

LEES

Grant Auditing & Reporting

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GRANT AUDITING & REPORTING

- ▶ Most grant funders require that, on a periodic basis, beneficiaries report to them on money expended.
- ▶ More often than not, this spending needs to be verified by an independent external Auditor, who reports to the funder, to verify that the expenditure is in accordance with the grant conditions.
- ▶ Grant reporting is a specialist area within the auditing profession and one that requires technical expertise, together with a full understanding of the varying grant conditions and an ability to deal practically with the governing bodies involved.
- ▶ Therefore, it's often not appropriate to engage your statutory auditors to undertake this service and a specialist provider is best.

WHAT DO YOU REQUIRE FROM YOUR INDEPENDENT AUDITOR?

From our extensive experience and discussions with existing clients, we would suggest that there are five key areas that need to be assessed when appointing your independent external Auditor.

These are:

- ▶ Professional Qualification
- ▶ Sector Experience
- ▶ Value for Money
- ▶ Continuity of Staff and Experience
- ▶ Service Delivery

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LEES EXPERTISE

- ▶ We are one of the leading providers of grant assurance services in the UK and are currently engaged to report on several hundred grant audits per annum.
- ▶ Our sector specialisms include, amongst others:

EU Research Framework Programmes

Horizon 2020

FP7

EU Structural & Investment Funds

INTERREG (IV & V; A, B & C)

ERDF

US Federal Funds (A-133)

Single Audit - Uniform Guidance

UK Government

InnovateUK (TSB)

DEFRA, DECC & Other Departments

Global Charities & Foundations



HM Government

“The University of East Anglia has engaged LEES to provide grant audit services. We have no hesitation in recommending their services as, at all points, we have found their work to be of high quality and timely, whilst their staff have been helpful and courteous.”

Tax & Research Accountant University of East Anglia

- ▶ We are currently the preferred supplier to the top 10 organisations in the REF. The REF is a system for assessing the quality of research in UK Higher Education Institutions, held every 4-5 years.
- ▶ Some organisations require our services for just one or two grant audits annually, but most are for multiple assignments, in excess of 100 audits for larger entities.
- ▶ We are engaged across the UK and Europe by clients in both the private and public sectors including universities, private companies, not-for-profit entities, research organisations and councils.

- ▶ To ease the burden on our clients and aid compliance, we offer Horizon 2020 health checks and interim reviews over the life of projects.

2014 Research Excellence Framework (REF)

Rank	Institution	GPA
1	Institute of Cancer Research	3.40
2	Imperial College London	3.36
3	London School of Economics	3.35
4	University of Oxford	3.34
5	University of Cambridge	3.33
6	Cardiff University	3.27
7	King's College London	3.23
8=	University College London	3.22
8=	University of Warwick	3.22
10	London School of Hygiene and Tropical Medicine	3.20

As ranked by the Times Higher Education Supplement on Grade Point Average

WEBSITE

Our website, www.grantaudits.co.uk, is full of useful resources for our clients, including the fundamental processes involved in a grant audit.

LEES Top 10 Grant Audit Issues:

- 10 - Unsubstantiated Indirect Costs
- 9 - Equipment not depreciated
- 8 - Unforeseen costs claimed
- 7 - Reckless or excessive costs claimed
- 6 - Costs outside the eligible project dates
- 5 - Unsubstantiated Direct Costs
- 4 - Unverifiable staff time
- 3 - Ineligible VAT claimed
- 2 - Inconsistent use of internal policies (travel & procurement)
- 1 - Relevance to project unclear

“Submitting EU Framework Programme claims has been a learning curve for everybody but with LEES help the financial audits so far passed flawlessly.

I have found LEES staff to be professional, fair and reasonable.”

Management Accountant
Norwich Biosciences Institutes

ASSURANCE

Our independent reporting is conducted in accordance with the ICAEW Audit and Assurance Faculty technical release “Framework Document For Accountants, Reports On Grant Claims”. We have bespoke audit programmes to verify compliance with the specific funding rules, including:

- ▶ Eligible costs
- ▶ Defrayment
- ▶ Indirect costs
- ▶ Income generated
- ▶ Exchange rate

Our specialist team host and attend regular workshops and are fully conversant with the financial reporting rules and practical interpretation of the grant reporting rules.

We are in regular contact with funders to ensure we receive additional guidance as it becomes available, which we then make available to our clients. And also, we are experienced with the requirements of Lead Partner audits & EC Second Level Control reviews.

AFFILIATIONS

- ▶ We are members and professional advisors to both the Association of Research Managers and Administrators (ARMA) and Vision 2020: The Horizon Network.
- ▶ The provision of training services and involvement with the Audit and Compliance Special Interest Group (SIG) offers a unique insight into the day-to-day issues that our clients face.

SERVICE DELIVERY

LEES understand that service delivery and compliance with reporting deadlines is critical. We will assist you with the appointment of the first level controller or independent Auditor.

For both parties to work effectively, we perform a review of your accounting system in advance of our fieldwork. This enables us to assess key areas such as costings, overheads and payroll, thereby improving efficiency.

Our dedicated team will liaise with your project coordinators to perform the required testing with the minimum disruption to your business.

We also have the capacity to react quickly to your ad hoc reporting requirements. And most importantly, our reports will be signed promptly and issued directly to the relevant bodies.

