

DIRECTIVES TO PROCESS AID TO HUMANITARIAN INTERVENTIONS AND JUSTIFY THEM

Decree 90/2019, 18 June
(Basque Country Official Gazette No. 120, 26 June 2019)

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I. INTRODUCTION

Over the last few years, entities have carried out numerous consultancies with the Basque Agency for Development Cooperation (BADC) regarding the manner in which the processing and management of humanitarian actions should be carried out, which the BADC has resolved individually and socialised in different meetings organised to such an effect.

With the publication of the new decree that regulates them, Decree 90/2019, of 18 June, which regulates aid for humanitarian action interventions (Basque Country Official Gazette No. 120, of 26 June 2019), the BADC has prepared these directives with the aim of providing information to the entities involved about the terms under which the BADC interpret and apply the new regulations. Specific mention is also made of the structure to support the explanations. The majority of questions tackled refer to the preparation and execution of the budgets, although other management matters are also covered.

The entities involved also have the following documents and videos available on the website, for the correct processing and management of aid:

- “Electronic processing manual”
- “List of codes of the Register of Cooperation Agents”
- “List of codes of local entities”
- “List of DAC sectors”, “List of SDG”, “List relation DAC-SDG”
- “Approach of humanitarian interventions”
- “Technical proposal AH_en” and “Technical proposal explanation AH_en”
- “HA budget”
- “List of compulsory and complementary HA documentation”
- “Effects during processing”
- Videos about access, processing with tax ID code, processing with tax ID number, storage and retrieval of an application
- “Usage guide for my folder”
- “Narrative report instructions” and “Financial report instructions”

II. BASIC ELEMENTS OF THE BUDGET

- The standard form contains the budget that the entity involved requests for that humanitarian intervention and which is split into **direct costs**, those costs necessary for the identification, execution, assessment and auditing (items A.I to A.VII) and **overhead costs**, those costs incurred by the beneficiary agencies for management and monitoring (item B).

- To calculate the equivalence in euros of the budgets prepared in legal currency of the country or countries of execution, the following **exchange rates** shall be taken into account:

- Humanitarian action projects. The exchange rate established by the European Central Bank or the Central Bank of the country or countries in which the project shall be executed on the day indicated in the application shall be referred to. The day indicated in the application can be at most 1 month before the day of its presentation. If this information is not available, the exchange rate offered by

several websites may be used (for example www.oanda.com). The beneficiary entity shall indicate the exchange rate used in the standard form, along with the source from whence it has been obtained.

- Humanitarian action strategies. The exchange rate on the day of publication of the open call in the Basque Country Official Gazette established by the European Central Bank or Central Bank of the country or countries in which the action is to be executed shall be referred to. If the information is not available, the exchange rate offered by several websites may be used (for example www.oanda.com). The beneficiary entity shall indicate the exchange rate used in the standard form, along with the source from whence it has been obtained.

- **Eligible expenditure** is that which responds to the nature of the intervention, is strictly necessary and is carried out in the established execution period. Eligible expenditure refers, among other things, to the purchase and transport of supplies and materials, the hiring of equipment and spaces, the hiring of natural and legal persons, the carrying out of trips and stays and the creation and dissemination of products and materials executed by the beneficiary entity or the local partner, in the cases included in these directives.

- **Ineligible expenditure** is Value Added Tax (VAT) and equivalent taxes when the beneficiary entity or the local partner can recover them, as well as fines or sanctions derived from non-fulfilment of current obligations.

- At the time of the application, it shall not be necessary to present **pro-forma invoices** backing up the proposed expenditure in the budget and the expenditure shall not be greater than the market value.

- Priority is given to **local material and human resources**. The resources should be suitable from the point of view of financial efficiency, as well as environmentally sustainable, socially responsible and respectful towards local culture, and the hiring of local staff is appreciated.

- Alongside the standard form, and for valuation purposes, the entity involved may present the breakdown of the budget in the format facilitated by the BADC on its website. The budget Excel contains four tabs: summary, budget by items, budget by activities and summary of staff assignment.

The classification of expenditure shall be made following the items included in the Decree. Instructions on how to classify them are included in the following section.

III. BUDGET ITEMS

A. DIRECT COSTS

A.I. Identification

This item includes expenditure directly linked to the intervention identification actions. Among others, the following are considered identification expenditure:

- The hiring of natural or legal persons on the part of the beneficiary entity or the local partner, specifically to carry out identification.
- Travel and stay expenditure of the people participating in identification, such as transport, accommodation, food, etc.
- The hire of communication equipment, projectors, computers, power generators, etc., necessary during the exploratory mission.
- The purchase of supplies and materials necessary to carry out the mission.
- The renting of premises or spaces for meetings necessary for identification.

This expenditure should have been carried out, at most, within the five months prior to the date of presentation of the intervention.

