

PROVIDING ACCOUNTING INFORMATION FOR THE AUDIT OF EUROPEAN UNION FUNDS IN THE PUBLIC SECTOR

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Abstract: The utilization of the financial support provided by the European Union (EU) funds requires effective control with reference to the spending of these public funds. An audit of the operations and activities undertaken and financed by EU funds offers the most adequate information with reference to the legality, appropriateness and effectiveness of the obtained results.

Providing accurate and valuable accounting information that will be used in the audit of EU funds implies obtaining sufficient and appropriate auditing evidence. This will allow specialists to express their expert opinion on the operations performed and activities funded by the European community.

Key words: accounting information, audit, budgetary organizations, European projects, European Union funds.

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The “Europe 2020” strategy of the European Union for intelligent, sustainable and inclusive growth sets the goals and the trends in the development of the economy of the EU as a whole and the member states in particular with a vision until 2020. For the realization of this strategy, the EU provides public resources allocated with the help of financial mechanisms created for this purpose by the European Community. Under the provisions of the directives and EU regulations, the spending of such

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funds is aimed at improving the standard of living in the different countries and their infrastructure systems. The goal is to create a single community without differences across the countries and regions.

The **research goal** of the present study is *to outline and analyse the main methods of providing accounting information during the audit of EU funds used by the public sector beneficiaries in Bulgaria*. An emphasis is put on the regulations and basic principles of audits applied in the accounting for operations and activities of the projects financed under the operational programs of the European Structural and Investment Funds (ESIFs) or “*European projects*”.

The analysis conducted in the study is based on the provisions of the legislation of the Republic of Bulgaria and the European Community that came into force on May 1, 2016.

I. Basic principles of the audit of EU funds in the public sector

The EU funds are cash resources provided as dedicated funding through special financial mechanisms from the general budget of the European Union as well as under the schemes of other donor programmes. To utilize such financing, public sector organizations have to set up projects whose main objectives are related to the realization of various activities and initiatives beneficial to the public.

The financial mechanisms that the European Community uses to provide such funding are the ESIFs. On the national level, with reference to the utilization of the financial support¹ provided under these funds, the Government has launched operational programmes. The latter are prepared and submitted to the European Commission by the member states. The operational programmes outline the countries’ structural and

¹ Under the provisions of the regulations governing the ESIFs operation and scope, the resources utilized from the funds represent financial support provided in three forms: *grants, repayable assistance and awards*. The most common form of financing of the EU projects in the public sector in our country is *the grant*. Therefore, the analysis in this article is aimed at it.

investment priorities and the funds necessary for their realization during the specified programme period. The goal of these programmes is to direct the financing provided by the European Funds to the realization of projects in specific spheres of public life.

The beneficiaries of EU Structural Fund projects can be organizations from the public sector and the private business as well as individuals from the EU member states. In this paragraph, we will analyse the public sector beneficiaries who work to satisfy the public needs of institutions and citizens. When implementing the project's operations and activities, the work of the beneficiaries has to comply with Bulgarian and European Community regulations. This is monitored by the authorities that manage the provided financial support.

By monitoring the EU funds, the authorities control and supervise their lawful utilization and implementation of the financial and technical aspects of the projects. This monitoring is an overall process involving the chronological and systematic observation and analysis of the activities related to the management and organization of European projects. The objective of this process is to determine the compliance of the negotiated and implemented operations and activities. In addition, it provides data necessary for the assessment of the *effectiveness, efficacy and economic impact* of particular projects.

The process of monitoring the utilization and management of the ESIF financial support is carried out in compliance with EU and Bulgarian legislation and the following laws in particular: the EU's Financial Regulations², Public Finance Law³, the Law on the Management of Funds under ESIF⁴, the Law on Financial Management and Control in the Public Sector⁵, the Law on Internal Audit in the Public Sector⁶, the Bulgarian

² Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council from 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 of the Council (OB, L 298 from 26.10.2012).

³ Promulgated in State Gazette, issue 15 from 15 February 2013; last amended and supplemented – State Gazette, issue 95 of 8 December 2015.

⁴ Promulgated in State Gazette, issue 101 from 22 December 2015.

⁵ Promulgated in State Gazette, issue 21 from 10 March 2006, last amended and supplemented - State Gazette, issue 15 from 15 February 2013.

