



**European Territorial Cooperation
Cooperation Programme "Interreg V-A Italy-Malta"
CCI 2014TC16RFCB037**

(Approved by final Decision C (2015) 7046 of 12.10.2015)

**The functions and procedures
Of the Managing Authority and the Certifying Authority**

(Pursuant to art. 123 and 124 of Regulation (EU) No. 1303/2013
And Annex III of Regulation (EU) No. 1011/2014)

**Draft – November 2019
Update – ver. 2**



CONTENTS

1. GENERAL INFORMATION	7
1.1. INFORMATION PRESENTED BY	7
1.2. INFORMATION DATA	7
1.3. THE SYSTEM STRUCTURE	7
1.3.1. Managing Authority	11
1.3.2. Certifying Authority	12
1.3.3. Segregation of duties between the Audit Authority and Managing/Certifying authority	13
2. MANAGING AUTHORITY	14
2.1. THE MANAGING AUTHORITY AND ITS MAIN FUNCTIONS	14
2.1.1. Status of the Managing Authority	14
2.1.2. Functions and Tasks carried out by the Managing Authority Directly	14
2.1.3. Functions formally delegated to the Managing Authority, Control Functions	17
2.1.4. Description of Procedures ensuring anti-fraud measures	20
2.2. ORGANISATION AND PROCEDURES OF THE MANAGING AUTHORITY	21
2.2.1. Organisation chart and detailed explanation of the Units' Functions (including the allocation plan of suitable human resources)	21
2.2.2. Risk Management	30
2.2.3. Description of Procedures	31
2.2.3.1. Procedures to Support the Monitoring Committee in their Activities	31
2.2.3.2. Procedures for a System for the Collection, Recording and Storage in Electronic Format of Data on each operation	34
2.2.3.3. Monitoring Procedures for the Functions which are formally delegated to the Managing Authority	34
2.2.3.4. Procedures for the Assessment, Selection and Approval of Operations	34
2.2.3.5. Procedures for the Beneficiary: Document containing the Conditions to support the Operation, System of Accounting Segregation	37
2.2.3.6. Procedures for Operation Checking (Article 125 Paragraph 4-7 of the EU Regulation No. 1303/2013)	38
2.2.3.7. Modalities of Receipt, Verification and Validation Procedures for Reimbursement Applications on behalf of the Beneficiaries and of the Authorisation, Execution and Accounting for Payments to Beneficiaries	42



2.2.3.8. <u>Identification of the Authorities or Bodies Responsible for each phase of the processing of Reimbursement Applications, including a flowchart indicating all involved bodies</u>	44
2.2.3.9. <u>Description of the Modalities by which the Managing Authority forwards information to the Certification Authority</u>	46
2.2.3.10. <u>Procedures for the transfer of information to the Audit Authority</u>	48
2.2.3.11. <u>Reference to National Rules on Eligibility imposed by the Member State and Applicable to the Programme</u>	48
2.2.3.12. <u>Procedures governing both the elaboration and the submission of the annual and final implementation reports to the commission</u>	49
2.2.3.13. <u>Procedures governing the elaboration of the Management Declaration of Assurance</u>	50
2.2.3.14. <u>Procedures governing the preparation of the annual summary of the Final Audit Reports and those related to the effected controls</u>	50
2.2.3.15. <u>Procedures for Reporting such measures to staff, as well as indication of the training organised/planned and any guidelines issued</u>	51
2.2.3.16. <u>Description of the managing authority's procedures relating to the extent, rules and procedures pertaining to the effective complaints analysis</u>	52
2.3. AUDIT TRAIL	52
2.3.1. <u>Procedures to ensure an appropriate audit trail and storage system, including the security of data</u>	52
2.3.2. <u>Instructions regarding the storage of supporting documents by beneficiaries/managing authority</u>	54
2.3.2.1. <u>Terms regarding the storage of documents</u>	54
2.3.2.2. <u>Format in which the documents must be kept</u>	55
2.4. IRREGULARITIES AND RECOVERIES	55
2.4.1. <u>Description of the procedures (of which the Management Authority Staff should be notifies in writing; date and references) regarding reporting and correction of irregularities (including Fraud) and the related action taken as well as the recording procedure for withdrawn and recovered amounts, the amounts to be recovered, the irrecoverable amounts and the amounts related to operations suspended due to legal proceedings or arminitrative appeals with suspensive effect</u>	55
2.4.2. <u>Description of the procedure (Including a diagram that shows the Hierarchical Relationships) that ensure compliance with the obligation to inform the Commission of any irregularities</u>	56
3. CERTIFICATION AUTHORITY	60
3.1. CERTIFICATION AUTHORITY AND MAIN TASKS	60



<u>3.1.1. Certification Authority’s status (National, Regional or Local Body) and Body to which the Authority belongs</u>	60
<u>3.1.2. Detailing the Certification Authority’s Functions</u>	60
<u>3.1.3. Functions formally delegated by the Certification Authority, identification of intermediate Bodies and of the Proxy in accordance with Article 123, Paragraph 6, of EU Regulation No. 1303/2013 Reference to relevant Documents (Legal Acts that confer powers, agreements). Description of the Procedures used by Intermediate Bodies to carry out the delegated tasks and procedures applied by the Certification Authority to monitor the effectiveness of the tasks delegate to the Intermediate Bodies</u>	62
3.2. CERTIFICATION AUTHORITY’S ORGANISATION	62
<u>3.2.1. Organisation chart and specification of the functions of the units (including the plan for the allocation of adequate Human Resources with the necessary skills)</u>	62
<u>3.2.2. Description of the procedures to be communicated in writing to the staff of the Certification Authority and Intermediate Bodies</u>	64
<u>3.2.2.1. Procedures to be followed while preparing and submitting the applications for payment</u>	65
<u>3.2.2.2. Description of the Accounting System used as the basis for Certifying the expenditure accounts to the commission (Article 126, Letter D) of EU Regulation No. 1303/2013)</u>	67
<u>3.2.2.3. Description of the Procedures in place for the preparation of the Accounts referred to in Article 59, Paragraph 5 of EU, Euratom Regulation No. 966/2012 of the Council (Article 126, Letter B) of EU Regulation No. 1303/2013). Arrangements for Certifying the completeness, accuracy and veracity of the accounts and for certifying that the expenses recorded in them are in accordance with applicable Law (Article 126, Letter C) of EU Regulation No. 1303/2013) taking into account the results of each insepction and audit</u>	67
<u>3.2.2.4. Description where appropriate, of the procedures performed by the Certification Authority regarding the scope, standards and procedures that relate to the effective handling of complaints concerning EIS Funds as defined by member states under Artile 74, Paragraph 3, of the EU Regulation No. 1303/2013</u>	72
3.3. RECOVERIES	72
<u>3.3.1. Descrizione of the System to ensure the rapid recovery of Public Financial Assistance, including the Union’s</u>	72
<u>3.3.2. Procedures to ensure an adequate Audit Trail through the storage of Accounting Data in Electronic Format, including those relating to the Amounts Recovered, Amounts to be Recovered, Amounts withdrawn from a Payment Application, Irrecoverable Amounts and Amounts related to Operations Suspended due to Legal Proceedings or Administrative Appeals with Suspensive Effect; All this relates to each operation, including recoveries incurred under Article 71 of EU Regulation No. 1303/2013 on the Stability of Operations</u>	73
<u>3.3.3. Hoe to deduct Recovered Amounts or Amounts to be Withdrawn from the Expenditure to be Declared</u>	73



4. INFORMATION SYSTEM	39
4.1. DESCRIPTION, INCLUDING VIA A DIAGRAM, OF THE INFORMATION SYSTEM (CENTRAL OR COMMON NETWORK SYSTEM OR DECENTRALISED SYSTEM WITH CONNECTIONS AMONG THE SYSTEMS) WHICH SERVES TO:	74
4.1.1. <u>to collect, register and save information of data related to each operation</u>	76
4.1.2. <u>to guarantee that the data mentioned in the preceding paragraph is collected, insterted and saved in the system and that the data related to the indications is subdivided PER SESSO, OVE CIÒ is prescribed by Annexes I and II of the Regulation (EU) No. 1304/2013 according to the LETTERA in article 125, Paragraph 2, Letter E) of the Regulation (EU) No 1303/2013</u>	77
4.1.3. <u>to ensure the esistence of a system that records and preserves in electronic format the accounting data of each transaction, and supports all the information necessary for the preparation of payment applications and accounts</u>	77
4.1.4. <u>to maintain a computerized accounting for expenditure declared to the commission and the relevant public contribtion paid to beneficiaries, as set forth in article 126, point g) of Regulation (EU) No. 1303/2013</u>	79
4.1.5. <u>keeping account of recoverable and withdrawn amounts after a total or partial withdrawal of support to an operation, as set forth in Article 126, Letter H) of Regulation (EU) No. 1303/2013</u>	80
4.1.6. <u>keeping records of amounts on suspended operations by virtue of legal or administrative proceedings with suspensive effect</u>	80
4.1.7. <u>state whether the systems are operating and are able to reliably register the above data</u>	81
4.2. DESCRIPTION OF PROCEDURES AIMED IN ESNURING SECURITY OF THE INFORMATION SYSTEMS	81
4.3. DESCRIPTION OF THE CURRENT SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE REQUIREMENTS OF ARTICLE 122, PARAGRAPH 3, OF REGULATION (EU) NO. 1303/2013	82



AA	Audit Authority
CA	Certifying Authority
MA	Managing Authority
MNCA	Maltese National Coordinating Authority
PA	Partnership Agreement
EC	Executive Committee
MC	Monitoring Committee
EC	European Commission
CIPE	Comitato Interministeriale per la Programmazione Economica
NC	National Contribution
CP	Contact Point
ETC	European Territorial Cooperation
FCU	Financial Control Unit
FPD	Funds and Programmes Division
ERDF	European Regional Development Fund
IAID	Internal Audit and Investigations Department
IGRUE	Ispettorato Generale per i Rapporti con L'Unione Europea
LP	Lead Partner
LPB	Lead partner beneficiary
MFIN	Ministry for Finance
SCO	Simplified Costs Option
CP	Cooperation Programme
PP	Partner di progetto
CPR	Common Provisions Regulation
JS	Joint Secretariat
IS	Information System
TCU	Territorial Cooperation Unit
CU	Control Unit
COO	Competent Office for Operations
EU	European Union
UOB	Unità Operativa di Base
McA	Manager in charge of the Axes



1. GENERAL INFORMATION

1.1. INFORMATION PRESENTED BY

Member State	Italia – Regione Siciliana
Programme	INTERREG V-A Italia Malta
CCI Number	2014TC16RFCB037
Contact Point Address	Presidenza della Regione Siciliana - Dipartimento regionale della Programmazione - Dirigente Generale <i>pro tempore</i> Piazza Luigi Sturzo n. 36 - 90139 Palermo
E-mail Address	dipartimento.programmazione@regione.sicilia.it
Telephone	+39 091 7070013
Fax	+39 091 7070273

1.2. INFORMATION DATA

The information provided in this document describes the functions and procedures of the Managing Authority and of the Certifying authority as from **30/10/2019**.

In the current version 2 of November 2019, approved with DDGn. _____ of the _____ there have been made modifications that take into account either of the administrative re-organization of the MA offices as a consequence of the Decreto Presidenziale Reg. Sic 27 June 2019, n. 12 (G. U. R. S., Part I, n. 33 of the 17 July 2019) and of the observations made by Programme AA on occasion of the System Audit.

Specifically, modifications have been made to the following sections:

TABLE 1 General organizational structure of the Programme

1.3.1 THE MANAGING AUTHORITY

2.1. THE MANAGING AUTHORITY AND ITS MAIN FUNCTIONS

2.1.2. FUNCTIONS AND TASKS CARRIED OUT BY THE MANAGING AUTHORITY DIRECTLY

2.1.3. FUNCTIONS FORMALLY DELEGATED BY THE MANAGING AUTHORITY, CONTROL FUNCTIONS

2.2.1. ORGANISATION CHART AND DETAILED EXPLANATION OF THE UNITS' FUNCTIONS (INCLUDING THE ALLOCATION PLAN OF SUITABLE HUMAN RESOURCES)

2.2.3.5. PROCEDURES FOR THE BENEFICIARY: DOCUMENT CONTAINING THE CONDITIONS TO SUPPORT THE OPERATION, SYSTEM OF ACCOUNTING SEGREGATION

2.2.3.7. MODALITIES OF RECEIPT, VERIFICATION AND VALIDATION PROCEDURES FOR REIMBURSEMENT APPLICATIONS ON BEHALF OF THE BENEFICIARIES AND OF THE AUTHORIZATION, EXECUTION AND ACCOUNTING FOR PAYMENTS TO BENEFICIARIES

2.2.3.8. IDENTIFICATION OF THE AUTHORITIES OR BODIES RESPONSIBLE FOR EACH PHASE OF THE PROCESSING OF REIMBURSEMENT APPLICATIONS, INCLUDING A FLOWCHART INDICATING ALL INVOLVED BODIES



2.2.3.11. REFERENCE TO NATIONAL RULES ON ELEGIBILITY IMPOSED BY THE MEMBER STATE AND APPLICABLE TO THE PROGRAMME

2.4.1. DESCRIPTION OF THE PROCEDURES (OF WHICH THE MANAGEMENT AUTHORITY STAFF SHOULD BE NOTIFIED IN WRITING; DATE AND REFERENCES) REGARDING REPORTING AND CORRECTION OF IRREGULARITIES (INCLUDING FRAUD) AND THE RELATED ACTION TAKEN AS WELL AS THE RECORDING PROCEDURE FOR WITHDRAWN AND RECOVERED AMOUNTS, THE AMOUNTS TO BE RECOVERED, THE IRRECOVERABLE AMOUNTS AND THE AMOUNTS RELATED TO OPERATIONS SUSPENDED DUE TO LEGAL PROCEEDINGS OR ADMINISTRATIVE APPEALS WITH SUSPENSIVE EFFECT

3.2.2.3. DESCRIPTION OF THE PROCEDURES IN PLACE FOR THE PREPARATION OF THE ACCOUNTS REFERRED TO IN ARTICLE 59, PARAGRAPH 5 OF EU, EURATOM REGULATION NO. 966/2012 OF THE COUNCIL (ARTICLE 126, LETTER B) OF EU REGULATION NO. 1303/2013). ARRANGEMENTS FOR CERTIFYING THE COMPLETENESS, ACCURACY AND VERACITY OF THE ACCOUNTS AND FOR CERTIFYING THAT THE EXPENSES RECORDED IN THEM ARE IN ACCORDANCE WITH APPLICABLE LAW (ARTICLE 126, LETTER C) OF EU REGULATION NO. 1303/2013) TAKING INTO ACCOUNT THE RESULTS OF EACH INSPECTION AND AUDIT

3.3.1. DESCRIPTION OF THE SYSTEM TO ENSURE THE RAPID RECOVERY OF PUBLIC FINANCIAL ASSISTANCE, INCLUDING THE UNION'S

3.3.3. HOW TO DEDUCT RECOVERED AMOUNTS OR AMOUNTS TO BE WITHDRAWN FROM THE EXPENDITURE TO BE DECLARED

1.3. THE SYSTEM STRUCTURE

The organizational model undertaken for the implementation of the INTERREG V-A Italia Malta Programme uses and enhances the experience developed during the interventions of the previous programming period, defining, where necessary, additions and/or adjustments considered necessary in view of the specific nature of the 2014-2020 programme and of the new ESIF funds regulatory framework.

In cohesion with the previous programming period and in line with the principle of segregation of duties of the bodies concerned in management and control, stipulated in art. 72 Letter b) of Regulation (EU) No. 1303/2013, which lists the common provisions of the cooperation programme in order to ensure the effective and correct implementation and proper functioning of the management and control system.

➤ **The Managing Authority**

The Managing Authority (henceforth MA), identified as the Director General *pro tempore* of the *Dipartimento Regionale della Programmazione, Presidenza della Regione*, is responsible for managing the programme in accordance with the principle of sound financial management and performs functions as stipulated in Art. 125 of Regulation (EU) No. 1303/2013, subject to the provisions laid out in paragraph 4 Letter a) for all the programme area, and in Art. 23 of Regulation (EU) No.1299/2013.

With Resolution No. 293 of 13 October 2014, the *Giunta Regionale* designated the *Dipartimento Regionale della Programmazione* of the *Presidenza della Regione* as the Managing Authority of the Italia Malta 2014-2020 cross-border Cooperation Programme.

➤ **Maltese National Coordinating Authority**

In its capacity as a Member State of the programme, the Maltese National Coordination Authority (henceforth MNCA) performs a function related to the responsibility of the Maltese State for



monitoring and controlling the beneficiaries in the Maltese territory. In collaboration with the Financial Control Unit (FCU), it is also responsible for designating the auditors who shall carry out the verification of expenditures incurred by Maltese beneficiaries (partners and leaders). The MNCA also performs a coordinating role in the implementation of the cooperation programme, in what concerns the Maltese territory, and actively supports potential beneficiaries of the programme, in collaboration with the Managing Authority and the Joint Secretariat. This role is exerted by the *Territorial Cooperation Unit (TCU) within the Funds and Programmes Division, Parliamentary Secretariat for the EU Presidency 2017 and EU Funds, Ministry for European Affairs and Implementation of the Electoral Manifesto.*

➤ **Joint Secretariat**

The Joint Secretariat (henceforth JS) is the technical operational body that assists the Managing Authority and the Monitoring Committee in the performance of their functions. In addition, the JS shall provide potential beneficiaries with information concerning the possibilities for funding under the cooperation programme, assisting also beneficiaries with implementing the operations. The JS was established under Art. 23 of Regulation (EU) No. 1299/2013, under the MA and performs the tasks specified in paragraph 5.3 of the INTERREG V-A Italia-Malta Programme. To mitigate island-related difficulties, a *Contact Point* on the island of Malta has been established, having the functions to inform, raise awareness, promote programme implementation, assist local beneficiaries and support on-going projects.

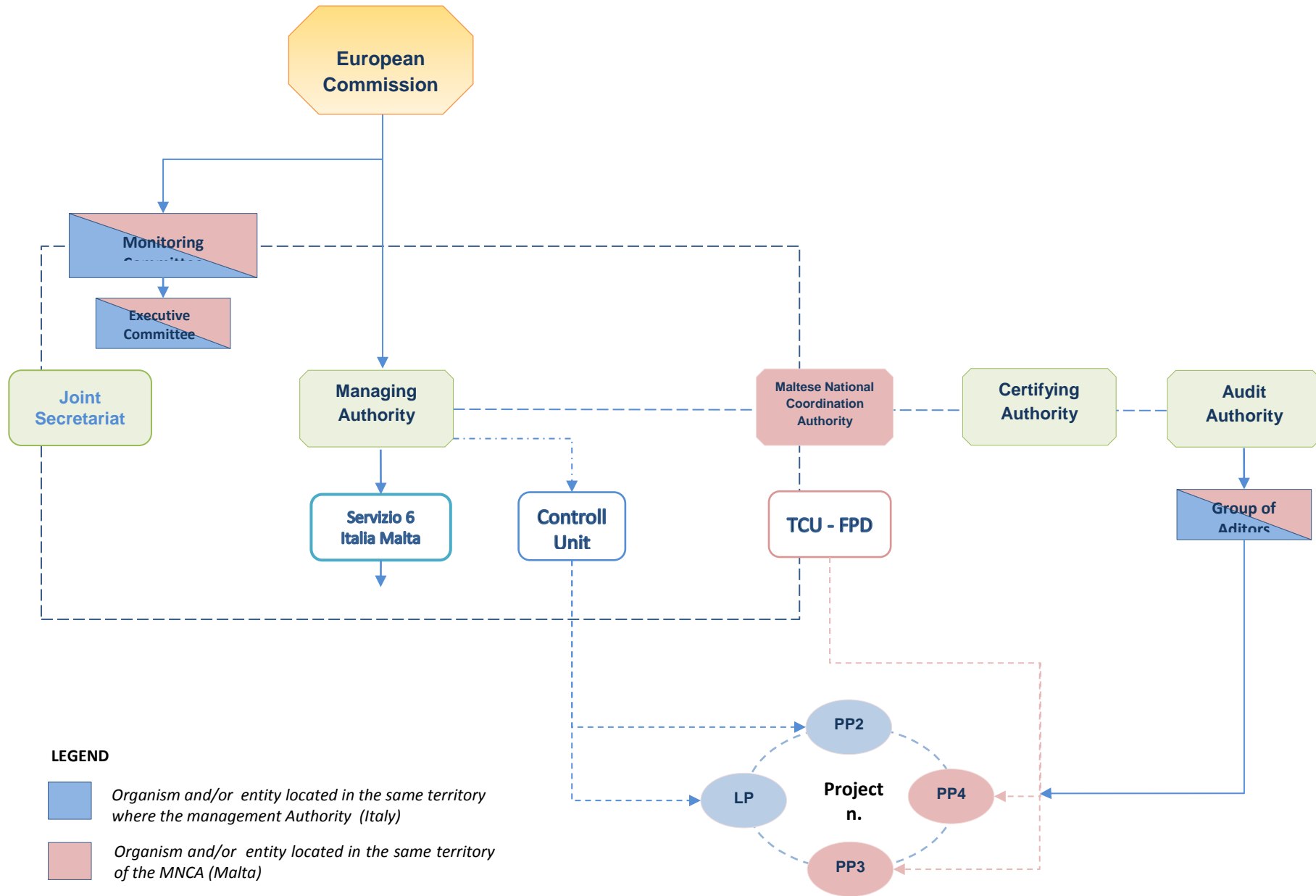
➤ **Certifying Authority**

The Certifying Authority (henceforth CA), identified as the Director General *pro tempore* of the Certifying Authority of the Programmes co-financed by the European Commission, will be functionally separate and independent from the MA, and performs the functions stipulated under Art. 126 of Regulation (EU) No. 1303/2013. The CA is responsible for elaborating and submitting payment applications to the Commission and certifying that these result from reliable accounting systems, are based on verifiable supporting documents and have been subject to verification by the MA. The CA is also responsible for preparing the financial statements referred to in Art. 59, paragraph 5, letter a) of the Financial Regulation, to certify the completeness, accuracy and veracity of the accounts, and that stated expenditures comply and are applicable to law, and have been incurred in relation to operations selected for funding in accordance with the applicable criteria of the operational programme and in compliance with applicable law.

With Resolution No. 267 of 7 October 2014, the *Giunta Regionale* voted to extend the functions of the Certifying Authority of the INTERREG V-A Italia Malta Programme to the *Ufficio Speciale dell'Autorità di Certificazione* within the *Presidenza della Regione Siciliana*, designated by DGR, No. 104 of 13 May 2014.



Table 1 – General organizational structure of the Programme



1.3.1. MANAGING AUTHORITY

Name	Presidenza della Regione Siciliana - Dipartimento regionale della Programmazione - Dirigente Generale pro tempore
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Contact Point	Dirigente Generale <i>pro tempore</i>
e-mail	dipartimento.programmazione@regione.sicilia.it
Telephone	+39 091 7070013
Fax	+39 091 7070273
Website	www.euroinfosicilia.it

The Joint Secretariat of the INTERREG V-A Italia Malta shall exercise its functions and carry out its tasks at the headquarters of the Managing Authority.

Name	Segretariato Congiunto
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Contact Point	Coordinatore <i>pro tempore</i> del Segretariato Congiunto
e-mail	stc.italia-malta@regione.sicilia.it
Telephone	+39 091 7070243/186/059
Fax	+39 091 7070054
Website	www.italiamalta.eu

At the headquarters of the Managing Authority, Control Unit (U.O.B. A7.1), also supported eventually by external controllers, realizes the administrative and on-the-spot (on sample basis) checks as per art.125, par.5-7, of the CPR (UE) 1303/13

Name	Unità di Controllo (U.O.B. A7.1)
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Contact Point	Dirigente responsabile dell'U.O.B.
e-mail	area7programmazione@regione.sicilia.it
Telephone	+39 091 7070183/224
Fax	+39 091 7070054
Website	www.italiamalta.eu

The Maltese National Coordinating Authority, programme partner, is located in Malta.

Name	Republic of Malta – TCU, Funds and Programmes Division, Parliamentary Secretariat for the EU Presidency 2017 and EU Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto
Address	Triq il-Kukkanja, Santa Venera SVR 1411 Malta



Contact Point	Director General: Funds and Programmes Division
e-mail	fpd.meaim@gov.mt
Telephone	+356 2200 1108
Fax	+356 2200 1141
Website	www.eufunds.gov.mt

In the MNCA headquarters, there are the offices in charge to realize the administrative and on-the-spot (on sample basis) checks as per art.125, par.5-7, of the CPR (UE) 1303/13.

Name	Repubblica di Malta - Funds and Programmes Division, Ministry for European Affairs and Implementation of the Electoral Manifesto
Address	Triq il-Kukkanja, Santa Venera SVR 1411 Malta
Contact Point	Dirigente <i>pro tempore</i> del Funds and Programmes Division
e-mail	fpd.meaim@gov.mt
Telephone	+356 22001476
Fax	+356 22001476
Website	www.eufunds.gov.mt

1.3.2. CERTIFYING AUTHORITY

Name	Presidenza della Regione Siciliana - Autorità di Certificazione dei Programmi Cofinanziati dalla Commissione Europea
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Contact Point	Dirigente Generale <i>pro tempore</i>
e-mail	autorita.certificazione@regione.sicilia.it
Telephone	+39 091 7070116
Fax	+39 091 7070152

1.3.3. AUDIT AUTHORITY

Name	Presidenza della Regione Siciliana - Ufficio Speciale Autorità di Audit dei Programmi cofinanziati dalla Commissione Europea
Address	Via Notarbartolo 12/A - 90141 Palermo
Contact Point	Dirigente Generale <i>pro tempore</i>
e-mail	autorita.audit@regione.sicilia.it
Telephone	+39 091 7077544
Fax	+39 091 7077556



1.3.4. SEGREGATION OF DUTIES BETWEEN THE AUDIT AUTHORITY AND MANAGING/CERTIFYING AUTHORITY

In compliance with community legislation, the Sicilian Regional Council, upon the establishment of the *Special Office of the Audit Authority of the Programmes Co-financed by the European Commission* (henceforth AA), constituted by resolution No. 327 of 18/12/2000, ensures compliance with the principle of independence, thus placing the AA in a functionally independent position from the interventions by the MA and the CA

- The Managing Authority is the highest authority of a Regional Department (Planning Department)
- The Certifying Authority is the highest authority of the Special Office, Certifying Authority of the programmes co-financed by the European Commission.
- The Audit Authority is the highest authority of the Special Office, Audit Authority of the programmes co-financed by the European Commission.

Each Authority is in a legally parallel position with respect to the others. As a matter of fact, the leaders of the respective Authorities assume the same identical legal position within their administration (acting as Director Generals). It follows that the AA is functionally independent from the MA and the CA.

With Resolution No. 267 of 7 October 2014, the *Giunta Regionale* voted to extend the functions of the Audit Authority of the INTERREG V-A Italy Malta to the *Ufficio Speciale Autorità di Audit dei Programmi Cofinanziati dalla Commissione Europea* within the *Presidenza della Regione Siciliana*, designated by DGR No. 104 of 13 May 2014.

