

## Appendix 4 – Model for Audit certificates

- Proposed model for an audit certificate

Proposed model for an audit certificate provided by an external auditor

### **Addressed to**

*[full name and the address of the contractor concerned<sup>1</sup>]*

We *[legal name of the audit firm]*, established in *[full address/city/state/province/country]* represented for signature of this audit certificate by *[[name and function of an authorised representative]*, hereby certify that:

- we have conducted an audit relating to some information declared in your Financial Statement(s) per Activity attached to this audit certificate and presented to the Commission of the European Communities under contract *[EC contract reference: title, acronym, number]* for the following period(s) *[insert period(s) covered by the Financial Statement(s) per Activity]*.
- We confirm that our audit was carried out in accordance with generally accepted auditing standards respecting ethical rules and on the basis of the relevant provisions of the above-referenced contract and its annexes.

The above mentioned Financial Statement(s) per Activity was(were) examined and all tests of the supporting documentation and accounting records deemed necessary were carried out in order to obtain reasonable assurance<sup>2</sup> that, in our opinion, based on our audit:

- the amount of the total eligible costs (*[insert amount in number]* (*[insert amount in words<sup>3</sup>]*)) you declared in the Box 2 of the attached Financial Statement(s) per Activity is complying with the following cumulative conditions<sup>4</sup>:
  - ✓ they are actual<sup>5</sup> and answers to your economic environment<sup>6</sup>;
  - ✓ they are determined in accordance with your usual accounting principles<sup>7</sup>;
  - ✓ they have been incurred during the periods covered by the Financial Statement(s) per Activity concerned by this audit certificate<sup>8</sup>;

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<sup>1</sup> See head of the core-contract (if the contractor is the Coordinator) or the second paragraph of article 1 of the core-contract.

<sup>2</sup> It means a true and fair view.

<sup>3</sup> In EURO.

<sup>4</sup> In case where a part of the amount of the total eligible costs should be qualified, modify the sentence and mention only the amount of the total eligible costs that are unqualified. The purpose of the audit certificate is to certify unqualified eligible costs.

<sup>5</sup> Eligible costs are actual. They are not budgeted costs. Where actual costs are not available at the time of establishment of the audit certificate, the closest possible estimate can be declared as actual if this is in conformity with the accounting principles of the contractor. This must be mentioned in the financial statement. Any necessary adjustments to these claims must be reported in the Financial Statement for the subsequent reporting period. For the last reporting period, only actual costs can be declared.

<sup>6</sup> Article II.18.1.a)

<sup>7</sup> Article II.18.1.b)

<sup>8</sup> Article II.18.1.c)

[they also include the eligible costs incurred in drawing up the final reports referred to in Article II.7.4 of this contract, which may be incurred up to 45 calendar days after the end of the project;]<sup>9</sup>

- ✓ they are recorded in your accounts at the date of the establishment of this audit certificate<sup>10</sup>;
- ✓ they fulfill the definition of eligible costs specified in Article II.18 and if relevant in Annex III and article 9 of your above mentioned contract with the Commission of the European Communities. In particular, they are exclusive of any non-eligible costs which are, as established in the second paragraph of article II.18:
  - ❖ any identifiable indirect taxes, including VAT or duties;
  - ❖ interest owed;
  - ❖ provisions for possible future losses or charges;
  - ❖ exchange losses;
  - ❖ costs declared, incurred or reimbursed in respect of another Community project;
  - ❖ return on capital;
  - ❖ debt and debt service charges;
  - ❖ excessive or reckless expenditure;
  - ❖ any cost which does not meet the conditions established in Article II.18.1. of your contract with the Commission of the European Communities.
- ✓ [they are represented according to the following basis for the conversion rate used of EURO:
  - ❖ the conversion rate of the date where the actual costs were incurred
  - ❖ the rate applicable on the first day of the month following the end of reporting period]<sup>11</sup>
- as declared in the Box 3 of the attached Financial Statement(s) per Activity, the total amount of receipts<sup>12</sup> for the periods covered by this(those) Financial Statement(s) per Activity is equal to (*[insert amount in number] ([insert amount in words<sup>13</sup>])*);
- [as declared in the Box 4 of the attached Financial Statement(s) per Activity, the total amount of interests yielded by the pre-financing<sup>14</sup> you received by the Commission of the European Communities for the periods covered by this(those) Financial Statement(s) per Activity is equal to (*[insert amount in number] ([insert amount in words<sup>15</sup>])*)]<sup>16</sup>;
- accounting procedures used in the recording of your eligible costs and receipts respect the accounting rules of the State in which you are established as well as permit the direct reconciliation between the costs and receipts incurred for the implementation of the project

