- compliance with the approved financing rate;
• compliance with the relevant eligibility rules and EU and national rules on public procurement, State aid, environment, sustainable development, publicity, equal opportunity requirements, non-discrimination;
• the reality of the project, including physical progress of the products/service and compliance with the terms and the conditions of the Subsidy Contract (performance indicators);
• the expenditure declared and the existence and compliance of the audit trail;
• the separate accounting system or an adequate accounting code for all transactions relating to a project;
• adequacy of supporting documents and the existence of an adequate audit trail;
• that De Minimis rules have been respected
• that the information and publicity requirements of the EU and the programme have been respected;
• that the principles of transparency, equal treatment and effective competition have been complied with.

In case the VAT status changes from what has been approved during the application procedure, a new certification signed by the tax authorities is required, verifying that VAT is a final cost for the partner.

When one partner organisation is involved in more than one project it should be subject to special checks so as to avoid double financing of activities.

If the project has filled the reporting materials inadequately, documentation is missing or instructions have not been followed by project partner (e.g. timesheets have not been signed) FC should ask project partners to correct the mistakes or clarify unclear issues.

In case ineligible cost items or deficiencies are found, they must be deducted by the controller and these must be documented in the eMS as a deduction and linked explanation in the comment field. Also the FC Report section should reflect the deductions and findings.

Each controller performs the financial control in the eMS and the verification shall cover every single cost item. The eMS includes a checklist and an FC certificate to guide the work of the FC. These documents are the documents reporting directly on the results of the FC and are there of utmost importance to the MA/JS. The MA is responsible for the overall quality of the programme’s control systems, therefore Controllers must fill in the FC checklist (please see Annex II of Manual) in eMS.

If the above mentioned control procedures establish facts, which require either a recalculation of already disbursed ERDF payments or a recovery of already fully accounted for and disbursed ERDF payments, the FC should inform the JS and the LP immediately. The FC should support the JS and the MA in case of repayment claims/request for recovery of ERDF co-financing against the controlled PP.

Once the check has been completed, the controller will submit its verification of the partner report in the eMS.
Each controller is obliged to validate the expenditure within a period of two months after the documents have been received from the PP. In case this is not possible, the controller shall without any delay inform the PP in question as well as the MA.

3.3. On-the-spot checks

According to the Article 125(5) and (6) of Common Provisions Regulation it is obligatory to carry out on-the-spot checks on the projects. However there are different schemes of implementing on-the-spot checks for each theme.

On-the-spot check means that the controller will actually visit the project and verify that certain activities, purchases of services and products as well as investments have actually taken place in accordance with the approved application during the implementation, and that the related regulations have been respected and requirements of audit trail are fulfilled.

**It is highly recommended that on-the-spot project visit is organized to each PP once per project duration however on-the-spot checks can also be implemented based on risk assessment priorly agreed with the MA.**

In general following aspects are to be included in the on-the-spot checks:

- The realness of the operation;
- Delivery of products and services in full compliance with the approved application;
- Physical progress;
- Compliance with EU and national rules on publicity, public procurement, equality between men and women, non-discrimination and environmental issues in relevant cases;
- Accuracy of all information provided by the beneficiary regarding physical and financial implementation of the operation;
- Fulfilment of Programmes requirements related to Audit trail.

The on-the-spot checks should usually be performed during the project implementation.

The on-the-spot checks should be planned well ahead in order to time them in the most effective way, when the project is already well under way of being implemented, therefore it is suggested that they are done after PP have reported 50% of planned expenditure.

The controllers must state the date of the on-the-spot checks, describe the checks performed and report any relevant findings, results and recommendations in the eMS.

3.4. Documentation of the checks

The FC checks are to be documented in the eMS by selecting in the FC report the type of check. When “on-the-spot” is selected, additional questions will appear, asking to
summarise the main findings from the check, in this field also date of on-the-spot checks should be indicated. Irregularities identified in the course of the verifications should be recorded and all corrective and/or follow up actions documented. Follow up actions might include the submission of an irregularity report and/or a proposal for recovery of co-financing. On-the-spot findings are also stored in the eMS.

The Programme checklists and FC certificates are saved in the eMS as part of the verification process.

4. Programme rules

The programme rules described in this chapter are of especial importance for the FC. Further information on all these topics can be found in the PM.

4.1. Project budget

The project budget is defined in the Subsidy Contract.