The formal mandate received by the *Giunta Regionale* allows the AA, based on the European reference standard, to carry out official duties to which it is accountable, with full access to the data, the persons, the archives, and the goods related to the INTERREG V-A Italy Malta Programme.

It takes advantage of the operational autonomy and independence from any other office, in relation to the functions conferred on it by the Community provisions. This autonomy is verifiable, amongst other things, with the conferred assignment to the Office of the appropriate budget chapters, in particular with regards to "present/extraordinary indemnity" and "missions" that, managed directly, allow the full implementation of the institutional responsibilities without any operational "external" interference.

The Director General is identified as the *Giunta Regionale Siciliana*, through a resolution, according to the rules laid down by Regional Law No. 10/2000, Art. 9, paragraph 5. The protection of the conditions of independence and objectivity of the Office, as a form of internal control, is attributed to the Director General, who discreetly operates the selection of the personnel in charge of managing areas and services, according to the existing rule stipulated in Regional Law no. 10/2000.

In order to avoid conflicts of interest or be influenced by controlled bodies, the chosen Officer, before commencing the inspections, shall provide the Director General a "statement" stating that, prior to his/her engagement with the AA, has not participated in the management and control system or was not engaged in any capacity, in the operations financed under the Community programme, in relation to his/her current tasks at the AA. This protects the independence of the Office and guarantees objectivity in the controlling job. Like all the staff employed in the Office, even the "unit" personnel, is selected by the Director General. In fact, before the relevant unit is



assigned to the Office, it is necessary that the DG gives his/her prior consent to the assignment request.

Even the possible use of expert advice is always carried out with the assurance that the protection of independence and objectivity of the Office is guaranteed. In fact, professionals, who provide advice to the Office, are solicited to guarantee total lack of participation, in any capacity, in the management, certification, implementation and evaluation of the programme, as well as design/execution of operations financed under the same programme.

By decree of Director General Special Office Audit Authority of the Programmes co-financed by the European Commission No. 1001 of 12 January 2016, the Group of Auditors was established, pursuant to, and by effect of. Art. 25, paragraph 2 of Reg. (EU) No. 1299/2013.

The Group of Auditors assist the Audit Authority in carrying out the duties provided for in Article 127 of Regulation (EU) 1303/2013, performing the audit activities in the territory under its jurisdiction. The IAID (Internal Audit and Investigation Department) at the Prime Minister's Office operates the checks to be carried out in the Maltese territory.

The members of the Group of Auditors have given sufficient guarantees on functional independence provided for in paragraph 3 of Art. 25 of Reg. (EU) No. 1299/2013.

2. MANAGING AUTHORITY

2.1. THE MANAGING AUTHORITY AND ITS MAIN FUNCTIONS

By Resolution no. 293 of the 13 October 2014, the *Giunta Regionale* appointed the *Dipartimento regionale della Programmazione* within the *Presidenza della Regione* as the Managing Authority of the cross-border cooperation programme INTERREG V-A Italia Malta 2014-2020.

By Decreto Presidenziale Reg. Sic 27 June 2019, n. 12 (G. U. R. S., Parte I, n. 33 of the 17 July 2019) it has been issued the Implementation Regulation of title II of the Regional Law no. 19 of 16 December 2008. Re-modulation of Regional Departments' organizational structures, as per article 13, par.3 of the regional Law no. 3 of the 17 March 2016. Modification of the Decree of the President of the Region no. 6 of the 18 January 2013 and subsequent modifications and integrations. Annex 1 of the above-mentioned decree describes, amongst others, the competence of "Service 6– European Territorial Cooperation - INTERREG V-A ITALY MALTA PROGRAMME " of the Regional Programming Department: programming, coordinating, managing and implementing the Italy Malta 2014-2020 cooperation programme.

2.1.1. STATUS OF THE MANAGING AUTHORITY

The Managing Authority is a public (regional) body.

The Managing Authority is functionally and independently separated from both the Certifying Authority and the Audit Authority.

2.1.2. FUNCTIONS AND TASKS CARRIED OUT BY THE MANAGING AUTHORITY DIRECTLY

The MA carries out the functions described in article 125 of the EU Regulation no.1303/2013, article 23 of the EU Regulation no. 1299/2013 and relevant Implementing Regulations.



The MA is in charge of managing the INTERREG V-A Italia Malta programme, in compliance with the principle of sound financial management. It is represented by the Director General *pro-tempore* of the *Dipartimento Regionale della Programmazione*, who is in charge of the communication with the European Commission, the Maltese National Coordination Authority and the Italian National Authorities and of the coordination and general direction of activities.

In accordance with article 23 of the EU Regulation no. 1299/2013, the MA is supported by a Joint Secretariat (JS) for the performance of their management and implementation duties; the JS was constituted after consultation with Member States represented in the area of the Programme, with adequate human and material resources.

The MA supervises the overall programme and ensures the uniformity of methodologies and working tools used, in order to carry out their tasks in a correct and effective way, by means of manuals, guidelines and training sessions and seminars for the potential and actual beneficiaries of the programme.

In compliance with article 125 of the EU Regulation 1303/2013, the Managing Authority is in charge of the following tasks.

As far as the **management of the INTERREG V-A Italia Malta programme** is concerned, the MA:

- a) supports the Monitoring Committee (see article 47 of the EU Regulation 1303/2013) and provides it with the information needed to carry out tasks, in particular, data about the progress of the programme towards set targets, financial figures and data about intermediate targets and indicators;
- b) draws up and presents the annual and final implementation reports to the Commission, after approval by the Monitoring Committee, according to article 50 of the EU Regulation 1303/2013;
- c) provides beneficiaries with relevant information about the implementation of operations;
- d) creates a computerised data recording and storage system for each operation to save data needed to monitor, assess, financially manage, check and audit, including data about single participants to operations, if required;
- e) ensures that the data mentioned in letter d) are collected, entered and saved into the computerised data recording and storage system.

As far as **the selection of operations** is concerned, the Managing Authority:

- a) elaborates and, after approval, implements suitable selection criteria and procedures that:
 - i. ensure the contribution of operation to the achievement of specific targets and results of relevant priority;
 - ii. are non-discriminatory and transparent;
 - iii. take into account the general principles of promotion of gender equality, non-discrimination and sustainable development;
- b) guarantees that the operation selected falls within the application scope of the Fund involved and that it can be included in one of the operation categories;
- c) ensures that the beneficiary is provided with a document listing the conditions for supporting each operation, including specific requirements for the products or services to be delivered during the operation, the financial plan and deadline for execution;
- d) ensures that the beneficiary's administrative, financial and operational capacity meets the conditions set in letter c) before the operation is approved;
- e) in case the operation started before the funding application is presented to the MA, it ensures that the relevant applicable regulations for the operation are respected;



- f) ensures that operations selected to be supported through funding do not include any activity from another operation that was or should have been subject to a procedure of recovery, in compliance with article 71 of EU Regulation 1303/2013, after relocation of a production activity outside the area covered by the programme;
- g) establishes the category of the operation to which the relative cost is attributed according to a specific operation .

As far as the **financial management** is concerned, the MA:

- a) guarantees that beneficiaries, involved in the implementation of interventions which are reimbursed on the basis of eligible costs that were actually paid, should manage these expenses through a system of accounting segregation or an adequate accounting code for all transactions for a specific operation;
- b) defines effective and proportionate anti-fraud measures, taking identified risks into account;
- c) establishes procedures to make sure that all documents, related to expenditure and audits, required to guarantee an adequate audit trail, are kept according to article 72, letter g of EU Regulation 1303/2013;
- d) prepares the management statement of assurance and the annual summary, as described in article 3, paragraph 5, letters a) and b) of the financial Regulation no.1046/2018;
- e) ensures that lead beneficiary and single beneficiaries recover all amounts paid due to irregularities, in accordance with article 27 of EU Regulation 1299/2013.

The MA does not carry out the tasks listed in art. 125, paragraph 4, letter a) and does not perform checks described in the following paragraphs 5-7 of the EU Regulation no. 1303/2013 in the entire programme area. See the following paragraph 2.1.3 for a more detailed description of checks related to the INTERREG V-A Italia Malta Programme.

In accordance with art. 23 of the EU Regulation no. 1299/2013, the Managing Authority:

- a) sets up a Joint Secretariat after consultation with Member States;
- b) ensures expenditure for each beneficiary participating in operations are checked by an appointed auditor (see paragraph 2.1.3).

As for the **information and communication** measures, according to art. 115-117 of EU Regulation 1303/2013, the MA:

- a) prepares the communication strategy of the programme;
- b) ensures the creation of a single website or web portal to provide information about the programme and the access to it, including information about programme implementation timing and any related public consultation process;
- c) informs potential beneficiaries about funding opportunities in the framework of operational programmes;
- d) disseminates among European citizens the role and achievements of the cohesion policy and funds, by means of information and communication actions on the results and the impact of the programme and operations;
- e) by means of a single website or web portal, keeps and updates every six months a list of operations in the form of an electronic sheet allowing to select, search, extract, compare data and easily publish them on the Internet, e.g. in CSV or XML format.

In order to provide the CA with all the information about product/service supply checks and payments by the beneficiaries of expenses declared, particularly with reference to the content of article 125, par. 4, letter a) and paragraphs 5-7 of the EU Regulation no. 1303/2013, the MA



acquires from the MNCA - the Administration contributing to the implementation of the Programme on the Maltese territory:

- a) the list of designation certificates issued by the FPD to assign first-level check functions to the auditor/auditing company, which shall be authorised to audit expenses incurred by the Maltese beneficiaries, according to art. 125, paragraph 4, letter a) and arts. 5-7 of the EU Regulation no. 1303/2013;
- b) a declaration under the responsibility of the Maltese Member state, based on sample checks performed by FCU, on the results of first-level performance audits, on the quality of the control system and on the correct application of the provisions of article 23(4) of the EU Regulation no. 1299/2013;
- c) the list of irregularities in expenditure incurred by Maltese beneficiaries after a second-level check carried out by group of auditors (IAID), or after on-the-spot checks carried out by the FCU (on a sample base, using risk assessment analysis system to decide what projects should undergo the assessment).
- d) the list of recoveries of amounts incorrectly paid to Maltese beneficiaries. In case it will be impossible to carry out the recovery, the amount incorrectly paid will be refunded according to the EC Regulation no. 1299/2013, article 27, paragraph 3.

2.1.3. FUNCTIONS FORMALLY DELEGATED BY THE MANAGING AUTHORITY: CONTROL FUNCTIONS

The Managing Authority did not formalise any delegation of functions. As specified in the previous paragraph 1.3.1, the programme is implemented in cooperation with the Republic of Malta.

The MA does not perform any check, as specified in article 125, paragraph 4, letter a) of the EU Regulation no. 1303/2013, i.e. "*check that co-funded products and services have been supplied, that beneficiaries paid the expenses declared and that these expenses comply with the applicable law, the operational programme and the conditions for the support of the operation*" in the whole area covered by the programme.

In accordance with art. 23, paragraph 4 of the Regulation 1299/2013, each one of the two Member States of the programme shall designate the body or the person in charge of carrying out the above-mentioned checks on the beneficiaries in their territories (the "auditor/s"), thus ensuring a beneficiary's expenses can be audited within three months from the moment when the beneficiary submits the documents.

The MA ensures that the expenditure for each beneficiary participating in operations is checked by a designated auditor.

In accordance with art. 125, paragraph 4, letter a) of the EU Regulation no. 1303/2013, auditing activities performed by the auditor for Italy and Malta involve administrative, financial, technical and physical aspects of the operation and aim at checking:

- that the expense refers to an approved operation;
- that the expense refers to the period of eligibility;
- that the expense complies with regional, national and EU rules of eligibility;
- that the operation complies with the programme conditions, including, if applicable, the compliance with the approved funding rate;
- that co-funded products and services have been provided;
- that the beneficiaries have paid the declared expenses;



- that the expenses declared comply with the applicable laws, with the INTERREG V-A Italia Malta programme and the conditions to support the operation;
- that correctness and regularity of public procurement procedures are ensured;
- that conditions for payments relating to simplified options for costs are respected;
- that compliance to state aid regulations and to obligations for sustainable development, equal opportunities and non-discriminations is respected;
- that fulfilment of national and EU regulations in the field of information, advertisement and communication is respected;
- that the administrative, technical and accounting documentation of interventions is suitable and complete.

The auditor performs the above-mentioned checks in accordance with paragraphs 5-7 of the EU Regulation no. 1303/2013, described below, in order to check that co-funded products and services have been provided, that beneficiaries have paid the expenses declared and that such expenses comply with the applicable laws, the operational programme and the conditions for the support to operations.

Administrative audits

Administrative audits are carried out on the financial report submitted by the beneficiary.

Each beneficiary is responsible for the execution of their part of the project, for the selection of implementing subjects and the coordination of the correct physical and financial implementation of the said part of the operation, in compliance with regional, national and Community applicable regulations.

As for administrative checks, the auditing procedure starts when each beneficiary prepares a financial report for the expenditure related to their specific part of the operation. This documentation is acquired after the operation funding is released and is transmitted to the Italian auditor or the Maltese auditor respectively, by means of the "Ulysses" system that is used by the INTERREG V-A Italia Malta programme. Administrative-accounting audits of the beneficiary's expenditure documentation are performed on a document basis ("desk based") and involve 100% of expenses reported by Italian and Maltese beneficiaries. It is the beneficiary's responsibility (leader and partner) to transmit data about financial, physical and procedural monitoring through the "Ulysses" information system, as defined by the MA.

More specifically, the auditor performs administrative checks of expenditure documents prepared by the beneficiary with the aim of:

- a) checking the existence of administrative documents for the operation, that show it was correctly funded in accordance to the Programme, and accounting for the right to allocate the grant, in particular: checking the existence of the funding agreement between the Managing Authority and Lead Partner and the agreement between each beneficiary and the lead partner in relation to the operation as a whole and for the part of the operation for which the beneficiary is in charge of; checking that the operation is consistent with the call for proposals/call for tender and the INTERREG V-A Italia Malta programme;
- b) checking the completeness and consistency of the documentation justifying items of expenditure (including paid invoices or equivalent accounting documentation), including the preparatory documentation, in compliance with the national and EU regulations of reference, with the programme, the call for proposals, the funding agreement and its variants;
- c) checking the documentation justifying items of expenditure is correct from a regulatory point of view (civil law and tax law);
- d) checking the eligibility of expenses incurred during the programme period;



- e) checking the eligibility of expenses as referred to the types of expenditure allowed by the national and EU Regulations of reference, by the Regulation, the programme, the call for proposals, the funding agreement and its variants;
- f) checking the limits of expenditure for each allocation are respected, as provided for by the national and EU Regulations of reference (e.g. by the specific aid regime applied to the operation, by the use of simplified options in the field of costs), by the programme, the call for proposals, the funding agreement and its variants; this audit should involve also every expense item included in the financial report being checked;
- g) checking the expenses incurred and reported refer to the beneficiary requesting funding and to the operation being funded;
- h) checking funding is not accumulated with other non-cumulative grants (by checking at the aid databases held by the Administration that manages the Program or at the central databases such as the NAR set up at the MISE at pursuant to Article 52 of the Law of 24 December 2012, No. 234 and subsequent amendments and additions, and in accordance with the provisions of Article 12 of the Regulation laying down the rules for the operation of the National Register of State aid issued with the MISE Decree 31 May 2017, n 115);
- i) verifying compliance with Community policies on equal opportunities, non-discrimination and sustainable development during the implementation of operations.

Administrative-accounting checks on the expenditure reports submitted by the beneficiaries, for both Italian and Maltese partners, are performed using check-lists.

On-site verifications

On-site verifications of projects, performed on a sample basis, aims at ascertaining the expenses actually paid and checking that the physical and technical elements of the expenses comply with regional, national and Community Regulations and with the programme.

More specifically, the auditor carries out on-site checks with the aim of:

- a) verifying the existence and operability of beneficiaries (including permanent head office for subjects having other centers of operations outside the programme area) selected by the programme;
- b) checking the existence of the original administrative-accounting documentation (including documentation justifying items of expenditure) at the beneficiary's head office, as provided for in the regional, national and Community regulations, by the programme, the call for proposals of the operation, the funding agreement between MA and leader, agreement between beneficiaries and leader;
- c) checking the existence at the beneficiary's head office of accounting segregation for expenses incurred within the framework of the co-funded operation of the programme;
- d) checking the correct progression, i.e. the completion of the operation or the provision of goods and services being co-funded, in line with the documentation submitted by the beneficiary to support the financial report and the application for funding;
- e) checking that co-funded goods or services comply with the provisions of the regional, national and Community regulations, with the programme, the call for proposals, the funding agreement between MA and lead partner, the agreement between beneficiaries and leader and the call for tender and/or contract stipulated between the beneficiary and implementing subject;
- f) checking the correct allocation of expenses paid within the framework of the operation with respect to the beneficiary's own accounting, including checking the goods in stock and equipment acquired;



- g) checking that information obligations are met, as defined by the EU regulation and the Communication Plan prepared by the MA for the co-funding of the operation making reference to the specific Structural Fund and to the programme;
- h) checking the compliance of the operation with the requirements in respect of Community policies on equal opportunities, non-discrimination and sustainable development;
- i) checking the suitability of expenses with respect to the reference parameters (regional price lists, market prices for the types of goods/services purchased, etc.).

On-site verifications are carried out and documented by means of specific check lists and records.

At the end of the "administrative verifications" and "on-site verifications", through the "Ulysses" information system, the auditor sends an audit report and validation document for reported expenses deemed eligible by the beneficiary and the project leader; the documents shall also include irregularities that may arise and non-eligible expenses.

In accordance with article 13 of the Regulation no. 1299/2013, the project lead partner ensures that the expenses declared by other beneficiaries have been audited by at least one auditor and ensures that the expenses declared by all beneficiaries have been paid for the implementation of the operation and correspond to activities agreed upon by all the beneficiaries.

The lead partner starts the preparation and transmission of the refund application to the JS for the entire financial operation, in line with the schedule that will be defined in the funding agreement - through the "Ulysses" information system - and includes expenses of each beneficiary of the operation, as checked by each individual auditor and the lead partner.

Once ascertained that the documentation attached to the refund application submitted by the lead partner beneficiary is complete, the MA, supported by the JS, prepares the list of payment of expenses and issues the relevant payment orders to the leader beneficiary. The lead partner ensures that the other beneficiaries receive the total amount of the funding as soon as possible (30 "working days).

Each Member State is in charge of the above-mentioned audits performed in their territories by their auditors, who are selected in accordance to the procedures described in the following paragraph 2.2.3.6.

2.1.4. DESCRIPTION OF PROCEDURES ENSURING ANTI-FRAUD MEASURES

The procedures ensuring anti-fraud measures within the framework of the INTERREG V-A Italia Malta programme fall in line with those provided for by the MA of the ERDF operational programme, Sicily Region, 2014-2020 and also in line with the Funds and Programmes Division Anti Fraud Policy and Anti-Fraud Strategy. The latter illustrates the MNCA's commitment to establishing anti-fraud measures and refers to the robust control system that is in place to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur.

The MNCA shall communicate to the MA any detection of fraud during the implementation.

In line with the provisions of art. 125, paragraph 4, letter c) of the EU Regulation no. 1303/2013, the MA defines anti-fraud measures that are effective and proportionate to the risks identified. To this end, some specific procedures to determine and assess the risks of fraud have been defined in accordance to the organisation and complexity of the programme.



In line with the provisions of art. 125, par. 4, lett. c) of Regulation (EU) n. 1303/2013, the Managing Authority establishes effective and proportionate anti-fraud measures in relation to the identified risks, and as indicated in the D.M.C.S. of the Cooperation Program, MA strategy to combat the fraud also provides for the right to join the ARACHNE System which helps to identify the sectors (operations, projects, beneficiaries and contracts or contractors) in which there is a possible risk of fraud, supporting the Program Authorities in analyzing the risks of co-financed operations, with a view to reducing error rates, preventing and improving fraud detection strategies.

In this regard, the MA/Area 7 - *Controls, repressing EU frauds and closing community* - programs will proceed to the accreditation and consequent access to the ARACHNE system on a quarterly basis, and following the monitoring deadlines, to the consultation of the data provided by the system in order to identify the possible presence of "red cards". The possible preparation and use of additional "fraud risk prevention" tools will be agreed with the Maltese Authorities.

Additional controls, codes of conduct, training sessions and awareness actions for the personnel involved may be envisaged.

The MA will in any case report to the Commission frauds (suspected and ascertained) through the OLAF reporting system (IMS).

Each prevention measure will consider the risks identified and will aim at supporting the MA in identifying a tolerable level of risk on the basis of control results. Actions to be implemented will aim at:

- improving the transparency of decision-making processes, through the preparation and dissemination of instructions for the implementation of management of operations, so as to allow beneficiaries to know operation management regulations in a careful and mindful way;
- strengthening the internal control systems;
- encouraging the transmission of information about suspected frauds through formal channels and internal and external informers;
- improving the cooperation amongst different services (management/audits/investigations);
- increasing the level of awareness of the personnel, thanks to training/information sessions about past experiences and contexts where frauds are more likely to be perpetrated (management of public procurements);
- analysing lessons learnt from audit results and cases for ascertained fraud during the programme period 2007-2013.

2.2. ORGANISATION AND PROCEDURES OF THE MANAGING AUTHORITY

2.2.1. ORGANISATION CHART AND DETAILED EXPLANATION OF THE UNITS' FUNCTIONS (INCLUDING THE ALLOCATION PLAN OF SUITABLE HUMAN RESOURCES)

MANAGING AUTHORITY (MA)

In compliance with the INTERREG V-A Italia Malta programme, in order to ensure an efficient, effective and complete use of resources of the European Regional Development Fund (ERDF) and the national contribution (NC), as well as the regularity of relevant financial operations for each programme axis, in the implementation of their role, the MA provides suggestions on implementation methodologies, thus defining the best solutions to solve any operational critical points.



This activity, as well as planning, coordination, managing and implementation activities, is carried out first of all through the *Service 6- European Territorial Cooperation - INTERREG V-A ITALY MALTA PROGRAMME* of the Regional Programming Department.

These functions are described in detail in the Decreto Presidenziale of the 27 June 2019, no. 12 (G.U.R.S., Parte I, n. 33 of the 17 July 2019), where the President of the Region issued the Implementation Regulation of title II of the regional law no. 16 of the 16 December 2008; re-modulation of organisational structures of Regional Departments, as per art. 13, par. 3 of the regional Law no. 3 of the 17 March 2016. Amendment of the Decree by the President of the Region of the 18 January 2013, no. 6 and subsequent modifications and integrations.

The MA will constantly ensure the allocation of adequate resources to the offices, as well as the absence of conflict of interest and compliance with the rules on ethics and integrity of behavior, through a specific "Plan" (Plan for allocation of adequate human resources having the necessary skills).

With an integrated approach to the use of regional, national and EU resources, the Service 6 carries out the following functions:

- coordination and liaison activities, as provided for in Article 8 (5) of the Regulation (EU) 1299/2013;
- Coordination activities for the planning and implementation of the European Territorial Cooperation programs (transnational, interregional) involving the Sicilian territory and for the participation of regional departments in the same programs coordination, management and implementation of the Italy-Malta Cooperation Programme 2014/2020;
- management of administrative-accounting aspects of the programme's activities;
- liaison with the EC, the State and the Regions, with reference to the "European Territorial Cooperation" goal;
- implementation of the Italy-Malta Cooperation Programme 2014/2020 communication plan;

Within the framework of the above-mentioned Service, its pro-tempore Director - besides programme coordination, planning, management and implementation functions - ensures the liaison with the MNCA.

In the performance of these functions, the Service 6 is supported by the Joint Secretariat of the programme, created in compliance with art. 23 of the Regulation 1299/2013, in line with the provisions of the Programme.

Operational Areas/Units of the Department involved in transversal activities for the management and implementation of the programme are:

- Area 2 – Coordination and monitoring of Community and national programmes
- Area 3 – General Affairs – Staff – Budget – Communication – Transparency - Contracts
- Area 4 – Technical Assistance
- Area 5 – Community and National Programmes
- Area 7 – Controls - Community anti-fraud service - Community programme finalisation

Area 2 – Coordination and monitoring of Community and national programmes is in charge of the management of the "Ulysses" information system during all phases, in order to ensure its full functionality and the control over corrective and evolving maintenance activities.

Area 3 – General Affairs – Staff – Budget – Communication – Transparency – Contracts supports the Service for the aspects related the implementation of the communication plan and the coordination of the communication strategy with regard to the *mainstream* programme. Moreover, in line with art. 117 of CPR 1013/13 the MA will designate an information and communication officer amongst the human resources of area 5 of the programme and will inform



the EC. **Area 4 - Technical Assistance** supports the Service for the activities relating to contracts and calls for tender, to be launched within the framework of the Axis IV of the programme.

Area 5 - Community Programmes supports the Service in the relationship with the socio-economic and institutional partnership through the Partnership Office..

➤ **Area 7 -**

- Controls - Community anti-fraud service - Community programme finalisation

ensures guidance and coordination of auditing activities carried out by the U.O.B. A7.1 of the same Area, it prepares audit trails for each financial operation group, as provided for in the Programme and sends them to the MA, via the COO for a follow-up. The MA ensures operations are regularly performed, in full respect of the provisions of Community Regulations and implementing measures, and carries out corrective actions, if needed.

With the aim of ensuring the respect of provisions, in compliance with article 72 of the EU Regulation no. 1303/2013, the respect of the principle of the separation of functions is ensured for all the bodies involved in managing and auditing activities. More specifically:

- Competent Office in charge of Operations (COO): COO AXES I, II, III and IV is created in the framework of Service 6. It is an Office, managed by a Director that, supported by the JS, in connection with the Department areas/units in charge of specific matters engages preliminary and implementation procedures for the operations, in order to ensure the sound and correct management of the programme. For each operation and relevant steps, it implements a monitoring information system for aspects involved.
- Control Unit (CU): an Office of the Area 7, managed by a Director, who is functionally independent from the COO, and who, with the support of external auditors, performs administrative and on-site checks (on a sample basis), in compliance with article 125, paragraph 5-7 of the EU Regulation 1303/2013. This activity is ensured by a managing and monitoring information system, called "Ulysses", that allows each subject participating in the processes to enter data and information about specific operations.

As a consequence of the reorganization of the regional Departments realized with the cited Decreto Presidenziale Reg. Sic 27 June 2019, n. 12 (G. U. R. S., Parte I, n. 33 of the 17 July 2019), within the Service 6 – European Territorial Cooperation – Interreg V-A Italy Malta Programme- the two roles of Manager in charge of the Axes and Competent Operation Office (COO Axis I, II, III, IV) have been unified in an unique subject identified in the same pro-tempore Director of the Service 6. As follows tasks in charge of:

the pro-tempore Director of Service6 for the implementation of each Axis and its goals; he/she is in charge of ensuring the global compatibility of each Axis' financial plan and the consistency of requests to initiate the implementation procedures for the initiation of expenditure.

The Director has liaison and synthesis functions

The McA is in charge of monitoring the progression of specific objectives of each axis and suggests initiatives needed to better implement such axis, after consultation with the MNCA.



