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**ANNEX I**

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

## **Content of the report**

### **I. Introduction**

- a) Identify the objective of the report i.e. to set out the results of the assessment of the systems carried out under Article 71 (2) of Regulation (EC) No 1083/2006 ("the Council Regulation") and Article 25 of the Commission Regulation (EC) 1828/2006 ("the Commission Regulation"), in order to express an opinion whether the management and control systems established for the programme(s) comply with the requirements of Articles 58 to 62 of Council Regulation and Section 3 of Commission Regulation;
- b) Identify the scope of the report i.e. the management and control systems covered by the report with reference to Funds, programmes and authorities and confirm acceptability if a common system description is presented, applying to multiple operational programmes (Article 71 (4) of the Council Regulation);
- c) Indicate the body that has prepared the report ("Compliance Assessment body") and specify if it is the audit authority for the operational programme(s) (Article 71(3) of the Council Regulation);
- d) Indicate how the functional independence of the Compliance Assessment Body from the managing and certifying authorities is ensured (Article 71 (3) of the Council Regulation). In case of ETC programmes, indicate in addition how the functional independence of the Compliance Assessment Body from the JTS and controllers is ensured.

### **II. Methodology and scope of the work**

- a) Indicate the period and timeframe for examination; (date when the formal description was received by the Compliance Assessment body, date when the examination started and ended and resources allocated);
- b) Indicate if checklists were used for the assessment and if so whether they followed the model in the guidance note;
- c) Describe the work done for the examination of the system description (Article 71 (1) of the Council Regulation);
- d) Describe the work done for the interviews with the staff in the main bodies; describe method and criteria for selection, what subjects have been covered, how many interviews have taken place and who has been interviewed;
- e) Describe the work done for the examination of other relevant documents concerning the system; indicate any review of laws, ministerial acts, circulars, internal procedure/other manuals, guidelines, checklists, etc...
- f) Describe the work done for the examination of the computerised systems for keeping accounting records, monitoring and financial reporting;
- g) Specify the extent of the use of previous audit work (2000-2006 programming period) where applicable;
- h) Indicate the use of previous audit work under Article 9 of Regulation (EC) No1267/1999, (ISPA) and, particularly, under Article 12 of Regulation (EC) No1266/1999 (pre-accession, ISPA and EDIS);

**DRAFT**

- i) Specify a) the extent of the use of audit work carried out by other bodies and b) the quality control performed on the audit work with respect to adequacy of work.
- j) Indicate if any contradictory procedures have taken place prior to issuing this report and indicate relevant authorities/bodies;
- k) If the audit authority is the body which has drawn up the report, indicate if there is a "Declaration of Competence and Operational Independence". If not indicate the method used to assess the audit authority;
- l) Confirm that the work has been carried out taking account of internationally accepted audit standards (Article 71(3) of Regulation (EC) No1083/2006).
- m) Identify if there were any limitations on scope<sup>1</sup>.
- n) Indicate if all intermediate bodies have been assessed or whether the assessment was limited to a sample of intermediate bodies, which were selected on the basis of a risk analysis (see guidance note section 5).

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

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

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

- b) Provide results of the assessment of other general principles where not fully covered under (a), including but not limited to:
  - 1. Compliance with the principles of separation of functions between and within the bodies concerned in management and control (Article 58 (b) of Regulation (EC) No 1083/2006);
  - 2. Procedures for ensuring the correctness and regularity of expenditure declared under the operational programme (Article 58 (c) of Regulation);

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

**DRAFT**

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

**IV. Overall conclusion**

- a) Provide an overall conclusion with respect to compliance of the systems with the provisions of Articles 58 to 62 of Regulation (EC) No 1083/2006;
- b) Indicate the priority axis or axes concerned by any reservations (Article 71 (2) of Regulation (EC) No 1083/2006);
- c) Indicate which corrective measures are requested and timetable for their implementation;
- d) Indicate action to be taken by the audit authority or the compliance assessment body with regard to the follow-up of the implementation of the corrective measures.