

To the members of FIFA and the confederations

Circular no. 1575

Zurich, 22 February 2017
ZBO/coj/dot

FIFA Forward reporting 2016: local FIFA programme audit and statutory audit

Dear Sir or Madam,

The introduction of the FIFA Forward development programme in May 2016 represented the launch of a new era for global football development. Increased investment has been matched by increased transparency and standards of governance. The audit and reporting process is a key part of this new and exciting commitment to developing the game across the world.

In light of this and in accordance with article 14 of the FIFA Forward Development Programme Regulations approved by the FIFA Council on 9 May 2016, all member associations/confederations must report annually on the use of all funds allocated under the Forward Programme. FIFA requests that all members submit to FIFA the following documentation by **30 June 2017**:

1. Local FIFA programme audit for 2016

- a) An agreed-upon procedures (AUPs) report on the member association/confederation's programme account (former FAP account) by its independent auditor
- b) An independence letter signed by the auditor
- c) A representation letter signed by the member association/confederation
- d) Reporting forms 3.1-3.9 for all programmes for which your association/confederation received funds
- e) Reporting form 4
- f) Original letter signed by the bank at which the dedicated FIFA Forward Programme account is maintained, clearly stating the account details, the beneficiary/ies of the account, the signatories to the account and the date of its opening
- g) A copy of the FIFA Forward Programme bank account statements from 1 January 2016 to 31 December 2016

The template reporting forms are enclosed. Please ensure that the local auditor is using the latest reporting templates provided, with specific reference made to the AUP reporting template.

Member associations/confederations selected to undergo a central review as per article 16 of the FIFA Forward Development Programme Regulations are not required to carry out a local programme audit. Members included in the central review process for 2016 will be duly notified.

2. Statutory audit for 2016

- a) The 2016 annual financial statements (minimum of a profit and loss statement and balance sheet, or equivalent) and the corresponding statutory audit report from the statutory auditor
- b) The minutes of the most recent general assembly at which the annual accounts were approved

For member associations/confederations with a period end that is not 31 December 2016, please ensure that the financial statements submitted are for a period-end date of no earlier than 30 June 2016. As per article 18 paragraph 3 of the FIFA Forward Development Programme Regulations, the statutory auditor must be an external independent auditor with the relevant qualifications in accordance with local legislation.

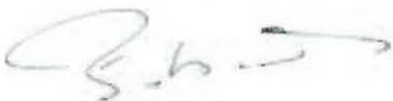
FIFA would also like to draw the attention of its members to some common issues in reporting how development funds have been managed during previous reporting cycles. These weaknesses have been flagged as a source of potential risk with regard to the responsible and transparent use of development funds, as well as being non-compliant with the FIFA Forward Development Programme Regulations. Please refer to **Appendix I** for further details on the most significant individual issues identified and the recommended corrective action associated with each.

The FIFA Member Associations Division welcomes an open and transparent dialogue around the existence of such weaknesses and the implementation of corrective action, should it be required.

Finally, we would like to take this opportunity to thank you for your continued commitment to the goals and principles of the FIFA Forward development programme.

Yours faithfully,

FÉDÉRATION INTERNATIONALE
DE FOOTBALL ASSOCIATION



Zvonimir Boban
Deputy Secretary General (Football)

Enclosed via e-mail:

- Agreed-upon procedures report template
- Auditor independence letter template
- Representation letter template
- Reporting form templates

Appendix I – Common weaknesses identified in previous reporting cycles

Issue identified	Inability to provide adequate supporting documentation for expenditure made
Recommended action	Supporting documentation such as invoices, receipts, contracts, payment orders, etc. should be maintained and clearly filed against individual expense transactions for later inspection. An adequate system for the recording, collection and storage of documentary evidence of all expenses should be installed. If required, a suitable accountancy software should be installed for this purpose with suitably qualified and trained staff hired to manage this process.
Reason for action	Without complete supporting documentation for all payments, the actual use of FIFA Forward funds cannot be verified either by local management and auditors or FIFA and its representatives. This risks specific non-compliance with article 8 paragraph 1 a) of the FIFA Forward Development Programme Regulations.

