

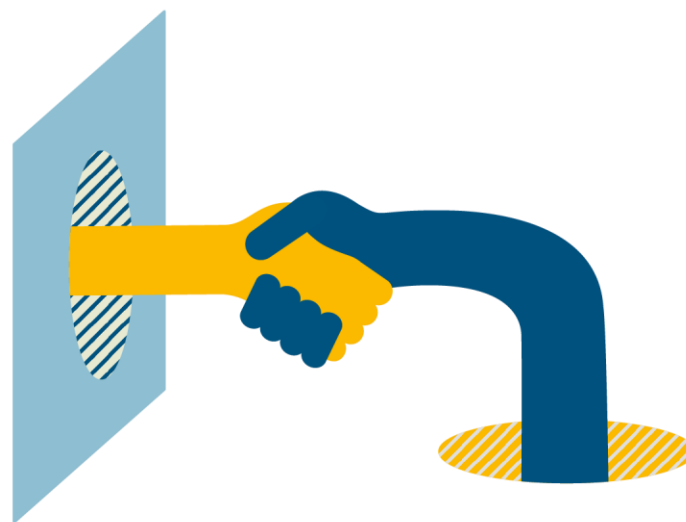
Programme financial flows

Financial Management of IPA programme

18 - 19 October 2016 | Belgrade, Serbia

 @InteractEU

Malgorzata Zdunek, Interact Programme



Financial flows - main sources of information

EC Regulation 1303/2013, (CPR) e.g:

- Art 125(4) management declaration
- Art 130 interim payments up to 90%
- Art 134 advance payments
- Art 135 accounting year
- Art 136 de-commitment
- Art 137 preparations of accounts

Financial flows – main sources of information

EC Implementing Regulation 1011/2014, (IR):

- Art 2 model for transmission of financial data
- Art 6 model for the payment application
- Art 7 model for the accounts
- Annex II – model for transmission of financial data
- Annex VII – model for the accounts
- Appendixes of Annex VII

Financial flows - main sources of information

EC Implementing Regulation

447/2014, (CIR - IPAll):

- Art 46 p.3 pre-financing



Accounting year 2014 - 2020

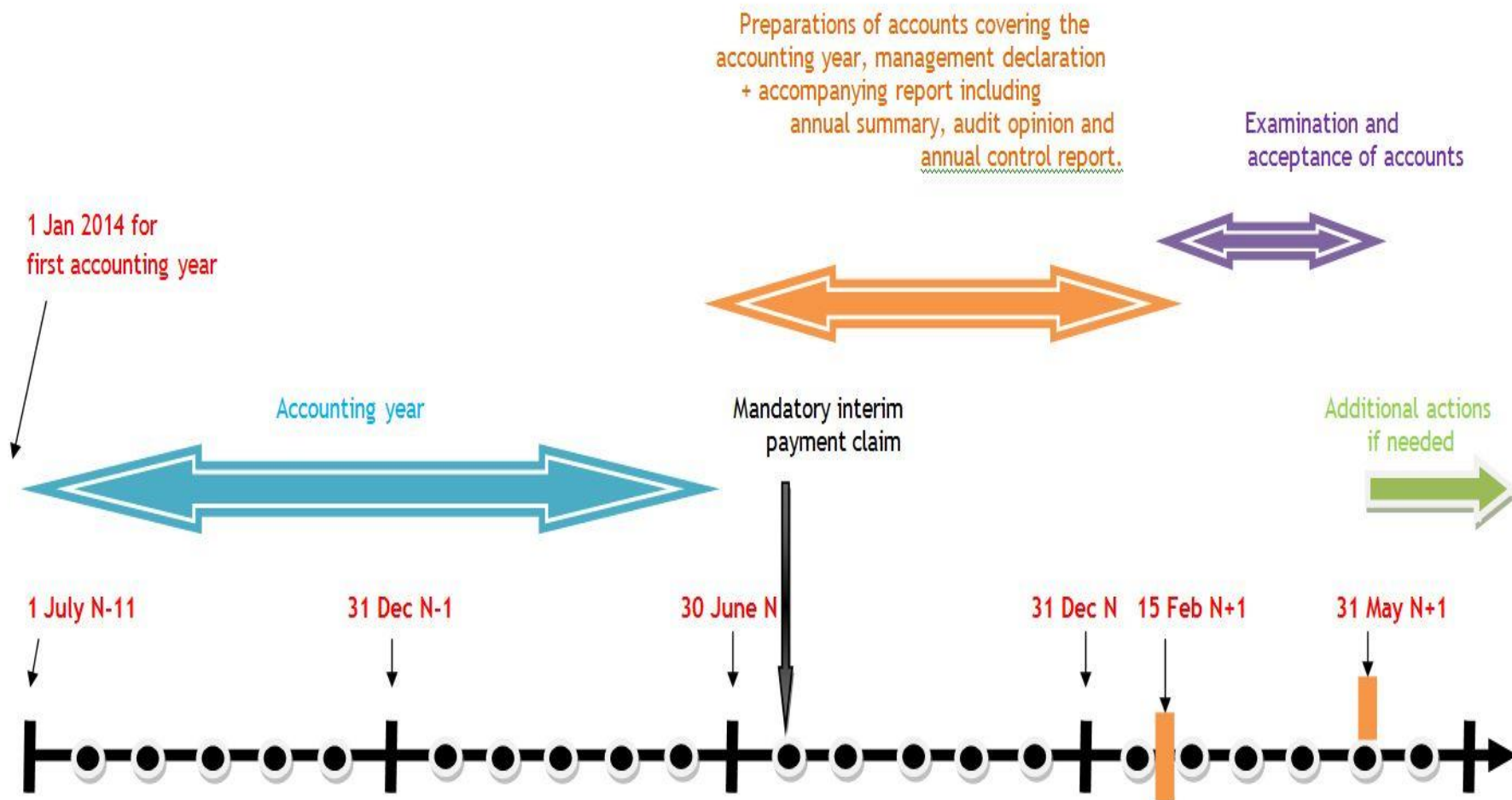
The accounting year will be as follows:

