**TERMS OF REFERENCE**

**FOR AN EXPENDITURE VERIFICATION**

# Annex 1/<…[[1]](#footnote-1)>: Engagement Context / Key Information

**Contract[[2]](#footnote-2) and report summary**

Contract number / IT system: <example: 286637 / CRIS>

Contract title: <contract title>

Contract type: <contract type>

Financial Report(s) subject to verification: <DD/MM/YYYY-DD/MM/YYYY>

<DD/MM/YYYY-DD/MM/YYYY>

<DD/MM/YYYY-DD/MM/YYYY>

Reporting Entity: <name>

Other Spending Entities[[3]](#footnote-3): <name(s)>

**Private contractor[[4]](#footnote-4) :** <name(s)>

Country: <Country where the Contract is implemented>

Commission Service in charge of the Contract: <DG-Unit/EUD>

Contracting Authority for the expenditure verification: <EC (DG-Unit/EUD) or Reporting Entity>

Contact person for the audit (i.e. Audit Task Manager): <name>

<email address>

[the following information is needed only for verifications launched by the Commission

Audit Module record: <example: 95592 / one record per Contract subject to verification>

Verification Contract number / IT system: <example:385446/CRIS>]

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| **A Logistics** | | |
| **Issue** | **Question** | **Reply** |
| Locations | 1. Where do the Reporting Entity and Other Spending Entities retain the accounting records? |  |
| 2. Where do the Reporting Entity and Other Spending Entities retain the original supporting documents? |  |
| 3. Where were contractual activities carried out? |  |
| 4. Is the Action implemented by the Reporting Entity through one or more Sub-Delegatees (including Financial Intermediaries)? If yes, the name and address of these must be fully and clearly stated. (This is important for logistical reasons and for the Expenditure Verifier to be able to check a possible **conflict of interest**) |  |
| 5. Has the Reporting Entity provided grants to beneficiaries? |  |
| 6. Where are key project staff available to provide information and explanations? |  |
| Languages | 7. Which is the contractual language? |  |
| 8. Which is the language of the accounting records? |  |
| 9. Which are the languages of supporting documents? |  |
| 10. Which languages are spoken by key project staff? |  |

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| **B Contractual Conditions** | | |
| Contract amount | 11. What is the total amount of the contract? |  |
| EC contribution | 12. What is the amount of the EC contribution? |  |
| Other contributions | 13. Which are the other sources of funding (including the Reporting Entity)? | Source 1 / amount |
| Source 2 / amount |
| Source 3 / amount |
| Source 4 / amount |
| Source 5 / amount |

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| **C Financial Report (enclosed as Annex 1.1)** | | |
| Financial report | 14. Approximately how many expense transactions have been reported / are expected to be reported in the Financial Report? |  |
| 15. What is the distribution of these transactions (e.g. capital expenditure, operating expenditure, fees, simplified costs, per diem, etc.), Are the transactions few/many of large/small value? |  |
| 16. To what extent have Project transactions been carried out in cash? | **<high, medium, low>** |
| 17. In which currencies has expenditure been incurred? |  |
| 18. What is the reporting currency? |  |
|  | 19. How many other Financial Reports have already been presented by the Reporting Entity under this contract? |  |
|  | 20. Indicate the audit firm(s) of the beneficiary. This is important for the Contracting Authority to be able to check a possible conflict of interest when selecting expenditure verifiers. |  |

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| **D Procurement** | | |
| Procurement | 21. How many procurement procedures have been undertaken during the period covered by the Financial Report? |  |
| 22. Was the EC involved in any of the procurement procedures referred to in question 20 (e.g. ex-ante verifications or derogations to the rule of origin)? |  |
| 23. Are works done and supplies delivered under the contract located centrally or are they dispersed? |  |

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| **E Previous contracts verifications, audits or monitoring** | | |
| Previous verifications, audits or monitoring | 24. Which previous experience did the Entity have with EC contracts and associated regulations? |  |
| 25. How many of the previously presented Financial Reports (if any) have been subject to audit/verification by external consultants contracted by the Contracting Authority? |  |
| 26. Have any verification, audit or monitoring exercises other than those referred to under numeral 25 been carried out with regard to the contract or the Reporting Entity that are relevant for the scope of the current verification? |  |
| 27. Have any significant findings been raised under the exercises referred to in questions 25 and 26? If so, what are they? |  |
| 28. Have any instances of fraud or irregularities been previously identified in dealings with the particular Entity? |  |

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| --- | --- | --- | --- |
| **F Contact Details** | | | |
| **Reporting Entity: <full name of the entity>** | | | |
| Address |  | Country |  |
| Phone |  | Fax |  |
| Website |  | | |
| *Key contact* | | | |

Annex 1/<… >.1: Financial Report(s) to be verified

Annex 1/<… >.2: Contract and riders

[Other documents to be sent to the Auditor, (e.g. narrative reports, previous audit reports

1. Sequential number. Fill in a separate annex per contract covered. [↑](#footnote-ref-1)
2. Contract in relation to which the financial report subject to verification is issued. The contract established with the expenditure verifier will be identified as "Verification Contract" [↑](#footnote-ref-2)
3. The term "Other spending entities" identifies the entities, beyond the reporting one, which incurred part of the reported expenditure. [↑](#footnote-ref-3)
4. **For the cases of a)Programme Estimates implemented by a commissioned private law body and b) indirect management grants with partner countries which are not pillar assessed, please add here and in table F the details of the private contractor in order to ensure their direct involvement in the audit process** [↑](#footnote-ref-4)