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BY HEAD OF MANAGING
AUTHORITY

**GUIDELINES
FOR THE FIRST LEVEL OF CONTROL
ON CBC Programs, co-financed under IPA
BULGARIA - SERBIA
BULGARIA - MACEDONIA
BULGARIA - TURKEY**



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1. PURPOSE OF THE GUIDELINES FOR THE FIRST LEVEL OF CONTROL

The instructions to the first level of control are designed to ensure a common understanding of rules and monitoring requirements to be implemented by the Bulgarian controllers. These guidelines for the first level of control facilitate the work of controllers and are based on the guidelines for application along the Cross Border Cooperation programs under IPA, the rules for eligibility of expenditure approved at national level and national legislation relating to the implementation of projects under the program.

2. LEGAL BASIS

2.1 Programming documents

- Council Regulation № 1085/2006 of 17 July 2006 establishing the Instrument for Pre-Accession Assistance (IPA);
- Regulation (European Commission (EC) № 718/2007 of 12 June 2007 [OB L 170 of 29.06.2007] for the implementation of Regulation (EC) № 1085/2006 of the Council establishing the Instrument for Pre-Accession Assistance (IPA) (hereinafter referred to as RP)), as amended by Regulation (EC) № 80/2010 of 28 January 2010;
- Commission Regulation (EU) No 80/2010 of 28 January 2010 amending Regulation (EC) No 718/2007 of 12 June 2007, implementing Council Regulation (EC) No 1085/2006 establishing an Instrument for Pre-Accession Assistance;
- Cross Border Cooperation Program Bulgaria - Serbia, co-funded by the IPA, approved by the Commission on 25.03.2008 with program number C (2008) 1058;
- Cross Border Cooperation Program Bulgaria - Turkey, co-funded by the IPA, approved by the European Commission on 20.12.2007 with program number C (2007) 6477;
- Cross Border Cooperation Program Bulgaria - Macedonia, co-funded by the IPA, approved by the Commission on 14.12.2007 with program number C (2007) 6298.

2.2 EU documents regarding the implementation of the programs

- Practical Guide for contract procedures for EC external actions (PRAG);
- Guidance on publicity and visualization of the EC

2.3 Legislation and national rules

- Accountancy Act, VAT Act, Rules for its implementation, the Social Security Act and other legislation relating to the scope of the inspection and control;
- Decree 221/11.09.2009, published in State Gazette 75/18.09.2009, "Detailed Rules for the eligibility of expenditure under the program for cross-border cooperation between Bulgaria and Serbia, funded by the IPA for the period 2007 - 2013;
- Decree 275/23.11.2009, published in the State Gazette 95/01.12.2009, "Detailed Rules for the eligibility of expenditure under the program for cross-border cooperation between Bulgaria and Turkey, funded by the IPA for the period 2007 - 2013
- Decree 222/11.09.2009, published in the State Gazette 75/18.09.2009, "Detailed Rules for the eligibility of expenditure under the program for cross-border cooperation between Bulgaria and Macedonia, funded by the IPA for the period 2007 - 2013
- Framework Agreement signed between the controllers and the Ministry of Regional Development and Public Works;



In case of conflict between the above program legislation and the national rules, the stricter rules will apply.

3. DESCRIPTION OF THE PROCESS OF FIRST LEVEL OF CONTROL

3.1. General description of the process for first level of control

- Within 5 days after the end of the reporting period, the partner should be sent to the MA, ODLI Department a request for the first level of control (*Appendix 1*).
- Within 3 days of receiving the request ODLI Department designate a controller according to internal rules for selection, designation and quality control of FLCs. The controller receives a designation letter (*Appendix 2*), a certificate of appointment (*Appendix 3*) and information on procedures for sub-contracting.
- Within 2 days the controller confirms his appointment by signing and sending back the documents to the MA, ODLI Department, who registers the designated controller and sends the documents to the CBC External borders Department for finalizing the procedure for signing the contract for FLC
- After checking the documents within 12 days, the MA, CBC External borders Department sends to the controller a signed certificate of appointment and a signed contract for the first level of control (*Appendix 4*).
- Within 30 days the controller should perform all activities on the first level of control and deliver to the MA and the partner a certificate for the validation of expenditure (*Appendix 5*), completed inventory of invoices (**invoice report**) (*Appendix 7*.) Report on the conduct of the first level of control and a checklist (*Appendix 6*).
- Within 4 days the MA, Department CBC “External Borders” has to make a documentary / administrative review of documents submitted by the controller and to push forward the documents for payment under the contract for the first level of control.
- MA can check the quality of the first level of control through an inspection visit of the partner, which essentially duplicates the verification carried out by the controller. The controller, which will be checked, is to be selected from a sample method by the MA or based on a received signal, complaint or other action, according to internal rules for selection, designation and quality control of FLCs. Based on the results of this verification of the controller, he/she can be penalized.

3.2. Nature of the process of first level control

After issuing the certificate for the designation of the controller, the controller shall physically verify the implementation of project activities, through an examination of the project documentation and on the spot checks in the reporting period after studying the terms of the contract and the submitted report by the beneficiary.

Controllers need to perform the following checks:

- Documentary check on the form and content of the submitted report as required by the program - a copy of the Subsidy contract, a copy of partnership agreements between the partners, and other documents required for the control (*Appendix 5*).
- Checking the sub-tendering procedures carried out by the partner.
- Checking the actually carried out actions and the results achieved (on the spot checking) during the reporting period – on the spot check is carried out to verify the availability of goods / services / construction works.



4. VERIFICATION OF EXPENDITURE

All documents proving expenditure must be certified by the controller with his individual stamp on each page and on the front of the document. If it is not possible to put a stamp on the expenditure document due to its small size, it should be adhered to a white sheet and the stamp should be placed as to cover the document.

Bulgarian partners are required to convert into euro the amounts from the invoice report, which were paid in other currencies, before submitting the expenditure documents to the controller for verification.

The controller is to determine whether the exchange rates used to convert the expenditure incurred in currencies other than the Euro are correct.

Note: Expenditure will be converted into euro using the monthly accounting exchange rate of the Commission for the month in which the partner has prepared the invoice report.. Monthly exchange rates of the Commission can be found at the following website: <http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=home&Language=en> .

4.1. General eligibility criteria

Expenditure is eligible for financing if:

- were actually incurred and paid by the beneficiaries of the project and can be substantiated on the basis of original invoices or equivalent accounting documents;
- directly affect the project and are necessary for the development, launch and / or implementation of the project and are planned within the approved budget for the project;
- were made and paid within the period allowed for the project;
- were made within the allowable area of the program;
- comply with the principles of effectiveness, economy and efficiency;
- comply with the relevant provisions of EU and national legislation.

