

## COMMISSION REGULATION (EC) No 1386/2002

of 29 July 2002

**laying down detailed rules for the implementation of Council Regulation (EC) No 1164/94 as regards the management and control systems for assistance granted from the Cohesion Fund and the procedure for making financial corrections**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1164/94 of 16 May 1994 establishing a Cohesion Fund <sup>(1)</sup>, as amended by Regulations (EC) No 1264/1999 and (EC) No 1265/1999 <sup>(2)</sup>, and in particular Article 12(4) thereof and Article H(4) of Annex II thereto,

Whereas:

- (1) Article 12(1) of Regulation (EC) No 1164/94 requires Member States to take a number of measures to ensure that the Cohesion Fund is used efficiently and correctly and in accordance with the principle of sound financial management.
- (2) For this purpose, it is necessary for Member States to provide adequate guidance regarding the organisation of the relevant functions of the bodies responsible for the implementation of projects, for certifying expenditure and for the general management and coordination of Cohesion Fund operations in the Member State concerned.
- (3) Regulation (EC) No 1164/94 requires the Member States to cooperate with the Commission in ensuring that they have smoothly running management and control systems and to give it all necessary assistance to undertake checks, including sample checks.
- (4) In order to harmonise standards for the certification of expenditure for which payments from the Fund are claimed, the content of such certificates should be laid down and the nature and quality of the information on which they rely specified.
- (5) To enable the Commission to carry out the checks referred to in Article 12(2) of Regulation (EC) No 1164/94, Member States should supply it on request with data which the bodies responsible for the implementation of projects and for the general management and coordination of Cohesion Fund operations require in order to fulfil the management, monitoring and evaluation requirements of that Regulation. It is necessary to lay down the content of such data and the format and means of transmission of computer files when data is supplied in electronic form. The Commission should ensure that computerised and other data is kept confidential and secure.
- (6) This Regulation should apply without prejudice to the provisions of Council Regulation (Euratom, EC) No

2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities <sup>(3)</sup>.

- (7) This Regulation should apply without prejudice to the provisions of Commission Regulation (EC) No 1831/94 of 26 July 1994 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the Cohesion Fund and the organisation of an information system in this field <sup>(4)</sup>.
- (8) Detailed provisions should be laid down concerning the procedure under Article H of Annex II to Regulation (EC) No 1164/94, including the recovery of amounts paid unduly, repayment to the Commission and default interest,

HAS ADOPTED THIS REGULATION:

## CHAPTER I

**Subject matter and scope***Article 1*

This Regulation lays down detailed rules for the implementation of Regulation (EC) No 1164/94 as regards the management and control systems for assistance granted from the Cohesion Fund (hereinafter referred to as the Fund) for eligible measures that fall within Article 3 of that Regulation and were first approved after 1 January 2000, and as regards the procedure for making financial corrections to such assistance.

## CHAPTER II

**Management and control systems***Article 2*

1. Each Member State shall ensure that adequate guidance on the provision of management and control systems necessary to ensure the sound management of the Fund in accordance with generally accepted principles and standards is given to the following bodies and authorities:

- (a) the bodies responsible for the implementation of projects under Article 10(4) of Regulation (EC) No 1164/94 (hereinafter called implementing bodies);

<sup>(1)</sup> OJ L 130, 25.5.1994, p. 1.

<sup>(2)</sup> OJ L 161, 26.6.1999, pp. 57 and 62.

<sup>(3)</sup> OJ L 292, 15.11.1996, p. 2.

<sup>(4)</sup> OJ L 191, 27.7.1994, p. 9.

- (b) the authorities or bodies responsible for certifying statements of expenditure for which payments from the Fund are claimed under Article 12(1)(d) of Regulation (EC) No 1164/94 and Article D(4) of Annex II to that Regulation, including, where these are different, the authorities or bodies designated under Article D(1) of Annex II to the Regulation (hereinafter called paying authorities);
- (c) the authorities responsible for the general management and coordination of Fund operations in the Member State (hereinafter called managing authorities), and
- (d) public or private bodies or services acting under the responsibility of managing or paying authorities or performing tasks on their behalf in relation to implementing bodies (hereinafter called intermediate bodies).

In particular, that guidance shall assist those authorities or bodies in establishing the systems necessary not only to provide adequate assurance of the correctness, regularity and eligibility of claims on Community assistance but also to ensure that projects are carried out in accordance with the terms of the relevant decision and with the objectives assigned to those projects.

2. For the purposes of this Regulation, 'implementing bodies' shall include, where the implementing body is not the final recipient of funding, bodies and firms involved in the implementation of the project, whether as concession-holders, appointees or otherwise.

3. For the purposes of this Regulation, and except where otherwise specified, 'project' means any individual project, stage of a project or group of projects falling within Article 1(3) of Regulation (EC) No 1164/94, or any measure falling within Article 3(2) of that Regulation which is the subject of a decision taken under Article 10(6) thereof (hereinafter referred to as a granting Decision).

### Article 3

The management and control systems of managing and paying authorities, intermediate bodies and implementing bodies 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 organisation 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.

