



Regione Toscana



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POLITICHE EUROPEE  
PRESIDENZA DEL CONSIGLIO DEI MINISTRI



# Effectiveness of the Control System for ERDF Funds – Tuscany Region

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## Organization of the Management Authority – 1

The Management Authority for ERDF ROP CreO (regional competitiveness and employment) 2007-2013, relies on support functions for the performance of direct tasks involving:

- **ROP Technical Assistance** (monitoring, secretariat, monitoring committee, etc.)
- **First level controls**
- **ROP evaluation**
- **ROP communication**

The functions of the First Level Controller are assigned to the Programme Monitoring sector and economic development projects.

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## Organization of the Management Authority – 2

### First Level Controller: functions

- Identification of the **sample of operations** to be checked onsite in first level controls for each year of implementation of the programme
  - Organization and implementation of “**system controls**” carried out by the MA (verification of the formulation and updating of audit trails, checklists, reports etc.)
  - - Organization of information flows and acquisition of **reports** concerning **irregularities** for any onward forwarding, through the Presidency of the Council of Ministers – Department for European Affairs, to OLAF (European Anti-Fraud Office).
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## Organization of the Management Authority – 3

The functioning of the management system and the first level controls is guaranteed for each Activity/Line of Intervention by the subdivision of the functions of the following:

- ***Head of Operations (RdA)***
- ***Head of Management (RdG)***
- ***Head of Controls and Payment (RdCP)***

