

AUDIT REPORT

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

DATE OF THE REPORT:	
Audit number:	CB-12/2018
Date of the final audit report:	27.08.2018
Accounting period	01.07.2017 - 30.06.2018
Audit scope	Period No 3.1: €135 147.00 (100%)
Auditor(s)	Mart Pechter, Lead Auditor of II Audit Unit Financial Control Department of Ministry of Finance of Estonia Suur-Ameerika 1, 10129 Tallinn, Estonia
Place of audit	Tallinn, Estonia
Project name	Modern and attractive small-ports network through cross-border interactive information system, joint marketing and improved port services
Project Acronym	SmartPorts
Project Number	CB239
Priority Axis:	3. Well-connected Central Baltic region
Project Priority Specific Objectives:	SO 3.2 Improved services of existing small ports to improve local and regional mobility and contribute to tourism development
Audited organization and contact information	Estonian Small Harbour Development Center Lootsi street 6, Pärnu, Estonia
AUDIT CONCLUSION	<p>No findings</p> <p><i>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.</i></p> <p><i>Based on the audit work performed we have obtained reasonable assurance that the expenditure declared under the audited operation "Modern and attractive small-ports network through cross-border interactive information system, joint marketing and improved port services" (SmartPorts) No CB239 within priority axis 3 during the reference year 01.07.2017-30.06.2018 is, in all material aspects, legal and regular.</i></p>



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 during the period: 09/04/2018 - 27/08/2018 (on-the-spot verification on 2nd of May 2018 at the premises of the Project Partner)

PART 1.1 - Limitation of scope

There were no limitations of the scope.

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 V-A 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 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 03/05/2018.

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. This stage is not used if there are no findings.

Final report: 27/08/2018



PART 2 - FINANCIAL DATA OF OPERATION

Financial data of audited partner must be listed

PART 2.1 - BUDGET (€)				
Audited Partners approved budget	Granted in total for the partner	%	Payments included in the payment claim	%
ERDF	188 212.00	85%	148 191.49	85%
Public funding (total)	0.00		0.00	
Private funding	47 053.00	15%	37 047.87	15%
Income	0.00		0.00	
TOTAL PARTNER BUDGET	235 265.00	100%	185 293.36	100%

Audited expenditure (according to the Sample)			Total amount audited (combining milestones)	Ineligible detected in audit scope
Budget Line				
1.	Staff costs		15 540.72	0.00
2.	Office and administration		2 331.10	0.00
3.	Travel and accommodation		0.00	0.00
4.	External expertise and services		167 421.54	0.00
5.	Equipment		0.00	0.00
6.	Infrastructure and works		0.00	0.00
Total amount audited			185 293.36	0.00

Audited expenditure (outside the Sample)			Total amount audited (combining milestones)	Ineligible
Budget Line				
1.	Staff costs		0.00	0.00
2.	Office and administration		0.00	0.00
3.	Travel and accommodation		0.00	0.00
4.	External expertise and services		0.00	0.00
5.	Equipment		0.00	0.00
6.	Infrastructure and works		0.00	0.00
Total amount audited			0.00	0.00



PART 3 - FINDINGS AND RECOMMENDATIONS

No findings have been written up.

PART 4 - 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

Head of Unit: Kadi Peets

Position: Audit Supervisor

Signed electronically

