

INTERREG EUROPE Programme

Description of the First Level Control system set up by EU Member States participating in the programme and Norway in accordance with article 23 (4) of REGULATION (EU) No 1299/2013 of the EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013.

The information in this template is required in order to complete the description of the management and control system.

Partner State:

A – BODY RESPONSIBLE FOR THE FIRST LEVEL CONTROL (FLC) SYSTEM

Institution responsible for the FLC system

Name of the institution	Funds and Programmes Division within the Parliamentary Secretariat for the EU Presidency 2017 and EU Funds Ministry for European Affairs and Implementation of the Electoral Manifesto
Responsible unit	Financial Control Unit
Address	Funds and Programmes Division Triq il-Kulkanja Santa Venera SVR 1411 Malta
Contact person	
Title (Mr/Ms)	Mr
First name and Surname	Raphael Scerri
Position within the unit	Director General
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B - DESIGNATION OF THE FLCs

B.1 - Centralised control system

In centralised first level control systems a central body is appointed to carry out the first level controls in accordance with article 23 (4) of the REGULATION (EU) No 1299/2013 of the EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 and article 125 (4, 5 and 5) of the REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013.

Is your control system (= FLC=management verifications of expenditure) centralised?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No (if no please move on to part B.2.)
<i>Institution in charge of FLC (if there is more than one institution in charge, please copy and paste the following 11 lines as many times as needed)</i>		
Administrative level	<input type="checkbox"/> national level	<input type="checkbox"/> regional level
	<input type="checkbox"/> other: please specify	
Name of the institution		
Responsible unit/department		
Address		
Contact person		
Title (Mr/Ms)		
First Name and Surname		
Position within the unit/department		
Telephone		
Fax		
E-Mail		
If the FLC is carried out by more than one body, please specify	<input type="checkbox"/> supervisory/coordinating function <input type="checkbox"/> FLC body	
<ul style="list-style-type: none"> - the role of each body within the FLC system: - how the FLC system is built up, how the FLC tasks and responsibilities are shared, which body is entitled to sign the control certificate: 		

(..)B.1 Centralised control system

<p>The FLC level control is carried out by (please specify):</p>	<p><input type="checkbox"/> employees of the above mentioned body/bodies <input type="checkbox"/> external auditors appointed for the specific mission by and under the responsibility of the above mentioned body/bodies</p>
<p>For which EU funded Programme(s) is the FLC body responsible?</p>	
<p>How does the Partner State ensure that sufficient human and financial resources are planned for the FLC and that the FLC (incl. on-the-spot checks) is carried out within the time limit set in the Partner State agreement?</p> <p>E.g. please specify the maximum number of project partners assigned to one controller, time limit set for the project partners to submit the supporting documents to the FLC body after the end of each reporting period, maximum certification time per financial report, time limit set for the project partners to reply to clarifications etc.</p>	
<p>Please confirm that FLCs hold minimum qualifications, such as:</p> <ul style="list-style-type: none"> ✓ relevant degrees and/or ✓ work experience in controlling projects co-financed by Structural funds⁽¹⁾ and/or ✓ compulsory national qualifications (if any: please specify) and/or ✓ national approval (if the case, please specify how this is granted) and ✓ sufficient knowledge of the English language ✓ sufficient knowledge of the relevant EU regulations, programme and national rules. <p>Please add more if it is the case and give a brief explanation.</p>	<p>Two points are pre-ticked. Please select at least one other point.</p> <ul style="list-style-type: none"> <input type="checkbox"/> confirmed <input type="checkbox"/> confirmed <input type="checkbox"/> confirmed <input type="checkbox"/> confirmed <input checked="" type="checkbox"/> confirmed <input checked="" type="checkbox"/> confirmed

¹ Suggested: minimum 3 years in financial management or auditing/controlling of projects co-financed with Structural or other EU funds.

