

PLASTIC SMART CITY- TV ACTION – THAILAND**WWF THAILAND****TERMS OF REFERENCE****for****THE EXTERNAL AUDITORS**

PROJECT NAME: PSC-TVA- Thailand
PROJECT LOCATION: Suratthani, Songkla, Samui, Hat Yai
PROJECT PERIOD TO BE AUDITED: 01 January 2024-31 December 2024

A. BACKGROUND

The World Wildlife Fund for Nature (WWF) aims to conserve nature and ecological processes by preserving biodiversity, ensuring sustainable use of natural resources and promoting the reduction of pollution and wasteful use of resources and energy. WWF works in more than 100 countries around the world. WWF has been working in Thailand since 1983 and WWF-Thailand was founded in 1995.

“No More Plastic in Nature” initiative of WWF was launched in 2018 with the aim of stopping plastic leakage from land-based sources into nature by 2030. This regional project is being implemented in five Southeast Asian countries namely Indonesia, the Philippines, Vietnam, Hong Kong and Thailand under Plastic Smart Cities (PSC) program with an aim to reduce plastic leakage at the city-level by 30%.

A Plastic Smart Cities Project in Thailand, financially supported by TV-Action and NORAD is currently in the implementation phase in the 4 cities of the Southern region of Thailand in 2023, namely Surat Thani, Hat Yai, Songkhla and Samui island. The combined jurisdiction of these cities comprises more than 1,000 sq.km. and is home to more than 420,000 residents. These cities were prioritized because of their significant contribution to plastic pollution, their close proximity to key major marine protected areas and coastal ecosystems featuring outstanding marine biodiversity, and for their strong commitment to address the issue of plastic pollution.

B. OBJECTIVE

The objective of the audit of PSC-TVA Thailand Project’s financial statements is to enable the auditors to express an independent professional opinion on the financial position of the project and to ensure that the funds utilized to the Project’s activities have been used for their intended purposes.

C. SCOPE OF WORK

1. Perform an audit of the project financial information for projects funded through WWF-Norway and their back donor and give a management letter for these projects. Information from your

management letter may be forwarded to the back-donors and may also be made publicly available.

2. Include the audit of Sub-grants' financial information for activities funded by WWF Thailand. Two sub-grants are Wongpanit Krabi Co., Ltd. and Ranong Recycle for Environment Social Enterprise. In case of transfers to other local partners/sub-contractors, actual expenditure and balance by these partners/sub-contractors need to be confirmed either by that partner/sub-contractor's auditor or you as project auditor. In the consolidated project report, these costs are to be included, and you as project auditor will have to confirm these costs as part of your overall audit.
3. Specific focus areas include
 - a) Internal approval processes regarding third party/subgrantee contracts
 - Review internal approval processes, including, but not limited to third party/subgrantee contracts
 - Review to include specification of which WWF policies are being applied, and what structures of control are implemented
 - Review to include WWF International Asia Pacific Regional office/staff involvement in WWF-Thailand approval processes.
 - b) Contract process for external partners
 - Review and document contracting process for external partners, including but not limited to, Resources and Waste Advisory Group, Ranong Recycling for Environment, Wongpanit Krabi, and Thai Sea Watch Association. The review should be done against budgets approved from 2023-2024
 - c) Calculation of salary expenses
 - Audit salary expenses based on specific expenditure figures provided separately for each staff member that is charged to the project and verify actual contribution by staff to the project (both hours and results/activities)
 - d) Sub-grants' fixed assets to prepare for ownership transfer.
4. Verify all funds have been used in accordance with the established rules and regulations of WWF Thailand and the Agreement between WWF Norway and WWF Thailand.
5. Goods, works and services financed have been procured in accordance with the WWF Thailand and the Agreement between WWF Norway and WWF Thailand established rules and procedures.
6. Appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented to.
7. The financial statements prepared by PSC-TVA Thailand Project management in accordance with applicable accounting standards and give a true and fair view of the financial position of PSC-TVA Thailand Project and of its receipts and expenditures for the period ended on that date.
8. The auditor shall form an opinion on whether the Project's financial statements fairly reflect the financial position of the Project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:
 - a) The accounting principles followed by the Grant Recipient and;
 - b) The requirements of article 3 clause 2 of the General Conditions
 - c) Audit Engagement Instructions provided by BDO

The audit report shall include:

- a) The Project name and agreement number;
 - b) Identification of the Project's total expenses and total income;
 - c) The subject of the audit;
 - d) The financial reporting framework applied;
 - e) The auditing standards applied;
 - f) A statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
 - g) The auditor's opinion.
9. The auditor's report shall state that the organization has complied with the agreement between the organization and the Fundraising Council of NRK.
10. Conduct entry and exit meeting with Head of Finance of WWF Thailand, Senior Project Accountant, and/or PSC-TVA Thailand Senior Program Manager, Project Manager.
- a) In addition to the Project's audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of the previous audits and whether such measures have been adequate to deal with reported shortcomings.
 - b) Identify specific deficiencies and areas of weakness in systems, controls and make recommendations for improvement.
 - c) Report on the implementation status of recommendations pertaining to previous period audit reports.
 - d) Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
 - e) Bring to Head of Finance of WWF Thailand, Senior Project Accountant, PSC-TVA Thailand Senior Program Manager and/or Project Manager's attention any other matters that the auditors consider pertinent.
11. Comply with according to requirements of Audit engagement instructions.
- Attachment 1 - Audit engagement instruction**
12. Audit engagement instruction will be sent to the selected auditor to inform the scope of work required by the donor to perform for the purpose of the total project audit. The project instructions outline among other areas: key reporting deadlines and audit deliverables that shall be submitted to the donor based on communication guidelines. The appendixes attached to the audit engagement instruction are as follows:
- a) Appendix A: Acknowledgement of client audit engagement instructions and confirmation of independence
 - b) Appendix B: Auditor's report including signed project report
 - c) Appendix C: Communicating results - Memorandum of work performed
 - d) Appendix D: Communications with those charged with governance and management letter
 - e) Appendix E: Detailed questionnaire