4.2 Eligibility in respect of time

Expenditure are eligible if they are actually paid between **1 January 2007 and December 31 of the third year following the last budgetary commitment for operations or part of the operations carried out within the Member States, and are incurred after the signing of the agreement for financing operations or parts of operations implemented within the beneficiary countries.**

The total period of eligibility for Priority Axes 1 and 2 of the Program is from the date of signing the Financing Agreement between the Government of the Republic of Serbia and the European Commission on the Cross-Border Cooperation Program between Bulgaria and Serbia, financed by IPA from the 27th March 2009 until December 31, 2016. The total period of eligibility of expenditure under Axis 3 of the Program for Bulgaria is from January 1, 2007 until December 31, 2016.

The total period of eligibility for Priority Axes 1 and 2 of the Program is from the date of signing the Financing Agreement between the Government of the Former Yugoslav Republic of Macedonia and the European Commission on the Cross-Border Cooperation Program between Bulgaria and the Former Yugoslav Republic of Macedonia under the Instrument for Pre-Accession Assistance: October 13, 2008 until December 31, 2016.



The total period of eligibility for Priority Axes 1 and 2 of the program is from the date of signing the Financial Agreement between the Government of the Republic of Turkey and the European Commission on the Cross-Border Cooperation Program between Bulgaria and Turkey under the Instrument for Pre-Accession Assistance, namely from May 26, 2009 until December 31, 2016.

Controllers must verify the eligibility with respect to time by taking into account the following:

- All expenditure must be incurred and paid between the project start date (except for the expenditure on preparing the project) and the end date of the reporting period.
- The starting and ending dates of each project are specified in the contract.

4.3. Eligible area

As a rule, eligible expenditure must be incurred in the eligible territory defined by the program and, if applicable, in a neighborhood area according to the Guidelines for Applicants of the particular program.

The controller must determine what proportions of the activities are conducted in areas outside of the eligible territory permissible under the subsidy contract and Guidelines for Applicants in the particular program.

4.4. Ineligible expenditure

The following expenditure is considered as ineligible under Decree 221/11.09.2009, Decree 222/11.09.2009, and Decree 275/23.11.2009 on:

- taxes except those specified in Art. 6, item 13;
- duties or any other charges;
- purchase, rental or lease of land and existing buildings except as defined in Art. 6, item 1;
- fines, financial penalties and expenditure on litigation;
- implementation, operation and maintenance of assets - operating expenditure ;
- second-hand equipment;
- bank charges, expenditure on guarantees and similar charges except those specified in Art. 6;
- conversion expenditure , expenditure and exchange losses associated with any of the accounts in euros;
- non-cash contributions and / or in-kind contributions;
- interest on loans.

If the partner in the project includes ineligible expenditure in the invoice report , the controller shall remove the amount of ineligible expenditure from the amount of eligible expenditure. The remove amount should be indicated in the invoice part.

4.5. Verification of expenditure by budget lines

Project expenditure is eligible under the following lines:

Administrative expenditure

This budget line includes expenditure on salary for staff involved in the project and all expenditure on maintaining the office. This expenditure should not exceed **25% of total eligible expenditure**.



- Remuneration of the staff of the project - the expenditure on the staff performing tasks directly related to project management (project manager, coordinator, accountant, secretary, technical assistant, an expert on tendering procedures and other experts) Expenditure includes salaries for technical and administrative personnel, social security contributions and other expenditure associated with wages;
- Office rental - expenditure covering the rent of an office;
- Overhead expenditure - expenditure that cover electricity, heating, water, etc.;
- Expenditure on supplies - expenditure on paper, pens, disks, folders, toner, etc.

Administrative expenditure can be accounted for the project according to two methods:

a) administrative expenditure directly allocated to the project (actual expenditure)

b) administrative expenditure charged in proportion to the project (flat rate based on actual expenditure). This expenditure is determined on the basis of actual expenditure incurred in the particular organization and an order for their distribution. The controller checks on the spot the relevant accounting documents proving the method for calculating them.

If a beneficiary is a partner in more than one project financed by EU funds, administrative expenditure may be reported only in one project in accordance with the approved budget. In this case the beneficiary must fulfill a declaration, stating the projects in which he is involved and declare that there is no double financing of administrative expenditure.

Documents proving expenditure:

- An order with the names of the project staff and the duration for which it is established(usually corresponds with the duration of the project) within the partner's organization, showing the name of the employee and his duties in the project;
- Contracts that defines the relationships between the staff and the organization of project partner;
- Document clearly defining the essential functions / features of the project, including information on the degree of participation in the project (job description-a detailed explanation of the activities which will be performed during the project period);
- Payrolls, slips;
- Detailed report on the work by days or hours (timesheet) as per template- statement of the days worked must be signed by the officer assigned to the project and by the employer. This document is mandatory for civil servants which are members of the project staff. The rest of the project staff which have been employed with a work contract do not have to fill in a detailed report for the work performed by days or hours (timesheet);
- Proof of payment (money orders, bank statements with stamp showing paid salaries, taxes, insurance, spending cash disbursements accounted for the amounts paid, etc.);
- Lease of office associated with the project - the expenditure is eligible only in the event that for the needs of the project a new office has been hired other than the office of the beneficiary;
- Invoices with receipts or payment order;
- Documents proving property;
- Receipts for rent paid (if the contract is with a natural person);
- Account statements;



- Acceptance protocols;
- Agreement on total expenditure breakdown;
- Protocol for the allocation of common expenditure for the reporting period (office lease, electricity, heating, telephone, Internet, etc.).

Expenditure on travel, subsistence and business trips

This budget line covers the expenditure on participants from both countries (the project team and / or direct beneficiaries), relating to events within the two partner countries, as follows:

- events associated with the project (technical meetings, meetings of joint working groups, meetings of the project team, workshops, trainings and seminars);
- business trips related to project activities.

Travel, accommodation and subsistence expenditure are eligible under the following conditions:

- travel within the allowable program area;
- as a general rule the most economical means of transportation should be used. Exceptions to this rule must be justified in each case;
- Bulgarian partners apply daily rates according to the Guidelines for Application and the call for proposals;
- Bulgarian partners apply accommodation expenditure under the Guidelines for Application and the call for proposals.

Documents proving expenditure:

Business trips in the country / abroad:

- Invitation to a meeting / workshop / conference (if applicable);
- Duly completed order for business trip in the country / order for business trip abroad with the expenditure on daily allowances, accommodation and modes of transport;
- Spending Cash receipts for paid business trip expenditure;
- Advance statements;

Invoice per night (with a receipt, bank statement, payment order, etc.)

