# Auditor’s report on agreed-upon procedures, Production incentive for audiovisual industry

***[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)** during the production period in Finland of [**dd.mm.20yy – dd.mm.20yy**].

When the beneficiary is a foreign company that has concluded a service contract with a production coordinator company, the agreed-upon procedures are targeted at the production coordinator’s [name, business ID] project accounting. The audit has examined the costs paid by the production coordinator and the payments made by the beneficiary to the coordinator.

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 Production incentive for audiovisual industry 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)

The accountable project leader is responsible for the cost statement and for ensuring that the costs reported in it arise directly from the production and that they have been allocated to production in the manner 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/production coordinator’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.** If the beneficiary simultaneously has a project underway funded by the Funding Agency whose funding terms and conditions require working time monitoring, all those persons who are also working on the project requiring working time monitoring must keep records on their working time on an hourly basis. 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 60% of the salaries reported for the project and 15% of the payment of salaries reported for the project.
	* If the funding terms and conditions of the project require working time monitoring, we compared the number of hours reported in 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 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.
	* We compared the amount reported in the cost statement to the beneficiary’s payroll accounting and verified that 15% of the total salaries had been paid.
	* We examined whether salaries were paid to employees liable to pay taxes in Finland who had a valid tax card or tax-at-source card.

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 60% of the costs allocated to the project and 15% of the payments of expenses reported.

With regard to the selected costs, we assessed whether

* + they were based on project accounting and the beneficiary’s/production coordinator’s accounting
	+ the expenditure that the reported costs were based on had been paid
	+ they were accrual-based costs during the production period in Finland
	+ the expenditure that the reported costs were based on was VAT-exempt
	+ they had been itemized according to cost category
	+ purchased services were based on invoices
		- Did the purchased services include travel and overheads or producer’s fees?
		- Were purchases from group/associated companies reported without profit?
			* Did the beneficiary’s report include an auditor’s report regarding the seller’s costs drawn up by an independent authorized auditor?

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 production. The accountable project leader is responsible for ensuring that the costs shown in the cost statement arise directly from production and that the salaries are paid for work done in Finland. If, during 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. **Other public funding.** We interviewed [xx/project management] to establish whether the beneficiary had received any other public funding for this project.
2. **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.) [[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: [*based on the description of the beneficiary’s project accounting and the interview, describe how the costs arising from the production 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 on the salary specification form included in the cost statement matched the payroll accounting and that the total salaries examined had been paid. We also observed that salaries had been paid to employees liable to pay taxes in Finland. If the funding terms and conditions of the project require working time monitoring, we observed that the number of hours reported in section “Project hours during the reporting period” of the salary specification matched the hours reported in the project’s working time monitoring. If the terms and conditions for funding require the monitoring of the total working hours of a specific employee, we observed that the hours reported under “Total working hours in the reporting period” matched the data in the total working hours monitoring for said employee.
4. **Other cost categories.** In Item 4, we observed that the costs examined
	* were based on project accounting and the beneficiary’s/project coordinator’s accounting
	* the expenditure on which reported costs were based had been paid and
	* were VAT-exempt
	* the costs were accrual-based costs arising from the production during the production period in Finland
	* were appropriately presented as based on cost categories and that
	* purchased services were based on invoices
	* purchased services did not include travel and overheads or producer’s fees
	* services purchased from group/associated companies were non-profit.
5. **Other public funding.** In Item 5, we observed that, according to the project’s management, the beneficiary had/had not received other public funding for the production under review. *[list all other public funding received]*
6. **Public procurements.** (In Item 6, we observed that, according to the project’s management, the beneficiary had/had not complied with the legislation on public procurement in the reporting of costs for the production under review. [*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 or production coordinator’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. This procedure only applies to productions in which the funding received by the beneficiary 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-3)