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COMMISSION DECISION

of 22.4.2013

**ON THE MANAGEMENT AND CONTROL OF THE SCHENGEN FACILITY IN
CROATIA**

(only the English text is authentic)

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ON THE MANAGEMENT AND CONTROL OF THE SCHENGEN FACILITY IN CROATIA

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THE EUROPEAN COMMISSION,

Having regard to the Treaty between the Member States of the European Union and the Republic of Croatia concerning the Accession of the Republic of Croatia to the European Union¹ and in particular Article 3(4) thereof,

Having regard to the Act concerning the conditions of accession of the Republic of Croatia and the adjustments to the Treaty on European Union, the Treaty on the Functioning of the European Union and the Treaty establishing the European Atomic Energy Community² and in particular Article 31(5) thereof,

Having regard to Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities³ and in particular Articles 53(b) and 53b thereof,

Whereas:

- (1) A temporary instrument, the Schengen Facility, has been created by Article 31 of the Act of Accession to help Croatia to finance actions at the new external borders of the Union for the implementation of the Schengen acquis and external border control.
- (2) It is necessary to lay down technical provisions necessary for the management and control of the Schengen Facility.
- (3) With regard to the Schengen Facility, Article 31 of the Act of Accession of Croatia is to be considered as the basic act within the meaning of Article 54 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union⁴, in accordance with point (d) of the first subparagraph of the second paragraph of that article.
- (4) It is necessary to adopt a financing decision setting out the essential elements of the action involving expenditure in accordance with Article 84 of the Regulation No 966/2012 and Article 94(1) of the Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of the Financial Regulation⁵.

¹ OJ L 112, 24.4.2012, p. 10.

² OJ L 112, 24.4.2012, p. 21.

³ OJ L 248, 16.09.2002, p. 1.

⁴ OJ L 298, 26.10.2012, p. 1.

⁵ OJ L 362, 31.12.2012, p. 1.

- (5) Pursuant to the second subparagraph of Article 3(4) of the Treaty on Accession of Croatia, measures such as those adopted on the basis of Article 31(5) of the Act of Accession shall enter into force only subject to and on the date of the entry into force of this Treaty.

HAS ADOPTED THIS DECISION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Croatia shall be responsible for selecting and implementing individual operations in compliance with Article 31 of the Act of Accession and with this Decision.

Article 2

Eligible actions and eligible expenditures

1. The following types of actions shall be eligible for financing under the Schengen Facility:
 - (a) investment in construction, renovation or upgrading of border crossing infrastructure and related buildings;
 - (b) investments in any kind of operating equipment, such as laboratory equipment, detection tools, Schengen Information System (SIS 2), hardware and software, the creation of the IT systems needed to implement the Schengen *acquis*, means of transport;
 - (c) training of border guards;
 - (d) support to costs for logistics and operations, including payment of the salaries of the personnel required to fulfil the obligations of Croatia in respect of Schengen *acquis*.
2. To be eligible, actions must fall entirely or principally within the Schengen *acquis* and be designed to further strengthen and upgrade external border control and must:
 - (a) be physically located at the external borders, or
 - (b) be related to the protection of the external borders in cases where they are not physically located at the external borders.

Article 3

Eligibility periods and rate of financing

1. Eligible actions shall begin as from the day following Croatia's accession to the Union. Expenditure in respect of actions shall be committed, and any contracts shall be signed and implemented no later than three years after the date of the first lump-sum payment under Article 31 of the Act of Accession.
2. The maximum rate of the Union assistance shall be 100%.

Article 4

Compliance with Union and national law

Actions financed by the Schengen Facility shall comply with applicable Union and national law.

Article 5

Public Procurement

1. Procurement procedures must be in accordance with the principles of transparency, proportionality, equal treatment and non-discrimination.
2. The contract notices shall be published in accordance with Article 125 of the Rules of Application of the Financial Regulation.

Article 6

Transparency

Croatia shall ensure the publication, electronically or otherwise, of the list of beneficiaries, the names of the actions and the amount of public funding allocated to the actions.

Article 7

Complementarity and consistency

1. Croatia shall guarantee coordination and consistency between actions undertaken pursuant to this Decision and measures undertaken with contributions from the budget of the Union, the European Investment Bank and the other financial instruments of the Union.
2. Expenditures covered by and charged to the Schengen Facility shall not be charged to any other Union financial instrument.

Article 8

Commitment, Payment Schedule and Financing Decision for 2013

1. Budgetary commitments shall be made on the basis of Article 31(2) of the Act of Accession.

Amounts shall be payable in accordance with Article 31(3) of the Act of Accession.

