European Commission



EU Audits

Indicative Audit Programme (IAP)

EU Funding Programmes 2021-2027

Version 1.1
15 April 2026

IMPORTANT NOTICE

This document is designed as a guide for **financial audits** in **EU grants**.

It is based on the corporate EU Model Grant Agreement that is used for all EU Programmes for the 2021-2027 EU financial framework and describes the context, objectives and standard procedures to ensure the conformity of project expenditure.

Together with the EU Grants AGA — Annotated Grant Agreement*, it helps to explain the cost eligibility rules and the standards applied.

It is primarily designed for **EU auditors**, but can also be used as reference tool for **other EU services, CFS practitioners, beneficiaries**, etc.

⚠ This is just a guide. It aims to define general principles and standards. The actual audits will be based on audit checklists and sampling methods that will be adapted to each programme and audit, and that may differ depending on factors such as type of funding programme, type of stakeholders, complexity, type of grant, type of action, specific risk factors, etc.

HISTORY OF CHANGES		
Version	**Publication date**	**Changes**
1.0	15.07.2024	Initial version (Portal).
1.1	15.04.2026	Addition of instructions for the calculation of personnel cost daily rates in grants with multiple prefinancings (before the first interim payment/final payment).

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1. Introduction

EU audits are usually financial audits and thus aim to:

- check the costs declared (by entities that can declare costs; in practice only beneficiaries or affiliated entities; together 'participants') and
- obtain assurance on their eligibility and the methodologies and procedures used.

For the 2021-2027 EU financial framework, EU grants are all based on the same Model Grant Agreement and guidance, and audits can therefore follow a very similar pattern for most of the EU funding programmes.

This indicative audit programme (IAP) is designed to give general guidance and the types of procedures that are to be followed for the most common types of grants and cost categories. The audit procedures described here may be adapted by the EU services/auditors for their funding programmes and types of grants *(e.g. operating grants, unit grants, etc)* or for specific types of audits *(e.g. risk audits, see ISA 240)* — in line with their control strategy.

The indicative audit programme is complemented by the audit planning memorandum defined by the EU services/auditors performing the audit (to document the audit context and approach for each audit).

The standards used are normally the following:

- ISA 230 *Audit Documentation*
- ISA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*
- ISA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*
- ISA 320 *Materiality in Planning and Performing an Audit*
- ISA 330 *The Auditor's Responses to Assessed Risks*
- ISA 500 *Audit Evidence*
- ISA 600 *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*
- ISA 610 *Using the Work of Internal Auditors*
- ISA 620 *Using the Work of an Auditor's Expert*.

2. Audit preparation

2.1 Audit input file and other preparatory documents

For each audit, the following documents will be needed. They will be retrieved from the internal systems or requested from the participant, as appropriate.

Documents to retrieve from internal systems:

- LEAR contact details
- audit assignment (indicating scope/periods to be audited)
- grant agreement (GA) and amendments

- periodic reports
- financial statements
- CFS *(in most EU programmes; different thresholds)*
- operational verification reports *(currently not used by any EU programme)*
- financial statement assessment sheets
- detailed cost reporting tables (if already part of the standard reporting documents — otherwise detailed cost breakdown to be requested in letter of announcement (LoA)
- deviations report (comparison between budgeted and declared costs
- LFV report (financial viability result and audit history)
- CoMUC file (if applicable) *(only for DEP, EDF, CEF)*
- SPA file (if applicable) *(only for HE)*
- previous audit reports (if applicable)
- CAS audit on request form (if applicable).

Documents to request from participant (at different moments during the audit):

- internal control questionnaire — requested in letter of announcement (LoA)
- detailed cost breakdowns (depending on the EU programme, either already submitted as part of the periodic report - *see above* - or to be requested in the letter of announcement (LoA))
- supporting documents — requested in letter of announcement (LoA)
    - internal procedures describing usual cost accounting practices, payroll policy, travel policy, purchasing and subcontracting procedures, depreciation policy, methodology used for unit costs according to usual cost accounting practices (if used)
    - for personnel costs:
        - full list of persons involved in the project (indicating the periods they worked, their function, personnel cost type and type of contract)

        and

        - for the costs items that were sampled:
            - salary slips *(— only for actual costs)*
            - time records/time sheets
            - employment contracts
            - proofs of payment and relevant accounting documents *(personnel accounts, bank statements, invoices, receipts, etc) (— only for actual costs)*
            - other documents *(social security legislation, etc)*

        - details related to the basic remuneration, mandatory complements, variable complements, additional remuneration included (including information on type of personnel costs, name, duration of the contract, position of the person, information about method used)

- for subcontracting and purchase costs *(— only for the costs items that were sampled)*:

  general documentation:

    - calls for tender (if any)
    - received tenders (if any)
    - justification for the choice of subcontractor/contractor
    - contracts with subcontractors/contractors
    - invoices
    - proofs of payment and relevant accounting documents
    - evidence that the services were provided by the subcontractor/contractor
    - other documents *(national rules on public tendering if applicable, EU Directives, etc)*

  specific documentation for purchase costs:

    - for travel and subsistence costs *(— only for the costs items that were sampled)*:
        - invoices for all costs claimed *(receipts, hotel bills, etc)* (— only for actual costs)
        - other documents demonstrating the link to the action *(proofs of attendance such as minutes of meetings, reports, etc)*
    - for equipment costs *(— only for the costs items that were sampled)*:
        - inventory of durable equipment
        - delivery slips/certificates of first use
        - method of depreciation calculation
        - other documents demonstrating the link and the use of the equipment for the action *(e.g. usage overview table, etc)*
    - for costs of other goods and services *(— only for the costs items that were sampled)*:
        - proof demonstrating the link to the action *(e.g. delivery note invoice)*

- for financial support to third parties *(— only for the costs items that were sampled)*:

- proposals and project files of supported projects
- for grants: grant agreements/decisions and acceptance forms
- for prizes: rules of contest
- expense claims
- proofs of payment and relevant accounting documents

- for internally invoiced goods and services *(— only for the costs items that were sampled)*:
  - internal procedures demonstrating the methodology
  - logbooks for the number of units used on the action, etc
  - proofs of payment and relevant accounting documents,
  - description of the pool of costs used for the calculation of the unit costs
  - description of the total number of units used for the calculation of the unit costs
- for specific cost categories (if applicable): documents to be requested for the sampled cost items depend on the cost category and type of cost *(actual costs, unit costs, etc)*

- letter of representation — requested with draft audit report letter (only at the end of the audit)

2.2 Preparation

Based on the documents submitted, the auditors will prepare the audit *(review the documents, get an overview of the participant and its grants, familiarise themselves with the legal documents, check for certificates and previous audits, etc)*.