(...) B.1 Centralised control system

<p>Please also confirm that FLCs will be regularly trained on specific issues relevant for FLC, e.g.</p> <ul style="list-style-type: none"> • public procurement • VAT • state aid • staff costs calculations 	<p><input checked="" type="checkbox"/> confirmed</p>
<p>Will the FLC costs be charged to the project partners?</p> <p>If yes, please specify</p> <ul style="list-style-type: none"> - how costs will be calculated - how the contracting (if applicable) and invoicing process will be set up - the approximate cost for FLC so that project partners can include it in their budget in the project application. 	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>How will the <u>management verifications on the spot</u> be organised?</p> <p>If on-the-spot checks are carried out on a sample basis, please describe the methodology planned to select beneficiaries to be checked on the spot</p>	<p><input type="checkbox"/> at least one on-the-spot check to be carried out for each partner during the lifetime of the project</p> <p><input type="checkbox"/> on a sample basis</p> <p><input type="checkbox"/> pure random</p> <p><input type="checkbox"/> risk based approach</p> <p><input type="checkbox"/> other: please specify</p>
<p>For the MA's/JS' information: Is the central FLC body also in charge of the financial control verifications for other ETC or Investment for Growth and Jobs Programmes?</p>	<p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><i>If yes, please specify the programme(s):</i></p>

B.2 - Decentralised control system

In decentralised system, an approbation body will designate an independent, qualified FLC based on a proposal made by the project partner or based on a shortlist established by the approbation body.

Is your control system decentralised?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (if no please go back to part B.1.)
<i>Institution in charge of performing the role of approbation body</i>	
Name of the institution	Funds and Programmes Division Parliamentary Secretariat for the EU Presidency 2017 and EU Funds Ministry for European Affairs and Implementation of the Electoral Manifesto
Responsible unit/department	Financial Control Unit
Address	Funds and Programmes Division Territorial Cooperation Unit Triq il-Kukkanja Santa Venera SVR 1411 Malta
Contact person	
Title (Mr/Ms)	Mr
First name and Surname	Raphael Scerri
Position within the unit/department	Director General
Telephone	00356 2200 1142
Fax	00356 2200 1141
E-Mail	raphael.p.scerri@gov.mt
What is the procedure for designating the FLCs in accordance with article 23 (4) of the REGULATION (EU) No 1299/2013 of the EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 and article 125 (4, 5 and 5) of the REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013.	<p>The approbation body will designate an independent, qualified FLC based on</p> <p><input checked="" type="checkbox"/> a proposal made by the project partner</p> <p><input type="checkbox"/> a shortlist established by the approbation body</p> <p>Please specify further if needed:</p> <p>In this regard, the partners participating in a project shall select their respective auditor in accordance with established procedures pertaining to general procurement principles. Upon selection of the auditor they</p>

	<p>shall inform the Funds and Programmes Division (FPD) of the outcome of the respective selection exercise and hence the proposed controller. FPD would then consult the list of Maltese Registered Auditors https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx ; https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditFirms/Principals.aspx and, should the proposed controller be on this list, the FPD shall designate the first level control function pertaining to the project in which the partner would be participating, to such auditor. It is only after receiving this certificate that the controller can start as a first level controller within the framework of the project, and the first expenditure can be reported and certified.</p>
<p>If the controller will be designated based on a proposal made by the project partner, please indicate if the controller can be internal and/or external.</p>	<p>The controller can be</p> <p><input checked="" type="checkbox"/> internal (as long as he/she is independent from the unit in charge of project finances and activities) and/or</p> <p><input checked="" type="checkbox"/> external.</p> <p>The Controller can be internal or external as long as (s)he is qualified and represents a unit which is independent from the operation's activities and finances. This requirement will be included in the Terms of Reference of the Call for Quotations for the selection of first level controller and the approbation certificate issued by FPD.</p>

