

Official Journal

of the European Union

L 171

English edition

Legislation

Volume 49

23 June 2006

Contents

I Acts whose publication is obligatory

- ★ **Commission Regulation (EC) No 883/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the keeping of accounts by the paying agencies, declarations of expenditure and revenue and the conditions for reimbursing expenditure under the EAGF and the EAFRD** 1
- ★ **Commission Regulation (EC) No 884/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the financing by the European Agricultural Guarantee Fund (EAGF) of intervention measures in the form of public storage operations and the accounting of public storage operations by the paying agencies of the Member States** 35
- ★ **Commission Regulation (EC) No 885/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD** 90

Price: EUR 22

EN

Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

I

(Acts whose publication is obligatory)

COMMISSION REGULATION (EC) No 883/2006

of 21 June 2006

laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the keeping of accounts by the paying agencies, declarations of expenditure and revenue and the conditions for reimbursing expenditure under the EAGF and the EAFRD

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy ⁽¹⁾, and in particular Article 42 thereof,

Whereas:

- (1) Regulation (EC) No 1290/2005 created a European Agricultural Guarantee Fund (EAGF) and a European Agricultural Fund for Rural Development (EAFRD) operating in the context of the shared management of expenditure and assigned revenue under the Community budget. It lays down general requirements and rules on the keeping of accounts and declarations of expenditure and revenue by the paying agencies, and the reimbursement of expenditure by the Commission. These rules and requirements should be clarified, distinguishing between the detailed rules of application common to the two Funds and those specific to each of them.
- (2) With a view to ensuring the proper management of the appropriations entered in the budget of the European Communities for the two Funds, it is essential that each paying agency should keep separate accounts relating exclusively to expenditure to be financed by the EAGF and by the EAFRD respectively. To this end, the accounts kept by the paying agencies should clearly show, for each of the two Funds, the expenditure effected and revenue assigned under Article 3(1), Article 4 and Article 34 respectively of Regulation (EC) No 1290/2005, and allow this expenditure and revenue to be linked to the funds made available to them under the Community budget.
- (3) The common agricultural policy is financed in euro, while allowing Member States which do not form part of the euro zone to make payments to beneficiaries in their national currency. To enable all the expenditure and revenue to be consolidated, it is therefore necessary to lay

down that the paying agencies concerned must be able to provide data relating to the expenditure and revenue in both euro and the currency in which the expenditure was incurred and the revenue received.

- (4) To ensure sound management of financial flows, in particular because the Member States themselves mobilise the funds to cover the expenditure referred to in Article 3(1) of Regulation (EC) No 1290/2005 or receive an advance for that referred to in Article 4 of that Regulation before the Commission finances this expenditure in the form of monthly reimbursements of the expenditure effected, the Member States should collect the information necessary for these reimbursements and keep it at the disposal of the Commission as and when expenditure and revenue are effected or transmit it to the Commission at regular intervals. Management methods specific to the EAGF and to the EAFRD must be taken into account in this respect and the provision and transmission of information to the Commission by the Member States should be organised at intervals adapted to the management method of each Fund, without prejudice to the obligation of the Member States to keep the information drawn up for the purposes of proper monitoring of expenditure at the disposal of the Commission.
- (5) The general obligations as regards the keeping of accounts by the paying agencies cover detailed data required for the management and control of Community funds, the details of which are not required for the reimbursement of expenditure. The information and details relating to expenditure to be financed by the EAGF or the EAFRD which must be sent to the Commission at regular intervals should therefore be specified.
- (6) Notifications of information by the Member States to the Commission must enable it to use the information sent directly and as effectively as possible for the management of EAGF and EAFRD accounts and the relevant payments. To achieve this objective, all information to be made available or to be communicated between the Member States and the Commission should be sent electronically or in digital form. However, as transmission by other means may be considered necessary, the cases in which this obligation is justified should be laid down.

⁽¹⁾ OJ L 209, 11.8.2005, p. 1. Regulation as amended by Regulation (EC) No 320/2006 (OJ L 58, 28.2.2006, p. 42).

- (7) Under Article 8(1)(c)(i) of Regulation (EC) No 1290/2005, for measures relating to operations financed by the EAGF and the EAFRD, declarations of expenditure, which also act as payment requests, must also be sent to the Commission accompanied by the requisite information. To allow the Member States and the paying agencies to draw up these declarations of expenditure in accordance with harmonised rules, and to allow the Commission to take payment requests into consideration, the conditions under which this expenditure may be taken into account under the respective EAGF and EAFRD budgets and the rules that apply to entering expenditure and revenue in the accounts, in particular the assigned revenue and any corrections to be made, and to their actual declaration, should be laid down.
- (8) Under Article 4 of Council Regulation (EEC) No 1883/78 of 2 August 1978 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section ⁽¹⁾, the amount to be financed by an intervention measure is to be determined on the basis of the annual accounts drawn up by the paying agencies. That Regulation also lays down the rules and conditions governing these accounts. Following the abolition of the European Agricultural Guidance and Guarantee Fund (EAGGF) by Regulation (EC) No 1290/2005, and its replacement by the EAGF as regards the financing of these measures, the terms under which the financing of such measures by the EAGF fits into the system of declarations of expenditure and monthly payments should be made clear.
- (9) Under Article 15(4) of Regulation (EC) No 1290/2005, expenditure in October counts as being made in the month of October if effected between 1 and 15 October and in the month of November if effected from 16 to 31 October. However, as regards expenditure relating to public storage, all expenditure entered in the accounts in the month of October is taken into account in respect of financial year N + 1. Expenditure financed by the EAGF and resulting from public storage operations carried out in September should therefore be entered in the accounts not later than 15 October.
- (10) The exchange rates applicable must be laid down according to whether or not an operative event has been defined in the agricultural legislation. To avoid the application, by the Member States which do not form part of the euro zone, of different exchange rates in accounts of revenue received or aid paid to beneficiaries in a currency other than the euro, on the one hand, and in the declaration of expenditure drawn up by the paying agency, on the other, the Member States concerned should apply the same exchange rate in their declarations of expenditure under the EAGF as that used when collecting that revenue or making those payments to beneficiaries. Moreover, to simplify the administrative formalities as regards recoveries for more than one operation, a single exchange rate should apply when entering these recoveries into the accounts. This measure should, however, be limited to operations which took place before the date of application of this Regulation.
- (11) The Commission is to make payments at monthly or other regular intervals to the Member States on the basis of declarations of expenditure sent by the latter. It must, however, take into account the revenue received by the paying agencies on behalf of the Community budget. The conditions under which certain types of expenditure and revenue effected under the EAGF and the EAFRD are to be offset should therefore be laid down.
- (12) After approving the monthly payments, the Commission is to place at the disposal of the Member States the funds needed to cover expenditure to be financed by the EAGF and the EAFRD, in accordance with practical arrangements and conditions to be laid down on the basis of information communicated to the Commission by the Member States and the computer systems set up by the Commission.
- (13) If the Community budget has not been adopted by the beginning of the financial year, under the second subparagraph of Article 13(2) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities ⁽²⁾, payments may be made monthly per chapter to a maximum of one twelfth of the allotted appropriations in the chapter in question of the preceding financial year. To allocate the available appropriations fairly among the Member States, provision should be made for the monthly payments under the EAGF and the regular payments under the EAFRD to be made in this case as a percentage, laid down for each chapter, of the declarations of expenditure submitted by each Member State and for the balance not used in a given month to be reallocated in Commission decisions on subsequent monthly or regular payments.
- (14) Where, on the basis of the declarations of expenditure received from the Member States under the EAGF, the total amount of advance commitments which could be authorised under Article 150(3) of Regulation (EC, Euratom) No 1605/2002 is more than half of all corresponding appropriations for the current financial year, the Commission is required to reduce those amounts. For the sake of sound management, that reduction must be shared among all the Member States proportionally, on the basis of the declarations of expenditure received from them. To allocate the available appropriations fairly among the Member States, provision should be made for monthly payments under the EAGF to be made in this case as a percentage, laid down for each chapter, of the declarations of expenditure submitted by each Member State and for the balance not used in a given month to be reallocated in Commission decisions on subsequent monthly payments.

⁽¹⁾ OJ L 216, 5.8.1978, p. 1. Regulation as last amended by Regulation (EC) No 695/2005 (OJ L 114, 4.5.2005, p. 1).

⁽²⁾ OJ L 248, 16.9.2002, p. 1.

- (15) Community agricultural legislation includes, for the EAGF, deadlines for payment of aids to beneficiaries which must be complied with by Member States. All payments effected after those deadlines, and for which the delay in payment is unjustified, must be regarded as irregular expenditure, and therefore cannot be the subject of reimbursement by the Commission. However, in order to modulate the financial impact in proportion to the delay incurred in payment, provision should be made for the Commission to graduate the reduction in the payments according to the length of delay recorded. A fixed margin must be laid down, moreover, so that reductions are not applied where the delays in payment result from legal disputes.
- (16) As part of the reform of the common agricultural policy and the introduction of the single payment scheme, Member State compliance with the payment deadlines is vital to the proper application of the rules on financial discipline. Specific rules should therefore be laid down to help avoid, wherever possible, any risk of the annual appropriations available in the Community budget being exceeded.
- (17) Under Articles 17 and 27 of Regulation (EC) No 1290/2005 the Commission may reduce or temporarily suspend payments to the Member States if they do not meet the deadlines laid down for the payments or do not notify data relating to expenditure or information provided for in that Regulation to verify the consistency of such data. The same applies, as regards the EAFRD, if the Member States do not notify the information required under Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) ⁽¹⁾ and its implementing rules, including the mid-term evaluation report for the programmes. In this context, the implementing rules for these reductions and suspensions should be laid down for EAGF and EAFRD expenditure respectively.
- (18) Article 180 of Regulation (EC, Euratom) No 1605/2002 provides that negative agricultural expenditure is to be replaced from 1 January 2007 by revenue assigned, according to origin, to either appropriations for the EAGF or the EAFRD. Under Article 32(1) of Regulation (EC) No 1290/2005 the sums recovered by the paying agencies following the occurrence of irregularity or negligence are to be booked by them as assigned revenue. Some sums established following irregularities or reductions applied in the case of failure to comply with the environmental rules are comparable to the revenue relating to irregularities or negligence referred to in Article 32 of Regulation (EC) No 1290/2005 and should therefore be treated in a similar way to such revenue. Provision should therefore be made for the corresponding amounts to be entered in the accounts under the same terms as the assigned revenue coming directly from the irregularities or negligence referred to in that Article 32.
- (19) The expenditure co-financed by the Community budget and the national budgets as support for rural development under the EAFRD is based on programmes broken down by measure. It must therefore be monitored and entered into the accounts on this basis so that all operations can be identified by programme and by measure and so that it can be verified that there is an adequate match between the expenditure effected and the financial resources provided. In this context the elements to be taken into account by the paying agencies should be specified and it should be laid down, in particular, that the origin of public and Community funds must be clearly shown in the accounts in relation to the financing effected, and that the amounts to be recovered from beneficiaries and the amounts which have been recovered are identified and shown in relation to the original operations.
- (20) Where a payment or recovery operation is carried out in a national currency other than the euro, under rural development programmes financed by the EAFRD, the corresponding amounts must be converted into euro. Provision should therefore be made for a single exchange rate to be applied to all operations entered into the accounts in the course of a given month, to be used for the declarations of expenditure.
- (21) Forecasts of the amounts still to be funded by the EAFRD for a calendar year and estimates of funding requests for the following calendar year are required by the Commission for the purposes of its budgetary and financial management. The information in question must be sent to the Commission in sufficient time to enable it to meet its obligations, and in any event twice a year, not later than 31 January and 31 July each year.
- (22) To allow the Commission to validate the financing plan for each rural development programme, to provide for any changes to it and to carry out the necessary checks, certain information should be brought to its attention. To this end, each managing authority for the programmes must enter the required information into the EAFRD common computer system, to allow the Commission to determine, in particular, the maximum amount of the EAFRD contribution, its annual breakdown, a breakdown by priority and measure and the co-financing rates applicable for each priority. The terms on which the total amounts are to be registered in the common computer system should also be laid down.
- (23) The deadlines for drawing up the declarations of expenditure on operations under the EAFRD must be set by the Commission in accordance with Article 26(6) of Regulation (EC) No 1290/2005. In view of the specific characteristics of the accounting rules which apply to the EAFRD, the use of prefinancing and the financing of the measures by calendar year, provision should be made for this expenditure to be declared at intervals adapted to these specific conditions.

⁽¹⁾ OJ L 277, 21.10.2005, p. 1.

- (24) Exchanges of information and documents between the Commission and the Member States, and the provision and notification of information from the Member States to the Commission are generally carried out electronically or in digital form. In order to improve the way such exchanges of information under the EAGF and the EAFRD are dealt with and to extend their use, it is necessary to adapt the existing computer systems or set up new ones. Provision should be made for this to be done by the Commission and implemented after informing the Member States via the Committee on the Agricultural Funds.
- (25) The conditions under which information is processed by these computer systems and the form and content of documents which have to be communicated under Regulation (EC) No 1290/2005 have to be adjusted frequently in line with changes to the applicable rules or management requirements. Uniform presentation of the documents to be sent in by the Member States is also necessary. To achieve these objectives and to simplify procedures and ensure that the computer systems concerned can be made operational immediately, the form and content of the documents should be laid down on the basis of models, which should be adapted and updated by the Commission after informing the Committee on the Agricultural Funds.
- (26) The paying agencies are responsible for the management and control of the legality of EAGF and EAFRD expenditure. The data on financial transactions must therefore be communicated or entered in the computer systems and updated under the responsibility of the paying agency, by the paying agency itself or the body to which that function has been delegated, where applicable via the accredited coordinating body.
- (27) Certain documents or procedures provided for in Regulation (EC) No 1290/2005 and its implementing rules require the signature of an authorised person or the approval of a person at one or more of the stages of the procedure in question. In such cases, the computer systems set up for the communication of these documents must make it possible to identify each person unambiguously and provide reasonable assurance that the contents of the documents, including as regards the stages of the procedure, cannot be altered. This must apply, in particular, as regards the declarations of expenditure and the statement of assurance attached to the annual accounts referred to in Article 8(1)(c)(i) and (iii) of Regulation (EC) No 1290/2005 and the documents communicated by electronic means under these procedures.
- (28) The rules applicable to the communication of electronic and digitised documents have been laid down at Community level, as regards the means of their transmission, the conditions under which they are valid for the Commission's purposes and the conditions for keeping such documents and for their integrity and legibility. Insofar as the shared management of the Community budget under the EAGF and the EAFRD concerns documents drawn up or received by the Commission or the paying agencies and the procedures put in place for the financing of the common agricultural policy, provision should be made for the application of Community legislation to the communication of electronic and digitised documents carried out under this Regulation and the periods for which electronic and digitised documents are to be kept should be laid down.
- (29) The communication of information by electronic means may prove impossible in certain situations. To resolve possible malfunctions in a computer system or deal with the absence of a stable connection, the Member State must be able to send the documents in another form, under conditions which should be laid down.
- (30) Under Article 39(1)(d) and (e) of Regulation (EC) No 1290/2005, the financial resources available in a Member State on 1 January 2007 following reductions in or cancellations of the amounts of payments which that Member State has made voluntarily, in accordance with Article 1 of Commission Regulation (EC) No 1655/2004 of 22 September 2004 laying down rules for the transition from the optional modulation system established by Article 4 of Council Regulation (EC) No 1259/1999 to the mandatory modulation system established by Council Regulation (EC) No 1782/2003 ⁽¹⁾ or by way of a penalty, under Articles 3, 4 and 5 of Council Regulation (EC) No 1259/1999 establishing common rules for direct support schemes under the common agricultural policy ⁽²⁾, must be used by that Member State to finance rural development measures. If Member States do not use the financial resources within a certain period, the corresponding amounts are to be repaid to the EAGF budget. In order to lay down the terms of application of these measures, rules must be laid down for the accounting and management of the amounts concerned by the paying agencies, and for taking them into account in Commission payment decisions.
- (31) Under Article 39(1)(a) of Regulation (EC) No 1290/2005, the Member States belonging to the European Union before 1 May 2004 may, in justified cases and under certain conditions laid down in that point, be authorised by the Commission to continue payments for rural development programmes for the period 2000 to 2006 until 31 December 2006. To allow the application of this derogation, the procedure to be followed, the deadlines to be met by the Member States and the terms for implementing it should be laid down.
- ⁽¹⁾ OJ L 298, 23.9.2004, p. 3.
- ⁽²⁾ OJ L 160, 26.6.1999, p. 113. Regulation repealed by Regulation (EC) No 1782/2003 (OJ L 270, 21.10.2003, p. 1).

(32) Commission Regulation (EC) No 296/96 of 16 February 1996 on data to be forwarded by the Member States and the monthly booking of expenditure financed under the Guarantee Section of the Agricultural Guidance and Guarantee Fund (EAGGF) and repealing Regulation (EEC) No 2776/88 ⁽¹⁾ and Commission Decision C/2004/1723 of 26 April 2004 on the form of documents to be transmitted by the Member States for entry in the accounts of expenditure financed by the EAGGF Guarantee Section ⁽²⁾ should therefore be repealed.

(33) The measures provided for in this Regulation are in accordance with the opinion of the Committee on the Agricultural Funds,

HAS ADOPTED THIS REGULATION:

CHAPTER 1

COMMON INTRODUCTORY PROVISIONS FOR THE EAGF AND EAFRD

Article 1

Subject matter

This Regulation lays down certain specific requirements and rules on the shared management of expenditure and revenue under the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), the keeping of accounts and declarations of expenditure and revenue by the paying agencies, and the reimbursement of expenditure by the Commission under Regulation (EC) No 1290/2005.

Article 2

Paying agencies' accounts

1. Each paying agency shall keep a set of accounts covering only the expenditure and revenue referred to in Article 3(1), Article 4 and Article 34 of Regulation (EC) No 1290/2005 and the use of the funds made available to it to defray the corresponding expenditure. These accounts shall enable the financial data for the EAGF and the EAFRD to be distinguished and provided separately.

2. The paying agencies of the Member States which do not form part of the euro zone shall keep accounts covering the amounts expressed in the currency in which the expenditure was incurred and the revenue received. However, to enable all their expenditure and revenue to be consolidated, they must be able to provide the corresponding data in national currency and in euro.

⁽¹⁾ OJ L 39, 17.2.1996, p. 5. Regulation as last amended by Regulation (EC) No 1607/2005 (OJ L 256, 1.10.2005, p. 12).

⁽²⁾ Notified on 26 April 2004, as last amended by Decision C/2005/3741, notified on 30 September 2005.

However, for EAGF expenditure and revenue other than that referred to in Article 45(2) of Regulation (EC) No 1290/2005, Member States unable to introduce an accounting system meeting these requirements by 16 October 2006 may, after having informed the Commission thereof by 15 September 2006 at the latest, postpone that deadline to 16 October 2007.

CHAPTER 2

EAGF ACCOUNTS

Article 3

Provision of information by Member States

Member States shall collect and keep available for the Commission information on total expenditure effected and assigned revenue received each week as follows:

- (a) by the third working day of each week at the latest, information on total expenditure effected and assigned revenue received from the beginning of the month until the end of the preceding week;
- (b) by the third working day of the month at the latest, where the week runs over two months, information on total expenditure effected and assigned revenue received during the preceding month.

Article 4

Communication of information by Member States

1. In accordance with Article 8(1)(c)(i) and (ii) of Regulation (EC) No 1290/2005, Member States shall send the Commission, electronically, the following information and documents, under the terms laid down in Articles 5 and 6 of this Regulation:

- (a) by the third working day of each month at the latest, information on total expenditure effected and assigned revenue received during the preceding month, on the basis of the model in Annex I, and any information explaining any substantial difference between the estimates drawn up in accordance with paragraph 2(a)(iii) of this Article and expenditure effected and assigned revenue received;

- (b) by the tenth day of each month at the latest, the declaration of expenditure referred to in Article 15(2) of Regulation (EC) No 1290/2005 covering the total amount of expenditure effected and assigned revenue received during the preceding month, and the total amount of expenditure effected and assigned revenue received relating to public storage, on the basis of the model in Annex II to this Regulation. However, the communication on expenditure effected and assigned revenue received between 1 and 15 October shall be sent by the 25th day of the same month.

The declaration of expenditure shall include a breakdown of expenditure effected and assigned revenue by article of the nomenclature of the budget of the European Communities and, for the chapters relating to the audit of agricultural expenditure and to the assigned revenue, a further breakdown by item. However, where budgetary monitoring is subject to exceptional conditions, the Commission may request a more detailed breakdown;

- (c) by the 20th day of each month at the latest, a set of documents permitting the booking to the Community budget of expenditure effected and assigned revenue received by the paying agency during the preceding month, with the exception of the set of documents permitting the booking of expenditure effected and assigned revenue received between 1 and 15 October, which shall be submitted by 10 November;
- (d) by 20 May and 10 November of each year at the latest, in addition to the set of documents referred to in point (c), the amounts withheld and used in accordance with Article 5(2) of Regulation (EC) No 1259/1999 and Article 3(1) of Regulation (EC) No 1655/2004.

2. The set of documents referred to in paragraph 1(c) shall consist of:

- (a) a statement (T104, in Annex V), drawn up by each paying agency, broken down according to the nomenclature of the budget of the European Communities and by type of expenditure and revenue, on the basis of a detailed nomenclature made available to the Member States covering:
- (i) the expenditure effected and assigned revenue received during the preceding month,
 - (ii) total expenditure effected and assigned revenue received from the beginning of the financial year until the end of the preceding month,
 - (iii) estimates of expenditure and assigned revenue, covering, as appropriate:
 - the current month and the following two months only,
 - the current month, the following two months and to the end of the financial year;

- (b) a summary (T103, in Annex IV) of the data referred to in point (a), by Member State, for all that Member State's paying agencies;
- (c) a statement of any difference (T101, in Annex III) between the expenditure declared in accordance with paragraph 1 (b) and expenditure declared in accordance with point (a) of this paragraph together, where appropriate, with the reasons for such difference;
- (d) the accounts evidencing expenditure and revenue relating to public storage, as referred to in Article 10(2) of Commission Regulation (EC) No 884/2006 ⁽¹⁾, presented in the form of tables (e. FAUDIT tables) in accordance with Annex III to that Regulation;
- (e) tables (T106 to T109, in Annexes VI, VII, VIII and IX) supplementing those referred to in points (a) and (b) for the communications of 20 May and 10 November, as referred to in paragraph 1(d), showing the state of the accounts at the end of April and the end of the financial year, comprising:
- a communication of the amounts withheld by each paying agency under Articles 3 and 4 of Regulation (EC) No 1259/1999 or Article 1 of Regulation (EC) No 1655/2004, including any interest (T106 and T107),
 - details of the use made by each paying agency of the corresponding amounts in accordance with Article 5(2) of Regulation (EC) No 1259/1999 or Article 3(1) of Regulation (EC) No 1655/2004 (T108),
 - an overall summary for each Member State of the data referred to in the first and second indents of this point and the interest generated by unused funds (T109).
3. The summary of data (T103) provided for in paragraph 2(b) shall also be sent to the Commission on paper.

4. All the financial information required under this Article shall be communicated in euro.

However:

- for the tables referred to in paragraph 2(e), Member States shall use the same currency as that used in the financial year in which the amounts were withheld,
- for the declarations of expenditure and of deductions referred to in Article 39(1)(a) and (b) of Regulation (EC) No 1290/2005, Member States shall use their national currency.

⁽¹⁾ See page 35 of this Official Journal.

Moreover, for the financial information on the 2007 financial year, other than that referred to in Article 45(2) of Regulation (EC) No 1290/2005, the Member States referred to in the second subparagraph of Article 2(2) of this Regulation shall make their communications in national currency.

Article 5

General rules on the declaration of expenditure and on assigned revenue

1. Without prejudice to the special provisions on declarations of expenditure and revenue relating to public storage referred to in Article 6, expenditure and assigned revenue declared by the paying agencies in respect of a given month shall correspond to payments and receipts actually effected during that month.

That expenditure and revenue shall be entered in the accounts of the EAGF budget in respect of financial year 'N' beginning on 16 October of year 'N-1' and ending on 15 October of year 'N'.

However:

- (a) expenditure which may be paid prior to the implementation of the provision permitting it to be wholly or partially borne by the EAGF may be declared only:
 - in respect of the month during which the provision in question was implemented;
 - or
 - in respect of the month following implementation of that provision;
- (b) assigned revenue which the Member State owes the Commission shall be declared in respect of the month during which the time limit for payment of the corresponding amounts, laid down in Community legislation, expires;
- (c) corrections decided by the Commission under the clearance of accounts and the conformity clearance shall be deducted from or added to the monthly payments referred to, as appropriate, in Article 10(2) or Article 11(4) of Commission Regulation (EC) No 885/2006 ⁽¹⁾ directly by the Commission. However, the Member States shall include the amounts corresponding to these corrections in the declaration drawn up for the month for which the corrections are made.

2. Expenditure and assigned revenue shall be taken into consideration on the date on which the account of the paying agency was debited or credited. However, for payments, the date to be taken into consideration may be the date on which the agency concerned issued the payment document and sent it to a financial institution or to the beneficiary. Each paying agency shall use the same method throughout the financial year.

3. The expenditure to be declared shall not take into account the reductions applied under Article 1 of Regulation (EC) No 1655/2004.

4. Expenditure and assigned revenue declared in accordance with paragraph 1 may incorporate corrections to the amounts declared for previous months in the same financial year.

Where corrections to assigned revenue lead, at paying agency level, to the declaration of negative revenue assigned for a budget line, surplus corrections shall be carried over to the following month. They shall, where appropriate, be settled when the accounts for the year concerned are cleared.

5. Payment orders which are not executed and payments debited to the account, then re-credited, shall be shown in the accounts as deductions from expenditure in respect of the month during which the failure to execute or the cancellation is reported to the paying agency.

6. Where payments due under the EAGF are encumbered by claims, they shall be deemed to have been effected in their entirety for the purpose of applying paragraph 1:

- (a) on the date of the payment of the sum due to the beneficiary, if the claim is less than the expenditure settled;
- (b) on the date of set-off, if the expenditure is less than or equal to the claim.

7. Cumulative data relating to expenditure and assigned revenue that can be charged to a specific financial year, to be submitted to the Commission by 10 November at the latest, may be corrected only in the annual accounts to be sent to the Commission in accordance with Article 8(1)(c)(iii) of Regulation (EC) No 1290/2005.

