

Guidelines for Financial Management

Siemenpuu – Foundation for Social Movements' Cooperation sr Updated in June 2023

Financial management is a process, which brings together planning, budgeting, accounting, financial reporting, internal control, auditing, procurement, disbursement and project activities with the aim of managing resources properly and achieving the set objectives.

Financial management is the responsibility of the entire organisation: directors, board members and project and finance personnel. The accounting and other activities of the management should be so clear and transparent that everyone involved can identify the relevant tasks and responsibilities. Relevant measures in order to prevent corruption and to manage risks should be in place.

Indicators of good financial management include the following:

- National laws and regulations are strictly followed
- Transparency and openness. Sufficient and regular written and numerical information provided to the Board, beneficiaries and other stakeholders.
- Bookkeeping is carried out professionally
- Deadlines are met
- Clear division of responsibilities
- Allocation of sufficient human resources (no dependency on a single individual)
- Realistic budget
- External audit is carried out
- Follow-up and action taken if required
- Internal controls

Budgeting

A budget is a financial plan where it is estimated how much the project's planned activities will cost and how they will be financed. The project's budget includes all project related costs, e.g. personnel costs (with details of the possible social security expenses, including pensions and taxes, to be paid to the relevant authorities), procurements and administration costs. Budgeting should be done together with the financial staff. The budget should be structured so that it is easy to follow in the accounting and easy to use as a reference point in the financial reporting.

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When **buying supplies, equipment and services**, ensure procedures for placing orders or awarding contracts etc. follow the principles of frugality, efficiency, accountability, maximum consideration of cost-effectiveness and minimum environmental impacts. An invitation of tenders must be carried out on all procurements above 3,000 euros with consultation of at least 3 service providers/suppliers. Please refer to **Siemenpuu's Procurement Policy in Annex 1**.

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Budgeting will be carried out in local currency, even though the Siemenpuu grant is in euro. In order to determine the application grant sum, the local currency is converted to Euro using the exchange rate of the application date. This is an indicative rate, as the application process is long. When making the grant decisions, Siemenpuu will use the exchange rate of the date the grant is approved.

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Exchange rate variations may have a significant impact on grant instalments received. Possible foreign exchange gains must be treated as part of the project funding, used for project activities and properly reported in financial management and reports. Possible interest gains are treated as part of project funding.

For potential exchange rate losses, a budget buffer in form of contingencies (e.g. 1 %) should be considered, as the Siemenpuu grant is the maximum amount that can be given to fund project costs. If the buffer is not required to cover exchange rate losses or other unforeseen expenses, it should be used for project activities. Larger unforeseen savings will be allocated in consultation with Siemenpuu. These expenses need to be also detailed and accounted for with relevant accounts/budget lines in book-keeping and reporting.

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The project must be at minimum 10 % **self-financing**, calculated from the Siemenpuu grant. Self-financing can consist of cash contributions, voluntary work and donated materials and services. In-kind contributions still appear as project costs. Self-financing should be included both as part of the project financing, and as expenses in the project expenses table.

- **Cash contributions** must come from the recipient organisation's own income sources, such as membership fees, donations or private sponsorships. Public funding from domestic sources or monetary support from other donor organisations cannot be included in self-financing. This should be considered as *other financing*.
- **Donated materials and services:** The use of the organisation's existing assets such as office space, GPS, computer or printer for the project activities qualifies as self-financing. The value of equipment (i.e. computers, printers, farming equipment) should be determined by using a maximum 20 per cent of the purchase price. Services can e.g. include use of meeting rooms for project purposes. The value of the use of materials and services needs to be estimated and the calculation should be shown in cash value.
- **Voluntary work** should be calculated in accordance to what a local worker/professional would be paid for the same work. In reporting, the recipient organization is required to provide a list of volunteers and the type and duration of their work, and to explain how the value of their work has been calculated. The value of voluntary work is calculated in terms

of gross salary, excluding other salary-related costs. Voluntary work should be verifiable with appropriate work time monitoring systems, such as time sheets.

