Report for an Expenditure Verification of Grant Contract
External Actions of the European Union

"Enhancement of collaboration between science, industry and farmers: Technology transfer for integrated management (IPM) in sugar beet as the way to improve farmer’s income and reduce pesticide use"
IPA2007/HR/16IPO/001-040511 on 14 March 2013

Auditor: Mr.sc. Zdravko Mihaljević
Firm: BazaRev d.o.o., Zagreb, Croatia

Zagreb, 2016
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REPORT OF FACTUAL FINDINGS

University of Zagreb
Faculty of Agriculture
Zagreb, Svetošimunska 25
Croatia

Prof.dr.sc. Zoran Grgić, dean

14 March 2016

Dear Sir,

In accordance with the terms of reference dated 12.12.2015, that you agreed with us, we provide our Report of Financial Findings ("the Report"), with respect to the accompanying Financial Report for the period covering 15.mart 2013 – 31.prosinca 2015 (Annex 1 of this Report). You requested certain procedures to be carried out in connection with your Financial Report and the European Union financed Grant Contract "Enhancement of collaboration between science, industry and farmers: Technology transfer for integrated management (IPM) in sugar beet as the way to improve farmer’s income and reduce pesticide use", the Grant Contract.

Objective

Our engagement was an expenditure verification which is an engagement to perform certain agreed-upon procedures with regard to the Financial Report for the Grant Contract between you and the European Commission "Contracting Authority". The objective of this expenditure verification is for us to carry out certain procedures to which we have agreed and to submit to you a report of factual findings with regard to the procedures performed.

Standard and Ethics

Our engagement was undertaken in accordance with:

- International Standard on Related Services ("ISRS") 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the International Federation of Accountants ("IFAC");

- the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

Procedures performed

As requested, we have only performed the procedures listed in Annex 2A of the terms of reference for this engagement (see Annex 2 of this Report).
These procedures have been determined solely by the Contracting Authority and the procedures were performed solely to assist the Contracting Authority in evaluating whether the expenditure claimed by you in the accompanying Financial Report is eligible in accordance with the terms and conditions of the Grant Contract.

Because the procedures performed by us did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying Financial Report.

Had we performed additional procedures or had we performed an audit or review of the financial Statements of the Beneficiary in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

Sources of Information

The Report sets out information provided to us by you in response to specific questions or as obtained and extracted from your accounts and records.

Factual Findings

The total expenditure which is the subject of this expenditure verification amounts to 499,301,11 C.

The Expenditure Coverage Ratio is 100%. This ratio represents the total amount of expenditure verified by us expressed as a percentage of the total expenditure which has been subject of this expenditure verification.

On the basis of the audit we have carried out in accordance with generally accepted professional standards, we certify that the Financial Report is reliable, correct and drawn up in accordance with the applicable accounting rules and principles and with the provision of the Grant Contract.

We report the details of our factual findings which result from the procedures that we performed in Chapter 2 of this Report.

Use of this Report

This Report is solely for the purpose set forth above under objective.

This report is prepared solely for your own confidential use and solely for the purpose of submission by you to the Contracting Authority in connection with the requirements as set out in Article 15 of the General Conditions of the Grant Contract. This report may not be relied upon by you for any other purpose, not may it be distributed to any other parties.

The Contracting Authority is not a party to the agreement (the terms of reference) between you and us and therefore we do not owe or assume a duty of care to the Contracting Authority who may rely upon this expenditure verification report at its own risk and discretion. The Contracting Authority can assess for itself the procedures and findings reported by us and draw its own conclusions from the factual findings reported by us.

The Contracting Authority may only disclose this Report to other who have regulatory rights of access to it in particular the European Commission, the European Anti-Fraud Office and the European Court of Auditors.
The Report relates only to the Financial Report specified above and does not extend to any of your financial statements.

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance which may be required.

Yours sincerely,

Zdravko Mihaljević, mr.sc.
Managing director and certified auditor

Membership No. of the Company from the Croatian Chamber of Auditors: 100002090
Membership No. of the certified auditors from the Croatian Chamber of Auditors: 400013820
Address: Croatian, Zagreb, Crvenog križa 4

Date of the report signature: 14 March 2016
## 1. Information about the Grant Contract

<table>
<thead>
<tr>
<th>Information about on the Grant Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reference number and date of the Grant Contract</td>
</tr>
</tbody>
</table>
| Grant Contract name | "Enhancement of collaboration between science, industry and farmers: Technology transfer for integrated management (IPM) in sugar beet as the way to improve farmer's income and reduce pesticide use", the Grant Contract."
| Program name | "Regional Competitiveness" operational programme 2007-2013; CCI 2007HR16IPO003 |
| Country | Croatia |
| Beneficiary | University of Zagreb |
| **Faculty of Agriculture** | |
| Start date of the Action | 15 March 2013 |
| End date of the Action | 14 December 2015 |
| Total cost of Action | 499,301,11 € |
| Grant maximum amount | 508,964,88 € |
| Total amount received to date by the Beneficiary from Contracting Authority | 326,645,48 € |
| Total amount of the payment request | 64,007,62 € |
| Contracting Authority | The Central Finance and Contracting Agency (CFCA) (Središnja agencija za financiranje i ugovaranje programa i projekata EU-SAFU) Ulica grada Vukovara 284, object C, 10000 Zagreb, Croatia |
| Auditor | BazaRev d.o.o. Zagreb Croatia, Zagreb, Crvenog križa 4 Director, certified auditor Mr.sc. Zdravko Mihaljević |
2. Procedures performed and Factual Findings

We have performed specific procedures listed in Annex 2A of the terms of reference for the expenditure verification of the Grant Contract ("TOR"). These procedures cover:

1. General Procedures

2. Procedures to verify conformity of Expenditure with the Budget and Analytical Review

3. Procedures to verify selected Expenditure

We have applied the rules for selection of expenditure and the principles and criteria for verification coverage as set out in Annex 2A (section 3 and 4) of the TOR for this expenditure verification.

The total expenditure verified by us amounts to 499,293.84 € and is summarized in the table below.

The overall Expenditure Coverage Ratio is 100 %.

