



EUROPEAN
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Community research



CERTIFICATES ISSUED BY EXTERNAL AUDITORS
GUIDANCE NOTES FOR BENEFICIARIES AND AUDITORS

PART I: THE CERTIFICATE ON THE METHODOLOGY

MATERIALS PREPARED BY
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INTRODUCTION

These guidance notes have been compiled to guide research beneficiaries and certifying entities in the preparation of certificates on the financial statements and on the methodology for calculating personnel costs/indirect costs under the European Community's 7th RTD Framework Programme (FP7).

In particular, the document considers the following topics and related issues:

- FP7 model grant agreement¹;
- Guide to Financial Issues Relating to FP7 Indirect Actions²;
- Frequently asked questions (FAQs) received by the European Commission from certifying entities, beneficiaries and the Commission's operational services (see Annex 1).

The objective of these guidance notes is to give an overview of the requirements and provisions which are of importance in claiming costs for reimbursement and hence in the certification of financial statements and on the methodology. These guidance notes do not reflect an official position of the Commission; only the provisions of the signed grant agreement are binding.

The text of this document is valid as of the present date however it may be updated if necessary to reflect developments in the certificate on the financial statements and on the methodology procedures as they occur (in particular, the FAQs contained in Annex 1).

This document will be completed with Part II, which will cover technical aspects related to the testing procedures to be performed by the external auditors.

¹ See in particular Articles II.4 and II.14-II.19 of Annex II (General Conditions, Part B) of the model grant agreement:

http://cordis.europa.eu/fp7/calls-grant-agreement_en.html

² See in particular Part 2.A, Section 2 of the FP7 Guide to Financial Issues:

ftp://ftp.cordis.europa.eu/pub/fp7/docs/financialguide_en.pdf

1. GENERAL PRINCIPLES

The certificates on the financial statements (CFS) and on the methodology for both personnel and indirect costs (CoM) and on the methodology on average personnel costs (CoMAv) are an independent report of factual findings produced by an external auditor (or in the case of a public body it may be provided by a competent public officer) according to the requirements of Article II.4 of the grant agreement.

The purpose of the report of factual findings is to give to the Commission relevant elements necessary to assess whether costs (and, if relevant, the receipts and interests generated by the pre-financing) charged under the project are claimed by the beneficiaries in accordance with the relevant legal and financial provisions of the FP7 model grant agreement.

N.B: The submission of a certificate on the financial statements or on the methodology does not waive the right of the Commission or the European Court of Auditors to carry out their own audits³.

Notwithstanding the procedures to be carried out, the beneficiary remains at all times responsible and accountable for the accuracy of the Financial Statement. A beneficiary that has been guilty of making false declarations or has been found to have seriously failed to meet its obligations under the grant agreement shall be liable to financial penalties according to Article II.25 of the grant agreement.

The auditor has a contractual relationship solely with the beneficiary. The auditor does not have a contractual relationship with the Commission and the Commission will not intervene in any dispute between the auditor and the beneficiary.

The Auditor shall undertake that his work has been carried out:

- in accordance with the International Standard on Related Services ('ISRS') 4400 *Engagements to perform Agreed-upon Procedures regarding Financial Information* as promulgated by the IFAC;
- in compliance with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants (IESBA) of IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the European Commission requires that the Auditor also complies with the independence requirements of the *Code of Ethics for Professional Accountants*.

³ "The Commission may, at any time during the grant agreement and up to 5 five years after the end of the project, arrange for audits to be carried out [...]" (Article II.22 of the FP7 model grant agreement).

2. AUDITORS ELIGIBLE TO DELIVER THE CERTIFICATE ON THE FINANCIAL STATEMENTS AND ON THE METHODOLOGY (CoM AND CoMAV)

Each beneficiary is free to choose a qualified external auditor, including its usual external auditor, provided that the following cumulative requirements are met:

- the external auditor must be **independent** from the beneficiary;
- the external auditor must be **qualified** to carry out statutory audits of accounting documents in accordance with national legislation implementing the 8th Council Directive on statutory audits of annual accounts and consolidated accounts⁴ or any Community legislation replacing this Directive. Beneficiaries established in third countries must comply with national regulations in the same field and the certificate on the financial statement provided will consist of an independent report of factual findings based on procedures specified by the Community.