- Approved report on business trip.

Transport

When traveling by personal car (owned the organization or the expert):

- Order for the business trip, where it is stated the car which will make the trip (registration number, brand, fuel ration (according to the ordinance for fuel; for new vehicles the fuel ration is taken from the technical passport issued by the manufacturer);
- A copy of the completed itinerary (destination, km and etc) for the trip;
- Protocol / order or other evidence to determine the expenditure range of the fuel used and car mileage accompanied by documents proving the expenditure on fuel;
- Invoice for fuel consumed in the name of the organization (from the previous or same day).

When traveling by rental car:



- Request for bid and offer (in case there is a tender procedure - see section 10);
- Contract for car rental;
- Invoice and receipt or payment order ;
- A copy of the itinerary (destination, km and etc) for the trip.

When traveling by train / bus / plane:

- Documents from the held tender procedure (in case a tender is conducted - see section 10);
- Boarding pass and / or train ticket / bus /;
- Protocol for the supply and delivery of services if a company was used;
- Proof of payment - payment order, bank statement;
- Tickets and order for business trip / protocol / list of participants.

In the case of foreseen expenditure on border fees and insurance - copies of the insurance documents proof of payment of fees, etc.

Expenditure on technical meetings, conferences, events The expenditure on organizing meetings, seminars, press conferences, information campaigns, training, evaluation committees, etc. include:

- Facilities Rental - rental expenditure on the hall (in public or private buildings) - for meetings, training sessions or evaluation procedures;
- Rental of audio / video equipment - the expenditure on rental equipment, including equipment for translation; audio equipment, video equipment and other equipment to help conduct the event;
- Coffee break and catering - the expenditure on coffee breaks, sandwiches and soft drinks, catering, business dinners and lunches for all participants in the events;

Expenditure is eligible only if the services that they cover are clearly included in the invitation / agenda of the event. The expenditure on alcoholic beverages and cigarettes are not eligible.

- Expenditure on training materials - the expenditure on technical training / production of materials needed to conduct the events (invitations, agenda, presentations, etc.);
- Expenditure on supplies - expenditure on consumables such as paper, folders, plastic envelopes, diskettes, CDs and more.

Documents proving expenditure:

- Documents for the selection of contractor (if a tender procedure is conducted - see section 10);
- Service contract - special conditions, technical and financial offer, accompanying documents;
- Invoice and payment order or receipt;
- Acceptance protocol - describing in measurable indicators the work performed;
- Money orders, bank statements with a stamp;
- Cash disbursements for amounts paid in cash;
- Agenda, attendance list with the signatures of participants, etc. Provided that there are "expenditure on catering", it is necessary to attach not only the supporting documents



and copies of attendance lists with the signatures of the participants in the event but also a list of persons covered by the expenditure;

- A copy of the information materials accompanying the event. If the information materials cannot be applied (e.g. banner), it is necessary to apply images of them.

Expenditure on information and publicity

This budget line includes expenditure on:

- Expenditure on the purchase of promotional materials - purchase expenditure on promotional materials such as promotional discs, removable storage, hats, bags, notebooks, folders, etc.;
- Expenditure on developing, designing, translation, etc. - development expenditure, design, translation, desktop; publishing or printing of information materials (documents concerning the project implementation rules, etc.), brochures (informing about the implementation and results of the project), manuals and guidelines (related project); promotional items (including the development and printing of logo design, etc.);
- Expenditure on publications in the media – the expenditure on training materials and providing advertisements on radio, television and press.

Documents proving expenditure:

- Documents for the selection of contractor (if a tender procedure is conducted - see section 10);
- Invoice and payment order or receipt acceptance - describing measurable indicators in the work;
- Payment orders, bank statement with stamp;
- Cash documents for amounts paid in cash;
- A copy of the information materials. If the information materials cannot be applied (e.g. banner), it is necessary to apply images of them.

Expenditure on information and publicity are eligible only when the requirements of European Commission on visualization are met.

Expenditure on external experts and audit

This budget line includes expenditure on

- Expenditure on feasibility studies, design and more;
- Expenditure on feasibility and technical studies, construction design;
- Expenditure on translators, lecturers and trainers - the expenditure on interpreters, speakers, trainers (cannot be people involved in the management of the program / project);
- Expenditure on permits, certificates and more - the expenditure on receiving permits, certificates, agreements, etc. related to development of documents related to supplies and construction works. Bank charges for transnational financial transactions, bank fees for opening and maintaining a separate bank account required for the program (this pertains only to the separate bank account opened specifically for the purposes of the project);
- Expenditure on consultations - the expenditure on external consultancy (research, legal advice, etc.);



Documents proving expenditure:

- Documents for the selection of contractor / expert (if a tender procedure is conducted - see section 10);
- Invoice and payment order or receipt;
- Acceptance / findings protocol, describing in measurable indicators the work performed;
- Payment orders, bank statements with a stamp showing paid salaries, taxes, insurance;
- Cash documents for amounts paid in cash;
- Products of service (reports, studies, research, analysis, brochures, photographs, newsletters, etc.). Reports / research / analysis / studies and others. Written documents should be in accordance with the rules for visualization of the EU, and should indicate the author and year of issue / Reports from the expert with detailed description of the work done under the civil contract.

Investments

Expenditure on investments must be at least 70% in investment projects and a maximum of 20% in institution-building projects of the total eligible project expenditure.

- Expenditure on purchasing land - only in exceptional cases where it is absolutely necessary for the project. The purchase of land must be well justified by providing all the documents to assess the value of the land. The value of the land must be certified by an independent qualified evaluator or duly delegated authority. These expenditure should not exceed 5% of total project expenditure ;
- Expenditure on small investments:
 - Expenditure on preparing the ground - works aimed to adapt the land for the project (removal of waste materials and vegetation, drainage, etc.)
 - Investments (construction, reconstruction, rehabilitation, expansion and modernization of buildings / sites and associated facilities);
 - Connection to utilities - connecting to mains water and sewage, gas, etc;
 - Site organization - space for workers and equipment, waste disposal, installing fences, etc.;
 - Expenditure on the rehabilitation of the land after the completion of the construction and / or activities for environmental protection;
 - Supervision expenditure (if necessary) - in accordance with national legislation.
- Delivery Charges:
 - Expenditure on purchase and rental of computer equipment and furniture;
 - Expenditure necessary to bring the equipment into service;
 - Expenditure on software;
 - Purchase of motor vehicles is permitted provided that they are required to achieve the objectives of the project (e.g. specialized vehicles for intervention in case of disasters).