Attachment 2 - Appendix A-E

D. AUDIT DURATION

The Auditor's report including signed project report shall be completed by 10th March 2025.

E. DELIVERABLES

1. The Annual Audit Report must reflect the requirements defined for Annual Financial Report as follows:
 - a) WWF Norway project's reference number on the front page as well as where appropriate in the Report itself;
 - b) The reporting currency is NOK (Norwegian Kroner);
 - c) Exchange rates between NOK and other currencies involved must be given, described and justified. It must be made clear how the exchange rates used are calculated.
 - d) Reporting should have the same degree of detail and the same format and budget items as the approved budget;
 - e) Significant deviations, i.e. +/- 10% variance on any budget line, between the budget and actual expenditure must be explained and justified, with clear comments provided in the finance report.
2. The reporting deadline for an electronic version of the Report is 10th March 2025.
3. A hard copy of the Report, including the original of the signed audit statements bearing the auditor's signature and accompanied by the auditor's comments will also be provided.
4. Draft version(s) of the Report will be submitted to WWF Norway for comments and discussion before a final version is issued by WWF Thailand. The first draft of the Report is to be submitted before 28th February 2025.
5. The auditor is required to send a copy of the final signed audit report and management letter (after WWF Thailand has agreed the final version with WWF Norway) together with the reporting on Award Audit Instructions sent by WWF Norway's auditor, to the email address which belongs to the WWF Norway auditor.

F. AUDITOR QUALIFICATION

The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA). The auditor shall comply with all ISAs relevant to the audit, ref. ISA 200 (Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing), paragraphs 18 and 20. Of Particular relevance is ISA 240 (The Auditor's responsibility to Consider Fraud and Error in an Audit of Financial Statements), and ISA 800 ("Special Considerations audits of single financial statements and specific elements, accounts or items of a financial statement"). Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

G. AUDIT FEES

The audit fees will be fixed through a competitive bidding process.

Interested please send your quotation to Jutamartn@wwf.com

cc. boonchanitw@wwf.or.th and procurement@wwf.or.th within November 17, 2024.

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SUMMARY INFORMATION

Client	WWF-NORWAY
Project	TV Aksjonen (TV Campaign) - An Ocean of Possibilities
Implementing partner	WWF-Thailand
As at and for the period ending	December 31, 2023
Client (referring) auditor	BDO Munkedamsveien 45A 0250 OSLO
Date issued	18.01.2024
Type of engagement to be performed on component financial information (reporting package)	Project audit in accordance with ISA 800, 805

1 INTRODUCTION AND GENERAL INFORMATION

We, as Auditor of WWF-Norway have been engaged to perform audits of projects receiving financial support from donors requiring audits. In the following instructions, the donor organizations will simply be referred to as “the donor”. These audit instructions are designed to inform you, as project auditor, of the scope of work we require you to perform for the purpose of the total project audit. The project instructions outline among other areas: key reporting deadlines and audit deliverables that shall submitted to us based on communication guidelines.

WWF-Norway prepares its financial statements in NOK in accordance with Norwegian Generally Accepted Accounting Procedures (NGAAP) and current practices in the humanitarian organisations.

These audit engagement instructions are designed to inform you, as the component auditor, of the work we require you to perform on the special purpose financial information of the component.

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

You are requested to confirm that you will cooperate with us, knowing the context in which we will use your work. This confirmation from you is included in **Appendix A**, which you must complete and return to us as soon as possible. If any independence issues arise during the time

you perform your work which would give rise to a change in your confirmation of independence, please inform the WWF-Norway engagement team immediately.

We also ask that you notify us immediately if you plan to provide any non-assurance services to the component before accepting the engagement to avoid creating any threats to our independence within the meaning of IESBA Code of Ethics.

CONTACT	NAME	LOCATION	PHONE	E-MAIL
Primary contact (Associate)	Lisa Tunås Bratteng	BDO Norway - Oslo	+47 948 94 867	lisa.tunas.bratteng@bdo.no
Senior Associate	Vegard Moe	BDO Norway - Oslo	+47 994 83 349	vegard.moe@bdo.no
Manager	Guner Selboe	BDO Norway - Oslo	+47 902 58 995	guner.selboe@bdo.no
Client engagement partner	Cathrine Sæther Karlsen	BDO Norway - Oslo	+47 970 42 038	cathrine.saether.karlsen@bdo.no

2 SCOPE OF ENGAGEMENT

We have been engaged to express an opinion on the consolidated project reporting for the period January 01, 2023 - December 31, 2023. In this context, you have been requested to perform an audit of the project financial information for projects funded through WWF-Norway and their back donor and give a management letter for these projects.

