**BAI SPONSORSHIP SCHEME**

**MISCELLANEOUS TECHNICAL STATEMENT M45 – GUIDANCE FOR APPLICANTS**

**Introduction**

The Broadcasting Authority of Ireland (“BAI”), a sponsoring body, is adopting the Miscellaneous Technical Statement M45 - *“Grant Claims”* for all sponsorship funding provided by the BAI under the BAI Sponsorship Scheme.

This guidance is based on guidance issued by the Institute of Chartered Accountants in Ireland[[1]](#footnote-1) in July 2006 to assist reporting accountants when asked to provide reports to public bodies awarding grants or sponsorship funding. The guidance reflects good practice for sponsoring bodies and grant paying bodies to requests for accountants’ reports on grants/funding.

This guidance is for the assistance of successful applicants under the BAI Sponsorship Scheme who enter into a Sponsorship Contract with the BAI (“Contractors”) and for reporting accountants engaged by the Contractors to review the financial information provided to the BAI in support of their claims for sponsorship funding and to provide any report as required by the BAI.

This guidance should be read in conjunction with the guidance issued by Chartered Accountants Ireland entitled Miscellaneous Technical Statement M45 – “*Grant Claims*”.

Should you have any queries please contact the Sponsorship team on 01 6441200 or [jcaulfield@bai.ie](mailto:jcaulfield@bai.ie).

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# **CONTRACTORS’ RESPONSIBILITIES**

These are set out under Section 2 of the Sponsorship Contract as follows:-

1. **FINANCIAL**
   1. **Sponsorship**

Unless otherwise expressly agreed by the Authority in writing and subject to the terms and conditions of this Contract, the Authority agrees to make available to the Contractor the sum of €[ ] (“Funding”) to be applied towards the costs of the Sponsored Event/s and Activities and in return for benefits more particularly described in Schedule 1. The Funding shall be drawn down in the manner set out in Clause 2.2 and Schedule 2.

For the removal of doubt, the Authority shall be under no obligation to offer or pay money in excess of the Funding specified to the Contractor whether the development or other costs associated with the Sponsored Event/s and Activities exceed the amounts provided for in Schedule 1 or otherwise.

* 1. **Drawdown of the Funding**

The Authority shall pay:

* + 1. the first instalment of Funding prior to the commencement of the Sponsored Event/s and Activities when:-
* The Authority has received a written request first instalment of Funding; and
* Such request has been accompanied by the appropriate documentation/information (“Delivery Material”) set out in Part 1 of Schedule 3. The Delivery Material shall be submitted no later than ten days after the date of the execution of this Contract;
  + 1. the second instalment of Funding after the completion of the Sponsored Event/s and Activities when:-
* The Authority has received a written request for the second instalment of Funding;
* Such request has been accompanied by the appropriate documentation/information (“Delivery Material”) set out in Part 2 of Schedule 3. The Delivery Material shall be submitted no later than two (2) months after the date the Sponsored Event/s and Activities have been held; and
* The Authority has determined that it will not raise queries under Clause 2.3 in respect of such Delivery Material, or, if it has raised queries under Clause 2.3, the Contractor has provided satisfactory responses to such queries, whereupon the relevant Delivery Material shall be deemed to have been accepted for the purposes of this Contract.
  1. **Queries in relation to the Delivery Material**

The Authority may raise written queries in respect of any of the Delivery Material which is delivered to it. If it does so, the Contractor shall respond in writing to such queries within such period as may be prescribed for such purpose by the Authority.

* 1. **Bank Account**

Unless otherwise agreed by the Authority in writing, the Contractor shall open a separate bank account for the Sponsored Event/s and Activities and for the drawdown and receipt of the Funding with a bank approved by and account signatories approved by the Authority. No change may be made to the bank, bank account or account signatories without the prior written approval of the Authority.

* 1. **Use of Funds**

The Contractor shall only use the Funding for the Sponsored Event/s and Activities as described in Schedule 1 and for no other purpose.