The services provided by the auditors to the beneficiaries are regarded as subcontracts in the framework of FP7 grant agreements and are therefore subject to the requirements of best value for money (Article II.7 of the FP7 model grant agreement). Beneficiaries shall ensure the rights of the Commission and the Court of Auditors to carry out audits are extended to the auditors.

Where the beneficiary uses its usual external auditor then it is presumed that the requirements for selection of the auditor required by Article II.7 of the FP7 model grant agreement are already fulfilled.

Public bodies, secondary and higher education establishments and research organisations⁵ have the choice between an external auditor and a competent public officer. Where a public body opts to use a competent public officer, the auditor's independence is usually defined as independence from the audited beneficiary "in fact and/or in appearance". A preliminary condition is that this competent public officer was not involved in any way in drawing up the Financial Statements (Form C). Relevant national authorities must establish the legal capacity of the competent public officer to carry out audits of that specific public body. Although it is not compulsory, based on good practice, it is recommended that this is notified by a letter to the relevant research Directorate General and subsequent letter of acknowledgement of receipt from that Directorate General. Reference should be made to this notification in the certificate.

⁴ 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.

⁵ Research organisation means a legal entity established as a non-profit organisation which carries out research or technological development as one of its main objectives.

3. REIMBURSEMENT OF THE COSTS OF THE CERTIFICATES

The cost of the certificate on financial statements is an eligible cost in the grant agreement for which the certificate is submitted (Art. II.16).

The cost of the certificate on the methodology (CoM and CoMAV) is an eligible cost in the first financial statements or in any of the financial statements submitted after the acceptance of the certificate on the methodology by the Commission. The cost of the certificate on the methodology, even if it will be used for all FP7 grant agreements, can be claimed only once in the lifetime of FP7 unless, due to a change of the methodology, the submission of a new certificate is required.

If a competent public officer has provided the certificate, then the identifiable direct actual costs (gross remuneration and related charges) will be considered eligible. The total amount charged shall exclude any profit margin.

- The price charged for a certificate is subject to the general eligibility criteria of the grant agreement and should consider relevant market prices for similar services (see also question 1.4 in annex I). In order to be eligible, the price should in particular be consistent with the principles of economy, efficiency and effectiveness. Excessive or reckless expenditure will be rejected.
- The auditor invoices directly to the beneficiary giving a breakdown of the amount of fees charged and the VAT applied. The amount of VAT is not an eligible cost for reimbursement by the Community financial contribution.
- The Commission will not pay the cost of building up the methodology. The eligible cost is limited to the performance of the agreed upon procedure (Annex VII) with the exclusion of any costs relating to consultancy for improvement or refinement of the methodology.

4. PRACTICAL HINTS FOR BENEFICIARIES AND ESSENTIAL BACKGROUND DOCUMENTS

In order to avoid delays in the submission of the certificates beneficiaries should select and contract the auditor well in advance. The terms of reference attached as Annex VII of the grant agreement should be completed by the beneficiary and by the auditor. As a first step it is essential that the auditor fully understands the requirements of the certificates and that the auditor is provided with a complete set of the documents necessary for the audit certification.

In addition to the normal supporting documents needed to perform the required testing procedures, the following documents serve as a basis for certification. The list is not exhaustive.

- Grant agreement signed between the beneficiary and the Commission including eventual amendments and its Annexes i.e. Annex I 'Description of Work' and Annex II 'General Conditions' (in particular, part B of Annex II sets out the

financial provisions), Annex III (Integrated Projects, Networks of Excellence, Infrastructures, SMEs and Civil Society Organisations) and Annex VII – Forms D and E;

- ‘Guide to Financial Issues relating to Indirect Actions of the Seventh Framework Programmes’. As mentioned above these guidelines have been designed to help both beneficiaries and auditors to understand the financial provisions of the FP7 model grant agreement;
- The present guidance notes.

PART I: CERTIFICATES ON THE METHODOLOGY

1. REASONS FOR INTRODUCING THE CERTIFICATION ON THE METHODOLOGY

Experience with past framework programmes has evidenced that the main sources of errors in the costs claimed by beneficiaries relate to the personnel costs and indirect costs, often calculated according to a methodology which does not conform to the grant agreement provisions.

