

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: Italy
	Name of the institution responsible for FLC system: Ad hoc Committee - Agenzia per la Coesione Territoriale/Nucleo di Verifica e Controllo (NUVEC)
	Address: Via Sicilia 162/C, 00187 ROMA
Main contact person	First name and Surname: Maria Ludovica Agrò
	Position: Director General
	Email address: ludovica.agro@agenziacoesione.gov.it
	Phone: +39 06 96517888
The information provided describes the situation on :	22/02/2016
Are you modifying your system respect to 2007-2013 programming period?	<input type="checkbox"/> Yes <input checked="" 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

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)	<input type="checkbox"/> A centralized First Level Control system (a body appointed at central level to carry out the controls for <u>all beneficiaries on the territory</u>). Please provide details in question 2.1. <input checked="" type="checkbox"/> A decentralized First Level Control system . Please provide details in question 2.2.

2.1 Centralised Fist Level Control System	
Institution in charge of FLC: <i>(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)</i>	
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:
<p>If the FLC is carried out by more than one body, please specify :</p> <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: 	Text:
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	Supervisory Body
	Name of the body:
	Address:

- the body fulfilling the supervisory duties and the contracting	Contact person:
	Name and surname:
	Phone:
	Email address:
- the external audit firm	Name of the audit firm
	Address:
	Contact person:
	Name and surname:
	Phone:
	Email address:
For which other EU funded Programme(s) the FLC body is responsible?	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> <p><input checked="" type="checkbox"/> the project partner's proposal of an (internal or external) auditor which is authorized by a central MS body</p> <p><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>
<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>The partner appoints its controller after having been authorized by a central MS body. The responsibility of the selection of controllers is always given to the partner, who must act in accordance with Community and National Law on public procurement. Both private and public or governed under public law partners can appoint their controller; if the partner is a Public Administration (as provided for in art. 1.2. of the Legislative Decree n. 165/2001) control activities can be also (in alternative to the previous option) entrusted to its own internal control offices, provided that the separation of functions with the offices responsible for implementing the operations is ensured. The ad-hoc Committee validates the designation of controllers made by the beneficiaries.</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)</p> <p>or</p> <p><input checked="" type="checkbox"/> External</p>
<p>Please indicate the procedure foreseen in order to guarantee the independence of FLC from statutory audit functions, or any other role within the partners' structure</p>	<p>A. External controllers INDEPENDENCE</p> <p>The controller in charge should not be in one of the following positions towards the contracting</p>

