# Audit report on agreed-upon procedures in relation to Energy aid or the Investment aid for circular economy

***[name of engaging organization]***

**Purpose of the report and the restriction on its use and distribution**

The sole purpose of this report concerning agreed-upon procedures is to assist the Innovation Funding Agency Business Finland (hereinafter the Funder) in determining whether the total costs reported by [beneficiary: name and business ID] (hereinafter the Engaging Party) are in accordance with the Funder’s funding terms and conditions on [date of the funding terms and conditions valid at the time of the decision] (hereinafter the funding terms and conditions) and any specific terms and conditions of the funding decision. The funding decision is based on the following funding terms and conditions:

Energy aid

Investment aid for circular economy

The procedures concern the funding decision issued by the Funder and its funding terms and conditions. The procedures have been carried out solely to enable the Funder to assess compliance with the funding terms and conditions, and the report may not be suitable for other purposes. The report is intended solely for the Engaging Party and the Funder and should not be used by other parties or disclosed to other parties. However, the Funder has the right to submit this report to other authorities for the purposes of funding supervision.

The report only concerns the mentioned cost statements, and it does not concern the financial statements of the Engaging Party as a whole.

**Obligations of the Engaging Party**

The Engaging Party and the Funder have confirmed that the agreed-upon procedures are appropriate for the purpose of the engagement.

The Engaging Party, who is also the responsible party, is responsible for reporting the project and providing correct and adequate information to the auditor and the Funder.

**Obligations of the practitioner**

We have carried out the engagement concerning agreed-upon procedures in accordance with the International Standard on Related Services ISRS 4400 (revised) *Agreed-upon procedures engagements*. In the engagement, we carry out the procedures agreed upon with the Engaging Party and report the findings, which are the factual results of the procedures. We do not take a stand on the appropriateness of the agreed-upon procedures.

We are not qualified to assess whether the costs are expenditures arising from project.

This engagement is not an assurance engagement. Consequently, we do not express an opinion or assurance conclusions.

If we had performed further procedures, other issues may have come to our attention that would have been reported.

*Professional ethics and quality control*

We have followed the *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code of Ethics) of the IESBA and the independence requirements of Part 4A of the IESBA Code of Ethics.

Our audit firm applies the International Standard for Quality Control (ISQC)1 *Quality control for firms that perform audits and reviews of financial statements, and other assurance and related services engagements* and therefore maintains a comprehensive quality control system, including documented policies and procedures for compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

**Procedures and findings**

We have carried out the agreed-upon procedures described below that are related to the funding decision record number [xxx/xx/xxxx] granted by the Funder to the Engaging Party and the cost statements submitted throughout the project [**mm**/**dd/yyyy – mm/dd/yyyy**] worth a total of **EUR** **xxx[[1]](#footnote-1)**. The procedures have been agreed upon with the Engaging Party in the terms and conditions of the engagement dated [mm/dd/yyyy].

