ENI CBCMED
Cooperating across borders in the Mediterranean

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MEDITERRANEAN SEA BASIN ENI CBC PROGRAMME 2014-2020

ANNEX 1 TO DMCS

SPECIFIC PROCEDURES TO BE ENSURED AT NATIONAL LEVEL

April 2023

CYPRUS

1. Selection of auditors by Cypriot project beneficiaries

The expenditure verification required by Article 32 of the Implementing Rules will carried out by private external auditors only. For Cypriot organisations involved in the financed ENI projects the auditors shall meet the requirements set by the ENI IR and they shall be independent, external and qualified. The private external auditors must be registered members in professional organisations of accountants/auditors.

Beneficiaries shall be free to select their auditors through an appropriate procurement procedure, following the national legislation and grant contract requirements.

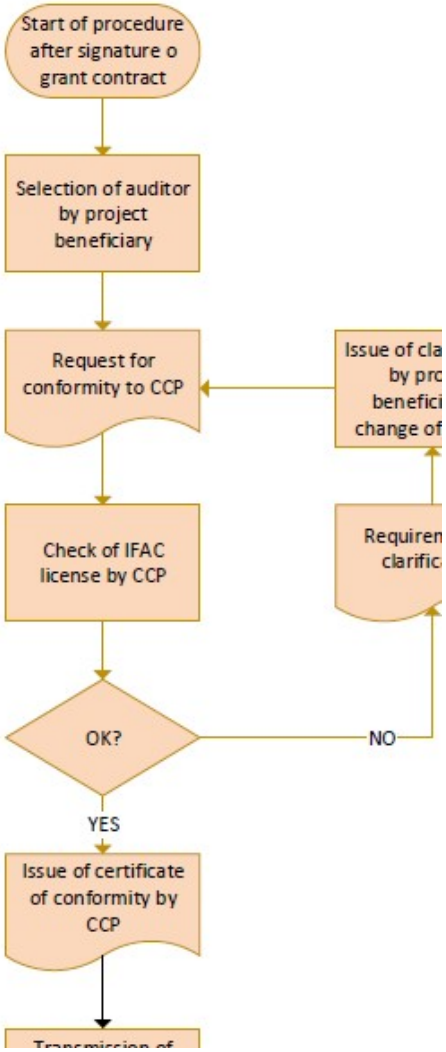
The Cypriot project beneficiaries should provide the Control Contact Point with the documents related to the external auditor, whom they would have selected in order to obtain a validation certificate which will allow the auditor to start its verification functions within the framework of the project[1].

The CCP will send the certificate to the appointing organisation and to the MA.

In case of a replacement of the external auditor or if he/she does not meet the requirements anymore or serious deficiencies in the quality of the work are detected either by CCP or MA, a new request for approbation must be filled in and submitted to the CCP. The Cypriot CCP will notify the MA of any change in the auditors.

The procedure shall be as follows:

[1] A note on the specific national procedure that must be followed by the Cypriot project beneficiaries concerning the validation/approbation of their external private auditor, will be issued by the Cypriot CCP and NA.



2. Support to Managing Authority in recoveries

Cyprus will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

Directorate General of European Programmes, Coordination and Development

3. Support in management of irregularities and in putting in place effective and proportionate anti-fraud measures

Cyprus will follow the general procedures as defined in this DMCS document. The body responsible for this support shall be:

Directorate General of European Programmes, Coordination and Development

Accountant General – Treasury of the Republic (national coordinating body responsible to report to OLAF)

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Support the MA in the trainings of the Programme rules that will be provided to the staff working within the Cypriot Programme bodies and of their project auditors, by contributing on the specificities of national rules, if necessary.

b) Detective actions:

- Support to the MA on the spot checks;
- Follow up of the monitoring by NA (NCP) in cooperation with the JTS and MA;
- Inform the MA or the NA (in the event the error has been detected by the CCP or the NCP) in case recurrent errors are detected.

c)Corrective actions:

- Ensuring the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

4.Integration of project budget in the public budget

The following type of organisations need to follow a specific procedure for the integration of the project budget in the public budget:

- Ministries.

The bodies involved in this procedure will be:

- ***Directorate General of European Programmes, Coordination and Development;***
- ***Cypriot Ministry of Finance***

The following procedure shall be followed:

Based on the approved governmental budget of every year and on the relevant circular prepared by the Ministry of Finance, the DG EPCD is responsible for transferring the necessary funds from the DG's block provision to public bodies, concerning the implementation of co-financed projects by the European Structural and Investment Funds. This circular shall be applied, mutatis mutandis, to ENI CBC.

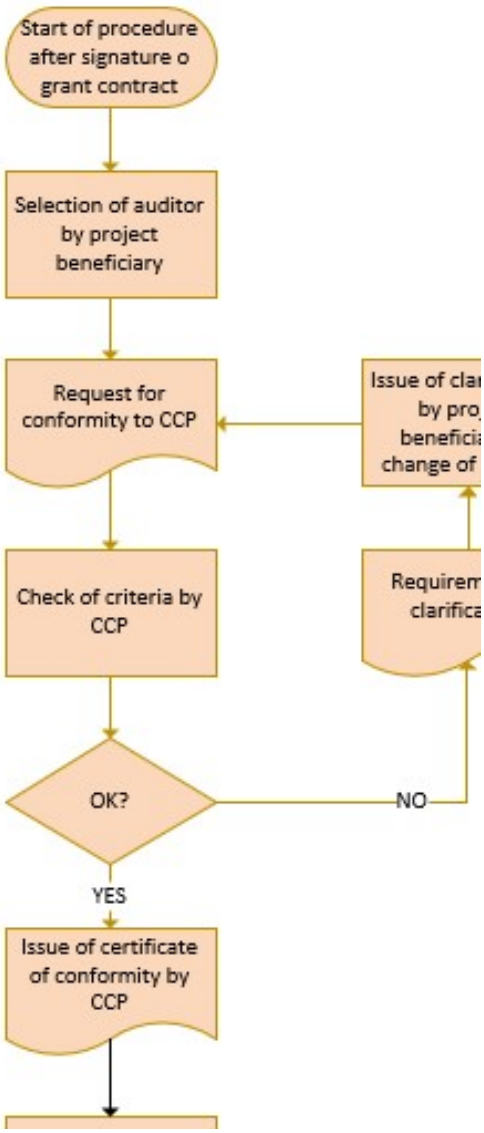
EGYPT

1. Selection of auditors by project beneficiaries

The expenditure verification required by article 32 of the Implementing Rules shall be carried out exclusively by private external auditors. The audit profession is organized by Egyptian Society of Accountants and Auditors (ESAA) http://esaaegypt.com/ which is a member of IFAC.

Beneficiaries shall be free to select their auditors, provided they are registered in the above-mentioned association, as well as the general register of auditors and accountants set by the Ministry of Finance, and shall be from a company which has more than 20 staff members and has a quality assurance department. The procurement procedure shall be in compliance with the relevant applicable national legislation on procurement and grant contract requirements and it shall aim at recruiting the highly qualified and experienced in auditing projects.

The procedure shall be as follows:



The CCP may carry out quality assurance check on a sample of the Expenditure Verification Reports (EVR) issued by the external auditors.

2.Support to Managing Authority in recoveries

The CBC Partner Country commits itself to cooperate fully with the Managing Authority, the Audit Authority and the Commission and support them in the recovery process.

Contracts concluded by the Managing Authority as part of the Programme shall contain a clause allowing the Commission to recover from any beneficiary established in the CBC Partner Country any amounts due to the Managing Authority which the latter was not able to recover. Contracts shall also contain a clause allowing the CBC Partner Country to recover from a beneficiary established in the CBC Partner Country which is a public entity in accordance with its national legislation.

The bodies responsible for this support shall be the Ministry of Investment and International Cooperation acting as National Authority.

3.Support in anti-fraud measures and in preventing, detecting and correcting irregularities

Egypt will follow the general procedures, as defined in this DMCS document, in accordance with the national procedures. The bodies responsible for this support shall be the Ministry of Investment and International Cooperation in cooperation with the Ministry of Finance (the National Authority may involve other relevant bodies).

The body responsible for the relationship with OLAF, as indicated in art. 7 of Special Conditions of FA, is the Ministry of Investment and International Cooperation acting as National Authority.

In addition to the general procedures foreseen by the Programme, the following actions will be carried out, in accordance with the national procedures to prevent, detect and correct irregularities:

a) Preventive actions

- Drafting of a national manual/informative notes concerning the Egyptian national legislation applicable to Egyptian authorities in terms of public procurement;
- Training of the staff working within the Egyptian Programme bodies, in cooperation with the MA, on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

- Quality check on the expenditure verification reports by the CCP as the case may be;
- Supporting MA on the spot checks of any project on the basis of a request made by the MA in due time prior to these checks ;
- Follow up monitoring by NA (NCP) in cooperation with the JTS and MA.
- Informing immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures[2], including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections determined in accordance with the seriousness of the

[2] defined in article 71 of ENI CBC Implementing Rules and article 4 & 5 of Regulation 2988/1995

deficiency in the management and control system or the individual breach and the financial implications of the irregularity[3]) if relevant;

- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

4.Tax and Custom exemption

In order to get the tax exemption, the Egyptian public bodies which are project beneficiaries should present an inquiry or a request to the Ministry of Investement and International Cooperation, then the Ministry should submit a request to the International Agreement Department at the **Egyptian Tax Authority.**

In order to get the custom exemption, the Egyptian public bodies which are project beneficiaries should present an inquiry or a request to the Ministry of Investment and International Cooperation, then the Ministry should submit a request to the related Custom department.

The detailed procedures as well as the list of documents to be included in the request will be provided in a specific national manual.

5. Opening bank accounts in euro

The bodies responsible for this procedure in case of Administrative bodies (The bodies within the public budget and Economic bodies) shall be:

- Ministry of Finance (Finance sector) to have the approval of opening a bank account and address a letter to the CBE to open the bank account;
- Central Bank of Egypt (CBE) which opens the bank account based on the letter received from the Ministry of Finance (Central department of central accounts).

Project Beneficiaries from governmental sector will be able to open a special bank account in euro since according to the Egyptian legislation (Egyptian law number 127 for 1981 and amended by law number 139 for 2006).

The request shall be addressed, by the Egyptian project beneficiary (attached to the signed grant contract), to the central department of central accounts at the MoF. There is no specific form or template for the request and the procedure cannot be done through the web-site.

[3] see article 72.7 of ENI CBC Implementing Rules and commission decision of 19.12.2013 on the setting out and approval of the guidelines for determining financial corrections tobe made by the Commission to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement and its ANNEX (Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement.

This account will be dealt with through electronic payment orders made by the banking system to the United Treasury Account in accordance with the applicable national mechanism in this regards.

In other cases, the bank account request will be submitted to National banks according to each bank's procedures. A copy of grant contract along with the legal file should accompany the request.

6. Public procurement Egyptian law no 89 for 1998

National legislation will be used by public bodies, for other types of institutions, the version of PRAG in force at the moment of launching the call for proposals shall be used.

Further details about the Egyptian law and references to other related laws is in the national manual.

7. Integration of project budget in the public budget – in case of governmental sector

The bodies responsible for this procedure shall be:

- Ministry of Investment and International Cooperation;
- Ministry of Finance (MoF).

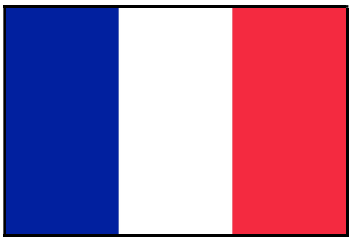
Project beneficiaries shall send copy of the Grant Agreement to the Ministry of Investment and International Co-operation.

