



# **LIFE+ 2007**

## **INDEPENDENT AUDIT REPORT <sup>(1)</sup>**

**LIFE+ Programme (European Commission)**

Project No: **LIFE13/BIO/ES/001407**

Project title: **Strengthening associated biodiversity of habitat 92A0 and control of Invasive Alien Species in the Segura River (LIFE+RIPISILVANATURA)**

Project co-ordinating beneficiary: **Confederación Hidrográfica del Segura (CHS)**

Auditor: **Víctor Guillamón Meléndreras**

Firm: **Sector 3, S.A.P**

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<sup>1</sup> Persons governed by public law may leave the audit of project expenditure to their supervising financial controller

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**NB : When used without further specification, the terms "beneficiary" / "beneficiaries" mean both the co-ordinating beneficiary and/or all associated beneficiaries.**

## 1. Context

The purpose of the LIFE+ Regulation (Regulation (EC) No 614/2007 of the European Parliament and of the Council of 23 May 2007) is to contribute to the implementation, updating and development of Community environmental policy and legislation, in particular the integration of the environment into other EU policies. The Commission uses this financial instrument to support projects which assist the implementation and definition of different sectorial policies.

The procedure for applying for Community financial assistance is as follows:  
The applicant should send a proposal and a request for financial assistance to the European Commission, including:

- a technical description of the project
- administrative information
- financial information including details of expenditure by category
- the commitments of associated beneficiaries and co-financiers.

If the application is approved by the Commission, the applicant will receive a copy of a document entitled “Commission Grant agreement”, indicating:

- the total anticipated expenditure for the project
- the eligible costs
- the estimated distribution of total costs and eligible costs
- the maximum amount of Community financial assistance (amount and as a percentage of expenditure)
- the project duration
- the content of the action
- the Common Provisions for LIFE+ projects (CP).

The Commission will make a first pre-financing payment equivalent to 40% of the maximum Community financial contribution followed by a second pre-financing payment. The size of the second pre-financing payment varies according to the applicable provisions.

Within three months of completing the project, the co-ordinating beneficiary should submit a final report including:

- consolidated accounts of costs incurred by all the project participants (co-ordinating beneficiary and associated beneficiaries),
- any income
- interest raised from pre-financing payments
- the final financing plan showing the various sources of finance,
- a certified financial audit report.

The Common Provisions stipulate that an auditor, nominated by the co-ordinating beneficiary, must verify the statement of expenditure and income submitted to the Commission when the maximum Community contribution set in the Special Provisions exceeds 300.000 € (CP art. 31).

The statements of expenditure and income must therefore be subject to a certified financial audit. The financial assistance is payable once the European Commission has received and accepted the technical report, and the statements mentioned above, properly certified by the auditor.

## 2. Audit objectives

The purpose of the audit is to obtain sufficient evidence of the accuracy of the statement of expenditure and income in accordance with the Common Provisions, the provisions of the European Union Financial Regulation, the national legislation and accounting rules and in relation to the forecast for the project. The audit will cover the use of funds from all sources of financing.

To this end, the auditor must reconcile all the expenses mentioned in the statements with the criteria mentioned in point 4.2.

The auditor must also verify that all project income has been declared.

## 3. Declaration of auditor's competence

I, the undersigned, **Víctor Guillamón Meléndreras.**, independent auditor <sup>(2)</sup>, hereby declare:

(1) that I am independent of the **Confederación Hidrográfica del Segura (CHS), Universidad de Murcia (UMU), Ayuntamiento de Cieza, Ayuntamiento de Calasparra, Dirección General de Medio Ambiente (CARM) and Asociación de Naturalistas del Sureste (ANSE)**..(*name of the audited bodies*) which are the object of this audit;

(2) that I am an active member of the national association **Registro Oficial de Auditores de Cuentas (ROAC)** of **Spain** in which **Confederación Hidrográfica del Segura (CHS)** is established.

Date: **17 February 2020**.....

Membership n° of the association:**10.595**.....

Signature:

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<sup>2</sup> Or the role carried out, if the beneficiary is a legal person governed by public law.

## **4. Audit methodology**

**4.1 Verification of the implementation of the project** on the basis of an examination of the coherence between the Grant Agreement (+ any supplementary agreements) and the project documents. The actions carried out and the declared expenditure will be compared with the actions set out in the Grant Agreement and with the provisional budget.

