

ROLES	10
General.....	10
Version Information.....	10
Officials in Charge	11
History	12
Documents	13
Observations.....	13
SECTION A – EAGF	14
EAGF - GENERAL OVERVIEW	14
1.1 Introduction	14
1.2 Conclusions at fund level per objective	14
1.3 Overall assessment of the internal control system and compliance with the accreditation criteria	16
1.3.1 Standard	16
1.3.2 Detailed Assessment	17
1.3.2.1 IACS	17
1.3.2.2 Non-IACS	19
1.3.3. Overall assessment of the Internal Control System	20
1.3.4 Accreditation Status	20
2 AUDIT STRATEGY OF THE CERTIFICATION BODY.....	20
2.1 Audit risks and Control Risks assessment per population and/or scheme/measure	20
2.2 Summary of Audit Strategy and Audit Plan for EAGF	20
2.3 Resources.....	22
EAGF - PART A - Audit objective 1- Audit of the annual accounts.....	22
3 Compliance with Accreditation Criteria – Review of the Internal Control System	23
3.1 Understanding the entity/processes	23
3.2 Compliance testing / test of controls - Control Activities	23

3.3 Evaluation per accreditation criterion	24
3.3.1 Control activities: Procedures for payment	24
3.3.1.1 Findings	24
3.3.2 Control activities: Procedures for accounting	24
3.3.2.1 Findings	24
3.3.3 Control activities: Procedures for advances and securities	24
3.3.3.1 Findings	24
3.3.4 Control activities: Procedures for debts	24
3.3.4.1 Findings	24
3.3.5 Assessment	25
3.4 Other accreditation components	25
3.4.1 Internal environment: Organisational structure	25
3.4.1.1 Description of the organisational structure	25
3.4.1.2 Findings	25
3.4.1.3 Assessment	25
3.4.2 Internal environment: Human-resource standard	25
3.4.2.1 Findings	25
3.4.2.2 Assessment	26
3.4.3 Information and communication: Communication	26
3.4.3.1 Findings	26
3.4.3.2 Assessment	26
3.4.4 Information and communication: Information Systems Security	26
3.4.4.1 Work Done (by population – IACS and non-IACS)	26
3.4.4.2 Findings	28
3.4.4.3 Assessment	29
3.4.5 Monitoring: Ongoing monitoring via internal control activities	29
3.4.5.1 Findings	29
3.4.5.2 Assessment	29

3.4.6 Monitoring: Separate evaluations via an internal audit service	29
3.4.6.1 Findings	29
3.4.6.2 Assessment	29
4 Substantive Testing of Operational and Non-Operational transactions	29
4.1 Introduction	29
4.2 Test results in respect of the EAGF – error rate	30
4.2.1 Overview	30
4.2.2 Work Done	30
4.2.3 Assessment and Findings	30
4.3 Overall test result of EAGF population	31
4.4 Test results of non-operational transactions	31
4.4.1 Test results of tables of Annex II - irregularities	31
4.4.1.1 Work Done	31
4.4.1.2 Assessment and Findings	31
4.4.2 Test results on Tables of Annex III	31
4.4.2.1 Work Done	31
4.4.2.2 Assessment and Findings	31
4.4.3 Test results in respect of advances and securities	31
4.4.3.1 Work Done	31
4.4.3.2 Assessment and Findings	31
5 Reconciliation of Monthly and Annual Declarations	32
5.1 Reconciliation of monthly and annual declarations of EAGF expenditure	32
5.1.1 Standard	32
5.1.2 Work done	32
5.1.3 Findings	32
5.1.3.1 Reconciliation of differences	32
5.1.3.2 Administrative Errors	34
5.1.4 Assessment	34

5.1.5 Recommendations.....	34
5.2 Reconciliation of annual declaration and X-table data of EAGF accounts	34
5.2.1 Standard	34
5.2.2 Work done	35
5.2.3 Findings	35
5.2.4 Assessment.....	35
5.2.5 Recommendations.....	35
5.3 Reconciliation of the information required by Annex II and Annex III of Commission Implementing Regulation (EU) No 908/2014 to the debtors' ledger - EAGF	35
5.3.1 Standard	35
5.3.2 Work done	35
5.3.3 Findings	35
5.3.4 Assessment.....	39
5.3.5 Recommendations.....	40
5.4 Reconciliation of annual Table 104 to the Annex II and Annex III of Commission Implementing Regulation (EU) No 908/2014.....	40
5.4.1 Standard	40
5.4.2 Work done	40
5.4.3 Findings	40
5.4.4 Assessment.....	41
5.4.5 Recommendations.....	41
5.5 Confirmation of advances.....	41
5.5.1 Objective	41
5.5.2 Work done	41
5.5.3 Findings	41
5.5.4 Assessment.....	41
5.6 Review of Financial Ceilings.....	42
5.6.1 Work to be done.....	42
5.6.2 Conclusion	42

5.6.3 Recommendations.....	42
5.7 Non-respect of payment deadlines	42
5.7.1 Objective	42
5.7.2 Work done	43
5.7.3 Findings	43
5.7.4 Conclusion	43
5.7.5 Recommendations.....	43
6 Overall error evaluation	43
6.1 Detailed Error Evaluation.....	44
6.1.1 Error evaluation for the operational expenditure	44
6.1.2 Error evaluation for non-operational expenditure: debts, advances and securities	46
7 Overall conclusions	47
7.1 Nature of Findings	47
7.2 Major Findings	48
7.3 Intermediate Findings.....	49
EAGF - PART B - Audit objective 2- Legality and regularity of expenditure	50
8 Review of the Internal Control System.....	50
8.1 Understanding the entity / processes.....	50
8.2 EAGF IACS - Compliance testing / Test of controls - Control Activities	51
8.2.1 Control activities: Authorisation of payments – Key controls related to administrative controls.....	51
8.2.1.1 Findings	51
8.2.2 Control activities: Authorisation of payments – Key controls related to on-the-spot controls	51
8.2.2.1 Findings	51
8.2.3 Control activities: Authorisation of payments – Ancillary controls	51
8.2.3.1 Findings	51
8.2.4 Internal environment: Delegation	52

