

# **MANUAL OF PROCEDURES**

**for the implementation of projects funded under the  
EEA Grants 2009-2014 and the Norway Grants 2009-2014**

---

**Malta**

**Eighth Edition**

**25 October 2016**

# CONTENTS

1	General introduction	Page 6
2	Roles and responsibilities	Page 7
3	Programming	Page 18
4	Project implementation	Page 21
5	Compliance with horizontal issues	Page 24
6	Contracting	Page 29
7	Monitoring, reporting and evaluation	Page 44
8	Eligible expenditure	Page 50
9	Payment process	Page 54
10	Reimbursement from the FMO	Page 65
11	Financial control and audit	Page 69
12	Reporting of irregularities, recoveries and suspension of payments by the Donors	Page 76
13	Retention of documents	Page 83
14	Information and publicity	Page 106
15	Delegation of authority	Page 114
16	Annexes	Page 115

## ANNEXES

Annex 1: Funds Commitment Form

Annex 2: Invoice Status Certificate (ISC) - *sample*

Annex 3: Delegation of Authority Form

Annex 4: On-the-spot Check Report

Annex 5: On-the-spot Check follow-up Report

Annex 6: Report on New Irregularities

Annex 7: Report on Measures taken regarding Already Reported Irregularities

Annex 8: Project Progress Report

Annex 9: Project Completion Report

Annex 10: Inventory Form

Annex 11: Monitoring Committee Terms of Reference

Annex 12: Funds Recovery Form

## LIST OF ABBREVIATIONS

<b>AA</b>	Audit Authority
<b>AG</b>	Accountant General
<b>APR(s)</b>	Annual Programme Report(s)
<b>CA</b>	Certifying Authority
<b>CAO</b>	Compliance and Assurance Officer
<b>CARS</b>	Computerised Accounting Records System
<b>CAU</b>	Compliance and Assurance Unit
<b>CBM</b>	Central Bank of Malta
<b>DAS</b>	Departmental Accounting System
<b>DCS</b>	Director(s) Corporate Services
<b>DoC</b>	Department of Contracts
<b>DPI(s)</b>	Director(s) Programme Implementation
<b>DPP(s)</b>	Donor Project Partner(s)
<b>EEA</b>	European Economic Area
<b>EFTA</b>	European Free Trade Association
<b>EFTA BoA</b>	EFTA Board of Auditors
<b>EU</b>	European Union
<b>FM</b>	Financial Mechanism
<b>FMO</b>	Financial Mechanism Office
<b>FMC</b>	Financial Mechanism Committee
<b>NFPD</b>	Funds and Programmes Division
<b>NFPR</b>	Final Programme Report
<b>GCC</b>	General Contracts Committee
<b>IAID</b>	Internal Audit and Investigations Division
<b>IAIB</b>	Internal Audit Investigations Board
<b>IFR(s)</b>	Interim Financial Report(s)
<b>ISC</b>	Invoice Status Certificate
<b>LN</b>	Legal Notice
<b>MC</b>	Monitoring Committee
<b>MEAIM</b>	Ministry for European Affairs and Implementation of the Electoral Manifesto
<b>MFIN</b>	Ministry of Finance
<b>MoP</b>	Manual of Procedures
<b>MoU</b>	Memorandum / Memoranda of Understanding
<b>MPSC</b>	Ministerial Projects Steering Committee
<b>MSDEC</b>	Ministry for Sustainable Development, the Environment and Climate Change
<b>NAO</b>	National Audit Office
<b>NAG</b>	Norwegian Auditor General
<b>NFP</b>	National Focal Point
<b>NGO(s)</b>	Non-Governmental Organisation(s)
<b>NMFA</b>	Norwegian Ministry of Foreign Affairs
<b>OPM</b>	Office of the Prime Minister
<b>OTS</b>	On-the-Spot
<b>PAHRO</b>	Public Administration HR Office
<b>PCAB</b>	Public Contracts Appeal Board
<b>PCR</b>	Project Completion Report
<b>PO</b>	Programme Operator
<b>PP</b>	Project Promoter

<b>PPR</b>	Project Progress Report
<b>SCC</b>	Special Contracts Committee
<b>SOE</b>	Statement of Expenditure
<b>SR</b>	Strategic Report
<b>TA</b>	Technical Assistance
<b>TORs</b>	Terms of Reference
<b>VAT</b>	Value Added Tax

# 1. GENERAL INTRODUCTION

- (1) This Manual of Procedures (MoP) has been designed as a guide for all key players involved in the management and implementation of projects co-financed under the EEA and Norwegian Financial Mechanisms 2009-2014.
- (2) This Manual is not intended to replace in anyway the Regulations and Guidelines of the EEA and/or Norwegian Financial Mechanisms – **these take precedence**. Rather, this Manual is intended to be an aid tool for all key players in relation to the *Regulation for the implementation of the EEA Financial Mechanism 2009-2014* and the *Regulation for the implementation of the Norwegian Mechanism 2009-2014* (henceforth referred to as the 'Regulations'), and all Guidelines issued by the FMO.

These documents can be accessed from the website: <http://eeagrants.org/>

- (3) In Malta, the Funds and Programmes Division (FPD) within MEAIM has been designated as the National Focal Point (NFP) in accordance with Annex A of the Memoranda of Understanding (MoU) for both Financial Mechanisms.
- (4) The NFP shall manage and co-ordinate two funds: The EEA Financial Mechanism and the Norwegian Financial Mechanism.
- (5) Malta has signed two MoU for the period 2009-2014: one on the implementation of the EEA FM with Iceland, Liechtenstein and Norway and the other on the implementation of Norwegian FM with Norway (both may be downloaded from [www.eeagrants.gov.mt](http://www.eeagrants.gov.mt) / [www.norwaygrants.gov.mt](http://www.norwaygrants.gov.mt)). These two documents identify the national management and control structures and the implementation framework.
- (6) Two Programmes set out the programme areas in which the FMs will be utilised. These are referred to as the EEA Programme and the Norway Programme respectively. Further detailed information on the MoU and the Programmes can be found under Chapter 3 of this MoP.
- (7) The Funds and Programmes Division within MEAIM has also been designated as the Programme Operator (PO) for both Programmes.
- (8) It is important to note that projects implemented through the above mentioned Funds always require an element of co-financing from the entity receiving the Grant and implementing the project, also known as the Project Promoter (PP).
- (9) As will be explained further on in this MoP, all the programmed projects are pre-defined and fall under either departments of Government or public entities and consequently this MoP reflects processes and procedures for the public sector only.

**Note: All stakeholders will be notified immediately should any changes to the MoP be required. It is advisable to always consult the latest version available on [www.eeagrants.gov.mt](http://www.eeagrants.gov.mt) / [www.norwaygrants.gov.mt](http://www.norwaygrants.gov.mt) to ensure that the latest version is being consulted.**

## 2. ROLES AND RESPONSIBILITIES

The following section is divided into two main parts: local stakeholders and foreign stakeholders. This section is intended to provide an overview of the main responsibilities for all stakeholders involved in the management and implementation of both EEA and Norwegian FMs. Further details can be obtained from the contact details indicated below.

### 2.1 LOCAL STAKEHOLDERS

---

#### 2.1.1 National Focal Point (NFP)

- (1) The NFP shall act as the main contact point between the Financial Mechanism Office (FMO), the PPs and all local stakeholders in the management and implementation of both EEA and Norwegian FMs.
- (2) Specifically it shall carry out the tasks as defined in Annex A of the MoU and Article 4.3 of the Regulations. Mainly it shall have the overall responsibility for reaching the objectives of the FMs 2009-2014 as well as their implementation in Malta, and shall be responsible and accountable for the implementation of the MoU.
- (3) Other key responsibilities include:
  - i. Coordination with the FMO, the FMC, the NMFA and the national stakeholders.
  - ii. Provision of guidance to the MC
  - iii. Monitoring and guiding the PO
  - iv. Carrying out publicity at national level in accordance with the Communication Strategy
- (4) The Head of the NFP entrusts the day-to-day management of the Technical Assistance budget to the officers within the 'Bilateral, other Funds and Programmes Unit'. The officers will work closely with the Senior Manager who acts as the overall coordinator for Technical Assistance.

*Contact Details:*

Raphael Scerri  
Telephone: (+356) 2200 1476  
Fax: (+356) 2200 1141  
E-mail: [raphael.p.scerri@gov.mt](mailto:raphael.p.scerri@gov.mt)

#### 2.1.2 Programme Operator (PO)

- (1) The MoU specifies that the NFP shall also act as the PO.
- (2) The PO shall be responsible for preparing and implementing the Programmes in accordance with the principles of economy, efficiency and effectiveness. Specifically it shall carry out the tasks as defined under Article 4.7 of the Regulations and any other articles and annexes thereof.
- (3) Responsibilities of the PO include:

- i. Coordinating with the NFP, the PPs, the DPPs and the national stakeholders
  - ii. Monitoring and guiding the PPs
  - iii. Programme preparation and implementation
  - iv. Programme reporting and monitoring
  - v. Carrying out publicity at programme level in accordance with to the Communication Plan
- (4) The PO is the main contact with the PPs throughout the implementation of the projects.
- (5) The Head of the PO entrusts the day-to-day management of the Programme Operator Management Costs to the officers within the 'Bilateral, other Funds and Programmes Unit'. The officers will work closely with the Senior Manager who acts as the overall coordinator for Programme Operator Management Costs.

*Contact Details:*

Carmen Dalli  
Telephone: (+356) 2200 1862  
Fax: (+356) 2200 1141  
E-mail: [carmen.dalli@gov.mt](mailto:carmen.dalli@gov.mt)

### **2.1.3 Certifying Authority (CA)**

- (1) The EU Paying Authority within the MFIN will act as the CA for both EEA and Norwegian FMs in accordance with Section 2 of Annex A of the MoU and shall mainly certify financial information.
- (2) Its main responsibilities are:
- i. ensuring the correctness of all payment requests made to the FMO;
  - ii. certifying the correctness and accuracy of payment claims to the FMO;
  - iii. submitting payment claims to the FMO and receiving payments made by the FMO to the Government of Malta;
  - iv. keeping record of financial corrections (debtors' ledger) and ensuring that any funds owed to Government of Malta or to the FMO are collected and reimbursed;
  - v. liaising with the NFP/PO in developing sound financial management procedures.

*Contact Details:*

Joseph Sghendo  
Telephone: (+356) 2599 8235  
Fax: (+356) 2599 8418  
Email: [joseph.sghendo@gov.mt](mailto:joseph.sghendo@gov.mt)



#### **2.1.4 Audit Authority (AA)**

- (1) The Internal Audit and Investigations Department (IAID) is the designated Audit Authority under Sections 3 and 4 of Annex A of the MoU. The IAID is the executive branch of the Internal Audit Investigations Board (IAIB) within the Office of the Prime Minister and is regulated by the Internal Audit and Financial Investigations Act 2003 (Chapter 461, Laws of Malta).
- (2) The AA is responsible for verifying the effective functioning of the management and control system in accordance with Section 3 of Annex A of the MoU.

*Contact Details:*

Kenneth Farrugia  
Director General  
Internal Audit and Investigations Department  
Telephone: (+356) 2123 7737  
Fax: (+356) 2123 7681  
Email: [kenneth.a.farrugia@gov.mt](mailto:kenneth.a.farrugia@gov.mt)

#### **2.1.5 Monitoring Committee (MC) for the EEA/Norwegian FMs**

- (1) The MoU requires that one MC is established to review progress in the implementation of the EEA and the Norwegian FMs towards reaching their expected outcomes and objectives.
- (2) The role of the MC is defined under Article 4.4 of the Regulations.
- (3) A copy of the ToRs and rules of procedure of the MC are attached at Annex 11 of this MoP. The members of the MC are also outlined in the ToRs and are drawn from relevant ministries, local and regional authorities, civil society, and the social partners.

#### **2.1.6 Department of Contracts (DoC)<sup>1</sup>**

- (1) The Department of Contracts (DoC) within MFIN is responsible for the administration of the procurement procedures as laid down in the Public Procurement Regulations 2010 (L.N. 296 of 2010 and subsequent amendments), which came into force on 1st June 2010. The DoC provides guidance and advice to PPs on all issues pertaining to public contracts. Within the legal framework, the DoC is known as the Central Government Authority whereas the agency procuring the goods/services/works is known as the Contracting Authority.
- (2) The DoC ensures that the relevant tenders are launched and published in accordance with the above mentioned regulations and that contracts are awarded in conformity with the principles of non-discrimination, equality of treatment, transparency, mutual recognition, proportionality, open competition, sound financial management and good governance.

---

<sup>1</sup> As of 1 February 2015, the Department of Contracts is involved in tenders whose value exceeds €120,000 (excluding VAT). Prior to this date, the Department of Contracts was involved in tenders whose value exceeded €47,000.

- (3) The main functions of the Department of Contracts are outlined in Article 6 of L.N.296/2010.
- (4) It is the responsibility of all PPs to seek the advice of the DoC on procurement issues.

*Contact Details:*

Anthony Cachia  
Telephone: (+356) 2122 0212 or (+356) 2124 7686  
Fax: (+356) 2124 7681  
Website: [www.contracts.gov.mt](http://www.contracts.gov.mt)  
Email: [info.contracts@gov.mt](mailto:info.contracts@gov.mt)

### *2.1.6 (1) General Contracts Committee (GCC)*

- i. The role of the General Contracts Committee (GCC) is, amongst other, to advise on matters relating to public contracts and procurement, to open tenders, to evaluate the recommendations submitted by tender evaluation committees and to make definite recommendations for the award of contracts and to approve justified deviations from the original conditions of a contract when and as required by Public Procurement Regulations.
- ii. Therefore, PPs are to take into consideration the role of the GCC in the tender adjudication and variation approval processes in their tendering, contracting and disbursement time-planning.
- iii. Information on the GCC can be obtained from the Department of Contracts.

### *2.1.6 (2) Special Contracts Committee (SCC)*

- i. A Special Contracts Committee (SCC) is appointed whenever the Prime Minister determines that the adjudication of a tender requires special expertise and skills. A SCC will remain in operation throughout the adjudication process of a tender or else until the Director General of Contracts declares that the adjudication of the public contract is withdrawn.
- ii. Information on the SCC can be obtained from the Department of Contracts.

### *2.1.6 (3) Public Contracts Review Board (PCRB)*

- i. The Public Contracts Review Board (PCRB)<sup>2</sup> is an independent and autonomous board (composed of a chairman and two members) appointed by the Prime Minister for a period of three years<sup>3</sup>. The PCRB is responsible for deciding complaints lodged by aggrieved bidders on all tenders issued by the DoC, all departmental tenders, and all tenders issued by Schedule 3 entities.
- ii. The PCRB can be contacted by writing to:

The Secretary  
Public Contracts Review Board  
C/O Department of Contracts  
Notre Dame Ravelin

---

<sup>2</sup> As per L.N 296 of 2010, Public Procurement Regulations, 2010 and Contracts Circular No.13/2010

<sup>3</sup> Members may be re-appointed

Floriana

*Contact Details:*

Saviour Debono  
Telephone: (+356) 2599 8292  
E-mail: [saviour.debono@gov.mt](mailto:saviour.debono@gov.mt)

#### *2.1.6 (4) Departmental Adjudication Boards*

- i. Departmental Adjudication Boards are boards or committees appointed by contracting authorities with the purpose of evaluating offers received in response to departmental tenders and for making recommendations thereon.
- ii. Taking into account the principle proportionality, it is recommended that Departmental Adjudication Boards use templates and procedures available on the DoC website (with applicable amendments that have to be undertaken by the relevant contracting authority) and consult the DoC where further information on the procedure is required. It is also highly recommended that the Boards refer to the Standard Operating Procedures/Guidelines for Tender Evaluation Committees, issued by the DoC and available at <http://contracts.gov.mt/resources>

#### *2.1.6 (5) Departmental Contracts Committee*

For the purpose of the EEA and Norwegian Financial Mechanisms' implementation, this refers to the Committee set up in terms of Regulation 9(1)(b) of the Public Procurement Regulations with the purpose of making definite recommendations for the award of public contracts whose value is equal to or lower than €120,000 (exclusive of VAT)<sup>4</sup>.

### **2.1.7 Accountant General/Treasury**

The Accountant General (AG) is also referred to as the Director General (Treasury). The AG heads the Treasury Department within MFIN. Within the context of implementation of the EEA and Norwegian FMs, the Treasury is responsible for:

- (1) Receiving requests for payment/reimbursements (from the LM) to contractors/PPs (as the case may be);
- (2) Carry out relevant checks, particularly that the expenditure and supporting documentation is correct and in line with national Financial Regulations; and
- (3) Effecting payments/reimbursements to contractors/PPs in respect of eligible expenditure for approved projects.

---

<sup>4</sup> Please refer also to Department of Contracts Circular No. 2/2015. Effective from 1 February 2015. Up to 31 January 2015, the threshold was €47,000.

*Contact Details:*

Albert Zahra  
Telephone: (+356) 2596 7131  
Fax: (+356) 2596 7208  
Email: [zahra.h.albert@gov.mt](mailto:zahra.h.albert@gov.mt)

## **2.1.8 Central Bank of Malta (CBM)**

The CBM is banker to the Government of Malta and to a number of public sector institutions. The CBM will maintain and operate the accounts opened by the CA to receive funds paid by the FMO as the EEA and/or Norwegian part –financing of programmes/projects under the FM.

The CBM will also transfer funds as payment into a supplier's or service provider's bank account on instructions from the Treasury. Once the transfer is affected, the CBM will issue a Debit Advice to the Treasury.

## **2.1.9 Budget Office**

The Budget Office within the Ministry of Finance (MFIN) is responsible for ensuring that Malta respects all its national public co-financing obligations and its commitments. At a management level, the Budget Office will be assisted by the NFP and the CA (in their respective roles) to manage the national public co-financing. This co-financing will feature as a separate and distinct amount within the national budget allocation of the respective line ministries.

The Budget Office shall also allocate the necessary funds in the relevant line ministry's financial allocation to pre-finance the EEA and/or Norwegian co-financing share of projects under the EEA and Norwegian Financial Mechanisms in accordance with current policy. This pre-financing will feature as a separate and distinct amount within the national budget allocation of the respective line ministries.

## **2.1.10 Line Ministry (LM)**

- (1) In most cases the Director Programme Implementation (DPI) is responsible for the Line Ministry function. The DPI has to ensure that the full LM function (including raising the commitment in the Departmental Accounting System) is carried out efficiently by the relevant officers within the LM.
- (2) The Line Ministry is primarily responsible for the inter-agency co-ordination for all projects implemented by any Department/public organisation forming part of the Ministry's portfolio. The co-ordination function is applicable from the very start, including providing Ministerial input at programming stage; supporting agencies at the moment of submission of proposals; providing support to PPs during implementation – including liaison with NFP/PO and other horizontal stakeholders; performing the second stage of the payment process (including SFD input) and submission to Treasury once documentation is correct; monitoring of projects falling within the Ministry's portfolio; and following up any issues arising from management checks and audits.

### **2.1.11 Ministerial Projects Steering Committee (MPSC)**

- (1) A Ministerial Projects Steering Committee is set up within each LM with the task to monitor the pre-defined projects that are implemented by public sector bodies falling under the responsibility of the respective LM and to steer implementation to ensure that targets – financial and physical – are reached.
- (2) The MPSC is part of the overall monitoring system. The Committee is chaired by the Permanent Secretary of each Ministry (or his/her representative) and provides a more focused mechanism to track projects' progress and facilitate implementation.
- (3) Information on the Steering Committee can be obtained from the DPI of each Ministry.

### **2.1.12 Project Promoter (PP)**

- (1) In accordance with Article 1.5 (1)(x) of the Regulations, a Project Promoter is 'a public or private entity, commercial or non-commercial, as well as non-governmental organisation, having the responsibility for initiating, preparing and implementing a project'.
- (2) For the 2009-14 period, as mentioned earlier, five projects have been pre-defined in the MoU. Each of these pre-defined projects has its own PP.
- (3) The PO signs a Project Contracts with the PP before the start of project implementation. All projects are to be implemented in accordance with that Project, as well as with this MoP.
- (4) The Project Contract gives the relevant details on the objective, targets and financial allocation of the project. The contract binds the PP to implement the project in accordance with its terms and conditions. The PP shall notify any modification request to the PO in good time to enable the PO to adequately consider and assess the request before giving its decision (approval or rejection). Decisions are sent to the PP in writing and in the case of approvals, will then generally be followed up with an addendum to the Project Contract. Although the PO shall approve all changes in writing, there is no need to sign an addendum each time there is a change. In the spirit of proportionality and also to reduce the administrative burden, an addendum may incorporate several changes that have taken place over a span of time. No unilateral changes (by the PP) to the Project Contract shall be accepted by the PO.
- (5) The PPs must:
  - a. liaise with the PO and all other horizontal stakeholders to ensure the smooth implementation of their project;
  - b. adhere to the terms and conditions set out in the Project Contract, addenda thereto and any other agreements pertaining to the EEA or Norway grant and their project;
  - c. follow the procedures outlined in this MoP issued by the NFP;
  - d. ensure compliance with the Regulations and guidelines issued by the FMO;
  - e. implement sound financial practices respecting the principles of transparency and fair competition;
  - f. fulfil the publicity requirements stated under Section 4 of Annex 4 of the Regulations;
  - g. ensure compliance with the Public Contracts Regulation (L.N. 296 of 2010 and any subsequent amendments);
  - h. retain all documents as specified in Chapter 13 'Retention of Documents' of this MoP;
  - i. fill the relevant parts of the Invoice Status Certificate in relation to payments to be made to contractors;

- j. fill-in and submit to the PO a Project Progress Report (PPR) every six months, as explained under Section 7.2.2;
- k. Acquire prior written approval from the PO for any foreseen alterations and deviations from the Project Contract;
- l. stamp all invoices with an EEA/Norway Grants stamp before passing the invoice together with the ISC to the DPI (who will certify the services/works rendered/goods received);
- m. support and adhere to the checks required by national and EEA/Norway Regulations;
- n. supply promptly any information relative to errors or omissions which may lead to recovery of funds;
- o. report immediately any irregularities detected in relation to the co-financed project. The PP must also report on irregularities to the PO at quarterly intervals (in the format Annexes 6 and 7 of this MoP);
- p. inform the PO on any possible civil, penal or administrative judicial procedures which might have repercussions on the co-financed project.

**PPs should note that failure to follow the above-mentioned procedures and terms and conditions can lead to recovery (partial or in full) of the grant.**

### **2.1.13 Contractor**

The contractor is the provider of works, supplies or services that has been awarded a contract following the launch and adjudication of a public procurement procedure (e.g. tender, call for quotations). The PP is responsible for ensuring (through supervision and certification of works, services and/or supplies) that the contractor delivers the works/supplies/services in accordance with the terms and conditions stipulated in the respective contract and in accordance with Public Procurement Regulations.

### **2.1.14 Malta Information Technology Agency (MITA)**

The Malta Information Technology Agency (MITA) is the central driver of Government's Information and Communications Technology (ICT) policy, programmes and initiatives in Malta. MITA's responsibility is that of formulating new and updating previously established information society policies, executing strategy and providing efficient and effective ICT infrastructure services to Government.

*Contact Details:*

Claudio Muscat  
Telephone: (+356) 2599 2201  
Fax: (+356) 2123 4701  
Website: [www.mita.gov.mt](http://www.mita.gov.mt)  
Email: [info.mita@gov.mt](mailto:info.mita@gov.mt)

### **2.1.15 National Audit Office (NAO)**

- (1) The NAO is the external auditor of the Government of Malta and is completely independent of the executive arm of the Government.
- (2) Since projects co-financed through the EEA and the Norwegian FMs are considered to be public funds, the NAO may carry out audits on the projects as the external auditor of Government.

*Contact Details:*

National Audit Office  
Telephone: (+356) 2205 5056  
Fax: (+356) 2123 8918  
Email: [nao.malta@gov.mt](mailto:nao.malta@gov.mt)

## **2.2 FOREIGN STAKEHOLDERS**

---

### **2.2.1 The Norwegian Ministry of Foreign Affairs (NMFA) and the EEA Financial Mechanism Committee (FMC)**

- (1) The EEA Financial Mechanism Committee (FMC) is the decision-making authority for the EEA Grants. The committee consists of representatives of the ministries of foreign affairs of Iceland, Liechtenstein and Norway. The Norwegian Ministry of Foreign Affairs (NMFA) is the decision-making authority for the Norway Grants.
- (2) Both NMFA and EEA FMC will be assisted by the FMO. The FMO is responsible for the day-to-day implementation of both EEA and Norwegian FMs and serves as a contact point.

### **2.2.2 The Financial Mechanism Office (FMO)**

The main duties of the FMO are:

- (1) The FMO handles the day-to-day operations of the EEA and the Norwegian FMs.
- (2) The FMO also serves as the main contact point between the Beneficiary States (through the NFP/PO) and the EEA EFTA States (the Donor States).

### **2.2.3 Donor Project Partner (DPP)**

- (1) A project can be implemented in cooperation with a project partner from the Donor States, i.e. a donor project partner. In line with Article 1.5 (1) (w) of the Regulation, a DPP may be a public or private entity, commercial or non-commercial, as well as a non-governmental organisation, whose primary location is in a Donor State, and which is actively involved in, and effectively contributing to, the implementation of a project. It shares with the PP a common economic or social goal which is to be realised through the implementation of that project.

- (2) The DPPs have been identified in the MoU.
- (3) Further details regarding DPPs are provided in the 'Guidelines for strengthening bilateral relations' as issued by the FMO and uploaded on their website [www.eeagrants.org](http://www.eeagrants.org)
- (4) In order to be considered as a "partnership project", it is necessary that the project is implemented in close co-operation with the project partner. Use of the bilateral fund to facilitate *ad hoc* exchange and expert inputs to a project promoter is not sufficient to qualify the project as a partnership project. Partnership projects are joint projects where the inputs from both partners are necessary to achieve the objectives of the project. But the degree of involvement and the content of the partner's contribution will of course vary from one project to another.
- (5) The DPP can incur costs to be funded by the project in the same manner as the PP. There is a requirement for a partnership agreement.

**The NFP has made every effort to provide accurate and complete information into one whole document for ease of reference by users. Nevertheless, the NFP will not be held responsible if data such as names, email addresses, telephone numbers. and/or regulations change prior to being notified to the NFP to enable updating of this MoP. As a result all users of this MoP should consult the respective website and if need be contact the stakeholders mentioned above for the latest information.**

## **2.3 CHANNELS OF COMMUNICATION**

---

The following lines of communication shall be adhered to:

- (1) Only the NFP, the PO and the CA (the last regarding issues related to requests for reimbursement) will directly communicate with the FMO on all issues concerning the EEA and/or Norwegian FMs.
- (2) As secretariat to the MC, it is only the NFP that will communicate with the MC on issues pertaining to EEA and/or Norwegian FMs. Members should send their communications/correspondence to the NFP for distribution.
- (3) In terms of project implementation, the NFP/PO will communicate with the PP and the LM (DPI) on issues pertaining to the project. Communication between the PP and the NFP/PO shall be copied to the LM.
- (4) It is the responsibility of the PP to consult with the relevant national authorities on issues pertaining to the project being implemented by that PP (e.g. DoC on procurement; Treasury on payments; MEPA on planning and environmental permits; SAMB on state aid; KNPD and NCPE on equal opportunities; the VAT Department on issues related to VAT).
- (5) Any queries sent to the NFP/PO must be in writing. Clarifications to these queries must be done in writing and should be filed in the related project file(s).



