European Commission

Audit Process

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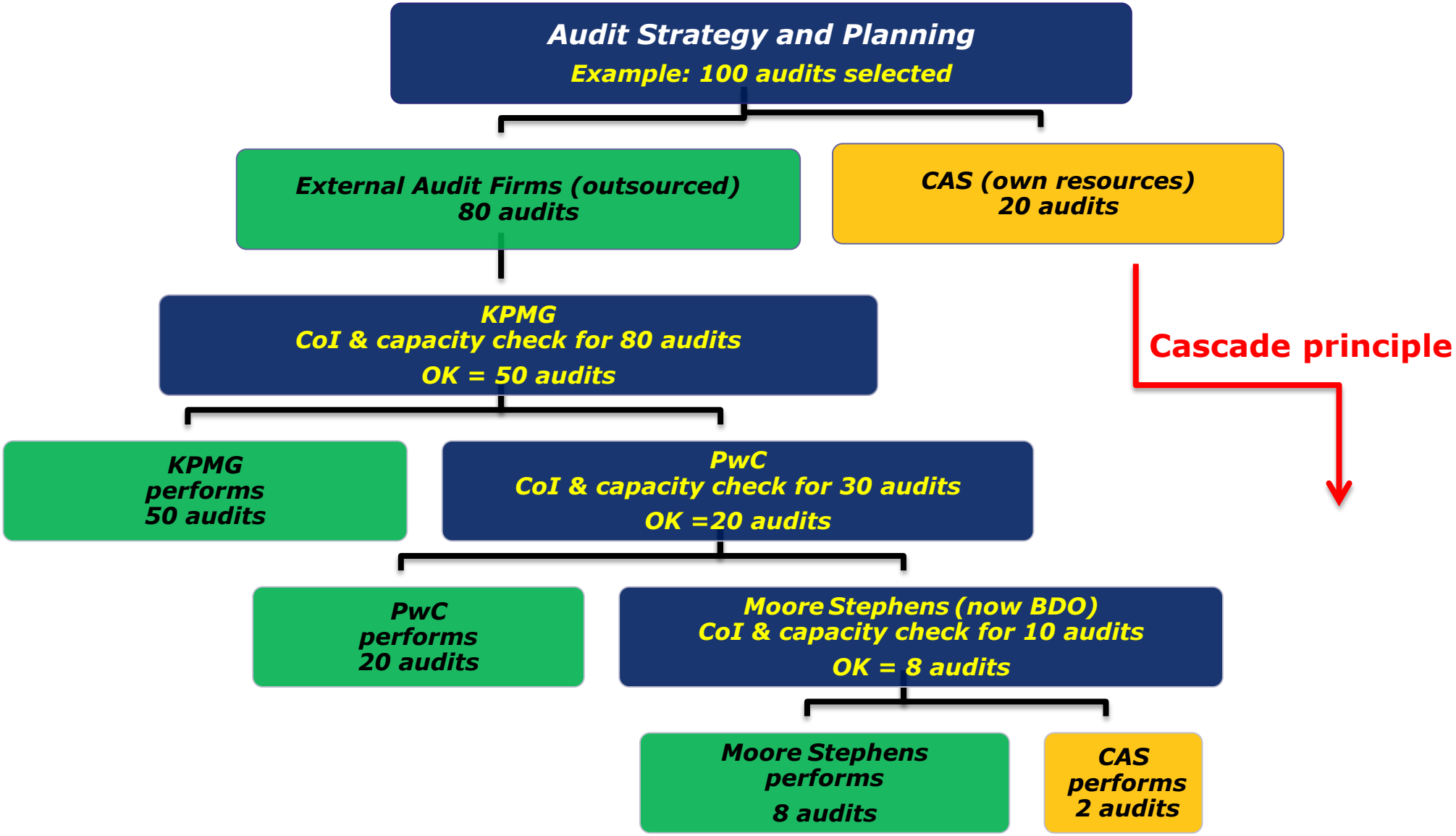
Common Audit Service (CAS)

