MANAGEMENT & CONTROL SYSTEM
FIRST LEVEL CONTROL IN EUROPEAN TERRITORIAL COOPERATION PROGRAMMES

Despina Stavrou
Unit of European Territorial Cooperation Programmes
Directorate of Structural Funds and Cohesion Fund
Planning Bureau

22 February, 2012

REPUBLIC OF CYPRUS
EUROPEAN UNION
STRUCTURAL FUNDS of the European Union in Cyprus
our ideas, actions for development

Overview

- European Territorial Cooperation Programmes at a glance
- Regulatory Framework
- Management and Control System in ETC Programmes
- Approbation Body for First Level Controllers in ETC Programmes
- First Level Control System and the Approbation Procedure
- Controller’s Qualifications
- First Lever Control Fundamentals

European Territorial Cooperation Programmes

- Cross-Border Cooperation Programme Greece –Cyprus 2007-2013
- Trasnational Cooperation Programme MED
- Interregional Cooperation Programme Interreg IVC
- Cross Border Cooperation Programme of the Mediterranean Basin ENPI

Planning Bureau => National Conduct Point/ National Coordinator

=>Approbation Body for First Level Controllers

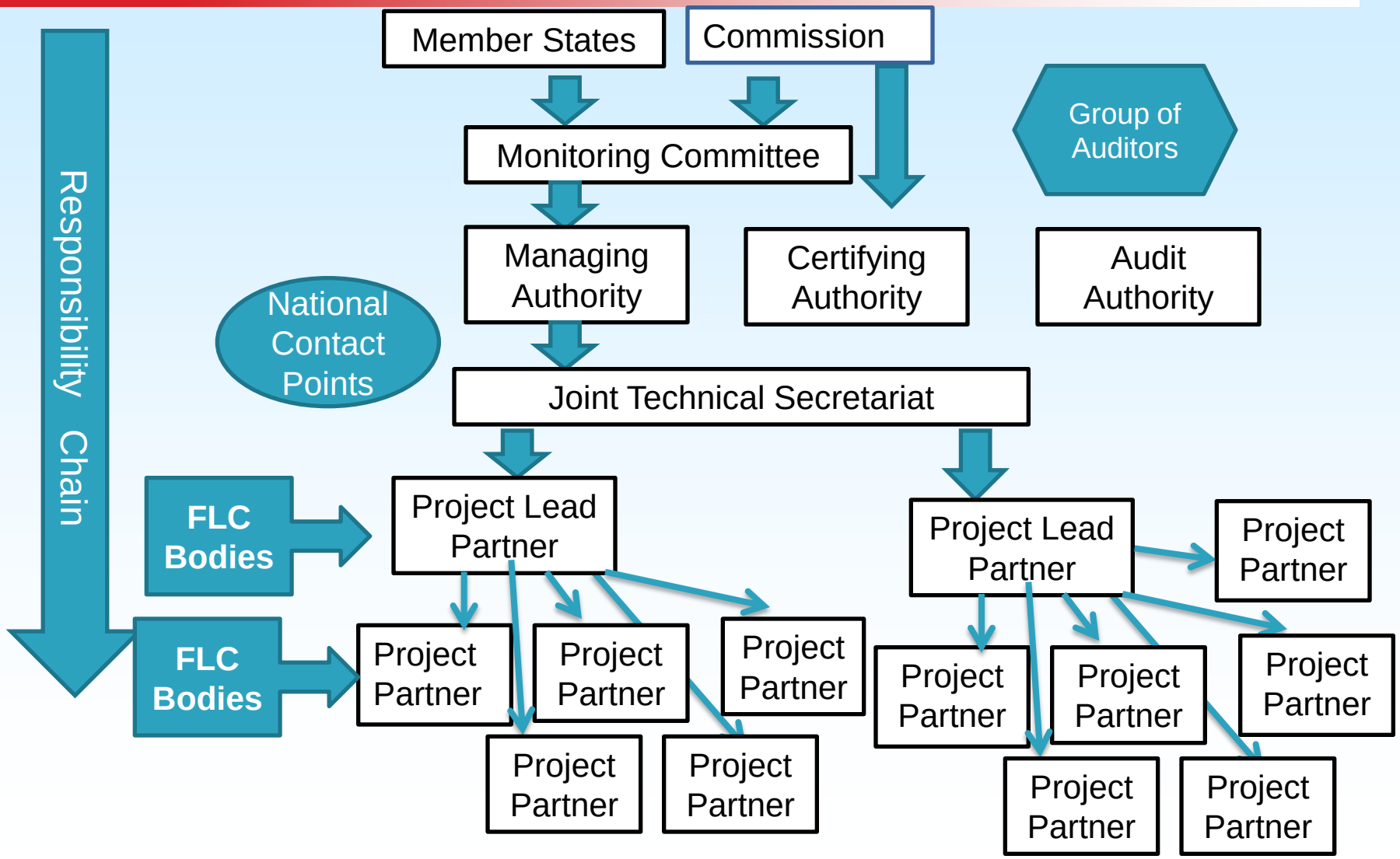
Regulatory Framework

- Regulation (EC) No 1080/2006

Article 16 - Control System

- In order to validate the expenditure, each **Member State shall set up a control system** making it possible to **verify the delivery** of the products and services co-financed, the **soundness of the expenditure** declared for operations or parts of operations implemented on its territory, and the **compliance** of such expenditure and of related operations, or parts of those operations, **with Community rules and its national rules**.
- For this purpose **each Member State shall designate the controllers** responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation. Member States may designate a single controller for the whole programme area .
- Where the delivery of products and services co-financed can be verified only in respect of the entire operation, the verification shall be performed by the controller of the Member State where the lead beneficiary is located or by the managing authority
- Each Member State shall ensure that the **expenditure can be validated by the controllers within a period of three months**

Management and Control System in ETC Programmes



National Conduct Point

- Planning Bureau is the competent Member State Authority : National Conduct Point for Cypriot Project Partners
- Coordination of the ETC Programmes
- Approbation Body of First Level Controllers
- Communication with project partners and controllers
- Organisation of events / training seminars for partners and controllers
- Sample checks to verify the effectiveness of the control system and the quality of the verifications

Role of First Level Controller

Suggested relative responsibilities and workloads
CONTROL Vs AUDIT

Actions of FLC are to reduce the error rate (ex ante controls). Later audit focuses primarily on estimating undetected error rate

Project Partner

Project partner Controllers

Lead Partner

MA/ JTS

CA

AA

+ Other controls/audits: MS, EC Audit services, OLAF

First Level Control System

<u>Options for the Member States:</u>

Type 1: Centralised – one controller for the whole programme

Type 2: Decentralised – independent controller (internal or external) for each project/partner

Type 3: Combination of the Centralised and Decentralised Control System

For the European Territorial Cooperation Programmes Cyprus has adopted the Decentralised System

First Level Controller Options for Cypriot Project Partners

External Controller

- From the private sector

