



GUIDANCE FOR THE IMPLEMENTATION OF THE IN-KIND CONTRIBUTION PROCEDURE for operational projects (IKOP)¹

¹ The Guidance for the implementation of the IKC procedure for operational projects (IKOP) is a living document and will be further completed according to the practical needs.



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1. Introduction

The purpose of this guidance is to assist in the planning, reporting and certification process of the in-kind contributions for funded projects (IKOP) provided by the private members of the JU as described in the BBI JU's IKOP methodology.

The guidance presents the common format and outlines the information, which must be included in the declarations issued by the private members, as well as providing further background information for implementing the above procedure.

It is intended that the guidance will be kept under review and may be further amended and updated as appropriate in the light of experience gained from the process.

GLOSSARY	
Total costs of project	Totals costs incurred in the implementation of the action
Total eligible costs (H2020 model)	Cost calculated in accordance with H2020 rules and recorded as such in the budget table of the Grant Agreement (Annex II of the GA)
IKOP	Cost incurred in the implementation of the project not reimbursed by BBI JU (or other EU funding programme)
CIKOP	Certified IKOP
CFS	Certificate of Financial Statements (H2020 model)

2. Calculation of the In-kind contribution for operational activities (IKOP)

IKOP is defined as the costs incurred by the private members in implementing indirect actions less the contribution of the JU or any other Union contribution as a reimbursement of those costs.

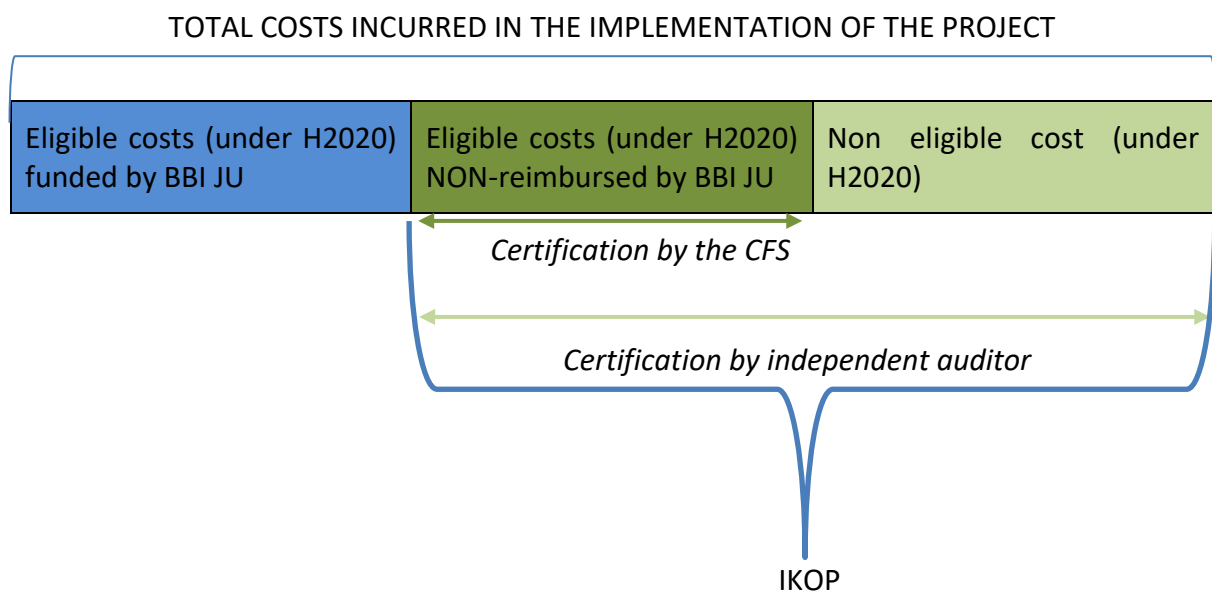
Costs in general refer to the total project costs of the action.

For reasons of simplification, the in-kind methodology for operational projects (IKOP) has opted for identifying the calculation method based on eligible cost as the most common one (Method A). This means that the calculation is not based in the total cost of the project, but rather in the total eligible costs as identified the project budget.

However, as stated in the Council Regulation this does not preclude the entities with the possibility to choose to certify the total costs is this best fits to their existing cost accounting systems, especially in the case of participants not receiving funding.



It is of course in the interest of the JU and its private members to show the private investment into the program as realistic as possible.



2.1. Method A

By applying this method only the no-reimbursed part of the **total eligible H2020 project cost** constitute the IKOP (IKOP-A)².

Evaluation method: The reported IKOP is by default evaluated according to the eligibility criteria of the H2020 program.

Certification: The IKOP is certified by the CFS covering the total eligible project cost. No separate IKOP certificate (CIKOP) is required.

This method is advised for entities:

- The private's member established cost accounting system is designed to allocate only the eligible cost according to H2020 criteria to the project;
- with an indirect cost rate close to the 25% accepted flat rate according to the H2020 program provisions.

² Not applicable for research institutes with 100% funding



- Can take advantage of certifying all the eligible costs with the CFS.

2.2. Method B

The private member declares the total project cost of the project established and allocated according to the usual cost accounting practice of the private member. The difference between the declared total project cost and JU funding (if any) constitutes the IKOP.

Evaluation method: The reported costs are evaluated according to the usual accounting practices of the private member and as far as applicable to national and international standards on accounting and financial reporting.

Certification: The in-kind contribution is certified by an external auditor according to the specific methodology and terms of reference (ToR) provided by the JU.

This method is advised for private members with a cost accounting system allocating full costs to cost centers, units, activities or projects, for the purpose of e.g.: margin calculation, cost control, target setting.

The certification should follow the specific methodology and the Guidance Terms provided by the JU, which includes recommended formats of the Model Certificate depending on the international standard that auditors wish to follow. The auditors have the choice between an Audit (based on ISA 805) or an Assurance Engagement (based on ISAE 3000). Whichever professional approach the auditors chose (ISA 805 or ISAE 3000), the JU recommends to follow precisely the Guidance terms, in particular the text for the model certificate to avoid subsequent verifications of the JU.

