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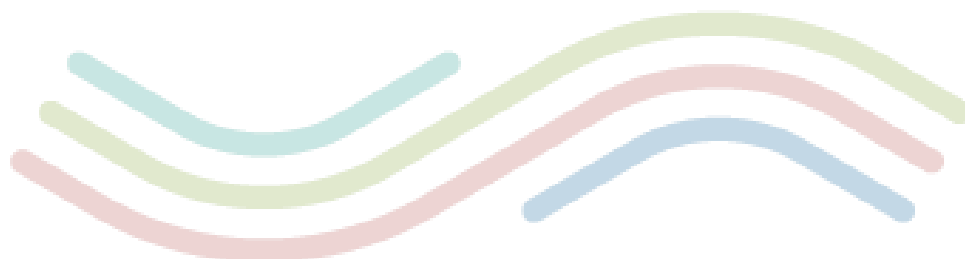


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NEXT MED



**Interreg NEXT Mediterranean Sea Basin 'NEXT
MED' 2021 -2027**
**DESCRIPTION OF THE MANAGEMENT AND CONTROL SYSTEMS
(DMCS)**



Version 1 – 27 July 2023

Approved by Act of the Managing Authority



REGIONE AUTONOMA
DE SARDIGNA
REGIONE AUTONOMA
DELLA SARDEGNA

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0. ACRONYMS

AA	Audit Authority
AB	Assessment Board
ASEZA	Aqaba Special Economic Zone Authority
BOs	Branch Offices
CBC	Cross-Border Cooperation
CCP	Control Contact Points
EC	European Commission
EU	European Union
EVR	Expenditures Verification Report
FA	Financing Agreement
GoA	Group of Auditors
JEMS	Joint Electronic Monitoring System
JS	Joint Secretariat
MA	Managing Authority
MC	Monitoring Committee
MIS	Management and Information System
MPCs	Mediterranean Partner Countries
Nas	National authorities
NC	National Controllers
NCPs	National Contact Points
PD	Programme Document
RBM	Result Based Management
R947	NDICI Regulation (eu) 2021/947
R1059	INTERREG Regulation (eu) 2021/1059
R1060	Common Provisions Regulation (eu) 2021/1060
ROM	Result Oriented Monitoring



1. GENERAL INFORMATION

1.1 INFORMATION SUBMITTED BY:

Member State	Italy
Title of the Programme	(Interreg VI-B) NEXT Mediterranean Sea Basin (NEXT MED)
CCI	2021TC16NXTN001
Member State	Italy
Body responsible and Contact Person	Managing Authority, Ms. Antonella Giglio
Email	agiglio@regione.sardegna.it; next.med@regione.sardegna.it

1.2 THE INFORMATION PROVIDED DESCRIBES THE SITUATION ON:

The information provided describes the situation on 30/06/2023

The information in this document describes, at the date indicated above, the Management System e Control pursuant to Annexes XI and XVI of Reg. (EU) no. 2021/1060 of the European Parliament and of the Council of 24 June 2021.

In accordance with the provisions of the relevant Union standard, therefore, indications regarding the organization of the bodies involved in the following paragraphs are provided management and control of the financed activities and the allocation of specific functions is made explicit within the same organizations.

Any updates and/or additions to this document may be adopted and notified to all concerned persons/bodies.

1.3 SYSTEM STRUCTURE

As foreseen by the INTERREG Regulation (EU) 2021/ (from now on mentioned as R1059), the Next Med Programme is managed through a separation of functions among the following compulsory bodies:

- **Managing Authority (MA);**
- **Joint Secretariat (JS)**
- **Monitoring Committee (MC);**

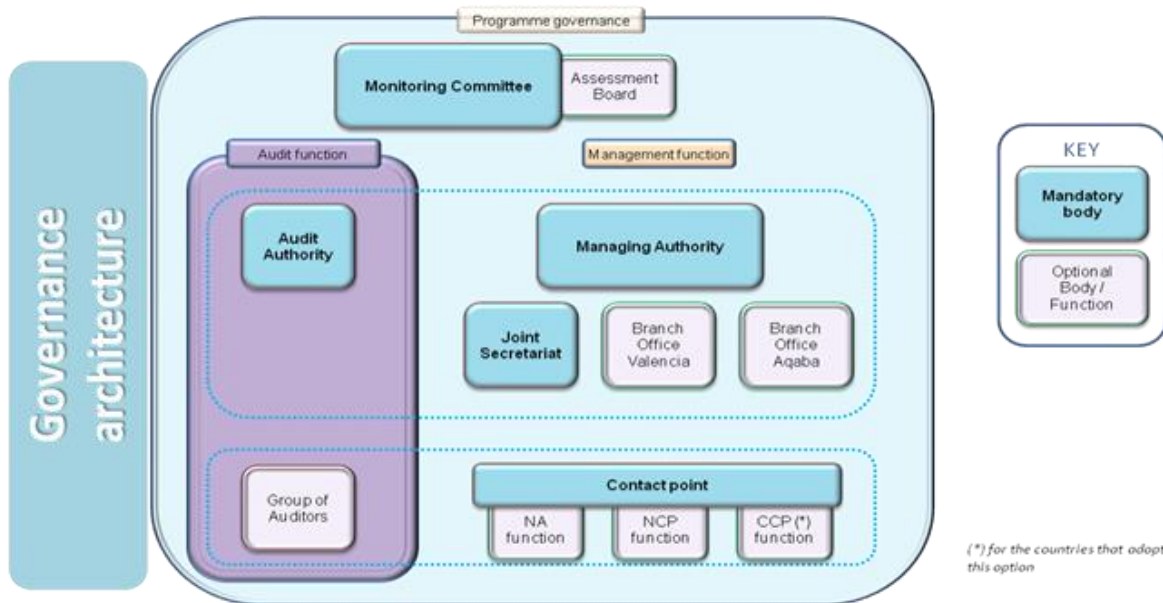


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- **Contact Points (at National Authority level¹);**
- **Audit Authority (AA);**
- **Group of Auditors (GoA);**

Moreover, the participating countries agreed on establishing the following programme bodies to carry out specific support functions:

- **Branch Offices (BO);**
- **Assessment Board (AB).**



1.3.1 MANAGING AUTHORITY

MA Director General:	Ms. Antonella Giglio
Email:	agiglio@regione.sardegna.it; next.med@regione.sardegna.it
Phone:	0039 070 6064290

1.3.2 INTERMEDIATE BODIES (NOT APPLICABLE)

1.3.3 THE BODY CARRYING OUT THE ACCOUNTING FUNCTION

¹ The regulation foresees a Contact Point at National level. The participating countries decided to include different functions to this compulsory body (National Contact Point and Contact Point, see below).



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Managing Authority Accounting Unit:	Ms. Antonella Giglio
Email:	agiglio@regione.sardegna.it; next.med@regione.sardegna.it
Phone:	0039 070 6064290

1.3.4 SEPARATION OF FUNCTIONS: see par. 2.1.1

2. MANAGING AUTHORITY

By agreement of the countries participating in the Programme, the MA is the Autonomous Region of Sardinia (Italy), which has its operational base in Cagliari (Italy) within the Presidency of the Sardinia Region. The MA shall set up a Joint Secretariat (JS), which shall assist the MA in the day-to-day management of the Programme. The JS shall report directly to the MA.

2.1 DESCRIPTION OF THE ORGANIZATION

As defined in articles 72 to 75 of INTERREG Regulation (EU) 2021/1060 (R1060), the MA shall be responsible for managing, control and accounting system of the Programme in accordance with the principle of sound financial management, and for ensuring that decisions of the Monitoring Committee (MC) comply with the law, regulations and provisions in force. In particular, it shall have the following functions:

- a) select operations in accordance with Article 73, with the exception of operations referred to in point (d) of Article 33 (3);
- b) carry out programme management tasks in accordance with Article 74;
- c) support the work of the Monitoring Committee (MC) in accordance with Article 75;
- d) supervise intermediate bodies;
- e) record and store electronically the data on each operation necessary for monitoring, evaluation, financial management, verifications and audits in accordance with Annex XVII of Regulation (EU) 2021/1060, and ensure the security, integrity and confidentiality of data and the authentication of users
- f) to confirm the completeness, accuracy and veracity of the accounts.

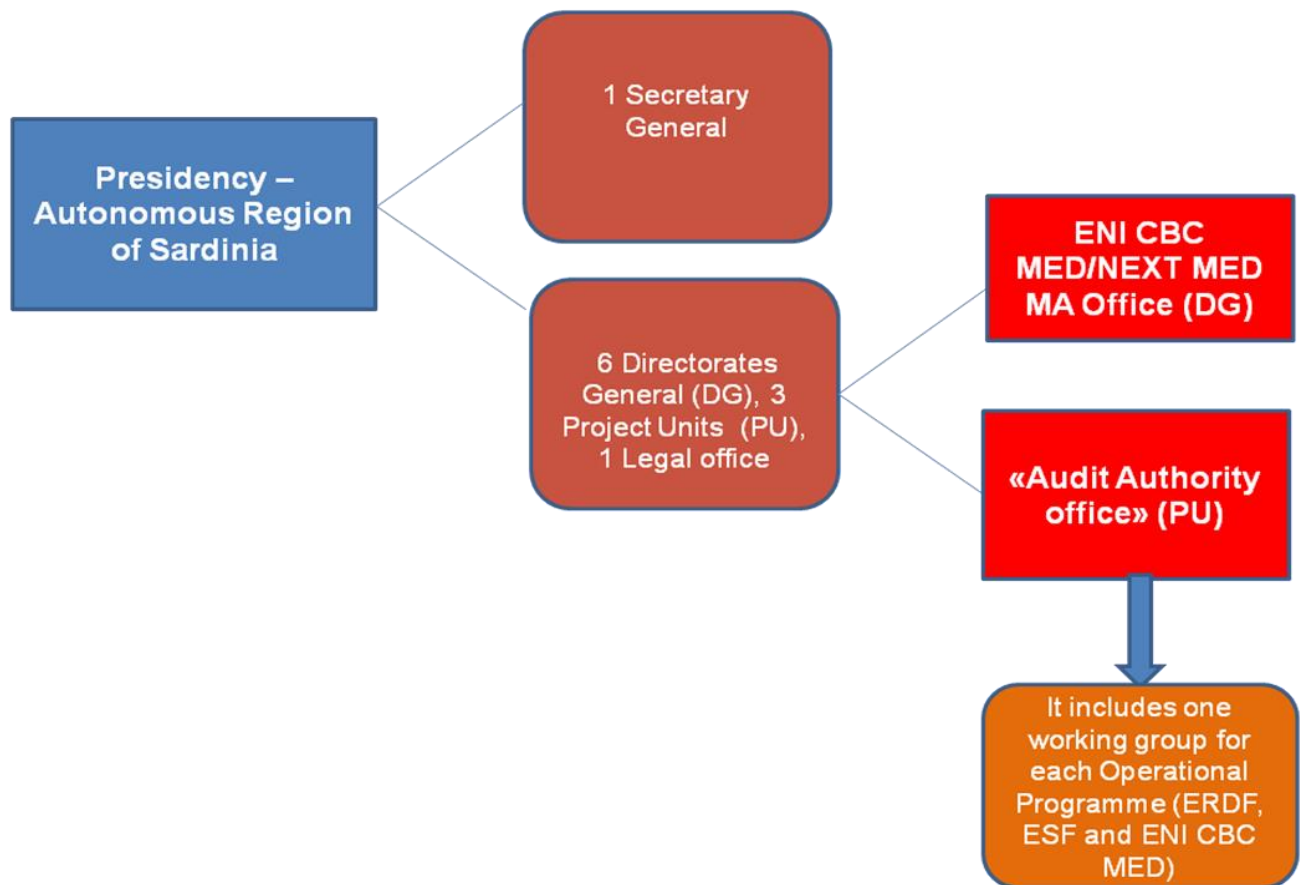
In addition, in accordance with article 32 R1060, MA shall electronically transmit to the Commission cumulative data for the respective Interreg programme by 31 January, 30 April, 31 July and 31 October of each year in accordance with the template set out in Annex VII to Reg. 1060.

