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GUIDELINE No 3

GUIDELINES FOR THE CERTIFICATION AUDIT OF THE EAGF/EAFRD ACCOUNTS – FY2023

REPORTING REQUIREMENTS AND OPINIONS ISSUED BY THE CERTIFICATION BODY

Purpose

This guideline addresses the requirements of Articles 9 and 51 of Regulation (EU) No 1306/2013 of the European Parliament and of the Council and Articles 5 to 7 and 29 to 33 of Commission Implementing Regulation (EU) No 908/2014 as well as Articles 12, 53 and 54 of Regulation (EU) 2021/2116 of the European Parliament and of the Council and Articles 5 to 7 and 32 to 36 of Commission Implementing Regulation (EU) 2022/128.

It serves two main purposes:

1. To assist Certification Bodies (CBs) in the preparation of their report on the audit work carried out to give an opinion on (i) the true and fair view of the annual accounts of the Paying Agency (PA), (ii) the proper functioning of the governance systems, PA's internal control system and (iii) the correctness of the performance reporting and (iv) the legality and regularity of the expenditure for which reimbursement has been requested from the Commission (for expenditure outside the CAP strategic plan). This guideline serves as a template to be followed for the certification reports.
2. To provide practical guidance to meet the requirements of Article 12(1) of Regulation (EU) 2021/2116 and Article 5(3) of Regulation (EU) 2022/128 on the opinion to be provided by the Certification Body (CB) on the annual accounts and the Management Declaration provided by the Director of each Paying Agency (PA) and when applicable Coordinating Body (CoB) pursuant to Article 90 of Regulation (EU) 2021/2116

It will be reviewed on a periodic basis.

N.B. This guideline follows Regulation (EU) 2021/2116 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) 1306/2013.

However, the CB should bear in mind that not all expenditure under certification fall under the 'new' legal framework. We refer to Article 104 of Regulation (EU) 2021/2116 for further details:

1. Regulation (EU) No 1306/2013 is repealed. However:

(a) Article 4(1), point (b), Article 5, Article 7(3), Articles 9, 17, 21 and 34, Article 35(4), Articles 36, 37, 38, 40 to 43, 51, 52, 54, 56, 59, 63, 64, 67, 68, 70 to 75, 77, 91 to 97, 99 and 100, Article 102(2) and Articles 110 and 111 of Regulation (EU) No 1306/2013 continue to apply:

- (i) in relation to expenditure incurred and payments made for support schemes under Regulation (EU) No 1307/2013 in respect of the calendar year 2022 and before;*
- (ii) for measures implemented under Regulations (EU) No 228/2013, (EU) No 229/2013, (EU) No 1308/2013 and (EU) No 1144/2014 until 31 December 2022;*
- (iii) for the aid schemes referred to in Article 5(6), first subparagraph, point (c), and Article 5(7) of Regulation (EU) 2021/2117 of the European Parliament and of the Council (1) in relation to expenditure incurred and payments made for operations implemented pursuant to Regulation (EU) No 1308/2013 after 31 December 2022 and until the end of those aid schemes; and*
- (iv) as regards the EAFRD, in relation to expenditure incurred by the beneficiaries and payments made by the paying agency in the framework of the implementation of rural development programmes pursuant to Regulation (EU) No 1305/2013;*

(b) Article 69 of Regulation (EU) No 1306/2013 continue to apply in relation to expenditure incurred and payments made for support schemes pursuant to Regulation (EU) No 1307/2013 and in the framework of the implementation of rural development programmes approved by the Commission under Regulation (EU) No 1305/2013 and other CAP measures laid down in Title II, Chapter I, of Regulation (EU) No 1306/2013 implemented before 1 January 2023;

(c) Article 54(2) of Regulation (EU) No 1306/2013 continue to apply in relation to revenue declared in the framework of the implementation of rural development programmes approved by the Commission under Regulation (EU) No 1305/2013, Regulation (EC) No 1698/2005 and Commission Regulation (EC) No 27/2004 (2);

(d) Regulation (EU) No 1306/2013 continue to apply in relation to expenditure relating to legal commitments referred to in Article 155(2) of Regulation (EU) 2021/2115. Notwithstanding that, Article 31 of this Regulation shall apply to the expenditure notified to the Commission in accordance with Article 155(2) of Regulation (EU) 2021/2115, which shall for this purpose be considered to be a type of intervention.

These provisions have been taken into account in designing the proposed audit methodology as per Guideline 2 – FY2023. The reporting requirements set out in this Guideline consider the combined elements of the assurance reporting of expenditure under the MFF 2014-2022 and 2022-2027.

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Structure

The guideline is split into four sections. The first two deal with the reporting requirements for EAGF (A) and EAFRD (B), respectively. The third section (C) deals with the opinion, which according to Article 12(1) of Regulation (EU) 2021/2116 has to cover the annual accounts, the internal control system, the legality and regularity of expenditure, as well as the Management Declaration. The fourth section (D) provides the list of annexes to be provided together with their required structure.

The following points are underlined:

- The CBs are requested not to combine reporting on both Funds under the same Chapters, (i.e., Chapters should not be split into two parts, one for the EAGF and another for the EAFRD). However, if an assessment is wholly or partly applicable to both funds (e.g. the organisational set-up of the PA may be identical for EAGF and EAFRD), the relevant chapter under the EAFRD should refer to the description and assessment made under the relevant EAGF chapter.
- The standard information that should be included in the certification report is indicated in normal text. The text for the specific requirements and the guidance to the CBs are presented in square brackets ("[]") and *italics*. CBs should present the detailed description and assessment of the systems of the PA as required by the orientations in this guideline.
- If the PA made a correction in its annual declaration on the basis of the financial errors detected by the CB (e.g. a voluntary repayment of the Most Likely Error or any other quantified financial risk calculated by the CB), this adjustment should be clearly indicated in the certification report. The CB should also confirm whether the adjustment fully covers the financial risk identified by the CB.
- Concerning the opinion, although a separate opinion per Fund is preferable, the CB may decide to issue one opinion covering both Funds. However, in that case, the conclusions should be presented in such a way that the two opinions are clearly distinguishable and that a separate opinion on the Management Declaration is provided, in accordance with Article 9(1) of Regulation 1306/2013.
- Article 5(3) of Commission Implementing Regulation (EU) No 2022/128 requires that the work carried out by the CB is in accordance with Articles 6 (Audit Principles) and 7(Audit Methods) of the same Regulation.
- In case the PA developed action plan(s) to address serious weaknesses in its internal control system, found by EU or European Court Auditors (ECA) audits, referred to in the Annual Activity Report linked to DG AGRI's statement of assurance, the CB is expected to report on the state of implementation of these action plan(s), the monitoring mechanisms in place, and the progress made against the outstanding actions.

