



# TESIM

Technical support to the implementation  
and management of ENI CBC programmes

## Adapted key requirements/ assessment criteria for the management and control system audits

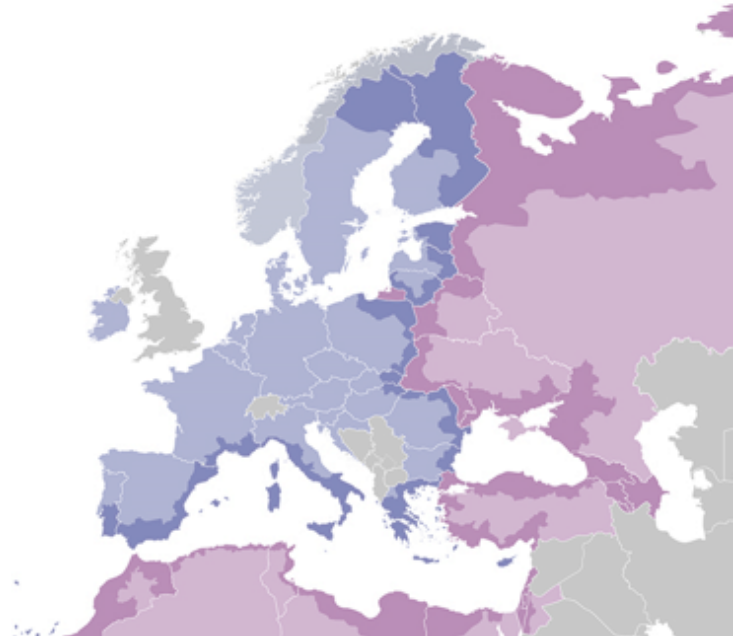
Working paper

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It does not necessarily reflect the views of the European Commission on the topic, and is presented to programme practitioners **for illustrative purposes only**.



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### UPDATE

This update of the document has been made upon the request from DG Regio in order to harmonise the approaches between ESIF and ENI CBC system audits. To this end, the horizontal key requirement “*Appropriate procedures to ascertain that the components of internal control exist and function*” (**previously key requirement no.9**) has been integrated under key requirements no.1 and no.6.

## 1. Background

Each ENI CBC programme had to set up its management and control systems. As a next step, designation exercise was carried out by an independent audit body (usually the Audit Authority – hereinafter the AA) to assess the compliance of the management and control systems. For the designation exercise, the criteria laid down in the annex of the ENI CBC Implementing Rules (ENI CBC IR) had to be used.

As regards the functioning of the systems during programme implementation, the AAs must ensure that the audits are carried out on the management and control systems. While the designation criteria are described in the ENI CBC IR, the identification and assessment of key requirements for the functioning the management and control systems are not explicitly described. The practice of the European structural and investment funds (ESIF) programmes requires to follow the “*Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems in the Member States*” (EGESIF\_14-0010). The majority of the ENI CBC AAs are also involved in the audit capacity of ESIF programmes and are well experienced with this methodological approach, structure of the key requirements and links between designation criteria and key requirements for the management and control systems.

Therefore, the ENI CBC AAs in the past have raised the question whether, similarly as for the ESIF programmes, the designation criteria (the annex of the ENI CBC IR) can be used as the key requirements for the audits on the management and control systems.

While the criteria in the annex of the ENI CBC IR must be used to carry out the audit work, the audits on the management and control systems, are not limited only to the designation criteria, but also assessing whether the systems are set up in accordance with other provisions of the ENI CBC IR and that these systems function effectively.

In short, the AAs must take into account both the designation criteria and other requirements stemming from the ENI CBC IR, to assess the functioning of the management and control systems during the systems audit.



Taking into account the needs expressed in the 2<sup>nd</sup> ENI CBC network meeting on the audit issues (Bucharest, 19-20 September, 2018), TESIM has prepared a working document for the assessment of management and control systems.

The working document has been inspired by the above mentioned EGESIF guidance with the adaptations specific to the ENI CBC specificities.

## 2. Purpose of the document

The objective of this working paper is to provide practical tool to help ENI CBC auditors assess the functioning of management and control systems in a systematic way. It draws upon the “*Guidance for the Commission and Member States on a common methodology for the assessment of management and control systems in the Member States*” (EGESIF\_14-0010) for the ESIF programmes and adapts it to the ENI CBC specificities with a special focus on:

- linking the designation criteria of the ENI CBC IR with the key requirements (annex 1);
- adapting the key requirements to be used during the system audits (annex 2);
- adapting and explaining the assessment criteria to be used for each key requirement (annex 2).

As for drawing conclusions for each key requirement and by authority, as well as for reaching an overall conclusion on the management and control system, the above mentioned EGESIF guidance can be used directly.

The working paper is addressed to the AAs, in order to ensure objectivity, consistency and transparency in assessing compliance of the management and control systems with the key regulatory requirements. The working paper also provides the adaptation of the key requirements the evaluation of the functioning of AAs which can be used by AAs when assessing/supervising the work of other audit bodies or as a self-assessment tool to ensure compliance of their own audit procedures.

The Managing Authorities, Joint Technical Secretariats and other programme bodies are recommended to also consider and make use of this guidance document when needed, as a self-assessment tool.

It is not possible in the present guidance to cover all situations which might be identified. The quality review of each audit must ensure that the overall conclusion on the system is substantiated and that the audit opinion proposed is both consistent with the audit findings and properly justified and documented.

### 3. Adaptation of key requirements and assessment criteria

The working paper presents adapted 18 key requirements of the management and control systems and the adapted criteria for the assessment of their functioning (annex 2). They concern:

1. The Managing Authority (MA) and any intermediate bodies (IBs) to which functions have been delegated (8 key requirements containing 39 assessment criteria);
2. The Certifying Authority (CA<sup>1</sup>) and any IBs to which functions have been delegated (5 key requirements containing 18 assessment criteria);
3. The AA and any audit bodies that carry out audit work on its behalf (5 key requirements containing 27 assessment criteria).

The assessment criteria are described for each key requirement. Non-compliance with these criteria implies system deficiencies and thus a risk of irregular expenditure being declared to the Commission.

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<sup>1</sup> In the case of ENI CBC programmes, certification function is carried out by the MA in all cases. The key requirements and assessment criteria should be read and applied from the perspective on the allocation and separation of the respective tasks within the MA.

