**Checklist for service contract control**

**(the list can be extended by the auditor)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Service Contract number |  | | | | |
| Service Contract title |  | | | | |
| Name and address of the Contractor |  | | | | |
| First and last name of the auditor |  | | | | |
| Name and address of the auditing entity |  | | | | |
| Phone number/e-mail address of the auditor |  | | | | |
| Report number |  | | | | |
| Reporting period |  | | | | |
| Amount of reported expenditure |  | | | | |
| Amount of certified expenditure |  | | | | |
| Type of control | On-desk control **** | | On-the-spot control **** | | |
| Date of the on-the-spot control | *Place* | *Date* | | | |
| Final contract control | YES  **** | NO **** | | | |
| Description of the identified shortcomings, stipulations, irregularities | *Describe problems, shortcomings, non-eligible costs, which were found during control* | | | | |
| Description of conclusions and recommendations | Please, indicate steps taken to resolve detected errors, shortcomings or irregularities. Point out recommendations to avoid similar errors in the future. | | | | |
| Thematic modules of the checklist used during control, concerning the specifics of the given contract and the scope of control | Controlled area | | | Yes | Not applicable |
| 1. Control of the activities planned in the contract | | |  |  |
| 1. Control of achievement of indicators | | |  |  |
| 1. Control of accounting records | | |  |  |
| Expenditure verification: | | |  |  |
| 1. Expenditure relating to the category – STAFF COSTS | | |  |  |
| 1. Expenditure relating to the category – TRAVEL AND SUBSISTENCE COSTS | | |  |  |
| 1. Expenditure relating to the category – SERVICES | | |  |  |
| 1. Control of compliance with the information and visibility requirements | | |  |  |
| 1. Control of public procurement procedures | | |   *If YES, please attach to this checklist, a Checklist of public procurement – refers to Polish BO only* |  |

**Thematic modules of the checklist:**

1. **General:**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes/No**  Not applicable | **Remarks/Comments** |
| 1 | Was the report prepared on the proper form and signed by persons authorized to represent the contractor? |  |  |
| 2 | Is the paper version of the report compatible with the electronic version of the report? |  |  |
| 3 | Was the reporting period properly indicated? (Was continuity ensured, while not overlapping the period for which the previous request for payment had been made? |  |  |
| 4 | Is the report correct in terms of arithmetical calculation? |  |  |
| 5 | Was the value of expenditure converted to euro using the correct rates in accordance with the service contact? |  | *Please specify the currency used.* |
| 6 | Was the expenditure reported in the relevant budget lines? |  |  |
| 7 | Was not the contract budget exceeded, including the particular categories of expenditure? |  |  |
| 8 | Was there any evidence that the adequacy of expenditure is ensured, i.e. expenditure incurred are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency. |  |  |
| 9 | Were expenditure incurred during the contract implementation period (does not apply to expenditure verification costs)? |  |  |
| 10 | Is there any evidence of income in the contract and if income had occurred, was it taken into account in accordance with the Programme rules and reported? |  |  |
| 11 | Were the rules of origin and nationality, stipulated in art. 8 and art.9 of the regulation 236/2014, followed in case of contracted services/supplies? |  |  |

1. **Check out of the activities planned in the contract**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes/No**  **Not applicable** | **Remarks/Comments** |
| 1 | Was the physical progress of particular contract activities in the given reporting period described? |  |  |
| 2 | Is the progress status of particular activities within the contract compatible with the service contract (Annex II and Annex III)? |  | *If NOT, please describe deviations from the planned scope of contract implementation* |
| 3 | Did the implemented activities comply with the assumptions included in the service contract (Annex II and Annex III)? |  |  |
| 4 | Is the progress status of the contract, presented in the progress reports, consistent with the actual activities implemented? |  | */Verification on-site/ Applicable to the on-the-spot controls* |
| 5 | Are the documents submitted in the contract progress reports consistent with the original contract documentation? |  | *Answer on the basis of the sample verification/ Applicable to the on-the-spot controls* |

1. **Control of achievement of indicators**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Name of the indicator presented in the service contract (Annex II)** | **Measurement unit** | **Target value of the indicator** | **Verification sources / Measurement method** | **State of achievement of the indicator** | **Remarks** |
| I |  |  |  |  |  |  |
| … |  |  |  |  |  |  |
| 1 | Were the values of the indicators achieved in the reporting period consistent with the description of contract implementation progress? | | *yes/no/not applicable* | *Describe any possible deviations* | | |
| 2 | Were the indicators achieved? | |  |  | | |
| 3 | Does the reached cumulative achievement of the indicators show that there is a threat to the correct contract implementation? | |  |  | | |

