



**FCH 2 JU Financial Workshop
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How to avoid errors in financial statements and H2020 audits

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<http://www.fch.europa.eu/>

Most common errors, examples and best practices

1. Costs claimed are not substantiated or not linked to the project

Examples:

- Costs declared in financial statements do not reconcile with accounting records (i.e. extract from general ledger)

Best practice:

- Make sure that total amount as per break-down from the accounting match the amounts in financial statements
- Any differences are explained and justified

Most common errors, examples and best practices

1. Costs claimed are not substantiated or not linked to the project

Personnel Costs

- Underlying calculation of personnel costs does not match costs declared in the financial statements

Best practice

- Keep the calculations in the project file

Most common errors, examples and best practices

1. Costs claimed are not substantiated or not linked to the project

Other Direct Costs / Subcontracting

- Missing supporting documents / missing equipment / missing link to project

Best practice

- Project number displayed on the face of the invoice
- Logo and log-books
- Photo documentation
- Purchase / delivery documents

Most common errors, examples and best practices

1. Costs claimed are not substantiated or not linked to the project

Travel

- Missing supporting documents / unclear link

Best practice

- Keep originals / copies in the project file
- Keep conference agenda
- Prepare short meeting summary
- Avoid charging advance payments

Most common errors, examples and best practices

2. Personnel costs -> unreliable time-recording

Example

- Missing timesheets / weaknesses in the time-recording

Best practice

- Verify timesheets before submission of the financial statements
- Align electronic time-recording with actual hours / paper input (if applicable)
- Make sure that HR records match time-recording

Most common errors, examples and best practices

3. Personnel costs -> incorrect calculation of productive hours

Example

- Billable hours / understated productive hours

Best practice

- 1720
- 90% threshold of workable hours should be observed
- Correct amount of absences / overtime work are included

Most common errors, examples and best practices

4. Best value for money -> not properly demonstrated

Example

- Missing documents / justifications

Best practice

- Follow your normal practice
- Provide appropriate evidence

Most common errors, examples and best practices

5. Indirect costs - > charged as direct costs

Example

- Apportioned costs charged as direct costs

Best practice

- Follow your normal practice
- Include only directly measurable costs under direct costs



Questions?

**THANK YOU FOR YOUR
ATTENTION!**

