

# Annexes to the Manual of Procedures for the Cohesion Fund

Malta 2004 - 2006

**Version 1.4**  
**May 2010**

## Index

<b>INDEX</b> .....	<b>2</b>
<b>ANNEX 1 - CHECKLISTS</b> .....	<b>4</b>
<i>Annex 1.1 Checklist of the Reference Framework Document</i> .....	<i>4</i>
<i>Annex 1.2 Checklist of Project Pipeline</i> .....	<i>5</i>
<i>Annex 1.3 Checklist for Monitoring Tool Reports</i> .....	<i>6</i>
<i>Annex 1.4 Checklist for SMSC reports</i> .....	<i>7</i>
<i>Annex 1.5 Checklist for Annual Progress Report</i> .....	<i>8</i>
<i>Annex 1.6 Checklist for Final Report</i> .....	<i>9</i>
<i>Annex 1.7 Checklist for certification – Stage 1</i> .....	<i>10</i>
<i>Annex 1.8 Checklist for certification – Stage 2</i> .....	<i>11</i>
<i>Annex 1.9 Checklist for Irregularities</i> .....	<i>12</i>
<b>ANNEX 2 - TREASURY FORMS</b> .....	<b>13</b>
<i>Annex 2. TR/S-1</i> .....	<i>13</i>
<i>Annex 2.2 TR/S-2</i> .....	<i>15</i>
<i>Annex2.3 TR/S9</i> .....	<i>17</i>
<b>ANNEX 3 - COVENANTS &amp; TORS</b> .....	<b>20</b>
<i>Annex 3.1 Covenant between the MA &amp; PA</i> .....	<i>20</i>
<i>Annex 3.2 Covenant between the MA &amp; the Ministry for Rural Affairs and the Environment</i> .....	<i>31</i>
<i>Annex 3.3 Covenant between the MA &amp; the Ministry for Urban Development and Roads</i> .....	<i>40</i>
<i>Annex 3.4 Terms of Reference for the Monitoring Committee for the Cohesion Fund</i> .....	<i>47</i>
<i>Annex 3.5 Commission Decision for the Environment Project</i> <i>Error! Bookmark not defined.</i>	
<i>Annex 3.6 Commission Decision for the Transport Project....</i> <i>Error! Bookmark not defined.</i>	

*Annex 3.7 Commission Decision for the Technical Assistance Project*Error! Bookmark not defined.

*Annex 3.8 Amending commission Decision for the Environment Project*Error! Bookmark not defined.

*Annex 3.9 Amending Commission Decision for the Technical Assistance Project*Error! Bookmark not defined.

*Annex 3.10 Amending Commission Decision for the Transport Project (first)*Error! Bookmark not defined.

*Annex 3.11 Amending Commission Decision for the Transport Project (second)*Error! Bookmark not defined.

*Annex 3.12 Correction to Amending Commission Decision for the Transport Project (second)* ..... Error! Bookmark not defined.

**ANNEX 4 - MONITORING TOOL** ..... ERROR! BOOKMARK NOT DEFINED.

**ANNEX 5 - COHESION FUND GUIDANCE NOTES**ERROR! BOOKMARK NOT DEFINED.

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*Annex 5.2 Cohesion Fund Guidance Note 2* ..... Error! Bookmark not defined.

*Annex 5.3 Cohesion Fund Guidance Note 3* ..... Error! Bookmark not defined.

*Annex 5.4 Cohesion Fund Guidance Note 4* ..... Error! Bookmark not defined.

**ANNEX 6** ..... ERROR! BOOKMARK NOT DEFINED.

*Annex 6.1 Action to be taken by SMSC* ..... Error! Bookmark not defined.

*Annex 6.2 Action taken by SMSC* ..... Error! Bookmark not defined.

## Annex 1 - Checklists

### *Annex 1.1 Checklist of the Reference Framework Document*

This checklist must be filled in by the MA

<b>Drafting of the Reference Framework Document</b>	<b>Yes</b>	<b>No</b>
Did the MA draw up a Reference Framework Document?		
Did the MA submit the Reference Framework Document to the European Commission for approval?		
Did the Commission approve the Reference Framework Document?		
If the Commission approved the Reference Framework Document, was the Member State informed that the RFD was approved?		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designation

## *Annex 1.2 Checklist of Project Pipeline*

This checklist must be filled in by the MA

<b>Project Pipeline</b>	<b>Yes</b>	<b>No</b>
Did the MA issue an expression of interest for environmental and transport project proposals that may be co-financed from the EU Funds?		
Did the MA prepare a Cabinet memo with short-listed projects and recommendations to Cabinet for approval?		
Did Cabinet inform the MA which projects have been approved?		
Did the applicant organisation prepare the application form based on the template provided in the Guide to the Cohesion Fund?		
Did the applicant organisation submit the application form together with supporting documents, to the MA for vetting?		
If the application form has been finalised, did the MA formally submit the application form to the European Commission?		
Did the Commission acknowledge receipt of the application form?		
Did the Commission approve the project proposal?		
If the Commission approved the project proposal, was a Commission Decision published?		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designation

### *Annex 1.3 Checklist for Monitoring Tool Reports*

This checklist must be filled in by the MA.

<b>Quarterly Monitoring Tool Reports by Project</b>	<b>Yes</b>	<b>No</b>
Did the Final Beneficiary prepare a draft monitoring tool report?		
Did the MA receive the monitoring tool report?		
If the MA received the monitoring tool report, did the MA circulate the quarterly monitoring report to all members of the MC prior to the next MC meeting?		
Did the MC review the progress being made by the individual project?		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designation

## *Annex 1.4 Checklist for SMSC reports*

This checklist must be filled in by the Secretary of each SMSC following each report

<b><i>Reports by Sectoral Monitoring Sub-Committees</i></b>	<b>Yes</b>	<b>No</b>
Did the SMSCs meet within the time schedule ?		
Did the SMSC fill in Template 6.1 of Annex 6 (Action To be taken by SMSC) following the meeting of the SMSC?		
Prior to the next SMSC meeting, did the SMSC fill in Template 6.2 of Annex 6 (Action taken by SMSC)?		
Did the SMSC submit a sectoral impact report to the MA?		
Did the MA issue a receipt of the report?		
Has MA made any recommendations for follow-up?		
Have recommendations been passed on to the SMSC members ?		
Has action been taken ? (or recommendations)		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designation

## *Annex 1.5 Checklist for Annual Progress Report*

This checklist must be filled in by the MA

<b>Annual Progress Reports</b>	<b>Yes</b>	<b>No</b>
Have the FB & IBs provided the MA with the data required for the annual progress report through the quarterly monitoring tool?		
Has MEPA submitted its contribution to the annual progress report to the MA?		
Has the MA received all the information from the FBs & IBs?		
Has the MA received all the information from the PA?		
Has the MA received MEPA's contribution to the progress report?		
Has the MA prepared an annual progress report on the progress achieved for each project?		
Has the MA submitted the annual progress report for each project to the European Commission?		
Has the Commission sent a notifying receipt upon submission of the progress reports?		
Did the Commission send any recommendations in reply to the progress reports submitted by the MA?		
If the Commission has put forward any recommendations, has the MA communicated the recommendations to the IBs and the relevant stakeholders?		
Has action been taken in response to these recommendations?		
Has the MA been informed of the any action taken in response to the Commission's recommendations?		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designation



## *Annex 1.6 Checklist for Final Report*

This checklist must be filled in by the MA

<b>Final Report</b>	<b>Yes</b>	<b>No</b>
Did the FB of the Environment project prepare a final report?		
Did the FB of the Transport project prepare a final report?		
Did the FB/s of the TA sub-components prepare the final report?		
Did the FB of the Environment project submit the final report to the MA?		
Did the FB of the Transport project submit the final report to the MA?		
Did the FB/s of the TA sub-components submit their respective final report to the MA?		
Did the MA acknowledge receipt of the final report for the Environment project?		
Did the MA acknowledge receipt of the final report for the Transport project?		
Did the MA acknowledge receipt of the final report for the sub-components of the TA projects?		
Has the MA submitted the final report of the respective project to the European Commission?		
Did the Commission send a notification receipt of the final report for the respective project?		
Did the Commission send any recommendations in reply to the final report of the respective project submitted by the MA?		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Designation