The objective of the certification on the methodology is to promote the use of correct methodologies by beneficiaries when calculating personnel costs and indirect costs, in particular in those cases when average costs for personnel are claimed. This way, the expected error rate detected by Commission services after, for example, an ex-post audit should be limited. This should therefore reassure the beneficiaries that the methodology they use will not be contested in case of revision of the cost claims once payments have been received or during an audit ex-post, thus limiting the risk of being addressed recovery orders.

With the view of simplifying and reducing administrative burden for beneficiaries, beneficiaries receiving approval from the Commission on their certified methodology for both personnel and indirect costs will not have to submit certificates on financial statements for interim payments. In addition, the final certificate on financial statements will be prepared by the auditors by verifying, for personnel and indirect costs, only the compliance with the declared methodology, and for the other costs (such as travel, equipment, etc) the actual costs, thus adding simplification to the audit work performed. This should also contribute to the reduction of the cost of the certification system as a whole and in particular for beneficiaries participating in several grants agreements.

The ideal target for the provision of this kind of certification is typically beneficiaries of multiple grants which have an established methodology for calculating their rates.

As the certification of the methodology, once approved, is intended to be valid throughout the whole FP7, it is clear that beneficiaries participating in several grants will benefit from this exercise.

It should be noted that those beneficiaries who intend to claim average costs for personnel must provide a certificate on the methodology used to calculate averages. The beneficiary will be permitted to claim average costs only if the certified methodology is approved by the Commission. Beneficiaries that do not have a sound control system in place which ensures that average costs are calculated in conformity with the contractual provisions should not opt to declare average costs but should claim individual actual costs.

2. ADVANTAGES OF THE USE OF THE CERTIFICATION ON THE METHODOLOGY

WITHOUT CoM/CoMAv	WITH CoM/CoMAv
No use of average costs for direct personnel costs	Use of average costs for direct personnel costs allowed: all beneficiaries who intend to declare average personnel costs must have a certified methodology approved by the EC (see Art. II.14 of the model grant agreement)
Individual calculation of actual costs for personnel audited	No recalculation of individual actual costs for personnel in the certificate on the financial statements for the final payment or during ex-post audit
Errors in costs claimed are detected when processing payments or during ex-post audits	Early detection and corrections of possible errors in personnel and indirect costs claimed
No certainty that the methodology used by the beneficiary to calculate their claims is conforming to the provisions of the model grant agreement	Early assessment of compliance to contractual provisions of methodology applied to calculate personnel and indirect costs
Without CoM, one CFS to be submitted for each interim payment exceeding EUR 375,000 when cumulated with all previous payments for which a certificate on the financial payments has not been submitted (except if the project duration is less than two years; in that case, only at the end)	Waiving of interim CFS only with CoM
CFS valid only for the relevant costs claimed	CoM/CoMAv valid throughout all FP7 projects
	With CoM, reduced costs for the whole certification system
	With CoM, simplification of administrative burden both for beneficiaries and EC operational services (less number of certificates to provide/process)

3. SCOPE AND CONTENT OF THE CERTIFICATE ON THE METHODOLOGY

The certificate on the methodology is issued by the external auditor (or the competent public officer) to the attention of the beneficiary (not to the attention of the Commission).

The auditor undertakes this engagement in accordance with the terms and references of Form E - Annex VII (hereinafter "ToR") and:

- in accordance with the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- in compliance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) of IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the European Commission requires that the Auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.

The auditor should plan the work so that an effective analysis of the methodology can be performed. For this purpose he performs the procedures specified in 1.9 of the ToR ('Scope of Work – Compulsory Report Format and Procedures to be performed') and he uses the evidence obtained from these procedures as the basis for the Report of factual findings.

The work which has to be performed by the auditor will be further detailed in Part II of these guidance notes.

4. FORM OF THE CERTIFICATE ON THE METHODOLOGY - ANNEX VII

Use of the reporting format attached as Annex VII (Form E) of the model grant agreement by the external auditor or competent public officer is compulsory.

The certificate must be signed (signature and stamp or seal) and dated by the external auditor (or competent public officer).

Annex VII has to be filled in by the beneficiary and by the auditor.

With respect to the language of the certificate on the methodology, Article 4 of the FP7 model grant agreement states that "Any report and deliverable, when appropriate, required by this grant agreement shall be in [*insert language*]". Therefore, the report of factual findings on the methodology should be written in the language indicated in Article 4 of the grant agreement.