2. This Decision shall constitute a Financing Decision for the disbursement of the lump-sum payment for 2013 as provided for by Article 31(2) of the Act of Accession.
3. The maximum contribution authorised for the implementation of the Schengen Facility as annual amount for 2013 is EUR 40 million to be financed from the budget line 18 02 12 of the General Budget of the Union for 2013.

Article 9

Indicative Programme

Croatia shall submit to the Commission an indicative programme within 15 days after the entry into force of this Decision. The indicative programme shall contain the following information:

- (a) the designated responsible authority responsible for the overall implementation of funds provided by the Schengen Facility;
- (b) the name of a single contact point within the designated responsible authority;
- (c) the nature of the actions and a description thereof, their estimated costs and location;
- (d) the timetable for implementation of the actions providing an indicative breakdown of the costs foreseen to be incurred within the eligibility period specified in Article 3;
- (e) information on complementary financing foreseen from other sources including other Union sources.

Article 10

Use of the euro

1. Amounts set out in indicative programme by Croatia, forecasts of expenditure, statements of expenditure, annual accounts and expenditure stated in the reports on the state of play, the annual reports and the comprehensive report shall be denominated in euro.
2. On the date of a payment request Croatia shall convert the amounts of expenditure incurred in national currency into euro. This amount shall be converted into euro using the monthly accounting exchange rate of the Commission in the month during which the expenditure was registered in the accounts of the responsible authority.
3. The Commission shall publish the rate referred to in paragraph 2 electronically every month.
4. When the euro becomes the currency of Croatia, the conversion procedure set out in paragraph 2 shall continue to apply to all expenditure recorded in the accounts by the responsible authority before the date of entry into force of the fixed conversion rate between the national currency and the euro.

CHAPTER II

IMPLEMENTING PROVISIONS

Article 11

Reports

1. Every three months as from the date of the first payment referred to in Article 8(2), Croatia shall submit to the Commission a report on the state of play of the actions included in the indicative programme referred to in Article 9. In this report Croatia shall provide information on the status of the procurement procedures launched, the date of signature of the contracts awarded, and modifications to contracts signed, the status of the implementation of the actions and payments made for each contract.

2. By 15 February 2014, 15 February 2015 and 15 February 2016 respectively, Croatia shall submit to the Commission an annual report on the implementation of the Schengen Facility in the previous year with a cut off date of 15 October of the previous year.
3. Each annual report shall be accompanied by
 - (a) accounts of the Responsible Authority on the expenditure that was incurred during the previous year for operations pursuant to this Decision;
 - (b) a management declaration confirming that, in the opinion of the Responsible Authority, the information provided in the accounts referred to under point (a) is properly presented, complete and accurate; the expenditure was used for its intended purpose; and the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;
 - (c) an annual audit report referred to in Article 17(1).

The accounts referred to under point (a) shall be certified by the Certifying Authority, in accordance with Article 18.

4. The comprehensive report and the statement justifying the expenditure referred to in Article 31(4) of the Act of Accession shall be accompanied by
 - (a) a final statement of expenditure;
 - (b) accounts of the Responsible Authority on the expenditure incurred in the year 2016 for operations pursuant to this Decision;
 - (c) a management declaration confirming that, in the opinion of the Responsible Authority, the information provided in the final statement of expenditure referred to under point (a) and in the accounts referred to under point (b) is properly presented, complete and accurate; the expenditure was used for its intended purpose; and the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;
 - (d) a final audit report referred in Article 17(2);
 - (e) The final statement of expenditure referred to under point (a) of this paragraph and the accounts referred to under point (b) of this paragraph shall be certified by the Certifying Authority, in accordance with Article 18.
5. The Commission shall send to Croatia the model for the comprehensive report provided for in Article 31(4) of the Act of Accession by 31 December 2014.

Article 12

Management and control systems

General Principles of management and control systems

1. Croatia shall establish a management and control system for the implementation of the indicative programme financed by the Schengen Facility taking into account the generally recognised standards of good administrative practice set out in Annex I. The management and control system shall provide for:

- (a) a clear definition of the functions of the bodies concerned, insofar as it is effective and efficient for the sound financial management of the Schengen Facility;
 - (b) respect for the principle of separation of functions within and between the bodies concerned;
 - (c) adequate resources for each body to perform their functions and responsibilities throughout the period of implementation of the Schengen Facility;
 - (d) procedures for ensuring the correctness and regularity of the expenditure incurred;
 - (e) reliable accounting, monitoring and financial reporting systems in computerised form;
 - (f) a system of reporting and monitoring where the Responsible Authority entrusts the performance of some of its tasks to another body;
 - (g) manuals of procedure in relation to the functions to be performed;
 - (h) arrangements for auditing the functioning of the system;
 - (i) procedures for reporting and monitoring irregularities and for the recovery of amounts unduly paid;
 - (j) systems and procedures to ensure an adequate audit trail as referred to in Annex II.
2. Croatia shall maintain a record of the authorities holding the documents constituting the control system referred to in the first paragraph and their location. This record and those documents shall be readily available for inspection by authorised persons representing the responsible authority, the Croatian audit bodies, the Commission, including OLAF, and the European Court of Auditors.

Article 13

Designation of authorities

Croatia shall designate the following authorities:

- (a) a responsible authority: a national public authority or body, with a sufficient capacity to fulfil responsibilities set out in Articles 14 and 15 and to comply with the standards of good administrative practice set out in Annex I;
- (b) a certifying authority: a national public authority or body, with a sufficient capacity to perform tasks set out in Article 18;
- (c) an audit authority: a national public authority or body, with a sufficient capacity to perform tasks set out in Articles 16 and 17.

Article 14

Responsibilities of the responsible authority

The Responsible Authority shall be responsible for the management of the Schengen Facility, for the implementation of the actions provided for in this decision and for communication with the Commission. The Responsible Authority shall ensure sound financial management and the legality and regularity of underlying transactions.

More specifically, the Responsible Authority shall:

- (a) organise the selection of projects and award of grants for co-financing under the Schengen Facility in respect of Union and national rules;
- (b) receive payments made by the Commission and make payments to the final beneficiaires;
- (c) monitor the delivery of the co-financed products and services and verify that the expenditure declared for actions has actually been incurred and complies with Union and national rules;
- (d) ensure there is a system for recording and storing in computerised form accounting records of each action under the Schengen Facility and that the data on implementation necessary for financial management, monitoring, control and evaluation are collected;
- (e) ensure the final beneficiaires maintain either a separate accounting system or an adequate accounting code for all transactions relating to the action without prejudice to national accounting rules;
- (f) ensure adequate publicity of the Union co-financing by the final beneficiaires;
- (g) ensure adequate reporting to the Commission in accordance with Article 11 of this Decision and Article 31(4) of the Act of Accession.

Article 15

Verifications by the Responsible Authority

The verifications carried out by or under the responsibility of the Responsible Authority shall cover administrative, financial, technical and physical aspects of the projects, as appropriate.

The verifications shall ensure that the expenditure declared is real and justified for the purpose of the projects, that it complies with the eligibility rules of the Schengen Facility and Union and national rules, and that double financing of expenditure with other sources covered by the general budget of the Union is avoided.

Moreover, the verifications shall include:

- (a) administrative and financial verifications of each request for reimbursement sent by the final beneficiaires;
- (b) verifications on a representative sample of supporting documents covering all the cost categories of the budget annexed to the grant agreement, of the relevance, accuracy and eligibility of the expenses, income and costs declared by the final beneficiaires;
- (c) on-the spot verifications on a representative sample of individual projects taking account of any risk factors in order to achieve reasonable assurance as to the legality and regularity of the underlying transactions.

Article 16

Verifications by the Audit Authority

1. The Audit Authority shall perform independent verifications on the effective functioning of the management and control system and issue an opinion on the

legality and regularity of the expenditure declared by Croatia in the comprehensive report .

2. The Audit Authority shall be functionally independent of the responsible authority and the certifying authority.
3. The Audit Authority shall ensure that:
 - (a) its verifications are carried out to verify the effective functioning of the management and control system;
 - (b) its verifications are performed on a representative sample of actions selected following an appropriate risk based sampling method to verify the expenditure declared by the Responsible Authority;
 - (c) the sample of actions selected for its verifications ensures that the different types of bodies involved in the management and implementation of actions are adequately verified.

With regard to the representative character of the sample referred to under (b), the sample has to represent at least 10% of the total eligible expenditure declared by the Responsible Authority.

4. The verifications shall establish whether any problems encountered are of a systemic nature, entailing a risk to part or all of the actions carried out in Croatia. They shall also identify the causes of such deficiencies, whether additional verifications are required and which corrective and preventive measures are to be taken.

Article 17

Audit Reports

1. Based on the verifications referred to in Article 16, the Audit Authority shall issue by 15 February 2014, 15 February 2015 and 15 February 2016 annual audit reports that shall comprise:
 - (a) An annual summary of the audit reports and of controls carried out, including the findings of the verifications, an analysis of the nature and extent of errors; weaknesses identified in the management and control system; corrective action taken or planned; and the percentage of costs incurred by the Responsible Authority which were audited;
 - (b) an opinion, on the basis of the controls and verifications that were carried out in the previous year under the responsibility of the Audit Authority, as to whether the accounts referred to in Article 11(3)(a) give a true and fair view, whether expenditure incurred by the Responsible Authority for operations pursuant to this Decision is legal and regular, and whether the control systems put in place function properly and whether the audit work puts in doubt the assertions made in the management declaration referred to in Article 11(3)(b).
2. No later than six months after expiry of the three-year period referred to in Article 31(4) of the Act of Accession, the Audit Authority shall issue a final audit report that shall comprise
 - (a) a declaration assessing the validity of the final statement of expenditure referred to in Article 11(4)(a) and the legality and regularity of the expenditure concerned;

- (b) An annual summary of the audit reports and of controls carried out, including the findings of the verifications, an analysis of the nature and extent of errors; weaknesses identified in the management and control system; corrective action taken or planned; and the percentage of costs incurred by the Responsible Authority which were audited;
- (c) an opinion, on the basis of the controls and verifications that were carried out in the previous year under the responsibility of the Audit Authority, as to whether the accounts referred to in Article 11(4)(b) give a true and fair view, whether expenditure incurred by the Responsible Authority for operations pursuant to this Decision is legal and regular, and whether the control systems put in place function properly and whether the audit work puts in doubt the assertions made in the management declaration referred to in Article 11(4)(c).

The Audit Authority shall ensure an adequate audit trail in accordance with the indicative list in Annex II.

Article 18

Certification of expenditure

The certifying authority shall certify the expenditure incurred by the Responsible Authority for operations pursuant to this Decision.

The certifying authority shall be a person or department that is functionally independent of the Responsible Authority as well as of the Audit Authority.

Before certifying the accounts referred to in Article 11(3)(a) and the final statement of expenditure referred to in Article 11(4)(a), the certifying authority shall ensure that the following conditions are met:

- (a) the accounts and the statement of expenditure include only expenditure which;
 - has been actually incurred within the eligibility period laid down in Article 3 and can be supported by receipted invoices or accounting documents of equivalent probative value;
 - relates to activities that had not been essentially completed at the time the application for assistance was submitted; and
 - is justified by the progress or completion of the action in accordance with the terms of the Financing Decision and the objectives of the action.
- (b) an adequate certification audit trail is maintained.

Article 19

Responsibilities of the Commission

For the purpose of the verifications referred to in Article 15, the Commission shall cooperate with the Responsible Authority.

The Commission shall, in cooperation with the Responsible Authority, verify that the management and control system complies with this Decision and meets the standards stipulated by Annex I. If the Commission identifies any weaknesses in the management and control system, it shall make known to what extent these weaknesses impact on the quality of verifications; on the reliability, veracity and accuracy of reports and accounts and on the Commission's discharge of its responsibilities under Article 319 of the Treaty.

Article 20

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures ensuring that, when actions financed under the Schengen Facility are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.
2. Croatia shall prevent, detect and correct irregularities and shall recover amounts unduly paid together with interest for late payments. Croatia shall report these to the Commission and shall keep the Commission informed of the progress of administrative and legal proceedings.
3. When amounts unduly paid to a beneficiary cannot be recovered and this is as a result of fault or negligence on the part of Croatia, Croatia shall be responsible for reimbursing the amounts concerned to the general budget of the Union.
4. Croatia shall offer effective prevention against fraud, especially as regards the areas with a higher level of risk, and which shall act as a deterrent, having regard to the benefits as well as the proportionality of the measures.
5. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds.
6. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the spot controls and inspections in accordance with the procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council⁶ and Council Regulation (Euratom, EC) No 2185/96⁷ with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under the Schengen Facility.
7. Without prejudice to the paragraphs 1, 5 and 6, contracts, grant agreements and grant decisions resulting from the implementation of the Schengen Facility shall contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct such audits, and investigations, according to their respective competences.

Article 21

Clearance-of-accounts procedure

No later than six months after receiving the comprehensive report referred to in Article 31(4) of the Act of Accession, the Commission shall inform Croatia of the amount of expenditure recognised as chargeable to the Schengen Facility on the basis of the certification of expenditure referred to in Article 18. To this effect, the Commission shall make specific on-the-spot checks that will not be subject to any limitations or restrictions on the contents of the accounts and on the underlying transactions, including checks made with beneficiaries.