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SECTION 1 - EAGF

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1.1. Executive Summary

1.1.1. 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 12 (2) of Regulation (EU) 2021/2116 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) 2022/128.

We are also required to provide an opinion as to whether the annual accounts for the EAGF year ended 15 October 20YY provide a true and fair view of the amounts charged to the Fund, whether the governance systems, including the PA's internal control procedures have operated satisfactorily, that the annual performance report is correct and whether the expenditure not covered by the CAP strategic plan and 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 12 of Regulation (EU) 2021/2116 and Articles 5 to 7 of Commission Implementing Regulation (EU) 2022/128. 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 outside the CAP strategic plan 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.

1.1.2. 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 - Assessment of the Member States' governance systems
- Audit objective 3 - Assessment of the performance reporting on output and result indicators
- Audit objective 4 - Legality and regularity of expenditure not covered by the CAP strategic plan

The overall proper functioning of the governance system is covered under all audit objectives.

Article 5 (4) of Commission Implementing Regulation (EU) No 2022/128, sets the questions which the certification body is required to respond to. These questions and our conclusions are set out below.

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Requirement per Article 5 of Regulation 2022/128	Audit objective	Conclusion <i>To be finalised once the full text will be approved.</i>
The Paying Agency complies with the accreditation criteria.	Audit objectives 1 - 4	<p>For our overall opinion in this respect, refer to the Audit Opinion (see also assessment of the governance system).</p> <p>In general, the Paying Agency complies with the accreditation criteria <i>[when applicable:]</i> except..... <i>[summarise major accreditation issues]</i></p> <p>Key recommendations are summarised in subsection 1.11 below and are elaborated in more detail in the relevant sections of this report.</p>
The annual accounts referred to in Article 33 of Regulation No 2022/128 are in accordance with the books and records of the Paying Agency.	Audit objective 1	For details of our opinion in this respect see the Audit Opinion.
The statements of expenditure, and of public intervention operations <i>[delete reference to intervention if not applicable]</i> , are a materially true, complete and accurate record of the operations charged to the EAGF.	Audit objective 1	For details of our opinion in this respect see the Audit Opinion.
The financial interests of the Union are properly protected as regards advances paid, guarantees obtained, intervention stocks <i>[delete reference to intervention if not applicable]</i> and amounts to be collected.	Audit objective 1	<p>The financial interests</p> <p>For advances and guarantees ...</p> <p>Reporting and reconciliation procedures for intervention are ...</p> <p>The recovery of amounts outstanding is ...</p> <p>The completeness of Annex II/III is ensured and detailed observations are included in section 5 of the report.</p>
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.	Audit objective 2	For details of our opinion in this respect see the Audit Opinion.

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

1.1.3.1. 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 incompliance 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 9 of Regulation (EU) 2021/2116. Not all risks are addressed by controls and/or there are likely to be frequent control failures. The Internal Control System (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]

The PA cannot fulfil its tasks and a formal action plan should be prepared and followed up.

(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 Regulation (EU) 2022/128. 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]

The impact on the effective functioning of the key requirements is significant. Recommendations and/or an action plan have been or should have been put in place.

(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]

Recommendations have been formulated**(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 "()".

1.1.3.2. 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 **as well as** in Title III, Chapters II and IV, of Regulation (EU) 2021/2115 and to the measures referred to in Chapter IV of Regulation (EU) No 228/2013 and in Chapter IV of Regulation (EU) No 229/2013 as well as the and interventions in the wine sector as laid down in Title III of Regulation

(EU) 2021/2115. Matrix II below concerns schemes under EAGF not covered by the IACS, i.e. measures regulating or supporting agricultural markets laid down in Regulation (EU) No 1308/2013 of the European Parliament and of the Council and interventions in certain sectors as referred to in Title III, Chapter III, of Regulation (EU) 2021/2115.

The general conclusion (overall scores at IACS and Non-IACS level) are provided in accordance with Sections 6.4, 11.7, 16.4 and 18 of guideline 2 and reflected in the audit opinion.

[The matrices should be prepared on the basis of the matrices used for the 4 audit objectives by merging the matrices developed for each objective]. [A separate matrix should be prepared for each Fund. 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 or accounting are conducted in the same way for the two Funds, the same scores will appear in the matrices for both Funds. For audit objective 2, the score could be the same for EAGF and EAFRD IACS as well as for EAGF and EAFRD Non-IACS as the systems for the two Funds are tested under one component (IACS or Non-IACS).]

Matrix

	Assessment component		Internal environment						Control activities	Information and Communication				Monitoring				Evaluation at assessment criteria		General conclusion	
			Organisation		HR		Delegation			Communication		ISS		On-going monitoring		Internal audit					
	Procedure		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
AO	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
AO1	Execution of payments																		10%	0,00	0,00
	Accounting																		10%	0,00	0,00
	Advances and securities																		5%	0,00	0,00
	Debts management																		10%	0,00	0,00
AO2	Assessment of the governance system including BUR																		30%	0,00	0,00
AO3	Assessment of the performance reporting																		15%	0,00	0,00
AO4	Claim processing, including validation and autorisation	Administrative controls																	10%	0,00	0,00
		On-the-spot controls																	10%	0,00	0,00
										General conclusion											
										Assessment of ICS										not working	

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]

Non-IACS

Matrix

	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
AO1	Execution of payments																		10%	0,00	0,00
	Accounting																		10%	0,00	0,00
	Advances and securities																		5%	0,00	0,00
	Debts management																		10%	0,00	0,00
AO2	Assessment of the governance system including BUR																		30%	0,00	0,00
AO3	Assessment of the performance reporting																		15%	0,00	0,00
AO4	Claim processing, including validation and autorisation	Administrative controls																	10%	0,00	0,00
		On-the-spot controls																	10%	0,00	0,00
									General conclusion											0,00	
									Assessment of ICS					not working							

[Note: The above matrices are as per Guideline 2 on the annual certification audit. They provide 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:

- 1. Disregard the calculated general conclusion;*
- 2. Indicate its professional assessment of the functioning of the Internal Control System;*
- 3. Clearly explain the basis on which the CB made a different assessment. In all cases, the assessment should be in line with section 5.4 of Guideline 2, i.e. 1 = does not work; 2 = works partially; 3 = works; 4 = works well.]*
- 4. In case of score 1 attributed to particular components, the overall assessment¹ of the Internal Control System should be reconsidered and adapted by using the weights to highlight these weaknesses. In case this is not done, the overall conclusion “works” or “works well” seems to be overstated.*

[EITHER:]

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

[Or]

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

1.1.3.3. 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)		

1.1.3.4. 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]

1.2. Audit Strategy of the Certification Body

[Note: the purpose here is not to repeat what is written in guideline 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.]

