

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

*Migration of Health Professionals between Latin America and Europe: analysis and generation of
opportunities for shared development – MIGR/2008/152-804*

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Report of Factual Findings

Dr. Juan Ignacio Martínez Millán, Lecturer EASP
Escuela Andaluza de Salud Pública
Campus Universitario de Cartuja. Cuesta del Observatorio, 4.
Granada. Spain

1st March 2011

Dear Mr. Martínez,

In accordance with the terms of reference dated 2nd of March 2010 that Mr. Martín G. Blanco García, Chief Executive Officer EASP, agreed with us, we provide our Report of Factual Findings ("the Report"), with respect to the accompanying Financial Report for the period covering 1st January 2010 – 31st December 2010 (Annex 1 of this Report). You requested certain procedures to be carried out in connection with your Financial Report and the European Union financed Grant Contract concerning Migration of Health Professionals between Latin America and Europe: analysis and generation of opportunities for shared development – MIGR/2008/152-804, the 'Grant Contract'.

Objective

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

Standards and Ethics

Our engagement was undertaken in accordance with:

- International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the International Federation of Accountants ('IFAC');
- the *Code of Ethics for Professional Accountants* issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*;

Procedures performed

As requested, we have only performed the procedures listed in Annex 2A of the terms of reference for this engagement (see Annex 2 of this Report).

These procedures have been determined solely by the Contracting Authority and the procedures were performed solely to assist the Contracting Authority in evaluating whether the expenditure claimed by you in the accompanying Financial Report is eligible in accordance with the terms and conditions of the Grant Contract.

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

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

Sources of Information

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

Factual Findings

The total expenditure which is the subject of this expenditure verification amounts to 348.323,09 €.

The Expenditure Coverage Ratio is 93,46 %. This ratio represents the total amount of expenditure verified by us expressed as a percentage of the total expenditure which has been subject of this expenditure verification. The latter amount is equal to the total amount of expenditure reported by you in the Financial Report and claimed by you for deduction from the total sum of pre-financing under the Grant Contract as per your Request for Payment of 25th of February 2010.

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

Use of this Report

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

This report is prepared solely for your own confidential use and solely for the purpose of submission by you to the Contracting Authority in connection with the requirements as set out in Article 15 of the General Conditions of the Grant Contract. This report may not be relied upon by you for any other purpose, nor may it be distributed to any other parties.

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

Francisco Martín-Recuerda García
ECONOMISTA-AUDITOR DE CUENTAS

The Contracting Authority may only disclose this Report to others who have regulatory rights of access to it in particular the European Commission, the European Anti Fraud Office and the European Court of Auditors.

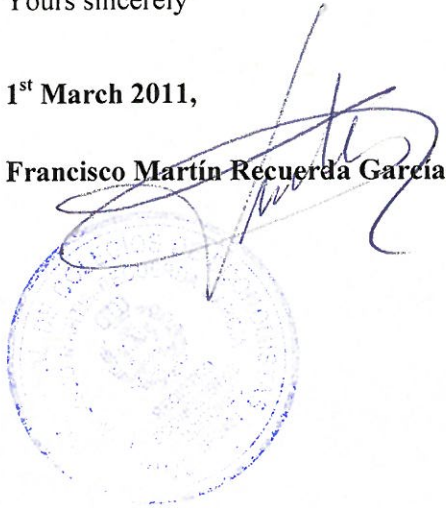
This Report relates only to the Financial Report specified above and does not extend to any of your financial statements.