(1 July N – 1) to (30 June N)

The first accounting year is:
1 January 2014 – 30 June 2015



Timing



Financial flows - elements

- Pre-financing
- Interim payment claims
- Final payment claim
- Annual accounts
- Acceptance of annual accounts
- Payment or recovery note
- Interruptions and suspensions
- Irregularities / recoveries /
withdrawals



Pre-financing of IPA II

50 % of the first **three budgetary commitments** to the programme

It shall be reimbursed to the EC if no payments application is sent within **24 months** of the date on which **EC paid** the first instalment of pre-financing.



Interim payment claims

- Total eligible expenditure incurred by beneficiaries, paid for implementing operations, and entered into the CA accounting system (art. 131 CPR)
- Interim payments claim can be submitted even monthly
- Certification of expenditures of every payment claim (and not just annual accounts)
- $\text{Payment} = (\text{eligible expenditure} \times \text{priority co-finance rate}) \times 90\%$
- The 95% cumulative limit of advances plus interim payments is scrapped

Final payment claims

Final interim payment application (basis for preparation of the accounts assurance) needs to be submitted **for each accounting year**

(1 July N – 30 June N) until 31 July N+1

The **first payment claim** not before:

- EC adoption of the Programme

- notification of designation of authorities (MA and CA) submitted to the EC

Actors involved in financial flows

Pre-financing – MA

Interim payment claims – MA and CA

Final payment claims – MA and CA

Payments to beneficiaries – MA or CA

Annual Accounts – MA, CA and AA



Actors involved in submission of annual accounts

Submission by **15 February N+1** of:

- Certified accounts (CA)
- Management declaration (MA)
- Annual Summary of controls (MA)
- Annual Control Report (AA)
- Audit Opinion on Accounts (AA)



CA role - annual accounts

Certifying Authority

Reconciliation of annual accounts (Appendix 8 of Annex VII to IR 2011/2014)

- Final payment claim reconciled with the accounts
- Any correction applied since the final payment claim till the submission of the accounts (31 July – 15 February N+1) to be reconciled in the accounts

If CA excludes expenditure that is subject of the assessment on regularity or legality it may include it in the future payment applications if found to be regular

MA role - annual accounts

Managing Authority

Submission of :

- The management declaration (model in Annex VI to IR 2011/ 2014)
- The Annual Summary of the Controls (no model in regulations, but proposed model is the Annex 1 to the Guidance on the drawing of Management Declaration and Annual Summary (EGESIF_15-008-01)

Annual Implementation Report is **not** a part of annual accounts submission, to be submitted 31 May or 30 June for 2017 and 2019 (art 50(1) of CPR.

