How to prepare for an external financial audit?

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- Why are we here?
- Can we be better peppered?
- What is the “secret” for a “good” audit?
Topics Covered

• A little bit about Tel Aviv University.
• How it starts - Audit announcement.
• EU guidelines.
• H2020 versus FP7.
• How to be ready - Step by step:
  – Macro level
  – Micro level
Located in Israel's cultural, financial, and business heartland.
- The largest comprehensive research university in Israel.
- Comprising 9 faculties, 24 Schools and 105 departments.
- Over a hundred research centers and institutes.
- Extensive range of study and interdisciplinary programs.
- Over 28,500 students. 55% women.
- 1,200 international students.
- Over 1,000 faculty members.
- #21 in citations per faculty (QS 2019)
- #29 in no. of patents (WIPO 2012).
### Collaborative @others

**1999-2006**
- Number of projects: **98**
- Amount (in Mil Euro): **24.5**

**2007-2013**
- Number of projects: **225**
- Amount (in Mil Euro): **110.3**

**2014-2020**
- Number of projects: **120**
- Amount (in Mil Euro): **111 (2018)**

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### ERC STG grants

- **National Centre for Scientific Research (CNRS)**
  - Germany (DE)
  - Country: **FR**
  - Project ID: **130**
  - FP7 rank: **1**
  - H2020 rank (until 12/2018): **105**
- **Max Planck Society**
  - Germany (DE)
  - Project ID: **43**
  - FP7 rank: **6**
  - H2020 rank (until 12/2018): **72**
- **University of Cambridge**
  - UK
  - Project ID: **59**
  - FP7 rank: **2**
  - H2020 rank (until 12/2018): **39**
- **Tel Aviv University**
  - Israel (IL)
  - Project ID: **14**
  - FP7 rank: **31**
  - H2020 rank (until 12/2018): **36**
- **University of Munich (LMU)**
  - Germany (DE)
  - Project ID: **16**
  - FP7 rank: **24-28**
  - H2020 rank (until 12/2018): **32**
- **University of Amsterdam**
  - Netherlands (NL)
  - Project ID: **16**
  - FP7 rank: **24-28**
  - H2020 rank (until 12/2018): **31**
- **University of Oxford**
  - UK
  - Project ID: **55**
  - FP7 rank: **3**
  - H2020 rank (until 12/2018): **30**
- **Helmholtz Association**
  - Germany (DE)
  - Project ID: **34**
  - FP7 rank: **10**
  - H2020 rank (until 12/2018): **29**
- **University of Copenhagen**
  - Denmark (DK)
  - Project ID: **18**
  - FP7 rank: **21**
  - H2020 rank (until 12/2018): **27**
- **University College London**
  - UK
  - Project ID: **53**
  - FP7 rank: **7**
  - H2020 rank (until 12/2018): **26**

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**Europe’s top 10 universities**

**Respect Authority**

**Tel Aviv University and the European Commission**
The Research Authority is the Central division at Tel Aviv University that responsible for the administration of research.

In the course of adhering to agreed regulations and rules of the State, the University and of the funding bodies, we aim at enabling the University’s researchers to achieve excellence and successful research.
I hereby inform you that the Common Audit Service (CAS) at the European Commission, in charge of auditing the expenditure of the Horizon 2020 Framework Programme, has decided to carry out an audit on Horizon 2020 financial statements presented by your organisation. The possibility of such audits is foreseen by Article 22.1.3 of the Horizon 2020 grant agreement.
Financial Audits
Official EC notes

• The European Commission may order an audit of your H2020 grant during the project or at any time up to 2 years after the final payment.
• The Audit can be conducted by the Commission's own staff or outsourced to external persons or bodies appointed by the Commission.
• The auditors conduct their audit taking into account the provisions of the audited grant agreement under the Horizon 2020 Framework Programmes for Research and Innovation and in accordance with International Standards on Auditing. Those standards require that the auditors comply with ethical requirements, plan and perform relevant procedures in line with the Indicative Audit Programme, in order to obtain reasonable assurance that the financial statements are free of material misstatement.
• On the basis of the audit findings, a draft audit report will be prepared and sent to you. There is a 30 day period within which you will be able to provide your observations to the draft audit report. The auditors will then compile and reconcile any observations, and a final audit report will be prepared and sent to you.
• Any claimed costs found to be ineligible will then be recovered or deducted from the next payment.
• If systematic errors are found, the Commission may extend the findings of the audit results to non-audited grant agreements or non-audited periods. Besides these corrections, other measures may be taken, including financial and administrative penalties.
• If you have submitted a CoMUC, the auditor will ensure that you have applied the approved methodology consistently.
• To learn more about checks, reviews, audit & investigations, please read Article 22 of the H2020 Annotated Model Grant Agreement.
H2020 versus FP7

From
Full examination of a specific project done by the EC itself

To
Sample examination of several projects done by an external company or the court of auditors

I inform you that according to our new audit methodology, we will only check 10 cost claim items selected in advance on random basis from the breakdown of costs that you we will ask later with separate email. In the following weeks I will indicate how we will proceed.
How to be ready.
Step by step

• Macro level
• Micro level
Macro level

✓ Confirm that you are working according to all rules and regulations:
  • Personnel costs
  • Ethics
  • Privacy
  • Intellectual properties
  • Equipment/Depreciation
  • Internal invoicing
  • Third parties

✓ Look for your weak spots and address them.

✓ Show general improvements and lessons taken from previous audits: system updates, new regulations, new workflows etc.
Micro level

Verify
- what you are audited about

Cooperate
- with the auditors

Organize
- your books and supporting documents

Learn
- All previous reports for this and other projects

Prepper
- The requested items
- The project’s team
- Your institution

Know
- Your project

Address
- Any mistakes and missing documents
Why are we here?
Because knowledge = success

Can we be better peppered?
always

What is the “secret” for a “good” audit?
Thank you for listening