



System Audit Checklist

Programme:	ENI MEDITERRANEAN SEA BASIN PROGRAMME 2014-2020
Programme n.:	EC Decision No C(2015) 9133 of 17/12/2015 as amended by EC Decision No C(2021) 4327 of 02/07/2021
Accounting period:	<i>Please fill it in</i>
Audited body:	<i>Please fill it in</i>
Date of launch of audit mission:	<i>Please fill it in</i>
Date of on the spot verification:	<i>Please fill it in</i>
Annex to the Audit report:	<i>Please fill it in</i>
Prepared by:	<i>Please fill it in</i>
Checked by:	<i>Please fill it in</i>
Date:	<i>Please fill it in</i>

Practical indications for the use of the checklist for system audit

The purpose of this checklist is to support the audit authority to carry out their system audit of the internal control systems in order to identify any areas which need to be strengthened or other potential deficiencies.

In each section of the checklist, detailed questions will help the audit authority to assess the overall functioning of the relevant subsystems or functions. You should complete the checklist carefully and objectively on the basis of available information and evidence.

Each key requirement (KR) is divided into several control points and some of them can be further divided into sub-points.

For each KR, the auditor is required to:

A) assess whether the control point or sub-point is relevant or not; if not, it must be flagged as not applicable (N.A.) and

B) whether a control point (or, where applicable, each sub-point) is considered as applicable, answer "yes" or "no".

C) include information on: a) the procedure applied; b) the document examined; c) the compliance tests carried out (if applicable). Moreover the auditor should include every comment and/or information deemed relevant.

D) For legal basis as used in KR sheet please refer to the "Adapted key requirements/ assessment criteria for the management and control system audits" work paper as draft by TESIM, which is available at <https://tesim-enicbc.eu/download/adapted-key-requirements-for-assessment-of-mcs/?wpdmdl=3494&refresh=5eba8078cc3b41589280888> as well as TESIM LIBRARY available at <https://tesim-enicbc.eu/library/>

Abbreviations:

KR = Key requirement

AC = Assessment criteria

MA = Managing Authority

AA = Audit Authority

System Audit Check List - Overall Conclusion				
Programme Body/ies verified	Assessment by Key Requirement (categories 1 to 4)	Mitigating factors/additional AA controls having a direct impact on the assessment carried out at Management and Control System level	Residual risk on regularity *	Overall Conclusion on the Management and Control System (categories 1 to 4)
Managing Authority	0			
Prepared by:	Please fill it in		Date:	Please fill it in
Checked by:			Date:	Please fill it in

*: very low, low, medium, high.

System Audit Check List - Conclusion Table

Key Requirements		Assessment by Key Requirement (categories 1 to 4)	Overall Rate
1	Adequate separation of functions and adequate systems for reporting and monitoring where the responsible authority entrusts execution of tasks to another body, encompassing requirements as set in point 5 of Annex of EU Reg. 897/2014 "Appropriate procedures to ascertain that the components of internal control exist and function".	#DIV/0!	
2	Appropriate selection of operations	0	
3	Adequate information to beneficiaries	0	
4	Adequate management verifications	#DIV/0!	
5	Effective system in place to ensure that all documents regarding expenditure and audits are held to ensure an adequate audit trail	0	
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, encompassing requirements as set in point 5 of Annex of EU Reg. 897/2014 "Appropriate procedures to ascertain that the components of internal control exist and function".	0	
7	Effective implementation of proportionate anti-fraud measures	0	
8	Appropriate procedures for drawing up the management declaration and annual summary of the final audit reports and of controls carried out	0	
9	Adequate separation of functions and adequate systems for reporting and monitoring in cases where the responsible authority entrusts execution of tasks to another body	NA	
10	Appropriate procedures for drawing up and submitting payment applications	0	
11	Appropriate computerised records of expenditure declared and of the corresponding public contribution are maintained	0	
12	Appropriate and complete account of amounts recoverable, recovered and withdrawn	0	
13	Appropriate procedures for drawing up and certifying the completeness, accuracy and veracity of the accounts	0	
Prepared by: <i>Please fill it in</i>		Date:	<i>Please fill it in</i>
Checked by: 0		Date:	<i>Please fill it in</i>

AA Note:

Essential Key requirements

Note by the AA:

All remarks as mentioned in column "Notes/Deficiencies" in KRs sheets raised in previous internal or external audit report as permormed, namely:

	<i>plese insert reference document details.....</i>
	<i>plese insert reference document details.....</i>
	<i>plese insert reference document details.....</i>
	<i>plese insert reference document details.....</i>

[illegible]

2-1 Decisions taken on the acceptance or rejection of applications/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 rejection of applications clearly set out. The appeals procedure and related decisions should be published.																	REVIEW			REVIEW
Yes	How the decisions on the acceptance or rejection of applications/projects have taken by an appropriate designed person/body?	001																		
Yes	Have the decisions taken on the acceptance or rejection of applications/projects been communicated in writing and also taken to the applicants ?	002																		
Yes	How the reasons for acceptance or rejection of applications clearly given and said?	003																		
Yes	Have the decisions taken on the acceptance or rejection of applications/projects been published?	004																		
Yes	In case of an appeal, has the procedure and the related decisions been published?	005																		