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A need may arise to **revise the activities and/or budget**. Changes of more than 15 % need to be approved by Siemenpuu. Readjustments can only be made within the limits of the agreed total Siemenpuu grant, as no additional funding can be granted once the project has started.

If all funds provided are not used for the project, all remaining funds shall be returned to Siemenpuu. Surplus funds can be reallocated to other activities only after consultation with Siemenpuu.

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For budget follow-up, it is necessary to determine the average exchange rate between local currency and Euro. It is calculated by dividing the total amount received in local currency (before the possible bank charges) by the total amount sent in Euro. This exchange rate allows estimating in local currency the last instalment agreed upon in Euro in the funding agreement.

The final instalment of the Siemenpuu grant is paid only after final reporting (including auditor's report with the verification of project expenses) is approved by Siemenpuu. Therefore, the recipient organisation needs to finance the last part (commonly 10 per cent of the grant depending on the funding schedule) of the project costs first by itself. Siemenpuu determines the final instalment due in Euro by using the average exchange rate described above.

Accounting

Project specific bookkeeping accounts should be kept for recording all expenditures and income under the project. All financial transactions should be clearly documented. It is highly recommended to use proper bookkeeping software.

A receipt is required for every financial transaction. If goods or services are bought from somebody who cannot give a receipt (for example local bus or a street vendor), the transaction information can be written on paper, or standard receipt form, and have the seller sign it.

For each payment, a voucher should be made mentioning the project name or code, the name of the payee, the amount paid, purpose and date of disbursement. Original bills, invoices, receipts and any other documentation related to the transaction will be attached to the voucher in support thereof. Each voucher should be dated and numbered.

Project accounts should be clearly grouped (personnel, administration, transport, material, etc.).

The project's accounts are to be kept in such a way that the entries and the explanations concerning all various types of funds can easily be examined and checked from the bookkeeping.

Bookkeeping should provide a detailed table of expenses, preferably a ledger. The ledger is a permanent summary of all vouchers entered in bookkeeping and is arranged according to accounts. The ledger

includes the amounts and dates of all the transactions and is derived from supporting journals. Proper bookkeeping software should generate journals and ledger automatically.

Vouchers and other book-keeping documents must be stored safely for a minimum time of six years after approval of the final report of the project.

Property list or fixed assets register

List all the property (worth more than 100 euros each) bought with the support granted by Siemenpuu. The list must include: name of the item, price, date of purchase, and where the item is used and stored during the project. An alternative to this is the fixed assets register. This up-to-date list or register should be attached to the financial reports. The auditor needs to check the property list or fixed assets register. Furthermore, if an item is worth more than 100 euros it should be labelled as bought with the project funds. Transfer of ownership agreements must be prepared if the items procured with the support are handed over to the beneficiaries.

Monitoring and evaluation

Representatives of Siemenpuu have the right to follow, monitor and evaluate the progress of the project. All the necessary information must be provided to support the monitoring and evaluation, including access to the project accounts and other project related documents. Siemenpuu also has the right to inspect materials and other procurements purchased with the provided project funding. This right of inspection and information will also be valid after the completion of the project. The same rights are also given to the representatives of Siemenpuu's main funder, the Ministry for Foreign Affairs of Finland.

Audit

The required financial audit should be a separate audit on Siemenpuu grant or a Siemenpuu specific audit extracted from the consolidated audit. The auditor will audit all expenses and include a statement of all income, including the self-financing in cash and/or in kind in the auditor's report.

The auditor will follow the grant recipient country's national principles related to auditing, and the **instructions provided by the Finnish Ministry for Foreign Affairs in Annex 2.**

In case the organisation undergoes an external, annual audit of the entire organisation, a copy of this audit report is requested by Siemenpuu.

Reporting

A tentative schedule of the project reporting and instalments is agreed upon when signing the Funding Agreement. Usually at least one progress report is required, in some cases several upon agreement. The progress report should give detailed information on the status of the project up to the date of reporting. The final report needs to cover the whole project cycle from the beginning to the end of the project. All reporting includes both narrative and financial reports.

