Group auditor  
instructions

Norwegian Refugee Council

Financial period ending 31.12.2024

Table of contents

[Table of contents 2](#_Toc180524058)

[2. Cover letter 4](#_Toc180524059)

[3. Summary information 6](#_Toc180524060)

[4. General information and contacts 7](#_Toc180524061)

[5. Timetable 8](#_Toc180524062)

[6. BDO Global Portal 9](#_Toc180524063)

[7. Group background 9](#_Toc180524064)

[8. Relevant ethical requirements, including those related to independence 10](#_Toc180524065)

[9. Materiality 11](#_Toc180524066)

[10. Direction, supervision and review of the component auditor work 12](#_Toc180524067)

[11. Reporting package template 14](#_Toc180524068)

[12. Auditing and accounting standards 14](#_Toc180524069)

[13. Fraud related risks/suspected fraud 14](#_Toc180524070)

[14. Related party relationships and transactions 15](#_Toc180524071)

[15. Going concern 16](#_Toc180524072)

[16. International Standards on Quality Management 16](#_Toc180524073)

[17. Planning memorandum 17](#_Toc180524074)

[18. Highlights memorandum 18](#_Toc180524075)

[19. Summary of corrected and uncorrected misstatements 18](#_Toc180524076)

[20. Audit and non-audit fees 19](#_Toc180524077)

[21. Letter of representation 19](#_Toc180524078)

[22. Communications with those charged with governance and management letter 19](#_Toc180524079)

[23. Subsequent events procedures 20](#_Toc180524080)

[24. Auditor’s report on statutory financial statements 20](#_Toc180524081)

[25. Documentation, archiving and record retention 21](#_Toc180524082)

[26. Feedback 21](#_Toc180524083)

[27. Appendices and templates 22](#_Toc180524084)

# Cover letter

Dear component auditor,

BDO has been appointed auditors of Norwegian Refugee Council (NRC) for the period ending 31.12.2024 and your firm has been engaged to be involved in the audit as a component auditor.

As group engagement partner, it is my responsibility to determine whether the significant judgments made and the conclusions reached, in the context of your component work, are appropriate given the nature and circumstances of the group audit engagement. As group engagement partner, I also assume overall responsibility for the work referred to yourselves as component auditor. Our role as the group auditor is to manage and achieve audit quality for the purposes of the group audit by being sufficiently involved in the component auditor’s work. We achieve this by determining the nature, timing, and extent of your work as component auditor and through direction, supervision, and review of your work.

The nature and extent of your participation and role is explained in the Group Auditor Instructions (GAIs) accompanying this cover letter. These GAIs consist of general information about the group and the audit that are relevant for all component auditors. In addition to the general text of the instructions, **Appendix C (Component Instructions Report)** consists of specific information relevant to the component auditor. In these instructions, you will find various requirements and deliverables with accompanying templates required to be completed, signed and submitted by the component auditor via the Global Portal.

These instructions have been prepared to apply the requirements of the International Standard on Auditing 600 Revised – *Special Considerations – Audits of Group Financial Statements (Including the work of Component Auditors)* (ISA 600 (Revised)) and as such, I would like to point out some key elements resulting from the implementation of ISA 600 (Revised) that are relevant for our mutual cooperation and your role as a component auditor on this engagement:

1. Component auditors are part of the engagement team for which I am responsible. To fulfill this responsibility, I will be closely involved in several stages of the audit work you will perform. Further details are given in these instructions.
2. Effective two-way communication is key for a successful audit. Although this is discussed later in more detail in these instructions, I would like to emphasize that if you have any doubts as to whether you need to communicate relevant matters to us, please contact me or the primary engagement contact(s) as early as possible. This will allow all parties involved to address any issues early in the process and will also enable the entities we audit to receive a high-quality audit.
3. The relevant ethical requirements, including those related to independence, that apply to the group audit also apply to all component auditors when they are performing work for group audit purposes. Such relevant ethical requirements may be different or in addition to those applicable when performing a statutory audit or similar engagements in your jurisdiction. If there are any issues or breaches of relevant ethical requirements, we ask that you contact me, or the primary engagement contact as soon as possible.