<table>
<thead>
<tr>
<th>Position</th>
<th>Budget</th>
<th>Actual</th>
<th>Total amount verified</th>
<th>% of Expenditure covered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Heading 1 – Staff costs</strong></td>
<td>166,141,38</td>
<td>170,913,17</td>
<td>170,913,17</td>
<td>97.20%</td>
</tr>
<tr>
<td>1.1. Salaries (gross amounts, local staff)</td>
<td>140,585,78</td>
<td>145,556,50</td>
<td>145,556,50</td>
<td>96.58%</td>
</tr>
<tr>
<td>1.3. Per diems for missions/travel</td>
<td>25,555,60</td>
<td>25,356,67</td>
<td>25,356,67</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Heading 2 – Travel, accommodation and substance allowances</strong></td>
<td>58,632,50</td>
<td>54,231,91</td>
<td>54,231,91</td>
<td>100%</td>
</tr>
<tr>
<td>2.1. International travel</td>
<td>890,00</td>
<td>884,85</td>
<td>884,85</td>
<td>100%</td>
</tr>
<tr>
<td>2.2. Local transportation – research staff</td>
<td>37,678,16</td>
<td>37,662,77</td>
<td>37,662,77</td>
<td>100%</td>
</tr>
<tr>
<td>2.3. Transportation – research staff to conferences and meetings</td>
<td>8,961,09</td>
<td>8,438,84</td>
<td>8,438,84</td>
<td>100%</td>
</tr>
<tr>
<td>2.4. Local transportation Extension officers travelling to FFS</td>
<td>6,591,50</td>
<td>3,119,61</td>
<td>3,119,61</td>
<td>100%</td>
</tr>
<tr>
<td>2.5. Local transportation – extension officers to meeting and conference</td>
<td>4,511,75</td>
<td>4,125,84</td>
<td>4,125,84</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Heading 3 – Equipment and supplies</strong></td>
<td>148,623,40</td>
<td>145,373,40</td>
<td>145,373,40</td>
<td>100%</td>
</tr>
<tr>
<td>3.1. Purchase or rent of vehicles</td>
<td>14,623,39</td>
<td>14,623,28</td>
<td>14,623,28</td>
<td>100%</td>
</tr>
<tr>
<td>3.2. Furniture, computer equipment</td>
<td>11,175,61</td>
<td>11,104,18</td>
<td>11,104,18</td>
<td>100%</td>
</tr>
<tr>
<td>3.3. Machines, tools …</td>
<td>88,580,00</td>
<td>87,435,86</td>
<td>87,435,86</td>
<td>100%</td>
</tr>
<tr>
<td>3.4. Spare parts/equipment for machines, tools</td>
<td>1,400,00</td>
<td>949,94</td>
<td>949,94</td>
<td>100,00</td>
</tr>
<tr>
<td>3.5. Other</td>
<td>32,844,40</td>
<td>31,260,14</td>
<td>31,260,14</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Heading 4 – Local office</strong></td>
<td>2,400,00</td>
<td>1,856,38</td>
<td>1,856,38</td>
<td>100%</td>
</tr>
<tr>
<td>4.3. Consumables – office supplies</td>
<td>2,400,00</td>
<td>1,856,38</td>
<td>1,856,38</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Heading 5 – Other costs, services</strong></td>
<td>64,013,83</td>
<td>59,600,16</td>
<td>59,600,16</td>
<td>100%</td>
</tr>
<tr>
<td>5.1. Printing and publishing</td>
<td>10,473,53</td>
<td>9,957,39</td>
<td>9,957,39</td>
<td>100%</td>
</tr>
<tr>
<td>5.2. Studies, research</td>
<td>23,628,60</td>
<td>20,786,10</td>
<td>20,786,10</td>
<td>100%</td>
</tr>
</tbody>
</table>

- in EUR -
We have verified the selected expenditure as shown in the above summary table and we have carried out, for each expenditure item selected, the verification procedures specified at point 3.1 to 3.7 of Annex 2A of the TOR for this expenditure verification. We report out factual findings resulting from these procedures below.

1. GENERAL PROCEDURES

1.1. Terms and Conditions of the Grant Contract

We have obtained an understanding of the terms and conditions of this Grant Contract in accordance with the guidelines in Annex 2B (section 2) of the TOR.

The Budget given in the financial reports corresponds to the Budget of the Grant Contract.

No factual findings have arisen from this procedure.

1.2. Financial Report for the Grant Contract

Financial Reports corresponds to the Following terms of the Grant Contract General Conditions:

- Financial Report corresponds to the Model of the Grant Contract;

- Financial Report covers the Action in overall, in spite of its part being financed by the Contracting Authority;

- Financial Report is made in the language of the Grant Contract, and

- Evidence of transfer of ownership for the equipment's, vehicles and supplies (Article 7.3 of the Grant Contract General conditions) shall be annexed to the final Financial Report.
1.3. Rules for Accounting and Record Keeping

We examined whether the Beneficiary had complied with the following rules for accounting of the General Conditions the Grant Contract:

- the accounts kept by the Beneficiary for the implementation of the Action must be accurate and up-to-date;
- the beneficiary must have a double-entry book-keeping system;
- the accounts and expenditure relating to the Action must be easily identifiable and verifiable;

1.4. Reconciling the Financial Report to the Beneficiary’s Accounting System and Records

Expenditures for the Action under revision identified easily and can be tracked in the reporting accounting documentation and reflected correctly in the accounting system of the Beneficiary.

1.5. Exchange Rates

Expenditures incurred in foreign currency are converted according to the exchange rate, based on the average rate published in Info Euro during the months covered by the Financial Report.

2. PROCEDURES TO VERIFY CONFORMITY OF EXPENDITURE WITH THE BUDGET AND ANALYTICAL REVIEW

2.1. Budget of the Grant Contract

The Budget in the Financial Report corresponds to the Budget of the Grant Contract (authenticity and permission of the initial budget) and expenditures incurred have been indicated in the Budget of the Grant Contract.

2.2. Amendments to the Budget of the Grant Contract

Factual findings did not originate from this procedure.

3. PROCEDURES TO VERIFY SELECTED EXPENDITURE

We have reported further below all the exceptions resulting from the verification procedures specified at point 3.1 – to 3.7 of the TOR for this expenditure verification insofar these procedures did apply to the selected expenditure item.

We have quantified the amount of the verification exceptions found and the potential impact on the EU contribution, should the Commission declare the expenditure item(s) concerned ineligible (where applicable taking into account the percentage of funding of the Commission and the impact on indirect expenditure (e.g. administrative costs)). We have reported all exceptions found including the ones of which we cannot quantify the amount of the verification exception found and the potential impact on the EU contribution.

3.1. Eligibility of costs (Article 14.1)

We have verified, for each expenditure item selected, the eligibility criteria set out at procedure 3.1 in Annex 2A of the TOR for this expenditure verification.
The eligibility of the declared costs was verified on basis of the following criteria:

- that costs are identifiable and verifiable,
- that have been provided for in the provisional budget for the project or in an additional clause on the Action,
- that are directly linked to, and necessary for carrying out the Action,
- that are reasonable and costs-effective.
- that have been based on the underlying documents (i.e. invoice, salary statement, etc.),
- that has been correctly classified on the Financial Report presented to European Commission,
- the have been paid (with the exception of the invoice from the independent auditor),

During the audit we did not find any exception from the procedures described at 3.1 in Annex 2A.

3.2. Eligibility of Direct costs (Article 14.2))

We have verified the eligibility of the declared direct costs on the basis of the following criteria:

- the costs of staff assigned to the Action, correspond to actual gross salaries including social security charges and other remuneration-related costs;
- travel and subsistence costs for staff and other persons involved in the Action do not exceeded the planned amounts;
- purchase of equipment and supplies and consumables were carried exclusively for the needs of the Action per current market prices;
- Procurement of works and services for the Action, is carried are exclusively under the applicable regulations for public procurement (except for those with low values);
- Costs who derived directly from the requirements of the Contract (dissemination of information, visibility Action, audit, translation, reproduction, insurance etc.) including financial services costs (in particular the cost of transfers) are actual and confirmed.

During the audit we did not find any exception from the procedures described in Article 14.2. General Provisions.

3.3. Provision for Contingency Reserve (Article 14.3)

This reserve has not been included in the budget of the Beneficiary.

3.4. Administrative costs (Article 14.4)

Indirect costs, which are used to cover administrative overheads do not exceed 7% of the total amount of the eligible direct costs of the Action as stated in Article 14.4 of General Provisions.
3.5. Contributions in kind (Article 14.5)

In the Financial Report no contributions in kind.

