

Guidance for creating payment requests for the implementation of CEF funding

Federal Ministry of Transport and Digital Infrastructure,
Division G32 - Trans-European Transport Networks
(TEN-T)

*Based on the audit requirements in **Annex VII** (version of November 2017) to the Grant Agreement*

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1. Introduction

In accordance with Article II 23.2.1 of the Grant Agreement (GA) with the Executive Agency 'European Climate, Infrastructure and Environment Executive Agency' (CINEA), previously known as INEA¹, a request for interim payment may be provided for within the framework of Connecting Europe Facility (CEF) funding. All beneficiaries are at least obliged to make a request for payment of the balance in accordance with Article II 23.2.2 upon completion of the action².

If defined thresholds are exceeded, a Certificate on the Financial Statements - CFS must be submitted to make a request for payment. The requirements to be met by this certificate are laid down in Annex VII to the GA. Annex VII is currently available in two versions: one dating from August 2015 and the other dating from November 2017.

This guidance is based on Annex VII in the version of November 2017. The version of November 2017 is applicable to Grant Agreements and amendments to such agreements signed since 1 January 2018. The version of August 2015 is applicable to Grant Agreements signed before 1 January 2018, but the version of November 2017 is also accepted and even explicitly recommended by both the CINEA and the Federal Ministry of Transport and Digital Infrastructure (BMVI).

¹ INEA ceased operations on 31 March 2021. The Executive Agency 'European Climate, Infrastructure and Environment Executive Agency' (CINEA) was established on 1 April 2021 in order to take over INEA's portfolio as well as additional EU financial assistance programmes.

² Completion of the action in accordance with the funding period set forth in Article 2.2 GA

2. Requirements for making a request for payment

In accordance with Article II.23.2 GA, a CFS must be submitted for a request for payment if the following conditions are met:

- The CEF grant amounts to a total of at least 750,000.00 EUR for the respective beneficiary

and

- In connection with the current request for payment, a CEF grant amounting to a minimum of 325,000.00 EUR is applied for (including all previous requests for payment not subject to submission of a CFS).

Article 3 GA sets out the maximum amount allocated per beneficiary and Annex III GA (Table 3) sets out this amount for actions involving several beneficiaries.

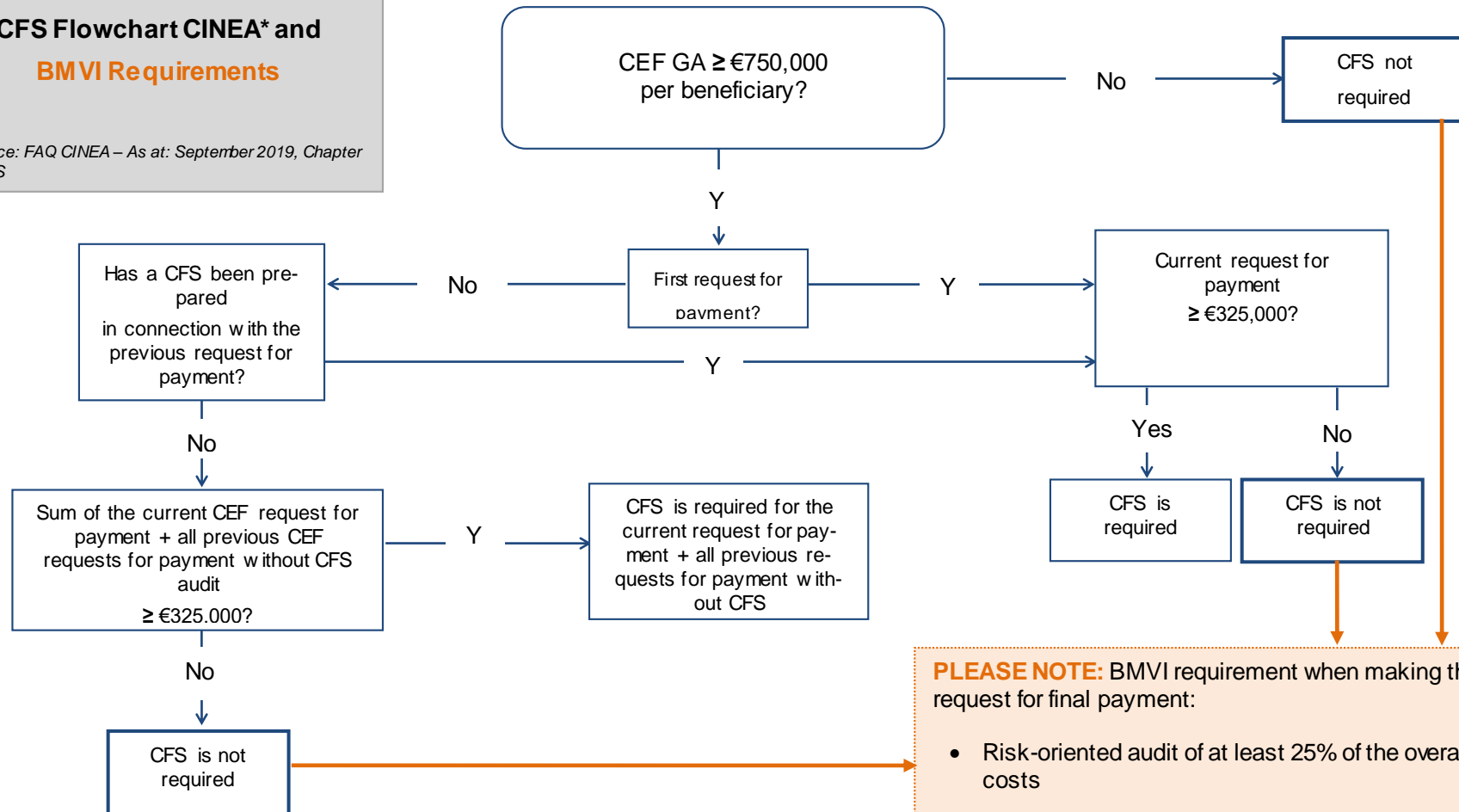
The CFS is to be issued by an approved auditor or, in the case of public bodies, by an independent public officer (e.g. internal auditing, audit office etc.) in accordance with the provisions of Annex VII GA. The CFS is to certify that the costs asserted by the beneficiary, its affiliated entities or its implementing bodies were actually incurred, accurately reported and eligible in accordance with the GA.

