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COMMISSION REGULATION (EC) No 438/2001

of 2 March 2001

laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds

(OJ L 63, 3.3.2001, p. 21)

Amended by:

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COMMISSION REGULATION (EC) No 438/2001

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laying down detailed rules for the implementation of Council Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds [1], and in particular Article 53(2) thereof,

After consulting the Committee set up pursuant to Article 147 of the Treaty,

After consulting the Committee on Agricultural Structures and Rural Development,

After consulting the Committee on Structures for Fisheries and Aquaculture,

Whereas:

(1) Article 38 of Regulation (EC) No 1260/1999 requires Member States to take a number of measures to ensure that Community funds are used efficiently and correctly and in accordance with the principles 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 managing and paying authorities laid down by Articles 32 and 34 of Regulation (EC) No 1260/1999.

(3) Article 38 of Regulation (EC) No 1260/1999 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 Funds under Article 32(3) and (4) of Regulation (EC) No 1260/1999 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 38(2) of Regulation (EC) No 1260/1999, Member States should supply it on request with data which managing authorities 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 in accordance with Article 18(3)(e) of the Regulation. The Commission should ensure that computerised and other data is kept confidential and secure.

(6) Commission Regulation (EC) No 2064/97 of 15 October 1997 establishing detailed arrangements for the implementation of Council Regulation (EEC) No 4253/88 as regards the financial control by Member States of operations co-financed by the Structural Funds [2], as amended by Regulation (EC) No 2406/98 [3], should be replaced. However, the provisions of Regulation (EC) No 2064/97 should continue to apply to assistance granted for the programme period 1994 to 1999 under Council

[1] OJ L 161, 26.6.1999, p. 1.
[2] OJ L 290, 23.10.1997, p. 1.
[3] OJ L 298, 7.11.1998, p. 15.

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Regulation (EEC) No 2052/88 [1], as last amended by Regulation (EC) No 3193/94 [2].

(7) This Regulation should apply without prejudice to the provisions regarding on-site monitoring in the field of State aid laid down by Article 22 of Council Regulation (EC) No 659/1999 of 22 March 1999 laying down detailed rules for the application of Article 93 of the EC Treaty [3].

(8) 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 [4].

(9) The provisions of Commission Regulation (EC) No 1681/94 of 11 July 1994 concerning irregularities and the recovery of sums wrongly paid in connection with the financing of the structural policies and the organisation of an information system in this field [5] apply to assistance granted under Regulation (EC) No 1260/1999 by virtue of the second paragraph of Article 54 and Article 38(1)(e) of that Regulation.

(10) This Regulation should apply in accordance with the principle of subsidiarity, as referred to in Article 8(3) of Regulation (EC) No 1260/1999, and without prejudice to the institutional, legal and financial systems of the Member State concerned, as referred to in the last paragraph of Article 34(1) of that Regulation.

(11) The measures provided for in this Regulation are in accordance with the opinion of the Committee for the Development and Conversion of Regions,

HAS ADOPTED THIS REGULATION:

CHAPTER I

Scope

Article 1

This Regulation lays down detailed rules for the implementation of Regulation (EC) No 1260/1999 as regards the management and control systems for assistance granted under the Structural Funds that is administered by the Member States.

CHAPTER II

Management and control systems

Article 2

1. Each Member State shall ensure that managing and paying authorities and intermediate bodies receive adequate guidance on the provision of management and control systems necessary to ensure the sound financial management of the Structural Funds in accordance with generally accepted principles and standards, and in particular to provide adequate assurance of the correctness, regularity and eligibility of claims on Community assistance.

2. For the purposes of this Regulation, 'intermediate bodies' shall mean all public or private bodies or services acting under the responsibility of managing or paying authorities or performing tasks on their

[1] OJ L 185, 15.7.1988, p. 9.
[2] OJ L 337, 24.12.1994, p. 11.
[3] OJ L 83, 27.3.1999, p. 1.
[4] OJ L 292, 15.11.1996, p. 2.
[5] OJ L 178, 12.7.1994, p. 43.

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behalf in relation to final beneficiaries or the bodies or firms carrying out operations.