2.1.1 STATUS OF THE MANAGING AUTHORITY

The office of the Managing Authority is an independent Directorate General within the Presidency of the Region of Sardinia.

The functional independence of the MA (and also of the Audit Authority) is guaranteed by the regional law n. 31/1998 on the organisation of the Autonomous Region of Sardinia which states at art. 3 that “... *directors have their autonomous powers and are exclusively responsible of the activity, the administrative management and the results*”. Moreover art. 4 of the said law states that “*directorates are responsible directly to the political authority*”². This makes both the MA and Audit Authority autonomous and independent from each other².

The functional independence is also represented in the organisational chart reported below:



² See Annex C Organizational Chart of the Presidency of the Autonomous Region of Sardinia.



2.1.2 SPECIFICATIONS OF FUNCTIONS AND TASKS CARRIED OUT DIRECTLY BY THE MA

The MA has the following structure:

- Director's Office;
- Operational and Authorising Unit;
- Payment and Accounting Unit.

The MA personnel is subject to the code of conduct of the Region of Sardinia(www.regionesardegna.it)³".

The MA staff is continuously updated through the circulation of regional procedures concernign the conflict of interests, anticorruption mechanisms etc. The person in charge of the circulation of these documents and procedures is the Director of the MA through her assistant via email.

In particular the Autonomous Region of Sardinia in line with the national law n. 190 dated 09 November 2012 on anti-corruption measures, adopted adopted the latest three-year plan for the prevention of corruption and transparency for the three-year period 2022-2024 (by resolution No. 14/6 of 29.04.2022), which includes the report on the mapping of processes and related assessment of the corruption risk. Moreover, the Regional Government adopted the decision n. 30/15 dated 16.06.2015 on the procedures to report illicit situations to the Anti-Corruption office set within the Autonomous Region of Sardinia (wistleblowing). The Italian law and the Office of the Region's Corruption Prevention and Transparency Officer guarantee whistleblowers maximum protection both with regard to anonymity and against any retaliatory measures or discrimination.

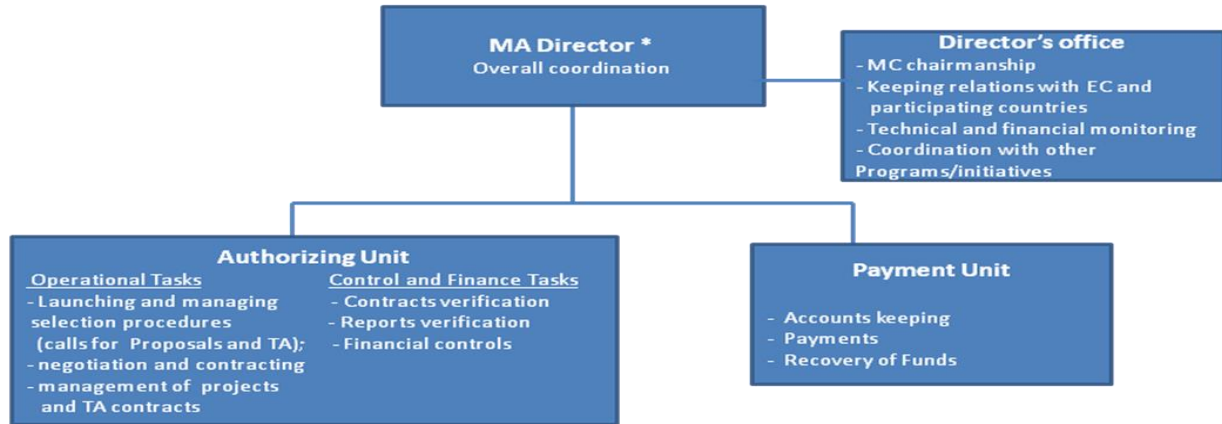
Finally, in accordance with the national legislation (National Legislative Decree n. 39/2013) the MA Director and the Head of Units need to make a specific declaration preventing the conflict of interests when they are appointed and on yearly basis. These declarations are also published in the websited of the Autonomous Region of Sardinia.

The organisational structure of the MA has been established through the Regional Decree n. 14/1 adopted on 13/04/2023, which keeps the same organizational structure through the Regional Decree n. 52/10 adoped on 23.10.2018 within the ENI CBC MED Programme.

The main functions and its specifications according to art. 72-75 of Reg. 1060 and each responsible unit of the MA are described below.

³ Code of Conccut of the personnel of the Autonomous Region of Sardinia and of its entities, agencies and participated companies has approved with the Regional Government Decision n. 43/7 of 29.10.2021 "Codice di comportamento del personale del Sistema della Regione Autonoma della Sardegna e delle Società partecipate.

ORGANISATIONAL AND FUNCTIONAL CHART OF THE MANAGING AUTHORITY



* According to the Regional Law, the Units are completely independent from the MA director and they are fully responsible for their procedures.

a) Functions of the Director's office of the Managing Authority

The MA Director shall be responsible for ensuring that the Programme is implemented, according to the principles of sound financial management and in accordance with the provisions set by the EU Next Med regulations, Italian national legislation (as far as the administrative process are concerned) and regional provisions. The MA Director shall have the overall responsibility of the MA on the Programme implementation towards the participating countries and beneficiaries.

Director's office (shall guarantee the overall coordination of the Programme through the following functions to be carried out by its components.

The main functions of the Director's office shall be:

1. in accordance with art. 75 of Reg. 1060, supporting the MC by ensuring its chair without voting right, trying to reach the consensus and guaranteeing the compliance with its rules of procedure. Moreover, it will submit the necessary documents to the MC and it will ensure the follow up of MC decisions.
2. Submitting the management declaration;
3. Issue all the official communications to the NAs and other relevant bodies concerning any issue which is relevant to the execution of their tasks;
4. Carry out the performance assessment of the internal staff, according to the internal provisions of the Region of Sardinia.
5. Ensuring the implementation of the information, communication and capitalization



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- activities also through the coordination with other initiatives in the Programme area;
6. Ensuring a punctual monitoring and internal control of programme circuits and their overall efficiency, through the detection of potential risks deriving from their functioning, potential improvements, alternatives and/or solutions to specific issues.
 7. Sharing all relevant information with other management bodies (such as JS, Audit Authority and other relevant bodies) and beneficiaries that is relevant to the execution of their tasks or project implementation;
 8. Ensuring the implementation of the information and communication plans.
 9. Make sure that the results of all audits carried out by or under the responsibility of the Audit Authority when drawing up and submitting payment requests are duly taken into account, including the corrective measures;
 10. Ensure the implementation of the monitoring and evaluation plans and ensuring “result-oriented programme and project monitoring” in addition to the day-to-day monitoring carried out by the JS;
 11. Ensure the coordination of the whole MA with other programme bodies (NA, CCP, NCP, AA and BOs) in order to guarantee a smooth implementation of the Programme in order to detecting possible synergies among projects dealing with similar issues and financed by other EU programmes in the area (for example by sharing databases with other initiatives and programmes concerning the key stakeholders in order to identify possible double funding). Moreover the MA shall ensure that the relevant information is shared with other programmes/instruments in order to identify relevant deliverables, innovative approaches and/or methodologies. Finally the Director’s office shall keep the external relations with the National Authorities on Programme implementation (including duties and responsibilities of the national bodies involved in programme management); the EC; representatives of other Programmes or instruments in the Mediterranean area etc.

b) Operational and Authorising Unit: functions

The Head of Unit shall be responsible for the coordination of the whole unit including the management and the supervision of the work carried out by the unit staff.

The Operational and Authorising Unit will carry out the activities referred to the following functions:

1. Selection and contracting of projects
2. Manage the technical assistance funds
3. Ensure the management verifications

1. Selection and contracting of projects in accordance with art. 73 of Reg. 1060

- Defining the selection criteria and content of the calls documents together with the MA director’s office, and in particular the content of the Grant Contract (General and Special Conditions), to be approved by the MC. The specific provisions linked to the



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evaluation and selection process are contained in the Guidelines for Project Evaluation and Selection. In particular, the MA shall ensure that the operations:

- allow the achievement of the Programme Specific Objectives and expected results,
- are non-discriminatory and transparent and take into account the principles of promoting equality between men and women and sustainable development, including the DNSH (Do No Significant Harm) principle.
- The procedures and criteria contained in the Evaluation Guidelines and other call documents guarantee the full implementation of the provisions of paragraph 2 of the art. 73 of Reg 1060.
- Launching the Calls for Proposals ensuring, through the appropriate call documents and news on the Programme website, that potential beneficiaries receive the appropriate information on the applicable conditions for support for the selection of operation (e.g. Grant Contract template and other relevant documents will be published and info – events will be delivered);
- Chairing the Assessment Board (AB) and proposing to the MA Director the person to be appointed as AB secretary;
- Verifying that the negotiation process has been properly carried out (namely the negotiation check-lists and documents are complete and correct);
- Signing the Grant Contract with project Beneficiaries and the addendum to the Grant Contract in case of major modifications;
- Defining, supported by the MA Director's office and by the JS coordinator, the audit trail for projects to be approved by the MA director;
- Developing, supported by the JS, the reporting templates to be used by projects.

