

## Annex 1

## Engagement context — Key information for a pillar assessment

ENTITY SUBJECT TO ASSESSMENT	<state the full name of the entity being assessed>
PILLAR	PILLAR SUBJECT TO ASSESSMENT <sup>(1)</sup>
1. INTERNAL CONTROL	YES
2. ACCOUNTING	YES
3. EXTERNAL AUDIT	YES
4. GRANTS	YES/NO <remove what is not applicable>
5. PROCUREMENT	YES/NO <remove what is not applicable>
6. FINANCIAL INSTRUMENTS <sup>(2)</sup>	YES/NO <remove what is not applicable>
7. EXCLUSION FROM ACCESS TO FUNDING	YES
8. PUBLICATION OF INFORMATION ON RECIPIENTS	YES
9. PROTECTION OF PERSONAL DATA	YES

Pillars 1, 2, 3, 7, 8 and 9 are always subject to assessment <sup>(3)</sup>.

Pillars 4 to 6 may be subject to assessment, depending on the nature of the budget implementation tasks to be entrusted.

<sup>(1)</sup> The entity should state here YES or NO to indicate whether the pillar is subject to assessment.

<sup>(2)</sup> The reference to 'financial instruments' is deemed to also include budgetary guarantees.

<sup>(3)</sup> In the exceptional case that neither the rules and procedures for grants, nor for procurement nor for financial instruments are assessed (i.e. none of the pillars 4 to 6), there is no need to assess the rules and procedures for exclusion and publication (i.e. pillars 7 and 8).

## CONTACT DETAILS

Entity: [full name of the entity subject to assessment]

Address		Country	
Phone		Fax	
Website			

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**CONTACT DETAILS**


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*Key contact*

Name		Function	<indicate executive function e.g. Director, General Manager, Head of Finance and Accounting>
Email		Phone/Fax	

**Delegation of the European Union in [Country]** <delete this table if not applicable>

Address		Country	
Phone		Fax	

*Key contact*

Name		Function	
Email		Phone/Fax	

**European Commission service responsible for the relevant EU funding programme** <delete if not applicable>*Key contact*

Name		Function/unit	
Email		Phone/Fax	

**PILLAR 1 — INTERNAL CONTROL**

Please provide a description (maximum 5 pages) of the internal control system addressing:

- The control environment
  - integrity and ethical values
  - organisational structure and assignment of authority
  - governance oversight structure
- Risk assessment
- Control activities including:
  - segregation of duties (including measures for avoiding conflicts of interest)
  - information processing and computerised information systems (including general IT controls, application controls, data integrity and audit trails)

- prevention, detection and correction of errors, fraud and irregularities
- bank/cash management
- payroll and time management
- Information and communication
  - internal reporting
  - external reporting: financial statements; reporting to donors
- Monitoring
  - monitoring of (the components of) the internal control system
  - internal audit function.

#### **PILLAR 2 — ACCOUNTING**

Please provide a description (maximum 5 pages) of the accounting system:

- Accounting system and policies
- Budgeting
- Accounting and budgeting for projects, activities, (trust) funds and financial instruments.

#### **PILLAR 3 — INDEPENDENT EXTERNAL AUDIT**

Please provide a description (maximum 5 pages) of the external audit function, addressing:

- The regulatory framework for external audit
- The external auditor of the entity and audit standards.

#### **PILLAR 4 — GRANTS**

Please provide a description (maximum 5 pages) of the entity's grants system, addressing:

- The legal and regulatory framework
- Grants principles, covering in particular measures to avoid conflicts of interest throughout the grants award process
- Types of grants used
- Organisation (tasks and responsibilities)
- Documentation and filing of the grants process
- Grants procedures, including:
  - publication of call for proposals
  - submission of proposals
  - security and confidentiality of proposals

- receipt, registration and opening of proposals
- selection and evaluation procedures
- awarding of grants
- notification and publication
- grant agreements and contracts.