* 1. **Books and Records**

The Contractor shall keep full and proper records of all receipts and expenditure relating to the Sponsored Event/s and Activities and shall retain such records, and shall retain all documents relating to such receipts and expenditure (together, the “**Books and Records**”) for a period of six years after the end of the Sponsored Event/s and Activities.

* 1. **Final Cost Statement**

The Contractor shall submit to the Authority a Final Cost Statement for the Sponsored Event/s/Activities detailed in Schedule 1 and set out:-

* A description for each line item;
* The cost for each line item;
* The amount which has been spent on each such line item;
* The amount, if any, by which the amount spent on each line item varies from the amount which was provided for such line item in Schedule 1.

The format of the Final Cost Statement shall be in accordance with such written guidance as the Authority may issue from time to time and communicate to the Contractor in writing.

* 1. **Review of Final Cost Statement**

The Contractor shall procure that the Final Cost Statement is reviewed by a qualified accountant in accordance with such written guidance as the Authority may issue from time to time and communicate to the Contractor in writing.

* 1. **Independent Accountant’s Report**

The Contractor shall procure an Independent Accountant’s Report in accordance with such written guidance as the Authority may issue from time to time and communicate to the Contractor in writing.

* 1. **Statement of Compliance**

The Contractor shall submit a Statement of Compliance in accordance with such written guidance as the Authority may issue from time to time and communicate to the Contractor in writing.

# MISCELLANEOUS TECHNICAL STATEMENT M45 – “*Grant Claims”*

The Broadcasting Authority of Ireland (“BAI”) is adopting the Miscellaneous Technical Statement M45 *“Grant Claims*” for all sponsorship funding provided by the BAI under the BAI Sponsorship Scheme.

This guidance is for the assistance of successful applicants under the BAI Sponsorship Scheme who enter into a Sponsorship Contract with the BAI (“Contractors”) and for reporting accountants engaged by the Contractors to review the financial information provided to the BAI.

This guidance should be read in conjunction with the guidance issued by Chartered Accountants Ireland[[2]](#footnote-2) entitled Miscellaneous Technical Statement M45 *– “Grant* Claims (“CA Ireland Guidance Document”).

The adoption of the Miscellaneous Technical Statement M45 *– “Grant* Claims” process imposes a duty of care on the reporting accountant to the Contractors and the BAI. **It is incumbent on the Contractor and their accountant that they both understand this liability and duty of care. The BAI expects that the reporting accountant providing the report on sponsorship funding acknowledges a duty of care to the BAI. The accountant’s agreement to the Model Terms of Engagement herein provides that acknowledgement.**

1. **Formal Engagement of Accountant**

The accountant is engaged by the Contractor to provide a report on the sponsorship funding provided in accordance with the terms and conditions of the Sponsorship Contract between the Contractor and the BAI. The Contractor should agree the Miscellaneous Technical Statement M45 process and cost with their accountant as early as possible. The BAI also recommends that a Terms of Engagement document is prepared between the Accountant and Contractor. A template Model Terms of Engagement document is provided at **Appendix One** herein and at Appendix B of the CA Ireland Guidance Document.

1. **Final Cost Statement / Accounts provided to Accountant**

In accordance with the terms and conditions of the Sponsorship Contract, the Contractor must prepare and submit a Final Cost Statement to the BAI relating to the Sponsored Event/s and Activities and supporting the claim for sponsorship funding. A template Final Cost Statement is provided at **Appendix Three** herein. This template should be provided by the Contractor to the Accountant.

1. **Work Programme**

The Accountant completes their work in line with an agreed Work Programme. A template work programme is provided at **Appendix Four** herein and at Appendix A of the CA Ireland Guidance Document.

