

Annex 3



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INTERREG IVA 2 Mers Seas Zeeën Cross-border Cooperation Programme 2007-2013
Description of the First Level Control System according to Article 16 of Regulation (EC)
1080/2006

| SECTION | DESCRIPTION |
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| 1. General | |
| 1.1. Information submitted by: 1. Member State 2. The main contact point | <p>1. Country</p> <p>2. Contact Point Institution: Communities and Local Government Unit: European Policy and Programmes Address: 3rd Floor, Eland House Postal code: SW1E 5DU City: London Country: England</p> <p>Tel : +44 303 444 2710 Fax : E-mail : arni.narain@communities.gsi.gov.uk Name and Surname: Arni Narain</p> |
| 1.2. The information provided describes the situation on : | 19/03/2010 |



INTERREG IVA 2 Mers Seas Zeeën Cross-border Cooperation Programme 2007-2013 is part-financed from the European Regional Development Fund (ERDF)

| 2. System Structure | |
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| <p>What kind of system did you opt for?</p> <ul style="list-style-type: none"> - a <u>centralized control system</u>: a control body appointed at central level to carry out the control for all beneficiaries on the territory? (Please continue with questions under 2.1, 4, 5, 6, 7) <p>or</p> <ul style="list-style-type: none"> - a <u>decentralized control system</u>: the beneficiaries proposes a controller who is authorized by a central Member State body or selects a controller from a short list provided by the MS? (Please continue with questions under 2.2,4,5,6,7) | <p>A decentralised audit system: the beneficiaries propose a controller which is authorised by a central MS body. The controller must have a qualification from a list of approved professional bodies.</p> |

To be filled in in the case you have chosen a Centralised Control System:

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| <p>2.1 Centralised Control System</p> <p>Please describe the system. Please indicate if the control is carried out:</p> <ol style="list-style-type: none"> 1. by civil servants or 2. by an external audit firm appointed for this specific mission. <p>In case 2) (external audit firm), please explain how it was appointed.</p> | <p>The control is carried out by a civil servant.</p> |
| <p>Contact details of the controller Please provide the contact details of the designated body actually carrying out the control.</p> | <p>Institution: Communities & Local Government Unit: European Policy & Programmes Division Address: Eland House, Bressenden Place, Victoria, London Postal code: SW1E 5DU City: London Country: United Kingdom</p> <p>Tel : + 44 303 444 2706 Fax : + E-mail : arni.narain@communities.gsi.gov.uk Name and Surname: Arni Narain</p> |
| <p>Contact details supervisory body In case of an external controller, please specify the body fulfilling the supervisory duties and the contracting.</p> | <p>Institution: N/A Address: Postal code: City: Country:</p> <p>Tel : + Fax : + E-mail : Name and Surname:</p> |
| <p>Controller's qualification Which minimum requirements must the controller under the centralized system described above fulfil? (Please list here the minimum requirements set in terms of: degrees, work experience, national qualifications, Structural Funds regulations knowledge, EU regulatory framework knowledge, language knowledge, and/or registration in professional organisations etc.)</p> | <p>Requirements: N/A</p> <ul style="list-style-type: none"> - - - - - - - |

Now please go to sections , 4, 5, 6, 7.

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| <p>2.2 Decentralized Control System</p> <p>Please describe the system</p> <ul style="list-style-type: none"> - Will the beneficiary select a controller from a list of several public and/or private control bodies established on MS level beforehand <p>Or</p> <ul style="list-style-type: none"> - will the beneficiary propose an independent controller (internal or external), who is then authorized at central level before the first expenditure is reported and confirmed (please also refer to the guidance note established by the JTS attached and in particular to Annex 4)? | <p>The beneficiary will propose an independent controller, who is then authorised at national level – on the basis of a list of approved professional bodies - before the first expenditure is reported and certified. The controller can be internal as well as external as long as s/he is qualified and from a unit independent of the project's activities and financial management.</p> |
| <p>In both cases, please explain the procedure for establishing the shortlist or authorizing the controller.</p> | <p>EPPD/CLG holds a list of approved professional bodies, from which the controller will be selected (or from a body of equivalent merit), which will be provided to beneficiaries.</p> |
| <p>If appropriate, please give also examples of types of possible control bodies.</p> | <p>The bodies must be qualified members of the following organisations:- Institute of Chartered Accountants; Association of Certified Accountants; Chartered Institute of Public Finance and Accountancy; and any other body of accountants established in the UK and for the time being approved by the Secretary of State.</p> |
| <p>In case of use of shortlist of controllers, please provide the list (if not available yet, please indicate date of publication of shortlist).</p> | <p>See above</p> |
| <p>Controllers' qualification Please explain the minimum requirements for a controller to act as project partner/Lead partner controller. (Please list here the minimum requirements set in terms of: degrees, work experience, national qualifications, Structural Funds regulations knowledge, EU regulatory framework knowledge, language knowledge, and/or registration in professional organisations etc.)</p> | <p>Requirements: As indicated above, they must be qualified members of ICA; ACC; CIPFA; and any other UK body of accountants established in the UK and for the time being approved by the Secretary of State. They will also be required to comply with the guidelines for FLC issued by the MA/JTS.</p> <ul style="list-style-type: none"> - - - - - |
| <p>For the approval/designation of controllers, we ask you to use the checklist provided in Annex 4 of the guidance note.</p> <p>In case you decide to use an equivalent</p> | <p>I can confirm that the controllers will be designated by the central body by using the Annex 4 checklist.</p> |

document, please confirm the use of this document or explain what kind of other document you will use instead. This document must be at least equivalent to the Annex 4. Please attach this document as an evidence for our use.