## Annex 1 - Table linking the designation criteria of the ENI CBC IR with the key requirements

<b>1. Key requirements in relation to the MA and its IBs</b>		
	<i>ESIF</i>	<i>ENI CBC</i>
<p><u>Key requirement 1:</u> Adequate separation of functions and adequate systems for reporting and monitoring where the responsible authority entrusts execution of tasks to another body</p> <p><i>KR1 also encompasses "Appropriate procedures to ascertain that the components of internal control exist and function".</i></p>	(Articles 72(a), (b), (e) and (h), 122(2), 123(1) and (6), 125(1) CPR <sup>2</sup> )	Articles 30.1(a), (d), (g), Article 31 Point 5 of the Annex
<p><u>Key requirement 2:</u> Appropriate selection of operations</p>	(Articles 72(c), 125(3) CPR)	Articles 30.1(b), 30.1(h); Articles 26.3(a), 26.3(b)
<p><u>Key requirement 3:</u> Adequate information to beneficiaries</p>	(Article 125(3)(c) CPR)	Article 26.3; Article 3(i) of the Annex
<p><u>Key requirement 4:</u> Adequate management verifications</p>	(Articles 72(c) and (h), 125(4)(a), (5) and (6) CPR)	Articles 30.1(b), (g); Article 26.5(a), 26.6 and 26.7
<p><u>Key requirement 5:</u> Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail</p>	(Articles 72(g), 122(3), 140, 125(4)(d), 125(8) CPR)	Articles 26.5(d); 30.1(c), (f); 70;
<p><u>Key requirement 6:</u> Reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes, including links with electronic data exchange systems with beneficiaries</p> <p><i>KR6 also encompasses "Appropriate procedures to ascertain that the</i></p>	(Articles 72(d), 112(3), 122(3), 125(2)(a),(d),(e), 125(4)(d), (8) and 140 CPR)	Articles 30.1(c), 31.3 Point 5 of the Annex

<sup>2</sup> Common Provisions Regulation (Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17.12.2013) and amendments applicable.

<i>components of internal control exist and function”.</i>		
<u>Key requirement 7:</u> Effective implementation of proportionate anti-fraud measures	(Articles 72(h), 122(2), 125(4)(c) CPR)	Articles 30.1(g), 31.3(i)
<u>Key requirement 8:</u> Appropriate procedures for drawing up the management declaration and annual summary of the final audit reports and of controls carried out	(Article 125(4)(e) CPR)	Articles 25.6(e), (f), (g)
<b>2. Key requirements in relation to the CA and its IBs</b>		
In the case of ENI CBC programmes, certification function is carried out by the MA in all cases. The key requirements and assessment criteria should be read and applied from the perspective on the allocation and separation of the respective tasks within the MA.		
<u>Key requirement 9:</u> Adequate separation of functions and adequate system for reporting and monitoring where the responsible authority entrust execution of tasks to another authority	(Articles 72(a), (b) and (e), 123 (2) and (6), 126 CPR)	Article 30.1(a),(b), (e)
<u>Key requirement 10:</u> Adequate procedures for drawing-up and submitting payment applications	(Article 126(a), (e) and (f) CPR)	Article 30.1(a), (b), (e); Article 60.1, 60.2
<u>Key requirement 11:</u> Appropriate computerised records of expenditure declared and of the corresponding public contribution are maintained	(Article 126(d), (g) CPR)	Article 26.5(i)
<u>Key requirement 12:</u> Appropriate and complete account of amounts recoverable, recovered and withdrawn	(Articles 72(h), 137(1)(b), 137(2) CPR)	Article 26.2(d)
<u>Key requirement 13:</u> Appropriate procedures for drawing up and certifying the completeness, accuracy and veracity of the accounts	(Articles 72(h), 126 (b),(c) and (h), 137 CPR, Article 59(5)(a) of the Financial Regulation)	Article 26.5(g); 68; 70
<b>3. Key requirements in relation to the AA</b>		
<u>Key requirement 14:</u> Adequate separation of functions and adequate systems for ensuring that any other body that carries out audits in accordance with the programme audit strategy has the necessary functional independence and takes	(Articles 72(a), (b) and (e), 123(4) and (5) CPR)	Article 28.3; 30.1 (a); 32.4

account of internationally accepted audit standards		
<u>Key requirement 15</u> : Adequate system audits	(Articles 72(f), 127(1) CPR)	Articles 28.1; 32.3
<u>Key requirement 16</u> : Adequate audits of operations	(Articles 72(f), 127 CPR, Articles 27, 28 CDR <sup>3</sup> )	Articles 28.1, 32.3
<u>Key requirement 17</u> : Adequate audits of accounts	(Article 127(7) CPR, Article 29 CDR, Article 59(5)(a) and (b) of the Financial Regulation)	Articles 28.1, 32.3, 68.4
<u>Key requirement 18</u> : Adequate procedures for providing a reliable audit opinion and for preparing the ACR	(Article 127(5) CPR, Article 59(5)(b) of the Financial Regulation)	Articles 28.6, 32.3, 68.2(d) a

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<sup>3</sup> Commission Delegated Regulation (EU) No 480/2014 of 3.3.2014 supplementing Regulation (EU) No 1303/2013 of the European Parliament and of the Council and further amendments.



## Annex 2 – Adapted key requirements and assessment criteria

<b>Key requirements in relation to the MA and its IB(s)</b>	
<b>Key requirement 1: Adequate separation of functions and adequate systems for reporting and monitoring where the responsible authority entrusts execution of tasks to another body</b>	
<b>Assessment criteria:</b>	
<p>ESIF (Articles 72(a), (b), (e) and (h), 122(2), 123(1) and (6), 125(1) CPR)</p>	<p>ENI CBC Articles 30.1(a), (d), (g), Article 31</p>
<p>1.1 A clear description and allocation of functions (organisation chart, indicative number of posts, qualifications and experience required, job descriptions), including the existence of a formal documented agreement clearly setting out any tasks that are delegated by the MA to the IB(s).</p>	<p><u>No adaptation needed.</u> In most of the cases<sup>4</sup>, the MA has delegated the tasks to the Joint Technical Secretariat (JTS) (under ENI CBC IR the notion of the 'JTS' is understood separately from the notion of 'intermediate body').</p>
<p>1.2 Necessary staff and expertise exist at the different levels and for the different functions within the MA and IBs, taking into account the number, size and complexity of the programmes concerned, including appropriate outsourcing arrangements if any.</p>	<p><u>No adaptation needed.</u> Same as comment as in 1.1. in relation to the IBs.</p>
<p>1.3 Compliance with the principle of separation of functions within the organisation of the MA, where appropriate and in particular in case the Member State has decided to keep the certification function within the same administrative structure as the MA, as well as between the MA and other bodies in the MCS (CA, or its IBs, the AA or other audit bodies).</p>	<p>Certification function is not explicitly requested by the ENI CBC IRs. <u>Adapted formulation:</u></p> <p>1.3 Compliance with the principle of separation of functions within the MA, as well as between the MA and other bodies in the MCS (bodies carrying out expenditure verification, CCPs, the AA or other audit bodies).</p>
<p>1.4 Complete and adequate procedures and manuals exist and are updated as necessary, covering all key activities within the MA and IBs, including reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid.</p>	<p><u>Adaptation to address "Appropriate procedures to ascertain that the components of internal control exist and function".</u></p> <p>In addition, following aspects of internal control should be assessed:</p>

<sup>4</sup> Exceptions being three programmes managed by Finland (Kolarctic, Karelia and Southeast Finland – Russia), where it has been decided not to establish separate JTS and Hungary-Slovakia-Romania-Ukraine programme with and intermediate body to assist the MA.

