
CREATIV FORCE

AUDIT INSTRUCTIONS

For accountants auditing projects funded by the Swedish Institute.

GENERAL INFORMATION

For Creative Force grants that exceed SEK 100,000, the Swedish Institute (SI) requires an audit of the project carried out by an external, independent and qualified auditor who is a member of the International Federation of Accountants (IFAC). The audit shall be conducted in accordance with international accounting standards issued by the International Auditing and Assurance Standards Board (IAASB).

The report submitted to SI by the auditor shall consist of the following:

1. Independent auditor's report in accordance with ISA 800/805
2. Management Letter
3. A separate scrutiny in accordance with SNT 4400

SCOPE OF THE AUDIT

1) Audit

Independent auditor's report

An audit shall be conducted of the financial report which is to be submitted to SI in accordance with the Agreement for Creative Force funding. The audit shall express an opinion in accordance with ISA 800/805 as to whether the financial report agrees in all material respects with the accounts held by the grant recipient, and has been compiled in all other material respects in accordance with the agreement between SI and the grant recipient.

The auditor shall set out the scope of the audit and the method used in his/her report (Independent auditor's report). The report shall be signed by the auditor and include that person's professional title.

Management letter

The auditor's reporting shall, in addition to the Auditor's report, also include a management letter presenting observations and weaknesses that emerged during the audit process. The auditor shall identify all budget costs which lack sufficient documentation, irrespective of importance. The auditor shall also make recommendations as to how identified weaknesses can be mitigated. The recommendations shall be presented in order of priority.

Any measures that the grant recipient has taken to correct weaknesses in previous audits shall be presented in the management letter.

2) *Separate scrutiny in accordance with SNT 4400*

In a separate report (Report of actual observations) the auditor shall comment on the following:

- Whether payroll costs in the project budget have been regularly and systematically entered in the bookkeeping throughout the year and can be verified by sufficient documentation.
- Whether the financial report includes a comparison between the actual budget outcome and the original budget approved by SI concerning costs for activities in the period in question.
- Whether there is sufficient documentation to support a scrutiny of reported costs with regard to substantiality and risk.
- Whether the grant recipient has complied with Swedish government procurement regulations.
- Whether exchange rates and any gains made from favourable exchange rates have been accounted for in accordance with good accounting practice
- Whether the final balance of funds from the previous period is identical with the initial balance of funds for the audit period in question.
- If the grant recipient has used the modified cash method of accounting, the report shall examine whether the chosen method is acceptable for the financial report which has been produced.

Where the grant recipient has in turn made a transfer of funds, the following shall also be included in the auditor's scrutiny and comments:

- Whether the grant recipient has a signed agreement with the partner organisation which includes SI's criteria and requirements.
- Whether, where a transfer of funds has been made, an audit of the partner organisation been carried out in accordance with the requirements set out in the agreement between SI and the grant recipient.
- Whether the agreement for the transfer of funding features the same requirements with regard to exchange rate losses/gains as those in the agreement between the grant recipient and SI.