The latter should address the State Budget sector at the MoF with a request to include the financial value of the proposed grant in the beneficiary's budget.

The State Budget sector scrutinizes the agreement and the letter of the Ministry of Investment and International Co-operation, and integrates the financial value of the grant into the beneficiary's budget and modifies the total budget of the sector.

The Egyptian beneficiary should also submit the project details to the Ministry of Planning, Monitoring and Administrative Reform to include it in the Economic and development plan related to this beneficiary and make sure that the 10% co-financing does not entail any financial burden on the public budget.

FRANCE



1. Selection of auditors by French project beneficiaries

In line with the provisions set by Article 32 of the Implementing Rules, expenditure verification on French organisations involved in the financed ENI projects will be carried out by private external auditors only. The auditors shall meet the requirements set by the ENI IR and they shall be independent and qualified.

Moreover, selected external auditors must be included in the list of French Registered Auditors to be set up by PACA Region that, acting as National Authority, will launch a call for "expression of interest" to decide on the inclusion/removal or not inclusion of an external auditor in a long list. The list is regularly updated even more times per year, and this requirement will be indicated within the tors. Only the national external auditors included in the list will have the possibility to perform the expenditure verification for an ENI funded projects, according to the conditions set by PACA region to be included in the list. An official information note will be sent to all French beneficiaries explaining the auditor selection procedure.

Beneficiaries shall be free to select their auditors from the long list, through an appropriate procurement procedure, following the national legislation and grant contract requirements.

The French project beneficiaries should provide the Control Contact Point with the documents related to the external auditor, whom they would have selected in order to obtain the confirmation, by the CCP, that that external auditor is part of the list and to allow the auditor to start its verification functions within the framework of the project[4]. Beneficiaries will inform CCP about the choice of their auditor. Once all auditors selected, the CCP will address the French auditor list to the Managing Authority.

In case of a replacement of the external auditor or if he/she does not meet the requirements anymore the French CCP will notify the MA of any change.

[4] A note on the specific national rules concerning the expenditure verification process will be provided by the CCP and the NA with detailed information on the expenditure verification process for ENI projects, such as the specific Programme ToRs; the need to provide the CCP with a copy of the expenditure verification and any specific French rule on eligibility of expenditures, etc.

The procedures for inclusion in a long list and selection of external auditors by beneficiaries shall be as follows:[5]

[5] Please note that for internal auditors, the CCP will perform the same steps by checking the possession of the above mentioned criteria.

2. Support to Managing Authority in recoveries

The French NA will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

- ***PACA Region as National Authority***
- *Paierie Régionale (contrôleur régional des finances)*
- *Prefecture of region (for information) as "Prefet Coordinateur".*

3. Support in management of irregularities and in putting in place effective and proportionate anti-fraud measures

The French NA will follow the general procedures as defined in this DMCS document. The body responsible for this support in line with the national rules, the European regulation and the ENI CBC MED programme shall be:

- ***PACA Region as National Authority***
- *Paierie Régionale (contrôleur régional des finances)*
- *Prefecture of région (for information) as "Prefet Coordinateur"*

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual / informative notes concerning the French national legislation and Programme rules applicable in terms of public procurement;
- Training of project auditors in cooperation with the MA and internal staff of the French Programme bodies involved in the control procedures ;

b) Detective actions:

- Quality check on expenditure verification reports.

The Control Contact Point, will perform random quality checks on expenditure verification reports received in copy by the French auditors contracted by beneficiaries involved in the ENI financed projects.

The CCP may request auditors to provide addition information/documents, or even perform on-the-spot checks at the French organisation premises.

The CCP will send his/her comments/findings to the MA that will take them into consideration when analysing the concerned interim/final report. Therefore, the final amount of accepted expenditure, which will be the base for the calculation of the error

rate, will always combine MA and CCP findings. Beside the programme's specific technical seminars, if duly justified, a follow up training will be provided to auditors during projects implementation.

- Support to the MA on-the-spot checks;
- Follow up of the monitoring by NA (NCP) in cooperation with the JTS and MA;
- Informing immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP on recurrent errors.

c) Corrective actions:

- Ensuring the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

GREECE

1. Selection of auditors by Greek project beneficiaries

The expenditure verification required by Article 32 of the Implementing Rules will carried out by private external auditors provided that they meet the requirements set by the ENI IR.

Beneficiaries shall be free to select their auditors through an appropriate procurement procedure, following the national legislation and grant contract requirements.

“The national institution representing the private auditors in Greece is the Institute of Certified Public Accountants of Greece (in greek ΣΟΕΛ), which is also part of IFAC. A national register of auditors is published on the institution’s website. In the case of selected auditors who are not members of the Institute of Certified Public Accountants of Greece, they will be requested to provide a declaration stating that they conform to IFAC code of ethics and practices.”.

The Greek project beneficiaries should provide the Control Contact Point with the documents related to the external auditor, whom they would have selected in order to obtain a certificate which will allow the auditor to start its verification functions within the framework of the project. In particular the documents shall be sent to:

Ministry of Economy and Development - Certifying and Verifications Authority of Co-funded Programmes/First Level Control Unit D

11, Navarchou Nikodimou, 10558 Athens, Greece

Contact person: Christos Tsikmanlis (Head of Unit D)

Email address: ctsikmanlis@mnec.gr

Phone: 0030 2131500471-475.

The CCP shall notify to the MA the name of the persons/auditors in charge of the verification of expenditures for each project beneficiary as well as the possession of the requirements set by the ENI regulation and by the Programme.

In case of a replacement of the external auditor, the Greek CCP will notify the MA of any change occurred. The verifications will be made on 100% of expenditures that each beneficiary submits.

The external auditors will issue the expenditure verification report that is delivered to the Greek beneficiary. Additionally, after the submission of the expenditure verification report by the external auditors into the Monitoring System of the Programme (MIS), an official notification mail will be sent by the Managing Authority of MED ENI Programme to:

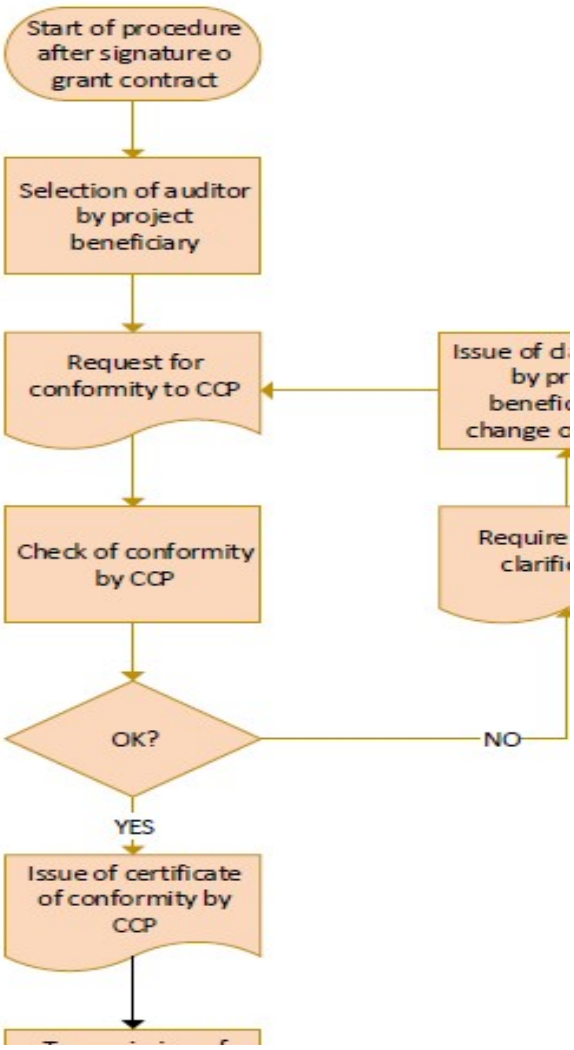
- the Greek Control Point,
- the Special Service Managing the "European Territorial Cooperation" Objective Operational Programmes, acting as the National Authority of the programme, which is located in Thessaloniki (including Greek national contact point)

informing that the submission is completed. This notification mail shall contain some basic financial information concerning the specific Greek beneficiary, such as the:

- Title /acronym of the project
- Name of the Greek beneficiary
- Budget of the Greek beneficiary
- Co- financing for the Greek beneficiary
- Amount of expenditures of the specific submission of the Greek beneficiary
- Accumulated amount of expenditures of the Greek beneficiary

Both the above mentioned bodies can have access to the Monitoring System of the Programme (MIS) any time for any further checks of the uploaded data.

The procedure shall be as follows:



2. Support to Managing Authority in recoveries

Greece will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

Special Service Managing the "European Territorial Cooperation" Objective Operational Programmes

The other bodies involved in this procedure will be:

- First Level Control in Greece;
- Greek Member of Group of Auditors (EDEL)

These two bodies will be supported by the responsible body that will ensure its internal collaboration to achieve the recoveries.

3. Support in management of irregularities and in putting in place effective and proportionate anti-fraud measures

Greece will follow the general procedures as defined in this DMCS document. The body responsible for this support shall be:

Special Service Managing the "European Territorial Cooperation" Objective Operational Programmes

The other bodies involved in this procedure will be:

- The Control Contact Point (First Level Control Unit D)
- The Member of Group of Auditors (EDEL)
- Greek Authority AFCOS-General Secretariat against Corruption

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Support the MA in the trainings of the Programme rules that will be provided to the staff working within the Greek Programme bodies and of project auditors;

b) Detective actions:

- Support to the MA on its on-the spot checks;
- Follow up of the monitoring by NA (NCP) in cooperation with the JTS and MA;
- Inform the MA or the NA (in the event the error has been detected by the CCP or the NCP), in case recurrent errors are detected.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

4. Integration of project budget in the public budget in order to receive the national co-financing

The following type of organisations need to follow a specific procedure for the integration of the project budget in the public budget:

- Public administrations;
- Local and regional authorities;
- Other public bodies (universities, agencies, research centres, etc…);
- NGOs;
- Chambers of commerce, trade unions, association of enterprises.

The body responsible for this operation is:

Special Service Managing the "European Territorial Cooperation" Objective Operational Programmes

The other body involved in this procedure will be:

Ministry of Economy and Development (Public Investment Programme)

The following procedure shall apply:

According to the Ministerial Decision of the MCS ΦΕΚ 1099/19.04.2016, all the Greek beneficiaries who participate in the approved ENI CBC MED projects, (except those private entities with commercial and industrial activities) may apply to receive the co-financed by the Greek Public Investment Fund. The maximum percentage that can be ensured by this fund is 10% of the total costs (accepted as eligible by the MA) incurred by the Greek Beneficiaries and Partners entitled to obtain this national contribution.

In order to do so, all bodies should be registered first in the national account system (Public Investment Programme).

Then, they should submit a request to the Greek Managing Authority of the “European Territorial Cooperation Programmes”/National Contact Points.

Finally, according to the Joint Ministerial Decision of the establishment of the “Special Service Managing the "European Territorial Cooperation" Objective Operational Programmes”, 2362/4.11.2015, as in force, the co-financing will be transferred only on the basis of the actual amounts certified by the Managing Authority.

