

EXTERNAL ACTION OF THE EUROPEAN UNION

‘CONTRACTUAL EXPENDITURE VERIFICATION’

TERMS OF REFERENCE FOR AGREED-UPON PROCEDURES OF A SERVICE CONTRACT (FEE-BASED)

▪ How to use this terms of reference MODEL

▪ (also applies to Annex 1)

- **insert** the information requested between <...>.
- **choose** the optional text between [...] highlighted in grey when applicable or delete.
- **delete** all yellow instructions and the present text box.

The present terms of reference apply to the inspection of expenditure declared in financial reports under the following contracts:

1) Service Contract¹ number and title of the action

<...>

[2) Service Contract² number and title of the action

<...>]

<Repeat contracts/reports as applicable>

Detailed information is provided at the cover page of Annex 1.

1 Contract in relation to which the financial report subject to inspection is issued. The contract established with the Practitioner is identified as "Agreed-Upon Procedures Engagement Contract"

2 Contract in relation to which the financial report subject to inspection is issued. The contract established with the Practitioner is identified as "Agreed-Upon Procedures Engagement Contract"

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1. Introduction

The present document and the Annexes listed in Section 8 are the terms of reference ('ToR') on which the Contractor agrees to engage 'the Practitioner'³ to perform an agreed-upon procedures engagement on reported expenditures.

Where in these ToR the 'Contracting Authority' is mentioned, this refers to the <European Commission or name of another contracting authority>, which has signed the Service Contract with the Contractor and finances the services. The Contracting Authority is not party to this agreement.

These ToR will become an integral part of the contract concluded between the Contractor and the Practitioner.

They apply to engagements contracted by the Commission or by the Contractor and cover the agreed-upon procedures on expenditure incurred under the EU financed contracts on the cover sheet.

2. Objectives and context

The objective of the Agreed-Upon Procedures (AUP) is to provide the Contracting Authority with factual findings to be able to assess that the costs and revenue declared by the Coordinator in the financial report on which the payment request is based are real, accurately recorded and eligible in accordance with the service contract.

The Practitioner is expected:

- to carry out the agreed-upon procedures listed in Section 6, and
- to issue AUP reports based on the template in Annex 3 which will support the Contracting Authority's conclusions on the eligibility of the reported expenditure and the related follow-up.

The AUP engagement will be performed as fieldwork at the location indicated in Annex 1. <A desk review shall be performed in exceptional and duly justified circumstances only. The reasons for desk-review performance shall be stated in the AUP report.>

The Practitioner is not expected to provide an audit opinion.

3. Standards and Ethics

The Practitioner shall undertake this engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 (Revised) Agreed-Upon Procedures Engagements as promulgated by the IFAC;
- the IFAC International Code of Ethics for Professional Accountants (including International Independence Standards), developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, professional behaviour ("IESBA Code").

³ Any reference to the term 'practitioner' in the present Terms of Reference shall be understood as corresponding to the term 'auditor' for the purpose of Annex I to the service contract subject to agreed-upon procedures.

Although ISRS 4400 (Revised) provides that independence is not a requirement for AUP engagements, the Coordinator requires that the Practitioner is independent from the Coordinator and complies with the independence requirements of the IESBA Code.

4. Requirements for the Practitioner

4.1. General Requirements

By agreeing these ToR, the Practitioner confirms meeting at least one of the following conditions:

- The Practitioner is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).
- The Practitioner is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Practitioner commits to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
- The Practitioner is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU member state)⁴.
- The Practitioner is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

4.2. Qualifications and experience

- The Practitioner will engage staff with appropriate professional qualifications and suitable experience with IFAC standards and with experience in verifying financial information of entities comparable in size and complexity to the Contractor. In addition, the engagement team leader⁵ should have a minimum experience of 5 years in audit, agreed-upon procedures and /or assurance engagements.
- Experience with programmes and projects related to External Relations funded by national and/or international donors and institutions. Experience with EU funded External Aid actions is desirable.
- Experience with audits/verifications/ AUP of service contracts is desirable.
- Sufficient knowledge of relevant laws, regulations and rules in the country concerned. This includes but is not limited to taxation, social security and labour regulations, accounting, and reporting.

⁴ Directive 2006/43 of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253 EEC.

⁵ The team leader is in charge of the coordination and performance of the fieldwork

- Fluency in [language of the Contractor] and [when supporting documentation of the expenditures is in a different language, fluency in that language should also be a requirement].