### Article 4

1. The management and control systems referred to Article 3 shall include procedures to verify the authenticity of the

expenditure claimed and execution of the project from its preparatory stage through to the entry into service of the financed investment in accordance with the terms of the relevant granting Decision, with the objectives assigned to the project, and with applicable national and Community rules on, in particular, the eligibility of expenditure for support from the Fund, protection of the environment, transport, trans-European networks, competition and public procurement.

Verifications shall cover all aspects, whether of a financial, technical or administrative nature, that determine the effective utilisation of the funds committed.

2. The procedures shall require the recording of verifications of projects on the spot. The records shall state the work done, the results of the verification and the measures taken in respect of discrepancies. Where any physical or administrative verifications are not exhaustive, but are performed on a sample of works or transactions, the records shall identify the works or transactions selected and shall describe the sampling method.

### Article 5

1. Member States shall, in respect of projects first approved after 1 January 2000, inform the Commission, within three months of the entry into force of this Regulation, of the organisation of the managing and paying authorities and intermediate bodies responsible for Fund operations in their country, of the management and control systems in place in these authorities and bodies and of improvements planned pursuant to the guidance referred to in Article 2(1).

2. The communication shall contain the following information in respect of each managing and paying authority and intermediate body:

- (a) the functions vested in them;
- (b) the allocation of functions between or within their departments, including between the managing and paying authority where they are the same body;
- (c) the procedures for the inspection and acceptance of works and by which claims for reimbursement of expenditure are received, verified and validated, and by which payments to beneficiaries are authorized, executed and accounted for;
- (d) the provisions for the audit of management and control systems.

3. The Commission shall, in cooperation with the Member State, satisfy itself that the management and control systems presented under paragraphs 1 and 2 meet the standards required by Regulation (EC) No 1164/94 and by this Regulation, and shall make known any obstacles which they present to the transparency of checks on the operation of the Fund and to the Commission's discharge of its responsibilities under Article 274 of the Treaty. Reviews of the operation of the systems shall be undertaken on a regular basis.

*Article 6*

1. The management and control systems shall provide a sufficient audit trail.
2. An audit trail shall be considered sufficient where it permits:
  - (a) reconciliation of the summary amounts certified to the Commission with the individual expenditure records and supporting documents held at the various administrative levels and by implementing bodies;
  - (b) verification of the allocation and transfer of the available Community and national funds;
  - (c) verification of the correctness of the information supplied on the execution of the project in accordance with the terms of the granting Decision and the objectives assigned to the project.
3. An indicative description of the information requirements for a sufficient audit trail is given in Annex I.
4. The managing authority shall satisfy itself on the following points:
  - (a) that there are procedures to ensure that documents that are relevant to specific items of expenditure incurred, payments made, works undertaken and verifications of them carried out in connection with the project, and which are required for a sufficient audit trail, are held in accordance with the requirements of Article G(3) of Annex II to Regulation (EC) No 1164/94 and with Annex I to this Regulation;
  - (b) that a record is maintained of the body holding them and its location;
  - (c) that the documents are made available for inspection by the persons and bodies who would normally have the right to inspect such documents.
5. The persons and bodies referred to in paragraph 4(c) shall be:
  - (a) the staff of the managing and paying authority, of intermediate bodies and of the implementing body who process payment claims;
  - (b) the services undertaking audits of management and control systems;
  - (c) the person or department of the paying authority responsible for certifying interim and final payment claims under Article 12(1)(d) of Regulation (EC) No 1164/94 and Article D(2)(d) of Annex II to that Regulation, and the person or department which issues the declaration under Article 12(1)(f) of the Regulation;
  - (d) mandated officials of national audit institutions and the Community.

They may require that extracts or copies of the documents or accounting records referred to in paragraph 4 be supplied to them.

*Article 7*

The paying authority shall keep an account of amounts recoverable from payments of Community assistance already made,

and ensure that the amounts are recovered without unjustified delay. After recovery, it 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 in respect of the project concerned. If this is insufficient, the Commission may request that the excess amount be refunded to it.

The paying authority shall send the Commission once a year, in annex to the fourth quarterly report on recoveries supplied under Regulation (EC) No 1831/94, a statement of the amounts awaiting recovery at that date, classified by the year of initiation of the recovery proceedings.

## CHAPTER III

**Certification of expenditure***Article 8*

1. The certificates of statements of interim and final expenditure referred to in Article 12(1)(d) of Regulation (EC) No 1164/94 and in the fourth indent of Article D(2)(d) of Annex II thereto shall be drawn up in the form prescribed in Annex II to this Regulation by a person or department within the paying authority that is functionally independent of any services that approve claims.
2. Before certifying any statement of expenditure, the paying authority shall satisfy itself that the following conditions are fulfilled:
  - (a) the managing authority, intermediate bodies and the implementing body have fulfilled the requirements of Regulation (EC) No 1164/94, in particular Article 12(1)(c) and (e) thereof and Article D(2)(b) and (d) of Annex II thereto, and observed the terms of the granting Decision;
  - (b) the statement of expenditure includes only expenditure:
    - (i) that has been actually effected within the eligibility period laid down in the granting Decision and can be supported by receipted invoices or accounting documents of equivalent probative value;
    - (ii) relating to works that had not been essentially completed at the time the application for assistance was lodged;
    - (iii) that are justified by the progress or completion of the project in accordance with the terms of the granting Decision and the objectives assigned to the project.
3. So that the sufficiency of the control systems and the audit trail can always be taken into account before a statement of expenditure is presented to the Commission, the managing authority shall ensure that the paying authority is kept informed of the procedures operated by it, by intermediate bodies and by the implementing body to:
  - (a) verify the authenticity of expenditure claimed and execution of the project in accordance with the terms of the relevant granting Decision and the objectives assigned to the project;

- (b) ensure compliance with the applicable rules;
- (c) maintain the audit trail.

