



RESOLUTION ON CONFIRMATION OF AUDITOR AND AUDIT TYPE

Proposed by the IFUW Board of Officers on the recommendation of the IFUW Finance Committee

The 91st IFUW Council resolves

to confirm KPMG SA as auditors for IFUW for the period 2011-2013 and a limited statutory audit as the type of audit to be carried out.

SUPPORTING STATEMENT

Changes in Swiss legislation governing audits for businesses and other organizations were introduced in 2007/2008. Under the provisions of the new Swiss Auditing Act and the new Supervisory Auditing Law the ordinary audit has more encompassing requirements than before. It is now obligatory only for publicly held companies and larger private companies and organizations. Small to middle-sized organizations, like IFUW, have the option of a limited statutory audit or even no year-end audit.

The new requirements for both the ordinary audit and the limited statutory audit are quite rigorous and are intended to align Swiss accounting regulations more closely with international accounting standards.

The table on the next page highlights the differences between a limited statutory audit and an ordinary audit. The estimate for a limited statutory audit is CHF 9000 per year plus expenses; for an ordinary audit the estimate is CHF 11500 per year plus expenses.

Given the size of the organization, the number of transactions, and the safety and reliability of Swiss banking laws and operations, the Board and Finance Committee believe that the limited statutory audit is suitable for IFUW's needs.

Differences between a limited statutory audit and an ordinary audit

	Limited statutory audit	Ordinary audit
Audit requirements	<ul style="list-style-type: none"> • No audit is required by law for companies with less than 10 employees, an annual income below CHF 20 million, and total assets below CHF 10 million. • A limited statutory audit is required by law for small and medium sized companies with 10 to 50 employees. <p style="margin-left: 20px;"><u>Note</u> : Small and medium sized companies may choose to upgrade to an ordinary audit</p>	<p>An ordinary audit is required for:</p> <ul style="list-style-type: none"> • Publicly held companies (issue stock and other securities through public offer, traded on stock exchange) • Companies that meet two out of three of the following criteria for 2 consecutive years: <ul style="list-style-type: none"> ○ Total assets > CHF 10 million ○ Annual income > CHF 20 million ○ >50 full time employees • Companies with consolidated accounts (accounts from multiple companies or divisions)
Professional qualifications of the auditors	<ul style="list-style-type: none"> • Qualified or certified audit experts 	<ul style="list-style-type: none"> • Certified audit experts. • For publicly held companies, the auditors must be from companies subject to oversight authority.
Independence	<ul style="list-style-type: none"> • Auditors are required to be independent. A general definition of independence is provided under Swiss law. • No rotation of the audit team is required 	<ul style="list-style-type: none"> • Auditors are required to be independent. Specific restrictions (eg. conflict of interest) are provided under Swiss law. • Rotation of the audit team is required every 7 years.
Scope of audit	<ul style="list-style-type: none"> • Verification of compliance with Swiss law and the company's statutes <ul style="list-style-type: none"> ○ Accounts ○ Allocation of retained earnings • Evaluation of risks 	<ul style="list-style-type: none"> • Verification of compliance with Swiss law and the company's statutes <ul style="list-style-type: none"> ○ Accounts ○ Allocation of retained earnings • Evaluation of risks • Verification of the Internal Control System (ICS)
Audit approach	<ul style="list-style-type: none"> • Review and analysis of the accounts, including a comparison to the previous year's figures to identify significant changes • Detailed verification of selected income and expenditure items, based on the review • Reliance on monthly and year-end bank statements 	<ul style="list-style-type: none"> • Review and analysis of the accounts, including a comparison to the previous year's figures to identify significant changes • Detailed verification of a larger selection of income and expenditure items • Certified confirmation by banks of year-end balances
Reporting (see sample reports)	<ul style="list-style-type: none"> • A full set of audit accounts is provided • The opinion to the Conference states that "Nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the Federation's articles of incorporation". 	<ul style="list-style-type: none"> • A full set of audit accounts is provided • The opinion to the Conference states "In our opinion, the financial statements for the years ended December 31, comply with Swiss law and the Federation's articles of incorporation".