⁶ OJ L 136, 31.5.1999, p. 1.

⁷ OJ L 292, 15.11.1996, p. 2.

Article 22

Financial corrections

1. The Commission shall establish a financial correction mechanism.
2. The amount of the financial corrections made by the Commission for individual or systemic irregularities shall be assessed, wherever this is possible and practicable, on the basis of individual files and shall be equal to the amount of expenditure wrongly charged to the Schengen Facility, having regard to the principle of proportionality.
3. Where it is not possible or practicable to quantify precisely the amount of irregular expenditure, or where it would be disproportionate to cancel the full amount of the expenditure in question, taking into account the nature and gravity of the irregularities, the Commission shall base its financial corrections on extrapolation or a flat rate

In the case of extrapolation, the Commission shall use a representative sample of transactions with like characteristics.

In the case of a flat rate, the Commission shall assess the extent to which the rules have been infringed and the extent and financial implications of any shortcomings in the management and control system that have led to the irregularity detected.

4. Where the Commission bases its position on the facts established by auditors other than its own, it shall draw its own conclusions regarding their financial consequences, after examining the measures taken by Croatia and its replies.

Article 23

Contradictory procedures

1. Croatia shall submit its comments on the determination of the amount of expenditure recognised as chargeable to the Schengen Facility referred to in Article 21 within two months after receiving information about it, except in duly justified cases where the Commission may agree to extend this period.
2. Where the Commission proposes financial corrections on the basis of extrapolation or at a flat rate, Croatia shall be given the opportunity to demonstrate, through an examination of the files concerned, that the actual extent of the irregularity was less than the Commission's assessment. In agreement with the Commission, Croatia may limit the scope of this examination to an appropriate proportion or sample of the files concerned.
3. Except in duly justified cases, the additional time allowed for the examination referred to in paragraph 2 shall not exceed two months. The Commission shall take account of any evidence supplied by Croatia within the time limits.

Article 24

Repayments

1. Any repayment due to be made to the general budget of the Union shall be effected before the due date indicated in the order for recovery drawn up in accordance with Article 77 of the Regulation (EU, Euratom) No 966/2012. The due date shall be the last day of the second month following the issuing of the order.

2. Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

CHAPTER III

FINAL PROVISIONS

Article 25

Addressees

This Decision is addressed to the Republic of Croatia.

Article 26

Entry into force

This Decision shall enter into force subject to and on the date of the entry into force of the Treaty on Accession.

Done at Brussels, 22.4.2013

For the Commission
Cecilia MALMSTRÖM
Member of the Commission

CERTIFIED COPY
For the Secretary - General

Jordi AYET PUIGARNAU
Director of the Registry

ANNEX I

STANDARDS OF GOOD ADMINISTRATIVE PRACTICE TO ENSURE SOUND FINANCIAL MANAGEMENT

1. Compliance with national and Union rules and accuracy of requests for payment

The Responsible Authority or the bodies assisting the Responsible Authority to which certain tasks have been delegated should verify compliance with national and Union legislation, and especially with the conditions laid down in Article 31 of the Act of Accession annexed to the Treaty, the rules on the eligibility of expenditure under the Schengen Facility, and where appropriate, on competition, public procurement, protecting and enhancing the environment, removing inequalities and promoting equality between men and women, and should confirm that requests for payment are justified and accurate, by checking tendering procedures, awards of contracts, progress in implementation of actions, payments and the acceptance of work.

These checks shall be carried out by means of a control system. One of the principal tasks of the Responsible Authority is to monitor the proper functioning of this control system.

2. Payments and recovery

2.1. The administrative unit responsible for making payments to recipients must be in possession of documents attesting that the funds have been awarded to the individual action and that the required administrative and physical checks have been carried out. Accounting procedures should ensure that declarations are complete, accurate and made in time, and that any error or omission is detected and corrected, in particular by way of verifications and cross-checks made at regular intervals not exceeding three months.

The procedures set in place should ensure that the payment is made only to the claimant, to his bank account or to his assignee. Payment should be executed by the Authority's banker or, as appropriate, by a government payments office or a cheque should be sent where possible within five working days of the amount being charged to the accounts. Procedures should be adopted to ensure that all payments for which transfers are not executed or cheques not cashed in are credited to the Schengen Facility. The approval of the authorising official and/or his supervisor may be made by electronic means, provided an appropriate level of security over these means is ensured, and the identity of the signatory is entered in the electronic records.

