



ANNEX VI a

AUDIT METHODOLOGY

According to Articles II.15.3. in the Agreement, and as required by the provisions of Article I.4 on interim payment and payment of the balance, a certificate on the project's financial statements and underlying accounts, produced by an approved auditor, for the beneficiary, as specified under Article I.12, shall accompany the request for interim and final payments.

The certificate shall certify that the costs declared by the beneficiary in the financial statements on which the request of payment is based are real, accurately recorded and eligible and that all receipts have been declared, in accordance with the Agreement.

In the case of the interim payment:

The auditor will specifically have to analyse the financial statements of costs declared by the beneficiary to justify the payment request and check that the costs declared are eligible under the terms of the Agreement, real and accurately recorded.

For example:

- that the costs satisfy the general eligibility criteria;
- that the specific criteria relating to the nature of the costs are satisfied (e.g. correct application of the eligibility rules specific to each category of costs involved).

In the case of the payment of the final balance:

The auditor's task will be the same, but in addition he will have to analyse and validate the summary statement of all the actual expenditure and revenue of the project.

The auditor may, if necessary, express reservations (see "Content of reports") as regards the request for payment and/or make corrections to the financial statements audited.

The certificate

The indicative template in Annex VI b may serve as a guide to the aspects the DSP and the Commission want the auditor to provide in the certificate.

Content of the report





Without going into the details of the professional requirements governing audits, it is useful to provide general information so that the documents presented to the DSP and the Commission departments can be correctly assessed.

The conclusions of the audit exercise are set out in an audit report signed and dated by the auditor responsible. The report is an opportunity for the auditor to express an impartial opinion on the financial statement audited. The professional terminology used in the reports usually refers to the organisation's accounts in relation to the implementation of the Agreement giving "a true and fair view", in accordance with generally accepted (or other specified) accounting principles. The exact expressions to be used and the conclusions/verifications to be presented in the audit report are determined by the conventions and laws of the country, but overall objective of the audit remains the same.