1. **Independent Accountant’s Report and Signed Cost Statement/Accounts**

The Accountant reviews the final cost statement/s prepared by the Contractor in support of the claim for sponsorship funding and provides an Independent Accountant’s Report. The Accountant must sign both the Independent Accountant’s Report and sign and/or stamp the final cost statement and/or final accounts. An example of the Independent Accountant’s Report is provided at **Appendix Two** herein and at Appendix C of the CA Ireland Guidance Document.

1. **Statement of Compliance by the Contractor**

The Contractor signs a Statement of Compliance for the BAI. A template Statement of Compliance is provided at **Appendix Four**. This Statement of Compliance requires the Contractor to put in place, and ensure compliance with, their own internal controls.

# APPENDIX ONE –MODEL TERMS OF ENGAGEMENT

***An agreement between a contractor, its reporting accountants and the Broadcasting Authority of Ireland on these terms is formed when the accountant signs and submits a report as set out in these Terms.***

**In these terms of engagement:**

**[Insert name of Contractor], hereinafter referred to the “Contractor” refers to the person who has applied for sponsorship funding under the BAI Sponsorship Scheme and who has entered into the Sponsorship Contract with the BAI dated the [ ] day of [ ] 2018.**

**“The Accountant” refers to the Contractor’s independent reporting accountant.**

**“The BAI” refers to the sponsoring body, the Broadcasting Authority of Ireland who has entered into the Sponsorship Contract with the Contractor dated the [ ] day of [ ] 2018.**

**1 Introduction**

The Contractor is required to submit to the Broadcasting Authority of Ireland (BAI) reports as set out in Clause 4 below that are also signed by an accountant to provide independent assurance. These terms of engagement set out the basis on which the accountant will sign the report.

**2 The Contractor’s responsibilities**

|  |  |
| --- | --- |
| **2.1** | The Contractor is responsible for the completeness and accuracy of the financial information provided in support of the claim for sponsorship funding and for full compliance with all terms of the Sponsorship Contract. The Contractor is responsible for producing the (*data*), maintaining proper records complying with terms of any legislation or regulatory requirements and the BAI’s terms and conditions of sponsorship (“the sponsorship conditions”) and providing relevant information to the BAI on a basis in accordance with the requirements of the sponsorship conditions. The Contractor is responsible for ensuring that the non-financial records can be reconciled to the financial records. |
| **2.2** | The Contractor will make available to the accountant all records, correspondence, information and explanations that the accountant considers necessary to enable the accountant to perform his work. |
| **2.3** | The Contractor and the BAI accept the ability of the accountant to perform his work effectively depends upon the contractor providing full and free access to the financial and other records, and the Contractor shall procure that any such records held by a third party are made available to the accountant. |

**3 Scope of the accountant’s work**

|  |  |
| --- | --- |
| **3.1** | The Contractor will provide the accountant with such information, explanations and documentation that the accountant considers necessary to carry out his responsibilities. The accountant will seek written representation from the contractor in relation to matters for which independent corroboration is not available. The accountant will also seek confirmation that any significant matters of which the accountant should be aware have been brought to the accountant’s attention. Such representations will be attached to the accountant’s report. |
| **3.2** | The accountant will perform the procedures set out in Appendix Three of the *BAI Sponsorship Scheme - Miscellaneous Technical Statement M45* issued by the BAI.[[3]](#footnote-3) |
| **3.3** | The accountant accepts his obligation to the BAI to perform his work with reasonable care as set out under conduct of accountant’s work. The failure by the Contractor to meet its obligations may cause the accountant to qualify his report or be unable to provide a report. |
| **3.4** | The accountant will not subject the information provided by the Contractor to checking or verification except to the extent expressly stated. While the accountant will perform the accountant’s work with professional skill and care, the accountant’s work should not be relied upon to disclose all misstatements, fraud or errors that might exist. |
| **3.5** | Subject to any adverse findings, the accountant will produce a report in the form set out in Appendix Two of the *BAI Sponsorship Scheme - Miscellaneous Technical Statement M45* issued by the BAI. |