Research and Innovation

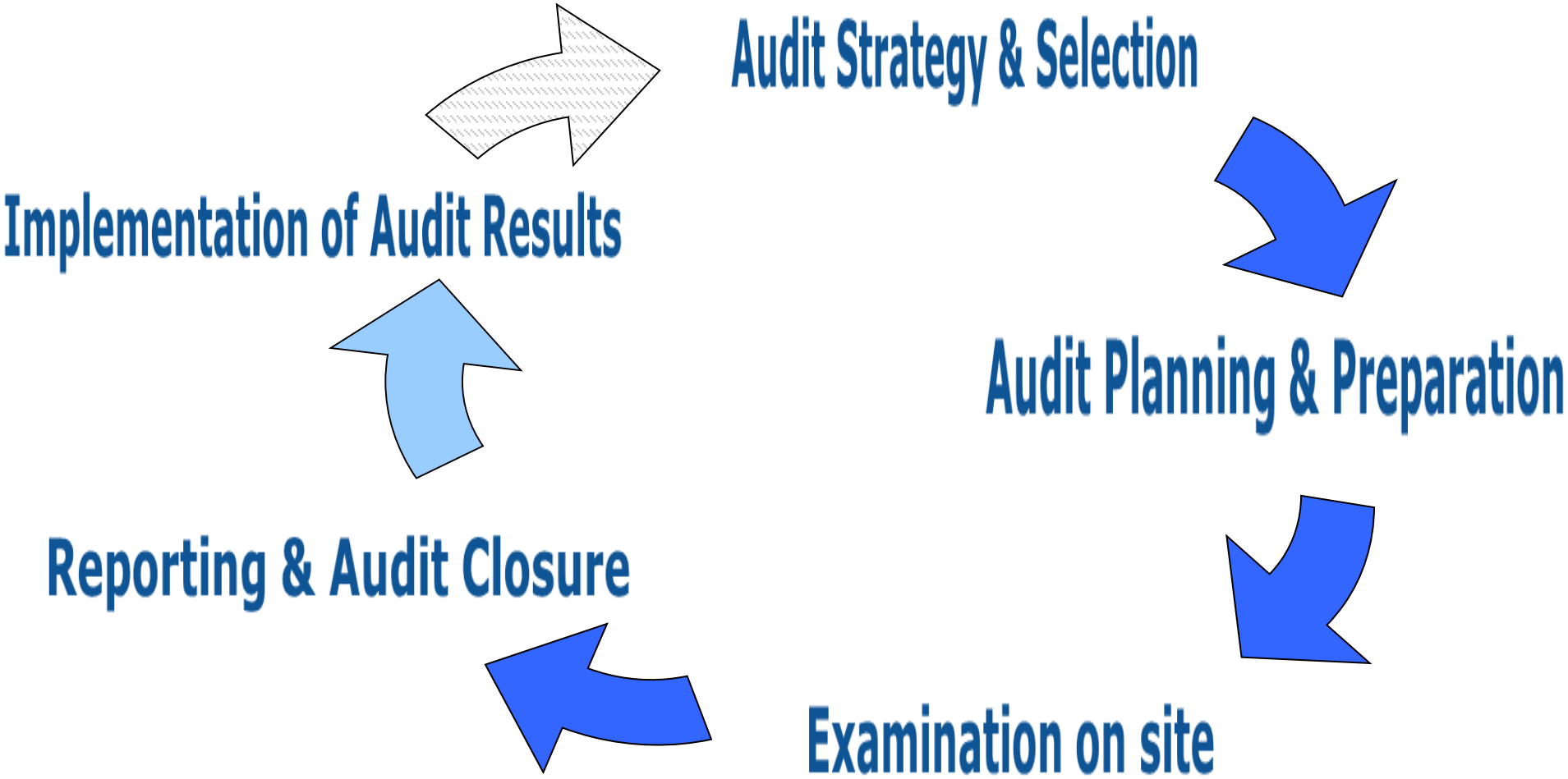
Audit Process

Audit Strategy and Planning



Audit Process

Audit Flow



Audit Process

Audit Process – planning and preparation

- Set fieldwork dates
- Prepare Audit Planning Memorandum (APM)
- Prepare and send **Letter of Announcement (LoA)**
  - Request information (Annexes to LoA)
- **Collect audit evidence** (Internal Control Questionnaire – Annex II LoA, Breakdown of costs – Annex III LoA, other evidence – Annex I LoA)
- Sampling

Audit Process

Audit process – Examination on site

Opening meeting → Systems Analysis → Systems and substantive testing → Closure meeting → Assessment after field-work

Usually during 4-5 working days (one week)

(…)

<u>General information on:</u>

- organisation
- projects
- financial administration
- internal control systems

<u>Audit agenda for the week</u>

Collection of information and audit evidence, analysis of documents, interviews with researchers, project presentations, physical inspections, etc.

Discussion on preliminary audit findings and observations

Indication of further audit procedure

Audit Process

Examination – Personnel Costs

$$\textit{Hours Worked}\ (9{,}5\%\ \textit{of errors}) \times \frac{\textbf{Total Personnel Costs}\ (10{,}7\%\ of\ errors)}{\textbf{Total Productive Hours}\ (9{,}3\%\ of\ errors)}$$

Audit Process

Examination – Travel & ODC

Other goods and services

- *Actually incurred (documentation)*
- *Ensure best value for money and avoid conflict of interests*
- *Directly related to the action*
- *Directly measured for the action*

Equipment

- *Ensure best value for money and avoid conflict of interests*
- *Directly related to the action*
- *Depreciation in proportion to the direct usage for the action*

Travel

- *Actually incurred (documentation)*
- *Directly related to the action*

3. Audit Process

Audit process – reporting & closure

1. **Preliminary Audit Report (PAR)**
   - ✓ **review by CAS (incl. quality control)**
   - ✓ **consult internally (operational units)**
2. **Contradictory procedure**
   - ✓ **scrutinise preliminary findings and recommendations**
   - ✓ **submit appropriate, sufficient and persuasive evidence**
3. **Draft Audit Report (DAR) incorporates beneficiary's comments**
   - ✓ **review by CAS (incl. quality control)**
   - ✓ **scrutinise and address all comments**
   - ✓ **consult internally (units managing the actions, legal advice, internal committees etc.)**
4. **Final Audit Report (FAR)**
5. **Letter of conclusion**

Implementation of audit findings Managed by the EC operational services (not the CAS)

European Commission

Thank you !

Find out more:
http://ec.europa.eu/programmes/horizon2020/

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