

Annex VII Model terms of reference for the certificate on the financial statements

Terms of Reference for an Independent Report of Factual Findings on costs declared under a Grant Agreement financed under the Call for Proposals GSA/GRANT/03/2015

This document sets out the ‘Terms of Reference (ToR)’ under which

[insert name of the beneficiary] (‘the Beneficiary’)

agrees to engage

[insert legal name of the auditor] (‘the Auditor’)

to produce an independent report of factual findings (‘the Report’) concerning the Financial Statement(s)¹ drawn up by the [Beneficiary] for the “Development of E-GNSS engine for liability- and payment-critical multi-applications in road transportation” grant agreement [insert number of the grant agreement, title of the action,] (‘the Agreement’), and

to issue a ‘Certificate on the Financial Statements (CFS)’ referred to in Article II.23.2(d) of the Agreement based on the reporting template stipulated by the GSA.

The Agreement has been concluded under the Call for Proposals GSA/GRANT/03/2015 between the Beneficiary and the European GNSS Agency (‘the Agency’)

The Agency is mentioned as a signatory of the Agreement with the Beneficiary.

1.1 Subject of the engagement

The beneficiary must submit to the Agency the final report within 60 (sixty) days following the end of the last reporting period which should include, amongst other documents, a CFS for itself and for each of and its affiliated entities that requests a total EU contribution of EUR 325 000 or more, as reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices (see Article II.23.2(d) of the Agreement). The CFS must cover all reporting periods of the beneficiary and its affiliated entities indicated above.

The CFS is composed of two separate documents:

- The Terms of Reference (‘the ToR’) to be signed by the Beneficiary and the Auditor;
- The Auditor’s Independent Report of Factual Findings (‘the Report’) to be issued on the Auditor’s letterhead, dated, stamped and signed by the Auditor (or the competent public officer) which includes the agreed-upon procedures (‘the Procedures’) to be performed by the Auditor, and the standard factual findings (‘the Findings’) to be confirmed by the Auditor.

If the CFS must be included in the final report according to Article II.23.2(d) of the Agreement, the request for payment of the balance relating to the Agreement cannot be made without the CFS. However, the payment for reimbursement of costs covered by the CFS does not preclude the Agency, the European Anti-Fraud Office and the European Court of Auditors from carrying out

¹ By which costs under the Agreement are declared (see template ‘Model Financial Statements’ in Annex V to the Grant Agreement).

checks, reviews, audits and investigations in accordance with Articles II.27.8 and II.27.8 of the Agreement.

1.2 Responsibilities

The Beneficiary:

- must draw up the Financial Statement(s) for the action financed by the Agreement in compliance with the obligations under the Agreement. The Financial Statement(s) must be drawn up according to the Beneficiary's accounting and bookkeeping system and the underlying accounts and records;
- must send the Financial Statement(s) to the Auditor;
- is responsible and liable for the accuracy of the Financial Statement(s);
- is responsible for the completeness and accuracy of the information provided to enable the Auditor to carry out the Procedures. It must provide the Auditor with a written representation letter supporting these statements. The written representation letter must state the period covered by the statements and must be dated;
- accepts that the Auditor cannot carry out the Procedures unless it is given full access to the Beneficiary's staff and accounting as well as any other relevant records and documentation.

The Auditor:

- is qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.
- must be independent from the Beneficiary, in particular, it must not have been involved in preparing the Beneficiary's Financial Statement(s);
- must plan work so that the Procedures may be carried out and the Findings may be assessed;
- must document the type, level and intensity of the checks made on the financial data contained in the Financial Statement(s), in particular on the staff calculation costs and compliance of the time recording internal systems of the beneficiary with the minimum requirements of the grant agreement;
- must adhere to the Procedures laid down and the compulsory report format;
- must carry out the engagement in accordance with this ToR;
- must document matters which are important to support the Report;
- must base its Report on the evidence gathered;
- must submit the Report to the Beneficiary.