Issue identified	Transfers from the dedicated FIFA Forward Programme bank account to other bank accounts
Recommended action	All payments of FIFA development funding should be made directly to and from the separate FIFA Forward Programme bank account. Where the association may require transfer to an account set up in the local currency, a second separate FIFA Forward Programme bank account should be opened in this currency. This too must be used exclusively for the FIFA funds converted to the local currency and have payments made directly from this account.
Reason for action	Transfers from the separate dedicated bank account to other accounts of the association reduces the traceability of funds and makes it more difficult to identify the source and destination of development funding. This will lead to further issues regarding control of funds and external reporting and risks specific non-compliance with article 8 paragraph 1 d) of the FIFA Forward Development Programme Regulations.

Issue identified	High number of cash withdrawals and cash payments
Recommended action	Where possible, the value and frequency of cash withdrawals should be restricted to the absolute minimum. Where cash withdrawals are unavoidable, it is vital to keep documentation of the purpose of the cash withdrawal, the individual who made the withdrawal and the date it was made, together with explanations for the reasons of the payment. As with all payments, payments made using the cash withdrawn should be evidenced with an invoice, receipt or other supporting documentation and kept securely.
Reason for action	Cash withdrawals and payments represent a more risky method of payment than wire transfers and cheques. Cash payments are more open to error, they leave no record of transaction history and cash can be easily lost or stolen by third parties. High instances of cash payments also increase the risk relating to adverse audit and reporting findings as they are less traceable than other forms of payment.

(Letterhead of Member Association, “the Member Association”)

To:

[Local Auditor]

[AddressLine1]

[AddressLine2]

[AddressLine3]

[AddressLine4]

[AddressLine5]

Date

Dear Sir or Madam,

In connection with your engagement to apply procedures agreed upon by Fédération Internationale de Football Association (FIFA) solely to assist FIFA in supervising payments made out of the FIFA Development Programmes, we confirm:

1. Our understanding that you were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on financial statements. Accordingly, you did not express such an opinion. Had additional procedures been performed, other matters might have come to your attention that would have been reported.

Furthermore, we confirm that, to the best of our knowledge and belief, the following representations were made to you during your agreed procedures engagement:

2. We are responsible for ensuring that:
 - (a) the funds approved and paid by FIFA under the Forward Programme and any other funds for FIFA Development Programmes have been properly received and entered in the books of accounts of the Member Association, and
 - (b) that these funds received have been used in accordance with the terms of the related regulations and the related application approved by FIFA.

In particular, we confirm that no funds received from FIFA under the Forward Programme and any other funds for FIFA Development Programmes have been used for purposes other than those approved by FIFA or paid to persons not entitled within or outside the Member Association.

3. We have made available to you all financial records and data related to receipt of such funds from FIFA or usage of these funds.

4. We have advised you of all actions taken at meetings of stockholders, the board of directors, and committees of the board of directors (or other similar bodies as applicable) that may affect the assertions.
5. Your report is intended solely for use by FIFA and their auditors and is not to be used for any other purpose or to be distributed to any other parties.
6. We have responded fully to all enquiries made to us by you during your engagement.
7. We have communicated to you all known matters contradicting the assertions.
8. The Member Association has complied with all aspects of contractual agreements that would have a material effect on the assertion in the event of non-compliance.
9. There are no material transactions that have not been properly recorded as part of the assertions.
10. We confirm that the findings noted in the final report dated **DATE** were discussed and agreed with the local auditor on **DATE**.

