**ANNEX 3**

**Checklist for the Expenditure Verification**

**Karelia CBC Programme 2014-2020**

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| --- | --- | --- |
| Identification number and name of the Project: |  | |
| Subject of the engagement: |  | Interim Financial Report |
|  | Final Financial Report |
|  | Consolidated Financial Report |
| Reporting period covered by the engagement (start date and end date of the reporting period): | <dd Month yyyy – dd Month yyyy)> | |
| Full name of the Partner: |  | |
| Full name and position of the Partner’s contact person: |  | |
| Role of the Partner in the Project: |  | Lead Partner |
|  | Reporting Partner |
|  | Invoicing Partner |
| In case of the Invoicing Partner:   * Name of the Reporting Partner: |  | |
| Accounting model of the Project: |  | Decentralized accounting model |
|  | Partly decentralized accounting model |

|  |  |
| --- | --- |
| Date of request for verification (dd Month yyyy): |  |
| Date of receipt of documents for verification (dd Month yyyy): |  |
| Date of the verification by the Auditor: |  |
| Full name of the audit firm: |  |
| Full name of the Auditor responsible for the verification: |  |
| Signature of the Auditor responsible for the verification: |  |

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| --- |
| * The following may not represent a complete ‘List of supporting questions’ under each headline relevant to the circumstances. * In order to verify the eligibility of expenditure as required by the Programme rules, the Auditor shall amend the list(s) by adding other relevant supporting questions to the list(s) when necessary. * In case one or more condition stated in the following ‘List of supporting questions’ is not fully respected by the Partner or the result of the verification requires further comments in order to understand the full status, please explain and give your comments under the column ‘Comments’. |

**Expenditure verification performed by the Auditor**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Partner has submitted to the Auditor all the necessary documents including the annexes.   *\* Annexes e.g. Partnership Agreement, list of acquisitions, list of persons working for the project, general ledger, invoices, procurement documents, employment contracts, timesheets, travel claims.* |  |  |  |  |
| 1. Lead Partner has submitted to the Auditor the following documents: 2. Reporting Partner(s)’ ‘Annex 2 Report for Expenditure Verification and Factual Findings’ including annexes, e.g. ‘Annex 3 Checklist for the Expenditure Verification 3. Lead Partner and Reporting Partner(s)’ Financial Report(s) 4. ‘Consolidated Financial Report’ 5. ‘Lead Partner’s Checklist’ |  |  |  |  |
| 1. Partner has: 2. Provided a full and free access to the project’s accounting and bookkeeping system and to underlying accounts and records. 3. Given access to all documents and databases concerning the technical and financial management of the project. |  |  |  |  |
| 1. Partner has provided sufficient and adequate information, both financial and non-financial, in support of the Financial Report. |  |  |  |  |

**Headline ‘3 General procedures and analytical review to the budget and accounting records’**

**Headline ‘3.1 Budget-to-actual and amendments to budget and Grant Contract’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. The budget reported in the Financial Report corresponds with the valid budget of the Grant Contract.   *\* activities and budget lines fixed in the approved budget have been respected* |  |  |  |  |
| 1. Partner budget is reported in the Financial Report according to the budget stated in the Partnership Agreement. |  |  |  |  |
| 1. Amendment is made to the budget. |  |  |  |  |
| 1. In case of budget amendment, the Lead Partner: 2. Requested an amendment to the budget and obtained an addendum to the Grant Contract (Article 9 of the Annex II Conditions applicable to Grant Contracts financed by the Karelia CBC Programme). 3. Informed the Managing Authority about the amendment in case the amount of amendment is limited and an addendum to the Grant Contract is not required (transfers between cost headings are limited to 15 % or less of the amount originally entered in relation to each concerned main heading for eligible costs).   Please specify the actions taken by the Lead Partner. |  |  |  |  |
| 1. Implementation period (start date and end date) of the project is according to the Grant Contract (no changes). |  |  |  |  |
| 1. Partner organization is according to the Grant Contract (no organizational changes that affect the Project). |  |  |  |  |

**Headline ‘3.2 Financial Report’**

* **Costs of Lead Partner and Reporting Partner**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Financial Report complies with the requirements of the Grant Contract and its annexes.   *\* e.g. reporting deadlines* |  |  |  |  |
| 1. Financial Report complies with the model template available at the Programme website. |  |  |  |  |
| 1. Financial Report is drawn up in English. |  |  |  |  |
| 1. Reporting is accurate, informative (description of expenditure items/invoices) and free of arithmetical errors. |  |  |  |  |
| 1. Expenditure reported in the Financial Report is covering the correct reporting period. |  |  |  |  |
| 1. Expenditure reported in the Financial Report covers the Project as a whole, regardless of which part of it is financed by the Managing Authority.   *\* expenditure financed by the Programme contribution and the expenditure financed by the Partner’s own contribution* |  |  |  |  |
| 1. Partnership Agreement(s) exists and it is describing in detail e.g. the partner budget and own contribution, financial transactions and responsibilities between the Lead Partner and the Partner. |  |  |  |  |
| 1. Financial transactions between the Lead Partner and partner(s) are performed according to the Partnership Agreement(s). |  |  |  |  |

