

Description of the First Level Control (FLC) system set up by Member and Partner States participating in the Interreg Mediterranean Programme 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 of the programme.

**Transnational Cooperation Programme MED
CCI2014TC16M4TN001**

SECTION	DESCRIPTION
1. General information	
Member/ Partner State	Country: Malta
	Name of the institution responsible for FLC system: 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
	Address: Funds and Programmes Division Triq il-Kukkanja Santa Venera SVR 1411 Malta
Main contact person	First name and Surname: Mr Raphael Scerri
	Position: Director General
	Email address: raphael.p.scerri@gov.mt
	Phone: 00356 22001142
The information provided describes the situation on :	<i>07/01/2016</i>
Are you modifying your system respect to 2007-2013 programming period?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the FLC system description for the Med Interreg programme 2014-2020 the same as the one put in place in your country for national ERDF funds?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No The system proposed under the Med Programme shall also apply to all Territorial Cooperation Programmes in which Malta is participating.

2. System Structure

Please indicate the First Level Control system you are opting for:
(please select ONE proposal and refer to questions 2.1 or 2.2 for more detailed information)

- A **centralized First Level Control system** (a body appointed at central level to carry out the controls for all beneficiaries on the territory). Please provide details in question 2.1.
- A **decentralized First Level Control system**. Please provide details in question 2.2.

2.1 Centralised First Level Control System

Institution in charge of FLC: *(If there is more than one institution in charge, please copy and paste the following 10 lines "contact details of the designation institution" as many times as needed)*

Please provide the contact details of the designated institution in charge of FLC:

Institution in charge of FLC:

Name of the institution:

Administrative level (national, regional, other):

Responsible unit/department:

Address:

Contact person:

First name and Surname:

Position:

Email address:

Phone:

Please describe the FLC system:

Text:

If the FLC is carried out by **more than one** body, please specify :

- 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

Text:

body is entitled to sign the control certificate:	
The control is carried out by:	<input type="checkbox"/> civil servants <input type="checkbox"/> an external audit firm appointed for this specific mission by and under the responsibility of the above mentioned body/bodies
In case of an external auditor carrying out the controls, please specify - the body fulfilling the supervisory duties and the contracting	Supervisory Body
	Name of the body:
	Address:
	Contact person:
	Name and surname:
- the external audit firm	Phone:
	Email address:
	Name of the audit firm
	Address:
	Contact person:
For which other EU funded Programme(s) the FLC body is responsible?	Name and surname:
	Phone:
	Email address:
	Text:

2.2 Decentralized Fist Level Control System	
<p>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 6) of the REGULATION (EU) No 1303/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 December 2013.</p>	<p>The approbation body will designate an independent, qualified FLC based on:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> the project partner's proposal of an (internal or external) auditor which is authorized by a central MS body <input type="checkbox"/> the project partners select an auditor from a short list of several public and/or private audit bodies pre-established on MS level beforehand
<p>In both cases, please explain the procedure for establishing the shortlist or authorizing the First Level Controller.</p> <p>If available, kindly send us the model of the approval document that will be issued.</p>	<p>Partners participating in a project shall select their respective auditor/audit company in accordance with general procurement principles through a call for quotations. Following this procedure, partners shall propose their selected controller to the Funds and Programmes Division (FPD). The latter shall then look up the proposed controller on the list of Maltese Registered Auditors on https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx; / https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditFirmsPrincipals.aspx. If the proposed controller is registered on this list, the FPD shall designate the first level control function of the project to such auditor/ audit company and issue an approbation certificate to this effect. It is only after receiving this certificate that the controller can start duties related to first level control within the framework of the project. In the case of a change in the first level controller, a new request for approbation must be filled in and submitted to the approbation body.</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> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Internal (as long as he/she is independent from the unit in charge of project finances and activities, see point 4 here after) <p>and</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> External <p>The Controller can be either internal or external as long as the required qualifications are available and the Controller represents a unit that is independent from the Project's activities and finances.</p>
<p>Please indicate the procedure foreseen in order</p>	<p>Once the projects are selected for funding, the Territorial Cooperation Unit within the FPD, as the</p>