**Online briefing meeting**

To discuss next steps and to agree how we can achieve successful two-way communication during this engagement, we have scheduled a briefing meeting with you on **October 30th, 2024.**

Please, contact us if you have any questions about these instructions or any other matters concerning the group audit.

Yours sincerely,

***Leif Åge Aabø***

*Engagement Partner*

*BDO AS*

*(signed electronically)*

# Summary information

|  |  |
| --- | --- |
| Group | Norwegian Refugee Council (NRC) (herein after referred to as ‘Group’) |
| Group auditor | BDO AS, Norway (herein after referred to as ‘group auditor’)  Munkedamsveien 45, 0250 Oslo |
| Group financial statements as at and for the period ending | 31.12.2024 (hereinafter referred to as ‘year-end/period-end’) |
| Group auditor’s report release date (estimated) | May 7, 2025 |
| Period and/or date covered by the work of the component auditor | 01.01.2024 - 31.12.2024 |
| Issuance date of these Group Auditor Instructions | October 23, 2024 |
| From a group audit point of view, the work to be performed by the component auditor may consist of one or more of the following procedures:   * The design and performance of risk assessment procedures. BDO Norway being a Group Auditor has performed initial risk assessment procedures and have indicated risks that are relevant for your component. However, we would like your feedback on the risk assessment for the component. Please, indicate further risks that you have identified for the component. * Identification of controls linked to your component * Further audit procedures on the component financial information:   + Design and perform audit procedures on the entire financial information of the component (includes performing substantive procedures and tests of operating effectiveness of controls)   For the scoping of the procedures that we, the group auditor, require you, the component auditor, to perform, we refer to **Appendix A1 (Scoping per component, including component specific attention points)** as attached to this set of instructions.    Further details of the risks of material misstatement (RMMs) at group level which are relevant to your component, the materiality levels to be applied, the controls linked to your component and the detail of the audit procedures that are to be performed by you, as the component auditor, are included in **Appendix C (Risk report and results of tests)** to these instructions.  All component auditor audit documentation, correspondence, communication, memos, reports, templates and management letters are to be written in **English**. | |

# General information and contacts

These GAIs are designed to inform you, as the component auditor, of the work we require you to perform on the component for the purpose of the group audit.

Any concerns that you may have regarding these GAIs are to be resolved immediately by contacting the group auditor using the primary group engagement team contact details outlined in the table below. Also, please inform the primary group engagement team contact immediately of any items in the instructions which you believe are incorrect or omitted.

You are required to confirm that you will cooperate with us by performing the work required by us and understand the context in which we will use your work. This confirmation from you is included in **Appendix A2 (Planning confirmations),** which you must complete and return to us as per the dashboard in the Global Portal.

Table of the key group auditor contacts

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Contact** | **Name** | **Location** | **Phone** | **Email** |
| **Group audit engagement partner** | Leif Åge Aabø | Oslo, Norway | +47 404 53 736 | [leif.age.aabo@bdo.no](mailto:leif.age.aabo@bdo.no) |
| **Group audit engagement manager** | Maria Voroshnina | Oslo, Norway | +47 942 90 500 | [maria.voroshnina@bdo.no](mailto:maria.voroshnina@bdo.no) |
| **Group engagement team contact** | Hanne Alsaker Mathiesen | Oslo, Norway | +47 995 64 866 | [hanne.mathiesen@bdo.no](mailto:hanne.mathiesen@bdo.no) |
| **Additional Group engagement team contact** | Kristina Sandvik | Oslo, Norway | +47 90 02 66 50 | [kristina.sandvik@bdo.no](mailto:kristina.sandvik@bdo.no) |

Complete the template provided in **Appendix B** (**Key members of the component auditor**) and submit it to us via the Global Portal as per the timetable. If there are any future changes to this information that was previously provided, please use the template provided in **Appendix B (Key members of the component auditor)** and re-submit it to us when changes occur.

# Timetable

A dashboard view of all the component auditor specific tasks and due dates is included in the Global Portal. The schedule below provides a summarized timetable.  
  
