Deltek Maconomy®

Statutory Summary by Country

Version: 2021.09

September 24, 2021

Contents

Overview

This document provides a summary of the statutory requirements for a country and its related Maconomy support. The information is general and not customer-specific in that we do not describe system parameters, job setup requirements, and so on, unless there is a statutory reason to outline this level of detail. This includes core application, reporting, and VAT requirements that were developed in support of these statutory requirements. Note that the basis for these statutory requirements was a formal ISAE 3000 audit completed by BDO. Deltek has a retainer agreement with BDO to provide said audit.

Scope and Objectives

This document ONLY outlines the areas of statutory requirements identified by BDO as mandatory. There are business requirements used in these countries that are not included in the scope of this document, as they were not outlined by BDO as statutory.

The scope of the work is limited to the review of the design and implementation of the Deltek Maconomy Solution 2.2.1, 2.3, or 2.4 (with a primary focus on accounting and financial reporting) to meet key statutory accounting requirements.

Based on this work program, they assessed Deltek Maconomy's support of the requirements. Their review does not provide any form of assurance. They did not perform a system audit or a software certification. Therefore, they are not able to provide any form of assurance related to the system of internal controls. Nevertheless, they have identified any shortcomings in the system of internal controls as they may have encountered during the work they performed.

Additional Information

> **Attention:** Deltek does NOT act in the capacity of an accounting or tax advisor to customers or other parties. Accordingly, customers need to reach out to their accountants or tax advisors in order to ascertain the impact of these requirements on their business.

Subject to Change

This document is subject to change as statutory requirements may be updated, and/or new developments may arise from communications with BDO and/or Services that require document changes.

About Deltek

Deltek is a global provider of enterprise resource planning software and information solutions for professional services firms. As a fully-integrated, end-to-end ERP solution, Deltek Maconomy supports large, project-driven firms through the complete project lifecycle to help manage and measure critical business functions. Deltek's expansion to the international market requires that Deltek Maconomy comply with key statutory accounting requirements. This document lists specific details to show that Deltek Maconomy meets key local financial requirements.

About this Report

This report details Deltek's level of support of key accounting requirements for each country, which confirms for present and future prospects that Deltek Maconomy supports the requirements detailed herein, and is possible for use for financial registration in these countries.

> **Attention:** Any references to future product enhancements or plans that are shared in this document do not represent a commitment on the part of Deltek to deliver the new functionality that is mentioned, nor does it obligate Deltek to deliver any new functionality within any specific timeframe.

Australia

Audit Date

BDO Australia has reviewed the application between October 2, 2018 and December 14, 2018. A detailed work program was developed for the review of Deltek Maconomy Solution 2.4, based on the scope and objectives described for the audit.

Level of Localization Support

Australia is considered a FULL country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Full –** ISAE certification obtained via BDO or other third-party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable exceptions include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

The majority of the testing was based on Australian VAT requirements as Australia follows IFRS from an accounting perspective.

From BDO Australia:

Through walkthroughs and inspection of the application and inquiry, we understand that the application is highly configurable. Details of currency, customer details (including an area that links the company to specifically set up tax codes), supplier details, applicable tax codes, tax types, tax rate, posting reference, job master data, and invoice layouts are defined within the application for each company and country.

Further inspection of the system confirmed that Maconomy has the ability to post all entries automatically as they are marked complete together with the manual posting process for specified journal types (general, asset, and vendor as examples), within the 'Parameters' tab. Posting areas are configured for manual entries to be done. A walkthrough of the application confirmed that the invoice amounts match the posting, which in turn ties back to the General Ledger (GL) line item. We also noted that the system is able to pick up the same tax rule and activity task combination that was configured during setup and initial configuration, to link the sub ledger to the GL.

Access provisioning process has been clearly defined with concepts of user role setup and maintenance, such that segregation of incompatible duties is maintained. Password parameters and login controls are managed and defined by individual companies. There are additional screen level access controls in place which provide or restrict access to screens and data as required. The application also provides provisions to set up an approval hierarchy as required by each company.

As outlined above, there are a few additional parameters that would be required to be implemented to align the application with Australian Accounting standards. We would recommend including the remediation of these gaps in the next version of the application, to get Maconomy in line with the guidelines stated in the standard.

Deltek

BDO's testing is broken out into the following areas:

1. **Financial Reporting Framework**

   a. **Entity Types: Discussed further below**

   b. **General Purpose Financial Statements (GPFS)**

      i. **Fiscal Year:** Ends June 30th but can extend into a 13th month.

         Status: Supported.

      ii. **Closing of Fiscal Year:** According to the Accounting standards defined by the Australian Accounting Standards Board (AASB), there is no restriction on posting entries or data files for the period when book of accounts is closed.

         Status: Supported.

      iii. **General Guidelines:** According to AASB 101, financial statements should be identified prominently from other information included in annual reports.

      iv. **IFRS:** The Australian Accounting Standards Board (the AASB) issues accounting standards under section 334 of' the Corporations Act 2001. These accounting standards are largely, if not entirely, based on International Financial Reporting Standards (IFRS).

         Status: Overall Supported. Maconomy will need to make some report adjustments. .

      v. **Financial Statements Documentation**

         - A statement of financial position as at the end of the period;

         - A statement of profit or loss and other comprehensive income for the period;

         - A statement of changes in equity for the period;

         - A statement of cash flows for the period.

            Status: Overall supported. Maconomy does not create notes to financials, but a client's external auditor would prepare those as part of the audit, review, or compilation.

      vi. **Journal:** Journal report is a double-entry accounting report that allows you to review monthly transactions and breaks the accounts down into an easy-to-read summary of all transactions and is used for record keeping and reference for future reconciliations.

         Status: Supported.

      vii. **Bank Reconciliation:** Bank Reconciliation is the process of matching balances in an entity's cash accounting records to the corresponding information on the bank statement.

         Status: Supported.

2. **Fixed Assets:** The Fixed Assets register is a record of assets on hand including current period and accumulated depreciation and net book value, reconciled to the General Ledger fixed asset control accounts. Fixed Asset disposals are recorded with the sale proceeds and gain or loss on disposal.

   Status: Supported.

3. **Special Purpose Financial Statements (SPFS)**: Special purpose financial statements (SPFS) may or may not comply, or partially comply, with recognition and measurement, presentation, and disclosure requirements of Australian Accounting Standards.

   Status: Overall supported. Maconomy does not create notes to financials, but a client's external auditor would prepare those as part of the audit, review, or compilation.

4. **Reports**

Deltek

a. **Trial Balance:** The Trial Balance is a list of closing balances of ledger accounts on a certain date and is the first step towards the preparation of the financial statements.

Status: Supported.

b. **Debtors Aged Trial Balance (ATB)**: The accounts receivable ATB is a report that presents the balances outstanding by customer analyzed by time periods depending on the age of the debt.

Status: Not supported with this business requirement (not Statutory). We need to add due date, client contact details, and outstanding VAT payable by client.

PBI 1059995 created to get this in place.

c. **Creditors Aged Trial Balance (ATB):** The accounts payable aged trial balance is a report that presents the balances outstanding by supplier analyzed by time periods depending on the age of the debt

Status: No support with this business requirement (not Statutory). We need to add due date, vendor contact details, and outstanding VAT receivable by vendor.

PBI 1055975 and PBI 1055959 are created to get this in place.

d. **WIP Reporting:** Work in progress (WIP) is billable time and expenses that have been recorded against a client assignment or matter but have not yet been invoiced, or have been partially invoiced. An interim fee can be raised as a credit against WIP and would present as a credit against time entries, which is offset when a final fee is raised.

Status: Supported.

5. **VAT:** AUS VAT requirements are numerous and noted below in detail.

Status: Supported.

Austria

Audit Date

BDO Austria reviewed Maconomy version 2.4.2 in the period from April 2019 to June 2019.

Level of Localization Support

Austria is considered a BASIC country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic** — Gap analysis obtained via BDO or other third party accounting adviser, product setup guide available; gaps closed through Localization Package from Deltek Global Consulting (via extensions, custom reporting, etc.)

Summary of Findings

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section below.

1. **Accounting Transactions** — For every accounting transaction, there has to be an accounting event description, an actual amount or a product of quantity and value, as well as the date of the accounting event and a form of authorization with user identification.

   a. Accounting transaction must be in chronological order.

   b. Account number must be automatically assigned.

   c. Transactions cannot be deleted after posting.

   d. Corrections can only be made to posted transaction by a reversal of the original entry with full audit trail.

   Status: Supported. Maconomy is able to meet the minimum AAB transactional requirements. Thru the use of the combined/Sequence number functionality based on the entry, Maconomy is able to meet the chronological order requirement.

2. **Totaling and Traceability** — The traceability of all totals has to be possible. This derives from the possibility to display the product of quantity and value mentioned in requirement #1.

   Status: Supported.

3. **Documentation** — Documentation has to include a user documentation, including general description of scope, modules and their interdependencies; type and meaning of input fields, processing rules, as well as reporting rules.

   Status: Supported.

4. **Chart of Accounts** — A statutory chart of accounts is required in Austria.

   Status: Supported. Maconomy is able to accommodate this requirement through the local chart of account of local specification functionality (before 2.3).

5. **Logging**

   a. Activity Logging

   b. Master Logging

   c. Setup logging

d. Parametrization Logging

Status: Supported.

6. **VAT** — Four different VAT rates (0%/10%/13%/20%) exist in Austria; there are different legal reasons for them to be applied, which must be stated when selecting them to enable the correct account selection. Due to customs-agreements with Germany, the German VAT rates have to be available, as well.

     Status: Supported.

7. **Fixed assets (Valuation)** — Assets must be valued based on their useful lives and the method of depreciation available at setup. Depreciation periods and economic useful lives must have the ability to be changed over the life of the asset.

     Status: Supported.

8. Accounting and Statutory Periods

a. Accounting periods must be maintained in the systems. Entries cannot be made to closed periods.

b. Statutory periods must be maintained and all accounting entries must be completed in the books 45 days after month end.

     Status: Supported.

9. **Journaling and Ledgers** — The accounting transactions must be documented in the journal with all the details required to fulfill the record function.

a. For every account, an account description must be configurable.

b. For each transaction on an account a systematic traceability/identification, individual amounts, totals and balances (debit/credit), as well as posting date, posting event date, the contra account, a link to the receipt and a posting text is necessary.

c. For totaled postings, all individual postings must still be verifiable.

d. It should be possible to use the exchange rates published by the Oesterreichische National Bank (OeNB) in the system.

e. It should be possible to use the Austrian chart of accounts, as stated in the KFS/BW6 (see reporting section below)

     Status: Supported.

10. **Importing and Exporting of Data and Reporting** — Austria follows the IFRS reporting requirements.

a. It must be possible and traceable to process the import of legacy data and the export of all current data, including checks.

b. There is no E-Bilanz requirement yet in Austria.

c. All reports must have the ability to be exported into a CSV format.

d. This section is not reported in detail below, as the requirements are self-explanatory.

e. Data must be stored for at least seven years under AT rules.

     Status: Supported.

11. General IT and Application Controls

a. A sufficient IT control environment (adjustability to company processes, segregation of duties, development, operation, departments) is necessary.

b. The control areas for changes include authorization, reasonable development and testing procedures, including documentation with user involvement and a reasonable segregation of duties.

c. Input controls must ensure proper processing of reports from databases or interfaces and include:

- Field controls (Date control, mandatory/optional fields, and so on)

- Complex controls (Credit/debit-controls, legitimacy of transaction due to the authorization concept, and so on)

- Processing controls for the detection of errors, triggering of corrective actions, and output controls.

  Note that this section is not covered below as this was detailed in the ISAE 3000 audit completed in May 2019.

Status: Supported.

Belgium

Audit Date

BDO Belgium examined the application in relation to local Belgian statutory requirements as of October 1, 2016. A detailed work program was developed for the review of Deltek Maconomy Solution 2.3, based on the scope and objectives for the audit.

Level of Localization Support

Belgium is considered a Full country, as defined below, and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Full** – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification. Notable underlined exceptions include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification is obtained as a foundational step, but is not necessarily maintained across later versions.

Summary of Findings

The majority of the testing was based on the Belgian Accounting Law (BAL). Overall, Maconomy supports most areas of the BAL with further details outlined below.

BDO's testing is broken out into the following areas:

1. **Financial:** This consisted of the system's ability to handle multiple companies, ledgers and sublegders, debtor/creditor management, data management, and authorizations.

   Status: Supported.

2. **Transactions and Journal (Document) Number Sequencing**: The different types of transactions are segregated from each other in the software. According to Belgian accounting law, transactions must be categorized in different journals (purchases, sales, and financial and miscellaneous transactions). The transactions in these journals are numbered consecutively and without interruption.

   Status: Supported from version 2.3 forward.

3. **Approval of Transactions:** The system should be able to allow for approvals based on function (employee position), transactions, setup, and related criteria.

   Status: Supported.

4. **Financial Aspects:** The software ensures that financial data is accurate and complete.

   Status: Supported. Need to ensure auto posting is enabled.

5. **Journal Entries:** The Journal entries are uniquely identifiable.

   Status: Supported.

6. **Currency:** The mechanism works as implemented, which ensures that transactions based on foreign currencies are processed completely with an accurate exchange rate.

   Status: Supported.

7. **VAT and VAT Reporting:** VAT is processed accurately and completely.

    Status: Supported.

8. **VAT Updates.** To encourage the purchase of bikes, a law has been adopted to reduce the applicable VAT rate on the supply of bicycles, motorised bicycles, and pedelecs (if they are electrically empowered) to 6%.

    Status: Supported.

9. **Cost Centers and Cost Units:** Costs are charged accurately and completely to cost centers.

    Status: Supported.

10. **Budgets:** Budgets within the system are auditable.

    Status: Not required, but Maconomy has the ability.

11. **Accounting Years and Periods:** The use of accounting periods and years are complete and accurate.

    Status: Supported.

12. **Financial Information:** The software ensures reliable information.

    Status: Supported.

13. **Financial Reporting:** The software ensures accurate and reliable reports that include metadata such as company name and related information.

    Status: Supported.

14. **Customer Listing (Webl):** The purpose of the report is to list financial posted amounts and their tax amounts, for a specific company and calendar year.

    Status: Supported.

15. **Belgium Intra Community Listing Report:** It is a statutory requirement in Belgium to have a report that provides finance and tax amounts distributed by customer. The report needs to be in a certain XML format.

    Status: Supported.

16. **Intra Community Listing (Webl):** The purpose of the report is to list financially posted amounts and their tax amounts, for a specific company and fiscal year. The data are organized so that the associated customer is displayed.

    Status: Supported.