**4.2 Verification of the eligibility of the declared costs** on the basis of the following criteria:

The costs:

- are identifiable and verifiable
- have been provided for in the provisional budget of the project or have been authorised through an amendment to the grant agreement
- are directly linked to, and necessary for carrying out the project
- are reasonable and cost-effective <sup>(3)</sup>
- have been incurred during the lifetime of the project
- have been recorded in the beneficiaries' accounts or tax documents
- have been paid (with the exception of the invoice from the independent auditor)
- are in accordance with the Common Provisions for the LIFE+ Programme.

VAT amounts:

- are supported by a statement from the competent national authority or by a recent VAT statement.

### **4.3 Verification of the declaration of all project income**

The audit will focus on:

interest on pre-financing payments  
all sources of co-financing  
other income (sale of products, services and publications, etc.).

For public organisations only :

if the co-financing and the salaries of civil servants/long term staff complies with the common provisions

### **4.4 Verification of the origin of the participants' financing**

Verification that the project does not benefit either directly or indirectly from support from the Structural Funds or other Community financial instruments.

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<sup>3</sup> To be assessed in particular on the basis of the tendering and selection procedures for suppliers or service providers.

## 5. General project information <sup>(4)</sup>

Project Grant agreement reference n°: **LIFE 13BIO/ES/001407**.....

*Supplementary agreements:* .....

Project co-ordinating beneficiary: **Confederación Hidrográfica del Segura (CHS)**.....

Project associated beneficiaries: **Universidad de Murcia (UMU), Ayuntamiento de Cieza, Ayuntamiento de Calasparra, Dirección General de Medio Ambiente (CARM) and Asociación de Naturalistas del Sureste (ANSE)**

Project objective: **To recover and protect the riparian forest, mainly the habitat of Community Interest (C.I.) 92A0, as well as its main associated habitats, in one of the most degraded sections of its distribution area within the Segura River. The main strategic goal is to recover and preserve the ripisilva and its associated habitats, since the priority species of fauna also targeted in this project find their niche in these habitats.**

Project duration (in months): ...**60**.....

Start date: ..**01/09/2014**.....

End date: ....**31/08/2019**.....

Approved budget:

Total costs: **2,454,611**.....

Eligible costs: **2,454,611**.....

Subsidy as % of eligible costs: ...**49.75%**.....

Maximum subsidy: ...**1,221,168**.....

**Initial budget <sup>(5)</sup> approved or amended by supplementary agreement:**

<b>Breakdown by category</b>	<b>Total costs in €</b>	<b>Eligible costs in €</b>
Personnel	<b>1,180,064</b>	<b>1,180,064</b>
Travel and subsistence expenses	<b>78,551</b>	<b>78,551</b>
External assistance	<b>974,888</b>	<b>974,888</b>
<b>Durable goods</b>		
Infrastructure		
Equipment		
Prototypes		
Land/rights purchase		
Consumables	<b>41,026</b>	<b>41,026</b>
Other costs	<b>19,500</b>	<b>19,500</b>

<sup>4</sup> In accordance with the Decision/Agreement as amended by any supplementary agreements.

<sup>5</sup> In general, the estimated total costs are higher than the eligible costs because only depreciated costs of durable are considered eligible (CP art. 25.6).

Overheads	<b>160,582</b>	<b>160,582</b>
TOTAL	<b>2,454,611</b>	<b>2,454,611</b>

*If applicable: for the conversion of .....to €, the exchange rate is .....as at the date of ..... (CP art. 29.5)*

**Consolidated statement of expenditure <sup>(6)</sup> submitted to the auditor:**

<b>Breakdown by category</b>	<b>Total costs in €</b>	<b>Eligible costs in €</b>
Personnel	<b>1,198,568.76</b>	<b>1,198,568.76</b>
Travel and subsistence expenses	<b>13,469.53</b>	<b>13,469.53</b>
External assistance	<b>940,841.75</b>	<b>940,841.75</b>
<b>Durable goods</b>		
Infrastructure		
Equipment		
Prototypes		
Land/rights purchase		
Consumables	<b>23,589.89</b>	<b>23,589.89</b>
Other costs	<b>27,988.32</b>	<b>27,988.32</b>
Overheads	<b>153,705.69</b>	<b>153,705.69</b>
TOTAL	<b>2,358,163.94</b>	<b>2,358,163.94</b>

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<sup>6</sup> This expenditure is set out in the section on audit results.

## 6. Audit results

### 6.1 Verification of the implementation of the project

The products delivered as compared to the products planned and approved by the Commission in the grant agreement and supplementary agreements have been verified.