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| --- | --- |
| Actions | Findings |
| 1. Project accounting | |
| We were given access to a description of the beneficiary’s project accounting and interviewed [xx/xx] in order to establish the following:   * 1. the implementation and reliability of project accounting   2. the integrity of the traceability chain and   3. whether the project accounting complies with the funding terms and conditions. | Based on the description of the Engaging Party’s project accounting and the interview, describe how the project accounting has been implemented. Comment particularly on the implementation and reliability of project accounting, the integrity of the traceability chain, and compliance with the funding terms and conditions (e.g., how the costs arising from the project can be itemized and how their connection to accounting and the cost statement can be verified). |
| 2. Working time monitoring | |
| We were given access to a description of the Engaging Party’s working time monitoring and interviewed [xx/xx] in order to establish the following:   * 1. the implementation and reliability of working time monitoring   2. whether the working time monitoring complies with the funding terms and conditions (whether each employee working on the project is keeping records on their working time on an hourly basis and whether the working hours are allocated to the days on which the work has been carried out and whether the employee’s supervisor or the responsible project manager confirms the working hours at least once a month)   3. whether the employees who have worked for the project (e.g., management and responsible persons) have their working time defined in their employment contract or collective agreement or whether they must keep records of their total working time in accordance with the funding terms and conditions. | Regarding points a. and b., describe on the basis of the Engaging Party’s description and interview on the project’s working time monitoring whether each employee working on the project is keeping records of their working time on an hourly basis and whether the working hours are allocated to the days on which the work has been carried out and whether the employee’s supervisor or the responsible project manager confirms the working hours at least once a month.  Regarding point c., we concluded that the employees *[have/do not have]* a specified working time and, if not, the employee *[has/has not]* kept records on their total working time in accordance with the funding terms and conditions. |
| 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 and 15% of the payment of salaries reported for the project.   1. We compared the amount reported in the section “Total salaries paid during the reporting period” of the payroll specification included in the cost statement to the beneficiary’s payroll accounting and verified that 15% of the total salaries had been paid. 2. We compared the number of hours reported in the section “Project hours during the reporting period” of the salary specification to the hours reported in the project’s working time monitoring. 3. If the Funder’s funding terms and conditions require the monitoring of the total working hours of a specific employee, we compared the number of hours specified in the section “Total working hours in the reporting period” to the employee’s total monitored working hours. | The reviewed data in the salary specification included in the cost statement corresponded to the payroll accounting and working time monitoring [except for the following items...] and the reviewed total amounts of salary had been paid.  The sample consisted of the salary specification(s) for the period [mm.dd.yyyy – mm.dd.yyyy] and persons xxx. (specification attached) |
| 4. 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 mentioned below. The procedures covered 30% of the costs allocated to the project and 15% of the payment of costs reported for the project. With regard to the selected costs, we assessed   * 1. whether they are based on project accounting and the Engaging Party’s accounting   2. whether the expenditure that the reported costs are based on had been paid   3. whether they are accrual-based and arisen during the project   4. whether the expenditure that the reported costs are based on are VAT-exempt   5. whether they have been presented according to cost category.   With regard to the reviewed costs, we have determined whether the costs have been approved in accordance with the Engaging Party’s approval practices. We have only assessed the aforementioned issues. If other aspects concerning the acceptability of costs have come to our attention during the review, we have reported them in connection with the findings.    For the following cost categories, we also determined: | With regard to other cost categories, we found that:   * 1. the costs reviewed are based on project accounting and the Engaging Party’s accounting   2. the expenditure that the reported costs were based on has been paid   3. the costs are accrual-based and arisen during the project   4. they are exempt from VAT and that   5. they are duly presented according to cost category.   The sample (30%) consisted of the following receipts (name of the supplier and the VAT-free amount allocated to the project). The sample (15 %) consisted of the following receipts (name of the supplier and the VAT-free amount allocated to the project). (specification attached) |
| 4a Travel expenses (energy aid only) | **amount, EUR:** |
| whether the investment project includes travel expenses  whether the travel expenses of the reviewed projects comply with the Tax Administration’s decision | The investment project *[has not/has]* reported travel expenses.  Travel expenses *[comply/do not comply]* with the decision of the Tax Administration. |
| 4b Costs of materials and supplies | **amount, EUR:** |
