



# Submit Annual Audit Report

## GrACE User Manual for Audit Authorities

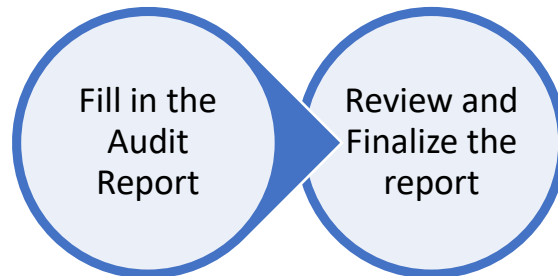
Version 1.0, January 2023

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## 1. Introduction

GrACE is short for Grants Administration and Collaboration Environment. The system is used for the management of the EEA and Norwegian Financial Mechanisms 2014-2021 and is intended to be used by Donor and Beneficiary State entities and the Financial Mechanism Office (FMO). GrACE is accessible through the website <https://grace.eeagrants.org/>.



- Audit Authority
- FMO Country Officer

The purpose of this manual is to help Audit Authorities (AAs) to complete and submit the Annual Audit Report to the FMO through GrACE. The reports are, after finalization by the FMO, accessible to the Donors.

This manual describes the layout of the Annual Audit Reports (AAR) template and how it should be completed by the AA.

The AAR shall be submitted once a year:

- 15<sup>th</sup> of February – the Annual Audit Report is started automatically by GrACE on the 1<sup>st</sup> of January each year to be submitted by the Audit Authorities by the 15<sup>th</sup> of February.

The Annual Audit Report sets out the findings of the audits carried out during the previous 12-month period. It provides an opinion as to whether the management and control system functions effectively.

The requirements for the preparation of the AAR are defined in the Regulations and the Financial Guidance document. Please contact the relevant Finance and Control Officer for questions related to the AAR content.

For further help and support regarding the GrACE system, please contact [grace.support@efta.int](mailto:grace.support@efta.int). This user manual and other manuals can be found at our website <https://eeagrants.org/gracemanuals>, be sure to check for updated versions.

## 2. Submitting Annual Audit Report in GrACE

After receiving an automatic notification by GrACE on 1<sup>st</sup> of January, the first step is to submit the **Annual Audit Report** to be reviewed by FMO.

The task for uploading either the AAR or the Notification letter is available under the **My tasks** section, located on the top left side of your GrACE Dashboard. If there are multiple users in your organisation, the task will be under **My tasks** for the user registered as 'primary contact' in GrACE.

The screenshot shows the 'My tasks' dashboard. At the top, there are navigation icons for share, up, search, filter, and export. Below is a table with the following columns: Task name, Context, Planned end date, and Document. The first row contains a checkbox, a task icon, the text 'Submit Annual Audit Report', a greyed-out context, the date '15.02.2023', and 'AAR' followed by a greyed-out document name. The task name and its icon are highlighted with a red rectangular box.

Click on the name of the task to open it. Always access the task by clicking on the task name and not on the document name.

The screenshot shows the details page for the task 'Submit Annual Audit Report', which is in 'In progress' status. The 'Details' tab is active. The page is divided into several sections: 'Workflow' (Submit Annual Audit Report Workflow), 'Assignee' (Audit Authority), 'Task description' (Please use this task to submit the Annual Audit Report or the notification letter to the FMO), 'Main document' (AAR 2022, 01.01.2023), 'Secondary documents' (None), and 'Other documents' (None). There is also an 'Upload documents' section with a radio button for '\*Notification letter' and an 'Actions' dropdown menu. A 'Submit' button is located at the bottom right of the details section. Below the details is a 'Document: AAR 2022' section with a lock icon. At the bottom, there are two tabs: 'General data' (highlighted in red with a red circle '1') and 'Annual Audit Report'. An 'Edit' button is located at the bottom right, highlighted with a red arrow and a red circle '2'.

Before submitting the AAR, you are required to fill out the general data template located at the bottom left-hand corner of the task under "General Data" (1). Click "edit" on the bottom right-hand corner to begin (2).