- (6) The PP and the LM shall maintain continuous communication to ensure that the payment process is moving ahead according to the respective contract payment schedule and within acceptable timeframes.
- (7) Any changes affecting project implementation (including changes in Project Leader and/or contact persons) shall be communicated immediately to the NFP/PO.
- (8) Any other queries pertaining to implementation in general can be addressed to the NFP/PO.
- (9) PPs and LMs should note in particular that they are to inform the NFP/PO immediately in case of CARS 09-14 users who are transferred to another organisation or have left the project. This information should be sent to the SFD Unit, the NFP/PO, the respective Information Management Unit (IMU) and the LM. It is the responsibility of the PP to inform the stakeholders accordingly. An Electronic Request for Service (ERFS) must be raised by the user's entity through the respective IMU (or equivalent) in order to deactivate the account, before the account is closed.
- (10) CARS 09-14 users should note that trainers on the SFD system have been appointed within their organisation or the Ministry. Those users requiring assistance in using the database management system, including payment processing, should contact the respective SFD trainers within the organisation or the Ministry. Where users do not know who the respective trainer(s) is/are, they should contact the LM or the NFP/PP. Any CARS 09-14 queries should be channelled through the respective trainer(s) in line with MA Circular 05/2010. The dedicated email address is [cars-noreply.meaim@gov.mt](mailto:cars-noreply.meaim@gov.mt)

## 3. PROGRAMMING

### 3.1 THE REGULATIONS AND THE MOU

---

#### 3.1.1 The Regulations

- (1) The Donor States have adopted two separate Regulations for the implementation of the two FMs:
  - i. The Regulation on the implementation of the EEA FM 2009-2014
  - ii. The Regulation on the implementation of the Norwegian FM 2009-2014
- (2) These Regulations provide the overall legal framework for the EEA and Norwegian Financial Mechanisms complete with relevant annexes. These are available for download at <http://eeagrants.org/Results-data/Results-overview/Documents/Legal-documents/Regulations-with-annexes>

#### 3.1.2 Overall objectives of the EEA and the Norwegian FMs 2009-2014

All programmes and projects being financed by these FMs are to contribute towards the following objectives:

- (1) **the reduction of economic and social disparities in the European Economic Area**
- (2) **the strengthening of bilateral relations between the Donor States and the Beneficiary States**

#### 3.1.3 The Memoranda of Understanding (MoU)

- (1) In order to ensure efficient and targeted implementation, two MoU were concluded between the Donor States and Malta:
  - i. The Memorandum of Understanding on the implementation of the *EEA FM 2009-2014* between the Republic of Malta and Iceland, the Principality of Liechtenstein and the Kingdom of Norway – signed on 10 October 2011, and
  - ii. The Memorandum of Understanding on the implementation of the *Norwegian FM 2009-2014* between the Republic of Malta and the Kingdom of Norway – signed on 27 September 2011.
- (2) The MoU act as the framework for cooperation and are further defined under Article 2.1 of the Regulations. Article 4 'Roles and responsibilities' and Annex A 'National management and control structures' of both MoU's define the set-up outlining the different roles and responsibilities of the key stakeholders (NFP, CA, AA and MC) which should provide for an efficient and effective implementation of the FMs.

#### 3.1.4 The Programme Areas and Pre-defined Projects

- (1) Seven Programme Areas are identified in the MoU to be addressed through the programmes and the projects funded during the 2009-2014 period:

EEA FM	Norwegian FM
Adaptation to Climate Change (Programme Area 7) <i>[Priority Sector: Environmental Protection and Management]</i>	Global fund for Decent Work and Tripartite Dialogue (Programme Area 22) <sup>5</sup> <i>[Priority Sector: Decent Work and Tripartite Dialogue]</i>
Funds for NGOs (Programme Area 10) <sup>6</sup> <i>[Priority Sector: Civil Society]</i>	Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public institutions, Local and Regional Authorities (Programme Area 25) <i>[Priority Sector: Human and Social Development]</i>
Conservation and Revitalisation of Cultural and Natural Heritage (Programme Area 16) <i>[Priority Sector: Protecting Cultural Heritage]</i>	Correctional Services, including Non-custodial Sanctions (Programme Area 32) <i>[Priority Sector: justice and Home Affairs]</i>

- (2) The MoU identifies a pre-defined project for each of Programme Areas 7, 16, 25 and 32. These are listed in Annex B of the respective MoU. No calls for proposals shall be launched by the NFP/PO under these Programmes Areas as the funds have been fully allocated to the pre-defined projects.
- (3) For Programme Areas 10 and 22, which will not be managed by the NFP/PO, calls will be launched directly by the Programme Operators at footnote 4 and 5. The calls shall be published in the local media, the NFP website, and the Operators' websites.
- (4) The MoU also state that the NFP will act as the Programme Operator (PO) who will be responsible of both the EEA and Norwegian Programmes 2009-14 period.

## **3.2 THE PROGRAMMES**

- (1) On the basis of the approved MoU and within the programme areas identified therein, the NFP/PO drew up a formal programme proposal for each FM. These documents set out the development strategy with a coherent set of measures to be carried out through projects to be supported by the EEA or Norwegian FMs 2009-2014 with the aim to achieve agreed objectives and outcomes.
- (2) Following approval of the programme proposals, a programme agreement was signed between the Donor State(s) and Malta for each programme in order to regulate implementation.
- (3) Both programmes are available for download at [www.eeagrants.gov.mt](http://www.eeagrants.gov.mt) / [www.norwaygrants.gov.mt](http://www.norwaygrants.gov.mt)

<sup>5</sup> The FMO is entrusted with operating this programme in line with Article 5.13 of the Regulation.

<sup>6</sup> To be implemented by Innovation Norway, a Programme Operator selected by Norway.

### **3.3 BILATERAL RELATIONS**

---

- (1) As highlighted under Section 3.1.2 above, one of the overall objectives of the EEA and Norway FMs 2009-2014 is to strengthen the bilateral relations between the EEA EFTA states Iceland, Liechtenstein and Norway and the 15 Beneficiary States.
- (2) All programmes and projects under these FMs shall endeavour to contribute to this overall objective directly or indirectly.
- (3) A 'Guideline for strengthening bilateral relations' has been published by the FMO to provide guidance and ideas for how to plan, implement and report results towards the bilateral objective of the Grants. That guideline elaborates the measures and tools put in place to achieve strengthened bilateral relations, such as:
  - i. the fund for bilateral relations at national level,
  - ii. the fund for bilateral relations at programme level,
  - iii. mechanisms to facilitate donor project partnerships, and
  - iv. reporting requirements
- (4) The guideline may be downloaded from : [http://www.eeagrants.org/asset/4689/1/4689\\_1.pdf](http://www.eeagrants.org/asset/4689/1/4689_1.pdf)
- (5) The aim of the fund for bilateral relations at national level is to facilitate outreach and networking between the PP and the Donor Project Partners from the Donor States prior to or during the preparation of a project proposal.
- (6) The fund for bilateral relations at programme level is intended to strengthen bilateral relations through networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between PPs and entities in the Donor States. Contributions from the fund shall be available to approved projects within the programme to which a project belongs, whether these projects are donor partnership projects or not, as an additional source of funding, based on applications submitted by the PP.
- (7) In the Programmes the NFP/PO has set the use of the bilateral funds at programme level, the budget as well as the system established to administer the funds, such as the eligibility criteria and payments and reporting requirements. PPs are to refer to the Programmes for further information. Any queries on these funds are to be referred to the NFP/PO.

## 4. PROJECT IMPLEMENTATION

**All PPs and national stakeholders are urged to read and refer to the Regulations, FMO Guidelines and this MoP to ensure the correct implementation of their project. This MoP complements but does not substitute the Regulations and FMO Guidelines.**

### 4.1 THE PROJECT CONTRACTS

- (1) For each pre-defined project, a project contract is to be concluded between the NFP/PO and the PP. The project contract sets out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the PP undertakes to comply fully with the provisions of the legal framework of the EEA or Norwegian FMs 2009-2014. Article 6.7 of the Regulations elaborates the provisions to be contained in a project contract.
- (2) Both parties (NFP/PO and the PPs) shall take all appropriate and necessary measures to ensure fulfilment of the obligations and attainment of the objectives arising from the project contract.
- (3) The parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the project.
- (4) Both parties shall provide all necessary information for the good performance of the project contract and apply the highest degree of transparency and accountability as well as the principles of good governance, sustainable development, gender equality and equal opportunities as established under Chapter 5 of this MoP.

#### 4.1.1 Rate of Grant Assistance and Co-financing

- (1) The contribution from the EEA or Norwegian FM 2009-2014 to each project shall not exceed 85% of eligible expenditure of the project.
- (2) The respective co-financing rate of each project shall be stated in the project contract signed between the NFP/PO and the PP.

#### 4.1.2 First and final dates of the eligibility period

- (1) The first date of the programmes' eligibility period is 5 December 2012. According to paragraph 3 of Article 7.14 of the Regulations, the final date of the programmes' eligibility period is 30 April 2016.
- (2) The first and final dates of eligibility of expenditure of each project shall be stated in the Project Contract.

**No payments through the Computerised Accounting and Records System (CARS) may be effected after the final date for eligibility of the project.**

- (3) Only in duly justified, exceptional cases can a project's period of eligibility of expenditure be extended. In such a case, the PP may submit a request for extension substantiated by a valid and reasoned justification to the NFP at least one month before the current final date for eligibility of the project. In no case may the project's final date of eligibility surpass the final date of the programme's eligibility period.
- (4) If a project is, on the end date of eligibility of expenditure, subject to judicial procedures or administrative appeal with suspensory effects, the EEA Financial Mechanism Committee and/or the NMFA can give further extensions if they deem that such extension is in the interests of the EEA and Norwegian FMs.
- (5) If a project has not been completed on its final date of eligibility, the NFP/PO shall ensure that funds are made available to complete the project in a timely manner. If such funds cannot be guaranteed, the NFP/PO shall reimburse to the Donor States their financial contribution to the project. If, at the end of the final date of eligibility, clearly identifiable and viable components of the projects have been completed, the Donor States may waive, in full or in part, their right to reimbursement.

#### **4.1.3 Modifications to the Project Contract**

- (1) The NFP/PO shall be informed of modifications required to the Project Contract prior to them taking effect. The PP shall propose the required modifications to the NFP/PO, in writing, with a good justification.
- (2) The **NFP/PO shall be informed in advance**, in writing, before modifications to the project take place. The NFP/PO shall approve them and confirm that they are necessary and/or suitable for the effectiveness of the project.
- (3) Modifications may require a new appraisal prior to being accepted or rejected.

#### **4.1.4 Types of Modifications allowed**

- (1) The NFP / PO shall make decisions on changes requested by the PP and which do not affect the objectives, outcomes, outputs, indicators or targets of the project in the following situations:
  - (i) Changes to the project's final date of eligibility (up to the final date of eligibility at programme level). Refer to 4.1.2 (3) above;
  - (ii) Cumulative financial transfers between budget headings of an amount less than 10% of total eligible expenditure of the project.

**All project contract modifications must be approved by the NFP/PO prior to taking effect.**

## 4.2 PARTNERSHIP AGREEMENTS

---

- (1) A project may be implemented in partnership with DPPs as defined in section 2.2.3 above. If a project is implemented in such a partnership, the PP is to sign a partnership agreement with the DPP.
- (2) It is important to note that the eligibility of expenditures incurred by a DPP is subject to the same limitations as would apply if the expenditures were incurred by the PP.
- (3) Partnership agreements are to be submitted to the NFP/PO before the signing of the Project Contract. The NFP/PO will then verify the compliance of the partnership agreement.
- (4) Chapter 5 of the 'Guideline for strengthening bilateral relations' provides more details on these partnerships, including the financial aspects involved. PPs involved in Partnership Agreements are to make reference to this guideline.

## 5. COMPLIANCE WITH HORIZONTAL ISSUES

### 5.1 INTRODUCTION

---

The PP shall ensure coherence with horizontal issues, including in particular (although not exclusively) public procurement, state aid, environment, good governance, gender equality, equal opportunities and sustainable development. The latter four are identified as horizontal implementation principles under Article 1.6 of the Regulations and all efforts shall be made by PPs to incorporate them into their respective projects.

PPs must ensure that they respect the commitments they give as reflected in the Project Contract.

**Zero tolerance is exercised towards corruption.**

#### 5.1.1 Public Procurement

- (1) All PPs should ensure that any procurement is carried out in line with the principles of non-discrimination, equality of treatment, transparency, mutual recognition, proportionality and good governance.
- (2) Procurement is to be carried out in line with the public procurement regulations applicable at the time of implementation. In this regard, L.N.296/2010 (Public Procurement Regulations) applies as from 1<sup>st</sup> June 2010. PPs should note that there may be subsequent amendments to the Regulations that are not referred to in this manual and are therefore advised to **ALWAYS** consult the DoC for the latest legislation and templates.
- (3) Tender documents should be drafted in a manner that clearly sets the specifications / terms of reference of the contract and also the way that bids are to be adjudicated.
- (4) The DoC has put online tender templates to guide Contracting Authorities when drafting new tenders. It is recommended that Contracting Authorities always draft tenders on the basis of the latest templates being provided on the Department of Contracts website – <http://contracts.gov.mt/templates>. Other useful resources and guidelines are also available here. Given that tender drafting is a very costly and time consuming process, prior to initiating the drafting of a tender, it is recommended to consult the DoC to make sure that there are no administrative (templates) and / or legal changes foreseen in the immediate future that could impact the effort about to be undertaken by the PP.
- (5) It is recommended that Contracting Authorities obtain the assurance that bidders have the necessary experience and capacity to perform the services or to carry out the works that are being requested. Tender Evaluation Committees are to ensure that bids are administratively, technically and financially compliant with the tender conditions.
- (6) It is strongly recommended that the PP takes note of the instructions issued by the DoC in circulars from time to time, particularly Contracts Circulars No. 44/2007, 18/2008, 9/2009 11/2010 and 13/2010 which highlight some important public procurement issues.



- (7) It is important to note that failure to comply with Public Procurement Regulations could lead to the recovery of funds.

*Contact Details:*

Anthony Cachia  
Director General  
Department of Contracts  
Telephone: (+356) 2124 7682  
Email: [anthony.j.cachia@gov.mt](mailto:anthony.j.cachia@gov.mt)

### **5.1.2 State Aid Requirements**

- (1) EU State Aid legislation applies to projects which involve any direct (or indirect) financial support from the public sector to commercial enterprises or organizations carrying out an economic activity or if in some way the assistance involved distorts trade or threatens to distort competition within the European Economic Area (i.e. the EU, Iceland, Liechtenstein, Norway).
- (2) All PPs should ensure that their pre-defined project is in compliance with State Aid rules. This compliance shall be registered on the Project Contract.

### **5.1.3 Good Governance**

- (1) Good governance has 6 main principles: it is participatory and inclusive, accountable, transparent, responsive, effective and efficient, and follows the rule of law. Implicit in this is zero tolerance towards corruption, that the views of minorities are taken into account, and that the voices of the most vulnerable in society are heard in decision-making.
- (2) The above-mentioned principles have the following characteristics:
- i. *Participation and inclusiveness* – participation of all relevant stakeholders, which includes both men and women, directly or through institutions (public and private).
  - ii. *Accountability* – in general organisations and institutions should be accountable to those who will be affected by decisions or actions.
  - iii. *Transparency* – decisions and enforcement are done in a manner that follows rules and regulations; information is freely available and directly accessible.
  - iv. *Effectiveness and efficiency* – institutions and processes produce results that meet the needs of society while making the best use of resources at their disposal.
  - v. *Rule of law* – a fair legal framework that is enforced impartially, including respect of human rights, and without corruption.
- (3) The implementation of the projects shall be characterised by transparency and openness at all phases of the project cycle and there is an absolute requirement that no projects are in any way contradictory to the principles of good governance. The Donor States adhere to a strict zero-tolerance policy on corruption.

#### **5.1.4 Gender Equality and Equal Opportunities**

- (1) In accordance with Article 1.6 of the Regulations, PPs must ensure the highest degree of equality between men and women and the integration of the gender perspective is promoted during all stages of the implementation of the project.
- (2) Equal opportunities is a cross cutting theme and all efforts should be made by the PP to include this element within the project and the effort undertaken needs to go beyond legislation obligations. In accordance with Article 1.6 of the Regulations, PPs must take into consideration equal opportunities at all stages of the project implementation and necessary steps should be taken to prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In particular, accessibility for disabled people to projects co-financed through the EEA / Norwegian FMs should be ensured.
- (3) The PP must ensure that gender equality and equal opportunities are mainstreamed throughout the project's aims and operation (i.e. in planning, implementation and evaluation of activities).
- (4) PPs are encouraged to identify possible specific initiatives that promote gender equality and equal opportunities. PPs should identify needs for their target audiences which are, for example, gender disaggregated, so that differences are addressed and monitored throughout the progress of the project. In this regard, advice from the National Commission for Persons with Disability (KNPD) and the National Commission for the Promotion of Equality (NCPE) for advice on Gender Equality and Equal Opportunities legislation is recommended in order to determine how to integrate equal opportunities in a project co-financed through the EEA / Norwegian FMs.
- (5) PPs should ensure that any advertising and/or publicity of any sort within the project and by the PP should be free from stereotypes or any form of discrimination.

*Contact Details:*

Maria Borg Filletti (NCPE)  
Telephone: (+356) 2590 3582  
Email: [equality@gov.mt](mailto:equality@gov.mt)

Oliver Scicluna  
Chairman (KNPD)  
Telephone: (+356) 22788555  
Email: [oscicluna@knpd.org](mailto:oscicluna@knpd.org)

#### **5.1.5 Sustainable Development**

- (1) Sustainable development is a framework for a long-term vision of sustainability in which economic growth, social cohesion and environmental protection go hand in hand and are mutually supporting.
- (2) The term "sustainable development" is defined as "...development that meets the needs of the present without compromising the ability of future generations to meet their needs."

- (3) Sustainable development aims to provide a long-term vision for society. Activities to meet present needs may still have short-term horizons, but they must in addition always include a long-term perspective. Sustainable development is an integrated concept involving all human actions down to the local level, and:
  - i. aims to improve the quality of life of both current and future generations, while safeguarding the earth's capacity to support life in all its diversity;
  - ii. is based on democracy, the rule of law and respect for fundamental rights including freedom, equal opportunities and cultural diversity;
  - iii. promotes high levels of employment in an economy whose strength is based on education, innovation, social and territorial cohesion and the protection of human health and the environment.
- (4) PPs should refer to the National Sustainable Development Strategy which can be downloaded from <https://secure2.gov.mt/tsdu/nsds>
- (5) All projects must address environmental, economic and social sustainable development considerations throughout their aims and life-time, and PPs should integrate measures to limit any negative impacts resulting from the projects in implementation.
- (6) The PP should have a solid implementation plan and system in place that will enable the monitoring of environmental results.
- (7) Carbon neutrality is an important element for projects co-financed under the EEA / Norwegian FMs. In this regard, the PP must take into consideration the total climate-damaging carbon emissions generated and reduce them where possible.
- (8) PPs are also to take the necessary steps to ensure that environment is also incorporated into the procurement process (see Article 52 (2) (f) of the Public Procurement Regulations, 2010). In this regard, the Ministry for Sustainable Development, the Environment and Climate Change is supporting this process.

### **5.1.6 Environment and Planning**

As explained above, PPs must ensure that Planning Regulations and obligations are followed and that environmental issues are taken into consideration throughout the project life cycle. Projects should be structured to ensure minimum environmental damage and maximum benefits. PPs should also factor in timeframes stipulated by national law and procedures (for planning permits) in order to ensure an adequate project implementation timeframe. Officials within the Malta Environment and Planning Authority may provide advice on the environmental and planning permits.

*Contact Details:*

Tiziana Micallef (MEPA)  
Telephone: (+356) 2290 0000  
Email: [tiziana.micallef@mepa.org.mt](mailto:tiziana.micallef@mepa.org.mt)

Ivan Fava (MEPA)  
Telephone: (+356) 2290 0000  
Email: [ivan.fava@mepa.org.mt](mailto:ivan.fava@mepa.org.mt)

## 6. CONTRACTING

### 6.1 INTRODUCTION

---

- (1) PPs should note that the EEA and the Norway Grants are public funds. Accordingly, they must be contracted in a transparent and competitive manner. In this regard PPs must be guided by the principles of non-discrimination, equality of treatment, transparency, mutual recognition, proportionality, open competition, sound financial management and good governance.
- (2) It is important to note that the following points are only guidelines which are not intended to substitute in any way the relevant regulations or guidance issued by the Department of Contracts (DoC). The NFP/PO insists that advice should be sought from the DoC on ALL ISSUES pertaining to contracting.
- (3) When preparing the tender dossier, the PP must refer to the Public Procurement Regulations 2010 (L.N. 296 of 2010) and any subsequent amendments thereto.
- (4) In accordance with Contracts Circular No. 2/2015 tenders related to the EEA and Norwegian Financial Mechanisms with an estimated value of €120,001 (excluding VAT) or higher shall continue to be vetted, published and awarded by DoC.<sup>7</sup>
- (5) For the purpose of the EEA/N FMs 2009-2014 (likewise as for the EU funds), public contracts with an estimated value of up to €120,000 excluding VAT are not administered by the DoC and the responsibility of the tendering process lies with the contracting authority, in compliance with the Public Procurement Regulations.
- (6) The relevant tendering templates are available from the EU Unit within the DOC (Refer to Section 5.1.1 of Chapter 5 of this MoP for the relevant contact details) otherwise they can be downloaded from the following website <http://contracts.gov.mt/templates>. Given that tender drafting is a very complex, time consuming and expensive process, it is highly recommended that PPs check with the DoC whether there are any changes (administrative or legal) planned in the near future **PRIOR** to the commencement of the drafting of the tender so that there is no unnecessary waste of resources and time.
- (7) Since the PPs responsible for the implementation of the pre-defined projects as established in the MoU are listed under Schedule 2 of the Public Procurement Regulations, the following will only take into consideration the respective administration procedures. However, PPs should consult the latest version of the Public Procurement Regulations on the DoC website as there could be changes to the schedules from time to time. The PP is to use the schedule applicable to it at the time of launching the tender.

### 6.2 GENERAL PRINCIPLES

---

- (1) PPs should note that irregularities in the contracting process may render the project (or parts thereof) ineligible for funding.
- (2) The following principles must be observed for all contracts.

---

<sup>7</sup> Effective 1 February 2015. Prior to this date, the Department of Contracts vetted tenders with an estimated value of €47,001 (excluding VAT) or higher.

**General issues:**

- (1) Tenders are initiated by the PP as the Contracting Authority. The PP is also responsible for the management of the contract.
- (2) The internal (approval) procedure of a departmental tender is regulated by the PP's directorate of corporate services (or equivalent). When initiating a DoC tender, the PP must present the DoC with a draft version of the tender dossier accompanied by the Commitment Form (Annex 1), Tender Originator's Form, and the CVs of the Evaluation Committee.
- (3) Tenders must be evaluated by an evaluation committee (see section 6.5 below). The Evaluation Committee must be composed of 1 Chairperson (non-voting), 1 Secretary (non-voting), and a minimum of 3 evaluators (voting members – must always be an odd number). In the case of DoC tenders, the Evaluation Committee is approved by DoC upon recommendation of the Line Ministry. It is highly recommended that the Boards refer to the Standard Operating Procedures/Guidelines for Tender Evaluation Committees, issued by the DoC.
- (4) Selection and award criteria must be stipulated in advance and tenders are to be evaluated only on those pre-established criteria. No other criteria can be used for the evaluation of the tender. Experience cannot be used as an award criterion.
- (5) PPs are to ensure that contracting is in line with the Project Description Form as attached to the signed Project Contract.
- (6) The tender dossier must stipulate all items in sufficient detail in order to determine eligibility of costs under the EEA / Norwegian FMs 2009-2014.
- (7) Items which are not included in the Project Contract should either not be included in the same tender/lot of the eligible items or be clearly identifiable (also in terms of costs), ideally by having a separate lot within the same tender for the ineligible items. This is particularly important for PPs issuing works tenders. In addition, extra works which are not paid out of the EEA / Norwegian FMs 2009-2014, should be settled in a separate contractual arrangement.
- (8) When preparing the tender dossier, the PP must observe the horizontal issues detailed under Chapter 5. In executing the contract, the PP must ensure that the contractor observes EU and national legislation in relation to environment and equal opportunities and may recommend ways in which these requirements are to be met.
- (9) It is important to ensure transparency and fair competition e.g. request for quotations from different providers to choose the cheapest technically compliant option. Quotations and bids should be comparable on a like-with-like basis.
- (10) The PP should seek to consolidate the number of tenders. In the first instance this reduces administrative burden. Moreover, unjustifiable splitting of tenders is not in line with Public Procurement Regulations and the EU Directives on Public Procurement and splitting of tenders so as to circumvent thresholds may render a whole project ineligible.

(11) EU Official Journal publication is compulsory for services and supply tenders exceeding €130,000 excluding VAT, and for works tenders exceeding €5,000,000 (excluding VAT)<sup>8</sup>. The DoC should be consulted in this regard.

**Taxes:**

- (1) It is important to note that in the case of international tenders, non-EU providers may also bid. It is important to note that purchases outside the EU may be subject to special procedures. In this regard, it is recommended that clarifications are sought from the relevant tax authorities (e.g. Customs and VAT Dept).
- (2) VAT and all other taxes must be included in the final price that is written in the Tender Form. When a contract is signed, the PPs must contact the VAT Department to make the necessary arrangements for the payment of VAT. Please refer to Section 8.3 of this MoP.

**Currency and payment schedule:**

- (1) All tenders must be issued in Euro and any indicative budgets are to be shown exclusive of VAT. All contracts must be signed in Euro.
- (2) Payments will be disbursed in Euro currency only due to the work process adopted under the EEA and the Norwegian FMs 2009-2014.
- (3) The PP is advised to prepare a payment schedule which must be included in the special conditions of the tender dossier. Any changes to the payment schedule during the implementation of a DoC contract is to be brought to the attention of the DoC. For departmental contracts, changes in payment schedules are to be formally agreed to by all signatories to the contract.
- (4) When deciding on the payment schedule, PPs should be guided (where possible) by the disbursement schedule in the Project Contract signed with the NFP/PO.

**Contract requirements:**

- (1) The contract shall clearly indicate that it is co-financed by the EEA or the Norwegian FMs 2009-2014 (as relevant). Information on publicity can be found under Chapter 14 of this manual or by contacting the NFP/PO.
- (2) It is important that the contractor is not only aware of the source of funding of the contract but also that the contract is bound by requirements of the EEA and the Norwegian FMs 2009-2014.
- (3) PPs should insert the contract details, including the financial component in 'CARS' as soon as the contract is awarded, to ensure data accuracy in the system.

<sup>8</sup> EC 1251/2011. Some exceptions apply and are available:

[http://ec.europa.eu/internal\\_market/publicprocurement/rules/current/index\\_en.htm](http://ec.europa.eu/internal_market/publicprocurement/rules/current/index_en.htm)

These may change from time to time. It is advisable to consult the relative EU Directives on public procurement or the DoC for any possible revisions to these thresholds.

- (4) The contract shall clearly indicate the contractor's name. The contractor must provide the financial identification form which should contain the name of the contractor's bank and bank address, the account number and any other relevant information, where remittance should be affected. In the case of a joint venture or consortium, it is important to inform the contractor that remittance will be made only against an invoice of the joint venture or consortium. The Contractor must also provide the relevant Performance Guarantee (set at 10% of the contract value) and the relevant Pre-Financing Guarantee where applicable.
- (5) The PP's relationship/obligations rest solely with the contractor indicated in the contract (and not with any sub-contractors {if there are any}).
- (6) In order to fulfil the principle of mutual recognition, the contract shall be signed by all contracting parties (which may be DG Contracts on behalf of a Contracting Authority), thus implying that all agree with the terms and conditions set in the contract. Each page of the contract shall be initialled by all parties.

#### **Bank Guarantees and Retention Money:**

- (1) Safeguards such as bank guarantees must be put in place to enable recovery of funds in the case of misspent advance or pre-financing payments. Subject to the applicable threshold stipulated in the Public Procurement Regulations, a pre-financing guarantee to cover the full amount of the pre-financing payment shall be issued by the contractor.
- (2) It is important to note that PPs **ARE NOT TO RETAIN MONEY AT THE END OF A CONTRACT**. Retention of money during the implementation of a contract is allowed, however all money must be released upon completion of a contract.

In this regard, if a PP feels the need to have some money retained for specific safeguards, it is to insert a clause in the tender dossier whereby the Contractor will be paid all funds due upon completion of the contract (i.e. at provisional acceptance stage). Should retention of money be deemed necessary (e.g. if the PP generally retains 10% of the money until final acceptance), the tender and the contract should stipulate that the final 10% will be paid to the Contractor upon completion (i.e. in the last invoice) but against a bank guarantee of an amount equivalent to the value of the retention money. For projects funded through the EEA and Norwegian Financial Mechanisms, this guarantee is NOT OPTIONAL, so if there is a need for retention money, it must be included as a condition in the special conditions within the tender document. This is necessary to safeguard public funds. Further advice can be sought from the DoC.

- (3) Apart from the retention guarantee, the performance guarantee must be kept valid until final acceptance.
- (4) Where VAT is an eligible cost, bank guarantees concerning projects funded under the FMs 2009-2014 must also cover the VAT element.

## **6.3 CONTRACTS UP TO THE €120,000 THRESHOLD (EXCLUDING VAT)**

- (1) PPs should consult their Director (Corporate Services) / Financial Control Department prior to publishing a departmental tender. DoC templates and procedures should be adapted for such tenders. With regard to a documentation checklist (i.e. which documents will be required for the purpose of controls), these organisations should refer the table at the end of Chapter 13 of this MoP.
- (2) Public contracts with an estimated value that does not exceed €120,000 (excluding VAT) are administered directly by the implementing department and/or the authority (listed under Schedule 2). It is important to note that although such contracts are not processed by DoC, the Head of the relevant organisation (legal representative) is responsible to ensure that procurement has taken place in line with the Public Procurement Regulations.
- (3) In accordance with Contracts Circular 13/2010, each Ministry shall appoint a Departmental Contracts Committee (DCC). This shall be composed of the Director (Corporate Services) of the Ministry (who shall chair the committee), a representative of the Permanent Secretary of the Ministry and a representative of the Department of Contracts, supported by a secretariat. The DCC shall approve or otherwise the recommendations on tender awards submitted by the Departmental Adjudication Boards (see next point) appointed by the Ministry, departments, entities, agencies and authorities within its remit.
- (4) In the first instance, tender bids (for tenders with an estimated value between €6,001 and €120,000) shall be evaluated by a Departmental Adjudication Board (also known as Tender Evaluation Committee) appointed for the specific purpose of evaluating tender bids administratively, technically and financially. This Board shall be composed of a non-voting Chairperson, secretary and at least three voting members and shall be guided by the Public Procurement Regulations, particularly Articles 18, 19, 20 and 21. PPs may also refer to Section 6.5 of this Chapter for further guidance.

