



INTERNATIONAL
OLYMPIC
COMMITTEE

International Olympic Committee

Audit and Reporting Guide

Candidate Cities 2026:

- Stockholm-Åre
- Milan-Cortina

June 2019

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1. General Information

1.1. Introduction

Section 6.2 of the “Candidature Process Olympic Winter Games 2026” states that *“The NOC/Candidate City must provide the IOC, at the end of the Candidature Process, with a copy of financial statements prepared to comply with local regulatory or governance requirements and an audited Statement of Income and Expenditure using a template to be provided by the IOC.”*

In line with this, the IOC asks to be provided with the following statements/documents in accordance with the deadlines specified in Annex D:

- a) A copy of financial statements that comply with local regulatory or governance requirements;
- b) a completed and audited Statement of Income and Expenditure using the template in Appendix A.

The audit instructions provided in section 3 of this document should be communicated to your local audit firm. We kindly ask that your local audit firm confirm its compliance with the requirements contained in sections 3.2 and 3.3 prior to acknowledging receipt of the Audit and Reporting Guide.

Upon receipt of these instructions, please:

- Acknowledge receipt using the confirmation in Appendix B;
- Seek clarification on any areas of uncertainty;
- Advise the IOC if you anticipate that you will not be able to comply with the instructions and timelines provided.

2. Summary of significant accounting policies

2.1. Basis of preparation

The Statement of Income and Expenditure (Appendix A) should be prepared using the accrual method of accounting under the historical cost convention and in accordance with the following instructions:

- The Statement of Income and Expenditure should be prepared by the Candidate City's management.
- Income and Expenditure should be presented by fiscal year.
- Fiscal year dates should be indicated.

2.2. Foreign currencies

a) Currency

The Statement of Income and Expenditure should be presented in US dollars. If the city's accounting records are maintained in a different currency, income and expenses should be translated into US dollars at average exchange rates for each stage.

b) Exchange differences on settlement of foreign currency income and expenditure

Gains and losses resulting from exchange rate movements from the date of recording to the date of settlement of income and expenditure should be recognised in the Statement of Income and Expenditure.

2.3. Recognition of Income

Revenue Recognition

Proceeds from government contributions, sponsorship, donations and other income should be reflected in the Statement of Income and Expenditure on an accruals basis.

Cash Contributions

a) Government Contributions and Donations

Government Contributions received in cash are based on non-reciprocal transfers of cash. They should be recognised as income upon receipt of cash.

b) Sponsorship and other income

Revenue from sponsorship and other revenue should be recognised as income on an accruals basis in accordance with the substance of the relevant agreements.

Value in Kind Contributions

a) Government Contributions

If governments provide value in kind in the form of staff loans, provided these are full-time positions for the full period of the candidature, a corresponding revenue and expenditure should be recorded in the Statement of Income and Expenditure for the equivalent of the salaries paid to staff.

b) Sponsorship

If the sponsorship is received in the form of goods or services (value in kind) it should be recognised at the time the value is received from the sponsor.

2.4. Recognition of Expenditure

Expenditure should be recognised using the accrual method of accounting.

Value in kind is recognised during the period in which goods are delivered or services rendered, based on their underlying fair value. Fair value is considered to be the estimated market price obtainable between knowledgeable, willing parties in an arm's length transaction.

3. Audit instructions

3.1. Introduction

This section outlines the audit instructions to be provided to your local auditor. Please note that in sections 3.1 to 3.5, “You” refers to your local auditor. Your audit firm should express an audit opinion on the Statement of Income and Expenditure (Appendix A), (hereafter referred to as the “Financial Information”), which is a form each Candidate City must complete and have audited in accordance with the Candidature Process Olympic Winter Games 2026.

This Letter of Instruction sets out the procedures that the International Olympic Committee requires the auditor to perform on the financial information of the Candidature Committee.