The European GNSS Agency sets out the Procedures to be carried out by the Auditor. The Auditor is not responsible for their suitability or pertinence. As this engagement is not an assurance engagement, the Auditor does not provide an audit opinion or a statement of assurance.

1.3 Applicable Standards

The Auditor must comply with these Terms of Reference and with²:

- the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as issued by the International Auditing and Assurance Standards Board (IAASB);
- the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA). Although ISRS 4400 states that independence is not a requirement for engagements to carry out agreed-upon procedures, the Agency requires that the Auditor also complies with the Code's independence requirements.

The Auditor's Report must state that there is no conflict of interests in establishing this Report between the Auditor and the Beneficiary, and must specify - if the service is invoiced - the total fee paid to the Auditor for providing the Report.

1.4 Reporting

The Report must be written in the language of the Agreement (see Article I.4.3). Under Articles II.27.8 and II.27.8 of the Agreement, the Agency, the European Anti-Fraud Office and the Court of Auditors have the right to audit any work that is carried out under the action and for which costs are declared from the European Union budget. This includes work related to this engagement. The Auditor must provide access to all working papers (e.g. recalculation of hourly rates, verification of the time declared for the action) related to this assignment if the Agency, the European Anti-Fraud Office or the European Court of Auditors requests them.

1.5 Timing

The Report must be provided by dd Month yyyy.

1.6 Other terms

The Beneficiary and the Auditor can use this section to agree other specific terms, such as the Auditor's fees, liability, applicable law, etc. Those specific terms must not contradict the terms specified above.

legal name of the Auditor	legal name of the Beneficiary
name & function of authorised representative	name & function of authorised representative
dd Month yyyy	dd Month yyyy
Signature of the Auditor	Signature of the Beneficiary

² Supreme Audit Institutions applying INTOSAI-standards may carry out the Procedures according to the corresponding International Standards of Supreme Audit Institutions and code of ethics issued by INTOSAI instead of the International Standard on Related Services ('ISRS') 4400 and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA

Agreed-upon procedures to be performed and standard factual findings to be confirmed by the Auditor

The GSA reserves the right to (i) provide the auditor with additional guidance regarding the procedures to be followed or the facts to be ascertained and the way in which to present them (this may include sample coverage and findings) or to (ii) change the procedures, by notifying the Beneficiary in writing. The procedures carried out by the auditor to confirm the standard factual finding are listed in the table below.

If this certificate relates to a Linked Third Party, any reference here below to ‘the Beneficiary’ is to be considered as a reference to ‘the Linked Third Party’.

The ‘result’ column has three different options: ‘C’, ‘E’ and ‘N.A.’:

- ‘C’ stands for ‘confirmed’ and means that the auditor can confirm the ‘standard factual finding’ and, therefore, there is no exception to be reported.
- ‘E’ stands for ‘exception’ and means that the Auditor carried out the procedures but cannot confirm the ‘standard factual finding’, or that the Auditor was not able to carry out a specific procedure (e.g. because it was impossible to reconcile key information or data were unavailable),
- ‘N.A.’ stands for ‘not applicable’ and means that the Finding did not have to be examined by the Auditor and the related Procedure(s) did not have to be carried out. The reasons of the non-application of a certain Finding must be obvious i.e. (i) if no cost was declared under a certain category then the related Finding(s) and Procedure(s) are not applicable; (ii) if the condition set to apply certain Procedure(s) are not met then the related Finding(s) and Procedure(s) are not applicable. For instance, for ‘beneficiaries with accounts established in a currency other than the euro’ the Procedure related to ‘beneficiaries with accounts established in euro’ is not applicable. Similarly, if no additional remuneration is paid, the related Finding(s) and Procedure(s) for additional remuneration are not applicable.