1.2.1. 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.]

1.2.2. 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]

- Audit objective 3:
[provide a short summary]

- Audit objective 4:
[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 the system assurance.]

- Audit objective 1:
[provide a short summary]

- Audit objective 2:
[provide a short summary]

- Audit objective 3:
[provide a short summary]
- Audit objective 4:
[provide a short summary]

- The audit approach per audit objective;

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

- Audit objective 1:

[Please provide a short summary including information demonstrating that the operational and/or non-operational expenditure for both EAGF and EAFRD Funds are managed using a common internal control system, following the same principles. Explain if the CB decided to carry out the compliance and/or substantive verifications for the particular processes (payments, accounting, irregularities and debt movements) based on one single population covering both EAGF and EAFRD. Explain if IT system tests were used and specify for which procedure.]

- Audit objective 2:
[provide a short summary]

- Audit objective 3:
[provide a short summary]

- Audit objective 4:
[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.)]

[Elaborate on the key elements of the re-verifications for the measures selected and how the sub-sampling elements on the payments were selected for on-the-spot re-verifications (e.g.: based on invoices, nature of cost declared, etc).]

- The nature and extent of the CB's reliance on the work of Internal Audit, third party subcontracted auditors, specialists and experts, third party certificates from bodies accredited for the chosen international standard, etc.²;

[The CB may rely on the work of other auditors or technical experts]

It should conduct sufficient work to get assurance on the appropriateness and quality of this work. See International Standard on Auditing ISA 600 "Using the work of another auditor", International Standard on Auditing (ISA) 610, "Considering the Work of Internal Audit" and ISA 620 "Using the work of an expert".

Provide a description of the work done by third parties and how the CB gained assurance of the quality of that audit work/which monitoring mechanisms were there in place. 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.]

1.2.3. 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°

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

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

Qualification	Person days
	N°
Total	N°

AUDIT OBJECTIVE 1 – AUDIT OF THE ANNUAL ACCOUNTS

1.3. 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 in section 1.1.3.2.

MATRIX - AO1 - Assessment of the PA's ICS for population/strata											
Assessment Component Procedure	Internal environment				Control activities	Information and communication		Monitoring		Evaluation at assessment criteria	General conclusion
	Organisational structure	Human resources	Delegated tasks	Risk Assessment		Communication	I.S. Sec.	Ongoing monitoring	Internal Audit		
Execution of payments											
Accounting											
Advances and securities											
Debts management											

1.3.1. 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]

1.3.2. 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	EAGF or single sample for both Funds, as applicable	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 6.3 of guideline 2. The allocation of the sample for the compliance tests defined as the minimum sample size at population level among the different Funds/strata is to be determined by the CB based on its professional judgement as described in the audit strategy. Please specify if the CB performed IT systems testing and for which procedures (payment, accounting, advances and securities or debt management)]

1.3.3. Evaluation per accreditation criterion

Annex I of Commission Delegated Regulation (EU) 2021/127 sets out the accreditation criteria for the Paying Agencies. *[Procedures are to be reviewed in accordance with guidelines 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 EAGF and EAFRD in case of two separate samples and as one common score in case of a joint sample. 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.]*

1.3.3.1. Control activities: Procedures for payment

1.3.3.1.1. Findings

Finding [automatic numbering for the preview mode] Name of the finding: [Text box 150 chars.]	Level (Drop-down menu): Major Intermediate	Dual purpose testing: <i>[Confirm by tick]:</i> <input checked="" type="checkbox"/> - Yes - No
Description of the finding:	<div>[Text box 5000 chars and in addition including the following information]</div> <div>Type of error: <i>[Confirm by tick]:</i> <input checked="" type="checkbox"/></div> <div> - Systemic error <input type="checkbox"/> - Financial error <input type="checkbox"/> </div> <div> <div>Amount of the financial error (Number with 2 decimals)</div> </div> <div> - Known error <input type="checkbox"/> </div> <div> <div>Amount of the known error (Number with 2 decimals)</div> </div> <div> - Formal error - <i>The formal errors have no financial impact, and do not represent a generic/system issue</i> - <input type="checkbox"/> </div> <div>Instructions:</div> <div> 1. Multiple choice is possible. 2. At least one type of error should be selected. </div>	

	3. For financial and known errors, in addition to the confirmation by ticking, a field with the amount of the error is compulsory to confirm the amount of the error
Recommendation	[Text box 1 500 chars]

1.3.3.2. Control activities: Procedures for accounting

1.3.3.2.1. Findings

See the table under section 1.3.3.1.1.

1.3.3.3. Control activities: Procedures for advances and securities

1.3.3.3.1. Findings

[
See the table under section 1.3.3.1.1.

1.3.3.4. Control activities: Procedures for debts

1.3.3.4.1. Findings

See the table under section 1.3.3.1.1.

1.3.3.4.2. Assessment

In our opinion, the scoring for this criterion is *presented in the table below.*

Execution of payments	
Accounting	
Advances and securities	
Debt management	

1.3.4. Other accreditation components

We confirmed our assessment of the other accreditation components against the standard (Annex I of Commission Delegated Regulation (EU) 2021/127) by carrying out reviews/tests to ensure the Paying Agency's compliance with the criteria. *[Procedures to be reviewed in accordance with guidelines 1 and 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 EAGF and EAFRD (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.]*

1.3.4.1. Internal environment: Organisational structure

1.3.4.1.1. 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.

1.3.4.1.2. Findings

See the table under section 1.3.3.1.1.

1.3.4.1.3. Assessment

I In our opinion, the scoring for this criterion is *presented in the table below*.

Execution of payments	
Accounting	
Advances and securities	
Debt management	

1.3.4.2. Internal environment: Human-resource standard

1.3.4.2.1. Findings

See the table under section 1.3.3.1.1.