**Headline ‘3.3 ‘Consolidated Financial Report’**

**NOTE! The following verifications under this headline are performed by the Lead Partner’s Auditor**

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Expenditure verification reports of the Reporting Partner(s) are clean, that is they include no **factual findings** that may affect to the presentation of the Consolidated Financial Report and that should be reported as verification exception(s).   *\* ‘Annex 2 Report for Expenditure Verification and Factual Findings’* |  |  |  |  |
| 1. Consolidated Financial Report is correctly filled-in.   *\* e.g. total amount of each cost heading reported in Lead Partner and Reporting Partners’ Financial Reports is correctly transferred to the Consolidated Financial Report.* |  |  |  |  |
| 1. Consolidated Financial Report uses the same revenue and cost headings as the valid budget of the Grant Contract. |  |  |  |  |
| 1. Consolidated Financial Report is free of arithmetical errors. |  |  |  |  |
| 1. Total amount of Administrative costsreported in the Consolidated Financial Report is in accordance with the percentage defined in the Article 4.3. of the Grant Contract.   *\* total eligible costs (headings 1-5, excluding the cost heading ‘Investments’)* |  |  |  |  |
| 1. **Reporting Partner(s)’ Financial Report**: Financial Report(s) are original, that is **not adjusted or corrected** after the expenditure verification performed by the Reporting Partner(s)’ Auditor. |  |  |  |  |
| 1. Lead Partner has made corrections to the Reporting Partner(s)’ Financial Report(s). |  |  |  |  |
| 1. The corrections made by the Lead Partner are clearly indicated, justified and correctly deducted in the Reporting Partner(s)’ Financial Report.   Which are these Financial Reports? |  |  |  |  |
| 1. The sheet ‘Finance’ in the Lead Partner’s Financial Report is correctly filled-in.   *\* i.e. realized shares of own contribution paid by external donors per Lead Partner and each partner is reported according to each partner’s general ledger* |  |  |  |  |
| 1. **Lead Partner’s Checklist:** Lead Partner has checked and approved the partner(s)’ expenditure (100 % coverage of the expenditure claimed). |  |  |  |  |
| 1. **Lead Partner’s Checklist:** Lead Partner has checked and approved the work done and the actions implemented by each partner. |  |  |  |  |

**Headline ‘3.4 Rules for accounting and record keeping’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Expenditure is recorded in the project’s accounting records according to the national accounting principles and rules, and to the organization’s usual accounting practices. |  |  |  |  |
| 1. Please describe the method how the Partner organization ensures that the expenditure is project-related. |  | | | |
| 1. Please describe the method how the Partner organization ensures the internal control relevant to the Partner’s preparation and fair presentation of the project accounting and Financial Reports. |  | | | |
| 1. Project accounts are drawn up on accrual based double-entry (debit/credit) bookkeeping system. |  |  |  |  |
| 1. Partner has established **a separate set of accounts** (a cost centre established in the Partner organization’s accounting system specifically for the project expenditure) for the recording of project expenditure. 2. Please describe the system how the Partner organization has established the project accounting within the Partner organization. 3. Please describe the name of the accounting programme used. 4. Please describe the number of the project’s accounting code in the Partner organization’s accounting system. |  |  |  |  |
| 1. Audit trail from the Partner organization’s accounting system to the project accounting exists. |  |  |  |  |
| 1. All project expenditure is recorded only in project’s cost center, not as expenditure also elsewhere in the Partner organization’s accounting systems and records. |  |  |  |  |
| 1. Information produced by the accounting system is reliable, correct and accurate. |  |  |  |  |
| 1. Accounts and the expenditure, Invoicing Partner’s invoices, revenue and own contribution paid by external donors relating to the project are easily identifiable and verifiable in the accounting system. |  |  |  |  |
| 1. General ledger annexed to the Financial Report is reporting and listing **all** invoices/expenditure items reported in the Financial Report. |  |  |  |  |
| 1. Expenditure reported in the Financial Report is easily authenticated from the original invoices and adequate original supporting documents. |  |  |  |  |
| 1. Expenditure is based on project-related and properly filled-in invoices (e.g. salaries on salary statements, travels on travel claims, procurements on contracts and invoices). |  |  |  |  |
| 1. Relevant superior has accepted the invoices as project-related. |  |  |  |  |
| 1. It is ensured that **no double financing** is received for the project expenditure. |  |  |  |  |
| 1. Amounts/invoices reported in the Financial Report are reported for the first time (**no double invoicing**). |  |  |  |  |

**Headline ‘3.5 Reconciling the Financial Report to the accounting system and records’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Financial information in the Financial Report is **properly and easily** **reconciled** to the Partner’s accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers, reconciliations, analyses and breakdowns). |  |  |  |  |
| 1. Financial information is **consistent** between the project’s general ledger and the Partner’s Financial Report, i.e. all expenditure reported in the Financial Report is also recorded in the project’s general ledger. |  |  |  |  |
| 1. Total amount of expenditure reported in the Financial Report is consistent with the total amount of project’s general ledger (in national currency). |  |  |  |  |
| 1. All invoices reported in the Financial Report and recorded in the project’s general ledger have the same financial value. |  |  |  |  |
| 1. A clear audit trail (e.g. invoices, proof of payment) from the Financial Report to the project’s general ledger and to each invoice exists. |  |  |  |  |
| 1. Number or name of the cost heading under which each invoice is reported in the Financial Report is clearly indicated/marked to the general ledger in order to easily trace the invoice between the Financial Report and the project’s general ledger. |  |  |  |  |
| 1. General ledger annexed to the Financial Report is covering the same reporting period as the Financial Report.   *\* All invoices reported in the Financial Report are recorded in the project’s general ledger for the same reporting period, i.e. no invoice(s) outside the reporting period* |  |  |  |  |
| 1. Date of invoice reported in the Financial Report is consistent with the date of invoice recorded in the project’s general ledger. |  |  |  |  |