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
A	ACTUAL PERSONNEL COSTS AND UNIT COSTS CALCULATED BY THE BENEFICIARY/PARTNER IN ACCORDANCE WITH ITS USUAL COST ACCOUNTING PRACTICE		
	<p>The Auditor draws a sample of persons whose costs were declared in the Financial Statement(s) to carry out the procedures indicated in the consecutive points of this section A.</p> <p><i>(The sample should be selected randomly so that it is representative. Full coverage is required if there are fewer than 10 people (including employees, natural persons working under a direct contract and personnel seconded by a third party), otherwise the sample should have a minimum of 10 people, or 10% of the total, whichever number is the highest)</i></p> <p>The Auditor sampled [] people out of the total of [] people.</p>		
A.1	<p>PERSONNEL COSTS</p> <p><u>For the persons included in the sample and working under an employment contract or equivalent act (general procedures for individual actual personnel costs and personnel costs declared as unit costs)</u></p> <p>To confirm standard factual findings 1-5 listed in the next column, the Auditor reviewed following information/documents provided by the Beneficiary:</p> <ul style="list-style-type: none"> • a list of the persons included in the sample indicating the period(s) during which they worked for the action, their position (classification or category) and type of contract; • the pay slips of the employees included in the sample; • reconciliation of the personnel costs declared in the Financial Statement(s) with the accounting system (project accounting and general ledger) and payroll system; • information concerning the employment status and employment conditions of personnel included in the sample, in particular their employment contracts or equivalent; • the Beneficiary's usual policy regarding payroll matters (e.g. salary policy, overtime policy, variable pay); 	<p>1) The employees were</p> <p>(i) directly hired by the Beneficiary in accordance with its national legislation,</p> <p>(ii) under the Beneficiary's sole technical supervision and responsibility and</p> <p>(iii) remunerated in accordance with the Beneficiary's usual practices.</p> <p>2) Personnel costs were recorded in The Beneficiary's</p>	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<ul style="list-style-type: none"> • applicable national law on taxes, labour and social security and • any other document that supports the personnel costs declared. <p>The Auditor also verified the eligibility of all components of the retribution and recalculated the personnel costs for employees included in the sample.</p>	accounts/ payroll system.	
		3) Costs were adequately supported and reconciled with the accounts and payroll records.	
		4) Personnel costs did not contain any ineligible elements.	
		5) There were no discrepancies between the personnel costs charged to the action and the costs recalculated by the Auditor.	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p><i>Further procedures if 'additional remuneration' is paid</i></p> <p>To confirm standard factual findings 6-7 listed in the next column, the Auditor:</p> <ul style="list-style-type: none"> reviewed relevant documents provided by the Beneficiary (legal form, legal/statutory obligations, the Beneficiary's usual policy on additional remuneration, criteria used for its calculation...); recalculated the amount of additional remuneration eligible for the action based on the supporting documents received (full-time or part-time work, exclusive or non-exclusive dedication to the action, etc.) to arrive at the applicable FTE/year and pro-rata rate (see data collected in the course of carrying out the procedures under A.2 'Productive hours' and A.4 'Time recording system'). <p><i>IF ANY PART OF THE REMUNERATION PAID TO THE EMPLOYEE IS NOT MANDATORY ACCORDING TO THE NATIONAL LAW OR THE EMPLOYMENT CONTRACT ("ADDITIONAL REMUNERATION") IT CAN BE CHARGED IF IT WAS ELIGIBLE UNDER THE PROVISIONS OF SECTION 5.2.1 OF THE CALL FOR PROPOSAL MEANING IT WAS PAID IN A CONSISTENT MANNER WHENEVER THE SAME KIND OF WORK OR EXPERTISE IS REQUIRED, INDEPENDENTLY FROM THE SOURCE OF FUNDING USED.</i></p>	<p>6) The amount of additional remuneration paid corresponded to the Beneficiary's usual remuneration practices and was consistently paid whenever the same kind of work or expertise was required.</p>	
		<p>7) The criteria used to calculate the additional remuneration were objective and generally applied by the Beneficiary regardless of the source of funding used.</p>	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p><u>For natural persons working under a contract with the Beneficiary other than an employment contract (in-house consultants) to be assimilated to such costs of personnel.</u></p> <p>To confirm standard factual findings 8-12 listed in the next column the Auditor reviewed following information/documents provided by the Beneficiary:</p> <ul style="list-style-type: none"> the contracts, especially the cost, contract duration, work description, place of work, ownership of the results and reporting obligations to the Beneficiary; the employment conditions of staff in the same category to compare costs and; any other document that supports the costs declared and its registration (e.g. invoices, accounting records, etc.). 	8) The natural person worked under the Beneficiary's instructions.	
		9) The natural person on the Beneficiary's premises, unless otherwise agreed with the Beneficiary.	
		10) The results of work carried out belong to the Beneficiary.	
		11) Their costs were not significantly different from those for staff who performed similar tasks under an employment contract with the Beneficiary.	
	<p><u>For natural persons working under a contract with the Beneficiary other than an employment contract (in-house consultants) to be assimilated to such costs of personnel.</u></p> <p>To confirm standard factual findings 8-12 listed in the next column the Auditor reviewed following information/documents provided by the Beneficiary:</p>	12) The costs were supported by audit evidence and registered in the accounts.	
		13) The Beneficiary applied method	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<ul style="list-style-type: none"> the contracts, especially the cost, contract duration, work description, place of work, ownership of the results and reporting obligations to the Beneficiary; the employment conditions of staff in the same category to compare costs and; any other document that supports the costs declared and its registration (e.g. invoices, accounting records, etc.). <p>PRODUCTIVE WORKING TIME</p> <p>To confirm standard factual findings 13-14 listed in the next column, the Auditor reviewed relevant documents, especially national legislation, labour agreements and contracts and time records of the persons included in the sample, to verify that:</p> <ul style="list-style-type: none"> the annual productive days applied were calculated in accordance with the method described below, the full-time equivalent (FTEs) ratios for employees not working full-time were correctly calculated. <p>The Auditor verified that working time was calculated on the time actually worked (excluding holidays, bank holidays, weekends and illness). If it is necessary for carrying out the project, time spent on internal meetings, studying general information, training, etc. can also be deducted from the working time. If this is done, time spent on these activities may under no circumstances be charged to the project nor may it be included in the calculation of overheads. The Auditor must have verified the time deducted for this purpose on the basis of reliable statistics or time recording.</p> <p>The amount per day will be calculated by dividing the yearly salary by the working days. The yearly salary can be estimated by using total individual annual staff costs for the last financial year and by</p>	'annual productive days' corresponds to usual accounting practices.	
		14) For employees not working full-time the full-time equivalent (FTE) ratio was correctly applied.	
		15) All persons recorded their time dedicated to the action on a daily/ weekly/ monthly basis using a paper/computer-based system. (delete the answers that are not applicable)	
		16) Their time-records were authorised at least monthly by the project manager or other superior.	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p>applying an estimated salary increase for the period under which the project will be implemented, if necessary.</p> <p>The total personnel costs will result from multiplying the daily/hourly amount rate for the days/hours of work.</p> <p>Important:</p> <p>Activities that cannot be deducted for the calculation of the working time and that cannot be charged to the project are: Sales and marketing; Preparation of proposals; Administrative time (often means “unsold” time).</p> <p>In principle, staff working full-time will be considered for verification purposes to be working 220 days per year, half-time staff 110 days per year. Any substantial deviation from this indicative working time needs to be justified and explained in the proposal, on basis of accounting evidence or a time recording system.</p> <p>To verify that the time recording system ensures the fulfilment of all minimum requirements and that the days declared for the action were correct, accurate and properly authorised and supported by documentation, the Auditor made the following checks for the persons included in the sample that declare time as worked for the action on the basis of time records:</p> <ul style="list-style-type: none"> • description of the time recording system provided by the Beneficiary/Partner (registration, authorisation, processing in the HR-system); • its actual implementation; 		