8.2.4.1 Summary of delegated tasks	52
8.2.4.2 Findings	52
8.2.5. Assessment.....	52
8.3 EAGF Non-IACS - Compliance testing / Test of controls - Control Activities	52
8.3.1 Control activities: Authorisation of payments – Key Controls related to administrative controls.....	53
8.3.1.1 Findings	53
8.3.2 Control activities: Authorisation of payments – Key Controls related to on-the-spot controls	53
8.3.2.1 Findings	53
8.3.3 Control activities: Authorisation of payments – Ancillary Controls	53
8.3.3.1 Findings	53
8.3.4 Internal environment: Delegation	53
8.3.4.1 Summary of delegated tasks	53
8.3.4.2 Findings	54
8.3.5. Assessment.....	54
9 SUBSTANTIVE TESTING.....	54
9.1 Test results in respect of the EAGF IACS population.....	54
9.1.1 Overview	54
9.1.2 Work done	54
9.1.3 Assessment and Findings.....	55
9.2 Test results in respect of the EAGF Non-IACS population.....	56
9.2.1 Overview	56
9.2.2 Work done	56
9.2.3 Assessment and Findings.....	56
10 Reconciliation – analytical procedures.....	57
10.1 BPS entitlements	57
10.1.1 Objective	57
10.1.2 Work to be done.....	57

10.1.3 Findings	57
10.1.4 Conclusion	57
10.2 Review of IACS statistics – area-related aid schemes to be provided on 15 July "N"(claim year "N-1") as referred to Article 9(1) of Commission Implementing Regulation (EU) No 809/2014.....	58
10.2.1 Objective	58
10.2.2 Work to be done.....	58
10.2.3 Findings	58
10.2.4 Conclusion	58
10.3 Reconciliation of IACS statistics – animal aid schemes to be provided on 15 July "N"(claim year "N-1") as referred to Article 9(1) of Commission Implementing Regulation (EU) No 809/2014.....	59
10.3.1 Objective	59
10.3.2 Work to be done.....	59
10.3.4 Findings	59
10.3.4 Conclusion	59
10.4 Review of the management declaration data.....	60
10.4.1 Objective	60
10.4.2 Work to be done.....	60
10.4.3 Findings	60
10.4.4 Conclusion	60
10.5 Review of the Non-IACS statistics applicable for PA	60
10.5.1 Objective	60
10.5.1.1 Follow-up on scrutiny of transactions	60
10.5.1.2 Statistics related to various market measures	60
10.5.2 Work to be done.....	61
10.5.2.1 Follow-up related scrutiny of transactions	61
10.5.2.2 Statistics related to various market measures	66
10.5.3 Findings	66

10.5.4 Conclusion	66
10.6 Action Plans / DG AGRI's recommendations.....	66
10.6.1 Follow up of recommendations to PA	66
10.6.1.1 Objective.....	66
10.6.1.2 Work done	66
10.6.1.3 Findings and Assessment	67
10.6.2 Follow up of recommendations to CB	67
10.6.2.1 Objective.....	67
10.6.2.2 Work done	67
10.6.2.3 Conclusions	67
11 Overall Incompliance rate evaluation	68
11.1 EAGF IACS - Evaluation of the total projected incompliance rate.....	68
11.2 EAGF IACS – Confirmation of the control data/statistics and the Management declaration	69
11.3 EAGF Non-IACS - Evaluation of the total projected incompliance rate	70
11.4 EAGF Non-IACS - Confirmation of the control data/statistics and the Management declaration	72
11.5 Certifying error rate for reduction of control rate	72
12 Overall conclusions	74
12.1 Nature of Findings	74
12.2 Major Findings (by population – IACS and non-IACS)	75
12.3 Intermediate Findings (by population – IACS and non-IACS)	75
13 Follow-up of previous years' recommendations	76
13.1 Accreditation/internal control system issues	76
13.2 Conformity/legality and regularity issues	77
13.3 Financial errors	77
13.4 Conclusion	78
13.5 Recommendations.....	78

ROLES

Roles involved for EAGF/EAFRD in the CB Report are:

MS Certification Authority Read Only MS Certification Authority Update MS Certification Authority Send	Create the CB Reports, Consult the CB Reports, Record the CB Reports Upload the CB Reports Documents, Validate the CB Reports Send the CB Reports to upper node MS Create New Version of CB Reports, Delete the CB Reports
MS Coordinating Body Read Only MS Coordinating Body Send	Consult the CB Reports, Return the CB Reports to MS, Submit the CB Reports <u>to EC</u>
MS Accredited Paying Agency Read Only MS Accredited Paying Agency Send	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)

General

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




Version Information

The **Version information** contains information on the identification and status of the CB Report like the Title, Fund, Version Number, Status, Current Node, etc.

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.

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:

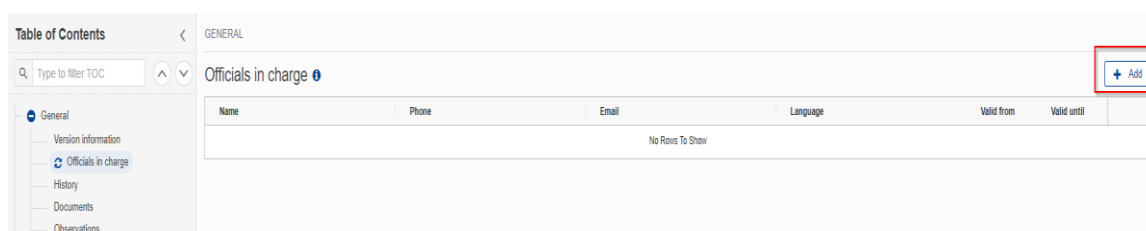


Table of Contents

GENERAL

Officials in charge

+ Add

Name	Phone	Email	Language	Valid from	Valid until
No Rows To Show					

The Edit details pop-up window appears:

The screenshot shows a form titled "Edit row" with the following fields and annotations:

- Name ***: A text input field containing "Some One". A red circle with the number "1" is over the input area. A character count "248" is on the right.
- Email ***: A text input field containing "test@test.com". A red circle with the number "2" is over the input area. A character count "243" is on the right.
- Phone**: A text input field with a phone icon on the left. A red circle with the number "3" is over the input area. A character count "50" is on the right.
- Language**: A dropdown menu with a language icon on the left. A red circle with the number "4" is over the dropdown arrow.
- Valid from**: A date picker field. A red circle with the number "5" is over the date selection area.
- Valid until**: A date picker field. A red circle with the number "5" is over the date selection area.
- Buttons**: At the bottom right, there are "Cancel" and "Save" buttons. A red circle with the number "6" is over the "Save" button, which is being clicked by a mouse cursor.

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:

Table of Contents	GENERAL
<input type="text" value="Type to filter TOC"/>	History ⓘ
<ul style="list-style-type: none"> General <ul style="list-style-type: none"> Version information Officials in charge History Documents Observations SECTION A – EAGF 	<div> <div>13/12/2022 11:43</div> <div> <div>OPEN</div> <div>Action Edit on node Niedersachsen (DEA12) by Richter, Maik (n0088qqc)</div> </div> </div> <div> <div>13/12/2022 09:45</div> <div> <div>OPEN</div> <div>Action Edit on node Niedersachsen (DEA12) by Cordes, Achim (ncordeac)</div> </div> </div>

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 A – EAGF

EAGF - GENERAL OVERVIEW

1 EXECUTIVE SUMMARY

1.1 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 Guarantee Fund (EAGF) 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 EAGF 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.

1.2 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	For our overall opinion in this respect, refer to the Audit Opinion (see also the internal control system). In general, the Paying Agency complies with the accreditation criteria [when applicable:] except..... [summarise major accreditation issues] Key recommendations are summarised in subsection 12 below and are elaborated in more detail in the relevant sections of this report.
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.	Part A; Audit objective 1	For details of our opinion in this respect see the Audit Opinion.
The statements of expenditure, and of intervention operations [delete reference to intervention if not applicable], are a materially true, complete and accurate record of the operations charged to the EAGF.	Part 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 [delete reference to intervention if not applicable]and amounts to be collected.	Part A; Audit objective 1	The financial interests For advances and guarantees ... Reporting and reconciliation procedures for intervention are ... The recovery of amounts outstanding is ... The completeness of Annex II/III is ensured and detailed observations are included in section 5 of the report.

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 EAGF 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.	Part B; Audit objective 2	For details of our opinion in this respect see the Audit Opinion.

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

1.3.1 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 compliance with 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. The 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 "()".

1.3.2 Detailed Assessment

Matrix I below concerns schemes under EAGF covered by the Integrated Administration and Control System (IACS), i.e. support schemes under EAGF 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 EAGF not covered by the IACS, i.e. support schemes under EAGF established under Chapter III of Title V of Regulation 1306/2013 of the European Parliament and of the Council. 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.]

1.3.2.1 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
		Organisation		HR		Delegation				Communication		ISS		On-going monitoring		Internal audit				
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 autorisation	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]

1.3.2.2 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					
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)					

[Note: The above matrices are as per Guideline 2 on the annual certification audit. It provides a 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:

- Disregard the calculated general conclusion;
- Indicate its professional assessment of the functioning of the Internal Control System;
- 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.]
- 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]

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]

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

1.3.3. Overall assessment of the Internal Control System

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

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

1.3.4 Accreditation Status

[only use this part if there are/were changes affecting the accreditation status of the PA. Please describe the changes. 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]

2 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.]

2.1 *Audit risks and Control Risks assessment per population and/or scheme/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 ($AR = IR \times CR \times DR$). An assessment of IR and CR with the scores in guideline 2 should be provided.]

2.2 *Summary of Audit Strategy and Audit Plan for EAGF*

- 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. ;

[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. In case of changes of CB, explain to which extend the (new) CB relies on the work of the previous one, e.g. re-verifications already performed, sampling parameters already established]

In case only a part of the reverification 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 or the other taken into consideration when designing the audit strategy.]

2.3 Resources

The audit team of the Certification Body in respect of the EAGF 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-verifications, 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°

EAGF - PART A - Audit objective 1- Audit of the annual accounts

3 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 EAGF																											
Assessment component Procedure	Internal environment									Control activities	Information and communication						Monitoring						Evaluation at assessment criteria				
	Organisational structure			Human resources			Delegated tasks				Communication			IS. Sec.			Ongoing monitoring			Internal Audit							
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	

3.1 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]

3.2 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.]

3.3 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.

3.3.1 Control activities: Procedures for payment

3.3.1.1 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)

3.3.2 Control activities: Procedures for accounting

3.3.2.1 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)

3.3.3 Control activities: Procedures for advances and securities

3.3.3.1 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)

3.3.4 Control activities: Procedures for debts

3.3.4.1 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)

3.3.5 Assessment

3.4 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 guidelines 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.]

3.4.1 Internal environment: Organisational structure

3.4.1.1 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.

3.4.1.2 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)

3.4.1.3 Assessment

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

3.4.2 Internal environment: Human-resource standard

3.4.2.1 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)

3.4.2.2 Assessment

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

3.4.3 Information and communication: Communication

3.4.3.1 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)

3.4.3.2 Assessment

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

3.4.4 Information and communication: Information Systems Security

3.4.4.1 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 experts² in the following areas: xx;xx;xx [if applicable].