**Headline ‘4 Eligibility of the reported expenditure’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| The principle of sound financial management, particularly regarding economy and efficiency is complied.  Please describe how this is ensured. |  |  |  |  |

**Headline ‘4.1. Ineligible costs and use of currency exchange rate’**

**Headline ‘4.1.1 Ineligible costs, e.g. Value Added Tax, interests’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Reported expenditure include certain taxes and/or the Value Added Tax (‘VAT’). |  |  |  |  |
| 1. Value Added Tax (‘VAT’) is an eligible expenditure for the project. |  |  |  |  |
| 1. In case the VAT is an eligible expenditure, there is available a clear statement or guidance about the eligibility of the taxes and VAT for this project expenditure drawn up by the Tax Administration. |  |  |  |  |
| 1. In case the VAT is an eligible expenditure and there is not available a clear statement or guidance about the eligibility of the taxes and VAT for this project expenditure drawn up by the Tax Administration: 2. Some other official explanation (signed by the authorised person of Partner organization) is available. 3. This explanation is reliable and acceptable, and proofs the eligibility of the VAT. |  |  |  |  |
| 1. Any recoverable VAT is deducted from the amount of reported expenditure for all relevant items. |  |  |  |  |
| 1. It is ensured that interests on overdue payments are not reported in the Financial Report. |  |  |  |  |
| 1. It is ensured that the expenditure **does not include** **ineligible costs** such as:  * debts and debt service charges (interest); * provisions for losses or liabilities; * items already financed by another framework; * purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the project; * exchange-rate losses; * duties, charges and taxes, except VAT, where non-recoverable under the relevant national tax legislation and the Partner can demonstrate it cannot reclaim; * loans to third parties; * fines, financial penalties and expenses of litigation; * contributions in kind   *\* Article 15.4 of the ‘Annex II Conditions applicable to Grant Contracts financed by the Karelia CBC Programme’* |  |  |  |  |

**Headline ‘4.1.2 Currency exchange rate’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Method used by the Partner to convert expenditure incurred in foreign currency is according to the Programme requirements: 2. Invoices incurred in foreign currency are recorded in the general ledger in national currency according to the national regulations of the country concerned. 3. Invoices reported in the Financial Report are converted into euro by using the correct InforEuro exchange rate (according to the rate indicated for the month during which the expenditure was incurred, e.g. signature of a contract, placing a purchase order). 4. Invoices originally incurred in euro are reported in the Financial Report in euro (no currency conversions euro -> rouble -> euro).   In case any of the requirement is not complied, please explain. |  |  |  |  |
| 1. Partner is applying the currency conversion method consistently in: 2. project’s general ledger (national regulations). 3. Financial Report (InforEuro according to the month of the cost originally incurred). |  |  |  |  |
| 1. Month of the cost originally incurred is correctly reported in the Financial Report. |  |  |  |  |
| 1. Exchange rates are correctly applied, i.e. include all decimals. |  |  |  |  |
| 1. It is ensured that currency exchange-rate losses are not reported in the Financial Report. |  |  |  |  |

**Headline ‘4.2. Reported expenditure’**

**Headline ‘Staff (Financial Report heading 1)’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

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| --- | --- | --- | --- | --- |
| **Compliance with the budget** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Valid budget includes the cost heading ‘Staff’. |  |  |  |  |
| 1. Costs are within budget (cost heading is not overrun). |  |  |  |  |
| 1. Expenditure items are reported under correct heading, according to the valid budget. |  |  |  |  |