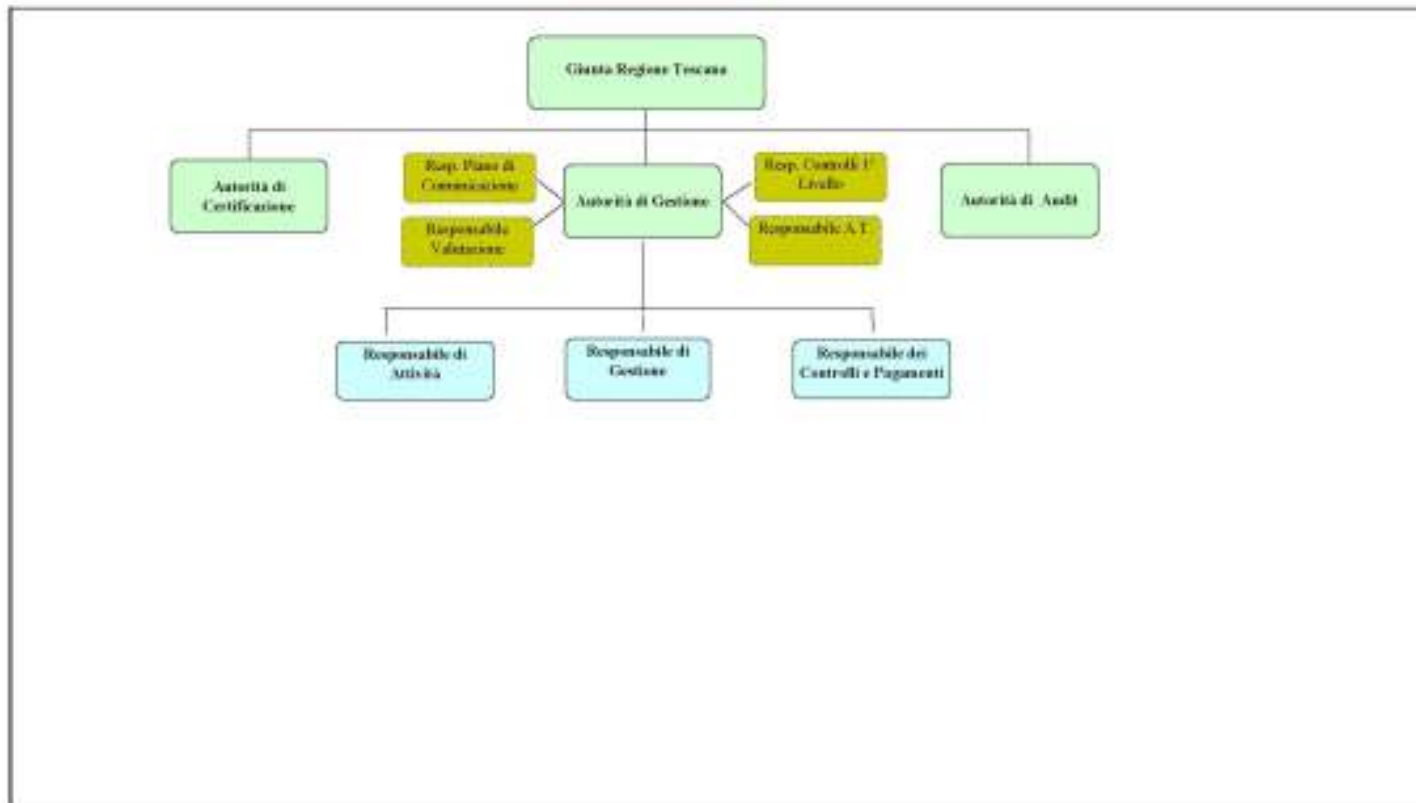


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## Organization of the Management Authority – 4





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## Control Activities for ERDF Funds

- **First level controls**
    - documentary
    - on-site
    - system
  - **Second level controls**
  - **Ex-post controls SPD 2000-2006**
  - **Ex-post controls ERDF ROP CReO 2007-2013**
  - **Controls on information and communication activities**
  - **Off-site controls on the financial reporting of general expenses**
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In particular: focus on project results and ex-post controls

- Ex-post controls on site SPD 2000-2006

- Ex-post controls on site ERDF ROP CReO 2007-2013



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## Ex-post controls - 1

The verifications concern:

- intended use / stability of the operation;
  - conservation of project documentation;
  - information and publicity;
  - efficiency and functionality of the project.
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## Ex-post controls - 2

### On-the-spot checks and audit report preparation

During controls, verifications provided for in the checklist are carried out, and in particular:

- General verifications, relating to the correct destination and use of assets acquired with granted contributions, as provided in the funding application/request, in the financed project and the allocation of the contributions.
  - Administrative verifications, related to the existence of accounting or other documents accompanying payment claims submitted by the beneficiary and the conformity of the type of expenditure and corresponding execution times with the provisions indicated in the contract notice.
  - Specific verifications of the individual measures provided for each line of action, based on the characteristics of the eligible investment listed on the relevant checklist
  - Integration requests for incomplete documentation found at the premises of the beneficiary
  - Requests for certification/photographic material/self-declarations related to the financed project.
  - Requests for external opinions on the analysis of the factual situation of the financed operation.
  - Requests for collaboration with other regional sectors or external bodies aware of facts or circumstances useful in providing an updated overview of the financed operation and/or beneficiary.
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## Ex-post controls – 3

PROVINCE	NO. PROJECTS	TOTAL INVESTMENT	CONTRIBUTIONS
AREZZO	2	940,293	613,914
FLORENCE	11	13,108,285	6,728,980
GROSSETO	7	4,520,123	3,507,433
LIVORNO	13	18,710,616	8,628,781
LUCCA	2	4,578,789	507,231
MASSA	10	19,978,831	4,706,026
PISA	10	12,264,023	4,719,546
PISTOIA	3	5,804,302	3,497,108
PRATO	2	2,389,755	138,422
SIENA	10	16,655,619	2,306,892
TOTAL	70	98,950,638	35,354,333



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## Ex-post controls – 4

SECTOR	NO. PROJECTS	TOTAL INVESTMENT	CONTRIBUTIONS
Environment	15	27,736,244	8,783,529
Child care	2	697,840	656,723
Trade	6	9,027,467	847,802
Culture	12	12,302,728	3,547,006
Training	4	1,866,998	1,432,914
Port infrastructure	2	5,586,018	5,175,557
Stone	2	6,514,670	1,140,067
Social	3	2,052,915	1,185,121
Economic development	7	6,640,432	3,304,952
Transfer of technology	11	5,964,795	5,626,625
Tourism	6	20,560,529	3,654,036
<b>TOTAL</b>	<b>70</b>	<b>98,950,637</b>	<b>35,354,332</b>