4. In cases where the managing authority and the paying authority are or belong to the same body, this body shall ensure that procedures offering equivalent standards of control to those stipulated in paragraphs 2 and 3 are applied.

#### CHAPTER IV

##### Sample checks

###### Article 9

1. Member States shall organise checks on projects on an appropriate sampling basis, designed in particular to:

- (a) verify the effectiveness of the management and control systems in place;
- (b) verify selectively, on the basis of risk analysis, expenditure declarations made at the various levels concerned.

2. The checks carried out for the period 2000-2006 shall cover at least 15 % of the total eligible expenditure incurred on projects first approved during that period. This percentage may be reduced in proportion to the expenditure incurred before the entry into force of this Regulation. The checks shall be based on a representative sample of transactions, taking account of the requirements of paragraph 3.

Member States shall endeavour to spread the implementation of the checks evenly over the period concerned. They shall ensure an appropriate separation of tasks as between such checks and implementation or payment procedures concerning projects.

3. The selection of the sample of transactions to be checked shall take into account:

- (a) the need to check an appropriate mix of types and sizes of projects;
- (b) any risk factors which have been identified by national or Community checks;
- (c) the need to ensure that the different types of body involved in the management and implementation of projects and the two sectors of activity (transport and the environment) are satisfactorily checked.

###### Article 10

Through the checks, the Member States shall endeavour to verify the following:

- (a) the practical application and effectiveness of the management and control systems;
- (b) the execution of projects in accordance with the terms of the granting Decision and the objectives assigned to the projects;

- (c) for an adequate number of accounting records, the correspondence of those records with supporting documents held by intermediate bodies, and the implementing body;
- (d) the presence of a sufficient audit trail;
- (e) for an adequate number of expenditure items, that the nature and timing of the relevant expenditure comply with Community provisions and correspond to the approved specifications of the project and the works actually executed;
- (f) that the appropriate national co-financing has in fact been made available; and
- (g) that the cofinanced projects have been implemented in accordance with Community rules and policies as required by Article 8 of Regulation (EC) No 1164/94.

###### Article 11

The checks shall establish whether any problems encountered are of a systemic character, entailing a risk for other or all projects carried out by the same implementing body or in the Member State concerned. They shall also identify the causes of such situations, any further examination which may be required and the necessary corrective and preventive action.

###### Article 12

In accordance with Article G(1) of Annex II to Regulation (EC) No 1164/94, Member States shall inform the Commission by 30 June each year, and for the first time by 30 June 2003, of their application of Articles 9 to 11 of this Regulation in the previous calendar year and in addition provide any necessary amplification or updating of the description of their management and control systems communicated under Article 5(1).

#### CHAPTER V

##### Declaration at winding-up of projects

###### Article 13

The person or department designated to issue declarations on the winding-up of projects under Article 12(1)(f) of Regulation (EC) No 1164/94 shall have a function independent of:

- (a) the managing authority, the implementing body and intermediate bodies;
- (b) the person or department within the paying authority responsible for drawing up the certificates referred to in Article 8(1).

It shall conduct its examination according to internationally accepted auditing standards. It shall be supplied by the implementing body, the managing and paying authority and intermediate bodies with all information required and shall be given access to the records and supporting evidence necessary for drawing up the declaration.



*Article 14*

Declarations shall be based on an examination of the management and control systems, of the findings of checks already carried out and, where necessary, of a further sample check of transactions, and of the final report drawn up under Article F(4) of Annex II to Regulation (EC) No 1164/94. The person or department issuing the declaration shall make all necessary enquiries to obtain reasonable assurance that the certified statement of expenditure is correct, that the underlying transactions are legal and regular and that the project has been carried out in accordance with the terms of the granting Decision and the objectives assigned to the project.

Declarations shall be drawn up on the basis of the indicative model shown in Annex III and shall be accompanied by a report which shall include all relevant information to justify the declaration, including a summary of the findings of all checks carried out by national and Community bodies to which the declarant has had access.

*Article 15*

If the presence of important management or control weaknesses, or the high frequency of irregularities encountered or doubt about whether the project has been properly implemented does not allow the provision of a positive overall assurance as to the validity of the request for payment of the final balance and the final certificate of expenditure, the declaration shall refer to these circumstances and shall estimate the extent of the problem and its financial impact.

In such a case the Commission may ask that a further check be carried out with a view to the identification and rectification of irregularities within a specified period of time.

## CHAPTER VI

**Form and content of accounting information to be held and communicated to the Commission on request***Article 16*

1. The accounting records on projects referred to in Annex I shall as far as possible be held in computerised form. Such records shall be made available to the Commission at its specific request for the purpose of carrying out documentary and on-the-spot checks, without prejudice to the requirement to supply annual reports under Article F(4) of Annex II to Regulation (EC) No 1164/94.

