# Audit report on agreed-upon procedures in relation tothe innovation activities of companies (various funding services)

***[name of engaging company]***

**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 report concerns the following funding service (unnecessary procedures and findings can be crossed out):

[ ] Funding for companies’ R&D activities
[ ] Innovation cluster funding
[ ] IPCEI funding
[ ] Research infrastructure funding

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 the project or related to innovation activities.

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 are independent of the Engaging Party in accordance with the ethical requirements applicable in Finland concerning the performed engagement, and we have fulfilled our other ethical obligations in accordance with these requirements.

Our audit firm follows the International Standard on Quality Management ISQM 1, which requires an audit firm to design, implement, and maintain a quality management system, including the policies or 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 costs declared 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 Engaging Party’s project accounting and interviewed [person’s name] 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 reported costs can be verified).  |
| 2. Working time monitoring |
| We were given access to a description of the Engaging Party’s working time monitoring and interviewed [person’s name] 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. If not, are actions regarding 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, regarding the person’s total working time *[have/have not]* actions taken in accordance with the funding terms and conditions. If actions have been taken in violation of the funding terms and conditions regarding the total working time, describe the deviations.  |
| 3. Salaries |
| Regarding the reported salaries, we carried out the procedures mentioned below. The procedures covered 30% of the salaries reported for the project and 15% of the payment of the total salaries presented in the salary specifications.1. We compared the amount reported in the section “Total salaries paid during the reporting period” of the payroll specification included in the report 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 there have been people working in the project whose working hours are not defined in the employment contract or who are not bound by the Working Hours Act, we compared the practice followed for them with the funding conditions applicable to the project.
 | The reviewed data in the salary specification included in the report 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 report, and we carried out the procedures mentioned below. The procedures covered 30 % of the costs reported for the project and 15% of the payment of costs reported for the project. The sample includes costs from all reported cost categories. With regard to the selected costs, we assessed* 1. whether they were 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 and whether their written order/agreement has been made after submitting the funding application
	4. whether the expenditure that the reported costs were based on was 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.  | 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 and the written order/agreement has been made after submitting the funding application
	4. they are exempt from VAT and that
	5. they are duly presented according to cost category.

We have determined that if the order/agreement has been made before the funding application is submitted, the order/agreement *[has / does not have]* a condition that the purchase will be canceled if the funding decision is negative.We have determined that the costs *[have been/have not been]* approved in accordance with the Engaging Party’s approval practices. 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) |
| For the following cost categories, we also determined the questions regarding the sample: |
| 4a Travel expenses | **reported amount, EUR xxx** |
| whether the travel expenses comply with the Tax Administration’s decision | Travel expenses *[comply/do not comply]* with the Tax Administration’s decision. |
| 4b Costs of materials and supplies | **reported amount, EUR xxx** |
| whether the costs of materials and supplies are based on invoiceswhether 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 (note exceptions for different financial services!) | **reported amount of all purchased services, EUR xxx** |
| *Funding for R&D activities/IPCEI funding*whether the equipment costs are based on invoiceswhether the purchase costs of the equipment have been reported as expenses for the current accounting period OR*Innovation cluster funding/Research infrastructure funding*whether the purchase costs of the land, buildings, and facilities or machinery and equipment on which the investment aid are based on invoicesAND*All funding services*We interviewed [xx/project management] to establish whether the equipment purchases reported for the project (including the land, buildings, and facilities of innovation cluster projects) concern equipment that is mostly used in the project | ***Funding for R&D activities/IPCEI funding***Equipment costs *[are based/are not based]* on invoices.The purchase costs of the equipment *[have been/have not been]* reported as expenses for the current accounting period.***Innovation cluster funding/Research infrastructure funding***The purchase costs of the land, buildings, and facilities or machinery and equipment reported in equipment purchases *[are based/are not based]* on invoices. Material assets reported in equipment purchases *[is/is not]* are mostly used in the project. ***All funding services***The equipment purchased for the project *[has been/has not been]* used mainly for the project. |
| 4d Depreciation and lease of equipment | **reported amount, EUR xxx** |
| *Funding for research and development activities*whether the depreciation of equipment is equal to the depreciation reported for the project in accounting *IPCEI funding*whether the investment has been made (the acquisition costs of machinery and equipment and the acquisition and construction costs of buildings have been capitalized) by the end of the RRF periodwhether there is a depreciation plan for the investment, indicating the depreciation period of the investment and the annual depreciation *All funding services*whether the equipment rentals are based on invoiceswhether the equipment rentals are equal to or less than the purchase price of the equipment in question whether the equipment rentals include administrative, financial, insurance, repair, and similar costs and/or, if the above items cannot be itemized, whether the equipment rentals represent 50% or less of the leasing costs of the equipment in question | ***Funding for research and development activities***Depreciation of equipment *[is/is not]* equal to depreciation reported in accounting.***IPCEI funding***The investment *[has been/has not been]* made by the end of the RRF periodA depreciation plan *[has been/has not been]* made for the investment. If it has been made, please indicate here the depreciation period and the annual depreciation. ***All funding services***The equipment rentals *[are based/are not based]* on invoices.The equipment rentals *[are/are not]* equal to or less than the purchase price of the equipment in question.The equipment rentals *[do not include/include]* administrative, financial, insurance, repair, or other similar costs. Or, if the above items cannot be itemized, the equipment rentals represent 50 % or less of the leasing costs of the equipment in question. |
| 4e Purchased services | **reported amount for all purchased services, EUR xxx** |
| whether the services purchased are based on invoiceswe 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 profitwhether the Engaging Party’s final report includes an auditor’s report regarding the seller’s costs drawn up by an independent auditor | The services purchased *[are based/are not based]* on invoicesThe services purchased [*include/do not include*] services purchased from Group companies or other associated companiesThe 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 |
| 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 reported 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: |

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| 7. Public procurements(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.) |
| 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. | According to the project’s management, the Engaging Party *has/has not]* complied with the public procurement legislation regarding the costs that are reported 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)