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## Ex-post controls: irregularity case studies – 1 Object of intervention – cultural infrastructure sector

Restoration to complete consolidation work already carried out.  
Transition to private residential use: Historic Houses Association membership and use as a 'Historical residence' expected. Final objective: increase the productivity of prestigious properties in order to generate management self-sufficiency, able to compensate expensive maintenance costs required for high quality conservation in time.

TOTAL COST	€ 1,227,165.62
PUBLIC CONTRIBUTION	€ 306,791.41

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## Ex-post controls: irregularity case studies – 1 Object of intervention – cultural infrastructure sector *cont.*

Controls determined a current state of **evident suspension of all activities** in the structure by the ownership, consequently making it impossible to fulfil agreements made with the municipality concerning free tours, as provided for by the contract notice.

In relation to the **employment status** stipulated (4 employees), the analysis of the indicators shows an absence of actual employment due to the difficulty experienced by the structure in developing and consolidating the economic activities identified in the presentation of the application, including high level professional cooking courses for foreign tourists residing permanently or temporarily in the Siena area. In light of this issue, the benchmark of 3200 annual visits must also be widely disregarded

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## Ex-post controls: irregularity case studies – 2 Object of intervention – waste infrastructure sector

Construction of an RDF production plant at the site of an existing waste plant.

TOTAL COST € 3,243,333.01

PUBLIC CONTRIBUTION € 1,621,666.51 (50%)

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## Ex-post controls: irregularity case studies – 2

### Object of intervention – waste infrastructure sector

*cont.*

#### **Controls found that the plant was closed.**

The plant in question was designed to make use of the dry fraction coming from the waste selection line, as specified in the logical framework itself and the dictates of the regulations in place at the time, based on the logic of management self-sufficiency and urban waste treatment, in the context of the Provincial Plan.

Once the system was tested, it was impossible to start the transfer to the waste-to-energy plant due to the high quality of the RDF that would be produced because in contrast with the plant's technology ("grid" type) and the other types of material entering the plant, consisting of "as is" undifferentiated waste.

Following the testing, the managing authority has maintained the plant in excellent and efficient working condition, in order to immediately start treatment in the case of actual waste reception from the competent regional authority (ATO Tuscany), or through necessary institutional arrangements to be made on an extra-regional level.



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## Ex-post controls: irregularity case studies – 3

### Object of intervention – social infrastructure sector

The financed operation involved two interventions (phases) forming a part of a complex project entitled “Redevelopment of public areas on the edge of the historical centre, including work on buildings of historical and artistic interest and the creation of open spaces for social and cultural activities” .

TOTAL COST € 760,286

PUBLIC CONTRIBUTION € 448,592.62

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## Ex-post controls: irregularity case studies – 3 Object of intervention – social infrastructure sector *cont.*

### **Irregularities concerning the intended function for part of the property:**

- From an executive point of view, the work is in conformity with the project's provisions, and, with the exception of graffiti on walls resulting from vandalism, the facility is in good condition.
- From a functional point of view, however, whilst part of the multi-purpose space regularly complies with the functions provided for in the project submitted for funding, the part assigned for educational workshops presents anomalies compared to the original plans.
- These spaces, in fact, are essentially used for storage rather than being dedicated to cultural and craft activities. To date, they have mainly been set up as service spaces rather than spaces providing a specific function (workshop activities), unlike the organization of activities held in the multipurpose space (property phase III) and the outside space (not belonging to the project but restored and made available by the municipality for outdoor initiatives).

The following issue is also pointed out: the technical report shows that the space recovered from old abattoirs was supposed to house a library and game room, yet it is currently being used for multi-purpose functions, such as acting and dancing classes.