The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA). The auditor shall comply with all ISAs relevant to the audit when performing the project audit. Of particular relevance is ISA 240, (the Auditor's responsibility to Consider Fraud and Error in an Audit of Financial Statements), and ISA 805 ("Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement").

We are requested to submit a Management Letter to Norwegian back-donors in relation to the annual project audits performed. We inform you that information from your management letter may be forwarded to the back-donors and may also be made publicly available.

3 IMPORTANT INFORMATION

We would like to emphasize that the local audit team should, to the extent possible, build upon the audit work that has been done in relation to the statutory audit of the partner organisation when doing project audits, in order to reduce the total amount of audit work. This can be done by for example, building upon risk assessments and substantive tests done in the statutory audit when conducting project audits.

In case of transfers to other local partners/sub-contractors, actual expenditure and balance by these partners/sub-contractors need to be confirmed either by that partner/sub-

contractor’s auditor or you as project auditor. In the consolidated project report, these costs are to be included, and you as project auditor will have to confirm these costs as part of your overall audit.

4 TIMETABLE / REPORTING REQUIREMENTS

The following table details the items which are to be submitted to the WWF-Norway engagement team with their respective due dates. Certain items are to be compiled in a standard format and included as appendices to these instructions. Reporting formats for which we do not require a standard format are indicated in parentheses.

In addition, if you encounter any significant issues or misstatements which require our attention, please inform us immediately.

Due dates are final, we appreciate if items are submitted as early as possible.

DESCRIPTION OF COMMUNICATION	APPENDIX	DUE DATE
Acknowledgement of client audit engagement instructions and confirmation of independence	A	Upon receipt
Auditor’s report including signed project report	B	15 th March, 2024
Communicating results - Memorandum of work performed	C	15 th March, 2024
Communications with those charged with governance and management letter	(D)	15 th March, 2024
Detailed questionnaire	E	15 th March, 2024

5 COMMUNICATIONS

All correspondence, communication, memos, reports and management letters are to be written in English.

It is expected that all communications will be submitted by the component team in accordance with the timetable outlined above. All reporting deadlines must be met due to the review time allowed in Oslo. Any potential delays should be communicated immediately.

Correspondence with the team should be via e-mail. All deliverables should be sent by email. To increase effectiveness, please contact/send all communications to the persons specified below:

- Sending documents regarding the instruction, send to Guner Selboe
- Seeking clarifications of the instructions, please contact Guner Selboe
- Communication of significant issues, please contact Guner Selboe.

6 AUDITING AND ACCOUNTING STANDARDS

INTERNATIONAL STANDARDS OF AUDITING (ISA)

We will be conducting our audit of the consolidated project reporting in accordance with the International Standards on Auditing (ISAs). 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 B Audit Report.

APPLICABLE ACCOUNTING POLICIES

WWF-Norway follow Norwegian Generally Accepted Accounting Procedures (NGAAP) and current practices in the humanitarian organisations which describes the accounting policies to be applied by component management for the purpose of preparing the reporting package. Accounting principles used in the project should be clearly stated in the notes of the financial statement.

7 MATERIALITY

Project materiality has been established at 1 % of total costs on the project. Specific performance materiality / performance materiality for the project can be determined by you as the component auditor but cannot exceed 75 % of your component materiality. However, note that all identified errors in the project audit are to be corrected.

8 SIGNIFICANT AUDIT AND ACCOUNTING ISSUES

SPECIFIC FOCUS AREAS

We have identified a higher risk regarding the matters listed below, and listed procedures we want you as auditor to perform:

- Internal approval processes regarding third party/subgrantee contracts:
 - o Review internal approval processes, including, but not limited to third party/subgrantee contracts.
 - o Review to include specification of which WWF policies are being applied, and what structures of control are implemented
 - o Review to include WWF International Asia Pacific Regional office/staff involvement in WWF-Thailand approval processes.
- Contract process for external partners

- Review and document contracting process for external partners, including but not limited to, Resources and Waste Advisory Group, Ranong Recycling for Environment, Wongpanit Krabi, and Thai Sea Watch Association. The review should be done against budgets approved from 2021-2023.
- Calculation of salary expenses
 - Verify that salary expenses are based on actual contribution by staff to the project (both hours and results/activities)

Based on this we would like you to fill out Appendix E, and report to us your findings.

SIGNIFICANT RISKS OF MATERIAL MISSTATEMENT

Our overall risk assessment identified the following significant risks of material misstatement (SRMMs) which you must be aware of when performing procedures on the component's reporting package.

MANAGEMENT MANIPULATION AND OVERRIDE

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively directly or indirectly.

Auditor must confirm:

- Segregation of duties
- Exchange rates used in the project report are correct and reasonable.
- Year end postings in the project report are reviewed
- Obtained an understanding of unusual transactions
- Evaluate estimates

FRAUD

Project grants are not entirely allocated and spent for project purposes or improper payments or business practices.

Auditor must perform the following procedures:

- Compare the project financial report to budget and contract.
- Perform a test of details to verify the occurrence of cost and to ensure that vouchers are originals, from real suppliers and signed in accordance with policy.
- Perform test of cut off: all costs should be related to goods or services that have been delivered at the balance sheet date. Intention to purchase goods or services, although the purchase is agreed with vendor, does not meet the requirements.
- Verify that salary expenses are based on actual salary costs related to the project, and not based on a fixed hourly wage rate.

