

Financial reporting - Questions and Answers

(in future to be included/clarified in the reporting guidance)

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1. When should the audit reports be delivered to EMRP

By 7th December (or sooner if possible)

However, we appreciate that it may not be possible to meet our deadline and we ask that if not, that you advise us of the earliest possible date when you can send us a pdf copy.(hard copy to be sent in the post soon after)

2. Shall I pass a Coordinator an R&C statement even if I have not been audited yet?

Yes – pass the Coordinator the statement as soon as it is available.

More details...

In the event that the audit leads you to make amendments to an R&C statement then you must resubmit a revised version to the Coordinator - and a revised version of eth R&C summary work book to EMRP.

3. Where is the template for the “Certificate on the financial statement”

In the Commissions Document - Annex VII form D - Section 1.9 onwards of the Annex VII form D plus the table and the bulleted text at the end of the document.

More details...

The format for the "Certificate on the financial statement" under FP7 is very different to the format of the audit certificates provided under FP6 - in reality they are reports rather than certificates. Annex VII form D is a Commission document, and not an EMRP generated one, which is a mixture of instructions/guidance to the auditor and the template for the report.

4. When do the eligible costs, which are being audited, have to have been paid.

By the time the audit is completed.

More details...

In Appendix 1 of the "Certificate on the financial statement" it states that the costs must be

- have been incurred during the duration of the project and*
- have been paid*

The latter is new to FP7. It used to be sufficient to only be recorded.

We have questions the Commission and they confirm that the cost must be paid. However the auditor needs only verify that they have been paid, and not in what period they were paid. So costs occurred in October 09, with eth invoice paid in November 09 are allowable. However if an item recorded in the costs statement is found by the auditor to be not paid the auditor wouldn't be able to verify the cost.

We strongly recommend that organisations ensure that invoices relating to items in the cost statement are paid by the time of audit, in order to avoid additional complication.

5. Does the auditor have to compare costs with budget.

No

More details

Although the appendix 1 states that costs

- *are indicated in the estimated overall budget in the Annex Is of the individual JRP contracts.*

JRP cost budget estimates (in appendix 1) are estimates only and, with the exception of "subcontract" are fluid across cost categories, years and even partners (with EMRP approval). All JRP contracts state that " The JRP partners are only allowed to transfer budget between different activities and between themselves with prior written approval by the iMERA-Plus Manager and shall follow procedures specified by the iMERA-Plus Manager for such transfers."

The procedures are such that permission to alter the budget can be given after the costs have been incurred. Therefore analysis of the costs against the budget in annex I could not give rise to a decision to warrant any cost ineligible.

6. Can the auditor note any qualifying statements

No

More details...

We have queried with the commission and this is not possible to give qualifying statements. It is , however, possible to note any exceptions in the covering letter (at page 5 of the Annex VII Form D)

The auditor must either be able to verify the costs according to the rules presented - or not (and if not you will have to make any necessary amendments until verification is possible)

7. If amendments are necessary what documents must be resubmitted to whom.

For Period 1 – Individual R&C statement(s) affected should be resubmitted to EMRP
Model form C should be resubmitted to EMRP

For Period 2 – Individual R&C statement(s) affected should be resubmitted to the JRP Coordinator(s)
R&C summary workbook should be resubmitted to EMRP
Model form C should be resubmitted to EMRP

8. Should I enter the name of auditor, and cost of audit, into the Model form C if the audit is a governance audit.

No

More details...

The model form C should be as similar as possible to the FORCE form C. For this it is only those who have an EC triggered audit that will give audit details. Apologies for the error in the current financial instructions – where it is requested that the costs be entered on the model form C. This will be amended in future.

9. Should the cost of audit stated in the audit report, and model formC (if required) include VAT.

No

More details...

Unfortunately the Commission have failed to clarify this in the Annex VII Form D - however we are aware that the figure required is excluding VAT.

We suggest that for clarity you add the words "excluding VAT" on page 6 of the Annex VII from D such that it reads.

*“The fee paid to the Auditor for providing the Report was € _____ , excluding VAT.”
Alternatively you may take the latest, amended, template from the website*

10. What is the letter of representation and who sends and received it

It is a statement to confirm that the organisation being audited is responsible for preparing the costs that are being audited.

The letter is sent from the organisation to the auditor and is copied to EMRP (along with the audit report)

More details...

It is an EC template and it is an EC requirement that this letter is sent for the EC triggered audits and we are following their rules for all audits.

11. If amendments, to the costs claimed, are necessary what documents must be resubmitted to whom.

For Period 1 – Individual R&C statement(s) affected should be resubmitted to EMRP
Model form C should be resubmitted to EMRP

For Period 2 – Individual R&C statement(s) affected should be resubmitted to the JRP
Coordinator(s)
R&C summary workbook should be resubmitted to EMRP
Model form C should be resubmitted to EMRP