

## Interreg V-A Greece-Bulgaria 2014-2020 Programme

Description of the First Level Control system set up by Bulgaria (participating in the programme in accordance with article 23 par. 4 of Regulation 1299/2013.

The information in this template is required in order to complete the description of the management and control system.

Partner Country: Bulgaria

### A – BODY RESPONSIBLE FOR THE FIRST LEVEL CONTROL (FLC) SYSTEM

<i>Institution responsible for the FLC system</i>	
Name of the institution	Ministry of Regional Development and Public Works
Responsible unit	Directorate "Territorial Cooperation Management", TCM Directorate
Address	17-19 "Sv. Sv. Kiril i Metod" Str., 1202 Sofia, Bulgaria
<b>Contact person</b>	
Title (Mr/Ms)	Ms
First name and Surname	Maria Duzova
Position within the unit	Head of the National Authority
Telephone	+359 2 94 05 488
Fax	+359 2 987 07 37
E-Mail	<a href="mailto:mduzova@mrtb.government.bg">mduzova@mrtb.government.bg</a>

### B - DESIGNATION OF THE FLCs

#### B.1 - Centralised control system

In centralised first level control systems a central body is appointed to carry out the first level controls in accordance with article 23 (4) of the Regulation 1299/2013, article 125 par.4, and 5 of the Regulation 1303/2013.

Is your control system (= FLC=management verifications of expenditure) centralised?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (If no please move on to part B.2.)
<b><u>Institution in charge of FLC (If there is more than one institution in charge, please copy and paste the following 11 lines as many times as needed)</u></b>	
Administrative level	<input type="checkbox"/> national level <input type="checkbox"/> regional level <input type="checkbox"/> other: please specify
Name of the institution	
Responsible unit/department	
Address	
<b><u>Contact person</u></b>	
Title (Mr/Ms)	
First Name and Surname	
Position within the unit/department	
Telephone	
Fax	
E-Mail	
If the FLC is carried out by more than one body, please specify the role of each body within the FLC system: <ul style="list-style-type: none"> <li>• how the FLC system is built up, how the FLC tasks and responsibilities are shared, which body is entitled to sign the control certificate:</li> </ul>	<input type="checkbox"/> supervisory/coordinating function <input type="checkbox"/> FLC body

**(...) B.1 Centralised control system**

The FLC level control is carried out by (please specify):	<input type="checkbox"/> employees of the above mentioned body/bodies <input type="checkbox"/> external auditors appointed for the specific mission by and under the responsibility of the above mentioned body/bodies
For which EU funded Programme(s) is the FLC body responsible?	

<p>How does the Partner Country ensure that sufficient human and financial resources are planned for the FLC and that the FLC (incl. on-the-spot checks) is carried out within the time limit set in the Partner country agreement?</p> <p>E.g. please specify the maximum number of project beneficiaries assigned to one controller, time limit set for the project beneficiaries to submit the supporting documents to the FLC body after the end of each reporting period, maximum certification time per financial report, time limit set for the project beneficiaries to reply to clarifications etc.</p>	
<p><b>Please confirm that FLCs hold minimum qualifications, such as:</b></p> <ul style="list-style-type: none"> <li>• relevant degrees and/or</li> <li>• work experience in controlling projects co-financed by Structural funds<sup>1)</sup> and/or</li> <li>• compulsory national qualifications (if any: please specify) and/or</li> <li>• national approval (if the case, please specify how this is granted) and</li> <li>• sufficient knowledge of the English language</li> <li>• sufficient knowledge of the relevant EU regulations, programme and national rules.</li> </ul> <p>Please add more if it is the case and give a brief explanation.</p>	<p><i>Two points are pre-ticked. Please select at least one other point.</i></p> <div> <input type="checkbox"/> confirmed         </div> <div> <input type="checkbox"/> confirmed         </div> <div> <input type="checkbox"/> confirmed         </div> <div> <input type="checkbox"/> confirmed         </div> <div> <input type="checkbox"/> confirmed         </div> <div> <input type="checkbox"/> confirmed         </div>

**(...) B.1 Centralised control system**

<p>Please also confirm that FLCs will be regularly trained on specific issues relevant for FLC, e.g. public procurement VAT state aid staff costs calculations</p>	<div> <input type="checkbox"/> confirmed         </div>
--	---

<sup>1</sup> Suggested: minimum 3 years in financial management or auditing/controlling of projects co-financed with Structural or other EU funds.