GRANT KNOWLEDGE BASE

We provide an online Knowledge Base via LEES dedicated grant audit website (www.grantaudits.co.uk) to which all our grant audit clients have complimentary access.

The Knowledge Base is a useful repository of information we have gleaned from funders after working in this sector for many years.

From the Knowledge Base, our clients can search frequently asked questions, or indeed ask their own question, which we will answer promptly.

REMOTE WORKING

Most clients still prefer on-site fieldwork visits for us to conduct our audit testing. However, we are increasingly conducting grant audits remotely via our secure cloud-based document exchange system, LEES OpenSpace.

We operate a paperless office with electronic working papers and sign-offs, ensuring timely completion of engagements.

FORENSIC

LEES specialisms also include a grant audit forensic review and expert witness service which is often utilised by beneficiaries, funders and indeed fellow professionals.

In fact, whatever your needs, we are here to help.

CONTINUITY OF STAFF & EXPERIENCE

- ▶ At LEES, we believe passionately that an effective grant reporting process is linked to the experience of the staff conducting the fieldwork, continuity of staffing, and the relationship we build with you.
- ▶ We have a specialist team who are highly experienced in all aspects of grant reporting. To give you the best possible service, we will ensure that you know who will be in charge of your affairs.

GRANT AUDIT PROCESS

All grant audits follow a specified process:

Planning:

We plan our grant audits in advance of fieldwork, ensuring that our clients have sufficient time to prepare the documentation to support our audit testing.

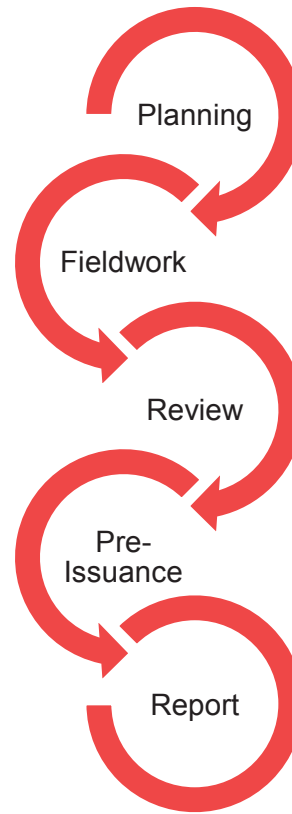
Fieldwork:

Usually, a grant audit involves one day of on-site fieldwork to review documentation and supporting audit evidence. We endeavour to resolve any queries on-site, but, if any further information is required, we issue a detailed schedule of queries within one working day of our fieldwork.

Review:

The work under goes a robust manager and director review before a draft report is issued to the client for approval. Finally, a completely independent “Pre-Issuance Review” is undertaken before the signed reports are issued.

The whole process usually takes around 2 weeks.



Usual Turnaround Time: 2 Weeks

CLIENT SERVICE MEETINGS

- ▶ We offer quarterly service meetings to our larger clients, where we report on key issues emerging from audits and provide a tailored management report based on your specific needs and those of your Audit Committee.
- ▶ Our clients find these useful as not only does it allow management to identify common issues across segments and take corrective action, but also allows management to provide independent feedback to internal audit functions.

“The JTS came to visit to perform a Second Level Control on the INTERREG North Sea Programme Project of which LEES are our first level Controller. The JTS were pleased that everything had a clear audit trail and was in order and had no other comments or issues.”

Management Accountant, Norwich Biosciences Institutes

“...we were subject to a second level control audit on INTERREG IVA Two Seas project. On conclusion of the audit there were no concerns identified. LEES were our first level controller at the time.”

Deputy Assistant Director AH&SS , QA and Compliance Manager University of Cambridge

COST

Our approach to fees is that there will be “no surprises”. We will agree rates with you and stick to them.

- ▶ LEES service proposal is based on service delivery and not hourly rates; however, we are confident that our fees will be competitive.
- ▶ We have identified that a fixed fee per grant audit is the most transparent and efficient method of agreeing fees, which will cover the planning, fieldwork, review and reporting.
- ▶ We understand that you may have routine queries and require some technical support on an ongoing basis. Dealing with such queries is very much part of the core service for our clients. Good relationships are not developed if you feel the “clock is running” every time you pick up the phone. For this reason, all routine queries are not charged.

- ▶ Based on our experience, we will be able to provide a fee quote in advance which takes into consideration the size, type and nature of the testing required on the specific grant. However, typically we are contracted to complete multiple audits, within a framework agreement.
- ▶ We understand that it can be difficult to identify auditors that are prepared to quote for services as part of your procurement process. LEES are happy to quote, regardless of your location.

OUR GRANT TEAM LEADERS



Ellen Thompson and Jonathan Gray lead a dedicated, experienced team of 10 grant audit professionals.

PLEASE GET IN TOUCH...



Contact LEES Grant Audit Director Jerry Hyde for a quote or any further information you may need from LEES...

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- ▶ LEES directors and staff are professionally qualified and have the required experience to be appointed First Level Controllers and sign independent accountants reports.
- ▶ LEES have professional indemnity insurance cover of £6 million.
- ▶ LEES are Registered Auditors and Designated First Level Controllers.



Registered Auditor No:0361133

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