For equipment that will be used by project partners or from the target group after the end of the project, and if its economic profitability (respectively - the period of depreciation) exceeds



the period of the project, only the depreciation expenditure on the period of the project will be considered eligible expenditure. Depreciation rates should be calculated in accordance with national rules and the internal rules of the organization.

Depreciation is calculated pro rata for **each period** for which a periodic report is required and prepared. The entire amount of depreciation for the period of the project cannot be included in total in only one specific reporting period.

Only the proportional amount of depreciation for the period of the project is considered an eligible expenditure.

The value of depreciation (the percentage used and the time duration of depreciation) is subject to verification.

Depreciation expenditure on equipment cannot exceed the purchase price of equipment.

Documents proving expenditure:

- Contract for the purchase of land;
- Documents for the selection of contractor (if a tender procedure is conducted - see section 10);
- Contract (special conditions, technical, financial offer, supporting documents);
- Bills of quantities for the works contract;
- Building permit;
- Forms / protocols / certified by the construction supervision issued under respective national legislation for construction works;
- Documents proving the quality of construction materials and their compliance with the respective construction requirements and conformity assessment of construction products: declarations of conformity for products certificates for production control etc.;
- Final report issued by the Construction Supervision;
- Forms / Protocols for establishment suitability of the construction / suitability of use (such as Form 15 / Form 16)
- Acceptance protocol - certificates of provisional and final acceptance of goods between the Client and supplier (including serial numbers of equipment or other identification numbers);
- Certificate of origin of the equipment;
- The method for calculating depreciation (amortization plan, accounting policies);
- Accounting for all assets financed by the project budget and recording them in the balance of the organization;
- Proof of payment (payment order / receipt);
- Others.

On the Spot checks

The already declared project investments are actually made and exist on site, according to the subsidy contract;

- Investments are used solely for the purpose of the project;



- Investments are properly accounted for and documented in the accounting system and corresponding folders of the project partner.

Other expenditure

Other eligible expenditure may not exceed 15% of total expenditure. These include:

- Expenditure on project preparation - this category includes expenditure on the preparation of projects (meetings between partners, consultations, studies, translation of documents, taxes and other charges) or to purchase of equipment necessary for the preparation of the project activities carried out before signing the contract grant.

The starting date for eligibility of the project preparation expenditure is the official date of approval of the financing agreement between the Republic of Serbia and the European Commission (March 27, 2009) but not earlier than one year before the publication date of the Call for Proposals.

The starting date for eligibility of the project preparation expenditure is the official date of approval of the financing agreement between the former Yugoslav Republic of Macedonia and the European Commission (October 13, 2008), but not earlier than one year before the publication date of the invitation of Call for Proposals.

The starting date for eligibility of the project preparation expenditure is the official date of approval of the financing agreement between the Republic of Turkey and the European Commission (May 26, 2009), but not earlier than one year before the publication date of the call for proposals.

This expenditure should not exceed 5% of total project expenditure and can only be reported in the first reporting period.

- Other specific project expenditure - specific activities envisaged in the draft, which cannot be included in any of the above budget lines. This expenditure is eligible only if they are described in detail in the explanatory documents, depending on the complexity of the project. These expenditure should not exceed 5% of total project expenditure ;
- Contingency expenditure - should not exceed 5% of total project expenditure.

Documents proving expenditure:

Documents proving expenditure are applied, listed in the proper budget items.

Note: The listed supporting documents do not cover all documents of evidentiary value. If necessary, additional documents may be required to validate the expenditure.

In the cases of a last/final report before the completion of the check the controller has to verify that the percentage relation between the separate budget headings is maintained, which is stated as a requirement in the application guidelines and in the signed subsidy contract. In case of a discrepancy the controller has to make the necessary corrections by marking the expenditures that exceed the set limits as ineligible.

5. REVIEW OF THE ACCOUNTING SYSTEM

In order to provide the necessary information and reporting to the Managing Authority / Joint Technical Secretariat, the Bulgarian partner must have a comprehensive and reliable accounting system at contract level.

The Bulgarian partner must keep accurate and regular records and accounts of the project and to provide reliable accounting and reporting in electronic form. It is necessary to keep separate accounting for the analytical project expenditure.



The data contained in the request for payment, the financial statements and technical reports should correspond to the data in the accounting records (trial balances, statements of synthetic and analytical accounts) and be available until the end of the periods for record keeping.

In the conduct of the first level of control, the financial controller checks:

- Expenditure accounting is based on primary accounting records or other documents of equivalent probative value, issued on behalf of the Bulgarian partner. In cases where documents have been issued outside the Republic of Bulgaria, they must be in English or the language of the partner country, but include a translation into Bulgarian language;
- All expenditure supporting documents for the project must be compiled independently of the other documents of the organization. They should be clear and precise and have all the details, required under Bulgarian legislation;
- All expenditure supporting documents to the beneficiary and the partners associated with the project should include the text "Expenditure is under project No/ *code of project*/ CBC Program under IPA- (name of program). All expenditure must actually be paid within the period of the report;
- Presence of payment documents for each expense (Cash orders, payment orders, deposit slip, bank statements);
- Recovery transfers of expenditure / cash in the accounting records;
- Invoices or attached protocols should contain detailed information about the goods or services - the type, quantity and unit price. In the event that one invoice relates to more than one budget line, it is necessary to have a breakdown in the invoice or its attachment so as to conform to the breakdown in the budget (e.g.: renting of rooms, equipment rental, coffee break etc.)
- Availability of cash books, VAT journals;
- Availability of detailed accounting, that is sufficient to identify and trace recoverable and irrecoverable value added tax on a specific project / contract. / Ministry of Finance Letter from 27.08.2007 № 91-00-502 /;
- Presence of recovery entry operations.

6. TREATMENT OF VAT AS ELIGIBLE EXPENDITURE

Expenditure on value added tax are eligible for programs funded by the IPA, provided that:

- a) the tax cannot recover in any way;
- b) it is demonstrated that the payment is borne by the final beneficiary;
- c) the tax is clearly indicated in the project proposal;

In considering the expenditure on implementing projects under the Program, charges of VAT on goods and services received or payments made should be divided into "recoverable" and "unrecoverable" category. Partners should keep a detailed accounting of VAT charged on the supplies of goods and services. Data from this accounting should be sufficient to identify and trace the VAT associated with the project, and its categorization as "recoverable" or "unrecoverable".

Decree № 62 of the Council of Ministers from 21.03.2007 introduces the concept of "recoverable value added tax" and defines it as ineligible for co-financing by the Structural Funds and Cohesion Fund of the EU.