	<p>“The MA (or its internal audit unit, if present) routinely check procedures in order to monitor the components of its internal control system.</p> <p>The MA periodically evaluate the accuracy, timeliness and relevance of its management and information systems.</p> <p>The annual report of the MA takes into account the assessment of the effectiveness of its internal control system.”</p>
<p>1.5 Adequate procedures and arrangements are in place to effectively monitor and supervise the tasks delegated to the IB(s) on the basis of adequate reporting mechanisms (review of the IB’s methodology, regular review of results reported by the IB, including where possible reperformance on a sample basis of the work carried out by the IB).</p>	<p><u>Adaptation to address “Appropriate procedures to ascertain that the components of internal control exist and function”.</u></p> <p>In addition, following aspects of internal control should be assessed:          “The MA (or its internal audit unit, if present) routinely check procedures in order to monitor the components of its internal control system.</p> <p>The MA periodically evaluate the accuracy, timeliness and relevance of its management and information systems.</p> <p>The annual report of the MA takes into account the assessment of the effectiveness of its internal control system.”</p>
<p>1.6 Taking into account the principle of proportionality, a framework for ensuring that an appropriate risk management exercise is conducted when necessary, and in particular, in the event of major modifications to the activities and changes of the management and control structures.</p>	<p><u>Adaptation needed,</u> as the ENI CBC IR requires that risk assessment exercise is conducted at least once per year:          1.6. Taking into account the principle of proportionality, a system for ensuring that an appropriate risk management exercise is conducted at least once per year, and in particular, in the event of major modifications of the activities.</p>

<b>Key requirement 2: Appropriate selection of operations</b>	
<b>Assessment criteria:</b>	
<p>ESIF (Articles 72(c), 125(3) CPR)</p>	<p>ENI CBC Articles 30.1(b), 30.1(h); Articles 26.3(a), 26.3(b)</p>
<p>2.1 The MA drew up, for approval by the monitoring committee, appropriate selection procedures and criteria that:</p> <ul style="list-style-type: none"> <li>a. ensure the contribution of operations to the achievement of the specific objectives and results of the relevant priority;</li> <li>b. are non-discriminatory and transparent;</li> <li>c. take into account the promotion of equality between men and women and the principles of sustainable development as set out in Articles 7 and 8 CPR.</li> </ul>	<p><u>Adaptation for the points b)<sup>5</sup> and c)<sup>6</sup>:</u></p> <p>b) ensures the principles of transparency, equal treatment, non-discrimination, objectivity and fair competition.</p> <p>With a view to respect these principles:</p> <p>(a) the projects shall be selected and awarded on the basis of preannounced selection and award criteria which are defined in the evaluation grid. The selection criteria serve to assess the applicant's ability to complete the proposed action or work programme. The award criteria are used to assess the quality of the project's proposal against the set objectives and priorities;</p> <p>(b) the grants shall be subject to ex ante and ex post publicity rules;</p> <p>(c) the applicants shall be informed in writing about the evaluation results. If the grant requested is not awarded, the Managing Authority shall provide the reasons for the rejection of the application with reference to the selection and award criteria that are not met by the application;</p> <p>(d) any conflict of interest shall be avoided;</p> <p>(e) the same rules and conditions shall be applied to all applicants.</p> <p>c) where relevant, take into account how cross cutting issues</p>

<sup>5</sup> Annex of ENI CBC IR, point 3.i;

<sup>6</sup> Article 4.3(d) of ENI CBC IR.

	(democracy and human rights, environmental sustainability, gender equality and HIV/AIDS) are taken into account.
2.2. Calls for applications are published. Calls for publications are advertised in order to reach all potential beneficiaries and contain a clear description of the selection procedure used and the rights and obligations of the beneficiaries.	<u>No adaptation needed.</u>
2.3 All applications received are recorded. Applications are registered on receipt, evidence of receipt delivered to each applicant and records kept of the approval status of each application.	<u>No adaptation needed.</u>
2.4. All applications or projects are evaluated in accordance with the applicable criteria.  The evaluation is applied consistently and in a non-discriminatory way. The criteria and scoring used is in accordance with those approved by the monitoring committee and mentioned in the call. In assessing the applications or projects the MA ensures that the evaluators possess the required expertise and independence. The MA should in addition specifically examine whether: a. The selected operation falls within the scope of the fund(s) concerned and can be attributed to a category of intervention; b. The beneficiary has the administrative, financial and operational capacity to fulfil the conditions regarding the provision of funding; c. Where the operation has started before the submission of an application for funding, applicable law relevant for the operation has been complied with; d. Operations selected for support do not include activities which were part of an operation which has been or should have been subject to a procedure of recovery following the relocation of a productive activity outside the programme area. All phases of this evaluation should be adequately documented.	<u>No adaptation needed</u> , even though the point d) cannot be directly applied, however the general principles of non-cumulative award and no double financing (article 188 (d) of the Financial Regulation) are applicable.
2.5 Decisions taken on the acceptance or rejection of applications or projects should be taken by an appropriately authorised person in the responsible designated body, results notified in writing in an agreement or decision (or comparable document) to the candidate and the reasons for acceptance or	<u>Adaptation needed</u> , as the responsible body for the project selection is JMC and the requirement of the appeal procedure and related decisions to

<p>rejection clearly set out. The appeal procedure and related decisions should be published.</p>	<p>be published is not explicitly required by the ENI CBC IR<sup>7</sup>:</p> <p>2.5 Decisions taken on the acceptance or rejection of applications or projects should be taken by the JMC, results notified in writing in an agreement or decision (or comparable document) to the candidate and the reasons for acceptance or rejection clearly set out.</p>
<p><b>Key requirement 3: Adequate information to beneficiaries</b></p>	
<p><b>Assessment criteria:</b></p>	
<p>ESIF (Article 125(3)(c) CPR)</p>	<p>ENI CBC Article 26.3; Article 3(i) of the Annex</p>
<p>3.1 Effective communication to beneficiaries of their rights and obligations in particular the national eligibility rules laid down for the programme, the applicable EU rules on eligibility, the specific conditions for support for each operation concerning the products or services to be delivered under the operation, the financing plan, the time-limit for execution, the requirements concerning separate accounting or adequate accounting codes, the information to be kept and communicated. The information and publicity obligations should also be clearly expressed and communicated.</p>	<p><u>No adaptation needed.</u></p>
<p>3.2 The existence of clear and unambiguous national eligibility rules laid down for the programme.</p>	<p><u>Adaptation needed</u>, due to the differences in legal framework:</p> <p>3.2. In case programme established additional eligibility rules for the programme as a whole, they shall be clear and unambiguous.</p> <p>Where applicable, the additional eligibility rules deriving from the financing agreements are clearly laid down in the documents for the applicants and beneficiaries.</p>

<sup>7</sup> However, in practice the programmes have included appeal procedure and related in the arrangements in the documents for the calls for proposals and this can be considered as good practice to be applied.