The following diagram gives a first overview:



CFS Flowchart CINEA* and BMVI Requirements

*Source: FAQ CINEA – As at: September 2019, Chapter
III CFS



Key:
CEF GA: CEF grant in accordance with Grant Agreement
ZA: Request for payment
ZA CEF: CEF grant corresponding to request for payment
CFS: Certificate on the Financial Statements

PLEASE NOTE: BMVI requirement when making the
request for final payment:

- Risk-oriented audit of at least 25% of the overall costs
- or
- Voluntary preparation of a CFS

3. Request for interim payment

In accordance with the provisions of Article II.23.2.1 GA, a certification of requests for interim payment by a Member State (here: BMVI) is **not** necessary.

The beneficiary must provide the CINEA with confirmation that the information contained in its request for interim payment is full, reliable and true. The costs shown in the interim audit must actually have been incurred and must be eligible within the meaning of the GA. The request for payment is substantiated by appropriate records, which have to be archived³ and presented upon request for checks and audits in accordance with Article II.27 GA.

Each beneficiary that fulfils the conditions set out in point 2 of this guidance must submit a CFS to the CINEA drawn up in accordance with Annex VII GA.

As soon as the CINEA has decided on the requests for interim payment, we ask that this decision and the supporting documents, the CFS and the financial statement in electronic format be sent to ref-g32@bmvi.bund.de.

4. Request for payment of the balance

In accordance with Article 23.2.2. GA, the request for payment of the balance must be certified by the Member State in which the beneficiary is established. The Member State's certification confirms that the information contained in the request for payment of the balance is full, reliable and true and that the costs set out in the request were actually incurred and are eligible in accordance with the GA.

a) Auditing basis for certification

BMVI certifies requests for payment of the balance on the following basis:

- a CFS (cf. Diagram p.5 'CFS is required') or
- a voluntary CFS or
- a risk-oriented audit defined by the BMVI.

³ In accordance with Article II.27.2 GA, the retention period of original documents is five years starting from the date of payment of the balance. In certain cases, this period may be extended.

As at: 8 June 2021

b) Requirements for the auditing basis

The obligatory as well as the voluntary CFS are subject to the audit requirements set out in Annex VII GA. Article 4.3 GA lays down the language to be used for requests for payments, reports and financial statements for each action. In its written information of 16 July 2020, the CINEA confirmed that the CFS may be drawn up in German, if German has been agreed on as the report language. Since the CINEA has not yet published a German version of Annex VII, the BMVI recommends using the original CINEA templates for the standard factual findings checklist and the independent report of factual findings in English and documenting the requested information in German. From the perspective of the BMVI, the terms of reference for an independent report can be completely drafted in German. Please note, however, that the contents of the terms of reference must not be changed, i.e. they must neither be supplemented nor shortened. To simplify the audit, the BMVI can, upon request, provide a translation of the complete Annex VII as a toolkit. Fees for commissioning a CFS in the report language agreed upon in accordance with the GA are recognized as eligible by the CINEA, even if the CFS is drawn up voluntarily.

