**Agreed-upon procedures to be performed and standard findings to be confirmed by the Practitioner**

The EIT reserves the right to i) provide the Practitioner 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 Subgrantee in writing. The procedures carried out by the Practitioner to confirm the standard finding are listed in the table below.

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

* ‘C’ stands for ‘confirmed’ and means that the Practitioner can confirm the ‘standard finding’ and, therefore, there is no exception to be reported.
* ‘E’ stands for ‘exception’ and means that the Practitioner carried out the procedures but cannot confirm the ‘standard finding’, or that the Practitioner 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 Practitioner 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 ‘subgrantees with accounts established in a currency other than the euro’ the Procedure related to ‘subgrantees 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.

| **Cost Category** | **Equivalent (H2020)** | **Procedures** | **Standard Finding** | **Result**  **(C / E / N.A.)** |
| --- | --- | --- | --- | --- |
| **A** | **A** | **PERSONNEL COSTS** | | |
|  |  | The Practitioner 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.  (*The sample should be selected randomly so that it is representative. Full coverage is required if there are fewer than 10 persons (including employees, natural persons working under a direct contract, personnel seconded by a third party and SME Owners), otherwise the sample should have a minimum of 10 people, or 10% of the total, whichever number is the highest. Persons working on multiple projects should be considered as a separate person for each project for sample selection)*  The Practitioner sampled \_\_\_\_\_ people out of the total of \_\_\_\_\_ people. |  |  |
| **A.1** | **A.1** | **EMPLOYEES OR EQUIVALENT** | | |
|  |  | For the persons included in the sample and working under an employment contract or equivalent appointing act (general procedures for individual actual personnel costs and personnel costs declared as unit costs)  To confirm standard Findings 1-5 listed in the next column, the Practitioner reviewed following information/documents provided by the Subgrantee:   * 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 payslips 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 Subgrantee’s usual policy regarding payroll matters (e.g. salary policy, overtime policy, variable pay); * applicable national law on taxes, labour and social security and * any other document that supports the personnel costs declared.   The Practitioner also verified the eligibility of all components of the retribution (see Article 6 GA) and recalculated the personnel costs for employees included in the sample. | 1. The employees were i) directly hired by the Subgrantee in accordance with its national legislation, ii) under the Subgrantee’s sole technical supervision and responsibility and iii) remunerated in accordance with the Subgrantee’s usual practices. | C/E/N.A. |
| 1. Personnel costs were recorded in the Subgrantee's accounts/payroll system. | C/E/N.A. |
| 1. Costs were adequately supported and reconciled with the accounts and payroll records. | C/E/N.A. |
| 1. Personnel costs did not contain any ineligible elements. | C/E/N.A. |
|  | 1. There were no discrepancies between the personnel costs charged to the action and the costs recalculated by the Practitioner. | C/E/N.A. |
|  |  | *Further procedures if ‘project-based remuneration’ is paid*  *For employees (or equivalent) whose level of remuneration (daily rate, hourly rate) increases when and because the employee works in (EU, national or other) projects,* To confirm standard findings 6-8 listed in the next column, the Practitioner:   * reviewed relevant documents provided by the Subgrantee (employment contract or project-based contract, collective agreement, the Subgrantee’s usual policy on remuneration, criteria used for its calculation, the Subgrantee’s usual remuneration practice for projects funded under national funding schemes…); * recalculated the amount of the 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, usual remuneration paid for projects funded by national schemes) to arrive at the applicable FTE/year and pro-rata rate (see data collected in the course of carrying out the procedures under section ‘Days equivalents worked on the action’ and section ‘Time recording system’); * recalculated the (theoretical) national project daily rate as follows: {theoretical personnel costs for similar work in a national project over the same number of months as the reporting period/calendar year} divided by {maximum declarable day-equivalents}; * Compare the action daily rate with the national project daily rate; the daily rate to be used for the EU grant financial statement will be the lower of the two.   *The maximum declarable day-equivalents for each reporting period/calendar year are calculated as follows:*  *(215 / 12) multiplied by the number of months [during which the person is employed] within the reporting period/calendar year) multiplied by the working time factor [e.g. 1 for full-time, 0,5 for 50% part time etc.* | 1. The amount of project-based remuneration paid corresponded to the Subgrantee’s usual remuneration practices and was consistently paid whenever the same kind of work or expertise was required. | C/E/N.A. |
