**MODEL FOR THE AUDIT certificate**

* **For options [*in italics in square brackets*]: choose the applicable option. Options not chosen should be deleted.**
* **For fields in [grey in square brackets]: enter the appropriate data**

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# Terms of Reference for an Independent Report of Factual Findings on costs declared under a National Funding Agreement with the State Secretariat for Education, Research and Innovation (SERI) related to the Horizon 2020 Research and Innovation Framework Programme

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

*[OPTION 1: [insert name of the beneficiary] (‘the Beneficiary’)] [OPTION 2: [insert name of the linked third party] (‘the Linked Third Party’), third party linked to the Beneficiary [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]](#footnote-2) (called Audit certificate by the SERI) drawn up by the *[Beneficiary] [Linked Third Party]* for the National Funding Agreement with the SERI [insert number of the contract, title of the action, acronym and duration from/to] (‘the Contract’), and

to issue an Audit certificate based on the compulsory reporting template stipulated by the SERI.

The Financial Statement is referred to in Article 20.4 of the Grant Agreement which also applies to Swiss researchers. According to Art. 1.3 of the National Funding Agreement, the Grant Agreement is to be taken into consideration unless differing and prevailing national legislation applies. Consequently, with regard to the Audit certificate, the rules set forth in the Grant Agreement apply.

Neither the *[Commission] [Agency]* as a signatory of the Grant Agreement nor the SERI as a signatory of the National Funding Agreement is a party to this engagement.

* 1. **Subject of the engagement**

The beneficiary must submit to the SERIthe final report within 60 days following the end of the last reporting period which should include, amongst other documents, an Audit certificate for the beneficiary and for each linked third party that requests a total 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 4.1 of the National Funding Agreement).

The Audit certificate must cover all reporting periods of the beneficiary or linked third party indicated above.

The Beneficiary must submit to SERI the Audit certificate for itself and for its linked third party(ies), if the Audit certificate must be included in the final report according to Article 4.1 of the National Funding Agreement.

In addition to the Audit certificate, there are two additional documents:

* The Terms of Reference (‘the ToR’) to be signed by the *[Beneficiary] [Linked Third Party]* 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.

The Audit certificate must be included in the final report according to Article 4.1 of the National Funding Agreement, the request for payment of the balance relating to the agreement cannot be made without the Audit certificate. However, the payment for reimbursement of costs covered by the Audit certificate does not preclude the SERI or any other competent authority from carrying out checks, reviews, audits and investigations.

* 1. **Responsibilities**

The *[Beneficiary] [Linked Third Party]:*

* must draw up the Financial Report(s) for the action financed by the SERI under the National Funding Agreement in compliance with the obligations under the agreement. The Financial Report(s) must be drawn up according to the *[Beneficiary’s] [Linked Third Party’s]* accounting and book-keeping system and the underlying accounts and records;
* must send the Financial Report(s) to the Auditor;
* is responsible and liable for the accuracy of the Financial Report(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] [Linked Third Party’s]* staff and accounting as well as any other relevant records and documentation.

The Auditor:

* *[Option 1 by default:* is qualified to carry out statutory audits of accounting documents in accordance with the Federal Act on the Licensing and Oversight of Auditors (Auditor Oversight Act, AOA) of 16 December 2005 (SR 221.302)*].*
* *[Option 2 if the Beneficiary or Linked Third Party has an independent Public Officer:* is a competent and independent Public Officer for which the relevant national authorities have established the legal capacity to audit the Beneficiary*].*

The Auditor:

* must be independent from the Beneficiary *[and the Linked Third Party]*, in particular, it must not have been involved in preparing the *[Beneficiary’s] [Linked Third Party’s]* Financial Report(s);
* must plan work so that the Procedures may be carried out and the Findings may be assessed;
* 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] [Linked Third Party]*.

The SERI 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. **Applicable Standards**

The Auditor must comply with these Terms of Reference and with[[2]](#footnote-3):

* 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 SERI 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 the Linked Third Party]*, and must specify - if the service is invoiced - the total fee paid to the Auditor for providing the Report.