## Annex 1.7 Checklist for certification – Stage 1

Programming Period \_\_\_\_\_ Name of Fund: \_\_\_\_\_

Period covered by the Certification Process: from \_\_\_\_\_ to \_\_\_\_\_

		Yes	No	N/A
<b>1.0</b>	<b>Documentation received</b>			
1.1	Statement of expenditure by project			
1.2	Signed declaration by MA/IB			
1.3	Invoices/Invoice Status Certificate <i>if any</i>			
1.4	On the spot checking reports <i>if any</i>			
<b>2.0</b>	<b>Declaration from MA/IB</b>			
<b>Have the MA/IB provided the following assurances:</b>				
2.1	Sound Financial Management			
2.2	Prevention, detection, correction and notification of irregularities			
2.3	Compliance with applicable rules re. Procurement and Environment			
2.4	Has the Audit Trail been maintained?			
2.5	Has the MA provided confirmation of the delivery of products/services?			
2.6	Has the IT System been certified as reliable?			
<b>3.0</b>	<b>Eligibility of Expenditure</b>			
<b>Have the following been observed?</b>				
3.1	Expenditure is effected within the eligibility period.			
3.2	Expenditure is incurred in operations eligible for funding.			
3.3	Expenditure is in line with the Terms of the Commission Decision.			
3.4	Necessary bank guarantees have been issued.			
3.5	Expenditure is in compliance with all relevant National and Community rules particularly Reg. 16/2003.			
3.6	Every expenditure is supported by a Debit Advice			
3.7	Are VAT/other taxes or charges eligible for financing (see Chapter 3, EC Reg. 16/2003)?			
3.8	Has the correct Rate of Exchange been applied throughout the SOE?			
<b>4.0</b>	<b>Recommendation</b>			
4.1	Can the Statement of Expenditure be forwarded to the next stage?			
4.2	If 4.1 is yes, do you recommend the Certifying Officer to issue the Certificate and Application for Payment?			

\_\_\_\_\_  
**Assessment Officer** – signature and name in block Date

\_\_\_\_\_  
**Assistant Director** – signature and name in block Date

## Annex 1.8 Checklist for certification – Stage 2

**Programming Period:** \_\_\_\_\_ **Name of Fund:** \_\_\_\_\_

**Period covered by the Certification Process:** from \_\_\_\_\_ to \_\_\_\_\_

		Yes	No	N/A
<b>1.0</b>	<b>Documentation received</b>			
1.1	Statement of expenditure by project			
1.2	Signed Stage I Checklist by Assessment Officer and Assistant Director			
<b>2.0</b>	<b>Certification Criteria reg 1164/94 Art F</b>			
2.1	Have the latest annual progress reports been forwarded?			
2.2	Are the decisions taken by the MA and Monitoring Committee in line with the total amount of contribution from the fund granted?			
2.3	Have recommendations made by the Commission on the annual progress reports been acted upon?			
2.5	Is there any suspension of payments?			
2.6	If 2.5 is yes, suspend Certification Process?			
<b>3.0</b>	<b>Type of Request</b>			
3.1	Is it an interim request falling within the 80% co-financing threshold?			
3.2	Is it a final request for the ultimo 20% balance?			
3.3	If 3.2 is yes, have the following been executed:			
3.4	Has the MA submitted the final progress reports to the Commission?			
3.5	Has the IAID submitted the Programme Winding-up Declaration?			
<b>4.0</b>	<b>Compilation of the Certificate and Application for Payment</b>			
4.1	Is the Statement of Expenditure satisfactory?			
4.2	Have there been any recoveries since the last certified SOE?			
4.3	If 4.2 is yes, have the relative amounts been taken into account?			
4.4	Have the correct beneficiary's bank details been included?			
4.5	Has the Request for Payment been signed, stamped and dated?			
4.6	Has the Certificate been signed, stamped and dated?			

Date when Certificate, Statement of Expenditure and Application for payment have been forwarded to the Commission \_\_\_\_\_

Programme Manager – signature and name in block	Date _____
_____ Certifying Officer – signature and name in block	Date _____

## Annex 1.9 Checklist for Irregularities

<b>Detecting an Irregularity</b>	<b>Yes</b>	<b>No</b>
Was an irregularity Detected?		
If yes, who detected the irregularity? MA, PA, Treasury, DoC, IB, line Ministry, FB, IB, PA, IAID or any other entity?	<b>Please specify</b>	
Was the MA informed about the irregularity?		
Was the Cohesion Fund Irregularity Report filled in?		
Was the Cohesion Fund Irregularity Report sent to the MA copying in the PA and IAID?		

<b>Upon receipt of report by the MA</b>	<b>Yes</b>	<b>No</b>
Has the MA checked the Irregularity Report?		
Has the MA completed the Report where necessary?		
Has the MA sent the Report to the IAID?		
Has the MA copied the Report to the PA?		
<b>Upon receipt of the report by the IAID</b>	<b>Yes</b>	<b>No</b>
Has the IAID checked the Irregularity report?		
Has the IAID informed DG OLAF about the irregularity?		
Has the IAID copied the full report to the MA?		
Has the IAID informed the MA of any decision suggested by the Commission?		

\_\_\_\_\_  
Signature of Head of Organisation  
That detected the Irregularity

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of MA

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of IAID

\_\_\_\_\_  
Date

# Annex 2 - Treasury Forms

## Annex 2. TR/S-1

Form **TR/S-1**  
(October 2004)  
The Treasury Department  
EU Financing Unit



# Request for Payments

## [Structural Funds/Cohesion Fund]

Accounting Officers in Line Ministries shall complete this form in full and submit to the Treasury EU Financing Unit for payment execution. In order to avoid unnecessary delays it must be ensured that the relevant supporting documents are attached.

### Part I

Print or type  
**To be completed by Accounting Officers in Line Ministries**  
[Please complete this part of the form in BLOCK CAPITALS]

Voucher Number [commitment generated by DAS]	Name [as indicated]	Final on	Recipient [invoice/claim]	VAT Registration Number [if any]	Amount to be paid inclusive of VAT [as applicable]	
					€	F/currency
①						
②						
③						
④						
⑤						
⑥						
⑦						
⑧						
⑨						
⑩						
⑪						
⑫						
⑬						
⑭						
⑮						

FOR TREASURY USE ONLY [check list]
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

**Part II**

*Append additional sheets as necessary.*

Authorised Signatories

Make sure that you allow sufficient time – at least ten working days – for the payment to reach the Final Recipient by due date. Any enquiry regarding payments should be directed to the EU Financing Unit at the address shown below.

Signature of Officer Authorising Payments

Capacity of Signatory

Date 

d	d	m	m	y	y	y	y
---	---	---	---	---	---	---	---

**Part III**

FOR TREASURY USE ONLY

Received

Checked

Processed

Remarks

**A Photocopy of this Statement will not be accepted**

Annex 2.2 TR/S-2

Form **TR/S-**  
(October 2004)  
The Treasury Department  
EU Financing Unit



**Request for Payments**  
*(Aggregated Commitments)*  
**[Structural Funds/Cohesion Fund]**

Accounting Officers in Line Ministries shall complete this form in full and submit to the Treasury EU Financing Unit for payment execution. In order to avoid unnecessary delays it must be ensured that the relevant supporting documents are attached.

**Part I**

Print or type  
**To be completed by Accounting Officers in Line Ministries**  
[Please complete this part of the form in BLOCK CAPITALS]

Voucher Number [commitment as generated by DAS]	Name of Final Recipient [as indicated on invoice/claim]	VAT Registration Number [if any]	Individual Amounts inclusive of VAT (€)	Aggregated* Amount inclusive of VAT (€)
①				
②				
③				
④				
⑤				
⑥				
⑦				
⑧				
⑨				
⑩				
⑪				
⑫				
⑬				
⑭				
⑮				

FOR TREASURY USE ONLY [check list]
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

**Part II**

*Append additional sheets as necessary.*

Authorised Signatories

- \*Aggregated values must correspond to commitments as generated by DAS.
- Make sure that you allow sufficient time – at least ten working days – for the payment to reach the Final Recipient by due date.
- Any enquiry regarding payments should be directed to the EU Financing Unit at the address shown below.

