

PROCEDURE DESCRIPTION OF ACTIVITY MONITORING, VERIFICATION AND APPROVAL OF ACTIVITY AND FINANCIAL REPORTS OF PROJECTS FINANCED BY THE FUNDS OF THE GOOD WILL FOUNDATION OF COMPENSATION FOR THE IMMOVABLE PROPERTY OF JEWISH RELIGIOUS COMMUNITIES

I. General Provisions

1. Procedure description of activity monitoring, verification and approval of activity and financial reports of projects financed by the funds of the Good Will Foundation of Compensation for the Immovable Property of Jewish Religious Communities (hereinafter - Description) regulates the order of PE “The Foundation for Disposal of Good Will Compensation for the Immovable Property of Jewish Religious Communities” (hereinafter - GWF) of planning and performing the administrative actions which are associated with verification of these projects and their reports and verifications in the places of implementation and administration (hereinafter - spot checks).

II. Monitoring of Project Activity

2. Monitoring of project activity is performed by GWF in these manners:
 - 2.1. Verification of activity and financial reports submitted by the project executor;
 - 2.2. Analyzing all documentation (agreements of project financing (support), descriptions of activities, budgets) of projects implemented during the period while GWF is financing the project; analysis is performed by using the cross-checking method;
 - 2.3. Performing spot checks;
 - 2.4. Consulting project executors constantly in order to identify and help them to solve relevant questions about project administration and implementation.
3. All projects are examined by using the method stated in Article 2.1. Selected projects might be examined during or after spot check by using the method stated in Article 2.2. Selected projects are examined by using the method stated in Article 2.3.

III. Verification and Evaluation of Activity and Financial Reports

4. Activity and financial reports (the full set of reports including the supporting documents of costs and activities) should be examined and approved by GWF’s responsible persons within 90 calendar days after submitting the full set of reports to GWF.
5. GWF’s employees responsible for the inspection of activity and financial reports examines whether the information in reports are correct, accurate, thorough, not misleading, whether it complies with the requirements of the Agreement on Partial Financing of the Project (hereinafter – Agreement) and do not conflict with the legislation of the Republic of Lithuania.
6. Initial verification of the set of reports before sending notes is performed in the numerical order in which these reports were submitted.
7. Current activity and financial reports filled correctly by the project executor are confirmed by the signatures of GWF’s responsible employees and additions required in these forms.
8. Verification results of the set of reports are declared by GWF’s responsible employee by filling *Project summary table* (Appendix 3) and *The Announcement on*

Confirmation of the Project Report (Appendix 4). Project executor shall be informed in written immediately about the results of reports' verification. Project executor is e-mailed with the copy of *The Announcement on Confirmation of the Project Report* by using e-mail address indicated in the Agreement or in other written documents submitted to GWF.

9. After identifying shortcomings in activity and (or) financial reports and supporting documents of costs and activities, the written notes about corrections are sent to the project executors. 5 working days is a maximum period for eliminating shortcomings. After this period, the shortcomings identified might be considered as ineligible project costs/ as the project activities which were not performed in full extent.
10. All the procedure of project verification, implementation of activities and evaluation of eligibility of expenses is considered complete after the verification of final set of reports (last project quarter, as it is foreseen in Project documentation) by the responsible GWF personnel. After the verification of final set of reports, the reports are not revised (not corrected), additional appendices of the report (copies of the documents) are not sent to GWF and not examined. The actions of the responsible GWF personnel may be subject to appeal following the procedure indicated in Chapter VII.
11. Activity and financial reports together with documents justifying expenses and activities, documents of correspondence regarding elimination of deficiencies and announcement regarding project report approval are added to the project's file after the verification and approval by signatures of responsible GWF personnel.