Article 3

The management and control systems of managing and paying authorities and intermediate bodies shall, subject to proportionality in relation to the volume of assistance administered, provide for:

(a) a clear definition, a clear allocation and, as necessary to ensure sound financial practice, 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

Management and control systems shall include procedures to verify the delivery of the products and services co-financed and the reality of expenditure claimed and to ensure compliance with the terms of the relevant Commission decision under Article 28 of Regulation (EC) No 1260/1999 and with applicable national and Community rules on, in particular, the eligibility of expenditure for support from the Structural Funds under the assistance concerned, public procurement, State aid (including the rules on the cumulations of aid), protection of the environment and equality of opportunity.

The procedures shall require the recording of verifications of individual operations 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 performed on a sample of operations, the records shall identify the operations selected and describe the sampling method.

Article 5

1. Member States shall, for each assistance, inform the Commission, within three months of the approval of the assistance or the entry into force of this Regulation, whichever is the later, of the organisation of the managing and paying authorities and intermediate bodies, of the management and control systems in place in these authorites 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 by which claims for reimbursement of expenditure are received, verified, and validated, and by which payments to beneficiaries are authorised, executed and accounted for; and

(d) the provisions for the audit of management and control systems.

3. Where a common system applies in more than one assistance, a description of the common system may be communicated.

Article 6

The Commission shall, in cooperation with the Member State, satisfy itself that the management and control systems presented under Article 5 meet the standards required by Regulation (EC) No 1260/1999 and by this Regulation, and shall make known any obstacles which they present to the transparency of checks on the operation of the Funds and to the Commission's discharge of its responsibilities under Article

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274 of the Treaty. Reviews of the operation of the systems shall be undertaken on a regular basis.

Article 7

1. Member States' 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 final beneficiaries including, where the latter are not the final recipients of funding, the bodies or firms carrying out operations; and

(b) verification of the allocation and the transfers of the available Community and national funds.

An indicative description of the information requirements for a sufficient audit trail is given in Annex I.

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2a. (a) The supporting documents regarding expenditure and checks referred to in Article 38(6) of Regulation (EC) No 1260/1999 shall comprise

— documents relating to specific expenditure incurred and declared and payments made under the assistance and required for a sufficient audit trail including documents constituting proof of the actual delivery of products or services co-financed;

— reports and documents relating to checks carried out under Articles 4, 9, 10 and 15 of this Regulation.

The competent national authorities shall determine by which body the documents are to be held during the period for which retention is required.

(b) Documents must be held either as originals or on commonly accepted data carriers.

Commonly accepted data carriers shall include, in particular,

— photocopies of original documents;

— microfiches of original documents;

— electronic versions of original documents on optical data carriers (such as CD-rom, hard disk or magnetic disk);

— documents existing in electronic version only.

The procedure for certification of conformity of documents held on commonly accepted data carriers with the original document shall be laid down by the national authorities and shall ensure that the versions held comply with national legal requirements and can be relied on for audit purposes. Where documents exist in electronic version only, the underlying computer systems on which electronic versions are held must meet accepted security standards which ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

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3. The managing authority shall satisfy itself on the following points:

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(a) that there are procedures to ensure that the documents referred to in paragraph 2a are held in accordance with the requirements of Article 38(6) of Regulation (EC) No 1260/1999 and with Annex I to this Regulation;

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(b) that a record is maintained of the body holding them and its location; and

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(c) that the documents are made available for inspection by the persons and bodies who would normally have the right to inspect such documents.

These persons and bodies shall be:

(i) the staff of the managing and paying authority and intermediate bodies who process payment claims;

(ii) the services undertaking audits of management and control systems;

(iii) the person or department of the paying authority responsible for certifying interim and final payment requests under Article 32(3) and (4) of Regulation (EC) No 1260/1999 and the person or department which issues the declaration under Article 38(1)(f); and

(iv) mandated officials of national audit institutions and the European Community.

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

Article 8

The managing or 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, 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 Community. The paying authority shall send the Commission once a year, in annex to the fourth quarterly report on recoveries supplied under Regulation (EC) No 1681/94, 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 9

1. The certificates of statements of interim and final expenditure referred to in Article 32(3) and (4) of Regulation (EC) No 1260/1999 shall be drawn up in the form prescribed in Annex II by a person or department within the paying authority that is functionally independent of any services that approve claims.

