

Guidelines for the audit of Norwegian and international organisations

Background

The regulations for financial management in central government give general guidelines for the control of information from the recipients of contributions. These rules have no specific requirements with regards to financial reporting or the audit.

The arrangements for the support schemes administered by the Norad's Civil Society Department always apply, i.e., in addition to these guidelines.

Principal requirements

All grants in excess of NOK 100 000 to *Norwegian* and *international* organisations shall be audited annually.

The audit shall be performed by an authorized, independent auditor, and the audit shall be carried out in accordance with the current national and international auditing standards at all times. The auditor's report should express an opinion with reasonable assurance.

In addition to certifying that the financial statements have been prepared in accordance with the described accounting principles, the auditor shall confirm that the relevant terms of agreement for the treatment of the funds have been adhered to.

Contributions to an organisation's general operations (core support) are included in the organisation's ordinary financial statements and audit; no additional audit of the grant from Norad is required.

Contributions to an organisation's projects and programs shall be audited on a project/program level. In addition, Norad shall have access to the organization's financial statements and audit.

The audit should include *total* funds to the project/program, assuming traceability to the grant from Norad.

Special considerations

- If required, Norad can obtain the auditor's communication with the decision-making bodies (audit memoranda, management letters etc.).
- The audit shall follow the funds, i.e., the audit must be performed down to the last element. This implies that local cooperating partners receiving the grant from Norad are subject to an audit. This kind of audit requires the following:
 - The audit of local financial statements shall be performed by a qualified, independent auditor. In areas where local authorization is required, the audit shall have such authorization.
- In the audit report, the auditor shall identify the financial statements by stating total costs, funds not used and interest when relevant to the agreement.