

Management Letter *(suggested format)*

project/programme – financial statement period of:

partner's name and address

*auditor's name and
address Date and
Signature*

The auditor was required to assess with the enclosed questionnaire whether the partner has adequate policies and procedures in place relating to the following matters:

- **Existence, adequacy and effectiveness of the Internal Control System (ICS)**
(principle 2.2 as mentioned in the standard ToR)
- **Conformity with the project objectives and adherence to the contract conditions**
(principle 2.3 as mentioned in the standard ToR)
- **Economical conduct of business and effective use of financial resources**
(principle 2.4 as mentioned in the standard ToR)

All questions answered with a “no”, are subject of a Management Letter Point, to be risk rated by the auditor and followed up by the partner.

Risk rating of Management Letter Points

- Matters of **large or significant importance** regarding control environment, accounting policies or practices, which might entail a material loss or material reporting error shall be rated by the auditor as a **high Priority**;
- Matters of **medium importance** regarding control environment, accounting policies or practices, which would be unlikely, entail a material financial loss or reporting error shall be rated by the auditor as a **medium Priority**;
- Matters of **low importance** regarding control environment, accounting policies or practices or comments relating solely to local reporting matters shall be rated by the auditor as a **low Priority**.

Findings and Recommendations

No.	Findings	Recommendations	Priority	Management comments and proposed actions	Deadlines
Existence, adequacy and effectiveness of the Internal Control System (principle 2.2)					
Conformity with the project objectives and adherence to the contract conditions (principle 2.3)					
Economical conduct of business and effective use of financial resources (principle 2.4)					