A.II. Protection of communities and people

Expenditure directly linked to the protection of communities and people affected by the crisis shall be included in this item. It includes goods or services for the provision, among other things, of food, water and sanitation, warm clothing and shelter, reconstruction and rehabilitation of basic infrastructures, health and education services, legal and psychosocial support, reinforcement of skills or activities to generate income. The provision can be carried out in kind or via vouchers or cash contributions. Among others, the following are considered expenditure for the protection of communities and people:

- The hiring of natural or legal persons on the part of the beneficiary entity or the local partner, specifically to offer the aforementioned services.
- Salaries or financial support for work carried out by members of the community.
- Expenditure for travel and accommodation connected to protection: transport, accommodation, maintenance, etc.
- The hiring of equipment directly linked to the aim of protecting the affected communities: vehicles, communication equipment, computers, cameras, power generators, etc. Their purchase shall be included in item A.VI.
- The purchase of supplies and materials: different types of kits, food and nutritional complements, cooking utensils, hygiene and cleaning materials, warm clothing and shelter equipment, vaccines and medical supplies, educational materials, agricultural tools and supplies, seeds, nurseries, construction materials and tools, water points, latrines, etc.
- The storage and transport of the aforementioned equipment, supplies and materials.
- The hiring of premises or spaces to offer different services: community meetings, population skills, etc.

A.III. Reinforcement of humanitarian organisations

This item includes costs directly linked to the reinforcement of the skills of humanitarian organisations.

Reinforcing the skills of local organisations means from an integral perspective, that is, support for the preparation of policies and planning, boosting leadership and management, reinforcement of technical capacities, deepening of cross-sectional approaches, etc.

For the case of beneficiary entities, it is understood that the skills to be reinforced are those linked to incorporation, dynamics and working strategies, cross-sectional approaches and accountability.

The following are considered humanitarian organisation reinforcement expenditure:

- The hiring of natural or legal persons on the part of the beneficiary entity or the local partner specifically to offer training or consultancy.
- Travel and accommodation expenditure of the people participating in different training workshops: transport, accommodation, food, etc.
- The hiring of equipment directly linked to the aim of reinforcing humanitarian organisations: computers, projectors, cameras, etc. Purchases shall be included in item A.VI.
- The purchase of supplies and materials directly linked to the aim of reinforcing humanitarian organisations.
- The hiring of premises or spaces for the reinforcement of humanitarian organisations: halls, auditoria, etc.

A.IV. Testimony, reporting and effects

This item includes expenditure directly linked to the collection of testimonies, the preparation and dissemination of reports and other activities aimed at reporting the situation of the affected people and the effect in local, national and international spaces.

The following shall be considered expenditure for the testimony, reporting and effects, among others:

- The hiring of natural or legal persons on the part of the beneficiary entity or the local partner, specifically for activities involving testimony, reporting and effects: research groups, consultancies, translation, diagrammation, etc.
- Expenditure for travel and accommodation connected to the aforementioned actions.
- The hiring of equipment directly linked to the aim of gathering testimonies, reporting actions or effects: cameras, projectors, computers, etc. Purchases shall be included in item A.VI.
- The purchase of supplies and materials directly linked to the aim of gathering testimonies, reporting or effects: office supplies, photocopies, print-outs, etc.
- The creation and dissemination of prepared products and material: videos, leaflets, posters, billboards, etc.
- The hiring of premises or spaces for testimony, reporting and effects: halls, auditoria, etc.

A.V. Staff

This item includes the permanent hiring expenditure, full-time or part-time, of service staff attributed to the intervention for coordination, management, accountancy, information technology, security or cleaning tasks.

Hirings of any type made especially for protection, organisational, reinforcement and testimony actions; reporting and effects shall be reflected in their corresponding items.

For the calculation of salaries, in the interest of promoting the rational use of resources, sector average wages in the country of execution shall be taken into account in accordance with professional categories.

This section shall also include the expenditure for hiring foreign staff. A rational salary for an expatriated person working full-time shall be €54,000 per year, including all labour costs distributed in the number of payments decided by each entity. It shall also include international and national travel from origin to destination, insurance and expenditure for obtaining the visa. Expenditure regarding accommodation, maintenance and travel, whether their own or that of their families, can only be attributed if they are included in the payslip.

A.VI. Operation

Operational expenditure is considered to be those costs regarding buildings and services of the local partner for general management of the intervention, prorated according to their attribution to the same.

Among other things, the following shall be considered operational expenditure: expenditure for vehicles, office rental, computers, printer, office supplies, electricity, water, internet, telephone, security systems, banking costs, childcare costs, visibility costs and others of a similar nature.

Also included in the section shall be the travel and accommodation expenditure incurred by the local staff for monitoring the intervention.

A.VII. Assessment and auditing

This item includes expenditure directly linked to the assessment and auditing of the intervention and can be attributed up to six months after the end of execution date. All the information referring to the audits is gathered in section VI of this document.

B. OVERHEAD COSTS

This item includes expenditure incurred by the beneficiary entities for the management and monitoring of the intervention.

It is believed that the amounts necessary to carry out said tasks vary according to the subsidised amount and should be progressive. Through the experience of managing aid over the last few years, the calculation of the attributable amounts is carried out following the band system. Thus, the entity shall apply a maximum of 10% of the direct costs of the grant awarded for the first 90,000 euros, 8% for the amount between 90,000 and 180,000 euros and 5% for amounts above 180,000 euros.