The Programme accepts a certain level of deviations from the project planned outputs and objectives set in application. The PM section “Project changes” explains how such deviations should be handled in form of minor or major project changes depending on nature of deviations/changes.

In eMS up-to-date budget is visible for the controllers, in case a Subsidy Contract Amendment has been introduced, it can be found in the eMS in section JS Attachments.

In case of minor changes approval letters of JS also could be found in eMS in section “JS Attachments”.

For deviations to be accepted during monitoring of the project, certain conditions must be met. Firstly, the underachievement must not be the result of negligence or fraud by the project partners but the partners must have attempted everything in their power to achieve the set goals. Secondly, the underachievement must be reported to the JS as soon as the risk arises. The JS and the project will together assess the situation and the JS will give its opinion on the situation.

4.2. Simplified cost options: lump sums and flat rate

The Programme uses three types of simplified cost options:

- flat rate for BL Staff costs (optional);
- flat rate for BL Office and administration costs;
- preparation costs as a lump sum (optional).

Flat rates:
The eMS calculates the flat rate automatically, but the calculation must be updated by the project partner. Therefore it is important that the FC verifies the correctness of the sum applied for, however Project partner does not need to document that the expenditure has been incurred (paid out).

In case of flat rate financing the FC checks whether:

- cost have been correctly allocated to a given category according to Application;
- the flat rate has been correctly applied;
- the amount charged based on the flat rate has been proportionally adjusted if the value of the category of costs to which it was applied has been modified.

FC doesn’t have to check if reported flat rate expenditure has been incurred (paid out).

**Preparation costs as a lump sum**

Similarly in case of preparation costs as a lump sum, project partner does not need to document that the expenditure has been incurred (paid out) and consequently FC doesn’t not have to check it. FC only need to check weather amount of preparation costs indicated in the partner report is not higher than indicated in the Application.

### 4.3. Irregularities and related problems

An irregularity is defined as a cost that has been claimed from the Commission by the MA in one of the programme’s payment claims. In case the FC detects an irregularity, the MA should be informed of it immediately.

The programme has a zero tolerance policy on fraud. All suspicions on fraud shall be reported to the MA as part of the regular FC checks or directly.

### 5. eMS

The eMS can be accessed at the following link [http://ems.latlit.eu](http://ems.latlit.eu) or on Programme webpage [www.latlit.eu](http://www.latlit.eu) (banner on the main page or from section „Calls for Proposals”).

#### 5.1. Registration in eMS

The access to the eMS is granted to the designated Latvian controllers and Lithuanian controllers approved by LT NA.

**The following procedure is applied for Lithuanian FC in order to get the access rights to the eMS:**

1. After concluding the service contract with LP/PP LT FC institution shall register in the eMS and send a filled in and signed original copy of Certificate of Proficiency of FC (see Annex I of Manual) to the JS. Certificate of Proficiency of FC must be submitted for each PP/LP controlled by FC;
2. After receiving Certificate of Proficiency of FC, the JS verifies provided documents and information with the list of certified FC for the Programme provided by the LT NA. If verification results are successful, the JS assigns FC controller to relevant LP/PP and provides access to the eMS for checking LP/PP reports;

3. If controller resigns from the FC institution and/or controller has been changed, responsible FC institution has to inform the JS on this immediately and send a new Certificate of Proficiency. In such case the JS disposes access rights to the eMS for resigned or changed controller immediately.

**Latvian FC in order to get the access rights to the eMS must follow MEPRD internal Procedure on designation and management of user rights for the operation of the eMS.**

Confirmation email to FC indicated electronical address will be send as soon as JS has granted access to particular controller.

Latvian controllers will have access to all Latvian project partner data, while Lithuanian controllers will be assigned only to relevant Lithuanian project partners.

The eMS user rights are personal and the user is responsible for all work done under the username. The eMS username and password equals a signature. Therefore documents do not have to be printed, signed and sent separately.

To get an access to the eMS, user must register by filling in the registration form (Fig.1).

![Fig.1 eMS registration form](image)

The registration form must be filled in English language. The potential user will receive a confirmation letter to the indicated e-mail in the registration form. Only after confirmation, the access to the eMS is assigned. In section “User Account” the password, personal data and the mail signature can be modified.
Each eMS user is responsible for all activities done with the username and must take the necessary means to ensure the safety and confidentiality of the username and password. In case the password is forgotten, it can be restored by clicking “Forgot Password” (Fig.2).