(...) B.2 Decentralised control system

<p>If the controller will be designated based on a shortlist, please indicate the procedure and provide the shortlist. If the shortlist is not yet available, please provide the timeframe and the procedure for setting up the shortlist instead:</p>	<p>N/A</p>
<p>Please confirm that the approbation body before the designation, will ensure that the appointed controller</p> <ul style="list-style-type: none"> • is independent from the controlled PP • holds the minimum qualifications such as: <ul style="list-style-type: none"> ✓ relevant degrees; ✓ work experience in controlling projects co-financed by Structural funds(?); ✓ compulsory national qualifications (if any: please specify); ✓ national approval (if the case, please specify how this is granted); <p>✓ sufficient knowledge of the English language</p>	<p>Three points are pre-ticked. Please select at least one other point.</p> <p><input checked="" type="checkbox"/> confirmed pre ticked Project partners are to specify this requirement in the Terms of Reference of the Call for Quotations for first level controller so as to ensure the fulfilment of this role in their performance of tasks.</p> <p><input type="checkbox"/> confirmed</p> <p><input type="checkbox"/> confirmed</p> <p><input type="checkbox"/> confirmed</p> <p><input checked="" type="checkbox"/> confirmed The FPD shall consult the list of Maltese Registered Auditors and should the proposed controller selected by the Maltese partner be on this list, the FPD shall issue an approbation certificate to designate the first level control function pertaining to the project in which the partner would be participating, to such auditor. In case of a change in the first level controller, a new request for approbation must be filled in and submitted to the approbation body. The new controller will not be authorized to act as the partner's first level controller until the new certificate is issued by FPD.</p> <p><input checked="" type="checkbox"/> confirmed pre ticked Project partners are to specify this requirement in the Terms of Reference of the Call for Quotations for first level controller so as to ensure the fulfilment of this role in their performance of tasks.</p>

² Suggested: minimum 3 years in financial management or auditing/controlling of projects co-financed with Structural or other EU funds.

<p>✓ sufficient knowledge of the relevant EU regulations, programme and national rules.</p>	<p><input checked="" type="checkbox"/> confirmed <input type="checkbox"/> pre ticked</p> <p>Project partners are to specify this requirement in the Terms of Reference of the Call for Quotations for first level controller so as to ensure the fulfilment of this role in their performance of tasks.</p>
<p>Are the FLC costs considered to be eligible within the project (please specify if there are specific conditions to determine the eligibility of control costs)?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The expenditure incurred for the verification of such expenditure may be borne by the entity participating in the project; this may be claimed under the respective project provided that a financial provision is made in the Application Form.</p>
<p>Please also confirm that FLCs will be regularly trained on specific issues relevant for FLC, e.g.</p> <ul style="list-style-type: none"> • public procurement • VAT • state aid • staff costs calculations 	<p><input checked="" type="checkbox"/> confirmed <input type="checkbox"/> pre ticked</p> <p>Guidance (for instance by means of information sessions, bilateral meetings or guidance notes) to project auditors, first level controllers and project representatives is envisaged to be given throughout project implementation.</p>

C – GUIDANCE AND QUALITY ASSURANCE/QUALITY CONTROL ON FLCs

<p>The Programme will establish</p> <ul style="list-style-type: none"> - FLC guidelines - a template for a FLC report Incl. checklist (serving as a minimum requirement) - a control certificate to be signed by the FLC. <p>The use of these standardised documents will be obligatory. Have additional guidance/instructions on financial management and control and applicable Community and national rules been issued for the use by FLCs to ensure the sound financial management and correct validation of expenditure?</p> <p>If yes, please provide</p> <ul style="list-style-type: none"> - details about the nature of the relevant documents (e.g. guidance notes, manuals, standard terms of reference and contracts etc.); - a digital copy or link to the web page source of the above listed documents for publishing them on the Programme's web page. 	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>As outlined above, guidance notes and circulars will be prepared by the FPD as deemed necessary. These will be disseminated amongst the project partners and uploaded on the division's website. (www.eufunds.gov.mt)</p>
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How will the Partner State monitor and control the performance and quality of the FLCs on its territory, and if needed, implement corrective measures?

In particular please describe

- how you ensure that the FLC (incl. on-the-spot checks) is carried out within the time limit set in the cooperation programme (e.g. timeline included in approbation certificate, minimum requirements for terms of reference for FLC selection, commitment required from FLC during approbation, etc.).