17. **Belgium Tax Declaration Report:** It is a statutory requirement in Belgium to have a report that provides tax declaration distributing tax amounts into different categories that follow the field names of the tax declaration.

    Status: Supported.

18. **Periodic VAT Return:** The purpose of the periodic VAT return is, among other things, to inform the administration of the amount of transactions carried out at customers (outgoing transactions), and the VAT due on these transactions and the amount of the transactions with suppliers (incoming transactions) and the amount of the deductible VAT on them.

    Status: Supported.

19. **Tax Declaration (Webl):** The purpose of the report is to list financially posted amounts and their tax amounts, for a specific company and fiscal year. The data are organized so that the associated customer is displayed.

Deltek

Status: Supported.

20. **Fiche 281.50 Report:** The Fiche 281.50 is a statutory filing made to the Belgium tax authorities reporting vendor payments >= 125EUR made to 3rd party vendors that do not have a Belgium tax ID #, and Belgium customers (with or without tax code) that receive rebates >=125EUR.

   Status: Supported.

21. **Financial Bookings:** The software ensures reliable information.

   Status: Supported.

Brazil

Audit Information

For the GAP analysis BDO Brazil audited Maconomy version 2.1.0 using an in house Maconomy demo system. The Brazilian tax setup was reviewed with BDO in a 2.3 Beta system.

Level of Localization Support

Brazil is considered a Basic country, as defined below, and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic** – Gap analysis obtained via BDO or other third party accounting adviser, product regulatory guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.).

Summary of Findings

1. **Customers & Suppliers Registration (CNPJ)** — Customers and suppliers in Brazil must have a 14 digit Tax ID number known as a Federal Registration number or CNPJ in the following format: "00.000.000/0000-00

   Status: Supported.

2. **VAT & Credit Memo & Cancellation of Service Invoices**

   Status: Supported.

3. **Fiscal Year in Brazil** — The Fiscal year in Brazil is a mandatory calendar year starting 1/1/XX and ending on 12/31/XX.

   Status: Supported.

4. **Bookkeeping** — It is mandatory in Brazil to file an electronic version of the bookkeeping, which must contain the general ledger, the balance sheet and the P&L of the corresponding fiscal year.

   Status: Supported.

5. **Currency** — The local functional currency is the Brazilian Real (BRL).

   Status: Supported.

6. **Reporting Support and XML Files** — Address the Intrastat reporting needs of Brazil.

   Status: Supported.

7. **Language** — Brazilian law (Decree Law # 486/1969.) requires that the system and reporting be in Brazilian Portuguese.

   Status: Not supported. It should be noted that Brazilian Audit and tax authorities could request that the system be translated into Brazilian Portuguese which Maconomy handles via the language translation.

Canada

Audit Date

BDO Canada has examined the application between June 11, 2018 and September 30, 2018. A detailed work program was developed for the review of Deltek Maconomy Solution 2.3, based on the scope and objectives described for the audit.

Level of Localization Support

Canada is considered a Basic country as defined below, and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic** – Gap analysis obtained via BDO or other third party accounting adviser, product setup guide available; gaps closed through the Localization Package from Deltek Global Consulting (via extensions, custom reporting, and so on.)

Summary of Findings

The majority of the testing was based on Canadian VAT requirements, as Canada follows IFRS from an accounting perspective.

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section below.

1. **VAT**

   a. Quebec Sales Tax

   b. Tax rates for services and software

   Status: Not supported.

2. **Miscellaneous VAT**

   a. PST Exemptions

   b. VAT rate format

   c. Meals & Entertainment and Telecommunications, Energy, Road:

   d. Valid registration number for users

   e. VAT reports

   Status: Supported in all areas.

3. **Disbursements** — Show GST/HST and QST on disbursements.

   Status: Not supported until an option is available that will allow the user to identify whether a disbursement is being invoiced as an input to provide the service, and therefore subject to the same rate as the underlying service, or as agent on behalf of the user, and therefore not subject to additional collections of taxes.

4. **Invoice Layout** — Invoicing, although not legislated, requires specific field inclusions to ensure customers are able to recover applicable taxes. Invoice fields must have the ability to:

   a. Show base amount on which taxes are payable

   b. Show name of tax (e.g., GST/HST, QST, PST)

    c. Show rate of tax, invoice date, invoice total, supplier name, GST/HST, QST & PST registration number of vendors

    d. Have different tax rates apply to different line items, recipient's name, terms of payment, and description of supply sufficient to identify it

Status: Supported in all areas.

5. **T4A** — Businesses are required to issue Form T4A to certain suppliers of a business.

    Status: Supported. The T4A is similar to the US 1099 MISC report in 2.4.3 as a standard report.

6. **Chart of Accounts** — Canada has no mandatory chart of account requirements.

7. **Financial Statements & Annual Reports** — Canada follows the IFRS financial reporting standards. Please reach out to chrisgirardin@deltek.com if you need IFRS report formats.

    Status: There are no specific Canada statutory reports required.

    a. **Annual reports** - For listed companies are prepared by internal and external auditors.

    Status: Maconomy is able to produce the data with which to prepare these reports in terms of balance sheet, P&L, statement of cash flows.

8. **Fixed Assets** — Canada follows IFRS. This means that effective 1/1/19, IFRS 16 which covers the new leasing requirements, goes into effect for most companies. Customers should reach out to their external auditors to ascertain if the requirements apply to them. Deltek Maconomy has received am ISAE 3000 audit for both IFRS 15 revenue recognition and 16 leasing. Please reach out to chrisgirardin@deltek.com if you require more details.

China

Audit Date

BDO China examined the application between December 4, 2017 and March 29, 2018. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1, based on the scope and objectives described for the audit.

Level of Localization Support

China is considered a Basic country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic** – gap analysis obtained via BDO or other third party accounting adviser, product regulatory guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.).

Summary of Findings

The majority of the testing was based on the Chinese Accounting Standard (CAS).

Overall, Maconomy supports most areas of the CAS with further details outlined below.

BDO's testing is separated into the following areas and is discussed in detail in the Requirements section.

> **Note:** All Chinese reports MUST BE IN CHINESE to be supported.

1. **Statutory Accounting Requirements**
   a. General principles
   b. Chinese Character
   c. Currency
   d. Accounting year
   e. Initialization
   f. Equivalence of Debits and Credits
   g. Standard Local Chart of Accounts

   Status: Supported, except for Chinese Characters in simplified Chinese. Maconomy will support once the language pack is in place.

2. **Statutory Data Entry**
   a. Source document entry function
   b. Journal function and printing requirements
   c. Journal entry and numbering
   d. Ledger function and printing requirements
   e. Diary function and printing requirements

   Status: Several areas are not supported.

3. **Financial Reporting** — PRC GAAP requires that a full set of financial statements (BS, P&L, and Statement of cash flows (direct method only)) be in a certain format.

   Status: Not supported until reports are created and reviewed.

4. **VAT** — Maconomy needs to be able to handle multiple VAT receivable and payables combinations, as well as integrate (clients responsibility) with the Chinese government Golden III tax system.

   Status: Supported with tax codes, not with Golden III, but that is not an ERP statutory requirement, as outlined in the Certifications section.

5. **VAT Codes:** China launches output VAT and input VAT system: Basic VAT rate, Lower VAT rate, and Zero tax rate.

   Status: Supported.

6. **Interface with E-Tax Filing System:** China taxpayers who are obliged to submit periodic returns, including VAT, corporate income tax, and other tax in E-tax filing system at monthly, quarterly or annual base. All the filing information should be manually input in the E-tax filing system.

   Status: There is no mandatory requirement to set up an interface between an accounting system and the E-tax filing system. While in practice for commercial purposes, certain potential Maconomy customers in China may require the software provider to link the two system.

7. **VAT Accounting Requirements:** VAT accounts and entries needed for PRC GAAP support.

   Status: Maconomy GL/Tax Code mappings can handle these entries.

8. **Bookkeeping and Archiving of Electronic Accounting Vouchers** — Maconomy needs to be able to archive various electronic accounting vouchers for reimbursement.

   Status: Supported through document archiving.

9. **Statutory Application Reporting requirements** — Maconomy needs to be able to integrate with *Financial Information Technology-Data Interface of Accounting Software by uploading the details below in an XBRL format.*

   a. Public records

   b. Ledger

   c. Accounts receivable and accounts payable

   d. Fixed assets

   e. Payroll –NA for Maconomy

   Status: Not supported until we create the report mappings and convert to XML.

10. **Certifications** — According to Chinese accounting regulations, it is the accounting software purchaser's responsibility, not the software provider, to register the accounting software's application documents to local finance bureau together with the purchaser's accounting documents when implementation of the software.

    Also, note that an ISAE 3000 is not required in China for Maconomy support. BDO China recommends that we create the Chinese statutory reports and have BDO China review and provide written comments so that we can establish a baseline on the reports.

    Status: Not applicable.

Denmark

Audit Date

BDO Denmark obtained reasonable assurance and reported on the description of Deltek Maconomy as of 8th March 2019 and the support of Maconomy version 2.4.2.0, in relation to local Danish statutory requirements, as of 8th March 2019.

Level of Localization Support

Denmark is considered a Full country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

Full – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable exceptions include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

For the GAP analysis, BDO Denmark audited Maconomy version 2.4.2 using the BDO system with a complete Danish tax and local chart of account setup.

The Danish Bookkeeping Act (DBA) covers Danish accounting rules. There are six main categories of the DBA:

1. **Auditability** — This category covers audit trail and the timestamping, traceability, and identification of each entry posted in the system with full traceability back to the original entry.

2. **Security and Integrity** — The accounting material must be protected against errors and misuse. Users must have their own login and related security and access control.

3. **Recording** — Transactions, foreign exchange and currency valuations, and electronic transfers and entries must have the recorded details around the original entry with full audit trail.

4. **E Faktura (Electronic Invoice)** — Under Executive Order No. 354 of 26 March 2010, all invoices to public agencies (government and municipal agencies) must be in an electronic XML format. Email of invoices is not accepted.

5. **Storing** — Accounting entries and materials must be stored for five years and must have the ability to be reprinted in hard copy. This includes electronic materials. Sorted data cannot be changed and must have the ability for a full backup and record retention.

6. **Documentation** — The system must be available in any of these languages: Danish, Norwegian, Swedish, or English; reference material must be available for each window and module in the system; a system description must be available, and system-produced errors must be readily identifiable.

7. **VAT** — Denmark has a 25% overall VAT rate with a special reverse VAT on certain IT purchases as discussed below.

Status: BDO did not find any deficiencies in the core Maconomy application or reporting lair so there is no development needed for support in Denmark.

8. **Tax Depreciation Rules** – The amount limit for immediate depreciation of expenses for so-called small acquisitions is increased. For a period, increased depreciation is introduced for expenses for the purchase of certain brand new fixed assets. Additonally, the period of increased depreciation on research and development costs is extended.

   Status: Supported.

France

Audit Date

BDO France has examined the application between December 11, 2015 and February 24, 2016. A detailed work program was developed for the review of Deltek Maconomy Solution 2.2.1, based on the scope and objectives described for the audit.

Level of Localization Support

France is considered a Full country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- ▪ **Full** – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable <u>exceptions</u> include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

BDO France completed an ISAE 3000 audit, serving as the basis for the French statutory requirements. The support Deltek Maconomy offers is addressed in the following areas:

1. **Accounting and Tax Support**: French accounting rules are covered by the Code du Commerce article 123 and the tax/VAT rules are covered by the Official Tax Bulletin 13. The Plan Compatible Général (French Accounting Plan or FAP), is the basis for support in France which outline the accounting, transactional, and related rules for support with French law.

2. **Reporting and XML Files:** Only the following reports were audited as statutory:
   a. AEF
   b. Balance Sheet and P&L
   c. CA3
   d. Trial Balance
   e. Business-required reports were not audited as they are not considered statutory.

3. **Maconomy Application:** Lists core application features required for support.

Deltek has addressed the deficiencies in the Maconomy core application, and in statutory BPM reporting in Maconomy in version 2.2.1 and later releases, to accommodate these requirements. Deltek is adding the French Statutory Reports in a core French reporting package so that later implementations in France can benefit from this development.

Deltek has also engaged with BDO, through the use of a BDO Alert Portal, to receive alerts on changes in French accounting and tax laws. Changes, if statutory, are maintained in core Maconomy.

Hong Kong

Audit Date

BDO Hong Kong has reviewed the application between October 2, 2018 and December 14, 2018. They developed a detailed work program for the review of Deltek Maconomy Solution 2.4 based on the scope and objectives as described in the audit.

Level of Localization Support

Hong Kong (HK) is considered a BASIC country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic** – gap analysis obtained via BDO or other third party accounting adviser, product regulatory guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.).

Summary of Findings

1. **Share Capital** — The new Companies Ordinance (Cap. 622) ("the CO") which took effect from March 3, 2014 adopts a mandatory system of no-par for all local companies with a share capital and retires the par value of shares. Following this change in law, a company's share ceases to have a nominal value.

   Status: Supported.

2. **Accounting Record Access and Retention**

   a. Access should be restricted to those users who are granted access to the general ledger and related records.

   b. Accounting records must be retained electronically for 7 years.

   c. Account entry texts must be able to accommodate a sufficient number of characters for a complete record of the entry.

   Status: Supported.

   a. Maconomy has access levels that are able to control and restrict access to only authorized users.

   b. Maconomy is able to store records indefinitely as long as server space allows.

   c. Maconomy has up to 256 characters in entry text fields.

3. **Language Requirements** — The common language required in HK is English and Simplified Chinese. However, most business in HK use Traditional Chinese.

   Status: Partially supported. Maconomy only handles English and Simplified Chinese and not Traditional Chinese at this point. Since HK is a basic country, we do not have any language pack development in Traditional Chinese.

4. **Chart of Accounts** — HK does not have a statutory chart of accounts. Companies are allowed to use their own chart of account structure.

   Status: Supported. Maconomy has the ability to accommodate global and local chart of accounts.

5. **Financial Statements** — In accordance with *HKAS 1 (Revised) Presentation of Financial Statements*, financial statements should include the following:

a. A statement of financial position as at the end of the period

b. A statement of profit or loss and other comprehensive income for the period

A complete set of financial statements should also comprises of:

c. A statement of changes in equity for the period

d. A statement of cash flows for the period

e. Notes, comprising significant accounting policies and other explanatory information; and comparative information in respect of the preceding period

Status: Overall supported. Maconomy does not create notes to financials, but a client's external auditor would prepare those as part of the audit, review, or compilation.

6. **Financial Year/Period** — In Hong Kong, an entity is free to fix their own financial year beginning and end dates. For newly incorporated companies, they may extend their first accounting year to cover a period of not exceeding 18 months.

