

INDIVIDUAL Expenditure and Revenue Verification Report.

Reporting period __/__/__ - __/__/__

In accordance with the program requirements, we provide our Control Report for the period covering <dd Month yyyy - dd Month yyyy> . You requested certain procedures to be carried out in connection with your Financial Report and the European Union financed Grant Contract concerning:

General information	
Programme name	Filled by controller/auditor
Project title	Filled by controller/auditor
Project acronym	Filled by controller/auditor
Project number	Filled by controller/auditor
Name of controlled project beneficiary	Filled by controller/auditor
Reporting period	Filled by controller/auditor

Designated Project Beneficiary Controller	
Name of the controller	Filled by controller/auditor
Division/Unit/Department	Filled by controller/auditor
Address	Filled by controller/auditor
Telephone Number	Filled by controller/auditor
Email	Filled by controller/auditor

Chapter 1- Control information

Control objective

This expenditure verification is an engagement to perform certain agreed-upon procedures with regard to the Financial Report for the Grant Contract. The objective of this expenditure verification is for the national controller/Auditor to carry out the specific procedures to control perform and to submit to the Lead Beneficiary/Beneficiary a report of factual findings with regard to the specific verification procedures performed. National controller/Auditor verifies the delivery of the products and services co-financed, the soundness of the expenditure declared for operations or parts of operations implemented on each participating state territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community rules and states national rules. The designated controllers/Auditors are also responsible for verifying the legality and regularity of the expenditure declared by each beneficiary participating in the operation. Verification means that the national controller/Auditor examines the factual information in the Financial Report of the Lead Beneficiary/Beneficiary and compares it with the terms and conditions of the Grant Contract and Partnership Agreement.

Standards and Ethics

Our engagement was undertaken in accordance with:

- o Regulation no.232/2014 establishing a European Neighbourhood Instrument, art.32 Audit and Control
- o Commission implementing Regulation (EU) No 897/2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument
- o Regulation (EU) No 1299/2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal- Article 23 of (EU) No 1299/2013
- o For public officers, those procedures and standards shall be laid down at national level taking account of international standards.
- o National legislation in force

Also the Auditor shall undertake this engagement in accordance with:

- o the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- o the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, it is required that the Auditor is independent from the Lead Beneficiary/Beneficiary and complies with the independence requirements of the Code of Ethics for Professional Accountants.

Procedures, Evidence and Documentation

The national controller/Auditor plans the work so that an effective expenditure verification can be performed. The national controller/Auditor performs the procedures and applies the guidelines. The evidence to be used for performing the procedures is all financial and non-financial information which makes it possible to examine the expenditure claimed by the Beneficiary in the Financial Report. The national controller/Auditor uses the evidence obtained from these procedures as the basis for the report of factual findings. The national controller/Auditor documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with:

- o ISRS 4400, applicable rules in case of national controllers.
- o Procedures for controllers, issued by the national CCP
- o Commission implementing Regulation (EU) No 897/2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument:
- o Article 30 General principles of management and control systems
- o Article 48 Eligibility of costs
- o The Grant Contract
- o Instruction no. 2 of October 2020 laying down specific provisions for the beneficiaries regarding the expenditure verification of a grant contract funded under the ENI CBC Joint Operational Programme Romania – Republic of Moldova 2014-2020

These procedures have been determined solely by the Managing Authority and the procedures were performed solely to assist the Managing Authority in evaluating whether the claimed expenditure is eligible in accordance with the terms and conditions of the Grant Contract and Partnership Agreement.

Chapter 2 - Procedures performed and Factual Findings

We have performed the specific procedures listed in this chapter with reference for the expenditure verification. These procedures are:

1. General Procedures and audit trail
2. Procedures to verify conformity of Expenditure with the Budget and Analytical Review
3. Procedures to verify selected Expenditure

The overall Expenditure Coverage Ratio is: 100%

We have verified the expenditure as shown in the table of expenditures for the reported period and we have carried out, for each expenditure item selected, the verification procedures specified. We report our factual findings resulting from these procedures below.

1. General Procedures

1.1. Terms and Conditions of the Grant Contract and the Partnership Agreement

The national controller/Auditor obtains an understanding of the terms and conditions of the Grant Contract by reviewing the Grant Contract and its annexes and other relevant information, and by inquiry of the Lead Beneficiary/Beneficiary. The national controller/Auditor must verify the Grant Contract (signed by the Beneficiary and the Managing Authority) with its annexes. The national controller/Auditor obtains and reviews the Report (which includes a narrative and a financial section).