In both options for the Certificate, a conclusion is requested from the auditors, which confirms the compliance of the value of the contribution stemming from the reported IKOP with the BBI JU Regulation.

The Certificates shall be written in English.

The auditor has to be independent from the private Member.

The Auditor shall be qualified to carry out statutory audits of accounting documents in accordance with the 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, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.

2.3. Updating the IKOP after JU validation

Taking into account that the IKOP by definition is the difference between the project cost and the EU contribution, in case the JU rejects some expenditure based on the H2020 eligibility criteria, the latter is still part of the project cost of the reporting entity. Consequently, the rejected amounts will increase the amount of the in-kind contribution.



The validated amounts for the in-kind contribution could be subject to subsequent adjustment stemming e.g. from ex-post audits of financial statements or verification of methodology carried out by the JU.

3. Certification

If the private member opts for **method A**, **no separate certificate on IKOP (CIKOP) is required from the industry member** - since the CFS (by verifying the total eligible project cost) certifies the included IKOP.

In case of **methods B an IKOP certification is required**. The IKOP has to be certified by an external auditor according to the specific methodology and ToR provided by the JU.

For the certification the H2020 programme thresholds are applied. By analogy with the certification thresholds for financial statements, the IKOP will have to be certified for values exceeding Euro 325.000.

This approach provides for the following scenarios:

Scenarios				
Certificate Type	JU contribution less than 325k IKOP less than 325k	JU contribution less than 325k IKOP more than 325k	JU contribution more than 325k IKOP less than 325k	JU contribution more than 325k IKOP more than 325k
CFS	No	Yes*	Yes	Yes
CIKOP	No	Yes	No	Yes

**In this case, a CFS would be required although the threshold of 325K is not reached, since the certified value of the JU contribution is needed for the certification of the IKOP.*

- The JU reserves the option to reject amounts if the certificate does not have a “clean” opinion from the external auditors (without any reservation).

3. Reporting process and time schedule

The IKOP reporting is done by the private members on an annual basis, linked to the regular project cost reporting for the JU funding. The Regulation requires the declaration of the IKOP through the private members each year by 31 January for the contribution incurred in the previous years. Because of the coinciding deadlines of the Grant Agreement reporting, the declaration of the IKOP and the annual accounting of the JU, the reporting of the IKOP will be implemented as follows:

- Until **15 January**, together with the estimates for the eligible costs incurred for the BBI JU funded projects, the JU receives from the members as preliminary information for the Provisional Annual Activity Report and for the Provisional Accounts the related **estimates for the IKOP³**.

³ Like for the information on the estimated eligible costs, the JU’s Accounting Officer needs the corresponding information from the JU’s Members also regarding the IKOP for the purpose of the Provisional Accounts,



- Before the closure of BBI's JU final accounts, the financial and operational units of the JU review the cost claims together with the CFS (if required) in order to validate the eligible expenses for the project execution during the year. The JU reserves the option to reject amounts if the certificate does not have a "clean" opinion from the external auditors (without any reservation).

4. Eligibility of the audit fees

The cost related to the certification of IKOP is accepted as eligible expenditure under the H2020 GA since it is linked to the operational expenditure of the JU and certifies an amount, which is going to be recognized in the JU accounts. The audit fee can be reported under the same cost category as the CFS fee, i.e. other direct costs.

regardless whether the related GAs have reached their final reporting period in the particular year. This information is collected through the annual exercises that is launched every November to be completed by 15 January of N+1.



5. ANNEX 1: Terms of Reference for the Certification of the IKOP

5.1. Certificate according to ISA 805

Independent audit opinion according to the International Standard on Auditing ('ISA') 805 Special Considerations, Audit of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statements as promulgated by the IFAC

Terms of Reference for an Independent audit opinion on the declaration of In-kind contribution of private Members related to co-funded indirect actions (IKOP-B) for the purpose of valuing the contributions under Article 12.3 b) of the Statutes of BBI Joint Undertaking⁴

The following are the terms of reference ('ToR') on which

[Name of the Member] 'the Member'

agrees to engage

[name of independent Auditor] 'the Auditor'

to provide an independent audit opinion on the Declaration of IKOP-B related to the JU funded projects [*reference to GAM, name, period*] as prepared by the Member according to the Council Regulation, and *the Guidance documents*⁵.

Where in these ToR the 'BBI Joint undertaking' is mentioned this refers to its quality as signatory of the Grant Agreements with the Member. The JU is not a party to this engagement.

⁴ Council Regulation (EU) No 560/2014 of 6 of May 2014 establishing the Bio-based Industries Joint Undertaking.

⁵ Guidance for the Implementation of the in-kind Procedure – for operational projects (IKOP)



1) Subject of the Engagement

The subject of this engagement is to provide an independent audit opinion on the Declaration of IKOP-B as provided by the private Members as defined under Article 2.1 b) of the Statutes in relation to their participation to the indirect actions co-funded by the JU.

According to Article 4(3) of the Council Regulation, the private Members of the JU shall declare to the Governing Board the value of the in-kind contribution (IKC) incurred in the implementation of the indirect actions. In accordance with Article 4(4) of the Council Regulation, the declared contribution has to be certified by an independent auditor and is presented to the Governing Board for opinion.

In line with Article 2.1 b) of the Statutes, the private members shall formally endorse the Statutes by an official letter of endorsement and are bound as such to the rights and obligations stemming directly from the Council Regulation and the Statutes (Annex I to the Regulation), including the above mentioned declaration duty under Article 4.3 .

The JU recognises the validated in-kind contribution in operational activities (IKOP) in its annual accounts as operational expense and as net assets.

In order to implement the above requirement under the Regulation, the Coordinators of grant agreement for Members must submit to the JU within 60 days following the end of the last reporting period a declaration of IKOP-B together with a certificate for the Coordinator and for each Member of the consortia, who intends to declare in-kind contribution incurred for the execution of the grant agreement. The certification is required only for values exceeding Euro 325.000. The certificate (CIKOP) must cover all reporting periods, for which the Coordinator/ Members intends to declare IKOP-B

The CIKOP is prepared in the form of an independent audit opinion produced by an external auditor, who certifies the amount of in-kind contribution incurred for the execution of the co-funded projects for the purpose of valuing the contributions referred to in the Statutes under Art. 12(3)b.

