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DIRECTORATE-GENERAL FOR AGRICULTURE AND RURAL DEVELOPMENT

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GUIDELINE No 5

IPARD

ANNUAL ACCOUNTS

referred to in Article 47 of the IPARD III Sectoral Agreement

As from FY2025

CONTENTS

1. BACKGROUND.....	4
2. ANNUAL ACCOUNTS.....	4
2.1. General remark on division of amounts into EU and National part	5
2.2. General remark on division of amounts into principal and interest part..	6
2.3. General remark on the period for which the expenditure should be declared.....	7
2.4. Annual declaration	8
2.4.1. Annual declaration statement	8
2.4.2. Annual declaration table.....	11
2.5. Table of differences	13
2.6. Debtors' ledger.....	14
2.6.1. Types of undue payments	14
2.6.2. Ways by which an undue payment is returned to the EU budget	15
2.7. Technical requirements	17
2.7.1. Submission of the annual financial reports related to debts ..	17
2.7.2. Technical specifications for the electronic submission of the IPARD debtors' ledger (IPARD II and IPARD III).....	17
2.7.3. Format of the debtors' ledger IPARD II and IPARD III to be submitted to the Commission	20
2.7.4. Templates IPARD II and IPARD III debtors' ledger	21
2.8. List of payments	21
2.9. Electronic submission of the annual accounts.....	22

List of annexes

Annex 1: Template of the Debtors' Ledger for IPARD II

Annex 2: Template of the Debtors' Ledger for IPARD III

Abbreviations Used:

AA: Audit Authority

AB Accounting Body (equivalent to National Fund under IPARD II)

D1: Quarterly declarations, as per Annex 5 to the SA III (Annex 5 to the SA II)

D2: Annual declaration, as per Annex 6 to the SA III (Annex 6 to the SA II)

DG AGRI: Directorate-General for Agriculture and Rural Development of the European Commission

EU: European Union

FwA: Framework Agreement for IPARD II

FFPA: Financial Framework Partnership Agreement applicable to IPARD III

IPARD III: Agriculture and rural development policy area of the Instrument for Pre-accession Assistance for the programming period 2021-2027

NAO: National Authorising Officer

NAOSO: NAO Support Office

SA: Sectoral Agreement as applicable to the given IPARD programme (SA I in case of the 2007-2013 programme, SA II in case of 2014-2020 programme and SA III in case of 2021-2027 programme)

1. BACKGROUND

This guideline concerns the agriculture and rural development policy area of the Instrument for Pre-accession Assistance (IPARD).

It is intended to assist and provide practical guidance to all national authorities for the process of preparation of the annual accounts and to assist the Audit Authority in its verification.

Based on Article 61(2)(a) of the Financial Framework Partnership Agreement (FFPA) ⁽¹⁾, the National Authorising Officer (NAO) is required to provide the Commission with the annual financial reports and statements by 15 February of the following financial year.

The required content of the annual accounts is defined in Article 47 of the Sectoral Agreement (SA) III ⁽²⁾. Pursuant to Article 48(2) of the SA III, the documents are to be sent in one single package electronically via the Commission's IT portal SFC in accordance with the format and under the conditions established by the Commission.

In case expenditure was incurred under both IPARD II and IPARD III for the same financial year, the NAO should send to the Commission separate annual accounts and the management declarations for IPARD II (in SFC2014) and IPARD III (in SFC2021). Debtors' ledgers for IPARD I and IPARD II must be submitted in SFC2014, while as from financial year 2025 IPARD III must be submitted in SFC2021.

This guideline is addressed to the countries which have signed with the Commission a Sectoral Agreement for the management and implementation of Union assistance under IPARD and it explains the requirements for the content of the annual accounts. It applies as from financial year 2025 included.

The sections below provide guidance on how each element of the annual accounts is to be prepared and what they should contain.

2. ANNUAL ACCOUNTS

In accordance with Article 47 of the SA III ⁽³⁾, the annual financial reports and statement referred to in Article 61(2)(a) of the FFPA ⁽⁴⁾ must include:

- a) the revenues and the expenditure of the IPARD III programme, showing Union, national and total revenues and expenditure summarised by measures and presented on an annual basis and submitted using Form D 2 as set out in Annex 6 to the SA III ⁽⁵⁾ (referred to in this guideline as the "Annual declaration");
- b) a table of differences by IPARD III programme and measure, between the expenditure and the revenues declared in the annual accounts and that declared for the same period in the documents referred to in Article 39 of the SA III ⁽⁶⁾,

⁽¹⁾ Article 59(2)(a) of the FwA for IPARD II

⁽²⁾ Article 45 of the SA II for IPARD II

⁽³⁾ Article 45 of the SA II for IPARD II

⁽⁴⁾ Article 59(2)(a) of the FwA for IPARD II

⁽⁵⁾ Annex 6 to the SA II for IPARD II

⁽⁶⁾ Article 37 of the SA II for IPARD II

accompanied by an explanation for every difference (referred to in this guideline as the "Table of differences");

- c) the table of the amounts to be recovered at the end of the financial year (referred to in this guideline as the "debtors' ledger");
- d) a list of all payments made in the financial year in line with Annex 9 to the SA III ⁽⁷⁾ (referred to in this guideline as the "list of payments").

In addition, in accordance with Article 48(1)(a) of the SA III, the NAO must send to the Commission, together with those annual financial reports and statements:

- e) any reports by authorities acting under delegation from relevant structure, authorities and bodies as referred to in Article 10(1) of the FFPA (in case of delegation of functions); and
- f) a bank statement indicating the closing balance of the IPARD Euro account at the end of the financial year concerned.

2.1. General remark on division of amounts into EU and National part

The national authorities need to keep a clear separation between the EU and the national part of the subsidy in their bookkeeping systems.