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. **Full-time and part-time employees:** Complete list of employees working on the project exist.   *\* The list states for each employee e.g. the name, qualification, function, task in the project, percentage of work dedicated to the project and the monthly salary based on which the salary cost is distributed to the project* |  |  |  |  |
| 1. **Full-time and part-time employees:** Project employee(s) work based on employment contract, not based on service contract. |  |  |  |  |
| 1. **Full-time and part-time employees**: Project employee(s) work based on service contract. In case of service contract: 2. Is it acceptable according to the national laws? 3. Should the salary cost be reported under the cost heading ‘External expertise and services’? 4. Has the Partner organization organized a tendering process?   Please explain. |  | | | |
| 1. **Full-time and part-time employees:** Russian Project employee(s) work based on “internal outside activity”.   In case yes, please explain the names of these employees. |  |  |  |  |
| 1. **Full-time and part-time employees:** Russian Project employee(s) work based on “internal outside activity”, fulfil the following requirements: 2. The work is based on employment contract, not on a service contract. 3. The Programme rules and principles for the payment of salaries are applied. 4. “Internal outside activity” of the employee: is documented, is in accordance with the national employment law, the conditions applied respect this law (e.g. maximum amount of working hours per day and per month, calculation basis of salary costs and holiday leave).   In case any of the requirements are not fulfilled, please explain.  Please explain the arrangement, and   * whether the salary for these two employment contracts (“internal outside activity” and actual project work assignment) is consistent with each other * what are the maximum working hours per day, per week and per month according to the national employment law, organization’s normal working hours and as reported by the project in the Financial Report. |  |  |  |  |
| 1. **Full-time and part-time employees:** Employment contract for each employee describes the terms and conditions in sufficient detail.   ***\**** *e.g. assignment of the person for the project including start date and end date of the assignment, job description on the project, calculation basis for the salary, daily working hours, whether the person is working exclusively or partially on the project* |  |  |  |  |
| 1. **Full-time and part-time employees:** Calculation basis for the salary is defined in national currency. |  |  |  |  |
| 1. **Full-time and part-time employees:** Employment contract and the salaries comply with the national employment law, organization’s usual practices and salary levels and with the Programme requirements.   *\* organization’s usual practices and salary levels: e.g. salary normally paid for that kind of job description in the Partner organization* |  |  |  |  |
| 1. **Full-time and part-time employees:** Calculation basis of salaries reported in the Financial Report are based on the employee’s employment contract for this project work. |  |  |  |  |
| 1. **Full-time and part-time employees:** Reported salary cost (including social security charges and other remuneration-related costs): 2. Are based on real costs (real gross salary proved by payslips) 3. Are properly documented, including the breakdown of the salary cost. 4. Documents are duly substantiated by the person in charge.   In case any of the requirements are not fulfilled, please explain. |  |  |  |  |
| 1. **Full-time and part-time employees:** Documentation is accurate, clear and understandable in order to perform the expenditure verification on the eligibility of salary costs.   ***\**** *e.g. including obligatory social security charges and other remuneration-related costs per employee working on the project* |  |  |  |  |
| 1. **Full-time and part-time employees:** Salary costs of project employees exclude additional charges and ineligible costs (e.g. bonuses, efficiency wages) |  |  |  |  |
| 1. **Full-time and part-time employees:** Employees’ (total) working time and the length of the working day is consistent with the 2. laws, regulations and customs of the country concerned 3. Partner organization’s usual practices (normal working hours) 4. employment contract 5. Programme requirements   In case any of the requirements are not fulfilled, please explain |  |  |  |  |
| 1. **Full-time and part-time employees:** It is ensured that the maximum length of the working day is not exceeding the maximum length of normal working hours defined by the Partner organisation’s usual practices, the employment contract and the national employment law. |  |  |  |  |
| 1. **Full-time and part-time employees:** Partner organization has a reliable method how to monitor the (total) working time and the length of the working day of each project employee. |  |  |  |  |
| 1. **Full-time and part-time employees:** Partner organization has principles, rules and method to accept overtime work and these are properly documented. |  |  |  |  |
| 1. **Full-time and part-time employees:** It is ensured that employees have not worked overtime. |  |  |  |  |
| 1. **Full-time and part-time employees:** In case employee(s) has/have worked overtime, there is a properly filled-in document 2. describing the reason and justification for the overtime work 3. signed by relevant superior for the acceptance of overtime work   In case any of the requirements are not fulfilled, please explain.  In case of overtime work, please explain the principles, rules and method to accept and compensate overtime work. |  |  |  |  |
| 1. **Full-time and part-time employees:** Salary costs include costs of sick leave and maternity leave. |  |  |  |  |
| 1. **Full-time and part-time employees:** In case the reported salary costs include e.g. sick leave and/or maternity leave costs, these costs 2. are reported correctly in the Financial Report (e.g. calculation basis for the share of project costs) 3. are properly documented 4. are in accordance with the national employment laws, Partner organization’s usual practices and Programme requirements   In case any of the requirements are not fulfilled, please explain. |  |  |  |  |
| 1. **Full-time and part-time employees:** It is ensured that the reported salary costs include no component of reimbursement or compensation.   In case yes, the amount is deducted in the Financial Report and project’s general ledger as ineligible expenditure.  *\* the Partner organization may be entitled to receive compensation from another public authority or the Partner organization is entitled to social charge returns and tax returns* |  |  |  |  |
| 1. **Full-time and part-time employees:** Salary costs include holiday bonuses and/or holiday salary payment. |  |  |  |  |
| 1. **Full-time and part-time employees:** It is according to the usual practices of the Partner organization to pay holiday bonuses and/or holiday salary to its staff. |  |  |  |  |
| 1. **Full-time and part-time employees:** In case it is not according to the usual practices of the Partner organization to pay holiday bonuses and/or holiday salary payment to its staff, it is ensured that holiday bonuses and holiday salary payments are not reported in the Financial Report and not recorded in the project’s general ledger. |  |  |  |  |
| 1. **Full-time and part-time employees:** Holiday bonuses and/or holiday salary costs are correctly distributed to the project as project expenditure 2. There is a clear and understandable calculation about these costs. 3. These costs are calculated according to the national employment laws, Partner organization’s usual practices and the employment contract. 4. Part-time employees: costs are distributed as project costs according to the hours worked on the project.   In case any of the requirements are not fulfilled, please explain. |  |  |  |  |
| 1. **Part-time employees:** Monthly timesheets of the part-time employees working on the project are correctly filled-in.   ***\**** *e.g. they include the signature of the employee and the relevant superior, show the total hours worked during the month, the description of hours worked for the project is informative* |  |  |  |  |
| 1. **Part-time employees:** Salaries, social security charges and other remuneration-related costs are correctly distributed to the project as project expenditure, i.e. 2. according to the hours worked on the project during that specific month calculated from the total hours the employee has worked during that month 3. based on the calculation basis of monthly salary as agreed in the employment contract   In case any of the requirements are not fulfilled, please explain. |  |  |  |  |
| 1. **Part-time employees:** It is ensured that no working hour and salary cost is charged twice, as project expenditure and simultaneously as Partner organization expenditure. |  |  |  |  |
| 1. **Full-time and part-time employees:** Financial Report and project’s general ledger include only salary costs of employees working for the project.   ***\**** *list of employees working for the project, employment contracts, budget* |  |  |  |  |
| 1. **Full-time and part-time employees:** Financial Report and project’s general ledger report only salary costs considered eligible and as described in the Programme Manual. |  |  |  |  |
| 1. **Full-time and part-time employees:** Are any of risk indicators met when examining the documents regarding the staff costs?   *\* Chapter 6.5. of the Guidelines* |  |  |  |  |
| 1. **Full-time and part-time employees:** Social security charges and other remuneration-related costs are actually paid, and the proof of payment exists. |  |  |  |  |