![Fig.2 restoring password](image)

After that please follow instructions how to proceed further for restoring the password in the received automatic e-mail. If the username is forgotten, please contact the JS to get help (contacts of JS employees are available on the Programme webpage [www.latlit.eu/contacts](http://www.latlit.eu/contacts)).

### 5.2. Work in the eMS

After login, FC users see the FC dashboard with a list of all projects which have at least one project partner assigned to them. The dashboard also shows the mailbox and a calendar.

![Fig. 3 FC users can use the dashboard to access projects](image)

When using the eMS, remember to regularly save all your work. The system does not automatically save information.

Alternatively, FC users can also access projects via the ‘my project partners’ table under the ‘FC’ item in the left-hand menu. To view this list the FC user role needs the privilege ‘FC’.

A list of all open partner reports (i.e. all reports ready to be verified) can be accessed via the ‘open FC partner reports’ menu item under ‘Reporting’. To view this list the user role needs the privilege ‘FC’.
Fig. 4 FC users can be given the privilege to see additional overview tables ‘My project partners’ and/or ‘Open FC partner progress reports’

Once a project has been opened, the partner report section is visible and reports can be selected. In the example below, the FC user is FC of two partners (lp1 and pp1) and therefore sees reports of both partners.

Fig. 5 The report overview can be used to access partner reports

5.2. Verification of a partner report – List of Expenditure

The selection of a partner report directly leads to the partner report view. Near the top, Tabs to access the Partner Report (i.e. content section), the List of Expenditure, Contribution and Forecasts and Attachments made by the project partner are available.
List of Expenditure
The FC can directly access the list of expenditures and verify expenditure items.

In the "List of Expenditures", FC can view all expenditure items. By clicking on an item, a pop-up window opens in which expenditure can be corrected.
NB! Any cost item that you want to be included into the FC certificate, must be marked as “verified by FC”, meaning that the corresponding checkbox must be checked. Carefully go through the report to see that all relevant cost items have been verified before you submit the report.

A “tick all as verified by FC” button is now available per budget line. This allows you to tick all cost items with one tick.

Both positive and negative corrections are possible in the ‘Difference by FC’ field. Since negative corrections are more frequent, the eMS assumes that a correction is negative. If you want to make a positive correction, please enter the negative amount. Positive corrections should be used only in exceptional cases and should be justified properly, including with relevant documents from the partner. It is not common practice for any of the control levels to add costs to what the partner has reported.

The corrected amount is shown as ‘Amount certified by FC’.

For expenditures calculated using Flat rates (Office and Administration), the difference and certified amount are calculated automatically. They also do not need to be marked as ‘Verified by FC’, as they are marked when any other expenditure is checked as verified. Direct corrections on flat budget lines are not possible via the List of Expenditure.

In case a flat rate cost is based on multiple expenditure items (such as work packages) and only some of them are ticked as “verified by FC”, the flat rate will split into multiple items to make sure that only the part of the flat rate referring to the verified items is included in the FC certificate.

Any supporting documents uploaded by the project partner can be accessed via the ‘Uploads’ section. The eMS is not considered an archive and does not replace the requirement for partners to keep all relevant documentation. The attachments might be automatically deleted from the eMS once the payment for the report has been made and the attachments are no longer needed. If the FC needs some documents for further work, they should save the documents themselves.

**Column Select Feature of the List of Expenditure**

The List of expenditure is very long as it contains many columns and you might find one or the other column not to be necessary in your programme. You can hide columns that are not relevant for you by using the Dropdown menu “Columns” at the bottom of the List of expenditure and saving the options. The wanted columns can be changed at any point of time.

**Scrolling the List of expenditure**

It is possible to scroll the List of expenditure to the left or right by using the middle-mouse-button (press it and move around in the table). This feature can be used as an alternative to the existing scroll bars.

**Uploading documents (List of expenditure Attachments)**
Attachments by the project partner are shown in the List of expenditure and in the pop-up. A “download all attachments” button is available to download all attachments associated with one cost item.

5.2. Costs under clarification

The FC can choose NOT to verify an expenditure item (e.g. in case verification takes a long time or needs further clarification). Any item that is NOT ticked ‘Verified by FC’, is NOT included in the current FC certificate.

This means that – by not ticking ‘Verified by FC’-, the FC generates an item that is neither accepted nor rejected and waits in the system to be verified (‘Sitting Duck’).

