

**Terms of Reference for an Independent Report of Factual Findings on costs declared under a Grant Agreement financed under the Connecting Europe Facility (CEF)**  
**Terms of Reference number: CEF/1138561/2021**

This document sets out the ‘**Terms of Reference (ToR)**’ under which

**Železnice Slovenskej republiky**, Klemensova 8, 813 61 Bratislava, Slovenská republika, Registration number: 31 364 501, represented by Director General, Ing. Miloslav Havrila (‘the Beneficiary’) agrees to engage

**BDR, spol. s r.o.**, with its registered seat at: M. M. Hodžu 3, 974 01 Banská Bystrica, Slovak Republic, postal and office address at: Jána Bottu 2, 974 01 Banská Bystrica, Slovak Republic, SKAU license reg. No. 6, ID No. 00 614 556, registered in the Commercial Register of District Court Banská Bystrica, Section: Sro, Insert No.: 98/S, duly represented by. Mag. Martin Kiňo (‘the Auditor’)

to produce an independent report of factual findings (‘the Report’) concerning the Financial Statement(s)<sup>1</sup> drawn up by the Beneficiary for the CEF grant agreement INEA/CEF/TRAN/M2015/1138561, **Modernisation of railway line Žilina – Košice, section Liptovský Mikuláš – Poprad-Tatry (outside), stage 1 (Poprad-Lučivná)**, 2015-SK-TM-0200-W, duration from 17/02/2016 to 07/04/2023 (‘the Agreement’), and to issue a Certificate on the Financial Statements (‘CFS’) referred to in Article II.23.2 of the Agreement based on the compulsory reporting template stipulated by the Commission.

The Agreement has been concluded under the Connecting Europe Facility (CEF) Transport sector between the Beneficiary and the Innovation and Networks Executive Agency (INEA) from 01/04/2021 the European Climate, Infrastructure and Environment Executive Agency (CINEA) (‘the Agency’), under the powers delegated by the European Commission (‘the Commission’).

The Agency is mentioned as a signatory of the Agreement with the Beneficiary only. The Agency is not a party to this engagement.

## **1.1 Subject of the engagement**

The Beneficiary must submit to the Agency the request for interim payment within 8 months following the end of the reporting period which should include, amongst other documents, a CFS for each beneficiary, each Affiliated Entity and Implementing Body; for which a total contribution of EUR 325 000 or more is requested, as reimbursement of actual eligible costs and unit costs calculated on the basis of its usual cost accounting practices (see Article II.23.2 of the Agreement). The CFS must cover all reporting periods of the beneficiary, Affiliated Entity or Implementing Body indicated above.

The Beneficiary must submit to the Agency the CFS covering the total declared costs for itself, its Affiliated Entity(ies) and its Implementing Body(ies), if the CFS must be included in the request for interim payment according to Article II.23.2 of the Agreement.

The CFS is composed of two separate documents:

- The Terms of Reference (‘the ToR’) to be signed by the Beneficiary and the Auditor;
- The Auditor’s Independent Report of Factual Findings (‘the Report’) to be issued on the Auditor’s letterhead, dated, stamped and signed by the Auditor (or the competent public officer) which includes the agreed-upon procedures (‘the Procedures’) to be performed by the Auditor, and the standard factual findings (‘the Findings’) to be confirmed by the Auditor.

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<sup>1</sup> By which costs under the Agreement are declared (see template ‘Model Financial Statement(s)’ in Annex VI to the Grant Agreement).

If the CFS must be included in the interim report according to Article II.23.2 of the Agreement, the request for interim payment relating to the Agreement cannot be made without the CFS. However, the payment for reimbursement of costs covered by the CFS does not preclude the Commission, the Agency, the European Anti-Fraud Office and the European Court of Auditors from carrying out checks, reviews, audits and investigations in accordance with Article II.27 of the Agreement.

## 1.2 Responsibilities

The Beneficiary:

- must draw up the Financial Statement(s) for the action financed by the Agreement in compliance with the obligations under the Agreement. The Financial Statement(s) must be drawn up according to the Beneficiary's accounting and book-keeping system and the underlying accounts and records;
- must send the Financial Statement(s) to the Auditor;
- is responsible and liable for the accuracy of the Financial Statement(s);
- is responsible for the completeness and accuracy of the information provided to enable the Auditor to carry out the Procedures. It must provide the Auditor with a written representation letter supporting these statements. The written representation letter must state the period covered by the statements and must be dated;
- accepts that the Auditor cannot carry out the Procedures unless it is given full access to the Beneficiary's staff and accounting as well as any other relevant records and documentation.

The Auditor:

- is qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.

The Auditor:

- must be independent from the Beneficiary, in particular, it must not have been involved in preparing the Beneficiary's Financial Statement(s) or providing consultancy advice on the related operations and underlying transactions;
- must plan work so that the Procedures may be carried out and the Findings may be assessed;
- must adhere to the Procedures laid down and the compulsory report format;
- must carry out the engagement in accordance with this ToR;
- must document matters which are important to support the Report;
- must base its Report on the evidence gathered;
- must submit the Report to the Beneficiary.

The Agency sets out the Procedures to be carried out by the Auditor. The Auditor is not responsible for their suitability or pertinence. As this engagement is not an assurance engagement, the Auditor does not provide an audit opinion or a statement of assurance.

## 1.3 Applicable Standards

The Auditor must comply with these Terms of Reference and with<sup>2</sup>:

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<sup>2</sup> Supreme Audit Institutions applying INTOSAI-standards may carry out the Procedures according to the corresponding International Standards of Supreme Audit Institutions and code of ethics issued by INTOSAI instead of the International Standard on Related Services ('ISRS') 4400 and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA.

- the International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as issued by the International Auditing and Assurance Standards Board (IAASB);
- the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 states that independence is not a requirement for engagements to carry out agreed-upon procedures, the Agency requires that the Auditor also complies with the Code's independence requirements.

The Auditor's Report must state that there is no conflict of interests in establishing this Report between the Auditor and the Beneficiary and must specify - if the service is invoiced - the total fee paid to the Auditor for providing the Report.

## **1.4 Reporting**

The Report must be written in English in accordance with Article 4.3 of the Agreement.

Under Article II.27 of the Agreement, the Commission, the Agency, the European Anti-Fraud Office and the Court of Auditors have the right to audit any work that is carried out under the action and for which costs are declared from the European Union budget. This includes work related to this engagement. The Auditor must provide access to all working papers (e.g. recalculation of hourly rates, verification of the time declared for the action) related to this assignment if the Commission, the Agency, the European Anti-Fraud Office or the European Court of Auditors requests them.

## **1.5 Timing**

The Report must be provided within 50 days from the date on which ToR shall take effect. The Report must be delivered to the Beneficiary as follows:

- Report in paper form: 3 signed and stamped originals must be delivered with cover letter to the following address: Železnice Slovenskej republiky, Odbor investorský, Klemensova 8, 813 61 Bratislava, Slovenská republika
- Report in electronic form: (i) in format \*.pdf (scan of signed and stamped original) and (ii) in open format \*.doc/\*.docx, annexes in open format \*.xls/\*.xlsx must be delivered to the following email address: [gro220@zsr.sk](mailto:gro220@zsr.sk)

Before the submission of the Report, draft report must be provided within 30 days from the date on which ToR shall take effect. Draft report (including annexes) must be delivered to the Beneficiary in electronic form: (i) in format \*.pdf and (ii) in open format \*.doc/\*.docx, annexes in open format \*.xls/\*.xlsx to the following email address: [gro220@zsr.sk](mailto:gro220@zsr.sk).

## **1.6 Other terms**

### 1.6.1 Declared costs

All declared costs to be included in the request for interim payment, were incurred within the period from 17/02/2016 to 31/12/2020. Personal costs are not included in declared costs of the Beneficiary's Financial Statement(s).

### 1.6.2 Contract price

The contract price is **2 350,00** EUR excl. VAT.

### 1.6.3 Payment arrangements

Upon submission of the Report in accordance with the ToR, the Auditor is entitled to issue the invoice. The invoice shall include grant agreement number, title of the action, Terms of Reference number, due date of the invoice in accordance with this Article, stamp, name and signature of authorised

representative and other particulars according to Act No. 513/1991 Coll. Commercial Code and Act No. 222/2004 Coll. on VAT. The invoice shall be issued in 4 signed originals and sent with cover letter to the following address:

Železnice Slovenskej republiky  
Odbor investorský  
Klemensova 8  
813 61 Bratislava  
Slovenská republika

Within 60 days from the receipt of the invoice, the Beneficiary shall make the payment of the contract price to the Auditor. Payment shall be made to the following bank account:

Account holder: BDR, spol. s r.o.  
Bank name:  
Branch address:  
IBAN:  
SWIFT:

In case of late payment, the Auditor may claim late-payment interest according to Act No. 513/1991 Coll. Commercial Code. The late-payment interest shall apply to the time which elapses between the date of the payment deadline (exclusive), and the date on which the Beneficiary's account is debited (inclusive).

In case the submitted Report or the invoice is not in accordance with the ToR, the Beneficiary is entitled to return the invoice to the Auditor. The Auditor must submit new invoice to the Beneficiary. The new payment deadline of 60 days shall commence from the date on which the new invoice is submitted.

#### 1.6.4 Liability for damages

If the Beneficiary incurs damage to property, rights or other property as a result of the Auditor's breach of the obligations set out in the ToR, the Auditor shall be liable for such damages and is obliged to compensate the Beneficiary for the damages incurred. The form of compensation is monetary compensation for the damage incurred in full.

If the damage is caused by a third party to whom the Auditor has entrusted the performance of his duties, the Auditor shall be liable for the damage.

Liability for damage caused by a breach of obligations in connection with the ToR by any Party is governed by the provisions of Article 373 et seq. of the Act No. 513/1991 Coll. Commercial Code and other relevant legislation on damages actions.

#### 1.6.5 Personal data protection

The Auditor undertakes to process all the provided personal data lawfully, to the extent permitted by applicable law, in particular the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ('the GDPR') and Act No. 18/2018 Coll. on personal data protection and amending and supplementing certain Acts ('the Personal Data Protection Act').