2. Before certifying a given statement of expenditure, the paying authority shall satisfy itself that the following conditions are fulfilled:

(a) the managing authority and intermediate bodies have fulfilled the requirements of Regulation (EC) No 1260/1999, in particular Article 38(1)(c) and (e) and Article 32(3) and (4), and observed the terms of the Commission's decision under Article 28 of the Regulation;

(b) the statement of expenditure includes only expenditure:

(i) that has been actually effected within the eligibility period laid down in the decision in the form of expenditure by final beneficiaries, within the meaning of paragraphs 1.2, 1.3 and 2 of Rule No 1 of the Annex to Commission Regulation (EC) No 1685/2000 ([1]), which can be supported by receipted invoices or accounting documents of equivalent probative value;

(ii) that has been incurred in operations that were selected for funding under the particular assistance concerned in accordance with its selection criteria and procedures and have been

([1]) OJ L 193, 29.7.2000, p. 39.

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subject to Community rules throughout the period during which the expenditure was incurred; and

(iii) from measures for which all State aid has been formally approved by the Commission, where relevant.

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 the managing authority and by intermediate bodies to:

(a) verify the delivery of the products and services cofinanced and the reality of expenditure claimed;

(b) ensure compliance with the applicable rules; and

(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 on operations

Article 10

1. Member States shall organise checks on operations 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 before the winding-up of each assistance shall cover at least 5 % of the total eligible expenditure and be based on a representative sample of the operations approved, taking account of the requirements of paragraph 3. Member States shall seek 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 operations.

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

(a) the need to check an appropriate mix of types and sizes of operations;

(b) any risk factors which have been identified by national or Community checks;

(c) the concentration of operations under certain intermediate bodies or certain final beneficiaries, so that the main intermediate bodies and final beneficiaries are checked at least once before the winding-up of each assistance.

Article 11

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) for an adequate number of accounting records, the correspondence of those records with supporting documents held by intermediate bodies, final beneficiaries, and the bodies or firms carrying out the operations;

(c) the presence of a sufficient audit trail;

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(d) 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 operation and the works actually executed;

(e) that the use or intended use of the operation is consistent with the use described in the application for Community co-financing;

(f) that the Community financial contributions are within the limits provided for in Article 29 of Regulation (EC) No 1260/1999 and any other applicable Community provisions and are paid to final beneficiaries without any reductions or unjustified delay;

(g) that the appropriate national co-financing has in fact been made available; and

(h) that the co-financed operations have been implemented in accordance with Community rules and policies as required by Article 12 of Regulation (EC) No 1260/1999.

Article 12

The checks shall establish whether any problems encountered are of a systemic character, entailing a risk for other operations carried out by the same final beneficiary or administered by the same intermediate body. They shall also identify the causes of such situations, any further examination which may be required and the necessary corrective and preventive action.

Article 13

Member States shall inform the Commission by 30 June each year, and for the first time by 30 June 2001, of their application of Articles 10 to 12 in the previous calendar year and in addition provide any necessary completion or updating of the description of their management and control systems communicated under Article 5.

Article 14

The provisions of this chapter shall apply, *mutatis mutandis*, to amounts recoverable referred to in Article 8.

CHAPTER V

Declaration at winding-up of the assistance

Article 15

The person or department designated to issue declarations on winding-up of the assistance under Article 38(1)(f) of Regulation (EC) No 1260/1999 shall have a function independent of:

(a) the designated managing authority;

(b) the person or department within the paying authority responsible for drawing up the certificates referred to in Article 9(1);

(c) intermediate bodies.

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

Article 16

Declarations shall be based on an examination of the management and control systems, of the findings of checks already carried out and, when necessary, of a further sample check of transactions. The person or department issuing the declaration shall make all necessary enquiries to obtain reasonable assurance that the certified statement of expenditure is correct and that the underlying transactions are legal and regular.

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Declarations shall be drawn up on the basis of the indicative model 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 17

If the presence of important management or control weaknesses or the high frequency of irregularities encountered 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 18

1. The accounting records on operations referred to in Annex I shall as far as possible be held in computerised form. Such records shall be made available to the Commission on specific request for the purpose of carrying out documentary and on-the-spot checks, without prejudice to the requirements to communicate updatings of financial plans under Article 18(3)(c) of Regulation (EC) No 1260/1999 and financial information under Article 32 thereof.

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 taking account of the agreement referred to in Article 18(3)(e) of Regulation (EC) No 1260/1999. 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 and the Commission's rules on the use of and access to information.

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

General and final provisions

Article 19

In the case of forms of assistance where there are beneficiaries in more than one Member State, the Member States concerned shall agree with one another the necessary common arrangements to ensure sound financial management, taking account of national law, and shall inform the Commission of the arrangements agreed. The Commission and the

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Member States concerned shall provide one another with any necessary administrative assistance.