<p>3.3 The existence of a strategy to ensure that beneficiaries have access to the necessary information and receive an appropriate level of guidance (leaflets, booklets, seminars, workshops, websites, etc.).</p>	<p><u>No adaptation needed.</u></p>
<p><b>Key requirement 4: Adequate management verifications</b></p>	
<p><b>Assessment criteria</b></p>	
<p>ESIF (Articles 72(c) and (h), 125(4)(a), (5) and (6) CPR)</p>	<p>ENI CBC Articles 30.1(b), (g); Article 26.5(a), 26.6 and 26.7</p>
<p>4.1. The management verifications include:</p> <p>a. Administrative verifications in respect of each application for reimbursement by beneficiaries: all applications for reimbursement submitted by beneficiaries should be subject to administrative verifications by the MA or its IB(s) before certification and should include an examination of both the claim itself and the relevant supporting documentation attached. The range and type of supporting documentation to be requested from beneficiaries for verification, is based on a risk assessment of each type of file or beneficiary;</p> <p>b. The on-the-spot verifications of operations by the MA and its IB(s) should be undertaken when the project is well under way, both in terms of physical and financial progress (e.g. for training measures).</p>	<p><u>No adaptation needed.</u></p>
<p>4.2. On-the-spot verifications of individual operations may be carried out by the MA or its IB(s) on a sample basis. The frequency and coverage of the on-the-spot verifications should be proportionate to the amount of public support to an operation and to the level of risk identified by the MA or its IB(s) through their administrative verifications and by the AA through its audits for the MCS as a whole. The records should describe the sampling method used, identify the operations selected, and provide an overview of the conclusions of the verifications and the detected irregularities.</p>	<p><u>No adaptation needed.</u></p>
<p>4.3. Written procedures and comprehensive checklists should exist to be used for the management verifications in order to detect any material misstatements. This means that the checklists should, as a minimum, address verifications on:</p> <p>a. the correctness of the application for reimbursement;</p>	<p><u>No adaptation needed.</u></p>

<p>b. the eligible period;</p> <p>c. compliance with the approved project;</p> <p>d. compliance with the approved financing rate (where applicable);</p> <p>e. compliance with the relevant eligibility rules and EU and national rules on public procurement, state aid, environment, financial instruments, sustainable development, publicity, equal opportunity requirements and non-discrimination;</p> <p>f. the reality of the project, including physical progress of the product or service and compliance with the terms and the conditions of the grant agreement and with the output and result indicators;</p> <p>g. the expenditure declared and the existence and compliance of the audit trail for a number of expenditure items;</p> <p>h. the separate accounting system or an adequate accounting code for all transactions relating to an operation for operations reimbursed on the basis of eligible costs actually incurred. This separate accounting system or adequate accounting codes allow for verification of (1) the correct allocation of expenditure only partly relating to the co-financed operation and (2) certain types of expenditure which are only considered eligible within certain limits or in proportion to other costs.</p>	
<p>4.4. Evidence should be kept of:</p> <p>a. the administrative verifications and the on-the-spot verifications, including the work done and the results obtained;</p> <p>b. the follow-up of the findings detected.</p> <p>These records constitute the supporting documentation and information for the annual summary to be prepared by the MA.</p>	<p><u>No adaptation needed.</u></p>
<p>4.5. The existence of procedures approved by the MA to ensure that the CA receives all necessary information on the verifications carried out for the purpose of certification. Management verifications should be completed on time for expenditure certified in the accounts of a given accounting year.</p>	<p><u>Adaptation needed</u>, as there are no explicit requirement for separate CA in the ENI CBC IR:</p> <p>4.5. The existence of procedures approved by the MA to ensure that all necessary information on the verifications carried out for the purpose of declaring the amounts to the European Commission is produced and taken into account.</p>

	Management verifications should be completed on time for expenditure certified in the accounts of a given accounting year.
<b>Key requirement 5: Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail</b>	
<b>Assessment criteria</b>	
<i>ESIF (Articles 72(g), 122(3), 140, 125(4)(d), 125(8) CPR)</i>	<i>ENI CBC Articles 26.5(d); 30.1(c), (f); 70</i>
5.1. The detailed accounting records and supporting documents for operations are kept at the appropriate management level (such as the technical specifications and financial plan of the operation, progress in achieving outputs and results and monitoring reports, documents concerning application, evaluation, selection, grant approval and tendering and contracting procedures and reports on inspections of the products and services co-financed) and provide the information set in Article 25(1) CDR. The accounting system enables both the beneficiaries and the other bodies involved to be identified together with the justification for the payment.	Adaptation needed, as article 25(1) of the CDR 480/2014 is not directly applicable <sup>8</sup> :  5.1 The detailed accounting records and supporting documents for operations are kept at the appropriate management level. The accounting system enables both the beneficiaries and the other bodies involved to be identified together with the justification for the payment.
5.2. A record is kept by the MA of the identity and location of bodies holding the supporting documents relating to expenditure and audits. This includes all documents required for an adequate audit trail, which may be in electronic form in case of electronic data exchange between beneficiaries and relevant bodies pursuant to Article 122(3) CPR.	Adaptation needed, as CPR is not directly applicable to ENI CBC:  5.2. A record is kept by the MA of the identity and location of bodies holding the supporting documents relating to expenditure and audits. This includes all documents required for an adequate audit trail, which may be in electronic form in case of electronic data exchange between beneficiaries and relevant bodies.
5.3. Procedures are in place to ensure that all documents required to ensure an adequate audit trail are held in accordance with the requirements of Article 140 CPR i.e. regarding availability of documents.	Adaptation needed, as CPR is not directly applicable to ENI CBC:  5.3. Procedures are in place to ensure that all documents required to ensure an adequate audit trail

<sup>8</sup> In practice the audit trail requirements in the ENI CBC programmes in many cases mirrors those of the article 25 of the CDR 480/2014.



