

### Annex 3: Audit procedures for projects co-funded by SCBF

#### Background

As part of the project grant agreement the Grantee is required to engage an independent Auditor, who will perform an audit (following International Auditing Standards ISRS 4400 or similar) on the **final financial project report**. The Grantee is obliged to have the audit conducted within 60 days of the end of the project. The final grant payment to the Grantee is contingent on submission and satisfactory completion of the audit report to SCBF. A separate Auditor’s Instruction Package will be shared with the Grantee.

#### Purpose of the audit and requirements

The purpose of the audit is to validate project costs, partner(s) contributions and verify proper and exclusive use of funds as outlined in the tripartite grant agreement.

The Auditor will perform the following procedures (for a detailed description, please refer to the audit instructions):

1. Reconcile the budgeted figures in the tripartite agreement with the figures in the final financial project report which has been reviewed and approved by the SCBF Finance Manager.
2. Reconcile the invoices/timesheets of the Grantee with the entries in the final financial project report.
3. Verify that the invoices/timesheets in the books of the Grantee have been used solely for the project.
4. Reconcile the total payments from SCBF to the Grantee with the final financial project report in the Grantee’s books.
5. Validate/Reconcile the contribution from the FSP / other contracting third parties (if applicable) with the entries in the final financial project report.
6. Verify that all costs stated in the final financial project report have been used exclusively for the SCBF funded project and receipts/timesheets and other supporting documentation marked/stamped in a way that they cannot be used for other settlements.

#### How to organise the audit

As soon as there is a predictable project end date, the Grantee will select an independent Auditor, who will be willing and capable to perform the audit. The Grantee should share the Auditor’s Instruction Package with the Auditor to be informed of the services he/she is expected to perform. This information will allow the Auditor to determine the nature of the engagement and quote a fee for the audit. If the price for the audit is deemed as too high, by the SCBF Finance Manager, the Grantee will be asked to request three quotes. Please refer to the below steps and instructions on how to organise the audit:

Step	Accountable	Involved parties
<p><b><i>Plan the audit</i></b> Grantee contacts potential Auditor(s) and introduces the scope of work (Auditor’s Instruction Package), preferred dates for performing the audit as well as the reporting date. If the price for the audit is deemed as too high, by the SCBF Finance Manager, the grantee will be asked to request three quotes.</p>	Grantee	- Auditor
<p><b><i>Submit the Acknowledgment of Receipt and Fees</i></b> Once the auditor has agreed to perform the audit, he/she should complete the Auditor’s <b><i>Acknowledgment of Receipt and Fee Form</i></b> in the Auditor’s Instructions Package and send a signed version to SCBF Finance Manager (copying the Grantee).</p>	Auditor	- SCBF Finance Manager - Grantee
<p><b><i>Approval of the fee request</i></b> SCBF Finance Manager reviews and approves the Auditor’s</p>	SCBF	- Auditor - Grantee

Acknowledgment of Receipt and Fee Form for the audit and informs both the Auditor and the Grantee. <i>If approval is not granted by SCBF the Grantee will need to find another Auditor.</i>		
<b>Issue Engagement Letter</b> The Auditor issues the Engagement Letter to the Grantee attaching the approved <b>Acknowledgment of Receipt and Fee Form</b> .	Auditor	- Grantee
<b>Sign Engagement Letter</b> The Grantee signs the Engagement Letter forwarding it to the Auditor and copying SCBF.	Grantee	- Auditor - SCBF Finance Manager
<b>Prepare for the Audit - Grantee exchange of documents</b> In agreement with the Auditor, the Grantee prepares and provides him/her with the following documents:  <ol style="list-style-type: none"> <li>1. Final financial project report (which has been approved by SCBF Finance Manager as the final version),</li> <li>2. Stamped receipts / bills / invoices with adequate explanations of the positions,</li> <li>3. In case of Grantee's own TA expertise service, stamped timesheets of the experts,</li> <li>4. Bookkeeping information, which presents the bookings of the project related costs,</li> <li>5. Bookkeeping information, which presents the bookings of SCBF's payments,</li> <li>6. For costs, which are funded by the Financial Sector Partner or third parties, signed confirmations of the nature and the amount of the expenditure and the exclusivity of the expenditure for the SCBF co-funded project.</li> </ol>	Grantee	- Auditor - SCBF Finance Manager
<b>Prepare for the Audit - SCBF exchange of documents</b> The SCBF Finance Manager provides the Auditor the SCBF approved version of the final financial project report.	SCBF	- Auditor
<b>Perform Audit</b> The Auditor performs the audit based on the received and/or requested documents.	Auditor	
<b>Issue Audit Report</b> The Auditor issues the Audit Report to both the Grantee and SCBF Finance Manager.	Auditor	- Grantee - SCBF Finance Manager
<b>Request for payment of Audit Fee</b> The Auditor sends the invoice to the Grantee. The Grantee pays the invoice and asks for a reimbursement from SCBF Finance Manager.	Auditor	- Grantee - SCBF Finance Manager

If you require further information on the audits, please contact the SCBF Finance Manager Oliana Stojko at [oliana.stojko@scbf.ch](mailto:oliana.stojko@scbf.ch)