Article 20

The provisions of this Regulation are without prejudice to the obligation of Member States under Regulation (EC) No 1260/1999 to give the Commission sufficient information to appraise plans, including information on the measures taken to implement Article 34(1) of the Regulation, and to the Commission's right to require further information before adopting its decisions under Article 28 of the Regulation.

Article 21

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

Article 22

Regulation (EC) No 2064/97 is hereby repealed.

Its provisions shall, however, continue to apply to assistance granted for the programme period 1994 to 1999 under Regulation (EEC) No 2052/88.

Article 23

This Regulation shall enter into force on the seventh day following 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.

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ANNEX I

INDICATIVE DESCRIPTION OF INFORMATION REQUIREMENTS FOR A SUFFICIENT AUDIT TRAIL (Article 7)

A sufficient audit trail, as referred to in Article 7(2), is present when, for a given assistance:

1. Accounting records kept at the appropriate management level provide detailed information about expenditure actually incurred in each co-financed operation by final beneficiaries including, where the latter are not the final recipients of funding, the bodies and firms carrying out the operations. 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 co-financed operation, the accuracy of the allocation of the expenditure between the operation co-financed and other operations 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 operation, progress reports, the documents concerning the grant approval and tendering and contracting procedures, and reports on inspections of the products and services co-financed in the operation are also kept at the appropriate management level.
4. For declaring expenditure actually incurred in co-financed operations to an intermediate body lying between the final beneficiary or the body or firm carrying out the operation and the paying authority, the information referred to in paragraph 1 is aggregated into a detailed statement of expenditure for each operation covering all individual items of expenditure for the purpose of calculating the total certified amount. The detailed statements of expenditure constitute supporting documents for the accounting records of the intermediate body.
5. Intermediate bodies keep accounting records for each operation and for the total amounts of expenditure certified by final beneficiaries. Intermediate bodies reporting to the paying authority designated under Article 9(o) of Regulation (EC) No 1260/1999 present to it a list of the operations approved under each assistance, identifying each operation in detail and indicating the final beneficiary, the date of approval of the grant, the amounts committed and paid and the period of the expenditure, and the total expenditure by measure and subprogramme or priority. This information constitutes supporting documentation for the accounting records of the paying authority and is the basis for the preparation of the declarations of expenditure to be presented to the Commission.
6. In cases of final beneficiaries reporting directly to the paying authority, the detailed statements of expenditure referred to in paragraph 4 constitute supporting documentation for the accounting records of the paying authority, which is responsible for drawing up the list of co-financed operations referred to in paragraph 5.
7. Where there is more than one intermediate body between the final beneficiary or the body or firm carrying out the operation 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 on each individual operation to the body above it.
8. 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 final beneficiaries and the bodies and firms carrying out the operations.

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ANNEX II

CERTIFICATE AND STATEMENT OF EXPENDITURE AND APPLICATION FOR PAYMENT

EUROPEAN COMMISSION

FUND . . . . . .

Certificate and statement of expenditure and application for payment

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

Name of assistance:

Commission Decision _____ *of* _____

Commission reference (CCI) No _____

National reference _____ *(if any)*

CERTIFICATE

I, the undersigned _____
representing the paying authority designated by [1]

_____, hereby
certify that all eligible expenditure included in the attached statement, representing the contributions of the Structural Funds and national public and/or private funding, and paid as the assistance has progressed, was paid

after [2]: | | | 20 __ | and amounts to: | | EUR |

(exact amount to two decimal places)

The attached statement of expenditure broken down by measure is based on accounts provisionally closed on

| | | 20 __ |

and is an integral part of this certificate.

I also certify that operations are progressing in accordance with the objectives laid down in the decision and with the provisions of Regulation (EC) No 1260/1999, 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 competition, the award of public contracts, environmental protection, and elimination of inequalities and the promotion of equality between men and women (Article 12 of the Regulation);

(2) application of management and control procedures to the assistance, in particular to verify the delivery of the products and services cofinanced and the reality of expenditure claimed and to prevent, detect and correct irregularities, pursue fraud, and recover unduly paid amounts (Articles 38 and 39 of the Regulation).

In accordance with Article 38(6) of the Regulation, 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.

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[1] Indicate the administrative instrument of designation in accordance with Article 9 of Regulation (EC) No 1260/1999, with appropriate references and the date.

[2] Reference date in accordance with the decision, meeting the requirements of Articles 30(2) and 52(4) of the Regulation.