Article 6

Special rules on declarations of expenditure relating to public storage

The operations to be taken into consideration for drawing up declarations of expenditure relating to public storage shall be those entered at the end of a given month in the accounts of the paying agency which have taken place from the beginning of the accounting year within the meaning of Article 2(3)(a) of Regulation (EC) No 884/2006 up to the end of that month.

Such declarations of expenditure shall comprise the values and amounts determined in accordance with Articles 6, 7 and 9 of Regulation (EC) No 884/2006 entered in the accounts by the paying agencies during the month following that to which the operations relate.

⁽¹⁾ See page 90 of this Official Journal.

However:

- (a) in the case of operations carried out in the course of September, the values and amounts shall be entered in the accounts by the paying agencies by 15 October at the latest,
- (b) in the case of the overall depreciation amounts referred to in Article 4(1)(d) of Regulation (EC) No 884/2006, the amounts shall be entered in the accounts on the date laid down in the decision providing for them.

Article 7

Applicable exchange rate for drawing up declarations of expenditure

1. For drawing up their declarations of expenditure, Member States which do not form part of the euro zone shall apply the same exchange rate as that which they used to make payments to beneficiaries or receive revenue, in accordance with Commission Regulation (EC) No 2808/98 ⁽¹⁾ and the sectoral agricultural legislation.
2. In cases other than those referred to in paragraph 1, in particular for operations for which an operative event has not been laid down by the sectoral agricultural legislation, the applicable exchange rate shall be the last-but-one exchange rate established by the European Central Bank before the month in respect of which the expenditure or assigned revenue is declared.
3. The exchange rate referred to in paragraph 2 shall also apply to recoveries made collectively for a number of operations carried out before 16 October 2006, or 16 October 2007 where the second subparagraph of Article 2(2) applies.

Article 8

Payment decision by the Commission

1. On the basis of the data sent in accordance with Article 4(1)(b), the Commission shall adopt decisions and make the monthly payments, without prejudice to corrections to be taken into account in subsequent decisions and application of Article 17 of Regulation (EC) No 1290/2005.
2. If the Community budget has not been adopted by the beginning of the financial year, the monthly payments shall be granted as a percentage of the declarations of expenditure received from each Member State, laid down for each chapter of expenditure and within the limits laid down in Article 13 of Regulation (EC, Euratom) No 1605/2002. The Commission shall take the balance of amounts not reimbursed to the Member States into account in decisions on subsequent reimbursements.
3. If the advance commitments referred to in Article 150(3) of Regulation (EC, Euratom) No 1605/2002 exceed one half of the total corresponding appropriations for the current financial year, the monthly payments shall be granted as a percentage of the declarations of expenditure received from each Member State. The Commission shall take the balance of amounts not reimbursed to the Member States into account in decisions on subsequent reimbursements.

⁽¹⁾ OJ L 349, 24.12.1998, p. 36.

Article 9

Reduction in payments by the Commission

1. Monthly payments shall be reduced for any expenditure effected after the deadlines laid down, as follows:
 - (a) where expenditure effected after the deadlines is equal to 4 % or less of the expenditure effected before the deadlines, no reduction shall be made;
 - (b) above the threshold of 4 %, all further expenditure effected late shall be reduced in accordance with the following rules:
 - for a delay of up to one month, expenditure shall be reduced by 10 %,
 - for a delay of up to two months, expenditure shall be reduced by 25 %,
 - for a delay of up to three months, expenditure shall be reduced by 45 %,
 - for a delay of up to four months, expenditure shall be reduced by 70 %,
 - for a delay of more than four months, expenditure shall be reduced by 100 %.
2. By way of derogation from paragraph 1, in the case of the direct payments referred to in Article 12 and Title III or, where applicable, in Title IVa of Council Regulation (EC) No 1782/2003 ⁽²⁾ made in respect of year N, paid out after the deadlines laid down and after 15 October of year N+1, the following conditions shall apply:
 - (a) where the 4 % threshold referred to in paragraph 1(a) has not been used in full for payments made no later than 15 October of year N+1 and the remainder of the threshold exceeds 2 %, that remainder shall be reduced to 2 %;
 - (b) in any case, payments made in the course of financial year N+2 and subsequent years shall be eligible for the Member State concerned only up to the level of its national ceiling as provided for in Annexes VIII or VIIIa to Regulation (EC) No 1782/2003 or its annual financial envelope established in accordance with Article 143b(3) of that Regulation for the year preceding that of the financial year during which the payment is made, where applicable plus the amounts relating to the dairy premium and additional payments provided for in Articles 95 and 96 of that Regulation and the additional amount of aid provided for in Article 12 of that Regulation, less the percentage provided for in Article 10 of that Regulation and corrected by the adjustment provided for in Article 11 thereof, taking account of Article 12a of that Regulation and the amounts set in Article 4 of Commission Regulation (EC) No 188/2005 ⁽³⁾;

⁽²⁾ OJ L 270, 21.10.2003, p. 1.

⁽³⁾ OJ L 31, 4.2.2005, p. 6.

(c) above the thresholds referred to in point (a), the expenditure concerned by this paragraph shall be reduced by 100 %.

3. The Commission shall apply a different time scale from those laid down in paragraphs 1 and 2, and/or lower reductions or none at all, if exceptional management conditions are encountered for certain measures or if justified reasons are advanced by the Member States.

However, in the case of the payments referred to in paragraph 2, the first subparagraph of this paragraph shall apply within the ceilings referred to in point (b) of paragraph 2.

4. Checks on compliance with the deadlines, for the purposes of the monthly payments against booking of expenditure, shall be made twice each financial year:

— on expenditure effected by 31 March,

— on expenditure effected by 31 July.

Any overrun of deadlines in August, September and October shall be taken into account in the accounts clearance decision referred to in Article 30 of Regulation (EC) No 1290/2005.

5. The Commission, having informed the Member States concerned, may defer the monthly payments to the Member States as provided for in Article 15(2) and (3) of Regulation (EC) No 1290/2005 where the communications referred to in Article 4 of this Regulation arrive late or contain discrepancies which necessitate further checks.

6. The reductions referred to in this Article and any other reductions applied under Article 17 of Regulation (EC) No 1290/2005 shall be applied without prejudice to the subsequent decision on conformity clearance, as referred to in Article 31 of that Regulation.

Article 10

Keeping of accounts on and collecting assigned revenue

1. Articles 150 and 151 of Regulation (EC, Euratom) No 1605/2002 shall apply *mutatis mutandis* to the keeping of accounts of assigned revenue referred to in this Regulation.

2. In its decision on the monthly payments taken under Article 15(2) of Regulation (EC) No 1290/2005, the Commission shall pay the balance of the expenditure declared by each Member State, less the assigned revenue which that Member State has included in the same declaration of expenditure. This set-off shall be regarded as equivalent to collection of the corresponding revenue.

3. Commitment appropriations and payment appropriations generated by assigned revenue shall be open once this revenue has been assigned to budget lines. Assignment shall take place when the assigned revenue is entered into the accounts, within two months after receipt of the statements sent by the Member States, in accordance with the rules referred to in paragraph 1.

Article 11

Making funds available to the Member States

1. After approval of the monthly payments, the Commission shall place at the disposal of the Member States, within the framework of the budget appropriations, the funds needed to cover expenditure to be financed by the EAGF, less the corresponding amount of assigned revenue, in the account opened by each Member State.

When the payments to be made by the Commission, minus the assigned revenue, lead to a negative amount for a Member State, the surplus deductions shall be carried over to the following months.

2. Each Member State shall notify to the Commission the name and number of the account referred to in paragraph 1 in accordance with the format made available to it by the Commission.

3. Where a Member State as referred to in the second subparagraph of Article 2(2) continues to make its declarations in national currency for the 2007 financial year, the exchange rate to be applied by the Commission for the corresponding payments shall be that applicable on the 10th of the month following the month for which the declaration is drawn up or, if no rate is quoted for that date, that of the first day preceding that date for which a rate is quoted.

Article 12

Amounts deemed to be assigned revenue

1. The following sums shall be deemed to be assigned revenue in the same way as sums recovered following the occurrence of an irregularity or negligence as referred to in Article 32(1) of Regulation (EC) No 1290/2005:

- (a) sums payable to the Community budget, which have been collected as a consequence of penalties or sanctions in accordance with specific rules laid down in sectoral agricultural legislation;
- (b) amounts corresponding to reductions or exclusions of payments applied in accordance with the rules on cross-compliance laid down in Chapter 1 of Title II of Regulation (EC) No 1782/2003.

2. The rules laid down for assigned revenue other than that referred to in paragraph 1 shall apply *mutatis mutandis*. However, if the sums referred to in paragraph 1(a) have been withheld before the payment of the aid concerned by the irregularity or negligence, they shall be deducted from the corresponding expenditure.

CHAPTER 3

EAFRD ACCOUNTS

Article 13

Rural development programme accounts

1. Each paying agency designated for a rural development programme shall keep accounts enabling all the operations for each programme and each measure to be identified. Such accounts shall include in particular:

- (a) the amount of public expenditure and the amount of the Community contribution paid for each operation;
- (b) the amounts to be recovered from beneficiaries for irregularities or negligence found,
- (c) the amounts recovered, with an indication of the original operation.

2. To draw up their declarations of expenditure in euro, the paying agencies of the Member States which do not form part of the euro zone shall apply, for each payment or recovery operation, the last-but-one exchange rate established by the European Central Bank prior to the month in which the operations are registered in the accounts of the paying agency.

Article 14

Forecast of funding requirements

For each rural development programme, the Member States shall send the Commission, in accordance with Article 8(1)(c)(ii) of Regulation (EC) No 1290/2005, using the model in Annex X to this Regulation, twice per year, together with the declarations of expenditure to be sent by 31 January and 31 July at the latest, their forecasts of the amounts to be funded by the EAFRD for the current year, and an updated estimate of their funding requests for the following year.

Article 15

Financing plan for rural development programmes

The financing plan for each rural development programme shall lay down, in particular, the maximum amount of the EAFRD contribution, its annual breakdown, a breakdown by priority and measure and the co-financing rates applicable for each priority.

The financing plan shall enter into force after the rural development programme has been adopted by the Commission. Subsequent adjustments to the financing plan which do not require the adoption of a new decision by the Commission shall enter into force after validation of those adjustments, by means of the secure system for the exchange of information and documents between the Commission and the Member States introduced for the purposes of applying Regulation (EC) No 1698/2005. Adjustments to the financing plan which require the adoption of a new decision by the Commission shall enter into force after adoption of the new decision.

The financing plan for each rural development programme and any adjustments thereof shall be entered by the managing authority for that programme in the secure system for the exchange of information referred to in the second subparagraph.

Article 16

Declarations of expenditure

1. The paying agencies shall make declarations of expenditure for each rural development programme. These declarations shall cover, for each rural development measure, the amount of eligible public expenditure for which the paying agency has actually paid the corresponding EAFRD contribution during the reference period.

2. Once the programme has been approved, Member States shall send the Commission, in accordance with Article 8(1)(c)(i) of Regulation (EC) No 1290/2005, their declarations of expenditure electronically in accordance with Article 18 of this Regulation by the following deadlines:

- (a) by 30 April at the latest in the case of expenditure in the period 1 January to 31 March;
- (b) by 31 July at the latest in the case of expenditure in the period 1 April to 30 June;
- (c) by 10 November at the latest in the case of expenditure in the period 1 July to 15 October;
- (d) by 31 January at the latest in the case of expenditure in the period 16 October to 31 December.

Expenditure declared in respect of a period may contain corrections to data declared in respect of the preceding declaration periods of the same financial year.

However, if a rural development programme has not been approved by the Commission by 31 March 2007, all the expenditure carried out in anticipation by the paying agency under its own responsibility, during the periods preceding the adoption of this programme, shall be declared to the Commission in the first declaration of expenditure following the adoption of the programme.

3. Declarations of expenditure shall be drawn up in accordance with the model in Annex XI. In the case of rural development programmes covering regions benefiting from different rates of co-financing in accordance with Article 70(3) and (4) of Regulation (EC) No 1698/2005, the application shall include a separate table of expenditure for each type of region.

4. Where there are disagreements, differences of interpretation or inconsistencies relating to declarations of expenditure for a reference period, resulting in particular from the failure to communicate the information required under Regulation (EC) No 1698/2005 and its implementing rules, and these require further checks, the Member State concerned shall be required to provide additional information. Such information shall be provided by means of the secure system for the exchange of information referred to in the second subparagraph of Article 15 of this Regulation.

The time limit for payment laid down in Article 26(5) of Regulation (EC) No 1290/2005 may in such cases be interrupted for all or part of the amount for which payment is claimed, from the date on which the request for information is sent until receipt of the information requested but no later than the date on which the declaration of expenditure for the following period is submitted.

Where no solution is found within that time limit, the Commission may suspend or reduce payments in accordance with Article 27(3) of Regulation (EC) No 1290/2005.

5. Cumulative data relating to expenditure and assigned revenue that can be charged to a financial year, to be submitted to the Commission by 10 November at the latest, may be corrected only in the annual accounts to be sent to the Commission in accordance with Article 8(1)(c)(iii) of Regulation (EC) No 1290/2005.

Article 17

Calculation of the amount to be paid

1. The Community contribution to be paid in respect of the eligible public expenditure declared for each priority for each reference period shall be calculated on the basis of the financing plan in force on the first day of that period.

2. The amounts of the EAFRD contributions recovered from beneficiaries under the rural development programme concerned during each reference period shall be deducted from the amount to be paid by the EAFRD in the declaration of expenditure for that period.

3. The greater or lesser amounts resulting, where applicable, from the clearance of accounts carried out in accordance with the third subparagraph of Article 10(1) of Regulation (EC) No 885/2006 that may be re-used for the rural development programme shall be added to or deducted from the amount of the EAFRD contribution when the first declaration after the clearance of accounts decision is drawn up.

4. Without prejudice to the ceiling provided for in Article 24(4) of Regulation (EC) No 1290/2005, where the combined total of declarations of expenditure exceeds the total programmed for a rural development programme priority, the amount to be paid shall be capped at the amount programmed for that priority. Public expenditure excluded as a result may be taken into account in a subsequent declaration of expenditure provided that an adjusted financing plan has been submitted by the Member State and accepted by the Commission.

5. The Community contribution shall be paid by the Commission, subject to budget availabilities, into the account(s) opened by each Member State.

Each Member State shall notify the Commission of the account name or numbers in accordance with the format made available to it by the Commission.

CHAPTER 4

COMMON PROVISIONS FOR THE EAGF AND EAFRD

Article 18

Electronic exchange of information and documents

1. The Commission shall set up computer systems enabling electronic exchanges of documents and information between it and the Member States for the communications and consultation of information provided for in Regulation (EC) No 1290/2005 and arrangements for their application. It shall inform the Member States of the general conditions for implementing these systems via the Committee on the Agricultural Funds.

2. The computer systems provided for in paragraph 1 shall be able to process in particular:

- (a) the data required for financial transactions, in particular those relating to the monthly and annual accounts of the paying agencies, declarations of expenditure and revenue and transmission of the information and documents referred to in Articles 5, 11, 15 and 17 of this Regulation, Article 6 of Regulation (EC) No 885/2006 and Articles 2, 10 and 11 of Regulation (EC) No 884/2006;
- (b) documents of common interest enabling the accounts to be monitored and the information and documents which the paying agency must make available to the Commission to be consulted;
- (c) the Community texts and Commission guidelines on the financing of the common agricultural policy by authorities accredited and designated under Regulation (EC) No 1290/2005, and the guidelines on the harmonised application of the legislation concerned.

3. The form and content of the documents referred to in Articles 4, 14 and 17 of this Regulation, Article 7(1)(a), (b) and (d) of Regulation (EC) No 885/2006 and Articles 10 and 11 of Regulation (EC) No 884/2006 shall be laid down by the Commission on the basis of the models in Annexes II to XI of this Regulation, in Annexes II and III to Regulation (EC) No 885/2006 and in Annex III to Regulation (EC) No 884/2006.

These models shall be adapted and updated by the Commission, after having informed the Committee on the Agricultural Funds.

4. The computer systems provided for in paragraph 1 may contain the tools required for storing the data for and managing the accounts of the EAGF and EAFRD by the Commission, and those required for calculating flat-rate expenditure or expenditure requiring the use of uniform methods, in particular as regards financial costs and depreciation.

5. The data on financial transactions shall be communicated, entered and updated in the computer systems referred to in paragraph 1 under the responsibility of the paying agency, by the paying agency itself or by the body to which that function has been delegated, where applicable via the coordinating bodies accredited in accordance with the second subparagraph of Article 6(3) of Regulation (EC) No 1290/2005.

6. Where a document or procedure provided for in Regulation (EC) No 1290/2005 or the detailed rules for its application require the signature of an authorised person or the approval of a person at one or more of the stages of that procedure, the computer systems set up for the communication of these documents must make it possible to identify each person unambiguously and provide reasonable assurance that the contents of the documents, including as regards the stages of the procedure, cannot be altered, in accordance with Community legislation. As regards the declarations of expenditure and the statement of assurance annexed to the annual accounts referred to in Article 8(1)(c)(i) and (iii) of Regulation (EC) No 1290/2005, the documents sent electronically shall also be kept in their original form by the paying agencies or, where applicable, by the coordinating bodies accredited in accordance with Article 6(2) and (3) of that Regulation.

7. The electronic and digitised documents shall be kept for the whole of the period required under Article 9 of Regulation (EC) No 885/2006.

8. Where there is a malfunction in a computer system or no stable connection, the Member State may, with the prior approval of the Commission, send the documents in another form, under the conditions laid down by it.

CHAPTER 5

TRANSITIONAL MEASURES AND FINAL PROVISIONS

Article 19

Accounting of funds from modulation or compliance with conditions concerning the environment

1. Amounts withheld in accordance with Articles 3 and 4 of Regulation (EC) No 1259/1999 or Article 1 of Regulation (EC) No 1655/2004 shall be credited by the Member State to a special account opened for each paying agency or to a special single account opened by each Member State. The accounts must allow identification of the origin of the credit in relation to the payment to the beneficiary of the aid in question.

2. Member States may redistribute the amounts collected as referred to in paragraph 1 to paying agencies of their choice with a view to their utilisation. Such amounts shall be credited to the account(s) referred to in paragraph 1, and used exclusively for financing the additional Community support referred to in Article 5(2) of Regulation (EC) No 1259/1999 or for the accompanying measures referred to in Article 1(3) of Regulation (EC) No 1655/2004.

Any interest borne by the unused funds shall be added to the balance available at the end of each financial year and used to finance the same measures.

3. The paying agencies must keep accounts of expenditure on the measures referred to in paragraph 2 that are separate from the accounts of other expenditure on rural development, and the accounts must distinguish in respect of each payment between the national funding and the funding resulting from the application of Articles 3 and 4 of Regulation (EC) No 1259/1999 or Article 1 of Regulation (EC) No 1655/2004.

4. Amounts withheld in accordance with Articles 3 and 4 of Regulation (EC) No 1259/1999 or Article 1 of Regulation (EC) No 1655/2004 and any interest that they generate which have not been paid in accordance with Article 1 of Commission Regulation (EC) No 963/2001⁽¹⁾ or Article 3(1) of Regulation (EC) No 1655/2004 shall be deducted from the monthly payments when the Commission adopts its decision under Article 15(2) of Regulation (EC) No 1290/2005 on expenditure for October of the financial year concerned. Where applicable, the exchange rate to be used shall be that referred to in Article 7(2) of this Regulation.

Article 20

Expenditure on rural development under the EAGGF Guarantee Section between 16 October and 31 December 2006

Where a Member State plans payments by the Guarantee Section of the European Agricultural and Guidance Fund (EAGGF) until 31 December 2006 under the second sentence of Article 39(1)(a) of Regulation (EC) No 1290/2005 for rural development programmes in the programming period 2000-2006, that Member State shall submit a request to the Commission by 1 July 2006 at the latest, providing the relevant justification. The request shall set out the programme(s) and measures concerned.

Where the first paragraph is applied, the Member States shall inform the Commission by 31 January 2007 at the latest, for each programme and each measure, of the date on which the payments in respect of the EAGGF Guarantee Section were made.

⁽¹⁾ OJ L 136, 18.5.2001, p. 4.

Article 21

Repeal

Regulation (EC) No 296/96 and Decision C/2004/1723 of 26 April 2004 are repealed from 16 October 2006.

However, Regulation (EC) No 296/96, with the exception of Article 3(6a)(a) thereof, and Decision C/2004/1723 shall remain applicable as regards all expenditure effected by the Member States under the EAGGF Guarantee Section until 15 October 2006.

References to the repealed Regulation and Decision shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex XII.

Article 22

Entry into force

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

2. It shall apply from 16 October 2006 in the case of revenue received and expenditure effected by the Member States under the EAGF and EAFRD in respect of the 2007 and following financial years. However, Article 20 shall apply from the date of entry into force of this Regulation.

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

Done at Brussels, 21 June 2006.

For the Commission
Mariann FISCHER BOEL
Member of the Commission

TABLE OF ANNEXES

ANNEX I	TOTAL EXPENDITURE EFFECTED AND ASSIGNED REVENUE RECEIVED DURING A MONTH (ARTICLE 4(1)(A))
ANNEX II	MONTHLY DECLARATION OF EAGF EXPENDITURE (ARTICLE 4(1)(B))
ANNEX III	T 101 - STATEMENT OF DIFFERENCES (ARTICLE 4(2)(C))
ANNEX IV	T 103 - SUMMARY (ARTICLE 4(2)(B))
ANNEX V	T 104 - DATA BROKEN DOWN ACCORDING TO THE NOMENCLATURE OF THE BUDGET OF THE EUROPEAN COMMUNITIES AND BY TYPE OF EXPENDITURE (ARTICLE 4(1)(A))
ANNEX VI	T 106 - AMOUNTS WITHHELD UNDER ARTICLE 3 OF REGULATION (EC) NO 1259/1999 (ARTICLE 4(2)(E))
ANNEX VII	T 107 - AMOUNTS WITHHELD UNDER ARTICLE 4 OF REGULATION (EC) NO 1259/1999 OR ARTICLE 1 OF REGULATION (EC) NO 1655/2004 (ARTICLE 4(2)(E))
ANNEX VIII	T 108 - USE OF THE AMOUNTS WITHHELD UNDER ARTICLES 3 AND 4 OF REGULATION (EC) NO 1259/1999 OR ARTICLE 1 OF REGULATION (EC) NO 1655/2004 (ARTICLE 4(2)(E))
ANNEX IX	T 109 - SUMMARY OF THE USE MADE OF THE AMOUNTS WITHHELD UNDER ARTICLES 3 AND 4 OF REGULATION (EC) NO 1259/1999 OR ARTICLE 1 OF REGULATION (EC) NO 1655/2004 (ARTICLE 4(2)(E))
ANNEX X	FORECASTS OF EAFRD EXPENDITURE (ARTICLE 14)
ANNEX XI	DECLARATION OF EAFRD EXPENDITURE (ARTICLE 17)
ANNEX XII	CORRELATION TABLE

ANNEX I

**TOTAL EXPENDITURE EFFECTED AND ASSIGNED REVENUE RECEIVED DURING A MONTH
(ARTICLE 4(1)(A))**

IDES

Content of declaration

Header of the declaration

The header of the declaration comprises:

- an identifier of the message type and of the Member State transmitting the data. The identifier will be sent to you by the Commission;
- the period covered by the declaration;
- details of expenditure and revenue in the period concerned:
 - overall amount before clearance;
 - forecast before clearance;
 - clearance;
 - information on public storage.

Body of the declaration

The body of the declaration comprises:

- the identifier of the item or article;
- the amounts declared and the forecasts;
- an explanation of the differences between the amounts declared and the forecasts.

End section

The end section of the declaration gives a checksum which is the total of all the amounts declared in the header and in the body of the declaration.

Syntax of the message

```

<I>[IDENTIFICATION]
<C>010<V>[BEGINDATE]/[ENDDATE] <C>020<V>[EXPENDITURE]
<C>030<V>[FORECAST]
<C>040<V>[CLEARANCE]
<C>050<V>[PUBLIC STORAGE]
<C>060<V>[ITEM]
<C>070<V>[AMOUNT]/[FORECAST]
<C>080<V>[DIFF1]/[DIFF2]/[DIFF3]/[DIFF4]
...
<C>060<V>[ITEM]
<C>070<V>[AMOUNT]/[FORECAST]
<C>080<V>[DIFF1]/[DIFF2]/[DIFF3]/[DIFF4]
<C>090<V>[CHECKSUM]
```


Description of the fields

Name	Format	Description
Header of the declaration: occurrence of data = 1		
[IDENTIFICATION] *		Identification code given by the Commission
[BEGINDATE] *	Date (DDMMYYYY)	Date on which declaration begins
[ENDDATE] *	Date (DDMMYYYY)	Date on which declaration ends
[EXPENDITURE]*	Number (30,2)	Overall amount for the month, before clearance
[FORECAST] *	Number (30,2)	Forecasts
[CLEARANCE] *	Number (30,2)	Clearance
[PUBLIC STORAGE]*	Number (30,2)	Public storage expenditure
Body of the declaration: occurrence of data = 1 to n		
[ITEM]	Number (8)	Budget heading (item or article)
[AMOUNT]	Number (30,2)	Amount of expenditure/revenue
[FORECAST]	Number (30,2)	Amount of forecasts
[DIFF1]	Number (30,2)	Difference compared to previous months
[DIFF2]	Number (30,2)	Forecast of difference carried over to following months
[DIFF3]	Number (30,2)	Difference compared to following months
[DIFF4]	Number (30,2)	Forecasting errors
End section: occurrence of data = 1		
[CHECKSUM] *	Number (30,2)	Checksum: sum of all amounts in the message

Fields marked with an asterisk are compulsory.

Example

```

<I>AGRWDMT1
<C>010<V>16102005
<C>020<V>135454513.93
<C>030<V>163388000
<C>040<V>0
<C>050<V>2801326.91
<C>060<V>050201
<C>070<V>5462115.83/21358000
<C>080<V>0/-15835484.17/0/0
...
...
<C>060<V>050202
<C>070<V>0/0
<C>080<V>0/0/0/0
<C>090<V>157894562

```


ANNEX II

MONTHLY DECLARATION OF EAGF EXPENDITURE (ARTICLE 4(1)(B))

Content of a declaration*Header of the declaration*

The header of the declaration comprises the following:

- an identifier of the message type and of the Member State transmitting the data. This is a code recognised by the Commission identifying the type of declaration sent and the Member State concerned. (N.B.: this identifier will be used to guarantee that the user forwarding the declaration is actually entitled to do so on behalf the Member State concerned). The identifier will be sent to you by the Commission; the period of expenditure covered by the declaration.
- E.g: 1105 for the expenditure period 11-2005 and the declaration of 10/12/2005;
- the name, telephone number, fax number and e-mail address of the person responsible for the declaration.

