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ROLES

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<p>MS Coordinating Body Read Only</p> <p>MS Coordinating Body Send</p>	<p>Consult the CB Reports, Return the CB Reports to MS, Submit the CB Reports <u>to EC</u></p>
<p>MS Accredited Paying Agency Read Only</p> <p>MS Accredited Paying Agency Send</p>	<p>Consult the CB Reports, Return the CB Reports to MS, Submit the CB Reports <u>to EC</u> (only if there is no MS Coordinating Body)</p>

General




This section includes the header data to identify the main characteristics of the CB Report.

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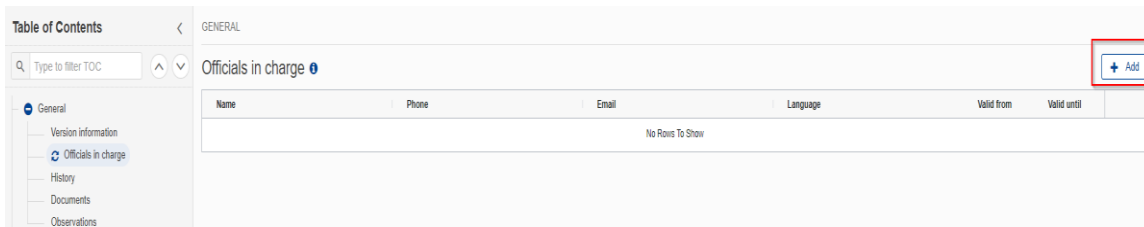
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Officials in Charge

NOTE	Officials in Charge can be updated at any time, independent from the status of the CB Report. Commission Officials (email domain "ec.europa.eu") can only be created/updated/deleted by Commission Users.
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1. Click on the **ADD** button  to add a new official in charge.
2. Clicking on the **EDIT** icon  of a row will allow you to modify the information of this official.
3. Clicking on the **DELETE** icon  of a row will allow you to delete the official in charge selected.

1. Click on the **ADD** button to add a new Official in Charge:



The Edit details pop-up window appears:

Edit row

Name * 248
 1

Email * 243
 2

Phone 50 3

Language 4

Valid from 5

Valid until 5

6

Enter or select the following information:

(1) Enter the *Name*.

(2) Enter the *Email*.

The format of the Email address will be validated by the system and should be unique.

(3) Enter the *Phone* number.

(4) Select the *Language*.

(5) Enter the *Valid from* and *Valid until* dates.

The *Valid until* date should be greater than the *Valid from* date.

(6) Click on **SAVE** to save the information.

History

This section shows all the actions that have been taken on the Declaration of Expenditure since it was created, for example:

The screenshot displays a user interface with a 'Table of Contents' on the left and a 'History' section on the right. The 'Table of Contents' includes a search bar and a list of sections: General, Version information, Officials in charge, History, Documents, Observations, and SECTION A - EAGF. The 'History' section, titled 'GENERAL', shows two entries for the date 13/12/2022. Each entry includes a timestamp and an 'Action Edit' performed on the node 'Niedersachsen (DEA12)' by a specific user.

Date	Time	Action	User
13/12/2022	11:43	Action Edit on node Niedersachsen (DEA12)	Richter, Maik (n0088qqc)
13/12/2022	09:45	Action Edit on node Niedersachsen (DEA12)	Cordes, Achim (ncordeac)

Documents

The **Documents** section shows all documents uploaded against this version of the CB Report by Member State Users.

Observations

This section is used to provide any relevant information related to the Partnership Agreement. It can be used as a type of 'chat' between the Member State and Commission.

SECTION B – EAFRD

EAFRD - GENERAL OVERVIEW

14 Executive Summary

14.1 Introduction

Following our appointment as auditors by the [name of national body, as appropriate], on the [date of appointment] [if applicable], for a duration of [number of years/financial exercises] we have performed an audit of the [name of Paying Agency] pursuant to Article 9 (2) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council in relation to its role as Paying Agency. This audit related to the Paying Agency's operation of the European Agricultural Fund for Rural Development (EAFRD) for the financial year ended 15 October 20YY. The audit was undertaken in accordance with internationally accepted auditing standards and entailed consideration of the matters, set out in Article 5 (4) of Commission Implementing Regulation (EU) No 908/2014.

We are also required to provide an opinion as to whether the annual accounts for the EAFRD year ended 15 October 20YY are a true, complete and accurate record of the amounts charged to the Fund, whether the internal control procedures have operated satisfactorily and whether the expenditure declared to the Fund is legal and regular. This opinion is contained in the Audit Opinion presented as part C of this report. We are further required to indicate whether our examination puts in doubt any assertions made in the management declaration. A separate section of the opinion deals with the Management Declaration.

Our work was performed in accordance with the requirements of Article 9 of Regulation (EU) No. 1306/2013 and Articles 5 to 7 of Commission Implementing Regulation (EU) No 908/2014. The format of this report is in accordance with the Commission guidelines.

Our work covered the Paying Agency's compliance with the accreditation criteria, the existence and functioning of the key internal controls and the procedures for ensuring compliance with EU rules, the legality and regularity of expenditure claimed for reimbursement from the Commission and the procedures for the protection of the financial interests of the EU. The findings and recommendations arising from our work are summarised in this Chapter and detailed under the relevant Chapters.

This report results primarily from the work undertaken by us since our appointment as a Certification Body to the Paying Agency in relation to the financial year ended 15 October 20YY. [Where applicable] It also draws upon the work performed by [external audit body] or by the Internal Audit Unit of the Paying Agency [refer to section.....]. Additionally, we also considered audit evidence obtained from other providers, both internal and external, the details of which are outlined in Annex 2 to this report. Annex 1 to this Report contains a Glossary of Abbreviations used.

14.2 Conclusions at fund level per objective

Our audit work and reporting were designed according to the following audit objectives:

- Audit objective 1- Audit of the annual accounts ("accounts")

- Audit objective 2- Legality and regularity of expenditure ("legality and regularity"), including the Management declaration

The proper functioning of the internal control system is covered under both audit objectives.

Article 5 (4) of Commission Implementing Regulation (EU) No 908/2014, sets the questions which the certification body is required to respond to. These questions and our conclusions are set out below.

Requirement per Article 5 of Regulation 908/2014	Part/Audit objective	Conclusion
The Paying Agency complies with the accreditation criteria.	A and B; Audit objectives 1 and 2	<p>For our overall opinion in this respect, refer to the Audit Opinion (see also the internal control system).</p> <p>In general, the Paying Agency complies with the accreditation criteria <i>[when applicable:]</i> except..... <i>[summarise major accreditation issues]</i></p> <p>Key recommendations are summarised in subsection 25 below and are elaborated in more detail in the relevant sections of this report.</p>
The annual accounts referred to in Article 29(chapter III) of Regulation No 908/2014 are in accordance with the books and records of the Paying Agency.	A; Audit objective 1	For details of our opinion in this respect see the Audit Opinion.
The statements of expenditure, and of intervention operations <i>[delete reference to intervention if not applicable]</i> , are a materially true, complete and accurate record of the operations charged to the EAFRD.	A; Audit objective 1	For details of our opinion in this respect see the Audit Opinion.
The financial interests of the Union are properly protected as regards advances paid, guarantees obtained, intervention stocks <i>[delete reference to intervention if not applicable]</i> and amounts to be collected.	A; Audit objective 1	<p>The financial interests</p> <p>For advances and guarantees ...</p> <p>Reporting and reconciliation procedures for intervention are.....</p> <p>The recovery of amounts outstanding is ...</p> <p>The completeness of Annex II/III is ensured and detailed observations are included in section 18 of the report.</p>

Requirement per Article 5 of Regulation 908/2014	Part/Audit objective	Conclusion
The Paying Agency's procedures are such as to give reasonable assurance that the expenditure charged to the EAFRD was effected in compliance with Union rules, thus ensuring that the underlying transactions are legal and regular, and that recommendations for improvements, if any, have been followed-up.	B; Audit objective 2	For details of our opinion in this respect see the Audit Opinion.

14.3 Overall assessment of the internal control system and compliance with the accreditation criteria

14.3.1 Standard

Our assessment is based on our review of the internal control system (ICS) of the Paying Agency, including its compliance with the accreditation criteria. It is summarised in the matrix below using the following assessment criteria:

(1) Not working. There is a clear non-respect of one or more accreditation criteria or there are serious deficiencies. The seriousness of the deficiencies are such that the Paying Agency cannot fulfil the tasks set out in Article 7 of the Regulation (EU) No 1306/2013. Not all risks are addressed by controls and/or there are likely to be frequent control failures. ICS functions poorly or does not function at all. The deficiencies are systemic and wide-ranging. High deviations were found that were not detected by the PA's internal control system. As a consequence, no assurance can be obtained from the system. Scores = [1; 1,5]

(2) Works partially. There are other deficiencies which do not fall under (1), but which would have to be followed-up according to Article 2 (1) of Commission Implementing Regulation (EU) No 908/2014. All risks are addressed to some extent by controls which may not always operate as intended. Moderate deviations were found, which affected substantially the effectiveness of controls AND only part of these moderate deviations was detected by the PA's ongoing controls and corrected by the PA itself. Scores = [1,51; 2,5]

(3) Works. Minor issues were detected but there is scope for improvement. All risks are adequately addressed by controls which are likely to operate effectively with some deficiencies having a moderate impact on the functioning of the key requirements. Only minor deviations were found, which did not affect substantially the effectiveness of controls OR if those moderate deviations affected substantially the effectiveness of controls the PA's ongoing controls detected them and the self-correcting mechanism of the PA operated. Scores = [2,51; 3,5]

(4) Works well. No deficiencies or only minor deficiencies were found. All risks are adequately addressed by controls which are likely to operate effectively. No exception was found OR only minor (formal)

deviations were found which did not affect substantially the effectiveness of controls and did not lead to financial errors. Scores = [3,51; 4,0]

In cases where the procedure / component is not valid, it is indicated as not-applicable (N/A). Our assessment is partly based on reviews carried out in previous financial years, where we have confirmed that no major changes in the procedures / components have occurred; in such cases our assessment is indicated in brackets "()". As regards our assessment of the Internal Audit service, if certain areas are still to be audited by Internal Audit, we base our assessment on the adequacy of the five year audit plan. In such circumstances our assessment is also indicated in brackets "()".

14.3.2 Detailed Assessment

Matrix I below concerns schemes under EAFRD covered by the IACS, i.e. support schemes under EAFRD established under Chapter II of Title V (articles 67 to 78) of Regulation 1306/2013 of the European Parliament and of the Council. Matrix II below concerns schemes under EAFRD not covered by the IACS. The general conclusion (overall scores at IACS and Non-IACS level) are provided in accordance with Section 5.4 of guideline 2 and reflected in our Audit Opinion.

[The matrices should be prepared on the basis of the matrices used for objectives –"accounts" and 2- ("legality and regularity"), by merging the matrices developed for each objective].

[A separate matrix should be prepared for each population or strata tested because of the audit work conducted for objective 2 at population level. However, as the audit work for audit objective 1 is conducted at Fund level, the same scores should appear per IACS and Non-IACS. In addition, if some processes like debt management or execution of payments is conducted in the same way for the two Fund, the same scores will appear in the matrices in Part A and B.]