In particular, the Auditor undertakes to collect personal data exclusively for the purpose stated in the ToR, to process personal data only to the necessary extent and for a period of time, to maintain confidentiality of all data provided and to ensure that all persons authorized to process personal data are bound by professional secrecy. At the same time, the Auditor undertakes to ensure that appropriate technical and organizational measures are taken in accordance with the GDPR and the Personal Data Protection Act to prevent misuse, theft, unauthorized disclosure or other unacceptable forms of processing in connection with received documents.

Further information on the processing of personal data and rights is provided in Annex 1.6.5.A Conditions for personal data processing.

The Auditor is obliged to inform all related entities about the Beneficiary's policy on the 'Principles of Personal Data Protection' made available at <https://www.zsr.sk/ou.html>

#### 1.6.6 Conditions supplemented by the Auditor

The Parties agree that all special areas not covered by the ToR are governed by the following conditions:

1.6.6.1 The Subject of the engagement will be carried out by the Auditor remotely, not in the premises of the Beneficiary. The Beneficiary is obliged to provide all information (records, documentation, data, etc.) related to the Subject of the engagement in electronic form and provide the information to the Auditor either via an electronic storage (cloud), or upload the data on a USB key, which the Auditor will personally pick up from the Beneficiary. In case of large volumes of information, which is kept in paper form, the Beneficiary can prepare such information in a file folder, which the Auditor will personally pick up from the Beneficiary and the Auditor will carry out the audit of such paper form data remotely and not in the premises of the Beneficiary. Such documents in paper form shall be returned to the Beneficiary before the submission of the Report. Transmission of the documents in paper form will be carried out upon Taking-Over Certificate(s) signed by both parties.

#### 1.6.7 Obligations of the Auditor in relation to the direct subcontractors

1.6.7.1 The Auditor shall be liable to the Beneficiary for any acts, negligence, failure or omissions in the performance of the obligations or necessary actions in a proper and timely manner of the subcontractors at any level, as if they were acts, negligence, failure or omissions in the performance of the obligations or necessary actions in a proper and timely manner of the Auditor himself.

1.6.7.2 The Auditor is entitled to entrust part of the ToR performance only to those subcontractors who are listed in the List of direct subcontractors, that forms Annex 1.6.7.A ('Annex 1.6.7.A' or 'the List') or who will be added to the List in accordance with point 1.6.7.3 or 1.6.7.4. This does not apply in case of a subcontractor who is exclusively the supplier of the goods.

1.6.7.3 The Auditor is entitled to change the subcontractor stated in the List during the ToR performance only with the prior written consent of the Beneficiary. In the Auditor's written request for consent, the Auditor is obliged to include all the data on the subcontractor in the scope stated in the List. The Beneficiary shall notify the Auditor in writing of his decision within 5 days from the date of receipt of the request for consent and in case of non-consent the Beneficiary shall state the reasons for non-consent. If the Beneficiary does not respond within the time limit according to the previous sentence, it means the Beneficiary's consent to the subcontractor.

1.6.7.4 If the Beneficiary finds out that the subcontractor is unable to fulfil its obligations or does not perform the relevant part of ToR performance properly, the Beneficiary may immediately request the Auditor to replace the subcontractor. The Auditor is obliged to comply with the request for replacement in accordance with point 1.6.7.3 no later than 30 days from the date of receipt of the Beneficiary's request or to notify the Beneficiary within this period that he will perform the relevant part of performance himself. The Beneficiary's request to replace the subcontractor under this point does not affect the Auditor's obligation to perform properly and in a timely manner on the basis of the ToR.

1.6.7.5 If there is a change in the subcontractors during the ToR performance, the Auditor is obliged to submit the current List to the Beneficiary within 5 working days from the date of concluding the contract with the new subcontractor (adding the subcontractor to the List) or from the date of termination of the contract with the subcontractor (omission of the subcontractor from the List without replacement). The current List will be submitted in the scope of data according to Annex 1.6.7.A.

1.6.7.6 The Auditor is obliged to notify the Beneficiary in writing of any change in the data on the subcontractor, no later than within 10 days from when he became aware of the change. The term 'data on the subcontractor' means in particular the data listed in Annex 1.6.7.A, change in

the legal form of the subcontractor, change in the share capital of the subcontractor, commencement of bankruptcy proceedings, restructuring proceedings or liquidation of the subcontractor.

1.6.8 Final provisions

The Parties mutually agree that any assignment of claims that arise or are related to the ToR is possible only with the prior written consent of the Party concerned.

This ToR is drawn up in English in five originals, one original being for the Auditor, three originals being for the Beneficiary and one original will be submitted to the Agency as part of the CFS. This ToR shall enter into force on the date on which the last party signs and take effect on the day following that of its publication in the Central register of contracts kept by the Slovak republic Government Office.

**BDR, spol. s r.o.**  
Represented by Mag. Martin Kiňo,  
Statutory representative

25.05.2021  
Date

.....  
Stamp and signature of the Auditor

**Železnice Slovenskej republiky**  
Represented by Ing. Miloslav Havrila,  
Director General

17.06.2021  
Date

.....  
Stamp and signature of the Beneficiary

## **Independent Report of Factual Findings on costs declared under the Connecting Europe Facility (CEF)**

*(To be printed on the Auditor's letterhead)*

To  
Ing. Miloslav Havrila, Director General  
**Železnice Slovenskej republiky**  
Klemensova 8, 813 61 Bratislava, Slovenská republika  
[dd Month yyyy]

Dear Mr. Miloslav Havrila,

As agreed under the terms of reference dated [dd Month yyyy]

with [insert name of the beneficiary] ('the Beneficiary'),

we

[name of the auditor] ('the Auditor'),

established at

[full address/city/state/province/country],

represented by

[name and function of an authorised representative],

have carried out the procedures agreed with you regarding the costs declared in the Financial Statement(s)<sup>3</sup> of the Beneficiary concerning the grant agreement INEA/CEF/TRAN/M2015/1138561, **Modernisation of railway line Žilina – Košice, section Liptovský Mikuláš – Poprad-Tatry (outside), stage 1 (Poprad-Lučivná)**, 2015-SK-TM-0200-W ('the Agreement'),

with a total cost declared of EUR [total amount],

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

### **The Report**

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

The Procedures were carried out solely to assist the Agency in evaluating whether the Beneficiary's costs in the accompanying Financial Statement(s) were declared in accordance with the Agreement. The Agency draws its own conclusions from the Report and any additional information it may require.

The scope of the Procedures was defined by the Agency. Therefore, the Auditor is not responsible for their suitability or pertinence. Since the Procedures carried out constitute neither an audit nor a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, the Auditor does not give a statement of assurance on the Financial Statements.

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<sup>3</sup> By which the Beneficiary declares costs under the Agreement (see template 'Model Financial Statement(s)' in Annex VI to the Agreement).

Had the Auditor carried out additional procedures or an audit of the Beneficiary's Financial Statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to its attention and would have been included in the Report.

### **Not applicable Findings**

We examined the Financial Statement(s) stated above and considered the following Findings not applicable:

*Explanation (to be removed from the Report):*

*If a Finding was not applicable, it must be marked as 'N.A.' ('Not applicable') in the corresponding row on the right-hand column of the table and means that the Finding did not have to be corroborated by the Auditor and the related Procedure(s) did not have to be carried out.*

*The reasons of the non-application of a certain Finding must be obvious i.e.:*

- i) if no cost was declared under a certain category then the related Finding(s) and Procedure(s) are not applicable;*
- ii) if the condition set to apply certain Procedure(s) are not met the related Finding(s) and those Procedure(s) are not applicable. For instance, for 'beneficiaries with accounts established in a currency other than euro' the Procedure and Finding related to 'beneficiaries with accounts established in euro' are not applicable. Similarly, if no additional remuneration is paid, the related Finding(s) and Procedure(s) for additional remuneration are not applicable.*

**List here all Findings considered not applicable for the present engagement and explain the reasons of the non-applicability.**

....

### **Exceptions**

Apart from the exceptions listed below, the Beneficiary provided the Auditor all the documentation and accounting information needed by the Auditor to carry out the requested Procedures and evaluate the Findings.

*Explanation (to be removed from the Report):*

- If the Auditor was not able to successfully complete a procedure requested, it must be marked as 'E' ('Exception') in the corresponding row on the right-hand column of the table. The reason such as the inability to reconcile key information or the unavailability of data that prevents the Auditor from carrying out the Procedure must be indicated below.*
- If the Auditor cannot corroborate a standard finding after having carried out the corresponding procedure, it must also be marked as 'E' ('Exception') and, where possible, the reasons why the Finding was not fulfilled and its possible impact must be explained here below.*

**List here any exceptions and add any information on the cause and possible consequences of each exception, if known. If the exception is quantifiable, include the corresponding amount.**

....

*Example (to be removed from the Report):*

- 1. The Beneficiary was unable to substantiate the Finding number 1 on ... because ...*
- 2. After carrying out the agreed procedures to confirm the Finding number 31, the Auditor found a difference of EUR \_\_\_\_\_. The difference can be explained by ...*

### **Further Remarks**

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

*Example (to be removed from the Report):*

- 1. Regarding Finding number 8 the conditions for additional remuneration were considered as fulfilled because ...*
- 2. In order to be able to confirm the Finding number 15 we carried out the following additional procedures: ....*

### **Use of this Report**

This Report may be used only for the purpose described in the above objective. It was prepared solely for the confidential use of the Beneficiary and the Agency, and only to be submitted to the Agency in connection with the requirements set out in Article II.23.2 of the Agreement. The Report may not be used by the Beneficiary or by the Agency for any other purpose, nor may it be distributed to any other parties.

The Agency may only disclose the Report to authorised parties, in particular to the European Anti-Fraud Office (OLAF) and the European Court of Auditors.

This Report relates only to the Financial Statement(s) submitted to the Agency by the Beneficiary for the Agreement. Therefore, it does not extend to any other of the Beneficiary's Financial Statement(s).

There was no conflict of interest<sup>4</sup> between the Auditor and the Beneficiary in establishing this Report. The total fee paid to the Auditor for providing the Report was EUR [redacted] (including EUR [redacted] of deductible VAT).