In particualar, after the final report has been approved by the MA, the Greek National Point will be officially notified about the financial information concerning the Greek beneficiaries including at least the following data:

- Title /acronym of the project and Name of the Greek beneficiary(ies)
- Budget of Greek beneficiary(ies)
- Co- financing for the Greek beneficiary(ies)

- Final total accepted expenditures of Greek beneficiary(ies)

This official statement should be sent to Greek national contact point and to each Greek beneficiary.

ISRAEL

1. Selection of auditors by project beneficiaries

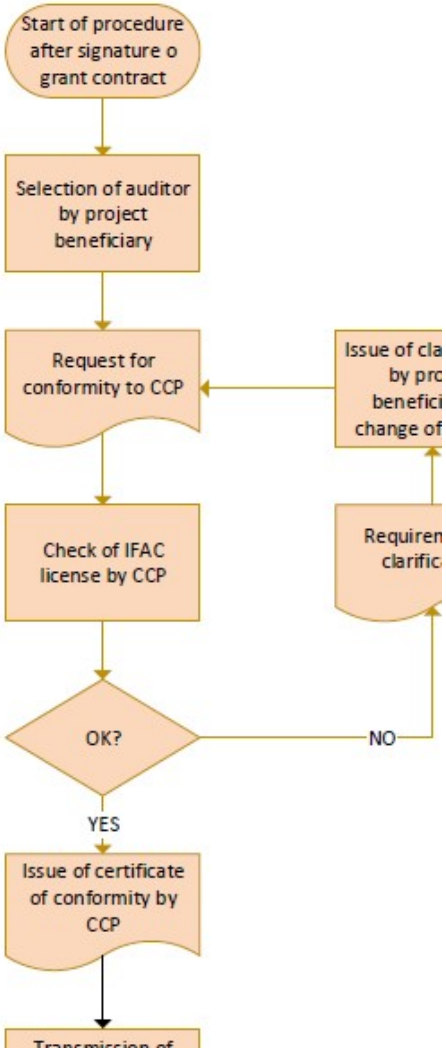
The expenditure verification required by article 32 of the Implementing Rules shall be carried out by private external auditors. The external audit profession is Institute of Certified Public Accountants in Israel https://www.icpas.org.il/english/.

The auditor chosen must have a licence issued by the Accountants Council, in accordance with the Accountant Council Law, 1955.

The selection procedure of Auditors depends on the body participates in the project.

- If this is a governmental ministry, government corporation, religious councils, health clinic and institute of higher education, auditors will be selected by public tender in accordance with the Mandatory Tenders law and its regulations.
- If it is a private entity, they shall be selected through an appropriate procurement procedure, following the grant contract requirements and in accordance with the national legislation when applicable.

The procedure shall be as follows:



2. Support to Managing Authority in recoveries

Israel will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- Ministry of Foreign Affairs
- Ministry of Finance.

3. Support in anti-fraud measures

Israel will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- Ministry of Foreign Affairs
- Ministry of finance
- Ministry of Justice

Cases involving criminal aspects, will be directed, through the NA, to the international department of the State Attorney's Office, in order to examine criminal proceedings, if applicable.

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual/informative notes concerning the Israeli national legislation applicable to governmental entities in terms of public procurement;
- Training of the staff working within the Israeli Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA

b) Detective actions:

- Supporting MA on the spot checks in coordination with NCP and CCP;
- Follow up monitoring by NA (NCP) in cooperation with the JTS and MA.
- Informing immediately the MA or the NA (in the event the error has been detected by the NCP) on recurrent errors.

c) Corrective actions:

- Ensuring the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

d) Indirect Taxation

Customs Duties or other indirect taxes particularly Value Added Tax (hereinafter: "VAT"), are non-eligible costs in the program except where non-recoverable under the relevant national tax legislation.

1. Following are the relevant tax provisions:

Subject to Israel's domestic law, VAT will be imposed on grants (hereinafter: "receipts") received by a dealer in Israel, in accordance with the following legislation:

According to **Article 12 of Israel Value Added Tax Law, 1975**[6] (hereinafter, "Israel's VAT law"): "Provision on donations, assistance and the like":

(a) Donations, assistance or other aid (hereafter: receipts) received by a dealer shall be deemed part of the price of his transactions; this provision shall not apply to categories of receipts or of dealers designated by the Minister of Finance.

(b) The Minister of Finance may prescribe how receipts shall be dealt with in respect of invoices, deductions, entry in the dealer's account books, and the like."

However, according to **Regulation 3(a)(2)(f) of Israel's Value Added Tax Regulations**, VAT will not be imposed in accordance with **Article 12 of Israel's VAT law** as mentioned above, on receipts given directly or indirectly to a dealer in Israel by the European Union in accordance with the Program, as such activity shall not be deemed part of the price of the dealer's transactions that are liable for VAT under **Article 12 of Israel's VAT law**.

It should be noted that the above is without prejudice to Israel's domestic law, including all relevant provisions applicable to dealers in Israel under Israeli VAT Law and Regulations. Furthermore, a dealer that received a grant/receipt in accordance with **Regulation 3(a)(2)(f) of Israel's Value added tax Regulations**, should be prepared to present all authorization from the European Union in order to demonstrate that such receipt was provided under the Program.

2. The procedure to be followed by beneficiaries in the case of recoverable costs shall be provided in a specific note by the Israeli NA as the case may be.

e) Opening bank accounts in euro and authorisation of bank transfers abroad

The body responsible for this procedure with regard to governmental entities shall be:

- Accountant General (Ministry of finance).

When it comes to a governmental entity, there is no legal restriction to open a bank account in euro or transfer money to foreign bank accounts. These actions will be carried out with the approval of the Accountant General, in accordance with his provisions, so that all government's bank accounts registered on the computerized financial systems and get reflected in the government's financial statements.

There are no legal restrictions for private entities.

f) Integration of project budget in the public budget

The following type of organisations need to follow a specific procedure for the integration of the project budget in the public budget:

[6] Unofficial Translation.

- Local and regional authorities
- Other public bodies, such as higher education institutions, agencies, research centres, etc.
- Ministries.

When it comes to governmental entities, integration of project budget in beneficiary's budget could be by off-budget fund, through the Accountant General in accordance with its Provisions.

ITALY

1. Selection of auditors by Italian project beneficiaries

In line with the provisions set by Article 32 of the Implementing Rules, expenditure verification on Italian organisations involved in the financed ENI projects will be carried out by private external auditors or by public independent competent officer (Authorized Internal Control Units) in case of public administrations only.

In both cases, the auditors shall meet the requirements set by the ENI IR and, in the event of internal auditors of public entities, they cannot be involved in any project management and financial operation.

As far as the external auditors are concerned, the Italian beneficiaries will select their auditors according to the public procurement procedures foreseen by the national legislation and/or by the Programme rules.

Then the Italian Beneficiary shall follow the procedure foreseen by the Italian National Control System which foresees to provide the Regione Puglia (Representative of the Programme within the committee in charge of the validation of the auditors), with the documents concerning the selected external auditor in order to demonstrate that he/she meets the requirements set by the Programme and the national legislation.

The results of this check shall be then submitted to the CCP who will inform the MA about the outcomes of the validation[7].

In case of a replacement of the external auditor or if he/she does not meet the requirements anymore, a new request for approbation must be filled according to the same procedure.

2.Support to Managing Authority in recoveries

Italy will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

- Agenzia per la Coesione territoriale.

7 An informative note for Italian project beneficiaries on the procedures to obtain the “validation” of the selected external auditor will be published on the Programme website.

- Italian Ministry of Economy and Finance (IGRUE)

The recovery process against Italian beneficiaries will follow the Decree of the Italian Ministry of Economy and Finance of the 06.06.2017.

3. Support in management of irregularities and in putting in place effective and proportionate anti-fraud measures

Italy will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

Agenzia per la Coesione territoriale.

According to the Italian the body responsible to report to OLAF for amounts higher than 10.000 concerning Italian Beneficiaries, is the MA, being an Italian Public Administration according to the Circolare Interministeriale dated 10.10.2007.

In addition to the general procedures foreseen by the Programme, the following actions will be carried out to prevent irregularities:

a) Preventive actions

- Drafting of a national manual/informative notes concerning the Italian national legislation applicable to Italian beneficiaries;
- Training of the staff working within the Italian Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

The Control Contact Point, may perform quality checks on the Expenditure Verification Reports received in copy by the Italian auditors contracted by the organisations involved in the ENI financed projects.

The CCP will send his/her comments/findings to the MA that will take them into consideration when analysing the concerned interim/final report. Therefore, the final amount of accepted expenditure, which will be the base for the calculation of the error rate, will always combine MA and CCP findings.

Beside the programme's specific technical seminars, if duly justified, a follow up training will be provided to auditors during projects implementation.

- Support to the MA on the spot checks as the case may be;
- Follow up of the monitoring by NA (NCP) in cooperation with the JTS and MA;

- Informe immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

JORDAN

1. Selection of auditors by project beneficiaries

The expenditure verification required by article 32 of the Implementing Rules shall be carried out by private external auditors only members of the Jordan Association of Certified Public Accountants Board.

Project beneficiaries shall be free to select their auditor, through a procurement procedure, following the relevant national legislation and grant contract requirements.

The Jordanian project beneficiaries should provide the Control Contact Point with the documents related to the external auditor, whom they would have selected in order to obtain the validation on the requirements needed at Programme level. The validation will then be transmitted to the MA.

In case of a replacement of the external auditor or if he/she does not meet the requirements anymore, a new request for approbation must be filled in and submitted to CCP. The Jordanian CCP, will notify the MA of any change in auditors.

2. Support to Managing Authority in recoveries

Jordan will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be the Ministry of Planning and International Cooperation.

3. Support in anti-fraud measures

Jordan will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- Ministry of Planning and International Cooperation (also acting as contact point of the European Anti Fraud Office, OLAF).
- Other bodies involved Audit Bureau.

In order to ensure prevent, correct and detect irregularities, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual/informative notes concerning the Jordanian national legislation applicable for the implementation of projects;

-Training of the staff working within the Jordanian Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

- Quality check on the expenditure verification reports by the CCP, as the case may be;
- Support MA on the spot checks;
- Follow up monitoring by NA (NCP) in cooperation with the JTS and MA.
- Inform immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

d) Tax exemption

Jordan, in compliance with the provision set by the Financing Agreement, will guarantee a tax exemption to all Jordanian project beneficiaries.

The bodies responsible for this support shall be the Ministry of Planning and International Cooperation.

- Other national bodies involved:
- Ministry of Finance
- Ministry of Finance/Income and Sales Tax Department
- Ministry of Finance/Customs department.

The procedure to request the tax exemption needs to be addressed through a letter to the Ministry of Planning and International Cooperation (MOPIC) that, according to the law no. 68 for the year 1971, is the focal point between the different donors and Jordanian institutions.

MOPIC will submit to the Council of Ministers for its approval the list of financed projects where Jordanian beneficiaries are involved.

After this approval, the MOPIC will address the Ministry of Finance/Income and Sales Tax Department for granting the Jordanian partner the exemption from the sales tax, and the Ministry of Finance/Customs Department for the customs clearance on goods and items

imported from outside Jordan as long as these goods are funded through the grant extended to the project.

The MOPIC will notify the obtained exemption to the concerned Jordanian Beneficiary.

e) Opening bank accounts in euro

The body responsible for this procedure shall be:

- Ministry of Finance.

Moreover, the following bodies are also involved:

- Ministry of Planning and International Cooperation
- Central Bank of Jordan.

The following type of entities shall follow a specific procedure[8]:

- Public administrative bodies
- Local and regional authorities
- Other public bodies.

