

Interreg



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Italia - Malta

“Description of the functions and procedures in place for the Managing Authority”.

Pursuant to Article 69 of the CRP

Ver. 2 – April 2025

<i>LIST OF MAIN ACRONYMS AND ABBREVIATIONS USED</i>	
<i>AA</i>	Audit Authority
<i>MA</i>	Managing Authority
<i>MC</i>	Monitoring Committee
<i>CIPESS</i>	Comitato interministeriale per la programmazione economica e lo sviluppo sostenibile
<i>DRP</i>	Dipartimento della Programmazione
<i>DPCoe</i>	Dipartimento per le politiche di coesione
<i>OPS</i>	Office of the Permanent Secretary (Funds)
<i>IGRUE</i>	Ispettorato Generale per i rapporti finanziari con l'Unione Europea
<i>BAF</i>	Body carrying out the accounting function
<i>OLAF</i>	Ufficio europeo per la lotta antifrode
<i>CPR</i>	Common Provision Regulation - Regulation (EU) n. 2021/1060
<i>ETC Regulation</i>	Regulation (UE) n. 2021/1059
<i>NVVIP</i>	Nucleo di Valutazione e Verifica degli Investimenti Pubblici (N.V.V.I.P.)
<i>RP SICILIA</i>	Regional programme ERDF Sicily 2021-2027
<i>DMCS</i>	Description of the management and control system
<i>UCO</i>	Ufficio Competente per le Operazioni
<i>UMC</i>	Unità di Monitoraggio e Controllo
<i>STC</i>	Steering Committee

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1. GENERAL DATA

1.1. INFORMATION SUBMITTED BY

Member State	Italia – Regione Siciliana
Programme	INTERREG VI-A Italia Malta
CCI number	2021TC16RFCB035
Point of contact	Presidenza della Regione Siciliana - Dipartimento regionale della Programmazione - Dirigente Generale <i>pro tempore</i>
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Electronic Mail	dipartimento.programmazione@regione.sicilia.it
Phone	+39 091 7070013

1.2. DATE OF INFORMATION

The information provided in this document describes the functions and procedures of the Managing Authority as at 30/06/2023 updated with the version 2 of April 2025.

This Document, complete with annexes, will be adopted by Decree of the Director General of the Programming Department as well as any subsequent amendments.

1.3. STRUCTURE OF THE SYSTEM

The organisational model adopted for the implementation of the INTERREG VI-A Italia-Malta Programme uses and enhances the experience developed in the management of the interventions of the previous programming period, defining, where necessary, the integrations and/or adaptations that are indispensable in consideration of the specificities of the 2021-2027 programme and of the new regulatory framework.

In continuity with the previous programming period and in line with the principle of separating the functions of the bodies involved in management and control, the structure of the system guarantees the following basic requirements, set out in Article 69(1) and Annex XI of Regulation (EU) No 1060/2021:

- Separation of functions and appropriate written provisions for reporting, supervision and monitoring tasks delegated to an intermediate body;
- Appropriate criteria and procedures for the selection of operations;
- Appropriate information to beneficiaries on the conditions applicable in relation to support for selected operations;
- Appropriate management verifications, including adequate procedures for verifying the fulfilment of conditions for non-cost-related financing and simplified cost options;
- Effective system to ensure that all documents necessary for the audit trail are held;
- Reliable electronic system (including links to electronic systems for data exchange with beneficiaries) for recording and storing data for monitoring, evaluation, financial

management, verification and audit purposes, including appropriate processes to ensure data security, integrity and confidentiality and user authentication;

- Effective implementation of proportionate anti-fraud measures;
- Appropriate procedures for processing the management declaration;
- Appropriate procedures to confirm that the expenses recorded in the accounts are legal and regular;
- Appropriate procedures for the preparation and submission of payment claims and accounts and confirmation of the completeness, accuracy and veracity of the accounts;
- Adequate separation of functions and functional independence between the audit authority and other programme authorities and audit work performed in accordance with internationally recognised audit principles Audit Authority

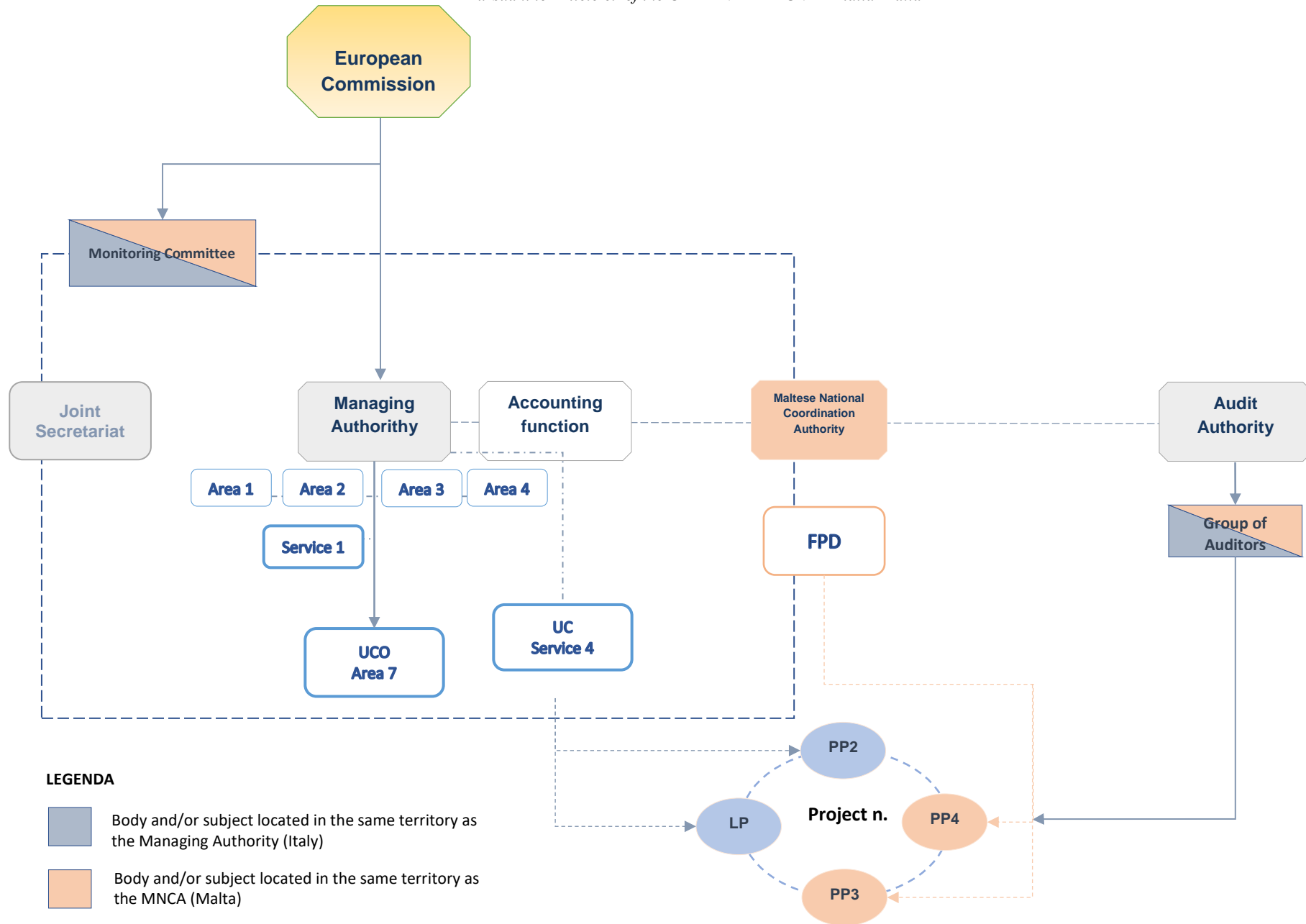
This DMCS is defined in accordance with the provisions on management and control systems in articles 72 - 75, 81 - 82 of the CPR and its annex XVI, as well as in accordance with the ETC Regulation.

In order to guarantee the correct and effective operation of the Programme Management and Control System, the Sicilian Region assigns the responsibilities provided for in articles 72, 76 and 77 of the CPR and articles 45, 46, 47 and 48 of the CTE regulation to the following structures

- Managing Authority (MA): Presidency of the Sicilian Region - Programming Department, which performs the functions referred to in art. 72, 74 and 75 of the CRP, with the exception of the selection of operations in accordance with art. 46 of the ETC Regulation.
- Body carrying out the accounting function (OFC): Presidency of the Sicilian Region - Certifying Authority of the Programmes co-financed by the European Commission in accordance with art. 47 of the ETC Regulation.
- Audit Authority (AA): Presidency of the Sicilian Region - Special Office Audit Authority of the Programmes co-financed by the European Commission in accordance with art. 48 of the ETC Regulation.

Table 1 - General organization

*Description of the functions and procedures in place for the Managing Authority".
Pursuant to Article 69 of the CRP - INTERREG VI-A Italia-Malta*



LEGENDA

- Body and/or subject located in the same territory as the Managing Authority (Italy)
- Body and/or subject located in the same territory as the MNCA (Malta)

1.3.1. Managing Authority

Name	Presidenza della Regione Siciliana - Dipartimento regionale della Programmazione
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Point of contact	Dirigente Generale <i>pro tempore</i>
Electronic Mail	dipartimento.programmazione@regione.sicilia.it
Phone	+39 091 7070013
Website	https://www.regione.sicilia.it/istituzioni/regione/strutture-regionali/presidenza-regione/dipartimento-programmazione

At the premises of the Managing Authority, the Joint Secretariat of the INTERREG VI-A Italia Malta Programme exercises its functions and performs its tasks.

Name	Segretariato Congiunto
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Point of contact	Coordinatore <i>pro tempore</i> del Segretariato Congiunto
Electronic Mail	stc.italia-malta@regione.sicilia.it
Phone	+39 091 7070243/046/059
Website	www.italiamalta.eu

At the Managing Authority, the Control Unit (Area 4), also with the possible support of external auditors, performs the management checks (also on a sample basis) on the beneficiaries located in the Italian Member State in accordance with the provisions of art. 46, paragraph 3 of the ETC Regulation, which derogates from art. 74, paragraph 1, letter a) of the CRP

Name	Unità di Controllo - Area 4 " <i>Controlli, coordinamento attività di controllo, repressioni delle frodi comunitarie per i programmi, piani e altri strumenti attuativi di competenza dipartimentale - unità di monitoraggio e controllo per azioni e operazioni attuate dal dipartimento</i> "
Address	Piazza Luigi Sturzo n. 36 - 90139 Palermo
Point of contact	Dirigente responsabile dell'Area 4
Electronic Mail	area4programmazione@regione.sicilia.it
Phone	+39 091 7070056
Website	www.italiamalta.eu

1.3.1.2 The Malta National Co-ordination Authority (MNCA)

The Funds and Programmes Division (FPD), as the MNCA, is based in the State of Malta and, also making use of the possible support of external auditors, carries out management verifications (also on a sample basis) regarding the beneficiaries based in the Maltese Member State pursuant to the provisions by art. 46, paragraph 3, of the ETC Regulation.

Name	Republic of Malta – Funds and Programmes Division, Office of the Prime Minister
Address	THE OAKS BUSINESS CENTRE, BLOCK B, TRIQ FARSONS, HAMRUN, MALTA
Point of contact	Director General: Funds and Programmes Division
Electronic Mail	fpd.mees@gov.mt

Phone	+3562555 2555
Website	https://fondi.eu/

1.3.2. Intermediary bodies

There are no intermediate bodies

1.3.3. Body performing the accounting function

Name	Presidenza della Regione Siciliana – Autorità di Certificazione dei programmi cofinanziati dalla Commissione europea
Address	Piazza Sturzo n. 36, Palermo
Point of contact	Dirigente Generale <i>pro tempore</i>
Electronic Mail	autorita.certificazione@regione.sicilia.it
Phone	+39 091 7070007
Website	https://www.regione.sicilia.it/istituzioni/regione/strutture-regionali/presidenza-regione/autorita-certificazione-programmi-cofinanziati-commissione-europea

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
Point of contact	Dirigente Generale <i>pro tempore</i>
Electronic Mail	autorita.audit@regione.sicilia.it
Phone	+39 091 7077573
Website	https://www.regione.sicilia.it/istituzioni/regione/strutture-regionali/presidenza-regione/ufficio-speciale-autorita-audit-programmi-cofinanziati-commissione-europea

1.3.4. Separation of functions between and within the programme authorities

According to Article 71(4) CRP, Member States shall ensure that the principle of separation of functions between and within programme authorities is respected.

In accordance with this provision, the Managing Authority is placed in a position of clear hierarchical and functional separation from the Audit Authority as well as from the body carrying out the accounting function (BAF), in accordance with Article 72(2) of the CPR.