The table below indicates the overall situation:

	Yes / Not Applicable	No / Not Applicable
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]***

² See International Standard on Auditing (ISA) 610, "Considering the Work of Internal Audit" and ISA 620 "Using the work of an expert".

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]

3.4.4.2 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]

3.4.4.3 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].

3.4.5 Monitoring: Ongoing monitoring via internal control activities

3.4.5.1 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)

3.4.5.2 Assessment

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

3.4.6 Monitoring: Separate evaluations via an internal audit service

3.4.6.1 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)

3.4.6.2 Assessment

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

4 Substantive Testing of Operational and Non-Operational transactions

4.1 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.]

4.2 Test results in respect of the EAGF – error rate

4.2.1 Overview

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

[insert the sampling methodology and parameters used]

4.2.2 Work Done

We reviewed in total (xxx) and an additional xx transactions in respect of EAGF 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 3: Sample reviewed in substantive testing – EAGF.

4.2.3 Assessment and Findings

[Provide an explanation of the nature of the financial errors found (random, known), listed in Annex 3, 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
Scheme/Measure:	XXXX		
Beneficiary reg. code:	XXXX		
Specific basis:	Legal	XXXX	
Description of the finding(s): XXXXX			
Impact: XXX			

4.3 Overall test result of EAGF population

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

4.4 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 6. The findings are further detailed below.

4.4.1 Test results of tables of Annex II - irregularities

4.4.1.1 Work Done

Annex 9 contains a detailed list of all transactions tested and the detected errors, including their financial value. [Link it to Annex 8 – Evaluation of Errors – Debtors - EAGF]

4.4.1.2 Assessment and Findings

[Provide an explanation of the nature of the financial errors found, listed in 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 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.]

4.4.2 Test results on Tables of Annex III

4.4.2.1 Work Done

Annex 10 contains a detailed list of all transactions tested and the detected errors, including their financial value. [Link it to Annex 8 – Evaluation of Errors – Debtors - EAGF]

4.4.2.2 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.]

4.4.3 Test results in respect of advances and securities

4.4.3.1 Work Done

Annex 11 contains a detailed list of all transactions tested and the detected errors, including their financial value.

4.4.3.2 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.]:

5 Reconciliation of Monthly and Annual Declarations

5.1 Reconciliation of monthly and annual declarations of EAGF expenditure

5.1.1 Standard

To verify whether the final monthly indent (final table 104) agrees with the annual declaration for the 20XX EAGF financial year.

5.1.2 Work done

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

In addition, we assessed the Administrative Errors declared in the Monthly Declarations and those declared separately in the Annual Declaration. We also verified that the amount of administrative errors are not included in the Annex II and Annex III tables, and we also reviewed whether these have been credited to the Fund³.

5.1.3 Findings

5.1.3.1 Reconciliation of differences

Budget post	Final Monthly Indent	Annual Account	Difference
08 02 05 04 BPS	61,826,826.57	61,849,976.50	23,149.93
08 02 99 xx Area aid for Rice	9,201,802.82	9,201,802.82	-
08 02. 05 xx xxxxx	285,497.45	285,497.45	-
Etc.	4,254.23	4,254.23	-
	95,993.29	95,993.29	-
	35,761.77	35,761.77	-
	53,963,193.13	54,481,259.13	518,066.00
	63,680,629.59	55,222,125.74	-8,458,503.85
	62,946,699.25	62,946,699.25	-
	-----	-----	-----
Total	252,040,658.10	244,123,370.18	-7,917,287.92
	=====	=====	=====

³ Introduced as a negative amount in the Monthly or Annual Declarations.

The differences are explained as follows:

[In case positive transactions are declared on the 62 budget codes or some other codes, that result in a reclaim from the Fund in the monthly 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:

amount recovered and reimbursed to the Fund;

date of recovery and reimbursement to the Fund;

date of decision cancelling the debt and an indication of the body issuing the decision (administrative / judicial body);

basis of the decision in favour of the beneficiary (absence of irregularity)⁴.

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.

In case there are other transactions that result in a positive difference between the final monthly indent and the annual declaration not covered by the code explanations, explain the substance of the underlying transaction.]

The difference of XXXX on budget line XXXXXXXXXXXXXXXX includes a reclaim from the Fund of a previously recovered irregularity in FY20XX.

We have reviewed the cases and the Court/administrative decisions for the underlying transactions, 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 represent 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 in which the recovered amount was returned to	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
---------	----------------	--	--	---	---

⁴ 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.

		financial year and cancelled following administrative or court decision	the EU budget		administrative/court decision]
Total					

5.1.3.2 Administrative Errors

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

Administrative Errors (reported/deducted)	Amount (EUR)
1. Annual Declaration ⁵	
2. Monthly Declarations	

5.1.4 Assessment

We can confirm that, except for the remarks/explanations⁶ listed above, the provided electronic "diff." table (document/XXXX/XXXX, explanation-reconciliation codes "A") is complete and accurate, and the explanations given are valid and justified.

5.1.5 Recommendations

5.2 Reconciliation of annual declaration and X-table data of EAGF accounts

5.2.1 Standard

⁵ Reported in 13th period (as a difference between Final Monthly Indent and Annual Account).

⁶ 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 whether the annual declaration agrees with the X-table data for the 20XX EAGF financial year.

5.2.2 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.

5.2.3 Findings

Reconciliation of differences

.....
1.....
2.....
.....

5.2.4 Assessment

We can confirm that, except for the remarks/explanations⁷ 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.

5.2.5 Recommendations

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

5.3.1 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.

5.3.2 Work done

5.3.3 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)

⁷ 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).