In the reporting, the Siemenpuu reporting forms are used.

The **progress reporting** includes:

- Narrative Progress Report Form with annexes
- Financial Progress Report Form with annexes (detailed table of expenses, copy of the list of property bought with Siemenpuu funds)
- Copies of receipts OR an Auditor's Report
- Categorized list of receipts (if copies of receipts)

The **final reporting** includes:

- Narrative Final Report Form with annexes
- Financial Final Report Form with annexes (at least the detailed table of expenses (preferably a print of ledger), copy of the list of property bought with Siemenpuu funds, and a list of project staff)
- Auditor's Report (including a statement on self-financing, both in cash and in kind)
- Copies of all the materials you have produced in the project (posters, leaflets, books, videos, etc.)

Minimum Standards for Financial Management

Humentum, a global nonprofit working with humanitarian and development organizations, gives a good checklist for developing further financial management. Humentum writes: "The [Minimum Standards Checklist](#) highlights the 7 most critical aspects of financial management that should always be in place in every NGO, together with the reasons why. It also lists some additional areas of best practice."

| Minimum Requirements | |
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| Standard | Why |
| 1. A valid supporting document for every transaction, (securely filed and stored for the minimum period required.) | Protection for staff, evidence and details of transaction. |
| 2. A cash book for every bank account, reconciled every month. | To organise and summarise transaction information; check for errors and omissions. |
| 3. A Chart of Accounts – used consistently in the accounting records and budgets | Principle of consistency; to facilitate production of financial reports. |
| 4. A budget detailing costs and anticipated income for all operations. | Planning, fundraising, control and reporting. |
| 5. Clear delegation of authority – from governing body through the line management structure. | To know who is responsible for what and within what limits. |
| 6. Separation of duties – sharing finance duties between at least two people. | To prevent temptation to steal and reduce opportunity to commit fraud; to share the load. |
| 7. Annual financial statements – preferably audited by an independent person. | Accountability to stakeholders; transparency. |

| Good Practice | |
|--|--|
| 8. Additional accounting records when staff are employed (wages book) or assets owned (assets register). | To meet statutory and audit requirements; for control purposes. |
| 9. Budgets based on real activity plans, which include the full cost of running a project. | Realistic, more likely to meet targets. |
| 10. Budgets with clear calculations and notes. | Easy to read and make adjustments. Easy to justify calculations. |
| 11. Separate core costs budget. | Encourages active management and financing strategy for core costs. |
| 12. Monthly cash flow forecast. | Helps to identify and take action to avoid short-term cash flow problems. |
| 13. Use of Cost Centres when working with multiple donors and/or projects. | To separate restricted funds and related transactions; to facilitate reporting to managers and donors. |
| 14. Funding grids, if more than one donor is funding an organisation or project. | To avoid double-funding situations and identify areas of shortfall. |
| 15. Budget monitoring reports at least monthly to managers (and also regularly to beneficiaries). | To monitor progress; control purposes. |
| 16. Written policies and procedures, including a code of conduct for staff & board members. | To prevent confusion about organisation rules and expected practice. |
| 17. Diversified funding base – mix of restricted and unrestricted funds. | Less vulnerable to financial shocks; helps to build up reserves. |
| 18. A reasonable level of reserves. | Less vulnerable to financial shocks; helps overcome cashflow problems |

Annex 1

Procurement Policy

Siemenpuu - Foundation for Social Movements' Cooperation sr Updated in January 2023

Introduction

The overall purpose of procurement regulations is to ensure that Siemenpuu Foundation (Siemenpuu) /Project funded by Siemenpuu gets the highest quality and lowest environmental impacts of desired goods and services at the best price possible on time. Further, the regulations are aimed at streamlining the process of procurement while maintaining adequate controls. These procurement procedures apply to all staff involved in the procurement process and to all types of procurement.