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## Ex-post controls: irregularity case studies – 4 Object of intervention – environmental infrastructure sector

Construction of a treatment plant for organic waste

TOTAL COST € 5,280,698.37

PUBLIC CONTRIBUTION € 1,992,508.50

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## Ex-post controls: irregularity case studies – 4 Object of intervention – environmental infrastructure sector *cont.*

### **Irregularities concerning the actual functionality of the project:**

On the date of inspection, only a part of the works required to ensure the full functionality of the project had been completed. An estimate based on available documentation states that works and plant machinery for a total of € 2,740,888.36 tax included, are still needed, for which a contract has still not been signed.

Given the timeframe set by the Tuscany Region for the effective start of operations and service provision, strong concerns have been expressed concerning the delays.

In addition, although the major works financed have been finished, the inspection carried out and the documentation gathered show that the infrastructure built cannot be considered a facility able to provide the service expected.

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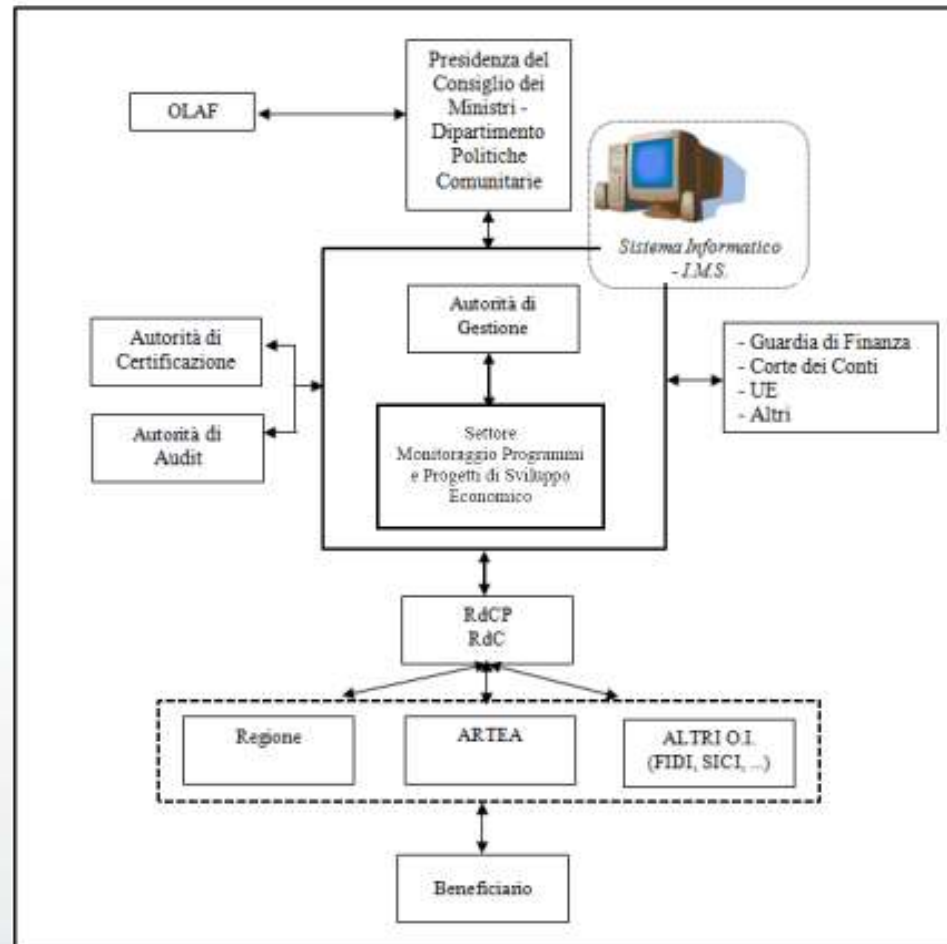


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## Procedures for reporting irregularities





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