

# NATIONAL PROCEDURES FOR PROGRAMME IMPLEMENTATION

## Country: MALTA

### 1. Selection of auditors by Maltese project beneficiaries

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

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

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

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

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

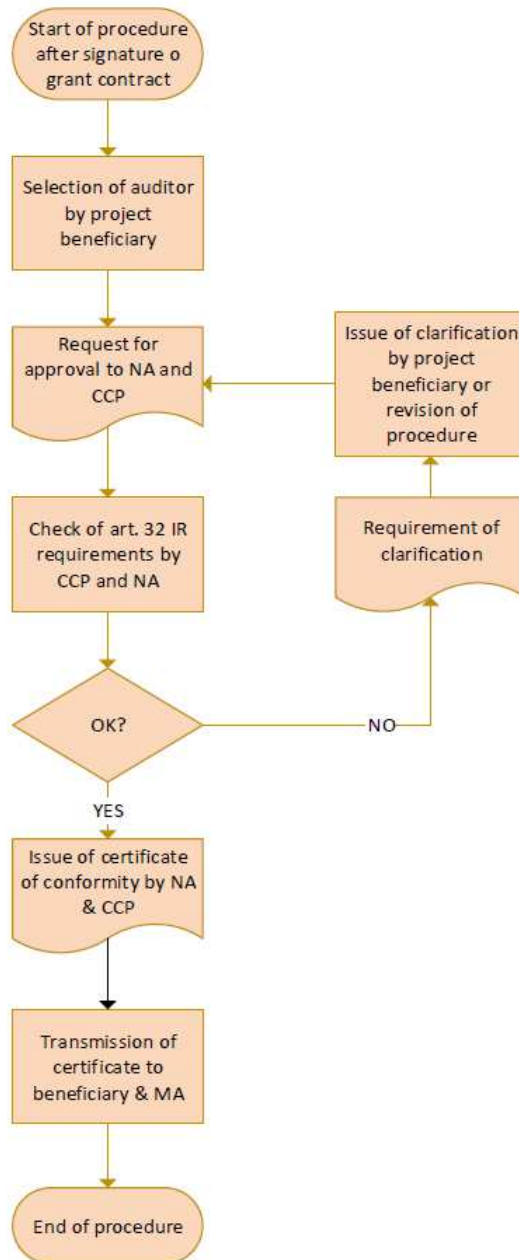
The Maltese project beneficiaries should provide the Maltese National Authority and the Control Contact Point with the documents related to the external auditor, whom they would have selected in order to obtain a certificate which will allow the auditor to start its verification functions within the framework of the project<sup>1</sup>.

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

The procedure shall be as follows:

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<sup>1</sup> A note on the specific national rules concerning the expenditure verification process will be issued by the Maltese CCP and NA with the detailed information to be provided to obtain the certificate, the need to provide the CCP with a copy of the expenditure verification, specific Maltese rules on eligibility of expenditures etc.



## 2. Support to Managing Authority in recoveries

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

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

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

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

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

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

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

#### a) Preventive actions

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

#### b) Detective actions:

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

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

Any general areas of concern will be communicated to the NA so that any claim for payment which falls under the definition of that parameter will be referred to the MA. Such areas of concern could be based on a particular type of expenditure depending on the level of risk therein. Another area of concern is the risk inherent with the type of beneficiary and whether this beneficiary was subject to previous audits. Any irregularities detected in previous claims are also important to be assessed. In addition the following actions will be taken:

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

#### c) Corrective actions:

- Ensuring the cooperation with the MA on the adoption of proportionate corrective measures, including financial corrections, taking into account the nature and gravity of the irregularity, including flat rate corrections, if relevant;

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

#### 4. Integration of project budget in the public budget

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

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

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

The legal basis for the procedure includes the following:

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

Beneficiaries shall adhere to MFIN Circular 5/2014<sup>2</sup>, outlining the procedure which ought to be followed so as to ensure that any project selected for funding is included in the budgetary process, thus providing for the necessary financial allocation, covering both EU and national co-financing elements.