



EUROPEAN COMMISSION

European Structural and Investment Funds

Guidance for Member States on
Audit of Accounts

Revision 2018

DISCLAIMER: This is a document prepared by the Commission services. On the basis of the applicable EU law, it provides technical guidance to colleagues and other bodies involved in the monitoring, control or implementation of the European Structural and Investment Funds (except for the European Agricultural Fund for Rural Development (EAFRD)) on how to interpret and apply the EU rules in this area. The aim of this document is to provide Commission's services explanations and interpretations of the said rules in order to facilitate the programmes' implementation and to encourage good practice(s). This guidance note is without prejudice to the interpretation of the Court of Justice and the General Court or decisions of the Commission

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LIST OF ACRONYMS AND ABBREVIATIONS

AA	Audit Authority
ACR	Annual Control Report
Appendix 1	Amounts entered into the accounting systems of the Certifying Authority
Appendix 2	Amounts withdrawn and recovered during the accounting year
Appendix 3	Amounts to be recovered as at the end of the accounting year
Appendix 4	Recoveries effected pursuant to Article 71 CPR during the accounting year
Appendix 5	Irrecoverable amounts as at the end of the accounting year
Appendix 6	Amounts of programme contributions paid to financial instruments under Article 41 CPR (cumulative from the start of the programme)
Appendix 7	Advances paid in the context of State aid under Article 131(5) CPR (cumulative from the start of the programme)
Appendix 8	Reconciliation of expenditure
CA	Certifying Authority
CDR	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 ¹
CPR	Common Provisions Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17.12.2013 ² as amended by Regulation (EU, Euratom) 2018/1046
CIR	Commission Implementing Regulation (EU) No 1011/2014 of 22.9.2014 ³
EMFF	European Maritime and Fisheries Fund
ESIF	ESIF corresponds to all European Structural and Investment Funds. This guidance applies to all except for the European Agricultural Fund for Rural Development (EAFRD)
ETC	European Territorial Cooperation Regulation (Regulation (EU) No 1299/2013 of the

¹ http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.138.01.0005.01.ENG

² <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R1303>

³ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R1011>

	European Parliament and of the Council of 17.12.2013) ⁴
FR	Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18.07.2018 on the financial rules applicable to the general budget of the Union ⁵
IB	Intermediate Body
IAB	Independent Audit Body
MA	Managing Authority
MCS	Management and Control System
YEI	Youth Employment Initiative

⁴ <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1299>

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1046&from=EN>

1. BACKGROUND

1.1. Regulatory references

Regulation	Articles
Reg. (EU) No 1303/2013 Common Provisions Regulation (<i>hereafter CPR</i>)	Article 127(5)(a) – An audit opinion Article 137 – Preparation, examination and acceptance of accounts
Commission Delegated Regulation (EU) No 480/2014 (<i>hereafter CDR</i>)	Article 29 – Audit of accounts
Commission Implementing Regulation (EU) No 1011/2014 (<i>hereafter CIR</i>)	Article 7 and Annex VII – Model for the accounts
Regulation (EU, EURATOM) 2018/1046 of the European Parliament and of the Council Financial Regulation (<i>hereafter FR</i>)	Article 63 – Shared management with Member States

In accordance with Article 127(5)(a) CPR and Article 63(7) FR, the AA has to provide an opinion including, among others, the assertions whether the accounts give a true and fair view, and whether the audit work puts in doubt the assertions made in the management declaration on the proper presentation of the accounts, their completeness and accuracy.

1.2. Purpose of the guidance

The purpose of this note is to give practical guidance to the Member States, in particular the AAs, on their responsibilities with regard to the audit of accounts in compliance with Article 137 (1) CPR and Article 29 CDR. This guidance note explains how the audit authorities can use existing audit work to reduce at the minimum possible their additional effort in relation to the audit of accounts.

The guidance describes the audit work to be carried out by the AAs to support their audit opinion on the completeness, accuracy and veracity of the accounts.

For simplification, hereafter the word "Appendix" refers always to the Appendices in the model accounts of Annex VII CIR, unless otherwise specified.

2. AUDIT OF THE ACCOUNTS BY THE AA

The audit of accounts (referred to in Article 137(1) CPR) shall be carried out by the AA in respect of each accounting year and in accordance with the audit strategy.

The audit of accounts in combination with the other audit procedures shall provide reasonable assurance on the completeness, accuracy and veracity of the amounts declared in the accounts, for which the AA should implement an appropriate audit approach and methodology.