It was found that: **the expenses of the project are identical to the expenses provided in the Grant agreement** (*describe in brief whether the products of the project are identical to the products provided for in the grant agreement and supplementary agreements, or if there are other products which have not been authorised under the approved programme*).

#### Documentation:

- Grant agreement...14/04/2014.....(ref... LIFE 13BIO/ES/001407....)
- Supplementary agreements (ref....)
- The final report
- The CP
- Declarations by the beneficiary

### 6.2 Verification of the beneficiaries' accounting systems

The audit has examined:

- whether the internal accounting (analytical or other suitable internal system) and auditing procedures permits direct reconciliation of the costs and revenues declared under the project,
- whether the actual expenditure/income under the project has been recorded systematically using a numbering system specific to each project
- whether when costs are shared between several projects, the appropriate allocation keys have been established that reflect the true burden for each project
- whether such allocation keys have been applied systematically and correctly

It was found that: ...**The general accounting system used by the partners of the project is based on computer applications. All expenses allocated to the project, can be identified in a clear, transparent and direct way through codes in the analytic accounting system created for the execution of the project. The particular accounting systems for each partner are the following:**

**CHS (The project coordinator has one accounting reference (70003) to identify any cost related to the project in the accounting system of CHS called "SOROLLA". This code only includes expenses of this project)**

**UMU (the accounting reference for this project is 17787. It is used in the programme JUSTO (application that integrates the accounting, budget and financial management of revenues and expenditure of the University of Murcia)**



**ANSE (the invoices of the project are registered with a number ending in 11 in its analytical accounting system called Overcon. Eg: 629+11 for expenses or 740+11 for grants)**

**CARM ( the accounting reference for the expenses of the project are 43801 and 43806. The code individualized the expenditure of the project into the accounting system SIGEPAL)**

**AYTO. CIEZA (In conformity with provisions set forth in Rule 48 regarding the general principles of the standard model of Local Accounting, approved by Order EHA/4041/2004, of 23 November, an individualised follow-up and control of this project has been performed. This is how the project under code 2015.MAM01 LIFE PROJECT was created, where all budgetary management operations affecting it are included, comparing the specific revenues funding it and controlling the possible deviations that could take place)**

**AYTO. CALASPARRA (The Calasparra Town Council has a Public Accounting System developed through the computer application SICAP, which articulates and integrates the entity's economic, budgetary and accounting management. The project's revenues and expenses are identified by allocating the code 2015-022.) ..... (describe the accounting system, auditing procedures and specific provisions in brief as well as any omissions and their consequences for the declared costs).**

### **6.3 Verification of the eligibility of the declared costs**

#### **6.3.1 General**

The arithmetic coherence within and between the tables in the final report and the correct allocation of costs have been verified.

The audit has also examined, on the basis of a representative study and by interviewing the co-ordinating beneficiary:

- whether the expenses were directly linked to the project and necessary for carrying it out,
- whether the expenses were provided for in the initial budget and were incurred by the beneficiaries,
- whether the costs have been correctly allocated,
- whether the expenses are supported by accounting documents in accordance with current national accounting law,
- whether the expenses have been recorded in the beneficiaries's accounts or tax documents,
- whether the expenses were incurred during the lifetime of the project,
- whether the payments were made by the beneficiaries,
- whether the correct exchange rates were used (CP art. 29.5).

It was found that: **all the expenses incurred are eligible. They have been all recorded and no arithmetical differences were found.** *(describe the expenses incurred outside the contractual period or incurred by bodies which were not*

partners and which are therefore ineligible. Invoices between beneficiaries are not eligible (CP art. 6.5). Incurred costs must be recorded in the accounts of the beneficiary concerned. In the event of arithmetical differences and/or the reallocation of expenses, describe the corrections made).

**Documentation:**

- Grant agreement ...**14/04/2014**.....(ref... **LIFE 13BIO/ES/001407**....)
- *Supplementary agreements (ref....)*
- The final report
- The CP
- Declarations by the beneficiary
- *Other documents (.....)*

**6.3.2 Personnel costs**

Personnel costs <sup>(7)</sup> were examined to verify:

- whether they were paid and charged in respect of the actual time devoted to the project and if they were calculated on the basis of the annual gross salary or wages (plus obligatory social charges, but excluding any other costs) and the annual time worked in total,
- whether contracts of individuals working as service providers in the beneficiary’s premises comply with the relevant national legislation (CP art. 25.2) and whether the costs declared are in compliance with the contract and the time devoted to the project.
- whether the work was carried out during the contractual period,
- whether the time sheets required have been properly filled in and approved by the person authorised to do so under the project

**Only for public organisations:**

- whether the own contribution of the public organisation exceeds by 2 % the total declared costs referred to the salaries of civil servants or permanent/long term staff already working for the beneficiary (CP art. 25.2) before the start date of the project.

