Auditing in Practice – Best Practices at National Level

1. **Audit strategy / 1st-level audit management**

- Selection: random (representative samples) – the larger the organisation and the greater the number of EU projects, the more frequently audits are carried out statistically
- Risk-based (high-risk participants), e.g. high-risk newcomers
- Whether auditors are external or internal to the EU depends on the capacity of the EU auditors
- EU Grants Indicative Audit Programme
- MUST: Know your legal obligations (GA, CA) >>> keep a project file
- if more time is needed for the audit, apply for an extension
- if the process is not running smoothly, report this to the NCP and the EU Project Officer
- The most costly errors and how to avoid them
    - Costs cannot be verified (no documentation) >>> create a folder for all finance-related documents, including timesheets, student assistants, etc.
    - Third-party costs are not covered by the GA >>> check before commissioning!
    - Equipment budgeted as a whole rather than under depreciation >>> Check the rules
    - Document time recording correctly >>> Training and guidelines at the start of the project
    - Daily rates calculated incorrectly >>> Check the rules carefully and compare with examples
    - VAT deduction >>> provide training and guidelines at the start of the project
- Lump-sum projects: ex-post technical reviews >>> ex-post financial audits: work packages are checked for fulfilment of all deliverables, milestones, etc.
    - Example: out of 30 projects audited in 2025, only one finding in one project
    - In 2027, approximately 60–100 projects, including more complex ones, will be audited
- Technical issue in Annex 3: rounding in Excel sheets and SAP leads to errors

TIP: Once approval has been granted, make sure you are aware of the obligations under the GA/CA to avoid any nasty surprises later on

2. **Second-level audits**

- Bring all stakeholders (APO, AW, Department, Data Protection Officer) together as soon as the audit letter arrives
- Which external bodies need to be involved: state institutions
- Recommendation: Use a template to redact information that is not relevant to the audit

- Compile documents (particularly personnel records, including health insurance details of the individuals being audited)
- Evidence that equipment is used solely for the project
- Initial feedback upon completion of the project; report with an opportunity to comment after 2 months >>> final report
- Highly dependent on the auditor (e.g. bad experiences with a Romanian audit firm)
- For MSCA, time sheets do not need to be kept, but most institutions do so anyway for internal audits
- Recently also audited: exclusion of conflicts of interest, public procurement law, compliance with sanctions, etc.: here, only *institutional policies* are checked, not individual cases, e.g. family ties to subcontractors

TIP: Get all relevant departments on board straight away, put everything else aside and prepare for the audit

TIP: Get in touch with the KoWi and share your experience – they act as a link to the EU audit body