



Audit guide – Danish Agency for Science, Technology and Innovation

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The present Audit guide is an English translation of “Revisionsinstruks”. In the event of any inconsistency between the Danish and English language version, the Danish version prevails.

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Technology and Innovation**

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1. Introduction and definitions

This is the Danish Agency for Science, Technology and Innovation’s audit guide for grant financial statements.

CVR no. 1991 8440

It applies to grants relating to the following accounts in the Danish Finance Act, unless otherwise stated in the grant letter:

- Grants relating to the following accounts in the Danish Finance Act: sections 19.15., 19.17., 19.41., 19.42., 19.43., 19.55., 19.71., and 19.74.01.
 - Not including however, sections 19.17.04.90 GTS – Advanced Technology Group and 19.17.04.91 cofinancing of The Innovation Incubator Scheme and 19.71.01 for grants under AAL, Eurostars, Artemis/Ecsel and Industrial PhD.
- Grants awarded pursuant to act no. 696 of June 25th 2010 on the distribution of profits stemming from lotteries and horse and dog racing;
- Where a partner submits a financial statement to an administrator/coordinator regarding disbursement of grants from the administrator/coordinator.

A distinction is made between annual financial statements/periodic financial statements and final financial statements. Annual financial statements/periodic financial statements cover a period of one year or another period of time that is different from the total grant period. Final financial statements cover the entire grant period.

If the final financial statement comprises accumulated assets for the previous annual/periodic financial statements and a financial statement for the last period, the terms set out in this guide shall apply to the accumulated report, i.e. also to the accumulated assets.

All financial statements must be signed by the grant holder and an employee authorized by the enterprise/institution¹. This does not apply, however, to grants

¹ I.e. an individual who has been authorized by the administrator to undertake a specific task according to the enterprise’s/institution’s rules on authorizations. For example, an employee may be authorized by the institution’s financial controller to certify financial statements.



awarded to private individuals – i.e. where there is no administrator – in which case only the grant holder must sign the financial statements.

The following financial statements must be audited by an external auditor based on the following²:

- Annual financial statements/interim financial statements for disbursements exceeding DKK 500,000 where the administrator is a municipal or regional authority or a private individual.
- Final financial statements where a total amount exceeding DKK 500,000 has been disbursed and where the administrator is a municipal or regional authority or a private individual.

The following financial statements³ are not to be audited by an external auditor:

- Financial statements for grants where the administrator is a government institution or a Danish government-funded, self-governing institution, and where responsibility for the audit thus rests with Rigsrevisionen (the office of the Danish Auditor General). This also applies in instances where – pursuant to a Section 9 agreement on internal auditing – the audit is performed by an external, approved accountant.
- All annual financial statements for disbursements of DKK 500,000 or less.
- All final financial statements for grants of DKK 500,000 or less.

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2. Guide

Clause 1. The audit must be performed by a qualified external auditor

Sub clause 2. In case of a change in auditor during the grant period, the incoming auditor must contact the outgoing auditor, who must provide a reason for his/her resignation.

Clause 2. Auditing must be performed in accordance with generally accepted public auditing standards, as defined in Section 3 of the Danish Act on Audit of State Accounts etc. (reference: www.rigsrevisionen.dk).

Sub clause 2. The audit shall verify the correctness of the accounts and the compliance of the transactions covered by the financial reporting with the appropriations granted, statutes, other regulations, agreements and usual practice. Furthermore, an evaluation shall be made as to whether sound economic management has been applied to the administration of the funds covered by the accounts.

Clause 3. The scope of the audit depends on the administrator's administrative structure and procedures, including internal controls and other conditions of significance to financial reporting.

Clause 4. The purpose of the audit is to verify:

1. Whether the financial statement is correct, i.e. without significant errors or omissions.

² If, as a consequence of a financial statement for a given reporting period, a portion of the grant relation to that reporting period is disbursed in arrears, this disbursement will count towards the specified amount limits.

³ See footnote 2.



2. Whether the terms and conditions of the grant have been met, including the terms set out in the funding basis.
3. Whether the grant has been used for its intended purpose.
4. Whether all costs have been incurred and paid for within the set period, and whether the set period has been changed.
5. Whether the grant holder has been economical.
6. Whether the information provided by the grant holder to the granting body on the results is documented.
7. Whether the grant holder's management has prepared the analyses, evaluations and reports required by the granting body and whether the data upon which they are based are reliable.

Sub clause 2. The audit shall be based on sampling.

Clause 5. The grant holder shall provide the auditor with such information as is deemed significant to the audit of the financial statement and to the auditor's evaluation of the administration of the funds, including goals and results achieved. The grant holder shall give the auditor access to perform such inquiries as he deems necessary and shall ensure that the auditor is provided with the information and assistance which the auditor deems necessary for the performance of his professional duty.

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Clause 6. If the auditor becomes aware of any punishable offences or non-observance of regulations of significance in connection with the management of the funds, it is incumbent on the auditor to immediately inform the grant holder accordingly and to ensure that the grant holder's management informs the granting body accordingly within three weeks. Otherwise, it is the auditor's duty to inform the granting body. The auditor's comments shall be sent with the notice to the grant holder.

Sub clause 2. The same shall apply if the auditor becomes aware, during the audit or in some other way that the project's completion is uncertain on financial or other grounds.

Clause 7. The audited financial statement must include an auditor's endorsement stating that the financial statement has been audited in accordance with the rules set out in this guide. Any qualifications must be stated in the auditor's opinion.

Sub clause 2. The auditor shall prepare a report on the audit performed stating that the financial statement has been audited in accordance with the rules in this guide. This report shall include the auditor's assessment and opinion on the audit performed. The report must clearly state the financial statement and reporting period covered.

Sub clause 3. Reporting on standard financial auditing procedures should be limited to significant accounting items in the income statement and balance sheet as well as other significant accounting conditions of a special or unusual nature. The reporting shall therefore not necessarily include all the accounting procedures stated in the audit guide. The report on the review of the grant holder's business procedures, internal controls, economical approach, productivity and efficiency should contain the auditor's opinions. The report must pay special attention to the auditor's opinion on the areas which the auditor is required to verify, cf. this document.



Sub clause 4. A copy of the auditor's report must be submitted by the grant holder to the granting body together with the endorsed financial statement.

Clause 8. The Danish Agency for Science, Technology and Innovation may choose to deviate from this guide in cases of extenuating circumstances.

Clause 9. The guide shall apply from January 1st of 2015 and replaces the earlier guide of May 15th 2013.

Per Langeland Christensen
Head of Administration

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