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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, when relevant, revenue accruing to operations financed under the assistance and interest income;

(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 ___ |

Name capitals, stamp, position and signature of competent authority

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Statement of expenditure by priority and measure

Commission reference No: _____

Name: _____

Date: ___ /___ /___

Priority/Measure	Total actually paid and certified eligible expenditure (euro)															
	2000				. . .				2008				Total			
	Public		Private	Expenditure	Public		Private	Expenditure	Public		Private	Expenditure	Public		Private	Expenditure
	Community	Other public			Community	Other public			Community	Other public			Community	Other public		
Priority 1 Measure 1.1 Measure 1.2 etc. Priority 2 Measure 1.1 Measure 1.2 etc. Priority 3 etc. Technical assistance Total ERDF related Total ESF related etc.																
Total Total ERDF related Total ESF related Total EAGGF related Total FIFG related																
Priority/Transitional support ([1])																

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Priority/Measure	Total actually paid and certified eligible expenditure (euro)															
	2000				. . .				2008				Total			
	Public		Private	Expenditure	Public		Private	Expenditure	Public		Private	Expenditure	Public		Private	Expenditure
	Community	Other public			Community	Other public			Community	Other public			Community	Other public		
Priority 1																
Regions not receiving transitional support																
Regions receiving transitional support																
Priority 2																
Regions not receiving transitional support																
Regions receiving transitional support																
Priority 3																
etc.																
Technical assistance																
Regions not receiving transitional support																
Regions receiving transitional support																

(1) Only for Objective 1 and 2 and where applicable.

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Appendix to statement of expenditure: recoveries effected since the last certified statement of expenditure and included in the present statement of expenditure (listed by measure)

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

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APPLICATION FOR PAYMENT

Name of assistance: _____

Commission reference (CCI No) _____

Pursuant to Article 32 of Regulation (EC) No 1260/1999, 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 [1]. This application meets the admissibility requirements because:

	Delete as appropriate
(a) the programme complement in force, adopted on _____	— *has been supplied* — *is enclosed*
(b) the latest annual report/final report (delete as appropriate) on implementation required under Article 37 of the Regulation	— *has been supplied* — *is enclosed* — *is not due*
(c) the mid-term evaluation referred to in Article 42 of the Regulation	— *has been supplied* — *is enclosed* — *is not due*
(d) the decisions of the managing authority and the monitoring committee are consistent with the total amount of Fund contribution to the priorities concerned	
(e) any recommendations for improving the monitoring and management arrangements made by the Commission under Article 34(2)	— *have been acted upon* — *explanations have been given* — *no recommendations made*
(f) any requests for corrective measures under Article 38(4) of the Regulation	— *have been acted upon* — *have been commented on* — *no expenditure included* — *no requests made*
(g) none of the certified expenditure has been suspended pursuant to Article 39(2) of the Regulation	— *no suspension* — *no expenditure included*
(h) none of the certified expenditure comes under a measure containing state aid that has not yet been approved	

Payment should be made to:

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

Date | | | 20 __

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

[1] Delete as appropriate.

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ANNEX III

INDICATIVE MODEL FOR THE DECLARATION AT THE WINDING-UP OF AN ASSISTANCE (Chapter V)

To the European Commission, Directorate-General

INTRODUCTION

1. I, ... (state name in capitals, title and department), have examined the final statement of expenditure for . . . . . (indicate name of assistance, Structural Fund concerned and period covered) 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 . . . . I planned and performed the examination with a view to obtaining reasonable assurance about whether the final statement of expenditure and the application for payment of the balance of the Community aid are free of material misstatement. 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 management 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 presents fairly, in all material respects, the expenditure incurred in accordance with the regulations and the provisions of the assistance, and 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:

5(b) Except for the matters referred to at point 3 and/or 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 presents fairly, in all material respects, the expenditure incurred in accordance with the regulations and the provisions of the assistance, and that the application to the Commission for payment of the balance of the Community aid appears to be valid.

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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/or 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 and the 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 OPERATIONS 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 for the Fund concerned (Regional, Social, EAGGF Guidance Section, Fisheries). The field numbers represent the record structure preferred when compiling computer files for transfer to the Commission ([1]).