1. **Control of accounting records**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes/No**  **Not Applicable** | **Remarks/Comments** |
| 1 | Are the separate accounting records or a separate accounting code kept for all contract implementation activities? (Not applicable to settling of fees) |  |  |
| 2 | Were the expenditures presented by the contractor in the progress reports actually incurred, paid and recorded in the accounting records at the appropriate amounts?  *Does not apply to fees* |  |  |
| 3 | Is there the accounting document (e.g. invoice, payroll) for each expenditure?  *Does not apply to fees* |  |  |
| 4 | Is there a document confirming the payment for each expenditure?  *Does not apply to fees* |  |  |
| 5 | Are accounting records described in a manner that indicates that they had not been financed from different sources, in line with the Programme rules? /To exclude double financing / |  |  |
| 6 | Were the expenditures paid during the eligibility period of the expenditure specified in the contract? |  |  |
| 7 | Can VAT be considered as eligible in connection with the Contractor's Statement and the eligibility rules? |  |  |
| 8 | /for Polish beneficiaries only/  a) During the project implementation is the beneficiary registered in the tax office as an active VAT payer?  b) Does the project generate taxable activities?  c) Is there any evidence of the direct and unquestionable relation between the goods / services / fixed assets acquired under the project and the VAT taxable activities being carried out and/or activities exempted from VAT under Article 90 p. 2 of the Act on VAT?  d) Are the contractors (if any) of the beneficiary an active VAT payers? |  |  |
| 9 | Were the expenditures covered by the request for payment previously settled within the advance payment or repeatedly included in the current request for payment?  Note: special attention should be paid to the expenditure incurred (issued / paid) in the period prior to the verified request for payment. |  |  |

1. **Expenditure Verification - Category of expenditure – FEES**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes/No**  **Not Applicable** | **Remarks** |
| **5.1 Timesheets for the Contractor's Personnel** | | | |
| 1 | Does the time (number of days / hours worked) charged to the Service Contract for the Contractor's personnel (i.e. team leaders, senior and junior experts) correspond to timesheets maintained by the Contractor in accordance with the criteria for records of (Article 24 of the General Conditions) |  |  |
| 2 | Timesheets cover time periods that fall within the implementation period of the Service Contract (Article 5 of the Special Conditions) |  |  |
| 3 | 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 MA |  |  |
| 4 | Time charged to the Service Contract relates to the Contractor's personnel mentioned in the Budget for the Service Contract. The Auditor reviews 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 Auditor verifies that such overruns have been properly authorised (Article 20 of the General Conditions). |  |  |
| 5 | The total number of days / hours on timesheets has been correctly calculated. For this purpose the Auditor may use a sample (e.g. recalculating (sub) totals for a number of the Contractor's personnel and for a number of months. |  |  |
| 5.2 Key Experts | | | |
| 1 | The Contractor's personnel (i.e. team leaders, senior and junior experts) for which time has been charged to the Service Contract was actually employed by the Contractor in the period covered by the timesheets. For this purpose the Auditor examines supporting evidence such as employment contracts. For personnel contracted by the Contractor (e.g. independent experts and free-lancers) the Auditor examines supporting evidence such as contracts. |  |  |
| 2 | Key experts for whom time has been charged to the contract are listed in Annex IV (key experts) of the Service Contract, that CVs are included in this Annex and that signed addendums to the Service Contract exist for key experts who have been replaced by other ones (Article 20 of the General Conditions). |  |  |
| 3 | The salaries and fees of the Contractor's personnel for which time has been charged to the Service Contract were actually incurred and paid by the Contractor in the period covered by the timesheets. For this purpose the Auditor examines payroll information (e.g. salary statements and pay slips) for staff employed by the Contractor. For personnel contracted by the Contractor (i.e. key experts) the Auditor examines supporting evidence relating to the charging of fees and payment (e.g. invoices and proof of payment). The Auditor can examine supporting evidence on a sample basis (e.g. for a number of months). |  |  |
| 5.3 Activities carried out by Key Experts | |  |  |
| 1 | The Auditor obtains evidence, including where available independent, third-party evidence, that time charged for the Contractor's personnel (i.e. team leaders, senior and junior experts) pertains to Service Contract activities. Evidence includes but is not limited to:  - Reports and documents drawn up by the Contractor and approved by the JTS/MA as well as other activity reports and memo's produced by the Contractor and the Contractor's personnel;  - Minutes and records of meetings of the Contractor and the Contractor's personnel with JTS/MA;  - Correspondence of the Contractor and the Contractor's personnel with the Project Manager or JTS/MA;  - Reports and data compiled or prepared by the Contractor in the performance of the Service Contract;  - Any other evidence which the Auditor considers appropriate. |  |  |
| 2 | The Auditor reports that evidence was obtained which makes it plausible that the time charged for the Contractor's personnel relates to Service Contract activities. In case the Auditor has not been able to obtain such evidence the reasons must be specified in the Auditor's report. |  |  |
| 5.4 Fee costs | |  |  |
| 1 | The Auditor verifies that 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 of the Special Conditions). |  |  |
| 2 | The Auditor verifies that 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. |  |  |
| 3 | The Auditor verifies that total fee costs for the Contractor's personnel are classified in the Financial Report in accordance with the underlying timesheets and other evidence |  |  |
| 4 | The Auditor verifies that cost included in the fee rate (staff cost and administrative costs like postal, courier and similar services, archive, office supplies and other consumables, office maintenance, office rental, insurance, telephone, electricity, heating, bank charges) were not presented as real costs in other budget line of the financial report. |  |  |

