

To prepare an external audit – practical tips

Based on the experiences EU project managers made in the process of an external audit this document was developed. It summarises the lessons learned and gives you an overview on the most crucial aspects to be aware of:

Estimated time for the preparation

The time you need to prepare all documents depends on how many of your projects will be audited and of course on the completeness and clarity of the documents you collected during the project.. To be on the safe side it will be good to plan 2-3 weeks in advance.

Contact persons

- ✓ Make sure that your former project partners can define a contact person, who is in charge of the project documentation and the financial reporting

Challenges:

- Persons might have gone, no longer working in the office.
- Bank accounts might have been changed, so it can be difficult to get proof of payments – this is another reason to make sure that you receive all proof of payments for reported project costs right with your final reporting!

Required documents

- ✓ You tackled the most important part of the preparation when you managed to collect all supporting documents in connection with your final report – see *financial documentation checklist*. Documents should be clear and clearly organised. The Auditor does not want to lose time in understanding and tracing things and information. So organise documents so as to guide the Auditor in understanding, step by step.
- ✓ Documents provided in the audit have to correspond with reporting documents which have been sent to the EACEA/National agency in connection with the report, a request of additional documents or an appeal. Make sure that your electronic and paper files are consistent.

Correspondence with your accounting system

- ✓ The whole project trail has to be shown in your accounting system

Staff costs

- ✓ Be aware that social security and additional contributions can easily be identified in your staff cost documentation
- ✓ Daily rates used for time sheets should be comprehensible and consistent with staff cost documentation
- ✓ It can happen that staff costs of project partners are not accepted because of missing contractual regulations. This can happen especially in the cooperation with small institutions. Make sure that you have all supporting documents, internal rules of staff cost calculation etc. from your partners. If you have any doubts, it can help to contact directly the EACEA/National Agency in the state of the progress report if these documents to be accepted in an audit.

Subcontracting - Conflict of interest

- ✓ Double functions are a very sensible aspect and are strictly punished. It is important to be aware of this, especially in concluding subcontracts.

Subcontracting – offers

- ✓ Make sure that you have all offers (according to the specific financial regulation of your project!) connected to the subcontracts.

Documentation of partner payments

- ✓ Partner payments which have not been made can lead to a refunding to the EACEA/National Agency. It is recommended to check incoming and outgoing partner payments.