- Funds are kept on a separate bank account and that the associated interests are accounted for as income in the project accounts.
- Confirm that reconciliation of bank accounts is done every month and that policies for authorization and segregation of duties are satisfactory.
- Cash box reconciliation/counting.
- Control that procurement and approval of contractors/vendors meet the donor requirements.
- It must be ensured that control routines have been implemented to prevent double reporting of costs.
- Control that donor funds are not used as loans or advances to other to parties.
- Local partners: securing that local partners meet the donor regulations.

TRANSACTIONS WITH RELATED PARTY

Risk of transactions with related party, which are not related to ordinary business activity, or not handled at arm's- lengths price.

We have identified the following related parties:

- Management, board of directors and employees in the local organization
- Local management in projects
- Management and employees of the local partners and donors

We request that you, as local organization auditor, communicate to us on a timely basis any additional related parties not previously identified by us.

If you identify transactions with any related parties during the course of your work, we request that you communicate the related parties to us and the nature of the transactions with them.

Auditor must perform the following procedures:

- Identify related parties, in cooperation with local management.
- Examine transactions with identified related parties, and make sure the price is on arm's length conditions.
- For all procurements that exceed NOK 100,000 excluding value added tax, verify that procurement records are kept that document assessments and decisions in the procurement process.

If there are significant risks of material misstatements that you have identified during your risk identification and assessment procedures that you believe to be significant for the financial statements, but which are not included above, or any other matters that you believe need to be brought to our attention, please notify us immediately.

9 COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT LETTER

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.

Component auditor has to include communications relating to fraud or suspected fraud involving component management, employees who have significant roles in internal control at the component or others where the fraud or suspected fraud resulted or is suspected to have resulted in a material misstatement of the financial information of the component.

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

A Management letter includes comments on internal control together with suggestions related to operating efficiencies, as well as opportunities for improving controls or other comments relating to profitability.

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

1. Internal control
2. Fraud
3. Civil/criminal litigation
4. Laws and regulations
5. 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). Please make sure that your comments, observations or suggestions included in the Management letter are first discussed with local management. If local management disagrees with a comment and you still feel it is a valid point for inclusion in your Management letter, you include the point and also state the client's position.

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.

If you decide to send a Management letter to the component management, you are to forward a copy of the Management letter to us. If you are not issuing a Management letter, you must inform us of this within the same reporting deadlines.

CONTACT

GUNER SELBOE

m: +47 902 58 995
e: guner.selboe@bdo.no

www.bdo.no

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Our work is solely intended for internal use by the Client and only for the purpose stated in the engagement letter or agreement of the particular assignment. BDO is not liable for any use of deliverables or reports made by a third party. Responsibility and costs following a claim issued by a third party, including costs of unauthorized external use of reports or other deliverables, is the Client's sole responsibility.



2021 Audit Instructions for; *WWF Norway – funds from NORAD*

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1. Introduction

PwC (“the group engagement team”) has been engaged to express an audit opinion on WWF Norway’s project accounts for funds from NORAD for the year ended 31.12.2021, in accordance with the generally accepted accounting principles in Norway. In addition, we are engaged to issue statements on the appropriate use of government funding.

Purpose: The purpose of this document is to set out the procedures that we, the group engagement team, require you, the local organization auditor, to perform on the financial information of the local organization for which you are responsible.

Content: This letter contains of 5 appendixes (A, B, C, D and E) in addition to a general instruction.

- Appendix A: Audit instructions:
- Appendix B: Acknowledgement of receipt of audit instructions
- Appendix C: Communicating results
This is a memorandum of the work performed.
- Appendix D: Template for letter of representation
This is a template for a standard management representation letter. It is the local auditor’s responsibility that this is obtained from the managing director of the local organization.
- Appendix E: Template for audit opinion – project audit
This is the template that we ask you to use if your local organization prepares a project report to report on funds from WWF Norway

For a complete list of deliverables and deadlines, please refer to section 5.

Upon receiving these instructions, please read Appendix A and sign and return Appendix B where you acknowledge receipt of the audit instructions including and confirm:

- compliance with legislation and ethical and independence requirements
- that you are an authorised auditor by local legislation
- cooperation and do not expect problems complying with reporting deadlines
- our proper and unrestricted access to audit documentation

We ask you to seek clarification on any items of uncertainty, advise us if you anticipate that you will not be able to comply with the instructions; and inform us of any events, transactions or recent or proposed legislative changes that may have a significant impact on either the local organization or WWF Norway.

The work you will perform on your local organization will form part of WWF Norway’s project accounts for funds from Norad.

We also ask you to provide PricewaterhouseCoopers AS, Norway, and the relevant oversight authority with proper and unrestricted access upon request to your audit documentation. This is a requirement for all audits where local auditors perform part of the work on behalf of the group auditor.

2. Audit scope

Auditors are required to carry out audits in accordance with ISA 805 in order to render an unqualified auditors’ opinion on the project accounts expressed in local currency. The detailed auditing procedures shall be performed in accordance with International Standards on Auditing (ISA). Component auditors are reminded that for archiving and record retention purposes you should comply with the requirements in ISA 230.