The issues to check and types of available procedures are listed below.

The audit preparation phase will be documented in the audit planning memorandum.

PREPARATION		
No	**Conditions**	**Procedures**
1	**Overview**	Get an overview and understanding of the audited participant and the projects (both from a financial and technical point of view). Check periodic reports, budget, financial statement assessment sheets, deviation report, LFV, etc.
2	**Non-standard clauses**	Identify non-standard clauses in the Grant Agreement (especially if relevant for the costs).
3	**Grant type and budget categories**	Identify the type of grant and budget categories/costing rules.
4	**Certificates**	Check if certificates are allowed/required under the Grant Agreement and

PREPARATION		
No	**Conditions**	**Procedures**
		whether they have been provided. If yes, retrieve the documents (see above): - Operational verification report *(currently not used by any EU programme)* - CFS *(in most EU programmes; different thresholds)* - CoMUC — for average costs (costs according to usual accounting practices) *(only for DEP, EDF, CEF)* - SPA *(only for HE)*.
5	**Roles**	Verify the role of the participant in the projects (coordinator, normal beneficiary, affiliated entity).
6	**Deviations**	Check supporting documents for any apparent deviations (grant not in the name of the participant, books/accounting records not in the name of the participant; payments not passed on to the other consortium members; coordinator tasks delegated).

3. System checks, risk assessment and sampling

Once they have an overview, the auditors will usually perform general systems checks and check for specific risk factors in order to determine whether the audit approach needs to be amended.

The issues to check and types of available procedures are listed below.

3.1 System checks and risk factors

SYSTEM CHECKS			
No	**Conditions**	**Procedures**	**Information**
1	**Accounting system**	Who is in charge of the accountancy for the EU project?	Name + department:
2		Is the accountancy outsourced to a third party?	Yes/No Name of accountant:
3		Is the general accounting system cash or accrual based? Since when?	
4		Does the participant have a cost accounting system? Are costs charged to the accounting on an actual or standard basis?	Yes / No Actual/standard
5		What IT system(s) are supporting	Name IT system:

SYSTEM CHECKS			
No	**Conditions**	**Procedures**	**Information**
		the general and cost accounting?	
6		Is it an integrated IT system? Has it been certified or audited? By whom and when?	Integrated/Not integrated Name of audit/certificate: Date:
7		Is the accounting software system equipped with analytical tools/cost accounting/functions allowing the participant: - to follow the income and expenditure of each project individually (project accounting)? - to have ledgers/financial reports with only the income and expenditure associated with a specific project (project accounting)? - to detect double charging? Perform a walk-through review of the procedures to ensure that, when recorded, the costs can be allocated exclusively to one project.	Yes / No
8		If the accounting software is not equipped with analytical tools/functions, what are the procedures and systems in place to allocate the income and expenditure to a specific project? *(e.g. excel tables, etc)*.	
9		If the accounting software is not equipped with analytical tools how does the participant ensure that double funding is excluded?	
10		Are transactions recorded in the participant's books on a timely manner? What is the frequency?	Yes / No Frequency: daily, weekly, monthly, …
11		Is there a documented tracking system in order to trace the transactions recorded in the general ledger to the supporting	Yes / No

SYSTEM CHECKS			
No	**Conditions**	**Procedures**	**Information**
		documentation?	
12		Do project management and accounting rules, procedures and practices used for EU projects deviate from the participant's usual ones?	Yes / No Specify:
13	**Payments**	Are there formalised payment authorisation procedures in place (conformity to the fact; ok for payment)?	Yes / No
14	**Financial statements**	Are the financial statements prepared and approved by a responsible project manager before being signed in the system by the FSIGN (i.e. the person with financial signatory rights in the Portal Grant Management System)?	Yes / No
15		Is there a formalised procedure in place for monitoring project costs whereby an individual reconciles each transaction charged to the project to supporting documentation, to verify validity and accuracy?	Yes / No
16		Is there a formalised procedure to compare the actually declared costs (in the EU cost statements; 'financial statements') to the budgeted costs, to ensure that unplanned deviations are identified and brought to the attention of the senior management?	Yes / No
17		Is there an adequate segregation of duties? Is there an overlap amongst the persons in charge of initiating purchases, launching payments and recording the transactions?	Yes / No
18	**Payroll**	Is there a formalised internal procedure for payroll matters (salary policy, overtime policy, variable pay, etc)?	Yes / No

SYSTEM CHECKS			
No	**Conditions**	**Procedures**	**Information**
19		Does the participant use a time recording system?	Yes / No
20		Are the time records signed by the employee, checked and approved by an authorised person?	Yes / No
21		What is the frequency of completion and approval of time records?	Frequency: daily, weekly, monthly, …
22		Is the time recording procedure mandatory for all the employees of the participant?	Yes / No
23		Is the actual time compared to the estimation of the work plan?	Yes / No
24	**Procurement & purchases**	Are there formalised internal procedures for subcontracting and purchases in place?	Yes / No
25		Ensure through a walk-through that the formalized procedure is effectively in place.	
26		Ensure on a sample basis that the procedure is operating effectively.	
27		Are all purchases following the prescribed path supported by authorised purchase orders, original invoices and proof of payments?	Yes / No
28	**Travel**	Is there a formalised procedure in place for travels?	Yes / No
29	**Durable equipment**	Is there a formalised procedure in place for purchases of durable equipment?	Yes / No
30		Description of the depreciation policy *(system, thresholds, control steps, etc)*.	
31		Has the participant designed a method to allocate expenses to the project based on the degree of use?	Yes / No

SYSTEM CHECKS			
No	**Conditions**	**Procedures**	**Information**
32		In what way are important investments allocated (calls for tender)?	
33	**Other**	If the participant presents digital or digitalised accounting documents, verify that they are authorised by the applicable national law.	
34		…	

RISK FACTORS		
No	**Risk factors**	**Information**
Risks related to participant or type of project		
1	Based on the information obtained from the participant, are there risks based on the type of its activities or nature of the business?	Yes / No Specify:
2	Are the accounts of the participant audited by a chartered accountant (or public officer)?	Yes / No Name of accountant:
3	Is the participant part of a large or complex group where intercompany invoicing (for management charges or other services) could exist? Consider the impact on claimed overheads.	Yes / No Name of group:
4	Are the audited projects part of EU Synergy calls?	Yes/No Linked project No:
Risks related to financial situation		
5	Based on a review of the latest published annual financial statements: - Were the last annual financial statements qualified by the auditors? - Is the participant incurring losses? - Is there any indication of going concern problems? - Is there any indication of major litigation involving the participant? - Do the EU projects seem to generate substantial revenues for the participant?	Yes / No Specify:

RISK FACTORS		
No	**Risk factors**	**Information**
6	Does the participant appear to be heavily reliant on EU projects/funding?	Yes / No How many ongoing per year: Percentage of revenue:
7	Has the participant received (financial) contributions from other companies, EU, international or national bodies for the audited projects.	Yes / No Other sources:
8	Does the participant receive EU operating grants (including in the past)?	Yes / No OG project No:
9	Is the auditor issuing the CFS the same auditor also certifying the annual accounts? If no, on what basis did the participant decide to assign another auditor?	Yes / No Name of accountant: Reason:
Risks related to internal procedures and controls		
10	Are there risks reported in previous audits on the participant?	Yes / No
11	Has the participant an approved CoMUC or SPA under this or another EU programme?	Yes / No
12	Is there a lack of formal internal procedures?	Yes / No Reason:
13	Is there a lack of internal controls?	Yes / No Reason:
14	Is there a weak/unclear accounting system?	Yes / No Reason:
15	Is there any indication of: - management override of controls? - lack of segregation of incompatible duties? - non-routine transactions? - insufficient authorisation procedures? - risk of intentional misstatement of cost statements? - fraud? - incomplete evidence (lack of time-recording, etc)?	Yes / No Specify:
16	Is there EDES flagging?	Yes / No

RISK FACTORS		
No	**Risk factors**	**Information**
		Type of flag:
Risks related to staff experience		
17	Assess the level of management experience and knowledge in EU grants?	High / Medium / Low Reason:
18	Has there been a significant turnover in project management/project staff?	Yes / No
19	Has there been a significant turnover in accounting?	Yes / No
20	Does the participant's corporate culture emphasize the importance of integrity and ethical behaviour of the staff or code of conduct?	Yes / No
Internal warning		
21	Have the operational service or other EU services raised any particular concerns about the participant?	Yes / No

3.2 Audit approach and sampling

On the basis of the systems findings and risk assessment, the auditors will define their audit approach and sampling methodology for the specific audit *(standard approach, amended approach, bigger sample, etc)*.

The auditors will select a sample of cost items from the detailed cost breakdowns for the different cost categories.

The sampling methodology applied in each EU programme will depend on the general audit strategy/audit plan of the programme concerned and the audit approach.

Thus, for standard audits, typically the following sampling method can be used (as a minimum; additional items may have to be selected if necessary):

> Monetary Unit Sampling (MUS) methodology with specific MUS tool: A sample of 10 items (all categories combined) is considered acceptable with at least one (1) item per cost category. Meaning that once 10 items are selected but one or more categories are not represented in the sample, then +1 item from each missing categories will be added and be part of the initial sample. Therefore, the total number of items in the initial sample can be higher or lower than 10 items, depending on the cases. The definition of an item is the following:
>
> - Personnel costs — 1 person = 1 item
> - Subcontracting costs — 1 contract = 1 item
> - Travel costs — 1 person/event = 1 item
> - Other direct costs (D2, D3…) — 1 line in the breakdown = 1 item.

The sample may have to be adapted to specific funding schemes *(e.g. for HE ERC personnel costs the sample normally needs to be extended by adding one more person with a different type of employment contract (if possible) because ERC actions often have the personnel cost for one person (PI) as 50% of personnel costs declared; for CEF a large part of the costs is in one cost category (subcontracting), so the sampling will have to take this into account)*.

4. Cost eligibility checks — On the spot visit

The cost eligibility checks are done partly during the audit preparation and partly on site, when the auditors visit participant's premises (on-the-spot visit).

The issues to check and types of available procedures are listed below.

4.1 Standard cost categories (budget-based mixed actual costs grant)

4.1.1 Employees, Natural persons with direct contract, Seconded personnel (A.1-A.3) (actual costs)

EMPLOYEES, NATURAL PERSONS WITH DIRECT CONTRACT, SECONDED PERSONNEL (A.1-3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
General			
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the general and specific eligibility rules and the calculation methodology.	
2	**Usual practices**	Read the internal procedures on the usual practices regarding payroll matters *(salary policy, overtime policy, variable pay, etc)*. If there are no written internal procedures, conduct walkthroughs and interviews to establish the usual practices.	
3	**Daily rate calculation methodology**	Understand the methodology used to calculate the daily rates. Assess compliance. Check that daily rates are calculated individually for each person involved in the project (and per reporting period). If average personnel costs are used, *see below*. Verify that the daily rates for employees for each reporting period have been calculated according to the following formula: *{actual personnel costs during the months within the reporting period}* *divided by* *{maximum declarable day-equivalents}*	Special rules apply in case the Grant Agreement provides for 'project-based supplementary payments' or 'average personnel costs' *(see Data Sheet)*.

EMPLOYEES, NATURAL PERSONS WITH DIRECT CONTRACT, SECONDED PERSONNEL (A.1-3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		Verify that the maximum declarable day-equivalents have been rounded up or down to the nearest half-day. Verify that the daily rates for costs other than employees are calculated in accordance with the applicable Grant Agreement formulas (i.e. for persons with a direct contract or seconded against payment). Cross-check if consistent with the information in the detailed personnel cost breakdown. Verify that the daily rate calculation methodology is based on objective criteria regardless of the source of funding; in particular that they do not refer only to EU grants.	
4	**Time recording system**	Review internal guidelines and time recording procedures and perform interviews. Confirm if there is a general time-record system in place or if the participant uses simple time declarations. Assess compliance: If the participant uses the template for time declarations available on Funding & Tenders Portal Reference, verify that documents are signed at least monthly: - by the person working for the project, - by the supervisor. If the participant uses another reliable time-record system: For computer-based systems, verify that: - electronic signatures require a password and a username, - there is a documented and secure process for managing user rights, and - an auditable log of all electronic transactions. For paper -based, verify that: - timesheets are signed at least monthly, by the employee and the supervisor. In both cases, verify that the monthly declarations/time records include at least the following minimum requirements:	Report and raise recommendations on any not fulfilled minimum requirement by the time recording system. If other than the number of days/hours is missing, collect and assess additional evidence to corroborate the missing information for each monthly declaration/time record concerned. If the number of days/hours is missing for a sampled person, consider the corresponding monthly declaration/time record in question unreliable and perform an alternative evidence procedure. If the additional evidence is not sufficient to confirm the links to the action, to the person working on the action and to the supervisor, consider the declaration/time record in question unreliable and perform an alternative evidence procedure.