| 1. The criteria used to calculate the project-based remuneration were objective and generally applied by the Subgrantee regardless of the source of funding used. | C/E/N.A. |
| 1. The daily rate used for the action is equal or lower than the national project daily rate. | C/E/N.A. |
| *Additional procedures in case “average personnel costs (unit costs calculated by the Subgrantee in accordance with its usual cost accounting practices)” is used:*  Apart from carrying out the procedures indicated above to confirm standard findings 1-5 and, if applicable, also 6-8, the Practitioner carried out following procedures to confirm standard findings 9-12 listed in the next column:   * obtained a description of the Subgrantee's usual cost accounting practice to calculate unit costs; * reviewed whether the Subgrantee's usual cost accounting practice was applied for the Financial Statements subject of the present CFS; * verified the employees included in the sample were charged under the correct category (in accordance with the criteria used by the Subgrantee to establish personnel categories) by reviewing the contract/HR-record or analytical accounting records; * verified that there is no difference between the total amount of personnel costs used in calculating the cost per unit and the total amount of personnel costs recorded in the statutory accounts; * verified whether actual personnel costs were adjusted on the basis of budgeted or estimated elements and, if so, verified whether those elements used are actually relevant for the calculation, objective and supported by documents. | 1. The personnel costs included in the Financial Statement were calculated in accordance with the Subgrantee's usual cost accounting practice. | C/E/N.A. |
| 1. The employees were charged under the correct category. | C/E/N.A. |
| 1. Total personnel costs used in calculating the unit costs were consistent with the expenses recorded in the statutory accounts and excluded any ineligible costs or costs included in other budget categories. | C/E/N.A. |
| 1. Any estimated or budgeted element used by the Subgrantee in its unit-cost calculation were relevant for calculating personnel costs, used in a reasonable way and corresponded to objective and verifiable information. | C/E/N.A. |
| **A.2** | **A.2** | **NATURAL PERSONS WITH A DIRECT CONTRACT**[[1]](#footnote-2) | | |
|  |  | For natural persons included in the sample and working with the Subgrantee under a direct contract other than an employment contract, such as consultants (no subcontractors).  To confirm standard findings 13-16 listed in the next column the Practitioner reviewed following information/documents provided by the Subgrantee:   * the contracts, especially the cost, contract duration, work description, place of work, ownership of the results and reporting obligations to the Subgrantee; * 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.). | 1. The self-employed natural persons worked under conditions similar to those of an employee, in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed. | C/E/N.A. |
| 1. The results of work carried out belong to the Subgrantee, or, if not, the Subgrantee has obtained all necessary rights to fulfil its obligations as if those results were generated by itself. | C/E/N.A. |
| 1. Their costs were not significantly different from those for staff who performed similar tasks under an employment contract with the Subgrantee. | C/E/N.A. |
| 1. The costs were supported by audit evidence and registered in the accounts. | C/E/N.A. |
| **A.3** | **A.3** | **SECONDED PERSONS** | | |
|  |  | For personnel seconded by a third party and included in the sample (not subcontractors)  To confirm standard findings 17-21 listed in the next column, the Practitioner reviewed following information/documents provided by the Subgrantee:   * their secondment contract(s) notably regarding costs, duration, work description, place of work and ownership of the results; * if there is reimbursement by the Subgrantee to the third party for the resource made available (in-kind contribution against payment): any documentation that supports the costs declared (e.g. contract, invoice, bank payment, and proof of registration in its accounting/payroll, etc.) and reconciliation of the Financial Statement(s) with the accounting system (project accounting and general ledger) as well as any proof that the amount invoiced by the third party did not include any profit; * if there is no reimbursement by the Subgrantee to the third party for the resource made available (in-kind contribution free of charge): a proof of the actual cost borne by the Third Party for the resource made available free of charge to the Subgrantee such as a statement of costs incurred by the Third Party and proof of the registration in the Third Party's accounting/payroll; * any other document that supports the costs declared (e.g. invoices, etc.). | 1. Seconded personnel reported to the Subgrantee’s and worked on the Subgrantee’s premises (unless otherwise agreed with the Subgrantee). | C/E/N.A. |
