


2. For decentralized first level control systems – Central Approbation Bodies representatives designation

Please fill in the official representatives of the Central Approbation Body, who are allowed signing the designation of first level controllers:

Name of the institution acting as Central Approbation Body	Danish Enterprise and Construction Authority		
Name of the department in charge	Centre for Regional Development		
Address	Vejlshøjvej 29, DK-8600 Silkeborg		
Title (Mr/Mrs)	Mr.	Mr.	
Name and Surname	Niels Bjerring Hansen	Preben Gregersen	
Position within the unit/department	Chief Councillor	Regional Director	
Telephone, fax	phone: +45 35466438 fax: +45 35466401	+45 3546 6407	
E-mail address	nbh@ebst.dk	pgr@ebst.dk	

Date, Signature of the MC member:

29/6 2010 

Official stamp:

Miljøministeriet
By og Landskabsstyrelsen
Haraldsgade 53
2100 København Ø

Guidelines on the controlling of European Territorial Co-operation projects implemented by Danish beneficiaries

These guidelines are addressed to Danish beneficiaries participating in a project under the European territorial cooperation objective programmes 2007-2013, and addressed to State-Authorized Public Accountants or Registered Public Accountants who, in accordance with article 16 of European-parliament and Council Regulation 1080/2006 of 5 July 2006 and §27(2) of Statuary order no 358 of 18 April 2007 as amended, have been designated as controller.

The guidelines cover the tasks of the controller in relation to expenditure declared by Danish beneficiaries participating in a project under the following European territorial cooperation objective programmes 2007-2013:

The Baltic Sea Region programme 2007-2013
The INTERREG IVB North Sea Programme 2007-2013
The INTERREG IVC Programme 2007-2013
The ESPON II Programme 2007-2013
The URBACT II Programme 2007-2013

The controller shall verify the delivery of the products and services co-financed, and the controller is responsible for verifying the legality, regularity and soundness of the expenditure declared by a Danish beneficiary and the compliance of such expenditure and related projects with Community rules and national rules.

In addition to the Community regulations and the regulations of the individual operational programme the implementation of projects under the European territorial cooperation objective programmes are particularly regulated by the following Danish statutory law and statutory orders as amended:

- Law on the administration of grants from ERDF and ESF (Act nr. 1599 of 20 December 2006).
<https://www.retsinformation.dk/Forms/R0710.aspx?id=27441>
- Statuary order on responsibility and competences regarding grants from ERDF and ESF. (Order no. 358 of 18 April 2007).
<https://www.retsinformation.dk/Forms/R0710.aspx?id=27539>
- Statuary order on eligibility, accounts, auditing and control of grants from ERDF and ESF. (Order no. 781 of 28 June 2007 as amended).
<https://www.retsinformation.dk/Forms/R0710.aspx?id=27632>

The statutory law and orders cover activities carried out by beneficiaries located in Denmark. The controller is implementing the control of the activities through desk checks **as well as through on the spot checks**, also to verify the delivery of products and services.

When designated the controller is requested to familiarize with the content of the EU regulations, the regulations of the relevant operational programme and with the Danish statutory law and orders.

DANISH BUSINESS AUTHORITY

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The Community regulations on public procurement, state aid, equal opportunities and the environment are of particular relevance.

The regulations of the **ESPON II Programme 2007-2013** are available, particularly the Programme and the Programme Manual, on www.espon.eu.

The programmes under the European territorial cooperation objective are in the **national regulations** dealt with in chapter 4 of the statutory law no 1599 and in chapter 6 of the statutory order no 358. The statutory order no 781 as amended is covering programmes under the Competitiveness and the Employment objective **and** programmes under the European territorial cooperation objective. It is specified if a specific regulation is not covering the latter programmes. Based on the experience the beneficiary and the controller should in particular be aware of the following requirements of the statutory order no 781 as amended:

- The audit trail should be kept intact including prolonged period of storing book keeping (until the year 2020) (§ 5)
- The principle of net expenditure (§ 6)
- Activities and expenditures have to be additional (§ 9)
- Principles regarding eligible expenditure including the documentation that the expenditure has been paid and overhead costs has to derive from the project to be eligible (§ 10)
- Calculation of costs related to salaries (§ 13)
- Control requirements (chapter 6) including the necessity to control the expenditure of all partners/sub-partners (§ 22, stk. 2).