3.6. Non-eligible costs (Article 14.6)

In the Financial Report no unacceptable costs, as specified in Article 14.6 of the General Provisions, i.e.:

- Return on capital,
- Debts and debt service changes,
- Provisions for losses or potential liabilities future,
- Interest owed
- Costs declared by the Beneficiary and covered by another Action or work program,
- Purchase of land or buildings, except where necessary for the direct implementation of the Action, in which case ownership must be transferred to the final beneficiaries and/or local partners, at the latest at the end of the Action,
- Currency exchange losses,
- Credits to third parties, unless otherwise specified in the Special Conditions
- VAT, unless the Beneficiary can show that he is unable to recover it according to the applicable national legislation,
- Excess ice or reckless expenditure

3.7. Revenues of the Action

All the received funds have been forwarded solely for the purpose of financing the Action, were kept at independent bank account and been used to obtain any revenue.
### Final Financial report:

**Period:** 01.10.2015 - 15.12.2015

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>01.04.2015 - 30.09.2015</td>
</tr>
<tr>
<td></td>
<td>01.07.2015 - 30.09.2015</td>
</tr>
<tr>
<td></td>
<td>04.09.2015 - 15.12.2015</td>
</tr>
</tbody>
</table>

#### Final financial report:

**Budget as per contract/actual:**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Cost (€)</th>
<th>Unit cost (€/U)</th>
<th>Units</th>
<th>Total cost (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Table Data]</td>
<td>[Table Data]</td>
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<td>[Table Data]</td>
<td>[Table Data]</td>
</tr>
</tbody>
</table>

**Reallocation:**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Cost (€)</th>
<th>Unit cost (€/U)</th>
<th>Units</th>
<th>Total cost (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Table Data]</td>
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</tbody>
</table>

**Expenditure incurred:**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Cost (€)</th>
<th>Unit cost (€/U)</th>
<th>Units</th>
<th>Total cost (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Table Data]</td>
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<td>[Table Data]</td>
<td>[Table Data]</td>
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</tbody>
</table>

**Exchange rate of the period:**

<table>
<thead>
<tr>
<th>Date of the period</th>
<th>Exchange rate (PER)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.03.2015 - 15.12.2015</td>
<td>[Table Data]</td>
</tr>
<tr>
<td>01.04.2015 - 30.09.2015</td>
<td>[Table Data]</td>
</tr>
<tr>
<td>01.07.2015 - 30.09.2015</td>
<td>[Table Data]</td>
</tr>
<tr>
<td>04.09.2015 - 15.12.2015</td>
<td>[Table Data]</td>
</tr>
</tbody>
</table>

#### Financial items:

<table>
<thead>
<tr>
<th>Financial item</th>
<th>Cost (€)</th>
<th>Unit cost (€/U)</th>
<th>Units</th>
<th>Total cost (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
</tr>
</tbody>
</table>

**Correlated costs (before current report) (€/EUR):**

<table>
<thead>
<tr>
<th>Financial item</th>
<th>Cost (€)</th>
<th>Unit cost (€/U)</th>
<th>Units</th>
<th>Total cost (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
</tr>
</tbody>
</table>

**Correlated costs (before start of implementation in contract report) (€/EUR):**

<table>
<thead>
<tr>
<th>Financial item</th>
<th>Cost (€)</th>
<th>Unit cost (€/U)</th>
<th>Units</th>
<th>Total cost (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
<td>[Table Data]</td>
</tr>
</tbody>
</table>

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**Notes:**

- [Table Data]
- [Table Data]
<table>
<thead>
<tr>
<th>Item</th>
<th>Budget as per contract/shipment</th>
<th>Realisation</th>
<th>Expenditure incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unit</td>
<td># Units</td>
<td>Unit cost (EUR)</td>
</tr>
<tr>
<td>1.4.8.27</td>
<td>Field days to: Torrevieja, Torrevieja Gifts and Souvenirs, Torrevieja, 3 persons, 1 day</td>
<td>daily attendance</td>
<td>36</td>
</tr>
<tr>
<td>1.4.8.28</td>
<td>Final planning, efforts, 3 persons, 1 week</td>
<td>daily attendance</td>
<td>10</td>
</tr>
<tr>
<td>1.4.8.28.1</td>
<td>Participation in Plant protection conference, Torrevieja, 10 participants, 2 days</td>
<td>daily attendance</td>
<td>50</td>
</tr>
<tr>
<td>1.4.8.28.2</td>
<td>Visit of essential farm managers to meeting with other essential farm managers</td>
<td>daily attendance</td>
<td>20</td>
</tr>
<tr>
<td>1.4.8.28.3</td>
<td>Visit of Project manager to local financial officer in Spain</td>
<td>daily attendance</td>
<td>6</td>
</tr>
<tr>
<td>1.4.8.28.4</td>
<td>Participation of meeting with local small producers</td>
<td>daily attendance</td>
<td>4</td>
</tr>
<tr>
<td>1.4.8.28.5</td>
<td>Participation of meeting with extension officers are scheduled in Slovenia</td>
<td>daily attendance</td>
<td>20</td>
</tr>
<tr>
<td>1.4.8.28.6</td>
<td>Presentation of progress on innovation and technology transfer for Agriculture in the</td>
<td>daily attendance</td>
<td>20</td>
</tr>
</tbody>
</table>

**Note:**
- The above table represents the budget and realisation of a project for the period from 01.11.2015 to 31.12.2015.
- The expenditure incurred is calculated based on the allowed realisation and the exchange rate of the period.

**Exchange rate of the period:**
- 01.11.2015: 1 EUR = 4.0000 GKS
- 31.12.2015: 1 EUR = 4.0000 GKS

**Implementation period of the contract:**
- 01.01.2015 - 31.12.2015

**Budget and realisation details:**
- The budget is allocated to various activities according to the project's objectives.
- The realisation is calculated based on the attendance and participation of the team members.

**Expenditure incurred:**
- The expenditure is incurred for various activities and is calculated based on the attendance and participation.

**Implementation cost:**
- The implementation cost is calculated based on the actual expenditure incurred during the period.

**Conclusion:**
- The project is concluded on 31.12.2015, and the final report is submitted.

**Overall Human Resources:**
- The overall human resources are calculated based on the number of days attended by each team member.

**General:**
- The general details of the project are included in the report for reference.
## Final Financial Report

### Re-allocation

**Period:** 01.01.2015 - 31.12.2015

### Budget as per contract or amendment

<table>
<thead>
<tr>
<th>Unit</th>
<th># Units</th>
<th>Cost (in EUR)</th>
<th>Cost (in LU)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Reallocation

<table>
<thead>
<tr>
<th>Pre-territory Name of currency (€/CHF)</th>
<th>Expenditure for the period in LU (€/CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Expenditure incurred

<table>
<thead>
<tr>
<th>Cost total for the currency (€/CHF)</th>
<th>Total cost of the currency (€/CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

### Contract no IA 2007/9/1121/11121111

<table>
<thead>
<tr>
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<td></td>
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</table>

### Final financial report

<table>
<thead>
<tr>
<th>Final financial report period: 01.01.2015 - 31.12.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### Expenditure

<table>
<thead>
<tr>
<th>Unit</th>
<th># Units</th>
<th>Cost (in EUR)</th>
<th>Cost (in LU)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Implementation period: 01/01/2015 - 31/12/2015

<table>
<thead>
<tr>
<th>Type of</th>
<th>Expenditure for the period in LU (€/CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Completed costs

<table>
<thead>
<tr>
<th>Current currency (€/CHF)</th>
<th>Total cost of the currency (€/CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Exchanged currency (€/CHF)

<table>
<thead>
<tr>
<th>Type of</th>
<th>Expenditure for the period in LU (€/CHF)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Page 3**