Appendix A gives you further information on the audit instructions and the materiality levels for the audit.

3. Communication during the audit

We request that you notify PricewaterhouseCoopers (represented by Erika Bohné) on a timely basis of any matters that require our attention and significant matters that you expect to report to management of the local organization. These matters would include, but are not limited to, unadjusted differences, material weaknesses in internal control over financial reporting, significant accounting, auditing, financial reporting or taxation matters and suspected or detected fraud involving local organization management, employees who play significant roles in internal control or where the fraud results in a material misstatement of the financial information of the local organization. Your documentation should cover:

- The nature of the matter;
- Its accounting, auditing, or reporting significance;
- The persons with whom the matter was discussed; and
- Conclusions reached, and the related rationales and the actions taken.

4. Communicating results

At the completion of your procedures on the financial information of your local organization, but no later than March 15th 2021, we require you to submit to us

- a memorandum of work performed, including a copy of your management letter if applicable
- a copy of your letter of representation
- copy of the signed financial statements and audit opinion

The template in Appendix C should be used for this communication.

Memorandum of work performed and management letter

We ask you to communicate all significant matters regarding the audit by completing the template for the Memorandum of work performed in appendix C. We will also require a copy of your management letter. The management letter should include comments and recommendations for improvement of internal control environment and routines, capacity and competence of key staff involved in financial management, compliance with local laws and regulations, suspected or detected fraud, taxation issues with local and/or national authorities, as well as compliance with WWF Norway's routines and guidelines. The Management Letter should also include local Management's explanatory comments.

Letter of representation (including a summary of uncorrected misstatements)

Please obtain a Letter of Representation from the local management as of the date of your report to us. It should be consistent with the sample letter of representation included in Appendix C and include a summary of unadjusted misstatements.

It should be signed by the representative, or other member of management if you are satisfied that such person is responsible for and knowledgeable about the matters covered by the representations.

Audit opinion and financial statements

The audit opinion should be consistent with the sample for "Independent Auditor's Report" included in Appendix C and written in English.

5. Submissions and other correspondence

All submissions that have previously been delivered to WWF Norway should also be delivered to PricewaterhouseCoopers.

All submissions must arrive at PricewaterhouseCoopers and WWF Norway on the due date. If you cannot meet these due dates, please indicate so on the Acknowledgement of Receipt (Appendix B) noting the reason for delay and proposed delivery date. All correspondence for PricewaterhouseCoopers should be addressed to Mrs. Erika Bohné by e-mail (PDF attachment to email) **erika.bohne@pwc.com**.

Timetable and submission dates

Upon date	Requirements	Please send reporting to
Upon receipt	Acknowledgement of receipt of audit instructions (appendix B)	PricewaterhouseCoopers AS (Att: erika.bohne@pwc.com)
March 15 th , 2022	Communicating results (Memorandum of work performed (app. C), management letter, letter of representation (app. D) and financial statements with audit opinion (app. E)	PricewaterhouseCoopers AS (Att: erika.bohne@pwc.com): <ul style="list-style-type: none">- Memorandum of work performed (app. C) PricewaterhouseCoopers AS and WWF Norway: <ul style="list-style-type: none">- Financial statements- Audit opinion (Appendix E)- Letter of representation- Management letter

Appendix A – Audit instructions

Team

The engagement team responsible for the audit of WWF Norway is as follows:

Engagement	Name	Telephone	E-mail
Engagement Leader	Hans-Christian Berger	Mob: + 47 95 26 03 90	hans-christian.berger@pwc.com
Team Manager	Erika Bohné	Mob: + 47 45 03 60 26	erika.bohne@pwc.com

Audit Scope and materiality levels

For purposes of the project audit, we have determined the nature of the work to be performed in connection with the financial information of each local organization and materiality levels.

Project	Overall Materiality	Planning Materiality	Summary of Uncorrected Misstatements (SUM)
XXXX	NOK xxx	NOK xxx	NOK xxx
	USD xxx	USD xxx	USD xxx

Compliance with ethical requirements, including independence

Local organization auditors must meet the independence requirements that are relevant to the group audit. The group audit is subject to ethical requirements of IFAC Code of Ethics and you are required to comply with these requirements.

Related parties

A related party is any person that is related to the organization and that has control or significant influence over the organization, and entities that are part of the same group (i.e parent companies, subsidiaries or sibling companies)

We have identified the following related parties.

Related parties	Nature for relation
Management, board of directors and employees in WWF Norway	
Local management in projects	
Management and employees of the local partners and donors	

We request that you, as local organization auditor, communicate to us on a timely basis any additional related parties not previously identified by us.

If you identify transactions with any related parties during the course of your work, we request that you communicate the related parties to us and the nature of the transactions with them.

Auditing standards and group accounting and reporting principles

Financial statements in the local organization should be prepared in compliance with national laws and regulations, the Financial Guidelines of WWF Norway, and in accordance with the International Standards on Auditing (ISA).

Laws and regulations

Please make yourself acquainted with additional laws and regulations that applies to the industry and the local organization. Please inform us of any instances of non-compliance.

Risk assessment including fraud risk

We enclose a description of corporate wide significant audit risks, including fraud risks, that were identified by the group engagement team and that are considered relevant to your local organization. The significant risks should be addressed in your work performed on the local organization.

