



EUROPEAN COMMISSION

European Structural and Investment Funds

Guidance for Member States on Preparation,
Examination and Acceptance of Accounts

DISCLAIMER: *This is a document prepared by the Commission services. On the basis of the applicable EU law, it provides technical guidance to colleagues and other bodies involved in the monitoring, control or implementation of the European Structural and Investment Funds (except for the European Agricultural Fund for Rural Development (EAFRD)) on how to interpret and apply the EU rules in this area. The aim of this document is to provide Commission's services explanations and interpretations of the said rules in order to facilitate the programmes' implementation and to encourage good practice(s). This guidance note is without prejudice to the interpretation of the Court of Justice and the General Court or decisions of the Commission*

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LIST OF ACRONYMS AND ABBREVIATIONS

AA	Audit Authority
CA	Certifying Authority
CDR	Commission Delegated Regulation (EU) No xxx/2016 of xxx 2016 (preparation ongoing) with specific provisions for the conditions and procedures to be applied to determine whether amounts which are irrecoverable shall be borne by the Union budget or by Member States (under the approval procedure)
CPR	Common Provisions Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17.12.2013) ¹
CIR	Commission Implementing Regulation (EU) No 1011/2014 of 22.9.2014 ²
EMFF	European Maritime and Fisheries Fund
ESIF	ESIF corresponds to all European Structural and Investment Funds. This guidance applies to all except for the European Agricultural Fund for Rural Development (EAFRD)
ETC	European Territorial Cooperation Regulation (Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17.12.2013) ³
FR	Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council of 25.10.2012 on the financial rules applicable to the general budget of the Union ⁴
Funds	The Structural Funds (ERDF and ESF) and the Cohesion Fund
MA	Managing Authority
MCS	Management and Control System
YEI	Youth Employment Initiative

¹ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1303>

² <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R1011>

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1299>

⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32012R0966>

1. BACKGROUND

1.1. Regulatory references

Regulation	Articles
Regulation (EU, EURATOM) No 966/2012 of the European Parliament and of the Council (Financial Regulation)	Article 59 – Shared management with Member States
CPR	Article 84 – Deadline for the examination and acceptance of accounts by the Commission Articles 137 – Preparation of the accounts Article 138 – Submission of information Article 139 – Examination and acceptance of accounts
CIR	Article 7 – Model for the accounts

1.2. Purpose of the guidance

The purpose of this document is to provide

- Guidance to the Member States on how to submit the accounts to the Commission using the models set out in Appendices 1, 6, 7 and 8 Annex VII CIR.
- Guidance on the preparation, submission, examination and acceptance and follow-up of the accounts under Articles 137, 138 and 139 CPR.

This guidance applies to all ESIF except for the European Agricultural Fund for Rural Development (EAFRD). For simplification, hereafter the word "Appendix" refers always to the Appendices in the model accounts of Annex VII CIR unless specified otherwise.

1.3. New provisions in the 2014 – 2020 period on the examination and acceptance of accounts

The provisions in the CPR concerning financial management, audit and financial corrections introduce modifications to the assurance model for the 2014-2020 programming period compared to the 2007 – 2013 programming period.

The key new elements on financial management in the CPR are:

- A twelve-month accounting year running from 1 July to 30 June (except for the first one);

- Retention of 10% of EU interim payment calculated on the basis of Member State' payment applications;
- Submission by each programme of certified accounts for expenditure declared to the Commission during the accounting year;
- Submission to the Commission of accompanying documents to give assurance on the accuracy of the accounts, the effective functioning of the system and the legality and regularity of the underlying transactions (management declaration, annual summary of controls and audits, audit opinion and control report ie. the assurance documents);
- The reimbursement or recovery of annual balance, following acceptance of accounts by the Commission;

In the 2014-2020 programming period, there is an additional safeguard for protecting the EU budget through a systematic retention of 10% of the interim payments as indicated above. By February following the end of the accounting year (1 July - 30 June), the control cycle is complete both through management verifications by the MAs and audits by the AAs. The residual risk of error in the block of expenditure covered by the accounts should be low, since the CAs must deduct all irregularities detected during the accounting year and up to the transmission of the draft annual accounts by the CA to the AA.