EMPLOYEES, NATURAL PERSONS WITH DIRECT CONTRACT, SECONDED PERSONNEL (A.1-3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		– the title and number of the action, as specified in the Grant Agreement, – the participant's full name, as specified in the Grant Agreement, – the full name, date and signature of the person working for the action, – the number of days per month worked for the action in the period covered by the time record, – the supervisor's full name and signature, – a reference to the action tasks or work package described in Annex 1 GA, to which the person has contributed during the declared month. For both cases: Cross-check any discrepancy within the list of persons involved in the project and the information provided in the periodic report *(e.g. detailed cost reporting table/use of resources)*. If the participant keeps parallel time recording systems, *e.g. weekly time-sheets of hours and monthly declarations of days*, confirm that they are consistent. In case of significant discrepancies, only the set of documents recording the lower number of days can be accepted.	
In each project			
5	**Recorded in the accounts (identifiable and verifiable)**	Cross check the personnel costs with bookings in P&L payroll accounts and social debt in liabilities. <u>For the sample:</u> Verify the correct and complete entry in the accounting system. Verify that the actual personnel costs used for the calculation of the daily rate were recorded: - in the participant's statutory accounting books and derive from the payroll system - in accordance with the participant's usual cost accounting practices. Reconcile the project cost accounting with the general ledger (GL)/analytical accounting books.	Report exceptions from the usual accounting practices and assess the reasons presented by the participant to justify them.

EMPLOYEES, NATURAL PERSONS WITH DIRECT CONTRACT, SECONDED PERSONNEL (A.1-3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		Vouch the costs claimed to the employment contracts, individual payroll/salary slip and bank statements showing amounts paid. Verify that the costs have not been re-invoiced by the participant to another legal entity. Verify that there are no corrections to the recorded costs *(netting off, credit entry, cancellation)* which have not been taken into consideration by the participant when preparing the financial statements. Special attention should be paid to costs which may be reimbursed under some circumstances by the social security *(long duration illness, etc)*. Periods of special leave, illness, etc in the time recording or involvement in other projects/ not working fully for the action increase the risk that there are amounts received from other sources to cover part of the salary. For programmes with double conversion *(currently all EU programmes)*: Verify that costs incurred in other currencies were recorded in the statutory accounting books in conformity with the usual accounting practices.	
6	**Personnel cost type classification**	Verify for the sample the appropriate classification of personnel costs under the Grant Agreement *(employees, natural persons with direct contract, seconded personnel, SME owners/natural persons not receiving a salary, volunteers, other…)*. Check employment contracts, direct contracts, etc.	
7	**Daily rates used**	Verify for the sample that the daily rates used in the detailed cost breakdown were calculated per person and reporting period and in accordance with the applicable Grant Agreement formulas (i.e., for employees, persons with a direct contract or persons seconded against payment; *see above*). Recalculate to verify the accuracy of the detailed cost breakdown. Verify that the salaries, social security contributions, taxes and other costs included in the remuneration arise from national law or the employment contract, collective labour agreement (or equivalent appointing act). Review the personnel cost components	Note that for grants with additional *technical* reporting periods for additional prefinancings (Data Sheet), the daily rates for the first interim payment/final payment can be calculated based on: - either a single daily rate covering the full duration of the *financial* reporting period (i.e. covering all *technical* reporting periods from the start

EMPLOYEES, NATURAL PERSONS WITH DIRECT CONTRACT, SECONDED PERSONNEL (A.1-3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		included in the daily rate and verify that they are free of ineligible items. For specific cases (part time work, supplementary payments/bonuses/additional remuneration, average personnel costs, parental leave, etc).	of the action up to the payment request) - or separate daily rate calculations for each *technical* reporting period.
8	**Days declared**	Cross-check for the sample the days declared in the detailed cost breakdown against the time-records. Conduct interviews. Ask the persons to describe their part in the project and to estimate their time worked on it. Verify that the information included in the time records match records of the taken annual holidays, statutory holiday, sick leave, other leaves, and work-related travel. Make random comparisons with travels claimed and payroll information. Verify that that the days recorded in the time records do not include days during GA suspension or outside the duration of the action. If days are declared outside the duration of the action, verify that they relate to the submission of the final report. Horizontal 215-days ceiling and maximum declarable day-equivalents—Verify that the horizontal ceiling and the maximum declarable day-equivalents are respected. Horizontal ceiling: The total number of days declared in EU and Euratom grants for a person for a year must NOT be higher than 215 (or the corresponding pro-rata by multiplying 215 with the working time factor). Maximum declarable day-equivalents: The calculation for each reporting period must be as follows: *{((215 / 12) multiplied by the number of months [during which the person is employed] within the reporting period) multiplied by the working time factor [e.g. 1 for full-time, 0.5 for 50% part time etc.}* Verify that the day equivalents have been rounded up or down to the nearest half-day ONLY for the purpose of the personnel costs calculation (NOT in each monthly declaration).	In case of unreliable time recording, the participant will be requested to provide alternative evidence to support the number of declared day-equivalents worked for the action. The alternative evidence must: – clearly identify the person concerned, – clearly link the person to the project, – allow to clearly quantify the time (day-equivalents) spent on project-related tasks.

EMPLOYEES, NATURAL PERSONS WITH DIRECT CONTRACT, SECONDED PERSONNEL (A.1-3) (actual costs)			
No	**Conditions**	**Procedures**	
9	**General eligibility conditions — No ineligible costs**	Verify for the sample whether the costs declared fulfil the general eligibility requirements established in the Grant Agreement. In particular: Verify if the persons are assigned to the action. Time records compliant with the requirements of the Grant Agreement would normally suffice to confirm that a person is specifically assigned to the action. Alternative procedures to be considered: Review contracts (or equivalent), job description, internal written instructions, organisation chart or other evidence to support the management decision that the personnel was assigned to the action. Verify that the persons were not supposed to fully work for another action/project. Exclude arbitrary bonuses *(i.e. bonuses which are not part of the participant's usual remuneration practices and/or which are not based on objective conditions, or bonuses that depend on budget availability on the specific project, e.g. paid only if there are remaining funds in the budget of a project)* and payments of dividends to employees *(profit distribution)*. Only bonuses based on the overall financial performance of the participant organisation *(e.g. profitability or surplus as part of the usual remuneration practices)* may be accepted, if they fulfil the conditions for supplementary payments. Any part of the remuneration which is based on commercial targets or fundraising targets is NOT eligible (because neither incurred in connection with the work described in Annex 1 GA nor necessary for its implementation). Verify that the costs charged do not include indirect costs. The participant may not use estimations or key drivers to apportion costs of indirect nature, as direct costs to the project. Only costs directly attributable to the action can be declared. Verify that the persons have not been funded by other sources *(other grants and contracts funded by the EU budget, national funding, etc)*. Verify that costs were converted into EUR in line with the provisions set out in the Grant	If costs are claimed for reimbursement in the audited project and another EU funded project, these costs should be rejected in full.