2. Manage the technical assistance funds

- Drafting call for tender documents and launching and managing the tender procedures;
- Signing contracts with contractors;
- Managing contracts and any modification during contract implementation.

3. Ensure the management verifications according to art. 74 of Reg. 1060

The organization of the MA foresees that the verification and control activity on the projects is coordinated at central level by the Operational and Authorising Unit which functionally independent from the other MA Units. The frequency, scope and coverage of management verifications should be based on a risk assessment that takes into account factors such as the number, type, size and content of operations implemented, the beneficiaries as well as the level of the risk identified by previous management verifications and audits. Management



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verifications should be proportionate to the risks resulting from that risk assessment and audits should be proportionate to the level of risk to the budget of the Union. See also par. 2.1.5

The management verifications will be carried out by the Unit and by national controllers (for EU Mediterranean Countries and for Türkiye).

For the Mediterranean Partner Countries which do not use a national control system, the MA Operational and Authorising Unit will:

- Ensure that the management verifications are carried out by the unit personnel in charge of each project in respect of each payment request by beneficiaries.
- Carry out a risk analysis to establish the expenditures and procedures to be checked during administrative verification;
- Analyze the conclusions of the JS on the interim and final reports delivered by project Beneficiaries. The Unit shall be responsible for deciding on the eligibility of expenditures by making sure whether the expenditure declared by the beneficiaries has been paid by them and that this complies with art. 53 of the Reg. 1060, as well as with art. 38 to 44 of Reg. 1059 as well as the applicable law, programme rules and conditions for support of the projects.
- Carry out management verifications to verify that the co-financed products and services have been delivered, that the operation complies with applicable law, the programme and the conditions for support of the operation.
- Where costs are to be reimbursed pursuant to art. 53 par. 1, the Unit will ensure that the conditions for reimbursement of expenditure to the beneficiary have been met according to the different form of support (direct costs, flat rate and unit costs);
- Decide on the interpretation of eligibility rules concerning projects, supported by the MA director's office for obtaining the information on national rules by CCP, in order to determine the eligible expenditures and the amount of further pre-financing to be transferred;
- Approve that report on the services, supplies or works performed, delivered and or installed by contractors;
- Ensure that beneficiaries involved in project implementation maintain either a separate accounting system or a suitable accounting code for all transactions related to a project;
- Define procedures to ensure that all documents regarding expenditure and audit required to ensure a suitable audit trail are held.

For the beneficiaries coming from the participating countries having a National controller, the above mentioned verifications will be performed by the NC and the description of the national control system will be agreed with the MA (to ensure its satisfaction according to art. 46 par. 5 of Reg. 1059.

According to art. 74 par. 1 of Reg. 1060, for all beneficiaries the MA Operational and Authorizing Unit will:



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- ensure subject to the availability of funding and together with the Accounting and Payment Unit, that a beneficiary receives the amount due in full and no later than 80 days from the date of submission of the payment claim by the beneficiary; the deadline may be interrupted if information submitted by the beneficiary does not allow the managing authority to establish whether the amount is due;
- define effective and proportionate anti-fraud measures, taking into account the risks identified and the recommendations made by the MA Director's office on the monitoring and evaluation;
- prevent, detect and correct irregularities establishing the the debit notes to be sent to project beneficiaries;
- confirm that the expenditure entered into the accounts is legal and regular.
- Ensure that all the recommendations relevant to the processes managed by the Unit, deriving from the results of all audits carried out by or under the responsibility of the Audit Authority when drawing up and submitting payment requests, are taken into consideration by revising, together with the MA director's officer or the JS coordinator the circuits, as the case may be.
- Decide and notify the Beneficiary concerning on-the-spot verifications to be carried out on its project and defining the on-the-spot verification methodology together with the MA Director's office and JS. The frequency and coverage of the on-the-spot verification shall be proportionate to the amount of the grant to a project and the level of risk identified by the verifications and controls to be performed by the MA for the management and control system as a whole. On the spot project verification will be carried out on a sample basis and they might be externalized to external experts.
- Attend on-the-spot verification missions as the case may be;
- Sign the verification mission reports including the conclusions, decisions and/or recommendations to be transmitted to the MA Director's office in order to inform the MC and/or the relevant NA.

The detailed procedures and related check-lists linked to the above mentioned functions, will be described in an annexed document to be adopted by the MA Director General.

c) Accounting and Payment Unit: main functions

This unit is independent from the Operational and Authorising Unit as it is a separate unit within the Managing Authority.

The Accounting and Payment Unit shall carry out its activities on the basis of art. 76 of R1060 and in particular it shall be responsible for:

- drawing up and submitting payment applications to the Commission in accordance with Articles 91 and 92 of R1060;
- drawing up and submitting the accounts confirming completeness, accuracy and veracity of the accounts in accordance with Article 98 of R1060, and keeping electronic



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records of all the elements of the accounts, including payment applications.

Moreover, the Accounting and Payment Unit will be responsible for:

- collecting revenue and recovering amounts as being receivable;
- keeping the accounts and preparing and presenting the accounts in line with the provisions of the Financial Regulations;
- Laying down the accounting procedures and the chart of accounts;
- Laying down and validating the accounting systems;
- Guaranteeing the treasury management.

For the complete description see chapter 3.

2.1.3 SPECIFICATIONS OF FUNCTIONS AND TASKS CARRIED OUT BY INTERMEDIATE BODIES

No intermediate bodies are foreseen. Therefore this is not applicable.

2.1.4 PROCEDURES FOR THE SUPERVISION OF THE FUNCTIONS AND TASK DELEGATED BY THE MANAGING AUTHORITY

No delegated functions are foreseen. Therefore this is not applicable. However, for a complete understanding of the overall Programme Governance the main Programme bodies and functions are reported below.

2.1.4.1 JOINT SECRETARIAT

The Interreg NEXT MED Programme will implement a dual staffing model for the composition of the Joint Secretariat (JS): a group of officers as fixed members of JS staff and a group of rotating seconded officers from national or regional administrations of the participating countries. This is in line with art. 46 of the EU Regulation 1059/2021 that the JS “staff should take into consideration the Programme partnership”. Moreover, according to art. 46.2, two Branch Offices will be set up (see par. 4).

The participating countries agreed to have a mix composition of the JS: 2/3 of the JS staff will be recruited through an open tender to be launched by the MA, while 1/3 of its staff will come from the participating countries willing to second an officer to the JS.

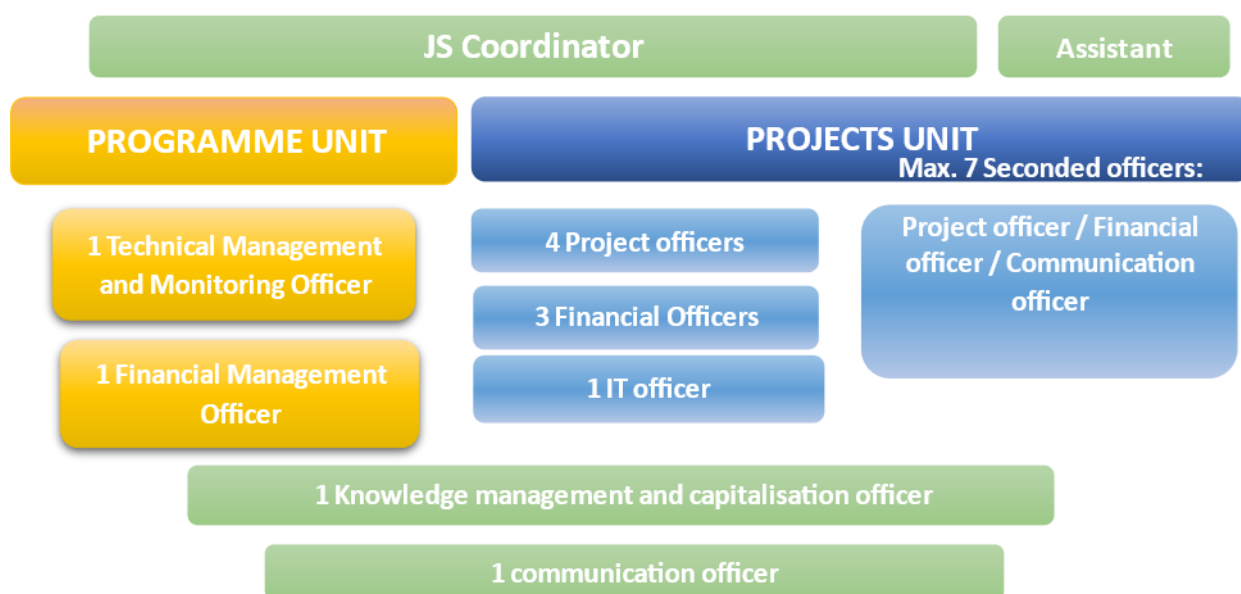
The adequate number of JS staff to efficiently serve the size and the complexity of the Programme is deemed to be around 15 officers. The exact numbers will be agreed once the participating countries have declared their intention to second an officer.



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The fixed JS officers will be organised and employed by an independent organisation (a single company or a consortium), which will be selected through a tendering process handled by the MA complying with the relevant procurement legislation.

