

FINANCING AGREEMENT

BETWEEN

**THE GOVERNMENT OF [REDACTED] REPUBLIC OF
MACEDONIA**

AND

THE COMMISSION OF THE EUROPEAN COMMUNITIES

**CONCERNING THE MULTI-ANNUAL OPERATIONAL PROGRAMME
“HUMAN RESOURCES DEVELOPMENT” FOR COMMUNITY ASSISTANCE
FROM THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE UNDER THE
“HUMAN RESOURCES DEVELOPMENT” COMPONENT IN [REDACTED]
[REDACTED] REPUBLIC OF MACEDONIA**

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The Government of [REDACTED] Republic of Macedonia

And

The Commission of the European Communities

Hereafter jointly referred to as "the Parties" or individually as "the Beneficiary", in the case of the Government of [REDACTED] Republic of Macedonia, or "the Commission", in the case of the Commission of the European communities

Whereas

- 1) On 17 July 2006, the Council of the European Union adopted Regulation (EC) No 1085/2006¹ establishing an instrument for pre-accession assistance (hereinafter referred to as "IPA Framework Regulation"). With effect from 1 January 2007, this instrument constitutes the single legal basis for the provision of financial assistance to candidate countries and potential candidate countries in their efforts to enhance political, economic and institutional reforms with a view to becoming members of the European Union;
- 2) On 12 June 2007, the Commission adopted Commission Regulation (EC) No 718/2007² implementing the IPA Framework Regulation, detailing applicable management and control provisions (hereinafter: referred to as "IPA Implementing Regulation");
- 3) [REDACTED] Republic of Macedonia figures in Annex I of the IPA Framework Regulation, and should therefore have access to the 5 components established under Article 3(1) of the same Regulation, i.e. (a) Transition Assistance and Institution building; (b) Cross-Border Cooperation; (c) Regional Development; (d) Human Resources Development and (e) Rural Development;
- 4) In accordance with Article 155 of the IPA Implementing Regulation, the assistance under the Regional Development and Human Resources Development components should be implemented through multi-annual operational programmes;
- 5) On 11 July 2007 the Beneficiary submitted to the Commission a strategic coherence framework which, pursuant to Article 154(1) of the IPA Implementing Regulation, constitutes a reference document for the programming of the Human Resources Development components;
- 6) On 8 August 2007 the Beneficiary submitted to the Commission a proposal for a multi-annual operational programme "Human Resources Development", hereinafter referred to as "the programme";

¹ OJ L210, 31.7.2006, p.82

² OJ L 170, 29.6.2007, p.1

- 7) On 7 December 2007 the Commission adopted its Decision C(2007)6027 approving the programme for IPA co-financing, hereinafter referred to as "the Financing Decision";
- 8) According to Article 17 of the IPA Framework Regulation the Commission and the Beneficiary shall conclude framework agreements and subsidiary agreements concerning the implementation of the assistance;
- 9) On 30 October 2007 the Beneficiary and the Commission concluded a Framework Agreement setting out the rules for co-operation concerning EC financial assistance under IPA;
- 10) According to Article 8 of the IPA Implementing Regulation and Article 5 (3) of the Framework Agreement, where required by the financing decision, the Commission and the Beneficiary shall conclude a Financing Agreement which may take the form of a multi-annual agreement;
- 11) The Financing Agreement shall lay down: (a) provisions by which the Beneficiary accepts the assistance of the Community and agrees to the rules and procedures concerning disbursement related to such assistance; (b) the terms on which the assistance is managed, including the relevant methods and responsibilities for implementing the multi-annual programme and/or operations; (c) provisions relating to the establishment and regular updating, by the Beneficiary, of a roadmap with indicative benchmarks and time limits to achieve decentralisation without *ex-ante* controls by the Commission;
- 12) The programme, as adopted by the Commission Decision of 7 December 2007 should form an integral part of the Financing Agreement.

HAVE AGREED AS FOLLOWS:

CHAPTER I – GENERAL PROVISIONS

Article 1 *Subject matter*

1. This Agreement is concluded between the Government of [REDACTED] Republic of Macedonia and the Commission of the European Communities, pursuant to Article 8 of the IPA Implementing Regulation and Article 5(3) of the Framework Agreement.
2. This Agreement concerns the multi-annual operational programme "Human Resources Development" for Community assistance from the Instrument of Pre-Accession Assistance under the "Human Resources Development" component in [REDACTED] Republic of Macedonia, adopted by Commission Decision C(2007)6027 of 7 December 2007.
3. All documents and correspondence pertaining to the programme shall bear the reference CCI No: 2007MK05IPO001.



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4. Without prejudice to the arrangements laid down in the IPA Implementing Regulation and in the Framework Agreement, this Agreement completes the technical, legal and administrative framework and includes detailed and specific provisions for the management, monitoring, evaluation and control under which the programme referred to in paragraph 2 and any amendments thereof shall be implemented.

Article 2
Objectives to be pursued

1. In addition to Article 3 of the Framework Agreement, the objectives to be pursued under the programme shall be consistent with the overall aim to prepare [REDACTED] Republic of Macedonia for the implementation and management of the Community's cohesion policy, with a view to EU membership.

2. Operations, projects, actions, and preparatory measures implemented under the programme shall follow a "learning by doing" approach with a view to preparing national authorities to achieve the aim expressed in paragraph 1, with due regard to the principle of proportionality, as expressed in the relevant legislation applicable to the Community's cohesion policy and its instruments.

Article 3
Regulatory framework

The regulatory framework applicable to pre-accession assistance, to be observed in the implementation of the programme, includes *inter alia*:

- a.) Council Regulation (EC EURATOM) No 1605/2002 of 25 June 2002¹, on the Financial Regulation applicable to the general budget of the European Communities, hereinafter referred to as "the Financial Regulation";
- b.) Council Regulation (EC) No 1085/2006 of 17 July 2006, establishing an Instrument for Pre-Accession Assistance (IPA)²;
- c.) Commission Regulation (EC, EURATOM) No 2342/2002 of 23 December 2002³, laying down detailed rules for the implementation of the financial regulation, hereinafter referred to as the "Implementing Rules of the Financial Regulation";
- d.) Commission Regulation (EC) No 718/2007 of 12 June 2007⁴ implementing Council Regulation (EC) No 1085/2006;
- e.) Commission Decision C(2007)6027 of 7 December 2007 adopting the multi-annual operational programme "Human Resources Development" in the former

¹ OJ L 248, 16.9.2002, p.1
² OJ L 210, 31.7.2006, p.82
³ OJ L 357, 31.12.2002, p.1
⁴ OJ L 170, 29.6.2007, p 1

██████████ of Macedonia, and any amendments thereto, as may be decided by the Commission until the final closure of the programme;

- f.) Commission Decision C((2009)7692 of 16 October 2009 conferring management powers on ██████████ Republic of Macedonia concerning the management of the programme, and any amendments thereto as may be decided by the Commission until the final closure of the programme.

Article 4
Conventional framework

The provisions of the Framework Agreement concluded on 30 October 2007 between the Government of ██████████ Republic of Macedonia and the Commission shall apply *mutatis mutandis* to this Agreement.

Article 5
Compliance with applicable regulatory and conventional framework and consistency with other Community legislation and policies

1. The Beneficiary shall take all necessary steps to ensure the proper execution of all activities and to facilitate the implementation of the programme, in compliance with the regulatory and conventional framework referred to under Articles 3 and 4 of this Agreement.
2. The Commission and the Beneficiary shall endeavour to ensure that all activities and the objectives pursued with the implementation of the programme are consistent with the Community legislation and policies in force, as may be applicable to the relevant sector, and contribute to the progressive alignment with the standards and policies of the European Union, including where appropriate the *acquis communautaire*.

Article 6
Interpretation

1. The provisions of this Agreement shall be interpreted as supplementing and completing the provisions of the regulatory and conventional frameworks provided for under Articles 3 and 4 of this Agreement.
2. Notwithstanding paragraph 1, where a contradiction exists between the regulatory and conventional framework referred to under Articles 3 and 4 of this Agreement and the other provisions of this Agreement, they shall be interpreted in accordance with the following order of precedence:
 - a.) regulations, directives and decisions referred to under Article 3 of this Agreement;
 - b.) Framework Agreement referred to under Article 4 of this Agreement;
 - c.) this Agreement.

3. Where contradictions exist between the provisions in the main part of the Financing Agreement and in its annexes, including in particular the provisions in Chapter V of Annex XIX (the "Implementing Provisions" of the Operational Programme), the provisions contained in the main part of the Financing Agreement shall prevail.

4. Subject to any explicit provision to the contrary in this Agreement, the terms used in this Agreement shall bear the same meaning as attributed to them in the IPA Framework Regulation, in the IPA Implementing Regulation and in the IPA Framework Agreement.

5. Subject to any explicit provision to the contrary in this Agreement, references to this Agreement are references to such Agreement as amended, supplemented or replaced from time to time.

6. Any references to Community instruments are references to such instruments as amended, supplemented or replaced from time to time.

7. Headings in this Agreement have no legal significance and do not affect its interpretation.

Article 7

Partial invalidity and unintentional gaps

1. If a provision of this Agreement is or becomes invalid, or if this Agreement contains unintentional gaps, this will not affect the validity of the other provisions of this Agreement. The Parties will replace any invalid provision by a valid provision which comes as close as possible to the purpose of, and intent of, the invalid provision.

2. The Parties will fill any unintentional gap by a provision which best suits the purpose and intent of this Agreement, in compliance with the IPA Framework Regulation, the IPA Implementing Regulation and the Framework Agreement.

Article 8

Coordination, consistency and complementarity

The Commission and the Beneficiary shall ensure adequate coordination, consistency and complementarity of the assistance provided under the programme with other forms of Community assistance, including but not limited to the other IPA components covered by the IPA Framework Regulation, as well as assistance financed by the European Investment Bank, other international financing institutions and bilateral donors.

Article 9

Protection of the Community's financial interests

1. In the implementation of Articles 28 and 29 of the Framework Agreement by the Beneficiary, Council Regulation (EC) No 2988/95 on the protection of the European Communities financial interest shall apply *mutatis mutandis*.

2. The Beneficiary shall adopt all legislative, regulatory and administrative provisions and take any other measures necessary to ensure effective protection of the financial interests of the Community, and particularly in order to:

- a.) check the authenticity and compliance of operations financed by the Community;
- b.) prevent and pursue irregularities;
- c.) recover sums lost as a result of irregularities or negligence;
- d.) report irregularities to the Commission by establishing a mechanism equivalent to that foreseen in section 4 "irregularities" (Articles 27-36) of Commission Regulation (EC) No 1828/2006¹, setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

3. The Beneficiary shall inform the Commission of the provisions adopted and measures taken under paragraph 2 and the measures taken for management and control, in compliance with Community legislation concerning support for the programme, in order to protect the financial interests of the Community.

CHAPTER II – COMMUNITY FUNDING

Article 10 Programme Funding Sources

1. The total cost of the programme, expressed in terms of eligible public expenditure as defined in Article 17(2) of this Agreement, is estimated at 19'176'497 euro. The breakdown of this amount is set out in the Financial Plan in Annex I.
2. Subject to budgetary availability, the Community undertakes to co-finance the programme by way of a grant from the budget of the European Communities, up to the maximum amount indicated in the Financial Plan in Annex I.
3. The Beneficiary undertakes to co-finance the programme by way of cash contributions, corresponding as a minimum to the national co-financing requirements indicated in the Financial Plan in Annex I. In all instances, the Beneficiary shall ensure that the financing requirements for each operation shall be fully met.
4. The Community contribution referred to in paragraph 2 shall not exceed the ceiling of 85% of the eligible expenditure at the level of each priority axis.
5. The Community contribution to the co-financing of the programme and each operation is subject to the observance of the provisions of this Agreement, as well as the regulatory and

¹ OJ L 371, 27.12.2006, p. 4

conventional framework applicable to pre-accession assistance, namely as provided for under Articles 3 and 4 of this Agreement.

Article 11
Financial Plan

1. The Financial Plan, expressed in euro, applicable to the Community and national public contributions to the programme in calendar years 2007, 2008 and 2009, at the level of each priority axis, is the Financial Plan indicated in Annex I.
2. Amendments or modifications to this Financial Plan require the formal agreement of the Commission and must be approved by way of an amending Commission Decision.
3. The Financial Plan may be extended, to include Community and national public contributions to the programme in calendar years 2010, 2011, 2012 and 2013, subject to the formal agreement of the Commission, approved by way of a Commission Decision.
4. In the event of the extension of the Financial Plan in accordance with paragraph 3, the programme indicators and other relevant strategic and operational elements shall be amended accordingly.

Article 12
Commitment of community funding

1. The Community contribution to the programme, as expressed in Articles 10 and 17 of this Agreement, shall be split in yearly commitments in accordance with the Financial Plan in Annex I.
2. The amount(s) to be committed in year 2009 and in any subsequent years are subject to the approval of the necessary credits in the budget of the European Communities by the budgetary authority.
3. Nothing in this Agreement can be interpreted as implying a financial commitment of the Community in relation to credits which have not yet been approved by the budgetary authority.

Article 13
Automatic decommitment (n+3)

1. Pursuant to Article 166 of the Financial Regulation, the Commission shall automatically decommit any portion of a budget commitment for the programme where, by 31 December of the third year following year *n* being the one in which the budget commitment was made:
 - (i) it has not been used for the purpose of pre-financing; or
 - (ii) it has not been used for making intermediate payments; or
 - (iii) no declaration of expenditure has been presented in relation to it.

2. That part of budget commitments still open on 31 December 2017 for which a declaration of expenditure has not been made by 31 December 2018 shall be automatically decommitted.

CHAPTER III – GENERAL PRINCIPLES OF IMPLEMENTATION

Article 14 Implementation principles

1. The implementation of the programme shall be carried out by the Beneficiary, on the basis of decentralised management, in accordance with Article 5 of the Framework Agreement.
2. The conditions for the conferral of management powers are set out in Section III, Articles 9, 10, 11 and 12 of the Framework Agreement.
3. In addition to the conditions referred to in paragraph 1, the Beneficiary shall ensure strict observance of the principles and conditions laid down in Article 56 of the Financial Regulation.
4. If the conditions and principles referred to in paragraphs 2 and 3 cease to be met, the Commission may suspend or terminate the implementation of this Agreement.
5. The Beneficiary undertakes to pursue the achievement of decentralisation without *ex-ante* controls, as provided for under Article 30 of this Agreement and Article 16 of the Framework Agreement.

Article 15 Final beneficiary and operations

1. In accordance with the provisions of Article 2(8) of the IPA Implementing Regulation, for the purpose of this Agreement, the term "final beneficiary" shall designate any body or firm, whether public or private, responsible for initiating or initiating and implementing operations. In the context of aid schemes, final beneficiaries are public or private firms carrying out an individual project and receiving public aid.
2. To the extent that the Operating Structure retains direct responsibility for the implementation of the operations under the programme, namely for all contracting arrangements and financial transactions associated thereto, the term "final beneficiary" shall be deemed to refer to the Operating Structure, or any body which has been specifically designated in the decision of conferral of management.
3. For the purpose of this Agreement, operations shall comprise a project or a group of projects, initiated or initiated and implemented by one or more final beneficiaries, allowing for the achievement of the goals of the measure and/or the priority axis to which they relate.

Article 16
Co-financing

In addition to the principles stated in Article 4 of the Framework Agreement, the following principles shall also apply to the implementation of the programme:

- a.) all operations receiving assistance under the programme shall require national and Community contribution;
- b.) the Community contributions to each operation shall be made available at the same time as the corresponding contribution from national sources;
- c.) the Community contribution to each operation shall be subject to the fulfilment of the obligations and conditions set out in the Framework Agreement and in this Agreement.

Article 17
Aid intensity

1. In line with the provisions of Article 153 of the IPA Implementing Regulation, the Community contribution to the programme shall be calculated on the basis of public expenditure.
2. For the purpose of this article "public expenditure" is any public contribution to the financing of operations whose origin is the European Community or the budget of public authorities of the beneficiary country and any contribution to the financing of operations whose origin is the budget of public law bodies or associations of one or more regional or local authorities or public law bodies.
3. The maximum amount of the Community contribution at the level of each priority axis under the programme is as set in the Financial Plan in Annex I.
4. No operation shall benefit from a higher co-financing rate than the one relating to the priority axis concerned.

Article 18
Treatment of receipts

1. In line with the provisions of Article 35 of the IPA Implementing Regulation, revenue earned by an operation during the period of its co-financing shall be deducted from the amount of eligible expenditure under that operation. In this deduction, account shall be taken of the running costs of the operation and the need to ensure its sustainability. Proof of the deduction made shall be kept and declared to the Commission.
2. For the purpose of this article, the period of co-financing shall be counted from the date of the first payment made to the operation concerned, until three years after the final payment of Community funding to that operation, or the closure of the programme, whichever comes earlier.

3. The revenue earned includes sales, rentals, services, enrolment fees, intellectual property or other equivalent receipts.

4. Where applicable, contributions from the private sector to the co-financing of operations, as shown in the financial tables of the programme, or as taken into account for the calculation of the total cost of the operation shall not be considered as revenues earned by the operation and are excluded therefore from the application of this article.

Article 19
NOT APPLICABLE

Article 20
Involvement of IFIs

1. Pursuant to Article 19(8) of the IPA Framework Regulation, operations co-financed by the Community under the programme may also receive financing from other international organisations, a Member State, a third country or a regional organisation.

2. IFI contribution may also be implemented by parallel co-financing. This means that the funds provided by the various funding sources are dedicated to separate contracts from those covered under IPA.

Article 21

NOT APPLICABLE

Article 22
NOT APPLICABLE

Article 23
Intellectual property rights

1. The Beneficiary and the implementing bodies responsible for the implementation of the programme and any associated projects shall ensure that they acquire all necessary intellectual property rights with regard to information technology, studies, drawings, plans, publicity and any other material made for planning, implementation, monitoring and evaluation purposes.

2. The Beneficiary shall guarantee that the Commission, or any body or person authorised by the Commission, shall have access and the right to use such a material. The Commission will only use such material for its own purposes.

Article 24
Permits and authorisations

Any type of permit and/or authorisation required for the implementation of the programme and its operations shall be provided in due time by the competent authorities of the beneficiary country, in accordance with national law and, where applicable, in compliance with the *acquis communautaire*, having regard, in this case, to the principle of proportionality referred to in Article 2(2) of this Agreement.

CHAPTER IV – MANAGEMENT STRUCTURE AND AUTHORITIES

Article 25
Structures and authorities common to other programmes

1. In compliance with Article 6 of the Framework Agreement, the following structures and authorities, common to all IPA components, have been designated by the Beneficiary:
 - a.) The National IPA Coordinator: the Deputy Prime Minister in charge of European Affairs and Coordinator of Foreign Assistance, Secretariat for European Affairs
 - b.) The Competent Accrediting Officer: the Deputy Prime Minister and Minister of Finance, Ministry of Finance
 - c.) The National Authorising Officer: the Head of the EU Harmonization and International Finance Department, Ministry of Finance
 - d.) The National Fund: Entity within the Treasury Department, Ministry of Finance
 - e.) The Audit Authority: the Audit Authority for the Pre- Accession Funds of European Union, State Audit Office
2. The Strategic Co-ordinator is the Deputy Prime Minister in charge of Economic Affairs. This structure is common to the Regional Development Component and the Human Resources Development Component.
3. The functions and responsibilities of the above-mentioned structures and authorities are set out in Article 8 and Annex A to the Framework Agreement.

Article 26
Structures and authorities specific to the programme

1. In accordance paragraph 6 a) of Annex A of the Framework Agreement, the bodies constituting the Operating Structure for the programme are:
 - Ministry of Finance, Central Financing and Contracting Department
 - Ministry of Labour and Social Policy, Unit for IPA Funds at the Department of European Integration

- Ministry of Education and Science, Unit for IPA funds

The Beneficiary has appointed the Head of the Central Financing Contracting Department, Ministry of Finance, as Head of the Operating Structure, with responsibility for the tasks described in paragraph 6c) of Annexe A to the Framework Agreement.

2. The functions and responsibilities of the Operating Structure are set out in Article 8 and paragraph 6 b) of Annex A of the Framework Agreement.
3. In addition to the above-mentioned functions and responsibilities, the Head of the Operating Structure shall also be responsible for:
 - a.) Managing the secretariat of the Sectoral Monitoring Committee;
 - b.) Co-chairing the Sectoral Monitoring Committee;
 - c.) Ensuring the interim evaluation of the operational programme.

Article 27
Delegation of tasks

1. Within the overall framework defined by the conferral of management powers, the Head of the Operating Structure may delegate some or groups of tasks to specific bodies, within or outside the Operating Structure. This grouping and assignation shall respect the principles of segregation of duties imposed by the Financial Regulation. The relevant arrangements shall be made in writing between the Head of the Operating Structure and the body(ies) concerned. The final responsibility for the tasks delegated shall remain with the Head of the Operating Structure.
2. Such agreements shall clearly identify the functions to be performed by the delegated body or authority and the type of supporting documents and reports to be sent to the Head of the Operating Structure.
3. Such agreements shall also provide for access, by duly authorised agents or representatives of the Community or the Operating Structure, to information held by the delegated bodies/authorities, and for investigations by such authorised agents or representatives, of any operations financed under the programme, including the carrying out of checks on individual projects and recipients of aid.
4. The Beneficiary shall enable the Head of the Operating Structure to exercise the duties associated with his responsibilities, even where no hierarchical link exists between the Head of the Operating Structure and the bodies and authorities involved in the implementation of the programme.
5. The Beneficiary shall ensure that a system of deputising is in place, to ensure the continuity of the functions assigned to the relevant authorities.

Article 28
Communication and information

1. Any communication in connection with this Agreement shall be made in writing and in the English language. Each communication must be signed and must be supplied as an original document.
2. Any communication in connection with this Agreement must be sent to the following addresses:

For the Commission

DG Employment, Social Affairs and Equal opportunities

Head of Unit A/04

Postal Address

Rue du Spa 3, B-1000 Brussels

Belgium

Fax

0032 2 299 53 15

For the Beneficiary : Central Financing and Contracting Department

Postal Address : Dame Gruev 14, 1000 Skopje

Fax : +389 2 3224 060

3. Any other communications to the structures and authorities involved in the management of the operational programme must be sent to the address specified in Annex V. The National IPA Coordinator shall communicate in writing to the Commission of the European Communities any modification of the appointed institutions or of their addresses.

CHAPTER V – DECENTRALISED MANAGEMENT

Article 29
Conferral of management

1. In accordance with Article 5 of the Framework Agreement, decentralised management shall apply to assistance granted under the programme. The conferral of management powers by the Commission is therefore a precondition to the signing of this Agreement.
2. Based on the requirements and procedures set out in Articles 9 to 12 of the Framework Agreement, the Commission adopted on 16 February 2009 Decision No C(2009) 7692 conferring management powers on [REDACTED] Republic of Macedonia, for the

implementation of the programme. The specific conditions attached to this Decision, including the list of *ex-ante* controls by the Commission, form an integral part of this Agreement (Annex VI).

3. The provisions of Articles 13 to 15 of the Framework Agreement regarding withdrawal or suspension of the accreditation of the National Authorising Officer, the National Fund and the Operating Structure, as well as regarding the withdrawal or suspension of conferral of management powers, shall apply.

Article 30
Waiving of ex-ante controls

1. Decentralisation without *ex-ante* controls by the Commission is an objective for the implementation of the operational programme. Indicative benchmarks and time limits to achieve decentralised management without *ex-ante* controls by the Commission are set out in the Roadmap referred to in Article 31 of this Agreement.

2. Before dispensing with the *ex-ante* controls laid down in the Commission Decision on conferral of management powers, the Commission shall satisfy itself of the effective functioning of the management and control system concerned, in accordance with the relevant Community and national rules. In particular, the Commission shall monitor the implementation, by the Beneficiary, of the Roadmap referred to in Article 31 of this Agreement and as laid down in Article 8(4)(c) of the IPA Implementing Regulation. The Commission shall take due account of the results achieved by the Beneficiary in this context, in particular in the implementation of assistance and in the negotiation process.

Article 31
Roadmap to the waiving of ex-ante controls

1. In accordance with Article 8 (4) (c) of the IPA Implementing Regulation, the Beneficiary is required to provide a detailed Roadmap with indicative benchmarks and time limits, to achieve decentralised management without *ex-ante* controls by the Commission, in accordance with the requirements of Annex VII.

2. The minimum criteria and conditions for the waiving of *ex-ante* controls are presented as follows, with the preparation of the Roadmap addressing each of the issues listed:

- a.) there must be a well-defined system within the Operating Structure for managing the funds of the programme with full internal rules of procedure, as well as clear institutional and personal responsibilities;
- b.) the Beneficiary shall set up a benchmarking system which includes both quantitative and qualitative aspects;
- c.) the frequency of the reporting on benchmarking shall be on a quarterly basis.

Article 32
Statement of assurance by the National Authorising Officer

The provisions of Article 17 of the Framework Agreement and Annex B thereto, regarding the presentation of an annual statement of assurance by the National Authorising Officer, shall apply.

Article 33
Reports and opinions by the Audit Authority

Reports and opinions by the Audit Authority are to be prepared in accordance with the requirements of Article 18 of the Framework Agreement.

CHAPTER VI – ELIGIBILITY OF EXPENDITURE

Article 34
Eligibility period

1. Notwithstanding the provisions of Article 19 of the Framework Agreement, contracts and addenda signed, expenditure incurred and payments made by national authorities between 1 December 2008 and 31 December 2017 are eligible for Community co-financing under the programme.
2. Technical assistance to support the setting up of management and control systems may be eligible prior to the initial conferral of management, for expenditure incurred after 1 January 2007.
3. Expenditure related to calls for proposals or calls for tenders may also be eligible prior the initial conferral of management and after 1 January 2007, subject to this initial conferral of management being in place within the limits defined in a reserve clause to be inserted in the operations or calls concerned, and subject to prior approval of the documents concerned by the Commission. The calls for proposal or calls for tender concerned may be cancelled or modified, depending on the decision on conferral of management.
4. Contracts and agreements signed, expenditure incurred and payments made by national authorities, outside the time periods indicated in paragraphs 1 to 3, are not eligible for Community co-financing under the programme.

Article 35
Eligible Expenditure

1. Expenditure incurred in the implementation of the programme shall be eligible for Community co-financing if:

- a) it has been actually incurred within the eligibility period indicated in Article 34 of this Agreement and is supported by receipted invoices or accounting documents of equivalent probative value;
- b) if the operations and activities giving rise to such expenditure are consistent with operations and activities eligible for financing under one or more measures foreseen to be implemented under the programme, as adopted by the Commission (Annex XIX);
- c) if the operations and activities giving rise to such expenditure have been selected in accordance with the selection criteria and procedures foreseen in the programme and in this Agreement;
- d) if the rules and procedures regarding *ex ante* controls by the Commission, as laid down in Annex VI to this Agreement, have been respected;
- e) if the expenditure has been incurred in accordance with the principles of sound financial management and, in particular, of economy and cost-effectiveness.

2. In line with the provisions of Article 34 (3) and Article 152 of the IPA Implementing Regulation, the following expenditure shall not be eligible for funding under the programme:

- a) taxes, including value added taxes, unless they are not recoverable by any means and it is established that they are borne by the final beneficiary;
- b) customs and import duties, or any other charges;
- c) purchase, rent or leasing of land and existing buildings, unless the rent or leasing is exclusively related to the period of co-financing of the operation, and that it is preferable to other solutions in terms of the best value for money;
- d) fines, financial penalties and expenses of litigation;
- e) operating costs, unless the operating costs relate exclusively to the period of co-financing of the operation;
- f) second hand equipment;
- g) bank charges, costs of guarantees and similar charges;
- h) conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses;
- i) contributions in kind;
- j) maintenance and rental costs, unless the rental costs relate exclusively to the period of co-financing of the operation;
- k) depreciation costs for the infrastructure, unless the conditions in paragraph 3 of this Article are met.

3. The following expenditure may be eligible for operations under the scope of the Human Resources Development programme and which are in conformity with the priorities as defined in the Operational Programme:

- a.) the depreciation costs if the following cumulative conditions are met:
 - (i) no national or Community grants have contributed to the purchase of the related investment;
 - (ii) the depreciation costs are calculated with the relevant applicable national accountancy rules;
 - (iii) the costs relate exclusively to the period of co-financing of the operation concerned.
- b.) the indirect costs of grants declared on a flat rate basis up to 20% of the direct costs of an operation, provided they are incurred in accordance with national rules, including accountancy rules;
- c.) purchase of furniture, equipment, adaptation and modernisation of existing infrastructures, provided that:
 - (i) the amount concerned for the related operations is subject to a limit of 15% of the funding for each priority axis of the Operational Programme;
 - (ii) the investments are necessary for the satisfactory implementation of the Operational Programme and contribute to increasing the impact of the assistance;
 - (iii) the assessment, carried out under the responsibility of the Operating Structure, has demonstrated that purchase is preferable to other solutions in terms of best value for money.

Article 36
Management staff

1. Statutory or temporary civil servants or staff specifically recruited or assigned to the management, implementation and follow-up of the programme, including evaluation and control, financial and physical monitoring and prevention of irregularities, are eligible for Community co-financing under the technical assistance priority of the programme, provided that the following conditions are met:

- a.) the staff is directly recruited in the Operating Structure, by duly-documented decisions of the competent authority/authorities;
- b.) the tasks to be executed must be clearly described and contractually formalised;
- c.) the expenditures must be charged in a transparent manner (e.g. by means of time sheets);
- d.) the period of secondment, or employment does not exceed the final date of eligibility of expenditure under the programme;
- e.) the selection of staff is made in line with the principles of transparency, non discrimination and proportionality;

f.) the salaries and allowances are in line with prevailing market conditions, including those related to public services.

2. In the case where employees from other services of the public administration are recruited or assigned to perform the activities mentioned in paragraph 1, the following conditions must be met:

- a) the employee must have temporarily left his statutory employment in his/her parent service of public administration;
- b) the staff is seconded to the Operating Structure by a duly-documented decision of the competent authority in his/her parent service;
- c) the period of secondment does not exceed the final date of eligibility of the programme.

Article 37

Expenditure incurred with the organisation of Monitoring Committees

1. Expenditure incurred with the organisation of the sectoral monitoring committees and any sub-committees designated by the sectoral monitoring committee is eligible under the technical assistance priority.

2. Eligible costs may, as a general rule, include one or more of the following categories: interpretation services, *ad-hoc* hiring of meeting rooms and audio-visual and other necessary equipment, provision of documentation and related facilities, fees for the participation of experts and travel expenditure in accordance with EC rules¹. The Head of the Operating Structure shall define the modalities applicable in agreement with the Commission services.

3. Salaries and allowances of the sectoral monitoring committee and sub-committees members, incurred in the context of their participation in such committees, are not eligible.

Article 38

Expenditure incurred with the organisation of ad-hoc meetings

The rules specified in Article 37 may be applied by analogy for the organisation of *ad-hoc* meetings organised upon the request of or with the approval of the Commission services.

¹ http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm

Article 39
Expenditure regarding information and publicity

Expenditure for measures undertaken pursuant the provisions of this Agreement and in the relevant chapter of the programme regarding information and publicity, is eligible.

Article 40
NOT APPLICABLE

Article 41
Durable equipment

Expenditure relating to the purchase of equipment forming a necessary part of the project, in order to allow the adequate operation of the investments (either permanently installed and fixed in the project, or mobile) is eligible, provided that it is listed in the inventory of durable equipment of the responsible body or authority and that it is treated as capital expenditure in accordance with standard accounting conventions. This provision refers *inter alia* to laboratory and surveying equipment, computer hardware and software related to the operation of the investment, surveying equipment and vehicles with dedicated purposes.

Article 42
Intangible assets

The purchase and use of intangible assets, as for example patents, are eligible if they are necessary for the implementation of the project.

Article 43
Completion of operations

1. Without prejudice of Article 34, all operations approved for Community co-financing under the programme must have a completion date not later than 31 December of the third year following the latest commitment year indicated in the Financial Plan in force (Annex I). In the event the Financial Plan is extended until 2013, in accordance with the provisions of Article 11(3) of this Agreement, the completion date of operations shall be set not later than 31 December 2017. Expenditure incurred after the completion date of the operation is not eligible.

2. Notwithstanding paragraph 1, training of operating personnel and testing of a project and of its equipment and auditing may be taken into consideration as eligible expenditure after completion, provided that it falls within the eligibility period indicated in Article 34 of this Agreement.

CHAPTER VII – PUBLIC PROCUREMENT, CONTRACTS AND GRANTS

Article 44

Procurement rules and procedures

The award of contracts for services, supplies and works co-financed with Community funding under the programme, is subject to the provisions of:

- a.) Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (and in particular Articles 56, 88 to 103, 167 and 168 thereof);
- b.) Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the abovementioned Financial Regulation, (and in particular Articles 116 to 159 and 235 to 252 thereof);
- c.) Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance, and in particular Article 19 thereof;
- d.) Commission Decision C(2007)2034 of 24 May 2007 laying down the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries;
- e.) The Framework Agreement signed between the Commission and [REDACTED] Republic of Macedonia .

Article 45

Grants

The award of grants co-financed with Community funding under the programme, is subject to the provisions of:

- a) Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (and in particular Articles 108 to 120, 169 and 169a thereof);
- b) Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the abovementioned Financial Regulation, (and in particular Articles 160 to 184a and 253 thereof);
- c) Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance, and in particular Article 19 thereof;
- d) Commission Decision C(2007)2034 of 24 May 2007 laying down the rules and procedures for service, supply and works contracts financed from the general budget of the European Communities for the purposes of cooperation with third countries;

- e) The Framework Agreement signed between the Commission and [REDACTED] Republic of Macedonia

Article 46
Contract procedures

Unless otherwise agreed by the Commission, the procedural guidelines and standard documents for the award and performance of supply, works and service contracts and grants are those as specified in article 6 of this Agreement and where applicable in the "Practical Guide to Contract Procedures for EC external actions" and its annexes.

Article 47
Eligible costs for the performance of services, works and supply contracts

Services, works and supply contracts which implement operations, projects and activities foreseen under the programme may cover all the necessary material inputs forming part of the normal performance of a contract, in accordance with the relevant professional standards and practice, provided that they are directly related and strictly necessary for the implementation of the contract. These inputs may include, *inter alia*, the costs of site preparation, the provision of office space, plant and equipment which are the property of the contractor or are purchased for the performance of the contract.

Article 48
Rules of Origin

The rules of participation in the award of procurement and grant contracts and on the origin of supplies and materials purchased through a contract financed with IPA resources under the programme are as laid down in Article 19 of the IPA Framework Regulation. Derogations from these rules are subject to the prior authorisation by the Commission, in accordance with the provisions of Article 19(6) of the aforementioned Framework Regulation.

CHAPTER VIII – PROGRAMME IMPLEMENTATION

Article 49
Selection of operations implemented by final beneficiaries other than national public bodies

1. Pursuant to Article 158 of the IPA Implementing Regulation, all operations which are not major projects and which are implemented by final beneficiaries other than national public bodies shall be selected through call for proposals. The selection criteria shall be drawn up by the Operating Structure and shall be published with the call for proposals.
2. The Operating Structure shall set up a selection committee for each call for proposals, which shall analyse and select proposals, and recommend results to the Operating Structure.

The Operating Structure shall decide whether to approve the results of the selection procedure and state the reasons for its decision.

The composition of the selection committee and its functioning modalities are set out in Annex XI to this Agreement.

Article 50
General principles for selecting operations

1. The following groups or categories of operations may be selected without recourse to calls for proposals, subject to prior information of the Sectoral Monitoring Committee:

- a) operations initiated or initiated and implemented by national public bodies, namely:
 - state structures forming part of the central government structure;
 - central government agencies which perform public governance functions;
 - public authorities or entities set up under public law, by the state, or one of its authorities, acting on behalf of the state with regard to and within the limits of their specific areas of competence and covering the whole territory of the beneficiary country and
 - national or international public-sector bodies, or bodies governed by private law with a public-service mission covering the whole territory of the beneficiary country, providing that they offer adequate guarantees regarding the nature of their mission.
- b) operations, implemented by national public bodies, which co-finance existing national measures, provided that additionality is fully demonstrated;
- c) operations selected and prepared for implementation prior to the entry into force of this Financing Agreement, with a view to permit the early start of the implementation of the programme.

2. Operations not falling within the scope of paragraph 1 of this Article, and where relevant in the case of a wide range of potential recipients and having regard to the principle of proportionality referred to in Article 2(2) of this Financing Agreement, shall be selected through calls for proposals. Calls for proposals must be organised in such a way as to permit the preparation of a permanent pipeline of operations which can be implemented within the programme's lifespan and which will absorb fully the funds available. Accordingly, the Operating Structure shall organise a timetable of calls for proposals in accordance with the operational and financial management needs of the programme.

3. The selection procedures shall satisfy the principles of transparency, equal treatment and non discrimination. They shall prevent any conflict of interest and ensure stakeholders involvement and public access to information.

4. Pursuant to Article 167 (4) (a) of the IPA Implementing Regulation the Sectoral Monitoring Committee shall consider and approve the general criteria for selecting the operations within six months of the entry into force of this Financing Agreement and approve any revision of those criteria in accordance with programming needs.

5. The Operating Structure shall ensure that operations are selected for funding and approved in accordance with the criteria and mechanisms applicable to the programme, and that they comply with the relevant Community and national rules.

6. Where relevant, the Operating Structure shall be assisted by a selection committee, whose role is to advise the Operating Structure in the selection of operations. However, the final decision on the approval of operations shall be taken by the Operating Structure, in consultation with the Commission services.

Article 51

Eligible Actions and beneficiaries

1. The Beneficiary shall ensure that all actions selected for financing under the programme demonstrate a positive contribution to the achievement of the expected outputs and results under each measure.

2. Only those final beneficiaries or categories or groups specifically identified under each measure of the programme shall be considered. Financing of operations by final beneficiaries which have not been specifically foreseen under each measure of the programme should only be considered after prior consultation with and the approval of the Commission services.

3. Each operation financed under the programme shall be covered by an agreement, signed between the Operating Structure and the end recipient of assistance.

Article 52

Operation identification sheet

1. The Operating Structure shall establish an operation identification sheet for each operation selected for Community co-financing under the programme.

2. The operation identification sheet must contain *inter alia* the following elements:

- identification of the operation and the organisation responsible for its implementation;
- a summary description of the operation and the demonstration of its compatibility with the programme;
- implementation arrangements, risks and assumptions;
- expected outputs, results and impact, including contributions to horizontal themes;
- links with other IPA programmes;
- financing arrangements and estimated budget and

- procedures foreseen for tenders and contracts.

The template for the operation identification sheet is provided in Annex X.

3. The Operating Structure shall transmit a copy of the operation identification sheet to the Commission for information if required by the latter.

CHAPTER IX – NOT APPLICABLE

Article 53
NOT APPLICABLE

Article 54
NOT APPLICABLE

Article 55
NOT APPLICABLE

Article 56
NOT APPLICABLE

CHAPTER X - NOT APPLICABLE

Article 57
NOT APPLICABLE

Article 58
NOT APPLICABLE

Article 59
NOT APPLICABLE

Article 60
NOT APPLICABLE

CHAPTER XI – FINANCIAL MANAGEMENT

Article 61
Transparency in accounting and reporting

The Beneficiary shall ensure that, for the operation to which the programme relates, all public or private bodies involved in the management and implementation of the operations maintain either a separate accounting system or an adequate accounting codification of all transactions concerned which will facilitate the verification of expenditure by the Community and by national control authorities. They must also ensure that all expenditure is correctly attributed to the operation or project concerned.

Article 62
Bank Account

1. In accordance with Article 5 of Annex A of the Framework Agreement, all payments by the Commission shall be made to an interest bearing euro account, opened by the National Fund in a financial or treasury institution, on behalf of the Beneficiary and under the National Fund's responsibility.
2. The account to be used to receive payments from the Commission under the programme shall be communicated by the head of the National Fund to the Commission no later than 15 days following the signature of the Financing Agreement.
3. This account shall be used exclusively for transactions related to the programme covered by this Agreement.
4. The sole authority authorised to request funds from the Commission and to authorise transfers of funds from this account to the Operating Structure, or any final beneficiary as may be designated by the Operating Structure, is the head of the National Fund.
5. In case of suspension or withdrawal of the accreditation of the National Authorising Officer, the National Fund, or the Operating Structure, and in case of withdrawal or suspension of conferral of management powers by the Commission, this account shall be blocked and the Commission will cease to make transfers of funds to the Beneficiary. In this event and until the reinstatement of the accreditation, no payment made from this account shall be considered eligible for Community funding.

Article 63
Payments from the Commission

1. Only assistance under the programme which has been granted in accordance with the provisions of the Financing Agreement shall be subject to co-financing by the Community.
2. In line with the provisions of Articles 40 and 160 of the IPA Implementing Regulation, the following provisions shall apply to payments made by the Commission under the programme:
 - a.) payment by the Commission of the Community contribution shall be made within the limits of the funds available and according to the Financial Plan at the level of the priority axis;
 - b.) payments shall take the form of pre-financing, interim payments and payment of the final balance;
 - c.) by 28 February each year, the Beneficiary shall send to the Commission a forecast of its likely payment applications for the financial year concerned and for the subsequent financial year, in relation to the programme. The Commission services may ask for an update of the forecast as appropriate;
 - d.) exchange of information concerning financial transactions between the Commission and the national authorities and structures regarding the programme shall, where appropriate, be made by electronic means through the "SFC system"

managed by the Commission. For the period until the "SFC system" is fully accessible by the Beneficiary, information regarding financial transactions may be transmitted by electronic means through normal word processing and data processing files, together with signed original documents in paper format in accordance with the model in Annexes II and XVI;

- e.) the combined total of pre-financing and interim payments shall not exceed 90 % of the Community contribution as set out in the financial table in Annex I;
- f.) when the ceiling referred to in sub-paragraph e) is reached, the National Authorising Officer shall continue transmitting to the Commission any certified statements of expenditure, as well as information about amounts recovered;
- g.) the amounts set out in certified statements of expenditure, in payment applications and in expenditure mentioned in the implementation reports, shall be denominated in euro. The Beneficiary shall convert the amounts of expenditure incurred in national currency into euro, using the monthly accounting rate of the euro calculated in accordance with Article 70 of this Agreement ;
- h.) payments by the Commission to the National Fund shall be made to the euro account identified in Article 62 of this Agreement ;
- i.) in the event that the final beneficiary is accredited to perform financial transactions for the relevant priority of measure, the Beneficiary shall ensure that the final beneficiaries receive the total amount of the public contribution in due time and in full. No specific charge or other charge with equivalent effect shall be levied which would reduce these amounts for the final beneficiaries. The National Authorising Officer, the National Fund and the Operating Structure shall ensure the timely treatment of payment requests by final beneficiaries (and from final beneficiaries to the recipient of the assistance);
- j.) the expenditure may be covered by Community financing only if it has been incurred and paid by the final beneficiary;
- k.) expenditure paid by final beneficiaries shall be substantiated by receipted invoices or accounting documents of equivalent probative value or other relevant documents;
- l.) expenditure must be certified by the National Authorising Officer;
- m.) expenditure declared in respect of a period may contain corrections to data declared in respect of the preceding payment application. These corrections are to be declared to the Commission.