**4 The accountant’s report**

The accountant’s report is prepared on the following basis:

|  |  |
| --- | --- |
| **4.1** | The accountant’s report/s are prepared solely for the confidential use of the Contractor and the BAI and solely for the purpose of submission to the BAI in accordance with the terms and conditions of the Sponsorship Contract between the Contractor and the BAI. They may not be relied upon by the contractor or the BAI for any other purpose except as provided in 4.2 below; |
| **4.2** | The BAI may only disclose the reports to others who have statutory rights of access to the report; |
| **4.3** | Neither the Contractor nor the BAI may rely on any oral or draft reports the accountant provides. The accountant accepts responsibility to the Contractor and to the BAI for the signed Independent Accountant’s Report; |
| **4.4** | The Independent Accountant’s Report must not be recited or referred to in whole or in part in any external document (including, without limitation, any publication issued by BAI with the prior written approval of the accountant); |
| **4.5** | Except to the extent required by court order, law or regulation or to assist in resolution of any court proceedings, the accountant’s report must not be made available, copied of recited to any other person outside the BAI (including, without limitation, any person who may use or refer to any of the BAI’s publications); |
| **4.6** | Except as provided by 4.2 herein, the firm of accountants, it partners and staff neither owe nor accept any duty to any other person (including, without limitation, any person who may use or refer to any of the BAI’s publications) and shall not be liable for loss, damage or expense of whatsoever nature which is caused by their reliance on representations in the accountant’s reports. |

**5 Liability Provisions**

|  |  |
| --- | --- |
| **5.1** | The accountant will perform the engagement with professional skill and care in accordance with Fundamental Principles established by the accountancy bodies, which require that accountants   * Behave with integrity in all professional business relationships. Integrity implies not merely honesty but fair dealing and truthfulness; * Strive for objectivity in all professional and business judgements. Objectivity is the state of mind which has regard to all considerations relevant to the task in hand but no other; * Not accept or perform work which they are not competent to undertake unless they obtain such advice and assistance as will enable them to competently carry out the work; * Carry out professional work with due skill, care diligence and expedition and with proper regard for the technical and professional standards expected of them as members of a professional body; and * Conduct themselves with courtesy and consideration towards all with whom they come into contact during the course of performing their work. |
| **5.2** | The accountant acknowledges that he will be liable to the Contractor and the BAI for losses, damages, costs or expenses (“losses”) caused by its breach of contract, negligence or willful default, subject to the following paragraphs. |
| **5.3** | The accountant will not be so liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the accountant, except where, on the basis of the enquiries normally undertaken by an accountant with the scope set out in these terms of engagement, it would have been reasonable for the accountant to discover such defects. |
| **5.4** | Any claims, whether in contract, negligence or otherwise, must be formally commenced within 6 years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action. |
| **5.5** | This engagement is separate from and unrelated to the accountant’s audit work on the financial statements of the Contractor for the purposes of the Companies Act 1963-2012 or other legislation and nothing herein creates obligations or liabilities regarding the accountant’s statutory audit work, which would not otherwise exist. |

**Fees**

The accountant’s fee together with VAT and out of pocket expenses, will be agreed with and billed to the Contractor. BAI is not liable to pay the accountant’s fees.

**Quality of service**

The accountant will investigate all complaints made known to him. The BAI or the Contractor have the right to take any complaint to the Chartered Accountants Regulatory Body. The BAI or the Contractor may obtain an explanation of the mechanisms that operate in respect of a complaint to this body from the Chartered Accountants Ireland website.

**6 Applicable law and jurisdiction**

* 1. This agreement shall be governed by and interpreted and construed in accordance with Irish Law.
  2. The Contractor, the BAI and the accountant irrevocably agree that the courts of Ireland shall have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) which may arise in connection with the validity, effect, interpretation or performance of, or the legal relationship established by this agreement or otherwise arising in connection with this agreement.

