



#HorizonEU

THE EU RESEARCH & INNOVATION PROGRAMME

2021 – 2027

CERTIFICATES ON THE FINANCIAL STATEMENTS (CFS) IN HORIZON EUROPE

26 June 2024

Common Audit Service
DG R&I – European Commission

Research and
Innovation

NEW APPROACH AND MAIN FEATURES

The Certificate on Financial Statements (CFS) in Horizon Europe



DISCLAIMER: INFORMATION NOT LEGALLY BINDING

THE CERTIFICATE ON FINANCIAL STATEMENTS (CFS)



https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/temp-form/report/cfs_en.docx

- ❖ **Terms of reference**
- ❖ **Agreed-upon procedures checklist**
- ❖ **Agreed-upon procedures report**



Terms of Reference



The CFS is a report on (factual) findings based on agreed-upon procedures (AUP) regarding the eligibility of costs declared. It is not an assurance engagement.



The purpose of the CFS is to provide the EU granting authority with findings to be able to assess whether costs declared comply with the conditions set out in the EU grant agreement.



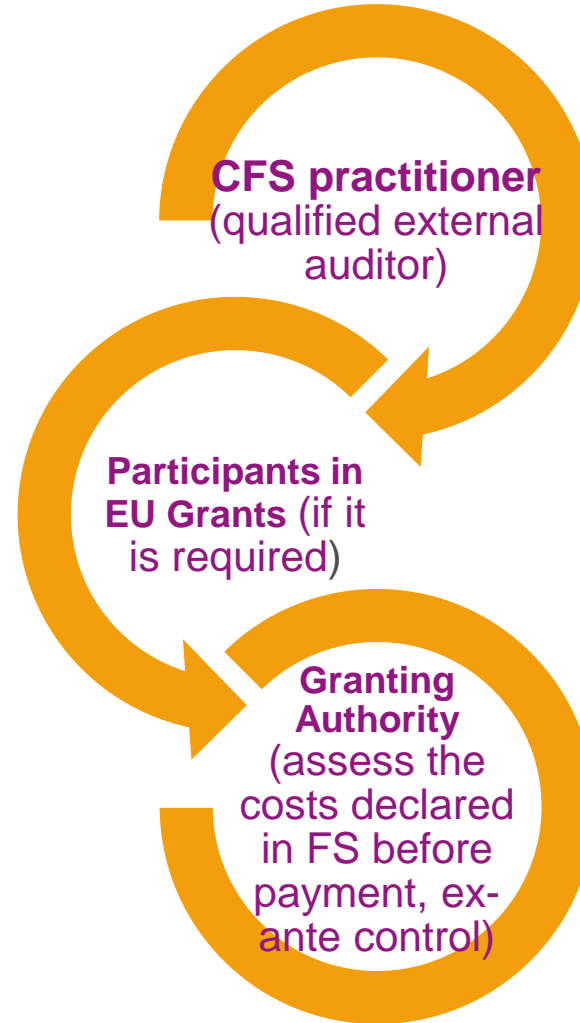
The CFS provider (practitioner) should be a qualified external auditor:

- ✓ 'qualified': in compliance with the provisions of Directive 2006/43/EC.
- ✓ 'external': independent from the participant.

Terms of Reference

FOR WHOM

The CFS must be provided for entities that participate as beneficiary or affiliated entities (**‘participants’**) in EU grants — provided that it is **required** under the EU grant agreement (GA) and that certain thresholds are met.



The CFS is available to the F&T Portal for download. The procedures to be carried out by the practitioner are listed in the agreed-upon procedures checklist. The CFS is submitted by the participant in the F&T Portal.

GA Provisions

Grant Agreement (Article 24.2 and Data Sheet Point 4.3) and
Annotated Grant Agreement Article 24.2



Threshold

- Standard threshold (beneficiary-level): requested EU contribution to costs \geq **EUR 430 000**.
- Special threshold for beneficiaries with a SPA (see Article 24): requested EU contribution to costs \geq **EUR 725 000**.



Calculation Base

- The CFS threshold depends on **the TOTAL amount of EU contribution** requested.
- Schedule (except for HE EIT KIC Actions): **only at final payment**, if threshold is reached.



Other provisions

- The CFS does not affect the granting authority's right to carry out its own assessment or audits on eligibility of costs.
- The costs of a required CFS are eligible under the applicable cost category (usually 6.2.C.3 as a cost for services).

Applicable standards

The following standards apply:

- ❖ the International Standard on Related Services (ISRS) 4400 (revised) *Agreed-upon Procedures Engagements* as issued by the International Auditing and Assurance Standards Board (IAASB)
- ❖ the *International Code of Ethics for Professional Accountants (including International Independent Standards)* issued by the International Ethics Standards Board for Accountants (IESBA) , including the independence requirements
- ❖ the *International Standard on Quality Control 1 Quality Control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements* (or equivalent).

Agreed-upon procedures checklist - template



- The 'result' column in the checklist has three different options of findings:

CFS AGREED-UPON PROCEDURES — Personnel costs (A.1-A.6)				
Grant Agreement Article	Cost Category	Procedures	Standard Finding	Result (YES/NO/N.A.)
Article 6.2.A	A.	PERSONNEL COSTS		

- **YES** ➡ means that the standard finding is confirmed, and that no exception needs to be reported.
- **NO** ➡ means that the standard finding cannot be confirmed and that an exception needs to be reported.
- **N.A.** ➡ means that the standard finding is 'not applicable' and that the procedure did not have to be carried out. The reasons for the non-application must be obvious, e.g. no cost was declared under a certain category.

Agreed-upon procedures report



Specific cost categories based on **unit costs** (other than unit costs in accordance with usual cost accounting practices), **flat-rates or lump sums** are **NOT** subject to this report (but these costs are included in the threshold calculation)

Article	A.4	SME OWNERS AND NATURAL PERSON BENEFICIARIES
6.2.A.4		
N/A		

Grant Agreement Article	Cost Category	Procedures	Standard Finding	Result (YES/NO/N.A.)
Article 6.2.E	E.	INDIRECT COSTS		
Article 6.2.E	E. INDIRECT COSTS If flat-rate:	N/A		



The findings must be described in sufficient detail and **include the affected amounts**, to allow the participant and the EU granting authority to ensure appropriate follow-up.

The standard findings could be confirmed, with the following **exceptions**:

N.[insert number of not confirmed standard finding] – [insert cost category] – [insert amount per reporting period or ‘not quantifiable’]: [provide **factual explanation** of ‘NO’-result finding e.g. calculation error, lack of supporting document, non-compliance with national law, etc.]

Repeat as needed