Body of the declaration

The body of the declaration comprises the following for each article of the EAGGF nomenclature:

- the identifier of the article (e.g. 050201) or item;
- the amount declared in euro.

End section

A summary section containing the following information:

- the total declared in euro.

Comments section

The message ends with space for comments of a maximum one hundred lines of text. This field is used for additional information specifically requested by the Commission.

Syntax of the message

```
<I>[IDENTIFICATION]
<C>001<V>[PERIOD]
<C>004<V>[RESPNAME]
<C>005<V>[RESPPHONE]
<C>006<V>[RESPFAX]
<C>007<V>[RESPEMAIL]
<C>010<V>[ITEM]/[AMOUNT]
...
<C>010<V>[ITEM]/[AMOUNT]
<C>010<V>TOTALS/[TOT AMOUNT]
<C>999<V>[COMMENT]
<C>999<V>[COMMENT]
```

Description of the fields

Name	Format	Description
Header of the declaration: occurrence of data = 1		
[IDENTIFICATION] *		Identification code given by DG AGRI
[PERIOD] *	Date (MMYY)	Period to which the fax refers
[RESPNAME] *	Free text (250 characters)	Surname and first name of the person responsible for the declaration
[RESPPHONE]	Free text (50 characters)	Telephone number of the person responsible for the declaration
[RESPFAX]	Free text (50 characters)	E-mail address of the person responsible for the declaration
[RESPEMAIL]	Free text (50 characters)	Fax number of the person responsible for the declaration
Body of the declaration: occurrence of data = 1 to n		
[ITEM]	Text (8 characters)	Item or chapter for which the declaration is being made
[AMOUNT]	Number (15,2)	Amount in euro
End section: occurrence of data = 1		
[TOT AMOUNT]	Number (15,2)	Total amount of the declaration in euro
Comments section: occurrence of data = 1 to n		
[COMMENT]	Free text (200 characters)	Space for comments

Fields marked with an asterisk are compulsory.

Example

```

<I>FAX10IE
<C>001<V>1105
<C>004<V>John Smith
<C>005<V>00 32 2 2994789
<C>006<V>00 32 2 2994789
<C>007<V>John. Smith@gmail.com
<C>010<V>050201/23986.21
<C>010<V>050202/0
<C>010<V>050203/3898153.27
...
<C>010<V>050401/3656976.04
<C>010<V>05070108/0
<C>010<V>05070109/0
<C>010<V>TOTALS/23154379.29
<C>999<V>This is a comment – first line
<C>999<V>This is a comment – second line

```


Print format

Print

EAGF
10th of the month declaration:
expenditure and revenue

Member State:

Person responsible:

Telephone number:

Fax number:

E-mail address:

Month:

Page 1: Amounts

Date		Expenditure and revenue
		EUR
Article or item 1	wording	
Article or item 2	wording	
...	...	
...	...	
...	...	
...	...	
...	...	
Article or item n	wording	
TOTAL (insert)		
CONTROL FIELD		
TOTAL CALCULATED		0,00

Page 2: Comments

ANNEX III

	No access
	To be filled in

MEMBER STATE:

TABLE 101
FINANCIAL YEAR

CONSISTENCY OF THE DATA TRANSMITTED

<i>in EUR</i>	
1) Total expenditure and assigned revenue incurred in month of amounts to	
2) Expenditure and assigned revenue in respect of that month notified on amounts to	
3) Any difference = (1) - (2)	0,00
JUSTIFICATION FOR DIFFERENCE IN POINT 3)	
1) Expenditure budget lines:	
2) Assigned revenue budget lines:	

Date:

Official responsible:

ANNEX V

T 104 - DATA BROKEN DOWN ACCORDING TO THE NOMENCLATURE OF THE BUDGET OF THE EUROPEAN COMMUNITIES AND BY TYPE OF EXPENDITURE**Content of declaration***Header of the declaration*

The header of the declaration comprises:

- an identifier of the message type and of the paying agency transmitting the data. (N.B.: this will be used to verify that the user forwarding the declaration is actually entitled to do so on behalf the Member State concerned). The identifier will be sent to you by the Commission; the period of expenditure covered by the declaration.
- E.g: 200511 for the expenditure period 11-2005 and the T104 of 20 December 2005;
- the language of the declaration.

Body of the declaration

The body of the declaration comprises the following for each sub-item of the EAGGF nomenclature:

- the identifier of the sub-item (e.g. 050201043010001 and 050201049999999 if the sub-item is unknown);
- the wording of the sub-item in the language chosen in the header of the declaration;
- the amount declared for the period concerned (N), the cumulative amount declared since the start of the financial year, forecasts for the periods N+1, N+2... N+3 and N+4... end of the financial year. All amounts must be declared in euro.

End section

The following appears after the list of all the sub-items:

- the total amount declared for the period concerned (N), total cumulative amount declared since the start of the financial year, total forecasts for the periods N+1, N+2... N+3 and N+4... end of the financial year;
- an explanation of the use of sub-items '9999999';
- space for comments.

Syntax of the message

```

<I>[IDENTIFICATION]
<C>001<V>[PERIOD]
<C>011<V>[LANGUAGE]
<C>002<V>[SUBITEM]
<C>012<V>[DESCRIPTION]
<C>003<V>[AMOUNT]/[AMOUNT CUMUL]/[PRE1]/[PRE2]/[PRE3]
...
<C>002<V>[SUBITEM]
<C>012<V>[DESCRIPTION]
<C>003<V>[AMOUNT]/[AMOUNT CUMUL]/[PRE1]/[PRE2]/[PRE3]
<C>004<V>[AMOUNT TOT]/[AMOUNT CUMUL TOT]/[PRE1 TOT]/[PRE2 TOT]/[PRE3 TOT]
<C>005<V>[EXPLANATION]
<C>006<V>[COMMENT]

```

Description of the fields

Name	Format	Description
Header of the declaration: occurrence of data = 1		
[IDENTIFICATION] *		Identification code given by DG AGRI
[PERIOD] *	Date (YYYYMM)	Expenditure period
[LANGUAGE] *	(2 characters)	ISO code for the language
Body of the declaration: occurrence of data = 1 to n		
[SUBITEM] *	Number (15)	Sub-item
[DESCRIPTION] *	Free text (600)	Wording of the sub-item
[AMOUNT] *	Number (15,2)	Amount declared
[AMOUNT CUMUL] *	Number (15,2)	Cumulative amount
[PRE1] *	Number (15,2)	Amount of forecasts for the following period
[PRE2] *	Number (15,2)	Amount of forecasts for the period N+2... N+3
[PRE3] *	Number (15,2)	Amount of forecasts for the period N+4... end of the financial year
End section: occurrence of data = 1		
[AMOUNT TOT] *	Number (15,2)	Total amount declared
[AMOUNT CUMUL TOT] *	Number (15,2)	Cumulative total amount
[PRE1 TOT] *	Number (15,2)	Total amount of forecasts for the following period
[PRE2 TOT] *	Number (15,2)	Amount of forecasts for the period N+2... N+3
[PRE3 TOT] *	Number (15,2)	Amount of forecasts for the period N+4... end of the financial year
[EXPLANATION]	Free text (80)	Explanation of sub-items 9999999
[COMMENT]	Free text (80)	Comments
Fields marked with an asterisk are compulsory		

Example

```

<I>AGRCYP1T3
<C>001<V>200510
<C>011<V>EN
<C>002<V>050203003011001
<C>012<V>Sugar and isoglucose
<C>003<V>0,00/0,00/0,00/30000,00/0,00
<C>002<V>050208011500001
<C>012<V>Export refunds — fresh fruits & vegetables
<C>003<V>32417,34/32417,34/2500,00/2500,00/0,00
...
...
<C>002<V>050301020000002
<C>012<V>Single area payment scheme — new Member States — R.1782/03, Art.143b) — year 2005
<C>003<V>0,00/0,00/8357983,69/0,00/0,00
<C>004<V>478378,38/478378,38/9393593,69/330246,00/1400000,00
<C>006<V>No Comment

```


ANNEX VII

TABLE 107

AMOUNTS WITHHELD PURSUANT TO ART. 4 OF REGULATION (EC) No 1259/99 OR ART. 1 OF REGULATION (EC) No 1655/2004

(from 16/10/N-1 to)

MEMBER STATE:
PAYING AGENCY:

FINANCIAL YEAR: N

Monetary Unit:

[illegible]

Date:

Authorised Signatory:

ANNEX VIII

TABLE 108

USE MADE OF AMOUNTS WITHHELD PURSUANT TO ARTICLES 3 & 4 OF REGULATION (EC) No 1259/1999 OR ART. 1 OF REGULATION (EC) No 1655/2004

(from 16/10/N-1 to)

YEAR OF WITHHOLDING N

MEMBER STATE:

PAYING AGENCY:

Monetary Unit:

[illegible]

Date:

Authorised Signatory:

ANNEX X

(A) FORECASTS OF THE AMOUNT TO BE PAID BY THE EAFRD TO BE SUBMITTED NOT LATER THAN 31 JANUARY

Estimate of the amounts in euro to be paid by the EAFRD in year 'N' for:			
Programme No	January - March	April - June	July - October
Estimate of the amounts in euro to be paid by the EAFRD in year 'N+1' for:			
October-December	January - March	April - June	July - October

(B) FORECASTS OF THE AMOUNT TO BE PAID BY THE EAFRD TO BE SUBMITTED NOT LATER THAN 31 JULY

Estimate of the amounts in euro to be paid by the EAFRD in year 'N' for:			
Programme No	January - March	April - June	July - October
	XXXXXXXXXX	XXXXXXXXXX	
Estimate of the amounts in euro to be paid by the EAFRD in year 'N+1' for:			
October - December	January - March	April - June	July - October

ANNEX XI

(A) EXPENDITURE DECLARATION

Rural development programme _____ CCI No: _____

Statement of transactions for which the paying agency has paid the Community contribution between __/__/__ and __/__/__

Priority/Measure	Public expenditure at the origin of the Community part-financing
Measure 111	(amount in euro)
Measure 112	(amount in euro)
.....	
Measure 1xy	(amount in euro)
Total Priority I	(automatic calculation)
Measure 211	(amount in euro)
Measure 212	(amount in euro)
.....	
Measure 2xy	(amount in euro)
Total Priority II	(automatic calculation)
Measure 311	(amount in euro)
Measure 312	(amount in euro)
.....	
Measure 3xy	(amount in euro)
Total Priority III	(automatic calculation)
Leader measures, type Priority I (411)	(amount in euro)
Leader measures, type Priority II (412)	(amount in euro)
Leader measures, type Priority III (413)	(amount in euro)
Cooperation projects (421)	(amount in euro)
Running local action groups (431)	(amount in euro)
Total Leader	(automatic calculation)
Total Measures	(automatic calculation)
Technical Assistance	(amount in euro)
TOTAL	(automatic calculation)

(B) SUMMARY PUBLIC EXPENDITURE

Priority	Total public expenditure	Part-financing rate	Public contribution	
			National	Community
Priority I	(automatic calculation)	(set in the programme)	(automatic calculation)	(automatic calculation)
Priority II	(automatic calculation)	(set in the programme)	(automatic calculation)	(automatic calculation)
Priority III	(automatic calculation)	(set in the programme)	(automatic calculation)	(automatic calculation)
Leader	(automatic calculation)	(set in the programme)	(automatic calculation)	(automatic calculation)
Technical assistance	(automatic calculation)	(set in the programme)	(automatic calculation)	(automatic calculation)
TOTAL	(automatic calculation)		(automatic calculation)	(automatic calculation)

(C) REQUEST FOR PAYMENT

Total EAFRD contribution corresponding to the expenditure declared	(automatic calculation)
Recoveries carried out during the period covered by declaration (-)	EUR
Regularisation ceiling or reduction previous declaration (+)	EUR
Balance (possibly +/-) of the clearance of accounts decision for year x	EUR
Amount requested from the EAFRD	EUR

For the paying agency, date, name and position of the person drawing up the declaration

For the coordinating body, date, name and position of the person authorising the transmission to the Commission

ANNEX XII

CORRELATION TABLE

Regulation (EC) No 296/96	This Regulation
Article 1(1)	Article 11(1)
Article 1(2)	Article 11(2)
Article 2(1)	Article 2(1)
Article 2(2)	Article 19(1)
Article 2(3)	First subparagraph of Article 19(2)
Article 2(4)	Second subparagraph of Article 19(2)
Article 2(5)	Article 19(3)
Article 3(1)	Article 3
Article 3(2)	Article 4(1)a
Article 3(3)	Article 4(1)(b)
Article 3(3a)	Article 18(8)
Article 3(4)	Second subparagraph of Article 4(1)
Article 3(5)	Article 4(1)(c)
Article 3(6)(a)	Article 4(2)(a)
Article 3(6)(b)	Article 4(2)(b)
Article 3(6)(c)	Article 4(2)(c)
Article 3(6)(d)	Article 4(2)(d)
Article 3(6a)a	Deleted
Article 3(6a)(b)	Article 4(2)(e)
Article 3(7)	Deleted
Article 3(8)	Deleted
Article 3(9)	Article 1(2)
Article 3(10)	Deleted
Article 3(11)	Article 7
Article 4(1)	Article 8
Article 4(2)(a) and (b)	Article 9(1)
Article 4(2)(c)	Article 9(2)
Article 4(2)(d)	Article 9(3)
Article 4(2)(e)	Deleted
Article 4(3)	Article 9(4)
Article 4(4)	Article 9(6)
Article 4(5)	Article 9(5)
Article 4(6)	Deleted

Regulation (EC) No 296/96	This Regulation
Article 5	Article 6
Article 6	Article 19(4)
Article 7(1)	Article 5(1),(3) and (4)
Article 7(2)	Article 5(2)
Article 7(3)	Article 5(5)
Article 7(4)	Article 5(6)
Article 7(5)	Article 5(7)
Article 7(6)	Deleted
Article 8	Article 18
Article 9	Article 21
Article 10	Article 22

COMMISSION REGULATION (EC) No 884/2006

of 21 June 2006

laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the financing by the European Agricultural Guarantee Fund (EAGF) of intervention measures in the form of public storage operations and the accounting of public storage operations by the paying agencies of the Member States

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EEC) No 1883/78 of 2 August 1978 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section ⁽¹⁾, and in particular Article 9 thereof,

Having regard to Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy ⁽²⁾, and in particular Article 42 thereof,

Whereas:

- (1) Intervention measures to regulate agricultural markets under Article 3(1)(b) of Regulation (EC) No 1290/2005 are financed by the Community under the terms of the sectoral agricultural legislation. As regards intervention measures in the form of public storage, under Article 4 of Regulation (EEC) No 1883/78 the amount to be financed by the Community is determined by the annual accounts drawn up by the paying agencies. That Regulation also laid down the rules and conditions governing these accounts. Following the creation, by Regulation (EC) No 1290/2005, of the European Agricultural Guarantee Fund (EAGF), which has replaced the European Agricultural Guidance and Guarantee Fund (EAGGF), Guarantee Section, the corresponding detailed implementing rules should be laid down.
- (2) Intervention measures in the form of public storage may be financed only if the related expenditure is incurred by the paying agencies designated by the Member States in accordance with Article 10 of Regulation (EC) No 1290/2005. However, performance of tasks relating, in particular, to the administration and checking of intervention measures, with the exception of payment of aid, may be delegated in accordance with the second subparagraph of Article 6(1) of that Regulation. It should also be possible for several paying agencies to perform these tasks. It should also be laid down that the management of certain public storage measures may be entrusted to third parties, whether public or private bodies, under the responsibility of the paying agency. It is therefore appropriate to specify the scope of the responsibility of the paying agencies in this context, specify their

obligations and determine under what conditions and according to which rules the management of certain public storage measures may be entrusted to third parties, whether public or private bodies. In this case, it should be stipulated that the bodies concerned must act under contract on the basis of general obligations and principles defined in this Regulation.

- (3) Expenditure on intervention measures in the form of public storage may vary substantially. It is therefore necessary to specify for each category of operation which expenditure is eligible for Community financing and, in particular, under what terms that expenditure can be covered, by laying down eligibility conditions and the methods for calculating eligible expenditure. In this connection, it should be specified when such expenditure is to be booked on the basis of the elements actually recorded by the paying agencies or on the basis of standard amounts established by the Commission.
- (4) So that Member States outside the euro zone can consolidate their expenditure and costs in their national currency and in euro in a harmonised fashion, the terms under which public storage operations are recorded in their accounts and the exchange rate applicable should be specified.
- (5) In view of the very different types of measures concerned and the absence of homogeneous operative events, for the purposes of determining the amount of Community financing for expenditure on public storage, a single operative event should be established, on the basis of the accounts drawn up and kept by the paying agencies to which the various items of expenditure and revenue recorded by the paying agencies are debited and credited.
- (6) Under Article 6 of Commission Regulation (EC) No 883/2006 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the keeping of accounts by the paying agencies, declarations of expenditure and revenue and the conditions for reimbursing expenditure under the EAGF and the EAFRD ⁽³⁾, in order to have their public storage expenditure reimbursed, the paying agencies are required to include in their declarations of expenditure the values and amounts booked during the month following the month to which the public storage operations relate. In order to ensure that this procedure runs smoothly, it is necessary to specify how the information needed to calculate costs and expenditure is to be notified to the Commission.

⁽¹⁾ OJ L 216, 5.8.1978, p. 1. Regulation as last amended by Regulation (EC) No 695/2005 (OJ L 114, 4.5.2005, p. 1).

⁽²⁾ OJ L 209, 11.8.2005, p. 1. Regulation as amended by Regulation (EC) No 320/2006 (OJ L 58, 28.2.2006, p. 42).

⁽³⁾ See page 1 of this Official Journal.

- (7) Public intervention stock accounting must make it possible to determine the amount of Community financing and, at the same time, the situation of intervention stocks. To this end, the paying agencies should be required to keep separate stock records and financial accounts, containing the elements needed to monitor stocks and ensure the financial management of expenditure and revenue generated by public storage intervention measures.
- (8) The paying agencies are required to enter in the accounts elements relating to quantities, values and certain averages. However, certain operations and expenditure should not be entered in the accounts, because of certain circumstances, or should be booked in accordance with specific rules. In order to avoid different treatment and to protect the Community's financial interests, such cases and circumstances should be specified, as should the arrangements for entering them in the accounts.
- (9) The date on which the different elements of expenditure and revenue resulting from public intervention storage measures are to be entered in the accounts depends on the type of operation and can be determined under the applicable sectoral agricultural legislation. In this context, a general rule is needed stipulating that the different elements are to be entered in the accounts on the date on which the physical operation resulting from the intervention measure takes place, and specifying the special cases to be taken into consideration.
- (10) By virtue of their general responsibility, the paying agencies have to check stocks of products in intervention storage regularly and periodically. In order to ensure that all paying agencies fulfil this obligation in a uniform fashion, the intervals at which the checks are to be carried out and general principles applicable to checks and to stock-taking operations should be laid down.
- (11) The valuation of public storage operations also depends on the type of operations and can be determined under the applicable sectoral agricultural legislation. A general rule should therefore be established providing that the value of the quantities bought in and sold is to be equal to the sum of the payments and receipts made or to be made for physical operations, together with specific rules and special cases to be taken into consideration.
- (12) The form and content of the documents to be transmitted for the purposes of intervention measures involving public storage, and the conditions and arrangements applicable to the transmission and keeping of these documents by Member States, should be established. To ensure consistency with the rules laid down in the other areas affected by the financing of the common agricultural policy, the notifications and exchanges of information provided for in this Regulation should take place in accordance with Article 18 of Regulation (EC) No 883/2006.
- (13) The measures in this Regulation replace those laid down in Commission Regulation (EEC) No 411/88 of 12 February 1988 on the method and the rate of interest to be used for calculating the costs of financing intervention measures comprising buying-in, storage and disposal ⁽¹⁾, Commission Regulation (EEC) No 1643/89 of 12 June 1989 defining the standard amounts to be used for financing material operations arising from the public storage of agricultural products ⁽²⁾ and Commission Regulation (EEC) No 2734/89 of 8 September 1989 on the factors to be taken into consideration for determining expenditure pursuant to Article 37 (2) of Regulation (EEC) No 822/87 to be financed by the EAGGF Guarantee Section ⁽³⁾, Council Regulation (EEC) No 3492/90 of 27 November 1990 laying down the factors to be taken into consideration in the annual accounts for the financing of intervention measures in the form of public storage by the European Agricultural Guidance and Guarantee Fund, Guarantee Section ⁽⁴⁾, Commission Regulation (EEC) No 3597/90 of 12 December 1990 on the accounting rules for intervention measures involving the buying-in, storage and sale of agricultural products by intervention agencies ⁽⁵⁾ and Commission Regulation (EEC) No 147/91 of 22 January 1991 defining and fixing the tolerances for quantity losses of agricultural products in public intervention storage ⁽⁶⁾, and Commission Regulation (EC) No 2148/96 of 8 November 1996 laying down rules for evaluating and monitoring public intervention stocks of agricultural products ⁽⁷⁾.
- (14) Regulations (EEC) No 411/88, (EEC) No 1643/89, (EEC) No 2734/89, (EEC) No 3492/90, (EEC) No 3597/90, (EEC) No 147/91 and (EC) No 2148/96 should therefore be repealed.
- (15) The measures provided for in this Regulation are in accordance with the opinion of the Committee on the Agricultural Funds,

⁽¹⁾ OJ L 40, 13.2.1988, p. 25. Regulation as last amended by Regulation (EC) No 956/2005 (OJ L 164, 24.6.2005, p. 8).

⁽²⁾ OJ L 162, 13.6.1989, p. 12. Regulation as amended by Regulation (EC) No 269/91 (OJ L 28, 2.2.1991, p. 22).

⁽³⁾ OJ L 263, 9.9.1989, p. 16.

⁽⁴⁾ OJ L 337, 4.12.1990, p. 3.

⁽⁵⁾ OJ L 350, 14.12.1990, p. 43. Regulation as last amended by Regulation (EC) No 1392/97 (OJ L 190, 19.7.1997, p. 22).

⁽⁶⁾ OJ L 17, 23.1.1991, p. 9. Regulation as amended by Regulation (EC) No 652/92 (OJ L 70, 17.3.1992, p. 5).

⁽⁷⁾ OJ L 288, 9.11.1996, p. 6. Regulation as amended by Regulation (EC) No 808/1999 (OJ L 102, 17.4.1999, p. 70).

HAS ADOPTED THIS REGULATION:

CHAPTER 1

INTERVENTION MEASURES TAKING THE FORM OF PUBLIC STORAGE OPERATIONS

Article 1

Subject matter

This Regulation determines the conditions and rules applicable to the financing by the European Agricultural Guarantee Fund (EAGF) of expenditure on intervention measures related to public storage, to the management and control of corresponding operations by the paying agencies referred to in Article 6 of Regulation (EC) No 1290/2005, to the booking of the corresponding expenditure and revenue of the EAGF, and to the notification to the Commission of the relevant information and documents.

Article 2

Responsibility and obligations of the paying agency

1. The paying agencies shall manage and ensure control of the operations linked to intervention measures relating to public storage for which they are responsible, under the terms laid down in Annex I and, where appropriate, in the sectoral agricultural legislation, in particular on the basis of the minimum checking rates fixed in that Annex.

They may delegate their powers in this connection to intervention agencies which meet the terms of approval laid down in point 1.C of Annex I to Commission Regulation (EC) No 885/2006 ⁽¹⁾ or act through other paying agencies.

2. The paying agencies or intervention agencies may, without prejudice to their overall responsibility in the field of public storage:

(a) entrust the management of certain public storage measures to natural or legal persons storing bought-in agricultural products, hereinafter called 'storers'. In such cases, such management shall be carried out under storage contracts on the basis of the obligations and general principles set out in Annex II;

(b) mandate natural or legal persons to carry out certain specific tasks laid down by the sectoral legislation.

3. The obligations of paying agencies with regard to public storage shall be, in particular, as follows:

(a) to keep stock accounts and financial accounts for each product covered by an intervention measure involving public storage, based on the operations they carry out from 1 October of one year to 30 September of the following year, this period hereinafter being referred to as an 'accounting year';

(b) to keep an up-to-date list of the storers with whom they have concluded public storage contracts. This list shall contain references allowing the exact identification of all storage points, their capacity, the number of warehouses, cold stores and silos, and drawings and diagrams thereof;

(c) to make available to the Commission the standard contracts used for public storage, the rules laid down for the taking over of products, their storage and removal from the storehouses of the storers, and the rules applicable to the liability of storers;

(d) to keep centralised, computerised stock accounts of all stocks, covering all storage places, all products and all the quantities and qualities of the different products, specifying in each case the weight (net and gross, where applicable) or the volume;

(e) to perform all operations relating to the storage, conservation, transport or transfer of intervention products in accordance with Community and national legislation, without prejudice to the responsibility of the purchasers, the other paying agencies involved in an operation and any other persons acting on instruction in this connection;

(f) to conduct checks on places where intervention stocks are held, throughout the year. These checks shall be carried out at irregular intervals and without prior warning. However, provided that the purpose of the control is not jeopardised, advance notice may be given, strictly limited to the minimum time period necessary. Such notice shall not exceed 24 hours, except in duly justified cases;

(g) to conduct an annual stocktaking in accordance with Article 8.

Where, in a Member State, management of the public storage accounts for one or more products is carried out by more than one paying agency, the stock accounts and financial accounts referred to in points (a) and (d) shall be consolidated at Member State level before the corresponding information is notified to the Commission.

4. The paying agencies shall take all the necessary steps to ensure:

(a) that products covered by Community intervention measures are properly conserved. They shall check the quality of stored products at least once a year;

(b) the integrity of intervention stocks.

⁽¹⁾ See page 90 of this Official Journal.

5. The paying agencies shall inform the Commission forthwith

- (a) of cases where extending the storage period of a product is likely to result in its deterioration;
- (b) of quantitative losses or deterioration of the product due to natural disasters.

