

Declaration on public auditing – Project financial statements

Complete financial statements according to a conceptual framework that cannot be deviated from.

Financial statements covered by a conceptual framework with a special purpose.

The financial statements do not include a management's review.

The auditor's conclusions are without modifications. Going concern is not an accounting principle of the conceptual framework. If going concern is a prerequisite, the statement must be adapted.

A declaration according to ISA 700 and with the adjustments that follow from ISA 800 and chapter 2 of the Danish Executive Order on Statements Made by State-Authorised and Registered Public Accountants, other statements with certainty.

The audit has been conducted according to the Nordic Council of Ministers' audit instruction dated 1 February 2018 concerning auditing of project grants.

INDEPENDENT AUDITOR'S REPORT

To [administrative body] (beneficiary of grant) and the Nordic Council of Ministers (grant provider).

Statement on the project financial statements

Conclusion

We have audited the project financial statements for the beneficiary of grants received under the project number of the grant provider [state project number and title of the project] for the period [from dd.mm.201X - dd.mm.201x]. The project financial statements are prepared according to the guidelines in the project contract and the Nordic Council of Ministers' financial statements instruction, hereinafter referred to as "the grant provider's guidelines".



It is our opinion that the project financial statements are correct in all material respects, i.e. prepared in compliance with the grant provider's guidelines.

Basis for the conclusion

We have conducted our audit in compliance with international standards about auditing and good public auditing standards, in that the audit is conducted based on the provisions in the grant provider's auditing instruction dated 1 January 2018 for auditing of project grants. According to these standards and requirements, our responsibility is described in detail in the section of the statement "The auditor's responsibility for the audit of the project financial statements". We are independent of the beneficiary of grant in compliance with international ethical rules for auditors (IESBA's Code of Ethics), and we have complied with our other ethical obligations under these rules and requirements. In our opinion, the audit evidence obtained provides a reasonable and suitable basis for our opinion.

Emphasis of matters – applied accounting policies and limitation in distribution and use

We emphasize that the project financial statements are prepared according to the grant provider's guidelines. The project financial statements are prepared for the purpose of assisting the beneficiary of grant to comply with the financial provisions in the grant provider's guidelines. Consequently, the project financial statements may be unsuited for another purpose.

Our statement is solely prepared for the purpose of the beneficiary of grant and the grant provider and should not be surrendered to or used by other parties than the beneficiary of grant and the grant provider.

Our conclusion has not been modified as a result of these matters.

[Emphasis of matters]

Insert more if relevant, see ISA 800 and ISA 706, respectively, and section 19 of the Danish Executive Order on Statements Made by State-Authorised and Registered Public Accountants.

Other matters

In compliance with the grant provider's guidelines, the beneficiary of grant has included the budget figures approved by the grant provider as comparative figures in the project financial statements. The budget figures have not been subject to auditingⁱ.

[Other matters]

Insert more if relevant, see ISA 800 and ISA 706, respectively.



Responsibility of management for the project financial statements

The management is responsible for the preparation of project financial Statements, which are correct in all material respects, i.e. prepared in compliance with the grant provider's guidelines. The management is also responsible for internal controls that the management finds necessary for the preparation and fair presentation of project financial statements that are free of material misstatements, whether owing to fraud or error.

The auditor's responsibility for the audit of the project financial statements

It is our aim to obtain a high degree of certainty that the project financial statements in their entirety are free of material misstatements, whether owing to fraud or error, and to make a statement with a conclusion. A high degree of certainty is a high level of certainty, but not a guarantee that an audit conducted in compliance with international standards and good public auditing standards, see NMR's audit instruction dated 1 February 2018 for auditing of project grants, will always uncover material misstatements when such exist. Misstatements may occur as a result of fraud or errors and can be deemed material if it can be reasonably expected that individually or together they have an impact on the financial decisions made by the financial statement users based on the project financial statements.

As part of an audit carried out in compliance with international standards on auditing and good public accounting auditing standards, see NMR's audit instruction dated 1 February 2018 for auditing of project grants, we make professional assessments and maintain a professional scepticism during the auditing. In addition:

We identify and assess the risk of material misstatements in the project financial statements, whether owing to fraud or errors, design and perform audit procedures as a reaction to these risks and obtain audit evidence, which is sufficient and suited to form the basis of our conclusion. The risk of not discovering material misstatements caused by fraud is higher than in case of material misstatements caused by errors, in that fraud may include conspiracies, forgery, intentional omissions, misleading information or disregard of internal control.

- We obtain an understanding of the internal control with relevance for the audit of the project financial statements in order to design audit procedures suited in the circumstances, but not to be able to express a conclusion about the effectiveness of the internal control of the beneficiary of grant.



- We consider if the accounting policies applied by the management are suitable, and if the accounting estimates and related information prepared by the management are reasonable.
- We communicate with the management on i.a. the planned extent and time of the audit and considerable auditing observations, including any substantial deficiencies in internal control, which we identify during the audit.

[X town/city] (the auditor's office), [date]

[Approved audit firm]

[CVR number]

[NN]

[state-authorized public accountant/registered public accountant]

ⁱ The section will usually contain the wording "as specified in the financial statements". However, this is not the case in relation to grant financial statements.