	are held in accordance with the requirements of Article 70 of ENI CBC IR i.e. regarding availability of documents.
<b>Key requirement 6: Reliable system for collecting, recording and storing data for monitoring, evaluation, financial management, verification and audit purposes, including links with electronic data exchange systems with beneficiaries</b>	
<b>Assessment criteria</b>	
<i>ESIF (Articles 72(d), 112(3), 122(3), 125(2)(a),(d),(e), 125(4)(d), (8) and 140 CPR)</i>	<i>ENI CBC Articles 30.1(c), 31.3</i>
6.1. The existence of a computerised system capable to collect, record and store on each operation the data required by Annex III CDR, including data relating to indicators and milestones and on the progress of the programme in achieving its objectives provided by the MA under Article 125(2)(a) CPR. Where an operation is supported by the ESF, this should include data on individual participants and a breakdown of data on indicators by gender where required.	<p><u>Adapted to the requirements of the ENI CBC IR:</u></p> <p>6.1. The existence of a computerised system to record and store data on each project necessary for monitoring, evaluation, financial management, control and audit, including data on individual participants in projects, where applicable<sup>9</sup>.</p> <p>In addition, following aspects of internal control should be assessed: "The MA (or its internal audit unit, if present) routinely check procedures in order to monitor the components of its internal control system.</p> <p>The MA periodically evaluate the accuracy, timeliness and relevance of its management and information systems.</p> <p>The annual report of the MA takes into account the assessment of the effectiveness of its internal control system."</p>
6.2. Adequate procedures are in place to allow for the aggregation of the data where this is necessary for the purposes of evaluation, audits, as well as for	<u>No adaptation needed.</u>

<sup>9</sup> TESIM Guide to developing management and information systems in ENI CBC programmes presents information on the recommended elements of the systems, including adaptation of the Annex III CDR.

<p>payment applications and accounts, annual summaries, annual implementation and final reports, including reports on financial data, submitted to the Commission.</p>	
<p>6.3. Adequate procedures are in place to ensure:</p> <p>a. the security and maintenance of this computerised system, data integrity taken account of internationally accepted standards as for example ISO/IEC 27001:2013 and ISO/IEC 27002:2013, data confidentiality, the authentication of the sender and storage of documents and data in particular in accordance with Articles 122(3), 125(4)(d), 125(8) and 140 CPR and</p> <p>b. the protection of individuals with regard to the processing of personal data.</p>	<p><u>No adaptation needed</u>, references to CPR removed:</p> <p>a. the security and maintenance of this computerised system, data integrity taken account of internationally accepted standards as for example<sup>10</sup> ISO/IEC 27001:2013 and ISO/IEC 27002:2013, data confidentiality, the authentication of the sender and storage of documents and data.</p> <p>b. the protection of individuals with regard to the processing of personal data.</p>
<p><b>Key requirement 7: Effective implementation of proportionate anti-fraud measures</b></p>	
<p><b>Assessment criteria</b></p>	
<p>ESIF (Articles 72(h), 122(2), 125(4)(c) CPR)</p>	<p>ENI CBC Articles 30.1(g), 31.3</p>
<p>7.1. Before the beginning of programme implementation, MAs carry out a fraud risk assessment of the impact and likelihood of fraud risks relevant to the key processes in the implementation of the programmes. The fraud risk assessment should ideally be carried out on an annual basis, or every second year, depending on risk levels. The results of the fraud risk assessment should be endorsed by the senior management of the MA.</p>	<p><u>No adaptation needed.</u></p>
<p>7.2. The anti-fraud measures are structured around four key elements in the anti-fraud cycle: prevention, detection, correction and prosecution.</p>	<p><u>No adaptation needed.</u></p>
<p>7.3. Adequate and proportionate preventive measures, tailored to the specific situations, are in place in order to mitigate the residual risk of fraud to an acceptable level (such as mission statement, code of conduct, tone from the top communication, allocation of responsibilities, training and awareness raising actions, data analytics and up-to-date</p>	<p><u>No adaptation needed.</u></p>

<sup>10</sup> See examples of standards used in the ENI CBC programmes in TESIM Guide to developing management and information systems in ENI CBC programmes.

awareness of fraud warning signs and fraud indicators).	
7.4. Appropriate detective measures of 'red flags' are in place and effectively implemented.	<u>No adaptation needed.</u>
7.5. Adequate measures are in place once a suspected case of fraud is detected ensuring clear reporting mechanisms on both suspicions of fraud and also control weaknesses ensuring sufficient coordination with the AA, competent investigative authorities in the Member State, the Commission and OLAF.	<u>No adaptation needed.</u> For the practicalities of the irregularity and fraud reporting, please refer to the note to the Managing Authorities on the notification of irregularities (issued by DG Near on 11/09/2017; Ref. Ares(2017)4429026 - 11/09/2017)
7.6. Appropriate processes are in place for following up any suspected cases of fraud and related recoveries of EU funds spent in a fraudulent manner.	<u>No adaptation needed.</u>
7.7. Follow-up procedures are in place to review any processes, procedures or controls connected to the potential or actual fraud and feed into the subsequent review of the fraud risk assessment.	<u>No adaptation needed.</u>
<b>Key requirement 8: Appropriate procedures for drawing up the management declaration and annual summary of the final audit reports and of controls carried out</b>	
<b>Assessment criteria</b>	
<i>ESIF (Article 125(4)(e) CPR)</i>	<i>ENI CBC Articles 26.5(e), (f), (g)</i>
8.1. For the preparation of the annual summary, adequate procedures are in place to ensure: a. an adequate review and follow-up of the final results of all audits and controls carried out by the relevant bodies for each programme, including management verifications carried out by the MA or on its behalf by IBs and audits carried out by or under the authority of the AA and EU audits; b. the analysis of the nature and extent of the errors and weaknesses identified in the systems and the subsequent follow-up to these deficiencies (corrective action taken or planned); c. the implementation of preventive and corrective action in case of identification of systemic errors.	<u>No adaptation needed.</u>
8.2. The management declaration should be based on the annual summary, and should be drawn up in accordance with the model set out in the relevant Commission Implementing Regulation.	<u>Technical adaptation</u> as no pre-defined template in the ENI CBC IR:  8.2. The management declaration should be based on the annual summary of controls (article 68 of the ENI CBC IR).
8.3. The work carried out in preparation of the annual summary and the management declaration should be adequately documented.	<u>No adaptation needed.</u>