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

[legal name of the Auditor]

[name and function of an authorised representative]

[dd Month yyyy]

Stamp and signature of the Auditor

Annex 1: Implementation contracts list



cef\_mga\_annex\_vii\_  
revision\_sept\_2017\_

Annex 2: Certified Financial Statement sampled transactions



cef\_mga\_annex\_vii\_  
revision\_sept\_2017\_

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<sup>4</sup> A conflict of interest arises when the Auditor's objectivity to establish the certificate is compromised in fact or in appearance when the Auditor for instance:

- was involved in the preparation of the Financial Statements or in providing consultancy advice on the related operations or underlying transactions;
- stands to benefit directly should the certificate be accepted;
- has a close relationship with any person representing the beneficiary, the affiliated entity or the implementing body;
- is a director, trustee or partner of the beneficiary, the affiliated entity or the implementing body; or
- is in any other situation that compromises his or her independence or ability to establish the certificate impartially.

## **Agreed-upon procedures to be performed and standard factual findings to be confirmed by the Auditor**

The Agency reserves the right to i) provide the Auditor with additional guidance regarding the procedures to be followed or the facts to be ascertained and the way in which to present them (this may include sample coverage and findings) or to ii) change the procedures, by notifying the Beneficiary in writing. The procedures carried out by the Auditor to confirm the standard factual finding are listed in the table below.

If this certificate relates to an Affiliated Entity or Implementing Body, any reference here below to 'the Beneficiary' is to be considered as a reference to 'the Affiliated Entity' or 'Implementing Body' respectively.

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

- 'C' stands for 'confirmed' and means that the Auditor can confirm the 'standard factual finding' and, therefore, there is no exception to be reported.
- 'E' stands for 'exception' and means that the Auditor carried out the procedures but cannot confirm the 'standard factual finding', or that the Auditor was not able to carry out a specific procedure (e.g. because it was impossible to reconcile key information or data were unavailable),
- 'N.A.' stands for 'not applicable' and means that the Finding did not have to be examined by the Auditor and the related Procedure(s) did not have to be carried out. The reasons of the non-application of a certain Finding must be obvious i.e. i) if no cost was declared under a certain category then the related Finding(s) and Procedure(s) are not applicable; ii) if the condition set to apply certain Procedure(s) are not met then the related Finding(s) and Procedure(s) are not applicable. For instance, for 'beneficiaries with accounts established in a currency other than the euro' the Procedure related to 'beneficiaries with accounts established in euro' is not applicable. Similarly, if no additional remuneration is paid, the related Finding(s) and Procedure(s) for additional remuneration are not applicable.

## **Sampling Requirements and Reporting of Sampled Transactions**

The sampling requirements for each cost category are defined in section A-F of the table below. The sampled transactions overall **must** cover at least 10% of the total declared costs on the financial statement.

If, following the sampling instructions in each section of the table below, an overall financial coverage of 10% of declared costs is not obtained, additional transactions should be tested to achieve this minimum financial coverage. The method used to select the additional transactions is at the discretion of the auditor.

In order for CINEA to identify the sampled transactions, and verify the overall coverage target, the auditor **must** provide the sampled transactions from the certified financial statement at Annex 2.

There is no requirement to separately identify transactions sampled under different cost categories.

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A	<b>ACTUAL PERSONNEL COSTS AND UNIT COSTS CALCULATED BY THE BENEFICIARY IN ACCORDANCE WITH ITS USUAL COST ACCOUNTING PRACTICE</b>		
	<p>The Auditor draws a sample of persons whose costs were declared in the Financial Statement(s) to carry out the procedures indicated in the consecutive points of this section A.</p> <p><i>(The sample should be selected randomly so that it is representative. Full coverage is required if there are fewer than 10 people (including employees, natural persons working under a direct contract and personnel seconded by a third party), otherwise the sample should have a minimum of 10 people, or 10% of the total personnel cost declared, whichever number is the highest)</i></p> <p>The Auditor sampled [ ] people out of the total of [ ] people.</p>		
A.1	<p><b>PERSONNEL COSTS</b></p> <p><u>For the persons included in the sample and working under an employment contract or equivalent act (general procedures for individual actual personnel costs and personnel costs declared as unit costs)</u></p> <p>To confirm standard factual findings 1-6 listed in the next column, the Auditor reviewed following information/documents provided by the Beneficiary:</p> <ul style="list-style-type: none"> <li>○ a list of the persons included in the sample indicating the period(s) during which they worked for the action, their position (classification or category) and type of contract;</li> <li>○ the payslips of the employees included in the sample;</li> <li>○ reconciliation of the personnel costs declared in the Financial Statement(s) with the accounting system (project accounting and general ledger) and payroll system;</li> </ul>	<p>1) The employees i) were directly hired by the Beneficiary in accordance with its national legislation or seconded to the beneficiary by a third party against payment, ii) under the Beneficiary's sole technical supervision and responsibility and iii) remunerated in accordance with the Beneficiary's usual practices.</p> <p>2) Personnel costs were recorded in the Beneficiary's accounts/payroll system.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<ul style="list-style-type: none"> <li>○ information concerning the employment status and employment conditions of personnel included in the sample, in particular their employment contracts or equivalent;</li> <li>○ the Beneficiary's usual policy regarding payroll matters (e.g. salary policy, overtime policy, variable pay);</li> <li>○ applicable national law on taxes, labour and social security and</li> <li>○ any other document that supports the personnel costs declared.</li> </ul> <p>The Auditor also verified the eligibility of all components of the retribution (see Article II.19.1 and II.19.2.a) of the Agreement) and recalculated the personnel costs for employees included in the sample.</p>	3) Costs were adequately supported and reconciled with the accounts and payroll records.	
		4) Personnel costs did not contain any ineligible elements.	
		5) There were no discrepancies between the personnel costs charged to the action and the costs recalculated by the Auditor.	
		6) The personnel costs declared were incurred within the reporting period and free from non-eligible costs set out in Article II.19.4 of the Agreement.	
	<p><i>Further procedures if 'additional remuneration' is paid</i></p> <p>To confirm standard factual findings 7-8 listed in the next column, the Auditor:</p> <ul style="list-style-type: none"> <li>○ reviewed relevant documents provided by the Beneficiary (legal form, legal/statutory obligations, the Beneficiary's usual policy on additional remuneration, criteria used for its calculation...);</li> <li>○ recalculated the amount of additional remuneration eligible for the action based on the supporting documents received (full-time or part-time work, exclusive or non-exclusive</li> </ul>	7) The amount of additional remuneration paid corresponded to the Beneficiary's usual remuneration practices and was consistently paid whenever the same kind of work or expertise was required.	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p>dedication to the action, etc.) to arrive at the applicable full time equivalent (FTE)/year and pro-rata rate (see data collected in the course of carrying out the procedures under A.2 ‘Productive hours’ and A.4 ‘Time recording system’).</p>	<p>8) The criteria used to calculate the additional remuneration were applied by the Beneficiary regardless of the source of funding used.</p>	
	<p><i>Additional procedures in case “unit costs calculated by the Beneficiary in accordance with its usual cost accounting practices” is applied:</i></p> <p>Apart from carrying out the procedures indicated above to confirm standard factual findings 1-6 and, if applicable, also 7-8, the Auditor carried out following procedures to confirm standard factual findings 9-12 listed in the next column:</p> <ul style="list-style-type: none"> <li>○ obtained a description of the Beneficiary's usual cost accounting practice to calculate unit costs;</li> <li>○ reviewed whether the Beneficiary's usual cost accounting practice was applied for the Financial Statements subject of the present CFS;</li> <li>○ verified the employees included in the sample were charged under the correct category (in accordance with the criteria used by the Beneficiary to establish personnel categories) by reviewing the contract/HR-record or analytical accounting records;</li> </ul>	<p>9) The personnel costs included in the Financial Statement were calculated in accordance with the Beneficiary's usual cost accounting practice.</p>	
		<p>10) The employees were charged under the correct category.</p>	
		<p>11) Total personnel costs used in calculating the unit costs were consistent with the expenses recorded in the statutory accounts.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<ul style="list-style-type: none"> <li>○ verified that there is no difference between the total amount of personnel costs used in calculating the cost per unit and the total amount of personnel costs recorded in the statutory accounts;</li> <li>○ verified whether actual personnel costs were adjusted on the basis of budgeted or estimated elements and, if so, verified whether those elements used were relevant for the calculation, reasonable and correspond to objective and verifiable information supported by documents;</li> <li>○ verified that unit costs were calculated in accordance with the methodology laid down in Commission Decision C(2016) 478 of 3.2.2016 on the reimbursement of personnel costs of beneficiaries of the Connecting Europe Facility.</li> </ul>	<p>12) Any estimated or budgeted element used by the Beneficiary in its unit-cost calculation were relevant for calculating personnel costs and corresponded to objective and verifiable information.</p>	
	<p><u>For natural persons included in the sample and working with the Beneficiary under a direct contract other than an employment contract, such as consultants.</u></p> <p>To confirm standard factual findings 13-16 listed in the next column the Auditor reviewed following information/documents provided by the Beneficiary:</p> <ul style="list-style-type: none"> <li>○ the contracts, especially the cost, contract duration, work description, place of work, ownership of the results and reporting obligations to the Beneficiary;</li> <li>○ the employment conditions of staff in the same category to compare costs and;</li> <li>○ any other document that supports the costs declared and its registration (e.g. invoices, accounting records, etc.).</li> </ul>	<p>13) The natural persons reported to the Beneficiary (worked under the conditions similar to those of an employee: in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed).</p>	
		<p>14) The results of work carried out belong to the Beneficiary (unless exceptionally agreed otherwise).</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
		15) Their costs were not significantly different from those for staff who perform similar tasks under an employment contract with the Beneficiary.	
		16) The costs were supported by audit evidence and registered in the accounts.	
A.2	<p><b>PRODUCTIVE HOURS</b></p> <p>To confirm standard factual findings 17-22 listed in the next column, the Auditor reviewed relevant documents, especially national legislation, labour agreements and contracts and time records of the persons included in the sample, to verify that:</p> <ul style="list-style-type: none"> <li>○ the annual productive hours applied were calculated in accordance with one of the methods described below;</li> <li>○ the full-time equivalent (FTEs) ratios for employees not working full-time were correctly calculated.</li> </ul> <p>If the Beneficiary applied method B, the Auditor verified that the correctness in which the total number of hours worked was calculated and that the contracts specified the annual workable hours. If the Beneficiary applied method C, the Auditor verified that the ‘annual productive hours’ applied when calculating the hourly rate were equivalent to at least 90 % of the ‘standard annual workable hours’. The Auditor can only do this if the calculation of the standard annual workable hours can be supported by records, such as national legislation, labour agreements, and contracts.</p>	<p>17) The Beneficiary applied method [<i>choose one option and delete the others</i>]</p> <p>[A: 1720 hours]</p> <p>[B: the ‘total number of hours worked’]</p> <p>[C: ‘annual productive hours’ used correspond to usual accounting practices]</p> <p>18) Productive hours were calculated annually.</p> <p>19) For employees not working full-time the full-time</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p><i>Beneficiary's Productive hours' for persons working full time shall be one of the following methods:</i></p> <p><i>A. 1720 hours for persons working full time (or corresponding pro-rata for persons not working full-time);</i></p> <p><i>B. the total number of hours worked by the person for the beneficiary in the year (this method is also referred to as 'total number of hours worked' in the next column). The calculation of the total number of hours worked was done as follows: annual workable hours of the person according to the employment contract, applicable labour agreement or national law plus overtime worked minus absences (such as sick leave or special leave);</i></p> <p><i>C. the standard number of annual hours generally applied by the beneficiary for its personnel in accordance with its usual cost accounting practices (this method is also referred to as 'total annual productive hours' in the next column). This number must be at least 90% of the standard annual workable hours.</i></p> <p>'Annual workable hours' means the period during which the personnel must be working, at the employer's disposal and carrying out his/her activity or duties under the employment contract, applicable collective labour agreement or national working time legislation.</p>	<p>equivalent (FTE) ratio was correctly applied.</p> <p><i>If the Beneficiary applied method B.</i></p> <p>20) The calculation of the number of 'annual workable hours', overtime and absences was verifiable based on the documents provided by the Beneficiary.</p> <p><i>If the Beneficiary applied method C.</i></p> <p>21) The calculation of the number of 'standard annual workable hours' was verifiable based on the documents provided by the Beneficiary.</p> <p>22) The 'annual productive hours' used for calculating the hourly rate were consistent with the usual cost accounting practices of the Beneficiary and were equivalent to at least 90 % of the 'annual workable hours'.</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
A.3	<p><b>HOURLY PERSONNEL RATES</b></p> <p><u>D) For unit costs calculated in accordance to the Beneficiary's usual cost accounting practice (unit costs):</u></p> <p>The Auditor:</p> <ul style="list-style-type: none"> <li>○ reviewed the documentation provided by the Beneficiary, including manuals and internal guidelines that explain how to calculate hourly rates;</li> <li>○ recalculated the unit costs (hourly rates) of staff included in the sample following the results of the procedures carried out in A.1 and A.2.</li> </ul> <p><u>II) For individual hourly rates:</u></p> <p>The Auditor:</p> <ul style="list-style-type: none"> <li>○ reviewed the documentation provided by the Beneficiary, including manuals and internal guidelines that explain how to calculate hourly rates;</li> <li>○ recalculated the hourly rates of staff included in the sample following the results of the procedures carried out in A.1 and A.2.</li> </ul> <p><u>“Unit costs calculated by the Beneficiary in accordance with its usual cost accounting practices”:</u>  <i>It is calculated by dividing the total amount of personnel costs of the category to which the employee belongs verified in line with procedure A.1 by the number of FTE and the annual total productive hours of the same category. calculated by the Beneficiary in accordance with procedure A.2.</i></p> <p><u>Hourly rate for individual actual personal costs:</u></p>	<p>23) The Beneficiary applied  <i>[choose one option and delete the other]:</i></p> <p>[Option I: “Unit costs (hourly rates) were calculated in accordance with the Beneficiary’s usual cost accounting practices”]</p> <p>[Option II: Individual hourly rates were applied]</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p><i>It is calculated by dividing the total amount of personnel costs of an employee verified in line with procedure A.1 by the number of annual productive hours verified in line with procedure A.2.</i></p>	<p><i>For Option I concerning unit costs:</i>                      24) The unit costs re-calculated by the Auditor were the same as the rates applied by the Beneficiary.</p>	
		<p><i>For Option II concerning individual hourly rates:</i>                      25) The individual rates re-calculated by the Auditor were the same as the rates applied by the Beneficiary.</p>	
<p><b>A.4</b></p>	<p><b>SME OWNERS AND NATURAL PERSONS NOT RECEIVING A SALARY</b></p> <p>The Auditor:</p> <ul style="list-style-type: none"> <li>○ verified that the unit per hour worked on the action was calculated in accordance with the methodology laid down in Commission Decision C(2016)478 of 3 February 2016;</li> <li>○ verified that the total number of hours declared, in a year, for one SME owner not receiving a salary is not higher than 1 720 hours.</li> </ul> <p><u><i>“Unit costs for SME owners and natural persons not receiving a salary”:</i></u></p> <p><i>The direct personnel costs of SMEs owners not receiving a salary shall be based on a unit cost per hour worked on the action to be calculated as follows:</i></p>	<p>26) For SME owners and natural persons not received a salary, the direct personnel costs have been declared based on a unit costs per hour worked on the action.</p>	
		<p>27) The unit costs declared were calculated in accordance with Commission Decision C(2016)478</p>	

