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Identified as above

1. **Summary of findings, description and impact on ISA opinion**

[date]

We have performed our audit engagement in accordance with the International Standards of Auditing. We have considered the specific requirements included in the terms of references.

In the context of this audit, we report in this memorandum on :

* follow up performed by client on last year’s identified issues and summary of findings (section A);
* some specific procedures (section C) performed in the context of the risks identified;
* on other significant (**FCL South Sudan** ) issues noted during our audit (section D).

We ask you to describe also in this section the follow-up done by the responsible of the offices on different issues in order to analyze if the prior years recommendations have been taken into consideration or not. You only have to verify client’s follow-up on the issues noted on the projects and offices under review. All others will be treated in section C.

All the procedures performed are described in this Audit Memorandum within work performed and sampling used, identified issues, financial impact, possible alternative procedures and recommendations if applicable for the office [**FCL South Sudan** ] (“the Office”) for the [period] **01/01/2018** ended [date] **31/12/2018** .

**All findings** we have noted are summarized here below:

Refer table annex



*Legend :*

*PM = Planning Materiality*

*TE = Tolerable Error*

*SAD = Summary of Audit Differences*

Details of our procedures and findings in connection with performance of the audit are summarized here after.

**Conclusion**

[Conclusion regarding the audit opinion and the audit of the office [name of the office] for the period ending [date]]

1. **Description of the main risks identified**

Hereafter, as listed in the terms of references under 1.3, you will find the main risks identified by Fondation Caritas Luxembourg and in collaboration with EY.

We ask you to describe in this section the audit work performed on the offices. Please note that the attached lists the risks identified in the projects and office representation of FCL, which will be treated in section C:

1. the Financial information and reports (see list annex 1) accurately present, in all material respects, the actual expenditure incurred and the revenue received by the Office for the period from the 1st of January 2018 to the 31st of December 2018, in conformity with the applicable Contractual Conditions;
   * Effectiveness in the financial statements close process;
   * Consistence in the date of expenditure with the program period;
   * Correspondence of the period of the transfers of the head office to the concerned projects;
   * Completeness of the revenues generated by the project;
   * Correspondence of the bank balances to the accounting balances;
   * Application of the segregation of duties principle in term of authorization, execution and control;
2. the Project funds provided by the FCL and other donors have, in all material respects, been used in conformity with the applicable Contractual Conditions.
   * Correct and precise allocation of expenses between projects;
   * Correct classification or approved “compensation” between income and disbursements and between budgetary lines;
3. The legality and regularity of all incomes and expenditures have been respected i.e. compliance with laws and regulations and with applicable contractual rules as well as criteria.
   * Compliance of authorization procedures linked to disbursements;
   * Compliance of local regulations regarding VAT, other taxes and salaries;
   * Compliance of procurement procedures;
4. the incomes and expenses, assets and liabilities are adequately supported by original documentation and have been properly accounted for;
   * Correct and complete documentation of accounting entries;
   * Correct physical and accounting treatment of fixed assets, the inventory systems showing proof of existence;
   * Consistence of the method applied for the conversion of local currencies into Euro (foreign exchange gains and losses) is with standard accounting practices and the handbook;
5. the funds of the representation office have been used efficiently and economically i.e. in accordance with sound financial management;
   * Optimization in the management of the petty cash (bank accounts with interests);
   * Optimization of the IT system including salaries calculation;
   * Existence of systems ensuring that all submissions received are evaluated and that the market attribution decision is supported;
6. the funds have been used effectively i.e. for intended purposes;
   * Correct and precise correlation between disbursements and project objectives;
   * Monitoring of the progress of financed activities;
   * Verification of correctness of information received by the partners;
   * Efficiency in the cash management;
7. **Details of procedures performed in the context of the audit based on the risks identified as above**

Please find hereunder the main 21 risks as mentioned above and noted as “identified risks” you have to analyze.

Each risk is structured similarly.

First, (i) a description of the risk identified and its category (accounting, program, procedure risks, procurement/public tenders, human resources and country risks) ; (ii) then, we presented an extract coming from the summary presented to the Audit Committee with indicators useful for your understanding ; (iii) finally, a section dedicated to the work itself to be performed, issues identified, potential impact on opinion, etc. ..

1. **Identified Risk / accounting aspect :**

Effectiveness in the financial statements close process

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Consistence in the date of expenditure with the program period

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / internal procedures :**

Correspondence of the period of the transfers of the head office to the concerned projects.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / internal procedures :**

Completeness of the revenues generated by the projects.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / public tender :**

Correspondence of the bank balances to the accounting balances

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / public tender :**

Application of the segregation of the duties principle in term of authorization, execution and control

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / country aspect :**

Correct and precise allocation of expenses between projects.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Correct classification or approves “compensation” between income and disbursements and between budgetary lines.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Compliance of authorization procedures linked to disbursements.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Compliance of local regulations regarding VAT, other taxes and salaries

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Compliance of procurement procedures.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / internal procedures :**

Correct and complete documentation of accounting entries.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / programming :**

Correct physical and accounting treatment of fixed assets, the inventorysystems showing proof of existence

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Consistence of the method applied for the conversion of local currencies into EURO (foreign exchange gains and losses) is with standard accounting practices and the handbook

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Optimization in the management of the petty cash (bank accounts with interests).

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Optimization of the IT system including salaries calculation.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Existence of systems ensuring that all submissions received are evaluated and that the market attrbution decision is supported.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Correct and precise correlation between disbursements and project objectives

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Monitoring of the progress of financed activities.

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Verification of correctness of information received by the partners

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Identified Risk / accounting aspect :**

Efficiency in the cash management

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]

1. **Details of other noted audit issues, not linked to any risks listed in   
   section C but which pass the FCL South Sudan**

Please described hereunder all other issues found during your audit and worth to be reported (at minimum those with financial impact > **FCL South Sudan**).

**Work done :**

*Work performed and sampling used*

[Description]

*Identified issues*

[Description]

*Financial impact*

[Description]

*Possible (if any) alternative procedures performed in the context of the audit in order to solve the issue*

[Description]

*Recommendation [if applicable]*

[Description]