In case of:

- expenditure - the ratio between the EU and the national part is defined in the IPARD III programme and may differ depending on the measure or sub-measure to which the expenditure is related. It must be ensured that the EU and the national part in the quarterly and annual declarations are calculated on the basis of the appropriate ratios, as stated in the IPARD III programme in the version in force when the call for application was published.
- debt - the total amount of debt is normally composed of an EU and a national part. The ratio between the EU and national part should be equal to the ratio used for the expenditure, based on undue payment from which the debt occurred.

For example:

- a. A EUR 100 of expenditure was made in the ratio 75% EU (EUR 75 out of EUR 100 was paid to the recipient from EU funds) to 25% national (EUR 25 out of EUR 100 was paid to the recipient from national funds).
- b. Following the payment, an overpayment of EUR 10 is detected. In that case, a debt of EUR 10 is established and divided into EUR 7.50 of debt to the EU ($\text{EUR } 10 * 75\% = \text{EUR } 7.50$) and EUR 2.50 of debt to the national budget ($\text{EUR } 10 * 25\% = \text{EUR } 2.50$).
- c. After establishing the debt, the recipient was requested to return the funds that were wrongfully paid. He made a partial return of EUR 1.00, and, in line with the ratio of EU to national in case of expenditure, this means a

⁽⁷⁾ Annex 9 to the SA II for IPARD II

return of EUR 0.75 for the EU (EUR 1 * 75%=EUR 0.75) and EUR 0.25 for the national budget (EUR 1 * 25%=EUR 0.25).

2.2. General remark on division of amounts into principal and interest part

Both the debts and the IPARD Euro account may produce interest.

In such cases, the national authorities need to maintain in their bookkeeping systems, for the purpose of the accounts, a clear separation between the principal and interest amounts.

The following should be taken into account:

- interest accrued on debts and recovered from debtors: for the purpose of the annual declaration of the funds kept in the IPARD Euro account, the interest recovered on debts and credited to the IPARD Euro account should be considered as part of the *principal* amount of the IPARD Euro account and should be declared as such.

For the purpose of the IPARD Euro account, interest is only the interest accruing on the Euro bank account as a compensation by the bank for the sums deposited;

- interest accrued on EU funds kept on the IPARD Euro account: Pursuant to Article 44(4) of the SA III ⁽⁸⁾, "Any interest earned on the IPARD euro account remains the property of [IPA III beneficiary]. Interest generated by the financing by the Union of the IPARD III programme shall be posted exclusively to the IPARD III programme, being regarded as a resource for [IPA III beneficiary] in the form of a national public contribution, and shall be declared to the Commission, at the time of the closure of the eligible period of the IPARD III programme. At the time of the closure of the programme by the Commission any amount of interest that has not been spent in the form of a national public contribution shall be returned to the Commission". Therefore, this interest should be declared in the annual declaration separately from the principal amounts of EU funds kept on the IPARD Euro account, as interest accrued on the funds kept on the IPARD Euro account.

In accordance with Article 44(4) of the SA III⁽⁹⁾, during the life of the IPARD III Programme the interest earned on the IPARD euro account should be withdrawn from the IPARD Euro Account and used for paying the national co-financing, otherwise it will need to be reimbursed to the EU budget when the final balance is settled. All such withdrawals should be recorded in the bookkeeping system and the annual declarations should also include information on interest amounts withdrawn for the purpose of Article 44(4) of the SA III.

⁽⁸⁾ Article 42(4) of the SA II for IPARD II

⁽⁹⁾ Article 42(4) of the SA II for IPARD II

2.3. General remark on the period for which the expenditure should be declared

Given that the IPARD expenditure is declared on a quarterly ⁽¹⁰⁾ and annual basis ⁽¹¹⁾, it is necessary to ensure that the national authorities are aware of which expenditure should be included in the quarterly and annual declarations for the given quarter or year. In this context, the following should be taken into account:

1. The relevant date in order to establish the financial period for which the expenditure should be declared is the date when the payment order was issued, not the date the payment order was executed by the bank ⁽¹²⁾. For example:

Date the payment order was issued	Date this payment order was executed by the bank	Financial year in which the expenditure should be declared ⁽¹³⁾
30/12/2024	Case 1: 31/12/2024	2024
	Case 2: 01/01/2025	2024

2. In this context, a payment order is the instruction given by the IPARD Agency to the bank to make a payment in favour of the recipient. As a consequence, the date the Accounting Body issued its payment order in favour of the IPARD Agency is not relevant in any way for this purpose. For example:

Date the payment order was issued by:		Financial year in which the expenditure should be declared
Accounting Body in favour of IPARD Agency	IPARD Agency in favour of recipient	
31/12/2024	01/01/2025	2025

3. In case the payment order was issued by the IPARD Agency but did not result in a payment to a recipient, regardless of the reason, it cannot be considered that expenditure has occurred on the basis of that payment order. In other words, the declarations should not include amounts for which the IPARD Agency has issued a payment order in favour of the recipient, but the payment has not been executed. Pursuant to point 3.B(2) of Annex 2 to the SA III ⁽¹⁴⁾, "...*The payment shall be made by the IPARD agency's bank, or, as appropriate, a governmental payments office, within five working days [for IPARD II: within three working days] of the date of debiting against the IPARD euro account. Procedures shall be adopted to ensure*

⁽¹⁰⁾ Article 39 of the SA III for IPARD III and Article 37 of the SA II for IPARD II

⁽¹¹⁾ Article 61(2)(a) of the FFPA and Article 47(a) of SA III for IPARD III, and Article 59(2)(a) of the FwA and Article 45(a) of the SA II for IPARD II

⁽¹²⁾ This results from Article 44(1)(a) of the SA III for IPARD III and Article 42(1)(a) of the SA II for IPARD II

⁽¹³⁾ Pursuant to Article 3(i) of the FFPA for IPARD III and Article 3(f) of the FwA for IPARD II, the "financial year" means the period from 1 January to 31 December of one given year

⁽¹⁴⁾ Point 3.B(2) of Annex 2 to the SA II for IPARD II

that all payments for which transfers are not executed are not declared for reimbursement. If such payments have already been declared these should be re-credited to the Fund via the next monthly/quarterly declarations or in the annual accounts at the latest...".