Ref	Procedures	Standard factual finding	Result (C / E / N.A.)
	<p><i>{Monthly living allowance fixed at EUR 4 650 multiplied by the country-specific correction coefficient as set out in the Appendix of Commission Decision C(2016)478} divided by 143 hours</i></p> <p><i>The value of the work of the SME owners not receiving a salary shall be determined by multiplying the unit cost by the number of actual hours worked on the Action.</i></p> <p><i>The standard number of annual productive hours per SME owner is equal to 1 720 hours. The total number of hours declared, in a year, in EU and Euratom grants for one SME owner not receiving a salary may not be higher than the standard number of annual productive hours (1 720 hours).</i></p>	<p>28) The total number of hours declared in a year do not exceed 1 720 hours</p>	
<p><b>A.5</b></p>	<p><b>TIME RECORDING SYSTEM</b></p> <p>To verify that the time recording system ensures the fulfilment of all minimum requirements and that the hours declared for the action were correct, accurate and properly authorised and supported by documentation, the Auditor made the following checks for the persons included in the sample that declare time as worked for the action on the basis of time records:</p> <ul style="list-style-type: none"> <li>○ description of the time recording system provided by the Beneficiary (registration, authorisation, processing in the HR-system);</li> <li>○ its actual implementation;</li> <li>○ time records were signed at least monthly by the employees (on paper or electronically) and authorised by the project manager or another manager;</li> <li>○ the hours declared were worked within the reporting period;</li> <li>○ there were no hours declared as worked for the action if HR-records showed absence due to holidays or sickness (further cross-checks with travels are carried out in B.1 below) ;</li> <li>○ the hours charged to the action matched those in the time recording system.</li> </ul>	<p>29) All persons recorded their time dedicated to the action on a <b>daily/ weekly/ monthly</b> basis using a <b>paper/computer-based</b> system. <i>[delete the answers that are not applicable]</i></p> <p>30) Their time-records were authorised at least monthly by the project manager or other superior.</p> <p>31) Hours declared were worked within the reporting period and were consistent with the presences/absences recorded in HR-records.</p>	

<b>Ref</b>	<b>Procedures</b>	<b>Standard factual finding</b>	<b>Result (C / E / N.A.)</b>
	<p><i>Only the hours worked on the action can be charged. All working time to be charged should be recorded throughout the duration of the REPORTING PERIOD, adequately supported by evidence of their reality and reliability (see specific provisions below for persons working exclusively for the action without time records).</i></p> <p><i>The time recording system should record all working time including absences and may be paper or electronically based. The time records must be approved by the persons working on the action and their supervisors, at least monthly. The absence of an adequate time recording system is considered to be a serious and systematic weakness of internal control.</i></p>	<p>32) There were no discrepancies between the number of hours charged to the action and the number of hours recorded.</p>	
	<p><u>If the persons are working exclusively for the action and without time records</u></p> <p>For the persons selected that worked exclusively for the action without time records, the Auditor verified evidence available demonstrating that they were in reality exclusively dedicated to the action and that the Beneficiary signed a declaration confirming that they have worked exclusively for the action.</p>	<p>33) The exclusive dedication is supported by a declaration signed by the Beneficiary's and by any other evidence gathered.</p>	

<b>B</b>	<b>AWARDED CONTRACTS NECESSARY FOR THE IMPLEMENTATION OF THE ACTION</b>	
<b>B.1</b>	<p><b>Assessment of the procurement process</b></p> <p><b>The Auditor obtained the detail/breakdown of procured costs and sampled [REDACTED] contracts selected randomly</b> for testing of the applied procurement procedure (<i>full coverage is required if there are fewer than 5 contracts, otherwise the sample should have a minimum of 5 contracts, or 10% of the total number of contracts, whichever number is the highest</i>).</p> <p>In order to select the sample, a full schedule of all contracts awarded relevant to the costs declaration certified was made available for the Auditor including the name of the Contracting Authority /Entity, supplier name, subject of the contract, type of procurement procedure applied, level and means of advertisement (including references to contract notices and contract award notices or other means), the initial contract value and the aggregate value including all subsequent amendments to the original contract and date of publication of the relevant tender or at least the date of the award of the contract if no publication took place.</p> <p><b>This schedule should be attached to the CFS as Annex 1</b></p> <p>To confirm standard factual finding 31-59 listed in the next column, the Auditor reviewed the following for the items included in the sample:</p> <p><u><b>B.1.1) THE NATIONAL LAW TRANSPOSING THE EU DIRECTIVES ON PUBLIC PROCUREMENT PROCEDURES IS APPLICABLE TO THE CONTRACT(S) IN QUESTION</b></u></p> <p><b>If this is not applicable, go directly to section B.1.2</b></p> <p>From the sampled contracts, the Auditor verified that (35-52):</p> <ul style="list-style-type: none"> <li>○ the contracted tasks are relevant for the activities (or sub-activities) defined in the Agreement (Article 1 and Annex I of the Agreement);</li> <li>○ the contracts were not awarded to other Beneficiaries listed in the Agreement (<i>in such cases, the costs should be declared on an actual cost basis by the co-beneficiary and not as a profit generating contract between beneficiaries</i>);</li> </ul>	<p>34) The required information on all contracts signed relevant to the costs declared was provided by the beneficiary in order to select the sample.</p> <p>35) The contracted works/ services/ supplies were linked to the activities covered in the Agreement.</p>

