

REPORT OF FACTUAL FINDINGS ON EXPENDITURES DECLARED UNDER AN INTERIM/FINAL REPORT

Version 2, binding from 1st of September 2019



To

Luís Pais ,

Vice-president

Instituto Politécnico de Bragança

Campus de Santa Apolónia

5300-253 Bragança, Portugal

29-04-2022

Dear Luís Pais,

As agreed under the terms of reference dated 13-04-2022

with: Instituto Politécnico de Bragança,

we

Fernando Peixinho & José Lima, SROC, Lda ('the Auditor'),

established at

Rua do Loreto n.º 120, 1.º sobreloja, 5300-189 Bragança

represented by

Fernando José Peixinho de Araújo Rodrigues

have carried out the procedures agreed with you regarding the expenditures declared in the Interim Report(s) covering period 01/04/2019 to 31-03-2022

submitted by the Instituto Politécnico de Bragança

concerning the Project Contract Contract number 2017-1-351 SOCIALNEET_From civil society organizations to social entrepreneurship. Combating youth unemployment and addressing the needs of NEETs,

and hereby provide our **Report of Factual Findings ('the Report')** using the compulsory report format agreed with you.

Our engagement was carried out in accordance with the Terms of Reference ('the ToR') appended to this Report. The Report includes the agreed-upon procedures ('the Procedures') carried out and the standard factual findings examined.

STANDARDS AND ETHICS

Our engagement was undertaken in accordance with:

- the Terms of Reference appended to this Report and:
- the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed upon Procedures regarding Financial Information as promulgated by the IFAC;

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- the IFAC Code of Ethics for Professional Accountants (developed and issued by IFAC's International Ethics Standards Board for Accountants, which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the FO requires that the Auditor is independent from the Project Partners and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

PROCEDURES PERFORMED

As requested, we have only performed the procedures listed in the model Report for this engagement and we have reported our factual findings on those procedures in the Annex I to the Report ("Listing of procedures performed").

These procedures have been determined solely by the FO and the procedures were performed solely to assist the FO in evaluating whether the expenditure claimed by the Project Partner in the accompanying Interim Financial Part of the Report(s) is eligible in accordance with the terms and conditions of the Project Contract.

Because the procedures performed by us did not constitute either an audit or a review carried out 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 Project Partner 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 Project Partner's accounts and records.

FACTUAL FINDINGS

On the basis of the results of procedures, we found:

- **Total eligible project costs** which are the subject of this expenditure verification amount to EUR 32016,73 direct costs + EUR 2867,73 indirect costs of the Project Partner, applicable to the interim/final report(s) subject to verification within this Report. The value of total incurred project costs per partner is visible in financial part of interim/final report, section 2. Overview tables.]

The expenditures indicated in Annex II to the Report ('the List of expenditures') met the following criteria:

- they were incurred between the first and final dates of eligibility of the Project, unless otherwise specified in the Special Conditions;
- they were related to the subject of the Project as described in Annex II and they were indicated in the budget of the Project;
- they were proportionate and necessary for the implementation of the Project;

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- they were used for the sole purpose of achieving the objective(s) of the Project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
- they were identifiable and verifiable, in particular through being recorded in the accounting records of the Project Partners and determined according to the applicable accounting standards and generally accepted accounting principles; and
- they complied with the requirements of applicable tax and social legislation,
- they were supported by receipted invoices, or alternatively by accounting documents of equivalent probative value,
- they were paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Depreciation of equipment have been incurred when it was recorded on the accounts of the Project Partner.

FURTHER REMARKS

In addition to reporting on the results of the specific procedures carried out, the Auditor would like to make the following general remarks:

[Example (to be removed from the Report):

- 1. Regarding Finding number 7, 9) we regard that there is a link between work and content of the project the conditions for additional remuneration because ...*
- 2. In order to be able to confirm the Finding number 15 we carried out the following additional procedures:]*

USE OF THIS REPORT

This report is prepared solely for confidential use and for the purpose of submission to the FO. This report may not be relied upon for any other purpose, nor may it be distributed to any other parties. The FO may disclose this Report to others who have regulatory rights of access to it, in particular the FMO, the EFTA Board of Auditors, as well as the Auditor General of Norway.

This Report relates only to the Interim Report(s) specified above and does not extend to any of your financial statements.

There was no conflict of interests¹ in establishing this Report.