2) Responsibilities of the Parties to the Engagement

'The Member' refers to the legal entities as defined in Article (2.1.b) of the Statutes of BBI JU Council Regulation the Council

The Member is responsible for preparing the Financial Statement including the dedicated part on the IKOP declared. The Member provides the Financial Statement to the Auditor, and ensures that the declared IKOP-B can be properly reconciled (1) to cost incurred in the implementation of the indirect action reimbursed by BBI JU, (2) to the Member's cost accounting and bookkeeping system and (3) to the underlying accounts and records.



Notwithstanding the audit to be carried out, the Member remains at all times responsible and reliable for the accuracy of the declaration of IKOP-B.

- The Member is responsible for providing all statements and supporting information, in particular the cost claims, and a description of its cost accounting practice, which will enable the Auditor to carry out the workings necessary to be able to issue an opinion on the declaration of IKOP-B; the Member will provide the Auditor with a written representation letter supporting the declaration and all supporting statements, clearly dated and stating the period covered by the statements.
- The Member accepts that the ability of the Auditor to perform the audit required by this engagement effectively depends upon the Member providing full and free access to the Members' staff and its accounting and other relevant records.

'The Auditor' refers to the Auditor who is responsible for performing the procedures necessary to be able to issue an opinion in the declaration of IKOP-B, and for submitting an independent audit opinion on the declaration of IKOP-B to the Member.

The Auditor shall be independent from the Member.

The Auditor shall be qualified to carry out statutory audits of accounting documents in accordance with the 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, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.

3) Engagement Type and scope

This constitutes an engagement to perform an audit on the declaration of IKOP-B provided by the Member.

The Auditor shall include in its Report that no conflict of interest⁶ exists with the audited Member in establishing this Report, as well as the fee paid to the Auditor for providing the Report.

4) Applicable standards

⁶ A conflict of interest arises when the auditor's objectivity to establish the certificate is

compromised in fact or in appearance when the auditor for instance:

- was involved in the preparation of the Financial Statements (Forms C) and/or of the Declaration of the IKOP;
- stands to benefit directly should the certificate be accepted;
- has a close relationship with any person representing the beneficiary;
- is a director, trustee or partner of the beneficiary;
- is in any other situation that compromises his or her independence or ability to establish the certificate impartially



The Auditor shall undertake this engagement in accordance with these ToR and:

- in accordance with the International Standard on Auditing ('ISA') 805 Special Considerations, Audit of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statements as promulgated by the IFAC;
- in compliance with the *Code of Ethics for Professional Accountants* issued by the IFAC.

5) Reporting

The Certificate on the declaration of IKOP-B must be established in the format of the Model Certificate as attached in the Appendix of these TORs and shall be written in English. The declaration of IKOP-B is attached to the Certificate signed by the legal representative and stamped for identification purposes by the auditor.

In accordance with Article 4(4) of the Council Regulation, the JU has the right to verify the method used by the Member for the valuation of the contribution in case of uncertainties arising from the certification.

As described in Article 14 of the Council Regulation- the JU, the Court of Auditors and OLAF have the right to conduct audits and investigations in order to protect the financial interests of the Union in connection with any agreements funded under the Council Regulation. This includes the declaration related to this engagement. The Auditor must provide access to all working papers related to this assignment, if the JU, the European Anti-Fraud Office or the European Court of Auditors requests them.

6) Timing

The independent audit opinion should be provided by *[insert date]*.

7) Other Terms

(The Member and the Auditor can use this section to agree other specific terms, such as the Auditor's fees, liability, applicable law, etc. Those specific terms must not contradict the terms specified above.)

Legal name of the Member

Name and function of the authorized representative

Signature, date

Legal name of the Independent auditor

Name and function of the authorized representative



Signature, date

Appendix; Model Certificate on the Declaration by the private members of IKOP-B related to co-funded indirect actions for the purpose of valuing the contributions under article 12.3 b) of the Statutes of BBI Joint Undertaking

for the Year [.....]

established by [*Name of Member*]

To: [name and address of the Member]

Dear [name of contact person]

As agreed under the terms of reference dated ()

with (insert name of Member)

we (insert name of the auditor) (the Auditor)

established at (full address)

represented by (insert name and function of authorised representative)

have audited the accompanying declaration of IKOP-B from [*Name of the private member*] related to the calendar year [...], reporting IKOP-B of Euro [...*insert value*]

and hereby provide our Certificate on the declaration of IKOP-B using the compulsory report format agreed with you.

Subject matter and scope of the opinion



Responsibility of the private Member

The private Member is responsible for the preparation and submission to the JU of the declaration of IKOP-B related to the indirect actions co-funded by the JU in accordance with the Council Regulation, the *IKC Procedure* and the *Guidance documents* and to maintain adequate accounting records and documentation to support and justify the cost and information declared.

The private Member is also responsible for such internal control as it determines is necessary to enable the preparation of the declaration of IKOP-B related to projects funded by the JU that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the declaration of IKOP-B and the additional information presented based on our audit procedures.

Our audit, subject to the "Additional Conditions" mentioned in the next section of this report, comprised assessing whether the amounts of the costs included in the calculation of IKOP-B are calculated, in all material aspects, in line with the BBI JU Regulation, and following the *IKC Procedure – for operational projects (IKOP) and the Guidance documents*

Additional Conditions

In addition we state, that the value of the received EU funding used for calculating the in-kind contribution reconciles with the Financial Statement for the grant agreement, to which the declared IKOP-B refers.

