



Brussels, 25.12.2020
COM(2020) 854 final

ANNEXES 1 to 3

ANNEXES

to the

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the Brexit Adjustment Reserve

ANNEX I

Allocation method for the pre-financing of the Brexit Adjustment Reserve

The pre-financing of the Brexit Adjustment Reserve shall be distributed between the Member States according to the following methodology:

1. Each Member State's share from pre-financing of the Brexit Adjustment Reserve is determined as the sum of a factor linked to the fish caught in the waters that belong to the UK Exclusive Economic Zone (EEZ) and a factor linked to trade with the UK.
2. The factor linked to fish caught in the UK EEZ is used to allocate EUR 600 million. The factor linked to trade is used to allocate EUR 3 400 million. Both amounts are expressed in 2018 prices.
3. The factor linked to fisheries is determined on the basis of the following criterion and by applying the following steps:
 - a) share of each Member State of the total value of the fish caught in the UK EEZ;
 - b) these shares are increased for Member States with fisheries that have an above average dependency on the fish caught in the UK EEZ and decreased for the ones that have a below average dependency as following:
 - (i) for each Member State, the value of fish caught in UK EEZ as a percentage of the total value of fish caught by that Member State is expressed as an index of the EU average (index of dependency);
 - (ii) the initial share of the value of fish caught in the UK EEZ is adjusted by multiplying it with the Member State's index of dependency;
 - (iii) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%.
4. The factor linked to trade is obtained by applying the following steps:
 - a) each Member State's trade with the UK is expressed as share of the EU trade with the UK (trade is the sum of the imports and the exports of good and services);
 - b) to assess the relative importance of these trade flows for each Member State, the sum of trade flows with the UK are expressed as a percentage of the Member State's GDP and subsequently expressed as an index of the EU average (index of dependency);
 - c) the initial share of trade with the UK is adjusted by multiplying it with the Member State's index of dependency;
 - d) these adjusted shares are rescaled to ensure that the sum of all Member States' shares equals 100%;
 - e) the shares so obtained are adjusted by dividing them with the Member State's GNI per capita (in purchasing power parities) expressed as a percentage of the average GNI per capita of the EU (average expressed as 100%);
 - f) the resulting shares are rescaled to ensure the sum of shares equals 100%, whereby it is ensured that no Member State can have a share higher than 25% of the EU total. The resources deducted due to this capping are redistributed to the other Member States, proportionally to their non-capped shares;

- g) if this calculation leads to an allocation exceeding 0.35% of a Member State's GNI (measured in Euro), that Member State's allocation is capped at the level of 0.35% of its GNI. The resources deducted due to this capping are redistributed to the other Member States, proportionally to their non-capped shares;
 - h) if the calculation referred to in point g) results in an aid intensity of more than EUR 190/inhabitant, that Member State's allocation is capped at the level corresponding to an aid intensity of EUR 190/inhabitant. The resources deducted due to this capping are distributed to the Member States not capped under points g) or h), proportionally to their shares as calculated in point g).
5. For the purposes of calculating the distribution of the pre-financing of the Brexit Adjustment Reserve:
- a) for the value of the fish caught in UK EEZ the reference period shall be 2015-2018;
 - b) for the value of the fish caught in the UK EEZ as a share of total value of fish caught by a Member State, the reference period shall be 2015-2018;
 - c) for trade the reference period shall be 2017-2019;
 - d) for GNI the reference period shall be 2017-2019;
 - e) for GNI/capita (in purchasing power parities) the reference period shall be 2016-2018;
 - f) for GDP and for total population of the Member States the reference period shall be 2017-2019.