5. Scope

5.1 Contracts and Financial Reports covered by these ToR

The Contract(s) and Financial Reports subject to this agreed-upon procedures engagement are indicated on the cover sheet and in Annex 1.

5.2 Conditions for Eligibility of Expenditure

As per the Article 28.3 of the General Conditions of Service contracts, the Practitioner must satisfy itself that relevant, reliable and sufficient evidence exists that:

- (a) the experts employed by the contractor for the contract have been working as evidenced on the contract (as corroborated by independent, third-party evidence, where available) for the number of days claimed in the contractor's invoices and in the financial reporting spreadsheet submitted with the interim progress reports; and
- (b) the amounts claimed as incidental expenditure have actually and necessarily been incurred by the contractor in accordance with the requirements of the terms of reference of the contract.

The conditions for eligibility are stipulated in the Contracts which are provided in Annex 1 (including riders).

On the basis of its inspection, the Practitioner submits to the contractor an agreed-upon procedures report in accordance with the model in Annex 2.

6. Agreed-Upon Procedures Process and Methodology

6.1 Preparation of the Verification

The Practitioner shall prepare the verification and agree on the timing for carrying out the agreed-upon procedures, notably with regard to fieldwork (see Section 6.2. for applicable maximum time lags). The Practitioner will then also confirm with the Contractor the location(s) indicated in Annex 1 and ensure that relevant supporting documents as well as key staff are available during the verification.

6.2 Preparatory Meeting, Fieldwork, Desk Review

[The Contractor foresees a preparatory meeting with the Practitioner which will be held <Choose either one or both> by conference call or at <name and address of the meeting place should be clearly stated>.]

The field work or desk review shall commence as soon as possible and not later than <number> calendar days after the signature of the verification contract or the date of availability of the Financial Report (i.e. financial report, supporting documents and other relevant information).

6.2.1 Sampling

The sample size and composition will be determined by applying the sampling instructions provided in the Guidelines set out as Annex 4 of this ToR.

6.2.2 Fieldwork

The main task during the fieldwork will be to perform the agreed-upon procedures (Annex 4 of this ToR). Key information about the agreed-upon procedures process must be provided in the AUP Report (Annex 3 – Model for Agreed-Upon Procedures Report, Section 4)

6.2.3 Debriefing Memo and Closing Meeting

At the end of the fieldwork, the Practitioner should prepare a debriefing memo, organise a closing meeting with the Contractor in order to discuss the findings, obtain its initial comments and agree on any additional information to be provided at a later date.

6.2.4 Documentation and Verification Evidence

The evidence to be used for performing the procedures in Annex 2 is all financial and non-financial information which makes it possible to examine the expenditure declared in the Financial Report.

The Practitioner documents evidence to support the AUP report and establishment of findings, and evidence that the work was carried out in accordance with ISRS 4400 (Revised) and these ToR.

6.3 Reporting

6.3.1 Structure and Content of the Report

The deliverable consists of the Agreed-Upon Procedure Report (AUP report) and the following Annexes:

Annex 3.1: Invoices provided by the Coordinator

Annex 3.2: Table of transactions - provided as Excel file

Annex 3.3: Table of differences - provided as Excel file

The use of the template for AUP report and its Annexes (Annex 3 of this ToR), is **compulsory**.

If the agreed-upon procedures scope covers Invoices related to different Contracts, a separate and specific AUP report should be issued for each Contract.

The report should be presented in <language>. When the reporting language is not English, a summary of the findings in English should be presented.

The Practitioner will submit within <number of working days to be indicated by the Contractor> working days of the conclusion of the field work a draft report to the Contractor for comments to be received within < number of working days to be indicated by the Coordinator>working days. Following expiration of this deadline, the Practitioner will provide the final report to the Contractor within < number of working days to be indicated by the Contractor >working days from the receipt of the comments (if any).

Failing to report as per the above instructions could imply the rejection of the report by the Contracting Authority, suspension or rejection of the payment request and re-performance of agreed-upon procedures if needed.

The findings shall be reported in accordance with the formats and criteria specified in the AUP report template (Annex 3). The description of findings will include the criteria applied (e.g. art. xx of the General Conditions of the Contract), the facts and the findings of the Practitioner.

The AUP report should include all financial findings made by the Practitioner, regardless of the amount involved. Changes in the findings occurring between the draft and final report as a result of the consultation procedure should be clearly and sequentially reported.

7.1 Subcontracting

7.2 List of links to the EC and DG INTPA financial framework and related training tools

INTPA Academy courses

Annex 4 - Guidelines For Application of Agreed-Upon Procedures- service contracts.