2. The Commission shall agree with each Member State the content of computer records to be made available under paragraph 1, the means by which they are communicated, and the length of the period required to develop any necessary computer systems. The scope of the information that may be requested, and the preferred technical specifications for the transfer of computer files to the Commission, are indicated in Annexes IV and V.

3. At the written request of the Commission, the Member States shall deliver to the Commission the records referred to in

paragraph 1 within 10 working days of receipt of the request. A different period may be agreed between the Commission and the Member State, particularly where the records are not available in computerised form.

4. The Commission shall ensure that the information forwarded by the Member States or collected by it in the course of on-the-spot inspections is kept confidential and secure, in accordance with Article 287 of the Treaty.

5. Subject to the relevant national laws, Commission officials shall have access to all documents prepared either with a view to or following controls carried out under this Regulation and to the data held, including those stored in computer systems.

## CHAPTER VII

**Financial corrections***Article 17*

1. The amount of financial corrections made by the Commission under Article H(2) of Annex II to Regulation (EC) No 1164/94 for individual or systemic irregularities shall be assessed, wherever this is possible and practicable, on the basis of individual files and shall be equal to the amount of expenditure wrongly charged to the Fund, having regard to the principle of proportionality.

2. When it is not possible or practicable to quantify the amount of irregular expenditure precisely, or when it would be disproportionate to cancel entirely the expenditure in question, and the Commission therefore bases its financial corrections on extrapolation or a flat rate, it shall proceed as follows:

- (a) in the case of extrapolation, it shall use a representative sample of transactions with like characteristics;
- (b) in the case of a flat rate, it shall assess the importance of the infringement of rules and the extent and financial implications of any shortcomings in the management and control system that have led to the irregularity established.

3. Where the Commission bases its position on the facts established by auditors other than those of its own services, it shall draw its own conclusions regarding their financial consequences, after examining the measures taken by the Member State concerned under Article 12(1) and (2) of Regulation (EC) No 1164/94 and Article G(1) of Annex II thereto, the reports supplied under Regulation (EC) No 1831/94, and any replies from the Member State.

*Article 18*

1. The period of time within which the Member State concerned may respond to a request under the first subparagraph of Article H(1) of Annex II to Regulation (EC) No 1164/94 to submit its comments shall be two months, except in duly justified cases where a longer period may be agreed by the Commission.

2. Where the Commission proposes financial corrections on the basis of extrapolation or at a flat rate, the Member State shall be given the opportunity to demonstrate, through an examination of the files concerned, that the actual extent of irregularity was less than the Commission's assessment. In agreement with the Commission, the Member State may limit the scope of this examination to an appropriate proportion or sample of the files concerned.

Except in duly justified cases, the time allowed for this examination shall not exceed a further period of two months after the two-month period referred to in paragraph 1. The results of such examination shall be examined in the manner specified in the second subparagraph of Article H(1) of Annex II to Regulation (EC) No 1164/94. The Commission shall take account of any evidence supplied by the Member State within the time limits.

3. Whenever the Member State objects to the observations made by the Commission and a hearing takes place under the second subparagraph of Article H(1) of Annex II to Regulation (EC) No 1164/94, the three-month period within which the Commission may take a decision under Article H(2) of Annex II to that Regulation shall begin to run from the date of the hearing.

#### *Article 19*

In cases in which the Commission has suspended payments under Article G(2) of Annex II to Regulation (EC) No 1164/94, the Commission and the Member State concerned shall endeavour to reach agreement in accordance with the procedure and time limits set out in Article 18(1) and (2) of this Regulation. If no agreement is reached, Article 18(3) shall apply.

#### *Article 20*

1. Any repayment due to be made to the Commission pursuant to Article H(3) of Annex II to Regulation (EC) No 1164/94 shall be effected before the due date indicated in the order for recovery drawn up in accordance with the Financial Regulation applicable to the general budget of the European Communities. This due date shall be the last day of the second month following the issuing of the order.

2. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date referred to in paragraph 1 and ending on the date of actual payment. The rate of such interest shall be one and a half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

3. A financial correction under Article H(2) of Annex II to Regulation (EC) No 1164/94 shall not prejudice the Member State's obligation to pursue recoveries under Article 12(1)(h) of that Regulation.

4. When amounts are to be recovered following an irregularity, the competent service or body shall initiate recovery proceedings and notify the implementing body and the managing and paying authorities thereof.

### CHAPTER VIII

#### **General and final provisions**

##### *Article 21*

Nothing in this Regulation shall prevent Member States from applying national rules more rigorous than those prescribed herein.

##### *Article 22*

This Regulation shall be without prejudice to the obligations of Member States in respect of projects first approved before 1 January 2000 to ensure that the projects have been properly carried out, to prevent irregularities and take action against them, and to recover any amounts lost as a result of irregularity or negligence.

##### *Article 23*

This Regulation shall enter into force on the seventh day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 29 July 2002.

