

Dear Sir, Madam

At the end of 2020 the European Commission adopted the Horizon Europe grant programme. The programme, which replaced the Horizon 2020 programme, refers to the European budget period 2021-2027.

As was also the case with the Horizon 2020 programme, a 'Certificate on the Financial Statements' (CFS) must be provided with the financial statements for a Horizon Europe project, to be issued by a qualified independent (external) auditor, as set out in Article 393 section 1 of the Dutch Civil Code 2 (DCC 2).

The website of the European Commission contains a model for the CFS (V1.1 – 15.03.2023) that is prescribed for this purpose. It prescribes that the auditor must perform specific agreed activities, under application of international standard ISRS 4400 (Revised) *Agreed-Upon Procedures Engagements*.

The current model (V1.1 – 15.03.2023) has been analysed by the Royal Netherlands Institute of Chartered Accountants (NBA). This analysis was carried out by the NBA Subsidy Audits Community with the assistance of the NBA Audit Protocols working group (COPRO). The NBA Subsidy Audits Community includes subsidy audit specialists of numerous public audit firms. The COPRO includes representative from public audit firms and the State Audit Service (ADR). COPRO examines grant schemes and audit protocols used in the public and private sector.

At the end of 2022 this resulted in an advice that was published on the NBA's website, we refer to: <https://www.nba.nl/themas/controleprotocollen/uitkomst-copro-beoordelingen/europese-subsidies/horizon-europe/>. Due to technical objections the NBA advises not to use the model for the CFS, as published in December 2021 and revised in March 2023, in its present form. These technical objections are set out in more detail in the annex to this letter.

As a result of these objections, auditors have not yet, or only to a very little extent, performed engagements on the basis of this CFS. There are presently a number of participants facing deadlines for submitting their Financial Statements, together with the Certificate. Unfortunately, in view of what is stated above, we cannot (are not allowed to) accept these engagements and issue the requested certificate.

According to the "Webinar addressed to providers of Certificates on Financial Statements in Horizon 2020 grants (21 March 2023)", mr. Gheorghe Bancos referred to a new / much improved version of the CFS which apply with the standards. Is there a publication date in sight or a possibility to read and comment the draft version for the auditors?

We would welcome the opportunity to discuss with you shortly how we may come to a (temporary) solution that meets the technical objections and your need for a clear and transparent reporting by auditors. A (temporary) solution that should also result in our being able to shortly issue a Certificate on the Financial Statements to the participants, the recipients of the grants.

This letter and its annex will also be published on our website.