Annual Organisational Audit Requirement for NRC Implementing Partners
Explanatory Note

1. Application of Annual Organisational Audit

The Norwegian Refugee Council (NRC) requires implementing partners to conduct an "annual organisational audit" in the following cases:

1) Project implementation agreements (PIAs) have a value of 100,000 USD or more
2) A partner is implementing on the audit financial modality pilot.

2. Components of the Annual Organisational Audit

The annual organisational audit requirement of implementing partners can be broken down into two components:

a) an assessment of the NRC funded project, herein project audit
b) verification of no duplication of charges to different projects, herein organisational expenses

These scope of work for these two components are outlined in the audit Terms of Reference (ToR). This ToR is to be used for both cases identified in section 1. This is not to be confused with any national or government reporting requirements. NRC does not require partners to share these mandatory audit reports if conducted.

3. Deadlines

The deadline for the Annual Organisational Audit, inclusive of both components are as follows:

PIA End Date	Audit Report Deadline	Flexibility
1-31 December	10 February	None
Prior to 1 December	45 days after PIA completion	Some insofar as 10 February deadline is met and in consultation with the Regional Partnership Oversight Board

4. Best Practices

To meet these deadlines and minimise resources, partners should:

- Support partner to budget appropriately for the audit during the PIA preparation. The audit cost is a direct cost.
- Contract an audit firm/auditor as soon as possible after the PIA is signed and no later than August. If the implementing partner has a contracted auditor that can carry out the ToR there is no need to contract an additional auditor annually.
- Require auditor(s) to complete a pre-audit to covering most of the project implementation period up to at least one month before PIA end date.
- Plan activities in such a way that aims to minimise the transactions to be incurred in the last month of the project implementation period.

- Contract the same auditor to conduct both components of the annual organisational audit (referenced above) or combine with other ongoing audit processes insofar as they meet the requirements stipulated in the Terms of Reference and the deadlines outlined above.
- Notify NRC of the selected audit firm no later than 90 days after signing the PIA.

If an implementing partner is undertaking an annual organisational audit funded by other actors/donors, this may be submitted to satisfy NRC's requirements insofar as it includes a specific conclusion on NRC funded projects and the above deadlines can be met.

If an implementing partner is on the audit financial modality pilot, NRC will not be requesting supporting document, except for the required occasional spot checks. NRC will only require the final audit report submitted per the requirements above.

ANNEXE I: Partner Annual Organisational Audit Flowchart