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<ul style="list-style-type: none"> time records were signed at least monthly by the employees (on paper or electronically) and authorised by the project manager or another manager; the days declared were worked within the project period; there were no days declared as worked for the action if HR-records showed absence due to holidays or sickness (further cross-checks with travels are carried out in B.1 below) ; the days charged to the action matched those in the time recording system. <i>ONLY THE DAYS WORKED ON THE ACTION CAN BE CHARGED. ALL WORKING TIME TO BE CHARGED SHOULD BE RECORDED THROUGHOUT THE DURATION OF THE PROJECT, ADEQUATELY SUPPORTED BY EVIDENCE OF THEIR REALITY AND RELIABILITY (SEE SPECIFIC PROVISIONS BELOW FOR PERSONS WORKING EXCLUSIVELY FOR THE ACTION WITHOUT TIME RECORDS).</i> 		
	<p>PRODUCTIVE WORKING TIME</p> <p>To confirm standard factual findings 13-14 listed in the next column, the Auditor reviewed relevant documents, especially national legislation, labour agreements and contracts and time records of the persons included in the sample, to verify that:</p> <ul style="list-style-type: none"> the annual productive days applied were calculated in accordance with the method 	17) Days declared were worked within the project period and were consistent with the presences/absences recorded in HR-records.	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p>described below,</p> <ul style="list-style-type: none"> the full-time equivalent (FTEs) ratios for employees not working full-time were correctly calculated. <p>The Auditor verified that working time was calculated on the time actually worked (excluding holidays, bank holidays, weekends and illness). If it is necessary for carrying out the project, time spent on internal meetings, studying general information, training, etc. can also be deducted from the working time. If this is done, time spent on these activities may under no circumstances be charged to the project nor may it be included in the calculation of overheads. The Auditor must have verified the time deducted for this purpose on the basis of reliable statistics or time recording.</p> <p>The amount per day will be calculated by dividing the yearly salary by the working days. The yearly salary can be estimated by using total individual annual staff costs for the last financial year and by applying an estimated salary increase for the period under which the project will be implemented, if necessary.</p> <p>The total personnel costs will result from multiplying the daily/hourly amount rate for the days/hours of work.</p> <p>Important:</p> <p>Activities that cannot be deducted for the calculation of the working time and that cannot be charged to the project are: Sales and marketing; Preparation of proposals; Administrative time (often means “unsold” time).</p> <p>In principle, staff working full-time will be considered for verification purposes to be working 220</p>	<p>18) There were no discrepancies between the number of days charged to the action and the number of days recorded.</p>	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	days per year, half-time staff 110 days per year. Any substantial deviation from this indicative working time needs to be justified and explained in the proposal, on basis of accounting evidence or a time recording system.		
A.3	<p><u>If the persons are working exclusively for the action and without time records</u></p> <p>For the persons selected that worked exclusively for the action without time records, the Auditor verified evidence available demonstrating that they were in reality exclusively dedicated to the action and that the Beneficiary signed a declaration confirming that they have worked exclusively for the action.</p> <p>COSTS OF SUBCONTRACTING</p> <p>The Auditor obtained the detail/breakdown of subcontracting costs and sampled cost</p> <p>[] items selected randomly (<i>full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest</i>).</p> <p>To confirm standard factual findings 20-24 listed in the next column, the Auditor reviewed the following for the items included in the sample:</p> <ul style="list-style-type: none"> the use of subcontractors was foreseen in the proposal; subcontracting costs were declared in the subcontracting category of the Financial Statement; supporting documents on the selection and award procedure were followed; the Beneficiary ensured best value for money or lowest price (key elements to appreciate the 	19) The exclusive dedication is supported by a declaration signed by the Beneficiary's and by any other evidence gathered.	
		20) The use of claimed subcontracting costs was foreseen in the proposal and costs were declared in the Financial Statements under the subcontracting category.	
		21) There were documents of requests to different providers, different	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p>respect of this principle are the award of the subcontract to the bid offering best price-quality ratio or where applicable lowest price principle, under conditions of transparency and equal treatment. In case an existing framework contract was used the Beneficiary ensured it was established on the basis of the principle of best value for money under conditions of transparency and equal treatment);</p> <ul style="list-style-type: none"> The requirements laid down under Article II.9 of the Grant Agreement were complied with. <p>In particular,</p> <ol style="list-style-type: none"> if the Beneficiary/Partner acted as a contracting authority within the meaning of Directive 2004/18/EC or of Directive 2004/17/EC, the Auditor verified that the applicable national law on public procurement was followed and that the subcontracting complied with the Terms and Conditions of the Agreement. if the Beneficiary did not fall under the above-mentioned category the Auditor verified that the Beneficiary followed their usual procurement rules and respected the Terms and Conditions of the Agreement. <p>For the items included in the sample the Auditor also verified that:</p> <ul style="list-style-type: none"> the subcontracts were not awarded to other Beneficiaries in the consortium; there were signed agreements between the Beneficiary and the subcontractor; there was evidence that the services were provided by that subcontractor; 	<p>offers and assessment of the offers before selection of the subcontractor in line with internal procedures and procurement rules.</p> <p>Subcontracts were awarded in accordance with the principle of best value for money or lowest price when applicable</p> <p><i>(When different offers were not collected the Auditor explains the reasons provided by the Beneficiary/Partner under the caption "Exceptions" of the Report. The GSA will analyse this information to evaluate whether these costs might be</i></p>	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