*For the Commission*

Michel BARNIER

*Member of the Commission*

## ANNEX I

**INDICATIVE DESCRIPTION OF INFORMATION REQUIREMENTS FOR A SUFFICIENT AUDIT TRAIL****(Article 6)**

A sufficient audit trail, as referred to in Article 6(2), is present when, for a given project, including individual projects within a group of projects:

1. Accounting records kept at the appropriate management level provide detailed information about expenditure actually incurred in the cofinanced project by the implementing body, including, where the latter is not the final recipient of funding, the bodies and firms involved in the implementation of the project, whether as concession-holders, appointees or otherwise. The accounting records show the date they were created, the amount of each item of expenditure, the nature of the supporting documents and the date and method of payment. The necessary documentary evidence (e.g. invoices) is attached.
  2. For items of expenditure relating only partly to the cofinanced project, the accuracy of the allocation of the expenditure between the cofinanced project and the rest is demonstrated. The same applies to types of expenditure that are considered eligible only within certain limits or in proportion to other costs.
  3. The technical specifications and financial plan of the project, progress reports, documents concerning tendering and contracting procedures, and reports on inspections of the execution of the project in accordance with Article 4 are also kept at the appropriate management level.
  4. For declaring expenditure actually incurred in the cofinanced project to the paying authority, the information referred to in paragraph 1 is aggregated into a detailed statement of expenditure broken down by category. The detailed statements of expenditure constitute supporting documents for the accounting records of the paying authority and are the basis for the preparation of declarations of expenditure to the Commission.
  5. Where there is one or more intermediate bodies between the implementing body or the bodies or firms involved in implementation of the project and the paying authority, each intermediate body for its area of responsibility requires detailed statements of expenditure from the body below it as supporting documentation for its own accounting records, from which it provides at least a summary of the expenditure incurred on the project to the body above it.
  6. In the case of computerised transfer of accounting data, all the authorities and bodies concerned obtain sufficient information from the lower level to justify their accounting records and the sums reported upwards, so as to ensure a sufficient audit trail from the total summary amounts certified to the Commission down to the individual expenditure items and the supporting documents at the level of the implementation body and the other bodies and firms involved in the implementation of the project.
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## ANNEX II

## CERTIFICATE AND STATEMENT OF EXPENDITURE AND APPLICATION FOR PAYMENT

EUROPEAN COMMISSION

## Cohesion Fund

(Interim/final certificate and statement of expenditure and application for payment)

(to be sent to unit ... of DG REGIO through official channels)

Name of project:

.....

Commission Decision No ..... of .....

Commission Reference (CCI No) .....

National reference ..... (if any)

## CERTIFICATE

I, the undersigned

.....

representing the paying authority designated by <sup>(1)</sup>

.....

hereby certify that all eligible expenditure included in the attached statement, representing the contributions of the Cohesion Fund and national funding, was paid in line with the progress of the project

after <sup>(2)</sup>:

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and amounts to:

	EUR
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(exact amount to two decimal places)

The attached statement of expenditure broken down by category of expenditure, and by project in the case of a group of projects, covers expenditure up to

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and is an integral part of this certificate, as is the accompanying report on progress of the project compared with plans/final report.

I also certify that the project is making satisfactory progress towards completion/has been completed in accordance with the objectives and that the information given in the progress report/final report is correct.

I further certify that the project is being/has been implemented in accordance with the terms of the decision and in compliance with the provisions of Regulation (EC) No 1164/94, in particular as regards:

1. compliance with the provisions of the Treaty and instruments adopted under it and with Community policies, in particular the rules on protection of the environment, transport (including trans-European networks), competition, and the award of public contracts (Article 8 of Regulation (EC) No 1164/94);
2. application of management and control procedures to the project, in particular to verify the reality of expenditure claimed and the proper execution of the project in accordance with Article 4 of Regulation (EC) No 1386/2002 and to prevent, detect and correct irregularities, pursue fraud, and recover unduly paid amounts (Article 12 of Regulation (EC) No 1164/94 and Articles G and H of Annex II thereto).

<sup>(1)</sup> Indicate the administrative instrument of designation in accordance with Article D(1) and (4) of Annex II to Regulation (EC) No 1164/94, with appropriate references and the date.

<sup>(2)</sup> Starting date for eligibility of expenditure under the decision.



In accordance with Article G(3) of Annex II to Regulation (EC) No 1164/94, the supporting documents are and will continue to be available for a minimum period of three years following payment of the balance by the Commission.

I certify that:

1. the statement of expenditure is accurate and results from accounting systems based on verifiable supporting documents;
2. the statement of expenditure and the application for payment take account of any recoveries made and interest received thereon;
3. details of the underlying transactions are recorded, where possible, on computer files and are available on request to the Commission departments responsible.

Date

		20__
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Name in capitals, stamp, position and signature of competent authority

**Statement of expenditure incurred in the project <sup>(1)</sup>**

Reference No (CCI code — Code commun d'identification):

Name of project:

Date:

Category of expenditure	Total expenditure incurred to date (between ... <sup>(2)</sup> and ...)	Expenditure certified in present declaration	Total expenditure planned (initial budget)	Expenditure incurred to date, as proportion of initial budget (%)	Estimated expenditure still required to complete project
1. Planning					
2. Land acquisition					
3. Site preparation					
4. Building and construction					
5. Equipment					
6. Technical assistance					
7. Publicity <sup>(3)</sup>					
8. VAT or equivalent					
Total					

<sup>(1)</sup> For decisions on groups of projects, expenditure must be broken down by project, except where the expenditure is common to the group, as it is in the case of technical assistance or publicity.<sup>(2)</sup> Starting date for eligibility of expenditure.<sup>(3)</sup> Under Decision 96/455/EC (OJ L 188, 27.7.1996, p. 47).