National regulations on public procurement, state aid, the environment and equal opportunities are available on:

Public procurement:

<http://www.kfst.dk/udbudsomraadet/>

Danish Act on tender procedures for Public Work Contracts, incl. Service Contracts above DKR 500 000, is regulated by law number 572 of 6 June 2007

<https://www.retsinformation.dk/forms/r0710.aspx?id=113858>

State aid:

<https://www.retsinformation.dk/Forms/R0710.aspx?id=132775>

Domestic state aid rule is regulated in The Competition Act (Consolidated Act) Consolidated Act No. 972 of 13 August 2010 (§11a)

The Environment:

<https://www.retsinformation.dk/Forms/R0710.aspx?id=13072>

The Environment protection Act, no. 1757 of 22 December 2006

Equal opportunities:

<https://www.retsinformation.dk/Forms/R0710.aspx?id=20929>

Danish Act on equal Opportunities between Women and Men, Act no. 1527 of 19 December 2004 as amended.

More regulations of the statutory order no 781 as amended refer to the possibility or requirement of the managing authority of the individual programme to establish more specific instructions. In such cases the instructions of the individual European territorial cooperation programme, in this case the **ESPON II Programme 2007-2013**, are valid, ref. above.

If you as Danish beneficiary or designated Danish controller need further information do not hesitate to contact the Programme Secretariat (phone: +352 545580 700 // info@espon.eu), the Danish Nature Agency (phone +45 72 54 47 37// malte@nst.dk) or the Danish Business Authority (phone: +45 35 46 64 38// nibjha@erst.dk).

ESPON 2013 Programme – Member State's Description of the First Level Control System according to Article 16 of Regulation (EC) 1080/2006

Territorial Cooperation Programme, ESPON 2013
CCI 2007CB163PO022

SECTION	DESCRIPTION
1. General	
1.1. Information submitted by: <ul style="list-style-type: none"> • Member State • The main contact point • Responsible unit • Address • Telephone, fax and • e-mail address • Title (Mr/Ms) • Name and Surname • Position within the Unit • Telephone • Fax • e-mail 	Denmark Danish Enterprise and Construction Authority (DECA)/Ministry of Economic and Business Affairs Regional Development Unit Vejlsøvej 29 Tlf 45 35 46 60 00 ; fax 45 35 46 64 01 ebst@ebst.dk Mr Gregersen, Preben Head of Unit 45 35 46 64 07 45 35 46 64 01 pgr@ebst.dk
1.2. The information provided describes the situation on :	November 2007
2. System Structure	
What kind of system did you opt for? <ul style="list-style-type: none"> - <u>a centralized control system</u>: a control body appointed at central level to carry out the control for all beneficiaries on the territory (please continue with question 2.1) or <ul style="list-style-type: none"> - <u>a decentralized control system</u>: the beneficiaries propose a controller who is authorized by a central MS body or selects a controller from a short list provided by the MS (please continue with question 2.2)? 	The beneficiaries propose a controller who is authorized by a central MS body.

2.1 Centralised Control System	
<p>Please describe the system.</p> <p>Please indicate if the control is carried out by civil servants or by an external audit firm appointed for this specific mission. In case of an external audit firm, please explain how it was appointed.</p>	
<p><u>Contact details of the controller</u></p> <p>Please provide the contact details of the designated body actually carrying out the control.</p>	<p>Control Body 1</p> <p>Name of body, Address, Contact (name, address, telephone, fax, e-mail)</p>
<p><u>Contact details supervisory body</u></p> <p>In case of an external controller, please specify the body fulfilling the supervisory duties and the contracting.</p>	<p>Supervisory Body 1</p> <p>Name of body, Address, Contact (name, address, telephone, fax, e-mail)</p>
<p><u>Controller's qualification</u></p> <p>Which minimum requirements (degrees, work experience, national qualifications, and/or registration in professional organisations) does the controller under the centralized system described above fulfil?</p>	
2.2 Decentralized Control System	
<p>Please describe the system.</p> <ul style="list-style-type: none"> - Will the beneficiary select a controller from a list of several public and/or private control bodies established on MS level beforehand <p>or</p> <ul style="list-style-type: none"> - will the beneficiary propose an independent controller (internal or external), who is then authorized at central level before the first expenditure is reported and confirmed (please also refer to the guidance note established by the CU attached)? 	<p>Danish beneficiaries propose an independent external controller to DECA. The proposed controller is only accepted/designated by DECA if either a State-Authorized Public Accountant or a Registered Public Accountant, having knowledge of English and having experience in the controlling of structural funds. This should be confirmed by the Danish authority represented in the ESPON-MC. After having received an "Annex 4 checklist" correctly filled in and signed by a controller proposed by a Danish beneficiary, DECA will co-sign (and return to the controller with a copy for the</p>