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' ledger⁸

	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:

⁸ See also Guideline No. 5 Guideline no 5 on the submission to the Commission of the Annexes II and II of Commission Implementing Regulation (EU) No 908/2014.

The following discrepancies⁹ 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.

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	TRDI				

⁹ 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.

"New" cases	TRDI				
----------------	------	--	--	--	--

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, 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 TRDI, 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 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 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]
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 following the Paying Agency's decision not to pursue the recovery. We confirm that the procedures applied by the Paying Agency in this respect are in accordance with Article 54 (2) and (3)¹⁰ 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 211, 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)
EAGF		
TRDI ¹²		

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)"¹³ of Regulation (EU) No 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
EAGF			
TRDI			

5.3.4 Assessment

¹⁰ 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.

¹¹ 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

¹² [Can otherwise be reported in the EAFRD section].

¹³ Column Q of Annex II = code 3.

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.

5.3.5 Recommendations

5.4 Reconciliation of annual Table 104 to the Annex II and Annex III of Commission Implementing Regulation (EU) No 908/2014

5.4.1 Standard

There must be a clear audit trail to support the reconciliation between the annual Table 104 and the Annex II and Annex III information.

5.4.2 Work done

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

5.4.3 Findings

Reconciliation of recoveries per annual Table 104 and recoveries included in Annex II and Annex III

Example:

Assigned revenue per annual Table 104 – Irregularities 80% (net amount) Budget sub-item 62 00 00 00 0002 001	1.000.000,00	
+ Assigned revenue per annual Table 104 – Irregularities not subject to 20% retention Budget sub-item 62 00 00 00 0002 002	300 000,00	
+ Assigned revenue per annual Table 104 – Cross-compliance (75%)– net amount Budget sub-item 62 00 00 00 0003 OXX	75 000,00	
+ Assigned revenue collected under the following budget sub-items 62 00 00 00 0004 001	- 25 000,00	
Total (1) = recoveries as per Table 104	1 350 000,00	
Recoveries in Annex II	1.550.000,00	
+ Recoveries in Annex III	100.000,00	
Total (2)		1.650.000,00
Difference (2) – (1)		300.000,00

Explanations of differences:

1. 20% of retention related to revenue assigned on budget sub-item 62 00 00 00 0002 001: +250 000
2. 25% of retention related to revenue assigned on budget sub-item 62 00 00 00 0003 028: +25 000
3. Amounts recovered in T104 as reclaim of any amounts previously charged to the MS under the 50/50 rule in cases of a final decision by an administrative or legal instrument on the absence of an irregularity, not reported under "recoveries" in the Annex III tables : + 25 000
4. Other differences: 0,00

Discrepancies¹⁴ 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:.....

[The table above is an example using some of the possible budget sub-items under the Chapter 6200 EAGF- assigned revenue, and therefore does not systematically reflect the evolution of the detailed nomenclature for each year. All recoveries booked under these sub-items (from 62 00 00 00 0002 001 to 62 00 00 00 0004 001) should be considered.].

5.4.4 Assessment

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

5.4.5 Recommendations

5.5 Confirmation of advances

5.5.1 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.

5.5.2 Work done

We have reviewed the table(s) established by the Paying Agency, presenting the amounts of advance payments not yet cleared as at 15 October N (Annex 4 a).

5.5.3 Findings

No differences have been identified.

5.5.4 Assessment

We confirm that the amounts mentioned in Annex 4 a) 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 EAGF.

[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

¹⁴ 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.

reported and provide the necessary justifications for the difference. In case of the measures of the wine sector if the un-cleared amounts do not equal to the unused amounts, the unused amounts needs to be mentioned and certified separately.].

Recommendations

5.6 Review of Financial Ceilings

5.6.1 Work to be done

We reviewed whether relevant procedures are in place to ensure that the total payments per budget line do not exceed the maximum financial ceilings.

[Where measures are subject to quantitative limits, either in terms of total amounts paid, production or eligible areas, check that procedures are in place to ensure that the total payments [for all the PAs in one Member State taken together] remain within these quantitative limits. This includes an examination based on the Ceilings set out in Council Regulations (EC) No. 1307/2013].

5.6.2 Conclusion

The ... [name of institution/unit] is responsible for the monitoring of the financial ceilings. For each scheme, it monitors the payments made and verifies the totals against the approved limits.

[if applicable:]For the financial year 20XX, the financial ceilings were exceeded for the following budget lines:

... [budget line, ceiling, overrun]

...

The overshooting of the financial ceilings was subject to a reduction by the Commission on ... [date].

5.6.3 Recommendations

[either describe the findings or indicate: Not applicable].

5.7 Non-respect of payment deadlines

5.7.1 Objective

[To verify the timely treatment of payment claims by the Paying Agency for EAGF 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.¹⁵]

We reviewed, according to Article 5(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

¹⁵As regards EAGF IACS payment deadlines are monitored by the Commission. However, if the CB decide to report any inconsistencies found as regards the payment deadlines for EAGF IACS, the respective findings should be reported under the current section.

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

5.7.2 Work 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 according to the different sectorial regulations¹⁶.

To perform analytical audit procedures in order to calculate, following the rules of Article 5(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 %.]

5.7.3 Findings

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

5.7.4 Conclusion

[To conclude whether the amount requested for reimbursement is effected within the deadlines per sectorial regulation and whenever the provisions of Article 5(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.]

5.7.5 Recommendations

6 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 provided below.]

¹⁶ e.g.: Regulation (EU) 2016/1150 for wine sector, Regulation (EU) 2017/39 for school scheme.

6.1 Detailed Error Evaluation

6.1.1 Error evaluation for the operational expenditure

[in case the CB carried out its testing for objective 1-"accounts" 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>EAGF</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:	
[For MUS standard approach] standard deviation	
Precision	
Total Upper Error Limit (including precision)	0
Known errors: according to Annex 3	
Known errors: from compliance testing	
Known errors: from other sources (debtors, reconciliations, etc)	
Total Error	0
Conclusion:	
Most likely error (MLE)	0
Total error	0

A detailed table of all items tested and the detected errors including their financial values is attached (see Annex 3 Sample reviewed in substantive testing – EAGF) to this report. We also attach (in Annex 6: 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 4.

6.1.2 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	<u>Annex II</u>	<u>Annex III</u>
Value of the population	8 000 000.00	1 700 000.00
Materiality	160 000.00	34 000.00
Confidence level	0.80	0.80
Number of transactions in the population	300	2 300
Sample size for compliance testing		
Sample size for substantive testing		
Financial impact :	600.00	26 980.00
Error rate %	0.01%	1.59%

A detailed table of all cases checked and the detected errors including their financial value is attached (see Annex 9: Sample reviewed in substantive testing – EAGF Annex II Tables and Annex 10: Sample reviewed in substantive testing – EAGF Annex III Tables) to this report.

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

Basic data	<u>Advances and securities</u>
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 :	0.00
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 11: Sample reviewed in substantive testing – EAGF 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 5.

7 Overall conclusions

7.1 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 matrix (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. |
| - 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.

7.2 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

7.3 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

EAGF - PART B - Audit objective 2- Legality and regularity of expenditure

8 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 (EAGF 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						
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 (EAGF 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						
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	

8.1 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 according to part 11.2.1 review of IT general controls and 11.2.2 Review of IT application controls of guideline 2 should be inserted in this part]

[If used, 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].

8.2 EAGF IACS - Compliance testing / Test of controls - Control Activities

We confirmed our assessment of 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.]

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

[split according to the different schemes tested and the relevant key controls, as well as ancillary controls and key controls]

8.2.1.1 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)

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

[split according to the different schemes tested and the relevant key controls, as well as ancillary controls and key controls]

8.2.2.1 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/systemic issue. Describe the financial errors that were detected]

1)

2)

8.2.3 Control activities: Authorisation of payments – Ancillary controls

[split according to the different schemes tested and the relevant ancillary controls for the particular scheme]

8.2.3.1 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)

8.2.4 Internal environment: Delegation

8.2.4.1 Summary of delegated tasks

The Paying Agency has delegated tasks to other institutions (referred to as "delegated bodies") as per the table below [or in an Annex if necessary]:

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.

8.2.4.2 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)

8.2.5. Assessment

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

8.3 EAGF Non-IACS - Compliance testing / Test of controls - Control Activities

We confirmed our assessment of 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)
		Chapter X.X.X
		Chapter X.X.X

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

[split according to the different measures tested and the relevant key controls for the particular measure]

8.3.1.1 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)

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

[split according to the different measures tested and the relevant key controls for the particular measure]

8.3.2.1 Findings

[Provide an analysis per major/intermediate finding 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)

8.3.3 Control activities: Authorisation of payments – Ancillary Controls

[split according to the different measures tested and the relevant ancillary controls for the particular measure]

8.3.3.1 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)

8.3.4 Internal environment: Delegation

8.3.4.1 Summary of delegated tasks

The Paying Agency has delegated tasks to other institutions (referred to as "delegated bodies") as per the table below [or in an Annex if necessary]:

Name of the Institution	Type of tasks delegated	Date of the delegation agreement
National Forestry Agency (EU Coordination Unit)	EAGF 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.

8.3.4.2 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)

8.3.5. Assessment

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

9 SUBSTANTIVE TESTING

9.1 Test results in respect of the EAGF IACS population

9.1.1 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.]

9.1.2 Work done

We reviewed in total (xxx) and an additional xx transactions in respect of EAGF IACS, following the requirements of the standard as stated above. The list of all cases appears in the Annex 4: Incompliance Rate – EAGF IACS.

9.1.3 Assessment and Findings

[Provide an overview of the net deviations (cf. section 3.1.1.c. of Annex 5 of guideline 2) listed in the Annex 4, 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 Annex 4 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(s)	XXXX XXXX
Measure(s) tested:	XXXX XXXX		
Beneficiary reg. code:	XXXX		
Specific Legal basis:	XXXX		
<p>Description of the finding(s) per scheme/measure:</p> <p>XXXXXX</p> <p>Points of disagreement with the Paying Agency :</p> <p>XXXXXX</p>			
<p>Impact:</p> <p>XXX</p>			

9.2 Test results in respect of the EAGF Non-IACS population

(see the text above)

9.2.1 Overview

[The CB should detail how the sample was selected and whether all payments were tested, mentioning the number of OTSC re-verifications conducted for EAGF 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.]

9.2.2 Work done

Annex 5: Incompliance Rate – EAGF Non IACS contains a detailed list of all transactions checked and the detected errors, including their financial value.

9.2.3 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 5, 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 5 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			

10 Reconciliation – analytical procedures

10.1 BPS entitlements

10.1.1 Objective

We examined whether a proper system for the identification and registration of payment entitlements has been set up with regard to the Basic Payment Scheme (BPS) in accordance with Title III of Regulation (EU) No 1307/2013.

[If the system is managed centrally at national level, the CB of the central PA should cover this part in its report. In that particular situation, this section would not be applicable for the other PAs.]

10.1.2 Work to be done

[List the checks carried out for the review of the central calculation and the procedures, including:

that the Entitlement Register details are validated against historic reference period data and agreed with each producer as part of the set-up of the BPS database (if applicable);

that appropriate controls are being applied to the establishment of the Scheme;

the correct application of the National ceiling to the process of establishing individual entitlements under the scheme; and

the correct basis of allocation of the National reserve.

The calculation of the entitlements value including for example, coefficients, national averages, etc.

changes to the entitlements and final allocation of the entitlements is established in line with the legal provisions;

the transfer and lease of BPS entitlements;

changes to the allocation of the National reserve.

