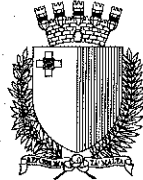


L-UFFICCJU TAL-PRIM MINISTRU



OFFICE OF THE PRIME MINISTER

MALTA

Id-Divizjoni għall-Ippjanar u l-Koordinazzjoni tal-Prijoritajiet

Planning and Priorities Coordination Division

MA Circular 04/2012

02nd October 2012

To: All Beneficiaries of ERDF, ESF and Cohesion Fund Projects
Cc: Line Ministries
Certifying Authority
Audit Authority
Treasury

Reporting Requirements arising from Contracts for Services

As you are aware, through your EU co-financed projects, Beneficiaries may be eligible to claim the costs arising from contracts for services such as those of project coordinators, administrators, architects etc.

Please be aware that these costs are only eligible if backed up by detailed reports on the activities performed by the service provider in the period being claimed. Failure to provide detailed reports with the payment request renders these costs as ineligible for co-financing and will have to be paid from the Beneficiary's own funds.

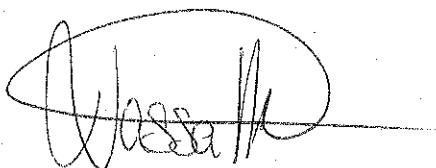
As MA we are constantly noticing that these reporting obligations – which are and should be also stipulated in the tender documents issued for the procurement of the services – are not being observed. As Beneficiaries of these projects you have to make sure that the reports produced by the service providers provide reasonable assurance that the expenditure in question is justified as part of the project and should be sufficiently detailed (not scant and generic) and demonstrate a clear link between the activities carried out and the contract obligations.

When conducting its control checks, the MA has come across various cases within projects wherein the reports (even when these are included in the tender as a requirement) are either not being asked for by the Beneficiaries or are of extremely poor standard and lack details – and above all fail to demonstrate how the service provider in question is fulfilling the contract obligations and hence justifying his/her payment. Similarly, other tender and contract obligations are also being neglected, such as the usual requirement (listed in the tender – if applicable) to produce a programme and proposed method of works within a pre-defined timeframe once the bidder is selected. Particular attention should be also paid to the tender payment schedules which are equally binding obligations and which should be respected.

Please be informed that if the MA does not obtain reasonable assurance that the expenditure in question is justified as part of this project, it would not be in a position to recommend this expenditure for certification. May I reiterate that by not certifying the expenditure on time, your projects will be directly contributing to Malta's risk of de-commitment of funds due to the N+3 rule. Should Malta incur any deductions due to it falling short of its N+3 commitments, these projects will be assessed accordingly and the necessary corrections will be applied against the original project commitments of expenditure paid and expected to be certified.

In case of difficulties, kindly contact your respective desk officers at the Managing Authority.

Best regards,

A handwritten signature in black ink, appearing to read 'Vassallo', enclosed within a large, hand-drawn oval.

Jonathan Vassallo
Head Managing Authority