

Q&A from the Webinars on Audits of civil protection grant beneficiaries from 2022, 2023 and 2025)

This webinar applies to the following calls for proposals:

- *Prevention and Preparedness Projects on Civil Protection and Marine Pollution (Track 2)*
- *Knowledge Network Partnerships*
- *Full-scale Exercises*
- *Knowledge for Action in Prevention and Preparedness (KAPP)*
- *Technical assistance for disaster risk management (Track 1)*

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1. Are the audit firms used by the European Commission from a Member State? What are the companies performing the audits?

The audit firms used by the European Commission are international firms that mobilize audit teams to every Member State for performing the audit engagements requested by DG ECHO. There is a cascade system in which the first entity is, currently, EY, followed by BDO and Deloitte, in that order.

2. Will the auditor's fieldwork be carried out physically at the beneficiary's headquarters?

The general practice is to carry out the audit fieldworks on-site at the beneficiaries' headquarters, although some audit engagements have been carried out remotely due to COVID-19 constraints.

3. What is the language regime of audits? Is it possible to be audited in an official national language of the country?

The audit engagements may be carried out in the official language of the EU Member state or/and in English, as at least one auditor must be familiar with the local language.

4. Does the procurement documentation have to be in English?

There is no specific obligation to document the transactions in English, but an explanatory note in English/French can be provided for documentation not in an EU official language.

5. What are the main criteria to decide which projects to audit?

The sampling methodology is based on two main criteria: random selection and risk-basis, including factors such as legality and regularity, level of operational risks, action management irregularities, and risk of fraud.

6. In projects involving non-EU partners from third countries, it is sometimes not possible to obtain the same standard of documentation that can be issued by EU Member States. How can this difficulty be overcome?

It is the obligation of the beneficiary to secure reliable evidence for the transactions carried out. For those cases where standard documents cannot be provided, the beneficiary shall provide acceptable alternative evidence that provides an equal level of assurance to the auditors. This acceptable alternative evidence may vary on a case-by-case basis, but it should in any case provide enough assurance to the auditors on the same elements as the ones provided by the standard documents.

7. Salaries for civil servants are sometimes difficult to justify with contracts when for instance the salary framework is decided by national law. How can we provide the required data?

The beneficiary shall be able to prove the employment or similar relationship, and the actual salary paid out. If there is no employment contract, the beneficiary shall provide acceptable alternative evidence that provides an equal level of assurance to the auditors on the same elements as provided by the standard document requested. This acceptable alternative evidence may vary on a case-by-case basis.

8. In projects involving non-EU partners from third countries, it is sometimes not possible to obtain the same standard of documentation that can be issued by EU Member States. How can this difficulty be overcome?

The beneficiary shall provide acceptable alternative evidence that provides an equal level of assurance to the auditors, which may vary on a case-by-case basis.

9. Salaries for civil servants are sometimes difficult to justify with contracts when for instance the salary framework is decided by national law. How can we provide the required data?

The beneficiary shall provide acceptable alternative evidence that provides an equal level of assurance to the auditors on the same elements as provided by the standard document requested.

10. How can project coordinators ensure the respect of privacy when auditors request documents related to salary, payslips, bank account statements or income tax declarations?

Auditors are bound by strict rules regarding professional secret and privacy, and any personal data provided and processed in the context of the audit engagement is subjected to the Regulation (EU) 2018/1725.

11. At final reporting stage we must submit a financial report that includes a list of expenditures. Do the auditors expect a certain format?

The auditors only request a transaction listing that reconciles with the final financial report submitted to DG ECHO, with no specific requirements for the format.

12. In the information paper on the audit procedure, it is mentioned that beneficiaries can also provide feedback on the templates. How would you like to get this feedback on the audit experience?

In case you would like to give DG ECHO External Audit Team any feedback concerning your experience with an audit engagement, we kindly invite you to contact us by e-mail to our Functional Mailbox ECHO-AUDIT@ec.europa.eu.

13. Before, there was some flexibility on postponing an audit during a real emergency. It would be good to keep this flexibility.