Costs under clarification can be fully verified in later reports. However please note that according PM only costs which are withdrawn by the FC from respective partner report for additional clarification and indicated in the FC certificate as “costs under clarification” could be reported in the next reporting period if found eligible by the FC.

To access sittings ducks, go to “FC documents” and then “FC expenditure” and tick ‘show all waiting to be verified, including expenditure from other reports”. The view then shows per budget lines:

- Declared by partner – Current report: all items included in the current report;
- Declared by partner – Other reports (open expenditure): all items currently open in other reports (i.e. reports previously finalised by FC as well as not yet finalised);
- Total: Sum of the two above.

It is possible to view all relevant cost items by clicking on the magnifying glass at the bottom left of the table. Items shown in this view are:

- Items of the current report – already verified: ORANGE;
- Items of the current report – not yet verified: WHITE;
- All not yet verified items from other open reports (i.e. reports submitted to the FC but not yet finalised by the FC): WHITE;
- All not yet verified items from closed reports (i.e. reports submitted to the FC and already finalised by the FC), sitting ducks: PINK.

Therefore this view can be used to immediately see if there are any leftover items from previously certified reports (pink). By ticking “Verified by FC”, the item will be included into the current FC certificate.

NB! When you want a cost item from another report to be included into the FC certificate, the item in question needs to be marked as “Verified by FC” and the corresponding checkbox checked AND the button “Show all waiting to be verified, including open expenditure from other reports” has to be ticked when pressing the button “Check FC work” and “Submit FC work”.

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5.3. Verification of a partner report – FC Documents

The eMS handles the following FC documents:

- FC expenditure;
- Partner information;
- FC Checklist;
- FC Report;
- Attachments.

An FC certificate can be printed and/or signed and uploaded if needed for internal purposes, but this is not required by the Programme.

FC documents can be accessed through the menu to the left and through the tabs in the FC documents section.

5.4. FC Expenditure

This overview table shows – per budget line – how much was declared in the current report and how much was already certified by FC. It can be used, e.g. to keep track of the FC work. It can also be used to verify along cost categories (budget lines) as expenditure items can be opened per cost category via this view.

Fig.9 ‘FC expenditures’ shows amounts declared by the partner and certified by FC per cost category (budget line)
This view is also used to access any expenditure items left over from previous partner reports by ticking ‘Show All Open’, located on the left hand site on top of the Table (see Section 5.2. Costs under clarification).

5.5. Partner Information

This interface can be used to enter important information about a project partner. It is assumed that information entered here does not usually change over time. Therefore, information entered here is shown in later reports as well. If the information does change, however, it can be edited. If so, the new information will be shown in all later reports, but not in already submitted reports.

This section also contains basic information about the documents available for the check. Here the most relevant information relates to the accounting system and information on which format the partner supporting documents have been made available in. The existence of the Partnership Agreement should be verified with the first report.

Information on the bank account may be confirmed, but this is something that the JS and Lead Partner confirm on project level.

Fig.10 ‘Partner information’ shows information that does not usually change over time

| FLC Expenditures | Partner Information | FLC Checklist | FLC Report | Attachments | Inherent Risk Assessment | Core |

**Independent First Level Control Document**

**Accounting System**

(according to Art. 125(3) of Reg. EUS No 1335/2008) The project partner uses for accounting purposes: A Separate Accounting System

**Vat**

The partner organisation has the right to recover VAT: Yes Partially No

**Bank Account**

The correct IBAN and BIC is communicated to the Lead Partner and the account belongs to the project partner’s organisation: Yes No

Please provide comment: This is information from report 1

5.6. FC Checklists

The FC checklist lists all verifications expected from national controllers. The checklist contains several sections. For each question, it is possible to confirm the question with yes, no, or not applicable. Especially for “no” and “not applicable” a comment may be relevant. As general rule, rather more comments should be included than less. The comments are for internal use for the FC’s but also for other programme bodies. They serve as a memory of what has been checked for the FC’s and as information for
programme bodies. The information may be filled in in the national language. However, if the controller deducted any costs reported by PP including applying financial corrections in comparison with the initially reported costs, justification/reasoning in eMS should be provided in English language.

Note, that not all sections will be relevant for all partners. For example, there are different checklists for partners using the flat rate or real costs method for staff costs.

Each question of the checklist must be confirmed by ticking the right-hand side box. It is possible to confirm all replies by ticking the box at the very end of the checklist. Save the selection.

Fig.11 ‘FC checklist’ shows the checklist to be filled in by controllers

Once you have filled in the FC checklist, remember to press Final Check at the bottom of the checklist. This allows you to complete the so-called consolidated checklist. This is crucial for the completion of the FC certificate.

Fig.12 “FC checklist completion” showing how to finalise the checklist
Caution! If you have not completed the FC checklist with the Final check, the partner will not be able to access the FC certificate.

5.7. FC Report

The section ‘FC Report’ contains information on the current report. It is assumed that this information changes over time. The information to be provided in this section includes Type of report, details on the designated project partner controller, Methodology of the verification, Description of Findings, Conclusions and recommendations and follow-up measures for the next partner report.

As for the “Partner information” section, information entered here will show up in later reports. The information is in editable form and can be changed if needed.

Information under “Designated Project Partner Controller” is pre-filled. It is always the logged-in FC user that is shown in these fields. In the FC certificate, the user that finalised the FC work (submitted) will be shown. After finalising the work the information no longer changes.

Fig.13 ‘FC Report’

5.8. Reopening the Partner Report or the Document Upload Section

Sometimes the FC needs to receive additional information from project partners for verification of expenditure. The eMS currently handles three ways of reopening the partner report for editing:

The entire report can be re-opened for editing by pressing ‘Revert from FC to PP’;
It is possible to only open the attachment section of the partner report by clicking “Attachment upload Closed”. As a result, the button changes to “Attachment upload allowed”. Now it is possible for the partner to upload attachments; 

It is possible to re-open only the attachment section of the List of Expenditure by clicking on “Expenditure attachment upload closed”. As a result, the button changes to “Expenditure attachment upload allowed”. Now it is possible for the partner to upload attachments.

These options can be used to correct existing information in the report or to add attachments. In case the report needs larger modification (adding completely new costs, for example) the FC should get in touch with the project’s contact person in the JS and ask him/her to open an additional partner report. This report will complement the original report.

When the entire report is reverted to the partner, cost items already ticked as “Verified by FC” in the List of Expenditure cannot anymore be edited by the partner.

5.9. FC Certificate and Finalising FC work

Before finalising the FC work, please review the work done so far. Please ensure that the checklist and other sections have been filled in, that all corrections are duly justified, that all costs that should be verified have been ticked in the List of Expenditures and that the FC checklist has been consolidated, i.e. you have done the “Final check” after filling in the checklist.

You can see the pdf of the FC certificate after pressing “Check FC work” and then “Finalise FC work”. In order to access these buttons, you must be in the “FC expenditure” tab.

When ‘Check FC work’ is clicked, an error check plugin is ran. The programme works on adding error checks for FC work.
5.10. eMS support

In case of purely technical questions, please send an e-mail to latlit@varam.gov.lv
In the e-mail reporting the problem, provide in as much detail as possible indicating what you were trying to do, relevant project ID, report and/or any other information. If possible, send screen shots visualising the issue.
## Annex I

**CERTIFICATE OF PROFICIENCY**

of Financial Controller at

Interreg V-A Latvia–Lithuania Programme 2014–2020

### Project partner information

<table>
<thead>
<tr>
<th>Project number and acronym</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Partner institution title</td>
<td></td>
</tr>
<tr>
<td>Contact person of Project Partner</td>
<td></td>
</tr>
<tr>
<td>Phone, e-mail of Project contact person</td>
<td></td>
</tr>
</tbody>
</table>

The following institution, which is independent from project implementation, is in charge of financial control procedures related to project activities of the above mentioned project partner and declares that:

1) any control work done is free from bias;
2) professional secrecy shall be maintained regarding information obtained during control process, including information obtained from **the Interreg V-A Latvia–Lithuania Programme 2014–2020** Electronic Monitoring system (hereinafter - EMS);
3) the control work shall be done in accordance with procedures set out in the Programme Financial control manual especially observing the principles of transparency, impartiality and confidentiality, clear responsibility and professionalism.