Article 64
Pre-financing

1. In order for the Commission to approve a payment application for a pre-financing payment to the National Fund, the following minimum requirements as set out in Article 42(1) of the IPA Implementing Regulation must be fulfilled:

- a.) the National Authorising Officer has notified the Commission of the opening of the euro account concerned;
 - b.) the accreditations delivered by the competent accrediting officer and the National Authorising Officer are in force and the conferral of management by the Commission remains valid; and
 - c.) this Agreement has entered into force.
2. Pre-financing payments shall amount to 30% of the Community contribution for the first three years of the programme. If necessary and having regard to the budget availability, the pre-financing may be made in two instalments.
 3. The total amount paid as pre-financing shall be reimbursed to the Commission with all interest accrued if no payment application for the programme concerned is sent within 15 months of the date on which the Commission pays the first pre-financing amount. The Community contribution to the programme shall not be affected by such reimbursement.
 4. The total pre-financing amount shall be cleared at the latest when the programme is closed. Throughout the lifetime of the programme, the National Authorising Officer shall use the pre-financing payment only to pay the Community contribution to expenditure which is eligible for financing in compliance with this Agreement.
 5. The pre-financing amount may be used to pre-finance operations and to reimburse the expenditure incurred and declared by the final beneficiaries and accepted by the National Fund.

Article 65
Property of interest

Any interest earned on the programme-specific euro account remains the property of the Beneficiary. It shall be posted exclusively to the operational programme concerned, being regarded as a resource of the Beneficiary in the form of a national public contribution to the programme. Interest shall be declared to the Commission with each payment declaration and at the time of the final closure of the operational programme.

Article 66
Applications for payment

1. Applications for payment shall certify that all requirements laid down in this article and in Article 67 of this Agreement are fulfilled.
2. Applications for payment shall be drawn up in accordance with the models in Annex II (interim payments) and XVI (final payment).
3. The National Authorising Officer shall send to the Commission with each application for payment the following elements:

- a.) a certificate of expenditure, signed by the National Authorising Officer, certifying that the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with relevant Community and national rules, and that the statement of expenditure is accurate, results from reliable accounting systems and can be supported by receipted invoices or accounting documents of equivalent probative value;
- b.) a certified statement of expenditure, drawn up by priority axis and measure;
- c.) a computerised listing of operations by measure and the corresponding expenditure, including contribution under the IPA Regulation, national public and, when applicable, private contributions;
- d.) details of amounts recoverable following cancellation of all or part of the Community contribution for an operation;
- e.) the volume of Community funds in the component-specific euro account at the date of the last debit to which this statement refers and the interest earned;
- f.) revenues generated, calculated in accordance with Article 18 of this Agreement;
- g.) any corrections made in accordance with Articles 67(4), 68(2) and 76 of this Agreement.

4. A payment application cannot be accepted if payments have been suspended in accordance with Article 72 of this Agreement.

5. An application for payment which does not meet the requirements listed in paragraph 3 of this article and in Article 67 of this Agreement, shall be considered as unacceptable by the Commission and shall not be taken into account under any of the provisions of this Agreement.

Article 67
Interim payments

1. In order for the Commission services to approve a payment application for an interim payment, the minimum requirements to be fulfilled are the following:

- a.) the National Authorising Officer must have sent to the Commission an application for payment, together with the elements listed in Article 66(3) of this Agreement;
- b.) the ceilings for Community assistance under each priority axis as indicated in Article 17(3) of this Agreement have been respected;
- c.) the sectoral annual implementation reports as referred to in Article 85 of this Agreement, including the most recent one due, have been sent to the Commission;

- d.) the Audit Authority has sent to the Commission, in accordance with the first and second indent of Article 29 (2)(b) of the IPA Implementing Regulation, the most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of the IPA Implementing Regulation and those set out in this Agreement;
- e.) the accreditations delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid.

2. The National Fund shall ensure that applications for interim payments under the operational programme are sent to the Commission at least three times a year. For a payment to be made by the Commission in a given year, the application for payment shall be submitted not later than 31 October of that year.

3. With a view to meeting the level of expenditure necessary to avoid automatic de-commitment, applications for payment may be submitted until 31st December of each year, provided that they are accompanied by adequate evidence of transmission to the Commission (postal stamp or other equivalent evidence) by that date. Payment shall take place in accordance with the time limits indicated in Article 71 of this Agreement.

4. If one or more of the conditions mentioned in paragraph 1 are not met, the Beneficiary shall, when so requested and within the time limit fixed by the Commission services, take the necessary steps to remedy the situation before the payment is made.

5. If it appears that the applicable rules have not been complied with or that Community funds have been improperly used, the Commission may reduce interim payments to the Beneficiary, temporarily interrupt payments, or suspend payments, in accordance with Articles 71 and 72 of this Agreement. If any of these situations arises the Commission services shall inform the Beneficiary accordingly.

Article 68 *Calculation of Payments*

1. Payments shall be calculated on the basis of the Community contribution to the financing of the operations concerned, up to the amount obtained by applying the co-financing rate laid down for each priority axis in the Financial Plan in Annex I to the eligible expenditure, subject to the maximum Community contribution attached to each priority axis.

2. Amounts resulting from the financial adjustments carried out in accordance with Article 76 of this Agreement, which may be re-used for the programme, shall be added to or deducted from the amount of the Community contribution at the time of the next declaration.

3. Without prejudice to the ceiling of 90% as provided for in Article 63(2)(e) of this Agreement, where the combined total of declarations of expenditure exceeds the total programmed for a given priority axis, the amount to be paid shall be capped at the amount programmed for that priority axis in the financing plan in force. Expenditure excluded as a result of this capping may be taken into account in a subsequent declaration of expenditure, provided that an adjusted financing plan has been submitted by the Beneficiary and approved by the Commission.

Article 69
Payment of the final balance

1. In accordance with Article 166 (3) b) of the Financial Regulation the ultimate deadline for the submission of declarations of expenditure to the Commission under the programme is 31 December 2018.
2. The minimum requirements for the Commission to approve the application for the payment of the final balance are the following:
 - a.) the National Authorising Officer has sent to the Commission the final payment application together with the elements listed in Article 66 of this Agreement;
 - b.) the Operating Structure has sent to the Commission the sectoral final report for the Programme, as referred to in Article 102 of this Agreement;
 - c.) the Audit Authority has sent to the Commission its opinion on the final statement of expenditure, supported by a final activity report, in accordance with paragraph 7.c) of Annex A to the Framework Agreement;
 - d.) the accreditations delivered by the Competent Accreditation Officer and the National Authorising Officer are in force, and the conferral of management by the Commission, remains valid.
3. The Commission shall inform the Beneficiary of its conclusions on the content of the Audit Authority opinion referred to in paragraph c) above. This opinion shall be deemed accepted by the Commission in the absence of observations by the Commission within five months from the date of its receipt.
4. In addition to the requirements indicated in paragraph 2 the provisions of Article 67 of this Agreement are also applicable.
5. The Beneficiary shall ensure that the requirements regarding the retention of documents, as provided for under Article 104 of this Agreement, are fully observed. In this regard the Beneficiary shall set up a system which allows it to follow-up on the requirements regarding retention of documents, shall identify the responsible body and shall inform the Commission of the practical arrangements concerning the transfer of responsibilities to this body.

Article 70
Exchange rate

The conversion between euro and national currency or any other currency shall be made using a monthly accounting exchange rate of the euro. The monthly accounting exchange rate shall be the exchange rate published by the Commission in the internet site <http://ec.europa.eu/budget/inforeuro/> regarding the month in which the expenditure was registered in the accounts of the Operating Structure or, in the case of recoveries, the month in which the recovery takes place. In the event that a rate for a specific month is not published, the rate for the most recent previous month of publication shall be used.

Article 71
Payment deadlines and interruption of payments

1. Subject to available funding, the Commission shall make interim payments no later than two months after the date on which an application for payment meeting all the conditions referred in Articles 66 and 67 of this Agreement is registered with the Commission, except as provided otherwise under paragraph 3.
2. Having regard that the amounts claimed under interim payments have been pre-financed in accordance to Article 64 of this Agreement, payments effected within longer periods shall not give rise to payment of interest.
3. The payment deadline referred to under paragraph 1 may be interrupted by the authorising officer by delegation of the Commission, with the meaning of the Financial Regulation if:
 - a.) in a report of a national or Community audit body there is evidence to suggest a significant deficiency in the functioning of the management and control systems; or
 - b.) the authorising officer by delegation in the Commission has to carry out additional verifications following information coming to his attention alerting him that expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected; or
 - c.) clarifications are needed regarding the information contained in the statement of expenditure.

The National IPA Coordinator and the National Authorising Officer shall be informed immediately of the reasons for the interruption. The interruption shall be ended as soon as the necessary measures to remedy the deficiency, irregularity or lack of clarity have been taken by the Beneficiary.

Article 72
Suspension of payments

1. Notwithstanding the provisions of Article 71, all or part of the payments may be suspended by the Commission where any of the following situations may occur:
 - a.) there is a serious deficiency in the management and control system of the Programme which affects the reliability of the procedure for certification of payments and for which corrective measures have not been taken; or
 - b.) expenditure in a certified statement of expenditure is linked to a serious irregularity which has not been corrected; or
 - c.) clarifications are needed regarding the information contained in the declaration of expenditure;

2. In addition to paragraph 1, the following situations may lead to the suspension of payments by the Commission:

- a.) the accreditations delivered by the Competent Accrediting Officer and/or the National Authorising Officer are suspended or withdrawn;
- b.) the conferral of management decision by the Commission is suspended or withdrawn;
- c.) the most recent annual audit activity reports and audit opinions due have not been sent to the Commission, in accordance with Article 18 of the Framework Agreement;
- d.) the National Authorising Officer has not sent to the Commission the annual statements of assurance as referred to in Article 17 of the Framework Agreement, including the most recent one due.

3. The Beneficiary shall be given the opportunity to present its observations within a period of 2 months, before the Commission decides on a suspension, in accordance with paragraphs 1 and 2 of this Article.

4. The Commission shall end the suspension when the Beneficiary has taken the necessary measures to remedy the deficiency, irregularity, or lack of clarity, referred to in paragraphs 1 and 2 of this Article.

5. If those measures have not been taken by the Beneficiary, the Commission may decide to cancel all or part of the Community contribution to the Programme, in accordance with Article 73 of this Agreement.

Article 73

Financial corrections, repayment and re-use of Community contribution

The provisions of the IPA Implementing Regulation, namely its Articles 49 to 54 and of Articles 30 to 35 of the Framework Agreement, shall apply in the event of financial corrections, repayments to the general budget of the European Union and re-use of Community contributions. Financial corrections may also take place in the case of past non-compliance with the requirements for conferral of management powers, namely as provided for under Articles 15 to 17 of the IPA Implementing Regulation.

Article 74

Supervision, control and audit by the Commission and the European Court of Auditors

The provisions of Article 27 of the Framework Agreement shall apply *mutatis mutandis* to the programme and to all operations and contracts which receive Community funding under the programme covered by this Agreement.

Article 75
Prevention of irregularity and fraud, measures against corruption

The provisions of Articles 28 of the Framework Agreement shall apply *mutatis mutandis* to all operations, contracts and grants which receive Community funding under the programme covered by this Agreement.

Article 76
Financial adjustments

The National Authorising Officer, who bears in the first instance the responsibility for investigating irregularities, shall make the financial adjustments where irregularities or negligence are detected in the management and implementation of the programme or any operations or contracts financed under the programme. He/she shall do so by cancelling all or part of the Community contribution to the operations concerned or the programme. The National Authorising Officer shall take into account the nature and gravity of the irregularities and the financial loss to the Community contribution.

Article 77
Recovery of funds in case of irregularity or fraud

The provisions of Article 29 of the Framework Agreement shall apply *mutatis mutandis* to the programme and all operations, contracts and grants which receive Community funding under the programme covered by this Agreement

CHAPTER XII – MANAGEMENT AND CONTROL SYSTEMS

Article 78
General principles of Management and Control Systems

1. The management and control systems of the operational programme set up by the Beneficiary shall provide for:
 - a.) a clear definition of the functions of the bodies concerned in management and control and the allocation of functions within each body;
 - b.) compliance with the principle of segregation of duties and tasks between and within such bodies;
 - c.) procedures for ensuring the correctness and regularity of expenditure declared under the operational programme;
 - d.) reliable accounting, monitoring and financial reporting systems shall as far as possible be held in computerised forms;
 - e.) arrangements for auditing the functioning of the systems;

- f.) systems and procedures to ensure an adequate audit trail;
- g.) reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid;
- h.) the proper execution of the measures co financed by the Community contribution in accordance with the terms of the Financing Agreement and with the obligations assigned to the measure;
- i.) in the case of delegation of tasks, reporting to the authority responsible on the performance of their tasks and means employed.

2. The Beneficiary shall ensure that adequate guidance on the provision of management and control systems necessary to ensure sound financial management of the IPA assistance with generally accepted principles and standards is given to:

- the body(ies) responsible for the selection of operations in accordance with the established selection criteria;
- the body(ies) responsible for dealing with public procurement, contracts and grants;
- the body(ies) responsible for the implementation of operations and projects to be carried out in accordance with the terms and objectives of the funding decisions;
- the authorities or bodies or individuals responsible for certifying statements of expenditure for which payments are claimed under IPA;
- the authorities responsible for the general management and coordination of the IPA operations which are identified in Article 25 of this Agreement.

3. The Commission services and the Beneficiary shall cooperate to coordinate audit strategies and plans, methods and implementation, so as to maximise the usefulness of the actions carried out. They shall exchange the results of the checks carried out.

At least once a year the following shall be examined and evaluated:

- a.) the results of the checks carried out by the Beneficiary and the Commission or the European Court of Auditors;
- b.) any comments made by other national or Community Control bodies or institutions;
- c.) the financial impact of the irregularities noted, the steps taken or still required to correct them and, when necessary, adjustments to the management and control systems.

4. Following the above examination and evaluation and without prejudice to the measures taken immediately by the Beneficiary, the Commission services may make observations on the management and control systems and in particular the financial impact of any irregularities detected. These observations shall be communicated to the National IPA Coordinator and the National Authorising Officer. The observations shall be accompanied,

where necessary, by a request for corrective measures to remedy the management and control shortcoming found and to correct those irregularities detected which have not been corrected. The Beneficiary shall have the opportunity to comment on these observations.

Article 79
Management verifications

1. The management and control systems put in place shall include procedures to verify whether assets of a relevant operation as well as activities there of are used in accordance with the objectives of the programme, that expenditure declared has actually been incurred in accordance with applicable rules, the products and services have been delivered in accordance with the approval decision and the payment requests by the final beneficiary are correct. These verifications shall cover administrative, financial, technical, physical and performance aspects of operations, as appropriate.
2. The procedures shall require the recording of verifications 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 works or transactions, the records shall identify the works or transactions selected and describe the sampling method.
3. The checks shall establish whether any problems encountered are of (a) a one-off character, or (b) of a systemic character, entailing a risk for other or all measures carried out by the same implementing bodies in the beneficiary country. They shall also identify the causes of such situations, any further examination which may be required and the necessary corrective and preventive action.
4. The Commission services may require the Beneficiary to carry out on the spot checks, to verify the correctness of one or more operations and the legality and regularity of the related transactions.

Article 80
Checks carried out by the Commission

1. The Commission in its responsibility for the implementation of the Community budget shall verify that the Beneficiary has smoothly functioning management and control systems so that Community funds are efficiently and effectively used.

To that end, without prejudice to checks carried out by the Beneficiary, Commission officials or servants may carry out on-the-spot checks on the management and control systems and on the operations financed by IPA.

2. The Commission services shall try as much as possible to ensure that any checks that they carry out are performed in a coordinated manner so as to avoid repeating checks in respect of the same subject matter during the same period. The Beneficiary and the Commission services shall exchange any relevant information concerning the results of the checks carried out.

3. On-the-spot checks carried out in order to protect the financial interest of the Community against irregularities, may be prepared and conducted by the Commission services, or the European Court of Auditors, in close co-operation with the competent authorities of the beneficiary country concerned, which shall be notified in good time of the object and purpose of the checks, so that they can provide all the requisite help.

4. If the Beneficiary wishes, on-the-spot checks and inspections may be carried out jointly, subject to prior agreement of the relevant EC control body.

5. Commission officials shall have access, under the same conditions as national administrative inspectors and in compliance with national legislation, to all the information and documentation on the operations concerned, which are required for the proper conduct of the on-the-spot checks and inspections. They may avail themselves of the same inspection facilities as national administrative inspectors and in particular copy relevant documents.

6. In carrying out on the spot checks, the Commission services may call on outside experts and bodies, acting under their responsibility, to provide technical assistance. The Commission shall ensure that the aforementioned officials and bodies give every guarantee as regards technical competence, independence and observance of professional confidentiality.

7. The Beneficiary shall make available to the Commission any appropriate national control reports on the programme and projects concerned.

8. On-the-spot checks and inspections may be carried out by the Commission services also on economic operators. In order to make it easier for the Commission services to carry out such checks and inspections, economic operators shall be required to grant access to premises, land, means of transport or other areas, used for business purposes.

9. Where the economic operators resist an on-the-spot check or inspection, the Beneficiary acting in accordance with national rules, shall give Commission officials such assistance as they need to allow them to discharge their duty in carrying out an on-the-spot check or inspection. It shall be for the Beneficiary to take any necessary measures in conformity with national law.

10. The Commission services shall report as soon as possible to the Beneficiary any fact or suspicion relating to an irregularity which has come to their notice in the course of the on-the-spot check or inspection.

Article 81

Checks carried out by the Beneficiary

1. Without prejudice to the Commission's responsibility for implementing the Community Budget, the Beneficiary shall take responsibility for the financial control of projects. To that end, the measures it will take shall include:

- a.) verifying that management and control systems have been set up and are being implemented in such a way as to ensure that Community funds are being used efficiently and correctly;

- b.) providing the Commission with a description of these arrangements prior to the conferral of management and at any time that a significant change is introduced in the management and control systems;
- c.) ensuring that operations and projects are managed in accordance with all applicable Community rules and that funds placed at their disposal are used in accordance with the principles of sound financial management;
- d.) certifying that the declarations of expenditure presented to the Commission are accurate and guaranteeing that they result from accounting systems based on verifiable supporting documents;
- e.) preventing and detecting irregularities, notifying these to the Commission, in accordance with the rules, and keeping the Commission informed of the progress of administrative and legal proceedings;
- f.) recovering any amounts lost as result of an irregularity detected and where appropriate charging interest on late payments.

Article 82

Audits of a sample of operations or transactions

1. The Beneficiary shall organise audits on operations and transactions on an appropriate sampling basis, aimed to:
 - a.) verify the effectiveness of the management and control systems in place and
 - b.) verify selectively, on the basis of risk analysis or any other appropriate methodology, expenditure declarations made at the various levels concerned.
2. In the case of a selection made on the basis of risk analysis, the checks shall take into account:
 - a.) the need to check an appropriate mix of type and size of projects;
 - b.) any risk factors which have been identified by national or Community checks; and
 - c.) the need to ensure that the different types of bodies involved in the management and implementation of projects are satisfactorily checked.

In the event of any other appropriate methodology, this should be clearly described and the checks shall be determined on the basis of it.

3. Through the checks the Beneficiary shall verify the following:
 - a.) the practical application and effectiveness of the management and control systems;
 - b.) the execution of operations and projects in accordance with the terms of the funding decisions and the objectives assigned to the projects;

- c.) for an adequate number of accounting records, the correspondence of those records with supporting documents held by the various bodies, including the National Fund;
- d.) the presence of a sufficient audit trail;
- e.) for an adequate number of expenditure items that the nature and timing of this expenditure complies with the eligibility criteria and correspond to the specifications of the project and works actually executed;
- f.) that the appropriate national co financing has in fact been made available and
- g.) that the co-financed operations and projects have been implemented in accordance with the Community policies.

CHAPTER XIII – MONITORING AND EVALUATION

Article 83 *Monitoring principles*

1. In accordance with Article 59 of IPA Implementing Regulation, a Sectoral Monitoring Committee shall be set up to assist the Beneficiary in the achievement of the objectives of the programme. At its first meeting after the entry into force of the Financing Agreement, the Sectoral Monitoring Committee shall review and approve the decisions taken by a "shadow" Sectoral Monitoring Committee.
2. The Sectoral Monitoring Committee shall satisfy itself as to the effectiveness and quality of the implementation of the programme in order to attain the programme's objectives.
3. The Sectoral Monitoring Committee shall meet at least twice a year, at the initiative of the Beneficiary or the Commission.
4. The Sectoral Monitoring Committee shall be co-chaired by the head of the Operating Structure and a representative of the Commission. Its composition shall be decided by the Operating Structure, in agreement with the Commission services. It shall include representatives of the Commission, the National IPA Coordinator, the Strategic Coordinator for the regional development and the human resources development components and the Operating Structure of the programme. Where applicable it shall also include representatives from civil society and socio-economic partners. A representative of International Financial Institutions (IFIs) may participate in an advisory capacity in case of parallel co-financing.
5. The Sectoral Monitoring Committee shall draw up its rules of procedure, in compliance with the mandate set out by the Commission services, and within the institutional, legal and financial framework of the beneficiary country concerned. It shall adopt these rules of procedure in agreement with the Operating Structure and the IPA Monitoring Committee.
6. The Sectoral Monitoring Committee shall report to the IPA monitoring committee. It shall provide the IPA monitoring committee in particular with information relating to:

- a.) the progress made in implementing the programme, by priority axis and, where relevant, by measures or operations; this shall include the results achieved, financial implementation indicators and other factors, and shall be established with a view to reviewing and improving the implementation of the programmes;
- b.) any aspects of the functioning of the management and control systems raised by the Audit Authority, the National Authorising officer or the competent accrediting officer.

