

Auditing guidelines for the auditor in partner country Higher Education Institutions

HEI ICI 2016-2018 programme

SCOPE

We ask you to conduct a Special Purpose Audit concerning the Development Co-operation HEI ICI Programme Project **[Name of project]** of **[Organisation]**.

According to the HEI ICI programme of the Ministry for Foreign Affairs of Finland's the receiving organisation must observe principles related to good governance and anticorruption activities. State support shall be used only to cover expenses considered to be necessary and reasonable in carrying out the project activities. In accounting, the support receiving organisation shall follow the generally accepted national accounting principles (GAAP). An audit must be carried out in accordance with the International Standards on Auditing as applicable and relevant with respect to the national legislation and standards.

The nature of a Development Co-operation Project is as follows:

- A project is not a legal entity but an accounting subject.
- It can include transactions in more than one legal entity (e.g. in Finnish HEI and partner HEIs).
- It does not prepare statutory Financial Statements.

REPORTING

We ask you to further send the Auditor's Report to the coordinating HEI in Finland. The report has to be in English and include the following items:

- Project Identification and name
- Implementing organisation
- Date of the co-operation agreement
- Reporting period and currency
- Exchange rate used in the Financial Project Report
- Total amount of budgeted income and expenditures (including balance from previous year)
- Total amount of actual income and expenditures (including balance from previous year)
- Closing balance (including cash, bank and other assets like advance payments and outstanding checks)
- Auditor's name, position, address, phone and e-mail
- Date, auditor's signature and authorization
- Opinion on the issues below

OPINION

The Auditor's Report offers an opinion on the following areas:

- Do the financial reports match with the Bookkeeping?
- Do the financial reports correspond with the co-operation agreement (MoU)?
- Does the received funding match with the Bookkeeping?
- Does the Bookkeeping match with the Vouchers?
- Are there proper Vouchers for the transactions?
- Is there an adequate Bookkeeping, including Journal and General Ledger?
- Do the changes in the List of Fixed Assets match with the Vouchers?
- Does the Bookkeeping match with the Official Bank Account Statements and Cash Book?
- Does the opening balance of funds correspond with the bookkeeping from previous years and with the audit report if conducted?
- Are the approved financial reports free of material misstatement?
- Are the received, unused funds properly recorded as a liability in the balance sheet and included in the ending balance of the financial reports?
- Are the recorded expenses in the financial reports in line with the approved original budget and activity plan?
- Is the internal Control system of the organisation in place? Are there any material weaknesses that the organisation should improve?
- Do the salaries of the project personnel match with existing properly signed employment contracts and does time recording exist?
- Have social Security expenses including pensions and taxes been recorded and paid to relevant authorities in accordance with the national legislation?
- Does the organisation have copies of all valid essential contracts (government, trading, rental, lease, Service agreement)?