**Headline ‘Travel (Financial Report heading 2)’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

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| --- | --- | --- | --- | --- |
| **Compliance with the budget** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Valid budget includes the cost heading ‘Travel’? |  |  |  |  |
| 1. Costs are within budget (cost heading is not overrun). |  |  |  |  |
| 1. Expenditure items are reported under correct heading, according to the valid budget. |  |  |  |  |

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Travel costs, accommodation costs and daily allowances are applied and paid according to the national compensation rates, Partner organization’s usual practices and according to the Programme requirements. |  |  |  |  |
| 1. Principles and calculation basis for the acceptance of travel costs (i.e. daily allowances, km-reimbursement, hotel accommodation) are properly documented. |  |  |  |  |
| 1. It is ensured that the travel and accommodation costs and daily allowances do not exceed the national compensational level of tax-exempt. |  |  |  |  |
| 1. In case daily allowances are paid in other than national currency: 2. This is done in accordance with the Partner organization’s usual practices 3. The principles and rates are properly documented and correctly applied in the financial reporting |  |  |  |  |
| 1. Compensation rates are applied and paid consistently in the financial reporting, e.g. no different daily rates or daily rates paid in different currencies.   *\* Daily allowances and km-reimbursements shall be applied and paid in national currency* |  |  |  |  |
| 1. Daily allowances are paid by applying correct compensation rates for correct number of days and for correct period. |  |  |  |  |
| 1. The most economical way of transport is used, and in accordance with the internal procedures of the organization.   In case some other option is chosen, that option is justified. |  |  |  |  |
| 1. In case of own car or company car: 2. Option 1: Costs of km-reimbursement and the use of the car are based on driver’s log, i.e. exact mileage recorded in the driver’s log, the unit rate, total cost of the travel exists. 3. Option 2: Summary list of fuel expenses showing the distance covered, the average consumption of the car used and the fuel cost exists.   It is ensured that the compensation of using own car or company car does not include both the options (Option 1 km-reimbursement and Option 2 fuel costs). Which of these two options is used? |  |  |  |  |
| 1. In case of rental car: A price comparison by email, phone or Internet is made and a memo of the procedure prepared. |  |  |  |  |
| 1. It is ensured that ‘fees’ or ‘remunerations’ are not paid for attending courses. |  |  |  |  |
| 1. All travel costs are based on documents, i.e. on invoices and properly filled-in travel claims.   *\* these documents are informative and include annexes such as invitation, agenda and minutes of the meeting, list of participants, material of the meeting, travel report signed by the travelling person, receipts/tickets, boarding passes, mileage sheet* |  |  |  |  |
| 1. Travel claims are drawn up according to the rules and practices of the Partner organization, i.e. authorization of the travel, acceptance of travel costs by relevant superior, template. |  |  |  |  |
| 1. In case Partner organization pays to the project employee an advance payment for the travel, the advance payment and the reimbursement of costs are properly documented and financial information is correct. |  |  |  |  |
| 1. It is ensured that the Financial Report includes only eligible travel costs of project staff.   *\* ineligible travel cost e.g. cost of passport, travel costs of guests or persons representing the target group of the project* |  |  |  |  |

**Headline ‘Equipment and supplies (Financial Report heading 3)’**

* **Costs of Lead Partner and Reporting Partner**

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| **Compliance with the budget** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Valid budget includes the cost heading ‘Equipment and supplies’. |  |  |  |  |
| 1. Costs are within budget (cost heading is not overrun) |  |  |  |  |
| 1. Expenditure items are reported under correct heading, according to the valid budget. |  |  |  |  |