14.3.2.1 IACS

Matrix I- Assessment of the ICS for the IACS population																					
Assessment component Procedure	Internal environment						Control activities	Information and Communication				Monitoring				Evaluation at assessment criteria		General conclusion			
	Organization		HR		Delegation			Communication		ISS		On-going monitoring		Internal audit		W	T				
Weighting / Scoring	S	T at 10% or 15%	S	T at 5%	S	T at 5%	S	T at 50%	S	T at 5%	S	T at 10%	S	T at 10%	S			T at 5%	W	T	Weighted total
Claim processing, including validation and	Administrative controls	4	0,4	4	0,2	2	0,1	3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	20%	3,15	0,63	
	On-the-spot controls	4	0,4	4	0,2	2	0,1	2	1,0	3	0,15	3	0,3	2	0,2	4	0,2	20%	2,00	0,40	
Execution of payments		4	0,6	4	0,2			3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	15%	3,25	0,49	
Accounting		4	0,6	4	0,2			3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	15%	3,25	0,49	
Advances and securities (*)		4	0,6	4	0,2			3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	10%	3,25	0,33	
Debts management		4	0,6	4	0,2			2	1,0	3	0,15	3	0,3	3	0,3	4	0,2	20%	2,00	0,40	
																	General conclusion				2,73
																	Assessment of ICS				works (medium impact)

Key to the table:

S – Score – should correspond to the assessments in Chapter 4

W – Weight given to each assessment criteria and the Internal Control System – corresponding to section 5.4 of guideline No 2

T – Total = Weight x Score

[EITHER:]

The overall assessment of the Internal Control System for the IACS population is [select one: does not work; it works partially; it works; it works well]

[Or]

On the basis of the internal control matrix above, the conclusion on the internal controls system for the IACS population would be that [select one: it does not work; it works partially; it works; it works well]. However, we do not agree with this conclusion. Our assessment used to determine the sample size for substantive testing is [select one: does not work; it works partially; it works; it works well] for the following reasons:

[please elaborate]

14.3.2.2 Non-IACS

Matrix I - Assessment of the ICS for the Non-IACS population																					
Assessment component Procedure		Internal environment						Control activities	Information and Communication				Monitoring				Evaluation at assessment criteria		General conclusion		
		Organisation		HR		Delegation			Communication		ISS		On-going monitoring		Internal audit		W	T			
Weighting / Scoring		S	T at 10% or 15%	S	T at 5%	S	T at 5%	S	T at 50%	S	T at 5%	S	T at 10%	S	T at 10%	S			T at 5%	W	T
Claim processing, including validation and	Administrative controls	4	0,4	4	0,2	2	0,1	3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	20%	3,15	0,63	
	On-the-spot controls	4	0,4	4	0,2	2	0,1	2	1,0	3	0,15	3	0,3	2	0,2	4	0,2	20%	2,00	0,40	
Execution of payments		4	0,6	4	0,2			3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	15%	3,25	0,49	
Accounting		4	0,6	4	0,2			3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	15%	3,25	0,49	
Advances and securities (*)		4	0,6	4	0,2			3	1,5	3	0,15	3	0,3	3	0,3	4	0,2	10%	3,25	0,33	
Debts management		4	0,6	4	0,2			2	1,0	3	0,15	3	0,3	3	0,3	4	0,2	20%	2,00	0,40	
General conclusion																					2,73
Assessment of ICS																					works (medium impact)

[Note: The above matrices are as per guideline 2 on the annual certification audit. It provides a precise mathematical calculation of the overall assessment, based on the results of the testing reported in chapter 4 on compliance with the accreditation criteria. However, the Commission seeks the auditor's professional judgement. Therefore, if the CB is of the opinion that the resulting general conclusion presents a misleading assessment of the Internal Control System, the CB should:

1. Disregard the calculated general conclusion;
2. Indicate its professional assessment of the functioning of the Internal Control System;
3. Clearly explain the basis on which the CB made a different assessment. In all cases, the assessment should be in line with section 5.4 of guideline NO 2, i.e. 1 = does not work; 2 = works partially; 3 = works; 4 = works well.]
4. In case of score 1 attributed to particular components, the overall assessment¹ of the Internal Control System should be reconsidered and adapted by using the weights to highlight these weaknesses. In case this is not done, the overall conclusion "works" or "works well" seems to be overstated.

[EITHER:]

The overall assessment of the Internal Control System for the IACS population is [select one: does not work; it works partially; it works; it works well]

[Or]

¹ When combining the matrices as a result of the testing for Audit Objective 1 and Audit Objective 2

On the basis of the internal control matrix above, the conclusion on the internal control system for the non-IACS population would be that *[select one: it does not work; it works partially; it works; it works well]*. However, we do not agree with this conclusion. Our assessment used to determine the sample size for substantive testing is *[select one: does not work; it works partially; it works; it works well]* for the following reasons...*please elaborate]*

14.3.3 Overall assessment of the Internal Control System

Our overall assessment of the internal control system and compliance with the accreditation criteria for the EAFRD is as follows:

Population / Strata	Assessment	Weight
EAFRD – IACS		
EAFRD – non-IACS		
Strata (please specify)		
Total EAFRD (weighted average)		

14.3.4 Status of the PA accreditation

[only use this part if there are/were changes affecting the accreditation status of the PA. In case of probation or provisional accreditation, please provide information on the accreditation criteria/procedure(s) and the population(s)/measure(s) affected, as well as on the probation period]

15 AUDIT STRATEGY OF THE CERTIFICATION BODY

[Note: the purpose here is not to repeat what is written in guideline No 2 on the audit strategy. The CB should explain the factors it considered in the overall approach and the results of the risk assessment implemented as part of the audit strategy. Only in case the CB decided to deviate from the standard approach (described in guideline 2) or modified its approach e.g. by applying specific sampling parameters, this should be duly explained.]

15.1 Audit risks and Control Risks assessment per population/measure

[provide a short summary on the results of the risks assessment for the fund per population/measure in accordance with the guidance in section 4.1 of guideline 2 related to the audit risk model (AR = IR x CR x DR). An assessment of IR and CR with the scores in guideline 2 should be provided.]

15.2 Summary of Audit Strategy and Audit Plan for EAFRD

- Audit scope and objectives;

[provide a short summary]

- Audit assurance and materiality per audit objective;

We based our assessment of the internal control system on the previous year's report. *[However, if this was not the case it would have to be explained what it was based on.]*

[provide a short summary]

- Systems and controls per audit objective;

- Audit objective 1:
[provide a short summary]

- Audit objective 2:
[provide a short summary]

- Risk assessment per audit objective;

[provide a short summary on the control risk assessment (the assessment of Inherent risk and control risk) at least per population in line with the table on p. 16 of guideline 2. This should be linked to the assessment of the ICS and the system assurance.]

- Audit objective 1:
[provide a short summary]

- Audit objective 2:
[provide a short summary]

- The audit approach per audit objective;

[provide a short summary which should include the sampling approach per population/strata, dual-purpose testing, etc]

[If the CB chose to apply the "Methodology document for the Certification bodies in respect of the audit work related to IACS cross-checks and data integrity to be performed in the context of the annual certification audit EAGF/EAFRD expenditure", it should be described here]

- Audit objective 1:
[provide a short summary]

- Audit objective 2:
[provide a short summary]

- Re-verification of on-the-spot controls;
[Describe the method used for the re-verification of on-the-spot controls (e.g. accompaniment of the PA's inspector, re-performance by the CB's own auditor, delegated; classical or control with remote sensing whether there were rapid field visits. Describe whether the representativeness of the PA's random OTSC sample was tested and confirmed).
For the time constrained measures, the timing of the re-verification needs to be mentioned as well. In particular, the CB should explain which procedures allowed the re-verification to be done as soon as possible after the PA's OTSC, and any specific consideration regarding the timing]
[Particularly for the non-IACS measures, elaborate on the key elements of the re-verifications for the measures selected and how the sub-sampling elements on the payments were selected for on-the-spot re-verifications (e.g.: based on invoices, nature of cost declared, etc).]

- The nature and extent of the CB's reliance on the work of Internal Audit, third party subcontracted auditors, specialists and experts, third party certificates from bodies accredited for the chosen international standard, etc.²;
[The CB may rely on the work of other auditors or technical experts
It should conduct sufficient work to get assurance on the appropriateness and quality of this work. See International Standard on Auditing ISA 600 " Using the work of another auditor", International Standard on Auditing (ISA) 610, "Considering the Work of Internal Audit" and ISA 620 "Using the work of an expert".
Provide a description of the work done by third parties and how the CB gained assurance of the quality of that audit work/which monitoring mechanisms were there in place/what monitoring mechanisms were there in place. In case of changes of CB, explain to which extend the (new) CB

² The Certification Body may rely on the work of other auditors, such as original audit work done by the Paying Agency's Internal Audit function or by third party subcontracted auditors, specialists and experts, third party certificates from bodies accredited for the chosen international standard, etc. However, the Certification Body should conduct sufficient work itself to give assurance on the appropriateness and quality of this work. See International Standard on Auditing ISA 600 " Using the work of another auditor", International Standard on Auditing (ISA) 610, "Considering the Work of Internal Audit" and ISA 620 "Using the work of an expert".

relies on the work of the previous one, e.g. re-verifications already performed, sampling parameters already established.

In case only when a part of the re-verification only is done by another party, this section should be filled.

- Any assumptions and estimations made during the course of the review;

[provide a short summary]

- Plan of audit activities;

[provide a short summary]

[Other information if applicable]

[Describe any other relevant information concerning the governance of the Paying Agency which was in one way of the other taken into consideration when designing the audit strategy.]

15.3 Resources

The audit team of the Certification Body in respect of the EAFRD which performed the work comprised N professional staff. The resources dedicated to the project varied during the year as required. The qualifications of the personnel involved are summarised as follows:

Chartered Accountants	Others	TOTAL
Person days	Person days	Person days
N°	N°	N°

[In the case the Certification Body externalised the re-verifications] For the re-reverifications, the team which performed the work comprised N professional staff. The resources dedicated and the qualifications of the personnel involved are summarised as follows:

Qualification	Person days
	N°
Total	N°

EAFRD - PART A –Audit objective 1- Audit of the annual accounts

16 Compliance with Accreditation Criteria – Review of the Internal Control System

This section outlines the current status of the accreditation and provides the basis for the overall assessment of the internal control system and for our assessment in respect of the Paying Agency's compliance with the accreditation criteria per internal control procedure / component as indicated in the Accreditation Matrix used for audit objective 1. We have assessed the compliance with the accreditation criteria by using the grading "1" to "4". Our overall assessment is outlined below:

MATRIX - Assessment of the ICS (audit objective 1) for EAFRD																											
Assessment component Procedure	Internal environment									Control activities	Information and communication						Monitoring						Evaluation at assessment criteria			General conclusion	
	Organisational structure			Human resources			Delegated tasks				Communication			I.S. Sec.			Ongoing monitoring			Internal Audit			W	T	conclusion		
Weighting / Scoring	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	T	conclusion
Execution of payments	15%		0	5%		0				50%		0	5%		0	10%		0	10%		0	5%		0	25%	0	
Accounting	15%		0	5%		0				50%		0	5%		0	10%		0	10%		0	5%		0	25%	0	
Advances and securities	15%		0	5%		0				50%		0	5%		0	10%		0	10%		0	5%		0	17%	0	
Debts management	15%		0	5%		0				50%		0	5%		0	10%		0	10%		0	5%		0	33%	0	

16.1 Understanding the entity/processes

[in line with guideline 2 part 4.2, describe the audit activities performed, the processes reviewed and insert the main conclusions regarding the control environment, particular risks and any development having occurred during the FY]

16.2 Compliance testing / test of controls - Control Activities

We confirmed our assessment of the accreditation procedures against the control activities by carrying out the following compliance testing/test of controls as suggested in guideline N° 2: [please indicate the number of transactions tested]

Procedure	IACS	Non - IACS	Findings (if any)
Payment procedures			Chapter X.X.X

Accounting procedures			Chapter X.X.X
Advances/securities			Chapter X.X.X
Procedures for debts			Chapter X.X.X

[The minimum sample size should be established in line with Section 5.3 of guideline No 2. The allocation of the sample for the compliance tests defined as the minimum sample size at Fund level among the different populations/strata, is to be determined by the CB based on its professional judgement.]

