

Annexe 1 Model audit protocol for audit and assurance engagements

Appendix to decision Women's Leadership and Advocacy Initiative,
dated August 5, 2021, activity number 4000005048.

1. Introduction

This protocol must be followed in auditing the financial statements prepared in respect of the
grant awarded under decision dated August 5, 2021.

This audit protocol sets out the applicable audit principles and requirements and explains how the audit findings must be reported.

The external auditor is engaged by the grant recipient Stitching CARE Nederland. After consultation, the Minister may request that a review be conducted to ascertain that the auditor has complied with the audit protocol.

2. Audit subject and standards

The audit subjects are:

A.	the grant recipient's financial statements for the applicable year; 1 st Aug 2021 to 1 st Aug 2022.
B.	the activities listed under 3.B on which a report of findings must be issued in accordance with ISRS 4400.

The following standards apply to the grant.

- Decision awarding grant Women's Leadership and Advocacy Initiative, including related appendices.

3. Engagements of the auditor

Part A. Auditing annual financial statements

The audit must be carried out in accordance with generally accepted auditing standards and in particular the auditing standards (International Standards on Auditing; ISAs) of the International Auditing and Assurance Standards Board (IAASB).

The auditor must audit the financial statements to establish that they meet the requirements laid down in section 2 of this protocol. The auditor will ascertain that:

1. expenditures and receipts are accurate and complete.
2. expenditures and receipts relate to the activities referred to in section 1 of this protocol.
3. expenditures are legitimate and comply with the criteria laid down in points a) to
e). The auditor must establish that:
 - a. expenditures are corroborated by supporting documents.
 - b. the organisation keeps project records and other documents such as timesheets for allocating personnel costs to projects. The auditor must also ascertain that the information in the project records agrees with the information in the financial accounts.
 - c. suppliers were selected objectively, and threshold amounts were respected in accordance with the EU public procurement rules laid down in EU Directives

Date
5 August 2021

Our reference
L-2021-083

2004/17/EC and 2004/18/EC. Where appropriate, the auditor will review compliance with local legislation, as laid down in, for example, the Public Procurement

Act 2012 (as amended);

- d. tax and social insurance remittances have been made in accordance with the tax laws of the country where the organisation is established and for the period to which the audit opinion relates;
- e. invoices are settled on the basis of actual costs or lump sum

amounts set in accordance with the organisation's internal policies.

The minimum reliability level for audit purposes is 95%. The auditor will accordingly plan and conduct the audit to obtain reasonable assurance that the accounts contain no material

misstatements or uncertainties.

The type of opinion will be determined by the following materiality levels, based on the amount funded.

Type of audit opinion	Unqualified	Qualified	Disclaimer	Adverse
Accounting errors	See table below	< 6%	-	> 6%
Audit uncertainties	See table below	<10%	> 10%	-

The auditor should also take account of the following permitted tolerances.

Amount funded	Permitted tolerance
Less than €1.5 million	3% of the grant amount

Greater than or equal to €1.5 million but less than €5 million	€50,000
Greater than or equal to €5 million	1% of the grant amount

The auditor determines materiality for a multiyear activity on an annual basis. The table above shows how the permitted tolerance is calculated for the costs incurred and accounted for during the year.

The auditor draws up its report in accordance with the requirements set in section 4 of this audit protocol. If the auditor detects both errors in the accounts and uncertainties in the audit, it will take them both into account when forming its opinion.

Supplementary activities to the audit are:

The auditor must establish that management specifically confirms in the letter of representation that they have complied with article 7 sub i of the grant decision: ‘The grant recipient must not offer to third parties or seek or accept from or be promised by third parties, for itself or for any other party, any gift, remuneration, compensation or benefit of any kind whatsoever, if this could be interpreted as an illegal or corrupt practice.’

The auditor must report any information that came to its notice during the audit which is relevant to the grant provider in finalising the grant award. Findings relating to the requirements referred to in this section may be relevant to the grant provider.

Part B. Agreed-upon procedures (ISRS 4400)

The auditor must carry out the following procedures:

- The auditor must describe the procedures and internal policies put in place by the organisation (counterparty) for the implementing organisations. The auditor must in any event describe:
 - how the counterparty assesses the implementing organisations' management capacity; the auditor must describe how this assessment was carried out for at least 5% of the implementing organisations and a minimum of three;
 - how the counterparty imposes sanctions on implementing organisations that fail to meet with their obligations. If a sanction is imposed, the auditor will check that the sanctions procedure was observed.

- The auditor must describe the organisation's procedures and internal policy regarding the procurement of goods and services.
 - The auditor must in any event establish that the organisation has a procurement policy that is physically or digitally documented. The auditor must also state whether the policy is available to the staff and/or whether the staff are aware of it.
 - The auditor must describe how the organisation selected the suppliers/service providers objectively. It must ascertain whether more than one person was involved in the selection of a supplier/service provider and whether bids were assessed before being accepted or rejected.

4. Reporting

This section explains how the auditor must report on its activities.

Audit opinion

The auditor must issue an audit opinion on the activities described in part 3.A in accordance with the requirements of ISA 800/805. A model opinion is available on the IAASB's website.

The auditor must also devise a suitable way of identifying the financial statements it audits.

Report of findings

The auditor must report on the activities described in part 3.B in accordance with the requirements of ISRS 4400. A model report is available on the IAASB's website.

The deadline for submission of proposals from interested parties is 16th August 2022.

Proposals can be submitted to Gabriel.Puja@care.org, and SSD.Procurement@care.org.