# CHECKLIST FOR AUDIT OF OPERATION

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| AUDIT DETAILS | |
| Audited organization (Lead Partner / Project Partner): |  |
| Project name, number, and acronym: |  |
| Auditor(s): |  |
| Time of on-the-spot verification:  Persons interviewed:  Results of on-the-spot verification: |  |

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| ***By filling in the checklist, please take note on the correct version of the Programme guidelines depending on which call has the project been granted, as each call has its own guidelines.*** |

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| 1 | GENERAL INFORMATION | Yes/No N/A | REF. | FINDINGS AND COMMENTS |
|  | Does the project meet the selection criteria for the cross-border operational programme?  *Applies only for the Lead Partner audit* |  |  |  |
|  | Does the project fulfil the selection criteria for the cross-border projects?  *Applies only for the Lead Partner audit* |  |  |  |
|  | Has the project been implemented in accordance with the grant contract and/or partnership agreement? |  |  |  |
|  | Has project expenditure been incurred during the implementation period as stated in the approved application and grant contract? |  |  |  |
|  | Have the grant contract and application been amended if required so by the programme guidelines? |  |  |  |
| 2 | BUDGET LINES – ELIGIBILITY | **Yes/No/ N/A** | **REF.** | **FINDINGS AND COMMENTS** |
| 2.1 | General questions on eligibility |  |  |  |
|  | Were the purchased products and/or services related to the objectives of the project?  *Under section 2, always include a reference to the filled-out comparison checklist as a basis of the opinion* |  |  |  |
|  | Were the costs incurred reasonable? |  |  |  |
|  | Do the objects physically exist and have the products and/or services been received? |  |  |  |
|  | Has no ineligible expenditure specified in the respective national regulations, or the programme guidelines been reimbursed? |  |  |  |
|  | Have the costs incurred for the project been foreseen in the grant contract? |  |  |  |
|  | Have the costs been converted to euro in accordance with the programme guidelines using the monthly accounting exchange rate of the EC in the month during which that expenditure was incurred? |  |  |  |
|  | Has the beneficiary not received any funding from the European Union or other sources to reimburse project expenditure? |  |  |  |
|  | Has the project met its objectives, outputs and results as laid down in the programme guidelines?  If not, please evaluate whether the target values will likely be achieved by the end of the project’s implementation period or whether there could be a risk that the targets will not be achieved or are achieved with significant delay?  *Applies only for the Lead Partner audit.*  *Please indicate here the target values of the project’s output indicators and the values achieved so far.* |  |  |  |
|  | Have the output indicators been clearly described in advance and has the achievement of the indicators been calculated correctly?  *Applies only for the Lead Partner audit* |  |  |  |
|  | Have the output indicators been chosen correctly in advance, considering the aims of the Programme as a whole and this project and partner in particular?  *Applies only for the Lead Partner audit* |  |  |  |
|  | Has the Joint Technical Secretariat, the Control Contact Point or the Managing Authority carried out on-the-spot checks to verify the achievement of previously chosen target values or indicators?  *Applies only for the Lead Partner audit* |  |  |  |
| 2.2 | Staff costs |  |  |  |
|  | Are staff costs related to persons who are formally working for the project on a full-time, part-time, or hourly basis? |  |  |  |
|  | Do employment contracts, job descriptions or other supporting documents of the persons working for the project explain their tasks and involvement in the project? |  |  |  |
|  | Have staff costs (including net salary, national taxes, and holiday pay) been calculated and paid correctly? |  |  |  |
|  | In case a person works part-time for the project and performs part-time other tasks, is the actual salary rate used when calculating his/her costs in the project budget?  *Different hourly rates in the frame of the same employment contract must be avoided, and the salary payments must relate to responsibilities specified in a job description of the individual staff member*. |  |  |  |
|  | Has unpaid voluntary work (in-kind contribution) not been included as eligible? |  |  |  |
| 2.3 | Preparation, office, and administration costs |  |  |  |
|  | Has the partner received preparation costs in the lump sum of EUR 1,000? |  |  |  |
|  | Has the flat rate (up to 7% of eligible direct staff costs and not exceeding EUR 60,000) used for calculating and reporting office and administrative costs been calculated correctly and under fair, equitable and verifiable calculation method? |  |  |  |
|  | Do the costs reported under other budget lines do not include preparation, office, and administrative expenditure? |  |  |  |
| 2.4 | Travel and accommodation costs |  |  |  |
|  | Have travel and accommodation costs and daily allowances been incurred only for persons who are directly related to project activities? |  |  |  |
|  | Have travel and accommodation costs been reimbursed in accordance with the applicable respective national regulations or the programme guidelines? |  |  |  |