   Status: Supported. Maconomy has the ability to have more than 12 periods.

7. **VAT/Taxes** — Hong Kong adopts a territorial source principle of taxation. Only profits which have a source in Hong Kong are taxable. The tax system in Hong Kong is relatively simple. There is no value-added tax, goods and services tax or sales tax. The Hong Kong tax authority raise revenues through a narrow range of taxes, namely the profits tax, salaries tax, property tax and stamp duty. There is no VAT receivable or payable on goods or services.

   Status: Supported. Maconomy has the ability to handle VAT if it becomes a requirement in HK. CIT would be done based on existing financial reports.

8. **Fixed Assets** — According to Hong Kong Accounting Standard 16 *Property, Plant and Equipment* ("HKAS 16"), the depreciable amount of an asset shall be allocated on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value. Depreciation of an asset begins when it is available for use.

   A variety of depreciation methods can be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the straight-line method, the diminishing balance method and the units of production method.

   Status: Overall supported. Maconomy is able to handle book (SL) DE and manually calculate tax and other methods (standard in 2.5 for other methods). If Maconomy decides to add manufacturing customers to its portfolio, we would need to add units produced to the fixed asset module to accommodate that requirement.

9. **Currency/Exchange Rates** — An entity may present its financial statements in any currency (or currencies). However, Hong Kong Profits tax should be calculated in Hong Kong dollars. Thus, entity is required to translate its Profits Tax payable into Hong Kong dollars using the average exchange rate provided by the Hong Kong Inland Revenue Department ("HKIRD") based on the financial year end date.

   Status: Supported. Maconomy has the ability to handle multiple exchange rates. BPM standard reports can point to an exchange rate table to accommodate HKIRD requirements.

10. **Leases (IFRS 16)/HKIFRS16)** — Lessee is required to recognize assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis.

Status: Supported. Maconomy has the ability to handle right of use and non-right of use assets. It do not calculate Net Present value (NPV) but that is not a requirement for the EPR provider.

Germany

Audit Date

The basis for these statutory requirements was a formal German GoBD Certification dated October 2017 and completed by BDO.

Level of Localization Support

Germany is considered a Full country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Full** – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable <u>exceptions</u> include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

The majority of the testing was based on the German accounting requirements (GoB).

Overall, Maconomy supports most areas of the GoB, with further details outlined below.

BDO's testing is broken out into the following areas:

1. **Voucher Function** — Each booking record has to be traceable/comprehensible to its original business transaction (§ 238 paragraph 1 HGB). Each booking record has to be proved by a voucher.

    a. The existence of the voucher function was verified by inspecting corresponding documentation as well as testing within the application.

    Status: Supported.

2. **Journal Function** — The journal function demands that all accounting-relevant transactions have to be recorded completely, comprehensibly, and promptly after their appearance and in chronological order.

    By complying with the voucher function, the existence and approval/authorization of a transaction is proven, whereas the journal function aims to prove that a transaction was processed in timely manner.

    a. Support for the journal function was audited by testing the application software. Regarding the system, it must be ensured that the time of the accounting is visible and that a printout of the journal in chronological order is possible.

    Status: Supported.

3. **General Ledger Function** — The general ledger function requires that transactions recorded chronologically in the journal can also be presented in order by general ledger accounts. Computer-based bookkeeping systems usually combine the journal and ledger function by recording all details required for a functional mapping at the initial data entry. Integrated software typically provides this functionality via automated account mapping.

a. Support for ledger function requirements was audited by testing the application as well as reviewing the associated documentation.

Status: Supported.

4. **Logging Functions** — In case of program-generated or program-controlled bookings (automated vouchers or permanent vouchers), all changes to the control data must be logged. This concerns in particular the logging of changes in accounting relevant settings, parametrization of the software, and the logging of changes in master data.

a. The concepts for logging of master data and table changes—which are stored in the application—were affiliated. The existence of the logging function was audited through tests. As part of the parameterization, the accounting relevant tables and fields are to be provided with an audit trail.

b. The logging function in the application was identified and assessed regarding its adequacy.

c. The effectiveness was tested by BDO BV Netherlands as part of the ISAE 3000 Maconomy systems audit dated October 13, 2016.

Status: Supported.

5. **Access Rights** — Access will be protected from unauthorized persons. The application has to manage individual user accounts—if necessary, in correspondence with the operating system or with a higher level security system—through user identification (User IDs) and passwords (and the assignment of permissions of these). The application, if configured properly, must assure that only authorized persons can access certain functions and data fields.

a. The security system was audited regarding the following questions:

i. Which functionalities does the application-inherent access control system have, and are these sufficient?

ii. Which security functions can be used from the operating system?

iii. Is access to the application logged, including the user ID?

iv. Do security control features provide sufficient protection of password confidentiality (that is, passwords are not displayed in clear text when entering on the screen, encryption to prevent unauthorized disclosure of stored passwords)?

v. Are password aging rules applied to enforce periodical password changes?

vi. How are unauthorized access attempts handled, and are they recorded by the application (that is, denial of multiple access attempts, system timeouts)?

Status: Supported.

6. **Data Backup and Restarting Procedures** — The objective of auditing the data backup and recovery procedures is to assess the ability of the application to periodically back up data and programs and provide means to reinstate the most current data in the system, if required. Besides the review of the software immanent facilities (data mirroring, recovery pointer), it is also important to evaluate organizational- and technical-based measures undertaken to achieve business data resilience.

a. The data backup and recovery measures in place were determined based on provided documents and interviews conducted.

Status: Supported.

7. **GOBD Extract** — Upon request of the tax authorities, the accounting data must be provided electronically (keyword: "GDPdU-Export", now "GoBD"-Export). Thereof, all balancing companies, regardless of legal form and size, are affected.

a. Deltek has prepared for this request and installed the required functionality in Deltek Maconomy.

Status: Supported.

8. **Requirements as per "Abgabenordnung" (German Tax Code)** — Resulting from changes in the German Tax Code ("Abgabenordnung"), effective since January, 1st 2002, additional access methods to obtain and analyze accounting data for auditing purposes are required.

This results in the following requirements:

a. Availability of detailed access mechanism to grant read-only access rights in order to support data analysis.

b. Data export interfaces (master data and transaction data) for data transfer using common standard formats.

c. Technology to ensure adequate archiving of accounting relevant data and its timely online retrieval for a minimum of 10 years.

d. Support of the regulation "BMF Schreiben vom 15. August 2002" on standard definition of storage media transfer. This regulation applies to standard software build companies.

Status: Supported.

9. **Documentation** — The "Generally Accepted Principles of Accounting/Bookkeeping Systems" demand that processes, programs, and systems are described adequately to allow a third-party expert to understand the software and supporting organizational practices of the accounting/bookkeeping. Detailed requirements and scope of the documentation depend on how well the bookkeeping and accounting system is comprehensible in itself. Audit objective is to evidence and assess content, coverage, and quality of the documentation in light of the requirement as per IDW audit standards.

The documentation shall:

i. Meet the requirements of organization, process, and economical/ business management of accounting processes and also assure that the company is not dependent on specific know-how of particular individuals.

ii. Give a third-party expert the ability to understand and, if required, audit the process and systems on the basis of the documentation in a reasonable time frame.

a. In interviews with Deltek employees, we got a general overview of the existing documentation.

b. We reviewed in spot tests the available documentation—relevant for the accounting— whether it is complete, accurate, and up-to-date. Thereby, we also considered the online help system in the application.

Status: Supported.

India

Audit Date

BDO India examined the application between December 11th 2015 and February 24th 2016. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1 based on the scope and objectives for the audit.

Level of Localization Support

India is considered a Full country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

We will pursue a full ISAE 3000 audit in India sometime in late 2020.

- **Full** – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable exceptions include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

The majority of the testing was based on the Indian General Accounting Plan (IGAP).

Overall, Maconomy supports most areas of IGAP with further details outlined below.

BDO's testing is broken out into the following areas each of which is discussed in detail in the Requirements section below.

IGAP covers these major areas:

1. **Companies Act:** The companies act addresses internal controls, GI periods, reporting, certifications and the general accounting operations of the company.

   Status: Overall supported.

2. **Income Tax and VAT:** The income tax section does not really apply to core Maconomy. The Indian VAT act dictates that incoming and outgoing VAT must identify the correct VAT codes, customer invoices must follow a certain format, and reverse VAT must be accounted for.

   Status: Supported.

3. **Accounting Framework**: The Accounting Framework is a set of basic underlying assumptions, principles and concepts that provide the basis for recognition and measurement, of the items disclosed in the annual accounts, audit trail in terms of logging changes and adjustments in the system, consolidations, AR and AP transactions, chart of accounts and related accounting topics.

   a. Bookkeeping

   b. Chart of accounts

   c. Audit trail

   d. Separation of duties

   Status: Supported.

4. **Fixed Assets:** Ability to calculate straight line depreciation with write down capabilities with fixed asset tracking via register.
Status: Overall supported. Maconomy is unable to calculate write down value automatically nor does the system handle depreciation based on manufacturing shifts (Maconomy does not typically sell to mfg. companies so this is not really an issue).

5. **Maconomy Zero Dollar Invoice and Job Invoice Allocation**: BDO Does not recommend the use of zero dollar invoicing but instead use the Job Invoice allocation process.

    Status: Supported.

6. **Forms and Reports:** GST report due dates.

    Status: Maconomy is not required to produce the forms, only the data to complete them. The Tax settlement BPM and foreign transactions reports pulls that data.

7. **Reporting and budgeting:** Financial statements need to be in an XBRL format in India.

    Status: Supported.

8. **Invoice Layouts:** Invoices in India need to follow a certain format to be supported.

    Status: Supported.

Italy

Audit Date

BDO Italy examined the application between June 2, 2015 and July 10, 2015. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1 based on the scope and objectives described for the audit.

Level of Localization Support

Italy is considered to be a BASIC country under the Deltek Maconomy Product Management Roadmap, as defined below.

- **Basic** – Gap analysis obtained via BDO or other third party accounting adviser, product setup guide available; gaps closed through Localization Package from Deltek Global Consulting (via extensions, custom reporting, etc.).

Summary of Findings

BDO focused on 33 major areas of statutory requirements. Below is a summary of each area. The only application requirement is a sequential numbering series planned for Core Maconomy in 2.3.

1. **Language —** The Italian Audit and tax authorities could request that the system be translated into Italian.

   Status: Maconomy supports this area and handles this via the language translation.

2. **General Ledger/AR** — An alert indicating a customer has not paid the invoice and VAT must be set up for notifying the finance user if 60 days has passed and the customer has not paid the VAT due on a customer invoice sent out of Maconomy, as per ILD article 3 of Law 342/2000.

   Status: Supported.

3. **Customer Invoice Formats** — The MPL on the customer invoice must include specific information, per the IPD.

   Status: Supported.

4. **General Ledger / AP & Banking** — The same 60 day rule that applies to customers also applies to vendor invoices, with the exception that you have two years to recover the VAT.

   Status: Supported.

5. **Mastrini / General Ledger** — Accounting entries must support the Simple and Ordinary Regimes accounting system setups under the IPD (Article 18 of Italian Presidential Decree 600/73).

   Status: Supported. The 50% first year maximum must be done manually in Maconomy.

6. **Simple Regimes:** A simple regime meets the following requirements and a simple reporting consisting of a P&L, Trial Balance, Fixed Assets, and VAT registers: 400.000 Euro for companies whose core business is the provision of services 700.000 Euro for companies whose core business concerns other activities.

   Status: Supported.

7. **Ordinary Regime:** An ordinary regime requires: P&L, Balance sheet, Trial balance, VAT registers, and Fixed Asset register.

   Status: Supported.

8. **General Ledger / Fixed Assets** — Depreciation is not to exceed 50% of cost in the first year.

   Status: Supported.

9. **Reporting** — The ILD requires the ability to produce a Balance Sheet, P&L, Trial Balance, and VAT Registers (VAT Sales, VAT Purchases, Intrastat reports, and Black List report), Statement of Cash Flows, Fixed Asset register, and related reports.

   Status: Supported.

10. **Fixed Asset Register** — The IPD requires a fixed asset register that details asset number, name, date placed in service, useful life, depreciation, and related items.

    Status: The Fiscal Dossier report developed for Portugal would handle this requirement.

11. **Financial Reporting** — Balance Sheet, P&L, Trial Balance, Statement of Cash flows, Detailed General Ledger Reports are required.

    Status: Supported.

12. **Tax Reporting** — Purchases/Sales subject to VAT, intrastat reporting which covers purchases/sales within EU member countries, and purchases/Sales with worldwide subjects (non-EU) (Autofatturazione) are tax reports that must be present for Italy.

    Status: Supported.

13. **Multi-Purpose Communication Form** — This report must show all purchases/sales subject to VAT.

    Status: Supported.

14. **Intrastat Form** — The Intrastat form is relative to the purchase and sale of goods from and to VAT liable subjects resident in EU countries. According to Italian Tax Code, which is administrated by the Italian Inland Revenue, the Italian VAT Summary and output must be derived from the system in reports (as applicable).

    Status: Supported.

15. **Entries Around Tax Regime** — There are three accounting documents that have to be managed - Vendor invoice, Customs bill of importation including the taxable amount (1.000), the Italian VAT (220), and duties (10), and an invoice of the shipping agency including VAT and duties.

    Status:

    - Vendor invoice (1.000): this is a non-relevant operation for VAT purposes.

    - Customs bill of importation including the taxable amount (1.000), the Italian VAT (220) and duties (10): this is a VAT relevant document that must be recorded in the purchase ledger using transitory accounts.

    - Invoice of the shipping agency including VAT and duties: this is a non-relevant operation for VAT purposes.

16. **VAT Deposits** — Support VAT plafond (art. 8, paragraph 1, letter c) Italian Presidential Decree 633/72) and the issuing of "Declarations of intent" for companies that undertake the status of "Habitual Exporter", and, as such, can purchase goods and services in Italy without the application of VAT.

    Status: This area is not applicable to Maconomy, as this is a filing status and not a reporting issue.

17. **"Pro-rata" VAT Regime** — The system must support "Pro-rata" VAT regime (art. 19, paragraph 2, Italian Presidential Decree 633/1972): should the company also make sales operations VAT

exempt, the amount of deductible VAT on purchases is calculated on the basis of the ratio between sales of VAT exempt goods and other taxable income operations.

Status: This area is not applicable to Maconomy.

18. **"Ventilated" VAT Mechanism** — For activities that involve sales of goods to private persons (e.g. pharmacies) where goods are purchased at different and reduced VAT rates, and then sold with a receipt.

    Status: This area is not applicable to Maconomy.

