

confidential

Comprehensive report

International Disability Alliance,
Le Grand- Saconnex

31 December 2020



Building a better
working world

International Disability Alliance, Le Grand-Saconnex

Lausanne, 10 May 2021

Comprehensive report
of the auditor to the
Board according to art.
728b CO with financial
statements as of
31 December 2020

Comprehensive report of the auditor

Dear Sir or Madam,

We are pleased to present the results of our audit of the financial statements of International Disability Alliance.

The comments and recommendations set out below are based on the results of the standard audit procedures performed. A more in-depth analysis might therefore result in additional comments and recommendations.

We will be happy to assist should you require any additional information or wish to discuss the points addressed.

We would like to take this opportunity to thank your employees for their professional cooperation and support at all times.

Ernst & Young Ltd

Licensed audit expert
(Auditor in charge)






Licensed audit expert



Content

1. Summary of the key points
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1 Summary of the key points

Topic	Description	Ref.	Status
Reporting	Unqualified audit opinion		
Areas of focus of our audit	See next page for further remarks	Refer to Page 5	
Internal Control System (ICS)	Confirmation of the existence of the internal control system	Refer to page 6	
Misstatements (recorded/unrecorded)	No material corrected or uncorrected misstatements were identified		
Other specific points	Fraudulent activities/litigation/ COVID-19 impact and lack of equity	Refer to page 9	

 = no action required  = potential improvement  = significant comments / action required  = for information

2 Comments and information

Audit focus




EY result and conclusion




Our examination has been based on ten contracts and a selection of fifty-three invoices. We also tested the significant amounts of accruals.


We didn't identify significant misstatements.

 = no action required

 = potential improvement

 = significant comments / action required

 = for information

 = management letter point

2 Comments and information

Extent of the structure and documentation of the internal control system


- ▶ International Disability Alliance opted up for a statutory control instead of a limited statutory examination as request by the law in order to obtain more security and built stakeholders trust. Consequently, and in accordance with Swiss Code of Obligation, the validation of the existence of the internal control system is performed during our intervention.

EY result and conclusion

We confirm the existence of the internal control system (ICS) in our report to the General meeting of International Disability alliance.


According to the principles and standards governing our profession, the general requirements for the existence of the ICS pursuant to article 728a CO are that:

- ▶ The ICS is in place and verifiable (i.e., documented)
- ▶ The ICS is adapted to the Company's business risks and business activities
- ▶ The relevant employees are aware of the ICS
- ▶ The defined ICS is applied
- ▶ There is awareness of the ICS within the Company

 = no action required

 = potential improvement

 = significant comments / action required

 = for information

2 Comments and information

Audit plan and performance

Audit principles / Audit approach

We have conducted our audit in accordance with Swiss Auditing Standards what applies to financial statements

A statutory audit pursuant to article 728 CO is performed by a licensed audit expert and results in a summary report to the General meeting, which gives positive confirmation that the financial comply with Swiss law and the articles of association.

A statutory audit provides reasonable assurance, but is not a guarantee that it will detect a material misstatement that exists, whether due to fraud or error.

Confirmation of the existence of the internal control system (ICS) in the report to the General Meeting and a comprehensive report to the Board also form part of the statutory audit. The Board is responsible for the design, implementation and maintenance of a suitable and appropriate system of internal controls. The existence of an internal control system does not provide a guarantee, but only reasonable assurance that the financial statements do not contain any material misstatements that could arise due to the absence or deficiency of internal controls. The inherent limitations of internal control include, for example, human judgment, human error, or a deliberate override of internal control by employees of any level in the entity, including management. At smaller entities, there may also be a lack of controls due to the limited human resources available.

Audit focus / rotation of audit areas

For the following key processes we assessed only the existence of an internal control system and therefore give no opinion with regard to the continuing effective functioning of the controls. Here, the testing of the existence of the key controls may be rotated:

- ▶ Financial Statement Closing Process
- ▶ Revenues
- ▶ Purchase
- ▶ Payroll

Audit principles / audit approach

The scope and purpose of the audit engagement are based on the legal engagement of the auditor. We have set out the precise details of the audit engagement and how it is to be conducted in the engagement letter dated 7 September 2020 which you countersigned on 9 September 2020. Our audit was conducted in accordance with Swiss law and the Swiss Auditing Standards.

2 Comments and information

Audit plan and performance

Date of the audit work

Period

We were able to conduct and complete our audit work on schedule within the following periods:

Interim audit in **October 2020**

Year-end audit in **March and April 2021**

Independence

Confirmation

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

Additional services

Alongside the audit required by law, we also performed the following services for your company:

- ▶ Agreed Upon Procedures (Fees : CHF 18'500)

We have examined the matters above and come to the conclusion that they are in compliance with the legal requirements on independence.

2 Further comments and information

Audit plan and performance – Fraud

Responsibility of the auditor for the detection of fraud

The responsibility for the prevention and detection of fraud rests with the Board and management. It is important that management place a strong emphasis on fraud prevention.

The auditor is responsible for determining with reasonable assurance that the financial statements are free from material misstatement.

Limitations of fraud detection

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed. The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud. Material misstatement resulting from fraud is even harder to detect when accompanied by collusion.

Furthermore, the risk of the auditor not detecting a material misstatement resulting from management fraud is greater than for employee fraud, because management is frequently in a position to directly or indirectly override control procedures.

Consideration of the possibility of fraud in the audit

As auditors, we assess the risk of material misstatements due to fraud within the framework of the entire audit process. In this context, we comply with the relevant auditing standards and legal regulations.

In our annual professional development courses, our staff receives tailored training on fraud-related topics. In designing these trainings, the experience and knowledge gained by our forensics professionals is taken into account.

Based on our assessment of the risk of material misstatement due to fraud, our audit processes are complemented on a case-by-case basis by:

- ▶ involving, on a risk basis, our experienced forensics professionals in the audit in order to assess the potential possibilities of fraud;
- ▶ using forensic framework model in risk assessment, whose analysis are also of interest in discussions, for example, with the Audit Committees;
- ▶ complementing our existing digital audit approach with customer-, industry- and system-specific data analysis, for the purpose of detecting indications of fraud;
- ▶ continuously collecting and evaluating internal and external data and information to enable a more rapid reaction to external risk indicators such as short sellers and whistleblowers.

2 Further comments and information

COVID-19 impact and equity situation

COVID-19 impact

For 2020 financial year, the COVID-19 pandemic had a negative effect on IDA spending which ended 40% lower than the original budget forecast realised in January 2020.

Nevertheless, IDA donors remained committed to support IDA for 2021-2023 period which is reflected in IDA budget and forecasts.

When preparing the annual report, the Board considered the continued activities of the company positively. It is considered realistic that the company can continue its activities for the next twelve months, so the annual report has been drawn up on the basis of business continuity.

Lack of equity

Historically IDA is only funded by grants and therefore does not have any equity except reserve funds amounting to KCHF 14 as of 31 December 2020.

This lack of equity results in a structural weakness for IDA. In fact, the entity would probably not be able to face any unforeseen financial loss which could occur on the course of its projects. For instance the organization would not be able to cope with being requested to reimburse a grant after a breach of agreement or would not be able to match any unforeseen cost not covered by a grant.

We recommend to constitute equity in order to solidify the financial structure of the entity. A solution could be the utilization of grant income that are not fully used during the financial year instead of deferring those revenues for future charges.