The results of the audit work performed by the AA on the draft accounts should be taken into account by the CA before transmission of the certified accounts to the Commission.

The Commission examines the assurance documents and the accounts provided by the relevant authorities in the Member States. The payment or recovery of the final balance is made only after this assessment is finalised and the accounts are accepted.

2. GENERAL ISSUES

Even though the Member States can establish different internal deadlines for the preparation of the final interim payment application, the CA shall submit the final application for an interim payment between 1 and 31 July in line with Art 135 (2) and 2(29) CPR.

However, it can be envisaged that no new additional expenditure is added in the final interim payment application compared to the previous interim payment application. In other words, the final interim payment application can be a zero additional amount application. Negative interim payment applications are not accepted as they may lead to a recovery order.

In addition, the final interim payment application might be the only interim application transmitted to the Commission to cover the accounting year.

According to Article 126(b) CPR, it is the programme's CA who is responsible for drawing up the accounts. The CA is also responsible for certifying the completeness, accuracy and veracity of the accounts and that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with applicable law.

From 2016 until and including 2025, accounts are submitted by 15 February N+1 for each accounting year for each Fund, the EMFF and programme. Accounting year means the period from 1 July N-1 to 30 June N, except for the first accounting year in respect of which it means

the period from the start date for eligibility of expenditure until 30 June 2015. The final accounting year shall be from 1 July 2023 to 30 June 2024. This accounting year is the reference period for the accounts, the management declaration, the annual summary, the audit opinion and the annual control report. It is different from the financial year for the Commission accounts which corresponds with the period from 1 January to 31 December.

Accounting years	Deadline for payment annual pre-financing (before)	Deadline for final interim payment (between)	Deadline for submission of accounts**	Pre-financing cleared
01/01/2014*-30/06/2015	-	01/07/2015 - 31/07/2015	15/02/2016	-
01/07/2015-30/06/2016	01/07/2016	01/07/2016 - 31/07/2016	15/02/2017	2016 annual pre-financing cleared by 31/05/2017
01/07/2016-30/06/2017	01/07/2017	01/07/2017 - 31/07/2017	15/02/2018	2017 annual pre-financing cleared by 31/05/2018
01/07/2017-30/06/2018	01/07/2018	01/07/2018 - 31/07/2018	15/02/2019	2018 annual pre-financing cleared by 31/05/2019
01/07/2018-30/06/2019	01/07/2019	01/07/2019 - 31/07/2019	15/02/2020	2019 annual pre-financing cleared by 31/05/2020
01/07/2019-30/06/2020	01/07/2020	01/07/2020 - 31/07/2020	15/02/2021	2020 annual pre-financing cleared by 31/05/2021
01/07/2020-30/06/2021	01/07/2021	01/07/2021 - 31/07/2021	15/02/2022	2021 annual pre-financing cleared by 31/05/2022
01/07/2021-30/06/2022	01/07/2022	01/07/2022 - 31/07/2022	15/02/2023	2022 annual pre-financing cleared by 31/05/2023
01/07/2022-30/06/2023	01/07/2023	01/07/2023 - 31/07/2023	15/02/2024	2023 annual pre-financing cleared by 31/05/2024
01/07/2023-30/06/2024	-	01/07/2024 - 31/07/2024	15/02/2025	-

* incl. expenditure under the YEI eligible as of 01/09/2013

** or 01/03/20xx at the request of the Member State

Following the submission of the accounts, the Commission will proceed with the examination of the accounts and provide its conclusion as for their acceptance by 31 May N+1 at the latest in line with Article 84 CPR.

The Commission may exceptionally extend the deadline for the submission of the accounts to 1 March N+1, upon justified request from the Member States concerned in line with Article 59 (5) FR.

The accounting year, Fund (or the EMFF) and the programme should be clearly identified in the accounts in accordance with the model of the accounts as defined in the CIR. For multi-fund programmes, accounts should be sent separately for each Fund as indicated in CIR (except for YEI specific allocation and ESF).

