

BASAID Project Auditing Guideline and Checklist

1. Introduction

This document shall be used during project visits by Basaid members or commissioned persons with sufficient know-how on Basaid procedures.

If a project starts, this document shall be communicated to the project owner in an appropriate language (French, Spanish, or English).

2. General principles

The following general principles apply for the accounting of all Basaid projects:

- Accurate recording in paper of all financial transactions to allow a later auditing
- Use of good accounting principles - see Appendix A.1. Proper differentiation in Basaid, local and third-party costs
- Use of properly priced work time and goods
- The same person should not receive cash and do the recording of expenditures
- A second person shall review within the partner organization the transactions above 500 CHF together with the bookkeeper
- All transactions above 500 CHF require two signatures

3. Auditing Procedure

The audit shall only be done at the location where the project is operated.

The person performing the audit might ask the project owner or responsible to have all accounting and associated banking documents ready upon arrival.

The different audited elements should be documented in an audit report.

4. Auditing Checklist

Due to the different size of projects, the checklist is differentiated by the amount of project support to avoid an overly high bureaucratic burden for small project accounting.

| | Project volume/year | | |
|--|----------------------------|---|-------------------------|
| | Up to 5.000 | Between 5.000 and 15.000 | Above 15.000 |
| Element to be audited | | | |
| Verify that each payment has an associated signed invoice | X | X | X |
| Check if the tools and procedures of internal control exist - see Appendix A.2 | | | X |

| | Project volume/year | | |
|--|---------------------|--------------------------|--------------|
| | Up to 5.000 | Between 5.000 and 15.000 | Above 15.000 |
| Element to be audited | | | |
| Check bank accounts where money flow of the project happened (transfers, loans) and if this was reflected in the project accounting information | | X | X |
| Check if a special bank account is used for our project | | | X |
| Check if bank account transaction can be associated clearly to our project | X | X | |
| Check if all Basaid transfers show with the correct exchange rate in the project accounting information | | X | X |
| Check if at accounting period end the differentiation between expenditures and accrual is properly done | | | X |
| Check if non-monetary contributions (e.g. voluntary labor) are not included in the project accounting information. If existent should be shown separately under local contributions. | | | X |
| Check the interest and administrative costs on the bank accounts and if these are showing up clearly | | | X |
| Check the existence of all inventory without consumables bought by the project | X | X | X |
| If immovable's were purchased by the project examine ownership | | | X |
| Check if any reserve had been created from the fund. Check if at the end of the project all money was spent or in case not what happened with the rest. If this is the case verify that this was approved by the Basaid project responsible. | | X | X |
| Check if any depreciation or imputed costs are included in the project accounting information. This are typically not part of project costs but goes under local contributions. | | X | X |
| Check if staff payrolls and professional fees are in accordance with contracts and are in line with rules regarding payment of taxes, social security and labor laws | | | X |
| Check in case at least one external contractor earned more than 2.000 CHF if tenders had been executed. If there is no tender ask for evidence of correct payment. | | X | X |
| In case of training/education courses examine all bills (professional fees, food, accommodation, transport) in accordance with the participating member lists | X | X | X |
| Check if an annual report for the NGO exist and verify if only Basaid did finance the project | | | X |
| State in the summary which of the above items were analyzed completely or by spot checking (qualify the percentage of spot checks) | X | X | X |

5. Audit Report

The audit report shall cover:

- Duration, location and participants of the audit
- All results of investigated elements
- If a proposed element out of the checklist was not executed, provide reasons why this was not done
- Detailed documentation of all seen issues
- If audited persons like to add an own statement this should be attached to the report
- Include recommendations and improvement propositions for the future.

A.1. Elements of Good Account Principles

The following rules have to be followed:

- Economic entity principle: Personal transactions are not mixed with project transactions
- Time period principle:
 - All transactions are recorded with a date respective a time interval
 - If an exact value of a transaction is not known at a time an estimate has to be used and clearly been marked as an estimate
- Cost principle: No asset amounts get adjusted since the project only look at costs
- Matching principle: Show all costs at the time when they happened
- Reliable, Verifiable and Consistent

Note, that some typical principles regarding lawsuits, bankruptcy and revenue recognition have been excluded.

A.2 Tools and procedures of internal control

Such tools could be

- Documented responsibilities of all persons which are in charge to act on transactions which shows a clear segregation of duties
- Who does internal audits and how
- Retention of records
- Authorizing transactions
- Physical safeguards for all records of transactions