

ESPON 2013 Programme – Member State's Description of the First Level Control System according to Article 16 of Regulation 1080/2006

Territorial Cooperation Programme, ESPON 2013
 CCI 2007CB163PO022

SECTION	DESCRIPTION
<p>1. General</p> <p>1.1. Information submitted by:</p> <ul style="list-style-type: none"> • Member State • The main contact point <ul style="list-style-type: none"> ○ Name of the institution ○ Responsible unit ○ Address ○ Telephone, fax ○ E-mail address ○ Title (Mr/Mrs) ○ Name and Surname ○ Position within the unit 	<p>Ministry of Environment, A. Jakšto 4/9 st., LT-01105 Vilnius, Republic of Lithuania Tel: (+370 5) 266 3486 Fax: (+370 5) 266 1660 Ms. Jūratė Juozaitienė Undersecretary of the Ministry</p>
<p>1.2. The information provided describes the situation on :</p>	<p>27/10/2008</p>
<p>2. System Structure</p> <p>What kind of system did you opt for?</p> <ul style="list-style-type: none"> - a centralized control system: a control body appointed at central level to carry out the control for all beneficiaries on the territory (please continue with question 2.1) <p>or</p> <ul style="list-style-type: none"> - a decentralized control system: the beneficiaries proposes a controller who is authorized by a central MS body or selects a controller from a short list provided by the MS (please continue with question 2.2)? 	<p>Decentralized control system</p>

2.1 Centralised Control System	
<p><u>Please describe the system.</u> Please indicate if the control is carried out by civil servants or by an external audit firm appointed for this specific mission. In case of an external audit firm, please explain how it was/will be appointed.</p> <p><u>Contact details of the controller</u> Please provide the contact details of the designated body who will undertake the controls.</p>	<p>Not relevant</p> <p><u>Control Body 1</u></p> <ul style="list-style-type: none"> <input type="radio"/> Name of the institution <input type="radio"/> Responsible unit <input type="radio"/> Address <input type="radio"/> Telephone, fax <input type="radio"/> E-mail address <input type="radio"/> Title (Mr/Mrs) <input type="radio"/> Name and Surname <input type="radio"/> Position within the unit
<p><u>Contact details supervisory body</u> In case of an external controller, please specify the body fulfilling the supervisory duties and the contracting.</p>	<p><u>Supervisory Body 1</u> Name of body,</p> <ul style="list-style-type: none"> <input type="radio"/> Name of the institution <input type="radio"/> Responsible unit <input type="radio"/> Address <input type="radio"/> Telephone, fax <input type="radio"/> E-mail address <input type="radio"/> Title (Mr/Mrs) <input type="radio"/> Name and Surname <input type="radio"/> Position within the unit
<p><u>Controller's qualification</u> Which minimum requirements (degrees, work experience, national qualifications, and/or registration in professional organisations) does the controller under the centralized system described above shall fulfil?</p>	

2.2 Decentralized Control System

Please describe the system.

- Will the beneficiary select a controller from a list of several public and/or private control bodies established on MS level beforehand
- Or
- will the beneficiary propose an independent controller (internal or external), who is then authorized at central level before the first expenditure is reported and confirmed (please also refer to the guidance note established by the CU attached)?

In both cases, please explain the procedure for establishing the shortlist or authorizing the controller.

If appropriate, please give also examples of types of possible control bodies.

In case of use of shortlist of controllers, please provide the list (if not available yet, please indicate date of publication of shortlist).

Controllers' qualification:

Please explain the minimum requirements for a controller to act as Project partner/Lead partner controller (e.g. degrees, work experience, national qualifications, and/or registration in professional organisations).

For the approbation/selection of controllers at central level, we suggest using the checklist provided in Annex 4 of the guidance note. Please confirm the use of this document or explain what kind of other document(s) (which has to be at least equivalent) you will use instead. Copy of the

Lithuania is planning to use a system whereby Ministry of Environment which is responsible for setting up a FLC system will designate at national level FLC a central approbation body. The external controller proposed by each project partner will be checked and approved at national level in due time for the submission of the first project progress report.

The Ministry of Environment will perform an authorisation of the first level controller (~s) proposed by the beneficiary an independent external controller, who is then authorized at central level before the first expenditure is reported and confirmed:

- the Central Approbation Body at the Ministry of Environment after due checking of the first level financial controller proposed by each partner and making sure of them meeting the specific requirements to perform the functions of FLC - will authorise them to perform the first level control for each project partner participating in the programme.

The project partners will come into separate agreements with the companies on validation of expenditures. Payment for those FLC services will be covered from the project budget assigned to the partner.

Audit companies shall be members of the Lithuanian Chamber of Auditors (LCA) – a public legal entity unifying all certified auditors of Lithuania. Among it's main functions are organization of qualification examinations and issuance of auditor's certificates, supervision of auditors and audit companies' activities, registration of companies in the list of audit companies and deletion from it. This mean that only companies already having minimum requirements to perform audit activities in Lithuania will be selected i.e. degree in accounting or finance, compliance with international auditing standards etc.

The qualification requirements for audit companies defined in the terms of reference will also include working experience in financial management and auditing/controlling of projects co-financed with Structural funds or INTERREG, etc.

For the approbation of the proposed controllers the CAB of the Ministry of Environment will make use of the checklist provided by the ESPON 2013 Programme (Annex 4 of the guidance paper).