16.3 Evaluation per accreditation criterion

Annex I of Commission Delegated Regulation (EU) No 907/2014 sets out the accreditation criteria. *[Procedures are to be reviewed in accordance with guidelines No 1 and 2. Based on the review of the control environment and the accomplished compliance testing, provide the assessment and findings for each control procedure. Scores (using the scoring system for accreditation criteria) are to be provided separately for IACS and Non-IACS. Financial errors (with financial impact on the accounts) are also to be reported and considered in the overall error evaluation, section 1.6.1. This should include an assessment of whether the deficiency is an isolated instance or represents a generic issue.]*

16.3.1 Control activities: Procedures for payment

16.3.1.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue Describe the financial errors that were detected]

- 1)
- 2)

16.3.2 Control activities: Procedures for accounting

16.3.2.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

- 1)
- 2)

16.3.3 Control activities: Procedures for advances and securities

16.3.3.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

16.3.4 Control activities: Procedures for debts

16.3.4.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

16.3.5. Assessment

16.4 Other accreditation components

We confirmed our assessment of the other accreditation components against the standard (Annex I of Commission Delegated Regulation (EU) No 907/2014) by carrying out reviews/tests to ensure the Paying Agency's compliance with the criteria. *[Procedures to be reviewed in accordance with guideline No 1 and No 2. Based on the review provide here an assessment per accreditation component. Scores (using the scoring system for accreditation criteria) are to be provided. There should be a clear distinction between IACS and non-IACS (if relevant). All findings and recommendations related to grading of 1-3 should be reported. Financial errors (with financial impact on the accounts) are also to be reported and to be considered in the overall error evaluation. It should be assessed whether the deficiency is an isolated instance or represents a generic issue.]*

16.4.1 Internal environment: Organisational structure

16.4.1.1 Description of the organisational structure

The Headquarters of the Paying Agency are located at ... *[address]*. The Headquarters employ XXX persons corresponding to the full-time equivalent of YYY staff. *[if only part of the staff works on PA matters:]* Out of the staff of the institution, ZZZ persons work on tasks related to paying agency functions.

The Paying Agency also has WWW regional/local offices. The total number of people employed at these offices is VVV persons corresponding to the full time equivalent of PPP staff.

16.4.1.2 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

16.4.1.3 Assessment

In our opinion, the scoring for this criterion is [1 – 4].

16.4.2 Internal environment: Human-resource standard

16.4.2.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

16.4.2.2 Assessment

In our opinion, the scoring for this criterion is [1 – 4].

16.4.3 Information and communication: Communication

16.4.3.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

16.4.3.2 Assessment

In our opinion, the scoring for this criterion is [1 – 4].

16.4.4 Information and communication: Information Systems Security

16.4.4.1 Work Done (by population – IACS and non-IACS)

We reviewed the compliance of the "Information Systems Security" with the requirements of the standard as stated above. Our services have carried out sufficient work to provide assurance on the appropriateness and quality of any work performed by other auditors, specialists and experts³ in the following areas: xx;xx;xx [if applicable].

The table below indicates the overall situation:

	<i>Yes / Not Applicable</i>	<i>No / Not Applicable</i>
--	-----------------------------	----------------------------

³ See International Standard on Auditing (ISA) 610, "Considering the Work of Internal Audit" and ISA 620 "Using the work of an expert".

The yearly expenditure of the paying agency is more than €400 million:		[if no, please provide here the standard used by the PA (e.g. ISO 27002:2013 / BSI / COBIT)**]
The paying agency has obtained ISO 27001:2013 certificate/ISO 27001-Zertifikat auf der Basis von IT-Grundschutz:	[please provide the date of issue and the date of validity]	[if no, and the expenditure is more than €400 million, please provide further explanations below]
The certificate* covers all key tasks of the paying agency:		[if no, please provide further explanations below]***
The certificate* covers also delegated tasks:		[if no, please provide further explanations below]***

* For German paying agencies, the certificate is covering the interfaces to IT service providers which are responsible for the provision of outsourced IT application environments (where these are not provided in-house) and to other bodies which carry out delegated and outsourced paying agency tasks according to the 'Model of the information domain for EU paying agencies' (Modell Informationsverbund für EU-Zahlstellen).

** Please note that the standard in case of ISO is 27002:2013 for financial year 2016 (Annex I, 3 B of Regulation (EU) No 907/2014).

[In case the paying agency has obtained a valid ISO 27001:2013 certificate (for German paying agencies ISO 27001 certificate based on IT Grundschutz), and the scope of the certificate covers all key tasks of the paying agency, then the CB can rely on the certificate and **no additional assurance work is required**. The CB should provide the certificate as an annex to its report or a corresponding reference. **However, in case the scope of the certificate is not covering all key and delegated tasks** of the paying agency, then the CB should conduct sufficient work in the areas not covered by the certificate and report on them accordingly; or refer to 3rd party audit report. **Nevertheless**, in case the certificate was issued at the very end of the financial year 2016 or later (and therefore it was not valid for the full period of the financial year), the CB **may consider** to carry out some additional audit work based on its risk assessment.]

*** Assessed in accordance with the Statement of Applicability; and considering that delegated bodies must assure the same level of information security that is required for a paying agency.

[Delete if not appropriate:] The 3rd party certificate can be found [in annex/at the following address: https://.....].

[Delete if not appropriate:] As [a] Delegated Bodies[y] are[is] not covered in the ISO/BSI 27001 certificate or the Paying Agency is not ISO/BSI 27001 certified, the table(s) below describes the situation:

[In case of numerous Delegated Bodies, a list of delegated bodies and a description as suggested below per Delegated Body could be provided in an annex and not in the body of the report. Appropriate references to the annex should be made.]

Name of the Delegated Body(ies): _____

Control	(Yes/No/NA) If not, please justify and/or provide possible comments below.
The Service Level Agreement between the Paying Agency and the delegated body or Agreement or Memorandum of Understanding includes provisions on information systems security for the delegated body.	
The Paying Agency is monitoring that the security provisions in the agreements are complied with (e.g. by reviewing regular reporting from the Delegated Body).	
The Internal Audit Service is carrying out audits in the delegated body(ies) covering also IT security issues.	
Other units in the Paying Agency or service provider(s) are carrying out audits in delegated bodies covering also IT security issues.	
The Certification Body is carrying out audits in the delegated body(ies) covering also IT security issues.	

[Provide more tables if needed in case of several Delegated Bodies with a different status/situation]

16.4.4.2 Findings

[If certified, the CB should refer to that.]

[In case the PA has not been certified / or relating to areas and/or delegated tasks not covered by the certificate / or based on the CB's risk assessment: Provide here explanations of all significant findings for each domain of the chosen international standard. If there are no findings for a particular domain then state that "Our review has identified no findings in this domain".]

[For example: If the paying agency has chosen ISO 27002 as the basis of its information security, the certification body should review and report on each of the following domains:

- Information security policies*
- Organization of information security*
- Human resource security*
- Asset management*
- Access control*
- Cryptography*
- Physical and environmental security*
- Operations security*
- Communications security*
- System acquisition, development and maintenance*
- Supplier relationship*
- Information security incident management*
- Information security aspects of business continuity management*
- Compliance]*

16.4.4.3 Assessment

[List here the major/intermediate recommendations only in case not already reported in chapter 1.7.]

In our opinion, the scoring for this component is [1 – 4].

16.4.5 Monitoring: Ongoing monitoring via internal control activities

16.4.5.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, and confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

16.4.5.2 Assessment

In our opinion, the scoring for this criterion is [1 – 4].

16.4.6 Monitoring: Separate evaluations via an internal audit service

16.4.6.1 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, and confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

16.4.6.2 Assessment

In our opinion, the scoring for this criterion is [1 – 4].

17 Substantive Testing of Operational and Non-Operational transactions

17.1 Introduction

In this section we provide an assessment of the substantive testing results. We have attached a list of all items selected for substantive testing, in the format proposed by the Annexes to guideline No 3 on the Reporting Requirements.

[Include the financial errors– from section 4.2 to 4.4 in the overall error evaluation section 6.]

17.2 Test results in respect of the EAFRD – error rate

17.2.1 Overview

Our sample selection of (xxx) items was based on ...

[insert the sampling methodology and parameters used]

17.2.2 Work Done

We reviewed in total (xxx) and an additional xx transactions in respect of EAFRD following the requirements of guideline 2 – Audit Strategy. *[explain if the testing was done at Fund level or at population level and whether dual-purpose testing was used].*

The list of all cases appears in Annex 17:Sample reviewed in substantive testing – EAFRD.

17.2.3 Assessment and Findings

[Provide an explanation of the nature of the financial errors found (random, known), listed in Annex 17, and possible root causes. Where formal errors are found, a clear conclusion has to be drawn that the formal errors indicated in the Annex 3 do not have a financial impact, and that these are of an incidental nature. Indicate also the significance of the findings (major/intermediate/minor) including a reference to the frequency with which they occurred]

As mentioned in part 8.1 of guideline 2, a clearly trivial threshold of EUR 150 and 2 % of the audited amount is to be taken into account.]

Item nr	XXXX	Budget line	XXXX
Measure:	XXXX		
Beneficiary reg. code:	XXXX		
Specific Legal basis:	XXXX		
Description of the finding(s): XXXXX			
Impact: XXX			

17.3 Overall test result of EAFRD population

[Provide an assessment on the test result for the EAGF population.]

17.4 Test results of non-operational transactions.

For each of the audited populations, an assessment of the results of our testing is provided. The error evaluation is included in section 19. The findings are further detailed below.

17.4.1 Test results of tables of Annex II - irregularities

17.4.1.1 Work Done

Annex 19 contains a detailed list of all transactions tested and the detected errors, including their financial value. [*Link it to Annex 17 – Evaluation of Errors – Debtors - EAFRD*]

17.4.1.2 Assessment and Findings

[Provide an explanation of the nature of the financial errors found, listed in the Annex 9, and possible root causes. Where formal errors are found, a clear justification has to be provided to explain why the formal errors found do not have a financial impact, and that these are of an incidental nature. Indicate also the significance of the findings (major/intermediate/minor) including a reference to the frequency with which they occurred.]