3. AMOUNTS ENTERED INTO THE ACCOUNTING SYSTEM OF THE CA

As a general rule, it should be stated that the model of the accounts mirrors the model of the final interim payment application of the accounting year concerned.

The information on amounts at priority level (and category of region) entered into the accounting system of the CA must be submitted to the Commission using the model set out in Appendix 1.

Priority	Total amount of eligible expenditure entered into the accounting systems of the certifying authority and which has been included in the payment applications submitted to the Commission (A)	Total amount of the corresponding public expenditure incurred in implementing operations (B)	Total amount of corresponding payments made to beneficiaries under Article 132(1) of Regulation (EU) No 1303/2013 (C)
Priority (category of region/type of intervention (YEI), when applicable)	<type="Cu" input="M">	<type="Cu" input="M">	<type="Cu" input="M">

3.1. Explanations on columns (A), (B) and (C) of Appendix 1

3.1.1. Column A

The CA should deduct from the accounts the expenditure previously included in an interim payment for the accounting year where that expenditure is subject to an ongoing assessment of its legality and regularity. According to Article 137(2) CPR, the whole or part of such expenditure that is subsequently found to be legal and regular may be included by the CA in an application for interim payment relating to subsequent accounting years. Amounts entered in the accounting system of a CA with regard to an accounting year can be higher than the amounts actually declared under annual accounts for that accounting year in line with Article 135(1) CPR.

Irregular expenditure resulting from the audit work (performed by or under the supervision of the AAs, the Commission or by the European Court of Auditors) and from adjustments made by the MA and the CA (additional management verifications or verification work) related to declared expenditure during the accounting year should also be deducted from the accounts.

All amounts for which irregularities were detected either during the accounting year or between the end of the accounting year and the submission of the accounts need to be deducted from the accounts, if they have not been already withdrawn in an application for interim payment during the accounting year or if the amount was still included in the final application for interim payment.

If after the submission of the accounts of accounting year N, irregularities are detected on expenditure included in previous accounts (including the accounts of the accounting year N) then the Member State has the possibility of withdrawing the irregular expenditure from the programme by deducting it from a next interim payment application or to leave the expenditure certified in previous accounts, pending the outcome of the recovery procedure (see section 2 of the Commission's *Guidance for Member States on Amounts Withdrawn, Recovered, to be Recovered and Irrecoverable Amounts* ref. EGESIF 15-0017-2 of 25/01/2016).

Column A contains the total amount of eligible expenditure entered into the accounting systems of the CA and which has been included in the payment applications submitted to the Commission. This is a cumulative figure within the accounting year. It corresponds to the amount declared in the final interim payment application of that accounting year and includes the possible deductions resulting from any audit or control activity. Consequently, the amounts reported in this column should be equal or less to the corresponding amount declared under the final interim payment (column B of Appendix 1).

3.1.2. *Column B*

Column B contains the total amount of the corresponding public expenditure incurred in implementing operations. The amount of public expenditure (as defined in Article 2(15) CPR) stems from the amounts declared under column A and is equal or lower than the amount requested in Column A.

For the reasons explained above, the amounts reported in this column should be equal or less to the corresponding amount declared under the final interim payment (column C of Appendix 1).

3.1.3. *Column C*

Column C contains the total amount of corresponding payments made to beneficiaries under Article 132(1) CPR. It is the corresponding total amount of public expenditure (both EU and national co-financing) which has been paid to beneficiaries in compliance with the 90-days provision laid down in Article 132(1) CPR.

According to Article 132(2) CPR, this payment deadline may be interrupted by the MA in either of the following duly justified cases:

- the amount of the payment application is not due or the appropriate supporting documents, including the documents necessary for management verifications have not been provided or
- an investigation has been initiated in relation to a possible irregularity affecting the expenditure concerned.

This column is not used for the purpose of the calculation of the balance of the accounts.