Also refer to the Standard Operating Procedures/Guidelines for Tender Evaluation Committees, issued by the DoC and available at <http://contracts.gov.mt/templates>

- (5) It is recommended that where possible a representative from the finance or the procurement units within the organisation is members or observers of the Adjudication Board in order to support the Board on procedural issues.
- (6) The Departmental Adjudication Board submits its recommendations to the Departmental Contracts Committee for approval. The decision of the DCC is final but subject to Article 21 (right of recourse) of the Public Procurement Regulations.
- (7) PPs are to ensure that publications of calls for quotations and/or tenders also contain the required EEA / Norwegian FMs' publicity notifications as specified in Chapter 14 (Publicity and Information) of this MoP.
- (8) PPs should note the contents of Contracts Circular 44/2007 issued by the DoC as well as other instructions that may be forthcoming from time to time.
- (9) The PP must update the contract information in the Computerised Accounting Records System (CARS) and must also upload a copy of the contract and/or letter of award of the departmental tender and/or quotation as well as addenda to the contract where applicable, on the CARS. Timely updating of contract details in the database is essential for all stakeholders. The provisions of Circular 2/2010 issued



by the Planning and Priorities Coordination Division concerning the uploading of Documents in SFD07-13 also apply for the EEA and Norwegian Financial Mechanisms 2009-2014.

### **6.3.1 Procurement procedures for Public Contracts up to the €120,000 threshold<sup>9</sup>**

#### **(1) Up to €2,500 (excluding VAT) – Paragraph 20(1)(a) of L.N.296/2010**

- When the estimated value of the procurement does not exceed €2,500 (excluding VAT), the supplies, works or services may be procured by the contracting authority either after obtaining quotations or direct from the open market at the discretion of the Head of Department taking into consideration the amount involved, the urgency attached to the procurement and restrictions of choice and availability.
- In case of quotations, the three-quotation system is preferred, in adherence to the principle of good governance. The least expensive, technically compliant of three comparable quotations is to be selected. Other procedures may also be applicable as approved by the competent authorities.

#### **(2) Between €2,501 and €6,000 (excluding VAT) – Paragraph 20(1)(b) of L.N. 296/2010**

- When the estimated value of the procurement exceeds €2,500 but does not exceed €6,000 (excluding VAT), the supplies, works or services may be procured by the contracting authority either after a departmental call for tenders, or after issuing a public call for quotations, or direct from open market, taking into consideration the amount involved, the urgency attached to the procurement and restrictions of choice and availability. **In terms of Contracts Circular No. 44/2007, the Department of Contracts advocates that calls for quotations or departmental tenders should be published in the Government Gazette.**
- The procurement shall be approved by the Minister responsible for that department, or by such member of the department as may be authorized by the Minister.

#### **(3) Tender in lots not exceeding the value of €25,000 (excluding VAT) – Section 20(1)(c) of L.N.296/2010**

- Same or closely similar supplies, works and services can be procured in lots during a period of six months, as long as the total purchases do not exceed the value of €25,000 (excluding VAT). Under these conditions, the same provisions and considerations under paragraph 6.3.1 (1) and (2) apply.

#### **(4) Threshold between €6,001 and €120,000 (excluding VAT) – Section 20(1)(d) of L.N.296/2010**

- When the estimated value of the procurement is between €6,001 and €120,000 (excluding VAT), the supplies, works and services can be procured by the contracting authority by means of a departmental tender published in the Government Gazette (see procedure in Section 6.3 above).

## **6.4 CONTRACTS THAT EXCEED THE €120,000 THRESHOLD**

---

### **6.4.1 Administrative steps**

---

<sup>9</sup> These procedures have been approved by the DoC

- (1) Contracts are administered through the DoC (for PPs listed under Schedule 2 of the Public Procurement Regulations). If the PP is a contracting authority listed under Schedule 3, then the PP itself will issue, administer and determine the public contract/s in accordance with the provisions of the Public Procurement Regulations L.N.296/2010.
- (2) The following sections describe the steps to be followed by the relevant PP falling under Schedule 2. In the case of a PP falling under Schedule 3, the same procedure applies but the process is administered by the PP organisation itself rather than the DoC.

#### **6.4.2 Preparation and launching of a tender**

- (1) The PP must set in motion the tender process and compile the tender dossier in accordance with the Public Procurement Regulations (L.N. 296/2010) and in accordance with the requirements set out in Department of Contracts Circulars, in particular 18/2008 and 9/2009.
- (2) The PP is requested to download a fresh, blank copy of the templates from the DoC website every time before starting to compile a new tender. The DoC templates are subject to updates on a regular basis so as to keep in line with any changes to legislation and thresholds and may change between one tendering process and another. **PPs are advised to liaise with DoC on this matter PRIOR to initiating the tender drafting process.**
- (3) The PP shall compile the relevant forms for publication on the EU Official Journal if the tender value exceeds the EU thresholds (see next point). The forms may be downloaded from <http://contracts.gov.mt/templates> or [http://simap.europa.eu/index\\_en.html](http://simap.europa.eu/index_en.html). The PP must forward the tender dossier and the publication forms (if applicable), in soft copy and ideally one hard copy (for filing purposes) to the EU Unit within the Department of Contracts, for vetting.
- (4) Works tenders exceeding €5,000,000 (excluding VAT) shall be published on the Official Journal of the European Union by means of a contract notice which must be compiled by the PP. The same applies to services and supplies tenders exceeding €130,000 (excluding VAT)<sup>10</sup>.
- (5) The PP submits the Commitment Form which can be found at Annex 1 of this MoP. It is important to note that the Commitment Form must be submitted immediately as the tender cannot be launched if the Commitment Form is not submitted to DoC. The PP submits the original Commitment Form to the DoC, retains a copy for itself, and submits a copy to the Programme Operator, a copy to the Assistant Director (Capital Expenditure) MFIN and a copy to the Accounting Office and Director (Programme Implementation) of the respective line ministry. This procedure is not applicable to PPs falling under Schedule 3 of the Public Procurement Regulations.
- (6) The EU Unit within the DoC vets the dossier and advises the PP on any amendments, if necessary. The PP will incorporate these amendments and re-submit the tender to DoC for further vetting as early as possible.
- (7) Once the tender vetting is completed by DoC and approval on the final text is granted, the DoC sends the final version of the tender via email or soft copy to the PP for audit trail purposes.
- (8) The EU Unit will take the necessary steps to forward the publication forms to the Official Journal (where applicable) and also to publish the tender on the Government Gazette. The PP is responsible for

---

<sup>10</sup> L.N. 296/2010, Schedule 9. Some exceptions apply. These are subject to revision from time to time. It is advisable to consult the DoC as to any changes to these thresholds.

following up matters with the DoC in this regard to ensure timely publication. Any PPs wishing to give further publicity to tenders on other media must allow for publication by the DoC prior to publishing such adverts. Costs relating to these adverts are borne by the PP.

### 6.4.3 Tender Evaluation and Adjudication

- (1) Once the deadline for the submission of offers elapses, the tender bids are opened and scheduled in public by the General Contracts Committee. Tender opening sessions are held every Tuesday and Thursday at 10.00 a.m. unless otherwise directed by the DoC.
- (2) The Head of the PP organisation shall propose a *Tender Evaluation Committee (Departmental Adjudication Board)*. In the case of the relevant public entities, this recommendation, together with CVs, shall be sent to the DoC through the Director (Programme Implementation) of the line ministry. The role of the Evaluation Committee will be to appraise the offers received against the pre-established selection and award criteria. **NO SELECTION OR AWARD CRITERIA OTHER THAN THOSE MENTIONED IN THE TENDER DOCUMENT MAY BE USED.**
- (3) The evaluation committee shall be composed of a chairman (non-voting, in charge of convening and presiding over the meetings, requesting permission from the GCC to seek clarification from bidders and ensuring deadlines are adhered to, etc), a secretary (non-voting, who shall be conversant with the procurement procedures), and a minimum of 3 evaluators (voting, who should have the technical knowledge/experience to evaluate the bids). The number of evaluators must always be an odd number and always more than one).
- (4) For further guidance on the composition and roles of members on evaluation committees, it is recommended to consult the *Standard Operating Procedures/Guidelines for Tender Evaluation Committees* issued by the Department of Contracts ([www.contracts.gov.mt](http://www.contracts.gov.mt)).
- (5) The tender bids are forwarded to the evaluation committee for evaluation.
- (6) The person chairing the evaluation committee shall submit an evaluation report – signed by all the evaluators – to the Director General (Contracts) for the consideration of the General Contracts Committee.
- (7) The DoC shall vet the report and publish the results of the adjudication process on the DoC notice board and website.
- (8) Upon award of the tender, and where applicable, the EU Unit within the DoC publishes the Contract Award Notice in the OJEU.
- (9) The DoC issues a letter to the successful bidder recommended for award.
- (10) The DoC also issues a letter to non-successful bidders, informing them of the outcome of the adjudication of the tender and the deadline and deposit required for the submission of appeals.
- (11) Subject to no appeals being lodged, the DoC then proceeds to issue a Letter of Intent (where required) and subsequently a contract to the successful bidder. Contracts are signed by the DoC (on behalf of the PP) and the Contractor (successful bidder).

## **6.5 EVALUATION COMMITTEES FOR THE EVALUATION OF TENDERS**

- (1) Tenders (including Departmental Tenders) are evaluated by an evaluation committee (or *Departmental Adjudicating Board*). In the case of public entities, the composition of an Evaluation Committee for a tender above the €120,000 threshold is recommended by the PP, through the Director (Programme Implementation) of the respective line ministry and approved by the DoC. The CV's of the members must be submitted to the DoC in good time (ideally with the recommendation letter), before the closing date for the submission of offers to enable the DoC to approve the nominees or otherwise.
- (2) In the case of tenders up to the €120,000 threshold, the Evaluation Committee is set up by the PP responsible for the contract. It is highly recommended that the Head of Finance (or his / her representative) of the public organisation participates in the evaluation committee to ensure that correct procedures are followed in the procurement process. Departmental tenders must be adjudicated by a Departmental Adjudication Board (DAB) which then forwards the Evaluation Report to the Departmental Contracts Committee of the Ministry concerned. Apart from the chairman and secretary (both non-voting), DABs must be composed of at least 3 senior public (in the case of public entities) officers who shall be selected on the merits of their knowledge of the tender subject.
- (3) It is important that the structure of the Evaluation Committee and the procedure followed to evaluate tenders is in line with the procedures established in the Public Procurement Regulations (Parts 2, 3 and 4 respectively [depending on the threshold of the tender value] of L.N.296/2010 and subsequent amendments).
- (4) A Curriculum Vitae in the appropriate format [see Annex I to the *Standard Operating Procedures/Guidelines for Tender Evaluation Committees* issued by the Department of Contracts ([www.contracts.gov.mt](http://www.contracts.gov.mt))] of all Evaluation Committee members is to be submitted to the DoC by the Head of the organisation together with the recommendation to approve the members for the committee. Nominations must be sent to the DoC through the Director (Programme Implementation) of the line ministry, and must be submitted as soon as possible for the DoC to approve such nominations or otherwise. Tenders whose deadline elapses before the Evaluation Committee is approved by the DoC will be scheduled as per deadline, but will be kept at the DoC until the Evaluation Committee is approved.
- (5) All documentation related to the evaluation process must be retained as an integral part of the project documentation (please refer to Chapter 13 of this MoP for Retention of Documents).
- (6) Evaluation Committees may feel the need to clarify any of the information submitted by a bidder in a proposal. In this case, the chairman shall write to the Director General (Contracts), seeking permission for the Committee to contact the bidder with the queries detailed in the request. Clarifications may only be requested on the documentation submitted by the bidder and cannot generally be used to rectify any missing or incorrect documentation that is not within the terms of Contracts Circular 11/2010.
- (7) It is important that following the adjudication of a tender, the Evaluation Committee sends all the documentation to the DoC. However, the PP must also ensure to retain a copy of the evaluation report/s for its records in accordance with the documentation retention requirements indicated in Chapter 13 of this MoP. The NFP/PO may also request a copy of the evaluation report directly from the DoC.

Also in the case of departmental tenders, a copy of the evaluation report shall be kept in the PP's project file.

## **6.6 PAYMENTS SCHEDULE AND LATE PAYMENTS [MFEI CIRCULAR 8/2012]**

- (1) Prior to the signing of a works, supply or service contract, the PP must comply with MF Circular 8/2012 to ensure that payments are effected within 30 days. Alternatively, in the 'Special Conditions' section within the tender documents, the PP should explicitly indicate the period of payment, as well as the rate of interest payable in the event of late payments. Therefore the PP should liaise closely with the DoC for the inclusion of appropriate clauses during the preparation of the tender documents. **Penalties arising from late payments are not eligible for co-financing.**
- (2) LN 272 of 2012 transposing Directive 2011/7/EU provides that in commercial transactions where the debtor is a public authority, the creditor is entitled to interest at the European Central Bank reference rate plus eight per cent (8%) upon expiry of the credit period allowed by law (30 days). Unless the period of payment and rate of interest are specified in the contract, interest at the ECB reference rate plus 8% shall become payable automatically after 30 days following receipt of invoice or receipt of goods or services.

## **6.7 APPROVAL OF ADDITIONAL COSTS**

---

When a PP encounters additional costs in the implementation of a contract, the PP must inform the NFP/PO immediately in view of budgetary constraints within the allocation to the project as stipulated in the Project Contract between the NFP/PO and PP.

### **6.7.1 For contracts whose value does not exceed €120,000 (Departmental Tenders)**

Assuming approval to use funds has been granted by the NFP/PO (as outlined above), a PP may approve additional costs which, individually or in total, do not exceed 5% of the original contract value. When such costs are in excess of this 5% limit, the PP must obtain approval from the Permanent Secretary. This request shall include a sound explanation of the circumstances leading to the need to incur additional costs, how such costs are unavoidable, the effect on the total cost of the contract, and any effect on the recurrent expenditure.

### **6.7.2 For contracts whose value does not exceed €120,000 (Contracting Authorities listed under Schedule 2<sup>11</sup>)**

- (1) Assuming approval to use funds has been granted by the NFP/PO (as outlined above), a PP may approve additional costs which, individually or in total, do not exceed 5% of the original contract value<sup>12</sup>. When costs are in excess of this 5% limit, the PP must inform the DoC accordingly in order to initiate the

---

<sup>11</sup> L.N. 296/2010 – Public Procurement Regulations, 2010

<sup>12</sup> Article 78(1) of L.N. 296/2010 (Public Procurement Regulations)

procedure for approval (or otherwise) of these additional costs. The PP must present a detailed report to the DoC explaining the additional costs encountered together with a sound justification (including also those of any technical supervisor engaged for the project) and recommendations. It is important to note that in line with Notice 18/2008, the DoC will not consider any requests for variations unless there is an explanation on the causes that led to the variation, the effect on the total cost of the tender and any effect on the recurrent expenditure. In addition, the PP must explain the unforeseeable events that prevailed and specify whether such a variation could have been avoided. Requests for variations must be sent to the attention of the Director General (Contracts), and must be signed by the project leader and endorsed by the Permanent Secretary of the line ministry involved.

- (2) The DoC reviews the documentation submitted by the PP and makes the necessary recommendations for the GCC to approve (or otherwise).
- (3) In accordance with the Public Procurement Regulations, the aggregate estimated value of contracts awarded for additional services or works may not exceed fifty per cent (50%) of the amount of the principal contract (Art. 60, 71 and 73).
- (4) Should GCC approve the additional costs, the PP prepares a new cost estimate of the contract based on the rates and quantities approved by the GCC. This costs estimate must then be submitted to the DoC for the latter to prepare an addendum to the contract.

### **6.7.3 For contracts whose value exceeds €120,000 (Contracting Authorities listed under Schedule 3)**

Assuming approval to use funds has been granted by the NFP/PO (as outlined above), approval of variations exceeding the 5% limit indicated in Article 78 (L.N. 296/2010) on contracts awarded by contracting authorities listed in Schedule 3 (i.e. including local councils) shall require the prior approval of the Minister responsible for that authority who may delegate his authority in writing to the Parliamentary Secretary, the Permanent Secretary or the Head of the authority concerned. As in the foregoing cases, such approval shall be granted only where any *force majeure*, unforeseen or unforeseeable events prevail and an addendum shall be prepared and signed by all parties concerned.

### **6.7.4 In all cases**

In all cases outlined under sections 6.7.1, 6.7.2 and 6.7.3 above, additional costs shall be considered eligible under the EEA and Norwegian Financial Mechanisms 2009-2014 only if funds are available. The NFP/PO reserves the right to refuse awarding further funds, even in justifiable cases.

## **6.8 ADDENDA TO A CONTRACT**

---

Some changes in the contract may necessitate an addendum (formal change recorded in a contractual manner) to the original contract. A public sector PP should seek the advice of the DoC in this regard. The mutual agreements to other changes which are not reflected in an addendum are to be thoroughly documented with the necessary authorisation given from the relevant bodies.

## **6.9 NON-COMPLIANCE BY CONTRACTORS WITH CONTRACTUAL OBLIGATIONS**

---

- (1) The DoC stresses the importance that has to be placed on the responsibility of the PP, more specifically of the project leader, to ensure that a contractor is abiding by the obligations stipulated in the contract. Should a contractor fail to meet its contractual obligations, the project leader should bring this to the attention of the contractor, in writing, and should also copy the correspondence to the DoC.
- (2) Should the contractor continue to fail to meet the contractual obligations, the PP may, in the first instance, request the DoC to caution the contractor. Should the contractor persist in failing to abide by the contract despite being cautioned by the DoC, the project leader can initiate the procedure to implement the necessary penalties as stipulated in the contract. It is important to note that it is the PP organisation and not the DoC that initiates this procedure. Penalty payments notified and recorded are to be deducted accordingly when processing payment claims and the contractor must be notified accordingly of all procedures taken.
- (3) The project leader is responsible to alert all concerned that a contractor is not abiding by the terms and conditions stipulated in the contract. The PP must inform the DoC and the NFP/PO immediately in order to limit any undesirable consequences to the project. Failure by the PP to raise such concerns could result in funds being lost.

## **6.10 RELEASE OF RETENTION MONEY AND FINANCIAL GUARANTEES**

---

As explained in Section 6.2 of this Chapter, it is important to note that the PP **IS NOT TO RETAIN MONEY AT THE END OF A CONTRACT**, but ensure that any retention monies are transformed into bank guarantees (by the contractor in favour of the PP/Director of Contracts – as the case may be) at the end of the contract. PPs are to insert a clause in the tender dossier whereby the Contractor will be paid all funds due upon completion of the contract (i.e. at provisional acceptance stage). Should retention money be deemed necessary (e.g. if the PP generally applies 10% retention money until final acceptance), the tender and the contract should stipulate that the 10% will be paid to the Contractor upon completion (i.e. in the last invoice) but against a bank guarantee of an amount equivalent to the value of the retention money. The guarantee shall then be released upon final acceptance. This instruction is to ensure that no funds are left to be paid beyond the eligibility period.

## **6.11 RELEASE OF PERFORMANCE GUARANTEES**

---

- (1) In the case of the performance guarantee, it is important to note that such a guarantee can only be released following confirmation that all contractual obligations have been fulfilled and the project leader submits the contract completion report to the DoC<sup>13</sup>, unless otherwise stipulated in the contract. In the case of contracts up to the €120,000 threshold, the PP, is responsible for the release of any financial guarantees (where applicable).
- (2) In the case of tenders above the threshold of €120,000 and which fall within the responsibility of the DoC, the financial performance guarantee is made payable to the DoC and is retained by the DoC

---

<sup>13</sup> The contract completion template is obtained from the DoC.

throughout the implementation of the contract and until an acceptance letter or contract completion report is submitted by the PP to the DoC.

- (3) Upon completion of a contract, the PP informs the DoC that the contract has been completed and that all obligations have been fulfilled accordingly. The PP cannot undertake any other arrangements with the contractor on the release of a bank guarantee without the authorization of the DoC. The bank guarantee is released by the DoC in accordance with the conditions stipulated in the contract and only if it results that all contractual obligations have been fulfilled.

## **6.12** PROCUREMENT OF EQUIPMENT THROUGH THE EEA AND NORWEGIAN FINANCIAL MECHANISMS 2009-2014

---

- (1) **Documentation:** When purchasing a fixed asset through EEA and Norwegian Financial Mechanisms 2009-2014, it is important that the item is used for the specific reasons for which it is bought and in accordance with the conditions in the Project Contract. All documentation in relation to purchase and use of fixed assets (including guarantees), has to be retained in the project file. The Project Leader should ensure that all relevant documents are handed over by the supplier and filed for ease of reference, in line with the principle of sound financial management.
- (2) **Inventory:** It is obligatory to keep in file an inventory of the fixed assets and their location. Annex 10 provides an inventory template to be utilised by all projects procuring equipment financed by EEA and Norwegian Financial Mechanisms 2009-2014.

The list shall be signed (and updated when necessary) by the Project Leader and endorsed by the responsible officer within the organisation. In the case of Government departments and all public entities, a copy of the inventory must also be sent to the Director (Corporate Services) of the Ministry concerned.

- (3) The PP must keep in mind that:
  - When fixed assets are purchased through EEA and Norwegian Financial Mechanisms 2009-2014, it is imperative that they are kept in good working order throughout and after the project life (in line with the ownership clause in the Project Contract and Article 7.15 (2) of the Regulations).
  - The PP is to ensure that the asset comes with the appropriate warranties.
  - If any fault results in the asset, all documentation in relation to the repair must be kept and when the asset needs to be replaced, it is important that all documentation is kept on file.
  - If the asset is replaced, both the old and new serial numbers must be retained.
  - If the asset is faulty and/or damaged and is replaced by the supplier/PP – whether under guarantee or not, the replacement must carry out the same function and be of the same or higher specifications as the asset being replaced.
  - If asset is moved, such shifts need to be reflected in the Inventory.
  - An asset fully co-financed through the EEA and Norwegian Financial Mechanisms 2009-2014, must be exclusively used for the project implementation. Failure to comply with such an obligation may result in funds being recovered.
  - The PP shall ensure that the relevant publicity appears on the equipment purchased as well as on the relevant documentation. Refer to Chapter 14 for further information.



## 6.13 EMPLOYMENT CONTRACTS

---

- (1) Human resources may be engaged either through a service tender (processed in accordance with the Public Procurement Regulations) or through an employment contract. It is highly advisable that, prior to publication, the PP consults the DoC and the Department of Industrial and Employment Relations to identify which procedure to apply taking into consideration the PP's particular requirements. The choice between a contract of service (employment) as opposed to a contract for service (outsourcing) may depend, amongst others, on the nature of the service required, level of autonomy allowed, the duration and frequency of delivery, and time (office hours or not) and location of delivery requested.
- (2) In the case of Government Departments/public sector entities, the Public Administration Human Resources Office (PAHRO) at OPM and the Employment and Training Corporation (ETC) (in terms of the Employment and Training Services Act paragraph 15) should be consulted prior to launching a call to fill a position, in line with established Government procedures. In the case of public entities that are not subject to the Public Service Commission process, any external call for recruitment should be first approved by the relevant internal procedure (also in conjunction with PAHRO) and the ETC. The ETC permit number should be quoted on all adverts<sup>14</sup>.
- (3) **Full-time or part-time employment, with tasks solely related to the project:** If a PP engages a person on an employment contract to work solely on a project funded through the EEA / Norwegian FMs 2009-2014, the PP shall ensure that the person being engaged works solely on the project and does not undertake any unrelated work within the PP organisation. The time spent on the project should also be well-documented and regular task-based records should be kept.
- (4) **Full-time or part-time trainers/employees:** Where an individual is employed on a funded-project but also undertakes other unrelated tasks within the organisation (as part of his/her position description), the PP shall be entitled to claim only that part of the salary corresponding to tasks carried out on the project. This shall be calculated on the following formula:

**Eligible staff costs = hourly rate \* number of hours worked on the project**

where hourly rate = Annual Salary<sup>15</sup> / Total number of hours worked in a year<sup>16</sup>

The number of hours claimed shall be supported by monthly timesheets that are signed by the employees performing the work and endorsed by the Project Leader. In case the Project Leader's salary costs are claimed, the timesheets must be endorsed by the respective Head of Unit. The timesheets need to show time in and out (not just record of the total hours worked) and a concise description of tasks carried out. In this regard the Project Leader should ensure that he/ she is able to produce regular task-based reports on the person/s concerned.

The NFP/PO has developed staff costs calculators, based on the formula and on different pay periods (e.g. monthly, four-weekly). These are available on request from the NFP/PO.

The following documentation should be retained when claiming staff costs:

---

<sup>14</sup> It is advisable that, prior to publication, the PP also consults the Department of Industrial and Employment Relations to identify the appropriate procedure to apply in the particular case.

<sup>15</sup> Annual Salary includes the gross wage (before tax) plus the employer's national insurance contribution and statutory bonuses

<sup>16</sup> Number of weeks in a year \* number of working days in a week – (vacation leave + public and national holidays not falling either on Saturday or Sunday) \* number of hours worked each day, e.g. (52 weeks \* 5 days) – (24 days leave + xx days public holidays) \* 8 hours = xxxx hours worked in a year.

- a. Original and signed Letter of Assignment (and any extension thereto) of employee performing the work;
- b. A breakdown of salary for period of claim;
- c. Payslips in connection with period of claim (as proof of payment);
- d. The staff costs calculator;
- e. Detailed monthly timesheets showing tasks carried out in relation to the project (co-signed as prescribed above);
- f. Documentary evidence of fixed allowances being claimed;
- g. For reimbursement of Social Security Contribution (SCC), declaration that the employer's and employee's shares of SSC in respect of the employee being claimed is included in the monthly statement (FS5) sent to the Inland Revenue Department (FS5 shall not be uploaded)

The eligibility of staff costs shall be determined in the Project Contract.

- (5) If a PP employs a person through an employment contract, a clause should be inserted in the contract that the employment of that person is only for a specified period (in line with the completion of the project). The PP should seek advice from the PAHRO within OPM in the drafting of employment contracts. Entities in the Public Service shall be guided by the conditions provided for in Section 1.1.9.3 of the Public Service Management Code and L.N.51 of 2007 (and any amendments thereto). The PP must also ensure compliance with other relevant legislation. The NFP/PO and the FMO/Donors are not responsible for any employment-related disputes that may arise during and after project implementation.
- (6) Terms and conditions of an employment contract should strictly conform to those issued in the respective Terms of Reference (ToRs) and Call for Applications. PPs should also consult Chapter 8 'Eligible Expenditure' and Chapter 7 of the Regulations before drafting the call and/or the contract.
- (7) Recruitment and selection procedures shall be transparent, based on national legislation and on the principles of good governance and sound financial management. The PP shall retain the necessary documentation recording the employment procedure utilised by the organisation (including the call, selection criteria, reports of the selection board, evidence of publication of results, etc). Further detail on document retention is available in Chapter 13.
- (8) The PP must ensure that relevant documentation, such as progress / performance reports and lesson/course plans (in case of trainers) are retained in file.
- (9) For further detail on the payment process in relation to salaries of persons engaged in employment refer to Section 9.5 of this MoP.

## 7. MONITORING, REPORTING AND EVALUATION

### 7.1 MONITORING

---

#### 7.1.1 Defining Monitoring

- (1) Article 1.5(1)(i) of the Regulations defines *monitoring* as ‘the observation of project and programme implementation in order to ensure that agreed procedures are followed, to verify progress, and to identify potential problems in a timely manner so as to allow for corrective action’.
- (2) A monitoring system focusing on results will offer an evidence-based foundation for decision-making. Thus, results-based monitoring is vital to measure performance at project level through ensuring availability of required data resources, agreeing on frequency of monitoring, and competently collecting information and assessing whether desired results are being achieved according to plan and budget.