	<p>Beneficiary:</p> <ul style="list-style-type: none"> • Individual or relative's participation, by now or referred to the last three years, to the management or control board and to director general's office: 1) of the contracting Beneficiary company or its holding 2) of the companies who possess, directly or indirectly, in the contracting Beneficiary company or in its holding more of 20% of the voting rights; • Existence, by now or referred to the last three years, of other business relations or engagements to establish such business relations with the contracting Beneficiary/company or with its holding; • Any other situation, different from those under a) and b) compromising or, however, affecting the controller independence; • The controller in charge cannot simultaneously assume the task of controller of the contracting Beneficiary company or of its holding; • To be a relative of the contracting Beneficiary; • To have business relations resulting from the belonging to the same established professional structure, however called, in which the activity control is carried out, for any reason, even for autonomous collaboration and employee job, or to any other economic nature activity establishing business interest or sharing of business interests; • The controller in charge, at the end of the task, cannot become a member of the administration bodies, control and directorate general of the contracting Beneficiary before a period of three years passed. <p>B. Internal controllers</p> <p>INDEPENDENCE</p> <p>The independence is certified with an administrative act and an organization chart by which it is possible to gather the functional independence of the first level controller.</p> <p>The ad-hoc Committee shall:</p> <ul style="list-style-type: none"> • validate the designation of independent controllers made by the beneficiaries; • express opinions and provide guidance and guidelines on control issues, in order to ensure the proper running of the national control system; • promote the preparation of manuals and other documents supporting the functionality of the national control system; • ensure that an Italian representative participate in the meeting of the informal controllers groups established in the implementation of transnational territorial cooperation programmes.
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	In addition, the controllers qualification requirements, have to be verified by the Beneficiaries themselves at the moment of the task assignment with acquisition of the suitable documentation that will be kept in case of possible further controls (at project/programme level).														
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.	<table border="1"> <tr> <td colspan="2" data-bbox="739 305 1927 331">FLC designating body</td> </tr> <tr> <td data-bbox="739 337 961 396">Name of the body:</td> <td data-bbox="970 337 1927 396">Ad hoc Committee - Agenzia per la Coesione Territoriale/Nucleo di Verifica e Controllo (NUVEC)</td> </tr> <tr> <td colspan="2" data-bbox="739 402 1927 428">Address:</td> </tr> <tr> <td colspan="2" data-bbox="739 435 1927 493">Contact person: To be appointed by March 2016 among the regional members of the Ad Hoc Committee belonging to Interreg MED programme area.</td> </tr> <tr> <td data-bbox="739 532 991 558">Name and surname:</td> <td data-bbox="999 532 1927 558"></td> </tr> <tr> <td data-bbox="739 565 831 591">Phone:</td> <td data-bbox="835 565 1927 591"></td> </tr> <tr> <td colspan="2" data-bbox="739 597 1927 623">Email address:</td> </tr> </table>	FLC designating body		Name of the body:	Ad hoc Committee - Agenzia per la Coesione Territoriale/Nucleo di Verifica e Controllo (NUVEC)	Address:		Contact person: To be appointed by March 2016 among the regional members of the Ad Hoc Committee belonging to Interreg MED programme area.		Name and surname:		Phone:		Email address:	
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Name and surname:															
Phone:															
Email address:															
Should a national validation be issued by the central MS body regarding each single FLC certificate during project's development?	<table border="1"> <tr> <td data-bbox="739 633 1171 691">X Yes</td> <td data-bbox="1180 633 1927 691">No</td> </tr> </table>	X Yes	No												
X Yes	No														
If YES please kindly confirm the contact of the entity in charge of issuing this validation	<table border="1"> <tr> <td colspan="2" data-bbox="739 782 1927 808">Body in charge of issuing the National Validation</td> </tr> <tr> <td data-bbox="739 815 961 873">Name of the body:</td> <td data-bbox="970 815 1927 873">Ad hoc Committee - Agenzia per la Coesione Territoriale/Nucleo di Verifica e Controllo (NUVEC)</td> </tr> <tr> <td colspan="2" data-bbox="739 880 1927 906">Address:</td> </tr> <tr> <td colspan="2" data-bbox="739 912 1927 971">Contact person: To be appointed by March 2016 among the regional members of the Ad Hoc Committee belonging to Interreg MED programme area</td> </tr> <tr> <td data-bbox="739 977 991 1003">Name and surname:</td> <td data-bbox="999 977 1927 1003"></td> </tr> <tr> <td data-bbox="739 1010 831 1036">Phone:</td> <td data-bbox="835 1010 1927 1036"></td> </tr> <tr> <td colspan="2" data-bbox="739 1042 1927 1068">Email address:</td> </tr> </table>	Body in charge of issuing the National Validation		Name of the body:	Ad hoc Committee - Agenzia per la Coesione Territoriale/Nucleo di Verifica e Controllo (NUVEC)	Address:		Contact person: To be appointed by March 2016 among the regional members of the Ad Hoc Committee belonging to Interreg MED programme area		Name and surname:		Phone:		Email address:	
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Name and surname:															
Phone:															
Email address:															

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.

The FLC will have to prove:

- Degree in accounting, finance and relevant fields;
- Relevant working experience - please specify number of years and in which field;
- Work experience in controlling projects, preferably co-financed by Structural funds;
- Sufficient knowledge of English and/or French (official languages of the Interreg MED Programme);
- Knowledge of relevant EU, programme and national rules;

Further information are specified below.

External controllers PROFESSIONALISM

The controller in charge must:

- a) be registered from at least three years, in the Register of Chartered Accountants and Accounting Experts or in alternative in Register of Legal Auditors, established under Art. 2, paragraph 3, letter a) of the Legislative Decree 27 January 2010, n. 39.
- b) not having been removed for serious failures, in the last three years, from a Certified Public Accountant/Statutory Auditor position, in public or private Companies and Bodies.

INDEPENDENCE

The controller in charge should not be in one of the following positions towards the contracting Beneficiary:

- a) Individual or relative's participation, by now or referred to the last three years, to the management or control board and to director general's office: 1) of the contracting Beneficiary company or its holding 2) of the companies who possess, directly or indirectly, in the contracting Beneficiary company or in its holding more of 20% of the voting rights;
- b) Existence, by now or referred to the last three years, of other business relations or engagements to establish such business relations with the contracting Beneficiary/company or with its holding;
- c) Any other situation, different from those under a) and b) compromising or, however, affecting the controller independence;
- d) the controller in charge cannot simultaneously assume the task of controller of the contracting Beneficiary company or of its holding;
- e) to be a relative of the contracting Beneficiary;
- f) to have business relations resulting from the belonging to the same established professional structure, however called, in which the activity control is carried out, for any reason, even for

autonomous collaboration and employee job, or to any other economic nature activity establishing business interest or sharing of business interests.

The controller in charge, at the end of the task, cannot become a member of the administration bodies, control and directorate general of the contracting Beneficiary before a period of three years passed.