Conditions, order, documentation and administration of the process of reporting and recognizing VAT as eligible expenditure on the purposes of the grant, are set out in a letter № 91-00-502/27.08.2007 of the Ministry of Finance.

Controllers should consider the following:

- 1) Beneficiary determines the charged VAT on goods and services received as "unrecoverable", i.e. as an ineligible expenditure on program funding, when all of the following conditions apply:
 - he himself is registered for VAT on an overall basis of Article 96, paragraph 1 of the VAT Act, i.e. persons registered under Article 99 and Article 100, paragraph 2 of the legislation regarding the internal supplies in the EU do not fall into this category;
 - the supplier of goods and services required for the project, is also registered under the VAT Act;
 - goods and services financed under the program were used by the beneficiary for making supplies for which he is entitled to a VAT deduction (tax credit) (Article 69 of the VAT Act), or
 - deduction of a partial tax credit under Article 73 of the VAT Act. In this case, the tax credit, to which the registered person is entitled to is considered "recoverable" expense to the amount of the partial tax credit;
- 2) The Beneficiary determined value added tax as "unrecoverable" (eligible for funding of the program) when:
 - the beneficiary is not VAT registered or it is registered under Article 99 or 100, paragraph 2 of the VAT Act for internal supplies in the EU;
 - is registered under the VAT Act on grounds other than that of internal supplies in the EU, but the goods and services financed under the Program are intended to perform: actions exempted under Chapter Four of the VAT Act, free supplies, or supplies for activities other than his business;
 - the beneficiary is a person registered under the VAT Act and the right to deduct VAT from goods and services received does not regards persons under Article 70 paragraph 1 item 4 and 5 of that Act.

The beneficiary shall maintain and make available information on the amount of unrecoverable value added tax which is included as eligible project expenditure, indicating its amount in the table under Appendix № 1 to Letter № 91-00-502/27.08.2007 of Ministry of Finance.

7. EUROPEAN COMMUNITY POLICY

7.1 Information and publicity

During the implementation of the project, the beneficiary should provide publicity on his projects, by conducting communication and promotional activities (campaigns, events, promotional and informational materials, electronic channels, etc.). The progress report lists specific measures to that effect, and measures to disseminate the project results. The controller should determine whether actions taken are in accordance with the rules of the program and those regarding information and publicity.

7.2 Horizontal issues

Horizontal issues in the context of the EC are key principles in the implementation of each activity and are inseparably associated with each phase of the life time of the project,



respectively program. For the purposes of this document, here the principles of environmental protection and equal opportunities are considered.

In performing its functions, the controller is not instilled with the obligations to assess the impact of the project, including horizontal issues. In this sense, it is relied on his professional and personal assessment relating to the observance of these basic principles in the implementation of project activities, in accordance with information submitted by the beneficiary in the progress report.

Environmental Protection

The controller during the on the spot checks has to ensure at least that the implementation of the project has no negative impact on the environment. Particular attention should be paid to activities performed or having an impact on the territories with special status.

Equal opportunities

During the inspection the controller should ensure that the beneficiary did not commit any discrimination based on gender or other social attribute / identity in the implementation of project activities. Positive value could be given by determining that each resident / organization / third party had equal opportunities to participate in the project or was affected by the impact of actions.

Given the wide variety of discriminatory signs, it is crucial that every individual is treated according to professional and individual qualities.

In fulfilling his obligations, the controller checks cumulatively:

- Information and Publicity - equal opportunities for access to information and information for the general public regarding the execution of activities according to the rules of visualization and publicity and those of the program.
- Trainings, seminars, conferences and other events – that participants are not selected on the basis of any discriminatory features (race, sex, religion, etc.), unless the activities are not aimed at a specific target group.
- The procedures for sub-contracting:
 - technical specifications / job requirements (for experts) are not restrictive in terms of defining characteristics, scope and volume of needed products and services;
 - are not prepared in a manner that limits the participation of a specific participant (e.g. indicating the brand and model);
 - unlawful dissemination of information on bidders and others.

7.3 Double financing

When suspecting or uncovering that the implementation of activities, fully or partially implemented in another project, the controller should stop the verification of the relevant expenditure and immediately notify the MA.

Checks must include the procedures to avoid double funding of the expenditure on other Community or national schemes and in other programming periods. All supporting documents must contain at least the code of the project, acronym and be certified by the controller with his individual stamp on each page and on the front of the document proving that they are eligible for that program IPA CBC . For each reporting period the controller requires from the partner a declaration for absence of double funding and revenue for the project - Appendix 8 to these instructions.



8. PROJECT REVENUE

According to the Guidelines for applicants under the first call for proposals, projects that are generating income will not be funded. For each reporting period the controller should request from the partner declaration of lack of double funding and revenue for the project - *Annex 8* to these instructions.

The controller checks whether:

- There is a declaration by the partner that the project does not generate revenue;
- Accounting records of the project partner do not contain any revenue generated under the project.

9. CHECK OF THE EXPENDITURE UNDER TECHNICAL ASSISTANCE

The activities concerning the preparation, coordination, management, monitoring, payment, reporting, assessment, information and control of the programs and activities to strengthen the administrative capacity are financed under the axis "Technical Assistance". Since it is acting as Managing Authority, the General Directorate "Management of Territorial Cooperation" is a beneficiary under the priority axis "Technical Assistance" along the Cross-Border Cooperation (CBC) programs, financed by the Instrument for Pre-Accession Assistance (IPA).

The expenditure under the Technical Assistance budget line are also checked by the controller at the first level of control and they should follow the same requirements regarding the verification process as do the expenditure under the other budget lines of the program described above.

In reviewing the expenditure on TA it is necessary to consider the following:

9.1. General eligibility criteria

Expenditure is eligible if:

- do not contradict the rules set out in Commission Regulation (EC) № 718/2007 and subsequent amendments to Regulation (EC) № 80/2010 implementing Regulation (EC) № 1085/2006 of the Council establishing the Instrument for Pre-Accession Assistance (IPA);
- were actually incurred and paid by beneficiaries of the project under priority axis "Technical Assistance" and can be proved and verified on the basis of original invoices or equivalent accounting documents;
- are directly related to the initiation and / or implementation of activities identified in the Priority Axis "Technical Assistance and are planned in the budget plan approved by the Joint Monitoring Committee (JMC);
- directly affect the project and they are necessary for the development, launch and / or implementation of the project and are planned within the approved budget for the project;
- were made and paid within the period allowed for the project;
- were made within the acceptable program area;
- comply with the principles of effectiveness, economy and efficiency;
- comply with EU and national legislation.

