



Swiss-Estonian Cooperation Programme projects no
Switzerland1.03.23-0002 “Preparation Fund of the Ministry of Culture”
Switzerland1.03.23-0003 " Preparation Fund of the Ministry of Climate"
Switzerland.1.03.23-0004 "Preparation Fund of the Ministry of Education and
Research"
Switzerland.1.03.23-0005 “Preparation Fund of the Ministry of the Interior”
Switzerland.1.03.23-0006 " Preparation Fund of the Ministry of Social Affairs"
Switzerland.1.03.23-0007 “Technical Assistance of the Swiss-Estonian Cooperation
Programme”

PROJECT AUDIT

Beneficiaries: Ministry of Culture, Ministry of Climate, Ministry of Education and
Research, Ministry of the Interior, Ministry of Social Affairs, State Shared Service
Centre
implementing body: State Shared Service Centre

Final report

SCH-1/2024

17.10.2024



MINISTRY OF FINANCE

SUMMARY OF THE AUDIT RESULTS

Audit outcome:

As a result of carrying out the audit operations, the audit team concluded that the activities of the beneficiaries in implementing the project are largely in compliance¹ with the legislation in force.

Indication in the register of structural aid²:

➤ no findings.

The project audit has been carried out in accordance with International Standards for the Professional Practice of Internal Auditing.

The final report of the project audit will be published on the website of the Ministry of Finance.

We would like to thank the auditees for their help, helpfulness and cooperation during the audit.

¹ The audit team has carried out the audit operations competently and with the required professional diligence. The audit provides reasonable assurance on the audited item, taking into account the potential audit risk that even relatively significant inaccuracies may remain undetected.

² Significant findings are findings which have or may have a financial impact (i.e. ineligible expenditure). Non-significant findings are findings that do not have a financial impact, but the resolution of which helps the beneficiary to reduce risks in the successful implementation of the project.

PART A

1. Audit object and audited expenditure audited

1.1 PROJECT GENERAL DATA	
Operational programme	Swiss-Estonian Cooperation Programme
Priority axis	Switzerland.1 Swiss-Estonian Cooperation Programme
Measure	Switzerland.1.3 Technical Assistance
Numbers and names of projects in the Structural Funds Management Information System (hereinafter SFOS)	Switzerland.1.03.23-0002 "Preparation Fund of the Ministry of Culture" Switzerland.1.03.23-0003 "Preparation Fund of the Ministry of Climate " Switzerland.1.03.23-0004 " Preparation Fund of the Ministry of Education and Research " Switzerland.1.03.23-0005 "Preparation Fund of the Ministry of the Interior" Switzerland.1.03.23-0006 "Preparation Fund of the Ministry of Social Affairs " Switzerland.1.03.23-0007 "Technical Assistance of the Swiss-Estonian Cooperation Programme"
Beneficiaries and partner(s):	Ministry of Culture, Ministry of Climate, Ministry of Education and Research, Ministry of the Interior, Ministry of Social Affairs, State Shared Service Centre
Decision number and date of the approval (or modification) of the application	Swiss-Estonian Cooperation Programme Technical Support Agreement 21.02.2023 ³
Implementing body	State Shared Service Centre
Eligibility period for project expenditure	The eligibility period for projects No Switzerland.1.03.23-0002, Switzerland.1.03.23-0003, Switzerland.1.03.23-0004, Switzerland.1.03.23-0005 and Switzerland.1.03.23-0006 is 22.02.2023 - 31.12.2024. The eligibility period for project No Switzerland.1.03.23-0007 is 21.02.2023 - 03.12.2029
1.2 INFORMATION ON CONDUCTING AN AUDIT	
Basis	Article 2.3 of the Country-Specific Set-Up Framework Agreement ⁴ between the Swiss Federal Council and the Government of the Republic of Estonia (hereinafter referred to as the Framework Agreement) and Article 3.6 of the Regulations ⁵ on the implementation of the second Swiss Contribution.

³ It also contains data on the preparation fund for the support measures of the Swiss-Estonian cooperation programme, from which funds the activities of the ministries mentioned in the final audit report as programme operators have been financed.

⁴ Annex 1 of Country-Specific Set-Up Framework Agreement between the Swiss Federal Council and the Government of the Republic of Estonia

⁵ Regulations on the implementation of the second Swiss Contribution to selected Member States of the European Union to reduce economic and social disparities within the European Union.