1.2. Financial Report for the Grant Contract

The national controller/Auditor verifies that the Financial Report complies with Conditions of the Grant Contract and the Partnership Agreement:

- The Financial Report must conform to the model of the Grant Contract;
- The Financial Report should cover the part of the Action implemented under the Lead Beneficiary's/Beneficiary's responsibility regardless of which part of it is financed by the Joint Managing Authority;
- The Financial Report should be drawn up in the language of the Grant Contract;

1.3. Rules for Accounting and Record keeping

The national controller/Auditor examines – when performing the procedures listed in this Annex - whether the Lead Beneficiary/Beneficiary has complied with the following rules for accounting and record keeping of Article 48 2(d) from Commission implementing Regulation (EU) No 897/2014:

- the accounts kept by the Lead Beneficiary/Beneficiary for the implementation of the Action must be accurate and up-to-date;
- they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the beneficiary;
- the accounts and expenditure relating to the Action must be easily identifiable and verifiable;
- the accounts must provide details of interest accrued on funds paid by the Managing Authority.

1.4. Reconciling the Financial Report to the Lead Beneficiary's/Beneficiary's Accounting System and Records

The national controller/Auditor verifies the reconciliation of the information in the Financial Report to the Lead Beneficiary's/ Beneficiary's accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers etc.)

1.5. Exchange Rates

The Controller verifies that the expenditure is declared in original currency, and that the financial report is stated in euro. For the purpose of reporting, conversion into euro shall be made by each Beneficiary using the monthly accounting exchange rate of the European Commission of the month during which the expenditure was submitted for verification in accordance with Article 4.15 of the Grant Contract.

2. Procedures to verify conformity of Expenditure with the Budget and Analytical Review

2.1. Budget of the Grant Contract

The national controller/Auditor carries out an analytical review of the expenditure headings in the Financial Report.

The national controller/Auditor verifies that the budget in the Financial Report corresponds with the budget of the Grant Contract (authenticity and authorisation of the initial budget) foreseen for the Lead Beneficiary/Beneficiary and that the expenditure incurred was indicated in the budget of the Grant Contract as to be incurred by the Lead Beneficiary/Beneficiary.

3. Procedures to verify selected Expenditure

3.1. Eligibility of Costs (Article 48, Regulation.897/2014)

The national controller/Auditor verifies, for each expenditure item selected, the eligibility criteria set out below. Grants shall not exceed an overall ceiling expressed as a percentage and an absolute value which is to be established on the basis of estimated eligible costs. Grants shall not exceed the eligible costs.

a) Costs actually incurred (Article 8.1 to the Grant Contract)

The Controller verifies that the actual expenditure for each item was incurred and paid by the Beneficiary(ies). The Controller should take into account the conditions for

b) Cut-off - Implementation period (Article 2 (2.3) of the Grant Contract)

The Controller verifies that the expenditure for each item was incurred during the implementation period of the Project, as set in Art. 2 (2.3) of the Grant Contract.

The following exceptions are allowed:

- Costs related to studies and documentation for projects including an infrastructure component respectively, the expenditure for the Feasibility Study or equivalent, Environment Impact Assessment, other technical documentation, incurred during the project preparation period which starts after the approval date of the Programme, respectively 17 December 2015 (article 8.1, j) of the Grant Contract)
- Preparatory costs incurred by the project for the assurance of strong partnerships (article 8.1, k) of the Grant Contract)
- costs relating to final reports, only for expenditure verification, which may be incurred after the implementation period of the project. They may be paid afterwards, provided they are listed in the final report together with the estimated date of the payment (article 8.1, a) of the Grant Contract)
- costs incurred after the date of submission of the project proposal provided that the Lead Beneficiary has demonstrated in the Description of the project the need to start the project implementation before the contract signature – provision applicable only for LIPs (article 8.1, l) of the Grant Contract)

c) Budget (Article 3 of the Grant Contract)

The Controller verifies that the expenditure for each item included in the Financial report corresponds with and is indicated in the budget of the Grant Contract or in the latest approved amended project budget in force at the date of report submission by the Beneficiary.

d) Necessary (Article 8.1 – d of the Grant Contract)

The Controller verifies whether it is plausible that the expenditure for each item was necessary for the implementation of the project and that it had to be incurred for the contracted activities of the project by examining the nature of the expenditure with supporting documents.

e) Records (Article 8.1 – e of the Grant Contract)

The Controller verifies that the expenditure for each item is recorded in the Beneficiary's accounting system and was determined according to the accounting standards and the usual cost accounting practices applicable to the Beneficiary

f) Reasonable and Justified (Article 8.1 – g and h of the Grant Contract)

The Controller verifies that expenditure for each item is reasonable and is substantiated by evidence (see section 5.3.1 Verification evidence of the Instruction) and supporting documents in accordance with the Indicative supporting documents listed in Annex 2 and it complies with the principles of sound financial management, in particular economy and efficiency.

