



**To: All entities participating in projects under the Territorial Cooperation Programmes and the ENI CBC Med Programme**

**From: The Territorial Cooperation Unit within the Funds and Programmes Division**

**Date: 17<sup>th</sup> September 2020**

**Ref: ETC Circular 1/2020**

**Title: First Level Control Obligations**

For the current programming period 2014-2020, Malta opted for a decentralised procedure with regards to verification of expenditure incurred on territorial cooperation projects. Every Maltese partner participating on any such project is obliged to contract out the services of a First Level Controller (FLC) for the duration of that particular project. The *'Letter of Engagement'* (annexes to the document "*National Complementary Requirements Territorial Cooperation Programmes and the ENI CBC Med Programme 2014 – 2020*"<sup>1</sup>) outlines the scope of services and responsibilities of the FLC, mainly the verification of administrative, financial, technical and physical aspects of the project, as appropriate.

The FLC 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 Manual for the specific Programme, under which the project was granted funds, as well as the National Guidelines. 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 14<sup>th</sup> May 2019 and its Annex<sup>2</sup>. The latter should be referred to 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.

The FLC is to be reminded that 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 partner;

<sup>1</sup> [https://eufunds.gov.mt/en/EU%20Funds%20Programmes/EU%20Territorial%20Programmes/Documents/documents%20and%20downloads/Manual%20of%20eligible%20expenditure%202014-2020/updated%2015th%20April%202020/ETC%20manual%20of%20eligible%20expenditure\\_April%202020%20Final.pdf](https://eufunds.gov.mt/en/EU%20Funds%20Programmes/EU%20Territorial%20Programmes/Documents/documents%20and%20downloads/Manual%20of%20eligible%20expenditure%202014-2020/updated%2015th%20April%202020/ETC%20manual%20of%20eligible%20expenditure_April%202020%20Final.pdf)

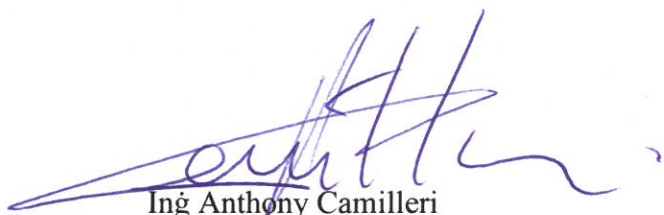
<sup>2</sup> [https://ec.europa.eu/regional\\_policy/sources/docgener/informat/2014/GL\\_corrections\\_pp\\_irregularities\\_annex\\_EN.pdf](https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/GL_corrections_pp_irregularities_annex_EN.pdf)

- **An on-the-spot check (at least once in the project's lifetime)** to check the verifiability and functionality of the project's deliverables as well as any aspects of compliance, that cannot be confirmed by means of administrative checks. 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.

Difficulties related to the above obligatory on-the-spot check has been brought to our Financial Control Unit's (FCU) attention, notably during the current COVID-19 pandemic. It is to be emphasised that no FLC is exonerated from this obligation without justifiable reasons, which are to be communicated to FCU in writing, at least one month before the end date of the project. The reasons given shall be assessed by FCU, which, in turn, will reply accordingly after internal consultation. No finite decision shall be taken by the FLC and/or the partner on this matter, without the prior approval/refusal of FCU.

This circular will remain in force as long as the COVID-19 pandemic situation prevails in Malta.

Thanks for your attention,

A handwritten signature in blue ink, appearing to read 'Ing Anthony Camilleri', is written over the printed name.

Ing Anthony Camilleri  
Director General  
Funds and Programmes Division