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Cooperating across borders  
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# Training of lead beneficiaries of capitalization projects: **THE EXPENDITURE VERIFICATION PROCESS**

*24° Nov. 2021  
Barcelona - Spain*

# Programme Actualities

- ✓ Regular project progress **update** is required.
- ✓ Update forms: Technical and Financial **Reports**.
- ✓ All expenditures must be **checked** by an independent professional (**Expenditure Verification**)

# PROGRAMME RULE ..... 1

As Programme requirement (***Grant Contract Art. 14***); it is mandatory to declare that reported ***COSTS*** are;

- ✓ **REAL,**
- ✓ **ACCURATELY RECORDED**
- ✓ **ELIGIBLE**
- ✓ **COMPLIANT WITH EU AND NATIONAL RULES**

*and to identify and quantify **REVENUES***



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# PROGRAMME RULE ..... 2

## ENI CBC IR 897/2014 – Article 32

*“Expenditure declared by the beneficiary in support of a payment request shall be examined **by an auditor or by a competent public officer being independent from the beneficiary.**”*

# The Auditor Engagement;

To verify the compliance with the Programme Rules during project implementation.

The EA has obligations to confirm;

- Rules were **respect**
- Appropriate records, document keeping, accounting and revenue detection (if relevant) were **ensured**.
- All the expenditures **reported**, and all the findings on ineligible expenses were **listed**.

# The Auditor Engagement

## **BE EFFECTIVE:**

- ✓ **Full understanding of the Grant Contract, annexes and any other relevant information**
- ✓ **Review the Narrative and Financial Reports**
- ✓ **Plan on the spot-checks: i.e. PP premises, locations of Outputs\Deliverables (equipment, infrastructure, etc.), .....**
- ✓ **Grant full access to the ACCOUNTS, ACCOUNTING AND SUPPORTING DOCUMENTS.**

# The Auditor Engagement

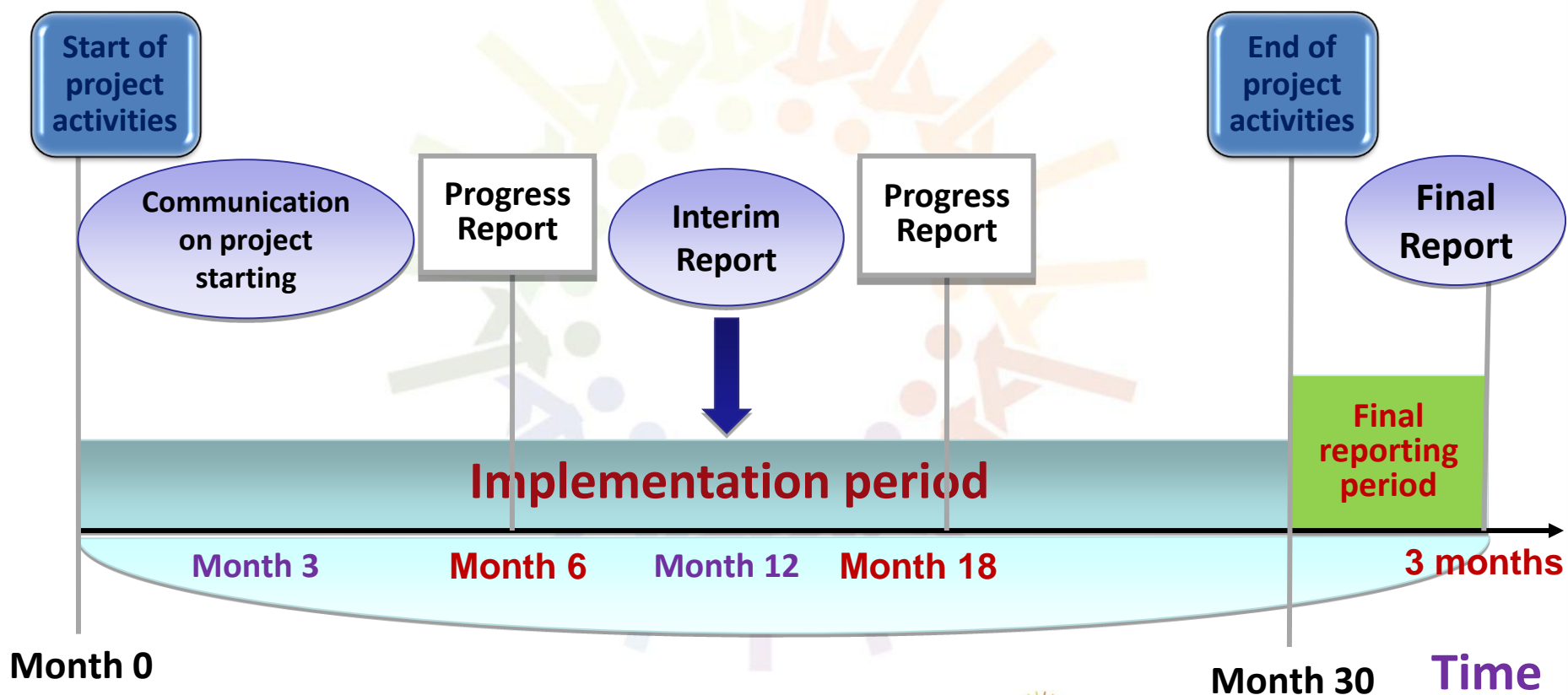
*The auditor verifies the evidence:*

- ✓ *Preforms the specific procedures listed in the **Control Check List***
- ✓ ***Obtains verification evidence** from these procedures*
- ✓ *The auditor does not provide an opinion but **issues a report of factual findings***



# 1 EVR per Project Reporting Period

Example for a project duration of 30 months



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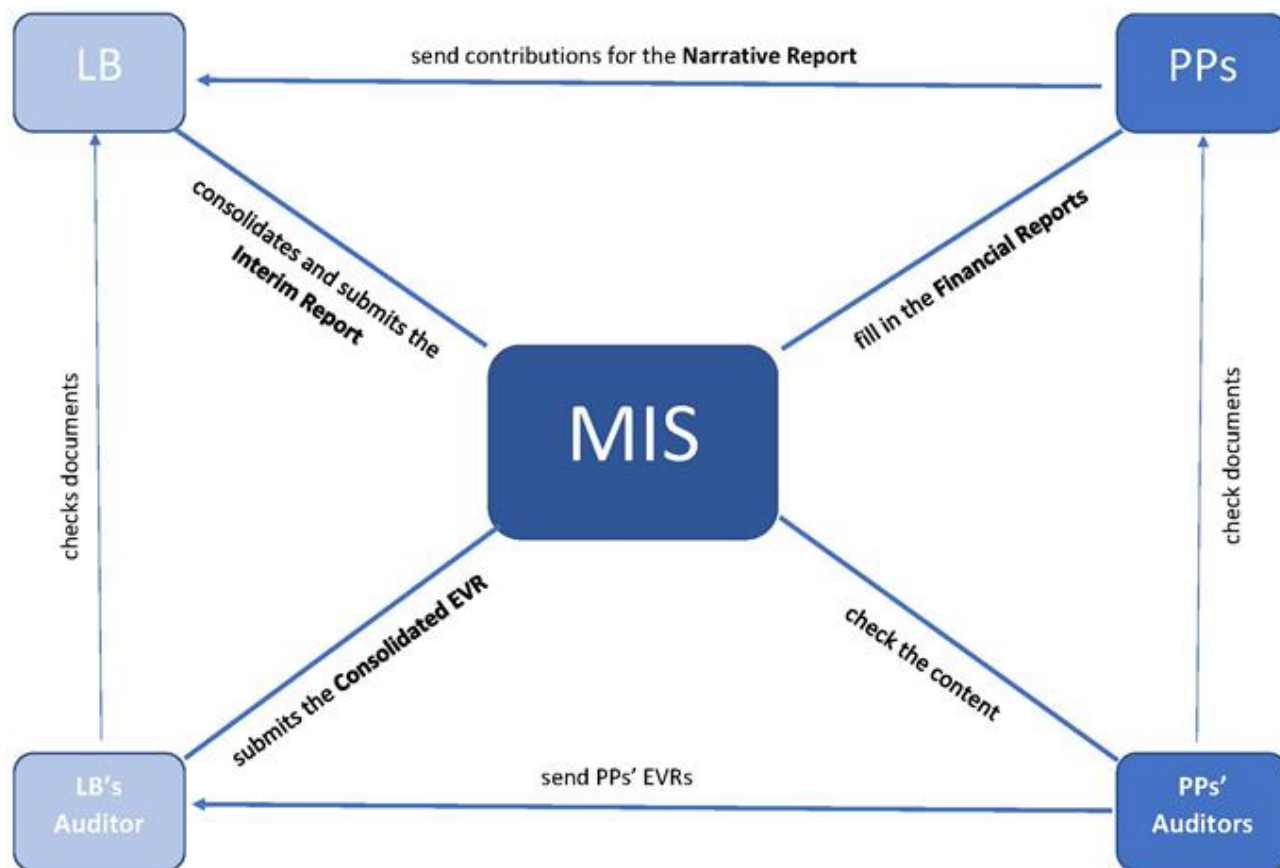
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# Reporting Flows