In particular, the *Regional Planning Department*, provided for in table A of Regional Law No. 10 of 15 May 2000, is placed under the Presidency of the Region and is responsible for the tasks and functions specified in Annex I to Presidential Decree No. 9 of 5 April 2022.

The body that carrying out the accounting function is represented by the Special Office *Certifying Authority of the programmes co-financed by the European Commission*, it is placed under the Presidency of the Regional Government and performs the tasks and functions specified in the annexes of the Deliberation of the Regional Government no. 2 of 5 January 2023. Finally, the Audit Authority,

whose tasks and functions are performed *by the Special Office Audit Authority of the programmes co-financed by the European Commission*, is placed under the Presidency of the Region. The responsibility of each of the three structures is entrusted to the respective General Managers, who currently report to the President of the Region.

This set-up ensures organisational and functional independence and a clear separation of functions between the Audit Authority, the Managing Authority and the body in charge of the accounting function.

According to Article 74(3) CPR, where the Managing Authority is also the beneficiary of the programme, the arrangements for management verifications shall ensure separation of functions. Compliance with this provision is ensured through an appropriate organisation that provides for full separation and functional independence between the structures dealing with programme management and the structures dealing with control (para. 2.1.2).

The MA, the AA and the BAF define, by mutual agreement, the most appropriate dialogue modalities for the effective handling of the issues concerning the operation of the management and control systems and the related improvement actions, without prejudice to the mutual respect of the functions and autonomy of each Authority.

For the performance of level II controls by the Audit Authority, in order not to incur conflicts of interest or be influenced by the audited bodies, the Manager in charge of level II controls must provide the General Manager with a "declaration" showing that, prior to his service at the Audit Authority, he has not participated in the management and control system or has not been involved, for any reason whatsoever, in operations financed within the scope of the community programming that is the subject of his employment at the Audit Authority. This protects the independence of the MA and ensures objectivity in the control work.

Pursuant to Article 48(1), the AA shall be assisted by a group of auditors consisting of one representative from each Member State participating in the programme. These auditors are functionally independent of the bodies or persons responsible for management verifications under Art. 46(3). Each Member State shall be responsible for the audits carried out on its territory. The IAID (Internal Audit and Investigations Department) in the Office of the Prime Minister operates on the territory of Malta.

2. MANAGING AUTHORITY

2.1. MANAGING AUTHORITY – DESCRIPTION OF THE ORGANISATION AND THE PROCEDURES RELATED TO ITS FUNCTIONS AND TASKS AS PROVIDED FOR IN ARTICLES 72 TO 75

2.1.1. Status of the managing authority (national, regional or local public law body or private body) and body of which the authority is a member

The Regional Programming Department is a "structure of maximum dimension" referred to in article 4 of the Regional Law no. 10 of 15 May 2000 and represents an articulation of the administrative organisation of the Sicilian Region governed by regional public law. The Managing Authority is part of the Sicilian Region, a region of the Italian Republic which has special forms and conditions of autonomy in accordance with Article 116 of the Italian Constitution.

2.1.2. Functions and tasks carried out directly by the Managing Authority

The MA is represented by the pro-tempore General Manager of the Regional Programming Department and has overall responsibility for the management and implementation of the Programme, the correct execution of the actions planned and the achievement of the relevant results, through the implementation of all the necessary measures, including those of an organisational and procedural nature, suitable to ensure the correct use of the financial resources and the timely compliance with the applicable Community and national regulations.

In addition to being the main contact point and interface with the European Commission, with the representatives of the Member State of Malta and with the Italian national authorities, through its structure it carries out the functions of coordination, liaison and general direction of the activities. In accordance with article 46 of the ETC Regulation, the MA performs the functions provided for by articles 72, 74 and 75 of the CPR, with the exception of project selection.

In order to carry out its programme management and implementation functions, the MA avails itself of a Joint Secretariat - set up after consultation with the Member States - established with adequate human and material resources, in accordance with art. 46 par. 2 of the ETC Regulation.

In accordance with Article 46 of the ETC Regulation, the Managing Authority:

- carries out programme management tasks in accordance with Article 74 CPR;
- It supports, in accordance with Article 75 CDR, the work of the Monitoring Committee, providing in a timely manner all information necessary for the performance of its tasks and ensuring that the decisions and recommendations of the Monitoring Committee are followed up;
- records and stores electronically the data on each transaction required for monitoring, evaluation, financial management, verification and audit purposes in accordance with Annex XVII of the CRP and ensures the security, integrity and confidentiality of the data and the authentication of users.

In order to ensure the fulfilment of the regulatory provisions, the MA avails itself of the following intermediate structures belonging to the Programming Department, as defined by the Presidential Decree no. 9 of 5 April 2022:

- **Area 1** - *Planning Resources - General Affairs and Personnel - Support Office for the functions of the Director General.*
 - **Area 2** - *Programming, monitoring, planning and financial management of programmes, plans and other implementation instruments.*
 - **Area 3** - *Financial management and execution - operations office - departmental financial management and budget office.*
 - **Area 4** - *Controls, coordination of control activities, repression of Community fraud for programmes, plans and other implementing instruments under the Department's responsibility - Monitoring and control unit for actions and operations implemented by the Department (CU)*
- Area 7** - *Programme Management for European Territorial Cooperation and Supranational Cooperation (UCO)*
- **Service 1** - *Service for communication.*

In particular, the Managing Authority:

- adopts a separate accounting system or a specific accounting code for all transactions relating to an operation where the MA itself is also a beneficiary under the programme;
- uses appropriate filing procedures for documents concerning management operations, including on electronic media, so as to ensure the traceability of each stage of the operations and the easy identification and management of the relevant acts;
- uses electronic data exchange in its dealings with beneficiaries, ensuring comprehensive information on the opportunities offered by the funds and their management and control procedures, in accordance with the provisions of Article 69(8) CRP.
- ensures an electronic system for the exchange of data also with the different authorities under the management and control system, as well as with the beneficiaries;
- ensures, subject to the availability of funding, that each beneficiary receives the amount due in full within the time limits described in Article 74(1)(b) CDR;
- It activates an effective system of first-level controls, also with the help of external auditors appointed by the respective beneficiaries, to ensure the legality and regularity of the operations financed and the eligibility of the related expenditure, through management verifications, administrative verifications of the payment requests presented by the beneficiaries and on-the-spot verifications of the operations, based on the assessment of the risks and proportionate to the same as defined *ex-ante* and in writing according to the indications of Article 74(2) CRP.

- puts in place effective and proportionate anti-fraud measures and procedures, taking into account the risks identified;
- provides for specific measures to prevent irregularities, as well as procedures for the recovery of resources unduly paid to beneficiaries;
- draws up the management declaration in accordance with the model in Annex XVIII;
- ensures transparency standards for more and better visibility of EU interventions by publishing, inter alia, calls for tenders, objectives and achievements, physical, procedural and financial progress.
- uses standard methodologies, tools and procedures (codified in a special manual annexed to this document) for its activities;
- ensures that, within six months of the decision approving the programme, a website is in place on which information on the programmes under its responsibility is available, presenting the objectives, activities, funding opportunities and results of the programme, as provided for in Art. 49(1) of the CRP;
- ensures the publication, via the website referred to in point 1, of a calendar of planned calls for proposals, updated at least three times a year, with the indicative data referred to in paragraph 2 of Art. 49 CRP;
- makes public to users the list of operations selected to receive support from the funds through the programme's website and updates it every four months, assigning a unique code to each operation and ensuring that the information required by the CRP pursuant to Article 49 paragraph 3 of the CRP is available;
- ensures that the data referred to in the above points are available in open, machine-readable formats¹, and that it is possible to sort, search, extract, compare and re-use the data;
- informs the beneficiaries that the data referred to in 3) above will be made public in accordance with Art. 49 CRP;
- ensure that communication and visibility materials, including at the level of beneficiaries, are, upon request, made available to the Union institutions, bodies, offices or agencies, and that the Union is granted a royalty-free, non-exclusive, irrevocable licence to use such materials and any pre-existing rights thereto, in accordance with Annex IX CPR² ;
- provides the Commission, at least one month before the review meeting referred to in Art. 41 CRP, with concise information on the elements identified in Art. 40 para. 1 CRP;
- transmits electronically to the Commission the cumulative data of the Programme by 31 January, 30 April, 31 July, 31 October of each year with the exception of the data required in paragraph 2(b) and in paragraph 3 of Article 32 of the ETC Regulation which must be transmitted by 31 January and 31 July of each year, in accordance with the model of the financial information set out in Annex VII CPR pursuant to Article 42 of the CRP.

In order to acquire all the information on the management verifications carried out by the controllers of the Maltese Member State, the MA acquires from the MNCA, as the Administration contributing to the implementation of the Programme on the Maltese territory:

- a. the list of auditors designated by the Member State of Malta for verification activities pursuant to Article 74(1)(a) of the CPR and Article 46(1) of the ETC Regulation.
- b. a declaration under the responsibility of the Maltese Member State that, on the basis of spot checks conducted by the MNCA, attests to the results and performance of the first-level checks carried out on the Maltese territory, the quality of the control system implemented on the Maltese territory and the correct application of the provisions of Article 74(1)(a) of the CPR and Article 46(1) of the ETC Regulation on the Maltese territory;
- c. a list of any irregularities detected in the expenditure incurred by Maltese beneficiaries following a level II check carried out by the auditors' team (IAID) or following *on-the-spot* checks carried out by the MNCA (on a sample basis using a risk assessment analysis system to determine which projects should be subject to evaluation).
- d. the list of recoveries of amounts unduly paid to the Maltese beneficiaries identified through point (c) above. If such recovery is impossible, the amount unduly paid will be reimbursed in accordance with agreement signed between MA and MNCA (Annex 01).

To ensure compliance with the principle of separation of functions between bodies involved in management and control, the MA identifies the following intermediate structures:

- **Competent Office for Operations (UCO)** within Area 7 "*Programme Management for European Territorial Cooperation and Supranational Cooperation*". This is an area of the Programming Department headed by a Manager who, with the support of the JS and in connection with the areas/departments of the same Department that are competent in this field, implements the preliminary investigation and implementation procedures related to the operations to ensure the sound management of the programme. For each operation and for each relative step, it implements the monitoring information system for the aspects of competence;
- **Control Unit (CU)** within Area 4 "*Controls, coordination of control activities, repression of community frauds for programmes, plans and other implementation instruments under departmental competence*". This is an Area of the Programming Department, headed by a Manager functionally independent from the CU, who, also availing himself of the support of external auditors, carries out administrative and on-the-spot checks (on a sample basis) for the Italian beneficiaries of the programme, in accordance with the provisions of art. 46, paragraph 3, of the ETC Regulation.

The Programme **UCO** is the pro-tempore Manager of the MA Area 7 and carries out, with the support of the JS, the following activities

1. intervenes in the definition of the executive programming of the 4 Priorities of the programme and in their possible reprogramming;

2. assists the MA in coordination and liaison activities with the representatives of the State of Malta;
3. initiates and coordinates the preparation of selection criteria and calls for proposals for the selection of operations under the programme's Priorities;
4. ensures, in agreement with servizio 1, appropriate measures to inform potential beneficiaries of the programme of the funding opportunities of the INTERREG VI-A Italia-Malta instrument;
5. manages the administrative-accounting aspects of the activities under the Priorities of the programme;
6. convene the STC/MC to approve the public notice and accompanying documentation for the submission of project proposals;
7. publish the notice in the G.U.R.S. and on the institutional website of the programme www.italiamalta.eu;
8. collects the project proposals and forwards them to the SC for verification of the formal eligibility requirements;
9. transmits the results of the eligibility assessment to the Monitoring Committee (or Steering Committee) for the adoption of the final ranking list and subsequent final ratification of the list of approved projects by the Monitoring Committee;
10. prepares the decree adopting the final ranking list containing the list of projects, their eligibility for funding and the amount to be funded for each programme priority;
11. notifies the lead beneficiaries of the results of the assessment and the relevant eligibility condition and sends the grant contract and partner agreement at the same time;
12. prepares the decrees of admission to funding, commitment of expenditure, after verification on RNA, where applicable, and disbursement of the first advance payment following the acquisition of the grant contract, agreement contract between the partners and request of the first 50% advance payment by the lead beneficiary;
13. carries out the administrative-accounting formalities of operations eligible for funding, involving the Steering Committee/Monitoring Committee as appropriate;
14. receives reports of any transactions subject to partial or total revocation; suspensions due to administrative and judicial proceedings; irregularities and/or critical issues detected;
15. It provides Area 4 of the Programming Department with all the useful information for the preparation of the documents required by the Community and national regulations and, in particular, the documentation to be submitted to the Monitoring Committee, the European Commission, the European Court of Auditors, OLAF, the Evaluator and the competent national and regional institutions;

16. prepares the closure decrees for operations accepted for financing;
17. Prepares, within the established timeframe and modalities, the expenditure forecast and makes it available to the MA, in accordance with the model of the financial information set out in Annex VII CRP pursuant to art. 42 of the CRP;
18. Prepares the declaration of expenditure for the entire programme and forwards it, via the MA, to the body carrying out the accounting function;
19. It supports the MA, for the profiles of competence, in the preparation of the management declaration on the basis of the template Annex XVIII to the CRP, in line with the indications provided by art. 74, paragraph 1, letter e) and letter f) of the CRP;
20. It submits to the MA the necessary corrective measures to be adopted to overcome any criticalities identified by the AA, the EC, the European Court of Auditors and/or the Italian Court of Auditors;
21. carries out the procedural, physical and financial monitoring of financial operations under the programme's priorities;
22. prepares the list of operations subject to partial or total revocation; suspended due to administrative and judicial proceedings; irregularities and/or critical issues detected;
23. Provides the necessary answers to the observations made by the AA, within the timeframe and in the manner established by the same, and submits to the MA the necessary corrective measures to be adopted to overcome the critical aspects detected;
24. feeds the 'information' system for the parts within its competence, making the data available to other authorised users.

The **CU** is the pro-tempore Manager of Area 4 of the MA and performs the following activities with reference to the management checks for the Italian beneficiaries:

1. prepares the manual of controls, audit trails and all working documents necessary for the performance of management checks;
2. carries out management checks, with the possible support of external auditors, by drawing up checklists;
3. It prepares the necessary administrative arrangements for the transparent selection of external auditors and ensures effective measures to check for possible conflicts of interest by consulting national databases (criminal and chamber of commerce records) as well as the Arachne system;
4. carries out quality checks on expenditure audited by external auditors by the end of each accounting period in order to confirm the reliability and quality of the activities carried out; specifically, the CU verifies
 - the correctness of the procedures used by the controllers;

- the correct use of the templates prepared by the programme MA's CU, such as checklists, minutes, etc;
 - the correct filing of information within the project file;
 - the adequacy of the audit trail.
5. ensures that the register of management checks is regularly updated, giving evidence of the checks carried out and of any expenditure found to be ineligible;
 6. notifies the UCO of any irregularities that have been definitively established;
 7. coordinates the activities of its external auditors through regular meetings in order to examine any cross-cutting issues and/or monitor the progress of management audit activities;
 8. Validates the invoices sent by the external auditors with regard to the correctness of the amounts claimed for the expenditure audited. It then informs the beneficiary about the authorisation for the payment of the auditor's fees;
 9. It supports the MA, for the profiles of competence, in the preparation of the management declaration on the basis of the template Annex XVIII to the CRP, in line with the indications provided by art. 74, paragraph 1, letter e) and letter f) of the CPR;
 10. It cooperates with the UCO to propose to the MA the necessary corrective measures to be adopted to overcome any criticalities detected by the AA, the EC, the ECA and/or the Italian Court of Auditors.

With reference to the management verifications carried out by the MNCA on the Maltese territory, the office in charge is FPD and performs the following activities:

1. collaborates with the CU in the preparation of the audit manual, audit trails and all working documents necessary for the performance of management checks;
2. carries out management checks on the expenses incurred by the Maltese beneficiaries, with the possible support of external auditors and drawing up checklists;
3. It prepares the necessary administrative arrangements for the transparent selection of external auditors possessing appropriate and sufficient qualifications and training and ensures effective measures to check for possible conflicts of interest by consulting national databases (criminal and chamber of commerce records) as well as the Arachne system;
4. It assigns the external auditors to Maltese project partners following an impartial and fair methodology and absorbs the costs associated with external auditor fees from the Technical Assistance allocated to the MNCA.
5. carries out quality checks on a sample basis based on a risk-assessment on expenditure controlled by external auditors by the end of each accounting period in order to confirm the reliability and quality of the activities carried out; specifically, it verifies

- the correctness of the procedures used by the controllers;
 - the correct use of the templates prepared by the programme MA's CU, such as checklists, minutes, etc;
 - the correct filing of information within the project file;
 - the adequacy of the audit trail.
5. Ensures that the register of management checks is regularly updated, giving evidence of the checks carried out and of any expenditure deemed ineligible, and makes it available to the CU of the MA;
 6. notifies the MA of any irregularities definitively established in respect of expenditure incurred by Maltese beneficiaries and identified by the controllers and/or IAID;
 7. coordinates the activities of its external auditors through regular meetings in order to examine any cross-cutting issues and/or monitor the progress of management audit activities;
 8. Validates the invoices submitted by the external auditors with reference to the correctness of the amounts claimed for the expenditure audited.
 9. It supports the MA, for the profiles of competence, in the preparation of the management declaration on the basis of the template Annex XVIII to the CRP in line with the indications provided by art. 74, paragraph 1, letter e) and letter f) of the CRP;
 10. It cooperates with the MA to ensure the necessary corrective measures to be taken to overcome any criticalities detected by the MA, the EC, the European Court of Auditors and/or the Italian Court of Auditors.

2.1.2.1 Management verifications

For the INTERREG VI A Italia-Malta programme, management verifications are carried out in accordance with Article 46(3) of the CTE Regulation, which derogates from Article 74(1)(a) of the CRP.

Therefore, each Member State (Italy and Malta) is responsible for the checks carried out on its territory as provided for in paragraph 7 of Art. 46 of the CTE Regulation.

As provided for in Art. 46(5) of the ETC Regulation, the MA shall ensure that the expenditure of the beneficiaries participating in an operation has been verified by the identified controller.

The "first level control" management checks are conducted with respect to each report submitted by the beneficiary. The individual beneficiary is responsible for the execution of the part of the project for which he/she is responsible, selecting the implementing subjects, and coordinating the correct physical and financial execution of the part of the operation, in accordance with the Community, national and regional regulations in force. The control procedure is initiated, with regard to the administrative checks, by the individual beneficiary preparing the expense reports for

the part of the operation under its own competence. This documentation, acquired following the start of the financing of the operation, is transmitted to the Italian or Maltese controller, respectively, through the information system.

In accordance with the CRP, management verifications (administrative verifications, concerning claims submitted by beneficiaries and on-the-spot verifications of operations) are based on risk assessment and proportionate to the risks identified ex-ante and in writing. These verifications, in accordance with Article 98 of the CPR, are carried out before the presentation of the accounts.

The MA uses the procedure in ARES(2023) 4220662 del 19/06/2023 to define and apply a risk assessment methodology that adequately takes into account factors such as the number, type and size of the operation, the type of beneficiary, the experience of the beneficiary, the complexity of the operation and the results of previous verification and audit activities.

The risk assessment will be carried out by developing a methodology first based on information on the time series of operations and beneficiaries from previous programming cycles, and then on information on operations and beneficiaries for which management verifications have been carried out in the meantime, at the start of the 2021-2027 programming period.

The MA through the CU and the MNCA are required to verify that:

- a. the expenditure refers to an approved transaction;
- b. expenditure refers to the eligibility period;
- c. the expenditure complies with regional, national and Union eligibility rules;
- d. the operation complies with the conditions of the programme including, where applicable, compliance with the approved financing rate;
- e. the co-financed products and services have been provided;
- f. the beneficiaries have paid the expenses claimed;
- g. the expenditure declared complies with the applicable law, the INTERREG VI-A Italia Malta programme and the conditions for support of the operation;
- h. the correctness and regularity of procurement and public contracting procedures has been ensured;
- i. the declared expenditure is not already co-financed by the European Union under other programmes (no double financing);
- j. the partner, when submitting expenditure, uses a separate accounting system or an appropriate accounting code to identify all transactions relating to the implementation of the project (separate accounting);
- k. the conditions for payments, with regard to the simplified cost options, have been met;

- l. compliance with State aid rules, as well as with obligations in the areas of sustainable development, equal opportunities and non-discrimination was respected;
- m. information, publicity and communication requirements with respect to EU and national standards have been met;
- n. the administrative, technical and accounting documentation of the interventions is adequate and complete.

These controls, which are distinguished between desk and on-the-spot administrative checks, are properly regulated in the first-level reporting and control manual that is **Annex 3** to the DMCS.

[1](#) Art. 49 para. 4 RoC, Art.5(1) of Dir. (EU) 2019/1024 of the European Parliament and of the Council

[2](#) ANNEX IX - Communication and visibility - Articles 47, 49 and 50 RoC

2.1.2.2 Quality verifications

The MA and MNCA are responsible for the "quality verifications", consisting of periodic checks on the quality of the first-level control activities already carried out by the appointed auditors.

These audits are conducted with the help of special checklists that are designed to certify, at the level of each auditor:

- the correctness of the procedures used by the controllers;
- the correct use of the templates prepared by the MA of the Programme, such as checklists, minutes, etc;
- the correct filing of information within the project file;
- the adequacy of the audit trail.

These checks should be carried out by the close of each accounting period in order to provide certainty as to the legality and regularity of the expenditure declared to the European Commission before the closure of the accounts.

The quality control procedure is described in the first-level reporting and control manual that will be annexed to the DMCS.

2.1.2.3 Description of Procedures for the Receipt, Verification and Validation of Request for reimbursement RFR by Lead Partners

The entities responsible for the processing of the request for reimbursement (RFR) are: the lead partner, the Joint Secretariat and the Managing Authority.

The lead partner, on the basis of the timeline indicated in the reporting manual and through the programme information system, receives the expenditure of each project partner beneficiary verified by the auditor, together with a certificate validating the expenditure.

In accordance with Article 26(1)(b) and (c) of the ETC Regulation, the lead partner:

- ensures that the expenditure declared by each beneficiary participating in the operation has been incurred in implementing the operation;
- ensures that the expenses declared correspond to the activities agreed between all partner beneficiaries also in accordance with the project approved by the Monitoring Committee;
- ensures that the expenditure declared by each beneficiary participating in the operation has been validated by the controller.

Once these verifications have been carried out for each project partner, the Lead Partner, on the basis of the timeframe indicated by the Managing Authority, proceeds to prepare the request for reimbursement through the IT system. The request for reimbursement shall contain the expenses of each partner (including the Lead Partner) reported, definitively incurred, verified by the FLC and the Lead Partner, relating to a specific reporting period. The request for reimbursement may also include, in duly justified cases, expenses referring to previous reporting periods, if not already included in the reference claim for reimbursement.

Through the system's validation flow, the request for reimbursement, containing the verification certificate of the expenditure, the checklists, the minutes of the control activity, the list of expenditure verified and declared eligible by the FLC, and the project progress report, is received by the JS of the programme.

The Joint Secretariat:

- verifies compliance between output and the subsidy contract in terms of expenditure, resources and eligibility of expenditure. This scope of control is carried out on an annual basis.
- verifies the truthfulness of the expenses declared by the beneficiaries through verification certificate of the expenditure (issued by the FLC to each partner). The JS also ensures the presence of the check list and the minutes of the control activity.
- verifies the outputs declared in the progress reports also through the documents uploaded in the System in the physical progress section. This scope of control is carried out on an annual basis.

After these verifications, the JS send the above-mentioned documentation to the Managing Authority via the system validation flow.

The Managing Authority:

- verifies and ascertains the verifications carried out by the JS;
- determines the amount to be reimbursed to the LP in relation to previously disbursed advances and the amount of expenditure verified;
- validates and send, after verifications, the declaration of expenditure to the BAF;
- initiates *follow-up* actions in case of irregularities.

The MA shall ensure the submission of all RfR to the BAF to enable the latter to complete the payment application, as well as to perform its functions and consequent tasks and activities in accordance with the EU regulations.

The MA shall ensure that each beneficiary - in any case subject to the availability of the amounts received as initial and annual pre-financing and interim payments (Art. 74(1)(b) CPR) - receives the amount due in full within 80 days from the date of submission of the RfR. If the information provided by the beneficiary is not sufficient to establish that the amount is payable, the 80-day period may be interrupted.

Following the adoption of the decree approving the subsidy contract, the MA shall pay the ERDF to the lead partner and the latter shall promptly transfer the respective ERDF to the partners within 30 days. The lead partner shall be responsible for proving to the MA that the ERDF resources have been transferred through the SI.

The MA also provides for the transfer of the NC share in the case of eligible Italian partners.