The Global Portal is the main form of communication between us as group auditor and you as component auditors and this is the platform to be used for submission of GAIs responses and tracking of all deliverables.

|  |  |  |
| --- | --- | --- |
| **Description of deliverable** | **Appendix** | **Due date** |
| Planning deliverables | * Appendix A1 – Scoping per component including attention points * Appendix A2 – Planning confirmations * Appendix A3   BDO component auditors shall fill out BDO Component Auditor RERs, including Independence Confirmation  Non-BDO component auditors shall fill out NON-BDO Component Initial RERs, including Independence Confirmation   * Appendix B – Key Members of the component auditor * Appendix E – Planning Memorandum | 02.12.2024 |
| Period end deliverables | * Appendix C – Overview of component risk and audit tests to be performed * Appendix D - Related party relationships and transactions * Appendix F1 – Understanding the component IT environment template * Appendix G – Highlights memorandum or equivalent documentation * Appendix H – Summary of corrected and uncorrected misstatements * Appendix I – Audit and non-audit fees reporting * Appendix J – Audit Report * Appendix N – Representation Letter * Appendix O – Reporting Package | 17.02.2025 |
| Subsequent event deliverables | * Appendix K - Subsequent events procedures * Appendix L – Component Auditors Final RERs, including independence Confirmation * Appendix M - Updated confirmations on SoQM and engagement resources | 17.02.2025 |

# BDO Global Portal

The BDO Global Portal (Global Portal) is the platform used to facilitate communication between the group auditor and component auditor(s) as well as to facilitate communication between group management and the group auditor. **The name of the portal is (Group) Norwegian Refugee Council. Please, use Exchange Next Gen porta**l.

|  |
| --- |
| Global Portal is used to communicate instructions, share documentation, access templates, and sign off tasks (with due dates) once completed. **The component auditor submits all deliverables to the group auditor via the Global Portal** in accordance with the set timetable.  For each reporting requirement and/or group procedure outlined in these GAIs and/or in the Appendices in these instructions, as component auditor, you are required to:   * Read the task description and follow the instructions, including completing and then uploading the relevant reporting documents or templates (if applicable). * Sign, scan, and save/convert all required documents and upload these files to the respective task. * Send us documents, even when using Global Portal, which bear a signature.   Documents are to be provided in PDF format, unless previously agreed to be in DocuSign (or a similar e-signature tool), to receive originally signed documents via the Global Portal. Unless otherwise agreed, please do not use any other format. *Appendix C “Risk Report and results of tests” shall be provided to BDO Norway in both excel and pdf format*.  All required items are included in the Global Portal for the group audit for each task, as a downloadable template. Examples of these templates are included as Appendices to these instructions for your information. |

Et bilde som inneholder tekst, skjermbilde, Font, nummer

Automatisk generert beskrivelse

# Group background

NRC is Norway’s largest independent international humanitarian organization. NRC promotes and protects the rights of refugees and people who have been displaced within their own country. They take action during situations of armed conflict and engage in other contexts where their competences will add value. NRC’s main activity is the delivery of humanitarian aid through programme activities in the field. NRC specialises in six programme areas, or core competences – Shelter, Food Security, Information, Counselling and Legal Aid (ICLA), Education, Protection and Water, Sanitation and Hygiene (WASH).

NRC’s head office is located in Oslo, Norway. NRC’s country programmes are managed and coordinated by six regional offices; Middle East and North Africa Region based in Amman, East Africa and Southern Africa region based in Nairobi, Central and West Africa region based in Dakar, Asia Regian based in Oslo, Latin America Region based in Bogota and Central and Eastern Europe region in Warsaw. In addition, NRC has representational offices in Brussels, Geneva, Washington, London and Berlin.

More information about NRC can be found on the following website: <https://www.nrc.no/>

# Relevant ethical requirements, including those related to independence

**Relevant ethical requirements, including those related to independence, applicable to the group audit**

As group auditor, we are required to confirm whether you, as a component auditor[[1]](#footnote-2), understand and will comply with the Relevant ethical requirements (RERs), including those related to independence, that apply to the group audit.

As a component auditor, you are required to comply with the RERs, including those related to independence, as outlined in **Appendix A3 ((Non-) BDO Component Auditor RERs, including Independence Confirmation)** in relation to the work performed on the financial information of the component audited entity[[2]](#footnote-3).