All participating countries will have the possibility to second one officer from national or regional administrations to work in the JS. The duration of each secondment will be of two years but it could be reduced to 1 year or extended to 3 years, depending on the availability of positions and provided that all countries that wish to take part in the scheme can guarantee the secondment. Here below the indicative structure of the JS:



- FUNCTIONS OF THE JS

According to point (b) of Article 46 INTERREG Regulation (EU) 2021/1059 the functions of the JS will be structured under two main core areas:

1. *"The Joint Secretariat shall assist the Managing Authority and the Monitoring Committee in carrying out their respective functions".*

Under this area, a general support to the MA and the MC in the Programme implementation shall be provided by the JS that will perform the following tasks:

- day-to-day management and implementation of the Programme;
- drafting of the content of the calls for project proposals and the related documents (project proposal packages, guidelines and implementing manuals, procedures and supporting documents for beneficiaries);
- participation in the assessment process of the proposals submitted, in particular in the administrative and eligibility checks;
- drawing up documents to support the MC in the evaluation of the proposals and presenting the results of the assessment process to the MC in charge of the approval



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for funding;

- updating information on the monitoring system, at Programme and project level;
 - supporting the MA in the evaluation and capitalization of the Programme results and impacts at national and regional level, and in the implementation of the multi-programme coordination mechanism;
 - assisting the MA in procedures for payment to project beneficiaries, including examination of interim and final reports and implementation of the management verifications on projects;
 - drawing up reports and statistics on the projects' achievements and financial progress of the Programme, proposing - if necessary - the appropriate corrective measures;
 - carrying out technical and financial negotiation of Grant contracts;
 - drafting and implementing the communication strategy and the compliance with the communication requirements;
 - secretary services, organization of the Programme meetings, preparing agenda and keeping the minutes.
2. *"The Joint Secretariat shall also provide information to potential beneficiaries about funding opportunities under Interreg programmes and shall assist Lead partners and partners in the implementation of operations"*.
- help desk office, as first contact point for information about the Programme to potential beneficiaries and then to partners during the implementation of the projects;
 - support to the applicants for the submission of the project proposals by providing them clarifications regarding the calls, instructions for the correct compilation of the applications and the use of the online platform, as well as the organization of communication and information activities (meetings, workshops etc);
 - monitoring the projects implementation by ensuring the fulfilment of the obligations by the Lead partners and partners, as described in the approved project proposal, in the Grant Contract and in the Partnership Agreement and according to the Programme management and control system;
 - participating in technical meetings with the partners, for the resolution of problems and specific cases concerning the project implementation, in coordination with the national authorities and the BOs;
 - ensuring capacity building of project beneficiaries and their auditors, by preparing and presenting documents on project technical implementation, communication and providing training to projects partners and auditors;
 - examining the requests for minor and major modification of contractual conditions of projects.

2.1.4.2 MONITORING COMMITTEE (MC)

The Monitoring Committee (MC) is the decision-making body of the Programme and it has the main responsibility to follow the overall implementation of the Programme and of its



strategy.

- COMPOSITION

According to art. 38 of the of R1060, the MC has been officially set up by the participating countries within three months from the date of adoption of the Programme by the EC through a formal meeting. During its first meeting the MC adopted its rules of procedures⁴

According to its Its composition includes:

- A delegation for each country participating in the programme (maximum five members) with one voting right per delegation;
- The Director of the MA without voting right acting as Chairperson;
- A representative of the JS without voting right;
- A Secretary appointed by the MA without voting right;
- A representative of each organisation hosting the Branch Office (BO) without voting right (ASEZA for the Aqaba BO and Generalitat Valenciana as Valencia BO);
- A representative of the European Commission in an advisory/ observer capacity, without voting rights;
- Observers without voting rights, as the case may be.

The composition of the national delegations as well as the respect of the Partnership principle is decided by each country in accordance with the Rules of Procedure (RoP) of the MC, and it is notified to the Secretary.

The monitoring committee shall meet at least once a year and shall review all issues that affect the programme's progress towards achieving its objectives.

- MONITORING COMMITTEE FUNCTIONS

In accordance with article 40 R1059, the main functions of the MC are:

- a) Examine the progress in programme implementation and in achieving the milestones and targets of the Interreg programme;
- b) Examine any issues that affect the performance of the Interreg programme and the measures taken to address these issues;
- c) Examine, with regard to financial instruments, the elements of the *ex ante* assessment listed in Article 58(3) of R1060 and the strategy document referred to in Article 59(1) of that Regulation;
- d) Examine the progress made in carrying out evaluations, syntheses of evaluations and any follow-up given to findings;

⁴ See annex 1.



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- e) Examine the implementation of communication and visibility actions;
- f) Examine the progress in implementing Interreg operations of strategic importance and, where applicable, of large infrastructure projects; and
- g) Examine the progress in administrative capacity building for public institutions and beneficiaries, where relevant.
- h) Approve - in addition to its tasks concerning the selection of operations listed in Article 22 - the methodology and criteria used for the selection of operations, including any changes thereto, after notifying the Commission, where requested, pursuant to Article 22(2) of R1060, without prejudice to points (b), (c) and (d) of Article 33(3) of R1060;
- i) Approve the evaluation plan and any amendment thereto;
- j) Approve any proposal by the managing authority for the amendment of the Interreg programme including for a transfer in accordance with Article 19(5) and the final performance report.

The description of the functioning of the MC is contained in the Rules of Procedure (RoP) that has been adopted unanimously at its first meeting. The RoP ensure the proper functioning of the MC in accordance with the principles of confidentiality, equal treatment, impartiality and respect of the Programme rules as well as preventing any situation of conflict of interest when selecting Interreg operations.

Among the specific rules concerning the composition, the RoP define the decision making mechanisms, the quorum for the validity of the decisions/meetings by ensuring a geographically equitable participation of EUMCs and MPCs.

2.1.4.3 CONTACT POINTS

Article 54 of the R1059 foresees, as mandatory body, a **“Contact Point”** (CP) to be set up in partner countries, to operate at national level. The CP should have a function of liaison with the MA and a communication role for the programme in the country.

Given that a reference organisation should be appointed to allow the Managing Authority to have a responsible body in each participating country, **the participating countries agreed with the MA proposal to have a Contact Point body set up in each participating country** - i.e. not only in partner countries, to facilitate a consistent implementation of the programme across its area. The list is included in the Programme Document published in the Programme website.

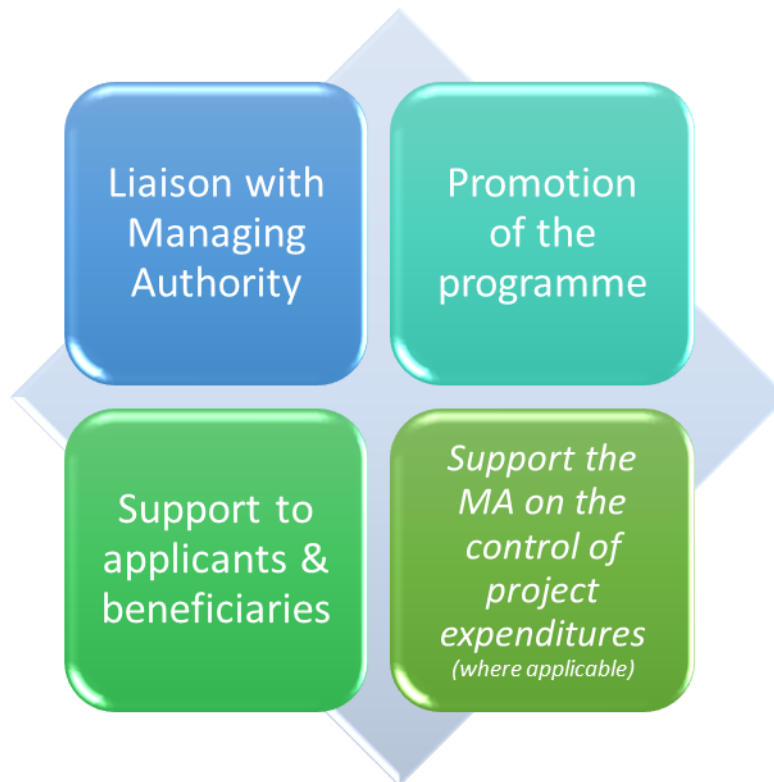
- FUNCTIONS

Each **Contact Point** body should perform the first three following **functions in all participating countries**; the fourth function (d) only where applicable:

- a) act as **liaison** with the Managing Authority and other programme bodies to support the implementation of the programme (similar to the National Authority functions

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- within the ENI CBC MED Programme);
- b) **support** applicants and beneficiaries in the preparation of applications and implementation of the projects (similar to the previous National Contact Point functions) in co-ordination with the JS;
- c) **communication** and promotion tasks, including those mentioned in art. 36 and in co-ordination with the activities planned by the Managing Authority and Branch Offices.
- d) **Support to control** functions carried out by the MA - (similar to the former Control Contact Point functions) - only for the MPCs which do not use the National Controller.

Figure 1 - Contact Point functions

The main activities to be performed under each function are listed here below. Purely as an indication, they are grouped by the functions comparable to those performed by Programme bodies of the 2014-2020 ENI CBC MED Programme.



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<i>Function</i>	List of main activities of the Contact Point body
<i>National Authority (NA)</i>	<ul style="list-style-type: none"> • Act as liaison in the country with the Managing Authority. • Organise or support awareness raising campaigns on the programme for stakeholders. • Assist the MA in the recovery process for expenditure of beneficiaries in its territory.
<i>National Contact Point (NCP)</i>	<ul style="list-style-type: none"> • Inform potential beneficiaries about funding opportunities. • Assist applicants in the preparation of proposals. • Support beneficiaries with the compliant implementation of projects. • Provide training to applicants and beneficiaries. • Contribute to national and programme wide communication activities.
<i>Control Contact Point (CCP)⁵</i>	<ul style="list-style-type: none"> • Provide clarification on national frameworks (legal, administrative, etc.) to allow the Managing Authority to carry out its management verifications and assess the compliance of the expenditures declared by project beneficiaries with relevant national legislation and procedures. • To support the Managing Authority in carrying out quality control of expenditure verification reports (on the spot checks). • To ensure that the project auditors selected by the beneficiaries comply with the criteria set by art. 46 par. 9 of R.1059.

As for the actual **structure of the Contact Point** body, it will be up to each individual participating country to determine how to best set up the body. Further information will be included in a specific Annex devoted to the National Systems.

2.1.4.4 BRANCH OFFICES

According to art. 46.2 of R1059, the participating countries in the Interreg NEXT MED Programme agreed to include, in the Programme Document, 2 Branch Offices (BOs): one to cover the Eastern Mediterranean basin and based in Aqaba (Jordan) and one to cover the Western Mediterranean basin and based in Valencia (Spain).

The two Interreg NEXT MED Branch Offices are hosted by the same structures that already hosted the same Branch Offices during the two previous programming periods (ENPI and ENI), respectively by the Aqaba Special Economic Zone Authority (ASEZA) and the Generalitat Valenciana (regional government of Valencia).

The Branch Offices will continue to provide their support and services on a geographical basis, integrating the 2 new participating countries – Algeria and Türkiye – according to the following distribution:

⁵ The main functions are included in the Financing Agreements while specific procedures will be included in the Annex on National Systems.