Annex 1: Engagement Context / Key Information

Contract⁶ and report summary

[Annex to be completed by the Contractor]

Information about the Service Contract	
Reference number and date of the Service Contract	< Contracting Authority's reference for the Contract>
Service contract title	
Country	
Contractor	<Full name and address of the Contractor as per the Service Contract>
Start date of the contract	
End date of the contract	
Financial Report(s) subject to verification:	<DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY>
Total amount of the invoice and invoice date	<Total amount as per the Contractor's invoice subject of this verification and the invoice date>
Total amount invoiced to the Contracting Authority to date	<Total amount invoiced by the Contractor, the number of invoices and the invoice dates and references>
Total amount received to date by the Contractor from Contracting Authority	<Total amount received as per dd.mm.yyyy>
Contracting Authority	[<Name, position/title, phone and E-mail of the contact person at the Contracting Authority>. (To be completed only if the Contracting Authority is not the Commission.)]
Practitioner	< Name and address of the audit firm and names/positions of the auditors>

⁶ Contract in relation to which the financial report subject to agreed-upon procedures is issued. The contract established with the expenditure Practitioner is identified as "Contract".

A Logistics		
Issue	Question	Reply
Locations	1. Where does the Contractor retain the accounting records?	
	2. Where does the Contractor retain the original supporting documents?	
	3. Where were contractual activities carried out?	
	4. Where is key project staff available to provide information and explanations?	
Languages	5. Which is the contractual language?	
	6. Which is the language of the accounting records?	
	7. Which are the languages of supporting documents?	
	8. Which languages are spoken by key project staff?	

B Contractual Conditions		
Contract amount	9. What is the total amount of the contract?	

C Financial Report (enclosed as Annex 1.1)			
Invoices	10. Approximately how many expense transactions have been reported?		
	11. What is the distribution of these transactions (e.g, fees, incidental expenditure, lump sums etc.)?	Type of transaction	N° of transactions
		Fees	
		Incidental expenditures	
		Lump sums	
		Etc...	
	12. To what extent have Contract transactions been carried out in cash?	[high, medium, low]	
	13. In which currencies has expenditure been incurred?		
	14. What is the reporting currency?		
	15. How many other Invoices have already been presented by the Contractor under this contract?		

D Previous contracts verifications, audits or monitoring		
Previous verifications, audits or monitoring	16. Which previous experience did the Contractor have with EC Service contracts and associated regulations?	
	17. How many of the previously presented Invoices (if any) have been subject to audit/verification by external consultants contracted by the Contractor?	
	18. Have any verification, audit or monitoring exercises other than those referred to under point 17 been carried out with regard to the contract or the Contractor that are relevant for the scope of the current agreed-upon procedures engagement?	
	19. Have any significant findings been raised under the exercises referred to under points 17 and 18? If so, what are they?	
	20. Have any instances of fraud or irregularities been previously identified in dealings with the Contractor?	

E Contact Details			
Contractor: <full name of the entity subject to audit>			
Address		Country	
Phone		Fax	
Website			
Key contact			

Annex 1.1: Invoice(s) subject to agreed-upon procedures

Annex 1.2: Breakdown of expenditures (detailed list of transactions)

Annex 1.3: Narrative reports

Annex 1.4: Contract and riders

Annex 1.5: Previous reports, if any (audit, verifications, AUP)

Annex 2: Expenditure agreed-upon procedures

1. EXPENDITURE AGREED-UPON PROCEDURES

The following procedures must be performed by the Practitioner unless they are irrelevant in relation to the eligibility criteria applicable to the contract type. Therefore, the Practitioner in consultation and agreement with the Contractor, is required to gain appropriate understanding of such requirements in order to carry out only the relevant checks and properly apply the relevant eligibility requirements.