17.4.2 Test results on Tables of Annex III

17.4.2.1 Work Done

Annex 20 contains a detailed list of all transactions tested and the detected errors, including their financial value. [*Link it to Annex 17– Evaluation of Errors – Debtors - EAFRD*]

17.4.2.2 Assessment and Findings

[Provide an explanation of the errors found, listed in Annex 10, and possible root causes. Indicate also the significance of the findings (major/intermediate/minor) including a reference to the frequency with which they occurred.]

17.4.3 Test results in respect of advances and securities

17.4.3.1 Work Done

Annex 21 contains a detailed list of all transactions tested and the detected errors, including their financial value.

17.4.3.2 Assessment and Findings

[Provide here explanations for each financial error and for each significant finding. Where formal errors are found, a clear conclusion would have to be drawn that the formal errors indicated in the Annex 11 do not have a financial impact. Indicate also the significance of all findings (major/intermediate and minor) including a reference to the frequency with which they occurred.]:

18 Reconciliation of Quarterly and Annual Declarations

18.1 Reconciliation of quarterly and annual declarations of EAFRD expenditure

18.1.1 Standard

To verify whether the 4 quarterly⁴ reports agree with the annual declaration for the 20XY financial year.

18.1.2 Work done

We have verified the differences and explanations in the electronic "diff." table (document/XXXX/XXXX, explanation-reconciliation codes "B") provided by the Paying Agency.

In addition, we assessed the Administrative Errors declared in the Quarterly Declarations and those declared separately in the Annual Declaration. We also verified that the administrative errors are not included in the Annex II and Annex III tables, and we also reviewed whether these have been credited to the Fund⁵.

18.1.3 Findings

18.1.3.1 Reconciliation of differences

Programming period 2014-2020

Budget post	Total of Quarterly reports	Annual Account	Difference
08030102XX XXX XX			
08030102XX XXX XX			
08030102XX XXX XX			
08030103XX XXX XX			
Etc.			
	-----	-----	-----
Total			
	=====	=====	=====

⁴ The 4 quarterly reports should cover the whole period of the given financial year from 16 October of 20Y to 15 October 20Y+1.

⁵ Introduced as a negative amount in the Quarterly or Annual Declarations.

The explanations for the differences are as follows:

[In case of cancellation of debt previously returned to the Fund, that result in a reclaim of the amount from the Fund in the quarterly declarations and in the annual declarations based on a Court/administrative body's decision, provide an assessment. The cancellation of a debt case, previously established, recovered from the beneficiary and returned to the Fund, can only be accepted if an administrative or legal instrument of a final nature records the absence of an irregularity. Therefore, confirm the following aspects:

- i. amount recovered and reimbursed to the Fund;*
- ii. date of recovery and reimbursement to the Fund;*
- iii. date of decision cancelling the debt and an indication of the body issuing the decision (administrative / judicial body);*
- iv. basis of the decision in favour of the beneficiary (absence of irregularity)⁶.*

In case there are several transactions reclaiming previously recovered irregularities on the basis of Court/administrative decisions, provide details for the 5 largest transactions, and a general outline of the nature of the remaining cases.]

We have reviewed the amounts relating to debts from the programming period 2014-2020, which were recovered and returned to the EU budget in the previous financial years and which were cancelled in the current financial year, following a decision *[state whether administrative or Court judgment]* of a final nature. We confirm the relevant information and that the ruling, in favour of the beneficiary, is based on the absence of an irregularity (substance issues –eligibility- of the case). Therefore, the reclaim of the previously recovered irregularities is justified and does not represents a risk to the Fund.

A detailed list of these debts with the relevant information is set out in the table below:

Debt ID	Beneficiary ID	Amount [national currency and EUR] recovered and returned to the EU budget in previous financial year and cancelled following administrative or court decision	Financial year in which the recovered amount was returned to the EU budget	No and date of decision/judgment establishing the absence of irregularity	Grounds justifying the cancellation of the debt [brief description of the initial irregularity and of the final administrative/court decision]
----------------	-----------------------	---	---	--	---

⁶ If the Court or the administrative decision rules in favour of the beneficiary based on formal or administrative reasons, attributable to the Member State authorities, the cancellation of the debt cannot be justified and the corresponding amounts cannot be charged to the Union's budget.

Total					

18.1.3.2 Administrative Errors

We can confirm that the Administrative Errors have been refunded. The total amount included in the declarations amounts to:

Programming period 2014-2020

Administrative Errors (reported/deducted)	Amount (EUR)
1. Annual Declaration ⁷	
2. Quarterly Declarations	

Programming period 2007-2013

After the closure of the programme (31/12/2015) the following administrative errors have been identified.

Administrative Errors (established)	Amount (EUR)
16/10/n-1 -15/10/n	

18.1.4 Assessment

We can confirm that, except for the remarks/explanations⁸ listed above, the provided electronic "diff." table (document/XXXX/XXXX, explanation-reconciliation codes "B") is complete and accurate, and the explanations given are valid and justified.

18.1.5 Recommendations

⁷ Reported in 13th period (as a difference between Total of Quarterly Declarations and Annual Account).

⁸ If there are differences, their type and origin should be explained (e.g. differences between total of Quarterly declarations and Annual Account or between total of the Quarterly declarations and X-table data).

18.2 Reconciliation of annual declaration and X-table data of EAFRD accounts

18.2.1 Standard

To verify whether the 4 quarterly⁹ reports agree with the X-table data for the 20XY financial year.

18.2.2 Work done

We have reviewed the completeness, accuracy and relevance of the electronic "diff." table (document/XXXX/XXXX, explanation-reconciliation codes "C") provided by the Paying Agency.

18.2.3 Findings

Reconciliation of differences for Programming period 2014-2020

1.....

2.....

.....

18.2.4 Assessment

We can confirm that, except for the remarks/explanations¹⁰ listed above, the provided electronic "diff." table (document/XXXX/XXXX, explanation-reconciliation codes "C") is complete and accurate, and the explanations given are relevant and justified.

18.2.5 Recommendations

18.3 Review of expenditure's calculation for Technical Assistance (M20) when a flat-rate mechanisms is applied under the provisions of Regulation (EU) No 2019/1867

18.3.1 Objective

To verify that, when applying the flat-rate mechanism under the above mentioned Regulation, the flat-rate reimbursement is correctly calculated and applied, following the same approach of other flat rates under simplified cost options. Furthermore, the correct application of the 4% flat rate has to be verified.

18.3.2 Work to be done

[To confirm that the Member State's approach (reimbursement of actual costs or reimbursement in the form of flat rate) is consistent throughout the financial year.

⁹ The 4 quarterly reports should cover the whole period of the given financial year from 16 October of 20Y to 15 October 20Y+1.

¹⁰ If there are differences, their type and origin should be explained (e.g. differences between Final Monthly Indent and Annual Account or between Final Monthly Indent and X-table data).

To verify that the amount declared for reimbursement under Technical Assistance is correctly calculated following the same approach of other flat rates under simplified cost options. To that end, it should be ensured that the non-technical assistance expenditure forming the basis for the reimbursement was correctly established. Furthermore, the correct application of the 4% flat rate has to be verified. When applying flat-rate financing for the reimbursement of the costs of technical assistance operations, the sums reimbursed for technical assistance should be included in the X-tables. Since the related expenditure has been declared in the quarterly declarations, it should also be included in the annual declaration of expenditure submitted on the same budget line. Any adjustments on the expenditure other than technical assistance made between the quarterly and the annual declaration should also be reflected in the request for reimbursement of the costs of technical assistance operations.]

18.3.3 Findings

[Report on the findings with reference to the particular element of the annual declaration.]

18.3.4 Conclusion

[To conclude whether the amount requested for reimbursement for the costs of technical assistance operations are correctly calculated. This conclusion can be drawn based on the review of the procedures of the PA for establishing the amount requested for reimbursement and the calculations performed. If an adverse conclusion is given explain the underlying reasons, such as (e.g.):

- *Inconsistent methodology applied during the quarters,*
- *Incorrect establishment of the non-technical assistance expenditure forming the basis for the reimbursement,*
- *Incorrect flat rate % applied.]*

18.4 Non-respect of payment deadlines

18.4.1 Objective

[This section shall be used only if the CB decide to verify the timely treatment of payment claims by the Paying Agency for EAFRD Non-IACS, in particular whether the interval between receipt of the supporting documents needed to make the payment and the issuing of the payment order does not exceed legal deadlines.¹¹]

We reviewed, according to Article 5a(2) of Regulation (EU) No 907/2014, the adequacy of the procedures in place and the outcome of the reconciliations ensuring that the Paying Agency does not exceed legal deadlines as mentioned above and if it exceeds the legal deadlines the expenditure effected after the deadlines is equal to or less than 5 % of the expenditure effected before the deadlines. In case the expenditure effected after the deadlines is above the threshold of 5 %, we analysed the financial data on

¹¹As regards EAFRD IACS payment deadlines are monitored by the Commission. However, if the CB decide to report any inconsistencies found as regards the payment deadlines, the respective information should be reported under the current section.

payments made after the deadline (payments per month) above the 5 % reserve and we confirm the provided payment data.

18.4.2 Work to be done

[To assess that the Paying Agency has adequate procedures in place in order to timely process the payment claims and to ensure that legal deadlines between the receipt of the supporting documents needed to make the payment and the issuing of the payment order are not exceeded.]

To review against the X-tables that the interval between receipt of the supporting documents needed to make the payment and the issuing of the payment order does not exceed the legal deadlines.

To perform analytical audit procedures in order to calculate, following the rules of Article 5a(2) of Regulation (EU) No 907/2014, the financial impact that should be followed up when the expenditure effected after the deadlines is above the threshold of 5 %.]

18.4.3 Findings

[Report on the findings with reference to the particular element of the annual declaration.]

18.4.4 Conclusion

[To conclude whether the amount requested for reimbursement is effected within the deadlines and whenever the provisions of Article 5a(2) of Regulation (EU) No 907/2014 should be applied, to confirm the actual payments made after the legal deadline, above the 5 % reserve per month, to provide estimations of the financial impact and to describe the methodology for its calculation.]

18.5 Reconciliation of the information required by Annex II and Annex III of Commission Implementing Regulation (EU) No 908/2014 to the debtors' ledger - EAFRD

18.5.1 Standard

- To reconcile the closing balances of the previous financial year to the opening balances of the current financial year in respect of the debtors' ledger and the Annex II and Annex III tables.
- To reconcile the data reported in Annex II and Annex III of Commission Implementing Regulation (EU) No 908/2014 to the debtors' ledger in respect of the current financial year.

18.5.2 Work done

18.5.3 Findings

Reconciliation closing balance n-1 / opening balance n

	Closing balance FY n-1 (as at 15/10/n-1)	Opening balance FY n (as at 16/10/n-1)	Difference
Annex II			(1)
Annex III			(2)
Debtors' ledger			(3)

We have reconciled the closing balances of the previous year's debtors' ledger, Annex II and Annex III tables and the opening balances of the current year debtors' ledger, Annex II and Annex III tables and we can confirm that there are no discrepancies

[In case discrepancies are identified, please provide the necessary justifications]

Justification of differences:.....