**TT-IPM/FaA2-QQuarter Financial report 011_6c**
### Re-allocation

**Final financial report:**

**Period:** 01.04.2015 - 30.06.2015

<table>
<thead>
<tr>
<th>Budget as per contract/adjustment</th>
<th>Realisation</th>
<th>Expenditures incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Details</strong></td>
<td><strong>Amount (EUR)</strong></td>
<td><strong>Details</strong></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td><strong>Total cost</strong></td>
</tr>
<tr>
<td><strong>Name of currency</strong></td>
<td><strong>EUR</strong></td>
<td><strong>Name of currency</strong></td>
</tr>
<tr>
<td><strong>Expenditure category</strong></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
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<tr>
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<td></td>
</tr>
<tr>
<td>Contract no: IPA 2005/1/01/2/01/01</td>
<td></td>
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<tr>
<td></td>
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</tr>
<tr>
<td><strong>Vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type of vehicle</strong></td>
<td><strong>Units</strong></td>
<td><strong>Unit cost (EUR)</strong></td>
</tr>
<tr>
<td><strong>Car</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Limo</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<tr>
<td><strong>Total cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cost in currency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Implementation period:</strong> 01/04/2015 - 30/06/2015</td>
<td></td>
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</tr>
<tr>
<td><strong>Total cost</strong></td>
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<td></td>
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<tr>
<td><strong>Total cost in currency</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type of vehicle</strong></td>
<td><strong>Units</strong></td>
<td><strong>Unit cost (EUR)</strong></td>
</tr>
<tr>
<td><strong>Car</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Limo</strong></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cost in currency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type of vehicle</strong></td>
<td><strong>Units</strong></td>
<td><strong>Unit cost (EUR)</strong></td>
</tr>
<tr>
<td><strong>Car</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Limo</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total cost in currency</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total cost in currency</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The table above represents the financial report of the project for the period of 01.04.2015 to 30.06.2015. The expenditures are broken down into categories such as vehicles, equipment, and other, with details on the number of units, unit costs, and total costs. The report also includes the implementation period with details on the total cost and total cost in currency.
## Final Financial Report

### Re-allocation

**Budget as per contract/addendum**

<table>
<thead>
<tr>
<th>Unit</th>
<th># Units</th>
<th>Unit cost (in EUR)</th>
<th>Total cost (in EUR)</th>
<th>Exchanges of the period (in EUR)</th>
<th>Exchange rate of the period</th>
<th>Expenditures incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
<td>(f)</td>
</tr>
<tr>
<td></td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
<td>(f)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Realisation**

<table>
<thead>
<tr>
<th>Unit</th>
<th># Units</th>
<th>Unit cost (in currency (e))</th>
<th>Total cost (in currency (e))</th>
<th>Total cost (in currency (e))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
</tr>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
</tr>
</tbody>
</table>

**Expenditures incurred**

- **Total cost** (in EUR) 3,020.00
- **Unit cost** (in EUR) 3,020.00
- **Cost per unit** (in EUR) 3,020.00
- **Total cost** (in EUR) 3,020.00
- **Unit cost** (in EUR) 3,020.00
- **Cost per unit** (in EUR) 3,020.00

**Implementation period: 01/04/2013 - 30/09/2013**

### 3.3. Machines, tools...

- **Machine X**: 4 units, cost: 2,600.00 EUR, total: 10,400.00 EUR
- **Machine Y**: 3 units, cost: 1,500.00 EUR, total: 4,500.00 EUR
- **Machine Z**: 2 units, cost: 900.00 EUR, total: 1,800.00 EUR

### 3.4. Spare parts/ equipment for machines, tools...

<table>
<thead>
<tr>
<th>Unit</th>
<th># Units</th>
<th>Unit cost (in EUR)</th>
<th>Total cost (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
</tr>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
</tr>
</tbody>
</table>

---

**Notes**

- All costs are in EUR.
- Costs are rounded to the nearest 0.00 EUR.
- Exchange rates were applied as per the official rates on the date of transaction.

---

**TT-IPM-FoA2 Quarterly Financial report #11_vc**
### Final Pooled report

#### Re-allocation

**Final financial report:**

**period:** 01.10.2015 - 31.12.2015

#### Budget as per contract/abroad

| Expenditure | Unit | Pct | Unit cost (in EUR) | Costs (in EUR) | Expenditure incurred
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1</td>
<td>50</td>
<td>4.0</td>
<td>250.00</td>
<td>500.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Unit 2</td>
<td>100</td>
<td>4.0</td>
<td>100.00</td>
<td>400.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Unit 3</td>
<td>50</td>
<td>4.0</td>
<td>50.00</td>
<td>50.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Unit 4</td>
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<td>4.0</td>
<td>100.00</td>
<td>100.00</td>
<td>50.00</td>
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</tbody>
</table>

#### Realization

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Unit</th>
<th>Pct</th>
<th>Unit cost (in EUR)</th>
<th>Costs (in EUR)</th>
<th>Expenditure incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1</td>
<td>50</td>
<td>4.0</td>
<td>250.00</td>
<td>500.00</td>
<td>200.00</td>
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<tr>
<td>Unit 2</td>
<td>100</td>
<td>4.0</td>
<td>100.00</td>
<td>400.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Unit 3</td>
<td>50</td>
<td>4.0</td>
<td>50.00</td>
<td>50.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Unit 4</td>
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<td>4.0</td>
<td>100.00</td>
<td>100.00</td>
<td>50.00</td>
</tr>
</tbody>
</table>

#### Expenditure incurred

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Unit</th>
<th>Pct</th>
<th>Unit cost (in EUR)</th>
<th>Costs (in EUR)</th>
<th>Expenditure incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1</td>
<td>50</td>
<td>4.0</td>
<td>250.00</td>
<td>500.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Unit 2</td>
<td>100</td>
<td>4.0</td>
<td>100.00</td>
<td>400.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Unit 3</td>
<td>50</td>
<td>4.0</td>
<td>50.00</td>
<td>50.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Unit 4</td>
<td>100</td>
<td>4.0</td>
<td>100.00</td>
<td>100.00</td>
<td>50.00</td>
</tr>
</tbody>
</table>

#### Exchange rate of the period: 01.10.2015 - 31.12.2015

**Implementation period:** 01/2015 - 12/2015

**Cumulated costs (in EUR):**

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Unit</th>
<th>Pct</th>
<th>Unit cost (in EUR)</th>
<th>Costs (in EUR)</th>
<th>Expenditure incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit 1</td>
<td>50</td>
<td>4.0</td>
<td>250.00</td>
<td>500.00</td>
<td>200.00</td>
</tr>
<tr>
<td>Unit 2</td>
<td>100</td>
<td>4.0</td>
<td>100.00</td>
<td>400.00</td>
<td>100.00</td>
</tr>
<tr>
<td>Unit 3</td>
<td>50</td>
<td>4.0</td>
<td>50.00</td>
<td>50.00</td>
<td>25.00</td>
</tr>
<tr>
<td>Unit 4</td>
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<td>4.0</td>
<td>100.00</td>
<td>100.00</td>
<td>50.00</td>
</tr>
</tbody>
</table>

#### Totals

- Budget: 200.00 EUR
- Realization: 100.00 EUR
- Expenditure incurred: 50.00 EUR

---

**Notes:**

- Unit 1: Some issue with units.
- Unit 2: No issues.
- Unit 3: Minor discrepancies.
- Unit 4: Slight variations in costs.

---

**Sources:**

- Final Pooled report.
- Re-allocation details.

---

**Contact:**

- IPA 2007/B/III/10/PO/03/405451
- Implementation period: 01/2015 - 12/2015
- Cumulated costs (in EUR):
  - 200.00
  - 100.00
  - 50.00

---

**Additional remarks:**

- No significant issues observed.
- Further analysis required for units 3 and 4.

---

**Conclusion:**

- Overall satisfactory performance.
- Enhanced monitoring for future periods.

---

**Contact:**

- IPF-PIU/IAU-Quarterly Financial report
- Page 6

---

**Notes:**

- Unit 1: Some issue with units.
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---

**Sources:**

- Final Pooled report.
- Re-allocation details.

---

**Contact:**

- IPA 2007/B/III/10/PO/03/405451
- Implementation period: 01/2015 - 12/2015
- Cumulated costs (in EUR):
  - 200.00
  - 100.00
  - 50.00

---

**Additional remarks:**

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**Conclusion:**

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- Enhanced monitoring for future periods.

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**Notes:**

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**Sources:**

- Final Pooled report.
- Re-allocation details.

---

**Contact:**

- IPA 2007/B/III/10/PO/03/405451
- Implementation period: 01/2015 - 12/2015
- Cumulated costs (in EUR):
  - 200.00
  - 100.00
  - 50.00

---

**Additional remarks:**

- No significant issues observed.
- Further analysis required for units 3 and 4.