This audit approach should take into account the results of existing audit work:

- system audits carried out on the CA (and its IBs when relevant) and MA (when relevant), particularly on the controls related to the accounts, as explained in the section 3 below;
- audits of operations, particularly in relation to audit trail and accuracy of the corresponding expenditure and financial corrections entered in the accounts to verify the reliability of the accounting systems, as explained in the section 4 below;

Moreover, once it has received the (draft) accounts from the CA and depending on the level of assurance obtained from the system audits and audits of operations⁶, the AA is expected to carry out final additional verifications on the (draft) certified accounts as explained in the section 5 below.

The AA should also check that the draft accounts have been prepared in accordance with the templates set out in Annex VII CIR. In this context, the AA needs to check that there is a correct and accurate disclosure (in the relevant Appendices) of the financial corrections resulting from the AA's audits of operations according to Article 127 (1) CPR, which are being used by the AA for the calculation of the RTER.⁷

In addition, for the appropriate reflection of financial corrections in the accounts, the following audits and controls should be considered when their conclusions are available at the date of the signature of the audit opinion:

- System audits
- Audits of operations
- Audits performed by the Commission

⁶ If tested sufficiently during system audits and audits of operations, then the AA can use the results from these audits without performing any or performing only limited additional verifications on the draft certified accounts.

⁷ See the Commission's *Guidance note on Annual Control Report and Audit Opinion* (EGESIF_15_0002) as updated, section IV.4

- Audits carried out by the European Court of Auditors and its follow-up performed by the Commission
- Checks performed by other programme authorities (administrative verifications, on-the-spot verifications, checks carried out by CAs)
- Other audit and control results to which the AAs have access⁸.

The AA should put in place effective procedures to monitor the implementation of the recommendations and corrective measures resulting from the audits of accounts.

In accordance with Article 139(2) CPR, the Commission will base its examination of the accounts on the opinion provided by the AA who, therefore, will provide in the corresponding chapter of the ACR⁹ detailed information of the audit work carried out and results obtained from their audits of accounts.

3. USE OF RESULTS OF SYSTEM AUDITS FOR THE AUDIT OF ACCOUNTS

Article 29(4) CDR establishes that the system audit shall include verification of the reliability of the accounting system of the CA and, on a sample basis, of the accuracy of expenditure, of amounts withdrawn and amounts recovered recorded in the CA's accounting system.

Through the system audit of the CA, the AA obtains reasonable assurance that the following procedures are being adequately implemented¹⁰: to report and monitor irregularities; to account for the amounts to be withdrawn or to be recovered and to be deducted from payment claims during the accounting year; and to follow-up pending recoveries and irrecoverable amounts. The system audit should also cover the reliability of the IT system implemented by the CA to run its accounting system, taking account of internationally accepted IT standards¹¹.

System audits can already start early in the accounting year. A comprehensive system audit of the CA (and its IBs when relevant) is expected to be carried out as from the first year of implementation of the programme, after the designation of the MA and CA, or as soon as the expenditure went through the system and a payment application has been/is being submitted to the Commission, in order to prepare the annual opinion on the accounts. The conclusions of

⁸ Such as controls performed by national supreme audit authorities, financial/tax authorities etc.

⁹ See the Commission's *Guidance note on Annual Control Report and Audit Opinion* (EGESIF_15_0002) as updated, section II.6

¹⁰ The assumption is that the design and set-up of these procedures has already been audited during the designation stage.

¹¹ In addition to the Control Objectives for Information and related Technology framework (COBIT), internationally accepted standards for information security include but are not limited to the ISO/IEC standard 27001 ("Information technology - Security techniques - Information security management systems – Requirements") and the ISO/IEC 27002 ("Information technology - Security techniques - Code of practice for information security controls"), last re-issued in 2013. The AA may also take into consideration any related national standards.

audit work carried out by the IAB in accordance with Article 124 CPR can be taken into account to decide the extent of the first system audit of the CA. In any event, as the audit work of the IAB covers only the fulfilment of the designation assessment criteria, the AA should also audit the effective functioning of the CA systems.

In following years, the AA should carry out follow-up audit work if needed (i.e. if recommendations were issued following system audits or review of specific elements of the functioning of the CA). The follow-up should focus in particular on the implementation of the recommendations issued in relation to the key requirements of the CA which were assessed as category 3 or 4. However, a new full system audit should be considered when the CA has changed significantly its procedures or staff. Further system audits can be envisaged during the programming period in order to confirm that previous audit conclusions are still valid.