We conducted our audit taking into account the provisions of the Council Regulation, the *IKC Procedure – for operational projects (IKOP), the Guidance documents*⁷ and in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit engagement involves performing procedures to obtain audit evidence about the amounts and disclosures in the Declaration of IKOP-B. The audit engagement also includes procedures to obtain audit evidence about the appropriateness of accounting practices used for the preparation of the declaration of IKOP-B as well as about the overall presentation of the declaration of IKOP-B. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Declaration of indirect cost, whether due to fraud or error.

⁷ Guidance for the Implementation of the *IKC Procedure – for operational projects (IKOP)* and *Guidance for Members and Auditors: Certification of the declaration of IKOP-B (IKC related to projects funded by the JU) for the purpose of valuing the in-kind contribution*



In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the declaration of IKOP-B in order to design audit procedures that are appropriate in the circumstances relevant for the scope of this engagement, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Our work is not designed specifically to identify incidences of fraud. Accordingly, fraud may occur and not be detected. We have nevertheless obtained representations made by the member in relation to the authenticity and completeness of the supporting documentation provided to us.

We believe that the audit evidence we have obtained is sufficient with respect to the objectives relevant for our engagement and appropriate to provide a basis for our opinion.

Conclusion

In our opinion, and considering the content of the section "Auditor's Responsibility", the declaration of IKOP-B for the year ended 31 December {20XX} is prepared, in all material respects, in accordance with the BBI JU Council Regulation, the *IKC Procedure – for operational projects (IKOP) and the Guidance documents*⁸).

We would like to point out that this opinion is limited in its scope to the assessment of the calculation of the declaration of IKOP-B as described in the section "auditor's responsibility" for the purpose of valuing the in-kind contribution without providing any certainty for other purposes (such as funding under Horizon 2020).

Emphasis of Matters

[This section should be used by the auditor to bring to the attention of the JU any matters to be considered as a recommendation and as such to be changed in future calculations].

Despite the additional explanations provided in this section to be considered as recommendations improvement, our conclusion is not qualified in respect of these matters.

(Place), (Date)

(Name legal entity of Auditor)

(Signature)

(Name Auditor)



5.2. Certificate according to ISAE 3000

I. Independent reasonable assurance report in accordance with International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information’ (ISAE 3000)

(Version applicable for audit firms in Great Britain)

Terms of Reference for an Independent reasonable assurance report on the declaration of In-kind contribution of private members related to BBI JU Joint Undertaking co-funded indirect actions (IKOP-B) for the purpose of valuing the contributions under Article 12.3 b) of the Statutes of BBI JU Joint Undertaking

The following are the terms of reference (‘ToR’) on which

[Name of the Member] ‘the Member’

agrees to engage

[name of independent Auditor] ‘the Auditor’

to provide an independent reasonable assurance report (“CIKOP”) in connection with the Declaration of IKOP-B⁹ related to the BBI Joint Undertaking funded projects [*reference to GA, name, period*] as prepared by the Private Member according to Council Regulation (EU) No 560/2014 of 6 of May 2014 establishing the Bio-based industries Joint Undertaking (‘the Council Regulation’) and the JU guidance documents: *BBI JOINT Undertaking IKOP*

⁹ IKOP-B is the amount of the in-kind contribution for operational projects as defined in Section 4 of the guidance document: *In-Kind Contribution Procedure – for operational projects (IKOP)*



methodology and Guidance for the Implementation of the In-Kind Contribution Procedure; ('the JU Guidance Documents').

Where in these ToR the JU is mentioned this refers to its quality as signatory of the Grant Agreement with the Member. The JU is not a party to this engagement.

1.1 Subject of the Engagement

The subject of this engagement is the Declaration of IKOP-B for the [year/period] ended [date] ('the Declaration') provided by the Leaders and Core Partners ("the Members") in relation to their participation in the indirect actions co-funded by the JU.

According to Article 4(3) of the Council Regulation, the private members of the JU (as defined in Article 2.1b) of the Statutes of the BBI Joint Undertaking set out in Annex 1 of the Council Regulation ('the Statutes')) shall declare to the Governing Board the value¹⁰ of the in-kind contribution (IKC) incurred in the implementation of the indirect actions. In accordance with Article 4(4) of the Council Regulation and Article 8.1 of the Statutes, the declared contribution has to be certified by an independent auditor¹¹ and is presented to the Governing Board for opinion.

In line with Article 2.1 b) of the Statutes, the Private Members shall formally endorse the Statutes by an official letter of endorsement and are bound as such to the rights and obligations stemming directly from the Council Regulation and the Statutes, including the above mentioned declaration duty under Article 4(3) of the Council Regulation.

The JU recognises the validated IKC¹² in its annual accounts as operational expense and as net assets.

In order to implement the above requirement under the Council Regulation, the coordinators of the grant agreements for members must submit to the JU within 60 days following the end of the last reporting period a declaration of IKOP-B together with a CIKOP for the coordinator and for each member of the consortia to declare the in-kind contribution incurred for the execution of the grant agreements.¹³ The CIKOP is required only for IKOP-B declarations exceeding Euro 325.000. The CIKOP must cover all reporting periods, for which the coordinator and members declare IKOP-B (see JU Guidance Documents).

¹⁰ In the context of this engagement "value" means the amount or quantum of the IKOP-B declared by the Private Member in the Declaration.

¹¹ In the context of this engagement "certified by an independent auditor" means that the Member obtains an independent assurance report ('CIKOP') from an independent accountant who is qualified to act as a statutory auditor in the Member's jurisdiction

¹² Validation of the IKC is performed by the JU

¹³ For multi-annual grant agreements, which cover more than two reporting periods, the JU has agreed with the private members, that a CFS will be provided by them always after two reporting periods and not only at the end of the grant agreement.



The CIKOP is prepared in the form of an independent reasonable assurance report produced by the Auditor.