1.3.4.2.2. Assessment

In our opinion, the scoring for this criterion is *presented in the table below*.

Execution of payments	
Accounting	
Advances and securities	
Debt management	

1.3.4.3. Internal environment - Risk Assessment

1.3.4.3.1. Findings

See the table under section 1.3.3.1.1.

1.3.4.3.2. Assessment

In our opinion, the scoring for this criterion is *presented in the table below*.

Execution of payments	
Accounting	
Advances and securities	
Debt management	

1.3.4.4. Internal environment - Delegation

1.3.4.4.1. Findings

See the table under section 1.3.3.1.1.

1.3.4.4.2. Assessment

In our opinion, the scoring for this criterion is *presented in the table below*.

Accounting	
Advances and securities	
Debt management	

1.3.4.5. Information and communication: Communication

1.3.4.5.1. Findings

See the table under section 1.3.3.1.1.

1.3.4.5.2. Assessment

In our opinion, the scoring for this criterion is *presented in the table below*.

Execution of payments	
Accounting	
Advances and securities	
Debt management	

1.3.4.6. Information and communication: Information Systems Security

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

The table below indicates the overall situation:

	<i>Yes / Not Applicable</i>	<i>No / Not Applicable</i>
The yearly expenditure of the paying agency is more than €400 million:		<i>[if no, please provide here the standard used by the PA (e.g. ISO 27002:2013 / BSI / COBIT)**]</i>
The paying agency has obtained ISO 27001:2013 certificate/ISO 27001-Zertifikat auf der Basis von IT-Grundschutz:	<i>[please provide the date of issue and the date of validity]</i>	<i>[if no, and the expenditure is more than €400 million, please provide further explanations below]</i>
The certificate* covers all key tasks of the paying agency:		<i>[if no, please provide further explanations below]***</i>
The certificate* covers also delegated tasks:		<i>[if no, please provide further explanations below]***</i>

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

** 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).*

*[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]

1.3.4.6.1. Assessment and 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]*

See the table under section 1.3.3.1.1.

In our opinion, the scoring for this criterion is *presented in the table below.*

Execution of payments	
Accounting	

Advances and securities	
Debt management	

1.3.4.7. Monitoring: Ongoing monitoring via internal control activities

1.3.4.7.1. 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) See the table under section 1.3.3.1.1

1.3.4.7.2. Assessment

In our opinion, the scoring for this criterion is *presented in the table below*.

Execution of payments	
Accounting	
Advances and securities	
Debt management	

1.3.4.8. Monitoring: Separate evaluations via an internal audit service

1.3.4.8.1. Findings

See the table under section 1.3.3.1.1.

1.3.4.8.2. Assessment

In our opinion, the scoring for this criterion is *presented in the table below*.

Execution of payments	
Accounting	
Advances and securities	

Debt management	
-----------------	--

1.4. Substantive Testing of Operational and Non-Operational transactions

1.4.1. 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 3 on the Reporting Requirements.

[Include the financial errors– from section 1.4.2 to 1.4.4 in the overall error evaluation section 6.]

1.4.2. Test results in respect of the EAGF or EAGF and EAFRD– error rate

1.4.2.1. Overview

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

[insert the sampling methodology and parameters used]

1.4.2.2. 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 a single sample for the two funds was selected, and whether dual-purpose testing was used].*

The list of all cases appears in Annex 3: Sample reviewed in substantive testing – EAGF or EAGF and EAFRD

1.4.2.3. 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. Provide the information as per the structured format in SFC 2021]

Finding [automatic numbering for the preview mode]	Level (Drop-down menu): Major Intermediate	Dual purpose testing: <i>[Confirm by tick]:</i> ✓ - Yes - No
Name of the finding: [Text box 150 chars.]		

Item Number [Text box 30 chars.]	Budget line [number, 15 digits]	Scheme/measure [Text box 100 chars.]
Beneficiary reg. code [Text box 20 chars.]		Specific legal bases [Text box 2000 chars.]
Description of the finding:	<p>[Text box 5000 chars and in addition including the following information]</p> <p>Type of error: <i>[Confirm by tick]</i>: <input checked="" type="checkbox"/></p> <ul style="list-style-type: none"> – Systemic error <input type="checkbox"/> – Financial error <input type="checkbox"/> <p>Amount of the financial error (Number with 2 decimals)</p> <ul style="list-style-type: none"> – Known error <input type="checkbox"/> <p>Amount of the known error (Number with 2 decimals)</p> <ul style="list-style-type: none"> – Formal error - <i>The formal errors have no financial impact, and do not represent a generic/system issue</i> - <input type="checkbox"/> <p>Instructions:</p> <ol style="list-style-type: none"> 4. Multiple choice is possible. 5. At least one type of error should be selected. 6. For financial and known errors, in addition to the confirmation by ticking, a field with the amount of the error is compulsory to confirm the amount of the error 	
Points of disagreement with the PA [Text box 1 500 chars]		
Recommendation [Text box 1 500 chars]		

1.4.3. Overall test result of EAGF population

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

1.4.4. 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.

1.4.4.1. Test results of tables of Annex II – irregularities - of Regulation (EU) No 128/2014 and Annex V – Irregularities - of Regulation (EU) 2022/128

1.4.4.1.1. Work Done

Annex 9 and 9A 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 or EAGF and EAFRD]*

1.4.4.1.2. Assessment, Findings and recommendations

see the table in section 1.3.3.1.1.

1.4.4.2. Test results on Tables of Annex III of Regulation (EU) No 128/2014

1.4.4.2.1. 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 or EAGF and EAFRD]*

1.4.4.2.2. Assessment, Findings and recommendations

[see the table in section 1.3.3.1.1.

1.4.4.3. Test results in respect of advances and securities

1.4.4.3.1. Work Done

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

1.4.4.3.2. Assessment, Findings and recommendations

See the table in section 1.3.3.1.1.

1.5. Reconciliation of Monthly and Annual Declarations

1.5.1. Reconciliation of monthly and annual declarations of EAGF expenditure

1.5.1.1. Standard

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

1.5.1.2. 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 Fund⁴.

1.5.1.3. Findings

1.5.1.3.1. Reconciliation of differences

[]

Budget post	Annual Declaration	Final Monthly Indent	Difference
08 02 05 04 BPS			
08 02 99 xx Area aid for Rice			
08 02. 05 xx xxxxx			
Sum of budget lines with no declared differences			
	----- --	-----	----- -
Total			
	=====	=====	=====

The differences are explained as follows:

⁴ Introduced as a negative amount in the Monthly or Annual Declarations.

Error Code	Declared Difference	lines	Explanation and Assessment by the Certification Body of Declared Differences in the Annual Declaration
	Budget concerned		

[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:

- i. amount recovered and reimbursed to the Fund;*
- ii. date of recovery and reimbursement to the Fund;*
- iii. date of decision cancelling the debt and an indication of the body issuing the decision (administrative / judicial body);*
- iv. basis of the decision in favour of the beneficiary (absence of irregularity)⁵.*

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.

⁵ 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.

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 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					

1.5.1.3.2. 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 ⁶	
2. Monthly Declarations	

⁶ Reported in 13th period (as a difference between Final Monthly Indent and Annual Account).

1.5.1.4. Assessment

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

1.5.1.5. Recommendations

1.5.2. Reconciliation of annual declaration and X-table data of EAGF accounts

1.5.2.1. Standard

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

1.5.2.2. 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.

1.5.2.3. Findings

Reconciliation of differences

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

1.5.2.4. Assessment

We can confirm that, except for the remarks/explanations⁸ 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.

1.5.2.5. Recommendations

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).

⁸ 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).

1.5.3. Reconciliation of the information required by Annex II and Annex III of Commission Implementing Regulation (EU) No 908/2014 and Annex V of Commission Implementing Regulation (EU) 2022/128 to the debtors' ledger - EAGF

1.5.3.1. 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 and Annex V of Commission Implementing Regulation (EU) 2022/128 to the debtors' ledger in respect of the current financial year.

1.5.3.2. Work done

1.5.3.3. 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)
Annex V			(3)
Debtors' ledger			(4)

We have reconciled the closing balances of the previous year's debtors' ledger, Annex II Annex III and Annex V tables and the opening balances of the current year debtors' ledger, Annex II Annex III and Annex V 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)...

(4)...

Reconciliation of Annex II Annex III and Annex V to the debtors' ledger ⁹

⁹ 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 2014 and Annex V of Commission Implementing Regulation (EU) No 2022/128.

	Balanc e 16 Octobe r	New cases	Recover ed amounts	Correct ed amount s	Total non- cleared amounts declared irrecoverabl e	Amounts to be recovered by 15 October
Annex II						
Annex III						
Annex V						
Debtors' ledger						
Differences						
Explanation	1	2	3	4	5	6

The explanations of the differences by column are:

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

The following discrepancies¹⁰ between the amounts used for this reconciliation in respect of Annex II Annex III and Annex V (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 Annexes II, III and V respectively, (amounts to be recovered as at 15 October n) are equal to 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 programing periods

¹⁰ 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.

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				
		FY n	FY n-1	FY n	FY n	FY n
		Recoveried 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 applicati on of Article 54(2) of Regulation 1306/2013	Part of the amount already returned to the Commission following Article 57(1) of Regulation (EU) 2021/2116 and Article 22(1)(e) of Regulation 2022/1283	Total amount to be returned to the Commission for FY n
		(a)	(b)	(c)	(d)	(d) = (a) + (b) - (c) - (d)
"Old" cases	TRDI					
"New" cases	EAGF					

	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)¹¹ 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 2¹², 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 ¹³		

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)"¹⁴ 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			

1.5.3.4. Assessment

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

¹¹ 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.

¹² 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

¹³ [Can otherwise be reported in the EAFRD section].

¹⁴ Column Q of Annex II = code 3.

1.5.3.5. Recommendations

1.5.4. Reconciliation of annual Table 104 to the Annex II and Annex III of Commission Implementing Regulation (EU) No 908/2014 and Annex V of Commission Implementing Regulation (EU) 2022/128

1.5.4.1. Standard

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

1.5.4.2. Work done

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

1.5.4.3. Findings

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

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 0XX	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	
+ Recoveries in Annex V	50.000,00	
Total (2)		1.650.000,00
Difference (2) – (1)		350.000,00

Explanations of differences:

- 20% of retention related to revenue assigned on budget sub-item 62 00 00 00 0002 001: +300 000
- 25% of retention related to revenue assigned on budget sub-item 62 00 00 00 0003 028: +25 000
- 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

Discrepancies¹⁵ between the amounts listed in the above table and the amounts indicated in the final Annex II, Annex III and Annex V 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.]

1.5.4.4. Assessment

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

1.5.4.5. Recommendations

1.5.5. Confirmation of advances

1.5.5.1. 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 6 of Regulation (EU) 127/2022. To take into account that Member States may pay advances for direct payments without applying the adjustment rate for financial discipline referred to in Article 17 of Regulation (EU) 2021/2116 to beneficiaries in respect of the aid applications for a given year.

1.5.5.2. 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). We checked the additional information on advances paid to beneficiaries as referred to in Article 44(3) of Regulation (EU) 2021/2116.

1.5.5.3. Findings

No differences have been identified.

1.5.5.4. 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 7.7. of guideline 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 reported and provide the necessary justifications for the difference. In case of

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

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.].

1.5.5.5. Recommendations

1.5.6. Review of Financial Ceilings

1.5.6.1. Work to be done

We reviewed whether adequate procedures are in place to ensure that the total payments per budget line do not exceed the maximum financial ceilings. We considered as a basis for the verification of the financial ceilings, the expenditure declared under EAGF.

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].

1.5.6.2. 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].

1.5.6.3. Recommendations

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

1.5.7. Non-respect of payment deadlines

1.5.7.1. 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.¹⁶]

¹⁶ As 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.

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 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.

1.5.7.2. Work to be done

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

To review against the X-tables that the interval between receipt of the supporting documents needed to make the payment and the issuing of the payment order does not exceed the legal deadlines according to the different sectorial regulations¹⁷.

To perform analytical audit procedures in order to calculate, following the rules of Article 5(2) of Regulation (EU) 2022/127, the financial impact that should be followed up when the expenditure effected after the deadlines is above the threshold of 5 %.]

1.5.7.3. Findings

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

1.5.7.4. 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 127907/202214 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.]

1.5.7.5. Recommendations

¹⁷ e.g.: Regulation (EU) 2016/1150 for wine sector, Regulation (EU) 2017/39 for school scheme.

1.6. 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.]

1.6.1. Detailed Error Evaluation

1.6.1.1. Error evaluation for the operational expenditure

[in case the CB carried out its testing for objective 1-"accounts" at population level (including single sample for both Funds), 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 a conclusion also at Fund level].

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

Basic data	EAGF or EAGF and EAFRD (in case of single
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 or both funds) 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 EAGF and EAFRD 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 3 and 4.

1.6.1.2. *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%

Basic data	<u>Annex II</u>	<u>Annex III</u>	<u>Annex V</u>
Value of the population	8 000 000.00	1 700 000.00	2 000 000.00
Materiality	160 000.00	34 000.00	40 000.00
Confidence level	0.80	0.80	0.80
Number of transactions in the population	300	2 300	500
Sample size for compliance testing			
Sample size for substantive testing			
Financial Impact	600.00	26 980.00	15 000.00
Error rate	0.01%	1.59%	0.75%

A detailed table of all cases checked and the detected errors including their financial value is attached (see Annex 9 and 9A: Sample reviewed in substantive testing – EAGF Annex II and V 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	Advances and securities
Value of the population	2 000 000.00
Materiality	40 000.00
Number of transactions in the population	200
Sample size	20
Total value of sampled items tested	3 000.00
Financial errors found from sampling :	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.

1.7. Overall conclusions

1.7.1. 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.

1.7.2. 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 information in this section will be extracted from chapter 3]	[The information in this section will be extracted from chapter 3]	[The information in this section will be extracted from chapter 3]		[Please provide the final CB assessment]

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

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response
[The information in this section will be extracted from chapter 4]	[The information in this section will be extracted from chapter 4]	[The information in this section will be extracted from chapter 4]	Please provide a summary of the response of the PA	[Please provide the final CB assessment]

1.7.3. 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 information in this section will be extracted from chapter 3]	[The information in this section will be extracted from chapter 3]	[The information in this section will be extracted from chapter 3]	Please provide a summary of the response of the PA	[Please provide the final CB assessment]

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

Finding	Section	Recommendation	Response of Paying Agency	CB assessment of PA response
[The information in this section will be extracted from chapter 4]	[The information in this section will be extracted from chapter 4]	[The information in this section will be extracted from chapter 4]	Please provide a summary of the response of the PA	[Please provide the final CB assessment]

**AUDIT OBJECTIVE 2 – ASSESSMENT OF MEMBER STATES' GOVERNANCE
SYSTEMS**

1.8. Review of the Member States' governance systems

This section outlines the current status of the accreditation and provides the basis for the overall assessment of the governance system and for our assessment in respect of the Paying Agency and Co-ordinating Body's compliance with the accreditation criteria per internal control procedure / component as indicated in Matrices. We have assessed the functioning of the governance systems (including the compliance with the accreditation criteria) by using the grading "1" to "4". Our overall assessment is outlined below:

MATRIX - AO2 - Assessment of the Member States' governance systems														
Assessment Component Body / Task	Internal environment				Control activities	Information and communication		Monitoring		Evaluation at assessment criteria	General conclusion			
	Organisational structure	Human resources	Delegated tasks	Risk Assessment		Communication	I.S. Sec.	Ongoing monitoring	Internal Audit					
Accredited Paying Agency														
Accredited Co-ordinating Body														
Implementation of CAP strategic plan - Article 9 of Regulation (EU) 2021/2115 - overall assessment														
Assessment of the functioning/implementation of the Basic Union Requirements														
Assessment of the functioning/implementation of the Basic Union Requirements	Horizontal requirements									Systems to ensure the eligibility of Beneficiary	Eligibility of Interventions	System to ensure the eligibility of payments	Evaluation at assessment criteria	General conclusion
	Public procurement	Financial interests	ISAP	GSA	AMS	Administrative checks	On-the-spot checks	Penalties	Conditionality					
	IACS interventions set out in the Regulation (EU) 2021/2116 (to be considered split between Pillar I and II)													
Non IACS interventions set out in the Regulation (EU) 2021/2116 - to separate for sectorial interventions and RD investments														
Assessment of the functioning/implementation of the Basic Union Requirements														
Assessment of the functioning/implementation of the Basic Union Requirements	Data capturing systems including non-automated procedures										Evaluation at assessment criteria	General conclusion		
Reporting system as per art 59(3) of R 2021/2116														

DRAFT

1.8.1. Understanding the entities / processes

[in line with guideline 2 part 11 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]

[please explain how the testing was conducted in line with section 11.6 of guideline 2 (compliance testing and how the samples were established)].

1.8.2. EAGF - 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 basic Union requirements as suggested in guideline 2: *[please indicate the number of transactions tested¹⁸]*

Process / procedures	BUR	Findings (if any)
		Chapter X.X.X
		Chapter X.X.X
		Chapter X.X.X
		Chapter X.X.X

1.8.2.1. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (Public Procurement)

1.8.2.1.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.1.2. Assessment and Findings

[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:		Level (Drop-down menu): – Serious Deficiency – Non Serious Deficiency
Item Number	Budget line	Scheme/measure

¹⁸ Please refer to Chapter 11.6 and to Annex 1 of Guideline 2

BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.2. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (Financial interests)

1.8.2.2.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.2.2. Assessment and Findings

[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:	Level (Drop-down menu): – Serious Deficiency – Non Serious Deficiency
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Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.3. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (System for Agricultural Parcels - SAP)

1.8.2.3.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.3.2. Assessment and Findings

[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:	Level (Drop-down menu): – Serious Deficiency – Non Serious Deficiency
----------------------	---

Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.4. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (Geo-Spatial Application - GSA)

1.8.2.4.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.4.2. Assessment and Findings

[[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:	Level (Drop-down menu):
----------------------	-------------------------

		– Serious Deficiency – Non Serious Deficiency
Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.5. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (Area Monitoring System - AMS)

1.8.2.5.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.5.2. Assessment and Findings

[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:		Level (Drop-down menu): – Serious Deficiency – Non Serious Deficiency
Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.6. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (Administrative checks)

1.8.2.6.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.6.2. Assessment and Findings

[[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief

summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:		Level (Drop-down menu): – Serious Deficiency – Non Serious Deficiency
Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.7. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (On-the-spot checks)

1.8.2.7.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.7.2. Assessment and Findings

[[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:		Level (Drop-down menu): – Serious Deficiency – Non Serious Deficiency
Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.8. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (Penalties)

1.8.2.8.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.8.2. Assessment and Findings