	Audit Plan for 2024 by the Financial Control Department of the Ministry of Finance. The audit sample included expenditure related to the following projects Switzerland.1.03.23-0002, Switzerland.1.03.23-0003, Switzerland.1.03.23-0004, Switzerland.1.03.23-0005 and Switzerland.1.03.23-0006 Switzerland.1.03.23-0007.
Objective	The purpose of the project audit is to analyse and assess: 1) the compliance of the supported activities and costs of the projects with the requirements set forth in the Regulations on the implementation of the second Swiss Contribution and the Technical Support Agreement of the Swiss-Estonian Cooperation Programme, as well as their appropriateness and purposefulness; 2) the conformity of the declared costs with the accounting reports and original accounting documents of the beneficiaries; 3) the timely and adequate disbursement of the support in the prescribed amount.
Auditor(s)	Liina Võrklaev, Ministry of Finance, Financial Control Department, Audit Unit II, Lead Auditor (Head of Audit); Mart Pechter, Ministry of Finance, Financial Control Department, Audit Unit II, Advisor acting as Head of Unit (person responsible for the audit).
Time of conducting the audit	05.03.2024-05.04.2024 and 02.10-17.10.2024
Methodology	“Project Audit Manual” of the Financial Control Department of the Ministry of Finance
Audit operations	During the audit procedures, the following is analyzed and assessed: <ul style="list-style-type: none"> • the actual implementation of the project, • documentation reflecting the project implementation, • the eligibility of expenditure, • the organization of project-related accounting, • existence of co-financing, • use of symbols of the Swiss-Estonian Cooperation Programme.
Sample methodology (if applicable)	Brief description of the sampling methodology As of 22 February 2024, the auditors generated a statement of expenditure (SF-17) financed from the technical assistance and programme preparation costs of the Swiss-Estonian cooperation programme included in the SFOS, which revealed that 64 expenditure lines have been financed from the programme funds in the total amount of 89 977.50 euros, mainly expenditure related to study trips, labour costs of the Ministry of Culture and the State Shared Service Centre.

As the analysis of the expenditure lines showed that a significant part of the labour costs have been summed up into total monthly amounts, the auditors decided to ask for more detailed expenditure lines on labour costs. The auditors initially sent the opening letters of the audit to the State Shared Service Centre and the Ministry of Culture on 5 March 2024 and asked the contact persons of the audited institutions for detailed employee-by-employee data that served as the basis for the expenditure lines recorded as eligible expenditure in the programme.

Next, the auditor replaced the total labor cost amounts in the list of expenses of the Swiss-Estonian Cooperation Programme with expenditure lines broken down by employee, resulting in an expanded total population of 86 expenditure lines.

Subsequently, the auditor used audit software to create a random sample of 30 expenditure lines from an expanded total population of 86 expenditure lines.

The final sample for the first phase of the audit includes a total of 30 expenditure lines, representing 34.88% of the population. The total eligible expenditure to be audited is EUR 61 511.74, which represents 68.36% of the population.

Based on the fact that the sample of 30 units included, in addition to the expenditure lines of the Ministry of Culture and the National Coordination Unit, also the expenditure lines of the Ministry of Education and Research, the Ministry of Social Affairs, the Ministry of the Interior and the Ministry of Climate, on 18 March 2024, the auditors also sent the opening letters of the audit to these ministries/programme operators and informed them of their wish to carry out project audits of the Swiss-Estonian Cooperation Programme.

The audit sample also included two expenditure lines, which included expenditure related to the Audit Authority's staff. These expenditure lines were audited by the Internal Audit Department of the Ministry of Finance, which is independent from the Financial Control Department of the Ministry of Finance.

Formation of an additional audit sample

Due to the fact that the expenditure financed from the Swiss-Estonian Cooperation Programme was decided to be declared in 2024 for a longer period than initially planned, it became necessary to audit the additional units on the basis of an additional sample.

In order to audit the technical assistance and preparation fund expenditure of the Swiss-Estonian Cooperation Programme disbursed during the period 21.02.2023-31.07.2024, an additional sample was drawn using a non-statistical sampling method and five units were selected randomly. We used IDEA software to make our selection.