\_\_\_\_\_  
*Signature of Officer Authorising Payments*

\_\_\_\_\_  
*Capacity of Signatory*

Date

d	d	m	m	y	y	y	y
---	---	---	---	---	---	---	---

**Part III**

FOR  
TREASURY  
USE ONLY

Received	Checked	Processed	Remarks

**A Photocopy of this Statement will not be accepted**



*Annex2.3 TR/S9*

Form  
**TR/S-  
9**

(February  
2004)

The Treasury Department  
EU Financing Unit



**Request of Goods/Service  
Provider Financial Identification Number  
and Certification**

Deliver form to  
the requester. Do  
not send to  
Implementing

**Part I**

Print or type  
Details of Account Holder

Name	
Address	
Town/City and Post Code	
Country	VAT Number
Contact Person	

Print or type  
Details of Account Holder's Bank and Account Number See **Specific  
Instructions** on page 2

**Part II**

Telephone Number  
| | | | | | | | | | | | | | | | | | | | | |

Telefax Number  
| | | | | | | | | | | | | | | | | | | | | |

e-Mail Address  
| | | | | | | | | | | | | | | | | | | | | |

Bank Name  
| | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | |

Branch Address  
| | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | |

Town/City and Post Code  
| | | | | | | | | | | | | | | | | | | | | |

Country  
| | | | | | | | | | | | | | | | | | | | | |

Account Number  
| | | | | | | | | | | | | | | | | | | | | |

International Bank Account Number (IBAN)
--

Swift Code
------------

Tick as appropriate

(a) I do hereby confirm that, unless otherwise directed, the above information may be used for further Structural and/or Cohesion Funds future payments.

(b) I do hereby confirm that, the above information may **ONLY** be used for the payment of the following Invoice Number/s:-



**Part III**

I the undersigned, declare that all the data filled herein and conferred to you, is to the best of my knowledge and belief true, correct and complete. I understand and am fully aware that falsification of any information may jeopardize the validity of the payment issued thereon. I further declare that I have read and understood the details given on page 2 of this form.

S:

Signature of account holder ▶

Date ▶

(obligatory)

FOR TREASURY USE ONLY

▶ \_\_\_\_\_  
*Signature of Requester*  
 Date 

				2	0	0	4
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▶ \_\_\_\_\_  
*Signature of Contracting Authority/IA\* (as applicable)*  
 Date 

				2	0	0	4
--	--	--	--	---	---	---	---

\* Implementing Agency

## Annex 3 - Covenants & TORs

### *Annex 3.1 Covenant between the MA & PA*



#### **COHESION FUND FOR MALTA 2004 – 2006**



### **Covenant between the Managing Authority and the Paying Authority**

#### Preface

Article 19 (3)(d)(ii) of Council Regulation (EC) No. 1260/99 calls for ‘a description of the arrangements for managing the Single Programming Document’;

Article 19(3)(d)(iv) of the same Regulation requires ‘a definition of the procedures concerning the mobilisation and circulation of funding to ensure that flows are transparent’.

Article 3 of Commission Regulations No. 438/2001 and 1386/2002 require that ‘the management and control systems of the Managing Authority and the Paying Authority shall, subject to proportionality in relation to the volume of assistance administered, provide for:

a clear definition, a clear allocation, and, as necessary to endure sound financial practice, an adequate separation of functions within the organisations concerned;  
effective systems for ensuring that the functions are performed in a satisfactory manner.

Article 5 of Commission Regulations No. 438/2001 and 1386/2002 require the Member States to inform the Commission of the ‘organisation of the Managing Authority and Paying Authority, of the management and control systems in place in these authorities.’

In order to fulfil these requirements, this Covenant has been agreed to in order to delineate the main areas of co-operation between the Managing Authority and the Paying Authority.

## **Objectives**

To regulate the relationship between the Managing Authority and the Paying Authority, while defining the roles and responsibilities of both authorities.

### Contracting Parties

The two contracting parties whose relationship these Covenants regulate are:

#### The Managing Authority:

The Planning and Priorities Coordination Department within the Office of the Prime Minister has been designated as the Managing Authority in terms of Article 9(n) of Regulation (EC) 1260/99 by Cabinet decision 405/2000 of 20 September 2000. The Planning and Priorities Coordination Department will be the Managing Authority for both the Structural Funds and the Cohesion Fund.

and

#### The Paying Authority:

The Ministry of Finance has been designated as the Paying Authority by Cabinet decision 405/2000 of 20 September 2000. The EU Paying Authority Directorate within the Ministry of Finance will act as the Paying Authority for both the Structural Funds and the Cohesion Fund.

### Areas of Co-operation

The Managing Authority and the Paying Authority have a shared responsibility in the proper management of EU Structural Funds and the Cohesion Fund.

The Managing Authority and the Paying Authority are to work and act in accordance with these Covenants.

## **2. Exchange of Information**

2.1 The Managing Authority shall ensure that the Paying Authority has all the necessary information pertaining to the Structural Funds and the Cohesion Fund including legislation and administrative procedures. This information is to be reviewed when required.

2.2 Article 34 (1)(a) of Regulation 1260/99 requires the Managing Authority to set up a system to gather reliable financial and statistical information on implementation. This gathering of information shall be done through the EU Structural Funds Database System maintained by the Managing Authority. The Paying Authority shall contribute by inputting the required data as specified by the System

### **3. The Payment Process**

#### 3.1 Verification

3.1.1 The Managing Authority shall be responsible for the verification process.

3.1.2 The verification process shall fulfil the requirements of Article 4 of Regulation 438/2001 and Regulation 1386/2002. The verification process shall be carried out as described in Annex 1 to this Covenant.

#### 3.2 Certification

The Paying Authority shall perform its tasks according to Article 9 of Regulation 438/2001 and Article 8 of Regulation 1386/2002, every time a request for reimbursement is made to the Commission. Such request for payment shall be made at least three times a year. The Certification process shall be carried out as described in Annex 1 to this Covenant.

#### 3.3 Deadlines

The PA-Certifying Officer must ensure that:  
application for the interim payment has to be submitted within 18 months from the transfer of the advance payment by the EU. If this is not done, the advance payment has to be paid back;  
applications for interim payments are presented to the Commission in batches at least three times a year, the last application being presented by not later than 31 October;  
submission for final payment is made within 6 months of the deadline for payment laid down in the decision granting a contribution from the funds in line with Article 32 (4) (a) of EC Regulation 1260/99 and in line with each Commission Decision approving Cohesion Fund projects.

#### 3.4 Receipt of Funds from the Commission

3.4.1 Once reimbursement is received from the Commission, the PA-Certifying Officer checks for differences between the application for payment and the actual payment received at the Central Bank of Malta and takes follow-up action with the Commission. In such cases,  
the PA-Certifying Officer shall inform the Managing Authority of any discrepancies.  
the Paying Authority shall copy the Managing Authority in all correspondence with the European Commission concerning follow-up on such discrepancies.

3.4.2 In order that funds be transferred from the relevant EU Bank Account to the Public Bank Account at the Central Bank, the PA-Certifying Officer issues a letter of instructions to the Central Bank and copied to the Managing Authority.

## **4. Reporting**

### 4.1 Annual and Final Implementation Report

Article 37 (1) of Council Regulation 1260/99 requires the Managing Authority to submit to the Commission, after approval by the Monitoring Committee, an annual implementation report, six months after the end of each full calendar year of implementation and a final report which is to be submitted, at the latest, six months after the final date of eligibility of the expenditure. With regard to the Cohesion Fund, the Managing Authority shall submit progress reports to the Commission within three months of the end of each full year of implementation and a final report within 6 months of completion of the projects according to Article F of Annex 2 of Regulation 1164/1994 as amended by Regulation 1265/99.

4.1.1 In order to fulfil this responsibility, the Managing Authority shall require the assistance of the Paying Authority. Such assistance shall consist in:

Providing information through the EU Structural Funds Database relating to the financial implementation of the assistance. This should include:

a record of the total payments received from the Commission;

a quantification of the financial indicators which show the progress of the financing plan.

The Paying Authority is responsible for inputting the above information into the EU Structural Funds Database.

A detailed summary of any significant problems encountered during the course of the implementation of the assistance, specifying the measures / actions taken by the Maltese Authorities to rectify these problems, where relevant to the Paying Authority.

4.1.2 Following the approval of the annual or final report by the Monitoring Committee, the Managing Authority shall submit the official annual or final implementation report to the Commission. The Commission's relevant comments/recommendations shall be communicated by the Managing Authority to the Paying Authority for necessary action. The Paying Authority shall take the necessary action and inform the Managing Authority accordingly.