You are required to communicate to the group engagement team in PricewaterhouseCoopers any other significant risks that you identify when you perform your risk assessment procedures that may affect the WWF Norway financial statements, your responses to those risks and the results thereof.

Identified significant risks are risks which, in our judgment, require special audit consideration because of the nature of the risk (higher inherent risk), the likely magnitude of the potential misstatements (including the possibility that the risk may give rise to multiple misstatements) and the likelihood of the risk occurring. The identified risks should be addressed in your work performed on the local organization. Test of details are typically needed to address identified risks, therefore, it is unlikely that evidence from controls and substantive analytical procedures alone will be sufficient.

Significant risk	Financial reporting area and assertions	Management's responses and controls to address the risks	Proposed audit response
<p>Management manipulation and override Management is in a unique position to perpetrate fraud because of management's ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	All		<ul style="list-style-type: none"> - Verify that segregation of duties exists regarding receiving, verifying and approving incoming invoices and other payments/expenditures. - Verify significant journal entries and other adjustments - Examine and evaluate the documentation for accounting estimates - Examine and evaluate the business rationale for significant unusual transactions
<p>Fraud – related to projects Risk of economical contribution to the project not being utilized in accordance with the purpose of the project.</p>	Cost (occurrence)		<ul style="list-style-type: none"> - Compare the project financial report to budget and contract. - Perform a test of details to verify the occurrence of the project costs. - Follow-up of partner implemented projects - ref. following section
<p>Transactions with related party Risk of transactions with related party, which are not related to ordinary business activity, or not handled at arm's- lengths price.</p>	Cost (occurrence)		<ul style="list-style-type: none"> - Identify related parties, in cooperation with local management. - Examine transactions with identified related parties, and make sure the price is on arm's length conditions.

Appendix B – Acknowledgement of receipt of audit instructions

To:
PricewaterhouseCoopers AS
Pb 748 Sentrum
0106 Oslo
Norway
Attn: Erika Bohné

Subject: Confirmation of receipt for (name of local organization)

Acknowledgement of receipt of audit instructions

	Yes	No	If No, please explain:
We acknowledge receipt of your instructions.			
We confirm that we have read the audit instructions, including appendix A. We understand the instructions and do not expect any problems in complying with your reporting deadlines, requirements and communication protocol.			
We confirm that [Local organization auditor] is an authorised auditor by local legislation and that the authorisation applies to the entire financial period and auditing period.			
We confirm that we have the competence to perform the audit according to legislation and the International Standards on Auditing.			
We confirm that we have sufficient understanding of the independence and ethical requirements (of the IFAC Code of Ethics) to fulfil our responsibilities on the audit.			
We will cooperate with you and provide you with access to relevant audit documentation, subject to local laws and regulations.			

Date:

Signed by: _____
Engagement Partner
[Local organization auditor team office]

Documentation

Confirmation that regarding archiving and record retention

1. We hereby confirm that for the purposes of archiving and record retention, [insert country] comply with the requirements in ISA 230.

Yes _____

Confirmation regarding access to audit documentation according to the 8th EU Directive on Statutory Audits

1. We hereby confirm that [insert name of country] has a working agreement with EU according to Article 47 in Directive of Statutory Audit¹.

Yes _____ No _____

2. If the answer to Question 1 is No, we hereby confirm that:

a) We hereby confirm that [insert the name of the local organization auditor] consents, to the fullest extent permissible under applicable law, to provide PricewaterhouseCoopers AS, Norway, and the relevant oversight authority with proper and unrestricted access upon request to our audit documentation, in order to fulfill the requirement in Article 27 in the EU Directive of Statutory Audit².

OR

b) We are not able to provide you with proper and unlimited access to our documentation, due to conflicting local legislation. We have therefore attached the following documentation:

- A legal opinion that submitting the information would cause the [local organization auditor] to violate the conflicting non-EU law;
- An explanation of the [local organization auditor]'s efforts to seek consent to eliminate the conflict, in case that the information could be provided to PricewaterhouseCoopers AS, Norway, with a consent from the client, but the [local organization auditor] was unable to obtain this consent.

Date:

Signed by: _____

Engagement Partner
[Local organization auditor team office]

¹ Extract from the Directive of Statutory Audit (Article 27 and 47) is attached on next page

² Access to audit documentation should be ensured for 10 years according to the Accounting Act in Norway

DIRECTIVE 2006/43/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 17 May 2006
on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/
660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC

Extract:

Article 27

Statutory audits of consolidated accounts

Member States shall ensure that in the case of a statutory audit of the consolidated accounts of a group of undertakings:

- a) the group auditor bears the full responsibility for the audit report in relation with the consolidated accounts;
- b) the group auditor carries out a review and maintains documentation of his or her review of the audit work performed by third-country auditor(s), statutory auditor(s), third country audit entity(ies) or audit firm(s) for the purpose of the group audit. The documentation retained by the group auditor shall be such as enables the relevant competent authority to review the work of the group auditor properly;
- c) when a local organization of a group of undertakings is audited by auditor(s) or audit entity(ies) from a third country that has no working arrangement as referred to in Article 47, the group auditor is responsible for ensuring proper delivery, when requested, to the public oversight authorities of the documentation of the audit work performed by the third-country auditor(s) or audit entity(ies), including the working papers relevant to the group audit. To ensure such delivery, the group auditor shall retain a copy of such documentation, or alternatively agree with the third-country auditor(s) or audit entity(ies) his proper and unrestricted access upon request, or take any other appropriate action. If legal or other impediments prevent audit working papers from being passed from a third country to the group auditor, the documentation retained by the group auditor shall include evidence that he or she has undertaken the appropriate procedures in order to gain access to the audit documentation, and in the case of impediments other than legal ones arising from country legislation, evidence supporting such an impediment.