7. The Sectoral Monitoring Committee shall:

- a.) consider and approve the general criteria for selecting the operations within six months of the entry into force of the Financing Agreement on the programme and approve any revision of those criteria in accordance with programming needs;
- b.) review at each meeting progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Operating Structure;
- c.) examine at each meeting the results of implementation, particularly the achievement of the targets set for each priority axis and measures and interim evaluations; it shall carry out this monitoring by reference to specified indicators;
- d.) examine the sectoral annual and final reports on implementation, prior to their transmission to the Commission and the National IPA Coordinator;
- e.) be informed of the annual audit activity report referred to in Article 29(2)(b) of the IPA Implementing Regulation, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f.) examine any proposal to amend the Financing Agreement of the programme and/or the programme itself;
- g.) be informed of audit activities being carried out and the opinion given by the audit authorities and the EC concerning the implementation of the programme;
- h.) consider and examine the Communication Action Plan referred to in Article 99 of this Agreement as well as any subsequent updates of the plan; and
- i.) propose periodical meetings at a technical level if needed.

8. The Sectoral Monitoring Committee may propose to the Operating Structure any revision or examination of the programme likely to make possible the attainment of the programme's objectives or to improve its management, including its financial management.

9. The Sectoral Monitoring Committee may also make proposals to the Commission and the National IPA Coordinator, with a copy to the National Authorising Officer, for decisions on any remedial measures to ensure the achievement of the programme's objectives and enhance the efficiency of the assistance provided.

Article 84
Monitoring sheets

The Operating Structure shall maintain monitoring sheets for each operation, prepared in accordance with the templates and guidance provided by the Commission services, as may be deemed necessary. The monitoring sheets will be presented to the Sectoral Monitoring Committee and will constitute the core part of the Annual Implementation Report, prepared in accordance with Article 85.

Article 85
Sectoral annual report on implementation

1. The Operating Structure shall submit a sectoral annual report in relation to the programme concerned to the Commission and the National IPA Coordinator, by 30 June each year and for the first time by 30 June 2008.

2. The reports shall be sent to the National IPA Coordinator, the National Authorising Officer and the Commission, after examination by the sectoral monitoring committee.

3. Sectoral reports shall include the following:

- a.) the quantitative and qualitative progress made in implementing the operational programme, priority axes, measures and, where relevant, operations or groups of operations, in relation to their specific, verifiable targets, with quantification, when possible, using indicators at the appropriate level. Where relevant under the human resources development component, the statistics shall be broken down by sex;
- b.) the financial implementation of the operational programme, detailing for each priority axis and measure:
 - the total expenditure paid out by reference to each beneficiary and included in payment applications sent to the Commission by the National Fund;
 - the total expenditure actually committed and paid out by the National Fund, with the corresponding public or public and private contribution; this shall be accompanied by computerised forms listing the operations, so that they can be followed through the from budgetary commitment by the Beneficiary to final payments;
 - the total payments received from the Commission.

Where appropriate, financial implementation may be presented through the major areas of intervention and the regions where assistance is concentrated.

- c.) for information purposes, the indicative breakdown of the allocation under the IPA Regulation shall be given by categories, in accordance with the detailed list included in Annex XIII;

- d.) the steps taken by the Operating Structure or the Sectoral Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:
- the monitoring and evaluation measures, including data collection arrangements;
 - a summary of any significant problems encountered in implementing the operational programme and any subsequent measures taken;
 - the use made of technical assistance;
- e.) the activities to provide information on and publicise the programme;
- f.) where appropriate, under the human resources development component, a synthesis of the implementation of :
- gender mainstreaming as well as of any gender-specific action;
 - action to increase the participation of migrants in employment and thereby strengthening their social integration;
 - action to strengthen integration in employment and thereby improve the social inclusion of minorities;
 - action to strengthen integration in employment and social inclusion of other disadvantaged groups, including people with disabilities.

4. The sectoral report shall be considered admissible only if it contains all the appropriate information listed in paragraph 3. The National IPA Coordinator and the Operating Structure shall be informed by the Commission services of the admissibility of the sectoral annual report within 10 working days from the date of its receipt.

5. The National IPA Coordinator and the Operating Structure shall also be informed of the Commission's opinion on the content of an admissible sectoral annual report within two months from the date of receipt.

6. The monitoring sheets prepared in accordance with templates and guidance provided by the Commission services will be attached to the report.

Article 86
Interim evaluation

1. During the period of implementation the Beneficiary shall carry out evaluations linked to the monitoring of the programme, in particular where this monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the programme. At least one interim evaluation shall be carried out during the period of implementation of the programme. The results of the evaluation shall be sent to the Sectoral Monitoring Committee and to the Commission.

2. Evaluations shall be carried out by internal or external experts or bodies, functionally independent of the authorities referred to in Article 21 of the IPA Implementing Regulation. The results shall be published according to the applicable rules on access to documents.

Article 87
Ex-post evaluation

Ex-post evaluations are the responsibility of the Commission. The Commission services and the National IPA Coordinator shall decide whether *ex-post* evaluations should be carried out at the level of the programme or for a group of programmes or for IPA assistance as a whole.

CHAPTER XIV – AUDIT

Article 88
Audit principles

Audits are to be carried out in line with Sections III, IV and V of the Framework Agreement and Title VIII, Chapter I, of the Financial Regulation. They shall be carried out in accordance with internationally accepted audit standards.

Article 89
Audit Authority

1. The functions and responsibilities of the Audit Authority are those indicated in Annex A to the Framework Agreement.
2. Where the audits referred to in Article 88 of this Agreement are carried out by a body other than the Audit Authority, the Audit Authority shall ensure that such bodies have the necessary functional independence.
3. If weaknesses in management or control systems, or the level of irregular expenditure detected do not allow the provision of an unqualified opinion for the annual opinion referred to in Article 18 paragraph 1 point (b) of the Framework Agreement, or in the closure declaration referred to in paragraph 1 point (c), the Audit Authority shall give the reasons and estimate the scale of the problem and its financial impact.

Article 90
Audit trail

1. In accordance with Article 21 of the Framework Agreement the management and control system for the programme shall provide a sufficiently detailed audit trail.
2. For the purposes of this agreement an audit trail shall be considered sufficient where it permits:
 - a.) the aggregate amounts certified to the Commission to be reconciled with the detailed accounting records and supporting documents held at the various

administrative levels, by the Operating Structure and the final beneficiaries with regard to operations co-financed under the operational programme;

- b.) verification of the allocation and transfer of the available Community and national funds;
 - c.) verification of the correctness of the information supplied on the execution of the programme in accordance with the terms of the Financing Agreement granting the assistance and the objectives assigned to the programme;
 - d.) verification of the selection criteria established for the operational programme, and
 - e.) in respect of each operation, as appropriate, the technical specifications and financing plan, documents concerning the grant approval, documents relating to public procurement procedures, progress reports and reports on verifications and audits carried out.
3. An indicative description of the information requirements for a sufficient audit trail is given in Annex XIV.
4. The Beneficiary shall satisfy itself that the following points have been addressed:
- a) that there are procedures to ensure that documents that are relevant to specific items of expenditure incurred, payments made, works undertaken and verification of them carried out in connection with the programme, and which are required for a sufficient audit trail, are held in accordance with the requirements of Annex XIV;
 - b) that a record is maintained of the body holding them and its location; and
 - c) that the documents are made available for inspection by the persons and bodies who would normally have the right to inspect such documents.
5. The persons and bodies referred to in paragraph 4 (c) shall be:
- a) the staff of the National Fund, Operating Structure and specific bodies who process payment applications;
 - b) the services undertaking audits of management and control systems;
 - c) the National Authorising Officer as person responsible for certifying interim and final payment applications and the person or department which issues declarations for the winding up of measures; and
 - d) mandated officials of national audit institutions and of the Community.

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

Article 91
Audits of operations

1. The audits referred to in Article 88 of this Agreement shall be carried out each twelve-month period from 1 October of the year following the adoption of the programme, on a sample of operations selected by a method established or approved by the Audit Authority. The audits shall be carried out on-the-spot on the basis of documentation and records held by the beneficiary.
2. The audits shall verify that the following conditions are fulfilled:
 - a.) the operation meets the selection criteria for the operational programme, has been implemented in accordance with the approval decision and fulfils any applicable conditions concerning its functionality and use or the objectives to be attained;
 - b.) the expenditure declared corresponds to the accounting records and supporting documents held by the beneficiary;
 - c.) the expenditure declared by the beneficiary is in compliance with Community and national rules;
 - d.) the public contribution has been paid to the beneficiary in accordance with Article 40 (9) of IPA Implementing Regulation.
3. Where problems detected appear to be systemic in nature and therefore entail a risk for other operations under the operational programme, the Audit Authority shall ensure that further examination is carried out, including additional audits where necessary, to establish the scale of such problems. The necessary preventive and corrective action shall be taken by the relevant authorities.

Article 92
Documents presented by the Audit Authority and follow-up

1. The annual audit activity report and the annual opinion referred to in Article 29.2(b) of the IPA Implementing Regulation shall be based on the systems audits and audits of operations carried out and shall be drawn up in accordance with the models set out in Annex C to the Framework Agreement.
2. The opinion on the final statement of expenditure referred to in Article 29.2(b) of the IPA Implementing Regulation shall be based on all the audit work carried out by, or under the responsibility of the Audit Authority, in accordance with its annual work plan. The opinion on the final statement of expenditure shall be drawn up in accordance with the model set out in Annex E to the Framework Agreement.
3. If there is a limitation in the scope of examination or if the level of irregular expenditure detected does not allow the provision of an unqualified opinion for the annual opinion referred to in paragraph 1 or in the opinion on the final statement of expenditure referred to in paragraph 2, the Audit Authority shall give the reasons and estimate the scale of the problem and its financial impact.

4. Following the receipt of the reports and opinions by the Audit Authority, the National Authorising Officer shall:

- a) decide whether any improvements to the management and control systems are required, record the decisions in that respect and ensure the timely implementation of those improvements;
- b) make any necessary adjustments to the payment applications to the Commission.

5. The Commission services may decide either to take follow-up action itself in response to the reports and opinions, for example by initiating a financial correction procedure, or to require the beneficiary country to take action, while informing the National Authorising Officer and the Competent Accrediting Officer of their decision.

Article 93
Availability of documents

1. For the purposes of this Agreement, the Beneficiary shall ensure that a record is available of the identity and location of bodies holding the supporting documents relating to expenditure and audits, which includes all documents required for an adequate audit trail.

2. The Beneficiary shall ensure that the documents referred to in paragraph 1 are made available for inspection and that extracts or copies thereof are supplied to persons and bodies entitled to have access to them, including at least authorised staff of the Beneficiary, National Fund, Audit Authority and authorised officials of the Community and their authorised representatives.

3. The following, at least, shall be considered commonly accepted data carriers:

- a.) photocopies of original documents;
- b.) microfiches of original documents;
- c.) electronic versions of original documents;
- d.) documents existing in electronic version only.

4. The procedure for certifying the 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.

5. Where documents exist in electronic version only, the computer systems used must meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

6. The Commission services shall ensure that the information forwarded by the Beneficiary, or collected by them in the course of on-the-spot inspections, is kept confidential and secure.

Article 94

Supervision, control and audit by the Commission and the European Court of Auditors

Supervision, control and audit by the Commission and by the European Court of Auditors will be carried out in line with Section IV Articles 27 to 35 of the Framework Agreement and Title VIII, Chapter I of the Financial Regulation.

CHAPTER XV – INFORMATION AND VISIBILITY

Article 95

Personal Data

According to Article 24(2)(d) of the Framework Agreement, the provisions of Regulation (EC) No 45/2001 of the European Parliament and the European Council on the protection of individuals with regards to the processing of personal data by the Community institutions and bodies and on the free movement of such data, and with due observance of the requirements of security, shall apply.

Article 96

Electronic Exchange of Data

1. The Beneficiary shall provide to the Commission an original paper version of the documents, dated and signed by a duly authorised official. The date taken into account shall be the date on which the paper document has been officially sent to the Commission.
2. Apart from the submission of paper documents by the Beneficiary to the Commission, the Beneficiary shall endeavour, whenever possible, to submit an electronic version of those documents.
3. In the event of divergence between the paper and electronic versions of the documents, the original paper document will be considered as the authentic document.

Article 97

Information and publicity

1. The Beneficiary shall provide information on, and publicise the programme and operations, in accordance with Article 24 of the Framework Agreement. The information shall be addressed to the citizens and beneficiaries, with the aim of highlighting the role of the Community and ensuring transparency.
2. In accordance with Article 90 of the Financial Regulation the Commission shall publish the relevant information on contracts and grants. The Commission shall publish the results of tender and call for proposal procedures in the Official Journal of the European Union, on the EuropeAid website and in any other appropriate media, in accordance with the applicable contract procedures for Community external actions.

Article 98
Publication of information on beneficiaries of Community funding

1. In accordance with Article 24.2 of the Framework Agreement, the Beneficiary shall publish the following information in relation to beneficiaries of Community financing:
 - a.) the names and addresses of the final beneficiaries;
 - b.) the names of the operations;
 - c.) the amount of Community funding allocated to the operations.
2. The information referred to in paragraph 1 shall be published according to a standard presentation, in a dedicated and easily accessible place of the Beneficiary's internet site. If such internet publication is impossible, the information shall be published by any other appropriate means, including the national official journal.
3. The publication shall take place during the first half of the year following the closure of the budget year in respect of which the funds were attributed to the Beneficiary.
4. The Beneficiary shall communicate to the Commission the address of the place of publication and reference shall be made to this address in the dedicated place of the internet site of the Community institutions referred to in Article 97(2) of this Agreement. If the information is published otherwise, the Beneficiary shall give the Commission full details of the means used.

Article 99
Visibility

1. Activities to make available and publicise in the beneficiary country information about assistance under the IPA, as referred to by Article 24(4) of the Framework Agreement, will be implemented based on a Communication Action Plan (CAP) prepared in accordance with the chapter on Implementing Provisions of the programme. The CAP shall be reviewed by the Sectoral Monitoring Committee and shall set out:
 - a.) the aims of the information and publicity;
 - b.) the target group;
 - c.) the content and the strategy of the resulting communication and information measures;
 - d.) the indicative budget;
 - e.) the administrative departments responsible for implementation;
 - f.) the criteria for evaluating the measures carried out.
2. Funding for information and publicity may be provided from the technical assistance priority of the programme.

3. At the meetings of the Sectoral Monitoring Committee, the Operating Structure shall report on progress in implementing the CAP and provide the Committee members with examples of such measures.

4. When the implementation of the present article implies specific information and publicity activities at operation level, such activities shall be the responsibility of the final beneficiaries, and shall be funded from the amount allocated to the relevant subject.

5. The Operating Structure shall ensure that operations financed in the framework of the programme respect the EU visibility guidelines for external actions¹.

CHAPTER XVI – PROGRAMME CLOSURE

Article 100 Closure principles

1. Programme closure implies the financial settlement of outstanding Community commitments, through the payment of the final balance, or the issue of a recovery note, or the de-commitment of appropriations by the Commission. To this end, a final payment application should be submitted to the Commission.

2. The Commission will inform the Beneficiary about the date of the closure of the programme.

3. The programme closure does not prejudice the Commission's right to carry out audits or undertake financial corrections.

4. Notwithstanding the results of any audits carried out by the Commission services or the European Court of Auditors, the final balance paid or the amount to be recovered by the Commission may be amended within nine months of the date on which the final payment is made, or of the date on which the recovery note is issued.

5. In accordance with the provisions of Article 45 of the IPA Implementing Regulation, for the closure of the programme, the following documents should be submitted to the Commission by the Beneficiary by 31 December 2018 at the latest, in order to successfully close the Community assistance:

- an application for the final payment issued by the National Authorising Officer;
- a final report submitted by the Operating Structure;
- a winding up declaration on the final statement of expenditure supported by a final activity report issued by the Audit Authority;

¹ http://ec.europa.eu/europeaid/work/visibility/index_en.htm.

- an audit opinion on the final statement of expenditure.

6. A precondition for the successful closure of the programme is that the accreditation provisions foreseen in chapter II of the IPA Implementing Regulation are in force and the conferral of management by the Commission remains valid.

Article 101
Winding up declaration

1. The winding up declaration sets out the opinion of the independent Audit Authority, designated under Article 29 of the IPA Implementing Regulation, on the final statement of expenditure submitted to the Commission by the National Authorising Officer.

2. The submission of the winding up declaration is a prerequisite for the programme closure. It will be submitted to the Commission and to the Competent Accrediting Officer at the same time as the final statement of expenditure.

3. The basis for forming the opinion expressed in the winding up declaration has to be clearly explained. The Audit Authority is required to declare that the final statement of expenditure and application for the payment of the balance issued by the National Authorising Officer are free of misstatements. The Audit Authority shall address in particular the following:

- correct presentation and compilation of the documents;
- correctness and accuracy of the calculations;
- reconciliation of the final statement presented to the Commission with the statements presented by the implementing bodies to the National Authorising Officer;
- consistency with the financial information, including information on irregularities, provided in the final report;
- the legality and regularity of the underlying financial transactions, in accordance with the eligibility criteria and the procurement directives;
- audits carried out by the Commission services, the European Court of Auditors or the Audit Authority on the National Fund and the National Authorising Officer, the Operating Structure as well as the contracting authorities, by summarising any weakness found in the management and control systems or in the financial transaction findings. The corrective measures put in place to remedy any weakness found in the management and control systems including any financial corrections imposed should be provided;
- sample of financial transactions audited, including information on the total public expenditure and the error percentage, if any.

4. An indicative model of the winding up declaration is contained in Annexe E of the Framework Agreement.

Article 102
Final report

1. The Operating Structure shall draw up a sectoral final report on the implementation of the programme. It shall cover the whole period of implementation and may include the latest annual report.

2. After examination by the Sectoral Monitoring Committee, the Operating Structure shall submit the final sectoral report to the National IPA Coordinator, the National Authorising Officer and to the Commission, at the latest six months after the final date of eligibility of expenditure.

3. The requirements for the content of the final sectoral report are set out in Article 169 of the IPA Implementing Regulation. This report shall include:

- a) the quantitative and qualitative progress made in implementing the programme, by priority and measure, in relation to their specific targets, with quantification of the physical indicators, including results and impact indicators;
- b) the financial implementation of the programme, summarising for each priority axis and measure, the total expenditure actually paid out and included in the payment applications submitted to the Commission by the National Fund, as well as a record of the total payments received from the Commission and the total expenditure actually committed and paid out by the National Fund, with the corresponding public or public and private contribution, accompanied by a list of the operations carried out;
- c) the indicative breakdown of the allocations under the IPA Regulation, by category, in accordance with the detailed list included in Annex XIII;
- d) the steps taken by the Operating Structure and/or the Sectoral Monitoring Committee, to ensure the quality and effectiveness of implementation and in particular:
 - i) the monitoring and evaluation measures, including data collection arrangements;
 - ii) a summary of any significant problems encountered in implementing the programme, including any corrective measures put in place;
 - iii) the use made of technical assistance;
- e) the measures taken to provide information and publicity of the programme;
- f) a list of operations implemented and whether these have been completed and are operational.

4. A final report shall be considered admissible if it contains all the information required in paragraph 3 above. The Commission services shall inform the National IPA Coordinator and the Operating Structure of the admissibility of the final report within 10 working days from the date of its receipt.

5. The Commission's opinion on the content of an admissible final sectoral report shall be provided to National IPA Coordinator and the Operating Structure within five months from the date of receipt of the admissible report.

Article 103

Final application for payment

1. A final application for payment, including a certificate of expenditure and a statement of expenditure, shall be drawn up in the form set out in Annex XVI to the Financing Agreement.

2. Expenditure declared should relate to expenditure actually incurred and paid out by the National Fund. This expenditure should correspond to payments effected supported by receipted invoices or accounting documents of equivalent probative value. Expenditure must have been certified by the National Authorising Officer.

3. The conditions to be checked by the National Authorising Officer in certifying the expenditure are set out in the form prescribed in Annex XVII.

4. The final statement of expenditure should be accompanied by the appendix on recoveries referred to in Annex XVI to this Agreement.

5. The pre-financing paid to the Beneficiary for the programme, pursuant to Article 64 of this Agreement, has to be justified by payments effected by the final beneficiaries at the latest when the final balance of the assistance is claimed.

6. The Beneficiary shall inform the Commission of recoveries made between the submission of the final declaration of expenditure and the final payment by the Commission, so that the Commission can deduct them. The Beneficiary should also inform the Commission of recoveries effected after the submission of the final declaration of expenditure and after closure of the programme and repay the IPA contribution to the Commission.

Article 104

Retention of documents

1. The responsible body and authorities of the Beneficiary shall keep available for the Commission all documents related to the programme, including documents related to the authorisation of payment applications, of the accounting and payment of such applications and of the treatment of advances, guarantees and debts, for a period of at least three years following the closure of the programme.

2. Written records of the entire procurement, grant award and contracting procedure shall be retained by the Operating Structure for a period of at least seven years from the payment of the balance of the contract.

3. The periods referred in paragraphs 1, 2 and 3 shall be interrupted in the case of legal proceedings, financial corrections or at the duly substantiated request of the Commission services.

CHAPTER XVII – FINAL PROVISIONS

Article 105 Consultation

1. Any question relating to the execution or interpretation of this Agreement shall be the subject of consultation between the Contracting Parties, leading where necessary to an amendment of this Agreement.
2. Where there is a failure to carry out an obligation set out in this Agreement which has not been the subject of remedial measures taken in due time, the Commission may suspend the financing of activities under IPA after consultation with the Beneficiary.
3. The Beneficiary may renounce in whole or in part to the implementation of activities under IPA. The Contracting Parties shall set out the details of the said renunciation in an exchange of letters.

Article 106 Settlement of differences, arbitration

The provisions of Article 42 of the Framework Agreement shall apply *mutatis mutandis* to this Agreement.

Article 107 Disputes with third parties

The provisions of Article 43 of the Framework Agreement shall apply *mutatis mutandis* to this Agreement.

Article 108 Annexes

The Annexes shall form an integral part of this Agreement.