| whether the costs of materials and supplies are based on invoices  whether the Engaging Party’s internal material and equipment costs have been charged at cost price | Material and equipment costs *[are/are not]* based on invoices.  The Engaging Party’s internal material and equipment costs *[have been/have not been]* charged at cost price. |
| 4c Equipment purchases | **amount, EUR:** |
| *Energy aid:*  whether the equipment costs are based on invoices or installment or leasing contracts  whether the costs based on installment or leasing contracts are equal to or less than the purchase prices mentioned in the contracts  whether the purchase price of the procurement includes administrative, financial, insurance, repair, or maintenance costs  if the Engaging Party has not paid in full the purchase price of the equipment set out in the contract, whether the financing company has submitted a certificate to confirm the remission of the investment  whether the equipment and machinery rentals in the reviewed project are based on invoices  *Investment aid for circular economy:*  whether equipment purchases are based on invoices  whether the reported costs of installment and financing lease contracts include only the costs corresponding to the purchase price of the procurement  whether the costs of equipment include administrative, financial, insurance, repair, or maintenance costs or other similar costs | ***Energy aid:***  The equipment costs *[are based/are not based]* on invoices or installment or lease contracts.  The costs based on installment or lease contracts *[exceed/do not exceed]* the purchase prices of the purchases mentioned in the contracts.  The purchase price of the procurements *[include/do not include]* administrative, financial, insurance, repair, or maintenance costs.  The financing company *[has/has not]* provided a certificate of payment of the investment when required.  The equipment and machinery rentals in the reviewed project *[are based/are not based]* on invoices.  ***Investment aid for circular economy:***  Equipment costs *[are based/are not based]* on invoices.  The costs of the installment and financing lease contracts *[include/do not include]* only the costs corresponding to the purchase price of the procurement.  The costs of equipment *[do not include/include]* administrative, financial, insurance, repair, or maintenance costs or other similar costs. If they do, what kind of costs? |
| 4d Purchased services | **amount, EUR:** |
| whether the services purchased are based on invoices  we interviewed [xx/project management] to establish whether services were purchased from Group companies or other associated companies (see definition of an associated company in the funding terms and conditions)  whether the purchases from Group/associated companies were reported without profit   * whether the Engaging Party’s final report includes an auditor’s report regarding the seller’s costs drawn up by an independent auditor   interviewed the Engaging Party on whether the services purchased in relation to the energy aid correspond to the descriptions provided in the section Purchased services of the funding terms and conditions | The services purchased *[are based/are not based]* on invoices  The services purchased [*include/do not include*] services purchased from Group companies or other associated companies  The purchases from Group companies/other associated companies *[have/have not been]* reported without profit.   * The final report *[includes/does not include]* the auditor’s report regarding the seller’s costs   The services purchased in the energy aid project [correspond/do not correspond] to those described in the funding terms and conditions. |
| 5. Imputed costs |  |
| We interviewed [xx/project management] to establish the basis for calculating the imputed costs reported for the project. There is no need to clarify the basis for calculating indirect personnel and overhead costs. | Describe the basis for calculating the imputed costs that are accounted for the project. |
| 6. Other public support |  |
| We interviewed [xx/project management] to establish whether the Engaging Party had received any other public funding for this project. | According to the project’s management, the Engaging Party *[has not/has]* received other public support for the project. Any other public support is listed below: |
| 7. Public procurements |  |
| We interviewed [xx/project management] to establish whether the Engaging Party has complied with the public procurement legislation with regard to the costs reported for the project.[[2]](#footnote-2) | According to the project’s management, the Engaging Party has/has not complied with the public procurement legislation regarding the costs that are accounted for the project. An account of possible non-compliance with the procurement legislation: |
| 8. Bank account to which the funding has been remitted |  |
| We compared the bank account in the notification of approval/payment decisions of Business Finland to the bank accounts in the Engaging Party’s accounting. | Upon approval of the decision, Business Finland has been informed of the bank account details of the Engaging Party’s accounting department. /Business Finland’s funding has been remitted to the Engaging Party’s accounting bank account. |

place and time

Audit firm A

Signature of X, an auditor approved by the Finnish Central Chamber of Commerce  
print name, phone number, and email address of X, the auditor approved by the Finnish Central Chamber of Commerce

Address and postal code of the audit firm A

1. The auditor states the total costs of the project. [↑](#footnote-ref-1)
2. This procedure only applies to projects in which the aid granted by the Funder and other public support to the company together amount to more than half of the costs or in which the beneficiary is a public procurement entity. [↑](#footnote-ref-2)