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**ENPI  
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CROSS-BORDER COOPERATION  
IN THE MEDITERRANEAN

# Informative note on expenditure verification for Maltese Beneficiaries/Partners

(ref. article 15.6 General Conditions of  
the Grant Contract - as amended by the  
Special Conditions)

**MEDITERRANEAN SEA BASIN PROGRAMME 2007-2013**

Cagliari, April 2013

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Following the outcome of the official meeting held in Malta on the 3<sup>rd</sup> of April 2013, the **JMA and the Maltese Authority responsible for the National First Level Control in Malta (National Control System)**, hereinafter referred to as “Maltese National Authorities”, have agreed on the following procedure that shall apply to all Maltese Beneficiaries and Partners participating in projects financed in the framework of the ENPI CBC MED Programme 2007-2013.

According to section 3.3.2 of the ENPI CBC MED Joint Operational Programme, a National Control System may be established by EU Member States as “additional” to the expenditure verification procedure foreseen by the legal framework of the Programme.

To this end, **the JMA and Maltese National Authorities confirm that all Beneficiaries and Partners located in Malta have to follow the provisions as set by the Grant Contract , regardless their legal status.**

In particular, they will have to contract **an external auditor** according to the public procurement procedures following the requirements of Annex IV of the Grant Contract as modified by the Grant Contract Special Conditions.

To this end, the JMA would like to remind that the external auditor must fulfill at least one of the requirements set by Annex VII of the Grant Contract and in particular:

- *The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).*
- *The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in ToR of Annex VII.*
- *The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU Member State).*
- *The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a Mediterranean Partner Country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a Mediterranean Partner Countries)<sup>1</sup>.*

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<sup>1</sup> For further details, please refer to the JTS Project Implementation Manual you can find at <http://www.enpicbmed.eu/projects/project-management>



**Nevertheless, once the auditor has been selected and contracted<sup>2</sup>, the following steps must be followed as far as project expenditure verification is concerned:**

**Step 1:** Each partner organization has to prepare the Interim/Final Financial Report concerning its expenditures and the related Narrative Report (Annex VI of the Grant Contract). **The official report templates and related instructions to be used are provided to the Beneficiary by the JTS only, on behalf of the JMA**

**Step 2:** The appointed external auditor will examine both Reports and he/she will issue an Expenditure Verification Report according to the Terms of Reference and templates as per **Annex VII to the Grant Contract**.

**Step 3:** The Maltese partners organizations, **will have to send a hard copy of those documents (Financial/Narrative Report as per Annex VI and Expenditure Verification Report as per Annex VII)** to their Beneficiary (Lead Partner) **and, through their own auditor, also to the Maltese National Authorities at the following address:**

Ministry for European Affairs and Implementation of the Electoral Manifesto  
Funds and Programmes Division  
Triq il-Kukkanja  
Santa Venera

**Step 4:** The project Beneficiary will collect all reports (**Annex VI and the Expenditure Verification Report as per Annex VII**) from each partner and it will make a “**consolidated Project Report**” - including the one referring to its own expenditures - that will be submitted to the Beneficiary’s external auditor for expenditure verification. The Beneficiary’s Auditor will then issue a “**Consolidated Expenditure Verification Report**” by including all factual findings mentioned by each partner’ external auditor, the factual findings concerning the Beneficiary’s own expenditures, as well as any additional finding derived from the revision of the reported financial data as well as the respect of thresholds as set in the project global budget in force at the time of the auditing.

**To this end, kindly note that in case of a Maltese Beneficiary, the documents to be addressed by its auditor to the Maltese National Authorities as described in previous Step 3 (Annex VI and the related Expenditure Verification Report as per Annex VII) are only those dealing with its own expenses, since every further**

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<sup>2</sup> In order to fulfill the requirements towards the Maltese National Authorities, a dedicate clause establishing the obligation to send the Financial and Expenditure Verification Reports also to the Maltese First Level Control Unit as mentioned, shall be inserted in the contract signed with the auditor. For projects which have already appointed their Auditor at the time of this Note, an addendum to this obligation shall be issued and copy of the said document must be attached to the first request of payment addressed by the project Beneficiary to the JMA, with the exception of the first pre-financing.



**Maltese member of the partnership, if any, is supposed to fulfill the same obligation<sup>3</sup>.**

**Step 5:** The Beneficiary will then **send both documents (the consolidated Annex VI and the consolidated Expenditure Verification Report as per Annex VII as well as the related annexes)** to the JMA according to the instructions received from the latter, as mentioned in previous Step 1.

The Maltese National Authority or its delegates could carry out verification missions and on the spot checks at any time during project implementation and at project closure. In any case, those missions will be performed without any additional cost.

**Moreover, in the spirit of mutual cooperation, the Maltese National Authorities will provide the JMA with specific reports on the results of such controls which can be consulted at any time, for whatever sort of doubts the JMA may have on the Maltese organizations and/or the reliability of their Auditors.**

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<sup>3</sup> In the event the partnership (which includes Maltese organization) decides to have one single external auditor for the Beneficiary (Maltese or not) and all the partners, this unique Auditor will have to provide the Maltese National Authorities only the parts of the project report (and related Expenditure Verification Report) which concern Maltese organizations. See also footnote n. 2.