The procedure to be followed is:

- Jordanian project beneficiaries belonging to the above mentioned categories need to submit to the Ministry of Finance (General Accounts Directorate, Government Accounts Division) a request for opening a bank account in Euro at the Central Bank of Jordan.
- Ministries and institutions that are listed within the state budget law are required to take approval from ministry of finance on opening the bank account (either at commercial bank or the central bank..

Jordanian project beneficiaries should send copy of the request addressed to Ministry of Finance also to the Ministry of Planning and International Cooperation which may support them for the opening of the bank account in Euro.

f) Project registration at national level

The body responsible for this procedure shall be the Ministry of Planning and International Cooperation.

Moreover, the following bodies are also involved:

- Ministries and public institutions including universities

[8] For Government Institutions please refer to (article 48/a) Financial Bylaw No. (3) for the year 1994 (article 48/a).

- Ministry of Planning and International Cooperation
- Ministry of Social Development
- Ministry of Industry, Trade and Supply.

The obligation to register the financed projects applies to all Jordanian project beneficiaries, however the procedure is different depending on the legal status.

Ministries and governmental agencies:

need to send copy of the partnership agreement to the Council of Ministers for its approval.

Non-profit Companies:

shall submit an official request to the Companies Control Department CCD/Ministry of Industry, Trade and Supply based on the approved form.

The CCD will send a copy thereof to the competent ministry other than to the Ministry of Planning and International Cooperation and to the Ministry of Interior. If the Companies Control Department confirms the compliance with foreign funding requirements and, upon approval of the Ministry of Planning and International Cooperation and the Ministry of Interior, the Companies Control Department/Ministry of Industry, Trade and Supply will then address H.E. the Prime Minister in order to submit the request for registration to the Council of Ministers. The request will also contain the recommendations based on its assessment.

Non-profit Associations:

shall submit an official request to the Register of associations at the Ministry of Social Development based on the approved form. The Register of associations will send a copy thereof to the competent ministry other than to the Ministry of Planning and International Cooperation and to the Ministry of Interior or any other relevant entity.

The competent ministry and the Ministry of Planning and International Cooperation along with the Ministry of Interior will review the request and then they will send their opinion to the Register of Societies within 5-10 working days.

If the Register of associations confirms compliance with foreign funding requirements and upon receipt of responses from MOPIC, Ministry of Interior and relevant authorities, it will H.E. Minister of Social Development/Chairman of Register of Societies Board shall address H.E. the Prime Minister in order to submit the request for registration to the Council of Ministers. The request will also contain the recommendations based on its assessment.

H.E. the Prime Minister shall inform H.E. Minister of Social Development/ Chairman of Register of Societies Board about the Council of Ministers' Decision.

Finally, this decision will be transmitted by the Register of associations to the association which submitted the request as well as to the Ministry of Planning and International Cooperation, the Ministry of Interior and to other competent ministries, as the case may be.

LEBANON

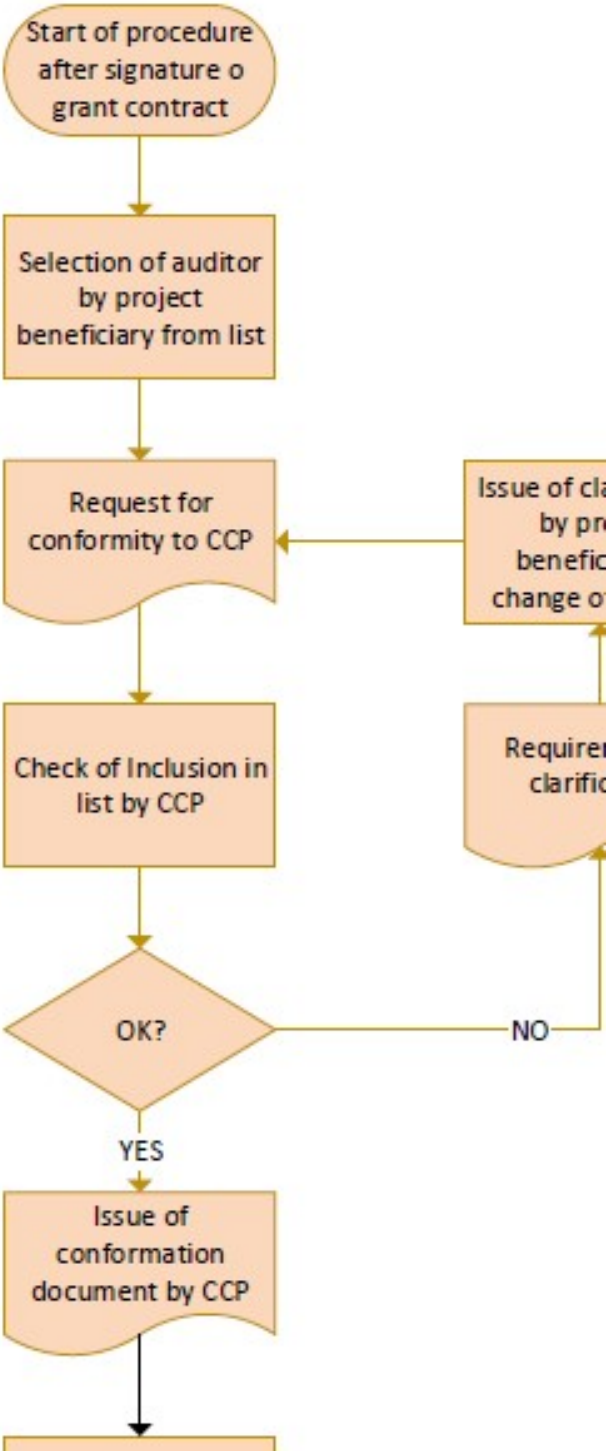
1. Selection of auditors by project beneficiaries

The expenditure verification required by article 32 of the Implementing Rules shall be carried out by private external audit firms only. The beneficiary will be required to pick an auditing firm which must be registered at the Lebanese Association of Certified Public accountants according to the requirements set by the ENI Implementing Rules (art. 32) and in compliance with the national requirements[9]. The list will be updated periodically and it will be available for consultation on the National Authority website.

Beneficiaries shall be free to select their auditors from the above-mentioned list, through a procurement procedure, following the relevant national legislation (if applicable) and grant contract requirements.

The chosen audit firm will verify the expenses declared in each payment claim, according to EU rules and procedures and the requirements of the grant contract. The procedure shall be as follows:

[9] A note on the specific national rules concerning the expenditure verification process will be issued by the Lebanese CCP and NA with the detailed information to be provided to obtain the validation of the auditor.



2. Support to Managing Authority in recoveries

Lebanon will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- PCM

3. Support in anti-fraud measures and in preventing, detecting and correcting irregularities

Lebanon will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- PCM.

The body responsible for the relationship with OLAF, as indicated in art. 7 of Special Conditions of FA, is the PCM acting as National Authority of the Programme.

As far as the prevention, detection and correction of the irregularities are concerned, in addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions:

- Drafting of a national manual/informative notes concerning the Lebanese national legislation applicable for the implementation of projects;
- Training of the staff working within the Lebanese Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

- Quality check on the expenditure verification reports may be performed by the CCP;
- Support MA on the spot checks through the CCP;
- Follow up monitoring by NA (NCP) in cooperation with the JTS and MA.
- Inform immediately the MA and the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

4. Tax exemption

In order to get the tax exemption, the project beneficiaries should submit a specific request to Ministry of Finance.

Tax and customs provisions are determined by the framework agreement signed between the EU and Lebanon and concluded under Law no 26 / 2015, with all its eventual modifications or replacements. Reference is made to this under the Financing Agreement specific to the ENI CBC 2014-2020 Programme.

5. Opening bank accounts in euro

All Lebanese beneficiaries may open a bank account in euro. However as far as the public entities identified in the Special Conditions of the Financing Agreement (ministries/administration) are concerned, they must follow a specific procedure set into force following the circular issued by the President of the Council of Ministers N. 14/2011 dated August 3, 2011 by the memorandum issued by ministry of finance number 3510/s1 dated November 21, 2011 and adjusted by the memorandum number 1257/s1 dated April 2, 2012. The bodies responsible for this procedure are:

- PCM;
- Ministry of Finance;
- Lebanese Central Bank.

Any monetary grant to a ministries/administration (beneficiary) shall be deposited in an account for "grants and donations" opened under the Ministry of Finance treasury account in the same currency of the received grant.

Treasury account for grants and donations in Euro is:

Number 700362123-69 IBAN LB 56 0999 0000 0001 0697 0036 2123

A project special account shall be requested by the beneficiary. This special account will be opened under the main account of Ministry of Finance but managed by the beneficiary.

The use of the treasury account is currently not convenient due to the massive difference between the official exchange rate and the market exchange rate. In addition to this and due to the current banking and financial crisis and restrictions in Lebanon, the National Authority requested officially from the Managing Authority to accept cash payments in order to facilitate payments to personnel, local suppliers or service providers. The MA, according to the opinion of the European Commission, issued the Informative note on payments methods within the ENI CBC Med Programme addressed to all Lead Beneficiaries and project partners including the rules for using cash payments, published in the Programme website . A specific paragraph has been also included in the Chapter 7 of the Projects Implementation Manual.

6. Integration of project budget in the public budget

Ministries/administration will need to follow the national procedure to integrate the project budget within national budget according to the above mentioned circular n. 14/2011.

The grant procedure is described as follows:

Step 1. Monetary grants shall be accepted only through a decision from the Council of Ministers followed by a decree.

The decree shall contain the following:

- Approval of the grant in its whole value.
- Implementation period of the project funded through the grant.
- Delegation to the Ministry of Finance to open a credit account for the funds transferred from the donor during the whole period of implementation of the project.
- Grant expenditure appropriation for its whole value.

Step 2. Upon decree issuance, a project special account shall be requested by the beneficiary. This special account will be opened at BDL in the same currency of the received grant, under the main account of Ministry of Finance but managed by the beneficiary.

Cash grants transferred to “grants and donations” account shall be channelled each time to the project special account opened at BDL through Emergency Budget Advance that is issued automatically once it is requested by the line ministry/administration (beneficiary).

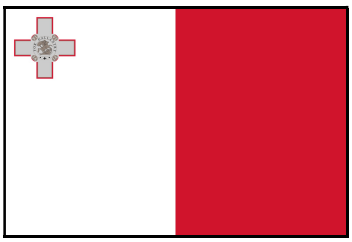
Step 3. Expenditure shall be managed by the grant’s beneficiary, following the donor rules and procedures or as stipulated by the financing agreement.

Remaining funds at the end of each year will be carried forward through a request made by the beneficiary as stipulated by the public accounting law and the budget law of 2017.

Emergency Budget Advances support documents shall be in two copies, one for the donor’s usage and the second for the Ministry of Finance.

Step 4. Beneficiary shall deposit Cash Management Department at Ministry of Finance on semi-annual basis, within maximum seven days, financial report showing the accounts movements versus appropriations.

MALTA



1. Selection of auditors by Maltese project beneficiaries

The expenditure verification required by Article 32 of the Implementing Rules may be carried out by private external auditors or by public independent competent officers (internal auditors) in case of public entities. In both cases, the auditors shall meet the requirements set by the ENI IR and, in the event of internal auditors of public entities, they cannot be involved in any project management and financial operation.

Moreover selected auditors must be included in the list of Maltese Registered Auditors, which may be accessed from the following link:

https://secure3.gov.mt/accountancyboard/Registers/RegisteredAuditors.aspx This list is updated by the Maltese Ministry of Finance whereby the NA, together with the CCP, shall regularly check for any updates and variations.