(1)...

(2)...

(3)...

Reconciliation of Annex II and Annex III to the debtors' ledger¹²

Programming period 2007-2013

	Balance 16 October	New cases	Recovered amounts	Corrected amounts	Total non-cleared amounts declared irrecoverable	Amounts to be recovered by 15 October
Annex II						
Annex III						
Debtors' ledger						
Differences						
Explanation	1	2	3	4	5	6

The explanations of the differences by column are:

¹² See also guideline No. 5 on the submission to the Commission of the Annexes II and II of Commission Implementing Regulation (EU) No 908/2014.

- 1.
- 2.
- 3.
- 4.
- 5.

The following discrepancies¹³ between the amounts used for this reconciliation in respect of Annex II and Annex III (as shown in the above table) and the amounts indicated in the final Annex II and Annex III tables provided by the Paying Agency, were noted:

.....

We furthermore confirm that the closing balances mentioned on the summary tables of, respectively, Annex II and Annex III (amounts to be recovered as at 15 October n) tally with the sum of:

Opening balances (amounts to be recovered as at 16 October n-1 for respectively Annex II and Annex III)
+ New cases
+ / - corrected amounts
– Recoveries
– Irrecoverable amounts.

As regards Annex III, based on the above reconciliation it is confirmed that the amount:..... EUR of recoveries from debtors was effected by the Paying Agency with regard to 2007-2013 programming period between 16/10/n-1-15/10/n, which is to be reimbursed to the Fund.

As regards Annex II, the amount of recoveries, which is to be reimbursed to the Fund is provided below in the context of the confirmation of the *“Detailed table on recoveries related to previous programming periods”*.

Reconciliation of Annex II and Annex III to the debtors' ledger¹⁴
Programming period 2014-2020

¹³ The amounts used for the reconciliation regarding Annex II and Annex III should be equal to the amounts indicated in the final tables provided by the Paying Agency; any differences should be sufficiently explained.

¹⁴ See also guideline No. 5 on the submission to the Commission of the Annexes II and II of Commission Implementing Regulation (EU) No 908/2014.

	Balance 16 October	New cases	Recovered amounts	Corrected amounts	Total non- cleared amounts declared irrecoverable	Amounts to be recovered by 15 October
Annex II						
Annex III						
Debtors' ledger						
Differences						
Explanation	1	2	3	4	5	6

The explanations of the differences by column are:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

The following discrepancies¹⁵ between the amounts used for this reconciliation in respect of Annex II and Annex III (as shown in the above table) and the amounts indicated in the final Annex II and Annex III tables provided by the Paying Agency, were noted:

.....

We furthermore confirm that the closing balances mentioned on the summary tables of, respectively, Annex II and Annex III (amounts to be recovered as at 15 October n) tally with the sum of:

Opening balances (amounts to be recovered as at 16 October n-1 for respectively Annex II and Annex III)

+ New cases

+ / - corrected amounts

– Recoveries

– Irrecoverable amounts.

¹⁵ The amounts used for the reconciliation regarding Annex II and Annex III should be equal to the amounts indicated in the final tables provided by the Paying Agency; any differences should be sufficiently explained.

Confirmation of the Detailed table on recoveries related to previous programming periods

As part of our tests on Annex II, we reviewed the Detailed table established by the PA setting out the amounts related to recoveries related to previous programming periods. We confirm the figures mentioned in the table below:

FUND		Previous programming periods ONLY			
		Y=N	Y=N-1	Y=N	Y=N
		Recovered amount in financial year n	Differences between the recovery order issued by the Commission for the financial year n-1 and the MS debtors' ledger	Part of the amount already recovered and returned to the Commission by the 50/50 rule in previous financial years in application of Article 54 (2) of Regulation 1306/2013	Total amount to be returned to the Commission for FY N
		(a)	(b)	(c)	(d) = (a) + (b) - (c)
"Old" Cases	EAFRD (2007-2013)				
"New" Cases	EAFRD (2007-2013)				

The justifications of the differences reported in column b are:

- 1.
- 2.
- 3.
- 4.
- 5.

[In case some of the amounts already recovered and returned to the Fund should be reclaimed from the Fund, provide an assessment. The cancellation of a debt case, previously established, recovered from the

beneficiary and returned to the Fund, can only be accepted if an administrative or legal instrument of a final nature records the absence of an irregularity. Therefore, confirm the following aspects:

- i. amount recovered and reimbursed to the Fund;
- ii. date of recovery and reimbursement to the Fund;
- iii. date of decision cancelling the debt and an indication of the body issuing the decision (administrative / judicial body);
- iv. basis of the decision in favour of the beneficiary (absence of irregularity)¹⁶.

In case there are several transactions reclaiming previously recovered irregularities on the basis of Court/administrative decisions provide details for the 5 largest transactions, and a general outline of the nature of the remaining cases.

The re-payments regarding EAFRD 2007-2013 debts previously recovered and returned to the Fund that were subsequently cancelled following an administrative or Court decision, of a final nature, can be taken into account, as a deduction, in the establishment of the recovery order for the recoveries made by the Paying Agency in the given financial year. In the event that such adjustment results in a credit in favour of the Member State, the balance will be deducted in the subsequent financial year(s).]

We have reviewed the amounts relating to debts from the programming period 2007-2013, which were recovered and returned to the EU budget in the previous financial years and which were cancelled in the current financial year, following a decision [state whether administrative or Court judgment], of a final nature. We confirm the relevant information and that the ruling, in favour of the beneficiary, is based on the absence of an irregularity (substance issues – eligibility – of the case). Therefore, we confirm that the total amount of [amount in the national currency and EUR] does not present a financial risk to the EU budget and can be considered to be deducted from the total final amount of the recovery order to be issued by the European Commission

A detailed list of these debts with the relevant information is set out in the table below:

Debt ID	Beneficiary ID	Amount [national currency and EUR] recovered and returned to the EU budget in previous financial year and cancelled following administrative	Financial year in which the recovered amount was returned to the EU budget	No and date of decision/judgment establishing the absence of irregularity	Grounds justifying the cancellation of the debt [brief description of the initial irregularity and of the final administrative/court decision]
---------	----------------	--	--	---	--

¹⁶ If the Court or the administrative decision rules in favour of the beneficiary based on formal or administrative reasons, attributable to the Member State authorities, the cancellation of the debt cannot be justified, neither charging of the corresponding amounts to the Union’s budget.

		or court decision			
Total					

Confirmation of "50/50 tables".

As part of our tests on Annexes II and III, we reviewed the tables established by the PA setting out the amounts to be borne by the Member States according to the 50%/50% rule as well as the amounts to be borne in full by the EU budget due to irrecoverability. We confirm that the procedures applied by the Paying Agency in this respect are in accordance with Article 54 (2) and (3)¹⁷ of Regulation (EU) No 1306/2013 and in line with Guideline 5, namely, points 2, 4 and 6. We also confirm the figures mentioned in the table below:

[In case there are several irrecoverable cases based on code 2¹⁸, provide details for the 5 largest transactions, and a general outline of the nature of the remaining cases.]

Paying Agency	50% to be charged to the MS (Article 54(2) of Regulation (EU) No 1306/2013	100% to be borne by the EU budget (Article 54(3) of Regulation (EU) No 1306/2013
EAFRD Programming period 2007-2013		
EAFRD Programming period 2014-2020		

¹⁷ Pursuant to Article 54(3) of Regulation (EU) No 1306/2013, the decision not to pursue recovery may be taken only in the following cases:

- a) where the costs already and likely to be effected are higher than the amount to be recovered as prescribed in points (i) and (ii) of paragraph 3(a);
- b) where recovery proves impossible owing to the insolvency, recorded and recognised under national law, of the debtor or the persons legally responsible for the irregularity.

¹⁸ Where recovery proves impossible owing to the insolvency, recorded and recognised under national law, of the debtor or the persons legally responsible for the irregularity

Furthermore, we have verified whether the Paying Agency reported in Annex II irrecoverable amounts for which the decision not to pursue recovery is classified as “other reasons than those provided for by Articles 54(3)(a) or 54(3)(b)”¹⁹ of Regulation 1306/2013 and can confirm the following figures:

Fund	Currency	The total amount declared irrecoverable in Annex II of financial year N (other reason than Articles 54(3)(a) or 54(3)(b))	The part of the amount in column 'c' that was already subject to Article 54(2) in previous financial years
a	b	c	d
EAFRD Programming period 2007-2013			
EAFRD Programming period 2014-2020			

18.5.4 Assessment

We confirm that the amounts mentioned in the Detailed table on recoveries related to previous programming periods and in the "50/50" tables are complete and accurate.

18.5.5 Recommendations

18.6 Reconciliation of the recoveries as per the annual declaration of EAFRD to the Annex II and Annex III

18.6.1 Standard

There must be a clear audit trail to support the reconciliation between the figures of the reused amounts according to second paragraph Article 56 of Regulation (EU) No 1306/2013, shown in the annual declaration of EAFRD expenditure, and the Annex II and Annex III information.

18.6.2 Work done

We have reviewed both the adequacy of the procedures in place and the outcome of the reconciliations.

18.6.3 Findings

¹⁹ Column Q of Annex II = code 3.

Reconciliation of recovered and reused amounts per annual declaration of EAFRD expenditure and recoveries included in Annex II and Annex III

Recovered and reused amounts per annual declaration of EAFRD expenditure	1.000.000,00	
Recoveries in Annex II	1.100.000,00	
Recoveries in Annex III	100.000,00	
Difference		200.000,00

Explanations of differences:

1.
2.
3.

Discrepancies²⁰ between the amounts listed in the above table and the amounts indicated in the final Annex II and Annex III tables provided by the Paying Agency, are explained as follows:.....

18.6.4 Assessment

We reviewed the Paying Agency's reconciliation process and are satisfied that it was performed properly.

18.6.5 Recommendations

18.7 Confirmation of advances

18.7.1 Objective

To review the confirmation of the stock of advances still to be cleared at the end of the financial year as submitted by the Paying Agency within the annual accounts in accordance with Article 29 of Regulation (EU) 908/2014.

²⁰ The amounts used for the reconciliation regarding Annex II and Annex III should be equal to the amounts indicated in the final tables provided by the Paying Agency; any differences should be sufficiently explained.

18.7.2 Work done

We have reviewed the tables prepared by the Paying Agency presenting the amounts of advances payments still to be cleared at the end of the financial year (as of 15/10/N) (Annex 4 b,b(1) ,c and c(1)).

18.7.3 Findings

[In case the paying agency is responsible for several RD programmes, such a confirmation is expected for each Rural Development programme (with indication of the CCI number).]

18.7.4 Assessment

We confirm that the amounts mentioned in the Annex 4 b,b(1) ,c and c(1) are complete and accurate and correspond to the cumulative net and not yet cleared outstanding advances (as defined in paragraph 5.3.1 of guideline no 1), paid to beneficiaries under EAFRD.

[In case of discrepancies between the amounts reported by the PA and the CB's findings, please indicate the percentage of deviation between what was reported and what should have been reported and provide the necessary justifications for the difference.].