Upon receiving these instructions, please communicate immediately to the Candidature Committee if:

- You need clarification on any areas of uncertainty;
- You anticipate that you will not be able to comply with the instructions and timelines provided; and
- Any events, transactions or recent or proposed legislative changes that may have a significant impact on the audit.

3.2. Compliance with ethical requirements, including independence

You are required to comply with the IESBA Code of Ethics in relation to the work carried out on the Candidature for the Olympic Winter Games 2026.

In order to achieve this in relation to independence, the members of the audit team and your firm are required to follow relevant independence requirements applicable to the audit.

Please indicate to the Candidate City:

- Any past or existing professional services or business arrangements or alliances between your firm and the Candidate City that could be reasonably thought to have a bearing on independence in respect of the audit, and to the extent required by the IESBA Code of Ethics, and
- Any other circumstances that could be reasonably thought to have a bearing on independence in respect of the audit, and as required by the IESBA Code of Ethics.

3.3. Auditing and accounting standards

GAAS

We kindly ask that you conduct your work on the financial information in accordance with Generally Accepted Auditing Standards.

Financial Reporting Framework

The Statement of Income and Expenditure on which you will be reporting is to be prepared in accordance with the summary of significant accounting policies described in section 2 above. These policies represent the financial reporting framework for the Statement of Income and Expenditure on which you will be reporting.

3.4. Audit materiality levels

For purposes of the audit, you are responsible for the determination of the materiality level that will enable you to issue an unrestricted audit opinion on the financial information.

3.5. Communicating results

Upon completion of your audit of the Candidate City Statement of Income and Expenditure, but no later than the 3 months following the fiscal year end, kindly submit to the Candidature Committee/National Olympic Committee a report in the format set out in Appendix C.

4. Appendices

	Appendix reference
Summary of Income and Expenditure	A
Acknowledgement of receipt	B
Report template	C
Timelines	D

Appendix A – Fully Audited Statement of Income and Expenditure

All figures to be provided in USD. Please provide the exchange rate used and date

VIK received for goods, services or in any other form (e.g. loaned staff) should be reflected in both income and expenditure

Income (per Fiscal Year in USD)	2017		2018		2019		TOTAL in USD	
	VIK	CASH	VIK	CASH	VIK	CASH	VIK	CASH
1. Government Contribution								
1.1 National Government								
1.2 Regional Government								
1.3 Local / City Government								
2. Sponsorship								
3. Donations								
4. Other income (please specify)								
SUB-TOTAL VIK/CASH								
TOTAL INCOME								

*Please describe any major budget element included under "other"

Expenditure (per Fiscal Year in USD)	2017		2018		2019		TOTAL in USD	
	VIK	CASH	VIK	CASH	VIK	CASH	VIK	CASH
1. Salaries								
2. Consultants								
2.1 Technical consultants (e.g. sports, venue planning, transport etc.)								
2.2 Communication / PR consultants								
2.3 Other consultants (please specify)								
3. Advertising & Public Relations								
3.1 Advertising								
3.2 Public Relations (incl. promotional materials. Any consultant costs should be included in 2.2)								
3.3 Other (please specify)								
4. Video Production								
5. Travel/Accommodation								
5.1 Olympic Winter Games PyeongChang (2018)								
5.2 IOC Session in Buenos Aires / Youth Olympic Games (2018)								
5.3 ANOC General Assembly (2018)								
5.4 SportAccord (2019)								
5.5 IOC Election Session (2019)								
5.6 Other (please specify)								
6. Office and Administration								
7. Hospitality								
7.1 Hospitality for city delegation during IOC Session(s)								
7.2 Other (please specify)								
8. Publication of Candidature File								
8.1 Candidature File								

9. Evaluation Commission								
9.1 Venue hire costs (if applicable, other than those covered by the IOC – please specify)								
9.2 Set-up (please specify)								
9.3 Pre-visit preparation costs								
9.4 Other (please specify)								
9.5 Official dinner (please specify)								
10. Miscellaneous (please specify)								
TOTAL EXPENDITURES								

Appendix B – Acknowledgment of Receipt

{Date}

To: International Olympic Committee – Olympic Games Candidature Coordination

From: {name of Candidate City}

This letter is provided in connection with the audit of our Summary of Income and Expenditure for the period from the Dialogue Stage in 2017 until the dissolution of the Candidature Committee following the election of the Host City in June 2019 in line with the Candidature Process Olympic Winter Games 2026.