Yours faithfully,

[NAME OF ASSOCIATION]

[NAME]
President

[NAME]
General Secretary

Text for reporting

FIFA development programmes

To:
Fédération Internationale de Football Association (FIFA)
F.A.O. Fatma Samoura
Secretary General
P.O. Box
CH-8044 Zurich
Switzerland

Name of member association:
("the member association")

Period of payment received:

Amount received on the separate bank account (programme account):

Total amount received in USD:

equivalent in local currency:

Amount used/spent: in local currency:

In accordance with your Special Engagement Instructions and the FIFA Forward Programme Regulations, we have performed the procedures described below.

Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements.

- a) Compare form 4, 2016 section I, the member association's designated bank account(s) (the "separate bank account(s)") balance as at 1 January 2016 with form 4, 2015, section V separate bank account(s) balance as at 31 December 2015 (balance of separate bank account(s) brought forward).
- b) Compare the funds provided by FIFA under the various development programmes for the year ended 31 December 2016 with the total amount of payments reported as received in form 4 (details in forms 3.1 and 3.2 to 3.9).
- c) Compare the amounts reported as received in form 4 (details in forms 3.1 and 3.2 to 3.9) with the funds recorded in the separate bank account(s) during the year ended 31 December 2016.
- d) Compare the bank balances as at 1 January 2016 and 31 December 2016 as reported in form 4 with the bank statements of the separate bank account(s). Reconcile the bank statements with the respective separate bank account(s) in the general ledger.
- e) If member associations in countries not operating in US dollars have a separate bank account in the local currency as well as in USD, check transfers between these separate bank accounts.
- f) Compare the amounts shown as interest income or expense and bank charges shown on form 4 with the bank statements of the separate bank account(s).
- g) Seek explanation for any amounts listed under "other debits / credits" or "control balance" that exceed 5% of total reported expenses and reconcile where necessary.
- h) Compare the beneficial owner (ultimate owner) of the separate bank account(s) and the signatory power reported in form 4 with the respective bank confirmations. Verify and confirm that the bank account is held in the country of the member association. Provide a list of all other bank accounts held and their associated signatories as per bank confirmations.
- i) Compare the amounts disbursed as per forms 3.1A to 3.1L and forms 3.2 to 3.9 in the transaction currency with the payments recorded in the respective bank statement(s) of the separate bank account(s).
- j) Compare the single payments reported as expenses in forms 3.1A to 3.1L and 3.2 to 3.9 for the other development programmes with supporting third-party documentation such as goods/services purchase agreements, invoices, receipts and vouchers. Each individual payment above USD 5,000 has to be checked, while a total coverage (for each programme and overall) of 60% is required. For transactions that are examined, also check whether the categorisation in the reporting forms is correct (e.g., expenses reported in form 3.1.A should only relate to youth football etc.).

- k) Check forms 3.1A to 3.1L and 3.2 to 3.9 to determine whether budget deviations greater than 20% are reported and explained.
- l) Reconcile the exchange rates applied for single transactions with the market exchange rates valid at the time.
- m) Compare on a test basis 20 expenses items (ten highest amounts plus ten randomly selected items) reported in forms 3.1A to 3.1L and forms 3.2 to 3.9 with the respective general ledger expense accounts.
- n) Obtain a copy of the latest approved audited financial statements and report
 - (i) the total revenues in USD
 - (ii) the % of revenues sourced from FIFA
 - (iii) the net result in USD
- o) Obtain the minutes of the most recent congress (annual general meeting) and check if:
 - (i) financial statements have been approved by the congress
 - (ii) the corresponding report of the statutory auditor has been presented to the congress
 - (iii) statutory auditors for the current year have been appointed by the congress
- p) Enquire and report if the member association has appointed an audit committee, a finance committee and a compliance officer.

The auditor shall obtain sufficient and appropriate information and documentation in order to conduct the above procedures. In cases where such information or documentation is not made available within 24 hours upon request, the auditor shall consider such information or documentation as not existing and note such findings.