More specifically, the the pro-tempore Director of Service6:

1. Helps to define the executive planning for the Axes and their re-planning, if needed;
2. Starts and coordinates the preparation phase of the operation calls with reference to the programme's Axes;
3. Receives the list of Maltese technical assistance expenses in the framework of the Axis IV of the programme, which have already been validated, together with the certification of services/goods received and the documentation of expenditure and payments, and does the related follow-up;
4. Prepares the management statement of assurance and the annual synthesis, as provided for in art. 125, paragraph 4, first paragraph, letter e) and art. 138 of the Regulation (EU) no. 1303/2013 and submits them to the MA;
5. Manages the administrative/accounting aspects of activities described in the Axis IV of the programme;
6. Prepares the declaration of expenditure for the whole of the programme and, through the MA, sends it to the CA for follow-up;
7. Provides the MA with the corrective measures needed to overcome any critical point detected by the AA;
8. In accordance to the time scheduled and modalities set, prepares the expenditure estimates and submits them to the MA for follow-up.

In accordance with the directions provided by the MA through the support of the JS, the pro-tempore Director of Service 6 is involved in the entire process of implementing and managing the Programme. In fact is in charge of the following tasks:

1. Helps define the executive planning of Axes I, II, III, IV and their re-planning, if required;
2. Provides information elements with specific reference to indicators of physical implementation that are needed to draft the implementation reports, in accordance to art. 50 of the Regulation (EU) no. 1303/2013 and art. 14 of the Regulation (EU) no. 1299/2013;
3. Prepares the programme assessment/evaluation plan, in compliance with art. 114 of the Regulation (EU) no. 1303/2013;
4. Prepares the technical assistance plan for the programme to be shared with the MNCA and approved by the MC;
5. Performs procedural, physical and financial monitoring of financial operations in the framework of Axes I, II, III and IV;
6. in accordance with the time scheduled and modalities set, prepares the expenditure estimates and submits them to the MA for follow-up.
7. in accordance to the time schedule and modalities set, it prepares the declaration of expenditure for the Axes I, II, III and IV and makes it available through the Ulysses System for follow-up;
8. Prepares the list of the operations which have been fully or partially revoked, have been suspended as a result of administrative or judicial proceedings; irregularities and/or critical matters detected for follow-up;
9. Provides the necessary answers to observations presented by the AA, in accordance to the time schedule and modalities set, and provides the MA with corrective measures to be adopted to overcome critical points;
10. Prepares specific folders containing the information required by art. 25 of the Regulation (EU) no. 480/2014 for each operation, on the basis of the information provided by other subjects (CA, AA, CU);
11. **As for the Axes I, II, III**, it also intervenes in the following processes:



I. Cooperation projects - one-step calls for application:

- a) preparation of calls for application for the selection of the operations and sharing with the MNCA;
- b) request for activation and participation to the technical roundtable of the socio-economic and institutional partnership, through the Area 5 Community Programmes;
- c) convocation of the Steering Committee (SC)/Monitoring Committee (MC) to approve the public notice for the presentation of cooperation projects, through the one-step procedure, with regard to priority axes of the INTERREG V – A Italia Malta programme and relevant documentation;
- d) publication of the public notice in the GURS (Official Journal of the Region Sicily), in the Maltese Government Gazette and in the institutional website of the programme www.italiamalta.eu;
- e) collection of project proposals to be sent to the JS, which shall check that all formal requirements for eligibility are met, for an evaluation proposal and an "assessment technical report";
- f) transmission of this documentation to the SC for the adoption of the final ranking and subsequent final ratification of the list of projects approved by the MC;
- g) preparation of the Decree of adoption for the final ranking, which includes the list of projects and their status of eligibility for funding, the amount subject to financial commitment for each axis of the programme and the funding agreement and the agreement among the partners;
- h) notification to lead partner beneficiaries on assessment results and the status of eligibility, together with the funding agreement and the agreement among the partners;
- i) preparation of the funding acceptance decree, expenditure commitment decree and payment of the initial amount, following the acquisition of the funding agreement, of the agreement among the partners and the request for a first payment of 50% by the leader beneficiary
- j) transmission of the above-mentioned documents (as per letter g) to the Court of Auditors for its preventive control of legitimacy of the deeds issued by the Region Sicily;
- k) .
- l) implementation of administrative-accounting requirements of operations that are eligible for funding, with the support of the SC/MC, if needed;
- m) preparation of the decrees of closure of operations eligible for funding.

II. Cooperation projects - two-step procedure:

- a) preparation of the public procedure for the development of one or more themes and sharing with the MNCA;
- b) request for activation and participation to the technical roundtable of the socio-economic and institutional partnership, through the Area 5 Community Programmes;
- c) convocation of the SC/MC to approve the public notice for the presentation of cooperation projects, through the two-step procedure, with regard to the axes of the INTERREG V – A Italia Malta programme and relevant documentation;
- d) publication of the public notice in the G.U.R.S (Official Journal of the Region Sicily), in the Maltese Government Gazette and in the institutional website of the programme www.italiamalta.eu;
- e) collection and transmission of "project ideas" to the JS, for the purpose of checking that the "requirements for eligibility" are met and for an evaluation proposal;



- f) transmission of the above-mentioned documentation to the SC for the adoption of the ranking and the subsequent negotiation phase, that will be determined by the notice of selection;
 - g) notification to the lead partner beneficiaries on the results of the analysis of project ideas and request for the preparation of project proposals on the basis of the results of the negotiation phase;
 - h) collection of project proposals to be sent to the JS, which shall check all formal requirements for eligibility are met, for an evaluation proposal and an "assessment technical report";
 - i) transmission of this documentation to the SC for the adoption of the final ranking and subsequent final ratification of the list of projects approved by the MC;
 - j) preparation of the Decree of adoption for the final ranking, which includes the list of projects and their status of eligibility for funding, the amount subject to financial commitment for each axis of the programme and the funding agreement and the agreement among the partners;
 - k) notification to leader beneficiaries on assessment results and the status of eligibility, together with the funding agreement and the agreement among the partners;
 - l) preparation of funding acceptance decrees, expenditure commitment decrees and payment of the initial amount, following the acquisition of the funding agreement, of the agreement among the partners and the request for a first payment of 50% by the leader beneficiary.
 - m) transmission of the above-mentioned documents (as per letter j) to the Court of Auditors for its preventive control of legitimacy of the deeds issued by the Sicily Region;
 - n) implementation of administrative-accounting requirements of operations that are eligible for funding, with the support of the SC/MC, if needed;
 - o) preparation of the decrees of closure of operations eligible for funding.
12. Receives from the Lead partner beneficiary (LPB) the refund application (specifically for the operations under Axis I, II and III), by means of the Ulysses system, and ascertain the completeness of the documentation;
13. Receives notices for operations being partially or fully revoked or being suspended as a result of administrative and judicial proceedings; irregularities and/or critical matters detected. In case of recoveries, it notifies the subject of a debit note or refund request. On expiry of the period set for refund, it may update the OLAF communication and transmit it to National and Community Authorities having jurisdiction, according to the time schedule and modalities set. It records data about this phase into the Ulysses system and makes them available to other users. Prepares and carries out the maintenance for each operation within its competence, on the basis of the information provided by other subjects (CA, AA, CU) and drafts a file containing all information required by art. 25 of the Regulation (EU) no. 480/2014;
14. Provides data within the remit of its competence to the Ulysses System and makes it available for other authorised users.
15. **As for the Axis IV**, it also intervenes in the following processes:
- a) starts the activation of a goods/services included in the programme's technical assistance plan;
 - b) prepares technical-functional detailed information on goods/services to be acquired for onward transmission to Area 4 - Contracts and Technical Assistance, which will be in charge of implementing all tender procedures, in compliance with the Code of Contracts;



- c) receives the results of procedures from Area 4 - Contracts and Technical Assistance, together with the identification of the provider and the contract scheme;
- d) prepares the decree of approval of the agreement and the relevant commitment of expenditure for the subsequent transmission of documents to the Court of Auditors for its preventive control of legitimacy of the deeds issued by the Region Sicily;
- e) ensures and implements activities linked to the provision of services and goods;
- f) prepares the certificate of services/goods received for subsequent administrative/accounting actions;
- g) receives the request for reimbursement of funds from the MNCA (specifically for the operations under Axis IV), by means of the Ulysses system, and checks the documentation is complete;

In the performance of his/her activities, the pro-tempore Director of the Service 6 is supported by 2 members of the staff and the JS.

CONTROL UNIT (CU)

The Control Unit (hereunder the "CU") is identified by the Director of the U.O.B. A7.1 - Managing Authority U.M.C. - Irregularities and fraud repression in national and Community programmes of Area 7;

For the several kind of operations prepares the specific audit trails that makes available for beneficiaries

For financial operations relating to Axes I, II and III of the Programme:

1. Through the Ulysses system, it receives from each (leader or partner) beneficiary a report on each operation, together with the relevant documentation certifying that co-funded products and services have been provided, that beneficiaries have paid the expenses declared and that such expenses comply with the applicable law, the operational programme and the conditions for the support to operations;
2. performs administrative checks, with the support of external auditors, if needed, and prepares specific check-lists;
3. performs on-site audits, by means of a sampling methodology, with the support of external auditors, and prepares specific check-lists;
4. by means of the Ulysses system, it prepares an audit report and a validation document, with the support of external auditors, if needed;
5. facilitates the communication process with the beneficiary, in cases where cuts are affected in claimed expenditure making sure that the whole process is terminated within the established time frame, so as to allow the MA to grant a refund within 90 days from the date when the payment application is submitted by the beneficiary, in compliance with art. 132 of the Regulation (EU) 1303/2013;
6. validates the eligible expenses listed in the reports (or the final report, as applicable) and shall affect cuts on any incorrect or ineligible amounts for each category involved;
7. Provides the COO - by means of the Ulysses system - with the results of the audits for further follow-up.
8. Informs the COO of any irregularities;

For operations relating to Axis IV:

1. receives from the COO - through the Ulysses system - the list of expenses incurred on the Italian territory, together with the certificate of provision of goods/services and, with the support of external auditors, carries out 100% of checks of documentation and sampling of



on-site audits, that are confirmed by specific check-lists attached to the Auditing Manual prepared by the MA;

2. Provides the COO - by means of the Ulysses system - with the results of the audits (documentation and on-site checks) for further follow-up.

Provides the necessary responses, which fall within the remit of its competence, to observations presented by the AA, in accordance to the time schedule and modalities set, and submits - through the COO if needed - corrective measures to be adopted to overcome critical points to the MA.

For each financial operation, it provides the COO with information and documents needed to implement the relevant file containing the information required by art. 25 of Regulation (EU) no. 480/2014.

Provides data of its competence to the Ulysses System and makes them available for other users.

In the performance of his/her activities, the Director of the Control Unit is supported by 3 members of staff and a number of units for first-level control activities, in compliance with national and EU applicable regulations.

MALTESE NATIONAL COORDINATION AUTHORITY (MNCA)

The FPD, under which the MNCA operates, guarantees the separation of roles, in accordance with the following principle: MNCA officers are in charge of programming and monitoring, whilst designated auditors/auditing companies (both external or internal to the project partner) are in charge of the first-level control over activities carried out on the Maltese territory.

In particular, the MNCA:

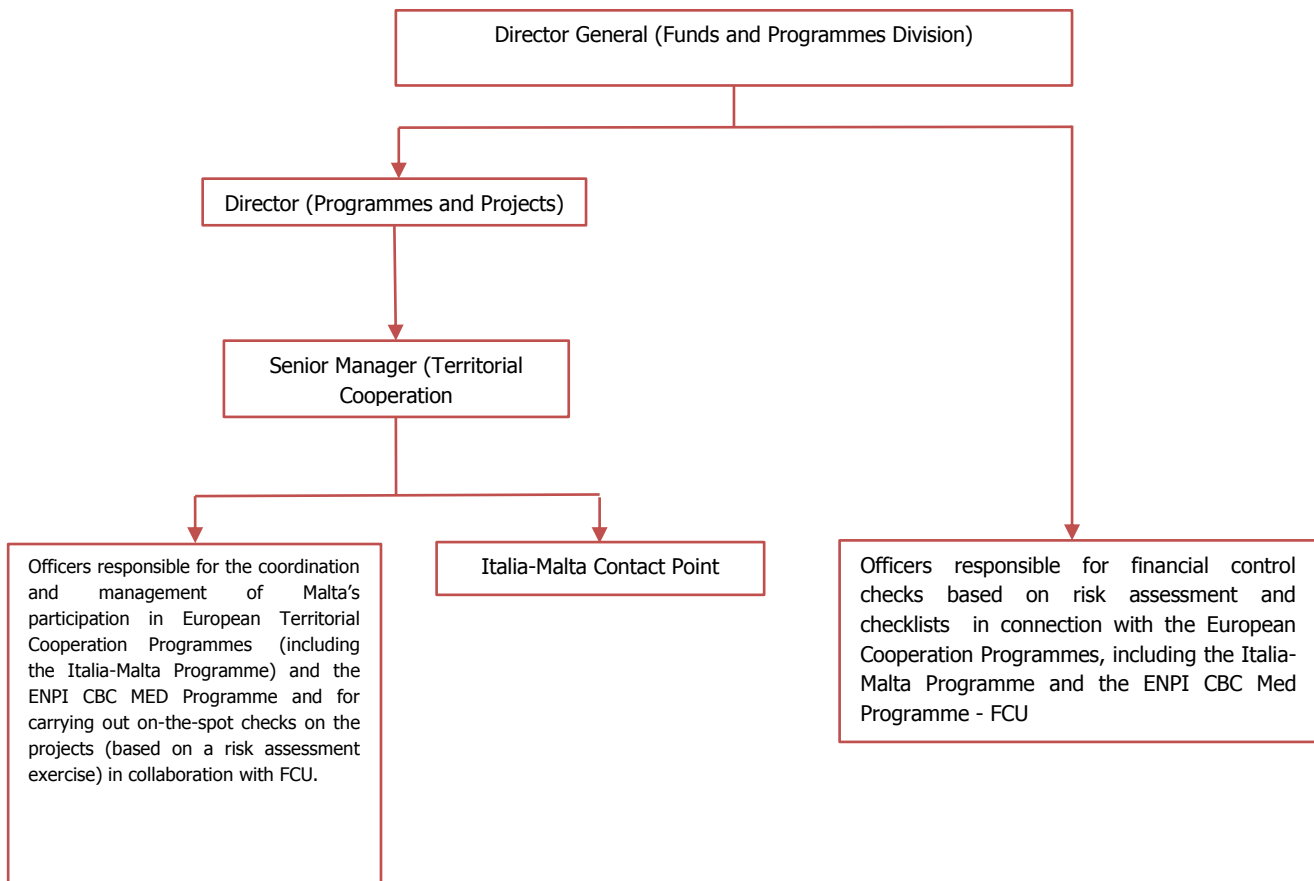
1. for operations relating to Axes I, II and III, assists and guides the potential applicants during submission of proposals and then monitors projects during implementation until closure;
2. will hold bilateral meetings with the beneficiaries and the first-level controllers on issues related to project implementation, eligibility of expenses, reimbursement arrangements etc. All relevant documentation (guidelines, circulars, manuals etc.) will be made available to both the beneficiaries and the controllers by the MNCA.
3. is responsible for carrying out communication and promotional activities, as agreed in the Communication Strategy, on the Maltese territory;
4. acquires feedback from the Maltese beneficiaries, on the issues encountered during the auditing phase;
5. facilitates the process for the recovery by MA of the amounts incorrectly paid to the Maltese beneficiaries;
6. provides the necessary replies to observations presented by the Group of Auditors, according to the time schedule and modalities set and adopts the actions needed to overcome the critical points detected;
7. informs the MA about irregularities which have been the subject of a primary administrative or judicial finding, according to art. 24 of the delegated Regulation (EU) no. 2015/1970, which provides that irregularities about operational programmes in the framework of European territorial cooperation are to be signalled by the Member State, where the expense is paid by the beneficiary performing the operation. In case of irregularities detected during on-site audits, the MNCA informs the MA and the IAID at the same time.
8. for operations referring to Axis IV, the MNCA manages and implements the activities for the provision of goods and services, in line with the approved technical assistance plan;



9. for operations referring to Axis IV, the MNCA prepares the expenditure report, which is to be validated by an internal auditor of the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM) through the Ulysses system;
10. provides the MA with the results of on-site checks, through the Ulysses system, together with the refund application for the expenses linked to the implementation of Axis IV;

After the documentation checks and on-site verifications, carried out by the Auditors and during the whole life cycle of the project, the FCU performs sample checks on claims with the aim of checking the eligibility of expenses. If needed, FCU, in collaboration with MNCA shall carry out on-the-spot checks on the basis of risk assessment and specific check-lists. This aims at checking the quality system of the audits performed during the life cycle of the project.

The MNCA falls under the Territorial Cooperation Unit (TCU) within the FPD. The MNCA is composed of the senior manager of the unit, responding to a Director, and 2 other members of staff.



MNCA and MA staff in charge for the Cooperation Programme Italy-Malta has appropriate technical and linguistic skills, specifically referred to the two official programme languages (Italian and English). All the further procedure to make staff substitutions during the programme life cycle will take in proper account these requirements of technical nature with regard to the knowledge of functioning and management procedures of the territorial cooperation programmes, in addition to linguistic knowledge.



2.2.2. RISK MANAGEMENT

The procedures ensuring correct risk management by the MA in the framework of the INTERREG V-A Italia Malta programme fall into line with those provided for by the Managing Authority of the ERDF operational programme, Sicily Region, 2014/2020.

Keeping into account the principle of proportionality (aiming at avoiding useless duplications of audits and controls performed by the MS, on the level of risk for the EU budget and the need to minimize the administrative burdens for beneficiaries), this section provides a framework ensuring the performance, where applicable, of a correct risk management system, in particular in case of major modifications in the activities.

The MA, with the support of the MNCA, provides a set of procedures for the management and control of the programme, to ensure that risks are correctly managed, where applicable, and, in particular, in cases of major modifications in the implementation activities under the programme.

In particular, the MA guarantees risks are correctly managed by developing procedures which allow to identify:

- activities that are likely to be at risk;
- actions and measures to avoid the onset of risks;
- follow-up activities as corrective measures required as a result of the controls carried out.

More specifically, the MA (in cooperation with the CA) performs this function in full respect of the principle of sound financial management and develops suitable risk-prevention measures and actions.

The risk management procedures are therefore linked to the first-level control system and define:

- the level and typology of risks identified in the actions activated within the programme framework;
- level of risk linked to the type of beneficiary;
- level of risk linked to the type of operations;

Activities are identified by the MA (in cooperation with the CA) on the basis of the analysis of:

- major modifications to the management and control system;
- activities which underwent major modifications in comparison with the previous programme period, since they can be considered as "potentially at risk" categories;
- activities defined in the framework of the Cooperation Programme (CP) 2014-2020 for the first time.

As the output of this activity, the MA ensures risks are correctly managed, by means of:

- the assessment of the error rate resulting from first-level checks;
- the identification of activities which are most likely to be at risk, because of procedures that are too complex, too many stakeholders involved, amount of financial resources, risk linked to beneficiaries, etc.;
- the implementation of corrective measures or the improvement of management and control procedures defined as a result of first-level checks.

Risk management procedures are closely linked to the first-level control system for the programme and ensure the MA, correctly supported by the MNCA, can adopt suitable corrective measures needed to balance critical points detected during the audits, which are useful to reduce future risk rate.



2.2.3. DESCRIPTION OF PROCEDURES

2.2.3.1. PROCEDURES TO SUPPORT THE MONITORING COMMITTEE IN THEIR ACTIVITIES

In accordance to provisions of paragraph 3 of art. 47 of the Regulation (EU) no. 1303/2013, the Member States participating in the cooperation programme, within three months from the approval of the programme, create a MC. During the first session, held on 11 January 2016, the Terms of Reference was approved to regulate the implementation of tasks assigned to the MC and the relevant procedures.

In compliance with the provisions of paragraph 1 of art. 48 of the Regulation (EU) no. 1303/2013, the composition of the MC was defined by the Member States participating in the programme and involves the same number of Italian and Maltese members.

The Italian members include also local, regional and national-level representatives, whilst the Maltese members include national-level representatives. Representatives of the following bodies have the right to participate in MC meetings, with advisory functions and without the right to vote: CA, AA, JS, a representative of the MA of the PO ERDF and the EARFD for Sicily and Malta respectively, two representatives of the institutional partnership (one for Sicily and the other for Malta), a representative of the socio-economic partnership and one of the Third Sector for each Member State and a representative of the European Commission.

The MC of the INTERREG V-A Italia Malta programme:

- a) analyses and approves the methodology and criteria for the selection of operations;
- b) selects the operations of the CP, through the creation of a specific SC, if needed, under its responsibility, and specifying how this will be implemented;
- c) analyses and approves annual and final implementation reports, as described by art. 50 of the General Regulation (EU) no. 1303/2013.
- d) analyses and approves the programme's communication strategy, any modification and its implementation;
- e) analyses and approves the programme's evaluation plan, its modifications and implementation and the actual consequences of the evaluation results;
- f) analyses and approves additional rules on the eligibility of expenditure in the cooperation field (simplified costs option - e.g. flat rate cost) for some expenditure categories, in order to reduce the administrative burden on the beneficiaries of the CP;
- g) analyses and decides upon any modification proposal to the Programme, to be submitted to the MA;
- h) analyses the Programme in terms of implementation and progress made in the pursuit of its objectives, including all aspects which hinder its realisation;
- i) analyses financial data and common and specific indicators of the programme, including changes in value of result indicators and progress towards quantified targets, in addition to intermediate targets defined in the reference framework aiming towards the efficiency of the application, in accordance with article 21, paragraph 1 of the Regulation (EU) 1303/2013 and, of the results of qualitative analysis;
- j) analyses all aspects that have an impact on the results of the programme, including the results of the verification for implementation effectiveness;
- k) analyses and takes decisions about all actions aiming at promoting gender equality, equal opportunities, non-discrimination, including the accessibility for disabled people;



- l) analyses and takes decisions about all the actions aiming at promoting a sustainable development;
- m) draws up observations for the MA on the implementation and assessment of the Programme, including comments about the reduction of the administrative burden on the beneficiaries;
- n) creates working groups, defining their composition, goal, tasks and schedule.

The MC is alternatively chaired by the pro-tempore General Director of the Regional Programming Department and the Director General of Funds and Programmes Division, MEAIM (or their delegates).

The MC organises meetings at least once every year or upon written and motivated request from the MA or by one full member of the MC to the President-in-office.

The President-in-office convenes the meeting at least fifteen calendar days before the date of the meeting. The convocation contains the agenda proposed, the date and venue of the meeting and the estimated opening and closing time of the agenda. The President-in-office may suggest adding new items to the agenda at the beginning of the session, if needed in the specific context.

After the agenda has been notified, members may suggest adding new topics under the item "other matters" within five working days.

The documents relating to the agenda should be sent via e-mail to the members of the MC at least ten calendar days before the date of the meeting. The documentation about new topics suggested by the MC members or about exceptional circumstances presented by the President should be sent at least five working days before the meeting at the latest.

Upon request from any voting member of the MC or in case the President-in-office deems it necessary, the MC can adopt decisions by written procedure at any time. The MC can take decisions by means of a written procedure commenced by the MA through the JS. MC Members can submit their written position, also via e-mail or fax, fifteen calendar days at the latest after the date of receipt of the communication by the MA. The written procedure will be closed upon proposal by the MA within fifteen calendar days after the date of receipt, taking into account also remarks received, if any.

In specific urgent cases, upon suggestion by the MA, the written procedure may be closed within seven working days after the date of receipt, taking into account also remarks received, if any.

The MC secretariat functions are carried out by JS, which also performs the following tasks:

- a) preparation of written documents that are useful for the organisation and holding of meetings,
- b) drafting of meeting minutes and a summary of relevant decisions;
- c) meeting requests for information about the MC activities made by the members of the Committee, in both electronic and paper form;
- d) supports the President-in-office of the MC.

According to the art. 12 of Regulation (EU) n. 1299/2016, the monitoring committee of the INTERREG V-A Italy Malta Program has set up a steering committee that acts under its responsibility for the selection of operations.

During the written procedure that ended in April 2016, the internal regulation was approved which precisely regulates the procedures for fulfilling the tasks assigned to the SC and the procedures envisaged.



The Steering Committee is made up of an equal number of Italian and Maltese members, appointed by the Member States of the Program. Italian members include representatives of environmental authorities and equal opportunities of the two countries, representatives of the Sicilian Region and the Maltese National Coordination Authority and representatives of the Cohesion Agency and the Maltese Ministry of Finance.

The representative of the European Commission, the representatives of the Joint Secretariat, a representative of the Managing Authority of the relative Sicily and Malta ERDF OPs 2007-2013 participate in the meetings of the SC, with an advisory function and without voting rights.

The SC of the INTERREG V-A Italy Malta program:

- a) proposes to the Monitoring Committee, with the support of the Joint Secretariat (JS), the project selection criteria for their final approval;
- b) elaborates the guide for the implementation of the Program, with the support of the SC, in which are defined methods of presentation, preliminary investigation and monitoring of the projects, are described the selection criteria approved by the Monitoring Committee and are defined the sub-criteria of project selection;
- c) is responsible for the preparation of the selection of the projects, with the technical support of the JS, and the proposition and transmission to the MC of the selection results including the ranking of the operations, for the relative decision;
- d) examines any proposed changes to approved projects, except for budget modifications below 10%, and transmits to the MC the proposal to approve these amendments.

The SC will be chaired alternately, in order, by the pro-tempore General Manager of the Regional Planning Department (or by his delegate) and by the General Director of the Funds and Programs Division, Ministry for European Affairs and Implementation of the Electoral Manifesto Office (or by one of his delegates). The chairmanship periods will last each one calendar year until the conclusion of the PC INTERREG V-A Italy-Malta.

The SC meets, if necessary, upon a justified and written request from the Managing Authority or from only one effective member of the SC to the current President.

The current President convenes the meeting, with the support of the JS, at least twenty-one calendar days before the date scheduled for the meeting. In the convocation indicates the proposed agenda, the date, the place of the meeting, the estimated time of beginning and end of the works. The current President may propose to insert new items on the agenda even at the beginning of the sitting, should the circumstances require it.

The documents relating to the agenda must be sent by e-mail by the JS no later than ten calendar days before the date scheduled for the meeting by e-mail.

At any time, at the request of any voting member of the SC or if the President deems it necessary, the SC may take decisions by written procedure. The SC can decide by written procedure initiated by the MA via the JS. The members of the SC can express their position in writing, also by e-mail or fax, no later than fifteen calendar days following the date of receipt of the communication from the MA through the JS. The written procedure will be closed in the fifteen calendar days following the date of receipt, including any comments received.



In cases deemed to be particularly urgent, on the proposal of the president of the SC, the written procedure may be closed, within ten calendar days following the date of receipt, including any comments received.

