

The Audit opinion

To the European Commission,
Directorate-General for Regional and Urban Policy
Directorate General for Employment, Social Affairs and Inclusion

1. INTRODUCTION

I, the undersigned, representing the Financial Control Department of the Ministry of Finance of the Republic of Estonia, independent in the sense of Article 123(4) and (5) of Regulation (EU) No 1303/2013, have audited the accounts for the accounting year started on 1 July 2016 and ended 30 June 2017 dated February 2018 (hereafter 'the accounts'), the legality and regularity of the expenditure for which reimbursement has been requested from the Commission in reference to the accounting year (and included in the accounts), the functioning of the management and control system, and verified the management declaration for the purpose of Article 59(5)(b) of Regulation (EU, Euratom) No 966/2012

in relation to the operational programme „Operational Programme for Cohesion Policy Funds 2014-2020“, CCI number 2014EE16M3OP001 (hereafter 'the programme'),

in order to issue an audit opinion in accordance with Article 127(5)(a) of Regulation (EU) No 1303/2013.

2. RESPONSIBILITIES OF THE MANAGING AND CERTIFYING AUTHORITIES

The Ministry of Finance of the Republic of Estonia, designated as the managing and the certifying authority of the programme is responsible to ensure a proper functioning of the management and control system in regard to the functions established by the Articles 125 and 126 of Regulation (EU) No 1303/2013.

In particular, it is responsibility of the Ministry of Finance, designated as the managing authority and also fulfilling the tasks of the certifying authority of the programme, to draw up the accounts (in accordance with Article 137 of the Regulation (EU) No 1303/2013) and certify their completeness, accuracy and veracity, as required in Article 126(b) and (c) of Regulation (EU) No 1303/2013.

Moreover, in accordance with Article 126(c) of Regulation (EU) No 1303/2013 it is the responsibility of the certifying authority to certify that the expenditure entered in the accounts complies with applicable law and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with applicable law¹.

3. RESPONSIBILITIES OF THE AUDIT AUTHORITY

As established by Article 127(5)(a) of Regulation (EU) No 1303/2013, my responsibility is to independently express an opinion on whether the accounts give a true and fair view, whether expenditure for which reimbursement has been requested from the Commission and which are declared in the accounts is legal² and regular, and whether the management and control system put in place functions properly. My responsibility is

¹ As established by Article 6 of the Regulation (EU) No 1303/2013.

² As established by Article 6 of the Regulation (EU) No 1303/2013.

also to include in the opinion a statement as to whether the audit work puts in doubt the assertions made in the management declaration³.

The audits in respect of the programme were carried out in accordance with the audit strategy and took account of internationally accepted audit standards. These standards require that the audit authority complies with ethical requirements, plans and performs the audit work in order to obtain reasonable assurance for the purpose of the audit opinion.

An audit involves performing procedures to obtain sufficient appropriate evidence to support the opinion set out below. The procedures performed depend on the auditor's professional judgement, including assessing the risk of material non-compliance, whether due to fraud or error. The audit procedures performed are those I believe are appropriate in the circumstances.

I believe that the audit evidence gathered is sufficient and appropriate to provide the basis for my opinion.

The main findings drawn from the audits in respect of the programme are reported in the attached annual control report pursuant to Article 127(5)(b) of Regulation (EU) No 1303/2013.

4. SCOPE LIMITATION

There were no limitations on the audit scope.

5. OPINION

(Qualified opinion)

In my opinion, and based on the audit work performed:

- the accounts give a true and fair view, as established by Article 29(5) of Regulation (EU) No 480/2014;
- the expenditure in the accounts for which reimbursement has been requested from the Commission is legal and regular;
- the management and control system put in place function properly,

Except in the following aspects:

In relation to material matters related to the functioning of the management and control system:

as a result of the audits of operations performed on the operational programme some deficiencies were detected in the management and control system verifying the legality and regularity of the costs declared. Most of the errors relate to the irregularities in the public procurement procedures (see section 5 of the accompanied annual control report), however the total error detected is below materiality threshold.

Therefore, I estimate that the impact of the qualification(s) is limited.

This impact corresponds to 4 494 568,714 euros (1,47%) (which is the RTER combined for all funds in the operational programme) of the total expenditure declared. The Union contribution affected is thus 3 247 775,35 euros.

³ In line with Article 59(5)(b) of Regulation (EU, EURATOM) No 966/2012

The audit work carried out does not put in doubt the assertions made in the management declaration.

Date: February 2017 (*exact date is in the electronic signature*)

Signature: (*electronic signature*)

Kaur Siruli, *CGAP*
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Financial Control Department
Ministry of Finance