The national institution representing the private auditors is the Malta Institute of Accountants which is also part of IFAC. In the case of selected auditors who are not members of the Malta Institute of Accountants, they will be requested to provide a declaration stating that they conform to IFAC code of ethics and practices.

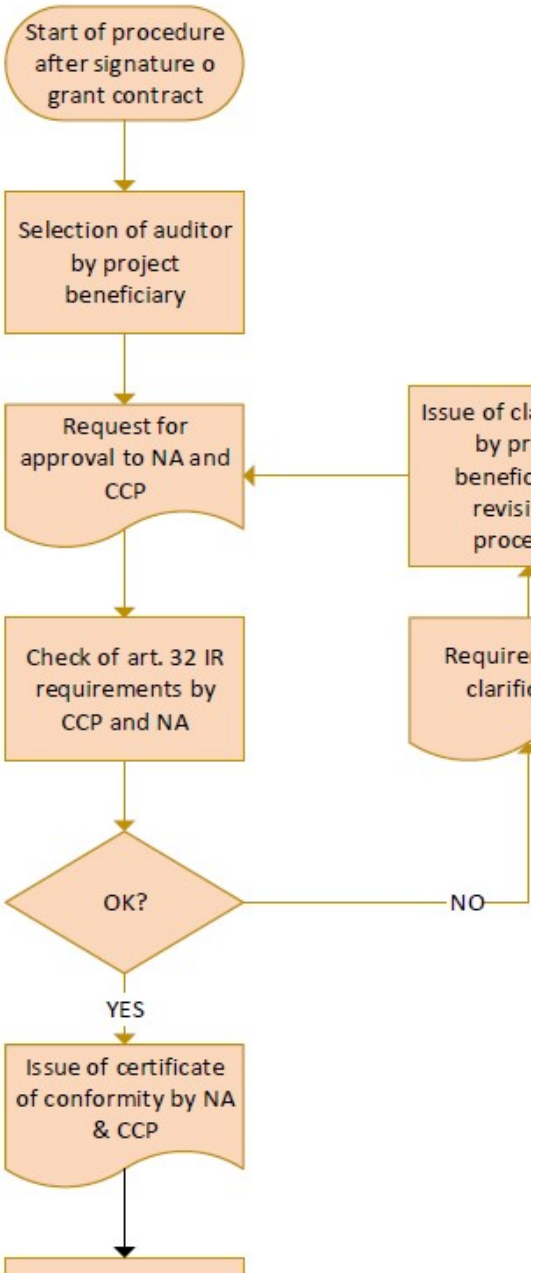
Beneficiaries shall be free to select their auditors. In case of private external auditors, the auditors shall be selected through an appropriate procurement procedure, following the national legislation and grant contract requirements. The NA/CCP will provide the template of the terms of reference for the procurement of the private external auditor.

The Maltese project beneficiaries should provide the Maltese National Authority and the Control Contact Point with the documents related to the external auditor, whom they would have

selected in order to obtain a certificate which will allow the auditor to start its verification functions within the framework of the project[10].

In case of a replacement of the external auditor or if he/she does not meet the requirements anymore, a new request for approbation must be filled in and submitted to the NA and CCP. The Maltese NA and/or CCP, will notify the MA of any change in auditors.

The procedure shall be as follows:



2. Support to Managing Authority in recoveries

[10] A note on the specific national rules concerning the expenditure verification process will be issued by the Maltese CCP and NA with the detailed information to be provided to obtain the certificate, the need to provide the CCP with a copy of the expenditure verification, specific Maltese rules on eligibility of expenditures etc.

Malta will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

- The **Funds and Programmes Division** within the Parliamentary Secretariat of the EU Presidency 2017 and EU Funds, Ministry for European Affairs and Implementation of the Electoral Manifesto.

3. Support in management of irregularities and in putting in place effective and proportionate anti-fraud measures

Malta will follow the general procedures as defined in this DMCS document. The body responsible for this support shall be:

- The **Financial Control Unit (FCU)** within the Parliamentary Secretariat of the EU Presidency 2017 and EU Funds, Ministry for European Affairs and Implementation of the Electoral Manifesto. (refer to Annex I for detailed information)

The **Internal Audit and Investigations Department (IAID)** within the Office of the Prime Minister shall also be involved (for detailed information) refer to Annex I on Anti Fraud Strategy and to Annex II on notification of irregularities to the EC).

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual / informative notes concerning the Maltese national legislation applicable to public bodies in terms of public procurement;
- Training of the staff working within the Maltese Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

Through a predetermined sampling methodology, the CCP shall extract a sample based on adequate risk parameters that may be reviewed periodically to cover the risks therein.

Given that the CCP has the objective to provide an added level of assurance to the Head of the NA, it reports directly to the Head. The nature of its function and its governance structure make it a very important aspect of the management and control structures of the NA.

Any general areas of concern will be communicated to the NA so that any claim for payment which falls under the definition of that parameter will be referred to the MA. Such areas of concern could be based on a particular type of expenditure depending on the level of risk therein. Another area of concern is the risk inherent with the type of beneficiary and whether

this beneficiary was subject to previous audits. Any irregularities detected in previous claims are also important to be assessed. In addition the following actions will be taken:

- Support to the MA on the spot checks;
- Follow up of the monitoring by NA (NCP) in cooperation with the JTS and MA;
  - Inform immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

d) Integration of project budget in the public budget

The following type of organisations need to follow a specific procedure for the integration of the project budget in the public budget:

- Local and regional authorities
- Other public bodies, such as universities, agencies, research centres, etc.
- Ministries.

The Ministry of Finance shall be involved as the responsible entity for the compilation of the annual financial estimates. The National Authority shall be responsible for monitoring the compliance of this requirement.

The legal basis for the procedure includes the following:

- Fiscal Responsibility Act 2014
- MFIN Circular 5/2014
- Circular on Guidance for Member States on Management Verifications (Programming Period 2014 – 2020) – Territorial Cooperation

Beneficiaries shall adhere to MFIN Circular 5/2014[11], outlining the procedure which ought to be followed so as to ensure that any project selected for funding is included in the budgetary

[11] https://eufunds.gov.mt/en/EU%20Funds%20Programmes/EU%20Territorial%20Programmes/Documents/documents%20and%20downloads/MFIN%20Circular%20No%205.pdf

process, thus providing for the necessary financial allocation, covering both EU and national co-financing elements.

PALESTINE

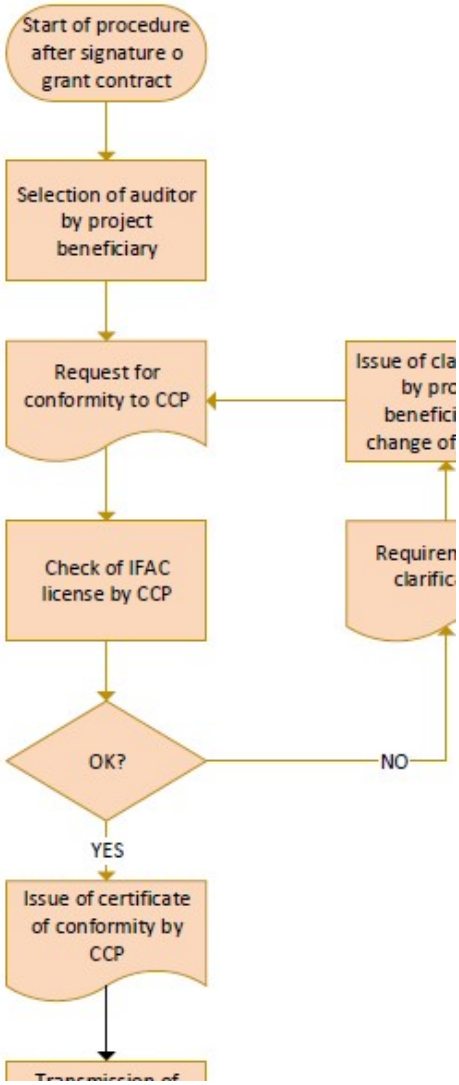
1. Selection of Auditors by Project Beneficiaries

The expenditure verification required by article 32 of the Implementing Rules shall be carried out by private external auditors. The audit profession is organized by Board of Professional Auditing (BOPA) http://www.bopa.ps/ and Palestinian Association of Certified Public Accountants (PACPA) http://www.pacpa.ps/.

Each chosen external auditor should be holding the IFAC licence, which is organized by Board of Professional Auditing (BOPA) – Palestine and member of Palestinian Association of Certified Public Accountants (PACPA).

https://www.ifac.org/about-ifac/membership/member-organizations-and-country-profiles?letter=P#members

Beneficiaries shall be free to select their auditors, through a procurement procedure, following the relevant national legislation (Law of Public Procurement no. (8), 2014 and amendments) and grant contract requirements. The procedure shall be as follows:



The CCP may apply quality assurance program check on a sample of the Expenditure Verification Reports (EVR). These checks will be carried out in coordination with Managing Authority (MA). They will take place after the delivery of the EVR to the Lead Beneficiary or to Managing Authority. Recommendations from the SACCB will then be submitted to the MA in order to take them into account when processing the current or next report (depending on the time of recommendation's arrival).

2. Support to Managing Authority in Recoveries

Palestine will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- Ministry of Finance and Planning.
- State Audit & Administrative Control Bureau (SACCB) for audit detective.

3. Support in Anti-Fraud Measures

Palestine will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- Ministry of Finance and Planning.
- Anti-Corruption Commission.

According to the Financing Agreement, the responsible body to cooperate with the European Anti-Fraud Office (OLAF) is the Ministry of Finance and Planning.

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual/informative notes concerning the Palestinian national legislation applicable for the implementation of projects;
- Awareness & training of the staff working within the Palestinian Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

- Quality check on the expenditure verification reports by the CCP;
- Support MA on the spot checks;
- Follow up monitoring by NA (NCP) in cooperation with the JTS and MA.
- Inform immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.
- Follow up external audit reports.

c) Corrective actions:

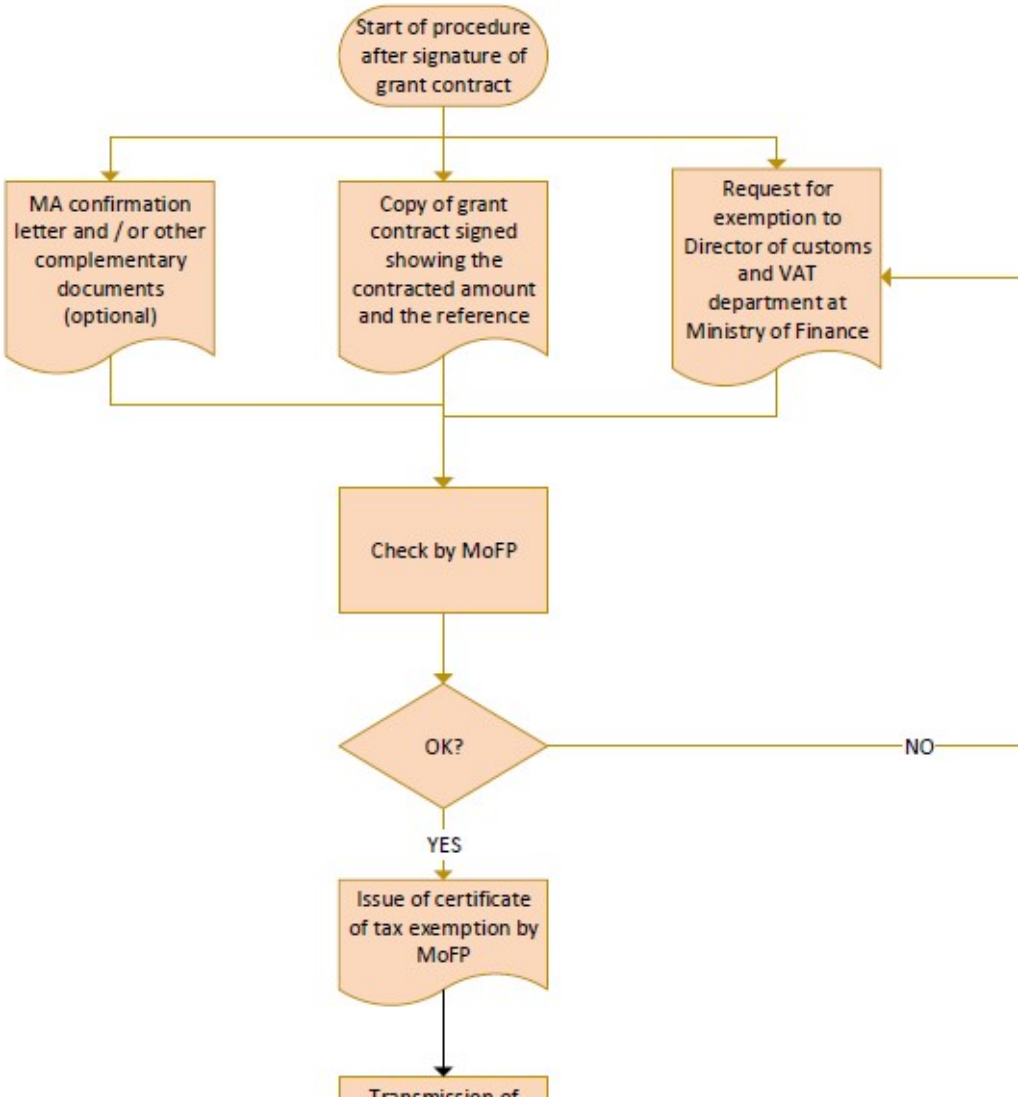
- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.
- Audit findings above overall materiality.

4. Tax exemption

In order to apply for the tax exemption, the project beneficiaries should be registered at the relevant government department, that is:

- Ministry of National Economy for private institutions
- MoFP directorates (Property Tax Department, VAT & Customs Department, Customs Department, Income Tax Department) for all types of organizations
- Ministry of Interior for NGO's.

Once registered, the procedure shall be as follows:



5. Opening bank accounts in euro

The bodies responsible for this procedure shall be:

- Ministry of Finance and Planning.
- Palestinian Monetary Authority.

The General Budget Decree of the year 2016, provision 5 of Article 9 stipulates the following: "*It shall not be allowed to open a bank account for any ministry or agency without written approval of the Minister of Finance and Planning*".

For local Authorities, a copy of the contract signed between the beneficiary and the National Authority needs to be provided together with a letter from the local authority requesting approval to open the bank account.

For others, refer to the instructions published to the banks from the Palestinian Monetary Authority.

6. Authorisation of bank transfers abroad in euro

All the institutions are free to make bank transfers, except for the NGOs, as they should be first registered at the Ministry of Interior as a working NGO in Palestine.

NGOs, just like any Palestinian Lead Beneficiary, should obtain an acknowledgment from the National Authority to ease their transfers to partners.

Other institutions such as universities or organisations from the private sector involved in projects do not need to follow any particular procedure to be able to make bank transfers.

Finally, please note that Local Authorities in Palestine are directly following the Ministry of Local Government so they should refer to it to manage programme funds.

7. Integration of project budget in the public budget

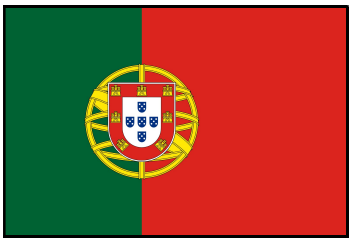
The following type of organisations need to follow a specific procedure for the integration of the project budget in the public budget:

- Local and regional authorities
- Other public bodies, such as universities, agencies, research centres, etc.
- Ministries.

On top of the project beneficiaries, the Ministry of Finance and Planning shall be involved, since it is responsible for the compilation of the annual financial estimates.

For local Authorities, each institution shall identify its projects within budget preparation to be allocated within the Budget Law. If the project was not identified/allocated, a request from the local authority (from the Minister or the competent authorized person) to the Ministry of Finance and Planning. According to the Budget Law, the Ministry of finance and Planning shall evaluate the request to authorize it or postpone it to the next fiscal year.

PORTUGAL



1. Selection of auditors by Portuguese project beneficiaries

In line with the provisions set by Article 32 of the Implementing Rules, expenditure verification on Portuguese organisations involved in the financed ENI projects will be carried out by private external auditors only. The auditors shall meet the requirements set by the National Authority and the ENI IR and they shall be independent, external and qualified.

Moreover selected auditors must be member of Portuguese Registered Auditors "ORDEM DOS REVISORES OFICIAIS DE CONTAS" which is also part of the IFAC.

The National Authority and the Portuguese Registered Auditors, shall setup a list of recommended auditors and it will update whenever needed and on a regular basis after a **mandatory training session** organized by the Agency. The referred list will be published on the Agency's and the Portuguese Registered Auditors's website.

The Agency, acting as National Authority, will approve or reject, according to the conditions laid down in the protocol concluded between the Agency and the national Order of Auditors, the possibility of an external auditor to perform the expenditure verification for an ENI funded project. External auditors will be requested to perform all their expenditure verifications at the Portuguese beneficiaries' premises through the check of all the expenditure and payment documents *in situ.*

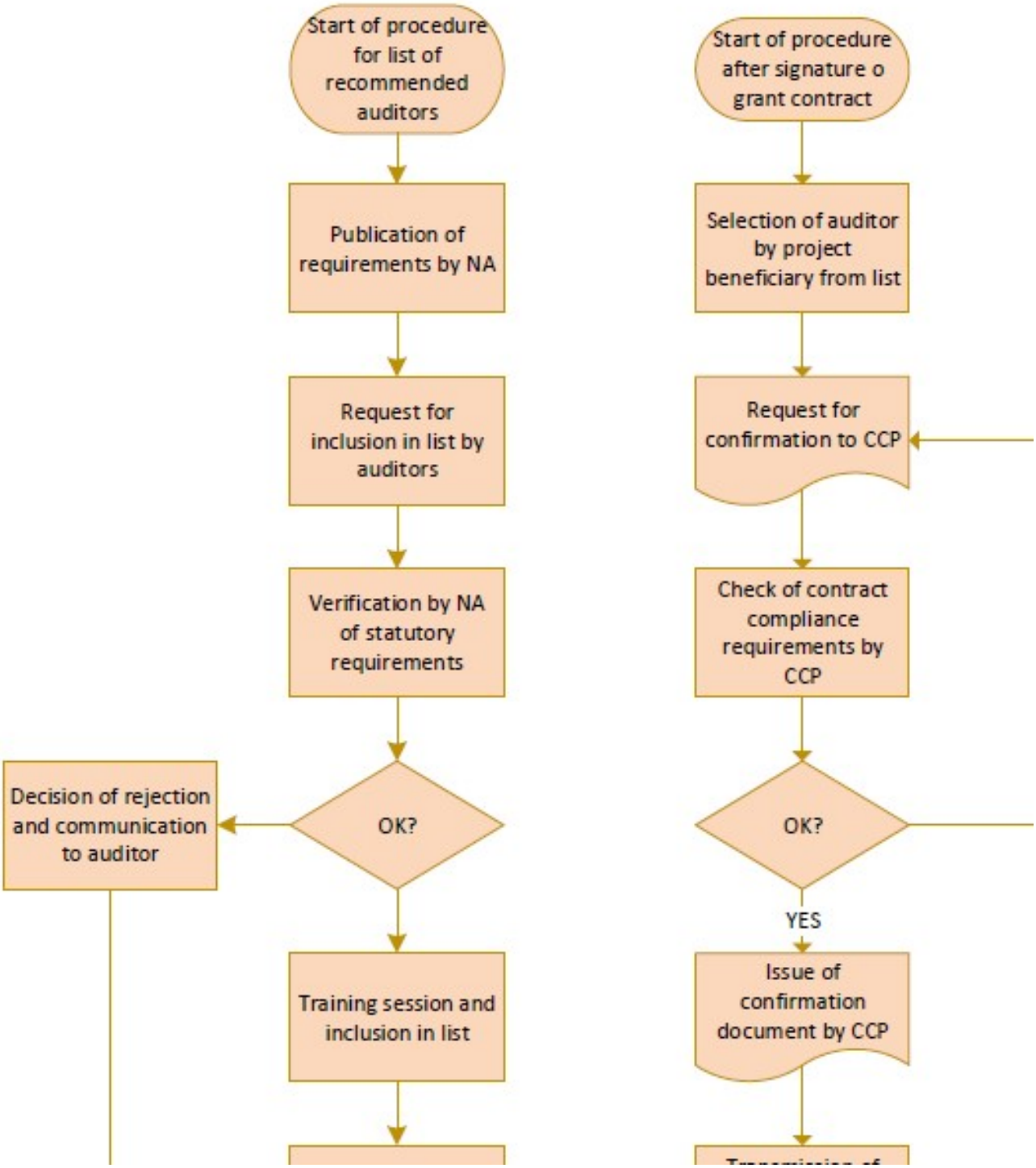
Beneficiaries shall be free to select their auditors from the list available by National Authority, and fulfil the appropriate procurement procedure, following the national rules and grant contract requirements.

The Portuguese project beneficiaries should provide the Control Contact Point with the documents related to the external auditor, whom they would have selected in order to obtain the confirmation, by the CCP, that that external auditor is part of the national list of recommended auditors and that he/she_which will allow the auditor to start its verification functions within the framework of the project[12].

[12] A note on the specific national rules concerning the expenditure verification process will be provided by the Portuguese CCP and NA to the external auditors with the detailed information on the expenditure verification process for ENI projects such as the specific

In case of a replacement of the external auditor or if he/she does not meet the requirements anymore, the Portuguese CCP will notify the MA of any change.

The procedures for inclusion in the list and selection of auditors by beneficiaries shall be as follows:



Programme ToRs, the need to provide the Portuguese CCP with a copy of the expenditure verification, any specific Portuguese rules on eligibility of expenditures etc.

2. Support to Managing Authority in recoveries

Portugal will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

- ***Agência para o Desenvolvimento e Coesão I.P.*** *(Cohesion and Development Agency)*

3. Support in management of irregularities and in putting in place effective and proportionate anti-fraud measures

Portugal will follow the general procedures as defined in this DMCS document. The body responsible for this support shall be:

- ***Agência para o Desenvolvimento e Coesão I.P.*** *(Cohesion and Development Agency);*
- ***IGF - Inspeção-geral de Finanças*** *(Inspectorate General of Finances)* as responsible body to report directly to OLAF.

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual / informative notes concerning the Portuguese national legislation applicable to public bodies in terms of public procurement;

-Training of the staff working within the Portuguese Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

- Quality check on expenditure verification reports.

The Agency, through the Control Contact Point, will perform quality checks on the Expenditure Verification Reports received in copy by the Portuguese auditors contracted by the organisations involved in the ENI financed projects.

