

**ENI CBC MED PROGRAMME 2014-2020**

**FIRST LEVEL CONTROLLER – Letter of Engagement**

**Introduction**

By means of this letter of engagement, which is based on the information provided by [name of partner], [name of the FLC] may carry out the verification of expenditure incurred by [name of the partner] on [name of the project] under the ENI CBC Med Programme 2014-2020, in accordance with the rules set by the said Programme, the EU and national rules.

**Period of engagement**

The said engagement of [name of the FLC] is from dd/mm/yyyy until dd/mm/yyyy.

[*This should cover the lifespan of the project as mentioned in the approved project application form. Make a provision for any possibility of extension on the project closure deadline*.]

**Scope of services to be provided and FLC responsibilities**

The verifications to be carried out by the controller should cover administrative, financial, technical and physical aspects of the project, as appropriate. Verifications should ensure that:

* The expenditure declared is real;
* Co-financed products, services and works were actually delivered. The products or services have been delivered in accordance with the application form and subsidy contract;
* Expenditure was incurred and paid within the eligible time period of the project and was not previously reported;
* Expenditure reimbursed on the basis of eligible costs actually incurred is either properly recorded in a separate accounting system or has an adequate accounting code allocated;
* The necessary audit trail exists, and all was available for inspection;
* The claim for reimbursement by the project partner is correct;
* Expenditure based on simplified cost options is calculated correctly and the calculation method used is appropriate;
* Both the project partner and the incurred expenditure are in compliance with the ENI CBC Med Programme 2014-2020, EU and national rules.

The controller shall provide assurance on the eligibility of the 100% of the expenditure included in each claim for expenditures and shall follow the guidelines stipulated in the Programme manual as well as the national guidelines. The controller is to submit a first level control certificate and first level control report including checklist as established by the Programme. For reporting purposes, the programme has set up an online system (MIS). Reporting is to be made to the programme authorities through this system.

The controller should reject items of expenditure if they do not meet the eligibility requirements and use his/her professional judgement to apply financial corrections as per Commission Decision of 14th May 2019 and its Annex. The latter should be referred to so as to determine financial corrections to be made to expenditure financed by the EU under shared management, in cases where some aspects of procedures related to public procurement are found to be non-compliant with the applicable rules/principles. In case of suspicion of fraud, the controller is to report suspected or established fraud cases to the managing authority through the specific programme template.

Verifications should include the following procedures:

* Administrative verifications (based on documentation provided) which shall involve a 100% check on expenditure incurred under the project in respect of each application for reimbursement (i.e. claim) by the project partners;
* An on-the-spot check (at least once in the project’s lifetime) to check the verifiability of the project’s deliverables as well as any aspects of compliance that cannot be confirmed by means of administrative checks. The respective deliverables ought to be checked, and as it is to be ensured that the working documents are properly documented and accessible.

Each expenditure verification entails checking and confirming the following:

* Relevance of the expenditure to the project
* Eligibility according to Programme, EU and national rules
* Amounts against the provision in the approved budget
* Methodology for claiming costs such as overheads and staffing
* Compliance with procedures for procuring goods and services
* Evidence of defrayment of expenditure through accounting and payroll
* Ensuring there is no double funding
* Ensuring there is no evidence of generation of undisclosed project-related revenue
* Compliance with publicity requirements
* Attention to fraud risks in the area of public procurement

The controller shall use guidance and tools, including on-line applications, provided by the Programme authorities to conduct the verifications and report the findings. The controllers are expected to keep abreast of any updates on Programme manuals, procurement regulations, guidance notes, circulars and other relevant documentation. The controller is obliged to attend any training event organised by the Programme’s Joint Secretariat and/or the Funds and Programmes Division (FPD) on the financial eligibility rules pertaining to the said Programme. Moreover, the controller is obliged to attend any bilateral and/or any other meeting called by the FPD.

The controller will ensure that the work is properly documented and accessible to ensure an efficient review of the work in a way that any other controller/ auditor can perform the control again.

Should the project partner be subjected to an assurance check by the FPD or by a second level control body or by the European Commission, the controller shall fully cooperate with these parties and be available to answer any queries related to the control work.

**Independence from the project**

The controller shall be totally independent from the project and therefore s/he shall be independent from the project operational activities and finances. In order to satisfy this requirement, the controller must not be involved in any way in the implementation of a project which shall eventually be controlled by him/her under the framework of this contract.

**Sufficient knowledge of the English language**

Given that English is one of the official languages of the ENI CBC Med Programme 2014-2020, the selected controller shall have sufficient knowledge of the English language enabling him/her to perform the first level controls adequately.

**Qualifications**

The controller should be registered in the Maltese Registered list of Auditors[[1]](#footnote-1).

**Sufficient knowledge of the relevant EU regulations, Programme and National rules**

The controller shall have sufficient knowledge of the relevant EU regulations as well as the regulations set out at Programme level. Knowledge of national rules, which include public procurement rules, employment legislation and regulations, state aid regulations and VAT legislation, is also required.

**Applicable standards**

The assignment should be conducted in accordance with generally accepted standards in particular International Standards on Auditing and in accordance to the Programme guidelines for controllers, as well as any documentation issued by the FPD in connection with Territorial Cooperation Programmes, which include the national guidelines, any circulars, as well as any other guidance notes to ensure the application of the same quality standards and to document the control steps properly.

**Reporting periods**

There are [ X ] reporting periods per year for each project and consequently [ X ] reporting deadlines. The controller shall respect the verification deadlines set in the subsidy contract for the project.

The reporting periods are the following:

[ *set out the reporting periods agreed by the Lead Partner*]

**Customer responsibility**

The project partner has the responsibility of ensuring that:

* The controller has access to all the relevant guidance and training material
* All the supporting documentation, evidence, and outputs are made available to the controller in a timely manner so that the expenditure can be verified without delays
* The controller is given access to the payroll and accounting systems and to public procurement evidence
* Assets are safeguarded and reasonable steps are taken for the prevention of and detection of fraud and other irregularities with an appropriate system of internal control
* Access is given at all reasonable times to any land, premises or other infrastructure that may be necessary for the controller to confirm the verifiability of the project output during an on-site verification
* Appointments with controllers are kept, information requests and responses are provided in line with agreed deadlines
* Any changes that may impact on the verification of the expenditure are conveyed to the controller in a timely manner
* Following project closure, archiving of documents related to the project’s implementation for a minimum period is required. All supporting documents have to be available for a two year period from 31 December following the submission to the European Commission of the programme’s annual accounts in which the expenditure of the claim for expenditures for last progress report is included. Other, possibly longer statutory archiving periods, as required by national law, remain unaffected from the rules mentioned above.

### Fees

The charges will be [€ ] as set out in the quote/tender.

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| --- | --- |
| Controller’s name |  |
| Signature |  |
| Organisation |  |
| Stamp of the organisation  |   |
| Date |  |

|  |  |
| --- | --- |
| Project partner’s name |  |
| Signature |  |
| Organisation |  |
| Stamp of the organisation |  |
| Date |  |

1. The list may be accessed from the following link: <https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx> [↑](#footnote-ref-1)