#### **PILLAR 5 — PROCUREMENT**

Please provide a description (maximum 5 pages) of the entity's procurement system addressing:

- The legal and regulatory framework
- Procurement principles, particularly:
  - transparency measures such as *ex ante* publication of calls for tenders and *ex post* publication of contractors
  - measures to avoid conflicts of interest throughout the procurement process
- Types of procurement used (works, services, supplies)
- Types of competitive procurement procedures used
- Organisation (tasks and responsibilities)
- Documentation and filing of the procurement process
- Procurement procedures:
  - invitation to tender
  - selection and evaluation procedures and award of contracts
  - complaints system.

#### **PILLAR 6 — FINANCIAL INSTRUMENTS <sup>(1)</sup>**

Please provide a description (maximum 5 pages) of financial instruments, addressing:

- The legal and regulatory framework. Aspects to be covered:
  - descriptions of the instruments, including investment strategies or policies, the type of support provided, the criteria for eligibility for financial intermediaries and final recipients, and additional operational requirements transposing the policy objectives of the instrument;
  - the requirements for a target range of values for the leverage effect (the EU contribution to a financial instrument shall aim to mobilise a total investment exceeding the size of the EU contribution according to the indicators defined in advance);
  - a definition of non-eligible activities;
  - provisions ensuring alignment of interests and addressing possible conflicts of interest;

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<sup>(1)</sup> 'Financial instruments' also includes budgetary guarantees.

- provisions for selecting financial intermediaries (financial intermediaries must be selected on the basis of open, transparent, proportionate and non-discriminatory procedures, avoiding conflicts of interest) and for setting up dedicated investment vehicles, if applicable;
- provisions on the liability of the entrusted entity and of other entities involved in implementing the financial instruments;
- provisions on the settlement of disputes;
- provisions on the governance of the instruments;
- provisions regarding the use and re-use of the EU contribution where applicable (Article 209 of the FR);
- provisions for managing contributions from the EU and for managing fiduciary accounts, including counterparty risks, acceptable treasury operations, responsibilities of parties concerned, remedial actions in the event of excessive balances on fiduciary accounts, record keeping and reporting;
- rules for accounting and financial reporting (separate financial reporting for each financial instrument);
- provisions on the duration, the possibility of extension, and the termination of the instrument, including the conditions for early termination and, where appropriate, exit strategies;
- provisions on the monitoring of the implementation of support to financial intermediaries and final recipients, including reporting by the financial intermediaries;
- Basic principles: financial instruments shall be used in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination, equal treatment and subsidiarity and in accordance with their objectives;
- Guidelines and operating rules for the use of financial instruments;
- Organisation (tasks and responsibilities);
- Credit risk management system and internal risk rating system — if applicable (only for entities that plan to request a budgetary guarantee from the EU);
- Rules and procedures for controls related to tax avoidance and non-cooperative jurisdictions;
- Rules and procedures for controls related to money laundering or terrorist financing.

#### **PILLAR 7 — EXCLUSION FROM ACCESS TO FUNDING**

Please provide a description (maximum 5 pages) of the entity's exclusion system, addressing:

- The legal and regulatory framework
- Exclusion criteria.
- Procedures. State in particular if the aspects listed above are covered in the procedures and how they are applied.

#### **PILLAR 8 — PUBLICATION OF INFORMATION ON RECIPIENTS**

Please provide a description (maximum 5 pages) of the entity's system for publishing information on recipients of funds, addressing:

- The legal and regulatory framework;

- Requirements for publication. State in particular if the following aspects are covered in the procedures and how they are applied:
  - name, locality, nature and purpose, amount;
  - timing;
  - means of publication.

#### **PILLAR 9 — PROTECTION OF PERSONAL DATA**

Please provide a description (maximum 5 pages) of the entity's system of protection of personal data, addressing:

- The legal and regulatory framework
  - Requirements for the protection of personal data. State in particular if these requirements are covered in the procedures and how they are applied.
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