4. AMOUNT OF PROGRAMME CONTRIBUTIONS PAID TO FINANCIAL INSTRUMENTS

The amounts of programme contributions paid to financial instruments and the amounts paid by financial instruments have to be reported in Appendix 6. In case amounts that are deducted from the accounts, contain expenditure related to financial instruments, these amounts should be reflected accordingly in this Appendix. The information reported by the Member States in this Appendix will be used by the Commission for the preparation of its annual accounts. Detailed information on the content of the fields is available in the Commission's *Guidance for Member States on Article 41 CPR - Requests for payment* ref. EGESIF 15-0006-01 of 08/06/2015. Adjustments of amounts from the financial instruments compared to the final interim payment application should be reflected in Appendix 6.

5. ADVANCES PAID IN THE CONTEXT OF STATE AID (ARTICLE 131 (4) AND (5) CPR)

Priority	Total amount paid from the operational programme as advances	Amount which has been covered by expenditure paid by beneficiaries within 3 years of the payment of the advance	Amount which has not been covered by expenditure paid by beneficiaries and for which the 3 year period has not yet elapsed
	(A)	(B)	(C)
Priority (category of region/type of intervention (YEI), when applicable)	<type="Cu" input="M">	<type="Cu" input="M">	<type="Cu" input="M">

In accordance with Article 131(4) CPR, advances may be paid to the beneficiaries by the body granting the aid and included in a payment application, up to 40% of the total amount of the aid to be granted to a beneficiary for a given operation.

In line with Article 131(5) CPR, Member States must disclose the information covered by columns A, B and C in Appendix 2 of each payment application to the Commission. Adjustments of these amounts included in the final interim payment application should be reflected in Appendix 7.

The information reported by the Member States in this Appendix will be used by the Commission for the preparation of its annual accounts. It enables the Commission to identify the part of declared expenditure in the payment applications that are advances, as pre-paid expenditure in the accounts of the Commission.

In case amounts that are deducted from the accounts, contain expenditure related to advance paid in the context of state aid, these amounts should be reflected accordingly in this Appendix.

As indicated in the CIR, the data in this Appendix will be reported cumulative from the start of the programme.

5.1.1. *Column A*

Column A contains the total amount paid from the programme as advances in the context of State aid. It is the amount of EU contribution and national contribution paid as advances by the MA to the beneficiaries.

The amount in this column derives from the cumulative data reported under the final interim payment (Annex VI, Appendix 2 – column A).

5.1.2. *Column B*

Column B contains the amount which has been covered by expenditure paid by the beneficiaries to clear the advances paid to them by the body granting the State aid and already declared to the Commission. The expenditure, supported by receipted invoices or accounting documents of equivalent probative value, must be paid at the latest within three years following the year of the payment of the advance or on 31 December 2023, whichever is earlier.

This amount corresponds to expenditure already incurred and paid by beneficiaries and covered by the advances already declared to the Commission.

The amount in this column derives from the cumulative data reported under the final interim payment (Annex VI CIR, Appendix 2 – column B).

5.1.3. *Column C*

Column C contains the amount which has not been covered by expenditure paid by beneficiaries and for which the three-year period has not yet elapsed. This amount corresponds to expenditure not yet paid by beneficiaries, but still not exceeding the three-year period following the year of the payment of advance or on 31 December 2023, whichever is earlier.

The amount in this column derives from the cumulative data reported under the final interim payment (Annex VI CIR, Appendix 2 – column C).

6. RECONCILIATION OF EXPENDITURE

Priority	<i>Total eligible expenditure included in payment applications submitted to the Commission</i>		<i>Expenditure declared in accordance with Article 137(1)(a) of Regulation (EU) No 1303/2013</i>		<i>Difference</i>		<i>Comments (obligatory in case of difference)</i>
	Total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations	Total amount of public expenditure incurred in implementing operations	Total amount of eligible expenditure entered into the accounting systems of the Certifying Authority and which has been included in the payment applications submitted to the Commission	Total amount of the corresponding public expenditure incurred in implementing operations	(E=A-C)	(F=B-D)	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Priority (category of region/type of intervention (YEI), when applicable)	<type="Cu" input="G">	<type="Cu" input="G">	<type="Cu" input="G">	<type="Cu" input="G">	<type="Cu" input="G">	<type="Cu" input="G">	<type="S" maxlength="500" input="M">
Out of which amounts corrected in the current accounts as a result of audits of operations according to Article 127(1) of Regulation (EU) N° 1303/2013					<type="Cu" input="M">	<type="Cu" input="M">	

As explained in section 3.1.1 of this guidance, the CA can deduct amounts from the accounts. For this reason, the amounts in the final interim payment application in relation to the accounting year submitted to the Commission by 31 July could be higher than the amounts included in the accounts for the respective accounting year and discrepancies should be explained in this reconciliation table.