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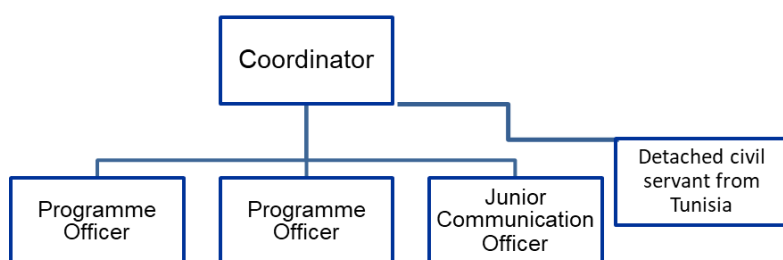
- Branch Office for the Eastern Mediterranean (Aqaba) covering Cyprus, Egypt, Greece, Israel, Lebanon, Jordan, Palestine, Türkiye;
- Branch Office for the Western Mediterranean (Valencia) covering Algeria, France, Italy, Malta, Portugal, Spain, Tunisia.

- STRUCTURE AND FUNCTIONS OF THE BRANCH OFFICES

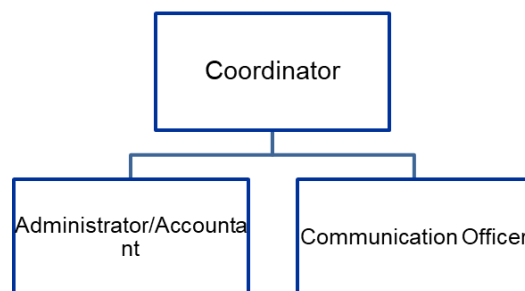
The MC, during its first meeting held in Cagliari in March 2023, approved the structure and the functions of the two Branch Offices.

In particular, both offices will have a total of 7 staff according to the following profiles:

Valencia BO staff



Aqaba BO staff



The main functions of the Branch Offices are split into 8 main categories, as follows:

1. Overall support to the Programme Managing Authority

The BOs will support the Managing Authority and the Joint Secretariat in the day-to-day management of the Programme, including also the organization and preparation of the Monitoring Committee (MC) meetings and Programme events.

In addition will help the MA in the on-the-spot checks to be performed on the projects in Mediterranean Partner Countries, to control the quality of activities as well as expenditures; and to support the management and implementation of the Programme will also include translations, drafting of reports, and any other support task as needed.



2. Support to Programme communication activities

The BOs will support the MA and the JS in carrying out information and communication activities. In particular, a) support to the implementation of the Programme communication strategy and annual communications plans; b) Support to the MA/JS in the development of the communication products and update of the Programme website.

3. Support to the Programme Contact Points

Each BO will provide support and assistance to the participating countries under its geographical coverage. Among the different activities BO will organize training sessions for the Contact Points; liaise with the Contact Points to address specific issues related to the Programme or project activities in their country, always in close coordination with the MA and the JS.

4. Contribution to the development of synergies and complementarities

Another important task to be contributed by the Bos, in close coordination with the MA, is to support the Programme strategy in the development of synergies and complementarities with other programmes and initiatives implemented by the EU or other donors in the Mediterranean area. Likewise, the BOs will participate to the consolidation of the relations with the Delegations of the EU in the Mediterranean Partner Countries in order to further enhance their knowledge of the Programme and maximize their involvement in it.

5. Support to potential applicants and partners during calls for proposals

This is a core responsibility of the Branch Offices due to the greater proximity to the territories. In that sense, both Branch Offices will inform project potential applicants and partners and provide technical support to them in order to submit quality proposals. This activity will not lead to provide opinions on the eligibility of project proposals and no bilateral meeting with potential applicants will be held during the opening period of calls, as per the Programme rules.

6. Support the assessment of project proposals

BOs will help the MA and JS in the following assessment phases: a) administrative check of the proposals; b) verification of eligibility of the pre-selected proposals.

7. Support to projects beneficiaries during the implementation phase

The BOs will support the project lead partners and partners towards a smooth and sound implementation of the project.

This activity will be performed under the coordination of the MA/JS. In particular, the BOs may participate to project events, assist, and orientate partners in specific issues, organize specific trainings, liaise with the JS and/or the Contact Points, etc.

An important specific activity under this category will be the organization of training events for Lead Beneficiaries (usually one per each call) as well as trainings for national partners on specific issues like Communication, First level control or Closure.



Finally, the BOs officers will act as Communication Officers, reporting directly to the and guiding the Interreg NEXT MED projects towards quality and impactful implementation of their communication activities.

8. Contribution to knowledge management and capitalization activities

Based on the Programme experience, the projects generate a massive amount of knowledge which requires proactive programme efforts to maximize its potential of dissemination, utilization and replication.

The BOs will also endeavor to raise the institutional capacities of the programme partners (contact points, projects partners, etc.). Besides, another key element will be the commitment of the BOs towards the 2 new countries (Algeria and Türkiye) that may require specific support as for their less extensive level of experience with the Programme.

2.1.4.5 AUDIT AUTHORITY AND GROUP OF AUDITORS

According to Art. 71 of the R1060, the Programme Document has indicated that the Audit Authority (AA) of the Interreg NEXT MED Programme is the Autonomous Region of Sardinia (RAS).

In this respect, by its decision n. 29/3 del 22.09.2022, the Sardinian Regional Council renamed the office as “Ufficio della Autorità di Audit” (Audit Authority Office) within the Presidency of the Region and confirmed Mr. Vincenzo Pavone as Audit Authority for the Interreg Next Mediterranean Sea Basin (NEXT MED) 2021/2027.

The President of the Autonomous Region of Sardinia, with the Decree n. 75 Prot. n. 17741 of 30.09.2022, confirmed the decision.

The Audit Authority is thus independent from the Programme managing structures as shown in par. 2.1.1. It manages its own budget and it will receive part of the flat rate Technical Assistance funds to ensure a proper functioning of AA, including any closure activities linked to the previous programme, as the case may be.

The structure of the AA is detailed in the Audit Strategy drafted and updated in compliance with art. 78.1 of R1060.

According to art. 48 of R1059, whenever the audit authority does not have the authorization or the possibility to perform its audits at country level, it will be assisted by a Group of Auditors composed of a representative from each country participating in the Interreg NEXT MED programme.

Each participating country, where applicable, shall be responsible for audits carried out on its territory and for providing the factual elements relating to national expenditure that are required by the audit authority in order to perform its assessment.

The auditors shall be functionally independent from bodies or persons responsible for management verifications pursuant to art. 46(3) of R1059.



The Group of Auditors (hereinafter GoA) shall be set up within three months of the decision approving the Interreg programme pursuant to Article 18. It shall draw up its rules of procedure and be chaired by the audit authority for the Interreg programme.

- FUNCTIONS OF THE AUDIT AUTHORITY

According to art. 77 of R.1060, the AA main responsibilities are

1. carrying out system audits, audits on operations and audits of accounts in order to provide independent assurance to the Commission regarding the effective functioning of the management and control systems and the legality and regularity of the expenditure included in the accounts submitted to the Commission.

It will work in accordance with internationally accepted audit standards.

The audit authority shall draw up and submit to the Commission:

(a) an annual audit opinion in accordance with Article 63(7) of the Financial Regulation and with the template set out in Annex XIX to R1060

(b) an annual control report fulfilling the requirements of point (b) of Article 63(5) of the Financial Regulation, in accordance with the template set out in Annex XX to this R1060.

2. According to art. 78 of R1060, the AA shall, prepare an audit strategy based on a risk assessment, taking account of the management and control system description provided for in Article 69(11), covering system audits and audits of operations. The audit strategy shall include system audits of MA to be carried out within 21 months of the decision approving the programme or the amendment of the programme identifying such an authority. The audit strategy shall be prepared in accordance with the template set out in Annex XXII and shall be updated annually following the first annual control report and audit opinion provided to the Commission.

3. Carrying out audit on operations on a sample based methodology (art. 79 of R1060).

4. Submitting to the Commission, each year by 15 February following the end of the accounting year, an annual control report in accordance with point (b) of Article 63(5) of the Financial Regulation using the template set out in Annex XX of R1060.

2.1.4.6 ASSESSMENT BOARD

During its first meeting held in Cagliari in March 2023, the MC decided to establish an Assessment Board (AB), to carry out and supervise the assessment of proposals from the administrative check on proposals received through the Electronic Application Form (e-AF) to recommend the project proposals to be submitted to the MC that takes the award decision. The competences of the AB exclusively concern the First call for proposals launched within the INTERREG NEXT MED Programme. The AB will perform its duties during the period of execution of the evaluation process of the current call for proposals and it will end its mandate at its closure.



The AB will be composed by voting members representing all participating countries and appointed by the MC, a Chairperson and a Secretary without voting right, appointed within the MA staff. Any AB member or observer who has a potential conflict of interest with any applicant and/or partner must declare it and immediately withdraw from the AB.

The details on the responsibilities and on the functioning of the AB are included in the Guidelines for Project Evaluation and Selection.

2.1.5 FRAMEWORK TO ESUERE AN APPROPRIATE RISK MANAGEMENT

Risk management is then a process, which the MA has to realize to minimize the impact of those events which can negatively affect the achievement of Programme's objectives.

Therefore, risk management must be an integral part of all entity activities, including governance, planning and performance management processes at both strategic and operational levels.

The MA will develop a customised risk management framework, including risk management policy, roles, responsibilities, resources, processes and procedures, tools, structures and documentation, based on the requirements set out in Regulation R1060 the Tesim Guidelines and international best practice, to meet the needs of the Next Med Programme and effectively manage risks.

MA shall manage different risks according to the different types of objectives:

- **Strategic risks** are risks related to the performance and/or functions of the MA and/or other Programme bodies (such as JTS, BOs etc.) set by legislation or tasks designated that the MA and/or the other bodies have little or no control over. **These risks include political, economic, and ESG** (environmental, social, governance) risks. For example Human resource risks, included in Social and Governance, are risks related to organizational culture, knowledge and skills of the employees, human resources in general, effective legal and ethical activities of the MA and other Programme bodies employees;
- **Operational risks** are risks related to the processes or procedures that work incorrectly or do not function at all resulting in serious disruptions to the implementation of the Programme. **This category of risk comprises: a) financial risks**, which are related to the provision of sound financial management (including applying principles of economy, efficiency and effectiveness) of the Programme; b) **Information system risks** which are related to the operational errors, failures or shortcomings of the Programme's electronic data exchange system;
- **Compliance risks**, related to failure to comply with the requirements of legislation that is in force in the European Union and/or those of the participating countries and all applicable Programme regulatory framework, including Financing Agreements signed between the EC and the MPCs. **This category of risk, linked with objectives comprises Fraud risks**, that can lead to intentional acts or omissions relating to the use or presentation of false, incorrect or incomplete statements or



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documents, which can affect the misappropriation or wrongful retention of funds; non-disclosure of information in violation of a specific obligation, with the same effect; misapplication of such funds for purposes other than those for which they were originally granted. Special attention and fraud risk self- assessment shall be paid to fraud risks in the following areas- selection of applicants, implementation and verification of the operations, certification of expenditure and payments.

