EUROPEAN COMMISSION

Guidance Note on the Compliance Assessment exercise

(under Article 71 of Regulation (EC) No 1083/2006)

1. PREAMBLE

The purpose of this note is to give practical guidance to the Member States (mainly their audit authorities and/or independent audit bodies) on their responsibilities with regard to the compliance assessment and the preparation of the report and opinion required under Article 71 of Regulation (EC) No 1083/2006. The guidance note is accompanied by a model report and a checklist, which is recommended to be used as a tool by the audit authority or body drawing up the report (hereinafter "the compliance assessment body") in order to carry out the assessment. The model for the opinion on the compliance of the systems is provided for under Annex XIII of Regulation (EC) No 1828/2006. The guidance is also applicable for European Territorial Cooperation (ETC) programmes. However, some specificities related to these programmes have also been included. It should be mentioned that the compliance assessments for ETC programmes should be submitted separately from those covering programmes for the other two Objectives.

All correspondence related to the Compliance Assessment exercise between the Member State and the Commission will be carried out via SFC 2007.

2. LEGAL BASIS

Article 71 of Regulation (EC) No 1083/2006 states:

1. Before the submission of the first interim application for payment or at the latest within twelve months of the approval of each operational programme, the Member States shall submit to the Commission a description of the systems, covering in particular the organisation and procedures of: (a) the managing and certifying authorities and intermediate bodies; (b) the audit authority and any other bodies carrying out audits under its responsibility.

2. The description referred to in paragraph 1 shall be accompanied by a report setting out the results of an assessment of the systems set up and giving an opinion on their compliance with Articles 58 to 62. […]

3. The report and the opinion referred to in paragraph 2 shall be drawn up by the audit authority or by a public or private body functionally independent of the managing and certifying authorities, which shall carry out its work taking account of internationally accepted audit standards.

Article 25 of Regulation (EC) No 1828/2006 states:

The report referred to in Article 71(2) of Regulation (EC) No 1083/2006 shall be based on an examination of the systems description, of relevant documents concerning the systems and of the system for keeping accounting records and data on implementation of operations, and on interviews with the staff in the main bodies considered important by the audit authority or other body responsible for the report in order to complete, clarify or verify the information.

The opinion referred to in Article 71(2) of Regulation (EC) No 1083/2006 shall be drawn up in accordance with the model set out in Annex XIII to this Regulation.

Where the management and control systems concerned are essentially the same as those in place for assistance approved pursuant to Regulation (EC) No 1260/1999, account may be taken of the results of audits carried out by national and Community auditors in relation to those systems for the purpose of establishing the report and opinion pursuant to Article 71(2) of Regulation (EC) No 1083/2006.

3. TIME LIMITS

The description of the systems and the accompanying report and opinion on compliance should be submitted to the Commission after the adoption of the operational programme and, according to Article 71 (1) of Regulation (EC) No 1083/2006, before the first interim application for payment or at the latest within twelve months of the approval of each operational programme.

In the case of a common system (see section 4), the twelve months will only start as from the date of approval of the last operational programme to be covered by the common description. However, when substantial delays are expected in the approval of one of the operational programmes, the Member State could consider submitting a separate description of the systems, report and opinion on the compliance for the delayed operational programme in order to avoid blocking interim payments for the other operational programmes.

The compliance assessment body should allow for an adequate period in order to complete the whole process of compliance assessment which includes the following phases:

1. The receipt of the management and control system descriptions and the gathering of other relevant documents. The compliance assessment body will be in a position to start its work from the date when a definitive description of the management and control systems has been submitted to it and confirmed (see section 4).

In case of ETC programmes, sufficient time should be foreseen for the translation of documents into one agreed working language.

2. The analysis of data gathered and examination of the documents and the performance of the audit work required (see further section 6).

3. The preparation of the report and opinion and the contradictory procedure including validation of the findings and conclusions.

4. The sending of the final version of systems description, report and opinion to the Commission via SFC 2007 by the Member State. It is noted that only the final version of the description accompanied by the report and opinion can be sent officially to the Commission via SFC 2007.

The Commission will have two months from the date of receipt of the report to provide any observations. The Commission will initially verify the admissibility of the documents and then will proceed to their analysis. The admissibility check will include verifying that the three requested documents are complete and have been transmitted in their final form.

The two month period may be interrupted by the Commission where additional information is requested. It will continue upon reception of the additional information requested from the Member State. Where the Commission informs the Member State, within the two month period, that the report and opinion are deemed unacceptable a new two month period will start upon reception from the Member State of the revised description, report and opinion. Where the opinion on compliance is without reservations, after the two months and in the absence of any observations from the Commission, the report will be deemed to be accepted. In practice the Commission will respond formally in each case within the time period.

Where the opinion contains reservations, the Commission will expect to receive an action plan, i.e. the corrective measures and the timetable for their implementation. It is in the Member States interest to provide this information as soon as possible, since the first interim payment for the operational programme (or the priority axis) concerned will not be made until the reservations concerning key elements have been withdrawn as stated in Article 71(2)(b).

Article 71(2)(b) of Regulation (EC) No 1083/2006 mentions that the Member State will subsequently provide confirmation that the corrective measures have been implemented and reservations have been withdrawn. The Commission expects that it will be the compliance assessment body which will provide this confirmation. The Commission will then have two months to make any observations after the date of confirmation from the Member State that corrective measures have been implemented concerning key elements of the systems and any reservations have been withdrawn. Again, in the absence of any observations from the Commission within these two months, the report will be deemed to be accepted.

4. THE DESCRIPTION OF MANAGEMENT AND CONTROL SYSTEMS

The description of the management and control systems should follow the model under Annex XII of Regulation (EC) No 1828/2006 and should contain information on the general principles of the management and control systems as referred to in Article 58 to 62 of Regulation (EC) No 1083/2006, as well as the information set out in Articles 21 to 24 of Regulation (EC) No 1828/2006.

Depending on the set up of the management and control systems, different authorities or bodies may be responsible for the preparation of different parts of the description. It is suggested that the checklist be given to the managing and certifying authorities as a guide in the preparation of their systems descriptions. The managing authority should take the responsibility for the description of the intermediate bodies under its supervision, and, for ETC programmes, of the Joint Technical Secretariat (JTS) (under Article 14(1) of Regulation (EC) No 1080/2006) and of the controller or controllers (under Article 16(1) of Regulation (EC) N° 1080/2006) . The certifying authority should take the responsibility for the intermediate bodies under its supervision and the audit authority for the other audit bodies, and for the group of auditors under Article 14(2) of Regulation No 1080/2006). The submission of a definitive description to the compliance assessment body is the key date for the initiation of the compliance assessment exercise. The Commission recommends that the Member States appoint a specific body, generally the managing authority, which will take the responsibility to submit formally the **definitive complete description**, including all authorities/bodies and all aspects of the systems. The compliance assessment body will then confirm the completeness of the description and this will be the starting point of its work.