A. DATA ON OPERATION (as per grant approval decision)

Field 1. Operational programme/Single Programming Document CCI code (see 'Code commun d'identification')

Field 2. Operational programme/Single Programming Document name

Field 3. Priority (or technical assistance) code

Field 4. Priority (or technical assistance) name

Field 5. Programme component (measure, submeasure, action, etc.) code

Field 6. Programme component (measure, submeasure, action, etc.) name

Field 7. Structural Fund

Field 8. Paying authority

Field 9. Managing authority

Field 10. Intermediate body or bodies (other than managing authority) to which final beneficiary declares expenditure

Field 11. Code of operation ([2])

Field 12. Name of operation

Field 13. Name of region or area where operation is located/carried out

Field 14. Region or area code

Field 15. Short description of operation

Field 16. Start of eligibility period for expenditure

Field 17. End of eligibility period for expenditure

Field 18. Body issuing grant approval ([3])

Field 19. Approval date

Field 20. Reference number of final beneficiary ([4])

Field 21. Reference number of body or firm responsible to the final beneficiary for carrying out the operation (if not final beneficiary)

Field 22. Currency (if not euro)

Field 23. Total cost of operation ([5])

Field 24. Total eligible cost of operation ([6])

Field 25. Expenditure for cofinancing ([7])

Field 26. Community contribution

Field 27. Community contribution in % (if recorded in addition to field 26)

Field 28. National public funding

Field 29. National central government funding

Field 30. National regional public funding

([1]) See instructions on compiling computer files in point 2 of Annex V.

([2]) An 'operation' is a project or action carried out by the 'final beneficiary' or, where the latter is not the final recipient of funding, by a body or firm acting under its responsibility, which concerns similar activities, and which is usually the subject of a single grant approval decision. Data on individual operations is required, not aggregate data encompassing the activities of 'final beneficiaries' who do not themselves carry out the operations (see also Annex I of this Regulation and paragraphs 1.2, 1.3 and 2 of Rule No 1 of the Annex to Regulation (EC) No 1685/2000 on the eligibility of expenditure. However, in the case of schemes with multiple small beneficiaries, the submission of aggregate data may be agreed.

([3]) See paragraph 3 of Annex I.

([4]) As designated under the third subparagraph of Article 32(1) of Regulation (EC) No 1260/1999 for the purpose of declaring expenditure.

([5]) Including non-eligible costs excluded from base for calculating public financing.

([6]) Costs included in base for calculating public financing.

([7]) Article 29(2) of Regulation (EC) No 1260/1999.

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Field 31. National local public funding

Field 32. Other national public funding

Field 33. Private financing

Field 34. EIB financing

Field 35. Other financing

Field 36. Intervention by category aud subcategory in accordance with section 3 of this Annex

Field 37. Location in urban/rural areas ([1])

Field 38. Effect on the environment ([2])

Field 39. Effect on equality of opportunity ([3])

Field 40. Indicator ([4])

Field 41. Unit of measurement of indicator

Field 42. Indicator target value for operation

B. EXPENDITURE DECLARED ON OPERATION

The information requested may be limited to the records of expenditure declared per operation by the final beneficiary (section 1). By agreement with the Member State, the information requested may relate to records of individual payments by the final beneficiary or the body or firm carrying out the operation, if not the final beneficiary (section 2).

Expenditure declared by final beneficiary for inclusion in expenditure declarations to Commission

Field 43. Code of operation (= field 11)

Field 44. Name of operation (= field 12)

Field 45. Reference number of claim

Field 46. Expenditure declared as eligible for cofinancing

Field 47. Community contribution

Field 48. Community contribution in % (if recorded in addition to field 47)

Field 49. National public funding

Field 50. National central government funding

Field 51. National regional public funding

Field 52. National local public funding

Field 53. Other national public funding

Field 54. Private financing

Field 55. EIB financing

Field 56. Other financing

Field 57. Name of body declaring expenditure if not final beneficiary ([5])

Field 58. Accounting date (date of creation of record) ([6])

Field 59. Location of detailed supporting documents for the claim by the final beneficiary ([7])

Field 60. Start of period over which expenditure incurred

Field 61. End of period over which expenditure incurred

Field 62. Revenue deducted from declared expenditure, if any

Field 63. Financial corrections deducted from claim, if any

Field 64. Expenditure declared and certified by paying authority (euro)

Field 65. Date of expenditure declaration by paying authority

([1]) Location of operation is (a) urban, (b) rural or (c) not geographically delimited.
([2]) The operation (a) has the environment as its main focus, (b) is environment-friendly, (c) is environmentally neutral.
([3]) The operation (a) has equality between the sexes as its main focus, (b) is positive in terms of male-female equality or (c) is neutral in terms of such equality.
([4]) Main monitoring indicators to be indicated (subject to agreement with Member State).
([5]) If the final beneficiary declares expenditure to intermediate bodies or to managing authority which pass 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).
([6]) Paragraph 1 of Annex I.
([7]) Audit trail: paragraph 8 of Annex I.