IV. The Objective and Types of the Spot Checks

12. The objective of spot check is to help project executors to better organize planned activity, establish and disseminate advanced work experience and prevent the most frequent mistakes. During this inspection the documentation of project content and finances are reviewed, project progress and results are discussed with the head of institution being checked, responsible employees of project executors and projects' financiers (accountants).
13. GWF performs planned and unplanned spot checks on the projects:
 - 13.1. Planned spot checks are performed by GWF at least once in the implementation period of signed and confirmed projects of relevant calls for applications. Planned spot checks are performed at the end or after the project's implementation, but not later than 24 months after the end of project's implementation. Not less than 15% of signed and confirmed projects of relevant calls for applications are selected for this check. Spot check is performed by using probabilistic (random *Excel*-based number generators) or non-probabilistic sampling. The procedure of spot check is documented and is the inseparable part from the Order of GWF director on performing planned spot check;
 - 13.2. Unplanned spot checks are performed by GWF, if there is a suspicion that the information submitted by the project executor is inaccurate, incomplete or misleading. Unplanned spot checks are performed under the order of GWF director according to the received complaint, notification, request, assignment, public information, etc.
 - 13.3. Taking into account a place of project executor's activity regarding unreasonably high travel related expenses, GWF can choose not to do planned and unplanned project spot checks in the cases, when taking the final decisions regarding project financing/non-financing during the project evaluation process at GWF Board also the decision is taken to allocate financing only when project activity and financial documentation of completed GWF project(s) of the applicant/project executor is checked.

V. Planning and Performing Project Spot Check

14. Project spot check should not impede the implementation of the project. Elements inspected during the spot check are defined in *The Paper of Project Verification* (Appendix 1). GWF can check the activity of project executor only as far as it is associated with the implementation of the verified project.

15. Spot check is performed by the Spot check work group (not less than 2 persons) formed under the order of GWF director.
16. Persons responsible for spot check process, before performing the spot check, have to review the verification results of projects' activity and financial reports. Categories of project's costs with mistakes must be considered with greater attention.
17. GWF informs the project executor in writing not later than 5 (five) work days before the planned spot check.
18. If the information in advance about unplanned spot check of the project executor might have a negative impact on the results of spot check, then GWF can perform spot check without informing the recipient of funding in advance.
19. The written form specifies:
 - 19.1. Date and time of the spot check;
 - 19.2. The list of GWF employees (representatives) who are going to participate in the spot check;
 - 19.3. The extent of planned spot check and documents of project implementation which are necessary to perform the spot check;
 - 19.4. In the case of cross-checking¹ project executor and partners are informed about gathering documentation and funding agreements with appendixes (budgets, descriptions of activities) of other projects implemented at the same time, and their preparation for spot check;
 - 19.5. Representatives of project executor and/or project partners who should be participating during the spot check;
 - 19.6. Other important information for organizing the spot check.
20. Members of Spot check work group must:
 - 20.1. Suspend themselves or be suspended from their duties to perform the spot check, if it emerges that they are the spouses, cohabiting partners, partners in a registered partnership, close relatives of the head or project executor of verified institution or members of project working group or they are associated with these persons by affinity relations (as it is stated in Civil Code of the Republic of Lithuania (Žin., 2000, Nr. 74-2262)) or if there are reasoned doubts about the impartiality of members of Spot check work group due to other reasons which may cause the conflict of private and public interests;
 - 20.2. Be objective and fair, do not assess the results of performed verification in advance and publicly;
 - 20.3. Analyze the material gathered during the verification and assess whether the information provided in the reports of project execution by recipient is correct and accurate, whether the works and researches were done, services were provided and items were purchased and project executor has settled for the latter, whether the funds are used for its intended purpose, and write down the results of spot check in The Paper of Project Verification.
21. Spot check work group has the right:
 - 21.1. To perform spot checks in institutions during their working time;
 - 21.2. To review the documents associated with the subject matter of the spot check and to receive the copies of these documents in the institutions, also, if there is a possibility, to receive the information associated with the spot check.
22. Considering the nature of spot check, these objects are being checked during the spot check:
 - 22.1. During the planned spot check:
 - 22.1.1. Originals of the supporting documents of costs submitted together with reports;
 - 22.1.2. Is the accounting of the project done separately from the accounting of institution, and other data about project financing and accounting of project funds;
 - 22.1.3. Do project executors follow the conditions of allocation and usage of other funds which is stated in the project funding agreement.
 - 22.2. During the unplanned spot check:
 - 22.2.1. Considering the reasons and objectives of the spot check, data and documents, indicated in the list of verification elements, are checked;
23. During spot check documents chosen randomly are checked.

¹ Cross-checking can be performed under the decision of GWF director according to the received complaint, notification, request, assignment, public information, etc.

24. During both planned and unplanned spot checks project executor and partners can be also asked to submit the funding agreements with appendixes (descriptions of activities, budgets) of other projects
25. Project executor signs *The Paper of Project Verification* after performing the project spot check.
26. Spot check results, conclusions and recommendations on the further implementation of the project are proposed in *The Report of Project Verification* (Appendix 2). If it is necessary, obligatory directions and recommendations are set for the project executor.
27. GWF representatives, who have participated in the spot check process, formalize results of spot check in the form of *The Report of Project Verification* within 30 calendar days. Project executor is introduced with the report in written. The copy of *The Report of Project Verification* is e-mailed or sent via mail by the address provided in the Agreement.
28. GWF director must be informed immediately about the spot check that did not happened by the fault of project executor, corrections of irregularities and/or recommendations not performed after the spot check. GWF Board can proclaim the decision to finance the project as non-valid anymore or take other preventive measures if that type of violations are found.