Article 109 Validity

- f) 1. This signed Agreement shall enter into force on the date on which the Beneficiary notifies the Commission that all internal procedures in [REDACTED] Republic of Macedonia necessary for the entry into force of this Agreement have been fulfilled.
2. This Agreement shall continue to be in force until the final date for the retention of documents related to the programme as provided for under Article 104 of this Agreement.

3. In case of legal proceedings or of any duly motivated situation agreed between the parties, the Financing Agreement shall remain in force until the final settlement of the situation that gives rise to the extension of validity.

Article 110
Review and amendment

1. The implementation of this Agreement will be subject to periodic reviews at times arranged between the Parties.

2. Any amendment agreed to by the Parties will be in writing and will form part of this Agreement. Such an amendment shall enter into force on the date determined by the Parties.

3. If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least six months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

Article 111
Termination

1. This Agreement may be terminated by either Party by giving written notice to the other Party. Such termination shall take effect six calendar months from the date of the written notice.

2. The termination of this Agreement shall not preclude the possibility for the Commission to make financial corrections in accordance with Articles 49 to 54 of the IPA Implementing Regulation.

Article 112
Language

This Agreement is drawn up in duplicate in the English language.

Signed, for and on behalf of the Government of [REDACTED] Republic of Macedonia,

at (place) on (date)

by Mr. Vasko NAUMOVSKI, Deputy Prime Minister, National IPA Coordinator

.....

Signed, for and on behalf of the Commission,

at (place) on (date)

by Mr. Robert VERRUE, Director General for Employment, Social Affairs and Equal Opportunities


..... 11/11/09

FINANCING AGREEMENT
IPA Human Resources Development Component

LIST OF ANNEXES

- Title**
- I. Financial Plan
 - II. Certificate and Statement of Expenditure and Application for Interim Payment
 - III. Annual Statement on withdrawn and recovered amounts and pending recoveries
 - IV. Forecast of likely payment applications
 - V. Identification of authorities, names and addresses for correspondence
 - VI. Specific conditions regarding conferral of management
 - VII. Benchmark system for the roadmap to wave ex-ante controls
 - VIII. NOT APPLICABLE
 - IX. NOT APPLICABLE
 - X. Model of Operation Identification Sheet
 - XI. Composition and functioning modalities for the committee for the selection of operations
 - XII. Annual and Final Report
 - XIII. Allocations by category of expenditure
 - XIV. Indicative description of the information requirements for the audit trail
 - XV. List of data on operations to be communicated on request to the Commission for the purpose of documentary and on-the-spot checks
 - XVI. Certificate and Statement of Expenditure and Application for Final Payment
 - XVII. Final control report and closure declaration
 - XVIII. Guidelines for the completion of the standard form for quarterly communications of irregularities
 - XIX. The operational programme

ANNEX I

Financial Plan

Financial plan of the "Human Resources Development" programme with CCI number 2007MK05IPO001 in [REDACTED] Republic of Macedonia

12

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Years	Total Public Expenditure (€) (1)=(2)+(3)	Public Expenditure (€)		IPA co-financing rate (%) (4)=(2)/(1)
		Community Contribution (IPA) (€) (2)	National Public Contribution (€) (3)	
Year 2007				
<i>Priority Axis 1</i>	1.528.238	1.299.000	229.238	85%
<i>Priority Axis 2</i>	1.129.413	960.000	169.413	85%
<i>Priority Axis 3</i>	752.943	640.000	112.943	85%
<i>Technical Assistance</i>	354.118	301.000	53.118	85%
<i>Total Year 2007</i>	3.764.712	3.200.000	564.712	85%
Year 2008				
<i>Priority Axis 1</i>	3.173.535	2.697.500	476.035	85%
<i>Priority Axis 2</i>	2.117.649	1.800.000	317.649	85%
<i>Priority Axis 3</i>	1.411.767	1.200.000	211.767	85%
<i>Technical Assistance</i>	355.883	302.500	53.383	85%
<i>Total Year 2008</i>	7.058.834	6.000.000	1.058.834	85%
Year 2009				
<i>Priority Axis 1</i>	3.352.357	2.849.500	502.857	85%
<i>Priority Axis 2</i>	2.505.884	2.130.000	375.884	85%
<i>Priority Axis 3</i>	1.670.591	1.420.000	250.591	85%
<i>Technical Assistance</i>	824.119	700.500	123.619	85%
<i>Total Year 2009</i>	8.352.951	7.100.000	1.252.951	85%
Years 2007-2009				
<i>Priority Axis 1</i>	8.054.130	6.846.000	1.208.130	85%
<i>Priority Axis 2</i>	5.752.946	4.890.000	862.946	85%
<i>Priority Axis 3</i>	3.835.301	3.260.000	575.301	85%
<i>Technical Assistance</i>	1.534.120	1.304.000	230.120	85%
<i>Total Years 2007-2009</i>	19.176.497	16.300.000	2.876.497	85%

12/11

ANNEX II

Certificate and statement of expenditure and application for interim payment

EUROPEAN COMMISSION

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE – IPA

Human Resources Development (component IV)

Certificate and statement of expenditure and payment application

Name of operational programme

Commission Decision of

Financing Agreement of

Commission reference (CCI) No:

National reference (if any)

CERTIFICATE

I, the undersigned,

National Authorising Officer,

hereby certify that all expenditure included in the attached statement complies with the criteria for eligibility of expenditure set out in the Financing Agreement signed between the Commission of the European Communities and the Government of the former Yugoslav Republic of Macedonia

and entered into force on (date) and with the criteria for eligibility of expenditure set out in annex XIX of this agreement, has been incurred and paid by the final beneficiaries on the implementation of operations selected under the operational programme in accordance with the conditions for granting IPA assistance.

after⁽¹⁾

		20...
--	--	-------

and amounts to:

euro ²	
-------------------	--

(exact figure to two decimal places)

The attached statement of expenditure, broken down by priority axis and measures, is based on accounts provisionally closed on

		20...
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and forms an integral part of this certificate.

I also certify that operations are progressing in accordance with the terms of the Financing Agreement, and in particular that:

1. all the requirements laid down in Article 67 of the Financing Agreement are fulfilled, in particular
 - The ceilings for Community assistance under each priority axis as laid down in the financial table of the Financing Agreement (annex I) have been respected;
 - The sectoral annual implementation reports, including the most recent one have been sent to the Commission by the Operating Structure;
 - The most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of the Regulation (EC) 718/2007 and those of any agreement between the Commission and the beneficiary country has been sent to the Commission by the Audit Authority;
 - The accreditation delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid;
 - the payments have not been suspended in accordance with Article 72 of the Financing Agreement

(1) Starting date for eligibility of expenditure (Article 34 of the Financing Agreement)

(2) Total amount of eligible expenditure paid by final beneficiaries

12

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2. the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
3. the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with relevant applicable Community rules and regulations, in particular those referred to in the Financing Agreement
4. the statement of expenditure and the payment application take account, where applicable, of any amounts recovered and of any interest received, and of net revenue accruing from operations financed under the operational programme;
5. the breakdown of the underlying operations is recorded on computer files and is available to the relevant Commission departments on request

In accordance with Article 104 of the Financing Agreement, the supporting documents are and will continue to be available for at least three years following the closure of the operational programme by the Commission.

Date

		20...
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Name in capitals, stamp, position and signature
of National Authorising Officer

ANNEX 1 to statement of expenditure:

CCI :
 Name of the programme
 Date of provisional closure of account
 Date of sending to the Commission

Last OP modification date

Year (a)	Total expenditure incurred by final beneficiaries and certified eligible by the NAO (€ - accumulated)								
	Total public expenditure	Community contribution	National public contribution	Co-financing rate (%)	15 % Purchase (1)	Private contribution	Revenue (2)	Financial adjustment (3)	Recovery (4)
2007 Priority I									
Measure 1.1									
Operation 1.1.1									
Operation 1.1.2									
Measure 2.2									
Operation 2.2.1									
Operation 2.2.2									
Priority II									
Measure 2.1									
Operation 2.1.1									
Operation 2.1.2									
Measure 2.2									
Operation 2.2.1									
Operation 2.2.2									
2008 Priority I									
Measure 1.1									
Operation 1.1.1									
Operation 1.1.2									
Measure 2.2									
Operation 2.2.1									
Operation 2.2.2									
Priority II									
Measure 2.1									
Operation 2.1.1									
Operation 2.1.2									
Measure 2.2									
Operation 2.2.1									
Operation 2.2.2									
2009 Priority I									
Measure 1.1									
Operation 1.1.1									
Operation 1.1.2									
Measure 2.2									
Operation 2.2.1									
Priority II									
Measure 2.1									
Operation 2.1.1									
Operation 2.1.2									
Measure 2.2									
Operation 2.2.1									
Operation 2.2.2									
2007-09 TOTAL									
Priority I									
Measure 1.1									
Operation 1.1.1									
Operation 1.1.2									
Measure 2.2									
Operation 2.2.1									
Operation 2.2.2									
Priority II									
Measure 2.1									
Operation 2.1.1									
Operation 2.1.2									
Measure 2.2									
Operation 2.2.1									
Operation 2.2.2									

(a) By year the breakdown mentioned shall correspond to the registration of the expenses in the accounts of the OS
 (1) art. 35 3 c of the FA
 (2) art. 18 of the FA
 (3) art. 31 of the FWA and 76 of the FA
 (4) art. 29 of the Fwa and 77 of the FA

ANNEX 2 to statement of expenditure:

Details of amounts recoverable following cancellation of all or part of the Community contribution for an operation (art. 66.3.d). of the FA)

Name of the priority/measure /operation	
Amount ordered to be recovered	
Debtor	
Date of issue of recovery order	
Authority which issued recovery order	
Date of recovery	
Amount recovered	

ANNEX 3 to statement of expenditure:

The volume of Community contribution in the component-specific euro account at the date of the last debit to which this statement refers (art. 66.3.e of the FA)

_____ €

and the interest earned _____ €

from(date) to (date) according art. 62.1 and 65 of the FA

Handwritten mark

ANNEX 4 to statement of expenditure (to be filled in by the Head of the OS)

DATE :

priority / measure	FINANCIAL TABLE						Total Public Cost of projects approved by the OS			Total Public Cost of Contracted projects (M Euro)			Public Expenditure of Payment Approved by OS (and paid to FB)			Contracted projects / Total public cost	Public Expenditure Approved by OS / Total public cost
	Total	Community	National Public	Total	Community	National Public	Total	Community	National Public	Total	Community	National Public	Total	Community	National Public		
	1=2+3	2	3	4=5+6	5	6	7=8+9	8	9	10=11+12	11	12	13=14+15	14=15/1			
1.1.	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	%	%
1.2.																	
Priority 1																	
2.1.																	
2.2.																	
Priority 2																	
3.1.																	
3.2.																	
Priority 3																	
4.1.																	
4.2.																	
Priority 4																	
HRDOP Total																	

APPLICATION FOR PAYMENT: Interim payment

Name of operational programme:

Operational programme reference (CCI) No:

Pursuant to Annex A of the Framework Agreement (Article 25 of Regulation (EC) No 718/2007), I, the undersigned (name in capitals of National Authorising Officer), hereby request payment of the amount of EUR ... (EU contribution) as an interim payment.

This application is admissible because:

	Delete as appropriate
(a) no more than the maximum amount of assistance from IPA Funds as laid down in the annex I of the Financing Agreement has been paid by the Commission during the whole period for each priority axis.	
(b) the Operating Structure has sent to the Commission the sectoral annual implementation reports, including the most recent one in accordance with art. 65(1)c of the Financing Agreement	<p>— <i>has been forwarded by Operating Structure within the time limit laid down in art. 83 of the Financing Agreement</i></p> <p>— <i>is attached</i></p>
(c) the Audit Authority has sent to the Commission, in accordance with Article 92 of the Financing Agreement, the most recent annual audit activity report and opinion on the conformity of the management and control systems in place with the requirements of the Regulation (EC) 718/2007 and/or those of any agreement between the Commission and the beneficiary country	<p>— <i>has been forwarded by Audit Authority within the time limit laid down in art. 90 of the financing Agreement</i></p> <p>— <i>is attached</i></p>
(d) the accreditations delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid	
(e) the payments have not been suspended in accordance with Article 72 of the Financing Agreement	

The payment should be made by the Commission to the body designated by the beneficiary country for the purposes of making payments

Designated body	
Bank	
Bank account No	
Holder of account (where not the same as the designated body)	

Date

		20...
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Name in capitals, stamp, position and signature of

National Authorising Officer

ANNEX III

Annual Statement on withdrawn and recovered amounts and pending recoveries

(Article 66(3)d) of the Financing Agreement)

1. WITHDRAWALS AND RECOVERIES FOR THE YEAR 20.... DEDUCTED FROM STATEMENTS OF EXPENDITURE

Priority axis	Withdrawals				Recoveries			
	Total expenditure of final beneficiaries	Public contribution	Co-financing rate ¹	EU contribution	Total expenditure of final beneficiaries	Public contribution	Co-financing rate ²	EU contribution
1								
Operation 1.1.x								
2								
Operation 2.1.x								
3								
Operation 3.1.x								
Total								

¹ This co-financing rate and the method for its calculation are found in the financial table of the operational programme for the priority axis concerned.

² This co-financing rate and the method for its calculation are found in the financial table of the operational programme for the priority axis concerned.

2. PENDING RECOVERIES AS AT 31.12. 20..

Priority axis	Year of launch of recovery proceedings	Public contribution to be recovered	Co-financing rate ¹	EU contribution to be recovered
1	2007			
Operation 1.1.x				
	2008			
	...			
2	2007			
Operation 2.1.x				
	2008			
	...			
3	2007			
Operation 3.1.x				
	2008			
	...			
Sub-totals	2007			
	2008			
	...			
Grand total				

¹ This co-financing rate and the method for its calculation are found in the financial table of the operational programme for the priority axis concerned.

ANNEX IV

Forecasts of likely payment applications

(Article 63(2)c) of the Financing Agreement)

Forecasts of likely payment applications for the financial year concerned and for the subsequent financial year (in EUR):

CCI :	Community co-financing ¹	
	[current year]	[following year]
Name of the Programme :		

(1) Only forecast of likely payment applications in respect of the Community contribution, and not total expenditure forecast, should be stated in the table. In the forecast of likely payment applications, the community contribution should be stated for the year in question, and should not be cumulated from the beginning of the programming period.

¹ Only provisional forecasts of likely payment applications in respect of the Community contribution, and not total expenditure forecast, should be stated in the table. In the provisional forecasts of likely payment applications, the Community contribution should be stated for the year in question, and should not be cumulated from the beginning of the programming period.

ANNEX V

Identification of authorities, names and addresses for correspondence

(Article 28(3) of the Financing Agreement)

- Field 1. **CCI N° 2007MK05IPO001**
- Field 2. **Operational Programme for Human Resources Development**
- Field 3. **IPA component IV**
- Field 4. **Beneficiary – [REDACTED] Republic of Macedonia**
- Field 5. **National IPA Coordinator –**
- Name: Deputy Prime Minister in charge of European Affairs and Coordination of Foreign Assistance
- Address: Bul. Ilinden b.b., Building of the Government, 1000 Skopje
- Phone: +389 2 3200 104
- e-mail: cabinet@sep.gov.mk
-
- Field 6. **Strategic Coordinator for the regional development and the human resources development components**
- Name: Deputy Prime Minister in charge of Economic Affairs
- Address: Bul. Ilinden b.b., Building of the Government, 1000 Skopje
- Phone: +389 2 3114 258
- e-mail: viceprimeminister@gs.gov.mk
-
- Field 7. **Competent Accrediting Officer**
- Name: Deputy Prime Minister and Minister of Finance
- Address: Dame Gruev 14, 1000 Skopje
- Phone: +389 2 3106 144
- e-mail: Zoran.stavreski@finance.gov.mk

Field 8. **National Authorising Officer**
Name: Head of the EU Harmonization and International Finance Department,
 Ministry of Finance
Address Dame Gruev 14, 1000 Skopje
Phone +389 23106454
e-mail Suzana.Stoimceva@finance.gov.mk

Field 9. **National Fund**
Name: Entity within the Treasury Department, Ministry of Finance
Address: Dame Gruev 14, 1000 Skopje
Phone: +389 2 3224 055
e-mail: Natasa.mihailova@finance.gov.mk

Field 10. **Audit Authority**
Name: Audit Authority for the Pre - Accession Funds of the European Union, State
 Audit Office
Address: Marsal Tito - 12/3 Macedonian Palace, 1000 Skopje
Phone: +389 2 3221 262
e-mail: ivan.ignjatov@dzt.gov.mk
 IPA_AA@dzt.gov.mk

Field 11a. **Contracting Authority (CFCD)**
Name: Central Financing and Contracting Department, Ministry of Finance
Address: Dame Gruev 14, 1000 Skopje
Phone: +389 2 3106 455
e-mail: radica.koceva@finance.gov.mk

Field 12. **Operating Structure**

Name: Central Financing and Contracting Department, Ministry of Finance

Address: Dame Gruev 14, 1000 Skopje

Phone: +389 2 3106 455

e-mail: radica.koceva@finance.gov.mk

Field 12.a **Head of the Operating Structure**

Name: Head of Central Financing and Contracting Department, Ministry of Finance

Address: Dame Gruev 14, 1000 Skopje

Phone: +389 2 3106 455

e-mail: radica.koceva@finance.gov.mk

Field 12.b **Specific body – Body responsible for**

Name:

Address

Phone

e-mail

Field 12.c **Specific body – Body responsible for**

Name

Address

Phone

e-mail

Field 12.d **Specific body – Body responsible for**

Name

Address

Phone

e-mail

Field 13. **IPA Monitoring Committee**

Chairperson

Co-Chairperson

Field 14. **Sectoral Monitoring Committee for the Operational Programme for Human Resources Development**

Chairperson

Co-Chairperson

Field 15. **Directorate General for Employment, Social Affairs and Equal Opportunities**

Address

Field 16: **Authorising Officer by Delegation**

Name: Director General

Field 17: **Authorising Officer by Sub-delegation:**

Name: Head of Unit A/4

Field 18: **Audit Unit**

Name: Unit I/03

Field 16. **OLAF – European Anti-Fraud Office**

Name: Directorate C- Operational and Policy Support

Address Rue Joseph II 30, B-1049 Brussels, Belgium

Phone (32-2) 299 11 11

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ANNEX VI

Specific conditions regarding conferral of management powers

Annex VIa

Summary of Findings and Follow up Actions

ANNEX I SUMMARY OF FINDINGS AND FOLLOW UP ACTIONS

Audit Authority

N°	Summary of finding	Risk rating (L / M/ H)	Recommendation / Action required	Timeframe to implement
1.1	Currently, the Audit Authority for IPA has been established as an independent entity linked to the SAO. This set-up had been agreed by the IPA-competent EC services during the preparation phase for the conferral of management audit. The review of its structures and procedures revealed that the Audit Authority has adequate resources and capacities to carry out its functions and audit work according to the submitted annual audit work plan for 2009.	H	National authorities are recommended to finalise the Audit Authority legal framework so as to ensure that the relevant legal provisions provide for the functional independence and operational position of the Audit Authority. Provide evidence of the final legislative actions taken.	30/09/2009

4

	<p>However, the auditors noted that the legal framework new State Audit Law which also regulates the provisions and functions of the Audit Authority for IPA is not yet finalised and may therefore still be subject to changes.</p>			
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National IPACoordinator (NIPAC) / National Authorising Officer (NAO): Management and Information System (MIS)

N°	Summary of finding	Risk rating (L / M / H)	Recommendation / Action required	Timeframe to implement
1.2	<p>A centralised and horizontal MIS does currently not exist.</p> <p>According to the information received, it is currently foreseen that the MIS will be fully functional by mid 2011 at the earliest.</p>	H	<p>The deadlines for completion of the MIS should be shortened in order to have an accounting system and MIS in place within the earliest possible timeframe (target: mid mid-2010).</p> <p>The national authorities should regularly inform the EC services about the state of play for implementation of the MIS in their progress reports.</p> <p>If the outsourcing option is chosen to ensure the implementation of MIS, the Terms of Reference of the service contract should clearly determine who will maintain the ownership of the process, the provision of guidance and the overall supervision role.</p> <p>All chapters in the manuals of procedures referring to the MIS should be adjusted accordingly</p>	30/09/2009

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Ministry of Education and Science (MES) – Staff training

N°	Summary of finding	Risk rating (L / M / H)	Recommendation / Action required	Timeframe to implement
1.3	<p>There is insufficient knowledge by MES staff of IPA procedures (including who will do what, how and when) at the time of the audit. From an operational point of view, this is an important finding on the border of being blocking. The only reason why it might not be considered blocking at this time is the strong monitoring role; capacity and overall responsibility in the structure of the CFCD. However, it is of utmost importance that technical, procedural skills of staff in the MES be upgraded as a matter of urgency by way of formal trainings (and coaching by qualified CFCD staff).</p>	H	<p>In a first phase and as a matter of urgency, customised training plans should be elaborated for all current and future staff of MES working on IPA.</p>	30/09/2009

National Authorising Officer (NAO)/ National Fund (NF): Set-up in Internal Audit units

N°	Summary of finding	Risk rating (L / M/ H)	Recommendation / Action required	Timeframe to implement
2.1	<p>The current organisational setting within the Ministry of Finance includes 2 internal audit units:</p> <p>(i) a horizontal independent unit for Internal Audit of the Ministry of Finance reporting directly to the Minister, but which is not at all involved on IPA matters (and may thus not possess sufficient skills for auditing IPA), and</p> <p>(ii) a Unit for Internal Audit of EU Funds-IPA which has been designated to perform the IPA internal audit function for all the relevant bodies located within the Ministry of Finance (i.e. NAO, NF and CFCD): As this unit is attached directly to the NAO, there is a risk that its functional is potentially compromised.</p>	M	<p>The national authorities should ensure that the internal audit responsibilities are clear, coordinated and independent from all IPA actors. This could be attained by either merging the currently 2 separate internal audit units of the Ministry of Finance or by eliminating the unit reporting directly to the NAO and transferring its staff to the Financial and System Control Unit of the NF which is in charge of supporting NAO in her second regulatory function.</p>	31/12/2009