**7 Alteration of Terms**

Additions, amendments and variations to these terms of engagement shall be binding only if in writing and signed by the duly authorised representatives of the parties. These terms supersede any previous agreements and representations between the parties in respect of scope or the accountant’s work and the accountant’s report or the obligations of any of the parties relating thereto (whether oral or written) and represent the entire understanding between the parties.

# APPENDIX TWO – EXAMPLE OF INDEPENDENT ACCOUNTANT’S REPORT CONTAINING UNQUALIFIED CONCLUSION

**Independent accountant’s report to the BAI and to (Insert name of Contractor) (“Contractor”) on the financial information supporting a claim of sponsorship funding by the Contractor from the BAI under the** **Sponsorship Contract dated the [ ] day of [ ] 2018.**

We have completed the procedures agreed in our letter of engagement dated the [ ] day of [ ] 2018 in relation to the financial information contained in the attached Final Cost Statement and/or Final Accounts supporting the Contractor’s claim for sponsorship funding in the sum of € made under the Sponsorship Contract dated the and signed on behalf of the BAI and the Contractor on that date*.*

**Respective responsibilities of the Contractor and accountants**

The Contractor is solely responsible for providing the BAI with a statement setting out relevant financial information, prepared in accordance with the Sponsorship Contact. The Contractor is responsible for providing accurate and reliable details of expenditure for which sponsorship funding is sought. Our responsibility is to carry out the agreed procedures and to report our conclusions based on those procedures to you.

**Procedures**

Our work was undertaken in accordance with Miscellaneous Technical Statement M45 – *“Grant Claims”* and consisted, where applicable, of procedures set out in Appendix A to that document. Our procedures included obtaining representations from the Contractor in relation to certain judgemental matters.

These procedures do not constitute an audit, were restricted to the matters specified in the Final Cost Statement made in support of the Contractor’s claim for sponsorship funding and did not extend to Contractor’s financial statements taken as a whole. Therefore this report does not express any assurance in relation to the financial statements of the Contractor.

The report is made solely to the Contractor and the BAI in accordance with our contract.[[4]](#footnote-4) Our work has been undertaken so that we might report to the Contractor and the BAI on those matters we are required to state to them in an accountant’s report on the claim for sponsorship funding and for no other purpose. Our report is addressed to the BAI solely for its use in fulfilling its responsibilities for proper application of funding under the BAI Sponsorship Scheme. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the contractor and the BAI for our work, for this report, or for the opinion we have formed.

**Conclusion**

Based on the procedures set out above, in our opinion, the Final Cost Statement are consistent with the records we inspected and has been prepared, in all material respects, in accordance with the requirements set out in the Sponsorship Contract dated the [ ] day of [ ] 2018 between the Contractor and the BAI.

**Accountant Signature Date**

**APPENDIX THREE**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Example Final Cost Statement** *initial preparation by Contractor which is reviewed and signed / stamped by the Accountant.* | | | | | | | | | |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

**FINAL COST STATEMENT RELATING TO SPONSORED EVENT/S AND ACTIVITIES**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Event/s and Activities Description** | **Dates** | **Estimated Cost/s[[5]](#footnote-5)** | **Actual Spend** | **% Variance** |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |

**Accountant Signature/Stamp**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Date**

# APPENDIX THREE - REPORTING ACCOUNTANT’S RECOMMENDED WORK PROGRAMME

An accountant should use professional judgement when undertaking the procedures set out in the following work programmes and may carry out additional procedures if considered appropriate to do so in the light of particular circumstances.

Completion of these procedures is considered sufficient as the basis for an accountant's report on a claim for sponsorship funding (“Funding”) under the BAI Sponsorship Scheme in normal circumstances. If, in exceptional cases, an accountant forms the view that the work programme requires amendment, the accountant should inform the BAI of the proposed alternative programme in writing and obtain its written agreement prior to commencing work.

