

## **ANNEX 2: Model of audit report in accordance with ISA 800/805**

### **INDEPENDENT AUDITOR'S REPORT**

**(Appropriate addressee)**

#### **Opinion**

We have audited the accompanying Financial Report “project name” of ABC Entity (the Entity), which comprise the financial statement as at December 31, 20X1, and notes to the financial statements, including a summary of significant accounting policies. The Financial Report have been prepared by management based on the financial reporting provisions of Section Y of Regulation Z.

In our opinion, the accompanying Financial Report of the Entity for the year ended December 31, 20X1 are prepared, in all material respects, in accordance with the financial reporting provisions of Section Z of the **Grant Agreement**.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the international Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use**

Without modifying our opinion, we draw attention to Note X to the Financial Report, which describes the basis of accounting. The Financial Report are prepared to assist the Entity in complying with the financial reporting provisions of the Grant Agreement referred to above. As a result, the Financial Report may not be suitable for another purpose. Our report is intended solely for the Entity and DEF Company and should not be distributed to or used by parties other than the Entity or DEF Company.

#### **Responsibilities of Management for the Financial Report**

Management is responsible for the preparation of the Financial Report in accordance with the financial reporting provisions of Section Z of the Grant Agreement and for such internal control as management determines is necessary to enable the preparation of Financial Report that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

*Template based on: ISA 800 (revised), Special considerations – Audits of Financial Statements  
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([https://www.ifac.org/system/files/publications/files/IAASB-ISA-800-Revised\\_0.pdf](https://www.ifac.org/system/files/publications/files/IAASB-ISA-800-Revised_0.pdf))*

audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We communicate with management of the Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Signature in the name of the audit firm, the personal name of the auditor, or both, as appropriate for the particular jurisdiction]

[Auditor's address] [Placement of date and address reversed]]