



Partners of the Strengthening Civil Society partnerships

**Social Development
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Civil Society and Education
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Contact

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Our reference

MINBUZA-2023.863215

Date 4 May 2023
Subject new audit protocol

Dear partners of the Strengthening Civil Society partnerships,

Thank you for sending your combined comments regarding the new audit protocol of our Ministry that will apply to all programmes funded by the Ministry, including the strategic partnerships under the Strengthening Civil Society policy framework.

The main reason for revising the audit protocol is that the old version was not approved by the Netherlands Institute of Chartered Accountants (NBA). Various auditors mentioned in their audit reports that certain parts of the financial reports (such as Indirect Cost component) could not be checked based on requirements in the old audit protocol. The new audit protocol has been approved by NBA and addresses all shortcomings from the old version of the audit protocol. At the same time the basics of this new audit protocol do not deviate substantially from the old protocol. In fact, most of the changes entail an adjustment of the wording, to avoid misinterpretation and provide clarity.

Please let me reaffirm that the new audit protocol will only be applicable from the year 2023 (reports to be submitted in 2024) and will not apply retroactively. A draft version of this new audit protocol was circulated in September 2022, giving partners ample time to make any necessary adjustments. Please note that the new audit protocol is not mandatory for implementing partners (cooperating partners). As such, it will not impact new or existing sub-grant agreements.

Regarding the comments on administrative burden: a few additional requirements have indeed been added in the new audit protocol. However, since some requirements have also been removed (such as Annex A Separate written report), the Ministry expects this to even out the additional administrative burden. Furthermore, the additional requirements are not new: they were checked by the Ministry during the "drempeltoets" (threshold) phase, and will now be confirmed by the auditor on an annual basis. Since this new audit protocol will apply to all funding instruments of the Ministry, this also ensures organizations, having more than one programme being financed by the MFA, do not have to use different protocols. For those organizations, this should reduce the administrative burden.

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The stipulations that have been added related to the sanction policy are by no means intended to reflect an implicit mistrust of local organizations. In our view, a sanction policy is part of sound financial management of any organization and it is normal procedure for this to be checked by auditors.

In response to your comments on the requirement regarding the new procurement threshold, the Ministry has decided not to require partners to include this in the audit of 2023. This means that point 10 of part 3A (805 ISA) in the new audit protocol does not need to be audited in 2023 (please note that that the procurement chapter (part 3B – chapter 3) will still need to be included in the ISRS 4400 report). The Ministry requests you to inform your auditor by showing a copy of this letter. Your auditor can then use this letter as audit evidence.

The Ministry believes that the new audit protocol will improve the quality of the audit reports and provides more clarity to all parties concerned. As such, this new audit protocol is seen as a major improvement. Please note that the Ministry intends to use it not only for the present strategic partnerships, but also in future calls for proposals and individual grant decisions (related to consortia).

With the above, I hope I have been able to reassure you about the intentions behind the adjustments in the audit protocol and the consequences they have for you as our strategic partners. In case this raises further questions, please feel free to reach out to your regular contact person at the Ministry.

For transparency purposes this letter will be sent to all (lead) partners under the Strengthening Civil Society Policy framework.

With kind regards,

The Minister for Foreign Trade and Development Co-operation,
for the Minister,
The Director for the Social Development Department,
For the Director,



Mr. J.J. Kelderhuis
Head Civil Society and Education Division