Partner manual for FACT

What is FACT?

The Financial Administrative Capacity Tool (FACT) is used by ForumCiv to assess partner organizations' financial and administrative capacity. The FACT-assessment itself is based on a set of questions divided into the following areas:

- The organization
- Budget
- Accounting
- Anti-corruption
- Audit
- Forwarded funds and partnership

The FACT is focusing on areas that are crucial for a well-functioning internal steering and control. A strong internal control provides conditions for efficient operations, transparent and reliable reporting, and maintenance of internal and external compliance.

The FACT should not be considered as a complete tool for financial and administrative assessment and should be adapted to the context and organization to which it is applied. Depart from previous risk assessments and identified areas of potential needs of improvements. For each assessment, questions that are missing should be added while questions that are not relevant should be skipped.

FACT can be done both physically and digitally. If done digitally, the organization to be assessed must have access to video communication, a stable internet connection and a scanner. This may exclude some organizations and need to be considered beforehand.

Why FACT?

FACT is useful in different aspects:

- Conditioned assessment. A FACT may be required if there are questions and concerns relating to an organization's financial and administrative capacity.
- Spot-check. This can be done at random or as part of a systemic process. Randomized spot-checks can still mean that certain principles are applied so that a representative sample is reviewed.
- Capacity-building. A correctly concluded FACT assessment is bound to provide at least one suggestion for even the strongest organizations on how to develop financial and administrative capacity.

The process

The success of the FACT rests on two main factors, that all the steps of the process are given time and attention, and that the assessment is carried out by persons, preferably at least two, with good knowledge of the organization and its activities, and with experience in bookkeeping and internal financial control. As you will read in detail below, the assessment starts with the document review before moving on to the assessment meeting with the organization, followed by potential completions, the concluding analysis and, if needed, a follow-up plan. Joining the operational and financial perspectives throughout the whole process will make the most of the assessment and ensure the findings that are useful for the organization.

Preparing the assessment

When planning the FACT, make sure that you schedule sufficient time for the assessment meeting. 3-4 hours is recommended to also give time for potential follow-up questions.

In Appendix A you will find an invitation letter template to send to the organization briefly explaining the FACT-assessment process together with a document list informing what the organization needs to scan and send to you for review before the assessment. For some documents in the list you may need to specify what project(s) and partner(s) they refer to.

It is recommended that the organization receives the invitation and the document list at least a month before the assessment meeting, and that you receive the requested documents at least two weeks before to have time to prepare.

Assessment

The FACT-assessment consist of a set of questions divided into six main areas which you will find in the assessment template in Appendix B. All the questions in the template have examples of answers or guidance on what to look for during the assessment. You are free to add and skip questions and assessment areas depending on their relevance and applicability in relation to the context and the organization. In turn, additional questions may of course arise later in the process. Remember to continuously include these in the assessment template.

Some of the questions are best answered during the document review. This will help you to prepare for the meeting and make it more effective. Moreover, make sure that you are familiarised with the questions before the meeting. It is very important that you understand the meaning and purpose of each question to assess the organization's answer. Ask yourself if you know what type of answer each question demand and what follow-up questions are relevant in case you need to dig deeper or clarify what you are looking for. Do not be afraid to continue to ask questions until you get satisfactory answers. If an organization cannot answer a question this should be clearly stated.

The assessment meeting requires that you are familiarised with the documents in the document list. It is important that you know the purpose of each document, what information it should contain and who can/should take part of it in an organization. In turn, all documents in the list may not be relevant for all contexts and organizations. Asking yourself what documents are "must haves", "should haves" and "nice to haves" in relation to organizational and contextual differences can be a good starting point.

Note that spot-checks are part of the assessment meeting and require the organization to show specific documents. _If the meeting is done digitally,_ the organization show the specific documents for the camera. All spot-checked documents should be sent as scanned copies after the meeting for analysis and verification.

If the meeting is done digitally, record the assessment if possible. This is a great complement to the notes for the analysis afterward but also needed for our internal control regarding what was stated by all parties during the assessment.

Analysis and follow-up

When you have looked at the documents, conducted the assessment meeting and have your questions answered, spend some time to analyse your findings before filling in the Conclusions-section. Remember to include any answers to follow-up questions and spot-checked documentation in your analysis if this is the case. Discussion between the persons that conducted the assessment is very important at this step for the analysis and for deciding what findings need to be followed up and how. This can be challenging depending on whether general conditions and existing praxis can be followed for handling the finding.