ANNEX II

Template for an application for financial contribution, including elements related to the accounts

| | | | |
|----|--|----------------------|------------------|
| 1. | Member State | | |
| 2. | Date of application | | |
| 3. | Date of first expenditure | <i>Date incurred</i> | <i>Date paid</i> |
| 4. | Date of last expenditure | <i>Date incurred</i> | <i>Date paid</i> |
| 5. | Amount of pre-financing received (in EUR) | | |
| 6. | Body responsible for managing the contribution from the Reserve Responsible person and function Contact details | | |
| 7. | Independent audit body Responsible person and function Contact details | | |
| 8. | Short description of the areas and sectors affected and the response measures put in place | | |

| | | | | |
|-------|--|--|--|--|
| 9. | Total public expenditure incurred and paid before deductions | | | |
| 10. | Amounts deducted by the Member State and the reasons for deduction | | | |
| 11. | In particular, out of the amounts deducted (10), the amounts corrected as a result of audits of the measures financed | | | |
| 12. | Total expenditure submitted for contribution from the Reserve (EUR) (12= 9 – 10) | | | |
| 13. | In national currency (where applicable) | <p><i>For Member States not using the Euro: please convert all amounts into Euro at the official rate in the month prior to the month of submission the application published at:</i></p> <p>https://ec.europa.eu/info/funding-tenders/how-eu-funding-works/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en</p> | | |
| 14. | Exchange rate applied | | | |
| 15. | Breakdown of expenditure submitted for contribution from the Reserve <i>(please provide a list of the individual actions financed under each measure and the related expenditure for each action)</i> <i>Each expenditure item should be entered only once.</i> | <i>EUR</i> | <i>National currency (if applicable)</i> | <i>Output indicators (please provide a number)</i> |
| 15.1. | Measures to assist businesses adversely and local communities affected by the withdrawal | | | Enterprises (supported) Enterprises supported (advised) |

| | | | | |
|-------|---|--|--|---|
| | | | | Population benefiting |
| 15.2. | Measures to support the most affected economic sectors | | | Enterprises (supported) Enterprises supported (advised) |
| 15.3. | Measures to support businesses and local communities dependent on fishing activities in the United Kingdom waters | | | Enterprises (supported) Enterprises supported (advised) Population benefiting |
| 15.4. | Measures to support employment through short-time work schemes, re-skilling and training in affected sectors | | | Participants |

| | | | | |
|-------|---|--|--|--|
| 15.5. | Measures to ensure the functioning of border, and security controls, including additional personnel and infrastructure | | | Additional Personnel (in FTE) Physical infrastructure adapted (m ²) |
| 15.6. | Measures to ensure the functioning of customs and collection of indirect taxation, including additional personnel and infrastructure | | | Additional Personnel (in FTE) Physical infrastructure adapted (m ²) |
| 15.7. | Measures to ensure the functioning of sanitary and phytosanitary and fisheries controls, including additional personnel and infrastructure | | | Additional Personnel (in FTE) Physical infrastructure adapted (m ²) |
| 15.8. | Measures to facilitate certificates and authorisation of products, establishment requirements, labelling and marking, for example for safety, health, environmental standards, and mutual recognition | | | Enterprises (supported) Enterprises supported (advised) |
| 15.9. | Measures for communication, information and awareness-raising of citizens and businesses about changes stemming from the withdrawal to their rights and obligations | | | Enterprises supported (advised) Population covered |

| | | | | |
|--------|--|---|--|--|
| 15.10. | Other (please specify) | | | |
| 16. | <p>Any complementary EU funding received or requested for expenditure not included in this application</p> <p>Short description / amount (e.g. use of Cohesion Policy funding/ REACT-EU/JTF/RRF/other – please specify)</p> | | | |
| 17. | <p>Please indicate the legal entity and the full bank account number and holder in case of a further payment</p> | | | |
| | | <input type="checkbox"/> Account used previously to receive EU payments <input type="checkbox"/> New account | | |

Template for the management declaration to accompany the application

I/We, the undersigned [name(s), first name(s), title(s) or function(s)], Head of the body responsible for the management of the financial contribution from the Reserve, based on the implementation of the Reserve during the reference period, based on my/our own judgment and on all information available to me/us at the date of the application submitted to the Commission, including the results from verifications carried out and from audits in relation to the expenditure included in the application submitted to the Commission in respect of the reference period, and taking into account my/our obligations under this Regulation, hereby declare that:

- (a) the information in the application is properly presented, complete and accurate in accordance with Article 63 of the Financial Regulation,
- (b) the expenditure entered in the application complies with applicable law and was used for its intended purpose,

I/We confirm that irregularities identified in the final audit and control reports in relation to the reference period have been appropriately treated in the application. Furthermore, I/we confirm the reliability of data relating to the implementation of the Reserve. I/we also confirm that effective and proportionate anti-fraud measures are in place and that these take account of the risks identified in that respect.