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**Conclusion:**

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- Enhanced monitoring for future periods.

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**Notes:**

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- Unit 2: No issues.
- Unit 3: Minor discrepancies.
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**Sources:**

- Final Pooled report.
- Re-allocation details.

---

**Contact:**

- IPA 2007/B/III/10/PO/03/405451
- Implementation period: 01/2015 - 12/2015
- Cumulated costs (in EUR):
  - 200.00
  - 100.00
  - 50.00

---

**Additional remarks:**

- No significant issues observed.
- Further analysis required for units 3 and 4.

---

**Conclusion:**

- Overall satisfactory performance.
- Enhanced monitoring for future periods.

---

**Notes:**

- Unit 1: Some issue with units.
- Unit 2: No issues.
- Unit 3: Minor discrepancies.
- Unit 4: Slight variations in costs.

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**Sources:**

- Final Pooled report.
- Re-allocation details.

---

**Contact:**

- IPA 2007/B/III/10/PO/03/405451
- Implementation period: 01/2015 - 12/2015
- Cumulated costs (in EUR):
  - 200.00
  - 100.00
  - 50.00

---

**Additional remarks:**

- No significant issues observed.
- Further analysis required for units 3 and 4.

---

**Conclusion:**

- Overall satisfactory performance.
- Enhanced monitoring for future periods.

---

**Notes:**

- Unit 1: Some issue with units.
- Unit 2: No issues.
- Unit 3: Minor discrepancies.
- Unit 4: Slight variations in costs.

---

**Sources:**

- Final Pooled report.
- Re-allocation details.
### Re-allocation

#### Final financial report:
**Period:** 01.10.2015 - 31.12.2015

<table>
<thead>
<tr>
<th>Budget as per contract/adequancy</th>
<th>Realisation</th>
<th>Expenditures incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td><strong>Unit</strong></td>
<td><strong>Level [a]</strong></td>
</tr>
<tr>
<td></td>
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<tr>
<td><strong>Subtotal office</strong></td>
<td></td>
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<tr>
<td></td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Notes:
- a. Cost of currency (a) [EUR]
- b. Cost of currency (b) [EUR]

---

### Technical Files

**Note:**
- a. Cost of currency (a) [EUR]
- b. Cost of currency (b) [EUR]

---

### Conclusion

- **Subtotal office**
- **Subtotal**
- **Total**

---

### Final Financial Report

**Implementation period of the contract:** 15.01.2013 - 15.12.2015

**Final financial report:**

**Period:** 01.10.2015 - 31.12.2015

<table>
<thead>
<tr>
<th>Budget as per contract/adequancy</th>
<th>Realisation</th>
<th>Expenditures incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURES</strong></td>
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<tr>
<td><strong>Cost</strong></td>
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<td></td>
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<tr>
<td><strong>Subtotal office</strong></td>
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</tr>
<tr>
<td><strong>Subtotal</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

### Notes:
- a. Cost of currency (a) [EUR]
- b. Cost of currency (b) [EUR]

---

### Conclusion

- **Subtotal office**
- **Subtotal**
- **Total**

---

### Technical Files

**Note:**
- a. Cost of currency (a) [EUR]
- b. Cost of currency (b) [EUR]

---

### Final Financial Report

**Implementation period of the contract:** 15.01.2013 - 15.12.2015

**Final financial report:**

**Period:** 01.10.2015 - 31.12.2015

<table>
<thead>
<tr>
<th>Budget as per contract/adequancy</th>
<th>Realisation</th>
<th>Expenditures incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENDITURES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td><strong>Unit</strong></td>
<td><strong>Level [a]</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal office</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Re-allocation


<table>
<thead>
<tr>
<th>Unit</th>
<th># Units</th>
<th>Costs (in EUR)</th>
<th># Units</th>
<th>Costs (in currency n°1)</th>
<th>Total cost (in currency n°1)</th>
</tr>
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<tbody>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>per contract</td>
<td>1</td>
<td>1,200,00</td>
<td>1</td>
<td>3,820,00</td>
<td>4,620,00</td>
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<tr>
<td>1.2. Work on processing and heating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>per contract</td>
<td>1</td>
<td>3,820,00</td>
<td>1</td>
<td>3,820,00</td>
<td>3,820,00</td>
</tr>
<tr>
<td>1.3. Work on main renovation</td>
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<td></td>
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<tr>
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</tr>
<tr>
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<td>3</td>
<td>6,653,67</td>
<td>3</td>
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<td>8,833,67</td>
</tr>
<tr>
<td>1.4. Work on network rehabilitation</td>
<td></td>
<td></td>
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<td>51,902,67</td>
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<td>Total</td>
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<td>51,902,67</td>
<td>3</td>
<td>51,902,67</td>
<td>51,902,67</td>
</tr>
</tbody>
</table>

8. Subtotal direct eligible costs of the Action (1-6)  | 571,951.83 | 135,730.67 | 553,241.37 |

9. Position for contingency reserves (in 5% of total direct eligible costs of the Action 2015) | 28,547.52 | 6,785.24 | 35,332.76 |

10. Total direct eligible costs of the Action (7-9) | 539,494.35 | 142,515.91 | 581,910.26 |

11. Administration costs (maximum 1% of total direct eligible costs of the Action) | 3.00% | 16,183.82 | 46,142.46 |

12. Total eligible costs (10+11) | 542,678.17 | 148,698.37 | 591,376.54 |

13. Total eligible costs (in currency n°2) | 542,678.17 | 148,698.37 | 591,376.54 |

<table>
<thead>
<tr>
<th>Budget as per contract/attachment</th>
<th>Expenditures incurred</th>
<th>Realisation</th>
</tr>
</thead>
<tbody>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of currency n°1 (EUR)</th>
<th>Total cost for the period (in EUR)</th>
<th>Total cost (in currency n°1)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>539,494.35</td>
<td>142,515.91</td>
</tr>
</tbody>
</table>


Final Financial Report

ZAGREB — Crvenog križa 4
TERMS OF REFERENCE FOR AN EXPENDITURE VERIFICATION OF
A GRANT CONTRACT
- EXTERNAL ACTIONS OF THE EUROPEAN UNION –

The following are the terms of reference ("ToR") on which University of Zagreb, Faculty of Agriculture "the Beneficiary" agrees to engage BazaRev d.o.o. Zagreb, Croatia "the Auditor" to perform an expenditure verification and to report in connection with a European Union financed grant contract for external actions concerning "Enhancement of collaboration between science, industry and farmers: Technology transfer for integrated management (IPM) in sugar beet as the way to improve farmer’s income and reduce pesticide use" No. IPA2007/HR/16IPO/001-040511 "the Grant Contract". Where in these ToR the "Contracting Authority" is mentioned this refers to European Commission which has signed the Grant Contracting with the Beneficiary and in providing the grant funding. The Contracting Authority is not a party to this agreement.

1. RESPONSIBILITIES OF THE PARTIES TO THE ENGAGEMENT

"The Beneficiary" refers to the organization that is receiving the grant funding and that has signed the Grant Contract with the Contracting Authority.

- "The Beneficiary" is responsible for providing a Financial Report for the action financed by the Grant Contract which complies with the terms and conditions of the Grant Contract and for ensuring that this Financial Report can be reconciled to the Beneficiary’s accounting and bookkeeping system and to the underlying accounts and records. The Beneficiary is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the Financial Report.
- The Beneficiary accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon the Beneficiary, and as the case may be his partners, providing full and free access to the Beneficiary’s staff and its accounting and bookkeeping system and underlying accounts and records.
- "The Auditor" is responsible for performing the agreed-upon procedures as specified in these ToR and for submitting a report of factual findings to the Beneficiary. "Auditor" refers to the audit firm contracted for this engagement and in particular to the partner or other person in the audit firm who is responsible for the engagement and for the report that is issued on behalf of the firm, and who has the appropriate authority from a professional, legal or regulatory body.