Yours sincerely

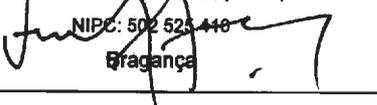
Name of Auditor signing: Fernando José Peixinho de Araújo Rodrigues

Auditors' address *Rua do Loreto nº120, 1º sobreloja, 5300-189 Bragança*

Date of signature 28/04/2022

Auditors' signature:

Fernando Peixinho & José Lima, SROC, Lda


NIPC: 502 525 448
Bragança

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Annex I to Report of Factual Findings on expenditures declared under an Interim/Final Report

Listing of procedures performed

The 'result' column has three different options: 'C', 'E' and 'N.A.':

- 'C' stands for 'confirmed' and means that the auditor can confirm the 'standard factual finding' and, therefore, there is no exception to be reported.
- 'E' stands for 'exception' and means that the Auditor carried out the procedures but cannot confirm the 'standard factual finding', or that the Auditor was not able to carry out a specific procedure (e.g. because it was impossible to reconcile key information or data were unavailable). In either case, such case must be reported and described in the Report of factual findings with a reference to the expenditure number as indicated in the List of expenditure. The exception may refer to any expenditure under the specific budget heading or to the individual expenditure item. This implies that the expenditure is regarded as non-eligible.
- 'N.A.' stands for 'not applicable' and means that the Finding did not have to be examined by the Auditor and the related Procedure(s) did not have to be carried out. The reasons of the non-application of a certain Finding must be obvious i.e. 1) if no cost was declared under a certain category then the related Finding(s) and Procedure(s) are not applicable; 2) if the condition set to apply certain Procedure(s) are not met then the related Finding(s) and Procedure(s) are not applicable.

Procedures	Standard factual findings	Result (C, E, N.A.)
General statements applicable to all project expenditures		
Reference / Criteria		
The issues to be verified versus all project expenditures:		
<ul style="list-style-type: none"> • Exclusion of ineligible costs • Adequate accounting system in place • Bank account • Net revenues • Irregularities 		
<p>The Auditor:</p> <p>verified that no ineligible costs were declared under any of the BHs:</p> <ul style="list-style-type: none"> ○ Reviewed the costs in terms of ineligibility ○ In case of costs with dates of invoicing/payments belonging to previous reporting periods: verified if these costs were declared only once, and only in the currently verified report/s. ○ Reviewed if the costs were charged in line with the Project Partner's accounting policy, were correctly identified, allocated to the proper activity, budget heading, entered in the accounting system (traceable to underlying documents such as purchase orders, invoices and accounting), ○ Verified if separate accounting system/code is used for all the project costs and is consistent with the presented accounting policy, ○ Verified if all project-related expenditures are identifiable in the accounting system, ○ Verified if net revenue is reported and if so the net-revenue is properly calculated and deducted in the reporting period. ○ Verified if net-revenue generated in the project is properly calculated, deducted in the reporting period and recorded in the accounting system. <p>The following costs shall not be considered eligible:</p> <ul style="list-style-type: none"> ○ Interest on debt, debt service charges and 	<p>1) It is ensured that ineligible costs are excluded according to the EEA and Norway Grants Fund for Youth Employment rules.</p>	C
	<p>2) All costs are declared only once, i.e. not already reported twice in the project.</p>	C
	<p>3) The costs were charged in line with the Project Partner's accounting policy and were adequately supported.</p>	C
	<p>4) The project partner uses, for the accounting purposes, a separate accounting system and/or an adequate accounting code and all project-related expenditures are identifiable.</p>	C
	<p>5) The dedicated bank account (LP) is used only for the project-related payments</p>	C