2.2. The above paragraph shall apply by analogy to amounts (forfeited guarantees, reimbursed payments, etc.) that the Responsible Authority is required to recover on behalf of the Schengen Facility. In particular, the authority should set up a system for the recognition of all the amounts due to the Schengen Facility. This system should be inspected at regular intervals with the aim of taking action to collect debts that are overdue. The Responsible Authority may delegate to another body the task of collecting certain categories of recoverable amount. This body reports to the authority at regular and timely intervals, not less than monthly, on all revenues recognised and monies collected.

The Responsible Authority should introduce procedures to ensure that all claims are processed quickly.

3. Definition and standardisation of procedures and duties

3.1. The Responsible Authority should lay down in writing detailed procedures for monitoring action implementation and for receiving, registering and processing claims, including a description of all documents that should be used.

3.2. The responsibilities of each official, authorised representative or person empowered for the purpose should be laid down in writing, as should the limit of his powers in relation to finance.

3.3. Each official, authorised representative or person empowered for the purpose who is responsible for authorisation should be in possession of an exhaustive checklist detailing the verifications he is required to carry out, and should insert in all documents supporting any claim his attestation that the checks have been carried out. There shall be evidence of review of the work by a more senior official.

3.4. Where claims are processed using a computer system, access to the computer system shall be protected and controlled in such a way that:

- - all data entered in the system are properly validated to ensure that input errors are detected and corrected,
- - no data may be entered, modified or validated by anyone other than the authorised officials, representatives or persons empowered to whom individual passwords are attributed,
- - the identity of each official, authorised representative or person empowered entering or modifying data or programmes is recorded in an operations log.

ANNEX II

INDICATIVE LIST OF THE INFORMATION REQUIRED FOR THE AUDIT TRAIL

An audit trail is deemed to be adequate within the meaning of Article 12 where, for a given national implementation programme, the following requirements are met:

1. The accounting records kept at the appropriate management levels shall give detailed information on the expenditure incurred for each (co)-financed action by recipients. They shall give the date on which documents were drawn up, the amount of each expenditure item, the nature of the accompanying document and the date and method of payment. Necessary documentary evidence (invoices, etc.) shall be attached.
2. In cases where expenditure items relate only partly to a (co)-financed action, the accuracy of the allocation of the amount between the (co)-financed action and other actions shall be demonstrated. The same applies to types of expenditure deemed eligible within limits or in proportion to other costs.
3. The specifications and the action's financial plan, reports on action progress, documents relating to the grant of aid, tendering procedures and awards of contracts, etc., shall also be kept at the appropriate management level.
4. For the purpose of notifying expenditure actually incurred to a body assisting the Responsible Authority between the recipient(s) that implement the actions and the Responsible Authority, the information required shall be combined in a detailed statement of expenditure setting out, for each action, all the expenditure items with a view to calculating the total certified amount. The detailed statements of expenditure constitute supporting documents for the accounting records of the body assisting the Responsible Authority.
5. The organisations assisting the Responsible Authority shall keep accounting records for each action and for the total amounts of expenditure certified by the recipients that implement the actions. The organisations assisting the Responsible Authority reporting to it shall submit to that authority a list of approved actions for each national implementation programme, indicating for each action its full name and that of the recipients of the grant implementing it, the date on which the assistance was granted, the amounts committed and paid, the expenditure period concerned and the total amount of expenditure per measure. This information shall constitute the accompanying file in the accounting records of the Responsible Authority and the basis for drawing up declarations of expenditure to be submitted to the Commission.
6. Where the recipients implementing the actions report directly to the Responsible Authority, the detailed statements of expenditure shall constitute the accompanying files of the accounting records kept by the Responsible Authority, which shall draw up the list of (co)-financed actions.
7. Where more than one body assisting the Responsible Authority intervenes between the recipient(s) implementing the actions and the Responsible Authority designated under the present Decision, each body shall require, for its area of responsibility, detailed statements of expenditure drawn up at the lower level to be used as supporting documentation in its own accounts and in respect of which it must report upwards, giving at least the total amount of expenditure for each action.

8. In cases of computerised data transfer, all the authorities concerned must obtain sufficient information from lower levels to justify their own accounting records and the sums reported upwards, so ensuring a satisfactory audit trail from the total amounts notified to the Commission to the various expenditure items and the supporting documents at the recipient/action implementation level.