|  |  |
| --- | --- |
| **C:\Users\irma-so\Desktop\CPVA-logo.jpg** |  |

EEA & NORWAY GRANTS

A PROOF OF EXPENDITURE OF DONOR PROJECT PARTNER BY A REPORT OF COMPETENT OFFICER OR INDEPENDENT AUDITOR (Reg. Art. 8.12.4.)

Donor project partner has an option to provide a proof of expenditure by way of presenting the *declaration of expenditure claimed by donor partner[[1]](#footnote-2)* or *certification of costs claimed by donor partner*[[2]](#footnote-3). Please note, that the annually audited financial statement of an entity cannot replace these documents.

**If donor partner:**

* **has competent and independent public officer**, recognized by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements -

**√** a *certification of costs claimed by donor partner* issued by competent officer should be presented with every payment claim in which the expenditure incurred by Donor project partner is included.

* **has no competent and independent public officer**
* **and (or) competent officer’s independence is not assured**

**√** with every payment claim in which the expenditure incurred by Donor project partner is included Donor project partner shall present *the declaration of expenditure incurred by donor partner* signed by the representative of donor partner; **the signature of the Project Promoter is obligatory confirming** that the activities for which the costs are declared are completed and (or) the service was delivered, the Project promoter is satisfied with the Donor project partner’s input and the Donor project partner has apparently kept to the budget of the project;

**√ if the total costs** (excluding the costs declared on the simplified costs basis) incurred by Donor project partner **shall be above 10000 EUR**, when the last expenditure incurred by Donor project partner shall be included in the payment claim, the report of the independent auditor (in the form of *certification of costs claimed by donor partner)* for the total costs of donor partner should be presented.

**Important!**

1. The expenditure included into the declaration of expenditure claimed by donor partner or certification of costs claimed by donor partner should be in Euro. The exchange rate of ECB of the date of declaration or certification should be used for the conversion.

If certification of costs claimed by donor partner is issued by the independent auditor and it includes expenditure that were previously included into the declaration (s) of expenditure incurred by donor partner, these expenditure should not be reconverted and should be included into the auditor‘s report according to the exchange rate used in the declaration (s) of expenditure incurred by donor partner.

2. A breakdown of costs certified or costs declared according to the project budget lines should be provided as an annex 1 to the Certification of costs claimed by donor partner or Declaration of expenditure claimed by donor partner. In the Notes part of the cost breakdown the detailed information on costs should be provided (for example, costs incurred in organizing the event, date, etc.), the details should be given if declared costs are simplified (for example, per diems are paid on a simplified basis, then indicate who traveled, travel the purpose for which the rate was applied, the number of days, etc.), other relevant information.

3. Donor partner shall assure that the proof of expenditure and payment documents are kept available for the period set in the Reg. Art. 9.8.3. and at least as specified in the project implementation contract (if such provisions are specified in the contract). The certification or declaration shall be not supported by the proof of expenditure and payment documents.

4. If the report of the independent auditor (in the form of *certification of costs claimed by donor partner)* is foreseen, it is important to agree between the Project promoter and Donor partner who (project promoter or donor partner) signs the service contact with the independent auditor and pays for the audit. Please note, that it has to be ensured that the audit service provider is competent to confirm that the costs incurred by the Donor partner are in accordance with the Regulations, the applicable legislation and the accounting principles of the Donor partner country.

**In the case of the report by an independent auditor**

# In the case of the report by an independent auditor **it is recommended to apply an International Standard on Related Services (ISRS) 4400 “Engagements to perform agreed-upon procedures regarding financial information” issued by the International Federation of Accountants (IFAC).** For the report of the auditor the template „Certification of costs claimed by donor partner“ should be used.

The scope of work should be agreed with the independent auditor and it should cover requirements to verify the expenditure incurred and confirm that:

* the reported costs are incurred in accordance with Regulations[[3]](#footnote-4), the national (donor partner’s country) law and relevant national (donor partner’s country) accounting practices;
* expenditure has been incurred within the project eligibility period;
* expenditure incurred are connected with the subject, activities and budget of the project;
* expenditure incurred and paid are supported by the adequate documentation, including accounting records.
1. Template „Declaration of expenditure claimed by donor partner“ [↑](#footnote-ref-2)
2. Template „Certification of costs claimed by donor partner“ [↑](#footnote-ref-3)
3. Please see the Chapter 8 of Regulations [↑](#footnote-ref-4)