		<i>accepted as eligible)</i>	
A.4	<p><u>If the persons are working exclusively for the action and without time records</u></p> <p>For the persons selected that worked exclusively for the action without time records, the Auditor verified evidence available demonstrating that they were in reality exclusively dedicated to the action and that the Beneficiary signed a declaration confirming that they have worked exclusively for the action.</p>	22) The subcontracts were not awarded to other Beneficiaries of the action.	
B	COSTS OF SUBCONTRACTING	23) All subcontracts were supported by signed agreements between the Beneficiary and the subcontractor.	
B.1	<p>COSTS OF PROVIDING FINANCIAL SUPPORT TO THIRD PARTIES</p> <p>The Auditor obtained the detail/breakdown of the costs of providing financial support to third parties in the form of sub-grants and sampled [] cost items selected randomly (<i>full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest</i>).</p> <p>The Auditor verified that the following minimum conditions as laid down in Article II.11 of the Grant Agreement were met.</p> <p>.</p> <p>OTHER ACTUAL DIRECT COSTS</p> <p>COSTS OF TRAVEL AND RELATED SUBSISTENCE ALLOWANCES</p> <p>The Auditor sampled [] cost items selected randomly (<i>full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total,</i></p>		
		24) All minimum	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<i>whichever number is the highest).</i>	conditions were met	
	<p>The Auditor inspected the sample and verified that:</p> <ul style="list-style-type: none"> travel and subsistence costs were consistent with the Beneficiary's usual policy for travel. In this context, the Beneficiary provided evidence of its normal policy for travel costs (e.g. use of first class tickets, reimbursement by the Beneficiary on the basis of actual costs, a lump sum or per diem) to enable the Auditor to compare the travel costs charged with this policy; travel costs are correctly identified and allocated to the action (e.g. trips are directly linked to the action) by reviewing relevant supporting documents such as minutes of meetings, workshops or conferences, their registration in the correct project account, their consistency with time records or with the dates/duration of the workshop/conference; no ineligible costs or excessive or reckless expenditure was declared. 	25) Costs were incurred approved and reimbursed in line with the Beneficiary's usual policy for travels.	
C	COSTS OF PROVIDING FINANCIAL SUPPORT TO THIRD PARTIES	26) The supporting documents were consistent with each other regarding subject of the trip, dates, duration and reconciled with time records and accounting.	
	The Auditor obtained the detail/breakdown of the costs of providing financial support to third parties in the form of sub-grants and sampled [] cost items selected randomly (full coverage is required if there are fewer than 10 items, otherwise the sample should have a	27) No ineligible costs or excessive or reckless expenditure	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p><i>minimum of 10 item, or 10% of the total, whichever number is highest).</i></p> <p>The Auditor verified that the following minimum conditions as laid down in Article II.11 of the Grant Agreement were met.</p> <p>.</p>	was declared.	
D	<p>DEPRECIATION, RENTAL AND LEASE COSTS OR CAPITAL EXPENDITURE FOR EQUIPMENT, INFRASTRUCTURE OR OTHER ASSETS</p> <p>The Auditor sampled [] cost items selected randomly <i>(full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is the highest).</i></p> <p>For “equipment, infrastructure or other assets” [from now on called “asset(s)”] selected in the sample the Auditor verified that:</p> <ul style="list-style-type: none"> procured specifically for the action and in accordance with Article II.9 of the Grant Agreement; they were entered in the accounting system AND <ul style="list-style-type: none"> if the full purchase costs are declared as eligible costs they were treated as capital expenditure in accordance with the tax and accounting rules applicable to the Beneficiary and are recorded in the fixed assets account of its balance sheet AND will not have an economic value at the end of the action, <p>OR</p> <ul style="list-style-type: none"> if the respective depreciation costs were declared as eligible costs the asset has been purchased in accordance with the conditions applicable to implementation contracts and that it is written off in accordance with the international accounting standards and 	28) Procurement rules, principles and guides were followed.	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p>international financial reporting standards, IAS/IFRS, regardless whether the beneficiary has to apply them or otherwise has diverging accounting practices;</p> <ul style="list-style-type: none"> the extent to which the assets were used for the action (as a percentage) was supported by reliable documentation (e.g. usage overview table); only depreciation costs for equipment or other assets (new or second-hand) not procured specifically but directly used for the action in proportion to the usage for the action and only during its duration were recorded in the accounting statements of the beneficiary over the period of implementation of the action, provided that the asset is written off in accordance with the international accounting standards and the usual accounting practices of the beneficiary, <p>that no ineligible costs such as deductible VAT, exchange rate losses, excessive or reckless expenditure were declared.</p>		
D.1	<p>COSTS OF TRAVEL AND RELATED SUBSISTENCE ALLOWANCES</p> <p>The Auditor sampled [] cost items selected randomly (<i>full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is the highest</i>).</p> <p>The Auditor inspected the sample and verified that:</p> <ul style="list-style-type: none"> travel and subsistence costs were consistent with the Beneficiary's usual policy for travel. In this context, the Beneficiary provided evidence of its normal policy for travel costs (e.g. use of first class tickets, reimbursement by the Beneficiary on the basis of actual costs, a lump sum or per diem) to enable the Auditor to compare the travel costs charged with this policy; 	29) There was a link between the grant agreement and the asset charged to the action.	
		30) The asset charged to the action was traceable to the accounting records and the underlying documents.	
		31) The depreciation	