#### 7.1.2 Monitoring structures and tools

##### 7.1.2 (1) Monitoring roles - NFP/PO, MC, CA and AA

- (1) The NFP/PO has the responsibility for monitoring the projects under both Programmes on a day-to-day basis.
- (2) As part of its monitoring role, and in accordance with Article 2.2(2)(e) of the Regulations, the NFP/PO has drawn up a Monitoring Plan which provides a framework of how monitoring will be carried out and sets out the strategy for tracking risks. That plan will be revised and submitted to the Donor States annually. The input received from the PPs and through the projects will feed into the revision of the plan and the monitoring results will feed into the NFP/PO’s annual reporting to the Donors. The Monitoring Plan is available to download from [www.eeagrants.gov.mt](http://www.eeagrants.gov.mt) / [www.norwaygrants.gov.mt](http://www.norwaygrants.gov.mt)
- (3) The Monitoring Plan lists a number of structures and tools which will be utilised by the different stakeholders involved (NFP/PO, PP, DPI/LM, MC, CA) to monitor the programmes and the projects. These are briefly outlined in the next sections of this chapter.
- (3) The MC (which is composed of representatives from all Ministries, civil society, social partners and the private sector) will be kept informed about the state of affairs of each project, including updates on project changes/deviations, by the NFP/PO. Although this committee cannot be considered as a main tool for day-to-day monitoring, it could however act to facilitate implementation and the timely and effective absorption of the Grants.
- (4) The CA certifies payments made through an NFP desk-based checklist on expenditure and OTS check reports). Risks of financial mismanagement or fraud may be picked up through OTS and desk-based checks. If financial mismanagement is suspected, the NFP/PO will take the relevant control measures in respect of the project in question, possibly with the help of the AA. The AA carries out its own checks on projects to ensure that they are in line with the relevant regulations and legislation (Financial control and audit are dealt with under Chapter 11 in the MoP).

### *7.1.2 (2) On-the-spot monitoring*

- (1) On-the-spot checks (OTS) are on-site monitoring visits carried out by the PO on the projects during their implementation period. They are preferably carried out at the site of the project.
- (2) The NFP/PO shall inform the PP that an OTS will take place at least one day in advance. The on-the spot check report template (Refer to Annex 4) will be sent to the PP with the OTS notification in order to help the PP prepare for the visit. The OTS will be carried out in the presence of the PP. The PO will record and report all discussions and findings in the On-the-Spot Check Report.
- (3) OTS checks are further explained under Chapter 11 'Financial Control and Audit'

### *7.1.2 (3) Bilateral meetings (all projects)*

From time to time the NFP may organise bilateral meetings or otherwise discuss with PPs issues emerging from the project briefs, Project Progress Reports, the monitoring conducted through the Computerised Accounting Records System and/or other, informal monitoring. The outcomes of these meetings / discussions will be recorded and shared between the relevant stakeholders by email and will be followed up to ensure the necessary action has been taken in a timely manner. Projects requiring changes will be obliged to obtain prior approval from the PO. The PO will then monitor these projects during the implementation more closely.

### *7.1.2 (4) Monitoring by the PP*

- (1) The PP, through the appointed project leader, has the responsibility of ensuring effective monitoring of the project. The responsibility of the project leader extends beyond the achievement of results and entails also a financial monitoring (and forecasting) function as well as monitoring of physical implementation. It is up to the PP to choose the most appropriate tool to ensure effective and timely monitoring of the project, however continuous monitoring activities by the project leader must be well documented, dated and signed. Such activities may take the form of on-site visits, reports of coursework done (in the case of training), reconciliation prior to payments, controls over timesheets, minutes of meetings, etc.
- (2) The PP will also be requested to submit to the NFP/PO twice a year a Project Progress Report (refer to section 7.2.2 for further details). The PPR will also be reviewed by the relevant Line Ministries before submission to the NFP/PO.
- (3) PPs will be required to provide information to the NFP/PO and the Donors for monitoring purposes without delay.

### *7.1.2 (5) Monitoring at Ministerial level*

Since all the pre-defined projects fall under the public sector domain, coordination with the relevant Ministry is very important for monitoring purposes. This will be mainly carried out through the following:

#### *(1) Ministerial Projects Steering Committee (MPSC)*

This is a monitoring structure at ministerial level which provides an effective mechanism to track progress of projects falling within the portfolio of the particular Line Ministry. The Committee is chaired by the

Permanent Secretary of the Ministry (or his/her representative). The objectives of this committee are both to monitor targets as well as facilitate implementation and the timely and effective absorption of the Grants. In this regard the PP is required to compile a progress report (using the template devised by the PO at Annex 8 or similar) approximately every quarter (timing to be stipulated by the MPSC). This Committee meets the relevant PP on average 3 or 4 times a year to discuss the status of the project.

*(2) Co-ordinating Cells within the Line Ministries*

Each Ministry has a directorate that is responsible of Programme Implementation (DPI). This directorate acts as the co-ordinating cell within the respective line Ministry and is responsible for monitoring projects on behalf of the Ministry concerned and to alert any of the horizontal stakeholders if and when required. The DPI is also responsible for endorsing the quality of the Project Progress Reports before these are forwarded to the PO (or sent to the MPSC members). Officers from the Programme Implementation Directorate also serve as the Secretariat to the MPSC within their respective Ministry. The DPI also reports to the PO with regard to any project issues that might arise.

*7.1.2 (6) Monitoring through indicators*

- (1) The attainment of the targets of the project, as agreed in the Project Contract, is an essential condition of the grant. Monitoring of the EEA/Norwegian FMs is facilitated through the use of indicators.
- (2) These indicators shall form part of the PPR, the project briefs and PCR.
- (3) Monitoring will detect and collect information on:
  - i. progress in accordance with plans and budgets;
  - ii. deviations from the project schedule and possible repercussions for the project;
  - iii. tendering and procurement, and
  - iv. project completion.

*7.1.2 (7) The Computerised Accounting Records System (CARS)*

- (1) In accordance with Article 4.7(1)(h), a computerised accounting records system (CARS) has been developed to maintain and store accounting records for each project financed under the EEA / Norwegian FMs 2009-14. Apart from accounting records, CARS contains data on implementation necessary for financial management, reporting, monitoring, verification, audits and evaluation.
- (2) This database will be accessible by all the relevant stakeholders (mainly PO, NFP, PP, CA, AA) who will have viewing / editing rights according to the role of the user in respect of each project.
- (3) Although the PO is in touch informally with PPs almost on a daily basis, most effective monitoring depends on information being uploaded or inputted into the CARS database by all the relevant stakeholders – including the PPs as well as horizontal players – in a timely manner. The information on this database shall be used by the PO to keep track of and deal with issues regarding implementation.
- (4) Day-to-day monitoring is based on a bottom-up approach and by regularly updating the status of projects through the EEA/Norwegian Financial Mechanisms Computerised Accounting Records System (CARS).

- (5) The PP will undertake day-to-day monitoring of the individual projects through the CARS by updating the financial commitments (both the contracting and disbursements) and the indicators. It is very important that the PP continuously updates the financial and implementation status of the project.
- (6) Through the information inputted in the CARS, the NFP/PO will monitor the implementation schedule of each project. The NFP/PO will compare the progress of the project with the forecasted implementation schedule and indicators.

### **7.1.3 External Project Monitoring by the FMO**

In addition to the monitoring of projects by the NFP/PO, and in line with Article 10.1 of the Regulations, the FMO may select programmes for external monitoring. The FMO shall inform the NFP/PO about any planned monitoring two weeks in advance. The NFP/PO will then alert the PP and/or any other national stakeholders should their intervention be required.

### **7.1.4. Post-Closure Project Monitoring and Durability of Projects**

- (1) The PP is to note that projects and relevant documentation can be monitored even after the closure of the project.
- (2) Projects that involve *investment in real estate and/or land* (including renovation) are to remain operational for at least five (5) years after the PO's approval of the PCR and that the real estate and/or land is used for the purpose of the project as described in the Project Contract.
- (3) *For other projects*, the period of minimum post-completion operation shall be determined by the NFP/PO and included in the Project Contract.

## **7.2 REPORTING**

---

### **7.2.1 Reporting by the NFP/PO**

The NFP/PO will report the activities and findings of the monitoring carried out, and any follow-up measures performed, through:

- i. the combined Strategic and Annual Programme Report to be submitted to the FMO (Articles 2.2, 5.11 and 5.12 of the Regulations),
- ii. the Annual Meetings with the Donor States (Article 2.3 of the Regulations), and
- iii. the Monitoring Committee of the EEA and Norwegian Financial Mechanisms in Malta (Article 4.4 of the Regulations – refer to Section 2.1.5 of this MoP).

## 7.2.2 Reporting by the PP

### 7.2.2 (1) The Project Progress Report (PPR)

- (1) A PPR (refer to template at Annex 8) is prepared by the PP and submitted to the NFP/PO twice a year (throughout the implementation of a project) to report on the periods: 1 December to 30 May of the following year, and 1 June to 30 November. The report is to be submitted to the NFP/PO not later than a month after the end of the period being reported in the PPR according to the following table:

(2)

Period being covered by the PP	Date by when PPR is to be submitted to NFP/PO
1 December to 30 May	30 June
1 June to 30 November	31 December

- (3) The PPR contributes to the NFP/PO's preparation of the combined Strategic and Annual Programme Report which is submitted to the FMO.
- (4) The PPR is intended to give a snapshot on the progress (physical and financial) and any risks or issues needing mitigation and/or resolution. The report might also be used as a basis for discussion during the meetings of the MPSC mentioned above.
- (5) The co-ordinating cells (DPI) within the Line Ministries shall validate the PPRs before they are submitted to the NFP/PO (and/or to MPSC if applicable). The NFP/PO (or MPSC) may request clarifications on the report. It is important that the PP and the Ministry ensure that any data is validated as errors could lead to financial recoveries on the project.

### 7.2.2 (2) Project Briefs

Project briefs containing information about the project, its activities, expenditure and deliverables are updated by the PP upon the request of the NFP/PO in time for bilateral meetings between the NFP/PO, the PP and the DPI, where they are used as basis for discussion and to register progress on implementation and expenditure at project level. The NFP/PO captures minutes of bilateral meetings within these project briefs and lists course of action required. The updated briefs are submitted to the FMO.

### 7.2.2 (3) Regular updating on CARS

The PP and other stakeholders (e.g. Treasury) shall regularly update the project implementation status in the CARS. It is important that the PP regularly inputs updates on both physical and financial progress. In relation to the latter, it is important that the PP and other stakeholders update the CARS both in terms of contracting as well as in terms of disbursements. This allows the NFP/PO to monitor progress on a daily basis.

### *7.2.2 (4) The Project Closure Report (PCR)*

- (1) Upon completion of the project, the PP compiles a Project Completion Report (Annex 9). The PP submits the signed report within two months from the NFP/PO's request. The report must be reviewed by the DPI and endorsed by the Permanent Secretary.
- (2) The original report is submitted to the NFP/PO. A copy of the signed report is kept in the project file of the PP as well as that of the Line Ministry.

## **7.3 EVALUATION**

---

### **7.3.1 Defining Evaluation**

Article 1.5(1)(g) of the Regulations define evaluation as 'a systematic, objective and independent assessment of the design, implementation and/or results achieved in programmes and projects with the aim of determining the relevance, effectiveness, efficiency, economy, impacts and sustainability of the financial contribution'.

### **7.3.2 Evaluation by the NFP/PO**

- (1) The NFP shall carry out evaluations assess actual and/or expected effects at the outcome level. The NFP shall present its evaluation plan in the Strategic Report / Annual Programme Reports submitted annually to the FMO.
- (2) PPs will be required to provide information to the NFP/PO and the Donors for evaluations purposes without delay.
- (3) The results of the evaluations shall be sent to the Donors, the NFP/PO and the Monitoring Committee, and made public. Prior to publication, the Donors, the NFP/PO shall be given the opportunity to provide comments.

### **7.3.3 Evaluation by the Donor States**

- (1) The Donor States may carry out evaluations related to the overall objectives of the EEA / Norwegian FMs, the objectives of the programme areas or specific evaluations of the overall contribution of the EEA / Norwegian FMs to Malta.
- (2) The Donors may, in consultation with the NFP/PO, carry out evaluations of on-going or completed projects to assess actual and/or expected effects at outcome level.
- (3) A draft evaluation report shall be submitted to the Donors, NFP/PO and the FMO for comments. Other relevant stakeholders may also be invited to comment on the report.



- (4) The final version of the evaluation report shall be sent to the Donors, the NFP/PO and the Monitoring Committee, and made public. The evaluators have overall responsibility for the contents of the final version of the evaluation report.

## 8. ELIGIBLE EXPENDITURE

### 8.1 ELIGIBLE COSTS AND PERIODS OF ELIGIBILITY

---

#### 8.1.1 Eligible and non-eligible expenditure of a project

- (1) This chapter of the MoP regards Chapter 7 of the Regulations establishing rules in terms of 'eligibility of expenditure'. PPs are advised to always consult the Regulations.
- (2) Eligible expenditure of a programme are:
  - i management costs of the PO in accordance with the detailed budget annexed to the programme agreement and Article 7.10;
  - ii payments of projects within the programme in accordance with the Regulations, the programme agreement and the project contract;
  - iii expenditure of funds for bilateral relations in accordance with Article 7.7; and
  - iv expenditure related to the preparation of a programme proposal in accordance with Article 7.9.
- (2) Eligible expenditure of projects is that actually incurred by the Project Promoter which meets the criteria listed hereunder (as stated under Article 7.2 (2) of the Regulations):
  - i. It is incurred between the first and final dates of eligibility of a project as specified in the Project Contract;
  - ii. It is connected with the subject of the Project Contract and it is indicated in the estimated overall budget of the project;
  - iii. It is proportionate and necessary for the implementation of the project;
  - iv. It must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
  - v. It is identifiable and verifiable, in particular through being recorded in the accounting records of the PP and determined according to Malta's applicable accounting standards and according to generally accepted accounting principles; and
  - vi. It complies with the requirements of applicable tax and social legislation.
- (3) Eligible *direct* expenditure of a project is that expenditure which is identified by the PP and/or DPP, in accordance with its accounting principles and usual internal rules, as specified expenditures directly linked to the implementation of the project and which can therefore be booked to it directly. In particular, Article 7.3 of the Regulations provides a detailed list of the eligible direct expenditures (provided that they satisfy Article 7.2 of the Regulations as stated above) which mainly relate to:
  - i. costs of staff assigned to the project;
  - ii. travel and subsistence allowance for staff taking part in the project;
  - iii. cost of new or second hand equipment;
  - iv. purchase of land and real estate;
  - v. costs of consumables and supplies;
  - vi. costs entailed by other contracts awarded by the PP for purposes of carrying out the project; and
  - vii. costs arising directly from requirements imposed by the Project Contract

By way of exception from the main rule that only depreciation of equipment is eligible (Article 7.3.1(c)), the PO will treat equipment in the following manner:

The full cost of equipment is eligible only if the purchase is deemed to be core equipment, i.e. such equipment would constitute a core, deliverable element of the project. Hence, the procurement of the equipment would be absolutely necessary for the successful implementation of the project. In such cases of core equipment, the full cost may be claimed.

The cost of supplementary equipment (e.g. required for project management but not constituting a project deliverable) is also eligible however depreciation in line with Legal Notice 291/2010 would be applied. In such cases, only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project shall be taken into account by the PO.

Maintenance / repair costs, including those related to items procured through a project, shall not be considered eligible.

- (4) *Indirect costs* (overheads) are all eligible costs that cannot be identified by the PP and/or DPP as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the PP or DPP. Article 7.4 of the Regulations established the methods as to how indirect costs can be identified.
- (5) The following costs shall *not be considered eligible* (in accordance with Article 7.6 of the Regulations):
  - i. interest on debt, debt service charges and late payment charges;
  - ii. charges for financial transactions and other purely financial costs related to accounts required by the FMC/NMFA, the NFP/PO or the applicable law and costs of financial services imposed by the Project Contract;
  - iii. provisions for losses or potential future liabilities;
  - iv. exchange losses, except losses covered by a provision explicitly approved by the FMC/NMFA for each programme;
  - v. recoverable VAT;
  - vi. costs that are covered by other sources;
  - vii. fines, penalties and costs of litigation; and
  - viii. excessive or reckless expenditure.
- (6) Costs will be eligible if related works, supplies and services have been procured in line with the relevant national legislation (including Public Procurement Regulations).
- (7) If in doubt, the PP should immediately contact the NFP/PO.

### **8.1.2 Period of eligibility**

- (1) The period of eligibility of a project is determined in the Project Contract in terms of Article 7.14 (2) of the Regulations. All expenditure must be incurred during this period. Only in exceptional well-justified cases can the period of eligibility be extended (PPs are to immediately alert the NFP/PO should the necessity of extensions be foreseen).
- (2) All expenditure incurred by the body responsible for implementation must be supported by documentary evidence (Refer to Article 7.13 of the Regulations for further guidance).

- (3) Costs are considered to have been incurred when the cost has been **invoiced, paid** and the subject matter **delivered** (in case of goods) or **performed** (in case of service and works). This includes that expenditure must have been processed through CARS. Costs may only be reported in the relevant PPR if payments have been processed through CARS.

Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date for eligibility.

- (4) Expenditure incurred outside the period of eligibility will not be included in Interim Financial Reports which form the basis of reimbursement requests to the Donors.
- (5) If a project is, on the end date of eligibility of expenditure, subject to judicial procedures or administrative appeal with suspensory effects, the Donors can give further extensions if they deem that such extension is in the interest of the EEA/Norwegian Financial Mechanisms.

## **8.2 COST OVERRUNS AND SAVINGS**

---

- (1) In case that the actual project costs exceed the budgeted cost in the Project Contract, the PP shall make additional funding available from its own resources to complete the project.
- (2) If the final cost of the project is below the total cost stipulated in the Project Contract, the overall sum of grant paid will be reduced accordingly. However, the grant rate will remain the same.
- (3) The PP cannot utilise any savings without prior authorisation from the NFP. If the PP needs to utilise the savings, the PP should first inform the NFP in writing that there are savings from the project and make a request to utilise the savings, giving justifiable reasons.
- (4) Project grants that have upon project closure not been fully utilised, as well as project grants that have been cancelled due to irregularities or for other reasons, may, subject to Article 12.2 (2), be reallocated to future projects within the same programme or to additional activities of already approved projects, provided that these additional activities contribute to the objectives of the projects receiving the additional funds.
- (5) Applications for the recommitment of funds shall be processed in the same way as applications for other projects.

## **8.3 VAT AND OTHER TAXES AND CHARGES**

---

- (1) The expenditure related to VAT and other taxes, levies or charges of whatever nature, **which by law is not recoupable from the Beneficiary State**, are eligible for financing.
- (2) Other taxes and charges (in particular direct taxes and social security contributions on wages and salaries) which arise from co-financing from the EEA/Norwegian Financial Mechanisms do not constitute eligible expenditure, except when they are genuinely and definitely borne by the PP.
- (3) It is highly recommended that the PP contacts the VAT Department to seek clarifications on issues related to VAT, to make the necessary arrangements for the payment of VAT and to ensure the way-

forward for the treatment of VAT for the specific activity. Guidance notes on VAT issues can be downloaded from [www.vat.gov.mt](http://www.vat.gov.mt).

- (4) The PPs are to ensure that foreign contractors that should be registered in Malta have in fact registered and have a VAT certificate.
- (5) Any clarifications should be submitted in writing (even e-mail) and should be copied to the relevant desks at the NFP/PO, CA, the DoC and Assistant Director (Capital Expenditure) MFIN.

## 9. PAYMENT PROCESS

### 9.1 COMMON RULES FOR PAYMENTS

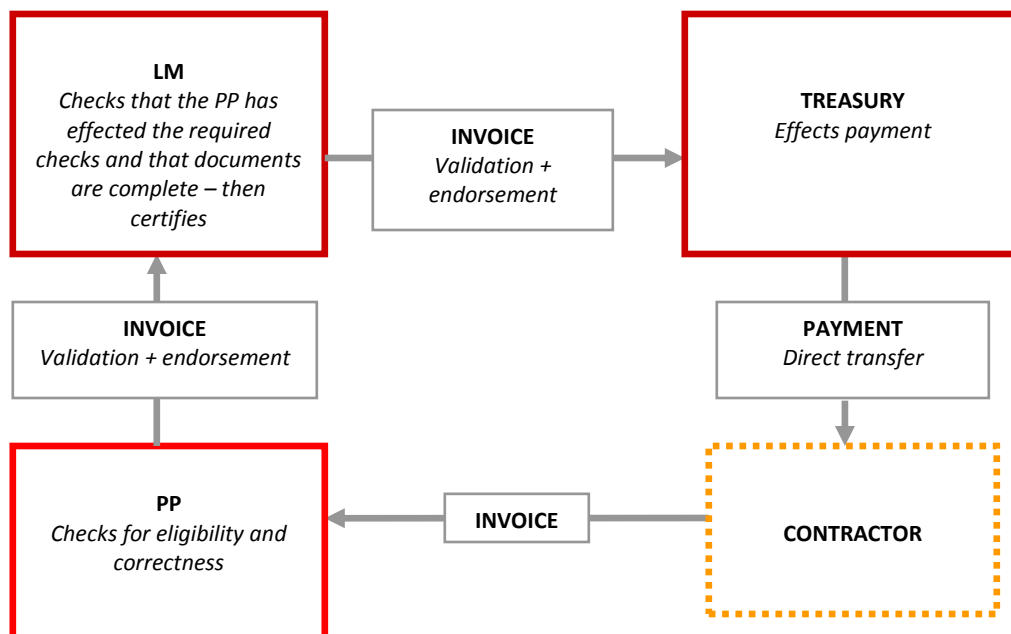
---

- (1) All stakeholders are reminded that the EEA and Norwegian FMs line items in the Budgetary Estimates cannot be accessed for any reason/operation other than those activities approved and stated in the Project Contract for each project.
- (2) Reimbursement of the project grant by the FMO shall take the form of interim payments and payment of the final balance.
- (3) Payments by the FMO shall be made when all relevant conditions for payments stipulated in the Regulations and the Project Contract have been fulfilled.
- (4) As a general rule, costs incurred by the PP shall be supported by invoices and documents proving that payment has been effected. Such documents can be one of the following, depending on the situation:
  - (i) VAT fiscal receipt  
A VAT fiscal receipt, as it is evidence that the PP has settled its dues with a contractor and the PO considers it as proof of payment.
  - (ii) Bank statement / Debit Advice issued by the Central Bank of Malta  
Where a contractor issues a tax invoice to the PP, the PP should provide to the PO a bank statement or a Debit Advice issued by the Central Bank of Malta showing that the funds have been transferred from its own account to that contractor's account.  
  
The bank statement / Debit Advice would be required because a tax invoice does not necessarily prove that the PP has actually effected payment. It could be that the tax invoice has been released by the contractor only on account of the fact that supplies were delivered or services performed.
- (5) In accordance with Article 4.7 (1) (k) of the Regulations, each PP is requested to maintain an accounting system or an adequate accounting code, separate from 'CARS', for all transactions relating to the project without prejudice to national accounting rules.

### 9.2 PRE-FINANCING AND THE PAYMENT PROCESS

---

- (1) All projects will be fully pre-financed by Government through allocations in the national Budgetary Estimates. Each project will be specifically mentioned in the Estimates.
- (2) There will be two sub-items within the project allocation: sub-item 1 will contain the EEA/Norway share and sub-item 2 will show the Malta funds allocation, which will also cover the VAT element. PPs and line ministries are to ensure that the correct sub-line and item is debited when raising commitments.
- (3) The following section provides a detailed step-by-step description of the three-staged payment process:



- (1) **First stage:** The PP receives the request for payment from the Contractor (or the finance unit within the PP in the case of reimbursement requests). Following vetting of the request (to ensure the necessary compliance) and confirmation of its adequacy, the PP uploads the invoice on 'CARS'. The PP will then send the necessary documents to its respective Line Ministry, for the second stage.
- (2) **Second stage:** The LM will then access 'CARS' to confirm the checks carried out by the PP and, if all is deemed in order, it will authorise the payment. Both PP and LM are to monitor the invoice until it is paid.
- (3) **Third stage:** The LM then sends the request for payment to the Treasury at the Ministry of Finance. The Treasury will check again all documentation, and, on behalf of the PP, will then pay to the Contractor both the EEA/Norwegian FM share and the Malta share of the invoice. Payments will be made by means of a bank credit transfer only through the Central Bank of Malta. No cheques will be issued to Contractors.
- (4) In the case of payments due to the contractor which have been paid in the first instance by the PP / LM outside of the 'CARS' process, a **Request for Reimbursement** has to be raised by the entity which would have effected the payments. The request for reimbursement should be raised by the Accounts section of the entity having effected the payment on the entity's letter head and contain at least the following information:
  - i. Request for Reimbursement number (following the convention: *project code/RR/nn*, e.g. MT02/01/RR/01);
  - ii. Date;
  - iii. List of items to claim;
  - iv. Name of fund and budget vote line, always quoting the item number of the **'EEA/Norwegian Financial Mechanisms 2009-2014'** of the LM's vote in the Budgetary Estimates;
  - v. Documents needed for verification e.g. quotes, certified true copies of invoice and receipt, copy of contract etc.; and
  - vi. Name of the ministry the expenses should be refunded to.

The Request for Reimbursement will be treated as an invoice and therefore the same procedure as for the uploading and processing of invoices through 'CARS' would then apply.

**All stakeholders involved in the disbursement process (PP, LMs and Treasury) are to ensure that the disbursement process moves in the shortest time possible since Malta will only be able to draw down funds from the EEA/Norwegian FM on the basis of payments effected.**

**It is the responsibility of the PP to ensure that invoices and the relevant documentation are sent in time and correctly (i.e. first time round) in order not to slow down the process.**

## 9.3 DETAILED PAYMENT PROCESS

	FUNCTION	Responsible Body
1	<p><b>Issuing/ Receiving Invoices</b></p> <p>In principle, all contracts/invoices/payments must be quantified in the EURO. Contracts/invoices/payments must be issued in EURO only.</p> <p>If the payment is being made to a foreign company and has to be made in foreign currency, prior authorisation should be requested from MFIN.</p> <p>The contractor shall issue the invoice according to stipulations in the contract and deliver it to the PP. <b>In particular, where tenders have been divided into lots, Contractors awarded more than one lot must invoice each lot separately. This is required in order to ensure that the respective payments may be distinguished and individually accounted for.</b></p> <p>Whenever the PP receives an invoice for the first time from a contractor/final recipient, the Treasury requires that the PP should request that the contractor/final recipient fills in a Financial Identification Form (FIF) (Treasury Form TR/S-9), wherein the PP will provide the Treasury with adequate information on the contractor for the proper execution of a bank credit transfer. This solution is applicable to both local and cross-border payments. The Treasury reserves the right to contact directly the contractor to obtain the information required in the FIF template</p> <p>In every invoice the VAT element is to be presented separately.</p> <p>The Project Promoter must ensure that the contractor includes in the invoice:</p> <ul style="list-style-type: none"> <li>▪ the issue date</li> <li>▪ the invoice number (which has to be unique)</li> <li>▪ Name, address and VAT number of seller</li> <li>▪ Name, address and VAT number of buyer</li> <li>▪ Sales category (e.g. 'Sales Invoice')</li> <li>▪ Description indicating:                             <ul style="list-style-type: none"> <li>– Quantity and nature of each product (e.g. 50 bags of cement) for purchase / sale of products</li> </ul> </li> </ul>	<p>Contractor (sending)/</p> <p>Project Promoter (receiving)</p>



	<ul style="list-style-type: none"> <li>– Nature of the service provided (e.g. services provided by an architect testing and measurement of a rubble wall) for the provision of services</li> <li>▪ Date of provision of service / delivery of products</li> <li>▪ Net Value of products bought / sold i.e. value EXCLUSIVE OF VAT (e.g. 50 bags of black cement – value per item €10 – total €500)</li> <li>▪ The total VAT amount (€500 at the rate of 18% VAT = €90). The VAT rate has to be included at all times</li> <li>▪ The total sum of products / services bought or sold including currency used (total value exclusive of VAT + VAT amount)</li> </ul> <p>In case of private sector enterprises, the selected enterprise on acquisition and payment of goods is to present a <b>receipt (not an invoice)</b> given that the grant is on a reimbursement basis) and <b>proof of payment</b> clearly indicating the net cost and the VAT element.</p>	
--	---	--

2	<p><b>Regular Payments</b></p> <p>The PP and the line ministry are to ensure that invoices are received and payments processed in the shortest time possible as the NFP /PO would wish to request the reimbursement of the EEA/Norwegian FM share from the FMO in the first Interim Financial Report following execution of payment.</p> <p>Invoices are to be processed through the Computerised Accounting Records Systems (CARS).</p>	Project Promoter
---	--	------------------

3	<p><b>Certifying Works/Services/Supplies</b></p> <p>The PP shall <b>certify work</b> prior to forwarding the invoice and Invoice Status Certificate (ISC) to the DPI within the Line Ministry. The ISC is printed from the CARS and a sample is at Annex 2 of this Manual of Procedures.</p> <p>In this regard, the PP shall:</p> <p>(a) validate the invoice – validation implies that the data on the invoice is correct. The PP shall ensure that the following data items are included in the invoice raised and that the information is accurate and correct:</p> <ul style="list-style-type: none"> <li>▪ date (as agreed in contract);</li> <li>▪ line item;</li> <li>▪ quantity;</li> <li>▪ amount;</li> <li>▪ the VAT element is included in the bill as a distinct component of the total;</li> <li>▪ the invoice is addressed to the PP and issued by the company holding the contract. Invoices should not be issued by subsidiary companies. <b>The company that issues the invoice must be identical to the name of the company mentioned in the contract.</b></li> </ul> <p>(b) ensure that the invoice is based on and reflects the schedule of payments as stated in the respective contract;</p> <p>(c) verify the delivery (including quality) of the supplies, works and/or service (except where the invoice refers to an advance payment);</p>	Project Promoter
---	--	------------------