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Procedures	Standard factual findings	Result (C, E, N.A.)
<p>late payment charges;</p> <ul style="list-style-type: none"> ○ Charges for financial transactions and other purely financial costs, except costs specifically required by the applicable law and costs of financial services imposed by the project contract; ○ Costs related to purchase of land or real estate; ○ Provisions for losses or potential future liabilities; ○ Exchange rate losses; ○ Recoverable VAT; ○ Costs that are covered by other sources; ○ Fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and ○ Excessive or reckless expenditure. 	<p>6) The reported net revenue has been properly calculated and deducted from the total eligible expenditure and recorded in the accounting system.</p>	<p>C</p>
	<p>7) There was no evidence of irregularities found during the project's verification.</p>	<p>C</p>
Staff costs (BH1)		
Reference/Criteria		
<p>The cost of staff assigned to the Project, either full- or part- time, comprising actual salaries plus social security contributions and other statutory costs included in the remuneration, provided that these costs are in line with each Project Partner's usual policy on remuneration. Staff can either be already employed by the Project Partner entity or staff specifically employed for the Project.</p>		
<p>The Auditor:</p> <ul style="list-style-type: none"> ○ reviewed the contractual changes for staff working in the project, and the method for calculating staff costs, ○ recalculated all staff costs based on national legislation, employment contract or equivalent and partner's usual policy on remuneration. <p>Staff costs must be calculated individually for each staff member charged to the project. In case of contractual changes for staff working in the project, the method for calculating staff costs may also be adapted to the changed conditions.</p>	<p>8) There were no discrepancies between the personnel costs as presented in the Report and the costs recalculated by the Auditor.</p>	<p>C</p>
	<p>9) The claimed Staff costs are adequate in quality and/or quantity to the realised deliverables of the project.</p>	
<p>The Auditor:</p> <ul style="list-style-type: none"> ○ Verified whether only permanent staff cost is calculated under this budget item; (any extra services provided on short-term basis by persons (external experts) are to be excluded from BH1). 	<p>10) The incurred expenditures were appropriately assigned to the budget heading - Staff Cost.</p>	<p>C</p>

Procedures	Standard factual findings	Result (C, E, N.A.)
<p>The Auditor:</p> <ul style="list-style-type: none"> ○ Reviewed the Project Partner's usual policies and practices regarding payroll matters (e.g. salary policy, overtime policy, variable pay),. ○ Verified whether unjustified ad-hoc salary increases or bonuses are excluded from the eligible expenditures. <p>Unjustified ad-hoc salary increases or bonuses for project purposes are not eligible.</p>	<p>11) Project partner's staff was remunerated in accordance with the Project Partner's usual policy.</p>	<p>C</p>
<p>Further procedures if there is part time Staff employed The Auditor:</p> <ul style="list-style-type: none"> ○ Recalculated salaries of part time staff depending on the method applied by the project partner ○ Ensured that the method has been applied in consistent manner. <p>Staff employed part-time in the project is dedicating only a part of its total working time to the project, such costs have to be calculated according to either of the following methods:</p> <ul style="list-style-type: none"> ○ Part-time with a fixed percentage of time per month dedicated to the project; ○ Part-time with a flexible number of hours/days worked per month on the project. <p>1) A fixed percentage of the gross employment cost, in line with a fixed percentage of time worked on the project, with no obligation to establish a separate working time registration system (time-sheets); In such case, the employment / work contract has to specify the tasks and the percentage of the time worked per month for the project. Alternatively, a specific document can be issued by the project partner for each employee setting out the percentage of time to be worked on the project (e.g. Job description); Or</p> <p>2) A flexible share of the gross employment cost, in line with the number of hours/days spent on the project, based on a time registration system (time-sheets). Such costs shall be calculated multiplying the hourly/daily rate by the number of hours/days</p>	<p>12) There were no discrepancies between the part time personnel costs as presented in the Report and the costs recalculated by the Auditor.</p>	<p>C</p>

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Procedures	Standard factual findings	Result (C, E, N.A.)
<p>actually worked on the project (based on time-sheets).</p> <p>The hourly/daily rate (if not specified in the employment / work contract) to be applied for calculation is determined by dividing the monthly gross employment costs by the monthly working time fixed in the employment contract (or equivalent contract) expressed in hours/days.</p>		
<p>Further procedures if there is Staff employed on contract which is equivalent to employment contract in accordance with the national legislation</p> <p>The Auditor:</p> <ul style="list-style-type: none"> ○ Reviewed the terms of “equivalent contracts” of every staff employed in this way (especially the cost, contract duration, work description, place of work, ownership of the results and reporting obligations to the Project partner); ○ Compared the terms of “equivalent contracts” to those of the employed under employment contract; ○ Compared the costs of “equivalent contracts” to those of the employed under employment contract; ○ Verified whether result of the work carried out belongs to the project partner. <p>Costs for natural persons working under the contract which are equivalent to employment contract are eligible if:</p> <ul style="list-style-type: none"> (a) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised and supervised, the tasks that are performed and the premises where they are performed); (b) the result of the work carried out belongs to the project partner and (c) the costs are not different from those for personnel performing similar tasks under an employment contract with the project partner. <p>Costs arising from a contract stipulated with a natural person that results to be not equivalent to an employment contract according to national/institutional rules, belong to the ‘subcontracting cost’ budget heading and have to</p>	<p>13) For Staff employed on contract which is equivalent to employment contract, costs and work conditions are not different from those for personnel performing similar tasks under an employment contract with the project partner and the result of the work carried out belongs to the project partner.</p>	<p>C</p>