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Ministry of Labour and Social Policy (MLSP), Ministry of Education and Science (MES): internal audit capacity

N°	Summary of finding	Risk rating (L / M / H)	Recommendation / Action required	Timeframe to implement
2.2	<p>As of the time of the audit, the EC auditors were unable to verify that the internal audit function could be carried out properly in either MLSP or the MES:</p> <p>Up until the date of the draft report, no information is available on a detailed action plan or timetable to build up the necessary capacities.</p>	M	<ul style="list-style-type: none"> - For both MES and MLSP, provide evidence on the existence of satisfactory internal audit capacity in both MES and MLSP through submission of documentary evidence such as the audit strategy, audit plan, customised trainings on IPA and information on staffing. - (Optional) For MES only, tentative planning for the transfer of functions back to the internal audit unit in the MES. 	31/10/2009

Ministry of Education and Science: Administrative capacity

N°	Summary of finding	Risk rating (L / M / H)	Recommendation / Action required	Timeframe to implement
2.3	<p>There is insufficient knowledge by MES staff of basic IPA procedures (including who will do what, how and when) as of the time of our audit.</p> <p>It is of utmost importance that technical, procedural skills of staff in the MES be upgraded as a matter of urgency.</p>	M	<p>The CFCD should address any weaknesses ensuring that all IPA staff in the MES possess an in-depth awareness of the rules and requirements of the IPA IR and the procedures of the related PIM.</p> <ul style="list-style-type: none"> - Apart from formal trainings, during the first few months of implementation of IPA funds (say 9-12 months), staff in the MES should also be coached on-the-job by experienced staff from CFCD who are knowledgeable about all relevant IPA procedures - It is also recommended that the CFCD jointly organise verification missions to assess the capacity of the MES regarding IPA matters. This should be further supplemented by high-priority auditing visits from either the AA or the PIFC in its capacity as internal audit of the MES. <p>Provide evidence of the actions decided.</p>	31/11/2009

Ministry of Labour and Social Policy / Ministry of Education and Science: Staff planning

N°	Summary of finding	Risk rating (L / M / H)	Recommendation / Action required	Timeframe to implement
2.4	In both MLSP and MES, as identified by the WLA, key staff (such as Heads of Departments and Heads of Unit) are still to be recruited.	M	Finalise the recruitment of key staff in both MES and MLSP	31/01/2010

Head Operating Structure, Ministry of Labour and Social Policy, Ministry of Education and Science: Grant Guidelines

N°	Summary of finding	Risk rating (L / M / H)	Recommendation / Action required	Timeframe to implement
3.1	The Manual of Procedures of the CFCD, the MLSP and the MES deal with the issue of grant guidelines from a formal point of view. A methodology on how to transpose selection criteria into clear and proper grant guidelines still need to be defined by the line ministries under close supervision or leadership of the HOS	L	In order for the OP targets to be met, the HOS has to take a leading role in ensuring a high quality project pipeline and has to lead and coordinate the process ensuring that the bodies of OS will elaborate a clear methodology on how the selection criteria will be incorporated into the grant guidelines.	30/04/2010

Annex VIb

The list of the ex-ante controls to be performed by the Commission

In relation to service, supply and works contracts

Procurement procedures

- (1) Approval of the use of competitive dialogue
- (2) Approval of the use of a negotiated procedure
- (3) Approval of the use of a restricted procedure for works contracts of € 5.000.000 or more
- (1) Publications
- (4) Publication of the individual contract forecast in the Official Journal, on the EuropeAid website and in any other appropriate media
- (5) Publication of procurement notices and tender dossier in the Official Journal, on the EuropeAid website and in any other appropriate media
- (6) Publication of the corrigendum notice in the Official Journal, on the EuropeAid website and in any other appropriate media
- (7) Publication of the references of the local open tender procedure on the EuropeAid website with the address from which firms can obtain further information
- (8) Publication of the additional information during the calls for tender procedure.
- (9) Publication of the contract award notice and the results of the tender procedure in the Official Journal, on the EuropeAid website and in any other appropriate media.
- (10) Publication of the cancellation notice.
- (2) The Evaluation Committee
- (11) Approval of the composition of the Evaluation Committee.
- (12) Nomination of an observer to follow all or part of the proceedings of the Evaluation Committee.
- (13) Approval of other observers in the Evaluation Committee
- (3) Establishment of shortlists in service contracts
- (14) Endorsement of the short list with less than minimum of four candidates meeting the selection criteria.

- (15) Endorsement of the shortlist report approved by the relevant services of the Contracting Authority
- (4) Tender dossier and evaluation
- (16) Endorsement of the tender dossier (Terms of Reference/Technical specifications) prior to issue.
- (17) Prior approval of the derogations specifically provided for by PRAG. Authorisation for derogation from the basic rules (e.g. shorter deadline for submission of tenders such as 50 days for services, 60 days for supply, 90 days for works). Derogation from rule of origin, nationality in exceptional cases following approval of HQ.
- (18) In case of particularly complex supplies prior approval of the use of a combination of quality and price as the basis for awarding the contract to the most economically advantageous tender. Provision of technical support on a case-by-case basis.
- (19) Endorsement of the Evaluation Report together with its recommendations.
- (20) Prior approval before cancelling a tender procedure.
- (5) Provision and replacement of experts
- (21) Prior approval before cancelling the contract.
- (22) Prior approval before replacing experts.
- (6) Award of the contract
- (23) Formal endorsement of award prior to the submission of the notification letter to the successful tenderer.
- (24) Endorsement of the contract dossier.
- (25) Receipt of one signed original from the successful tendered/applicant.

Modifying contracts

- (26) Endorsement of an addendum to the contract.
- (27) Receipt of one signed original of the addendum from the contractor.

In relation to Grants

- (28) Prior approval of the derogations specifically provided for by PRAG.
- (29) Prior approval of the use of a framework partnership agreement.
- (30) Prior approval of the use of the direct award procedure.

(8) Evaluation Committee

- (31) Approval of the composition of the Evaluation Committee.
- (32) Nomination of an observer to follow all or part of the proceedings of the Evaluation Committee.
- (33) Approval of other observers in the Evaluation Committee.
- (34) Approval of the list of assessors where the assessors are to be used for examination of proposals.
- (35) Endorsement of the proposal opening session and administrative check report.
- (36) Endorsement of the evaluation report of the concept note.
- (37) Endorsement of the evaluation report of the application form.
- (38) Endorsement of the Evaluation Report.

(9)

(10) Grant procedure and grant award

- (39) Approval of the annual work programmes and the Guidelines for Applicants.
- (40) Publication of the annual work programmes, Guidelines for Applicants and grant award notices.
- (41) Prior approval for cancelling a call for proposals procedure
- (42) Endorsement of details of the proposed grants and where appropriate, the draft contracts
- (43) Endorsement of the grant award
- (44) Notification by the contracting Authority on the signature of the contract
- (45) Endorsement of an addendum to a contract.

ANNEX VII

Requirements of the roadmap to waive *ex-ante* controls

(Article 31 of the Financing Agreement)

Decentralisation without ex-ante controls by the Commission is the objective for the implementation of the Human Resources Operational Programme in [REDACTED] Republic of Macedonia .

In accordance with Article 8(4) c of Regulation (EC) No 718/2007, this Financing Agreement lays down the provisions relating the establishment and regular updating by [REDACTED] Republic of Macedonia

of a Roadmap to achieve decentralisation without ex-ante controls by the Commission.

1. Objective

The objective of the Roadmap is to set the requirements and benchmarks to be met by the [REDACTED] Republic of Macedonia in order to achieve decentralised management without ex-ante controls by the Commission.

2. Deadline for submission of the Roadmap and frequency of reporting

The Roadmap will be submitted by the NAO to the Directorate General for Employment, Social Affairs and Equal Opportunities at the latest six months after the signature of the Financing Agreement.

[REDACTED] Republic of Macedonia shall report to the Commission on a quarterly basis on the current state of affairs with respect to its achievements in meeting the requirements and benchmarks set.

3. Scope and structure

The Roadmap will describe the existing system for managing funds under the HRD Operational Programme. It will identify the steps and improvements necessary to achieve a management and control system with internal rules of procedure as well as clear institutional and personal responsibilities which will be efficiently performed without ex-ante controls by the Commission.

The Roadmap will set quantitative and qualitative benchmarks on (non exhaustive list):

- the establishment and management of the institutional set up,

- the staffing,
- the functioning of the decentralised implementation system with ex-ante controls,
- the implementation of operations/projects under the HRD Operational Programme.

The Roadmap will additionally include a set of benchmarks relating to the tendering and contracting process. In particular these benchmarks will refer to the increased quality of tender and contract documents submitted to the EC Delegation for ex-ante approval and to the timely procurement (procurement plan with binding deadlines).

In the Roadmap [REDACTED] Republic of Macedonia will set the deadline for sending to the Commission the application for the waiving of ex-ante controls.

The Roadmap may refer to a phased waiver of different types of ex-ante controls.

4. Status of the document and procedure

The Roadmap will be established by [REDACTED] Republic of Macedonia in close consultation with the Commission.

The Roadmap will not be adopted/ approved by the Commission, i.e. it will remain a the [REDACTED] Republic of Macedonia

document. It will be however the basis for the monitoring and assessment of the functioning of the management and control system.

5. Next steps

Before dispensing with ex-ante controls laid down in the Commission Decision on conferral of management powers relating to the Human Resource Development Operational Programme, the Commission will satisfy itself as to the effective functioning of the management and control system concerned, in accordance with the relevant Community and national rules.

The dispensing of ex-ante controls by the Commission will be subject of another Decision once the Commission is satisfied that the requirements set out in Article 18 of Regulation (EC) No 718/2007 are met.

ANNEX VIII

NOT APPLICABLE

ANNEX IX

NOT APPLICABLE

ANNEX X

Model of Operation Identification Sheet

To be presented by operation or in a table format within the work plan

a) By operation

1. Operating Structure: insert contacts
2. Title of the Operation:
3. Measure
4. Description of the Operation, including:
 - 4.1 synthetic description
 - 4.2 end recipient(s)
 - 4.3 duration
 - 4.4 target groups
 - 4.5 expected output, results and impact and indicators
 - 4.6 links with other measures or IPA programmes (if any)
5. Implementation arrangements, risks and assumptions
 - 5.1.institutional framework: operation coordination unit/steering committee/regional and/or provincial authorities/technical assistance team/other
 - 5.2.procedures for the implementation of the operation: call for proposals/direct implementation by national institutions without prior call for proposals/call for tenders
 - 5.3 risks and assumptions (if any)
6. Overall budget and requested financing from the European Commission
7. Cash flow requirements by source of funding

W

ANNEX X

b) Table Format

Work Plan

Year(s):

Project n.	Project title	call for tender / proposal: date of launch foreseen	date of beginning / date of end of the project	Overall budget
1				
2				
3				

ANNEX XI
Composition and Functioning Modalities of the committee for the selection of operations

As laid down in the Commission Decision on conferral of management powers relating to the Human Resource Development Operational Programme and in accordance with Article 158 of Regulation (EC) No 718/2007, final beneficiaries other than national public bodies shall be selected through Calls for Proposals in accordance with Articles 115 and 116 of the Financial Regulation.

The selection committees as referred to in Article 158 of Regulation (EC) No 718/2007 and in article 49 of this Financing Agreement are those as defined as "Evaluation Committees" in the PRAG.

For operations whose selection modalities have not yet been defined, the Operating Structure will decide these in consultation with the Commission services, and inform the Sectoral Monitoring Committee. If an operation relates to non-public bodies, the selection modalities shall be defined with the call for proposals.

ANNEX XII

Annual and Final Report

(Articles 85 and 102 of the Financing Agreement)

1. IDENTIFICATION

OPERATIONAL PROGRAMME	Programming period
	Programme number (CCI N°)
	Programme title
ANNUAL IMPLEMENTATION REPORT	Reporting year
	Date of approval of the annual report by the Sectoral Monitoring Committee

2. OVERVIEW OF THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

2.1 Quantitative progress (by priority axis and measures)

Information on the physical progress made in implementing the operational programme, priority axes, measures and where relevant, operations or groups of operations, in relation to their specific, verifiable targets, with a quantification, when possible using the indicators at the appropriate level.

Where relevant, for the HRD component all indicators shall be broken down by gender. If the figures (data) are not yet available, information on when they will become available and when the Operating Structure will provide it to the Commission will be stated.

The list of operations financed under the operational programme should be annexed to the report.

2.2 Qualitative analysis

Analysis of the achievements as measured by physical and financial indicators, including a qualitative analysis on the progress achieved in relation to the targets set out initially.

List of unfinished operations and the schedule for their completion (final report only).

2.3 Financial information

	Expenditure paid out by the final beneficiaries included in payment applications sent to the Commission by the National Fund	Total expenditure committed and paid out by the National Fund	Corresponding public contribution	Corresponding private contribution	Total payments received from the Commission
Priority axis 1					
Measure 1.1					
Measure 1.2					
.....					
Priority axis 2					
Measure 2.1					
.....					
Priority axis 3					
Total					

(all financial data should be expressed in euro)

In addition, financial information may also be provided graphically.

Indicative breakdown of allocations, by categories of expenditures (for component III only)

Information in accordance with the detailed list included in Annex XIII of the Financing Agreement.

Assistance repaid or re-used

Information on the use made of assistance repaid or re-used following cancellation of assistance as referred to in Articles 54 of the IPA Implementing Regulation.

2.4 Changes in the context of the operational programme implementation (if relevant)

Description of any elements which, without stemming directly from the assistance of the operational programme, have a direct impact on the programme's implementation (such as legislative changes or unexpected socio-economic developments).

2.5 Information about compliance with Community acquis.

Any significant problems relating to the compliance with Community acquis which have been encountered in the implementation of the operational programme and the measures taken to deal with them.

2.6 Complementarity with other instruments

Summary of the implementation of the arrangements made ensuring demarcation and coordination between other programmes and components of IPA assistance, the interventions of the EIB and other existing financial instruments.

3. QUALITY AND EFFECTIVENESS OF IMPLEMENTATION.

3.1 Monitoring arrangements

Monitoring and evaluation measures taken by the Operating Structure or the Sectoral Monitoring Committee, including data collection arrangements, difficulties encountered and steps taken to solve them.

3.2 Significant problems encountered and measures to overcome them.

Any significant problems encountered in implementing the operational programme, including a summary of problems identified under the procedure in Article 29(2)(b) of the IPA Implementing Regulation, where appropriate, as well as any measures taken by the Operating Structure or the Sectoral Monitoring Committee to solve the problems.

3.3 Technical assistance

Explanation of the use made of technical assistance, including where relevant technical assistance prior to the conferral of management

Percentage of the amount of the IPA Funds contribution allocated to the operational programme spent under technical assistance.

4. INFORMATION AND PUBLICITY

Progress achieved in the implementation of the Communication Action Plan submitted according to the operational programme, stressing the measures undertaken and their impact.

5. ACTIONS RELATED TO THE HUMAN RESOURCES DEVELOPMENT COMPONENT

Information on the implementation of horizontal issues such as equal opportunities for men and women, good governance, inclusion of disadvantaged persons, geographical concentration of support or sustainable development and environmental protection (as appropriate).

Where appropriate, a synthesis of the implementation of:

- Gender mainstreaming and gender specific actions
- Participation of migrants in employment
- Integration in employment and social inclusion of minorities and other disadvantaged groups, including people with disabilities.

Where appropriate, a description of how the actions supported by IPA Human Resources Development Component are consistent with and contribute to the actions undertaken in the follow up of the Joint Assessment Paper (JAP) and the Joint Inclusion Memorandum (JIM).

ANNEX XIII
Allocations by category of expenditures
(Articles 85(3)f) 102(3)c)and of the Financing Agreement)

Part A: Codes by Dimension

TABLE 1: CODES FOR THE PRIORITY THEME DIMENSION

Code	Priority theme
1	Increasing the adaptability of workers and firms, enterprises and entrepreneurs
1.1	Development of life-long learning strategies in firms
1.2.	Design and dissemination of innovative and more productive ways of organising work
1.3	Development of specific employment support in connection with restructuring
2	Improving access to employment and sustainability
2.1	Modernisation and strengthening labour market institutions
2.2	Implementing active and preventive measures on the labour market
2.3	Measures encouraging active ageing and prolonging working lives
2.4	Support for self-employment and business start-up
2.5	Improving access of women to employment and reducing gender-based segregation
2.6	Specific action to increase migrants' participation in employment
3	Improving the social inclusion of less-favoured persons
3.1	Pathways to integration of disadvantaged people and combating discrimination on the LM
4	Improving human capital
4.1	Design, introduction and implementation of reforms in education
4.2	Measures to increase participation in education, including early-school-leaving and LLL
4.3	Developing human potential in the field of research and innovation
5	Investment in social infrastructure
5.1	Education infrastructure
5.2	Health infrastructure
5.3	Childcare infrastructure
5.4	Housing infrastructure
5.5	Other social infrastructure
6	Mobilisation for reforms in the fields of employment and inclusion
6.1	Promoting partnerships, pacts and initiatives through networking of relevant stakeholders
7	Strengthening institutional capacity at national, regional and local level
7.1	Improving good policy, programme design, monitoring, evaluation and capacity building
8	Reduction of additional costs hindering het outermost regions development
8.1	Compensation of additional costs due to accessibility deficit and territorial fragmentation
8.2	Specific action addressed to compensate additional costs due to size market factors
9	Technical Assistance
10	Other

TABLE 2: CODES FOR THE FORM OF FINANCE DIMENSION

Code	Form of finance
01	Non-repayable aid
02	Aid (<i>loan, interest subsidy, guarantees</i>)
03	Venture capital (<i>participation, venture-capital fund</i>)
04	Other forms of finance

Part B:

Cumulative breakdown of allocations of the Community contribution by category in the annual and final report on implementation

CCI No: _____

Name _____ of _____ the _____ programme:

Date of the last Commission decision for the Operational Programme concerned: _____/_____/_____

Code * Dimension 1 Priority theme	Code * Dimension 2 Form of finance	Amount **

* The categories should be coded for each dimension using the standard classification.

** Allocated amount of the Community contribution for each combination of categories.

ANNEX XIV

Indicative description of the information requirements for a sufficient audit trail

(Article 90 of the Financing Agreement)

A sufficient audit trail, as referred to in Article 90, is present when, for a given measure, including individual projects within a group of projects:

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

ANNEX XV

List of data on operations to be communicated on request to the Commission for the purpose of documentary and on-the-spot checks

(Article 80(5) of the Financing Agreement)

The data requested may include the following, the precise content being subject to agreement with the Beneficiary Country. The field numbers represent the record structure preferred when compiling computer files for transfer to the Commission.

A. Data on operations

Field 1	Operational programme
Field 2	Number of priority
Field 3	Number of measure
Field 4	Code of region or area where operation is located/carried out (NUTS Level or other, if appropriate)
Field 5	Operating Structure
Field 6	National Authorising Officer
Field 7	Final beneficiary or other body that declares expenditure to Operating Structure, if applicable
Field 8	Unique code number of operation
Field 9	Short description of operation
Field 10	Starting date of operation
Field 11	Completion date of operation
Field 12	Body issuing approval decision
Field 13	Approval date
Field 14	Reference of end recipient
Field 15	Currency (if not euro)
Field 16	Total estimated cost of operation ⁽¹⁾
Field 17	Total eligible expenditure
Field 18	Total public eligible expenditure
Field 19	EIB (to include equivalent for IPA) financing

(1) i.e., including private funding but net of non-eligible expenditure and other financing.

B. Expenditure declared on operation

Field 20	Internal reference number of last application for reimbursement from operation
Field 21	Date on which last application for reimbursement from operation was entered into monitoring system
Field 22	Amount of eligible expenditure declared in last application for reimbursement from operation entered into monitoring system
Field 23	Total eligible expenditure for which an application for reimbursement has been made
Field 24	Location of detailed supporting documents for claim if not on premises of beneficiary
Field 25	Expenditure paid in areas adjacent to the eligible areas (cross border cooperation) (non eligible)
Field 26	Expenditure paid by partners located outside the area (transnational cooperation) (non eligible)
Field 27	Expenditure paid outside the Community (cross-border, transnational and interregional cooperation)
Field 28	Expenditure paid for the purchase of land
Field 29	Expenditure paid for housing
Field 30	Expenditure paid for indirect costs/overheads charged at flat rates
Field 31	Revenue deducted from applications for reimbursement, if any
Field 32	Financial corrections deducted from applications for reimbursement, if any
Field 33	Total eligible expenditure declared from operation and included in statement of expenditure sent to the Commission by National Authorising Officer (in EUR)
Field 34	Total eligible expenditure declared from operation and included in statement of expenditure sent to the Commission by National Authorising Officer (national currency)
Field 35	Date of last statement of expenditure of the certifying authority containing expenditure from operation
Field 36	Date of verifications carried out pursuant to Article 81
Field 37	Date of audits pursuant to Article 82
Field 38	Body carrying out the audit or verification
Field 39	Degree of achievement of target for operation, if completed (%)

ANNEX XVI

Certificate and statement of expenditure and application for final payment

EUROPEAN COMMISSION

INSTRUMENT FOR PRE-ACCESSION ASSISTANCE – IPA)
/Human Resources Development (component IV)

Certificate and statement of expenditure and payment application

Name of operational programme

Commission Decision of

Financing Agreement of

Commission reference (CCI) No:

National reference (if any)

CERTIFICATE

I, the undersigned,

National Authorising Officer,

hereby certify that all expenditure included in the attached statement complies with the criteria for eligibility of expenditure set out in the Financing Agreement signed between the Commission of the European Communities and the Government of [REDACTED] Republic of Macedonia

and entered into force on (date) and with the criteria for eligibility of expenditure set out in annex XIX of this agreement, has been incurred and paid by the final beneficiaries on the implementation of operations selected under the operational programme in accordance with the conditions for granting IPA assistance.

after⁽¹⁾

		20...
--	--	-------

 and amounts to:

euro ²	
-------------------	--

(exact figure to two decimal places)

The attached statement of expenditure, broken down by priority axis and measures, is based on accounts provisionally closed on

		20...
--	--	-------

and forms an integral part of this certificate.

