MK AUDIT

# Grant audit preparation checklist

10 document groups, audit stages and timing, checks before you report to the donor

This is the list we send to organisations before a grant audit starts. It is generic: your donor may add its own requirements in the grant agreement or the audit terms of reference. Tick off what you already have and file documents by budget line rather than by date, because the auditor works through the budget line by line.

## 1. Documents: 10 groups

| Group | Documents |
|---|---|
| ☐ **Agreement with the donor** | Grant agreement with all annexes, approved budget, budget and agreement amendments, correspondence approving reallocations. |
| ☐ **Project reporting** | Financial reports to the donor for all periods, narrative reports, previous audit reports if any. |
| ☐ **Founding documents** | Charter, extract from the State Register, extract from the Register of Non-Profit Organisations, appointment orders for the director and accountant, accounting policy. |
| ☐ **Bank** | Statements for the project account for the whole period, confirmation of tranches received, documents on currency purchase and sale. |
| ☐ **Accounting records** | Trial balances for the project, account ledgers, an expenditure register linked to budget lines, the method for allocating shared costs. |
| ☐ **Staff** | Employment or civil-law contracts, job descriptions, attendance records, timesheets splitting time between projects, payroll sheets, payments of personal income tax and social contribution. |
| ☐ **Procurement** | Requests for quotations, quotations received, supplier selection records, contracts, invoices, delivery notes, acts, records of equipment put on the books. |
| ☐ **Travel and events** | Travel orders, tickets, hotel invoices, expense reports, signed participant lists, agendas, photo reports. |
| ☐ **Partners and sub-grants** | Agreements with partners, their financial reports, partners' source documents or evidence that they were checked. |
| ☐ **Taxes** | Non-profit report on the use of income, payroll tax and social contribution returns, evidence of VAT exemption for international technical assistance projects where applicable. |

## 2. Audit stages and indicative timing

| Stage | What happens | Timing |
|---|---|---|
| **Planning** | the auditor reviews the agreement, budget and donor requirements and agrees the report format and document list | 2-3 working days |
| **Document collection** | the organisation provides documents under this checklist | from a few days to a few weeks |

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|---|---|---|
| **Fieldwork** | testing of costs, reconciliation of the report to the books, procurement and staff | 1-2 weeks for a mid-size grant |
| **Discussion** | questions and draft findings, explanations and additional documents | 3-7 days |
| **Report** | audit report in English and Ukrainian, a management letter if needed | up to 1 week |

> Overall a small grant takes 2-3 weeks and a multi-year project with partners 4-8 weeks. Document collection has the biggest effect on timing.

## 3. Seven checks before you report to the donor

- ☐ A separate bank account for the project if the donor requires or recommends one.
- ☐ A written method for allocating shared costs, applied consistently.
- ☐ Staff timesheets kept every month, not reconstructed at the end of the project.
- ☐ Supplier selection records kept even for small purchases.
- ☐ The donor report reconciled to the accounting records before each submission.
- ☐ Budget changes approved by the donor in writing before the money is spent.
- ☐ The exchange rate used matches the terms of the grant agreement.

## 4. Types of audit findings

| | |
|---|---|
| **Ineligible costs** | costs outside the budget, period or donor rules. The donor may ask for the amount to be refunded. |
| **Documentation gaps** | the cost is real but the document is incomplete: no signature, date or breakdown. |
| **Internal control weaknesses** | no allocation method, timesheets or procurement procedure. Reported in the management letter. |

> This list is generic and does not replace your donor’s requirements. The report format (ISA 800, ISA 805, ISAE 3000 or ISRS 4400) is set by the donor.

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Grant audit: audit-mk.com.ua/en/audyt-grantu/ · mkauditsend@gmail.com · +38 (050) 671-55-67