



# Interreg III B Northern Periphery

Lead Partner and Partner Seminar  
Rovaniemi Feb 2-4, 2005

# NPP Auditing

- 1) Auditing requirements
- 2) System audit
- 3) Financial audit
- 4) Who can audit your project?
- 5) Other types of audit





# Auditing Requirements



- Only lead partners need to be audited.
- Annual audits for projects that do not send ledgers with each claim to the PA.
- System audit replacing midterm-audit for projects that send ledgers and in addition to the annual audit for projects that do not.
- Internal or national auditors may be used, but must be pre-approved by the PA.

# Auditors

The Lead Partner should appoint a project auditor:

- Auditors must be INDEPENDENT from the project
- Auditors must have sufficient experience of EU PROGRAMME AUDITING and be familiar with EU rules and regulations
- The auditor may be external or internal
- External auditors must be certified
- Internal/national auditors must be pre-approved by the PA



# System audit



- The Project Organisation
- The Lead Partner Role
- Accounting system
- Salary costs
- Accounts payable
- Evaluation of the project's internal control system:
  - responsibilities and authorities
  - competence and skills
  - Lead Partner responsibilities
  - The accounting system, salaries/ timesheets, accounts payable
- The reliability of the project from an internal control perspective.

# Financial audit (1)

The auditor should confirm that:

- Costs are project related
- Activities are in accordance with the project description
- The project can assure good internal control
- Costs are in accordance with the Commission regulation (448/2004)
- The project is administered in accordance with the Grant Letter and the Conditions



# Financial audit (2)

The auditor should confirm that:



- Separate project accounting has been used
- The information in the entries file corresponds to the separate accounts
- Income is accounted for
- The projects cost only include VAT if the project actually bore this cost
- The relevant public procurement rules have been applied.

# Financial audit (3)

## PRESENT AUDITOR'S CERTIFICATE

The auditor should include a memo containing:

- How the auditing has been carried out (sample checks etc)
- Comments to the above-mentioned issues
- *Accounts for any observations (N.B!)*

## NEW AUDITOR'S CERTIFICATE

- Detailed questionnaire

AUDITORS'S SIGNATURE AND NAME OF  
FIRM/ORGANISATION (STAMP)



# Internal/national auditors



An approved internal/national auditor can be:

- 1) An external auditing firm
- 2) A separate auditing department within the organisation. Describe the organisation!
- 3) The auditing department of another organisation
- 4) A national auditing body

The PA will not approve the financial/economy department of your organisation.

# Description

In order to be approved by the Paying Authority, the appointed auditor should describe in written:

- the nature and tasks of the auditing body
- how the impartiality and externality to the project is guaranteed
- qualification concerning ERDF rules





# Other Types of Audit

- 438/2001 Art. 10 "5 % -control"
  - 5 % of eligible expenditure
  - representative sample
  - "professional" independent auditors
- 438/2001 Art. 4 "on- the-spot checks"
  - verify delivery of products and services
  - verify the reality of expenditure
  - MA/PA/JPS
- "The grey men from Brussels"