DG ECHO is always flexible and request the appointed auditors to observe such flexibility towards any emergency or extraordinary situation that might arise and constrain the good development of the audit works. However, this flexibility shall be evaluated on a case-by-case basis. Therefore, we encourage you to communicate as early as possible to the audit firm/DG ECHO any circumstance that might request to adopt flexibility measures

14. Can we use the Pillar assessment in case of an audit?

The Pillar assessment can be used by auditors as an input for the audit works, but it cannot replace the audit made by the Commission's own staff or by other external body authorised by the Commission.

15. How much time does an auditee have to gather and send the list of all expenditure for the project once it receives the letter informing about the audit?

The beneficiary is expected to respond to the request within 15 days, and then has a 30-day period to gather and organize the necessary documentation based on the sample list provided by the audit firm.

16. Will all expenses within a project period be audited or only some cost categories (personnel costs, travel costs etc.)?

In principle, any type of expense may be audited, and the audit testing should ideally encompass all cost categories, preferably on a sample basis.

17. A "list of expenditures" is required from the auditor. Is it a different list of expenses than the one required with the financial report?

Yes, it is a different list, and the auditor may request additional information, including previously submitted information to the European Commission, in a format that allows for the use of spreadsheets.

18. For the calculation of personnel costs, should the gross salary be provided?

The beneficiary must provide all evidence supporting all costs claimed, including personnel costs, which may include the gross salary calculation.

19. In some projects, it is possible to include funds for the audit by work packages. May you explain to us in more detail what exactly it is necessary to plan these funds for.

The beneficiary does not pay the audit carried out by the Commission's own staff or by other external body authorised by the Commission, but may need to provide certificates on their financial statements, for which the cost of the audit work is an eligible cost.

20. Our auditors cannot use the Commission's templates due to audit standards used by our contractors. How should we proceed?

Potential issues with the template by some audit firms must be discussed and decided upon on an ad hoc basis.

21. Is VAT always ineligible, even when universities or NGOs cannot recover VAT? Does ineligible VAT only concern the costs of goods and services or also supporting documents related to travel expenses (meal receipts, train tickets)?

Please, check the data sheet, there is a specific field on VAT eligibility - The options 'Yes/No' for VAT in the Data Sheet are linked to the Options in Article 6.3(viii). Thus, 'Yes' means eligible under the conditions set out in that provision (Article 6.3(viii)); 'No' means always ineligible.

So, in case VAT is not eligible, then the condition about the ineligibility VAT is across expenses. And VAT is not eligible for any type of expenses, regardless of whether VAT is paid or not paid.

A positive aspect of the unit cost is that the problem with VAT is avoided.

22. What is the calculation method for productive hours of the employees (used to calculate the hourly rate), when the project finishes in the first half of the year?

The calculation method is mentioned in the Grant Agreement, and auditors verify that the method of the GA has been applied, taking into account the specific rules applicable to the project. For grants managed through the Funding & Tender Portal, the version of the Model Grant Agreement (MGA) is mentioned on the right corner of the signed grant agreement (GA). In other cases, the GA specifies the calculation method. In case of contradiction between the MGA and the annotated grant agreement (AGA), MGA provisions prevail. Both documents can be found on the Funding & Tender portal under the reference documents of [UCPM](#). In case of questions, beneficiaries can contact DG ECHO with the specific question, and we will clarify the rules applicable for the project concerned.

23. How is the audit of a Service contract carried out?

The audit of a Service contract is not carried out by DG ECHO external audit sector but may be audited by either the Internal Audit Service of the Commission or the European Court of Auditors.

24. Where can I find the Information note of DG ECHO on audit of Civil protection Grants beneficiaries?

The Information note is available on the Knowledge Network Platform: [CP Audit Info Paper.pdf](#)

25. Will audits be performed just on closed projects, not ongoing?

Until 2025 audits were conducted on closed projects, whose final payments were already paid. From 2026 it is planned to introduce 'field audits' for civil protection projects, which are audits on ongoing projects. This type of audits is frequent for humanitarian aid projects. The main target of the field audits will probably be big value projects (e.g. stockpiling projects) that go on for several years. On a needs basis there are also system checks. This happens in rare occasions, where there is a particular concern, such as anti-fraud related issues.