### 4.2 Quarterly Reports on Irregularities

Regulation 1681/94 holds that during two months following the end of each quarter, Member States shall report to the Commission any irregularities which shall have been the subject of initial administrative or judicial investigations.

4.2.1 The Internal Audit and Investigations Directorate shall be responsible for reporting irregularities to the European Commission.

4.2.2 When an irregularity is detected by the Paying Authority, the Paying Authority shall inform the Managing Authority and prepare a report describing the irregularity. The report shall be forwarded to the Managing Authority.

4.2.3 Irregularities reported to/by the Managing Authority shall be sent to the Internal Audit and Investigations Directorate by the Managing Authority and copied to the Paying Authority.

4.2.4 Should the Commission make any observations on the quarterly report on irregularities, the Internal Audit and Investigations Directorate shall forward the recommendations to the Managing Authority. The Managing Authority shall, where relevant, discuss these observations with the Paying Authority.

## **5. Recovery of Funds**

5.1 In case of an irregularity which necessitates recovery of funds, the final beneficiary shall ensure that recovery is effected. The Managing Authority shall ensure that:

Recovery proceedings are initiated and finalised by the Final Beneficiary without unjustified delay;

The Paying Authority is informed of the reported irregularities which necessitate a recovery of funds and of developments made in the recovery of funds by the Final Beneficiary.

5.2 The Paying Authority shall keep an account of amounts recoverable from payments of Community assistance already made according to Article 8 of Regulation 438/2001 and Article 7 of EC Regulation 1386/2002.

5.3 Following recovery, the Paying Authority shall repay the irregular payments recovered, together with interest received on account of late payment, by deducting the amounts concerned from its next statement of expenditure and request for payment to the Commission, or, if this is insufficient, by effecting a refund to the Commission.

5.4 In an annex to the fourth quarterly report on irregularities sent to the Commission by the Internal Audit and Investigations Directorate, the Paying Authority shall prepare a statement of the amounts awaiting recovery at that date, classified by the year of initiation of the recovery proceedings.

## **6. Recommendations from the Commission and/or the Monitoring Committee**

6.1 The Managing Authority, being the counterpart of the European Commission, may receive recommendations and/or observations from the Commission and/or the Monitoring Committee about issues concerning the implementation of Structural Funds and the Cohesion Fund. Any issues pertaining to the Paying Authority shall be communicated to the latter. The Paying Authority shall, in turn, advise the Managing Authority of any action that has been/will be taken.

6.2 In accordance with Article 31(2) of Council Regulation 1260/99, the Commission may notify the Managing Authority and the Paying Authority whenever there is a possibility for decommitment of funds. The Paying Authority shall co-operate with the Managing Authority to take the necessary measures and review the situation.



6.3 In cases where the n+2 period (or the disbursement period in the Cohesion fund Decisions) is suspended due to judicial procedures or administrative appeals having suspensory effects, the Managing Authority shall inform the Paying Authority.

## **7. Opening of accounts and forecasting**

7.1 The Paying Authority shall be responsible for opening the relevant accounts required for the management of the Structural Funds and the Cohesion Fund.

7.2 The Paying Authority shall provide input to the forecasting exercise.

### General Conditions

This Covenant shall apply for the programming period 2004-2006.

There will be reviews of the content and operation of this Covenant, if necessary, with consultation with the Commission (Directorate General for Regional Policy), in order to respect the requirements of the relevant EU regulations. Amendments shall be made by the mutual agreement of both Authorities.

Managing Authority

Paying Authority

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Ms Marlene Bonnici  
Director General  
Planning and Priorities Coordination Department  
Head EU Paying Authority

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Mr Vince Grech  
Director General  
Ministry of Finance and

Date:

Date:

## **Verification Process – Cohesion Fund (Article 4 of Regulation 1386/2002)**

The requirements of Article 4 shall be fulfilled through the following processes:

### ***Ex ante* checks (before payment to the contractor)**

Before every invoice is forwarded to the Treasury, the Final Beneficiary and the line Ministry shall carry out checks which include:  
verification of the delivery of the products and services co-financed and the reality of expenditure claimed (by Final Beneficiary);  
that Community rules are respected throughout the implementation of the project (including rules on the eligibility of expenditure, public procurement, , protection of the Environment) (line Ministry ensures that the Final beneficiary carries out the required checks, by ensuring that the checklists on the ISC are filled in and signed)  
An Invoice Status Certificate, including checklists, is filled in and signed by the Final Beneficiary and the line Ministry before payment is authorised.

### **Checks carried out by the Intermediate Bodies**

The Intermediate Body will carry out documentary and physical checks (by reviewing information inserted on the EU Structural Funds Database and/or on-the-spot), on behalf of the Managing Authority.

The aim of the checks is to ensure that the audit trail, especially with regard to the Invoice Payment process, is maintained. In particular, the Intermediate Body shall ensure that the Invoice Status Certificates are adequately filled in and signed. This is proof that the Final Beneficiary and the line Ministry have carried out the required checks and controls before payment is authorized.

The Intermediate Bodies may carry out on-the-spot checks on projects to ensure:

the delivery of products and/or services; and  
compliance with Commission Decision approving the project and Community and national rules especially rules concerning public procurement, protection of the environment;  
that the project files include all the relevant documents.

The Managing Authority retains the possibility of carrying out on-the-spot checks itself and of ensuring that the Intermediate Body carries out the on-the-spot checks as required.

The on-the-spot checks shall be recorded in a report which will be attached to the EU Structural Funds Database and made available to the Paying Authority prior to commencing the Certification process. The comments of the Managing Authority and/or the Intermediate Bodies shall be included in the report.

The Managing Authority shall ensure that the reports for the on-the-spot checks are made available on the database by the Intermediate Body.

## **Statement of Expenditure and Declarations**

### Statement of Expenditure by project and Declaration:

Upon request, and at least once every two months, the Final Beneficiary shall prepare a Statement of Expenditure including the invoices for which a CB debit advice was issued during the relevant period. It shall be prepared for every project separately.

The Statement of Expenditure shall be accompanied by a Declaration (in the form of a checklist) stating that all relevant tasks and checks were fulfilled. Both the Statement of Expenditure and the Declaration shall be signed by the Final Beneficiary:

The signature entails that:

no irregularity concerning the expenditures included in the Statement of Expenditure was detected;

the relevant checks concerning each invoice were carried out and that the Invoice Status Certificate for each expenditure included in the Statement of Expenditure was adequately completed and filled in (a copy of the ISC including signatures of the Final Beneficiary, the line Ministry and the Treasury will be available on the EU Structural Funds Database).

The signed Statement of Expenditure by project together with the Declaration prepared by the Final Beneficiary shall be sent to the Intermediate Bodies within the established deadlines.

The Statement of Expenditure by Project shall be signed by the Intermediate Bodies. The Intermediate Bodies shall also prepare and sign a Declaration.

The signature on the Declaration entails that:

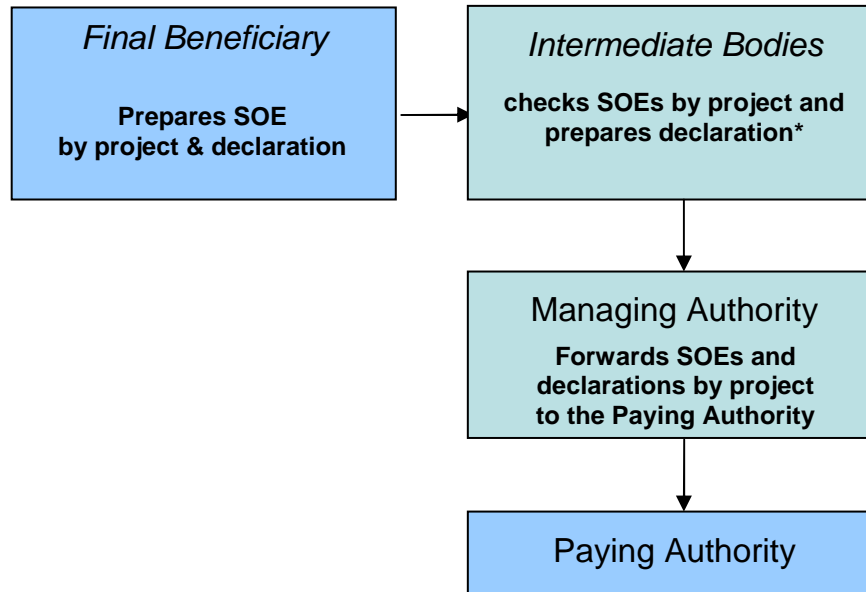
the audit trail was maintained (from when the invoice was issued by the contractor until payment from the Central Bank of Malta) – that there is an Invoice Status Certificate supporting each Invoice;

where on-the-spot checks were carried out, the reports for these checks are available on the EU Structural Funds Database.