18.7.5 Recommendations

18.8 Confirmation of advances related to financial instruments

18.8.1 Objective

To review the stock of EAFRD amounts contributed to financial instruments as referred to in Article 41 of Regulation (EU) No 1303/2013 and the total cumulative amount of programme contributions effectively paid in the meaning of Art. 42(1)(a), (b) and (d) Reg. 1303/2013 for programming period 2014-2020, at the end of the financial year as reported by the Paying Agency within the annual accounts in accordance with Article 29 of Regulation (EU) 908/2014.

18.8.2 Work done

We have reviewed the table (Annex 5) established by the Paying Agency, presenting the total cumulative amount of programme contributions made to financial instruments and the total cumulative amount of programme contributions effectively paid in the meaning of Art. 42(1)(a), (b) and (d) Reg. 1303/2013, as at 15 October N.

18.8.3 Findings

No differences have been identified.

18.8.4 Assessment

We confirm that the amounts mentioned in Annex 5 are complete and accurate.

[In case of discrepancies between the amounts reported by the PA and the CB's findings, please indicate the percentage of deviation between what was reported and what should have been reported and provide the necessary justifications for the difference].

18.8.5 Recommendations

19 Overall error evaluation

[The total financial impact arising from errors found relating to objective 1-"accounts" is to be compared to the materiality established at Fund level for drawing the overall conclusion on the annual accounts in the Audit Opinion. CBs are requested to use the excel table provide below.]

19.1 Detailed Error Evaluation

19.1.1 Error evaluation for the operational expenditure

[in case the CB carried out its testing for objective 1 at population level, please provide the details per population in the table below. Note that the conclusion on objective 1 should be at Fund level, so please provide an overall conclusion also at Fund level]

Our error evaluation of the statistical sample populations is outlined below:

Basic data	<u>EAFRD</u>
Amount of gross expenditure	
Materiality	0
Estimated error	
Sampling interval	
Confidence level	
Inherent risk	
Sample size in terms of hits	
Number of files checked	
Financial errors found from sampling:	
According to Annex 3	
- Number of formal errors	
- Number of substantive errors	
Most likely error (MLE)	
Calculation of total error:	
Precision	
Total Upper Error Limit (including precision)	0
Known errors: according to Annex 3	
Known errors: from compliance testing	
Known errors: from other sources	
Total Error	0
Conclusion:	
Most likely error (MLE)	0
Total error	0
Materiality	0

A detailed table of all items tested and the detected errors including their financial values is attached (see Annex 13 Sample reviewed in substantive testing – EAFRD) to this report. We also attach (in Annex 16:

Reconciliation of gross amount of tested expenditure to the Annual Declaration) a summary of the budget lines, reconciled to the gross amount of expenditure declared and tested, [*apportioned for both the IACS and Non-IACS populations if applicable*].

[*In case of errors*] Overall conclusion – It is our opinion that the detected formal errors have no financial consequences, and that these are not of a recurrent nature. The substantive errors are mainly the result of [*please elaborate*]. These errors are explained in more detail in chapter 17.

19.1.2 Error evaluation for non-operational expenditure: debts, advances and securities

As regards debts our detailed error evaluation is provided in the table below.

Basic data	Annex II	Annex III
Value of the population	6 000 000.00	3 700 000.00
Materiality	120 000.00	74 000.00
Confidence level	0.80	0.70
Number of transactions in the population	520	1 890
Sample size for compliance testing		
Sample size for substantive testing		
Financial impact :	12 000.00	30 000.00
Error rate %	0.20%	0.81%

A detailed table of all cases checked and the detected errors including their financial value is attached (see Annex 19: Sample reviewed in substantive testing – EAFRD Annex II Tables and Annex 20: Sample reviewed in substantive testing – EAFRD Annex III Tables) to this report.

As regards advances and securities our error evaluation is outlined below:

Basic data	Advances and securities
Value of the population	2.000.000,00
Materiality	40.000,00
Number of transactions in the population	200
Sample size	20
Total value of sampled items tested	3.000,00
Financial errors found from sampling :	No errors found
Extrapolated total error	0,00
Conclusion	
Total error	0,00
Materiality	40.000,00

A detailed table of all cases tested and the detected errors including their financial value is attached (see Annex 21: Sample reviewed in substantive testing – EAFRD Advances and Securities) to this report.

[*In case of errors*] Overall conclusion – In our opinion the detected formal errors have no financial consequences. These errors are explained in more detail in chapter 20.

20 Overall conclusions

20.1 Nature of Findings

Our work resulted in a number of findings which led to various recommendations. For each finding, a level of importance was attributed in accordance with the following grading:

Accreditation issues:

- Major Findings Matters which require immediate attention by the Competent Authority and the Head of the Paying Agency, corresponding to grade (1) in the accreditation matrix²¹ (refer to guideline No 1 on accreditation).

- Intermediate Findings Matters which concern the general control environment and require prompt attention at a senior level within the Paying Agency and the Competent Authority, corresponding to grade (2) in the accreditation matrix.

- Minor Findings Minor issues highlighted, which require attention at an appropriate level within the Paying Agency, corresponding to grade (3) in the accreditation matrix.

Annual account issues:

- Major Findings Matters which require immediate attention by the Competent Authority and the Head of the Paying Agency.

- Intermediate Findings Matters which concern the general control environment and require prompt attention at a senior level within the Paying Agency and the Competent Authority.

- Minor Findings Minor issues highlighted, which require attention at an appropriate level within the Paying Agency.

Internal Control System issues:

- Major Findings Matters which require immediate attention by the Competent Authority and the Head of the Paying Agency.

²¹ See guideline no. 1 in respect of the accreditation.

- Intermediate Findings Matters which concern the general control environment and require prompt attention at a senior level within the Paying Agency and the Competent Authority.

- Minor Findings Minor issues highlighted, which require attention at an appropriate level within the Paying Agency.

Recommendations related to minor findings are (in principle) not included in this reports but are communicated separately to the Paying Agency's management in our letter of recommendations. A list of minor recommendations is available to the Commission on request.

20.2 Major Findings

[When applicable:] We identified a number of issues giving rise to major recommendations which are summarised in the table(s) below.

[Note that a major accreditation finding should be linked to a grade 1 ("not working") score in the matrix tables. Exceptions to this rule may only be granted in very particular circumstances and need to be duly justified and explained.]

The following major findings were established in respect of accreditation/internal control system issues:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

The following major findings were established in respect of accounting issues:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

20.3 Intermediate Findings

[When applicable:] We have identified a number of issues giving rise to intermediate recommendations which are summarised in the table(s) below.

The following intermediate findings were established in respect of accreditation/internal control system issues:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

The following intermediate findings were established in respect of accounting issues:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

EAFRD – PART B – AUDIT OBJECTIVE 2- Legality and regularity of expenditure

21 Review of the Internal Control System

This section outlines the current status of the accreditation and provides the basis for the overall assessment of the internal control system and for our assessment in respect of the Paying Agency's compliance with the accreditation criteria per internal control procedure / component as indicated in Matrices [I and II]. We have assessed the compliance with the accreditation criteria by using the grading "1" to "4". Our overall assessment is outlined below:

MATRIX - Assessment of the ICS for population/strata (EAFRD IACS)																													
Assessment component Procedure	Internal environment									Control activities	Information and communication						Monitoring						Evaluation at assessment criteria			General conclusion			
	Organisational			Human resource			Delegated tasks				Communication			LS. Sec.			Ongoing monitoring			Internal Audit			W	T	conclu				
Weighting / Scoring		W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	T	conclu	
Validation and authorisation	Administrative controls	10%	1		5%	1		5%	1		50%	1		5%	1		10%	1		10%	1		5%	1		50%	0		0
	On-the-spot controls	10%	1		5%	1		5%	1		50%	1		5%	1		10%	1		10%	1		5%	1		50%	0		0

MATRIX - Assessment of the ICS for population/strata (EAFRD Non IACS)																													
Assessment component Procedure	Internal environment									Control activities	Information and communication						Monitoring						Evaluation at assessment criteria			General conclusion			
	Organisational			Human resource			Delegated tasks				Communication			LS. Sec.			Ongoing monitoring			Internal Audit			W	T	conclu				
Weighting / Scoring		W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	S	T	W	T	conclu	
Validation and authorisation	Administrative controls	10%	1		5%	1		5%	1		50%	1		5%	1		10%	1		10%	1		5%	1		50%	0		0
	On-the-spot controls	10%	1		5%	1		5%	1		50%	1		5%	1		10%	1		10%	1		5%	1		50%	0		0

21.1 Understanding the entity / processes

[in line with guideline 2 part 10 referring to part 4.2, insert the main conclusions regarding processes checked, the control environment, particular risks and any development having occurred during the FY]

[any work and assessment pursued according to part 11.2.1 review of IT general controls and 11.2.2 Review of IT application controls of the guideline 2 should be inserted in this part]

[If use, please refer to the "methodology document for the Certification bodies in respect of the audit work related to IACS cross-checks and data integrity to be performed in the context of the annual certification audit EAGF/EAFRD expenditure" work in this part]

[please explain how the testing was conducted in line with section 11.3 of guideline 2 and how the samples were established].

21.2 EAFRD IACS - Compliance testing / Test of controls - Control Activities

We confirmed our assessment of the key and ancillary controls against the control activities by carrying out the following compliance tests/tests of controls against the key and ancillary controls as suggested in guideline N° 2: [please indicate the number of transactions tested]

Procedure	IACS	Findings (if any)
		Chapter X.X.X
		Chapter X.X.X

[The minimum sample size should be established in line with Section 5.3 of guideline No 2.]

21.2.1 Control activities: Authorisation of payments – Key controls related to administrative controls

21.2.1.1 Findings

[Provide an analysis per major/intermediate findings and the corresponding recommendations. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

- 1)
- 2)

21.2.2 Control activities: Authorisation of payments – Key controls related to on-the-spot controls

21.2.2.1 Findings

[Provide an analysis per major/intermediate findings and the corresponding recommendations. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

- 1)
- 2)

21.2.3 Control activities: Authorisation of payments – Ancillary controls

21.2.3.1 Findings

[Provide an analysis per major/intermediate findings and the corresponding recommendations. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that

these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

21.2.4 Internal environment: Delegation

21.2.4.1 Summary of delegated tasks

The Paying Agency has delegated tasks to other institutions (referred to as "delegated bodies") as per the table below:

Name of the Institution	Type of tasks delegated	Date of the delegation agreement
.....		
...		

We confirm that the rules and guidelines regarding the delegation of tasks are described in detail in the delegation agreements listed above [*when applicable:*] as well as in the ... [*applicable legal text: law/regulation/ministerial decree, number and date*]. In addition, the Paying Agency issued a set of instructions for each specific scheme, which covers the quality aspects and the reporting on the delegated tasks.

21.2.4.2 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

21.2.5 Assessment

In our opinion, the scoring for this criterion is [1 – 4].