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National Audit Office Act⁷, Public Procurement Law⁸ and the regulations for its implementation,⁹ amongst other regulations.

The main methods for monitoring the ESIFs financial support spending are:

- Examination of documents;
- Physical in situ inspections;
- Audits of the project's implementation.

The officials, who administer the EU funds, namely the Managing Authorities and their adjoining Intermediate Bodies, do the documentary and physical checks. This is done to determine the actual and financial progress of the implemented projects. The examinations of documents also exercise administrative, technical and financial control over technical and financial reports, payment claims or any other documents provided by the project's beneficiaries. The in situ physical inspections are visits at the locations where the projects are implemented. Their purpose is to compare the results of the documentary checks with the physical progress of the particular EU projects, to establish whether all operations and activities comply with the grant contracts, and to register and prevent any infringements of regulations.

The audit of budgetary organizations that are beneficiaries of projects financed through EU funds involves checks and analyses of these organizations, the management and accounting of the utilized financial resources. This is done in compliance with the requirements of Bulgarian and EU legislation. What is more, the audit is an element of the monitoring process. However, because of its specific character, the audit can be also differentiated as a separate process.

The main purpose of the EU funds audits is to determine whether the EU project's operations and activities and the related expenditures/expenses are legal and relevant to the project's goals. The audit procedures must confirm the eligibility of costs declared according to

⁶ Promulgated in State Gazette, issue 27 from 31 March 2006, last amended and supplemented – State Gazette, issue 101 from 22 December 2015.

⁷ Promulgated in State Gazette, issue 12 from 13 February 2015.

⁸ Promulgated in State Gazette, issue 13 from 16 February 2016, last amended and supplemented – State Gazette, issue 34 from 3 May 2016.

⁹ Promulgated in State Gazette, issue 28 from 8 April 2016.

the terms and conditions of grant contracts, the Regulations of the European Community and all European and national regulations related to the financial reporting of utilized resources under the ESIFs. In addition, the audit authorities have to make expert comments whether the financial reporting of EU funds complies with the provisions of the applicable accounting standards and accountability rules set in the instructions of the Ministry of Finance (MF) of the Republic of Bulgaria.

The budgetary organisations that are beneficiaries of the EU Operational Programmes are audited by:

- the Managing Authorities/adjoining Intermediate Bodies;
- The Certifying Authority¹⁰;
- The Audit authority¹¹;
- The Public Financial Inspection Agency (PFIA);
- the Bulgarian National Audit Office;
- The European Anti – Fraud Office – OLAF;
- The European Court of Auditors;
- The European Commission.

During the initial preparation of the operational programmes documentation, the Managing Authorities can set threshold project values. When the project's beneficiaries reach these thresholds, they become subject to *independent financial audit* by a registered auditor or a specialized audit organization. The threshold value is determined particularly for each Operational Programme.

The audit of projects implemented with ESIF financing must be undertaken according to audit assignments in compliance with the requirements of the International Audit Standards set by the International Federation of Accountants (IFAC), the International Standards for the

¹⁰ The Certifying Authority of the ESIF Operational programmes for Bulgaria is the National Fund Directorate, which functions under the structure of the Ministry of Finance. The functions of this organization are related to receiving and managing the funds under the ESIF. It also monitors the process of the funds utilization.

¹¹ The Audit Authority implements audit activities to assess the realization of the set strategic goals and indicators of the Operational programmes. In addition, it is authorized to inspect the activities of the Certifying Authority, the Managing Authority and the adjoining Intermediate Bodies as well as the project beneficiaries. The Audit Authority for the ESIF Operational Programmes for Bulgaria is the "Audit of EU Funds" Executive Agency, which is part of the Ministry of Finance structure.

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Professional Practice of Internal Auditing developed by the International Institute of Internal Auditors, and the standards of the International Organisation of Supreme Audit Institutions – INTOSAI¹².

It should be noted that depending on the object and purpose of the audit assignment, auditors can perform one of the three main types of audit in the public sector, namely a *financial audit*, *performance audit* and *compliance audit*.

Under the provisions of the International Standards of Supreme Audit Institutions, the *financial audit* focuses on “determining whether an entity’s financial information is presented in accordance with the applicable financial reporting and regulatory framework”¹³. The auditors’ tasks are directed towards obtaining sufficient and appropriate audit evidence to enable them to express an opinion of the adequacy and comprehensiveness of the financial information in the accounting reports of the projects financed under the operational programmes of the ESIFs is adequate and comprehensive. Another important aspect of the auditors’ opinion is whether the examination of the financial documents has registered any misstatements due to errors and / or fraud.