<p>to guarantee the independence of FLC from statutory audit functions, or any other role within the partners' structure</p>	<p>national coordinator of Territorial Cooperation Programmes, including the Med Programme shall meet the respective partners by means of bilateral meetings. During such meetings, the partners will be asked to include the requirement that the Controller must represent a unit that is independent from the Project's activities and finances in the Terms of Reference of the Call for Quotations for the selection of first level controller.</p> <p>With regard to internal auditors, the partners shall be asked to provide details with regard to such separation of functions to the FPD in the respective request to issue the letter of approbation.</p>
<p>Please indicate the contact details of the body in charge of establishing the shortlist of selected audit bodies or the body in charge of authorizing the auditor proposed by a project partner.</p>	<p>FLC designating body</p> <p>Name of the body: 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</p> <p>Address: Funds and Programmes Division Triq il-Kukkanja Santa Venera SVR 1411 Malta</p> <p>Contact person: Mr Raphael Scerri</p> <p>Phone: 00356 22001142</p> <p>Email address: raphael.p.scerri@gov.mt</p>
<p>Should a national validation be issued by the central MS body regarding each single FLC certificate during project's development?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>If YES please kindly confirm the contact of the entity in charge of issuing this validation</p>	<p>Body in charge of issuing the National Validation</p> <p>Name of the body:</p> <p>Address:</p> <p>Contact person:</p> <p>Name and surname:</p> <p>Phone:</p> <p>Email address:</p>

3. First Level Controller's qualification

Please indicate the minimum requirements that a FLC under the centralized or decentralized system have to fulfil

E.g.: please specify if the FLC will have to prove that he/she:

- is independent from the controlled project partner* (in case of decentralized system);
- is registered in professional organisations;
- holds the minimum qualifications such as:
 - ✓ relevant degrees;
 - ✓ relevant working experience;
 - ✓ relevant experience of projects co-financed by Structural funds();
 - ✓ compulsory national qualifications (if any: please specify);
 - ✓ national approval (if the case, please specify how this is granted);
 - ✓ sufficient knowledge of English and/or French (official languages of the Interreg MED Programme);
 - ✓ Knowledge of EU regulations, programme and national rules.

Under the decentralised system, the FLC could be carried out either by an internal auditor or by an external auditor. In all cases, the FLC must be enlisted as a Maltese Registered Auditor on: <https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx> / <https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditFirmsPrincipals.aspx>.

The FLC must certify independence from the Project's activities and finances in the quotation submission to the Call for Quotations for such service (in case of an external auditor) or in the request to issue the approbation letter as submitted to the FPD (in case of an internal auditor).

As a minimum, Controllers must possess:

1. Knowledge of EU regulations, programme and national rules
2. Sufficient knowledge of the English language.

Project partners shall specify the above-listed requirements in the Terms of Reference of the Call for Quotations for first level control services. Internal auditors will have to provide the above mentioned information in their request to the FPD to issue the approbation letter.

National approval will be granted only upon satisfaction of the requirements listed above.

Kindly explain if FLCs will be trained on specific issues relevant for FLC, e.g.

- Calculation of staff cost (according to programme rules)
- Simplified cost options
- Public procurement,
- VAT,
- State aid,
- Net revenues,
- Use of the on-line monitoring tool of the

When a project is selected for funding under the Med 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.

Interreg MED Programme.	
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4. Separation of Functions: FLC, Second Level Audit (SLA) and project partner function*	
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<p>If FLC, SLA and/or PP functions are potentially located within the same organisation, please explain how a clear separation of the bodies having responsibilities in the management and control of a project and/or the programme is ensured?</p> <p>If appropriate, please provide an organisation chart to document the independence of the bodies or units in charge of:</p> <ul style="list-style-type: none"> - statutory audit functions within the partners' structure, - project activities and finances, - the verification of the project expenditure and delivery of the products and services (so-called "control" according to Article 23.4 of ETC Regulation 1299/2013), - the sampled checks on operations (the so-called "audits" according to Article 127 of CPR Regulation 1303/2013), - and the Monitoring Committee representation (according to Articles 47 and 48 of CPR Regulation 1303/2013) 	<p>If located within the same organisation, the project partner shall provide information regarding the auditor's independence from the project partner function as outlined above.</p> <p>With regard to the second level audit function, this shall be conducted by the Internal Audit and Investigations Directorate within the Office of the Prime Minister. The SLA is separate from PP and is also functionally independent from controllers who carry out verifications under Article 23 of the REGULATION (EU) No 1299/2013.</p>
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5. First Level Control Delays	
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<p>How do you ensure that sufficient human and financial resources are planned for the whole FLC process and that the FLC (incl. on-the-spot</p>	<p>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). Furthermore, the partners will also be requested to include reference to such a timeframe (in addition to other minimum</p>
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<p>checks) is carried out within the time limit set in article 23(4) of the REGULATION (EU) No 1299/2013?</p> <p>E.g: please specify the maximum number of project partners assigned to one FLC, time limit set for the project partners to submit the supporting documents to the FLC 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>requirements) in the respective request for quotations / tenders so that this requirement will be clear to all potential bidders from the beginning.</p> <p>In addition, 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.</p>
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6. Quality Assurance/Guidance to FLC bodies