<p>equivalent documents should be provided to the ESPON Coordination Unit.</p>	<p><u>Central Approval Body</u></p> <ul style="list-style-type: none"> <input type="radio"/> Name of the institution <input type="radio"/> Responsible unit <input type="radio"/> Address <input type="radio"/> Telephone, fax <input type="radio"/> E-mail address <input type="radio"/> Title (Mr/Mrs) <input type="radio"/> Name and Surname <input type="radio"/> Position within the unit <p>Ministry of Environment, EU Funds Management Division A. Jakšto 4/9 st., LT-01105 Vilnius, Republic of Lithuania Tel: (+370 5) 2662 718 Fax: (+370 5) 2663 663 <u>Email:</u> a.zabulis@am.lt Mr. Aurimas Zabulis, Chief specialist of the EU Funds Management Division,</p>
<p>equivalent documents should be provided to the ESPON Coordination Unit.</p>	<p><u>Contact details of the central approval body</u> Please indicate the contact details of the central body in charge of establishing the shortlist of selected control bodies or the body in charge of authorizing the controller proposed by a project partner.</p>

<p>4. Separation of Functions</p>	<p>Please explain how your Member State will ensure a clear separation of functions between the different bodies having responsibilities for the management and control of project(s) and/or the programme. If appropriate, please provide an organisation chart to document the separation of functions between the bodies or units in charge of</p> <ul style="list-style-type: none"> - project activities and finances - the verification of the project expenditure and delivery of the products and services (so-called "first level control" according to Article 16 of Regulation 1080/2006) - the sample checks on operations (the so-called "second level audit" according to Article 14 (2) <p>The functions of bodies involved in management and control of the projects and of the programme shall be clearly separated.</p> <p>The FLC body/-ies to be designated - are not eligible to participate in project implementation under the programme. The bodies involved in the implementation of the project are not allowed to be designated as FLC body.</p> <p>The FLC as external body is also independent from the auditor participating in the work of the Group of Auditors who will come from the Internal Audit Unit of the Ministry of Environment. This unit is independent in its activities and is reporting directly to the Minister of Environment. This unit will not be involved in matters dealt by the Territorial Planning, Urban Development and Architecture Department (and in particular in the setting up of the FLC system).</p> <p>The Monitoring Committee members will not come from any of organisations responsible for</p>
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<p>of Regulation 1080/2006 and Article 62 of Regulation 1083/2006)</p> <ul style="list-style-type: none"> - and project approval/Monitoring Committee representation (according to Article 63 of Regulation 1083/2006)? 	<p>control functions and so the separation of function will be ensured.</p>
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<p>5. First Level Control Delays</p> <p>How do you ensure that the first level control is carried out within 2 months after receipt of the documents?</p> <p>Three months are requested by the regulation 1080/2006, but the Lead Partner will also need two months after reception of the certification from the Project Partners to establish its own certification. This will allow the project to present a reimbursement claim four months after the completion of the six months reporting period)?</p>	<p>The proposed 1st level financial controller shall clearly indicate and state how he/she intends to ensure that two months deadline will be respected. The Central Approval Body will, with the support of the ESPON Coordination Unit, follow-up the respect of the deadlines and intervene shall the deadline not be respected.</p> <p>In addition, the Ministry of Environment, in order to support a smooth certification of expenditure, develop, with the support of the ESPON Coordination Unit, and provide to designated controllers additional guidance documents.</p>
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<p>6. Quality Assurance/Guidance to FLC bodies</p> <p>The programme will establish</p> <ul style="list-style-type: none"> - ESPON control guidelines - a template for a FLC checklist - a template for a FLC report. - A control certificate inside the progress report to be signed by the FLC. <p>The use of these standardized documents will be obligatory.</p> <p>Have you provided any additional guidance to the body/bodies in charge of first level control to ensure sound financial control (such as written guidelines, training)</p> <p>If yes please provide</p> <ul style="list-style-type: none"> - the reference 	<p>The written guidelines and training will be provided as soon as they will be available.</p>
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<ul style="list-style-type: none"> - the date - related documentation (if applicable). <p>Copies of the additional guidance documents should be provided to the ESPON Coordination Unit as soon as they will become available.</p> <p>Please describe how you will ensure that the guidance is followed and the requirements resulting Article 60 b) of Regulation (EC) No 1083/2006 and from the ESPON 2013 control guidelines and ESPON 2013 control certificate are respected.</p>	<p>Measures will include training for external auditors, monitoring of implementing of preliminary agreements with external auditors and other necessary measures.</p>
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<p>7. Control Cost</p> <p>Who will pay for the control? Will it be provided for free (by the MS) or will the cost be borne by the Lead/Project partner and thus reported as eligible cost within the project?</p> <p>If the control cost is borne by the beneficiary and to be reported as eligible project cost, please provide details on how the cost is calculated, what is the basis for the payment (e.g. service contract) and to whom it has to be paid.</p>	<p>The cost will be borne by the project partner and claimed as a cost in the framework of the project budget.</p>
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<p>Name, Title + Organisation of Signatory for the MS</p> <p>Mr. Arvydas Dragūnas State Secretary of the ministry</p> 	<p>Place, Date and Stamp</p> <p>Vilnius, October 3, 2008</p> 
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Thank you in advance for sending the filled-in questionnaire including relevant annexes to the following address:

ESPON Coordination Unit
CRP HT – BP 144
L-4221 Esch sur Alzette
Luxembourg

If you need assistance or any further information/details for filling in the document, please contact Sara Ferrara (e-mail: sara.ferrara@espon.eu Tel. +352. 54.55.80.705).

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