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## **EUROPEAN STRUCTURAL FUNDS 2014-2020**

### **ROLES AND RESPONSIBILITIES**

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## **Managing Authority**

In line with EC Regulation 1303/2013 Article 125 Functions of the managing authority

As the designated Managing Authority, the SG is responsible for the efficiency and probity of the management and implementation of the programmes. The European Structural Funds Division within the SG is responsible for discharging all the obligations and verifications required by Commission Regulation 1303/2013 and Commission Regulations 1304/2013 and 1301/2013 which pertain to the delivery of the SF programmes for ESF and ERDF in Scotland.

To ensure that Lead Partners have the capacity to take on and oversee a group of operations, the Managing Authority will set rules around the type or organisational capacity required, including track record in managing EU funding compliantly, an ability to bring and guarantee match funding for the long-term, structures which would allow the Lead Partner to ensure the eligibility and robustness of claims and review supporting documents, and retain appropriate audit trails. Where a Lead Partner is planning on delivering activity directly, i.e. acting as a delivery agent, it will also include an assessment of the proper separation of functions.

### **Key Responsibilities:**

- Assess and approve Strategic Interventions in line with Operational Programme and on the recommendations of the Scrutiny and Risk Panel, based on the approved selection criteria
- Assess and approve Operations proposed by Lead Partners in line with Strategic Interventions aims and objectives
- Assessment and payment of claims to Lead Partners in respect of operations
- Compliance and verification in line with Article 125 requirements and the recommendations of the Scrutiny and Risk Panel
- Implement fraud detection and reporting
- Manage governance/monitoring arrangements and functions, including providing information and support to Joint Programme Monitoring Committee (JPMC) and technical committees
- Undertake communications, publicity and evaluation activity in line with approved plans
- Prepare and submit the Annual Implementation Report and appropriate sections of the progress reports.
- Management and Control Systems

## **Scrutiny and Risk Panels**

The Scrutiny and Risk Panels will scrutinise and evaluate Strategic Intervention applications submitted by Lead Partners to ensure alignment with EU 2020 targets, the relevant Priority Axis within the Operational Programmes and Scottish Government policy. The panels will review and consider the technical and detailed issues of the applications, any potential risks which will need to be addressed/monitored, and make recommendations to the Managing Authority (MA) on whether the Strategic Intervention applications should be approved, require further work or rejected in line with policy objectives and the scoring framework agreed by the JPMC. There will be 3 panels structured around the themes of Smart Growth, Sustainable Growth and Inclusive Growth to ensure that there is appropriate expertise to appraise applications under each of these themes.

Membership of the Scrutiny and Risk Panels will comprise individuals, as deemed appropriate by the MA, to undertake the necessary checks on the applications. This will routinely involve individuals with analytical skills, financial skills, procurement and state aids expertise and knowledge of the relevant policy areas being discussed.

All applications will be appraised under the same core scoring system which will include minimum requirements which all proposals must meet, generic justification criteria, risk assessment criteria and specific Priority Axis criteria. The results of this risk assessment will not only inform the process of project selection but will also importantly highlight areas where the compliance regime should focus throughout the lifetime of the Strategic Intervention. A tailored risk management plan will be developed for each strategic intervention which will be monitored by the MA. This will mean that compliance checks can be more proportionate and focussed and will reduce unnecessary checking.

The panels will assess the level of risk within each Strategic Intervention against the 4 compliance themes of:

- Programme Compliance
- Legal Compliance
- Financial Compliance
- Performance Compliance.

The Scrutiny and Risk Panels will meet at least annually and help the MA and the Audit Authority (AA) to review the Risk Management plans for Strategic Interventions. These will then help shape the control plan for the AA, as well as the interaction with Lead Partners for the MA, over the next year.

### **Key Responsibilities:**

- Make recommendations to the MA on whether Strategic Intervention applications should be approved, require further work or rejected in line with policy objectives and the scoring framework agreed by the JPMC
- Undertake a risk assessment of Strategic Intervention applications and highlight to the MA where the compliance regime should focus over the lifetime of the Strategic Intervention
- Meet at least annually to help the MA and AA to review the Risk Management plans for Strategic Interventions

## **Certifying Authority**

In line with EC Regulation 1303/2013 Article 126 Functions of the certifying authority

As the designated CA, the SG is responsible for submitting certified statements of expenditure and applications for payment to the Commission. The CA will ensure that the statement of expenditure is accurate, results from reliable accounting systems, is based on verifiable supporting documentation and that the expenditure declared complies with applicable Community and National Rules. The CA will also maintain accounting records in a computerised form of the expenditure declared to the European Commission (EC) and keep accounts of all amounts recoverable and withdrawn from the operational programmes.