19. **Reduced VAT Rate for Purchases of Anti-COVID-19 Goods** — The decree introduced a mandatory list of goods (n. 1 ter.1 of Table A, Part II-bis, attached to the Presidential Decree no. 633 of 26 October 1972), which includes personal protective equipment (PPE) such as gloves, masks, clothing, hand sanitizers, and other medical devices such as thermometers. Starting January 1, 2021, the supplies of the said goods will be subject to a 5% reduced VAT rate.

    Status:

    - A new GI VAT code should be created for the 5% reduced VAT rate. Maconomy is awaiting confirmation from BDO IT if the EU Acquisition Tax field (reverse charge mechanism) can accommodate this requirement.

    - A new tax type should also be created for the 5% rate, referencing Anti-COVID-19 goods for audit trail and reporting.

    - The new code should also be linked to the GL Tax Table where the **Period Change** field is selected in the G/L Tax Table Lines sub-tab and the start date is set to **January 1, 2021** in the **Period From** field.

20. **Receipts Issued to Private Persons** — The system should support receipts issued to private persons in shops or at points of sale open to the public for the sale of goods. Should Deltek Maconomy intend to aim for this catchment area, the software needs to be enforced.

    Status: This area is not applicable to Maconomy.

21. **"Margin" Regime (art. 36 of Italian Legislative Decree 41/1995)** — The system supports the purchase of "used goods" from private persons and which are then sold to other subjects (private or companies).

    Status: This area is not applicable to Maconomy.

22. **Reverse Charges** — This law requires the corresponding VAT receivable must be offset by a VAT payable and the AP balance owed to the vendor reduced by the tax.

    Status: Supported.

23. **Electronically Sent Invoices** — All invoices must be sent to them electronically no paper copies accepted.

    Status: Not supported. Maconomy has the ability to PDF an invoice for email, but an extension would need to be created to accommodate this.

24. **Italian Tax Rules Regarding Public Agencies** — All invoices must be sent to them electronically no paper copies accepted.

    Status: Maconomy does not support electronic invoices to public agencies, as we do not have the interface. Maconomy has the ability to PDF an invoice for email but an extension would need to be created to accommodate this.

25. **Reverse charge, art.17 of Italian Presidential Decree 633/1972** — The regime applied any time the services provided to the Public Entity is subject to the "National" reverse charge case record discussed above.

Status: Maconomy supports the reverse charge, provided that the proper setup is in place.

26. **Split Payment** — This law requires recipients of services (the Public Entities) to withhold the VAT shown on the invoice and pay the service provider only the taxable amount.

    Status: Supported. The EU Acquisition Tax Code setup (see reverse payments) will accommodate this requirement.

27. **Deferred VAT Regime** — The law states that ordinary VAT (22%) is applied here, however, the VAT on invoices issued to the Public Entities can be paid on a cash basis, i.e. when the sale invoice is effectively collected.

    Status: Supported.

28. **Cash Basis VAT** — VAT is not paid (received) until customer/vendor payment is received or paid.

    Status: Supported.

29. **Single Certification (CU - CERTIFICAZIONE UNICA**) — This is an annual tax filing outlining withholding taxes paid to suppliers and is handled by the Tax Settlement Report.

    Status: Supported.

30. **Black List Report** — Report outlining countries that are traded to that are on a black list (such as Iran), that must be filed by 4/22/XX of the following year.

    Status: Maconomy will add a Boolean field to the country code for special reporting needs such as this, so the country can be tagged with a "Black List" code. A workaround is also available.

31. **Italian Spesometro Report** — This report needs to provide an official certification to local fiscal authorities about total taxable and non-taxable amount and total tax amount per subject (customers and vendors), per fiscal year.

    Status: There is a custom report for Italy that needs to be added to core Maconomy.

32. **Intrastat Reporting** — This report must show all purchases/sales within the EU and out of the EU.

    Status: The standard Maconomy BPM Intrastat report will work for this and it is in development.

33. **Mastrini Financial Report** — The report must show a balance sheet, P&L, VAT, fixed asset reports, and trial balance using local chart of accounts in IFRS format.

    Status: Supported.

34. **Declaration of Intent (Plafond) Report** — The report must show the amount of the plafond that you intend to use in each Declaration of Intent.

    Status: Maconomy has an extension available. This is not in core Maconomy.

35. **XML Files** — The system must be able to invoice the Public Administration in an electronic format.

    Status: Maconomy does not have the ability to file electronic invoices and an extension would need to be created.

Items for Development (or Already Developed)

PBI #	Description of Requirement	Feature Type	Summary of Item
N/A	Customer/vendor Overdue payment alert on VAT receivable/payable	Core	ILD article 3 states that finance users must receive an alert if a customer is past due on payments >59 days. Standard Maconomy Notifications and our credit control module (customer side) can accommodate this requirement.
N/A	Mastrini Report	Report	Balance sheet, P&L, VAT, and fixed asset Reports, Trial balance using local chart of accounts in IFRS format. The Mastrini also has a format for general ledger output. Standard Maconomy reports and general ledger core features handle this.
536720	Depreciation not to exceed 50% of cost in year 1	Core	Not statutory and only used for tax basis reporting. PBI created to develop down the road for other customers. Can be done manually during asset creation.
536716	Fixed Asset Register	Report	The fixed asset register requires certain fields that standard reports do not have. The Fiscal Dossier report developed for Portugal would handle this requirement.
522433	Modello di Comunicazione Polivalente' Multi-Purpose VAT Communication Form	Report	This report must show all purchases/sales subject to VAT. New tax Settlement Report will accommodate this.
522431	Intrastat reporting	Report	This Report must show all purchases/sales within the EU and out of the EU. New foreign transactions report will accommodate this.
N/A	Art. 17 of Italian Presidential Decree 633/72 Reverse VAT capability	Core	This law requires the corresponding VAT receivable must be offset by a VAT payable and the AP balance owed to the vendor reduced by the tax. This is standard Maconomy tax setup.

PBI #	Description of Requirement	Feature Type	Summary of Item
N/A	Cash basis VAT article 32-bis of Italian Law Decree 83/2012	Core	VAT is not paid (received) until customer/vendor payment is received or paid. Standard Maconomy Cash basis VAT accommodates this.
N/A	Single Certification (CU - CERTIFICAZIONE UNICA) filing for withholding taxes	Report	This is an annual tax filing outlining withholding taxes paid to suppliers and is handled by the Tax Settlement Report. For Vendors. Note that W/H taxes for employees would need to be extracted from the GL via export.
540928	Black List Report	Report	Report outlining countries that are traded to that are on a black list (such as Iran) that must be filed by 4/22/XX of the following year. We need to add a Boolean field to the Country assigned to customers/vendors and add this to the Tax Settlement Report. Workaround to use existing report and filter out by statistic on customer/vendor.
541286	Spesometro Report	Report	This report needs to provide an official certification to local fiscal authorities about total taxable and non-taxable amount and total tax amount per subject (customers and vendors) per fiscal year. We have a report created by services that we need to add to core Maconomy.
434301	Statutory Sequence Number	Core Feature	Chronological and sequential number series using new combined sequence number feature.

N/A indicates that development for this item is either complete or not needed.

Japan

Audit Date

The application was examined (for example, Maconomy version 2.4.2) in the period from May 2019 to June 2019.

Level of Localization Support

We have developed a detailed test area for the review of Deltek Maconomy based on the scope and objectives as described in this chapter. Based on this work program we have assessed the support of Deltek Maconomy. Our views do not provide any form of assurance. We did not perform a system audit or a software certification. Therefore, Japan is considered a BASIC country as defined below, and as such, PSM has no intention at this point to create any development in the areas noted.

- **Basic** – gap analysis obtained via BDO or other third party accounting adviser, product setup guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.).

Summary of Findings

BDO's testing is broken out into the following areas:

1. **Language and Currency Requirements** — Under the Japanese Companies Act, financial statements basically need to be prepared in Japanese language and in Japanese currency (i.e. JPY), however, practically, companies owned by foreign-based companies maintain their books in English during a financial year and they prepare financial statements in both English and Japanese at the financial year-end for accounting and tax purposes. Currently, there is no concept of functional currency under the J- GAAP, but we recommend that daily transactions should be recorded in Japanese currency.

   All tax returns including corporate tax returns, consumption tax returns, depreciable assets tax returns, etc. are required to be prepared in Japanese currency (i.e. JPY) and in Japanese language and it is not allowed to prepare these tax returns in other currencies (e.g. USD, Euro, Pound, etc.) nor in English. The Japanese Tax Authorities do not have an English format/template of these tax returns.

   Status: This is for general information purposes. There is no support from Maconomy on this end. Maconomy can support JPY and the Japanese language. Maconomy does not produce CIT returns.

2. **General Ledger** — Discussed further below.

   Status: Supported.

3. **Fixed Assets** — All the companies are required to file a depreciable assets tax return annually and the depreciable assets tax return should be prepared based on a place/location where a fixed asset is located.

   Status: Supported.

4. **Depreciation methods** — Straight Line or Declining balance methods (at companies option) are mandatory

   Status: Overall supported. Maconomy only handles SL DE but we DB methods could be manually calculated out of the system and imported into the Asset Adjustment Window.

5. **Fixed Asset Register** — For Japan localization, we recommend having a master file that includes useful lives for each fixed asset category.

   Status: Supported.

6. **Currency** — Under the J-GAAP, foreign currency transactions (e.g. export/import transactions, etc.) are recorded using an exchange rate as of the date the transaction occurred and the corresponding foreign currency assets/liabilities items are subject to an exchange conversion at year-end depending on type/character of the assets/liabilities.

   The difference between the month-end FX rate and transaction date FX rate be recorded as currency translation gain/loss

   Status: Supported.

7. **VAT** — The consumption tax (Japanese VAT /GST) is a sales-based tax that is similar in nature to a European-style value-added tax. The tax is levied on the supply of goods and services in Japan. In terms of basic consumption tax treatment, services which are provided both by resident companies and non-resident companies in Japan are subject to consumption tax. Currently, the consumption tax system has not adopted an invoice method and it is not required for companies to have a consumption tax registration number to issue tax invoices. The current applicable consumption tax rate is 8% and the rate will be increased to 10% from October 2019.

   More details are noted below, as they are too numerous to add in this summary space.

   Status: Supported.

8. **Reports**

   a. Trial Balance: US GAAP Format in JPY and in Japanese.

   b. Balance Sheet- US GAAP Format in JPY and in Japanese.

   c. P&L- US GAAP Format in JPY and in Japanese.

   d. Statement of cash flows - Indirect or direct is okay. More companies using direct in Japan.

   e. Ability to produce AR/AP Agings No special format.

      Status: Supported.

9. Statement of changes in equity- US GAAP Format in JPY and in Japanese.

   Status: Not supported. PBI 880181 created for 2.5 to have this report as standard.

10. **Listed Company Annual Reports** — All publicly listed companies in Japan are regulated by the Financial Services Agency (similar to the SEC in the U.S.). Quarterly and annual financial reports are submitted through a system called Edinet Taxonomy.

    Status: Not supported. Maconomy is able to produce the financial statements but we do not have the ability to create footnotes and related disclosures. Although this is a statutory requirement, BDO informs us that most companies use their external auditors for these reports.

KSA

Audit Information

The purpose of this AUP is to present KSA key regulations and requirements in terms of Laws of Commercial Books, Value Added Tax (VAT), Withholding Tax (WHT), and Financial Reporting Framework and to check if the cloud-based version of Deltek Maconomy 2.4.2 Software (version 20.0.102.0) is compatible with these requirements and provide recommendations to address the gaps.

The procedures do not constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements and consequently no assurance is expressed.

Level of Localization Support

KSA is considered a BASIC country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic Localization Countries** -- Gap analysis obtained via BDO or other third party accounting adviser, product setup guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.)

Summary of Findings

The majority of the testing was based on KSA VAT requirements, as KSA follows IFRS from an accounting perspective.

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section below.

- **Support for the Law of Commercial Books**

  - **Language:** Every merchant shall keep the commercial books required by the nature and importance of his trade in a way that shows his exact financial status and the rights and obligations pertaining to his trade. These Books shall be in order and in Arabic. The software interface does not have to be fully in Arabic. All reports the requirements refer to should have the data included in the financial system such as names of accounts, description of transactions, and so on. The content of the entries (in particular, descriptions of transactions) should be expressed in Arabic.

    - **Status**: Not Fully Supported. The reports do not have the Arabic layout (from right to left) and the titles and headers of the reports are not in Arabic.

  - All financial transactions carried out by the merchant and his personal withdrawals shall be recorded in the original Journal on a daily basis in detail, except for personal withdrawals which may be recorded in total, month by month. The merchant may also use subsidiary journals to record the details of different kinds of financial transactions. In this case, only the total of these transactions is recorded in the original Journal, on regular intervals, based on these journals. If this procedure is not followed, each subsidiary journal shall be deemed an original journal.

    - **Status:** Supported. Maconomy has the ability to have GL and sub ledgers.

  - **According to Article 4:** Details of the goods available with the merchant at the end of his fiscal year shall be recorded in the Inventory Book, or an overall summary of such goods, if the details are recorded in separate books or lists.

- **Status:** Supported. Maconomy has an inventory module with sub ledgers clearly defined as Item.

- **According to Article 5:** Financial transactions of similar nature shall be carried forward from the Journal to the General Ledger in such a way as to make it possible to deduce the result of each account easily at any time.

  - **Status**: Supported. Deltek Maconomy allows posting of the Journals to the related General Ledger Accounts and the balance of each account can be seen at any time.

- **According to Article 8:** The merchant and his heirs shall keep the Books provided for in this Law and the correspondence and documents referred to in Article 6 for a period of at least ten years.

  - **Status:** Supported. Deltek Maconomy allows the maintenance of the records for a period of more than ten years, depending on the hard disk size.

- Each item appearing in the outputs must be supported by a written document and in the absence of that, due to the direct input of the information into the computer, the item must be reinforced by written clarification.

  - **Status:** Supported. Supporting documents for the transactions can be maintained outside of Deltek Maconomy. BDO has also observed that various screens in Deltek Maconomy enable the user to attach supporting documents to the transactions.

- The possibility of extracting and re-extracting the above-mentioned outputs is available at any time.

  - **Status:** Supported. Facility of exporting to Microsoft Excel is available in various screens.

- The entity shall document the information entry and routing system (accounting journals) in the (computer) and the computer programs if prepared by the entity itself, in addition to the instructions related to the computer operating, the functions, and specialty of the individuals who operate it, for reference when necessary.

  - **Status:** Supported. Deltek has prepared the user guides/manuals of Deltek Maconomy 2.4.2.

