



Article 4 On-the-Spot-Checks

ESF INTERMEDIATE BODY

EQUAL NATIONAL SUPPORT STRUCTURE

European Social Fund Unit
European Union & International Affairs Directorate

MINISTRY FOR THE FAMILY AND SOCIAL SOLIDARITY
AUDIT & CONTROL TRAINING SEMINAR
Valletta, 30th October, 2006



OUTLINE



1. Regulation 438/2001
2. Manual of Procedures
3. Letter of Offer & Annex V
4. Article 4 On-the-Spot Checks
5. Documentary Spot Checks
6. Physical Spot Checks
7. Main Findings
8. Recommendations



REGULATION 438/2001



ART 4: MGT & CONTROL SYSTEMS

- MS' Systems & Procedures:
 - Delivery of Products/Services
 - Reality of Expenditure
 - Compliance with Rules & Regulations
 - Eligibility of Expenditure
 - Recording of Checks on-the-Spot
 - Reporting on work done, findings recorded & recommendations made



MANUAL OF PROCEDURES



CHAPTER 14: AUDIT & CONTROL

- Financial Control Framework
- Internal Control Cascade:
 - FB: Mgt/Contracting/CERTIFICATION
 - LM: CERTIFICATION (DoT also!)
 - IB: 1st LEVEL/VERIFICATION
 - MA: VERIFICATION
 - PA: CERTIFICATION
- 2nd Level of Control (IAID)



LETTER OF OFFER



LoOoG AUDIT & MONITORING

- Checks/Inspections/Audits:
 - MA/IB
 - PA
 - IAID
 - NAO
 - EC
 - ECA



LETTER OF OFFER



ANNEX V AUDIT & MONITORING

1. Audit Requirements
2. Control (First Level)
3. Documents & Assets
4. Monitoring



ARTICLE 4 CHECKS



ESF IB obo MA (also MA/PA)

- Documentary & Physical Notifications
- Aims of Visit to Check for:
 - Delivery of products/services co-financed taking place
 - Reality of expenditure claimed
 - LoO & MoP procedures followed & implemented
 - Project files include all relevant documents in line with Section 16 of MoP
- Discuss any control issue difficulties



DOCUMENTARY



100% CHECKS

- 2005 33 Projects; 8 Follow-Ups
- 2006 45 Projects; 55+ TSCs (so far)
- DSC Reports Checklists for:
 - Documentation
 - Deliverables
 - Equipment
 - Training Courses
 - Procurement
 - Expenditure
 - Publicity
 - Horizontal Priorities
 - Implementation



PHYSICAL



TRAINING & SCHEMES

- Timetables supplied by PLs
- TSC Reports Checklists for:
 - Name of Course
 - Name of Trainer/Facilitator
 - Number of Trainees Present
 - Attendance Sheet
 - Number of Sessions Held
 - Publicity on-the-spot
 - Interviews
 - Materials
- Photographs taken



MAIN FINDINGS



USEFUL HANDS-ON SESSION

- Steep learning curve
- Usual Missing Documents for:
 - Applications
 - Recruitment
 - Procurement
 - Payments
 - Deliverables
 - Publicity



RECOMMENDATIONS



- MORE REGULAR HRD & MoP UPDATES
- ESF GOOD PRACTICE REFERENCE GUIDE
Including Support to Project Promoters for:
 - Information systems use
 - Project planning techniques
 - Project management resources
 - Self-assessment tools
 - Procurement procedures
 - Payment procedures
- DEFAULT QUARTERLY REPORTS
- DEFAULT AUDITING COMPONENT
- DEFAULT EVALUATION COMPONENT
- IMPROVED ADMINISTRATIVE CAPACITY
Additional Resources for Horizontal Stakeholders:
 - LMs/DoC/DoT/IBs/NGOs



THANK YOU

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