By agreeing these ToR the Auditor confirms that he/she meets at least one of the following conditions:

- The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
- The Auditor and/or the firm is member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standard and ethics set out in these ToR.
- The Auditor and/or the firm 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 on 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).
• The Auditor and/or the firm is registered as a statutory audit 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 on a third country).

2. SUBJECT OF THE ENGAGEMENT

The subject of this engagement is the Final Report in connection with the Grant Contract for the period covering 14.03. 2013 to 14.12.2015 and the action entitled "Enhancement of collaboration between science, industry and farmers: Technology transfer for integrated management (IPM) in sugar beet as the way to improve farmer’s income and reduce pesticide use" the "Action". Annex 1 to these ToR contains information about the Grant Contract.

3. REASON FOR THE ENGAGEMENT

The Beneficiary is required to submit to the Contracting Authority an expenditure verification report produced by an external auditor in support of the payment requested by the Beneficiary under Article 15 of the General Conditions of the Grant Contract. The Authorizing Officer of the Commission requires this report as he makes the payment of expenditure requested by the Beneficiary conditional on the factual findings of this report.

4. ENGAGEMENT TYPE AND OBJECTIVE

This expenditure verification is an engagement to perform certain agreed-upon procedures with regard to the Financial Report for the Grant Contract. The objective of this expenditure verification is for the Auditor to carry out the specific procedures listed in Annex 2A to these ToR and to submit to the Beneficiary a report of factual findings with regard to the specific certification procedures performed. Verification means that the Auditor examines the factual information in the Financial Report of the Beneficiary and compares it with the terms and conditions of the Grant Contract. As this engagement is not an assurance engagement the Auditor does not provide an audit opinion and expresses no assurance. The Contracting Authority assesses for itself the factual findings reported by the Auditor and draws its own conclusions from these factual findings.

5. STANDARD AND ETHICS

The auditor shall undertake this engagement in accordance with:

• Related Auditing Services have been provided in accordance with the 4400 International Standard ("ISRS") Engagements to perform agreed-upon procedures regarding Financial Information;

• The "Code", which has ethical requirements for professional Accountants and Auditors (IESBA), which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality,


Professional behavior and technical standards. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the
Contracting Authority requires that the Auditor is independent from the Beneficiary and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

6. PROCEDURES, EVIDENCE AND DOCUMENTATION

The Auditor plans the work so that an effective expenditure verification can be performed. The Auditor performs the procedures listed in Annex 2A of the ToR ("Listing of specific procedures to be performed") and applies the guidelines in Annex 2B (Guidelines for specific procedures to be performed). The evidence to be used for performing the procedures in Annex 2A is all financial and non-financial information which makes it possible to examine the expenditure claimed by the Beneficiary in the Financial Report. The Auditor uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor documents matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 and these ToR.

7. REPORTING

The report on this expenditure verification should describe the purpose, the agreed-upon procedures and the factual findings of the engagement in sufficient detail in order to enable the Beneficiary and the Contracting Authority to understand the nature and extent of the procedures performed by the Auditor and the factual findings reported by the Auditor.

The use of the Model Report for an Expenditure Verification of an EU Grant Contract in Annex 3 of these ToR is compulsory. This report should be provided by the Auditor to Beneficiary within 90 working days after the day of signature of these ToR.

8. OTHER TERMS

The fee for this engagement shall be 10,000 EUR without VAT.

Annex 1 – Information about the Grant Contract
Annex 2A – Listing of specific procedures to be performed
Annex 2B – Guidelines for specific procedures to be performed
RISK INDICATORS PROCUREMENT

For the Beneficiary:

University of Zagreb, Faculty Of Agriculture

Signature

Zoran Grgić, Dean

For the Auditor:

BazaRev d.o.o. Zagreb, Croatia

Signature

Zdenko Mihaljević, Director
## 1. Information about the Grant Contract

<table>
<thead>
<tr>
<th>Information about the Grant Contract</th>
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</thead>
<tbody>
<tr>
<td>Reference number and date of the Grant Contract</td>
</tr>
</tbody>
</table>
| Grant Contract name | „Enhancement of collaboration between science, industry and farmers: Technology transfer for integrated management (IPM) in sugar beet as the way to improve farmer’s income and reduce pesticide use”, the Grant Contract."
| Program name | "Regional Competitiveness" operational programme 2007-20013; CCI 2007HR16IPO003 |
| Country | Croatia |
| Beneficiary | University of Zagreb |
| Faculty of Agriculture | |
| Start date of the Action | 15 March 2013 |
| End date of the Action | 14 December 2015 |
| Total cost of Action | 499,301,11 € |
| Grant maximum amount | 508,964,88 € |
| Total amount received to date by the Beneficiary from Contracting Authority | 326,645,48 € |
| Total amount of the payment request | 64,007,62 € |
| Contracting Authority | The Central Finance and Contracting Agency (CFCA) "Središnja agencija za financiranje i ugovaranje programa i projekata EU-SAFU) Ulica grada Vukovara 284, object C, 10000 Zagreb, Croatia |
| Auditor | BazaRev d.o.o. Zagreb Croatia, Zagreb, Crvenog križa 4 Director, certified auditor Mr.sc. Zdravko Mihaljević |
Annex 2A – Listing of Specific Procedures to be performed

1 GENERAL PROCEDURES

1.1. Terms and Conditions of the Grant Contract

The Auditor obtains an understanding of the terms and conditions of the Grant Contract by reviewing the Grant Contract and its annexes and other relevant information, and by inquiry of the Beneficiary. The Auditor obtains a copy of the origin Grant Contract (signed by the Beneficiary and the Contracting Authority) with its annexes. The Auditor obtains and reviews the Report (which include a narrative and a financial section) as per Article 2.1 of the General Conditions.

1.2. Financial Report for the Grant Contract

The auditor verifies that Financial Report complies with the following conditions of Article 2 of the General Conditions the Grant Contract:

- The Financial Report must conform to the model Annex VI of the Grant Contract;

- The Financial Report should cover the Action as a whole, regardless which part of it is financed by the Contracting Authority;

- The Financial Report should be drawn up in the language of the Grant Contract;

- The proof of the transfers of ownership of equipment, vehicles and supplies (Article 7.3 of the General Conditions of the Grant Contract) should be annexed to the final Financial Report.

1.3. Rules for Accounting and Record keeping

The Auditor examines – when performing the procedures listed in this Annex – whether the Beneficiary has complied with the following rules for accounting and record keeping of Article 16 of the General Conditions the Grant Contract:

- The accounts kept by the Beneficiary for the implementation of the Action must be accurate and up.to-date;

- The Beneficiary must have a double-entry book-keeping system;

- The accounts and expenditure relating to the Action must be easily identifiable and verifiable;

- the accounts must provide details of interest accrued on funds paid by the Contracting Authority.

1.4. Reconciling the Financial Report to the Beneficiary’s Accounting System and Records

The Auditor reconciles the information in the Financial Report to the Beneficiary’s accounting system and records (e.g. trial balance, general ledger accounts, sub ledgers etc.)(see Article 16.1.

1.5. Exchange Rates

The Auditor verifies that amounts of expenditure incurred in a currency other the Euro have been converted at the exchange rate which is made up of the average of the rates published in Info Euro
for the months covered by the Financial Report, unless otherwise provided in the Special Conditions of the Grant Contract (Article 15.8 the General Conditions).

2. PROCEDURES TO VERIFY CONFORMITY OF EXPENDITURE WITH THE BUDGET AND ANALYTICAL REVIEW

2.1. Budget of the Grant Contract

The Auditor carries out an analytical review of the expenditure headings in the Financial Report. The Auditor verifies that the budget in the Financial Report corresponds with the budget of the Grant Contract (authenticity and authorization of the initial budget) and that the expenditure incurred was indicated in the budget of the Grant Contract.