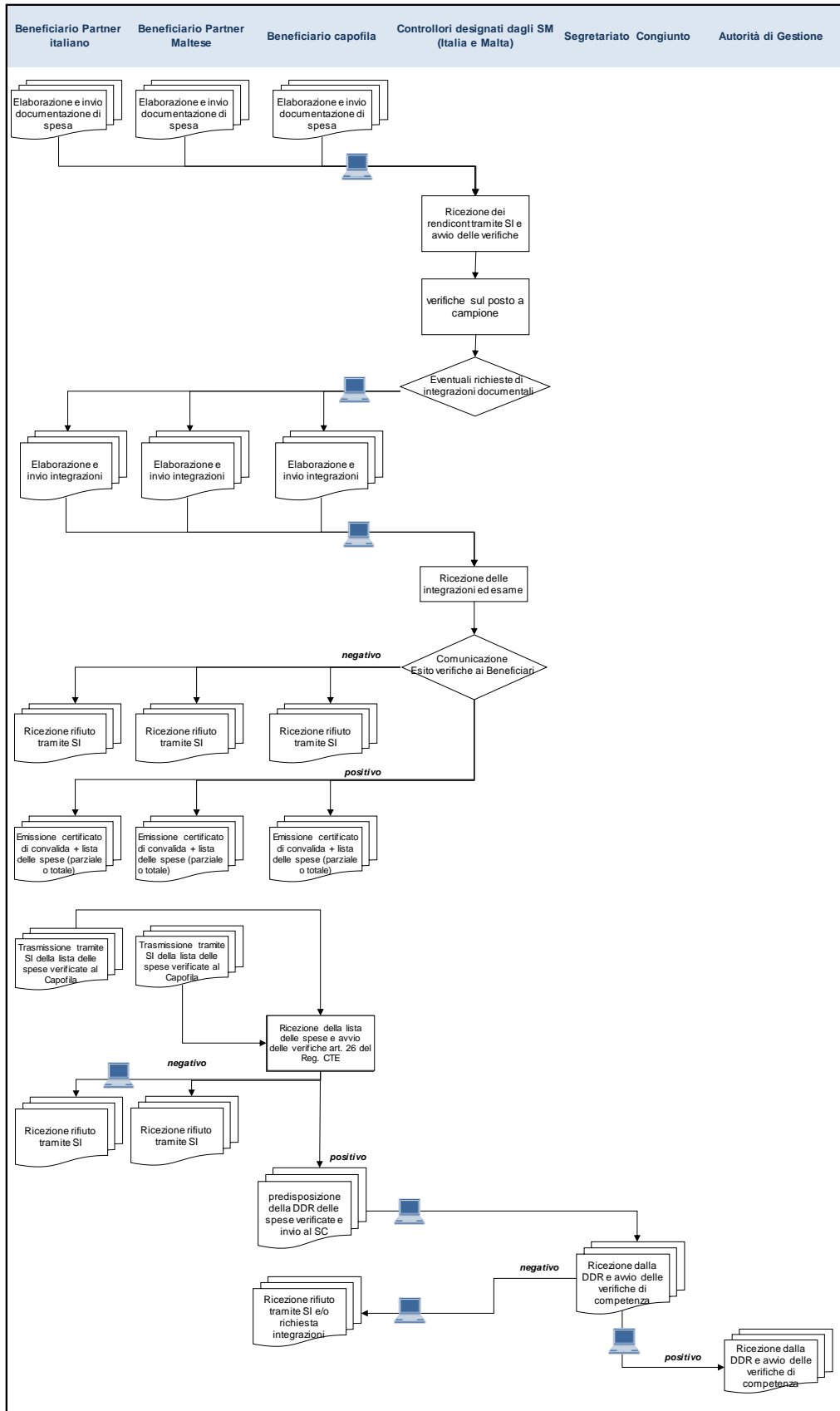
The procedure governing the accounts of the Sicilian Region presides over the management of the ERDF contribution and the financial flows resulting from EU programming.

The MA, having verified the actual availability of cash, may liquidate the ERDF prior to the actual reimbursement by the EC by disbursing an advance payment of resources equal to 50% of the ERDF of each partner under the approved project. The next tranche of advance, equal to 30% of the budget, will be disbursed to partners who have spent and certified the entire amount previously advanced. The remaining part of the contribution will be disbursed in the form of reimbursement.

The transfer of sums (advance payments and/or reimbursements) from the LP to the partner beneficiaries is carried out by means of a direct payment mandate, encumbered by separate accounts dedicated to the project itself.

Overall, the main steps with regard to the processing of claims are outlined as follows:

*Description of the functions and procedures in place for the Managing Authority".
Pursuant to Article 69 of the CRP - INTERREG VI-A Italia-Malta*



2.1.2.4 Audit Trail

Article 69 CRP, paragraph 6, states that management and control systems shall provide for systems and procedures to ensure an adequate audit trail; Annex XIII of the Regulation in Criterion 3 "Management and Control Activities" states that procedures shall be instructed to ensure an adequate audit trail by retaining accounting data for each transaction in electronic form.

Finally, Article 72(1)(e) makes this obligation part of the tasks of the MA, which must, therefore, establish procedures to ensure that all documents relating to expenditure and audits necessary to ensure an adequate audit trail are kept in accordance with Article 82 of the aforementioned Regulation.

An audit trail is adequate if it contains the minimum requirements defined in the aforementioned Annex XIII to the Regulation. The Department of Planning has prepared operational guidelines and tools to ensure compliance with the provisions of the relevant regulatory framework. In particular, the DRP Area 4 approves a set of simplified audit trail templates for macro-processes

The following audit trail models are approved by the Programming Department:

- I. audit trail for grants taking the forms set out in Article 53(1)(a) to (e);
- II. audit trail for the reimbursement of the Union contribution by the Commission under Article 94, to be kept at the level of the managing authority;
- III. audit trail for the reimbursement of the Union contribution by the Commission under Article 95, to be kept at the level of the managing authority;
- IV. Miscellaneous for additional types not included in Annex XIII of the CRP.

The information system 'makes it possible to store and make accessible to all levels (MA, BAF and AA) the financial, administrative, accounting and audit documentation and information - constituting the audit trail.

The UCO guarantees the correct loading of the audit trail at operation level and ensures compliance with all the minimum requirements of the CRP and its annexes, so that it can be considered adequate. It therefore guarantees that the beneficiaries who have access to the system, including the FLCs of Malta, feed the system with the project documentation. The Italian and Maltese FLCs, as far as they are competent, in addition to feeding the documentation at the procedure level, enter the checklists and the results of the management and first-level control activities (administrative and on-the-spot) into the system.

Format in which documents must be stored

For each phase of the implementation process of an operation, the MA shall ensure that the relevant and relevant documentation is kept, either by using the IT System of the programme where

necessary, or by hard copy. Copies of the documents resulting from the implementation process of an operation may therefore be present on the IT System.

This documentation will be used to ensure compliance with the requirements of the audit trail and the maintenance of the project file for each individual operation, including during any audits.

The archiving of project documents makes it possible, even after project closure:

- a clear reconstruction of expenditure data and project documents;
- the reconciliation of expenditure documents with each reimbursement request.

The MA may keep documents in the form of originals or copies, but shall ensure that existing documents are kept in electronic form, on commonly accepted data carriers. These documents shall also be kept in a form that permits the identification of the persons concerned only for the period necessary to achieve the purposes for which the data are collected or subsequently processed.

The documentation will be duly updated and made available, in extract or copy, to authorised inspection staff and bodies. Where certain documents are only available in electronic format, the computer systems used will have to meet accepted security standards and, in addition, will have to ensure that the documents stored comply with national legal requirements and are reliable for audit purposes.

In order to meet the aforementioned regulatory requirements, the documents are kept in original or certified copies on commonly accepted media, i.e:

- Photocopies of original documents;
- Microfiches of original documents;
- Electronic versions of original documents;
- Documents available in electronic format only.

Moreover, the MA shall ensure that the aforementioned documents are made available in the event of inspections and that extracts or copies are provided to the persons or bodies that are entitled to them, including at least the authorised staff of the MA, the Body performing the accounting function, the Control Unit, and the AA and any bodies that perform audit activities under the responsibility of the main authority and over which the AA exercises supervision. The compliance with the obligations to keep and make available the supporting documents on the side of the beneficiaries of the operations is subject to verification during the performance of the on-the-spot checks on the operations themselves, carried out by the MA and the CU, during the system audits under the responsibility of the MA, and the AA and the Commission Audits.

An electronic exchange of data is promoted and ensured in order to provide the beneficiaries with all the necessary support in this respect.

2.1.2.5 Management declaration and assurance of the legality and regularity of expenditure

The Declaration is drawn up by the MA on the basis of the template Annex XVIII to the CRP in line with the indications provided by art. 74, paragraph 1, letter e) and letter f) of the same Regulation also in order to give evidence that the expenses recorded in the accounts are legal and regular.

With the Management Declaration, the MA confirms and declares that:

- the information in the accounts is presented fairly, complete and accurate in accordance with Article 98 of Regulation (EU) 2021/1060;
- the expenditure recorded in the accounts complies with the applicable law and has been used for the intended purposes;
- the irregularities identified in the final audit or control reports for the accounting period have been adequately dealt with in the accounts;
- expenditure subject to an ongoing evaluation of its legality and regularity has been excluded from the accounts pending the conclusion of the evaluation;
- the reliability of data on indicators, intermediate targets and programme progress;
- the implementation of effective and proportionate anti-fraud measures that take into account the risks identified in this regard;
- that they are not aware of any confidential information in terms of reputation relating to the implementation of the programme.

The Management Declaration is drawn up by the MA (through the joint collaboration of the MCO, the CU and the MNCA), which includes the certification of regularity and the provision of all the necessary information, each for the parts falling under its competence.

The internal procedures setting out the activities included in the verification of the statements contained in the declaration drawn up by the MA are also planned taking into account the timeframe required by the AA for the audit of the accounts.

As provided for in Article 98 of the Regulation, the management declaration included in the so-called "assurance package" is sent via SFC 2021 to the Commission by 15 February of the year following each accounting period for which payment claims have been submitted.

2.1.2.6 Programme Monitoring Committee

The Monitoring Committee (MC) is the decision-making body of the Programme in charge of examining the overall effectiveness, quality and consistency of the implementation of actions to achieve the objectives set out in the cooperation programme. The MC will undertake its activities from the moment of its establishment until the closure of the Programme.

As provided for in the ETC Regulation (Articles 22, 28, 29 and 30)

The MC examines:

1. progress in implementing the programme and achieving its intermediate and final targets;

2. all issues affecting the performance of the INTERREG programme and the measures taken to address them;
3. the progress made in carrying out evaluations and summaries of evaluations, as well as the follow-up of observations;
4. the implementation of communication and visibility actions;
5. progress in implementing Interreg operations of strategic importance;
6. progress in developing the administrative capacity of public administrations and beneficiaries;

and approves:

7. the methodology and criteria used for the selection of operations, including any amendments thereto, after notification to the Commission, where required, in accordance with Article 22(3) of the ETC Regulation, without prejudice to Article 33(3)(b), (c) and of the CRP Regulation;
8. the selection and modification of operations only if this function is not delegated to the Monitoring Committee;
9. the evaluation plan and any changes to it;
10. any proposals for programme modifications made by the MA, including a transfer in accordance with Article 19(5);
11. the final performance report

The Monitoring Committee meets as provided for in the programme and at least once a year. Rules of procedure define its functioning. Its composition, functions and decision-making mechanisms are specified in the Rules of Procedure available as an appendix to this SIGECO (**Annex 1**). For the purposes of Articles 28(4) and 29(2) of Regulation (EU) 2021/1059, the Rules of Procedure and the list of members of the Committee are published on the programme website.

2.1.2.7 Programme Steering Committee

According to Art. 22 and 28 of the ETC Regulation, the MC may establish a Steering Committee (SC) to act under its responsibility for the selection of operations. The composition of the STC shall respect the principle of a balanced representation of the competent authorities of the cooperation area as laid down in Article 29 (1) of the ETC Regulation. The SC has its own Rules of Procedure, which prevent any conflict of interest during the selection of operations and include provisions concerning voting rights, operating mechanisms and rules for participation in meetings. The Rules of the SC are approved by the Monitoring Committee.

2.1.2.8 Selection Criteria for Operations

The operation selection criteria set out the sequential and progressive verification and evaluation areas that contribute to the selection of projects submitted under the "project proposal selection notices" approved by the MA.

The selection criteria are approved by the MC pursuant to Article 30(2) of the ETC Regulation.

In line with the "Interreg VI-A Italia-Malta" Programme and Art. 22 of the ETC Regulation, the Steering Committee if established by the MC and acting under the responsibility of the Monitoring Committee, proceeds to the selection of operations.

The criteria identified for the selection of projects cover the following areas of verification and evaluation:

a. Eligibility and formal eligibility requirements

Preliminary investigation of project proposals aimed at verifying both compliance with the formal eligibility requirements (administrative formalities for the submission of the application and the Application Form) and the existence of the general eligibility requirements (minimum eligibility conditions) of the proposals themselves as governed by the programme and by the "public notice for the selection of project proposals".