<p>8.4. The annual summary and management declaration as well as all relevant supporting documentation and information are made available in due time to the AA for the purpose of its assessment. Adequate internal deadlines are set for this purpose.</p>	<p><u>No adaptation needed.</u></p>
<p><b>2. Key requirements in relation to the CA and its IBs</b></p>	
<p><u>In the case of ENI CBC programmes, certification function is carried out by the MA in all cases. The key requirements and assessment criteria should be read and applied from the perspective on the allocation and separation of the respective tasks within the MA.</u></p>	
<p><b>Key requirement 9: Adequate separation of functions and adequate system for reporting and monitoring where the responsible authority entrust execution of tasks to another authority</b></p>	
<p><b>Assessment criteria</b></p>	
<p>ESIF <i>(Articles 72(a), (b) and (e), 123 (2) and (6), 126 CPR)</i></p>	<p>ENI CBC <i>Article 30.1(a),(b), (e)</i></p>
<p>9.1. A clear description and allocation of functions (organisation chart, indicative number of posts, qualifications and/or experience required, job descriptions) including existence of a formal documented agreement clearly setting up any tasks which are delegated by the CA to the IBs.</p>	<p><u>In the case of ENI CBC programmes, certification function is carried out by the MA, therefore the separation of functions within the MA can be assessed under key requirement 1.</u></p>
<p>9.2. Adequate number of sufficiently qualified human resources at the different levels and for the different functions within the CA, taking into account the number, size and complexity of the programmes concerned, including appropriate outsourcing arrangements if any.</p>	
<p>9.3. Compliance with the principle of separation of functions within the organisation of the CA, where appropriate and in particular in case the Member State has decided to keep the certification function within the same administrative structure as the MA, as well as between the CA and other authorities in the MCS (MA and its IBs, the AA and other audit bodies).</p>	
<p>9.4. Complete and adequate procedures and manuals exist and are updated as necessary, covering all key activities within the CA and IBs, including reporting and monitoring procedures for irregularities (irregularities reported by IBs or detected by the CA) and for the recovery of amounts unduly paid.</p>	
<p>9.5. Adequate procedures and arrangements are in place to effectively monitor and supervise the tasks delegated to the IB(s) on the basis of adequate reporting mechanisms (review of the IB's methodology, regular review of results reported by</p>	

<p>the IB, including where possible re-performance on a sample basis of the work carried out by the IB).</p>	
<p>9.6. Taking into account the principle of proportionality, a framework for ensuring that an appropriate risk management exercise is conducted when necessary, and in particular, in the event of major modifications to the activities and/or changes of the management and control structures.</p>	
<p><b>Key requirement 10: Adequate procedures for drawing-up and submitting payment applications</b></p>	
<p><b>Assessment criteria</b></p>	
<p>ESIF (Article 126(a), (e) and (f) CPR)</p>	<p>ENI CBC Article 30.1(a), (b), (e); Article 60.1, 60.2</p>
<p>10.1. Adequate procedures, where appropriate, to ensure that it receives and takes into account adequate information from the MA and/or its IB(s) on the first-level management verifications carried out, and the results of the audits carried out by or under the responsibility of the AA.</p> <p>a. A clear description of specific information needed for the certification process from the MA and AA should be reflected in the agreed procedure in order to ensure relevant information is received on a regular and timely basis.</p> <p>b. Ensuring, for the purpose of certification that the CA has received all necessary supporting documentation including updated relevant information regarding results of first-level management verifications by MA and its IBs and audit reports from the AA or from EU bodies.</p> <p>c. Ensure systematic, timely and documented review of the reports drawn up by the MA and its IB(s) on the progress of implementation, including a review of the results of first level management verifications prior to the preparation of the expenditure declaration to the Commission.</p> <p>d. Ensure systematic, timely and documented review of all relevant audit reports received and take account of the audit results prior to preparation of the expenditure declaration to the Commission.</p> <p>e. Ensure that the results of the examinations of first level verifications and audit reports are properly taken into account in reaching a conclusion as to whether there is sufficient basis for certifying that the expenditure being certified is legal and regular.</p>	<p><u>No adaptation needed.</u></p> <p>In the case of ENI CBC, certification function is carried out by the MA in all cases. CPR assessment criteria should be viewed in the context of CA functions fulfilled by the structures of the MA.</p> <p>In case of the programmes with funding other than EU, the procedures should ensure that the necessary information is submitted to the provider of the funds according to the set requirements.</p>

<p>10.2. Written procedures should include detailed checks, clear responsibilities and workflow for the entire certification process including adequate validation respecting the "4 eyes principle" and supervision of the CA over the contribution of its IB(s) to this certification process.</p>	<p><u>No adaptation needed.</u> In the case of ENI CBC programmes, certification function is carried out by the MA in all cases. CPR assessment criteria should be viewed in the context of CA functions fulfilled by the structures of the MA.</p>
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**Key requirement 11: Appropriate computerised records of expenditure declared and of the corresponding public contribution are maintained**

**Assessment criteria**

<p>ESIF (Article 126(d), (g) CPR)</p>	<p>ENI CBC Article 26.5(i)</p>
<p>11.1. Adequate accounting records are maintained in computerised form of expenditure declared to the Commission.</p>	<p><u>No adaptation needed.</u></p>
<p>11.2. Appropriate procedures are in place for maintaining accurate and complete computerised records of expenditure submitted for certification by the MA including the corresponding public contribution paid to beneficiaries.</p>	<p><u>No adaptation needed.</u></p>
<p>11.3. Ensure an adequate audit trail by recording and storing in computerised form, accounting records for each operation and which supports all the data required for drawing up payment applications and accounts. The audit trail within the CA should allow reconciliation of the expenditure declared to the Commission with the expenditure statements received from the MA and the IBs.</p>	<p><u>No adaptation needed.</u> In case of ENI CBC, certification function is carried out by the MA in all cases. CPR assessment criteria should be viewed in the context of CA functions fulfilled by the structures of the MA.</p>

**Key requirement 12: Appropriate and complete account of amounts recoverable, recovered and withdrawn**

**Assessment criteria**

<p>ESIF (Articles 72(h), 137(1)(b), 137(2) CPR)</p>	<p>ENI CBC Article 26.2(d)</p>
<p>12.1. Adequate and effective procedures are in place to maintain accurate and complete evidence of the amounts withdrawn and recovered during the accounting year, the amounts to be recovered as at the end of the accounting year, the recoveries carried out pursuant to Articles 72(h) and 137(1)(b) of the CPR, and that the irrecoverable amounts</p>	<p><u>Adaption needed, references to CPR amended:</u></p> <p>12.1. Adequate and effective procedures are in place to maintain accurate and complete evidence of the amounts withdrawn and recovered during the accounting</p>