Will the FLC costs be charged to the project beneficiaries?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, please specify how costs will be calculated how the contracting (if applicable) and invoicing process will be set up the approximate cost for FLC so that project beneficiaries can include it in their budget in the project application.	
How will the <u>management verifications</u> on the <u>spot</u> be organised?	<input type="checkbox"/> at least one on-the-spot check to be carried out for each partner during the lifetime of the project <input type="checkbox"/> on a sample basis
If on-the-spot checks are carried out on a sample basis, please <b>describe</b> the methodology planned to select beneficiaries to be checked on the spot	<input type="checkbox"/> pure random <input type="checkbox"/> risk based approach <input type="checkbox"/> other: <i>please specify</i>
For the MA's/ JS' information: Is the <b>central</b> FLC body also in charge of the financial control verifications for other ETC or Investment for Growth and Jobs Programmes?	<input type="checkbox"/> Yes <input type="checkbox"/> No <i>If yes, please specify the programme(s):</i>

## B.2 - Decentralised control system

In decentralised system, an approbation body will designate an independent, qualified FLC based on a proposal made by the project partner or based on a shortlist established by the approbation body.

Is your control system decentralised?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If no please go back to part B.1.)
<b><i>Institution in charge of performing the role of approbation body</i></b>	
Name of the institution	Ministry of Regional Development and Public Works
Responsible unit/department	Directorate "Territorial Cooperation Management", TCM Directorate
Address	17-19 "Sv. Sv. Kiril i Metodii" Str., 1202 Sofia, Bulgaria
<b><i>Contact person</i></b>	

Title (Mr/Ms)	Ms
First name and Surname	Maria Duzova
Position within the unit/department	Head of the National Authority
Telephone	+359 2 94 05 488
Fax	+359 2 987 07 37
E-Mail	<a href="mailto:mduzova@mrtb.government.bg">mduzova@mrtb.government.bg</a>
What is the procedure for designating the FLCs in accordance with article 23 par. 4 of the Regulation 1299/2013, article 125 par. 4 and 5 of the Regulation 1303/2013.	<p>The approbation body will designate an independent, qualified FLC based on</p> <p><input type="checkbox"/> a proposal made by the project partner</p> <p><input checked="" type="checkbox"/> a shortlist established by the approbation body</p> <p>Please specify further if needed:</p> <p>The first level control for Bulgarian Beneficiaries is performed by independent external controller (the company "Partnership under the Obligations and Contracts Act Greece – Bulgaria 2015") contracted by the National Authority, following a tendering procedure for selection of a contractor to perform the first level control of expenditures incurred by Bulgarian beneficiaries in projects under Interreg V-A Greece - Bulgaria Programme 2014-2020.</p>
If the controller will be designated based on a proposal made by the project partner, please indicate if the controller can be internal and/or external.	<p>The controller can be</p> <p><input type="checkbox"/> internal (as long as he/she is independent from the unit in charge of project finances and activities) and/or</p> <p><input type="checkbox"/> external.</p>

**(...) B.2 Decentralised control system**

<p>If the controller will be designated based on a shortlist, please indicate the procedure and provide the shortlist. If the shortlist is not yet available, please provide the timeframe and the procedure for setting up the shortlist instead:</p>	<p>The company "Partnership under the Obligations and Contracts Act Greece – Bulgaria 2015" (hereinafter referred to as "the Company"), contracted by the NA through a public procurement procedure, set a shortlist with the necessary experts (financial, legal and technical) to perform the first level control according to contract № RD-02-29-528/14.10.2015 (available on <a href="http://sp.mrtb.government.bg/Ch14a11/0915038/Forms/A11Items.aspx">http://sp.mrtb.government.bg/Ch14a11/0915038/Forms/A11Items.aspx</a>). The company nominates respective controllers from the shortlist upon the request for first level control submitted by the Bulgarian beneficiaries.</p>
--	--