When situations referred to in points (a) and (b) of the first subparagraph are brought to the attention of the Commission, the appropriate decision shall be adopted:

- (a) as regards the situations referred to in point (a) of the first subparagraph, in accordance with the procedure referred to in Article 25(2) of Council Regulation (EC) No 1784/2003 ⁽¹⁾ or, as the case may be, in accordance with the procedure provided for in the corresponding Article of other regulations on the common organisation of agricultural markets;
- (b) as regards the situations referred to in point (b) of the first subparagraph, in accordance with the procedure referred to in Article 41(2) of Regulation (EC) No 1290/2005.

6. The paying agencies shall bear any financial consequences of poor conservation of products covered by Community intervention measures, in particular those resulting from unsuitable storage methods. Without prejudice to any recourse against the storer, they shall bear financial responsibility for failure to comply with their undertakings or obligations.

7. The paying agencies shall make the public storage accounts and all documents, contracts and files drawn up or received in the context of intervention operations permanently available to Commission agents or persons mandated by the Commission, either electronically or at the premises of the paying agencies.

8. The paying agencies shall transmit:

- (a) at the Commission's request, the documents and information referred to in paragraph 7 and the additional national administrative provisions adopted for the application and management of intervention measures;
- (b) at the intervals provided for in Article 4(1) of Regulation (EC) No 883/2006, the information on public storage, on the basis of the models in Annex III to this Regulation.

Article 3

Intervention measures in the form of public storage

Intervention measures in the form of public storage may comprise buying-in, storage, transport and transfer of stocks, and the sale and disposal by other means of agricultural products under the terms laid down by the applicable sectoral agricultural legislation and by this Regulation.

⁽¹⁾ OJ L 270, 21.10.2003, p. 78.

Article 4

Financing of intervention expenditure incurred in the context of public storage operations

1. In the context of the public storage operations referred to in Article 3, the EAGF shall finance the following expenditure under the heading of intervention, provided the corresponding expenditure has not been fixed under the applicable sectoral agricultural legislation:

- (a) the financing costs for funds mobilised by the Member States to buy in products, in accordance with the calculation methods set out in Annex IV;
- (b) expenditure on physical operations relating to buying-in, sale or other forms of transfer of products (entry, storage and removal of products under public storage schemes), as referred to in Annex V, based on uniform standard amounts for the Community, calculated in accordance with the methods set out in Annex VI;
- (c) expenditure on physical operations not necessarily connected with buying-in, sale or other forms of transfer of products, on the basis of standard amounts or non-standard amounts in accordance with the provisions laid down by the Commission under the sectoral agricultural legislation relating to the products concerned and Annex VII;
- (d) depreciation of stored products, in accordance with the calculation methods set out in Annex VIII;
- (e) the differences (gains and losses) between the accounting value and the price of disposal of the products, or differences resulting from other factors.

2. In the case of Member States outside the euro zone, without prejudice to the specific rules and operative events provided for in the Annexes to this Regulation or in agricultural legislation, in particular Article 3(1) and Article 5(1) of Commission Regulation (EC) No 2808/98 ⁽²⁾, expenditure as referred to in paragraph 1(b) and (c) of this Article calculated on the basis of amounts fixed in euro and expenditure or revenue incurred in national currency under this Regulation shall be converted, as the case may be, into national currency or into euro on the basis of the last exchange rate established by the European Central Bank before the accounting year during which the operations are recorded in the accounts of the paying agency. That exchange rate shall also apply to bookings relating to the different specific cases referred to in Article 7(1) of this Regulation.

⁽²⁾ OJ L 349, 24.12.1998, p. 36.

However, for the 2007 accounting year, the Member States referred to in the second subparagraph of Article 2(2) of Regulation (EC) No 883/2006 shall apply the exchange rates referred to in Article 13 of this Regulation.

CHAPTER 2

ACCOUNTING FOR PUBLIC STORAGE OPERATIONS

Article 5

Content of the public storage accounts to be kept by the paying agencies

1. The stock accounts provided for in Article 2(3)(a) shall contain the following categories of elements, shown separately:

- (a) the quantities of products recorded on entry into and removal from storage, with or without physical movement;
- (b) the quantities used for free distribution to the most deprived persons under Council Regulation (EEC) No 3730/87 ⁽¹⁾, and accounted for under Article 5 of Commission Regulation (EEC) No 3149/92 ⁽²⁾, distinguishing those which are the subject of a transfer to another Member State;
- (c) quantities taken as samples, distinguishing samples taken by purchasers;
- (d) the quantities which, after checking by visual examination in the context of the annual stock-taking or during the inspection after taking into intervention, may no longer be repackaged and are the subject of direct sales;
- (e) quantities missing, for identifiable or unidentifiable reasons, including those corresponding to the legal tolerance limits;
- (f) quantities which have deteriorated;
- (g) surplus quantities;
- (h) missing quantities exceeding the tolerance limits;
- (i) quantities which have entered into storage and been found not to meet the requirements and for which taking-over has therefore been refused;
- (j) net quantities in storage at the end of each month or accounting year, which are carried forward to the next month or accounting year.

2. The financial accounts provided for in Article 2(3)(a) shall contain:

- (a) the value of the quantities referred to in paragraph 1(a) of this Article, showing separately the value of the quantities bought in and of the quantities sold;

- (b) the book value of the quantities used or taken into account under the free distribution arrangements referred to in paragraph 1(b) of this Article;
- (c) the financing costs referred to in Article 4(1)(a);
- (d) expenditure on physical operations as referred to in Article 4(1)(b) and (c);
- (e) amounts resulting from depreciation as referred to in Article 4(1)(d);
- (f) the amounts collected or recovered from sellers, purchasers and storers other than those referred to in Article 11(2);
- (g) the amount from direct sales carried out after the annual stock-taking or following checks after products are taken into intervention storage;
- (h) losses and gains on removals of products, taking account of depreciation as referred to in point (e) of this paragraph;
- (i) other debits and credits, in particular those corresponding to the quantities referred to in paragraph 1(c) to (g) of this Article;
- (j) the average book value, expressed per tonne or per hectolitre, as the case may be.

Article 6

Accounting

1. The elements referred to in Article 5 shall be booked for the quantities, values, amounts and averages actually recorded by the paying agencies or for the values and amounts calculated on the basis of the standard amounts established by the Commission.

2. The records and calculations referred to in paragraph 1 shall be made subject to the application of the following rules:

- (a) the removal costs relating to quantities for which quantitative losses or deterioration have been recorded, in accordance with the rules laid down in Annexes X and XII, shall be entered in the accounts only for the quantities actually sold and removed from storage;
- (b) quantities recorded as missing on transfer between Member States shall not be deemed to have entered storage in the Member State of destination and shall not be covered by standard entry costs;
- (c) the standard entry and removal costs fixed for transport and transfer shall be entered in the accounts if those costs are not considered, under the Community rules, to be an integral part of the transport costs;

⁽¹⁾ OJ L 352, 15.12.1987, p. 1.

⁽²⁾ OJ L 313, 30.10.1992, p. 50.

- (d) unless specific Community rules provide otherwise, amounts accruing from sales of products which have deteriorated and any other amounts received in this context shall not be entered in the EAGF account records;
- (e) any surplus quantities recorded shall be entered in the accounts as a negative amount, in the missing quantities in the stock situation and movements. These quantities shall be included when determining the quantities exceeding the tolerance limit;
- (f) samples other than those taken by purchasers shall be entered in the accounts in accordance with point 2(a) of Annex XII.

3. Corrections made by the Commission, as regards the elements referred to in Article 5 for the current accounting year, shall be notified to the Committee on the Agricultural Funds. They may be notified to the Member States on the occasion of a monthly payment decision or, failing that, at the time of the decision on the clearance of accounts. They shall be entered in the accounts by the paying agencies under the terms of that decision.

Article 7

Dates for entering expenditure and revenue and product movements in the accounts

1. The various items of expenditure and revenue shall be entered in the accounts on the date on which the physical operation under the intervention measure takes place.

However, the following dates shall apply in the cases set out below:

- (a) the date on which the storage contract referred to in Article 9(2) of Commission Regulation (EC) No 1262/2001 ⁽¹⁾ takes effect, in the case of white sugar and raw sugar, for quantities taken over under a storage contract between the party making the offer and the paying agency signed prior to transfer of the stocks;
- (b) the date of receipt, in the case of amounts received or recovered, as referred to in Article 5(2)(f) and (g);
- (c) the date of actual payment of costs relating to physical operations, where such costs are not covered by standard amounts.

2. The various elements relating to the physical movement of products and the management of stocks shall be entered in the accounts on the date on which the physical operation under the intervention measure takes place.

However, the following dates shall apply in the cases set out below:

- (a) the date of taking-over of products by the paying agency, in accordance with the regulation on the common organisation of the market in the product concerned, for quantities entering public storage without any change in the place of storage;

- (b) the date of the finding as to the facts in the case of missing or deteriorated and surplus quantities;
- (c) the date of actual removal from storage, in the case of direct sales of products remaining in storage which can no longer be repackaged after visual examination in the context of the annual stock-taking or during the inspection after taking into intervention,
- (d) at the end of the accounting year, for any losses exceeding the tolerance limit.

Article 8

Inventory

1. During each accounting year, the paying agencies shall draw up an inventory for each product which has been the subject of Community intervention.

They shall compare the results of the inventory with the accounting data. Any differences in quantities found, and the amounts resulting from differences in quality found during checks, shall be accounted for in accordance with Article 9(1)(b) and (c).

2. Missing quantities resulting from normal storage operations shall be subject to the tolerance limits set out in Annex XI and shall be equal to the difference between the theoretical stock shown by the accounts inventory, on the one hand, and the actual physical stock as established on the basis of the inventory provided for in paragraph 1 or the stock shown as remaining on the books after the physical stock of a store has been exhausted, on the other.

CHAPTER 3

VALUATION OF ACCOUNTS

Article 9

Valuation of public storage operations

1. The value of the quantities bought in and sold shall be equal to the sum of the payments or receipts made or to be made for physical operations, except in the case of specific provisions referred to in this Article and subject to:

- (a) Annex IX, for distillation products (mixed alcohol),
- (b) Annex X, for missing quantities,
- (c) Annex XII, for deteriorated or destroyed products,
- (d) Annex XIII, for products which have entered storage but taking-over of which has been refused.

⁽¹⁾ OJ L 178, 30.6.2001, p. 48.

2. The value of the quantities bought in shall be determined for the quantities of products entering storage, on the basis of the intervention price, taking account of increases, premiums, reductions, percentages and coefficients applicable to the intervention price at the time of purchase in accordance with the criteria laid down in the sectoral agricultural legislation.

However, in the cases and situations referred to in Annex X and points 2(a) and (c) of Annex XII, increases, premiums, reductions, percentages and coefficients shall not be taken into consideration.

3. The costs paid or charged when products are bought in for the physical operations referred to in Article 4(1)(c), in accordance with Community rules, shall be entered in the accounts as expenditure or revenue relating to technical costs, separately from the buying-in price.

4. In the financial accounts referred to in Article 5(2), quantities in storage at the end of the accounting year and to be carried forward to the next accounting year shall be valued at their average book value (carryover value), as determined by the monthly account of the last month of the accounting year.

5. Quantities entering storage which are found not to meet the conditions for storage shall be entered in the accounts at the time of removal from storage as a sale at the price at which they were bought in.

However, if at the time of actual removal from storage the conditions are met for application of point (b) of Annex X, the Commission shall be consulted in advance on the removal of the goods.

6. Where an account shows a positive balance, this shall be deducted from the expenditure for the current accounting year.

7. Where there is a change in the standard amounts, the time allowed for payment, interest rates or other calculation elements after the first day of a month, the new elements shall apply to physical operations with effect from the following month.

CHAPTER 4

AMOUNTS FINANCED AND DECLARATIONS OF EXPENDITURE AND OF REVENUE

Article 10

Amount financed

1. The amount to be financed under the intervention measures referred to in Article 3 shall be determined on the basis of the accounts drawn up and kept by the paying agencies in accordance with Article 2(3)(a), and to which the various items of expenditure and revenue referred to in Article 5 are debited and credited, respectively, taking account where necessary of amounts of expenditure fixed under the sectoral agricultural legislation.

2. The paying agencies shall transmit to the Commission, each month and each year, by electronic means, the information needed for the financing of public storage expenditure and the

accounts evidencing expenditure and revenue relating to public storage in the form of tables (e-FAUDIT tables), models of which are set out in Annex III to this Regulation, within the time limits laid down in Article 4(1)(c) of Regulation (EC) No 883/2006 and in Article 7(2) of Regulation (EC) No 883/2006.

Article 11

Declarations of expenditure and of revenue

1. Financing by the EAGF shall be equal to the expenditure, calculated on the basis of the information notified by the paying agency, after deduction of any revenue accruing from the intervention measures, validated by the computerised system set up by the Commission and included by the paying agency in its declaration of expenditure drawn up in accordance with Article 6 of Regulation (EC) No 883/2006.

2. Sums recovered following the occurrence of irregularity or negligence as referred to in Article 32(1) of Regulation (EC) No 1290/2005 and amounts received or recovered from sellers, purchasers and storers which meet the criteria laid down in Article 12 of Regulation (EC) No 883/2006 shall be declared to the EAGF budget under the conditions laid down in Article 4(2)(a) of that Regulation.

CHAPTER 5

EXCHANGE OF INFORMATION AND DOCUMENTS

Article 12

Computer systems

Computer systems permitting the secure electronic exchange of data under the conditions and in accordance with the arrangements laid down in Article 18 of Regulation (EC) No 883/2006 shall be used to perform the notifications and information exchanges provided for in this Regulation, and to draw up the documents, models of which are set out in Annex III.

CHAPTER 6

TRANSITIONAL MEASURES AND FINAL PROVISIONS

Article 13

Transition

1. For the Member States outside the euro zone, the value of the net quantities carried over from the 2006 to the 2007 accounting year, minus the second depreciation at the end of the 2006 accounting year, shall be converted into euro on the basis of the last exchange rate established by the European Central Bank before the 2007 accounting year.

2. Where a Member State outside the euro zone continues to keep its accounts in national currency in the 2007 accounting year in accordance with the second subparagraph of Article 2(2) of Regulation (EC) No 883/2006, the exchange rates to apply during and at the end of that year are as follows:

(a) the last exchange rate established by the European Central Bank before the 2007 accounting year for the conversion into national currency of:

- the standard amounts relating to the expenditure referred to in Article 4(1)(b) and (c) of this Regulation;
- the value of the missing quantities exceeding the tolerance limits for storage and processing, as referred to in point (a) of Annex X to this Regulation,
- the value of products which have deteriorated or been destroyed as a result of accidents as referred to in point 2(a) of Annex XII to this Regulation,
- the value of samples other than those taken by purchasers as referred to in Article 6(2)(f) of this Regulation,
- the standard amounts for quantities for which taking-over has been refused, as referred to in point 1(a) and (b) of Annex XIII to this Regulation;

(b) the last exchange rate established by the European Central Bank before the first day of each quarter of the 2007 accounting year, starting on 1 October 2006 for the conversion into national currency of:

- the value of quantities missing due to theft or other identifiable causes, as referred to in point (a) of Annex X to this Regulation,

- the value of quantities missing after transfer or transport, as referred to in point (c) of Annex X to this Regulation,
- the value of products which have deteriorated or been destroyed as a result of poor conservation conditions as referred to in point 2(c) of Annex XII to this Regulation;

(c) the last exchange rate established by the European Central Bank before the 2008 accounting year for the conversion into euro of the net quantities which are to be carried forward from the 2007 accounting year to the 2008 accounting year, minus the second depreciation at the end of the 2007 accounting year.

Article 14

Repeal

Regulations (EEC) No 411/88, (EEC) No 1643/89, (EEC) No 2734/89, (EEC) No 3492/90, (EEC) No 3597/90, (EEC) No 147/91 and (EC) No 2148/96 are repealed with effect from 1 October 2006.

References to the repealed regulations shall be construed as references to this Regulation and be read in accordance with the correlation tables set out in Annex XVI.

Article 15

Entry into force

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

It shall apply from 1 October 2006.

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

Done at Brussels, 21 June 2006.

For the Commission
Mariann FISCHER BOEL
Member of the Commission

TABLE OF ANNEXES

ANNEX I	OBLIGATIONS OF THE PAYING AGENCIES AND PHYSICAL INSPECTION PROCEDURES (Article 2(3)).
ANNEX II	OBLIGATIONS AND GENERAL PRINCIPLES RELATING TO STORERS' RESPONSIBILITIES, TO BE INCLUDED IN STORAGE CONTRACTS CONCLUDED BETWEEN PAYING AGENCIES AND STORERS (Article 2(2)).
ANNEX III	INFORMATION TO BE NOTIFIED BY THE MEMBER STATES IN ACCORDANCE with article 10(2) via the computer system referred to in Article 12 (e-FAUDIT tables)
ANNEX IV	CALCULATION OF FINANCING COSTS (Article 4(1)(a)) + APPENDIX listing reference interest rates
ANNEX V	PHYSICAL OPERATIONS COVERED BY THE STANDARD AMOUNTS REFERRED to in Article 4(1)(b)
ANNEX VI	STANDARD AMOUNTS FOR THE COMMUNITY (Article 4(1)(b))
ANNEX VII	SPECIFIC ELEMENTS TO TAKE INTO ACCOUNT FOR EXPENDITURE AND REVENUE RELATING TO CERTAIN PRODUCTS
ANNEX VIII	DEPRECIATION OF PRODUCTS IN STORAGE , under Article 4(1)(d)
ANNEX IX	VALUATION OF STOCKS OF DISTILLATION PRODUCTS (MIXED ALCOHOL)
ANNEX X	VALUATION OF MISSING QUANTITIES
ANNEX XI	TOLERANCE LIMITS
ANNEX XII	VALUATION OF PRODUCTS WHICH HAVE DETERIORATED OR BEEN DESTROYED
ANNEX XIII	ACCOUNTING RULES APPLICABLE TO PRODUCTS WHICH HAVE ENTERED STORAGE BUT TAKING-OVER OF WHICH HAS BEEN REFUSED
ANNEX XIV	SPECIMEN MONTHLY DECLARATION FROM STORER TO PAYING AGENCY
ANNEX XV	SPECIMEN ANNUAL DECLARATION FROM STORER TO PAYING AGENCY
ANNEX XVI	CORRELATION TABLE

ANNEX I

OBLIGATIONS OF THE PAYING AGENCIES AND PHYSICAL INSPECTION PROCEDURES (Article 2(3))**A. OBLIGATIONS OF THE PAYING AGENCIES****I. Checks****1. Frequency and representativeness**

Each storage point shall be inspected at least once every year in accordance with the rules set out in point B, to ascertain in particular:

- the procedure for collecting information on public storage;
- whether the accounting data held on the spot by the storer tallies with the information sent to the paying agency;
- the physical presence in the store of the quantities mentioned in the storer's accounting records and which served as a basis for the latest monthly statement provided by the storer, assessed visually or, in case of doubt or dispute, by weighing or measuring;
- the sound, fair and marketable quality of the products stored.

Physical presence shall be established by a sufficiently representative physical inspection, covering at least the percentages set out in point B and making it possible to conclude that the entire quantities listed in the stock accounts are actually present.

Checks on quality shall comprise visual, olfactory and/or organoleptic checks and, if there are any doubts, in-depth analyses.

2. Additional checks

If an anomaly is detected during the physical inspection, a further percentage of the quantities in intervention storage shall be inspected using the same method. If necessary, inspection may extend to weighing all the products in the lot or store being inspected.

II. Inspection reports

1. The internal inspection body of the paying agency or the body authorised by the latter shall draw up a report on each of the checks or physical inspections carried out.
2. The report shall contain at least the following information:
 - (a) the name of the storer, the address of the store visited and the description of the lots inspected;
 - (b) the date and time when the inspection began and ended;
 - (c) the place where the inspection took place and a description of the conditions of storage, packaging and accessibility;
 - (d) the full identity of the persons conducting the inspection, their status and the terms of their authorisation;
 - (e) the inspection measures undertaken and procedures used to establish volume, such as measuring methods, calculations, interim and final results, and the conclusions drawn;

- (f) for each lot or quality stored, the quantity in the paying agency's books, the quantity in the store's books and any discrepancies between the two sets of books;
 - (g) for each lot or quality physically inspected, the information referred to in point (f) and the quantity verified on the spot and any discrepancies, the lot or quality number, the pallets, boxes, silos, vats or other receptacles involved and the weight (both net and gross if appropriate) or volume;
 - (h) the statements made by the storer where there are discrepancies or differences;
 - (i) the place, date and signature of the person drawing up the report and of the storer or representative;
 - (j) any extended inspection conducted in the case of anomalies, specifying the percentage of the stored quantities covered by the extended inspection, discrepancies found and explanations given.
3. The reports shall be sent immediately to the head of the department responsible for keeping the accounts of the paying agency. Immediately after receipt of the report, the paying agency's accounts shall be corrected in the light of the discrepancies and differences detected.
4. The reports shall be kept at the head office of the paying agency and be available to Commission staff and persons authorised by the Commission.
5. A summary document shall be drawn up by the paying agency listing:
- the checks carried out, clearly indicating which are physical inspections (inventory checks),
 - the quantities checked,
 - the anomalies detected in relation to the monthly and annual statements, and the reasons for those anomalies.

The quantities checked and the anomalies detected shall be indicated for each product concerned, in terms of weight or volume and as a percentage of the total quantities held.

This summary document shall list separately the checks to verify the quality of the products stored. It shall be sent to the Commission at the same time as the annual accounts referred to in Article 8(1)(c)(iii) of Regulation (EC) No 1290/2005.

The summary document shall be drawn up and notified to the Commission for the first time for the 2006 accounting year.

B. PHYSICAL INSPECTION PROCEDURE BY SECTOR OF THE COMMON AGRICULTURAL POLICY FOR THE CHECKS PROVIDED FOR IN POINT A

I. Butter

1. The sample of the lots to be checked shall represent at least 5 % of the total quantity in public storage. The lots to be checked shall be selected prior to the visit to the store on the basis of the paying agency's accounting data, but the storer shall not be informed.
2. The presence of the lots selected and their composition shall be verified on the spot by:
- identifying the control numbers of the lots and boxes on the basis of purchase or entry notes,
 - weighing the pallets (one in 10) and the boxes (one per pallet),
 - visually checking the contents of a box (one in five pallets),
 - checking the condition of the packaging.
3. A description of the lots physically inspected and any shortcomings noted shall be included in the inspection report.

II. Skimmed-milk powder

1. The sample of the lots to be checked shall represent at least 5 % of the quantity in public storage. The lots to be checked shall be selected prior to the visit to the store on the basis of the paying agency's accounting data, but the storer shall not be informed.
2. The presence of the lots selected and their composition shall be verified on the spot by:
 - identifying the control numbers of the lots and bags on the basis of purchase or entry notes,
 - weighing the pallets (one in 10) and bags (one in 10),
 - visually checking the contents of a bag (one in five pallets),
 - checking the condition of the packaging.
3. A description of the lots physically inspected and any shortcomings noted shall be included in the inspection report.

III. Cereals**1. Physical inspection procedure**

- (a) Selection of bins or storerooms to be checked, representing at least 5 % of the total quantity of cereals or rice in public storage.

Selection shall be based on the paying agency's stock records, but the storer shall not be informed.

- (b) Physical inspection:

- verification of the presence of cereals or rice in the selected bins or storerooms,
- identification of the cereals or rice,
- inspection of storage conditions and check on the quality of the products stored in the conditions provided for in Article 10(2) of Commission Regulation (EC) No 824/2000 ⁽¹⁾ for cereals and in Article 11 of Commission Regulation (EC) No 708/1998 ⁽²⁾ for rice in particular,
- comparison of the place of storage and identity of the cereals or rice with the store's records,
- evaluation of the quantities stored by a method previously approved by the paying agency, a description of which shall be lodged at its head office.

- (c) A plan of the warehouse and the measurements for each silo or storeroom shall be available at each storage point.

The cereals or rice shall be stored in such a way that their volume may be verified.

2. Procedure where discrepancies are found

Some tolerance is permitted when verifying the volume.

The rules laid down in Annex II, point II shall thus apply where the weight of the products stored as recorded during the physical inspection differs from the book weight by 5 % or more for cereals and 6 % or more for rice in the case of storage in silos or on-floor storage.

⁽¹⁾ OJ L 100, 20.4.2000, p. 31. Regulation as last amended by Commission Regulation (EC) No 1068/2005 (OJ L 174, 7.7.2005, p. 65).

⁽²⁾ OJ L 98, 31.3.1998, p. 21. Regulation as last amended by Commission Regulation (EC) No 1107/2004 (OJ L 211, 12.6.2004, p. 14).

Where cereals or rice are stored in a warehouse, the quantities weighed on entry into storage may be recorded instead of those resulting from a volume assessment if the latter does not provide an adequate degree of accuracy and provided the difference between the two figures is not excessive.

The paying agency shall make use of this option where justified by circumstances, on a case-by-case basis and on its own responsibility. It shall indicate that it has done so in its inspection report, based on the following model:

(Indicative model)

CEREALS - STOCK INSPECTION

Product:	Storer:	Date:
	Store, silo:	
	Cell number:	
Lot	Quantity stated in stock accounts	

A. Stocks in silo

Chamber No	Volume stated in specification m ³ (A)	Free volume recorded m ³ (B)	Volume of stored cereals m ³ (A-B)	Specific weight recorded kg/hl = 100	Weight of cereals or rice

Total (A): ...

B. Stocks in on-floor storage

	Chamber No	Chamber No	Chamber No
Area occupied:.....	..... m ²} } .....	..... m ²} } .....	..... m ² }
Height:.....	..... m } .....	..... m } .....	..... m }
Corrections: .....	..... m ³	..... m ³	..... m ³
Volume: .....	..... m ³	..... m ³	..... m ³
Specific weight: .....	..... kg/hl	..... kg/hl	..... kg/hl
Total weight: .....	..... tonnes	..... tonnes	..... tonnes

Total (B):

Total weight in the store:

Difference from book weight:

In %:

....., [date]

Paying agency inspector:

(Stamp and signature)

IV. Alcohol

1. The sample of the vats to be checked shall represent at least 5 % of the total quantity in public storage. The vats to be checked shall be selected prior to the visit to the warehouse on the basis of the paying agency's accounting data, but the storer shall not be informed.
2. Inspection of the customs seals, if such seals are provided for under national rules.
3. The presence of the vats and their contents shall be verified on the spot by:
 - identifying the vats by their number and the type of alcohol,
 - comparing the identity of the vats with the warehouse's stock records and the paying agency's books,
 - conducting an organoleptic check on the presence, type and quantity of alcohol in the vats,
 - inspecting the storage conditions by a visual check on other vats.
4. A description of the vats physically inspected and any shortcomings noted shall be included in the inspection report.