When performing a system audit of the CA, the AA will pay special attention to the assessment of key requirement 13 on “adequate procedures to drawing up and certifying the completeness, accuracy and veracity of the accounts”¹². In practice, this means that system audit concerning the CA's accounting system should include at least the verification of whether the CA's procedures (including controls built in the IT system) effectively ensure that the total amount of eligible expenditure entered into the accounting system reconciles with the expenditure (including the corresponding public expenditure) included in interim payment applications submitted to the Commission for the relevant accounting year, less the relevant financial corrections and other adjustments made by the CA for the expenditure at stake.

The annex of this guidance note provides an example of a list of the control testing of the CA's procedures to be carried out by the AA in relation to the accounts¹³.

Some of these tests can also be carried out at the stage of final verification of the draft certified accounts and can be combined with the previous audit work carried out through audits of operations to obtain a sufficient degree of assurance, avoiding duplications.

In addition to the control testing and verification of existence of the related procedures, the AA should also verify in the context of system audits the existence and correct implementation of procedures ensuring that:

- the draft accounts are submitted by the CA in due time to the AA for the purpose of issuing the audit opinion; expenditure has been excluded from the accounts in accordance with Article 137(2) CPR, where applicable, and
- all the required corrections are correctly reflected in the accounts for the accounting year concerned, as established by Article 29(5)(c) CDR.

¹² See Commission's *Guidance on a common methodology for the assessment of management and control systems in the Member States* (EGESIF_14-0010 of 18/12/2014)

¹³ The control testing during the system audit will be carried out by the AA on the basis of the information entered in the accounting systems of the CA at the moment of the system audit

The AA is recommended to develop a dedicated section in the system audit checklist or develop a separate checklist to be applied to the CA covering all the elements of the accounts, as described in Article 29(5) CDR.

The AA may cover with a single system audit of the CA the accounts of the different funds and operational programmes under its responsibility.

When some of the elements listed in annex of this guidance note could only be partially covered during the system audit due to data not available in the CA accounting system, the AA will have to cover them through the final additional verifications explained in section 5¹⁴.

If the system audit carried out at the level of CA reveals serious deficiencies in the MCS (in particular for the essential requirement relating to the CA, i.e. key requirement 13), the AA should envisage a qualified audit opinion for the accounting year in question. Such qualified opinion would cover not only the functioning of the MCS, but could also lead to a qualification on the audit opinion on its part covering the accounts (as established by Article 29(5) CDR).

4. USE OF RESULTS OF AUDIT OF OPERATIONS FOR THE AUDIT OF ACCOUNTS

Audits of operations can already start during the accounting year. This also means that the sample of operations to be audited can be split into two (or more) parts in the course of the accounting year, in accordance with the progress of certification of expenditure in interim payments, as explained in the sampling guidance¹⁵. The audit effort can thus be spread more evenly throughout the year. This will allow the AA to complete its work in time in order to provide the annual audit opinion in accordance with the second subparagraph of Article 63(7) FR and Article 127 (5)(a) CPR.

For the sample of operations selected and for the purpose of drawing assurance for its audit opinion on the accounts¹⁶, the AA should check during the audit of operations:

- the audit trail for the audited expenditure (if the expenditure declared by the beneficiary to MA/IB minus any expenditure possibly deducted following management verifications or any other controls corresponds to the amount of expenditure entered in the payment claim to the Commission);
- if the payment to the beneficiary corresponds to the expenditure of the project, and was paid in full and within the regulatory deadline of 90 days (Article 132 CPR);

¹⁴ Based on the draft accounts submitted by the CA, it is up to the AA to assess, using its professional judgement, whether the scope and level of tests carried out during the systems audits provide sufficient evidence to draw solid conclusions on the accounts.

¹⁵ Commission's *Guidance on sampling methods for audit authorities* (EGESIF_16-0014-00) as updated, section "Sampling carried out during the year"

¹⁶ This is without prejudice to the assurance required on the legality and regularity of expenditure.

- if any irregularities previously detected in the audited expenditure have been correctly treated and the corresponding corrections entered in the accounting system.