[[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:		Level (Drop-down menu): – Serious Deficiency – Non Serious Deficiency
Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.2.9. Control activities: Assessment of the functioning/implementation of the Basic Union Requirements (Conditionality)

1.8.2.9.1. Sampling / Audit approach

[Provide a description of the risk assessment / sampling approach (measures /schemes covered; bodies (in case of delegations), etc...) for the specific BUR]

1.8.2.9.2. Assessment and Findings

[[Provide an analysis per finding (serious/non serious deficiencies), impacting the Basic Union Requirements and the corresponding recommendations. Provide also a brief summary of the nature of the deficiencies, mentioning whether these have a financial impact, and if they represent a generic/system issue. Describe the possible financial impact of the serious deficiencies when applicable. Provide an assessment which would be reflected in the accreditation matrix grades]

Name of the finding:		Level (Drop-down menu): <ul style="list-style-type: none"> – Serious Deficiency – Non Serious Deficiency
Item Number	Budget line	Scheme/measure
BUR Impacted		
Specific legal basis		
Description of the finding:	Type of error: Quantification of possible financial impact: <i>[Please refer to the Guideline on the calculation of financial correction]</i>	
Points of disagreement with the PA		
Recommendation		

1.8.3. Other PA's accreditation components

[Please provide information as instructed in AO1 and only if not already provided in previous sections]

1.8.3.1. Internal environment: Organisational structure

1.8.3.1.1. Description of the organisational structure

.....

1.8.3.1.2. Findings

.....

1.8.3.1.3. Assessment

.....

1.8.3.2. Internal environment: Human-resource standard

1.8.3.2.1. 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)

1.8.3.2.2. Assessment

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

1.8.3.3. Internal environment – Risk assessment

1.8.3.3.1. Description

1.8.3.3.2. 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)

1.8.3.3.3. Assessment

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

1.8.3.4. Internal environment: Delegation

1.8.3.4.1. 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: 22.01.2020, updated: 25.02.2023
...		

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.

1.8.3.4.2. 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)

1.8.3.4.3. Assessment

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

1.8.3.5. Information and communication: Communication

1.8.3.5.1. 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, 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)

1.8.3.5.2. Assessment

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

1.8.3.6. Information and communication: Information Systems Security

1.8.3.6.1. Work Done (by population – IACS and non-IACS [if applicable to be split per population])

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 experts¹⁹ 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]***
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).

[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

¹⁹ See International Standard on Auditing (ISA) 610, "Considering the Work of Internal Audit" and ISA 620 "Using the work of an expert".

*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]

1.8.3.6.2. Assessment and Findings (by population – IACS and non-IACS *[if applicable to be split per population]*)

[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]

1.8.3.6.3. Recommendations (by population – IACS and non-IACS *[if applicable to be split per population]*))

[List here the major/intermediate recommendations.]

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

1.8.3.7. Monitoring: Ongoing monitoring via internal control activities

1.8.3.7.1. 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)

1.8.3.7.2. Assessment

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

1.8.3.8. Monitoring: Separate evaluations via an internal audit service

1.8.3.8.1. 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)

1.8.3.8.2. Assessment

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

1.8.4. Coordinating Body (CoB)'s accreditation components

[Please provide information in this section if the PAs in scope also acts as Coordinating Body]

1.8.4.1. Internal environment: Organisational structure

1.8.4.1.1. Description of the organisational structure

.....

1.8.4.1.2. Findings

.....

1.8.4.1.3. Assessment

.....

1.8.4.2. Internal environment: Human-resource standard

1.8.4.2.1. 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)

1.8.4.2.2. Assessment

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

1.8.4.3. Information and communication: Communication in particular as regards the annual performance report

1.8.4.3.1. 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)

1.8.4.3.2. Assessment

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

1.8.4.4. Information and communication: Information Systems Security in particular as regards the annual performance report

1.8.4.4.1. Work Done

1.8.4.4.2. Assessment and Findings

1.8.4.4.3. Recommendations

[List here the major/intermediate recommendations]

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

1.8.4.5. Monitoring: Ongoing monitoring via internal control activities

1.8.4.5.1. 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)

1.8.4.5.2. Assessment

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

1.8.5. Implementation of CAP strategic plan - Article 9 of Regulation (EU) 2021/2115

1.8.5.1. Overall assessment

1.8.5.1.1. 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, 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)

1.8.5.1.2. Assessment

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

1.9. Action Plans / DG AGRI's recommendations

1.9.1. Follow up of recommendations to PA / CoB

1.9.1.1. 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.]

1.9.1.2. 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:

... *[tests performed / checks made]*

...

1.9.1.3. 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.]*

1.9.1.4. Recommendations

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

1.9.2. Follow up of recommendations to CB

1.9.2.1. 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)].

1.9.2.2. 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)

1.9.2.3. 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).

1.10. Overall conclusions

1.10.1. 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.

- | | |
|-------------------------|---|
| - Major Findings | Matters relating to serious deficiencies which require immediate attention by the Competent Authority and the Head of the Paying Agency (Coordinating Body), corresponding to grade (1) in the accreditation matrix ²⁰ (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 (Coordinating Body) 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. |

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

²⁰ See guideline no. 1 in respect of the accreditation.

1.10.2. 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 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:

Finding	Section	Recommendation	Response of Paying Agency / Coordinating Body	CB assessment of PA / CoB response

1.10.3. 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.

The following intermediate findings were established:

Finding	Section	Recommendation	Response of Paying Agency / Coordinating Body	CB assessment of PA / CoB response

1.11. 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 (Coordinating Body) and the assessment of the response by the Certification Body.

[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]

Major recommendations

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

Intermediate recommendations

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

1.11.1. Conclusion

1.11.2. Recommendations

**AUDIT OBJECTIVE 3 – ASSESSMENT OF THE PERFORMANCE REPORTING
ON OUTPUT AND RESULT INDICATORS**

1.12. Review of the Internal Control System

This section outlines the current status of the accreditation and provides the basis for the assessment of the Paying Agency and Co-ordinating Body's compliance with the accreditation criteria per internal control procedure / component as indicated in Matrices regarding the performance reporting procedures. We have assessed the compliance with the accreditation criteria and the performance reporting on output and result indicators by using the grading "1" to "4".