<ul style="list-style-type: none"> <li>○ there were signed contracts between the Beneficiary and the contractor;</li> <li>○ there was evidence that the contract was executed by the contractor (i.e. services were provided, works/supply were delivered).</li> <li>○ the procurement procedure used was in compliance with the national law transposing the EU legal framework (EU Directive(s) on public procurement);</li> <li>○ the respective EU public procurement thresholds were not bypassed by artificial contract splitting by the beneficiary;   <i>(This can be considered by examining the list of all contracts signed (obtained under section B.1.1) above), their value and type of procedure. If the subjects of several contracts are so closely linked to another one in the cost claim, that they could or should have been tendered together, and the concerned contracts – usually below EU thresholds - were awarded to the same contractor(s), the auditor provides a clear explanation of why each contract had to be considered as separate procurement exercise);</i> </li> <li>○ adequate justification is provided on the use of negotiated procedures with or without prior call for competition under the national law transposing the relevant EU public procurement Directives;</li> <li>○ Publicity was ensured during the tendering process in line with the national legislation (contract notice, contract award notice is available or level of publicity is satisfactory if prior publication in the Official Journal is not needed).</li> <li>○ the deadline for submitting requests to participate/tenders was consistent with the national / European legal framework;</li> <li>○ the procedure was sufficiently transparent and non-discriminatory (the selection and award criteria enabled fair competition and did not unfairly favour any bidder);</li> <li>○ the selection and award criteria were predefined in the contract notice / tender specifications and were not changed during the evaluation process;</li> <li>○ the evaluation was sufficiently documented, with a clear audit trail leading to the selection of the contractor recommended by the evaluation process;</li> </ul>	<p>36) The contracts were not signed with other co- Beneficiaries</p>	
	<p>37) The Beneficiary provided original signed contracts with the contractor.</p>	
	<p>38) The Beneficiary provided adequate evidence that the services/ works were provided by the contractors.</p>	
	<p>39) The contract(s) in question falls within the scope of application of the national law transposing the EU Directives on public procurement procedures.</p>	
	<p>40) No indications of artificial contractual splitting aimed at avoiding the application of the national law transposing the EU Directives on public procurement procedures were observed based on the review of the complete contract listing.   <i>(When indications are noted the Auditor explains the reasons provided by the</i></p>	

<ul style="list-style-type: none"> <li>○ exclusions / rejections during the tender evaluation were compliant with the tender specifications and could be validated by the Auditor;</li> <li>○ the amount, duration and conditions of the contract signed following the award process were consistent with the provisions stipulated in the procurement documents;</li> </ul> <p>In the case of post contract award amendments, the Auditor verified that (60-63):</p> <ul style="list-style-type: none"> <li>○ the beneficiary has produced documented technical and legal justification for the amendment, and its compliance with the requirements of the applicable national law transposing the EU Directives on public procurement procedures;</li> <li>○ the amendments signed were compliant with national law transposing the EU Directives (a strict interpretation of the requirements of the national transposing the Directives is required as the use of negotiated procedures without prior call for competition always constitute an exception and shall be justified under Article 31 of Directive 2004/18/EC or Article 40 of Directive 2014/17/EC by the party seeking to rely on their use) or the amendments are compliant with Article 72 of Directive 2014/24/EU or Article 89 of Directive 2014/25/EU if the national transposing these Directives was applicable to the contract in question;</li> <li>○ amendments do not introduce changes which are materially different in character from the conditions of the original contract showing the intention to renegotiate essential terms of the contract;</li> <li>○ amendments do not introduce conditions which, had they been part of the initial award procedure, would have allowed for the admission of tenderers other than those initially admitted or would have allowed for the acceptance of a tender other than the one initially accepted;</li> <li>○ the scope of the contract has not been extended considerably to encompass services not covered initially;</li> </ul>	<ul style="list-style-type: none"> <li>○ exclusions / rejections during the tender evaluation were compliant with the tender specifications and could be validated by the Auditor;</li> <li>○ the amount, duration and conditions of the contract signed following the award process were consistent with the provisions stipulated in the procurement documents;</li> </ul> <p>In the case of post contract award amendments, the Auditor verified that (60-63):</p> <ul style="list-style-type: none"> <li>○ the beneficiary has produced documented technical and legal justification for the amendment, and its compliance with the requirements of the applicable national law transposing the EU Directives on public procurement procedures;</li> <li>○ the amendments signed were compliant with national law transposing the EU Directives (a strict interpretation of the requirements of the national transposing the Directives is required as the use of negotiated procedures without prior call for competition always constitute an exception and shall be justified under Article 31 of Directive 2004/18/EC or Article 40 of Directive 2014/17/EC by the party seeking to rely on their use) or the amendments are compliant with Article 72 of Directive 2014/24/EU or Article 89 of Directive 2014/25/EU if the national transposing these Directives was applicable to the contract in question;</li> <li>○ amendments do not introduce changes which are materially different in character from the conditions of the original contract showing the intention to renegotiate essential terms of the contract;</li> <li>○ amendments do not introduce conditions which, had they been part of the initial award procedure, would have allowed for the admission of tenderers other than those initially admitted or would have allowed for the acceptance of a tender other than the one initially accepted;</li> <li>○ the scope of the contract has not been extended considerably to encompass services not covered initially;</li> </ul>	<p><i>Beneficiary under the caption "Exceptions" of the Report. The Agency will analyse this information to evaluate whether these costs might be accepted as eligible).</i></p>	
		<p>41) The procurement procedure selected was in compliance with the national law transposing the EU Directives on public procurement (justification was provided on the use of negotiated procedures with or without prior call for competition under the national law transposing the relevant EU public procurement Directives)</p>	
		<p>42) The conditions for publication according to national law transposing the EU law were respected (contract notice / contract award notice where applicable) .</p>	

<ul style="list-style-type: none"> <li>○ the economic balance of the contract has not changed in favour of the supplier in a manner which was not provided for in the terms of the initial procurement documents.</li> <li>○ Where the national law transposing Directives 2014/24/EU or 2014/25/EU is applicable and a new contractor replaces the one to which the contract was initially awarded the amendment is in line with Article 72(1)(d) of Directive 2014/24/EU or Article 89(1)(d) of Directive 2014/25/EU: there is either (1) an unequivocal review clause or option or , (2) a universal or partial succession of the initial contractor and the new contractor fulfils the criteria for qualitative selection without modifying substantially the contractor or (3) the contracting authority assumes itself the role of the main contractor.</li> <li>○ Where the national law transposing Directives 2014/24/EU or 2014/25/EU is applicable the value of the modification is below the applicable threshold and 10 % of the initial contract value for service and supply contracts and 15% of the initial contract value for works contracts.</li> </ul>	43) The deadlines to request participation, submit tenders, or ask for information were compliant with the requirements of the applicable national law transposing the EU Directives on public procurement.	
	44) The procurement procedures applied were transparent and non-discriminatory.	
	45) The selection and award criteria were published in the contract notice / tender specifications. No changes to the exclusion / selection / award criteria were made after the submission of tenders.	
	46) The evaluation was based on pre-defined criteria. The award decision was consistent with the results obtained and the contract was awarded to the best ranked tender.	



47) In case of tenders excluded/rejected during the evaluation process the exclusion/rejection was justified and consistent with the requirements in the contract notice / tender specifications (exclusion, selection and award criteria).	
48) The amount, duration and conditions of the contract signed following the award process were consistent with the winning tender and tender specifications.	
49) The contractual amendments signed were compliant with national law transposing the relevant EU Directives.	
50) In case of amendments, the beneficiary has produced documented technical and legal	



justification for the amendment, and its compliance with the requirements of the applicable national law transposing the EU Directives on public procurement.	
51) In case of amendments the scope of the contract has not been extended considerably to encompass services not covered initially.	
52) In case of amendments the economic balance of the contract has not changed in favour of the supplier in a manner which was not provided for in the terms of the initial procurement documents.	

<p><b>B.1.2) <u>FOR ALL CONTRACTS, THE AUDITOR VERIFIED THAT (57-58):</u></b></p> <p>To confirm standard factual finding 53-59 listed in the next column, the Auditor reviewed the following for the items included in the sample:</p> <ul style="list-style-type: none"> <li>○ the contracted tasks are relevant for the activities (or sub-activities) defined in the Agreement (Article 1 and Annex I of the Agreement);</li> <li>○ the Beneficiary followed their usual procurement rules;</li> <li>○ supporting documents on the selection and award procedure demonstrate that the selected contractor offered the best value (or lowest price) according to the criteria defined by the beneficiary;</li> <li>○ original tenders of all tenderers were reviewed and consistent with the evaluation documents (entity name / price/submission date) - (Article II.27.2 GA);</li> <li>○ the Beneficiary ensured that there was no conflict of interest when selecting and awarding the contract to the contractor.</li> <li>○ the contracts were not awarded to other Beneficiaries listed in the Agreement (<i>in such cases, the costs should be declared on an actual cost basis by the co-beneficiary and not as a profit generating contract between beneficiaries</i>);</li> <li>○ there were signed contracts between the Beneficiary and the contractor;</li> <li>○ there was evidence that the contract was executed by the contractor (i.e. services were provided, works/supply were delivered).</li> <li>○ In the award of the audited contracts, the principle of sound financial management and basic principles of the Treaty of the Functioning of the European Union are respected (transparency, equal treatment, non-discrimination).</li> </ul> <p>In case there is a cross-border interest, if an adequate level of publicity has been ensured and the provisions of Commission Communication 2006/C 179/02 have been respected.</p>	<p>53) The required information on all contracts signed relevant to the costs declared was provided by the beneficiary in order to select the sample.</p>	
	<p>54) The contracted works/ services/ supplies were linked to the activities covered in the Agreement.</p>	
	<p>55) The contracts were not signed with other co- Beneficiaries</p>	
	<p>56) The Beneficiary provided signed contracts with the contractor.</p>	
	<p>57) The Beneficiary provided adequate evidence that the services/ works were provided by the contractors.</p>	

