



EUROPEAN COMMISSION  
DIRECTORATES-GENERAL  
EMPLOYMENT, SOCIAL AFFAIRS AND INCLUSION  
REGIONAL AND URBAN POLICY  
Joint Audit Directorate for Cohesion - DAC - The Director

Brussels,  
EMPL.REGIO.DAC.5/AR/sg(2026)3491768

Via SFC2021

**Subject:** **Audit Planning Memorandum ‘Compliance Audits (2021-2027)’ — Audit of the functioning of the management and control systems as required by Articles 69 and 72-76 of Regulation (EU) N° 2021/1060), Key Requirement 11**

**Programme(s):** 2021EE16FFPR001 - Programme for Cohesion Policy Funds 2021-2027

**Covered Funds:** CF 2021, ERDF 2021 and ESF+ 2021

**Preliminary Audit Findings**

**Ref.:** DAC521EE3469 (*to be used in all correspondence*)  
EC Notification Letter – Ares(2025)11346584 18/12/2025  
Request for further information – 13/01/2026 Ares(2026)3129332;  
27/01/2026 Ares(2026)3129380 and 03/02/2026 Ares(2026)3129407.  
Reply by MS to the requested further information – 15/01/2026  
Ares(2026)3129600; 06/02/2026 Ares(2026)3129468 and 09/03/2026  
Ares(2026)3129695

Dear Ms Alber,

Following the above-mentioned audit, please find enclosed the **preliminary audit findings**.

In the context of the contradictory procedure, the audited authority should confirm or clarify the facts presented and provide their agreement or disagreement with the provided findings, and respective actions to be taken or recommendations, within **one month** of submission of this audit report in the national language via SFC2021 – “EC audit report” module.

Anu Alber  
Head of the Audit Authority  
Financial Control Department  
Ministry of Finance of the Republic of Estonia

During the contradictory process, the auditee may consult relevant programme authorities/bodies, particularly for findings affecting key requirement(s) for which these authorities/bodies bear responsibility, as well as beneficiaries, if necessary.

Please note that, in the absence of a response within the timeframe presented above, it will be considered that the programme authorities have accepted the preliminary findings and conclusions. As a result, these will be deemed final and sent to the Member State for follow-up.

Upon reviewing the reply from the auditee(s), when submitted within the specified deadline, the Commission auditors will communicate the audit report. The Member State will then be invited to inform the Commission auditors on the implementation of the recommendations and actions outlined in the national language version of the audit report, in accordance with the deadlines specified for each recommendation.

This report should be treated as confidential until the follow-up procedure is definitively concluded. If the whole or part of the report is transmitted to persons concerned by the audit to enable them to provide comments, please ensure that the information described in this paragraph accompanies the transmission.

Please note that the audit report will be submitted in three months after receiving the complete reply from the programme authorities to the preliminary audit findings; the reply shall be considered complete in the absence of a request from the Commission to provide further information or a revised document within 2 months from the date of receipt of the Member State's response.

I would also like to take this opportunity to thank you and your team for the cooperation during the audit.

Yours faithfully,

*(Electronically signed)*

Franck Sébert

p.p. Ilse Van den Abeele

Acting Director

Enclosure: Preliminary Audit Findings + annexes

c.c.:

HE Ms Kyllike Sillaste-Elling  
Ambassador Extraordinary and Plenipotentiary  
Permanent Representation of Estonia

Directorate-General for Employment, Social Affairs and Inclusion  
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Directorate-General for Regional and Urban Policy  
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Joint Audit Directorate for Cohesion  
Ms Cendrine De Buggenoms, Head of Unit DAC.5



Brussels,

## PRELIMINARY AUDIT FINDINGS

### Audit DAC521EE3469

<b>AUDIT PLANNING MEMORANDUM:</b>	Compliance Audits (2021-2027)
<b>SPECIFIC TOPIC COVERED IN THE AUDIT:</b>	Audit of the functioning of the management and control systems as required by Articles 69 and 72-76 of Regulation (EU) N° 2021/1060), Key Requirement 11
<b>FUND(S):</b>	CF 2021, ERDF 2021 and ESF+ 2021
<b>MEMBER STATE:</b>	Estonia
<b>PROGRAMME(S):</b>	2021EE16FFPR001 - Programme for Cohesion Policy Funds 2021-2027
<b>KEY REQUIREMENTS AUDITED<sup>(1)</sup>:</b>	<b>KR11:</b> Appropriate separation of functions and functional independence between the audit authority (and any body carrying out audit work under the responsibility of the audit authority on which the audit authority relies and supervises, if applicable) and the other programme authorities and audit work carried out in accordance with internationally accepted audit standards
<b>AUTHORITIES AUDITED (AUDITEES):</b>	AA - Rahandusministeerium
<b>AUDIT DATES:</b>	19/12/2025 - 30/01/2026
<b>WRAP-UP MEETING DATE:</b>	04/02/2026
<b>RESPONSIBLE UNIT:</b>	DAC.5
<b>ASSOCIATED UNIT(S) / DGs:</b>	-
<b>EXTERNAL FIRM:</b>	No

This document sets out the provisional findings and recommendations of the Commission auditors. These may be modified in light of the observations and further information received from the national authorities. Accordingly, this report should be treated as confidential until the follow-up procedure is definitively concluded. If the whole or part of

<sup>(1)</sup> Key requirements as defined in Table 1 of Annex XI CPR.

the report is transmitted to persons concerned by the audit to enable them to provide comments, please ensure that the information described in this paragraph accompanies the transmission.