- Obtain an understanding of the Terms and Conditions of the Service Contract.
- The Contractor's invoice complies with conditions of Article 26 of the General Conditions of the Service Contract.
- The Contractor complies with the rules for accounts and record keeping of Articles 24.1 and 24.2 of the General Conditions of the Service Contract.
- The Practitioner reconciles the information in the invoice and the Financial Report to the Contractor's accounts and records in respect of the services.
- Amounts of fees and other expenditure incurred in a currency other than the Euro have been converted in accordance with the specific conditions of Article 29.5 of the General Conditions the Service Contract.
- The budget in the Financial Report corresponds with the budget of the Service Contract and that the fees and expenditure incurred were indicated in the budget of the Service Contract.
- If there have been amendments to the budget of the Service Contract, the conditions of Articles 20.1 and 20.2 of the General Conditions of the Service Contract were respected and that an addendum to the Service Contract (Article 20.1) or an Administrative Order (Article 20.2) exists.
- The Practitioner corroborates the eligibility of the fees with the terms and conditions of the Service Contract set out below:
 - o Corroboration of time charged to the Service Contract;
 - o The Contractor's personnel are employed or contracted by the Contractor and approved by the Contracting Authority;
 - o The Contractor's personnel have carried out activities for the Service Contract;
 - o Confirmation of fee rates charged to the Service Contract; and
 - o Confirmation of total fee costs charged to the Service Contract.
- The Practitioner corroborates the eligibility of incidental expenditure claimed with the terms and conditions of the Contract:
 - o Incidental expenditure was actually incurred by and pertains to the Contractor;
 - o Incidental expenditure was incurred during the implementation period of the Service Contract and that it had not already been charged in a previous Financial Report and invoice submitted by the Contractor for payment by the Contracting Authority;
 - o Incidental expenditure was indicated in the Service Contract budget;
 - o Incidental expenditure (including costs of office accommodation) is not already covered or supposed to be covered in the fee-rates for the Contractor's personnel (i.e. team leaders, senior and junior experts) and personnel other than experts;
 - o Incidental expenditure was incurred for the Service Contract activities;
 - o Incidental expenditure is recorded in Contractor's accounts and substantiated by evidence (e.g. invoices, payments, evidence of activities);

- The monetary value of incidental expenditure agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable;
- The Practitioner confirms the eligibility of the total amounts of subsistence i.e. per diems declared in the Financial Report for the Contractor's personnel (i.e. team leaders, senior and junior experts) who have performed missions requiring at least 12 hours away from their normal place of posting with the terms and conditions of the Service Contract and the rules set out in Annex V (Budget) of the Service Contract.

A detailed description of the agreed upon procedures to be carried out by the Practitioner is provided in Annex 4 of the ToR.

Annex 3: Model for Agreed-Upon Procedures Report

<To be printed on Practitioner's letterhead>

'CONTRACTUAL EXPENDITURE VERIFICATION'

Agreed-Upon Procedures Report for a Service Contract (Fee –Based)

External Actions of the European Union

<Title of and number of the Service contract >

How this model should be completed by the Practitioner

- **insert** the information requested between <...>
- **choose** the optional text between [...] highlighted in grey when applicable or delete
- **delete** all yellow instructions and the present text box

1. Objectives of the Agreed upon Procedures

Purpose of this Agreed-Upon Procedures Report

Our report is solely for the purpose of assisting <the Contractor> in determining whether the expenditures declared in the invoices for the period from <XX/XX/XXXX to XX/XX/XXXX> are eligible as per provisions of the Service Contract <contract reference and signature date>.

Responsibilities of the Engaging Party and the Responsible Party

<The Contractor> has acknowledge that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Practitioner, as identified by <the Contractor>, is responsible for the subject matter on which the agreed-upon-procedures are performed.

Practitioner's Responsibilities

We have conducted the agreed-upon procedures engagement in accordance with the international Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements.

An agreed-upon procedures engagement involves our performing the procedures that have been agreed with <the Contractor>, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no presentation regarding the appropriateness of the agreed-upon procedures.

This agreed-upon procedures engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion.

Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Professional Ethics and Quality Control

We have complied with the ethical requirements in the IFAC International Code of Ethics for Professional Accountants (including International Independence Standards), developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, professional behaviour ("IESBA Code").

For the purpose of this engagement, although ISRS 4400 (Revised) provides that independence is not a requirement for AUP engagements, the Coordinator requires that the Practitioner is independent from the Coordinator and complies with the independence requirements of the IESBA Code.

Our firm applies International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Restriction on use and distribution

Our report is solely for the purpose set out in the first paragraph of this report and is restricted to those parties that have agreed to the procedures being performed.

2. Background information

2.1. Short description of the action subject to verification

Contract number and title:	
Contract type	<service contract...>
Financial Report(s) subject to verification	<DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY> <DD/MM/YYYY-DD/MM/YYYY>
Contractor	< Identify the Contractor and provide key information about their legal form, nationality, size, main field(s) of activity and other elements deemed relevant – max 200 words>
Location(s) where the Contract is implemented	
Contract execution period	
Contract implementation status	< indicate on-going or completed >
General and specific objectives of the Contract	
Synthetic description of the activities, outputs and target group	<max 300 words>

2.2. Basic financial information on the Contract (at the time of the verification)

	Estimated number of working days in the Budget of the contract	Fee rate per working day in the Budget of the contract	Number of working days claimed	Fees claimed (amount)	Amount claimed
FEES (including overheads):					
...					
PROVISION FOR INCIDENTAL EXPENDITURE:					
...					
LUMP SUMS					
PROVISION FOR EXPENDITURE VERIFICATION					
MAXIMUM CONTRACT VALUE					

2.3. Verified Invoices

See annex 1.1.