If no CFS is prepared, a risk-oriented cost auditing has to be carried out on the basis of the following requirements:

The audit must be performed by an approved auditor or an independent public officer (e.g. internal auditing).

The audit must be based on all expenses in connection with requests for payment that have not yet been confirmed by a CFS. As with the CFS, it does not initially matter for risk-oriented auditing whether the CINEA has fully recognized the requests for payment or not. In this respect, the procedure concerning the overall costs to be audited does not differ from the procedure used for obligatory CFS.

For cost recording, the model individual financial statement of the CINEA or a table containing equivalent information should be used. The audit **can** be performed on a random basis; the sample size should at least comprise 25% of the overall value and, if possible, cover all types of cost. The findings from CINEA decisions on previous requests for payment **may** be taken into account for the scope and selection of the samples (at the discretion of the auditor).

A report on the findings of the audit has to be prepared and submitted to the BMVI (the report does not have to be submitted to the CINEA). The report contains the following information:

- a. the exact name of the beneficiary audited
- b. a description of how the records and supporting documents substantiating the payments are audited, the type of audit (complete audit or random-sample audit) and the criteria for selecting the records to audit.
- c. the sum totals of the overall costs, the random sample and the confirmed eligible costs
- d. The report confirms that:
 - the services for which the costs are claimed were rendered during the funding period and were eligible and necessary within the meaning of the GA
 - the personnel costs only contain the elements admissible in accordance with the GA and meet the requirements pursuant to the Commission Decision C(2016) 478 of 3 February 2016 on the reimbursement of the personnel costs of the beneficiaries of the Connecting Europe Facility
 - in connection with the award of contracts, the relevant provisions were complied with and the principles of economic efficiency and sound financial management were observed
- e. the approved auditor or independent public officer confirms with his or her signature that the audit was carried out in compliance with the provisions of the respective GA.

The report on the risk-oriented audit is generally drawn up in German. Fees for commissioning a risk-oriented audit are not recognized as eligible by the CINEA and therefore may not be declared vis-à-vis the CINEA.

c) Documents to be submitted to the BMVI

In accordance with Article II.23.2.2 GA, the request for payment of the balance must be submitted to the CINEA within 12 months following the completion date of the action at the latest⁴. For certification of the request by the BMVI, the following documents must be submit-

⁴ Completion of the action in accordance with the funding period agreed in accordance with Article 2.2 GA

ted to Division 32 in electronic format **nine months after completion of the action** at the latest.

A CFS was drawn up:

- Final report, Annex V GA
- CFS (Annex VII GA):
 - Terms of reference for an independent report of factual findings on costs declared under a Grant Agreement financed under the Connecting Europe Facility (CEF)
 - Standard factual findings checklist
 - Independent report of factual findings on costs declared under the Connecting Europe Facility (CEF)
 - Annex 1 to audit report - list of all audited contracts (Annex I: Implementation contract list)⁵
 - Annex 2 to audit report - list of any audited records (Annex II: Costs selected by the auditors for the CFS)⁶
- Individual financial statement, Annex VI GA
- If necessary, the recognized requests for interim payment including:
 - the appropriate decisions of the CINEA together with the supporting documents
 - if necessary, the CFS to the requests for interim payment
 - the related individual financial statements, Annex VI GA

⁵The list must contain all contracts audited according to the given thresholds and also contracts to which objections were made within the context of the audit and for which no records are contained in the financial statement.

⁶The list must contain any audited records and also records to which objections were made within the context of the audit and which are not contained in the financial statement.

A risk-oriented audit was performed:

- Final report, Annex V GA
- Audit report on the risk-oriented audit according to the requirements set out in b) with an overview of the records that have not been accepted
- Individual financial statement, Annex VI GA
- The recognized requests for interim payment including:
 - the appropriate decisions of the CINEA together with the supporting documents
 - if necessary, the CFS to the requests for interim payment
 - the related individual financial statements

After certification, the beneficiary will receive a scan of the certificate in advance by email. The original will be sent to the beneficiary or the project coordinator by post.

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