GRACE | Grants Administration and Collaboration Environment

Submit Annual Audit Report

GrACE User Manual for Audit Authorities
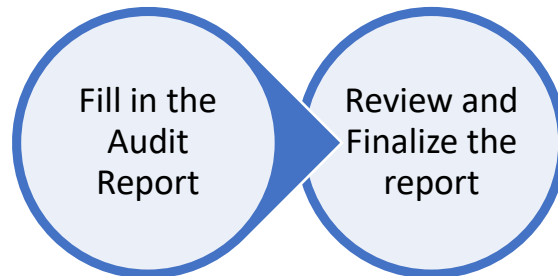
Version 1.0, January 2023

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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/.

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     Fill in the          Review and
       Audit            Finalize the
      Report               report
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• 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:

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

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.

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).

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

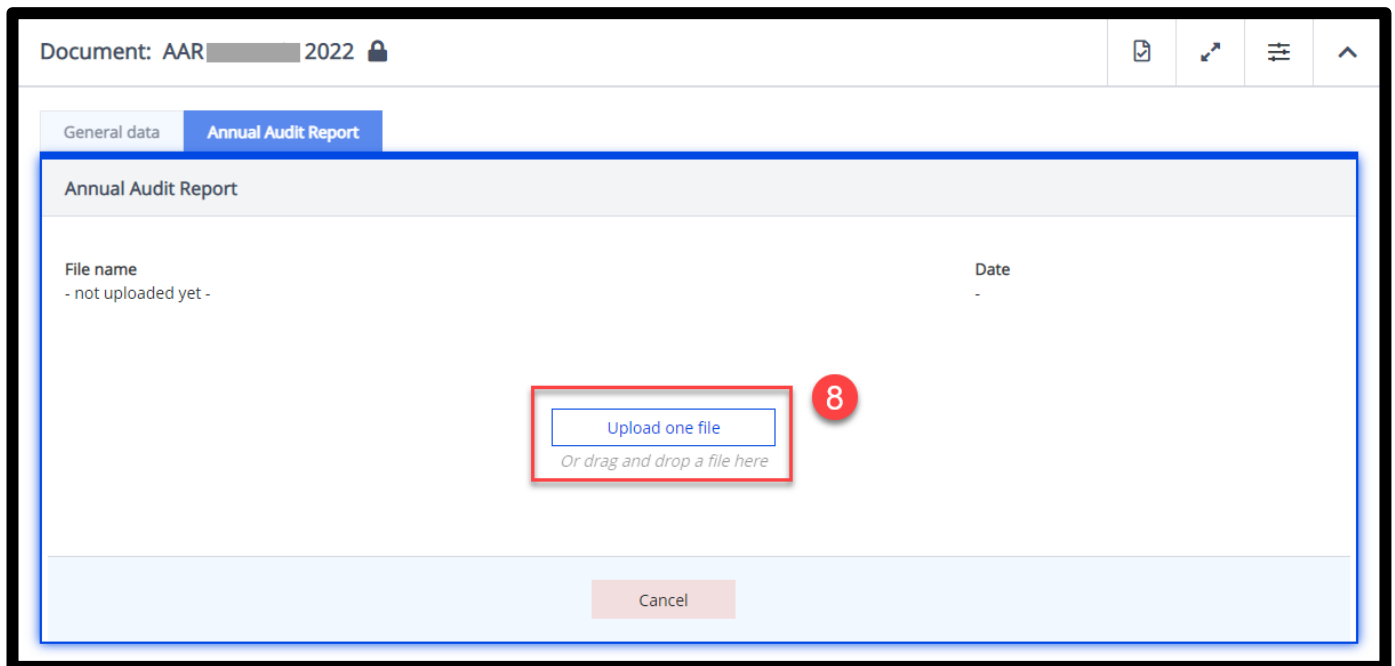Once the general data template is complete, you can upload the audit report itself (6). When uploading the file (7), make sure the file is in PDF format as opposed to, for example, a scanned version.

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[1] 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.
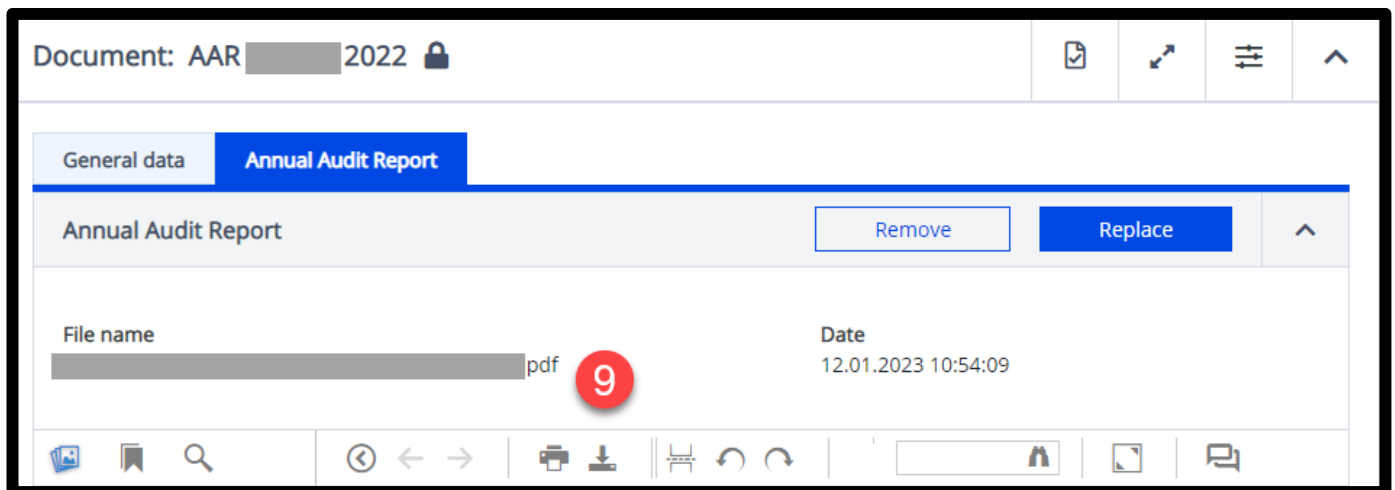
Once the file is successfully uploaded, it will appear under the file name in its complete format (9). At this stage, it's still possible to replace the document or upload a new one. After uploading the final version, you are ready to submit the report to the FMO.