<p>Please confirm that the approbation body before the designation, will ensure that the appointed controller is independent from the controlled PP holds the minimum qualifications such as:</p> <ul style="list-style-type: none"> <li>• relevant degrees;</li> <li>• work experience in controlling projects co-financed by Structural funds<sup>(2)</sup>;</li> <li>• compulsory national qualifications (if any: please specify);</li> </ul>	<p>Three points are pre-ticked. Please select at least one other point.</p> <p><input checked="" type="checkbox"/> confirmed</p> <p><input checked="" type="checkbox"/> confirmed</p> <p><input checked="" type="checkbox"/> confirmed</p> <p><input checked="" type="checkbox"/> confirmed</p> <p><input checked="" type="checkbox"/> confirmed: The experts engaged to perform FLC checks have the necessary compulsory qualifications required in the ToR for the conducted public procurement procedure. The required minimum requirements include educational degree, relevant professional and specific experience in the field, knowledge of English language, computer skills, etc.</p>
<ul style="list-style-type: none"> <li>• national approval (if the case, please specify how this is granted);</li> <li>• sufficient knowledge of the English language</li> <li>• sufficient knowledge of the relevant EU regulations, programme and national rules.</li> </ul>	<p><input type="checkbox"/> confirmed</p> <p><input checked="" type="checkbox"/> confirmed</p> <p><input checked="" type="checkbox"/> confirmed</p>
<p>Are the FLC costs considered to be eligible within the project (please specify if there are specific conditions to determine the eligibility of control costs)?</p>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>Please also confirm that FLCs will be regularly trained on specific issues relevant for FLC, e.g. public procurement , VAT , state aid staff costs calculations</p>	<p><input checked="" type="checkbox"/> confirmed</p>

## C – GUIDANCE AND QUALITY ASSURANCE/QUALITY CONTROL ON FLCs

<sup>2</sup> Suggested: minimum 3 years in financial management or auditing/controlling of projects co-financed with Structural or other EU funds.



<p><b>The Programme established FLC guidelines a template for a FLC report incl. checklist (serving as a minimum requirement) a control certificate to be signed by the FLC.</b></p>	
<p><b>The use of these standardised documents is obligatory.</b></p>	
<p>Do you have additional guidance/instructions on financial management and control and applicable EU and national rules been issued for the use by FLCs to ensure the sound financial management and correct validation of expenditure?</p> <p>If yes, please provide:</p> <ul style="list-style-type: none"> <li>• details about the nature of the relevant documents (e.g. guidance notes, manuals, standard terms of reference and contracts etc.);</li> <li>• a digital copy or link to the web page source of the above listed documents for publishing them on the Programme's web page.</li> </ul>	<p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>
<p>How will the Partner Country monitor and control the performance and quality of the FLCs on its territory, and if needed, implement corrective measures?</p> <p><b>In particular please describe:</b></p> <ul style="list-style-type: none"> <li>• how you ensure that the FLC (incl. on-the-spot checks) is carried out within the time limit set in the cooperation programme (e.g. timeline included in approbation certificate, minimum requirements for terms of reference for FLC selection, commitment required from FLC during approbation, etc.).</li> <li>• the requirements upon the on-the-spot verifications<sup>3</sup> of the project beneficiaries to be carried out by the FLC.</li> <li>• how the training of the FLCs on a regular basis will be</li> </ul>	<p>The time limits set in the cooperation programme for carrying out the FLC are ensured by the deadlines stipulated in the contract between the company and the Ministry of Regional Development and Public Works - MRDPW (according art. 2 para 3 the deadline for presenting the rusurts from the performed FLC is 10 working days after the designation).</p> <p>According to relevant procedures at national level, the National Authority performs administrative control on the verification of the expenditure performed by the external first level controller (the company). After verification procedure is accomplished, the company sends the whole documentation prepared in one paper copy to NA. The NA keeps a register of the performed verifications of all Bulgarian partners and of the documents received by the company.</p> <p>The "INTERREG Programmes" Department performs a 100%</p>

<sup>3</sup> In compliance with the article 23 (4) of the REGULATION 1299/and article 125 (5) and (6) of the REGULATION 1303/2013, on-the-spot verifications are usually done for each project partner at least once during the project lifetime. For FLCs controlling more than one project partner, sampling may be possible under the condition that the method is well justified and documented.