V. Beef And Veal

1. The sample of the lots to be checked shall represent at least 5 % of the total quantity in public storage. The lots to be checked shall be selected prior to the visit to the store on the basis of the paying agency's accounting data, but the storer shall not be informed.
2. In the case of boned meat, the presence of the lots selected and their composition shall be verified on the spot by:
 - identifying the lots and pallets and verifying the number of boxes,
 - checking the weight of 10 % of the pallets or containers,
 - checking the weight of 10 % of the boxes from each pallet weighed,
 - visually checking the contents of the boxes and the condition of the packaging in each box.

The pallets shall be chosen having regard to the different cuts in store.

3. A description of the lots physically inspected and any shortcomings noted shall be included in the inspection report.

VI. Bulk Sugar ⁽¹⁾

1. Physical inspection procedure for public stocks of sugar from the 2006/2007 marketing year onwards:
 - (a) Selection of the silos, bins or storerooms to be checked, representing at least 5 % of the total quantity of bulk sugar in public storage.

Selection shall be based on the paying agency's stock records, but the storekeeper should not be informed in advance.
 - (b) Physical inspection:
 - verification of the presence of the bulk sugar in the selected silos, bins or storerooms,
 - reconciliation of the storekeepers' records with those of the paying agency,

⁽¹⁾ The inventory shall be carried out on stocks which are subject to a storage contract.

- identification of the bulk sugar,
 - monitoring of storage conditions and comparison of the storage point and of the identity of the bulk sugar with the store's records,
 - evaluation of the quantities stored by a method previously approved by the paying agency, a detailed description of which must be lodged at its head office.
- (c) A plan of the store and the measurement for each silo or storeroom must be available at each storage point.

The bulk sugar must be stored in such a way that its volume may be verified.

2. Physical inspection procedure for public stocks of sugar from the 2004/05 and 2005/06 marketing years:

- (a) If the inventory procedures described above in section 1 cannot be followed, the paying agency shall officially seal all points of access or outlet to the silo/store. The paying agency shall inspect the integrity of the seals on a monthly basis to ensure that they remain intact. These inspections should be detailed in a report. No access to the stocks shall be permitted without the presence of the paying agency's inspector.

Member States shall ensure that the seals procedure guarantees the integrity of the intervention products stored.

- (b) An inspection to verify storage conditions and the good conservation of the product must also be conducted at least once a year.

3. Procedure where discrepancies are found

Some tolerance is permitted when verifying the volume.

Annex II shall apply where the weight of the products stored as recorded during the physical inspection (volumetric measurement) differs from the book weight by 5 % or more for bulk sugar in the case of storage in silos or on-floor storage.

Where bulk sugar is stored in a silo/warehouse, the quantities weighed on entry into storage may be recorded instead of those resulting from a volume assessment if the latter does not provide a degree of accuracy considered adequate and the difference between the two figures is not excessive.

The paying agency shall make use of the option provided for in the third paragraph where justified by circumstances, on a case-by-case basis and on its own responsibility. It shall indicate that it has done so in its report.

VII. Packaged Sugar ⁽¹⁾

1. Physical inspection procedure for public stocks of sugar from the 2006/07 marketing year onwards

- (a) Selection of lots representing at least 5 % of the total quantity in public storage. The lots to be checked shall be selected before visiting the store on the basis of the paying agency's records, but the storekeeper shall not be informed.
- (b) On-the-spot verification of the presence of the lots selected and of their composition:
- identification of the control numbers of the lots and bags on the basis of purchase or entry notes,
 - reconciliation of the storekeepers' records with those of the paying agency,
 - condition of packaging.

⁽¹⁾ The inventory shall be carried out on stocks which are subject to a storage contract.

With regard to sugar packed in 50 kg bags:

- weighing of the pallets (one in 20) and bags (1 per pallet weighed),
- visual check of the contents of one bag per ten pallets weighed.

With regard to sugar packed in 'big bags':

- "weighing of one bag in 20,
- visual check of the contents of 1 in 20 of the big bags weighed.

- (c) Description in the inventory report of the lots inspected physically and of discrepancies/shortcomings noted.

2. Physical inspection procedure for public stocks of sugar from the 2004/05 and 2005/06 marketing years:

- (a) If the inventory procedures described above in section 1 cannot be followed, the paying agency shall officially seal all points of access and outlet to the store. The paying agency shall inspect the integrity of the seals on a monthly basis to ensure that they remain intact. These inspections should be detailed in a report. No access shall be permitted to the stocks without the presence of the paying agency's inspector.

Member States shall ensure that the seals procedure guarantees the integrity of the intervention products stored.

- (b) An inspection to verify storage conditions and the good conservation of the product must also be conducted at least once a year.

ANNEX II

**OBLIGATIONS AND GENERAL PRINCIPLES RELATING TO STORERS' RESPONSIBILITIES, TO BE
INCLUDED IN STORAGE CONTRACTS CONCLUDED BETWEEN PAYING AGENCIES AND STORERS**
(Article 2(2))

Storers shall be responsible for ensuring that the products covered by Community intervention measures are properly conserved. They shall bear the financial consequences of any failure to do so.

I. Quality of products

Where the quality of intervention products in storage deteriorates as a result of poor or inappropriate storage conditions, the losses shall be borne by the storer and entered in the public storage accounts as a loss resulting from deterioration of the product due to storage conditions (line 900.001 in Table 53).

II. Missing quantities

1. The storer shall be responsible for all discrepancies between the quantities in store and the details given in the stock statements sent to the paying agency.
2. Where the missing quantities exceed those allowed under the relevant tolerance limit(s), in accordance with Article 8(2), Annex I point B. III(2) and Annex XI, or under sectoral agricultural legislation, the entire amount shall be charged to the storer as an unidentifiable loss. Storers contesting the missing quantities may require the product to be weighed or measured, in which case they shall bear the costs of the operation unless it is found that the quantities declared are actually present or the difference does not exceed the relevant tolerance limit(s), in which case the costs of weighing or measuring shall be charged to the paying agency.

The tolerance limits provided for in Annex I, points B. III(2) and B. VI(3) shall apply without prejudice to the other tolerances referred to in the first subparagraph.

III. Supporting documents and monthly and annual declarations**1. Supporting documents and monthly declarations**

- (a) The documents relating to the entry, storage and removal of products used to draw up the annual accounts must be in the storer's possession and contain at least the following information:
 - place of storage (with identification of the bin or vat where relevant),
 - quantity carried over from the previous month,
 - entries and removals by lot,
 - stock at the end of the period.

These documents shall permit precise identification of the quantities in store at any time, and shall take account of purchases and sales that have been agreed but for which the corresponding entries or removals of stock have not yet occurred.

- (b) The documents relating to the entry, storage and removal of products shall be sent by the storer to the paying agency at least once a month, in support of a summary monthly stock statement. They shall must be in the paying agency's possession before the tenth day of the month following that to which the stock statement relates.
- (c) A specimen summary monthly stock statement is set out in Annex XIV. It shall be made available to storers in electronic form by the paying agencies.

2. *Annual declaration*

- (a) The storer shall prepare an annual stock declaration on the basis of the monthly statements described in point 1. It shall be sent to the paying agency no later than the 15 October following the closure of the accounting year.
- (b) The annual stock declaration shall give a summary of the quantities in store, broken down by product and place of storage, and shall give for each product the quantities in store, the lot numbers (except in the case of cereals), the year of their entry into store (except in the case of alcohol) and an explanation of any anomalies detected.
- (c) A specimen summary annual stock declaration is set out in Annex XV. It shall be made available to storers in electronic form by the paying agencies.

IV. **Computerised stock accounts and availability of information**

Public storage contracts concluded between the paying agency and the storer shall contain provisions which make it possible to guarantee compliance with Community legislation.

They shall require the following:

- the keeping of computerised intervention stock accounts,
- direct, immediate availability of a permanent inventory,
- availability at all times of all the documents relating to the entry, storage and removal of stock and the accounting documents and records drawn up under this Regulation and held by the storer,
- permanent access to those documents for staff of the paying agency and the Commission, and for any person duly authorised by them.

V. **Form and content of the documents sent to the paying agency**

The form and content of the documents referred to in points 1 and 2 of paragraph III shall be established in accordance with Article 18 of Regulation (EC) No 883/2006.

VI. **Keeping of documents**

Supporting documents relating to all public storage operations shall be kept by the storer for the full period required under Article 9 of Regulation (EC) No 885/2006, without prejudice to the relevant national provisions.

ANNEX III

**INFORMATION TO BE NOTIFIED BY THE MEMBER STATES IN ACCORDANCE WITH ARTICLE 10(2) VIA
THE COMPUTER SYSTEM REFERRED TO IN ARTICLE 12**TABLES OF THE E-FAUDIT INFORMATICS APPLICATION ⁽¹⁾**(Article 2§8 b), article10§2 and article 12)**

- 1 Monthly and annual calculation of losses on sales and of depreciation
- 2 Price differences and other items
- 3 Calculation of technical costs
- 4 Calculation of financing costs
- 8 Public Stock positions and movements
- 9 Calculation of the losses resulting from de-boning (Beef-meat) which exceed the tolerance limit allowed
- 13 Reimbursement resulting from rejection of the goods (technical costs) – R. (EC) No.../2006 (Annex XIII 1a and 1b)
- 14 Reimbursement resulting from rejection of the goods (financial costs) - R. (EC)No.../2006 (Annex XIII 1c and Article 9§5)
- 28 Reasons for transfers from other Member States
- 52 Summary Table for the calculation of the monthly amounts to be booked
- 53 Detail of off-takes
- 54 Monthly calculation of the losses arising from the supply of food to the most deprived persons in the Community (R. (EEC) No 3730/87) - *products other than beef-meat*
- 55 *Beef-meat* - Monthly calculation of the losses arising from the supply of food to the most deprived persons in the Community (R. (EEC) No 3730/87)
- 56 Monthly calculation of the losses arising from the free supply of food to
- 99 Calculation of the value to be carried over at the beginning of the financial year

⁽¹⁾ Some details of the form and the content of the basic tables shown in this Annex may vary in the e-FAUDIT application according to the product and the period concerned.

Member State Product	Financial year OPERATIONS FROM	TO		With tolerance limit	
				Without tolerance limit	

Table 1
Monthly and annual calculation of losses on sales and of depreciation.

		Euro — Tonnes			
Line No	Method of calculation or references to other tables	Description	Quantities (t or hl)	Unit Amount	Values
Column	a	b	c	d	e
001	T99/010 and 050	Quantities carried over from preceding financial year at average carryover book value	0,000	—	0,00
002	—	Extraordinary depreciation Budget item:	—	—	0,00
003	=001e-002e	Total value of quantities in storage at the beginning of the financial year	—	—	0,00
004	—	Quantities and value of products bought in during the period	—	—	—
005	=004e × coefficient	Depreciation on buying in (=>T52/030e) (Annex VIII §1)	—	—	0,00
006	T28/910	Quantities received by transfer, up to the end of the preceding month	0,000	—	—
008	T28/910	Value to be booked following transfers	—	—	0,00
009	=001c + 004c +006c	Quantities carried over, bought in or transferred	0,000	—	—
010	=003e + 004e -005e +008e	Total book value	—	—	0,00
011	=010e/009c	Average book value	—	0,00	—
020	T53/997	Off-takes to the end of (including unidentifiable losses)	0,000	—	—
021	T53/999	Relative income from off-takes to the end of (including unidentifiable losses)	—	—	0,00
025	=009c - 020c	Quantities in stock at the end of the month	0,000	—	—
031	=011d period 12	Average book value of the last period to be carried over to the next financial year	—	0,00	—
034	=025c × 031d	Theoretical value of the quantities to be carried over	—	—	0,00
050	—	Complementary depreciation (Annex VIII § 3 and 4) budget item:	—	—	0,00

Member State Product	Financial year OPERATIONS FROM	TO	Price differences and other items.					Euro — Tonnes	
			With tolerance limit	Without tolerance limit				Values	
Line number	Calculation method or references to other tables	Description	Quantities (t. or hl.)	Unit Price	Rate	Coefficient or %	Values		
Column	a	b	c	d	e	f	g		
		DEBIT							
001	Tab. 001 - Line 9	Quantities carried over, bought in or transferred	0,000	—	—	—	—		
002	Tab. 001 - Line 10	Value of quantities carried over, bought in or transferred	—	—	—	—	0,00		
003	—	Other debit items	—	—	—	—	—		
004	—	TOTAL DEBIT	—	—	—	—	0,00		
		CREDIT							
005	T53/993	Off-takes and value thereof, including accidents and losses attributable to identifiable causes	0,000	—	—	—	0,00		
006	= 1c-5c-9c	Losses not attributable to identifiable causes	0,000	—	—	—	—		
007	= 1c × % limit	Tolerance limit	0,000	—	—	0,050	—		
008	= 6c-7c	Quantities exceeding tolerance limit and value thereof	0,000	0,000	1,000000	1,050	0,00		
009	Tab. 001 - Lines 025 and 034	Quantities to be carried forward and value there of	0,000	—	—	—	0,00		
010	—	Amounts recovered and securities forfeited	—	—	—	—	—		
011	Tab. 016, 017	Reimbursement of costs and penalties	—	—	—	—	—		
012	Tab. 028 - Line 990	Value of quantities received by transfer	—	—	—	—	0,00		
013	Tab. 053 or 007 - Line 998	Losses recorded on occasion of transfers to other Member States	—	—	—	—	0,00		
014	Tab. 009 - Line 600	Losses in excess of maximum tolerance for processing	—	—	—	—	0,00		
015	—	Other credit items	—	—	—	—	—		
016	—	TOTAL CREDIT	—	—	—	—	0,00		
017	= 4g-16g	DEBIT/CREDIT BALANCE	—	—	—	—	0,00		

Euro — Tonnes

Table 2

Price differences and other items.

Member State Product	Financial year OPERATIONS FROM	TO	With tolerance limit	
			Without tolerance limit	

Table 3

Calculation of Technical costs.

Euro — Tonnes							
Line No	Description	From (dd/mm/yyyy)	To (dd/mm/yyyy)	Quantities (t or hl)	Rate per unit in EURO	Rate	Value
a	b	c	d	e	f	g	h = e×f×g
A. Standard Amounts							
010	Entry costs where physical movement is involved (T08/c+h)	—	—	—	—	—	—
010.001	—	—	—	0,000	0,00	1,000000	0,00
030	Entry costs where physical movement is not involved (T08/d)	—	—	—	—	—	—
030.001	—	—	—	0,000	0,00	1,000000	0,00
050	Removal costs where physical movement is involved (T08/e)	—	—	—	—	—	—
050.001	—	—	—	0,000	0,00	1,000000	0,00
070	Removal costs where physical movement is not involved (T08/f)	—	—	—	—	—	—
070.001	—	—	—	0,000	0,00	1,000000	0,00
090	Storage costs (T08 – cf. average stock)	—	—	—	—	—	—
090.001	—	—	—	0,000	0,00	1,000000	0,00
130	Denaturing or colouring costs (only additional charge)	—	—	—	—	—	—
130.001	—	—	—	—	—	1,000000	0,00
160	Cost of labelling and marking (only additional charge)	—	—	—	—	—	—
160.001	—	—	—	—	0,00	1,000000	0,00
180	Cost of removal from and returning to storage	—	—	—	—	—	—
180.001	—	—	—	—	0,00	1,000000	0,00
500	Transport costs at standard rate	—	—	—	—	—	—
560	Reimbursement of technical costs for quantities rejected (T13/100)×(-1)	—	—	—	—	—	0,00
B. Costs not covered by standard amount							
600.1	Actual primary transport costs when bought — positive	—	—	—	—	—	—
600.2	Actual primary transport costs when bought - negative	—	—	—	—	—	—
601.1	Transport costs - Exportation - positive	—	—	—	—	—	—

Euro — Tomes

a	b	c	d	e	f	g	h = e×f×g
601.2	Transport costs - Exportation - negative	—	—	—	—	—	—
602.1	Transport costs - M.S. Transfers - positive	—	—	—	—	—	—
602.2	Transport costs - Member state transfers - negative	—	—	—	—	—	—
603.1	Transport costs after intervention - positive	—	—	—	—	—	—
603.2	Transport costs after intervention - negative	—	—	—	—	—	—
610.1	Processing costs - positive	—	—	—	—	—	—
610.2	Processing costs - negative	—	—	—	—	—	—
620.1	Other costs - positive	—	—	—	—	—	—
620.2	Other costs - negative	—	—	—	—	—	—
999	TOTAL TECHNICAL COSTS (T52/030b)	—	—	—	—	—	0,00

Member State Product	Financial year OPERATIONS FROM	TO	
		With tolerance limit	Without tolerance limit

Table 4

Calculation of financing costs.

Line number	Period		Total stocks at the beginning of each month	Total stocks at the end of each month	Average stock	Buying in for the period	Deduction for payment delays	Average preceding negative stock	Average stock for calculation	Average book value	Rate %	Financing costs
	From (mm/yyyy)	To (mm/yyyy)										
Column	a1	a2	b	c	d	e	f	g	h	i	i1	j
001.001			0,000	0,000	0,000	0,000		0,000	0,000	0,00	2,300	0,00
100	SUBTOTAL FINANCING COSTS											
105	Deduction because of rejection (T14/050)											
110	Deduction because of time limits for removal after payment for quantities sold (Annex IV (III) §1)											
120	Increase because of time limits for payment after removal of quantities sold (Annex IV (III) §2)											
130	TOTAL FINANCING COSTS (=>T52/030c)											

Euro — Tonnes

Table 8
Public Stock positions and movements.

[illegible]

Member State Product	Financial year OPERATIONS FROM	TO	
		With tolerance limit	Without tolerance limit

Table 9

Calculation of the losses resulting from de-boning (Beef-meat) which exceed the tolerance limit allowed

Line number	Periods	Quantities introduced for processing (actual weight) ⁽¹⁾	Quantities produced (actual weight) ⁽¹⁾	Coefficient or %	Intervention price	Rate	Amount to be credited to EAGGF
Column	a	b	c	d	e	f	g
100	Quantities for which processing began during the preceding financial year and was completed during the current financial year	—	—	—	—	—	—
200	Quantities for which processing began and was completed during the current financial year	—	—	—	—	—	—
300	Total quantities introduced for processing and produced = 100+200	0,000	0,000	—	—	—	—
400	Minimum yield laid down = 300 col. (b) × {1 - 400 col. (d)}	—	0,000	1,00	—	—	—
500	Losses exceeding the minimum yield = 300 - 400	—	0,000	—	—	—	—
600	Amount to be credited to the EAGGF = T009/500/c (if negative) × T009/600/d * T009/600/e * T009/600/f	—	—	1,00	0,00	1,000000	0,00
700	Quantities for which processing has begun but has not been completed at the end of the financial year (for DE-BONED BEEF)	—	—	—	—	—	—

⁽¹⁾ The quantities are to be expressed in tonnes to three decimal places.

Member State Product	Financial year OPERATIONS FROM	TO	With tolerance limit	Without tolerance limit

Table 13

Reimbursement resulting from rejection of the goods (technical costs) (Annex XIII 1a and 1b)

Euro — Tonnes

A. INTAKE AND OFFTAKE COSTS						
Line No	Month/year of removal (mm/yyyy)	Refused tonnes	Codes 1 or 2 or 3 or 4 (*)	Sum of standard amounts valid in month of removal EURO/T	Rate applicable to the stan- dard amounts	Values
Column	a	b	c	d	e	f = b×d×e
001.001					1,000000	0,00
050 Sub-Total	—	0,000	—	—	—	0,00
(*) Code: 1 = Entry with PM and Removal with PM 2 = Entry without PM and Removal without PM 3 = Entry with PM and Removal without PM 4 = Entry without PM and Removal with PM (PM: Physical Movement).						
B. STORAGE COSTS						
Line No	Month/year of Removal (mm/yyyy)	Number of months of storage	Refused tonnes	Standard amount valid in the month of removal EURO/T	Rate applicable to the stan- dard amounts	Values
051.001				0,00	1,000000	0,00
099 Sub-Total	—	—	0,000	—	—	0,00
100 TOTAL					(=> T03/560)	0,00

Member State Product	Financial year OPERATIONS FROM	TO	With tolerance limit	Without tolerance limit

Table 14

Reimbursement resulting from rejection of the goods (financial costs) (Annex XIII 1c and Article 9§5)

Euro — Tonnes

1. FINANCING COSTS									
Line No	Month and year of removal (mm/yyyy)	Refused tonnes	Number of months of storage	Number of months of payment at entry	Number of months to be considered for calculation	Average book value of the quantity carried forward	Rate for the calculation of financing costs in %	Values	
Column	a	b	c	d	e = c-d	f	g	$h = b \times e \times f \times (g/12)$	
001.001				0	0		0,000		
	050 Sub-total	0,000					(=> T04/105)	0,00	
2. VALUE OF THE QUANTITIES BOUGHT-IN (before deduction of depreciation at purchase)									
Line No	Purchase Value/Tonne								
051.001		Refused tonnes					Total Value		
	200 Sub-Total	0,000			(=> T53/950)			0,00	

Member State Product	Financial year OPERATIONS FROM	TO	With tolerance limit	
			Without tolerance limit	

Table 52

Summary Table for the calculation of the monthly amounts to be booked

Line No	DESCRIPTION a	Technical Costs b	Financial Costs c	Other Costs d	Depreciation when bought in e
020	Correction article 6§3 - decision of	0	0	0	0
030	Expenditure on physical operations from to	0,00	0,00	0,00	0,00
052	Values of quantities received by transfer - free distribution (T54,55/390f)	—	—	—	—
053	Negative value of quantities carried over (T99/065)	—	—	0,00	—
400	Totals to be booked until	0,00	0,00	0,00	0,00
410	Amounts booked to the end of the preceding month				
420	Amounts to be booked in	0,00	0,00	0,00	0,00

Euro — Tonnes

Member State Product	Financial year OPERATIONS FROM	TO		With tolerance limit Without tolerance limit	

Table 53

Details of off-takes.

Line No.	Description	Date (mm/yyyy)	Supplementary information necessary	Country of origin.	Country of destination	Off-take quantities (t/hl)	Coefficient.	Intervention Price.	Rate.	Value of off-take quantities
Column	a	b	c	d	e	f	g	h	i	j = f×g×h×i
001.001	Normal disposal	—	—	—	—	—	—	—	—	—
201.001	Special measures	—	—	—	—	—	—	—	—	—
400	Food aid	—	—	—	—	—	—	—	—	—
500	Samples taken by adjudicators	—	—	—	—	—	—	—	—	—
501.001	Samples (others)	—	—	—	—	—	0,00	0,00	1,000000	0,00
502	Sale by private contract following the annual inventory (Art.5(2g) and 7(2c))	—	—	—	—	—	—	—	—	—
851	Free distribution (T54,55/400 Plans 1,2)	—	—	—	—	—	—	—	—	—
860	Summary emergency operations (T56/400 Plans 1,2)	—	—	—	—	—	—	—	—	—
900.001	Deterioration of quality because of storage conditions	—	—	—	—	—	0,00	0,00	1,000000	0,00
910.001	Deterioration of quality because of a too long period of storage	—	—	—	—	—	—	—	—	—
920.001	Natural Disasters	—	—	—	—	—	—	—	—	—
930.001	Losses that can be accounted for	—	—	—	—	—	0,00	0,00	1,000000	0,00
940.001	Accidents	—	—	—	—	—	0,00	0,00	1,000000	0,00
950	Quantities refused after quality control (T14/200)	—	—	—	—	0,000	—	—	—	0,00
991.001	Transfers to other member states for free distribution	—	—	—	—	—	0	0	—	0,00
992.001	Transfers to other member states: Other transfers	—	—	—	—	—	0	0	—	0,00
993	Sub-total 001 to 992 (=>T02/005c,e)	—	—	—	—	0,000	—	—	—	0,00
996.001	Losses not attributable to identifiable causes.	—	—	—	—	—	0,00	0,00	1,000000	0,00
997	Sub-total 993 + 996 (in quantities)	—	—	—	—	0,000	—	—	—	—
998.001	Losses on occasion of transfers (free distribution or between Member states) T02/013	—	—	—	—	—	0,00	0,00	1,000000	0,00
999	TOTAL (=>T01/021e) (value only)	—	—	—	—	—	—	—	—	0,00

Euro — Tonnes

Member State Product	Financial year OPERATIONS FROM	TO	With tolerance limit	Without tolerance limit

Table 54

Monthly calculation of the losses arising from the supply of food to the most deprived persons in the Community (R. (EEC) No 3730/87 products other than beef-meat)

Euro — Tonnes

From your own stock:

Plan of the Year:

Line No	Description	Date	Off-take (tonnes)	Intervention price	Exchange rate	Value of off-take quantities
Column	a	b	c	d	e	f = c × d × e
002	- corrections under Article 6§3 decision of	—	—	—	—	—
030.001	—	—	—	—	—	0,00
300	Total (030):	—	—	—	—	0,00
310	Other debit items (positive)	—	—	—	—	—
320	Other credit items (negative-use the – sign)	—	—	—	—	—
330	Securities forfeited	—	—	—	—	—
390	Total (300 + 310 + 320 + 330):	—	—	—	—	0,00
400	Total off-takes and amount to be booked up to (001 + 002 + 390):	—	—	—	—	0,00
410	Amount booked up to the end of the preceding month (.)	—	—	—	—	0,00
420	(400 - 410) Amounts to be booked in	—	—	—	—	0,00

Member State Product	Financial year OPERATIONS FROM	TO	With tolerance limit	
			Without tolerance limit	

Table 55

Beef-meat

Monthly calculation of the losses arising from the supply of food to the most deprived persons in the Community (R. (EEC) No 3730/87)

Euro — Tonnes

From your own stock:

Plan of the Year:

Line number	Description	Date	Of-take (tonnes)	Coefficient	Intervention price	Rate	Value of off-take quantities
Column	a	b	c	d	e	f	$g = c \times d \times e \times f$
002	- corrections under Article 6§3 decision of	—	—	—	—	—	—
030.010	Forequarters	—	—	—	—	—	—
—	—	—	—	0,35	0,00	1,000000	0,00
030.020	Hindquarters	—	—	—	—	—	—
—	—	—	—	0,50	0,00	1,000000	0,00
300	Total (030):	—	0,000	—	—	—	0,00
Line number	Description	Date / to	Off-take (tonnes)	Intervention price		Exchange rate	Value of off-take
Column	a	b	c	d		e	f
310	Other debit items (positive)	—	—	—		—	—
320	Other credit items (negative-use the — sign)	—	—	—		—	—
330	Securities forfeited	—	—	—		—	—
390	Total (300 + 310 + 320 + 330):	—	—	—		—	0,00
400	Total off-takes and amount to be booked up to (001 + 002 + 390):	—	—	0,000		—	0,00
410	Amount booked up to the end of the preceding month (.)	—	—	—		—	0,00
420	(400 - 410) Amounts to be booked in	—	—	—		—	0,00

Member State Product	Financial year OPERATIONS FROM	TO	With tolerance limit	
			Without tolerance limit	

Table 56

Monthly calculation of the losses arising from the free supply of food to

Euro — Tonnes

Destination:

Regulation:

From your own stock:

Plan of the Year:

Line number	Description	Date	Off-take (tonnes)	Intervention Price	Rate	Value of off-take
Column	a	b	c	d	e	f = 2 × d × e
2	- corrections under Article 6§3, decision of:	—	—	—	—	—
030.001	—			0,00	1,000000	0,00
300	Total 30 to 200	—	0,000	—	—	0,00
Line number	Description	Date / to	Off-take (tonnes)	Intervention Price	Rate	Value of off-take
Column	a	b	c	d	e	f
310	Other debit items (positive).	—	—	—	—	—
320	Other credit items (negative: use the – sign)	—	—	—	—	—
330	Guarantees forfeited	—	—	—	—	—
390	Total (300 + 310 + 320 + 330):	—	—	—	—	0,00
400	Total off-takes and amount to be booked up to	—	0,000	—	—	0,00
410	Amounts booked up to the end of the preceding month (.)	—	—	—	—	0,00
420	(400 — 410) Amounts to be booked in	—	—	—	—	0,00

Member State Product	Financial year	TO	With tolerance limit	X
	OPERATIONS FROM		Without tolerance limit	

Table 99

Calculation of the value to be carried over at the beginning of the accounting year

Euro — Tomes					
Line number	Calculation method or reference to other tables	Description	Quantities (t. or hl.)	Values	
Column	a	b	c	d	
010	T01/025c Previous financial year	Quantities in stock at the end of the previous financial year (=>T01/001)	0,000	—	
020	T01/031d Previous financial year	Average Book Value (declaration of November 10th - previous financial year, in Euro)	—	—	
030	= 010c × 020d	Theoretical value of quantities carried over to the current financial year (in Euro)			0,00
040	—	Additional depreciation, Annex VIII § 3 and 4			0,00
050	—	Value of quantities carried over to current financial year (in Euro)			0,00
055	—	Value of quantities carried over to current financial year (in Euro) =>T01/001			0,00
057	—	Average book value of the preceding financial year (in Euro) =>T14/001f		—	
060	—	Negative value of quantities carried over to current financial year (in Euro)			0,00
065	—	Negative value of quantities carried over to the current financial year (in Euro) =>T52/053			0,00

ANNEX IV

CALCULATION OF FINANCING COSTS

(Article 4(1)(a))

I. Applicable interest rates

1. For the purposes of calculating the financing costs to be borne by the EAGF for the funds mobilised by the Member State for buying in products, the Commission shall fix a uniform interest rate throughout the Community at the beginning of every accounting year. The uniform interest rate shall correspond to the average of the three-month and 12-month forward Euribor rates, recorded in the six months preceding the notification from the Member States provided for in paragraph 2 of this point, with a weighting of one third and two thirds respectively.
2. In order to determine the interest rates applicable for a given accounting year, the Member States shall notify the Commission, at its request, of the average interest rate they actually bore during a reference period corresponding to the six months preceding the request.

If the interest rate notified by a Member State is higher than the uniform interest rate fixed for the Community during the reference period, the uniform rate shall apply. If the interest rate notified by a Member State is lower than the uniform interest rate fixed for the Community during the reference period, the interest rate for that Member State shall be fixed at the level of the rate notified.

In the absence of any notification from a Member State, the interest rate to apply shall be the uniform rate fixed by the Commission. However, if the Commission finds that the level of interest rates for the Member State concerned is lower than the uniform rate, it shall fix the interest rate for that Member State at the lower level. The Commission shall make this finding on the basis of the average of reference interest rates in the Appendix to this Annex during the reference period referred to in the first paragraph, plus one percentage point. If the reference interest rates are not all available for the entire reference period, the available rates for that period shall be used.

II. Calculation of financing costs

1. The calculation of the financing costs shall be subdivided according to the validity periods of the interest rates fixed by the Commission in accordance with the rules laid down in Point I.
2. The financing costs referred to in Article 4(1)(a) shall be calculated by applying the Member State's interest rate to the average value per tonne of the product bought in, and then multiplying the product thus obtained by the average stock for the accounting year.
3. For the purposes of applying paragraph 2, the following definitions shall apply:
 - the **average value per tonne** of product shall be calculated by dividing the sum of the values of the products in store on the first day of the accounting year and of products bought in during that year by the sum of the quantities of products in store on the first day of the accounting year and of products bought in during the accounting year.
 - the **average stock for the accounting year** shall be calculated by dividing the sum of the stock at the beginning of each month and the stock at the end of each month by a number equal to twice the number of months in the accounting year.
4. Where a depreciation coefficient is fixed for a product in accordance with Annex VIII(1), the value of the products bought in during the accounting year shall be calculated by deducting from the buying-in price the depreciation amount obtained by applying this coefficient.
5. In the case of products for which a second depreciation has been fixed pursuant to the second subparagraph of Annex VIII(3), the calculation of average stocks shall be made before the actual date of each depreciation taken into account for the purposes of the average value.

6. Where the rules governing common market organisations stipulate that payment for a product bought in by an paying agency may not be effected until at least one month has elapsed from the date of taking over, the average stock calculated shall be reduced by a quantity resulting from the following calculation:

$$\frac{Q \times N}{12}$$

where

Q = quantities bought in during the accounting year,

N = number of months of minimum period before payment.

For the purposes of this calculation, the minimum period given in the rules shall be taken as the period for payment. A month shall be considered as consisting of 30 days. Any part of a month longer than 15 days shall be considered a whole month; any part of a month equal to or less than 15 days shall not be taken into account for this calculation.

Where the calculation of average stock at the end of the accounting year gives a negative result once the reduction referred to in the first subparagraph has been effected, that amount shall be deducted from the average stock calculated for the following accounting year.

III. Special rules under the responsibility of the paying agencies

1. Where, for the sale of products by paying agencies, the rules governing the common market organisation or notices of invitation to tender allow the purchaser of such products a period in which to remove them once payment has been made, and where such period exceeds 30 days, the financing costs calculated in accordance with point II shall be reduced, in the accounts of the paying agencies, by the amount obtained from the following calculation:

$$\frac{V \times J \times i}{365}$$

where

V = the amount paid by the purchaser,

J = the number of days between receipt of payment and removal of the product, minus 30 days,

i = the interest rate applicable during the accounting year.

2. In the case of sales of agricultural products by paying agencies based on specific Community regulations, where the actual period for payment after removal of such products exceeds 30 days, the financing costs calculated in accordance with Point II shall be increased in the accounts of the paying agencies by the amount obtained from the following calculation:

$$\frac{M \times D \times i}{365}$$

where

M = the amount to be paid by the purchaser,

D = the number of days between removal of the product and receipt of payment, minus 30 days,

i = the interest rate applicable during the accounting year.

3. At the end of the accounting year, the financing costs referred to in paragraphs 1 and 2 shall be entered in the accounts for that financial year for the number of days to be considered until that date and the remainder shall be entered under the following accounting year.
-

APPENDIX

REFERENCE INTEREST RATES REFERRED to in Annex IV

1. Czech Republic
Prague interbank borrowing offered rate three months (PRIBOR)
 2. Denmark
Copenhagen interbank borrowing offered rate three months (CIBOR)
 3. Estonia
Tallinn interbank borrowing offered rate three months (TALIBOR)
 4. Cyprus
Nicosia interbank borrowing offered rate three months (NIBOR)
 5. Latvia
Riga interbank borrowing offered rate three months (RIGIBOR)
 6. Lithuania
Vilnius interbank borrowing offered rate three months (VILIBOR)
 7. Hungary
Budapest interbank borrowing offered rate three months (BUBOR)
 8. Malta
Malta interbank borrowing offered rate three months (MIBOR)
 9. Poland
Warsaw interbank borrowing offered rate three months (WIBOR)
 10. Slovenia
Slovenian Interbank borrowing offered rate three months (SITIBOR)
 11. Slovakia
Bratislava interbank borrowing offered rate three months (BRIBOR)
 12. Sweden
Stockholm interbank borrowing offered rate three months (STIBOR)
 13. United Kingdom
London interbank borrowing offered rate three months (LIBOR)
 14. For the other Member States
Euro interbank borrowing offered rate three months (EURIBOR)
-

ANNEX V

PHYSICAL OPERATIONS COVERED BY THE STANDARD AMOUNTS

referred to in Article 4(1)(b)

CEREALS AND RICE

I. STANDARD AMOUNT FOR PLACING IN STORAGE

- (a) physical movement of cereals from means of transport to arrival at storage cell (silo or store compartment) - first transfer;
- (b) weighing;
- (c) sampling/analysis/establishment of quality.

II. STANDARD AMOUNT FOR STORAGE

- (a) rent of premises at contract price;
- (b) insurance costs (unless included under (a));
- (c) pest control measures (unless included under (a));
- (d) annual inventory (unless included under (a));
- (e) ventilation, if any (unless included under (a)).

III. STANDARD AMOUNT FOR REMOVAL FROM STORAGE

- (a) weighing of cereals;
- (b) sampling/analysis (if chargeable to intervention);
- (c) physical removal and loading of cereals onto first means of transport.

SUGAR

I. STANDARD AMOUNT FOR PLACING IN STORAGE

- (a) physical movement of sugar from means of transport to arrival at storage cell (silo or store compartment) - first transfer;
- (b) weighing;
- (c) sampling/analysis/establishment of quality;
- (d) bagging of sugar (where applicable).

II. STANDARD ADDITIONAL AMOUNT FOR TRANSPORT

- (a) freight by distance category.

III. STANDARD AMOUNT FOR STORAGE

- (a) rent of premises at contract price;
- (b) insurance costs (unless included under (a));

- (c) pest control measures (unless included under (a));
- (d) annual inventory (unless included under (a)).

IV. STANDARD AMOUNT FOR REMOVAL FROM STORAGE

- (a) weighing;
- (b) sampling/analysis (if chargeable to intervention);
- (c) physical removal and loading of sugar onto first means of transport.

BEEF/VEAL

I. ACCEPTANCE OF DELIVERY, BONING AND ENTRY INTO STORAGE (BONED MEAT)

- (a) quality control of bone-in meat;
- (b) weighing of bone-in meat;
- (c) handling;
- (d) contract cost of boning, including:
 - initial chilling,
 - transport from intervention centre to cutting premises (unless seller delivers goods to cutting premises),
 - boning, trimming, weighing, packaging and rapid freezing,
 - temporary storage of cuts; loading, carriage and re-entry to intervention centre cold store,
 - cost of packaging materials: polythene bags, cardboard boxes, stockinettes,
 - value of bones, pieces of fat and other trimmings left at the cutting premises (receipts to be deducted from costs).

II. STORAGE

- (a) rent of premises at contract price;
- (b) insurance costs (unless included under (a));
- (c) temperature control (unless included under (a));
- (d) annual inventory (unless included under (a)).

III. REMOVAL FROM STORAGE

- (a) weighing;
- (b) quality check (if responsibility of intervention authorities);
- (c) transfer of meat from cold store to store's loading bay.

MILK PRODUCTS: BUTTER

I. ACCEPTANCE AND ENTRY INTO STORE

- (a) movement of butter from means of transport on arrival at store to storage cell;
- (b) weighing and identification of packages;

- (c) sampling/quality check;
- (d) entry into cold store and freezing;
- (e) second sampling/quality check at end of test period.

II. STORAGE

- (a) rent of premises at contract price;
- (b) insurance costs (unless included under (a));
- (c) temperature control (unless included under (a));
- (d) annual inventory (unless included under (a)).

III. REMOVAL FROM STORAGE

- (a) weighing and identification of packages;
- (b) movement of butter from cold room to store loading bay if means of transport is a container, or loaded at store bay if means of transport is a lorry or railway wagon.

IV. SPECIFIC LABELLING OR MARKING

If such labelling is compulsory under an EC regulation on disposal.

MILK PRODUCTS: SKIMMED-MILK POWDER

I. ACCEPTANCE AND ENTRY INTO STORE

- (a) movement of skimmed-milk powder from means of transport on arrival to storage chamber;
- (b) weighing;
- (c) sampling/quality check;
- (d) check on marking and packaging.

II. STORAGE

- (a) rent of premises at contract price;
- (b) insurance costs (unless included under (a));
- (c) temperature control (unless included under (a));
- (d) annual inventory (unless included under (a)).

III. REMOVAL FROM STORAGE

- (a) weighing;
- (b) sampling/inspection of goods (if responsibility of intervention authorities);
- (c) movement of skimmed-milk powder to loading bay of store and loading, excluding stowage, on means of transport if a lorry or railway wagon; movement of skimmed-milk powder to loading bay of store if another means of transport, e.g. container.

IV. SPECIFIC MARKING

Specific marking of bags in which skimmed-milk powder is packed if sold by tender for a specific use.

ALCOHOL (REGULATION (EC) No 1493/1999)

I. ACCEPTANCE AND ENTRY INTO STORE

- (a) quantity check/control;
- (b) sampling/quality check;
- (c) tanking (unless bought in without movement being required).

II. STORAGE

- (a) contract price or rent of tanks;
- (b) insurance costs (unless included under (a));
- (c) temperature control (unless included under (a));
- (d) annual inventory (unless included under (a)).

III. REMOVAL FROM STORAGE

- (a) quantity control;
 - (b) sampling/quality analysis (if responsibility of intervention authorities);
 - (c) loading on vehicle or into purchaser's tank.
-

ANNEX VI

STANDARD AMOUNTS FOR THE COMMUNITY

(Article 4(1)(b))

I. Standard amounts applicable

1. Standard amounts to apply throughout the Community shall be established, by product, on the basis of the lowest real costs recorded during a reference period beginning on 1 October of year n and ending on 30 April the following year.
2. 'Real costs recorded' means the real costs for the physical operations referred to in Annex V which took place during the reference period, on the basis of either individual invoices for these operations or a contract signed to cover them. If a stock of a given product exists during the reference period without there having been either entries or removals, the reference costs in the storage contracts for that product may also be used.
3. The Member States shall notify the Commission no later than 10 May of the real costs relating to the operations referred to in Annex V borne during the reference period. The standard amounts referred to in paragraph 1 shall be established in euro on the basis of the weighted average of the real costs recorded during the reference period in at least four Member States with the lowest real costs for a given physical operation, if the latter correspond to at least 33 % of the average total stored quantities of the product in question during the reference period. Otherwise, the real costs of other Member States shall be included in the weighting until the percentage attains 33 % of the stored quantities.
4. If fewer than four Member States place a given product in public storage, the standard amounts for that product shall be established on the basis of the real costs recorded in the Member States concerned.
5. If the real costs for a product in storage declared by a Member State and used in the calculation referred to in paragraph 3 are more than twice the arithmetic mean of the real costs declared by the other Member States, then that cost shall be reduced to the level of the arithmetic mean.
6. The real costs used for the calculation referred to in paragraphs 3 and 4 shall be weighted on the basis of the quantities stored by the Member States selected.
7. The real costs declared by Member States outside the euro zone shall be converted into euro on the basis of the average conversion rate for their currency during the reference period referred to in paragraph 1.

II. Special provisions

1. The standard amounts may be increased by the cost of removal from storage provided that the Member State submits a declaration covering the entire accounting year involved and the entire stock of the product in question that it will not apply the tolerance referred to in Article 8(2) and will stand guarantee for the quantity.

This declaration shall be addressed to the Commission and shall reach it before it receives the first monthly declaration of the accounting year concerned or, if the product in question is not in intervention storage at the beginning of the accounting year, not later than the month following that in which the product first enters storage.

The increase provided for in the first subparagraph shall be calculated by multiplying the intervention price of the product concerned by the tolerance for that product provided for in Article 8(2).

2. The standard amounts established for the cost of entry into and removal from stores of all products in storage except for beef/veal shall be reduced if the quantities concerned are not physically moved. Such reductions shall be calculated by the Commission in proportion to the reduction in the standard amounts set in the decision taken by the Commission for the preceding accounting year.
 3. The Commission may roll over the standard amounts fixed previously for a product where there was no public storage or there will be no public storage for the current accounting year.
-

ANNEX VII

SPECIFIC ELEMENTS TO TAKE INTO ACCOUNT FOR EXPENDITURE AND REVENUE RELATING TO CERTAIN PRODUCTS

I. CEREALS

Drying

The additional cost of drying designed to lower the moisture content below that fixed for the standard quality shall be entered in the accounts as a physical operation as referred to in Article 4(1)(c), provided that this operation has been shown to have been necessary in accordance with the procedure laid down in Article 25(2) of Regulation (EC) No 1784/2003.

Quantity losses due to drying shall not be included when calculating the tolerance for conservation.

II. ETHYL ALCOHOL OF VINOUS ORIGIN

1. Value of quantities bought in

For the purposes of the first subparagraph of Article 9(2), as regards bought-in alcohol, an amount equal to the aid to the distiller shall be deducted from the buying-in price of the alcohol by intervention agencies and entered in the accounts under the budget item for distillation. The value of the alcohol bought in, after deduction of the aid, shall be booked under the heading designated for the taking-over of alcohol (Line 004 of table 1). The aid to be deducted shall be that applicable to the quality of alcohol delivered.

2. For the purposes of Annex X and Annex XII(2)(a) and (c), the price to be used shall be the price payable to the distiller after deduction of the aid referred to in paragraph 1 instead of the intervention price.

III. BEEF AND VEAL

For the purposes of Annex X and Annex XII(2)(a) and (c), the basic price to be used for de-boned beef is the intervention price multiplied by a coefficient of 1.47.

ANNEX VIII

DEPRECIATION OF PRODUCTS IN STORAGE

(Article 4(1)(d))

1. If, for a given product, the estimated selling price for products in public intervention storage is lower than the buying-in price, a depreciation percentage, called the 'k coefficient' shall be applied at the time of buying-in. It shall be fixed for each product at the beginning of each accounting year.
2. The depreciation percentage shall not exceed the difference between the buying-in price and the estimated disposal price for each product concerned.
3. At the time of buying in, the Commission may restrict the depreciation to a fraction of the percentage calculated in accordance with paragraph 2. That fraction may not be less than 70 % of the depreciation decided in accordance with paragraph 1.

In such cases, the Commission shall conduct a second depreciation at the end of each accounting year in accordance with the method set out in paragraph 5.

4. In the case of depreciations as referred to in the second subparagraph of paragraph 3, the Commission shall fix overall depreciation amounts by product and by Member State before the beginning of the following accounting year.

To that end, the estimated selling price for products in storage shall be compared to the estimated carryover value by product and by Member State. The overall depreciation amounts by product and by Member State concerned shall be obtained by multiplying the differences between the estimated carryover values and the estimated selling prices by the estimated quantities in storage at the end of the accounting year.

5. The estimate of quantities in public storage and the carryover values by product and by Member State within the meaning of Article 6(1) shall be based on a notification from the Member States, sent to the Commission no later than 7 September of year n+1, relating to products in storage at 30 September of that year, including the following elements:
 - the quantities bought in during the period from 1 October of year n to 31 August of year n+1;
 - the quantities in storage at 31 August of year n+1;
 - the value in euro of the products in storage at 31 August of year n+1;
 - the estimated quantities in storage at 30 September of year n+1;
 - the estimated quantities bought in between 1 and 30 September of year n+1;
 - the estimated value in euro of the quantities bought in between 1 and 30 September of year n+1.
6. The values in national currency notified by the Member States outside the euro zone with a view to calculating the depreciation at the end of the accounting year shall be converted into euro using the rates applicable at the time the overall depreciation amounts are calculated for the end of the accounting year.
7. The Commission shall notify the overall depreciation amounts by product to each of the Member States concerned so that they can include these in their final monthly declaration of expenditure to the EAGF for the accounting year concerned.

ANNEX IX

VALUATION OF STOCKS OF DISTILLATION PRODUCTS (MIXED ALCOHOL)

The costs of disposing of the products of distillation as referred to in Articles 35 and 36 of Regulation (EEC) No 822/87 to be taken into account by the EAGF shall be equal to the buying-in price of the alcohol concerned minus:

- (a) revenue from sales of the alcohol;
 - (b) the value of quantitative losses exceeding the tolerance limit;
 - (c) the value of quantities missing as a result of theft or other identifiable losses;
 - (d) the value of quantities which have deteriorated as a result of storage conditions;
 - (e) the value of quantities lost in accidents;
 - (f) guarantees forfeited under Community rules;
 - (g) any other revenue.
-

ANNEX X

VALUATION OF MISSING QUANTITIES

Subject to the specific rules laid down in Annex VII, the value of missing quantities shall be calculated as follows:

- (a) Where the tolerance limits for the storage or processing of products are exceeded, or where quantities are found to be missing due to theft or other identifiable causes, the value of missing quantities shall be calculated by multiplying these quantities by the intervention price in force for the standard quality for each product on the first day of the current accounting year, increased by 5 %.

In the case of alcohol, the intervention price shall be replaced by the price paid to the distiller after deduction of an amount equal to the distillation aid paid.

- (b) If, on the day the quantities are found to be missing, the average market price for the standard quality in the Member State of storage is higher than 105 % of the basic intervention price, the contractors shall reimburse to the intervention agencies the market price recorded by the Member State, increased by 5 %.

The average market price shall be determined by the Member State on the basis of the information in its regular notifications to the Commission.

The differences between the amounts collected by applying the market price and the amounts booked to the EAGF by applying the intervention price shall be credited to the EAGF at the end of the accounting year among the other elements of credit.

- (c) Where quantities are found to be missing after the products have been transferred or transported from an intervention centre or a storage place designated by the paying agency to another place, and where no specific value is fixed under the relevant Community legislation, the value of those missing quantities shall be determined in accordance with point (a).
-

ANNEX XI

TOLERANCE LIMITS

1. Tolerance limits for quantity losses resulting from normal storage operations carried out in accordance with the rules is hereby fixed for each agricultural product which is the subject of a public storage measure, as follows:

– cereals	0,2 %
– paddy rice, maize, sorghum	0,4 %
– sugar	0,1 %
– alcohol	0,6 %
– skimmed-milk powder	0,0 %
– butter	0,0 %
– beef and veal	0,6 %

2. The percentage for allowable losses during boning of beef shall be 32. This percentage shall apply to all quantities boned during the accounting year.
3. The tolerance limit for losses of quantities admitted into storage of the products of distillation operations, as referred to in Articles 35 and 36 of Regulation (EEC) No 822/87, shall be that provided for in respect of the products of the distillation operations referred in Article 39 of the said Regulation.
4. The tolerance limits referred to in paragraph 1 shall be fixed as a percentage of the actual weight, without packaging, of the quantities entering storage and taken over during the accounting year in question, plus the quantities in storage at the beginning of that year.

These tolerances shall apply during the physical stock inspections. They shall be calculated, for each product, on the basis of all the quantities stored by a paying agency.

The actual weight at buying-in and removal shall be the recorded weight minus the standard packaging weight, as laid down in the conditions of buying-in or, where no such conditions have been laid down, minus the average packaging weight used by the agency.

5. The tolerance shall not cover losses in terms of number of packages or number of registered pieces.
6. Losses arising from theft or other identifiable losses shall not be included in the calculation of tolerance limits provided for in paragraphs 1 and 2.
7. The tolerance limits referred to in paragraphs 1 and 2 shall be fixed by the Commission.

ANNEX XII

VALUATION OF PRODUCTS WHICH HAVE DETERIORATED OR BEEN DESTROYED

1. Unless specific Community rules provide otherwise, a product shall be deemed to have deteriorated if it no longer meets the quality requirements applicable when it was bought in.
2. The value of products which have deteriorated or been destroyed shall be calculated according to the type of cause, as follows:
 - (a) accidents, unless special provisions in Annex VII provide otherwise: the value of the products shall be calculated by multiplying the quantities affected by the basic intervention price in force for the standard quality on the first day of the current accounting year, reduced by 5 %;
 - (b) natural disasters: the value of the quantities affected shall be determined by a specific Commission decision taken in accordance with the procedure laid down in Article 25(2) of Regulation (EC) No 1784/2003 or the corresponding Article of other regulations on the common organisation of agricultural markets, as the case may be;
 - (c) poor conservation conditions due in particular to unsuitable storage methods: the value of the product shall be accounted for in accordance with Annex X(a) and (b);
 - (d) too long a period of storage: the book value of the product shall be determined on the basis of the selling price at the time of sale of the product in accordance with the procedure laid down in Article 25(2) of Regulation (EC) No 1784/2003 or the corresponding article of other regulations establishing common organisations of agricultural markets, as the case may be.

The decision on the sale of the product shall be taken in accordance with the agricultural legislation applicable to the product in question. The receipts from sales shall be taken into account for the month during which removal occurred.