IV. BASIC ELEMENTS OF THE EXECUTION

- The beneficiary entities must be **diligent in the use of the funds**, to apply them solely to the execution of the objectives of the intervention and ensure their traceability. In this regard, it is held that the opening of specific accounts to manage each aid package allows the diligent use and traceability of the beneficiary entity and the local partner, unless the context does not permit it. In the same way, the beneficiary entities should take into account the needs for liquidity of the local partners when it comes to transferring the funds in country so that they have the funds before the intervention execution period ends.

- During the execution, there could be a **delay** affecting the carrying out of the intervention and that, therefore, is considered a substantial amendment. It is understood that a delay in the execution period of more than three months is a substantial amendment, so the beneficiary entity must have prior authorisation from the BADC. Should the delay be less than three months, it shall suffice for the entity to communicate the expected extra time and the reason for the delay and include it in the final report.

- During the execution, there could be a **budget amendment** affecting the carrying out of the intervention and that, therefore, is considered a substantial amendment. Substantial is understood as a variation more than 10% with regards to the planned budget item and greater than €15,000, for which the beneficiary entity must have prior authorisation from the BADC. Budget item variations that do not exceed 10% and are less than €15,000 shall be reflected in the intermediate or final report.

V. BASIC ELEMENTS OF THE JUSTIFICATION

- In the case of grants for humanitarian action strategies, the beneficiary entities must present an intermediate supporting account after the carrying out of 25% of the grant awarded and before the finalisation of the budget financial year following the acceptance of the aid. The intermediate justification shall be carried out by means of a supporting account of the expenditure made with the inclusion of justification of expenditure.

- The final supporting account must be presented in the six months following the date of the finalisation of the intervention. The auditor's report shall be attached to the final supporting account, unless it turns out to be impossible. In that case, the final justification shall be carried out by means of a supporting account of the expenditure made and the inclusion of justification of expenditure.

- In the case of expenditure executed by **international organisations**, it shall be made and accredited in accordance with the mechanisms established in the agreements, conventions and other applicable international instruments.
- Direct costs shall be justified by means of **invoices or documents** of equivalent evidential value in legal commercial trade or with administrative efficacy. In the case that, faced with the impossibility of justifying an expenditure via invoices, receipts are going to be used, the amount and the items shall be indicated on the application form.
- **Staff** expenditure shall be justified by means of payrolls and associated labour costs contributions.
- Expenditure for **travel, accommodation and per diems** shall be justified following the management, monitoring and support directives of the Spanish Agency for International Development Cooperation in these matters.
- The original justifications shall be **processed** by means of a seal in which the initials AVCD/GLEA [BADC] shall appear together with the file code, and shall be available to the BADC at the headquarters of the beneficiary entity or of the local partner.
- The **interest** generated in the specific accounts at the headquarters and in the field must be reinvested in any item except in overhead costs and shall figure as a contribution of the BADC. It shall not be necessary to request authorisation regarding their use in one item or in several. However, in the final financial report, the amount of the interest obtained shall be stated, as well as the item in which the entity has decided to allocate its expenditure.
- The final financial report shall use the weighted **exchange rate** obtained from the different transfers of funds carried out. Said rate shall be obtained directly when completing the financial report formats supplied by the BADC. For greater detail, see "Financial report instructions".

A. INTERMEDIATE SUPPORTING ACCOUNT

The intermediate supporting account shall comprise the following documents:

1. A **narrative report**, which specifies the fulfilment of the results and objectives of the intervention. The report comprises a narrative report in Word format for whose completion the document "Narrative report instructions" shall be followed.

2. A **financial report**, in which the budgetary execution shall be determined. The report comprises a financial report in Excel format and the following complementary documentation:

- Banks receipts for the sending and reception of funds for the first period
- Receipts of currency exchanges made in the first period
- Bank statements of the specific bank account opened by the beneficiary entity/entities that cover the first period
- Bank statements of the specific bank account opened by the local partner(s) that cover the first period

- Authenticity certificate and deposit of the original justifications of expenditure
- If applicable, memos of supply deliveries and transfers or goods and inscriptions in public registries.
- Three offers from suppliers (explanatory reports if the cheapest one is not chosen) for services and supplies from €15,000 and works from €40,000.
- Completed accrediting justifications for each of the expenditure carried out under the responsibility of the grant of the first period
- Others

The supporting accounts must be presented in Basque or Spanish, following the official BADC templates, the directives gathered in this document and the “Narrative instruction report” and “Financial report instructions” available on the web, via the “My processes” platform.