The Agency may request the beneficiary and the auditor to provide additional information/documents regarding each project report. Nevertheless, in some justified cases the CCP may decide to perform an on-the-spot check.

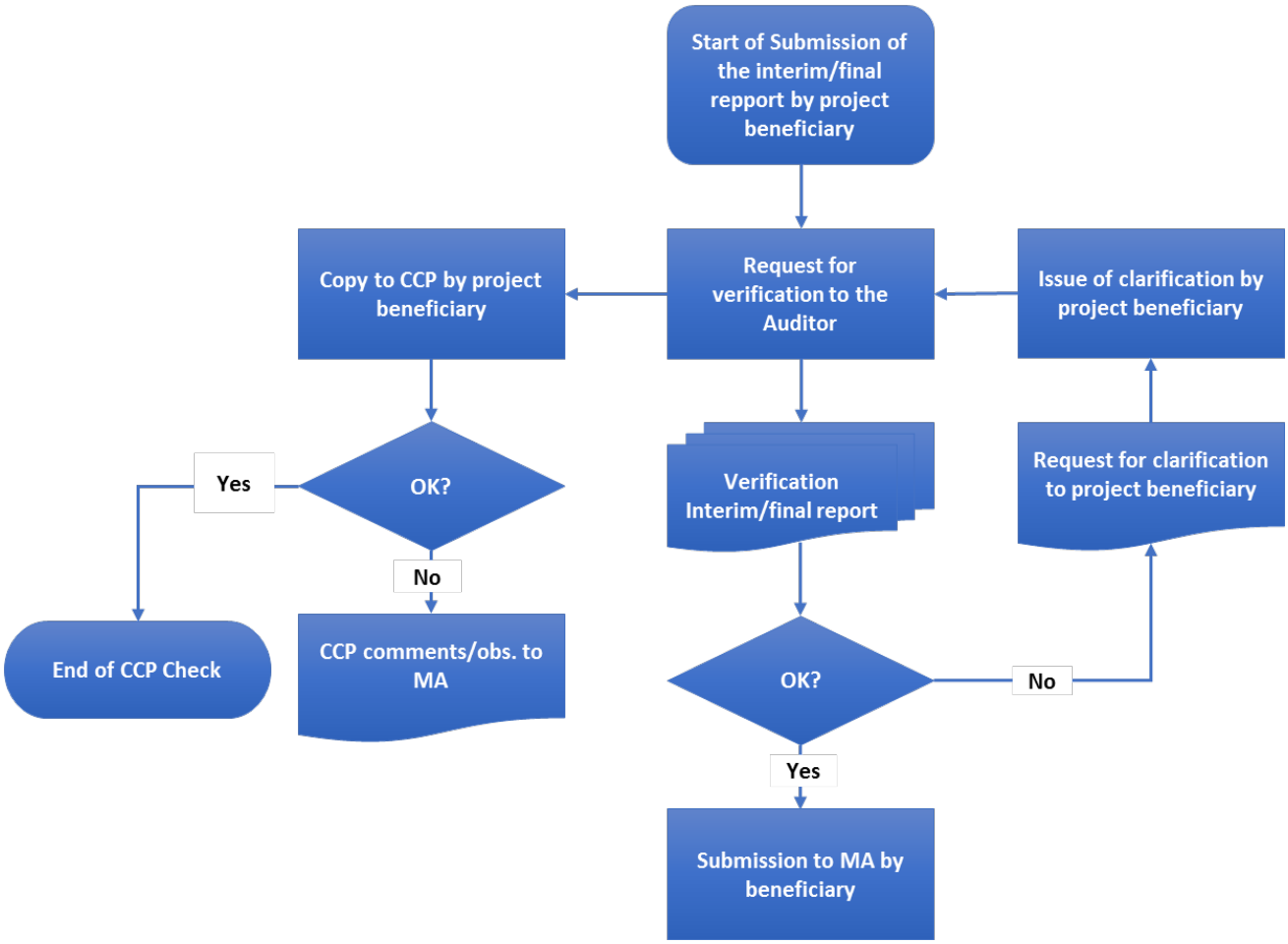
The CCP will send his/her comments/findings to the MA that will take them into consideration when analysing the concerned interim/final report (see Figure 3).

Beside the programme's specific technical seminars, if duly justified, a follow up training will be provided to auditors during projects implementation.

- Support to the MA on the spot checks;

- Follow up of the monitoring by NA (NCP) in cooperation with the JTS and MA;
- Inform immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

Procedure for interim/final repport Submission and CCP observations



c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

SPAIN

1. Selection of auditors by Spanish project beneficiaries

The expenditure verification required by article 32 of the Implementing Rules may be carried out by private external auditors or by public independent competent officer (Authorized Control Units) in case of some public entities. In both cases, the auditors shall meet the requirements set by the ENI IR and, in the event of internal auditors of public entities, they cannot be involved in any project management and financial operation.

Moreover selected auditors must be included in the ROAC Registro Oficial de Auditores de Cuentas (Official Register of Auditors). If they work in a company the auditor must be an “Active Partner” (Socio Ejerciente).

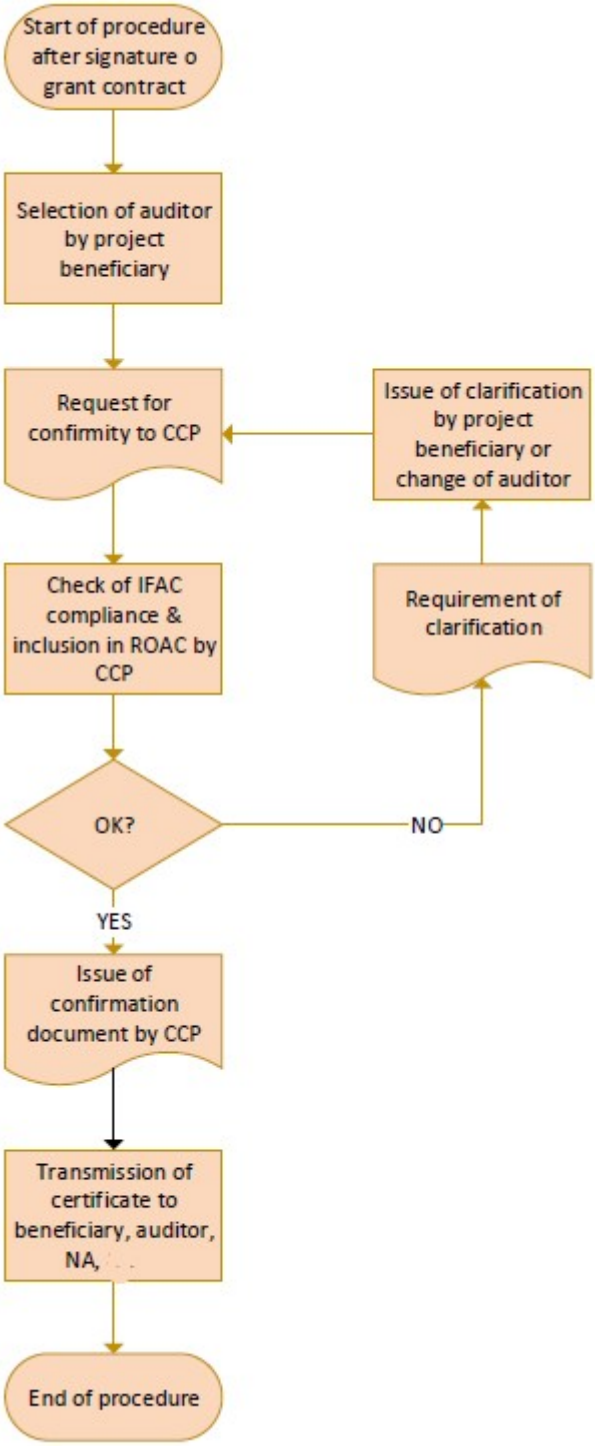
http://www.icac.meh.es/Consultas/Roac/Buscador.aspx

The partners should propose an independent controller registered in the official Register of Auditors who has to be authorised at central level. The request for authorization shall be addressed to the Spanish Control Contact Point “Dirección General de Fondos Europeos, Ministerio de Hacienda (General Directorate for European Funds Ministry of Finance).” The CCP will check that the requirements are met and it will inform the Spanish Beneficiary and the Auditor.

A specific procedure will be described in a national informative note for Spanish project beneficiaries.

In case of a replacement of the external auditor or if he/she does not meet the requirements anymore, a new request for approbation must be filled in and submitted to the Spanish CCP.

The indicative procedure shall be as follows:



2. Support to Managing Authority in recoveries

Spain will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

- •Dirección General de Fondos EuropeosComunitarios - Ministerio de Hacienda y Función Pública (General Directorate for European Funds Ministry of Finance and Civil Service).

3. Support in management of irregularities and in putting in place effective and proportionate anti-fraud measures

Spain will follow the general procedures, as defined in this DMCS document. The body responsible for this support shall be:

- Dirección General de Fondos Comunitarios - Ministerio de Hacienda y Función Pública (General Directorate for European Funds Ministry of Finance and Civil Service).

The Intervención General de la Administración Del Estado (IGAE) shall also be involved as it is also the body responsible to report to OLAF.

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual/informative notes concerning the Spanish national legislation applicable to public bodies in terms of public procurement;
- Training of the staff working within the Spanish Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

- Quality check on expenditure verification reports. Quality check in the framework of the Spanish Quality Control System.

  The General Directorate of European Funds (GDEF) will check the correct implementation of the Program in Spain by means of the application of a Quality Control System on the whole expenditure verification process by evaluating both the control systems (auditor) and expenditure verification reports.

  This check will be carried out on a representative sample of operations previously selected reporting to MA the discrepancies or deficiencies that may be found, in particular those which are related to expenditure reporting and verification. The GDEF will submit this information to MA taking into consideration the Programme accounting and reporting dates.

  The final amount of accepted expenditure, which will be the base for the calculation of the error rate, will always combine MA and CCP findings.

  Beside the programme's specific technical seminars, if duly justified, a follow up training will be provided to auditors during projects implementation.