The SC is assisted by the JS which ensures the performance of the following functions:

- a) collaboration with the presidency in the performance of its duties;
- b) preparation of the pre-inquiry procedures, (admissibility check, preparation of rankings, comparative grids, evaluation report, etc.);
- c) transmission of documentation on behalf of the presidency;
- d) preparation of the minutes of the SC meetings;
- e) assistance in examining the proposed changes to the financial operations

2.2.3.2. PROCEDURES FOR A SYSTEM FOR THE COLLECTION, RECORDING AND STORAGE IN ELECTRONIC FORMAT OF DATA ON EACH OPERATION

The information system of the INTERREG V-A Italia Malta Programme, called "Ulysses", is described in detail in Chapter 4; it will use the experience of the previous programming period 2007-2013 to ensure that data of each operation is collected, recorded and stored in electronic format, as these will be required for the assessment, monitoring, financial management, checks and audits, including, if applicable, specific division of data for each participant as required for the measurement of the indicators.

In particular, "Ulysses" will ensure that all the data is collected, as required by Annex XII of the Regulation (EU) 1303/2013, and in respect to the provisions laid out in article 122, paragraph 3 of the Common Provisions Regulation (CPR), thus guaranteeing all information exchanges between beneficiaries and MA, MC and AA can be carried out using electronic data exchange systems.

The MA shall issue a manual for the correct operation of the Ulysses system and identify different user profiles: Beneficiary-Lead Partner-Auditor-JS-MA-CA-AA. In general, the Ulysses system will help a progressive reduction of paper documents and implementation time of different procedures, according to the "only once" principle. More specifically, documents which have already been recorded/transmitted by the beneficiary will be used by the programme's authorities for the entire life cycle of the project, thus avoiding loss of time waiting for any request for documentation which has already been produced by the beneficiary and reducing significantly the amount of paper used for the transmission of documents.

2.2.3.3. MONITORING PROCEDURES FOR THE FUNCTIONS WHICH ARE FORMALLY DELEGATED TO THE MANAGING AUTHORITY

As provided for in paragraph 2.1.3, the MA did not formalise any delegation of functions. As specified in the previous paragraph 1.3.1, the programme is implemented in cooperation with the Republic of Malta.

2.2.3.4. PROCEDURES FOR THE ASSESSMENT, SELECTION AND APPROVAL OF OPERATIONS

In compliance with article 12 of the Regulation (EU) no. 1299/2013, the MC creates a SC under its responsibility, for the selection of operations and to support their implementation.



The SC carries out the following tasks:

- 1) with the help of the JS, it proposes the criteria to be adopted for the selection of projects so as to be finally approved by the MC,
- 2) with the help of the JS, it drafts guidelines for the implementation of the Programme, that are used to define modalities to present, direct and monitor the programme and projects;
- 3) is in charge of the selection of projects, with the technical support of the JS; the projects will be then presented to the MC for approval;
- 4) examines any modification proposals to approved projects a, with the exception of budget modifications of less than 10%,
- 5) is informed of all activities of the MA, the CA and the AA.

The SC operates under the responsibility of the MC and is composed of representatives of all countries participating in the programme and is governed by an Internal Regulation. In case of need, the MC can perform the tasks of the SC.

The INTERREG V-A Italia Malta programme provides for the selection of projects on the basis of two selection procedures, as described in Chapter 5.3 of the programme: one-step projects (through an Application Form) and two-step projects (concept notes and then Application Form).

The two types of project are selected on the basis of public notices published by the MA.

In accordance with art. 125(3) of the Regulation (EU) 1303/2006, the MA lists the conditions for the support of each operation, including specific requirements for products and services to be provided during the operation, the financial plan and the implementation deadline of the public notice for the selection of operations. The MA ensures that the beneficiary's administrative, financial and operational capacity meets these conditions before the operation is approved.

The same information is contained in the funding agreement regulating the relationship between the MA and the leader beneficiary of the project.

In accordance with art. 12 of the Regulation (EU) 1299/2013, operations are selected on the premise that they aim at implementing cross-border activities, on the basis of specific goals of the programme's priority axes and involving Italian and Maltese beneficiaries which cooperate to develop and implement the operations. All partners also work together to provide suitable staff and/or fund the operations.

The criteria used to select the operations of the programme, as adopted by the MC, concern assessment aspects such as the requirements of formal eligibility, the assessment of relevance and feasibility of project proposals, the assessment of consistency with specific criteria for investments priorities.

The project proposal should be drafted in line with the provisions of the programme implementation manual, as well as the regulations of the public notice for the presentation of projects, on the basis of the forms attached and published on the institutional website www.italiamalta.eu in Italian and English. The documentation attached to the public notice includes:

- Application Form (word + excel parts) including guidelines on how to fill in all the fields
- Programme implementation manual
- Letter of intent and co-funding for both leader and partner
- Co-funding letter - private partner
- Declaration regarding contributions under the scheme of exemption or "*de minimis*" rule and containing a self-assessment

One-step selection procedure



Cooperation projects generated through the one-step procedure refer to punctual, concrete and feasible project proposals including at least two beneficiaries, one from each Member State, which contribute directly to the achievement of specific goals and expected results through the implementation of a package of integrated actions, on the basis of well-defined investment priorities set by the Programme's Priority Axes.

One of the beneficiaries within the project partnership has the role of the lead partner.

The procedure for the selection and approval of one-step cooperation projects includes the following phases.

PHASE 1: The MA publishes a "*call for selection of cooperation projects – one step procedure*" to acquire specific, concrete and feasible project proposals to implement the programme's Investment Priorities. The call requires the submission, by means of a specific "Application Form", of a project proposal with a detailed description of the specific objectives and expected results of the project, the name of the Lead Partner and the partners, the main activities and project actions, the geographical areas concerned and the output of implementation and results. In the call there will be specified, among other things, the financial allocations made available and the minimum threshold of points required for the insertion of a project proposal in the final ranking. The template prepared for the application form will be accompanied by a *Handbook/Guideline for applicants*.

PHASE 2: The MA collects the project proposals and sends them to the JS, which will check that the "eligibility requirements" are met. The JS shall provide the SC with a list of project proposals that are:

- a) eligible for further evaluation;
- b) eligible after the integration of the documentation, according to the cases defined in the call
- c) ineligible for the evaluation phase with supporting arguments.

Subsequently, the JS performs the relevance and feasibility evaluation of the project proposals which were deemed eligible according to the "selection criteria" and hence shall submit to the SC a proposal of a ranking list accompanied by a "technical report of evaluation" which shall include a list of proposals divided by Priority Axis and Priority Investment.

PHASE 3: The SC shall review the ranking list proposed by the JS and forwards a final ranking list to the MC of the programme for its decision of the selection results. This shall contain the list of projects and the related conditions of eligibility for financing, according to the following definitions:

- a) the project is eligible for financing
- b) the project is eligible for financing with conditions
- c) project is eligible but cannot be financed
- d) rejected non-eligible project.

The MA, once receives the decision of the selection results, informs the lead partners of the outcome of the evaluation process, asking the latter to sign the Subsidy Contract, duly accompanied by the Partners' Agreement, and to initiate the approved projects.

Two-step selection procedure



Cooperation projects generated through the “two-step” procedure refer to project proposals based on a direct dialogue between the MA and the proposers to plan, negotiate and improve their contents.

The “two-step” procedure for the selection and approval of cooperation projects is implemented according to the one-step procedure modes, with the integration of a top-down negotiation procedure that will be duly regulated during the implementation of the programme by the MA and the MNCA and will be approved by the MC.

The eligibility of expenses for the project shall commence on the date of notification of eligibility for funding to the project lead partner by the MA. Partners may decide to have the notification sent by the MA and the formal launch of the project activities on the same day. If this is not the case, the date of the project launch shall be at least 30 calendar days after the date of notification.

Within two months from the notification of the project's eligibility for funding, the project lead partner and the partners shall sign:

- the *Subsidy contract* that regulates the relationship between the MA and the leader beneficiary of the project, defines the methods of payment of the ERDF contribution and the leader's obligation in terms of implementation of activities, control and advertisement of operations;
- the *partnership agreement* that regulates the relationship between the project leader and all the partners involved in the operation, defines the methods of payment of the ERDF contribution and the obligations of each partner in terms of implementation of activities, control and advertisement of operations;

Financial resources (ERDF and NC) available within the framework of the programme, thanks to project funding, are provided only as refunds for expenses actually incurred by the beneficiaries and deemed eligible in accordance with the EU Delegated Regulation no. 481 of the European Commission of the 4 March 2014 by the project's competent bodies.

50% of ERDF resources shall be provided in advance to each partner of approved projects. The next advance payment, equivalent to 30% of the budget, will be provided to the partners that will have paid and certified the whole amount, which had previously been received. Further payments will only be effected once the limit of 80% of the budget for the project eligible for funding is exceeded.

2.2.3.5. PROCEDURES FOR THE BENEFICIARY: DOCUMENT CONTAINING THE CONDITIONS TO SUPPORT THE OPERATION, SYSTEM OF ACCOUNTING SEGREGATION

In accordance to the provisions of art. 125, paragraph 3, letter c) of the Regulation (EU) 1303/2013, the MA ensures that the beneficiary is provided with a document listing support conditions for each operation, including specific requirements for products and/or services to be supplied during the operation, the financial plan and deadline for execution.

Article 67, paragraph 6 of the same Regulation specifies that this document shall establish methods to be applied for the definition of operation costs and conditions for funding.

In addition, if the beneficiaries are involved in the implementation of operations reimbursed on the basis of eligible costs that were actually paid, the MA ensures that the beneficiaries keep a system of accounting segregation or an adequate accounting code for all transactions for a specific operation (art. 125, paragraph 4, letter b).

The MA ensures an information flow for the beneficiaries, respects the provisions of the regulatory framework and defines these procedures according to the programme implementation manual, the specifications of each public notice for the selection of projects, the funding agreement regulating



the relationship between the MA and the lead partner beneficiary and the partnership agreement regulating the relationship between the project lead partner and all the partners involved in the implementation of operations.

These documents are made available to the beneficiary before the presentation of a project proposal (public notice, in accordance to the time set for the presentation of project proposals, the implementation manual with detailed general conditions for support, forms for financial information and requirements for products and services which shall be provided in the framework of the intervention, the time needed for the presentation of reports and refund applications, etc.) or immediately after the acceptance of financing of a project proposal (reporting manual, Subsidy contract, partnership agreement, methods of provision of advanced payments for bank guarantees, if any, etc.).

The transfer of amounts (advanced payments and/or repayments) is carried out by the MA to the project lead partner, through a specific direct mandate of payment, based on a system of accounting segregation used specifically for the project. The lead partner shall promptly transfer ERDF dues to the partners - within 30 working days at the latest - on the basis of the advanced payment received by the MA or of the expenses actually incurred, as validated by the first-level auditor and checked by the MA. The MA shall also transfer NC dues to entitled Italian partners, in compliance with the CIPE Decision no. 10 of the 28 January 2015.

The accounting segregation has also to be ensured by each beneficiary of the operation, in line with accounting regulations of Member States. This aspect is provided for in the reporting manual and it shall also be checked during each first-level audit.

The MA shall ensure its accounting segregation is respected by means of a system allowing to quickly track all transactions related to the co-funded operation. It should be noted that, after the entry into force of the Legislative Decree 118/2011, the administration should organize its own information-accounting system, so as not to allow ascertainment, collection or payment of revenues and pawning, settlement, authorization and payment of expenses without full identification coding.

[2.2.3.6. PROCEDURES FOR OPERATION CHECKING \(ARTICLE 125 PARAGRAPH 4-7 OF THE REGULATION \(EU\) NO. 1303/2013\)](#)

In accordance with art. 23, paragraph 4 of the Regulation (EU) 1299/2013, each one of the two Member States of the programme shall appoint on their respective territories the body or the person in charge (the "auditor/s") of carrying out the above-mentioned checks (art. 125, paragraphs 4-7 of the Regulation (EU) no. 1303/2013) on the beneficiaries. This will ensure that the beneficiary's expenses can be audited within three months from the moment that the beneficiary submits the documents.

The respective auditor designation system for Italy and Malta are detailed below.

Italian beneficiaries

For the Italian beneficiaries, audits will be carried out by the MA's offices, which are independent from programme management and implementation functions, with the help of a specialized technical assistance service, or it can be performed through the decentralisation of auditing activities: external auditors, selected through public procedures, may be entrusted with this task.



In this last case, in accordance to currently approved plans, the MA will perform quality checks on auditors' activities aiming at ensuring the effectiveness of first-level controls. These quality verifications will be carried out by drafting specific reports and check-lists.

First-level controls on reported expenses are aimed at checking that all Italian beneficiaries have been provided with the funded goods and services and that expenses declared by the beneficiaries have been paid in compliance with applicable laws, cooperation programme regulations and requirements for funding.

With the help of specific check-lists and reports, these checks are performed on 100% of expenses declared by the beneficiaries, through desk-based audits and on-the-spot audits on a sample basis.

With regards to the controls on expenses, incurred by the MA within the framework of Axis 4 of the programme, it is to be noted that these shall be performed by a MA office that is independent from the functions and tasks linked to the management, planning and implementation of the same programme.

Maltese beneficiaries

The first-level control system for Maltese beneficiaries is decentralised. The first-level controller may be internal or external, but they still need to meet all requirements and be independent from the project activities.

The Funds and Programmes Division (FPD), under the Parliamentary Secretariat for the EU Presidency 2017 and EU Funds, MEAIM is the entity in charge of designating auditors proposed by the partners of the projects. The FPD shall designate an independent and qualified auditor to perform first-level controls on the basis of a proposal by the project partner beneficiary for an internal or external auditor.

Once the project has been selected and deemed eligible for funding, the TCU within the FPD, as the national coordinator of cooperation programmes, shall organise bilateral meetings with the beneficiaries.

In case of an external auditor, beneficiaries taking part in a project shall select the respective auditors/auditing companies through public proceedings. Minimal requirements for auditors shall be (but not limited to):

1. Knowledge of Community and programme regulations and national Laws;
2. Sufficient knowledge of the English language.

The FPD shall provide the partners with a template of the calls for proposals/notice of selection, which specifies that all requirements are to be met by the selected auditor. Project partners shall add all these requirements to the calls for proposals/notice of selection of the external auditor. Beneficiaries will be required to start public proceedings to select an auditor and ensure that the calls for proposals/notice of selection explicitly indicate the condition of independence of the auditor from the project. The selected auditor will perform desk based and spot checks on incurred expenses. This is one of the tasks the auditor is in charge of and shall be included in the call for proposals/notice published by the beneficiary and in the designation certificate issued by the FPD to the auditor selected.

In case of an internal auditor, if the subject responsible for the first-level control is located within the same organisation as the beneficiary, then the latter will provide sufficient details to demonstrate the independence of the controller. In addition, internal auditors must certify that they meet the above requirements before being designated by FPD.



Following this procedure, the beneficiary will communicate the name of the selected controller to the FPD, which will verify the presence of the same within the Maltese Registered Auditors List: <https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx>.

Auditing companies may participate in the call but must always indicate the name of the auditor who will be responsible to perform the first-level control of the project. If the name of the controller is present in the register, then the FPD will assign the functions of the first-level control to the auditor/auditing company and will issue an appropriate certificate of designation, highlighting the details of the selected auditor.

Only upon receipt of such certificate, can the controller initiate activities related to the first-level control within the project. In case of replacement of the first-level controller, a new request for the designation will be submitted for subsequent approval.

Following approval of a project, the FPD will hold bilateral meetings with the beneficiaries and the first-level controllers on issues related to project implementation, eligibility of expenses, reimbursement arrangements etc. All relevant documentation (guidelines, circulars, manuals etc.) will be made available to both the beneficiaries and the controllers by the FPD.

The designation certificate issued by the FPD shall include the timeframe within which first-level controls must be completed, including on-the-spot checks. The beneficiaries will be asked to enter these time references in the calls/notices for the selection of the auditors. In addition, at the conclusion of its checks, the auditor shall transmit the validation certificate to the FPD which, in turn, monitors any delays in the implementation and urges the beneficiaries to take the necessary steps.

The selected auditor shall perform spot checks on the verified expenses. This requirement is one of the duties of the controller and is also included in the call/notice published by the beneficiary as well as in the certificate of designation issued by the FPD to the selected auditor.

The costs related to the first level control shall be borne by the beneficiaries and are considered eligible expenses under the project within the category of expenditure referred to in paragraph 9.5.4 "*Cost of external consulting and services*".

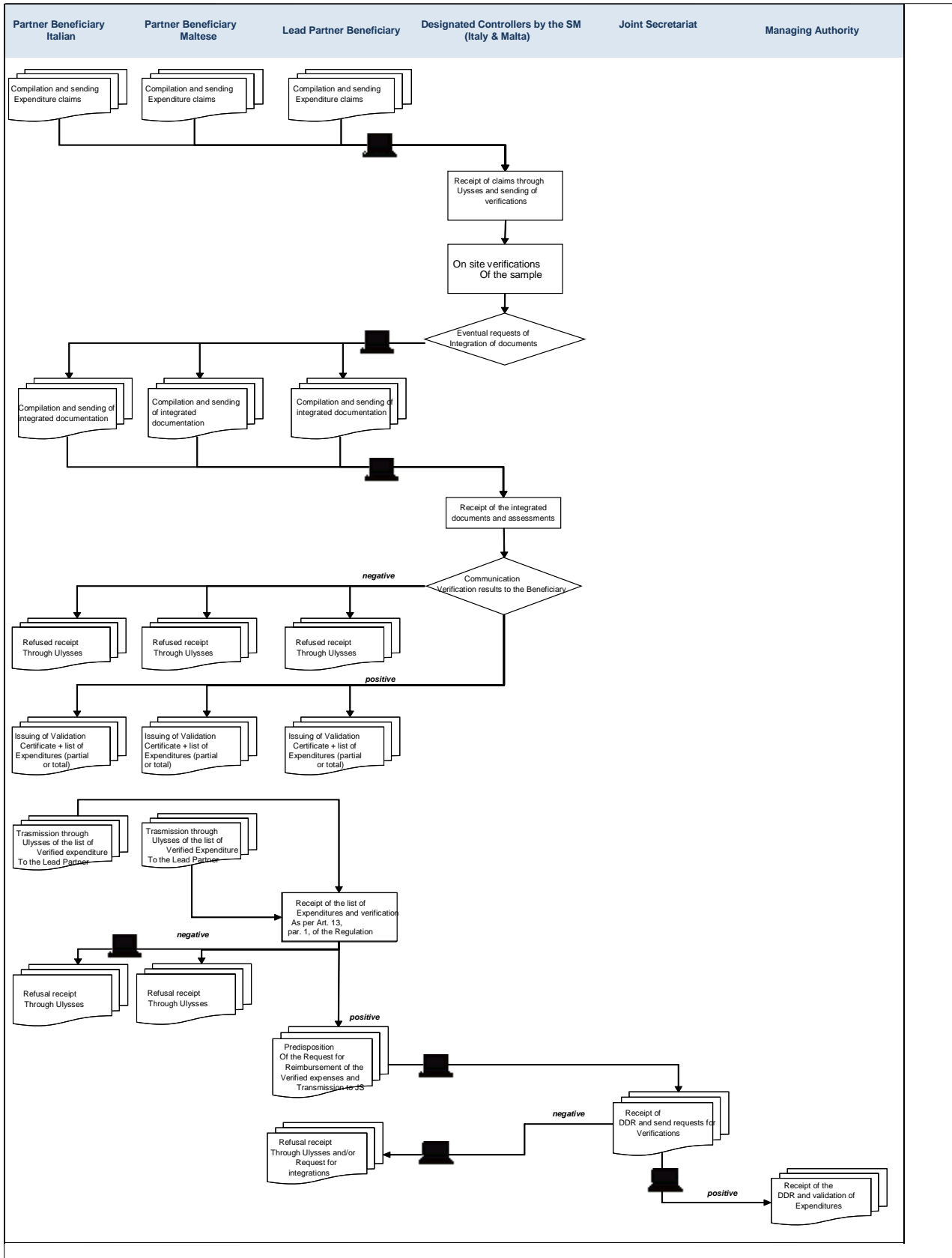
The Financial Control Unit (FCU) within the FPD will carry out checks on the first level control performance, the quality of the control system and the correct application of the provisions of art. 23 (4) of the Regulation (EU) no. 1299/2013. The verifications to be undertaken by the FCU shall be based on a combination of risk management and sampling basis in line with a predetermined methodology in order to provide the level of assurance that is necessary. Further on-the-spot checks will be performed by the FCU on this sample basis using a risk assessment analysis system that determines which projects should be evaluated. The FCU shall issue a report regarding the inspections and shall highlight any irregularities detected in a special report on irregularities.

With respect to expenditure related to the financing of technical assistance by the MNCA, verification is guaranteed by an independent controller within MEAIM.

Both the programme's beneficiaries and auditors shall utilise the programme's information (IT) system.

Italy and Malta will ensure that the document "*Description of the Management and Control System*" (DMCS) is drafted in line with the requirements set by the Community regulations and that the system is effective. Guidelines will be drafted in order to assess quality controls at programme level. Such guidelines will also give instructions regarding the solution of a system error or errors above a given percentage. Overall, the main stages of control procedures are the following:





)

2.2.3.7. MODALITIES OF RECEIPT, VERIFICATION AND VALIDATION PROCEDURES FOR CLAIMS FOR REIMBURSEMENT ON BEHALF OF THE BENEFICIARIES AND OF THE AUTHORISATION, EXECUTION AND ACCOUNTING FOR PAYMENTS TO BENEFICIARIES

The procedures for the management of applications for reimbursement and payment to beneficiaries shall respect the following distinct phases of operations in line with Axes I, II, III and IV.

a) **Operations Axes I, II and III**

- beneficiaries (partners and lead partners) transmit, via the information system "Ulysses", the expenditures and payments documentation, accompanied by the necessary appendices, to their respective Italian and Maltese designated controllers;
- the latter perform administrative controls and on-the-spot checks in line with article 125, par. 4(a), 5 and 6, of Regulation (EU) no. 1303/2013 and transmit a validation certificate along with the list of audited expenditure to the beneficiary (partner and lead partner) via the information system "Ulysses" ;
- the beneficiaries shall transmit to the lead partner, through the information system "Ulysses" , the validation certificate of the expenditure issued by the controller with the list of audited expenses;
- the lead partner, having checked in accordance with art. 13 of Regulation (EU) 1299/2013, paragraph 2, letters b) and c) the expenditure declared by each beneficiary partner, prepares the claim for reimbursement to be sent to the JS, through the "Ulysses" system. Such request shall include: the validation certificate of the expenditure , a list of expenditures as verified and declared eligible by the controllers, the progress report of the project - Technical and Administrative Report or else the Technical-Administrative Final Report;
- the JS verifies the completeness of the claim for reimbursement; verifies compliance between output and subsidy contract in terms of costs, resources and eligibility of expenditure; verifies the accuracy of expenditure declared by the beneficiaries through the validation certificate; verifies the outputs declared in the progress report; transmits the outcomes to the MA through the "Ulysses" system;
- the MA ensures that the expenditure of each beneficiary has been verified by a designated controller; verifies and ensures the investigation carried out by the JS; determines the amount that must be paid to the project in relation to the previous advances paid and the amount of certified checked expenses; validates and transmits, after inspection, the declaration of expenditure to the Certifying Authority (CA); initiates follow-up action in case of any irregularity;
- the CA draws up and submits payment claims to the European Commission and certifies that they are the result of reliable accounting systems and that they are based on verifiable supporting documents and have been subject to inspections by the MA. Such transmission is performed through the Italian Ministry of Economy and Finances (IGRUE), through the SFC 2014 system. A copy of the payment claims , along with the projects' list, is sent to the MNCA.

b) **Operations Axis IV**

- for expenses incurred by the MA, in line with the approved technical assistance plan, the COO transmits, via the "Ulysses" system, the expenditure and payments documents, accompanied by the necessary appendices , to the programme control unit which is



- functionally independent from the activities linked to the management and implementation of the programme;
- the control unit performs administrative controls and on-the-spot checks in line with article 125, par. 4(a), 5 and 7, of Regulation (EU) no. 1303/2013 and transmits to the COO, via the information system "Ulysses", a validation certificate along with the list of audited expenditure;
 - for expenses incurred by the MNCA, in line with the approved technical assistance plan, the unit transmits, via the "Ulysses" system, the expense and payment documents, accompanied by the necessary appendices, to the controller within MEAIM, which is functionally independent from the activities linked to the management and implementation of the programme;
 - The controller/auditor within MEAIM, performs administrative inspections and on-the-spot-checks in line with article 125, par. 4(a), 5 and 7, of Regulation (EU) no. 1303/2013 and transmits to the MNCA, via the "Ulysses" information system, a validation certificate along with the list of audited expenditure;
 - the MNCA shall forward the claim for reimbursement for the expenses incurred in Malta along with the expenses validation certificate and the list of the audited expenses deemed eligible by the auditor to the COO, through the "Ulysses" system;
 - the COO prepares the request for reimbursement that includes the validation certificate of the expenditure and a list of expenditure verified and reported by the controllers respectively for Italy and Malta. Subsequently, it validates and sends the statement of expenditure to the CA and initiates follow-up action in case of any irregularity;
 - the MA draws up and submits payment claims to the European Commission and certifies that they result from reliable accounting systems and that they are based on verifiable supporting documents and have been subject to inspections by the MA and the MNCA. Such transmission is performed through the Italian Ministry of Economy and Finances (IGRUE), through the SFC 2014 system. A copy of the payment applications, along with the projects' list, is sent to the MNCA.

c) **Financial Flows**

The presentation of the first interim payment request is done following a notification to the Commission of the designation of the MA, based on both a report and advice of the independent audit body, in accordance with art. 124 of the Regulation (EU) 1303/2013.

Once the admissibility of the application for payment is acquired from the EC, financial flows can be activated. The Commission shall pay a sum as part of the annual pre-financing until 2022; the subsequent Commission's payments are triggered by the payment claims submitted by the CA.

The European Commission, therefore, transfers the ERDF funds to the Italian Ministry of Economy and Finance, accrediting the Central State Treasury.

The Italian Ministry of Economy and Finances (MEF - IGRUE) transfers the ERDF funds, along with the Italian national funds, to the Region of Sicily - Regional Department of Budget and Finance - Budget and Treasury Department as the regional body designated to fund payments through accreditation in the Central Treasury, with the title of "Region of Sicily - EEC Resources - national co-financing". The competent agency is responsible for the management of financial resources allocated to the programme based on administrative and accounting legislation, both community, national and regional and good financial management criteria.



The MA ensures the effective transfer of ERDF funds and the corresponding National Contribution (NC) and prepares the ERDF resource allocation for each operation/beneficiary in line with the national accounting rules Legislative Decree 118/2011.

Pursuant to art. 132 of Regulation (EU) 1303/2013, subject to the availability of funding as part of the initial and annual pre-financing and interim payments, the MA ensures that a beneficiary receives the total amount of eligible public expenditure due within 90 days following the submission of the request for payment by the beneficiary.

The MA delivers the ERDF share to the project leader and the latter shall arrange to promptly transfer the respective ERDF amounts to the partners and, in any event, not later than 40 days. The project partner shall acknowledge receipt of the ERDF resources transfer.