Finally, I/we confirm that I/we am/are not aware of any undisclosed matter related to the implementation of the Reserve which could be damaging to the reputation of the Reserve.

Template for the audit opinion to accompany the application

To the European Commission, Directorate-General for Regional and Urban Policy

1. INTRODUCTION

I, the undersigned, representing [the name of the independent audit body], have audited

- (i) the elements related to the accounts in the application for the reference period,
- (ii) the legality and regularity of the expenditure for which reimbursement has been requested from the Commission, and
- (iii) the functioning of the management and control system, and verified the management declaration, in order to issue an audit opinion.

2. RESPONSIBILITIES OF THE BODY RESPONSIBLE FOR THE MANAGEMENT OF THE FINANCIAL CONTRIBUTION FROM THE RESERVE

[name of the body] is identified as the body responsible to ensure proper functioning of the management and control system in regard to the functions and tasks provided for in Article 13.

In addition, [the name of body] is responsible to ensure and declare the completeness, accuracy and veracity of the application.

Moreover, it is the responsibility of the managing authority to confirm that the expenditure entered in the application s is legal and regular and complies with applicable law.

3. RESPONSIBILITIES OF THE INDEPENDENT AUDIT BODY

As established by Article 63 of the Financial Regulation, my responsibility is to express an independent opinion on the completeness, veracity and accuracy of the elements related to the accounts in the application, on the legality and regularity of the expenditure for which reimbursement has been requested from the Commission, and on the proper functioning of the management and control system put in place.

My responsibility is also to include in the opinion a statement as to whether the audit work puts in doubt the assertions made in the management declaration.

The audits in respect of the Reserve were carried out in accordance with internationally accepted audit standards. These standards require that the audit authority complies with ethical requirements, plans and performs the audit work in order to obtain reasonable assurance for the purpose of the audit opinion.

An audit involves performing procedures to obtain sufficient and appropriate evidence to support the opinion set out below. The procedures performed depend on the auditor's professional judgement, including assessing the risk of material non-compliance, whether due to fraud or error. The audit procedures performed are those I believe are appropriate in the circumstances and are compliant with the requirements of the Financial Regulation.

I believe that the audit evidence gathered is sufficient and appropriate to provide the basis for my opinion [[in case there is any scope limitation:], except where mentioned in Point 4 'Scope limitation'].

The summary of the findings from the audits in respect of the Reserve are reported in the attached report in accordance with point (b) of Article 63(5) of the Financial Regulation.

4. SCOPE LIMITATION

Either

There were no limitations on the audit scope.

Or

The audit scope was limited by the following factors:

(a) ...

(b) ...

(c)

[Indicate any limitation on the audit scope, for example any lack of supporting documentation, cases under legal proceedings, and estimate under 'Qualified opinion' below, the amounts of expenditure and contribution from the Reserve affected and the impact of the scope limitation on the audit opinion. Further explanations in this regard shall be provided in the report, as appropriate.]

5. OPINION

Either (Unqualified opinion)

In my opinion, and based on the audit work performed:

- (i) the elements related to the accounts in the application give a true and fair view;
- (ii) expenditure included in the application is legal and regular,
- (iii) the management and control system functioned properly.

The audit work carried out does not put in doubt the assertions made in the management declaration.

Or (Qualified opinion)

In my opinion, and based on the audit work performed,

1) The elements related to the accounts in the application

- the elements related to the accounts in the application give a true and fair view [where the qualification applies to the application, the following text is added:] except in the following material aspects:.....

2) Legality and regularity of the expenditure included in the application

- the expenditure included in the application is legal and regular [where the qualification applies to the application, the following text is added:] except for the following aspects:

The impact of the qualification is limited [or significant] and corresponds to (amount in EUR of the total amount of expenditure)

3) The management and control system in place as at the date of this audit opinion

- the management and control system put in place functioned properly [where the qualification applies to the management and control system, the following text is added:] except for the following aspects:

The impact of the qualification is limited [or significant] and corresponds to (amount in EUR of the total amount of expenditure)

The audit work carried out does not put/puts [delete as appropriate] in doubt the assertions made in the management declaration.