Statements of Expenditures and the relevant Declarations (by the FB and IB) shall be forwarded to the Managing Authority.

The Managing Authority shall forward all Statements of Expenditure and Declarations to the Paying Authority.

## Verification



\* The declaration entails that the IB have ensured that the audit trail in the payment process was maintained and that on-the-spot checks on projects were carried out.

## **Certification – Cohesion Fund**

The Paying Authority shall perform the **certification process** according to Article 8 of Regulation 1386/2002, every time a request for reimbursement is made to the Commission. Such request for payment shall be made at least three times a year.

This process shall be undertaken in two stages which in effect are inter-related:

**Stage I:** The Validation Officer in charge of a particular fund within the EU Paying Authority shall:

Review all relevant documentation, namely:

Statements of Expenditure and the attached Declarations;

the invoices and Invoice Status Certificates, if deemed necessary;

the reports on the on-the-spot checks carried out by the Intermediate Body and/or the Managing Authority, if deemed necessary;

Print out the Statement of Expenditure by fund [based on Annex II of Regulation 1386/2002] from the EU Structural Funds Database and ensure:

that every expenditure in the Statement of Expenditure is supported by the Statements of Expenditure by project and the relevant Declarations provided by the Intermediate Bodies and the Final Beneficiary;

that a CB debit advice has been issued for every expenditure therein;

that every expenditure was actually effected within the eligibility period;

that every expenditure was incurred in operations supported by a Commission Decision;

compliance with all relevant national and Community rules, especially Regulation 16/2003 on eligibility;

**Stage II:** Following the first stage, the PA-Certifying Officer shall issue the Certificate and the Application for Payment in accordance with Annex II of Regulation 1386/2002.

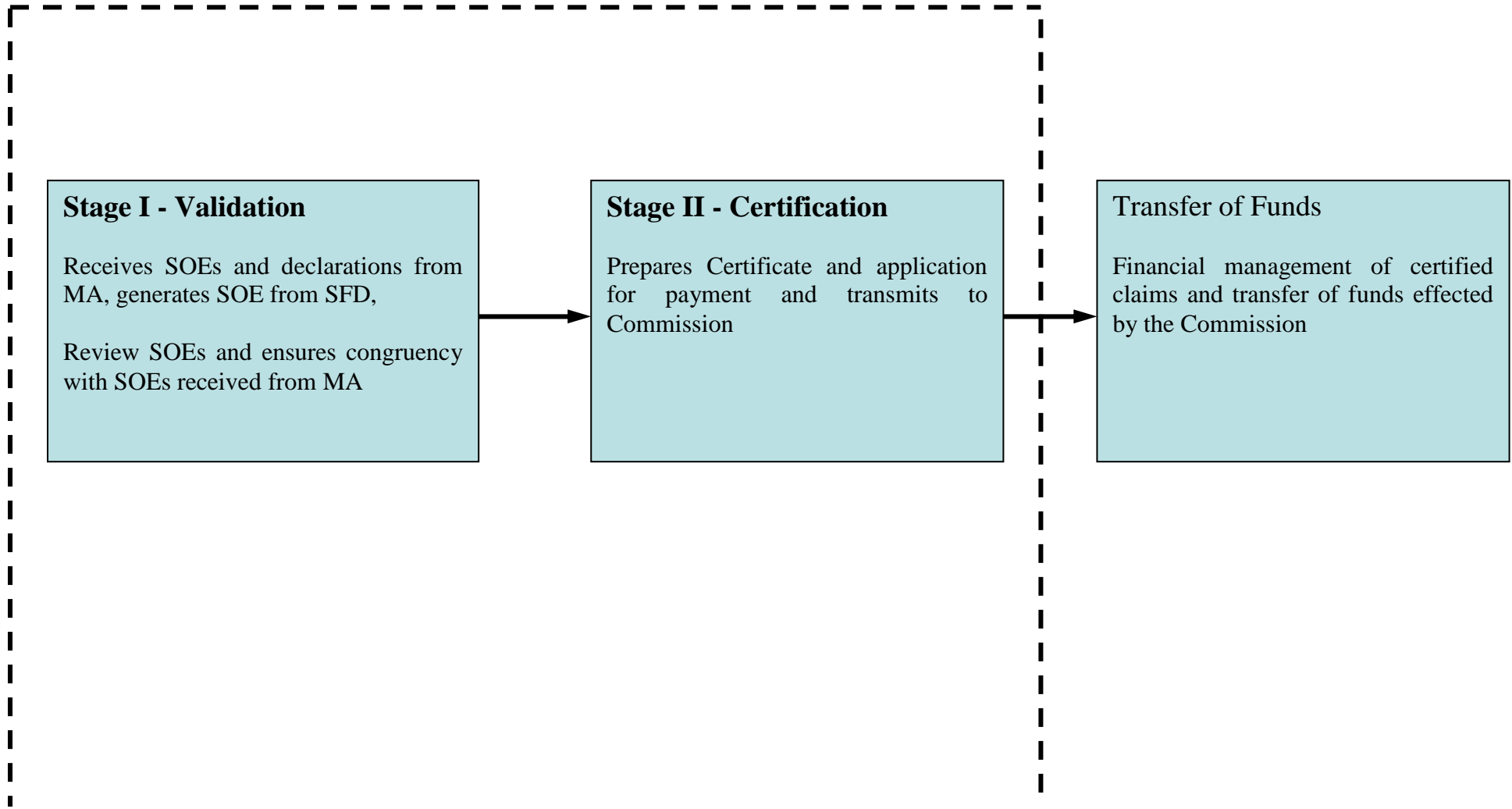
The Statement of Expenditure, the Certificate and the Request for Payment (prepared according to Regulation 1386/2002) shall be sent to European Commission through the EU Structural Funds Database.

### **Transfer of Funds**

The PA shall be responsible to receive and account for funds transferred by the Commission including:

- Payments on account
- Interim and final payments
- Transfer funds to the Public Account
- Account for any discrepancies between certified claims and fund transfers and inform MA accordingly
- Provide financial data of all claims and receipts to the Pertinent Authorities, including the MA.

## Certification Process: Cohesion Fund



## *Annex 3.2 Covenant between the MA & the Ministry for Rural Affairs and the Environment*



### **COHESION FUND FOR MALTA 2004 – 2006**



## **Covenant regulating the relationship between the Managing Authority and the Intermediate Body for the Cohesion Fund - ENVIRONMENT**

### **Preface**

Article 3 of Commission Regulation 1386/2002 holds that the management and control systems of managing and paying authorities, Intermediate Bodies and Final Beneficiaries shall, subject to proportionality in relation to the volume of assistance administered, provide for:

- (a) a clear definition, a clear allocation and, insofar as it is necessary for sound management, an adequate separation of functions within the organisations concerned;
- (b) effective systems for ensuring that the functions are performed in a satisfactory manner;
- (c) in the case of Intermediate Bodies, reporting to the authority responsible on the performance of their tasks and the means employed.

### **Objective**

The objective of this Covenant is to define the tasks the Intermediate Body shall perform on behalf of the Managing Authority.

### **Contracting Parties**

- The Planning and Priorities Coordination Department at the Office of the Prime Minister is the Managing Authority for the Cohesion Fund.

- The Ministry for Rural Affairs and the Environment is the Intermediate Body for the Cohesion Fund – environment section.

## **General Responsibilities**

The Managing Authority is responsible for the general management and coordination of Cohesion Fund operations.

The Intermediate Body shall carry out day-to-day functions and tasks on behalf of the Managing Authority.

This delegation of tasks does not preclude the Managing Authority from reviewing the tasks carried out by the Intermediate Body. The Managing Authority may carry out on- the-spot checks at the Intermediate Body or the Final Beneficiaries as deemed fit in order to ensure that the delegated tasks are being adequately performed.