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Procedures	Standard factual findings	Result (C, E, N.A.)
comply with all provisions applicable to that budget heading, including the respect of procurement rules.		
Voluntary work (BH1a)		
Reference/Criteria		
<p>The voluntary work is allowed for non-governmental organisations only. Voluntary work is the work carried out for the benefit of the project, with a specific purpose, within limited time period, on the basis of the volunteer's own will, and without receiving any financial compensation for it.</p> <p>Voluntary work cannot be part of the paid assignments, and it cannot be assigned to any person receiving remuneration from any of the project partners.</p>		
<p>The Auditor examined agreements between the volunteers and the project partner, signed time-sheets and calculation method of the monetary value of voluntary work.</p> <p>Voluntary work cannot be part of the paid assignments of the volunteers and should not be assigned to employees receiving remuneration from any project partner or any other organisation for the task (or tasks) to be considered volunteering under this project.</p> <p>Voluntary work should have a specific purpose, contribute to the content of the project and should be limited to a certain time period. The results of the unpaid work should be of added value to the project and contribute to the successful delivery of the project outputs.</p> <p>Voluntary work must be properly documented by signed agreement between the volunteer and the project partner (duration and conditions of unpaid work shall be specified here), signed time-sheets and calculation method of the monetary value of voluntary work.</p> <p>Calculation of voluntary work shall be objectively valued by the project partner and the hourly rates shall be similar but under no circumstances higher than the remuneration for equivalent work carried out in the region/country.</p> <p>Project beneficiaries CANNOT be volunteers.</p>	14) The volunteer work was appropriately calculated and assigned to the budget heading	NA
	15) Volunteers did not receive remuneration from any project partner or any other organisation within the project.	NA
	16) The volunteer's contract specified a detailed role within the project and the tasks that were directly linked to project only.	NA
	17) The work was properly documented by signed agreement between the volunteer and the project partner), signed time-sheets and calculation method of the monetary value of voluntary work.	NA
	18) Calculation of voluntary work was objectively valued by the project partner and the hourly rates were not higher than the remuneration for equivalent work carried out in the region/country.	NA
	19) Project beneficiaries were not engaged within the project as volunteers.	NA
Travel expenses and related subsistence allowances (BH2)		

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Procedures	Standard factual findings	Result (C, E, N.A.)	
Reference/Criteria			
<p>Travel expenses and related subsistence allowances of staff taking part in the Project, provided that these costs are in line with each Project Partner's usual practices on travel. Any accommodation allowances must not exceed the per diem rates published on the following website http://ec.europa.eu/europeaid/funding/about-calls-tender/procedures-and-practical-guide-prag/diems_en in force at the moment of travel. As a general principle, the most cost-efficient means of transport shall be used.</p>			
<p>The Auditor: reviewed the Project Partner's usual practices or policy regarding travelling.</p> <p>In the absence of written policy, the Project Partner provides the evidence of its practise outside the examined project costs to enable the Auditor to compare the travel costs charged with this practise.</p> <p>Travel expenses and related subsistence allowances of staff taking part in the project, must be in line with Project Partner's usual practices on travel/national legislation</p>	20) Costs were incurred, approved and reimbursed in line with Project Partner's usual practise/policy for travels and/or national legislation	NA	
	21) The incurred expenditures have been appropriately calculated and assigned to the budget heading - Travel expenses and related subsistence allowances.	NA	
	<p>The Auditor verified that travel costs:</p> <ul style="list-style-type: none"> ○ are justified, ○ correctly identified and calculated, ○ allocated to the activity (e.g. directly linked to the activity, related only to travels of the BH1 and BH1a staff) and budget heading <p>by reviewing relevant supporting documents such as minutes of meetings, workshops or conferences, their registration in the correct project account, their consistency with time records or with the dates/duration of the workshop/conference/activity.</p> <p>Travel and accommodation costs must be clearly linked to the project and be essential for its effective implementation. They must be justified by activities carried out within the project. As a general principle, the most cost-efficient mean of transport shall be used (e.g. using economy class instead of business or first class unless travels are done by train. If travels are by car, a reimbursement, based on the mileage calculation sheet or invoice (in case of car rental), based on national/internal rules as applicable to the entity.</p> <p>Daily subsistence allowances cannot exceed the official EU per diem rates published on</p>	22) The supporting documents were consistent with each other regarding subject of the trip, dates, duration and reconciled with time records and accounting. Costs partially covered by third parties have been deducted from eligible expenditures.	NA
		23) Travel and accommodation costs only relate to missions necessary for project implementation carried out by the permanent staff (BH1) and volunteers (BH1a).	NA
		24) Any accommodation and daily allowances do not exceed the per diem rates published by the EC.	NA
		25) The most cost-efficient means of transport was used or less-efficient transport was duly justified.	NA
26) Presented costs of travels relate solely to travels performed by the staff presented under BH1	NA		