**Annex to statement of expenditure: recoveries effected since the last certified statement of expenditure and included in the present statement of expenditure**

Amount ordered to be recovered	
Debtor	
Date of issue of recovery order	
Authority which issued recovery order	
Date of recovery	
Amount recovered	

## APPLICATION FOR INTERIM/FINAL PAYMENT

Name of project: ...

Commission reference (CCI No) ...

Pursuant to Article D(2)(b)/(d) of Annex II to Regulation (EC) No 1164/94, I, the undersigned (name in capitals, stamp, position and signature of competent authority) request payment of the amount of EUR ..... as an interim/final payment <sup>(1)</sup>. This application meets the admissibility requirements because:

*(Delete as appropriate)*

(a) the report on the progress of the project in relation to physical and financial indicators and demonstrating its conformity with the decision granting the assistance, including the specific conditions laid down	— <i>is enclosed</i>
(b) the latest annual report/the final report on implementation required under the Annex to Annex II to the Regulation/Article F(4) of Annex II to the Regulation, including in the latter case details of compliance with the public procurement rules	— <i>has been supplied</i> — <i>is enclosed</i>
(c) observations and recommendations made by national and/or Community audit authorities, in particular the correction of suspected or proven irregularities	— <i>have been acted upon</i> — <i>no observations or recommendations made</i>
(d) the main technical, financial and legal problems that have arisen and the measures taken to correct them	— <i>are indicated</i> — <i>none observed</i>
(e) the analysis of any departures from the original financial plan	— <i>has been supplied</i> — <i>is enclosed</i>
(f) the publicity measures taken with regard to the project	— <i>are indicated</i>
(g) none of the certified expenditure has been suspended pursuant to Article G(2) or H(2) of Annex II to the Regulation	

Payment should be made to:

Beneficiary	
Bank	
Account No	
Account holder (if different from beneficiary)	

Date

		20__
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Name in capitals, stamp, position and signature  
of competent authority

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<sup>(1)</sup> Delete as appropriate.

ANNEX III

INDICATIVE MODEL FOR THE DECLARATION AT THE WINDING-UP OF A PROJECT <sup>(1)</sup>

(Chapter V)

To the European Commission, Directorate-General for Regional Policy

INTRODUCTION

- 1. I, ..... (state name in capitals, title and department), have examined the final statement of expenditure for ..... (name and CCI reference number of project) and the application to the Commission for payment of the balance of the Community aid.

SCOPE OF THE EXAMINATION

- 2. I conducted the examination in accordance with the provisions of Chapter V of Regulation (EC) No 1386/2002. I planned and performed the examination with a view to obtaining reasonable assurance about whether the final statement of expenditure and application for payment of the balance of the Community aid and the final report are free of material misstatement, particularly as regards the execution of the project <sup>(2)</sup> in accordance with the terms and conditions of the decision and the objectives assigned to it. The procedure followed and the information used in the examination, including the conclusions of checks carried out in previous years, are summarised in the attached report.

OBSERVATIONS

- 3. The scope of the examination has been limited by the following:

- (a)
- (b)
- (c), etc.

(Indicate any obstacles encountered in the examination, for example systemic problems, management weaknesses, lack of audit trail, lack of supporting documentation, cases under legal proceedings, etc.; estimate the amounts of expenditure affected by these obstacles and the corresponding Community aid.)

- 4. The examination, together with the conclusions of other national or Community controls to which I have had access, revealed a low/high (indicate as appropriate; if high, explain) frequency of errors/irregularities. The errors/irregularities reported have been satisfactorily dealt with by the responsible authorities and they do not appear to affect the amount of the Community aid payable, with the following exceptions:

- (a)
- (b)
- (c), etc.

(Indicate the errors/irregularities which have not been satisfactorily dealt with, and for each case, the possible systemic character and extent of the problem and the amounts of Community aid which appear to be affected.)

CONCLUSION

Either,

if no obstacles were encountered in the examination, the frequency of errors found is low and all problems have been satisfactorily dealt with:

- 5. (a) in the light of the examination and the conclusions of other national or Community checks to which I have had access, it is my opinion that the final statement of expenditure and the final report present fairly, in all material respects, the expenditure incurred and the work carried out, in accordance with the regulations and the terms of the decision on the project and its objectives, and that the application to the Commission for payment of the balance of the Community aid appears to be valid;

or,

if certain obstacles were encountered in the examination but the frequency of errors is not high, or if some problems have not been satisfactorily dealt with:

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<sup>(1)</sup> In the case of a group of projects subject to a single decision, the declaration covers the group of projects.  
<sup>(2)</sup> Including the individual projects within a group of projects.



5. (b) except for the matters referred to at point 3 above (and) the errors/irregularities referred to at point 4 which do not appear to have been satisfactorily dealt with, it is my opinion, based on the examination and the conclusions of other national or Community checks to which I have had access, that the final statement of expenditure and the final report present fairly, in all material respects, the expenditure incurred and the work carried out, in accordance with the regulations and the terms of the decision on the project and its objectives, and that the application to the Commission for payment of the balance of the Community aid appears to be valid;

or,

if major obstacles were encountered in the examination or the frequency of errors found is high, even if the reported errors/irregularities have been satisfactorily dealt with:

5. (c) in view of the matters referred to at point 3 (and) given the high frequency of errors reported at point 4, I am not in a position to express an opinion on the final statement of expenditure, final report and application to the Commission for payment of the balance of the Community aid.