g) Valuation

The national controller/Auditor verifies that the monetary value of a selected expenditure item agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable.

h) Classification

The Controller examines the nature of each expenditure item and verifies that the expenditure item has been classified under the correct budget or sub-budget line of the Financial Report. It is also important that the classification of expenditure is consistent from one financial reporting period to another.

i) Compliance with Procurement, Nationality and Origin Rules

The Controller verifies whether the Beneficiary has concluded, according to the procurement rules set out in Article 9 of the Grant Contract, implementation contracts with contractors in line with expenditure (sub)budget line(s) or expenditure item(s). For this purpose, the Controller inspects the underlying documents of the procurement and purchase process. Where the Controller finds issues of non-compliance, he/she reports the nature of such issues as well as their financial impact in terms of ineligible expenditure/ financial correction applied according to Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement. When examining supporting documents, the Controller takes into account the risk indicators listed in Annex 3.

j) The national controller/Auditor examines if double-financing is excluded, by checking that the invoices are stamped, marked; on-the-spot inspection of originals, etc.

k) Compliance with the information and visibility rules of the Programme (article 10 of the Grant Contract)

The controller checks whether the Programme requirements regarding information and visibility have been respected and the written JTS/Branch Office endorsement on the communication and information materials produced and paid by the Beneficiary from the project budget is available.

l) Eligible area

Controller verifies that all expenses have been incurred in the Programme eligible area or outside the eligible area. According to the grant contract, article 8.4 "the budget of Beneficiaries located outside the core regions of the Programme, other than the Lead Beneficiary, and costs for activities implemented outside the core regions of the Programme by any Beneficiary, including the Lead Beneficiary, shall not exceed 10% of the total project budget"

m) Applicable legislation (Article 8.1 – f of the Grant Contract)

The Controller verifies that expenditure complies with European and national legislation and with the requirements of tax and social security legislation where this is applicable.

3.2. Contingency reserve

The national controller/Auditor verifies that the provision for contingency reserve was used by the Beneficiary with prior written authorisation of the Managing Authority for the use of this contingency reserve.

3.3. Administrative costs

The national controller/Auditor verifies that the indirect costs to cover the administrative overheads (heading 9 Financial Report) do not exceed the amount indicated in the individual budget of the Lead Beneficiary/Beneficiary.

3.4. Contributions in kind

The Controller verifies that the costs in the Financial Report do not include contributions in kind. Any contributions in kind, do not represent actual expenditure and are not eligible costs. However, if the Description of the project foresees contributions in kind, the Controller shall verify if the contributions have been provided as such

3.5. Non-eligible costs

The Controller verifies that the expenditure for an item does not concern an ineligible cost as described in Article 8.7 of the Grant Contract.

3.6. Revenues of the Action

The grant may not produce profit for the Beneficiary during the implementation period.


The Controller examines whether the revenues which should be attributed to the project have been allocated to the project and declared in the Financial Report, according to beneficiary's Declaration.

The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the final balance is made by the Beneficiary that fall within one of the two following categories:

- a) revenue generated by the project;
- b) financial contributions specifically assigned by the donors to the financing of the same eligible costs financed by the Contract. Any financial contribution that may be used by the Beneficiaries to cover costs other than those eligible under the Contract or that are not due to the donor where unused at the end of the project are not to be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the Beneficiaries;
- c) interest produced by the pre-financing and interim payments received from the MA.

Factual Findings

The total expenditure which is the subject of this expenditure verification and of this control report amounts to <xxxxxx> Euro, from which we declared eligible for this reporting period <xxxxxxxx> Euro. We declared ineligible the amount of <xxxxxxxx> Euro.

The Expenditure Coverage Ratio is  100%

This ratio represents the total amount of expenditure verified by us expressed as a percentage of the total expenditure which has been subject of this expenditure verification. The latter amount is equal to the total amount of expenditure reported by you in the Financial Report and claimed by you for deduction from the total sum of pre-financing paid by the Managing Authority/Beneficiary.

We report the details of our factual findings which result from the procedures that we performed in Chapter 2 of this Report.

Based on the documents provided and my verification and professional judgement as a controller, for the amount certified, **I certify that:**

- a. expenditure is in line with European, programme and national eligibility rules and complies with conditions for support of the project and payment as outlined in the subsidy contract;
- b. expenditure was actually paid with the exception of costs related to in-kind contribution, depreciations and simplified cost options;
- c. expenditure was incurred and paid within the eligible time period of the project and was not previously reported;
- d. payment of staff costs is proven on the basis of payslips or documents of equivalent probative value;
- e. expenditure based on simplified cost options (if any) is correctly calculated and the calculation method used is appropriate;
- f. expenditure paid on the basis of eligible costs actually incurred is either properly recorded in a separate accounting system or has an adequate accounting code allocated. The necessary audit trail exists and all was available for inspection;
- g. expenditure in currency other than Euro was converted using the correct exchange rate;
- h. relevant EU/ national/ institutional and programme public procurement rules were observed;
- i. EU and programme publicity rules were observed;
- j. products, services and works were actually delivered;

k. expenditure is related to activities in line with the application form and the grant contract.