In addition, at the stage of verifying the draft certified accounts, the AA should check in relation to the operations audited that:

- the total amount of eligible expenditure declared for the audited sampling unit in accordance with Article 137(1)(a) CPR reconciles with the expenditure for that sampling unit (and the corresponding public expenditure) included in payment applications submitted to the Commission;

and/or

- all irregular amounts detected in the operations sampled have been excluded from the accounts¹⁷.

If applicable for the operations in the audited sample, the AA will verify that the amounts of programme contributions (advances) paid to financial instruments and in case of State aid paid to beneficiaries are supported by the information available at the level of the MA and of the CA. The objective of these checks will be also to confirm the eligibility of the advances declared and reliability of the audit trail of the accounting system.

It is advisable that the AA develops a dedicated section in the audit of operations checklists or a separate checklist to confirm the effective functioning of the system regarding elements of the accounts as described Article 29(5) CDR.

5. FINAL ADDITIONAL VERIFICATIONS ON THE DRAFT CERTIFIED ACCOUNTS

Once it has received the (draft) accounts from the CA and depending on the level of assurance obtained from the system audits and audits of operations¹⁸, the AA is expected to carry out final additional verifications on these (draft) certified accounts.

These verifications will aim to confirm that all the elements required by Article 137 CPR are correctly included in the accounts and supported by underlying accounting records maintained by the relevant authorities (or bodies) and beneficiaries.

It is therefore expected that the AA carries out a final validation of the underlying registered data (expenditure-certified items, withdrawals, recoveries, amounts to be recovered and irrecoverable amounts) to verify/confirm that:

¹⁷ I.e. financial corrections implemented for irregularities disclosed in final audit reports or, if in exceptional cases the audits of operations have not been finalised, the affected amounts under ongoing assessment deducted under Article 137(2) CPR.

¹⁸ If tested sufficiently during system audits and audits of operations, then the AA can use the results from these audits without performing any or performing only limited additional verifications on the draft certified accounts.

(1) The total amount of eligible expenditure declared in accordance with Article 137(1)(a) CPR reconciles with the expenditure (and the corresponding public expenditure) included in the final payment application submitted to the Commission for the relevant accounting year. If there are differences, the AA shall assess the adequacy of the explanations provided in the accounts (see Appendix 8 on reconciliation of expenditure).

In this respect, regarding the expenditure-certified items, the AA will have confirmed the correctness of the amounts included in the interim payment applications submitted during the accounting year through the representative sample of the audit of operations. Consequently, at this stage, the additional verifications can be limited to the verification of the corrections and adjustments made by the CA after the submission of the final application for interim payment and reflected in Appendix 8.

(2) The amount of corresponding payments made to beneficiaries under Article 132(1) CPR reported in column C of Appendix 1 corresponds with underlying accounting records at the CA/MA level¹⁹ (This verification can be done on a sample basis, results of verification carried out during the audits of operations can be used).

(3) The amounts of programme contributions paid to financial instruments (advance payments) and advances of State aid paid to beneficiaries are supported by the information available in particular at the MA level²⁰.

(4) Expenditure has been excluded from the accounts in accordance with Article 137(2) CPR, where applicable, due to an ongoing assessment of its legality and regularity.

(5) The required corrections as a result of management verifications, audits or any other controls were correctly reflected in the accounts for the accounting year concerned (this can be verified on a sample basis).

(6) The amounts withdrawn and recovered during the accounting year, the amounts to be recovered as at the end of the accounting year, the recoveries effected pursuant to Article 71 CPR, and the irrecoverable amounts presented in the accounts, all correspond to the amounts entered in the CA's accounting systems and are based on reasoned decisions taken by the responsible MA or CA.

In this respect, the AAs are recommended to verify on a sample basis:

(a) the accuracy of the records registered in the accounts covering each type of record (amounts withdrawn, recovered, to be recovered and irrecoverable amounts;

¹⁹ I.e. corresponding entries in the accounting system and relevant supporting documentation. See also Commission's *Guidance on Preparation, Examination and Acceptance of Accounts* (EGESIF 15_0018), as updated – section 3.1.3

²⁰ In case of financial instruments, the verification should cover also compliance with the respective maximum amounts/ceilings stated in Article 41 CPR and in the funding agreements.

(b) the consistency of those records with the information disclosed in the ACR and in the annual summary.

(7) The CA has provided in the Appendix 8 a reconciliation of the total amount of eligible expenditure entered in the draft accounts to the total amount in the accounting systems of the CA and the expenditure (and the corresponding public expenditure) included in the payment applications submitted to the Commission for the relevant accounting year.

