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| 24.1.2024 |  |

The audit report of the Research Council of Finland's EU Recovery and Resilience Facility (RRF) projects on agreed-upon procedures

***[to the recipient of funding]***

We have performed the procedures agreed with you and listed below, relating to funding decision No. [xx] by the Research Council of Finland’s EU Recovery and Resilience Facility and to the accounting report drafted and signed by [the funding recipient] and totalling xxx euros for the period of [dd month–dd month 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 general funding terms and conditions of the Research Council of Finland, and the RRF-specific conditions taking into account also the Regulation of the European Parliament and of the Council establishing the Recovery and Resilience Facility (EU 2021/241) and the instructions issued by the State Treasury.

The funding recipient is responsible for the accounting report and for ensuring that the costs reported in it arise directly from the project and that they have been allocated to the project 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 Research Council of Finland to assess whether the recipient has acted in accordance with the terms and conditions for funding, and the RRF-specific conditions taking into account also the Regulation of the European Parliament and of the Council establishing the Recovery and Resilience Facility (EU 2021/241).

1. We were given access to a description of the organisation’s project accounting, and we interviewed [xx/xx] to establish the following:

* the implementation and reliability of project accounting
* the integrity of the traceability chain
* whether project accounting is in accordance with the terms and conditions for funding.

1. We were given access to a description of the organisation’s working time monitoring, and we interviewed [xx/xx] to establish the following:

* the implementation and reliability of working time monitoring for the project
* whether the working time monitoring is in accordance with the terms and conditions for funding.

1. With regard to the information in the accounting report, the following procedures were carried out. The procedures covered 30 per cent of the wages and salaries reported for the project.

* We compared the amount of wages and salaries reported for the project in the wage/salary specification form or printout included in the accounting report to the project’s payroll accounting.
* We compared the proportion of working time (or hours) spent on the project as reported in the wage/salary specification form or printout to the data entered in the organisation’s working time record.

We compared the total wages and salaries paid during the reporting period as reported on the wage/salary specification form or printout to the organisation’s payroll accounting.

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

1. We were given access to a cost category specification of the costs reported in the accounting report, and we carried out the procedures listed below. The procedures covered 40 per cent of the costs reported for the project. With regard to the selected costs, we assessed whether

* they were based on project accounting and the funding recipient’s accounting
* they were accrual-based costs during the project period
* they had been itemised according to cost category
* procurements made in the project complied with public procurement legislation and the organisation’s own procurement guidelines, focusing on the following:
  + contract notices
  + the grounds for direct procurement
  + the reliability of the procurement documents
  + whether any procurement has been split up to circumvent the threshold value
  + the equal treatment of tenderers.
* have the procurement documents been delivered to the Research Council of Finland according to the guidelines provided by the Council.

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

* Travel expenses
  + Did travel comply with the organisation’s own travel guidelines?
* Material and supply costs
  + Were the material and supply costs based on invoices?
  + Were the organisation’s internal material and supplies charges based on cost price?
* Machinery and equipment
  + Were the machinery and equipment costs included in the cost estimate attached to the Academy of Finland’s funding decision/were the machinery and equipment purchases in accordance with the proposed/updated research plan?
  + Were machinery and equipment purchases based on invoices?
* Purchased services
  + Were purchased services based on invoices?
* Other costs
  + Were other costs based on invoices or internal charging, and have the grounds for internal charging been documented?
  + Did the payment of grants to researchers comply with the Academy of Finland’s terms and conditions for funding?

1. Investigation of beneficial owners and beneficiaries and potential conflicts of interest

We investigated, in relation to safeguarding EU financial interests and preventing misuse:

* Whether the recipient of funding has, in accordance with the guidelines provided by the Research Council of Finland, disclosed information about beneficial owners and beneficiaries (details of contractors and subcontractors along with beneficiaries) and submitted the information to the Research Council of Finland.
* Whether there is any conflict of interest between the recipient of funding and the contractors.
* Whether, in the process of procurement, potential conflicts of interest have been examined and whether the contractor or beneficiary is listed on the EU sanctions list.

1. Avoidance of overlapping funding, review of the financial plan and its realization

We examined, in relation to safeguarding EU financial interests and preventing misuse:

* Other income in accounting periods
* Other project-related financing during the project period

With regard to the reviewed costs, we have assessed whether the costs are eligible in accordance with the funding recipient’s eligibility criteria. We have only assessed the aforementioned issues. If, during 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.

We have observed the following:

1. In Item 1, we observed that the funding recipient’s project accounting had been carried out as follows: *[describe how the organisation’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. In Item 2, we observed that the organisation’s working time monitoring for the project had been carried out 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. In Item 3, we observed that the examined information on the wage/salary specification form included in the accounting report matched with payroll accounting and working time monitoring [with the exception of the following components...].
4. In Item 4, we observed that the costs examined

* were based on project accounting and the funding recipient’s accounting
* were accrual-based costs during the project period
* were appropriately presented by cost category
* procurement complied with the organisation's own procurement guidelines and public procurement legislation
* the procurement documents had been delivered to the Research Council of Finland according to the guidelines provided by the Council

We also observed that

* the organisation’s own travel guidelines were followed when travelling
* material and supplies costs were based on invoices, and the funding recipient’s internal material and supplies charges were based on cost price
* machinery and equipment costs were included in the cost estimate attached to the Academy of Finland’s funding decision and/or the proposed research plan
* purchased services were based on invoices
* other costs were based on invoices or internal charging, and the grounds for internal charging had been documented
* the payment of grants to researchers complied with the Academy of Finland’s terms and conditions for funding.

1. In Item 5, compliance with the RRF Regulation and the guidelines provided by the Research Council of Finland has been verified as per section 5:

* Information on beneficial owners and beneficiaries (details of contractors and subcontractors along with beneficiaries) has been collected and submitted to the Research Council of Finland.
* There is no conflict of interest between the recipient of funding and the contractors.
* Possible conflicts of interest and the inclusion of the beneficiary on the EU sanctions list have been investigated during procurement.

1. In Item 6, compliance with the RRF Regulation and the guidelines provided by the Research Council of Finland has been examined according to section 6:
   * Other income has been verified in accounting periods.
   * The recipient of funding has been investigated/interviewed regarding other project-related financing.

Our report is intended solely for the purpose set forth in the second paragraph of this report and shall not be used for any other purposes, nor be relinquished to or shared with a third party outside the Research Council of Finland. The Research Council of Finland has the right to disclose this report to other authorities in accordance with Sections 13 and 14 of the Act on the Administration, Monitoring, and Audit of the European Union Recovery and Resilience Facility (537/2022) (Laki Euroopan unionin elpymis- ja palautumistukivälineen hallinnoinnista, valvonnasta ja tarkastuksesta 537/2022). This report only applies to the accounting report detailed above; it does not apply to [the recipient]’s complete financial statements.

Place and date

Audit firm A

Signature by HT/KHT/JHT/JHTT X

Print name, telephone number and email address of HT/KHT/JHT/JHTT X

Address and postal code of audit firm A