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)

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).
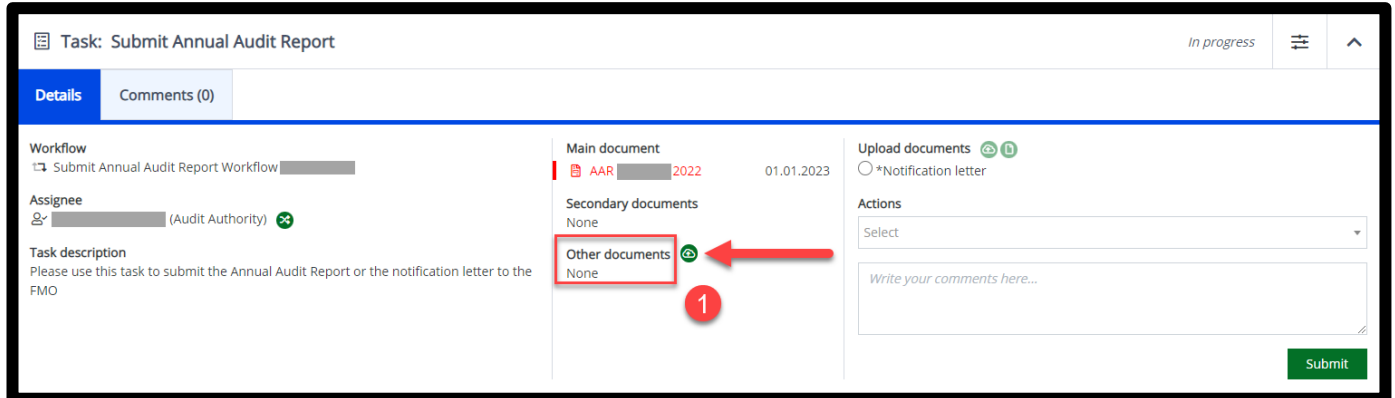
In the middle of the task page, you will see a section called "Other documents". Click on the green cloud icon (1) to upload the annex.
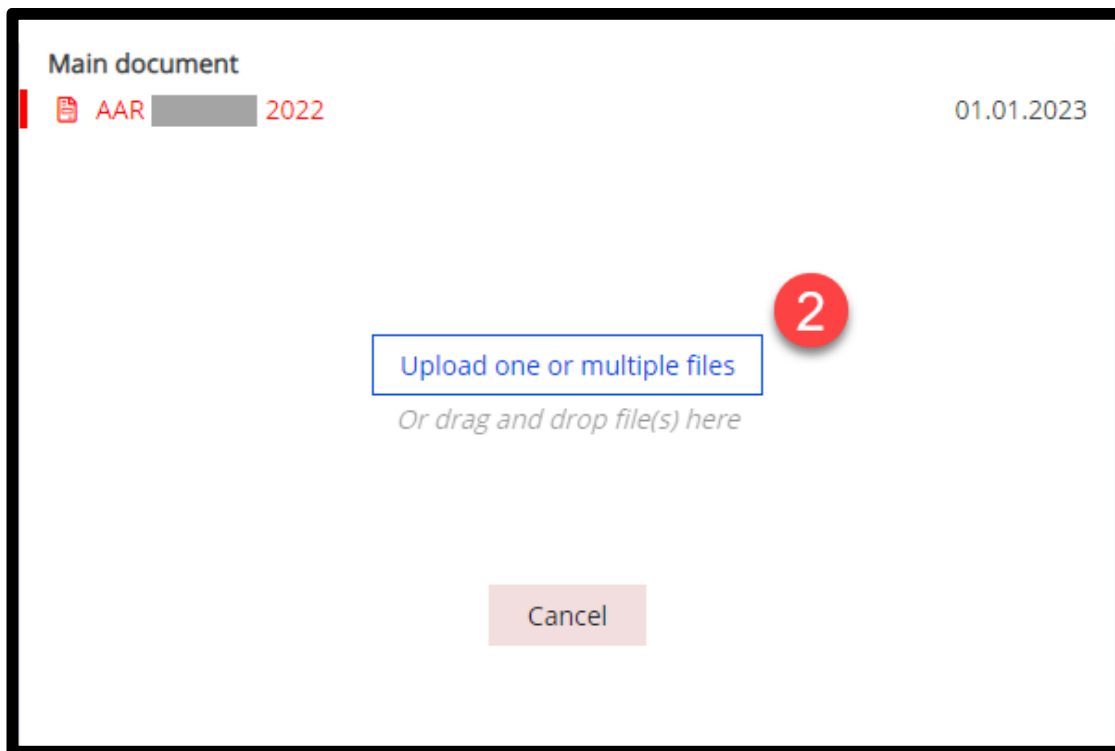
A button will then appear where you can submit the annexes by either uploading it manually or dragging and dropping (2).

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:

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

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).

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).