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Procedures	Standard factual findings	Result (C, E, N.A.)
<p>http://ec.europa.eu/europeaid/funding/about-calls-tender/procedures-and-practical-guide-prag/diems_en at the moment of travel.</p> <p>Travel costs related to individuals other than staff directly employed by Project Partners (such as consultants, experts, external service providers), must be included under “subcontracting costs” (BH6).</p>	<p>and BH1a by the Project Partner (costs of external experts/consultants/service providers are excluded).</p>	
Consumables and supplies (BH3)		
Reference/Criteria		
<p>The costs of consumables and supplies are eligible, provided that they are identifiable and assigned to the Project;</p>		
<p>The Auditor verified that:</p> <ul style="list-style-type: none"> ○ Purchased goods were used for the implementation of the project activities; ○ The costs were allocated to the proper activity, budget heading; ○ Procurement rules were observed and ensured best value for money, key elements to appreciate the respect of this principle are the award of the contract to the bid offering best price-quality ratio, under conditions of transparency and equal treatment. <p>The Auditor also confirmed that all goods and services were necessary for the project (it may involve e.g. interviews, review of contracts and the outputs of the services) and cannot be concerned indirect.</p> <p>If project activities need to be supported by additional purchases of consumables and supplies, then such a purpose should be classified under “consumables and supplies” budget heading (BH3).</p> <p>Supplies – general purpose consumable items which commonly have a shorter life span in use than equipment and machines;</p> <p>Consumables (also known as consumable goods, nondurable goods, or soft goods) are goods that, are capable of being consumed, that may be destroyed, dissipated, wasted or spent. Consumables are in contrast to durable goods.</p>	<p>27) Only nondurable goods were purchased under this budget heading.</p>	<p>NA</p>
	<p>28) Purchased goods and supplies were properly tied to the implementation of project activities.</p>	<p>NA</p>
	<p>29) The incurred expenditures were appropriately assigned to the budget heading - Cost of consumables and supplies.</p>	<p>NA</p>
	<p>30) Consumables/supplies are clearly linked to the project and are essential for its effective implementation.</p>	<p>NA</p>
	<p>31) Procurement rules, principles and guides were followed. The purchases were made in accordance with the principle of best value for money.</p>	<p>NA</p>

Procedures	Standard factual findings	Result (C, E, N.A.)
<p>Further procedures if 'consumables and supplies' used only partially by the project</p> <p>The Auditor:</p> <ul style="list-style-type: none"> ○ reviewed the method of share allocation to the project ○ recalculated the actual allocation to the project 	<p>32) The share allocated to the project is charged based on a transparent method set in place (In case of consumables and supplies used only partially by the project).</p>	<p>NA</p>
Equipment costs (BH4)		
Reference/Criteria		
<p>Cost of equipment provided that it is depreciated in accordance with generally accepted accounting principles applicable to the Project Partner and generally accepted for items of the same kind. Only the portion of the depreciation corresponding to the duration of the Project and the rate of actual use for the purposes of the Project may be eligible. In case the Project Partner determines that the equipment is an integral and necessary component for achieving the outcomes of the Project, the entire purchase price may exceptionally be eligible;</p> <p>The Lead Partner shall ensure that:</p> <ul style="list-style-type: none"> • the equipment is kept in the ownership of the relevant Project Partner for a period of at least 5 years following the completion of the Project and continues to be used for the benefit of the Project's overall objective for the same period; • the equipment is kept properly insured by the relevant Project Partner against losses such as fire, theft or other normally insurable incidents both during the implementation of the Project and for at least 5 years after the completion of the Project; • the relevant Project Partner sets aside appropriate resources for the maintenance of the equipment for at least 5 years after the completion of the Project. 		
<p>The Auditor for every asset, which costs are claimed in the project, verified the existence, audit trail in the booking records, including depreciation method and procurement process.</p> <p>The equipment must:</p> <ul style="list-style-type: none"> ○ be essential for the project; ○ be not financed from any other financial instrument (e.g. EU, national, international); ○ not be fully depreciated; ○ not be included under any other budget line; ○ not be purchased, rented or leased from another project partner; ○ be purchased respecting the relevant procurement procedures. <p>As a general principle, for all project equipment</p>	<p>33) There was a link between the Project Contract and the asset charged to the project.</p>	<p>C</p>
	<p>34) Equipment has not already been financed by other Donors and/or has not already been depreciated.</p>	<p>C</p>
	<p>35) The incurred expenditures were appropriately assigned to the budget heading - Equipment costs.</p>	<p>C</p>
	<p>36) Procurement rules, principles and guides were followed and equipment has not been purchased, rented or leased from another project partner.. The purchases were made in accordance with the principle of</p>	<p>C</p>