- **Reporting Risk** or Information - communication system risks which are related to the operational errors, failures or shortcomings of the Programme's electronic data exchange system and JeMS, **or disclosure financial and non financial** (or sustainability information) for UE.

Risk management procedure

Risk management procedure determines how risks will be managed - identified, assessed, prioritised, monitored, prevented, mitigated and reported by the employees of the Managing Authority and other Programme bodies of the Interreg Next Med 2021- 2027. The objective of the risk management is to ensure that controls by the MA and JS are targeted towards those areas where high risk of material misstatement exists.

Risk management procedure is applied on principle that effective risk management:

- covers all tasks and activities of the MA and/or JS;
- advances the MA and/or JS functions and tasks in fulfilment of the Programme implementation;
- provides trustful environment for fraud reporting;
- includes zero tolerance to fraud and corruption.

Risk management is ensured by the Risk management group (hereinafter – RMG), comprising employees of the MA and the coordinator of the JS. The members of the RMG are appointed by the order of Director of the MA. The chairperson and its deputy member are appointed by the within the staff of the Director's Office. Therefore, the MA shall have a proactive, structured and targeted approach to managing risk.

The MA shall have the collaboration of NAs, JS and the Branch Offices in identifying the potential risks in projects, in the system, in the programme.

As far as the daily management of risk is concerned, the Programme Risk Management Plan shall state that:

- Risk owner is responsible for assigned risk management, including:
 - execution of risk mitigation tasks in day-to-day work according to set activities/tasks for risk mitigation and monitoring period;
 - informing RMG chairperson or its deputy about performed activities/tasks for risk mitigation and the current risks status within 15 working days after the end of monitoring period or upon request by the RMG chairperson or its deputy.

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- It is the responsibility of each MA and JS employee to immediately inform RMG chairperson, about the possible risks that have been identified in addition to those included in Programme risk management plan. If needed, the Programme risk management plan shall be revised according to point b) of this procedure.

RMG shall also:

- consult the employees of the MA/JS/BOs etc. about Risk management procedure objective and ensures active involvement of the MA and JS employees in overall Programme risk management process;
- upon necessity provide suggestions to ensure development of internal regulatory procedures to enhance Programme risk management;
- The conclusions of AA work shall also be taken into account.

At project level, as a result of the risk assessment, the MA shall take the following steps on a yearly basis:

- revise the range and type of supporting documentation to be requested from beneficiaries for verification, based on a risk assessment of each type of file or beneficiary;
- define the frequency and coverage of the on-the-spot verifications, which shall be proportionate to the amount of public support to an operation and to the level of risk identified by the MA.

The MA's methodology for risk-based management verifications is subject to the AA's system audits of the key requirement 4 (KR4, management verifications) when such audits are carried out.

Risk Assessment

Aiming to ensure an appropriate balance between the effective and efficient implementation of the Funds and the related administrative costs and burdens in the new period, the management verifications and their purpose, frequency, scope and coverage shall be based on a risk assessment and they will be proportionate to the risks identified.

The most important result of the risk assessment process, in fact, is the “prioritization” of risks: risks can then be managed, within definite tolerance threshold, without being over controlled or underestimated.

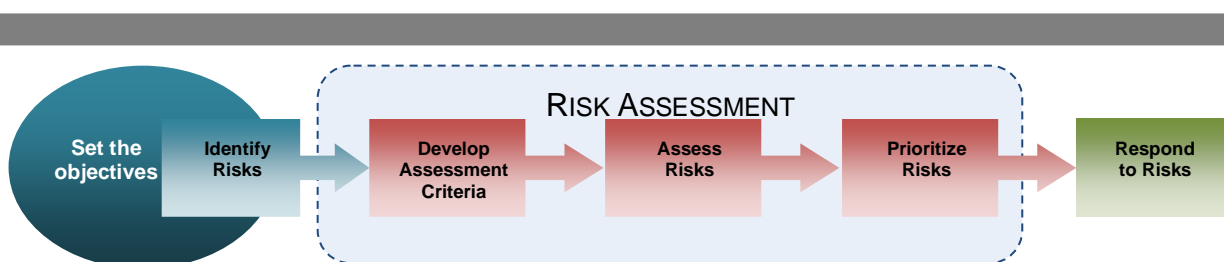




Figure 2 - Flow chart of the risk assessment process

The MA shall have the collaboration of NAs, JS and the BOs in identifying the potential risks in projects and in the system.

To this regard, the MA shall use risk self-assessment tools targeting the main situations where key processes in the implementation of the programme and linked objectives can create risk. There shall be a yearly assessment, which shall conclude how likely and how serious these situations could be, and what is currently being done by the managing authority to tackle them. Four key processes are considered to be most exposed to specific risks:

- project selection;
- implementation and verification of projects (including procurement procedures);
- authorisation and payments.

Risk Tipology – Tassonomy

Risk or project risks can be defined as an uncertain event that may or may not occur during a project. Risks can have a negative effect on progress towards project objectives. Risks can be usefully classified in two main categories:

- Inherent risks, often also referred to as external risks, are risks, which are due to (external) factors other than a failure of the management and control system of an organization or project.
- Control risks (or Residual Risk), often also referred to as internal (control) risks, are risks that errors occur which are not prevented or detected on a timely basis by the management and control (sometimes also called governance) system of an organization or body.

Risk Element/ Factor – Criteria for Risk Assessment

The MA shall consider the following potential risk elements at operation and beneficiary level during the risk assessment :

The MA shall consider the following potential risk elements at operation and beneficiary level during the risk assessment :

At the level of operations - project



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Based on CPRE_23-0005-01 24/05/2023 - Risk based management verifications Article 74(2) CPR 2021-20271 REFLECTION PAPER, the following elements will be considered:

- Operations with a significant budget
- Nature and complexity of the operation, types of expenditure, legal requirements applicable (e.g., public procurement, State aid, Financial Instruments) Complex operations.
- Operations which had already started before selection, or which are close to completion when being selected
- Operations with few tangible outputs for which, because of their nature, little or insufficient evidence is expected to be available after they have been completed.
Example 1.3 – Tangible and intangible outputs
- On-the-spot visit not possible or delayed (e.g., event pandemic o conflict/war in near State, delays in implementation, other reasons)
- Operations approved and started near the end of the programming period
- Operations implemented in different locations.
- Operations formed by multiple projects (all sub projects selected by the MA and forming part of an operation) or operations where there is a cascade of support.
- Duration of the operation (multi-annual)
- Number and types of different cost categories
- Number of modifications of the operations (changes compared to the initial grant agreement)
- Operations receiving financing from different sources
- Operations with a risk of double financing
- Operations with risks related to limited access to documents, e.g. classified documents

At the level of beneficiaries

For the purpose of identifying risks at beneficiary level the MA will refer to IT tools such as national electronic data exchange systems (Article 69(8) and Annex XIV CPR), data-mining/risk scoring tools as these may provide useful information on risks of fraud, of possible irregularities, of concentration of funding or of possible double-funding. In this context, such data-mining/risk scoring tools primarily serve as a risk assessment support tool.



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Audits will be risk-based to focus controls on areas where, according to the risk assessment, the risk of material misstatement is high. In areas where the risk of material misstatement is low, the audit will be reduced.

The risk assessment established by the MA will be subject to the system audits of the AA. The adequacy and quality of risk-based management checks may be reviewed by a system audit of the AA. The results of the audit of operations-projects will be taken into account in the periodic update of the risk assessment of the MA.

It is reiterated that there is a fundamental difference between the scope of management audits conducted by the Managing Authority and audits conducted by the AA. In fact, management audits are part of the MA's internal control function within the management and control system. Their purpose is to verify that the co-financed products and services have been delivered, that the operation complies with the applicable regulations, the program and the conditions of support of the operation - project. Management audits aim to detect and correct irregularities or problems (detected prior to inclusion in the application for payment) in expenditures declared by beneficiaries.

In contrast, audits are ex-post audits conducted by external auditors independent of the MA. Audits can reveal whether management checks are appropriate in their design and whether they are working effectively. The audits aim to provide a reasonable independent assessment of the effectiveness of the risk management system and internal control system in place.

Risk based Management verifications – scope and principles

In accordance with Article 74(1)-(2) of Regulation R1060, the MA will prepare a risk-based management audit to verify the delivery of the co-financed products and services, the reality of expenditure claimed for reimbursement, and compliance with applicable regulations.

Management verifications, both administrative and on-the-spot, are risk-based and proportionate to the risks identified-

The MA will formally initiate a risk assessment in advance, which should also address how proportionality will be put into practice (e.g. criteria for having checks proportionate to the types and levels of risk involved),

Management verifications (administrative and on-the-spot) will, in any case, be carried out before the accounts are submitted.

Based on the pivotal principle just stated, both administrative and on-the-spot verifications should be proportionate to the risks identified. This means that not necessarily all projects, all project partners, all project reports and all items within the payment claims should be verified. The rationale is to focus management verifications on the risky items or areas in the payment claims, and risky operations and beneficiaries.

Based on the risk factors identified from the analysis of the historical programme data, the JS/MA will decide on the level of management verifications (for instance, it can be project level, project partner level, payment claims, specific items inside the payment claim, etc.).



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However, the decision will be based on the thorough analysis and not on the programme's assumptions.

So all projects will be subject to risk-based audits (but the audits will not be 100%).

Extension of sample for verifications

The risk management plan, to be finalized by MA (which will be an integral part of the DMCS), will provide the principles for extending the verification sample, during management verifications. The purpose of risk-based management verifications is for the JS/MA to obtain reasonable assurance of 100% by not verifying 100% of the expenditure items submitted by projects. The verification work, in fact, must sufficiently cover the risks, and the verifications can be extended in order to obtain a higher degree of confidence and assurance.

On-the-spot checks - controls based on risk assessment

The MA will determine the schedule and approach of the on-the-spot verifications (i.e. when they are carried out, how often, etc.) on the basis of the risk assessment.

In line with the European Commission's indications and guidelines, on-the-spot verifications will be carried out when the project is well underway (i.e. not in the very early stages, but rather after 2-3 progress reports). In addition, MA intends to carry out at least one on-site check at project partner level, where projects with productive or infrastructure investments will be implemented. Otherwise, an on-site check for low-risk project partners may not be necessary.

