

## REPORT OF FACTUAL FINDINGS ON EXPENDITURES DECLARED UNDER AN INTERIM/FINAL REPORT



**Iceland**   
**Liechtenstein**   
**Norway grants**   
**Norway grants**

<<The Report should be printed on auditor's letterhead>>

<<Fill in the fields in color with relevant data. Fields in brackets highlighted in grey should be removed from the final Report if not applicable. In case when you are required to choose one from proposed Options, remove other from the Report>>

To

[Name of contact person(s)],

[Position]

[The project partner name ]

[Address]

[dd-mm-yyyy]

Dear [Name of contact person(s)],

As agreed under the terms of reference dated [dd-mm-yyyy]

with: [insert name of the Project Partner],

we

[name of the auditor] ('the Auditor'),

established at

[full address/city/state/province/country],

represented by

[name and function of an authorised representative],

have carried out the procedures agreed with you regarding the expenditures declared in the *Interim/Final Report(s)* covering period [dd-mm-yyyy] to [dd-mm-yyyy]

submitted by the [Project Partner]

concerning the Project Contract [insert Project Contract reference: number, title],

and **hereby provide our Report of Factual Findings ('the Report')** using the compulsory report format agreed with you.

Our engagement was carried out in accordance with the Terms of Reference ('the ToR') appended to this Report. The Report includes the agreed-upon procedures ('the Procedures') carried out and the standard factual findings examined.

## STANDARDS AND ETHICS

Our engagement was undertaken in accordance with:

- the Terms of Reference appended to this Report and:

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- the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed upon Procedures regarding Financial Information as promulgated by the IFAC;
- the IFAC Code of Ethics for Professional Accountants (developed and issued by IFAC's International Ethics Standards Board for Accountants, which establishes fundamental ethical principles for Auditors with regard to integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the FO requires that the Auditor is independent from the Project Partners and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

## PROCEDURES PERFORMED

As requested, we have only performed the procedures listed in the model Report for this engagement and we have reported our factual findings on those procedures in the Annex I to the Report ("Listing of procedures performed").

These procedures have been determined solely by the FO and the procedures were performed solely to assist the FO in evaluating whether the expenditure claimed by the Project Partner in the accompanying *Interim/Final* Financial Part of the Report(s) is eligible in accordance with the terms and conditions of the Project Contract.

Because the procedures performed by us did not constitute either an audit or a review carried out in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accompanying Financial Report.

Had we performed additional procedures or had we performed an audit or review of the financial statements of the Project Partner in accordance with International Standards on Auditing, other matters might have come to our attention that would have been reported to you.

## SOURCES OF INFORMATION

The Report sets out information provided to us by you in response to specific questions or as obtained and extracted from Project Partner's accounts and records.

## FACTUAL FINDINGS

On the basis of the results of procedures, we found:

- **Total eligible project costs** which are the subject of this expenditure verification amount to EUR <xxxxxx> [Fill in the total incurred eligible project costs (direct+indirect) of the Project Partner, applicable to the interim/final report(s) subject to verification within this Report. The value of total incurred project costs per partner is visible in financial part of interim/final report, section 2. Overview tables.]

[Choose the appropriate option (other to be removed from the Report)]

[Option A] The expenditures indicated in Annex II to the Report ('the List of expenditures') met the following criteria:

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- they were incurred between the first and final dates of eligibility of the Project, unless otherwise specified in the Special Conditions;
- they were related to the subject of the Project as described in Annex II and they were indicated in the budget of the Project;
- they were proportionate and necessary for the implementation of the Project;
- they were used for the sole purpose of achieving the objective(s) of the Project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
- they were identifiable and verifiable, in particular through being recorded in the accounting records of the Project Partners and determined according to the applicable accounting standards and generally accepted accounting principles; and
- they complied with the requirements of applicable tax and social legislation,
- they were supported by receipted invoices, or alternatively by accounting documents of equivalent probative value,
- they were paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Depreciation of equipment have been incurred when it was recorded on the accounts of the Project Partner.

**[Option B]** The expenditures indicated in Annex 2 to the Report ('the List of expenditures') met the following criteria, **with the exceptions listed below:**

- they were incurred between the first and final dates of eligibility of the Project, unless otherwise specified in the Special Conditions;
- they were related to the subject of the Project as described in Annex II and they were indicated in the budget of the Project;
- they were proportionate and necessary for the implementation of the Project;
- they were used for the sole purpose of achieving the objective(s) of the Project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
- they were identifiable and verifiable, in particular through being recorded in the accounting records of the Project Partners and determined according to the applicable accounting standards and generally accepted accounting principles; and
- they complied with the requirements of applicable tax and social legislation,
- they were supported by receipted invoices, or alternatively by accounting documents of equivalent probative value,
- they were paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Depreciation of equipment have been incurred when it was recorded on the accounts of the Project Partner.

**With the following exceptions:**

*[Describe here any case of 'exception'. List any non-eligible project costs and add any information on the cause and possible consequences of each exception, if known Include the corresponding amount.]*

*[Example:*

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[The Project Partner was unable to substantiate the Expenditure presented in annex 2 under position [no XXX] with document number [document own number] in the amount of [amount of ineligible cost] reported under budget heading no [...] because [description]

Finding number [number of Standard factual findings] was not fulfilled because [description of the differences].

**Total non-eligible direct project costs** amount to EUR [amount] [fill in the total amount of costs found to be non-eligible]

## FURTHER REMARKS

In addition to reporting on the results of the specific procedures carried out, the Auditor would like to make the following general remarks:

[Example (to be removed from the Report):

1. Regarding Finding number 7, 9) we regard that there is a link between work and content of the project the conditions for additional remuneration because ...
2. In order to be able to confirm the Finding number 15 we carried out the following additional procedures: ....]

## USE OF THIS REPORT

This report is prepared solely for confidential use and for the purpose of submission to the FO. This report may not be relied upon for any other purpose, nor may it be distributed to any other parties. The FO may disclose this Report to others who have regulatory rights of access to it, in particular the FMO, the EFTA Board of Auditors, as well as the Auditor General of Norway.

This Report relates only to the *Interim/Final Report(s)* specified above and does not extend to any of your financial statements.

There was no conflict of interests<sup>1</sup> in establishing this Report.

Yours sincerely

(...)

Auditors' signature [person or firm or both, as appropriate and in accordance with company policy]

Name of Auditor signing [person or firm or both, as appropriate. Registration Number if applicable of the Auditor]

<sup>1</sup> A conflict of interest arises when the Auditor's objectivity to issue the Report is compromised in fact or in appearance when the Auditor for instance:

- was involved in the preparation of the Interim/Final Report;
- stands to benefit directly should the expenditures be accepted;
- has a close relationship with any person representing the Project Partner;
- is a director, trustee or partner of the Project Partner or Lead Partner; or
- is in any other situation that compromises his or her independence or to issue the Report impartially.

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Auditors' address *[office having responsibility for the engagement]*

Date of signature *<dd-mm-yyyy>* [date when the final report is signed]

TEMPLATE

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