Procedures	Standard factual findings	Result (C, E, N.A.)
<p>(purchased before or during the project lifetime) only depreciation costs shall be allocated to the project. Cost of equipment shall be depreciated in accordance with generally accepted accounting principles applicable to the project partner and generally accepted for items of the same kind. The portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be eligible.</p>	best value for money.	
	37) The reported expenditures are traceable to the accounting records and the underlying documents.	C
	38) The depreciation method used is in line with generally accepted accounting principles applicable to the project partner and generally accepted for items of the same kind.	NA
	39) The reported expenditures corresponded to the duration of the project and the rate of actual use for the purposes of the project.	C
<p>For equipment rented or leased the auditor verified, that rental or leasing costs are presented only for the respective period. The auditor verified that equipment is leased on the operational leasing basis.</p> <p>Leasing is eligible only for the respective period of the project. Ownership cannot be transferred at the end of the leasing period from the lessor to the lessee. Therefore, operational leasing is eligible, while financial leasing is not.</p>	41) The rental/leasing costs are presented only for the respective period	NA
	42) According to the leasing/renting contract ownership of the equipment is not transferred at the end of the leasing period to the Project Partner.	NA
Project contract requirements costs (BH5)		
Reference/Criteria		
Costs arising directly from the requirements imposed by the Project Contract (for instance: cost of report by an independent auditor, cost of financial guarantees etc.)		
<p>The Auditor checked whether:</p> <ul style="list-style-type: none"> ○ financial costs were required, ○ other costs attributed to the BH5 were required by the project contract 	43) The incurred expenditures were appropriately assigned to the budget heading - Costs arising directly from the requirements imposed by the Project Contract.	NA

Procedures	Standard factual findings	Result (C, E, N.A.)
<p>This budget heading covers the cost required by project contract as indicated in project contract:</p> <ul style="list-style-type: none"> ○ Financial costs - limited to the financial guarantee (it is required in cases where advance payments are foreseen), and banking costs concerning the dedicated bank account (cf. Art. 7.1 of SC and Art. 31.2 of GC) that are specifically required by the applicable law and represent financial services imposed by the project contract (e.g. bank charges for opening and administering the account, transnational financial transaction charges) ○ Audit cost (if required by the project contract)- costs related to the verification of each interim/final report (i.e. proof of expenditure) by each project partner which shall take the form of a report by an independent auditor or by a competent and independent public officer. ○ Other costs required by the project contract - all remaining costs not covered in other budget headings description and required by the project contract (civil liability policy, if only for the project purposes). 	<p>44) Financial guarantee cost complied with the agreement with financial institution.</p>	<p>NA</p>
	<p>45) Procurement rules, principles and guides were followed. The purchases were made in accordance with the principle of best value for money.</p>	<p>NA</p>
Subcontracting costs (BH6)		
Reference/Criteria		
<p>Costs entailed by other contracts awarded by a Project Partner for the purposes of carrying out the Project provided that the award complies with the Article 18 of General Conditions (Procurement, Annex I to the Project Contract).</p>		
<p>The Auditor verified if:</p> <ul style="list-style-type: none"> ○ the use of subcontractors was foreseen in the project contract, ○ supporting documents on the selection and award procedure were followed, <p>The Auditor checked whether:</p>	<p>46) The subcontracting costs were foreseen in the project contract</p>	<p>C</p>
<ul style="list-style-type: none"> ○ the subcontracts were not awarded to other Project Partner in the consortium, ○ there were signed agreements between the Project Partner and the subcontractor, 	<p>47) The subcontracts were not awarded to other Project Partners of the consortium.</p>	<p>C</p>
<ul style="list-style-type: none"> ○ there was evidence that the services were provided by subcontractor, as stipulated in the contract, ○ procurement rules were applied and 	<p>48) All reported expenditures are based on the written agreements between the Project Partner and the subcontractor.</p>	<p>C</p>

