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SEGRETARJAT PARLAMENTARI GHALL-
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MALTA

OFFICE OF THE DEPUTY
PRIME MINISTER
MINISTRY FOR EUROPEAN AFFAIRS

PARLIAMENTARY SECRETARIAT FOR THE EU
PRESIDENCY 2017 AND EU FUNDS

RA Circular 08/2014

To: Beneficiaries availing of Migration Funds

From: Director General – Responsible Authority

Date: 27th October 2014

Subject: Good practices to be followed by beneficiaries to avoid irregularities similar to the ones detected so far through checks and audits.

An irregularity is defined in article 2 of the Implementing Commission Decisions of the four SOLID Funds as, ‘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’. Apart from these types of irregularities, other weaknesses of an administrative nature may also be present.

Irregularities may lead to financial corrections and/or recoveries of funds¹. In this scenario ‘prevention is better than cure’. Knowing ahead the risks contributing to irregularities that might occur, would lead one to introduce the necessary controls to prevent them; this approach will give better results than sanctioning of irregularities after being detected during implementation and when the project has already gained momentum.

It is in this light that the Responsible Authority within the Ministry for European Affairs and Implementation of the Electoral Manifesto (MEAIM) is issuing this circular. Based on the findings emerging from past audits and checks, this memo incorporates actions that are recommended/suggested to be undertaken by beneficiaries to avoid committing previously identified irregularities.

The actions to be undertaken and the principles to be borne in mind include the following:

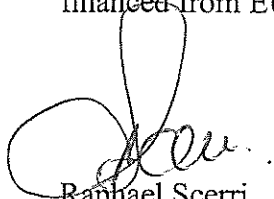
- 1) At the planning stage the objectives set need to be linked to indicators. Indicators should be relevant, measurable and possibly linked to a target value. Indicators should be specified for each project (e.g. training of x officials, travel time to be reduced by x%). The absence of appropriate indicators at the planning stage makes it difficult to assess properly the achievements of the project at a later stage.

¹ As an example, one can refer to the Annex to Commission Decision of 19th December 2013 which determines financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement.

- 2) The beneficiary has to plan ahead the items that are to be procured during the implementation of the project, to avoid making recourse to direct orders at the final stages of the project which might hinder the achievement of value for money.
- 3) It is to be ensured that the evaluation committee to adjudicate a published call for quotations or a call for tenders, be formally appointed; evidence of expertise of the members and of impartiality are to be retained in file.
- 4) In adjudicating tenders, the evaluation committee should stick to the selection and award criteria as set out in the tender dossier. Late submissions should not be considered in the adjudicating process.
- 5) In case of a tender where the cheapest bid is significantly lower than the pre-established budget and the other bids, the evaluators should request a clarification regarding this situation.
- 6) In case of advance payments, safeguards are to be taken. A common safeguard in this scenario is a pre-financing guarantee from the contractors to cover the full amount of the pre-financing payment.
- 7) When required, a performance guarantee should be furnished on time, and if it is to be renewed, the contractor should inform the financial institution amply before.
- 8) When equipment purchased is delivered to the beneficiary, this should be delivered prior to end of the eligibility period. The beneficiary should ask the supplier for the delivery note which should thus be dated before the end of the eligibility period *and* retained in file.
- 9) Equipment purchased should be properly registered in the inventory sheets.
- 10) Selection processes of staff to be employed should be as transparent as possible. Related documents should be retained for audit trail purposes. No additional selection criteria should be included following the publication of the call for selection of staff.
- 11) Timesheets for work performed should not include dates outside the eligibility period. Timesheets should be properly dated and signed by both the employer and the employee. It is also unacceptable for a timesheet to be signed prior to the actual conduct of the work. (On this topic, one should also refer to the 'best practices' included in section 4 under 'Staff costs' (page 38) in the EC Manual for the Eligibility Rules of costs reported for EU support ...)
- 12) The national insurance contribution should be paid as per statutory obligations.
- 13) The Invoice Status Certificate (ISC) filled in by the beneficiaries *and* the related invoice should be correctly dated reflecting the date when the certification checks by the beneficiary were performed.
- 14) Expenses incurred after the end of the eligibility period are not to be considered for EU funding.

- 15) Any necessary certificates (e.g. provisional acceptance certificate and final acceptance certificates) are to be issued and endorsed, before the payments due are affected.
- 16) Beneficiaries, being the recipient of the service or the good, should ensure that on their part, the payment process moves in the shortest time possible.
- 17) Interim reports should be sent to the Responsible Authority on time and should be sufficiently detailed; these are to include information on progress of implementation and completion of the assigned objectives.
- 18) Any envisaged increases in cost of projects should be immediately notified in advance to the Responsible Authority.
- 19) If the need for retention money arises, the tender dossier (the special conditions within the tender document) should provide that if the contractor is fully paid upon completion of his works, he has to provide a retention guarantee that would be released upon final acceptance.
- 20) The final report on the implementation of the project drawn up by the beneficiary should indicate the achievements of the project with regard to the indicators specified in the application; the report should include whether the indicators mentioned in the project application are visible at this final stage of the project as originally envisaged.

As beneficiaries you are enjoined to ensure that the role of the project leader and of the beneficiary itself as described in the grant agreement are adhered to. Your cooperation vis-à-vis the above is solicited for the smoother running of the implementation of projects co-financed from EU Funds.



Raphael Scerri
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