	<p>The additional sample population consisted of 41 items amounting to 56 462.25€. Using IDEA, we selected 5 units in amount of 11 388.45€ using the Random function, which represents 20.2% of the total population. The additional sample covers 12.2% of the units. The additional sample complies with the minimum requirements of the non-statistical sample: at least 10% of the units and 15% of the eligible amount.</p> <p>For the audit of these 5 units, separate audit operations were carried out in October 2024.</p>
1.3 AUDITED EXPENDITURE (audit scope)	
Payments underlying declared expenditure (payment application SFOS No, date, eligible amount in EUR)	<p>SFOS No PO27072, 02.02.2024, eligible amount EUR 26 931.39; SFOS No PO26995, 31.01.2024, eligible amount EUR 5 208.64; SFOS No PO27062, 01.02.2024, eligible amount EUR 5 123.76; SFOS No PO27098, 02.02.2024, eligible amount EUR 2 126.26; SFOS No PO26786, 22.01.2024, eligible amount EUR 2 603.73; SFOS No PO26653, 17.01.2024, eligible amount EUR 42 766.14; SFOS No PO26654, 17.01.2024, eligible amount EUR 5 217.58; SFOS No PO29969 of 14 June 2024, eligible amount EUR 30 177.46; SFOS No PO29970 of 14 June 2024, eligible amount EUR 1 415.39; SFOS No PO30074 of 18 June 2024, eligible amount EUR 6 863.95; SFOS No PO30075 of 18.06.2024, eligible amount EUR 800; SFOS No PO30109 of 20.06.2024, eligible amount EUR 4 388.64; SFOS No PO30288, 27.06.2024, eligible amount EUR 9 743.97; SFOS No PO31068, 26.07.2024, eligible amount EUR 3 072.84.</p>
Share of support and co-financing in eligible amounts (%)	<p>Contribution for the Preparation Fund for Support Measures of the Swiss-Estonian Cooperation Programme: 100% and co-financing: 0%.</p> <p>Contribution for the technical assistance of the Swiss-Estonian Cooperation Programme: 42%, and co-financing: 58%.</p>
Sample size (EUR; % of the eligible amount declared) ⁶	<p>The sample for the first phase represented 68,36 % of the total eligible expenditure recorded in the SFOS as at 22 February 2024 for the Preparation Fund for support measures of the Swiss-Estonian Cooperation Programme and for Technical Assistance of the Swiss-Estonian Cooperation Programme.</p> <p>The sample for the second phase represented 20.2% of the total eligible expenditure recorded in the SFOS as at 31 July 2024 for the Preparation Fund for the support measures of the Swiss-Estonian Cooperation Programme and for the Technical Assistance of the Swiss-Estonian Cooperation Programme.</p>

⁶If the sample was not audited, the sample size shall be the amount of the payment claim in euro and the percentage of expenditure audited shall be 100 %.

Detected ineligible costs (in EUR): EUR 0	
Error rate found (%) ⁷	0%

2. Limitations

This report has been drawn up on the basis of the principles of independence and objectivity.

According to § 24, point 10 of the Structural Assistance Act for the period 2014-2020, the beneficiary is obliged to provide the auditor with the requested data and documents and to allow the auditor access to the premises and territory related to the project. In light of the above, the auditors conclude that all the data and other oral and written information provided during the audit correctly and accurately reflect the activities carried out within the project and are sufficient for assessing the projects. In the event of additional information not provided/known to the auditors, the auditors' conclusions might have been different.

⁷ Ineligible expenditure as a percentage of the expenditure actually audited (%). Where the audit was carried out on a sample basis, the proportion of ineligible expenditure in relation to the sample size.

PART B

AUDIT FINDINGS

1. Targeted use of support under the Swiss-Estonian Cooperation Programme

The support has been used for the most part purposefully and in a targeted manner, in accordance with the objectives of the projects and the conditions for their implementation.

2. Recording in accounting

The expenditure within the scope of the audit corresponds in all material respects to the accounting data of the beneficiaries.

3. Volume and timing of support of the Swiss-Estonian Cooperation Programme

The support has been provided to a significant extent in the prescribed amount and on time, and co-financing has been guaranteed.

4. Conduct of procurements

The expenditure within the scope of the audit included procurement-related expenditure, but none of the procurements included expenditure in excess of 20 000 euro per project, which is why detailed procurement audit procedures were not carried out during the audit.

5. Granting of State aid

The projects included in the scope of the audit did not include state aid or de minimis aid.

6. Communication and publicity

Beneficiaries have largely complied with the legislation in force when informing and publicising the use of the support.

**Person responsible for
the audit:**

Mart Pechter
Head of Audit Unit II
Financial Control

Head of audit:

Liina Võrklaev
Lead Auditor of Audit Unit II
Financial Control Department

Tallinn, 17.10.2024