	<p>(d) confirm compliance with relevant procedures and guidelines.</p> <p>The PP shall complete the checklist on the ISC [the checklist is a means of confirming that all the above checks (a-d) were carried out. The ISC checklist can be found at Annex 2] and sign it. The original invoice which must be certified correct, signed and stamped, and ISC are transmitted to the Line Ministry.</p> <p>Before transmitting the ISC to the Line Ministry, the PP shall mark the status of the ISC as complete in the relevant section on the CARS and scan the Invoice and place it on the CARS.</p> <p>Note: In case where the Malta co-financing and VAT cost is being provided for from the PP's own budget, the PP is to debit the Malta amount and the VAT cost of the project from its own budget and credit the respective project's Malta sub-item of the respective Line Ministry. It is important that this payment reaches the Line Ministry in time with the ISC in order not to delay full payment to contractors by Line Ministry.</p>	
<p>4</p>	<p><b>Authorising Payment</b></p> <p>The line ministry shall confirm the checks made by the PP and sign the ISC <b>prior to submitting payment request to the Treasury.</b></p> <p>The signature on the ISC by the Line Ministry entails that the Line Ministry:</p> <ul style="list-style-type: none"> <li>(a) confirms that the PP carried out the relevant checks and has completed the ISC as required;</li> <li>(b) confirms that adequate controls exist at the PP to ensure that the technical implementation of the project is being monitored;</li> <li>(c) completes the relevant checklist on the ISC;</li> <li>(d) ensures that the commitment and debit advice are raised through DAS. This task shall be carried out by the Accounting Officer but the Director (Programme Implementation) shall ensure that the commitment has been made.</li> </ul> <p>Tasks and Responsibilities – Accounting Officer</p> <p><i>Step 1 - Request Commitment</i></p> <p>The commitment request routine is the first stage of the commitment cycle wherein, Accounting Officers in line ministries must insert ample description of the goods or services required by the PP, the prospective contractor and the total cost involved.</p> <p>Although, in principle, a single commitment cannot accommodate more than one contractor, even if the supply or service may have similar characteristics, the Accountant General may direct otherwise in terms of Article 28 of Chapter 174 of the Laws of Malta. However, payments expressed in foreign currency can only be dealt with individually.</p>	<p>Director (Programme Implementation) of the line ministry</p> <p>Accounting Officer of the line ministry</p>

	<p>Accounting Officers must keep in mind that, whenever the final recipient is a non-VAT registered body, the vendor number must be replaced by 'CBM0001 (ADVANCES)'.</p> <p><i>Step 2 - Procure Commitment</i></p> <p>The procure commitment routine enables Accounting Officers to ascertain that the details of the commitment are correct before authorisation is granted for advancing the commitment to the next stage.</p> <p><i>Step 3 - Soft Commitment</i></p> <p>The <i>soft commitment</i> shall be considered as a pivotal stage in the whole process of the commitment cycle. In this stage Accounting Officers must allocate the relative expenditure to the specific account – EEA/Norwegian Financial Mechanisms 2009-2014 account in the Estimates of the respective line ministry's capital expenditure vote.</p> <p>Special attention needs to be paid whenever expenditure cannot be covered by existing provisions allocated under the Budgetary Estimates for that purpose. Any potential budgetary implications should be immediately brought to the attention of the competent authorities (NFP and copied to the Budget Office MFIN) for remedial action. Failure to properly manage EEA/Norwegian Financial Mechanisms-related spending may result in severe delays in payments.</p> <p><i>Step 4 - Hard Commitment</i></p> <p>This final routine sets the type of purchase document required and consolidates the commitment cycle. In order to prevent the misuse of EEA/Norwegian Financial Mechanisms budgetary allocations, the creation of a new transaction type was envisaged. As a result, a new code, specifically for EEA/Norwegian Financial Mechanisms related payments, was introduced within the system – 08. It is therefore recommended that, prior to proceeding to the 'print document' routine, Accounting Officers ascertain that the correct document type is selected.</p> <p>Accounting Officers are responsible for the propriety, regularity and accuracy of the payments they authorise. In this regard, desk instructions are laid out to give guidance on the principles to be observed prior to submitting documents to the Treasury for payment execution.</p> <p>Furthermore, Accounting Officers shall:</p> <ul style="list-style-type: none"> <li>▪ check that a valid invoice or similar demand for payment has been presented and that it corresponds to the commitment. Whenever significant disparities are recognised, Accounting Officers are responsible for taking remedial action, and if necessary, produce a fresh commitment at once.</li> <li>▪ ascertain that the provisions on the treatment of VAT have been thoroughly observed. Further guidance can be sought from the Treasury.</li> <li>▪ where a single commitment is created in order to accommodate more than one contractor, a detailed list (Treasury Form TR/S-1), giving appropriate account of every individual payment, shall complement the commitment document.</li> </ul>	
--	---	--

	<ul style="list-style-type: none"> <li>▪ debit the EEA/Norway Financial Mechanisms share of the net cost of the invoice under the EEA/Norway sub-item and the Malta share of the net cost plus total VAT cost under the Malta sub-item. The respective EEA/Norway Financial Mechanisms and Malta shares are indicated in the Project Contract and the CARS.</li> </ul> <p><i>Step 5 – Transmission of documents</i></p> <p>The line ministry shall send the original Invoice, debit advice and ISC to the Treasury <b>authorising</b> payment. A copy of these documents shall be kept by the line ministry. Treasury reserves the right to refer documents back to the relevant Line Ministry for correction.</p> <p>Before transmitting the ISC to the Treasury, the line ministry shall mark the status of the ISC as complete in the relevant section of the CARS.</p> <p>The DPI is responsible for:</p> <ul style="list-style-type: none"> <li>▪ liaising with the Accounting Officer with regard to the preparation of the required documents,</li> <li>▪ signing and stamping the relevant checklist on the ISC (already signed by the PP); and</li> <li>▪ ensuring that Treasury Form TR/S-1 has been duly filled in (if applicable);</li> <li>▪ transmitting all documents to the Treasury.</li> </ul> <p>The DPI shall scan the ISC (signed by PP and the line Ministry) and copy it into the CARS. The original signed ISC must be then forwarded to Treasury.</p> <p>A sample of the ISC is at Annex 2 of this Manual of Procedures.</p>	<p>Director (Programme Implementation) of the line ministry</p>
--	---	---

<p>5</p>	<p><b>Executing Payment</b></p> <p>Following the receipt of the relevant documents from the line ministry, the Treasury shall:-</p> <ol style="list-style-type: none"> <li>(a) confirm that the original invoice and ISC are validated by the project promoter and DPI respectively.</li> <li>(b) ensure that the expenditure has been approved by the Accounting Officer and the commitment is in accordance with any agreed contract or other documentation governing the transaction.</li> <li>(c) determine the correctness of the commitment. In this regard, the commitment and invoice must have common recipient names, similar VAT identification numbers and analogous amounts.</li> <li>(d) check that the claim and/or invoice is arithmetically correct.</li> <li>(e) ensure that the invoices comply appropriately with legal requirements particularly those contained in the Financial Administration and Audit Act<sup>(17)</sup> and the Value Added Tax Act<sup>(18)</sup>.</li> <li>(f) ensure that the commitment has been raised out of the appropriate</li> </ol>	<p>Treasury</p>
----------	--	-----------------

<sup>(17)</sup> Chapter 174 of the Laws of Malta and Subsidiary Legislation 174.01 laying down general provisions regulating the receipt, control and disbursement of public moneys, to provide for the audit of accounts in relation thereto, and to provide for other matters connected with or incidental to the purposes aforesaid.

<sup>(18)</sup> Chapter 406 of the Laws of Malta laying down general provisions for the imposition of a value added tax in place of an excise tax system on imports, products and services.

	<p>incidence of charge – the budget line (Capital Expenditure of the respective Line Ministry) – and that the VAT treatment is correct.</p> <p>(g) ascertain that any VAT payable directly by the line Ministry on behalf of the contractor has in effect been settled. A sufficient proof of payment must be provided promptly.</p> <p>(h) confirm that the line Ministry has performed the required data entry in the CARS.</p> <p>On completion of these checks and provided that the above conditions are fulfilled, the Treasury shall proceed with the relevant payment. The Treasury will:-</p> <ul style="list-style-type: none"> <li>▪ certify the payment electronically on CARS;</li> <li>▪ create the required document for transferring funds from the Public Account to the ad-hoc CBM Funds account;</li> <li>▪ prepare the necessary documents for payment execution on the prescribed CBM forms – <a href="#">Debit Advice</a>; <a href="#">Funds Transfer</a> and <a href="#">Bank Draft</a>;</li> <li>▪ determine the authorised signatories in accordance with approved bank mandates;</li> <li>▪ prior to submitting documents to the CBM, through an automated IT system, consolidate all payment documents in one statement. At the point of entry, a unique number will be allocated to every document. Upon receipt of documents the CBM shall acknowledge and return a copy of the statement to the Treasury;</li> </ul> <p>The Treasury, after making the relevant checks in line with the national procedures, will <b>instruct</b> the CBM to debit the relevant account and issue a CB debit advice.</p> <p>The Treasury shall keep the original invoice and ISC, forwarded by the line Ministry, in the relevant file.</p>	
6	<p><b>Post-Payment</b></p> <p>Following the receipt of the CBM Debit Advice, the Treasury shall:</p> <ul style="list-style-type: none"> <li>▪ update DAS as necessary;</li> <li>▪ perform a bank reconciliation exercise as quickly as possible and certainly not later than 15 clear days following the date of receipt of the statements of accounts;</li> <li>▪ ensure that all accounting records and supporting documents are maintained appropriately and in an organised manner as to facilitate audit controls;</li> <li>▪ insert the relevant data in the CARS immediately upon receipt of the debit advice issued by the CBM confirming payment. This information is available for review by all bodies and is particularly important in relation to the SoE. Each SoE printed from the CARS shall only include expenditure for which the notification of issue of the CBM debit advice is inserted in the database.</li> <li>▪ send a copy of the CBM debit advice to the CA and the PP.</li> </ul>	Treasury
7	<p><b>Role of the Central Bank of Malta</b></p>	

	The Central Bank shall <b>issue a CBM debit advice</b> for all relevant payments and forward it to the Treasury.	CBM
<b>8</b>	<p><b>Suspension/Interruption/Withholding of Payment</b></p> <p>The responsibility for necessary corrections rests with line ministries and, should there be proposals for payment which do not meet these requirements or which depart from the normal rules or procedures, the Treasury reserves the right to refer documents back to the relevant line ministry for correction.</p> <p>Should an irregularity be detected funds may be suspended, interrupted or payments may be withheld.</p>	Treasury
<b>9</b>	<p><b>Bank Transfers vs. Cheques</b></p> <p>Rather than effecting payments directly out of the Departmental Accounting System, the Treasury has opted to disburse and account for payments in <b>individual bank accounts of the contractors/recipients</b> by bank transfer. Nevertheless, these accounts shall form part of the Public Account proper.</p> <p>On the basis of the information available, the Treasury shall instruct the CBM to effect a bank credit transfer. In case where a bank transfer is not possible, the Treasury will instruct CBM to issue a cheque.</p> <p>It is important to note that it is highly recommended that PPs strongly encourage the use of bank credit transfers as this will ensure a smooth flow of funds and an efficient arrangement for the transmission of payments.</p> <p>It is important to note that the issue of cheques will only be carried out in exceptional circumstances and with prior approval of the Accountant General.</p> <p>In this respect, further guidance regarding banking matters can be specified at contracting stage. In practice, Special Conditions – Terms of Payment can specify the minimum requirements needed to ensure an adequate level of banking information for the execution of payments.</p>	Treasury
<b>10.</b>	<p><b>Receipt</b></p> <p>It is important to note that once the Treasury instructs the CBM to issue payment via a bank credit transfer to the contractor, the Treasury will issue a letter to the contractor informing that payment has been effected indicating:</p> <ul style="list-style-type: none"> <li>▪ the CBM reference number of the transaction;</li> <li>▪ the value date;</li> <li>▪ the name of the bank and the bank branch;</li> <li>▪ the account number;</li> <li>▪ the contractors address;</li> <li>▪ the line ministry responsible for the project;</li> <li>▪ and title of the project.</li> </ul> <p>In the case of payment being effected by a cheque, the Treasury will ask the</p>	<p>Treasury</p> <p>Treasury</p>

	<p>contractor to collect the cheque by hand from the Treasury and the contractor will be asked to sign a receipt which confirms that payment has been received.</p> <p>It is the responsibility of the PP to ensure that upon receipt of payment, the contractor issues a receipt or other accounting documents of equivalent probative value<sup>19</sup> confirming that payment has been effected. VAT should be included where applicable.</p> <p>It is important to note that the contractor must issue a receipt within 3 to 5 days of receiving payment.</p>	<p>Project Promoters</p> <p>Contractor</p>
--	---	--

## 9.4 LATE PAYMENTS MFEI CIRCULAR 8/2012

- (1) LN 272 of 2012 transposing Directive 2011/7/EU provides that in commercial transactions where the debtor is a public authority, the creditor is entitled to interest at the European Central Bank reference rate plus eight per cent (8%) upon expiry of the credit period allowed by law (30 days). Unless the period of payment and rate of interest are specified in the contract, interest at the ECB reference rate plus 8% shall become payable automatically after 30 days following receipt of invoice or receipt of goods or services.
- (2) Prior to signing a contract, PPs must comply with MF Circular 3/2005 to ensure that payments for procured goods and services are effected within 30 days. Alternatively, the conditions attached to public tenders should explicitly indicate the period for payment, as well as the rate of interest payable in the event of late payment. Close liaison should therefore be maintained with the DoC for the inclusion of appropriate clauses during the preparation of the tender documents. Penalties in general and also those arising from late payments are **not eligible** for co-financing.

It is up to the PP to ensure that payment documents are complete and correct and submitted to the next stage in good time for each control layer to take place.

## 9.5 PAYMENT PROCESS – PERSONS EMPLOYED ON DEFINITE CONTRACT AND ASSIGNED EXCLUSIVELY TO THE PROJECTS

- (1) Payments consisting of salaries to persons engaged on a definite contract basis specifically to implement EEA/Norwegian FM projects (e.g. project managers) should in principle be processed in the normal manner (from the salaries vote of the organisation).
- (2) Every month or quarter (at the discretion of the PP) there should be a replenishment from the EEA/Norwegian FM vote of the project concerned (under which the person has been contracted) to the salaries vote of the organisation (from where the payment to the contractee was made) so that ultimate impact is on the EEA/Norwegian FM Fund item. For such reimbursement from the Treasury, the PP should prepare and upload on CARS an ISC together with a Reimbursement Request, the proof of

<sup>19</sup> Please refer to section 9.1 (4) above.

payment of salary and the calculation of staff costs. In the case of ministries/departments, the Treasury will only transfer money from the EEA/Norway vote to the salary vote of the PP concerned. In the case of a public entity, the Treasury will issue a reimbursement from the EEA/Norway vote to the entity's account. For ad hoc instructions please refer to the Treasury contact person (section 2.1.7 of this MoP).

## 9.6 STAFF COSTS

---

In terms of Article 7.3(1)(a) of the Regulations, the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration is eligible, provided that this corresponds to the PP's and project partner's usual policy on remuneration.

PPs are to note however that like other cost categories, such staff costs must have been mentioned in the Project Application and be explicitly agreed to in the Project Contract (with a corresponding allocation in the project budget) in order to be eligible.

Staff costs charged to the project shall be calculated in proportion to the time spent on the project in the relevant period, sufficiently substantiated by timesheets signed by the employee and endorsed by the Project Leader, or Head of Unit in case the Project Leader's salary costs are claimed. The staff costs calculator may differ from one entity to another, depending mostly on the frequency of salary payments. Beneficiaries are encouraged to contact the NFP/PO in order to determine which calculator to use.

**Eligible staff costs = hourly rate \* number of hours worked on the project**

Where, *hourly rate* =  $\frac{\text{Annual Salary}^{20}}{\text{Total number of hours worked in a year}^{21}}$

---

<sup>20</sup> Please refer to footnote 14 on page 42

<sup>21</sup> Please refer to footnote 15 on page 42



## 10. REIMBURSEMENT FROM THE FMO

### 10.1 USE OF EURO

---

- (1) Commitments and payments from the FMO will be denominated and executed in Euro.
- (2) Requests for reimbursement (Interim Financial Reports comprising certified payment claims) forwarded from the Certifying Authority to the FMO shall be in Euro.

### 10.2 INTEREST

---

- (1) Any interest generated on the designated bank accounts managed by the CA shall be accounted for yearly by the CA and declared to the FMO within three calendar months after year-end in a format provided in Annex 8 to the Regulations. The CA shall verify the correctness of the declared interest.
- (2) Interest earned shall be reimbursed to the FMO within 15 working days of having been declared.
- (3) The interest earned on the designated bank accounts managed by the CA during the year in which the final Strategic Report is submitted shall be declared by the Certifying Authority to the FMO within one month of the submission of the final Strategic Report. The interest earned shall be reimbursed to the FMO within 15 working days of having been declared.

### 10.3 REIMBURSEMENT PROCESS FROM THE FMO

---

#### 10.3.1 Common rules for payments

- (1) Payments shall be made when all relevant conditions for payments stipulated in the programme agreement and the Regulation have been fulfilled.
- (2) Payments shall take the form of reimbursements of incurred eligible costs and shall be made to the designated account managed by the CA.
- (3) The FMO may retain up to 10% of the management cost portion of every interim payment to the programme. The retained amount shall not be paid until the final programme report has been approved by the FMO.
- (4) Payments shall be calculated by applying the co-financing rate laid down in the programme agreement.

#### 10.3.2 Interim Reimbursements

- (1) There shall be three reporting periods in each calendar year:
  - (a) 1 January – 30 April;
  - (b) 1 May – 31 August; and
  - (c) 1 September – 31 December

- (2) Reimbursements shall be paid based on an interim financial report (IFR) submitted by the Programme Operator in a format provided at Annex 11 of the Regulations, certified by the Certifying Authority and approved by the FMO.
- (3) Without prejudice to point 9 and subject to budgetary appropriations of the Donor States, reimbursements from the FMO shall be made on the following payment dates: 15 April, 15 August and 15 December. Should a payment date land on a weekend or an EFTA public holiday, the payment shall be made on the next EFTA working day.
- (4) Interim financial reports shall be received by the FMO according to the following schedule:
  - (a) on, or before, 15 March for payments to be made on 15 April;
  - (b) on, or before, 15 July for payments to be made on 15 August;
  - (c) on, or before, 15 November for payments to be made on 15 December.
- (5) Payment based on an interim financial report received after its due date but on, or before, the following due date referred to in point 4 shall be due as the report would have been received on its following due date. If an interim financial report has not been received within eight months from the end of the reporting period in which expenditure has been incurred, previously proposed expenditure for that period shall be declared ineligible and cancelled.
- (6) Interim financial reports shall include:
  - (a) a statement of actual expenditure incurred during the reporting period preceding the payment date; and
  - (b) a statement of proposed expenditure for the reporting period immediately following the payment date.
- (7) The actual incurred expenditure for the last reporting period shall be reported in the final programme report.
- (8) When the interim financial report has been provided, the FMO shall verify that it is in the correct form and that the conditions for payment have been met. If that verification is positive, reimbursements shall be transferred no later than on the payment dates referred to in point 3.
- (9) Should verification according to paragraph 8 be negative, the FMO, the NFP/PO shall closely cooperate to remedy the deficiencies. The FMO may provisionally hold reimbursements until such deficiencies have been remedied. When the FMO, after receiving all necessary information, has positively verified interim financial report, it shall at the first possible payment date or when it deems it necessary following that verification release the payment due, unless the FMO decides to make use of remedies provided in Chapter 12 of the Regulations.

### **10.3.3 Certification of interim financial reports**

The CA shall have access to the Computerised Accounting Records System (CARS) hosting the documentation concerning implementation. This shall include a detailed breakdown of payments made, reports of on-the-spot check undertaken by the PO and summaries on irregularities. The CA can access this information at all times.

Three times a year the PO shall issue notice to all relevant stakeholders regarding an upcoming IFR. The IFR will also include proposed expenditure for the following four month period. The IFR process consists of the verification by the PO of all the payments effected since the previous IFR. The IFR and relevant declarations shall be passed on to the CA by the PO.

The CA will receive the IFR compiled by the PO and prior to submitting it to the FMO, it shall perform the certification process in line with Article 4.5 of the Regulations.

This process shall be undertaken in two stages:

**Stage I:** The Programme Manager in charge of the programmes within the CA shall:

- (a) review all relevant documentation, namely:
  - the interim financial reports and final programme reports;
  - the supporting documents;
  - on-the-spot check and follow-up reports carried out by the PO;
  - systems and expenditure audits carried out by the Audit Authority in line with Article 4.6, Article 10.2 and Article 10.3.
  - on-the-spot check reports carried out by the CA.
- (b) After conducting the above reviews to gather the necessary assurance that controls are effectively in place and are being implemented, the officer shall perform substantive invoice testing on a sample basis through the CARS to ensure:
  - that expenditure in the IFR is supported by the financial report at project level and the relevant Declarations provided by the PO and Project Promoter;
  - that expenditure has been confirmed as paid by the Treasury through the CBM payment reference;
  - that expenditure was actually affected within the eligibility period;
  - that expenditure was incurred as part of the implementation of the Programme in accordance with the programme agreement;
  - compliance with all relevant national and Community rules.

Following completion of document review and invoice testing, any queries arising from the checks done are reviewed and discussed internally. This will give rise to the classification of queries to be sent to the PO. Once all pending clarifications are cleared, the review is considered complete and CA proceeds to Stage II of the certification process.

**Stage II:** Following Stage I, the Certifying Officer within the CA shall certify the IFR in accordance with Annex 11 of the Regulations on the implementation of the EEA / Norwegian Financial Mechanisms. The IFR at programme level, the Certificate and the Request for Payment shall be sent to FMO through the DORIS computerised system. The CA shall also account for recoveries made and ensure that recoveries are deducted from the Application for Payment.

### **10.3.4 Payment of the final balance**

- (1) The final balance is the total reported eligible expenditure of the programme less the following amounts:
  - (i) the total interim reimbursements to the programme from the FMO;
  - (ii) any co-financing from sources other than the EEA Financial Mechanism 2009-2014; and
  - (iii) total interest earned until the date of the final programme report but not reimbursed to the FMO
- (2) The Donors' share of the final balance is the final balance according to point 1 multiplied by the programme grant rate.
- (3) The final balance shall be calculated and reported in the financial annex to the final programme report.

- (4) Any final balance payable shall be transferred by the FMO no later than one month after FMO's approval of the final programme report.
- (5) Any final balance payable to the FMO shall be reimbursed to the FMO within the same deadline. Any interest earned on the designated bank accounts managed by the CA between the date of the final programme report and the reimbursement date shall be included in the reimbursement.

### **10.3.5 Transfer to Central Government Revenue**

The CA shall be responsible to receive and account for funds transferred by the FMO including interim and final payments; transfer funds from the Central Bank of Malta accounts to the Public Account and account for any discrepancies between certified claims and fund transfers and inform the PO accordingly.

In this regard the CA shall ensure that:

- it issues an official letter authorising the CBM, in conjunction with the Treasury Department, to debit the CBM Account and credit the Government's Revenue Account in the appropriate revenue line item;
- The official letter bears a double signature as a security requirement, of the persons authorised to perform such duty in relation to the CA Head and the Director General Operations or those Public Officers delegated with the authority to perform such tasks in the absence of the former two;
- the transfer of Funds through a "Transfer Schedule of Payments" is effected; and
- subsequent "Receiving Schedule of Payments" evidencing the above-mentioned transaction shall be kept recorded in the relevant CA file.

### **10.3.6 Forecast of likely payment applications**

At the latest by 20 February, 20 May, 20 September and 10 December each year, the Certifying Authority shall send to the FMO, in a format provided by the FMO (Annex 7 of the Regulation), a justified forecast of likely payment applications for the remainder of the current financial year and subsequent financial years.

# 11. FINANCIAL CONTROL AND AUDIT

## 11.1 INTRODUCTION

---

- (1) Audits and verification checks are required to trace transactions and validate the declared outputs and expenditure of a project. This Chapter explains the checks carried out by the PO, and the audits carried out by national and Donor State institutions.
- (2) The PP is the main actor responsible to put in place and to maintain control arrangements to ensure proper and sound financial management of the Grant and shall take all the necessary measures to prevent and detect irregular payments and fraud. All suspected and actual cases of irregularity and fraud as well as all measures related thereto, taken by competent national authorities, must be reported to the PO without delay.
- (3) The PO will report any matter related to audit and fraud to the Audit Authority, copying the Certifying Authority.
- (4) Correct implementation in line with the Project Contract, this MoP and other relevant regulations remains the responsibility of the PP. The financial regulations of Government apply to all public sector projects.

In accordance with Article 4.7 (1) of the Regulations, the PO is responsible to verify that the expenditure declared by the PPs has actually been incurred and that it complies with the Regulations, the Programme Agreement as well as the applicable national and European Union law. Furthermore, the PO is to verify the projects' progress towards expected outcomes, *inter alia* through reviews and/or on-the-spot checks of projects.

## 11.2 CHECKS

---

### 11.2.1 Administrative checks

- (1). In accordance with Article 4.7 (1) (c) of the Regulations, the PO shall carry out verification on the project expenditure declared by the PP. The verification carried out by the PO is, in the first instance, an administrative check (desk-based or at the PP's offices) to ensure that expenditure is carried out in line with the Project Contract, that the relevant procedures have been followed and that operations and expenditure comply with the Regulations and relevant EU and national rules.
- (2). It should be noted that these checks are not audits but administrative verifications. Administrative verifications may be carried out throughout the project's lifetime.
- (3). Any queries submitted to the Project Leader should be answered within the stipulated deadline to ensure that funds are not at risk.

### 11.2.2 On-the-spot checks

- (1) Administrative checks represent only one component of the so-called *first level of control*. In order to ensure that the administrative checks are robust, as part of the first level of control, the PO carries out physical on-the-spot checks.

- (2) Apart from their monitoring purpose (as outlined in section 7.1.2) OTS checks will also cover the administrative, financial, technical and physical aspects of the project (where applicable), although they will mainly focus on physical deliverables. In the case of projects involving training, OTS visits may be organised while the project is still being implemented (e.g. during a training session) to verify the reality of expenditure. The PO may use external expertise to support it during checks of the projects' physical implementation.
- (3) Physical verification may be carried out throughout the project's lifetime. The PO shall inform the PP that a physical check will take place at least one day in advance. The OTS Check Report (Refer to Annex 4) to be used during the visit will be sent to the PP with the OTS check notification in order to help the PP prepare for the visit. The OTS check will be carried out in the presence of the PP.
- (4) The PO will record and report all discussions and findings in the OTS Check Report.
- (5) The PO official conducting the check shall ensure that the project is being implemented in accordance with sound financial management principles and to ensure that works/supplies/services are being delivered in line with the relevant Donors/EU/national regulations, legislation, guidelines and rules.
- (6) The PP shall ensure that the Project Leader and any other relevant officials are present for the checks and that the relevant documentation is readily available.
- (7) Finally, the PP shall note that the objectives of the checks (and any follow-up) are well-defined. They are not intended to offer the PP any comfort/guarantees with regard to audits, but are merely management verifications.
- (8) Other organisations, such as the line ministry or the Certifying Authority, may carry out OTS checks on projects in order to gain the assurance required. In such a case the report should be forwarded to the PO.

### **11.2.3 Follow-up action to the management verifications**

- (1) Following a check, the PO shall send the draft report (outlining findings and follow-up/recommendations [where applicable]) to the PP for signature /comments. If the Project Leader fails to sign the report within the stipulated deadlines, the report may still be considered closed and the PO may upload it unsigned on CARS for the benefit of the relevant stakeholders. **In case of non-compliance, the PO may decide to suspend the operation concerned and possibly initiate proceedings for recovery (partial or full).**
- (2) Any follow-up action required is to be undertaken by the PP within a stipulated deadline. Failure to do so may result in suspension of the grant.
- (3) The PO may undertake a follow-up spot check if it deems necessary (Refer to Annex 5).

### **11.2.4 Checks carried out by other stakeholders**

- (1) The CA may also carry out administrative or physical verifications, if it needs further clarifications to gain assurances that the system is sound. In such cases, the PP is informed by the CA and the relevant template is sent by the CA to the PP in advance. The PP is expected to co-operate fully with the CA during these checks.
- (2) Other organisations such as the SAMB or the VAT Department may carry out checks on the project in order to ensure that the project is being implemented in accordance with state aid or VAT regulations.

- (3) The project promoter is to present to the PO information on any checks performed on the project by stakeholders other than the PO itself. The PO shall submit to the NFP and the CA the reports on audits and other checks within 5 working days of their receipt by the PO.