Most of the procedures above related to the first year of the entitlements allocation and calculation. In the years following the first allocation of entitlements, the CB is expected to review only procedures that affect subsequently the entitlements like: convergence, additional allocations from the National reserve, etc.]

We confirmed our assessment of the procedures by compliance testing on XXX (normally 10) cases.

10.1.3 Findings

[To conclude whether a proper system for the identification and registration of payment entitlements has been set up]

10.1.4 Conclusion

10.2 Review of IACS statistics – area-related aid schemes to be provided on 15 July "N"(claim year "N-1") as referred to Article 9(1) of Commission Implementing Regulation (EU) No 809/2014

10.2.1 Objective

To assess the reconciliation of the PA for the control statistics reported under area-related aid schemes managed by the IACS (aid schemes under EAGF covered by the IACS, i.e. support schemes under EAGF established under Annex I of Regulation (EU) No 1307/2013 of the European Parliament and of the Council as referred to in Article 67 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council), and provided to the Commission in the framework of Article 9(1) of Regulation (EU) No 809/2014.

10.2.2 Work to be done

[To confirm when (date and document number if applicable) the statistics¹⁷ were submitted to the Commission.]

BPS/SAPS and area-related aid schemes

[The PA should reconcile the information provided under Article 9(1) electronically via SFC 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 documentary evidence of this should be held 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" up-dated on an annual basis¹⁸.]

10.2.3 Findings

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

10.2.4 Conclusion

[To conclude whether the control statistics are correctly compiled and reconciled, in conformity with the prevailing guidelines, and that there is an adequate audit trail. This conclusion can be drawn based on the review of the procedures of the PA for establishing the control

¹⁷ 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.

¹⁸ See DG AGRI document and related annexes I to IV for the reporting due for the claim year in question.

statistics/questionnaires If the conclusion is adverse, please provide an analysis of the underlying reasons; stating e.g., that:

the information in the IT system/s is inaccurate,

field inspection reports are not recorded on a timely basis,

etc.]

10.3 Reconciliation of IACS statistics – animal aid schemes to be provided on 15 July "N"(claim year "N-1") as referred to Article 9(1) of Commission Implementing Regulation (EU) No 809/2014

10.3.1 Objective

To assess the reconciliation of the PA for the control statistics reported on animal aid schemes managed by the IACS, and provided to the Commission in the framework of Article 9(1) of Regulation (EU) No 809/2014.

10.3.2 Work to be done

[To confirm when (date) the statistics¹⁹ were submitted to the Commission services.

The PA should reconcile the information provided under Article 9(1) electronically via "SFC" to the underlying information in its information system/s. The CB is to check that such 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. 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", up-dated on an annual basis].

10.3.4 Findings

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

10.3.4 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

¹⁹ 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 for which the Certification Body has carried out the under this chapter mentioned verification work.

for establishing the control statistics/questionnaires. If an adverse conclusion is given please analyse and explain the underlying reasons, such as (e.g.):

the information in the IT system/s is inaccurate,

field inspection reports are not recorded on a timely basis,

etc.]

10.4 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 control statistics per scheme/measure]

10.4.1 Objective

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

10.4.2 Work to be done

[see part 13.2 of guideline 2]

10.4.3 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.]

10.4.4 Conclusion

10.5 Review of the Non-IACS statistics applicable for PA

[There are various control statistics to be submitted to the Commission under EAGF Non-IACS, including the follow-up related to the scrutiny of transactions. The CB should explain what control statistics are there for the particular PA and explain the work done on them.]

10.5.1 Objective

10.5.1.1 Follow-up on scrutiny of transactions

To verify whether the Paying Agency follows-up all potential irregularities identified in the course of the application of Chapter III of Title V (Scrutiny of transactions) of Regulation (EU) No 1306/2013 as communicated to the Commission services.

10.5.1.2 Statistics related to various market measures

To assess the reconciliation of the PA for the control statistics reported under EAGF Non-IACS and provided to the Commission in the framework of the sectorial Regulations.

The applicable control statistics per market measure are as follows:

[Enumerate the statistics applicable and the campaign year for which they were reviewed. The bullets below are examples and should be adapted to the particular case]

F&V Operational Programmes (budget line: 08020306) for campaign year 20XX;

Wine support programme (budget line: 08020307) for campaign year 20XX;

POSEI (budget line: 08020301) for campaign year 20XX;

XXXXX

10.5.2 Work to be done

10.5.2.1 Follow-up related scrutiny of transactions

To confirm when (date + document number) the annual report related to the recent scrutiny programme (Years n-1/n)) was submitted to the Commission services.

To review all the findings (potential irregularities) communicated by the Special Department to the Paying Agency in order to check whether all cases reported upon are appropriately taken care of by the Paying Agency.

Also to review and report the justifications provided in cases where the PA decided not to pursue recovery or has so far taken no action.]

Scrutiny programme years n-2/n-1

	As reported in the years n-2/n-1 annual report (1)		Current situation (2)		Confirmed by the responsible authority (3)		Recovery orders issued by the Paying Agency (4)		Actual recoveries made by the Paying Agency (5)		Cases su (undergoing examination) (6)	
(0) Budget items	Number of irregularities	Amount estimated	Number of irregularities	Amount estimated	Number of irregularities	Amount estimated	Number of irregularities	Amount estimated	Number of irregularities	Amount estimated	Number of irregularities	Amount estimated
Totals	0	0	0	0	0	0	0	0	0	0	0	0

(0) These columns should contain the budget line for the irregularity and the reference to the beneficiary

(1) These columns should contain the information provided in the respective annual report

(2) These columns should contain all irregularities detected up to date and corresponding to the years n-2/n-1 scrutiny period

(3) These columns should contain the information based on the decisions of the Paying Agency or any other commission/committee responsible for the review of irregularities detected

