

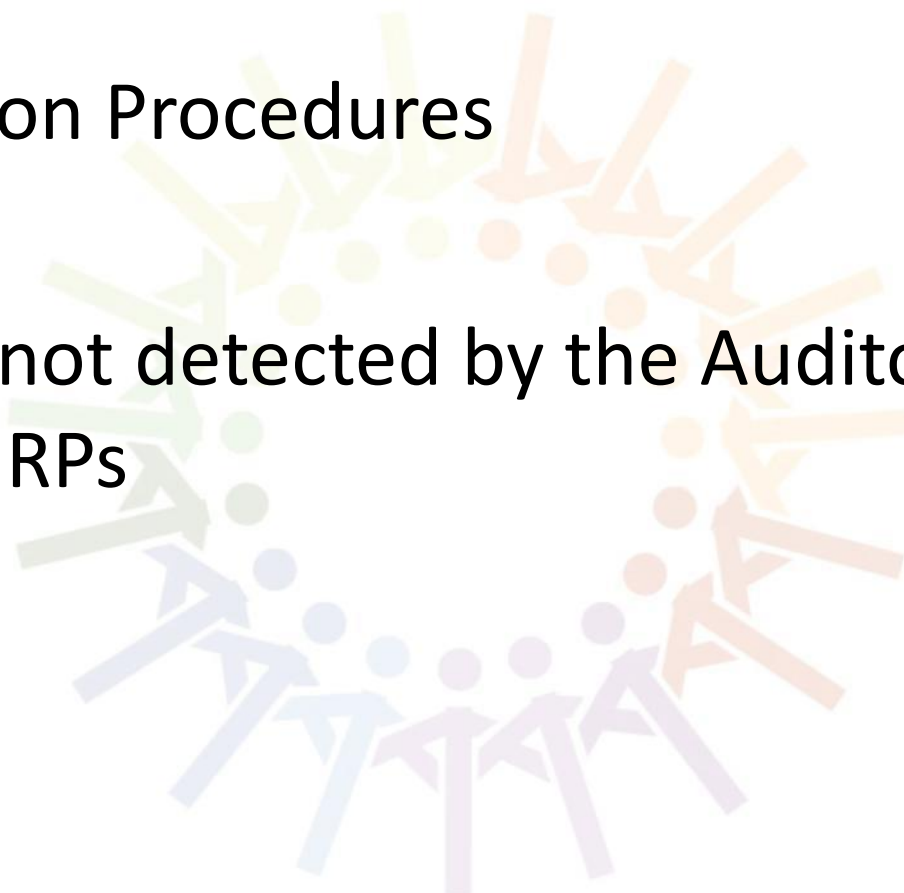
ENI CBC MED Capitalisation Projects: Launching session and training for Lead Beneficiaries

THE AUDIT REPORT GENERAL REMARKS AND USEFUL TIPS

Barcelona, 23-24.11.2021

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Verification Procedures

- ✓ The Auditor examines the factual information in the Financial Report of the Lead Beneficiary/partner and compares it with the terms and conditions of the Grant Contract.
- ✓ The Auditor does not provide an audit opinion!
- ✓ The Managing Authority assesses for itself the factual findings reported by the Auditor and draws its own conclusions from these factual findings.

Verification Procedures

The verification procedures is defined in the:

- ✓ Auditor check-list
- ✓ List of findings
- ✓ Expenditure and revenue verification report (consolidated and/or individual lead beneficiary / partner, as relevant)
- ✓ Report on suspected and/or established fraud.

(The report on fraud needs to be sent directly to the Managing Authority, without any need of informing the concerned Lead Beneficiary / partner).

-Tip-

The Auditor must obtain a copy of **the original Grant Contract+Partnership Agreement** and understand the terms and conditions by reviewing them and their annexes and other relevant information, and by inquiry of the Lead Beneficiary / partner

Checks	YES/NO N.A.	Comments
Description of the Project, Budget and Logical Framework in force, as approved by the JMC are available, electronically or paper based		<i>these documents must be available in order for the auditor to have a knowledge of the applicable rules;</i> <i>the auditor shall answer YES or NOT, N.A. is not an option</i>
Grant Contract signed by both parties (MA/JTS and Lead Beneficiary) is available, electronically or paper based		<i>these documents must be available in order for the auditor to have a knowledge of the applicable rules;</i> <i>the auditor shall answer YES or NOT, N.A. is not an option</i>



-Tip-

What an Auditor can perform in order to **draw up the report of factual findings?**

- inquiry and analysis,
 - (re)computation,
 - comparison,
 - other clerical accuracy checks,
 - observation,
 - inspection of records and documents,
 - inspection of assets and obtaining confirmations.
- **Be sure that all the information you need are provided by the concerned LB/PP**
- **The Lead Beneficiary / partner must give access to all documents and databases concerning the technical and financial management of the project**



-Tip-

Records, Accounting and Supporting Documents:

- shall be easily accessible and filed so as to facilitate their examination;
- shall be available in the original and / or electronic form.
- should be available in documentary form, whether paper, electronic or other medium (e.g. a written record of a meeting is more reliable than an oral presentation of the matters discussed).

-Tip-

Electronic Documents

accepted if:

- the documentation was first received or created (e.g. an order form or confirmation) by the Lead Beneficiary / partner in electronic form;
- the Auditor is satisfied that the Lead Beneficiary / partner uses an electronic archiving system which meets established standards (e.g. a certified system which complies with national law).

-Tip-

Electronic Documents

- should preferably be obtained from independent sources outside the entity (an original supplier's invoice or contract is more reliable than an internally approved receipt note);
 - which is generated internally is more reliable if it has been subject to control and approval;
 - obtained directly by the Auditor (e.g. inspection of assets) is more reliable than evidence obtained indirectly (e.g. inquiry about the asset).
 - If the Auditor finds that the above criteria for evidence are not sufficiently met, he/she should detail this in the factual findings.
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- **Electronic documents (i.e invoices, e-tickets) are not copies or scanned originals.**
 - **The auditor shall do a personal inspection of any assets acquired by the project (e.g. computers or infrastructure).**



FINDINGS

- The Auditor verifies the selected expenditure items by carrying out procedures listed in the control check-list and reports all the factual findings and exceptions resulting from these procedures.
- Verification exceptions are all verification deviations found when performing the procedures.

SOME FINDINGS NOT DETECTED BY THE AUDITORS



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- Ineligible period [3200]
- Ineligibility of special taxes such as VAT or IRAP for Italy/ variables components of the remuneration (no benefits or performance bonus!) [4500]
- Expenditure reported in euro when incurred and paid in other currencies (the exchange rate cannot be calculated by the LB/PP!) [4100]
- Wrong allocation of the expenditures to the different BLs [3300]
- Expenditures not correctly allocated under the Budget CC (telephone costs under SS or External Expert under HR; Travel costs paid twice, as per diem and reimbursed costs etc.) [3600]
- Subsistence allowances exceeding the ones indicated by the EC [4800]
- 3100 Not certainty of the payment of the expenditures (these must be “incurred and paid” within the reporting period [3100]
- Missing supporting documents



THANK YOU

MERCI

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