## **11.3 AUDITS**

---

- (1) It is management's responsibility to put in place and maintain arrangements (systems and controls) to ensure the proper management of funds. The auditor is only responsible for providing an opinion on the systems and controls and recommending accordingly.
- (2) An audit is in fact an independent review and examination of records and activities to assess the adequacy of systems and controls, to ensure compliance with established policies and operational procedures and to recommend necessary changes in controls, policies or procedures.
- (3) A systems audit is carried out to verify the effective functioning of the management and control systems of the programmes.
- (4) Audits on projects are carried out on the basis of an appropriate sample to verify expenditure declarations. The sampling method to be used shall be set out in the audit strategy referred to in point (6) below.
- (5) An audit on a project usually includes:
  - reconciliation between the expenditure claimed and the supporting documents; and
  - verification of the execution of the project, the eligibility of the expenditure, the provision of co-financing and of compliance with relevant EU and national legislation, including, where applicable, public procurement, state aid, equal opportunities and the environment.
- (6) The Audit Authority is responsible for presenting to the Donors an audit strategy, an annual audit report and the closure declaration in terms of article 4.6 (1) of the Regulations.
- (7) Audits may be carried out by national as well as Donor States audit institutions, as indicated in the next section. The Internal Audit and Investigations Department (IAID) is the designated Audit Authority in terms of Annex A(3) of the MoU and Article 4.6 of the Regulations and it is the main entity responsible for verifying the effective functioning of the management and control systems at programme and project level, including financial audits on projects. The audits shall be carried out on an on-going basis throughout the programme period.

### **11.3.1 Bodies conducting audits**

- (1) The following national bodies may, at any time, conduct the auditing of expenditure from the EEA / Norwegian FMs 2009-2014:
  - i. The Internal Audit and Investigations Department (IAID), which is the designated Audit Authority;
  - ii. The National Audit Office – has the right to carry out audits in line with national procedures.

Audits carried out by national audit institutions will follow the usual procedures outlined in the Government's General Financial Regulations.

- (2) PPs are to notify the NF/PO in good time when they are notified of an audit on their project funded by the EEA / Norwegian FMs 2009-2014. The NFP/PO, on its part, shall seek to support the PP in the process.

- (3) The Audit Authority will inform the PP to be audited at least one day in advance.
- (4) The AA will send all audit reports to the NFP/PO for onward submission to the respective auditee as deemed necessary and will copy them concurrently to the CA.
- (5) The NFP/PO shall be responsible to coordinate the replies to findings by the AA. These replies shall be submitted **within two months** of receipt of the audit report.
- (6) The following Donor States' institutions may, at any time, conduct the auditing of expenditure from the EEA / Norwegian FMs 2009-2014:
  - i. The *EFTA Board of Auditors* – acts as the relevant authority with regard to auditing on behalf of the EFTA States. It may conduct audits of all programmes and projects funded by the EEA FM 2009-2014 as well as the management of the EEA FM 2009-2014 in the Beneficiary State (Article 10.2 of the EEA FM Regulation);
  - ii. *EEA Financial Mechanism Committee* – may arrange audits and on-the-spot verifications of programmes and projects funded under the EEA FM 2009-2014, and to verify the effective functioning of the management and control systems in the Beneficiary State.
  - iii. The *Office of the Auditor General of Norway* – acts as the relevant authority with regard to auditing on behalf of Norway. It may conduct audits of all programmes and projects funded by the Norwegian FM 2009-2014 as well as the management of the Norwegian FM 2009-2014 in the Beneficiary State (Article 10.2 of the Norwegian FM Regulation);
  - iv. *Norwegian Ministry of Foreign Affairs* – may arrange audits and on-the-spot verifications of programmes and projects funded under the Norwegian FM 2009-2014, and to verify the effective functioning of the management and control systems in the Beneficiary State.
- (7) The Donor States' auditors shall enjoy the same rights as those extended to equivalent national authorities in Malta. The NFP/PO shall, upon request, ensure that the authorised representatives are accompanied by relevant personnel and provide them with the necessary assistance. Except in urgent cases, requests shall be sent by the auditors to the NFP/PO at least two weeks before the planned visit.
- (8) Audits carried out by the Donor States' audit institutions and/or their delegates will communicate the findings to the NFP/PO. The NFP/PO shall copy these audit reports to the IAID and other relevant stakeholders.
- (9) As required by Article 10.4 of the Regulations, all the bodies mentioned at paragraphs (1) and (6) above shall upon request be granted prompt, full and unimpeded access to all information, documents, persons, locations and facilities, public or private, relevant to the audit or the verification. Such access shall be subject to the applicable limitations under national legislation.
- (10) The PP is in the first instance responsible to follow up any recommendations in any audit report. The line ministry is to ensure that the PP has followed up the recommendations within the relevant time-line.

### **11.3.2 Preparing for audit visits**

- (1) In general, auditors will want to spend a few days examining documentation held by the PP, the NFP/PO, the DoC, the Treasury as well as the CA. Auditors may also ask to be taken on site of the project.
- (2) As part of their preparation for an audit mission, PPs should:
  - i. Ensure that all persons (including technical [possibly contracted] personnel) within the PP organisation involved in the implementation of the project being audited, are available during



the audit mission. Priority must be given to the audit by all those involved in the project being audited. It is important that such persons are appropriately briefed by the Project Leader on the scope of the audit mission. The PO shall also support the Project Leader in this regard.

- ii. The Project Leader should ensure that the necessary support is provided to the auditors in carrying out their work.
- iii. Ensure that all the project documentation is made available and filed in accordance with the Retention of Documents chapter of this MoP (Chapter 13) to facilitate easy access to the necessary documentation during the audit.
- iv. Provide an adequate meeting room for the audit mission.
- v. Ensure that photocopying facilities are readily available in view of the fact that auditors may ask for copies of documents that are on file. The PP will take note of any copies of documentation that is given to the auditors and will submit this list to the PO upon completion of the audit.
- vi. Ensure that the actual site where the project is being implemented is in accordance with the conditions stipulated in the Project Contract, particularly in relation to the publicity requirements. The technical supervisor should also be available for site visits. It is important to be aware that auditors may give no prior notice with regard to site visits and may ask the PP at short notice for an ad-hoc site visit.

(3) As a general rule auditors will seek to examine the following documentation during an audit visit<sup>22</sup>:

**i. Project Documentation:**

- Project Contract signed between PO and PP, including annexes;
- Addenda to the Project Contract and correspondence regarding any changes to the project;
- Feasibility studies, cost/benefit analyses and technical studies (where applicable).

**ii. Procurement:**

- Tender document launched on the market;
- Advertisement of the tender (also in the Official Journal where applicable);
- List of offers in response to the call for tenders;
- The tendering opening report;
- Any clarifications requested during the adjudication of the tender;
- The evaluation report and relevant documentation such as minutes of meeting/s of the evaluation committee;
- Copy of the publication of the results of the tender adjudication (and the Contract Award Notice where applicable);
- Contract drawn up and signed by the DoC/Beneficiary<sup>23</sup> and the contractor;
- Any subsequent addenda to contract;
- Any other relevant documents related to the contract.

**iii Employment:**

- Call for applications;
- Advertisement of the call;
- List of applicants in response to the call for applications;
- Selection Board's report'
- Copy of results published;
- Employment contract drawn up and signed between the PP and the person engaged;
- Any subsequent addenda to the employment contract;
- Any other relevant documents.

**iv Other Horizontal issues / policies:**

---

<sup>22</sup> This is only an indicative (not an exhaustive) list of documents which the auditors may ask to review. Other documents which should be part of sound financial management and therefore part-and-parcel of any Beneficiary's obligations are not necessarily listed here.

<sup>23</sup> In the case of contracts administered by the PP

- All relevant documentation related to other cross-cutting policies, including state aid, gender equality, equal opportunities, sustainable development, and bilateral relations with Donor States (particularly where DPPs are involved).
- v Payments:**
- Copies of the SoEs for the project;
  - Copies of a sample of the invoices listed in the SoEs and the relevant ISCs (originals are retained at the Treasury);
  - Debit Advices raised through DAS;
  - Receipts obtained from the contractors;
  - Certification of works by technical supervisor, acceptance certificates / reports for supplies, services.
- vi Information and Publicity:**
- Photos or recordings evidencing information activities or publicity undertaken in relation to the project;
  - Original adverts, brochures, leaflets or any other publicity material and promotional items produced through the project;
  - Copies of handouts, documents, attendance sheets, certificates, agendas and other publications displaying the required information and publicity requirements;
  - Copies of press articles (where applicable);
  - Verification of compliance with information and publicity requirements during on site visits (such as billboards, posters, permanent plaques and identification stickers or plaques on physical items/equipment).
- vii Monitoring reports:**
- Copies of the PPRs / PCR prepared by the PP;
  - Viewing of progress updates in the CARS;
  - Record keeping of time sheets (particularly in the case of employment contracts).
- viii Others<sup>24</sup> (where training/seminars/meetings are involved as part of the project):**
- Lists of participants;
  - Selection of participants;
  - Progress / Performance Reports of contracted employees / trainers;
  - Documentation related to the work of trainers (lesson notes/plans, weekly/fortnightly/monthly<sup>25</sup> progress reports by the trainers);
  - Signed attendance sheets;
  - Evaluation sheets.

### **11.3.3 Follow-up to audits**

- (1) Once the audit is complete, the auditors will draw up an audit report with findings and recommendations to improve the procedures and reduce the risks of irregularities. An opportunity is given for the stakeholders to agree or disagree with each recommendation in the audit report. Normally, the PO would ask the stakeholder/s in question and/or project leader to comment on the report. This allows the PO's response to be co-ordinated.
- (2) On an annual basis, during the annual meeting, the PO shall, in consultation with the FMO, review the outcomes of the various checks undertaken, comments and reports made by audit bodies and financial impact of any irregularities and how these have been dealt with.

---

<sup>24</sup> As relevant

<sup>25</sup> As the case may be

#### **11.3.4 Audits after project completion**

- (1) The PP should be aware that projects can be audited even after project implementation. In view of this, all project documentation must be retained by the PP until at least **three years** after the closure of the Programmes.

## 12. REPORTING OF IRREGULARITIES, RECOVERIES AND SUSPENSION OF PAYMENTS BY THE DONORS

### 12.1 RESPONSIBILITIES RELATED TO IRREGULARITIES

---

- (1) The NFP/PO shall make every effort possible to prevent, detect, and nullify the effect of any cases of irregularities. Similarly, any suspected and actual cases of irregularities shall be investigated promptly and efficiently, and properly remedied, including making any financial corrections that may be appropriate.
- (2) Unduly paid amounts shall be recovered and reimbursed in accordance with the programme agreements and the Regulations.

### 12.2 DEFINITION OF IRREGULARITIES

---

- (1) According to article 11.2 of the Regulations, an irregularity means any infringement of:
  - i. the Regulations on the implementation of the EEA and the Norwegian FMs 2009-2014 (the Regulations);
  - ii. the MoU on the Implementation of the EEA FM 2009-2014 signed between Malta, Iceland, Liechtenstein and Norway, and/or the MoU on the Implementation of the Norwegian FM 2009-2014 signed between Malta and Norway;
  - iii. Protocol 38b to the EEA Agreement on the EEA FM 2009-2014 and/or the Agreement between Norway and the EU on the Norwegian FM 2009-2014;
  - iv. The Programme Agreements signed between the NFP/PO and the Donor States;
  - v. Any guidelines adopted by the Donors and the NFP/PO;
  - vi. any provision of the EU law;
  - vii. any provision of the national law,

which affects or prejudices any stage of the implementation of the EEA / Norwegian FM 2009-2014 in Malta, in particular, but not limited to, the implementation and/or the budget of any programme, project or other activities financed by the EEA / Norwegian FM 2009-2014, for instance by unjustified or disproportionate expenditure, or by reducing or losing revenue under the programme and/or project.

### 12.3 FORMS OF IRREGULARITY

---

- (1) Irregularities can be individual or systemic in nature:
  - i. An *individual irregularity* is a one-off error which is independent of other errors in the population or deficiencies in the management and control systems.
  - ii. A *systemic irregularity* is an error, repeated or not, resulting from the existence of serious deficiencies in the management and control systems. Such systems aim at ensuring the correct accounting and compliance with the Regulations. Systemic irregularities may call for changes to the system, in which case all horizontal stakeholders shall be informed.
- (2) A **non-exhaustive** list of examples of irregularity includes:

*Accountability*

  - a. Absence of accounts;
  - b. Incorrect forms;
  - c. Falsified accounts;

- d. Other cases of irregular accounts

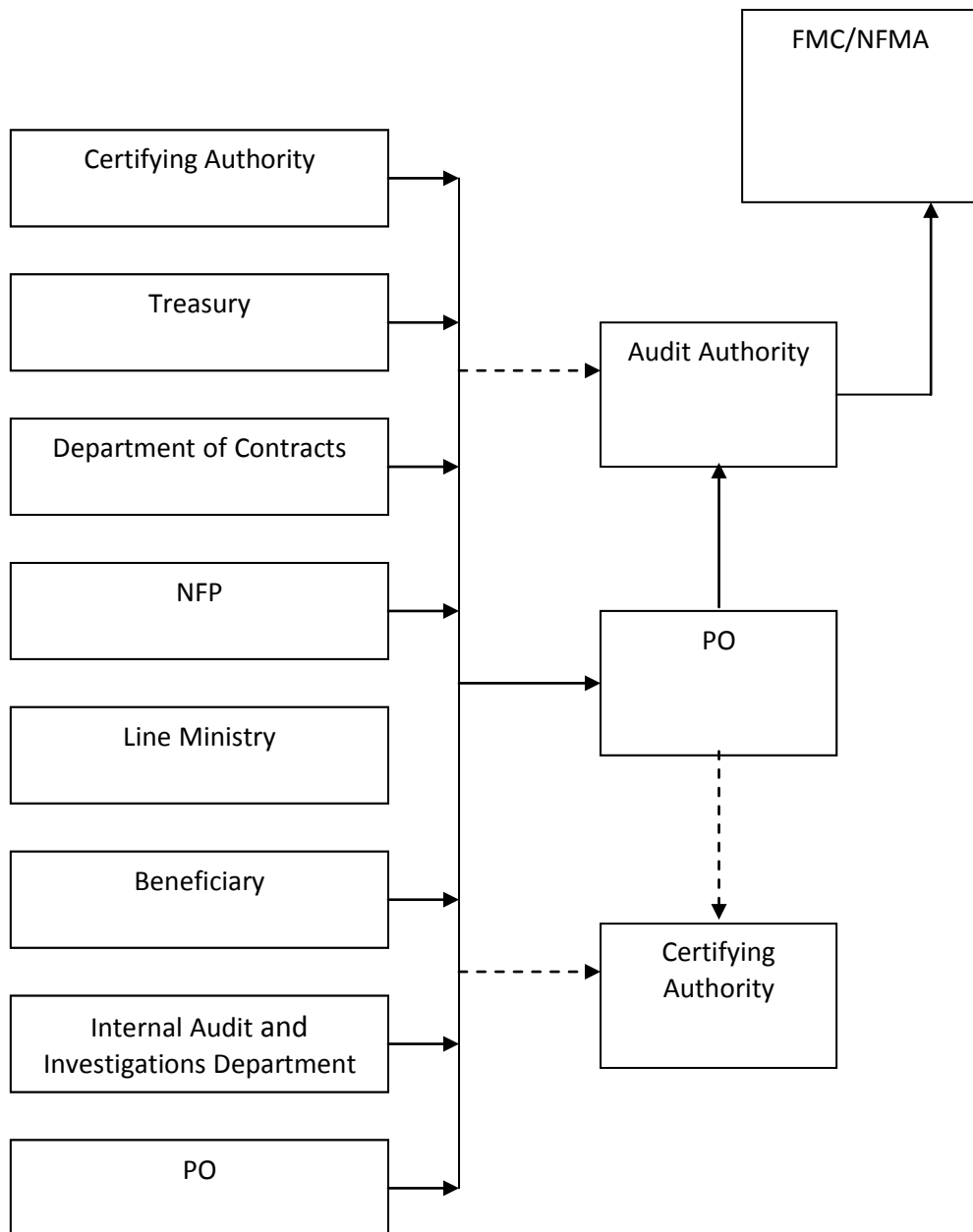
*Documents*

- a. Request for grant incorrect or incomplete;
- b. Request for grant false or falsified;
- c. Supporting documents missing or incomplete;
- d. Incorrect supporting documents;
- e. False or falsified supporting documents

## **12.4 HOW TO REPORT AN IRREGULARITY AT A LOCAL LEVEL**

---

- (1) Anyone who at any stage of contracting, implementation and payment becomes aware of an irregularity (whether one-off or systemic) is duty bound to **IMMEDIATELY** report the irregularity in accordance with the procedures specified in this chapter.
- (2) The person/organisation detecting a NEW irregularity at any stage of the implementation of a project, shall prepare the EEA/Norwegian Financial Mechanisms Report on Irregularities (Annex 6). It is important to note that this irregularity report must be drawn up immediately and sent to the PO (copying IAID and the CA) as soon as the irregularity is detected. One has the option to report via the usual hierarchy of the organisation (as long as it is timely) or directly to the PO.
- (3) A follow-up report is to be compiled by the entity responsible to remedy on the measures taken following irregularities which would have been reported as outlined in point 2 above. The EEA/Norwegian Financial Mechanisms Report on Measures taken regarding Already Reported Irregularities (Annex 7) is to be used in this case.
- (4) At the end of each quarter, the PO shall report to the IAID, copying the CA, on any suspected and actual cases of new irregularities discovered during that quarter. The PO's report (Annexes 6 and 7 combined) shall also include information on action taken on all irregularities of which the IAID would have been notified in previous quarterly reports, until all the issues relating to each irregularity have been settled and the case is closed. Should there be no new irregularities and/or progress to report for a particular quarter of the year, the PO shall still inform IAID of this fact at the end of the quarter.



## 12.5 REPORTING OF IRREGULARITIES TO THE FMO

- (1) In terms of Article 11.4 of the Regulations, IAID shall be responsible to notify the FMO of irregularities in the format provided at Annex 5 of the Regulations.

### 12.5.1 Irregularities that should be immediately reported to the FMO

The IAID shall, regardless of the amounts involved, immediately report to the FMO all suspected and actual cases of irregularities when any of the following applies:

- (a) they involve allegations of an act or omission which constitutes a criminal offence under the national legislation of Malta, such as corruption, fraud, bribery or embezzlement;
- (b) they indicate the presence of serious mismanagement affecting the use of the financial contribution from the EEA / Norwegian Financial Mechanisms 2009-2014; or
- (c) they pose an immediate threat to the successful completion of the project, due to the amounts in proportion to the total project cost, their gravity or any other reason.

## **12.5.2 Regular reporting to the FMO on irregularities**

- (1) For irregularities other than those referred to in section 12.5.1 or section 12.5.3, the IAID shall within two months of the end of each quarter, submit to the FMO a report, describing any suspected and actual cases of irregularities discovered during that quarter and which have been the subject of a primary administrative or judicial finding.

In this context, 'primary administrative or judicial finding' means a first written assessment by a competent authority, either administrative or judicial, concluding on the basis of specific facts that an irregularity has been committed, without prejudice to the possibility that this conclusion may subsequently have to be revised or withdrawn as a result of developments in the course of the administrative or judicial procedure.

Should there be no new irregularities to report on during the quarter, IAID shall still inform the FMO of this fact within two month of the end of the quarter.

- (2) Together with each report on new irregularities referred to in point 1 above, IAID shall report to the FMO on the progress made in the investigation and remedy of previously reported irregularities.

Should there be no progress to report on, the IAID shall still inform the FMO of this fact within two months of the end of the quarter.

## **12.5.3 Irregularities that should be reported only upon request**

- (1) Unless requested by the FMO, IAID need not report the following cases of irregularities:
  - (a) cases where the irregularity consists solely in the failure to implement a project, in whole or in part, owing to the bankruptcy of the PP;
  - (b) cases brought to the attention of the NFP/PO by the PP voluntarily (copying IAID and the CA) and before detection by any of them, whether before or after the inclusion of the expenditure related to that irregularity in an interim financial report or final programme report;
  - (c) cases which are detected and corrected by the NFP/PO or CA before inclusion of the expenditure concerned in an interim financial report or final programme report.
- (2) Point 1 does not apply to irregularities that shall be reported immediately according to section 12.5.1 or irregularities preceding a bankruptcy.
- (3) IAID shall, upon request from the FMO, provide information on irregularities referred to in point 1 within one month.
- (4) IAID shall keep a registry of irregularities that do not need to be reported to the FMO.

## **12.6 RECOVERIES**

---

As described in section 12.4 above, the CA shall be copied with every irregularity report. Meanwhile, in accordance with section 13.4 on-the-spot check reports shall be uploaded on CARS by the NFP/PO. Every irregularity which entails recovery of funds shall be specifically marked in the report with the identification of who is responsible for which action to ensure that funds are recovered as quickly as possible.

The PO is responsible to ensure that all necessary procedures are undertaken to secure the recovery of funds according to national law without unjustified delay. In cases where the amounts have not been certified to the FMO, no recovery of Donor assistance shall be required as the impact of the recovery at

that point shall only be on the pre-financing allocation provided through the national budget. In this eventuality, a Funds Recovery Form (Annex 12) shall be duly filled in,

In cases where the irregularity is detected after the expenditure has been declared to the FMO, the CA shall ensure that the amount is deducted from the next interim payment request. The relative invoice will be flagged as irregular in CARS and as a consequence deducted from the Interim Financial Report while the correct invoice and/or Invoice Status Certificate shall be uploaded to reflect the eligible expenditure to be claimed.

The Certifying Authority shall ensure that amounts recovered and amounts withdrawn following cancellation of all or part of the financial contribution of the EEA/Norwegian Financial Mechanisms 2009-2014 for a programme or project in accordance with section 12.8 below are reimbursed to the Donors within the relevant timeline.

## **12.7** **SUSPENSION OF PAYMENTS BY THE DONOR STATES**

---

- (1) The Donor States may decide to suspend payments if they become aware of suspected or actual cases of irregularities or fraud, or such cases have not been adequately reported, investigated or remedied.
- (2) The Donor States may also decide to suspend payments if:
  - a. the conditions for payment in accordance with Chapter 8 of the Regulations have not been met;
  - b. credible information indicates that the progress of a programme is not in accordance with the Programme Agreement;
  - c. reports or any other information requested have not been provided or include incomplete information;
  - d. access to required documents is restricted;
  - e. the financial management of the programme has not been in accordance with generally accepted accounting principles;
  - f. the implementation of the programme is deemed to be in violation of EU law;
  - g. a fundamental change of circumstances occurs and these circumstances constitute an essential basis for the financial contribution from the EEA/Norwegian Financial Mechanisms 2009-2014 to the programme;
  - h. they become aware of any misrepresentation of facts in any information given by or on behalf of the NFP/PO or the CA affecting, directly or indirectly the implementation of the Programme Agreement;
  - i. interests generated on the designated bank account of the CA have not been accounted for or reimbursed;
  - j. a financial correction procedure has been opened;
  - k. any other obligation stipulated in the programme is not complied with by the NFP/PO, CA and or the PP.
- (3) Prior to making a decision the Donors shall notify the NFP/PO of their intention to make such a decision. The notification shall outline the reasons for the decision and indicate the relevant amounts.
- (4) Except for urgent cases, the NFP/PO shall be given an opportunity to provide its views before the Donors take a decision to suspend payments. The decision to suspend payments shall be reasoned and immediately effective. The NFP/PO shall be notified no later than seven working days from the date of the decision.
- (5) The NFP/PO can at any time present documents or other relevant evidence and request that the Donors review their decision to suspend payments.



- (6) When the Donors find that the conditions for suspension no longer apply, they shall take a decision to continue payments.

## **12.8 FINANCIAL CORRECTIONS BY THE DONOR STATES**

---

- (1) In addition to financial corrections made by the NFP/PO, the Donor States may make financial corrections based on the criteria in point 5 below consisting of cancelling all or part of the financial contribution of the EEA/Norwegian Financial Mechanisms 2009-2014.
- (2) Financial contributions cancelled in accordance with point 1 or with section 12.1 of this chapter may be reused under the programme within which the irregularities occurred for additional activities of already approved projects other than those that were the subject of the correction. When a financial correction is made for systemic irregularities or irregularities related to management or control systems within a programme, the financial contribution may not be reused.
- (3) Financial contributions that may, according to point 2, be reused for the programme within which the irregularities occurred, shall be reallocated by the NFP/PO within the relevant timeline subject to prior approval of the FMO.
- (4) Financial contributions not reallocated according to points 2 and 3 shall be reimbursed to the Donor States no later than 31 October 2015. Late reimbursements shall give rise to interest on account of late payment.
- (5) The Donors may make financial corrections if one or more of the following applies:
  - (a) a serious deficiency exists in the management and control systems for the EEA / Norwegian Financial Mechanisms 2009-2014 which puts at risk the financial contribution from the EEA/Norwegian Financial Mechanisms 2009-2014;
  - (b) a serious breach of a programme agreement has occurred;
  - (c) a serious deficiency exists in the management and control system of the programme which puts at risk the financial contribution from the EEA/Norwegian Financial Mechanisms 2009-2014;
  - (d) expenditure reported in a certified interim financial report or in a final programme report is irregular and has not been corrected by the NFP/PO Operator prior to the sending of the notification according to point 8 below; or
  - (e) the NFP/PO has not complied with its obligations to investigate and/or remedy irregularities prior to the sending of the notification according to point 8 below.
- (6) The Donors shall base their financial corrections on individual cases of irregularity identified, taking account of the systemic nature of the irregularity to determine whether a flat-rate or extrapolated correction should be applied, or whether the corrected amount can be based on an actual amount detected as irregular.
- (7) The Donors shall, when deciding the amount of a correction, take account of the nature and gravity of the irregularity and the extent and financial implications of the deficiencies found.
- (8) Prior to making a decision referred to in point 1 above, the Donors shall notify the NFP/PO of their intention to make such a decision. The notification shall outline the reasons for the decision and indicate the relevant amounts. The NFP/PO can within two months from the sending of the notification provide any documents relevant to the decision.
- (9) Where the Donors propose a financial correction on the basis of extrapolation or at a flat rate, the NFP/PO shall be given the opportunity to demonstrate, through an examination of the documentation concerned, that the actual extent of the irregularity was less than the Donors' assessment. In agreement with the Donors, the NFP/PO may limit the scope of this examination to an appropriate proportion or sample of the documentation concerned. Except in duly justified

cases, the time allowed for this examination shall not exceed a further period of two months after the two-month period referred to in point 8 above.

(10) The Donors shall take account of any evidence supplied by the NFP/PO within the time limits referred in points 8 and 9. At any time prior to the decision on financial corrections, the NFP/PO and the Donors can enter into a dialogue with a view to ensuring that the decision is based on accurate and correct facts.

(11) The NFP/PO shall be notified of a decision referred to in point 1 no later than seven working days from the date of the decision. The notification shall outline the reasons for the decision.

## **12.9 GENERAL SUSPENSION OF REIMBURSEMENTS FOR ALL PROJECTS**

---

- (1) The Donors may, after having consulted with the NFP with a view of reaching a solution, suspend payments if:
  - a. information or documents obtained by or provided to them indicate the presence of systematic or widespread shortcomings regarding the management of the financial contribution from the EEA/Norwegian Financial Mechanisms in Malta;
  - b. a demand for reimbursement related to any type of assistance to Malta financed by the EEA/Norwegian Financial Mechanisms 2004-2009 or the EEA/Norwegian Financial Mechanisms 2009-2014 has not been complied with by Malta.
- (2) The NFP/PO can at any time present documents or other evidence showing that the irregularity (one of the irregularities as detailed hereunder) has been addressed or that there is no justification for the suspension of disbursements, and request that the FMC or the NMFA to review its decision to suspend payments.
- (3) The National Focal Point and the Programme Operator shall be notified of a decision referred to in paragraph 1 of Article 12.2 no later than seven working days from the date of the decision. The notification shall outline the reasons for the decision.

## 13. RETENTION OF DOCUMENTS

### 13.1 GENERAL REMARKS

---

- (1) All documentation related to projects shall be kept available for control and audit purposes **three (3) years** from the closure of the programme (indicatively 2020). This applies to all organisations benefiting/or involved in the management of the EEA and the Norwegian FMs 2009-2014 in Malta.

