

Annex 1 to
Order No 66/2018
by the NCN Director on
introducing guidelines for
entities auditing the implementation of research projects funded by the National Science Centre
of 20 November 2018

**Guidelines for entities auditing the implementation of research projects
funded by the National Science Centre**

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I. Introduction

The aim of these *Guidelines* is to specify the detailed terms applicable in preparing and conducting audits of the implementation of research projects funded by the National Science Centre on Host Institutions' premises (hereinafter: external audits).

The *Guidelines* specify the minimum requirements regarding the manner and mode of carrying out external audits.

II. Legal basis

The Centre is authorised to conduct external audits pursuant to:

- the Act on the National Science Centre of 30 April 2010 (i.e. Journal of Laws of 2018, item 947, as amended);
- the research project funding agreement.

III. Selection of the external auditor

The audited party selects an auditor in compliance with the public procurement legislation.

The audit shall be carried out by an auditor, who may be:

- a person who meets the conditions laid down in Article 286 of the Act on Public Finance of 27 August 2009 (i.e. Journal of Laws of 2018, item 1986, as amended).
- a legal person or an organisational entity without legal personality, employing for the performance of the audit a person who meets the conditions laid down in Article 286 of

the Act on Public Finance of 27 August 2009 (i.e. Journal of Laws of 2018, item 1986, as amended).

Auditor may not be:

- an entity in relation of dependence with the audited party;
- an entity who had controlled the financial report of the audited party within 3 years of the audit.

The external auditor and persons involved in conducting the audit must meet the requirement of impartiality and independence from the audited party. A written declaration stating whether there exist circumstances that may compromise the impartiality must be presented by both the external auditor and persons conducting the audit on their behalf.

The auditor is required to preserve confidentiality of, and not to violate secrecy of the audited parties within the meaning of the regulations on the fight against unfair competition.

The auditor is required to provide the NCN Director and persons authorised by the Director with information within the scope of the audit.

The auditor shall store the documentation of the external audit for 5 years, after the end of the year in which the audit has been conducted.

IV. Cost eligibility of external audits

The audited party incurs the costs of an external audit For projects recommended for funding under calls 1 to 16, the resources incurred for the audit do not constitute eligible cost (it may be incurred neither as direct cost nor as overheads), whereas starting from the 17th edition of the calls, the cost of an audit may be covered from the overheads' pool or from the audited party's own resources.

V. Objective of external audits

The aim of conducting an external audit is to verify financial aspects of a project's implementation and to secure an auditor's opinion, particularly with regard to:

1. conformity of the project's implementation with the research proposal, decision and/or the research project funding agreement, primarily in terms of the incurred expenditure's eligibility;
2. credibility of the data as expressed in amounts and descriptions in the documents related to the implemented project;

3. keeping proper accounting records of economic operations, separate for a given project.

VI. Scope of external audits

An external audit should primarily involve an analysis of the documentation and the procedures of internal control with regard to transfer and settlement of the funding received, the procedures of approving the eligible expenditure in terms of its eligibility and proper accounting, and with regard to the reporting on the project, with special reference to the implementation of the terms of the research project funding agreement. The audit should verify the incurred expenditure in accordance with a sample defined based on the auditor's professional judgement, allowing the party responsible for the external audit to issue a binding opinion and draft a report within the scope.

An external audit should involve verification of the following areas:

1. conformity of the project with the funding agreement, including the eligibility of the incurred expenditure;
2. correct accounting of the expenditure incurred in the implemented project, its eligibility, manner of accounting and keeping accounting records separate for a given project;
3. payment of expenditure related to the project;
4. credibility and timeliness of reports on the project's implementation
5. manner of storing and securing the documentation on the project;
6. respect for the legislation on accounting, public procurement and public finance, including fiscal discipline;
7. functioning of the internal control system as regards the project's implementation, including the manner of monitoring the project's implementation.
8. implementation of the conclusions and recommendations from earlier control procedures and audits.

VII. Dates of external audit

An external audit shall begin at the latest before 70 per cent of the expenditure planned in the project has been incurred, and it shall end before the final report on the project's implementation. An external audit should not begin before 50 per cent of the expenditure (direct costs and overheads) planned in the project has been incurred and cover the period from the day of approval of the expenditure's eligibility to the final day of the closed reference period defined on a monthly basis, preceding the date of the audit's launch.

In reports from external audit, the auditors should include information on the percentage of the funding used in the project in the period covered by the audit.

VIII. Scope of the report from an external audit

Based on the collected evidence, the auditor shall draft a report on the external audit, including the opinion referred to in Point V of the *Guidelines*.

The report on the external audit should include the following elements:

1. date of drafting;
2. name and address of the audited party;
3. name and title of the project;
4. declaration, by the auditing party as well as persons conducting the external audit, stating that they are independent from the audited party;
5. names, surnames and identification of the auditors' powers;
6. objectives of the audit;
7. personal and material scope of the audit;
8. dates on which the audit was conducted;
9. a concise description of the audited party within the audit's scope;
10. evaluation of the adequacy and effectiveness of the management and control system used by the audited party within the audit's scope;
11. information on the method of selection and size of the sample;
12. presentation of the auditor's findings, referred to in point VI of the hereby *Guidelines*;
13. identification of the irregularities or shortcomings found in the implementation of the audited project and analysis of its causes and effects.
14. recommendations regarding found irregularities or shortcomings in the implementation of the audited project;
15. auditors' signatures, and – should the auditor be a legal person or an organisational entity without legal personality – the entity's name.

IX. Duties of the audited party

It is a duty of the audited party to provide the auditors with conditions necessary for an efficient audit, in particular:

1. provide, without delay, documents as requested, certify their copies as “true copies,” and provide extracts, collations and printouts from same, to the extent necessary for the audit’s objectives to be fulfilled.
2. provide timely written and spoken explanations in matters related to the audit,
3. make available necessary devices, provide access to the Internet and, if possible, a separate room for work, with appropriately equipped.

X. Requirements with regard to dates of sending in the report on the external audit

The auditor shall send in the report on the external audit to the audited party within 7 days of concluding the audit. The audited party shall send in one copy of the report to the National Science Centre, optionally supported with a position paper on the findings included in the report, within 21 days of receiving the report.

The report on the conducted audit should not be stored by the audited party until the conclusion of the research project’s implementation, to be sent in alongside the final report on the project’s implementation: the document should be delivered to the Centre immediately upon its receipt from the auditor.