21.3 EAFRD Non-IACS - Compliance testing / Test of controls - Control Activities

We confirmed our assessment of the key and ancillary controls against the control activities by carrying out the following compliance tests/tests of controls against the key and ancillary controls as suggested in guideline N° 2: *[please indicate the number of transactions tested]*

Procedure	Non-IACS	Findings (if any)
		<i>Chapter X.X.X</i>
		<i>Chapter X.X.X</i>

21.3.1 Control activities: Authorisation of payments – Key Controls related to administrative controls

21.3.1.1 Findings

[Provide an analysis per major/intermediate findings and the corresponding recommendations. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

- 1)
- 2)

21.3.2 Control activities: Authorisation of payments – Key Controls related to on-the-spot controls

21.3.2.1 Findings

[Provide an analysis per major/intermediate findings and the corresponding recommendations. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

- 1)
- 2)

21.3.3 Control activities: Authorisation of payments – Ancillary Controls

21.3.3.1 Findings

[Provide an analysis per major/intermediate findings and the corresponding recommendations. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

- 1)
- 2)

21.3.4 Internal environment: Delegation

21.3.4.1 Summary of delegated tasks

The Paying Agency has delegated tasks to other institutions (referred to as delegated bodies") as per the table below:

Name of the Institution	Type of tasks delegated	Date of the delegation agreement
National Forestry Agency (EU Coordination Unit)	EAFRD Non-IACS on-the-spot controls	Signed: 22.01.2011, updated: 25.02.2014
...		

We confirm that the rules and guidelines regarding the delegation of tasks are described in detail in the delegation agreements listed above [*when applicable:*] as well as in the ... [*applicable legal text: law/regulation/ministerial decree, number and date*]. In addition, the Paying Agency issued a set of instructions for each specific scheme, which covers the quality aspects and the reporting on the delegated tasks.

21.3.4.2 Findings

[Provide an analysis per major/intermediate finding and the corresponding recommendation. Provide also a brief summary of the nature of deficiencies attributed a grading of 3, formal errors, confirm that these have no financial impact, and that these do not represent a generic/system issue. Describe the financial errors that were detected]

1)

2)

21.3.5. Assessment

In our opinion, the scoring for this criterion is [1 – 4].

22 SUBSTANTIVE TESTING

22.1 Test results in respect of the EAFRD IACS population

22.1.1 Overview

Our sample selection (xxx) was based on ...

[insert the sampling methodology and parameters used]

[the CB should detail its sampling methodology and explain in summary how the PA drew its sample (population, method, , whole farm approach or not, etc), and how the CB proceeded, for example taking into account considerations on cascade sampling. The CB should state whether the representativeness of the PA's random OTSC sample was tested and confirmed. In addition, the CB

should explain what approach was used for the selection of the sub-sample- parcels, animals, etc.in line with Annex 2 of guideline 2 on the two-stage sampling.]

22.1.2 Work done

We reviewed in total (xxx) and an additional xx transactions in respect of EAFRD IACS, following the requirements of the standard as stated above. The list of all cases appears in the Annex 14: Incompliance Rate – EAFRD IACS with the detected errors, including their financial value.

22.1.3 Assessment and Findings

[Provide an overview of the net deviations (cf. section 3.1.1.c. of Annex 5 of guideline 2) listed in Annex 14, and an analysis of the underlying causes. Where formal errors are found, a clear conclusion has to be drawn that the formal errors indicated in the Annex 14 do not have a financial impact, and that these are not of a recurrent nature. Indicate also the significance of the findings (major/intermediate/minor) including a reference to the frequency with which they occurred.]

Item nr	XXXX	Budget line	XXXX
Measure(s) tested:	XXXX		
Beneficiary reg. code:	XXXX		
Specific Legal basis:	XXXX		
<p>Description of the finding(s) per scheme/measure: XXXXX</p> <p>Points of disagreement with the Paying Agency : XXXXX</p>			

Impact:

XXX

22.2 Test results in respect of the EAFRD Non-IACS population

(see the text above)

22.2.1 Overview

Our sample selection (xxx) was based on ...

[insert the sampling methodology and parameters used]

[The CB should detail how the samples were selected and whether all payments were tested, mentioning the number of OTSC re-verifications conducted for EAFRD Non-IACS. In addition, the CB should explain what approach was used for the selection of the sub-sample- invoices, etc. in line with annex 2 of guideline 2 on the two-stage sampling]

22.2.2 Work done

We reviewed in total (xxx) and an additional xx transactions in respect of EAFRD Non-IACS. The list of all cases appears in the Annex 15: Incompliance Rate – EAFRD Non-IACS with the detected errors, including their financial value.

22.2.3 Assessment and Findings

[Provide an overview of the deviations (cf. section 3.1.1.c. of Annex 5 of guideline 2) listed in the Annex 15, and an analysis of the underlying causes. Where formal errors are found, a clear justification has to be provided evidencing that the formal errors indicated in the Annex 15 do not have a financial impact, and that these are not of a recurrent nature. Indicate also the significance of the findings (major/intermediate/minor) including a reference to the frequency with which they occurred.]

Item nr	XXXX	Budget line	XXXX
Measure:	XXXX		
Beneficiary reg. code:	XXXX		
Specific Legal basis:	XXXX		

Description of the finding(s):

XXXXX

Points of disagreement with the Paying Agency :

XXXXX

Impact:

XXX

23 RECONCILIATION

23.1 Review of RD control statistics to be provided on 15 July "N" as referred to in Article 9(1) of Regulation (EU) No 809/2014

23.1.1 Objective

To verify the reconciliation of the PA for the control statistics reported under Article 9(1) of Regulation (EU) No 809/2014.

23.1.2 Work to be done

[To confirm when (date + document number if applicable) the statistics²² were submitted to the Commission.

²² In case multiple versions were submitted, quote both the date (and if applicable the document number) of the first version submitted as well as the date (document number) of the version on which the Certification Body has carried out its verification work as described under this chapter.

The PA should reconcile the information provided under Article 9(1) electronically via SFC and the information to be provided in respect of ex-post checks as referred to in Article 52 of Regulation (EU) No 809/2014, to the underlying information in its information system/s. The CB is to check that such a reconciliation has been made and is to confirm that there are no discrepancies, and whether the data are automatically retrievable from the IT system/s of the PA or not.

The information regarding documentary evidence of this should be available in the PA to ensure at all times a sufficiently detailed audit trail. The CB should follow-up whether such an audit trail exists and is adequate

The CB should assess the PA's compilation and transmission of statistics against the reporting requirements set out in the EU provisions, as further explained in the Commission guidelines and explanatory notes such as "guidelines for the submission of control data and control statistics in relation to direct payments schemes and rural development measures" and the "Guidance note regarding the EAFRD ex-post checks" up-dated by DG AGRI-Unit H4 on an annual basis²³].

23.1.3 Findings

[The CB should report on the findings with reference to the particular element of the control statistics.]

23.1.4 Conclusion

[To conclude whether the control statistics are correctly compiled and reconciled and a sufficient audit trail exists. This conclusion can be drawn based on the review of the procedures of the PA for establishing the control statistics/questionnaires. If an adverse conclusion is given explain the underlying reasons, such as (e.g.):

- *the information in the is inaccurate, field inspection reports are not recorded on a timely basis,*
- *etc.]*

23.2 Recommendations Action Plans / DG AGRI's recommendations

23.2.1 Follow up of recommendations to PA

23.2.1.1 Objective

[The CB is expected to verify if action plans referred to in the annual activity report linked to DG AGRI's statement of assurance as well as to DG AGRI's conformity audits have been established by the PA and to report on the progress against the outstanding actions and the remedial actions actually implemented by the PA during the financial year audited].

23.2.1.2 Work Done

We reviewed the action plan established by the Paying Agency on ... [date] to address the serious weaknesses in ... [control/measure/issue]. Our review included:

²³ Ares(2015)5691908

... [tests performed / checks made]

...

23.2.1.3 Findings and Assessment

In our opinion, the action plan ... [addresses / does not address] the weaknesses. [Describe outstanding issues] Clear milestones have been set and resource requirements for the delivery of the plan have been identified and made available [explain if not].

The implementation of the action plan is [on track/should be improved/...The progress made in respect of the action plan should be clearly explained.]

23.2.2 Follow up of recommendations to CB

23.2.2.1 Objective

[The CB is expected to report on actions taken during the financial year audited, with regards to the recommendations received within any DG AGRI / ECA audits for which a formal 'letter' has been issued (regardless of whether the contradictory procedures have been finalised or not)].

23.2.2.2 Work done

We have taken the following actions in relation to the recommendations received during the following audits:

...

(The CB is expected to provide a reference to the audit/enquiry and describe the nature of the finding / recommendation together with the remedial actions taken)

23.2.2.3 Conclusions

(The CB is expected to report on the status of the implementation of the corrective measures taken to solve the issues highlighted during the audits received from DG AGRI / ECA).

23.3 Review of the Management declaration data

[The CB should use the results of its analytical procedures on the control data and statistics in order to check how the error rates in the Management declaration (MD) were compiled. As the error rates in the MD are aggregated, the CB should check the aggregated results in the MD on the basis of the control data and the controls statistics per scheme/measure]

23.3.1 Objective

To reconcile the information provided in the Management declaration to the underlying control data.

23.3.2 Work to be done

[see part 13.2 of guideline 2]

23.3.3 Findings

[The CB should report on the findings with reference to the particular element of the MD : Management declaration, error rates reported, follow up and state of play of conformity findings described in Annexes III and IV to the MD.]

23.3.4 Conclusion

24 Overall Incompliance rate evaluation

24.1 EAFRD IACS - Evaluation of the total projected incompliance rate

Our evaluation of the incompliance rate for the same statistical sample strata/populations is outlined below:

Basic data	<u>EAFRD IACS</u>	<u>EAFRD other statum (if applicable)</u>
Amount of expenditure determined following random on-the-spot checks	0	0
Materiality (TM)	0	0
Estimated error		
Sampling interval [if applicable]		
Confidence level [if applicable]		
Sample size in term of hits		
Number of files checked		
Financial errors found from sampling:		
According to Annex XX		
- Number of formal errors		
- Number of substantive errors		
Projected Incompliance Rate (PIR)	0	0
Precision	0	0
Upper projected incompliance rate (UPI)	0	0
Amount of expenditure (b) under EAFRD IACS	0	0
PIR at expenditure level	#VALUE!	#VALUE!
UPI at expenditure level	#VALUE!	#VALUE!
Known errors: according to Annex XX		
Known errors: from compliance testing		
Known errors: from other sources		
Total Projected Incompliance rate at Expenditure level	#VALUE!	#VALUE!
Materiality at expenditure level =2% x (b)	0	0

[In case the CB used Simple random sampling, lines with the number of transactions, standard deviation of the pilot sample, as well as standard deviation of the total sample need to be included]

[In case the CB detected a systemic error (for example the PA does not calculate penalties correctly), the CB should quantify the systemic error and include it in the error evaluation. This type of errors should be included under "Known errors" and referenced to the appropriate sections of the report].

[In case the underlying population is a small one and the sampling is non-statistical, the CB should use the table for the non-statistical sampling in order to present the calculation of the

incompliance rate – cf. section 24.3.1. Alternatively, if the small stratum is selected using the same sampling methodology as the main stratum, it can be presented in the table above for a single consolidated IRR for the population to be calculated].

A detailed table of all cases checked and the detected errors including their financial value is attached (see Annex 14): Incompliance Rate – EAFRD IACS) to this report.