<b>Organisation:</b>	<b>Declared expenditure (D)</b>	<b>Audited expenditure (A)</b>	<b>% A/D</b>
Co-ordinating Beneficiary	536,063.26	536,063.26	100%
Associated Beneficiary 1 ANSE	55,196.58	55,196.58	100%
Associated Beneficiary 2 AYTO. DE CALASPARRA	28,145.09	28,145.09	100%
Associated Beneficiary 3 AYTO. DE CIEZA	28,876.57	28,876.57	100%
Associated Beneficiary 4 CARM	220,009.22	220,009.22	100%

<sup>7</sup> The sample should include salaries for every category of personnel and each participating body (co-ordinating beneficiary and associated beneficiaries). The minimum percentage is left to the auditor’s discretion but should be such as to provide sufficient assurance that the declared costs are real and in accordance with the CP.

See Annex 1: Model form for calculating the hourly or daily cost of personne.

Associated Beneficiary 5 UMU...	330,278.04	330,278.04	100%
<b>TOTAL</b>	<b>1,198,568.76</b>	<b>1,198,568.76</b>	<b>100%</b>

It was found that: all the personnel costs incurred meet the eligibility requirements established in CP art.24.2 and therefore comply with the 2% clause for public bodies.

**Annex 1 ( The calculation method to allocate personnel costs was linking the monthly cost of the worker, salary plus social security including bonus payments calculated on a pro rata basis, with the total number of hours working during the period, and applying the ratio cost-hour the hours allocated to the project. Since all salaries are calculated in the same way, the calculation of a worker's salary is included in Annex 1 as an example)..(Describe whether the expenditure was calculated in accordance with CP art. 25.2 or whether other costs were included. All costs other than gross salaries and obligatory social charges are to be considered as ineligible, as are all costs outside the contractual period or relating to persons who are not part of the personnel of the beneficiaries. Any subsidies received for personnel must be deducted in order to calculate the personnel costs incurred. **Costs which are unpaid at the time of sending the final report are to be considered as ineligible.** State whether the costs for personnel employed by subcontractors were correctly charged to the heading "External Assistance". Give an assessment of the quality of the management and accounting system and the time sheets for ensuring the proper allocation of the personnel costs of the project).**

*For public organisations only: state whether the costs declared for civil servants and/or permanent/long term staff increased by 2 % are covered by the own contribution of the public body and whether the declared personnel costs are related to activities normally not undertaken without the project*

Documentation:

- Grant agreement...**14/04/2014**.....(ref... **LIFE 13BIO/ES/001407**....)
- *Supplementary agreements (ref....)*
- The final report
- Salary slips
- Time sheets
- Contracts of employment
- The CP
- Declarations by the beneficiary
- *Other documents (e.g. personnel accounts, social security legislation, documentation for total time actually worked, etc...)*

**6.3.3 Travel costs**

The travel costs (<sup>8</sup>) were examined to verify:

- whether the travel was necessary under the project and took place according to the plan in the project proposal
- whether they were paid and charged in accordance with the internal rules of the beneficiaries,
- whether the amount of recoverable VAT has not been declared (CP art. 30).

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<sup>8</sup> At the auditor's discretion, but such as to provide sufficient assurance of the accuracy of the declared costs.

<b>Organisation:</b>	<b>Declared expenditure (D)</b>	<b>Audited expenditure (A)</b>	<b>% A/D</b>
Co-ordinating Beneficiary	2,638.56	2,638.56	100%
Associated Beneficiary 1 ANSE	3,619.69	3,619.69	100%
Associated Beneficiary 2 AYTO. DE CALASPARRA	---	---	---
Associated Beneficiary 3 AYTO. DE CIEZA	---	---	---
Associated Beneficiary 4 CARM	---	---	---
Associated Beneficiary 5 UMU...	7,211.28	7,211.28	100%
<b>TOTAL</b>	<b>13,469.53</b>	<b>13,469.53</b>	<b>100%</b>

It was found that: **All the travel costs fulfil the reimbursement procedures. The costs were found eligible.** (Describe the methodology/rates/etc used to calculate travel costs. Any travel costs in excess of the limits specified in the internal rules are ineligible. Recoverable VAT is also to be considered as ineligible. Bills which are unpaid at the time of sending the final report are to be considered as ineligible. Indicate the travel costs of external consultants which should be transferred to the heading “External assistance”.)