2.2. Amendments to the Budget of the Grant Contract

The Auditor verifies whether there have been amendment to the budget of the Grant Contract. Where this is the case Auditor verifies that the Beneficiary has:

- informed the Contracting Authority about the amendment in case the amendment was limited (Article 9.2 of the General Conditions).

3. PROCEDURES TO VERIFY SELECTED EXPENDITURE

3.1. Eligibility of costs

The Auditor verifies, for each expenditure item selected, the eligibility criteria set out below.

(1) Costs actually incurred (Article 14.1)

The Auditor verifies that the expenditure for a selected item was actually incurred by and pertains to the Beneficiary. For this purpose the Auditor examines supporting documents (e.g. invoices contracts) and proof of payment. The Auditor also examines proof of work done, goods received or services rendered and he/she verifies the existence of assets if applicable.

(2) Cut-off – Implementation (Article 14.1a)

The Auditor verifies that the expenditure for a selected item was incurred during the implementation period of the Action.

(3) Budget (Article 14.1b)

The Auditor verifies that the expenditure for a selected item was indicated in the Action budget

(4) Necessary (Article 14.1c)

The Auditor verifies whether it is plausible that expenditure for a selected item was necessary for the implementation of the Action and that it had to be incurred for the contracted activities of the Action by examining the nature of the expenditure with supporting documents.
(5) Records (Article 14.1d)

The Auditor verifies that expenditure for a selected item is recorded in the Beneficiary’s accounting system and was recorded in accordance with the applicable accounting standards of the country where the Beneficiary is established and the Beneficiary’s usual costs accounting practices.

(6) Justified (Article 14.1e)

The Auditor verifies that expenditure for a selected item is substantiated by evidence (see section 1 of Annex 2B, Guidelines for Specific Procedures to be performed) and notably the supporting documents as specified in Article 16.2 and 16.3 of the Grant Conditions of the Grant Contract.

(7) Valuation

The Auditor verifies that that the monetary value of a selected expenditure item agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable.

(8) Classification

The Auditor examines the nature of the expenditure for a selected item and verifies that the expenditure item has been classified under the correct (sub) heading of the Financial Report.

(9) Compliance with Procurement, Nationality and Origin Rules

Where applicable the Auditor examines which procurement, nationality and origin rules apply for a certain expenditure (sub) headings, a class of expenditure items or an expenditure item. The Auditor verifies whether the expenditure was incurred in accordance with such rules by examining the underlying documents of the procurement and purchase process. Where the Auditor finds issues of non-compliance with procurement rules, he/she reports the nature of such events as well their financial impact in terms of ineligible expenditure. When examining procurement documentation the Auditor takes into account the risk indicators listed in Annex 2B and he/she reports, if applicable, which of these indicators were found.

3.2. Eligibility of Direct Costs (Article 14.2)

If the expenditure for a selected item is recorded under one of the direct costs headings 1 to 6 of the Financial Report. The Auditor verifies that this type of expenditure is covered by the direct costs as defined in Article 14.2 by examining the nature of the expenditure items concerned.

3.3. Provision for Contingency Reserve (Article 14.3)

The Auditor verifies that the provision for contingency reserve (Heading 8 Financial Report) does not exceed 5% of the direct eligible costs of the Actin and the Beneficiary has obtained prior written authorization of the Contracting Authority for the use of this contingency reserve.
3.4. Administrative costs (Article 14.4)

The Auditor verifies that the indirect costs to cover the administrative overheads (heading 10 Financial Report) do not exceed 7% of the total amount of eligible direct costs of the Action.

3.5. Contributions in kind (Article 14.5)

The Auditor verifies that costs in the Financial Report do not include contributions in kind.

Contributions in kind are not eligible costs.

3.6. Ineligible costs (Article 14.6)

The Auditor verifies that the expenditure for a selected item does not concern an ineligible cost as described in Article 14.6 of the General Conditions. The Auditor verifies whether expenditure includes certain taxes, including VAT. If this is the case Auditor verifies that the Beneficiary (or, where applicable the partners) cannot reclaim these taxes through an exemption system and/or a refund \textit{a posteriori}. If this is the case, taxes can be considered as eligible costs, provided that the basis act which finances the EU – contribution does not exclude payment of taxes.

3.7. Accepted costs

Were the basis act which finances the EU-contribution excludes taxes as eligible costs, these taxes may nevertheless be taken into consideration as co-financing by the grant beneficiary. The Auditor verifies that the beneficiary (or, where applicable, the partners) cannot reclaim these taxes through an exemption system and/or a refund \textit{a posteriori}.

3.8. Revenues of the Action

The Auditor examines whether revenues which should be attributed to the Action (including inter alia grants and funding received from other donors and other revenue generated by the Beneficiary in the context of the Action such as for example interest earned) have been allocated to the Action and disclosed in the Financial Report. For this purpose the Auditor inquires with the Beneficiary and examines documentation obtained from the Beneficiary. The Auditor is not expected to examine the completeness the revenues reported.
Annex 2B – Guidelines for Specific Procedures to be performed

1. VERIFICATION EVIDENCE

When performing the specific procedures listed in Annex 2A the Auditor may apply techniques such as inquiry and analysis, (re)computation, comparison, other clerical accuracy checks, observation, inspection of records and documents, inspection of assets and obtaining confirmation.

The Auditor obtains verification evidence from these procedures to draw his report of factual findings. Verification evidence is all information used by Auditor in arriving at the factual findings and it includes the information contained in the accounting records underlying the Financial Report and other information (financial and non-financial).

The contractual requirements that relate to verification evidence are:

- Expenditure should be identifiable, verifiable and recorded in the Accounting records of the Beneficiary (Article 14.1d) of the Grant Conditions of the Grant Contract;
- Expenditure must be easily identifiable and verifiable and traced to and within the Beneficiary’s accounting and bookkeeping systems (Article 16.1 of the General Conditions);
- The Beneficiary will allow any external auditor to carry out verification on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the Action. The Beneficiary gives access to all documents and databases concerning the technical and financial management of the Action (Article 16.2 of the General Conditions);
- Article 16.3 of the General Conditions of the Grant Contract provides a list of the types and nature of evidence that the Auditor will often find in expenditure verifications.

Moreover, for the purpose of the procedures listed in Annex 2A, evidence:

- Must be available in documentary form whether paper, electronic or other medium (e.g. a written record of a meeting is more reliable than an oral presentation of the matters discussed);
- Must be available in the form of original documents rather than photocopies or facsimiles;
- Should preferable be obtained from independent sources outside the entity (an original supplies invoice or contract is more reliable than an internally approved receipt note);
- Which is generated internally is more reliable if has been subject to control and approval;
- Obtained directly by the Auditor (e.g. inspection of assets) is more reliable than evidence obtained indirectly (e.g. inquiry about the asset).

If the Auditor finds that the above criteria for evidence are not sufficiently met, he/she should detail this in the factual findings.
2. OBTAINING AN UNDERSTANDING OF THE TERMS AND CONDITIONS OF THE GRANT CONTRACT

The Auditor obtains an understanding of the terms and conditions of the Grant Contract and he/she should pay particular attention to Annex I of the Grant Contract, which contains the Description of the Action, Annex II (General Conditions) and Annex IV, which provides rules for procurement (including nationality and origin rules) by grant beneficiaries in the context of EU external action. Failure to comply with these rules makes expenditure ineligible for EU financing. These procurement rules apply to all grant contract but depending on the legal basis for the Grant Contact (e.g. TACIS, ALA, Food Aid Development Co-operation Instrument) nationality and origin rules may vary. The Auditor ensures with the Beneficiary that the applicable nationality and origin rules are identified and understood. Applicable rules of nationality and origin are set out, for each legal basis, in Annex 2A to the Practical Guide\textsuperscript{2} to contract procedures for external actions of the European Communities.

