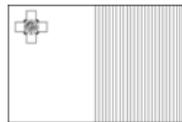


# Manual of Procedures

## VERSION 2.0 – JULY 2012



Fisheries Operational Programme 2007-2013  
Project part-financed by the European Union  
European Fisheries Fund (EFF)  
Co-financing rate: 75% EU Funds; 25% National Funds



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# Introduction

- The current version of the MoP is an adaptation of the previous MoP which also includes information from the Cohesion Policy 2007-2013 MoP
- The MoP was adapted to the main stream documents to facilitate user friendliness and to try and achieve a standardised system among the Managing Authorithies of EU Funds



# Chapter 1: Guide To Users

- The first chapter briefly presents:
  - the scope of the programme
  - the shift in authority to a new MA
  - the main regulations laying down general provisions for the programme
    - Council Regulation (EC) No. 1198/2006
    - Commission Regulation (EC) No. 498/2007



# Chapter 2: Roles & Responsibilities

- The second chapter discusses:
  - the role and duties of the Managing Authority, making particular reference to regulations and articles which stipulate what its responsibilities are
  - the role, tasks and functions of the Certifying Authority
  - the responsibilities of the Audit Authority(AA), Intermediate Body (IB), Line Ministry (LM), Beneficiaries, Department of Contracts (DoC) and other relevant boards and committees relevant to the process



# Chapter 3: Compliance with Community Policies

- The third chapter discusses:
  - The Public Procurement principles to be followed by the Beneficiaries namely:
    - good governance, transparency and open competition
    - procurement is to be carried out in line with public procurement regulations applicable at the time (latest: LN.296/2010)
    - Equal Opportunities (Art.11 of 1198/2006)
    - other issues such as: Sustainable Development, Environment and Planning, Innovation, Trans-national & Interregional Co-operation



# Chapter 4: Contracting

- The fourth chapter discusses:
  - the need for Beneficiaries to follow the guidelines issued by the DoC when preparing tender dossiers
  - In accordance with **Contracts Circular No. 13/2010** tenders of EU projects with an estimated value of €47,000 (exc. VAT) or higher shall continue to be vetted, published and awarded by the Department of Contracts.
  - For the purpose of EU funds, public contracts with an estimated value of less than €47,000 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.



# Chapter 4: Contracting

- basic guidelines are listed which help the Beneficiaries in following the correct procurement process, namely:
  - General issues
  - Taxes
  - Currency and Payment schedule
  - Contract requirements
  - Bank guarantees and retention money



# Chapter 4: Contracting

- Contracts below **below the €47,000 threshold**
  - Public contracts with an estimated value that does not exceed €47,000 are administered directly by the implementing department and/or the authority.
- Thresholds:
  - under €2,500 (Excluding VAT) – Section 20(1)(a) of L.N.296/2010
  - between €2,500 and €6,000 (Excluding VAT) – Section 20(1)(b) of L.N.296/2010
  - tender in lots not exceeding the value of €25,000 (Excluding VAT) – Section 20(1)(c) of L.N.296/2010
  - between €6,000 and €47,000 (Excluding VAT) – Section 20(1)(d) of L.N.296/2010



# Chapter 4: Contracting

- Contracts that **exceed the €47,000 threshold**
  - In the case of public contracts with an estimated value exceeding €47,000, the administration of the contract depends on whether the Beneficiary is listed under schedule 2 or 3 of the Public Procurement Regulations
  - Contracts are administered through the DoC if the Beneficiary is listed under Schedule 2 of the Public Procurement Regulations. If the Beneficiary is a contracting authority listed under Schedule 3, then the Beneficiary will issue, administer and determine the public contract/s in accordance with the provisions of the Public Contracts Regulations L.N.296/2010.



# Chapter 4: Contracting

- The chapter goes on to describe the steps to be taken for procurement of:
  - Equipment through EFF
  - Employment Contracts



# Chapter 5: Complimentarity & Project selection process

- The chapter mainly describes the complementarity of the EFF with other funding programmes
  - The EFF OP, which has the central theme of improving the competitiveness and sustainability of the fishing industry, will run in parallel with other European funding initiatives. In some instances these initiatives address similar or complementary actions and therefore it is important that there is no overlap between the types of activities that will be funded



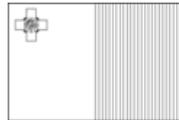
# Chapter 5: Complimentarity & Project selection process

- Project Selection Process
  - For Open Call Procedures
  - Submission and selection of national projects
  - Selection of projects under Aid Schemes
  - Unsuccessful/Rejected Project Applications and Appeals Procedures



# Chapter 6: Financial Management & Payments

- The chapter introduces and discusses the main elements falling under financial management
  - Currency used
  - Eligibility of Costs
  - Co-financing rates
  - Government pre-financing set up
    - Public sector Beneficiary
    - Public Equivalent Beneficiary
    - Aid Schemes
  - Budgetary Allocation (LINE 7219) –
    - subitem 1 = EU allocation
    - subitem 2 = National allocation
    - non-eligible costs