- The entity shall have sufficient safety means that ensure the security and safety of the computers and its programs, adequate controls to prevent manipulation in the programs and information installed on the computer "inputs and outputs", and the possibility to check and review the safety means and controls.

  - **Status:** Supported. Testing of the Entity General Controls is out of the scope. Application controls have already been tested by BDO NL as per their ISAE 3000 Audit report dated May 16, 2019

- **According to Article 4:** Prior to the use of commercial books, each of its pages should be numbered and submitted to the Chamber of Commerce and Industry, in which the merchant activity located in its area of jurisdiction, for approval by the signature of the competent employee on the first and last pages of each book and stamping them with the Chamber's stamp after verification of the numbering sequence.

  - **Status:** Supported. A sequence number is implemented for any transaction and document (invoices, journal, and so on.) in Deltek Maconomy.

- **According to Article 6:** Commercial books must be free of any emptiness or writing in margins, scraping. In the event of a data entry error, this error is corrected by another entry at the date of discovery.

- **Status:** Supported. Deltek Maconomy does not enable the user to modify the entry in a posted transaction.

- **VAT**

  - **VAT Invoice:** Article 53/5 requires that: the Sales invoices/credit notes should contain certain data.

    - **Status**: Partially Supported. The reports have the required field level data but do not have the Arabic layout (from right to left) and the titles and headers of the reports are not in Arabic, which is required by KSA VAT regulations. This also applies to the VAT Invoice report.

  - **Input/Output/Fixed Asset and Reverse charge mechanism VAT**

    - **Status:** Partially Supported. Maconomy is able to handle the various VAT requirements except that VAT reports do not read right to left as noted above.

  - **Reconciliation of VAT entries to the Trial balance for audit trail**

    - **Status:** Supported. Maconomy reports fully reconcile to the VAT entries and GL.

- **E-Invoicing (FATOORAH):** File all tax invoices electronically in a specified XML format and archived on servers located in KSA. Full integration with KSA ZATCA site and QR codes are required.

  - **Status:**

    - KSA VAT Code and VAT table setup are available.

    - You can use the Standard Tax Settlement BPM report for reporting requirements.

    - You can use document archiving to store invoices.

    - Integration with Pagero is an option via DGS.

- **Financial Reports (IFRS format)**

  - **Status:** Supported. See a complete list of reports in Complete Set of Financial Statements.

Morocco

Audit Date

BDO Morocco examined the application between December 11th 2015 and February 24th 2016. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1 based on the scope and objectives as described for the audit.

Level of Localization

Morocco is considered a Basic country, as defined below, and as such, PSM has no intention at this point to create any development in the areas noted below.

Basic – Gap analysis obtained via BDO or other third party accounting adviser, product regulatory guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.)

Summary of Findings

1. **General Ledger Requirement** — The MAP requires that there are three types of accounts: Assets, Expenditures, and Special (with special as the catch-all for all other accounts not in the asset and expenditure categories). The sub ledgers must also roll up to the general ledger, which Maconomy handles seamlessly.

    Status: Supported.

2. **Operations entries** — Accounting transactions have to be entered chronologically, one after another, day after day. They must reach at least two accounting statements and be assigned a sum equivalent to the debit and credit. The various operations entries must specify the origin and content of the charge movement (such it exists on the voucher).

    Status: Supported.

3. **Tax/VAT Setup** — According to the Moroccan Tax Code, there are two types of VAT system: Receipt (common law) system and Debit (optional) system. The VAT receipts system works as the name suggests, following clients receipts for collected VAT and disbursing suppliers for deductible VAT. This system considers client's partial receipts and relies in particular on the transactions listed on bank statements (hence the importance of bank reconciliation).

    Status: Supported.

4. **FY Close** — The General Code of Standards Accounting retains the rule of inviolability of the balance sheet that the opening balance sheet of a financial year is the same as the closing balance sheet for the previous year. The balances in the closing balance sheet of a financial year are routinely taken at the opening of the following year, no corrections or changes should be made to these balances.

    Status: Supported.

5. **Reporting** — According to the law n° 9-88, at the close of the financial year the following statements are published on the basis of accounting records and inventory, " the balance sheet, the income statement, the management accounts, the cash flow statement and the additional disclosures for the year ", according to a predefined format for each of these statements

    Status: Supported.

6. **Currency** — According to the General Accounting Standards Code, the differences between the values originally entered in the accounts ("historical" values) and those resulting from the conversion to the date of the inventory majoring or decrease the initial amounts and are:

    - Unrealized losses in case of increase in debt or reduction of receivables;
    - Unrealized gains in the case of increase if receivables or reduction of debts.

    Status: Supported.

Netherlands

Audit Date

BDO Netherlands examined the application between December 11th 2015 and February 24th 2016. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1, based on the scope and objectives as described in this chapter.

Level of Localization Support

The Netherlands is considered a Basic country, as defined below, and as such, PSM has no intention at this point to create any development in the areas noted below.

- ▪ **Basic** – Gap analysis obtained via BDO or other third party accounting adviser, product regulatory guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.).

Summary of Findings

BDO tested the following control points in the system:

1. **Segregation of Environments —** This consists of ensuring that the accounts are segregated and users may gain access solely to the accounts they own or to which they have been granted access by or on behalf of the owner of the accounts.

   Status: Maconomy passed these testing areas.

2. **Integrity of Administration —** Transactions can be processed only when they constitute a logical and consistent process. Transactions must be logged against specific accounts and cannot be deleted, mandatory fields are required, validation checks are performed to ensure there are no unbalanced entries, currency rules are applied, and related transactional controls are in place.

   Status: Maconomy passed these testing areas.

3. **Logging and Audit trail** — The user must be able to trace all transactions which are part of a statement back to the person who carried out processing, the time at which the processing took place, the manner in which the processing took place, and the basis on which the processing took place. The user must have adequate logging and audit trail available for review.

   Status: Maconomy supports most areas. BDO was not able to test the SEPA files as the demo system did not have the full SEPA/Banking setup.

4. **Reports** — Reports offer the user an insight into the user's accounts. The user needs to have a clear insight into the information available in a report and the dataset that was used to compile the information. The user must have a clear insight into the manner in which data was selected, where relevant. Self-evidently, reports give a correct and complete presentation of the facts and are drawn up in a comprehensible form.

   Status: Maconomy had one minor deficiency out of eight areas tested as outlined below.

5. **Financial Basics** — The application must provide for the correct accounting substance of the accounts.

   Status: Maconomy had one minor deficiency out of three areas tested as outlined below.

6. **Audit File** — An audit file is of great importance when the entrepreneur submits accounts data to the Tax and Customs Administration. The application provides for the correct and complete transfer of the financial accounts data via the audit file. The reference report here is the Dutch Audit File or DAF.

   Status: Maconomy has created the DAF, but as of this writing, BDO was still testing the formats in a test system.

7. **Entering and Processing Transactions** — The application must ensure that unique transactions are entered only once, and that the entries do not impair the consistency of earlier reports.

   Status: Maconomy passed these testing areas.

8. **Overview & Reports** — The application issues the user summaries and reports, which provide an insight into the user's accounts.

   Status: Maconomy passed these testing areas.

9. **Setup & Closing Financial Periods and Years** — The application contains functionality for the organization of, and provision of assurances for, an entirety of consistent financial periods and financial years tailored to the relevant company.

   Status: Maconomy passed these testing areas.

10. **Invoicing** — The application enables the user to work with invoices in a manner that supports the requirements of the user's organization and with the statutory requirements.

    Status: Maconomy passed these testing areas.

11. **VAT Returns** — The application must support the appropriate registration of VAT obligations. For this reason, both a clear and explicit structure and control mechanisms tailored to the structure are required.

    Status: The overall VAT handling in Maconomy passed the testing. Because Maconomy does not formally have the ability to file XML VAT returns, which are not statutory for the system to have, we did not pass those tests.

12. **VAT Changes** — New rules regarding the special exemption scheme for small enterprises, effective January 1, 2020.

    Status: Deltek does NOT act in the capacity of an accounting or tax advisor to customers or other parties. Accordingly, customers need to reach out to their accountants or tax advisors in order to ascertain the impact of these requirements on their business.

13. **Electronic Banking & Collecting** — The application provides assurances for the correct, complete, and timely processing of electronic bank transactions in the financial accounts.

    Status: Maconomy passed most areas of the testing. Note that the demo system that we used had the electronic banking setup, but it could not be tested. In addition, the system does not automatically handle automatic reconciliation of bank accounts. None of these areas are statutory requirements in the Netherlands.

14. **Reporting** — Dutch Audit File (DAF). An XML audit file is a report of all financial transactions and master data of accounts, customers, and vendors.

    Status: In Deltek Maconomy, a user will be able to extract the most relevant financial information (transactions and information about accounts, customers, and vendors), structure it accordingly to the standard described in this document, and export it to an XML file.

New Zealand

Audit Date

BDO New Zealand has examined the application between October 7, 2018 and November 30, 2018. They have developed a detailed work program for the review of Deltek Maconomy Solution 2.4 based on the scope and objectives, as described for this audit.

Level of Localization Support

New Zealand is considered a Basic country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic** – Gap analysis obtained via BDO or other third party accounting adviser, product setup guide available; gaps closed through the Localization Package from Deltek Global Consulting (via extensions, custom reporting, and so on.)

Summary of Findings

The majority of the testing was based on New Zealand VAT requirements, as New Zealand follows IFRS from an accounting perspective.

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section below.

1. **Accounting Principles —** This section summarizes the key findings necessary to fulfill New Zealand accounting principles. There are no legal bookkeeping rules in New Zealand. The principles of completeness, accuracy, order, occurrence, timeliness, classification and understandability are met by the data structure and reporting capabilities of Maconomy.

   - **Status:** Supported.

2. **Reports —** Maconomy contains a wide variety of reports and has the ability to create customer-specific reporting. The analysis in this section focused on the reports required for New Zealand accounting control purposes.

   a. **Trial balance —** The Trial Balance is a list of closing balances of ledger accounts on a certain date and is the first step towards the preparation of the financial statements.

      Status: Supported.

   b. **Journal report** — The posting Journals must include specific fields as outlined below.

      Status: Supported.

   c. **General Ledger Report** — The General Ledger report is sorted according to ledger accounts and subsidiary ledger accounts.

      Status: Supported.

   d. **Accounts Receivable Aged Trial Balance** — The accounts receivable ATB is a report that presents the balances outstanding by customer analyzed by time periods depending on the age of the debt.

      Status — Not supported with this business requirement (not Statutory). The due date needs to be added. PBI 1059995 is created to get this in place. Note that since NZ is a basic country, NZ clients will need to pay for this report as custom until this PBI is in place, which will not be until version 2.5.

e. **Accounts Payable Aged Trial Balance (ATB)** — The accounts payable aged trial balance is a report that presents the balances outstanding by supplier analyzed by time periods, depending on the age of the debt.

Status: Not supported with this business requirement (not Statutory). The due date needs to be added. PBI 1055975 is created to get this in place. Note that since NZ is a basic country, NZ clients will need to pay for this report as custom until this PBI is in place, which will not be until version 2.5.

f. **Bank Reconciliation** — The bank reconciliation report reconciles the entity's cash accounting records to the corresponding bank account balance.

Status: Not supported. The bank reconciliation report does not show the total unpresented payments or receipts reconciled to the bank statement balance. We will not add this to the standard reports at this point since NZ is a basic country.

g. **Fixed Assets** — The Fixed Assets register is a record of assets on hand including current period and accumulated depreciation and net book value, reconciled to the General Ledger fixed asset control accounts. Fixed Asset disposals are recorded with the sale proceeds and gain or loss on disposal.

Status — Not supported. NZ has a diminishing value depreciation calculation method also, as discussed below. Maconomy does not handle this method. A few fields need to be added to the asset register, as outlined below, that are in the Fixed Asset analyzer.

h. **WIP Reporting** — Work in progress (WIP) is billable time and expenses that have been recorded against a client assignment or matter but have not yet been invoiced, or have been partially invoiced. An interim fee can be raised as a credit against WIP and would present as a credit against time entries, which is offset when a final fee is raised.

Status — Not supported. The detailed WIP report doesn't show hours worked or split by time and disbursements but could be configured to meet requirements.

i. **Foreign Exchange** — the general ISAE audit covered the IAS 21 requirements which are the same in NZ.

Status — Supported.

j. **Multi-company** — Support for multi-company accounting is important for intercompany transaction recording and particularly if the group has businesses in different countries.

Status — Supported.

k. **GST/VAT** — NZ VAT requirements are numerous and noted below in detail. GST registration is required for entities whose turnover will is $60,000 or more in the past 12 months, or whose turnover is expected to be $60,000 or more in the next 12 months.

Status — Overall Supported. We need to update the tax settlement report for the NZ VAT 101 form but since NZ is a Basic country, we will not consider that at this time.

l. **Income/Payroll Tax**

Status — Not applicable.

m. **Anti-money Laundering/Countering Financing of Terrorism Act** — From 1 October 2018 phase 2 of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the Act) broadened the scope to include a range of professionals such as lawyers, accountants, conveyancers, real estate agents and other professions that provide trust and company services. Details below.

Status — Not applicable.

---

n. **Statutory records** — NZ Inland Revenue requires business records to be stored and available for inspection in New Zealand. Details below.

Status — Overall Supported. We need to apply to Inland Revenue if any cloud hosting is done in NZ.

Norway

Audit Date

BDO Norway examined the application between December 11th 2015 and February 24th 2016. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1 based on the scope and objectives as described for the audit.

We obtained an ISAE 3000 from BDO NO in August 2020.

Level of Localization Support

Norway is considered a Full country, as defined below. And as such, PSM has no intention at this point to create any development in the areas noted below.

- Full – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable exceptions include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

BDO focused on 18 areas of testing as part of their work book based on Norwegian Bookkeeping and VAT regulations. Below is a summary of each area.

In summary, with the exception of Account Keeping Abroad, BDO finds the design and implementation of the Deltek Maconomy Solution 2.2 to meet key statutory accounting requirements for Norway, comprising the Norwegian Bookkeeping Act and the Norwegian VAT Act with relevant regulations.

1. **Account and Entry Specifications** — Finance entries are verifiable, traceable, user-driven, based on access with full description of entry, with transaction numbering, and related.

   Status: Supported.

2. **Customer Specification** — Customer subledger includes all customer entries and is traceable and verifiable to the GL with opening and closing balances.

   Status: Supported.

3. **Supplier Specifications** — Vendor subledger includes all customer entries and is traceable and verifiable to the GL with opening and closing balances.

   Status: Supported.

4. **Specification of Sales to Owners, Partners, Senior Executives, and Others** — Related party transactions are accounted for at fair value and documented in the system.