1.2 Responsibilities of the Parties to the Engagement

'The Member' refers to the legal entities as defined in Article 2.1.b of the Statutes, The Member is responsible for preparing the declaration of the costs incurred in the project including the IKOP, according to the provisions of the Council Regulation and the Guidance Documents. The Member provides the statement to the Auditor, and ensures that the is fairly stated, in all material respects, in the context of the Council Regulation, the JU Guidance Documents and the Member's methodology for project cost accounting. The Member is responsible for ensuring that the declared IKOP-B can be properly reconciled (1) to the cash contribution claimed by the Member, (2) to the Member's cost accounting and bookkeeping system and (3) to the underlying accounts and records. Notwithstanding the work to be carried out by the Auditor, the Member remains at all times responsible and liable for the accuracy of the Declaration.

- The Member is responsible for providing all statements and supporting information, in particular the cost claims and a description of its cost accounting practice, which will enable the Auditor to carry out the work necessary to be able to issue a CIKOP on the Declaration, and will provide the Auditor with a written representation letter supporting the Declaration and all supporting statements, clearly dated and stating the period covered by the statements.
- The Member accepts that the ability of the Auditor to perform the work required by this engagement effectively depends upon the Member providing full and free access to the Member's staff and its accounting and other relevant records.

'The Auditor' is responsible for performing the procedures necessary to be able to draw a conclusion on the declaration of IKOP-B and for submitting an independent reasonable assurance report on the declaration of IKOP-B ('CIKOP') to the Member.

The Auditor shall be independent from the Member.

The Auditor shall be qualified to carry out statutory audits of accounting documents in accordance with the 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, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.

1.4 Engagement Type and scope

This constitutes an engagement to perform an independent reasonable assurance engagement on the Declaration provided by the Member.



The Auditor shall include in its Report that no conflict of interest¹⁴ exists with the Member in establishing this CIKOP, as well as the fee paid to the Auditor for providing the CIKOP.

1.5 Applicable standards

The Auditor shall undertake this engagement in accordance with these ToR and:

- in accordance with *International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information'* (ISAE 3000); and
- in compliance with the *Code of Ethics for Professional Accountants* issued by the IFAC.

1.6 Reporting

The CIKOP on the Declaration, must be established in the format attached in Appendix 1 of these ToRs and shall be written in English. The declaration of IKOP-B is attached to the Certificate.

In accordance with Article 4(4) of the Council Regulation, the JU has the right to verify the valuation method¹⁵ used by the Member for the valuation of the contribution¹⁶ in case of uncertainties arising from the certification .

As described in Article 14 of the Council Regulation - the JU, the Court of Auditors and OLAF have the right to conduct audits and investigations in order to protect the financial interests of the European Union in connection with any agreement funded under the Council Regulation. This includes the declaration related to this engagement. The Auditor must provide access to all working papers related to this assignment, if the JU, the European Anti-Fraud Office or the European Court of Auditors requests them.

¹⁴ A conflict of interest arises when the Auditor's objectivity to establish the CIKOP is compromised in fact or in appearance when the Auditor for instance:

- was involved in the preparation of the Financial Statements (Forms C) and/or of the Declaration;
- stands to benefit directly should the CIKOP be accepted;
- has a close relationship with any person representing the Member;
- is a director, trustee or partner of the Member;
- is in any other situation that compromises his or her independence or ability to establish the CIKOP impartially

¹⁵ In the context of this engagement "valuation method" refers to either Method B-1 or Method B-2 as defined in section 2 of *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind-Contribution*, whichever method is used by the Member

¹⁶ In the context of this engagement "valuation of the contribution" refers to the amount or quantum of the IKOP-B calculated by the Member and included in the Declaration.



The nature and scope of any “audit” of our work related to this engagement, as referenced above, will need to be discussed and agreed separately as and when necessary.

1.7 Timing

The CIKOP should be provided by [insert date].

1.8 Other Terms

(The Member and the Auditor can use this section to agree other specific terms, such as the Auditor’s fees, liability, applicable law, etc. Those specific terms must not contradict the terms specified above.)

Legal name of the Member

Name and function of the authorized representative

Signature, date

Legal name of the Independent auditor

Name and function of the authorized representative

Signature, date

Appendix 1 – Form of report

[to be prepared on auditor’s letterhead]

[Entity]

[Address of the Member]

[Date]

Dear [name of contact person]

Independent reasonable assurance report of [insert name of audit firm] to [insert name of the Member) on the Declaration by [insert name of the Member) of IKOP-B related to co-funded indirect actions for the purpose of valuing the contributions under article 15.3 b) of the Statutes of the BBI Joint Undertaking for the year [...]

As agreed under the terms of reference dated (....)

with **[insert name of the Member)**

we **[insert name of audit firm]**



established at (full address)

represented for signature of this report by (insert name and function of authorised representative)

have examined whether the amount of the in-kind contribution for operational projects (IKOP-B) as reported in the accompanying declaration of IKOP-B reporting IKOP-B of Euro [...insert value] from Entity ('the Company') for the calendar year ended 31 December [...] ('the Declaration') has been derived from the Company's usual cost accounting practice, in accordance with Council Regulation (EU) No 560/2014, any applicable national accounting standards and international financial reporting standards, the *In-Kind Contribution Procedure – for operational projects (IKOP)*, the *Guidance for the Implementation of the In-Kind Contribution Procedure* and the *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution*.

The Declaration has been prepared by the Member [optional: the directors of the Company] on the basis described in sections 2 to 5 of the JU guidance document *Guidance for Members and Auditors: Certification of the Declaration of the IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution*.

We hereby provide our reasonable assurance report on the Declaration using the compulsory report format agreed with you.

[Optional, if considered necessary by the audit firm:

Our report has been prepared for the Company solely in connection with the requirements of Article 4.4 of Council Regulation (EU) No 560/2014. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent. We consent to the disclosure of our report in full to the BBI Joint Undertaking, to enable the BBI Joint Undertaking to verify that an independent reasonable assurance report has been commissioned by the Company and issued in connection with the Declaration, and to allow the BBI Joint Undertaking's fulfilment of its responsibilities under Council Regulation (EU) No 560/2014, but without accepting or assuming any responsibility or liability to the BBI Joint Undertaking in connection with our work for the Company or our report made to the Company. Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time and the requirements of Article 4.4 of Council Regulation (EU) No 560/2014. Our report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP, will accept no responsibility or liability in respect of this report to any other party.]