Our overall assessment is outlined below:

MATRIX - AO3 - Assessment of the performance reporting on output and result indicators												
Assessment Component Procedure		Internal environment				Control activities	Information and communication		Monitoring		Evaluation at assessment criteria	General conclusion
		Organisational structure	Human resources	Delegated tasks	Risk Assessment		Communication	I.S. Sec.	Ongoing monitoring	Internal Audit		
Performance reporting - procedure in the Paying Agency / Coordinating Body												
Assessment Component Procedure		IT systems ensuring (Annex I of R.2022/127)				Alternative systems				Evaluation at assessment criteria	General conclusion	
		Compilation and reconciliation of quantitative information		Quality and reliability of qualitative information		pm (Quality and reliability of data)						
Performance reporting (art.59(3) of R.2021/2116)	Output indicators											
	Result indicators											

[For the assessment of the accreditation components, the CB can refer to the work conducted under Audit Objective 2.

In this part the CB should only report any additional issue linked to the performance reporting procedures, if applicable].

1.12.1. Review of procedures and IT controls for the performance reporting system

[The CB should review the data capturing and reporting procedures and systems established at the Paying Agency and also provided by other bodies. The procedures are expected to be fully automated IT system based. The CB shall consider testing the automated controls at the application level of the IT systems for performance reporting. The CB may perform audit procedures to determine whether an automated control has been implemented. The CB should describe the testing performed to reach the following conclusions. Assurance can also be derived from the assessment of the Information Systems Security performed within AO1 and AO2].

Description of the methods for the objectives below is as follows;

Objective	Method used
All input data are accurate, complete, authorized and correct	
All data are processed as intended	
All data stored are accurate and complete	
All output data are accurate and complete	
A record is maintained to track the process of data from input to storage, and to the output	
Access to data is limited based on business need	
Incompatible duties within an application are systematically prevented	

[This review will provide the basis for the assessment of the reporting system, the result of which is to be used also under Audit Objective 2, as well as for the subsequent substantive analytical procedures to establish the correctness of the annual performance report].

[A review of the IT controls for the performance reporting system is recommended on an annual basis. However, when the system has not altered from the previous year the CB can rely on its work of the previous years].

1.12.1.1. Findings

1.12.1.2. Recommendations

1.12.2. Substantive analytical procedures

1.12.2.1. Objective

To verify that the data on output and result indicators established in the system of the PA or other entity correspond to the data included in the report.

1.12.2.2. Work done

[In a fully automated environment this could already be confirmed through the review of the procedures and controls. However, if the following aspects have not been covered yet the CB needs to confirm them through substantive analytical procedures:]

- ***Completeness:*** *all data that should have been recorded have been recorded.*
- ***Accuracy:*** *the data are disclosed in the Annual performance report at the correct/appropriate amounts.*
- ***Cut-off:*** *data have been recorded in the correct reporting period, i.e. in the period in which the payment actually took place.*

The CB can select an additional sample of transactions or use the items selected within for AO2 to validate the correctness of data included in the performance report].

1.12.2.3. Findings

1.12.2.4. Recommendations

1.12.3. Review of reconciliations

1.12.3.1. Objective

To review the reconciliation procedure of the PA and to check the accuracy of each part of the annual performance report.

1.12.3.2. Work to be done

[A procedure should be established to assess and confirm the reconciliation (provided by the PA in the APR) between expenditure (gross expenditure) as per the annual performance report and expenditure declared in the annual accounts (net expenditure) taking into consideration any adjustments relating to any penalties, other reductions, recoveries etc.

The proper timing of the work and in that respect collaboration with the PA is essential to ensure that both the PA and the CB can fulfil their tasks].

1.12.3.3. Findings

1.12.3.4. Recommendations

1.12.4. Position of PA (Member States) on the findings and recommendation

**AUDIT OBJECTIVE 4 – LEGALITY AND REGULARITY OF EXPENDITURE
OUTSIDE CAP STRATEGIC PLAN**

1.13. 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 Matrix. We have assessed the compliance with the accreditation criteria by using the grading "1" to "4". Our overall assessment is outlined below:

[illegible]

1.13.1. Understanding the entity / processes

Guideline 2 as applicable in FY2022 is to be used for the expenditure under legality and regularity mechanism in FY2023

[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].

1.13.2. 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. Compliance assessment performed within other AOs can be used]*

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

1.13.2.1. 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]

1.13.2.1.1. 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)

1.13.2.1.2. Assessment

[provide an assessment which would be reflected in the accreditation matrix grades]

1.13.2.2. 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]

1.13.2.2.1. 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)

1.13.2.2.2. Assessment

[provide an assessment which would be reflected in the accreditation matrix grades]

1.13.2.3. Control activities: Authorisation of payments – Ancillary Controls

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

1.13.2.3.1. 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)

1.13.2.3.2. Assessment

[provide an assessment which will be reflected in the accreditation matrix grades]

1.13.2.4. Internal environment – Risk assessment

1.13.2.4.1. Description

1.13.2.4.2. 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)

1.13.2.4.3. Assessment

1.13.2.5. Internal environment: Delegation

1.13.2.5.1. 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.

1.13.2.5.2. 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)

1.13.2.5.3. Assessment

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

1.13.3. Substantive Testing

1.13.3.1. Overview

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

1.13.3.2. Work done

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

1.13.3.3. 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.]

1.14. Overall Incompliance rate evaluation

Overall Incompliance rate evaluation

1.14.1. 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</u>	<u>[if applicable] EAGF strata</u>
Amount of gross expenditure	0	0
Materiality (TM)	0	0
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
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) 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 population.

1.14.1.1. Evaluation of the total projected incompliance rate - Non-statistical population

[to be used only if applicable]

As regards small population of operational expenditure (e.g. EAGF) 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-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 population.

1.14.2. EAGF - Confirmation of the control data/statistics and the Management declaration

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

Our evaluation is reflected in the Opinion.

[Note: in case 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.]

1.15. Review of the Non-IACS statistics and scrutiny of transactions applicable for PAXX [indicate the PA number]

1.16. Overall conclusions

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 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. |

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

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](#)

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.

1.16.1. 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. 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

1.16.2. 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 legality and regularity issues:

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

1.17. Follow-up of previous years' recommendations

Follow-up of previous years' recommendations 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]

1.17.1. Major recommendations

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

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

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

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

1.17.2. Intermediate recommendations

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

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

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

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

Financial errors

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

1.17.2.1. Conclusion

1.17.2.2. Recommendations

SECTION B – EAFRD

SECTION C – AUDIT OPINION

SECTION D – ANNEXES

END