



EUROPEAN COMMISSION  
Directorate-General for Research & Innovation

## **Example of Letter of Representation related to the Certificate on the Financial Statements CFS (Annex 5)**

- 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

Version 1.0

15 May 2015

### **Disclaimer**

This document is aimed at assisting beneficiaries and auditors. It is provided for information purposes only and its contents are not intended to replace consultation of any applicable legal sources or the necessary advice of a legal expert, where appropriate. Neither the Commission nor any person acting on its behalf can be held responsible for the use made of this example.

## **Related to the Certificate on the Financial Statements CFS (Annex 5)**

### **Letter of Representation**

(Beneficiary/Linked Third Party letterhead)  
(Date-same as date of the factual findings report)  
(Addressed to the legal name of the Auditor)

Dear Madam, Dear Sir,

Taking into consideration our responsibility, as mentioned in Article 1.2 of Annex 5 of the H2020 Grant Agreement [insert number of the grant agreement, acronym of the action], with the [OPTION 1: the European Union, represented by the European Commission ('the Commission')][ OPTION 2: the European Atomic Energy Community (Euratom,) represented by the European Commission ('the Commission')][OPTION 3: the [Research Executive Agency (REA)] [European Research Council Executive Agency (ERCEA)] [Innovation and Networks Executive Agency (INEA)] [Executive Agency for Small and Medium-sized Enterprises (EASME)] ('the Agency'), under the powers delegated by the European Commission ('the Commission').] and in connection with your engagement to perform agreed-upon procedures regarding the Financial Statement (Annex 5) covering the period from [date] to [date] (the 'Financial Statement'), we hereby confirm the following representations made to you during your engagement:

- We are responsible for the preparation of the Financial Statement in accordance with the Grant Agreement and for their accuracy and completeness.
- We have made available to you all records, documents, statements as requested in the table of procedures as well as any significant information that we believe are relevant for the purpose of the agreed-upon-procedures you have performed.
- No ineligible cost indicated in Article 6.5 was claimed for the Financial Statements of the action in subject. In particular, following costs were not claimed therein:
  - costs related to return on capital;
  - debt and debt service charges;
  - provisions for future losses or debts;
  - interest owed;
  - doubtful debts;
  - currency exchange losses;
  - bank costs charged by our bank for transfers from the Commission or Agency;
  - excessive or reckless expenditure;
  - deductible VAT;
  - costs incurred during suspension of the implementation of the action;
  - costs claimed under another EU or Euratom grant.

- Personnel costs:
  - *[OPTION 1: Direct personnel costs reported in the Financial Statement are calculated using rates based on actual costs, and reflect the time actually worked on the project during the period covered by the Financial Statement. OR  
[OPTION 2: Direct personnel costs reported in the Financial Statement are 'unit costs calculated in accordance with our usual cost accounting practices' (average rates) which are compliant with the conditions in the Grant Agreement and reflect the time actually worked on the project during the period covered by the Financial Statement. The methodology used to calculate unit costs was used consistently in all H2020 actions and in all activities irrespective of the source of funding. Any estimated or budgeted element used in the unit-cost calculation was relevant for calculating personnel costs and corresponded to objective and verifiable information.]*
  - *[IF ADDITIONAL REMUNERATION WAS PAID: We are a non-profit legal entity in the sense of Art 6.2.A.1 of the Grant Agreement The additional remuneration was consistently paid whenever the same kind of work or expertise was required. The amount of additional remuneration paid corresponds to our usual remuneration practices and the criteria used to calculate the additional remuneration were objective and generally applied regardless of the source of funding used.]*
  - *[IF COSTS FOR NATURAL PERSONS WAS CLAIMED FOLLOWING ART 6.2.A.2: The natural persons were working under our instructions, the result of the work carried out belongs to us and their related costs were not significantly different from those for personnel performing similar tasks under an employment contract.*
- *[(if applicable): Subcontracts were awarded in line with internal procedures and procurement rules including an analysis of best value for money (best price-quality ratio), transparency and equal treatment.]*
- *[(if applicable): The contracts for goods, works, and services did not cover tasks described in Annex 1 and were awarded in line with internal procedures and procurement rules including an analysis of best value for money (best price-quality ratio), transparency and equal treatment. In doing such purchases, we avoided any conflict of interest (see art. 35.1).]*
- *[(if applicable): Travel costs and related subsistence allowances claimed (if any) were in line with our usual practices on travel.]*
- *[(if applicable): The depreciation costs of equipment, infrastructure or other assets claimed (if any) were acquired in conformity with our internal guidelines and procedures.]*
- *[(if applicable): The receipts declared in the Financial Statement represent a complete record of the sources of income connected with the action (for example, income from events, rebates from suppliers...), and have been recorded in accordance with our normal accounting practices.]*
- No event has occurred after [insert ending last day of the period covered by the Financial Statement], which would have an impact upon the Financial Statement.

- *[OPTION 1: Nothing has come to our attention during the period under review, including management actions and/or other matters of importance that might be considered to represent financial irregularities, fraud or an illegal act which would have an impact on the Financial Statement] OR*  
*[OPTION 2: The following financial irregularities, fraud or illegal acts which have an impact on the Financial Statement have occurred: [...] and sufficient measures have been taken to correct them and to prevent repetition and they have all been fully disclosed to you.]*
- *[insert other matters, as applicable].*

*[insert name of the Beneficiary or Linked Third Party]*

(Stamp and Signature of the Beneficiary or Linked Third Party)