Responsibilities of the Member:

[option:

Responsibility of the directors of the Company]

The Member [optional: directors of the Company] is [are] responsible for the preparation of the Declaration which is fairly stated, in all material respects, in the context of the JU's requirements for the Declaration in accordance with Council Regulation (EU) No 560/2014, the JU's guidance document *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution* and the Company's methodology for project cost accounting set out in [name of document] dated [date] (together "the Methodology"). The Member [directors] is [are] responsible for complying with Council Regulation (EU) No 560/2014 and the BBI Joint Undertaking guidance documents: *In-Kind Contribution Procedure – for operational projects (IKOP)*; *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution* and *Guidance for the Implementation of the In-Kind Contribution Procedure*.

The Member [directors] is [are] also responsible for (i) maintaining adequate accounting records and documentation to support the costs included in the Declaration; (ii) submitting the Declaration to the JU in accordance with Council Regulation (EU) No 560/2014, *In-Kind Contribution Procedure – for operational projects (IKOP)* and *Guidance for the Implementation of the In-Kind Contribution Procedure*; and (iii) developing, operating and maintaining internal systems and processes relevant to the proper preparation of a Declaration that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent conclusion to the Company, based on the procedures performed and evidence obtained, as to whether the Declaration is fairly stated, in all material respects, in accordance with the Methodology. We conducted our work in accordance with the terms of reference dated [date] and in accordance with International Standard on Assurance Engagements 3000 (Revised): *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of



integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Scope of work

A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence to give reasonable assurance over the Declaration. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Declaration whether due to fraud or error. In making those risk assessments we considered internal control relevant to the Company's preparation and presentation of the Declaration in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the Company's internal control over the preparation and presentation of the Declaration.

The procedures performed included, but were not limited to:

- Conducting interviews with management to obtain an understanding of the systems and controls used to generate, aggregate and report the in-kind contribution included in the Declaration;
- Identifying the accounting practice used for calculating the in-kind contribution included in the Declaration and any applicable national accounting standards and international financial reporting standards;
- Comparing the cost accounting system and/or practices used by the Company for the calculation of the in-kind contribution included in the Declaration with the Company's usual cost accounting system and/or practices. In the context of this engagement the term "usual" has the meaning ascribed to it in section 4.2 of *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution*;
- Comparing the method of calculation of IKOP-B used by the Company in preparing the Declaration with the methods described in the JU's guidance documents (namely, section 2 of *Guidance for the Implementation of the In-Kind Contribution Procedure* and section 4 of *In-Kind Contribution Procedure – for operational projects (IKOP)*); and
- Checking the arithmetical accuracy of the Company's calculation of IKOP-B.

Key assumptions and inherent limitations

We were not required to, nor have we, verified the accuracy or completeness of the underlying data from which the IKOP-B information in the Declaration has been collated. Our conclusion therefore provides no assurance over the completeness or accuracy of the total amounts of IKOP-B included in the Declaration.

Conclusion



Subject to the key assumptions and inherent limitations described above and based on the procedures performed, in our opinion the Declaration for the year ended 31 December [20XX] is fairly stated, in all material respects, in accordance with Council Regulation (EU) No 560/2014, *In-Kind Contribution Procedure – for operational projects (IKOP)*, *Guidance for the Implementation of the In-Kind Contribution Procedure*, *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution* and the Company's usual cost accounting practice set out in [name of document] dated [date].

Yours faithfully



II. Independent reasonable assurance report in accordance with *International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information*' (ISAE 3000)

(Version applicable for audit firms in Germany)

Terms of Reference for an Independent reasonable assurance report on the declaration of In-kind contribution of private members related to BBI Joint Undertaking co-funded indirect actions (IKOP-B) for the purpose of valuing the contributions under Article 12.3 b) of the Statutes of BBI Joint Undertaking

The following are the terms of reference ('ToR') on which

[Name of the Member] 'the Member'

agrees to engage

[name of independent Auditor] 'the Auditor'

to provide an independent reasonable assurance report ("CIKOP") in connection with the Declaration of IKOP-B¹⁷ related to the BBI Joint Undertaking funded projects [*reference to GA, name, period*] as prepared by the Private Member according to Council Regulation (EU) No 560/2014 ('the Council Regulation') and the JU guidance documents: *BBI Joint Undertaking In-Kind Contribution Methodology – for operational projects (IKOP); Guidance for the Implementation of the In-Kind Contribution Procedure) for the Purpose of Valuing the In-Kind Contribution* ('the JU Guidance Documents').

Where in these ToR the JU is mentioned this refers to its quality as signatory of the Grant Agreement with the Member. The JU is not a party to this engagement.

1.2 Subject of the Engagement

The subject of this engagement is the Declaration of IKOP-B for the [year/period] ended [date] ('the Declaration') provided by the Leaders and Core Partners ("the Members") in relation to their participation in the indirect actions co-funded by the JU.

According to Article 4(3) of the Council Regulation, the private members of the JU (as defined in Article 2 of the Statutes of the BBI 2 Joint Undertaking set out in Annex 1 of the Council

¹⁷ IKOP-B is the amount of the in-kind contribution for operational projects as defined in Section 4 of the JU guidance document: *In-Kind Contribution Procedure – for operational projects (IKOP)*



Regulation ('the Statutes')) shall declare to the Governing Board the value¹⁸ of the in-kind contribution (IKC) incurred in the implementation of the indirect actions. In accordance with Article 4(4) of the Council Regulation, the declared contribution has to be certified by an independent auditor¹⁹ and is presented to the Governing Board for opinion.

In line with Article 2 of the Statutes, the Members shall formally endorse the Statutes by an official letter of endorsement and are bound as such to the rights and obligations stemming directly from the Council Regulation and the Statutes, including the above mentioned declaration duty under Article 4(3) of the Council Regulation.

The JU recognises the validated IKC²⁰ in its annual accounts as operational expense and as net assets.