2.4. Annual declaration

The annual declaration is the most important document of the annual accounts since it states the amount of expenditure paid in the financial year, the closing balance of the IPARD Euro account and the outstanding balance of the debtors' ledger as of 31 December of the financial year.

The format of the annual declaration is defined in Annex 6 to the SA III ⁽¹⁵⁾ and is composed of two parts:

1. the annual declaration of accounts (further referred to as the annual declaration statement) - a descriptive statement given by the NAO on the IPARD III expenditure, the IPARD Euro account and debts,
2. the annual declaration of accounts table (annual declaration table) - which provides a more detailed breakdown of the information provided in the annual declaration statement in regard to the IPARD III expenditure, the IPARD Euro account and debts.

2.4.1. Annual declaration statement

The format of the annual declaration statement is defined on the first one and a half pages of Annex 6 to the SA III ⁽¹⁶⁾. The standard text of the statement should not be modified, unless exceptionally required by the circumstances and agreed with the Commission.

For the purpose of the annual declaration:

Gross expenditure = total amount of eligible payments made to recipients in the financial year.

Net Expenditure = Gross expenditure minus recoveries made during the financial year, amounts of overpayments due to administrative errors which took place during the financial year. The amounts of debts written off during the financial year should not be deducted from the annual declaration. The IPARD beneficiary country must communicate such amounts through the annexes 1 and 2 to this Guideline (Debtors' Ledger). ⁽¹⁷⁾.

Below is the template included in the SA. The fields that need to be filled in by the national authorities are highlighted in grey and this guideline provides additional explanations, in form of footnotes, on the information to be provided by the national authorities for specific fields.

ANNEX 6 __ FORM D 2 – ANNUAL DECLARATION OF ACCOUNTS FOR FINANCIAL YEAR (.....)

⁽¹⁵⁾ Annex 6 to the SA II for IPARD II

⁽¹⁶⁾ Annex 6 to the SA II for IPARD II

⁽¹⁷⁾ Please refer to section 2.6 of this guideline.

IPARD III programme ⁽¹⁸⁾:
Commission Decision(s) No **of** **(as last modified by Decision No** **of**)
Commission reference number (CCI):

The undersigned,, as the National Authorising Officer representing [IPA III beneficiary] as provided for in the Agreements concluded between [IPA III beneficiary] and the Commission, hereby declares that the total eligible expenditure in accordance with the programme incurred from (1/1/year to 31/12/year) amounts to ⁽¹⁹⁾ euros.

Details relating to this expenditure are set out in the table annexed hereto and form an integral part of this declaration.

I also declare that the measures are progressing at a satisfactory rate in accordance with the objectives laid down in the Programme, and that the supporting documents are, and will remain, available as provided for in Article 46 of the sectoral agreement ⁽²⁰⁾.

I declare that:

1. The listing of expenditure is exact. It is based on accounts at the level of individual operations and supported by documentary evidence.
2. Payments to the recipients were made without any specific charge, deduction or withholding of any amount which might reduce the amount of financial assistance to which they are entitled.
3. I have checked that the expenditure declared eligible has been carried out in compliance with the IPARD III programme ⁽²¹⁾, the financing agreement ⁽²²⁾, the Commission Decision(s) referred to in Articles 50 and 51 of the sectoral agreement ⁽²³⁾ and the principles of sound financial management.
4. The declaration includes all debts which have been registered for less than two years.

⁽¹⁸⁾ For IPARD II: "IPARD II programme".

⁽¹⁹⁾ IPA beneficiary should state here the total **gross** amount of public IPARD III expenditure (EU + national) made in the financial year considered to be legal and regular by the NAO.

⁽²⁰⁾ For IPARD II: "as provided for in Article 44 of the Sectoral Agreement".

⁽²¹⁾ For IPARD II: "IPARD II programme".

⁽²²⁾ For IPARD II: "Financing Agreement".

⁽²³⁾ For IPARD II: "referred to in Articles 48 and 49 of the Sectoral Agreement".

The total amount of these debts at the end of the year to which this declaration refers amounts to⁽²⁴⁾ euros.

5. The volume of Union funds in the IPARD euro account as at the end of the year to which this declaration refers amounts to⁽²⁵⁾ euros, out of which the interest accrued during the years amounts to⁽²⁶⁾ euros.
6. Conversions between national currency and euro have been carried out in conformity with the provision of Article 44 of the sectoral agreement⁽²⁷⁾.
7. The acceptance information, as referred to in Article 48 of the sectoral agreement⁽²⁸⁾, has been certified and transmitted to the Commission on time.
8. The form and the content of the annual accounts, as referred to in Article 47 of the sectoral agreement⁽²⁹⁾, and the accounting information, as referred to in Article 49 of the sectoral agreement⁽³⁰⁾, have been established in accordance with internationally accepted accounting principles.
9. The supporting documents are, and will remain, available as provided for in Article 48 of the sectoral agreement⁽³¹⁾. They are open to verification.

This declaration of accounts contains ... numbered pages.

This declaration has been made by:

(Date, stamp and signature of the Head of the Accounting Body⁽³²⁾)

⁽²⁴⁾ IPA beneficiary should state here the outstanding balance of total public principal amount of debts (EU + national) as of 31/12/N, 24:00. Interest calculated on outstanding debts is not to be included.