The application of non-discriminatory and transparent criteria and procedures, compliance with various principles such as the contribution to the programme objectives, the relationship between the amount of support and quality, the so-called horizontal principles, and non-infringement of the Treaty on the Functioning of the EU are also checked at this stage. The control is based on questions that can be answered with 'yes' or 'no'. A negative answer may result in the total rejection of the project proposal or a request for further information or clarification.

b. Assessment of the quality of project proposals

Verification activities to ascertain the strategic assessment and operational evaluation of the project proposal.

Specific selection criteria are approved by the MC, with the application of minimum threshold scores, taking into account the following different types of notices under the Italy-Malta programme:

- a. Announcements of one-step project proposals
- b. Notices for small projects
- c. Calls for capitalisation projects and/or targeted calls.

2.1.2.9 Technical Assistance

In accordance with Articles 36(3) and 51(e) of the CPR and Article 27(4) of the ETC Regulation, the amount of the Funds allocated to technical assistance is identified within the financial allocations of each programme priority in accordance with Article 17(3)(f) and does not take the form of a separate priority or specific programme.

Technical assistance is reimbursed taking into account 7% of the eligible expenditure included in each payment claim under Article 91(3)(a) or (c) of Regulation (EU) 2021/1060.

The INTERREG VI-A Italia-Malta Programme has a total ERDF allocation of 46 Meuros and therefore the Commission has applied the provisions of par. 4 of the ETC Reg. that foresees an increase in the amount of total TA resources of EUR 500,000 that are transferred on the occasion of the first interim payment.

The TA resources allocated by the EC to the programme amount to € 3,514,789.00 (ERDF only).

TA resources are instrumental in the proper execution of programme planning, management and control activities.

The beneficiaries of TA resources are:

- the MA, which must ensure the fulfilment of its tasks as mentioned in section 2.1.2 above.
- the MNCA in order to ensure the activity of territorial animation and impulse on the Maltese territory as well as the coordination and liaison of external controllers.

The percentages of allocation of these resources between the MA and the MNCA in Malta and the related reimbursement mechanism are detailed in the agreement signed between MA and MNCA (**Annex 2** to the DMCS)

2.1.2.10 Description of procedures to ensure anti-fraud measures

The procedures to ensure anti-fraud measures within the INTERREG VI-A Italia Malta programme are aligned with those of the Managing Authority of the ERDF Operational Programme ERDF Sicily Region 2021-2027.

The Maltese National Coordination Authority will notify the MA of any detected frauds for follow-up action.

European legislation on the control of fraudulent activities involving, in particular, the use of European funds, refers to Article 325 of the Treaty on the Functioning of the European Union, Decision No. 1999/352/EC, ECSC, Euratom of 28 April 1999, which established the European Anti-Fraud Office (OLAF), and to Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017, which prescribes the use of national criminal law by Member States to counter fraud affecting the financial interests of the European Union.

In line with the provisions of Article 74(1)(c) CRP, the MA shall establish effective and proportionate measures in relation to the risk assessment of the impact and likelihood of fraud risks and risks related to conflict of interest, systematising actions aimed at prevention, detection and correction, relevant to the key processes in the implementation of the programme. To this end, appropriate procedures are identified for the determination, assessment and measurement of the risk of fraud and of possible conflicts of interest related to the articulation and complexity of the Regional Programme.

Periodically, the first time at a stage prior to the implementation of the Programme, and subsequently during the implementation of the Programme - depending on the level of risk

identified, the financial progress of the Programme, the results of the checks carried out, or the substantial modification of certain elements of the reference context (system), - the fraud risk assessment is updated, either annually or at least every two years, or whenever a review of the risk assessment is necessary.

In particular, on the basis of the indications contained in the Guidance Note EGESIF_14-0021-00 of 16 June 2014 - Assessment of fraud risks and effective and proportionate anti-fraud measures, prepared by the Commission Services, the Programming Department (Area 4) identifies and assesses the specific risks - in terms of impact and likelihood of occurrence - in relation to the three main processes that characterise the management of co-financed operations: selection, implementation and verification of operations, and payments.

In addition, the Department of Programming has, by Decree of the Director General (DDG) No. 282/A7 of 07/07/2017, established the Fraud Risk Self-Assessment Group, with the main objective of activating the fraud risk self-assessment exercise according to the methodology proposed by the Commission, through the assessment and formulation of proposals for the implementation of specific actions mitigating the risks themselves. At the same time, the self-assessment tool RS_fraud_risk_assessment_AcAdG_v.01 (version June 2017) was approved.

The self-assessment procedure, at the stage of first adoption, entails the verification of the usability of the tool made available by the Commission in the framework of the three identified key processes and its possible contextualisation with respect to the applicable national and regional regulations and to the controls already existing within the Management and Control System of the Programme. The procedure, therefore, provides for:

1. For each of the specific risks identified with respect to the aforementioned processes, the identification of the so-called gross risk by measuring the degree of impact, i.e. the effects on the performance of the Regional Programme in the event of occurrence and the probability of occurrence during the Community programming period;
2. The analysis of existing controls aimed at reducing gross risk;
3. The measurement and assessment of net risk, taking into account the incidence and effectiveness of existing controls, i.e. the situation as it stands,
4. in the event of the detection of a significant net risk value, the activation of an Action Plan consisting in the identification of additional, mitigating controls, to be integrated into the Management and Control System of the Programme, also taking into consideration those suggested by the Commission proposed by the Self-Assessment Tool, verifying their applicability, adaptability in the regional context, integration with similar control mechanisms (e.g. Law No. 190/2012 - Provisions for the prevention and repression of corruption and illegality in the public administration and related implementing provisions),
5. Measuring the effectiveness of additional controls on the level of impact and probability of occurrence by having defined an a priori tolerable risk target.

The self-assessment is carried out using the tool suggested by the European Commission in the above-mentioned EGESIF note, assessing the effectiveness of the adopted control system and taking into account findings and analyses of recurrent and known risks encountered, in general, in the implementation of cohesion policy and, in particular, in previous programming periods.

Together with the regular self-assessment exercise, the MA's anti-fraud strategy also includes:

- the use of the European computer database ARACHNE as a tool for risk analysis and from which to obtain further indications of fraud and/or irregularities from the consultation, in line with the provisions of the "National Guidelines for the use of the Community anti-fraud system ARACHNE". In this framework, within their respective tasks of implementing the Plan, the MA will be able to make use of the ARACHNE tool as a platform of Business Intelligence and integrated analysis aimed at enhancing the action against EU fraud for use also in the preventive phase of the risk;
- Another ad hoc national tool prepared and complementary to the use of ARACHNE as well as a valid support to the MA, Audit Authority is the National Anti-Fraud Platform - PIAF, developed by RGS in collaboration with COLAF and co-financed by the European Commission, able to aggregate data from heterogeneous national and European sources, with the aim of providing a technological tool able to intensify the exchange of information and, therefore, to maximise the delicate but fundamental phase of "anti-fraud prevention".
- For the purposes of prevention, an accurate risk assessment becomes essential, also using principles and tools that are already operational at the Presidency of the Council, referring to the indications provided at national level by the "National Anti-Corruption Plan" (PNA) approved by ANAC with Resolution no. 7 of 17.01.2023 and, at the level of each administration, by the "Three-Year Plan for the Prevention of Corruption" (PTPC) - Update 2022-2024, approved by Decree of the Sicilian Region no. 517/GAB of 07/03/2022, integrated with the other instruments of the Administration's performance cycle, the Performance Plan 2021-2023 adopted by Decree No. 611/GAB of 23.11.2021, the Three-Year Transparency and Integrity Programme (last identified version of 2013-2016), the Code of Conduct for employees of the Sicilian Region.
- the adoption of prevention and detection measures aimed at activating a mechanism through which the public employee can report irregularities in the event of suspected fraudulent conduct pursuant to Law 190/2012 (Protection of the employee who reports wrongdoing - Whistleblowing pursuant to Legislative Decree 165/2001: art. 54 bis.), in strict coherence with those already provided for at regional level (<https://servizi.anticorruzione.it/segnalazioni/#/> - <http://whistleblower.regione.sicilia.it>); the updating of the memorandum of understanding with the Guardia di Finanza.

Taking into account the identified risks, the prevention and detection measures set up by the MA will, therefore, have the objective of adapting, in the presence of certain conditions, the Management and Control System of the Programme, constantly guaranteeing its effectiveness for

the purpose of respecting the limit of tolerable risk. The actions that will be put in place will, therefore, be aimed at:

- Improving the transparency of decision-making processes, including by preparing and disseminating instructions for the implementation and management of operations in order to allow for accurate awareness and knowledge on the part of beneficiaries;
- Enable appropriate data analysis through the use of software to identify trends, patterns, anomalies and exceptions, in order to detect warning signals and check for gaps that could potentially indicate fraud risks;
- strengthen internal control systems;
- encourage the transmission of information on suspected fraud;
- improve cooperation between the three Managing and Audit Authorities) and between them and the police authorities, in particular the GdF;
- Raising the level of staff awareness through training, information and awareness-raising on past experiences and areas where the possibility of fraud is greatest (public procurement management), activating an effective and preventive ethical awareness, in the specific need to identify and map fraud indicators;
- analysing lessons learnt from audit results and fraud cases detected during the 2007-2013 and 2014-2020 Programming.

The Sicilian Region cooperates with the national coordination body known as the 'Committee to Combat Fraud against the European Union-Colaf (now Afcos referred to in Article 3(4) of Regulation (EU, EURATOM) No 883/2013)' in order to facilitate effective cooperation and exchange of information with the European Anti-Fraud Office (OLAF), including information of an operational nature. It also participates in that body's initiatives aimed at the dissemination of information, the exchange of good practices, and the definition of common and shared guidelines and behaviours. The reports of the UCOs are transmitted to Rome, on a dedicated computer system, by Area 4 of the AcAdG, which periodically updates the list of the so-called 'Olaf cases', following positive or negative developments in the investigations and enquiries.

Finally, the CRP mentions, in recitals 49 and 52, double financing by reiterating the prohibition and the need to establish specific conditions preventing it while allowing for the possibility of combining funding from different Union instruments in the same operation. Indeed, in order to maximise the added value of investments financed in whole or in part by the Union budget, synergies are recommended, in particular between the funds and other relevant instruments, including the Recovery and Resilience Facility.

2.1.2.11 Examination of complaints

The programme, in accordance with the regional and national regulatory provisions of the MA, ensures effective arrangements for the examination of complaints concerning as indicated in article 69, par.7 Reg.

It should be noted that a complaint is any dispute between potential and selected beneficiaries in relation to the proposed or selected operations and any dispute with third parties concerning the implementation of the programme or its operations, regardless of the classification of remedies under national law. The modalities of examination, according to the discipline provided by the internal regulations of the MA, concern cases of complaints against the selection measures of project applications.

1. Complaints against the selection of applications for project funding

Against a decision of the Steering Committee/Monitoring Committee refusing the award of a public grant on the grounds that the application was not selected or the project submitted was not approved, the potential beneficiary who considers himself aggrieved may bring a legal action:

- Submit appropriate counter-arguments, within the deadlines that will be set by the selection notices, to the MA, which will forward them to the Steering Committee/Monitoring Committee for possible review;
- Hierarchical appeal;
- Jurisdictional appeal to the competent Regional Administrative Court;
- Extraordinary appeal to the President of the Sicilian Region pursuant to Article 23 of the Sicilian Statute.

2.1.2.12 Treatment and follow-up of irregularities

The entity in charge of the assessment of irregularities and possible fraud is the Managing Authority, which, pursuant to Article 74 CPR, in the framework of the management of the Programme: prevents, detects and corrects irregularities and confirms that the expenditure recorded in the accounts is legal and regular.

An irregularity is defined as any infringement of Community or national law in relation to its application, resulting from an act or omission by an economic operator involved in the implementation of Community funds, which has, or would have, the effect of prejudicing the Union budget by charging an unjustified item of expenditure to it.

Fraud qualifies as an irregularity characterised by the intentional elements of the action or omission and its manner of execution. It takes the form of activities such as:

- the use or presentation of false, incorrect or incomplete statements or documents, resulting in the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities;

- non-disclosure of information in breach of a specific obligation to the same effect;
- the diversion of these funds for purposes other than those for which they were initially granted.

In order to counter irregular, fraudulent and/or corrupt actions, the MA is oriented towards ensuring the principle of sound financial management, with the obligation to take measures aimed at preventing, detecting and rectifying fraud, corruption and conflicts of interest and duplication of funding (so-called 'double funding').

Irregularities can be detected, during the management and control process, through the verifications carried out by the different subjects in charge of management, control (Italian and Maltese) and audit, as well as by the national, local and Community control bodies: they therefore occur during the entire implementation of the programme.

All personnel involved in the implementation of the programme have an obligation to report irregularities and cases of fraud.

Pursuant to Article 69(2) CRP the following irregularities have to be reported to the Commission:

1. irregularities which have been the subject of an initial written assessment by a competent authority, either administrative or judicial, which, on the basis of specific facts, has established the existence of an irregularity, without prejudice to the possibility of revising or withdrawing this finding in the light of developments in the administrative or judicial procedure;
2. irregularities giving rise to the initiation of administrative or judicial proceedings at national level in order to establish the existence of fraud or other offences, as referred to in Article 3(2)(a) and (b) and Article 4(1), (2) and (3) of Directive (EU) 2017/1371, and Article 1(1)(a);
3. irregularities preceding a bankruptcy;
4. a specific irregularity or series of irregularities for which the Commission sends the Member State a written request for information following an initial report by a Member State.

The following cases are not subject to disclosure:

- irregularities involving an amount of less than EUR 10,000 in contributions, with exemption for irregularities that are interconnected and that, even if of a smaller amount, cumulatively exceed the amount of EUR 10,000;
- cases where the irregularity consists solely in the non-implementation, in whole or in part, of an operation under the co-financed programme due to the non-fraudulent bankruptcy of the beneficiary;

- cases spontaneously reported by the beneficiary to the managing authority or to the authority in charge of the accounting function before detection by either authority, either before or after payment of the public contribution;
- cases detected and corrected by the managing authority before inclusion in an application for payment sent to the Commission

The MA, upon receipt of a deed or a report, promptly verifies the elements indicated and, where such elements are substantial enough to justify the hypothesis of a violation of the Community, national or regional rules, such as to be able, even in the abstract, to cause damage to the European budget, it also compiles the appropriate form on the IMS system, where the requirements are met, by means of a quarterly periodic communication to the competent central administration (as provided for by article 8 of EU, EURATOM Reg. no. 883/2013 and article 10 of EU Reg. 904/2010) for the subsequent forwarding to the European Commission. (EU, EURATOM) No. 883/2013 and Art. 10 of EU Reg. 904/2010) for subsequent forwarding to the European Commission.

The Irregularities and Fraud Database IMS (Irregularities Management System) is an application that allows Member States to prepare, send and update quarterly irregularity report forms electronically to OLAF.

The Member State in which the irregular expenditure was incurred by the beneficiary and paid for the implementation of the operation shall be responsible for reporting the irregularity in accordance with Article 69(2) and shall do so within two months of the end of each quarter following their detection or as soon as further information becomes available.

However, Member States shall immediately notify the Commission of any established or suspected irregularities, indicating any other Member States concerned, if the irregularities may have repercussions outside their territory.

Where national provisions provide for the confidentiality of investigations, only information subject to the authorisation of the judicial authority, court or other competent body in line with national law may be disclosed.

Information transmitted in accordance with Annex XII of the CRP may be used for the purpose of the protection of the financial interests of the Union, in particular for carrying out risk analyses and developing systems to identify risks more effectively. Such information shall not be used for any purpose other than the protection of the Union's financial interests, unless the authorities supplying it have given their express consent. If no irregularities and/or fraud are detected, the report is archived.

Pursuant to Article 52 of the ETC Regulation, the MA shall ensure that any sum paid as a result of an irregularity is recovered from the lead partner.

- The Managing Authority has opted for immediate withdrawal through the mechanism of "compensation" when an irregularity is detected. Thus, irregular expenditure is withdrawn at the same time as the next payment;
- In the case of closed projects, the irregularity found gives rise to the issue of a recovery order; the MA then initiates the recovery procedure for the undue amounts through the lead partner.

Any amount unduly received in excess of €5, except for negligence or fault on the part of the MA, must be recovered, with a letter to the lead partner requesting such payment. Once the recovery of the unduly received amounts has been made, the MA shall account for this withdrawal to the BAF.

If the lead partner does not obtain reimbursement from the other partners, or if the MA does not obtain reimbursement from the lead or single partner, Art. 52(3) applies and the Member State on whose territory the partner in question is located or, in the case of an EGTC, the EGTC is registered, reimburses the MA for any amount unduly paid to that partner. The MA is responsible for reimbursing the amounts concerned to the general budget of the Union, according to the division of responsibilities between the Member States established by the Interreg Programme.

Consequently, in the event that the Maltese State proceeds to reimburse to the MA sums unduly paid to a Maltese beneficiary, it will also be able to secure reimbursement from the beneficiary whose recovery has been ordered through legal action. With reference to the responsibility for the use of Interreg funds (ERDF):

- Each participating state will assume individual responsibility for the expenses of project partners located on its territory;
- in the event of a systemic irregularity or financial correction, both Italy and Malta will bear the relevant financial consequences, in proportion to the irregularity detected in their respective territories. Where a systemic irregularity or financial correction cannot be attributed to a specific territory of the participating States, they will be liable in proportion to the Interreg contribution (ERDF) paid to the partners concerned in their respective national territories.

Taking into account that any corrections related to the implementation of the projects have a direct impact on the technical assistance expenses paid by the Commission, it is confirmed that the same principles related to the accountability for the use of Interreg funds will also be applied to determine the Technical Assistance corrections. Within the "agreement for the management and implementation of TA resources of the programme by the MNCA" signed with the MA (see Art. 2 and art. 6) it is clarified that in case financial corrections are applied as a result of expenditure audits by the Audit Authority and/or by the European Commission or other national and EC bodies, the share of technical assistance will necessarily have to be recalculated downward from the initial allocation.

percentages;

2.1.3. Where applicable, specification per intermediate body of each of the functions and tasks delegated by the managing authority, identification of the intermediate bodies and the form of the delegation. Reference should be made to relevant documents (written agreements)

There are no delegations of functions by the MA to the IBs

2.1.4. Procedures for the supervision of the functions and tasks delegated by the managing authority, if any

NA

2.1.5. Framework to ensure that an appropriate risk management exercise is conducted when necessary, and in particular in the event of major modifications to the management and control system.

Taking into account the principle of proportionality (which aims to avoid duplication of audits or controls carried out under the programme, the level of risk to the Union budget and the need to minimise the administrative burden on beneficiaries) the MA shall ensure a framework of management and control procedures for the programme that ensures that appropriate risk management is carried out where necessary, in particular in the event of significant changes to activities and structures that affect both the pre-implementation and implementation phases of the programme.

The MA, in agreement with the MNCA, ensures appropriate risk management of the programme through the development of appropriate procedures to identify

- activities potentially prone to the occurrence of risks;
- appropriate actions and measures to prevent the configuration of risks;
- follow-up activities in the event of any corrective action following the checks carried out.

The risk management procedure identified by the MA takes into account the principle of sound financial management and the system of Level I controls adopted and defines

- the level and type of risks found in the actions implemented under the programme;
- the level of risk associated with the type of beneficiaries;
- the level of risk associated with the type of operations concerned.

The analysis on the System is therefore carried out by Area 4 of the MA in agreement with the MNCA.

- significant changes in the Management and Control System;
- activities for which substantial changes have occurred compared to those implemented during the previous programming period, since they qualify as 'potential risk' categories;
- activities defined for the first time under the 2021/2027 programme.

As a result of this activity, the MA ensures appropriate risk management and action plans that include:

- the evaluation of the error rate resulting from Level I checks;
- targeted sampling;
- the identification of the activities most prone to the emergence of risks, including the risk of fraud, arising, for example, from overly articulated procedures, the number of actors involved, the size of the financial resources, the risk associated with the beneficiaries, starting from the mapping of risk areas conducted as part of the three-year corruption prevention plan.
- the definition and activation of any corrective or improvement measures in the management and control procedures ordered as a result of Level I controls;
- the implementation of risk prevention and mitigation initiatives, such as:
 - training actions for internal staff and beneficiaries;
 - dissemination of the European Commission's Recommendations for reducing errors in procurement procedures;
 - a system for measuring and evaluating organisational and individual performance linked to the achievement of programme objectives.

The risk management procedures are strongly linked to the programme's system of Level I controls and ensure that the MA and the MNCA offices can take appropriate corrective measures, necessary to remedy the critical issues found as a result of the controls and useful to reduce the future risk rate.

2.1.6 Organisation chart of the managing authority and information on its relationship with any other bodies or divisions (internal or external) that carry out functions and tasks as provided for in Articles 72 to 75.

The MA team, which is in charge of programme management, implementation and control activities, is made up as follows:

- UCO - Area 7 'Programme Management for European Territorial Cooperation and Supranational Cooperation' consisting of:
 - 1 area manager
 - 1 management instructor
 - 1 administrative assistant
- Control Unit - Area 4 *"Controls, coordination of control activities, repression of community frauds for programmes, plans and other implementing instruments of*

departmental competence - monitoring and control unit for actions and operations implemented by the department" composed of

- 1 area manager
- 2 management officials

- *Service 1 - Service for communication* consisting of:
 - 1 management official in charge of programme communication

- *Area 3 - Financial Management and Execution - Operations Office - Departmental Budget and Financial Management Office* composed of:
 - 1 area manager
 - 1 management instructor

- *Area 2 – programmazione, monitoraggio pianificazione e gestione finanziari di programmi, piani e altri strumenti attuativi* composed of
 - 1 area manager
 - 1 management officials
 - 1 management instructor

The Managing Authority is responsible for the functions referred to in point 2.1.2.

All internal staff have adequate technical and language skills as well as experience in managing European programmes.

The Joint Secretariat (JS) is the body foreseen by Article 46 of Regulation (EU) 2021/1059 to assist the Managing Authority and the Monitoring Committee in carrying out their respective functions.

The SC provides information to potential beneficiaries on funding opportunities and supports the MA in carrying out its responsibilities and implementing beneficiaries' operations. The JS ensures the administrative, financial and physical monitoring of the programme through the information system.

The JS staff is recruited by the MA through public procedures whose notice was agreed upon with the representatives of the Maltese authorities. The team consists of 4 staff units headed by a coordinator.

Procedures of the Managing Authority for the transmission of information to the Body carrying out the accounting function

The MA provides the BAF with access to the IT System through the creation of a specific user account, which allows the BAF to view, acquire and process the data necessary to support both the

submission of periodic payment claims and the presentation of the annual accounts, in accordance with Article 76 of the CRP.

The MA makes the following information available through the IT System:

- Master data and essential data of the projects co-financed by the programme and their beneficiaries and their territorial location (Sicily and Malta);
- Supporting documents supporting the Payment Requests submitted by Lead Partners with a list of expenditure and payments made by all beneficiary partners involved in implementation;
- Outcome of Level I and Level II controls (Italian and Maltese) and all other controls that covered the reported expenditure;
- Check list of the JS for competence checks;
- Declaration by the MA on the correctness, regularity and reality of the expenses incurred by the beneficiaries;

Specific functionalities to support the certification activities, including the preparation of the periodic payment claims and the declaration of the annual accounts, as well as the recording of the status of recoveries. Also using the Information System and the results of management checks, the MA confirms that the expenditure is real, the products or services have been delivered in accordance with the approval decision, the lead partners' reimbursement claims are correct and the operations and expenditure comply with EU and national rules.

The OFC, having its own access key, can in turn access this information and, at any time, can carry out the checks provided for or activate additional control and verification methods, when submitting interim and final payment claims, as well as when submitting annual accounts.

Moreover, the Information System enables a shared management of the processing of **irregularities**: the MA and the BAF, each for the part under its competence, also manage in a computerised manner the information on deficiencies and/or irregularities (detection of cases of irregularities including suspected and ascertained frauds) detected in the context of management checks, audits and controls by national or Union bodies and the corrective actions undertaken (date of activation, date of conclusion; amount to be recovered, amount recovered).

Through its interoperability and unity features, the system allows the aggregation of these data for the financial management of the programme and enables the preparation of the communication of financial data, payment claims and annual accounts to be transmitted to the EU using the data exchange system established by the Commission (SFC 2021), based on the templates provided by the CRP.

In the case of intermediate payment applications, for which article 91 of the CPR specifically states that a maximum of six payment applications can be submitted for each accounting period and in a timeframe between the following dates: 28 February, 31 May, 31 July, 31 October, 30 November and 31 December, these shall be made in compliance with the timeframe indicated by the Regulation and previously agreed upon between the MA and the BAF, also in consideration of the constraints related to the budgetary needs of the MA and the need to avoid automatic decommitment.

The MA also ensures, in the case of operations with State Aid and for which advances have been certified in accordance with art. 91 par. 5 of the CRP, an adequate system to monitor the coverage of such advances by expenses incurred by the beneficiaries within three years from the year in which the advance was paid.

