

### 1. TA component auditing (6)

**Observation:** TA component has not been annually audited.

**Risk:** The terms and conditions of the agreement between the MFA and the consultant is not fully applied. **Significant.**

**Recommendation:** The consultant has to arrange annual audits as stated in the agreement.

**Clarification/Comment:** The annual audits have been part of the Ramboll's audit procedure and separate audit statements of the Project used to be provided by the auditor as per the Home Office Coordinator's (HOC) request. This chain of requests, however, was broken when the HOC started to work part time after reaching the pension age.

**Mitigation:** The procedure of separate annual audits of the Project will be reinstated and next time put in practice for the audit of the ongoing year 2017.

**Time table:** Spring 2018, when the fiscal year of 2017 will be audited

### 2. Marginal profit invoicing (7)

**Observation:** KPMG noted that there has been marginal profit invoiced from the MFA in a few fixed fee consultancy service expenses of the reimbursable costs. The practice is neither according to the MFA Standard terms nor the Consultancy Contract. The amount of the invoiced marginal profit is 4,256 euro.

**Risk:** The MFA Standard terms and the Consultancy Contract may not be followed. **Moderate.**

**Recommendation:** The MFA Standard terms should be applied to. The consultant should resolve the handling of the invoiced marginal profit of 4,256 euro with the MFA.

**Clarification/Comment:** A human error has taken place when approving the invoice.

**Mitigation:** 4,256 Euros will be compensated to the budget line of the Project from where it was wrongly invoiced.

**Time table:** The repayment will be processed in connection with the monthly invoicing of October 2017 costs.

### 3. Half-day per diems invoicing (8)

**Observation:** The invoiced per diems have included half-day per diems that are in violation with the MFA Standard terms.

**Risk:** Ineligible costs are reimbursed from the MFA. **Moderate.**

**Recommendation:** The MFA Standard terms should be applied to. The consultant should resolve the handling of the invoiced half-day per diems with the MFA.

**Clarification/Comment:** Ramboll has given its comments on this observation and requested clarification on the issue without been properly responded.

The normal per-diem when travelling in the Project country is 50 % of the rate defined for travelling in Finland and that has been applied in the Project. The per-diem has been paid, if the trip involves staying in the field overnight. There are cases, where the traveller is not entitled for this per-diem, such as when training events have included meals. In that case 50 % of the above mentioned per-diem has been paid in accordance with the GOF travelling regulations that are part of the consultancy agreement.

**Mitigation:** The above-mentioned practice will be continued, unless MFA instructs otherwise.

**Time table:** Depends on MFA's instructions.

#### **4. Approval of time sheets (9)**

**Observation:** All the timesheets were not approved as per Project regulations or the approval was not documented.

**Risk:** Failure to follow the Project guidelines. **Minor.**

**Recommendation:** The approval of time sheets should be documented according to the Standard terms.

**Clarification/Comment:** When out of reach of scanner, the CTA's time sheet has been checked and approval communicated by phone, text message or e-mail.

**Mitigation:** The Project Assistant will attach a copy of the HOC's approval e-mail to the time sheet and the respective invoice to the MFA. Approvals using phone calls or text messages will not be used in future.

**Time table:** Practice already taken in use.