Documentation:

- Grant agreement ...14/04/2014.....(ref... LIFE 13BIO/ES/001407....)
- *Supplementary agreements (ref....)*
- The final report
- Internal rules on travel
- Transport invoices and tickets
- Declaration by the national VAT authority
- The CP
- Declarations by the beneficiary
- *Other documents (.....)*

**6.3.4 External assistance costs**

All the external assistance costs were examined to verify:

- whether they were supported by accounting documents in accordance with national accounting law,
- whether they have been paid (except the cost of the independent audit)<sup>9</sup>,
- whether the accounting documents include a clear reference to the LIFE project number and are sufficiently detailed to allow each part of the service rendered to be identified (CP art. 8.5),
- that the sub-contractors were neither beneficiaries nor partners (CP art. 6.5 and 8.1),
- whether public beneficiaries have respected the applicable national rules on public tendering (CP art. 8.4),

<sup>9</sup> Must be paid before sending the final report to the Commission

- whether private beneficiaries concerned awarded the contract to the bid offering best value for money, observed principles of transparency and equal treatment and avoided conflict of interest (CP art. 8.4)
- that the costs do not relate to durable equipment, infrastructure or consumables (CP art. 25.4-5),
- whether the amount of recoverable VAT has not been declared (CP art. 30)
- whether subcontracting of project tasks does not represent more than 35% of the total eligible cost.

<b>Organisation:</b>	<b>Declared expenditure (D)</b>	<b>Audited expenditure (A)</b>	<b>% A/D</b>
Co-ordinating Beneficiary	668,730.75	668,730.75	100%
Associated Beneficiary 1 ANSE	2,265.96	2,265.96	100%
Associated Beneficiary 2 AYTO. DE CALASPARRA	20,013.01	20,013.01	100%
Associated Beneficiary 3 AYTO. DE CIEZA	26,397.61	26,397.61	100%
Associated Beneficiary 4 CARM	223,434.42	223,434.42	100%
Associated Beneficiary 5 UMU...	---	---	---
<b>TOTAL</b>	<b>940,841.75</b>	<b>940,841.75</b>	<b>100%</b>

It was found that: **All costs comply with the applicable legislation. Calasparra City Council (AYTO DE CALASPARRA) and Cieza City Council (AYTO DE CIEZA) have not submitted the certificate from the national VAT authority (Agencia Tributaria) showing that VAT cannot be recovered. In conformity with article 30.2 CP , a statement is attached to this report where the auditor certifies that VAT cannot be recovered...***(Describe the procedures followed by the beneficiaries to comply with art. 8.4 when selecting subcontractors. If the relevant national rules on public tendering have not been applied by the public organisations, the costs have to be considered as ineligible. Describe all the costs unsupported by accounting documents in accordance with the legislation, all costs which are insufficiently detailed and consequently to be considered as ineligible, and all costs connected with sub-contracted work undertaken by the beneficiaries. The cost of works undertaken by the beneficiaries must be charged to the appropriate headings (personnel, travel, etc.) without profit (i.e. at cost price). All recoverable VAT is ineligible. In the absence of a declaration from the national VAT authority or a recent VAT statement, VAT is to be considered as ineligible. The cost of works, durable equipment, infrastructure or consumable materials must be charged to the appropriate budget headings. All costs which are unpaid at the time of sending the final report are to be considered as ineligible.)*

Documentation:

- Grant Agreement ...**14/04/2014**.....(ref... **LIFE 13BIO/ES/001407**....)
- *Supplementary agreements (ref....)*
- The final report
- The public call for tender
- Tenders

- Justification for the choice of sub-contractor
- Contracts with sub-contractors
- Invoices and proofs of payments
- Declaration by the national VAT authority
- The CP
- Declarations by the beneficiary
- *Other documents: e.g. national rules on public tendering, Community Directives, etc.....*

### **6.3.5 Durable goods**

The depreciation of expenditure on durable goods <sup>(10)</sup> corresponds to the purchase/manufacture or lease of equipment or infrastructure during the project period.