Therefore, by 10 January of the fourth year from the disbursement of the advance payment, the MA must notify the BAF of the list of the certified advances, indicating, also by means of a special report extracted from the SI, the covered and uncovered share.

In the event the advance is disbursed as from 1 January 2027, the MA is required to monitor the coverage of the advances by 31 December 2029, always informing the BAF thereof.

Procedures of the Managing Authority for the transmission of information to the Audit Authority

The MA has a specific procedure to ensure the transmission of information to the AA, including information on deficiencies and/or irregularities (including cases of suspected and proven fraud) detected and their follow-up in the context of management checks, audits and controls carried out by national or Union bodies.

On the basis of the data and information recorded in the Information System and the supporting documentation, the MA, through the CU, periodically carries out the analysis of the irregularities, including suspected and ascertained cases of fraud, detected during the audits carried out by the various subjects involved (at programme level or by other competent national and Community bodies); it also ensures that it keeps track of the follow-up of the corrective actions implemented following the audits.

The MA shall ensure that the Declaration referred to in paragraph 2.1.2.5 is made available to the AA in time for the audit of the accounts.

The MA also provides the AA with the results of follow-ups in the context of management checks, audits and controls by EU or national bodies.

Finally, the MA undertakes to provide the AA with all the information on any changes to the DMCS that may be necessary during the implementation of the Programme.

2.1.7. Indication of planned resources to be allocated in relation to the different functions of the managing authority (including information on any planned outsourcing and its scope, where appropriate).

To perform the various functions of the MA, a specific budget will be allocated taking into account the resources allocated to Technical Assistance by the 2021-2027 programme. The total ERDF financial resources amount to Euro 3,514,789.00. On the basis of the 2014-2020 experience and taking into account the tasks that must be ensured to guarantee a sound and efficient programme management, 80% of the TA budget will be allocated to the MA.

3. BODY CARRYING OUT THE ACCOUNTING FUNCTION

3.1. STATUS AND DESCRIPTION OF THE ORGANISATION AND PROCEDURES RELATING TO THE FUNCTIONS OF THE BODY CARRYING OUT THE ACCOUNTING FUNCTION

In application of art. 72, par. 2 of the CPR, the accounting function is entrusted to a body other than the MA and, therefore, it assumes the role of Programme Authority pursuant to art. 71, par. 1 of the same Reg.

The body performing the accounting function (BAF) of the INTERREG VI-A Italia Malta has been identified in the Special Office Certifying Authority of the programmes co-financed by the European Commission of the Presidency of the Sicilian Region.

As required by EU regulations, the BAF has been appropriately placed so as to be functionally autonomous from the management and audit activities of the interventions. It reports directly to the President of the Sicilian Region. The BAF is functionally autonomous both financially and in terms of personnel. In fact, it enjoys management autonomy and independence from any other office, in relation to the functions assigned according to the Community provisions.

3.1.1. Status of the body carrying out the accounting function (body governed by national, regional or local public law or private body) and the body to which it belongs, if any

The body performing the accounting function is identified in the pro tempore General Manager of the Certifying Authority of the programmes co-financed by the European Commission and has the following organisational set-up.

Organisation of the BAF

Area/Service	Skills Area/Service	Assigned managers
Accounting authority	Body performing the accounting function	General Manager pro tempore
General Affairs Area	<ul style="list-style-type: none"> - Internal management control - General affairs and common services relating to the operation of offices and personnel management - Co-ordination of IT System management activities and related services, monitoring, statistics 	Manager pro tempore
Service 1 'ERDF and European Territorial Cooperation Certification	<ul style="list-style-type: none"> - ERDF Payment Applications - ERDF Payment Forecasts - Control and certification of ERDF expenditure and payment claims - Accounting for recoveries - Financial Flows - Relations with the European Commission and relevant Ministries 	Manager pro tempore

<p>Service 2 'ESF certification and ESF unitary regional policy'.</p>	<ul style="list-style-type: none"> - ESF Payment Applications - ESF payment forecasts - Control and certification of ESF expenditure and payment claims - Accounting for recoveries - Financial Flows - Relations with the European Commission and relevant Ministries 	<p>Manager pro tempore</p>
<p>Service 3 "EMFF Certification and ERDF Unitary Regional Policy</p>	<ul style="list-style-type: none"> - EMFF payment applications - EMFF payment forecasts - Control and certification of expenditure and EMFF payment claims - Payment forecasts for ERDF unitary regional policy programmes; - Payment applications for ERDF Unitary Regional Policy programmes; - Control of certification of expenditure and payment claims of ERDF unitary regional policy programmes 	<p>Manager pro tempore</p>
<p>Service 4 'Supplementary Operational Programme Certification - Transparency and Anti-Corruption'.</p>	<ul style="list-style-type: none"> - POC reimbursement applications on the IGRUE system - Certification control of POC expenditure - Accounting recoveries - Relations with the competent Ministry and regional departments - Performance of CoR functions for projects under the responsibility of the Certifying Authority - Activities related to transparency, information and communication - Coordination and monitoring of the measures of the Three-Year Plan for the Prevention of Corruption and Transparency. - Any remaining activities of PRA Sicily 	<p>Manager pro tempore</p>

3.1.2. Description of the functions and tasks performed by the body carrying out the accounting function referred to in Article 76

The BAF performs the function referred to in Article 76 of Regulation (EU) No. 1060/2021, and in particular:

- It draws up and submits payment applications to the Commission in accordance with Articles 91 and 92 of the CPR and Annex XXIII to that Regulation;

- It draws up and presents the accounts, confirming their completeness, accuracy and truthfulness in accordance with Article 98 of the CPR and keeps electronic records of all elements of the accounts, including payment applications;
- Converts amounts of expenditure incurred in another currency into euros using the Commission's monthly accounting exchange rate for the month in which the expenditure in question is recorded in the accounting systems of the body performing the accounting function.

3.1.3. INDICATION OF THE RESOURCES TO BE ALLOCATED IN RELATION TO THE VARIOUS ACCOUNTING TASKS

The procedures of the BAF are detailed in the "Manual of Procedures and Audit Trail of the Body carrying out the Accounting Function of the INTERREG VI-A Italia Malta Programme".

The specific functions performed by the constituent offices of BAF reflect the principle of separation of functions and are defined within the aforementioned Manual.

The Manual is formally adopted by means of a specific Decree of the BAS General Manager, and it will be subject to annual verification as to whether it should be adapted, on the basis of any criticalities highlighted by the Audit Authority (AdA), as well as of any innovations in the regulations or assessments that have emerged within the same Authority.

The changes made will be approved by a Decree of the Authority's General Manager and notice of such changes will be given not only to the internal staff, but also to the MA.

3.1.4. Indication of the resources to be allocated in relation to the various accounting tasks

Within the framework of the INTERREG VI-A Italia-Malta programme, in order to perform the accounting function as per Article 76 of the CRP, the BAF avails itself of the Service 1 "ERDF and European Territorial Cooperation (ETC) Certification", governed by the manager pro tempore.

The Manager of Service 1 "ERDF Certification and European Territorial Cooperation (ETC)" assists the General Manager in carrying out the functions of the BAF, and in particular

- processes expenditure certificates and payment claims;
- assigns the staff incardinated in its Service to control activities on a documentary basis;
- validates the results of the checks carried out by the personnel in charge;
- coordinates the verification of the management and treatment of irregularities detected during controls under its responsibility;
- coordinates the verification of the management and correct treatment of withdrawn, recovered, to be recovered and irrecoverable amounts also for the purpose of submitting certified accounts;
- prepare the draft audited accounts.

The allocation of functions to staff is formalised by means of specific service orders from the General Manager.

The structure of the Accounting Authority may avail itself of the support provided by the Technical Assistance, in accordance with the relevant regulations.

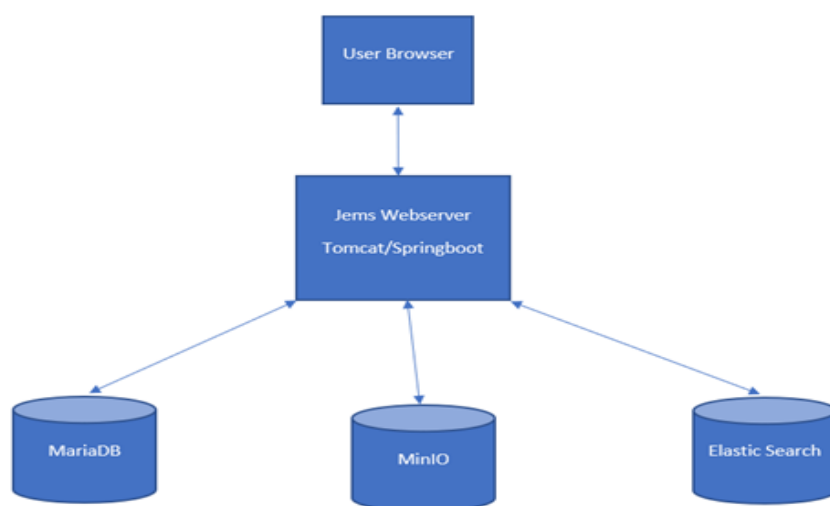
4. ELECTRONIC SYSTEM

4.1. DESCRIPTION, ALSO BY MEANS OF A DIAGRAM, OF THE ELECTRONIC SYSTEM(S) (CENTRAL OR COMMON NETWORK SYSTEM OR DECENTRALISED SYSTEM WITH LINKS BETWEEN SYSTEMS) DEALING WITH

In order to ensure the collection, recording and archiving of programme and project data for monitoring, evaluation, verification, implementation, financial management and audit purposes, the Managing Authority will implement and use the Joint Electronic Monitoring System (JeMS) provided by INTERACT on the basis of the licence agreement. The JeMS system is based on open-source technologies, built on Harmonised Implementation Tools 2021-2027 and developed according to the requirements of the current EU Regulation and the needs of Interreg Programmes.

JeMS is a web-based application created by the INTERACT programme for the benefit of all Interreg programmes. The system is automatically importing exchange rates from the InforEuro site that provides the official monthly accounting rates of the European Commission for the euro and exports the statistical data to WWW.keep.eu. It supports the aggregation of data according to the CRP Annex VII model required by SFC2021. In addition, all data statistics required by the programme are generated or extracted from the system database. The diagram of the high-level system architecture represents the following components:

- Web server/application JeMS
- MariaDB - database storage
- MinIO - file storage
- Elastic Search: system registration



System diagram of architecture components.

Some features of the JeMS system are listed below:

- Management of several funds at the same time, so the software can also be used by programmes drawing from different funds such as ERDF, IPA or NDICI;
- Bilingualism of the system as 33 European languages are supported;
- Online audit trail that collects, archives and provides all the required information;
- Possibility of submitting project proposals as well as applications for reimbursement and online publication of products and results;
- Customisable user interfaces and functionalities for all Interreg stakeholders, including project applicants, national auditors, joint secretariats, managing authorities, bodies performing the accounting function, audit authorities, steering and/or monitoring committees, evaluation experts and contact points.
- It allows invoices to be registered in multiple currencies, ensuring automatic conversion to Euro at the EC InforEuro exchange rate from the month in which the beneficiary submits national control requests to the system.
- It enables communication between internal system users through an internal messaging function.
- It allows the use of real costs, flat rates and simplified cost options.
- Access to the system is based on email and user-defined passwords.
- It allows you to define two types of calls for funds for Normal Projects and Small Projects, both with a 2-step procedure (the first public notice 01/2023 has been already launched by the MA without the use of JeMS system).
- It also includes many rules for field validations, automatic calculations, pre-submission checks, self-checking of State aid criteria and many useful tools for applicants and programme bodies.

The functionality and workflow of the system:

The data in JeMS are structured in different information modules and follow a required workflow, depending on the programme and project life cycle. Some workflow fields are mandatory and others can be switched on and off via the programme and call configuration options. To access the module and the corresponding modules in the system, the user must have the corresponding user rights and privileges managed by an administrator user. The system has an administration panel for the automatic or manual validation of each account of a registered user, granting access to the system as an applicant at the time of registration.

1. Setting the programme

This section contains the basic programme data required by the software to be operational. This is the information contained in the document entitled "INTERREG VI A Italia-Malta", approved by the European Commission.

This section has to be filled in once (and can be reviewed if necessary) and contains the most basic level of information within the system, such as basic programme data, language(s), geographical coverage, co-financing funds and rates, priorities, indicators, strategies, legal status, types of errors, simplified cost options, lump sums, unit costs, state aid, checklists, etc. These data are mandatory for the subsequent workflow steps. This activity is usually performed by a programme user.