I also certify that operations are progressing in accordance with the terms of the Financing Agreement, and in particular that:

1. all the requirements laid down in Article 69 of the Financing Agreement are fulfilled, in particular
 - The sectoral final implementation report for the programme concerned has been sent to the Commission by the Operating Structure;
 - An opinion on any final statement of expenditure, supported by a final activity report has been sent to the Commission by the Audit Authority in accordance with Article 92 of the Financing Agreement
 - The accreditation delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid
2. the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
3. the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with relevant applicable Community and regulations, in particular those referred to in the Financing Agreement

(1) Starting date for eligibility of expenditure (date of signature of the Financing Agreement)

(2) total amount of eligible expenditure paid by final beneficiaries.

4. the statement of expenditure and the payment application take account, where applicable, of any amounts recovered and of any interest received, and of net revenue accruing from operations financed under the operational programme;
5. the breakdown of the underlying operations is recorded on computer files and is available to the relevant Commission departments on request

In accordance with Article 104 of the Financing Agreement, the supporting documents are and will continue to be available for at least three years following the closure of the operational programme by the Commission.

Date:

		20...
--	--	-------

Name in capitals, stamp, position and signature

of National Authorising Officer

ANNEX I TO FINAL STATEMENT OF EXPENDITURE

CCI :
 Name of the programme
 Date of provisional closure of account
 Date of sending to the Commission

Last OP modification date

Year (a)	Total expenditure incurred by final beneficiaries and certified eligible by the NAO (€ - accumulated)				15 % Purchase (1)	Private contribution	Revenue (2)	Financial adjustment (3)	Recovery (4)
	Total public expenditure	Community contribution	National public contribution	Co-financing rate (%)					
2007 Priority I									
	Measure 1.1	Operation 1.1.1							
		Operation 1.1.2							
	Measure 2.2	Operation 2.2.1							
		Operation 2.2.2							
Priority II									
	Measure 2.1	Operation 2.1.1							
		Operation 2.1.2							
	Measure 2.2	Operation 2.2.1							
		Operation 2.2.2							
2008 Priority I									
	Measure 1.1	Operation 1.1.1							
		Operation 1.1.2							
	Measure 2.2	Operation 2.2.1							
		Operation 2.2.2							
Priority II									
	Measure 2.1	Operation 2.1.1							
		Operation 2.1.2							
	Measure 2.2	Operation 2.2.1							
		Operation 2.2.2							
2009 Priority I									
	Measure 1.1	Operation 1.1.1							
		Operation 1.1.2							
	Measure 2.2	Operation 2.2.1							
Priority II									
	Measure 2.1	Operation 2.1.1							
		Operation 2.1.2							
	Measure 2.2	Operation 2.2.1							
		Operation 2.2.2							
2007-09 TOTAL									
Priority I									
	Measure 1.1	Operation 1.1.1							
		Operation 1.1.2							
	Measure 2.2	Operation 2.2.1							
		Operation 2.2.2							
Priority II									
	Measure 2.1	Operation 2.1.1							
		Operation 2.1.2							
	Measure 2.2	Operation 2.2.1							
		Operation 2.2.2							

(a) By year: the breakdown mentioned shall correspond to the registration of the expenses in the accounts of the OS
 (1) art. 35.3 of the FA
 (2) art. 18 of the FA
 (3) art. 31 of the FWA and 76 of the FA
 (4) art. 29 of the Fwa and 77 of the FA

ANNEX 2 to final statement of expenditure:

Details of amounts recoverable following cancellation of all or part of the Community contribution for an operation (art.66.3.d of the FA)

Name of the priority/measure /operation	
Amount ordered to be recovered	
Debtor	
Date of issue of recovery order	
Authority which issued recovery order	
Date of recovery	
Amount recovered	

ANNEX 3 to final statement of expenditure:

The volume of Community contribution in the component-specific euro account at the date of the last debit to which this statement refers (art. 66.3.e of the FA)

_____ €

and the interest earned _____ €

from....(date) to (date) according art. 62.1 and 65 of the FA

Handwritten mark

ANNEX 4 to final statement of expenditure (to be filled in by the Head of the OS)

DATE: _____

priority / measure	FINANCIAL TABLE						Total Public Cost of projects approved by the OS (M Euro)			Total Public Cost of Contracted projects (M Euro)			Public Expenditure of Payment Approved by OS (and paid to FB)			Contracted projects / Total public cost	Public Expenditure Approved by OS / Total public cost			
	Total		Community		National Public		Total		Community		National Public		Total		Community			National Public		
	1=2+3	2	3	4=5+6	5	6	7=8+9	8	9	10=11+12	11	12	13=7/1	14=10/1						
€																				
1.1.																				
1.2.																				
Priority 1																				
2.1.																				
2.2.																				
Priority 2																				
3.1.																				
3.2.																				
Priority 3																				
4.1.																				
4.2.																				
Priority 4																				
HRDOP Total																				

APPLICATION FOR PAYMENT: final payment

Name of operational programme:

Operational programme reference (CCI) No:

Pursuant to Annex A of the Framework Agreement (Article 25 of Regulation (EC) No 718/2007), I, the undersigned (name in capitals of National Authorising Officer), hereby request payment of the amount of EUR ... (EU contribution) as a final payment.

This application is admissible because:

	Delete as appropriate
(a) no more than the maximum amount of assistance from IPA Funds as laid down in the Financing Agreement and the decision of the Commission approving the operational programme has been paid by the Commission during the whole period for each priority axis.	
(b) the Operating Structure has sent to the Commission the sectoral final implementation reports, in accordance with art.69 of the Financing Agreement	<i>— has been forwarded by Operating Structure within the time limit laid down in art. 100 of the Financing Agreement — is attached</i>
(c) the Audit Authority has sent to the Commission, in accordance with Article 92 of the Financing Agreement, an opinion on any final statement of expenditure, supported by a final activity report	<i>— has been forwarded by Audit Authority within the time limit laid down in art.90 of the Financing Agreement — is attached</i>
(d) the accreditations delivered by the Competent Accrediting Officer and the National Authorising Officer are in force, and the conferral of management by the Commission remains valid	
(e) the payments have not been suspended in accordance with Article 72 of the Financing Agreement	

The payment should be made by the Commission to the body designated by the beneficiary country for the purposes of making payments

Designated body	
Bank	
Bank account No	
Holder of account (where not the same as the designated body)	

Date

		20...
--	--	-------

Name in capitals, stamp, position and signature of

National Authorising Authority

ANNEX XVII

MODEL

FINAL CONTROL REPORT AND CLOSURE DECLARATION FOR OPERATIONAL PROGRAMMES

PURSUANT TO ARTICLE 29 OF COMMISSION REGULATION (EC) No 718/2007

Part A: Model final control report

1. INTRODUCTION

- Indication of the responsible audit authority and other bodies that have been involved in preparing the report.
- Indication of the reference period from which the random sample was drawn.
- Identification of the operational programme covered by the report and its Operating Structure and National Authorising Officer,
- Description of the steps taken to prepare the report.

2. CHANGES IN MANAGEMENT AND CONTROL SYSTEMS

- Indication of any significant changes in the management and control systems notified to the audit authority and of the dates from which the changes apply.

3. SUMMARY OF AUDITS CARRIED OUT

For systems audits:

- Indication of the body (ies) that have carried out systems audits, including the audit authority itself.
- Summary list of audits carried out: bodies audited and year of audit.
- Description of the basis for selection of audits in the context of the audit strategy.
- Description of the principal findings and the conclusions drawn from the audit work for the management and control systems and their functioning, including the sufficiency of management checks, accreditation procedures and the audit trail, adequate separation of functions and compliance with Community requirements and policies.
- Indication of whether any problems identified were considered to be of a systemic character, and the measures taken, including a quantification of the irregular expenditure and any related financial corrections.

For audits of operations:

- Indication of the body (ies) that carried out the sample audits, including the audit authority itself.
- Description of the basis for selection of the sample(s).
- Indication of the materiality level and, in the case of statistical sampling, the confidence level applied and the interval, if applicable.
- Description of the principal results of the audits, indicating in particular the amount of irregular expenditure and the error rate resulting from the random sample audited ..
- Indication of the conclusions drawn from the results of the audits with regard to the effectiveness of the management and control system.
- Information on the follow-up of irregularities, including revision of previously reported error rates.
- Indication of whether any problems identified were considered to be systemic in nature, and the measures taken, including a quantification of the irregular expenditure and any related financial corrections (1).

4. FOLLOW-UP OF AUDIT ACTIVITY

- Information on the follow-up of the results of systems audits and audits of operations.

5. ADDITIONAL WORK UNDERTAKEN BY AUDIT AUTHORITY IN PREPARING ITS CLOSURE DECLARATION

- Summary of audits of the closure procedure of the operating structure.
- Summary of the results of the re-performance of controls on the accuracy of the amounts declared in relation to supporting documents.
- Summary of the results of examination of reports of other national or Community audit bodies (specify, by category, which reports have been received and examined).
- Summary of the results of examination of information relating to follow-up of audit findings and reported irregularities.
- Summary of the results of examination of additional work carried out by the operating structure or any other relevant body to enable an unqualified opinion to be provided.

— Other.

6. LIMITATIONS ON THE SCOPE OF THE EXAMINATION BY THE AUDIT AUTHORITY

- Details of any factors that have limited the scope of the examination by the audit authority should be reported (2).

- Estimated amounts of expenditure and the Community contribution that are affected must be stated.

7. REPORTED IRREGULARITIES

- Confirmation that the procedure for reporting and following up irregularities, including the treatment of systemic problems, has been carried out in accordance with regulatory requirements in force.
- Confirmation of the accuracy of the information given in the final implementation report on the irregularities reported. .
- A list of cases of irregularity regarded as systemic and the amounts of expenditure affected.

8. OTHER INFORMATION (IF APPLICABLE)

20

9. TABLE FOR DECLARED EXPENDITURE AND SAMPLE AUDITS

IPA	CCI n°	Programme	Expenditure declared in reference year	Expenditure in reference year audited for the random sample		Amount and percentage (error rate) of irregular expenditure in random sample		Other expenditure Audited (3)	Amount of irregular expenditure in other expenditure sample	Total expenditure declared cumulatively	Total expenditure audited cumulatively as a percentage of total expenditure declared cumulatively
				(1)	(2)	Amount	%				
								(1)			

(1) Amount of expenditure audited

(2) Percentage of expenditure audited in relation to expenditure declared to the Commission in the reference year

(3) Expenditure from complementary sample and expenditure for random sample not in reference year

Part B: Closure declaration

To the European Commission, Directorate-General

1. INTRODUCTION

I, the undersigned, representing the ... (name of the body designated by the Beneficiary Country), have for the operational programme ... (name of the operational programme, CCI code number, period) examined the results of the audit work carried out on this programme by or under the responsibility of the audit authority in accordance with the audit work plan (and have carried out the additional work I judged necessary). The results of the examination and any additional work I have performed are summarised in the attached final audit activity report (which also contains the information required by the annual audit activity report for the period 1 January 2015 to 31 December 2016). I have planned and performed this work with a view to obtaining a reasonable assurance as to whether the payment application for the final balance of the Community contribution to the operational programme is correct and valid and the underlying transactions covered by the final statement of expenditure are legal and regular.

2. SCOPE OF THE EXAMINATION

The examination was carried out in accordance with the audit strategy in respect of this programme and reported in the attached final control report pursuant to Article 29 of Commission Regulation (EC) No 10718/2007.

Either

There were no limitations on the scope of the examination.

Or

The scope of the examination was limited by the following factors:

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

(Indicate any limitation on the scope of the examination, for example any systemic problems, weaknesses in the management and control system, lack of supporting documentation, cases under legal proceedings, etc., and estimate the amounts of expenditure and the Community contribution affected. If the audit authority does not consider that the limitations have an impact on the final expenditure declared, this should be stated.)

3. IRREGULARITIES AND ERROR RATES

Either

The cases of irregularity and error rates found in the audit work are not such as to preclude an unqualified opinion given the satisfactory way they have been dealt with by the operating structure and the trend in the level of their occurrence over time.

Or

The cases of irregularity and error rates found in the audit work and the way they have been dealt with by the operating structure are such as to preclude an unqualified opinion. A list of these cases is provided in the final control report, together with an indication of their possible systemic character and the scale of the problem. The amounts of total declared expenditure and public contribution that could be affected are xxxx respectively. As a consequence, the corresponding Community contribution that could be affected is xxx.

4. OPINION

Either

(Unqualified opinion)

If there were no limitations on the scope of the examination and the cases of irregularity and error rates and the way they have been dealt with by the Operating Structure do not preclude an unqualified opinion:

Based on the examination referred to above, it is my opinion that the final statement of expenditure presents fairly, in all material respects, the expenditure paid under the operational programme, that the application for payment of the final balance of the Community contribution to this programme is valid and that the underlying transactions covered by the final statement of expenditure are legal and regular.

Or

(Qualified opinion)

If there were limitations on the scope of the examination and/or the cases of irregularity and error rates and the way they have been dealt with by the Operating Structure call for a qualified opinion but do not justify an unfavourable opinion for all the expenditure concerned:

Based on the examination referred to above, it is my opinion that the final statement of expenditure presents fairly, in all material respects, the expenditure paid under the operational programme, that the application for payment of the final balance of the Community contribution to this programme is valid and that the underlying transactions covered by the final statement of expenditure are legal and regular, except with regard to the matters referred to at point 2 and/or to the observations at point 3 regarding the error rates and cases of irregularity and the way they have been dealt with by the managing authority, the impact of which is quantified above. I estimate the impact of these qualifications to be xxx of the total expenditure declared. The Community contribution affected is thus xxx.

Or

(Adverse opinion)

If there were major limitations on the scope of the examination error rates and cases of irregularity and the way they have been dealt with by the Operating Structure such that no conclusion can be reached on the reliability of the final statement of expenditure without considerable further work:

Based on the examination referred to above, and in particular in view of the matters referred to at point 2 and/or the error rates and cases of irregularity and the fact that they have not been dealt with satisfactorily by the Operating Structure as reported at point 3, it is my opinion that the final statement of expenditure does not present fairly, in all material respects, the expenditure paid under the operational programme, that, as a consequence, the application for payment of the final balance of the Community contribution to this programme is not valid and that the underlying transactions covered by the final statement of expenditure are not legal and regular.

Date Signature

... ..

ANNEX XVIII

Guidelines for the completion of the standard form for quarterly communications of irregularities



EUROPEAN COMMISSION
EUROPEAN ANTI-FRAUD OFFICE (OLAF)

Operational & Policy Support
Fraud Prevention & Intelligence

Guidelines for the completion of the standard form for quarterly communications of irregularities in connection with the Instrument for Pre-Accession Assistance (IPA)

GUIDELINES FOR THE COMPLETION OF THE STANDARD FORM FOR QUARTERLY COMMUNICATIONS OF IRREGULARITIES IN CONNECTION WITH THE INSTRUMENT FOR PRE- ACCESSION ASSISTANCE (IPA)

INTRODUCTION

In accordance with Article 28 of the Framework Agreements¹⁸ between Candidate Countries and Potential Candidate Countries benefiting from pre-accession assistance a control and reporting mechanism concerning irregularities¹⁹ shall be organised according to the provisions set out by Commission Regulation No. 1828/2006, Section 4 Irregularities (Articles 27-36)²⁰. Consequently, Beneficiary Countries are equally required to report quarterly to the Commission the irregularities detected in IPA funded projects. In order to facilitate this task and to ensure the uniform recording of cases in the appropriate database, the Commission has developed a standard form (Annex I) based on the above regulation.

These guidelines are used when the "paper version" of the standard form is filled. An electronic system is in the process of being developed.

GUIDELINES

Preliminary remarks:

1. Within two months following the end of each quarter Beneficiary Countries shall report to the Commission any irregularities which have been the subject of a primary administrative or judicial finding. Irregularities have to be reported in English.
2. It is recommended that Beneficiary Countries designate a competent national body responsible for reporting irregularities to the Commission.
3. All irregularities should be reported using the standard form and accompanied by an explanatory letter sent to the following address:
European Commission
OLAF – European Anti-Fraud Office
Directorate C
Rue Joseph II 30
B-1049 Brussels
Belgium

The irregularity reports should also be forwarded in copy to the DGs in charge of a given component. Please, see the list of DGs in Annex II.

4. The cover letter should contain the following information: which component it relates to, the quarter it refers to, and the various irregularity reports should be attached (separating new

¹⁸ Implementing Article 18 of Council Regulation (EC) No 1085/2006 and Article 19 of Commission Regulation (EC) No 718/2007

¹⁹ As defined in Article 2(7) of Council Regulation (EC) 1083/2006 (see also point 5.1 of the Guidelines).

²⁰ Commission Regulation (EC) No 1828/2006, OJ L371, 27.12.2006, p. 27-32.

reports from updates). In case of a combined cover letter for more than one component, the numbers should be given separately for each component.

5. Please note that Beneficiary Countries are obliged to inform the Commission if no irregularities have occurred in a given quarter. This should be done by letter, stating clearly which quarter the letter refers to.
6. Please note there are different ways of completing the standard form depending on whether the form refers to a communication relating to Article 28 of Commission Regulation (EC) No 1828/2006 (first communication) or Article 30 (an update). In the case of an **Article 28 communication, all currently available information at the time of completion** of the form should be submitted. In the case of an **Article 30 communication, information on important changes resulting from the instituted procedures with respect to irregularities previously notified** should be presented. If no new facts concerning an irregularity have occurred, there is no need to send an update. Updates should be sent to the Commission only if new information concerning the case has become known.
7. Where a Beneficiary Country considers that an amount cannot be recovered or is not expected to be recovered, in accordance with Article 30 (2), it shall inform the Commission, in a special report with sufficiently detailed information to allow the Commission to take the decision on apportionment of the loss. The provisions on Special report are **not** applicable to Component V – IPARD.
8. In order to fill the sections concerning the manner in which the irregularity was discovered and the type of irregularity, as well as the actions taken by the Beneficiary Country and sanctions applied, the non-exhaustive lists included should be used. If the issue is not included on the list, please indicate it in point 22. Suggestions on what should be added to the lists will be taken into account.
9. The following cases need not be reported:
 - (a) cases where the irregularity consists solely in the failure to execute, in whole or in part, an operation included in the co-financed operational programme owing to the bankruptcy of the beneficiary. Bankruptcy has to be officially established by the competent national authorities. The relevant proceedings are listed in the Council Regulation (EC) No 1346/2000;
 - (b) cases brought to the attention of the Operating structure and the National Fund by the beneficiary voluntarily and before detection by either of them, whether before or after the payment of the public contribution;
 - (c) cases which are detected and corrected by the Operating structure and the National Fund before any payment to the beneficiary of the public contribution and before inclusion of the expenditure concerned in a statement of expenditure submitted to the Commission.

However, irregularities preceding a bankruptcy and cases of suspected fraud must be reported²¹.

10. Irregularities relating to operational programmes under Component II - Cross border cooperation shall be reported by the Participating Country ('shall mean Member State or beneficiary countries, i.e. candidate or potential candidate countries') in which the expenditure is paid by the beneficiary in implementing the operation. The Participating Country shall at the same time inform the managing authority, the certifying authority and the audit authority²² (in case of cross border cooperation programmes between Beneficiary Countries and Member States) and the competent Accrediting Officer, the National Authorizing Officer and the audit authority (in case of cross border programmes between Non Member States Beneficiary Countries).
11. For cases where there is no obligation to communicate irregularities because the amount involved does not exceed threshold of € 10 000, Beneficiary Countries are obliged to register and undertake recovery proceedings but, unless the Commission explicitly requests information, need not inform the Commission²³. However, Beneficiary Countries are obliged to inform the Commission (see Annex II) in the framework of the closure report of the programme about follow up activities concerning all the irregularities detected, irrespective of the reporting threshold.

²¹ Commission Regulation (EC) No 1828/2006, Art. 28 (2), OJ L371, 27.12.2006, p. 28-29.

²² Commission Regulation (EC) No 1828/2006, Art. 28 (4), OJ L371, 27.12.2006, p. 29.

²³ Commission Regulation (EC) No 1828/2006, Art. 36 (1), OJ L371, 27.12.2006, p. 32.

IDENTIFICATION OF COMMUNICATION

Beneficiary Country: Please indicate the Country

Format: Free text in capitals.

Example: CROATIA

Case N°: The number of the case has to be indicated by the Member State on each page of the form.

Format: XX¹/9999²/999³/XX⁴/9⁵, X =capital letter, 9 =figure from 0 to 9

Examples: HR/2004/001/CB/0 TR/2005/003/HR/2

1. Beneficiary Country's initials: two letters; the initials to be used are:

AL – Albania

BA – Bosnia and Herzegovina

HR – Croatia

KS – Kosovo under UNSCR 1244

MK – [REDACTED] Republic of Macedonia

ME – Montenegro

RS – Serbia

TR – Turkey

2. Year: four digits: 2008, 2009, etc.

3. The number of the case: three digits: 001, 002, etc.

NB. Numbering is consecutive and corresponds to each component and to each year separately.

ATTENTION: The initial number of the case stays the same throughout the years only the version number changes!

