



AA network meeting

**Special focus:
system audits and operations
in Interreg programmes**

• divina proportione •

VALENCIA, 29 MAY 2018

• *Valencia*

29 May 2018 •

Compendio
divina
proportione

Trattato
dell'architettura

**Libellus in tres
partiales divisus**

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Interreg V-A Romania - Bulgaria [(1+1);1].

Interreg IPA CBC Romania - Serbia [(2+1,0].

Interreg V-A Romania - Hungary [(0+1,0].

ENI CBC Romania - Ukraine [(0+1,0].

ENI CBC Romania - Republic of Moldova [(0+1,0].

ENI CBC Black Sea Basin [(0+1,0].

Compendio divina proportione •

**Drawing-up of audit strategies and annual audit plans.
Selection of audit methods, sampling methodology.
Establishment of findings and recommendations.**

**Assessment of irregularities and financial corrections.
System audits, audits on operations, audits on accounts.
Preparation of audit reports and annual control reports.
Issuance of annual audit opinions.**

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Following the request of the Audit Authority of Bulgaria, we've involved an **External Auditor** in the performance of audits on operation in the Partner Country.

However, according to the Commission Guidance Note on the Concept of Reliance on the Work of Other Auditors, we are responsible for tasks carried out by the External Auditor and for the validity of the content of documents.

Compendio divina proportione •

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**Contract for supply of services was signed with
PricewaterhouseCoopers Audit SRL Romania on 22
November 2017.**

**The audits of operations in Bulgaria were performed in
accordance with the ISRS 4400, and the IFAC Code of
ethics for professional accountants.**

**Preliminary findings sent to the National Authority of
Bulgaria on 23 January 2018.**

Tratatto dell'architettura •

PricewaterhouseCoopers Audit SRL Romania:

- **On-the-spot execution for 29 FLC requests [26+3];**
- **Verified expenditures in amount of 1,144,259 EUR;**
 - **Agreed procedures on verification of public procurement and eligibility of expenditures were applied.**

After checking the quality of the Reports of factual findings issued by the External Auditor, the Final audit report was issued on 9 February 2018 (TPER 0.62%).

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The Final audit report on accounts was issued on 13 February 2018.

The Annual Control Report and the Audit Opinion were issued on 14 February 2018.

The RTER recalculated by the Commission by using the methodology established by DG REGIO in its letter of 20 December 2017 is 0.42%.

Tratatto dell'architettura •

Checklist for quality review of External Auditor:

- All expenditures in audit sample has been verified by external auditors? Are the amounts presented in the Report of factual findings?
- The audit procedures applied by External Auditor are presented in the Report of factual findings?
- Are all the factual findings presented in the Report of factual findings?

Checklist for quality review of External Auditor:

- The comments and answers of the auditee are presented in the Report of factual findings?
- The final financial correction proposed (if case), after the conciliation procedure, is presented in the final audit Report of factual findings?

Further quality verifications? A challenge for us:

- The Cyrillic script;
 - The Bulgarian language;
 - The national public procurement legislation.
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The Commission invites us to provide information and evidence about the quality review applied on the work performed by the External Auditor in relation to the reference accounting year.

In the absence of a quality review, we were invited to put in place, as of the accounting year 1 July 2017-30 June 2018, **an adequate system** to ensure a reliable quality review of audits outsourced to private audit companies.

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The ages that are past are unto us

A book with seven seals.

Faust, Vers 575 f

Johann Wolfgang von Goethe