5. SUBMISSION OF THE CERTIFICATE ON THE METHODOLOGY

5.1 Steps to be followed

STEPS	Certificate on the methodology for both personnel and indirect costs (CoM)	Certificate on the methodology for average personnel costs (CoMAv)
1. Request to the EC	<p>Beneficiaries who consider to meet the below criteria (point 5.2) may send a request to the EC, only by electronic mail to the following functional mailbox RTD-FP7-Cost-Methodology-Certification@ec.europa.eu, referring to the grant agreement/contract numbers (FP7 and/or FP6) in which they participate(d).</p> <p>WHEN: at any time during the lifetime of FP7</p>	<p>No request is required as the certificate is mandatory in case of use of average personnel costs</p>
2. Acceptance/rejection of the request by the EC	<p>Within 30 calendar days (possible extension of time-limit).</p>	<p>N.A.</p>
3. Submission of the certificate	<p>Possible only in case of acceptance (see steps 1 and 2) by EC.</p> <p>WHEN: at any time during the implementation of FP7 and at the earliest after the start date of the project of the first grant agreement signed by the beneficiary under FP7.</p> <p>It should be noted that the auditors need a sound basis to carry out their procedures (e.g. a pro-forma statement of costs) and that the certified methodology must be the one which is used for FP7</p>	<p>WHEN: at any time during the implementation of FP7 and at the earliest after the start date of the project of the first grant agreement signed by the beneficiary under FP7.</p> <p>It should be noted that the auditors need a sound basis to carry out their procedures (e.g. a pro-forma statement of costs) and that the certified methodology must be the one which is used for FP7</p>

	<p>projects.</p> <p>HOW: This certificate can be introduced only by electronic mail to the following functional mailbox RTD-FP7-Cost-Methodology-Certification@ec.europa.eu</p> <p>IN WHICH FORM: in the form of a report of factual findings as foreseen in the model grant agreement (Annex VII - Form E).</p>	<p>projects.</p> <p>As average personnel costs can be used only if the methodology is approved by the Commission, it is recommended to submit the certification as soon as possible.</p> <p>HOW: This certificate can be introduced only by electronic mail to the following functional mailbox RTD-FP7-Average-Personnel-Rate-Certification@ec.europa.eu</p> <p>IN WHICH FORM: in the form of a report of factual findings as foreseen in the model grant agreement (Annex VII - relevant part of Form E).</p>
4. Acceptance/rejection of the certificate by the EC	Within 60 calendar days (possible extension of time-limit)	Within 60 calendar days (possible extension of time-limit)

5.2 Specific provisions for the Certificate on the methodology for both personnel and indirect costs

5.2.1 Criteria for submission of the CoM

The submission of this type of certificate is entirely optional. According to the provisions of the model grant agreement (Article II.4.4), the Commission may at its sole discretion accept this submission. In addition, this certificate is foreseen for beneficiaries with multiple participations according to the Implementing Rules to the Financial Regulation⁶.

Therefore, only **those beneficiaries having participated in multiple grant agreements under FP7** are entitled to submit a CoM. In view of the waiver to

⁶ Commission Regulation N° 478/2007 of 23/04/2007 amending Regulation N° 2342/2002 laying down detailed rules for the implementation of Council Regulation N° 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities, OJ 28/04/2007, L 111/13.

which the certification entitles beneficiaries (see point 5.2.2), the Commission will set up the threshold defining the number of participations in FP7 a beneficiary must have in order to be considered a "multiple beneficiary" after a first assessment based on historical criteria for FP6. This preliminary assessment is conducted in a way to help multiple beneficiaries take advantage of the certification on the methodology as soon as possible during their participation in FP7. Therefore, as a transitional measure, **beneficiaries who have participated in at least 8 grant agreements under FP6 in which they were granted an EC financial contribution for each of them equal or above EUR 375,000**, can submit a request for certification of their methodologies for both personnel and indirect costs, as from their first participation under FP7.

These guidance notes will be updated with the threshold relating to FP7 participations in the course of 2008.

5.2.2 Consequences of the acceptance and use of the certificate on the methodology for both personnel and indirect costs:

- **Intermediate CFS for claims of interim payments:** the requirement shall be waived from the date of the notification to the beneficiary of the acceptance of the certificate by the Commission.
- **CFS for the final payment:** beneficiaries for whom, cumulatively with previous periods, the EC contribution is superior to EUR 375,000 will only have to submit a CFS for the final payment. This CFS will cover the eligible costs for the total EC contribution, including personnel and indirect costs. However, for personnel and indirect costs, the auditors will only have to focus on checking compliance with the certified methodology and systems, omitting individual calculations.
- **Validity of the certificate:** Once the certificate is accepted, it will be valid for all subsequent financial statements submitted by the same beneficiary under the FP7 unless the beneficiary's methodology changes or if an audit or other control performed by the Commission services or on its behalf demonstrates that the methodology certified can no longer be maintained in its present form. The beneficiary has to declare to the Commission any change in its methodology, including the date of the change. In case of change, a new certificate on the methodology has to be submitted, according to the same procedure as under point 5.1 above. Until the acceptance of this new certificate, the requirement to provide intermediate CFS will not be waived. A beneficiary that has been guilty of making false declarations or has been found to have seriously failed to meet its obligations under this grant agreement shall be liable to financial penalties according Article II. 25 of the model grant agreement.

5.2.3 Consequences of the rejection by the Commission:

In case the certificate cannot (yet) be accepted a motivated decision will be communicated to the beneficiary. The beneficiary will be invited to submit another

certificate on the methodology which is compliant with the requirements of the Commission. Until the acceptance of the certificate on the methodology, the requirement to provide intermediate certificates on the financial statements is not waived.

5.3 Specific provisions for the Certificate on the methodology for average personnel rates

5.3.1 *Consequences of the acceptance and use of the certificate on the average personnel costs:*

- **Costs claimed:** The beneficiary may declare average personnel costs. Average personnel costs charged by this beneficiary according to the certified and accepted methodology are deemed not to significantly differ from actual personnel costs.
- **Intermediate CFS for claims of interim payments:** the certification on the average personnel costs does not waive the obligation to provide an intermediate CFS (whenever the EUR 375,000 threshold is reached) unless a complete certificate on the methodology on both personnel and indirect costs has been submitted.
- **CFS:** Concerning personnel costs, the auditors will only have to focus on checking compliance with the certified methodology and systems omitting individual calculations. For the costs not covered by the certificate on the methodology the auditors will check the actual costs.
- **Validity of the certificate:** Once the certificate is accepted, it will be valid for all subsequent financial statements from the same beneficiary submitted under FP7 unless the beneficiary's methodology changes or if an audit or other control performed by the Commission services or on its behalf demonstrates that the certification can no longer be maintained in its present form. The beneficiary has to declare to the Commission any change in its methodology, including the date of the change. In case of change, a new certificate on the average personnel costs has to be submitted, according to the same procedure as under point 5.1 above. Until the acceptance of this new certificate, the beneficiary cannot charge average personnel costs. A beneficiary that has been guilty of making false declarations or has been found to have seriously failed to meet its obligations under this grant agreement shall be liable to financial penalties according Article II. 25 of the model grant agreement.

5.3.2 *Consequences of the rejection by the Commission:*

In case the certificate cannot (yet) be accepted a motivated decision will be communicated to the beneficiary. The beneficiary will be invited to submit another certificate on the methodology which is compliant with the requirements

of the Commission. Until the acceptance of the certificate on average personnel costs, the beneficiary cannot charge average personnel costs.

ANNEX 1: FREQUENTLY ASKED QUESTIONS

This annex is part of an evolving document and will be updated whenever necessary to reflect new issues and feedback from its users and the knowledge gained through practice.

1. GENERAL ISSUES

#	TOPIC:	QUESTION:	ANSWER:
1.	Competent public officer	How does a public body establish the legal capacity of the internal audit unit to act as competent public officer?	<ul style="list-style-type: none"> - Relevant national authorities establish the legal capacity of the internal audit unit (of a given public body) to act as competent public officer. - Although it not compulsory, based on good practice, it is recommended this be notified by a letter to (and subsequent letter of acknowledgement of receipt from) the relevant research DG.
		Can the competent public officer be a staff member of the auditee organisation, as long as they are not closely involved in the grant agreement activity?	<ul style="list-style-type: none"> - Yes, the competent public officer can be a member of staff but their independence has to be established by the relevant national authorities.
		How do we demonstrate that the competent public officer is completely independent of the grant agreement activity - scientifically, administratively and financially?	<ul style="list-style-type: none"> - An organigram and/or a job description of the organisation can show that the competent public officer is not involved in processing the financial claim. Internal audit officers usually have this independence.
		Do we have to name the competent public officer to the Commission in advance of a financial statement?	<ul style="list-style-type: none"> - No, the name of the competent public officer does not need to be given in advance.
		Is an internal auditor of an International Organisation ⁷ eligible to deliver certificate on the financial statements to that organisation?	<ul style="list-style-type: none"> - International organisations are treated as public bodies for the purposes of FP7. Accordingly, such organisations can opt for an Internal Auditor. - N.B.: An internal auditor for a public body must meet the criteria described in the Guide to Financial Issues

⁷ 'International organisation' means an intergovernmental organisation, other than the Community, which has legal personality under international public law, as well as any specialised agency set up by such an international organisation.

		Would it be possible for the internal audit service to present an invoice for the service to the department which could be charged to the project? Would this cost be eligible?	<ul style="list-style-type: none"> - The principle of using a public competent officer within the same organisation to prepare the certificate on the financial statements means that the real costs of carrying out that work would be eligible. - It is not possible to charge a market price (profit) for work carried out by the same beneficiary within the ECGA
2.	Certificate on the financial statements and on the methodology template	Are the model certificates on the financial statements and on the methodology provided in the FP7 Model Grant agreement binding?	<ul style="list-style-type: none"> - YES, reference to annex VII, Forms D and E.
3.	Qualifications of auditors	Is it possible for an auditor (that is properly authorised to issue certificate on the financial statements in an EC country) to certify the costs of a beneficiary located in a different country?	<ul style="list-style-type: none"> - Yes. - Auditors that are qualified to provide a certificate on the financial statements in one member state are qualified to provide a certificate on the financial statements in all Member States.
4.	Cost	How much should a certificate on the financial statements cost?	<ul style="list-style-type: none"> - The cost of a certificate on the financial statements is determined by the professional judgment of the auditor, who must find the right balance between carrying out the procedures requested and on the other hand, the amount of work required (and the directly related price according to market prices). - The cost of a certificate on the financial statements depends on the auditor and the testing procedures to perform.
		Is there an upper limit to the cost of a certificate on the financial statements?	<ul style="list-style-type: none"> - Generally there is no upper financial limit set for the certificate itself. As any other subcontract the costs have to reflect a reasonable market price and the general eligibility criteria of the grant agreement (Art II.14).
		To which activity should the cost of the certificate on the financial statements and/or on the methodology be charged?	<ul style="list-style-type: none"> - The cost of the certificate(s) is to be charged to the management of the consortium activity, which is part of the "other activities". - The Commission will not pay the cost of building up the methodology. The eligible cost is limited to the performance of the agreed upon procedure (Annex VII) with the exclusion of any costs relating to consultancy for improvement or refinement of the methodology.
5.	Selection of audit firm	Should the statutory auditor provide the certificate on the financial statements and/or on the methodology?	<ul style="list-style-type: none"> - The advantage of using the statutory auditor (the same auditor of the beneficiary's annual financial statements) to provide the certificates is that they are familiar with the in-house procedures, which is one of the aspects

			reviewed.
		Is there a contradiction in using the statutory auditor? If the external auditor already audits the beneficiary's financial statements and/or provides other services such as tax, consulting etc. does this not restrict the auditor's independence, in as much as there is an "economic" link between the two parties?	<ul style="list-style-type: none"> - There is no contradiction. - Beneficiaries may use their statutory auditors, provided that they are independent. The fact that the beneficiary usually uses the same auditor need not affect the independence of the latter.
6.	Language of certificates	In what language should the certificates be provided	- The certificates should be in the language indicated in Art.4 of the grant agreement.

2. SPECIFIC ISSUES RELATED TO CERTIFICATES ON THE METHODOLOGY

1.	Validity of a certificate	What happens when the beneficiary changes his methodology?	- Please see point 5.2.2 above.
2.	Final certificate	What happens at the level of the final certificate on financial statements when the certificate on the methodology has been accepted by the EC?	- This certificate on the financial statement has to cover all the eligible costs including personnel and indirect costs. However, for these costs (personnel & indirect costs) the auditors will only check compliance with the certified methodology. Individual recalculations and adjustments will not be performed.
3.	Scope of the CoM	Does the CoM have to cover both personnel costs and indirect costs, even if an institution does not use average personnel costs?	- YES, for complete certification and waiving of interim CFS