We report our findings below:

- (a) With respect to item (a), we found that.... [PLEASE INSERT FINDINGS]
- (b) With respect to item (b), we found that.... [PLEASE INSERT FINDINGS]
- (c) With respect to item (c), we found that.... [PLEASE INSERT FINDINGS]
- (d) With respect to item (d), we found that.... [PLEASE INSERT FINDINGS]
- (e) With respect to item (e), we found that.... [PLEASE INSERT FINDINGS]
- (f) With respect to item (f), we found that.... [PLEASE INSERT FINDINGS]
- (g) With respect to item (g), we found that.... [PLEASE INSERT FINDINGS]
- (h) With respect to item (h), we found that.... [PLEASE INSERT FINDINGS]
- (i) With respect to item (i), we found that.... [PLEASE INSERT FINDINGS]
- (j) With respect to item (j), we found that.... [PLEASE INSERT FINDINGS]

- (k) With respect to item (k), we found that... [PLEASE INSERT FINDINGS]
- (l) With respect to item (l), we found that... [PLEASE INSERT FINDINGS]
- (m) With respect to item (m), we found that... [PLEASE INSERT FINDINGS]
- (n) With respect to item (n), we found that... [PLEASE INSERT FINDINGS]
- (o) With respect to item (o), we found that... [PLEASE INSERT FINDINGS]
- (p) With respect to item (p), we found that... [PLEASE INSERT FINDINGS]

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the accounts of the member association as at [DATE].

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of the member association, taken as a whole.

We confirm that we are also the duly elected statutory auditors of the above-mentioned member association. Both engagements are performed independently of each other.

This report was discussed and agreed with the management of the member association on [DATE].

(Signed) audit firm

Date

Copy: President of member association

<Letterhead of company>

FIFA Member Association of

.....

Confirmation of independence and professional competence

As per the agreed-upon procedures instruction provided to us, we have investigated the relevant transactions of the FIFA Development Programmes of the FIFA Member Association of

.....

for the 12 months ending 31 December 2016 and confirm that, for the period covered by the investigation and thereafter to date, our firm has been independent as stipulated by the "Code of Ethics for Professional Accountants" issued by the IFAC. We further confirm that our firm is professionally qualified to perform this investigation and is officially authorised by the relevant professional accountants' association, specifically

.....

Date and place

Stamp and signature (Audit Partner)

Form 4 Reporting

- If you have two or more separate FIFA programme bank accounts (one bank account in USD and one bank account in local currency) which are dedicated to the FIFA Development funds, both bank accounts need to be included in Reporting Form 4.
- If you just maintain one bank account (either in local currency or in USD), only this bank account needs to be reflected.
- All the yellow-marked cells will be calculated automatically.
- The control field in Form 4 needs to be 0. If not, you need to explain why.
- Any other debits/credits field in Form 4 should be less than USD 10,000 and if not, you need to explain why.
- This form should be prepared on a cash basis and act as an effective reconciliation of the separate FIFA programme bank account(s) as per Article 8.1.d of the FIFA Forward Development Programme Regulations unless as per Note 1 below.

Form 3.1 Operational cost support (FAP / Forward) summary

- The total of the operational cost support funds received needs to be added to this form.
- All the yellow-marked cells (disbursements per category) will be calculated automatically. Nothing needs to be entered here.

Form 3.1A-3.1L Operational cost support (FAP / Forward)

- One separate Form 3 needs to be completed for each of the used categories (A-L).
- The total of the disbursements per category will be automatically added to Form 3.1
- Each expense/invoice greater than USD 10,000 has to be reported on a separate line item.
- Budget variances over 20% need to be explained.
- The form is divided between payments from the local currency account or the USD account (it depends from which bank accounts you make the payments).
- All the yellow-marked cells will be calculated automatically.

Form 3.2-3.9

This form needs to be completed for all development programmes other than non-operational cost support for which your Member Association has received funds from FIFA.

- The form is divided between payments from the local currency account or the USD account (it depends from which bank accounts you make the payments).
- All the yellow-marked cells will be calculated automatically.
- Budget variances over 20% need to be explained.
- The total of the disbursements per programme needs to be added to Form 4 (automatic data transfer).