EMPLOYEES, NATURAL PERSONS WITH DIRECT CONTRACT, SECONDED PERSONNEL (A.1-3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		Agreement.	

4.1.2 SME owners unit costs (A.4) (unit cost)

See below, unit cost categories.

4.1.3 Volunteers unit costs (A.5) (unit costs)

See below, unit cost categories.

4.1.4 Subcontracting (B.) (actual costs)

SUBCONTRACTING (B.) (actual costs)			
No	**Conditions**	**Procedures**	⚠
General			
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the general and specific eligibility rules and the calculation methodology.	
2	**Usual practices**	Read the internal procedures for subcontracting. If there are no written internal procedures, conduct walkthroughs and interviews to establish the usual practices.	
3	**Subcontracting procedures**	Assess compliance of the internal procedures/usual practices. Verify that the internal procedures/usual practices ensure best value for money and avoid conflicts of interest. Verify that the internal procedures/usual practices are based on objective criteria regardless of the source of funding; in particular that they do not refer only to EU grants.	
In each project			
4	**Recorded in the accounts (identifiable and verifiable)**	Reconcile the subcontracting costs in the financial statements and the detailed cost breakdown with the data in the accounting system.	

SUBCONTRACTING (B.) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		For the sample: Verify the correct and complete entry in the accounting system. Vouch the costs claimed to underlying original invoices. Vouch the costs claimed to underlying bank statements showing amount and date of payment. Verify that the costs have not been re-invoiced by the participant to another legal entity. Verify that there are no corrections to the recorded costs *(netting off, credit entry, cancellation)* which have not been taken into consideration when preparing the financial statements. Ensure that amounts invoiced are in line with the contractual agreements between the participant and the subcontractors. Ensure the costs claimed properly reflect the potential rebates or discounts received by the participant (if any). For programmes with double conversion *(currently all EU programmes)*: Verify that costs incurred in other currencies were recorded in the statutory accounting books in conformity with the usual accounting practices.	
5	**Subcontracting procedure and price**	Verify for the sample that the subcontracts have been awarded in line with the internal procedures/usual practices and ensured market price and no conflict of interests. Verify that the qualifications of the subcontractor correspond to the requirements set out for the subcontract. If applicable, verify for the sample that the subcontracts have been awarded in line with national law on public procurement.	
6	**General eligibility conditions — No ineligible costs**	Verify for the sample whether the costs declared in the financial statements fulfil the general eligibility requirements set out in the Grant Agreement. In particular: Verify evidence of delivery of services provided by subcontractors.	Discrepancies superior to the budget +10% should be proposed for rejection and subject to the assessment of the operational services (assessment during their consultation on the draft

SUBCONTRACTING (B.) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		Verify that the subcontracts are mentioned in Annex 1 GA (or approved via a periodic report; simplified approval procedure). Compare the budgeted and claimed amounts and confirm that there are no material discrepancies (not more than 10%). Verify that the subcontracting was necessary (because the work could not be carried out by the participant itself or because it was more efficient to use the services of a specialised participant). Verify the existence of signed agreements between the participant and the subcontractor. Verify that the subcontracts were not awarded to other beneficiaries or to affiliates, unless they have a framework contract or they are their usual providers, and the subcontract is priced at market conditions. Verify that the participant's contractual obligations under the Grant Agreement are also imposed on subcontractors. Verify that the costs charged do not include deductible VAT. Refer to the national tax law and declarations delivered by the national tax authorities. Verify that the services were provided by the subcontractor. Verify that the charged costs do not include indirect costs. Verify that that no subcontracting costs were charged during GA suspension. Verify that costs were converted into EUR in line with the provisions set out in the Grant Agreement.	audit report).

4.1.5 Travel and subsistence (C.1) (actual costs)

TRAVEL AND SUBSISTENCE (C.1) (actual costs)			
No	**Conditions**	**Procedures**	⚠
General			
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the	

TRAVEL AND SUBSISTENCE (C.1) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		general and specific eligibility rules and the calculation methodology.	
2	**Usual practices**	Read the internal procedures for travels. If there are no written internal procedures, conduct walkthroughs and interviews to establish the usual practices.	
3	**Travel procedures**	Assess compliance of the internal procedures/usual practices. Cross-check with the approach used in the travels charged to the action *(class for flights and train journeys, classification of hotels, per diems applied for the same category of staff involved in the project, etc)*. Verify that the internal procedures/usual practices are in line with the requirements of the Grant Agreement. Verify that the internal procedures/usual practices ensure best value for money and avoid conflicts of interest. Verify that the internal procedures/usual practices are based on objective criteria regardless of the source of funding; in particular that they do not refer only to EU grants.	
In each project			
4	**Recorded in the accounts (identifiable and verifiable)**	Reconcile the travel costs in the financial statements and the detailed cost breakdown with the data in the accounting system. <u>For the sample:</u> Verify the correct and complete entry in the accounting system during the reporting period in which the costs are declared. Vouch the costs claimed to underlying bank statements and cash registers showing amount and date of payment. Verify that the costs have not been re-invoiced by the participant to another legal entity. Verify that there are no corrections to the recorded costs *(netting off, credit entry, cancellation)* which have not been taken into consideration when preparing the financial statements.	Special rules apply in case the Grant Agreement provides for 'unit or actual costs' for travel, accommodation and subsistence *(see Data Sheet)*.

TRAVEL AND SUBSISTENCE (C.1) (actual costs)			
No	**Conditions**	**Procedures**	
		Ensure the actual costs claimed properly reflect the potential rebates or discounts received by the participant (if any). For programmes with double conversion *(currently all EU programmes)*: Verify that costs incurred in other currencies were recorded in the statutory accounting books in conformity with the usual accounting practices.	
5	**Purchasing procedure and travel costs**	Verify for the sample if the reimbursement of travel and subsistence costs is in line with participant's internal procedures/usual practices. Where travel and subsistence costs are paid by the participant on the basis of per diems/allowances, ensure that costs claimed correspond to the per diems/allowances and not to the actual costs of the persons travelling. Where travel and subsistence costs are paid by the participant based on the actual costs incurred, ensure that costs claimed correspond to underlying invoices. Check that the underlying invoices are addressed to the participant.	
6	**General eligibility conditions — No ineligible costs**	Verify for the sample whether the costs declared in the financial statements fulfil the general eligibility requirements established the Grant Agreement. In particular: Reconcile the dates of the travels with the time records of the individuals which travelled. Verify that the events for which travel costs are claimed effectively took place and were attended *(meeting minutes, attendance lists, facilities reservations, etc)*. Verify that the travels were necessary and directly linked to the project (minutes of meeting and workshops). Verify the breakdown of travel costs to identify unusual names and locations. Verify if the costs charged are reasonable and that no upgrades took place for the purpose of claiming costs in the EU projects. Verify that the travel arrangements are limited to the duration of the events and to the	

