Audit instruction 2020-2022

Union to Union requires two separate audit reports, one according to ISA 800/805 and one on factual findings according to ISRS 4400.

Swedish unions and/or Global Union Federations (hereafter called “the Organization”) that have been granted funds for trade union development projects or programmes must yearly submit an audited financial report covering all the activities carried out during the previous calendar year (January 1 – December 31). The report shall be submitted to Union to Union on the 1 of March at the latest.

A. ISA 800/805

All projects/programmes must be audited annually and the costs of auditing shall be included in the project budget. This applies to all levels where costs are incurred by Swedish Unions, Global Unions, Regional trade union offices and field organizations. The audit has to be carried out, by an independent authorized auditor, according to international auditing standards (ISA) issued by IAASB, The International Auditing and Assurance Standards Board and comply with ISA 800/805.

The purpose of the audit is to revise the financial report sent to Union to Union during the period 2020-01-01 through 2022-12-31 and, in accordance with ISA 800/805, declare whether or not the financial report regarding the organizations project / program, is in accordance with the agreement, and accompanying appendices, between the contracting party and Union to Union.

The auditor's report shall include an independent auditor's report in accordance with the format of the standard ISA 800/805, as well as a management letter in which all the observations and weaknesses identified during the audit process shall be stated. Both significant and other shortcomings shall be included in the management letter. The auditor shall, irrespective of the substance, quantify the amount of costs which are insufficiently verified. The auditor shall also make recommendations for how to approach and correct the identified weaknesses and the recommendations shall be presented in order of priority. The financial report, that has been audited, shall be attached to the audit report.

If the auditor considers that no observations or weaknesses are identified that would render a management letter, this explanation shall be stated in the independent auditor's report. Actions taken by the organization to address weaknesses in previous audits shall be presented in the management letter.
The independent auditor’s report shall clearly stipulate that the audit has been conducted in accordance with ISA 800/805. The report shall be signed by the auditor and include the auditors title.

The audit report has to include an opinion, as stated below:

**Opinion**
We have audited the statement of income and expenditure of (Organisation) for (the Project/Project no) for the period from January 1 to December 31, XXXX and notes to the statement of income and expenditure, including a summary of significant accounting policies (together “the financial statement”).

In our opinion, the accompanying financial statement presents fairly, in all material respects, the income and expenditure of (the Project/Project no), for the period from January 1 to December 31, 20YY in accordance with the cash income and expenditure basis of accounting described in Note 1.

**Basis for Opinion**
We conducted our audit in accordance with International Standards on Auditing (ISA800/805). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statement section of our report. We are independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statement in (country), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. **Report on factual findings according to ISRS 4400**

The additional assignment shall be reported separately in the “Report on factual findings”.

The review shall be based on spot checks of at least 40 % of total project costs. The size of the sample from the audited reports from the subsequent levels shall be specified in the report.

If the auditor that performs the additional assignment, assesses that the observations described in the "Report on factual findings” include the information that would have appeared in the management letter, a management letter does not need to be issued. In that case, it shall be stated in the “Report on factual findings” that a management letter has not been issued for that reason.

In this review, the auditor shall examine, in particular:

1. Review whether the staff costs charged to the project are regularly posted throughout the year in a systematic way and whether the staff costs can be verified on adequate basis. Adequate basis is for instance supporting documents with standard time reporting per month.
2. Review that the financial report includes a comparison for each budget line between actual outcome and the latest budget approved by Union to Union, regarding expenses for activities for the current period.

3. Based on materiality and risk, the auditor shall review whether reported costs have sufficient supporting documents.

4. Review that the organization complies with national accounting and tax rules.

5. Review whether the organization has followed the procurement rules set out in the agreement and, where applicable, in the Annex.

6. Review that the outgoing balance from previous period corresponds with the ingoing balance this period.

7. If the partner uses a modified cash principle as the accounting principle, the auditor shall describe the chosen accounting principle and how it has been applied.

8. Verify the outgoing balance in the project at the end of the year.

9. If Union to Union’s contracting partner is a Swedish Union, the auditor shall review that the own contribution (5% of the total project budget) has been reported on the income side in the project accounts together with the project funds from Union to Union.

10. Review that an organizational assessment has been done before entering in agreement with organizations at subordinate level.

11. Review that an agreement has been signed, including correct requirements on accurate reporting and auditing, before any transfers are made to the organization at subordinate level.

12. If the Co-operation partner has agreements on subsequent levels with local partners for less than 75,000 SEK, the auditor shall review if the Co-operation partner has a written approval from Union to Union to include the costs on subsequent level in the Co-operation partners own audit.

13. Review that the reports stipulated in the agreement have been obtained from the organizations at subordinate level.

14. Review on a spot check basis that the organization has assessed reports received, including evaluation of the auditor’s qualifications and also has acted to remedy any deficiencies in reporting and/or remarks in auditors’ reports.

15. Review that the project/program funds are deposited in a bank account that requires two authorized signatories jointly, until funds are spent on the project/programme or paid out to organizations at subordinate levels.

16. That any interest accruing to the project/programme is included in the financial reports.