B. FINAL SUPPORTING ACCOUNT

The final supporting account shall comprise the following documents:

1. A **narrative report**, which specifies the fulfilment of the results and objectives of the intervention. The report comprises a narrative report in Word format for whose completion the document “Narrative report instructions” and complementary documentation which supports the report shall be followed as stated below:

- Photographic material.
- If applicable, the created teaching material, reproduced and disseminated through the grant funds.
- If applicable, the lists of participants who attended workshops, seminars, meetings or other organised events financed through the grant funds.
- Other verification sources (testimonies, etc.)
- Where applicable, assessment report

2. A **financial report**, in which the budgetary execution shall be determined. The report comprises a financial report in Excel format and its complementary documentation:

- Banks receipts for the sending and reception of funds for the second period
- Receipts of currency exchanges made in the second period
- Bank statements of the specific bank account opened by the beneficiary entity/entities that cover the second period
- Bank statements of the specific bank account opened by the local partner(s) that cover the second period
- Authenticity certificate and deposit of the original justifications of expenditure
- If applicable, memos of supply deliveries and transfers or goods and inscriptions in public registries
- Three offers from suppliers (explanatory reports if the cheapest one is not chosen) for services and supplies from €15,000 and works from €40,000
- Completed accrediting justifications for each of the expenditure carried out under the responsibility of the grant of the second period
- Certifications of financial income generated

- Certificate stating whether or not other grants have been received
- If applicable, accreditation that indirect taxes are not legally recoverable, or if they are, they have not been recovered
- Accreditation of the ownership of the goods acquired charged to the grant
- Others

3. An **account audit report**, in accordance with the regulations of the countries in which the interventions are carried out. For greater detail, see section VI.

VI. AUDIT REPORT

A. SELECTION OF THE COMPANY AND EXPENDITURE

Alongside the final supporting accounts, the audit report shall be presented, in accordance with the template included in Annex I.

The report must be carried out by an auditing accountant inscribed to ply their trade in the Official Registry of Accounting Auditors, dependent upon the Institute of Accounting and Accounts Auditing. If it is carried out abroad, it can be carried out by auditors plying their trade in the country or countries of execution of the interventions, as long as in those countries there is an operational regime for the carrying out of accounts auditing activity. If there is no operational regime, the report can be carried out by an auditor established in the country, as long as their designation is carried out by the BADC for Development or is ratified by them at the proposal of the beneficiary entity.

Before signing the contract with the auditing company, the beneficiary entity shall carry out the tender, examine to proposals received (technical and professional profile and suitability of the technical offer with that required by the Terms of Reference), and shall check the financial offer of each one of them. The chosen offer, alongside the Terms of Reference, shall be sent to the BADC and, if applicable, it can request greater information. Once the contract has been adjudicated, the tendering companies shall be informed and the contract shall be signed with the winning bidder.

The expenditure directly linked to the audit can be attributed up to the delivery date of the final supporting account and under no circumstances can it be greater than six months from the finalisation of the intervention.

In cases in which the carrying out of the audit report is impossible, the BADC shall be able to authorise, depending on the execution context of the intervention, and prior reasoned justification from the beneficiary entity, that the justification of the grant is carried out via the modality of supporting account and presentation of the expenditure receipts with an audit report.

B. INFORMATION TO BE PRESENTED BY THE BENEFICIARY ENTITY TO THE AUDIT COMPANY

Once the audit company has been chosen and the contract signed, the beneficiary entity shall make the file regarding the aid available to the company together with the documentation corresponding to the following:

- Approved technical proposal and budget
- Acceptance of the aid: start date and end of the intervention
- Narrative report and financial report (reports and documentation)
- In the case of groupings, the amount of the grant corresponding to the execution of each of the entities in the grouping (in standard form)
- Where applicable, substantial amendments approved by the BADC during the audited period
- Where applicable, authorisation of the use of receipts (in standard form/notifications)
- Where applicable, intermediate supporting accounts presented
- Where applicable, assessments
- Other technical information of interest
- “Narrative report instructions” and “Financial report instructions”
- These “Directives”

C. APPLICABLE REGULATIONS AND DIRECTIVES

For the review of the supporting account and the execution of the report, the auditing company shall take into account the regulations and directives on which the aid is based:

- Legislative Decree 1/1997, of 11 November, which approves the Consolidated Text on the Law of Ordering Principles of the General Treasury Department of the Basque Country
- Law 38/2003 on General Subsidies of 17 November (Official Spanish Gazette 18 November)
- Royal Decree 887/2006 of 21 July, which approves the Regulation of Law 38/2003, of 17 November, General Subsidies
- Order EHA/1434/2007, of 17 May, which approves the action regulation for auditors of accounts in the carrying out of review work of grant supporting accounts (Spanish Official Gazette 25 May 2007)
- Decree 90/2019, of 18 June, which regulates aid to humanitarian action interventions (Basque Country Official Gazette 26 June 2019)
- The applicable regulations in those countries in which the intervention is carried out: regulations on requirements regarding invoices, simplified systems, types of labour contract, indirect taxes, etc.)
- “Narrative report instructions” and “Financial report instructions” of the BADC
- These BADC Directives

D. OBJECTIVE OF THE AUDIT

The objective of the audit is the review of the final supporting account of a grant awarded by the BADC to a beneficiary entity. The auditing company shall check compliance with the requirements established in the regulations and directives and shall prepare an exhaustive report on the matter. Specifically, it must verify the result of the verification of the financial report and its correspondence with the narrative report and reflect it in the report, for which purpose it shall review the following documents:

- Narrative report: activities carried out (foreseen and unforeseen) and their corresponding verification sources
- Financial report in Excel format with the following information:
 - Transfers and exchange operations carried out

