

[In-house translation of the original. Where there is any discrepancy in the Japanese and English versions, the original Japanese version will prevail.]

JPF Grant Guidelines

Rules 9: Measures for External Inspection

Effective: 01 February 2021

(Purpose of inspection)

Article 1

[Grantees] shall receive an external inspection for completed projects on whether expenditures have been expended in accordance to the Project Implementation and Grant Guidelines for purposes of achieving the objectives in accordance to the Project Implementation Contract and whether the submitted financial documents are prepared in accordance to the Guidelines.

2 The external inspection should be conducted by an auditing company or a certified public accountant (hereinafter referred to as “auditor”) that does not have any interest in the implementing organization.

(Selection of auditor)

Article 2

For the purpose of the external inspection, an auditor shall be chosen and a contract for inspection should be signed.

(Contract with certified auditor)

Article 3

The implementing organization and the auditor will sign an engagement agreement on audit.

2 The agreement referred to above should clearly state that the auditor will undertake the inspection in accordance to Agreed-upon Procedures.

3 The Agreed Upon Procedures referred to above must cover all procedures contained in “Procedures 4: Check list for ‘Agreed-upon procedures””.

4 The engagement agreement for the inspection must articulate that in addition to the implementing organization, the report on the Agreed-upon Procedures may be used by Japan Platform.

5 In case the implementing organization engages multiple auditors to conduct the

inspection, the implementing organization must make necessary arrangements to ensure that all income and expenditures related to the project are covered under the inspections.

(Reporting of the inspection results)

Article 4

The auditor shall submit to the implementing organization a report on the Agreed-upon Procedures.

2 The said report shall be prepared in accordance to the specified format “Template for the Agreed-upon Procedures report” (in 2-4. Completion Report).

If the Japan Platform Secretariat deems that the report on the Agreed-upon Procedures was not conducted in accordance with the Agreed-upon Procedure, Japan Platform can ask the implementing organization to take corrective measures, including replacement of the auditor.

(Responding to the audit results)

Article 5

If there are any audit findings from the inspection included in the Agreed-upon Procedures report, the implementing organization must consider whether any corrections need to be made in the List of Income and Expenditures etc. and report on their conclusions to Japan Platform Secretariat.

2 If any of the below-mentioned matters are mentioned in the Agreed-upon Procedures report, it is considered as an audit finding.

1. The findings of any procedure that requires confirming they “correspond” state that they “do not correspond”.
2. The findings of procedure state there were errors in calculations or sums.
3. The findings of any procedure that requires confirming “does not exceed the amount” state that it was “exceeding”.
4. The findings of any procedure that requires confirming “does not exceed 120% of the respective approved budget” state that it was “exceeding”.
5. The findings of any procedure that requires confirming “there is no expense incurred outside of the project period” state that there were expenses that could be considered to be outside of the project period.
6. The findings of any procedure that requires confirming that “the appropriate exchange rates are used, based on the implementing organization’s accounting procedures or other certain rules” state they were “not applied”.
7. The findings of any procedure that requires confirming “each item described in the details of “3. Overhead Cost” etc. in the “List of Vouchers” correspond to the expense which is listed in “Procedure 8: Accounting items for general and administrative expenses (including others)” of “Rules 11: Accounting Measures”, state there were

expenses not listed in the "Procedure 8".

8. The findings state that the necessary evidences were not available.
9. The findings state that original vouchers were not available in the procedure.
10. The findings state that some of the procedures could not be not conducted.
11. Any other findings usually not stated in a usual Agreed-upon Procedures report.

(Subsidy for external inspection)

Article 6

Projects funded by grant will be subsidized with an audit fee under the following conditions;

2 The subsidy is for the actual costs incurred for inspection and related expenditures. If the implementing organization has a yearly contract with the auditor and the audit fee of the project is included in the yearly fee thereof, a copy of the contract and a document explaining the subsidy amount requested shall be submitted.