



WORLD BANK CARBON FINANCE UNIT CARBON PARTNERSHIP FACILITY 2011 ANNUAL MEETING

SINGLE AUDIT

What is Single Audit?

- It is an audit to include ALL TRUST FUNDS, including CPF (about 900 funds) managed by IBRD.
- One Combined Audited Financial Statement will be issued.
- Single Audit: 82% by number (828 funds)
 27% by dollar value (circa \$17.4 billion)
- Individual financial
 statement audits: 18% by number (58 in FY09)
 73% by dollar value (\$47.1 billion)

How is it done?

Overview of the Single Audit

- Annual assertion by management over the internal controls
- Management assertion on internal controls includes:
 - Contributions from Donors are recorded in the appropriate trust fund on a timely basis
 - Assets from underlying funds held in trust are segregated from funds of the WBG
 - Transactions are recorded in the underlying financial records and the financial reporting of each trust fund are valid and complete
 - Investment income is earned and credited to the appropriate trust fund in accordance with the terms and provisions of the agreements
 - Disbursements follow established WBG policies and procedures
 - Fees for administering each trust fund are charged in accordance with the terms and provisions of the trust fund agreements
 - Financial reporting is in compliance with the requirements set forth in the legal agreements entered into with the donors
- External auditor's attestation
- Applicable audit standard (AT 501 issued by the AICPA)

Why?

- Financial statement audits do **NOT** give Donors assurance over achievement of development objectives
- Provide assurance over the cash in and out, fund balance, investment income, administration fees
- Financial statement audits are expensive (external audit fees plus internal costs of WBG)-the annual audit cost is \$150k per year , or \$1.5m over the life of CPF

Considerations

- Participants have access to unaudited cash receipts and disbursement via donor center
- CPF can always request an audit after moving to the single audit (providing they bear the cost).
- Existing instrument – need for amendment
- It will save \$1.3 million if the Single audit approach is adopted.