- Balance of financial execution (execution %)
- Summary of the grant status
- List of supporting receipts per budget item, ordered chronologically, issued in the currency in which the payment was made
- Amount of the overhead costs charged to the grant, although they do not need to be justified
- Bank receipts for the sending and reception of funds
- Currency exchange receipts
- Bank statements of the specific bank account opened by the beneficiary entity
- Bank statements of the specific bank account opened by the local partner
- Authenticity certificate and deposit of the original justifications of expenditure
- If applicable, memos of supply deliveries and transfers or goods and inscriptions in public registries
- Three offers from suppliers (explanatory reports if the cheapest one is not chosen) for services and supplies from €15,000 and works from €40,000.
- Completed accrediting justifications for the expenditure carried out under the responsibility of the grant
- Certifications of financial income generated
- Certificate stating whether or not other grants have been received
- If applicable, accreditation that indirect taxes are not recoverable, or if they are, they have not been recovered
- Authorisation or notification of substantial and non-substantial amendments according to "Directives" (objectives, results, location, local partner, subject population, period, budget)

The auditing company shall check the following:

- That the objectives, results, location, local partner and subject population of the narrative report coincide with the approved intervention. If there have been amendments, that they have authorisation from the BADC.
- That the period covered by the report is the period between the starting date and the end of the intervention. If there have been delays which have affected the carrying out of the intervention (more than 3 months), it shall check that the BADC has approved the substantial modification. If there were delays of less than three months, it shall check that the BADC has been notified.
- That the financial report coincides with the approved budget. If there have been deviations between items that have affected the carrying out of the intervention (deviations in excess of 10% with regard to the budget and that are more than €15,000) it shall check that the BADC has approved the substantial amendment.
- That the formulae of the Excel cells have not been amended.
- That the financial report covers the total expenditure that has been incurred.
- That the funds to be executed by each entity have been transferred and that said transfers have been moved to table 1 for the purpose of obtaining the exchange rate applied to the report.
- That the expenditure is subject to grant according to said "Directives".
- That the proofs of expenditure presented are from the execution period, that they are in the currency in which the expenditure was made and they are processed. The checking shall be done in accordance with the standard practices for auditing these materials. With regard to the proofs of staff expenditure, it shall check that they have contracts, payrolls, proof of social payments and taxes. If applicable, that it has been a part-time devotion.

- That the expenditure charged corresponds to the activities reported in the narrative report and the corresponding sources of verification (photographic material; if applicable, the educational material produced, reproduced and disseminated with the intervention funds; if applicable, the attendance lists of people participating in workshops, meetings or other events organised with the grant funds; if applicable, evaluation).
- That the participation of the entities of the grouping in the execution of the expenditure is appropriate to that indicated in the standard form.
- That if interest has been generated, it has been added to the justified grant.
- That subcontracting, if it has taken place, is in keeping with that established.
- If the justified expenditure does not reach the total of the grant, that there are proofs of deposit in favour of the BADC without prejudice to that established in the closure resolution of the file.
- Expenditure executed by the local partners shall not be required to be reflected in the accountancy registers of the entity that gained the subsidies.
- There is no requirement for the existence of expert valuation certification for the value of the goods inscribed in public registers, with the deed being sufficient to accredit the value.
- The checking of different documentation for individual expenditure justification, which could be made on a spot-check basis, shall be exhaustive.

E. BASIC ELEMENTS FOR CONTRACTING THE AUDIT

General data

The entity _____ wishes to hire the external auditor _____ (**final**) _____, _____ (**compulsory**) _____ of the intervention executed as a consequence of the following grant adjudicated by the BADC:

Code:

Title:

Country/Countries:

Grouped beneficiary entity/entities (if applicable)

Local partner(s):

Start and finish date:

AVCD grant:

Audited execution period:

Amount of grant executed in the period:

Descriptive summary:

Objective of the contract and review technique

The objective of the contract is to check the budgetary execution through the review of the financial report (financial report in Excel and complementary documentation)

(Include information regarding section D.)

The scope of the substantive audit evidence shall be based on the application of spot-check techniques to supporting evidence of expenditure, access to the entity and its local partners' accounting records, assessment of the internal control system, as well as other checks with third parties, or others that may be necessary. For the presentation of offers,

the auditing entities must provide the number, total value, and percentage value of the grant, and of accrediting proof of expenditure that they are committed to review.

Basic elements of the contract

- Global technical proposal, adjusted to the Terms of Reference, with indication of the methodology to be used and indication of the sample of accrediting proofs of expenditure to be reviewed.
- Financial cost and means of payment.
- Certification of its legality as auditing company inscribed in the Official Registry of Auditors if it is Spanish, or notarial powers or registration of similar inscription if it is foreign.
- Affidavit of liability that there is no reason which can condition or limit their review work on the supporting account of the intervention (links with the beneficiary entity of the grant, or, if applicable, with the local partners or any other conflict of interest that may arise).
- Professional experience in the field in question.
- Work team committed to the carrying out of the audit. Where applicable, knowledge of languages.
- Obligation on the part of the beneficiary entity to present all the documentation corresponding to the narrative justification (narrative report, photographic material, educational material produced, reproduced and disseminated with the funds of the intervention, attendance lists of the people participating in workshops, meetings or other events organised with the funds of the grant and any other information required by the auditor).
- Obligation on the part of the beneficiary entity to present all corresponding documentation regarding financial justification (financial report, invoices and/or receipts and all related documentation in checking tables and as much information as is required for the auditor).
- Duty of the auditing company to carry out the review according to the Terms of Reference established to that end and BADC regulations.
- Independence and incompatibilities of the auditor (article 8 of Law 18/1988 Account auditing). Duty of confidentiality of the account auditor and the staff under his/her charge with that established in Order EHA 1434/2007, of 17 May, which approves the regulations of action of account auditors in the carrying out of review work on supporting accounts of grants.
- Commitment of the grant adjudication entity to authorise communication between the auditing company carrying out the review of the supporting account of the grant and who carries out the audit of the institution.