9.2 Eligibility in time



The period for eligibility of expenditure on programs under IPA for the partner country, is as follows:

- for Bulgaria - in the period 1 January 2007 to December 31, 2016
- for Serbia - from the date of signing the Financial Agreement between the Government of the Republic of Serbia and the European Commission on Cross-Border Cooperation Program between Bulgaria and Serbia, financed by IPA - March 27, 2009 to December 31, 2016
- for Macedonia - from the date of signing the Financing Agreement between the Government of the Former Yugoslav Republic of Macedonia and the European Commission on CBC Program between Bulgaria and the former Yugoslav Republic of Macedonia, financed by IPA - October 13, 2008 to December 31, 2016
- for Turkey - from the date of signing the Financing Agreement between the Government of the Republic of Turkey and the European Commission on Cross-Border Cooperation Program between Bulgaria and Turkey, co-financed by IPA - May 26, 2009 to December 31, 2016

9.3. Eligible area

As a rule, eligible expenditure must be incurred in the eligible territory as defined by the particular CBC program, financed under IPA.

9.4. Verification of expenditure by budget lines

9.4.1 Detailed rules for eligibility of expenditure under priority axis "Technical assistance" for IPA programs are listed in the relevant provisions:

- Decree № 221 of September 11, 2009 for the adoption of detailed rules for eligibility under the program for cross-border cooperation between Bulgaria and Serbia, funded by the IPA for the period 2007 - 2013;
- Decree № 222 of September 11, 2009 for the adoption of detailed rules for eligibility under the program for cross-border cooperation between Bulgaria and the former Yugoslav Republic of Macedonia under IPA for the period 2007 - 2013;
- Decree № 275 of 23 November 2009 for the adoption of detailed rules for eligibility under the program for cross-border cooperation between Bulgaria and Turkey on IPA programming period 2007 - 2013

The budget lines under priority Axis "Technical Assistance" for IPA funded programs were adopted by decision of the Joint Monitoring Committee (JMC).

Administrative expenditure

Administrative expenditure includes expenditure on employee benefits in the Joint Technical Secretariat (JTS), and all expenditure on maintaining the office of the JTS:

- Remuneration of employees in the JTS - the expenditure includes salaries for all employees and all contributions;
- Office rent - expenditure covering rent of office, situated in the eligible for the program area;
- Overhead expenditure on JTS - electricity, heating, water, phone / fax, internet, postage, etc.;
- Repair expenditure on the office of the JTS - small-scale renovations / repairs, installation of electrical / security systems, etc.;
- Office supplies - paper, folders, toner, CDs and more.



Documents proving expenditure:

- Contracts (containing the main duties and job description of the employee) / Civil contracts;
- Payrolls, slips, reports / protocols for reporting and acceptance of performed work, accounts for executed payments;
- Proof of payment (money orders, bank statements showing paid fees, taxes, insurance, etc.).
- Lease of office associated with the project;
- Invoices with receipts or payment order;
- Protocol for the allocation of common expenditure (office lease, electricity, heating, telephone, Internet, etc.)

Business trip expenditure

This budget line covers the expenditure on business trips /travel, accommodation and subsistence/ of experts from both partner countries directly related to the implementation of the program involved in:

- seminars, meetings / conferences at EU, national, regional and local level as well as other events related to programs under the IPA;
- technical / workshops meetings;
- meetings of the Joint Monitoring Committee (JMC);
- business trips related to the implementation of the program (including trips of the evaluators of the proposals);
- business trips for the conduct of on the spot checks performed by the Managing Authority or the JTS.

➤ **Transport expenditure**

- expenditure for use of rail, bus and air transport;
- expenditure for use car transport;
- medical insurance;
- transportation charges;

➤ **Subsistence allowances under the budget plan approved by the JMC for the particular program must comply with:**

- maximum expenditure allowed for subsistence during business trips in the eligible program area of the two partner countries;
- maximum expenditure allowed for subsistence during business trips outside the eligible area of the program within the two partner countries and the territory of a third country;

➤ **Accommodation expenditure per night according to the approved budget plan by the JMC of the program must comply with:**

- maximum expenditure allowed for accommodation during business trips in the eligible program area within the two partner countries;



- maximum expenditure allowed for accommodation during business trips outside the eligible program area within the two partner countries and the territory of a third country;

Documents proving expenditure:

Business trips in the country / abroad /:

- Invitation to a meeting / workshop / conference (if applicable);
- Travel authorization in the country / abroad including allowed expenditure on subsistence, accommodation and transport;
- Cash receipts for paid travel expenditure ;
- Advance statements/reports;
- Invoice for paid accommodation (with a receipt, bank statement, payment order, etc.)
- Approved report of the business trip, list of participants (if applicable).

Transport

When traveling with a company car:

- A copy of the journey book / log book the car / bus;
- Car insurance, green card, road taxes, etc.

When traveling by train / bus / plane:

- Boarding pass and / or train ticket / bus / airplane (economy or APEX);
- Protocol for the supply and delivery of services if a company was used;
- Proof of payment - payment order, bank statement;

Expenditure on meetings, conferences, events and more.

This budget line covers the expenditure associated with the organization of formal (meetings of the JMC) and technical meetings, conferences, seminars, training, information days, conferences, forums and more.

- Expenditure on renting a hall in public or private buildings;
- Rental of audio / video equipment and other equipment to help conduct the event;
- Expenditure on coffee breaks, catering, business lunches and dinners for the participants in events related to the program;
- Expenditure on preparing materials related to the program;
- Expenditure on consumables such as paper, folders, CDs and more.

Documents proving expenditure:

- Documents for the selection of a contractor (if a tender procedure has been conducted);
- Invoice and payment order or receipt;
- Acceptance protocols - describing in measurable indicators the work performed;
- Money orders, bank statements;
- Cash disbursements for amounts paid in cash;
- Agenda, attendance list with the signatures of participants, etc.;



- A copy of the information materials accompanying the event. If the information materials cannot be applied (e.g. banner), it is necessary to attach images.

Expenditure on information and publicity

This budget line includes expenditure associated with implementation of the EU requirements on providing information and publicity during the implementation of the programs:

- Expenditure on purchasing promotional materials such as promotional discs, removable storage, hats, bags, notebooks, folders, etc.;
- Development expenditure, design layout, translation, publication or printing of promotional materials (brochures, leaflets, etc.) and means of informing (billboards, banners and more. including developing and printing the logo of the program);
- Expenditure on publications and press releases and electronic media.

Documents proving expenditure:

- documents for the selection of a contractor (if a tender procedure has been conducted);
- invoice and payment order or receipt;
- acceptance protocols - describing in measurable indicators the work performed;
- money orders, bank statements;
- cash disbursements for amounts paid in cash;
- A copy of the information materials. If the information materials cannot be submitted (e.g. banner), it is necessary to attach images.