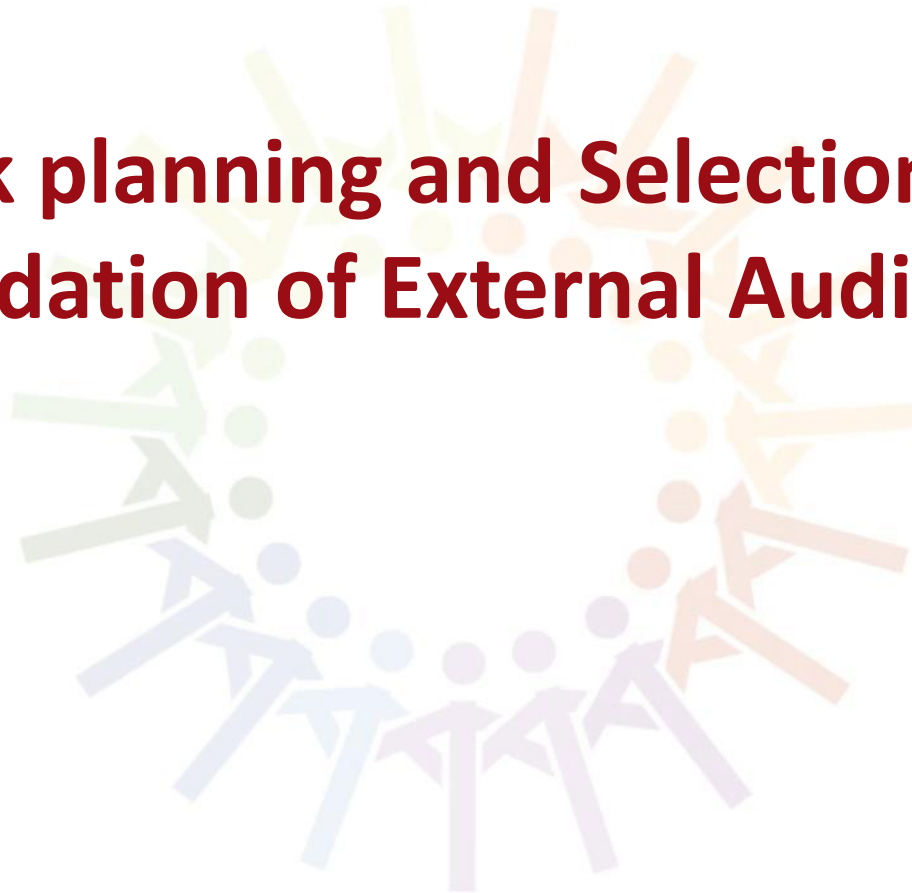


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# Work planning and Selection and Validation of External Auditors



# Work Planning

**In order to avoid any delay in submission, it is highly recommended that each BEN should;**

- A. Select the EA and plan the work ahead of time,
- B. Be ready with all necessary info and docs. Stay prepared with all proofs (pictures, list of signed participants, equipment with visibility labels, ....)

# An agreed-upon procedure

**“This verification shall be performed on the basis of an agreed-upon procedure in accordance with:**

- A. The International Standard on Related Services 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by International Federation of Accountants (IFAC);
- B. IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants.”

# Selection and Validation of External Auditors

## SELECTION

- Through Public Procurement Procedure, following the relevant national legislation and GC requirements.

## VALIDATION BY CCP

- Validation request to CCP before signing the contract
- Certification of Validation by CCP (*email and in the national language*)

## UPLOAD ON MIS

- The validation is required at Programme level. To be uploaded on the MIS.

# Don't forget!

A copy of each **Expenditure Verification Report** should be transmit to the **CCP** for potential coherence and quality checks

A **proof of transmission** will be uploaded in the MIS

# Consolidated EVR



*Based on the reports of every PP, the LB's Auditor prepares the **Consolidated EVR**.*

*For the purpose of the Consolidated EVR, the auditor of the LB will check:*

- ✓ *The completeness and accuracy of the Consolidated Financial Report*
- ✓ *The **consistency** of the Consolidated Financial Report with the individual ones*
- ✓ *The **compliance with the rules on budget flexibility** stipulated in the GC (Art. 9, Amendment to the Contract)*



# Verification coverage of expenditures

 	<b>Other Participating Countries</b>
<b>100%</b>	<ul style="list-style-type: none"><li>- Min 65% of each Cost Category</li><li>- 100% for all procurement above 60.000€</li></ul>

# SPECIFICALLY ....

## Who can be an auditor?

The audit must be performed by a licensed member (*Please check with Control Contact Point CCP of your country*)

# CCPs play a key role in:

- ✓ Validation of the External Auditors
- ✓ Supporting the MA in its verifications
- ✓ Supporting the MA in the on the spot checks

# Public Procurement rules

**Public entities**: Follow National rules. Please consult your NCP and CCP.

**Private entities**: apply the rules indicated in [Annex 7.3 of the PIM, Procurement rules for private organizations](#)



**THANK YOU**

**MERCI**

**شكراً**