The durable goods were examined to verify:

- that they were acquired during the contractual period (CP art. 25.5),
- whether they were included in the inventory of the beneficiaries' durable goods <sup>(11)</sup> with the (possible) exception of leased durable goods (CP art. 25.5),
- whether they are treated as capital expenditure in accordance with the tax and accounting rules applicable to the beneficiaries of the project (CP art. 25.5),
- whether they are purchased or leased at normal market prices (CP art. 25.5),
- whether the internal accounting depreciation rules of the beneficiaries have been applied (CP art. 25.6)
- whether the ceilings have been respected (CP art. 25.6)
- whether the public authorities in the partnership (*if applicable*) have respected the national rules on public tendering (CP art. 8.4)
- whether the amount of recoverable VAT has not been declared (CP art. 30),
- whether the costs have been paid (CP art. 25.1)

The depreciation costs of durable goods acquired before the start-date of the project are ineligible. Maintenance costs for those goods are taken into account in overhead costs (flat rate funding).

*If applicable, and for LIFE+ Environment Policy and Governance and LIFE+ Biodiversity projects only:*

A physical check of prototypes was carried out and a financial audit of the costs to verify whether the goods declared to be prototypes corresponded to the definition in art. 25.7 of the CP.

*If applicable, and for LIFE+ Nature projects only:*

Costs incurred for land/rights purchase were examined to verify that they are intrinsically connected with the implementation of the project, and explicitly provided

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<sup>10</sup> All beneficiaries shall apply their internal accounting standard to calculate the depreciated eligible amount, taking into account the date of purchase, the duration of the project and the rate of actual use for the purposes of the project. However the depreciated eligible amount will be limited to the following ceilings: 25% of the total purchase costs for infrastructure, 50% of the total purchase costs for equipment. LIFE+ Env. and Governance and LIFE+ Biodiversity: 100% of the total costs of prototypes. LIFE+ Nature: 100% for public authorities or NGOs if the beneficiaries undertake to continue the definitive assignment of the goods to activities of nature conservation beyond the end of the project.

<sup>11</sup> For organisations required to have an inventory of durable goods.

for in the project, the cost corresponds to market value and whether the sale contract and/or its entry in the land register includes a guarantee of the definitive assignment of the land to nature conservation (CP art. 35).

Organisation	Declared Total Purchase cost (D)	Depreciation	Audited expenditure (A)
<b>Co-ordinating Beneficiary</b>			
Infrastructure			
Equipment			
Prototypes (Env. and Biodiv.)		N/A	
Land/rights purchase (Nature)			
<b>Associated Beneficiary I</b>			
Infrastructure			
Equipment			
Protoypes (Env. and Biodiv.)		N/A	
Land/rights purchase (Nature)			
<b>Associated Beneficiary ...</b>			
Infrastructure			
Equipment			
Protoypes (Env. and Biodiv.)		N/A	
Land/rights purchase (Nature)			
<b>TOTAL</b>			

It was found that: **There are no durable goods in the project**(Describe the procedures followed by the beneficiaries to comply with art. 8.4 when selecting subcontractors. **If the relevant national rules on public tendering have not been applied by the public organisations, the costs have to be considered as ineligible.** Describe the beneficiaries' depreciation rules and rates. Depreciation costs for durable goods purchased before the contract period are ineligible. Durable goods not included in the inventory of the beneficiaries' durable goods and not considered as capital expenses are ineligible. Describe what goods have been purchased or leased at a price above the normal market price, and consider the surplus to be ineligible. If the depreciation is greater than those specified in the CP art. 25.6 and 25.7, the depreciation should be adjusted accordingly and the surplus considered as ineligible costs. If the prototypes do not correspond to the CP definition, their cost should be depreciated. If the tendering procedures were not followed, the eligible amount is the maximum amount for which no call for tenders is required. Recoverable VAT is ineligible, as are costs which have not been paid at the time of sending the final report.)

Documentation:

- Grant agreement 14/04/2014...(ref... LIFE 13BIO/ES/001407....)
- Supplementary agreements (ref....)
- The final report
- If applicable: the public call for tender
- Tenders
- Reports justifying the choice of supplier
- Invoices and proofs of payment

- The control accounts and trial balances
- Declaration by the national VAT authority
- The CP
- Declarations by the beneficiary
- *Other:* .....

### 6.3.6 Consumable materials

The expenditure on consumable materials was examined <sup>(12)</sup> to verify:

- that it has not been included in the inventory of the beneficiaries' durable goods,
- that it has not been considered as capital expenses,
- that it specifically relates to the project implementation,
- that it does not qualify as overheads (CP art. 25.13),
- whether the amount of recoverable VAT has not been declared (CP art. 30),
- whether all the costs have been paid.

Organisation	Declared expenditure (D)	Audited expenditure (A)	% A/D
Co-ordinating Beneficiary	3,478.75	3,478.75	100%
Associated Beneficiary 1 ANSE	7,003.53	7,003.53	100%
Associated Beneficiary 2 AYTO. DE CALASPARRA	5,605.99	5,605.99	100%
Associated Beneficiary 3 AYTO. DE CIEZA	2,887.21	2,887.21	100%
Associated Beneficiary 4 CARM	1,897.28	1,897.28	100%
Associated Beneficiary 5 UMU...	2,717.13	2,717.13	100%
<b>TOTAL</b>	<b>23,589.89</b>	<b>23,589.89</b>	<b>100%</b>

It was found that: **the costs of all consumable materials are eligible. . Calasparra City Council (AYTO DE CALASPARRA) and Cieza City Council (AYTO DE CIEZA) have not submitted the certificate from the national VAT authority (Agencia Tributaria) showing that VAT cannot be recovered. In conformity with article 30.2 CP , a statement is attached to this report where the auditor certifies that VAT cannot be recovered..(material already included in an inventory of durable goods or considered as capital expenses or not specifically related to the project is to be considered as ineligible. General consumables / supplies are to be considered as overheads and included in the heading “Overheads”. All recoverable VAT is ineligible, as are costs which have not been paid at the time of sending the final report).**

#### Documentation:

- Grant agreement . 14/04/2014 (ref... LIFE 13BIO/ES/001407....)
- *Supplementary agreements (ref....)*

<sup>12</sup> At the auditor's discretion, but such as to provide sufficient assurance of the accuracy of the declared costs, and no less than 10% of the total costs declared by each beneficiary.



- The final report
- Invoices and proofs of payment
- The control accounts and trial balances
- Declaration by the national VAT authority
- The CP
- Declarations by the beneficiary
- *Other:* .....

### 6.3.7 Other costs

The other costs were examined (<sup>13</sup>) to verify:

- whether they do not fall into another defined category,
- whether they are real and eligible listed expenses (CP art. 26),
- whether the amount of recoverable VAT has not been declared (CP art. 30),
- if all the costs have been paid.

Organisation	Declared expenditure (D)	Audited expenditure (A)	% A/D
Co-ordinating Beneficiary	19,865.33	19,865.33	100%
Associated Beneficiary 1 ANSE	2,703.84	2,703.84	100%
Associated Beneficiary 2 AYTO. DE CALASPARRA	---	---	100%
Associated Beneficiary 3 AYTO. DE CIEZA	---	---	100%
Associated Beneficiary 4 CARM	2,964.50	2,964.50	100%
Associated Beneficiary 5 UMU...	2,454.65	2,454.65	100%
<b>TOTAL</b>	<b>27,988.32</b>	<b>27,988.32</b>	<b>100%</b>

It was found that: **there are no exceptions, since all other costs are eligible.** *(describe expenses which were unnecessary for the project, were not registered or lump sum amounts, and consider them as ineligible. Expenses falling into another budget category should be transferred. All recoverable VAT is ineligible, as are costs which have not been paid at the time of sending the final report).*

#### Documentation:

- Grant agreement...**14/04/2014**.*(ref... LIFE 13BIO/ES/001407....)*
- *Supplementary agreements (ref....)*
- The final report
- Invoices and proofs of payment
- Declaration by the national VAT authority
- Declarations by the beneficiary
- The CP
- *Other:* .....

<sup>13</sup> At the auditor's discretion, but such as to provide sufficient assurance of the accuracy of the declared costs, and no less than 10% of the total costs declared by each beneficiary.

### 6.3.8 Overheads

The overheads were examined to verify:

- whether they do not exceed a flat-rate of 7% calculated of the total amount of eligible direct costs, excluding land purchase costs.

It was found that: **overhead costs match the 7% required** (*overhead costs exceeding the 7% flat-rate calculated of the total amount of eligible direct costs, excluding land purchase costs, should be considered as ineligible*).

#### Documentation:

- The final report

### 6.3.9 Ineligible costs

The audit examined whether there were any ineligible costs in accordance with the definition in CP art. 26.

It was found that: **there are no ineligible costs** (*all costs described in art. 26 of the CP are to be considered as ineligible.*)

### 6.4 Expenditure as calculated after the audit

Following the analysis of ineligible costs, the expenditure has been calculated. The ineligible costs were deducted from the list of costs submitted by the co-ordinating beneficiary (CP art. 25 and 26).