		<p>58) The principle of sound financial management and basic principles of the Treaty (transparency, equal treatment, non-discrimination) are respected.</p>	
		<p>59) For Beneficiaries acting as Contracting Authorities or Contracting Entities, in case the national law on public procurement transposing the Directives is not or only partially applicable due to exceptions provided by the Directives and there is a cross-border interest, verify if an adequate level of publicity has been ensured in line with Commission Communication 2006/C 179/02.</p>	
<p><b>B.2</b></p>	<p><b>Transaction controls for procurement related costs</b></p> <p><i>In section B.1, the contract award and post contract award process was verified in order to test compliance with Article II.9 of the Grant Agreement. The purpose of this section is to verify if the costs declared arising from the contracting procedures are eligible in line with Article II.19 of the grant agreement.</i></p>	<p>60) The costs declared were incurred within the reporting period and free from non-eligible costs set out in Article II.19.4 of the Agreement.</p>	

**Based on the contracts sampled in section B.1, the Auditor randomly sampled at least 10% of the total value of costs declared for each procurement procedure selected under section B.1** in order to verify if the declared costs were incurred in compliance with the grant agreement eligibility conditions defined in article II.19 (*full coverage is required if there are fewer than 5 transactions per contract, otherwise the sample should have a minimum of 10% of the total value of costs declared per contract.*)

61) The declared costs were accounted according to the Beneficiary's usual accounting practice	
62) The declared costs were covered by the activities in the Agreement	
63) In the case of contractual amendments, the conditions under B1.1 were respected and the related costs are considered eligible.	

<b>C</b>	<b>COSTS OF PROVIDING FINANCIAL SUPPORT TO THIRD PARTIES</b>		
<b>C.1</b>	<p><b>The Auditor obtained the detail/breakdown of the costs of providing financial support to third parties and sampled [REDACTED] cost items selected randomly</b> <i>(full coverage is required if there are fewer than 5 items, otherwise the sample should have a minimum of 5 item, or 10% of the total costs declared under this category, whichever number is the highest).</i></p> <p>If the possibility to give financial support to third parties is provided for in the Agreement (Article 17 of the Agreement), the Auditor verified that the following minimum conditions were met:</p> <ul style="list-style-type: none"> <li>a) the maximum amount of financial support for each third party did not exceed EUR 60 000, unless it is the primary aim of the action as specified in Annex I of the Agreement;</li> <li>b) the financial support to third parties was agreed in Annex I of the Agreement and the other provisions on financial support to third parties included in Annex I were respected (i.e. the criteria for determining the exact amount of the financial support, the different types of activity that may receive financial support on the basis of a fixed list, the definition of the persons or categories of persons which may receive financial support, the criteria for giving the financial support);</li> <li>c) in case the financial support takes the form of a prize, the financial support to third parties was given in accordance with the conditions specified in Annex I of the Agreement, including inter alia the conditions for participation, the award criteria, the amount of the prize and the payment arrangements.</li> </ul>	<p>64) Article II.11 applies (Article 17) and all minimum conditions were met.</p>	
		<p>65) The costs declared were incurred within the reporting period and free from non-eligible costs set out in Article II.19.4 of the Agreement.</p>	
<b>D</b>	<b>OTHER ACTUAL DIRECT COSTS</b>		
<b>D.1</b>	<p><b>COSTS OF TRAVEL AND RELATED SUBSISTENCE ALLOWANCES</b></p> <p><b>The Auditor obtained the detail/breakdown of travel and subsistence costs and sampled [REDACTED] cost items selected randomly</b> <i>(full coverage is required if there are fewer than 10 items,</i></p>	<p>66) Costs were incurred, approved and reimbursed in line with the Beneficiary's usual policy for travels.</p>	

<p><i>otherwise the sample should have a minimum of 5 items, or 10% of the total costs declared under this category, whichever number is the highest)</i></p> <p>The Auditor inspected the sample and verified that:</p> <ul style="list-style-type: none"> <li>○ travel and subsistence costs were consistent with the Beneficiary's usual policy for travel. In this context, the Beneficiary provided evidence of its normal policy for travel costs (e.g. use of first class tickets, reimbursement by the Beneficiary on the basis of actual costs, a lump sum or per diem) to enable the Auditor to compare the travel costs charged with this policy;</li> <li>○ travel costs are correctly identified and allocated to the action (e.g. trips are directly linked to the action) by reviewing relevant supporting documents such as minutes of meetings, workshops or conferences, their registration in the correct project account, their consistency with time records or with the dates/duration of the workshop/conference;</li> <li>○ no ineligible costs or excessive or reckless expenditure was declared (see Articles II.19.3 and II.19.4 of the Agreement).</li> </ul>	67) There was a link between the trip and the action.	
	68) The supporting documents were consistent with each other regarding subject of the trip, dates, duration and reconciled with time records and accounting.	
	69) No ineligible costs or excessive or reckless expenditure was declared.	
	70) The costs declared were incurred within the reporting period and free from non-eligible costs set out in Article II.19.4 of the Agreement.	

<p><b>D.2</b></p>	<p><b>COSTS FOR EQUIPMENT, INFRASTRUCTURE OR OTHER ASSETS</b></p> <p><b>The Auditor obtained the detail/breakdown of equipment, infrastructure and other assets and sampled [REDACTED] cost items selected randomly</b> (<i>full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 5 items, or 10% of the total costs declared under this category, whichever number is the highest</i>).</p> <p>In addition to the verifications listed under point B.1.1) (standard findings 34-52) or, if applicable, also under point B.1.2) (standard findings 53-59), the Auditor performed the following:</p> <ul style="list-style-type: none"> <li>○ If only the depreciation costs are eligible in accordance with Article II.19.2 (c) of the Agreement: the Auditor recalculated the depreciation costs and verified that they were in line with the applicable rules in the international accounting standards and the usual accounting practices of the Beneficiary (e.g. depreciation calculated on the acquisition value);</li> <li>○ The extent to which the assets were used for the action (as a percentage) was supported by reliable documentation (e.g. usage overview table);</li> <li>○ The Auditor verified that no ineligible costs such as deductible VAT, exchange rate losses, excessive or reckless expenditure were declared (see Articles II.19.3 and II.19.4 of the Agreement);</li> <li>○ Costs of contracts for goods, works or services or of subcontracts are considered to be incurred when the contract or subcontract (or part of it) is executed, i.e. when the goods, works or services (including studies) are supplied, delivered or provided (see Article II.19.1 of the Agreement).</li> </ul>	<p>71) [<i>choose one option and delete the other</i>].</p> <p>[<i>Option 1</i>: Only the depreciation costs for equipment, infrastructure or other assets are eligible in accordance with Article II.19.2 (c) of the Agreement].</p> <p>[<i>Option 2</i>: The full purchase costs are eligible in accordance with Article II.19.2 (c) of the Agreement].</p>	
		<p>72) Where only depreciation costs are eligible, the depreciation method used to charge the asset to the action was in line with the applicable rules of the Beneficiary's country and the Beneficiary's usual accounting policy.</p>	
		<p>73) Where only the depreciation costs are eligible, the amount charged corresponded to the actual usage for the action.</p>	

		74) Where the full purchase costs are eligible, the assets purchased are treated as capital expenditure in accordance with the tax and accounting rules applicable to the beneficiary, and are recorded in the fixed assets account of its balance sheet.	
<b>D.3</b>	<p><b>COSTS OF SUBCONTRACTING in line with Article II. 10.2</b></p> <p><b>The Auditor obtained the detail/breakdown of subcontracting costs and sampled [REDACTED] cost items selected randomly</b> (<i>full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 5 items, or 10% of the total costs declared under this category, whichever number is the highest</i>).</p> <p>For the items included in the sample, in addition to the verifications listed under point B.1.1) (standard findings 34-52) or, if applicable, also under point B.1.2) (standard findings 53-59), the Auditor reviewed the following in order to confirm standard factual finding 75 in the next column:</p> <ul style="list-style-type: none"> <li>○ the use of subcontractors was foreseen in Annex I or communicated by the coordinator and approved by the Commission (see Article II.10.2 of the Agreement);</li> <li>○ for Agreements signed under the CEF-Telecom, subcontracting costs were declared in the subcontracting category of Annex III and the Financial Statement.</li> </ul>	75) The use of claimed subcontracting costs was foreseen in Annex I for all sectors of CEF and for CEF Telecom the costs were declared in Annex III and the Financial Statements under the subcontracting category.	
<b>D.4</b>	<p><b>COSTS RELATED TO LAND AND BUILDING ACQUISITION</b></p> <p><b><u>Only applicable for Agreements signed under the CEF-Transport, which specifically provide for the eligibility of land and building acquisition.</u></b></p>	76) Land / building acquisition costs are eligible in accordance with Article 15 of the Agreement.	

	<p><b>The Auditor obtained the detail /breakdown of land and building acquisition costs and sampled [REDACTED] cost items selected randomly</b> (full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 5 items, or 10% of the total costs declared under this category, whichever number is the highest).</p> <p>For the purchase of land included in the sample the Auditor verified that:</p> <ul style="list-style-type: none"> <li>○ the costs of purchase of land not built on and land built on were eligible in accordance with Article 15 of the Agreement and did not exceed 10 % of the total eligible costs of the action;</li> <li>○ the costs of purchase of derelict sites and purchase of sites formerly in industrial use which comprise buildings were eligible in accordance with Article 15 of the Agreement and did not exceed 15 % of the total eligible costs of the action;</li> <li>○ the costs did not exceed the limit agreed upon in the Agreement for operations concerning environmental conservation (Article 15 of the Agreement);</li> <li>○ they were correctly identified, and allocated to the proper action.</li> </ul> <p>The Auditor verified that no ineligible costs were declared (Articles II.19.3 and II.19.4 of the Agreement).</p>	77) Costs were allocated to the correct action.	
		78) Costs do not exceed the maximum ceiling as specified in the Agreement.	
		79) Costs were charged in line with the Beneficiary’s accounting policy and were adequately supported.	
		80) The costs declared were incurred within the reporting period and free from non-eligible costs set out in Article II.19.4 of the Agreement.	
D.5	<p><b>OTHER DIRECT COSTS NOT COVERED BY CATEGORIES D.1-D.4</b></p> <p><b>The Auditor obtained the detail/breakdown of other direct costs and sampled [REDACTED] cost items selected randomly</b> (full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 5 items, or 10% of the total costs declared under this category, whichever number is the highest).</p>	81) The cost allocation of the declared costs was consistent with the activities performed and the activities covered by the Agreement.	