ANNEX XIII

**ACCOUNTING RULES APPLICABLE TO PRODUCTS WHICH HAVE ENTERED STORAGE, BUT
TAKING-OVER OF WHICH HAS BEEN REFUSED**

1. Unless specific Community rules provide otherwise, entry, removal, storage and financing costs already entered in the accounts for each of the rejected quantities shall be deducted and taken into account separately, as follows:
 - (a) the entry and removal costs to be deducted shall be calculated by multiplying the rejected quantities by the sum of the respective standard amounts in the month of removal;
 - (b) expenditure on storage to be deducted shall be calculated by multiplying the rejected quantities by the number of months which elapse between entry and removal and by the standard amount for the month of removal;
 - (c) the financing costs to be deducted shall be calculated by multiplying the rejected quantities by the number of months which elapse between entry and removal, after deduction of the number of months of delay in payment applicable at the time of entry, by the rate of financing applicable during the month of removal divided by 12 and by the average book value of the stocks carried over at the beginning of the accounting year, or by the first month of declaration if no average book value of stocks carried over exists.
 2. The costs referred to in paragraph 1 shall be booked under the physical operations in the month of removal.
-

ANNEX XIV

SPECIMEN MONTHLY DECLARATION FROM STORER TO PAYING AGENCY

(Indicative model)

MONTHLY STOCK STATEMENT

Products:		Storer:		Month:	
		Store:			
		No:			
		Address:			
Lot	Description	Quantity (kg, tonnes, hl, boxes, items, etc.)		Date	Comments
		Entry	Exit		
	Quantity carried over				
	Quantity to be carried over				

(Stamp and signature)

Place and date:

Name:

ANNEX XV

SPECIMEN ANNUAL DECLARATION FROM STORER TO PAYING AGENCY

(Indicative model)

ANNUAL STOCK STATEMENT

Products:		Storer: Store: Address:	No: Year:
Lot	Description	Quantity and/or weight booked	Comments

(Stamp and signature)

Place and date:

Name:

CORRELATION TABLE

[illegible]

Regulation (EEC) No 1643/89	This Regulation
Article 1	Annex VI, point I(1)
Article 1a	Article 4(2)
Article 2	Annex VI, point I(2), (3), (4), (5) and (6)
Article 3	Article 2(3)(c)
Annex	Annex V

Regulation (EEC) No 2734/89	This Regulation
Article 1	Annex IX
Article 2	Article 9(1)
Article 3	Annex XI(3)
Article 4	—

Regulation (EEC) No 3492/90	This Regulation
Article 1	Article 5
Article 2(1)	Article 2(4)
Article 2(2)	Article 2(8)
Article 3	Article 8(1)
Article 4(1)	Article 8(2)
Article 4(2)	Annex XI(2)
Article 4(3)	Annex XI(6)
Article 4(4)	Annex XI(7)
Article 5(1)	Article 7(2)(b)
Article 5(2)	—
Article 5(3)	Article 6(2)(d)
Article 5(4)	Annex XII(1)
Article 5(5)	Article 2(5)
Article 6	Article 5(2)(f)
Article 7	Article 9(1)(a)
Article 8	—
Article 9	—
Article 10	—
Annex, point A	Article 4
Annex, first indent of point B	Article 9(1)
Annex, second indent of point B	Article 5(2)(f)

Regulation (EEC) No 3597/90	This Regulation
Article 1(1), (2) and (3)	Article 7(1)
Article 1(4)	Annex IV, point III(3)
Article 1(4), second subparagraph	Annex IV, point II(1)
Article 2(1) and (2)	Annex X
Article 2(3)	Annex XII
Article 2(4)	Article 2(5)
Article 2(5), first indent	Article 9(2), second subparagraph
Article 2(5), second and third indents	Article 4(2)
Article 3(1)	Article 6(2)(a)
Article 3(2)	Article 6(2)(b)
Article 3(3)	Article 6(2)(c)
Article 4	Annex VI, point II(1)
Article 5	Article 9(3)
Article 6(1)	Article 6(2)(f)
Article 6(2)	Article 7(2)(c)
Article 7(1)	Article 9(5)
Article 7(2) and (3)	Annex XIII
Article 7(4)	Article 4(2)
Article 8	Article 9(7)
Article 9	Article 9(1)
Article 10	Article 6(2)(e)
Article 11	Article 2(3)(a)
Article 12	—
Annex	Annex VII

Regulation (EEC) No 147/91	This Regulation
Article 1	Annex XI(4) and (5)
Article 2	Annex XI(1) and (2)
Article 3	Article 7(2)(d)
Article 4	—
Article 5	—
Article 6	—

Regulation (EEC) No 2148/96	This Regulation
Article 1	Article 2(2) and (3)(a) and (b)
Article 2	Annex II, point III(1)
Article 3	Annex II, point II(2)
Article 4	Annex I, point A. I
Article 5	Annex I, point A. II
Article 6	Annex II, point II
Article 7(1)	Article 2(3)(d)
Article 7(2)	Article 2(7)
Article 8	Annex II, point IV
Article 9	Article 2(8)
Article 10	—
Article 11	—
Annex I	Annex XIV
Annex II	Annex XV
Annex III	Annex I, point B

COMMISSION REGULATION (EC) No 885/2006**of 21 June 2006****laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the accreditation of paying agencies and other bodies and the clearance of the accounts of the EAGF and of the EAFRD**

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy ⁽¹⁾, and in particular Article 42 thereof,

Whereas:

(1) Following the adoption of Regulation (EC) No 1290/2005, new detailed rules should be laid down as regards the accreditation of paying agencies and other bodies as well as the clearance of the accounts of the European Agricultural Guarantee Fund (EAGF) and of the European Agricultural Fund for Rural Development (EAFRD). Commission Regulation (EC) No 1663/95 of 7 July 1995 laying down detailed rules for the application of Council Regulation (EEC) No 729/70 regarding the procedure for the clearance of the accounts of the EAGGF Guarantee Section ⁽²⁾ should therefore be repealed and replaced by a new Regulation.

(2) Paying agencies should only be accredited by Member States if they comply with certain minimum criteria established at Community level. Those criteria should cover four basic areas: internal environment, control activities, information and communication, and monitoring. Member States should be free to lay down additional accreditation criteria to take account of any specific features of a paying agency.

(3) Member States should be obliged to keep their paying agencies under constant supervision and to establish a system for the exchange of information on possible cases of non-compliance. A procedure should be put in place to deal with such cases, including the obligation to draw up a plan to remedy any identified deficiencies within a time limit to be determined. Expenditure effected by paying agencies whose accreditation is maintained by their Member State even though they have failed to implement such a remedial plan within the determined time limit should be subject to the conformity clearance procedure provided for in Article 31 of Regulation (EC) No 1290/2005.

(4) Detailed rules should be laid down as regards the content and format of the statement of assurance referred to in Article 8(1)(c)(iii) of Regulation (EC) No 1290/2005.

(5) The role of the coordinating body referred to in Article 6(3) of Regulation (EC) No 1290/2005 should be clarified and the criteria for its accreditation laid down.

(6) In order to ensure that the certificates and reports to be drawn up by the certification bodies referred to in Article 7 of Regulation (EC) No 1290/2005 are of assistance to the Commission in the clearance of accounts procedure, their content should be specified.

(7) In order to allow the Commission to clear the accounts pursuant to Article 30 of Regulation (EC) No 1290/2005, it is necessary to specify the content of the paying agencies' annual accounts and to establish a date for the transmission of those accounts and other relevant documents to the Commission. The period during which the paying agencies must keep the supporting documents regarding all expenditure and assigned revenues at the disposal of the Commission should also be clarified.

(8) Moreover, it should be specified that the Commission establishes the form and content of the accounting information which the paying agencies must forward to it. In this context, it is also appropriate to include in this Regulation the rules regarding the use of such accounting information presently set out in Commission Regulation (EC) No 2390/1999 of 25 October 1999 laying down form and content of the accounting information to be submitted to the Commission for the purpose of the clearance of the EAGGF Guarantee Section accounts as well as for monitoring and forecasting purposes ⁽³⁾. Regulation (EC) No 2390/1999 should therefore be repealed.

(9) Detailed provisions should be laid down for both the procedure for the clearance of accounts provided for in Article 30 of Regulation (EC) No 1290/2005 and the conformity clearance procedure provided for in Article 31 of that Regulation, including a mechanism whereby the resulting amounts are, as the case may be, deducted from or added to one of the subsequent payments made to the Member States.

⁽¹⁾ OJ L 209, 11.8.2005, p. 1. Regulation as amended by Regulation (EC) No 320/2006 (OJ L 58, 28.2.2006, p. 42).

⁽²⁾ OJ L 158, 8.7.1995, p. 6. Regulation as last amended by Regulation (EC) No 465/2005 (OJ L 77, 23.3.2005, p. 6).

⁽³⁾ OJ L 295, 16.11.1999, p. 1. Regulation as last amended by Regulation (EC) No 1359/2005 (OJ L 214, 19.8.2005, p. 11).

- (10) For the purpose of the conformity clearance procedure, Commission Decision 94/442/EC of 1 July 1994 setting up a conciliation procedure in the context of the clearance of the accounts of the European Agricultural Guidance and Guarantee Fund (EAGGF) Guarantee Section ⁽¹⁾ set up a Conciliation Body and laid down rules for its composition and operation. For reasons of simplification, those rules should be included in this Regulation and, where necessary, adapted. Decision 94/442/EC should therefore be repealed.
- (11) If a paying agency accredited under Regulation (EC) No 1663/95 assumes responsibilities after 16 October 2006 for which it was not responsible before that date, a new accreditation according to the criteria laid down in this Regulation covering these new responsibilities is necessary. As a transitional measure it should be possible for the adaptation of the accreditation to take place before 16 October 2007.
- (12) The measures provided for in this Regulation are in accordance with the opinion of the Committee on the Agricultural Funds,

HAS ADOPTED THIS REGULATION:

CHAPTER 1

PAYING AGENCIES AND OTHER BODIES

Article 1

Accreditation of paying agencies

1. In order to be accredited, a paying agency as defined in Article 6(1) of Regulation (EC) No 1290/2005 shall have an administrative organisation and a system of internal control which comply with the criteria set out in Annex I to this Regulation (hereinafter accreditation criteria) regarding:

- (a) internal environment,
- (b) control activities,
- (c) information and communication,
- (d) monitoring.

Member States may lay down further accreditation criteria to take account of the size, responsibilities and other specific features of the paying agency.

2. For each paying agency, the Member State shall designate an authority at ministerial level which is competent for issuing and withdrawing the agency's accreditation and for carrying out the tasks assigned to it by this Regulation (hereinafter the competent authority). It shall inform the Commission thereof.

3. The competent authority shall, by way of a formal act, decide on the accreditation of the paying agency on the basis of an examination of the accreditation criteria.

⁽¹⁾ OJ L 182, 16.7.1994, p. 45. Decision as last amended by Decision 2001/535/EC (OJ L 193, 17.7.2001, p. 25).

The examination shall be carried out by a body which is independent from the paying agency to be accredited and shall include, in particular, the arrangements regarding the authorisation and execution of payments, the safeguarding of the Community budget, the security of informationsystems, the maintenance of accounting records, the division of duties and the adequacy of internal and external controls, in respect of transactions financed by the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD).

4. If the competent authority is not satisfied that the paying agency complies with the accreditation criteria, it shall address instructions to the agency specifying the conditions it is required to fulfil before accreditation may be granted.

Pending the implementation of any requisite changes, accreditation may be granted provisionally for a period to be determined taking into account the severity of the problems identified, which shall not exceed 12 months. In duly justified cases, the Commission may, upon request of the Member State concerned, grant an extension of that period.

5. The communications provided for in Article 8(1)(a) of Regulation (EC) No 1290/2005 shall be made immediately after the paying agency is first accredited and in any case before any expenditure effected by it is charged to the EAGF or the EAFRD. They shall be accompanied by declarations and documents concerning:

- (a) the responsibilities vested in the paying agency;
- (b) the allocation of responsibilities between its departments;
- (c) its relationship with other bodies, public or private, which are responsible for implementing any measures under which the agency charges expenditure to the EAGF and the EAFRD;
- (d) the procedures by which claims by beneficiaries are received, verified, and validated, and by which expenditure is authorised, paid and accounted for;
- (e) the provisions concerning the security of information systems.

6. The Commission shall inform the Committee on the Agricultural Funds of the paying agencies accredited in each Member State.

Article 2

Review of accreditation

1. The competent authority shall keep the paying agencies for which it is responsible under constant supervision, notably on the basis of the certificates and reports drawn up by the certification body under Articles 5(3) and (4), and shall follow-up on any deficiencies identified. Every three years, the competent authority shall inform the Commission in writing of the results of its supervision and indicate whether the paying agencies continue to comply with the accreditation criteria.

2. Member States shall establish a system that ensures that any information suggesting that a paying agency does not comply with the accreditation criteria is communicated to the competent authority without delay.

3. Where, as regards an accredited paying agency, one or more of the accreditation criteria are no longer respected or so seriously deficient as to affect the agency's ability to fulfil the tasks set out in Article 6(1) of Regulation (EC) No 1290/2005, the competent authority shall put the agency's accreditation under probation and draw up a plan to remedy the deficiencies found within a period to be determined according to the severity of the problem, which shall not exceed 12 months from the date on which the accreditation is put under probation. In duly justified cases, the Commission may, upon request of the Member State concerned, grant an extension of that period.

4. The competent authority shall inform the Commission of any plan drawn up pursuant to paragraph 3 and of the implementation of such plans.

5. If accreditation is withdrawn, the competent authority shall without delay accredit another paying agency in accordance with Article 6(2) of Regulation (EC) No 1290/2005 and Article 1 of this Regulation to ensure that payments to beneficiaries are not interrupted.

6. Where the Commission finds that the competent authority has not complied with its obligation to draw up a remedial plan pursuant to paragraph 3 or that the paying agency continues to be accredited without having fully implemented such a plan within the determined period, it shall pursue any remaining deficiencies through the conformity clearance provided for in Article 31 of Regulation (EC) No 1290/2005.

Article 3

Statement of assurance

1. The statement of assurance referred to in Article 8(1)(c)(iii) of Regulation (EC) No 1290/2005 shall be drawn up in due time for the certification body to issue the opinion referred to in point (b) of the second subparagraph of Article 5(4) of this Regulation.

The statement of assurance shall be as set out in Annex II and may be qualified by reservations quantifying the potential financial impact. In that case, it shall include a remedial action plan and a precise timetable for its implementation.

2. The statement of assurance shall be based on an effective supervision of the management and control system in place throughout the year.

Article 4

Coordinating body

1. The coordinating body referred to in Article 6(3) of Regulation (EC) No 1290/2005 shall act as the Commission's sole interlocutor for the Member State concerned for all questions relating to the EAGF and the EAFRD as regards:

- (a) the distribution of Community texts and guidelines relating thereto to the paying agencies and to bodies responsible for the implementation of those texts and guidelines, as well as the promotion of their harmonised application;
- (b) the communication to the Commission of the information referred to in Articles 6 and 8 of Regulation (EC) No 1290/2005;
- (c) the availability to the Commission of a full record of all accounting information required for statistical and control purposes.

2. A paying agency may act as a coordinating body provided that the two functions are kept separate.

3. In performing its tasks, the coordinating body may, in accordance with national procedures, call on other administrative bodies or departments, particularly on those with accounting or technical expertise.

4. The Member State concerned shall, by a formal act at ministerial level, decide on the accreditation of the coordinating body after it has satisfied itself that the administrative arrangements of the body offer sufficient assurance that the body is capable of fulfilling the tasks referred to in the second subparagraph of Article 6(3) of Regulation (EC) No 1290/2005.

In order to be accredited, the coordinating body shall have procedures in place to ensure that:

- (a) all declarations to the Commission are based on information from properly authorised sources;
- (b) declarations to the Commission are properly authorised before transmission;
- (c) a proper audit trail exists to support the information transmitted to the Commission;
- (d) a record of information received and transmitted is securely stored, either in paper or in computerised format.

5. The confidentiality, integrity and availability of all computer data held by the coordinating body shall be assured by measures adapted to the administrative structure, staffing and technological environment of each individual coordinating body. The financial and technological effort shall be in proportion to the actual risks incurred.

6. The communications provided for in the first subparagraph of Article 6(3) and in Article 8(1)(a) of Regulation (EC) No 1290/2005 shall be made immediately after the coordinating body is first accredited and, in any case, before any expenditure for which it is responsible is charged to the EAGF or the EAFRD. It shall be accompanied by the accreditation document of the body as well as information on the administrative, accounting and internal control conditions relating to its operation.

Article 5

Certification

1. The certification body referred to in Article 7 of Regulation (EC) No 1290/2005 shall be designated by the competent authority. It shall be operationally independent of the paying agency and coordinating body concerned and shall have the necessary technical expertise.

2. The certification body shall conduct its examination of the paying agency concerned according to internationally accepted auditing standards taking into account any guidelines on the application of these standards established by the Commission.

The certification body shall carry out its checks both during and after the end of each financial year.

3. The certification body shall draw up a certificate stating whether it has gained reasonable assurance that the accounts to be transmitted to the Commission are true, complete and accurate and that the internal control procedures have operated satisfactorily.

The certificate shall be based on an examination of procedures and a sample of transactions. This examination shall cover the paying agency's administrative structure only as regards the question whether that structure is capable of ensuring that compliance with Community rules is checked before payments are made.

4. The certification body shall draw up a report of its findings. The report shall cover functions delegated, or exercised by the national customs authorities. The report shall state whether:

- (a) the paying agency complies with the accreditation criteria;
- (b) the paying agency's procedures are such as to give reasonable assurance that the expenditure charged to the EAGF and the EAFRD was effected in compliance with Community rules and which recommendations for improvements, if any, have been made and followed-up;
- (c) the annual accounts referred to in Article 6(1) are in accordance with the books and records of the paying agency;
- (d) the statements of expenditure and of intervention operations are a materially true, complete and accurate record of the operations charged to the EAGF and the EAFRD;
- (e) the financial interests of the Community are properly protected as regards advances paid, guarantees obtained, intervention stocks and amounts to be collected.

The report shall be accompanied by:

- (a) information on the number and qualifications of staff undertaking the audit, the work done, the number of transactions examined, the level of materiality and confidence obtained, any weaknesses found and recommendations made for improvement and the operations of both the certification body and other audit bodies, internal and external to the paying agency, from which all or part of the certification body's assurance on the matters reported was gained;
- (b) an opinion on the statement of assurance referred to in Article 8(1)(c)(iii) of Regulation (EC) No 1290/2005.

CHAPTER 2

CLEARANCE OF ACCOUNTS

Article 6

Content of the annual accounts

The annual accounts referred to in Article 8(1)(c)(iii) of Regulation (EC) No 1290/2005 shall include:

- (a) the assigned revenues referred to in Article 34 of Regulation (EC) No 1290/2005;
- (b) the expenditure of the EAGF, summarised by item and sub-item of the Community budget;
- (c) the expenditure of the EAFRD, by programme and measure;
- (d) information regarding expenditure and assigned revenues or confirmation that the detail of each transaction is held on computer file at the disposal of the Commission;
- (e) a table of differences by item and sub-item or, in the case of the EAFRD, by programme and measure, between the expenditure and the assigned revenues declared in the annual accounts and that declared for the same period in the documents referred to in Article 4(1)(c) of Commission Regulation (EC) No 883 of 21 June 2006 laying down detailed rules for the application of Council Regulation (EC) No 1290/2005 as regards the keeping of accounts by the paying agencies, declarations of expenditure and revenue and the conditions for reimbursing expenditure under the EAGF and the EAFRD ⁽¹⁾, as far as the EAGF is concerned and Article 16(2) of that Regulation as far as the EAFRD is concerned, accompanied by an explanation for every difference;

⁽¹⁾ See page 1 of this Official Journal.

- (f) the table of the amounts to be recovered for the end of the exercise, following the model set out in Annex III;
- (g) a summary of intervention operations and a statement of the quantity and location of stocks at the end of the financial year;
- (h) confirmation that the details of each movement of intervention storage is held on the paying agency's files.

Article 7

Transmission of information

1. For the purpose of the clearance of accounts pursuant to Article 30 of Regulation (EC) No 1290/2005, each Member State shall send to the Commission:

- (a) the items included in the annual accounts, as referred to in Article 6 of this Regulation;
- (b) the certificates and reports established by the certification body or bodies, as referred to in Article 5(3) and (4) of this Regulation;
- (c) complete records of all the accounting information required for statistical and control purposes;
- (d) the statement or statements of assurance as referred to in Article 3 of this Regulation.

2. The documents and the accounting information referred to in paragraph 1 shall be sent to the Commission by 1 February at the latest of the year following the end of the financial year which it concerns. The documents referred to in points (a), (b) and (d) of that paragraph shall be sent in one copy together with an electronic copy in accordance with the format and under the conditions established by the Commission pursuant to Article 18 of Regulation (EC) No 883/2006.

3. At the request of the Commission or on the initiative of the Member State, further information concerning the clearance of accounts may be addressed to the Commission within a time period determined by the Commission, taking into account the amount of work required for providing that information. In the absence of such information, the Commission may clear the accounts on the basis of the information in its possession.

4. In duly justified cases, the Commission may accept a request for late submission of information, if that request is addressed to it before the deadline for submission concerned.

5. If a Member State has accredited more than one paying agency, it shall also send to the Commission, by 15 February of the year following the end of the financial year which it concerns, a synthesis drawn up by the coordinating body which provides an overview of the statements of assurance referred to in Article 3 and the certificates referred to in Article 5(3).

Article 8

Form and content of the accounting information

1. The form and content of the accounting information referred to in Article 7(1)(c) and the way it is to be forwarded to the Commission shall be established in accordance with the procedure referred to in Article 41(2) of Regulation (EC) No 1290/2005.

2. The accounting information shall be used by the Commission for the sole purposes of:

- (a) carrying out its functions in the context of the clearance of accounts pursuant to Regulation (EC) No 1290/2005;
- (b) monitoring developments and providing forecasts in the agricultural sector.

The European Court of Auditors and the European Anti-fraud Office (OLAF) shall have access to that information for the purpose of carrying out their functions.

3. Any personal data included in the accounting information collected shall only be processed for the purposes specified in paragraph 2. In particular, if accounting information is used by the Commission for the purpose referred to in paragraph 2(b), the Commission shall make such data anonymous and process it in aggregated form only.

4. Any queries concerning the processing of their personal data shall be addressed by the persons concerned to the Commission as set out in Annex IV.

5. The Commission shall ensure that the accounting information is kept confidential and secure.

Article 9

Conservation of accounting information

1. The supporting documents regarding the expenditure financed and the assigned revenues to be collected by the EAGF shall be kept at the disposal of the Commission for at least three years following the year in which the Commission clears the accounts of the financial year concerned under Article 30 of Regulation (EC) No 1290/2005.

2. The supporting documents regarding the expenditure financed and the assigned revenues to be collected by the EAFRD shall be kept at the disposal of the Commission for at least three years following the year in which the final payment by the paying agency has taken place.

3. In the case of irregularities or negligence, the supporting documents referred to in paragraphs 1 and 2 shall be kept at the disposal of the Commission for at least three years following the year in which the sums are entirely recovered from the beneficiary and credited to the EAGF or the EAFRD or in which the financial consequences of non-recovery are determined under Article 32(5) or Article 33(8) of Regulation (EC) No 1290/2005.

4. In the case of a conformity clearance procedure provided for in Article 31 of Regulation (EC) No 1290/2005, the supporting documents referred to in paragraphs 1 and 2 of this Article shall be kept at the disposal of the Commission for at least one year following the year in which that procedure has been concluded or, if a conformity decision is the subject of legal proceedings before the Court of Justice of the European Communities, for at least one year following the year in which those proceedings are concluded.

Article 10

Financial clearance

1. The clearance of accounts decision referred to in Article 30 of Regulation (EC) No 1290/2005 shall determine the amounts of expenditure effected in each Member State during the financial year in question which shall be recognised as being chargeable to the EAGF and the EAFRD on the basis of the accounts referred to in Article 6 of this Regulation and any reductions and suspensions under Articles 17 and 27 of Regulation (EC) No 1290/2005.

For the EAGF, it shall also determine the amounts to be charged to the Community and to the Member State concerned pursuant to Article 32(5) of Regulation (EC) No 1290/2005.

For the EAFRD, the amount determined by the clearance of accounts decision shall include the funds which may be re-used by the Member State concerned pursuant to Article 33(3)(c) of Regulation (EC) No 1290/2005.

2. As regards the EAGF, the amount which, as a result of the clearance of accounts decision, is recoverable from or payable to each Member State shall be established by deducting the monthly payments in respect of the financial year concerned from the expenditure recognised for the same year in accordance with paragraph 1. The Commission shall deduct that amount from or add it to the monthly payment relating to the expenditure effected in the second month following the clearance of accounts decision

As regards the EAFRD, the amount which, as a result of the clearance of accounts decision, is recoverable from or payable to each Member State shall be established by deducting the intermediate payments in respect of the financial year concerned from the expenditure recognised for the same year in accordance with paragraph 1. The Commission shall deduct that amount from or add it to the following intermediate payment or the final payment.

3. The Commission shall communicate to the Member State concerned the results of its verification of the information supplied, together with any amendments it proposes, by 31 March following the end of the financial year at the latest.

4. If, for reasons attributable to the Member State concerned, the Commission is unable to clear the accounts of a Member State before 30 April of the following year, the Commission shall notify the Member State of those additional inquiries it proposes to undertake pursuant to Article 37 of Regulation (EC) No 1290/2005.

5. This Article shall apply, *mutatis mutandis*, to assigned revenues within the meaning of Article 34 of Regulation (EC) No 1290/2005.

Article 11

Conformity clearance

1. When, as a result of any inquiry, the Commission considers that expenditure was not effected in compliance with Community rules, it shall communicate its findings to the Member State concerned and indicate the corrective measures needed to ensure future compliance with those rules.

The communication shall make reference to this Article. The Member State shall reply within two months of receipt of the communication and the Commission may modify its position in consequence. In justified cases, the Commission may agree to extend the period for reply.

After expiry of the period for reply, the Commission shall convene a bilateral meeting and both parties shall endeavour to come to an agreement as to the measures to be taken as well as to the evaluation of the gravity of the infringement and of the financial damage caused to the Community budget.

2. Within two months from the date of the reception of the minutes of the bilateral meeting referred to in the third subparagraph of paragraph 1, the Member State shall communicate any information requested during that meeting or any other information which it considers useful for the ongoing examination.

In justified cases, the Commission may, upon reasoned request of the Member State, authorise an extension of the period referred to in the first subparagraph. The request shall be addressed to the Commission before the expiry of that period.

After the expiry of the period referred to in the first subparagraph, the Commission shall formally communicate its conclusions to the Member State on the basis of the information received in the framework of the conformity clearance procedure. The communication shall evaluate the expenditure which the Commission envisages to exclude from Community financing under Article 31 of Regulation (EC) No 1290/2005 and shall make reference to Article 16(1) of this Regulation.

3. The Member State shall inform the Commission of the corrective measures it has undertaken to ensure compliance with Community rules and the effective date of their implementation.