The approbation certificate issued by FPD will include a timeline referring to the time limit set in the cooperation programme for FLC requirements (incl. on the spot checks). All partners will also be requested to include reference to such a timeframe (in addition to other minimum requirements) in the respective request for quotations / tenders so that this requirement will be clear to all potential bidders from the beginning.

Upon verification of a project claim, the project partner is to send a copy of the certificate issued by the first level controller to FPD. This would enable FPD to monitor any delayed claims. In case that the copy of the verification certificates are not received within the set timeframe reminders will be sent to project partners and the necessary action taken accordingly.

- the requirements upon the on-the-spot verifications³ of the project partners to be carried out by the FLC.

The approbation certificate issued by FPD shall also refer to the requirements pertaining on the spot verifications. Furthermore, project partners are to specify this requirement in the pre-requisites outlined in the terms of reference of the call for quotations for first level control services so as to ensure the fulfilment of this role in their performance of tasks.

In addition to the above, random checks are envisaged to be conducted by the FPD to ensure the proper functioning of the system and ascertain that all guidelines are being followed and respected. Such checks will be held on a sampling basis using a risk assessment to determine which projects should be assessed.

³ In compliance with the article 23 (4) of the REGULATION (EU) No 1299/2013 of the EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013 and article 125 (5) and (6) of the REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013, on-the-spot verifications are usually done for each project partner at least once during the project lifetime. For FLCs controlling more than one project partner, sampling may be possible under the condition that the method is well justified and documented.

- how the training of the FLCs on a regular basis will be ensured (before the first validation of expenditure, during the project implementation, through meetings or seminars etc.)

When a project is selected for funding under the INTERREG EUROPE Programme, the Maltese project applicants shall be invited to participate in a bilateral meeting whereby details about the programme financial eligibility rules and national requirements are given and explained. Guidance will be offered to project participants and first level controllers on the project implementation process and also on the preparation of claims for reimbursement. Furthermore, the Funds and Programmes Division intends to organise info-sessions (as required) in which the financial eligibility rules are explained. The FPD will make sure that any relevant documentation (e.g. guidance notes, circulars, programme manuals, procurement regulations etc) are always made available to the project partners and the designated controllers.

- if quality checks will be carried out

Yes No

The body in charge for the quality checks is the Financial Control Unit of the Division. Checks will be performed by the FCU on a sampling basis using a risk assessment analysis to determine which projects should be assessed. The FCU will issue a control report and any irregularities will be reported in an irregularity report.

- if yes, please specify

- o the body in charge of the quality checks;
 - o the type of check (eg. control report review, on-the-spot verifications to check existence of complete audit trail, check during which the certified expenditure is checked again);
 - o sampling method ;
 - o sample size.
- if no, please describe how the effectiveness and efficiency of your national FLC system will be ensured nevertheless.

D – SEPARATION OF FUNCTIONS: FLC, Second Level Audit (SLA) and project partner function

<p>How will the Partner State ensure the clear separation of functions between the body/unit responsible for the FLC and</p> <ul style="list-style-type: none"> - the body/unit representing the Partner State in the Group of Auditors and thus in charge of second level audits? - the bodies/units in charge of project activities and finances? <p>If FLC, SLA and/or project partner functions are potentially located within the same organisation, please provide an organisation chart to document the independence of the units.</p>	<p>The second level audits will be conducted by the Internal Investigations and Audit Department, Office of the Prime Minister which is totally separate from the Funds and Programmes Division given that the latter falls under the Ministry for European Affairs and Implementation of the Electoral Manifesto.</p>
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Place:	Institution of the signatory:
Date:	Name and title of the signatory:
Stamp (if ex-ists):	Signature:

META - SANTA VENERA

2014 March 2015

FUNDS AND PROGRAMMES DIVISION

Raphael Scornil

Director General

Parliamentary Secretariat for EU Presidency 2017 and EU Funds

Raphael Scornil - DIRECTOR GENERAL