Where a common system applies for more than one operational programme, a single description can be submitted, which will be accompanied by a single report and opinion on compliance, as set out in Article 71(4) of Regulation (EC) 1083/2006.

A common system can be considered to exist where the same management and control system supports the activities of several operational programmes. The criterion to take into account is the presence of the same key control elements.

In the system description the responsibilities assumed by the common authorities, the common key elements, the separation of functions, the aspects of the systems that apply horizontally and the ones which are separate for each operational programme should be clearly defined.

The relevant parts of the description should be repeated for each body/authority concerned, in order to cover their respective functions. Thus, part 2 of the systems description under Annex XII of Regulation (EC) No 1828/2006 should be multiplied for each managing authority, part 3 for each intermediate body, part 4 for each certifying authority and part 5 for each audit authority and audit body. Where the same responsibilities are exercised by different bodies, cross references can be used to avoid duplication of the same information.

5. PLANNING OF WORK

The compliance assessment body should make a first review to identify and prioritise the work to be performed, taking into account the existence of common systems for different programmes, the time and resources available for carrying out the assessment and eventual risks identified for certain programmes, authorities, or other bodies, which should include the following elements (see Article 25 of Regulation (EC) No 1828/2006):

1. The examination of the systems description, which means that this description should be in final form when the assessment starts. As the procedure of setting up the systems and preparing the description may be complex and lengthy, the compliance assessment work may start in practice before the finalisation of the description. Nevertheless, an official starting point should exist. In case of ETC programmes, any necessary translation should be planned in advance.
2. The examination of relevant documents concerning the systems. These documents can include laws, circulars, ministerial decrees, acts establishing intermediate bodies' responsibilities etc. In case of ETC programmes, this list may also include necessary formal agreements between participating Member States and/ or regions designed to ensure the sound financial management of the programme. Therefore, the implementing and regulatory framework of the operational programmes should already be in place when the assessment takes place.
3. Use of results of audits of systems carried out under Regulation (EC) No 1260/1999, for the programming period 2000-2006 where the management and control systems concerned are essentially the same. The compliance assessment body should indicate in the report the extent to which they have taken account of this audit work, describing which body performed the audit work (including EU audits), when the audits were carried out (more reliance should be put on recent audits), the methodology applied for the audits, the scope of the work carried out, etc.
4. The examination of the systems for keeping accounting records and data on implementation of operations, which means that these systems should be in place as well.
5. Interviews with the staff in the main bodies considered important. Where the operational programme is multi-regional or where the description concerns more than one operational programme, the interviews should be extended where necessary to include all relevant bodies. The compliance assessment body should indicate in the report the extent to which they performed interviews and specify the criteria for the selection of the interviewees.

6. A contradictory procedure before the validation of the report and opinion. Adequate time should be allocated to this procedure to allow the authorities assessed to respond to observations and provide additional information.

The compliance assessment body will generally cover all authorities and bodies involved in the management and control system. However, in the planning phase it should be taken into account that this may not be feasible in exceptional cases, as the administrative set up of some Member States may lead to complex structures, where numerous intermediate bodies are involved. In these cases, the compliance assessment body may examine the possibility of assessing the intermediate bodies on a sample basis, selected through a risk analysis. This method is applicable only in cases where the intermediate bodies operate under the same administrative framework and will carry out similar functions under the operational programme(s). In such cases, special focus should be put on the supervisory responsibilities of the managing and/or certifying authorities, as well as measures to provide adequate guidance for the intermediate bodies.

The compliance assessment body should describe in the report the extent and scope of the work performed and the methodology applied in order to reach its conclusions for the totality of the intermediate bodies.

6. WORK TO BE PERFORMED BY THE COMPLIANCE ASSESSMENT BODY DRAWING UP THE REPORT AND OPINION ON COMPLIANCE

The compliance assessment body should plan and execute the work necessary in order to be in a position to provide an opinion on the compliance of the systems with Articles 58 to 62 of Regulation (EC) No 1083/2006 and Articles 12 to 26 of Regulation (EC) No 1828/2006.

The work must be carried out taking account of internationally accepted audit standards (for example INTOSAI, IFAC and IIA).

It should be noted that this exercise refers to the **adequacy of the design** of the management and control systems, which means that the Commission expects an opinion on the **set up** of the systems and not on their **practical effectiveness** at this stage**.** It is therefore not expected from the compliance assessment body to perform tests on the functioning of the systems even if implementation has started. The compliance assessment body shall base its report and opinion on the work referred to in Article 25 of Regulation (EC) No 1828/2006, as described in section 5 of this guidance note. The Commission, based on the provisions of the relevant articles of Regulations (EC) No 1083/2006 and 1828/2006, as well as on Annex XII of the latter, has developed a checklist (annexed to this note), which is recommended to be used as a tool by the compliance assessment body in order to carry out the assessment. The checklist follows the structure of the model description and covers all authorities and bodies as well as the general principles of the management and control systems as set out in Article 58 of Regulation (EC) No 1083/2006. It represents the recommended level of analysis of the description. The compliance assessment bodies are invited to expand and enrich the checklist according to their specific needs.

A verification of the consistency between the description and the explanations obtained in the course of the work carried out should be made and any inconsistencies should be clarified.

The compliance assessment body should maintain a full audit trail of the work performed and should keep records including information on planning, documents obtained, working papers, checklists used, initial contradictory procedures, etc.

On the basis of the detailed queries included in the checklist, the compliance assessment body should reach overall conclusions for each authority (managing authority, certifying authority, intermediate bodies and audit authority/audit body, and for ETC programmes, the JTS, the controllers and the group of auditors). These conclusions should be then transferred to the relevant part of the report in order to establish an overall conclusion. This overall conclusion will serve as the basis on which the compliance assessment body will sign its opinion on compliance.

6.1 COMPLIANCE ASSESSMENT PERFORMED BY THE AUDIT AUTHORITY

Where the compliance assessment body is the audit authority, Annex XIII of Regulation (EC) No 1828/2006 requires that a "Declaration of Competence and Operational Independence" should be separately provided, issued and signed by the highest ranking official of the audit authority. In this case, all relevant parts of the checklist must still be completed.

Where the compliance assessment body wishes to make other specific arrangements in order to perform an assessment of the compliance with Article 62 of Regulation (EC) No 1083/2006, the Commission recommends the following options:

- The assessment of the set up of the audit authority may be done by different departments within the same organisation. For example, where the audit authority is a directorate of a ministry, it may request the internal audit unit of the same ministry to make the assessment of the audit authority.
- The assessment of the audit authority may be done by an audit body in a separate public body, for example a different ministry or regional administration, or by external private auditors.

6.2 OUTSOURCING OF THE COMPLIANCE ASSESSMENT

Where the Member State outsources the entire compliance assessment exercise to the private sector, so that the report and opinion are provided by this designated private body, the principle of independence of the compliance assessment body should be ensured. The procedure of awarding the contract must be carried out in a way that guarantees this principle. For this reason, the Commission recommends that the awarding authority is the audit authority or any other national or regional public body independent of the procedures for setting up the management and control systems.

In cases where a qualified or adverse opinion was issued, and therefore an action plan is required, the follow up of the corrective measures and the subsequent confirmation that these measures have been implemented and reservations are withdrawn can be done either by the outsourced private firm (i.e. to form part of the contract) or by the audit authority, within the compliance assessment procedure.

Clear reporting lines towards the awarding authority should be set out in the terms of reference. Furthermore, it is essential that the methodology applied, the work performed and the services delivered by the outsourced private firm are adequately supervised.

Where the Member States opt for outsourcing, a realistic and detailed planning of the procedure is of crucial importance. Sufficient time should be allocated to the preparation of the call for tenders, the period of submission of offers, the evaluation of offers and the selection of the contractor taking into account the possibility of objections, as the work of the selected compliance assessment body will be subject to the time limits and planning requirements described in sections 3 and 5.

7. COMPLIANCE ASSESSMENT WHEN ARTICLE 74 OF REGULATION (EC) NO 1083/2006 APPLIES

According to Article 74(2) of Regulation (EC) No 1083/2006, a compliance assessment report and opinion is necessary also for the operational programmes which fall under the provisions of this article and for which the Member State exercises the option to apply the proportional control arrangements. According to Article 74 (2), the functions of the managing authority in relation to verifications of co-financed products and services and declared expenditure, the functions of the certifying authority and the functions of the audit authority can be established according to national rules. Furthermore, certifying and audit authorities need not be designated under Article 59(1)(b) and (c).

Article 26 of Regulation (EC) No 1828/2006 provides more detailed information on the procedures to be applied when proportional control arrangements are chosen. Thus, arrangements for carrying out the verifications of Article 13(2) of Regulation (EC) No 1828/2006 still need to be in place. Also, even though the audits can be carried out in accordance with national rules, the documents under Article 18(2) to (5) of Regulation (EC) No 1828/2006 still need to be submitted by the national body (mutatis mutandis). Finally, even though the certification function may be established under national rules, the statement of expenditure still needs to be submitted according to Annexes X and XIV of Regulation (EC) No 1828/2006.

Where Article 74(2) applies, the compliance assessment body should assess to which extent the national procedures and rules provide the national bodies referred to in Article 74(2) of Regulation (EC) No 1083/2006 with the requisite authority to produce the documents required by Articles 18 and 20 of Regulation (EC) No 1828/2006.

The recommended checklist for the compliance assessment may not be applicable in all its points. The compliance assessment bodies are invited to adapt the checklist or to develop their own tools in order to carry out the assessment and verify the description against the national rules. In all cases, the methodology applied and the work performed should be clearly described in the report.

8. THE REPORT ON THE ASSESSMENT OF THE SYSTEMS AND THE OPINION ON COMPLIANCE WITH ARTICLES 58 TO 62 OF REGULATION (EC) NO 1083/2006

The report on the assessment of the systems should accompany the systems description and should be drawn up by the compliance assessment body. Regulations (EC) No 1083/2006 and No 1828/2006 do not provide a model report. The Commission has developed a model report in order to establish a common approach, which it recommends for use by the compliance assessment body. This model is annexed to this note and contains briefly:

I. An introduction;

II. The methodology applied by the audit authority or body drawing up the report and the scope of the work performed;

III. The result of the assessment for each authority/body/system;

IV. An overall conclusion, where reference is made to possible reservations and the axis/axes concerned.

Where recourse is made to Article 71(4) of Regulation (EC) No 1083/2006, the compliance assessment body should confirm in the report that it accepts that there is a common system applying to multiple operational programmes.

The compliance assessment body should base the results stated in the report on the relevant conclusions of each part of the checklist for the assessment. The overall conclusion mentioned above will serve as the basis for the opinion.

The compliance assessment body should seek to obtain the resolution of outstanding issues with the authorities concerned prior to finalisation of the report so that it can provide an unqualified opinion. The compliance assessment body should exercise the appropriate professional judgement in order to assess the results and the seriousness of shortcomings identified and provide the appropriate opinion. The following guidance may be taken into account:

- An absolute non compliance with regard to one or more key elements of the systems, as set out in Regulations (EC) No 1083/2006 and No 1828/2006, should lead to a qualified opinion or an adverse opinion. A qualified or adverse opinion will signify reservations on key elements. Key elements include :

  1. Definition of the functions of the bodies concerned in the management and control and allocation of functions within each body (Article 58(a) of Regulation (EC) No 1083/2006);
  2. Compliance with the principle of separation of functions between and within such bodies (Article 58(b) of Regulation (EC) No 1083/2006);
  3. A system for reporting and monitoring where the responsible body entrusts the execution of tasks to another body (Article 58(e) of Regulation (EC) No 1083/2006);
  4. Procedures for grant applications, appraisal of applications, selection for funding and instructions, guidance and measures foreseen to ensure that applicable public procurement rules and procedures are complied with (Article 60(a) of Regulation (EC) No 1083/2006 and Article 13 of Regulation (EC) No 1828/2006);
  5. Procedures for ensuring the correctness and regularity of expenditure declared under the operational programme (Article 58(c) of Regulation (EC) No 1083/2006);
  6. Verifications of the delivery of products and services and eligibility of expenditure (Article 60(b) of Regulation (EC) No 1083/2006 and Article 13 (2) of Regulation (EC) No 1828/2006), and in the case of ETC programmes, the adequacy of the set up of the system required under Article 16(1) of Regulation (EC) No 1080/2006 and its coordination with other functions in the system;
  7. Reliable accounting, monitoring and financial reporting systems in computerised form (Article 58(d), 60(c), (d) and Article 61(e) of Regulation (EC) No 1083/2006);
  8. Systems and procedures to ensure an adequate audit trail (Articles 58(g) and 60(f) of Regulation (EC) No 1083/2006 and Article 15 of Regulation (EC) No 1828/2006);
  9. Appropriate accounting of amounts recoverable (Article 61(f) of Regulation (EC) No 1083/2006 and Article 13 of Regulation (EC) No 1828/2006);
  10. The certification of expenditure under Article 60(g) and 61(a) to (d) of Regulation (EC) No 1083/2006;

11. Arrangements for auditing the functioning of the systems (Article 58(f) of Regulation (EC) No 1083/2006), including carrying out systems audits and audits on operations under Article 62(1)(a) to (b) of Regulation (EC) No 1083/2006. The failure to submit an audit strategy within the period fixed should be taken into account.

12. Reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid (Article 58(h) of Regulation (EC) No 1083/2006 and Articles 27 to 36 of Regulation (EC) No 1828/2006);

13. Eligibility rules laid down at national level according to Article 56(4) of Regulation (EC) No 1083/2006 and the Regulations for each Fund. The national eligibility rules should be defined in the management and control systems description and the compliance assessment body should verify whether they are in conformity with EU rules, as set out in Regulations (EC) No 1080/2006, No 1081/2006, No 1083/2006 and No 1084/2006.

- In case of partial compliance, the seriousness and extent of the shortcomings with regard to these key elements of the systems should be assessed by the compliance assessment body, which will decide whether a qualified opinion or an adverse opinion has to be formulated. The compliance assessment body may decide to issue an unqualified opinion with recommendations, assessing the shortcomings as not serious enough to justify qualifying the opinion. This should be explained in the report.
- Shortcomings with regard to ancillary elements of the systems may be identified. Such ancillary elements may be for example non finalised manuals, lack of standard checklists or model documents, non finalised guidance notes, unsatisfactory procedures to ensure proper dissemination of information on EU rules, etc. In this case as well, the compliance assessment body should exercise the appropriate professional judgement in order to decide whether the seriousness of these findings should lead to a qualified opinion or simply making recommendations in the report. This should be explained in the report as well. The follow up of shortcomings in ancillary elements may be done by the audit authority during the annual reporting cycle.

An adverse opinion should be issued where the compliance assessment body considers that the number and seriousness of shortcomings with regard to the key elements of the management and control systems and ancillary elements result in wide-ranging non compliance with the requirements of Articles 58 to 62 of Regulation (EC) No 1083/2006.

Annexes:

I. Model Report on the compliance assessment

II. Checklist for the compliance assessment

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ANNEX I

MODEL REPORT
PURSUANT TO ARTICLE 71 (2) OF REGULATION (EC) NO 1083/2006

Content of the report

I. Introduction

a) Identify the objective of the report i.e. to set out the results of the assessment of the systems carried out under Article 71 (2) of Regulation (EC) No 1083/2006 ("the Council Regulation") and Article 25 of the Commission Regulation (EC) 1828/2006 ("the Commission Regulation"), in order to express an opinion whether the management and control systems established for the programme(s) comply with the requirements of Articles 58 to 62 of Council Regulation and Section 3 of Commission Regulation;

b) Identify the scope of the report i.e. the management and control systems covered by the report with reference to Funds, programmes and authorities and confirm acceptability if a common system description is presented, applying to multiple operational programmes (Article 71 (4) of the Council Regulation);

c) Indicate the body that has prepared the report ("Compliance Assessment body") and specify if it is the audit authority for the operational programme(s) (Article 71(3) of the Council Regulation);

d) Indicate how the functional independence of the Compliance Assessment Body from the managing and certifying authorities is ensured (Article 71 (3) of the Council Regulation). In case of ETC programmes, indicate in addition how the functional independence of the Compliance Assessment Body from the JTS and controllers is ensured.

II. Methodology and scope of the work

a) Indicate the period and timeframe for examination; (date when the formal description was received by the Compliance Assessment body, date when the examination started and ended and resources allocated);

b) Indicate if checklists were used for the assessment and if so whether they followed the model in the guidance note;

c) Describe the work done for the examination of the system description (Article 71 (1) of the Council Regulation);

d) Describe the work done for the interviews with the staff in the main bodies; describe method and criteria for selection, what subjects have been covered, how many interviews have taken place and who has been interviewed;

e) Describe the work done for the examination of other relevant documents concerning the system; indicate any review of laws, ministerial acts, circulars, internal procedure/other manuals, guidelines, checklists, etc…

f) Describe the work done for the examination of the computerised systems for keeping accounting records, monitoring and financial reporting;

g) Specify the extent of the use of previous audit work (2000-2006 programming period) where applicable;

h) Indicate the use of previous audit work under Article 9 of Regulation (EC) No1267/1999, (ISPA) and, particularly, under Article 12 of Regulation (EC) No1266/1999 (pre-accession, ISPA and EDIS);

i) Specify a) the extent of the use of audit work carried out by other bodies and b) the quality control performed on the audit work with respect to adequacy of work.

j) Indicate if any contradictory procedures have taken place prior to issuing this report and indicate relevant authorities/bodies;

k) If the audit authority is the body which has drawn up the report, indicate if there is a "Declaration of Competence and Operational Independence". If not indicate the method used to assess the audit authority;

l) Confirm that the work has been carried out taking account of internationally accepted audit standards (Article 71(3) of Regulation (EC) No1083/2006).

m) Identify if there were any limitations on scope[1].

n) Indicate if all intermediate bodies have been assessed or whether the assessment was limited to a sample of intermediate bodies, which were selected on the basis of a risk analysis (see guidance note section 5).

III. Results of assessment for each authority/body /system

a) For each authority/body/system complete the table:

CCI Number	Authority /Body (Name and Type (MA, CA, AA, IB))	Completeness and accuracy of description (Y/N)	Conclusion (Unqualified, Qualified, Adverse)	Shortcomings	Priority axes affected	Key/ ancillary elements	Recommendations/ Corrective measures

b) Provide results of the assessment of other general principles where not fully covered under (a), including but not limited to:

1. Compliance with the principles of separation of functions between and within the bodies concerned in management and control (Article 58 (b) of Regulation (EC) No 1083/2006);
2. Procedures for ensuring the correctness and regularity of expenditure declared under the operational programme (Article 58 (c) of Regulation);

[1] *Limitation on scope*—A limitation on the scope of the auditor's work may sometimes be imposed by the entity (for example, when the terms of the engagement specify that the auditor will not carry out an audit procedure that the auditor believes is necessary). A scope limitation may be imposed by circumstances. It may also arise when, in the opinion of the auditor, the entity's accounting records are inadequate or when the auditor is unable to carry out an audit procedure believed desirable. **[IFAC Handbook]**

3. Reliable accounting, monitoring and financial reporting systems in computerised form (Article 58 (d) of Regulation);
4. System and procedures to ensure an adequate audit trail (Article 58 (g) of Regulation and Article 15 of Regulation (EC) No 1828/2006);
5. Reporting and monitoring procedures for irregularities and for recovery of amounts unduly paid (Article 58 (h) of Regulation).

IV. Overall conclusion

a) Provide an overall conclusion with respect to compliance of the systems with the provisions of Articles 58 to 62 of Regulation (EC) No 1083/2006;

b) Indicate the priority axis or axes concerned by any reservations (Article 71 (2) of Regulation (EC) No 1083/2006);

c) Indicate which corrective measures are requested and timetable for their implementation;

d) Indicate action to be taken by the audit authority or the compliance assessment body with regard to the follow-up of the implementation of the corrective measures.

	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks

[dd/mm/yy]

MEMBER STATES' MANAGEMENT AND CONTROL SYSTEMS FOR STRUCTURAL FUNDS

SCOPE : [PROGRAMME NAME][1]

CHECKLIST FOR THE COMPLIANCE ASSESSMENT (ARTICLE 71 OF THE COUNCIL REGULATION (EC) NO 1083/2006).

[1] One checklist per system (may cover system common to several programmes

Prepared by		Reviewed by	

	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	Part 1. GENERAL (art. 71 of the Reg. 1083/2006 and annex XII of the Reg. 1828/2006) **Review the management and control description for the following elements:**				
1.1	**Are the name of the Member State(s), title of the programme and CCI No, and the main contact person (including e-mail and fax) indicated?**				
1.2	**Does the document indicate the date to which the description of the situation relates?**				
1.3	**Are the general information and flow chart showing the organisational relationship between MA, IB, CA and AA and the reporting relationship to the Commission provided?** **For European Territorial Cooperation (ETC) programmes, does this information cover also the Joint Technical Secretariat (JTS), the controllers responsible for verifying the legality and regularity of the expenditure, and the group of auditors?**				***For ETC programmes, JTS is referred to in Art. 14-1 of Reg. 1080/2006, the controllers under Art. 16-1, and the group of auditors under 14-2 of the same Regulation.***
1.3.1	*Are the name, address and contact points of the Managing Authority/Authorities indicated?* *For ETC programmes, are the name, address and contact points of the JTS indicated?* *For ETC programmes, are the names, addresses and contact points*				

Prepared by		Reviewed by	

	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	of the controllers (Art. 16-1 of Reg. 1080/2006) in each Member State indicated?				
1.3.2	*Are the names, addresses and contact points of **all** Intermediate Bodies indicated?*				***Verify to input this data in SFC 2007 only due to huge number of IBs in some cases***
1.3.3	*Are the name, address and contact points of the Certifying Authority/Authorities indicated?*				
1.3.4	*Are the name, address and contact points of the all Audit Authorities and other audit bodies indicated?* *For ETC programmes, are the are the names, addresses and contact points of the members of the group of auditors indicated?*				
1.3.5	*How is the principle of separation of functions between and within these bodies ensured?*				
1.4	**Is there adequate guidance provided?**				
1.4.1	*Is it indicated how and by whom adequate guidance will be provided to MA, CA and IBs to ensure sound management of SF (Annex XII of Regulation (EC) No 1828/2006)?* *For ETC programmes, does it cover the JTS, the controllers verifying the legality and regularity of the expenditure?*				
1.4.2	*Does description identify:* *a) Whether a body in one of the participating Member states has overall co-ordination responsibility for management and control*				

Prepared by		Reviewed by	

	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	issues?				
	b) Whether guidance or instruction on financial management and applicable Community and national rules have been issued for MA/IBs by the body identified in point 1.4.1 or by another body/bodies?				
	c) Whether the MS has made provision for answering questions from MA? (For ETC programmes, have all the Member States made such arrangements?)				
	d) For ETC programmes, are provisions in place in the participating Member States to ensure compliance with the provisions of Art. 21-4 of Reg. 1080/2006 in case the programme makes uses of the possibility of Art. 21.3 (expenditure outside the European Community)?				
PART 1 - OVERALL CONCLUSION:					
	Part 2: The Managing Authority (Art. 60 of Reg. 1083/2006 and Art 13 of Reg. 1828/2006)				
2.1	**Managing Authority and its main functions**				
2.1.1	*Is it described how the MA has been given authority to carry out its function and whether the MA has been formally designated. If yes, is the date and form of designation indicated?*				
2.1.2	*Are the functions/tasks carried out directly by the MA specified?*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	Are all functions of the regulation covered? *Can it be concluded that the MA can fulfil all its responsibilities?*				
2.1.3	*Has the MA formally delegated any of its functions?*				
	a) Are the delegated functions and Intermediate bodies indicated? Is it clear what functions have been delegated (accountability)?				
	b) Is the form of the delegation indicated?				
2.1.4	*Is there a sufficient system of reporting and monitoring between the MA and the body to which tasks are entrusted?*				
2.1.5	*In the case of ETC programmes, is it indicated how the controllers designated under the provisions of Art. 16-1 of Reg. 1080/2006 will report to the MA, for it to fulfil its obligations in accordance with Art. 15-1 of the same Reg. in connection with Art. 60 of Reg. 1083/2006?*				
2.1.6	*In the case of ETC programmes, has a standard implementing agreement between MA and lead beneficiary been drafted (Refer to Art. 15-2 of Reg. 1080/2006)?*				
2.2	**Organization of the Managing Authority** **For ETC programmes, the questions of this section may apply for the JTS. Please specify in the column for remarks whether the answer is given for the MA or for the JTS, and comment on the adequacy of the coordination and supervision procedures**				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	between these bodies where necessary.				
2.2.1	*a) Is an organisation chart supplied describing the allocation of tasks between or within the units and the indicative number of posts allocated? Do any problems derive from the analysis of the organisation chart?*				
	b) Are staff within the MA allocated to posts with clearly defined responsibilities?				
2.2.2	*a) Has manual(s) of procedures been prepared for use by staff of the MA and is there a formal procedure which controls the change, introduction or abandonment of procedures? Are these procedures considered adequate?*				
	b) Is the date and reference to the manual indicated?				
	c) Is the manual also used by Intermediate Bodies? Has it been indicated how this will be communicated to them and followed up?				
2.2.3	*a) Are the procedures for selecting and approving operations and for ensuring their compliance for their whole implementation period with applicable Community and national rules described? (Art 60 (a) of Reg. 1083/2006 and Art. 13 (1) of Reg.1828/2006).* *Are these procedures considered clear and sufficient? Has Art 13 (1) of Reg. 1828/2006 been adhered to?*				
	b) Are written standards, procedures and model forms for the selection and approval of operations established (reference to				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	manuals)? *In the case of ETC programmes, do these procedures clearly refer to and respect the criteria set out in Art. 19 (and Art. 6) of Reg. 1080/2006 on selection of operations?* *Are these procedures considered clear and sufficient?*				
2.2.4	*Verifications (Art. 60(b) of Reg. 1083/2006 and Art.13 (2-5) of Reg. 1828/2006) – Are the arrangements for verification checks described? - in particular:*				
	a) bodies which will carry out these verifications *In the case of ETC programmes, are the procedures to be followed by the controllers designated under the provisions of Art. 16-1 of Reg. 1080/2006 described?*				
	b) Will verifications cover administrative, financial, technical and physical aspects of operations, as appropriate?				
	c)Will verifications include the following procedures: *i) Administrative verifications in respect of each application for reimbursement by beneficiaries?* *ii) on-the-spot verifications of individual operations?* *In the case of ETC programmes, is it specified whether on spot verifications will take place at the premises of the lead beneficiary only, or at the premises of all project beneficiaries?*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	d) Where on-the-spot verifications are carried out on a sample basis, is it foreseen that the managing authority will maintain a record describing and justifying the sampling method?				
	e) Are there arrangements for the annual review of the sampling method by the managing authority?				
	f) Is it foreseen that the managing authority will keep records of each verification, stating the work performed, the date and the results of the verification, and the measures taken in respect of irregularities detected? *In the case of ETC programmes, is it specified whether such records will be kept by the MA, or by each of the controllers designated under Art. 16-1?*				
	g) Whether the checklists/standard reports will be used? Are these already available? Are they considered of good quality?				
	h) Written standards and procedures for the verifications carried out are established (reference to manuals)? *Are these procedures considered clear and sufficient?*				
	i) Where the managing authority is also a beneficiary under the operational programme, do arrangements for the verifications ensure adequate separation of functions in accordance with article 58(b) of Reg. 1083/2006?				
	j) Is a flowchart describing the fulfilment of the requirements as regards verification checks supplied? Are there any issues deriving				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	from the analysis? In the case of ETC programmes, (how) is it foreseen to check whether the (Art. 16-1) controllers are free of conflict of interest in carrying out each assignment?				
2.2.5	*Are the procedures for processing of applications for reimbursement and payments to beneficiaries (Art. 22(d) of Reg. 1828/2006) described? In particular:*				
	a) Is each step of the procedure by which applications for reimbursement are received, verified and validated described?				
	b) Is each step of the procedure by which payments to beneficiaries are authorised, executed and accounted for described?				
	c) Is the body performing each step of the procedure indicated (in case it is not the MA)?				
	d) Is the adequate separation of function for the process ensured?				
	e) Is a flowchart describing the processes and indicating all bodies involved supplied?				
2.2.6	*Is the procedure by which information will be transmitted to the certifying authority by the managing authority described?*				
2.2.7	**ELIGIBILTY RULES**				
2.2.7.1	*Are there eligibility rules laid down by the Member State(s) and*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	applicable to the operational programme(s)?				
2.2.7.2	*Are these rules in conformity with article 11 of Regulation (EC) 1081/2006 (ESF operational programmes) and in particular:*				
	Expenditure types under article 11§2 of Regulation (EC) 1081/2006 are excluded from eligible expenditure				
	Expenditure types under article 11§3 of Regulation (EC) 1081/2006 are included in eligible expenditure				
	Is it foreseen to use flat rate for indirect costs? *If yes, is there a clear definition of the direct costs, on which basis calculation of the overheads will be done*				
2.2.7.3	*Are these rules in conformity with article 7 of Regulation (EC) 1080/2006 (ERDF operational programmes) and in particular:*				
	Expenditure types under article 7§1 of Regulation (EC) 1080/2006 are excluded from eligible expenditure				
	Expenditure types under article 7§2 of Regulation (EC) 1080/2006 are included in eligible expenditure				
2.2.7.4	*(For ERDF operational programmes under the European territorial cooperation objective) Are these rules in conformity with article 13 of Regulation (EC) 1080/2006 ?*				
2.2.7.5	*Do eligibility rules ensure compliance with article 7§3 of Regulation (EC) 1080/2006 and article 11§4 of Regulation (EC)*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	1081/2006 under the flexibility rule?				
2.3	**a) Are the MA and CA both designated in the same body?** **b) If so, then is the separation of functions adequately described and ensured?**				
2.4	**Public procurement, State Aid, Equal Opportunities and Environment rules (Reg. 1828/2006, annex XII.2.4)**				
2.4.1	*Is guidance and instructions issued on the applicable rules (date and reference)?*				
2.4.2	*Is there a description of the measures foreseen to ensure that the applicable rules are complied with management checks, controls, audits etc?*				
2.5	**Audit Trail (Art. 58(g) and 60(f) of Reg. 1083/2006 and Art. 15 of Reg. 1828/2006)**				
2.5.1	*Is there a description on how the requirements of article 15 of Reg. 1828/2006 will be implemented for the programme and/or individual priorities?*				
	Is the description of the audit trail sufficient to demonstrate that it (art 15):				
	a) permits the reconciliation of the aggregate amounts certified to the Commission with the detailed accounting records and supporting documents held by the certifying authority, managing authority, intermediate bodies and beneficiaries as regards				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	operations co-financed under the operational programme;				
	b) permits the verification of payment of the public contribution to the beneficiary;				
	c) permits the verification of the application of the selection criteria established by the monitoring committee;				
	d) contains in respect of each operation as appropriate the technical specifications, financing plan, documents concerning the grant approval, document relating to public procurement procedures, progress reports and reports on verifications and audits carried out.				
2.5.2	*a) Have instructions been given on retention of supporting documents by beneficiaries (date and reference)? Do these instructions cover all the elements included in Art 19?*				
	b) Is the period of retention of documents indicated and in accordance with article 90 §1(a) & (b) of Reg. 1083/2006?				
	c) Is the format in which the documents are to be held indicated and in accordance with article 19 §4 of Reg.1828 /2006?				
2.5.3	*Does the managing authority ensure that a record is maintained indicating the identity and location of bodies holding the supporting documents relating to expenditure and audits, which includes all documents required for an adequate audit trail?(art 19(1))*				
2.5.4	*Is the procedure for certification of conformity of documents held on commonly accepted data carriers with the original documents*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	laid down by national authorities? *Does this procedure ensure that the versions held comply with national legal requirements and can be relied on for audit purposes?*				
2.6	**Irregularities and recoveries**				
2.6.1	*Have instructions been issued on reporting and correction of recoveries, and recording of debt and recoveries of undue payments (date and reference)?*				
2.6.2	*Is the procedure (including a flowchart) to comply with the obligation for initial reporting of irregularities and reporting of follow-up and non-recovery to the Commission, in accordance with section 4 of Regulation 1828 /2006 (articles 27 to 36)?*				
2.6.3	*In case of ETC programmes, is a procedure set out, or a standard document drafted to inform lead beneficiaries and other beneficiaries on their obligations under Art. 20, and especially Art. 20-2,of Reg. 1080/2006?*				
2.6.4.	*In case of ETC programmes, does the management and control system description include the arrangements agreed between the Member States in relation to art 24(a),(d) and (e)?*				
PART 2 - OVERALL CONCLUSION:					
	Part 3: Intermediate Bodies (IB) (Art. 59§2 of Reg.				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	1083/2006 and Art. 12 of Reg. 1828/2006):				
3.1	**Are all intermediate bodies formally designated (if yes, date and form of designation)**				**Compulsory under article 37/59**
3.1.1	*Are the functions and the tasks of all IBs indicated?* *Can it be concluded that the IB can fulfil all its responsibilities?*				
3.1.2	*Is there reference to the relevant arrangements (formally recorded in writing) indicating the tasks of the managing or certifying authorities that are performed by the IB's?*				
3.2	**Organization of each IB**				
3.2.1	*a) Is an organisation chart supplied describing the allocation of tasks between or within the departments and the indicative number of posts allocated?* *Do any problems derive from the analysis of the organisation chart?*				
	b) Are staff within all IBs allocated to posts with clearly defined responsibilities?				
3.2.2	*a) Have manual(s) of procedures been prepared for use by staff of the IB and is there a formal procedure which controls the change, introduction or abandonment of procedures?* *Are the manuals based on the instructions from the MA?*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	Are these procedures adequate? *Is the date and reference to the manual indicated?*				
3.2.3	*a) Are the procedures for selecting and approving operations and for ensuring their compliance for their whole implementation period with applicable Community and national rules described?* *Are these procedures considered clear and sufficient?*				
	b) Are written standards and procedures for the selection and approval of operations established (reference to manuals)? *Are these procedures considered clear and sufficient?*				
3.2.4	*Verifications (Art. 60(b) of Reg. 1083/2006 and Art.13 of Reg. 1828/2006) – Are the arrangements for verification checks described? - in particular:*				
	a) Bodies which will carry out these verifications				
	b) Will verifications cover administrative, financial, technical and physical aspects of operations, as appropriate?				
	c) Will verifications include the following procedures: *i) Administrative verifications in respect of each application for reimbursement by beneficiaries?* *ii) on-the-spot verifications of individual operations?*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	d) Where on-the-spot verifications are carried out on a sample basis, does the managing authority maintain a record describing and justifying the sampling method?				
	e) Are there arrangements for the annual review of the sampling method by the managing authority?				
	f) Is it foreseen that the managing authority will keep records of each verification, stating the work performed, the date and the results of the verification, and the measures taken in respect of irregularities detected?				
	g) Whether the checklists/standard reports will be used? Are these already available? Are they considered of good quality?				
	h) Written standards and procedures for the verifications carried out are established (reference to manuals)? *Are these procedures considered clear and sufficient?*				
	i) Where the intermediate body is also a beneficiary under the operational programme, do arrangements for the verifications ensure adequate separation of functions in accordance with article 58(b) of Reg. 1083/2006?				
	j) Is a flowchart describing the fulfilment of the requirements as regards verification checks supplied? *Are these procedures considered clear and sufficient?* *Are there any issues deriving from the analysis?*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
3.2.5	*Are the procedures for processing of applications for reimbursement and payments to beneficiaries (Art. 22(d) of Reg. 1828/2006) described? If not, are the IB's tasks described in part 2? Reply to the question, noting in particular the questions under the related section (2.2.5) under the MA.*				
3.3	*Audit Trail – are the IBs' tasks described in part 2, point 5?*				
PART 3 – OVERALL CONCLUSION:					
	Part 4: Certifying Authority (CA) (Art. 61 of Reg. 1083/2006):				
4.1	**Certifying Authority and its main functions**				
4.1.1	*Is it described how the CA has been given authority to carry out its function and whether the CA has been formally designated (if yes, is the date and form of designation indicated?*				
4.1.2	*Are the functions/tasks carried out directly by the CA specified?*				
4.1.3	*Has the CA formally delegated any of its functions?*				
	a) Are the delegated functions and Intermediate bodies indicated?				
	b) Is the form of the delegation indicated?				
4.1.4	*Is there a sufficient system of reporting and monitoring between*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	the CA and the body to which tasks are entrusted?				
4.2	**Organization of the Certifying Authority**				
4.2.1	*a) Is an organisation chart supplied and specification of functions of the units, including an indicative number of posts allocated?*				
	b) Are staff within the CA allocated to posts with clearly defined responsibilities?				
4.2.2	*a) Has manual(s) of procedures been prepared for use by staff of the CA and is there a formal procedure which controls the change, introduction or abandonment of procedures?*				
	b) Is the date and reference to the manual indicated?				
	c) Is the manual also used by Intermediate Bodies?				
4.3	**Certification of statements of expenditure (Art. 61 of Reg. 1083/2006, art. 22 and Annex X of Reg. 1828/2006)**				
4.3.1	***Financial flows:*** *Are there a flowchart and a description of the procedure by which statements of expenditure are drawn up, certified and submitted to the Commission?* *For ETC programmes, does it comply with Art. 17-1 of Reg. 1080/2006 (no national sub-accounts)?*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	a) Does it show the flow of expenditure declarations up from beneficiaries to the CA and final certification to the EC?				
4.3.2	*Is there a description of the steps performed by the certifying authority to ensure fulfilment of the requirements under article 61 of Reg. 1083/2001?*				
4.3.3	*Is there a description of the arrangements for access of the certifying authority to the detailed information on operations, verifications and audits held by the managing authority, intermediate bodies and audit authority?*				
4.4	**Accounting system**				
4.4.1	*Is there a description of the accounting system to be set up and used as a basis for certification of expenditure to the Commission?*				
	a) Is it a centralised or decentralised system?				
	b) If a decentralised system, is it described how is aggregated data forwarded to the CA?				
	c) - Are the accounting system and information system (part 6) one system or separate systems? *- If separate, has the link between both systems been described and how is it ensured that the information in the two systems are identical? (electronic link, reconciliation)* *d) Is the system already operational ? If not, when will it be*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	operational? *e) Has the system already been used in the previous period or not? If yes, was it considered reliable?*				
4.4.2	*Is the level of detail of the accounting system indicated, including:*				
	a) Whether it shows total expenditure by Fund and priority?				
	b) Whether it allows for verification of the allocation and the transfers of the available public funds? *c) Whether it allows splitting payments made by beneficiaries to the year concerned?*				
4.4.3	*Is it a separate accounting system for Structural Funds operations or it is also used for other Funds transactions?* *- If not separate, does it identify Structural Funds transactions? (e.g. specific accounting codes)*				
4.5	**Recoveries**				
4.5.1	*Is a system ensuring the prompt recovery of Community assistance described?*				
4.5.2	*Are the necessary arrangements described to:* *a) Maintain a debtor's ledger?*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	b) Deduct amounts recovered from expenditure to be declared? *c) Feed annual declaration on recoveries laid down in annex XI of Regulation1828/2006?*				
4.5.3.	*For ETC programmes, has the CA set up arrangements covering the whole programming area (see also provisions under Art. 21 of Reg. 1080/2006) to fulfil its obligations under Art. 17-2 of Reg. 1080/2006? (recovery from lead beneficiary)* *For ETC programmes, has the CA set up arrangements covering the whole programming area (see also provisions under Art. 21 of Reg. 1080/2006) to fulfil its obligations under Art. 17-3 of Reg. 1080/2006? (recovery from Member states)*				
4.5.4	*In case of ETC programmes, does the management and control system description include the arrangements agreed between the Member States in relation to art 24(b) and (e)?*				
PART 4 - OVERALL CONCLUSION:					
	Part 5: Audit authority and Audit bodies (Art. 62 of Reg. 1083/2006 and Art. 23 of Reg. 1828/2006)				
5.1	**Has the responsibility for audits of system and operations been assigned to one specific body or to different bodies?**				
5.1.1	*If assigned to different bodies, are the bodies indicated and is there a description of the main tasks and inter-relationships of the*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	audit authority and audit bodies under the responsibility of the audit authority? *Are the bodies the same as for the programming period 2000-2006?* *For ETC programmes, has the group of auditors (Art. 14-2 of Reg. 1080/2006) been set up within the 3 months deadline?* *For ETC programmes, has the group of auditors drawn up its own rules of procedures?*				
5.2	**Organisation of the audit authority and the audit bodies under its responsibility**				
5.2.1	*Are organisation charts supplied, including the number of posts allocated?* *Have the minimum required qualifications or experience for staff been determined and described?*				
5.2.2	**Is the functional independence of these bodies vis-à-vis implementation and payment procedures ensured?** **Have the arrangements for ensuring independence been described?** **Are these considered adequate?**				
	Is it indicated to whom these bodies report? Is this in line with				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	the principle of functional independence?				
5.2.3	*Are these bodies adequately staffed with suitably experienced/qualified personnel?*				
5.2.4	*a)Has an audit manual been produced for the use of auditors? If yes, is the date and reference to the manual indicated? Is the manual considered of good quality?*				
	b) Is there a description of procedures for monitoring the implementation of recommendations and corrective measures resulting from audit reports? Are these procedures considered sufficient?				
5.2.5	*Is there a description of the procedures (where appropriate) for the supervision of the work of other audit bodies under the responsibility of the audit authority? Are these procedures considered sufficient?* *For ETC programmes, has the AA all necessary rights and capacity (e.g. linguistic) of access to supervise properly the work done under its leadership/ chair and foreseen under Art. 14-2 of Reg. 1080/2006?*				
5.3	**Annual Control Report and Closure Declaration**				
5.3.1	*Is there a description of the procedures for the preparation of the annual control report and opinion and closure declaration? Are these procedures considered clear and adequate?* *For ETC programmes, do the rules of procedures (Art. 14- 2 of*				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	Reg. 1080/2006) agreed upon cover this matter?				
5.3.2	*Where partial closure is chosen, is there a description of the procedures for the preparation of the partial closure declaration? Are these procedures considered sufficient?*				
5.4	**Designation of the coordinating audit body**				
5.4.1	*Is there a description of the role of the coordinating audit body if applicable? Is this role clear and in line with the regulation?*				
5.5	**Is a flowchart supplied describing how it is intended to fulfil the requirements as regards the Art. 62 of Reg. 1083/2006?**				
5.6	**Has the audit strategy been prepared? Does it comply with the annex 5 of Regulation (EC) No 1828/2006?**				
5.7.	*In case of ETC programmes, does the management and control system description include the arrangements agreed between the Member States in relation to art 24(c) and (e)?*				
PART 5 - OVERALL CONCLUSION:					
	Part 6: Reliable accounting, monitoring and financial reporting systems in computerised form (Art 58 (d) and Art 60 (c) of the Council Regulation				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	(EC) No 1083/2006 and Art 14 of Reg. 1828/2006):				
6.1	**Is there:** *a) A central or networked system common to the whole organisation of MA, CA and other authorities?*				
	b) A decentralised system in which information is held in several local systems that are not networked?				
6.2	**Is a description including a flowchart of the information system(s) supplied, showing their elements and the links between them, and whether they are networked or decentralised?** a) Has the MA ensured that there is a system for recording and storing in computerized form accounting records for each operation under the operational programme? For ETC programmes, does the system enable records for the whole programme area, without unnecessary duplication of work and data input? b) Has the system been used in the previous programming period. If yes, was it considered reliable (for example has it been audited?) c) does this IT system description provide evidence that : - the separation of function is guaranteed within the MS ? - the documents electronically signed by the authorities responsible are those transmitted to the Commission ?				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
6.3	**Is the system already operational?** *If not, when will it be operational?*				
6.3.1	*Is the system capable to gather reliable financial and statistical information on the implementation of the 2007-2013 programmes for financial management purposes and to serve as the basis for certifications of expenditures?*				
6.3.2	*Is the system capable to gather reliable data on implementation of operations for monitoring and evaluation purposes? (Refer to Article 37 (1) c) and Article 67 (2) (a) of Council Regulation (EC) No 1083).*				
6.3.3	*Is the system capable to gather reliable data for verifications and audits purposes?*				
6.4	**Is it indicated how is the system linked to the Accounting System? (part 4, point 5) Is the reference considered adequate?**				
6.5	**Is there a capacity at present to transfer data electronically to the Commission for:** *a) expenditure declarations?*				
	b) annual implementation reports?				

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	Question	Y	N	Page Reference Art.71 report / PC	N/A or Remarks
	c) project data for audit purposes?				
PART 6 - OVERALL CONCLUSION:					

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