Document: AAR [redacted] 2022

General data | Annual Audit Report

General data

\* Audit opinion **3**

\* Period covered from **4** 01.01.2022

\* Period covered to 31.12.2022

Annual Audit Report not applicable for the period

Comment

Cancel Save **5**

Select from the drop-down menu the audit opinion<sup>1</sup> (3) and indicate the period covered by the report (4). Add any comments if needed and then click save (5).

Document: AAR [redacted] 2022

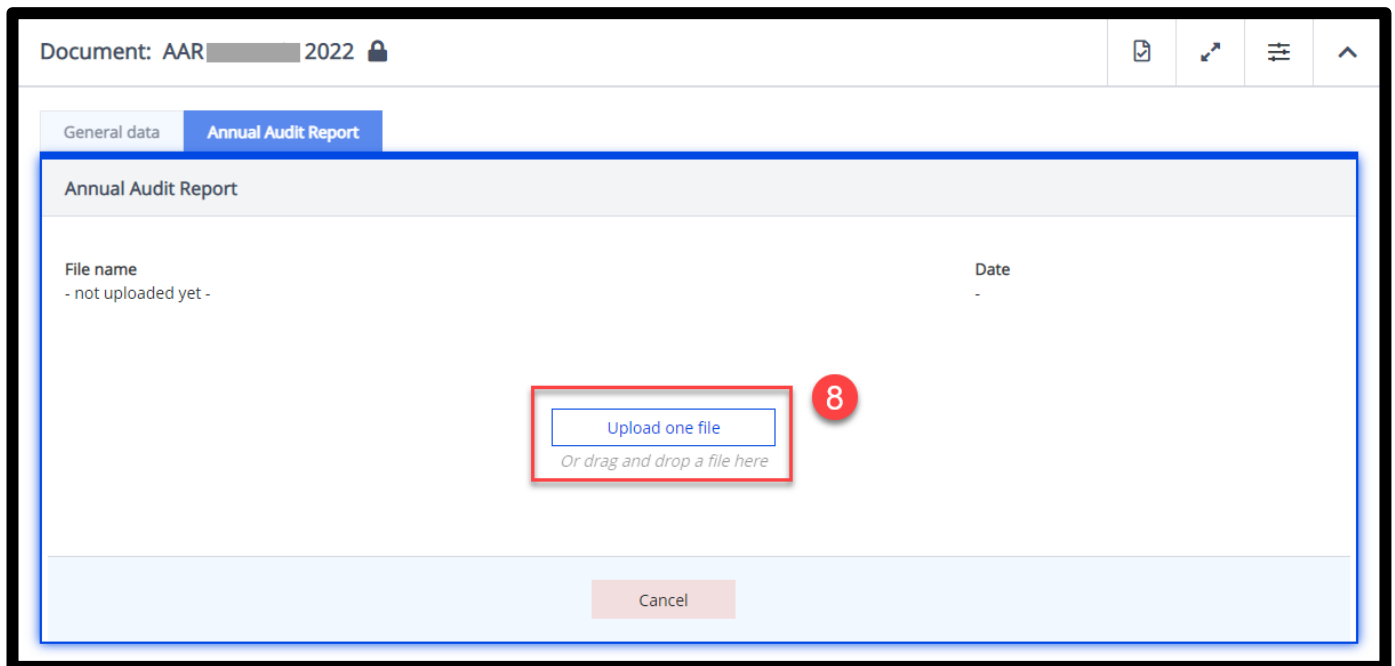
General data | Annual Audit Report **6**