<sup>9</sup> If relevant, to be inserted only for the last audit certificate provided for this contract.

<sup>10</sup> Article II.18.1.d)

<sup>11</sup> To be inserted only if some costs have not been incurred in EURO.

<sup>12</sup> As defined in article II.21 of the Annex II (General conditions) of the FP6 model contract

<sup>13</sup> In EURO.

<sup>14</sup> As defined in article II.24 of the Annex II (General conditions) of the FP6 model contract.

<sup>15</sup> In EURO.

<sup>16</sup> To be inserted only for the Coordinator.

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covered by the EC contract above mentioned and the overall statement of accounts relating to your overall business activity<sup>17</sup>;

- our company is qualified to deliver this audit certificate in full compliance with the second and third paragraphs of article II.23 of the contract;

[Relevant information establishing this qualification are attached to this audit certificate;]<sup>18</sup>

- as declared in the Box 6 of the attached Financial Statement(s) per Activity, you have paid for this audit certificate a price equal to *[insert amount in number]* *[insert amount in words<sup>19</sup>]* in which VAT is equal to *[insert amount in number]* *[insert amount in words<sup>20</sup>]*.

Date, Signature and Stamp of the audit firm

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<sup>17</sup> Article II.18.1.d)

<sup>18</sup> To be inserted only for the first audit certificate provided for this contract.

<sup>19</sup> In EURO.

<sup>20</sup> In EURO.

**Sub-option 2.1: the same external auditor (or public competent officer) certifies the information provided by the contractor and by the third party(ies)**

**Sub-option 2.2: each legal entity (contractor or third party(ies)) uses a specific external auditor (or public competent officer)**

In both cases, one audit certificate per legal entity (one for the contractor + one for each third party) must be provided.

The same above proposed model may be used for a third party with the following modifications (bald and underlined):

**Addressed to**

*[full name and the address of the third party concerned<sup>21</sup>]*

We *[legal name of the audit firm]*, established in *[full address/city/state/province/country]* represented for signature of this audit certificate by *[[name and function of an authorised representative]*, hereby certify that:

- we have conducted an audit relating to some information declared in the Financial Statement(s) per Activity attached to this audit certificate and presented to the Commission of the European Communities under contract *[EC contract reference: title, acronym, number]* for the following period(s) *[insert period(s) covered by the Financial Statement(s) per Activity]* by the contractor *[full name and the address of the contractor concerned<sup>22</sup>]* to whom you have provided resources on the basis of a prior agreement as established in Annex I of this contract.
- we confirm that our audit was carried out in accordance with generally accepted auditing standards respecting ethical rules and on the basis of the relevant provisions of the above-referenced contract and its annexes.

The above mentioned Financial Statement(s) per Activity was(were) examined and all tests of the supporting documentation and accounting records deemed necessary were carried out in order to obtain reasonable assurance<sup>23</sup> that, in our opinion, based on our audit:

- the amount of total eligible costs (*[insert amount in number]* (*[insert amount in words<sup>24</sup>]*)) you declared in the Box 2 of the attached Financial Statement(s) per Activity is complying with the following cumulative conditions<sup>25</sup>:
  - ✓ they are actual<sup>26</sup> and answers to your economic environment<sup>27</sup>;
  - ✓ they are determined in accordance with your usual accounting principles<sup>28</sup>;

<sup>21</sup> See Annex I of the contract and Box 1 of the Financial Statement(s) per Activity.

<sup>22</sup> See head of the core-contract (if the contractor is the Coordinator) or the second paragraph of article 1 of the core-contract.

<sup>23</sup> It means a true and fair view.

<sup>24</sup> In EURO.

<sup>25</sup> In case where a part of the amount of the total eligible costs should be qualified, modify the sentence and mention only the amount of the total eligible costs that are unqualified. The purpose of the audit certificate is to certify unqualified eligible costs

<sup>26</sup> Eligible costs are actual. They are not budgeted costs. Where actual costs are not available at the time of establishment of the audit certificate, average employment rates can be declared as actual if they are in conformity with the accounting principles of the contractor. In this case, please mention it. Remember that any necessary adjustments to these average rates must be reported in the Financial Statement for the subsequent reporting period and that for the last reporting period, only actual costs can be declared.

<sup>27</sup> Article II.18.1.a)

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- ✓ they have been incurred during the periods covered by the Financial Statement(s) per Activity concerned by this audit certificate<sup>29</sup>;

[they also include the eligible costs incurred in drawing up the final reports referred to in Article II.7.4 of this contract, which may be incurred up to 45 calendar days after the end of the project;]<sup>30</sup>

- ✓ they are recorded in your accounts at the date of the establishment of this audit certificate<sup>31</sup>;

- ✓ they fulfill the definition of eligible costs specified in Article II.18 and if relevant in Annex III and article 9 of your above mentioned contract with the Commission of the European Communities. In particular, they are exclusive of any non-eligible costs which are, as established in the second paragraph of article II.18:

- ❖ any identifiable indirect taxes, including VAT or duties;
- ❖ interest owed;
- ❖ provisions for possible future losses or charges;
- ❖ exchange losses;
- ❖ costs declared, incurred or reimbursed in respect of another Community project;
- ❖ return on capital;
- ❖ debt and debt service charges;
- ❖ excessive or reckless expenditure;
- ❖ any cost which does not meet the conditions established in Article II.18.1 of the above contract with the Commission of the European Communities.

- ✓ [they are represented according to the following basis for the conversion rate used of EURO:

- ❖ the conversion rate of the date where the actual costs were incurred
- ❖ the rate applicable on the first day of the month following the end of reporting period]<sup>32</sup>

- as declared in the Box 3 of the attached Financial Statement(s) per Activity, the total amount of receipts<sup>33</sup> for the periods covered by this(those) Financial Statement(s) per Activity is equal to (*insert amount in number*) (*insert amount in words*<sup>34</sup>);

- accounting procedures used in the recording of your eligible costs and receipts respect the accounting rules of the State in which you are established as well as permit the direct reconciliation between the costs and receipts incurred for the implementation of the project covered by the EC contract above mentioned and the overall statement of accounts relating to your overall business activity<sup>35</sup>;

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<sup>28</sup> Article II.18.1.b)

<sup>29</sup> Article II.18.1.c)

<sup>30</sup> If relevant, to be inserted only for the last audit certificate provided for this contract.

<sup>31</sup> Article II.18.1.d)

<sup>32</sup> To be inserted only if some costs have not been incurred in EURO.

<sup>33</sup> As defined in article II.21 of the Annex II (General conditions) of the FP6 model contract.

<sup>34</sup> In EURO.

<sup>35</sup> Article II.18.1.d)

- our company is qualified to deliver this audit certificate in full compliance with the second and third paragraphs of article II.23 of the contract;  
[Relevant information establishing this qualification are attached to this audit certificate;]<sup>36</sup>
- as declared in the Box 6 of the attached Financial Statement(s) per Activity, you have paid for this audit certificate a price equal to *[insert amount in number] [insert amount in words<sup>37</sup>] in which VAT is equal to [insert amount in number] [insert amount in words<sup>38</sup>]*.
- A second original of this audit certificate is also sent to the attention of *[full name and the address of the contractor concerned]*

Date, Signature and Stamp of the audit firm

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<sup>36</sup> To be inserted only for the first audit certificate provided for this contract.

<sup>37</sup> In EURO.

<sup>38</sup> In EURO.