Article 47

Cooperation with competent authorities from third countries

1. Member States may allow the transfer to the competent authorities of a third country of audit working papers or other documents held by statutory auditors or audit firms approved by them, provided that:

- a) those audit working papers or other documents relate to audits of companies which have issued securities in that third country or which form part of a group issuing statutory consolidated accounts in that third country;
- b) the transfer takes place via the home competent authorities to the competent authorities of that third country and at their request;
- c) the competent authorities of the third country concerned meet requirements which have been declared adequate in accordance with paragraph 3;
- d) there are working arrangements on the basis of reciprocity agreed between the competent authorities concerned;
- e) the transfer of personal data to the third country is in accordance with Chapter IV of Directive 95/46/EC.

2. The working arrangements referred to in paragraph 1(d) shall ensure that:

- a) justification as to the purpose of the request for audit working papers and other documents is provided by the competent authorities;
- b) the persons employed or formerly employed by the competent authorities of the third country that receive the information are subject to obligations of professional secrecy;
- c) the competent authorities of the third country may use audit working papers and other documents only for the exercise of their functions of public oversight, quality assurance and investigations that meet requirements equivalent to those of Articles 29, 30 and 32;
- d) the request from a competent authority of a third country for audit working papers or other documents held by a statutory auditor or audit firm can be refused:
 - where the provision of those working papers or documents would adversely affect the sovereignty, security or public order of the Community or of the requested Member State, or
 - where judicial proceedings have already been initiated in respect of the same actions and against the same persons before the authorities of the requested Member State.

3. The adequacy referred to in paragraph 1(c) shall be decided upon by the Commission in accordance with the procedure referred to in Article 48(2) in order to facilitate cooperation between competent authorities. The assessment of adequacy shall be carried out in cooperation with Member States and be based on the requirements of Article 36 or essentially equivalent functional results. Member States shall take the measures necessary to comply with the Commission's decision.

4. In exceptional cases and by way of derogation from paragraph 1, Member States may allow statutory auditors and audit firms approved by them to transfer audit working papers and other documents directly to the competent authorities of a third country, provided that:

- a) investigations have been initiated by the competent authorities in that third country;
- b) the transfer does not conflict with the obligations with which statutory auditors and audit firms are required to comply in relation to the transfer of audit working papers and other documents to their home competent authority;
- c) there are working arrangements with the competent authorities of that third country that allow the competent authorities in the Member State reciprocal direct access to audit working papers and other documents of that third-country's audit entities;
- d) the requesting competent authority of the third country informs in advance the home competent authority of the statutory auditor or audit firm of each direct request for information, indicating the reasons therefor;
- e) the conditions referred to in paragraph 2 are respected.

5. The Commission may, in accordance with the procedure referred to in Article 48(2), specify the exceptional cases referred to in paragraph 4 of this Article in order to facilitate cooperation between competent authorities and to ensure the uniform application of paragraph 4 of this Article.

6. Member States shall communicate to the Commission the working arrangements referred to in paragraphs 1 and 4.

Appendix C - Communicating results

Memorandum of Work performed

	Please confirm with initials	Explanations:
General matters and planning		
The scope of the work performed by us on the financial information of [insert name of local organization] was in accordance with the Instructions dated xxx th received from you.		[Specify any deviations from instructed scope or any limitations placed on you in performing the requested scope].
The audit was conducted with the materiality levels according to Appendix A.		[Specify materiality levels used during the audit]
We have performed an risk assessment, including risk of material fraud, and we have not identified other significant risks than those listed in Appendix A.		[Detailed description of identified risks]
We have adapted the audit programme to take into account the Financial Guidelines of WWF Norway.		[We have made the following adaptations:]
We have evaluated the effects of the Coronavirus on financial reporting and we have adapted the audit programme to take into account the identified risks.		[We have made the following adaptations:]
Internal control environment		
We have assessed both the capacity and competence of the [insert name of local organization] management and staff members responsible for financial and project management, and evaluated both as satisfactory.		[Comments regarding capacity or competence]
We have during the audit not detected any indicators of management bias.		[Indicators of management bias]
We have obtained an understanding and evaluated the internal controls. Identified material weaknesses in internal control over financial reporting are reported to [insert name of local organization] in management letter.		[Detected weakness in internal control and audit consequences]
Year-end audit		
We had access to all required information, and the audit has been carried out without limitations.		[We have experienced the following limitations:]
During the audit we have not experienced significant audit issues.		Matter 1 [Detailed description] [Recommendations] [Management comment]
We confirm that we have performed audit procedures regarding management manipulation and override as specified in “risk assessment” in appendix B. Regarding significant journal entries, adjustment and accounting estimates we confirm that appropriate evidence has been has been obtained.		[Audit procedures performed and conclusion]
We confirm that we have performed audit procedures regarding the economical contribution to the project, and that our conclusion is that the funds has been utilized in accordance with the purpose of		[List the discrepancies]