Expenditure on external expertise

Expenditure on external expertise includes:

- Expenditure on consultancy services supporting the MA and JTS in preparing documentation and reports relating to the implementation of the program, fees for legal and notary services, funds for technical or financial experts, as well as expenditure on accounting or auditing services, expenditure on the evaluation of the program;
- Expenditure on interpreters, speakers, trainers and others associated with different events;
- Expenditure on assessors who will carry out technical assessment of proposals put forward during the call for proposals;
- Expenditure on controllers who will perform the first level of control for the implementation of project activities by the partners (Bulgarian or by the partner country);
- Other if and when necessary (including support of Web pages, charges for transnational financial transactions, charges for services provided by public bodies other than the MA and JTS, preparation or execution of an operation and maintenance of information system, audits, etc.)

Documents proving expenditure:

- Documents for the selection of a contractor / expert (if a tender procedure has been conducted);
- Service contract - special conditions, technical and financial offer, additional documents / Civil contracts;



- Invoice and payment order or receipt;
- Acceptance protocol - describing in measurable indicators the work performed, reports / protocols for reporting and acceptance of the work performed, accounts for executed payments;
- Payment orders, bank statements, paid for salaries, taxes, insurance;
- Cash documents for amounts paid in cash;
- Products resulting from the service (reports, studies, research, analysis, brochures, photographs, newsletters, etc.)

Supply of office equipment

Expenditure on supply cover expenditure associated with the initial phase of the launch of the Program:

- Expenditure on IT equipment and software - PCs, printers, scanners, laptops, multimedia, etc.;
- Expenditure on furnishing the offices of the JTS, including desks, chairs, tables, wardrobes, air conditioners, telephones, faxes, blinds, etc.;
- Other if and when necessary (including capital repairs and maintenance of equipment);

Documents proving expenditure:

- Documents for the selection of a contractor / expert (if a tender procedure has been conducted);
- Contract (special conditions, technical, financial offer, supporting documents);
- Acceptance protocols - certificates of provisional and final acceptance of goods between the Client and supplier (including serial numbers of equipment or other identification numbers) and certificates of origin of the equipment;
- Invoices;
- Proof of payment (payment orders, bank statements);
- Others.

Other expenditure

Other expenditure include a reserve of € 5,000 per year, which is intended to ensure the provision of contingency in the budget lines or deficit of funds in any of the budget lines.

Commissioning and implementing activities under priority Axis "Technical Assistance" is performed as envisaged by the procedures described in PRAG (Practical guide to contract procedures for implementing activities financed from the general budget of the European Community in the context of EU external action).

Funds under priority axis "Technical assistance" are spent and reported by the MA in the terms referred to in Chapter 14 "Technical Assistance" of the Procedural Manual for the implementation of the IPA programs.

Implementation of activities under priority Axis "Technical assistance" is financed in advance from the budget of the Ministry of Regional Development and Public Works and after the certification of expenditure, the same shall be reimbursed from the budget of the Program to the budget of the Ministry of Regional Development and Public Works.



10. SUB-CONTRACTING PROCEDURES

If the professional capacity of the team does not allow them to perform independently certain activities, beneficiaries may entrust some actions, in order to implement the project.

The procedures for sub-contracting should follow the requirements of the Practical guide to contract procedures for implementing activities financed from the general budget of the European Community in the context of EU external action (PRAG) and comply with the signed contract for subsidy and approved by the JTS plan for conduct of procedures as well.

When checking the documentation of the award procedures, the controller monitors the following:

- Compliance of the procedure with the approved by the respective JTS project procurement plan. Whether the procedures with similar activities are not artificially separated (especially to avoid an open procedure);
- The procedure is carried out in accordance with the thresholds for the type of contract and specific requirements for its implementation
- Using the model of PRAG (version updated at time of order or dispatch of invitation) (http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)
- Compliance with guidelines provided by the JTS and the MA in the Manual for implementation of the project.
- Compliance with the requirements of the Visibility and visualization guide of the EC.
- Procurement Plan for sub-tendering procedures - approved by the JTS and MA;
- Practical guide to contract procedures for implementing activities financed from the general budget of the European Community in the context of EU external action (PRAG).
- Procedural manual for the implementation of agreements under the particular program - provides guidance to the beneficiaries on how to carry out procedures for sub-contracting by type of contract and value. Appendix 1 to the manual gives a list of minimum required documents to be verified. Appendix 2 gives recommendations on key issues that could arise in the procedures.
- Guidance on publicity and visualization of the European Commission



Type of contract	Value in Euros	Type of the procedure	Particulates	Tender procedure documentation	Procedure by choice
Service (elaboration of strategies, studies, preparation and organization of events)	Up to 10 000	Single tender	Without publication, at least one tenderer invited, deadline for submission of tender - 15 days	<i>Tender dossier – minimum documents listed under B8 Standard tender dossier, Simplified tender dossier or following the provisions of the respective Project Implementation Manual distributed by the MA/JTS.</i>	Evaluation Committee (2 members), evaluation grid with basic elements (accepted/not accepted), evaluation report
	10 000 – 200 000	Competitive negotiated procedure	Without publication, at least 3 tenderers invited, deadline for submission of tender- 30 days	<i>Tender dossier – see documents for single tender procedure; difference evaluation grid;</i>	Selection process is based on comparison of received offers and is based on combination of price (20%) and technical quality. Evaluation Committee (odd number of voting members – minimum 3, non-secretary and chairperson), evaluation report
	Above 200 000	Restricted tender procedure	The invitation is published in the national media and on the web site of EUROPAID, two step evaluation: 1 st step-shortlist; 2 nd step-technical evaluation of the full bid, deadline for submission of tender-30 days	<i>Tender dossier (According to annex B8 of PRAG) –full tender dossier has to be prepared;</i> <i>Procurement notice (PN)-public invitation to potential tenders has to be published;</i> <i>Contract forecasts needs to be published 30 days prior to publication of PN on web site of Contracting Authority (grant beneficiary), national media, EUROPAID web site</i>	<i>Step 1 - short – list panel, short list notice;</i> <i>Step 2 – evaluation of received full proposals (the procedure is the same as in competitive negotiated procedure)</i>
SUPPLY CONTRACS (purchase of equipment and furniture, rent of equipment)	Up to 10 000	Single tender	Without publication, at least one tenderer invited, deadline for submission of tender-15 days	<i>Tender dossier – minimum documents listed under C4 Standard tender dossier, Simplified tender dossier or following the provisions of the respective Project Implementation Manual distributed by the MA/JTS.</i>	Evaluation Committee (2 members), evaluation grid with basic elements (accepted/not accepted), evaluation report
	10 000 – 60	Competitive	Without publication, at least	<i>Tender dossier – see documents for single tender</i>	Evaluation Committee (odd number of members)