Purpose and Scope of the Policy

The purpose of this policy is to provide procurement processes for Siemenpuu and by the projects funded by Siemenpuu that should adopt this policy or have their own policy in compliance with this policy. The processes ensure that:

- 1) Laws and government policies sets the minimum standards.
- 2) Official decisions regarding procurements are made by fair and equitable manner.
- 3) Acts and decisions are made without consideration of private interest
- 4) Decisions are transparent in order to be prepared to justify those and actions to a relevant authority or publicly when it's needed.
- 5) Assets are used efficiently to avoid waste and extravagance in the use of resources.

'Staff' refers to but is not limited to all permanent and temporary employees, people dependent on employees, interns, consultants, volunteers, and all individuals working for or representing Siemenpuu or the project funded by Siemenpuu.

'Governance Rules' refers to written administrative guidelines of the organisation defining the approval authorities in the decision making of the organisation.

Call for Bids

- 1) Quotes must be requested from at least three suppliers if the value of an individual purchase or service exceeds EUR 3,000 or if a reoccurring purchase or service exceeds the said amount during the financial year.
- 2) Supplies with value more than EUR 60,000 are subject to bid process according to the Finnish Act on Public Procurement and Concession Contracts.
- 3) Before signing agreements with the selected supplier (see clauses 1 and 2), the background of the contract party must be investigated. When doing purchase in Finland the contract party's preliminary tax withholding register excerpt must be checked.

- 4) Any decisions on agreements and purchases are done within the approval authorities stated in the Governance Rules.
- 5) Continuous cooperation and service agreements are tendered approximately every fifth year.

Vendor Selection

Careful selection of vendors should be done to ensure that best possible price, quality (including the environmental impacts) and delivery time available within the markets is obtained. The following set of criteria is essential for deciding on choice of vendors:

- a. Price
- b. Quality of goods/services. Such a justification must be verifiable
- c. Availability of goods/services within the required delivery time
- d. After sale services, including availability of parts/supplies
- e. Ability of bidder to render satisfactory service in this instance
- f. Financial stability of the vendor
- g. Payment terms
- h. Warranty offered
- i. Ability to provide samples

Certifying the delivery and approving invoice for payment

The procurement process cannot be completed without certification that the goods and services procured are properly received and checked. The procedure for receiving goods and services is important in ensuring that vendors have entirely met their obligations.

Once Siemenpuu/Grantee has certified that goods and services have been received to their satisfaction, it has little or no further complains about a vendor's performance; the invoice can be approved to be paid. Only exceptionally partial advance payments can be made.

Segregation of duties and authorizations

Any decisions on agreements and purchases are done within the approval authorities stated in the Governance Rules. The principles for approving costs and purchases are:

- 1) nobody can approve the costs of his or her own
- 2) approval authorities are applied in procurement decisions prior to purchasing actions
- 3) all costs and purchase invoices are verified by a different person that approves the invoice for payment.

Roles and responsibilities and their limitations should be specified in the Governance Rules. Activities of different roles can be conducted by the same person. However, there must always be two different persons involved in the verifying and approving process in order to secure appropriate control procedure.

Generic roles are as follows:

- **Verifier of the invoice (incl. certifying of goods/services received):**
 - Is responsible for signing the delivery notes or any other documents during delivery. Any differences between documents and physical checks should be noted and reported to the superior/management/approver for action. (certifying of goods/services can be delegated to another person; however, the verifier is always responsible that the goods/services are properly certified)
 - Fills in cost center and project codes and other necessary dimensions based on budget (this can be done by finance staff/accountant, if agreed so)
 - Restaurant invoices and costs related to meetings are clarified with names of participants and purpose of the event
 - Checks calculations of invoice (this can be done by finance staff/accountant, if agreed so)
 - Secures that necessary travel notes and credit card invoices are attached to invoices (this can be done by finance staff/accountant, if agreed so)
 - Invoices are technically correct (VAT, dates etc.) (this can be done by finance staff/accountant, if agreed so)

- **Approver of invoice for payment:**
 - Secures that the approved cost is within the approved budget and it is acceptable regarding the Siemenpuu/Grantee operations and principles
 - Approver is fully authorized according to the Governance Rules
 - Verified and approved invoice will be authorized for payment by the person that is authorized to use Siemenpuu's/Grantee's bank accounts.