[Where the audit work carried out puts in doubt the assertions made in the management declaration, the audit authority shall disclose in this paragraph the aspects leading to this conclusion.]

Or (Adverse opinion)

In my opinion, and based on the audit work performed:

- (i) the elements related to the accounts in the application give/do not give [delete as appropriate] a true and fair view; and/or
- (ii) the expenditure in the application for which reimbursement has been requested from the Commission is/is not [delete as appropriate] legal and regular; and/or
- (iii) the management and control system put in place functioned/did not function [delete as appropriate] properly.

This adverse opinion is based on the following aspects:

- in relation to material matters related to the application: [please specify]
and/or [delete as appropriate]
- in relation to material matters related to the legality and regularity of the expenditure in the application for which reimbursement has been requested from the Commission: [please specify] and/or [delete as appropriate]
- in relation to material matters related to the functioning of the management and control system: [please specify]

The audit work carried out puts in doubt the assertions made in the management declaration for the following aspects:

[The audit authority may also include emphasis of matter, not affecting its opinion, as established by internationally accepted auditing standards. A disclaimer of opinion can be given in exceptional cases.]

Date: Signature:

ANNEX III

Template for the description of the management and control system

1. GENERAL

1.1. Information submitted by:

- Member State:
- Name and e-mail of main contact point (body responsible for the description):

1.2. The information provided describes the situation on: (dd/mm/yyyy)

1.3. System structure (general information and flowchart showing the organisational relationship between the bodies involved in the management and control system)

- a) Body responsible for managing the Reserve (name, address and contact point in the body):
- b) The independent audit body (name, address and contact points in the body):
- c) Indicate how respect of the principle of separation of functions between the bodies is ensured.

2. BODY RESPONSIBLE FOR MANAGING THE RESERVE

2.1. Body and its main functions

- a) The status of the body managing the Reserve (national or regional body) and the body of which it is part.
- b) Framework to ensure that an appropriate risk management exercise is conducted when necessary, and in particular in the event of major modifications to the management and control system.

2.2. Description of the organisation and the procedures related to the functions and tasks of the body managing the Reserve

- a) Description of the functions, and tasks carried out by the body managing the Reserve.
- b) Description of how the work is organised and what procedures will be applied in particular in carrying out verifications (administrative and on-the-spot) and to ensure an adequate audit trail regarding all documents related to expenditure.
- c) Indication of planned resources to be allocated in relation to the different functions of the body managing the Reserve (including information on any planned outsourcing and its scope, where appropriate).

3. INDEPENDENT AUDIT BODY

Status and description of the organisation and the procedures related to the functions of the independent audit body

- a) The status of the independent body (national or regional body) and the body of which it is part, where relevant.
- b) Description of the functions and tasks carried out by the independent audit body

- c) Description of how the work is organised (workflows, processes, internal divisions), what procedures apply and when, how these are supervised, indication of planned resources to be allocated in relation to the different audit tasks.

4. ELECTRONIC SYSTEM

Description of the electronic system or systems including a flowchart (central or common network system or decentralised system with links between the systems) for:

- a) Recording and storing, in electronic form data on each measure financed from the Reserve, including:
- the name of the recipient and amount of the financial contribution from the Reserve;
 - the name of the contractor and sub-contractor, where the recipient is a contracting authority in accordance with the Union or national provision on public procurement, and value of the contract;
 - the first name, last name and date of birth of beneficial owner, as defined by Article 3(6) of Directive (EU) 2015/849 of the European Parliament and of the Council¹, of the recipient, contractor or sub-contractor referred to in the first and second indent of this point;
 - where appropriate, data on individual participants.
- b) Ensuring that accounting records for each measure financed from the Reserve are recorded and stored, and that those records support the data required for drawing up the application for contribution.
- c) Maintaining accounting records of expenditure incurred and paid.
- d) Indicating whether the systems are functioning effectively and can reliably record the data as at the date set out in point 1.2.
- e) Describing the procedures to ensure the electronic systems' security, integrity and confidentiality.

¹ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (OJ L 141 5.6.2015, p. 73).