

# European Capital of Democracy

## Auditing Guidelines

The terms used in this document shall have the meaning as defined in the Glossary in the section “Glossary” of the Call.

### Preamble

An audit provides the highest level of commitment to transparency in respect of assurance of our organisation’s financial statements. It guarantees that, to the best of our knowledge, financial information is fairly presented and free of any misstatements. Although we are not obliged to, we will voluntarily obtain an audit. This audit shall cover the ECoD Call and selection process, including monitoring and evaluation, as well as the financial conduct. Any information about the audit team can be obtained from ECoD NPO upon request.

### Type of Audit

ECoD NPO will conduct an annual evaluation with the aim of optimising the Call and its related processes, comprising staff, Jury and Advisory Board members. The evaluation’s results shall be used to improve the effectiveness of the organisation and to make programmatic changes.

For this purpose, ECoD NPO will undertake a voluntary audit of all selection procedures and the annual financial statements. All decision-making processes will be reviewed and the financial statements will be critically appraised based on a plausibility check.

The findings of these evaluations will be part of the annual reports. This audit will however not result in the issuance of an audit opinion in accordance with § 274 of the Austrian Commercial Code (UGB).

### Objective of the Audit

This voluntary audit aims at reviewing the functionality of all applied decision-making processes in order to constantly improve in terms of efficiency and transparency. For this purpose, an external reviser will be appointed to review the ECoD Initiative and its principal officers. Non-public and confidential information submitted by the Participants will not be disclosed and will not be part of the review.

### Scope of the Audit

The audit will be held once a year for the period of the past year. The audit team will evaluate particularly the following criteria:

- Call and selection procedures
  - Selection and nomination of ECoD NPO team members and Expert’s Jury members
  - Review of all relevant ECoD documents, such as, conflict of interest declarations, non-disclosure agreements and any Jury member documents
  - Review of preconditions check
  - Evaluation processes and on-site visits
  - Exclusion criteria and documentation
  - Data protection according to the GDPR



- Finance
  - The adequacy and effectiveness of the internal control system
  - The accuracy of the records and the reports to the governing body
  - The proper authorization of activities and expenditures (comparison of actual financials to the budgeted financials)
  - The proper classification of activities to programmes, management and fundraising
  - Verification for completeness and up-to-dateness of all information and documents
  - A review of the tax-exempt status and identification of any activities that may endanger the status
  - A review of all monitoring reports from funders
  - Ascertaining that payroll taxes, licences, taxes, and corporate reports are properly filed in a timely manner
  - Determination that the organisation's activities remain consistent with its established exempt purpose and that sufficient controls are in place to determine and assure continued compliance

### **Referential framework**

A referential framework will be developed together with the external auditor and published as soon as the target specifications are finalised. For this purpose, feedback from target groups, the broader public and other relevant stakeholders will also be collected, evaluated and considered.

### **Results and Consequences**

The results will be discussed with all principal officers and the General Assembly. They will then be further processed by the responsible people together with the external reviser to determine the specific consequences and steps to be taken.

This document will be subject to ongoing development, and defined standards must be met.

### **Financial Accountability**

ECoD NPO creates and maintains financial reports on a timely basis that portray its financial status and activities.

Internal financial statements will be provided on a timely basis to the General Assembly.

Annual reports will be made public.

The ECoD NPO has written financial policies.

The ECoD NPO is aware of and in compliance with all applicable federal, state and local laws. This may include but is not limited to complying with laws and regulations regarding fundraising, intellectual property management, licensing, financial accountability, human resources, and taxation.