6.1.1. Columns A and B

The data of these columns are generated automatically by SFC2014 on the basis of the final interim payment.

In the first two columns (A and B), the total eligible expenditure included in the interim payment applications submitted to the Commission for the accounting year concerned is included. As the interim payment applications are cumulative in the accounting year, these data should match with the amounts indicated in the final interim payment application (columns B and C).

Column A contains the total amount of eligible expenditure incurred by beneficiaries and paid in implementing operations; it corresponds with the figures encoded under the final interim payment (annex VI CIR, column B). Column B contains the total amount of corresponding public expenditure incurred in implementing operations; it corresponds with the figures encoded under the final interim payment (annex VI CIR, column C).

6.1.2. Columns C and D

The data of these columns are generated automatically by SFC2014 on the basis of the amounts entered under Appendix 1.

The two columns (C and D) contain the expenditure stated in the accounts in accordance with Article 137 (1) (a) CPR.

Column C contains the total amount of eligible expenditure entered into the accounting system of the CA and which has been included in the payment applications submitted to the Commission; it corresponds with the figures encoded under the accounts (Appendix 1 - column A). Column D contains the total amount of the corresponding public expenditure incurred in implementing operations; it corresponds with the figures encoded under the accounts (Appendix 1 - column B).

6.1.3. Columns E, F and G

The differences between expenditure declared in the final interim payment application of the accounting year (two first columns A and B) and the expenditure certified in the accounts (next two columns C and D) may result mainly from deductions resulting from the audit work, further management verifications after the end of the accounting year⁵. They are shown in the columns E (difference of the columns A – C) and F (difference of the columns B – D).

⁵ See section 1.4. of the Commission's *Guidance for Member States on Amounts Withdrawn, Recovered, to be Recovered and Irrecoverable Amounts* ref. EGESIF 15-0017-2 of 25/01/2016

The data of columns E and F are generated automatically by SFC2014.

The adjustments should be negative corrections thus reducing the expenditure declared under the final interim payment. Positive adjustments should be corrected in a subsequent interim payment application and not in the accounts (clerical mistake for instance).

Explanations, justifications and comments are to be provided under the 'comments' in the last column G. In case of differences shown in columns E or F, it is obligatory to fill in the column G.

The text in this column should correspond with a possible cross-reference to annual summary or annual control report when relevant. The CA should provide in this column relevant information which is concise, complete, comprehensive and to explain the context and give reference to national related documents where necessary (annual control reports, Court decisions, etc). If needed the Member State can add a separate note to explain; however, information contained in the other documents of the "assurance package" (annual summary, management declaration, annual control report and audit opinion) should not be repeated. The part of the adjustments resulting from the audit of operations according to Article 127(1) CPR shall also be specifically mentioned in the last line of the table as indicated in CIR.

7. SUBMISSION OF THE ACCOUNTS

7.1. Submission

7.1.1. Consistency checks between documents

In line with the principle of the segregation of duties, the legal framework assigns the responsibility for preparing different elements of the accounts package to different authorities (accounts by the CA, management declaration and annual summary by the MA and audit opinion and annual control report by the AA). The linkage between all these documents calls for coordination arrangements between the programme authorities at national and regional level (where relevant) so that consistency checks are performed ahead of the submission. National procedures should be established to ensure this coordination.

Therefore, it is recommended that arrangements are made within the Member States to allow one of the authorities (to be designated at national or regional level) to perform all required consistency checks paying special attention to the correspondence between tables.

Internal coordination is even more important for ETC programmes and should be established in these programmes.

In this context, it is recommended that the national authorities set, from the beginning of the period, internal deadlines for the transmission of the draft accounts to the AA. The AA should have sufficient time for its review to enable it to issue a soundly based audit opinion by 15 February of year N+1.