Contract execution periods

1. Review and verification, on the part of the auditing company, of the documentation received, dated ___ dd/mm/yyyy___ on the date ___ dd/mm/yyyy___
2. Sending of preliminary reports prepared by the auditing entity before (date ___ dd/mm/yyyy___)
3. Amendment and sending of corrections on the part of the grant adjudicating entity, to amend possible effects detected in the preliminary report. Negotiation of date discrepancies ___ dd/mm/yyyy___ on the date ___ dd/mm/yyyy___

4. Writing of the definitive audit report with conclusions and recommendations (maximum date ___ dd/mm/yyyy___)

Place of execution

The review and verification of documents by the auditing company shall be executed in the offices of the grant adjudicating entity in ___ (town)/(country)___, and/or in the offices of local partners. For that reason, the auditors ___ must/must not___ travel to the place of execution of the grant.

If the audit is carried out in the place of execution of the intervention, include the need to know the local working language, the foreseen length of stay and whether insurance is being considered. If it is necessary to travel to the field, the Terms of Reference shall include that accommodation and travel expenditure are part of the price of the contract and must be assumed by the auditing company. The adjudicating entity and the local partners shall provide logistical support for the execution of the work.

Presentation and selection of offers

The tendering companies shall present their proposal in a closed envelope to:

Entity _____ xxxxxx _____

Address _____ xxxxxx _____

For the attention of _____ xxxxxx _____

The period for the presentation of proposals ends on
_____ dd/mm/yyyy _____.

F. AUDITING COMPANY REPORT

The final audit report shall be drawn up in accordance with Annex I based on the template established in Order EHA/1434/2007, of 17 May, which approves the regulations of action for auditors in carrying out work on the auditing of grant supporting in the state public sector, particularly for BADC subsidies.

In compliance with said Order:

- All documentation accrediting the work carried out by the auditors must be kept by the auditing company for a minimum period of 8 years starting from the date of issuance of the report (article 6).
- The report shall be presented in duplicate, stamped and signed on all pages. It shall be accompanied by an electronic copy.
- At the end of his/her work, the auditor shall request a letter from the grant beneficiary, signed by the person who signed the supporting account, stating that the auditor has been informed of all circumstances which may affect the correct perception, application and justification of the grant; and other relevant statements which may serve the auditor as evidence of the procedures carried out. The letter of statements (article 3.2.g) shall form part of the auditing report.

ANNEX I

Report template to be issued by the auditing company

1. To the ends provided for in article 74 of Regulation of Law 38/2003, of 17 November, General Subsidies, approved by means of Royal Decree 887/2006, of 21 July, we (I) have been designated by (...*identification of the grant beneficiary entity*) to review the supporting account of the grant which was awarded by means of (... *indication of the grant concession Resolution in question*), devoted to financing the intervention *Title, code number and amount of the BADC grant, and descriptive summary if required*. A copy of the grant supporting account, stamped by us (me) for the purposes of identification, is provided with this report as an annex. The preparation and presentation of said supporting account is the responsibility of (... *Identification of the grant adjudicator...*), specifying our (my) responsibility for the execution of the work mentioned in section 2 of this report.

2. Our (my) work has been carried out in accordance with the provisions of the Regulations of Procedure approved by Order of the Ministry of Economy and Finance EHA/1434/2007, of 17 May, which approves the regulations of procedure of the auditors in executing the work of auditing the grant supporting accounts, in the area of the state public sector, as provided for in Article 74 of the Regulations of the Ministry of Economy and Finance, of Law 38/2003, of 17 November, General Subsidies, approved by Royal Decree 887/2006, of 21 July, which establishes the procedures to be applied and their scope, and comprises the verifications that are summarised in the different sections of this report.

Given that this work, due to its nature, does not have the nature of an auditing of accounts and neither is it subject to Law 19/1988, on account auditing, we (I) do not express and auditing opinion in the terms provided for in the cited regulations.

As a result of the work carried out, it is reported that we (I) have not observed facts or circumstances that could indicate non-compliance with the applicable regulations or the conditions imposed on (...*identification of the grant banking entity...*) for the receipt of the grant referred to in section 1 above.

Or, in the opposite case,

As a result of the work carried out, those facts or circumstances that could indicate non-compliance with the applicable regulations or the conditions imposed on (...*identification of the grant banking entity...*) are reported for the receipt of the grant referred to in section 1 above:

I. ADMINISTRATIVE VERIFICATION

The auditor shall remark upon the headquarters of the entities visited and their availability to collaborate in the review work and in the adequate supply in time and form of the information and documentation requested.