<p>presented in the accounts correspond to the amounts entered in the accounting systems.</p>	<p>year, the amounts to be recovered as at the end of the accounting year, the recoveries carried out pursuant to Articles 68.3(b) of the ENI CBC IR, and that the irrecoverable amounts presented in the accounts correspond to the amounts entered in the accounting systems.</p>
<p>12.2. Appropriate accounting records are maintained to evidence that expenditure has been excluded from the accounts in accordance with Article 137(2) CPR, where applicable, and that all the required corrections are reflected in the accounts for the accounting year concerned.</p>	<p><u>Adaptation needed, references to the CPR amended:</u> 12.2. Appropriate accounting records are maintained to evidence that expenditure has been excluded from the accounts in accordance with Article 26.1(d) of ENI CBC IR, where applicable, and that all the required corrections are reflected in the accounts for the accounting year concerned.</p>
<p><b>Key requirement 13: Appropriate procedures for drawing up and certifying the completeness, accuracy and veracity of the accounts</b></p>	
<p><b>Assessment criteria</b></p>	
<p>ESIF (Articles 72(h), 126 (b),(c) and (h), 137 CPR, Article 59(5)(a) of the Financial Regulation)</p>	<p>ENI CBC Article 26.5(g); 68; 70</p>
<p>13.1. Adequate procedures should be in place for drawing up and certifying the completeness, accuracy and veracity of the accounts and ensuring that the expenditure entered in the accounts complies with the applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme.</p>	<p><u>No adaptation needed.</u></p>
<p>13.2. Adequate procedures to ensure that expenditure entered in the accounts corresponds to interim payments declared in the accounting year after corrections of any clerical errors and deduction of all irregular amounts detected through management verifications and audits and withdrawn or recovered in the given accounting year, and after temporary withdrawal of any expenditure which is undergoing an assessment of its eligibility at the time of drawing the accounts.</p>	<p><u>No adaptation needed.</u></p>
<p>13.3. Adequate procedures to ensure that amounts recovered, to be recovered, withdrawn from previous interim payment claims and irrecoverable are properly reflected in the accounts. The procedure</p>	<p><u>No adaptation needed.</u></p>

should ensure keeping account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid prior to closure of the programme by deducting them from the next statement of expenditure.	
13.4. The accounts are made available in due time to the MA for information and to the AA for the purpose of their assessment. Adequate internal deadlines are set for this purpose.	<u>No adaptation needed.</u>
13.5. Adequate procedures to ensure timely reporting of the accounts to the Commission in line with Article 59(5) of the Financial Regulation.	<u>No adaptation needed.</u>
<b>3. Key requirements in relation to the AA</b>	
<b>Key requirement 14: Adequate separation of functions and adequate systems for ensuring that any other body that carries out audits in accordance with the programme audit strategy has the necessary functional independence and takes account of internationally accepted audit standards</b>	
<b>Assessment criteria</b>	
<i>ESIF (Articles 72(a), (b) and (e), 123(4) and (5) CPR)</i>	<i>ENI CBC Article 28.3; 30.1(a); 32.4</i>
14.1. A clear description and allocation of functions in accordance with the audit strategy (organisation chart, planned resources, qualifications and experience required, training requirements, etc.), including the existence of a formal agreement clearly setting out any tasks that are carried out by other audit bodies under supervision of the AA.	<u>No adaptation needed.</u>
14.2. Required staff with necessary expertise to fulfil all requirements, taking into account the number, size and complexity of the programmes concerned, including appropriate outsourcing arrangements if any.	<u>No adaptation needed.</u>
14.3. Compliance with the principle of separation of functions between the AA (as well as other audit bodies if applicable) and other bodies in the MCS (MA, CA and their IBs) together with the principle of independence of the AA and other audit bodies, as set out in Articles 72 (a), (b) and 123 (4) and (5) CPR (cf. also Commission's guidance on designation and audit strategy).	<u>Adaptation needed, references to the CPR amended:</u>  14.3. Compliance with the principle of separation of functions between the AA (as well as other audit bodies if applicable) and other bodies in the MCS (MA and their IBs) together with the principle of independence of the AA and other audit bodies, as set out in Articles 28.3, 30.1(a) and 32.4 of the ENI CBC IR.
14.4. Complete and adequate procedures and manuals based on internationally accepted audit	<u>No adaptation needed.</u>



standards, including internal quality review and, where appropriate, procedures to monitor and supervise the effectiveness of tasks delegated to other audit body(ies) on the basis of adequate reporting mechanisms.	
<b>Key requirement 15: Adequate system audits</b>	
<b>Assessment criteria</b>	
<i>ESIF</i> (Articles 72(f), 127(1) CPR)	<i>ENI CBC</i> Articles 28.1; 32.3
15.1. The system audits are performed in accordance with the last updated audit strategy, are based on a clearly described audit methodology including a proper risk analysis and taking account of internationally accepted audit standards.	<u>No adaptation needed.</u>
15.2. The audit scope focuses on the key requirements of the management and control systems in the relevant bodies (MA, CA and IBs). The audit scope includes, inter alia, verification that the relevant authorities properly ensure compliance with EU and national rules on public procurement, State aid, environment, financial instruments, sustainable development, publicity, equal opportunity requirements and non-discrimination, reliability of data relating to output indicators and milestones and on the progress of the programme in achieving its objectives.	<u>No adaptation needed.</u>
15.3. All phases of the systems audits are properly documented. Adequate and complete checklists exist that address verifications on all key requirements of the management and control systems.	<u>No adaptation needed.</u>
15.4. There are effective procedures for monitoring the implementation of recommendations and corrective measures resulting from audit reports.	<u>No adaptation needed.</u>
15.5. There is sufficient evidence present to allow for verification of the establishment of the assurance level which has been obtained from the systems.	<u>No adaptation needed.</u>
<b>Key requirement 16: Adequate audits of operations</b>	
<b>Assessment criteria</b>	
<i>ESIF</i> (Articles 72(f), 127 CPR, Articles 27, 28 CDR)	<i>ENI CBC</i> Articles 28.1, 32.3
16.1. A description of the approved methodology for selection of operations exists, covering the sampling method, the sampling unit, the parameters for sampling, the results and the degree of confidence obtained from the system audits (or, in an initial stage, from the work inherent to the designation process), including the planned materiality level, in	<u>No adaptation needed. Applicable <i>mutatis mutandis</i>, as the AAs shall use sound methodology to determine the appropriate sample.</u>