<p>ensured (before the first validation of expenditure, during the project implementation, through meetings or seminars etc.)</p>	<p>administrative checks of the documentation issued by the controllers, while "Financial management and control" Department and "Legislation and irregularities" Department are responsible to carry out verifications on a 5% sample basis, re-performing exactly the same checks done by the controllers.</p> <p>DG TCM organizes trainings and work-shops on a regular basis and provides information to the controllers on such events organized by other territorial co-operation programmes (e.g. INTERACT Programme) in order to improve the professional skills and capacity and to facilitate the exchange of experience and best practices.</p>
<p><b>Will quality checks be carried out?</b></p> <p>If yes, please specify :</p> <ul style="list-style-type: none"> <li>• the body in charge of the quality checks;</li> <li>• the type of check (e.g. control report review, on-the-spot verifications to check existence of complete audit trail, check during which the certified expenditure is checked again);</li> <li>• sampling method;</li> <li>• sample size.</li> </ul> <p>If no, please describe how the effectiveness and efficiency of your national FLC system will be ensured nevertheless.</p>	<p><input checked="" type="checkbox"/> Yes      <input type="checkbox"/> No</p> <p>Directorate "Territorial cooperation management" (TCM Directorate) performs quality control on the first level of controllers' work on a sample basis twice a year (on a 6-month period).</p> <p>The control activities are distributed between 3 separate departments within TCM Directorate, as follows:</p> <ul style="list-style-type: none"> <li>• The "INTERREG Programmes" Department performs a 100% administrative checks of the documentation issued by the company and keeps a register of the performed verifications of all Bulgarian partners and of the documents received by the company;</li> <li>• The "Financial management and control" Department and "Legislation and irregularities" Department are designated to carry out verifications based on a 5% sample of verifications performed by the controllers, re-performing exactly the same checks by the controllers.</li> </ul>



**D – SEPARATION OF FUNCTIONS: FLC, Member of the Group of Auditors (GoA) and project partner function**

<p>How will the Partner Country ensure the clear separation of functions between the body/unit responsible for the FLC and</p> <ul style="list-style-type: none"> <li>the body/unit representing the Partner Country in the Group of Auditors and thus in charge of second level audits?</li> <li>the bodies/units in charge of project activities and finances?</li> </ul> <p>If FLC, member of the GoA and/or project partner functions are potentially located within the same organisation, please provide an organisation chart to document the independence of the units.</p>	<p>According to Council of Ministers' Decision No 156/21.03.2014 "Territorial cooperation management" Directorate General at the Ministry of Regional Development and Public Works is designated as National Authority for the INTERREG V-A Greece-Bulgaria Programme and is responsible for designation of external controllers for carrying out the expenditure verification of Bulgarian lead/project partners. The external controllers (the company) is structurally and functionally independent from the Monitoring Committee and does not take part in project preparation, project approval and implementation of project activities.</p> <p>Second level control is performed by the following bodies:</p> <ul style="list-style-type: none"> <li>"Audit of European Union Funds" Executive Agency (AEUFEA) to the Bulgarian Minister of Finance designates auditor/s who will participate as member/s in the Group of Auditors established by the Audit Authority.</li> </ul> <p>AEUFEA is structurally and functionally independent from the project preparation, project approval and implementation of project activities. AEUFEA is also independent from the First level controllers.</p>
---	---

<b>Place:</b> Sofia	<b>Institution of the signatory:</b> Ministry of Regional Development and Public Works
<b>Date:</b> 08.02.2018	<b>Name and title of the signatory:</b> Maria Duzova Head of the National Authority
<b>Stamp (if exists):</b>	<b>Signature:</b> 