

W E B I N A R “FIRST LEVEL CONTROLLERS IN CYPRUS”

PROGRAMME MANAGEMENT and CONTROL SYSTEMS and FIRST LEVEL CONTROL: The CBC “Greece-Cyprus” and the TN “Balkan-Mediterranean” 2014-2020 Programmes

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OnLine, September 15th-16th, 2020

Management and Control Systems:

Introduction

- The Management and Control System (MCS) of an INTERREG (Cooperation) Programme is designed and implemented by:
 - ✓ the Managing Authority and
 - ✓ the responsible Programme Authorities and
 - ✓ National Authorities.

- Basis for an MCS elaboration:
 - ✓ Shared Management (MA – EC) and
 - ✓ Common Procedures (Cooperating Countries)

Management and Control Systems:

Overview

An MCS (consists in and) includes:

- all the Authorities/bodies which undertake responsibilities in management, certification, **control/audit** and coordination, according to Regulation (EU) 1303/2013,
- their organizational structure and their individual responsibilities,
- the operational correlation of Authorities/bodies and the compliance to the principle of separation of responsibilities,
- the procedures applied within the framework of the MCS operation and implementation, as well as
- all the relevant regulatory actions required for the designation of Authorities/bodies and the implementation of the Cooperation Programme

Management and Control Systems:

The Main Bodies

- The Managing Authority (MA)
- The Certifying Authority (CA)
- The Audit Authority (AA)

Management and Control Systems:

One or more **sub-Systems**

The First Level Control System(s)
 or
Management Verifications

Either

➤ By the Managing Authority

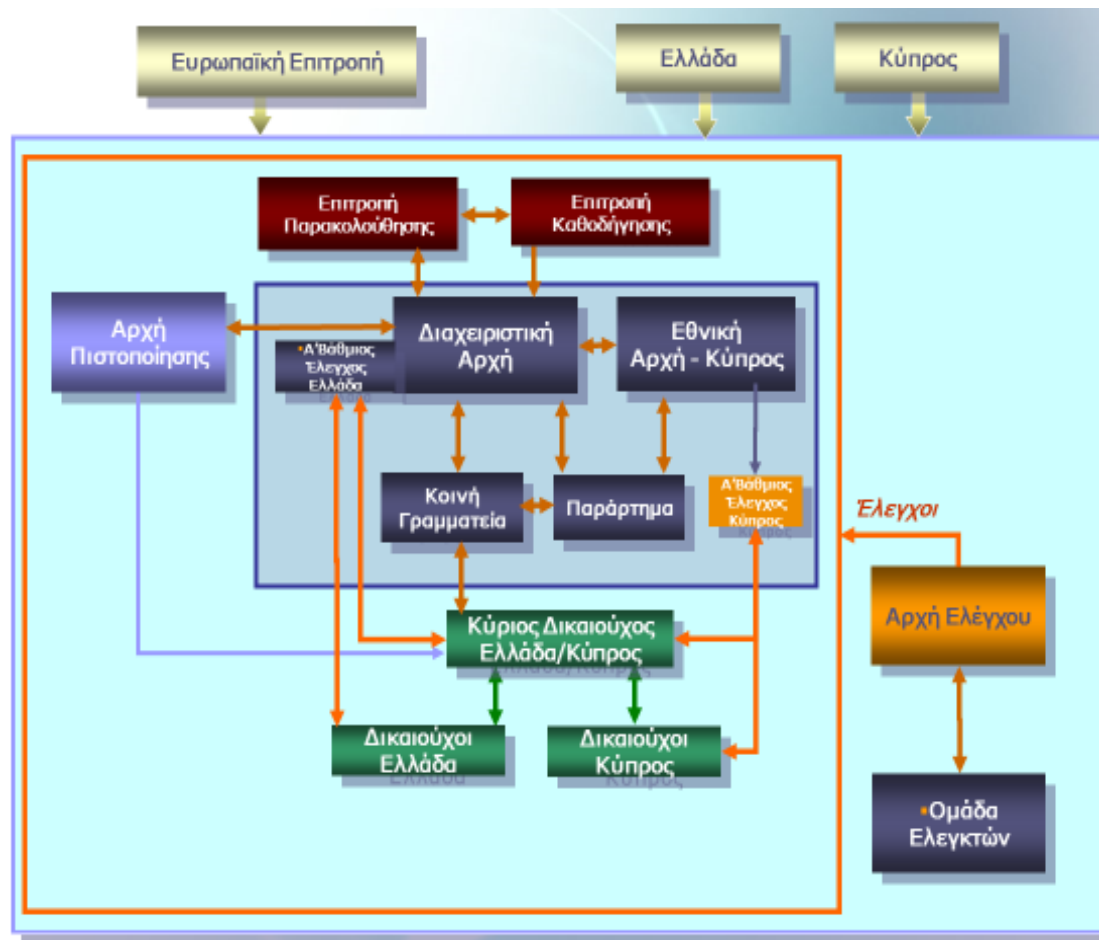
Or

➤ By each Cooperating Country

Operational Correlation of bodies of an MCS

An Example (1):

