# Auditor’s report on agreed-upon procedures, Companies’ de minimis 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[[1]](#footnote-1)** 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 Companies’ de minimis 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.[[2]](#footnote-2)

With respect to trade fair grants and Export ring funding, the audit has also been carried out in accordance with the Terms and conditions for internationalization grants for companies in joint projects (Ministry of Employment and the Economy decision of 3 March 2016).

The accountable project leader 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, if so required by the terms and conditions for funding.

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 the beneficiary’s working time monitoring for the project, and we interviewed [xx/xx] in order to establish the following:
   * the implementation and reliability of the 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 100% of the salaries reported for the project and 50% of the payment of salaries reported for the project.
   * We compared the sum reported in section “Total salaries paid during the reporting period” of the salary specification included in the cost statement to the beneficiary’s payroll accounting and verified that 50% of total salaries had been paid.
   * 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.
   * If the terms and conditions for funding issued by the Funding Agency require the monitoring of the total working hours of a specific employee, we compared the hours reported under “Total working hours in the reporting period” to the data in the total working hours monitoring for said employee.
4. **Purchased services.** We were given access to specification of the costs of purchased services reported in the cost statement, and we carried out the procedures listed below. The procedures covered 100% of the costs allocated to the project and 50% of the payments of expenses reported. With regard to purchased services, we assessed whether
   * purchased services were based on invoices
   * they were based on project accounting and the beneficiary’s accounting
   * the expenditure that the reported costs were based on had been paid
   * they were accrual-based costs during the project period
   * the expenditure that the reported costs were based on was VAT-exempt
   * the purchased services included overhead, travel, material and supplies costs or machinery and equipment purchases or rental costs.

With regard to **trade fair projects**, we also assessed

* whether the purchased services included travel, freight and interpretation costs, the costs of any consultant/administrator or marketing costs. The special terms and conditions of the funding decision indicate whether such costs can exceptionally be approved.

With regard to **Export ring projects**, we also assessed

* whether the purchased services included other than consultant services and the company’s own travel costs.

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. We are not qualified to assess whether the costs are expenditure arising from the project. The accountable project leader is responsible for ensuring that the costs shown in the cost statement arise directly from the project and that they are related to research, development or innovation activities, if so required by the terms and conditions for funding. 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. **Computational expenses.** We interviewed [xx/project management] to establish the calculation principles for computational expenses reported as project costs.[[3]](#footnote-3)
2. **Other public funding.** We interviewed [xx/project management] to establish whether the beneficiary had received any other public funding for this project.
3. **Public procurements.** We interviewed [xx/project management] to establish whether the beneficiary has acted in accordance with the legislation concerning public procurements with regard to the costs reported for the project.[[4]](#footnote-4)

**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: [*based on the description of the beneficiary’s project accounting and the interview, describe 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.** In Item 2, we observed that the beneficiary’s project’s working time monitoring had been carried out as follows: [*based on the description of the beneficiary’s project’s working time monitoring and the interview, specify whether working time is monitored at an hourly level for each person participating in the project and whether the hours are allocated to the actual days on which the work was done, as well as whether the employee’s supervisor or accountable project leader confirms the working hours at least once a month*]
3. **Salaries.** In Item 3, we observed that the examined information of the salary specification form included in the cost statement matched with the payroll accounting and working time monitoring [with the exception of the following components...] and that the total salaries examined had been paid.
4. **Purchased services.** In Item 4, we observed that
   * the costs of purchased services were based on invoices
   * the costs examined were based on project accounting and the beneficiary’s accounting
   * the costs were accrual-based costs during the project period
   * the expenditure on which reported costs were based had been paid and
   * were VAT-exempt
   * the purchased services did not include overhead, travel, material and supplies costs or machinery and equipment purchases or rental costs.

We also observed that

* In trade fair grants, the purchased services did not include any freight or interpretation costs, the costs of a consultant/administrator or marketing costs.
* In Export ring projects, the purchased services did not include any costs other than consultant services and the company’s own travel expenses.

1. **Computational expenses.** In Item 5, we observed that the calculation principles for the computational expenses reported for the project were the following: [*specify the calculation principles used*]
2. **Other public funding.** In Item 6, we observed that, according to the project’s management, the beneficiary had/had not received other public funding for the project. [*list any other public funding received*]
3. **Public procurements.** In Item 7, we observed that, according to the project’s management, the beneficiary had/had not complied with the legislation on public procurement in reporting of costs for the project. [*describe any non-compliance with public procurement legislation*]

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 auditor confirms the total costs of the project, including the share of other costs. Costs calculated using a flat rate multiplier do not need to be audited. [↑](#footnote-ref-1)
2. The comparison is carried out based on the terms and conditions for funding that were in effect at the time when funding was granted. [↑](#footnote-ref-2)
3. Does not apply to project costs calculated using a flat rate multiplier. [↑](#footnote-ref-3)
4. This procedure only applies to projects in which the funding received by the company from the Funding Agency or other public funding amounts to more than half of the project costs, or where the beneficiary is a public procurement unit. [↑](#footnote-ref-4)