**Communication(s) and confirmation(s) regarding RERs, including those related to Independence**  
Appendix A3 includes the information listed below and contains the initial confirmations required from you:

* Section A - Relevant Ethical Requirements, including those related to independence, applicable to the group audit
* Section B – Responsibilities of the component auditor partner
* Section C - Independence requirements applicable to individuals
* Section D - Independence requirements applicable to firms
* Section E - Entities relevant to independence of individuals and firms
* Section F - Confirmation
* Section G – Breaches of relevant ethical requirements, including those related to independence
* Section H – Independence and/or ethical matters requiring significant judgment.

**Appendix L (Component Auditor Final RERs, including Independence Confirmation)** contains the final confirmation required from you which is required to be issued to us in line with the timetable included in the Global Portal.

# Materiality

For the scope of the work to be performed on the various components, the materiality levels in NOK (Norwegian krone) that need to be applied are included in **the table below**. If it is your opinion that the materiality level is not appropriate for the component that you are responsible for, we would like you to communicate the revised performance materiality and clearly trivial to us.

|  |  |  |
| --- | --- | --- |
| **Overview components** | **Performance materiality** | **Clearly trivial** |
| **CH** | 25 900 000 | 1 295 000 |
| **DE** | 25 900 000 | 1 295 000 |
| **UA** | 32 000 000 | 1 600 000 |
| **SD** | 25 900 000 | 1 295 000 |
| **SO** | 25 900 000 | 1 295 000 |
| **PS** | 25 900 000 | 1 295 000 |
| **CO** | 25 900 000 | 1 295 000 |
| **LB** | 25 900 000 | 1 295 000 |
| **SY** | 25 900 000 | 1 295 000 |
| **SS** | 25 900 000 | 1 295 000 |
| **AF** | 19 400 000 | 970 000 |
| **YE** | 19 400 000 | 970 000 |
| **NG** | 19 400 000 | 970 000 |
| **CD** | 19 400 000 | 970 000 |
| **ET** | 19 400 000 | 970 000 |
| **ML** | 19 400 000 | 970 000 |
| **JO** | 19 400 000 | 970 000 |
| **IQ** | 19 400 000 | 970 000 |
| **SR** | 12 900 000 | 645 000 |
| **HN** | 12 900 000 | 645 000 |
| **MM** | 12 900 000 | 645 000 |
| **BF** | 12 900 000 | 645 000 |
| **LY** | 12 900 000 | 645 000 |
| **IR** | 12 900 000 | 645 000 |
| **UG** | 12 900 000 | 645 000 |
| **CF** | 12 900 000 | 645 000 |
| **NE** | 12 900 000 | 645 000 |
| **MZ** | 12 900 000 | 645 000 |
| **KE** | 6 400 000 | 320 000 |
| **TZ** | 6 400 000 | 320 000 |

# Direction, supervision and review of the component auditor work

In a group audit situation, the engagement team for a group audit consists of both the group auditor and component auditors. Therefore, component auditors are subject to the direction, supervision, and review by the group auditor. As such, communication between the group auditor and the component auditor takes place at appropriate times during the audit.

As group auditor, it is our responsibility to design an overall group audit strategy and group audit plan which will extend, in certain circumstances, to the review of the component auditors’ design and performance of risk assessment procedures, audit evidence obtained, findings and other documentation as considered relevant. As group auditor, we are therefore responsible for determining the nature, timing, and extent of our involvement in your work.

We, as group auditor, will be involved in your risk assessment procedures at the component level by inviting you to an engagement team discussion to discuss, among other matters:

* The component’s business activities that are significant to the group.
* The susceptibility of the component to material misstatement of financial information due to fraud or error.

There are different ways in which we may direct, supervise, and review your work during the audit, for example, we may:

* Hold meetings or calls with you during various phases of the audit to communicate identified and assessed risks, issues, findings, and conclusions (i.e., facilitate two-way communications between the group auditor and the component auditor).
* Use the Global Portal to provide information, submit deliverables and other potential underlying audit documentation of the audit procedures assigned to you.
* Perform reviews of your audit documentation remotely when permitted by law and regulation.
  + We as the group auditor perform a review to understand the results of further risk assessment procedures, including the evidence obtained and reviewed to form a basis for the risk assessment.
  + We as the group auditor perform a review to evaluate the results of audit procedures.
* Participate in closing and other key meetings between you and component management or those charged with governance of the component.