### **Key Responsibilities:**

- Responsible for making declarations to the Commission and verifying the accuracy of Programme Accounts

## **Audit Authority**

In line with EC Regulation 1303/2013 Article 127 Functions of the audit authority

For all funds, the independent audit function as described in Article 123 of Council Regulation (EC) No 1303/2013 is performed by Scottish Government Internal Audit Division (IAD). Within the Scottish Government, IAD is an independent review service acting primarily on behalf of the Principal Accountable Officer (PAO) by providing assurance that proper and effective arrangements exist for financial and management control. It is also there to evaluate the effectiveness of financial and risk management systems, and to advise on any improvements necessary to remedy weaknesses.

Acting as the Audit Authority, IAD shall perform the functions required under Article 127 of Regulation (EU) No. 1303/2013 in line with the authority designated by the Member State in accordance with Article 123 (4) of the same Regulation.

The AA will promote a healthy working relationship with the MA and CA to ensure that the audit function is effective in relation to ESF and adds value to the overall process.

### **Key Responsibilities:**

- Through systems reviews, ensure the proper functioning of the management and control system
- Review a sample of operations on the basis of declared expenditure which shall be audited based on a representative sample and, as a general rule, on statistical sampling methods.
- Perform the functions of the AA in line with internationally accepted audit standards
- Preparation of an Audit Strategy which will include the audit programme
- Preparation of an Annual Control Report and Audit Opinion which shall include an opinion regarding the completeness, accuracy and veracity of the accounts

## **Roles and Responsibilities – Lead Partner and Delivery Agents**

### **Lead Partner**

The Lead Partner is responsible for the overall implementation of a Strategic Intervention. The Lead Partner must be an organisation capable of aligning major strands of policy, guaranteeing match funding and handling the audit burden associated with EU Funding. Lead partners will be Scottish Government, its agencies, arms of Government, NDPBs, local authorities and the Big Lottery (an arm of Government) who will not require to be procured. The role of the Lead Partner is similar to the Strategic Delivery Bodies in the 2007-2013 Programme.

#### **Key Responsibilities:**

- Develop and submit SI Application
- Provide/guarantee match funding
- Propose Operations to the Managing Authority
- Oversee performance of Operations and ensure that results for the Strategic Intervention are being delivered (including implementation of agreed change process)
- Collate and ensure the eligibility and robustness of claims information from Delivery Agents for submission to the Managing Authority
- Ensure the retention and availability of all documentation with a full and complete audit trail for all activity/expenditure funded.
- Forwarding of grant to Delivery Agents. (In the event of any recovery of grant the Managing Authority will pursue the lead applicant for payment).
- Ensure that Lead Partner and Delivery Agent comply with all appropriate rules and regulations
- Ensure that Delivery Agents are eligible organisations (see below under 'Delivery Agent'), with the capacity and financial standing to deliver Operations.

### **Delivery Agent**

Delivery Agents can be the Lead Partner, where operations are delivered in-house, use a procured contractor or as a recipient of a challenge fund. Delivery Agents must be eligible organisations i.e. public bodies – see definition below).

#### **Key Responsibilities:**

- Deliver Operations within a Strategic Intervention
- Monitor and report on the progress and performance of operations to the Lead Partner
- Ensure that appropriate documentation is retained to evidence expenditure and all outcomes and fulfil compliance obligations
- Comply with all appropriate rules and regulations

### **Public Body**

'Public law bodies' are defined by Article 2 of the Common Provisions Regulation and Article 1 of Directive 2004/18/EC, this is defined as any body:

- (a) established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
- (b) having legal personality; and
- (c) financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an

administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.

Funded bodies are required to meet both point (a) and (b) and at least one of the three criteria at point (c).

Lead partners and potential delivery agents should note that second of the criteria – “management supervision” – includes any charities registered with the Scottish Charity Regulator (OSCR).