

AUDIT OF OPERATION REPORT

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

AUDIT NUMBER:	
Date of final audit report	10.06.2019
Contradictory procedure	N/A
Accounting period	01.07.2018-30.06.2019
Audit scope	Progress report No 4.1 and 24,853.51 EUR Progress report No 5.1 and 131,573.03 EUR 100 % audited
Auditor(s)	Kätlin Teedla, Auditor of II Audit Unit Financial Control Department of Ministry of Finance of Estonia Suur-Ameerika 1, 10129 Tallinn, Estonia Elis Kõrvek, Auditor of I Audit Unit Financial Control Department of Ministry of Finance of Estonia Suur-Ameerika 1, 10129 Tallinn, Estonia
Audited organisation & contact information	Tartu City Government (City of Tartu) Raekoja plats 3, 51003 Tartu Mr. Mati Raamat Phone: + 372 5079 650 Email: Mati.Raamat@raad.tartu.ee
Place of the audit	Tartu City Government
Persons present during the audit	Marju Laur, Tartu City Government
Date of on-the-spot checks	N/A
Full project name	Integrated Storm Water Management
Project Number & Acronym	CB187 - iWater
Priority Axis	2. Sustainable use of common resources
Specific Objective	SO 2.3 Better urban planning in the Central Baltic region
Reporting Period	01.06.2017-31.05.2018
Name of the Lead Partner	City of Riga (Riga City Council)
Project duration (start and end dates)	01/12/2015 - 31/08/2018
AUDIT CONCLUSION	No findings. <i>Based on the audit work performed we have obtained reasonable assurance that the expenditure declared under the audited operation "Integrated Storm Water Management" No CB187 (iWater) within priority axis 2 in the reference year 01.07.2018-30.06.2019 is, in all material aspects, legal and regular. The summarized list of findings identified during the audit is presented in the following table and report.</i>



PART 1 - AUDIT SCOPE

According to Article 127 of Regulation (EU) No 1303/2013 the audit authority is responsible to carry out audits of 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: 02.04.2019 - 10.06.2019

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 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 familiarising with the selected operations were collected and analysed. Also, interviews or checklists sent if needed for the planning of the audit, familiarising 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.

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.

Provide the actual schedule of the contradictory procedure as following

Preliminary report: 10.06.2019
Final report: 10.06.2019

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 4.1	%	Payments included in the payment claim 5.1	%
ERDF	€ 210,205.00	85%	€ 21,125.48	85%	€111,837.08	85%
Public funding (total)	€ 37,095.75	15%	€3,728.03	15%	€19,735.95	15%
Private funding	€ 0.00	0%	€ 0.00	0%	€ 0.00	0%
Income	€ 0.00	0%	€ 0.00	0%	€ 0.00	0%
TOTAL PARTNER BUDGET	€ 247,300.00	100%	€ 24,853.51	100%	€131,573.03	100%

Audited expenditure (according to the Sample, report 4.1)		
Budget Line	Total amount audited (combining milestones)	Ineligible detected in audit scope
1. Staff costs	€18,271.92	€ 0.00
2. Office and administration	€2,740.78	€ 0.00
3. Travel and accommodation	€3,270.19	€ 0.00
4. External expertise and services	€ 570.62	€ 0.00
5. Equipment	€ 0.00	€ 0.00
6. Infrastructure and works	€ 0.00	€ 0.00
Total amount audited	€ 24,853.51	€ 0.00

Audited expenditure (according to the Sample, report 5.1)		
Budget Line	Total amount audited (combining milestones)	Ineligible detected in audit scope
1. Staff costs	€18,271.54	€ 0.00
2. Office and administration	€2,740.73	€ 0.00
3. Travel and accommodation	€2,248.90	€ 0.00
4. External expertise and services	€108,311.86	€ 0.00
5. Equipment	€ 0.00	€ 0.00
6. Infrastructure and works	€ 0.00	€ 0.00
Total amount audited	€131,573.03	€ 0.00

Audited expenditure (outside the Sample)		
Budget Line	Total amount audited (combining milestones)	Ineligible
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

PART 3.1 GENERAL

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

Major	Findings which have a financial impact above EUR 250 (ERDF) or any other high-risk deficiencies.
Minor	Findings for which action should be taken to ensure full compliance but have a limited financial impact (below EUR 250 (ERDF)), no financial consequences or no high-risk character.

All audit findings are reported in the final audit report, even if the Member States participating in the Programme may decide that neither the lead beneficiary nor the Programme's MA is obliged to recover an amount unduly paid which does not exceed EUR 250, per operation and accounting year, not including interest, in contribution from the Funds and the EMFF, as all the irregular amounts detected are to be taken into account for the calculation of the annual Total Error Rate of the Programme.

PART 3.2 FINDINGS AND RECOMMENDATIONS PER BUDGET LINE

No findings



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 the functioning of the Management and Control Systems 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 members.
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 members.

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

Auditor: Elis Kõrvek

Signed electronically

Auditor: Kätlin Teedla

Signed electronically

Audit supervisor: Kadi Peets

Signed electronically