**Planning and interim audit phase**

For planning and interim audit purposes, we require you to submit the following deliverables:

* Appendix A1 – Scoping per component including attention points
* Appendix A2 – Planning confirmations
* Appendix A3 – Component Auditor Initial Independence Confirmation

OR

* Appendix A3 – Non-BDO firm Component Auditor Initial Independence Confirmation
* If applicable – Appendix B – Key members of the component auditor
* Appendix E – Planning Memorandum.

**Year-end work phase**

We plan to evaluate the appropriateness of the audit procedures performed and the results thereof.

***Please, provide a summary of your findings and conclusions on the audit tests you have performed in the template Appendix C (Risk report and results of tests). If you have identified further risk, please, inform BDO Norway as soon as possible.***

***In addition, provide description of identified controls in NRC Country Offices that can mitigate the risk of material misstatements (high-elevated-moderate).***

To demonstrate our involvement in your work as the component auditor, we may require selected audit documentation to be uploaded in the Global Portal for review, where permissible. **In such cases, we will inform you of our plans separately and outside of these instructions.**

**Matters of high importance**

We would like to emphasize the importance of timely communication on matters which are considered to be of high importance for the group audit as a whole. For the group audit engagement, we require that you contact us immediately if any early warning triggers arise during your audit procedures.

This includes matters such as:

* You become aware that your firm’s review process (or external regulatory inspections) has resulted in ‘major findings’ for this component engagement or the component auditor partner.
* Inability to meet the reporting deadline (including resourcing capacity issues).
* The identification of new information of the component that might impact the risk assessment or detailed audit procedures or the level of component performance materiality applicable to the component.
* The discovery of related party relationships or transactions not previously identified by group management or us.
* Significant doubts relating to going concern that may impact the group, your component or other components of the group.
* Significant accounting and auditing issues and a brief discussion of your plan to address them.
* Significant changes in business activities and financial figures.
* Fundamental weaknesses in the internal control structure.
* Any deviation from the applicable financial reporting framework and NRC Handbook.
* Material uncorrected misstatements as far as already determined.
* Potential illegal, or questionable acts or matters relating to Non-Compliance with Laws and Regulations.
* Indications of suspected fraud or fraud.
* Any financial or economic problems that come to your attention might have a significant impact on the financial statements of the group.
* Subsequent events which would result in either an adjustment to the reporting package of the component for the period or potentially require disclosure in the group financial statements.
* If applicable: expected qualification/modification of your opinion and description of the reason.

# Reporting package template

The reporting package template provided by NRC is to be used by the component management for the preparation of the special purpose financial information (or reporting package) of the component. See section 11 for reporting GAAS and GAAP.

# Auditing and accounting standards

**Generally Accepted Auditing Standards (GAAS)**

We will be conducting our audit of the consolidated financial statements in accordance with the international auditing standards. We request you to perform your procedures in accordance with the ISAs and the specific requirements according to these instructions. This is also reflected in the report that we require from you in Appendix J.

**Generally Accepted Accounting Principles (GAAP)**

The NRC Financial Handbook describes the accounting policies to be applied by your audit for the purpose of preparing the reporting package of the CO. We have assessed the compliance of the NRC Financial Handbook with Norwegian Generally Accepted Accounting Procedures (NGAAP).

Please ensure that the audit is based on the latest available version of the NRC Financial Handbook (Financial Handbook version 2.6).

# Fraud related risks/suspected fraud

In the case of either fraud and/or suspected or identified instances of fraud involving component management, employees who have significant roles in internal control at the component or others, you are to:

* inform the group engagement partner and primary contact as soon as practicable,
* follow local laws and regulations with regards to communication to component management, and
* provide us with copies or summaries of any written or oral communications with component management and/or those charged with governance at the component about the fraud or suspected fraud.

Below is a list of indicators (not exhaustive) of possible improper behavior and or potential fraud:

* Excessive hospitality and entertainment expenses.
* Expenses relating to lobby activities and sponsoring that are not adequately substantiated.
* Payments for the use of ‘intermediaries’, including agents, whose commission is disproportionate to the agreed work.
* A long-term business relationship with an individual (foreign) official.
* Cash payments that are not adequately documented.
* Consultancy fees that are not adequately substantiated.
* Keeping an ‘illicit fund’.

We apply professional skepticism throughout the engagement, which includes being alert to indicators of fraud and possible management bias.