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<ul style="list-style-type: none"> travel costs are correctly identified and allocated to the action (e.g. trips are directly linked to the action) by reviewing relevant supporting documents such as minutes of meetings, workshops or conferences, their registration in the correct project account, their consistency with time records or with the dates/duration of the workshop/conference; no ineligible costs or excessive or reckless expenditure was declared. 	method used to charge the asset specifically procure for the action was in line with the international accounting standards and international financial reporting standards, IAS/IFRS	
D.2	<p>DEPRECIATION, RENTAL AND LEASE COSTS OR CAPITAL EXPENDITURE FOR EQUIPMENT, INFRASTRUCTURE OR OTHER ASSETS</p> <p>The Auditor sampled [] cost items selected randomly (<i>full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is the highest</i>).</p> <p>For “equipment, infrastructure or other assets” [from now on called “asset(s)”] selected in the sample the Auditor verified that:</p> <ul style="list-style-type: none"> procured specifically for the action and in accordance with Article II.9 of the Grant Agreement; they were entered in the accounting system AND <ul style="list-style-type: none"> if the full purchase costs are declared as eligible costs they were treated as capital expenditure in accordance with the tax and accounting rules applicable to the 	32) The depreciation method used to charge the costs for equipment or other assets (new or second-hand) not procured specifically but directly used for it applied international accounting standards and the usual accounting practices of the beneficiary.	
		33) The exchange rates used to convert other currencies into	

Ref	Procedures	Standard factual finding	Result (C/E/ N.A.)
	<p>Beneficiary and are recorded in the fixed assets account of its balance sheet AND will not have an economic value at the end of the action,</p> <p>OR</p> <ul style="list-style-type: none"> if the respective depreciation costs were declared as eligible costs the asset has been purchased in accordance with the conditions applicable to implementation contracts and that it is written off in accordance with the international accounting standards and international financial reporting standards, IAS/IFRS, regardless whether the beneficiary has to apply them or otherwise has diverging accounting practices; the extent to which the assets were used for the action (as a percentage) was supported by reliable documentation (e.g. usage overview table); only depreciation costs for equipment or other assets (new or second-hand) not procured specifically but directly used for the action in proportion to the usage for the action and only during its duration were recorded in the accounting statements of the beneficiary over the period of implementation of the action, provided that the asset is written off in accordance with the international accounting standards and the usual accounting practices of the beneficiary, that no ineligible costs such as deductible VAT, exchange rate losses, excessive or reckless expenditure were declared. USE OF EXCHANGE RATES <p>a) <u>For Beneficiary /Partners with accounts established in a currency other than euros</u></p>	<p>Euros were in accordance with the rules established of the Grant Agreement and there was no difference in the final figures</p>	
		34) The Beneficiary/ applied its usual accounting practices.	
	<p>The Auditor sampled [] cost items selected randomly and verified that the exchange rates used for converting other currencies into euros were in accordance with the following rules established in the Agreement (full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest):</p>		