HONOURABLENESS

The task of national controller cannot be assigned to whom:

- a) has been subjected to measures of prevention ordered by the judicial authority as provided by art. 6 and art. 67 of the Legislative Decree no. 159/2011 and subsequent amendments except for the effects of rehabilitation;
- b) is in state of legal or temporary disqualification from holding directorate offices of legal persons or firms from holding public office in perpetual or for a period longer than three years, except after rehabilitation.
- c) has been sentenced by a judgment against which no appeal is possible, except after rehabilitation, or with irrevocable sentence of penalty determination under article 444, subparagraph 2, of the code of criminal procedure, except after rehabilitation:
 - 1) to imprisonment sentence for one of the crimes provided for by law concerning insurance, banking, financial activities, as well as provided for, by law concerning payment instruments;
 - 2) to imprisonment for a period not less than one year for a crime against Public Administration, against justice administration, against public faith, against property, against public safety, against public economy, against industrial and commercial sectors or for a crime in national fiscal legislation issues;
 - 3) to imprisonment for one of the crimes under the title XI, book V of the civil code and under the Royal Decree 16th of March 1942, n. 267;
 - 4) to imprisonment for a period not less than two years for any other premeditated crime;
- d) has been declared bankrupt, except expiry of terms and effects of the bankruptcy, according to the Royal Decree 16th of March 1942, n. 267, or if they were appointed president or administrator, deputy administrator, managing director, statutory auditor of companies or bodies that were subject of bankruptcy proceedings, creditors arrangement or assets liquidation, for at least the three financial years prior to the adoption of the relative restrictive measures, provided that the restrictive measures has to last until five years since the adoption of the measures themselves.

Internal controllers

PROFESSIONALISM and HONOURABLENESS

	<p>These two requirements are fully satisfied by the membership to the unit which is in charge of carrying out the control activities.</p> <p>INDEPENDENCE</p> <p>The independence is certified with an administrative act and an organization chart by which it is possible to gather the functional independence of the controller.</p>
<p>Kindly explain if FLCs will be trained on specific issues relevant for FLC, e.g.</p> <ul style="list-style-type: none"> • 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 Interreg MED Programme. 	<p>The National Contact Point will organize informative workshops for the presentation of the control tools in collaboration with the Ad hoc Committee.</p>

4. Separation of Functions: FLC, Second Level Audit (SLA) and project partner function*

<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 	<p>1. FLC -> Ad hoc Committee</p> <p>The body responsible for the FLC and the approbation body are Ad hoc Committee, Responsible Unit: Agenzia per la Coesione Territoriale/ Nucleo di Verifica e Controllo (Nuvec)</p> <p>Information on the institutions that will be represented within the Ad hoc Committee will be available by July 2016.</p> <p>2. SLA -> GoA Members</p> <p>The members of the group of auditors for Italy are from IGRUE/Ministry of Economy and Finance (MEF) and no member of the Ad hoc committee will come from this Ministry.</p> <p>The separation is ensured since neither the Auditors nor the audit institution/department they belong to take part in other activities conducted in the framework of the Interreg MED Programme.</p> <p>The members of the Group of Auditors are not only functionally but also organisationally</p>
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<p>and delivery of the products and services (so-called “control” according to Article 23.4 of ETC Regulation 1299/2013),</p> <ul style="list-style-type: none"> - 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>independent from the Interreg MED implementing bodies. Implementing tasks such as project activities and finances, verification of the project expenditure and delivery of certificates of expenditure, Monitoring Committee representation and project approval (according to article 47 of Regulation n.1303/2013) are executed in other institutions.</p> <p>3. Project activities and finances are in charge of project partner; The units/institutions represented in the ad hoc committee will not be involved as project partners in Interreg MED Programme.</p>
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5. First Level Control Delays	
<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 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>The costs for carrying out the controls, including on-the-spot checks, will be sustained with the beneficiary’s resources.</p> <p>The contracts with the controllers, as well as the guidelines, will report appropriate terms and conditions in compliance with the provisions set in article 23(4) of the REGULATION (EU) No 1299/2013.</p>

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><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Additional guidelines will be issued by July 2016.</p>
<p>In relation with Article 125, paragraph 4; point a) 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>The body responsible for the quality checks will be appointed by March 2016. The quality checks are focused on the verification of the work done by the controllers on a sample having a size between 10% and 15% of the delivered certificates per year.</p> <p>The selection of the first level controls will be carried out taking into consideration risk factors as the partner level (Lead partner/project partners), the amount of the certified costs, the experience of the first level controller, the frequency of irregularities, the information on anomalies (e.g. from the Programme bodies), etc.</p> <p>The results of the checks are documented in a checklists and are communicated to the concerned controller(s) and the contracting partner. In case of findings the body responsible for the quality checks informs the concerned partner and its controller asking for clarifications. In case the clarifications aren't satisfactory, the body responsible for the quality checks informs the MA/JTS as well as the beneficiary and the controller in order to trigger the recovery process.</p> <p>The results of the checks will also be summarized in one report that will be sent to the MA/JTS on a six-monthly basis, likely within January and July, in order to inform about the results of the quality checks carried out.</p> <p>The quality checks performed by the above mentioned body include also the verification of the eligibility of the cost of the controllers.</p>
<p>In compliance with CPR Regulation 1303/2013,</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>

<p>Article 125, paragraph 5b and 6, kindly confirm if an on the spot check will be <u>compulsorily</u> implemented by FLCs¹</p>	
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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>The costs will be charged on the projects, and each project partner will pay the FLC costs.</p>

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.