|  | In case of travel and accommodation costs outside the programme area, have they been foreseen in the application and reported in accordance with the programme guidelines? |  |  |  |
| 2.5 | External expertise and services costs |  |  |  |
| 2.5.1 | Has expenditure for the financing of external expertise and services provided by a public or private body or by a natural person:   * been incurred outside of the partner organization (please note that contracting persons working within the organization is not allowed). * been linked to the activities in the project application. * had inputs to the project that are clearly identifiable? |  |  |  |
| 2.5.1. | Has the rule of no sub-contracting between project partners and associates been adhered to? |  |  |  |
| 2.5.2. | Have services related to the organization and implementation of events or meetings (incl. rent, catering or interpretations) been foreseen in the agenda or planning document? |  |  |  |
| 2.5.3 | In case of external expertise costs outside the programme area, have they been reported in accordance with the programme guidelines? |  |  |  |
| 2.6 | Equipment costs |  |  |  |
|  | In case the equipment has been purchased before the project approval:   * have the depreciation costs been proved to have the equivalent probative value? * do the costs relate to the period of support for the operation? * has the grant not contributed towards the acquisition of the depreciated assets? |  |  |  |
|  | Has no depreciation been declared for equipment? |  |  |  |
|  | Has the rule of no sub-contracting between project partners and associates been adhered to? |  |  |  |
|  | Is the purchased equipment physically available? |  |  |  |
| 2.7 | Investment costs |  |  |  |
| 2.7.1. | Are investments in line with the programme requirements and necessary for the achievement of the project’s objectives? |  |  |  |
| 2.7.2. | Has no depreciation been declared for investments (please note that depreciation is ineligible in this case)? |  |  |  |
| 2.7.3. | Have purchases, constructions or repair works been carried out within the framework of the project based on contracts and/or paid against invoices? |  |  |  |
| 2.7.4. | Has the ownership of the land / buidlings where the works are being carried out, been provided? |  |  |  |
| 2.7.5 | Has the purchase of land / sites been in accordance with the programme rules? |  |  |  |
| 2.7.6. | Has the nature of ownership and purpose of the use of investments remained the same during at least 5 years after the end of the project? |  |  |  |
| 2.8 | Price offers and public procurement |  |  |  |
| 2.8.1. | Have competitive price offers been obtained for purchases from EUR 5,000 (not including VAT) in accordance with the programme guidelines? |  |  |  |
| 2.8.2. | Have public procurement processes been carried out in compliance with the national public procurement rules, as evidenced by the national public procurement checklist?  *Include a reference to the filled-out national public procurement checklist* |  |  |  |
| 2.9 | Large Infrastructure Projects |  |  |  |
| 2.9.1. | Has the Large Infrastructure Project partner reported eligible preparation costs in addition to the lump sum payment in accordance with the programme guidelines? |  |  |  |
| 2.9.2. | Have the payments to Large Infrastructure Projects followed the the programme guidelines and the options agreed in the grant contract and/or partnership agreement? |  |  |  |
| 2.9.3. | Has the Large Infrastructure Project partner used the Contingency Reserve in accordance with the programme guidelines? |  |  |  |
| 3 | REVENUE GENERATION | **Yes/No/ N/A** | **REF.** | **COMMENTS** |
|  | Is the project net revenue assessed before the approval of the application? |  |  |  |
|  | Have eligible costs been reduced for the project whose net revenue was so assessed, using the flat rate revenue percentage or the cost-benefit analysis based on discounted cash flows (funding gap method)? |  |  |  |
|  | In respect of the project that earns revenue during the project period, have eligible costs been reduced by net revenue by the final payment at the latest? |  |  |  |
| 4 | AUDIT TRAIL AND ACCOUNTING | **Yes/No/ N/A** | **REF.** | **FINDINGS AND COMMENTS** |
|  | Has a separately identifiable bookkeeping list/general ledger been kept for the project and project expenditure corresponds to that? |  |  |  |
|  | Is the expenditure supported by adequate documentation (incl. contracts, invoices, timesheets, etc.)? |  |  |  |
|  | Is there evidence that payments for the costs incurred have been made in the correct amount and during the eligibility period? |  |  |  |
|  | Has refundable VAT been deducted? |  |  |  |
|  | Have the funds been paid by the Certifying Authority function to the Lead Partner without delay, in a correct amount? |  |  |  |
|  | Have the funds been transferred from the Lead Partner to the Project Partners without delay, in a correct amount?  *In case of Lead Partner audit, check all transactions to the Project Partners following the receival of the payment from the Certifying Authority function.* |  |  |  |
|  | Has the final payment by the Certifying Authority function to the Lead Partner been paid after the completion of project activities? |  |  |  |
|  | Have the archiving rules been implemented in accordance with the programme guidelines (five years from the date of balance or ten years in the case of state aid)? |  |  |  |
| 5 | HORIZONTAL ISSUES | **Yes/No or N/A** | **REF.** | **FINDINGS AND COMMENTS** |
| 5.1 | Information and publicity |  |  |  |
|  | Have all objects and activities financed from the Programme funds (e.g., buildings, machinery, equipment, events, etc.) been marked with the Programme logo and information? |  |  |  |
|  | Does the logo and information meet the Programme requirements in terms of its size, location, time of placement, etc.? |  |  |  |
|  | Has the beneficiary informed the public about the support obtained from the Funds by the following?   1. providing on the beneficiary's website, where such a website exists, a short description of the operation, proportionate to the level of support, including its aims and results, and highlighting the financial support from the Union. 2. placing plaque or billboard, at least one poster with information about the project minimum size A3), including the financial support from the Programme, at a location readily visible to the public, such as the entrance area of a building? |  |  |  |
| 5.2 | Equal rights and environment |  |  |  |
| 5.2.2. | Does the information that has become available during the audit indicate that the equal treatment and/or environmental requirements have not been violated? |  |  |  |
| 5.3 | State aid |  |  |  |
| 5.3.1. | Has state aid been granted correctly?  *Only applicable to partners situated in Estonia. To evaluate whether the state aid has been granted correctly, please answer the following questions, if the audit concerns partners situated in Estonia (5.3.2 – 5.3.8)* |  |  |  |
| 5.3.2 | Is the recipient of the support an ‘undertaking’?  *Undertakings are entities engaged in an economic activity, regardless of their legal status and the way in which they are financed.* |  |  |  |
| 5.3.3 | Does the project involve a transfer of State resources?  *State resources are all resources of the public sector, including ESIF resources.* | *Yes* |  | *Always applicable* |
| 5.3.4 | Is the financing imputable to the State?  *It is imputable when public authorities grant the support or if they designate private or public bodies to administer the granting as it is normally the case for financings involving ESIF* | *Yes* |  | *Always applicable* |
| 5.3.5 | Is there an economic advantage to the recipient of the support?  *Advantage is any economic benefit which an undertaking would not have obtained under normal market conditions.* |  |  |  |
| 5.3.6 | Is the support ‘selective’?  *It is selective if it is favoring certain undertakings or categories of undertakings or certain economic sectors; general measures which are effectively open to all undertakings on an equal basis are not selective; typically, ESIF-supported fundings are ‘selective’* | *Yes* |  | *Always applicable* |
| 5.3.7 | Is there a potential distortion of competition?  *It is a potential distortion if the funding is liable to improve the competitive position of the recipient; it can be absent in cases of legal monopolies; also, in case of de minimis aid the support does not qualify as ‘State aid’; for de minimis aid specific requirements need to be fulfilled which are listed in another checklist* |  |  |  |
| 5.3.8 | Is there an effect on trade between Member States?  *An effect on trade can normally be assumed when all other listed criteria are met; in exceptional cases an effect on trade may be missing for financing for purely local activities; examples of purely local activities are mentioned in the draft NOA* |  |  |  |
| 5.4 | De minimis rule |  |  |  |
| 5.4.1. | Has de minimis rule been followed correctly?  *Only applicable to partners situated in Estonia.* |  |  |  |
| 5.5 | State aid under GBER regulation |  |  |  |
| 5.5.1 | In case of state aid granted based on the GBER:   * have the costs been classified into correct activities as laid down in the regulation > the correct article has been used for granting the aid. * and the correct funding rate has been used? If needed, a correct cost-benefit analyses have been carried to calculate the financial need (as required by the regulation)?   *Only applicable to partners situated in Estonia.* |  |  |  |
| 5.5.2 | In case of state aid granted based on the GBER, it has been checked, that:   * the aid may not be given to certain activities and sectors (art 1 points 2 and 3). * the aid receiver is not in financial difficulties (art 1 point 4). * the aid has an incentive effect (art 6)?   *Only applicable to partners situated in Estonia* |  |  |  |
| 6 | FRAUD INDICATORS | **Yes/No or N/A** | **REF.** | **FINDINGS AND COMMENTS** |
| 6.1 | Indication to potential fraud (red flags) |  |  |  |
| 6.1.1 | The examples of the potential fraudulent circumstances:   * The use or presentation of false, incorrect, or incomplete statements or documents (false, inflated, or duplicate invoices). * No delivery of services or goods. * Charging indirect costs as direct costs. * Fictitious labour costs. * Weak internal controls. |  |  |  |
| 6.1.2 | Potential conflict of interest on the level of the:   * Members of the Monitoring Committee. * Joint Technical Secretariat or Managing Authority. * Members of the procurement evaluation committee (if applicable). |  |  |  |
| 6.1.3 | Contract and public procurement fraud:   * Improper selection such as unjustified single source acquisition. * Unjustified high prices, excessive quantity of purchases, acceptance of low quality * Split purchases to avoid competitive bidding threshold. * Indications of changes to bids after reception. * Contract modifications. |  |  |  |

Audit manager: Audit supervisor:

*(Digitally signed) (Digitally signed)*