<b>Breakdown by category</b>	<b>Total costs declared by the project</b>	<b>Total costs certified by the auditor</b>
Personnel	<b>1,198,568.76</b>	<b>1,198,568.76</b>
Travel and subsistence expenses	<b>13,469.53</b>	<b>13,469.53</b>
External assistance	<b>940,841.75</b>	<b>940,841.75</b>
<b>Durable goods</b>		
Infrastructure		
Equipment		
Prototypes		
Land/rights purchase		
Consumables	<b>23,589.89</b>	<b>23,589.89</b>
Other costs	<b>27,988.32</b>	<b>27,988.32</b>
Overheads	<b>153,705.69</b>	<b>153,705.69</b>
<b>TOTAL</b>	<b>2,358,163.94</b>	<b>2,358,163.94</b>

### 6.5 Statement of expenditure and income

The audit has examined:

- whether the contributions from the partnership were financial in nature,
- that all contributions in kind have been excluded,

- that the financial resources correspond to the agreements concluded with the associated beneficiaries and co-financiers,
- that the project does not receive any aid from the Structural Funds or other Community budget instruments <sup>(14)</sup> (Regulation (EC) No 614/2007 art.??),
- that all other income generated by the project has been declared (CP art. 24.4),
- that all currencies have been converted to Euro, at the exchange rate applied by the European Central Bank on the first working day of the year in which the expenditure was paid,
- that the interest accrued on LIFE+ pre-financing payments has also been declared.

Statement of expenditure and income	
<b>1a. Personnel</b>	<b>1,198,568.76</b>
<b>1b. Travel and subsistence costs</b>	<b>13,469.53</b>
<b>1c. External assistance</b>	<b>940,841.75</b>
<b>1d. Durable goods</b>	
<b>Infrastructure</b>	
<b>Equipment</b>	
<b>Prototypes</b>	
<b>1e. Land/rights purchase</b>	
<b>1f. Consumable materials</b>	<b>23,589.89</b>
<b>1g Other costs</b>	<b>27,988.32</b>
<b>1h. Overheads</b>	<b>153,705.69</b>
TOTAL COST OF THE PROJECT = total (1a) to (1h) = (2a) to (2e)	<b>2,358,163.94</b>
<b>2a. Contribution by the participants</b>	<b>1,152,333.01</b>
<b>2b Other sources of financing</b>	<b>22,615.30</b>
<b>2c Profit generated by the project</b>	<b>10,030.00</b>
<b>2d Contribution received from LIFE+</b>	<b>976,934.40</b>
<b>2e Requested contribution from LIFE+ to be received or reimbursed (*)</b>	<b>196,251.23</b>
Interest from LIFE+ pre-financing payments	---

(\*) The final contribution will be calculated by the Commission after assessment of the final report

<sup>14</sup> Under Article 6.1 all beneficiaries must keep all the supporting documents relating to expenditure, income and revenue of the project which have been declared to the Commission.

## 7. CONCLUSIONS

On the basis of the financial control, in accordance with the programme described above, we consider that we have obtained reasonable assurance that the financial report of project no **LIFE13/BIO/ES/001407**..... title: **Strengthening associated biodiversity of habitat 92A0 and control of Invasive Alien Species in the Segura River (LIFE+RIPISILVANATURA)** , start date **01/09/2014**....., end date...**31/08/2019**...., gives a true and fair view of the expenses, income and investments incurred/made by **Confederación Hidrográfica del Segura (CHS), Universidad de Murcia (UMU), Ayuntamiento de Cieza, Ayuntamiento de Calasparra, Dirección General de Medio Ambiente (CARM) and Asociación de Naturalistas del Sureste (ANSE)**(*name of the co-ordinating beneficiary and of the associated beneficiaries*) in connection with the abovementioned project within the time limit laid down by the Commission and in accordance with the LIFE+ Programme Common Provisions, the national legislation and accounting rules, with the exception of **with no exception found**..*(mention any costs which gave rise to uncertainty)*.

*Víctor Guillamón Meléndreras*.(Auditor)  
*Nº 10.595* (Reg. no. in the auditors' association)  
**17 February 2020**..... (Signature and date)

*Annexes:*

- 1. Model form for calculating the hourly or daily cost of personnel*
- 2. Details of costs found ineligible (if not already listed under 6.3.1 to 6.3.9)*