In order to implement the above requirement under the Council Regulation, the coordinators of the grant agreements for members must submit to the JU within 60 days following the end of the last reporting period a declaration of IKOP-B together with a CIKOP for the coordinator and for each member of the consortia to declare the in-kind contribution incurred for the execution of the grant agreements.²¹ The CIKOP is required only for IKOP-B declarations exceeding Euro 325.000. The CIKOP must cover all reporting periods, for which the coordinator and members declare IKOP-B (see JU Guidance Documents).

The CIKOP is prepared in the form of an independent reasonable assurance report produced by the Auditor.

1.2 Responsibilities of the Parties to the Engagement

'**The Member**' refers to the legal entities as defined in Article 2.1.b of the Statutes, The Member is responsible for preparing the declaration of the costs incurred in the project including the IKOP, according to the provisions of the Council Regulation and the Guidance Documents. The Member provides the declaration to the Auditor, and ensures that the is fairly stated, in all material respects, in the context of the Council Regulation, the JU Guidance Documents and the Member's methodology for project cost accounting. The Member is responsible for ensuring that the declared IKOP-B can be properly reconciled (1) to the cash contribution claimed by the Member, (2) to the Member's cost accounting and bookkeeping system and (3) to the underlying accounts and records. Notwithstanding the work to be

¹⁸ In the context of this engagement "value" means the amount or quantum of the IKOP-B declared by the Private Member in the Declaration.

¹⁹ In the context of this engagement "certified by an independent auditor" means that the Member obtains an independent assurance report ('CIKOP') from an independent accountant who is qualified to act as a statutory auditor in the Member's jurisdiction

²⁰ Validation of the IKC is performed by the JU

²¹ For multi-annual grant agreements, which cover more than two reporting periods, the JU has agreed with the private members, that a CFS will be provided by them always after two reporting periods and not only at the end of the grant agreement.



carried out by the Auditor, the Member remains at all times responsible and liable for the accuracy of the Declaration.

- The Member is responsible for providing all statements and supporting information, in particular the cost claims and a description of its cost accounting practice, which will enable the Auditor to carry out the work necessary to be able to issue a CIKOP on the Declaration, and will provide the Auditor with a written representation letter supporting the Declaration and all supporting statements, clearly dated and stating the period covered by the statements.
- The Member accepts that the ability of the Auditor to perform the work required by this engagement effectively depends upon the Member providing full and free access to the Member's staff and its accounting and other relevant records.

'The Auditor' is responsible for performing the procedures necessary to be able to draw a conclusion on the declaration of IKOP-B and for submitting an independent reasonable assurance report on the declaration of IKOP-B ('CIKOP') to the Member.

The Auditor shall be independent from the Member.

The Auditor shall be qualified to carry out statutory audits of accounting documents in accordance with the 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, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC or similar national regulations.

1.4 Engagement Type and scope

This constitutes an engagement to perform an independent reasonable assurance engagement on the Declaration provided by the Member.

The Auditor shall include in its Report that no conflict of interest²² exists with the Member in establishing this CIKOP, as well as the fee paid to the Auditor for providing the CIKOP.

1.5 Applicable standards

The Auditor shall undertake this engagement in accordance with these ToR and:

²² A conflict of interest arises when the Auditor's objectivity to establish the CIKOP is compromised in fact or in appearance when the Auditor for instance:

- was involved in the preparation of the Declaration;
- stands to benefit directly should the CIKOP be accepted;
- has a close relationship with any person representing the Member;
- is a director, trustee or partner of the Member;
- is in any other situation that compromises his or her independence or ability to establish the CIKOP impartially



- in accordance with *International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information'* (ISAE 3000); and
- in compliance with the *Code of Ethics for Professional Accountants* issued by the IFAC.

1.6 Reporting

The CIKOP on the Declaration, must be established in the format attached in Appendix 1 of these ToRs and shall be written in English.

In accordance with Article 4(4) of the Council Regulation, the JU has the right to verify the valuation method²³ used by the Member for the valuation of the contribution²⁴ in case of uncertainties arising from the certification.

As described in Article 14 of the Council Regulation the JU, the Court of Auditors and OLAF have the right to conduct audits and investigations in order to protect the financial interests of the European Union in connection with any agreement funded under the Council Regulation. This includes the declaration related to this engagement. The Auditor must provide access to all working papers related to this assignment, if the JU, the European Anti-Fraud Office or the European Court of Auditors requests them.

The nature and scope of any “audit” of our work related to this engagement, as referenced above, will need to be discussed and agreed separately as and when necessary.

1.7 Timing

The CIKOP should be provided by [insert date].

1.8 Other Terms

(The Member and the Auditor can use this section to agree other specific terms, such as the Auditor's fees, liability, applicable law, etc. Those specific terms must not contradict the terms specified above.)

Legal name of the Member

Name and function of the authorized representative

²³ In the context of this engagement "valuation method" refers to either Method B-1 or Method B-2 as defined in section 2 of *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind-Contribution*, whichever method is used by the Member

²⁴ In the context of this engagement "valuation of the contribution" refers to the amount or quantum of the IKOP-B calculated by the Member and included in the Declaration.



Signature, date

Legal name of the Independent auditor

Name and function of the authorized representative

Signature, date



Appendix 1 – Form of report

[to be prepared on auditors letterhead]

[name of the Member]

[address of the Member]

[Date]

[Dear [name of contact person]

Independent reasonable assurance report of [NAME OF AUDITOR] to [name of the Member] on the Declaration by [name of the Member] of IKOP-B related to co-funded indirect actions for the purpose of valuing the contributions under article 15.3 b) of the Statutes of the BBI Joint Undertaking for the year [...]