I. Based on the documents provided, my verification and my professional judgement as controller, **I have NOT found any evidence of:**

- infringements of rules concerning sustainable development, equal opportunities and non-discrimination, equality between men and women and state aid;
- double-financing of expenditure through other financial source(s);
- generation of undisclosed project-related revenue.

II. **I hereby confirm** that the verification of the project financial report was done precisely and objectively.

The control methodology and scope, control work actually done as well as eligible and ineligible expenditure per budget line are documented in the Control report.

I controller/Auditor and the organisation that I represent are independent from the project's activities and financial management and authorised to carry out the control.

Here you have the table with expenditures declared by Lead beneficiary/Beneficiary and verified by controller.

Expenditure declared and verified by budget line						
Budget line	Beneficiary budget (A)	Eligible expenditure validated	Reported expenditure (C)	Ineligible expenditure deducted by the	Eligible expenditure validated	SOLD (A- B - E)
1.Human resources	Filled by controller/auditor					
2.Travels and subsistance	Filled by controller/auditor					
3.Infrastructure	Filled by controller/auditor					
4.Equipment and supplies	Filled by controller/auditor					
5.Services	Filled by controller/auditor					
6. Other (costs not included in other budget headings/ lines	Filled by controller/auditor					
7. Communication and visibility actions (minimum 2% of total direct eligible costs excluding costs (at project level) for the infrastructure and communication and visibility	Filled by controller/auditor					
Total direct eligible costs of the Action (a)	Filled by controller/auditor					
Administrative costs (maximum 7% of the total eligible costs at the project level excluding costs for the infrastructure) (b)	Filled by controller/auditor					
Contingency reserve (maximum 10% of 3.2 value at project level)	Filled by controller/auditor					
Total eligible expenditure (a+b-c)	Filled by controller/auditor					
(Net Revenue) (c)						
* - to be filled in only in case of the second/final reporting period;						

Description of findings	
1.Human resources/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
2.Travels and subsistence/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
3.Infrastructure/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
4.Equipment and supplies/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
5.Services/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
6.Other (costs not included in other budget headings/lines)/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
7.Communication and visibility actions (minimum 2% of total direct eligible costs excluding costs (at project level) for the infrastructure and communication and visibility actions)/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
Administrative costs (b)/ineligible amount	<i>A description of the types of errors found and a reasoning why it is an error. Also add: a clear specification of additional observations and limitations (if any), expressed about the eligibility of some expenditure.</i>
Conclusions and recommendations	
subject	<i>The conclusion takes into consideration the above-mentioned observations/reservations. It also describes the measures implemented to solve the errors detected and it eventually provides recommendations to avoid the repetition of the same types of errors in the future.</i>
Follow-up measures for the next reporting period	
subject	<i>Follow-up measures to be implemented in the next progress report should be described in this section.</i>

Use of this Report

This Report is solely for the purpose set forth above under objective.

The Managing Authority is not a party to the agreement between you and us and therefore we do not owe or assume a duty of care to the Managing Authority who may rely upon this expenditure verification report at its own risk and discretion. The Managing Authority can assess for itself the procedures and findings reported by us and draw its own conclusions from the factual findings reported by us.

The Managing Authority may only disclose this Report to others who have regulatory rights of access to it in particular the European Commission, the European AntiFraud Office and the European Court of Auditors.

The controller/Auditor undertakes to take all necessary precautions to avoid conflicts of interests and shall inform the MA, in writing, without delay of any situation constituting or likely to lead to any such conflict. The controller/Auditor shall immediately take all necessary measures to neutralize any situation giving rise to a conflict of interest and shall take appropriate actions to remedy any negative effects of the conflict of interest.

For the purpose of this Grant Contract, the conflict of interest shall mean any situation where there is a divergence between the fulfilment of responsibilities under this Grant Contract by the controller/Auditor and the private interest of the persons involved in the Contract, which may adversely affect the impartial and objective exercise of the functions and responsibilities of any person involved in the control or audit of this Contract for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with another person.

Controller's/ Auditors signature	Name	Signature			
Location					
Date					
Provided by:					
Verified by:					
Approved by:					
Director					
Official stamp of the institution (if applicable)					