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Field 66. Euro rate or rates applied (1)

Field 67. Date of any on-the-spot verification

Field 68. Body carrying out on-the-spot verification

Field 69. Indicator (2) (= 40)

Field 70. Unit of measurement of indicator (= 41)

Field 71. Degree of achievement of target for operation at date of declaration (%)

Field 72. Degree of achievement of target for operation at date of declaration compared with planned progress according to initial plan (%)

Data on individual payments by the final beneficiary or the body or firm carrying out the operation (by agreement)

Field 73. Amount of payment

Field 74. Reference number of payment

Field 75. Payment date (3)

Field 76. Accounting date (4)

Field 77. Location of detailed supporting documents for the payment by the final beneficiary (5)

Field 78. Payee (supplier of goods and services; contractor): name

Field 79. Payee: reference number

2. CLASSIFICATION OF AREAS OF INTERVENTION

A. Areas of intervention

The list below of areas of Structural Fund intervention is based on Article 36 of Regulation (EC) No 1260/1999 and has been compiled to help the Commission services report on Structural Fund activity.

In addition to its use in the annual reports on the Structural Funds and its contribution to clear communication on the various Community policies, such information by category is necessary to enable the Commission to respond to requests for information from EC institutions, from the Member States and from the public.

This breakdown into categories is part of the management and information activities related to the programmes, and is not meant to replace the breakdown on which the programme priorities, or the specific impacts identified and measures during the evaluation exercises, are based.

In drawing up the measures within the Structural Fund programmes, Member States retain the possibility of using a classification best suited to their own national and regional situation, which may, if they so wish, be based on the Commission's classification. It is important, however, that the Commission be in a position to draw up summaries on the Fund activities by different areas of intervention. Thus, the programming complement should show the link between each measure and the corresponding category in the Commission list. This link could, for example, be shown by applying the appropriate code to each measure or by clarifying the correspondence between national codes and the Commission's categories. The annual implementation reports on programmes should also show the link.

The list is not new but is based on the 14 basic categories used in Objective 1 programmes in the additionality exercise during the previous programming period.

(1) Indicate rate applied for each amount declared by final beneficiary if several declarations have been made.
(2) Main monitoring indicators to be indicated (subject to agreement with Member State).
(3) Paragraph 1 of Annex I.
(4) Paragraph 1 of Annex I.
(5) Paragraph 8 of Annex I.

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B. Additional information

In the context of the financial management of the operations, the Commission has indicated the type of information which the Member State must make available, 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;
3. the project (a) has equality between the sexes as its main focus, (b) is positive in terms of male-female equality or (c) is neutral in terms of such equality.

The availability of this information in the context of financial management and the requirement to use the following classification will allow the Commission to meet the needs of Europe's citizens.

3. **CLASSIFICATION**

1. Productive environment

11 Agriculture

- 111 Investments in agricultural holdings
- 112 Setting up of young farmers
- 113 Agriculture-specific vocational training
- 114 Improvement of processing and marketing of agricultural products

12 Forestry

- 121 Investments in forest holdings
- 122 Improving the harvesting, processing and marketing of forestry products
- 123 Promoting new outlets for use and marketing of forestry products
- 124 Establishment of associations of forest holders
- 125 Restoring forestry production potential damaged by natural disasters and introducing prevention instruments
- 126 Planting of non-farm land
- 127 Improving and maintaining ecological stability of protected woodlands
- 128 Forestry-specific vocational training

13 Promoting the adaptation and the development of rural areas

- 1301 Land improvement
- 1302 Reparcelling
- 1303 Setting up of farm relief and farm management services
- 1304 Marketing of quality agricultural products
- 1305 Basic services for the rural economy and population
- 1306 Renovation and development of villages and protection and conservation of the rural heritage
- 1307 Diversification of agricultural activities and activities close to agriculture, to provide multiple activities or alternative incomes
- 1308 Agricultural water resources management
- 1309 Development and improvement of infrastructure connected with the development of agriculture
- 1310 Encouragement for tourist activities
- 1311 Encouragement for craft activities related to farms
- 1312 Protection of the environment in connection with land, forestry and landscape conservation as well as with the improvement of animal welfare
- 1313 Restoring agricultural production potential damaged by natural disasters and introducing appropriate prevention instruments
- 1314 Financial engineering