It is the auditor’s responsibility to evaluate fraud-related risks during the risk assessment procedures and, where necessary, to plan appropriate audit procedures accordingly. For your role as a component auditor, this means that you are required to report to us in **Appendix E (Planning memorandum),** the procedures you have performed to obtain an understanding about how component management identify and respond to the risks of fraud, and the controls management has established to mitigate these risks. In the highlights memorandum, you are required to report on the actual procedures performed.

Please inform us immediately of any instances of fraud or suspected fraud so that we may discuss these with group management and evaluate their possible effect on the group financial statements.

Furthermore, we require you to report any instances of non-compliance with laws and regulations, which can have a potential impact on the group financial statements.

Other areas of audit emphasis

**Improper payments or business practices (fraud risk)**

It is NRC group policy not to perform acts which are illegal in the countries in which they operate. Should you become aware of any contravention of this policy, you should report this directly to us and in your Highlights Memorandum or equivalent documentation. Please inform us immediately of any instances of suspected fraud so that we may discuss these with corporate management and evaluate their possible effect on the group financial statements.

# Related party relationships and transactions

An overview of related party relationships of the group and related party transactions is included in **Appendix D (Related party relationships and transactions)** to these instructions. As the component auditor, consider this list when confirming your independence and when performing your procedures on the component. If you are aware of, or become aware of, any potential conflicts or threats to your independence, contact us immediately.

* Take notice of the overview of related party relationships and related party transactions as obtained from group management at the group level and as included in **Appendix D (Related party relationships and transactions)** to these instructions.
* Using **Appendix G (Highlights memorandum** or equivalent documentation) to these instructions:
  + Report if you identify related party relationships not previously identified by group management or the group auditor, including the amounts related to these transactions.
  + Report on the audit procedures performed and the results of these procedures.
* Use template in **Appendix C (Risk report and results of tests)** to document identified risks related to the identified related party relationships as well as the results of audit test that were performed to mitigate those risks.

# Going concern

We will address going concern matters relating to the group financial statements at the group level. If we or group management identify events or conditions that may cast significant doubt on the group’s ability to continue as a going concern that are relevant to your work, we will inform you about our findings and the impact on the audit of the group financial statements.

If you identify events or conditions at component level that may cast significant doubt on the component’s or group’s ability to continue as a going concern, you are required to inform us as soon as practicable. You are to discuss with us your planned audit response, prior to performing the related further audit procedures.

# International Standards on Quality Management

The International Standards on Quality Management (ISQM) are applicable for the audit of the group financial statements.

ISQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* or local equivalents, strengthens firms’ systems of quality management (SoQM) through a robust, proactive, and effective approach to quality management. The standard encourages firms to design a system of quality management that is tailored to the nature and circumstances of the firm and engagements it performs. ISQM 1 applies to all firms that perform engagements under the IAASB’s international standards.

We require you to submit a signed version of **Appendix A2 (Planning confirmations).** In addition to other matters, you are confirming the status of your firm’s system of quality management and the sufficiency and appropriateness of the planned engagement resources.

By providing a signed version of **Appendix M (Updated confirmations on SoQM and engagement resources),** after the execution of your work performed for group audit purposes, you are confirming an updated status of your firm’s system of quality management.

# Planning memorandum

We require a separate **Planning memorandum** for each component for which you are responsible. The Planning memorandum includes, at a minimum:

* Understanding the component and its environment and the applicable financial reporting framework, including:
  + Background information on the component
  + Accounting policies
  + Significant events, unusual transactions outside the normal course of business and any unidentified related party relationships and transactions
  + Information regarding the (sub)consolidation process and the relevant controls in place
  + A summary of the elements of the components of internal control
  + Your understanding of the IT environment
* When significant changes have taken place since the prior period, the Planning memorandum includes a description of significant changes in the component’s business, markets, and other environmental factors as well as significant changes in internal controls.
* Audit strategy and component performance materiality
* Preliminary analytical review
* Identified RMMs relating to the component by the group auditor and by the component auditor and the procedures planned to respond to the assessed risks
* Details regarding your understanding of revenue recognition policies
* Fraud risk considerations
* Going concern considerations
* Information regarding the planned use of experts or specialists
* Information regarding the internal audit function and/or the work of others
* Accounting, assurance, ethics, or independence consultations
* Other significant matters.

