THE AUDIT CERTIFICATE

To the Ministry of Finance of the Republic of Lithuania

We have audited the annual accounts of expenditure declared to the Commission of the European Communities (the Commission) as expenditure incurred for the Special Pre-Accession Programme for Agriculture and Rural Development (the Programme) for the 2003 financial year by the National Paying Agency under the Ministry of Agriculture (the Agency), Gedimino ave. 19, 01103 Vilnius - 25, the Republic of Lithuania. Our responsibility, acting as Certifying Body, is to express an opinion on the annual accounts based on our audit.

We conducted our audit in accordance with internationally accepted auditing standards and Article 6 of Section A of the Annex to the Multiannual Financing Agreement. We planned and performed the audit to obtain reasonable assurance about whether the accounts transmitted to the Commission are free of material misstatement and the internal control procedures have operated satisfactorily. The audit included examination, on a test basis, of evidence supporting the information in the annual accounts, the records of commitments, an examination of procedures and of a sample of transactions. The audit covered compliance of payments with the Multiannual Financing Agreement only as regards the capability of the SAPARD Agency's administrative structures to ensure that such compliance has been checked before payment is made. Our audit provides a reasonable basis for our opinion.

The findings, related to expenditure that do not comply with the requirements of the Programme, are presented below:

1. In the year of 2003, the Agency paid out the support under SAPARD to six beneficiaries in total LTL 87 779 / EUR 25 423, exceeding the maximum support limits stated in the Programme (reference: 5.5.3.1 and 5.8.3.2 findings in the Audit Report).

2. Determining the amount that should be paid to the beneficiaries, the Agency subtracted expenditure on works from the payment claims incorrectly. Decided not to pay expenditure on certain works, the Agency did not withdraw accruals expressed in percentage from direct expenditure of such works. Under such circumstances the Agency overpaid the support under SAPARD to the beneficiaries in total LTL 108 764 / EUR 31 500 (reference: 5.8.3.3 finding in the Audit Report).

3. The Agency recognized as eligible and paid out to the beneficiary expenditure of construction, in total LTL 420 118 / EUR 121 675, which may not directly meet the aims of the Programme and may not be consistent with the Contract (reference: 5.8.3.1 finding in the Audit Report). We were unable to satisfy ourselves as to whether the above expenditure was incurred in compliance with the requirements of Multiannual Financing

Agreement and is correctly recorded in the accounts dated 20 April 2004 to be transmitted to the Commission for the 2003 financial year.

In our opinion, except for the errors referred to in the 1 and 2 parts of the above paragraph, and except such adjustment, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to whether expenditure, referred to in the 3 part of the above paragraph, was incurred in compliance with the Multiannual Financing Agreement, the accounts dated 20 April 2004 to be transmitted to the Commission for the 2003 financial year are true, complete and accurate, and the internal control procedures have operated satisfactorily.

Our audit was conducted between 15 July 2003 and 20 April 2004. The Audit Report on our findings is delivered at the same date as the date of this Certificate. This Certificate also covers the SAPARD euro account.

20 April 2004
Register No. S-(1070-1.10.1)-692

Tomas Mackevičius

Director of the Financial Audit Department 7
National Audit Office of Lithuania