#### 13.1.1 Protection of personal data

- (1) When processing information of a personal nature, all local stakeholders defined under Section 2.1 of this Manual are obliged to comply with the Data Protection Act, 2001, other related subsidiary legislation and the privacy policy of the respective organisations.
- (2) All PPs and stakeholders should keep in mind the following nine data protection principles. Personal data must be:
  - i. Fairly and lawfully processed;
  - ii. Processed in accordance with good practice;
  - iii. Collected for specific, explicitly stated and legitimate purposes;
  - iv. Processed strictly for the purpose it is collected;
  - v. Adequate and relevant in relation to the purpose of processing;
  - vi. Sufficient for the purpose of processing;
  - vii. Correct and up to date;
  - viii. Able to be corrected, blocked or erased if found incomplete and incorrect; and
  - ix. Kept no longer than necessary.
- (3) In view of the number of stakeholders involved in implementing and monitoring projects, each entity should take it upon itself to inform data subjects at collection stage that their data might also be shared with, and processed by, the NFP/PO and other third parties (including other national and foreign stakeholders involved in implementation, monitoring and control as stipulated in this MoP), having regard to the purposes for which data is collected. This is applicable to personal data kept on any manual and/or electronic filing system, including but not limited to CARS. Should there be any instances where the data subjects have not yet been informed that the data is being shared with and processed by other stakeholders, kindly notify these individuals immediately.
- (4) Documents kept for sound financial and technical management of a project should not contain unnecessary sensitive personal data. For example, payslips should not have information related to trade union affiliation or medical history. Sensitive personal data should always be obliterated from documents before they are filed away.
- (5) Data subjects have access rights to any personal data about them which is being processed and therefore an entity's data controller should be kept informed of any personal data which is being requested from individuals. The Data Protection Commissioner should also be duly notified by the respective organisation in line with the Data Protection Act.

### 13.2 RECORDS TO BE RETAINED

---

- (1) All the documents dealing with the project and related expenditure shall be made available during audit missions. The PP must ensure that the following are available:

- i. Documents relating to specific expenditure incurred, declared and payments made under the assistance and required for a sufficient audit trail including documents constituting proof of actual delivery of works/supplies/services co-financed through the EEA/Norwegian grants;
  - ii. Reports and documents relating to checks carried out through:
    - the verification of expenditure;
    - the certification of expenditure;
    - reports on audits carried out by the AA;
    - checks by the NFP/PO
- (2) As indicated in the tables below, PPs and other stakeholders are required to maintain documents in their original format while others would be requested to keep copies thereof. Copies of original documents must be kept by a competent officer on commonly accepted data carriers which include:
- a. Photocopies of original documents;
  - b. Microfiches of original documents;
  - c. Electronic versions of original documents on data carriers (such as hard-disks, DVDs, USB sticks);
  - d. Documents existing in electronic format only.
- (3) It is the sole responsibility of the PP to ensure easy and quick access to project documentation also after the project closes. This is particularly the case when project management is contracted either outside the organisations or to persons with contracts which may terminate at the end of the project.
- (4) Where originals are required and these cannot be kept in files, copies of original documents must be certified as true copies of originals. The grade of the official certifying such copies depends on the documents being copied (i.e. which stakeholder in the implementation system), as follows:
- a PP --> Project Leader (or delegate);
  - b Line Ministry --> DPI or DCS as appropriate (or delegate);
- (5) The responsible person to certify true copies of original must establish a procedure where in his/her absence such person will delegate the authority to sign to an official within the office. For further information please refer to Chapter 15 'Delegation of Authority'.

### **13.3 WHO MAY CARRY OUT CHECKS?**

---

- (1) Documents should be made available for inspection by the persons and bodies who would normally have the right to carry out checks/audits/control missions. These persons and bodies shall be:
- a. The NFP/PO;
  - b. Other horizontal stakeholders (e.g. CA, DoC, Treasury and Line Ministries);
  - c. IAID;
  - d. The National Audit Office;
  - e. The Financial Mechanisms Office;
  - f. EFTA Board of Auditors;
  - g. EEA Financial Mechanism Committee;
  - h. Office of the Norwegian Auditor General;
  - i. Norwegian Ministry of Foreign Affairs.

Extracts or copies of the documents or accounting records, **including bank accounts and bank statements in connection with the project**, are to be made available to the representatives of these organisations to be supplied to them. Given the confidentiality of financial data, all PPs should set up a separate bank account specifically for the project.

## **13.4 RECORDS TO BE UPLOADED IN THE COMPUTERISED ACCOUNTING RECORDS SYSTEM – CARS**

---

- (1) This section provides guidance on the documents to be uploaded by the NFP/PO, PPs and Treasury in the Computerised Accounting Records System (CARS).
- (2) This section is NOT intended to reduce the scope of the retention of documents outlined in other sections of this MoP. It is only intended to ensure consistency and availability of information in conducting first-level desk-based controls, provide clear guidance to eliminate unnecessary duplication of work, reduce administrative burden and mitigate the impact on the System's hardware capacity. PPs and stakeholders are reminded that all the obligations relating to retention of documents as stipulated in the Project Contract and this MoP shall remain valid and effective.
- (3) **Data Protection:** In all cases, including requests for quotations, invoices, payslips and service and/or employment contracts, it is the responsibility of the entity uploading the information/document on the CARS to ensure that the Data Protection Act (ACT XXVI of 2001 and subsequent amendments) is being observed and that individuals/enterprises are informed that the data concerned will be accessible to national and foreign stakeholders (or their delegated bodies) for payment, control and audit purposes.
- (4) The following is an indicative list of documents to be uploaded on to the CARS under each project. A more exhaustive list is available in Section 13.6 'Retention of Documents Table' of this Manual. Documents are to be uploaded only in Portable Document Format (PDF). Assistance on how to upload the documents is available at [www.eeagrants.gov.mt](http://www.eeagrants.gov.mt) / [www.norwaygrants.gov.mt](http://www.norwaygrants.gov.mt)

**i. At Project level:**

- Project Contract between the PO and the PP;
- Any Addenda to the Project Contract;
- Delegation of Authority assigned by the Project Leader (where applicable, as per Section 15.1);
- Change in Project Leader form (where applicable, as per Section 15.2).

**ii. At Contract level:**

- Quotations:
  - *request for quotations (RfQ);*
  - *signed evaluation report of all quotations received;*
  - *selected quotation;*
  - *written approval of the selected quotation by the Head of Department;*
  - *notification to selected bidder;*
  - *correspondence (e.g. Letter of Acceptance, Purchase Order) documenting the agreement between the vendor and the purchaser. This shall include details of the deliverables and prices agreed.*
- Direct agreements:
  - *justification taking into consideration the amount involved, the urgency attached to the procurement and restrictions of choice and availability;*
  - *written approval of the direct agreement by the competent authority;*
  - *correspondence (e.g. Letter of Acceptance, Purchase Order) documenting the agreement between the vendor and the purchaser. This shall include details of the deliverables and prices agreed.*

- Contracts **for** services / supplies / works (i.e. public procurement contracts):
  - o *contract (up to signatures page and payment schedule);*
  - o *special conditions;*
  - o *summary of bills of quantities / technical specifications / terms of reference;*
  - o *any addendum/a to the contract;*
  - o *any applicable guarantee (e.g. pre-financing, performance, retention and any extension thereto)*
- Contracts **of** service (i.e. employment contracts)
  - o *Letter of Assignment (if applicable, including any extension thereto);*
  - o *employment contract (if applicable, including any extension thereto)*

**iii. At Invoice level:**

- Invoice or tax invoice;
- Local Purchase Order;
- Document proving that payment has been effected (refer to section 9.1 (4));
- In case of advance payments, the pre-financing guarantee (as required by Public Procurement Regulations);
- In case of works or technical supplies, certificate of works by an architect or engineer and summary of the bill of quantities;
- In case of expenditure incurred by a Donor Project Partner, a report (audit certificate) by an independent and certified auditor certifying that the claimed costs have been incurred in accordance with the Regulation, national law and accounting practices of the Donor Project Partner's country;
- In case of employment contracts on a reimbursement request basis and reimbursement of staff costs:
  - o *the Reimbursement Request duly signed, stamped, and certified as correct;*
  - o *breakdown of salary claim;*
  - o *payslips in connection with period of claim (as proof of payment);*
  - o *the staff costs calculator (if applicable, e.g. required for claiming staff costs);*
  - o *detailed monthly timesheets showing tasks carried out in relation to the project (co-signed by employee and respective senior);*
  - o *documentary evidence of fixed allowances being claimed;*
  - o *for reimbursement of Social Security Contribution (SCC), declaration that the employer's and employee's shares of SSC in respect of the employee being claimed is included in the monthly statement (FS5) sent to the Inland Revenue Department (FS5 shall not be uploaded)*
- In case of other claims on a reimbursement basis:
  - o *the Reimbursement Request duly signed, stamped and certified as correct, supported by:*
    - *invoice or tax invoice;*
    - *proof of payment (refer to section 9.1 (4))*
- Final Invoice Status Certificate after approval of the Treasury (*uploaded by Treasury*).

**Travel Reimbursement payments**

**i. At Contract level:**

- o *GA27 Form (or an official form stating the subsistence allowance advanced to participants in case of non-public service entities);*
- o *copy of the Purchase Order;*

- Invitation to participate in meeting abroad;
- Agenda (final);
- Travel authorisation from respective Head;
- e-ticket

**ii. At Invoice level**

- Claim for Reimbursement Form (to be certified correct, stamped, signed and dated by Accounts office, Department of Corporate Services or equivalent and the Project Leader<sup>26</sup>);
- Statement of Expenditure (signed by the participant);
- Receipt issued to participant upon refund of unutilised contingency allowance<sup>27</sup>;
- invoice in respect of air ticket (e.g. travel agent's invoice) (to be certified correct, stamped, signed and dated);
- document proving that payment for air ticket has been effected (also refer to section 9.1 (4));
- Bank Debit Advice and/or official bank cheque images showing that daily subsistence allowance was paid to participant;
- original proof of travel documents (including boarding passes, airport transfer receipts);
- any clarifications/ declarations;
- if currency other than Euro was used, the receipt showing the exchange rate at which the Euro amount was converted;
- Invoice Status Certificate (uploaded by line Ministry and forwarded to Treasury before ending the payment process);
- In case of expenditure incurred by a Donor Project Partner, a report (audit certificate) by an independent and certified auditor certifying that the claimed costs have been incurred in accordance with the Regulation, national law and accounting practices of the Donor Project Partner's country.

**iii. To forward to Line Ministry and Treasury**

Original<sup>28</sup>:

- Claim for Reimbursement Form (certified correct);
- Statement of Expenditure (signed by the participant);
- Proof of travel documents (including boarding passes and airport transfer receipts);
- Purchase Order;
- Invoice Status Certificate – ISC (Beneficiary Level and line Ministry Level sections filled and signed)

Copy:

- Winning airfare quotation;

**iv. To forward to NFP/PO and keep in file**

- Invitation to participate in meeting abroad;
- Airfare quotations from at least 3 travel agencies;
- Travel Report, signed by participant and endorsed by a senior officer;
- Unless clearly stated on the agenda, confirmation whether meals were provided by the host organisation

<sup>26</sup> If the Reimbursement Form contains a claim of travel expenses incurred by the Project Leader, the respective immediate senior officer should certify the Form as correct.

<sup>27</sup> Allowance that covers airport transfer costs.

<sup>28</sup> Original documents should end at Treasury.

**iv. In browser-based CARS PO Verifications module:**

- Documentary and physical OTS checks (to be uploaded by the NFP/PO)

## **13.5 FILING SYSTEM FOR PROJECT-RELATED DOCUMENTATION**

- (1) The NFP/PO, CA, PP and Line Ministry should open a **file per project**. This file should contain the project-related documents which are identified in the table below and must be readily available for any inspection made by the bodies identified under section 13.3.
- (2) Each project file should be divided into the sections as identified below (with separators) and should strictly follow the same order, with Section I being the one on top and Section XI being at the very end:

Section I	Project Application, Supporting Documents, Project Contract and any Addenda to the Project Contract;
Section II	General correspondence related to the Project Contract;
Section III	Payment Process (copies of invoices, fully-signed Invoice Status Certificates and fiscal receipts and other evidence of payment as applicable);
Section IV	Verification Process inc. SOEs and pertinent declarations);
Section V <sup>29</sup>	Certification Process (Statements of Expenditure and letters from the CA regarding rejection of invoices from the SoE);
Section VI	Procurement and employment procedures;
Section VII	Monitoring (inc. Project Progress Reports (PPRs), project briefs, status reports for Ministerial Projects Steering Committee (MPSC) meetings, administrative and physical on-the-spot check reports, etc.);
Section VIII	Irregularity Reports;
Section IX	Project deliverables and inventory of fixed assets procured through the project;
Section X	Publicity records;
Section XI	Training records
- (3) The documents included under each of the above-mentioned sections should be filed in date order, with the most recent documents on top.
- (4) Whilst it is preferable that the PP retains a separate project file totally dedicated to matters related to the project, it is understandable that PPs might already have internal filing procedures to be adhered to (e.g. in relation to procurement, human resource recruitment and selection). In order to avoid unnecessary duplication of documents and administrative burden, the PP may maintain its own filing system **AS LONG AS** all necessary documents may be retrieved through an easy tracking system (e.g. indexing).
- (5) Government departmental files must be kept in line with established procedures. The colour of the departmental file is to be the same as used by the organisation in its day-to-day business. The instructions on this file are the same as those applying for other departmental files of the organisation.

## **13.6 RETENTION OF DOCUMENTS TABLE**

<sup>29</sup> Only the NFP/PO and CA are required to file records in this Section. The PP does not need to keep this Section in its filing system.



Despite the fact that the purpose of this MoP is specifically focused on the requirements of the PP, for completeness sake the table below indicates documents that need to be retained (in hard original or copy) by the various stakeholders involved in the implementation of projects funded by the EEA / Norwegian FMs 2009-2014. This will give the PP a complete picture of the requirements attached to the retention of documents process.

As already indicated above, the table below lists the documents that need to be physically retained in the stakeholders' files. However, stakeholders are reminded that some of these documents are to be uploaded in the 'CARS', as indicated in Section 13.4 above.

**Table 1: Documents to be retained (in hard original/copy) and uploaded on 'CARS'**

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
<b>Section I: Project application, supporting documents, project contract and addenda to the project contract</b>										
1. Project Application Form		Original		Copy						
2. Supporting documents e.g.: feasibility studies, CBA, environmental impact assessment and other related studies (where applicable)		Original		Copy						
3. Project Contract, including annexes	Yes	Original		Original	Original					Copy of Annex III (State Aid Declaration)
4. Addenda to the Project Contract (where applicable)	Yes	Original		Original	Original					
<b>Section II: General correspondence related to the project contract</b>										
1. Correspondence related to the Project Contract/ Addenda (such as clarification letters from/to the PSC, Letter of Approval, request for addendum and approval, change in project leadership, delegation of authority) <sup>30</sup>	PL change and Delegation of Authority only	Original/ Copy		Original/ Copy	Original/ Copy					
2. Any other correspondence related to the project <sup>31</sup>		Original/ Copy	Original/ Copy	Original/ Copy	Original/ Copy	Original/ Copy	Original/ Copy	Original/ Copy	Original/ Copy	Original/ Copy
3. Budget Estimates (forecast)		Copy	Copy	Copy			Original			
4. Project Management Costs (detailed time sheets only in case project management is being performed in-house on a non-full time basis)				Original	Copy			Copy		

<sup>30</sup> The retention of these documents depends on the body sending the information. The sender must retain a copy of the letter/documents sent while the recipient must keep the original. Generally, changes to a project are handled by the NFP/PO, PP and the relevant LM.

<sup>31</sup> The retention of these documents depends on the body sending the information. The sender must retain a copy of the letter/documents sent while the recipient must keep the originals.

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
<b>Section III: Payment process</b>										
1. Invoices / Reimbursement Requests (related to all expenditure)	Yes			Copy	Copy			Original		
2. Invoice Status Certificates (fully signed)	Yes			Copy	Copy			Original		
3. Local Purchase Order from Government's Departmental Accounting System (issued by the Accounting Officer)	Yes			Copy	Original			Copy		
4. Funds Transfer Document (BOP/B)								Copy	Original	
5. Debit Advice (presented by Treasury)	Yes <sup>32</sup>			Copy <sup>33</sup>				Copy	Original	
6. Bank Draft (BOP/21)								Copy	Original	
7. Letter for adjustment (prepared by Treasury), (where applicable)								Copy	Original	
8. Debit Advice (prepared by Central Bank)								Original	Copy	
9. Summary of Debit Advices (prepared by Treasury)								Original		
10. Fiscal Receipts (as applicable) or other proof of payment where fiscal receipts do not apply	Yes			Original <sup>34</sup>	Copy					
11. Fiscal Receipts as proof of payment for <b>Reimbursement Requests</b> only	Yes			Copy	Copy			Original		
12. Pre-financing guarantee (in case of advance payments)	Yes			Original	Copy	Original/ Copy <sup>35</sup>				
13. Certificate of works by an architect or engineer and summary of the bill of quantities (in case of works or technical supplies)	Yes			Original	Copy					

<sup>32</sup> Only in the case of travel when daily subsistence allowance is paid to the participant.

<sup>33</sup> Only in the case of travel when daily subsistence allowance is paid to the participant.

<sup>34</sup> The PP retains the original receipt (whether fiscal or not). The PP should also ascertain that a contractor issues a receipt within reasonable time of payment.

<sup>35</sup> DoC should retain the original, providing a copy to the PP, if a DoC tender is issued.

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
14. Report (audit certificate) by independent and certified auditor (only in case of expenditure incurred by a Donor Project Partner) <sup>36</sup>	Yes			Original	Copy			Copy		
<b>3.1 For reimbursement of staff costs</b>										
1. Letter of Assignment (and any extension thereto)	Yes			Original	Copy					
2. Timesheets (only in the case of employment contract on a non-full time basis)	Yes			Original						
3. Reimbursement Request Letter	Yes			Copy	Copy			Original		
4. Breakdown of salary claim	Yes			Copy						
5. Payslips	Yes			Copy				Copy		
6. Staff costs calculator	Yes			Original						
7. Documentary evidence of fixed allowances	Yes			Copy	Copy					
8. Declaration of employer's and employee's SSC inclusion in monthly statement (FS5)	Yes			Original	Copy			Copy		
9. Local Purchase Order from Government's Departmental Accounting System (issued by the Accounting Officer)	Yes			Copy	Original			Copy		
<b>3.2 For reimbursement of travel costs</b>										
1. Purchase Order	Yes			Copy	Copy			Original		
2. Final Agenda	Yes			Original	Copy					
3. E-ticket	Yes			Copy	Copy					
4. Claim for Reimbursement Form	Yes			Copy	Copy			Original		
5. Statement of Expenditure	Yes			Copy	Copy			Original		
6. Air ticket Invoice	Yes			Original/ Copy <sup>37</sup>	Original/ Copy			Certified copy of original		
7. Proof of payment for air ticket invoice	Yes			Copy	Copy			Original		
<b>Documentation</b>	<b>Upload</b>	<b>NFP/PO</b>	<b>CA</b>	<b>PP</b>	<b>LM</b>	<b>DoC</b>	<b>Budget</b>	<b>Treasury</b>	<b>CBM</b>	<b>SAMB</b>

<sup>36</sup> As per Article 7.13.3 of the Regulation on the implementation of the EEA and Norway Grants 2009-2014

<sup>37</sup> Original kept by entity requesting the service/ certified copy sent to Treasury

	on 'CARS'						Affairs Division			
8. Bank debit advice or cheque image of subsistence allowance paid to applicant	Yes			Copy	Copy			Copy	Copy	
9. Travel documents (boarding passes, airport transfer receipts)	Yes			Copy	Copy			Original		
10. Exchange rate receipt (if other currency other than Euro was used)	Yes			Copy	Copy			Copy		
11. Invoice Status Certificate	Yes			Copy	Copy			Original		
12. Report (audit certificate) by independent and certified auditor (only in case of expenditure incurred by a Donor Project Partner) <sup>38</sup>	Yes			Original	Copy			Copy		
13. Airfare Quotations from Travel Agencies		Copy	Copy	Copy	Copy					
14. Winning airfare quotation		Copy	Copy	Copy	Copy			Copy		
15. GA27 Form (or official form stating subsistence allowance advanced to applicant)	Yes			Copy	Original			Copy		
16. Travel Authorisation from respective Head	Yes			Copy	Copy			Copy		
17. Receipt issued to participant upon refund of unutilised contingency allowance	Yes		Copy	Original	Copy			Copy		
18. Invitation to participate in meeting abroad	Yes	Copy		Original	Copy					
19. Signed and endorsed travel report		Copy		Original	Copy					
<b>Section IV: Verification process</b>										
1. SoE by Project	Yes	Copy	Original	Copy	Copy					
2. Signed declaration attached to SoE by Project	Yes	Copy	Original	Copy	Copy					
3. Interim Financial Report by Programme sent by the PO to the CA		Copy/ inputted on DORIS	Original/ inputted on DORIS							
<b>Section V: Certification Process</b>										
1. SoE by Project	Yes	Copy	Original							
2. Signed declaration attached to SoE by Project	Yes	Copy	Original							
3. SoE by Priority Level	Yes	Copy	Original							
4. Signed declaration attached to SoE by Priority Level	Yes	Copy	Original							

<sup>38</sup> As per Article 7.13.3 of the Regulation on the implementation of the EEA and Norway Grants 2009-2014

5. SoE by Fund	Yes	Copy	Original							
6. Signed declaration attached to SoE by Fund	Yes	Copy	Original							
7. Interim Financial Report (IFR)	Yes	Copy	Original							
8. Supporting documentation (e.g. clarifications between NFP/PO and CA, rejection of invoices by CA)	Yes	Copy	Copy							
<b>Section VI: Procurement and employment procedures</b>										
<b>6.1 Procurement up to €2,500</b>										
1. Quotations										
a. Request for quotations	Yes			Copy	Copy					
b. Quotations received				Original	Copy					
c. Signed evaluation report of all quotations received	Yes			Original	Copy					
d. Selected quotation	Yes			Original	Copy					
e. Written approval of the selected quotation	Yes			Original	Copy					
f. Any adverts published (not mandatory)				Copy						
g. Notification to selected provider	Yes			Copy	Copy					
h. Correspondence (e.g. Letter of Acceptance, Purchase Order) documenting the agreement between vendor and purchaser. This shall include details of the deliverables and prices agreed	Yes			Original						
2. Direct from the open market:										
a. Justification taking into account the amount involved, the urgency attached to the procurement and restrictions of choice and availability	Yes			Copy	Original					
b. Written approval from the Head of Department	Yes			Original	Copy					
c. Contract/Agreement/Letter of Acceptance/Purchase Order. This shall include details of the deliverables and prices agreed.	Yes			Original	Copy					
<b>6.2 Procurement between €2,501 and €6,000<sup>39</sup></b>										

<sup>39</sup> This applies to both Schedule 2 and 3 Contracting Authorities.

1. Quotations:										
a. Adverts publicising the call for quotations (Government Gazette, website etc)	Yes			Copy	Copy					
b. Quotations received	Yes			Original	Copy					
c. Signed evaluation report of all quotations received	Yes			Original	Copy					
d. Selected quotation	Yes			Original	Copy					
e. Written approval of the selected quotation	Yes			Original	Copy					
f. Notification to selected bidder	Yes			Copy	Copy					
g. Correspondence (e.g. Letter of Acceptance, Purchase Order) documenting the agreement between vendor and purchaser. This shall include details of the deliverables and prices agreed.	Yes			Original						
2. Direct from open market:										
h. Justification taking into account the amount involved, the urgency attached to the procurement & restrictions of choice and availability	Yes			Copy	Original					
i. Written approval by the Minister responsible for the department or delegate <sup>40</sup>	Yes			Original	Copy					
j. Correspondence (e.g. Letter of Acceptance, Purchase Order, Contract) documenting the agreement between vendor and purchaser. This shall include details of the deliverables and prices agreed.	Yes			Original						
3. Departmental tenders (required documents are identified under in the next section)										
<b>6.3 Procurement between €6,001 and €120,000<sup>41</sup></b>										
1. Departmental tenders:										
a. Tender document (final version)				Original	Copy					
b. Advert of Publication of Tender in Government Gazette (copy of actual				Copy						

<sup>40</sup> As per Article 20(b) of the Public Procurement Regulations (LN 296 of 2010)

<sup>41</sup> As per exemption provided by Contracts Circular No. 13/2010

advert)										
Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
c. Any other adverts (e.g. website, local newspapers, etc)				Copy						
d. Requests for clarifications and replies (during tendering period)				Copy						
e. Official letter of appointment / approval of the Evaluation Committee				Original	Copy					
f. CVs of Evaluation Committee members				Copy						
g. Declarations of impartiality of Evaluation Committee members				Original	Copy					
h. Summary of tenders received (indicating the number of bids received within the stipulated deadline)				Original	Copy					
i. Offers received (actual bids)				Original						
j. Requests for clarifications and replies (during evaluation phase)				Original						
k. Evaluation Report				Original	Copy					
l. Approval of award by the Departmental Contracts Committee				Original	Copy					
m. Publication of Results				Original	Copy					
n. Letter of award to successful bidder/s				Copy	Copy					
o. Letter to non-successful bidder/s				Copy	Copy					
p. Contract (up to signatures page plus payment schedule, special conditions and summary of bills of quantities / technical specifications / terms of reference)	Yes			Original	Copy					
q. Addenda (where applicable)	Yes			Original	Copy					
r. Any applicable guarantee (e.g. pre-financing, performance, and any extension thereto)	Yes			Original						
s. Any complaints submitted				Original						
2. Quotations:										
a. Adverts publicising the call for quotations	Yes			Copy	Copy					



(Government Gazette, website, etc)										
Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
b. Quotations received	Yes			Original	Copy					
c. Signed evaluation report of all quotations received	Yes			Original	Copy					
d. Selected quotation	Yes			Original	Copy					
e. Written approval of the selected quotation	Yes			Original	Copy					
f. Notification to selected bidder	Yes			Copy	Copy					
g. Correspondence (e.g. Letter of Acceptance, Purchase Order) documenting the agreement between vendor and purchaser. This shall include details of the deliverables and prices agreed	Yes			Original						
<b>3. Direct from open market:</b>										
a. Justification taking into account the amount involved, the urgency attached to the procurement and restrictions of choice and availability	Yes			Copy	Original					
b. Written approval by the Direct Orders Office (MFIN)	Yes			Original	Copy		Copy			
c. Correspondence (e.g. Letter of Acceptance, Purchase Order, Contract) documenting the agreement between vendor and purchaser. This shall include details of the deliverables and prices agreed.	Yes			Original						
<b>6.4 Procurement over €120,000 – Contracting under Schedule 2 of the Public Procurement Regulations (LN296 of 2010)</b>										
<b>1. Department of Contracts (DoC) tenders</b>										
a. Commitment Form		Copy		Copy	Copy	Original	Copy			
b. Tender document (final version as uploaded on DoC website)				Copy	Copy	Original				

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
c. Advert of publication of tender in Government Gazette (copy of actual advert)				Copy		Copy				
d. Any other adverts (website, local newspapers, etc)				Copy		Copy				
e. Contract Notice in Official Journal (if tender budget is above the stipulated EU thresholds)				Copy		Copy				
f. Requests for clarifications and replies (during tendering period)				Copy	Copy	Copy				
g. Letter/email to DoC recommending the members of the Evaluation Committee, including CVs				Copy	Copy	Original				
h. Letter/email from DoC approving the members of the Evaluation Committee				Original	Copy	Copy				
i. Declarations of Impartiality of Evaluation Committee Members				Copy	Copy	Original				
j. Summary of tenders received (indicating the number of bids received within the stipulated deadline)				Copy		Original				
k. Evaluation Report (final version approved by GCC)				Copy		Original				
l. Any request for clarifications and relevant correspondence with GCC concerning the Evaluation Report				Copy		Copy				
m. Request/s for clarifications and replies (during evaluation phase)				Copy/ Original		Copy/ Original				
n. Publication of Results				Copy	Copy	Original				
o. Contract Award Notice (if contract value is above the stipulated EU thresholds) (Need not be in PP's file but should be checked from OJ website)				Copy		Copy				

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
p. Letter of award to successful bidder/s				Copy		Copy				
q. Letter to non-successful bidder/s				Copy		Copy				
r. Appeals/Recourse to Court and defence procedure				Copy		Original				
s. Contract (up to signatures page plus payment schedule, special conditions and summary of bills of quantities / technical specifications / terms of reference)	Yes			Original	Copy	Original				
t. Addenda to the Contract	Yes			Original	Copy	Original				
u. Any applicable guarantee (e.g. pre-financing, performance and any extension thereto)	Yes			Copy		Original				
<b>2. Direct Order:</b>										
a. Justification taking into consideration the amount involved, the urgency attached to the procurement and restrictions of choice and availability	Yes			Copy	Copy		Original			
b. Written approval from the Direct Orders Section (MFIN)	Yes			Original	Copy		Copy			
c. Written approval by the Director General (Contracts) (if it exceeds the EU thresholds)	Yes			Original	Copy	Copy				
d. Correspondence (e.g. Letter of Acceptance, Purchase Order, Contract) documenting the agreement between vendor and purchaser. This shall include details of the deliverables and prices agreed	Yes			Original						
e. Addenda to the Contract	Yes			Original						