***For BDO Audit Firms: We would like you to send us the following:***

* *Planning Summary Report*
* *UTE*
* *UIC*
* *Risk Report*
* *Risk and Response Screen (Excel or PDF)*
* *Evaluate Controls Screen (Excel or PDF)*

An example of a Planning memorandum is attached as **Appendix E**. You must read through the Planning memorandum as included in **Appendix E** and ensure that the planning procedures to be performed by you are sufficient to provide the required information as noted in this section at a minimum.

# Highlights memorandum

The Highlights memorandum in **Appendix G**, or equivalent documentation, is required to include the following items if within scope:

* Scope of audit work performed, materiality levels
* Component auditor report on component financial information (or reporting package) prepared for the purposes of preparing the consolidated financial statements of the group (if applicable).
* Summary of conclusion(s) on significant RMMs and/or risks on the higher end of the spectrum of inherent risk
* Business issues, including external and internal environmental factors, etc.
* Significant audit findings (summary of uncorrected misstatements, system of internal control deficiencies, etc.)
* Procedures performed on related party relationships and transactions
* Matters communicated with component management and those charged with governance of the component
* Procedures performed on improper payments or business practices, including fraud
* Outstanding matters
* Other matters.

# Summary of corrected and uncorrected misstatements

Misstatements can include errors, fraud, and judgmental differences. Report all misstatements above the component clearly trivial threshold specified in Section 8 to component management as they arise. Encourage component management to correct all proposed adjustments arising from your procedures.

All misstatements above the component clearly trivial threshold specified in Section 8, whether corrected or uncorrected are to be included in the ‘Summary of corrected and uncorrected misstatements’. This needs to clearly distinguish between corrected and uncorrected misstatements. Explain the nature of each misstatement adequately.

Please also report misstatements of a qualitative nature (for example, missing disclosures, presentation errors, etc.) on the ‘Summary of corrected and uncorrected misstatements’ in **Appendix H**.

The format we ask you to use to report the misstatements is included as **Appendix H**. If, during the course of your work, you have not identified any misstatements, corrected or uncorrected, please confirm this to us.

# Audit and non-audit fees

Provide information concerning your fees by using the template provided as **Appendix I (Audit and non-audit fees reporting).**

# Letter of representation

Prior to reporting on your audit work performed; a letter of representation is to be obtained from component management as part of the audit of the component financial information that is prepared by component management for purposes of preparing the consolidated financial statements of the group.

The date of the written representations is required to be as near as practicable to, but not after, the date of the component auditor’s report on the component financial information. Please use the representation letter template as provided with these GAIs.

You must inform us of any exceptions noted in the written representations that you obtain from component management.

An example of a Letter of representation, which is to be tailored by the component auditor to the applicable circumstances is attached as **Appendix N (Letter of representation)**.

# Communications with those charged with governance and management letter

If the Communications with those charged with governance and the Management letter are written in a language other than English, only summaries in English are required to be sent to us. Furthermore, and whenever possible, such translations are agreed upon with local management to avoid misunderstandings resulting therefrom.

Communications with those charged with governance

Please provide details of matters that you have either communicated or are expecting to communicate with those charged with governance. Please forward us a copy of the communications with those charged with governance. If you have not sent any communications to those charged with governance, you must inform us of this within the same reporting deadlines.

Management letter

In addition to, and independent of the audit report, the Auditor shall report on legal compliance and internal financial control weaknesses and give recommendations to NRC’s management as in accordance with the instructions and format in the Group Audit Instructions.

The Management Letter should include deficiencies noted under the following headlines:

1) Internal control and fraud

2) Civil/criminal litigation

3) Laws and regulations

4) Supporting documents

Status and management action on deficiencies from the previous year’s management letter should also be commented.

All deficiencies should have a risk ranking (Low-Medium-High). To clarify issues raised in the report, a draft of the management letter shall be submitted to the Country Director for comments. The Country Director’s comments shall be included by the Auditor in the final management letter that will be submitted by February 15th together with the audit report. The Country Director may postpone this deadline in special circumstances, after having received approval by the Director of Finance.

The final management letter, the audit report and the consolidation package should be shared with the Country Director and the Finance Manager in the country, in addition to BDO through the portal.