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

Yours sincerely

1st March 2011,

Francisco Martín-Recuerda García



Information about the Grant Contract

Information about the Grant Contract	
Reference number and date of the Grant Contract	MIGR/2008/152-804
Grant contract title	Migration of Health Professionals between Latin America and Europe: analysis and generation of opportunities for shared development
Country	Spain
Beneficiary	Escuela Andaluza de Salud Pública. Campus Universitario de Cartuja. Cuesta del Observatorio, 4. Granada. Spain
Budget line Contract	19.020101 and 19.020102
Legal basis for the Contract	Regulation (EC) No 1905/2006 Instrument for Development Cooperation –DCI– and Article 2 of Regulation (EC) No 1638/2006 European Neighbourhood and Partnership Instrument –ENPI–
Start date of the Action	1st January 2009
End date of the Action	30th June 2011
Total cost of the Action	€ 1.185.388
Grant maximum amount	€ 871.388
Total amount received to date by the Beneficiary from Contracting Authority	€ 475.514 as per 14th February 2011
Total amount of the payment request	€ 285.320
Contracting Authority	
European Commission	European Commission EuropeAid Cooperation Office Mr. Hans Christian Stausboll Head of Unit EuropeAidCO/F4 Office L-41 02/126 B-1049 Brussels BELGIUM
Auditor	Francisco Martín-Recuerda García C/Andorra 1 – 2º A 18009 Granada. Spain

2 Procedures performed and Factual Findings

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

- 1 General Procedures
- 2 Procedures to verify conformity of Expenditure with the Budget and Analytical Review
- 3 Procedures to verify selected Expenditure

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

The total expenditure verified by us amounts to 348.323,09 € and is summarised in the table below. The overall Expenditure Coverage Ratio is 93,46 %.

	Expenditures	Verified	% Expenditure Covered
1. Human Resources			
1.1 Salaries (gross amounts, local staff)			
1.1.1 Technical	159.588	159.588	
1.1.2 Personal administrativo y de apoyo	47.105	47.105	
1.2 Salaries (gross amounts, expat/int. staff)	0		
1.3 Per diems for missions/travel			
1.3.1 Abroad (staff assigned to the Action)	6.297	6.297	
1.3.2 Local (staff assigned to the Action)	0		
1.3.3 Seminar/conference participants	8.240	8.240	
Subtotal Human Resources	221.230	221.230	100,00%
2. Travel			
2.1. International travel	21.898	21.898	
2.2 Local transportation	0		
Subtotal Travel	21.898	21.898	100,00%
3. Equipment and supplies			
3.1 Purchase or rent of vehicles	0		
3.2 Furniture, computer equipment	0		
3.3 Machines, tools...	0		
3.4 Spare parts/equipment for machines, tools	0		
3.5 Other (please specify)	0		
Subtotal Equipment and supplies	0		
4. Local office			
4.1 Vehicle costs	0		
4.2 Office rent	0		
4.3 Consumables - office supplies	0		
4.4 Other services (tel/fax, electricity/heating, maintenance)	0		
Subtotal Local office	0		

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ECONOMISTA-AUDITOR DE CUENTAS

5. Other costs, services⁸			
5.1 Publications	10.307	10.307	
5.2 Studies, research	89.004	89.004	
5.3 Auditing costs	1.692	1.692	
5.4 Evaluation costs	0		
5.5 Translation, interpreters	2.004	2.004	
5.6 Financial services (bank guarantee costs etc.)	582	582	
5.7 Costs of conferences/seminars	0		
5.8 Visibility actions	0		
Subtotal Other costs, services	103.589	103.589	100,00%
6. Other	1.607	1.607	
Subtotal Other	1.607	1.607	100,00%
7. Subtotal direct eligible costs of the Action (1-6)	348.323	348.323	100,00%
8. Provision for contingency reserve (maximum 5% of 7, subtotal of direct eligible costs of the Action)	0		
9. Total direct eligible costs of the Action (7+8)	348.323	348.323	100,00%
10. Administrative costs (maximum 7% of 9, total direct eligible costs of the Action)	24.383		
11. Total eligible costs (9+10)	372.706	348.323	93,46%

We have verified the selected expenditure as shown in the above summary table and we have carried out, for each expenditure item selected, the verification procedures specified at point 3.1 to 3.7 of Annex 2A of the ToR for this expenditure verification.

We report our factual findings resulting from these procedures below:

1 General Procedures

1.1 Terms and Conditions of the Grant Contract

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

1.2 Financial Report for the Grant Contract

We have verified that the Financial Report complies with the following conditions of Article 2 of the General Conditions the Grant Contract:

- The Financial Report conforms to the model in Annex VI of the Grant Contract;
- The Financial Report covers the Action as a whole,
- The Financial Report is drawn up in the language of the Grant Contract.