Annual Audit Report **7** Upload

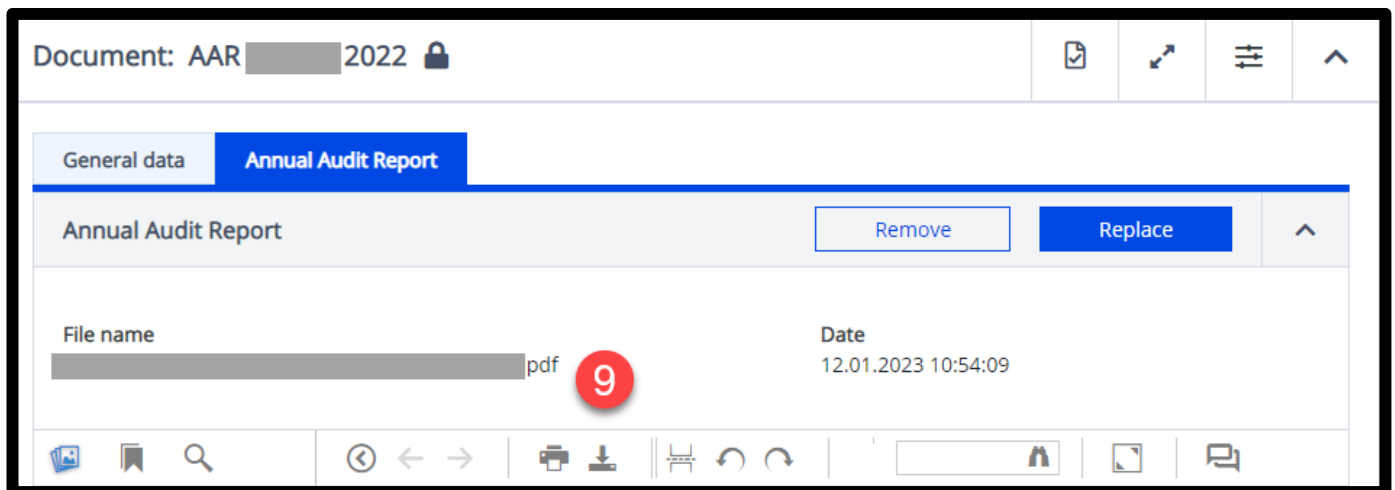
File name	Date
- not uploaded yet -	-

Once the general data template is complete, you can upload the audit report itself (6). When uploading the file (7), make sure the file is in PDF format as opposed to, for example, a scanned version.

<sup>1</sup> In line with the [Sampling Guidance](#) document (page 17) we kindly ask you to issue one global (consolidated) audit opinion.



Upload the file by either clicking on “Upload one file” or dragging and dropping a file (8). The download time usually takes only a few seconds.



Once the file is successfully uploaded, it will appear under the file name in its complete format (9). At this stage, it’s still possible to replace the document or upload a new one. After uploading the final version, you are ready to submit the report to the FMO.

The screenshot shows a task titled "Task: Submit Annual Audit Report" in an "In progress" state. The interface is divided into several sections:

- Workflow:** Shows the "Submit Annual Audit Report Workflow" with a progress bar.
- Assignee:** Lists the assignee as "(Audit Authority)".
- Task description:** States, "Please use this task to submit the Annual Audit Report or the notification letter to the FMO".
- Main document:** Shows "AAR [redacted] 2022" dated "01.01.2023".
- Secondary documents:** Listed as "None".
- Other documents:** Listed as "None".
- Upload documents:** Includes a radio button for "\*Notification letter".
- Actions:** A dropdown menu is open, showing "Submit Annual Audit Report".
- Comments:** A text area with the placeholder "Write your comments here...".
- Submit button:** A green button labeled "Submit" is highlighted with a red box and a red circle containing the number "11".

On the upper-left hand corner under “Actions”, choose “Submit Annual Audit Report” from the drop-down menu. Then click “submit”. Once submitted, the task will disappear from your dashboard.

## 2.1. Structure of AAR

Information provided in the AAR for the FMO review should include the following:

1. Introduction/Reference period, audit period
2. Significant changes in MCS
3. Changes to the Audit Strategy
4. Details of system audits
5. Details of audit of projects
  - i. Problems/errors identified of systematic nature
  - ii. Measures taken
  - iii. Quantification of irregular expenditure
6. Coordination between audit bodies – supervisory work of AA (if applicable)
7. Other information (reported fraud or suspicion of fraud, measures taken)
8. Overall level of assurance
9. The audit opinion

When writing the AAR, structured and detailed information of the findings should be provided. This includes indicating whether any of the problems identified were considered to be of a **systemic nature**.

The findings of system audits carried out at programme level should be clearly separated by programme.