1. **Expenditure Verification - Category of expenditure – INCIDENTAL COSTS AND EXPENDITURE VERIFICATION COSTS**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes/No**  **Not Applicable** | **Remarks** |
| **6.1 Travel and subsistence costs** | | | |
| 1 | Are the travels related to the tasks approved by the JTS? |  |  |
| 2 | Was the travel documented (agenda, invitation, tickets, bills, invoices)? |  |  |
| 3 | Was the travel expenditure incurred and settled in accordance with the national legislation or internal regulations of the contractor (amount of per diems etc.)? |  |  |
| 4 | In case of providing food by the organizer of the meeting, was the amount of the per diems reduced accordingly? |  |  |
| 5 | Were the means of transport selected in accordance with the Programme rules (special JTS note on travels)? |  |  |
| 6 | Is the travel time consistent with the date of the event?  *(arrival and departure time is not longer than 1 day from the start and the end of the event. In case of a longer stay, was the decision duly justified?)* |  |  |
| **6.2 Services** | | | |
| 1 | Did the contractor submit the contract with its subcontractor? |  |  |
| 2 | Did the contractor submit the service acceptance note or is there the relevant information attached to the invoice? |  |  |
| 3 | Is the scope of performed services consistent with the contract with the subcontractor and the Service Contract? |  |  |
| 4 | Was the content scope implemented within the deadline indicated in the contract with the subcontractor? |  |  |
| 5 | Were the expenditures being verified incurred in accordance with the public procurement law? Should they?[[1]](#footnote-2)  /if YES, in the Remarks should be entered if and when the appropriate checklist for control of public procurement was filled in/ |  |  |
| 6 | In case the contractor resigned from carrying out the proceedings in accordance with the public procurement law, was he/she entitled to do this? |  |  |
| 7 | Were the expenditures being verified incurred reasonably, in justified way, and comply with the requirements of sound financial management, in particular regarding economy and efficiency e.g. based on analysis on the market prices, etc./[[2]](#footnote-3)? |  | */in case of expenditures of* ***Polish beneficiaries*** *below the thresholds, deriving from the public procurement law the auditor shall describe on what base he or she has declared that the expenditure had been incurred* reasonably, in justified way, and comply with the requirements of sound financial management, in particular regarding economy and efficiency, e.g. based on analysis on the market prices, etc./[[3]](#footnote-4)  */in case of expenditures* ***of Belarusian or Ukrainian contractors*** *equal or lower than thresholds deriving from the art. 52.2 IR the auditor shall describe on what base he or she has declared that the contract is awarded to the tender offering best value for money, or as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests(*based on analysis on the market prices, etc. and check if applicable procurement procedures were applied - TESIM  Guide on procurement procedures in Ukraine and Belarus or Programme procurement guidelines for service contracts (applicable for procurements launched after *<JTS will insert the date once contractors are informed>)*. |
| 8 | Were the expenditures being verified incurred in accordance with the regulations and administrative provisions adopted in the entity hosting the programme institution?  /only in case of the Polish BO/ |  |  |
| 8a | In case the contractor resigned from carrying out the proceedings in accordance with the regulations and administrative provisions adopted in the entity hosting the programme institution, was he/she entitled to do this?  /only in case of the Polish BO/ |  |  |