| 1. The results of work carried out belong to the Subgrantee, or, if not, the Subgrantee has obtained all necessary rights to fulfil its obligations as if those results were generated by itself. | C/E/N.A. |
| 1. Their costs were not significantly different from those for staff who performed similar tasks under an employment contract with the Subgrantee. | C/E/N.A. |
|  | *If personnel is seconded against payment:*   1. The costs declared were supported with documentation and recorded in the Subgrantee’s accounts. The third party did not include any profit. | C/E/N.A. |
| *If personnel is seconded free of charge:*   1. The costs declared did not exceed the third party's cost as recorded in the accounts of the third party and were supported with documentation. | C/E/N.A. |
| **A.4** | **A.4, A.5** | **SME OWNERS/NATURAL PERSON SUBGRANTEES** | | |
|  |  | For SME owners and natural person subgrantees included in the sample  *(Personnel costs of the owners of small and medium-sized enterprises and subgrantees that are natural persons not receiving a salary for the work carried out by themselves under an action on the basis of unit costs)*  To confirm standard finding 22 listed in the next column the Practitioner:   * reviewed the documentation provided by the Subgrantee, to confirm the persons are directly owners or co-owners (such as ownership records) or to confirm the subgrantees who are natural person who works on the action but does not receive a salary; * recalculated the daily rates included in the sample in accordance with the methodology set out in Decision C(2020) 7115: Amount per unit (daily rate) = {EUR 5 080 /18 days [i.e. 282,22]} multiplied by {country-specific correction coefficient of the country where the Subgrantee is established}, as referred to in Annex 2a of the EIT-KIC GA.   *The country-specific correction coefficient is the one for HE MSCA actions (see Horizon Europe Work Programme, section Marie Skłodowska-Curie actions in force at the time of the call):* [*https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/wp-call/2023-2024/wp-2-msca-actions\_horizon-2023-2024\_en.pdf*](https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/wp-call/2023-2024/wp-2-msca-actions_horizon-2023-2024_en.pdf) | 1. The daily rates used for the SME owner/natural person Subgrantee, who works on the action but is not receiving a salary, is calculated in accordance with the methodology set out in Annex 2a of the EIT-KIC Grant Agreement. | C/E/N.A. |
| **DAILY PERSONNEL RATES** | | | | |
|  |  | I) For unit costs calculated in accordance to the Subgrantee's usual cost accounting practice (unit costs):  The Practitioner:   * reviewed the documentation provided by the Subgrantee, including manuals and internal guidelines that explain how to calculate hourly rates; * recalculated the unit costs (daily rates) of staff included in the sample by *dividing the total amount of personnel costs of the category to which the employee belongs by the number of FTE and the annual days equivalent of the same category calculated by the Subgrantee,* following the results of the procedures carried out in procedures 9 to 12.   II) For individual daily rates:  The Practitioner:   * reviewed the documentation provided by the Subgrantee, including manuals and internal guidelines that explain how to calculate daily rates; * recalculated the daily rates of staff included in the sample *by dividing the actual annual amount of personnel costs of an employee verified in line with procedure A.1 (except procedures 9 to 12) by the maximum declarable day-equivalent.*   *The maximum declarable day-equivalents for each reporting period/calendar year are calculated as follows:*  *(215 / 12) multiplied by the number of months [during which the person is employed] within the reporting period/calendar year) multiplied by the working time factor [e.g. 1 for full-time, 0.5 for 50% part time etc.* | 1. The Subgrantee applied(choose one option and delete the other):   Option I: Unit costs (daily rates) were calculated in accordance with the Subgrantee’s usual cost accounting practices  Option II: Individual daily rates were applied | C/E/N.A. |
| *For option I concerning unit costs and if the Subgrantee applies a methodology not approved by the Commission:*   1. The unit costs recalculated by the Practitioner were the same as the rates applied by the Subgrantee. | C/E/N.A. |
| *For option II concerning individual daily rates:*   1. The individual rates recalculated by the Practitioner were the same as the rates applied by the Subgrantee.   25.1) The daily rate was consistently calculated per reporting period/calendar year.  .  25.2) For employees not working full-time the maximum declarable day-equivalents was correctly applied. | C/E/N.A. |
| **TIME RECORDING SYSTEM** | | | | |
