

# International Centre for Policy Studies

## Auditing Policy

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### **GUIDE PLAN**

The goals of auditing are to provide: .....	2
Procedure for mandatory audits at ICPS.....	2
The objectives of the audit .....	3
Audit report.....	3

Audits of the International Centre for Policy Studies (ICPS) are independent checks of bookkeeping records and financial, accounting and tax reports prepared by ICPS.

### **The goals of auditing are to provide:**

- an opinion as to the accuracy of ICPS's financial and accounting records;
- opinions as to the compliance of financial, accounting and tax reports with accounting provisions or standards and other regulatory requirements in Ukraine;
- an assessment of the correctness and reasonableness of the selected methods and forms for regulating the methodological and organizational basis for accounting and tax procedures.

By accuracy is meant a degree of precision of financial and accounting data that allows those who use these reports to draw the right conclusions regarding the results of ICPS commercial activity and its financial and material status from the presented data, and to translate this information into good decisions.

### **Procedure for mandatory audits at ICPS**

*The mandatory audit:* an annual audit of ICPS accounting records and financial and accounting reports for the previous year in line with the requirements of International Auditing Standards.

#### *When audits are held*

ICPS's mandatory audit takes place once a year. The timeframe for holding a mandatory audit is established in existing agreements, contracts or other arrangements with partner organizations or donors, or is set by the ICPS Board.

#### *Who does the auditing*

Mandatory audits are carried out by *auditing firms* that are registered with the Auditing Chamber of Ukraine.

The ICPS Board chooses the auditing firm that will undertake the annual ICPS audit based on the results of a pre-selection process.

The pre-selection of auditing firms to carry out audits is done on the basis of commercial proposals and letters of intent from auditing firms, which should include:

- a formal statement that the auditing firm is willing audit ICPS;
- the auditing firm's intentions, including the specific objective of carrying out a full audit in line with International Auditing Standards;
- the timeframe for carrying out the audit and preparing an Independent Auditor's Report;

- a calculation of the cost of the auditing services to be provided, based on an estimate of the time needed to provide the necessary auditing services.

If it is required by existing agreements, contracts or other arrangements with partner organizations or donors, the ICPS Board submits its chosen auditing firm for approval to the partner organization or donor.

Based on the pre-selection results and the decision of the ICPS Board, a contract for auditing services is drawn up between ICPS and the auditing firm.

## **The objectives of the audit**

The primary, but not only, objectives of an audit should be:

- a review, evaluation and opinion regarding the compliance of ICPS accounting records, its financial and accounting reports, and its tax procedures with the norms and conditions current in Ukraine's legislated regulations and provisions;
- a random check-based review of the availability of and compliance of primary accounting documents with the costs incurred by ICPS.

All audits must be carried out according to ISA 800/805 International Auditing Standards.

## **Audit report**

The results of the independent audit are received by ICPS in the form of an Independent Auditor's Report, regardless of its results—positive, relatively positive, negative, or with a refusal to provide an opinion.

This report should be presented in typed form, signed by the responsible auditor, and stamped with the seal of the auditing firm, in both Ukrainian and English, as required by International Auditing Standards.

The report should include:

- details about the methods used in the audit and its range;
- a warranty that the audit was undertaken professionally and in line with ISA 800/805 International Auditing Standards;
- the auditor's opinion as to the results of the audit (*regarding ICPS's internal controls of accounting, financial and tax records and related reports; the extent to which ICPS complies with Ukrainian law in its financial and commercial operations, the reliability of ICPS accounting, financial and tax reports*) based on the information obtained during the audit process;
- the auditor's recommendations regarding ICPS accounting, financial and tax records;

- any measures that ICPS has applied as a result of the previous audit and an opinion as to whether these measures were justified, appropriate and properly devised, and whether they were suitable to the circumstances.