### Financial Controller information

<table>
<thead>
<tr>
<th>Title of Financial Control institution</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Name and surname of authorized financial controller</td>
<td></td>
</tr>
<tr>
<td>User name in eMS</td>
<td></td>
</tr>
<tr>
<td>Phone, E-mail</td>
<td></td>
</tr>
<tr>
<td>Address</td>
<td></td>
</tr>
</tbody>
</table>

The above mentioned controlling institution affirms its professional qualification to carry out control procedures including its familiarity with the overall project, EU regulations, Programme documents (including Programme Manual and Financial control manual).

**eMS user rights are personally attributed and the user is responsible for all work done under the user name. The user name and password equals a signature.**

The control procedures – based on receipted and paid invoices and/or accounting documents of equivalent probative value shall include verification of:

1) implementation of the activities according to the approved Application;
2) the actual delivery of co-financed products and/or services;
3) the sufficiency and factual accuracy of the presented documents
4) amount of the eligible costs.

### Signature of authorised representative of the Financial Control institution:

<table>
<thead>
<tr>
<th>Name and surname</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td></td>
</tr>
<tr>
<td>Signature</td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td></td>
</tr>
<tr>
<td>Stamp</td>
<td></td>
</tr>
</tbody>
</table>
## Financial Control

**Checklist for expenditure declared and certified**  
At Interreg V-A Latvia–Lithuania Programme 2014–2020

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes/No/NA</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Trail Checklist</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Costs are directly related to the project and necessary for the development or implementation of the project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Explanation:</strong> It is verified that costs have been initially planned in the application form under budget line where costs are reported or there is a written agreement from the JS on deviation from planned costs.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Costs are correctly allocated to the relevant budget lines.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Explanation:</strong> e.g. Inspected list of expenditures. Reported costs compared with the project application form and rules set in the Programme Manual.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Costs are declared only once.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Explanation:</strong> Inspected the list of expenditures and verified that expenditures have not been declared twice in different budget lines or in previous reporting periods.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. According to Art. 131 (2) of Reg. (EU) No 1303/2013 expenditure is supported by invoices or documents of equivalent probative value, which are correct in content and accounting terms.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Explanation:</strong> no checks in case of flat rates and lump sums.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. According to Art. 67 (1) (a) of Reg. (EU) No 1303/2013 expenditure was incurred and paid within the eligible reporting period of the project.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Explanation:</strong> no checks in case of flat rates and lump sums.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is verified that the preparation costs of technical/ construction documentation foreseen in the approved AF incurred between 1 January 2014 and the date of the approval of the application by MC.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It is verified that project 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 with exceptions set in PM section project reporting.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. According to Art. 125 (4)(a) of Reg. (EU) No 1303/2013 expenditure is supported by a proof of payment (bank account statements, bank transfer confirmations, cash receipts, etc.).</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Explanation:</strong> no checks in case of flat rates and lump sums.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. According to Art. 69 (3) (a+b ) of Reg. (EU) No 1303/2013 and Art 2(2) of Del. Reg. (EU) No 481/2014 reported costs do not include ineligible costs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Explanation:** interest on debt (except for cases outlined in Article 69(3)), purchase of land exceeding 10% of the total eligible expenditure (except for cases outlined in Article 69(3)), fines, financial penalties and expenditure on legal disputes and litigation; costs of gifts (except those not exceeding EUR 50 per gift where related to promotion, communication, publicity or information); and costs related to fluctuation of foreign exchange rate and another costs indicated in PM section Eligibility of costs

8. According to Art. 69(3) (c) of Reg. (EU) No 1303/2013 recoverable VAT was deducted from reported costs.

9. According to Art. 20(1) of Reg. (EU) No 1299/2013 expenditure was incurred within the eligible programme area with exceptions indicated in PM section General rules applicable to the project budget/Geographical eligibility.

10. The part of the expenditure was incurred outside (the Union part of) the programme area and is eligible according to Art. 20(2)(3) of Reg. (EU) No 1299/2013 and Programme rules.

**Explanation:** Should be checked only in case expenditure was incurred outside the eligible Programme area.

11. According to Art. 125(4)(a) of Reg. (EU) No 1303/2013 co-financed products and services were delivered or are in progress to be delivered.

12. Partner has received the ERDF share from the previous periods.

13. The partner total budget and budget per budget line was respected.

14. According to Art. 61(2) and 65(8) of Reg. (EU) No 1303/2013 the Net revenue has been reported and deducted from the total eligible expenditure.

**Explanation:** if revenue is generated then should be checked whether reported revenue is the same as it was planned in the net revenue calculation before the project approval. If not, it should be indicated in the eMs by also indicating amount of generated revenue and activities generating revenue.