<p>The Interreg MED Programme MED establish:</p> <ul style="list-style-type: none"> - a Programme Manual; - a template for a FLC certificate (including a report and a checklist) to be signed by the FLC. <p>The use of these standardized documents and the Programme on-line monitoring tool SYNERGIE CTE are compulsory</p> <p>Will you provide any additional guidance to the body/bodies in charge of FLC to ensure sound financial management and correct validation of expenditure (such as written guidelines, manuals, training, etc...)?</p> <p>If yes please provide</p> <ul style="list-style-type: none"> - the reference - the date - a digital copy or the link to the webpage where an updated version of such guidance is available (for publication on our website) 	<p style="text-align: center;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p> <p>The FPD shall provide training to the selected FLCs on financial management and eligibility rules, the project implementation process and validation of expenditure via claims for reimbursement. The FLC shall also be provided with any guidance notes and circulars issued from time to time.</p>
<p>In relation with Article 125, paragraph 4; point a)</p>	<p>The FCU within the FPD shall conduct verification checks on FLC performance, quality of its system</p>

<p>of CPR Regulation 1303/2013 and article 23 paragraph 4, point 4 of ETC Regulation 1299/2013, please describe how you will monitor and control the performance, the respect of time limit and the quality of the FLC system in your territory.</p> <p>Please explain how, if needed, you will implement corrective measures (ex: quality checks, training of FLCs, regular meetings; etc...)</p>	<p>and adherence to set directives and to article 23(4) of the REGULATION (EU) No 1299/2013. In addition, as outlined above, the PP shall send to FPD a copy of the certificate issued by the first level controller. This allows FPD to monitor any delayed expenditure claims and take any follow up action as required.</p> <p>The FCU shall issue a control report and report any irregularities by means of an irregularity report.</p>
<p>In compliance with CPR Regulation 1303/2013, Article 125, paragraph 5b and 6, kindly confirm if an on the spot check will be <u>compulsorily</u> implemented by FLCs¹</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>The FLC selected through a Call for Quotations shall carry out spot checks that are related to the expenditure being verified. This requirement shall be listed in the Terms of Reference of the Call for Quotations that is issued by the PP for selecting the FLC, as well as in the approbation certificate that the FPD shall be issued to the selected FLC.</p> <p>Further on-the-spot checks shall be carried out by the Financial Control Unit within the FPD on a sample basis using a risk assessment analysis to determine which projects should be assessed.</p>

7. First Level Control Cost

<p>Who will pay for the FLC costs?</p> <p>If the audit cost is borne by the project partner and reported as eligible project cost, please specify if there are specific conditions to determine the eligibility of control costs (e.g. service contract, agreement, convention) and to whom it should be paid.</p>	<p>FLC costs shall be borne by the PP and shall be reported as eligible costs within the project. With regard to eligibility of external audit costs: following selection through a Call for Quotations and confirmation of official enlistment as a Maltese Registered Auditor, the FLC shall be presented with an approbation certificate by the FPD, if the respective auditor meets all the requirements listed above. Internal audit costs will be claimed as internal staff costs.</p>
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¹ In compliance with article 23 (4) of the ETC REGULATION (EU) No 1299/2013 and article 125 (5) and (6) of the CPR REGULATION (EU) No 1303/2013, it is highly recommended to carry out on-the-spot verifications of each project partner at least once during the project lifetime. In the case of centralized FLC systems, sampling may be possible under the condition that the method is well justified and documented.

