

Appendix 4 to the Cooperation Agreement

TERMS OF REFERENCE FOR ANNUAL AUDIT – SPECIAL CONSIDERATIONS SPECIAL PURPOSE FRAMEWORK/SINGLE FINANCIAL STATEMENTS

The below Terms of Reference shall be the starting point for the Organisation's commissioning of an audit of the annual financial report for the Organisation's projects including financing from Church of Sweden. The Terms of Reference shall be signed by the management/board in accordance with the Organisation's valid regulations. The Terms of Reference shall be part of the Auditor's engagement letter, either included in the text or as annex.

[ORG] are to be replaced with the name of the Organisation, and other [highlighted text] replaced with the information relevant for the Terms of Reference.

Note that if other donors to the Organisation are requesting similar audits Church of Sweden shall be contacted for the sake of harmonisation.

I. Introduction

[ORG] will procure/commission an audit of the financial report(s) of the project(s) including financing from Church of Sweden in accordance with the conditions set in the Cooperation Agreement between [ORG] and Church of Sweden, dated [XX]. The audit shall be performed in accordance with the International Standards on Auditing ISA.

The audit shall be performed by an independent certified/chartered Auditor. The Auditor shall be a member of IFAC or an equivalent national body with international auditing standards.

II. The scope of work and purpose of the audit of financial project report.

The purpose of the audit of the [ORG]'s annual financial project report for the period [January-December 201X] is to provide a report expressing an opinion in accordance with ISA 800/805 whether the financial project report has been prepared in accordance with the terms of accounting and reporting in the [ORG]'s Cooperation agreement with Church of Sweden, dated [XX].

III. The Auditor's reporting

Auditors report:

It shall be apparent from the report that the audit has been conducted in accordance with International Standards on Auditing ISA 800/805.

The Audit Report shall express an opinion with reasonable assurance whether the annual financial project report is correct and gives a true and fair view of the activities of the project and whether the implementation has complied with the rules and conditions governing the use of funds as expressed or referred to in the Cooperation Agreement, that the financial reporting has been done as per agreement and that the funds are included in the [ORG]'s accounting.

Management letter:

The auditor shall submit a Management Letter, which reviews the management and the internal control system of the project. The auditor shall document all communication on significant issues with the board or management in the management letter. In this case it refers to the management letter based on the audit of the financial report on project level

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and not the entire organization. If the auditor does not have any observations to report this shall be disclosed in the management letter.

Where applicable, it shall also be clear from the management letter if the Organization has taken action based on what the auditor raised in previous years' management letter.

Audit report and management letter shall be written in English and be received by the Organization not later than [insert date]. This assumes that the auditor has been able to start their audit not later than four weeks before the due date of the report, and that the documentation regarding the financial report is complete.