|  |  | *The personnel costs declared should be calculated following the method: daily rate for the person X number of day-equivalents worked on the action (rounded up or down to the nearest half-day).*  If the Subgrantee provides time records, the Practitioner verified that the time recording system ensures the fulfilment of all minimum requirements and that the time declared for the action were correct, accurate and properly authorised and supported by documentation. The Practitioner 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:   * description of the time recording system provided by the Subgrantee (registration, authorisation, processing in the HR-system); * its actual implementation; * time records were signed at least monthly by the employees (on paper or electronically) and authorised by the project manager or another manager; * the time declared were worked within the project period; * there were no time 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 time charged to the action matched those in the time recording system.   *Only the time 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.*  If the Subgrantee provides signed monthly declaration on days for the action, at least the following information should be included: *Year, Project acronym, Project number, Participant name, Name of the person, Type of personnel, Information per Month: Days worked in the action, Work Packages worked on, Date and signature of the person, Name, date and signature of the supervisor.* | 1. The number of day-equivalents worked on the action have been supported by (choose the option that applies and delete the other):   Option A : time records or  Option B : monthly declarations on days spent for the action  26.1) If both set of documents are kept, they must be consistent. In case of discrepancies, only the set of documents recording the lower amount of days will be accepted. | C/E/N.A |
| 1. *In case the Subgrantee applies option A:*   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) | C/E/N.A |
| 1. Their time-records were authorised at least monthly by the project manager or other superior. | C/E/N.A |
| 1. Time declared were worked within the project period and were consistent with the presences/absences recorded in HR-records. | C/E/N.A. |
| 1. There were no discrepancies between time charged to the action and the time recorded. | C/E/N.A. |
| 1. *In case the Subgrantee applies option B:*   The monthly declarations include the minimum information required. | C/E/N.A. |
| **DAYS EQUIVALENTS WORKED ON THE ACTION** | | | | |
|  |  | To confirm standard findings 32-35 listed in the next column, the Practitioner reviewed relevant documents, especially national legislation, labour agreements, monthly declarations and contracts and time records of the persons included in the sample, to verify that:   * the number of day-equivalents worked on the action are identifiable and verifiable, * the day-equivalents worked in the action = the sum of the day-equivalents actually worked for the action, rounded to the nearest half-day, * in case the time recording system used by the Subgrantee is based on hours, the Subgrantee has converted the recorded hours into days, applying one of the following methods:   + - 1. Fixed day equivalent of 8 hours       2. Average number of hours per working day, according to the employment contract (e.g. 38 hours per week = 7,6 hours per day)       3. Standard annual productive hours   If the Subgrantee applied method 2, the Practitioner verified that the contracts specified the workable hours.  If the Subgrantee applied method 3, the Practitioner verified that the ‘annual productive hours’ applied when calculating the hourly rate were equivalent to at least 90 % of the ‘standard annual workable hours’. The Practitioner can only do this if the calculation of the standard annual workable hours can be supported by records, such as national legislation, labour agreements, and contracts.  *‘Annual workable hours’ means the period during which the personnel must be working, at the employer’s disposal and carrying out his/her activity or duties under the employment contract, applicable collective labour agreement or national working time legislation.* | 1. In case the time recording system used is based on hours, the Subgrantee has converted the recorded hours into days applying method (choose one option and delete the other):    * + 1. 8 hours        2. Average number of hours per working day as per contract        3. Standard annual productive hours | C/E/N.A. |
| *If the Subgrantee applied method of conversion 2*   1. The average number of hours per working day are according to the employment contract. | C/E/N.A. |
| *If the Subgrantee applied method of conversion 3*   1. The calculation of the number of ‘standard annual workable hours’ was verifiable based on the documents provided by the Subgrantee. | C/E/N.A. |
| 1. The ‘annual productive hours’ used for calculating the hourly rate were consistent with the usual cost accounting practices of the Subgrantee and were equivalent to at least 90 % of the ‘annual workable hours’. | C/E/N.A. |

| **Cost Category** | **Equivalent (H2020)** | **Procedures** | **Standard Finding** | **Result**  **(C / E / N.A.)** |
