



**ARE YOU (REALLY)
READY FOR
AN EXTERNAL
CERTIFICATE
ON FINANCIAL
STATEMENT (CFS)
AND EC AUDIT IN
YOUR EU FUNDED
PROJECTS?**

**AUDIT PREPARATION &
SUPPORT SERVICE FOR
EU PROJECTS**



Are your internal procedures and project administration fully in line with the grant agreement?



Do you know exactly how to calculate personnel costs and which hours can be included?



Do you have a reliable strategy in place to successfully pass a first- or second-level audit?

An EU-funded project can give a significant boost to your organisation's performance and its international visibility. At the same time, the extensive grant agreement provisions can be overwhelming and deeply intervene in your usual procedures and practices. An in-depth understanding and correct implementation of the EU funding rules are essential to ensure a reliable project administration. **Failing to do so can result in reporting errors, cost rejections or even recoveries, leading to suboptimal use of available funding and substantial financial losses for your organisation.**

As expert in EU project management and compliance, PNO offers a unique service: **Audit Preparation & Support.**

As an EU project beneficiary, your organisation must be fully prepared to comply with a considerable number of EU cost eligibility and financial management rules.

EU grant agreements can include far-reaching obligations with regard to:

- procurement ('best value for money')
- internal accounting procedures
- project administration
- supporting documentation
- time registration and effort allocation
- personnel cost calculations
- depreciation rules
- cost identification
- non-eligible cost items
- project revenues
- subcontractors and affiliated entities
- co-funding requirements
- budget transfers
- unforeseen changes and amendments
- funding acknowledgements

EXTERNAL AND EC AUDITS

To ensure that an EU-funded project is carried out fully in line with the applicable rules, the funding authority reserves the right to perform certain controls. In addition to periodic project checks and reviews, your organisation can be subject to the following audits:

- **External audit (first-level audit):** A mandatory audit on the financial statement when a threshold is met. A Certificate on the Financial Statement (CFS) is compulsory in H2020 when a minimum total direct cost contribution of €325.000 is requested. For Horizon Europe, the CFS threshold is a total requested EU contribution (incl. indirect costs) of €430.000.
- **EC audit (second-level audit):** In addition, the EC can decide to carry out an audit at any moment up until several years after the final payment. Organisations are selected randomly, yet certain risk factors increase the odds of being selected (e.g. new beneficiaries or projects with high amounts of funding). Such audits mainly concern the financial implementation of the project, but may also cover technical aspects or compliance checks with other grant agreement obligations. The audit is announced on a short notice, and usually consists of a detailed examination and intensive 'on-the-spot visit'. As part of this procedure, auditors will execute a thorough review of your project administration, internal control systems and financial management processes.

Our experts offer unique expertise in a broad range of EU funding programmes, including:

- **Horizon 2020 & Horizon Europe (incl. EIT KICs)**
- **LIFE Programme**
- **Connecting Europe Facility (CEF)**

1. WHATS IN IT FOR YOU

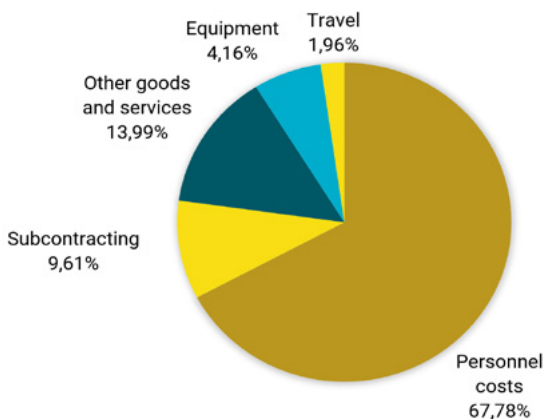
FIND OUT HOW AUDIT-PROOF YOUR ORGANISATION IS AND WHICH ACTIONS TO TAKE

Correctly implementing all grant eligibility provisions can be challenging for an organisation, yet the effects of an audit going wrong can be severe. Did you know that systemic or recurrent errors identified during an audit can even have a significant impact on projects outside the audit scope? It is therefore essential to ensure that your organisation is fully prepared to meet all its financial obligations and to take corrective actions where necessary - before the errors occur or have already been reported.

