How to Keep an Audit Trail

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What is an audit trail?

- The Programme and the projects share a common “Management and Control System” which foresees the establishment and maintenance of an “adequate audit trail”.
- The audit trail is any procedure which allows to track all financial and document flows for all expenses occurred in the project.
- The audit trail allows to comply with the obligations in terms of documents keeping.

For each expenditure, the trail goes back from its reimbursement until the Community Decision of allocation of funds to the Programme.
Why is it important?

✓ An “adequate audit trail” allows to compare the amounts certified to the European Commission by the Certifying Authority with those paid to the beneficiaries.

Who does what?

✓ The following actors are responsible of keeping the audit trail:
  • At Project level: LP and all PPs as well as their FLC.
  • At Programme level: MA/JTS and CA.

✓ The existence of the audit trail is verified along audits (Audit Authority, EU Commission, Court of Auditors, etc.).

Verification of the Audit trail

The “walk-through” test

• It consists in “walking” on the audit trail for tracking an expenditure (e.g. a study):
How to keep an audit trail

Preparation of an audit trail (at level of each beneficiary)

1. Identification of all processes leading to expenditure (internal procedures and involved actors e.g. for staffing, purchase of services/supplies, etc.);
2. Identification of information and financial flows:
   - Technical (e.g. studies, technical reports, etc.);
   - Financial/administrative (e.g. invoices, bank statements, tender documents).
3. Identification of procedures for archiving as well as location of all documents.

From the very beginning of the project!

How to keep an audit trail

Preparation of an audit trail (at project level)

1. Identification of information and financial flows:
   - Technical/financial (progress reports and annexes, including all Confirmations of Control, bank statements for the transfer of ERDF from LP to PPs, etc.).
   - Administrative (subsidy contract/partnership agreement and their amendments, Application Forms, etc.).
2. Identification of procedures for archiving as well as location of all documents.