The performance audit is directed towards “identifying whether the activities and programmes are implemented in accordance with the principles of economy, efficiency and effectiveness and whether there is room for improvement”¹⁴. When performing this type of audit, specialists examine the implementation of set operations and activities that must comply with criteria determined in accordance with the activities of the particular projects. In this case, auditors analyse the deviations from those criteria

¹² According to the regulations of the National Audit Office Law (Promulgated in State Gazette, issue 12 from 13 February 2015). Additional provisions §1.pt.13; and Ordinance № N-2 from 24.03.2009 on the order and method of implementation, coordination and harmonization of the specific audit activities under EU Funds and Programmes. (Promulgated in State Gazette, issue 25 from 3 April 2009, last amended and supplemented State Gazette, issue 101 from 28 December 2010). Additional provision §1.pt.1.

¹³ Mezhdunarodnite standarti na varhovnite oditni institutsii 100 Osnovni printsipa na odita v publichniya sector. §. 22.
<http://www.bulnao.government.bg/bg/articles/download/7240/issai-100new.doc> (last accessed 01.05.2016)

¹⁴ *ibid.*

and/or problems that have arisen during the project implementation. The auditor's opinion includes the main problems related to the utilization and management of the EU funds. It also gives recommendations for the solution of those problems.

A *compliance audit* aims to "determine whether a particular subject matter is in compliance with authorities identified as criteria"¹⁵. This type of audit assesses whether activities, financial operations and information are, in all material respects, in compliance with the current European and national legislation in this field.

The authorities can perform more than one of the outlined types of audit in the public sector. The main purpose of the audit assignment is to establish the adequacy, appropriateness and lawfulness in the utilization and management of EU funds by project beneficiaries.

When planning the procedures and collection of evidence needed for their expert opinion in the audit reports, the main activities of auditors are related to completing the following tasks:

- identifying the financial operations and activities performed during the project in compliance with the terms and conditions of the signed administrative contract / issued order for financial support and the principles of good financial management under the regulations of the provisions of the EU Financial Regulation¹⁶;
- verification of tender procedures and supplies under public procurement in compliance with contracts with suppliers and the current European and national legislation;
- comparing the resources spent while implementing the project with those written in advance in the implementation schedule;
- establishing the eligible costs under the regulations of the specific operational programme and the cost justification documents where the costs are registered;

¹⁵ Mezhdunarodnite standarti na varhovnite oditni institutsii 100 Osnovni printsipa na odita v publichniya sector. §. 22.
<http://www.bulnao.government.bg/bg/articles/download/7240/issai-100new.doc> (last accessed 01.05.2016).

¹⁶ Regulation (EU, Euratom) 966/2012. §. 30.

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- verification of the registered project costs according to the terms and conditions of their accounting in a separately designed analytical accounting system or in separate analytical accounts;
- reporting the results of the documentary verifications and physical inspections;
- checking whether the project maintains an up-to-date hard and soft copy of the files;
- establishing whether the project maintains an adequate audit trail¹⁷ allowing the European and national audit authorities to control the project's activities.

The audit evidence should contain proof of identified irregularities in the project (if any); the terms and conditions under which they are reported to the Managing Authorities/ adjoining Intermediate Bodies; information about the methods of dealing those irregularities; made technical and financial corrections, etc. The process of auditing EU funds also involves checking the information about the specific action plans for dealing with irregularities and weaknesses as well as the set deadlines. With reference to this, auditors inspect the adequacy and authenticity of documents for repayment of funds spent on financial corrections by project beneficiaries and/or contractors as well as their financial reporting in the accounting system of the project's beneficiaries.

What is more, the audit also includes inspections of the financing of particular projects under other schemes or donors (sources), including "double financing", state and/or de minimis aid, etc.

Last but not least, auditors should make sure that beneficiaries work in compliance with the ESIF communication strategy, which guarantees the provision of information and publicity for EU funded projects.