AA role - annual accounts

Audit Authority

Delivers audit of annual accounts

- The Annual Control report
- The Audit Opinion

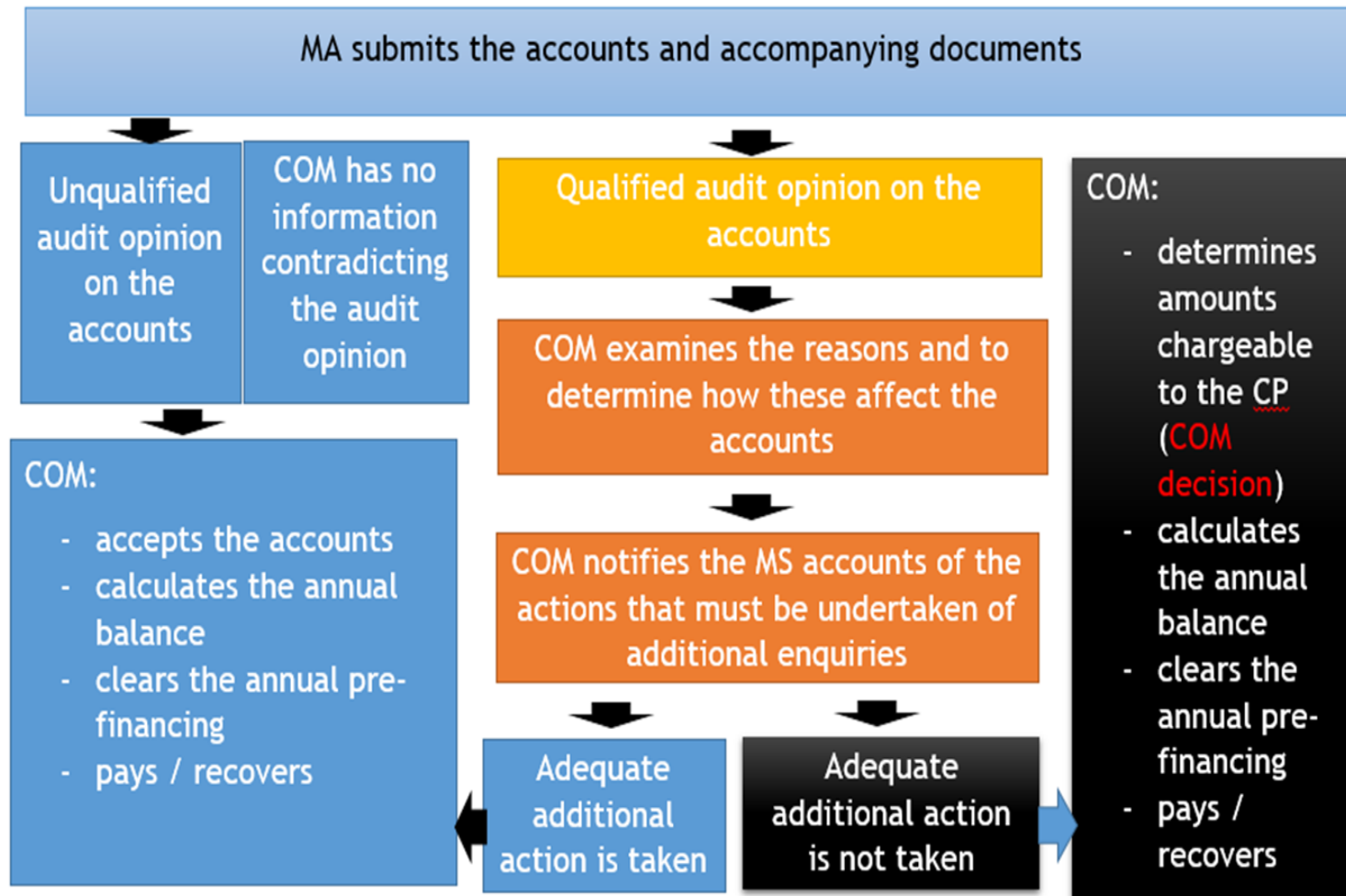
Implementing Regulation 2015/207 – Annex IX