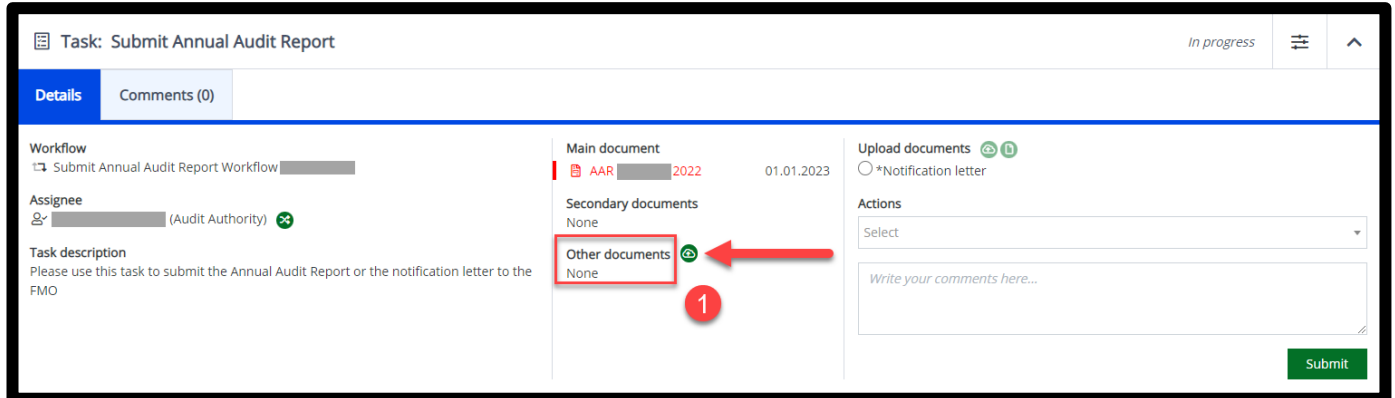
It is recommended that findings for audits carried out for projects should follow a consistent typology, for example:

Programme	Found ineligible expenditure	Error description	Error classification (random/systematic)
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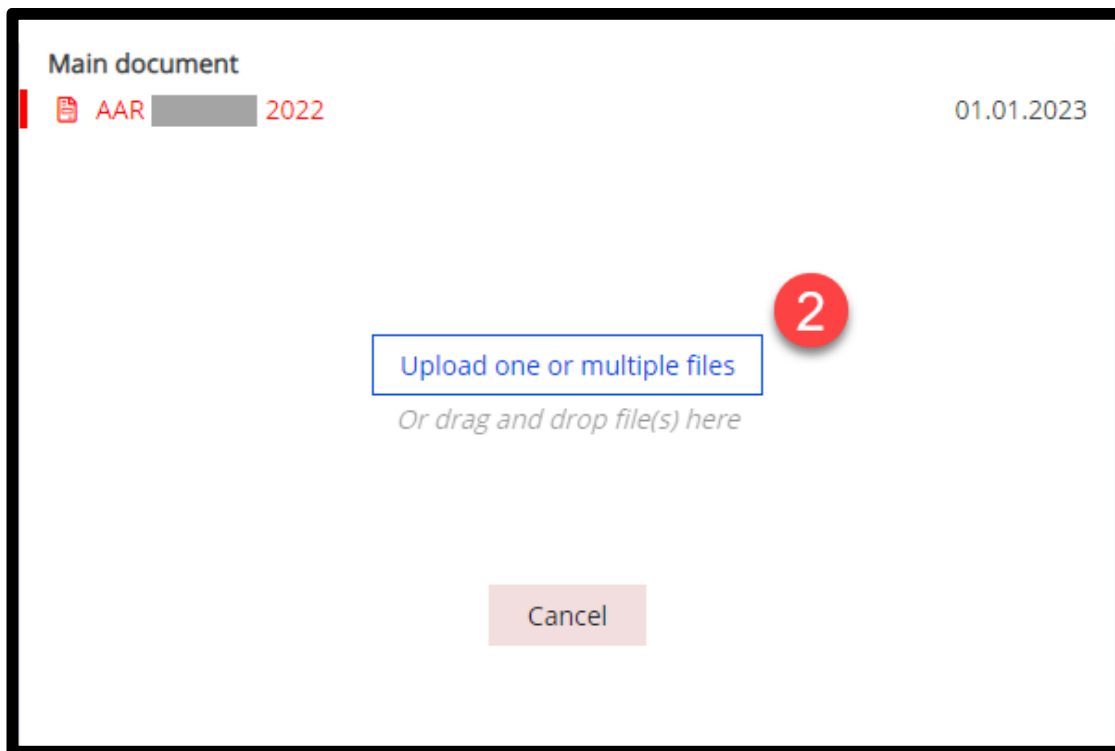
For more detailed recommendations, please visit the [Financial Guidance](#) manual (sections 4.9 – 4.9.9).