If your conclusion results in that follow-up of the findings is required, this must be explicitly stated (i.e. not recommended) and formulated into concrete tasks in the assessment template. It should be clear to the organization what they are required to address, by which time, how it will be followed-up.

When the assessment is completed, make sure that everything is filled in and save the assessment template as a pdf and send it to the organization.

Process summary

- Familiarise yourself with the assessment template and the document list
- _If the meeting is done digitally,_ make sure that the organization has access to video communication, stable internet and a scanner
- Schedule the assessment (3-4 hours), send an invitation and the document list in advance (minimum 1 month)
  - If needed, make specifications in the document list
- Review the organization documents ahead of the meeting, (minimum 2 weeks)
- Conduct the assessment meeting
  - _If the meeting is done digitally_, record the meeting if possible
- Analyse the findings
  - Include documentation received after the meeting
  - If applicable, formulate concrete tasks to follow-up, when and how
- Save the assessment template as pdf and send to the organization.

Good luck!

Appendix A – Invitation letter template and document list

Letter template for invite to assessment

Dear organization,

We would like to invite you to a meeting for a financial and administrative capacity assessment of your organization. This kind of assessment is done for the purpose of regular monitoring, to increase our understanding of your organization, find out how we can strengthen our partnership and/or build capacity.

The assessment is based on ForumCiv's Financial Administrative Capacity Tool (FACT) which looks at the structure of your organization, the work of your board, how you work with budgeting/accounting and auditing, etc. This will hopefully provide insights into how and in what aspects you can strengthen your organization's financial and administrative capacity.

Before our meeting we would like you to gather and send some documents that we wish to look at and discuss together. The list of documents is attached to this mail. Please send copies of these to me at least NUMBER OF working days before the meeting. If you do not have all these documents, don't worry, just clearly state which ones are missing.

If the meeting is done digitally, include the following section: The assessment will require video communication during the whole meeting, and thus a stable internet connection. If you have any questions or concerns regarding this, let me know as soon as possible so we can ensure that the assessment is carried out in a smooth and constructive way.

In order for us to have an interactive discussion, it is important that the following persons take part in the meeting:
- a board member, or someone with great knowledge of its work;
- a staff member working with the organization's finances, or someone with great knowledge of it;
- a project manager or equivalent.

We are looking forward to the assessment. If you have any questions before we meet, do not hesitate to contact me.

All the best,

Document list for organization to send ahead of assessment

1. **The organization's latest formalia documents**
    1.1 **Signed annual meeting minutes**
    1.2 **Signed activity report**
    1.3 **Signed annual report incl. income statement and balance report**
    1.4 **Audit report, signed by external auditor or trustee auditor if internal**
    1.5 **Signed document confirming authorised signatories**
    1.6 **Statutes with date of approval**
2. **The organization's delegation of authority**
3. **Organigram**
4. **List of donors**
5. **The organization's consolidated budget**
6. **General ledger**
7. **The chart of accounts**
8. **Latest bank account reconciliation**
9. **Financial manual**
10. **Procurement policy**
11. **List of all purchased goods and/or services**
12. **Anti-corruption policy**
13. **The organization's documented routine for partner assessments**
14. **The organization's partnership guideline, policy or similar**
15. **Signed agreement with auditor, incl, the audit instruction**
16. **Signed agreement with partner, incl. the first approved budget**
17. **Signed agreement between partner and auditor, incl. the audit instruction**
18. **Latest approved budget with partner, signed**
19. **Documentation confirming approval of budget changes**
20. **Signed documentation confirming fund transfer to partner (disbursement requests and proof of receiving funds)**
21. **Latest annual financial report from the partner for the project, signed**
22. **Signed audit reports for partner for all years of the project**

Appendix B – Assessment template

Organization:	Project(s):

Conducted by:	Date completed by:

Assessment questions

Make your assessment under each heading by using the supporting questions and instructions. Remove the support questions and instructions when you are done.

1. The organization

1.1 Members

How many registered members does the organization have? Is there a member register with names and contact details? Is open membership to the organization declared anywhere? How many members attended the last annual meeting (if such meetings are held)?

Verified by member register, the annual meeting minutes and the statutes.

1.2 Volunteers

How many volunteers are usually working for the organization? What tasks are usually performed by members and/or volunteers?

1.3 The board

How is the board elected/appointed? Are there any family or legal relations to consider in the board? Is there a complaint mechanism?