| 8b | /for UA and BY BOs only/  Were the expenditures being verified incurred in accordance with the principles stipulated in [Annex 10](https://www.pbu2020.eu/files/uploads/pages_en/manual%20II/Annex%2010_TESIM_guide_procurement_private.pdf)  to the Programme Manual (TESIM  Guide on procurement procedures in Ukraine and Belarus) or Programme procurement guidelines for service contracts (applicable for procurements launched after *<JTS will insert the date once contractors are informed>)*.  Should they?  a) Has the adequate procedure been applied?  b) Has the information about the procedure been adequately announced (if applicable)?  c) Have the selection and award criteria been correctly indicated (if applicable)?  d) Has the procedure been properly documented (if applicable)? |  |  |
| 9 | Does the contract with the subcontractor clearly state the duties, contract duration and due remuneration? |  |  |
| 10 | Was the scope of work performed made at the price agreed in the contract with the subcontractor? |  |  |
| 11 | Is there evidence of task performance by the subcontractor? |  |  |
| 12 | In case the contractor made changes to the concluded contracts / signed the annexes, was it in accordance with the provisions and contract concluded with the subcontractor? |  |  |
| 13 | Did the contractor provide evidence of training / events? |  |  |
| 14 | Does the provided documentation confirm that the training / event was held for the target group specified in the JTS/MA task / Service Contract? |  |  |
| **6.3 In case of Ukrainian and Belarusian contractors, basing on the provisions of the Financing Agreement between CBC Partner Countries and EC, application of art. 52.2 of the Implementing Regulation no 897/2014 should be additionally checked:** | | | |
| 1 | In case of contracts with subcontractors under 60 000 EUR was the contract awarded to the tender offering best value for money, or as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests? |  |  |
| 2 | For contracts with a value of more than EUR 60 000, please check if all requirements mentioned below have been met:  (i) an evaluation committee shall be set up to evaluate applications and/or tenders on the basis of the exclusion, selection and award criteria published by the contractor in advance in the tender documents. The committee must have an odd number of members with all the technical and administrative capacities necessary to give an informed opinion on the tenders/applications;  (ii) sufficient transparency, fair competition and adequate ex-ante publicity must be ensured; 19.8.2014 L 244/39 Official Journal of the European Union EN  (iii) equal treatment, proportionality and non-discrimination shall be ensured;  (iv) tender documents must be drafted according to best international practice;  (v) deadlines for submitting applications or tenders must be long enough to give interested parties a reasonable period to prepare their tenders;  (vi) candidates or tenderers shall be excluded from participating in a procurement procedure if they fall within one of the situations described in Article 106(1) of Regulation (EU, Euratom) No 966/2012. Candidates or tenderers must certify that they are not in one of these situations. In addition, contracts may not be awarded to candidates or tenderers which, during the procurement procedure fall within one of the situations referred to in Article 107 of Regulation (EU, Euratom) No 966/2012;  (vii) procurement procedures set out in Articles 53 to 56 of the Implementing Regulation no 897/2014 shall be followed (choice of relevant procedure). |  |  |