   Status: This area is not applicable to Maconomy.

5. **Payroll and Benefits** — This area includes payroll and benefits processing for employees and staff.

   Status: This area is not applicable to Maconomy.

6. **Eliminations and Consolidations** — This area includes booking and handling of consolidations and eliminating entries for companies using the system.

   Status: This area is not applicable to Maconomy.

7. **Subspecifications** — All subledgers must reconcile back to the GL.

   Status: Supported.

8. **Preparation of Specifications** — Accounting entries must be sequentially numbered, verifiable, and with full audit trail.

   Status: Maconomy supports this area, except for sequential transaction numbering. The system used for testing was a 2.2 system. Version 2.3 has the new combined sequence number feature. BDO accepted and reviewed this and added to their workpapers.

9. **Bookkeeping in Functional and Foreign Currency** — Entries must be registered in functional and foreign currency, and VAT accounts must be in NKR at the exchange rate based on the invoice date.

   Status: Supported.

10. **Amendment of Booked Entries** — Posted transactions cannot be deleted.

    Status: Supported.

11. **Documentation of Sales Invoices** — NOR customer invoices must follow a certain format.

    Status: Supported.

12. **Documentation of Credit Sales Invoices** — NOR customer invoice credits must follow a certain format.

    Status: Supported.

13. **Documentation of Purchases/vendor Invoices** — Employee and vendor invoices must adhere to certain processes.

    Status: Supported.

14. **Documentation of Inventory** — Inventory must be categorized (including WIP) and valued.

    Status: Supported.

15. **Storage & Backup Routines** — Storage and backup routines must be in place.

    Status: Supported.

16. **Account Keeping Abroad** — System is available to NOR authorities to review transactions. Cloud customers must have a server in Denmark, Finland, Norway, or Sweden.

    Status: Maconomy supports this area, EXCEPT that for Cloud customers, our server is in Ireland and therefore does not support this unless customers receive approval from Norwegian Tax Authorities.

17. **Closing of Accounting Periods** — Entries cannot be amended for closed periods.

    Status: Supported.

18. **Miscellaneous Areas** — This includes shipbuilding, construction, and related activities.

    Status: This area is not applicable to Maconomy.

19. **VAT**

    Status: Supported.

20. **Reporting** — Standard Maconomy financial reports in an IFRS format.

Status: Supported.

21. **XML Files** — Effective 1/1/18 with most companies having to file the report by 4/1/18, Norway has issued a decree requiring a Norwegian SAF-T report to be filed.

    Status: BDO Norway will review Maconomy's SAF-T file, which is under development.

Poland

Audit Date

BDO Poland has examined the application between April 2018 and September 2018. They have developed a detailed work program for the review of Deltek Maconomy Solution 2.3 based on the scope and objectives, as described for the audit.

Level of Localization Support

Poland is considered a BASIC country under the PSM roadmap. PSM has no intention at this point to create any development in the areas noted below. The definition of a BASIC Country is as follows:

- **Basic Localization Countries:** Gap analysis obtained via BDO or other third-party accounting adviser, product setup guide available; gaps closed through Localization Package from Deltek Global Consulting (via extensions, custom reporting, and so on).

Summary of Findings

The majority of the testing was based on the Polish Accounting and Tax Acts (PATA) requirements.

Overall, Maconomy supports most areas of PATA, with further details outlined below.

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section below.

1. **Financial Year:** Under PATA, a calendar year must be used unless the company chooses otherwise.

   Status: Supported.

2. **Financial Year Closing:** According to Article 12 of the Polish Accounting Act, when books of account are closed, it is no longer possible to record any entries in data files that consist of closed books of account.

   Status: Supported.

3. **Language:** Under Article 9 of PATA, it is a statutory requirement that the books be kept in the Polish language including reports.

   Status: Not Supported. Maconomy does not have a Polish language package in place yet.

4. **Chart of Accounts:** A local chart of accounts is not statutory in Poland.

   Status: Supported.

5. **Documentation:** According to Article 10 of the Polish Accounting Act, it is a statutory requirement that a reporting entity should keep documentation describing, in the Polish language, the accepted accounting principles (policy). This is not the responsibility of the ERP provider.

   Status: Not applicable.

6. **Books of Accounts:** According to Article 13 of the Polish Accounting Act, books of account include files of accounting entries, totals (sums of entries) balances, and related.

   Status: Supported.

7. **Journal**: According to Article 14 of the Polish Accounting Act, a journal contains a list of events occurring in a reporting period, in a chronological order. Irrespective of the bookkeeping

technique applied, a journal should make it possible to reconcile its totals with the totals of the trial balance of general ledger accounts.

Status: Supported.

8. **General Ledger Accounts:** According to Article 15 of Polish Accounting Act, general ledger accounts contain entries relating to the corresponding events, recorded on a systematic basis. Events recorded previously or simultaneously in a journal should be recorded in general ledger accounts, in accordance with the double-entry bookkeeping system. Entries in a given general ledger account are recorded in a chronological order.

   Status: Supported.

9. **Sub-ledger Accounts**: According to Articles 16 and 17 of the Polish Accounting Act, sub-ledger accounts contain entries that provide more detailed or additional information relating to entries in general ledger accounts.

   Status: Supported.

10. **Entries:** According to Article 23 of the Polish Accounting Act, entries in books of account are made in a permanent manner, leaving no space for any subsequent additions or modifications. In the case of computerized bookkeeping, appropriate procedures and measures should be used to ensure that entries are not destroyed, modified, or concealed.

    Status: Supported.

11. **Foreign Currency:** According to Article 21 of the Polish Accounting Act, an accounting document denominated in foreign currencies should contain a translation of their amount into the Polish currency at the exchange rate on the date of business transaction. The result of currency translation is presented directly in the accounting document, unless the entity's data processing system ensures automatic translation of foreign currencies into the Polish currency, as confirmed in a relevant printout.

    Status: Supported.

12. **Fixed Assets:** Fixed asset register should include such elements as: identification number, serial number, name of the asset, purchase cost, purchase date, date when it is put to use, depreciation method, depreciation rate, split into fixed assets groups, depreciation in period, accumulated depreciation, and net value of fixed asset.

    Status: Supported.

13. **Corrections:** According to Article 25 of the Polish Accounting Act, errors identified in entries are corrected in the following manner:

    a. The previous text is crossed out and new text is entered, while ensuring that the previous text still remains legible, and the correction is signed and dated; any such corrections must be made simultaneously in all books of account and cannot be made after the closing of the reporting month,

       or

    b. An accounting document containing corrections of errors in previous entries, corrected by negative entries only or by positive entries only, is recorded in the books of account.

    Status: Supported with option b.

14. **Data Protection:** According to Article 71 of the Polish Accounting Act, in the case of computerized bookkeeping, data protection should be based on the use of damage-resistant electronic data carriers, selection of appropriate external access controls, and regular backups of data files.

    Status: Supported.

15. **Reporting**

    a. **Trial Balance**: According to Article 18 of the Polish Accounting Act, a trial balance is prepared on the basis of entries in general ledger accounts as at the end of each reporting period, at least at month-end.

       Status: Not Supported. Maconomy's core TB does not conform to Polish GAAP requirements in terms of the column formats. This would need to be corrected for support.

    b. **Balance Sheet/P&L:** According to PATA, the system must be able to produce BS/P&L in a Polish format. Effective 10/1/18 (October 1), financials must be filed electronically with the National Court Register in an XML format.

       Status: Not Supported. Maconomy's core IFRS BS/P&L does not conform to Polish GAAP requirements in terms of the categorical breakout. This would need to be corrected for support, as well as the ability to convert to XML.

16. **VAT:** Core Maconomy overall supports this area, but there are several VAT subsections that Maconomy does not support, as noted in the ensuing details.

Portugal

Audit Date

BDO Portugal examined the application between October 12th 2017 and December 27th 2017. They developed a detailed work program for the review of Deltek Maconomy Solution 2.3 based on the scope and objectives, as described for the audit.

Level of Localization Support

Portugal is considered a FULL country from a roadmap perspective, based on the criteria listed below, and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Full** – ISAE certification is obtained via BDO or other third party accounting adviser, product setup guide available; "Full" countries include features which are required for audit certification, notable exceptions include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification is obtained as a foundational step but is not necessarily maintained across later versions.

- A full ISAE 3000 audit in Portugal will be pursued sometime in late 2022.

Summary of Findings

The current software setup (version 2.3) of the system overall supports the key statutory accounting and tax related requirements in Portugal for SNC Geral or Portuguese GAAP.

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section below.

1. **Chart of Accounts and Sequential Numbering** — The chart of accounts uses the numeral classification system. There is an obligation to use these accounts' main classification, and this is also the base for taxonomy for the SAF-T.

   Status: Supported.

2. **VAT** — VAT codes fulfill Portuguese law. Chart of accounts is adequate to encompass different VAT codes both for sales and purchases. VAT reports list the issued and received invoices according to the minimum information requested by law.

   Status: Supported.

3. **VAT Forms** — According to BDO Portugal, tax authorities request companies to fill informative declarations, some of them that can also be submitted through XML or CSV files directly extracted from the accounting software.

   Although it is not mandatory to have the tax reports and declarations automatically filled in and extracted by the accounting software, for the Portuguese software companies in the market, it is considered a competitive factor to offer a package of automated TAX/Fiscal reporting

   Status: Maconomy has the ability to provide details for the reports, but we are not required to produce the actual filled-in form.

4. **Invoice Certification** — In Portugal, it is not necessary to apply for certification of the overall accounting software, but it is necessary to apply for certification of the billing software.

Status: Deltek has an approved invoice by the PTA. Although Deltek is not required to produce Formulários modelos 21-RFI a 24-RFI (dupla tributação) NA, Maconomy is also able to generate and print reports to fill these TAX forms.

5. **SAF-T Reporting** — Recently, Portaria no. 293/2017, of October 2, came up to provide software vendors/producers with a Validation Seal from TAX authorities ("SVAT") that certifies the quality of the software in generating the SAF-T (PT) files. Hence, accounting software vendors have the option to submit (and be subject to conformities testing by the TAX authorities) to this validation "seal", but it is not mandatory.

   Status: We have created the SAFT T report for Altan using Mscript. Our goal is to get this report into core Maconomy, and PBI 936406 addresses that.

6. **Portugal-E-Invoice requirement Effective 2020 for Contracts with Government Agencies** — The deadline for the implementation of the Electronic Invoice for public procurement is postponed, assuming certain criteria, until 31st Dec 2020.

7. **Reporting** — Although the software contains a wide variety of reports, and there is no legal obligation that the statutory financial statements should be prepared directly from the accounting software system, we have found that several financial reporting aspects could be improved.

   Status: Reporting areas that need improvement are listed in the Requirements section. We have addressed a lot of these via the PBIs also listed that section.

South Africa

Audit Date

BDO Technology Advisory (BDO) performed a gap assessment related to the inherent capabilities in place within Deltek's Maconomy ERP solution and its ability to support the minimum statutory and control requirements that an ERP solution within South Africa needs to follow.

Deltek has mostly been able to align its ERP Solution named Maconomy 2.4.2 to the applicable requirements within the statutory environment within which South African business operates. During the gap analysis, they identified certain aspects where Maconomy did not fully support the requirements within the South African statutory environment.

Level of Localization

South Africa is considered a Basic country, as defined below, and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Basic Localization Countries** – Gap analysis obtained via BDO or other third party accounting adviser, product setup guide available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.).

Summary of Findings

The majority of the testing was based on the South African Companies Act (SACA).

South Africa follows IFRS in terms of accounting and reporting rules.

An ERP Solution implemented within South Africa needs to support the requirements set out within the Companies Act.

Overall, Maconomy supports most areas of SACA with further details outlined below.

BDO's testing is broken out into the following areas:

1. **Financial Year End** — A company must have a financial year ending on a date set out in the company's Notice of Incorporation, subject to any change made in terms of subsection (4). The first financial year of a company.

    Status: Supported.

2. **Record Keeping** — A company must keep accurate and complete accounting records in one of the Official Languages of the Republic, one of which is English as the unofficial country language.

    Status: Supported in English Only.

3. **Company Records** — A company's accounting records must be kept at, or be accessible from, the registered office of the company. Forms and standards for company records: any documents, accounts, books, writing, records, or other information that a company is required to keep in terms of this Act.

    Status: Supported.

4. **Adoption of Accounting Principles** — Companies in South Africa should provide any financial statements, including any annual financial statements, to any person for any reason, those statements must:

a. Satisfy the financial reporting standards as to form and content, if any such standards are prescribed;

b. Present fairly the state of affairs and business of the company, and explain the transactions and financial position of the business of the company;

c. Show the company's assets, liabilities and equity, as well as its income and expenses, and any other prescribed information;

d. Set out the date on which the statements were produced, and the accounting period to which the statements apply.

Status: Supported.

5. **Annual Financial Reporting** — Each year, a company must prepare annual financial statements within six months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting in terms of section 61(7).

Status: Mostly Supported. Maconomy is able to produce a full set of financial (BS, P&L, Statement of Cash Flows and Equity) but we do not have the ability to have footnotes.

6. **Annual Company Returns** — Every company must file an annual return in the prescribed form with the prescribed fee, and within the prescribed period after the end of the anniversary of the date of its incorporation.

Status: Mostly Supported. Maconomy is able to produce a full set of financial (BS, P&L, Statement of Cash Flows and Equity) but we do not have the ability to have footnotes.

7. **Protection of Financial Information** — As per the Companies Act of South Africa, it is an offence for a company:

i. with an intention to deceive or mislead any person

a. to fail to keep accurate or complete accounting records

b. to keep records other than in the prescribed manner and form, if any; or

ii. to falsify any of its accounting records, or permit any person to do so; or (b) any person to falsify a company's accounting records.

Status: Supported.

8. **Finalization of Financial Information** — Each year a company must prepare annual financial statements within six months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting in terms of section 61(7). In order to ensure that the accounting records are aligned to the annual financial statements that has been audited and published, the company needs to ensure that the accounting records cannot be altered after the sign off date of the annual financial statements.

Status: Supported.

9. **Support for IFRS Regarding Change of Depreciation Method** — The ERP solution should not allow a normal user to change the chosen depreciation method. However, it is allowed to reassess and change the depreciation rate. The system should be able to allow fixed asset upgrades and other adjustments required by law.

Status: Supported.

10. **Annual Submission of Tax Returns** — Every business liable to taxation, under the Income Tax Act, 1962, is required to register with SARS (South African Revenue Service) as a taxpayer. You can register once for all different tax types using the client information system.

Status: Supported. Maconomy has the ability to generate reports and accounts can be setup for tax return mappings.