We acknowledge receipt of the Audit and Reporting Guide dated June 2019 which outlines the reporting requirements as well as the audit instructions to be provided to our auditors.

We confirm that:

1. We will be able to prepare the Statement of Income and Expenditure in accordance with the summary of significant accounting policies included in section 2 of the Audit and Reporting Guide.
2. We will be able to comply with your instructions. / We advise you that we will not be able to comply with the following instructions **[specify instructions]** for the following reasons **[specify reasons]**.
3. The instructions are clear and we understand them. / We would appreciate it if you could clarify the following instructions **[specify instructions]**.

In connection with the work to be performed by our auditors, we confirm the following:

1. We have appointed the following independent audit firm:
2. Our auditors have confirmed that there are no circumstances that could be reasonably thought to have a bearing on their independence in respect of the audit, as required by the IESBA Code of Ethics
3. Our auditors have confirmed that they have an understanding of International Standards on Auditing that is sufficient to fulfill their responsibilities in the audit of the Statement of Income and Expenditure and they will conduct their work on our Statement of Income and Expenditure for the period from the Dialogue Stage in 2017 until the dissolution of the Candidature Committee following the election of the Host City in June 2019 in accordance with those standards.
4. Our auditors comply with the IESBA Code of Ethics.

With regard to items 1-4 above please note the following:

[Please list exceptions, if any]

[insert name]

[role]

[name of Candidate City]

Appendix C – Report Template

Independent auditor’s report

To the board of directors of **[name of Candidate City]**

We have audited the accompanying Statement of Income and Expenditure (the “financial information”) of **[name of Candidate City]** for the period from the Dialogue Stage in 2017 (if applicable) until the dissolution of the Candidature Committee following the election of the Host City in June 2019. The Statement of Income and Expenditure has been prepared by the management of **[name of Candidate City]** in accordance with the accounting policies described in Section 2 the Audit and Reporting Guide for the Candidate Cities 2026, (“the Reporting Guide”).

Management’s responsibility for the Statement of Income and Expenditure

Management is responsible for the preparation of the Financial information in accordance with the accounting policies described in the Reporting Guide and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Statement of Income and Expenditure of **[name of Candidate City]** for the period from the Dialogue Stage in 2017 until the dissolution of the Candidature Committee following the election of the Host City in June 2019 are prepared, in all material respects, in accordance with the accounting policies described in Section 2 of the Reporting Guide.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Section 2 of the Reporting Guide, which describes the basis of accounting. The financial information is prepared to assist **[name of Candidate City]** to comply with the financial reporting provisions of the Candidature Process Olympic Winter Games 2026. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for **[name of Candidate City]'s** and the International Olympic Committee and should not be distributed to or used by parties other than **[name of Candidate City]** and the International Olympic Committee.

Other information

[name of Candidate City] has prepared a separate set of financial statements for the year period from the Dialogue Stage in 2017 until the dissolution of the Candidature Committee following the election of the Host City in June 2019 in accordance with **[state here accounting framework]**, on which we issued a separate auditor's report to the Board of Directors of **[name of Candidate City]** dated **[dd/mm/yyyy]**.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

Appendix D — Timelines

Deliverable / Event	Date due	Appendix
Acknowledgement of receipt	10 July 2019	B
Statement of Income and Expenditure and Audit report	Upon conclusion of the fiscal year of the Host City election and not later than 4 months following the fiscal year end.	A
Local regulatory or governance required statutory financial statements and audit opinion if applicable	Upon conclusion of the fiscal year of the Host City election and not later than 4 months following the fiscal year end.	C