⁽²⁵⁾ IPA beneficiary should state here the outstanding balance of principal and interest of the EU funds kept on the IPARD Euro account on 31/12/N, 24:00 (even if kept by the national authorities on an account other than the IPARD Euro account). In case some part of EU funds from the IPARD Euro account have been deposited in a savings account or a similar instrument in order to produce interest, the amount deposited should also be included. This amount should correspond to the amount in the table of the annual declaration (ref. footnote 42)

⁽²⁶⁾ IPA beneficiary should state here the outstanding cumulative balance of the interest accrued on the EU funds kept on the IPARD Euro account (not only in this financial year but from the time the pre-financing was paid until the end of the financial year) and not yet used as national contribution under Article 44(4) of the SA III (Article 42(4) of the SA II for IPARD II). This amount should correspond to the amount in the table of the annual declaration (ref. footnote 44). Any amount of interest used during the financial year concerned, as national contribution for the purpose of article 44(4) of the SA III (Article 42(4) of the SA II for IPARD II), should be specified separately.

⁽²⁷⁾ For IPARD II: “provision of Article 42 of the Sectoral Agreement”.

⁽²⁸⁾ For IPARD II: “as referred to in Article 46 of the Sectoral Agreement”.

⁽²⁹⁾ For IPARD II: “as referred to in Article 45 of the Sectoral Agreement”.

⁽³⁰⁾ For IPARD II: “as referred to in Article 47 of the Sectoral Agreement”.

⁽³¹⁾ For IPARD II: “as provided for in Article 46 of the Sectoral Agreement”.

⁽³²⁾ For IPARD II: “National Fund”

The declaration has been established on the basis of financial amounts provided by:

.....

(Date(s), stamp(s) and signature(s) of the Accountant of the IPARD Agency and/or the Accounting Body ⁽³³⁾)

Certified by:

(Date, stamp and signature of the National Authorising Officer on behalf of [IPA III beneficiary])

Done at, (date) ⁽³⁴⁾

This document must be signed by the NAO, or exceptionally in case of his/her absence, by the person replacing him/her and having the delegation to sign on behalf of the NAO.

2.4.2. Annual declaration table

The annual declaration table provides more detailed information on the EU part.

The format of the annual declaration table is defined on the last page of Annex 6 to the SA III ⁽³⁵⁾. The template format and text of the table is below, and should not be modified. The fields that need to be filled in by the national authorities are highlighted in grey and the explanations on the information to be provided by the national authorities for some specific fields are provided in the footnotes. To be noted that this table should be filled in a structured form in SFC.

FORM D 2 - ANNUAL DECLARATION OF ACCOUNTS FOR FINANCIAL YEAR (YEAR)

IPARD III programme ⁽³⁶⁾: _____

CCI Number: _____

<i>Measure</i>	<i>European Union part that has been declared to the Commission in quarterly payment applications for the financial year (YEAR) in EUR</i>
<i>Investments in physical assets of agricultural holdings</i>	⁽³⁷⁾

⁽³³⁾ For IPARD II: “National Fund”

⁽³⁴⁾ For IPARD II: “Done at, (Date)”

⁽³⁵⁾ Annex 6 to the SA II for IPARD II

⁽³⁶⁾ For IPARD II: “IPARD II programme”.

⁽³⁷⁾ IPA beneficiary should state here the total **net** amount of EU part of expenditure made in the financial year considered to be legal and regular by the NAO.

<i>Support for the setting up of producer groups</i>	(37)
<i>Investments in physical assets concerning processing and marketing of agricultural and fishery products</i>	(37)
<i>Agri-environment-climate and organic farming measure</i>	(37)
<i>Implementation of local development strategies - LEADER approach</i>	(37)
<i>Investments in rural public infrastructure</i>	(37)
<i>Farm diversification and business development</i>	(37)
<i>Improvement of skills and competences ⁽³⁸⁾</i>	(37)
<i>Technical assistance</i>	(37)
<i>Advisory services</i>	(37)
<i>Establishment and protection of forests</i>	(37)
<i>Financial Instruments ⁽³⁹⁾</i>	(37)
<i>Promotion of cooperation for innovation and knowledge transfer ⁽⁴⁰⁾</i>	(37)
Total	(37)
<i>Total amount of outstanding debt at 31.12. (YEAR)</i>	(41)
<i>Closing balance of the IPARD Euro-account at 31.12. (YEAR)</i>	(42)
<i>Out of which interest accrued during the year ⁽⁴³⁾</i>	(44)

⁽³⁸⁾ For IPARD II: “Improvement of training”.

⁽³⁹⁾ Not for IPARD II.

⁽⁴⁰⁾ Not for IPARD II.

⁽⁴¹⁾ IPA beneficiary should state here the amount of EU principal part of debts outstanding on 31/12/N, 24:00.

⁽⁴²⁾ IPA beneficiary should state here the balance (principal amount + interest accrued during the years) of EU funds kept on the IPARD Euro account outstanding on 31/12/N, 24:00 (even if kept by the national authorities on another account or has been deposited to accrue interest). This amount should correspond to the amount in the narrative part of the annual declaration (ref. footnote 25)

⁽⁴³⁾ This line of the table should indicate the amount of the interest accrued on the IPARD Euro account from the beginning of the programming period (ref. footnote 44)

⁽⁴⁴⁾ IPA beneficiary should state here the outstanding balance of the interest accrued during the years (ref. footnote 43) on the IPARD Euro account on 31/12/N, 24:00 (even if kept by the national authorities on another account or deposited to accrue further interest). This amount should correspond to the amount in the narrative part of the annual declaration (ref. footnote 26)

2.5. Table of differences

In addition to the annual declaration, the national authorities should provide with the annual accounts a table showing any differences between the expenditure and the revenues declared in the annual accounts (D2) and the amounts of expenditure and revenues declared for the same period in the four quarterly declarations of expenditure (D1s).