| --- | --- | --- | --- | --- |
| **B** | **B** | **COSTS OF SUBCONTRACTING** | | |
|  |  | **The Practitioner obtained the detail/breakdown of subcontracting costs and sampled \_\_\_\_\_\_ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 items, or 10% of the total, whichever number is highest*).  To confirm standard findings 36-41 listed in the next column, the Practitioner reviewed the following for the items included in the sample:   * the use of subcontractors was foreseen in description of the project; * the total estimated costs of subcontracting must be set out in description of the project; * subcontracting may cover only a limited part of the Action; * subcontracting costs were declared in the subcontracting category of the Financial Statement; * supporting documents on the selection and award procedure were followed; * were awarded using the Subgrantee’s usual purchasing practices — provided these ensure subcontracts with best value for money (or if appropriate the lowest price) and that there is no conflict of interests.   Subgrantees that are ‘contracting authorities/entities’ within the meaning of the EU Directives on public procurement 2014/24/EU, 2014/25/EU or 2009/81/EC[[2]](#footnote-3) must also comply with the applicable national law on public procurement.  If the Subgrantee did not fall under the above-mentioned category the Practitioner verified that the subcontracts were awarded using the Subgrantee’s usual purchasing practices – provided these ensure subcontracts with best value for money (or if appropriate the lowest price) and that there is no conflict of interests.  For the items included in the sample the Practitioner also verified that:   * the subcontracts were not awarded to other participants in the project consortium; * the subcontracts were not awarded to affiliates, unless they have a framework contract or the affiliate is their usual provider, and the subcontract is priced at market conditions. * there were signed agreements between the Subgrantee and the subcontractor; * there was evidence that the services were provided by subcontractor.   In the case of Framework contracts, the selection of the provider was done in line with the usual practice of the Subgrantee and awarded on the basis of best-value-for-money or lowest price and absence of conflict of interest. The framework contract does not necessarily have to be concluded before the start of the action. | 1. The use of claimed subcontracting costs was foreseen in description of the project, the total estimated costs of subcontracting were set out in Description of the project, covers only a limited part of the Action, and costs were declared in the Financial Statements under the subcontracting category. | C/E/N.A. |
| 1. Subcontracts were awarded using the Subgrantee’s usual purchasing practices — provided these ensure subcontracts with best value for money (or if appropriate the lowest price) and that there is no conflict of interests. | C/E/N.A. |
| 1. The subcontracts were not awarded to other participants of the project consortium or affiliates . | C/E/N.A. |
| 1. All subcontracts were supported by signed agreements between the Subgrantee and the subcontractor. | C/E/N.A. |
| 1. There was evidence that the services were provided by the subcontractors. | C/E/N.A. |
|  |  | 1. No ineligible costs or excessive or reckless expenditure was declared. | C/E/N.A. |

| **Cost Category** | **Equivalent (H2020)** | **Procedures** | **Standard Finding** | **Result**  **(C / E / N.A.)** |
| --- | --- | --- | --- | --- |
| **C** | **D** | **PURCHASE COSTS** | | |
| **C.1** | **D.1** | **TRAVEL AND SUBSISTENCE**  **The Practitioner sampled \_\_\_\_\_\_ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 items, or 10% of the total, whichever number is the highest*).  The Practitioner inspected the sample and verified that:   * travel and subsistence costs were consistent with the Subgrantee's usual policy for travel. In this context, the Subgrantee provided evidence of its normal policy for travel costs (e.g. use of first class tickets, reimbursement by the Subgrantee on the basis of actual costs, a lump sum or per diem) to enable the Practitioner 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 (see Article 6.3 MGA). * in-kind contributions provided by third parties free-of charge are declared as eligible direct costs by the Subgrantee which use them (under the same conditions as if they were their own, provided that they concern only direct costs and that the third parties and their in-kind contributions are set out in description of the project | 1. Costs were incurred, approved and reimbursed in line with the Subgrantee's usual policy for travels. | C/E/N.A. |
| 1. There was a link between the trip and the action. | C/E/N.A. |
| 1. The supporting documents were consistent with each other regarding subject of the trip, dates, duration and reconciled with time records and accounting. | C/E/N.A. |
| 1. No ineligible costs or excessive or reckless expenditure was declared. | C/E/N.A. |
| **C.2** | **D.2** | **EQUIPMENT**  **The Practitioner sampled \_\_\_\_\_\_ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 items, or 10% of the total, whichever number is the highest*).  For “equipment, infrastructure or other assets” [from now on called “asset(s)”] selected in the sample the Practitioner verified that:   * the assets were acquired in conformity with the Subgrantee's internal guidelines and procedures; * they were correctly allocated to the action (with supporting documents such as delivery note invoice or any other proof demonstrating the link to the action); * they were entered in the accounting system; * the extent to which the assets were used for the action (as a percentage) was supported by reliable documentation (e.g. usage overview table); * in-kind contributions provided by third parties free-of charge are declared as eligible direct costs by the Subgrantee which use them (under the same conditions as if they were their own, provided that they concern only direct costs and that the third parties and their in-kind contributions are set out in description of the project.   The Practitioner recalculated the depreciation costs and verified that they were in line with the applicable rules in the Subgrantee’s country and with the Subgrantee’s usual accounting policy (e.g. depreciation calculated on the acquisition value).The Practitioner verified that no ineligible costs such as deductible VAT, exchange rate losses, excessive or reckless expenditure were declared (see Article 6.3 GA).  Apart from depreciation costs, the following costs are also eligible as Equipment costs:   * Costs for renting or leasing equipment, infrastructure or other assets, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees;   Moreover, for the following equipment, infrastructure or other assets purchased specifically for the action (or developed as part of the action tasks) costs may exceptionally be declared as full capitalised costs:   1. Direct costs for construction of a prototype or pilot plant, if they fulfil the cost eligibility conditions applicable to their respective cost categories and if all of the following apply: building the prototype or pilot plant is (one of) the main action task(s) as described in the description of the project (1), the costs are foreseen in the estimated budget (description of the project) and the eligibility conditions of Articles 6.1 and 6.2 are met.   If the Subgrantee records the construction costs directly under a fixed assets account in the balance sheet rather than as expenses of the year, those costs will normally be considered as compliant with Article 6.1(a)(v) provided that:   * it is in accordance with the national accounting standards and with the Subgrantee’s usual cost accounting practices; * there is no double charging of costs (in particular, no charging of depreciation costs for the prototype or pilot plant to another EU or Euratom grant).   If such equipment, infrastructure or other assets are rented or leased, full costs for renting or leasing are eligible, if they do not exceed the depreciation costs of similar equipment, infrastructure or assets and do not include any financing fees. | 1. Procurement was done using the Subgrantee’s usual purchasing practices — provided these ensure the best value for money (or if appropriate the lowest price) and that there is no conflict of interests. | C/E/N.A. |
| 1. There was a link between the asset charged and the action. | C/E/N.A. |
| 1. The asset charged to the action was traceable to the accounting records and the underlying documents. | C/E/N.A. |
| 1. The depreciation method used to charge the asset to the action was in line with the applicable rules of the Subgrantee's country and the Subgrantee's usual accounting policy. | C/E/N.A. |
| 1. The amount charged corresponded to the actual usage for the action. | C/E/N.A. |
| 1. No ineligible costs or excessive or reckless expenditure were declared. | C/E/N.A. |
| **C.3** | **D.3** | **OTHER GOODS, WORKS AND SERVICES**  **The Practitioner sampled \_\_\_\_\_\_ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 items, or 10% of the total, whichever number is highest*).  For the purchase of goods, works or services included in the sample the Practitioner verified that:   * the contracts did not cover tasks described in description of the project; * they were correctly identified, allocated to the proper action, entered in the accounting system (traceable to underlying documents such as purchase orders, invoices and accounting); * the goods were not placed in the inventory of durable equipment; * the costs charged to the action were accounted in line with the Subgrantee’s usual accounting practices; * no ineligible costs or excessive or reckless expenditure were declared (see Article 6.2 GA).   In addition, the Practitioner verified that these goods and services were acquired in conformity with the Subgrantee's internal guidelines and procedures, in particular:   * if Subgrantee acted as a contracting authority within the meaning of the EU Directives on public procurement 2014/24/EU, 2014/25/EU or 2009/81/EC[[3]](#footnote-4), the Practitioner verified that the applicable national law on public procurement was followed and that the procurement contract complied with the Terms and Conditions of the Agreement. * if the Subgrantee did not fall into the category above, the Practitioner verified that the Subgrantee followed their usual procurement rules and respected the Terms and Conditions of the Agreement.   