the project and that vouchers are in original form and relating to 2021 and the project.		
Regarding fraud, litigation and claims no items requiring your attention were noted.		[The following situation of fraud, litigation and claims were noted:]
We confirm that we have performed audit procedures regarding transactions with related parties as specified in “risk assessment” in appendix B. Regarding related parties, no transactions with related parties that are not in accordance with the applicable reporting framework or outside the normal course of business are identified.		[Detailed description of transactions with related parties]
We confirm that the national laws and regulations are adhered to with regards to (examples) registration, currency exchange regulations, employee and enterprise taxation, personnel, employment, including accruals for possible obligations regarding termination and redundancy payment, Provident Fund etc.		[The following violations are noted:]
Concluding on the audit		
No uncorrected misstatements were noted. All items have been discussed and agreed with local management.		[List of uncorrected misstatements]
The project management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards.		[List the discrepancies]
We have adjusted the template for the letter of representation for [insert name of local organization] to include all relevant information. Management of [insert name of local organization] has signed the letter of representation including a summary of uncorrected misstatements confirming their responsibility, stating that all relevant information has been given, including awareness of guarantees, lawsuits and other possible obligations.		[Attach copy of signed letter of representation including a summary of uncorrected misstatements]
We performed subsequent event review and no items requiring your attention were noted.		[The following items were noted:]
We confirm that, apart from the matters noted above, we have not become aware of any other matters relating to the financial information of [insert name of local organization] that we should report to you.		[We wish to draw your attention to the following matters not included above:]

Date:

Signed by:

Engagement Partner [Local organization team office]

Appendix D – Template for letter of representation

Letter of Representation (To be written on the company's letterhead)

Name of local organization
Attn: Name of partner auditor
Address

XX.XX.2021

Management representation letter

This representation letter is provided in connection with your audit of the project accounts of [Name of client](#) for the year ended 31 December 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view, in all material aspects, in accordance with in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.

We confirm to the best of our ability and belief, that:

Financial statements

- We have fulfilled our responsibilities to ensure that the company's financial statements and the management of the company's financial affairs are subject to satisfactory control, including such internal control that we find necessary to enable the preparation of financial statements that do not contain material misstatement, whether due to fraud or error. We have also fulfilled our responsibility for the preparation of the financial statements and believe that the financial statements give a true and fair view of the company's financial position in accordance with the framework(s) for financial reporting that is (are) established in the financial statements.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- We have appropriately accounted for and disclosed related party relationships and transactions in accordance with the framework(s) for financial reporting that is (are) established in the financial statements
- All events subsequent to the date of the financial statements and circumstances that require adjustment or disclosure, have been adjusted or disclosed.
- We have evaluated the effects of the Coronavirus on our financial reporting, including considering potential disclosure of subsequent events in the notes to the financial statements in accordance with the requirements in applicable frameworks(s) and any potential effects on the going concern assumption.
- [We find the effects of uncorrected misstatements to be immaterial, both individually and in the aggregate, to the financial statements as a whole. See the list of uncorrected misstatements below.](#)

[Summary of uncorrected misstatements \(SUM\) in the accounts](#)

Below please find a list of known differences and probable errors found during our audit that have not been adjusted by the company. We wish to receive confirmation from management that these items and unadjusted differences do not materially influence the accounts.

Description	Assets	Liabilities / equity	Result	Known differences - estimate	Known differences – other errors	Probable errors	Total result effect
Total SUM							

Information provided

- We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters,
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the company from whom you considered it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the company and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the company’s financial statements communicated by employees, former employees, analysts, regulatory authorities or others.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- We have disclosed to you the identity of the company’s related parties and all the related party relationships and transactions that we are aware of.
- We have appropriately recorded or disclosed all obligations, including litigations, both actual and contingent, and have disclosed all information about all guarantees granted to third parties in the notes to the financial statements.
- The Company has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.

Managing director

Finance manager

Appendix E – Template for audit opinion – project audit

Audit opinion

Independent auditor's report

Report on the Project accounts

We have audited the accompanying project accounts of **(Name of company/local organization)** for the year ended at 31 December 2021 and a summary of significant accounting policies and other explanatory information (together "the financial statement"). The financial statement shows **total costs of NOK xxx**. The project accounts are prepared by management in accordance with the contractual agreements agreed by **(Name of company/component)** and WWF Norway.

Management's Responsibility for the Financial Statements

The Management is responsible for the preparation and fair presentation of these project accounts in accordance the contractual agreements agreed by **(Name of company/component)** and WWF Norway, and for such internal control as the management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the **[project name]** for the period ended 31.12.2021 are prepared, in all material respects, in accordance with the conditions that appear from the contractual agreements agreed by **(Name of company/component)** and WWF Norway.

Basis for reporting and limited distribution

Without modifying our opinion, we draw attention to the contractual agreement agreed by (Name of company/component) and WWF Norway. The project accounts are prepared to provide information to the management of (Name of company/component), WWF Norway and NORAD. Therefore, the project accounts are not necessarily suitable for other purposes. Our opinion is solely intended for the management of (Name of company/component), WWF Norway and NORAD, and shall not be distributed to other parties.