4. The abbreviation identifying the component which the communication relates to. It is compulsory to use the abbreviations. The abbreviations for the components to be used are as follows:

TA for Transition Assistance and Institution Building

CB for Cross-Border Cooperation

RE for Regional Development

HR for Human Resources Development

RD for Rural Development

5. New cases or updates of cases already communicated - one digit: 1 for a new case, 2 for a first update, 3 for a second update, etc.

For example: Initial Communication: TR/2008/003/TA/1

Follow-up Communication: TR/2008/003/TA/2

Next Follow-up Communication: TR/2008/003/TA/3

NB. The reference number is unique to the specific case and is attributed when initial communication is sent (Art 28 of Commission Regulation (EC) No 1828/2006). When an update has to be reported (article 30 communication), the same reference number must be used. If by mistake a new one is inserted, this will be considered as a notification of a new case and, consequently, a duplication of the irregularity will occur.

Quarter:

Please indicate the quarter of the year in question.

For updates of existing cases, please tick the current reporting quarter.

Date sent:

The date sent is the date of communication to the Commission. This will normally be a date in the two months following each quarter.

Format: DD/MM/YYYY, Year month day.

Example: 13/12/2004

NB. This rule is valid for all other dates!

Administrative Department in the Beneficiary Country:

Please indicate the administrative, national and/or regional department(s) responsible for the administration of the irregularity.

Format: Description in block capitals.

Example: **MIN. OF AGRICULTURE, FISHERIES AND FOOD**

Format in case of an addition to the list: Free text uninterrupted (without blank lines!).

Example: **MINISTRY OF ECONOMIC AFFAIRS**

Address: ...

Contact Point:

Please, specify the details of a contact person, within the administrative department responsible for reporting, who can be contacted in case additional information or clarification is required.

Format: Free text in the given fields.

DETAILS OF IRREGULARITY

1. Description of operation

1.1. Name of programme:

Please quote the name of the annual or multiannual operational programme under one of IPA components, or the form of assistance.

Format: Free text uninterrupted (without blank lines).

Examples: **RD – Multiannual ‘Environmental’ Operational Programme for Croatia**

1.2. Identification number:

Please quote the programme identification number.

Format: Free text uninterrupted (without blank lines).

1.3. Commission decision approving the programme:

Please quote the number and date of the EC Decision by virtue based on which the assistance was granted.

Format: Free text, date DD/MM/YYYY.

Example: **C/2007/6565-1, 13/12/2007.**

1.4. Name of measure and title of project:

Please give the number and the title of the priority axis together with the title of a project.

Measure

Format: Free text.

Example: **Priority 1: Developing Waste Management Infrastructure for Establishing and Integrated Waste Management System in Croatia**

Title of project

Format: Free text.

Example: **Regional Waste Management Centre for the County of Istria**

1.5. Beneficiary Country's project number:

If the operation was allocated a national reference number, please quote it.

Format: Free text.

2. Provisions infringed:

Please specify which Community or national (including contractual provisions) legislation has been infringed.

Format: Free text.

Example: **Article X of the Penal Code**

3. Date of first information leading to suspicion of irregularity:

Please indicate the date on which the first information leading to the suspicion of an irregularity was received. For example in the case of reporting by phone, the date of the telephone conversation should be given.

Format: DD/MM/YYYY

Example: **25/06/2008**

3.1. Source of first information leading to suspicion of irregularity:

Please indicate how you first became aware of the existence of the irregularity.

Format: Free text.

Example: **Informant, press report, audit, etc.**

4. Manner in which the irregularity was detected

4.1. Who detected the irregularity?

Please select from the list below a relevant authority which detected the irregularity

Format: Number and the authority.

Example: **10 – National administration**

List of authorities:

- 10 – National administration
- 20 – European Commission
- 30 – Court of Auditors
- 90 – Other

4.2. How was the irregularity detected?

Please select from the list below a relevant method of detection of the irregularity

Format: Number and method.

Example: **10 – Audit**

List of methods of detection:

- 10 – Audit
- 20 – Bankruptcy
- 30 – Control of products
- 40 – Control of documents ex-ante
- 45 – Control of documents ex-post
- 50 – On the spot control
- 60 – Informant
- 70 – Media
- 80 – Analysis
- 90 – Other

5. Type of irregularity:

Please select from the list below a relevant type of irregularity.

Format: Number and type.

Example: **102 - Incorrect accounts**

List of types of irregularity:

- 102 - Incorrect accounts
- 103 - Falsified accounts
- 104 - Accounts not presented
- 201 - Missing/incorrect /incomplete documents
- 213 - Falsified supporting documents
- 299 - Other cases of irregular documents
- 325 - Non-eligible expenditure
- 402 - Non-existing operator
- 405 - Irregular termination, sale or reduction
- 408 - Operator/beneficiary not having the required quality
- 601 - Failure to respect deadlines
- 608 - Refusal of control
- 609 - Refusal of payment
- 610 - Absence or incompatibility of contract
- 611 - Several requests for the same object
- 612 - Failure to respect other regulations/contract conditions
- 614 - Infringement of rules concerning public procurement
- 741 - Failure to fulfil commitments entered into
- 810 - Action not implemented
- 812 - Action not carried out in accordance with rules
- 822 - Expenditure incurred outside the contracting period
- 832 - Infringement with regard to the co-financing system
- 840 - Undeclared revenue
- 850 - Corruption
- 860 - Conflict of interest
- 999 - Other irregularities (to be specified)

5.1. Qualification of irregularity

Please qualify case as an irregularity or suspected fraud.

irregularity²⁴ - means any infringement of a provision of Community law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget;

suspected fraud²⁵ - means an irregularity giving rise to the initiation of administrative and/or judicial proceedings at national level in order to establish the presence of

²⁴ Council Regulation (EC) No 1083/2006, Art. 2 (7), OJ L 210, 31.07.2006, p.26.

²⁵ Commission Regulation (EC) No 1828/2006, Art. 27 (c), OJ L 371, 27.12.2006, p.27.

intentional behaviour, in particular fraud, such as is referred to in Article 1(1), point (a), of the Convention on the protection of the European Communities' financial interests;

established fraud – means 'suspected fraud' which has been the subject of a judgment which has the force of res judicata for fraud or any other illegal activity detrimental to the Communities' financial interests;

no irregularity – means that in the course of an administrative and/or judicial proceedings allegations of irregularity or fraud have not been confirmed;

NB: The case can not be qualified as no irregularity in the initial communication!

5.2. Practices employed in committing the irregularity:

Describe the practice employed (modus operandi).

Format: Free text.

Example: **Falsification of invoices by altering the original amounts.**

5.3. Are these practices considered new? Yes (), No (), Not known ()

Please tick as appropriate. It is up to the Beneficiary Country to decide whether the practices employed are new or not.

6. Are other countries involved: Yes () No () Not known ()

This heading applies to cases involving cross-border operations (participation in the programme by more than one State), or cases where the beneficiary is an international firm participating in actions such as investment projects or training courses in more than one State.

Format: Please tick as appropriate. See point 5.3; Free text in block capitals.

Example: **HUNGARY.**

6.1. If yes, has notification been sent? Yes (), date and references: , No (), Not known ()

Please tick as appropriate. If the answer is yes, please give the date and references of the communication.

Format: date DD/MM/YYYY; for the references: free text.

Example: **Yes (X) Date and reference: 26/05/2008 detailed information sent to Hungarian authorities.**

7. Period of irregularity

Indicate the date(s) on which, or between which, the irregularity was committed.

Format for the date: DD/MM/YYYY.

Example: **25/11/2008**

For the period: date of the beginning of the irregularity/ date of the end of the irregularity.

Format: DD/MM/YYYY – DD/MM/YYYY

Example: **13/05/2008 – 12/06/2008**

If this information is not known, please indicate this by using the first day of the month, the first month of the quarter (01, 03, 06, 09), the first day and month of the year if only the year is known

Example: 01/01/2008

8. Date of Primary administrative or judicial finding:

“Primary administrative or judicial finding” means a first written assessment by a competent authority, either administrative or judicial, concluding on the basis of specific facts that an irregularity has been committed, without prejudice to the possibility that this conclusion may subsequently have to be revised or withdrawn as a result of developments in the course of the administrative or judicial procedure²⁶.

Format: DD/MM/YYYY

9. Authorities or bodies.

9.1. Authorities or bodies which drew up the Primary administrative or judicial finding:

Please name the authority or body which acted upon the initial discovery and drew up the official report using block capitals.

Format: Free text in block capitals, uninterrupted (without blank lines!!).

Example: **MINISTRY OF JUSTICE**

Address: ...

9.2. Authorities or bodies responsible for administrative or judicial follow-up:

Please name the authority or body which is responsible for the administrative or judicial follow-up using block capitals.

Format and example: see 9.1.

10. Name and address of natural and legal persons involved

10.1. Natural persons:

Please give the name, address, etc., of the person(s) involved in the irregularity.

Format: Text, but strict rules have to be followed.

A. surnames and first names have to be given in block capitals

B. special characters are to be avoided (e.g., \$,&);

²⁶ Definition from Art 27 Commission Regulation (EC) No 1828/2006 OJ L 371, 27.12.2006, p.27.

- C. indications like M, Mr, Mrs, etc., are to be avoided;
- D. addresses have to be given in small print except for the first letter.

Example:-Name: **ABON**

- First name: **PIOTR**
- Address: **Kurica 25**
- Postal code: **2435**
- City: **Rjeka**
- Country: **CROATIA**
- Function: **Administrator**

10.2. Legal persons:

Please give the name, address, etc. of the legal person involved in the irregularity.
Format: Text, but strict rules have to be followed:

- A. names are to be given in block capitals
- B. special characters are to be avoided (e.g.-, \$,&);
- C. legal abbreviations like Ltd, Co, N.V, etc. are to be given in small print, after the name;
- D. addresses are to be given in small print except for the first letter;
- E. the same applies to references to cities or countries in the name of the firm (e.g. IBM ANKARA,)

Example: -Name: **TALKER Ltd**

- Registered Office: **Wallstreet 900**
- Postal code: **1529**
- City: **Medias**
- Country: **BOSNIA AND HERZEGOVINA**

The name and address required are those of the company. If individuals working for the company are involved in the irregularity, this information should be entered under point 10.1.

If more names are to be provided as foreseen on page 3 of the form, please copy and paste fields under points 10.1 and 10.2.

NB. In order to comply with rules guaranteeing confidentiality of personal data, please do not refer to the names of physical or legal persons other than under points 10.1 and 10.2.

FINANCIAL ASPECTS

11. Total amount and distribution between sources of financing

11.1. Total amount of the operation:

Please indicate the total amount contracted in the operation. The amount mentioned has to equal the sum of points 11.2 and 11.3 (“11.1” = “11.2” + “11.3”).

The amount has to be in Euro throughout the whole Financial Aspects Section.

Amounts in national currency shall be converted into Euro using the monthly accounting exchange rate of the Commission in the month during which the expenditure was registered in the accounts of the Operating structure of the programme concerned²⁷.

Where the expenditure has not been registered in the accounts of the, Operating structure the most recent accounting exchange rate published electronically by the Commission shall be used²⁸.

Commission’s monthly accounting rate can be found at:

<http://ec.europa.eu/budget/inforeuro/>

Format: 9999999999999999 currency. Do not separate the figures and do not use decimals. Leave space after the last figure, and then add the currency

Example: **22345000 EUR**

11.2. Community financing:

Please give the share of the amount financed by the Community.

Format: See point 11.1.

11.3. Beneficiary Country financing:

Please give the share of the amount financed by the Beneficiary Country. It should not include the private contribution.

Format: See point 11.1.

12. Nature of the irregular amount:

Please indicate the nature of the irregular amount found irregular.

Format: Free text.

Examples: **Salaries, computer equipment, funding of studies.**

²⁷ See Art. 81(3) of the Council Regulation (EC) No 1083/2006, OJ L 210, 31.07.2006, p 61.

²⁸ See Art 36(2) of the Commission Regulation (EC) No 1828/2006, OJ L 317, 27.12.2007, p 32.

13. Amount of the irregularity

13.1. Total irregular amount:

Please indicate the total amount **considered to be irregular**. The amount mentioned has to equal the sum of points 13.2, 13.3 ("13.1" = "13.2" + "13.3")

Format: See point 11.1.

13.2. Community irregular amount:

Please give the Community share of the total irregular amount.

Format: See point 11.1.

13.3. Beneficiary Country irregular amount:

Please give the Beneficiary Country share of the total irregular amount.

Format: See point 11.1.

14. Financial consequences

14.1. Irregular amount under 13.1 already paid:

Please give the irregular amount that has been unduly paid to the beneficiary. The amount mentioned has to equal the sum of points 14.2 and 14.3 ("14.1" = "14.2" + "14.3")

14.2. Community irregular amount under 13.2 already paid:

Please give the Community share of the irregular amount paid to the beneficiary.

Format: See point 11.1.

14.3. Beneficiary Country irregular amount under 13.3 already paid:

Please give the Beneficiary Country share of the irregular amount paid to the beneficiary.

Format: See point 11.1.

15. Irregular amount not yet paid

15.1. Irregular amount under 13.1 not yet paid:

Please give the irregular amount **not yet paid** to the beneficiary. The amount mentioned has to equal the sum of points 15.2 and 15.3 ("15.1" = "15.2" + "15.3").

Format: See point 11.1.

15.2. Community irregular amount under 13.2 not yet paid:

Please state the Community share of the irregular amount **not yet paid** to the beneficiary.

15.3. Beneficiary Country irregular amount under 13.3 not yet paid:

Please state the Beneficiary Country share of the irregular amount **not yet paid** to the beneficiary. Format: See point 11.1.

15.4. Has the payment been suspended? Yes () No () Not Applicable ()

Please tick as appropriate.

16. Possibility of recovery:

Please give an assessment of the likelihood of recovery of the funds and state as far as possible the underlying reasons.

Format: Free text.

Example: **Possible** or **Not possible due to bankruptcy.**

17 Amount recovered

17.1. Total amount recovered:

Please state the amount recovered. The amount mentioned has to equal the sum of points 17.2 and 17.3 ("17.1"="17.2"+"17.3").

Format: See point 11.1.

Interest rates, penalties, etc. should be specified in the brackets and not included in the basic amount.

17.2. Community amount recovered:

Please state the Community share of the recovered amount.

Format: See point 11.1.

17.3. Beneficiary Country amount recovered:

Please state the Beneficiary Country share of the recovered amount.

Format: See point 11.1.

18. Amount to be recovered

18.1. Total amount to be recovered:

Please state the total amount to be recovered. The amount mentioned has to equal the sum of points 18.2 and 18.3 ("18.1"="18.2"+"18.3").

Format: See point 11.1.

Interest rates, penalties, etc. should be specified in the brackets and not included in the basic amount.

18.2. Community amount to be recovered:

Please state the community share of the amount to be recovered.

Format: See point 11.1.

18.3. Beneficiary Country amount to be recovered:

Please state the Beneficiary Country share of the amount to be recovered.

Format: See point 11.1.

NB: Total Irregular amount should equal the sum of amount not yet paid, total amount recovered and total amount to be recovered "13.1"="15.1"+"17.1"+"18.1". The amount unduly paid equals to the amount recovered and to be recovered "14.1"="17.1"+"18.1". If due to exchange rates differences the sum is not equal, please, indicate that including exchange rate.

STAGE OF PROCEDURES

19. Action by Beneficiary Country:

Please select from the list below a relevant action taken following the detection of irregularity.

Format: Number and the name of action from the list.

Example: 20 – Judicial proceedings

List of actions taken:

10 – Administrative proceedings is selected when a normal administrative recovery procedure is ongoing. If a concurrent judicial or penal procedure is on the way, the judicial/penal procedure prevails and is the one to be indicated.

20 – Judicial proceedings shows that the case is currently in front of a non-penal Court. If a concurrent administrative procedure is on the way, the judicial procedure prevails and is the one to be indicated.

30 – Special procedure is used when the amount affected by irregularity turns out to be irrecoverable and the Commission has been informed by means of a special report as required in Art 30 (2) of the Commission Regulation (EC) No 1828/2006.

40 – Penal proceedings is selected when the case is referred to a Penal Court. If a concurrent administrative procedure is on the way, the penal procedure prevails and is the one to be indicated.

50 – Procedures closed is selected when all recovery and related procedures are completed. This means also when the whole procedure is finalised and no irregularity is established or when the outcome of the procedure is that no amount has to be recovered.

20. Has the recovery procedure been abandoned? Yes () No () Not Applicable()

Please tick as appropriate.

21. Have criminal proceedings been abandoned?: Yes () No () Not Applicable()

Please tick as appropriate.

22. Sanction applied (administrative and/or judicial):

Please select from the list below a relevant sanction applied.

Format: Number and the name of a sanction from the list.

Example: 600 - National administrative sanction

List of sanctions applied:

500 – No sanction imposed

550 – Sanction to be imposed

600 – National administrative sanction

640 – Removal of national subsidies

650 – Exclusion from future national subsidy

660 – Limitation of access to public procurement

740 – Exclusion from future Community subsidies

- 810 – Fine under penal law
- 820 – Imprisonment
- 890 – Other penal sanctions
- 900 – Other sanctions, to be specified

23. Additional observations:

Please give any additional information/comments which you consider relevant and which has not been covered in the above points.

24. Final communication: Yes () No ()

Please indicate 'Yes' if all administrative and/or judicial proceedings have been finalised and irregular amount has been recovered or declared irrecoverable. No further actions concerning communicated irregularity are foreseen.

In case of any questions on filling the form, please, do not hesitate to contact the following persons :

Auste Savickiene
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OLAF – European Anti-Fraud Office
Directorate C – Operational and Policy Support
Unit C.2– Fraud Prevention and Intelligence
Rue Joseph II 30,
B-1049 Brussels
Belgium

ANNEX I - Irregularity report

CONFIDENTIAL

Case No: XX/9999/999/X/9

QUARTERLY COMMUNICATION OF IRREGULARITIES IN CONNECTION WITH THE INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA)

IDENTIFICATION OF COMMUNICATION

Beneficiary Country:

Case Number: XX/9999/999/X/9

Quarter:

(a) Quarter I ()

(b) Quarter II ()

(c) Quarter III ()

(d) Quarter IV ()

Date Sent: DD/MM/YYYY

Administrative Department in Beneficiary Country:

Contact Point: Name:

Phone:

Fax:

E-mail:

DETAILS OF IRREGULARITY

1. Description of Operation

1.1. Name of programme:

1.2 Identification number:

1.3. Commission decision approving the programme:

1.4. Name of measure and title of project:

1.5. Beneficiary Country's project number:

2. Provision Infringed:

3. Date of first information leading to suspicion of irregularity:

3.1. Source of first information leading to suspicion of irregularity:

4. Manner in which irregularity was detected

4.1. Who detected the irregularity?

4.2. How was the irregularity detected?

5. Type of irregularity:

5.1. Qualification of Irregularity:

- (a) No irregularity
- (b) Irregularity
- (c) Suspected Fraud
- (d) Established Fraud

5.2. Practices employed in committing the irregularity:

5.3. Are these practices considered new? Yes No Not known

6. Are other countries involved? Yes No Not Known

6.1. If yes, has notification been sent?

Yes Date and reference: No Not known

7. Period of irregularity:

8. Date of primary administrative or judicial finding:

9. Authorities or bodies

9.1. Authorities or bodies which drew up the Primary administrative or judicial finding:

9.2. Authorities or bodies responsible for administrative or judicial follow-up:

10. Name and address of natural and legal persons involved

10.1. Natural persons:

- Name:
- First Name:
- Address:
- Postal Code:
- City:
- Country:
- Function:

10.2. Legal persons:

- Name:
- Registered Office:
- Postal Code:
- Country:

FINANCIAL ASPECTS

11. Total amount and distribution between sources of financing

11.1. Total amount of the operation:

11.2. Community financing:

11.3. Beneficiary Country financing:

12. Nature of the irregular amount:

13. Amount of the irregularity

13.1. Total irregular amount:

13.2. Community irregular amount:

13.3. Beneficiary Country irregular amount:

14. Financial consequences

14.1. Irregular amount under 13.1.already paid:

14.2. Community irregular amount under 13.2.already paid:

14.3. Beneficiary Country irregular amount under 13.3 already paid:

15.1. Irregular amount under 13.1 not yet paid:

15.2. Community irregular amount under 13.2 not yet paid:

15.3. Beneficiary Country irregular amount under 13.4 not yet paid:

15.4. Has the payment been suspended? Yes () No () N/A ()

16. Possibility of recovery:

17. Amount recovered

17.1. Total amount recovered:

17.2. Community amount recovered:

17.3. Beneficiary Country amount recovered:

18. Amount to be recovered

18.1. Total amount to be recovered:

18.2. Community amount to be recovered:

18.3. Beneficiary Country amount to be recovered:

STAGE OF PROCEDURES

19. Action by Beneficiary Country:

20. Has the recovery procedure been abandoned? Yes () No () N/A ()

21. Have criminal proceedings been abandoned? Yes () No () N/A ()

22. Sanction applied (administrative and/or judicial):

23. Additional observations:

24. Final communication: Yes () No ()

ANNEX II – List of responsible DGs

COMPONENT I - THE TRANSITION ASSISTANCE AND INSTITUTION BUILDING

European Commission
DG Enlargement
Rue de la Loi 170
B - 1049 Brussels
Belgium

COMPONENT II - CROSS-BORDER COOPERATION

European Commission
DG Regional Policy
Rue Pere de Deken 23
B-1040 Brussels
Belgium

COMPONENT III – REGIONAL DEVELOPMENT

European Commission
DG Regional Policy
Rue Pere de Deken 23
B-1040 Brussels
Belgium

COMPONENT IV - HUMAN RESOURCES DEVELOPMENT

DG Employment, Social Affairs and Equal Opportunities
Rue du Spa 3
B-1000 Brussels
Belgium

COMPONENT V – RURAL DEVELOPMENT

European Commission
DG Agriculture and Rural Development
Rue de la Loi 130
B - 1049 Brussels
Belgium

ANNEX XIX
Operational Programme