Internal Controller

- Within the organisational structure of the Partner/Lead Partner

Procedure for the Approbation of First Level Controller

1. **The Planning Bureau (Approbation Body) has set the minimum requirements for a controller to be approved. The requirements are communicated to all partners, together with the standardised document for approbation of the FLC**
2. **The partner(beneficiary) proposes an independent controller (internal or external), after he is satisfied that he meets the minimum required criteria (professional skills and competence, independence, knowledge of EC regulations and program documents, etc).**
3. **The beneficiary and the controller complete and sign the said standardized document and submit it to the Approbation Body (Planning Bureau) for authorization, after the project approval and before the expiry of first reporting period.**
4. **The Approbation Body checks whether the controller fulfills the minimum criteria and informs the beneficiary accordingly. – First Level Controller Approbation Certificate**
5. **The beneficiary sends the FLC Approbation Certificate to the Lead Partner**

First Level Controller

External Controller

- National Public Procurement procedure
- Public Procurement Directorate of the Treasury of the Republic of Cyprus ⇨ certifies compliance of Public Procurement procedure
- The beneficiary must also submit to the Approbation Body the relevant certificate for compliance with Public Procurement

Internal Controller

- Ensure independence from project implementation and financing
- Organisational Chart ⇨ Approbation Body

Controller´s Qualifications

- Member in Professional Organisations of Accountants/Auditors – professional skills and competence in the control/audit field
- Experience/training/studies in the field of control of projects co-financed from EU funds
- Sufficient knowledge of the English and/or Greek language
- Independence from the project approval procedures and professionally independent from the unit dealing with the activities and finances of the project
- Knowledge of the Regulations , the project , the subsidy contract, partnership agreement
- Ability to complete control within the specific timeframe

First Level Control Fundamentals

- 100% control of the declared expenditure
- Comply with EC and national eligibility rules
- Audit trail – proper documentation of control work
- Procedure for availability of documents
- On the spot checks
- Separate accounting system or adequate accounting coding for the co-financed project
- Compliance with EC and National rules regarding
  - **Public procurement**
  - **Publicity and information**
  - **Equality between men and women and non-discrimination**
  - **Protection of the environment**
  - **State Aid**

National Conduct Point = Approbation Body of FLC

- Authorisation of First Level Controllers
- Communication
- Organisation of events / training seminars for first level controllers
- Sample checks to verify the effectiveness of the control system and the quality of the verifications

PURPOSE:

Ensure that the control system allows the verification of:

- the delivery of the co – financed products or services in accordance with approval decision
- the correctness and validity of expenditure incurred within the MS
- the compliance of the declared expenditure with the Community and National rules

Thank you for your attention

www.structuralfunds.org.cy/edafikisinergasia

dstavrou@treasury.gov.cy

REPUBLIC OF CYPRUS

EUROPEAN UNION

STRUCTURAL FUNDS
of the European Union in Cyprus
our ideas, actions for development