

# AUDIT FINAL REPORT

Central Baltic INTERREG V A Cross-border Co-operation Programme 2014 - 2020

DATE OF THE REPORT: 20 <sup>TH</sup> OF JUNE 2017	
<b>Audit number</b>	CB-5/2017
<b>Date of the final audit report</b>	20/06/2017
<b>Accounting period</b>	01/07/2016 - 31/06/2017
<b>Audit scope</b>	Period 0: €5 882.00 Period 1: €28 784.10 Period 2: €63 656.99 Total audited: €98 323.09 (100%)
<b>Auditor</b>	Mart Pechter, Lead Auditor of II Audit Unit Financial Control Department of Ministry of Finance of Estonia Endla 13, 10122 Tallinn, Estonia
<b>Place of audit</b>	Tallinn, Estonia
<b>Project name</b>	Environmentally-Friendly Management of Organic Fertilizers in Agriculture
<b>Project Acronym</b>	GreenAgri
<b>Project Number</b>	CB272
<b>Priority Axis:</b>	<b>2. Sustainable use of common resources</b>
<b>Project Priority Specific Objectives:</b>	<b>SO 2.4 Reduced nutrients, hazardous substances and toxins' inflows into the Baltic Sea</b>
<b>Audited organization and contact information</b>	The Estonian Chamber of Agriculture and Commerce J. Vilmsi 53G, 10147 Tallinn, Estonia



## PART 1 - AUDIT SCOPE

According to Article 127(7) of Regulation (EU) No 1303/2013 the audit authority is responsible to carry out audits on operations on the basis of supporting documents constituting the audit trail and verify the legality and regularity of expenditure declared to the Commission, including the following aspects:

- a) that the operation was selected in accordance with the selection criteria for the operational programme, was not physically completed or fully implemented before the beneficiary submitted the application for funding under the operational programme, has been implemented in accordance with the approval decision and fulfilled any conditions applicable at the time of the audit concerning its functionality, use, and objectives to be attained;
- b) that the expenditure declared to the Commission corresponds to the accounting records and that the required supporting documentation demonstrates an adequate audit trail;
- c) that for expenditure declared to the Commission determined in accordance with Articles 67(1)(b) and (c) and 109 of Regulation (EU) No 1303/2013 and Article 14(1) of Regulation (EU) No 1304/2013, outputs and results underpinning payments to the beneficiary have been delivered, participant data or other records related to outputs and results are consistent with the information submitted to the Commission and that the required supporting documentation demonstrates an adequate audit trail.

Audit was conducted on: 22th of March 2017 at the premises of the Lead Partner, The Estonian Chamber of Agriculture and Commerce

Audited progress reports:

Period 0: 01/09/2014 - 01/06/2015 (€5 882.00)

Period 1: 01/09/2014 - 01/06/2015 (€28 784.10)

Period 2: 01/03/2016 - 31/08/2016 (€63 656.99)

### PART 1.1 - Limitation of scope

There were no limitations of the scope described above.

### PART 1.2 - AUDIT METHODOLOGY

The audit is carried out in compliance with international accepted auditing standards and the audit strategy, which is approved by the audit authority and group of auditors representing each Central Baltic INTERREG VA Programme Member State.

The audit process comprises of three stages:

- a) Preparation and planning of the audit



In this stage legal regulations and other documentation, including from the management verification ex Regulation (EU) No 1299/2013, Article 23(4), needed for familiarizing with the selected operations were collected and analyzed. Also, interviews or checklists sent (if needed) which were needed for the planning of the audit, familiarizing with the functioning of the system, project files structure, the objectives and the status of implementation of the operations, the risk encountered during the implementation as well as those inherent to the type of operations.

**b) Fieldwork**

At this stage a whole range of interviews with responsible staff were conducted, documents were gathered and testing was performed. In order to attain the audit objectives during the audit we tested all applicable audit areas. We performed the audit using the checklists for the several audit areas which enabled us to verify the requirements laid down in European and national legislation.

With the aim to attain the audit objectives, the fieldwork was carried out including on the spot visits on the 22<sup>nd</sup> of March, 2017)

**c) Reporting**

This stage encompassed activities related to the preparation of the Draft Report and the contradictory procedure where auditee has been granted 10 working days to reflect on the audit report, the inclusion of their replies and comments and the submission of the Final Report.

Preliminary report: 20/06/2017

Final report: 20/06/2017



## PART 2 - FINANCIAL DATA OF OPERATION

Partner LP/PP	Certified amount in the audit scope									
	Preparation costs	Staff Costs	Office And Administration	Travel And Accommodation	External Expertise And Services	Equipment	Infrastructure And Works	Total Expenditure	(net revenue)	Total
LP	5 882.00	38 359.27	5 753.89	5 097.90	43 230.03	0.00	0.00	98 323.09	0.00	98 323.09
<b>Total</b>	<b>5 882.00</b>	<b>38 359.27</b>	<b>5 753.89</b>	<b>5 097.90</b>	<b>43 230.03</b>	<b>0.00</b>	<b>0.00</b>	<b>98 323.09</b>	<b>0.00</b>	<b>98 323.09</b>

### Audited amounts outside the audit scope

Expenditure declared in the following Work packages and Budget lines (EUR):							
	BL1	BL2	BL3	BL4	BL5	BL6	Total
WP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>



## PART 3 - FINDINGS AND RECOMMENDATIONS

### PART 3.1 GENERAL

During the audit we identify and document audit findings. We categorize these findings by reference to the level of importance. The categories which we use to classify our findings are as follows:

<b>Major</b>	Findings which have financial impact or any other high risk deficiencies.
<b>Minor</b>	Findings for which action should be taken to ensure full compliance but have no financial consequences.

### PART 3.2 FINDINGS AND RECOMMENDATIONS PER BUDGET LINE

In this paragraph the findings and recommendations per audit area are included

No findings.

## PART 4 - AUDIT CONCLUSION

The conclusions of the audit are based on the analysis of the procedure in place, information and documents gathered and interviews conducted in the audited bodies as well as the tests performed in the course of the audit following the checklist for the audit areas.

Based on the audit work performed we have obtained reasonable assurance that the expenditure declared under the audited operation “Environmentally-Friendly Management of Organic Fertilizers in Agriculture” (GreenAgri) No CB272 within Priority Axis 2 in the reference year 2017 is, in all material aspects, legal and regular.

### PART 4.1 FOLLOW-UP

This audit report is compiled for use of the Audit Authority of the Central Baltic INTERREG VA 2014-2020 Programme and will be used to draw conclusions about functioning of the Management and control system of the above mentioned programme. Information in the report will be disclosed to relevant parties involved of management of the EU funds, including Commission services.

Parties responsible of audit finding follow-up:

1. Findings with Financial impact - The Audit Authority (AA) will inform the Managing Authority (MA) to take necessary actions to correct shortcomings in the system;
  - a. Deductions will be made by the MA;
  - b. Confirmation of deductions will be made by the AA;
  - c. If needed follow-up audit will be done by GoA member.
2. Findings without the Financial impact
  - a. The MA will be informed and evaluation will be done if further actions are needed;



b. Confirmation of actions will be followed-up by the AA and if needed by the GoA member.

Upon request from the MA the Auditee is responsible to implement the recommendations and deliver the proof to the MA.

**Auditor: Mart Pechter**

**Position: Audit Manager**

**Signed electronically**

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**Head of Unit: Kadi Peets**

**Position: Audit Supervisor**

**Signed electronically**

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