3. Sample

The sample has been selected following the instructions provided in the guidelines of Annex 4An overview of the population of transactions and the sample is presented below:

Invoice: <indicate the invoice number and cut-off dates>		
	Population	Inspected sample
Number of transactions		
Value of transactions EUR		

[If more than one invoice is inspected, repeat as applicable]

A complete list of the transactions included in the population is to be included in Annex 3

4. Substantive testing

Short description of the testing process

Compliance with the Terms of Reference and with the International Standard on Related Services (ISRS) 4400 (Revised).

<Confirm that the agreed-upon procedures established in the Annex 2 to the Terms of Reference were fully performed or disclose any scope limitation. Also confirm that the was agreed-upon procedures were executed in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), “Engagements to Perform Agreed-upon Procedures Regarding Financial Information”.>

Provide the key information about the testing process.

<E.g:

- describe if the inspection work took place at the implementing partner's premises or as a desk review. If the latter took place, please state the reasons for undertaking the AUP as a desk review;
- whether qualified representatives of the auditee were present, if they were cooperative;
- if the supporting documentation was available in full, if additional documents had to be received after the fieldwork;
- if there were any scope limitations, etc. (max. 300 words)>
- Please refer to the Indicative Work Plan included as Annex 2 for further details on the agreed-upon procedures performed.

5. Summary of findings

5.1. Description of findings detected

We report findings, which represent amounts included in the Invoices presented to us for inspection, which we consider ineligible for funding under provisions of the Contractual Conditions. These findings are set out in detail below:

Finding No.: 1	Title:
Description of the finding: <i>Include reference to the contractual conditions (article(s) from the contract) not being complied with.</i> <i>Include a detailed description of the identified finding</i>	
Amount (EUR):	
Systemic finding: <Indicate if the finding is potentially systemic in nature or not. If considered to be potentially systemic, also indicate the total number of occurrences.>	
Root cause of the finding: <describe what caused the error>	

Finding No.: 2	Title:
Description of the finding: <i>Include reference to the contractual conditions (article(s) from the contract) not being complied with.</i> <i>Include a detailed description of the identified finding</i>	
Amount (EUR):	
Systemic finding: <Indicate if the finding is potentially systemic in nature or not. If considered to be potentially systemic, also indicate the total number of occurrences.>	
Root cause of the finding: <describe what caused the error>	

6. Engagement team

<List names of the engagement team members for this report.>

<Name and signature of the Practitioner>

<Practitioner's address: office having responsibility for the engagement>

[for final reports <Date of signature> the date when the **final** report is signed]

Annex 3.1: Invoices provided by the Coordinator

Annex 3.2: Table of transactions - provided as Excel file

Annex 3.3: Table of differences - provided as Excel file

Annex 3.4: Procedures performed - provided as Excel file

ANNEX 4: GUIDELINES FOR APPLICATION OF AGREED-UPON PROCEDURES -SERVICE CONTRACTS

Procedures to be followed and expected results

The engagement should be undertaken on the basis of inquiry and analysis, (re)computation, comparison, other accuracy checks, observation, inspection of records and documents and by interviewing the Contractor (and the persons working for them).

 The **reference document for the confirmation of standard findings** is the Service Contract (including its Annexes) and the rules set out therein.

The European Commission reserves the right to

- i) provide the Practitioner with additional guidance regarding the procedures to be followed or the facts to be ascertained and the way in which to present them (this may include sample coverage and findings) or to
- ii) change the procedures, by notifying the Coordinator in writing. The procedures carried out by the Practitioner to confirm the standard finding are listed in the table below.