TRAVEL AND SUBSISTENCE (C.1) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		persons working on the action. For cases of combined travel with personal travels or travels for other purposes, verify that it is the participant's usual practice to pay for such travels and confirm that the costs charged to the action are limited to the costs that would have been incurred if the travel would have been made exclusively for the action. Verify that the costs do not include private, entertainment or hospitality expenses *(gifts, special meals and dinners, minibar, TV, laundry, tips)*. Verify that the travel took place during the action duration. Verify that the costs charged do not include deductible VAT. Refer to the national tax law and declarations delivered by the national tax authorities. Verify that the charged costs do not include indirect costs. Verify that that the travels did not take place during GA suspension. Verify that costs were converted into EUR in line with the provisions set out in the Grant Agreement	

4.1.6 Equipment (C.2) (actual costs)

EQUIPMENT (C.2) (actual costs)			
No	**Conditions**	**Procedures**	⚠
General			
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the general and specific eligibility rules and the calculation methodology.	
2	**Usual practices**	Read the internal procedures for purchases or durable equipment. If there are no written internal procedures, conduct walkthroughs and interviews to establish the usual practices.	

EQUIPMENT (C.2) (actual costs)			
No	**Conditions**	**Procedures**	
3	**Purchasing procedures**	Assess compliance of the internal procedures/usual practices. Verify that the internal procedures/usual practices ensure best value for money and avoid conflicts of interest. Verify that the internal procedures/usual practices are based on objective criteria regardless of the source of funding; in particular that they do not refer only to EU grants *(e.g. to identify whether tendering is needed, which approval is required for the acquisition, etc)*.	Special rules apply for contracting authorities/contracting entities within the meaning of the EU Public Procurement Directives.
4	**Depreciation method**	Understand the methodology used for depreciation of durable equipment *(depreciation methods used, etc)*. Assess compliance. Verify that the depreciation method is in line with the requirements of the Grant Agreement *(e.g. rate of use if not used exclusively for the project, written off in line with international accounting standards (IAS) and the participant's usual accounting practices)*.	Special rules apply in case the Grant Agreement allows for 'full cost' for equipment *(see Data Sheet)*.
In each project			
5	**Recorded in the accounts (identifiable and verifiable)**	Reconcile the equipment costs in the financial statements and the detailed cost breakdown with the data in the accounting system. For the sample: Verify the correct and complete entry in the accounting system during the reporting period in which the costs are declared. Verify the payment made by the participant. Verify that the costs have not been re-invoiced by the participant to another legal entity. Verify that there are no corrections to the recorded costs *(netting off, credit entry, cancellation)* which have not been taken into consideration when preparing the financial statements. Ensure the actual costs claimed properly reflect the potential rebates or discounts received by the participant (if any). Verify that supporting documents can be reconciled with the sampled items claimed and	

EQUIPMENT (C.2) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		are addressed to the participant. For programmes with double conversion *(currently all EU programmes)*: Verify that costs incurred in other currencies were recorded in the statutory accounting books in conformity with the usual accounting practices.	
6	**Purchasing procedure, price and depreciation method**	Verify for the sample that the equipment has been purchased in line with the internal procedures/usual practices and ensured market price and no conflict of interests. Recalculate for the sample the depreciation in line with the usual accounting practices. Make sure that the depreciation is done on the acquisition value. Verify that the acquisition value is free of ineligible items *(like VAT, indirect costs, bank charges, exchange rate losses, etc)*. Consider also the possible residual value. Verify the rate of use of the equipment for the project. To this end, obtain a usage overview table and/or discuss the use with the project manager and users. Verify that only depreciation accumulated during the audited periods is charged.	
7	**General eligibility conditions — No ineligible costs**	Verify for the sample whether the costs declared in the financial statements fulfil the general eligibility requirements set out in the Grant Agreement. In particular: Verify the existence of the equipment (including verification of the serial number of the equipment with the number on the invoice/delivery note). The physical inspection for intangible assets may take form of logging on, demonstration, interviews with staff, etc. For assets located in a different location, obtain written confirmation with digital photo and asset registration form from the responsible technical personnel. If assets do not exist anymore *(sold, given for free, destroyed, disposed, etc)*, inspect accounting and other documentation to define the date on which the asset is written-off from the asset register. Verify that the equipment was necessary for the project and meets the principles of sound financial management, economy and efficiency.	

EQUIPMENT (C.2) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		Verify the date the equipment was made available on the basis of the delivery note. Depreciation from a date before reception is not acceptable. Verify that only depreciation accumulated during the action duration and according to the rate of use for the project is charged. Cross-check against logbooks, laboratory registers, diaries, etc. Verify that the costs charged do not include deductible VAT. Refer to the national tax law and declarations delivered by the national tax authorities. Verify that the charged costs do not include indirect costs. Verify that the costs charged do not include any financing fees. Verify that that no depreciation was charged during GA suspension. Verify that costs were converted into EUR in line with the provisions set out in the Grant Agreement. Compare the foreign exchange rates at the date of asset recognition and the date of the payment in order to verify that the costs charged did not include any currency exchange losses.	
8	**Revenues**	If assets were sold, review the transactions to ensure that the proceedings of the sale have been properly declared as revenues. For programmes with durability clause *(e.g. LIFE, AMIF/ISF/BMVI, EUAF, CCEI)*: Verify that the durability obligations were complied with (in line with the requirements of Annex 5 GA).	

4.1.7 Other goods, works and services (C.3) (actual costs)

OTHER GOODS, WORKS AND SERVICES (C.3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
General			
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the general and specific eligibility rules and the	

OTHER GOODS, WORKS AND SERVICES (C.3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		calculation methodology.	
2	**Usual practices**	Read the internal procedures for purchases. If there are no written internal procedures, conduct walkthroughs and interviews to establish the usual practices.	
3	**Purchasing procedures**	Assess compliance of the internal procedures/usual practices. Verify that the internal procedures/usual practices ensure best value for money and avoid conflicts of interest and the internal procedures for the valuation methods for stocks' consumption *(LIFO, FIFO, etc)*. Verify that the internal procedures/usual practices are based on objective criteria regardless of the source of funding; in particular that they do not refer only to EU grants.	Special rules apply for contracting authorities/contracting entities within the meaning of the EU Public Procurement Directives.
In each project			
4	**Recorded in the accounts (identifiable and verifiable)**	Reconcile the costs in the financial statements and the detailed cost breakdown with the data in the accounting system. <u>For the sample:</u> Verify the correct and complete entry into the accounting system. Vouch the costs claimed to underlying invoices. For supplies already in stock *(goods, raw materials, spare parts, components, etc),* verify that the valuation method used to determine the costs is compliant with the participant's usual practices. Vouch the costs claimed to underlying bank statements showing amount and date of payment. Verify that the costs have not been re-invoiced by the participant to another legal entity. Verify that there are no corrections to the recorded costs *(netting off, credit entry, cancellation)* which have not been taken into consideration when preparing the financial statements. Ensure that the goods charged as consumables: - are not placed in the inventory of durable	

OTHER GOODS, WORKS AND SERVICES (C.3) (actual costs)			
No	**Conditions**	**Procedures**	⚠
		equipment - are not treated as capital expenditure in accordance with the accounting conventions and policies - have a short life expectancy, certainly not greater than the duration of the work under the project. Ensure the actual costs claimed properly reflect the potential rebates or discounts received by the participant (if any). For programmes with double conversion *(currently all EU programmes)*: Verify that costs incurred in other currencies were recorded in the statutory accounting books in conformity with the usual accounting practices.	
5	**Purchasing procedure and price**	Verify for the sample that the purchases were made in line with the internal procedures/usual practices and ensured market price and no conflict of interests.	
6	**General eligibility conditions — No ineligible costs**	Verify for the sample whether the costs declared in the financial statements fulfil the general eligibility requirements set out in the Grant Agreement. In particular: Verify that the costs charged do not include deductible VAT. Refer to the national tax law and declarations delivered by the national tax authorities. Verify that the charged costs do not include indirect costs. Verify in particular that the goods or services are not charged to the action through any apportionment method *(approximation, distribution keys, etc.)*. Verify that that purchase costs were not incurred during GA suspension. Verify that costs were converted into EUR in line with the provisions set out in the Grant Agreement.	

4.1.8 Financial support to third parties (D.1) (actual costs)

FINANCIAL SUPPORT TO THIRD PARTIES (D.1) (actual costs)

No	Conditions	Procedures	⚠
General			
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the general and specific eligibility rules and the calculation methodology.	
2	**Usual practices**	Read the internal and external documentation on the procedures for giving the support. If there is no documentation, conduct walkthroughs and interviews to establish the usual practices.	
3	**Award procedures and conditions for financial support**	Assess compliance of the procedures/usual practices. Verify that the procedures/usual practices ensure objective and transparent selection procedures in accordance with the conditions set out in the Grant Agreement (Annex 1). Verify that the procedures/usual practices are based on objective criteria regardless of the source of funding; in particular that they do not refer only to EU grants.	
In each project			
4	**Recorded in the accounts (identifiable and verifiable)**	Reconcile the costs for financial support in the financial statements and the detailed cost breakdown with the data in the accounting system. For the sample: Verify the correct and complete entry in the accounting system. Vouch the costs claimed to underlying original expense claims. Vouch the costs claimed to underlying bank statements showing amount and date of payment. Trace the amounts to the recipient's bank accounts. Verify that there are no corrections to the recorded costs *(netting off, credit entry, cancellation)* which have not been taken into consideration when preparing the financial statements. Ensure that amounts paid are in line with the Grant Agreement (Annex 1) and the grant agreements/decisions between the participants and the recipients.	

FINANCIAL SUPPORT TO THIRD PARTIES (D.1) (actual costs)			
No	**Conditions**	**Procedures**	⚠
5	**Award procedure and amount of support**	Verify for the sample that the support has been awarded in line with the internal procedures/usual practices and ensured objective and transparent selection procedures. Verify that the amounts of support are in line with the maximum amounts set out in the Grant Agreement (Data Sheet and Annex 1).	
6	**General eligibility conditions — No ineligible costs**	Verify for the sample whether the costs declared in the financial statements fulfil the general eligibility requirements set out in the Grant Agreement. In particular: Reconcile the list of recipients for whom costs have been claimed with the proposals and project documentation. Verify the existence of signed grant agreements/acceptance forms between the participants and the recipients. Verify if there were audits undertaken by the participant on the recipients. Trace the cost adjustments to the financial statements to the EU and ensure that they were taken into account. Verify if there was national funding to the recipients and that the conditions comply with the Grant Agreement (Annex 1).	

4.1.9 Indirect cost flat rate (E.) (flat rate)

INDIRECT COST FLAT RATE (E.) (flat rate)			
No	**Conditions**	**Procedures**	⚠
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the rules on indirect costs.	
2	**Indirect costs**	Verify the pool of costs for the indirect cost flat-rate (i.e. that no indirect costs are included in the direct costs claimed).	
3	**General eligibility conditions**	If the participant receives an EU operating grant during the action duration: verify that: - the operating grant does NOT cover	

		100% of the participant's annual budget (i.e. not a full operating grant) - the participant uses analytical accounting which allows for a cost accounting management with cost allocation keys and cost accounting codes and applies the keys and codes to identify and separate the costs (i.e. to allocate them to either the action grant activities or the operating grant activities) - the participant records: - all real costs incurred for the activities that are covered by their operating grant (i.e. personnel, general running costs and other operating costs linked to the WP) and - all real costs incurred for the activities that are covered by the action grant (including the indirect costs linked to the action) - the allocation of the costs is done in a way that leads to a fair, objective and realistic result. *For programmes with manual (not automatically calculated) 25% indirect cost flat-rate (EDF):* Verify that the indirect cost flat-rate was calculated on the basis of the correct group of direct cost.	

4.2 Special cost categories

4.2.1 Average costs (unit cost according to usual cost accounting practices)

UNIT COSTS ACCORDING TO USUAL COST ACCOUNTING PRACTICES *(HE, DEP, EDF, CEF, HUMA average personnel costs; HE, DEP, EDF internally invoiced goods and services; HUMA field office costs)*			
No	**Conditions**	**Procedures**	⚠
General			
1	**Certificate (CoMUC) ?**	<u>If there is a CoMUC:</u> Verify that the costs have been declared using the certified methodology. Verify that the participant did not conceal information when presenting the methodology for certification.	If the certified methodology has not been applied or if the participant concealed information, report non-compliance and report the eligible costs based on actual costs without