The Managing Authority shall also ensure the transfer of the NC share, in the case of eligible Italian partners, under the CIPE Resolution no. 10 of the 28 January 2015.

The procedure governing the accounts of the Sicilian Region oversees the management of the ERDF contribution as well as cash flows resulting from the Community programming.

The MA, after checking the actual availability of cash, can pay the ERDF share before the actual reimbursement by the EC by providing an anticipation of resources equal to 50% of the ERDF for each partner in the approved project. The following anticipated funding, amounting to 30% of the budget, will be delivered to those partners who have previously spent and certified the full pre-financed amount. The remaining share of the contribution shall be delivered by way of reimbursement.

The transfer of funds (advance payments and/or refunds) by the lead partner beneficiary, to the other beneficiaries, is regulated via specific mandate of direct payment, which is charged on separate accounts and dedicated to the project.

2.2.3.8. IDENTIFICATION OF THE AUTHORITIES OR BODIES RESPONSIBLE FOR EACH PHASE OF THE PROCESSING OF CLAIMS FOR REIMBURSEMENT, INCLUDING A FLOWCHART INDICATING ALL INVOLVED BODIES

The bodies responsible for the processing of claims for reimbursement are: the lead partner beneficiary, the JS and the MA.

The lead partner beneficiary, based on the period indicated in the reporting manual and via the information system "Ulysses", receives the expenditure from each partner beneficiary, verified by the auditor, together with a validation certificate of the same auditor.

In line with art. 13, par. 1, of Regulation (EU) 1299/2013 the lead partner beneficiary:

- ensures that the expenditure declared by each partner beneficiary participating in the operation has been incurred for the implementation of the operation;
- ensures that declared expenditure corresponds to the activities agreed upon by all beneficiaries;
- ensures that the expenditure declared by each beneficiary participating in the operation has been verified by the auditor.

The lead partner, after having performed such checks for each project partner, based on the timeframe indicated by the MA, shall draw the claim for reimbursement through the "Ulysses" information system. The claim for reimbursement will contain the expenditure for each partner (including the lead partner) which has been incurred, reported and verified by both the auditor and the lead partner, relating to a precise time reporting period. The claim for reimbursement may



also include, in duly justified cases, expenses related to previous reporting periods, as long as such expenditure was not already included within previous claims.

Through the validation flow of the "Ulysses" system, the claim, containing the validation certificate of the expenditure, a list of expenses which have been verified and declared eligible by the controller and the project progress report, are received by the JS of the programme. The JS:

- verifies the compliance between the output and the subsidy contract in terms of costs, resources and eligibility of expenditure; following the provision of par. 5.3 of the Programme, this verification is carried out on annual basis
- verifies the accuracy of expenditure declared by the beneficiaries through the validation certificate (issued by auditors to each partner); the JS verifies moreover the presence of control checklist and control minute together with the certificate.
- verifies the outputs declared in the *progress report*. *Even through documents and files updated in Ulysses System in the physical progress section*

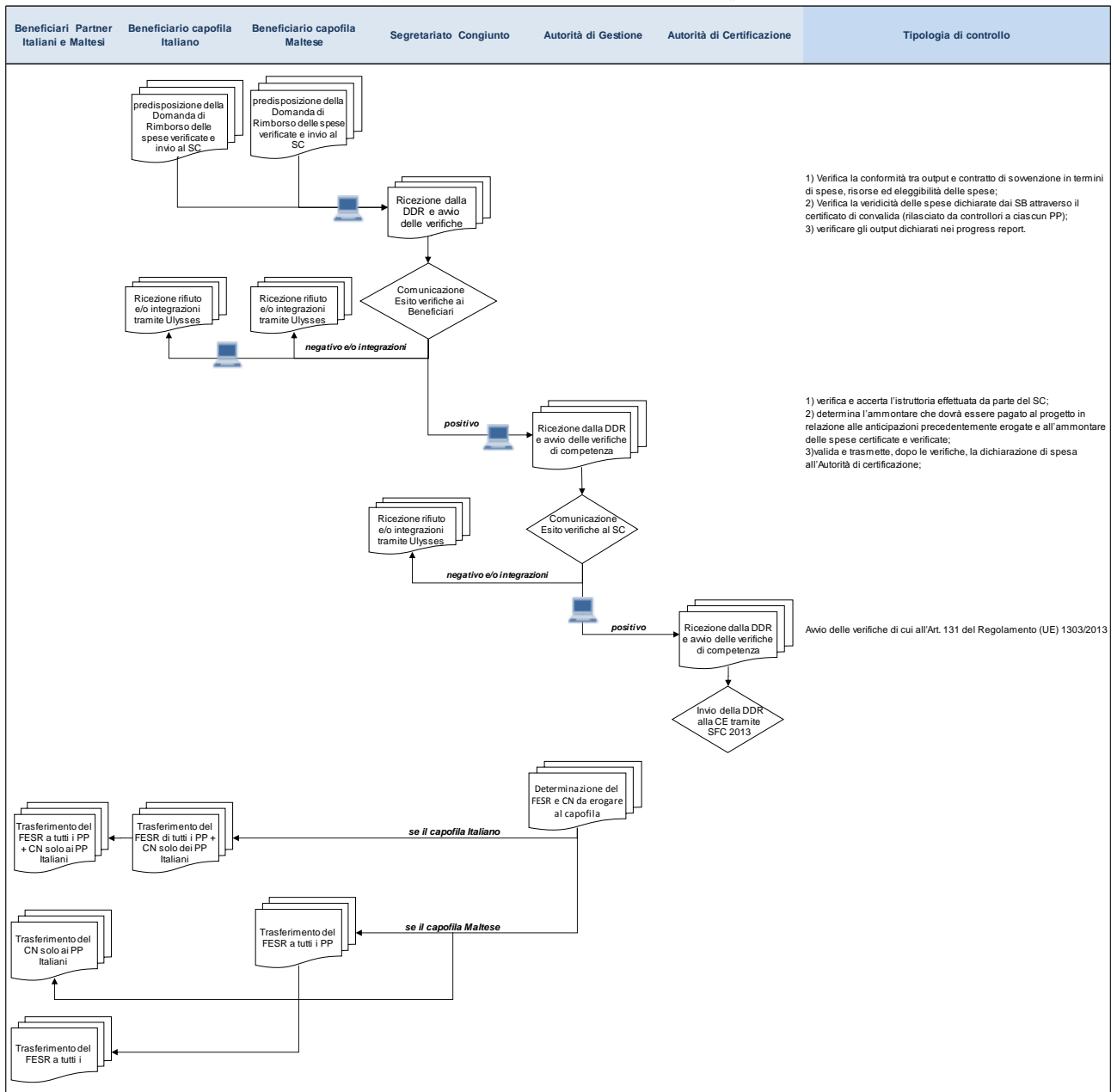
After these verifications, the JS shall forward the documents to the MA through the validation flow of the "Ulysses" system. The MA:

- verifies the preparatory stage overseen by the JS;
- determines the amount to be granted to the project according to the anticipated sums and the amount of the verified expenditure;
- validates and forwards, after such controls, the CA's declaration of expenditure;
- initiates *follow-ups* in case of irregularities;

The MA ensures the transmission to the CA of all refund applications to enable the latter to compile the payment claim and carry out its functions as well as the performance of the resulting tasks and activities in accordance with the Community Regulations.

Overall, the main stages of the processing of application for reimbursement are the following:





2.2.3.9. DESCRIPTION OF THE MODALITIES BY WHICH THE MANAGING AUTHORITY FORWARDS INFORMATION TO THE CERTIFYING AUTHORITY

Article 123 of Regulation (EU) 1303/2013 par. 9 states that the Member State has to define, in writing, the rules governing its relations with the managing, certifying and audit authority, the relations between these authorities and the relationships between them and the European Commission.

The MA guarantees the immediate availability of all relevant information to be forwarded to the CA. Therefore, the procedures allowing the MA to transmit information on programme implementation, including information on deficiencies and/or irregularities (cases of suspected and ascertained fraud included) detected in the context of management verifications, audits and controls are outlined.



The availability of such data will be ensured through an electronic exchange system, in accordance with the provisions of art. 122 par. 3 of Regulation (EU) no. 1303/2013, which in the case of INTERREG V-A Italia Malta is represented by the "Ulysses" information system, which can ensure the recording and storage of data as well as the transparency and traceability of information.

The MA provides the CA with access to the "Ulysses" system through the creation of a specific utility for the CA, which allows the latter to view, capture and process data necessary to support both the submission of periodic payment claims and the presentation of the annual accounts, as established in art. 126 of Regulation (EU) No. 1303/2013.

Through the "Ulysses" system, the MA ensures the availability of the following data:

- all essential details of co-financed projects and the beneficiaries;
- documentary evidence of both expenses and payments;
- the outcomes of first-level controls and all other controls regarding the expenses being reported;
- MA's/CA's declaration on the fairness, regularity and eligibility of expenditure incurred by the beneficiaries;
- specific support features for certification activities, including preparation of claims for regular payment and the declaration of the annual accounts, as well as the state of the recovery detection.

Through the "Ulysses" system, the MA ensures that the expenditure verified by the controller resulted in the delivery of the services and/or goods as approved in the original application, that the claims for reimbursement by the beneficiaries are correct and that the operations and expenditure comply with Community and National rules.

The CA, having its own access key, can in turn access the MA's information and, at any moment, carry out the required checks or activate additional modalities for monitoring and verification, at the time of submission of claims for intermediate and final payments as well as during the presentation of the annual accounts.

In addition, this information system allows for shared management of the treatment of irregularities: the MA and the CA, in relation to their respective areas of concern, also manage the information on deficiencies and/or irregularities (detection of cases of irregularities, in computerised form, including suspected and confirmed fraud) detected in the context of management verifications, audits and controls by national or EU bodies and corrective actions taken (activation date, end date, amount to be recovered, recovered amount).

Through interoperability and unified features, the system allows the aggregation of these data for the purpose of the financial management of the programme and allows the CA to prepare the disclosure of financial data, claims for payment and annual accounts to be sent to the EU, based on the models provided by Regulation (EU) 1011/2014, within the timeframe defined by the Regulation. In the case of claims for interim payments, for which the Regulation does not set a timeline, these will be made, in advance, within a period agreed between the MA and CA, in view of the constraints related to the needs of the MA budget and the need to achieve the annual spending targets.

In the case where the checks performed by the CA regarding the balancing between the amounts returned and the payments unduly delivered, lead to a negative result and a subsequent request for clarification and motivation in order to insert the amount in the register of recoveries and construct the accounts model, the MA shall timely provide the requested clarifications and ensure the implementation of all eventually necessary corrective actions, giving adequate notice to the CA.



2.2.3.10. PROCEDURES FOR THE TRANSFER OF INFORMATION TO THE AUDIT AUTHORITY(AA)

The procedures to ensure that the MA sends the information to the AA, including information on deficiencies and/or irregularities (cases of suspected and ascertained fraud included) and on the follow-up to the latter in the context of the management verifications, audits and controls carried out by national or EU bodies are aligned, in the context of the programme INTERREG V-A Italia Malta, with the ones foreseen by the MA of the operational programme ERDF Region of Sicily 2014/2020.

In this regard, the Office in charge of Controls, Community Frauds Repressions and Community programmes Closure is responsible for coordinating relations with the AA and, in particular, for ensuring disclosure of all information flows regarding the operations financed by the INTERREG programme V-A Italia Malta.

On the basis of the data and the information recorded in the information and supporting documentation system, the MA, through Area 7, regularly performs analysis of irregularities, including suspected and ascertained fraud, discovered during the checks carried out by different stakeholders (Office responsible for first level control , AA, CA, other national and European competent bodies); besides it also makes sure that, through the "Ulysses" system, a track is kept of any follow-up to the corrective actions taken as a result of the audit performed and can prepare a summary report on the outcomes and results of controls and corrective actions.

The outcome of controls is then included in the report referred to in paragraph 2.2.3.14 of this document.

The MA guarantees that this report, as well as the declaration referred to in paragraph 2.2.3.13, is made available in due time for the purposes of the AA's appropriate assessments

The MA also ensures the follow-up results in the context of management verifications, audits and controls performed by European or national bodies.

The MA also undertakes to provide the AA with all the relevant information about any eventual changes to D.M.C.S. which might be necessary during the implementation of the programme.

2.2.3.11. REFERENCE TO NATIONAL ELIGIBILITY RULES LAID DOWN BY THE MEMBER STATE AND APPLICABLE TO THE OPERATIONAL PROGRAMME

In line with what is stated in art. 65 of Regulation (EU) 1303/2013, the eligibility of expenditure shall be determined based on Italian (among these D.P.R. n. 22 of the 5 February 2018) and Maltese national rules and Community standards in line with the delegated Regulation 481/2014 completing Regulation (EU) no. 1299/2013 as regards the specific rules on eligibility of expenditure for cooperation programmes.

Eligible items of expenditure are defined in par. 9.4-9.7 of the programme implementation manual aimed at ensuring adherence to the provisions set forth by such regulations as well as the consistency of expenditure in both States.

In accordance with art. 65 of Regulation (EU) 1303/2013, the eligibility of expenditure related to the programme starts on the 1 January 2014 up to the 31 December 2023. The eligibility of expenditure within the framework of a project begins from the date of notification to the project's lead partner of the acceptance of financing by the MA, except for the costs of "project



preparation" whose eligibility starts from the date of publication of the notice for the selection of projects.

2.2.3.12. PROCEDURES GOVERNING BOTH THE DRAWING UP, AND THE SUBMISSION, OF THE ANNUAL AND FINAL IMPLEMENTATION REPORTS TO THE COMMISSION

In line with what is stated in art. 125, par. 2, letter b), of Regulation (EU) no. 1303/2013, the MA shall prepare and submit to the Commission, after approval by the Monitoring Committee (MC), the annual and final implementation reports referred to in art. 50 of the same Regulation, based on the model provided by the EC in order to include the information required by art. 50, par. 2, of Regulation (EU) no. 1303/2013.

The annual implementation report , in line with the provisions of art. 14, par. 1 and 2 of Regulation (EU) no. 1299/2013, shall be submitted within the 31 May every year starting from 2016 to 2023, both years inclusive. For the reports submitted in 2017 and in 2019, the deadline for the submission to the European Commission is the 30 June.

The annual implementation reports to be submitted in 2017 and 2019, besides assessing the information required by art. 50, par. 4 and 5 of the Regulation (EU) no. 1303/2013 and art. 14, par. 2-3 of Regulation (EU) no. 1299/2013, shall provide information about the progress on the implementation of the evaluation plan, the results of the information and publicity activities carried out according to the communication strategy and the involvement of partners in the implementation, monitoring and evaluation of INTERREG V-A Italy Malta.

In line with the provisions set forth in art. 110, par. 2, letter b) of Regulation (EU) no. 1303/2013, the MA shall submit the annual and final implementation reports for the consideration and subsequent approval of the MC and shall forward them to the EC in the terms established by art. 14, par. 1 and 2 of the Regulation (EU) 1299/2013, using the exchange system established by the Commission (SFC 2014) in line with article 74, par. 4, of Regulation (EU) no. 1303/2013. If appropriate, it prepares adequate responses regarding possible comments by the EC about issues that significantly affect the implementation of the programme.

These are then published on the website dedicated to the OP annual and final implementation reports along with a summary of its contents, in accordance with art. 50, par. 9, of Regulation (EU) no. 1303/2013.

The procedure to develop and submit the implementation reports to the Commission can be summarised in the following phases:

- the COO axes I, II, III and IV and the MNCA, with the support of the JS, provide for the preparation of the annual and final implementation reports on the basis of Annex X of the Implementing Regulation (EU) model no. 207/2015;
- the final text is then shared with the MNCA, which accepts and/or amends accordingly;
- approval of the implementation reports by the MC : the MA shall submit the annual and final Implementation reports for review and approval by the MC, in accordance with art. 110, par. 2, of Regulation (EU) no. 1303/2013.
- transmission to the EC, on an annual basis, from 2016 to 2023 of the implementation reports by the 31 May (by the 30 June for the years 2017 and 2019) and summaries through the SFC2014 system: the MA, after approval by the MC , shall forward the implementation reports to the Commission by means of an electronic data exchange system and in compliance with the terms laid out in art. 50, par. 1, of Regulation (EU) no. 1303/2013. The Commission assesses the admissibility of the Implementation Report through an analysis of the information contained in the act; if within fifteen working days of receiving the report, the Commission does not communicate non-admissibility of the Act,



the implementation report is considered admissible (Art. 50, par. 6 of the Regulation (EU) no. 1303/2013);

- preparation of replies regarding possible observations made by the EC;
- publication of the annual and final implementation reports as well as of a summary of their contents as laid out in art. 50, par. 9, of EU Regulation no. 1303/2013.

2.2.3.13. PROCEDURES GOVERNING THE DRAWING UP OF THE MANAGEMENT DECLARATION

The MA, in accordance with EU Regulation 1303/2013, art. 125, paragraph 4, letter e) draws up the management declaration based on Annex VI of the EU Implementing Regulation no. 207/2015.

The management declaration includes the following:

- the information in the accounts is properly presented, complete and accurate in accordance with article 137, paragraph 1, of the EU Regulation no. 1303/2013
- the expenditure entered in the accounts was used for its intended purpose, as outlined in EU Regulation no. 1303/2013, and in accordance with the principle of sound financial management;
- the management and control system put in place for the operational programme provides the necessary guarantees concerning the legality and regularity of the underlying transactions, in accordance with the applicable law;
- any irregularities identified in the final audit or control reports in relation to the accounting year and reported in the annual summary, in accordance with article 125, paragraph 4, letter e) of EU Regulation no. 1303/2013, have been appropriately treated in the accounts;
- where necessary, weaknesses in the management and control system indicated in the reports have been addressed or are being addressed by means of the required corrective actions;
- expenditure which is subject to an ongoing assessment of its legality and regularity has been excluded from the accounts, pending conclusion of the assessment and can be included in an application for interim payment related to a subsequent accounting period, as stipulated in Article 137, par. 2 of Regulation (EU) No. 1303/2013;
- the data relating to indicators, milestones and the progress of the operational programme required under article 125, paragraph 2, letter a) of EU Regulation no. 1303/2013, is reliable;
- effective and proportionate anti-fraud measures, as per article 125, paragraph 4, letter c) of EU Regulation no. 1303/2013, are in place and take account of the risks identified;
- any confidential information relating to the implementation of the operational programme that could be detrimental to the reputation of the cohesion policy is known by the MA.

In line with the suggestions made by the aforementioned document EGESIF_15-0008-05 of the 03/12/2018 – revision 2018, the formal procedures, that allow the Authority to draw up the abovementioned document, are also measured taking into account the timeframe necessary for the AA to meet its requirements.

2.2.3.14. PROCEDURES GOVERNING THE DRAWING UP OF THE ANNUAL SUMMARY OF THE FINAL AUDIT REPORTS AND CONTROLS CARRIED OUT

The annual summary of controls aims to summarise the checks carried out on the programme during the financial year of reference and the relevant outcomes as well as to analyse errors and weaknesses, highlighting corrective actions. The document is prepared in compliance with the provisions in note EGESIF_15-0008-05 of the 03/12/2018 – revision 2018 and taking into account the procedure suggested in it.



The summary provides a comprehensive and concise picture of management checks, controls and audits carried out in relation to expenditure declared in the course of an accounting year and entered into the accounts.

It serves as the basis for the management declaration, which incorporates the information contained in the accounts and the annual control report.

Once the summary is complete, the MA sets up the procedures to:

- ensure the collection of the final results of all audits carried out by the controllers in Sicily and Malta and of the audits carried out by or under the responsibility of the AA;
- analyse the nature and the extent of the errors and weaknesses identified in the systems and the subsequent follow-up of these shortcomings (corrective measures taken or planned);
- the implementation of preventive and corrective actions in case of detection of systemic errors.

In relation to the administrative verifications based on checks performed on documentation and sample on-site checks, the summary shall take into account two types of checks performed by the controller in accordance with art. 23, par. 4 of EU Regulation 1299/2013.

For administrative checks, guidelines are provided in relation to the adopted control methodology.

For onsite spot checks, the summary instead provides:

- the number of sample inspections carried out in the reporting period;
- the methodology adopted for the implementation of controls, specifying the purpose (confirm or complete the results of the checks it carried out)
- the specific matters under control and the sampling methodology employed.

The summary shall provide an analysis of the main results of the controls and types of errors identified, indicating the number of occasional errors, and the nature of any systemic errors in addition to the corrective actions taken to correct them. In particular, the document describes:

- in case of errors for individual transactions, the amount of the controlled figure, the type of error, the irregular amount, financial corrections and procedures implemented to correct the error;
- in the case of system error attributed to the MA, the corrective measures made to the D.M.C.S. in order to avoid that the error is repeated thereafter.

2.2.3.15. PROCEDURES CONCERNING THE COMMUNICATION TO STAFF OF THE ABOVE PROCEDURES, AND AN INDICATION OF TRAINING ORGANISED AND ANY GUIDELINES ISSUED

The MA shall ensure the involvement of all stakeholders involved in the management and implementation of the programme with the specific objective of successfully communicating the programme.

The staff of the MA, the MNCA, the JS and the Info Contact Point in Malta will promote information exchange processes aimed at standardising internal communication, in order to reduce bottlenecks which could weigh down the programme management procedures, to externally convey a coordinated image of the programme, to successfully communicate the programme, its objectives and implementation tools among potential beneficiaries, current beneficiaries and the public.

Internal communication refers to the procedures, tools and actions put in place to ensure the circulation of information and to ensure that all programme authorities are always kept informed



and involved. Thanks to the proper involvement of all parties, the programme will be able to ensure that information is communicated to the relevant parties, that information overload to the final recipients is avoided or that irrelevant information is spread.

Internal communication will be improved by creating dedicated mailing lists, updating the website, distributing news and press releases, organising periodic meetings and seminars with the authorities, also in line with what was approved in the programme's communication strategy.

A dedicated section of the corporate website www.italiamalta.eu will be updated and implemented through the creation of areas dedicated to the authorities of the programme, which will therefore be able to access relevant documents.

2.2.3.16. DESCRIPTION, WHERE APPLICABLE, OF THE SCOPE, RULES AND PROCEDURES CONCERNING THE MANAGING AUTHORITY FOR THE EXAMINATION OF COMPLAINTS

The lead partner of an "eligible but not financed project" and/or "project rejected not eligible" is informed in writing of the grounds on which the project proposal failed eligibility for funding.

Only the lead partner of the project is entitled to formulate formal counterclaims to the reasons provided by the MA. The same must be submitted in writing and be sent to the MA by the lead partner within 10 calendar days of receipt of the notification of "eligible but not financed project" and/or "project rejected not eligible."

The counterclaims will be examined by the MA, which will then forward the same to the Steering Committee. When examining the counterarguments, the SC will formulate a reply that will be notified to the lead partner through the MA.

In the event that the members of the SC should consider it suitable, such counterclaims will also be transmitted to the MC for an ultimate decision.

In the event that the beneficiary in question intends to proceed through an administrative appeal, claiming that rights have been infringed, he/she can use all regulatory instruments provided by the legislation in force in the MA area.

2.3. AUDIT TRAIL

2.3.1. PROCEDURES TO ENSURE AN ADEQUATE AUDIT TRAIL AND ARCHIVING SYSTEM, INCLUDING SECURITY OF DATA

Article 72 of EU Regulation no.1303/2013 letter g) states that the management and control systems provide measures and procedures to ensure an adequate audit trail; Annex XIII of the Rules, in the criterion 3 "Management and control activities", provides that procedures must be put in place to ensure an adequate audit trail and an adequate filing system.

Art 125, par. 4, letter d) of the Regulation includes this obligation together with the other MA tasks. The MA must therefore establish procedures to ensure that all documents regarding expenditure and audits, necessary to ensure an adequate audit trail, are kept in accordance with article 72, letter g) of EU Regulation no. 1303/2013.

The audit trail consists of the following procedural steps:

PLANNING: this section of the audit trail, common to all projects financed by the OP, illustrates the activities that led to the definition, approval and any changes in the programme as well as to the approval of the criteria for selecting the operations.



PRELIMINARY STAGE: this section of the audit trail describes the methods adopted for the start of activities (announcements, invitations or other), the selection procedures of operations, the evaluation activity of the same for the purpose of eligibility for contribution up to the decision of the eligibility for the said contribution.

IMPLEMENTATION OF PHYSICAL AND FINANCIAL OPERATIONS: this section of the audit trail shows all the obligations that are linked to the implementation of funded projects. It provides information about the related management and control methods, modalities for contracting and payment of contributions and operations verification procedures, in line with the control methodology adopted by the MA of the programme.

REPORTING, EXPENDITURE CERTIFICATION AND FINANCIAL CYCLE: this section describes the procedures for certification of expenditure to the EC, as well as the financial flows between the CA and the EC. The reporting modalities regarding the eligible costs incurred by the beneficiaries and those of disbursement of grants are also described.

With regard to the specific requirements of art. 25 of EU Delegated Regulation no. 480/2014, it is evident that the same are guaranteed by the MA and the various parties involved in implementing the programme according to the following ways:

Requirements to be adopted to ensure a proper audit trail (art. 25 EU Delegate Regulation no. 480/2014)	Procedures to be indicated in the audit trail to ensure the requirements laid out in Art. 25 EU Delegated Regulation no. 480/2014
Possibility to verify the application of the selection criteria established by the MC of the programme	The audit trail requires the MC approval in order to ascertain the date and modality for the operation selection criteria.
Allowing a reconciliation between the aggregated amounts certified to the Commission and detailed accounting records and supporting documents held by the CA, the MA and the beneficiaries with regard to operations co-financed under the programme	The audit trail requires references to acts of payment so that it is possible to reconcile the amounts certified to the EC with the individual operations. This is normally done through the consultation of the "Ulysses" information system, where, for each project, it is possible to extract all the relevant information and compare them with the amount of payment applications.
Proving and justifying the basis for establishing the flat rates and the direct eligible costs or costs claimed under other selected categories on which the flat rate is applied.	The audit trail requires the verification of the correct application of flat rates as regulated in the Subsidy Contract of the operation. In addition, through the extraction of financial information from the "Ulysses" system, it allows the reconciliation of the flat rate eligible costs with the eligible direct costs.
It also allows the validation of eligible direct costs on which the flat rate is applied (Art. 19 of Regulation (EU) 1299/2013)	The audit trail requires the verification of the correct application of flat rates as regulated in the Subsidy Contract of the operation. In addition, through the extraction of financial information from "Ulysses" system, it allows the reconciliation of the flat rate eligible costs with the eligible direct costs.