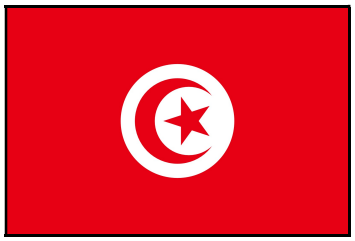
- Support to the MA on the spot checks;

- Follow up of the monitoring by NA (NCP) in cooperation with the JTS and MA;
- Inform immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- In case of systemic irregularities are found Iinform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

TUNISIA



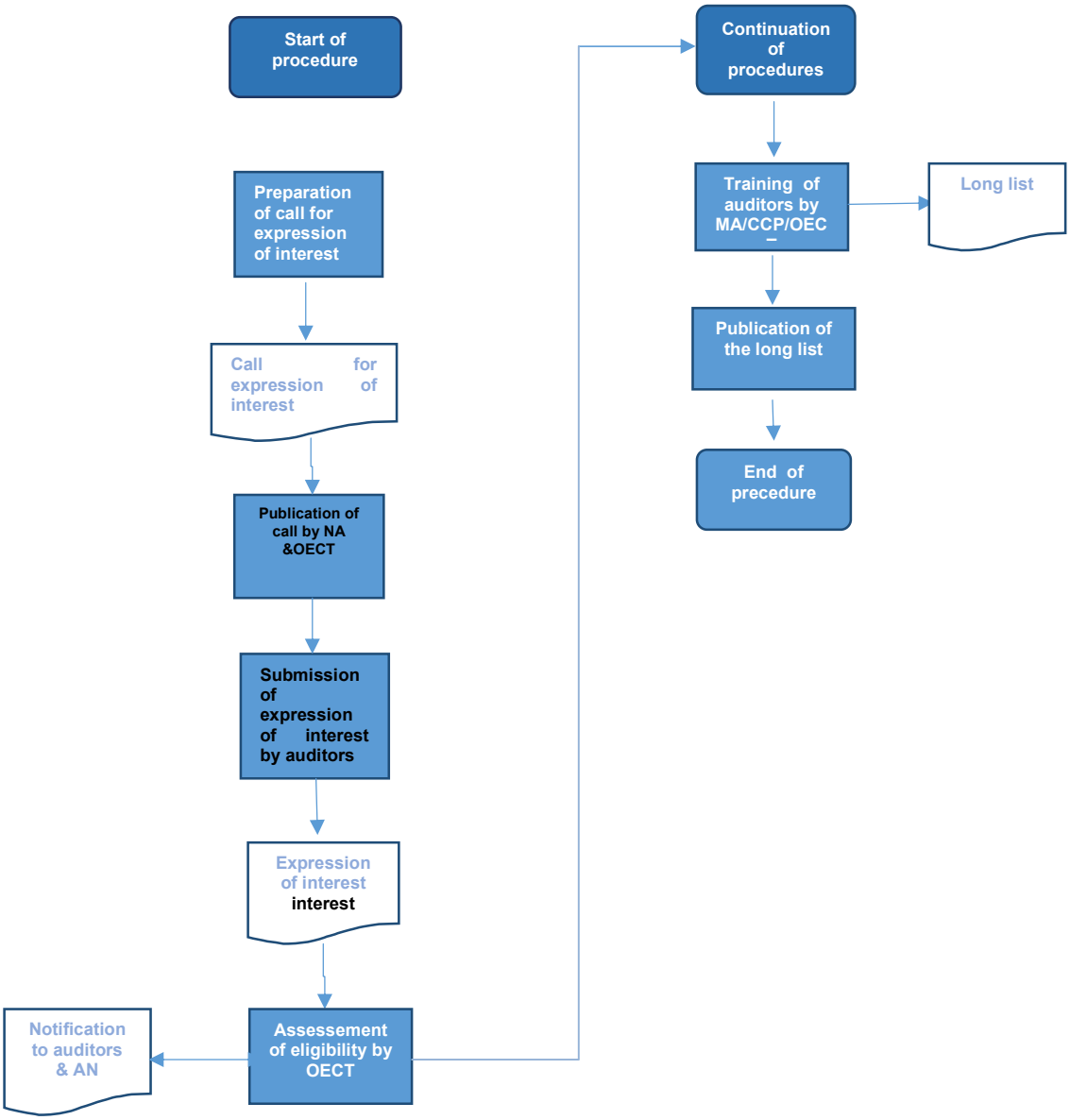
4. Selection of auditors by project beneficiaries

The expenditure verification required by article 32 of the Implementing Rules shall be carried out by private external auditors members of the Board of Auditors of Tunisia (Ordre des Experts Comptables deTunisie (OECT).

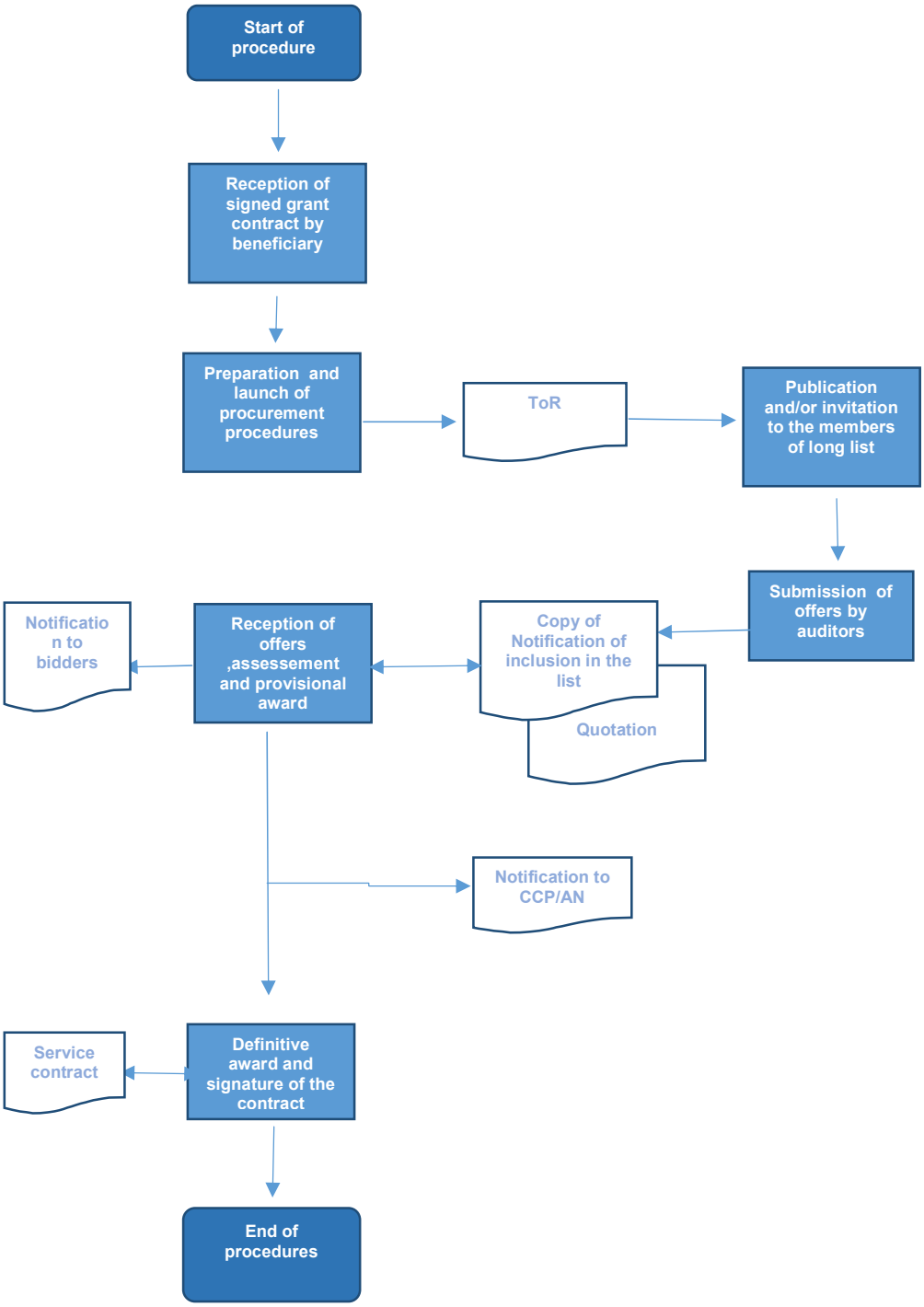
The National Authority will establish a long list of external auditors through the publication of a public notice. The interested external auditors meeting the requirements, will also need to attend a training session on the Programme rules, including IFAC standards and expenditure verification procedures.

The list of external auditors which can be entitled to carry out expenditure verifications on the ENPI CBC MED projects, will be included in a long list, validated by the Tunisian CCP. This list will be public and it will be updated at least for each call for proposal and/or in the event the CCP is requested by an auditor or by a Programme body (MA; AA etc.) to revise the list (for example in the event of failure to comply with the Programme procedures/rules). Beneficiaries shall be free to select their auditors, from those on the list, through a procurement procedure, following the relevant national legislation and grant contract requirements, but the procedure will be published by CCP.

The procedure for setting-up the list shall be as follows:


Start of procedure
Preparation of call for expression of interest
Call for expression of interest
Publication of call by NA &OECT
Submission of expression of interest by auditors
Expression of interest interest
Assessement of eligibility by OECT
Notification to auditors & AN
Continuation of procedures
Training of auditors by MA/CCP/OEC
Long list
Publication of the long list
End of precedure

The procedure for the selection of the auditor shall be:



1. Support to Managing Authority in recoveries

Tunisia will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- Ministry of development, investment and international cooperation (Ministère du développement, de l'investissement et de la coopération internationale).

2. Support in anti-fraud measures

Tunisia will follow the general procedures, as defined in this DMCS document. The bodies responsible for this support shall be:

- Bodies of the General Control on Public Services (Le corps du Contrôle Général des Services Publics).

In addition to the general procedures foreseen by the Programme, the following actions will be carried out:

a) Preventive actions

- Drafting of a national manual/informative notes concerning the Tunisian national legislation applicable for the implementation of projects;
- Training of the staff working within the Tunisian Programme bodies on the specific rules of the Programme and ensuring training of project auditors in cooperation with the MA;

b) Detective actions:

- Quality check on the expenditure verification reports by the CCP;
- Supporting MA on the spot checks;
- Follow up monitoring by NA (NCP) in cooperation with the JTS and MA.
- Informing immediately the MA or the NA (in the event the error has been detected by the CCP or the NCP) on recurrent errors.

c) Corrective actions:

- Ensure the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;
- Inform all national stakeholders, including project beneficiaries, in order to prevent the same irregularity in the future.

3. Opening bank accounts in euro

The bodies responsible for this procedure shall be:

- Ministry of Finance (Ministère des finances)
- Central Bank (Banque centrale)
- Tunisian Postal Service (La Poste Tunisienne).

Moreover the following bodies are also involved:

- Ministry of development, investment and international cooperation (Ministère du développement, de l'investissement et de la coopération internationale (MDICI).
- Ministry of Local Affairs and Environment (Ministère des affaires locales et de l'environnement).

The following type of entities shall follow a specific procedure[13]:

a) Public administrative bodies (Etablissements publics à caractère administratifs EPA)

b) Local Communities (Collectivités Locales)

c) Central administrations (Administrations centrales).

The procedure to be followed by the first two categories (***a*** and ***b***) is:

- The MDICI will notify to the Ministry of Finance (direction générale de la comptabilité publique et du recouvrement) the list of Local Communities and EPA (subjects to the public accounting code) that are beneficiaries of the financed projects.
- Local Communities and EPA shall proceed in opening a bank account at the Tunisian Postal Service, with the prior authorization of the Ministry of Finance. The holder of the bank account is the name of the entity while the authorized agent to operate the bank account will be the accountant of the same entity[14].

The procedure to be followed by the category ***c*** (Central Authorities) is:

- The MDICI will notify to the Ministry of Finance the list of Central Authorities that are beneficiaries the financed projects.
- The concerned central authority will need to send a request for opening a bank account to the Tunisian Central Bank.

Finally, the budget of each entity subject to the accounting code shall be submitted for approval to the competent authorities and in line with the procedures which are applicable to manage separated or extra budgeted activities.

[13] Please refer also to: Code de la comptabilité publique – Article 56; Loi n° 75-35 du 14 mai 1975 relative à la loi organique du budget des collectivités locales; Circulaire de la BCT aux IA n° 93-14 du 15 septembre 1993 telle que modifiée par les circulaires aux IA n°99-05 du 19 avril 1999, n°2003-13 du 12 novembre 2003 et n° 2005-01 du 3 janvier 2005 et n°2012-08 du 15 juin 2012 et n°2012-18 du 04 octobre 2012 et la circulaire aux IA n°2013-13 du 21 octobre 2013.

[14] Please refer also to: Code de la comptabilité publique – Article 56, on the functioning of bank accounts.