Verified by the statutes.

1.4 Annual meeting

Does the organization have annual meetings? Does it follow the statutes?

Verified by the annual meeting minutes the statutes.

1.5 Authorised signatories

Who are the authorised signatories? E.g. the chairman, the CEO and the financial manager.

Verified by constituent meeting protocol or other document confirming the authorised signatories.

1.6 Employees

Is any of the board members working as staff? How many are employed in the organization? How many are paid? Are there job descriptions for different positions? Is there clarity in roles, mandates and responsibilities? Is there segregation of duties? Is code of conduct well known and signed? Is there a staff manual?

1.7 Internal auditor

Is there an internal auditor? How has that person been elected/appointed?

Verified by the annual meeting, the annual report and the statutes.

Shows that there is some form of internal control in the organization. Should be independent from the board (chosen by the members at annual meeting, should not participate in the financial decisions of the board, should not have any family or legal relations to anyone in the board). Should regularly (at least once a year) audit the board, i.e. the organization's annual report.

1.8 Delegation of authority

What is the responsibility of the board? Is there staff? What are their responsibilities? Is the board separated from the staff and management? Who has authority over projects and/or the ForumCiv project? Who has the authority to hire staff? Who has the authority to decide on salary levels? How are salary levels and renumerations decided? Who prepares plans, budgets and reports and who approves them?

Is the above delegation of authority clearly documented and communicated?

Verified by the organization's delegation of authority.

1.9 Financial management

Do the organization have a financial manual? If yes, is it updated? What is the level of detail? Is it being used within the organization? By whom?

Who can approve certain costs and what supporting documentation is required? How are payments made? Who approves them? Does it require the authorisation of two persons jointly? How many persons are working with the finances? Are financial tasks divided amongst staff in a way that ensures internal control? Who have access to bank accounts?

What are the routines for financial follow-up? Do the finance and programme staff submit financial reports to the board? How often? Do the reports include comparison between budgeted and actual income and costs?

How are exchange rate differences handled?

Does the organization offer loans to staff or board members?

Is the above clearly documented and communicated?

Verified by financial manual and/or the statutes.

1.10 Donors

How many donors does the organization have? How is this information shared within the organization?

Verified by the annual report.

1.11 Activity report

Are the past year's operations in line with the organization's mission and vision? Does the organization include own activities specifically to raise funds? If so, what are these?

1.12 Annual report

This section is applicable if the organization has an annual income statement and balance sheet. If possible, ask for the income statement and balance sheet for two years in a row, and analyse any differences between years. Ask the Organization for explanations to any significant changes.

Where does the annual revenue come from? Is the organization dependent on a single/few/ or several diverse sources of income?

Analyse the cost structure of the Organization. Review the income statement as well as notes for more details. Is the cost structure reasonable considering the context and Organizational operations?

How does the organization handle overall profit or loss?

Are assets, equity and liabilities included in the balance sheet? Does the organization have equity, and if so, how much? What are the organization's current assets? Does the organization own land or buildings? What are the organization's current liabilities?

Analyse the liquidity situation and the organization's ability to cover short term liabilities? (Current assets (excl. Inventory) /current liabilities)?

1.13 Other

What reports are asked for and sent to management and/or board?

How is human resource development planned and implemented?

How are risks identified and managed? How often is this followed-up?

How is organizational development planned and implemented? Any assessment/review of internal capacity as basis for this?

Is the board and/or programme staff aware of the legal requirements that apply to their organization? (e.g. documentation, reporting, taxes, social security fees, etc.)

2. Budget

2.1 The project budget

Check that the budget is in line with the agreed budget. Has the budget been changed? Have the changes been approved?

How is the budget shared within the organization? E.g. at monthly meetings, weekly meetings. Are all members of the staff attending these meetings? If not, who are?

2.2 Cash flow analyses / Liquidity planning

How often are cash flow analyses being carried out / Liquidity planning? When are the responsible persons at the organization discussing the financial status of the project? Is there always enough money in the bank account to cover the expenses? How is this discussed? By whom?

2.3 The disbursement requests from this year

What are the amounts requested by the organization during the last 12 months? Are the requisition forms in line with the ones provided?

2.4 The consolidated budget for the organization

Is there a consolidated, total budget for the organization? Does it include sources of income, use of funds and the organization's annual overhead costs? How can the budget for the project be located in the overall budget? Is it separated by cost centers, project, activity?

Are there minutes from when the budget was approved? Who attended the meeting?