**7. Control of compliance with the information and visibility requirements**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes / No /**  **Not applicable** | **Remarks** |
| 1 | Did the information and visibility activities and materials contain the necessary information according to the Programme requirements, including whether they were marked with the logo of the Programme, the EU symbol, containing information about the Programme co-financing? |  |  |
| 2 | Were fixed assets, e.g. the room where the event took place (e.g. conference, training, office supplies / publications) marked in accordance with the Programme rules? |  |  |
| 4 | Did the Contractor inform the public of the received support by the Programme by posting on its website [if there is any] a brief description of the operation, proportional to the level of support, including its objectives and results, and highlighting the EU financial support / if the obligation arises from the Programme rules/? |  |  |
| 5 | Did the Contractor respect the Programme rules on information and promotion? |  |  |
| 6 | Are costs incurred for the information and visibility activities necessary to achieve the objectives of the contract? |  |  |

**8. Control of compliance with other EU rules**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes / No /**  **Not applicable** | **Remarks** |
| 1 | Was there any evidence that the contract activities do not comply with the EU horizontal objectives of environmental protection? |  |  |
| 2 | Was there any evidence that the contract activities do not comply with the EU horizontal objectives of equal opportunities and non-discrimination as well as equality between men and women? |  |  |
| 3 | Was there any evidence that the contract activities do not respect the provisions regarding the accessibility of disabled persons? |  |  |
| 4 | Was there any evidence that the contract exclude other target groups based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation? |  |  |
| 7 | Was there any evidence of violation of EU rules on state aid, i.e. it can be confirmed that  a) contract activities are in line with the service contract and do not raise any new issues  b) contract activities do not create an economic advantage for a partner or a third party and are without potential impact on competition, but serve a general common interest.  *(Does not concern BY contractors)* |  |  |
| 8 | In case there are activities of the contract that are not defined as state aid in the application form are these activities of noneconomic nature?  *In this context, non-economic means:*  *The contractor does not undertake any activities for which a market exists; or*  *The contractor does not offer goods/ services for which a market exists; or*  *The contractor does not implement activities in the context of the contract that could be carried out by a private operator which intends to make profit (even if it is not the intention within the contract); or*  *The contractor does not provide goods/services in the context of the contract that could be provided by a private operator which intends to make profit (even if it is not the intention within the contract); or*  *The contractor does not construct infrastructure (e.g. port infrastructure) that shall be exploited economically and is not and is not available for public use free of charge.*  *(Does not concern BY contractors)* |  |  |

**9. Other elements of expenditure eligibility verification**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes No**  **Not applicable** | **Remarks** |
| 1 | Did, during the control of the estimation of the value of public contracts, the controller obtain assurance that the contractor did not split the contract for parts by, for example,  • analysis of the procurement plan,  • analysis of concluding contracts in terms of scope / type,  • analysis of planned expenditure during contract implementation in terms of convergence of scope / type. |  |  |
| 2 | Was it ensured during the expenditure verification that the following expenditures were not reported as eligible:  a) debt and debt service charges (interest);  b) provisions for losses or liabilities,  c) costs declared by the contractor and already financed from the Union budget,  d) purchase of land or buildings for an amount exceeding 10% of the eligible expenditure of the contract,  e) foreign exchange losses,  f) duties, taxes and charges, including VAT, except where no recovery is possible under applicable national tax laws, unless otherwise specified in the relevant provisions agreed with partner countries involved in cross-border cooperation,  g) loans to third parties,  h) fines, financial penalties and expenditure related to litigation,  i) contributions in kind, including volunteering. |  |  |
| 3 | During the check of expenditure, including the public procurement procedures, has the auditor come across any evidence of fraud? |  | In case of “YES” the JTS shall be informed immediately |

**SUMMARY**

**( Obligatory Part)**

|  |  |  |  |
| --- | --- | --- | --- |
| **No.** | **Question** | **Yes No**  **Not applicable** | **Remarks** |
| **1** | Are the expenditures in the reported so far consistent with the eligibility rules in force in the Programme, as specified in the Joint Operational Programme? |  |  |
| **2** | Is the contract documentation kept in a way that ensures availability, confidentiality and security, and the correct audit trail? |  |  |
| **3** | Were there found any ineligible expenditure during the expenditure verification procedure? |  |  |
| **4** | Was a conflict of interest identified or are there any indications that such a conflict may exist? |  |  |
| **5** | Does the auditor identify risks for proper contract implementation? |  |  |
| **6** | Is there a need for the contractor to correct the contract interim reports submitted so far? |  |  |
| **7** | Is there any need to notify the JTS that ineligible expenditure were found and the need to initiate the procedure for recovery of incorrectly made payments? |  |  |
| **8** | Were recommendations from previous expenditure verifications of the contract implemented? /if applicable/ |  |  |
| **9** | If some irregularities have been found during previous controls, has the related expenditure been properly presented for further settlement in the amount/proportion accepted.? |  | *Please consider the results of previous controls (i.e. public procurement controls, control of the rule of competitiveness, on the spot control, etc)* |
| **NOTES** |  | | |
| **ANNEXES** | *- e.g. list for ex-post controls of public procurement procedures, etc.* | | |

|  |  |
| --- | --- |
| **Auditor’s data** |  |
| **Name** |  |
| **Signature** |  |
| **Date** |  |

1. In case of Programme Branch Offices in Ukraine and Belarus as well as Belarusian CCP contracts shall be awarded in accordance with Title VII Chapter 4 of Implementing Regulation (EU) No 897/2014 with the exception of Article 52(1). In case of Programme Branch Office in Poland contracts shall be awarded in accordance with Article 37 of Implementing Regulation. Procurement by Branch Offices shall be limited to ordinary running costs and costs for communication and visibility activities [↑](#footnote-ref-2)
2. In case organisation internal rules define the procedures below those deriving from the Law on Public Procurement, these shall be verified. [↑](#footnote-ref-3)
3. In case organisation internal rules define the procedures below those deriving from the Law on public Procurement, these shall be verified. [↑](#footnote-ref-4)