

## Instruction for the audit of grants concerning programmes and projects financed by the Nordic Council of Ministers' budget

Audit instruction for audit of financial statements for project grants of DKK 200,000 or more financed by the Nordic Council of Ministers' budget.

The authority to give instructions in the audit area is contained in the Economy Regulations of 3 March 2016 of the Nordic Council of Ministers.

The instruction does not apply to project grants given to beneficiaries of grants that are audited by the governmental National Audit Offices in the Nordic countries.

In the following, the Nordic Council of Ministers (NMR) is referred to as the grant provider.

It is for the beneficiary of grants (the administration body) to inform the auditor of this instruction.

1. The audit is carried out by a state-authorized public accountant or a registered public accountant.

(2) In the event of change of auditors in the project period, the incoming auditor must contact the resigning auditor who has a duty to state the reasons for the resignation.

2. The audit is conducted in compliance with good public auditing standards and the Auditing Regulations for funds awarded by the Nordic parliaments and the Nordic Council of Ministers. In countries outside the Northern countries, the auditing is also carried out according to the accepted international standard (ISA) and this audit instruction.

(2) In the audit, it is checked if the project financial statements are correct, and if the transactions covered by the financial reporting are in compliance with the grants given, acts and other regulations and with agreements entered into and usual practice. Further, an assessment is made if due financial considerations have been made in the administration of the funds covered by the project financial statements.

3. The extent of the audit depends on the administrative structure and business processes of the grant receiving administrative body, including the internal control and other matters of importance to the financial reporting. Also, the size of the grant is of importance to the extent of the audit.



4. In the audit, the auditor must check:

1. If the project financial statements are true, i.e. without material errors and defects,
2. if the conditions for receiving grants are complied with, including the provisions in the project agreement with NMR,
3. if the grant has been used in compliance with purposes and basis of the grant,
4. if the beneficiary of grants has been economical,
5. if the information that the beneficiary of grants has given to the grant provider about the compliance with the delivery requirements in the contract, has been documented,
6. if the management of the beneficiary of grants has made a professional reporting in the cases where the grant provider has made a claim to that effect, and that the data forming the basis thereof is reliable

(2) The audit is carried out by means of random investigations.

5. The beneficiary of grants must provide the auditor with the information that must be deemed to be of importance to the assessment of the financial statements and to the auditor's assessment of the administration, including targets and obtained results. The beneficiary of grants must give the auditor access to perform the investigations found necessary by the grant provider and must ensure that the auditor obtains the information and the assistance which the auditor considers necessary in the performance of their duty.

6. If the auditor becomes aware of offences or disregard of regulations of material importance in connection with the administration of the funds, it lies with the auditor immediately to notify the beneficiary of grants thereof and to ensure that the management of the beneficiary of grants informs the grant provider within three weeks. Otherwise, it is the auditor's duty to inform the grant provider. The auditor's comments are sent together with the notification.

(2) The same applies if during his audit or otherwise the auditor becomes aware that the completion of the project is uncertain for financial or other reasons.

7. The audited project financial statements are provided with a statement from which it must appear that the financial statements have been audited in compliance with the rules in this instruction. Any reservations and supplementary information must appear from the statement.

(2) The auditor must give auditors' records with the auditor's assessment and conclusion concerning the audit conducted, see section 4. The auditors' records may be given in conjunction with the statement "Statement on public auditing 2016 - Project financial Statements" (appendix 2).



(3) A copy of the auditors' records is submitted by the beneficiary of grants to NMR together with the endorsed project financial statements.

8. This instruction enters into force on 1 January 2018 with effect for project financial statements that end on 1 April 2018 and later.