

INSTRUCTION No 1/2006 Revised

FROM: CSF MANAGING AUTHORITY

DATE: 15th March 2007

TO: ALL IMPLEMENTING BODIES AND ACCOUNTABLE DEPARTMENTS

FINANCIAL INFORMATION FOR USE IN PAYMENT APPLICATIONS

RECORDING RECOVERIES – USE OF CENTRAL DATABASE

Background

The European Commission has issued an instruction that, with effect from the first payment application submitted in 2006, the “Appendix to statement of expenditure” showing recoveries effected must be completed to show the amounts that have been deducted at Measure level before submission of the current payment application.

In the past it has been sufficient to confirm to the Commission that any recoveries had been netted off the payment application before submission, but it is now a requirement to provide details of these amounts by Measure. [These details must also include the sources of Funding \(i.e. EU, public and private elements of the recovery amount\)](#)

Procedure

Given the way in which the Central (RMA) Database is currently populated with financial information it is not possible to distinguish between a ‘clawback’ that has been shown against an individual project because of an error during input and a ‘clawback’ that has been made to offset a previous overpayment (i.e. to effect a recovery from the project) or represents a physical repayment received from a project. In addition, in many cases a recovery is affected by simply ‘netting off’ the amount against the next project payment and recording the revised (lower) amount on the database. This does not provide sufficient transparency to enable identification of the amount recovered and the reason for the recovery.

It is therefore necessary to identify separately the amount ‘recovered’ – by whichever of the above means – on the Central Database [showing the breakdown of Funding sources as detailed above](#). If the agreed internal Departmental procedures permit ‘netting off’ amounts from later claims then

the amount 'netted off' must be entered separately as a 'clawback' on the database (with the payment amount adjusted accordingly).

In all cases the text box associated with a 'clawback' entry must be completed to indicate the reason for the 'clawback' (i.e. input error administrative correction, etc). There will be no exceptions.

In cases where a 'clawback' represents an amount deducted from a project due to an irregularity or overpayment of a previous claim, the first word to be input in the text box accompanying the 'clawback' must be "**RECOVERY**". Where the entry refers to an irregularity previously *reported* under Regulation 1681/94 the date of original notification of the irregularity must also be entered. Where the entry refers to a *recorded* irregularity (i.e. the amount is below the reporting threshold) the date of recording must be shown.

In this way it will be possible to obtain a report showing the aggregate value of distinct 'clawback' entries that reflect recoveries of project expenditure at Measure level and relate such entries to reported irregularities. Using "**RECOVERY**" as the key word also prevents the production of a report that lists *all* 'clawback' entries which would have the effect of distorting the 'clawback' information and highlighting the number of entries due to reasons other than the recovery of expenditure (i.e. errors during input).

Timescale

This information is required for all payment applications submitted by the Fund Paying Authorities after 1st January 2006 and it is therefore vital that all 'clawback' information input by Implementing Bodies / Accountable Departments with effect from the date of this note also includes the entry "**RECOVERY**" where relevant in the text box.

It must be noted that, while the Commission has accepted claims without this level of detail during 2006, it has confirmed that future claims will be rejected – unless these details are provided.

The attached template has been provided by the Commission to indicate the required layout of the recovery information. It is therefore important that all details are also held at Measure level.

NB: It will also be necessary to revisit all 'clawback' records entered after 1st January 2006 and amend to include a text box entry that accurately reflects those that represent recoveries as outlined above.

Measure	Total amount deducted from statement of expenditure	Default interest recovered	Private expenditure deducted from statement of expenditure (where private is part of co-financing base)	Total public expenditure recovered	Structural Fund recovered	National public recovered
	(6)=(5)+(4)=(3)	(5)	(4)	(3)=(1)+(2)	(1)	(2)
TOTAL						