**Audit Procedures for a Project Audit**

**of a World Wildlife Fund Subrecipient**

**This paper specifies the suggested reports that should be prepared by independent auditors.**

Note: The following reports and schedules should be prepared in English.

Reports:

1. Transmittal letter including:

a) audit firm name, partner or principal contract, phone number, address and e-mail address (if applicable);

b) subrecipient’s name, phone number, address, key contacts and phone numbers; and

c) the agreement name, number and agreement period and audit period. The audit period should coincide with the project life, except when the project life is for an extended period of time or as requested by the project officer.

Section 2 and 3 below should be reviewed in accordance with the terms and conditions of the sub-agreement including compliance with donor regulations and cost share requirements as applicable. All cost must be allowable, allocable and reasonable.

2. Agreed-Upon Procedures Report including the following procedures:

a) Examining all cash receipts under agreement \_\_\_\_\_ and tracing them into the bank statement.

b) Agreeing the total of the cash receipts under agreement \_\_\_\_\_ equal the amount listed on the Schedule of Revenues Received and Expenses Incurred, (the Schedule).

c) Examining a minimum of 30% of the total expenses incurred under the agreement to ensure:

1) The expense was supported by proper documentation;

2) The expense amount was accurate;

3) The expense was properly classified;

4) The expense was properly authorized;

5) The expense was incurred during the agreement period;

6) The expense appears to be a reasonable expense in conjunction with carrying out the agreements intended purpose (allocable); and

7) The expense was not a payment for alcohol, guns, or political purposes allowable).

Note: The procedure should state what percentage and dollar amount of expenses were examined. For salary expense each payment to an employee (weekly, bi-weekly, or monthly payroll payment) should be considered a single expense transaction and verified by a timekeeping system.

d) If the agreement calls for the purchase of or transfer of equipment in excess of $5,000 in conjunction with the agreement then a list of equipment purchased should be prepared based on the general ledger and the equipment should be observed for physical existence.

All exceptions to the above procedures should be noted in the body of the text after each of the lettered procedures.

3. A “Schedule of Revenues Received and Expenses Incurred”. The title should include the name of the organization, the project name and number, and the audit period covered. The schedule should contain three sections: revenue, expenses, and net amount due.

a) The revenue section should include all cash receipts by the organization for the audit period that were received within the audit period.

b) The expense section should contain agreement budget and actual amount for each of expense categories listed in the agreement/grant.

c) The net amount due should equal (1) - (2).

All deviations or questions on the above procedures should be discussed with the appropriate Finance & Administration Manager in the Field Office and/or with the Government and Network Financial Manager in Washington.

4. The auditor's report(s) shall state that the audit was conducted in accordance with Generally Accepted Auditing Standards and include the following:

a) An opinion (or disclaimer of opinion) as to whether the financial statement's) of the donor program is presented fairly in all material respects in. Conformity with the stated accounting policies;

b) A report on internal control related to the donor program, which shall describe the scope of testing of internal control and the results of the tests;

c) A report on compliance which includes an opinion (or disclaimer of opinion) as to whether the auditee complied with laws, regulations, and the provisions of contracts or grant agreements which could have a direct and material effect on the donor program; and

d) A schedule of findings and questioned costs for the donor program that includes a summary of the auditor's results relative to the donor program.