11. **Foreign Exchange** — SARS requires all returns to be submitted in South African Rand. Accordingly, all financial information needs to be either maintained in South African Rand or translated appropriately before presentation of financial information for the submission of tax returns in line with the appropriate conversion regulations.

    Status: Supported.

12. **Asset Wear and Tear Allowance** — The Income Tax Act provides allowances against assets that can be written off against taxable income over the life of the asset or through other rates as defined within the act.

    Status: Partially Supported. Maconomy analyzers and standard fixed asset reports are able to pick up this information. However, we do not have a standard wear and tear report. Hence, the partial support.

13. **VAT Rates** — The VAT legislation does not use a consistent rate upon which VAT will be incurred. VAT will only be levied against specific supplies based on the nature of the supply.

    SARS has defined three separate instances of VAT being levied on supplies. These are:

    - Standard Rated Supply (Currently at 15%)

    - Zero Rated Supply (Levied at 0%)

    - Exempt Supply (No Vat levied against supply)

    Status: Supported.

14. **VAT IT14SD** — SARS issued a new regulation related to the reconciliation of Vatable Supplies related to Input and Output VAT.

    SARS can issue an instruction to any VAT vendor to submit a mandatory IT14SD VAT return. The return will require the VAT vendor to perform a detailed reconciliation on both the output VAT raised and the Input VAT written off within a R100 of the total values.

    Status: Supported.

15. **VAT Invoice Requirements** — All VAT vendors are required to issue VAT invoices to their customers. Furthermore, apart from specific exclusions, a VAT vendor may only claim VAT in the event where a valid VAT invoice was obtained from the respective supplier. In order for any invoice to qualify as a Valid Tax, the VAT Invoice needs to meet VAT Invoice-specific criteria, including specific information.

    Status: Supported.

16. **Ad-HOC VAT Rates** — In certain circumstances, the VAT amount of an invoice may not be a consistent rate in line with the rates noted above. This could be due to services invoiced that includes several VAT rates as defined in the VAT Act.

    Status: Supported.

17. **Limited VAT Recovery** — There are several instances where VAT recoveries are limited to a specific amount or completely forbidden. This is applicable, for example, when a VAT vendor purchases a passenger vehicle.

    Accordingly, the ERP solution needs to override the normal VAT rates and limit the VAT recoveries as a specific percentage of the Supply Value.

    Status: Supported.

18. **Reversal of VAT Supplies** — VAT vendors have the option to submit their VAT returns on either the Accrual method or the cash flow method. The details are in the Requirements section below.

    Status: Supported.

19. **Support with the Broad-Based Black Economic Empowerment Act (BB-BEE)** — The-Based Black Economic Empowerment Act (BB-BEE) is unique to the South African business environment and aims to assist with the economic transformation of the economic environment and inclusion of the previously disadvantaged groups of South Africa.

    The act provides for the categorization of entities in line with their BB-BEE rating based on the level of black ownership and the improvement of Black lives.

20. **Management of Supplier Ratings** — In order for an entity to report on their BB-BEE ratings effectively, a company needs to track the detailed spending in line with their suppliers. Accordingly, an ERP solution needs to be able to provide a breakdown of the actual spending on the use of BB-BEE suppliers.

    Status: NA – General Information bullet

21. **Good Accounting & Record Keeping Rules** — The accounting records of an entity should include files of accounting entries, totals (sums of entries) and balances. More details are included in the Requirements section.

    Status: Supported.

22. **Processing of Journals** — A journal listing contains a list of events occurring in a reporting period, in a chronological order. Journal listings should make it possible to reconcile its totals with the totals of the trial balance of general ledger accounts.

    Status: Supported.

23. **Completeness and Accuracy of Journal Processing** — All journals that is processed needs to support the double entry principle in order to ensure that the financial results presented balances and complies with the general accounting principles. Accordingly, during the processing of journals it should not be possible to process a credit/debit entry without capturing the opposite leg in order to balance the journal.

    Status: Supported.

24. **Sub ledger Processing** — Sub ledger accounts in South Africa are kept specifically for the following:

    - PP&E
    - Purchasing
    - Fixed Assets

    List in more detail in the Requirements section.

    Status: Supported.

25. **Trial Balance and Management Accounts** — The Company in South Africa has to prepare a trial balance (Management Accounts) on a monthly basis. Trial balance should contain: account symbols or names, opening balances of accounts, totals for the reporting period and year-to-date totals from the beginning of the reporting year, and closing balances of accounts; the sum of opening balances of accounts, of totals for the reporting period and year-to-date totals from the beginning of the reporting year, and of closing balances of accounts.

    There is NO Local Chart of Account Requirement in South Africa.

    Status: Supported.

26. **Processing of Transaction Entries** — Each accounting entry should be automatically numbered with a journal entry number and with identification data of the person responsible for the content of that entry. Entries in the books of account shall be made in a permanent manner, without leaving any space for later additions or modifications. In the case of computerized books of

account, appropriate procedures and security measures must be adopted to protect entries against destruction, modification, or concealment.

Status: Supported.

27. **Adjustment of Errors during Transaction Processing** — Errors identified in entries are corrected through the creation of a reversal journal and subsequently the creation of a new journal. Once a journal is captured and approved, it should not be possible to make any adjustments even related to the amendment of errors within the transactions.

    Status: Supported.

28. **Fixed Asset Management** — Fixed asset book should include such elements as: identification number, serial number, name of the asset, purchase cost, purchase date, date when it is put to use, depreciation method, depreciation rate, split into fixed assets groups, depreciation in period, accumulated depreciation, net value of fixed asset.

    Status: Supported.

29. **Accounting for Fixed Assets** — In order to support the reporting requirements and to ensure effective management of assets, an ERP solution should be able to adequately record the detailed transactions related to each asset. The transactions should be separated based on their nature.

    Status: Supported.

30. **Purchase orders and processing** — All purchase orders issued by the company should have the following information at a minimum:

    - Name, address, and VAT registration number of the Vendor/supplier;

    - Accurate description for the quoted goods and/or services (indicating where the applicable goods are second hand);

    - Quantity or volume of goods or services supplied; and

    - The invoice date and when the invoice needs to be paid

    Status: Supported.

31. **Recording & Storage of Client Information** — Client information in the system, should have, but not limited to the following mandatory information:

    - Client name;

    - Address;

    - VAT number;

    - A unique client ID;

    - contact person; and

    - A manager responsible for the client.

    Status: Supported.

32. **Time & Attendance** — The system should be able to capture time spent on jobs/engagements.

    Status: Supported.

Spain

Audit Date

Not available.

Level of Localization

Spain is considered a FULL country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Full** – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable <u>exceptions</u> include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

For the GAP analysis, BDO Spain audited Maconomy version 2.3.0 using an in-house BDO test system with a complete Spanish tax and local chart of account setup.

> **Note:** Spanish Audit and tax authorities could request that the system be translated into Spanish. Maconomy handles this via the language translation.

Spanish accounting rules are covered by the Spanish General Accounting Plan (SGAP). There are five main categories of the SGAP:

1. **Accounting Framework** — This category covers fair presentation of the financials.

    a. **VAT Review**

        i. The Spanish VAT (SVAT) law 37/1992 is based in the European Union Directive 2006/112/CE. VAT refund must be separated in % and for the different operations.

        ii. Most registered businesses are required to submit VAT returns on a quarterly basis (303 form). However, if the annual turnover (excluding VAT) exceeds EUR 6,010,121.04 in the previous calendar year, then the company is required to submit monthly VAT returns in the following year on a compulsory basis.

        iii. SVAT requires a tax book for purchases and for sales

    Status: Supported.

    b. **Spain ISI VAT Report**

    Status: Supported. Maconomy has standard Tax settlement and EU turnover reports that are able to pull out VAT payable and receivable information at both detail and summary levels out of the system. These reports are not in an XML format, nor are they the current VAT returns (340, 347 and 349 returns to name a few) but can be used to extract the needed information for filing. These reports passed an audit performed by BDO Spain as part of the ISAE 3000 audit completed in late 2016.

From a development perspective, Maconomy will not be creating an electronic filing interface with the Spanish Tax Authorities.

2. **Recognition & Measurement Standards** — This ensures the standardization of the SGAP to the IAS/IFRS standards as required in the EU.

    a. **Intrastat Reporting** — The following forms are included in Intrastat Reporting:

        i. Form 349 — Re-capitulatory Return of Intercommunity Transactions

        Status: The Foreign transactions report Deltek tracking #522431) will handle this this report for customers and vendors and it will have the ability to format for EU and non EU transactions by geographic location selected. We have also created an EU turnover report that also details this.

        ii. Form 340 — Informative tax return for transactions included in the record books

        iii. Form 347 — Information Return. Annual information return on transactions with third parties.

Status: The new standard Maconomy reports address the VAT and Intrastat reporting needs of Spain.

3. **Annual Accounts** — The balance sheet, P&L, statement of cash flows, and statement of changes in equity MUST follow the SGAP format.

Status: Supported in core Maconomy.

4. **Chart of Accounts** — The SGAP does not require a local chart of accounts from a statutory perspective, but it is a local business requirement. The local chart of accounts formats is included in this document.

Status: Not applicable.

5. **Definitions and Accounting Entries** — This area outlines the definitions of the annual accounts (Going Concern) as well as the groupings required for the accounting entries in that they must be in chronological and gapless order.

Sweden

Audit Date

BDO Sweden examined the application between December 11th 2015 and February 24th 2016. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1, based on the scope and objectives as described in the audit.

BDO Sweden also reported on the support of Maconomy version 2.3.0 in relation to local Swedish statutory requirements as of 21st May 2018.

Level of Localization Support

Sweden is considered a Full country as defined below and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Full** – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable exceptions include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Findings

The majority of the testing was based on the Swedish Booking Act (SBA).

Overall, Maconomy supports most areas of the SBA, with further details outlined below.

1. **Current Accounts and Chronological Order** — Business events are booked in a chronological, systemic, and accounting order.

   Status: Supported. Maconomy has the ability to maintain the General Ledger in chronological order with the combined sequence number feature (2.3) and the GL maintains numbering series for the various sub ledgers.

2. **Language Requirements** — The SBA requires that the accounting system is available in Danish, English, Norwegian, or Swedish.

   Status: Supported. Maconomy has translation files, which are available in many languages, including those required in Sweden.

3. **Fixed Assets** — Tangible and intangible assets are booked with original costs and acquisition dates and are maintained in an asset register.

   Status: Supported. Maconomy's fixed asset module maintains all of the required fields on the asset card and in the asset ledgers, with the ability to create an asset ledger through the Fixed Asset Analyzer.

4. **Unique Identification** — The system should be able to show the identification of the transaction and the user who booked it.

   Status: Supported.

5. **Ancillary Bookkeeping** — Ancillary records may be needed to provide an overview of the relationship to individual suppliers and customers, salaries and fixed assets of the company. Asset Register and Ledger are examples.

   Status: Maconomy supports this area with integration between general ledger and sub ledgers and the ability to maintain transaction in chronological and sequential order.

6. **Postpone Records** — The SBA allows for companies to defer posting on certain accounts as long as it is GAAP supportive.

   Status: Supported.

7. **Corrections** — The system should not allow records to be deleted. Corrections should be booked showing clear audit trail of the change made to the accounting records with reference to the underlying item being corrected.

   Status: Supported.

8. **Currency** — The functional accounting currency in Sweden is the Swedish kroner and that functional currency cannot be changed unless approved by the Swedish tax Authorities.

   Status: Supported. Maconomy supports this area with base currency, enterprise currency, and transactional currency all managed through exchange rate tables.

9. **VAT** — The Swedish VAT act dictates that incoming and outgoing VAT must identify the correct VAT codes, customer invoices must follow a certain format, and reverse VAT must be accounted for.

   Status: Supported. Maconomy supports this area with the ability to handle reverse, incoming, and outgoing VAT, as well as exempt and related VAT requirements.

10. **System Documentation** — System documentation shall make it possible to follow a business transaction from verification through presentation of the registration order and systematic arrangement of annual or annual report and vice versa. The basic requirements include an account plan; a description of how accounts are used and how they are compiled when the financial statements or annual report drawn up if this is not clear from the nomenclature, a collection plan, and an archive plan.

    Status: Maconomy has a clearly documented suite of materials that provide a systemic overview with reference materials (in hard copy and online help), solution guides (CPA and PSO), system administrator guides outlining backups and related technical details, and a host of other materials found on this line (2.2.3).

11. **Treatment History** — Treatment history will show the accounting entries have been added to the system. The computer-based system will also record the date indicated.

    Status: Supported. Maconomy handles this through the account ledger card or a GL Entries analyzer, the Entries tab in the workspace client, and detailed general ledger BPM reports.

12. **Maconomy Zero Dollar Invoice and Job Invoice Allocation** — A zero invoice is a reconciliation of a fixed price invoice against the actual time and expense registrations. The VAT is usually collected as part of the actual invoice on account, known as a pre-bill. A job invoice allocation also reconciles the fixed price against WIP but does not produce a zero dollar invoice.

    Status: Supported. Customers can choose between the use of the zero dollar invoice or job invoice allocation job parameters.

13. **Others**

    a. **SIE Formats** — Swedish VAT report.

Status: It is statutory for companies to file this, but not for the software to create the exact form. The Maconomy tax settlement report generates the input for the completion of the report.

b. **Report Layouts** — A standard balance sheet and P&L in an IFRS format must be completed as shown in the Sweden Sample Reports spreadsheet

Status: Standard Maconomy BPM reports can accommodate this format.

c. **XML Files** — 5.1.6 SIE Format. To simplify Swedish companies work with their annual closure and for the auditors work, it would be good to have a possibility to create a file according to the SIE format in Maconomy.

Status: This is not a support issue but more of a business requirement. PDM has requested details from the SIE organization.

Maconomy version 2.3.0 supports the following Swedish statutory requirements:

1. **Bookkeeping requirements** – support of the Swedish General accounting Plan, double entry bookkeeping, and more.

2. **Intangibility of entries** – existence of a validation process, irreversibility of validated entries, and more.

3. **Requirements related to the closing process** – application controls related to the closure of accounting periods.

4. **Auditability** – existence of a sequence numbering, non-aggregation of data.

5. **Invoice formatting requirements** – layout and contents of invoices generated by the system.

6. **Requirements related to VAT registration and processing** – VAT ledger accounts, tax code configuration, and more.

Switzerland

Audit Date

BDO Switzerland reviewed the application between December 23, 2015 and March 3, 2016. They developed a detailed work program for the review of Deltek Maconomy Solution 2.2.1 based on the scope and objectives as described in the audit.