1.3 Rules for Accounting and Record keeping

We have examined that the Beneficiary has complied with the following rules for accounting and record keeping of Article 16 of the General Conditions the Grant Contract:

- The accounts kept by the Beneficiary for the implementation of the Action are accurate and up-to-date;
- The Beneficiary has a double-entry book-keeping system;
- The accounts and expenditure relating to the Action are easily identifiable and verifiable;
- The accounts provide details of interest accrued on funds paid by the Contracting Authority.

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

We have reconciled the information in the Financial Report to the Beneficiary's accounting system and records.

1.5 Exchange Rates

We have verified that amounts of expenditure incurred in a currency other than the Euro have been converted at the exchange rate which is made up of the average of the rates published in InforEuro.

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

2.1 Budget of the Grant Contract

We have carried out an analytical review of the expenditure headings in the Financial Report.

We have verified that the budget in the Financial Report corresponds with the budget of the Grant Contract and that the expenditure incurred was indicated in the budget of the Grant Contract.

2.2 Amendments to the Budget of the Grant Contract

We have verified that there have been not amendments to the budget of the Grant Contract.

3 Procedures to verify selected Expenditure

We have reported further below all the exceptions resulting from the verification procedures specified at point 3.1 – to 3.7 of Annex 2A of the ToR for this expenditure verification insofar these procedures did apply to the selected expenditure item.

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

3.1 Eligibility of Costs

We have verified, for each expenditure item selected, the eligibility criteria set out at procedure 3.1 in Annex 2A of the ToR for this expenditure verification.

We have verified that the expenditure for the selected item has been actually incurred by and pertains to the Beneficiary.

We have verified that the expenditure for the selected item has been incurred during the implementation period of the Action.

We have verified that the expenditure for the selected item has been indicated in the Action budget.

We have verified that the expenditure for the selected item has been necessary for the implementation of the Action and that it has been incurred for the contracted activities of the Action.

We have verified that expenditure for the selected item has been recorded in the Beneficiary's accounting system and has been recorded in accordance with the applicable accounting standards of the country where the Beneficiary is established and the Beneficiary's usual cost accounting practices.

We have verified that expenditure for the selected item has been substantiated by the supporting documents as specified in Article 16.2 and 16.3 of the General Conditions of the Grant Contract.

We have verified that the monetary value of the selected expenditure item agrees with underlying documents and that correct exchange rates are used where applicable.

We have examined the nature of the expenditure for the selected item and verified that the expenditure item has been classified under the correct (sub)heading of the Financial Report.

We have verified that procurement, nationality and origin rules apply for the expenditure items has been incurred in accordance with such rules by examining the underlying documents of the procurement and purchase process.

3.2 Eligibility of Direct Costs (Article 14.2)

We have verified that the expenditure is recorded under one of the direct costs headings 1 to 6 of the Financial Report and it is covered by the direct costs as defined in Article 14.2

3.3 Provision for Contingency Reserve (Article 14.3)

We have verified that the Beneficiary has not made use of the contingency reserve.

3.4 Administrative costs (Article 14.4)

We have verified that the indirect costs to cover the administrative overheads did not exceed 7% of the total amount of eligible direct costs of the Action.

3.5 Contributions in kind (Article 14.5)

We verified that among the costs included in the report does not include contributions in kind.

3.6 Non-eligible costs (Article 14.6)

We have verified that audited expenditures are not "ineligible expenditure" as described in Article 14.6 of the General Conditions. We have verified whether expenditure includes certain taxes such as VAT. In cases where this has been done, we have verified that the Beneficiary can not reclaim these taxes and, in the same way, we have verified that regulations, rules and practices concerned allow the country's own coverage of these taxes in the expenditure.

3.7 Revenues of the Action

We have verified that the revenue to be attributed to the action have been assigned to the same and it has been reported in the Financial Report.



Annex

Annex 1 Financial Report for the Grant Contract

Annex 2 Terms of Reference Expenditure Verification