14 Fisheries

- 141 Adjustment of fishing effort
- 142 Renewal and modernisation of the fishing fleet

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143 Processing, marketing and promoting of fisheries products

144 Aquaculture

145 Fishing port facilities and protection and development of aquatic resources

146 Socioeconomic measures and aids for temporary cessation of activities and other financial compensation

147 Operations by members of the trade, small-scale coastal fishing and inland fishing

148 Measures financed by other Structural Funds (ERDF, ESF)

15 Support for large firms

151 Investment in physical capital (plant and equipment, co-financing of state aid)

152 Environment-friendly technologies, clean and economical energy technologies

153 Business advisory services (including internationalisation, exporting and environmental management, purchase of technology)

154 Services to stakeholders (health and safety, providing care for dependants)

155 Financial engineering

16 Support for SMEs and craft businesses

161 Investment in physical capital (plant and equipment, co-financing of state aid)

162 Environment-friendly technologies, clean and economical energy technologies

163 Business advisory services (information, business planning, consultancy services, marketing, management, design, internationalisation, exporting, environmental management, purchase of technology)

164 Shared business services (business estates, incubator units, stimulation, promotional services, networking, conferences, trade fairs)

165 Financial engineering

166 Services in voluntary/third sector (providing care for dependants, health and safety, cultural activities)

167 SME- and craft-specific vocational training

17 Tourism

171 Physical investment (information centres, tourist accommodation, catering, facilities)

172 Non-physical investment (development and provision of tourist services, sporting, cultural and leisure activities, heritage)

173 Shared services for the tourism industry (including promotional activities, networking, conferences and trade fairs)

174 Tourism-specific vocational training

18 Research, technological development and innovation (RTDI)

181 Research projects based in universities and research institutes

182 Innovation and technology transfers, establishment of networks and partnerships between businesses and/or research institutes

183 RTDI Infrastructure

184 Training for researchers

2. Human resources

21 Labour market policy

22 Social inclusion

23 Developing educational and vocational training not linked to a specific sector (persons, firms)

24 Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies (persons, firms)

25 Positive labour market actions for women

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3. Basic infrastructure

31 Transport infrastructure

311 Rail

312 Roads

3121 National roads

3122 Regional/local roads

3123 Cycle tracks

313 Motorways

314 Airports

315 Ports

316 Waterways

317 Urban transport

318 Multimodal transport

319 Intelligent transport systems

32 Telecommunications infrastructure and information society

321 Basic infrastructure

322 Information and communication technology (including security and safe transmission measures)

323 Services and applications for the citizen (health, administration, education)

324 Services and applications for SMEs (electronic commerce and transactions, education and training, networking)

33 Energy infrastructures (production, delivery)

331 Electricity, gas, petroleum products, solid fuel

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

333 Energy efficiency, cogeneration, energy control

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

35 Spatial planning and rehabilitation

351 Upgrading and rehabilitation of industrial and military sites

352 Rehabilitation of urban areas

353 Protection, improvement and regeneration of the natural environment

354 Maintenance and restoration of the cultural heritage

36 Social and public health infrastructure

4. Miscellaneous

41 Technical assistance and innovative actions (ERDF, ESF, EAGGF, FIFG)

411 Preparation, implementation, monitoring, publicity

412 Evaluation

413 Studies

414 Innovative actions

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. 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)

2. Electronic file tranfer

— 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:

(a) records on the operation identified by the code 'PRJ' containing general information on the operation. The record attributes (fields 1 to 42) are those described in Point 1.A in annex IV.

(b) expenditure records identified by the code 'PAY' containing detailed information on expenditure declared on the operation. The record attributes (fields 43 to 79) are those described in Point 1.B annex IV.

2. 'PRJ' records containing information for an operation are immediately followed by several 'PAY' records containing expenditure information for the operation, 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: 'OD 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;1999FI161D0002;Objective 1 Eastern Finland;2;Business Development;l;Investment Support;…

PAY;1234;Joensuu Business Park;2315;103300;51650;50 %…

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

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3. **Documentation**

Each file must be accompanied by checksums for the following:

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

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 assistance and subprogramme (priority) 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.