The Commission, after having examined any report drawn up by the Conciliation Body in accordance with Chapter 3 of this Regulation, shall adopt, if necessary, one or more decisions under Article 31 of Regulation (EC) No 1290/2005 in order to exclude from Community financing expenditure affected by the non-compliance with Community rules until the Member State has effectively implemented the corrective measures.

When evaluating the expenditure to be excluded from Community financing, the Commission may take into account any information communicated by the Member State after the expiry of the period referred to in paragraph 2 if this is necessary for a better estimate of the financial damage caused to the Community budget, provided that the late transmission of the information is justified by exceptional circumstances.

4. As regards the EAGF, the deductions from the Community financing shall be made by the Commission from the monthly payments relating to the expenditure effected in the second month following the decision pursuant to Article 31 of Regulation (EC) No 1290/2005.

As regards the EAFRD, the deductions from the Community financing shall be made by the Commission from the following intermediate payment or the final payment.

However, at the Member State's request and where warranted by the materiality of the deductions, and after consultation of the Committee on the Agricultural Funds, the Commission may set a different date for the deductions.

5. This Article shall apply, *mutatis mutandis*, to assigned revenues within the meaning of Article 34 of Regulation (EC) No 1290/2005.

CHAPTER 3

CONCILIATION PROCEDURE

Article 12

Conciliation Body

For the purpose of the conformity clearance procedure provided for in Article 31 of Regulation (EC) No 1290/2005, a Conciliation Body shall be set up with the Commission. Its tasks shall be:

- (a) to examine any matter referred to it by a Member State which has received a formal communication from the Commission pursuant to the third subparagraph of Article 11(2) of this Regulation, including an evaluation of expenditure which the Commission intends to exclude from Community financing;
- (b) to try to reconcile the divergent positions of the Commission and the Member State concerned;
- (c) at the end of its examination, to draw up a report on the results of its reconciliation efforts, making any remarks it deems useful should all or some of the points of dispute remain unresolved.

Article 13

Composition of the Conciliation Body

1. The Conciliation Body shall be composed of five members selected among eminent persons offering every guarantee of independence and who are highly qualified in matters regarding the financing of the common agricultural policy, including rural development, or in the practice of financial audit.

They must be nationals of different Member States.

2. The chairman, the members and the substitute members shall be appointed by the Commission for an initial term of office of three years after consultation of the Committee on the Agricultural Funds.

The terms of office may be renewed for a year at a time only, the Committee on the Agricultural Funds being informed. However, if the chairman to be appointed is already a member of the Conciliation Body, his initial term of office as chairman shall be three years.

The names of the chairman, the members and the substitute members shall be published in the 'C' series of the *Official Journal of the European Union*.

3. The members of the Conciliation Body shall be remunerated having regard to the time which they are required to dedicate to the task. Communication and transport costs shall be compensated in accordance with the rules in force.

4. After expiry of the term of office, the chairman and the members shall remain in office until they are replaced or their term of office is renewed.

5. The term of office of a member who no longer meets the conditions required for the accomplishment of his duties with the Conciliation Body or who, for whatever reason, is unavailable for an indeterminate period may be terminated by the Commission after consultation of the Committee on the Agricultural Funds.

In that case, the member shall be replaced for the remainder of the period for which he was appointed by a substitute member, the Committee on the Agricultural Funds being informed.

If the chairman's term of office is terminated, the member who is to perform the chairman's duties for the remainder of the period for which the chairman was appointed shall be appointed by the Commission after consultation of the Committee on the Agricultural Funds.

*Article 14***Independence of the Conciliation Body**

1. The members of the Conciliation Body shall carry out their duties independently, neither seeking nor accepting instructions from any government or body.

No member shall take part in the work of the Conciliation Body or sign a report if, in a previous office, he has been personally involved in the matter at issue.

2. Without prejudice to Article 287 of the Treaty, the members shall not disclose any information acquired by them in the course of their work for the Conciliation Body. Such information shall be confidential and covered by the obligation of professional secrecy.

*Article 15***Working arrangements**

1. The Conciliation Body shall meet at the headquarters of the Commission. The chairman shall prepare and organise the work. In his absence, and without prejudice to the first subparagraph of Article 13(5), the most senior member shall take the chair.

The secretariat of the Conciliation Body shall be provided by the Commission.

2. Without prejudice to the second subparagraph of Article 14(1), reports shall be adopted by an absolute majority of members present, the quorum being three.

The reports shall be signed by the chairman and members who have taken part in the deliberations. They shall be co-signed by the secretariat.

*Article 16***Conciliation procedure**

1. A Member State may refer a matter to the Conciliation Body within thirty working days of receipt of the Commission's formal communication referred to in the third subparagraph of Article 11(2) by sending a reasoned request for conciliation to the secretariat of the Conciliation Body.

The procedure to be followed and the address of the secretariat shall be notified to the Member States through the Committee on the Agricultural Funds.

2. A request for conciliation shall only be admissible where the amount envisaged to be excluded from the Community financing according to the Commission's communication either:

(a) exceeds EUR 1 million;

or

(b) represents at least 25 % of the Member State's total annual expenditure under the budget headings concerned.

In addition, if, during the preceding discussions the Member State claimed and demonstrated that the matter is one of principle relating to the application of Community rules, the chairman of the Conciliation Body may declare a request for conciliation to be admissible. However, such a request shall not be admissible if it relates solely to a matter of legal interpretation.

3. The Conciliation Body shall conduct its investigations as informally and promptly as possible, basing itself on the evidence in the file and on a fair hearing of the Commission and of the national authorities concerned.

4. Where, within four months of a case being referred to it, the Conciliation Body is not able to reconcile the positions of the Commission and the Member State, the conciliation procedure shall be deemed to have failed. The report referred to in Article 12(c) shall state the reasons why the positions could not be reconciled. It shall indicate whether any partial agreement has been reached in the course of the proceedings.

The report shall be sent to:

(a) the Member State concerned;

(b) the Commission;

(c) the other Member States in the framework of the Committee on the Agricultural Funds.

CHAPTER 4

TRANSITIONAL AND FINAL PROVISIONS*Article 17***Transitional provisions**

1. Where a paying agency which has been accredited in accordance with Regulation (EC) No 1663/95 assumes responsibility for expenditure for which it was not previously responsible, the examination provided for in Article 1(3) of this Regulation and the new accreditation required as a result of the new responsibilities shall be completed by 16 October 2007 at the latest.

2. For the financial year 2007, the certification body report referred to in Article 5(4) shall, as far as information systems security is concerned, only include comments and provisional conclusions, using a scoring mechanism, as to the measures put in place by the paying agency. Those comments shall be based on the applicable internationally accepted security standards as referred to in point 3.B) of Annex I and shall indicate the extent to which effective security measures were in place.

*Article 18***Repeal**

1. Regulation (EC) No 1663/95, Regulation (EC) No 2390/1999 and Decision 94/442/EC are repealed from 16 October 2006. However, Regulation (EC) No 1663/95 shall continue to apply to the clearance of the accounts under Article 7(3) of Council Regulation (EC) No 1258/1999 ⁽¹⁾ for the financial year 2006.

The chairman, the members and the substitute members of the Conciliation Body appointed under Decision 94/442/EC shall remain in office until the expiry of their term or until they are replaced.

2. The references to the repealed acts in paragraph 1 shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex V.

*Article 19***Entry into force and application**

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

It shall apply from 16 October 2006. However, Articles 3 and 5, Article 6, points (a) to (e), (g) and (h), Article 7 and Article 10 shall apply only in relation to expenditure and assigned revenues coming under the financial year 2007 and following.

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

Done at Brussels, 21 June 2006.

For the Commission
Mariann FISCHER BOEL
Member of the Commission

⁽¹⁾ OJ L 160, 26.6.1999, p. 103.

ANNEX I

ACCREDITATION CRITERIA

1. **Internal environment**(A) *Organisational structure*

The agency shall dispose of an organisational structure allowing it to execute the following main functions in respect of EAGF and EAFRD expenditure:

- (i) Authorisation and control of payments to establish that the amount to be paid to a claimant is in conformity with Community rules, which shall include, in particular, the administrative and on-the-spot controls.
- (ii) Execution of payments to pay the authorised amount to the claimant (or his assignee) or, in the case of rural development, the Community co-financing part.
- (iii) Accounting for payment to record all payments in the agency's separate accounts for EAGF and EAFRD expenditure, in the form of an information system, and the preparation of periodic summaries of expenditure, including the monthly, quarterly (for the EAFRD) and annual declarations to the Commission. The accounts shall also record the assets financed by the Funds, in particular concerning intervention stocks, uncleared advances, securities and debtors.

The agency's organisational structure shall provide for clear assignment of authority and responsibility at all operational levels and for separation of the three functions referred to in the first paragraph, the responsibilities of which shall be defined in an organisational chart. It shall include the technical services and the internal audit service referred to under point 4.

(B) *Human-resource standard*

The agency shall ensure the following:

- (i) Appropriate human resources are allocated to carry out the operations and the technical skills required at different levels of operations are present.
- (ii) The division of duties is such that no official has responsibility for more than one of the responsibilities for authorising, paying or accounting of sums charged to the EAGF or to the EAFRD, and no official performs one of those tasks without his work coming under the supervision of a second official.
- (iii) The responsibilities of each official is defined in writing, including the setting of financial limits to his authority.
- (iv) Staff training is appropriate at all levels of operation, and there is a policy for rotating staff in sensitive positions, or alternatively for increased supervision.
- (v) Appropriate measures are taken to avoid a conflict of interests where a person occupying a position of responsibility or a sensitive position with regard to the verification, authorisation, payment and accounting of claims also fulfils other functions outside the agency.

(C) *Delegation*

If any of the paying agency's tasks are delegated to another body under Article 6(1) of Regulation (EC) No 1290/2005, the following conditions have to be fulfilled:

- (i) A written agreement must be concluded between the agency and that body specifying the nature of the information and the supporting documents to be submitted to the agency and the time limit within which they must be submitted. The agreement must permit the agency to comply with the accreditation criteria.
- (ii) The agency shall in all cases remain responsible for the efficient management of the Funds concerned.
- (iii) The responsibilities and obligations of the other body, notably concerning the control and verification of the compliance with Community rules, shall be clearly defined.

- (iv) The agency shall ensure that the body disposes of effective systems for ensuring that it fulfils its responsibilities in a satisfactory manner.
- (v) The body shall explicitly confirm to the agency that it in fact fulfils its responsibilities and shall describe the means employed.
- (vi) The agency shall review on a regular basis the functions delegated to confirm that the work performed is of satisfactory standard and that it is in compliance with Community rules.

The conditions set out above shall apply *mutatis mutandis* to the tasks relating to agricultural expenditure carried out by national customs authorities.

2. Control activities

(A) *Procedures for authorising claims*

The agency shall adopt the following procedures:

- (i) The agency shall lay down detailed procedures for the receipt, recording and processing of claims, including a description of all documents to be used.
- (ii) Each official responsible for authorisation shall have at his disposal a detailed checklist of the verifications he is required to undertake, and shall include in the supporting documents of the claim his attestation that those checks have been performed. That attestation may be made by electronic means. There shall be evidence of review of the work by a senior staff member.
- (iii) A claim shall be authorised for payment only after sufficient checks have been made to verify that it complies with Community rules. Those checks shall include those required by the Regulation governing the specific measure under which aid is claimed, and those required pursuant to Article 9 of Regulation (EC) No 1290/2005 to prevent and detect fraud and irregularity with particular regard to the risks incurred. For the EAFRD there shall in addition be procedures for verifying that the criteria for the granting of aid have been respected and that all applicable Community rules have been complied with, particularly the rules on public procurement and respect of the environment.
- (iv) The management of the agency shall, at an appropriate level, be informed on a regular and timely basis of the results of controls carried out, so that the sufficiency of those controls may always be taken into account before a claim is settled.
- (v) The work performed shall be described in detail in a report accompanying each claim, batch of claims or, when appropriate, in a report covering one marketing year. The report shall be accompanied by an attestation of the eligibility of the approved claims and of the nature, scope and limits of the work done. For the EAFRD there shall in addition be an assurance that the criteria for the granting of aid have been respected and that all applicable Community rules have been complied with, particularly the rules on public procurement and respect of the environment. If any physical or administrative checks are not exhaustive, but performed on a sample of claims, the claims selected shall be identified, the sampling method described, the results of all inspections and the measures taken in respect of discrepancies and irregularities reported upon. The supporting documents shall be sufficient to provide assurance that all the required checks on the eligibility of the authorised claims have been performed.
- (vi) Where documents (in paper or electronic form) relating to the claims authorised and controls effected are retained by other bodies, both those bodies and the agency shall set up procedures to ensure that the location of all such documents that are relevant to specific payments made by the agency is recorded.

(B) *Procedures for payment*

The agency shall adopt the necessary procedures to ensure that payments are made only to bank accounts belonging to either the claimant or to his assignee. The payment shall be executed by the agency's banker, or, as appropriate, a governmental payments office, within five working days of the date of charge to the EAGF or to the EAFRD. However, for the financial years 2007 and 2008 payments may also be made by payable order. Procedures shall be adopted to ensure that all payments for which transfers are not executed are re-credited to the Funds. No payments shall be made in cash. The approval of the authorising official and/or his supervisor may be made by electronic means, provided an appropriate level of security over those means is ensured, and the identity of the signatory is entered into the electronic records.

(C) *Procedures for accounting*

The agency shall adopt the following procedures:

- (i) Accounting procedures shall ensure that monthly, quarterly (for the EAFRD) and annual declarations are complete, accurate and timely, and that any errors or omissions are detected and corrected, in particular through checks and reconciliations performed at intervals.
- (ii) The accounting for intervention storage shall ensure that the quantities and associated costs are correctly and promptly processed and recorded per identifiable lot and in the correct account at each stage from the acceptance of an offer to the physical disposal of the product, in compliance with the applicable regulations, and ensure that the quantity and nature of stocks at every location may be determined at any time.

(D) *Procedures for advances and securities*

Payments of advances shall be separately identified in the accounting or subsidiary records. Procedures shall be adopted to ensure that:

- (i) Guarantees are obtained only from financial institutions which fulfil the conditions of Commission Regulation (EEC) No 2220/85 ⁽¹⁾ and which are approved by the appropriate authorities and which remain valid until cleared or called upon, and are met on the simple request of the agency.
- (ii) The advances are cleared within the stipulated time limits and those overdue for clearing are promptly identified and the guarantees promptly called upon.

(E) *Procedures for debts*

All the criteria provided for in points A) to D) shall apply, *mutatis mutandis*, to levies, forfeited guarantees, reimbursed payments, assigned revenues etc. which the agency is required to collect on behalf of the EAGF and of the EAFRD.

The agency shall set up a system for the recognition of all amounts due and for the recording in a debtor's ledger of all such debts prior to their receipt. The debtor's ledger shall be inspected at regular intervals and action shall be taken to collect debts that are overdue.

(F) *Audit trail*

The information regarding documentary evidence of the authorisation, accounting and payment of claims and handling of advances, securities and debts shall be available in the agency to ensure at all times a sufficiently detailed audit trail.

3. **Information and communication**

(A) *Communication*

The agency shall adopt the necessary procedures to ensure that every change in the Community's regulations, and in particular the rates of aid applicable, are recorded and the instructions, databases and checklists updated in good time.

(B) *Information systems security*

Information systems security shall be based on the criteria laid down in the version applicable in the financial year concerned of one of the following internationally accepted standards:

- (i) International Standards Organisation 17799/British Standard 7799: Code of practise for Information Security Management (BS ISO/IEC 17799),
- (ii) Bundesamt für Sicherheit in der Informationstechnik: IT-Grundschutzhandbuch/IT Baseline Protection Manual (BSI),
- (iii) Information Systems Audit and Control Foundation: Control objectives for Information and related Technology (COBIT).

⁽¹⁾ OJ L 205, 3.8.1985, p. 5.

The agency shall choose one of those international standards as the basis for its information systems security.

Security measures should be adapted to the administrative structure, staffing and technological environments of each individual paying agency. The financial and technological effort should be in proportion to the actual risks incurred.

4. **Monitoring**

(A) *Ongoing monitoring via internal control activities*

The internal control activities shall cover at least the following areas:

- (i) Monitoring of the technical services and delegated bodies responsible for carrying out the controls and other functions to ensure a proper implementation of regulations, guidelines and procedures.
- (ii) Initiating of system changes in order to improve control systems in general.
- (iii) Reviewing claims and requests submitted to the agency as well as other information providing suspicion of irregularities.

Ongoing monitoring is built into the normal, recurring operating activities of the paying agency. At all levels the daily operations and controls activities of the agency shall be monitored on an ongoing basis to ensure a sufficiently detailed audit trail.

(B) *Separate evaluations via an internal audit service*

The agency shall adopt in this respect the following procedures:

- (i) The internal audit service shall be independent of the agency's other departments and shall report to the agency's director.
 - (ii) The internal audit service shall verify that procedures adopted by the agency are adequate to ensure that compliance with Community rules is verified and that the accounts are accurate, complete and timely. Verifications may be limited to selected measures and to samples of transactions provided that an audit plan ensures that all significant areas, including the departments responsible for authorisation, are covered over a period not exceeding five years.
 - (iii) The service's work shall be performed in accordance with internationally accepted standards, shall be recorded in working papers and shall result in reports and recommendations addressed to the agency's top management.
-

ANNEX II

STATEMENT OF ASSURANCE

I,, Director of the Paying Agency, present the accounts for this Paying Agency for the financial year 16/10/xx to 15/10/xx+1.

I declare, based on my own judgement and on the information at my disposal, including, *inter alia*, the results of work of the internal audit service, that:

- The accounts presented give, to the best of my knowledge, a true, complete and accurate view of the expenditure and receipts for the financial year mentioned above. In particular, all debts, advances, guarantees and stocks known to me have been recorded in the accounts, and all receipts collected relating to the EAGF and the EAFRD have been properly credited to the appropriate funds.
- I have put in place a system which provides reasonable assurance on the legality and regularity of the underlying transactions, including that the eligibility of demands and, for rural development, the procedure for attributing aid, are managed, controlled and documented in conformity with Community rules.

This assurance is, however, subject to the following reservations:

Furthermore, I confirm that I am not aware of any undisclosed matter which could be damaging to the financial interest of the Community.

Signature

ANNEX III

MODEL TABLES OF THE AMOUNTS TO BE RECOVERED

The Member States shall provide per paying agency the information referred to in Article 6 (f) using the following tables:

Table 1:

Overview of recovery procedures concerning EAGF irregularities in the latest financial year — administrative procedures

Table to be provided in 2007:

a	b	c	d	e	f
Financial year of primary finding	Balance 15 October 2005	Recovered amounts (2006)	Corrected amounts (2006) ⁽¹⁾	Total non-cleared amounts declared irrecoverable	Amounts to be recovered (15 October 2006)
< 2002					
2002					
2003					
2004					
2005					
2006					
Total					

⁽¹⁾ Including corrections that result from a change from administrative procedures to a judicial procedure.

Table to be provided in 2008 and subsequent years:

a	b	c	d	e	f
Financial year of primary finding	Balance 15 October year n-1	Recovered amounts (year n)	Corrected amounts (year n) ⁽¹⁾	Amounts declared irrecoverable (year n)	Amounts to be recovered (15 October year n)
< n - 4 ⁽²⁾					
n-4					
n-3					
n-2					
n-1					
N					
Total					

⁽¹⁾ Including corrections that result from a change from administrative procedures to a judicial procedure.

⁽²⁾ This row shall record recoveries and or corrections in accordance with the third and fourth subparagraphs of Article 32 (5) of Regulation (EC) No 1290/2005.

Table 2:

Overview of recovery procedures concerning EAGF irregularities in the latest financial year — judicial procedures

Table to be provided in 2007:

a	b	c	d	e	f
Financial year of primary finding	Balance 15 October 2005	Recovered amounts (2006)	Corrected amounts (2006) ⁽¹⁾	Total non cleared amounts declared irrecoverable	Amounts to be recovered (15 October 2006)
< 1998					
1998					
1999					
2000					
2001					
2002					
2003					
2004					
2005					
2006					
Total					

⁽¹⁾ Including corrections that result from a change from administrative procedures to a judicial procedure.

Table to be provided in 2008 and subsequent years:

a	b	c	d	e	f
Financial year of primary finding	Balance 15 October year n-1	Recovered amounts (year n)	Corrected amounts (year n) ⁽¹⁾	Amounts declared irrecoverable (year n)	Amounts to be recovered (15 October year n)
< n – 8 ⁽²⁾					
n-8					
n-7					
n-6					
n-5					
n-4					
n-3					
n-2					
n-1					
N					
Total					

⁽¹⁾ Including corrections that result from a change from administrative procedures to a judicial procedure.

⁽²⁾ This row shall record recoveries and or corrections in accordance with the third and fourth subparagraphs of Article 32(5) of Regulation (EC) No 1290/2005.

Tables 1 and 2 shall apply *mutatis mutandis* in case of application of the fifth subparagraph of Article 32(5) of Regulation (EC) No 1290/2005.

Table 3:

Overview of recovery procedures concerning EAFRD irregularities in the latest financial year — administrative procedures

Table to be provided in 2008 and subsequent years:

a	b	c	d	e	f
Financial year of primary finding	Balance 15 October year n-1	Recovered amounts (year n)	Corrected amounts (year n) ⁽¹⁾	Amounts declared irrecoverable (year n)	Amounts to be recovered (15 October year n)
2007					
2008					
2009					
2010					
2016+4					
Total					

⁽¹⁾ Including corrections that result from a change from administrative procedures to a judicial procedure.

Table 4:

Overview of recovery procedures concerning EAFRD irregularities in the latest financial year — judicial procedures

Table to be provided in 2008 and subsequent years:

a	b	c	d	e	f
Financial year of primary finding	Balance 15 October year n-1	Recovered amounts (year n)	Corrected amounts (year n) ⁽¹⁾	Amounts declared irrecoverable (year n)	Amounts to be recovered (15 October year n)
2007					
2008					
2009					
2010					
2016+8					
Total					

⁽¹⁾ Including corrections that result from a change from administrative procedures to a judicial procedure.

Tables 3 and 4 shall apply *mutatis mutandis* in case of application of the second subparagraph of Article 33(8) of Regulation (EC) No 1290/2005.

The Member States shall submit tables 5 and 6 electronically, in a format provided yearly by the Commission before 15 October.

Table 5:
Amounts of individual cases concerning EAGF irregularities

a	b	c	d	e	f	g	h	i	j	k	l	m
Identification number	ECR identification if applicable ⁽¹⁾	Financial year of primary finding of irregularity	Subject to judicial procedures	Original amount	Total corrected amount (entire recovery period)	Total recovered amount (entire recovery period)	Amount declared irrecoverable (entire recovery period)	date of establishment of irrecoverability	Amount for which recovery is ongoing	Reasons for irrecoverability	Corrected amount (in financial year n)	Recovered amount (in financial year n)
			y/n									
			y/n									
			y/n									
			y/n									

⁽¹⁾ This concerns the unique identification of the cases notified under Council Regulation (EEC) No 595/91 (OJ L 67, 14.3.1991, p. 11).

Table 6:
Amounts of individual cases concerning EAFRD irregularities

a	b	c	d	e	f	g	h	i	j	k	l	m
Identification number	ECR identification if applicable ⁽¹⁾	Financial year of primary finding of irregularity	Subject to judicial procedures	Original amount	Total corrected amount (entire recovery period)	Total recovered amount (entire recovery period)	Amount declared irrecoverable (entire recovery period)	date of establishment of irrecoverability	Amount for which recovery is ongoing	Reasons for irrecoverability	Corrected amount (in financial year n)	Recovered amount (in financial year n)
			y/n									
			y/n									
			y/n									
			y/n									

⁽¹⁾ This concerns the unique identification of the cases notified under Council Regulation (EEC) No 595/91 (OJ L 67, 14.3.1991, p. 11).

ANNEX IV

TRANSMISSION OF QUERIES REFERRED TO IN ARTICLE 8(4)

Queries referred to in Article 8(4) shall be sent to:

— European Commission, DG AGRI-J1, Rue de la Loi 200, B-1049 Brussels,

or

— AGRI-J1@cec.eu.int.

ANNEX V

CORRELATION TABLE

Regulation (EC) No 1663/95	This Regulation
Article 1(2)	Article 1(2)
Article 1(3), second subparagraph	Article 1(3), second subparagraph
Article 1(4)	Article 1(4)
Article 1(5)	Article 2(5)
Article 1(7)	Article 1(5)
Article 2(1)	Article 4(1)
Article 2(2)	Article 4(6)
Article 2(3)	Article 8(1)
Article 3(1), first subparagraph	Article 5(1), second sentence
Article 3(1), second subparagraph	Article 5(3), second subparagraph
Article 3(1), third subparagraph	Article 5(2)
Article 3(3)	Article 5(4)
Article 4(1) (a), (b), (c)	Article 7(1) (a), (b), (c)
Article 4(2)	Article 7(2)
Article 4(3)	Article 7(3)
Article 4(4)	Article 7(4)
Article 5(1)(a)	Article 6(b) and (c)
Article 5(1)(b)	Article 6(e)
Article 5(1)(c)	Article 6(f)
Article 5(1)(d)	Article 6(g)
Article 5(1)(e)	Article 6(h)
Article 6	Article 9(1) and (2)
Article 7(1), second subparagraph	Article 10(2)
Article 7(2)	Article 10(3)
Article 7(3)	Article 10(4)
Article 8	Article 11

Regulation (EC) No 2390/1999	This Regulation
Article 2(1)	Article 8(2)
Article 2(2)	Article 8(3)
Article 2(3)	Article 8(5)

Decision 94/442/EC	This Regulation
Article 1(1)	Article 12
Article 2(1)	Article 16(1)
Article 2(2)	Article 16(2)
Article 2(4)	Article 16(3)
Article 2(5)	Article 16(4), first subparagraph
Article 2(6)	Article 16(4), second subparagraph
Article 3(1), first subparagraph	Article 13(1)
Article 3(1), second, third and fourth subparagraph	Article 13(2)
Article 3(2)	Article 13(3)
Article 3(3)	Article 13(4)
Article 3(4), second subparagraph	Article 13(5)
Article 3(5)	Article 13(5)
Article 4(1)	Article 15(1)
Article 4(2)	Article 14(1), second subparagraph
Article 4(3)	Article 15(2)
Article 5(1)	Article 14(1), first subparagraph
Article 5(2)	Article 14(2)