In this respect, the AA should assess the adequacy of the CA's explanations for the adjustments disclosed in the Appendix 8. The AA should also verify the consistency of the relevant adjustments with the information provided in the ACR and in the annual summary regarding financial corrections and amounts excluded under Article 137(2) CPR resulting from management verifications, audits and other controls²¹.

There is no formal deadline set in the CPR for the CA to provide the (draft) accounts to the AA. However, it is recommended that the national authorities set, from the beginning of the programming period, internal deadlines for the transmission of the draft accounts to the AA. The AA should have sufficient time for its review to enable it to issue a soundly based audit opinion by 15 February of year N+1.

6. AUDIT OPINION ON THE ACCOUNTS

If there are any differences between the expenditure declared in the final interim payment application and the amount certified in the draft accounts due to deductions made by the CA (see section 1.4 of the Commission's *Guidance on amounts withdrawn, recovered, to be recovered and irrecoverable*²²), the AA performs further audit procedures to assess the adequacy of the explanations provided by the CA: these procedures should be designed to obtain sufficient appropriate audit evidence that events resulting in deductions have been identified and examined before submission of the audit opinion and the annual control report referred to in points (a) and (b) of the first subparagraph of Article 127(5) CPR.

The AA checks that the results of any audit or control activity as defined under section 2 above are adequately reflected in the accounts, such as:

- ✓ Financial corrections related to irregularities (i.e. final corrections of irregularities disclosed in final audit and control reports after the contradictory procedure)

²¹ In this regard the AA should also assess if the distinction between implemented financial corrections and amounts excluded due to ongoing assessment is correct and adequately disclosed in the accounts and/or the CA's records (further guidance in this respect is provided in the Commission's *Guidance on ACR and AO* (EGESIF 15_0002), as updated – section IV.3).

²² EGESIF_15_0017, as updated

- ✓ Possible extrapolated corrections to bring the RTER down to or below 2% when decided by MA (definitive corrections)²³
- ✓ Amounts under ongoing assessment as referred to in Article 137(2) CPR (i.e. deduction of potential irregular expenditure for which the verification has not yet been finalised, e.g. amounts disclosed in draft audit/control reports before a contradictory procedure is finalised)

The verification of the effective correction of irregularities detected by the audit work (by withdrawal or recovery from an interim payment application during the accounting year or deduction in the accounts) will be particularly useful for AA's calculation of the residual total error rate, to be provided in the ACR.

The results of the audit work performed by the AA on the draft accounts, once communicated to the CA, will allow the former to further adjust its accounts if necessary, before their submission to the Commission. It is recommended that this includes all adjustments including the non-material ones identified by the AA during its audits, in order to subsequently ensure a swift process for the acceptance of the accounts by the Commission.

For the purposes of its audit opinion on the accounts, the AA will analyse the material impact of the adjustments to be made in the accounts taking into account as materiality level the 2% of the amounts entered in the relevant Appendix of the draft accounts presented to the AA.

- If the AA agrees with the adjustments made to the draft accounts by the CA or the remaining issues (adjustments not implemented) are not material, the audit opinion on the accounts can be unqualified, meaning that the AA has reasonable assurance that the accounts are complete, accurate and true. Where incorrect or incomplete elements have been detected in the accounts but they are considered immaterial by the AA and remain uncorrected in the accounts, the information on those elements should be disclosed in the ACR and in the audit opinion as an emphasis of matter (the audit opinion, as far as the accounts are concerned, can still be unqualified).
- In any other cases, i.e. cases where material incorrect or incomplete elements have been detected and remain uncorrected in an Appendix of the accounts, a qualified opinion on the accounts is deemed appropriate.

It is recommended that the AA properly documents all phases of the audit of accounts in order to ensure that an adequate audit trail is maintained, taking into account the provisions on availability of documents set out in Article 140 CPR.

ANNEX – Control testing at the CA level

²³ Cases of RTER above 2% where MA has not agreed to apply related extrapolated correction should not affect the AA's audit opinion on the accounts, but have an impact on the AA's audit opinion regarding legality and regularity of expenditure.