The results from the audit of the utilization and management of resources under the operational programmes of the ESIFs are presented in audit reports. In these reports, experts give their opinion about the financial operations and activities implemented for the particular projects. The

¹⁷ An adequate audit trail provides the history of registered costs tracing them from the accounts to the cost justification documents used for registering those costs in the activities of the beneficiary.

opinion expressed can be modified or unmodified. The latter guarantees that the project's implementation complies with current legislation while the former includes any auditors' comments on realized operations, activities and costs. Depending on the identified misrepresentations, the authorities can express a modified opinion without recommendation, with recommendation connected with the audited entity, an adverse opinion, or a disclaimer of opinion.

The audit assignment report is signed and sealed by the leading auditor and an original of the document is presented to the authorities responsible for the management and monitoring of finances under ESIFs. When European projects are subject to independent financial audits, the registered auditor or specialized audit organization submits the original of the report as an appendix to the final technical report, final financial statement and final payment claim.

II. Methodology for providing accounting information during audits of EU funds granted to budgetary organizations (project beneficiaries)

Providing adequate, reliable and substantial accounting information during audits of the management and utilization of EU funds is of key importance for expressing expert opinion in audit reports. Therefore, auditors can follow certain procedures for obtaining audit evidence on these three levels:

- *First*, identifying whether the accounting information registered in the periodic, interim and annual financial reports, prepared by the beneficiaries and submitted to the Ministry of Finance during the project's implementation, is reliable and substantial;
- *Second*, checking whether the accounting information from the reports regarding verifying the costs related to the project's implementation, which are prepared by the beneficiaries and submitted to the Managing Authorities and the adjoining Intermediate Bodies respectively, is reliable and substantial;

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➤ *Third*, comparing the obtained audit evidence from levels one and two.

To generate sufficient and appropriate audit evidence when performing each of the three types of audit in the public sector, i.e. financial, performance and compliance audits, *on the first level* it is necessary to have reliable and substantial accounting information. It can be obtained from the periodic (monthly and quarterly) cash reports and trial balances; the interim reports (prepared on 30th June every reporting period/fiscal year) and the annual financial reports¹⁸ of the budgetary organizations. These documents are submitted to the Ministry of Finance with reference to the budget's implementation, *EU funding accounts* and other funds.

Audit procedures must establish the consistency of the indicators, reported in the above-mentioned accounting formats with the turnovers and balances in the account. The authorities can also obtain audit evidence by comparing the cost justifying documents for the particular period with the data from the accounting system of the beneficiary.

According to one of the fundamental requirements of financial accounting of EU funds in public sector organizations, all changes in the EU project's implementation *must be reported in a specially designed accounting system or in separate analytical accounts*. For the fulfilment of this requirement, the Public Finances Law provides the specially designed group of accounts, namely the "Accounts of EU funds" group, which reflects all entries related to the project's implementation with the help of accounts from the Chart of Accounts of budgetary organizations¹⁹ according to the activities, paragraphs and subparagraphs of the Unified Budget Classification²⁰.

¹⁸ Under the provisions of paragraph. 1 of the Ordinance of the Ministry of Finance № ZMF-1338 from 22.12.2015, the annual and interim financial reports of the public sector organization include a balance, a profit and loss account, a report on the cash budget implementation, the accounts for EU and other funding, clarification of the applied accounting policy, additional information subject to disclosure, information about the implementation of the budget indicators and the accounts for EU funds, etc.

¹⁹ Chart of Accounts of Budgetary Organizations, approved by the Ministry of Finance <http://www.minfin.bg/document/16128:3> (last accessed on 01.05.2016).

²⁰ Unified budget classification for 2016, approved by the Ministry of Finance. <http://www.minfin.bg/document/17411:1> (last accessed on 01.05.2016).

When budgetary organizations implement more than one project, they must organize their financial reporting with the help of the “Accounts of EU funds” group using one of the following models:

- “creating” a subgroup (within the “Accounts of EU funds” group) where beneficiaries can report the operations and activities of the particular European project;
- organizing the analytical accounting regarding the synthetic accounts for reporting the implementation of the particular project.

In the first case, the public sector beneficiary registers separate subgroups for reporting the business operations referring to the project’s implementation in the “Accounts of EU funds” group. For this purpose, every registered subgroup is connected individually with the particular project.

With reference to the second model, the beneficiaries (budget organizations) register the changes in their property status, resulting from the particular project’s implementation, by using special analytical accounts in the “Accounts of EU funds” group. To ensure the accountability to each synthetic account, there must be analytical reporting performed in the *following manner*: № of the grant contract; project title and number; operational programme and the EU fund that provides the financial support, etc.