Date, signature

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## ANNEX IV

1. SCOPE OF INFORMATION ON PROJECTS <sup>(1)</sup> TO BE MADE AVAILABLE TO THE COMMISSION ON REQUEST FOR THE PURPOSE OF DOCUMENTARY AND ON-THE-SPOT CHECKS

The data requested may include the following, the precise content being subject to agreement with the Member State concerned. The field numbers represent the record structure preferred when compiling computer files for transfer to the Commission <sup>(2)</sup>.

**A. Data on project (as per Commission decision)**

Field 1	CCI code (see 'Code commun d'identification') of project <sup>(3)</sup>
Field 2	Name of project
Field 3	Date of Commission decision <sup>(4)</sup>
Field 4	Name of paying authority
Field 5	Name of implementing body
Field 6	Intermediate body or bodies (other than paying authority) to which implementing body declares expenditure
Field 7	Name of region or area where project is located/carried out
Field 8	Region or area code
Field 9	Short description of project
Field 10	Start of eligibility period for expenditure
Field 11	End of eligibility period for expenditure
Field 12	Name of concession-holder, appointee or other body or bodies involved in implementing the project under the responsibility or on behalf of the implementing body
Field 13	Total cost of project <sup>(5)</sup>
Field 14	Expenditure for cofinancing <sup>(6)</sup>
Field 15	Community contribution
Field 16	Community contribution in % (if recorded in addition to field 15)
Field 17	National public funding
Field 18	National central government funding
Field 19	National regional public funding
Field 20	National local public funding
Field 21	Other national public funding
Field 22	Private financing
Field 23	EIB financing
Field 24	Other financing
Field 25	Intervention by category and subcategory in accordance with Section 2 of this Annex
Field 26	Location in urban/rural areas <sup>(7)</sup>
Field 27	Effect on the environment <sup>(8)</sup>
Field 28	Indicator <sup>(9)</sup>
Field 29	Unit of measurement of indicator
Field 30	Indicator target value for project

<sup>(1)</sup> In the case of a group of projects subject to a common decision, information is required on each individual project.

<sup>(2)</sup> See instructions on compiling computer files in Annex V, 2.

<sup>(3)</sup> Sub-code in the case of individual projects included in a group of projects subject to a single decision.

<sup>(4)</sup> Decision currently in force, i.e. where applicable amending decision.

<sup>(5)</sup> Including non-eligible costs excluded from base for calculating public financing.

<sup>(6)</sup> Public funding or equivalent.

<sup>(7)</sup> Location of project is (a) urban, (b) rural or (c) not geographically delimited.

<sup>(8)</sup> The project (a) has the environment as its main focus, (b) is environment-friendly, (c) is environmentally neutral.

<sup>(9)</sup> Main monitoring indicators to be indicated (subject to agreement with Member State).

### B. Expenditure declared on project

The information requested may be limited to the records of expenditure declared for the project by the implementing body (Section B.1). By agreement with the Member State, the information requested may relate to records of individual payments by the implementing body or by the concession-holder, appointee or body acting in any other capacity under the responsibility or for the account of the implementing body (Section B.2).

#### 1. Expenditure declared by the implementing body for inclusion in expenditure declarations to the Commission

Field 31	CCI code of project (= field 1)
Field 32	Name of project (= field 2)
Field 33	Reference number of declaration
Field 34	Expenditure declared as eligible for cofinancing
Field 35	Community contribution
Field 36	Community contribution in % (if recorded in addition to field 35)
Field 37	National public funding
Field 38	National central government funding
Field 39	National regional public funding
Field 40	National local public funding
Field 41	Other national public funding
Field 42	Private financing
Field 43	EIB financing
Field 44	Other financing
Field 45	Name of body declaring expenditure if not implementing body <sup>(1)</sup>
Field 46	Accounting date <sup>(2)</sup>
Field 47	Location of detailed supporting documents for the declaration <sup>(3)</sup>
Field 48	Start of period over which expenditure incurred
Field 49	End of period over which expenditure incurred
Field 50	Expenditure declared and certified by paying authority
Field 51	Date of expenditure declaration by paying authority
Field 52	Date of any on-the-spot verification <sup>(4)</sup>
Field 53	Body carrying out on-the-spot verification
Field 54	Indicator <sup>(5)</sup> (= field 28)
Field 55	Unit of measurement of indicator (= field 29)
Field 56	Degree of achievement of target for project at date of declaration (%)
Field 57	Degree of achievement of target for project at date of declaration compared with planned progress according to initial plan (%)

#### 2. Data on individual payments by the implementing body or the concession-holder, appointee or other body implementing the project under the responsibility or on behalf of the implementing body

Field 58	Amount of payment
Field 59	Reference number of payment
Field 60	Payment date <sup>(6)</sup>
Field 61	Accounting date <sup>(7)</sup>
Field 62	Location of detailed supporting documents for the payment <sup>(8)</sup>
Field 63	Payee (supplier of goods and services; contractor): name
Field 64	Payee: reference number

<sup>(1)</sup> If the implementing body declares expenditure to an intermediate body, which passes on the claim to the paying authority, the Commission may request details of the expenditure declarations at each level in order to follow the audit trail (see paragraph 5 of Annex I).