Contact details of the central approval body

Please indicate the contact details of the central body in charge of establishing the shortlist of selected control bodies or the body in charge of the approval/designation of the controller proposed by the project partner.

Central Approval body is

Institution: Communities and Local Government
 Address: 3rd Floor, Eland House, Bressenden Place
 Postal code: SW1E 5DU
 City: London
 Country: England

Tel : + 44 303 444 2706

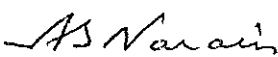
E-mail : arni.narain
 @communities.gsi.gov.uk
 Name and Surname: Arni Narain

Now please go to sections , 4, 5, 6, 7.

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| <p>4. Separation of Functions</p> <p>Please explain how your Member State will ensure a clear separation of functions between the bodies having responsibilities in the management and control of a project and/or the programme.</p> <p>If appropriate, please provide an organisation chart to document the separation of functions between the bodies or units in charge of</p> <ol style="list-style-type: none"> 1. project activities and finances 2. the verification of the project expenditure and delivery of the products and services (so-called "first level control" according to Article 16 of Regulation 1080/2006) 3. the sample checks on operations (the so-called "second level audit" according to Article 14 (2) of Regulation 1080/2006 and Article 62 of Regulation 1083/2006) 4. and project approval/Monitoring Committee representation (according to Article 63 of Regulation 1083/2006)? | <p>Separation with project and finances: it is not the role of the European Policy and Programmes Division to engage in project activities in the Two Seas programme. The European Policy and Programmes Division acts as the national authority for the ERDF on behalf of the UK. Other Divisions within the Communities and Local Government Department might engage in project activities but these are clearly separated from the European Policy and Programmes Division.</p> <p>Separation with the Second Level Controls is assured. An independent control division (Internal Audit Services) with the Communities and Local Government is in charge of the Second Level Audits. This division will not engage in project activities.</p> <p>Separation with Programme Monitoring and Selection Committee functions can be assured internally. The International Programmes Branch will represent CLG at PMC and PSC meetings and the Monitoring and Audit Control Environment Branch will have responsibility for managing the First Level Control arrangements. This will ensure an adequate division of tasks between staff members of the divisions within the Communities and Local Government Department.</p> |
| <p>5. First Level Control Delays</p> <p>How do you ensure that the first level control is carried out within the deadlines set by the Programme (see the Guidance on eligibility and in the Guidance on first level controls)?</p> | <p>In order to be appointed/ approved a controller will also have to declare his/her ability to deliver his work within the requested time frames.</p> |
| <p>6. Quality Assurance/Guidance to FLC bodies</p> <p>The programme will establish</p> <ul style="list-style-type: none"> - INTERREG IVA first level control guidelines - a template for a FLC checklist - a template for a FLC report. - A control certificate inside the progress report to be signed by the FLC. <p>The use of these standardized documents will be obligatory.</p> <p>Have you provided any additional guidance to the body/bodies in charge of first level control to ensure sound</p> | <p>In close co-operation with the 2 Seas Europe programme, we will issue guidance to potential first level control organisations on the programme's FLC arrangements. This will include the programme audit guidelines, checklist and report templates.</p> <p>CLG has not provided additional guidance to the FLC bodies on the Two Seas programme.</p> |

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| <p>financial control (such as written guidelines, training) If yes please provide</p> <ul style="list-style-type: none"> - the reference - the date - related documentation (if applicable). | |
| <p>Please describe how you will ensure that the guidance is followed and the requirements resulting Article 60 b) of Regulation (EC) No 1083/2006 and from the INTERREG IVA first level control guidelines and INTERREG IVA first level control certificate are respected.</p> | <p>The requirements of Article 60 b) of 1083/2006 will be clearly remarked by the Central Body to the appointed controllers. The list requirements listed in Article 60b) will have to be met by the controllers when performing the first level controls.</p> <p>Communication of the rules will be ensured through the website of the organisation (CLG), UK Liaison Group, Contact Points, information and training seminars, (in co-operation with the 2 Seas programme) and eventual sample checks (quality checks on the work of the first level controllers) by the European Policy and Programmes Division of CLG; referring as appropriate to the Monitoring Assurance Framework in the ERDF User Guide.</p> |

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| <p>7. Control Cost</p> <p>Who will pay for the control? Will it be provided for free (by the MS) or will the cost be borne by the Lead/Project partner and thus reported as eligible cost within the project?</p> <p>If the control cost is borne by the beneficiary and to be reported as eligible project cost, please provide details on how the cost is calculated, what is the basis for the payment (e.g. service contract) and to whom it has to be paid.</p> | <p>Audit cost borne by the beneficiary.</p> <p>A convention/contract will have to be made between the beneficiary and his controller detailing the cost base or controls. (Both in the case of a public and private controller). The expenditure will be eligible within the project.</p> <p>To whom it has been paid: Continuation of current procedure (payment by beneficiary to controller).</p> |
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| Name, Title + | Place, Date and Stamp |
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| <p>Arni Narain, Head, Monitoring, Audit Control Environment,</p>  | <p>Communities & Local Government European Policy & Programmes Division 3rd Floor, Eland House Bressenden Place London SW1E 5DU</p> <p>19 March 2010</p> |
| <p>Organisation of Signatory for the MS</p> | |
| <p>Communities and Local Government</p> | |

We would like to receive a signed document (in pdf) : c.petri@interreg4a-2mers.eu
 If you need assistance or any further information/details for filling in the document, please contact Chiara Petri, Finance Unit Coordinator
c.petri@interreg4a-2mers.eu
 Tel: +33 3 20 21 84 82
 Thank you in advance!