# Auditor’s report on agreed-upon procedures, Public research funding

***[For the beneficiary]***

We have performed the procedures agreed with you listed below, relating to funding decision No. [xxx/xx/xxxx] by Business Finland – the Finnish Funding Agency for Innovation (hereinafter the Funding Agency) and to the cost statement drafted and signed by [the beneficiary] [business ID] and totaling **EUR xxx** for the entire project period of [**dd.mm.20yy – dd.mm.20yy**].

The engagement has been carried out in accordance with the International Standard on Related Services ISRS 4400, Engagements to perform agreed-upon procedures regarding financial information, as well as the terms and conditions issued by the Funding Agency for Public research funding of [date of the terms and conditions for funding that were in effect at the time of the funding decision] (hereinafter terms and conditions for funding) and any special terms and conditions of the funding decision.[[1]](#footnote-1)

The beneficiary is responsible for the cost statement and for ensuring that the costs reported in it arise directly from the project, that they have been allocated to the project in the manner required by the terms and conditions for funding, and that they relate to research, development or innovation activities.

As the procedures listed below do not constitute either an audit in accordance with auditing standards or a review in accordance with the standards on review engagements, we do not express assurance as the aforementioned standards would require.

Had we performed additional procedures, an audit in accordance with auditing standards or a review in accordance with the standards on review engagements, other matters might have come to our attention, which we would have then reported to you.

The following agreed-upon procedures were carried out for the sole purpose of allowing the Funding Agency to assess whether the beneficiary had acted in accordance with the terms and conditions for funding.

1. **Project accounting.** We were given access to a description of the beneficiary’s project accounting, and we interviewed [xx/xx] in order to establish the following:
	* the implementation and reliability of project accounting
	* the integrity of the traceability chain and
	* whether project accounting is in accordance with the terms and conditions for funding.
2. **Working time monitoring.** We were given access to a description of working time monitoring for the project, and we interviewed [xx/xx] in order to establish the following:
	* the implementation and reliability of the project’s working time monitoring and
	* whether the working time monitoring is in accordance with the terms and conditions for funding.
3. **Salaries.** With regard to the information in the cost statement, the following procedures were carried out. The procedures covered 30% of the salaries reported for the project.
	* We compared the amount of salaries reported for the project in the salary specification form or printout included in the cost statement for the project’s payroll accounting.
	* We compared the proportion of working time (or hours) spent on the project as reported in the salary specification form or printout to the data entered in the organization’s working time record.
	* We compared the total salaries paid during the reporting period as reported on the salary specification form or printout to the organization’s payroll accounting.

In addition, we interviewed [xx, the person responsible for project payroll accounting] to establish whether the instructions issued by and practices generally applied in the organization have been followed with respect to the salaries allocated to the project.

1. **Other cost categories.** We were given access to a cost category specification of the costs reported in the cost statement, and we carried out the procedures listed below. The procedures covered 40% of the costs reported for the project.

With regard to the selected costs, we assessed whether

* + they were based on project accounting and the beneficiary’s accounting
	+ they were accrual-based costs during the project period
	+ they had been itemized according to cost category
	+ procurements made in the project complied with public procurement legislation and the organization’s own procurement guidelines. We have focused on the following:
		- * contract notices
			* the grounds for direct procurement
			* the reliability of the procurement documents
			* whether any procurement has been split up in order to circumvent the threshold value
			* the equal treatment of tenderers.

With regard to the following cost categories, we also assessed the following:

* + Travel expenses
		- * Were the organization’s own travel guidelines followed when travelling?
	+ Material and supplies costs
		- * Were material and supplies costs based on invoices?
			* Were the organization’s internal material and supplies charges based on cost price?
	+ Equipment purchases
		- * Were the machinery and equipment costs included in the cost estimate attached to the funding decision?
			* Were machinery and equipment purchases based on invoices?
			* We interviewed [xx/project management] about reported project machinery and equipment costs to determine whether the acquired machinery and equipment was primarily for the use of the project.
	+ Purchased services
		- * Were purchased services based on an invoice?
	+ Other costs
		- * Were other costs based on invoices or internal charging, and have the grounds for internal charging been documented?

With regard to the reviewed costs, we have assessed whether the costs are eligible in accordance with the beneficiary’s eligibility criteria. We have only assessed the aforementioned issues. If, in the course of this engagement, we have become aware of other issues related to the eligibility of costs, we have reported on these in connection with the observations below.

1. We interviewed [xx/accountable project leader] to determine whether any funding granted had been used for gratuitous expenses[[2]](#footnote-2).
2. We examined the accounts to determine whether funding had been paid during the project period in accordance with the funding decision.[[3]](#footnote-3)

**We have observed the following:**

1. **Project accounting.** In Item 1, we observed that the beneficiary’s project accounting had been carried out as follows: [*describe how the beneficiary’s project accounting was implemented and comment particularly on the implementation and reliability of project accounting, the integrity of the traceability chain and compliance with the terms and conditions for funding]*
2. **Working time monitoring.** In Item 2, we observed that the beneficiary’s working time monitoring for the project had been implemented as follows: [*describe how the working time monitoring for the project was implemented and comment particularly on the implementation and reliability of working time monitoring and compliance with the terms and conditions for funding*]
3. **Salaries.** In Item 3, we observed that the examined information on the salary specification form included in the cost statement matched with payroll accounting and working time monitoring [with the exception of the following components...].
4. **Other cost categories.** In Item 4, we observed that the costs examined
	* were based on project accounting and the beneficiary’s accounting
	* were accrual-based costs during the project period
	* were appropriately presented by cost category
	* procurement complied with the organization’s own procurement guidelines and public procurement legislation.

We also observed that:

* + The organization’s own travel guidelines were followed when travelling.
	+ Material and supplies costs were based on invoices, and the beneficiary’s internal material and supplies charges were based on cost price.
	+ Machinery and equipment costs were included in the cost estimate attached to the funding decision, and the acquired machinery and equipment was primarily for the use of the project.
	+ Purchased services were based on invoices.
	+ Other costs were based on invoices or internal charging, and the grounds for internal charging had been documented.
1. In Item 5, we observed that, according to the project management, the organization had not used the funding granted for gratuitous expenses. (If they had, provide an account of the matter)
2. In Item 6, we observed that the project funding has been paid in accordance with the funding decision.

Our report is intended solely for the purpose set forth in the first and second paragraphs of this report and shall not be used for any other purposes, nor be relinquished to or shared with a third party outside the Funding Agency. The Funding Agency nevertheless has the right to submit the auditor’s report to other authorities for the purposes of supervising funding. This report only applies to the cost statement detailed above; it does not apply to [the beneficiary]’s complete financial statements.

Date and place

Auditor A

HT/KHT/JHT/JHTT AUDITOR X’s signature
HT/KHT/JHT/JHTT X’s name in print, telephone number and email address

Address and postcode of Auditor A

1. The comparison is carried out based on the general terms and conditions that were in effect at the time when funding was granted. [↑](#footnote-ref-1)
2. For example, grants and donations. [↑](#footnote-ref-2)
3. This item only applies to funding decisions made after 1 January 2016. [↑](#footnote-ref-3)