Requirements to be adopted to ensure a proper audit trail (art. 25 EU Delegate Regulation no. 480/2014)	Procedures to be indicated in the audit trail to ensure the requirements laid out in Art. 25 EU Delegated Regulation no. 480/2014
It allows the verification of payment of the public contribution to the beneficiary	The audit trail requires the successful verification through the Ulysses system, which reports the number and date of payment orders issued to the project leaders for the payment of the Community contribution and to the project beneficiaries for the payment of the national contribution as well as the details of bank transfers related to the transfer of the ERDF contribution on behalf of the project leader to the Partners.
Understanding, for each operation, as appropriate, the technical specifications and financing plan, documents concerning the grant approval, documents relating to public procurement procedures, the recipient reports and reports on verifications and audits	The audit trail directly refers to the verification and completeness of documents within the "procurement procedures" section of the "Ulysses" information system, verified by the designated controller.
Includes information on management verifications and audits carried out on the operation	The audit trail shows the details of the controller, the controlled documents, the location of such documents, the reference norms for performing the check
Allows for the reconciliation of data relating to the output indicators of the operation and the final targets, reported data and the results of the programme	The audit trail requires the successful verification of the operation closure report drafted by the MA/JS concerning the examination and the achievement of output and result indicators set by the last approved AF as well as those achieved by the operation.

The "Ulysses" information system allows archiving and accessibility at all levels (MA, CA, AA) for the documentation and the financial, administrative, accounting and control information- statutory for the audit trail.

2.3.2. INSTRUCTIONS REGARDING THE STORAGE OF SUPPORTING DOCUMENTS BY BENEFICIARIES/MANAGING AUTHORITY

The MA regulates the procedures and requirements necessary for the proper storage and location of the documentation within the programme implementation manual, expenses reporting manual, grant agreement and agreement between the partners.

2.3.2.1. TERMS REGARDING THE STORAGE OF DOCUMENTS

The MA ensures, in accordance with art. 140 paragraphs 1(3) and 2 of EU Regulation 1303/2013, that all the supporting documents regarding expenditure incurred and payments under the programme are made available to the Commission and the Court of Auditors on request for a period of two years with effect from the 31 December, following the presentation of the accounts in which the expenditure related to the operation is included.

The MA shall inform the beneficiaries of the start date of the period, which determines the time for storage of documents whose prescription will be included in the grant agreement and in the agreement between the partners.

in respect of State aid exemption, under Reg. no. 651/2014 and *de minimis* regime, the records and information shall be retained for 10 years from the date on which the last individual aid envisaged by the scheme was granted.



2.3.2.2. FORMAT IN WHICH THE DOCUMENTS ARE TO BE HELD

The MA identifies the way to ensure the storage of the relevant and important documentation primarily through the “Ulysses” information system (see Chap. 4) and, where necessary, supported by hardcopies; the information system is the main tool for the storage of documents.

Through these arrangements, namely the Ulysses system and/or hardcopy support, the viewing and consultation of the relevant documentation will also be guaranteed in the event of any audit and in any case for the fulfilment of the requirements related to the audit trail (art. 25 of EU Reg. no. 480/2014).

The MA ensures, in accordance with art. 140 par. 3-5 of EU Reg. 1303/2013 that the documents are stored as originals or certified true copies of the originals, or on commonly accepted data support, including electronic versions of original documents or documents existing in electronic version only. This shall be in a format that allows the identification of the persons concerned only for the period necessary for the purposes for which the data were collected or subsequently processed.

The documentation will be duly updated and made available, through extract or copy, to staff and bodies authorised for controls.

When documents are only available in electronic format, then the used computer systems need to meet the accepted safety standards and ensure that the held documents comply with national legal requirements and can be relied on for auditing purposes.

In order to meet the above mentioned regulatory requirements, the said documents are kept in original or certified true copy on commonly accepted data carriers, namely:

- Photocopies of original documents;
- Microfiches of original documents;
- Digital versions of original documents;
- Documents available exclusively in digital format.

The MA and the MNCA also ensure that the said documents are made available for inspection, and extracts or copies thereof are supplied to persons and bodies entitled thereto.

Compliance with storage requirements and the provision of supporting documents by the beneficiaries for the transactions is subject to verification during the on-site inspections and the audits of the transactions.

2.4. IRREGULARITIES AND RECOVERIES

2.4.1. DESCRIPTION OF THE PROCEDURE (OF WHICH THE MANAGEMENT AUTHORITY STAFF SHOULD BE NOTIFIED IN WRITING; DATE AND REFERENCES) REGARDING REPORTING AND CORRECTION OF IRREGULARITIES (INCLUDING FRAUD) AND THE RELATED ACTION TAKEN AS WELL AS THE RECORDING PROCEDURE FOR WITHDRAWN AND RECOVERED AMOUNTS, THE AMOUNTS TO BE RECOVERED, THE IRRECOVERABLE AMOUNTS AND THE AMOUNTS RELATED TO OPERATIONS SUSPENDED DUE TO LEGAL PROCEEDINGS OR ADMINISTRATIVE APPEALS WITH SUSPENDED EFFECT

For the programming period 2014-2020, in accordance with the provisions concerning the previous programming period, the criteria adopted by the MA to identify the time to communicate an irregularity or suspected fraud and what data should be provided and constantly updated, are those indicated by the existing Regulation, EU Delegated Regulation no. 2015/1970.



Consistently with the provisions of the Regulation, irregularities are reported by the Member State in which the expense is incurred by the beneficiary, who is implementing the operation. Therefore, the MNCA informs the MA in case the irregularity is incurred by a Maltese beneficiary.

Similarly, with regards to the timing and manner of reporting irregularities/suspected fraud in accordance with art. 122 of the CPR, reference is made to the stipulations in the EU Implementing Regulation no. 2015/1974 of the Commission of the 8 July 2015.

The responsibility for correcting the irregular expenditure (and fraud) and their management lies with the MA that, in accordance with the provisions of art. 122, par. 2 of the CPR and detailed in EGESIF_15_0017-04 of the 03/12/2018 Guidance for Member States on Amounts Withdrawn, Recovered, to be Recovered and Irrecoverable Amounts - Revision 2018 shall operate in accordance with the existing provisions for the previous programming period or can proceed to:

- the immediate withdrawal of the irregular expenditure once it has been detected, so that the said expenditure can be deducted from the next claim for intermediate payment and thus allow that the same returns in the programme's available funds;
- the recovery of expenditure only after the conclusion of the proceedings initiated as a result of the irregularity detection and assessment of the amount paid in error to the beneficiary; thus, the expenditure is considered suspended and, once recovered, is deducted from the subsequent claim for intermediate payment.

Similarly to the previous programming period, the subjects involved in various ways in the detection of any irregularity/fraud, are so identified.

- The MA (,COO, JS) regarding the detection and the irregularity and drafting of the report under article 122, par. 2 of the CPR, and as a result of any communication by the MNCA;
- The Presidency of the Sicilian Region, the Regional Planning Department, the Office in charge of Controls, Community fraud repression and closing of U.O.B Community programmes - MA Controls, Irregularities and fraud repression in national and EU programmes, regarding the coordination, direction and transmission to the Presidency of the Council of Ministers of the communications acquired during the quarter;
- The AA with regard to the irregularity detection and reporting to the MA provided by the PCM circular of the 12 October 2007;
- The CA as an interested party and potential detector of irregularities;
- The *Guardia di Finanza* (GF) as regards the detection of irregularities and reporting to the RC as laid out in the circular of the Presidency of the Council of Ministers PCM of the 12 October 2007.

2.4.2. DESCRIPTION OF THE PROCEDURE (INCLUDING A DIAGRAM THAT SHOWS THE HIERARCHICAL RELATIONSHIPS) THAT ENSURES COMPLIANCE WITH THE OBLIGATION TO INFORM THE COMMISSION OF ANY IRREGULARITIES

The regional administration works to prevent, detect and correct irregularities and recover amounts unduly paid, pursuant to art. 122 of EU Regulation 1303/2013 and the implementing rules adopted by the Commission.

The regional structure is responsible for collecting information on irregularities from all offices, both Italian and Maltese, and to report them to the Commission through the competent central authority of the state and the MA of the INTERREG V-A Italia Malta programme.



More specifically, bodies involved in the irregularity (controllers specified in art. 23 of Regulation (EU) no. 1299/2013, the AA, the CA, etc.) shall communicate the results of the checks, to the MA, once these have been carried out.

In line with article 23, par. 4 of EU Delegated Regulation no. 2015/1970, the irregularities concerning expenditure incurred by a Maltese beneficiary are communicated by the MNCA to the MA.

In this context, the MA also verifies whether the reported cases are among the exceptions or if these are below the reporting threshold set out in art. 122, par. 2, of EU Regulation n. 2015/1970.

In this regard, the MA, in case of detection of a breach of Community or national law as specified above, where the irregularity concerned has an amount exceeding EUR 10,000 in fund contributions and subject to a first administrative or judicial assessment, shall report it, by electronic means, to the *Presidenza del Consiglio dei Ministri – Dipartimento per il coordinamento delle politiche comunitarie*, which will forward it to the European Commission, in sufficient time to allow compliance with the terms of the regulations, or within two months following the end of each quarter. Such communication provides the information referred to in art. 3 of EU Regulation no. 1870/2015.

Where some of the information referred to in article 3, paragraph 2 of Regulation (EU) no. 1970/2015, in particular information concerning the practices employed in committing the irregularity and the manner in which it was discovered, is not available or needs to be rectified, then Member States shall supply the missing or correct information when submitting reports to the Commission on the measures adopted after the reporting of irregularities.

The quarterly reporting of irregularities is effected even if the content is negative.

In accordance with art. 2 of the EU Implementing Regulation no. 2015/1974, the Regional Administration shall immediately report to the Commission any irregularity found or presumed, indicating, where there is scope for repercussions outside its territory, the other Member States concerned.

The MA shall inform the authorities that have disclosed the act, or its reporting, in relation to the outcome of the decisions taken, in order to enable the qualitative improvement of the inspections.

Through the Member State, the MA shall keep the Commission informed of the start, termination or waiver of proceedings or provisions for the imposition of administrative measures or administrative or criminal penalties related to the reported irregularities as well as the outcome of such proceedings or measures. With regard to the sanctioned irregularities, it is also stated: a) whether the penalties are of an administrative or criminal nature; b) whether the penalties result from a breach of EU law or national law, and the details of the sanctions; c) whether fraud was established.

In accordance with art. 27 of EU Regulation 1299/2013, the MA ensures the recovery from the lead partner beneficiary of all the payments made by virtue of irregularities. The beneficiaries shall repay the lead partner beneficiary for any amounts unduly paid.

If the lead partner beneficiary does not obtain repayment from other beneficiaries, or if the MA does not get the funds back from the lead partner beneficiary, then the Member State shall reimburse, the MA, with any sum unduly paid to that beneficiary. The MA is responsible for reimbursing the ERDF amounts to the general budget of the Union, based on the division of responsibilities between the participating Member States as laid down in the cooperation programme (section 5.4), while the partners return the national quota to the co-responsible Administration.



In this regard, related to the obligations of the lead partner beneficiary and its partners provided for in article 13 of EU Regulation no. 1299/2013, par. 2, letter a) it is specified that the MA shall stipulate these obligations in the following documents: the Subsidy Contract between the MA and the lead beneficiary and the agreement between the partners.

Data on irregularities, the information related to financial adjustments, as well as information relating to the various steps of the recovery process are recorded on the "Ulysses" information system set forth in Chapter 4, also in order to furnish timely information to the CA, which, on this basis, keeps an account of recovered and recoverable amounts as well as of the amounts withdrawn following cancellation of all or part of the contribution destined to an operation.

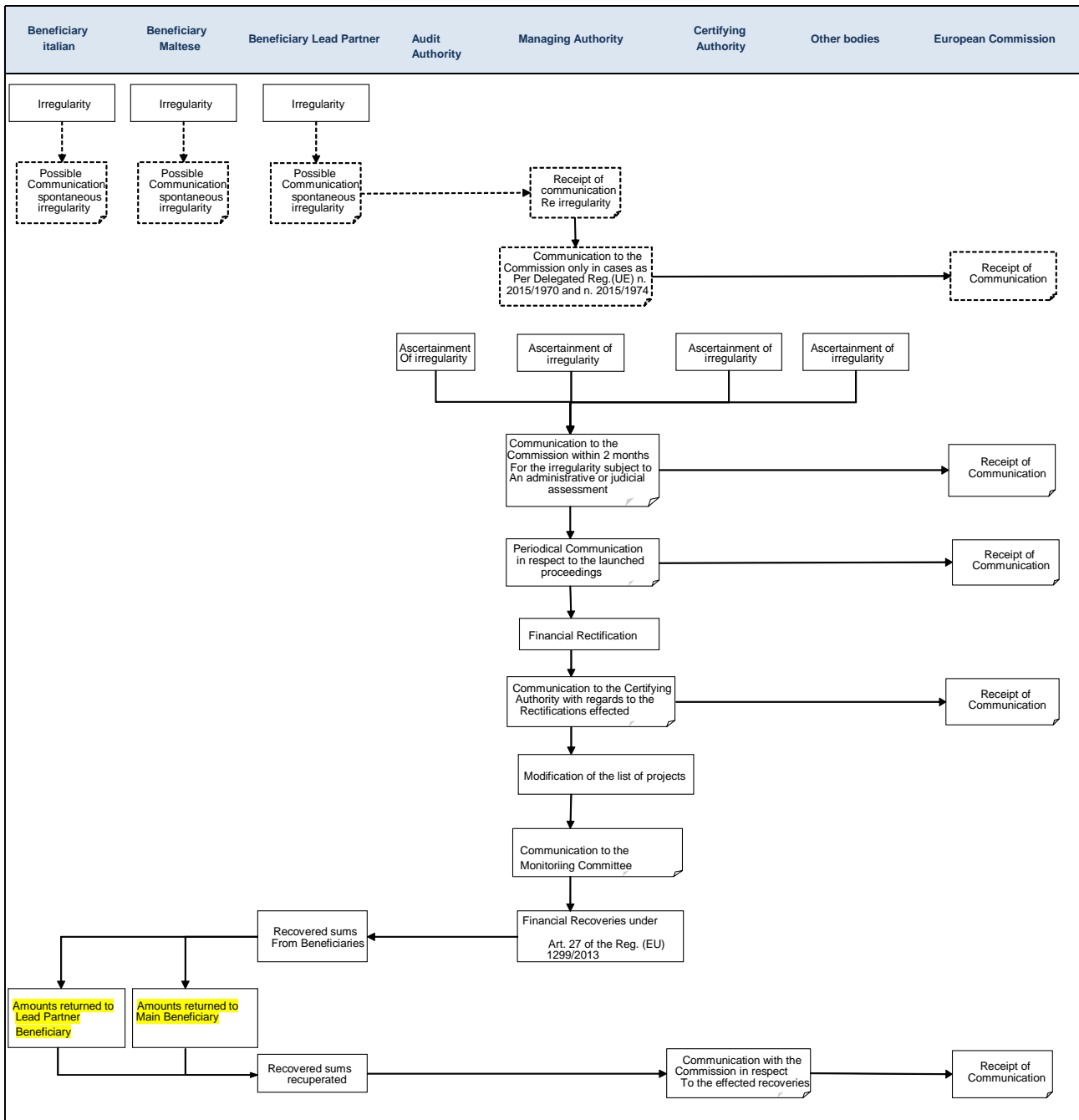
In any case, the AA is also guaranteed, through the said information system, full access and complete information in connection with irregularities detected and the proceedings subsequently undertaken.

Of all these aspects the related procedures will be detailed with specific "Guidelines for the management and correction of irregularities". In these Guidelines will be clarified particularly:

- the procedures to correct and mitigate the risk that possible systemic irregularities may repeat themselves;
- the obligation for personnel to report irregularities and suspected cases of fraud;
- the whistleblowing procedure;
- the appropriate rules to protect personnel from internal sanctions in the event of reporting.

Below is a flow chart that shows the hierarchical relationships to be respected when reporting irregularities to the Commission pursuant to the EU Delegated Regulation 2015/1970 and to EU Commission Implementing Regulation 2015/1974.





3. CERTIFYING AUTHORITY

3.1. CERTIFYING AUTHORITY AND MAIN TASKS

3.1.1. CERTIFYING AUTHORITY'S STATUS (NATIONAL, REGIONAL OR LOCAL BODY) AND BODY OF WHICH THE AUTHORITY IS PART

In accordance with the programming period 2007/2013, through Resolution no. 267 of the 7 October 2014, the Regional Council voted to extend the functions of the CA of the INTERREG V-A Italia Malta programme to the *Certifying Authority for Programmes Co-financed by the European Commission* at the Presidency of the Sicilian Region, already designated by DGR no. 104 of the 13 May 2014 for the O.P. ERDF.

As required by Community legislation, the CA has been properly placed so as to be functionally independent from the management and audit interventions. It directly responds to the President of the Sicilian Region.

The CA is functionally independent from the MA and the AA, both from a financial aspect and from its members. In fact, it enjoys operational autonomy and independence from any other office, in relation to the functions conferred under Community provisions.

For references, please refer to the previous paragraph 1.3.2.

3.1.2. DETAILING THE CA'S FUNCTIONS

As stated in art. 126 of EU Reg. no. 1304/2013, the CA of the programme INTERREG V-A Italia Malta is responsible for:

- a. drawing up and submitting payment applications to the EC and certifying that they result from reliable accounting systems and that are based on verifiable supporting documents and have been subject to inspections. This activity is carried out on the basis of the information received from the MA competent for the management of operations. Payment requests are sent directly to the Commission via the SFC data exchange system.
- b. preparing budgets as referred to in article 63, paragraph 5, letter a) of the Financial Regulation 1046/2018;
- c. certifying the completeness, accuracy and veracity of financial statements, and that the expenses recorded in them are in accordance with applicable law and have been incurred in relation to operations selected for funding in accordance with the criteria applicable to the operational programme and in compliance with applicable law. The Certification Authority ensures that the declared costs are completely and correctly documented and that, at the same time, they respect both the rules and the indications and criteria established for the financing of the individual categories of operations.
- d. ensuring the existence of a computerised system for recording and storing accounting records for each operation, which manages all the data necessary for the preparation of applications for payment and accounts, including records of recoverable and recovered amounts and amounts withdrawn following cancellation of all or part of the contribution to an operation or operational programme; The Certification Authority verifies:

1. that all expenses have been incurred and have been correctly reported, based on the cost statements provided by the MA as well as the documentation certifying the first level control;



2. that the expenses declared by the MA are clearly attributable to the amounts resulting from the management information system - relating to the recording and storage of accounting data for each transaction - supplied by the beneficiaries and the MA.

- e. ensuring that, for the purposes of the preparation and submission of payment applications, adequate information has been received by the MA concerning the procedures and verifications carried out in relation to expenditure; In order to certify expenses incurred CA receives from the MA through Ulysses System a formal declaration on the truthfulness, completeness and conformity of the data transmitted with the reporting of the expenses incurred for each operation as well as specific claims that demonstrate the execution and the results of the first level controls on the correct execution of the management procedures as well as on the admissibility of the expenditure in relation to these operations.
- f. taking into account, in preparing and submitting payment requests, the results of all audit activities carried out by the Audit Authority or under its responsibility, as well as the checks carried out by the European Commission. The Certification Authority is informed by the Audit Authority of the results of the audits carried out by the latter. With reference to the audits carried out by the Audit Authority on the expenses already declared to the Commission, in the event that ineligible expenses emerge, the Certification Authority will request the MA to indicate the successful deduction on the occasion of the subsequent certification of the expenditure with the recommendation of proceed, also, to the possible revocation of the financing and recovery according to the current legislation. With reference to the checks on the management and control system conducted by the Audit Authority, if systemic irregularities refer to one or more groups of operations emerge, the Certification Authority, based on the seriousness of the irregularities, suspends the certification of the expenses related to these transactions up to the moment in which a decision on the matter has not been adopted by the MA following the related notification. The Certification Authority also communicates to the Commission the corrected amounts following audits of the operations carried out pursuant to Article 127, paragraph 1 of the CDR (according to Appendix 2, of the Implementing Regulation (EU) n. 1011/2014).
- g. Maintain computerized accounting of the costs declared to the Commission and the corresponding public contribution paid to the beneficiaries. The Certification Authority records in its accounting system the expenses, among those declared by the MA, which are the basis of the certification sent to the Commission. In particular, the "Ulysses" Information System provides information capable of satisfying the requirements of Annex VI of the Implementing Regulation (EU) n. 1011/2014 (total of the eligible expenses declared for the operation and included in the declaration of expenditure sent to the Commission by the Certification Authority; date of the last statement of expenditure of the Certification Authority containing the costs of the operation, amount of the contribution public paid to beneficiaries in accordance with article 132, paragraph 1 of the CDR). It also allows the filing of the certified expenditure declarations, the payment requests previously transmitted with all the relevant documentation in relation to each accounting period and financial year
- h. keeping an account of recoverable and withdrawn amounts following cancellation of all or part of the contribution for an operation. Recovered amounts are returned to the EU budget before the closure of the operational programme by deducting them from the next statement of expenditure through a compensation.

THE CERTIFICATION AUTHORITY ALSO PROVIDES FOR THE FULFILLMENT REFERRED TO IN ARTICLE 112 OF THE DRC; THAT IS, IT TRANSMITS THE INFORMATION ON FINANCIAL DATA



BY 31 JANUARY, 31 JULY AND 31 OCTOBER OF EACH YEAR: THE TOTAL COST OF THE OPERATIONS, THE NUMBER OF OPERATIONS SELECTED FOR SUPPORT AND THE TOTAL ELIGIBLE EXPENDITURE DECLARED BY THE BENEFICIARIES TO THE AUTHORITY OF MANAGEMENT. THESE DATA ARE UPDATED THE MONTH BEFORE THE DEADLINE FOR SENDING. THE BROADCASTS OF 31 JANUARY AND 31 JULY ARE ACCOMPANIED BY A FORECAST OF THE AMOUNT FOR WHICH PAYMENT REQUESTS ARE EXPECTED TO BE SUBMITTED FOR THE CURRENT FINANCIAL YEAR AND THE FOLLOWING ONE.

3.1.3. FUNCTIONS FORMALLY DELEGATED BY THE CERTIFICATION AUTHORITY, IDENTIFICATION OF INTERMEDIATE BODIES AND OF THE PROXY IN ACCORDANCE WITH ARTICLE 123, PARAGRAPH 6, OF EU REGULATION NO. 1303/2013 REFERENCE TO RELEVANT DOCUMENTS (LEGAL ACTS THAT CONFER POWERS, AGREEMENTS). DESCRIPTION OF THE PROCEDURES USED BY INTERMEDIATE BODIES TO CARRY OUT THE DELEGATED TASKS AND PROCEDURES APPLIED BY THE CERTIFICATION AUTHORITY TO MONITOR THE EFFECTIVENESS OF THE TASKS DELEGATED TO THE INTERMEDIATE BODIES

There are no bodies delegated by the CA.

3.2. CA'S ORGANISATION

3.2.1. ORGANISATION CHART AND SPECIFICATION OF THE FUNCTIONS OF THE UNITS (INCLUDING THE PLAN FOR THE ALLOCATION OF ADEQUATE HUMAN RESOURCES WITH THE NECESSARY SKILLS)

Through resolution no. 104 of the 13 May 2014, the Regional Council approved the organisation chart of the CA in the context of the Programme INTERREG V-A Italia Malta

For programming period 2014/2020, the CA's functions for the INTERREG V-A Italy Malta are performed by the following personnel working at the CA's Special Office:

Presidenza della Regione Siciliana – Ufficio Speciale Autorità di Certificazione - Piazza Sturzo n. 36, Palermo Ms. Patrizia Valenti– tel.: 091 7070252 – fax: 091 7070152 – email: autorita.certificazione@regione.sicilia.it

Tabella 1 – CA Organization

Area/Service	Competencies Area/Service	Directors in charge
CA's Special Office	Certification Authority	pro tempore General Managing
Area General Affairs	<ul style="list-style-type: none"> - Internal management control - General affairs and common services related to the functioning of the offices and personnel management. Requirements related to the drafting of individual employment contracts of the Special Office managers - Centralized protocol and sorting to payment authorities - Accounting management and budget proposal coordination - Job security - Compliance with the application of the "General Data Protection Regulation" (privacy) - Contacts, disputes and consulting activities and opinions 	pro tempore Director

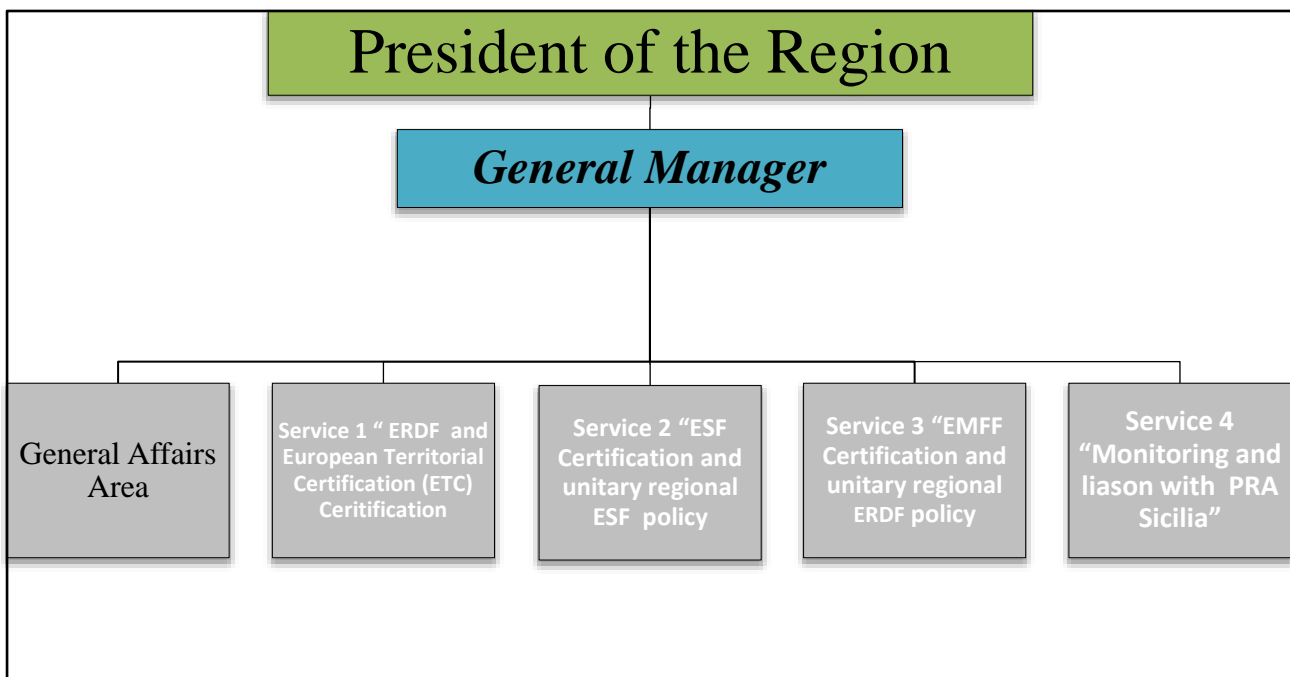


	<ul style="list-style-type: none"> - Trade union relations - Coordination of information system management activities and related services, monitoring, statistics - Management of contracts for technical assistance for the Special Office - Management office 	
Service 1 " ERDF and European Territorial Certification (ETC) Certification	ERDF payment forecasts and communicated European territorial cooperation programs ERDF payment applications and European territorial cooperation programs Spending certification control and ERDF payment applications and European territorial cooperation programs Monitoring and control activities on operations of competence of the Special Office financed by Operational programs and national programs of the unitary regional policy Accounting recoveries Financial flows Relationship with the European Commission and competent Ministries Possible obligations from previous ERDF Payment Authority	pro tempore Director
Service 2 "ESF Certification and unitary regional ESF policy "	ESF payment forecasts and unitary regional policy programs within the ESF ESF payment applications and programs of the unitary regional ESF policy Spending certification control and ESF payment applications and unitary regional policy programs within the ESF Monitoring and control activities on operations under the responsibility of the Special Office financed by operational programs and national programs of the unitary regional policy Accounting recoveries Financial flows Relations with the European Commission and competent Ministries Any obligations deriving from by the previous ESF Payment Authority	pro tempore Director
Service 3 "EMFF Certification and unitary regional EMFF policy	FEAMP payment forecasts FEAMP payment applications Spending certification audit and FEAMP payment requests Possible obligations deriving by the previous FIFG Payment Authority Any obligations deriving by the previous FEOGA Paying Authority Monitoring and control activities on operations under the responsibility of the Special Office financed by operational programs and national programs of the unitary regional policy Forecast payment of the programs of the unitary regional policy within the ERDF Payment applications for the programs of the unitary regional policy within the ERDF Control of expenditure certification and applications for payments of the programs of the unitary regional policy within the framework of the ERDF	pro tempore Director
Service 4 "Monitoring and liason with PRA Sicilia"	Coordination activities for the implementation of the Administrative Strengthening Plan of the Sicilian Region Monitoring of the implementation of the Administrative Strengthening Plan of the Sicilian Region Management of technical assistance actions for the Administrative Strengthening Plan of the Sicilian Region under the jurisdiction of the Special Office Transparency, information and communication activities Liaison activities with the Supervisory Committees of the OO PP. and with the National Network of PRA referents Secretarial activity in support of the Steering Committee of the Administrative Strengthening Plan of the Sicilian Region Coordination and monitoring of the measures of the Three-year Plan for the Prevention of Corruption and for Transparency	pro tempore Director



--	--	--

Tabella 1 Organizzazione dell'AdC - organigramma



3.2.2. DESCRIPTION OF THE PROCEDURES TO BE COMMUNICATED IN WRITING TO THE STAFF OF THE CA AND INTERMEDIATE BODIES

The procedures indicated below are described in detail in the Procedures Manual and audit trail of the ERDF Certification Authority although in the updated versions of the aforementioned documents issued from time to time by the Regional Administration (Annex 7) the same manuals are distributed to all the subjects involved in various ways in the program implementation process, in particular to all external controllers, so that they can operate in full compliance with the national



legislation of the respective member and community countries and also guarantee the homogeneity of the control procedures adopted.

