

1st August, 2014

Permanent Secretaries
Directors General
Directors

EUROPEAN TERRITORIAL COOPERATION PROGRAMMES AND THE ENI CBC MED PROGRAMME – NATIONAL FINANCIAL PROCEDURES

This Circular is intended to offer guidance on particular national financial procedures to Ministries and Departments participating in European Territorial Cooperation Programmes, (which include the Italia-Malta Programmes, the Med Programmes and the Interreg Programmes) and to Ministries and Departments involved in the European Neighbourhood Instrument (ENI) Cross-Border Co-operation (CBC) Med Programmes¹. In this regard, Ministries and Departments are reminded of their responsibilities to ensure that any projects selected for funding under the above-mentioned Programmes are to be included in the budgetary process so as to enable the necessary financial allocations, covering both EU and national co-financing elements, as well as apposite expenditure and revenue items. All Ministries and Departments are therefore being requested to follow the procedures outlined hereunder.

If by the deadline to submit the budgetary returns as established by the Ministry for Finance, the Ministries and Departments are informed by the respective Programme Authorities of the selection of the respective projects for EU funding purposes, they are requested to inform the Ministry for Finance accordingly by including the related requests for funding for the subsequent years. Funding provision will then be given due consideration as part of the said budgetary process, through dedicated line items under the respective vote in the Financial Estimates. The EU and national co-financing elements should be distinguished clearly; it is important that the Ministry for Finance be informed of any co-financing which is envisaged to be met by means of staff costs and/or other in-kind contributions, as per the regulations governing the respective Programmes. With regard to the notifications of successful applications after the deadline set by the Ministry for Finance, Ministries and Departments are requested to inform the Ministry for Finance within 10 working days of such notification, clearly specifying the requests for funding, distinguishing between EU and national co-financing elements.

In addition to the above, a request should also be made for the approval of the Ministry for Finance to open a specific bank account at the Central Bank of Malta, in terms of the Financial Administration and Audit Act. It is important to note that any pre-financing amount which may be paid by the Programme Authorities is to be deposited into such an account. Such pre-financing, which would reflect the sum to be paid by the Treasury on behalf of the beneficiary out of the EU Funds' item in the Financial Estimates, is to be transferred from the specific Central Bank Account to the Public Account in the name of the Treasury as soon as possible. Any further reimbursements which may be received in connection with claims made under the projects financed under the above mentioned Programmes should also be transferred from the specific account at the Central Bank of Malta to the Public Account in the name of the Treasury at the earliest. Any accrual adjustments which might be

¹ Currently, Malta is/will be benefitting from these various programmes under both the 2007-2013 and 2014-2020 programming periods.

necessary will be carried out separately. The Treasury should be copied in any correspondence authorising the transfer of funds to the Public Account for ultimate transfer to Government Revenue.

As the project progresses in line with EU and national regulations, any payments falling due are to be defrayed out of the approved budgetary allocation/s featuring in the Financial Estimates as per the respective EU and national funding proportions. When all bank transactions are effected and duly accounted for, the bank account should be closed off immediately, informing the Ministry for Finance accordingly.

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Permanent Secretary