	000	negotiation procedure	3 tenderers invited, deadline for submission of tender- 30 days	<i>procedure; different evaluation grid;</i>	voting members – minimum 3, non-secretary and chairperson), evaluation Steps of selection process – receipt of tenders, registration of tenders, opening of tenders, administrative compliance, technical evaluation, financial evaluation, conclusion of evaluation committee, notification of award, signature of the contract.
	60 000 – 150 000	Local open procedure	Procurement notice is published on the web site of Contracting Authority (grant beneficiary) and in national media; 30 days for submission of offers from the date of publication of PN	<i>Tender dossier – full tender dossier needs to be prepared;</i> <i>Procurement notice (PN) – public invitation to potential tenderers</i>	<i>see Competitive negotiated procedure</i>
	above 150 000	International open procedure	Procurement Notice is published on web site of Contracting Authority (grant beneficiary), national media, EUROPAID web site; 30 days for submission of offers from the date of publication of PN	<i>Tender dossier – full tender dossier needs to be prepared;</i> <i>Procurement notice (PN) – public invitation to potential tenderers;</i> <i>Contract forecast – needs to be published 30 days prior to publication of PN on web site of Contracting Authority (grant beneficiary), national media, EUROPAID web site;</i>	<i>See Competitive negotiated procedure</i>
WORKS CONTRACS (repair and renovation works of buildings, facilities, etc.)	below 10 000	Single tender	Without publication, at least one tenderer invited, deadline for submission of tender-15 days	<i>Tender dossier – minimum documents listed under D4 Standard tender dossier, Simplified tender dossier or following the provisions of the respective Project Implementation Manual distributed by the MA/JTS.</i>	Evaluation Committee (2 members), evaluation grid with basic elements (accepted/not accepted), evaluation report



	10 000 – 300 000	Competitive negotiation procedure	Without publication, at least 3 tenderers invited, deadline for submission of tender - 30 days	<i>Tender dossier – see documents for single tender procedure; different evaluation grid;</i>	Evaluation Committee (odd number of voting members – minimum 5, non-secretary and chairperson), evaluation report. Steps of selection process – receipt, registration of tenders, preparatory meeting, opening, administrative comparison, technical evaluation, financial evaluation, conclusion of evaluation committee, notifications and signature of the contract.
	300 000 - 5 000 000	Local open procedure	PN is published on web site of Contracting Authority (grant beneficiary) and in national media; 60 days for submission of offers from the date of publication of PN;	<i>Tender dossier – full tender dossier has to be prepared; Procurement notice (PN) – public invitation to potential tenderers</i>	<i>see Competitive negotiated procedure</i>



10.1 Key issues in conducting tenders

- Failure to comply with the principle "value for money" - the product does not meet quality as obtained by the contractor for payment. The main difficulty comes from the diversity of activities performed by the beneficiary. There may be cases when the controller could not rule on the matter, but in any case must not neglect to check the compliance with this principle. If in doubt, he should note the circumstances of the checklist and report.
- Conflict of interest - if there is any doubt about a possible conflict of interest (determined relationship between the contractor and applicant, or between two or more candidates) the MA should be notified.

Conflict of interest exists when an impartial and objective performance of the functions of any person associated with the awarding public contracts may be compromised for some reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person (Article 52, paragraph 2 of Council Regulation (EC, Euratom) № 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities).

Note: The financial corrections set out in the subsidy contract (Annex 6 "Financial adjustments applicable to infringements of award procedures") shall be determined and imposed by the MA.

11. IRREGULARITIES

11.1 Definition of "irregularity" and "fraud"

- **"Irregularity"** - any breach of Community law resulting from an act or omission by an economic operator which has or would have the effect of distorting the general budget of the Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the Communities or by an unjustified item of expenditure.
- **"Fraud"** - a suspicion of fraud is an irregularity giving rise to the formation of an administrative or judicial proceedings at national level in order to determine the existence of intentional behavior, particularly fraud, as defined in Article 1, paragraph 1, point "a" of the Convention on the protection of financial interests of the European Communities.

11.2. Signal for irregularity-nature, occurrence of the obligation to submit and mechanism of action

The signal for irregularity within the meaning of the Ordinance establishing the procedures for administration of irregularities in funds and programs co-financed by the EU is information received, including the data submitted from an anonymous source of info, regarding accomplished irregularity. To be a genuine signal for irregularity, the information should give clear reference to the specific project, the funding program, administrative unit and a description of the irregularity.



All persons involved in the financial management and control of the programs funded by the EU are obliged to report irregularities or suspected irregularities to the Irregularities Officer and / or competent internal unit responsible for verifying the received signals in the institution (Department “Organization Development, Legislation and Irregularities”, General Directorate “Management of Territorial Cooperation”).

Alerts on irregularities in carrying out the first level of control are reported by controllers carrying out the controls provided for, according to *Appendix 8 - Notification of irregularities by the controller in carrying out the first level of control program under the cross-border cooperation program between Bulgaria and Serbia, co-funded by the IPA*. Written reports shall be submitted in duplicate to the Director General of General Directorate “Management of Territorial Cooperation, Head of “Organization Development, Legislation and Irregularities” Department or to the Irregularities Officer. An official who receives a signal dates the documents and places a handwritten signature on both copies, retaining one copy for storage in the archives of the “ODLI” Department and the other provides to the sender of the signal. It is recommended that employees performing first level control, to report irregularities in writing with the most detailed description of the suspected irregularity and / or fraud and attached copies of the documents collected in connection with the signal irregularity.

If there is doubt or suspicion towards any one of the persons to receive the signals for irregularities, information is submitted directly to one or more of the following authorities:

- Director General of General Directorate “Management of Territorial Cooperation”;
- Deputy Minister or Head of department;

In cases where the irregularity signals contain information about suspected fraud, involving the Heads of the bodies administering EU funds and programs and / or Deputy Minister or Head of Department, the signal for irregularity shall be forwarded to the appropriate law enforcement authorities with a copy to the President of the Council AFCOS.

12. DELIVERY AND STORAGE OF RECORDS OF INSPECTIONS

Verification of the activities and costs incurred on the project should be properly documented by the controller, such documentation should include all aspects and results of the examination.

Within 30 days after signing the contract for first level control, the controller has a duty to submit to the “CBC - External borders” Department, General Directorate “Management of Territorial Cooperation”, the documents from the performed control with a cover letter and list of submissions.