26. How many days between the initial communication and the actual auditors visit can take?

This can be flexible. Usually it is between 55 to 100 calendar days. After ECHO sends the initiation letter to the beneficiary, auditors will also send a letter requesting the transaction sampling and some initial documents. The date of the virtual opening meeting between the auditors and the beneficiaries can be decided between the parties. There are at least 30 calendar days for the preparation of the supporting evidence for the sample items.

25. If there are recommendations during an audit, should they be taken into account in subsequent missions/projects or not, as these are only recommendations and not official information from DG ECHO?

An audit report is an official communication from DG ECHO. If there are any recommendations, the next audit for the same beneficiary will verify whether they have

been implemented. Occasionally, we also carry out thematic audit on follow up of open recommendations from previous audits.

26. Are progress reports technically reviewed by experts during audits, or are only documents such as financial expenditures and invoices checked?

Auditors focus on financial expenditures in relation to the implementation of the project. They do not review technical or progress reports directly, but they will verify any aspects linked to financial expenditures. The ECHO external audit team works closely with the operational units, as they have a better understanding of the activities being carried out. Auditors may request technical reports, for example, to determine whether the actions taken align with the contract terms.

27. Regarding the accommodation costs, which cost is going to be verified? The actual one or the unit costs? It would be good to know if the remaining amount, not actually spent, can be transferred to another trip as necessary and verified, provided that the unit cost is never exceeded (ie. pay accommodation cost for another two days (ie. 94,0 euros per night=188,0 euros) for one person to participate at another project event).

The verification will be based on what it is established in the Grant Agreement. For those categories where actual costs apply, the calculation of actual costs will be checked. For unit cost, the existence of the activity for which the unit cost has been paid will be verified, not the actual cost that incurred.

28. How the audit will address the exchange rates and the discrepancies between amount actually spent and amount to be verified, as we have to use average but not the actual exchange rates on the date of the transaction, which means that deficits and therefore recoveries might occur.

As the financial statements must be drafted in euro, beneficiaries with general accounts in a currency other than euro must convert the costs using the average exchange rate over the corresponding reporting period (and not necessarily the whole period of implementation). The role of the auditors will be to verify this rule is respected.

29. Why does transport grants have the highest error rate?

The reasons are mainly related to the infringement of the conditions in the framework contracts by the transport companies (e.g. change in the prices without any supporting document justifying it). Due to the high amounts of these type of grants, their error rate have a huge impact on the general error rate. These grants operate in the context of emergencies, so this fact should also be considered. In any case, the global error rate of ECHO funds is below 2%, which in the context of the whole Commission perspective is not that high.

30. The grant agreement specifies that the daily rate for personnel assigned to the project should be calculated by dividing the annual personnel costs by 215. Considering that our project started on January 1, 2025, should we use the annual personnel costs for 2024 to calculate the daily rate? Or should we use the annual personnel costs for 2025, even those figures won't be available until the end of this year?

In general, it depends on the provision of the grant agreement regarding personnel cost calculation, but for a prevention and preparedness project where the UCPM MGA was used in 2025, annual costs for 2025 should be used. Actual cost of the person, including salaries, social contribution, etc., of the particular month should be divided by appropriate day equivalents (the number of days that the person worked during that period).

31. What do you mean by "eligibility period". Do you refer to the period of the action?

Yes, it refers to the period of time in which the project takes place.

32. What happens when real expenses (e.g. for flights and hotels) are different than the EU limits of the unit costs?

Sometimes, real costs are higher and sometimes lower than the unit costs. EU reimburses only based on unit costs. The purpose of the unit costs Decision is to simplify reporting and claiming of costs.

33. Can you give an example of "conflict of interest" in subcontracting through procurement?

For instance, a company to which some services were subcontracted is owned by a brother of the Director of the beneficiary. This is a direct conflict of interest, so the costs are ineligible. Another example could be when, on top of having a family link between the subcontractor and the beneficiary, the representative of the beneficiary also participates in selection committee for selection of the service provider.

34. Are there any expenses that can be paid after the end date of the project, e.g. those for the remuneration of natural persons such as project managers, financial managers, etc.? So, is it ok if the date of the invoice (and consequently the payment proof date) emitted by them is after the project end date?