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| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Procurement procedures are performed in accordance with the national laws and Programme requirements.   *\* e.g. threshold values, market rates, no procurement artificially divided into smaller entities in order to avoid competitive bidding, transparency of procurement* |  |  |  |  |
| 1. Partner organization has already earlier carried out the competitive bidding on those procurements purchased for the project.   Please explain what are these procurements. |  |  |  |  |
| 1. Procurements and procurement procedures are documented.   *\* e.g. award criteria, requests from offers, offers, reports from evaluation committee, contracts* |  |  |  |  |
| 1. Low-value procurement below the value of 4,000.00 € (excluding the VAT): Price comparison is made and memo prepared. |  |  |  |  |
| 1. **Partner is a Finnish organization**: In case the procurement is over 4,000 € (excluding the VAT) but below the national threshold values, a tender from at least 3 tenderers is requested or an open tender procedure is organized. |  |  |  |  |
| 1. **Partner is a Russian private organization**: 2. Low-value procurements not exceeding 60,000 € (excluding the VAT) are awarded in accordance with the national rules or in absence of such national rules, a negotiated procedure is used. 3. National preferences are prohibited, except for contracts with the value not exceeding 20,000 € (excluding the VAT). Please explain what are these procurements. |  |  |  |  |
| 1. Contract is signed with the supplier that has submitted the most advantageous tender (best value for the money or lowest price). |  |  |  |  |
| 1. Invoicing complies with the terms of agreements, and the goods are delivered accordingly. |  |  |  |  |
| 1. Equipment, vehicles and supplies are in the possession of the Partner and used for the purposes of the project only. |  |  |  |  |
| 1. Equipment and vehicle purchased as second-hand: Clarification about the purchase, e.g. price not exceeding the market price, exists. |  |  |  |  |
| 1. ‘Acquisition list’ is properly filled-in and available. |  |  |  |  |
| 1. It is ensured that the equipment and supplies have not been made (e.g. purchased, rented, leased) from the Partner organization or from the Lead Partner or other project partner(s). |  |  |  |  |
| 1. It is ensured that no other public funding is received for the purchase of the equipment/vehicle/supply. |  |  |  |  |
| 1. It is ensured that no conflict of interest exists between the Partner, the project consortium and the supplier of equipment/supplies concerning the procurement. |  |  |  |  |
| 1. Are any of risk indicators met when examining the procurement documents?   *\* Chapter 6.5. of the Guidelines* |  |  |  |  |
| 1. It is ensured that no procurements (e.g. costs relating to the delivery, installation of equipment and supplies) are made after the implementation period. |  |  |  |  |

**Headline ‘Small-scale investments (Financial Report heading 4)’**

* **Costs of Lead Partner and Reporting Partner**

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| **Compliance with the budget** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Valid budget includes the cost heading ‘Small-scale investment’ |  |  |  |  |
| 1. Costs are within budget (cost heading is not overrun) |  |  |  |  |
| 1. Expenditure items are reported under correct heading, according to the valid budget. |  |  |  |  |

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| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Procurement procedures are performed in accordance with the national laws and Programme requirements.   *\* e.g. threshold values, market rates, no procurement artificially divided into smaller entities in order to avoid competitive bidding, transparency of procurement)* |  |  |  |  |
| 1. Partner organization has already earlier carried out the competitive bidding on those procurements purchased for the project.   Please explain what are these procurements. |  |  |  |  |
| 1. Procurements and procurement procedures are documented.   *\* e.g. award criteria, requests from offers, offers, reports from evaluation committee, contracts* |  |  |  |  |
| 1. Low-value procurement below the value of 4,000.00 € (excluding the VAT): Price comparison is made and memo prepared. |  |  |  |  |
| 1. **Partner is a Finnish organization**: In case the procurement is over 4,000 € (excluding the VAT) but below the national threshold values, a tender from at least 3 tenderers is requested or an open tender procedure is organized. |  |  |  |  |
| 1. **Partner is a Russian private organization**: 2. Low-value procurements not exceeding 60,000 € (excluding the VAT) are awarded in accordance with the national rules or in absence of such national rules, a negotiated procedure is used. 3. National preferences are prohibited, except for contracts with the value not exceeding 20,000 € (excluding the VAT). Please explain what are these procurements. |  |  |  |  |
| 1. Contract is signed with the supplier that has submitted the most advantageous tender (best value for the money or lowest price). |  |  |  |  |
| 1. Invoicing complies with the terms of agreements, and the goods are delivered accordingly. |  |  |  |  |
| 1. Equipment, vehicles and supplies are in the possession of the Partner and used for the purposes of the project only. |  |  |  |  |
| 1. Equipment and vehicle purchased as second-hand: Clarification about the purchase, e.g. price not exceeding the market price, exists. |  |  |  |  |
| 1. ‘Acquisition list’ is properly filled-in and available. |  |  |  |  |
| 1. It is ensured that the equipment and supplies have not been made (e.g. purchased, rented, leased) from the Partner organization or from the Lead Partner or other project partner(s). |  |  |  |  |
| 1. It is ensured that no other public funding is received for the purchase of the equipment/vehicle/supply. |  |  |  |  |
| 1. It is ensured that no conflict of interest exists between the Partner, the project consortium and the supplier of equipment/supplies concerning the procurement. |  |  |  |  |
| 1. Are any of risk indicators met when examining the procurement documents?   *\* Chapter 6.5. of the Guidelines* |  |  |  |  |
| 1. It is ensured that no procurements (e.g. costs relating to the delivery, installation of equipment and supplies) are made after the implementation period. |  |  |  |  |

**Headline ‘External expertise and services (Financial report heading 5)’**

* **Costs of Lead Partner and Reporting Partner**

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| --- | --- | --- | --- | --- |
| **Compliance with the budget** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Valid budget includes the cost heading ‘External expertise and services’ |  |  |  |  |
| 1. Costs are within budget (cost heading is not overrun) |  |  |  |  |
| 1. Expenditure items are reported under correct heading, according to the valid budget. |  |  |  |  |

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| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Procurement procedures are performed in accordance with the national laws and Programme requirements.   *\* e.g. threshold values, market rates, no procurement artificially divided into smaller entities in order to avoid competitive bidding, transparency of procurement* |  |  |  |  |
| 1. Partner organization has already earlier carried out the competitive bidding on those procurements purchased for the project.   Please explain what are these procurements. |  |  |  |  |
| 1. Procurements and procurement procedures are documented   *\* e.g. award criteria, requests from offers, offers, reports from evaluation committee, contracts* |  |  |  |  |
| 1. Low-value procurement below the value of 4,000.00 € (excluding the VAT): Price comparison is made and memo prepared. |  |  |  |  |
| 1. **Partner is a Finnish organization**: In case the procurement is over 4,000 € (excluding the VAT) but below the national threshold values, a tender from at least 3 tenderers is requested or an open tender procedure is organized. |  |  |  |  |
| 1. **Partner is a Russian private organization:** 2. Low-value procurements not exceeding 60,000 € (excluding the VAT) are awarded in accordance with the national rules or in absence of such national rules, a negotiated procedure is used. 3. National preferences are prohibited, except for contracts with the value not exceeding 20,000 € (excluding the VAT). Please explain what are these procurements. |  |  |  |  |
| 1. Contract is signed with the supplier that has submitted the most advantageous tender (best value for the money or lowest price). |  |  |  |  |
| 1. Contracts explain e.g. the task/activities, duration, calculation basis and cost of the service. |  |  |  |  |
| 1. Invoicing and payments comply with the terms of contracts. |  |  |  |  |
| 1. Payment to the service provider is based on informative and proper/properly filled-in invoice submitted by the service provider. |  |  |  |  |
| 1. Experts/consultants have delivered the reports and other outputs of the agreed service/procurement. |  |  |  |  |
| 1. Costs concerning project communication and visibility comply with the communication plan.   *\* Visibility: use of logos, statement that the document has been produced with the financial assistance of the European Union, the Republic of Finland and the Russian Federation.* |  |  |  |  |
| 1. It is ensured that that reported costs include no internal expenses of the Partner organization.   \* *internal expenses e.g. translation, IT expenses* |  |  |  |  |
| 1. It is ensured that the services have not been made from the Partner organization or from the Lead Partner or other project partner(s). |  |  |  |  |
| 1. It is ensured that no conflict of interest exists between the Partner, the project consortium and the service provider concerning the purchase. |  |  |  |  |
| 1. Are any of risk indicators met when examining the procurement documents?   *\* Chapter 6.5. of the Guidelines* |  |  |  |  |
| 1. It is ensured that no purchases are made after the implementation period. |  |  |  |  |

**Headline ‘Investments (Financial Report heading 7)’**

* **Costs of Lead Partner and Reporting Partner**

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| --- | --- | --- | --- | --- |
| **Compliance with the budget** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Valid budget includes the cost heading ‘Investments’? |  |  |  |  |
| 1. Costs are within budget (cost heading is not overrun) |  |  |  |  |
| 1. Expenditure items are reported under correct heading, according to the valid budget. |  |  |  |  |

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| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. Procurement procedures are performed in accordance with the national laws and Programme requirements.   *\* e.g. threshold values, market rates, no procurement artificially divided into smaller entities in order to avoid competitive bidding, transparency of procurement* |  |  |  |  |
| 1. Partner organization has already earlier carried out the competitive bidding on those procurements or part of it/them made for the project.   Please explain what are these procurements. |  |  |  |  |
| 1. Procurements and procurement procedures are properly documented.   *\* e.g. award criteria, requests from offers, offers, reports from evaluation committee, contracts* |  |  |  |  |
| 1. Contract is signed with the supplier that has submitted the most advantageous tender (best value for the money or lowest price). |  |  |  |  |
| 1. Invoicing complies with the terms of agreements, and the goods are delivered accordingly. |  |  |  |  |
| 1. Necessary permits and other legal documents exist, and are they available for expenditure verification. |  |  |  |  |
| 1. Compulsory national and Programme requirements regarding the investment are applied. |  |  |  |  |
| 1. Programme’s rules on visibility are applied. |  |  |  |  |
| 1. It is ensured that the investment or part of it has/have not been made (e.g. purchased, rented, leased) from the Partner organization or from the Lead Partner or other project partner(s). |  |  |  |  |
| 1. It is ensured that no other public funding is received for the investment. |  |  |  |  |
| 1. It is ensured that no conflict of interest exists between the Partner, the project consortium and the supplier of the investment. |  |  |  |  |
| 1. It is ensured that the costs include only eligible investment costs as described in Programme Manual (headline ’17.6. Investments’). |  |  |  |  |
| 1. Are any of risk indicators met when examining the procurement documents?   *\* Chapter 6.5. of the Guidelines* |  |  |  |  |
| 1. It is ensured that no procurements are not made after the implementation period. |  |  |  |  |