As agreed under the terms of reference dated (....)

with [name of the member]

we [NAME OF AUDITOR] ('the Auditor' or 'we')

established at (full address)

represented for signature of this report by (insert name and function of authorised representative)

have examined whether

- the accounting system [or practice] used for the preparation of IKOP-B from [name of the Member] ('the Company') for the calendar year ended 31 December [...] ('the Declaration') (annex # „Declaration of In-kind contribution for funded projects (IKOP) - “) meets, in all material respects, the criteria of CIKOP-guidance Section 4.1 („basic criteria“) and Section 4.2 (being „usual“) as at ... [date] / during the period from ... [date] to ... [date],
- the amount of IKOP-B declared per project is being calculated following the method prescribed by the provisions of the Article 4.4 of Council Regulation (EU) No 560/2014 and described in In-Kind Contribution Procedure – for operational projects (IKOP).

The Declaration has to be prepared by the Member [optional: the directors of the Company] on the basis described in sections 2 to 5 of the BBI Joint Undertaking guidance document *Guidance for Members and Auditors: Certification of the Declaration of the IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution*.

We hereby provide our reasonable assurance report on the Declaration .

[Optional, if considered necessary by the audit firm:



Our report has been prepared for the Company solely in connection with the requirements of Article 4.4 of Council Regulation (EU) No 560/2014. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this report and for no other purpose. It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent. We consent to the disclosure of our report in full to the BBI Joint Undertaking, to enable the BBI Joint Undertaking to verify that an independent reasonable assurance report has been commissioned by the Company and issued in connection with the Declaration, and to allow the BBI Joint Undertaking's fulfilment of its responsibilities under Council Regulation (EU) No 560/2014, but without accepting or assuming any responsibility or liability to the BBI Joint Undertaking in connection with our work for the Company or our report made to the Company. Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time and the requirements of Article 4.4 of Council Regulation (EU) No 560/2014. Our report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, [NAME OF AUDITOR], will accept no responsibility or liability in respect of this report to any other party.]

Responsibilities of the Member:

[option:

Responsibility of the directors of the Company]

directors of the Company

The Member [optional: directors of the Company] is [are] responsible for the preparation of the Declaration which is fairly stated, in all material respects, in the context of the JU's requirements for the Declaration in accordance with Council Regulation (EU) No 560/2014, the guidance document *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution* and the Company's methodology for project cost accounting set out in [name of document] dated [date] (together "the Methodology"). The Member [optional: directors] is [are] responsible for complying with Council Regulation (EU) No 560/2014 and the BBI Joint Undertaking guidance documents: *BBI Joint Undertaking In-Kind Contribution Procedure – for operational projects (IKOP)*; *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution* and *Guidance for the Implementation of the In-Kind Contribution Procedure*.

The Member [optional: directors] is [are] also responsible for (i) maintaining adequate accounting records and documentation to support the costs included in the Declaration; (ii) submitting the Declaration to the JU in accordance with Council Regulation (EU) No 560/2014, *In-Kind Contribution Procedure – for operational projects (IKOP)* and *Guidance for the*



Implementation of the In-Kind Contribution Procedure; and (iii) developing, operating and maintaining internal systems and processes relevant to the proper preparation of a Declaration that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an independent conclusion to the Company, based on the procedures performed and evidence obtained, as to whether

- the accounting system [or practice] used for the preparation of IKOP-B from [name of the member] ('the Company') for the calendar year ended 31 December [...] ('the Declaration') (annex # „Declaration of In-kind contribution for funded projects (IKOP)) meets, in all material respects, the criteria of CIKOP-guidance Section 4.1 („basic criteria“) and Section 4.2 (being „usual“) as at ... [date] / during the period from ... [date] to ... [date],
- the basic figures used (cost claimed, contribution paid by the JU) are in agreement with those used for the declaration[s] of ... [date][and ...[date]],
- the amount of IKOP-B declared per project is being calculated following the method prescribed by the provisions of the Article 4.4 of Council Regulation (EU) No 560/2014 and described in In-Kind Contribution Procedure – for operational projects (IKOP).

We conducted our work in accordance with the terms of reference dated [date] and in accordance with International Standard on Assurance Engagements 3000 (Revised): *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. That standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements*. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Scope of work

A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence to give reasonable assurance over the Declaration. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Declaration whether due to fraud or error. In making those risk assessments we considered internal control relevant to the Company's preparation and presentation of the Declaration in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the Company's internal control over the preparation and presentation of the Declaration.



The procedures performed included, but were not limited to:

- Conducting interviews with management to obtain an understanding of the systems and controls used to generate, aggregate and report the in-kind contribution included in the Declaration;
- Identifying the accounting practice used for calculating the in-kind contribution included in the Declaration and any applicable national accounting standards and international financial reporting standards;
- Comparing the cost accounting system and/or practices used by the Company for the calculation of the in-kind contribution included in the Declaration with the Company's usual cost accounting system and/or practices. In the context of this engagement the term "usual" has the meaning ascribed to it in section 4.2 of *Guidance for Members and Auditors: Certification of the Declaration of IKOP-B (IKC Related to Projects Funded by the JU) for the Purpose of Valuing the In-Kind Contribution*;
- Comparing the method of calculation of IKOP-B used by the Company in preparing the Declaration with the methods described in the guidance documents (namely, section 2 of *Guidance for the Implementation of the In-Kind Contribution Procedure* and section 4 of *In-Kind Contribution Procedure – for operational projects (IKOP)*); and
- Checking the arithmetical accuracy of the Company's calculation of IKOP-B.
- Comparing the basic figures used (cost claimed, contribution paid by the JU) with the amounts already declared per project in the past.

Conclusion

The accounting system [or practice] used for the preparation of IKOP-B (annex # "Declaration of In-kind contribution for funded projects (IKOP) ") has met, in all material respects, the criteria of CIKOP - guidance Section 4.1 („basic criteria“) and Section 4.2 (being „usual“) as at ... [date] / during the period from ... [date] to ... [date].

Furthermore, the amount of IKOP-B declared per project is calculated following the method prescribed by the provisions of the Article 4.4 of Council Regulation (EU) No 560/2014 and described in In-Kind Contribution Procedure – for operational projects (IKOP)

Other matter paragraph

Without qualifying this conclusion, we point out that our engagement and conclusion does not cover completeness, correctness and allocation of the costs recorded in the accounting system used.



Yours faithfully