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## LIST OF ACRONYMS AND ABBREVIATIONS

Acronym	Definition
<b>AA</b>	Audit Authority
<b>APM</b>	Audit Planning Memorandum
<b>AMIF</b>	Asylum, Migration and Integration Fund
<b>BAF</b>	Body with Accounting Function
<b>BMVI</b>	Border Management and Visa Instrument
<b>CF</b>	Cohesion Fund
<b>CPR</b>	Regulation (EU) 2021/1060 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy
<b>DAC</b>	Joint Audit Directorate for Cohesion
<b>EMFAF</b>	European Maritime, Fisheries and Aquaculture Fund
<b>ERDF</b>	European Regional Development Fund
<b>ESF+</b>	European Social Fund Plus
<b>FNLC</b>	Financing not linked to cost
<b>IB</b>	Intermediate Body
<b>INTOSAI</b>	International Organisation of Supreme Audit Institutions
<b>ISF</b>	Internal Security Fund
<b>ISSAI</b>	International Standards of Supreme Audit Institutions
<b>JTF</b>	Just Transition Fund
<b>KR</b>	Key Requirement
<b>MA</b>	Managing Authority
<b>MCS</b>	Management and Control System
<b>MPM</b>	Mission Planning Memorandum
<b>MS</b>	Member State
<b>SoA</b>	Statement of Assurance
<b>SCO</b>	Simplified Cost Options

## 1. EXECUTIVE SUMMARY

Based on the work carried out, the Commission auditors have identified the following deficiencies:

Finding	Type of finding	Description	Financial impact	Conditions for net FC met?
01	System KR11	Some aspects not included or are insufficiently reflected in the AA's checklists for the audit of operations	N/A	No

### 1.1. Preliminary audit conclusions

At this stage the Commission auditors conclude that the checklists in use by the audit authority are substantially complete, but some improvements are still required as described in Section 6 of the preliminary audit findings report.

The Commission auditors will conclude on the audited key requirement (KR11) after having carried out substantive testing during a compliance audit.

## 2. LEGAL BASIS

The legal basis for the Commission audits in Member States for ERDF, ESF+, CF, JTF, EMFAF, ISF, BMVI and AMIF is Article 70(1) of Regulation (EU) 2021/1060, which establishes the Commission's powers and responsibilities under shared management.

## 3. OBJECTIVES

The audit was performed in the context of the Audit Planning Memorandum Compliance Audits (2021-2027).

The main objective of compliance audits is to obtain reasonable assurance that the expenditure entered in the programme accounts is not affected by a material level of error.

The compliance audits therefore allow to assess the degree of reliance to be placed on the results of the AAs work presented in the annual control reports and audit opinions. For this purpose, the audit authority needs to have in place adequate instruments to ensure reducing the detection risk to the minimum. The audit work carried out under this enquiry and more particularly under KR11 review aims to:

- ensure that the methodological tools used by the AAs are adequate (checklists, manuals of procedures, instructions for the proper documentation of the audit work carried out, etc); and
- obtain reasonable assurance that the work carried out by the AA (together with the work carried out by other audit bodies on which the AA places reliance, if applicable) is compliant with the requirements of the CPR, in particular Article 77.

The specific objectives of this audit were to verify that the AA's checklists for the conduct of audits of operations are complete.

#### **4. AUDIT SCOPE**

The audit covered the audit work performed by the AA as defined in Article 77 of the CPR. In particular, the following key requirement was covered by the audit:

- **KR 11** Appropriate separation of functions and functional independence of the audit authority and audit work carried out in accordance with internationally accepted audit standards.

The scope of the audit work included specific elements of assessment criteria 11.1 - the review of the completeness of all the AA's checklists used for the conduct of audit of operations.

The audit work carried out included the review of the completeness of all the AA's checklists used for the conduct of audit of operations. This is only the first phase of the audit of KR11 since no audits of operations have been conducted so far so the walkthrough tests (e.g. if sufficiently detailed to provide a clear understanding of the audit work performed, evidence obtained and conclusions reached) will only be carried out during the first compliance audits for the programming period 2021-2027.

The Commission auditors used the following checklists to carry out their audit work:

- General checklist for audits of operations
- Public procurement checklist
- Financial instruments checklist
- State aid checklist
- Simplified costs options checklist
- Financing not linked to cost checklist

Furthermore, the auditors checked if the checklists include the minimum requirements according to the Reflection Paper on Audit Documentation – published by the European Commission 2021 (hereafter refer to as Reflection Paper).