By applying one of the outlined models for reporting the business operations and processes financed with EU funds the public sector beneficiaries guarantee the maintenance of an adequate audit trail of the project’s financial data. When planning the audit, the competent authorities must find out which analytic accounting model is used by the particular beneficiary to register the accounting entries in the “Accounts of EU funds” group. Depending on the findings, the audit procedures should be directed entirely towards the accounting information in the subgroup / analytic accounts used for reporting the operations and activities of the particular project that is being audited.

Having in mind the fact that budgetary organizations in the country simultaneously apply the “accrual – basis” and “cash – basis” accounting models, the accounting entries are reported both in the accounts (for the accrued basis) and the paragraphs and subparagraphs (for the cash basis)

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of the Unified Budget Classification. In this way, they provide accounting information for the audit from two separate accounting systems that are used for the reporting of the same business operations and processes within one budgetary organization.

Therefore, auditors must *review and analyse the provided audit evidence related to the particular project that is registered through the two accounting methods*. In addition, they must track the adequacy of the audit trail by using the information registered in the “accrual – basis” and “cash – basis” accounting systems *separately*. Auditors inspect thoroughly the accounting information. It is tracked on the basis of data from financial statements through the registered accounting entries in the “Accounts of EU funds” group. This is done by comparing the data from the accrual – basis accounts and the data from the paragraphs and subparagraphs of the cash basis. Then auditors take into account the data from the particular cost justifying documents used for registering the business operations²¹. The registered data of the accrual basis should be identical with the data of the cash basis referring to the received and spent funds at any stage of the audit procedures. If auditors establish discrepancies between the information obtained through the accrual – basis and cash – basis accounting methods, they must identify the reasons for these problems.

In the templates of the financial statements submitted by the budget organizations to the Ministry of Finance there are special report forms for the “Accounts of the EU funds” group in which the beneficiaries can report the registered operations and activities under the EU projects separately, i.e. on an accrual basis and cash basis. Such forms of accounting facilitate the work of the authorized specialists when they need sufficient and reliable audit evidence. It is also necessary to track the information from the separate report documents, namely the periodic, interim and annual financial reports, to verify whether the provided evidence is reliable, adequate and substantial. The Audit Authorities examine the provided information in the “Accounts of EU funds” group by *chronologically reviewing* the indicators registered in the accounts and the paragraphs and

²¹ The tracking of the accounting data can be done in reverse order, namely starting with the cost justifying documents, checking the accounts and then the registered sums in the financial statement.

subparagraphs of the Unified Budget Classification. Finally, the authorities compare the obtained evidence by checking the “accrual basis” data against the “cash basis” data.

It should be noted that the examination of cost justifying documents during audits of EU funds can be discussed from three different viewpoints depending on *the type of audit assignment*. The common characteristic of the three types of audit is the fact that the certified authorities check whether the basic requirements for issuing and reporting documents are met. Auditors also identify the availability of actual costs incurred and/or assets acquired through them.

The purpose of the *financial audit* is to identify whether document values are accurately entered in the accounts, paragraphs and subparagraphs of the Unified Budget Classification and, from there, in the financial reports.

The performance audit examines whether the costs incurred and/or acquired assets comply with the principles of good management – efficiency, effectiveness and economy. To do this auditors also assess the market values for the specific accounting period and compare them with values registered in the cost justifying documents. In addition, they examine thoroughly the tender procedures under public procurements with reference to the “lowest price” or “most economically advantageous offer” indicators. Information about contractors who have won public procurements is also checked.

The aim of *the compliance audit* is to identify the legitimacy and appropriateness of reported costs and/or acquired assets based on relevant documents. Auditors also examine the public procurement procedures, but in this case to find out whether they comply with the national and EU legal regulations in this field.

The second level of auditing EU funds implies the inspection of the costs verifying reports that are prepared by the beneficiaries and submitted to the Managing Authorities, respectively the Intermediary Bodies, with reference to the implementation of the particular project. The audit procedures applied on this level can be followed separately and independently from the ones from the above-mentioned first level. A key moment in the EU funds audit on *the second level* is the functions of

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verifying the project's implementation costs. *The costs verification* is an "overall process of observation and control (underlined by the article author) of the financial and physical progress of the projects financed under the operational programmes with the purpose of confirming the eligibility of costs"²². When submitting a costs verification report, beneficiaries send to the Managing and Monitoring Authorities technical reports, financial reports, payment claims and cost justification documents for the reporting period that are subject to documentary checks (in some cases when there are doubts auditors carry out physical inspections) in relation to the achieved results of the technical and financial project's progress.