**Work Programme**

|  |  |
| --- | --- |
| **Task** | **Complete** |
| Read and note the terms and conditions of the Sponsorship Contract. Where there is a lack of clarity in relation to any aspect of the terms of the Contract, the accountant should request the Contractor to seek clarification from BAI. |  |
| Obtain a copy of the Final Cost Statement and assess whether the classes of expenditure are worded consistently with the terms set out in the Sponsorship Contract. |  |
| Enquire about and document the process by which the Contractor identifies each class of expenditure.   * Identify controls operated in that process * (Where relevant) undertake walkthrough tests to establish that such processes/procedures operate as expected * Determine the extent to which reliance can be placed on the operation of those controls for the purpose of reporting on the expenditure |  |
| For expenditure on payroll costs (if included), obtain schedule of relevant costs and   * Agree totals to Contractor’s books of account * Check arithmetical accuracy * Test operation of relevant controls over determination of relevant payroll * Trace a sample of payments from schedule to payroll records and to bank records evidencing payment * If relevant, examine employment contracts establishing identity, employment status and role of the personnel identified in the sample above and named in the claim for Funding * Assess whether information concerning employee’s role in the employment contracts examined appears consistent with expenditure eligible for Funding |  |
| For expenditure other than payroll, obtain a schedule of relevant costs and   * Agree amounts to Contractor’s books of accounts * Check arithmetical accuracy * Test check controls over compilation of relevant costs * Trace a sample of payments to source third party invoices or other appropriate source documents and to bank records * Assess whether source documents indicate that expenditure falls within approved categories as set out the Sponsorship Contract |  |
| Obtain such explanations and information from the Contractor as considered necessary to assess whether expenditure incurred and paid and/ or employment numbers meet(s) terms and conditions of Sponsorship Contract. |  |
| Consider the results of the work performed and whether evidence obtained in the course of carrying out these procedures warrants expression of a reservation concerning information in claim for Funding. Prepare a report[[6]](#footnote-6) appropriately reflecting conclusions drawn. |  |

# APPENDIX FOUR – CONTRACTOR’S STATEMENT OF COMPLIANCE (Template)

(Insert name of contractor) hereby confirms to the best of our/my knowledge the following representations given to you in connection with the sponsorship funding of € (insert amount) and signed on (insert BAI contract signing date) for the agreed Sponsored Event/s and Activities are as follows:

* All costs are directly connected with the Sponsored Event/s and Activities as provided for in Schedule 1 of the Contract;
* Costs were generated during the dates specified in Schedule 1 the Contract;
* Costs are reasonable, justifiable and comply with the principles of sound financial management, in particular in terms of value for money and cost effectiveness;
* Costs are identifiable and verifiable and backed up by original supporting documents;
* Travel, accommodation, daily allowance/ per diem costs for contributors, organisers or participants in the Sponsored Event/s and Activities are, where possible, in line with Revenue Commissioners’ rates;
* Petty cash expenses are supported by receipts;
* A dedicated bank account was used for the Sponsored Event/s and Activities, unless otherwise agreed in writing with the BAI;
* Personal credit cards were not used to pay for costs or expenses associated with the Sponsored Event/s and Activities;
* An Independent Accountant’s report has been furnished to the Broadcasting Authority of Ireland.

Signed for and on behalf of

[insert name of Contractor]

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Now “Chartered Accountants Ireland”. [↑](#footnote-ref-1)
2. Formerly “The Institute of Chartered Accountants in Ireland”. [↑](#footnote-ref-2)
3. It is anticipated that the standard procedures in the Recommended Work Programme at Appendix Three will ordinarily apply. In circumstances where the BAI may consider amended procedures appropriate, it will set out its expectations in the letter of offer or Sponsorship Contract. In such circumstances, this paragraph will be amended to reflect the varied scope of the accountant’s work. [↑](#footnote-ref-3)
4. [see Model Terms of Engagement] [↑](#footnote-ref-4)
5. As per the application and/or agreed budget. [↑](#footnote-ref-5)
6. See Independent’s Accountant’s Report Template [↑](#footnote-ref-6)