Ref	Procedures	Standard factual finding	Result (C/E/N.A.)
	<p><i>COSTS INCURRED IN ANOTHER CURRENCY SHALL BE CONVERTED INTO EURO AT THE AVERAGE OF THE DAILY EXCHANGE RATES PUBLISHED IN THE C SERIES OF OFFICIAL JOURNAL OF THE EUROPEAN UNION (https://www.ecb.int/stats/exchange/eurofxref/html/index.en.html), DETERMINED OVER THE CORRESPONDING REPORTING PERIOD.</i></p> <ul style="list-style-type: none"> <i>IF NO DAILY EURO EXCHANGE RATE IS PUBLISHED IN THE OFFICIAL JOURNAL OF THE EUROPEAN UNION FOR THE CURRENCY IN QUESTION, CONVERSION SHALL BE MADE AT THE AVERAGE OF THE MONTHLY ACCOUNTING RATES ESTABLISHED BY THE COMMISSION AND PUBLISHED ON ITS WEBSITE (http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm), DETERMINED OVER THE CORRESPONDING REPORTING PERIOD.</i> <p><u>b) For Beneficiary /Partners with accounts established in euros, for BENEFICIARY/Partners transactions in foreign currencies</u></p> <p>The Auditor sampled [] cost items selected randomly and verified that the exchange rates used for converting other currencies into their accounting currency were in accordance with the following rules established in the Agreement (full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 item, or 10% of the total, whichever number is highest):</p> <ul style="list-style-type: none"> <i>BENEFICIARIES MUST CONVERT COSTS INCURRED IN ANOTHER CURRENCY INTO THEIR ACCOUNTING CURRENCY ACCORDING TO THEIR USUAL ACCOUNTING PRACTICES.</i> 		
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[legal name of the audit firm]

[name and function of an authorised representative]

[dd Month yyyy]

<Signature of the Auditor>