3.2.2.1. PROCEDURES TO BE FOLLOWED WHILE PREPARING AND SUBMITTING THE CLAIMS FOR PAYMENTS

In accordance with art. 131 of EU Regulation 1303/2013, payment claims for each priority, shall include:

- a) the total amount of eligible expenditure incurred by the beneficiary and paid in implementing operations, as recorded in the accounting system of the CA;
- b) the total amount of public expenditure concerning the implementation of the transactions, as recorded in the accounting system of the CA.

The eligible expenditure in a payment claim shall be supported by receipted invoices or accounting documents of equivalent probative value, except for some forms of support as laid out in article 67, paragraph 1, first subparagraph, points b), c) and d) , article 68, article 69, paragraph 1, of the EU Regulation 1303/2013. For such forms of support, the amounts indicated in the payment request are the costs calculated on the applicable basis.

In accordance with Art. 131 par. 4 of EU Reg. 1303/2013, in the case of State aid, the claim for payment may include advances paid to the beneficiary by the body granting the aid, as long as the following cumulative conditions are met:

- a) these advances are subject to a guarantee provided by a bank or any other financial institution established in a Member State or are covered by a tool provided as guarantee by a public entity or by the Member State;
- b) those advances do not exceed 40% of the total amount of aid to be granted to a beneficiary for a given operation;
- c) these advances are covered by expenditure paid by beneficiaries in implementing the operation, supported by receipted invoices or accounting documents of equivalent probative value at the latest within three years from the year in which the advance was paid, or by the 31 December 2023, whichever is earlier; otherwise, the next payment claim shall be corrected accordingly.

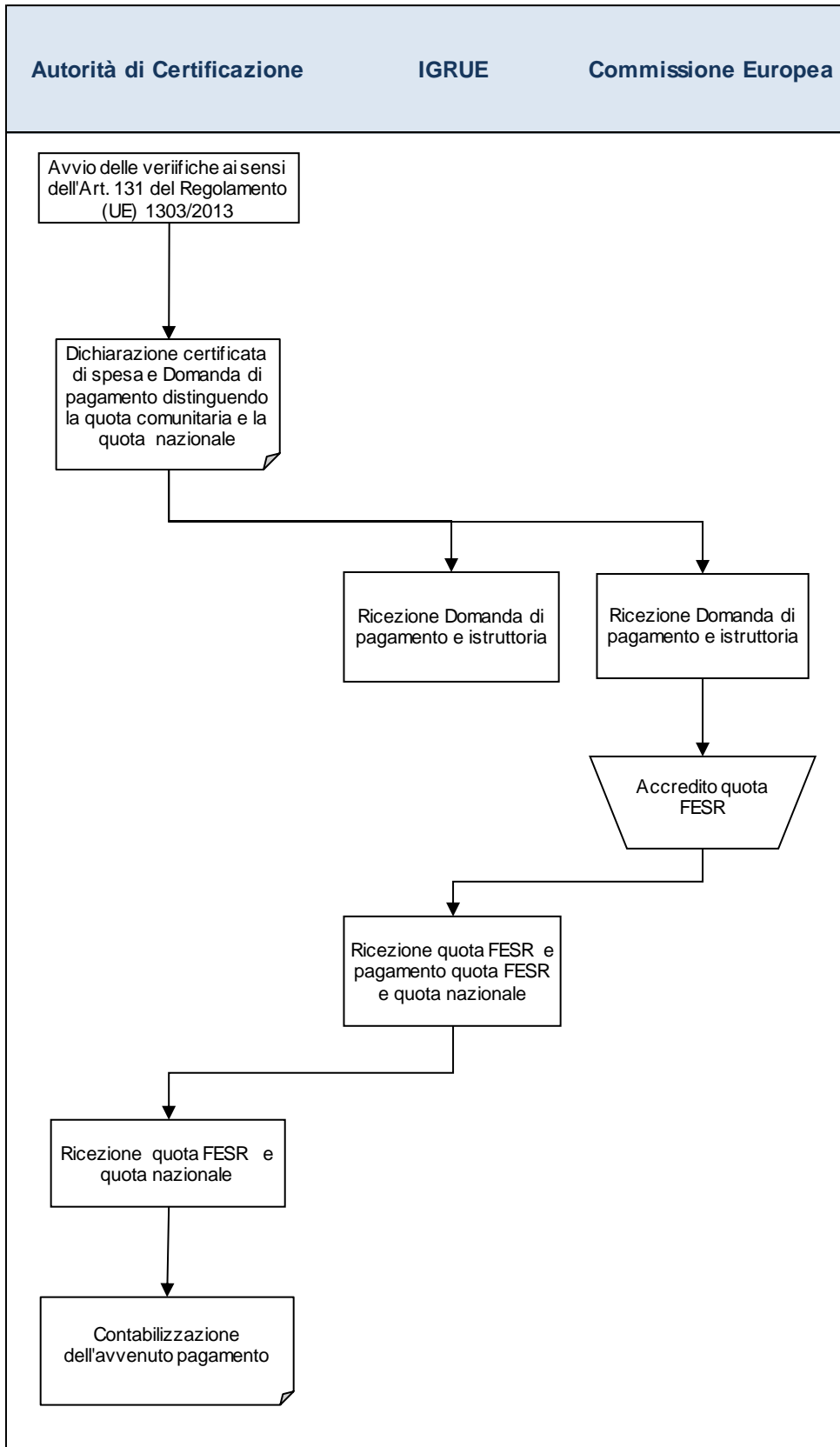
Each payment claim containing the advances related to the field of State Aid separately indicates the total amount paid in advance by the programme, the amount covered by expenditure paid by beneficiaries within three years after the advance payment and the amount that was not covered by the charges paid by the beneficiary and for which the three-year period has not yet elapsed.

The CA will draw up a claim for payment in accordance with Annex VI of the EU Implementing Regulation no. 1011/2014, thus complying with its obligations under art. 126 letters a), d), e), f), g) and h) of EU Regulation no. 1303/2013.

Applications for payment are submitted to the European Commission, through the SFC 2014 computer system based on the timing agreed with the IGRUE.

All the information needed to compile the application for payment is made available by the MA through the "Ulysses" information system of the INTERREG V-A Italia Malta programme agreed upon with IGRUE.





3.2.2.2. DESCRIPTION OF THE ACCOUNTING SYSTEM USED AS THE BASIS FOR CERTIFYING THE EXPENDITURE ACCOUNTS TO THE COMMISSION (ARTICLE 126, LETTER D), OF EU REGULATION NO. 1303/2013)

The "Ulysses" information system for recording and storing accounting data as well as the further implementation data necessary for financial management, monitoring, verifications, audits and evaluation, contains all the detailed information and functionalities needed by the CA in carrying out its tasks.

In particular, the said system contains all the financial information related to each transaction financed by the programme.

In this sense, the system is supplied with financial data related to the eligible expenses (accounted for as a result of controls) incurred for each task and for each beneficiary.

After the Authority has performed independent controls, it inputs the financial data related to the contribution provided in correspondence to the eligible costs incurred in relation to a single operation or beneficiary.

The CA is able to extract the eligible expenditure data relating to a single operation or beneficiary, based on the said organised accounting system. The said data will then determine the amount of expenditure covered by the payment claim to be forwarded to the EC.

The "Ulysses" system also consists of a special section dedicated to withdrawn and recovered amounts and pending recoveries, whose accounts will be guaranteed by the CA.

3.2.2.3. DESCRIPTION OF THE PROCEDURES IN PLACE FOR THE PREPARATION OF THE ACCOUNTS REFERRED TO IN ARTICLE 59, PARAGRAPH 5 OF REGULATION (EU, EURATOM) NO. 966/2012 OF THE COUNCIL (ARTICLE 126, LETTER B) OF REGULATION (EU) NO. 1303/2013). ARRANGEMENTS FOR CERTIFYING THE COMPLETENESS, ACCURACY AND VERACITY OF THE ACCOUNTS AND FOR CERTIFYING THAT THE EXPENSES RECORDED IN THEM ARE IN ACCORDANCE WITH APPLICABLE LAW (ARTICLE 126, LETTER C) OF REGULATION (EU) NO. 1303/2013) TAKING INTO ACCOUNT THE RESULTS OF EACH INSPECTION AND AUDIT

~~In order to ensure compliance with the principles of sound financial management, transparency and non-discrimination, the Commission and the Member States perform their duties with regard to control and audit obligations and assume the resulting responsibilities.~~

~~Among these responsibilities, art. 126, letter b) and c) of the CPR states that the CA shall prepare financial statements as envisaged by art. 59, par. 5, letter a) of the Financial Regulation and certify the completeness, accuracy and veracity of financial statements and the transmission of the certification of accounts by the 15 February of the following year. Such accounts cover:~~

- ~~a) the total amount of eligible expenses included in reported payment claims submitted by the 31 July following the end of the accounting period and the total amount of the payments made to beneficiaries in accordance with art. 132, par. 1, of CPR;~~
- ~~b) the amounts withdrawn and recovered during the accounting year, the amounts to be recovered at the end of the accounting year, the recoveries effected pursuant to article 71, and the irrecoverable amounts~~
- ~~c) for each priority, a comparison between declared expenditure and the expenses declared in respect of the same accounting year in payment claims, accompanied by an explanation of any discrepancies, using the model set out in Appendix I of the document EGESIF EGESIF_15_0018-02 final of the 09/02/2016 Guidance for Member States on Preparation, Examination and Acceptance of Accounts.~~



~~In order to ensure compliance with the above mentioned requirements, the CA adopts a system of procedures to ensure the sound management of the entire process of preparation and to certify:~~

- ~~1) the completeness, accuracy and veracity of the accounts and that the expenditure entered in them is in accordance with the applicable law and has been incurred in relation to operations selected for funding in line with the criteria applicable to the programme and in compliance with applicable law;~~
- ~~2) compliance with the norms indicated in regulations governing funds as well as with art. 59, par. 5, of EU Regulation no. 966/2012 and art. 126, letter d) e f), of CPR;~~
- ~~3) compliance with the provisions contained in article 140 of CPR related to the availability of documents.~~

~~For each presentation of the accounts referred to in art. 59, par. 5, letter a) of the Financial Regulation, all of the amounts recovered, to be recovered, withdrawn, and contained in them are compared with the figure entered in the register of recoverable and withdrawn amounts.~~

~~According to the art. 126 lett. b) and c) the Certification Authority is responsible for drawing up the accounts by 15 February of the following financial year.~~

~~To this end, the CA adopts a system of procedures aimed at ensuring the sound management of the entire preparation process that allows it to certify:~~

- ~~1) the completeness, accuracy and truthfulness of the financial statements and that the expenses registered in them comply with the applicable law and were incurred in relation to operations selected for financing in accordance with the criteria applicable to the operational program and in compliance with the applicable law;~~
- ~~2) compliance with the rules contained in the specific fund regulations and compliance with the art. 63, par. 5, of the Financial Regulation 1046/2018 and of the art. 126, lett. d) and f) of the CPR;~~
- ~~3) compliance with the provisions of Article 140 of the CPR concerning the availability of documents.~~

~~The financial statements are prepared by the CA in accordance with the art. 137 of the CPR and of the art.63, paragraph 5 of the FR and the model of the accounts referred to in Annex VII of the ER.~~

~~The Accounts cover the accounting period and indicate at level of each priority:~~

~~a) the total amount of eligible expenses registered by the CA in its accounting systems, which was included in payment applications submitted to the EC pursuant to art. 131 and 135, par. 2, by 31 July following the end of the accounting period, the total amount of the corresponding public expenditure incurred for the execution of the operations and the total amount of the corresponding payments made to the beneficiaries pursuant to Article 132, par. 1.~~

~~b) the amounts withdrawn and recovered during the accounting period, the amounts to be recovered at the end of the accounting period, the recoveries made pursuant to art. 71 of the CPR and the amounts that cannot be recovered. On the occasion of each presentation of the accounts all the amounts recovered, to be recovered, withdrawn and irretrievable in them are found with what is recorded in the register of recoverable amounts and amounts withdrawn (debtors register)~~

~~c) a comparison between the expenses declared in accordance with letter a) and the expenses declared with respect to the same accounting period in the payment requests, accompanied by an explanation of any differences.~~

~~The advances paid in the framework of State aid pursuant to Article 131, par. 5 are also indicated~~

~~For the operational implementation methods of the account model referred to in Annex VII of the Implementing Regulation no. 1011/2014, please refer to the contents of document EGESIF_15_0018-04 of 12/03/2018 "Guidelines for Member States on preparation, examination and acceptance of accounts - revision 2018.~~

~~Starting from 2016 up to and including 2025, the accounts will be transmitted by 15 February of year N + 1 for each accounting period. The deadline of 15 February may exceptionally be extended by the Commission to 1 March, subject to notification by the Member State~~

Accounting period means the period from 1 July N-1 to 30 June N, except for the first year, for which the period from the beginning of the eligibility of expenditure to 30 June 2015 is meant. The final accounting period will run from 1 July 2023 to 30 June 2024



Here below is shown the schedule of deadlines relating to the fulfillment of the accounts on the basis of EGESIF_15_0018-04 of 12/03/2018 "Guidelines for Member States on the preparation, examination and acceptance of accounts - 2018 revision.

Account year	Deadline for the annual pre-financing payment (first)	Deadline for final payment application (between\included)	Deadline for Accounts submitting **	Paid Prefinancing
01/01/2014*-30/06/2015	-	01/07/2015-31/07/2015	15/02/2016	-
01/07/2015 - 30/06/2016	01/07/2016	01/07/2016-31/07/2016	15/02/2017	2016- Prefinancing paid within the 31/05/2017
01/07/2016 - 30/06/2017	01/07/2017	01/07/2017-31/07/2017	15/02/2018	2017- Prefinancing paid within the 31/05/2018
01/07/2017 - 30/06/2018	01/07/2018	01/07/2018-31/07/2018	15/02/2019	2018- Prefinancing paid within the 31/05/2019
01/07/2018 - 30/06/2019	01/07/2019	01/07/2019-31/07/2019	15/02/2020	2019- Prefinancing paid within the 31/05/2020
01/07/2019 - 30/06/2020	01/07/2020	01/07/2020-31/07/2020	15/02/2021	2020- Prefinancing paid within the 31/05/2021
01/07/2020 - 30/06/2021	01/07/2021	01/07/2021-31/07/2021	15/02/2022	2021- Prefinancing paid within the 31/05/2022
01/07/2021 - 30/06/2022	01/07/2022	01/07/2022-31/07/2022	15/02/2023	2022- Prefinancing paid within the 31/05/2023
01/07/2022 - 30/06/2023	01/07/2023	01/07/2023-31/07/2023	15/02/2024	2023- Prefinancing paid within the 31/05/2024
01/07/2023 - 30/06/2024	-	01/07/2024-31/07/2024	15/02/2025	

The procedure put in place by the Certification Authority, during the accounting period of reference, first of all envisages the monitoring and acquisition of all the results of the checks carried out by the relevant bodies and by the CA itself and the updating of the register with the related irregular amounts withdrawn, to recover and recovered.

In fact, in order to ensure the verification of the computation of all the necessary deductions/adjustments, the CA, for the preparation of the accounts, must have the annual summary report by the Managing Authority as well as the control report by the AA.

The starting accounting situation for the preparation of the accounts is given by the final intermediate payment request presented by 31 July of the reference accounting year, taking into account all the adjustments made after the date of its presentation and all the tracked financial data necessary for their presentation; it follows that the amounts reported will be less than or equal to the corresponding amount declared in the context of the final intermediate payment request.

The CA, through the information system, will then proceed to detect all the changes made after the date of submission of the final payment request and the relative reasons for the deviation. The irregular expenses resulting from the verification activities carried out by the MA and other control bodies, completed after the transmission of the final interim payment request and, therefore, included in an application for interim payment for the reference accounting year, are deducted from the accounts and the related financial correction will be duly justified and reported in the accounts.

Through the System it will be possible to have a summary, for each accounting year, of the information necessary to implement the model referred to in Annex VII Appendix 1-8 of Reg (EU) 1011/2014.

To this end, the Certification Authority shall, in particular, verify for each priority axis:

- the total amount of eligible expenses recorded in the accounting system, which was included in the payment applications submitted to the Commission pursuant to Articles 131 and 135 (2), by 31 July subsequent the end of the accounting period, the total amount of the corresponding public expenditure incurred for the execution of the operations and the total amount of the corresponding payments made to the beneficiaries pursuant to Article 132, paragraph 1 (Appendix 1);
- the correct recording of the amounts withdrawn and recovered during the accounting period (Appendix 2);
- the amounts to be recovered at the end of the accounting period (Appendix 3);
- the amounts of recoveries made pursuant to Article 71 of Regulation (EU) 1303/2013 during the accounting period (Appendix 4);



- amounts irrecoverable at the end of the accounting period (Appendix 5);
- the amounts of program contributions paid to financial instruments pursuant to Article 41 (EU) 1303/2013 (cumulative data from the beginning of the program) (Appendix 6);
- advances paid as part of state aid pursuant to Article 131, paragraph 5, of EU Reg. 1303/2013, cumulative data from the beginning of the program, (Appendix 7);
- the reconciliation of expenses for each priority axis, making a comparison between the total amount of eligible expenses registered by the CA in its accounting systems, which was included in the payment requests submitted to the Commission pursuant to Article 131 and of the Article 135, paragraph 2, by 31 July following the end of the accounting period and the total amount of the corresponding public expenditure incurred for the execution of the operations and the total amount of the corresponding payments made to the beneficiaries pursuant to Article 132, paragraph 1, accompanied by an explanation of any differences (Appendix 8 of Annex VII of Reg (EU) 1011/2014). In particular, the irregular expenses resulting from the verification activities carried out by the MA and the other control bodies, terminated after the transmission of the final intermediate payment request and therefore included in an intermediate payment request for the reference accounting year, are deducted from the accounts (Appendix 1) and the corresponding financial adjustment is reported in Appendix 8, with an indication of the related reasons.

Only the legitimate and regular expenses will have to be certified in the accounts presented to the Commission, in compliance, therefore, with the provisions of the "Guidelines for Member States on the amounts withdrawn, on the amounts recovered or to be recovered and on irrecoverable amounts" (EGESIF_15_0017-04 of 03/12/2018 - revision 2018. It is therefore necessary to make a distinction between financial corrections that affect the certified expenses previously indicated in the accounts and the expenses indicated in an interim payment request in relation to the current accounting period. In particular:

1. the irregularities that refer to the expenditure certified in a given accounting year and recorded before the submission of the final intermediate payment request are treated as amounts withdrawn or recovered, contribute to the reduction of the expenses declared in the final intermediate payment request and are reported in appendix 2;
2. the irregularities that refer to the certified expenditure in a given accounting year detected after the presentation of the final interim payment request, but before the presentation of the accounts contribute to reducing the expenses presented in appendix 1 and are explained in appendix 8. With this regard, no further action is required either in Appendix 2 or in the interim payment applications for the following accounting year;
3. irregularities detected after the presentation of the accounts can be treated as amounts withdrawn or recovered, and deducted from an application for interim payment in the accounting year in which the irregularity is detected and are reported in Appendix 2 of the accounting year in the amounts have been deducted.

In fact, in the case of amounts already certified in previous accounts, the financial correction will always be implemented in an interim payment request since Article 139, paragraph 10 of Reg. (EU) 1303/2013, establishes that the irregular amounts identified after the presentation of the accounts must be adjusted in the accounts relating to the accounting period in which the irregularity is identified.

In the case of expenses not yet certified in the accounts for the Commission, but indicated in an application for interim payment of the accounting period, on the other hand, the financial adjustment is implemented by withdrawing the expenses in question in a subsequent interim payment request if it is still possible (at the latest in the final application for interim payment to be presented between 1 and 31 July) or deducting the irregular amount directly from the accounts.



It is not possible to certify the expenses subject to an ongoing evaluation of their legitimacy and regularity. If the expenses previously included in an interim payment application for the accounting period have been excluded due to an ongoing assessment of the legality and regularity of such charges, some or all of the expenses later deemed legitimate and regular may be included in a interim payment request for a subsequent accounting period.

According to the art. 138 of the CPR, the three Authorities transmit the "reliability package" by 15 February which provides, in addition to the preparation and certification of the accounts for which the Certification Authority is responsible, also the preparation of the management reliability declaration and the annual report of summary by the Managing Authority, as well as the audit opinion and control report prepared by the AdA, relating to the previous accounting period.

Therefore the preparation of the accounts must be coordinated between the different authorities, ensuring that each of them can carry out the verification activities for which it is responsible, respecting the regulatory deadline of 15 February for their presentation.

The deadline for submission of the accounts may exceptionally be extended by the Commission to 1 March N + 1, subject to a reasoned request by the Member States concerned, pursuant to Article 63 paragraph 5 of the RF

The transactions are therefore carried out considering the time needed to obtain the opinion of the AA regarding the correctness of the accounting records, the legality and regularity of the expenses as described in the documents EGESIF_15_0018-04 of 12/03/2018 "Guidelines for Member States on preparation, examination and acceptance of accounts - revision 2018 mentioned above and EGESIF_15_0016-04 of 12/03/2018 - revision 2018 Guidelines for Member States on the Audit of Accounts for Member States on Audit of Accounts ..

The transmission to the Commission of the aforementioned documents represents the prerequisite for the launch by the competent Offices of the procedure for the examination and acceptance of the accounts (Article 84 of Reg. (EU) n.1303 / 2013).

The Commission communicates the acceptance (or non-acceptance) of the accounts by May 31 of the financial year following the reference accounting year.

On the basis of the accepted accounts, the Commission calculates the amount of payments due as a balance.

Pursuant to paragraph 6, of the art. 139 of Reg. (EU) n.1303/2013, based on the accepted accounts, the EC calculates the amount attributable to the funds for the accounting period in relation to payments to the Member State. In particular, the EC takes into account the amounts entered in the Accounts (ie the sum of the payment requests submitted in the accounting period), and the amount of payments that the EC has paid (or the sum of the reimbursements of the payment requests presented, equal to at 90% of the co-financing rate plus the annual pre-financing amount paid). If the calculation of the balance (paragraph 7 of article 139) generates a positive amount, the Commission liquidates the respective annual pre-financing and pays any additional amount due within 30 days of acceptance of the accounts.

If, on the other hand, a negative amount is generated from the calculation of the balance, this amount is subject to a recovery order issued by the Commission, which is normally executed by offsetting the amounts due in the context of payments subsequent to the Program. In fact, according to par. 8.2 of the "Guide on the preparation, examination and acceptance of accounts" (EGESIF_15_0018-04 of 03/12/2018 - revision 2018), if there are requests for payment to be settled within 30 calendar days from the acceptance of the accounts, the EC makes a compensation with these payments. In the absence of payment requests, therefore, being unable to make any compensation, the EC itself issues a recovery order against the debtor State.



In all cases, the annual pre-financing payment is made by the EC by expenditure or recovery

3.2.2.4. DESCRIPTION, WHERE APPROPRIATE, OF THE PROCEDURES PERFORMED BY THE CERTIFICATION AUTHORITY REGARDING THE SCOPE, STANDARDS AND PROCEDURES THAT RELATE TO THE EFFECTIVE HANDLING OF COMPLAINTS CONCERNING EIS FUNDS AS DEFINED BY MEMBER STATES UNDER ARTICLE 74, PARAGRAPH 3, OF THE EU REGULATION NO. 1303/2013

Not relevant

3.3. RECOVERIES

3.3.1. DESCRIPTION OF THE SYSTEM TO ENSURE THE RAPID RECOVERY OF PUBLIC FINANCIAL ASSISTANCE, INCLUDING THE UNION'S

Based on the provisions of art. 72, letter h) of EU Regulation 1303/2013, the Management and Control Systems provide, among others, for the prevention, detection and correction of irregularities, including fraud, and recovery of unduly paid amounts, including, where appropriate, interest on late payments.

More particularly, the rule instructs the CA to "keep an account of recoverable and withdrawn amounts following cancellation of all or part of the contribution for an operation." Recovered amounts are returned to the EU budget before the closure of the operational programme by deducting them from the next statement of expenditure.

In addition, as referred to in art. 137, par. 1) letter b) of Regulation (EU) 1303/2013, the accounts record must indicate the amounts recovered and withdrawn during the accounting year, the amounts recovered in compliance with article 71 as well as irrecoverable amounts.

To ensure the correct certification of expenditure, the CA is therefore responsible for keeping records of recoverable and withdrawn amounts following cancellation of all or part of the contribution for an operation.

In this regard, the "Ulysses" information system features a special section where the MA provides the recording of all irregularities detected during checks carried out by the supervisory bodies.

