



FINd-103 Audit protocol for Stichting Vluchteling funded projects

1. Introduction

1.1 Goal and purpose

The overall goal of the projects funded by Stichting Vluchteling is to provide timely, relevant, efficient and effective (humanitarian) assistance to people affected by crises.

This Audit Protocol sets out the applicable audit principles and requirements for projects carried out by implementing partners, funded by Stichting Vluchteling, and explains how the audit findings must be reported.

The auditor will be engaged by the implementing partner directly or by Stichting Vluchteling as laid down in the grant agreement signed by both parties. In case the auditor is engaged by the implementing partner, Stichting Vluchteling may request that a review be conducted, in mutual consultation, to assess whether the auditor has complied with the Audit Protocol.

2. Audit objectives

2.1 The audit should be carried out in accordance with generally accepted auditing standards (ISA).

2.2 The audit should comprise as many observations as are considered necessary under the circumstances.

2.3 The specific objectives are as follows:

2.3.1 To give an opinion on the financial statement, in particular whether it presents a true and fair view of revenue and expenditure in agreement with the conditions laid down in the decisions and in accordance with generally accepted accounting principles.

2.3.2 To make observations to determine whether the implementing partner has satisfied in every substantive respect the conditions laid down in the decision. Any substantive matters, which do not meet the conditions and any indications of unlawful acts, must be identified. Such observations should also include the requirements relating to any contribution by the implementing partner.

3. Implementation

3.1 Preparation of the audit

The auditor should assess the follow-up to the findings and recommendations of previous audits, which are relevant to the audit approach for the coming period, and should establish whether proper and timely corrective action was taken by the implementing partner.

The auditor should take account of the permitted tolerances:

Grants up to € 250.000:	3%
Grants greater than or equal to € 250.000	1%

3.2 Drafting the audit plan

The auditor should draw up an audit plan, which should include an examination of the administrative organisation and internal control structure, an analytical review and a substantive investigation, together with a check on compliance with all grant conditions.

3.3 Implementation

3.3.1 The auditor should audit the grant financial statement based on the audit plan and check compliance with grant conditions in order to issue an auditor's report.

3.3.2 The Grant Project Financial Statement should include:

- a Summary of Funds Received
- a Summary of Expenditures shown by main categories of expenditures

3.3.3 The auditor should request a **letter of representation** from the grant recipient's management stating that, to the best of its knowledge, the financial statement encompasses all transactions and receipts, is accurate and complete in every respect and that all grant conditions have been met.

3.3.4 The auditor should ensure that the audit file contains sufficient documents of an appropriate and relevant nature and should record the audit procedures used and the results obtained in the file.

3.3.4 If the grant recipient has contracted out some of the activities covered by the grant, the auditor should establish whether checks have been made regarding the implementation of these activities and the associated charges.

The steps listed at 3.1, 3.2 and 3.3 are not exhaustive or restrictive and may not impose any limitations on the auditor's professional judgment. Any restrictions on the scope of the audit should be mentioned in the auditor's report.

3.4 Reporting

The long-form auditor's report should include the following:

3.4.1 The aim and scope of the financial audit, the audit criteria applied, where relevant, and any restrictions imposed on the scope of the audit.

3.4.2 The *certified* financial statement including disclosures and the accounting principles applied.

3.4.3 An auditor's report stating clearly the auditor's opinion of the financial statement. In the case of an **unqualified** auditor's report, the following text should be used:

We have audited the financial statement of ... at ... for the period from ... to The financial statement is the responsibility of the management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement gives a true and fair view of the completeness and accuracy of all transactions and receipts, and is accurate and complete in every respect. The obligations imposed by the grant decision have also been met.

3.4.4 In the case of a qualified auditor's report, the auditor should indicate:

- the influence on the transactions and receipts included in the financial statement;
- the grant conditions that have not been met; and/or
- any unlawful acts identified.

4. Review

Stichting Vluchteling reserves the right to review the audit. The auditor concerned should assist this review and supply the reviewer with all relevant documents relating to the audit.

5. Audit files

The audit firm must keep an orderly and accessible audit file. It should keep the files for a period of seven years from the date of completion of the audit.

RB, 3-10-2018