3. Accounting

3.1 The chart of accounts

Is the international standard chart of accounts used? Is the chart of accounts also used for budgets and financial reports? Is cost centres used to classify transactions according to project or activity?

3.2 The latest bank account reconciliation

When was the last reconciliation made against the project's costs? Check against the latest financial report. How much money is there in the bank account? There should not be less money in the bank account than left to spend. Who checks the reconciliation and who prepares it?

3.3 Check supporting documents and verifications of costs

Spot-check: Pick random costs from the general ledger and ask for their supporting documentation to verify. Note that all spot-checked documents should be sent as scanned copied after the meeting for analysis and verification.

Standard costs to verify should include:

- Tax is deducted and social security contributions are paid (verified by pay-checks and payments to tax authority).
- Workshops (verified by participants lists with place and date, receipts for food, invitation, schedule for the event, receipts signed by participants).

Other examples to verify:

- A random cost per month during the last 12 months
- Consultancy
- [Other costs]

There should be a clear link between the petty cash/bank statement and the voucher depending on how it has been paid for. The number on the voucher should match the number in the general ledger. The voucher should be signed by relevant signatory/ies.

3.4 Check books and cash management

Spot-check: Make sure that no checks are signed without an amount and description written on them.

Are there any advances on cash payments (travel allowances etc.)? Are there any policies limiting the amount of cash at the office? What is the limit of cash payments and amount of cash at the office? How much cash is in the petty cash box? Who has the key to it? How is the cash accounted for? Is the person checking the record different from who writes them?

3.5 Accounting system

Which system is being used? Is it based on double entry bookkeeping? Is it a computerised system? Is there more than one accounting system? Does it seem to be updated regularly? Does each bank account have a separate ledger?

Does every transaction have a date, amount and description?

3.6 Purchase and procurement

Are the organization's rules for purchase and procurement in line with the applicable procurement policy (ForumCiv's in this case)? Have the organization's rules for purchase and procurement been adjusted in any way to suit the context? If so, is it clear how and why? If not, is it clear why?

Spot-check: Check the list of all purchased goods and/or services and identify all transactions above the agreed threshold.

Have the organization purchased goods and/or services that would require a tender procedure according to the applicable procurement policy?

If applicable, select two of the identified transactions that exceed the threshold and determine whether they followed a tender procedure and took place in accordance with the procurement rules.

4. Anti-corruption

How is corruption defined within the organization?

Is the organization's anti-corruption policy in line with the applicable anti-corruption policy (ForumCiv's in this case)? Does it describe procedures and routines for how to handle corruption, suspected or actual? Does it describe how risks of corruption are analysed and mitigated? Is there dedicated staff working with anti-corruption? Does the organization have a whistle-blowing system? Is it clear how the system function?

How does the organization ensure that the anti-corruption policy is well known by staff, and other involved stakeholders?

Is the anti-corruption policy being followed?

Have the organization suspected any corruption or irregularities in their operations? If yes, how did the organization handle that step by step and what were the lessons learnt? (Avoid names, positions of staff or any other sensitive information that is not relevant for describing how the case was handled by the organization)

5. Audit

5.1 The agreement with the auditor

Have the applicable audit instructions (in this case ForumCiv's) been included or attached to the agreement? If not, are there any differences between the one included or attached and the applicable instructions? What is the name of the auditor and audit firm? Is the auditor qualified? How long has the auditor been used?

5.2 The latest audit report for the project

Has it been done in accordance with the audit instructions? What are the observations from the auditor? Did you have any other observations (other than the once noted by the auditor) from the review of the latest audit report? Is there a management response? Assess, the management response, are actions taken to address the remarks? Unless assessed already, state the observations and/or recommendations and list the audit findings.

5.3 The yearly organizational audit report

Is there a yearly audit for the organization? Does the auditor recommend that the board is discharged from responsibility? Is the auditor of the report internal or external? If external, is the auditor qualified and independent from the organization? Who appoints the auditor?

Has the auditor made any remarks, communicated through a management letter? If so, does the organization have an action plan to address these, set out in a management response? Has the organization taken necessary actions to address any previous audit remarks?

If applicable: Do the audit show income from and expenditures allocated to each source of income? Does the financial information in the audit reports correlate with the budgets and financial reports? Is the structure of presented financial information in the audit reports harmonized with the structure of presented budgets and financial reports? Any system audit done on the organization recently?

5.4 The internal audit report

Are there internal audits being carried out? If so, what tool is used?