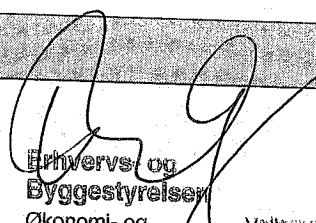
<p>In both cases, please explain the procedure for establishing the shortlist or authorizing the controller.</p> <p>If appropriate, please give also examples of types of possible control bodies.</p> <p>In case of use of shortlist of controllers, please provide the list (if not available yet, please indicate date of publication of shortlist).</p>	<p>the beneficiary and the CU) the "Annex 4 checklist" and designate the controller, as well as inform the controller on the relevant rules of the Community and of the operational programme and the relevant national rules, in particular the statutory order no. 781 of 28 June 2007, ref. below. The task of instructing the beneficiaries and controllers on the relevant rules that apply is as well the task of the MA/CU.</p> <p>A public register covering all State-Authorized Public Accountant and Registered Public Accountant already exists on the following address. http://www.cvr.dk/Site/Forms/CMS/DisplayPage.aspx?pageid=27</p> <p>State-Authorized Public Accountants and Registered Public Accountants:</p> <p>No shortlist except the register mentioned above.</p>
<p><u>Controllers' qualification:</u></p> <p>Please explain the <u>minimum requirements</u> for a controller to act as project partner/Lead partner controller (e.g. degrees, work experience, national qualifications, and/or registration in professional organisations).</p> <p>For the approbation/selection of controllers at central level, we suggest using the checklist provided in Annex 4 of the guidance note. Please confirm the use of this document or explain what kind of other document (which has to be at least equivalent) you will use instead.</p>	<p>The minimum requirements of a controller are the minimum requirements of a State-Authorized Public Accountant or a Registered Public Accountant. These requirements are regulated by the Act on State authorised and Registered Public Accountants. A controller should also have knowledge of English and experience in the controlling of structural funds. http://147.29.40.90/_GETDOCI/_ACCN/A20030030230-REGL</p> <p>The use of the document is confirmed for controllers designated by DECA.</p>
<p><u>Contact details of the central approbation body</u></p> <p>Please indicate the contact details of the central body in charge of establishing the shortlist of selected control bodies or the body in charge of authorizing the controller proposed by a project partner.</p>	<p>The body in charge of authorizing the controller proposed by a Danish project partner is the Danish Enterprise and Construction Authority, Regional Development Unit, Vejlsovej 29, DK-8600 Silkeborg; pgr@ebst.dk.</p> <p>DECA, Regional Development Unit, will implement a limited number of on the spot checks to verify/check the quality of the work done by the controllers.</p> <p>DECA, Regional Development Unit, employs the necessary staff to implement this quality check function – a task also implemented by the Unit for the Danish programmes under the Regional Competitiveness and Employment objective.</p>