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3.2.3 Control Point detail by AA						
Topics/ENI CBC MED MPC Participating Countries	Egypt	Israel	Jordan	Lebanon	Palestine	Tunisia
- Registration procedures, where relevant	NO (to be confirmed if relevant)	NO (to be confirmed if relevant)	DMCS Annex 1 p. 30-32	NO (to be confirmed if relevant)	NO (to be confirmed if relevant)	NO (to be confirmed if relevant)
- Tax and customs exemption	DMCS Annex 1 p. 8 refers to a future specific national detailing procedures as well as the list of documents to be included in the exemption request manual. Please send it or clarify.	DMCS Annex 1 p. 22-23	DMCS Annex 1 p. 29-30	DMCS Annex 1 p. 35	DMCS Annex 1 p. 45	No evidence found in the document. Please clarify.
- Opening bank accounts in Euro, at least for Lead Beneficiaries	DMCS Annex 1 p. 8-9	DMCS Annex 1 p. 23	DMCS Annex 1 p. 30	DMCS Annex 1 p. 36	DMCS Annex 1 p. 45-46, which refer to external instruction	DMCS Annex 1 p. 58-59
- Transferring Euro abroad, either to other beneficiaries (in the case of lead beneficiaries), to contractors (in case of secondary procurement) or to the MA (in case of recovery)	No evidence found in the document. Please clarify.	DMCS Annex 1 p. 23	No evidence found in the document. Please clarify.	No evidence found in the document. Please clarify, according to current financial crisis in Lebanon.	DMCS Annex 1 p. 36	No evidence found in the document. Please clarify.
- Integration of project budget in the budget of public institutions, where relevant	DMCS Annex 1 p. 9	DMCS Annex 1 p. 23-24	NO (to be confirmed if relevant)	DMCS Annex 1 p. 36-37	DMCS Annex 1 p. 46	NO (to be confirmed if relevant)
- Anti-fraud and anti-corruption measures for prevention, detection, correction/punishment and notification, as required by the Financing Agreement?	Reference to general procedures set up in DMCS and DMCS Annex 1 p. 7-8. Please update the AA with actual state of play as for the expected preventive action of Training devoted to staff working within the Egyptian Programme bodies on the specific rules of the Programme and training of project auditors.	Reference to general procedures set up in DMCS and DMCS Annex 1 p. 22. Please update the AA with actual state of play as for the expected preventive action of Training devoted to staff working within the Israel Programme bodies on the specific rules of the Programme and training of project auditors.	Reference to general procedures set up in DMCS and DMCS Annex 1 p. 28-29. Please update the AA with actual state of play as for the expected preventive action of: a) Training devoted to staff working within the Jordanian Programme bodies on the specific rules of the Programme and training of project auditors, b) Drafting of a national manual/informative notes concerning the Jordanian national legislation applicable for the implementation of projects.	Reference to general procedures set up in DMCS and DMCS Annex 1 p. 34-35. Please update the AA with actual state of play as for the expected preventive action of: a) Training devoted to staff working within the Lebanese Programme bodies on the specific rules of the Programme and training of project auditors, b) Drafting of a national manual/informative notes concerning the Lebanese national legislation applicable for the implementation of projects.	Reference to general procedures set up in DMCS and DMCS Annex 1 p. 44. Please update the AA with actual state of play as for the expected preventive action of: a) Awareness and Training devoted to staff working within the Palestinian Programme bodies on the specific rules of the Programme and training of project auditors, b) Drafting of a national manual/informative notes concerning the Palestinian national legislation applicable for the implementation of projects.	Reference to general procedures set up in DMCS and DMCS Annex 1 p. 58. Please update the AA with actual state of play as for the expected preventive action of: a) Awareness and Training devoted to staff working within the Tunisian Programme bodies on the specific rules of the Programme and training of project auditors, b) Drafting of a national manual/informative notes concerning the Tunisian national legislation applicable for the implementation of projects.

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Key requirement 9 Adequate separation of functions and adequate systems for reporting and monitoring in cases where the responsible authority entrusts							
Control point no.	Control sub-point no.	Yes/no/NA	Question	Description of the audit procedure/Comments/references to docs	Compl. test carried out?	Description of the compliance test (or reference to annexes)	Notes/Deficiencies
Assessment criterion:			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				
Assessment criterion:			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				
Assessment criterion:			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 States 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 management and control system (MA and/or its IBs, the AA and/or other audit bodies)				
Assessment criterion:			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				
Assessment criterion:			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 the IB, including where possible re-performance on a sample basis of the work carried out by the IB)				
Assessment criterion:			9.6 - Framework for ensuring that an appropriate risk management exercise is conducted when necessary				

Note: NA

In compliance with ENI CBC Article 30.1(a),(b), (e) of the Regulation 897/2014 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.

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