



Practical H2020 audit experiences

**BESTPRAC Training School:
"Finance for Beginners"**

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Agenda

- What was the audit about?
- Who were the auditors?
- What was the overall procedure?
- Different programmes – different audits
- Before the on-site audit
- During the on-site audit
- Follow-up
- Conclusions



What was the audit about?

- 1 H2020 RIA project
 - Our university as Coordinator
- 1 H2020 IA project
 - Our university as Beneficiary (partner)
- 1 H2020 MSCA ITN-ETN project
 - Our university as Beneficiary (partner)



Who were the auditors?

- The DG RTD (EC) Common Audit Service (CAS)
 - Auditors employed by the EC
- Similar audits are also performed by:
 - Independent auditors working on contract with the EC
 - The European Court of Auditors (ECA)
<https://www.eca.europa.eu/>
- Audits may also be performed by:
 - European Anti-Fraud Office (OLAF)
https://ec.europa.eu/anti-fraud/home_en



What was the overall procedure?

- The EC selected our university for audit of 3 projects
- Letter from the EC informing us of the audit
- Detailed information and documentation to be sent to the auditors prior to the audit field work
- Audit field work – 1 full working week
- Draft audit report – inviting us to comment
- Final audit report



Different programmes – different audits

- Programmes reimbursing actual costs
 - RIAs, IAs, CSAs, ERC Grants
 - Full financial audit
- Programmes funding unit costs
 - MSCAs
 - Limited, partial financial audit
 - Detailed audit of units having been delivered, and the conditions under which this has taken place
 - For MSCA ITN: Researcher months having been completed in accordance with MSCA rules



General information and documentation requested

- Not project-specific issues
- "Internal Control Questionnaire": 13 pages
- Main topics (headlines)
 - General information about the organisation
 - Main legal references
 - Key figures
 - Accounting system
 - Time recording system
 - Method of calculating productive hours and hourly rates
 - "Internal control testing": 79 questions



"Internal control testing" – Topics

- CFS – role of and relationship between the CFS Auditor and the Beneficiary
- Accounting system (10 questions)
- Financial statements – roles, responsibilities, authorisations
- Conflict of interest – written procedures
- Procurement procedures (15 questions)
- Time records
- Questions for each cost category in the Financial statement
 - Procedures, calculation methods, approvals



Project-related questionnaire

- "General Information about the Beneficiary" (18 questions)
- Receipt and distribution of EU funding
- Supporting documents for each cost category in the Financial statement
 - For RIA /IA
 - Not for MSCA



H2020 RIA & IA audit

- Excel template for detailed cost data
- One spreadsheet for each cost category
- Personnel costs
 - Hours and costs per person
- For the other cost categories:
 - Each individual transaction
 - e.g., invoice, travel



H2020 MSCA

- No CFS, but still audited by the EU
- Not a full financial audit
- Financial issues:
 - Full payment of researcher allowances
 - Verify that none of the cost items were funded by other EU programmes
 - Verification of the researcher having worked exclusively for the project



H2020 MSCA – Non-financial audit

- Verify that researchers were eligible for the project
 - Academic credentials
 - Mobility rules
- Obligations towards the researcher
 - European Charter for Researchers
 - Code of Conduct for the Recruitment of Researchers
 - Announcement of vacancies
 - Recruitment procedure
 - Conflict of interest
 - Working conditions
 - Contents of the employment contract – See GA, Art. 32.
 - Information provided to the researcher



Before the on-site audit

- Questionnaires completed and returned to the auditors
- Data concerning personnel costs
 - Time sheet samples
 - Accounting data
 - Sample employment contract



During the on-site audit

- 5 days (one full working week)
- Personal interviews with all researchers working on each of the projects
- Meetings with financial staff (project accountants, financial adviser)
- Demonstrations of extractions and tracing of data in/from the financial systems, including payroll system
- Detailed, complete set of accounting data
- Printouts of underlying accounting documents
- For much of the time, the auditors were working on their own



Follow-up

- Draft report sent to us for comments
- Final report
- Conclusion of audit
 - Several months later

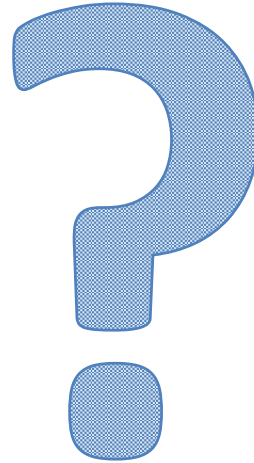


Conclusions

- Inform involved personnel in your organisation ahead of time
- Ask relevant personnel to be available at some time during the on-site audit
- Do not be afraid to ask the auditor,
 - if something is unclear, or if you believe the auditor is missing something or there has been a misunderstanding
- Most of your work with the audit will be done before the on-site audit



Any questions?



Thank you very much for your
attention!