The auditor shall indicate if he/she has made checks on original documents or photocopies and if he/she asked for the originals of certain copies, whether they were provided. He/she must say what sample of the accrediting proofs of expenditure were reviewed (number, volume of euros, and percentage of the BADC grant). Mention shall be made of how many additional checks were carried out on the object of the contract.

It shall be revealed if any of the documents referred to in the TOR have not been provided. Should any impossibility of access to documentation arise, reference shall be made to the reasons it arose. The following checklist of documents must be completed:

Expected and real periods

Periods	Expected	Real	Observations
Receipt of funds (date)			
Start (date)			
Finalisation (date)			
Execution period (months)			
Final date for the presentation of the final report to the BADC (6 months after the finalisation of the intervention)			

Substantial amendments and authorisations

Type of amendment	Request	Response	Approval/Refusal	Observations
Substantial amendments: objectives, results, location, local partner, subject population.				
Extension of the period of execution that affects the carrying out of the project (article 25 of Decree 90/2019 and these Directives)				

Budget variations that affect the carrying out of the project (article 25 of Decree 90/2019 and these Directives)				
Use of receipts (information in the form and, if applicable, notifications about it)				
Others (specify)				

Required and reviewed documentation

Documentation	Not delivered (Mark with an X)	Consulted (Yes/No/Not applicable)	Observations (Indicate the defects and lacunae)
Approved technical proposal and budget			
If applicable, intermediate narrative report in accordance with the BADC template and verification sources.			
If applicable, intermediate financial report in accordance with the BADC template and complementary documentation.			

If applicable, substantial amendments approved by the BADC (extensions, budget amendments, others). Specify them.			
If applicable, authorisations for the use of receipts in the form and, if applicable, notifications regarding them.			
Final narrative report: narrative report in accordance with the BADC template in digital format and verification sources: photographic material, where applicable, prepared educational material, reproduced and disseminated, charged to the grant funds, if applicable, attendance lists of people participating in workshops, encounters, meetings and other events organised with grant funds.			
Final financial report: financial report in accordance with the BADC template in digital format. It shall be indicated if any tab has not been completed.			
Bank receipts for the sending and reception of funds.			
Currency exchange receipts.			
Bank statements of the specific bank account opened by the beneficiary entity.			

Bank statements of the specific bank account opened by the local partner.			
Authenticity certificate and deposit of the original invoices.			
If applicable, memos of supply deliveries and transfers or goods and inscriptions in public registries.			
Three offers from suppliers (explanatory reports if the cheapest one is not chosen) for services and supplies from €15,000 and works from €40,000.			
Accrediting proofs of each of the expenditure. For staff expenditure, contracts, payrolls, proof of social payments and taxes. If applicable, certification of part-time devotion.			
If applicable, certifications of financial income generated.			
Certificate stating whether or not other grants have been received.			
If applicable, accreditation that indirect taxes are not legally recoverable, or if they are, they have not been recovered.			

Accreditation of the ownership of the goods acquired charged to the grant.			
Photographic material, educational material, attendance lists.			
Other verification sources.			
Where applicable, assessment report.			

II. TECHNICAL VERIFICATION

In accordance with that described in the Final Report and with the provided verifications sources examined, it is informed that the expenditure reported corresponds/does not correspond (indicate which) to the activities carried out/not carried out as provided for in the subsidised aid. If there have been reports of unpredicted activity expenditure, indicate whether the motives to carry them out have been informed and justified.

Complete any other information of interest regarding the fulfilment of activities for the achievement of the results and objectives.

III. FINANCIAL VERIFICATION

3.1. ANALYSIS OF ACCOUNTS, TRANSFERS, EXCHANGE RATES AND FINANCIAL INCOME

Bank accounts	Bank entity	Account number	Currency	Observations
Account 1 (account name)				
....				
Observations:				

GENERATED FINANCIAL INCOME (in euros)	TOTAL Euros (€)
Account 1	
....	
TOTAL	
Observations:	
<i>The auditor shall pay special attention to indicating whether the financial income of all accounts has been accredited</i>	

Receiving entity of the transfer	Date	Euros transferred	Currency name	Amount in currency received
<i>Total</i>				

Observations:

The author shall pay special attention to checking whether the funds to be executed by each entity have been transferred and that said transfers have been moved to table 1 for the purpose of obtaining the exchange rate applied to the report. In the same way, he/she shall indicate if there is coherence between the amounts transferred and managed from each of the accounts and the expenditure generated and justified in each of the currencies used.