(4) These columns should contain the information based on the recovery orders issued by the Paying Agency

(5) These columns should contain the information on the actual amounts recovered by the Paying Agency

(6) These columns should contain the information on the cases which have been referred to the court and which are awaiting the court's decision

(7) These columns should contain information on the cases for which recoveries are not possible -e.g. due to bankruptcy of beneficiary

Scrutiny programme years n-1/n

	As reported in the years n-1/n annual report (1)	Current situation (2)	Confirmed by the responsible authority (3)	Recovery orders issued by the Paying Agency (4)	Actual recoveries made by the Paying Agency (5)	Cases undergoing examination) (6)
(0) Budget items	Number of irregularities Amount estimated	Number of irregularities Amount estimated	Number of irregularities Amount estimated	Number of irregularities Amount estimated	Number of irregularities Amount estimated	Number of irregularities Amount estimated

10.5.2.2 Statistics related to various market measures

[To confirm when (date) the statistics²⁰ were submitted to the Commission services.

The CB should assess the PA's compilation and transmission of statistics against the reporting requirements set out in the EU provisions].

10.5.3 Findings

[Report on the findings of recoveries that have not been properly handled by the PA. The CB should report on the findings with reference to the particular element of the control statistics.]

10.5.4 Conclusion

[To conclude whether the PA correctly followed up the irregularities detected during the scrutiny of transactions.

To conclude whether the control statistics per market measure 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 please analyse and explain the underlying reasons, such as (e.g.):

the information in the IT system/s is inaccurate,
field inspection reports are not recorded on a timely basis,
etc.]

10.6 Action Plans / DG AGRI's recommendations

10.6.1 Follow up of recommendations to PA

10.6.1.1 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.]

10.6.1.2 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:

²⁰ 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 for which the Certification Body has carried out the verification work mentioned under this chapter.

... [tests performed / checks made]

...

10.6.1.3 Findings and Assessment

In our opinion, the action plan ... [addresses / does not address] the weaknesses. [Describe outstanding issues] Clear milestones 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.]

10.6.2 Follow up of recommendations to CB

10.6.2.1 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)].

10.6.2.2 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)

10.6.2.3 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).

11 Overall Incompliance rate evaluation

11.1 EAGF 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>EAGF IACS</u>	<u>EAGF other statum (if applicable)</u>
Amount of expenditure determined following random on-the-spot checks	0	0
Materiality (TM)		
Estimated error		
Sampling interval <i>[if applicable]</i>		
Standard deviation <i>[if applicable]</i>		
Confidence level		
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 EAGF IACS	0	0
PIR at expenditure level	#DIV/0!	#DIV/0!
UPI at expenditure level	#DIV/0!	#DIV/0!
Known errors: according to Annex XX		
Known errors: from compliance testing		
Known errors: from other sources		
Total Projected Incompliance rate at Expenditure level	#DIV/0!	#DIV/0!
Materiality at expenditure level =2% x (b)	0	0

[As mentioned in GL2, the purpose is to estimate the potential financial impact of flaws in the primary eligibility controls in the PA (administrative and on-the-spot, before any penalty is applied). Therefore, amounts of sanctions/penalties should not be reported.]

[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 11.3.1. 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 4): Incompliance Rate – EAGF 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 EAGF IACS population.

11.2 EAGF 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 % [Include the actual PIR and UPI in % compared to the 2% materiality threshold]
Confirmation of the control data/statistics and the Management declaration	[please add your assessment and adapt the text below if there is a breach of materiality] 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.

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]

11.3 EAGF Non-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	EAGF Non-IACS	[if applicable] EAGF strata
Amount of gross expenditure	0	0
Materiality (TM)	0	0
Estimated error		
Sampling interval [if applicable]		
Standard deviation [if applicable]		
Confidence level		
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
Known errors: according to Annex XX	0	0
Known errors: from compliance testing	0	0
Known errors: from other sources	0	0
Total Projected Incompliance rate	0	0
Materiality	0	0

[In case the CB detected a systemic error, 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 11.3.1. 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 5): Incompliance Rate – EAGF 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 EAGF Non-IACS population.

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

[to be used only if applicable]

As regards small population of operational expenditure (e.g. EAGF non-IACS) or public intervention storage 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 errors detected including their financial value is attached (see Annex 5.1): Incompliance Rate – EAGF 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 EAGF Non-IACS population.

11.4 EAGF 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 % [Include the actual PIR and UPI in % compared to the 2% materiality threshold]
Confirmation of the control data/statistics and the Management declaration	[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.] [please add your assessment and adapt the text below if there is a breach of materiality] 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

Our evaluation is reflected in the Opinion.

[Note: in case there are no control statistics for certain market measures, the CB should review the internal control reporting on the basis of which the MD was prepared. 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 justifications for which schemes the control statistics cannot be confirmed.]

11.5 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 scheme... [for example BPS/SAPS] we have tested ... files of the random OTSC sample of the PA and

calculated the respective error rate (Annex 4 a). We have not found error/we have found one or more errors (amounting to.....).

Our evaluation is reflected in the Opinion.

12 Overall conclusions

12.1 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 matrix ²¹ (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 |
|------------------|--|

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

Agency. (See lists of Key and Ancillary controls as made available on CIRCABC.22).

- 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.

12.2 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 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/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 legality and regularity issues:

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

12.3 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.

²² [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

13 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]

13.1 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
[short description with reference to the report when the finding was made]	[implemented /partly/not implemented]	[summary of the reply]	[if the reply /actions taken are appropriate]

Intermediate recommendations

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

13.2 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
[short description with reference to the report when the finding was made]	[implemented /partly/not implemented]	[summary of the reply]	[if the reply /actions taken are appropriate]

Intermediate recommendations

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

13.3 Financial errors

Major recommendations

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

Intermediate recommendations

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

13.4 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.]

13.5 Recommendations