6. Contractual arrangements and consultants

Are funds being forwarded to parties other than any partners in subsequent step? If yes, explain the contractual relationship between the parties.

Do the organization have a template for consultancy contracts?

Do the organization check if invoices from consultants include information on the consultant's tax-number (F-skatt for Swedish organizations), VAT, bank account details and invoice number?

7. Forwarded funds and partnership

The following section is applicable if the organization forward funds to partners in subsequent step, or has done so previously, or to other parties (e.g. in the form of consultancy contracts).

7.1 Assessments

How does the organization assess potential partners before entering a partnership? Is there a risk assessment?

How does the organization regularly assess the financial and administrative capacity of its partners in in subsequent step?

How does the organization assess budgets of partners subsequent step? What is the level of detail and flexibility? Is there a standard budget template provided by the organization, or do the partner in subsequent step use its own budget template? Are budgets adapted depending on the capacity of the partner? Are Staff costs separated in the budget and assessed as reasonable?

How are assessments of partners in subsequent step followed-up?

Does the organization have a routine around when and how to end a partnership?

7.2 Partnership

What is the division of roles and responsibilities within the partnership?

How is transparency, accountability, and trust upheld within the partnership?

Are capacity building activities included in the partnership? If so, describe the activities, the progress and/or obstacles.

7.3 Implementation

How does the organization monitor the implementation of the operational plan and budget? What specific methods/activities are used for this? How are strategies and operations adjusted/adapted?

How are identified risks monitored, followed up and mitigated?

Do partners in subsequent step meet reporting deadlines? How are deadlines communicated and followed-up?

What is the routine regarding budget changes within the partnership?

Is the anti-corruption policy well-known by partners in subsequent step and their staff? Describe the organization's experience (if any) from working on anti-corruption with partners in subsequent step.

How is money transferred to partners in subsequent step? Explain the entire chain of transfers from SEK to local currency.

Is the implementation of the operational plan and budget effected by currency fluctuations (SEK vs local currency)? Explain how?

Have any funds been sub-granted from the partner in subsequent step? Is there a signed agreement between the parties following the terms and conditions in the applicable agreement (in this case the agreement between ForumCiv and the Swedish organization)?

How do the organization document its assessment of the submitted financial reports and reports from local auditors including management responses and action plans from partners in subsequent step?

7.4 Partner agreement

Check that the agreement with the partner in subsequent step is in line with the applicable agreement (in this case the agreement between ForumCiv and the Swedish organization)? Are there any deviations?

Spotcheck: Check the following in 2 partner agreements:

- The agreement is signed by both parties.
- The budget (in both SEK and local currency) is annexed.
- The project description is annexed.
- Conditions regarding the following are included;
    - Project period.
    - Reporting.
    - Monitoring.
    - Evaluation.
    - Auditing.
    - Procurement.
    - Eligible and non-eligible costs.
    - Agreement amendments.
    - Obligations to provide information and measures to prevent, identify and address corruption and other irregularities.
    - Repayment of unspent funds and non-eligible costs.
    - Termination of agreement.

8. Conclusions

8.1 Most important findings

Write a brief analysis of your most important findings.

8.2 Findings to follow-up

Note any findings that should be followed-up and whether they require an action plan from the organization.

If there are no findings to follow-up this should be stated.

Document list with explanations

1. The organization's latest formalia documents

1.1 Signed annual meeting minutes

Outlines the organizations democratic process for determining who should manage the organization, how its resources should be used, whether the board is given discharge etc. Indicates if/how many members are engaged in the organization and whether the organization follows its own statutes.

1.2 Signed activity report

Outlines the organization's operations during the last year. Presented at the annual meeting and follow the organization's vision, mission and values.

1.3 Signed annual report incl. income statement and balance report

The income and expenditure statement presents the net profit/loss of the year. It includes all the revenues and expenses the organization has had during the year. The balance sheet gives a snapshot of the organization's assets and liabilities at a given date. A cash flow statement shows how cash enters and leaves (only applicable for bigger organizations).

1.4 Audit report, signed by external auditor, or internal auditor if applicable

Verification that the organization's annual financial report has been reviewed (audited). Concludes whether the board can be discharged from its responsibility of managing the organization's finances from the past year. If applicable, it should include remarks from the auditor, the organization's plan address these, or those from previous audit remarks.

1.5 Signed document confirming authorised signatories

Every organization appoints its authorised signatories. This is usually done by the board at its first meeting after the annual meeting, often called constituent board meeting.

