



INTERREG EUROPE PROGRAMME 2014-2020

FIRST LEVEL CONTROLLER – Letter of Engagement

Introduction

By means of this letter of engagement, which is based on the information provided by [name of partner], [name of the FLC] may carry out the verification of expenditure incurred by [name of the beneficiary] on [name of the project] under the [name of the programme] in accordance with the rules set by Programme, EU and national rules.

Period of engagement

[This should cover the lifespan of the project as in the approved project application. Make a provision for any possibility of extension of the project closure deadline.]

Scope of services to be provided and FLC responsibilities

The verifications to be carried by the controller should cover administrative, financial, technical and physical aspects of the project, as appropriate. Verifications should ensure that:

- The expenditure declared is real;
- Co-financed products, services and works were actually delivered. The products or services have been delivered in accordance with the application form and subsidy contract;
- Expenditure was incurred and paid within the eligible time period of the project and was not previously reported;
- Expenditure reimbursed on the basis of eligible costs actually incurred is either properly recorded in a separate accounting system or has an adequate accounting code allocated;
- The necessary audit trail exists and all was available for inspection;
- The claim for reimbursement by the beneficiary are correct;
- Expenditure based on simplified cost options is calculated correctly and the calculation method used is appropriate;

- The project partner and expenditure have complied with the applicable Programme, EU and national rules;

The controller shall provide assurance on the eligibility of the 100% of the expenditure included in each claim for expenditures and shall follow the guidelines stipulated in the Programme manual as well as the national guidelines. The controller is to submit a first level control certificate and first level control report including checklist as established by the Programme. For reporting purposes, the programme has set up an online form system (OLF). Reporting is to be made to the programme authorities through the online system.

The controller should reject items of expenditure if they do not meet the eligibility requirements and use his/her professional judgement to apply financial corrections as per Commission Decision of 19.12.2013 and its Annex. The latter should be referred to so as to determine financial corrections to be made to expenditure financed by the Union under shared management, in cases where some aspects of procedures related to public procurement are found to be non-compliant with the applicable rules/principles on public procurement, In case of suspicion of fraud, the controller is to report suspected or established fraud cases to the managing authority through the specific programme template.

Verifications should include the following procedures:

- Administrative verifications (based on documentation provided) which shall involve a 100% check of expenditure incurred under the project in respect of each application for reimbursement by the project partners;
- An on- the-spot check - at least once in the lifetime of project - to check the verifiability of the project's deliverables as well as any aspects of compliance that cannot be confirmed by means of administrative checks. The respective deliverables ought to be checked, as well as it is to be ensured that the working documents are properly documented and accessible.

Each expenditure verification entails checking and confirming the following:

- Relevance of the expenditure to the project
- Eligibility according to Programme, EU and national rules
- Amounts against the provision in the approved budget
- Methodology for claiming costs such as overheads and staffing
- Compliance with procedures for buying goods and services
- Evidence of defrayment of expenditure through accounting and payroll
- Ensuring there is no double funding
- Ensuring there is no evidence of generation of undisclosed project-related revenue
- Compliance with publicity requirements.
- Attention to fraud risks in the area of public procurement

The controller shall use guidance and tools, including on-line applications, provided by the Programme authorities to conduct the verifications and report the findings. The Controllers are expected to keep abreast of any updates of programme manuals, procurement regulations, guidance notes, circulars and other relevant documentation. The controller is obliged to attend any training event organised by the Programme Joint Secretariat and / or the Funds and Programmes Division (FPD) on the financial

eligibility rules pertaining to the relevant Programme. Moreover the Controller is obliged to attend any bilateral and/or other meetings called by the FPD.

The controller will ensure that the work is properly documented and accessible to ensure an efficient review of the work in a way that any other controller/auditor can perform the control again.

Should the project partner be subjected to an assurance check by the FPD, a second level control body or the European Commission, the controller shall fully co-operate with the auditors and be available to answer any queries related to the control work.

Independence from the project

The Controller shall be totally independent from the project and therefore s/he shall be independent from the project operational activities and finances. In order to satisfy this requirement, the Controller must not be involved in any way in the implementation of a project which shall eventually be controlled by him/her under the framework of this contract.

Sufficient knowledge of the English language

Given that English is one of the official languages of the Interreg Europe Programme, the selected controller shall have sufficient knowledge of the English language enabling him/her to perform the first level controls adequately.

Qualifications

The Controller should be registered in the list of Maltese Registered list of Auditors¹. Please include a certified true copy of the CV.

Sufficient knowledge of the relevant EU regulations, Programme and National rules

The Controller shall have sufficient knowledge of the relevant EU regulations as well as the regulations set out on a Programme level. Knowledge of national rules, which include public procurement rules, state aid regulations and VAT legislation, is also required.

Applicable Standards

The assignment should be conducted in accordance with generally accepted standards in particular International Standards on Auditing and in accordance to the programme guidelines for controllers, as well as any documentation issued by the FPD in connection with Territorial Cooperation Programmes, which include the national guidelines, any circulars, as well as any other guidance notes this to ensure the application of the same quality standards and to document the control steps properly.

Reporting periods

There are [X] reporting periods per year for each project and consequently [X] reporting deadlines. The controller shall respect the verification deadlines set in the subsidy contract for the project.

The reporting periods are the following:

[set out the reporting periods agreed by the Lead Partner]

¹ The list may be accessed from the following link:

<https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx>

Customer responsibility

The project partner has the responsibility to ensure that:

- The controller has access to all the programme guidance and training material
- All the supporting documentation, evidence, and outputs are made available to the FLC in a timely manner so that the expenditure can be verified on time
- The controller is given access to the payroll and accounting systems, and to public procurement evidence
- Assets are safeguarded and reasonable steps are taken for the prevention of and detection of fraud and other irregularities with an appropriate system of internal control
- Access is given at all reasonable time to any land, premises or other infrastructure that may be necessary for the controller to confirm the verifiability of the project output during an on-site verification
- Appointments with controllers are kept, information requests and responses are provided in line with agreed deadlines
- Any changes that may impact on the verification of the expenditure are conveyed to the controller in a timely manner.
- Following project closure archiving of documents related to the project's implementation for a minimum period is required. All supporting documents have to be available for a two year period from 31 December following the submission to the European Commission of the programme's annual accounts in which the expenditure of the claim for expenditures for last progress report is included. Other, possibly longer statutory archiving periods, as required by national law, remain unaffected from the rules mentioned above.

Fees

The charges will be [€] as set out in the quote/tender.

Controller's Name	
Signature	
Organisation	
Stamp of the organisation	
Date	

Project Partner's Name	
Signature	
Organisation	
Stamp of the organisation	
Date	