Annex 2

Instructions to the Auditor

Background

We ask you to conduct Agreed-upon Procedures concerning the report of the Development Co-operation Project **[Name of project]** of **[the grantee]** funded by **Siemenpuu Foundation with funds from the Ministry for Foreign Affairs of Finland**. According to the Ministry for Foreign Affairs of Finland's general conditions regarding support to non-governmental organizations and municipalities, the receiving organization must observe principles related to good governance and anti-corruption activities. State support shall be used only to cover expenses considered necessary and reasonable in carrying out the project activities. The support-receiving organization shall in its accounting follow the generally accepted national accounting principles (GAAP). The audit should be carried out in accordance with the International Standards on Related Services 4400 applicable to agreed-upon procedures engagements taking into account the financing agreement signed in between Siemenpuu Foundation and [grantee], as well as relevant national legislation and standards.

Template of the Auditor's Report are attached to this Audit Instructions.

The nature of a Development Co-operation Programme/Project is as follows:

- A project is not a legal entity but an accounting subject
- It can include transactions in more than one legal entity (e.g. Partner or Subsidiary)
- It does not prepare statutory Financial Statements
- The statements under audit are the Financial Programme/Project Report and the List of Fixed Assets
- Fixed Assets are not capitalized but recorded as cost when purchased
- The Materiality Level in each audit finding is the equivalent of 200 Euros or 0,15 % of total reported expenses, if it is higher than 200 Euros.

Reporting

Template of Auditor's Report are attached to this Audit Instructions. We ask you to further send the Auditor's Report to Siemenpuu Foundation in Finland by email or by regular mail. The Agreed-upon Procedures are listed in the template of the Auditor's Report. The report has to be in English [or French/Portuguese/Spanish/Russian] (or in another language exceptionally agreed with Siemenpuu Foundation and include the findings of all of the agreed-upon procedures. ISRS 4400 report is not meant to be a standard report so each auditor should in any case adjust the report to reflect the procedures carried out and the observations made during the procedures.

[Where the text is in brackets [] it should be edited or removed.]

Auditor's Report on Agreed-upon Procedures

[To Grantee]

We have performed the procedures agreed with you and enumerated below, relating to the report on the [name of the project]. The report, totaling [total costs] [currency] for the period of [dd.mm.20yy-dd.mm.20yy], was signed by [the contact person of the grantee] on [date].

Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements taking into account the conditions set out in the financing agreement signed in [date] between Siemenpuu Foundation and [grantee]. The following procedures were performed solely to assist Siemenpuu Foundation and Ministry for Foreign Affairs of Finland in evaluating whether the report has been drawn up, and the funds have been used for intended purposes, in accordance with the financing agreement.

- 1) We obtained a mutually signed valid agreement of cooperation with Siemenpuu Foundation and [the grantee] in order to find out whether
 - the parties have a valid agreement of cooperation,
 - the agreement of cooperation has been adhered to and
 - the financial programme/project report correspond with the agreement of cooperation.

Additionally, we obtained the instructions issued by Siemenpuu Foundation including the reporting and procurement instructions and interviewed [the contact person of the grantee: name and position] whether the instructions have been adhered to.