Our audit preparation support provides you insight on how audit-proof your organisation actually is. Thanks to our proven methodology and advise, we give you clear overview on the following aspects to strengthen and ensure you in your future audit proof project administration:

- **Information:** a detailed understanding of the EC audit methodology, formal procedures and implementation timeline
- **Analysis:** a thorough test of your EU project administration, internal control processes, cost reporting and accounting procedures
- **Ease of mind:** knowing that your organization will be audit-proof
- **Risk detection:** Identification of potential pitfalls and implementation of risk mitigation measures.
- **Safeguard:** reduce financial losses due to rejections or recoveries
- **Optimalisation:** recommendations to improve your project administration for current and future projects and ensure optimal use of your available funding
- **Professional guidance:** with 35 years of experience in EU grant management and compliance, we our ready to support you.

EC analyses show that audit results identify common errors:



Source statistics: European Commission (02/2022)

HORIZON 2020 AUDIT ERRORS

When analysing H2020 audit outcomes, the following common errors leading to cost rejections can be identified:

- **Personnel costs (68%):** invalid timesheets, incorrectly calculated remuneration, incorrect calculation of productive hours
- **Subcontracting (10%):** no best value for money, procurement rules not followed, no valid supporting documentation
- **Other direct costs (22%):** no direct cost measurement, costs not related to the project, indirect costs claimed as direct costs, depreciation rules not followed, double funding of costs



2. AUDIT PREPERATION & SUPPORT

A PROVEN METHOD TO PREPARE FOR AND PASS AN EXTERNAL (CFS) OR EC AUDIT

Facing an actual audit? You can count on our experts' hands-on support. Throughout the years, we have supported numerous organisations with their EU project administration, as well as the preparation for first- and second-level project audits. Our proven methodology consists of the following steps to ensure that your organisation is fully prepared for an audit:

- **Face-to-face or virtual kick-off meeting** to present the PNO audit preparation strategy and to get an understanding of your grant management processes.
- **In-depth assessment** of your accounting procedures and cross-validation with all applicable grant agreement provisions.
- **Identification of potential pitfalls** in your project administration and the identified cost sample.
- **Implementation of risk mitigation measures** to allow for timely corrective actions.
- **Assistance and advice** in collecting required supporting documentation and the creation of a reliable audit file that meets all audit requirements and questionnaire obligations.
- **Coaching of personnel** in preparation of the audit checks and interviews.
- **Step-by-step support** from our experienced experts during the audit preparation, execution and follow-up, including guidance on feedback to audit observations.
- **Closing meeting with tailored recommendations** and lessons learnt to further improve your internal processes and procedures.

Also **during the actual audit process**, we stay at your side to support and guide you through the audit questions via our **audit helpdesk support**

Plug & Play support service proposition

Every organisation is unique, and so are our services. Tailored to your organisation's profile and experience, we can offer an audit support package to match your individual needs.




MAKE USE OF OVER 35 YEARS OF EXPERIENCE IN EU GRANT MANAGEMENT & COMPLIANCE

Based on over 35 years of experience in EU research & innovation grants, PNO Innovation (part of the PNO Group) offers a wide range of specialised funding services, including funding scans, proposal development, grant application support, project management services and custom-made trainings. We work for start-ups, SMEs, large companies, universities, consortia, RTOs, NGOs and public bodies in many different sectors. Building on these attributes and experience, PNO has become a market leader and trusted partner for EU grant management services.

Contact us to see how we can help you ensuring your organisation is audit proof




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GRANT APPLICATION SUPPORT

Facing challenges with coordinating the administrative and financial side of your grant application? Make use of our grant application support services to ensure a timely and reliable budget set-up, proposal administration and submission, thereby allowing you to fully focus on the scientific and technical development.



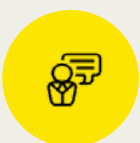
EU PROPOSAL DEVELOPMENT, WRITING AND PROOF-READING

Looking for suitable project partners or funding opportunities? Do you need assistance to develop a high-quality proposal and boost your chances of success? PNO Innovation has an excellent track record in securing EU grants in many different sectors and funding programmes, including Horizon Europe, LIFE, CEF and Innovation Fund.



PROJECT MANAGEMENT SERVICES

With our project management services, we enable a smooth grant preparation, project administration, coordination, monitoring and reporting. Depending on your specific needs, different levels of support services are available, including grant preparation support, project management system optimisation, a project management helpdesk or a dedicated in-house project manager



TRAINING SERVICES

As expert in EU R&I funding, PNO organises dedicated training courses. Each training module is fine-tuned to the needs of H2020 & Horizon Europe beneficiaries, allowing you to acquire essential know-how, tools and techniques. On request, in-house trainings such as project management and EU financial reporting trainings, brokerage events or proposal writing trainings can be offered at your premises. Our trainings can be combined or tailored for your organisation.

CONTACT US FOR MORE INFORMATION ON
OUR ADDITIONAL GRANT SERVICES.