In general, it is not expected that there should be differences between the documents, but if any occur, they should be properly explained by the national authorities. Since both the D1s and the D2 contain information on gross and net amounts of expenditure, explanations on differences affecting both amounts should be provided. In addition, in case the amount of difference corresponds to several items, a breakdown of the difference(s) should be also provided.

The table below provides for a possible template that can be used by the national authorities for the table of differences.

	Amount of gross expenditure declared		Amount of recoveries ⁽⁴⁵⁾		Amount of overpayments ⁽⁴⁶⁾		Amount of net expenditure declared	
	Public contribution	EU part only	Public contribution	EU part only	Public contribution	EU part only	Public contribution	EU part only
Quarterly declarations								
1 st quarter								
2 nd quarter								
3 rd quarter								
4 th quarter								
Sum of quarterly declarations (D1s)								
Annual declaration (D2)								
Difference between D1s and D2 ⁽⁴⁷⁾								
List of payments								
Difference between D2 and list of payments								

⁽⁴⁵⁾ Amounts recovered from the recipients by the national authorities and credited to the IPARD Euro account

⁽⁴⁶⁾ Overpayments are the exceeding payments according to Article 43(7) of the SA III for IPARD III and Article 41(8) of the SA II for IPARD II

⁽⁴⁷⁾ All differences should be explained

The SA does not require that the table contains also information on the difference with the list of payments ⁽⁴⁸⁾ but the national authorities are encouraged to include this information here so they could identify and correct possible errors before the annual accounts are submitted.

2.6. Debtors' ledger

The debtors' ledger ⁽⁴⁹⁾ is a document that provides information on the amounts of EU and national contribution outstanding to be recovered.

For each amount a clear separation between EU and national part should be visible.

The debtors' ledger should contain the columns provided in section 2.7 to this guideline.

Therefore, from the debtors' ledger one should be able to see the full cycle of the debt, from the time the irregularity was first noted until the time the debt has been recovered or written off.

In addition, the debtors' ledger should not only provide information on individual debts but also provide summary information on the amount of total, national and EU parts of the principal amounts and amount of interest calculated to be recovered from the debtor. In general, these sums should correspond to the amounts declared in the annual declaration, but in case of any differences an explanation should be provided to the Commission together with the debtors' ledger.

The debtors' ledger, as described above, can also be used for the purpose of the submission of the information required by Article 52(2) of the SA III ⁽⁵⁰⁾ to be provided by the national authorities together with the annual accounts.

2.6.1. Types of undue payments

In the context of preparing the debtors ledger, a distinction needs to be made between the two types of undue payments, which are distinguished on the basis of whether the error is due to non-compliance by the recipient or solely to a wrong action by the IPARD Agency. This is why undue payments in these guidelines are divided into administrative errors and irregularities.

Only debts resulting from irregularities should be reported in the debtors' ledger as defined above (and not debts resulting from administrative error).

2.6.1.1. Administrative errors

Administrative errors are undue payments not resulting from irregularities committed by the recipients but due to an error made by the national administration (IPARD Agency or any delegated body).

⁽⁴⁸⁾ Referred to in Article 47(d) of the SA III for IPARD III and in Article 45(d) of the SA II for IPARD II

⁽⁴⁹⁾ Referred to in Article 49(6) of the SA III for IPARD III and in Article 47(6) of the SA II for IPARD II

⁽⁵⁰⁾ Article 50(2) of the SA II for IPARD II

According to Article 43(7) of the SA III ⁽⁵¹⁾, and as also explained under point 2.6.2.1 below, the part of the expenditure affected by such errors should not be supported by the EU budget or, if detected after it has been declared, should be promptly deducted from the next quarterly and annual expenditure declarations.

2.6.1.2. Irregularities ⁵²

Irregularities resulting in amounts to be recovered (also referred to as amounts to be recovered or debts) are undue payments resulting from incompliance by the recipients.

Pursuant to Articles 49(6) and 52(4) of the SA III ⁽⁵³⁾, these undue amounts should be registered in the IPARD debtors' ledger and subject to recovery procedures. The EU part of principal and the interest recovered need to be deducted from the next quarterly declaration and the related annual declaration. In case a debt is not recovered within two years of its registration, the EU part of the principal is written off at the end of the second year following its registration in the debtors' ledger, declared in Debtors Ledger submitted to the European Commission and treated as per section 2.6.2.3.

2.6.2. *Ways by which an undue payment is returned to the EU budget*

The time by which an undue amount needs to be returned to the EU budget depends in the first place on whether it was the result of an administrative error or of an irregularity by a recipient.

The main principle is that undue payments resulting from administrative errors should be promptly returned to the EU budget. In the case of irregularities by recipients, the amount needs to be returned once it has been recovered from the recipient or at the latest at the end of the second year following its registration in the debtors' ledger (write-off).

Details are provided in the points below.

2.6.2.1. Deduction of administrative errors

In the case of administrative errors defined at point 2.6.1.1 above, in accordance with Article 43(7) of the SA III ⁽⁵⁴⁾, the part of the expenditure affected should not be declared to the Commission. In case it is detected that an amount constituting an administrative error has already been declared, it should be promptly deducted from the next quarterly and annual expenditure declarations.

⁽⁵¹⁾ Article 41(8) of the SA II for IPARD II

⁽⁵²⁾ Pursuant to Article 51(5)(b) of the FFPA for IPARD III (for IPARD II, Article 51(5)(b) of the FwA), "*Irregularity means any infringement of a provision of applicable rules and contracts resulting from an act or an omission by an economic operator or the IPA III beneficiary, which has, or would have, the effect of prejudicing the general budget of the Union by charging an unjustified item of expenditure to the general budget*". However, in the context of this guideline, for the purpose of accounting and debt management, the term "irregularities" is considered as non-compliances committed by recipients, not the national authorities, and which **actually had a financial impact** (not potential ones).

⁽⁵³⁾ Articles 47(6) and 50(4) of the SA II for IPARD II

⁽⁵⁴⁾ Article 41(8) of the SA II for IPARD II

In practice this would mean that in case of administrative errors the unduly paid amount is returned by the national authorities to the EU budget irrespective of the state of play of the recovery procedure (even before or in the absence of an actual recovery from the recipient).

As a consequence, the undue amounts due to administrative errors are returned to the EU budget by reducing the next expenditure declaration. In addition, the amount deducted should be credited to the IPARD Euro account in line with the SA.

2.6.2.2. Recoveries concerning irregularities

For the purpose of this guideline, recoveries are amounts reimbursed by the recipient in respect of a debt that has been established based on an irregularity. Recoveries may take place via a return of funds by the recipient or by offsetting from a future payment to the same recipient.

The amount recovered should be deducted ⁽⁵⁵⁾ from the gross expenditure in order to determine the amount of net expenditure to be declared for the measure concerned in the quarterly and annual declarations for the period in which the recovery took place. The amount recovered should be credited to the IPARD Euro account within five working days of the date of recovery ⁽⁵⁶⁾.

2.6.2.3. Written-off amounts concerning irregularities

In accordance with Article 49(6) of the SA III ⁽⁵⁷⁾, the EU part of a debt has to be written off at the end of the second year following its registration in the debtors' ledger.

These two years should be counted from the day when the debt has been registered in the debtors' ledger and not from the day when the undue payment (resulting from an irregularity committed by a recipient) was first noted. In any case, the national authorities are expected to ensure debts are established in a timely manner, respecting any applicable procedure in national legislation ⁽⁵⁸⁾.

The amounts written off are not considered as recovered from the recipient. The amount written off should thus not be deducted from the quarterly and annual declarations concerning the period in which the write-off took place. The amounts must be communicated to the Commission through the annexes 1 and 2 to this Guideline (debtors' ledger templates).

The European Commission will issue a recovery order and consequently, the amount should be reimbursed by the beneficiary country either through direct reimbursement or by offsetting done by the European Commission against a subsequent payment following the quarterly declaration, in accordance with Article 41(2) of SA III ⁽⁵⁹⁾.

The write-off and the related reimbursement to the EU budget concerns only the principal of the EU part of the debts and not also the interest, as described here below.

⁽⁵⁵⁾ Together with overpayments due to administrative errors.

⁽⁵⁶⁾ In accordance with Article 49(6) of the SA III for IPARD III and Article 47(6) of the SA II for IPARD II.

⁽⁵⁷⁾ Article 47(6) of the SA II for IPARD II

⁽⁵⁸⁾ Pursuant to Article 52(4) of the SA III for IPARD III and Article 50(4) of the SA II for IPARD II

⁽⁵⁹⁾ Article 39(2) of the SA II for IPARD II.

The write-off of the principal part of the EU subsidy does not prevent the national authorities from pursuing the recovery procedure in accordance with national legislation. In case the amounts are recovered after write-off, they shall be fully credited to the national budget, in order to avoid double refunds to the Commission.

It is to be noted that the written off amount is final and the related expenditure cannot be subsequently redeclared to the EU budget even in the case that an administrative or legal instrument of a final nature records the absence of an irregularity.

Write-off of the EU principal outstanding value of a debt

The EU principal outstanding value of a debt should be written off at the end of the second year of registration of that debt in the debtors' ledger. The write-off should be done in the full amount of the EU principal outstanding value of the debt. Of course, the value previously recovered is not written off.

Any principal amount of debt which has been recovered after the debt was written-off should be credited to the national principal part of the debt.

EU amount of interest calculated and not repaid by the debtor

Unlike in the case of principal, the EU amount of interest calculated on a debt, and not already repaid by the debtor, shall not be written off.

Even after the EU principal amount of debt has been written off, the EU amount of calculated, and not repaid, interest should remain noted in the debtors' ledger and should be returned to the Commission in case interest is later recovered from the debtor.

2.7. Technical requirements

2.7.1. Submission of the annual financial reports related to debts

In order to facilitate an automated reconciliation of the information to be provided pursuant to Article 61(2)(a) of the FFPA, including in particular the debtor's ledger as specified in Article 47(c) of the SA III, the national authorities are required to send this information in:

- Structured format (.csv or .xml for IPARD III debtor's ledger in SFC2021)
- MS excel (.xlsx)

2.7.2. Technical specifications for the electronic submission of the IPARD debtors' ledger (IPARD II and IPARD III)

2.7.2.1. The national authorities must create a computer record for each individual irregularity case.

2.7.2.2. The records must have a flat file structure. ⁽⁶⁰⁾

2.7.2.3. The "Total" row is not to be included in the electronic file.

⁽⁶⁰⁾ Starting financial year 2025, IPARD III debtor's ledger can also be provided in XML. The XSD file (=definition of the XML files will be available on the SFC Support Portal https://sfc.ec.europa.eu/en/2021/support-ms/aca-ipard?qt_support_pages=2)

2.7.2.4. Each national authority should send only one computer file per IPARD Agency separately per programming period. Each file should contain all debtors included in the debtors' ledger for the respective IPARD II and IPARD III programming period. Each file should contain amounts in the national currency and amounts in EUR ⁽⁶¹⁾.