Fund operated by:

Procedures	Standard factual findings	Result (C, E, N.A.)
<p>ensured best value for money (key elements to appreciate the respect of this principle are the award of the contract to the bid offering best price-quality ratio, under conditions of transparency and equal treatment).</p> <p>Subcontracting costs shall be paid based on contracts or other written agreements of equivalent probative value and against invoices or requests for reimbursement to external service providers. Subcontracting costs shall be connected to certain project tasks or activities that cannot be carried out by the project partners themselves (mainly to bring in more expertise or capacity) and are therefore outsourced to external service providers.</p> <p>The awarding procedure should comply with procurement rules and avoid any conflict of interest. Project partners shall always follow the strictest procurement rules applicable to them.</p> <p>'Subcontracting cost' budget heading covers (and is limited to) the price paid for subcontracts and related taxes. Such price may include travel costs of external service providers and experts. Their participation in project meetings and events needs to be justified and contributing to the project content and activities.</p> <p>The activities to be implemented and the estimated cost for each subcontract must be set out in the Project Description.</p> <p>Characteristics of subcontracting:</p> <ul style="list-style-type: none"> • Based on business conditions (this means that the subcontractor charges a price, which usually includes a profit); • Subcontractor is not hierarchically subordinate to the project partner; • The project partner remains responsible for all its rights and obligations under the Project Contract, including the tasks carried out by a subcontractor; • Subcontractor has no rights or obligations towards the Fund Operator or the other project partners (it has no contractual relation with them). <p>Project Partners are not allowed to contract each other to carry out project activities.</p>	49) The incurred expenditures have been appropriately assigned to the budget heading - External expertise and services costs.	C
	50) External expertise and services are clearly linked to the project and are essential for its effective implementation.	C
	51) The share allocated to the project is plausible, i.e. calculated according to a fair, equitable and verifiable method. (In case of experts or services that are NOT exclusively used for the project).	NA
	52) Procurement rules, principles and guides were followed. The purchases were made in accordance with the principle of best value for money.	C
	53) The provision of services to the target group was reasonable, justified and reflect the expected contribution to the implementation of specific project activities and to the	C

Procedures	Standard factual findings	Result (C, E, N.A.)
	overall success of the project.	
<p>Further procedure if cost related to provision of services to the target group are reported</p> <p>The auditor verified if the amount of support is reasonable, justified and reflects the expected contribution to the implementation of specific project activities and to the overall success of the project</p> <p>The auditor checked if provision of services is based on formal agreements between the project partner and the end beneficiary and is properly documented.</p> <p>Here the costs for the provision of services to the target group are covered. Such services might take form of a subsistence allowances, scholarships, internships or other forms as specified in the project description.</p> <p>All the forms of such services should be within the context of a specific project idea and within the scope of planned activities (e.g. clearly defined training / education scheme), with the aim to create the measurable outputs in line with the outcomes of the project.</p>	54) The provision of services to the target group is properly documented , all necessary agreements/contracts are duly signed with the beneficiaries of such support, timesheets and other proofs are provided.	C
Indirect Cost (BH7)		
<p style="text-align: center;">Reference/Criteria</p> <p>A flat rate of 15% of the total eligible staff costs of the Project is eligible under the Budget Heading 7- Indirect Cost.</p> <p>The indirect costs represent the general administrative costs which cannot be attributed to the direct eligible expenditure of the Project.</p> <p>Indirect costs do not need to be supported by the proof of expenditure.</p>		

Procedures	Standard factual findings	Result (C, E, N.A.)
<p>The auditor verified, if no indirect costs were presented for reimbursement under any direct Budget Heading (BH1-BH6).</p> <p>A flat rate of 15% of the total eligible staff costs (including voluntary work) of the project is eligible under indirect costs, representing the general administrative costs which can be regarded as chargeable to the project.</p> <p>Indirect costs shall normally include all administrative expenditure of the project which cannot be directly attributed to the project. For example:</p> <ul style="list-style-type: none"> ○ Office rent; ○ Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances); ○ Utilities (e.g. electricity, heating, water); ○ General professional services provided inside the Project Partner organisation; ○ Maintenance, cleaning and repairs; ○ Security; ○ IT systems (operating /administrative IT services of general nature, linked to the implementation of the project); ○ Communication (e.g. telephone, fax, internet, postal services, business cards); <p>No proofs of expenditure are to be verified under this BH.</p>	<p>55) No indirect costs were presented for reimbursement under any direct Budget Headings (BH1-BH6).</p>	<p>C</p>