### **1. General functions**

The Intermediate Body shall ensure that:

- a. the projects are implemented in a manner consistent with the objectives set out in the Commission Decision approving the relevant project and Community Policies;
- b. the projects are implemented in accordance with the eligibility rules specified in Commission Regulation 16/2003;
- c. the requirements of Regulation 1164/1994 (Article 14) and Regulation 641/2004 on information and publicity measures to be carried out by the Member States concerning the activities of the Cohesion Fund are observed;
- d. the projects are being implemented in accordance with the principles of sound financial management as specified in Commission Regulation 1386/2002;
- e. EU requirements with regard to environmental protection, transport, competition, public procurement and equality of opportunities are observed. (The Intermediate Body shall ensure that Final Beneficiaries consult, where applicable, the respective authorities responsible for public procurement, state aid, environment and equal opportunities in order to ensure that the rules are respected throughout the implementation of projects);
- f. all supporting documentation are retained in accordance with Article G(3) of Annex II of Council Regulation (EC) 1164/94 as amended by Regulation 1265/1999 – this includes information regarding expenditure and checks on the project concerned.

### **2. Exchange of Information:**

2.1 The Managing Authority shall provide the Intermediate Body with adequate guidance.

- a. EC Regulations concerning the Cohesion Fund shall be forwarded to the Intermediate Body. Questions regarding the interpretation of the EC Regulations shall be addressed to the Managing Authority;



- b. The Managing Authority shall prepare, after consulting all relevant stakeholders, a manual of procedures for the implementation of the Structural Funds and the Cohesion Fund.

2.2 The Intermediate Body shall contribute to the EU Structural Funds Database<sup>1</sup> by inputting the required data as specified by the Structural Funds Database User Manual, within established deadlines.

### **3. Publicity**

3.1 The Intermediate Body shall ensure that the Final Beneficiaries carry out the publicity measures required by Article 14 of Regulation 1164/94 and Regulation 621/2004 on behalf of the Managing Authority.

3.2 Through the EU Structural Funds Database, the Intermediate Body shall ensure that the final beneficiaries report on all action taken to fulfil the publicity requirements.

### **4. Verification**

4.1 The Intermediate Body shall carry out the verification process according to Article 4 of Regulation 1386/2002 on behalf of the Managing Authority, as described in Annex 1.

4.2 The Intermediate Body shall ensure that the Statements of Expenditure (by project) and the relevant Declarations are forwarded to the Managing Authority upon request and at least once every 2 months, as described in Annex 1.

4.3 The Managing Authority will always retain the possibility to carry out its own verifications and checks, if deemed necessary. Furthermore, the Managing Authority may carry out checks (including on-the-spot checks) to ensure that the Intermediate Body carries out the verifications as required.

### **5. Reporting**

#### **5.1 Annual and final progress reports**

In accordance with Article F(4) of Annex II of Council Regulation (EC) 1164/94, a progress report by project shall be submitted to the Commission within three months of the end of each full year of implementation and to submit a final report within six months of the completion of a project or stage of a project.

5.1.1 The Intermediate Body shall update the EU Structural Funds Database accordingly in order to facilitate the drafting of the progress report.

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<sup>1</sup> The Structural Funds Database covers both the Structural Funds and Cohesion Fund projects.

5.1.2 The Intermediate Body shall assist the Managing Authority in the drafting of the annual and final reports according to a template provided by the Managing Authority.

## **5.2 Irregularities**

Regulation 1681/94 holds that during the two months following the end of each quarter, Member States shall report to the Commission any irregularities which shall have been the subject of initial administrative or judicial investigations.

5.2.1 Upon detecting an irregularity, the Intermediate Body shall prepare a report giving details on the relevant irregularity/infringement. This report shall be sent to the Managing Authority.

5.2.2 The Intermediate Body shall ensure that where the Final Beneficiary discovers an irregularity, a report is drawn up by the Final Beneficiary and sent to the Managing Authority, copying the Intermediate Body.

5.2.3 The Managing Authority shall consult with the Intermediate Body and the Final Beneficiary (where relevant) on any observations made by Commission and inform the Internal Audit and Investigations Directorate of any action taken.

## **6. Request to amend the Commission Decision granting approval for the project**

6.1 In instances where the Intermediate Body requires an adjustment to the Commission Decision approving the project, it shall formally inform the Managing Authority, in writing, explaining in detail the reasons for the proposed request for amending the Decision.

6.2 The Managing Authority shall review such request. The Commission may only authorise one amendment. For this reason, the Managing Authority shall reserve the right to ask for the amendment when it deems necessary, after consultation with the Intermediate Body.

## **7. Recommendations from the Commission and/or the Monitoring Committee**

The Managing Authority, being the counterpart of the European Commission, may receive recommendations and/or observations from the Commission and/or the Monitoring Committee about issues concerning the implementation of the Cohesion Fund.

7.1 The Managing Authority shall communicate any issues pertaining to the Intermediate Body.

7.2 The Intermediate Body shall, in turn, advise the Managing Authority of any action that has been/will be taken.

### **General Conditions**

This Covenant shall apply for the programming period 2004-2006.

There will be reviews of the content and operation of this Covenant, if necessary, with consultation with the Commission (Directorate General for Regional Policy), in order to respect the requirements of the relevant EU Regulations. Amendments shall be made by the mutual agreement of all parties.

Managing Authority

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Ms Marlene Bonnici  
Director General  
Planning and Priorities Coordination Department

Intermediate Body

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Dr Philip Von Brockdorff  
Permanent Secretary  
Ministry for Rural Affairs and the Environment

## **ANNEX 3.2.1**

### **Verification Process – Cohesion Fund (Article 4 of Regulation 1386/2002)**

The requirements of Article 4 shall be fulfilled through the following processes:

#### **a. *Ex ante* checks (before payment to the contractor)**

Before every invoice is forwarded to the Treasury, the Final Beneficiary and the line Ministry shall carry out checks which include:

- verification of the delivery of the products and services co-financed and the reality of expenditure claimed (by Final Beneficiary);
- that Community rules are respected throughout the implementation of the project (including rules on the eligibility of expenditure, public procurement, , protection of the Environment) (line Ministry ensures that the Final beneficiary carries out the required checks, by ensuring that the checklists on the ISC are filled in and signed)

An Invoice Status Certificate, including checklists, is filled in and signed by the Final Beneficiary and the line Ministry before payment is authorised.

#### **b. Checks carried out by the Intermediate Bodies**

The Intermediate Body will carry out documentary and physical checks (by reviewing information inserted on the EU Structural Funds Database and/or on-the-spot), on behalf of the Managing Authority.

- The aim of the checks is to ensure that the audit trail, especially with regard to the Invoice Payment process, is maintained. In particular, the Intermediate Body shall ensure that the Invoice Status Certificates are adequately filled in and signed. This is proof that the Final Beneficiary and the line Ministry have carried out the required checks and controls before payment is authorized.
- The Intermediate Bodies may carry out on-the-spot checks on projects to ensure:
  - the delivery of products and/or services; and
  - compliance with Commission Decision approving the project and Community and national rules especially rules concerning public procurement, , protection of the environment;
  - that the project files include all the relevant documents.

The Managing Authority retains the possibility of carrying out on-the-spot checks itself and of ensuring that the Intermediate Body carries out the on-the-spot checks as required.

The on-the-spot checks shall be recorded in a report which will be attached to the EU Structural Funds Database and made available to the Paying Authority prior to commencing the Certification process. The comments of the Managing Authority and/or the Intermediate Bodies shall be included in the report.

The Managing Authority shall ensure that the reports for the on-the-spot checks are made available on the database by the Intermediate Body.

### **c. Statement of Expenditure and Declarations**

#### Statement of Expenditure by project and Declaration:

Upon request, and at least once every two months, the Final Beneficiary shall prepare a Statement of Expenditure including the invoices for which a debit advice was issued during the relevant period. It shall be prepared for every project separately.

The Statement of Expenditure shall be accompanied by a Declaration (in the form of a checklist) stating that all relevant tasks and checks were fulfilled. Both the Statement of Expenditure and the Declaration shall be signed by the Final Beneficiary:

The signature entails that:

- a. no irregularity concerning the expenditures included in the Statement of Expenditure was detected;
- b. the relevant checks concerning each invoice were carried out and that the Invoice Status Certificate for each expenditure included in the Statement of Expenditure was adequately completed and filled in (a copy of the ISC including signatures of the Final Beneficiary, the line Ministry and the Treasury will be available on the EU Structural Funds Database).

The signed Statement of Expenditure by project together with the Declaration prepared by the Final Beneficiary shall be sent to the Intermediate Bodies within the established deadlines.

