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**ITALIA-MALTA PROGRAMME 2021-2027**

**CONTROLLER – Letter of Engagement**

By means of this letter of engagement, which is based on the information provided by [*name of partner*], therein after referred to as ‘the Partner’, [*name of the Controller*], thereinafter referred-to as ‘the Controller’, may carry out the verification of expenditure incurred by [*name of the partner]* on [*name of the project*] under the Interreg Italia-Malta Programme 2021-2027, in accordance with the rules set by the said Programme, the EU and national rules.

**Period of engagement and timeframes**

The said engagement of [*the Controller* is from dd/mm/yyyy until dd/mm/yyyy. This engagement shall cover the entire lifespan of the project as specified in the approved project application form. In the event of any extensions to the project closure deadline, the engagement period of the Controller shall be adjusted accordingly to ensure continuous compliance and oversight throughout the extended project duration.

The Controller can start fulfilling the first level control function within the framework of the project once it received the approbation certificate issued by the Funds and Programmes Division (FPD) within the Ministry responsible for EU Funds as the MNCA, through the Contracting manager (that is, the Project Leader within the Lead Partner entity).

During Project Implementation, the Controller shall be expected to work according to and within the timeframes set by the Contracting Manager and the Programme Authorities including the MNCA. It is important to note that should any deadline be missed; funds may be lost. Therefore, the Controller might be required to work under tight schedules to meet the respective deadlines.

Controllers shall remain available after the end of the project for any communication and documentation required by the MNCA and/or Programme Authorities, including but not limited to Internal Audit and Investigations Department (IAID), the Programme’s Audit Authority (AA), the European Court of Auditors, European Anti-Fraud Office (OLAF) and European Public Prosecutor’s Office (EPPO).

**Scope of services to be provided and Controller 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 project 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 based on 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 Interreg Italia-Malta Programme 2021-2027, 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 Control Certificate and Control Report including checklist as established by the Programme. For reporting purposes, the programme has set up an online system (Jems). 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) following a risk-based analysis on the expenditure incurred and included in the expenditure claim.
* 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 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 Controller is 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), as the Maltese National Coordination Authority (MNCA), 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 and absence of real / perceived conflict of interest**

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.

Should a potential Conflict of Interest or a situation which may objectively be perceived as a Conflict of Interest arise during the course of the Controller verification, the Controller shall advise the contracting manager of such Conflict of Interest.

Pursuant to Article 61 of the Financial Regulation (2018), a conflict of interest exists where the ‘impartial and objective exercise of the functions of a financial actor or other person’ involved in budget implementation ‘is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest.’ Controllers shall be guided by the Commission Notice Guidance on the avoidance and management of conflicts of interest under the Financial Regulation 2021/C 121/01 or as may be updated or revised from time to time.

**Sufficient knowledge of the English language**

Given that English is one of the official languages of the Interreg Italia-Malta Programme 2021-2027, the selected Controller shall have sufficient knowledge of the English language enabling him/her to perform the verifications adequately.

**Qualifications**

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

**Sufficient knowledge of the relevant EU regulations, Programme and National rules including Public Procurement Regulations.**

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.

**MNCA Basic and Quality Checks on Controller Deliverables**

The FPD/MNCA will conduct both basic and quality checks on the work carried out by the Controller. These checks will be conducted on a sample basis following a risk-based methodology.

Serious shortcomings on the Controller’s end found during such checks may lead to:

* + the project partner suspending or cancelling payment to the Controller. More details on the payment procedure between the beneficiary and the Controller is made available by the MNCA through a specific circular letter, dated 17th April 2025.
  + withdrawal of the Controller’s approbation certificate by the MNCA and thus the removal of the first level control function on that Controller within the framework of the project.

**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://accountancyboard.gov.mt/Registers/RegisteredAuditors.aspx [↑](#footnote-ref-1)