

Annex 3: Summary of the main findings of the financial audits

The financial audits were conducted on the basis of the accounting books and evidences concerning the expenditures as well as the projects' Interim Reports/Payment Claims. As a rule the verification did not indicate any necessity of changes in the ledgers and the payment claims drawn by the Executing Agencies. The audits found i.a. that:

- Projects were implemented in accordance with the provisions of the Project Agreements, applicable law and SPCP guidelines.
- The amounts of eligible expenses were shown properly, reliably and clearly.
- Accounting documents:
 - were issued correctly and complied with the requirements of the Accounting Act;
 - were verified with respect to the merits, form and calculations;
 - were authorized for payment;
 - were described correctly, in accordance with the Intermediary Bodies' guidelines;
 - were posted and correctly recognized in the EAs' account books;
 - expenditures provided for in the subject accounting documents were actually incurred during the eligibility period provided for in the co-financing Agreements;
 - economic transactions were documented properly and included in a separate accounting ledger for the period covered by the audit.
- Interim reports/Payment claims were prepared in accordance with the applicable financial reporting framework.
- Interim reports/Payment claims, as a rule, were submitted on time.
- Financial data contained in the Interim Reports and Payment Claims was complete in comparison to source financial documents.
- Financial resources were used properly.
- Activities planned in the project applications were actually undertaken.
- Information and promotion activities were planned and funded in a reasonable manner, allowing reaching targets and meeting requirements related to projects promotion.
- The public procurements procedures covered by the audit were carried out in accordance with applicable regulations – the Act dated 20 January 2004 – the Public Procurement Law/the competitiveness and transparency rules as well as with the Public Procurement guidelines.
- Monitoring of the projects was consistent with the project agreements and guidelines.
- Schedule of the tasks and subtasks implementation within the framework of the projects was maintained.
- There were no cases of the public finance indiscipline.
- There were no cases of infringement which might cause imperilling the proper projects' realization.
- Recommendations from previous inspections and audits were implemented.
- Documentation safeguarding and archiving period were sufficient.

However, some weaknesses were also detected:

- Interim reports/Payment claims were submitted behind schedule.

- Discrepancies between the statements in the accounting records of the Executing Agency and the Partners on the eligible expenditures and the data stated in the payment applications were found during interim audits (projects KIK/34 and KIK/41).
- The interim audit reflected incorrect account assignment on a few documents (project KIK/34 and KIK/50).
- Violations of the procedure concerning the recruitment of final beneficiaries were found (project KIK/39).
- Violations of the Public Procurement Law/ the Guidelines of the Minister of Infrastructure and Development concerning procurements under the SPCP were detected (projects KIK/25 and KIK/41).

It is worth underlining that the infringements mentioned above did not pose a risk of improper projects' realization.

The main recommendations formulated by auditors were:

- Timely transmission of the Payment claims to the Intermediary Bodies.
- The Executing Agencies and Project Partners implementing projects in the advance payment system should prepare the reporting documents with more care. This would enable Intermediary Bodies to make an expedited review and faster disbursement of funds for the projects, which by definition should operate in advance payment system but quite often received de facto just a reimbursement of the incurred expenses.

All the Executing Agencies implemented the recommendations of the audits prior to completion of the projects.