15. Programme Publicity requirements have been fulfilled.

**Explanation:** If information and communication requirements are not observed or are partly observed, financial correction should be applied.

### Preparation Costs

16. Expenditure declared respects the Programme rules on preparation costs

**Staff Costs** — real costs acc. to Art. 67(a) of Reg. (EU) 1303/2013 and Art. (3) of Del. Reg. (EU) 481/2014

17. Persons who declared staff costs are employees of the project partner or work under a contract considered as an employment contract and it has written form.

**Explanation:** inspected employment/work contracts and contracts considered as employment contracts of individuals declaring staff costs (part-time and full-time).

18. Staff costs are based on gross remuneration and other eligible components

**Explanation:** inspected 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 are (i) fixed in an employment document or by law,
(ii) in accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working.

### Staff Cost - part time employees

19. Fixed percentage of gross employment cost is in line with fixed percentage of time worked on the project

*Explanation: should be checked only in case of fixed percentage of time worked per month. Should be checked whether 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 is correctly calculated.*

20. The number of hours worked on the project is documented in a time registration system

*Explanation: should be checked only in case of flexible shares varying from one month to the other OR hourly rates if considered that person is part time employed. Should be checked whether time sheets of persons claiming staff costs based on part time work document the time worked on the project and show 100% of the work of the person.*

21. Staff cost are calculated correctly

*Explanation:*

**FIXED PERCENTAGE** yenned that the percentage was correctly applied to the gross employment costs for each person declaring staff costs under this option.

**FLEXIBLE SHARES:** yenned that staff cost are correctly calculated by multiplying the number of hours worked on the project with the hourly gross employment cost. Hourly rate calculated by dividing the monthly gross employment cost by the monthly working time fixed in the employment/work contract expressed in hours.

**HOURLY RATES** verified that staff cost are correctly calculated by multiplying the number of hours worked on the project with the hourly rate agreed en the employment/work contract.

### Staff Costs (acc. to Art 67(a) of (EU) 1303/2013 and Art (3) of Del Reg (EU) 481/2014) and Office and Administration (Art 68(1) of Reg (EU) No 1303/2013) as flat rate

22. The flat rate is in line with EU and Programme rules and does not exceed the limit set in Art 68(1) of Reg (EU) No 1303/2013

23. The flat rate is calculated correctly.

### Travel and Accommodation - acc. to Art 67(a) of (EU)130312013 and Art (5) of Del Reg. (EU)48112014

24. Travel and accommodation costs relate to staff of the partner organisation or natural persons working under work contracts considered as employment contracts of the partner organisation or associated partners.

*Explanation: inspected invoices and documents of equivalent probative value checked to ensure that costs were incurred by employees or persons working under contracts considered as employment contracts.*

25. Costs are in line with applicable EU, Programme and national rules.

*Explanation: it is verified that the types of costs listed under the budget line are eligible according to Art. 5 of Del. Reg. (EU) No 481/2014.*
Inspected invoices and documents of equivalent probative value comply with the respective national rules.


**Explanation:** inspected the latest approved version of the application form to ensure that travels have been initially planned in the application form OR that a written agreement of these costs exists from the JS.

### External Expertise and Services - acc. to Art. 67(a) of Reg. (EU) 1303/2013 and Art. (6) of Del. Reg. (EU)481/2014

27. External expertise and services were acquired in this reporting period. If yes, proceed to Public procurement checklist.

28. Providers of services or expertise are not employed in the Project under staff costs

**Explanation:** to verify that external expert or service providers are not employees in the project under staff costs.

29. Types of costs listed under the budget line are eligible according to EU and Programme rules.

**Explanation:** verified that the types of costs listed under the budget line are eligible according to Art. 6 of Del. Reg. (EU) No 481/2014.

30. 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.

**Explanation:** inspected invoices and documents of equivalent probative value to verify that they are in accordance with the contract(s).

31. The share allocated to the project is plausible, i.e. calculated according to a fair, equitable and verifiable method.

**Explanation:** Should be checked in case of experts or services that are not exclusively used for the project. Inspected invoices and documents of equivalent probative value to verify that they are in accordance with the contract(s).

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.

