

Financial Manager Seminar
3 October 2008, Luxembourg

Audit Trail, Second Level Control



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Control Systems

Self-control	Final beneficiary
First Level Control	Member States
Certification of expenditures	Certifying Authority
Second level control	Audit Authority

Audit Scope

Sound financial management	System audit
Correctness and eligibility of expenditures	Financial audit

Audit bodies

- The Audit Authority
- The Group of Auditors (GoA)
- The external firm

Audit team for operations

Audit team:

- 2 auditors of the external firm
- The national member of the GoA

Audit of operations (1)

Conditions:

- Operations selected on sample basis
- Carried out each twelve month period from 1 July 2008

Procedure:

- Specific guidelines will be distributed
- Information in advance, clear and complete communication to the LP/PP selected – documents, participants, dates, visits on the spot – contradictory procedure

Audit of operations (2)

Attention!

Audit on operations are different from the on-the-spot checks carried out by the MA.

Audit of operations (3)

Focus on:

- The compliance with Community and national rules, in particular public procurement
- The respect of the selection criteria for the operational programme for the operation under discussion and the implementation of the operation in accordance with the approval decision;
- The correspondence of the expenditures declared by the beneficiary to the accounting records and supporting documents held by the beneficiary;
- The payment to the final beneficiary of the public contribution

Audit Trail (1)

Criteria for an Adequate Audit trail:

- it permits the aggregate amounts certified to the Commission to be reconciled with the detailed accounting records and supporting documents held by the different bodies involved in the procedure (from the beneficiaries up to the CA)
- it permits verification of payment of the public contribution to the beneficiary;
- it permits verification of application of the selection criteria established by the monitoring committee for the operational programme;
- it contains in respect of each operation, as appropriate, the technical specifications and financing plan, documents concerning the grant approval, documents relating to public procurement procedures, progress reports and reports on verifications and audits carried out

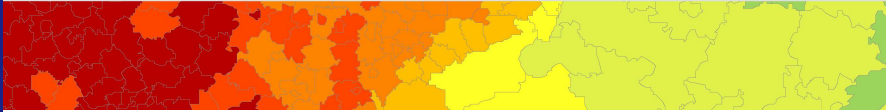
N.B. Documents have to be made available at least until 2020!

Audit Trail (2)

Documents to be stored (list not exhaustive):

- Approved Application Form;
- Subsidy Contract;
- Partnership Agreements;
- Relevant project correspondence (financial and contractual) ;
- Project/Partner Progress Reports;
- Control certificates, control checklists and control reports;
- List of declared expenditure;
- Bank account statements proving the reception and the transfer of Programme funds;
- Invoices/receipts;
- Bank account statements / proof of payment for each invoice;
- Staff costs: calculation of hourly rates, information on actual annual working hours, labour contracts,
- payroll documents
and time sheets of personnel working for the project;
- List of subcontracts and copies of all contracts with external experts and/or service providers;
- Calculation of administrative costs, proof and records of costs included in overheads;
- Documents relating to public procurement, information and publicity;
- Public procurement note, terms of reference, offers/quotes, order form, contract;
- Proof for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participants' lists, travel tickets, etc.;
- Records of assets, physical availability of equipment purchased in the context of the project;

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Thanks for your attention

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