Based on the information received by the MA, relating to the outcome of these audits and recordings, the CA shall keep accounts of the recoverable or withdrawn amounts updating the accounts of recoveries in the system. Through this, the amounts will be then split between amounts recovered, amounts awaiting recovery, amounts withdrawn and non-recoverable amounts.

The system provides access to specific sections fed by the regional structure and by the AA in which will register the checks undertaken and their outcomes. Before the processing and transmission of the payment claims to the Commission and before the preparation of financial statements pursuant to art. 63, par. 5, letter a) of the Financial Regulation 1046/2018, the CA performs a series of checks to ensure that:

- the recovered amounts are returned to the general budget of the European Union by deducting them from the next statement of expenditure in relation to the occurrence of the repayment of the contribution by the beneficiary;
- the withdrawn amounts are deducted from the next statement of expenditure, if the same have already been the subject of a previous certification of expenditure;



- the deducted amounts are not included in the next statement of expenditure, if the same have already been subject to certification of expenditure. The withdrawals are managed by the CA on the "Ulysses" Information System and are not available to users

3.3.2. PROCEDURES TO ENSURE AN ADEQUATE AUDIT TRAIL THROUGH THE STORAGE OF ACCOUNTING DATA IN ELECTRONIC FORMAT, INCLUDING THOSE RELATING TO THE AMOUNTS RECOVERED, AMOUNTS TO BE RECOVERED, AMOUNTS WITHDRAWN FROM A PAYMENT CLAIM , IRRECOVERABLE AMOUNTS AND AMOUNTS RELATED TO OPERATIONS SUSPENDED DUE TO LEGAL PROCEEDINGS OR ADMINISTRATIVE APPEALS WITH SUSPENSIVE EFFECT; ALL THIS RELATES TO EACH OPERATION, INCLUDING RECOVERIES INCURRED UNDER ARTICLE 71 OF EU REGULATION NO. 1303/2013 ON THE STABILITY OF OPERATIONS

As part of the management and control procedures, concerning the interventions co-financed by the Structural Funds, in order to ensure greater efficiency and transparency in the process of using the financial resources, art. 72 of EU Regulation 1303/2013 provides for the adoption, within the Management and Control System of the Operational Programmes, of a sufficient audit trail, meant as a tool that can provide a clear description of financial flows as well as of support documents and related inspections.

The detailed minimum requirements for the audit trail, related to the accounting documents, are to be maintained and the support information to be retained, as stipulated by art. 25 of EU Delegate Commission Regulation no. 480/2014 of the Commission of the 3 March 2014.

In this regard, the CA includes a description of the procedures to ensure an adequate audit trail, as already carried out during the 2007-2013 Programming period, as part of its audit trail and of its Manual of Procedures.

With particular reference to the storage in electronic format of the accounting data, including those relating to the amounts recovered, the amounts to be recovered, the amounts withdrawn from a payment request, the irrecoverable amounts and the amounts relating to operations suspended by virtue of a judicial proceeding or an administrative appeal with suspensive effect, the detailed description of the procedures that allow access to the accounting data relating to the individual transaction will be included in its own Manual.

As regards the audit trail of the Certification Authority, it guarantees the registration and filing in electronic format, on "Ulysses", of all the data required for the preparation of the payment requests and for the preparation of the accounts.

It also describes the procedures to allow the reconciliation of the expenses declared to the Commission with the expenditure declarations received by the Managing Authority.

The audit trail also makes it possible to monitor regulatory, procedural or organizational changes in order to make any changes or additions that may be necessary.

The audit trail adopted by the CA, as well as its possible modifications, is communicated to the other regional structures involved in the management and control process, in particular to the MA and the ADA.

3.3.3. HOW TO DEDUCT RECOVERED AMOUNTS OR AMOUNTS TO BE WITHDRAWN FROM THE EXPENDITURE TO BE DECLARED

In accordance with article 122 of Regulation (EU) 1303/2013, Member States shall prevent, detect and correct irregularities and shall recover amounts unduly paid including, where appropriate, default interests. They will also inform the Commission of irregularities that exceed €10,000 for assistance from the Funds.



In this regard, for the single operation, the "Ulysses" system, allows recording of the relevant data relating to the irregularities found, the amounts to be recovered from detailing amounts awaiting recovery, recoveries, withdrawals and irrecoverable amounts.

In particular, for each single operation, the system records: the irregularity discovered, the irregular amount and its public irregular expenditure, the type of irregularity, the date and number of the act involving recovery, the amount to be recovered with the possible indication of the interest and the penalty, the number and posting date of the collection and the recovered amount.

In the case of irregularities involving amounts exceeding € 10,000 from the general budget of the European Union, the relevant section with references to the OLAF schedule also needs to be compiled. The reporting to the European Commission related to the irregularities exceeding €10,000, of the Community contribution, and their update, relies on the *Irregularity Management System (nIMS)*.

Recordings made for single operations represent the informational basis for the checks carried out by the CA relating to the amounts recovered, to be recovered, collected and irrecoverable, and for keeping records of recoverable and withdrawn amounts following cancellation of all or part of the contribution for an operation.

Recoverable or withdrawn amounts may also result from financial corrections made by the Authority in relation to systemic irregularities identified in the controls they are responsible for.

In relation to the accounts referred to in art. 63, par. 5, of the Financial Regulation 1046/2018, the CA shall submit to the Commission a summary of amounts withdrawn and recovered during the accounting year, the amounts to be recovered at the end of the accounting year, the recoveries effected pursuant to art. 71 of EU Regulation 1303/2013 and the irrecoverable amounts. To process the said accounts, the CA employs data summarised in the "Register of recoveries" of the CA "which will also be uploaded onto the Ulysses system". The register is used to provide data on the amounts withdrawn and recovered during the year, which have been deducted from statements of expenditure in addition to pending recoveries pertaining to the reporting period.

The CA verifies the correspondence between the information supplied by the MA relating to recoveries made, the amounts collected and the amounts awaiting recovery with the amount recorded in the "Ulysses" information system.

The ADC, at the end of the aforementioned checks, updates the recoveries accounting records in the recovery register: amounts recovered, amounts awaiting recovery, amounts withdrawn and amounts that cannot be recovered.

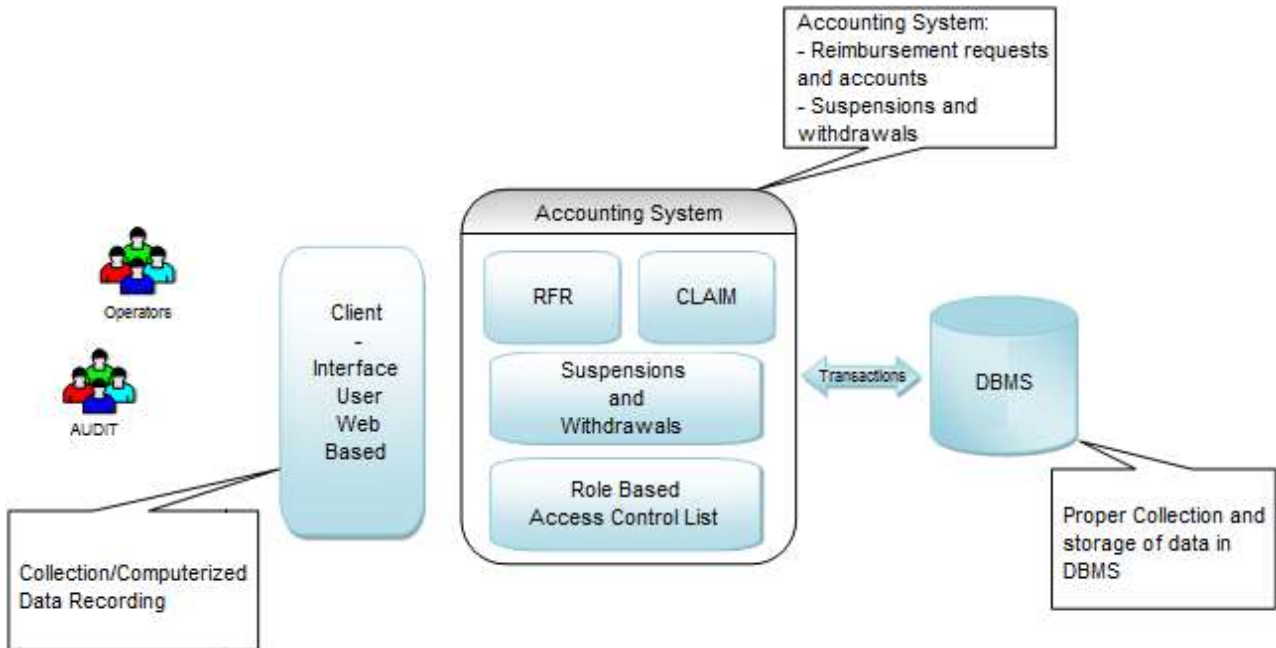
4. INFORMATION SYSTEM

4.1. DESCRIPTION, INCLUDING VIA A DIAGRAM, OF THE INFORMATION SYSTEM (CENTRAL OR COMMON NETWORK SYSTEM OR DECENTRALISED SYSTEM WITH CONNECTIONS AMONG THE SYSTEMS) WHICH SERVES TO:

In conformity with what is stipulated in art. 125 (para.2, sub-section d) of the Regulation (EU) no. 1303/2013, the information system "Ulysses", already in use during the programming period 2007-2013, allows the registration and information maintenance of the data with respect to each operation of the INTERREG V-A Italia Malta programme, necessary for the monitoring, the evaluation, the financial management, the verification and audit, of each single participant of the operation.



Below is a diagram of the "Ulysses" system:



The access to the system is based on predefined rights for the various types of users (MA, CA, AA, JS, controllers, beneficiaries) and is terminated once it is not necessary anymore for that specific user. The system keeps track of all the activity related to registration, modification and cancellation of data and documents.

Backups of the memorised data are regularly carried out. The backup, containing a copy of the entire contents of the archive of electronic files, is immediately obtainable in case of emergency. The electronic archive is protected against the risk of eventual losses or alterations to its integrity.

The Ulysses system foresees the migration of data, of the format and the computer environment at regular intervals, such that the readability of, and accessibility to, the data and documents is guaranteed till the end of the period as stipulated in article 140, para.1, of the Regulation (EU) no. 1303/2013.

The system is interoperable with the systems of electronic exchange of data with the beneficiaries as per article 122, para.3, of the Regulation (EU) no. 1303/2013 and with other relevant information systems in the national framework of interoperability. The system is interoperable at a technical and semantic level. The specifications are compatible with standard formats of exchange of data and guarantee that such formats can be recognised and exchanged even through heterogeneous systems.

The Ulysses system includes: a) appropriate search facilities, which permit easy recovery of documents, data and metadata; b) an information function, which allows the creation of reports on the basis of predefined criteria, particularly for the data as stipulated in the Commission Delegated Regulation (EU) no. 480/2014; c) the possibility to save, export or print reports.



Complete and updated functional and technical documentation on the functionality and characteristics of the system is available and made accessible on request by the respective officers responsible for the programme management, from the Commission and from the European Court of Auditors.

The system in use is protected by adequate security measures related to the classification of documents and the protection of information systems and personal data.

4.1.1. TO COLLECT, REGISTER AND SAVE INFORMATION OF DATA RELATED TO EACH OPERATION

The "Ulysses" system, already in use during the programming period 2007-2013, registers and saves, in electronic format, a good part of the data stipulated in Annex III of the Commission Delegated Regulation (EU) no. 480/2014.

In particular, the "Ulysses" system registers and saves the following information:

Data related to the lead beneficiary and to the other beneficiaries

- 1) Name or unique code of each beneficiary
- 2) Information, which certifies whether the beneficiary is a public entity or a private organisation
- 3) Information, which specifies whether the VAT paid on the expenses incurred by the beneficiary is not recoverable, according to the norms of the national legislation on VAT
- 4) Contact details of the beneficiary

Data related to the operation

- 1) Name or unique identifier of the operation
- 2) Brief description of the operation
- 3) Date of presentation of proposal related to the operation
- 4) Date of commencement, as indicated in the document which outlines the conditions of the grant
- 5) Date of termination, as indicated in the document which outlines the conditions of the grant
- 6) Effective date when the operation was completed or fully implemented
- 7) Entity, which is issuing the document specifying the conditions of the grant
- 8) Date of the document specifying the conditions of the grant
- 9) Information that specifies whether the public support in favour of the operation constitutes State Aid implications
- 10) Value of the operation
- 11) ICC CODE of the programme under which the operation is being supported
- 12) Priority of the programme under which the operation is being supported
- 13) Fund from which the operation is being supported
- 14) Category of the involved region

Data on the category of intervention

- 1) Codes related to the field of intervention
- 2) Codes related to the form of financing
- 3) Codes related to the territory
- 4) Codes related to the mechanisms of territorial implementation
- 5) Codes related to the thematic objectives
- 6) Codes related to the economic activity



7) Codes related to the location

The programme INTERREG V-A Italia Malta does not foresee large scale projects, common plans of action, operations carried out in the framework of a public-private partnership and therefore, the information system "Ulysses" does not register and save data related to such cases.

4.1.2. TO GUARANTEE THAT THE DATA MENTIONED IN THE PRECEDING PARAGRAPH IS COLLECTED, INSERTED AND SAVED IN THE SYSTEM AND THAT THE DATA RELATED TO THE INDICATORS IS SUBDIVIDED BY SEX, WHERE THAT IS PRESCRIBED BY ANNEXES 1 AND II OF THE REGULATION (EU) NO. 1304/2013, ACCORDING TO THE LETTER IN ARTICLE 125, PARAGRAPH 2, LETTER E) OF THE REGULATION (EU) NO. 1303/2013

The "Ulysses" system guarantees that data related to the lead beneficiary and the other beneficiaries, as well as the data related to the operation, are collected, inserted and memorised in this system.

With reference to the indicators, the system shall register and save the following information:

Data about the indicators

- 1) Name and unique identifier of each of the indicators of the common and specific outputs of the programme that impinge on the operation
- 2) Unit of measurements for each output indicator
- 3) Objective value referring to the output indicator, unbundled by type where applicable
- 4) Progress of each output indicator per calendar year, separated by type where applicable
- 5) Name and unique code of each of the common and specific performance indicators relevant to each programme relevant to the operation
- 6) Unit of measure for each result indicator
- 7) Value for each expected outcome indicator
- 8) Measure on the progress vis a vis targets and reference values

With reference to points 1) and 5), the name and unique identifier of each output and common result indicator will not be disaggregated by type of participants.

4.1.3. TO ENSURE THE EXISTENCE OF A SYSTEM THAT RECORDS AND PRESERVES IN ELECTRONIC FORMAT THE ACCOUNTING DATA OF EACH TRANSACTION, AND SUPPORTS ALL THE INFORMATION NECESSARY FOR THE PREPARATION OF PAYMENT APPLICATIONS AND ACCOUNTS.

The "Ulysses" system ensures the recording and storage of accounting data of each operation necessary for the preparation of the request for reimbursement.

The system records and saves the following information:

Financial data relating to each transaction

- 1) Amount of total eligible costs of the operation approved in the document that specifies the conditions for eligible expenditure;
- 2) Amount of total eligible costs that constitute public expenditure in accordance with Article 2, paragraph 15 Of Regulation (EU) No. 1303/2013;
- 3) Amount of public support as indicated in the document that specifies the conditions for support.

Data relevant to requests for the payee's payment

- 1) Date of receipt of each of the beneficiary's payment request



- 2) Date of each payment made in favour of the beneficiary on the basis of the payment request
- 3) Amount of eligible expenditure in the request for payment that forms the basis of any payment to the beneficiary
- 4) Amount of public expenditure in accordance with Article 2, paragraph 15 of Regulation (EU) No. 1303/2013 corresponding to the eligible expenditure that forms the basis of any payment.
- 5) Amount of each payment made to the beneficiary on the basis of the payment request
- 6) Net Revenue generated by the operation during its implementation as outlined in the document that specifies the conditions for the support and deducted from the eligible expenses
- 7) Initiation date of on-site audits carried out on operations pursuant to Article 125, paragraph 5, letter b) of Regulation (EU) no. 1303/2013
- 8) Date of on-site audits carried out on operations pursuant to Article 127, paragraph 1, of Regulation (EU) No. 1303/2013 and Article 28 of the Delegate Commission Regulation (EU) No. 480/2014
- 9) Body carrying out the audit or verification

Data related to the expenses in the request for reimbursement of the beneficiary on the basis of actual costs

- 1) Eligible expenditure declared to the Commission, established on the basis of costs actually incurred and paid in addition, where applicable, to in-kind contributions and depreciation
- 2) Public expenditure in accordance with Article 2, paragraph 15 of Regulation (EU) No. 1303/2013 corresponding to eligible expenditure declared to the Commission established on the basis of actual costs reimbursed and paid together with, where relevant, in-kind contributions and depreciation
- 3) Type of contract if the award is governed by the provisions of Directive 2004/17/EC(4) or Directive 2004/18/EC(5) (Procurement of works/supplies/services) or Directive 2014/23/EU of the European Parliament and of the Council
- 4) Amount of the contract, if the award is governed by the provisions of Directive 2004/17/EC or Directive 2004/18/EC or Directive 2014/23/EU
- 5) Eligible expenditure incurred and paid according to a contract, if the latter is governed by the provisions of Directive 2004/17 / EC or Directive 2004/18 / EC or Directive 2014/23 / EU
- 6) The awarding procedure chosen, if the award is governed by the provisions of Directive 2004/17/EC or Directive 2004/18/EC or Directive 2014/23/EU
- 7) Name or unique identifier of the contractor if the award is governed by the provisions of Directive 2004/17/EC or Directive 2004/18/EC or Directive 2014/23/EU

Data relative to expenses in the payment request of the beneficiary on the basis of flat rates

- 1) Amount of eligible expenditure declared to the Commission established on the basis of a flat rate
- 2) Public expenditure in accordance with Article 2, paragraph 15 of Regulation (EU) No. 1303/2013, corresponding to the eligible expenditure declared to the Commission established on the basis of a flat rate.

The INTERREG V -A Italy Malta does not foresee payments on the basis of standard scales of unit costs or lump-sum payments and therefore the " Ulysses " information system does not record and maintain data on such cases.



Data on the accounts transmitted to the Commission under Article 138 of Regulation (EU) 1303/2013

- 1) Date of submission of each accounting system, including expenses as part of the operation
- 2) Submission date of accounts which include the final costs of the operation after its completion if the total eligible expenditure is equal to or greater than 1 million euros (Article 140 of Regulation (EU) no. 1303/2013)
- 3) Total amount of eligible costs of the transaction recorded by the certifying authority in its accounting systems, entered in the accounts
- 4) The total amount of public expenditure in accordance with Article 2, paragraph 15 of Regulation (EU) No. 1303/2013 supported to perform the operation, corresponding to the total amount of eligible expenses recorded by the certifying authority in its accounting systems, entered in the accounts
- 5) The total amount of payments made to the beneficiary in accordance with Article 132, paragraph 1, of Regulation (EU) No. 1303/2013 corresponding to the total amount of eligible expenses recorded by the certifying authority in its accounting systems, inserted in the accounts
- 6) Total eligible expenditure, withdrawn within the accounting period, inserted into accounts
- 7) Total public expenditure, in accordance with Article 2, paragraph 15 of Regulation (EU) No. 1303/2013 corresponding to the total eligible expenditure withdrawn within the accounting period, inserted into accounts
- 8) Total eligible expenditure, recovered during the accounting period, entered into accounts
- 9) Total public expenditure corresponding to the total eligible cost of the operation recovered during the accounting period, entered into accounts
- 10) Total eligible cost of the operation to recover at the end of the accounting period, entered into accounts
- 11) Total public expenditure of the operation corresponding to the total eligible expenditure to be recovered at the end of the accounting period, entered into accounts
- 12) For the operation included in each accounting, the total eligible amount of costs recovered in accordance with Article 71 of Regulation (EU) No. 1303/2013 during the accounting period
- 13) For the operation included in each accounting, public expenditure in accordance with Article 2, paragraph 15 of Regulation (EU) No. 1303/2013, matching the total eligible expenses of the amount recovered in accordance with Article 71 of that regulation during the accounting period
- 14) Total eligible amount of non-recoverable expenditure of the operation at the end of the accounting period, entered in the accounts
- 15) Total public expenditure of the operation corresponding to the amount of total eligible non-recoverable expenditure at the end of the accounting period, entered into accounts

4.1.4. TO MAINTAIN A COMPUTERIZED ACCOUNTING SYSTEM FOR EXPENDITURE DECLARED TO THE COMMISSION AND THE RELEVANT PUBLIC CONTRIBUTION PAID TO BENEFICIARIES, AS STIPULATED IN ARTICLE 126, POINT G) OF REGULATION (EU) NO. 1303/2013

The "Ulysses" electronic system maintains a computerized record of expenditure declared to the EC. The system records and saves the following information:

Data related to applications for payment submitted to the Commission

- 1) Date of submission of each request for reimbursement for payment comprising the eligible costs arising from the operation



- 2) Total amount of eligible expenditure incurred by the beneficiary and paid for the expenses incurred during the implementation of the project, included in each payment request
- 3) The total amount of public expenditure in accordance with Article 2, paragraph 15 of Regulation (EU) No. 1303/2013 regarding the operation, included in each payment request
- 4) In case of State aid where Article 131, paragraph 5, of Regulation (EU) No. 1303/2013 applies, amount paid to the beneficiary under the operation as a down payment included in each payment request
- 5) In case of State aid where Article 131, paragraph 5, of Regulation (EU) No. 1303/2013 applies, the advance amount included in a claim for payment that has been covered by the costs incurred by the beneficiary within three years of the down payment
- 6) In case of State aid where Article 13, paragraph 5, of Regulation (EU) No. 1303/2013 applies, amount deposited to the beneficiary under the operation as a down payment included in a payment application that has not been covered by the costs incurred by the beneficiary and for which the three year period has not yet elapsed.

The INTERREG V-A Italia Malta does not forecast operations, which constitute financial instruments, and therefore the "Ulysses" information system does not record or save data for such eventuality.

4.1.5. KEEPING ACCOUNT OF RECOVERABLE AND WITHDRAWN AMOUNTS AFTER A TOTAL OR PARTIAL WITHDRAWAL OF SUPPORT TO AN OPERATION, AS SET FORTH IN ARTICLE 126, LETTER H) OF REGULATION (EU) NO. 1303/2013

The "Ulysses" system maintains accounting record of recoverable and withdrawn amounts. The system records and saves the following information:

Data on recoveries of amounts from the beneficiary

- 1) Data of each recovery order
- 2) Amount of public support affected by each recovery order
- 3) Total eligible expenses affected by each recovery order
- 4) Date of receipt of each amount reimbursed by the beneficiary as a result of a recovery order.
- 5) The public amount reimbursed by the beneficiary as a result of a recovery decision (without interest or penalties)
- 6) Total eligible expenditure corresponding to public support reimbursed by the beneficiary
- 7) Non-recoverable amount of public support following a recovery decision
- 8) Total eligible expenditure corresponding to irrecoverable public support

4.1.6. KEEPING RECORDS OF AMOUNTS ON SUSPENDED OPERATIONS BY VIRTUE OF LEGAL OR ADMINISTRATIVE PROCEEDINGS WITH SUSPENSIVE EFFECT

The "Ulysses" system keeps records of the amounts related to suspended operations. The system records and saves the following information:

Data on the suspended operations

1. start date of the suspension;
2. protocol number of administrative act of suspension;
3. date of the suspension;
4. amount suspended corresponding to the total amount of the certificate payment or to the portion of the payment;
5. grounds for the suspension providing a drop-down menu with several options (suspension for judicial or administrative procedure, partial or total suppression, clerical error, ineligibility and disqualification, irregularities, fraud);



6. field notes;
7. attachment.

All references of the suspended expenses will be available in a specific section entitled "Suspension Management". For every suspended expense, the following information will be available:

1. DDR number
2. Spending identification
3. Item cost
4. Last amount certified
5. Suspended amount
6. Suspension date
7. State

Also in this section, it is possible to manage the suspended expenses. On each suspended expenditure, the CA will perform two activities:

1. Cancel the Suspension: the expenditure status becomes "Annulled" ;
2. Recovery: the expenditure status becomes "Recovered".

In case where the CA annuls the suspension, the amounts previously deducted must be recovered and therefore, in the following claim for payment, an entry with a positive amount must be inserted, equal to the cancelled suspended amount.

During cancellation of suspension, the following will be specified:

1. Annulled number act;
2. Date of cancellation;
3. Cancellation motivation;
4. Field notes;
5. Attachment.

In the event that the CA decides to contrive a withdrawal, the previously implemented suspension is confirmed, and in this case the system will only record such transformation.

4.1.7. STATE WHETHER THE SYSTEMS ARE OPERATING AND ARE ABLE TO RELIABLY REGISTER THE ABOVE DATA

The "Ulysses" is operative since the 2007-2013 programming period and records the data in a reliable manner.

Access to the information system is profiled: the application provides a Login procedure, which requires entering a username and password. Each user is only allowed to perform operations which fall under his/her competence and jurisdiction.

The system foresees a "Document Manager", that is, a module dedicated to the management of the documents uploaded on the system. This module will contain all the files uploaded on the system by the users in modules, where these will have the opportunity to upload files. It is also possible to upload files in the Document Manager by going directly to the allocated section.

The "Ulysses" system has a reporting platform whereby it provides accessibility to data present in the database on which the gestational system operates. To this date, there are 21 report which can be viewed by the users on the Business Intelligence Platform in HTML format (therefore using a standard browser) and can be downloaded on the PC in a PDF and/or EXCEL format.

Some adjustments are currently being performed regarding the requested functions of the 2014-2020 programming cycle.



4.2. DESCRIPTION OF PROCEDURES AIMED IN ENSURING SECURITY OF THE INFORMATION SYSTEMS

The "Ulysses" system guarantees data security with regard to both the "access system" and the "technological security system".

In particular, with regards to the "access system":

- Access to the system is protected through the use of an access code and a personal password for each user
- Access to the system foresees an authentication system based on a digital signature (in the adaptation phase, especially in light of different legal frameworks of the countries involved in the programme)
- A procedure of assignment of the login credential through an user identification envisaged
- A secure storage of passwords for each user is envisaged
- An access log is envisaged
- During the system testing procedures, a security verification test of the accesses is envisaged

With regards to the "technological safety of the system":

- There are *Backup* and *recovery* procedures of data opportunely planned
- Data communications are protected through the adoption of standard security protocols – such as SSL, HTTPS (in the adaptation phase)
- The electronic archive containing the documents has an adequate security level

4.3. DESCRIPTION OF THE CURRENT SITUATION WITH REGARD TO THE IMPLEMENTATION OF THE REQUIREMENTS OF ARTICLE 122, PARAGRAPH 3, OF REGULATION (EU) NO. 1303/2013

The "Ulysses" system ensures the exchange of information between beneficiaries and the MA, the CA, the AA in accordance with the provisions of art. 122, par. 4 of Regulation (EU) No. 1303/2013.

Some adjustments are being currently performed regarding the requested functions of the 2014-2020 programming cycle.