Example of control testing procedures to be carried out by the AA on the basis of the information entered in the accounting systems of the CA at the moment of the system audit and/or during final additional verifications of the draft certified accounts

The control testing of CA's procedures may involve at least the following stages, covering, for example, the main priority axis of the programme²⁴:

- i. concerning **Appendix 1** of the accounts:
 - verify that it contains (columns A and B) the same amount of expenditure declared in the final interim payment application (columns B and C of annex VI CIR, respectively);
 - check if the expenditure declared in the final interim payment application for the accounting year in question corresponds to the expenditure declared in the interim payment applications for that year, plus eventual new expenditure and less the amounts withdrawn and recovered during that accounting year (as to be shown in Appendix 2) and other adjustments made by the CA²⁵;
 - on the basis of the information available at the MA's level:
 - verify that the expenditure declared in the (two or three) interim payment applications with the highest amounts of expenditure declared correspond to expenditure incurred by beneficiaries and paid in implementing operations;
 - for a sample of transactions (e.g. 30 payment claims submitted by the beneficiaries to the MA), verify the audit trail, i.e. if the expenditure incurred by beneficiaries and paid in implementing operations has been included in interim payment applications considered in the accounts at stake; this test can be combined with the audit work carried out through the audits of operations;
 - verify, based on the underlying accounting records at the CA/MA level, that the column C contains only the amounts of payments made to beneficiaries within the deadline stipulated in Article 132(1) CPR.
- ii. concerning **Appendices 2 and 4**:
 - verify that these Appendices contain (at least) the amounts withdrawn (only in Appendix 2) and recovered during the accounting year and there is an adequate

²⁴ These would be the priority axis with expenditure declared above a certain threshold, to be defined by the AA based on its professional judgment. In case of a multi-fund programme, the selected priority axis should cover all the Funds concerned.

²⁵ I.e. final adjustments not related to financial corrections for irregularities (see section 8.1.4. of the Commission's *Guidance on amounts withdrawn, recovered, to be recovered and irrecoverable*)

split by accounting year and that such withdrawals and recoveries are based on a decision to correct, taken by the Member State at the appropriate level (i.e. MA or CA);

- the amounts corrected as a result of AA's audits of operations (shown at the end of Appendix 2) correspond to the irregularities detected by the AA (amounts not included in Appendix 8);

iii. in relation to **Appendix 3**:

- verify that it contains amounts to be recovered in relation to the expenditure declared in previous accounting year(s) as at the end of the accounting year (see also section 6 of the *Guidance on amounts withdrawn, recovered, to be recovered and irrecoverable*) and that such amounts to be recovered are based on a decision to correct, taken by the Member State at the appropriate level (i.e. MA or CA);

iv. verify that **Appendix 5** contains only irrecoverable amounts per year relating to expenditure declared in previous accounting year(s) as at the end of the accounting year (see also section 7 of the *Guidance on amounts withdrawn, recovered, to be recovered and irrecoverable*); these amounts should be supported by a reasoned decision justifying the irrecoverability of the irregularities at stake, taken by the Member State at an appropriate level (in general, the MA); an additional consistency check can also be done in this regard, checking Appendix 5 against the date on irrecoverable amounts recorded in the IT system;

v. verify the audit trail by comparing **Appendix 6** against the amounts of programme contributions paid to financial instruments cumulative from the start of the programme including any deductions if relevant; this consistency test should be done on the basis of the data provided by the relevant MA and IB (or available in their IT systems);

vi. verify the audit trail by comparing **Appendix 7** against the advances paid in the context of State aid (cumulative from the start of the programme) as recorded in the MA's and IB's IT system (and, where feasible, other national IT system registering data on State aid) including any deductions if relevant;

vii. concerning **Appendix 8** of the accounts:

- check whether the expenditure shown in columns C and D is supported by the expenditure declared in the final interim payment application, less any corrections and other adjustments applied by the CA afterwards;
- assess the explanations provided in column G for each priority against the information disclosed in the ACR, in the annual summary and the CA's records in regard to

(a) financial corrections applied after 31 July of the preceding financial year and reflected in the accounts as a follow-up to the results of the system audits and audit on operations and further management verifications and other controls finalised before submission of the accounts;

(b) expenditure excluded under Article 137(2) CPR due to ongoing assessment of its legality and regularity;

(c) other adjustments applied by the CA (such as corrections of clerical errors etc.);

- Verify that the amounts corrected as a result of AA's audits of operations (disclosed at the end of Appendix 8) correspond to the irregularities detected by the AA with exception of amounts included in Appendix 2.