The cost must be incurred during the eligibility period. If the invoice is sent after the eligibility period, this should not prevent this invoice from being eligible. Costs related to drafting and submitting the final report are eligible even if they are incurred after the action duration. Those costs include the cost of certificates on the financial statements (CFS) required by the Grant Agreement and the cost of participating in a project review carried out by the granting authority before the submission of the final report. They may also include the cost of personnel necessary to prepare the final report. However, they cannot include any other action activities foreseen in the Annex 1 and undertaken after the end date of the action.

35. If a project ends on 30 April 2025, is it possible to made payments during May 2025, considering that all the contracts and invoices have ending date of 30 April 2025?

If the actions took place during the eligibility period (i.e. cost incurred in the eligibility period), it is not a problem from an eligibility point of view if the invoices are issued, and subsequently paid, after the eligibility period.

36. Should the timesheet include only the hours worked on the project or should they also include all the hours worked on other activities?

For persons who work for the action (regardless if they are full-time or part-time employees and/or if they work exclusively or not for the action), the beneficiaries may either:

– by default, sign a monthly declaration on day-equivalents worked for the action ([template](#)), which should be approved by the employee' supervisor

OR

– use another paper- or computer-based reliable time recording system, to record (at least) all the time (days/hours) worked for the action.

37. It might be difficult for public administrations to liquidate the expenditure of overtime hours of staff working on the project by the end date of the project, as the administrative procedures also involve the ministry which must in fact liquidate the expenditure to the staff and the times are long, so it might happen that the staff sees the payment of overtime hours in the pay slips of the months following the end of the project. So, could be admissible as supporting document to have proof of the request made to the ministry to liquidate the expenditure for those hours (clearly properly accounted for in the timesheets), even if the payment occurs after the project end?

The most important thing is when overtime occurs. It should occur during the implementation of the project (with the exception of the time needed for the preparation of the final report), even if it is approved after the end of the project.

38. About the errors in personnel cost, please could you explain a little bit more the statement "the project time units do not match with the individual time record prepared and approved". It is a common practice to have Time sheets expressed in hours but use days equivalent to calculate the personnel rate and then personnel cost (following the Grant Agreement).

A common issue with timesheets is that, for instance, a person works in a month on several projects. ECHO project would represent three full working days, but then for the calculation of the salary ECHO is charged with ten full working days instead. So, there may appear two different figures without the justification of the difference. The timesheets are signed by the employee and the supervisor, so in principle auditors should rely on this evidence.

39. Unit costs as such don't need to be justified by actual costs but with evidence that the activity was performed or took place, same for travel - Can you tell us what kind of evidence you expect? Is a signature on the logbook sufficient or do you need a boarding pass or something else? Would the agenda and an attendance list be sufficient for travel to a meeting, for example?

The auditor should have assurance that this travel took place. It may be useful to consult the list of the supporting standard supporting documents, available here ([link](#)) In general, the beneficiary may want to opt the simplest option (for instance to scan the flight ticket, boarding pass, the invoice paid for a flight ticket or for a hotel reservation, the mission report approved by your hierarchy, etc.).

40. In our project, the partners are not directly paid by UCPM, but they are paid by the project leader, who is the only partner that is paid directly by UCPM. Are other partners than the project leader going to be also audited potentially?

Every partner included in the grant agreement as a co-beneficiary might be audited. They should be informed by the initiation letter. The practice is that the coordinator is visited by the auditors physically, whereas for the co-beneficiaries the expenditure is usually checked on a remote basis. Of course, also the value or the proportion of the grant will be taken into consideration when selecting co-beneficiaries to be audited.

41. Auditors often do not know which template to use. Could you give us links for auditors' template?

There is a dedicated template for the certification on the financial statements, available in the [Funding and Tenders Portal](#).

42. Audit (financial statement): requested EU contribution to costs \geq EUR 325 000.00. Does requested contribution \geq 325 000 mean here the amount of grant (budget) or the amount of funding we supposed to receive from EU?

The “requested EU contribution” is the amount of funding requested by beneficiary.