**Headline ‘4.3. Revenues (Financial Report heading 9) and own contribution’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. **Revenue** incurred in project is recorded in the project’s general ledger.   *\* e.g. the sales of tickets to an event organized by the project* |  |  |  |  |
| 1. Project-related revenue is recorded in the project’s general ledger even if the revenue is not foreseen in the valid budget. |  |  |  |  |
| 1. Revenue is 2. recorded in the project’s general ledger (under account ‘Revenue’) in the correct financial value. 3. reported in the Financial Report according to the financial value recorded in the project’s general ledger. |  |  |  |  |
| 1. **Own contribution paid by external donors** 2. is recorded in the project’s general ledger (under account ‘Own contribution’) in correct financial value 3. reported in the Financial Report according to the financial value recorded in the project’s general ledger |  |  |  |  |
| 1. Clear specification and list of own contribution exist.   *\* explains what kind of contribution is ‘****own contribution****’, e.g. project expenditure, funding received from external donors (e.g. communes)* |  |  |  |  |
| 1. Partner monitors accurately the realization of the shares of own contribution paid by external donor(s). |  |  |  |  |

**Headline ‘4.4. Final Financial Report’**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. All expenditure reported in the Financial Report is incurred (e.g. delivered and installed) during the implementation period of the project, not after the end date. |  |  |  |  |
| 1. Only reasonable costs relating to the expenditure verification, final report and budgeted evaluation of the project are reported after the end date of the project. |  |  |  |  |
| 1. All expenditure **is paid by the date of submitting the Final Report**: 2. Option 1: All expenditure is recorded in the project’s general ledger by the end date of the project, and the general ledger is annexed to the Final Financial Report. 3. Option 2: There is expenditure recorded in the project’s general ledger after the end date of the project but before the date of submitting the Final Report:  * This expenditure is listed in the Final Financial Report together with the date of payment. AND * This expenditure is recorded in the project’s general ledger, and the general ledger is annexed to the Final Financial Report.   Please describe is Option 1 or Option 2 used. |  |  |  |  |
| 1. Revenues and shares of own contribution are realized by the end date of the project according to the Grant Contract, Partnership Agreement and the valid budget. |  |  |  |  |
| 1. **In case the Partner is not a government department or a public body**: Bank account produces interest and the interest is correctly 2. recorded in the project’s general ledger 3. reported in the Financial Report   *\* Programme contributions paid by the Managing Authority to the Lead Partner and Programme contributions paid by the Lead Partner to the partner(s)* |  |  |  |  |
| 1. **In case the Partner is not a government department or a public body**: Please describe is the bank account established specifically for this project or is it the Partner organization’s official bank account? |  | | | |
| 1. **In case the Partner is not a government department or a public body**: Bank account statement indicates clearly the amount of interest accrued to this project during the implementation period. |  |  |  |  |
| 1. **In case the Partner is not a government department or a public body**: In case the bank account statement does not clearly indicate the amount of interest accrued to this project, 2. The method of calculating the project’s share of interest for the implementation period is indicated. 3. The calculation method is clear, understandable, accurate, correct and reliable.   Please explain any deviation. |  |  |  |  |
| 1. **Lead Partner’s Consolidated Financial Report:** It is ensured that the non-profit principle is applied.   *\* no surplus of the receipts over the eligible expenditure approved by the Managing Authority (Article 18 of Annex II Conditions applicable to Grant Contract financed by the Karelia CBC Programme)* |  |  |  |  |
| 1. According to the project’s archive plan, the project accounting material and other documents are properly archived, and are archived minimum for the period required by the Programme rules. |  |  |  |  |

**Finalizing the verifications of the Interim and Final Reports**

* **Costs of Lead Partner, Reporting Partner and Invoicing Partner**

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| --- | --- | --- | --- | --- |
| **‘List of supporting questions’** | **Yes** | **No** | **N/A** | **Comments** |
| 1. All financial and non-financial information is used in order to examine the reported expenditure in the Financial Report. |  |  |  |  |
| 1. Value and especially high value are used as a principle factor when selecting expenditure items for the verification and for ensuring appropriate verification coverage of expenditure. 2. At the same time, is it ensured that the verification coverage of expenditure items includes also different type and different value of expenditure items, not only high value expenditure items. |  |  |  |  |
| 1. If less than 100% is verified, please indicate for which budget headings a sample has been applied and describe the sampling method. |  | | | |
| 1. Verification coverage of expenditure items reported under each cost heading in the Partner’s Financial Report includes especially the following: 2. calculation basis for the expenditure, e.g. salaries, travel costs 3. internal control and approvals, e.g. of invoices, timesheets, travel claims 4. procurement procedures, e.g. tendering process, invoicing 5. proofs of delivery 6. proofs of payment 7. whether the Partner has actually paid the social security contributions and the taxes in accordance with the legal provisions of the country concerned 8. whether there exists conflict of interest, e.g. procurement procedures, acceptance of invoices 9. whether there exists internal profit deriving from the use of internal services of the organization (e.g. catering) 10. the criteria for evidence (Chapter 2.2. of the Guidelines) 11. whether any risk indicators have been met (Chapter 6.5. of the Guidelines) 12. the eligibility criteria has been applied (Chapter 7. of the Guidelines |  |  |  |  |
| 1. Does there exist any of the risk indicators regarding the irregularity of expenditure? |  |  |  |  |
| 1. Is the bank account (i.e. project payments made and financing received) the Partner organization’s official bank account or sub-account established specifically for the project?   Please explain the status of the bank account and confirm the eligibility of the arrangement. |  | | | |