2.7.2.5. The computer file must have the following characteristics:

2.7.2.5.1. The first record in the file (header row) contains the file description. The field names shall correspond with the headings of the columns ((A); (B); (C), etc., see also example below). The order of the fields shall correspond with the order indicated in point 2.7.2.5.8 below.

2.7.2.5.2. The following records in the file are data (data rows), in the order indicated by the first record describing the file structure.

2.7.2.5.3. The fields are separated by a semicolon (;). The header row and data rows shall all contain the same number of semicolons. In the data rows, empty fields appear as a double semicolon (";") within the record, or as a single semicolon (;) at the end of the record.

2.7.2.5.4. Records vary in length. Each record ends with a code "CR LF" or "Carriage Return – Line Feed" (in hexadecimal: "0D 0A"). The header row never ends on a ";". Data rows only end on a ";" if the last field is empty.

2.7.2.5.5. Numeric fields:

2.7.2.5.5.1. Decimal separator: "."

2.7.2.5.5.2. The symbol ("+" or "-") appears on the far left, followed immediately by the figures. For positive numbers, the "+" sign is optional.

2.7.2.5.5.3. Fixed number of decimals: 2.

2.7.2.5.5.4. No spaces between digits. No spaces or other signs between thousands.

2.7.2.5.5.5. When the information is not applicable for the record, the value 0 (zero) needs to be filled.

2.7.2.5.6. Quotation marks (" ") are not allowed at the beginning or at the end of the records. The semicolon field separator ";" must not be used in data in text format.

2.7.2.5.7. All fields: no spaces at the beginning or end of a field

2.7.2.5.8. Files satisfying these rules will look as follows

IPARD III ⁽⁶²⁾:

⁽⁶¹⁾ I.e. one file for IPARD III programming period containing information from the debtors' ledger in the national currency as well as EUR and separate files for IPARD, when applicable.

⁽⁶²⁾ Character 'as1' replaces 'as', which is already reserved in the system.

PA;FUND;FY;CURR;a;b;c;d;e;f;g;h;i;j;k;l;m;n;o;p;q;r;s;t;u;v;w;
x;y;z;aa;ab;ac;ad;ae;af;ag;ah;ai;aj;ak;al;am;an;ao;ap;aq;ar;as l;at;
au;av;aw;ax;ay;az;ba;bb;bc;bd;be;bf;bg;bh
PA00;IPARD III;YYYY;EUR;12345;1;MS/YYYY/99/999999;
YYYYMMDD;YYYYMMDD;137654.63;147575.54;137654.63
;103240.97;34413.66;9920.91;7440.68;2480.23;147575.54;1376
54.63;103240.97;34413.66;9920.91;7440.68;2480.23;0;0;0;0;0
;0;0;0;0;YYYYMMDD;0;0;0;0;0;0;0;YYYYMMDD;0;0;0;0;0
;0;-147575.54;-137654.63;-103240.97;-34413.66;-9920.91;-
7440.68;-2480.23;0;0;0;0;0;0
PA00;IPARD
III;YYYY;NC;12345;1;MS/YYYY/99/999999;YYYYMMDD;
YYYYMMDD;929581.68;996577.56;929581.68;697186.26;232
395.42;66995.88;50246.91;16748.97;996577.56;929581.68;697
186.26;232395.42;66995.88;50246.91;16748.97;0;0;0;0;0;0;0
0;0;0;0;YYYYMMDD;0;0;0;0;0;0;0;YYYYMMDD;0;0;0;0;0;0;-
996577.56;-929581.68;-697186.26;-232395.42;-66995.88;-
50246.91;-16748.97;0;0;0;0;0;0

IPARD II ⁽⁶³⁾:

PA;FUND;FY;CURR;a;b;c;d;e;f;g;h;i;j;k;l;m;n;o;p;q;r;s;t;u;v;w;
x;y;z;aa;ab;ac;ad;ae;af;ag;ah;ai;aj;ak;al;am;an;ao;ap;aq;ar;as l;at;
au;av;aw;ax;ay;az;ba;bb;bc;bd;be;bf;bg;bh
PA00;IPARD II;YYYY;EUR;12345;1;MS/YYYY/99/999999;Y
YYYYMMDD;YYYYMMDD;137654.63;147575.54;137654.63;
103240.97;34413.66;9920.91;7440.68;2480.23;147575.54;1376
54.63;103240.97;34413.66;9920.91;7440.68;2480.23;0;0;0;0;0
;0;0;0;0;YYYYMMDD;0;0;0;0;0;0;0;YYYYMMDD;0;0;0;0;0
;0;-147575.54;-137654.63;-103240.97;-34413.66;-9920.91;-
7440.68;-2480.23;0;0;0;0;0;0
PA00;IPARD II;YYYY;NC;12345;1;MS/YYYY/99/999999;YY
YMMDD;YYYYMMDD;929581.68;996577.56;929581.68;69
7186.26;232395.42;66995.88;50246.91;16748.97;996577.56;92
9581.68;697186.26;232395.42;66995.88;50246.91;16748.97;0;0
;0;0;0;0;0;0;0;YYYYMMDD;0;0;0;0;0;0;0;YYYYMMDD;0;0
;0;0;0;0;-996577.56;-929581.68;-697186.26;-232395.42;-
66995.88;-50246.91;-16748.97;0;0;0;0;0;0

Such file can be easily produced from e.g. Excel (by using the "Save as CSV" option).

