Audit instruction 2018-2019

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 15th of March at the latest.

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 2018-01-01 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, XXX in accordance with the cash income and expenditure basis of accounting described in Note I.

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.

Additional Assignment;

This assignment also includes an engagement to perform agreed-upon procedures regarding financial information, according to ISRS 4400. The review shall be based on spot checks of at least 40 % of total project costs.

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

1. Review whether the wage costs charged to the project are regularly posted throughout the year in a systematic way and whether the wage costs can be verified by adequate basis. Adequate basis is for instance underlying 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. Review that the organization complies with national accounting and tax rules.

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

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

7. That the Swedish own contribution reported by the contracting organizations is covering eligible project costs and is comprised of funds collected in Sweden.

If the contracting partner is a Global Union, the Swedish own contribution has to be covered by membership dues from the Swedish Unions affiliated to the Global Union. The auditor shall review that the own contribution does not exceed the Swedish Unions membership due paid to the Global Union.

That it is possible to trace project/program expenditure including costs covered by Swedish own contribution and local own contribution in the accounting and there are supporting documents for these costs.

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

9. 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.

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

11. 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.

12. 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.

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

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