For the items included in the sample the Practitioner also verified that:   * the Subgrantee ensured best value for money (key elements to appreciate the respect of this principle are the award of the contract to the bid offering best price-quality ratio, under conditions of transparency and equal treatment. In case an existing framework contract was used the Practitioner also verified that the Subgrantee ensured it was established on the basis of the principle of best value for money under conditions of transparency and equal treatment); * in-kind contributions provided by third parties free-of charge are declared as eligible direct costs by the Subgrantee which use them (under the same conditions as if they were their own, provided that they concern only direct costs and that the third parties and their in-kind contributions are set out in description of the project   *Such goods and services include, for instance, consumables and supplies, dissemination (including open access), protection of results, specific evaluation of the action if it is required by the Agreement, certificates on the Financial Statements if they are required by the Agreement and certificates on the methodology, translations, reproduction.* | 1. Contracts for works or services did not cover tasks described in description of the project. | C/E/N.A. |
| 1. Costs were allocated to the correct action and the goods were not placed in the inventory of durable equipment. | C/E/N.A. |
| 1. The costs were charged in line with the Subgrantee’s accounting policy and were adequately supported. | C/E/N.A. |
| 1. No ineligible costs or excessive or reckless expenditure were declared. For internal invoices/charges only the cost element was charged, without any mark-ups. | C/E/N.A. |
| 1. Goods, works and services were awarded using the Subgrantee’s usual purchasing practices — provided these ensure the best value for money (or if appropriate the lowest price) and that there is no conflict of interests. | C/E/N.A. |

| **Cost Category** | **Equivalent  (H2020)** | **Procedures** | **Standard Finding** | **Result**  **(C / E / N.A.)** |
| --- | --- | --- | --- | --- |
| **D** |  | **OTHER COST CATEGORIES** | | |
| **D.1** | **C.1, C.2** | **FINANCIAL SUPPORT TO THIRD PARTIES**  **The Practitioner obtained the detail/breakdown of the costs of providing financial support to third parties and sampled \_\_\_\_\_\_ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 items, or 10% of the total, whichever number is highest*).  The Practitioner verified that the costs were actually incurred or the debt in the corresponding amount towards the subgrantee exists and the support is implemented in accordance with the conditions set out in the project call/ description of the project. The minimum conditions to ensure objective and transparent selection procedures shall include at least the following:  for grants (or similar):   * the maximum amount of financial support for each third party (‘recipient’); this amount may not exceed the amount set out in the Data Sheet in the EIT-KIC GA; * the criteria for calculating the exact amount of the financial support; * the different types of activity that qualify for financial support, on the basis of a closed list; * the persons or categories of persons that will be supported; and * the criteria and procedures for giving financial support.   for prizes (or similar):   * the eligibility and award criteria; * the amount of the prize; and * the payment arrangements.   for other forms of financial support to third parties:   * the maximum amount per recipient * the criteria for determining the exact amount * the types of activities to be funded * the types of recipients eligible | 1. All minimum conditions were met. | C/E/N.A. |
| **D.2** | **D.5** | **INTERNALLY INVOICED GOODS AND SERVICES**  **The Practitioner sampled \_\_ cost items selected randomly** (*full coverage is required if there are fewer than 10 items, otherwise the sample should have a minimum of 10 items, or 10% of the total, whichever number is highest)*:  To confirm standard findings 58-61 listed in the next column, the Practitioner:   * obtained a description of the Subgrantee's usual cost accounting practice to calculate costs of internally invoiced goods and services (unit costs); * reviewed whether the Subgrantee's usual cost accounting practice was applied for the Financial Statements subject of the present CFS; * ensured that the methodology to calculate unit costs is being used in a consistent manner, based on objective criteria, regardless of the source of funding; * verified that any ineligible items or any costs claimed under other budget categories, have not been taken into account when calculating the costs of internally invoiced goods and services (see Article 6 GA) * verified whether actual costs of