



## CERTIFICATE ON THE FINANCIAL STATEMENT (CFS)

### TERMS OF REFERENCE

#### 1. Background and subject matter

A certificate on the financial statements (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 and that certain thresholds are met (see GA Data Sheet and Article 24.2 and [AGA — Annotated Grant Agreement, art 24.2](#)).

The purpose of the CFS is to provide the EU granting authority with findings to be able to assess whether costs that are declared on the basis of actual costs or costs according to usual cost accounting practices (if any) and, if relevant, also revenues comply with the conditions set out in the EU grant agreement.

The present Terms of Reference set out the procedures to be performed, define the scope and applicable standards of the CFS and who may deliver it.


#### 2. Scope and applicable standards

The CFS is a report on (factual) findings based on agreed-upon procedures (AUP).

The engagement is to perform **agreed-upon procedures (AUPs)** regarding the **eligibility** of the **costs** (and, if relevant, also revenues) declared under **grant agreement 101142969 — PWinPLan** ('the Grant Agreement'). It is not an assurance engagement; the CFS practitioner does not provide an audit opinion, nor expresses assurance.

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).

 Supreme audit institutions applying INTOSAI-standards may carry out the procedures according to the corresponding *International Standards of Supreme Audit Institutions (ISSAIs)* and *Code of Ethics* issued by INTOSAI instead of the International Standard on Related Services (ISRS) 4400 (revised) and the Code of Ethics for Professional Accountants issued by the IAASB and the IESBA.

The CFS must be issued according to the highest professional standards. The practitioner must comply with the present Terms of Reference, including the agreed-upon procedures checklist and report template — without modifying them. The work must be planned in a way that the engagement can be performed effectively. The



practitioner must use the evidence obtained from the procedures performed as the basis for the report. Matters which are important for the findings and evidence that the work was carried out in accordance with the Terms of Reference must be documented. 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.

### 3. Practitioners who may deliver a certificate

The participant is free to choose a **qualified external auditor**, including its usual external auditor, provided that:

- the auditor is **independent** from the participant and
- the provisions of **Directive 2006/43/EC**<sup>1</sup> (or similar standards) are complied with.

Although ISRS 4400 (revised) states that independence is not a requirement for engagements to carry out agreed-upon procedures, this is one of the qualities to ensure an unbiased approach and therefore required for CFS practitioners. Compliance with the IESBA Code's independence requirements is therefore mandatory.

However:

- **public bodies** can choose an external auditor or a competent independent public officer. In this latter case, independence is usually defined as independence 'in fact and in appearance' (*e.g. that the officer is not involved in drawing up the financial statements*). It is for each public body to appoint the public officer and ensure their independence. The certificate should refer to this appointment.
- **pillar-assessed entities** can choose their regular internal or external auditors in accordance with their internal financial regulations and procedures as assessed by the European Commission in accordance with Article 154(3) of Regulation 2018/1046<sup>2</sup>.

The **CFS costs** themselves can be charged to the EU project and the choice of practitioner therefore has to comply with the cost eligibility criteria, in particular lowest price or best value for money and no conflict of interest as set out in the Grant Agreement (for the detailed conditions, see [AGA — Annotated Grant Agreement, art 6.2.C\\*](#)).

The CFS does not affect the granting authority's right to carry out its own assessment or audit on the eligibility of the costs covered. Neither does it preclude the bodies mentioned in Article 25 of the Granting Agreement (e.g. granting authority, European Anti-Fraud Office (OLAF), European Public Prosecutor's Office (EPPO), European Court of Auditors (ECA), etc) from exercising their rights under the Grant Agreement.

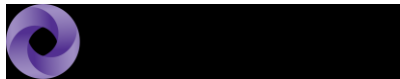
### 4. Procedures to be followed and expected results

The **procedures** to be carried out by the practitioner are listed in the agreed-upon procedures checklist below. The checklist is an integral part of these Terms of Reference.

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<sup>1</sup> 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 (OJ L 157, 9.6.2006, p. 87).


<sup>2</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union ('Financial Regulation') (OJ L 193, 30.7.2018, p. 1).



The **engagement** should be undertaken on the basis of inquiry and analysis, (re)computation, comparison, other accuracy checks, observation, inspection of records and documents and by interviewing the participant (and the persons working for them) as described in the agreed-upon procedures.

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

- 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 (either because the practitioner carried out the procedures but cannot confirm the standard finding or because 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. — 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; conditions for a certain procedure are not met, etc. For instance, for participants with accounts established in a currency other than the euro the procedure related to participants with accounts established in euro does not apply. Similarly, if no additional remuneration is paid, the standard finding(s) and procedure(s) for additional remuneration do not apply.

 The **reference document for the confirmation of standard findings** are the rules set out in the Grant Agreement, as explained in the [AGA — Annotated Grant Agreement\\*](#). The agreed-upon procedures make reference to the relevant Grant Agreement provisions and cost categories, to enable the practitioner to find them easily.

## 5. Other special terms

N/A

**For and on behalf of the Audit Firm:**

/digitally signed/

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**Grant Thornton Baltic OÜ**  
**Member of the board**  
**Mart Nömper**

**For and on behalf of the Client:**

/digitally signed/

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**Siseministerium**  
**Authorized representative**  
**Krista Aas**