VI. Administration of Irregularities Identified during the Spot Checks

29. After detecting inessential discrepancies which do not infringe the Agreement and can be corrected by the project executor, recommendations are formulated for the project executor and the period of 30 days (in exceptional cases the longer period can be set by agreeing in writing mutually) is set to implement these recommendations.
30. After detecting infringements of the Project financing agreement, GWF:
 - 30.1. Suspends analysis of project reports and payments of the funds till the project executor removes all infringements within the required time;
 - 30.2. Has the right to terminate the Agreement with the recipient of the funds and/or to demand the repayment of the paid funds (or a part of it).
31. After performing the spot check, if it is suspected that infringements done by the project executor are of criminal nature, then GWF management must be informed immediately, but not later than within 2 working days after the project spot check.
32. Project executors must inform GWF in written about the correction of detected infringements and implementation of recommendations.

VII. Claims and Complaint Handling. Final Provisions

33. Project executor can submit claims regarding the actions (decisions) of GWF administration to GWF director, related to verification and evaluation of activities and financial reports or inaction in written within 10 days since the day, project executor finds out, or should have found out about these GWF actions or inaction.
34. After receiving the claim from project executor, GWF director handles it.
35. If GWF director assess, that the actions of GWF administration were legal and meets the procedures/regulations established by the Good Will Foundation, director informs project executor about the assessment in written.
36. If GWF director assess, that the actions of GWF administration were illegal and did not meet the procedures/regulations established by the Good Will Foundation, director orders to repeat the procedure of verification and evaluation of activities and financial reports or to perform other actions. In that case GWF director sets a period of not shorter than 20 days, during which the evaluation procedure have to be repeated or other necessary actions must be performed and informs project executor about the decision made in written.
37. If project executor (recipient of funds) does not agree with decisions or actions of GWF, he/she can apply to a court in accordance with legal procedures established by Lithuanian Republic legislation.

Appendix 1 The Paper of Project Verification

Page of _____ verification
(Planned/ unplanned)

_____ (date and number of the Order / the objective of unplanned verification)

_____ (date)

_____ (location)

1. Data about the project and project executor according to the agreement of the project:

| | |
|--|--|
| The title of project executor: | |
| Project executor’s company code: | |
| Number of project financing agreement: | |
| Project title: | |
| Contacts of project executor (address, phone, e-mail, contact person): | |
| Value of the project (Euro): | |
| Sum of the costs financed by GWF (Euro): | |
| Verification period: | |
| The beginning of verification (h, min): | |
| The end of verification (h, min): | |

2. Data about the project management and administration:

| No. | Criteria of verification | Yes | No | Not applicable | Comments on the reasons for not following the conditions |
|------|---|-----|----|----------------|--|
| 2.1. | Are all necessary documents of the project kept according to the procedures set in project’s agreement? <small>(are all original documents kept in a legally registered office?)</small> | | | | |
| 2.2. | Do the copies of documents justifying the costs and submitted by the project executor together with the reports correspond to the original ones? <small>(not less than 20 copies of documents submitted to GWF are verified)</small> | | | | |
| 2.3. | Other: | | | | |

3. Data about the execution of purchase during the project, implementation of purchase agreements and income of the project:

| No. | Criteria of verification | Yes | No | Not applicable | Comments on the reasons for not following the conditions |
|------|--|-----|----|----------------|--|
| 3.1. | Do the purchased items, supplied services, performed works correspond with the ones specified in the project’s agreement, purchase agreement and documents justifying the costs? | | | | |
| 3.2. | Does the extent of purchased items, supplied services, performed works correspond with the actual purchased items, supplied services, performed works according to the Delivery and Acceptance Certificates? | | | | |
| 3.3. | Is fixed asset purchased during the project undamaged, not destructed, not lost because of fault and negligence of the project executor/partner? Has the property rights of fixed asset been not transferred (except the transfer to project’s partner)? | | | | |
| 3.4. | Does project not generate taxable income of VAT? | | | | |
| 3.5. | Other: | | | | |