GENERAL PROCEDURES			
Service Contract Article	Cluster	Procedures	Documentation
	A	UNDERSTANDING OF THE TERMS AND CONDITIONS OF THE SERVICE CONTRACT	
	A.1	<p>The Practitioner:</p> <p>A.1.1. obtains an understanding of the terms and conditions of the Service Contract by reviewing the Service Contract and its annexes and other relevant information, and by inquiry of the Contractor.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Service Contract and all its Annexes. - Addendums to the Service Contract and relevant Annexes (if any). - Invoices issued by the Contractor. - Updated Financial Reports - Narrative reports issued by the Contractor
	B	INVOICE(S) AND FINANCIAL REPORT	
Articles 26.1 and 26.2	B.1	<p>The Practitioner checks that:</p> <p>B.1.1. The format of the Financial Report is as notified to the Contractor by the Project Manager during the period of implementation of the tasks.</p> <p>B.1.2. The invoice(s) is accompanied by an up-to-date Financial Report.</p> <p>B.1.3. The structure of the interim or final Financial Report is the same as that of the contractually approved budget (Annex V of the Service Contract).</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Annex V (Budget) of the Service Contract. - Invoice(s) issued by the Contractor. - Up to date Financial Reports.

GENERAL PROCEDURES			
Service Contract Article	Cluster	Procedures	Documentation
		B.1.4. The Financial Report indicates, at a minimum, the expenditure of the reporting period, the cumulative expenditure and the balance available.	
Article 20	B.2	<p>The Practitioner checks that:</p> <p>B.2.1. The fee rates for the Contractor's personnel (i.e. team leaders, senior and junior experts) charged to the Service Contract are the ones indicated in the Service Contract budget (Annex V).</p> <p>B.2.2. If the actual fee rate charged differs from the fee rate indicated in the budget (Annex V of the Service Contract) the actual fee rate used has been approved in accordance with the terms and conditions of the Service Contract (Article 20 of the General Conditions).</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Annex V (Budget) of the Service Contract. - Invoice(s) issued by the Contractor. - Up to date Financial Reports. - Approved budget amendments (if any)
Article 29.6	B.3	<p>The Practitioner checks that:</p> <p>B.3.1. The total number of days / hours worked on timesheets for the Contractor's personnel (i.e. team leaders, senior and junior experts) multiplied by actual fee rates corresponds with the total fee cost charged to the Service Contract in the Financial Report and on the invoice.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Invoice(s) issued by the Contractor. - Up to date Financial Reports. - Timesheets
	C	RECORDS	
Article 24.1	C.1	<p>The Practitioner checks that:</p> <p>C.1.1. The Contractor keeps full accurate and systematic records and accounts in respect of the services in such form and detail as is sufficient to establish accurately that the</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Accounting records.

GENERAL PROCEDURES			
Service Contract Article	Cluster	Procedures	Documentation
		number of working days and the actual incidental expenditure identified in the contractor's invoice(s) have been duly incurred for the performance of the services.	<ul style="list-style-type: none"> - Invoices/Payslips and Timesheets from experts. - Invoices/receipts for incidental expenditures.
	C.2	<p>The Practitioner:</p> <p>C.2.1. Reconciles the information in the invoice(s) and the Financial Report to the Contractor's accounts and records in respect of the services.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Invoice(s) issued by the Contractor. - Financial Report. - Timesheets. - Invoices/receipts for incidental expenditures.
	D	CONVERSION RULES	
Article 29.5	D.1	<p>The Practitioner checks that amount of fees and other expenditure incurred in a currency other than the Euro have been converted into Euro as follows:</p> <p>D.1.1. Where the Contractor is paid by the Contracting Authority in Euro, fees and other expenditure incurred in a currency other than the Euro have been converted at the rate published on the Infor-Euro on the first working day of the month in which the invoice is dated.</p> <p>D.1.2. Where the Contractor is paid by the Contracting Authority in national currency, fees and other expenditure have been converted at the rate published on the Infor-Euro on the first working day of the month in which the payment is made.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Invoice(s) issued by the Contractor. - Financial Report. - Breakdown of expenditures - Timesheets. - Invoices/receipts for incidental expenditures.

GENERAL PROCEDURES			
Service Contract Article	Cluster	Procedures	Documentation
	E	BUDGET	
	E.1	<p>The Practitioner carries out an analytical review of the expenditure headings in the Financial Report and checks that:</p> <p>E.1.1. The budget in the Financial Report corresponds with the budget of the Service Contract and that the fees and expenditure incurred were indicated in the budget of the Service Contract (Annex V).</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Financial Report. - Annex V (Budget) of the Service Contract.
Articles 20.1 and 20.2	E.2.	<p>The Practitioner confirms whether there has been any amendment of the Service Contract budget and if so:</p> <p>E.2.1. If the amendment implies a modification of the contract value, an addendum for amendment was requested only during the period of execution of the contract.</p> <p>E.2.2. The request for an addendum was submitted in writing to Contracting Authority and it was formally authorised by the latter.</p> <p>E.2.3. If the amendment does not imply a modification of the contract value, the Contractor issued an administrative order requesting an amendment to the contract.</p> <p>E.2.4. The Project Manager (from the Contracting Authority) has notified the contractor through an administrative order stating that the contractor shall carry out the amendment at the prices and under the conditions given in the contractor's proposal or as modified by the project manager in agreement with the contractor.</p> <p>E.2.5. If the administrative order has an impact on the contractual budget are limited to transfers within the fees, or transfers from the fees to the incidental expenditures.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Annex V (Budget) of the Service Contract. - Request for addendum (if any) - Approval from the Contracting Authority. - Administrative order from the Contractor (if any). - Administrative order from the Project Manager (if any).