If a project has been subject to on-the-spot audits by the Audit Authority, the MA will consider not covering this project with an on-the-spot audit and using the results of the audits instead.

Methodology review

The MA will periodically review the risk elements and sampling methodology for management verifications. The managing authority may need to modify the methodology for risk-based verifications, based on the results of system audits (on the operation of management verifications) and the results of the audit of operations carried out by the audit authorities.

When revising the methodology MA will also consider the results of previous administrative and on-the-spot checks and external factors that may have an impact on project implementation.



2.1.5.1 MONITORING INTERNAL CONTROL BY THE MA

Monitoring is one of the components of the internal control system: "documented procedures, checks and evaluations carried out to ascertain the existence and functioning of the components of the entire internal control system".

In particular monitoring activities are periodic or ongoing evaluations to verify that each of the five components of internal control, including the controls that affect the principles within each component, are present and functioning around products/ services linked with Next MED Programme.

The MA Director's office is the body responsible for the coordination of internal controls, while the heads of each unit are responsible for the execution of controls, based on the different types of procedures to be implemented. The Director of the MA will appoint a person within his staff, to coordinate the structure of internal controls and ensure the proper functioning of the Programme circuits. This person will not be involved in any management procedure, in order to guarantee the full independence of the internal control activity.

The Internal Control Officer carries out checks and assessments to ascertain the existence and functioning of the internal control components. He therefore carries out audits at the level of the MA/JS and the SB to improve the effectiveness and efficiency of the control system, the risk management system and the management and verification processes.

With regard to the main responsibilities of the internal control officer, he/she :

- prepare a risk assessment of the activities and/or organisational functions (e.g. departments, units) to be included in the programme's risk assessment plan;
- ensure that the findings, recommendations, observations and suggestions resulting from the internal audit are duly and correctly addressed to the managers of the operations concerned;
- investigating, examining and investigating in depth requests or complaints from interested parties (e.g. beneficiaries and partners, NAs, CCPs) regarding the implications of the internal control system;
- drafting the Summary of controls to be included in the MA's annual report.

The results of the internal monitoring will be presented to the MA Director, who will give a reasonable period of time to the competent structures to carry out the operations/observations necessary to overcome the criticalities found and the actions suggested, in order to correct the problems found and act to activate all the improvement actions required.

The changes to the systems/procedures adopted by the head of the competent structure/department or by the director of the MA will be notified to the competent units and their staff through appropriate internal communication channels.



2.1.6 ORGANISATION CHART OF THE MA AND INFORMATION ON ITS RELATIONSHIP WITH OTHER BODIES

See par. 1.3 and 2.1.2.

2.1.7 INDICATION OF THE PLANNED RESOURCES TO BE ALLOCATED TO DIFFERENT FUNCTIONS OF THE MA

No 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), is currently foreseen.

3 BODY CARRYING OUT THE ACCOUNTING FUNCTION

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

According to LR n.6/2023 art. 2 and DGR 14/1 13.04.2023 on the basis of art. 72 par.2 of R1060 the accounting function referred to in Article 76 is entrusted to a devoted Unit within the managing authority: Accounting and Payment Unit.

The unit consists of a director currently supported by two officers and an assistant.

As mentioned in section 2.1 this unit is independent from the Operational and Authorising Unit.

The Accounting and Payment Unit shall carry out its activities on the basis of art. 47 of R1059 and art. 76 of R1060 and in particular it shall be responsible for:

- drawing up and submitting prefinancing requests to the Commission in accordance with Article 51 of R1059 and Articles 91 and 92 of R1060;
- drawing up and submitting the accounts confirming completeness, accuracy and veracity of the accounts in accordance with Article 98 of R1060, and keeping electronic records of all the elements of the accounts, including payment applications.

Moreover, the Accounting and Payment Unit will be responsible for:

- receiving the payments made by the European Commission;
- collecting revenue and recovering amounts as being receivable;



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- Laying down the accounting procedures and the chart of accounts;
- Laying down and validating the accounting systems;
- Guaranteeing the treasury management and ordering the bank to make the payments to the lead partner in accordance with point (b) of Article 74(1) of R1060.

3.1.1 THE STATUS OF THE BODY CARRYING OUT THE ACCOUNTING FUNCTION (NATIONAL, REGIONAL OR LOCAL PUBLIC OR PRIVATE BODY) AND THE BODY OF WHICH IT IS PART, WHERE RELEVANT

Presidency Sardinian Region - Office of the Next Med Program Managing Authority - Accounting and Payment Unit. See par. 2.1.2.

3.1.2 DESCRIPTION OF THE FUNCTIONS AND TASKS CARRIED OUT BY THE BODY CARRYING OUT THE ACCOUNTING FUNCTION AS SET OUT IN ARTICLE 76.

3.1.2.a drawing up and submitting prefinancing requests to the Commission in accordance with Article 51 of R1059 and Articles 91 and 92 of R1060.

According to art 22(5) of R947 Pre-financing for cross-border cooperation programmes may exceed the percentage referred to in Article 51 of the Interreg Regulation. At the request of the managing authority, for each financial year, the pre-financing rate may be up to 80 % of annual commitments to the programme.

According to R947 each year the Accounting Unit receives the expenditure forecast from the Operational and Authorising Unit and submits the request for prefinancing to the Commission through the SFC2021 system.

For each payment request the European Commission checks the request and proceeds with the payment of the pre-financing amount through the rotation fund as foreseen in the former Law 183/87 (IGRUE).

IGRUE transfers the amount to the dedicated account and informs the MA of the payment.

At this point, at the request of the Accounting Unit, the competent Unit of the Regional Administration within the Financial Services Department, having carried out checks, transfers the amount to the general regional treasury account.

The Accounting Unit then proceeds to ascertain the revenue and collect the outstanding amount through the central regional administration accounting system (SIBAR SCI).

Finally, the Accounting Unit issues a commitment note and the related active clearance and proceeds with the transfer of the amounts to the NEXT MED dedicated account.



3.1.2.b. drawing up and submitting the accounts confirming completeness, accuracy and veracity of the accounts in accordance with Article 98 of R1060, and keeping electronic records of all the elements of the accounts, including payment applications.

The Accounting and Payment Unit is responsible for preparing the annual accounts in accordance with the template set out in Annex XXIV to be submitted to the Commission by 15 February.

At least at the end of the accounting year the Operational and Authorising Unit transfers to the Accounting and Payments Unit the list of the project expenditures incurred by each Partner and certified during the concerned reporting period (1st July year N-1 to 30th June year N).

Under supervision of the Head Accounting and Payments Unit, a further check of the information is performed, in order to verify the compliance among the certified expenditures and the related data available in the Monitoring and Information System and in the payment documents.

In particular, during the preparation of the accounts, the Accounting Unit consolidates the data on the financial performance of the projects present in the Monitoring and Information System and the SIBEAR accounting system, and takes into account the results of the audit reports of the AA and any other external bodies.

Controls and any irregular expenditures reported by project auditors are taken into account when clearing interim pre-financing and before disbursing the balance, hence the data entered in the annual accounts contain only those expenditures that the Authorizing unit has accepted and certified as regular.

In addition, at the end of the accounting year, the Authorizing Unit transmits the results of any on-the-spot checks and the report of any irregularities found after the certification of the regularity of the expenses, this information comes together with the reports of the checks carried out by the AA, so that the Accounting Unit can take them into account when preparing the financial report.

The Accounting Unit monitors and records the results of any follow-up, where necessary, and takes them into account in the checklist used to prepare the annual accounts report.

After the Accounting Unit has consolidated the report on accounts, it shall transmit it to the report to the Audit Authority in order to receive an audit opinion on the accounts in line with article 77 of R1060.

The accounts include, for each priority:

- a) the total amount of eligible expenditure recorded in the accounting systems of the body performing the accounting function;
- b) amounts withdrawn during the financial year.



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The accounts shall not be admissible if the Managing Authority have not made the necessary corrections to reduce to 2% or less the residual error rate relating to the legality and regularity of the expenditure shown in the accounts.

6. In particular, the Accounting Unit shall deduct from the accounts:

- a) irregular expenditure which has been the subject of financial corrections in accordance with Article 103;
- b) expenditure whose legality and regularity are currently being assessed;
- c) other amounts necessary to reduce the residual error rate of expenditure declared in the accounts to 2% or less.

The Accounting Unit may include the expenditure referred to in point (b) of the first subparagraph in a request for payment in subsequent accounting years once its legality and regularity have been confirmed.

The Accounting Unit may correct irregular amounts which it has detected after the presentation of the accounts in which the amounts were included by making the corresponding adjustments for the accounting year in which the irregularity was detected, without prejudice to article 104 of R1060.

3.1.3 DESCRIPTION 3.2.1 DESCRIPTION OF HOW THE WORK IS ORGANISED (WORKFLOWS, PROCESSES, INTERNAL DIVISIONS), WHAT PROCEDURES APPLY AND WHEN, HOW THESE ARE SUPERVISED, ETC.

The Accounting Unit for the performance of its functions accesses the following information systems:

(a) Monitoring and Information System through which it ascertains the progress of the Program, in the various levels of aggregation available, and verifies at the individual operation level:

- the approval process;
- the approved investment;
- the contribution granted and paid;
- the status of the operation (e.g., not started/started/finished);
- the outcome of any audits;
- any partial/total decertification procedures of the operation resulting from irregularities;
- any irregularities found and recovery procedures;



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(b) regional accounting system (SIBEAR), which provides a real-time view of the accounting situation of the budget chapters related to the Program. For accounting records of the INTERREG NEXT MED Programme (programming period 2021-2027) the SAP software will be used. The accounts shall be kept in such a way as to enable analytical monitoring of the Programme by thematic objective and priority, as well as technical assistance. The accounting activity ensures chronological and systematic recording, processing and maintaining information related to the Programme accounts for internal reporting. In order to certify the reality, completeness and accuracy of the accounts and that the expenditure entered in the accounts complies with applicable rules, MA performs reconciliations with the information recorded in the accounting system and in the bank account. The MA has its own accounting system, keeping detailed accounting records up to the level of Lead Beneficiary, all the amounts received from EC, the amounts transferred to Lead beneficiaries, the recovered amounts or to be recovered as a result of irregularities or as a result of the cancellation of financial assistance granting decision. The accounting system is built based on the commitments accounting principles (“accrual accounting”).

Within the SAP, system accounts are the basic elements upon which shall be accomplished the main transactions: appropriations, commitments/assessments, order of payment/cash receipt;

(c) SFC2021, through which it imputes data on accounts for the accounting period, pre-financing requests and expenditure forecasts.