UNIT COSTS ACCORDING TO USUAL COST ACCOUNTING PRACTICES *(HE, DEP, EDF, CEF, HUMA average personnel costs; HE, DEP, EDF internally invoiced goods and services; HUMA field office costs)*			
No	**Conditions**	**Procedures**	⚠
		If there is NO CoMUC: continue with the general procedures.	proposing an adjustment.
2	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the general and specific eligibility rules and the calculation methodology. Verify if the unit cost is optional (if participants can chose actual costs as alternative) or mandatory.	
3	**Usual practices**	Read the internal documentation on the unit cost methodology.	
4	**Unit cost calculation methodology**	Assess compliance of the unit cost methodology. Verify that the methodology used is in compliance with the Grant Agreement (i.e. amounts per unit calculated on the basis of actual costs recorded in the accounting minus ineligible costs and usual accounting practices which are consistent and objective and regardless of the source of funding). Check that the methodology used ensures that: - the amounts are calculated in accordance with the Grant Agreement, - the amounts represent a reliable proxy of the real costs incurred, - the information contained in the accounting records and other source data is reliable and sufficient for determining the amounts, - the amounts are regularly updated. Cross-check if consistent with the information in the detailed cost breakdown.	
In each project			
5	**Amounts per unit used**	Verify for the sample that unit costs were calculated in accordance with the Grant Agreement. Recalculate to verify the accuracy of the detailed cost breakdown. Review the cost components included in the	

UNIT COSTS ACCORDING TO USUAL COST ACCOUNTING PRACTICES *(HE, DEP, EDF, CEF, HUMA average personnel costs; HE, DEP, EDF internally invoiced goods and services; HUMA field office costs)*			
No	**Conditions**	**Procedures**	⚠
		amount per unit and verify that they are free of ineligible items.	
6	**Number of units declared**	Verify for the sample that the number of units declared is supported by records and documentation.	
7	**General and specific eligibility conditions — No ineligible costs**	Verify for the sample whether the amounts declared in the financial statements fulfil the general eligibility requirements set out in the Grant Agreement. In particular: Verify that the units have been actually implemented (used or produced). Verify that the units were necessary for the implementation of the action. Verify that the participant did not declare costs covered by the unit cost also under other cost categories. Verify the specific eligibility conditions set out in the Grant Agreement (if any).	

4.2.2 Unit costs

UNIT COSTS *(SME owners unit cost; Volunteers unit cost, Travel unit cost, HE personnel unit cost, etc)*			
No	**Conditions**	**Procedures**	⚠
General			
1	**Legal framework**	Read the Grant Agreement and the AGA — Annotated Grant Agreement*, in particular the general and specific eligibility rules and the calculation methodology. Read the authorising decision establishing the unit cost/contribution (available for each EU programme on the Funding & Tenders Portal Reference Documents), in particular the methodology for the calculation and the amount per unit (either directly fixed in the decision or determined project per project) and the costs covered.	

UNIT COSTS *(SME owners unit cost; Volunteers unit cost, Travel unit cost, HE personnel unit cost, etc)*			
No	**Conditions**	**Procedures**	⚠
		Verify if the unit cost is optional (if participants can choose actual costs as alternative) or mandatory.	
2	**Usual practices**	Establish the participant's usual practice for calculating the unit costs/contributions. Assess compliance. Check that unit costs/contributions are calculated in accordance with the methodology set out in the authorising decision and with the Grant Agreement formula (Annex 2a). Cross-check if consistent with the information in the detailed cost breakdown.	
In each project			
3	**Amounts per unit used**	Verify for the sample that the unit costs were calculated in accordance with the methodology set out in the authorising decision and with Grant Agreement formula (Annex 2a). Recalculate to verify the accuracy of the detailed cost breakdown. For amounts per unit determined project per project (not fixed in EU decision): Review the cost components included in the amount per unit and verify that they are free of ineligible items.	
4	**Number of units declared**	Verify for the sample that the number of units declared is supported by records and documentation.	
5	**General and specific eligibility conditions — No ineligible costs**	Verify for the sample whether the amounts declared in the financial statements fulfil the general eligibility requirements set out in the Grant Agreement. In particular: Verify that the units have been actually implemented (used or produced). Verify that the units were necessary for the implementation of the action. Verify that the participant did not declare costs covered by the unit cost also under other cost categories. Verify the specific eligibility conditions set out	

UNIT COSTS *(SME owners unit cost; Volunteers unit cost, Travel unit cost, HE personnel unit cost, etc)*			
No	**Conditions**	**Procedures**	⚠
		in the Grant Agreement (if any).	

4.2.3 Lump sums

Lump sums have been fixed at grant signature; cost categories with lump sums are therefore NOT subject to verification in a financial audit.

4.3 Special grant forms: Lump sum Grants, Unit Grants, Flat-rate Grants

Where the entire grant is based on a simplified cost scheme *(e.g. lump sum, unit cost or flat-rate)*, the approach follows mutatis mutandis the same principles as for the special cost categories described above.

5. Checks on revenues and final general controls

The audit phase usually finishes with a check on the revenues (check on the types of project income which must be declared and that may lower the final payment in case of a profit) and the final general controls.

The issues to check and types of available procedures are listed below.

REVENUES			
No	**Conditions**	**Procedures**	⚠
General			
1	**Usual practices**	Establish the participant's usual practice for calculating the revenues.	
In each project			
2	**Recorded in the accounts**	Reconcile revenues in the financial statements and the detailed breakdown of revenues with the data in the accounting system. <u>For the sample:</u> Verify the correct and complete entry in the accounting system. Verify whether the revenues are: - established (i.e. revenue that has been collected and entered in the accounts) - generated (i.e. revenue that has not yet been collected, but which has been generated) or	

REVENUES			
No	**Conditions**	**Procedures**	⚠
		- confirmed (i.e. revenue that has not yet been collected, but for which the participant has a commitment or written confirmation) during the action duration.	
3	**Revenues declared**	Verify, for profit-entities, the completeness of the disclosed project revenues by identifying any income generated by the action, such as: - sale of equipment or assets bought for the project (limited to the claimed eligible cost of purchase), - admission fee to a conference carried out by the consortium, - sale of the proceedings of a conference. This analysis should be performed through corroborative inquiry and review of the income recorded in participant's accounts. ⚠ For some EU programmes, the Grant Agreement provides for exceptions *(e.g. for HE, income generated by exploiting the action's results does not have to be declared as revenues)*.	For closed actions: propose adjustments for revenues not included in the final report. For ongoing actions: report revenues identified and include a recommendation in the report that the participant must include these revenues at the latest in the final report.

FINAL GENERAL CONTROLS			
No	**Conditions**	**Procedures**	⚠
1	**Overall reliability of systems and procedures**	Signal other facts and findings which put into question the eligibility of costs (or compliance with the Grant Agreement more generally). Quantify the amounts at risk.	
2	**Systemic or recurrent nature of errors, irregularities**	Signal systemic or recurrent errors or irregularities that justify an audit extension procedure. Describe the errors/irregularities and why they are systemic/recurrent. Request the participant to recalculate the declared costs by removing the systemic/recurrent errors. Verify the recalculation and propose adjustments for the impact of systemic or recurrent errors identified for all costs declared in the audited periods of the audited projects.	