**Annex 1 - Description of Services**

**Statutory financial audit**

The tender includes the statutory financial audit of MS, including performance audits and IT audits.

Smaller project accounts with external support are also included, where auditing is required. The scope of project accounts varies but is usually in the range of 3-4 accounts annually.

The audit also involves the preparation of statements, minutes and management letters, which are a natural part of the audit. In this connection, it should be noted that these documents must be prepared with a focus on the specific legislation and conditions that apply to MS.

The audit also includes reviews of performance audits, including overall policies, visions and objectives, as well as established procedures and internal controls to verify their reassurance.

The financial and performance audits shall also include an assessment of the extent to which the procedures and internal reporting and information systems used take account of economic and appropriate administrative and financial reporting considerations.

It is expected that the auditor will be a sparring partner and advisor within financial and accounting matters, including VAT issues. MS emphasizes that the auditor performs active, dynamic and forward-looking auditing, and can contribute constructively and be a player in considerations of business development. The financial and performance audits are expected to support MS's objectives. These services must be included in the ordinary financial audit, unless otherwise agreed.

Participation in accounting meetings is included in the auditor's service. The chief auditor must expect to attend two meetings with MS’ finance management, one meeting with the Finance, Audit & Risk Committee (FRAC) and one board meeting.

If, during the audit, unusual circumstances are uncovered, including facts that arouse suspicion of irregularities and which involve an audit in addition to the statutory audit offered, the audit will, if the parties agree, be extended. Such an extension of the audit is not included in the permanent price of the financial report and is therefore settled as ad hoc allocation at the annual hourly rates.

Any assistance in preparing accounts, reconciliations and providing other documentation, etc. is also not included in the auditor's fixed price.

**Organisation and conduct** **of the audit**

The annual audit begins after the financial year in question (31 December). Specific timing of the audit will be agreed upon in the month of November of the previous year, at the latest.

Prior to each accounting period, MS prepares a time plan in cooperation with the auditor that is accepted by both parties.

Annual accounts, etc. must be ready for signature in accordance with the agreed schedule, so that they can be submitted to MS' board in a timely manner.

It is the responsibility of MS to ensure that accounts and accounting entries are documented, reconciled, and specified in accordance with PBC list and MS’ usual practice. MS prepares/updates all relevant reconciliations and documentation that the auditor cf. the PBC list has approved before the start of the annual audit. As part of MS' digitalization, the material is delivered electronically as far as possible by agreement.

The statutory audit, etc. is carried out in accordance with applicable legislation, executive orders, etc. In this connection, the auditor is obliged to keep up to date with legislation and rules that are relevant to the performance of the audit task.

**Collaboration and reporting**

The cooperation between MS and the auditor is expected to be based on a trusting and constructive relationship. MS gives the auditor access to carry out the investigations and controls that the auditor deems necessary. MS also ensures that the auditor receives the necessary information and any guidance that is reasonably required for the performance of the contract.

The auditor is at all times obliged to act loyally towards MS and is obliged to ensure that no advice is given that is or may be contrary to MS' interests.

It is assumed that, as a natural part of the cooperation, the audit also includes advice in case of doubt, new legislation, etc., including VAT matters.

Reporting on the audit carried out takes place at coordinating/informing meetings with the Finance & Administration Director and the Head of Finance and/or relevant accounting officers.

In addition, the auditor must continuously inform about the status of the ongoing audit, including, among other things, about matters that have given rise to comments or other matters that the auditor has found reason to raise.

Any reporting by the auditor in connection with the statutory audit and other must be done in electronic form directly to the relevant contact person in MS with a copy to the Head of Finance.

The Head of Finance is the day-to-day overall contact person. Contact persons in relation to the individual audit areas are agreed individually with the auditor.

**Ad hoc advice**

At MS' request, the tenderer must provide ad hoc advice that is outside the auditor's basic services, cf. above. In this connection, hourly rates must be stated in this offer for the categories of employees listed in the offer form (Appendix 1).

Agreements with the auditors on the performance of special tasks and investigations of an audit, accounting or business nature, including ongoing and ad hoc advice, must be submitted and approved by MS before commencement.

**Assignment of audit task**

The annual accounts of 2022 are audited by MS' current auditor and are expected to be completed when the annual report is approved by the MS Council in June 2023.

The agreement on the auditor services includes a four-year period commencing on 1 October 2023. The winning bidder must therefore perform an ongoing audit for the first time in November 2023, and the services will end as per contract with the approval of the 2026 annual accounts in Spring 2027.

**Education of the chief accountant**

The chief accountant must be a certified public accountant in an educational capacity.