internally invoiced goods and services were adjusted on the basis of budgeted or estimated elements and, if so, verified whether those elements used are actually relevant for the calculation, and correspond to objective and verifiable information. * verified that any costs of items which are not directly linked to the production of the invoiced goods or service (e.g. supporting services like cleaning, general accountancy, administrative support, etc. not directly used for production of the good or service) have not been taken into account when calculating the costs of internally invoiced goods and services. * verified that any costs of items used for calculating the costs internally invoiced goods and services are supported by audit evidence and registered in the accounts. | 1. The costs of internally invoiced goods and services included in the Financial Statement were calculated in accordance with the Subgrantee’s usual cost accounting practice. | C/E/N.A. |
| 1. The cost accounting practices used to calculate the costs of internally invoiced goods and services were applied by the Subgrantee in a consistent manner based on objective criteria regardless of the source of funding. | C/E/N.A. |
| 1. The unit cost is calculated using the actual costs for the good or service recorded in the Subgrantee’s accounts, excluding any ineligible cost or costs included in other budget categories. | C/E/N.A. |
| 1. The cost items used for calculating the actual costs of internally invoiced goods and services were relevant, reasonable and correspond to objective and verifiable information. | C/E/N.A. |

| **Cost Category** | **Equivalent (H2020)** | **Procedures** | **Standard Finding** | **Result**  **(C / E / N.A.)** |
| --- | --- | --- | --- | --- |
| **E** | **E** | **INDIRECT COSTS** | | |
|  |  | To confirm standard finding 64 listed in the next column, the Practitioner verifies that indirect costs are reimbursed at the flat-rate of 25% of the eligible direct costs (categories A-D), except:   * subcontracting costs * financial support to third parties, and * exempted specific cost categories (if any). | 1. There were no discrepancies between the indirect costs charged to the action and the costs recalculated by the Practitioner. | C/E/N.A. |

| **Cost Category** | **Equivalent (H2020)** | **Procedures** | **Standard Finding** | **Result**  **(C / E / N.A.)** |
| --- | --- | --- | --- | --- |
| **USE OF EXCHANGE RATES** | | | | |
|  |  | a) For subgrantees with accounts established in a currency other than euros   1. **The Practitioner sampled \_\_\_\_\_\_ cost items selected randomly and verified that the exchange rates used for converting *local currency 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 items, or 10% of the total, whichever number is highest)*. 2. **The Practitioner sampled \_\_\_\_\_\_ cost items selected randomly and verified that the exchange rates used for converting *other currencies into local 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 items, or 10% of the total, whichever number is highest)*.   *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*](https://www.ecb.int/stats/exchange/eurofxref/html/index.en.html) *), determined over the corresponding reporting period. For Subgrantees with projects with different reporting periods, the costs for each project shall be converted into euro at the average of the daily exchange rates determined over the corresponding project reporting period.*  *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*](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm) *), determined over the corresponding reporting period.* | 1. a) The exchange rates used to convert other currencies into Euros were in accordance with the rules established of the Grant Agreement and there was no difference in the final figures.   b) The exchange rates used to convert other currencies into local currency were in accordance with the rules established of the Grant Agreement and there was no difference in the final figures. | C/E/N.A.  C/E/N.A. |
|  | b) For Subgrantees with accounts established in euros  **The Practitioner 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 items, or 10% of the total, whichever number is highest)*:  *Costs incurred in another currency shall be converted into euro by applying the Subgrantee’s usual accounting practices.* | 1. The Subgrantee applied its usual accounting practices | C/E/N.A. |

1. The person must be hired under either: a direct contract signed between the Subgrantee and the natural person (not through another legal entity; e.g. a temporary agency) or a contract signed between the Subgrantee and a legal entity fully owned by that natural person and which has no other staff than the natural person being hired. [↑](#footnote-ref-2)
2. **Contracting authorities’** means the State, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law [↑](#footnote-ref-3)
3. **Contracting authorities’** means the State, regional or local authorities, bodies governed by public law or associations formed by one or more such authorities or one or more such bodies governed by public law [↑](#footnote-ref-4)