	<p>The Auditor inspected the sample and verified that:</p> <ul style="list-style-type: none"> <li>○ costs are relevant for the activities (or sub-activities) defined in the Agreement (Article 1 and Annex I of the Agreement);</li> <li>○ the declared costs were allocated to the correct activity (or sub-activity) as defined in the Agreement;</li> <li>○ the declared costs were incurred during the reporting period covered by the cost declaration;</li> <li>○ the declared costs were accounted in line with the beneficiary's usual accounting practice;</li> <li>○ The Auditor verified that no ineligible costs such as deductible VAT, exchange rate losses, excessive or reckless expenditure were declared (see Article II.19.4 of the Agreement)</li> </ul>	<p>82) The costs declared were incurred within the reporting period and free from non-eligible costs set out in Article II.19.4 of the Agreement.</p>	
		<p>83) The declared costs were accounted according to the Beneficiary's usual accounting practice.</p>	
<p><b>E</b></p>	<p><b>USE OF EXCHANGE RATES</b></p>		
<p><b>E.1</b></p>	<p>a) <u>For Beneficiaries with accounts established in a currency other than euros</u></p> <p><b>The Auditor sampled [REDACTED] cost items selected randomly and verified that the exchange rates used for converting other currencies into euros were in accordance with the following rules established in the Agreement</b> (<i>full coverage is required if there are fewer than 5 items, otherwise the sample should have a minimum of 5 item, or 10% of the total, whichever number is the highest</i>):</p> <p><i>Costs incurred in another currency shall be converted into euro at the average of the daily exchange rates published in the C series of Official Journal of the European Union (<a href="http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html">http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html</a> ), determined over the corresponding reporting period.</i></p> <p><i>If no daily euro exchange rate is published in the Official Journal of the European Union for the currency in question, conversion shall be made at the average of the monthly accounting rates established by the Commission and published on its website</i></p>	<p>84) The exchange rates used to convert other currencies into Euros were in accordance with the rules established in the Grant Agreement and there was no difference in the final figures.</p>	

	<p>(<a href="http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm">http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm</a>), determined over the corresponding reporting period.</p> <p>A guide to currency conversion to euro is available from the INEA website: <a href="https://ec.europa.eu/inea/sites/inea/files/practical_help_to_the_implementation_of_article_ii_23_4_final.pdf">https://ec.europa.eu/inea/sites/inea/files/practical_help_to_the_implementation_of_article_ii_23_4_final.pdf</a></p>		
	<p>b) For Beneficiaries with accounts established in euros</p> <p><b>The Auditor sampled [REDACTED] cost items selected randomly and verified that the exchange rates used for converting other currencies into euros were in accordance with the following rules established in the Agreement ( full coverage is required if there are fewer than 5 items, otherwise the sample should have a minimum of 5 item, or 10% of the total, whichever number is the highest):</b></p> <p><i>Costs incurred in another currency shall be converted into euro by applying the Beneficiary's usual accounting practices.</i></p>	85) The Beneficiary applied its usual accounting practices.	
<b>F</b>	<b>COMPLIANCE WITH ELIGIBILITY PERIOD</b>		
<b>F1</b>	<p><b>a) Regardless of their nature, the Auditor samples the 10 earliest dated and 10 latest dated transactions in the financial statement).</b> If cost items falling into this category have already been sampled under previous checked, and eligibility verified, the test does not have to be repeated.</p> <p>The Auditor inspected the sample and verified that:</p> <ul style="list-style-type: none"> <li>○ the declared costs were incurred during the reporting period covered by the cost declaration;</li> <li>○ the declared costs were accounted in line with the beneficiary's usual accounting practice;</li> <li>○ The Auditor verified that no ineligible costs such as deductible VAT, exchange rate losses, excessive or reckless expenditure were declared (see Article II.19.4 of the Agreement)</li> </ul> <p><i>'cost were incurred' is when the generating event that triggers the costs takes place. It must be during the action duration.</i></p> <p><i>If costs are invoiced or paid later than the action completion date (Article 2.2), they are eligible only if the debt existed already during the action duration (supported by documentary evidence) and the final cost was known at the moment of the financial report.</i></p>	86) The costs declared were incurred within the reporting period and free from non-eligible costs set out in Article II.19.4 of the Agreement.	
		87) The declared costs were accounted according to the Beneficiary's usual accounting practice.	

	<p><i>Costs of services or equipment supplied to a beneficiary may be invoiced and paid after the end date of the action if the services or equipment were delivered to the beneficiary during the action duration. By contrast, costs of services or equipment supplied after the end of the action (or after GA termination) are not eligible.</i></p>		
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### **Annex 1.6.5.A Conditions for personal data processing**

During the performance of the ToR concluded between the Beneficiary and the Auditor hereinafter referred to as the "parties"), based on which the mutual rights and obligations of the parties in processing personal data of the person concerned are regulated by the Auditor on behalf of the Beneficiary and the authorization of the Auditor by the Beneficiary for the processing of personal data which the Beneficiary and the Auditor process in their information systems (hereinafter also referred to as "these conditions" or "Annex 1.6.5.A").

#### **Authorization to process personal data**

1. The Beneficiary entrusts the Auditor with the processing of personal data for the purpose of performing the activity specified in the ToR so that the purpose of the contractual relationship between the Beneficiary and the Auditor under the ToR is fulfilled.
2. The day from which the Auditor is entitled to process personal data on behalf of the Beneficiary is the day of entry into force of the ToR.
3. Personal data to be processed: Title, name, surname, birth surname, permanent residence, temporary residence, date of birth, identity number, place of birth, status, nationality, type and number of identity document, signature, bank account number of a natural person, records stated in the official document of education, contact details, especially telephone number and e-mail, job classification, personal data processed on certificates, certificates of passed examinations, as well as all other personal data obtained from documents necessary for the performance of the ToR, such as the population register of the Slovak Republic, decision concerning inheritance, power of attorney, declaration, and other documents. For the purposes of the ToR, as the identity data are considered those data, which are specified as personal data in the GDPR legislation.
4. The persons concerned within the meaning of the ToR are: employees, including former employees of the Beneficiary, the Auditor, suppliers, customers, whose personal data are contained in the documents and documents for the performance of the ToR. For the purposes of the ToR, the persons concerned are those who are defined as persons concerned in the legislation of the GDPR.

#### **Basic duties of the Auditor**

1. The Auditor is obliged/authorized to process personal data only on the basis of written instructions of the Beneficiary, even if it is a transfer of personal data to a third country or international organization, except for the transfer on the basis of a special regulation or international agreement by which the Slovak Republic is bound; In such a transfer, the Auditor is obliged to notify the Beneficiary of this request before processing personal data, unless a special regulation or international agreement by which the Slovak Republic is bound prohibits such notification for reasons of public interest. The conclusion of the ToR is considered to be a giving of a written instruction for the processing of personal data.
2. The Auditor is obliged to ensure that the persons authorized to process personal data undertake to maintain the confidentiality of the information of which they have learned, unless they are bound by the obligation of confidentiality under a special law.
3. In the interest of security of personal data processing, the Auditor is obliged to carry out and implement measures pursuant to Section 39 of Act no. 18/2018 Coll. on Personal Data Protection and on amendments to certain acts (hereinafter referred to as the "Personal Data Protection Act"), including, where appropriate, in close cooperation with the Beneficiary, to adopt and to be adopting measures at their own expense focusing the latest knowledge, with regard to the nature, scope, context and purpose of the processing of personal data and, for risks of varying probability and severity for the rights of natural persons, appropriate technical and organizational measures to ensure a level of security commensurate with that risk, including, but not limited to:

- a) pseudonymization and encryption of personal data,
- b) ensuring the continued confidentiality, integrity, availability and resilience of personal data processing systems,
- c) the process of restoring the availability of personal data and access to them in the event of a physical incident or technical incident,
- d) the process of regularly testing, assessing and evaluating the effectiveness of technical and organizational measures to ensure the security of the processing of personal data.

The Auditor may not entrust the processing of personal data to another Auditor without the prior specific written consent of the Beneficiary or the general written consent of the Beneficiary. The Auditor is obliged to inform the Beneficiary in advance about the authorization of another Auditor, if the authorization was performed on the basis of general written consent. If the Auditor has or will have the right to conclude relevant contracts with its subcontractors, on the basis of which personal data will be or may be processed, in order to fulfill the obligations under the concluded ToR or other contract, then the Auditor is obliged to conclude a contract with each subcontractor containing the same obligations for subcontractors concerning the protection of personal data as provided for the Auditor in these conditions, including but not limited to the provision of sufficient guarantees to take appropriate technical and organizational measures so that the processing of personal data meets the requirements of the Personal Data Protection Act and the protection of the rights of the person concerned. The Auditor is obliged to inform the Beneficiary in advance about the authorization of the subcontractor to process personal data.

