

## Audit trail Requirements

### Introduction:

For the upcoming periodic reporting round you, as Lead Beneficiary, need to prepare for the 1<sup>st</sup> level controller's check. In Appendix 5 of the Manual for the 1<sup>st</sup> level control, you can see all the control aspects that you and all the beneficiaries in the partnership are subject to. The 1<sup>st</sup> level control work is extensive and the time available (4-/6 weeks) for the control is limited, you therefore need to be well prepared and have relevant documents including supporting accounting evidence, completed progress reports on activities and finances etc. ready for inspection and verification in order to meet the secretariat's deadline.

This group should look at how you prepare for the 1<sup>st</sup> level controller's check of compliance with - amongst other things – audit trail requirements.

1. The requirements of documenting the eligible expenditure in the context of the ERDF regulations are quite cruel and the lack of documentation can make the expenditure, behind even the most successful project, ineligible. The list of the documents to be kept seems quite extensive if not overwhelming. Not all organisations have their systems geared to keep the documentation required. Ironically, project managers in the biggest organisations, which otherwise have the organisational capacity to implement the project, can have problems adjusting the rigid financial procedures, for their relatively small projects. On the other hand, if/when this is settled, managing efficiently the number of documents can pose a problem. Consider the following questions:
  - a. How to prepare your organisation for providing the required information?
    - i. What are problematic issues?
    - ii. What are the solutions?
  - b. How to best organise the daily/periodic management of full audit trail?
    - i. Share best practice
  - c. How to secure the 2023?
2. According to the 1<sup>st</sup> level controller's checklist, it must be checked whether all reported activities/expenditure can be supported by a sufficient documentation. Consider in the group what you, in general, need to prepare for the 1<sup>st</sup> level controller in order to support your activities and the related expenditure?
  - a. What sort of documents was asked for by the 1<sup>st</sup> level controller during the check in the spring 2009?
  - b. What were the requirements from the 1<sup>st</sup> level controller?
  - c. Was the check extensive?
  - d. What were the content and the scope of the verifications by the 1<sup>st</sup> level controller?
  - e. Did the checks include both administrative checks and on-the-spot verifications?
  - f. How did you respond to the questions and the requirements?
  - g. Did you encounter any difficulties in producing the evidence?
  - h. Give examples of how this was successfully demonstrated during the check?
  - i. Give examples of what turned out to be a bad idea and waste of time?