- 2) We obtained [the grantee's] project accounting documents, a description of how the project accounting is arranged and interviewed [the contact person of the grantee: name and position] in order to find out
 - does the [the grantee] have an adequate double-entry bookkeeping system in place, including journal and general ledger, and
 - what bookkeeping software if any is used.
- 3) We obtained a documentation on working time recording and interviewed [the contact person of the grantee: name and position] in order to find out how the employee's working time recording is arranged.
- 4) We obtained the project's budget and activity plan approved by Siemenpuu Foundation and performed the following
 - compared the actual figures to the budgeted figures, and
 - checked whether the report includes explanations of budgetary deviations over 15 %.
- 5) We reconciled the financial figures presented in the financial section of the report with the project accounting in order to find out does the financial figures in the report match up with the bookkeeping. The reconciliation included matching

- the opening balance of funds between the bookkeeping and the auditor's report of the beginning of the project,
- received funds between the bookkeeping and the report,
- incurred costs between the bookkeeping and the report and
- received but unused funds between liabilities in bookkeeping and ending balance of the report.

Additionally, we reconciled the official bank account statements and cash books relating to the [project] with the bookkeeping as of [date / end of reporting period] and calculated [the grantee's] cash and reconciled the amount with the bookkeeping as of [the date of performing the agreed-upon procedures].

- 6) We ensured that the self-financing (cash, in kind or voluntary work) in the report is based on bookkeeping or adequate specifications.
- 7) With regard to the information in the cost statement, the following procedures were carried out. The procedures covered at least 30 % of the wages and salaries reported for the project and at least 15 % of the payment of wages and salaries reported for the project.
- We tested that at least 30 % of total wages and salaries are based on properly signed contracts and an adequate working time recording.
 - We tested that at least 15 % of total wages and salaries have been paid.
 - We tested social security expenses including pensions and taxes have been recorded and paid to relevant authorities in accordance with the national legislation.
- 8) With regard to the information in the cost statement, the following procedures were carried out. The procedures covered at least 30 % of the costs (other than personnel-related costs) reported for the project and at least 15 % of the payments of the costs (other than personnel-related costs) reported for the project.
- We tested that the recorded costs are based on supporting documentation,
 - We agreed the audit trail from general ledger to the project financial reporting,
 - We assessed the eligibility of costs against the funding agreement and project budget.
 - We tested that the costs were approved according to the [grantee's] [approval guidance].
 - With regard to the costs inspected, we assessed whether the procurement instructions issued by Siemenpuu Foundation have been adhered to.
 - With regard to taxes (other than personnel-related) we assessed whether they have been appropriately recorded and timely paid out to relevant authorities.
- 9) We obtained a list of fixed assets and performed the following procedures:
- We assessed if the list was maintained up-to-date.
 - We reconciled the list and the changes in the list with the bookkeeping.

Additionally, we checked that at the termination of projects adequate documents of the transfer of the fixed assets have been prepared and signed.

- 10) We interviewed [the contact person of the grantee: name and position] in order to find out the following:
- How [the grantee] ensures that the funds have not been, even temporarily, used for any other than project purposes.
 - What kind of procedures does [the grantee] have with the original documents of all valid essential contracts (e.g. agreements with authorities, rental, lease, service agreements).
 - Has there been any indication of fraud, corruption, money laundering or terrorism in any form.
- 11) Based on information we received during performing the agreed-upon procedures, we assessed whether any internal control deficiencies have come to light, which are significant in terms of project funding. If during performing the agreed-upon procedures we see a conflict between the financial section of the report and the other sections of the report, we report our observations.

We report our findings below:

- 1) In Item 1 we observed that
- the parties have [not] a valid agreement of cooperation [that was signed [date]],
 - based on our observations during this engagement the agreement has [not] been adhered to
 - the financial [project] report [does not] correspond[s] with the agreement of cooperation.
 - Additionally, we obtained [the instructions issued by Siemenpuu Foundation including the reporting and procurement instructions. Based on the interview with [the contact person of the grantee: name and position], the instructions have [not] been adhered to [if not, please specify]].
- 2) In Item 2 we observed that [the grantee's] project accounting is arranged [describe how the project accounting is arranged and comment does the [the grantee] have an adequate double-entry bookkeeping system in place, including journal and general ledger, and what bookkeeping software they are using.]
- 3) In Item 3 we observed that [the grantee's] working time recording is arranged [describe how the working time recording is arranged.]
- 4) In Item 4 we obtained the project's budget approved by Siemenpuu Foundation on [date] totaling [total budgeted costs] [currency]. We also [tested that]
- the actual figures in report is [not] in line with the budget and
 - the report [does not] include[s] explanations of budgetary deviations over 15 %.
- 5) In Item 5 we reconciled the project accounting with the financial section of the report:
- the opening balance of funds [amount, currency] [does not] match[es] between the bookkeeping and the auditor's report of the previous period [in case of not matching please specify],
 - received funds [does not] match[es] between the bookkeeping and the report [in case of not matching please specify],