7.1.2. *Transitional provisions for late adoption of programmes or late designation of authorities*

According to Article 135(2) CPR, the final interim payment application of the accounting year (ending on 30/06/2015) should be submitted before the first interim payment application for the next accounting year (01/07/2015 to 30/06/2016).

If no expenditure is to be declared to the Commission during the first accounting year, the following scenarios are possible.

CASE 1

For all the programmes which were adopted and for which the MA and the CA had been notified before 31 July 2015, the CA submitted final applications for interim payment with zero amounts between 1 and 31 July 2015. For these programmes, no accounts for the first accounting year have to be submitted. All the other documents related to the "assurance package" (annual summary, management declaration, annual control report and audit opinion) have to be submitted by the Member State.

CASE 2

If the programme was adopted and the designation of the MA and the CA was notified before 15 February 2016, the CA does not need to submit a final application for interim payment for the first accounting year. Consequently, since no payment application was submitted, no accounts have to be submitted by the CA for the first accounting year. All the other documents related to the "assurance package" have to be submitted by the Member State.

CASE 3

If the adoption of the programme occurs before or after 30 June 2015 and the notification of the MA and the CA did not occur by 15 February 2016: since the MA and CA may or may not have been designated, and no notification was sent, neither final application for interim payment nor accounts are required for the first accounting year. Similarly the management declaration and the annual summary are not required. The annual control report and the audit opinion based on initial audit work possibly carried out are still required.

Concerning the management declaration, the Commission's Guidance on the Drawing of Management Declaration and Annual Summary (EGESIF_15-0008-02 of 19/08/2015) clarifies in section 4 the transitional provisions for late adoption of programmes or late designation of the MA. For case 2 above-mentioned, the MA should draw the management declaration and the annual summary based on all information available to it as of the date of the designation and up to the date of the accounts submitted to the Commission.

In relation to the first accounting year, the annual control report can have a simplified format, i.e. it should include the information required by Annex IX of the Commission Implementing Regulation (EU) No 2015/207, for the applicable sections, which may well be only the section on system audits, if any were carried out in relation to the first accounting year. Annex 3 of the Commission's *Guidance on Annual Control Report and Audit Opinion* (EGESIF 15_0002-02 of 09/10/2015).contains further clarifications in regard to the Audit Opinion. A suggested text for the disclaimer of opinion is set out at the end of section III of that guidance; this

disclaimer can be adapted by the AA to the specific scope limitations that may exist in the first accounting year related to these three cases above-mentioned..

7.1.3. Practical arrangements with regard to a request for a deadline extension

Following Article 59(5) (b) FR, the deadline of 15 February may exceptionally be extended by the Commission to 1 March, upon communication by the Member State concerned. The request should be sent before 15 February in the form of a letter setting out the exceptional circumstances justifying the extension.

7.1.4. Consequences in case of non-submission of the accounts or one of the appendices

Late submission will automatically entail a delay in the examination and acceptance process and could be considered as one of the ‘reasons attributable to Member State’ referred to in Article 139(4) CPR giving ground for an extension of the examination process beyond 31st of May.

This may in turn result in a later settlement of the final balance for that given accounting year.

In addition, according to Article 83(1)(c) CPR, the authorising officer may interrupt the payment deadline for an interim payment application if there is a failure to submit one of the documents required under Article 59(5) FR.

8. CALCULATION OF THE ANNUAL BALANCE

8.1. Calculation of the annual balance

Unlike the 2007 – 2013 period, where the co-financing rate was applied on retroactive base to the expenditure declared since the beginning of the programming period, the co-financing rate in the 2014 – 2020 period will be applied to the expenditure declared in a given accounting year.

On the basis of the accepted accounts, the amounts chargeable to the Funds and the EMFF will be calculated using the co-financing rate in force at the date of the submission of the final interim payment application. Moreover, when a Member State was benefiting top-up according to Article 24 CPR at the time of the submission of the final interim payment application to the Commission, this shall also trigger the application of top-up at the calculation of the balance of the accounts.

