



H2020 audits: The perspective of an auditor

Brussels, 21 March 2018



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2nd level control – EC’s audit approach

II

How to get things right – auditor’s view

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How to get things right – auditor’s view

Audit layers to check eligibility of costs (legality and regularity)

**Audit certification
(1st level control)**

**Free choice of auditor according to given criteria
to be assigned by beneficiary**

**EC audits
(2nd level control)**

**Conducted and assigned by EC via own staff or
external auditors like KPMG**

Who audits the auditors:

**ECA (external auditors on behalf of EC)
IAS (internal auditors of EC)**

1st level certification constitutes agreed upon procedures

Purpose of the work performed

- Verify that issues raised (agreed upon procedures) are properly addressed
- Work performed is based on the requirements of ISRS 4400
- EC uses to draw conclusions as to the eligibility of the costs claimed based on the results of the work performed



2nd level audit constitutes a financial audit

Purpose of the audit

- Verify compliance with the Grant Agreement
- Obtain assurance for the EC that the costs claimed by the beneficiary are eligible given the provisions of the grant agreement
- Financial Statements are based on properly incurred expenditure
- All claimed expenditure is recorded in the accounts in accordance with the usual accounting principles of the beneficiary and
 - exclusive of any non-eligible costs
 - actual, economic and necessary for the project
 - incurred during the duration of the project
 - net of indirect taxes (unless non-deductible), duties, interest, etc.
 - without any profit



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How to get things right – auditor’s view

How to get things right - audit steps: Overall timely delivery is a critical success factor

Arrangement of audit date (Letter of Announcement)

- Commit and comply suggested appointments with the auditor

Info gathering by e-mail

- Submit all requested pre-audit documents on time

Auditor review and analysis of submitted documents/ audit sampling

- Appoint and assure access to an audit contact person to handle and answer all queries timely



Field Work

- Assist auditor with questions, provide complete and reasonable documentation upon requests

Draft Report – Contradictory Procedure – Final Report

- Provide comments while complying the deadlines

Our recommendation: Pro-active approach towards your auditor

Documentation and evidence:

- Provide your auditor with clear and precise information for approval of claimed costs
- Make it easy for you and your auditors to review your work positively



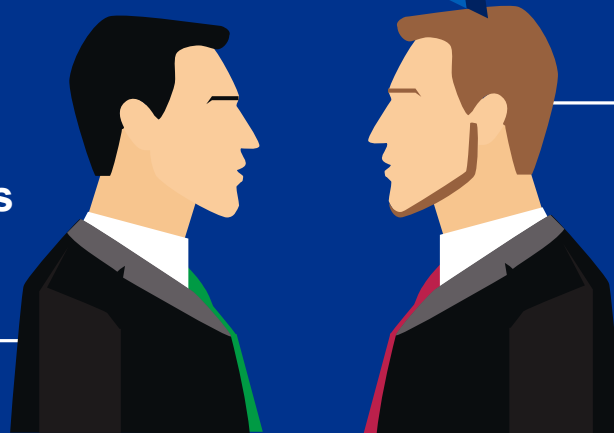
Regular progress control

Timely delivery

Open-minded and prompt communication with your auditor

Keep in mind: your financial report reflects the quality of your financial management

If in doubt or difficult field situation escalate immediately to your auditor



Our recommendation: Pro-active approach towards your auditor



The **science** is very important, but reliable **financial accounting**, efficient **management of the audit process** and **professional communication** are also essential success factors!

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