* 1. **Reporting**

The Report must be written in the language of the National Funding Agreement (or in English).

Under Article 4.1 of the National Funding Agreement, the SERI or any other competent authority have the right to audit any work that is carried out under the action and for which costs are declared from the SERI 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 SERI requests them.

* 1. **Timing**

The Report must be provided by *[*dd Month yyyy*]*.

* 1. **Other terms**

[*The [Beneficiary] [Linked Third Party] 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][Linked Third Party]*]

[name & function of authorised representative][name & function of authorised representative]

[dd Month yyyy][dd Month yyyy]

Signature of the AuditorSignature of the *[Beneficiary][Linked Third Party]*

# Independent Report of Factual Findings on costs declared under a National Funding Agreement relating to the Horizon 2020 Research and Innovation Framework Programme

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

To

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

[ [*Beneficiary’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 beneficiary] (‘the Beneficiary’)] [OPTION 2: [insert name of the linked third party] (‘the Linked Third Party’), third party linked to the Beneficiary [insert name of the beneficiary] (‘the Beneficiary’)],*

we

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

established at

[full address/city/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 Report(s)[[3]](#footnote-4) of the *[Beneficiary] [Linked Third Party]* concerning the National Funding Agreement

[insert National Funding Agreement reference: number, title of the action and acronym],

with a total cost declared of

[total amount]CHF,

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

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 SERI in evaluating whether the [*Beneficiary’s*] [*Linked Third Party’s*] costs in the accompanying Financial Report(s) were declared in accordance with the National Funding Agreement. The SERI draws its own conclusions from the Report and any additional information it may require.

The scope of the Procedures was defined by the SERI*.* 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 Reports.

Had the Auditor carried out additional procedures or an audit of the *[Beneficiary’s] [Linked Third Party’s]* Financial Reports 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 Report(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 (on the* [*Audit certificate template*](https://www.sbfi.admin.ch/dam/sbfi/en/dokumente/2017/02/vorlage-h2020.pdf.download.pdf/template_audit_certificate_H2020_v1_en.pdf)*) 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, if no additional remuneration is paid, the related Finding(s) and Procedure(s) for additional remuneration are not applicable.*  |

|  |
| --- |
| **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 *[Beneficiary] [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.*
 |

|  |
| --- |
| **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 Beneficiary was unable to substantiate the Finding number 1 on … because ….*
2. *Finding number 30 was not fulfilled because the methodology used by the Beneficiary to calculate unit costs was different from the one approved by the SERI. The differences were as follows: …*
3. *After carrying out the agreed procedures to confirm the Finding number 31, the Auditor found a difference of \_\_\_\_\_\_\_\_\_\_\_\_\_ CHF. 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:

|  |
| --- |
|  *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 *[Beneficiary] [Linked Third Party]* and the SERI, and only to be submitted to the SERI in connection with the requirements set out in Article 4.1 of the National Funding Agreement. The Report may not be used by the *[Beneficiary] [Linked Third Party]* or by the SERI for any other purpose, nor may it be distributed to any other parties. The SERI may only disclose the Report to authorised parties.

This Report relates only to the Financial Reports(s) submitted to the SERI by the *[Beneficiary] [Linked Third Party]* for the National Funding Agreement. Therefore, it does not extend to any other of the [*Beneficiary’s*] [*Linked Third Party’s*] Financial Report(s).

There was no conflict of interest[[4]](#footnote-5) between the Auditor and the Beneficiary *[and Linked Third Party]* in establishing this Report. The total fee paid to the Auditor for providing the Report was CHF \_\_\_\_\_\_ (including 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 Audit

1. By which costs under the National Funding Agreement are declared. [↑](#footnote-ref-2)
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. [↑](#footnote-ref-3)
3. By which the Beneficiary declares costs under the National Funding Agreement. [↑](#footnote-ref-4)
4. 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 Reports;

- stands to benefit directly should the certificate be accepted;

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

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

- is in any other situation that compromises his or her independence or ability to establish the certificate impartially. [↑](#footnote-ref-5)