4. The Auditor is obliged, after taking into account the nature of personal data processing, to cooperate as much as possible with the Beneficiary by appropriate technical and organizational measures in fulfilling his obligation to take measures at the request of the person concerned under Part Two of Title II of the Personal Data Protection Act.
5. The Auditor is obliged to provide cooperation to the Beneficiary in ensuring the fulfilment of obligations pursuant to Sections 39 to 43 of the Personal Data Protection Act, taking into account the nature of personal data processing and information available to the Auditor.
6. The Auditor is obliged to delete personal data or return personal data to the Beneficiary after the termination of the provision of services related to personal data processing based on the Beneficiary's decision and delete existing copies containing personal data, unless a special regulation or international agreement by which the Slovak Republic is bound, does not require the retention of such personal data.
7. The Auditor is obliged to delete or return personal data to the Beneficiary and delete existing copies containing personal data after the termination of the provision of services related to personal data processing, unless a special regulation or international agreement by which the Slovak Republic is bound requires the retention of these data.
8. The Auditor shall provide the Beneficiary with the information necessary to demonstrate compliance with the obligations and to cooperate in the audit of the protection of personal data and the control by the Beneficiary or the Auditor appointed by the Beneficiary.
9. The Auditor is obliged to inform the Beneficiary without undue delay if he considers that the instruction of the Beneficiary violates the Personal Data Protection Act, a special regulation or an international agreement by which the Slovak Republic is bound, which concern the protection of personal data.
10. If an Auditor engages in the performance of specific processing activities on behalf of the Beneficiary another Auditor, that other Auditor in the ToR or other legal act shall impose the same personal data protection obligations as set out in these conditions under paragraph 3, in particular: providing sufficient guarantees to take appropriate technical and organizational measures so that the

processing of personal data meets the requirements of GDPR legislation. The original Auditor shall be liable to the Beneficiary if the other Auditor fails to fulfill his obligations regarding the protection of personal data.

11. The Auditor may prove the fulfillment of sufficient guarantees specified in the previous paragraphs 1 to 10 by an approved code of conduct pursuant to Section 85 of the Personal Data Protection Act or by a certificate pursuant to Section 86 of the Personal Data Protection Act.

#### **Particularities of some of the Auditor's obligations**

1. The Auditor is entitled to perform with personal data only the operations necessary to fulfil the purpose of the ToR, namely:  
  
acquisition, collection, dissemination, recording, organizing, processing or alteration, searching, browsing, regrouping, combining, moving, using, storing, copying, liquidating, transboundary transfer, providing, making available, structuring, restricting, deleting.
2. The Auditor undertakes not to use or combine personal data obtained from the Beneficiary or for the Beneficiary for other or different purposes than to fulfill the purpose of the ToR.
3. The Auditor is obliged to process personal data in accordance with legal regulations relating to the processing of personal data and the security of personal data processed, in particular the Personal Data Protection Act, including its implementing regulations, the General Regulation on Personal Data Protection and other generally binding legal regulations.
4. The Auditor is entitled to process only those personal data which correspond to the purpose of the ToR, while he is obliged, inter alia:
  - a) process personal data only for specified purposes,
  - b) process only such personal data which, in scope and content, correspond to the intended purpose and are necessary for its achievement,
  - c) keep personal data obtained for different purposes separately and to ensure that personal data are processed only in a way that corresponds to the purpose for which they were collected,
  - d) process only correct, complete and up-to-date personal data in relation to the purpose of their processing and deal with incorrect and incomplete data in accordance with the Personal Data Protection Act.
  - e) process personal data in accordance with good morals and act in a manner that does not conflict with or circumvent the Personal Data Protection Act, the General Regulation on Personal Data Protection or other legal regulations.
5. The Auditor undertakes not to use the processed personal data in contrary with the legitimate interests of the persons concerned, not to endanger or damage their rights and legally protected interests, and to unjustifiably interfere with the right to protection of their personality and privacy.
6. The personal data of the persons concerned will be processed by the Auditor exclusively for the duration of the ToR, resp. for the time strictly necessary to achieve the purpose of processing, and immediately after reaching the purpose of processing personal data, the Auditor is obliged to ensure the liquidation of personal data of the persons concerned in accordance with the Personal Data Protection Act. The Beneficiary is entitled to request a confirmation of the liquidation of personal data from the Auditor and the Auditor is obliged to comply with such a request without delay. The provisions of this point are without prejudice to the provisions of generally binding legal regulations which imposes on the Auditor the obligations of archiving and the provisions of the ToR concerning liability for defects and guarantees.

7. If the Auditor processes and sends personal data by e-mail, such e-mail must be password protected or encrypted; if it is sent by post, the consignment must be marked "by registered mail". The Auditor undertakes to respect the right of the data subject to information related to the processing of his/her personal data in the information system, if he/she exercises it in writing. The Auditor is fully responsible for compliance with the Personal Data Protection Act in obtaining personal data of the persons concerned and is obliged to inform the person concerned that he processes his/her personal data on behalf of the Beneficiary to the extent specified in the Personal Data Protection Act and in these conditions.
8. The Auditor is obliged to maintain the confidentiality of personal data with which he comes into contact; he may not use them for any purpose other than that necessary to fulfill their obligations under the ToR, nor publish or make available or make available to anyone without the prior written consent of the Beneficiary, unless such provision and/or disclosure is necessary to ensure the processing of personal data under the ToR or the obligation to provide and/or make available personal data arises from special legal regulations or on the basis of a decision of a public authority. He undertakes to maintain this confidentiality even after termination of the authorization. The Auditor is obliged to keep records of any disclosure and/or provision of personal data under the previous sentence for the entire duration of the ToR.
9. The Auditor undertakes to allow access to the obtained data only to authorized persons (employees, representatives or other person working on behalf of the Auditor or under his instructions or under his supervision), and only to the extent necessary to ensure the processing of personal data. The Auditor is obliged to inform authorized persons who have access to personal data about their rights and obligations in the protection of personal data arising from regulations, as well as about liability in case of breach, including the obligation to maintain confidentiality of personal data under the Personal Data Protection Act and security rules for the processing of personal data. The Auditor is obliged to store documents containing personal data in lockable cabinets, drawers or areas without the possibility of access to them by unauthorized persons. The Auditor is responsible for maintaining confidentiality on the part of the authorized persons.

#### **Security of personal data processing**

1. The Auditor is obliged to protect personal data from damage, destruction, loss, alteration, unauthorized access and disclosure, provision or disclosure, as well as from any other inadmissible methods of processing. To this end, it shall take appropriate technical, organizational and personnel measures corresponding to the way personal data are processed in the information systems, in the form and under the conditions laid down by the GDPR legislation. At the same time, the Auditor declares that it already has sufficient guarantees for the secure processing of personal data and has taken appropriate technical and organizational measures to process personal data under GDPR legislation and to safeguard the rights of data subjects to process personal data in accordance with these conditions. The Auditor shall take into account, in particular, but not only the applicable technical means, the confidentiality and importance of the personal data processed, as well as the extent of possible risks that are capable of disrupting the security or functionality of information systems.
2. The Auditor is obliged to notify the Beneficiary of the personal data breach without undue delay after becoming aware of it.
3. The notification referred to in the previous paragraph shall contain in particular:
  - a) description of the nature of the personal data breach, including, where possible, the categories and approximate number of data subjects concerned and the categories and approximate number of personal data records concerned,
  - b) contact details of the responsible person or other contact point where more information can

- be obtained,
- c) description of the likely consequences of the personal data breach,
  - d) description of the measures taken by the Auditor and proposed to the Beneficiary to remedy the personal data breach, including measures to mitigate its potential adverse consequences, if necessary. The Auditor is obliged to take appropriate corrective measures as soon as possible.
4. The Auditor shall be obliged to provide the Beneficiary without delay with all relevant information requested by the Beneficiary in connection with the breach of security of personal data processing. The Auditor is obliged to provide the Beneficiary with all necessary cooperation in order to eliminate the consequences of a breach of security of personal data processing.

#### **Duration of conditions for the personal data processing**

1. The conditions for the processing of personal data specified in this document apply until the expiration of the period for which the Beneficiary as a contracting authority is obliged in accordance with Act no. 343/2015 Coll. on Public Procurement and on amendments to certain acts, as amended, to keep complete public procurement documentation, the result of which is the conclusion of the ToR or in accordance with other special regulations.
2. If the ToR expires, the Auditor is obliged to return to the Beneficiary immediately after their termination all documents containing personal data provided to the Auditor, unless the parties agree otherwise in a specific case in accordance with applicable law.

#### **Compensation for damages**

1. The Auditor undertakes to compensate the Beneficiary for the damage incurred as a result of a breach of the Personal Data Protection Act by the Auditor.
2. The Auditor undertakes to compensate the Beneficiary for the damage caused to the persons concerned as a result of the breach of the Personal Data Protection Act by the Auditor, who will claim it against the Beneficiary.
3. If the personal data control authority finds in connection with the performance of the ToR a breach of the Auditor's obligations arising from the ToR or GDPR legislation and subsequently imposes a fine on the Beneficiary, which the Beneficiary shall claim against the Auditor and the Auditor undertakes to pay this fine to the Beneficiary.

#### **Special provisions**

1. If a breach of the terms set forth in Annex 1.6.5.A is identified, the contracting party who found the breach is entitled to request the other contracting party to remove the breach in question and set a reasonable time limit for its removal, and the other party shall remove the breach within that period including the consequences of the infringement. The adequacy of the time limit shall be assessed in the light of the nature of the infringement and the consequences thereof.
2. In the event of a substantial breach of the conditions set out in this document, for which the contracting parties consider:
  - a) transfer of personal data to third countries or an international organization without the consent of the Beneficiary;
  - b) the involvement of a subcontractor other than the Beneficiary approved for the processing of personal data;
  - c) failure to ensure a level playing field for the protection of personal data by an approved subcontractor;

- d) failure to inform the Beneficiary of the loss or misuse of processed personal data, or failure to report a breach of personal data protection, which the Beneficiary is obliged to notify the Office for Personal Data Protection pursuant to Section 40 of the Personal Data Protection Act,
- the Beneficiary is entitled to withdraw from the ToR within the framework of which the processing of personal data took place.
3. The procedure under the preceding paragraphs of the Special provisions shall not affect the rights and obligations of the contracting parties under other parts of these conditions, in particular the provisions regarding compensation for damages.

The Beneficiary is entitled to check with the Auditor whether the Auditor processes personal data in accordance with these conditions and the GDPR legislation. The Beneficiary is obliged to notify the Auditor of the date of the inspection in writing at least five working days before the planned date of the inspection. The notification of the planned inspection must contain, in addition to the date of the inspection, the names of the persons who will perform the inspection and may also contain other information that will enable the proper performance of the inspection.

**Annex 1.6.7.A** List of direct subcontractors

<b>No.</b>	<b>Name and surname / Company name or Title</b>	<b>Address of residence or registered office</b>	<b>Identification number or date of birth (if no identification number has been assigned)</b>	<b>Subject of subcontracting</b>	<b>Authorized person (name and surname, address of residence, date of birth)</b>