32. Deliverables or other evidence of the work carried out by the provider are available.

**Explanation:** Inspected delivery notes, verified existence of outputs, etc

### Equipment costs - acc. to Art. 67(a) of Reg. (EU) 1303/2013 and Art. (7) of Del. Reg. (EU)481/2014

33. New equipment is reported.

**Explanation:** If 'yes' refer to the checklist for public procurements, where relevant according to Programme rules.

34. The types of costs listed under the budget line are eligible according to EU and programme rules.

**Explanation:** verified that the types of costs listed under the budget line are eligible according to Art. 7 of Del. Reg. (EU) No 481/2014, Programme rules and were planed in the project application form.
35. 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.

*Explanation: Inspected invoices and documents of equivalent probative value to verify that they are in accordance with the contracts in terms of amount and nature.*

36. Equipment is available.

*Explanation: equipment physically exists. (Inspected pictures)*

37. Equipment is used for the intended project purpose.

**Infrastructure and Works - acc. to Art 67(a) of (EU) 130312013**

38. Public procurement.

*Explanation: If 'yes' refer to the checklist for public procurement.*

39. Providers of infrastructure and works are external to the project partnership.

40. 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.

*Explanation: Inspected invoices and documents of equivalent probative value to verify that they are in accordance with the contract(s) or selected offers.*

41. The share allocated to the project is plausible. i.e. calculated according to a fair, equitable and verifiable method.

*Explanation: Should be checked only in case of infrastructure and works that are not exclusively used for the project). 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.*

42. Infrastructure and works exist or evidence of work in progress is available.

*Explanation: Inspected pictures, went on-the-spot, etc.*

**Compliance with public procurement rules**

43. Title of the procurement — if applicable. Name of contractor — if applicable.

44. The value of the procured works, goods or services.

45. The type of tender — if applicable: works, services, supply

46. The procurement procedure chosen (open, restricted. negotiated, direct contracting, etc.).

47. The media chosen for publication — if applicable.

48. Documentation of procurement: full documentation of the procurement procedure is available.

*Explanation: In case documentation is not required please tick N/A and provide an explanation in the comments section to the right.*

49. Including: Initial cost estimate made by the project partner to identify the applicable public procurement procedure

50. Including: Procurement publication/notice.


52. Including: Offers/quotes received.

54. Including: Information on acceptance and rejection.

55. Including: Complaints by bidders submitted to the contracting authority (if any).

56. Including: Contract, including any amendments.

57. Including: Others (if any).

58. Compliance with public procurement rules (EU and national)

Explanation: public procurement rules were observed. Please refer to EU/national public procurement rules.

59. Including: The public procurement procedure (open, restricted, direct contracting, etc.) chosen complies with applicable rules.

60. Including: There has been no artificial splitting of the contract objective/value in order to avoid public procurement requirements.

61. Including: The change has been only minor without changing the overall objective, content and economy of the tender. The change has been in line with relevant national legislation without any relevant impact on the validity of the initial tender procedure.

Explanation: Should be checked in case a contract amendment/extension has been issued.

62. Including: There is evidence on file documenting justification of this decision (e.g. in relation to Directive No. 2014/24/EU)

Explanation: Should be checked in case a contract amendment/extension has been issued and in case no tender was carried out.

63. Including: There is evidence on file that in-house contracting or inter communal cooperation is justified.

Explanation: Should be checked in case of in-house contracting or inter communal cooperation.

64. Including: Publicity requirements were respected.

Explanation: Should be checked in case of procurements above EU thresholds. It should be verified that the possibility to submit a tender has been correctly advertised with a fair and clear description of the subject of the tender, the deadline and procedure for submitting bids, the selection and award criteria and the estimated contract value were respected.

65. The principles of transparency, non-discrimination, equal treatment and effective competition been complied with (also for items below the EU-thresholds).

66. Including: - If applicable - There was a clear distinction between selection and award criteria in the evaluation of the bids.

67. Including: - If applicable - Selection and award criteria, required technical specifications and national permits are transparent, nondiscriminatory and ensure equal treatment.

68. Including: - If applicable - Decisions are properly documented and justified.

69. The price is adequate.

Explanation: Also for purchases below the national public procurement threshold ('direct contracting') it is necessary to verify that the purchase price is adequate.
Verified that the price of acquired services and goods was adequate. Conducted internet research to compare prices. 

*Inspected price adequacy documentation of the project partner.*

70. Contract(s) is/are in line with the selected offer(s).

*e.g. Inspected contract(s) to verify that they comply with the selected offer(s).*