Guidance for Member States on the Annual Control Report and Audit Opinion (EGESIF_15-0002-02)

Designated body (MA) responsible for:

Submission of documents annually by 15 February following the accounting year via SFC

Annual accounts - examination and acceptance



Annual accounts - reconciliation

Difference between accounts and final payment application for the accounting year may be caused by:

- Further checks by MA or CA
- Corrections due to AA (audits of operations, system audits and audits on the draft accounts)
- Corrections linked to EU audits
- No new expenditure in the accounts, when comparing the the final interim payment claim, the difference can be only **negative**.

Any correction applied since the final payment application until the submission of the accounts (occurred during the period of 31 July N – 15 February N+1) to be reconciled in the accounts.

Calculation of
annual balance
- exercise



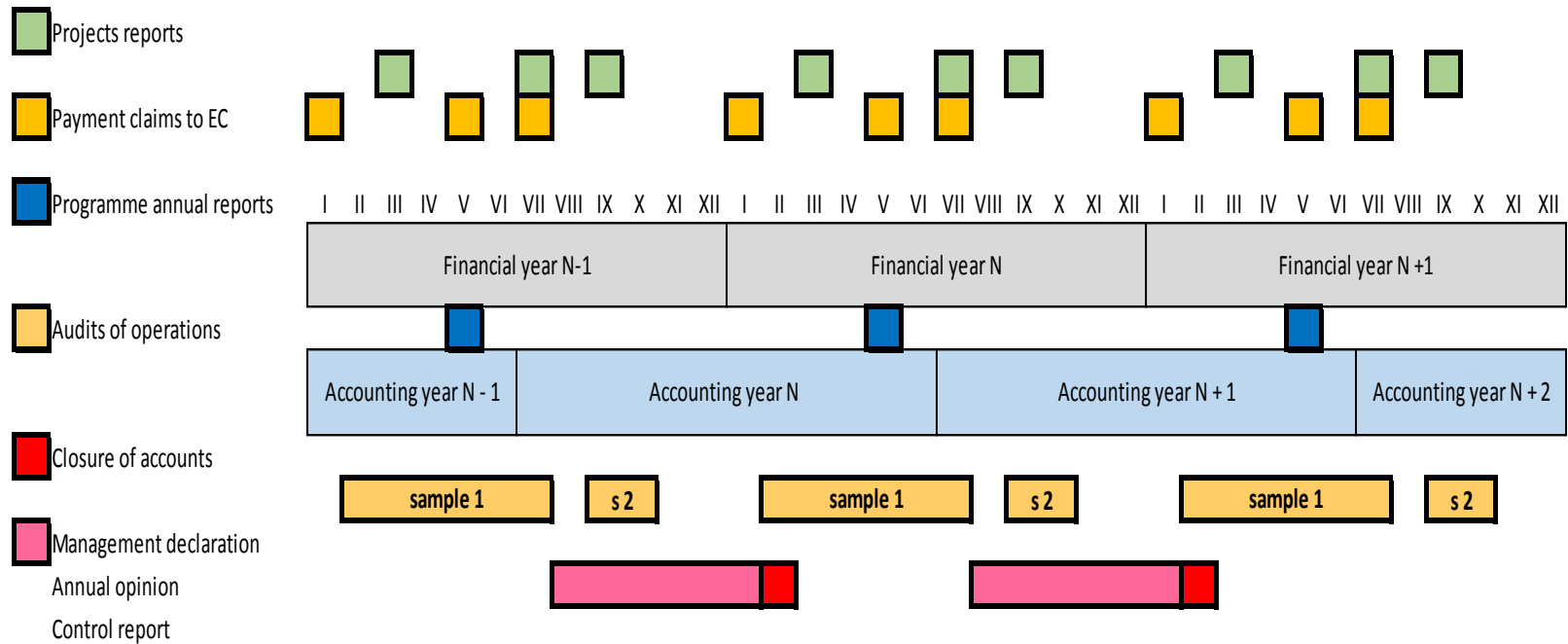
Clearance of annual accounts - no irregularities