2. Management of public notices

The programme finances projects on the basis of *application forms* submitted within the specified deadlines and conditions. Each public notice is marked by a time window that determines the start and end date for the submission of application forms. Within the JeMS information system, each public notice may contain different configurations, which affect the application forms visible to the applicant. The programme may publish several public notices during the programme life cycle. The JeMS allows two types of public notice to be defined - ordinary projects and small projects - both with a two-stage procedure. The programme will define the public notices on the basis of the indications approved by the Monitoring Committee, the conditions of which will feed into the system through specific configurations of the system.

3. Application form

An applicant wishing to submit an application form in the framework of a public notice may register an account and fill in the relevant form directly within the JeMS system. An application form can only be submitted within the time frame and under the conditions set out in the public notice. The user of the applicant who first creates an application form is set by the system as the lead user and can only enable other users to read or write/send the application form. The programme allows pre-submission validation rules to be configured for the system fields that must be complied with before the application form is sent.

4. Evaluation

All application forms are evaluated on the basis of the conditions set out in the public notice. The JeMS contains a sequence of two or more types of evaluation: "Formal eligibility and eligibility check", "Quality assessment" and "State aid check". The evaluation of application forms is usually managed by the user in the role of evaluator co-ordinator in cooperation with users in the role of Joint Secretariat, national *contact point* and/or external experts, referred to as evaluator users.

The system supports the possibility of assigning specific authorisations to specific users with evaluation rights, so that several authorised users can access the evaluation. If this is the case, the system allows the modification of the application form during the evaluation. This is permitted by the system by re-opening the edit form, which will be enabled by the evaluator co-ordinator user and subsequent approval/rejection of the changes by him/her.

5. Assessment Outcomes

The outcome of the 'Formal Eligibility and Eligibility Check' and 'Quality Assessment' is rendered by the Working Group identified for the evaluation. Projects may or may not pass the evaluation with the following eligibility conditions: eligible for funding; ineligible for funding; eligible for funding with conditions. Evaluation results are usually managed in JeMS by the users acting as members of the Evaluation Working Group.

6. Funding Approval (Monitoring Committee)

Based on the results of the evaluation, the Monitoring Committee approves the lists of projects eligible for funding; not eligible for funding; eligible for funding under conditions. The Monitoring Committee decides which projects are to receive co-financing from the programme. The details of the decision of the Monitoring Committee must be entered into the System. Usually the entry of these data in JeMS is done by the Joint Secretariat.

All conditionally approved projects have to go through a conditionality compliance procedure, which consists of amending the application form on the basis of some clear recommendations of the CoS. The changes are subject to verification. Depending on the outcome of this verification, a project may change its status to approved or not approved.

All non-approved projects are archived in the system for traceability.

In the event of counter-deductions submitted by the project leader, the system allows the project proposal to be reopened for re-evaluation/amendment.

7. Contractualisation

After the approval of the project and before the signature of the contract (subsidy contract), the operation may still be subject to modifications. In the phase prior to the signature of the grant contract, changes may be made to the application form. The JS verifies the changes made by the Lead Partner and decides either to reject the application to the Lead Partner or to approve the changes and start the procedure for the signature of the contract in agreement with the MA.

In addition, some required documents may be added in the dedicated sections when the proposal is reopened for editing.

8. Contracts and Agreements

The grant contract and supporting documents can be updated. In addition, the system allows you to add changes to the contract and effective dates, create checklists, add deadlines and schedule expenditure reporting. Once the project is marked as contracted the system allows the project leader and partners to add information on project contact persons, beneficiaries, bank details, physical location of documents and project reporting.

9. Expense Reporting

Once the contract has been signed, the project enters the reporting phase, which will last until the end of the project. Each partner, in its own report, will have to report on the activities carried out, expenses incurred, purchases made, critical issues and deviations detected. For this purpose, the Lead Partner must identify at least one user per project partner in the privileges section of the project. Subsequently, the partners may compile their reports and send them to the system. Once this has been done, the partners' reports become visible to the respective auditors for verification. Sensitive personal data of individual activity participants can be uploaded into the system as structured and unstructured data (attachments) in a dedicated section of the partner report.

10. Checks

The audits are carried out by the Member States participating in the programme and are under their responsibility as described in section 2.1.2.1. They have access to the system and see the relevant

information. The auditors have access to the working documents in the system and can perform the verification and validation work online, generating a certificate of the expenditure audited. In addition, JeMS generates a report on each auditor containing more detailed information on his work and the completion of the checklists. In case clarifications are needed, the system offers the possibility for the auditor and the beneficiary to upload documents in the control documents section. The controller may suspend the validation of individual expenditure items that may be submitted in subsequent reports by the beneficiary. In addition, the controller may include expenses as part of the sample. The certificate generated by the controller in the system for individual beneficiaries becomes visible to the lead partner.

11. Request for Reimbursement (RfR)

The lead partner aggregates the data from the validated beneficiaries' reports/accounts (including its own), includes the partners' certificates and creates a reimbursement claim for the project. The Lead Partner decides which beneficiaries' certificates to include in the reimbursement claim. As soon as the reimbursement claim is validated in the system by the Lead Partner, it is submitted and becomes visible for management verification by the JS/MA.

12. JS/MA Verifications

The JS receives the project application and verifies it. The JS has the possibility to ask the lead partner/beneficiary for clarifications or to deduct expenses if these are not eligible.

In the information system, the JS compiles a check list on the verification of the RfR and sends it to the MA.

The MA receives the project application and verifies it accordingly from a technical and financial point of view. The MA has the option of suspending or curtailing expenditure if it is ineligible. Suspended expenditure is returned to the partner for amendment. Once approved, the project claim will be submitted to the accounting function.

13. Payment

The MA makes the payment to the lead partner outside the system and records details such as the date and amount paid.

14. Accounting Unit/Function - verification

The Accounting Unit performs quality checks on the expenditure to be included in the payment application to be submitted to the EC according to its own procedures (it may make the appropriate corrections, deduct/reinclude some expenditure on the basis of decisions issued by the MA and the National Authority, court rulings, etc., or decide to temporarily suspend for further verifications on the basis of the results of audit reports, irregularity reports, etc.).

The Accounting Unit is responsible for several reports to the European Commission, and JeMS supports them all. The system allows the Accounting Unit certificates to be included in the payment application to be sent to the European Commission and in the annual accounts. The payment application can be generated in draft and final version. The Accounting Unit generates and submits payment claims to the EC and the Accounts confirming their completeness, accuracy and veracity in accordance with Article 98 of Regulation (EU) 2021/1060. In addition, JeMS allows you to draft and generate accounts for accounting periods and irregularity reports. It is also possible to generate some of the annexes required by the regulatory framework.

15. Project changes

It is possible to manage project changes throughout its life cycle. The JS is allowed to make project changes at any time after the project is in the conditionally approved, approved or "*contracted*" status. Once the change has been initiated and authorised by the JS, the project leader may modify the project. The changes are checked and approved by the JS. After the change has been approved, the new version of the project is created and all reports will be linked to it. All previous versions are archived and accessible at any time during the life of the project.

16. Financial corrections

The different authorities can audit the project at any time during its life cycle and also after its closure. The results of the verifications are entered into the system as financial corrections and are taken into account in the authorisation and drafting of payment claims and annual accounts.

4.1.1. Record and store in electronic format, data on each transaction including, where appropriate, data on individual participants and a breakdown of data on indicators, where required by this Regulation

The JeMS ensures the recording of data in structured and unstructured formats organised according to the flow chart of the system modules according to the needs of the programme authorities/entities and the beneficiaries. The Interreg VI-A Italia-Malta programme has established an electronic system (JeMS) to ensure the collection, recording and storage, in computerised form, of data on each project, necessary for monitoring, evaluation, financial management, verification and audit. Exchanges of information between the beneficiaries and the programme authorities and bodies are carried out electronically using this JeMS system.

The system is developed on an open-source platform with a top-to-down logical approach and fulfils the requirements of data integrity and confidentiality, user authentication via access levels, data are recorded only once in the database, support interoperability functions and show the electronic audit trail.

The users of the system are organised in two categories:

- front office users - obtains the candidate role by default
- back-office users - need a role assigned by the administrator to perform a task

Each user must register and log in to access the menu.

The front-user registration and access pages are associated either with potential beneficiaries registered to submit proposed projects or as beneficiaries registered and assigned by the lead beneficiary to monitor and implement their reports. Back-office users can log in and work according to their user access rights, which are assigned according to their role in the system. Each role corresponds to a programme authority or body level according to its attributes in programme implementation (view/edit role, limited or full).

There is a JeMS procedure for managing user roles and rights.

All important actions performed by users (sending data, a document or changing the status of registered data) will only be realised by the system after confirming the action in a dialogue box.

All data and information recorded and sent by beneficiaries into the system are checked by users at the lower level and sent to the higher level for processing or returned to the beneficiaries for corrections.

In addition, the system has a notification service that informs users in the system or by e-mail when an important action has occurred on the project they are working on. The system has shared folders/sections

where beneficiaries and programme bodies can upload clarifications or missing documents, and system or by e-mail when an important action has occurred on the project they are working on.

4.1.2. Ensuring that accounting records or codes for each transaction are recorded and retained and that these records or codes provide the necessary data for processing payment applications and accounts

JeMS collects, records and stores in computerised form the data for each project required for reporting, monitoring, evaluation, financial management, verification and audit, and the preparation of payment claims and accounts, but it does not have the functionality of an accounting system and is not linked to the Managing Authority's accounting system.

On a monthly basis, a reconciliation is carried out between the bookkeeping entries regarding payments made by the UCO and the JeMS entries by the BAF, regarding authorised and paid expenditures; the purpose of this reconciliation is to verify that the same data are recorded in the accounting system and in JeMS, and if any differences emerge, the cause is examined and remedies are taken.

4.1.3. Maintain separate accounting records or account codes of expenditure declared to the Commission and of the corresponding public contribution paid to beneficiaries

BAF maintains separate analytical records of all amounts declared to the commission and the corresponding public contribution paid to beneficiaries and also for amounts received from the ecc. The UCO keeps adequate records of the payments transferred to the project partners, as well as of the amounts paid as advance payments

L'UCO conserva adeguata evidenza dei versamenti trasferiti ai partner di progetto, nonché degli importi versati a titolo di anticipo.

4.1.4. Record all amounts withdrawn during the accounting period referred to in Article 98(3)(b) and deducted from the accounts referred to in Article 98(6), and the reasons for such withdrawals and deductions

The JeMS has functions and reports that show from operations at programme level aggregate amounts recoverable, amounts to be recovered, amounts withdrawn from a payment request due to total or partial cancellation of project funds, and amounts irrecoverable.

All amounts resulting from the partial or total cancellation of an operation/project are recorded in JeMS and in the Accounting System.

The BAF performs the verification (according to the procedure in force) in order to ensure reconciliation between JeMS and the accounting system records and to ensure that all amounts have been correctly recorded and will be correctly reflected in the payment request.

In addition, the JeMS has functionality and reporting that will highlight and aggregate the amounts related to transactions suspended by a judicial proceeding or an administrative appeal with suspensive effect and recoveries resulting from the application of Articles 63, 65 and 106 of the CRP Regulation.

4.1.5. Indicate whether the systems are actually functioning and can reliably record the data indicated on the date the description in 1.2 is completed

The system acquisition procedures have been defined and the procedures for taking charge of the system and the evolutionary and corrective maintenance of the system are underway.

4.1.6. Descrivere le procedure atte a garantire la sicurezza, l'integrità e la riservatezza dei sistemi elettronici

The JeMS was developed to ensure secure user registration and authentication and, of course, the integrity and confidentiality of user data, using secure technology already verified by the open-source platform used for development.

The system has an e-mail validation function for each registered account. The role of requesting user is automatically assigned by the system to all registered users, and users' access rights according to their role in the system are managed via the 'User Management' function. Users can reset their password from the authentication screen using the 'Forgot password' function and also from the account details. The system has an audit log of every important action performed by users, in which the date and time, user ID, user e-mail, action, project ID and description are stored.

Once the data have been compiled and sent by users to the next levels of the workflow, they remain frozen and cannot be modified by any user of the system. Only suspended expenses are sent back to the partner in the workflow and can be edited again by the partner's users and re-entered in subsequent reports submitted by the partner. Sensitive personal data are protected by the special privilege which can be added to a role or to requesting users and which provides access to the display of structured and unstructured data added in the sensitive data sections.

5. ANNEXES

The following attachments are an integral part of the document:

- Annex 1 “Term of reference of the Monitoring Committee”;
- Annex 2 “Agreement for the management and implementation of the TA resources of the programme by the MNCA”;
- Annex 3 “Reporting and control manual for expenditure of the INTERREG VI A Italia-Malta programme”.