

Fact Sheet 13: Documents required for the Audit Trail

Version	Valid from	Valid to	Main changes
Version 1	14.12.2021	-	n/a

CORE MESSAGE

The audit trail comprises not just invoices and proofs of payment but also documentation for correctness and eligibility of all costs. It should demonstrate not just what was paid but also why the expenditure was made and whether value for money principles were observed (including tendering rules, if applicable). A full audit trail can be required at short notice for all project audits, so documentation must be kept up to date at all times.

For small-scale projects only documentation for staff costs is required as other costs/budget lines are covered by a flat rate of 40% of staff costs.

Background

This fact sheet explains what is meant by documenting costs and the need for a complete audit trail. A full set of relevant documentation should be the starting point for all Controls.

Documents required for the audit trail

It is not possible to provide a comprehensive list of documents, as requirements vary slightly from project to project, depending on activities and the partner organisation's administrative rules. However, the audit trail must include proof that all costs are eligible. This is different to a regular Control of accounts, which focuses on the basic soundness of the expenditure recorded as set out below:

Control and audit of an Interreg project starts here but also takes into account what was paid, why the

Illustration 1 – example of a simplified audit trail



expenditure was made, whether it complies with all relevant rules (programme and national) and regulations (EU), and whether value for money principles were observed. The tables below provide examples of the sorts of documents and evidence that should be available.

All documentation should be accessible at the partner's premises. Access to digital versions of documents is likely sufficient in most cases (however, please observe your organisational and national standards). This should be checked with the Controller/auditor in advance. For details of

the rules behind these documentary requirements see the individual fact sheets on the relevant issues.

Office and administration and preparation costs are the only cost categories in which the North Sea Programme does not require documentation since payment of these costs is based on a flat rate calculated from staff costs or a lump sum. For small-scale projects only documentation for staff costs is required as other costs/budget lines are covered by a flat rate of 40% of staff costs.

Main supporting documents needed for different types of costs

Basic background documents

- Subsidy contract and all amendments
- Latest approved version of application
- Evidence of the accounting system (either separate accounting system or adequate accounting code/cost centre) for all project-related transactions
- Partnership agreement and all amendments
- Programme documents: Interreg Programme, fact sheets, programme and Control manuals /requirements, etc.

Basic project report documents

- Activity report including all obligatory annexes, properly signed and submitted
- List of expenditure by budget line
- Copies of main project deliverables such as studies, agendas of meetings, etc. in line with the activity report
- Publicity items such as brochures, publications, website etc.
- Proof of payment for all reported costs – e.g. payment statements

Staff costs

- A document showing the contractual relationship (e.g. employment contract or other formal agreement) for all employees reporting staff costs (part-time and full-time)
- Written agreement(s) outlining the work to be done for the project for all persons reporting staff costs (part-time and full-time)
- A document specifying salaries for each relevant month and each person working on the project (e.g. payslips, print-out of the accounting system)
- Proof of payment of salaries and any additional compulsory employer contributions (e.g. social insurance)
- For part-time work on the project – based on a fixed percentage of time worked per month: Document setting out the percentage of time to be worked on the project for each person reporting staff costs under this option
- **For part-time work on the project**
Employment document outlining the hourly rate for each employee working part-time on the project

Travel and Accommodation

- Agenda or similar of the meeting/seminar/conference
- Proof of participation
- Paid invoices or documents of equivalent probative value (hotel bills, tickets, etc.)
- Information on daily subsistence allowance / per diem claims

Public procurement (see Fact Sheet 12). Remember that Controllers and external project management almost certainly need to be tendered

- Initial cost estimate made by the project partner to identify the applicable public procurement procedure
- Procurement publication/notice
- Terms of reference
- Offers/quotes received
- Report on assessment of bids (Evaluation/selection report)
- Information on acceptance and rejection
- Complaints by bidders (if any)

External experts and services

- The selected offer or the contract
- Tender documentation
- Invoices and proof of payment of external services and experts (e.g. bank account statement)
- **For experts and services that are NOT exclusively used for the project:**
Calculation method showing the share allocated to the project and justification for the share allocated
- Deliverables and other evidence of the work carried out by external experts

Specialist Equipment and Infrastructure

- The selected offer or contract
- Tender documentation
- Invoices and proof of payment
- **For depreciation:** Calculation scheme for depreciation
- **For equipment used only partially for the project:** Calculation method showing the share allocated to the project and justification for the share allocated
- Proof of existence (pictures, delivery note etc.)

All supporting documents must be kept for five full years from 31 December of the year in which the final payment is made to the project. An exception to this rule relates to Norwegian partners and partners under a State aid scheme: all supporting documents pertaining to partners from Norway, including activities in which they are involved, plus supporting documents for partners involving any grant of state aid (including to final recipients) must be kept for ten full years from 31 December of the year in which the final payment is made to the project. You will be informed about the exact date when you end your project.