### 3. Submitting Annexes to AAR

It is strongly recommended that the AA attach as an annex to the AAR a document with error calculations as well as an audit plan for the following period (if already available).



In the middle of the task page, you will see a section called "Other documents". Click on the green cloud icon (1) to upload the annex.



A button will then appear where you can submit the annexes by either uploading it manually or dragging and dropping (2).



The screenshot shows a document management interface. At the top, it says "Main document" with a red document icon, "AAR [redacted] 2022", and the date "01.01.2023". Below that, it says "Secondary documents" with "None" listed. Under "Other documents", there is a green upload icon, a document icon, a green trash bin icon, a red circle with the number "3", and the date "13.01.2023".

Once the documents are uploaded the file will appear under “Other documents” (3). If necessary, files can be deleted by clicking the green bin icon next to the file. The annexes and audit plan will then be included in the AAR submission.

#### 4. Submitting Notification Letter

There may be instances where no AAR is to be submitted. In this case, the AA can submit a notification letter in its place explaining the reasons why the AAR cannot be submitted. To submit a notification letter instead of an audit report, follow the following steps:

The screenshot shows the "General data" form for an "Annual Audit Report". The form has a blue header with "General data" and "Annual Audit Report" tabs. Below the header, there is a blue "Edit" button (1). The form contains fields for "Audit opinion" (value: -), "Period covered from" (value: 01.01.2022), and "Period covered to" (value: 31.12.2022). There is a checkbox labeled "Annual Audit Report not applicable for the period" (2) with a red arrow pointing to it. Below this is a "Comment" field with a value of "-".

First, edit the General Data (1) to tick the box next to “Annual Audit Report not applicable for the period” (2). Click save.

The screenshot shows the "Task: Submit Annual Audit Report" details page. The task is in "In progress" status. The "Details" tab is active, showing a "Workflow" section with "Submit Annual Audit Report Workflow" and an "Assignee" field with "(Audit Authority)". The "Task description" says "Please use this task to submit the Annual Audit Report or the notification letter to the FMO". On the right, there is a "Main document" section with "AAR [redacted] 2022" and "01.01.2023". Below it, "Secondary documents" is "None" and "Other documents" is "None" (1) with a red arrow pointing to it. To the right of the "Other documents" section is an "Upload documents" section with a "Notification letter" radio button and an "Actions" dropdown menu. At the bottom right, there is a "Submit" button.

Scroll back up the page and tick the circle next to \*Notification letter (3). Click on the cloud icon next to "Upload documents" and upload the relevant document (4).

The screenshot shows a task management interface for 'Task: Submit Annual Audit Report'. The interface is divided into several sections:

- Workflow:** Shows the task name 'Submit Annual Audit Report Workflow'.
- Assignee:** Lists the assignee as '(Audit Authority)'.
- Task description:** States 'Please use this task to submit the Annual Audit Report or the notification letter to the FMO'.
- Main document:** Lists 'AAR' with a date of '01.01.2023'.
- Secondary documents:** Lists 'Notification letter' with a date of '11.01.2023'. This section is highlighted with a red box.
- Other documents:** Lists 'None'.
- Upload documents:** Shows a list of documents with a radio button next to '\*Notification letter'. A red arrow points to this radio button, which is marked with a red circle '3'. A cloud icon is visible next to the 'Upload documents' header.
- Actions:** Shows a dropdown menu with 'Submit Notification Letter' selected, marked with a red circle '5'.
- Submit:** A green 'Submit' button is located at the bottom right, marked with a red circle '6'.

At the bottom of the interface, there is a 'Document:' field showing '(latest version)' and a 'Word Online' button.

Once document is successfully uploaded, a black check mark will appear next to \*Notification letter in the upper right-hand corner. Select "Submit Notification Letter" under the drop-down menu under Actions (5), and then click Submit (6).