Service Contract Article	Cluster	Procedures	Documents
	F	ELIGIBILITY OF FESS	
	The procedures set out below are to be performed over 100% of the expenditures declared.		
Articles 16, 17 and 20	F.1	<p>The Practitioner checked that:</p> <p>F.1.1. The Contractor’s personnel (i.e. team leaders, senior and junior experts) for who time has been charged to the Service Contract was actually employed by the Contractor in the period covered by the timesheets.</p> <p>F.1.2. Key experts for who time have been charged to the contract are listed in Annex IV (key experts) of the Service Contract and that CVs are included in this Annex.</p> <p>F.1.3. Signed addendums to the Service Contract exist for key experts who have been replaced by other ones.</p> <p>F.1.4. The Contractor has informed the Contracting Authority of all experts other than key experts for who time have been charged to the Service Contract and that there is a written approval of the Project Manager for the appointment and replacement of these experts.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none">- Employment contracts (for employees).- Contracts (for experts/freelancers).- Annex IV (Key experts) of the Service Contract.- CVs of experts.- Addendums to the Service Contracts (if any).- Approval from the Project Manager for the appointment and replacement of non-key experts.
Article 24	F.1	<p>The Practitioner checked that:</p> <p>F.1.5. Time charged to the Service Contract relates to the Contractor’s personnel mentioned in the Budget for the Service Contract and in the Annex IV (Key experts) of the Service Contract.</p> <p>F.1.6. Time (number of days / hours worked) charged to the Service Contract for the Contractor’s personnel (i.e. team leaders, senior and junior experts) corresponds to timesheets maintained by the Contractor.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none">- Timesheets- Invoices issued by the Contractor

		<p>F.1.7. The timesheets filled in by the experts were confirmed on a monthly basis by the contractor and approved by the project manager (from the Contracting Authority).</p> <p>F.1.8. Time spent travelling exclusively and necessarily for the purpose of the implementation of the contract, by the most direct route, was included in the number of days recorded in these timesheets.</p> <p>F.1.9. Travel undertaken by the expert for mobilisation and demobilisation as well as for leave purposes were not recoded in the timesheets, otherwise they were not considered as working days by the Contractor and thus not invoiced to the Contracting Authority.</p> <p>F.1.10. The Contractor has considered a minimum of 7 hours worked to be equivalent to one day worked.</p> <p>F.1.11. Total work time input was rounded to the nearest whole number of days worked for the purposes of invoicing.</p> <p>F.1.12. Timesheets cover time periods that fall within the implementation period of the Service Contract.</p> <p>F.1.13. Time (number of days / hours worked) charged to the Service Contract for each expert agree with the number of days recorded in their timesheets.</p> <p>F.1.14. Time (number of days / hours worked) charged to the Service Contract for the Contractor's personnel has not already been charged in a previous Financial Report and invoice submitted by the Contractor for payment by the Contracting Authority.</p>	
Article 20	F.1	<p>F.1.15. The Practitioner cross-checks variances between estimated time for the Contractor's personnel in the budget and actual time charged and obtains explanations from the Contractor for substantial variances. In cases of substantial overruns, the Practitioner verifies that such overruns have been properly authorised by the Contracting Authority.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Timesheets. - Invoices issued by the Contractor. - Annex V (Budget) of the Service Contract. - Authorisations from the Contracting Authority (if applicable).