2.7.2.6. The national authorities must send the computer file(s) to the Commission by 15 February following financial year n via SFC2014 for IPARD II and SFC2021 for IPARD III:

- 1) Connect to SFC2014: <https://webgate.ec.europa.eu/sfc2021/sfc-fo/home> (in order to get access to SFC2014, the national authorities' users must have an EU login and must be granted

⁽⁶³⁾ Character 'as l' replaces 'as', which is already reserved in the system.

some rights/roles in the SFC2014 application). For IPARD III connect to SFC2021: <https://sfc.ec.europa.eu/en/2021>;

- 2) Create an ‘Accounts (IPA-RD)’ version for financial year N, from the menu “Execution - Accounts (IPA-RD)”,
- 3) In the section “General > Documents” of this Accounts version, upload the documents for “Debtor Ledger for IPARD II” (starting Financial Year 2025 “Debtor Ledger for IPARD III” should be provided in SFC2021),
- 4) The documents for Debtor Ledger will be sent (button ‘Validate’ and then button ‘Send’) to the Commission with the other Accounts (IPA-RD) information (form D2, annual declaration documents, etc...).
- 5) For any questions regarding the access requests or the creation and submission of the Account(s) to the Commission in SFC2014, please contact the SFC2014 support team: ec-sfc2014-info@ec.europa.eu and for IPARD III, please contact the SFC2021 support team: EC-SFC2021-INFO@ec.europa.eu. Some support material is also available on the SFC Support Portal, for SFC2014: https://sfc.ec.europa.eu/en/2014/support-ms/ACCIPARD?qt_support_pages=0 and for SFC2021 (IPARD III): https://sfc.ec.europa.eu/en/2021/support-ms/aca-ipard?qt_support_pages=0

2.7.3. *Format of the debtors’ ledger IPARD II and IPARD III to be submitted to the Commission*

The IPARD II debtors’ ledger template is adjusted to comply with technical requirements of the structured file in order to allow a clear distinction between the programming period, financial year, currency and the IPARD Agency.

Therefore, the national authorities are required to complete the abovementioned information in a structured format:

IPARD II and III:

- The IPARD Agency code
- Fund
- Financial year
- Currency

2.7.4. *Templates IPARD II and IPARD III debtors’ ledger*

The national authorities should submit the debtors' ledger, following the templates provided in Annex 1 or Annex 2 to this guideline, in accordance with the programming period.

2.8. List of payments

The list of payments is a document that provides detailed information on the payments made by the national authorities for the IPARD II Programme in a financial year.

The required format for this list is defined in Annex 9 to the SA III⁽⁶⁴⁾. It contains 12 columns and the content requested is in case of most of them clearly understandable from the title of the column. Nevertheless, in order to ensure consistency between the documents provided by all IPARD III beneficiary countries, clarifications are provided in the table below regarding some of them.

Column number of Annex 9 to the SA	Column title	Explanation on the information to be provided in the column
1	<i>Measure</i>	Should contain the number and not the title of the measure ⁽⁶⁵⁾
4	<i>Date of receipt of the payment request</i>	Should contain the date when the <u>initial payment request was received</u> by the IPARD Agency. The date is not influenced in any way by the fact that additional information was later transmitted by the recipient.
5	<i>Payment order date</i>	Should contain the <u>date when the payment order was issued</u> by the IPARD Agency for the payment to the recipient (the date relevant for determining the period in which the expenditure should be declared).
6	<i>Accounting Body IPARD III EURO Account – Payment date</i>	Should contain the <u>date when the payment was actually made</u> by the Accounting Body from the IPARD Euro account in favour of the IPARD Agency account.
7	<i>Accounting Body IPARD III EURO Account – Payment Amount (EUR)</i>	Should contain the amount transferred from the IPARD Euro account to the IPARD Agency account for the purpose of the payment. The amount should be in euro.
8	<i>IPARD III Agency Payment account – Payment date</i>	Should contain the <u>date when the payment was actually made</u> from the IPARD Agency account in favour of the account of the recipient.

⁽⁶⁴⁾ Annex 9 to the SA II for IPARD II

⁽⁶⁵⁾ Meaning for measure (Annex 4 to the SA III): *Investments in physical assets of agricultural holdings – "1", Support for the setting up of producer groups – "2", Investments in physical assets concerning processing and marketing of agricultural and fishery products – "3", Agri-environment-climate and organic farming measure – "4", Implementation of local development strategies - LEADER approach – "5", Investments in rural public infrastructure – "6", Farm diversification and business development – "7", Improvement of skills and competences – "8", Technical assistance – "9", Advisory services – "10", Establishment and protection of forests – "11", Financial instruments – "12", Promotion of cooperation for innovation and knowledge transfer – "13"*

9	<i>IPARD III Agency Payment account – Payment amount (in the currency in which the payment is made)</i>	Should contain the amount of EU contribution actually debited from the IPARD Agency account in favour of the account of the recipient. The amount should be expressed in the currency in which the payment is made.
10	<i>Amount of expenditure declared in the D2 for the payment (EUR)</i>	Should contain the amount actually included in the D2 based on the payment. The amount should be expressed in euro.

The sum of payments should tally with the amounts in the annual declaration. If it is not the case, the NAO should provide a reconciliation with the amount declared in the annual declaration and provide explanation of any difference (even the ones due to rounding).

2.9. Electronic submission of the annual accounts

The following documents are required to be submitted via SFC2021 (for IPARD III) or SFC2014 (for IPARD II) in the form indicated below:

- Annual Declaration (form D2) - in a structured form, as it is currently the case for the Quarterly Declarations (D1s).
- Annual declaration statement (descriptive part) – PDF
- Management declaration by the NAO – PDF
- Debtors' ledger – as indicated in section 2.7 above
- Table of differences by IPARD programme and measure, accompanied by an explanation for each difference – PDF
- List of all payments made in the financial year – MS excel (.xls)
- Annual financial reports/statements/bank statements – PDF
- Any other/further information – PDF

Annex 1

IPARD II



IPARD II Debtors
Ledger (Annex to the C

Annex 2

IPARD III



IPARD III Debtors
Ledger (Annex to the C