According to Vasil Bozhkov, verification as a process is particularly an audit related service that allows auditors to inspect and assess operations and activities financed with EU funds during the project's implementation²³. After the completion of this process, the Managing Authorities, the adjoining Intermediate Bodies respectively form an opinion about the legitimacy and appropriateness of the implemented operations, activities and costs as well as the achieved results and indicators of the particular projects. Based on this, the information from the project's verification reports can be used as sufficient and appropriate audit evidence by auditors. These reports include data related to the amount of the approved costs for the specific period, the amount of unapproved expenses that are covered by the beneficiary's budget, the amount of the revenues obtained through the project's implementation that has to be recovered to and taken by the Managing Authorities / Intermediate Bodies, and the amount of the transfer for certifying costs by the Certifying Authority, etc.

During the audits of the costs verification reports and the related documentation, auditors follow detailed procedures. They inspect and

²² Instructions of the "National Fund" Directorate from the Ministry of Finance DNF № 2/ 01.07.2014 on the certification of expenditure under the operational programmes co-financed by the European Fund for Regional Development, the European Social Fund, the Cohesion Fund, the Youth Employment Initiative and the Fund for European Aid to the Most Deprived for the 2014 – 2020 financial framework, paragraph I, pt.3.

²³ For more information see Bozhkov, V. Verifikatsiata na razhodite po proekti, finansirani ot fondovete na ES – svarzana s odita ushuga. // *Godishnik na IDES*, 2010.

assess the reporting forms (technical reports, financial reports and payment claims), their relationship with the entries in the beneficiaries' accounting system (accounting group "Accounts of EU funds" for the separate project's subgroups or the analytical accounts for their reporting) and the authenticity of the cost justification documents. In addition, the Audit Authorities track the relationship between the accounting articles and the project's documentation. Based on these activities, auditors can obtain adequate and substantial audit evidence. It can be included in the audit sampling and used in the preparation of expert opinion expressed in the audit report.

The present study offers a *third level* of auditing EU funds. The applied procedures involve a comparison of the accounting information from the financial reports submitted to the Ministry of Finance with the accounting information of the particular project, which is then reported to the Managing Authorities and the Intermediary Bodies respectively. The most effective form of auditing EU funds in the public sector is performed at this level. Third level audit procedures are applied when the authorities have failed to obtain sufficient and reliable audit evidence at the previous audit levels.

Depending on the implementation period (one month, three months), auditors can compare the data in the reports about the cash implementation of EU funds and in the trial balance with the set indicators in the cost verification reports for the same period. The authorities check the accounting information in the separate accounting forms and track its "trail" from the beneficiary's accounting system ("Accounts of EU funds" accounting group) and the project's supporting documents.

This level implies audit procedures that are similar to the procedures from the first and second level. These procedures provide evidence for the separate audit samplings, namely a sampling for each level. The last "step" of the process of auditing EU funds on the third level refers to comparing the evidence from each audit sampling in order to confirm the reliability, substantiality and appropriateness of the information in the financial and the cost verification reports.

The first two levels of the audit process can be organized and carried out separately and independently from each other so that auditors can obtain enough appropriate evidence. The third level, however, implies

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the availability of sufficient information from levels one and two, its comparison and preparation of opinion, expressed in the audit report of the authorities.

To ensure the reliability and substantiality of their reports, when auditors examine the spending of EU funds on every one of the three levels, they can also use accounting information generated by the internal audit authorities and/or by the beneficiary's financial management and control system.

* * *

To conclude, the effective implementation of audit procedures involves finding enough appropriate evidence obtained based on the accounting information generated from the operations and activities implemented under the particular projects.

To guarantee the quality of the accounting forms and documentation, submitted to the Ministry of Finance and the authorities responsible for the management and control of funds under the ESIFs, auditors must conduct detailed and comprehensive inspections, assessments and analyses in order to obtain the necessary audit evidence.

Applying the three levels of securing accounting information in the audit of EU funds requires effective control and allows auditors to express expert opinion with reference to the implementation and management of the financial support under the different EU funds.

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