4. Data about the project’s financing and accounting of project funds:

| No. | Criteria of verification | Yes | No | Not applicable | Comments on the reasons for not following the conditions |
|------|--|-----|----|----------------|--|
| 4.1. | Does the project executor have the separate bank account in the credit institution for the project to keep project’s financing funds? | | | | |
| 4.2. | Are entries of accounting operations associated with the project separated from other operation entries (i.e. are the separate sub-accounts of account plan or coding used)? | | | | |

| No. | Criteria of verification | Yes | No | Not applicable | Comments on the reasons for not following the conditions |
|------|---|-----|----|----------------|--|
| 4.3. | Are the financing funds used only for Project’s reimbursement? | | | | |
| 4.4. | Is the contribution of own funds and (or) funds from other sources ensured to finance eligible costs in the part not less than determined in the project’s Application? | | | | |
| 4.5. | Is the funding for costs which are ineligible but necessary for implementing project ensured only by own funds and (or) funds from other sources? | | | | |
| 4.6. | Other: | | | | |

5. Cross-checking of documents:

| No. | Criteria of verification | Yes | No | Not applicable | Comments on the reasons for not following the conditions |
|------|--|-----|----|----------------|--|
| 5.1. | Is project executor implementing other projects at the same time which are funded by the funds of other sponsors (not GWF)? | | | | ----- |
| 5.2. | If there are other projects being implemented at the same time and funded by the funds of other sponsors (not GWF), are the objectives, goals, tasks, activities, and expenses not identical to the objectives, goals, tasks, activities, and expenses of verified project? (agreements, description of activities, budgets/estimates of projects are compared) | | | | |
| 5.3. | Other: | | | | |

6. Data about the execution of directions and (or) recommendations stated earlier for the project executor:

| No. | Criteria of verification | Yes | No | Not applicable | Comments on the reasons for not following the conditions |
|------|--|-----|----|----------------|--|
| 6.1. | Have the project executor implemented or is implementing the recommendations or directions presented in reports of previous on-the-spot verification or presented in other ways? | | | | |

Appendix 2 Report on Project Verification

Report of _____ spot check
(planned/ unplanned)

(date)

| | |
|----------------------|--|
| Title of the project | |
| Code of the project | |

1. Results of project spot check

- was the spot check performed according to all verification criteria stated in the verification paper;
- has the project executor submitted all necessary information and cooperated during the spot check;
- other important information at the discretion of GWF representatives who performed the spot check.

2. Conclusion of project spot check and directions (recommendations) for project executor

Conclusions, directions and recommendations are presented for the project executor in this section on:
- Management and administration of the project;
- Achievement of indicators on implementing project activities, objectives, tasks, physical activity;
- Execution of project purchase and implementation of purchase agreements;
- accounting of project financing and project funds;
- Information about the project.

Time of period is set for each recommendation to implement and it is indicated how to settle for the implementation of recommendation.

Information presented:

- is project being implemented according to the plan;
- can failures and weaknesses identified during the spot check have a negative impact on the further implementation of the project;
- Had infringements been suspected after having performed the spot check of the project? If so, it is stated to initiate the procedure of infringement investigation;
- are directions and (or) recommendations stated earlier being executed;
- other important information.

Representatives of GWF who performed spot check:

(position, name, last name, date)

(position, name, last name, date)

(position, name, last name, date)

Appendix 4
Announcement on Confirmation
of the Project Report

**PE “THE FOUNDATION FOR DISPOSAL OF GOOD WILL
COMPENSATION FOR THE IMMOVABLE PROPERTY OF JEWISH
RELIGIOUS COMMUNITIES“**

**Announcement regarding the project contract No.: _____ confirmation of the
quarter report
_____ (month) _____ (day), 2017 No. _____**

Recipient:
Company
Legal entity code:
Name of the project:

PE „The Foundation for Disposal of Good Will Compensation for the Immovable Property of Jewish
Religious Communities“ (thereinafter – the GWF) hereby informs that:

1. After evaluating the requested to be considered as eligible costs in the report:
 - 1.1. Confirmed eligible costs of sum _____euro, of which the sum financed by GWF is
_____euro.
 - 1.2. Confirmed as non-eligible costs of sum _____euro:

| Project cost estimate line number and title | The sum of confirmed as non-eligible cost | Date of the document | Serial number of the document | Title of the document | Supplier of goods and services | Notes |
|---|---|----------------------|-------------------------------|-----------------------|--------------------------------|-------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total: | | | | | | |

Other notes:

Contact person: