



Fact Sheet 12 – Documents required for the Audit Trail

	Valid from	Valid to	Main changes
Version 2	27.04.15		Changes to the retention period for documents after the end of the project. The new rule here applies to all documents for all projects from the start of the programme.

Core message: The audit trail comprises not just invoices and proof of payment but documentation for all costs. It should show not just what was paid but also the need for this expenditure and that value for money principles were observed. A full audit trail will be required at short notice for all project audits so documentation must be kept up to date at all times.

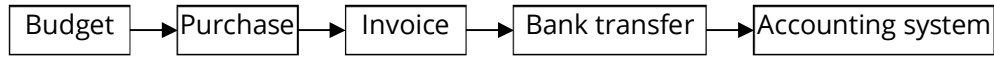
Background

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 first level control.

Documentation required for the Audit Trail

It is not possible to provide a comprehensive list as requirements will vary slightly depending on the project, the activities and the beneficiary organisation’s administrative rules. However, the audit trail must include proof that all costs are eligible (see Fact Sheet 1). This is a huge difference compared to regular audit of accounts, which focuses on the basic soundness of the expenditure recorded as set out below:

Illustration 1 – example of a simplified audit trail



First level control and audit of an Interreg project will start here but will also consider not just what was paid but also the need for this expenditure, whether it complies with all relevant rules and regulations, and that 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 beneficiary’s premises. For some documents it may be sufficient to provide access to a digital system. 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 issue.

Costs for Office and Administration and preparation costs are the only case where the North Sea Region programme does not require documentation as payment of these costs is based on a flat rate calculated from staff costs or a lump sum.

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: Cooperation Programme, fact sheets, programme and first level control manuals 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 – based on a flexible number of hours OR hourly rates:** Records of time worked (e.g. signed time sheets or equivalent) showing 100% of the work of the person
 - **For part-time work on the project OR hourly rates:** Calculation scheme for salary costs 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 11!). Remember that first level 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
- 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
- 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.)

In addition, projects using shared costs should ensure that they keep all relevant supporting documentation explained in the relevant fact sheets.

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.¹ All supporting documents for projects involving any grant of state aid (including to final recipients) and for all beneficiaries from Norway 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.

¹ Common Provisions Regulation 1303/2013 §140 (1)