The amounts used for this calculation will be extracted from the columns (A) and (B) of the Appendix 1 of the accounts.

Subsequently the balance of the accounts will be calculated by deducting the EU support paid (by the Commission as interim payment applications during the accounting year) and the annual pre-financing paid from the amounts chargeable to the Funds or the EMFF.

The respect of the ceiling indicated in Article 130 (2.a) CPR will be checked at the closure of the programme. For the purpose of the respect of the ceiling indicated in Article 130 (2) (b) the Commission will take into account all the interim payments (including any amounts in line with Article 139 (7) CPR) made to the programme since the beginning of this programme.

8.2. Financial consequences

Following the examination and acceptance of accounts procedure and depending on the result of the calculation of the balance, the Commission will pay any additional amount due or establish recoveries. Amounts due will be paid within 30 days of the acceptance of the accounts.

Amounts to be recovered will be considered as assigned revenue in accordance with Article 177(3) FR. Such recoveries will not constitute a financial correction and will not reduce support from the Funds or the EMFF to the programme.

Where the calculation of the accounts results in amounts to be recovered, where possible, it will be subject to offsetting against amounts due to the Member State under subsequent payments to the same programme.

In practice, this means that in case there are payable payment applications available within 30 calendar days after the acceptance of the accounts an offsetting will be done on these payments. If no payment applications are available and thus no offsetting will be possible, a recovery order will be established. This offsetting will not be done against payments of annual pre-financing. Amounts due will be paid and recovery orders will be issued without prejudice to Articles 83 and 142 CPR.

In all situations, the annual pre-financing will be cleared from the Commission's accounts, either by expenditure or by recovery.

8.3. Simplified example of the calculation of the balance

This simplified example illustrates the calculation of the balance of the accounts for the accounting year 01/07/2015 till 30/06/2016 according to the following assumptions: a total cost based programme with one priority axis and a co-financing rate of 85%. The contribution from the Funds (or the EMFF) for the priority laid down in the decision of the Commission approving the programme is 850 €.

For the second accounting year, an annual pre-financing has been paid before 1 July 2016: 20 € (a1).

1/ Final interim payment

The CA submits the final interim payment application for this programme between 01/07/2016 and 31/07/2016 with the following amounts:

Final Interim Payment application		
Priority Axis	Total (B)	Public (C)
OP - 1	260 €	200 €

On the base of this final interim payment application, the EU support paid to the Member State is calculated as follows:

- The co-financing rate of the priority axis is applied to the total expenditure declared in the final interim payment application: 260 € (B) x 85% = 221 €. When a Member State is benefiting from a top-up according to Article 24 CPR at the time of the submission of the final interim payment application, the co-financing rate is increased by 10% (not exceeding 100%). So, in this case a co-financing rate of 95% will be applied instead of 85%.
- The ceiling indicated in Article 130 (2.b) CPR, taking into account all the interim payments including any amounts in line with Article 139 (7) CPR, is verified.
- The Commission reimburses as interim payment 90% of the calculated amount: 221 € x 90% = 198,9 € (b1)

2/ Accounts

Scenario 1:

The authorities of the Member State did not identify any illegal or irregular expenditure. The amounts declared in the final interim payment application are confirmed in their totality and no amounts subject to ongoing assessment (cf. Article 137(2) CPR) or resulting from audit work are deducted from the accounts. The CA submits the accounts of the accounting year 01/07/2015 till 30/06/2016 by 15 February 2017 to the Commission.

The Appendix 1 of the accounts contains the following amounts:

Accounts		
Priority Axis	Total (A)	Public (B)
OP-1	260 €	200 €

The amount chargeable to the Funds (or the EMFF) is calculated as follows:

- The co-financing rate of the priority axis (in force at the moment of the submission of the final interim payment application) is applied to the total amount certified in the accounts: 260 € (A) x 85% = 221 € (c1). When a Member State is benefiting from a top-up according to Article 24 CPR at the time of the submission of the final interim payment application, the co-financing rate is increased by 10% (not exceeding 100%). So, in this case a co-financing rate of 95% will be applied instead of 85%.