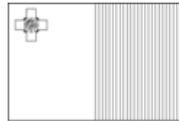
Fisheries Operational Programme 2007-2013  
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# Chapter 6: Financial Management & Payments

- Payment process for salaries
- Re-imbusement of staff costs
- Computation of salaries and allowances for pro-rata payment
- Treatment of VAT
- Invoices and Confirmation (Proofs) of Payment
- Invoice payment process
- Savings to the project
- Accounting system



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# Chapter 7: Drawdown of Funds from the EC

- The chapter starts with introducing:
  - The Grant Agreement: signed between the Managing Authority and the Beneficiary gives the relevant detail on the objective, targets and financial allocation of the project
  - Statement of Expenditure: The MA prepares a timetable with established dates for the different stakeholders involved in the process and this is circulated to Public Beneficiaries, IBs, Line Ministry and Treasury. The CA is informed by the MA on the dates it will be forwarding the relevant SOE documents for certification.



# Chapter 7: Drawdown of Funds from the EC

- Followed by the previously mentioned steps comes:
  - The Payment from the European Commission
  - Transfer to Central Government Revenue

	<p>Fisheries Operational Programme 2007-2013 Project part-financed by the European Union European Fisheries Fund (EFF) Co-financing rate: 75% EU Funds; 25% National Funds</p>	
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# Chapter 8: Monitoring & Reporting

- Articles 62 to 69 of the EFF Regulation specify the monitoring process. Monitoring is an on-going process of examining the progress of interventions and expenditure to ensure the attainment of programmed results.
- Monitoring Structure and tools:
  - Monitoring Committee



# Chapter 8: Monitoring & Reporting

- Monitoring of Results: is facilitated through the use of indicators, making it possible to measure the progress in relation to the baseline situation and the achievements of targets of each project, Priority Axis and the OP as a whole.
- Three sets of indicators
  - Baseline Indicators
  - Output Indicators
  - Results Indicators



# Chapter 8: Monitoring & Reporting

- The Database
  - Most of the effective monitoring depends on timely information being uploaded or inputted into the central electronic system (the Database) by all the relevant stakeholders.
  - The Database information is used by the MA to track and deal with urgent issues regarding implementation.



# Chapter 8: Monitoring & Reporting

- Reporting requirements by the IB
  - reports at the following reporting levels:
    - Regular Updates in the electronic system Database;
    - PPR prepared by the IB every six months;
    - Annual Report submitted to the MA and;
    - Project Closure Report which is prepared by the IB at the end of the project and confirmed by the MA.



# Chapter 8: Monitoring & Reporting

- Reporting requirements at Programme Level
  - Annual Implementation Report
    - The AIR is compiled on the basis of the information gathered through the various monitoring levels referred to previously as well as through information supplied by key horizontal stakeholders such as the CA, the AA, DoC and the Treasury Department.
  - Annual Examination of Programme
    - Following the submission of the AIR, the EC and the MA examine the progress made in implementing the OP, the results achieved over the year under review together with the financial implementation and other factors which may improve implementation



# Chapter 8: Monitoring & Reporting

- Final Report
  - The MA prepares a final report (containing information similar to that of the AIR) for the EFF OP for the 2007-2013 period. As per Article 86(1) of the EFF Regulation, the final report must be submitted to the EC by 31st March 2017.
- Post Closure Project Monitoring
  - As stipulated in Article 56 of EC1198/2006, Beneficiaries shall ensure that any operation comprising investment in infrastructure or productive investment retains the contribution from the Funds only if it does not, within five years from its completion, undergo a substantial modification



# Chapter 9: Audit & Control

- Management Verifications (First Level of Control and OTS)
  - In accordance with Article 39 of the EFF Implementing Regulation and Article 59(b) of the EFF Regulation, the MA shall carry out verifications in respect of each request for reimbursement.
  - The administrative verifications 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 1st level of control, the MA carries out **physical on-the-spot checks. These checks are obligatory by Regulation**



# Chapter 9: Audit & Control

- Management Verifications (First Level of Control and OTS)
  - The Beneficiary should note that the following documents form an integral part of the project dossier which is checked:
    - e.g: Copy of the application and relevant correspondence;
    - Original Grant Agreement;
    - Original correspondence on agreed changes to the project;
    - Copies of procurement documents required in accordance with the relevant thresholds and as indicated in Retention of Documents, Chapter 16 of this MoP;
    - A copy of all invoices;



# Chapter 9: Audit & Control

- EU Audit Missions
  - Officials from the Commission and the European Court of Auditors may carry out audits (both on systems and operations) on projects co-financed by the EFF.
- Preparing for Audit Missions
  - Typically auditors will seek to examine the following documentation during an audit visit:
    - Project documentation
    - Tendering and contracting
    - Other community policies documentation
    - Payments
    - Information and publicity
    - Monitoring reports
    - Other (attendance sheets; evaluation sheets...)