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
<b>6.5 Procurement over €120,000 – Contracting under Schedule 3 of the Public Procurement Regulations (LN296 of 2010)</b>										
1. Tenders:										
a. Tender Document (final version)				Copy	Copy					
b. Advert of Publication of Tender in Government Gazette (actual copy of advert)				Copy						
c. Any other adverts (website, local newspapers, etc)				Copy						
d. Contract Notice in Official Journal (if tender budget is above the stipulated EU thresholds)				Copy						
e. Requests for clarifications and replies (during tendering period)				Copy	Copy					
f. Request made for the appointment of the Evaluation Committee members (by Project Leader to the Head of the Entity)				Original	Copy					
g. Approval letter/email of appointment of the Evaluation Committee members				Original	Copy					
h. CVs of Evaluation Committee Members				Copy						
i. Declarations of Impartiality of Evaluation Committee Members				Original	Copy					
j. Summary of tenders received (indicating the number of bids received within the stipulated deadline)				Original						
k. Offers received				Original						
l. Evaluation Report (final version)				Original						
m. Requests for clarifications and replies (during evaluation phase)				Original/ Copy						
n. Publication of Results				Original	Copy					

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
o. Contract Award Notice (if contract value exceeds the stipulated EU thresholds. Need not be in PP's file but should be checked from OJ website)				Copy						
p. Letter of award to successful bidder/s				Copy						
q. Letter to non-successful bidder/s				Copy						
r. Appeals/Recourse to Court and defence procedure				Original						
s. Contract (up to signatures page plus payment schedule, special conditions and summary of bills of quantities / technical specifications / terms of reference)	Yes			Original	Copy					
t. Addenda to the Contract	Yes			Original	Copy					
u. Any applicable guarantee (e.g. pre-financing, performance and any extension thereto)	Yes			Original						
<b>2. Direct Order:</b>										
a. Justification taking into consideration the amount involved, the urgency attached to the procurement and restrictions of choice and availability	Yes			Copy	Copy	Original	Copy			
b. Written approval from the Direct Orders Section (MFIN)	Yes			Original	Copy		Copy			
c. Written approval by the Director General (Contracts) (if it exceeds the EU thresholds)	Yes			Original	Copy	Copy				
d. Correspondence (e.g. Letter of Acceptance, Purchase Order, Contract) documenting the agreement between vendor and purchaser. This shall include details of the deliverables and prices agreed	Yes			Original						
e. Addenda to the Contract	Yes			Original						

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
<b>6.6 Additional costs or variations in public contracts or contracts undertaken by non-public entities</b>										
1. Technical analysis by project manager/supervisor justifying the extra expenditure (in the case of technical works/supplies/services)				Original	Copy	Copy				
2. Notification sent to the NFP/PO as regards the modification and/or variation		Original		Copy	Copy					
3. Request for additional funds sent to the NFP/PO (if required)		Original		Copy	Copy					
4. NFP/PO's approval for requested additional funds (if required)	Yes	Copy		Original	Copy					
5. For departmental contracts, approval by Permanent Secretary where cumulative additional costs exceed 5% of the original contract value (exc. VAT)	Yes			Original	Copy					
6. Administrative Orders in case of additions, omissions, substitutions, changes in quality, quantity, form, character, kind, position, dimension, level or line and changes in the specified sequence, method or timing of execution of the works				Original	Copy					
7. For contracts signed by the Department of Contracts, justified request submitted by PP to DoC for approval of modifications				Copy	Copy	Original				
8. For contracts signed by the Department of Contracts, approval by the General Contracts Committee (GCC) where new items/rates are required	Yes			Original	Copy	Copy				
9. For contracts signed by the Department of Contracts, approval by the General Contracts Committee (GCC) where cumulative additional costs exceed 5% of the original contract value (exc. VAT)	Yes			Original	Copy	Copy				

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
<b>6.7 Employment</b>										
<b>1. Register of Persons Seeking Employment (ETC register)</b>										
a. Vacancy Form signed by Permanent Secretary incl. position, requirements (qualifications, skills, experience)				Original	Copy					
b. Vacancy Approval (MEAIM)				Original						
c. Part 1/ 2/ 3 list of eligible candidates (where applicable)				Copy						
<b>2. Open call for employment (indefinite contract)</b>										
a. Call for applications (advert i.e. govt. gazette, newspapers, websites): position, eligibility criteria (qualifications, skills, experience) and any supporting documentation				Copy						
<b>3. Open call for employment (definite contract)</b>										
a. Call for applications (advert i.e. govt. gazette, newspapers, websites): position, eligibility criteria (qualifications, skills, experience) and any supporting documentation				Copy						
<b>4. Section to be filled for all types of employment procedures</b>										
a. All submitted application/s, CVs, certificates and other requested documentation (where applicable)				Original/ Copy						
b. Short-listing of applicants (giving reasons for rejection if applicable)				Original						
c. Copy of interview letters to shortlisted applicants				Copy						

Documentation	Upload on 'CARS'	NFP/PO	CA	PP	LM	DoC	Budget Affairs Division	Treasury	CBM	SAMB
d. Copy of letters sent to non-shortlisted applicants				Copy						
e. Letter of appointment/ approval of Selection Board				Original/ Copy						
f. Conflict of Interest Declaration by Selection Board members				Original						
g. Selection criteria and/or sub-criteria				Copy						
h. Selection Report				Original						
i. Copy of letter of appointment to successful candidate/s				Copy						
j. Copy of Letter to non-successful shortlisted candidate/s				Copy						
k. Employment contract (and any extension thereto)	Yes			Original	Copy					
l. Letter of assignment (if applicable)	Yes			Original	Copy					
<b>Section VII: Monitoring</b>										
1. Project Progress Report		Original		Copy	Copy					
2. Project Closure Report		Original		Copy	Copy					
3. On-the-spot check reports	Yes	Original	Copy	Copy	Copy					
4. Updated Project Briefs according to bilateral meetings held		Copy		Copy	Copy					
5. Status Reports for (MPSC) meetings		Copy		Copy	Copy					
<b>Section VIII: Irregularity reports</b>										
1. Irregularity Reports <sup>42</sup>	Yes	Original	Copy	Copy	Copy			Copy		
2. Proof of recovery of unduly disbursed funds (e.g. cheque image, bank transfer advice)		Copy	Copy	Copy	Copy			Original		
<b>Section IX: Project deliverables and inventory of fixed assets</b>										
1. Inventory list for all tangible fixed assets procured through the EEA and Norwegian Financial Mechanisms 2009-2014				Original	Copy					
<b>Documentation</b>	<b>Upload</b>	<b>NFP/PO</b>	<b>CA</b>	<b>PP</b>	<b>LM</b>	<b>DoC</b>	<b>Budget</b>	<b>Treasury</b>	<b>CBM</b>	<b>SAMB</b>

<sup>42</sup> Whoever detects an irregularity must fill in an irregularity report and send this to the PO, keeping a copy in own file and copying IAID and the CA.



	on 'CARS'						Affairs Division			
2. Any reports/ studies delivered through the project				Original	Copy					
3. Second hand equipment:				Original	Copy					
a. Declaration by the vendor stating origin, and that equipment was not originally purchased through assistance from national or EEA and Norwegian Financial Mechanisms 2009-2014				Original	Copy					
b. Proof or declaration that cost of second hand equipment does not exceed market value or cost of similar new equipment				Original	Copy					
c. Proof or declaration that equipment has the technical characteristics necessary for the operation				Original	Copy					
<b>Section X: Publicity records</b>										
1. Record of all publicity material (e.g. adverts, press releases, photos of billboards on site, photos of publicity events, leaflets, posters, audio-visual material, etc.)				Original/ Copy						
2. Evidence of compliance with the visual identity requirements (section 14.4 of this MoP)				Original/ Copy						
<b>Section XI: Training records (for projects involving training)</b>										
1. Call for applications, including eligibility and selection criteria				Original	Copy					
2. Application/ nomination forms				Original	Copy					
3. Training costs (trainer timesheets)				Original						
4. Attendance sheets (for trainees)				Original	Copy					
5. Evaluation/ feedback sheets				Original						
6. Trainers' report to PP				Original	Copy					
7. Documents used for training (e.g. presentation, handouts, etc)				Original						
8. Photographic evidence that training took place				Original						
9. Copy of certificates complete with visual identity requirements				Copy						

## 14. INFORMATION AND PUBLICITY

### 14.1 INTRODUCTION

---

- (1) Information and publicity about assistance provided through the EEA / Norwegian FMs are intended to increase transparency and to heighten visibility and public awareness about the contribution of the EEA / Norway Grants 2009-2014 to reduce economic and social disparities in the European Economic Area and to strengthen bilateral relations between Malta and the Donor State(s). All information and publicity measures from the NFP/PO and PPs shall support these overall objectives of the EEA / Norway Grants 2009-2014:
- (2) This Chapter of the MoP incorporates and builds on the following regulations and guidelines:
  - i. Annex 4 of the Regulations 'Information and Publicity Requirements', which outlines the obligatory requirements on communication activities for the NFP/PO and the PP (*available for download at <http://eeagrants.org/Results-data/Results-overview/Documents/Legal-documents/Regulations-with-annexes>*)
  - ii. The Communication and Design Manual issued by the FMO, which includes guidance and advice on how to best carry out information and publicity activities and provides the visual identity of the EEA Grants and Norway Grants (*available for download at <http://eeagrants.org/Results-data/Results-overview/Documents/Toolbox-for-programmes/Communication-templates/Communication-manual-and-guidance-notice/Communication-and-design-manual>*)
  - iii. The information and publicity templates as explained in the Communication and Design Manual
  - iv. Relevant circulars and guidelines which the NFP/PO may issue from time to time
- (3) All stakeholders are requested to refer and adhere to the above mentioned documents during the planning and preparation stages of any communication activities. **Failure to comply may put the eligibility of expenditure or parts thereof at risk.**
- (4) The guidelines provided in this Chapter complement the documentation listed above and any other guidelines provided by the FMO. However templates provided by the FMO should be tailored according to the requirements stated under section 14.4 of this Chapter.

### 14.2 INFORMATION AND PUBLICITY MEASURES

---

- (1) In general, information and publicity measures are undertaken at two levels:
  - i. Programme level
  - ii. Project level
- (2) The PP or any body concerned may carry out further information and publicity measures in addition to those listed below after consulting with the NFP/PO.

#### 14.2.1 Roles and responsibilities at programme level

- (1) Information and publicity measures at programme level are the responsibility of the NFP/PO which entails informing the general public about the existence and functioning of both the EEA and the Norway Grants 2009-2014.
- (2) In accordance with the Regulations, a Communication Strategy has been drawn up at NFP-level whilst a Communication Plan has been prepared at PO-level. Since in Malta the NFP shall also act as

the PO, both documents adopt a joint collaborative approach in the implementation of information and publicity measures at Programme level. The Communication Strategy and the Communication Plan can be viewed at [www.eeagrants.gov.mt](http://www.eeagrants.gov.mt) / [www.norwaygrants.gov.mt](http://www.norwaygrants.gov.mt)

- (3) In terms of Articles 4.3 (5) and 4.7 (3), the NFP/PO is to ensure, through guidance and monitoring, that the PPs fulfil their information and publicity obligations in accordance with the Regulations and guidelines listed at section 14.1 above. The NFP/PO will be able to provide guidance to the PP in the preparation and implementation of information and publicity measures.

## **14.2.2 Roles and responsibilities at project level**

- (1) The PP is to carry out adequate information and publicity measures for its project financed by the EEA / Norwegian Grants 2009-2014, in line with its Project Contract.
- (2) In line with section 4 of annex 4 of the Regulations, PPs are responsible to:
  - i. Provide information on the project to the widest possible audience at the appropriate national levels, including relevant stakeholders;
  - ii. Prepare and implement a Project Publicity Plan;
  - iii. Implement at least three information activities on progress, achievements and results in the project<sup>43</sup>;
  - iv. Provide information through a dedicated website or through dedicated web pages on an existing website;
  - v. Put a billboard at the site of each operation (consisting of the financing of a physical object, infrastructure or of construction operations) whose total public contribution exceeds €50,000; and
  - vi. Replace the billboard with a permanent commemorative plaque no later than six months after project completion. The plaque is to be placed at a prominent place where would be easily visible by the public.
- (3) Information activities like conferences, seminars, fairs, exhibitions and the like, organised in connection with the implementation of projects co-financed by the EEA and Norway Grants 2009-2014, shall feature the obligatory visual identity requirements on all supporting material such as backdrops, attendance sheets, agendas/programmes, slide presentations, handouts, directional signs and name tags. PPs should inform the NFP/PO of such events early enough to enable it to mobilise the appropriate participation if deemed necessary.
- (4) The PP is to report on the planned and implemented information and publicity actions in the PPR (which has a section dedicated to reporting on information and publicity measures) – including a ‘nil’ report where no progress has been registered.
- (5) The PP shall collaborate and/or participate in information and publicity measures organised by the NFP/PO at programme level or activities organised by the Donors, when required.
- (6) The PP must be aware that acceptance of funding is also an acceptance of their inclusion in *online* or other published lists and databases of beneficiaries compiled by the NFP/PO or the Donors in accordance with Section 3.2 (d) (iv) of Annex 4 of the Regulations. The information includes the PP’s contact information, the project’s description and duration, the amount of funding allocated and information on Donor cooperation.
- (7) The cost of information and publicity measures shall be covered by the project budget.
- (8) It is advisable for the PP to:

---

<sup>43</sup> For projects whose grant size is less than €500,000, two information activities are sufficient. It is advisable that these information activities mark the major milestones of the project, such as launch, mid-term and closing phases.

- i. consult with the NFP/PO, at planning stage, on every information and/or publicity measure. All information and publicity measures must be approved by the NFP/PO prior to printing / recording / broadcasting / set-up. However, the final vetting of the visual layout and artworks of information and publicity measures will be the PP's responsibility.
- ii. inform the appropriate local media when projects part-financed by the FMs are launched and during the main phases of implementation (steps involved may include press releases, press conferences, radio and television spots or appearances on prime time TV shows, articles and supplements in newspapers and/or magazines and site visits) and to highlight the contribution of the EEA / Norway Grants. It is highly recommended to ensure that the most cost efficient, effective and wide-reaching publicity media are utilised;
- iii. keep copies of all articles, adverts, news items, audio-visual material (preferably on CD), printed material, and whenever possible send copies together with the PPR to the NFP/PO.

## 14.3 INFORMATION AND PUBLICITY TOOLS

Applies only to those information and publicity measures co-financed by the EEA and Norway Grants and whose sole purpose is to promote a co-financed project

### 14.3.1 General Information

- (1) **Language and tone:** Publicity and information activities should be neutral and factual in tone to avoid being perceived as biased and/or propagandistic. The language used can be either Maltese or English, though use of the national language is encouraged to reach a wider audience.
- (2) **Referring to the Grants:** Use 'EEA and Norway Grants 2009-2014' or 'EEA Grants 2009-2014' and 'Norway Grants 2009-2014', as opposed to the 'EEA and Norwegian Financial Mechanisms 2009-2014' as the latter may not be easily comprehended by the general public.
- (3) **Principle of proportionality:** Publicity and information measures (financed through the projects<sup>44</sup>) should be *reasonable* and in proportion to the size, purpose and results of the project. What is not considered appropriate shall not be borne by the project budget.
- (4) **Budgeting:** Publicity and information measures should be carefully planned at an early stage and implemented in line with the budget and the Project Contract. As publicity and information requirements are mandatory, PPs need to ensure that they include these measures in their budgets and implementation schedules.
- (5) **Target audience:** Publicity and information measures should be appropriate for the identified target groups. Where possible the PP should also target the general public, particularly when informing about results of the interventions financed through the EEA / Norway Grants.
- (6) **Publicity as opposed to marketing:** Information and publicity are integral to project implementation. However, publicity is **NOT** synonymous with marketing. If the project warrants marketing activities, these should be described and budgeted outside the project. The PP must ensure that publicity and information measures are not used as a marketing tool to promote an organisation, its products, services or infrastructure. Where a project includes an element of

<sup>44</sup> Project Promoters are welcome to augment co-financed publicity measures with others out of their own resources

marketing, this must be used to complement, but not replace the project's obligatory information and publicity measures. However, marketing initiatives must still conform to the compulsory publicity requirements (the Visual Identity Requirements) outlined in section 14.4 below.

- (7) **Tendering and procurement:** Like other co-financed project components, publicity and information initiatives or items should be procured or contracted in line with national legislation on public procurement, meaning that contracts and tenders for publicity should strictly reflect the targets/obligations stipulated in the Project Contract.

It is also important to note that advertising and documents relating to tendering and procurement (such as the tender document and the contract) should feature the logos and text outlined in section 14.4 below on the cover pages in order to inform the prospective bidder that the contract will be financed through the EEA / Norwegian FMs 2009-2014. It is also advisable that mentions about the source of the grant should also appear within the adverts and documents themselves. DoC and PPs are urged to collaborate together to ensure that the appropriate logos and/or text are featured.

- (8) **Copyright issues and reproduction:** PPs are advised to retain copyright of original publicity or information material related to the project, including all artwork and/or components. The NFP/PO may require the use of project-level publicity or information material during public events, presentations or publicity at programme level. Co-financed publicity or information material cannot be used by the PP for other purposes. It is important that copyright issues are clear to prospective bidders and set out in the relevant terms of reference and tender dossiers (as well as subsequent contracts).

- (9) **Reporting:** The PP shall report on progress relating to the implementation of information and publicity actions in the Project Progress Report (PPR) and project brief. A 'nil' report in the publicity section of the PPR is also required, where relevant. Copies of ALL information and publicity material shall be attached to the PPR (with reference to events or billboards, the NFP/PO will accept photographs while DVD/CDs will be accepted in the case of TV spots/programmes).

- (10) **Audit and control:** The PP is advised to keep original copies of ALL articles, news items, press releases, promotional and informative material for future checks / audits in line with the requirements set out in Chapter 8 and Chapter 11 of this Manual, wherever possible. Audio-visual material such as TV and radio commercials, photographs, video-clips, documentaries or features should also be archived and kept for audit purposes. Audio-visual material could also be made available on CD to ensure that it can be viewed by auditors and/or other officials involved in the control process.

- (11) **Confidentiality and data protection:** The confidentiality of participants in all projects is to be respected. Photographs or footage featuring participants can only be transmitted or reproduced for information or publicity purposes if participants give their written consent. The relevant letters of consent should be retained on file by the PP. PPs should ensure that such consent is given at the outset of the project in order to ensure that publicity material can be used.

- (12) **Donor Project Partners:** PPs should cooperate with their DPPs in the implementation of information and publicity activities. DPPs should be involved in the planning and implementation of the information and publicity activities.

### **14.3.2 Additional requirements / recommendations**

The following requirements are additional to the guidelines provided in the Communication and Design Manual and to the templates available from <http://eeagrants.org/Results-data/Results-overview/Documents/Toolbox-for-programmes/Communication-templates>

- (1) **Stickers:** Any supplies or equipment purchased under the EEA / Norwegian FM 2009-2014 must be identified through the use of a sticker or plastic plaque attached to the equipment. In cases where the affixing of stickers does not lend itself to the project for duly justified reasons, the PP must ensure that a commemorative plaque indicating the supplies or equipment procured through the project is affixed at the site where the said items are stored / used.
- (2) **Use of specific media:** The PP should provide justification supported with relevant sources for selecting particular newspaper/s, magazines, TV and radio stations to advertise on. If possible PPs are encouraged to be comprehensive in their selection of media (budget and justification permitting).
- (3) **Additional measures:** The PP may carry out additional measures if they deem this appropriate. They shall consult the NFP/PO and inform it of their initiatives. Designs which differ from those indicated by the Communication and Design Manual need to be sympathetic to the standard designs and receive approval of the NFP/PO.

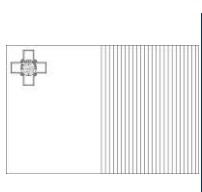
## **14.4 VISIBILITY: CO-FINANCING STATEMENTS – PROGRAMME AND PROJECT LEVELS**

---

### **14.4.1 Obligatory Visual Identity Requirements**



- (1) **All** information and publicity measures carried out shall acknowledge support by the relevant Grant by featuring the relevant co-financing statements from the selection below. This includes notices placed by a PP in the Government Gazette advertising calls for tenders/quotations co-financed by the EEA / Norway Grants.
- (2) **It is important to note that the terms ‘EEA Grants’, ‘Norway Grants’ and/or ‘EEA and Norway Grants’ are to be used in all information and publicity measures instead of referring to the technical term ‘Financial Mechanism’ or ‘FM’.**
- (3) The logos of the Grants and the National Flag of Malta are available for downloading from the following links:
  - a Grants’ logos : <http://eeagrants.org/Results-data/Results-overview/Documents/Toolbox-for-programmes/Communication-templates/Logos>
  - b The National Flag of Malta: <https://eufunds.gov.mt/en/Operational%20Programmes/Publicity/Pages/Downloadable-Flags-and-Logos-for-reproduction.aspx>
- (4) The following visual identity banners has been reproduced to reflect the Maltese contribution and to incorporate the obligatory logos and text as required by the Communication and Design Manual. **The designs hereunder maybe be used to compliment the graphical elements as outlined in part two of the FMO’s Communication and Design Manual.**

*i. Financing by the EEA Grants*







*Supported by a grant from  
Iceland, Liechtenstein and Norway  
through the EEA Grants 2009-2014*



	<p><i>Proġett ko-finanzjat minn għotja ta' fondi mill-Iżlanda, Liechtenstein u n-Norveġja taħt il-Fondi taż-Żona Ekonomika Ewropea 2009-2014</i></p>	
---	--	---

ii. *Financing by the Norway Grants*

	<p><i>Supported by a grant from Norway through the Norway Grants 2009-2014</i></p>	
	<p><i>Proġett ko-finanzjat minn għotja ta' fondi min-Norveġja taħt il-Fondi tan-Norveġja 2009-2014</i></p>	

iii. *Financing by the EEA and Norway Grants (national / programme level only)*

	<p><i>Supported by a grant from Iceland, Liechtenstein and Norway through the EEA and Norway Grants 2009-2014</i></p>		
	<p><i>Proġett ko-finanzjat minn għotja ta' fondi mill-Iżlanda, Liechtenstein u n-Norveġja taħt il-Fondi taż-Żona Ekonomika Ewropea u il-Fondi tan-Norveġja 2009-2014</i></p>		

These obligatory co-financing statements **maybe be used to compliment the graphical elements as outlined in part two of the FMO's Communication and Design Manual.**

- (5) The EEA / Norway Grant logo(s) shall be **reproduced in full colour as indicated in the Communication and Design Manual (unless the medium used supports monochrome images only)**.
- (6) In the case of **restricted or limited printing space** (such as small promotional material) the following may substitute the above:

i. *Financing by the EEA Grants*



*Supported by a grant from  
Iceland, Liechtenstein and Norway through the  
EEA Grants 2009-2014*



*Proġett ko-finanzjat minn għotja ta' fondi  
mill-Iżlanda, Liechtenstein u n-Norveġja taħt  
il-Fondi taż-Żona Ekonomika Ewropea 2009-2014*

ii. *Financing by the Norway Grants*



*Supported by a grant from  
Norway through  
the Norway Grants 2009-2014*



*Proġett ko-finanzjat minn għotja ta' fondi  
min-Norveġja taħt  
il-Fondi tan-Norveġja 2009-2014*

iii. *Financing by the EEA and Norway Grants (national / programme level only)*



*Supported by a grant from  
Iceland, Liechtenstein and Norway  
through the EEA Grants and the Norway Grants  
2009-2014*



*Proġett ko-finanzjat minn għotja ta' fondi  
mill-Iżlanda, Liechtenstein u n-Norveġja taħt il-Fondi  
taż-Żona Ekonomika Ewropea u l-Fondi tan-Norveġja  
2009-2014*





## 14.4.2 Visibility on non-funded items

(1) In order to ensure visibility of the Grants on non-funded items and to inform about the FMs, the relevant phrase from the text box below is to be included in:

- i. Tender notices issued (paid for by the DoC or by the relevant Ministry ) in the Government Gazette and on relevant websites (Department of Information, Department of Contracts, etc.)
- ii. Articles, advertorials, or press releases which do not support images or which might be edited prior to publishing.

**N.B.** The PP is urged to liaise with DoC and/or with the relevant Line Ministry to ensure that the appropriate Grants are featured.

- i. Financing by the EEA Grants:
  - This [tender/project]<sup>45</sup> is supported by a grant from Iceland, Liechtenstein and Norway through the EEA Grants 2009-2014.
  - [Din l-offerta/Dan il-proġett hija/huwa] ko-finanzjat minn għotja ta' fondi mill-Iżlanda, Liechtenstein u n-Norveġja taħt il-il-Fondi taż-Żona Ekonomika Ewropea 2009-2014.
- ii. Financing by the Norway Grants:
  - This [tender/project] is supported by a grant from Norway through the Norway Grants 2009-2014.
  - [Din l-offerta/Dan il-proġett hija/huwa] ko-finanzjat minn għotja ta' fondi min-Norveġja taħt il-Fondi tan-Norveġja 2009-2014.
- iii. Financing by the EEA and the Norway Grants (*national / programme level only*):
  - This [tender/project] is supported by a grant from Iceland, Liechtenstein and Norway through the EEA and Norway Grants 2009-2014.
  - [Din l-offerta/Dan il-proġett hija/huwa] ko-finanzjat minn għotja ta' fondi mill-Iżlanda, Liechtenstein u n-Norveġja taħt il-Fondi taż-Żona Ekonomika Ewropea u tan-Norveġja 2009-2014.

## 14.4.3 Key messages

The NFP/PO and the PPs shall make use of the following messages in their publicity and information measures:

---

<sup>45</sup> Modify text within brackets as required.

- (1) **General message:** The communication activities at national / programme level shall take a general approach to be coherent with those of the activities of the NFP, together with the following main message:
- *EEA and Norway Grants – Working together for our future*
- (2) **Specific messages:** Where the communication activity (at programme and/or at project level) is specific to or related to one of the programme areas, the message shall be tailored around the Programme Area itself, such as:
- *EEA Grants – Working together to increase renewable energy production (PA6)*
  - *EEA Grants – Working together to reduce the vulnerability of our sea to climate change (PA7)*
  - *EEA Grants – Working together to protect our cultural heritage (PA16)*
  - *Norway Grants – Working together to strengthen our local government (PA25)*
  - *Norway Grants – Working together to improve our Young Offenders Rehabilitation Services (PA32)*

## 15. DELEGATION OF AUTHORITY

### 15.1 DELEGATING AUTHORITY

---

- (1) The PP is responsible for the entire implementation of its project.
- (2) The Project Leader represents the PP on all matters related to the project.
- (3) In cases where the PP opts for external project management, the PP must explain to the NFP/PO the internal checks and balances introduced within the PP to ensure that the PP retains full control and decision making rights on the project. At no time shall the PP be represented by external project management for any meetings concerning the project.
- (4) In order to ensure that the PP retains full control of the project, it is advisable to nominate a contact person, in addition to the Project Leader.
- (5) In cases where tight deadlines are involved, such as during the expenditure verification period and the certification of works, invoices and Invoice Status Certificates, the Project Leader may delegate authority to the contact person or other officials at the appropriate level. This option is only to be exercised in exceptional circumstances, namely when the Project Leader is abroad, on sick leave or vacation leave.
- (6) In circumstances where the Project Leader delegates authority to officers within the PP, the Project Leader must complete the necessary Delegation of Authority Form (Annex 3) authorising the officer/s concerned to carry out specific tasks on his/her behalf. Annex 3 must be completed, signed by both parties, and sent to the NFP/PO before the delegate executes the assigned duties.
- (7) It should be noted that while the function can be delegated, responsibility **remains with the Project Leader**.
- (8) The provisions of this section also apply to the Line Ministry function. The DPI may delegate authority to another officer within the Directorate to certify invoices on her/his behalf. A specific or general delegation may be applied, but the ultimate responsibility remains with the DPI.

### 15.2 TERMINATION AND CHANGE OF PROJECT LEADER

---

- (1) Should there be a change in the Project Leader, the outgoing Project Leader and the newly appointed one should draft a letter informing the NFP/PO that the current Project Leader will be terminating his/her project leadership. The letter should specify the name and designation of the officer who will be taking over the project leadership and the effective date.
- (2) The letter must be signed by both outgoing and newly appointed project leaders and endorsed by the Permanent Secretary. This procedure also applies for project leaders who will be retiring from their post within the PP. In the case of public sector projects, the respective Line Ministry shall ensure that the above procedure has been undertaken in good time and that an effective handing over has been given to the new project leader to ensure the smooth continuation of the project.
- (3) Project Promoters are to ensure that the position of the Project Leader remains filled **until the end of the document retention period** (refer to section 13.1). PP would be required to report to the NFP/PO, CA and AA (amongst others) even after termination of the project, mainly in the context of the closure of the Programmes and possible *ad hoc* audits by the Donor States or Maltese authorities.

## 16. ANNEXES

Annex 1: Funds Commitment Form

Annex 2: Invoice Status Certificate (ISC) - *sample*

Annex 3: Delegation of Authority Form

Annex 4: On-the-spot Check Report

Annex 5: On-the-spot Check follow-up Report

Annex 6: Report on New Irregularities

Annex 7: Report on Measures taken regarding Already Reported Irregularities

Annex 8: Project Progress Report

Annex 9: Project Completion Report

Annex 10: Inventory Form

Annex 11: Monitoring Committee Terms of Reference