APPLICABLE EXCHANGE RATES

The author shall indicate whether supporting documents have been provided for all changes applied to the account (changes applied to transfers, proof from banking entities or foreign exchange bureaux)

3.2. ANALYSIS OF BUDGET DEVIATIONS AND TOTAL CONTRIBUTIONS

Execution of the BADC budget by item

Item	Grant approved	Grant executed (a)	Interest executed (b)	TOTAL executed (a+b)	% of justification against the total
DIRECT COSTS					
A.I. Identification expenditure					
A.II. Expenditure for provision of goods and services for the protection of communities and people					
A.III. Expenditure for the reinforcement of humanitarian organisations					
<i>A.III.1. Beneficiary entity</i>					
<i>A.III.2. Local partner</i>					
A.IV. Expenditure for testimony, reporting and effects					
<i>A.IV.1. Local and national</i>					
<i>A.IV.2. In the Autonomous Community of the Basque Country</i>					
<i>A.IV.3. International</i>					
A.V. Staff expenditure					
<i>A.V.1. Local staff</i>					
<i>A.V.2. Expatriate staff</i>					

<i>A.V.3. Staff in the Autonomous Community of the Basque Country</i>					
A.VI. Operating expenditure					
A.VII. Assessment and audit expenditure					
<i>A.VII.1. Assessment</i>					
<i>A.VII.2. Audit</i>					
TOTAL DIRECT COSTS					
OVERHEAD COSTS					
Autonomous Community of the Basque Country administrative costs					
TOTAL OVERHEAD COSTS					
GRAND TOTAL					

Observations on the budgetary execution by item:

Those deviations stood out which were significant due to their possible repercussion on the obtaining of predicted results.

It shall be indicated if the percentage of executable overhead costs over the executed general total is within the maximum allowable limit according to said "Directives".

3.3. ANALYSIS OF COMPLIANCE WITH JUSTIFICATION REGULATIONS

Type of incident	Justification no.	Total amount in euros	Observations
Expenditure incurred due to the introduction of substantial amendments without authorisation			
Technical supplies or services greater than €15,000 or works greater than €40,000 without three offers or certificate			
Incorrectly applied exchange rates (indicate in the amount the positive or negative difference resulting from applying the rates correctly)			
Expenditure made before the start date for charging allowable expenditure			
Expenditure made after the authorised end date			
Sub-contracting which did not match that established			
Overhead costs above the maximum allowable limit according to the "Directives for preparing budgets and justifying them"			
Others (indicate)			
TOTAL AMOUNT			

3.4. ANALYSIS OF EXPENDITURE JUSTIFICATIONS

The numbered list of expenditure justifications *has been presented/has not been presented*.

It has been checked that the same *includes/does not include* all the expenditure (100%) of the executed expenditure charged to the BADC grant

In accordance with the list of expenditure presented, they have been carried out in the following way:

Total executed in euros	Total executed in <i>currency 1 (indicate)</i>	Total executed in <i>currency 2 (indicate)</i>

Add as many columns as necessary

LIST OF DEFECTIVE JUSTIFICATIONS charged to the BADC grant has been carried out with a sample of no. justifications, selected in accordance with the following criteria: _____ (*indicate which*) _____

Below, there is a summary of detected effects, the details of which are contained in **Annex 2** of this report:

Indicate the type of effect and total amount of the justifications affected by each of the rates.

Or indicate that effects have not been detected.

3.5. FINANCIAL-ECONOMIC SUMMARY

Financial-economic summary table	
Item	Amount in €
A. TOTAL AMOUNT TO BE JUSTIFIED (A.1 + A.2)	
<i>A.1 BADC grant</i>	
<i>A.2 Generated financial income</i>	
B. JUSTIFIED AMOUNT ACCORDING TO THE FINAL REPORT AS PRESENTED	
C. NON-EXECUTED SURPLUS: (A – B)	
D. INCORRECTLY JUSTIFIED AMOUNT (D.1 + D.2)	
<i>D.1. Total amount section 3.2</i>	
<i>D.2. Total amount section 3.3</i>	
E. JUSTIFIED AMOUNT ACCORDING TO REVIEW (B – D)	
F. EXCESS OF OVERHEAD COSTS (<i>according to limit established in "Directives"</i>)	
G. TOTAL CAUSES OF REIMBURSEMENT (C + F)	
H. VOLUNTARY REIMBURSEMENT (<i>date</i>)	
PROPOSED REQUESTED REIMBURSEMENT (G - H)	

IV. CONCLUSIONS

Brief summary of conclusions of the administrative, technical and financial verifications.

Date:

Identification of the auditor:

Signature:

ANNEX TO THE AUDIT REPORT
REVIEW OF INDIVIDUAL EXPENDITURE JUSTIFICATIONS
Detected defects

A. ENCODING OF DEFECTS

1. Non-subsidisable expenditure
2. There is no expenditure justification and the amount is not identified
3. Justification issued by the local partner
4. Justification issued by the person or entity linked to the grant adjudicator (article 29.7.d) of the General Law of Subsidies
5. There is no certificate of issue of the original justification
6. It is an unattested copy
7. Unauthorised receipt
8. Absence of contract
9. Liquidation of per diems not adjusted to the regulations
10. Does not respond to that established for this type of expenditure (specify in observations)
11. Charging of recoverable indirect tax, without declaring responsibility for non-recovery
12. Inadequate description of the item, of the identity of the issuer or of the addressee or the date of issue or payment (specify in observations)
13. Others (specify in observations)

B. LIST OF DEFECTIVE JUSTIFICATIONS

Justification Number	Item	Local currency amount	Intermediate currency amount	Amount €	Defect code(s)	Observations