3.1.4 INDICATION OF PLANNED RESOURCES TO BE ALLOCATED IN RELATION TO THE DIFFERENT ACCOUNTING TASKS

Head of Accounting Unit:

Overall coordination of the Programme

Responsible:

- Coordination of the whole MA with other programme bodies (AA)
- Keeping relations with EC and participating countries (Financial reporting)

Accountable/ Consulted:

- Definition and update of Programme procedures audit trails

Accountable:

- Internal management control (Including POA and Strategic Objectives)

Consulted:

- Risk management and Monitoring internal control



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- Coordination of the whole MA with other programme bodies (BOs)

Accounting and payments

Responsible /Accountable:

- Issuing Projects' order payments
- Issuing Technical Assistance order payments
- Issuing BOs order payments
- Issuing NCCP/CCP order payments
- Drafting the payment request to EC
- Drafting the annual accounts
- Drafting the Financial Plan
- Keeping an account of amounts recoverable and of amounts reduced following cancellation of all or part of the grant

Accounting officer:

Overall coordination of the Programme

Consulted:

- Coordination of the whole MA with other programme bodies (AA)

Accounting and Payments

Responsible:

- Checking and recording Projects' commitment
- Issuing Projects' order payments
- Checking and recording Technical Assistance commitment
- Issuing Technical Assistance order payments
- Checking and recording BOs commitment
- Issuing BOs order payments
- Checking and recording NCCP/CCP commitment
- Issuing NCCP/CCP order payments
- Computerized accounting records for expenditures declared to the Commission
- Computerized accounting records for payments made to beneficiaries





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- Drafting the payment request to EC
- Drafting the annual accounts
- Drafting the Financial Plan
- Keeping an account of amounts recoverable and of amounts reduced following cancellation of all or part of the grant

Accounting assistant:

Accounting and Payments Consulted:

- Checking and recording Projects' commitment
- Checking and recording Technical Assistance commitment
- Checking and recording BOs commitment
- Checking and recording NCCP/CCP commitment

Responsible:

- Checking and uploading in Programme Information and Monitoring System financial information forms.

No functions are currently delegated to other offices/experts. However, they can be delegated as the case may be.

The detailed accounting procedures will be included in a specific annex.

4. ELECTRONIC DATA SYSTEMS

The MA will implement a Monitoring and Information System that will ensure that the Programme is carried out according to the principles of sound-financial management, transparency, treacibility of operations and to ensure a proper detection of systemic errors etc.

The system will be put into production in second semester 2024 in order to ensure that all funcrions are fully tested and accepted by the MA services and it meets all requirements for a reliable monitoring system for the Interreg Programme.

The following paragraphs describe the specificities and main characteristics of this electronic data systems.

4.1 DESCRIPTION OF THE ELECTRONIC SYSTEM INCLUDING A FLOWCHART



FOR:

4.1.1 RECORDING AND STORING, IN A COMPUTERISED FORM DATA ON EACH OPERATION, INCLUDING WHERE APPROPRIATE DATA ON INDIVIDUAL PARTICIPANTS AND A BREAKDOWN OF DATA ON INDICATORS WHEN PROVIDED FOR IN THIS REGULATION;

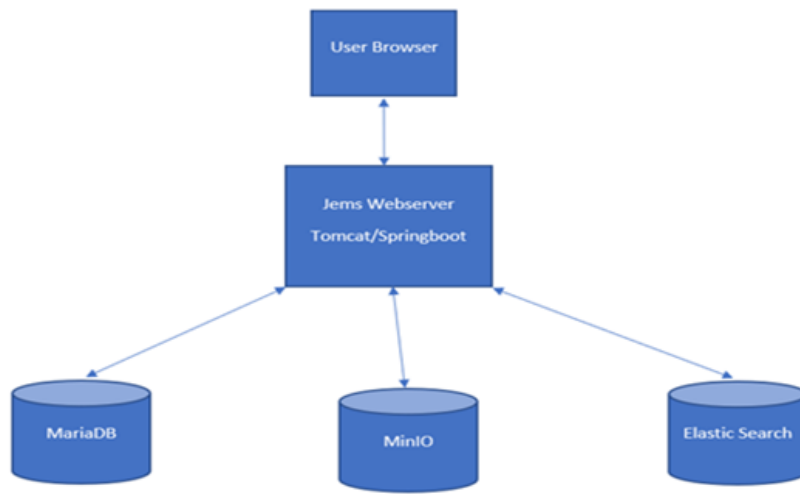
In order to ensure the collecting, recording and storing of programme and projects data for the purpose of monitoring, evaluation, verification, implementation, financial management and audit, **the Managing Authority will implement and use the JeMS system (Joint Electronic Monitoring System) supplied by INTERACT** on the basis of the license agreement. JeMS is a web-based application built by the INTERACT Programme for the benefit of all Interreg Programmes. The JeMS system is based on open-source technologies, built on Harmonised Implementation Tools 2021-2027 and developed according to the requirements of the EU Regulation in place and the needs of Interreg Programmes. The exchange of information between beneficiaries and Program authorities and bodies will take place electronically through this JeMS system.

The system allows indicators to be recorded at the program level. An indicator can be duplicated in order to be disaggregated if necessary (eg by gender, age, etc.).

4.1.2 ENSURING THAT ACCOUNTING RECORDS OR CODES FOR EACH OPERATION ARE RECORDED AND STORED, AND THAT THESE RECORDS OR CODES SUPPORT THE DATA REQUIRED FOR DRAWING UP PAYMENT APPLICATIONS AND THE ACCOUNTS;

JeMS consists of the following elements:

- JeMS Web/Application server
- MariaDB - database storage
- MinIO - file storage
- Elastic Search - system logging



System diagram of the architecture components.

The JeMS system will ensure the recording of data in structured and unstructured formats organized according to the flowchart of the system's modules according to the program authorities/bodies and will collect, record, and store in computerized form the data on each project required for reporting, monitoring, evaluation, financial management, verification and audit, drafting of payment claims, and accounting.

4.1.3 MAINTAINING ACCOUNTING RECORDS OR KEEPING SEPARATE ACCOUNTING CODES OF EXPENDITURE DECLARED TO THE COMMISSION AND THE CORRESPONDING PUBLIC CONTRIBUTION PAID TO BENEFICIARIES;

The Accounting & Payment Unit will keep the adequate evidence of the payments transferred to project partners, as well as of the amounts paid as earnest, co-financing amounts for the purpose of implementing the projects approved for financing from the Community funds.

JeMS will provide data to prepare payment requests to the EC. The authorized user can select the information to be included in an EC payment request. Data may also include financial corrections in the form of withdrawals or recoveries. Payment requests to the EC are broken down in accordance with Article 91(3) of Regulation (EU) No 2021/1060. JeMS is expected also to support data transfer to SFC, at least through a custom export.

4.1.4 RECORDING ALL AMOUNTS WITHDRAWN DURING THE ACCOUNTING YEAR AS SET OUT IN POINT (B) OF ARTICLE 98(3) AND DEDUCTED FROM THE ACCOUNTS AS SET OUT IN ARTICLE 98(6) AND THE REASONS FOR THESE WITHDRAWALS AND DEDUCTIONS;



The JeMS system will have functions and reports that show, from operations to program level, aggregate amounts recoverable, amounts to be recovered, amounts withdrawn from a payment application as a result of 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.

In addition, the JeMS system will have functions and reports that will show and aggregate amounts related to transactions suspended by a legal proceeding or administrative appeal with suspensive effect and recoveries resulting from the application of Articles 63, 65, and 106 of Regulation (EU) 1060/2021.

The Accounting & Payment Unit will keep separate analytical records of all the amounts declared to Commission and the corresponding public contribution paid to beneficiaries of all the amounts withdrawn and also for the amounts received from EC.

4.1.5 INDICATING WHETHER THE SYSTEMS ARE FUNCTIONING EFFECTIVELY AND CAN RELIABLY RECORD THE DATA MENTIONED ON THE DATE WHERE THIS DESCRIPTION IS COMPILED AS SET OUT IN POINT 1.2;

Interact JeMS is an out-of-the-box monitoring system, tailor-made for Interreg programmes. It has been operational since March 2021 (1st version).

The system is able to import automatically the currency rates from the InforEuro website which provides the European Commission's official monthly accounting rates for the euro and exports statistical data to www.keep.eu. It will support the aggregation of data according to the template of Annex VII from CPR required by SFC2021. Also, all the statistics of data required by the programme are generated or extracted from the system database.

4.1.6 DESCRIBING THE PROCEDURES TO ENSURE THE ELECTRONIC SYSTEMS' SECURITY, INTEGRITY AND CONFIDENTIALITY.

The JeMS system is designed to ensure the security of user registration and authentication, as well as the integrity and confidentiality of user data through end-to-end encrypted connections over HTTPS using a trusted SSL certificate and security mechanisms implemented in the system taking into account Article 72(1)(e) of Commission Implementing Regulation (EU) No 2021/1060.

JeMS provides a dedicated section for managing user roles and rights. This system ensures that some functions can only be performed by specific users and that some information is only visible to authorized users.

The system users are organized in two categories:

- front office users – eg. applicant role



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- back-office users – eg. MA officers, JS officers

The front users' registration and login pages are associated either with the potential beneficiaries who are registered in order to submit proposed projects or as beneficiaries who are registered and assigned by the lead beneficiary to monitor and implement their reports. The back-office's users are able to login and work according to their users' access rights, which are given corresponding to their role in the system. Each role corresponds to a programme authority or body level according to their attributes in the programme implementation (view/edit role, restricted or full).

The privilege tree is adapted to the legal (GDPR) and procedural requirements of the Programme. In addition, JeMS offers a function to assign users to specific applications or projects. This allows the privileges of a user role to be restricted to a subset of applications/projects in JeMS (e.g. for reviewers).

The system has an administration tool that allows to automatically or manually validate each account and grant access to the system upon online registration. The administrator role can assign users access rights to the system according to their respective role, and he can also deactivate users who will no longer have access to the system. Passwords must meet minimum security standards. A user can change their password after logging in, or reset it from the authentication screen.

The system allows data changes and other actions in the system to be traced using an audit log mechanism.





The Management and Control System Document is not static, but dynamic, as it is in an evolutionary phase. The Managing Authority, in the course of the coming months, will proceed to issue a second version, to integrate any aspects that have not yet been examined and documented, as well as to deepen some topics of program management (these will be the subject of special annexes)