<p>4. Separation of Functions</p> <p>Please explain how your Member State will ensure a clear separation of functions between the bodies having responsibilities in the management and control of a project and/or the programme. If appropriate, please provide an organisation chart to document the separation of functions between the bodies or units in charge of</p> <ul style="list-style-type: none"> - project activities and finances - - the verification of the project expenditure and delivery of the products and services (so-called "first level control" according to Article 16 of Regulation 1080/2006) - the sample checks on operations (the so-called "second level audit" according to Article 14 (2) of Regulation 1080/2006 and Article 62 of Regulation 1083/2006) - and project approval/Monitoring Committee representation (according to Article 63 of Regulation 1083/2006)? 	<p>The DECA, Regional Development Unit is situated in Silkeborg and the DECA, EU-Controlling Unit is situated in Copenhagen. The two unit are headed by different heads of units, and as well under the responsibility of different directors.</p> <p>Normally the Danish MC-representatives do not have responsibilities in relation to project activities and finances. This verification is done by independent State-Authorized Public Accountants and Registered Public Accountants. These auditors are independent from the project activities and finances, ref. though point 7 control cost.</p> <p>These checks are done by the Danish Enterprise and Construction Authority, EU-Controlling Unit, Copenhagen, or by auditors working under the instruction of the EU-Controlling Unit.</p> <p>The Danish delegation in the MC includes a representative from the Ministry of Environment, Agency for Spatial and Environmental Planning and occasionally, if necessary, a representative from the Danish Enterprise and Construction Authority, Regional Development Unit.</p>
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<p>5. First Level Control Delays</p> <p>How do you ensure that the first level control is carried out within 2 months after receipt of the documents bearing in mind that the progress report has to be submitted by the Lead partner within 3 months after the end of each reporting period?</p>	<p>This should be regulated by the grant offer letter and the agreement among the project partners. In the letter "nominating" the controller DECA will as well highlight these deadlines. Normally not a major problem in a decentralised system.</p>
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6. Quality Assurance/Guidance to FLC bodies	
<p>The programme will establish</p> <ul style="list-style-type: none"> - ESPON control guidelines - a template for a FLC checklist - a template for a FLC report. - A control certificate inside the progress report to be signed by the FLC. <p>The use of these standardized documents will be obligatory.</p> <p>Have you provided any additional guidance to the body/bodies in charge of first level control to ensure sound financial control (such as written guidelines, training)</p> <p>If yes please provide</p> <ul style="list-style-type: none"> - the reference - the date - related documentation (if applicable). 	<p>Yes, the Danish controllers will additionally be informed on the Danish regulations relevant to European territorial cooperation projects implemented in Denmark.</p> <p>To be forwarded when final version is available (draft annexed).</p>
<p>Please describe how you will ensure that the guidance is followed and the requirements resulting Article 60 b) of Regulation (EC) No 1083/2006 and from the ESPON 2013 control guidelines and ESPON 2013 control certificate are respected.</p>	<p>§ 27 of the statutory order no 358 of 18.04.2007 regulates the nomination of controllers of Danish beneficiaries under Territorial Co-operation programmes with a reference to article 16 of 1080/2006.</p> <p>§ 1(2) of the statutory order no 781 of 28.06.2007 underlines that the order is valid for programmes both under the competitiveness and employment objective and for programmes under the territorial co-operation objective. More regulations of the order are referring a competence to the MA of the OP though. The requirements of the auditor/the controller are presented in chapter 6 of the statutory order. Overall § 21(4) is saying that the work of the controller should be done in accordance with international auditing standards.</p> <p>"Verify the delivery of the products and services" (particularly § 22(1,4))</p> <p>"the soundness of the expenditure" (particularly § 22 (1,5+6))</p> <p>"compliance of the expenditure and project (part of project) with Community and national rules" (particularly § 22(1,2+3))</p> <p>§ 22(3) is saying that the controlling can be implemented on a sample basis.</p> <p>The use of standardised validation declarations to be used by all ESPON-controllers must as well ensure that the work of the controller is in accordance with the requirements.</p>

7. Control Cost	
<p>Who will pay for the control? Will it be provided for free (by the MS) or will the cost be borne by the Lead/Project partner and thus reported as eligible cost within the project?</p> <p>If the control cost is borne by the beneficiary and to be reported as eligible project cost, please provide details on how the cost is calculated, what is the basis for the payment (e.g. service contract) and to whom it has to be paid.</p>	<p>The cost of the work of the controller will be borne by the Lead/Project partner and thus reported as eligible cost within the project.</p> <p>The controller will issue an invoice to the project beneficiary for the control-work done in relation to the project by the controller. By this the payment will be paid to the controller. The costs related to the controlling a lead partner should, as far as possible, be organised in the same way. The controller issues an invoice to the lead-partner covering also the "coordination-tasks" of a lead-partner controller, and the lead-partner pays. Should be regulated in the agreement mentioned in article 20(1a) of Regulation 1080/2006.</p>

Name, Title + Organisation of Signatory for the MS	Place, Date and Stamp
<p>Preben Gregersen Head of unit Danish Enterprise and Construction Authority Regional Development Unit</p>	<p>Silkeborg 4-12-07</p> <p> Erhvervs- og Byggestyrelsen Økonomi- og Erhvervsministeriet Vejlsøvej 28 8600 Silkeborg</p>