- The ceiling indicated in Article 130 (2.b) CPR, taking into account all the interim payments including any amounts in line with Article 139 (7) CPR, is verified.

Subsequently, the balance is calculated by deducting the EU support paid (as calculated in the final interim payment application) and the annual pre-financing paid from the amount chargeable to the Funds (or the EMFF): $221 \text{ € (c1)} - 198,9 \text{ € (b1)} - 20 \text{ € (a1)} = 2,1 \text{ €}$

As the calculation of the balance results in a positive amount, the Commission will pay this amount due within 30 days of the acceptance of the accounts.

Scenario 2:

The authorities of the Member State deducted some amounts subject to ongoing assessment (Article 137(2) of CPR) or resulting from audit work.

p.m. Amounts deducted from the accounts before submission		
Priority Axis	Total (A)	Public (B)
OP-1	60 €	40 €

The CA submits the accounts of the accounting year 01/07/2015 till 30/06/2016 by 15 February 2017 to the Commission.

The Appendix 1 of the accounts contains the following amounts:

Accounts		
Priority Axis	Total (A)	Public (B)
OP-1	200 €	160 €

The amount chargeable to the Funds (or the EMFF) is calculated as follows:

- The co-financing rate of the priority axis (in force at the moment of the submission of the final interim payment application) is applied to the total amount certified in the accounts: $200 \text{ € (A)} \times 85\% = 170 \text{ € (c1)}$. When a Member State is benefiting from a top-up according to Article 24 CPR at the time of the submission of the final interim payment application, the co-financing rate is increased by 10% (not exceeding 100%). So, in this case a co-financing rate of 95% will be applied instead of 85%.
- The ceiling indicated in Article 130 (2.b) CPR, taking into account all the interim payments including any amounts in line with Article 139 (7) CPR, is verified.

Subsequently, the balance is calculated by deducting the EU support paid (as calculated in the final interim payment application) and the annual pre-financing paid from the amount chargeable to the Funds (or the EMFF): $170 \text{ € (c1)} - 198,9 \text{ € (b1)} - 20 \text{ € (a1)} = - 48,9 \text{ €}$

As the calculation of the balance results in a negative amount, it will be subject to a recovery order issued by the Commission that will be executed, where possible, by offsetting against amounts due to the Member State under subsequent payments to the same programme.

9. EXAMINATION AND ACCEPTANCE OF ACCOUNTS

By 31 May of the year following the end of the accounting year, the Commission shall, in accordance with Article 59(6) FR and Article 84 CPR, apply the procedures for the examination and acceptance of the accounts. It shall inform the Member State by a letter of the Authorising Officer of each Directorate General as to whether it is able to accept the accounts.

If, for reasons attributable to the Member State, the Commission is unable to accept the accounts by this deadline, it shall - in accordance with Article 139(4) CPR - notify the Member State specifying the reasons and the actions that are required to be undertaken and the time period for their completion. At the end of the period for the completion of those actions, the Commission shall inform the Member State as to whether it is able to accept the accounts.

Where the Commission is at that moment still unable to accept the accounts, it has to determine, on the basis of the available information, the amount chargeable to the Funds or the EMFF for the accounting year and shall inform the Member State (Article 139(8) CPR).

- Where the Member State notifies the Commission of its agreement within two months of the transmission by the Commission of the information, the Commission shall calculate the balance of the accounts as described in section 8 above.
- In the absence of such agreement, the Commission shall adopt a decision setting out the amount chargeable to the Funds (or the EMFF) for the accounting year. Such decision shall not constitute a financial correction and shall not reduce support from the Funds (or the EMFF) to the programme. On the basis of the decision, the Commission shall calculate the balance of the accounts as described in section 8 above.

In the context of the examination process, exchanges between the services of the Commission and the authorities in charge of the programmes may take place on an informal or formal basis depending on the issues at stake. Following the examination, corrections requested at the initiative of the Commission will always give rise to a formal request.

As indicated in CIR, a version will be assigned to each set of accounts submitted by the Member State. In the framework of the procedures described above, it might be required to submit a revised version of the accounts by the CA. Therefore, it is important to keep an audit trail of the versions submitted to the Commission.