Priority Axis	Total
PA1 (85%)	1000
Application of co-financing rate	850
EC reimbursement (90%)	
Claimed	850
EC reimbursement (90%)	765
Calculation of annual balance	
Balance of annual accounts	85

Clearance of annual accounts - with irregularities

Priority Axis	Total
PA1 (85%)	1000
Application of co-financing rate	850
EC reimbursement (90%)	
Claimed	850
EC reimbursement (90%)	765
Irregularities detected	
Irregularities	100
Calculation of annual balance	
Balance of annual accounts	-15

The financial flows - deadlines for different processes



The cash flow on a programme level

	N + 3		ERDF payments	ERDF pre-financing	National pre-financing	ERDF payment claims		ERDF accounts		Cash at the end of the month
	target amount	actual amount	paid to beneficiaries	paid by EC	paid by MS, country	sent to EC	paid by EC	sent to EC	paid by EC	
31.1.2016										
29.2.2016										
31.3.2016			-500	6 000						5 500
30.4.2016										5 500
31.5.2016			-500							5 000
30.6.2016	End of accounting year 2015									5 000
31.7.2016			-1 000			1 000				4 000
31.8.2016										4 000
30.9.2016			-1 000				900			3 900
31.10.2016						2 000				3 900
30.11.2016			-1 000							2 900
31.12.2016						1 000	1 800			4 700
31.1.2017			-1 000							3 700
28.2.2017						1 000	900			4 600
31.3.2017			-1 000							3 600
30.4.2017			-1 000			2 000	900			3 500
31.5.2017			-1 000							2 500
30.6.2017	End of accounting year 2016		-2 000				1 800			2 300
31.7.2017			-2 000			3 000				300
31.8.2017			-2 000							-1 700
30.9.2017			-2 000				2 700			-1 000
31.10.2017			-2 000			4 000				-3 000
30.11.2017			-2 000							-5 000
31.12.2017			-2 000			2 000	3 600			-3 400

Decommitment 2007 - 2013

Decommitment was faced by:

-8 CBC programmes

- 2 programmes decommitted once
- 5 programmes decommitted twice
- 1 programme decommitted three times

-4 transnational programmes

- 3 programmes decommitted once
- 1 programme decommitted twice

-2 IPA CBC programmes

- 4 programmes decommitted twice



Decommitment 2007 - 2013

Main reasons of de-commitments

- Limited capacity
- At the beginning of the 2007-2013 period : problems linked to the interpretation of the regulation, too cautious co-financing approach (limitation of co-financing rate for certain beneficiaries/projects)
- Force majeure (art. 94 EU Reg. 1083/2006)
- Legal proceedings and administrative appeals (art. 95 EU Reg. 1083/2006)

Decommitment 2014 - 2020

Main change

N + 3 for all programmes

However stays as **calendar** and not accounting year target

As a consequence the programme spending has to be monitored in regards to:

- Pre-financing and annual accounts clearance (**accounting** year)
- Decommitment targets (**calendar** year)

Calculation of de-commitment - exercise



Decommitment IPA II 2014 - 2020

Calendar year	ERDF allocation	N+3	Pre-financing 50% of 2015-2017 commitments	N+3 after pre-financing 50% deducted	Calendar year (N+3) = total must be claimed form COM by 31 December	(N+3) cumulative
2014						
2015	10					
2016	20					
2017	30					
2018	40	10	30	-20	-20	-20
2019	50	20		20	20	0
2020	50	30		30	30	30
2021		40		40	40	70
2022		50		50	50	120
2023 (2024)		50	30	80	80	200
total	200	200			200	

Cooperation works

All materials will be available on:

www.interact-eu.net

Contact: Malgorzata Zdunek, malgorzata.zdunek@interact-eu.net