<sup>(2)</sup> Paragraph 1 of Annex I.

<sup>(3)</sup> Audit trail: paragraph 6 of Annex I.

<sup>(4)</sup> Under Article 4.

<sup>(5)</sup> Main monitoring indicators to be indicated (subject to agreement with Member State).

<sup>(6)</sup> Paragraph 1 of Annex I.

<sup>(7)</sup> Paragraph 1 of Annex I.

<sup>(8)</sup> Paragraph 6 of Annex I.

## 2. CLASSIFICATION BY AREAS OF INTERVENTION

Projects are to be coded in accordance with the following classification and also according to their location in rural or urban areas and their impact on the environment, namely whether:

1. the location of the project is:
  - (a) urban;
  - (b) rural, or
  - (c) not geographically delimited;
2. the project:
  - (a) has the environment as its main focus;
  - (b) is environment-friendly;
  - (c) is environmentally neutral.

### CLASSIFICATION

#### 3. Basic infrastructure

##### **31 Transport infrastructure**

- 311 Rail
- 312 Roads
  - 3121 National roads
  - 3122 Regional/local roads
- 313 Motorways
- 314 Airports
- 315 Ports
- 316 Waterways
- 317 Urban transport
- 318 Multimodal transport
- 319 Intelligent transport systems

##### **33 Energy infrastructure (production, delivery)**

- 332 Renewable sources of energy (solar power, wind power, hydroelectricity, biomass)

##### **34 Environmental infrastructure (including water)**

- 341 Air
- 342 Noise
- 343 Urban and industrial waste (including hospital and dangerous waste)
- 344 Drinking water (collection, storage, treatment and distribution)
- 345 Sewerage and purification

##### **41 Technical assistance and studies**

- 411 Preparation, implementation, monitoring
  - 412 Evaluation
  - 413 Studies
  - 415 Information to the public
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## ANNEX V

**PREFERRED TECHNICAL SPECIFICATIONS FOR THE TRANSFER OF COMPUTER FILES TO THE COMMISSION**

## 1. TRANSFER MEANS

Most means in current use can be employed, subject to prior agreement with the Commission. The following is a non-exhaustive list of the preferred means.

1.1. **Magnetic medium**

- floppy disk: 3,5 inch 1,4 Mb (DOS/Windows)  
optional compression into ZIP format
- DAT cartridge  
4 mm DDS-1 (90 m)
- CD-ROM (WORM).

1.2. **Electronic file transfer**

- direct messaging by e-mail  
for files of 5 Mb or less  
optional compression into ZIP format
- transfer by FTP  
optional compression into ZIP format.

## 2. PREFERRED STANDARD FOR THE COMPILATION OF AN EXTRACT FROM MEMBER STATES' COMPUTER FILES

The preferred standard file has the following characteristics:

1. every record starts with a three character code identifying the information contained in this record. There are two types of records:
  - 1.(a) records on the project identified by the code 'PRJ' containing general information on the project. The record attributes (Fields 1 to 30) are those described in Annex IV, 1.A;
  - 1.(b) expenditure records identified by the code 'PAY' containing detailed information on expenditure declared on the project. The record attributes (Fields 31 to 64) are those described in Annex IV, 1.B;
2. 'PRJ' records containing information for a project are immediately followed by several 'PAY' records containing expenditure information for the project, or else PRJ and PAY records may be supplied in separate files;
3. the fields will be separated by a semi-colon (;). Two consecutive semi-colons indicate that no data is given for the field ('empty field');
4. records will vary in length. Each record will end with a code 'CR LF' or 'Carriage Return — Line Feed' (in hexadecimal: 0D 0A);
5. the file will be in ASCII code;
6. numeric fields representing amounts:
  - (a) decimal separator: '.';
  - (b) when necessary, the symbol (+ or -) will appear on the far left, followed immediately by the figures;
  - (c) fixed number of decimals;
  - (d) no spaces between digits; no spaces between thousands;
7. date field: 'DDMMYYYY' (day in two digits, month in two digits, year in four digits);
8. data in text format must not be put between quotation marks (' '). It goes without saying that the semi-colon separator ';' must not be used in data in text format;
9. all fields: no spaces at the beginning or end of a field;



10. files satisfying the above rules will look like the following (example):

PRJ;2001E16COE001;Dublin Region Waste Water Treatment Scheme — Stage V;29122000;Department of Finance;Dublin Corporation;

PAY; 2001E16COE001;Dublin Region Waste Water Treatment Scheme — Stage V;1234;10000000;80000000;80%;

11. in the case of files from Greece, either ELOT-928 or ISO 8859-7 coding should be applied.

### 3. DOCUMENTATION

Each file must be accompanied by check sums for the following:

1. number of records;
2. total amount;
3. sum of subtotals for each project.

For each field expressed by a code, the meanings of the codes used will be attached to the file.

The sum of the records in the computer file by project must correspond to the payment declarations submitted to the Commission for the period specified in the request for information. Any discrepancies are to be justified in a note attached to the file.

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