	F.1	F.1.16. The Practitioner checks that time charged for the Contractor's personnel pertains to Service Contract activities	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Statements (written and oral) from the Project Manager and where available from EU Delegation Officials. - Monitoring and evaluation reports and memos obtained from the Contracting Authority. - Reports and documents drawn up by the Contractor and approved by the Contracting Authority as well as other activity reports and memos produced by the Contractor and its personnel. - Minutes and records of meetings of the Contractor and its personnel with project staff and/or the Project Manager. - Visas and work and residence permits issued by the partner country for the Contractor's personnel as well as proof of insurance cover (e.g. medical, liability) kept by the Contractor. - Reports and data compiled or prepared by the Contractor in the performance of the Service Contract. - Complaints and comments, if any, of project staff, Project Manager and Contracting Authority staff with regard to the quality and quantity of the services performed by the Contractor. - Any other evidence of activities which the Practitioner considers appropriate.
	<p>The procedure set out below could be performed over a sample of transactions.</p> <p>The Practitioner shall select at least 3 invoices/payslips for each of the experts for the period subject to agreed-upon procedures.</p>		

Service Contract: [insert contract number] — [insert acronym]

		<p>The Practitioner checked that:</p> <p>F.1.17. The salaries and fees of the Contractor's personnel for who time has been charged to the Service Contract were actually incurred and paid by the Contractor in the period covered by the timesheets.</p> <p>F.1.18. The value of salaries as fees of the Contractor's personnel for who time has been charged to the Service Contract agrees with the value set out in their employment/service contracts.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none">- Employment contracts (for employees).- Contracts (for experts/freelancers).- Payroll information (salary statements and pay slips) as well as individual proof of payment for staff employed by the Contractor.- Invoices and proof of payment for contractors/freelancers.
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Service Contract Article	Cluster	Procedures	Documents
	G		
		<p>The procedure set out below could be performed over a sample of transactions.</p> <p>The Practitioner shall select at least 10 transactions or 60% of the total expenditures declared as incidentals, whichever number is the highest.</p> <p>Full coverage is required if the population is below 10 transactions.</p>	
Articles 5 and 28.3	G.1	<p>The Practitioner checked that:</p> <p>G.1.1. Incidental expenditure was actually incurred by and pertains to the Contractor.</p> <p>G.1.2. Incidental expenditure was incurred during the implementation period of the Service Contract and that it had not already been charged in a previous Financial Report and invoice submitted by the Contractor for payment by the Contracting Authority.</p> <p>G.1.3. Incidental expenditure was indicated in the Service Contract budget.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Special Conditions of the Service Contract. - Annex V (Budget) of the Service Contract - Invoices. - Proof of payment - Proof of work/service/supply. - Existence of asset (if applicable).
Article 24.1	G.1	<p>The Practitioner checked that:</p> <p>G.1.4. Incidental expenditure is recorded in Contractor's accounts and substantiated by evidence.</p> <p>G.1.5. The monetary value of incidental expenditure agrees with underlying documents.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Accounting records for incidental expenditures claimed. - Invoices

		G.1.6. The costs are rightly classified as incidental expenditures based on their nature (per diems, flights, registration to seminars or events, costs of organising events).	
Article 11.2	G.1	<p>The Practitioner checked that:</p> <p>G.1.7. All documentation relating to procurement of goods and services for the project are prepared on an impartial basis so as to promote competitive tendering.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - Procurement policies. - Procurement files.
Article 28.3	G.1	<p>For the specific case of per diems, the Practitioner checked that:</p> <p>G.1.8. They correspond to actual cost/per diems paid/reimbursed by the Contractor to personnel contracted or employed by the Contractor.</p> <p>G.1.9. For each 24 hours period per diems do not exceed the maximum amount which is contractually allowed i.e. the flat rates / per diem rates published at: http://ec.europa.eu/europeaid/funding/about-calls-tender/procedures-and-practical-guide-prag/diems_en</p> <p>G.1.10. For each 12 hours period per diems do not exceed 50% of the total flat rate amount above.</p> <p>G.1.11. Per diems relate to missions which were required for and foreseen in the Service Contract; and</p> <p>G.1.12. Per diems relate to the total number of days actually performed for these missions.</p>	<p>The Practitioner shall obtain and check the following documents:</p> <ul style="list-style-type: none"> - If applicable, internal policies of the Contractor setting out per diem rates. - If applicable, per diem rates published at http://ec.europa.eu/europeaid/funding/about-calls-tender/procedures-and-practical-guide-prag/diems_en. - Timesheets - Supporting documentation of travels

Service Contract Article	Cluster	Procedures	Documents
-	H	IDENTIFICATION OF SYSTEMIC FINDINGS	
-	H.1	<p><u>The Practitioner checked if:</u></p> <p>H.1.1. The errors identified as a result of the application of procedures A to G are systemic according to the following definition: “<i>Systemic errors are findings found in the revised population that have an impact in the other expenditures of the Action which occur in well-defined and similar circumstances</i>”.</p>	