Taking into consideration the total error for incompliance rate calculated and the overall evaluation of the internal control system, we conclude on a maximum level of risk **below/above** [please choose the appropriate] 2 % for the EAFRD IACS population.

24.2 EAFRD IACS - Confirmation of the control data/statistics and the Management declaration

Assessment of internal control system	4 Works well
PA's error rate (control statistics, Management Declaration – MD for this population)
Incompliance rate	PIR in %<UPI in %<2 % <i>[Include the actual PIR and UPI in % compared to the 2% materiality threshold]</i>
Confirmation of the control data/statistics and the Management declaration	<i>{please add your assessment and adapt the text below if there is a breach of materiality}</i> <i>For example: The maximum level of risk is below 2% thus, control data/statistics as well as the reporting in the Management Declaration can be confirmed in all material respects</i>

Our evaluation is reflected in the Opinion.

[Note: in case the results are inconclusive i.e. UPI or PIR<2%, the CB should analyse the reasons at scheme level and confirm or not certain control statistics. Please provide explanations for which schemes the control statistics cannot be confirmed.]

24.3 EAFRD Non-IACS - Evaluation of the total projected non-compliance rate

[In compliance rate can be established per control statistics or as the CB establishes the strata / populations based on its professional judgement.] Our evaluation of the non-compliance rate for the same statistical sample strata/populations is outlined below:

Basic data	<u>EAFRD Non-IACS</u>	<u>[if applicable] EAFRD stratum</u>
Amount of gross expenditure	0	0
Materiality (TM)	0	0
Estimated error		
Confidence level		
Sampling interval [if applicable]		
Standard deviation [if applicable]		
Sample size in term of hits		
Number of files checked		
Financial errors found from sampling:		
According to Annex XX		
- Number of formal errors		
- Number of substantive errors		
Projected Non-compliance Rate (PIR)	0	0
Precision	0	0
Upper projected non-compliance rate (UPI)	0	0
Known errors: according to Annex XX		
Known errors: from compliance testing		
Known errors: from other sources		
Total Projected Non-compliance rate	0	0
Materiality	0	0

[In case the CB detected a systemic error (for example the PA does not calculate penalties correctly), the CB should quantify the systemic error and include it in the error evaluation. This type of errors should be included under "Known errors" and referenced to the appropriate sections of the report].

[In case the underlying population is a small one and the sampling is non-statistical, the CB should use the table for the non-statistical sampling in order to present the calculation of the non-compliance rate – cf. section 24.3.1. Alternatively, if the small stratum is selected using the same sampling methodology as the main stratum, it can be presented in the table above for a single consolidated IRR for the population to be calculated].

A detailed table of all cases checked and the detected errors including their financial value is attached (see Annex 15): In compliance Rate – EAFRD Non-IACS) to this report.

Taking into consideration the total error for incompliance rate calculated and the overall evaluation of the internal control system, we conclude on a maximum level of risk **below/above** [please choose the appropriate] 2 % for the EAFRD Non-IACS population.

Evaluation of the total projected incompliance rate for EAFRD Non-IACS - Non-statistical population

[to be used only if applicable]

As regards small population of operational expenditure, our error evaluation is outlined below:

Basic data	
Value of the population	0,00
Materiality	0,00
Number of transactions in the population	0
Sample size	0
Financial errors :	
According to Annex XX	
- Number of formal errors	
- Number of substantive errors	
Projected error	0,00
Known errors	0,00
Conclusion:	
Total incompliance rate	0,00
Materiality	0,00

The non-statistical sample was selected using **equal probabilities selection/ probability proportional to expenditure** [please choose the appropriate]. The projected error was calculated accordingly.

A detailed table of all cases checked and the detected errors including their financial value is attached (see Annex 15.1): Incompliance Rate – EAFRD Non IACS non-statistical) to this report.

Taking into consideration the total error for incompliance rate calculated and the overall evaluation of the internal control system, we conclude on a maximum level of risk **below/above** [please choose the appropriate] 2 % for the EAFRD Non-IACS population.

24.4 EAFRD Non-IACS - Confirmation of the control data/statistics and the Management declaration

Assessment of internal control system	4 Works well
PA's error rate (control statistics, Management Declaration – MD for this population)
Incompliance rate	PIR in %<UPI in %<2 % <i>[Include the actual PIR and UPI in % compared to the 2% materiality threshold]</i>
Confirmation of the control data/statistics and the Management declaration	<i>[In case the data reported in the MD also concerns the previous financial year, the CB should explain if the Objective 2 sample for FY2019 was also traced to the control data/statistics to confirm the error rate or not.]</i> <i>[please add your assessment and adapt the text below if there is a breach of materiality]</i> <i>For example: The maximum level of risk is below 2% thus, control data/statistics as well as the reporting in the Management Declaration can be confirmed in all material respects</i>

Our evaluation is reflected in the Opinion.

[Note: in case the results are inconclusive i.e. UPI or PIR<2%, the CB should analyse the reasons at scheme level and confirm or not certain control statistics. Please provide explanations for which schemes the control statistics cannot be confirmed]

24.5 Certifying error rate for reduction of control rate

[Please delete the text below and indicate “Not applicable” if the PA does not intend to reduce the control rate]

In accordance with Article 41 of Regulation (EU) No. 908/2014 for the purpose of reduction of the control rate the error rate for the concerned population needs to be certified. For claim year 20XX, for the measure..... *(for example Agri-environment-climate)* we have tested ... files of the random

OTSC sample of the PA and calculated the respective error rate (Annex 14 a). We have not found error/we have found one or more errors (amounting to.....).

Our evaluation is reflected in the Opinion.

25 Overall conclusions

25.1 Nature of Findings

Our work resulted in a number of findings which led to various recommendations. We have categorised these findings and recommendations into two groups [accreditation findings and legality and regularity findings]. For each finding, a level of importance was attributed in accordance with the following grading.

Accreditation issues:

- Major Findings Matters which require immediate attention by the Competent Authority and the Head of the Paying Agency, corresponding to grade (1) in the accreditation matrix²⁴ (refer to guideline No 1 of accreditation).

- Intermediate Findings Matters which concern the general control environment and require prompt attention at a senior level within the Paying Agency and the Competent Authority, corresponding to grade (2) in the accreditation matrix.

- Minor Findings Minor issues highlighted, which require attention at an appropriate level within the Paying Agency, corresponding to grade (3) in the accreditation matrix.

Internal Control System issues:

- Major Findings Matters which require immediate attention by the Competent Authority and the Head of the Paying Agency.

- Intermediate Findings Matters which concern the general control environment and require prompt attention at a senior level within the Paying Agency and the Competent Authority.

- Minor Findings Minor issues highlighted, which require attention at an appropriate level within the Paying Agency.

The categories we used to classify our findings in respect of the **legality and regularity of expenditure** are as follows:

- Major Findings Matters relating to weaknesses in the key controls - which require immediate attention at a senior level within the Paying

²⁴ See guideline no. 1 in respect of the accreditation.

Agency. (See lists of Key and Ancillary controls as made available on CIRCABC.²⁵).

- Intermediate Findings Matters relating to weaknesses in the ancillary controls - which require prompt attention at an appropriate level within the Paying Agency.
- Minor findings Matters relating to other weaknesses which require attention at an appropriate level.

Recommendations related to minor findings are (in principle) not included in this reports but are communicated separately to the Paying Agency's management in our letter of recommendations. A list of minor recommendations is available to the Commission on request.

25.2 Major Findings (by population – IACS and non-IACS)

[When applicable:] We identified a number of issues giving rise to major recommendations which are summarised in the table(s) below.

[Note that a major accreditation finding should be linked to a grade 1 ("not working") score in the matrix tables. Exceptions to this rule may only be granted in very particular circumstances and need to be duly justified and explained. A major legality and regularity finding should be translated into a grade 1 or 2 depending on the overall impact on the compliance with the accreditation criteria by the Paying Agency]

The following major findings were established in respect of accreditation issues/internal control system:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

The following major findings were established in respect of legality and regularity issues:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

25.3 Intermediate Findings (by population – IACS and non-IACS)

[When applicable:] We have identified a number of issues giving rise to intermediate recommendations which are summarised in the table(s) below.

²⁵ [Library > Audit of agricultural expenditure > New guidelines on the calculation on the financial corrections C\(2015\)3675 > Final list of Key and Ancillary controls](#)

The following intermediate findings were established in respect of accreditation/internal control system issues:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

The following intermediate findings were established in respect of legality and regularity issues:

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response

26 Follow-up of previous years' recommendations

The following tables include previous years' major and intermediate recommendations, the progress made against the outstanding recommendations, comments by the Paying Agency and the assessment of the response by the Certification Body. The follow-up of the financial errors is indicated in a separate table below.

[The CB is expected also to report on the implementation status of the recommendations arising from DG AGRI's conformity audits. The information provided should be limited to major findings and deficiencies which the PA should have normally included in Annex III of the Management Declaration]

26.1 Accreditation/internal control system issues

In respect of **accreditation**/internal control system issues the situation is as follows:

Major recommendations

Recommendation	Status	Response of Paying Agency	Position of the Certification Body
<i>[short description with reference to the report when the finding was made]</i>	<i>[implemented/partly/not implemented]</i>	<i>[summary of the reply]</i>	<i>[if the reply /actions taken are appropriate]</i>

Intermediate recommendations

Recommendation	Status	Response of Paying Agency	Position of the Certification Body
<i>[short description with reference to the report when the finding was made]</i>	<i>[implemented/partly/not implemented]</i>	<i>[summary of the reply]</i>	<i>[if the reply/actions taken are appropriate]</i>

26.2 Conformity/legality and regularity issues

In respect of **conformity/legality and regularity** issues the situation is as follows:

Major recommendations

Recommendation	Status	Response of Paying Agency	Position of the Certification Body
<i>[short description with reference to the report when the finding was made]</i>	<i>[implemented/partly/not implemented]</i>	<i>[summary of the reply]</i>	<i>[if the reply/actions taken are appropriate]</i>

Intermediate recommendations

Recommendation	Status	Response of Paying Agency	Position of the Certification Body
<i>[short description with reference to the report when the finding was made]</i>	<i>[implemented/partly/not implemented]</i>	<i>[summary of the reply]</i>	<i>[if the reply/actions taken are appropriate]</i>

26.3 Financial errors

Major recommendations

Recommendation	Status	Response of Paying Agency	Position of the Certification Body
<i>[short description with reference to the report when the finding was made]</i>	<i>[implemented/partly/not implemented]</i>	<i>[summary of the reply]</i>	<i>[if the reply/actions taken are appropriate]</i>

Intermediate recommendations

Recommendation	Status	Response of Paying Agency	Position of the Certification Body
<i>[short description with reference to the report when the finding was made]</i>	<i>[implemented/partly/not implemented]</i>	<i>[summary of the reply]</i>	<i>[if the reply/actions taken are appropriate]</i>

26.4 Conclusion

[To conclude whether the PA followed-up properly all the potential irregularities communicated by the Special Department during the financial year related to the most recent scrutiny years (n-2/n-1 and n-1/n), and whether proper justifications were provided for those cases where the PA decided not to pursue recovery.]

26.5 Recommendations