Annex II to Report of Factual Findings on expenditures declared under an Interim/Final Report

List of expenditures

Project Index Number: 2017-1-351
Work package: All
Responsible partner: Polytechnic Institute of Bragaça
Flow: Balance of all activities
Period: Period (7)
Group by: Work package

Activity	Work package	Responsible partner	Budget as per contract/ addendum	Total registered cost	Total accepted cost
Activity M 1.1.5 Steering and Work-in-Progress (WIP) Committee Meeting (PIB, Portugal)	Management	Polytechnic Institute of Bragaça	EUR 506,00	EUR 0,00	
Activity M 1.2.2 Audit report (PIB, Portugal)	Management	Polytechnic Institute of Bragaça	EUR 2 350,00	EUR 0,00	
Activity M 1.3.4 Monitoring-Project Management -Managing work plan activities (PIB, Portugal)	Management	Polytechnic Institute of Bragaça	EUR 6 868,26	EUR 3 792,00	
Activity C 2.2.40 Participation of IPB in Project's Closing Conference and closing meeting	Communication	Polytechnic Institute of Bragaça	EUR 857,00	EUR 0,00	
Activity C 2.4.1 Social media and internet campaign in Portugal	Communication	Polytechnic Institute of Bragaça	EUR 8 140,94	EUR 0,00	
Activity C 2.4.9 Brochures, posters in Portugal	Communication	Polytechnic Institute of Bragaça	EUR 10 200,00	EUR 4 237,50	
Activity C 2.3.3 Awareness activities towards NEETS, civil society/central/local government organizations (PIB, Portugal)	Communication	Polytechnic Institute of Bragaça	EUR 11 479,23	EUR 861,00	
Activity C 2.2.28 Info-day Portugal	Communication	Polytechnic Institute of Bragaça	EUR 4 066,48	EUR 1 000,00	
Activity SC 3.2.12 Creation of a registry for unused resources and equipment/Drafting measurement of local social capital report in Portugal	Measurement of local social capital and unused resources	Polytechnic Institute of Bragaça	EUR 2 041,40	EUR 0,00	
Activity SC 3.2.5 Measurement activity of local social capital and unused resources in Portugal (PIB)	Measurement of local social capital and unused resources	Polytechnic Institute of Bragaça	EUR 3 784,50	EUR 2 536,23	
Activity N 4.2.4 Advisory & Consulting services for the development and operation of social enterprises by NEETS (PORTUGAL)	Establishment of NEETS Meeting Points	Polytechnic Institute of Bragaça	EUR 28 775,50	EUR 0,00	
Activity N 4.1.4 Creation and operation of a NEETS "Meeting Point" -Supervision and administration of the meeting point (PORTUGAL)	Establishment of NEETS Meeting Points	Polytechnic Institute of Bragaça	EUR 82 988,40	EUR 6 400,00	
Activity N 4.2.11 Exemplary & Innovative Business Plans (PORTUGAL)	Establishment of NEETS Meeting Points	Polytechnic Institute of Bragaça	EUR 17 342,80	EUR 0,00	
Activity CP 5.1.3 Training courses in Portugal (Culture and Tourism Industry, Health Care, Agriculture, IT & Open Source software, Alternative Energy Sources)	Training and Capacity Building of NEETS	Polytechnic Institute of Bragaça	EUR 22 989,70	EUR 12 790,00	
Activity CP 5.2.3 Work based training in civil society organizations (PORTUGAL)	Training and Capacity Building of NEETS	Polytechnic Institute of Bragaça	EUR 7 250,25	EUR 400,00	
Activity NW 6.1.13 Courses targeting the experienced members of civil society organizations in order to act as Mentors Portugal	Networking and Transfer of Know-How	Polytechnic Institute of Bragaça	EUR 5 860,25	EUR 0,00	
Activity NW 6.1.4 Capacity Building Workshops/Seminars to civil society organizations targeting social entrepreneurship Portugal, PIB	Networking and Transfer of Know-How	Polytechnic Institute of Bragaça	EUR 32 704,39	EUR 0,00	
7 - INDIRECT COSTS		Polytechnic Institute of Bragaça	EUR 22 337,77	EUR 2 867,73	
Total			EUR 248 205,10	EUR 32 016,73	EUR