Please also provide details of matters that you have either communicated or are expecting to communicate with those charged with governance.

If the comments are written in a language other than English for local use, only summaries in English should be sent to us. Furthermore, and whenever possible, such translations should be agreed upon with local management in order to avoid misunderstandings resulting there from.

# Subsequent events procedures

The auditors are requested to provide a list of significant events that occurred subsequent to the date of their report/reporting on the reporting package up to the date of the auditors’ report on the consolidated financial statements. Procedures must be performed to ensure that no significant post audit event requires adjustment or disclosure in the financial statements.

We ask you to confirm the performance of a subsequent events review in the format provided in **Appendix K** - **Subsequent events procedures**.

We ask you to notify us about any subsequent event(s) that you become aware of between the date of your report on your work on the special purpose financial information of the component [or completion of your fieldwork] and the group reporting date indicated above, that would result in an adjustment to the reporting package of the above component or result in any change to your reporting to us or may require an adjustment to or disclosure in the group financial statements using the format provided in **Appendix K** - **Subsequent events procedures.**

# Auditor’s report on statutory financial statements

Upon completion of your statutory audit, we ask that you send us a copy of the signed statutory Auditor’s Report.

# Documentation, archiving and record retention

**Audit documentation requirements**

Audit documentation is to be prepared in accordance with ISA 230.

**Archiving and record retention requirements**

Our group audit report release date is expected to be on May 1, 2025. Accordingly, we plan to assemble a complete and final set of audit documentation 60 days therefrom (i.e., the group auditor’s archiving date) in accordance with our firm policy.

* **File assembly / archiving due date for group purposes**: To support our reporting and archiving due dates above, you are required to assemble a complete and final set of component audit documentation that supports our group audit opinion within 7 days of the group audit report date.

Where applicable, component auditors are reminded that if the statutory audit opinion on the component’s statutory financial statements is different from group audit opinion date, the component auditor will need to separately archive all component audit documentation that supports our group audit opinion by the above archiving date, and separately archive a complete set of working papers necessary to support the additional reports issued by the component auditor.

* **Archive confirmation**: Upon completion of file assembly/archiving your audit file, please provide us with evidence that you have met the deadline requirement note above, which may be in the form of a screenshot of the assembled/archived audit file.
* **Retention**: All component audit documentation (including those kept in a hard copy or electronic medium) that are necessary or appropriate to support our group audit report should be retained for a period of 7 years from the date of our group audit report, unless a longer period is required by applicable law.

# Feedback

As group auditor, we welcome observations and feedback from you on the GAIs received by you for this year’s group audit engagement. This information may be included in next year’s GAIs and also used in future audit planning to provide management and those charged with governance of the group with an understanding of our efforts for continuous improvement.

# Appendices and templates

| **Appendix /**  **BDO template** | **Description of deliverable** |
| --- | --- |
| Appendix A1 | Scoping per component (including component specific attention points) |
| Appendix A2 | Planning confirmations |
| Appendix A3 | 3a BDO firm Component Auditor Initial RERs, including independence Confirmation  OR  3b Non-BDO firm Component Auditor Initial RERs, including independence Confirmation |
| Appendix B | Key members of the component auditor |
| Appendix C | Risk report and results of tests:   * The RMM’s at group level which are relevant for each component * Controls linked to the component to be filled out by component auditors * Audit procedures linked to components to be performed by the component auditor. |
| Appendix D | Related party relationships and transactions |
| Appendix E | Planning memorandum |
| Appendix F1 | Understanding the component IT environment template |
| Appendix G | Highlights memorandum or equivalent documentation |
| Appendix H | Summary of corrected and uncorrected misstatements |
| Appendix I | Audit and non-audit fees reporting |
| Appendix J | Audit Report |
| Appendix K | Subsequent events procedures |
| Appendix L | Component Auditor Final RERs, including independence Confirmation) |
| Appendix M | Updated confirmations on SoQM and engagement resources |
| Appendix N | Representation Letter |
| Appendix O | Reporting Package |

1. The term component auditor is used as in ISA 600 (Revised), *Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).* [↑](#footnote-ref-2)
2. The term component audit client is used as defined by the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). From a BDO perspective, ’client’ is referred to as ‘audited entity’. [↑](#footnote-ref-3)