- incurred costs [does not] match[es] between the bookkeeping and the report [in case of not matching please specify] and
- received but unused funds [amount, currency] [does not] match[es] between liabilities in bookkeeping and ending balance of the report. [in case of not matching please specify]

Additionally, we reconciled the official bank account statements and cash books relating to the [project] with the bookkeeping as of [date / end of reporting period] with [no differences / difference of [amount of difference] and calculated [the grantee's] cash [amount, currency] and reconciled the amount with the bookkeeping as of [the date of performing the agreed-upon procedures].

6) In Item 6 we noted that [the grantee] has locally acquired self-financing reported [amount, currency].

7) In Item 7 we tested that:

- [%] of total wages and salaries is based on properly signed contracts and an adequate working time recording,
- [%] of total wages and salaries have been paid and
- social security expenses including pensions and taxes have been recorded and paid to relevant authorities in accordance with the national legislation.

8) In Item 8 we observed that the costs tested:

- Were [not] based on supporting documentation [in case of inadequacy, please specify].
- The audit trail from general ledger to the project financial reporting was [not] [adequate and complete].
- We did [not] recognize [any] suggestions that the costs examined would not have been eligible according to the funding agreement and project budget [please specify].
- The costs were [not] approved according to the [grantee's] [approval guidance] [please specify].
- The procurement instructions issued by Siemenpu Foundation have [not] been adhered to [please specify].
- The taxes (other than personnel-related) have [not] been appropriately recorded and timely paid out to relevant authorities.[if not, please specify].

9) In Item 9 we observed that:

- The list has [not] been maintained up-to-date by the [grantee.]
- The list and the changes in the list [does not] reconcile[s] with the bookkeeping [in case of deviations, please specify].

Additionally, we ensured that at the termination of projects, adequate documents of the transfer of the fixed assets have [not] been prepared and signed. [please specify].

10) In Item 10 we inquired [the contact person of the grantee: name and position] to find out the following:

- [describe how [the grantee] ensures that the funds have not been, even temporarily, used for any other than project purposes.]
- [describe what kind of procedures [the grantee] have with the original documents of all valid essential contracts (e.g. agreements with authorities, rental, lease, service agreements)]
- [if there has been any indication of fraud, corruption, money laundering or terrorism in any form, describe specifically].

11) In Item 11 we point out that based on the information we received during performing the agreed-upon procedures, we have [not] detected any internal control deficiencies which are significant in terms of project funding [specify if internal control deficiencies have been detected]. We have [not] detected a conflict between the financial section of the report and the other sections of the report [specify if conflicts have been noted].

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance of the abovementioned issues.

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

Our report is solely for the purpose set forth in the second paragraph of this report and is not to be used for any other purpose. The report or part of it may not be copied, otherwise duplicated or be given to a third party. [However, according to the Finnish Act on the Openness of Government Activities (621/1999), the report is a public document, with the exception of business and professional secrets that the recipient has clearly labeled as commercial and professional secrets, ie. confidential information, in accordance with Section 24 para. 20 of the Act on the Openness of Government Activities. The obligation of professional secrecy does not apply to information that the Ministry for Foreign Affairs of Finland declares or gives to a third party on the basis of an authority or a law.] Our Report only applies to the report detailed above; it does not apply to the recipient's complete financial statements.

[Location and date]

[Auditing firm]

[The person responsible for the engagement]
[Authorised Public Accountant/Certified Auditor]