The objective of the Commission audit was to assess the design of the system through the review of the checklists to be used by the AAs for conducting audits of operations, but the audit work carried out by the Commission auditors did not include substantive testing. The implementation will subsequently be reviewed through compliance audits.

The audit was conducted remotely at the DAC premises in Brussels via videoconferences organised with the AA. The wrap-up meeting took place on 04/02/2026.

#### **5. APPROACH**

The audit followed the methodology (including checklists) from the abovementioned Audit Planning Memorandum and was carried out in line with ISSAI 4000 (INTOSAI's compliance guidelines)

## 6. PRELIMINARY FINDINGS AND ACTIONS PROPOSED TO BE TAKEN / RECOMMENDATIONS

### 6.1. System findings

#### Finding 01

**Key Requirement:** KR11 - Appropriate separation of functions and functional independence between the audit authority (and any body carrying out audit work under the responsibility of the audit authority on which the audit authority relies and supervises, if applicable) and the other programme authorities and audit work carried out in accordance with internationally accepted audit standards

**Assessment Criteria:** AC 11.3

**Gold plating issues?** No

**Performance data reliability issues?** No

#### Weakness in audit checklists

#### Legal basis / Standard / Methodological note:

Art. 77 CPS

#### Description of the finding:

The following aspects are not included or are insufficiently reflected in the AA's checklists for the audit of operations:

1) Public Procurement: The checklist does not include a verification of the obligations of the contracting authority in cases where a tender is considered abnormally low because the tenderer has received State Aid as per Art. 84 of Directive 2014/25/EU. In addition, some control points for time limits and deadlines have to be complemented with the cases (albeit less frequent) where the procurement documents were not made available electronically. Finally, the checklist needs to be updated to include control points on less frequent (but still possible) procedures, namely the use of electronic auctions or design contests.

2) Audit of operations: The checklist does not address all verifications related to community-led local development operations and does not verify in detail fund-specific exclusion of certain costs as listed under Art.7 of Regulation 2021/1058, Art. 9 of Regulation 2021/1056 and Art. 16, 21-22 of Regulation 2021/1057.

3) Financing not linked to costs: The checklist does not include an explicit and standalone verification on whether the MA and/or beneficiaries have carried out adequate management/administrative verifications, with respect to verification of conditions to be fulfilled and results to be achieved in line with the approved FNLC scheme.

4) State Aid:

- GBER Common Provisions: The checklist verification of aid intensity does not cover the type of aid referenced in Art. 7(5) of Commission Regulation (EU) No 651/2014.

- SME Aid: The list of applicable thresholds included in the AA's checklist is not exhaustive and there is no explicit verification of aid intensity.

- SME Access to Finance Aid: The references to the applicable GBER provisions need to be updated. In addition, some questions in the checklist provide inconsistent level of details when referencing GBER provisions or requirement. This could be misleading to the auditor filling in the checklist as some questions include an exhaustive list of mandatory control points while others don't.

- SGEI: The checklist does not include a verification on the applicability of the cumulative criteria under the “Altmark Judgment”, which would render the public service compensation outside of the state-aid framework.

**Action to be taken/recommendation 01.01**

The AA is recommended to improve its checklists used for audits of operations, and specifically to review and update the checklists by addressing the shortcomings detected by the Commission auditors and described above.

The AA is requested to submit the revised checklists to the Commission auditors in reply to the current preliminary audit findings.

**Importance of the recommendation:** Important

**Deadline for implementation:** One month

**Responsible body:**

AA - Rahandusministeerium

## ANNEX I – IMPORTANCE OF RECOMMENDATIONS

### Recommendations related to system findings:

**Critical:** Corrective action is needed to address a fundamental weakness in key controls, which puts in question the reliability of the whole management and control systems and has led or may lead to widespread irregularities. There is a substantial risk to the reliability of (financial and other) reporting for the programme, the effectiveness and efficiency of the operations and activities and the compliance with national and EU regulations.

**Very Important:** Corrective action is needed to address a significant weakness in key controls, affecting the reliability of a significant part of the management and control systems, which has led or may lead to irregularities. There is a high risk to the reliability of (financial and other) reporting for parts of the programme, the effectiveness and efficiency of some of the operations and activities and/or the compliance with national and EU regulations.

**Important:** Corrective action is needed to address a weakness or deficiency in the management and control systems, which has a moderate impact at the programme level but which, combined with other weaknesses, may lead to irregularities. Improved controls would benefit the implementation of the programme and/or allow for greater effectiveness and/or efficiency.

### Recommendations related to Project findings:

**Critical:** Corrective action is needed to address a serious irregularity (including irregularity of systemic nature) with high financial impact.

**Very Important:** Corrective action is needed to address an irregularity with medium financial impact.

**Important:** Corrective action is needed to address a weakness or an irregularity with no or limited (potential) financial impact.