accordance with Article 127(1) CPR and Article 28 CDR (cf. also Commission's guidance on sampling).	
16.2. The audits of operations take account of internationally accepted audit standards, are carried out in accordance with the audit strategy.	<u>No adaptation needed.</u>
16.3. The audits of operations are carried out on the basis of supporting documents constituting the audit trail and verify the legality and regularity of expenditure declared to the Commission, covering at least the elements set out in Article 27 CDR, namely: (a) that the operation was selected in accordance with the selection criteria for the operational programme, was not physically completed or fully implemented before the beneficiary submitted the application for funding under the operational programme, has been implemented in accordance with the approval decision and fulfilled any conditions applicable at the time of the audit concerning its functionality, use, and objectives to be attained; (b) that the expenditure declared to the Commission corresponds to the accounting records and that the required supporting documentation demonstrates an adequate audit trail as set out in Article 25 of this Regulation; (c) that for expenditure declared to the Commission determined in accordance with Articles 67(1)(b) and (c) and 109 CPR and Article 14(1) of Regulation (EU) No 1304/2013 (ESF), outputs and results underpinning payments to the beneficiary have been delivered, participant data or other records related to outputs and results are consistent with the information submitted to the Commission and that the required supporting documentation demonstrates an adequate audit trail as set out in Article 25 of this Regulation. (d) that the public contribution has been paid to the beneficiary in accordance with Article 132(1) CPR.	<u>No adaptation needed</u> , applicable vis-à-vis respective articles in the ENI CBC IR.
16.4. The audits of operations include, where applicable, on-the-spot verification of the physical implementation of the operation.	<u>No adaptation needed.</u>
16.5. The audits of operations verify the accuracy and completeness of the corresponding expenditure recorded by the certifying authority in its accounting system and the reconciliation of the audit trail at all levels.	<u>No adaptation needed.</u> In case of ENI CBC, certification function is carried out by the MA in all cases.
16.6. In particular, all phases of the audits of operations should be properly documented in working papers (including checklists) evidencing the specific audit work done, the audit reports produced and the conclusions drawn from such work.	<u>No adaptation needed.</u>

<p>16.7. As required by Article 27(5) CDR, where problems detected appear to be systemic in nature and therefore entail a risk for other operations under the operational programme, the audit authority shall ensure further examination, including, where necessary, additional audits to establish the scale of such problems, and shall recommend the necessary corrective actions.</p>	<p><u>No adaptation needed</u>, applicable vis-à-vis respective articles in the ENI CBC IR.</p>
<p>16.8. There are effective procedures for monitoring the implementation of recommendations and corrective measures arising from audit of operations.</p>	<p><u>No adaptation needed.</u></p>
<p><b>Key requirement 17: Adequate audits of accounts</b></p>	
<p><b>Assessment criteria</b></p>	
<p>ESIF (Article 127(7) CPR, Article 29 CDR, Article 59(5)(a) and (b) of the Financial Regulation)</p>	<p>ENI CBC Articles 28.1, 32.3, 68.4</p>
<p>17.1. Audits of accounts are carried out by the AA in accordance with Article 29 CDR (cf. also Commission's guidance on audit on accounts) and with the programme's audit strategy, focusing on the assessment of the key requirements relevant for the CA.</p>	<p><u>No adaptation needed</u>, applicable vis-à-vis respective articles in the ENI CBC IR. In the case of ENI CBC programmes, certification function is carried out by the MA in all cases.</p>
<p>17.2. For the purpose of the audit opinion, in order to conclude that the accounts give a true and fair view, the AA verifies that all elements required by Article 137 CPR are correctly included in the accounts and correspond to the supporting accounting records maintained by all relevant authorities or bodies and beneficiaries. The AA, on the basis of the accounts to be provided by the CA, verifies that:</p> <p>(a) the total amount of eligible expenditure declared in accordance with Article 137(1)(a) CPR matches the expenditure and the corresponding public contribution included in payment applications submitted to the Commission for the relevant accounting year and, if there are differences, that adequate explanations have been provided in the accounts for the reconciling amounts;</p> <p>(b) the amounts withdrawn and recovered during the accounting year, the amounts to be recovered as at the end of the accounting year, the recoveries carried out pursuant to Article 71 CPR, and the irrecoverable amounts presented in the accounts correspond to the amounts entered in the accounting systems of the CA and are based on decisions by the responsible MA or CA;</p> <p>(c) expenditure has been excluded from the accounts in accordance with Article 137(2) CPR, where applicable, and that all the required</p>	<p><u>No adaptation needed</u>, applicable vis-à-vis respective articles in the ENI CBC IR. In the case of ENI CBC programmes, certification function is carried out by the MA in all cases.</p>

<p>corrections are reflected in the accounts for the accounting year concerned;</p> <p>(d) the programme contributions paid to financial instruments and advances of State aid paid to beneficiaries are supported by the information available from the MA and from the CA.</p> <p>Verifications referred to in points (b), (c) and (d) may be carried out on a sample basis.</p>	
<p>17.3. Audits of accounts take account of internationally accepted audit standards. In particular, all phases of the audits of accounts should be properly documented in working papers (including checklists) evidencing the specific audit work done (during system audits, audits of operations and the final additional verifications on the accounts submitted by the CA to the AA), the audit reports produced and the conclusions drawn from such work.</p>	<p><u>No adaptation needed</u>, applicable vis-à-vis respective articles in the ENI CBC IR. In the case of ENI CBC programmes, certification function is carried out by the MA in all cases.</p>
<p>17.4. There are effective audit procedures at the AA level for monitoring the implementation of recommendations and corrective measures resulting from audits of accounts, including the accurate reflection of the financial corrections made in the accounts (as a follow up to the results of the audits of operations).</p>	<p><u>No adaptation needed</u>, applicable vis-à-vis respective articles in the ENI CBC IR. In the case of ENI CBC programmes, certification function is carried out by the MA in all cases.</p>
<p><b>Key requirement 18: Adequate procedures for providing a reliable audit opinion and for preparing the ACR</b></p>	
<p><b>Assessment criteria</b></p>	
<p><i>ESIF</i> (Article 127(5) CPR, Article 59(5)(b) of the Financial Regulation)</p>	<p><i>ENI CBC</i> Articles 28.6, 32.3, 68.2(d) a</p>
<p>18.1. The AA has in place procedures to ensure that the ACR and audit opinion are reliable, reflect the conclusions drawn from the system audits, audits of operations and audits of accounts and follow the models set out in the relevant Commission Implementing Regulation (cf. also Commission's guidance on ACR and audit opinion).</p>	<p><u>No adaptation needed</u>, applicable vis-à-vis respective articles in the ENI CBC IR (according to the ENI CBC IR, the term 'annual audit report' is used instead of INTERREG's 'annual control report').</p>
<p>18.2. The AA has in place procedures to ensure that the ACR and audit opinion are submitted to the Commission by the deadline set in Article 59(5)(b) of the Financial Regulation.</p>	<p><u>No adaptation needed.</u></p>
<p>18.3. All detected errors are appropriately reported and treated in view of the error rate and audit opinion.</p>	<p><u>No adaptation needed</u>, even though error rate is not explicitly required in the ENI CBC IR.</p>
<p>18.4. Where the total projected error rate is above the materiality level, the AA analyses its impact and makes recommendations in order to ensure that</p>	<p><u>No adaptation needed</u>, even though error rate is not explicitly required in the ENI CBC IR.</p>

corrective actions are taken in order to obtain an acceptable residual total error rate.	
18.5. The ACR and audit opinion should cover all Member States concerned in programmes under the ETC objective.	<u>No adaptation needed</u> – the annual audit report and audit opinion should cover all participating countries of the respective programme.