The Statement of Expenditure by Project shall be signed by the Intermediate Bodies. The Intermediate Bodies shall also prepare and sign a Declaration.

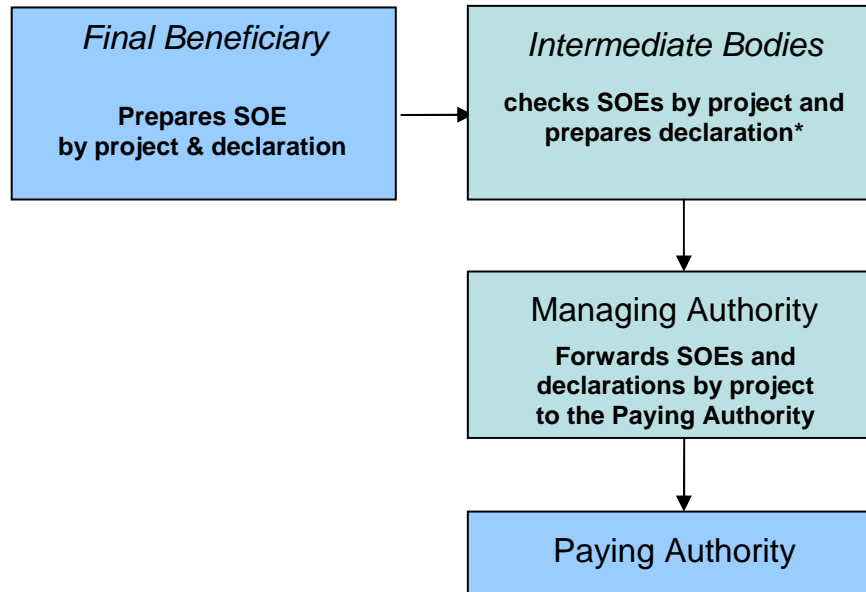
The signature on the Declaration entails that:

- a. the audit trail was maintained (from when the invoice was issued by the contractor until payment from the Central Bank of Malta) – that there is an Invoice Status Certificate supporting each Invoice;
- b. where on-the-spot checks were carried out, the reports for these checks are available on the EU Structural Funds Database.

Statements of Expenditures and the relevant Declarations (by the FB and IB) shall be forwarded to the Managing Authority.

The Managing Authority shall forward all Statements of Expenditure to the Paying Authority.

## Verification



\* The declaration entails that the IB have ensured that the audit trail in the payment process was maintained and that on-the-spot checks on projects were carried out.

## *Annex 3.3 Covenant between the MA & the Ministry for Urban Development and Roads*



### **COHESION FUND FOR MALTA 2004 – 2006**



## **Covenant regulating the relationship between the Managing Authority and the Intermediate Body for the Cohesion Fund - TRANSPORT**

### **Preface**

Article 3 of Commission Regulation 1386/2002 holds that the management and control systems of managing and paying authorities, Intermediate Bodies and Final Beneficiaries shall, subject to proportionality in relation to the volume of assistance administered, provide for:

- (d) a clear definition, a clear allocation and, insofar as it is necessary for sound management, an adequate separation of functions within the organisation concerned;
- (e) effective systems for ensuring that the functions are performed in a satisfactory manner;
- (f) in the case of Intermediate Bodies, reporting to the authority responsible on the performance of their tasks and the means employed.

### **Objective**

The objective of this Covenant is to define the tasks the Intermediate Body shall perform on behalf of the Managing Authority.

### **Contracting Parties**

- The Planning and Priorities Coordination Department at the Office of the Prime Minister is the Managing Authority for the Cohesion Fund.



- The Ministry for Urban Development and Roads is the Intermediate Body for the Cohesion Fund – transport section.

### **General Responsibilities**

The Managing Authority is responsible for the general management and coordination of Cohesion Fund operations.

The Intermediate Body shall carry out day-to-day functions and tasks on behalf of the Managing Authority.

This delegation of tasks does not preclude the Managing Authority from reviewing the tasks carried out by the Intermediate Body. The Managing Authority may carry out on- the-spot checks at the Intermediate Body or the Final Beneficiaries as deemed fit in order to ensure that the delegated tasks are being adequately performed.

### **General functions**

The Intermediate Body shall ensure that:

- a. the projects are implemented in a manner consistent with the objectives set out in the Commission Decision approving the relevant project and Community Policies;
- b. the projects are implemented in accordance with the eligibility rules specified in Commission Regulation 16/2003;
- c. the requirements of Regulation 1164/1994 (Article 14) and Regulation 641/2004 on information and publicity measures to be carried out by the Member States concerning the activities of the Cohesion Fund are observed;
- d. the projects are being implemented in accordance with the principles of sound financial management as specified in Commission Regulation 1386/2002;
- e. EU requirements with regard to environmental protection, transport, competition, public procurement and equality of opportunities are observed. (The Intermediate Body shall ensure that Final Beneficiaries consult, where applicable, the respective authorities responsible for public procurement, state aid, environment and equal opportunities in order to ensure that the rules are respected throughout the implementation of projects);
- f. all supporting documentation is retained in accordance with Article G(3) of Annex II of Council Regulation (EC) 1164/94 as amended by Regulation 1265/2999 – this includes information regarding expenditure and checks on the project concerned.

### **Exchange of Information:**

The Managing Authority shall provide the Intermediate Body with adequate guidance:

- a. EC Regulations concerning the Cohesion Fund shall be forwarded to the Intermediate Body. Questions regarding the interpretation of the EC Regulations shall be addressed to the Managing Authority;
- b. The Managing Authority shall prepare, after consulting all relevant stakeholders, a manual of procedures for the implementation of the Structural Funds and the Cohesion Fund.

The Intermediate Body shall contribute to the EU Structural Funds Database<sup>2</sup> by inputting the required data as specified by the Structural Funds Database User Manual, within established deadlines.

### **Publicity**

The Intermediate Body shall ensure that the Final Beneficiaries carry out the publicity measures required by Article 14 of Regulation 1164/94 and Regulation 621/2004 on behalf of the Managing Authority.

Through the EU Structural Funds Database, the Intermediate Body shall ensure that the final beneficiaries report on all action taken to fulfil the publicity requirements.

### **Verification**

The Intermediate Body shall carry out the verification process according to Article 4 of Regulation 1386/2002 on behalf of the Managing Authority, as described in Annex 1.

The Intermediate Body shall ensure that the Statements of Expenditure (by project) and the relevant Declarations are forwarded to the Managing Authority upon request and at least once every 2 months, as described in Annex 1.

The Managing Authority will always retain the possibility to carry out its own verifications and checks, if deemed necessary. Furthermore, the Managing Authority may carry out checks (including on the spot checks) to ensure that the Intermediate Body carries out the verifications as required.

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<sup>2</sup> The Structural Funds Database covers both the Structural Funds and Cohesion Fund projects.

## **Reporting**

### **Annual and final progress reports**

In accordance with Article F(4) of Annex II of Council Regulation (EC) 1164/94, a progress report by project shall be submitted to the Commission within three months of the end of each full year of implementation and to submit a final report within six months of the completion of a project or stage of a project.

The Intermediate Body shall update the EU Structural Funds Database accordingly in order to facilitate the drafting of the progress report.

The Intermediate Body shall assist the Managing Authority in the drafting of the annual and final reports according to a template provided by the Managing Authority.

### **Irregularities**

Regulation 1681/94 holds that during the two months following the end of each quarter, Member States shall report to the Commission any irregularities which shall have been the subject of initial administrative or judicial investigations.

Upon detecting an irregularity, the Intermediate Body shall prepare a report giving details on the relevant irregularity/infringement. This report shall be sent to the Managing Authority.

The Intermediate Body shall ensure that where the Final Beneficiary discovers an irregularity, a report is drawn up by the Final Beneficiary and sent to the Managing Authority, copying the Intermediate Body.

The Managing Authority shall consult with the Intermediate Body and the Final Beneficiary (where relevant) on any observations made by Commission and inform the Internal Audit and Investigations Directorate of any action taken.

### **Request to amend the Commission Decision granting approval for the project**

In instances where the Intermediate Body requires an adjustment to the Commission Decision approving the project, it shall formally inform the Managing Authority, in writing, explaining in detail the reasons for the proposed request for amending the Decision.

The Managing Authority shall review such request. The Commission may only authorise one amendment. For this reason, the Managing Authority shall reserve the right to ask for the amendment when it deems necessary, after consultation with the Intermediate Body.