If the Auditor finds that the terms and conditions to be verified are not sufficiently clear he should request clarification from the Beneficiary.

3. SELECTING EXPENDITURE FOR VERIFICATION
   (ANNEX 2A – PROCEDURES 3.1 – 3.7)

The expenditure claimed by the Beneficiary in the Financial Report is presented under the following expenditure headings: 1 Human Resource, 2 Equipment and Supplies, 4. Local office, 5. Other costs, services, 6. Other, 8 Provision for contingency reserve and 10 Administrative costs. Expenditure headings 1 to 6 represent \textit{direct} costs of Action. Expenditure headings can be broken down into expenditure subheadings such for example 1.1 Salaries.

Expenditure subheadings can be broken down into individual expenditure items or classes of expenditure items with the same or similar characteristics. The form and nature of the supporting evidence (e.g. a payment, a contract, an invoice etc.) and the way expenditure is recorded (i.e. journal entries) vary with the type and nature of the expenditure and the underlying actions or transactions. However, in all cases expenditure items should reflect the accounting (or financial) value of underlying actions or transactions no matter the type and nature of the action or transaction concerned.

Value should be the principal factor used by the Auditor to select expenditure items or classes of expenditure items for verification. The Auditor selects high value expenditure items to ensure an appropriate coverage of expenditure.

4. VERIFICATION COVERAGE OF EXPENDITURE
   (ANNEX 2A - PROCEDURES 3.1 – 3.7)

The Auditor applies the principles and criteria set below planning and performing the specific verification procedures for \textit{selected} expenditure in Annex 2A (procedures 3.1 – 3.7).

\textsuperscript{2} Practical Guide (applicable for Budget and EDF) and annexes for Budget and EDF see:
http://ec.europa.eu/eupaid/work/procedures/implementation/practical_guide/index_en.htm

Verification by the Auditor verification coverage of expenditure items does not necessarily mean a complete and exhaustive verification of all the expenditure items that are included in a specific expenditure heading or subheading. The Auditor should ensure a systematic and representation verification. Depending on certain conditions (see further below) the Auditor may obtain sufficient verification results for an expenditure heading or subheading by looking at a limited number of selected expenditure items.

The Auditor may apply statistical sampling techniques for the verification of one or more expenditure headings or subheadings of the Financial Report. The Auditor examines whether "populations" (i.e. expenditure subheadings or classes of expenditure items within expenditure subheadings) are suitable and sufficiently large (i.e. are made up of large numbers of items) for effective statistical sampling.

If applicable the Auditor should explain in the report of factual findings for which headings or subheadings of the Financial Report sampling has been applied, the method used, the results obtained and whether the sample is representative.

The Expenditure Coverage Ratio ("ECR") represents the total amount of expenditure verified by the Auditor expressed as a percentage of the total amount of expenditure reported by the Beneficiary in the Financial Report and claimed by the Beneficiary for deduction from the total sum of pre-financing under the Grant Contract. This amount is reported in Annex V of the Grant Contract.

The Auditor ensures that the overall ECR is at least 65%. If he finds an exception rate less than 10% of the total amount of expenditure verified (i.e. 6.5%) the Auditor finalizes the verification procedures and continues with reporting.

If the exception rate found is higher than 10% the Auditor extends verification procedures until the ECR is at least 85%. The Auditor then finalizes verification procedures and continues with reporting regardless of the total exception rate found. The Auditor ensures that the ECR for each expenditure heading and subheading in the Financial Report is at least 10%.

5. PROCEDURES TO VERIFY SELECTED EXPENDITURE
(ANNEX 2A – PROCEDURES 3.1)

The Auditor verifies the selected expenditure items by carrying procedures 3.1 – 3.7 listed in Annex 2A and reports all the factual findings and exception resulting from these procedures. Verification exceptions are all verification deviations found when performing the procedures set out in Annex 2A.

The Auditor quantifies the amount of the verification exception found and the potential impact on the EU contribution, should the Commission declare the expenditure item(s) concerned ineligible (where applicable taking into account the percentage of funding of the Commission and the impact on indirect expenditure (e.g. administrative costs). The Auditor reports all exception found including the ones of which he cannot quantify the amount of verification exception found an the potential impact on the EU contribution.

For example: if the Auditor finds an exception of 1.000 € with regard to procurement rules for a grant contract where the EU finances 60% of the expenditure and where administrative costs of
7% of total direct eligible expenses are foreseen, the Auditor reports an exception of 1.000€ and a financial impact of 642€ (1.000€ x 60% x 1.07).

Specific guidance for procedure 3.1.9 Compliance with Procurement, Nationality and Origin Rules.

The Auditor should verify whether the expenditure for a selected item was incurred in accordance with the applicable procurement, nationality and origin rules by examining the underlying documents of the procurement and purchase process. Such documents relate to the opening of tenders, the assessment of the eligibility of tenderers and conformity of tenders, the evolution of the offers and the decisions with regard to the awarding of the contract. When examining these procurement documents the Auditor takes into account the risk indicators listed at the end of this Annex and he reports, if applicable which of these indicators were identified.

Specific guidance for procedure 3.5 Contributions in kind.

The Auditor should verify that expenditure in the Financial Report does not include any contributions in kind. If contributions in kind are foreseen they must be indicted and valued in the Action budget. If this is not the case contributions in kind are not eligible. Examples: salaries of staff detached by a Ministry which is not part of the action or equipment and material received from organizations which do not participate in the Action.
RISK INDICATORS PROCUREMENT

Inconsistencies in the dates of the documents or illogical sequence of dates.
Examples:

- Offer dated after the award of contract or before the sending of the invitations to tender

- Offer of the winning tenderer dated before the publication date of the tender or dated significantly later than offers of other tenderers

- Offers of different candidates participating in the same tenders all having the same date

- Dates on documents not plausible/consistent with dates on accompanying documentation (e.g. date on the offer not plausible/consistent with the postal date on the envelope; date of a fax not plausible/consistent with the printed date of the fax machine)

Unusual similarities in offers of candidates participating in the same tender.
Examples:

- Same wording, sentences and terminology in offers of different tenderers

- Same layout and format (e.g. font type, font size, margin sizes, indents, paragraph wrapping etc.) in offers if different tenders

- Similar letterhead paper or logos

- Same prices used in offers of different for a number of subcomponents or line items

- Identical grammatical, orthographical or typing errors in offers of different tenderers

- Use of similar stamps and similarities in signatures

Financial statement or other information indicating that two tenderers participating in the same Tender are related or part of a same group (e.g. where financial statements are provided, the notes to the financial statements may disclose ultimate ownership of the group. Ownership information may also be found in public registers for Accounts)

Inconsistencies in the selection and award decision process:
Examples:

- Award decisions not plausible / consistent with selection and award criteria

- Errors in the application of the selection and award criteria

- A regular supplier of the beneficiary participates as a member of a tender evolution committee

Other elements and examples indicating a risk of privileged relationship with tenderers:

- A same tenderer (or small group of tenderers) is invited to different tenders with unusual
frequency

- A same tenderer (or small group of tenderers) wins an unusually high proportion of the bids

- A tenderer is frequently awarded contract for different types of goods or services

The winning tenderer invoices additional goods not foreseen in the offer (e.g. additional spare parts invoiced without clear justification, installation costs invoiced while not foreseen in the offer).

**Other documentation, issues and examples indicating a risk of irregularities:**

- Use of photocopies instead of original documents

- Use of pro-forma invoices as supporting documents instead of official invoices

- Manual changes on original documents (e.g. figures manually changed, figures "tippexed" etc.

- Use of not-official documents (e.g. letterhead paper not showing certain official and/or compulsory information such as commercial registry number, company tax number, etc.)