Level of Localization

Switzerland is considered a FULL country as defined below:

- **Full Localization Countries** – ISAE certification obtained via BDO or other third party accounting adviser, product setup guide available; "Full" countries include features, which are required for audit certification, notable <u>exceptions</u> include, but are not limited to: bank formats, SEPA, check and invoice layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across future versions.

Summary of Findings

The majority of the testing was based on the Swiss Code of Obligations (SCO).

Overall, Maconomy supports most areas of the SCO, with further details outlined below.

1. **Master Data** — Business events are booked in a chronological, systematic, and accounting order. Data is reliable, consistent, verifiable, and comprehensive. Data must be validated when entered into a field.

   Status: Supported.

2. **Chart of Accounts** — The chart of accounts must have the ability to support both global and local chart of accounts.

   Status: Supported.

3. **System Settings** — The system should be able to support multiple languages and be configurable to support VAT changes.

   Status: Supported.

4. **Audit Trail** — An audit trail must be kept for each transaction in the system showing the user who created it and a timestamp.

   Status: Supported.

5. **Reporting** — The system must be able to produce a balance sheet, trial balance, P&L, statement of cash flows, and VAT reports. Financial statements (Balance sheet, P&L, trial, cash flows) must be reportable in the global and local chart of accounts.

   Status: Supported.

6. **Immutability** — The system should not allow records to be deleted. Corrections should be booked showing clear audit trail of the change made to the accounting records with reference to the underlying time being corrected. Documentation MUST be stored for a minimum of 10 years after the companies FYE.

Status: Supported.

7. **Posting of Transaction Journals** — The system allows for posting of transactions in a foreign currency. Transactions cannot be posted into closed periods. Journals are created showing all postings. Unrealized profits cannot be shown in the P&L.

    Status: Supported.

8. **VAT** — The Swiss Federal Tax Administration dictates that incoming and outgoing VAT must identify the correct VAT codes, customer invoices must follow a certain format, and Net Tax Rate method of VAT must be accounted for.

    Status: Supported.

9. **Segregation of Duties** — User profiles are defined, with specific rights and the ability to separate duties of the user.

    Status: Supported.

10. **Maconomy Zero Dollar Invoice and Job Invoice Allocation** — Maconomy supports this as long as the zero invoice is labelled PRO FORMA Invoice for VAT purposes. This is discussed under the VAT category.

    Status: Supported.

11. **Accounting/Cost Accounting** — Short (<12 months) and long (>12 months) term fiscal periods are allowed and intercompany transactions are posted to separate special accounts. Financial budgets are available in the system.

    Status: Supported.

12. **Forms** — The Swiss VAT Return Sheet and VAT Reconciliation Report should be available in the system. Currently, Maconomy does not support this requirement. **Note:** The system is not required to produce the VAT form. See the VAT section of this report for BDO comments.

    Status: Not Supported. Maconomy can produce a tax settlement report that is able to extract the details but not the form.

13. **Electronic Banking Interface** — The EDI interface is commonly used but not required in Switzerland. Currently, Maconomy does not support this. Effective June 30, 2020, new Swiss Bank QR codes must be in place as part of the ISO 20022 banking formats.

    Status: Not Supported. Maconomy based on our roadmap does not have any SEPA, or Banking formats as a standard in the system. Services handles this from a setup perspective.

UAE

Audit Information

Deltek Denmark A/S ("Deltek" or "the Company") instructed BDO Chartered Accountants and Advisors to provide key findings and recommendation on review and testing of Deltek's Maconomy Solution (software or system) for compliance with UAE VAT requirements.

Our scope of work is to review and test Deltek's Maconomy software. The Agreed upon Procedures include:

- Review the blueprint (already prepared by Deltek, if available);

- Review the capabilities of Deltek's Maconomy Solution during the walk through by Deltek's representative;

- Review sample VAT reports generated by the system;

- Test sample transactions

- Discuss primary findings and gaps with Deltek;

- Obtain responses or perform additional testing, if required.

Level of Localization Support

UAE is considered a BASIC country as defined below and as such, PDM has no intention at this point to create any development in the areas noted below.

- **Basic Localization Countries** -- Gap analysis obtained via BDO or other third party accounting adviser, product setup guides available; gaps closed through *Localization Package* from Deltek Global Consulting (via extensions, custom reporting, etc.)

Summary of Findings

All of the testing was based on UAE VAT requirements, as UAE follows IFRS from an accounting perspective; we omitted any GAAP/IFRS testing as BDO UAE relied on the ISAE 3000 Audit dated May 2019 that covered those specific areas.

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section below.

- **Flexible Input/Output VAT Codes**

  - **Status:** Supported. Maconomy has a flexible tax code setup where you can create tax codes based on user requirements.

- **Ability to Report on Tax Codes at the Transaction Level**

  - **Status:** Supported. Maconomy can generate transaction wise reports based on tax codes, for example, general ledger entries.

- **Customer/Vendor Information** – Customers and vendors must contain tax identification numbers and Emirate names.

  - **Status:** Supported. Maconomy has the ability to store a multitude of information in the system for customers/vendors.

- **Indirect VAT Information for the Federal Tax Authority (FTA) VAT Report (Article 64)**

- **Status:** Supported. Maconomy has the ability through the tax settlement report and the Tax Settlement BPM report to produce this information**.**

  NOTE: It is not a statutory requirement that the ERP provider produce the actual VAT form.

- **Output VAT Invoice (Article 59) / Credit Note (Article 60)** – Must derive the correct VAT codes and post the correct accounts. The Invoice/Credit note layouts must have the correct content in accordance with FTA requirements.

  - **Status**: Supported. Deltek Maconomy allows for the correct VAT code derivation and posting. The invoice/credit note MPLs that we provided for the tests from a UAE customer did not have all the required fields but that is an MPL issue that can be corrected easily.

- **Foreign Exchange** – The UAE VAT Law requires that foreign current invoices for input/output VAT invoices (including RCM) should be converted to AED using UAE Central Bank exchange daily rates.

  - **Status:** Supported. Deltek Maconomy allows for multiple exchange rates in the system through the exchange rate tables.

- **Local Chart of Account Requirements** – A special account is required under Article 239 for Limited Liability (LLC) Corporations. Article 239 requires a company to allocate 10% of its net profit for the year to this legal reserve until it reaches 50% of the share capital. This reserve is not available for distribution except as provided in the law.

  A sample chart of accounts is available in this regulatory guide as an overview but local accounts are not mandatory in UAE.

  - **Status:** Supported. Deltek Maconomy has the ability to handle the local chart of account requirements as applicable.

- **Input VAT Requirements**

  a. System needs to support Input VAT codes outlined in requirement 1, as well as the postings and ability to report on tax codes at the entry level.

  b. UAE does not allow vendor debit notes on tax invoices and should be prevented in the system, only vendor credit notes that clearly outline certain content requirements as noted details section.

  c. Separate VAT codes and rates for Reverse Charge (EU Acquisition in Maconomy) and VAT codes for RCM on imported goods are required.

  d. Label unregistered UAE customers and vendors as such.

  e. Create separate G/L VAT codes for input VAT that is not deductible. These are instances where the vendor charges the input tax, but cannot be claimed. Such expenses include entertainment expenses, motor vehicles used for personal purposes, and employee-related expenses.

  f. Separate categories for exempt supplies.

  - **Status:** Supported. Maconomy has the ability to handle input VAT and RCM under various scenarios.

- **Financial Reporting Requirements:** UAE follows IFRS for reporting with a difference in the application of labor law to calculate and present Employees' end of service benefits.

  - **Status:** N/A. This is handled outside of Maconomy through payroll. It is manually entered via general journal entries. Then, added to any reports through reporting structures.

- **Language Requirements:** English is an acceptable language format in UAE. It is not mandatory to have the system in the Arabic language nor is it a requirement to read the reports from right to left.

  - **Status:** Supported. Maconomy is in English and reports are read from right to left.

United Kingdom

Audit Date

BDO has examined the application as of September 8, 2017 and developed a detailed work program for the review of Deltek Maconomy Solution 2.3 based on the scope and objectives as described for the audit.

Level of Localization Support

The UK is considered a FULL country, as defined below, and as such, PSM has no intention at this point to create any development in the areas noted below.

- **Full** — ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features that are required for audit certification. Notable <u>exceptions</u> include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification is obtained as a foundational step, but is not necessarily maintained across later versions.

Summary of Findings

The majority of the testing is based on the UK Booking Act.

Overall, Maconomy supports most areas of the UK Bookkeeping Act, with further details outlined below.

BDO's testing is broken out into the following areas, each of which is discussed in detail in the Requirements section.

1. **Basic Requirements** — This area covers the chart of accounts, journal entry function, and traceability of entries in the system.

   Status: Supported.

2. **Financial Requirements** — This area includes separation of duties, month/year-end close process, customer/vendor setup and entry, and income recognition.

   Status: Supported.

3. **VAT** — The HMRC Her Majesty's Revenue & Customs VAT Act dictates that incoming and outgoing VAT must identify the correct VAT codes and have separate postings, and VAT entries should be reconcilable in the system.

   Status: Supported.

4. **MTD Requirements** — The UK Tax authorities (HMRC) are implementing a REST API that can be used for various tax related information, including submission of VAT returns. This process is named "Making Tax Digital" (MTD). Making Tax Digital (MTD) will bring the tax system into line with what businesses expect from other service providers: a modern digital experience. It is a key part of the government's initiative to transform HM Revenue and Customs (HMRC) into a world leading, digital tax authority.

   It introduces the requirement for certain VAT registered businesses to keep digital records and file their VAT returns via functional compatible software. It is now common to digitally keep business records and accounts, in a software program on a computer or tablet, or in a

smartphone application, and/or maintained through such a device and stored using a cloud-based application.

By mandating digital record-keeping and filing, the government expects to reduce the amount of tax lost through error and failure to take reasonable care.

Status: Supported. Developed in 2.3.4 and 2.4.3.

5. **MTD Setup** — As of April 1, 2019, the UK HM Revenue and Customs (HMRC) tax authorities implemented the Making Tax Digital (MTD) process to use for various tax-related information, including submission of VAT returns. To support this requirement, Maconomy has added a new UK Tax Submissions workspace, which enables companies to retrieve VAT obligations and then submit the necessary VAT obligations (HMRC VAT 100 form) to HMRC.

   Status: Supported on mandatory items.

6. **Reporting Requirements** — Balance sheets, P&L, and related reports should be available in the system along with related GL reporting based on user-defined criterion.

   Status: Supported via the standard BPM reporting package that contains a balance sheet, P&L, and related reports.

United States

Audit Date

The ISAE 3000 reports (dated October 13, 2016 and April 10, 2017) were issued for Deltek to validate processes and controls around information technology general and applications controls, as well as IFRS requirements, which are similar to GAAP in most aspects.

Level of Localization Support

It is Deltek's strategic mission to provide standard functionality required for Professional Services Organizations to conduct business in the United States. However, industry practices preclude us from executing a United States based ISAE 3000 audit certification. Nonetheless, the solution is fully capable and Deltek will manage ongoing US related requirements within the solution as is done for other "Full" countries.

- **Full** – ISAE certification obtained via BDO or other third party accounting adviser, product regulatory guide available; "Full" countries include features which are required for audit certification, notable <u>exceptions</u> include, but are not limited to: bank formats, SEPA, check layouts, corporate tax filings/returns, corporate annual reports, and electronic interfaces. Business process and automation does not factor into the scope of the audit certification. Certification obtained as a foundational step but is not necessarily maintained across later versions.

Summary of Requirements

1. **Chart of Accounts**

   Status: The US has no mandatory chart of account requirements.

2. **Financial statements & Reporting**

   Status: The US follows GAAP financial reporting standards.

3. **Fixed Assets:** The US follows GAAP in that you can have either book (SL/straight Line) or tax depreciation. Maconomy is able to handle both. One is automated SL and the other is manual (Tax) until version 2.5. Fixed Asset setup is discussed at a high level in this guide. Effective 1/1/19, most US companies meeting certain requirements must comply with ASC 842 under US GAAP (analogous to IFRS 16) in terms of leasing requirements. Those details are in Deltek Collaboration.
   https://collaborate.deltekfirst.com/#!/projects/65917/current/forum_topics/2864197/comments

   Status: Supported.

4. **VAT & VAT Reporting:** In the US, Sales and Use Tax is a requirement. Sales/Use tax is at the state level (50 states) and unlike the EU and other countries, there is no national VAT rule. Non-corporate vendors who are sub-contractors are subject to national and state 1099 requirements. That requirement is discussed in detail in this guide. Most companies will handle their tax setup and reporting manually using Maconomy. US Sales and Use taxes on a state by state level change very frequently so it is important that customers stay on top of these changes by subscribing to their local state and municipal tax agency updates.

   Status: Supported.

5. **Accrual vs Cash Basis:** US GAAP requires only accrual based accounting which is all that Maconomy handles. However, some companies that are not publicly held and most CPA firms use cash basis for tax purposes.

    Status: Supported. Maconomy is only able to handle cash basis via custom reporting.

6. **Income Tax & Annual Reports:** Companies are required to file US income tax forms at the Federal (IRS) and state levels.

    Status: Maconomy has reports and chart of account capabilities to handle the data for the returns. However, the system does not produce tax returns or annual reports. Those reports are produced internally by the client or by a third party accounting or tax advisory firm.

7. Similarly to the income tax requirements noted above, publicly listed US companies must file an audited annual (10K) and quarterly (10Q) reports with the US Securities & Exchange commission (SEC) within a certain amount of time after the FYE.

    Status: Maconomy produces the data to produce the balance sheet, P&L, cash flows and statement of changes in equity, but Maconomy is not required to produce the 10K or 10Q as these are prepared internally and by the company's external auditors.

8. **Invoice Layout:** The US follows a standard MPL layout with supplier and customer details included.

    Status: There is no national regulatory format but each state might have their own requirements. This should be discussed as part of the informational gathering process with the client as we do not discuss layouts in this document.

9. **Banking:** US banking, cash receipts, and disbursements are handled by paper checks. US banks follow a basic check format for banking. Electronic fund transfers and related e-Banking are becoming more common in the US and core Maconomy setup is able to handle this. Banking setup should be discussed as part of the informational gathering process with the client as we do not discuss banking in this document.

10. **Revenue Recognition:** US Revenue recognition is based on US GAAP ASC 606 (equivalent to IFRS 15).

    Status: Maconomy is able to handle this requirement.

About Deltek

Better software means better projects. Deltek is the leading global provider of enterprise software and information solutions for project-based businesses. More than 23,000 organizations and millions of users in over 80 countries around the world rely on Deltek for superior levels of project intelligence, management and collaboration. Our industry-focused expertise powers project success by helping firms achieve performance that maximizes productivity and revenue. www.deltek.com

Deltek