**Independent Report of Factual Findings on costs declared under Horizon 2020 Research and Innovation Framework Programme**

*(To be printed on the Auditor’s letterhead)*

To

[ name of contact person(s)], [Position]

[ [*Partner’s*] [*Linked Third Party’s*] name ]

[ Address]

[ dd Month yyyy]

Dear [Name of contact person(s)],

As agreed under the terms of reference dated [dd Month yyyy]

with *[OPTION 1: [insert name of the partner] (‘the Partner’)] [OPTION 2: [insert name of the linked third party] (‘the Linked Third Party’), third party linked to the Partner [insert name of the partner] (‘the Partner’)],*

we

[name of the auditor ] (‘the Auditor’),

established at

[full address/city/state/province/country]*,*

represented by

[name and function of an authorised representative]*,*

have carried out the procedures agreed with you regarding the costs declared in the Financial Statement(s)[[1]](#footnote-1) of the *[Partner] [Linked Third Party]* concerning the Specific Agreement

[insert specific agreement reference: number, title of the action and acronym] (‘the Agreement’),

with a total cost declared of

[total amount]EUR,

and a total of actual costs and ‘direct personnel costs declared as unit costs calculated in accordance with the [*Partner’s*] [*Linked Third Party’s*] usual cost accounting practices’ declared of

[sum of total actual costs and total direct personnel costs declared as unit costs calculated in accordance with the *[Partner’s] [Linked Third Party’s]* usual cost accounting practices]EUR

and **hereby provide our Independent Report of Factual Findings (‘the Report’)** using the compulsory report format agreed with you.

**The Report**

Our engagement was carried out in accordance with the terms of reference (‘the ToR’) appended to this Report. The Report includes the agreed-upon procedures (‘the Procedures’) carried out and the standard factual findings (‘the Findings’) examined.

The Procedures were carried out solely to assist the EIT in evaluating whether the [*partner’s*] [*Linked Third Party’s*] costs in the accompanying Financial Statement(s) were declared in accordance with the Agreement. The *EIT* draws its own conclusions from the Report and any additional information it may require.

The scope of the Procedures was defined by the Commission*.* Therefore, the Auditor is not responsible for their suitability or pertinence. Since the Procedures carried out constitute neither an audit nor a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, the Auditor does not give a statement of assurance on the Financial Statements.

Had the Auditor carried out additional procedures or an audit of the *[Partner’s] [Linked Third Party’s]* Financial Statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to its attention and would have been included in the Report.

**Not applicable Findings**

We examined the Financial Statement(s) stated above and considered the following Findings not applicable:

*Explanation (to be removed from the Report):*

|  |
| --- |
| *If a Finding was not applicable, it must be marked as ‘****N.A.****’ (‘Not applicable’) in the corresponding row on the right-hand column of the table and means that the Finding did not have to be corroborated 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 the related Finding(s) and those Procedure(s) are not applicable. For instance, for Partners with accounts established in a currency other than euro’ the Procedure and Finding related to ‘partners with accounts established in euro’ are not applicable. Similarly, if no additional remuneration is paid, the related Finding(s) and Procedure(s) for additional remuneration are not applicable.* |

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| **List here all Findings considered not applicable for the present engagement and explain the reasons of the non-applicability.**  **….** |

**Exceptions**

Apart from the exceptions listed below, the *[Partner] [Linked Third Party]* provided the Auditor all the documentation and accounting information needed by the Auditor to carry out the requested Procedures and evaluate the Findings.

*Explanation (to be removed from the Report):*

|  |
| --- |
| * *If the Auditor was not able to successfully complete a procedure requested, it must be marked as ‘****E****’ (‘Exception’) in the corresponding row on the right-hand column of the table. The reason such as the inability to reconcile key information or the unavailability of data that prevents the Auditor from carrying out the Procedure must be indicated below.* * *If the Auditor cannot corroborate a standard finding after having carried out the corresponding procedure, it must also be marked as ‘****E****’ (‘Exception’) and, where possible, the reasons why the Finding was not fulfilled and its possible impact must be explained here below.* |

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| **List here any exceptions and add any information on the cause and possible consequences of each exception, if known. If the exception is quantifiable, include the corresponding amount.**  **….** |

|  |
| --- |
| *Example (to be removed from the Report):*   1. *The Partner was unable to substantiate the Finding number 1 on … because ….* 2. *Finding number 30 was not fulfilled because the methodology used by the partner to calculate unit costs was different from the one approved by the Commission. The differences were as follows: …* 3. *After carrying out the agreed procedures to confirm the Finding number 31, the Auditor found a difference of \_\_\_\_\_\_\_\_\_\_\_\_\_ EUR. The difference can be explained by …* |

**Further Remarks**

In addition to reporting on the results of the specific procedures carried out, the Auditor would like to make the following general remarks:

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| *Example (to be removed from the Report):*   1. *Regarding Finding number 8 the conditions for additional remuneration were considered as fulfilled because …* 2. *In order to be able to confirm the Finding number 15 we carried out the following additional procedures: ….* |

**Use of this Report**

This Report may be used only for the purpose described in the above objective. It was prepared solely for the confidential use of the *[Partner] [Linked Third Party]* and the EIT, and only to be submitted to the EIT in connection with the requirements set out in Article 16 of the Specific Agreement. The Report may not be used by the *[Partner] [Linked Third Party]* or by the EIT for any other purpose, nor may it be distributed to any other parties. The EIT may only disclose the Report to authorised parties, in particular to the European Anti-Fraud Office (OLAF) and the European Court of Auditors.

This Report relates only to the Financial Statement(s) submitted to the *EIT* by the *[Partner] [Linked Third Party]* for the Agreement. Therefore, it does not extend to any other of the [*Partner’s*] [*Linked Third Party’s*] Financial Statement(s).

There was no conflict of interest[[2]](#footnote-2) between the Auditor and the Partner *[and Linked Third Party]* in establishing this Report. The total fee paid to the Auditor for providing the Report was EUR \_\_\_\_\_\_ (including EUR\_\_\_\_\_\_ of deductible VAT).

We look forward to discussing our Report with you and would be pleased to provide any further information or assistance.

[legal name of the Auditor]

[name and function of an authorised representative]

[dd Month yyyy]

Signature of the Auditor

1. By which the Partner declares costs under the Specific Agreement (see template ‘Model Financial Statement’ in Annex 3 to the Specific Agreement). [↑](#footnote-ref-1)
2. A conflict of interest arises when the Auditor's objectivity to establish the certificate is compromised in fact or in appearance when the Auditor for instance:

   - was involved in the preparation of the Financial Statements;

   - stands to benefit directly should the certificate be accepted;

   - has a close relationship with any person representing the Partner;

   - is a director, trustee or partner of the Partner; or

   - is in any other situation that compromises his or her independence or ability to establish the certificate impartially. [↑](#footnote-ref-2)