# Template for the Engagement Letter for the Audit Report for Academic, Advanced Academic and Extended Impact Partnership

When drafting the engagement letter, the auditor and the partner institution of APPEAR funded projects (hereinafter also referred to as the ‘client’ who engages the auditor) should use the text below. The auditor and the client are free to add further arrangements which express the particularities of the project. These provisions may not in any event be, contradictory to the ‘Terms of Reference – APPEAR Audit Report’ hereinafter referred to as ‘ToR’.

## Engagement Letter for the Audit Report

*To be printed on letterhead paper of the auditor*

The following are the conditions on which <***name of the client****>* ‘the client’ agrees to engage <***name of the audit firm****>* hereinafter referred to as ‘the auditor’ to provide an independent audit report.

The client refers to the entity that is receiving part of the total grant funding and that has either signed the grant contract with the OeAD or is a project partner of the signing (coordinating) organisation.

The report is prepared for the APPEAR financed project <*title and number of the project>* hereinafter referred to as ‘the grant contract’.

Where in this letter the ‘OeAD’ is mentioned, it refers to the Austria’s Agency for Education and Internationalisation (OeAD-GmbH) in its capacity as signatory of the grant contract with the client and providing the grant funding. The OeAD is not a party to this agreement.

###### Responsibilities of the parties to the engagement

The client is responsible for providing the OeAD with a financial statement (summary of expenses and detailed cost breakdown) for the project financed by the grant contract which complies with the terms and conditions of the grant contract and for ensuring that this financial statement can be reconciled to the client’s accounting and bookkeeping system and to the underlying accounts and records. The client is responsible for providing sufficient and adequate information, in support of the financial statement. Notwithstanding the procedures to be carried out, the client remains at all times responsible and liable for the accuracy of the financial statement.

The client accepts that the ability of the auditor to perform the procedures required by this engagement effectively depends upon the client, and as the case may be its partners, providing full and free access to the client’s staff and its accounting and bookkeeping system and underlying accounts and records.

The auditor is responsible for performing the agreed-upon procedures as specified in this letter, and for submitting an independent audit report to the client.

The auditor must be independent from the client. By agreeing to this engagement, the auditor confirms that at least the following conditions have been met:

* The auditor is qualified to carry out audits of accounting documents in accordance with national legislation.
* The procedures to be performed are specified by the OeAD and the auditor is not responsible for the suitability and appropriateness of these procedures.
* The local office of the Austrian Development Agency (ADA) can be consulted for recommendations on potential audit firms. The actual engagement of the auditor is the responsibility of the respective project coordinator/contact person of the institution whose expenditures are to be audited. The decision should be based on the best price ratio and the availability of an audit firm.

###### Subject of the engagement

The subject of this engagement is to produce an Audit Report of Factual Findings in connection with the grant contract <*project number*> for the period covering <*dd mm yyyy to dd mm yyyy*> and the project entitled <*title of the project*>.

###### Reason for the engagement

The client is required to submit to the OeAD an audit report in the form of an independent certification produced by an auditor in support of the payment requested by the client in accordance with Section Schedule A | Guidelines for the Budget and Financial Report of the grant contract. The OeAD requires this report as a condition for the consecutive annual payments and the final payment requested by the client.

###### Engagement type and objective

This constitutes an engagement to perform specific agreed-upon procedures regarding an independent verification of costs claimed under the grant contract. The objective of this expenditure verification is for the auditor to carry out the specific procedures listed in the ToR and to submit to the client an Audit Report of Factual Findings. Verification means that the auditor examines the factual information in the financial statement of the client.

As this engagement is not an assurance engagement, the auditor does not provide an audit opinion and expresses no assurance. The OeAD assesses for itself the factual findings reported by the auditor and draws its own conclusions on the financial statement and the payment request of the client relating thereto.

The auditor shall include in his/her report the amount of the fees and travel and subsistence reimbursement(s) received for providing the audit report and shall certify that no conflict of interest exists between him/her and the client in establishing the report.

###### Standards and ethics

The auditor shall undertake this engagement in accordance with:

* The International Standard on Related Services (ISRS) 4400 *Engagements to perform* *Agreed-upon Procedures regarding financial Information* as promulgated by the International Federation of Accountants (IFAC).
* The *Code of Ethics for Professional Accountants* issued by the IFAC.

Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the OeAD requires that the auditor is independent from the client and complies with the independence requirements of the *Code of Ethics for Professional Accountants*.

###### Procedures, evidence and documentation

The auditor plans the work so that effective expenditure verification can be performed. The auditor performs the procedures listed in the ToR and applies these related guidelines. The evidence to be used for performing the procedures is all financial information which makes it possible to examine the expenditure claimed by the client in the financial statement. The auditor uses the evidence obtained from these procedures as the basis for the audit report. The auditor documents issues which are important in providing evidence to support the audit report, and evidence that the work was carried out in accordance with ISRS 4400 and the specific guidance provided by the OeAD.

###### Reporting

The audit report should describe the purpose, the agreed-upon procedures, the factual findings and the financial statement (summary and detailed cost breakdown) according to the budget categories in sufficient detail to enable the client and the OeAD to understand the nature and extent of the procedures performed by the auditor.

The use of the of the APPEAR template for the audit report (see website) is mandatory. This report must be provided by the auditor to <name of the client> by <date> at the latest.

###### Other Terms

*[The client and the auditor may use this section to agree other specific terms such as auditor’s fees, out of pocket expenses, liability, applicable law, etc.]*

Date:

Signature <name of the client> Signature <name of the auditor>