### **Recommendations from the Commission and/or the Monitoring Committee**

The Managing Authority, being the counterpart of the European Commission, may receive recommendations and/or observations from the Commission and/or the Monitoring Committee about issues concerning the implementation of the Cohesion Fund.

The Managing Authority shall communicate any issues pertaining to the Intermediate Body.

The Intermediate Body shall, in turn, advise the Managing Authority of any action that has been/will be taken.

#### General Conditions

This Covenant shall apply for the programming period 2004-2006.

There will be reviews of the content and operation of this Covenant, if necessary, with consultation with the Commission (Directorate General for Regional Policy), in order to respect the requirements of the relevant EU Regulations. Amendments shall be made by the mutual agreement of all parties.

#### Managing Authority

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Ms Marlene Bonnici  
Director General  
Planning and Priorities Coordination Department

#### Intermediate Body

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Mr Vince Cassar  
Permanent Secretary  
Ministry for Urban Development and Roads

### **ANNEX 3.3.1**

#### **Verification Process – Cohesion Fund (Article 4 of Regulation 1386/2002)**

The requirements of Article 4 shall be fulfilled through the following processes:

**a. *Ex ante* checks (before payment to the contractor)**

Before every invoice is forwarded to the Treasury, the Final Beneficiary and the line Ministry shall carry out checks which include:

- verification of the delivery of the products and services co-financed and the reality of expenditure claimed (by Final Beneficiary);
- that Community rules are respected throughout the implementation of the project (including rules on the eligibility of expenditure, public procurement, , protection of the Environment) (line Ministry ensures that the Final beneficiary carries out the required checks, by ensuring that the checklists on the ISC are filled in and signed)

An Invoice Status Certificate, including checklists, is filled in and signed by the Final Beneficiary and the line Ministry before payment is authorised.

**b. Checks carried out by the Intermediate Bodies**

The Intermediate Body will carry out documentary and physical checks (by reviewing information inserted on the EU Structural Funds Database and/or on-the-spot), on behalf of the Managing Authority.

- The aim of the checks is to ensure that the audit trail, especially with regard to the Invoice Payment process, is maintained. In particular, or the Intermediate Body shall ensure that the Invoice Status Certificates are adequately filled in and signed. This is proof that the Final Beneficiary and the line Ministry have carried out the required checks and controls before payment is authorized.
- The Intermediate Bodies may carry out on-the-spot checks on projects to ensure:
  - the delivery of products and/or services; and
  - compliance with Commission Decision approving the project and Community and national rules especially rules concerning public procurement, , protection of the environment;
  - that the project files include all the relevant documents.

The Managing Authority retains the possibility of carrying out on-the-spot checks itself and of ensuring that the Intermediate Body carries out the on-the-spot checks as required.

The on-the-spot checks shall be recorded in a report which will be attached to the EU Structural Funds Database and made available to the Paying Authority prior to commencing the Certification process. The comments of the Managing Authority and/or the Intermediate Bodies shall be included in the report.

The Managing Authority shall ensure that the reports for the on-the-spot checks are made available on the database by the Intermediate Body.

### **c. Statement of Expenditure and Declarations**

#### Statement of Expenditure by project and Declaration:

Upon request, and at least once every two months, the Final Beneficiary shall prepare a Statement of Expenditure including the invoices for which a debit advice was issued during the relevant period. It shall be prepared for every project separately.

The Statement of Expenditure shall be accompanied by a Declaration (in the form of a checklist) stating that all relevant tasks and checks were fulfilled. Both the Statement of Expenditure and the Declaration shall be signed by the Final Beneficiary:

The signature entails that:

- c. no irregularity concerning the expenditures included in the Statement of Expenditure was detected;
- d. the relevant checks concerning each invoice were carried out and that the Invoice Status Certificate for each expenditure included in the Statement of Expenditure was adequately completed and filled in (a copy of the ISC including signatures of the Final Beneficiary, the line Ministry and the Treasury will be available on the EU Structural Funds Database).

The signed Statement of Expenditure by project together with the Declaration prepared by the Final Beneficiary shall be sent to the Intermediate Bodies within the established deadlines.

The Statement of Expenditure by Project shall be signed by the Intermediate Bodies. The Intermediate Bodies shall also prepare and sign a Declaration.

The signature on the Declaration entails that:

- a. the audit trail was maintained (from when the invoice was issued by the contractor until payment from the Central Bank of Malta) – that there is an Invoice Status Certificate supporting each Invoice;
- b. where on-the-spot checks were carried out, the reports for these checks are available on the EU Structural Funds Database.

Statements of Expenditures and the relevant Declarations (by the FB and IB) shall be forwarded to the Managing Authority.

The Managing Authority shall forward all Statements of Expenditure to the Paying Authority.

## *Annex 3.4 Terms of Reference for the Monitoring Committee for the Cohesion Fund*

### **MONITORING COMMITTEE FOR THE COHESION FUND**

#### **Reference Framework Document**

#### **Preamble**

The Monitoring Committee (MC) is being set up to carry out the relevant functions with respect to Articles 13 and Article F of Annex II of Council Regulation 1164/94, in relation to Malta's projects under the Cohesion Fund for the period 2004-2006.

#### **Functions**

The main functions of the Monitoring Committee (MC) are:

- Monitor the implementation of Malta's projects under the Cohesion Fund for the period 2004-2006
- periodically review progress registered towards achieving the specific objectives of the assistance;
- examine the results of implementation, particularly achievement of set targets for the different measures;
- approve the annual and final implementation reports;
- consider and approve any proposal intended to amend the contents of the Commission decision on the contribution/allocation of assistance;
- as it deems fit, propose to the Managing Authority any adjustment or review of the assistance likely to render possible the attainment of the objectives of the assistance programme or to improve its management (including financial management).
- carry out monitoring by reference to physical and financial indicators
- ensure compliance, as is necessary or appropriate, with all Community policies ;
- be guided by the other provisions of the relevant regulations

#### **Membership**

- The members of the MC are:
- The Permanent Secretary OPM (or designate) as Chairman
- The Permanent Secretaries as representatives of their respective Ministries (or designate)
- The Head of the Managing Authority or designate
- The Head of the Paying Authority or designate<sup>3</sup>.
- The MC shall also have the following members as observers:

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<sup>3</sup> By Decision of the Monitoring Committee of 18<sup>th</sup> May 2006.

- 1 nominated representative (or substitute) of each of the organisations represented in the Malta Council for Economic and Social Development;
- 1 nominated representative (or substitute) of the Regional Project Committee for Gozo;
- 1 nominated representative (or substitute) of the National Council for Women;
- 1 nominated representative (or substitute) of each of two environment NGOs (Nature Trust and Friends of the Earth);
- 1 nominated representative (or substitute) of the fisheries sector (Ko-Operattiva Nazzjonali tas-Sajd);
- 1 representative of the agriculture sector – Farmers’ Central Co-Operative Society Ltd.);
- Representative/s of the European Commission;
- Representative of the European Investment Bank, when appropriate;

### **Secretariat**

- The Secretariat to the MC will be provided by the Managing Authority.

### **Meetings**

- The Chairman will convene the MC as often as necessary but at least once every quarter.
- Other ad hoc experts may participate in the meetings of the MC (or parts thereof) to give clarifications / presentations on particular issues related to the implementation of the programme.
- The MC may appoint ad hoc sub-committees to deal with issues of a very specific nature.

### **Agenda**

1. At the request of the Chairman the secretariat shall draw up the agenda of the meetings. The secretariat may request supporting documentation from any of its members. The agenda, together with the supporting documentation, shall be sent to all participants at least ten (10) working days prior to the date of the meeting. Members and observers would be allowed five (5) working days prior to the date of the meeting to notify the Committee Secretariat that they wish to have an item included under “Other Business”.

### **Written Procedure**

9. With the approval of the Chairman, an item of substance which requires an outcome prior to the next meeting of the MC may be submitted to the Committee for adoption by written procedure. Members and observers shall give their opinion in writing within seven (7) working days. The absence of a written objection from a member of the Committee shall be taken to indicate approval of the course of action recommended.

### **Minutes**

The Secretariat shall produce a record of each meeting of the MC. Draft minutes shall be issued to the participants within ten (10) working days of the meeting.

### **Decisions and Conclusions**

- 11 The MC shall endeavour to achieve consensus.