1.6 Statutes with date of approval

Describes the aim and vision and the overall governance of the organization.

2. The organization's delegation of authority

Describes how the organization's governance system and authority/decision-making is structured.

3. Organigram

To see how the organization is structured.

4. List of donors

To see how the organization is funded and by whom. Other documentation should verify how the information on donors is shared in the organization.

5. The organization's consolidated budget

This is the budget for the whole organization. It should include all sources of income, donors, use of funds and overhead costs for the year.

6. General ledger

There should be a general ledger for the entire organization, and within that, there are more detailed sections. The general ledger shows the bookkeeping sorted according to the chart of accounts. It should include all the transactions (money paid out and money received) in the organization and be able to give an overview during a given time period. It should be easy to read the income statement and balance sheet.

Each transaction has a number that should be able to be traced to the bookkeeping program or the bookkeeping book. There should be vouchers (verifikat) for all transactions and there should be supporting documents (underlag) for these vouchers (e.g. receipt, invoice, etc.). All vouchers should be signed – to show that the transaction has been approved. The type of supporting documents can vary depending on the type of activity and the context. If supporting documents are missing, even for small amounts, this should always be noted in the assessment.

7. The chart of accounts

To keep track of transactions in the general ledger, an organization assigns codes to transactions to keep track of them in the general ledger. Chart of accounts is the name of the set of accounting codes that an organization uses. This is needed to be able to have a proper accounting process.

8. Latest bank account reconciliation

The bank account reconciliation compares the bank statement balance and bank ledger closing balance to check the accuracy of accounts. In Sweden this is looked over/documented at the end of every month. In turn, as many organizations have petty cash (handkassa), the balance of the petty cash account should be checked by a cash count.

Each transaction has a number that should be able to be traced to the bookkeeping program or the bookkeeping book. There should be vouchers (verifikat) for all transactions and there should be supporting documents (underlag) for these vouchers (e.g. receipt, invoice, etc.). All vouchers should be signed – to show that the transaction has been approved. There often won't be supporting documents for small amounts – and that's okay. And the type of supporting documents can vary depending on the type of activity and the context.

9. Financial manual

A document describing how the financial routines look like and who signs and oversees what costs. A smaller organization might have this document established but should have some set routines.

10. Procurement policy

Policy outlining the organization's principles and procedures for procurements. For any initiative funded by ForumCiv, the principles must be in line with those of ForumCiv.

11. List of all purchased goods and/or services

A list of all purchased goods and/or services and the purchased amounts to identify to identify all transactions above the agreed threshold.

12. Anti-corruption policy

Policy outlining the organization's principles and procedures for anti-corruption.

13. The organization's documented routine for partner assessments

Document describing how partners are assessed and how and when such assessments are followed-up.

14. The organization's partnership guideline, policy or similar

Guideline outlining the principles of partners and the roles and responsibilities within the partnership.

15. Signed agreement with auditor, incl. audit instructions

In general, there should be an agreement for good practice. If the cost for the auditor requires a procurement process, there must be an agreement. In Sweden, the organization's members choose the auditor. This is not practice everywhere. In practice, the auditor is usually appointed by the organization to audit a certain project. The instructions should be included in or attached to the agreement so it is clear what the auditor should look at.

Below documents relate to initiative(s) and partner(s) to the organization being assessed.

16. Signed agreement with partner, incl. the first approved budget

Good to read this document to see to what extent it reflects the applicable agreement.

17. Signed agreement between partner and auditor, incl. audit instructions

In general, there should be an agreement for good practice. If the cost for the auditor requires a procurement process, there must be an agreement. In Sweden, the organization's members choose the auditor. This is not practice everywhere. In practice, the auditor is usually appointed by the organization to audit a certain project. The instructions should be included in or attached to the agreement so it is clear what the auditor should look at.

18. Latest approved budget with partner, signed

This should be available to everyone in the organization and be in line with latest budget approved or applicable.

19. Documentation confirming approval of budget changes

There should be approval decisions throughout all steps in the agreement chain.

20. Signed documentation confirming fund transfer to partner (disbursement requests and proof of receiving funds)

Should be comparable with the requisitions.

21. Latest annual financial report from the partner for the project

This should be in line with the reporting in the project.

22. Signed audit reports from the partner for all years of the project

To make sure that the project is correctly audited in all subsequent steps and that any findings has been communicated to the organization.