The audit protocol only applies to consortium partners, so does not apply to local partners.

***Sub.2 Audit subject and standards framework***

**NEW: Accounting policies**The accounting policy by the lead partner should be used by all partners which is accrual accounting for Plan International.
This would mean that partners using a cash accounting system should adapt their system. Should this be the case, Ministry of Foreign Affairs (MoFa) should be notified beforehand and an exception should be requested to use a different system when reporting.
This is different from the previous protocol where nothing was defined on this specific item which made it possible for alliance partners to apply their own system regardless of the system used by the lead partner.

***Action:*** check if your accounting system is based on a different system than the accrual system, the coordination desk should be informed as soon as possible. The desk will request approval from MoFa for the partner to use a different system; the reasoning being that it will be unworkable for the partner to adjust their reporting system to our accounting system as it will not fit their system and annual accounts.

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| **A. AUDIT OF THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH A SPECIAL PURPOSE FRAMEWORK PURSUANT TO ISA 805** |

1. Accrual accounting – items payable at the end of the reporting year
Provide explanations on all accrual costs – not paid yet on Dec 31st - included in the financial report. E.g. audit costs, evaluations based on quotations.

2. no changes

3. no changes

4. no changes, but it has been made explicit that commitments to local cooperating partners should be presented on a separate line (which was already the case).

5. no changes

6. no changes

7. the accounting principles should be mentioned by the partner.
however, if the principles are based on the cash accounting principles, MoFa should notified (see sub.2)

8. no changes

9. no changes

10**. NEW:** Procurement
From 2024 on a procurement policy should be applied to amounts of EUR 33.000 and higher. Several bids = a minimal two bids. Deviations from this rule must be explained.
Take into account an (end) review. If (for whatever reason) there is a preferred supplier and the procurement policy will not be used, MoFa should be notified beforehand. An approval from MoFa to deviate from this rule should be shared with the auditor. Else, the auditor cannot approve the expenditures related to this item.
Note that this rule should be used alongside the partner’s own procurement regulations (see B. ad3)

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| **B. ENGAGEMENT TO PERFORM AGREED-UPON PROCEDURES PERSUANT TO STANDARD ISRS 4400** |

**NEW:** MoFa wants to receive more detailed information on the following topics.

1. Allocation of expenditures / costs
2. Incident management
suggestion to use an Excel document to facilitate the process (see attached).
3. Procurement
the auditor confirms that the partner has a procurement process in place and the partner has actually applied the rule.

The partner should describe the above topics and provide the information to the auditor. The auditor confirms that the descriptions are consistent with the information gathered. The findings of the auditor are shared with MoFa, the descriptions itself are not shared with MoFa.

This requirement does not entail extra workload as all the information should be available within the organization. **The new element here is that the auditor must confirm that the information is in place AND how the information has been made available to the relevant staff.** E.g. placed on the intranet, managers inform staff of the availability, staff can contact certain (appointed) persons within the organisation, etc.

1. Management by cooperating partners outside the consortium
e.g.
- description of how advances to local organisations are made
- description of how local organisations are selected and assessed
- descriptions of the sanctions procedure related to local organisations; e.g. what if they don’t perform (usually described in contracts).

The consortium partner fills in the table **Expenditure vis-à-vis third parties = accounted expenditures**

**The auditor confirms that:**
1. At least 3 (or all, if less than 3) of the implementing organizations have been assessed by the consortium partner in conformity with the internal rules of the consortium partner.
2. The consortium partner has monitored at least 3 of the implementing organizations’(fin & narrative) reports.
3. The sanctions procedure has been used in the case of recorded failure.
4. The table ‘accounted expenditures’ has been filled correctly.
The template of this table has been adjusted; cumulative amounts are added, committed & paid has been deleted.
At the end pf the project period the cumulative commitments should be equal to the cumulative expenditures.

**The documents under B ad.4 should be submitted to MoFa.**

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| **C. ENGAGEMENT TO PERFROM AGREED-UPON PROCEDURES PURSUANT TO ISRS 4400 (LEAD PARTY = CONSOLIDATION)** |

**The last 2 bullets are new for the auditor to confirm that:**

* Lead drafts a consolidation report in which the explanations of deviations from the procurement policy are described.
* Table 3 has been correctly consolidated.

**To be submitted to MoFa**

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| What | Submit to  |
| **CHANGED:** Individual audited statements of the alliance partners (ISA 805) | Lead partner (not to MoFa any more) |
| **NEW:** Rapport of findings of each alliance partner (ISRS 4400)  | Lead partner and MoFa |
| Consolidated report incl. report of findings (ISRS 4400) | MoFa |