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REGIONE AUTONOMA DELLA SARDEGNA

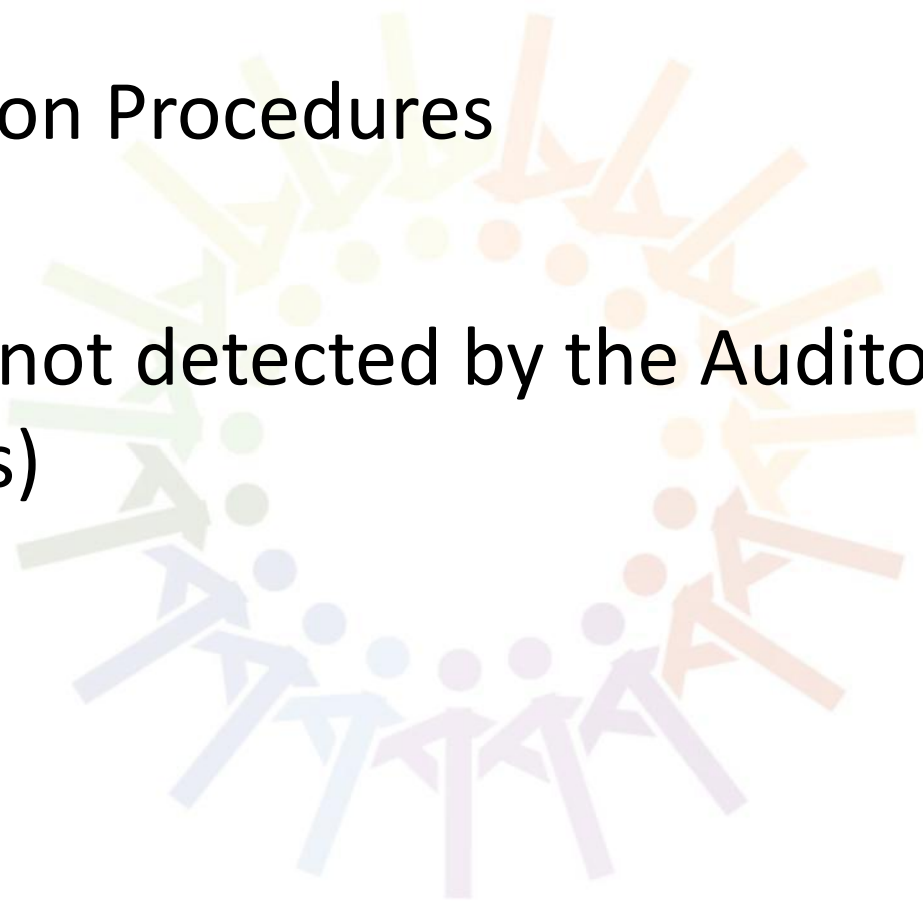
**ENI CBC MED:**  
**Capitalization Projects**  
**Training for Lead Beneficiaries and Auditors**

**THE AUDIT REPORT**  
**GENERAL REMARKS AND USEFUL TIPS**

Italy, 05.04.2022

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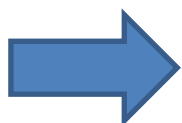
# Verification Procedures

- ✓ 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.

# -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 LB/PP

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>



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# 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)
- ✓ 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 LB/PP).

# -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**



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# -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).



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# -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).



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# Tip 1

## Electronic Document:

- 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);
- If generated internally is more reliable if it has been subject to control and approval;
- obtained directly by the Auditor (e.g.: inspection of assets), as 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!**

- **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).**



# Tip 2

## EXPENDITURE VERIFICATION REPORT:

- Use the official template. It happens that Auditors familiar with other EU Programmes use the template of those, but not valid for ENI CBC MED;
- Fill in the check-list carefully reading the items and providing the required information (i.e.: a Beneficiary accounting system cannot be at the same time an integrated part of the regular system and external to it).
- Use the "Note" section to give further details!

The accounting system is an integrated part of the Beneficiary's / Partner's regular system	Yes	
The accounting system is an adjunct or external to the Beneficiary's / Partner's regular system	Yes	

# 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 [irregularity code 3200]>> **PAYMENT OF SOCIAL CHARGES WITHIN THE REPORTING PERIOD**
  - 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 correct Budget CC (telephone costs under SS or External Experts 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])

**THANK YOU FOR YOUR ATTENTION**

**MERCI**

**شكراً**



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