The INTERREG V/A
CBC Programme
“Greece-Cyprus”
(“EL-CY”) 2014-2020



Διάγραμμα 1. Λειτουργική Συσχέτιση Φορέων που συμμετέχουν στο ΣΔΕ του Προγράμματος Διασυνοριακής Συνεργασίας Interreg V-A Ελλάδα – Κύπρος 2014-2020

Operational Correlation of bodies of an MCS

An Example (2):

The INTERREG V/B
TN Programme
“Balkan-Mediterranean”
 (“BalkanMed”) 2014-2020

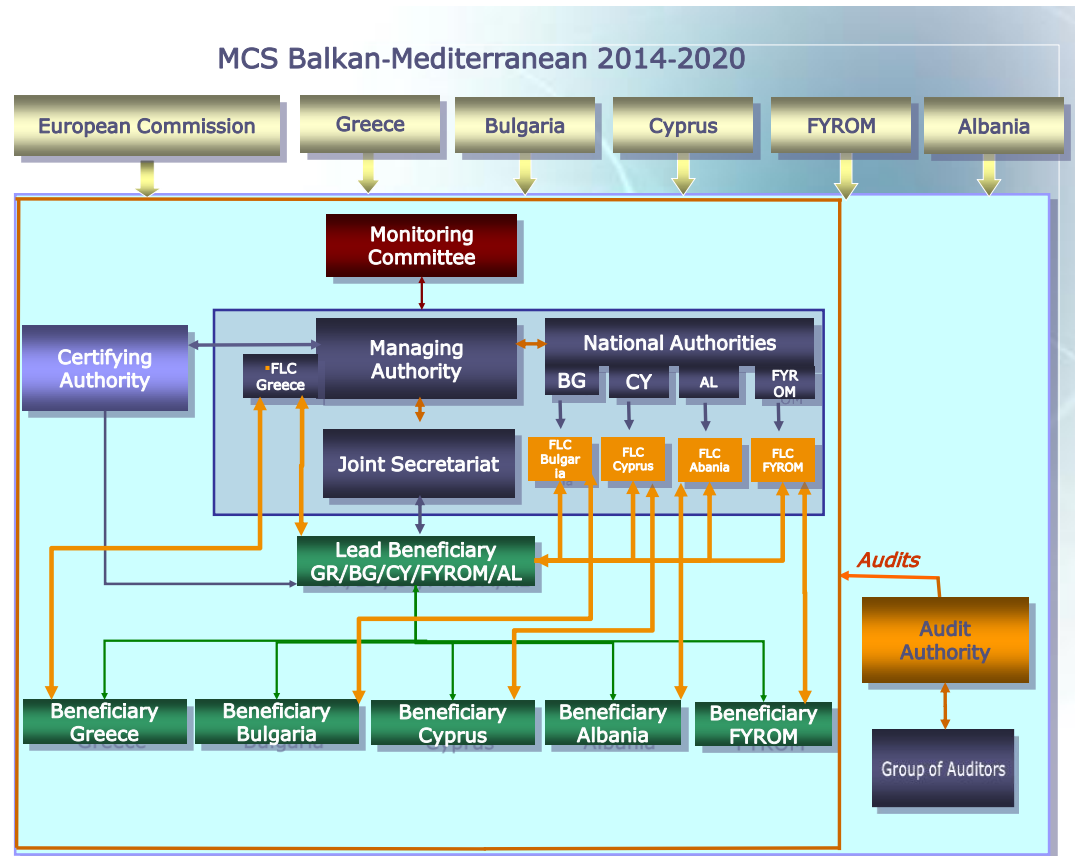


Figure 2. Operational Correlation of the Entities that are engaged in the MCS of “Interreg V-B Balkan Mediterranean 2014-2020”

MCS Description:

The MCS description includes:

- The Descriptive Table, based on Reg. (EU) 1303/2013 requirements

Structure

as well as

- 13 Annexes (i.e. thematic chapters)

MCS Description:

Content

The MCS Annexes:

- The MCS Descriptive Table
- 1_MCS
- 2_MA
- 3_JS
- 4_Risk Management and Assessment (incl. anti-fraud)
- 5_MC
- 6_MIS
- 7_Procedures and Documents
- **8_First Level Control (FLC)**
- 9_Management Declaration, etc.
- 10_Annual/Final Reports, etc.
- 11_Staff training & Audit Trail
- 12_Financial Corrections
- 13_CA

MCS Description:

Annex 8: **First Level Control** (Management Verifications)

The FLC description includes:

- The Overall Description:
Detailed description per country
(i.e. assignment of FLCs, verifications, supervision/quality control, etc.)
- Per Country FLC documents
- FLC Common Documents and Templates

MCS Description:

The Management Verifications: **EGESIF** (14-0012_02 final 17/09/2015)

Annex 8: **First Level Control** (Management Verifications)

What are they?

- ✓ The normal **day to day controls** made by management within an (well-managed) organisation to ensure that the processes for which it is responsible are being properly carried out.
- ✓ An integral part of the internal control system of all organisations and, where properly implemented also contribute to the **prevention and detection of fraud**.

MCS Description:

The Management Verifications: **EGESIF** (14-0012_02 final 17/09/2015)

Annex 8: **First Level Control** (Management Verifications)

Two Key Elements

- Administrative Verifications
= Desk-based controls
- On-the-Spot Verifications
= Project site controls

One Single Scope

- To ensure Legality and Regularity of project expenditure

MCS Description:

The Management Verifications:
EGESIF (14-0012_02 final 17/09/2015)

Annex 8:
First Level Control
 (Management Verifications)

Administrative Verifications

- ✓ Exhaustive and Detailed
- ✓ 100% project applications
(Note: expenditure may be sampled)
- ✓ Compliance with national and Union rules

MCS Description:

The Management Verifications: **EGESIF** (14-0012_02 final 17/09/2015)

Annex 8: **First Level Control** (Management Verifications)

On-the-Spot Verifications

- ✓ On a Sample basis
- ✓ Reality of the operation
- ✓ Delivery of the product or service in full compliance with ...
- ✓ Respect for Union rules on publicity
- ✓ Also, to check info provided by the beneficiary on project implementation

MCS Description:

The **Management Verifications**:
EGESIF (14-0012_02 final 17/09/2015)

Documentation

Annex 8:
First Level Control
(Management Verifications)

- ✓ All management verifications documented in a complete/comprehensive project's file (i.e. work, date, verifications, etc.)
- ✓ Sufficiently detailed
- ✓ Results available to all concerned staff and bodies

MCS 2014-2020:

Emphasis on: **Risk Management and** **Anti-Fraud**

- Aim to ensure:
 - ✓ Sound programme/project (financial) management
 - ✓ Early diagnosis of significant problems

- Risks, incl. (potential) fraud may be diagnosed at any point in project management:
 - ✓ Application
 - ✓ Approval
 - ✓ Implementation
 - ✓ Expenditure Verification, i.e. **the Controllers**

- **(First Level) Controllers should immediately notify** the Managing Authority and the responsible National Authority **on potential/suspicion of fraud**

Management and Control Systems:

An MCS may be modified (i.e. after the opinion of AA on designation of authorities has been issued:

- Intentional modifications of documents and/or procedures
- Unintentional modifications of documents and/or procedures
- Modifications of institutional/legal framework of concerned countries, bodies, authorities

The Managing Authority (Unit A') should be informed:

- By the concerned/responsible MA Unit, programme body, national authority, in advance or as soon as possible
- Via the Unit A' MCS monitoring methodology (i.e. outreach work, including procedures and templates)

NOTE:

- ✓ All MCS Documents and Templates/Forms are codified
- ✓ Every MCS modification should be codified (by MA Unit A') to be valid

Management and Control Systems:

OLAF's Point of View

The most **significant weaknesses** of the system [implementing Cohesion Policy (2011)]:

- Lack of specific sanctions for irregularities caused by negligence
- **Threat to the independence of the managing and audit systems** caused by external influence
- **Poor quality of the first level controls**
- Possibility for the final beneficiary to present expenditure in cash

Therefore, it is **crucial**:

- **Improving Management and Control Systems**
By taking into account document verification, on-the-spot checks and audits
- **Raising awareness among experienced staff**



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