# Chapter 10: Reporting on Irregularities

- An irregularity means “any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget
- Irregularities can be
  - An *individual irregularity* is a one off error which is independent of other errors in the population or deficiencies in the systems.
  - A *systemic irregularity* is an error, repeated or not, resulting from the existence of serious deficiencies in the management and control systems. System deficiencies are weaknesses in the management and control system.



# Chapter 10: Reporting on Irregularities

- Precisely quantified corrections are not always possible or cost effective if extensive additional verification work is needed. In such cases a flat rate correction, proportionate to the seriousness of the irregularity or the system deficiency, should be made:
- *Quantifiable corrections* – The financial impact of an irregularity is quantifiable precisely when it is possible, on the basis of an examination of the individual, to calculate the exact amount of expenditure wrongly declared to the Commission (e.g. ineligible expenditure). In such cases the financial correction should be calculated exactly.
- *Non-quantifiable corrections* – In other cases, it may not be possible to quantify precisely the financial impact (e.g. public procurement or publicity rules not complied with). In these cases, a flat rate correction may be applied to the individual operation based upon the seriousness of the irregularity or deficiency identified.
- *Extrapolated corrections* – Where irregularities have occurred in a great number of activities throughout an operation, but it is not cost-effective to verify the regularity of such activities not included in the verified sample, the financial correction may be based on extrapolation. In this case, the results of a thorough examination of a representative sample of the individual cases concerned are extrapolated to all expenditure in the population, in accordance with generally accepted auditing standards.



# Chapter 10: Reporting on Irregularities

- Article 70(1)(b) of the EFF Regulation and Article 55 of EFF Implementing Regulations regulate the reporting of irregularities.
- There are various methods how irregularities can be detected:
  - at Management and Control level through:
    - checks undertaken by stakeholders (including the Beneficiary itself) during implementation (e.g. payment process);
    - checks made during the verification process by the MA / IB



# Chapter 10: Reporting on Irregularities

- through other methods such as:
  - Fiscal controls;
  - Evaluations;
  - Initial/judicial enquiry;
  - Ex-post checks and controls;

## Financial Recoveries

- An irregularity that warrants a financial recovery will be specified in an irregularity report. In this case the person/organisation detecting the irregularity must ensure that recovery procedures are initiated immediately, in line with the instructions of the MA.



# Chapter 11: Information & Publicity

- Communication is essential at both programme and project level in order to reach the following strategic objectives
  - Ensuring transparency of and accessibility to the Funds;
  - Increasing visibility and awareness of the role of the European Union and the positive impact of EFF on Malta and Gozo.



# Chapter 11: Information & Publicity

- This Chapter of the MoP incorporates and builds on the following regulations and specifications:
  - The EFF Regulation (EC) 1198/2006, Article 51;
  - The EFF Implementing Regulation (EC) 498/2007, Chapter V;
  - The official Graphical Specifications of the EU Emblem;
  - The official Graphical Specifications of the National Flag of Malta;
  - Relevant National Circulars and Guidelines which the MA may issue from time to time.



# Chapter 11: Information & Publicity

All documents, publicity and information items, publications or measures are to include the following elements in line with Article 33 of the EFF Implementation Regulation and with national requirements. These are referred to as the Visual Identity Requirements:

- The National Flag of Malta
- The EU Emblem
- The Compulsory Text adapted to the project



# Chapter 12: Technical Assistance

- Technical Assistance (TA) supports and accompanies the programme implementation in accordance with Article 46 of the EFF Regulation. The TA supports actions related to preparation, management, monitoring, evaluation, control, information and publicity, and audit of the OP.



# Chapter 13: Delegation of Authority

- The Beneficiary organisation is responsible for the whole implementation of the project.
- The Project Leader represents the Beneficiary on all matters related to the project.
- In cases where the Beneficiary opts for external project management, the Beneficiary must explain to the MA the internal checks and balances introduced within the Beneficiary organisation to ensure that the Beneficiary does retain full control and decision making rights on the project. At no time shall the Beneficiary be represented by external project management for any meetings concerning the project.



# Chapter 14: Retention of Documents

- This chapter provides guidance on documents to be uploaded by the MA, the IB, Beneficiaries and Treasury to the Database
- In line with Article 45 of (EC) 498/2007, all the documents related to the project and expenditure shall be made available during audit missions. The Beneficiaries must ensure that the following are available:
  - Documents relating to specific expenditure incurred and declared and payments made under the assistance and required for a sufficient audit trail including documents constituting proof of actual delivery of works/goods/services co-financed through the EU grant;
  - Reports and documents relating to checks carried out through:
    - the verification of expenditure;
    - the certification of expenditure and;
    - reports on audits carried out by the Audit Authority (IAID).



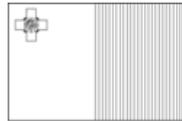
# Chapter 14: Retention of Documents

- Departmental files must be kept in line with Department's procedures. The colour of the departmental file is the same as used by the organisation in its day-to-day business. The instructions on this file are the same as those used for other departmental files for the organisation.



For further detailed information kindly consult the Manual of Procedures found on this link:

<http://www.ppcd.gov.mt/effdocs?l=1>



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