

Auditor's Instruction Package

(to be sent to the Auditor)

Your organisation has been selected to perform an audit (Agreed-Upon Procedures) on project funds granted by Swiss Capacity Building Facility, based in Zurich, Switzerland, (herewith "SCBF") to the Grantee (the "Engaging Party").

We, SCBF and Grantee (the Engaging party) are pleased to share with you the Auditor's Instruction Package which includes:

1. Auditor's [Acknowledgment of Receipt and Fees form](#),
2. [Engagement letter](#),
3. [Agreed-Upon Procedures Report \("Audit Report"\)](#).

The Engagement Letter and the Audit Report proposals are illustrative based on the ISRS 4400 (Final Pronouncement from April 2020).

We kindly ask you to carefully read these instructions before making a final decision on whether you can undertake this audit. If you meet the requirements and can undertake this audit, please complete and submit the **Auditor's Acknowledgment of Receipt and Fees Form** at your earliest convenience and submit it to the SCBF with a copy to the Grantee. Please note, that the audit fee must be approved by SCBF before the Engagement Letter is issued. If you expect significant changes in the Engagement Letter and/or Agreed-Upon Procedures Report (for example because of other local requirements) and/or if you have any professional concerns with this engagement, please contact SCBF and the Grantee as soon as possible.

General Description of the Project

SCBF is a public-private development partnership with the purpose of poverty reduction and building resilience of low-income people in developing and emerging countries. In accordance with its purpose SCBF funds technical assistance providers to assist Financial Sector Partners in developing and upscaling client-centric financial products, channels, and services.

The Agreed-Upon Procedures Audit is to be performed on the **final financial project report** to validate project costs, partner(s) contributions and verify proper use of funds as outlined in the tripartite grant agreement. The costs detailed in the final financial project report, must be accurate, reconciled with the SCBF's final financial report and all cost claims must be validated as exclusively being used for this project only.

Please take note of the following project's specialities:

1. Not all the costs can be found in the Grantee's bookkeeping system. There are internal costs from the FSP (that may not have invoices, for example use of facilities for workshops) and/or third parties from part of the project costs.
2. In some cases, the technical assistance provider/Grantee includes their time as a self-contribution. In these circumstances, there may not be an invoice to validate the time spent on the project and as such a timesheet for the employee should be available to validate. We are aware that not in all the cases these timesheets are a result of a professional time record system.
3. In rare cases the FSP may include the purchase of tangible assets that have a useful life longer than the project period. For items that have a residual value of greater than CHF 5'000 at the end of the project, these will need to be evaluated on a case-by-case basis. For lower cost items e.g., tablets for loan officers we assume a zero residual value at the end of the project.
4. By signing the tripartite agreement, the costs and in particular the daily rates of the technical assistance experts and the originally approved budget are to be followed.
5. Grant disbursements are made based on the achievement of key project milestones with the exception of the advance payment made at the start of the project and the final SCBF payment which is based on the actual costs as presented in the final financial project report and is made only after the submission and satisfactory completion of the Audit Report to SCBF.

6. If the Auditor finds other “specialities” he/she should contact the SCBF Finance Manager.

Specific Project Descriptions (if applicable):

Approach for the Agreed-Upon Procedures:

To perform the audit, the Grantee will provide you with the final financial project report (final version approved by the SCBF Finance Manager), which includes budget cost structure, the actual project costs, and the original project budget approved by SCBF.

For all entries in the final financial project report, the Grantee will provide you the following supporting documents:

1. Stamped receipts / bills / invoices for the provided technical assistance (TA) services with adequate explanations of the positions.
2. In case of Grantee’s own TA expertise service, stamped timesheets of the experts.
3. Bookkeeping information, which presents the bookings of the project related costs.
4. Bookkeeping information, which presents the bookings of SCBF’s payments.
5. For costs which are funded by the Financial Sector Partner (FSP) or third parties, confirmations of the nature and the amount of the expenditure and the exclusivity of the expenditure for this project.

Likewise, SCBF will provide you with the final financial project report as per their records for the reconciliation purposes and to verify that all involved parties have the correct version.

The audit objectives are (for a detailed description of the audit procedures, please refer to the Engagement Letter respectively the Agreed-Upon Procedures Report):

1. reconciling the actual costs, presented in the final report with the supporting documents (correctness),
2. judging if the description of the costs in the final financial project report matches with the supporting documents (accuracy)
3. judging the budget variance description (accuracy),
4. formally checking if the original receipts related to the SCBF project are marked / stamped to avoid the possibility of being used for other settlements,
5. availability of the FSP / third party signed confirmations of the costs, which are not entered in the Grantee’s bookkeeping system (completeness).

Reporting

At the end of these instructions, you will find the Agreed-Upon Procedures Report. Please ensure to issue the report no later than 60 days after the SCBF project has ended. The final financial project report is the only attachment to the Agreed-Upon Procedures Report and should be stamped by the Auditor for initialising purposes.

Please inform the SCBF Finance Manager and/ or the Grantee if you would like to have a closing meeting. You are kindly requested to inform the SCBF Finance Manager directly if you detect any inconsistencies or have any other concerns (irregularity of the accounts, underfunding of the Grantee’s balance sheet, possible fraudulent behaviour, etc.).

SCBF is available to answer any queries you may have. Please do not hesitate to contact SCBF Finance Manager Oliana Stojko at finance@scbf.ch

Grantee’s Contact Information: