



COUNCIL OF THE BALTIC SEA STATES
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SWEDEN

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DECISION DATE: 2017-05-08

Auditor's report for the Council of the Baltic Sea States 2016

Report on the Financial Annual Report

The Swedish National Audit Office (Swedish NAO), in accordance with Government Bill 1998/99:24 A secretariat in Stockholm for the Council of the Baltic Sea States, has audited the financial annual report, comprising management report and financial statements, of the Council of the Baltic Sea States (CBSS) for the year 2016 dated 2017-04-06.

Opinions

In the Swedish NAO's opinion, CBSS has in all material aspects:

- prepared the financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and other decisions for CBSS.
- presented fairly the financial position of CBSS as at 31 December 2016 and of its financial performance for the year then ended in accordance with the Annual Accounts Act.
- presented a management report and other information in the financial annual report that is consistent with the financial statements.

Basis for opinions

The Swedish NAO's responsibility is to express an opinion on the financial annual report based on our audit. The Swedish NAO conducted its audit in accordance with International Standards of Supreme Audit Institutions (ISSAI) for financial audit and the Swedish NAO's Instruction for audit of performance reporting and other information in the annual report (RRI). Those standards require that the Swedish NAO complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the financial annual report is free from material misstatement. The Swedish NAO is independent of CBSS in compliance with ISSAI 30 Code of Ethics and we have fulfilled our responsibilities in accordance with these ethical rules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the Swedish NAO's audit opinions.

Management's responsibility for the Financial Audit Report

Management is responsible for the preparation and fair presentation of the financial annual report in accordance with the Swedish Annual Accounts Act (1995:1554) and other decisions for CBSS. Management is also responsible for such internal control as management determines is necessary to enable the preparation of a financial annual report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial annual report as a whole is free from material misstatement and to issue an auditor's report that includes the Swedish NAO's opinions. Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud and error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial annual report.

As a part of an audit in accordance with ISSAI, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatements in the financial annual report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting for error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit 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 CBSS's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial annual report.
- conclude on the appropriateness of management's use of the going concern basis of accounting when preparing the financial annual report. We also conclude, based on the audit evidence obtained whether a material uncertainty exists that may cast significant doubt on the CBSS ability to continue as a going concern. If we conclude, that such material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial annual report or, if such disclosure are inadequate, to modify our opinion.

- evaluate the overall presentation, structure and content of the financial annual report, including the disclosures, and whether the financial annual report represents the underlying transactions and events in a manner that achieves fair presentation.

As a part of an audit in accordance with RRI we plan and conduct our audit activities in order to:

- for significant information, of financial or non-financial nature, provided as part of the management report, obtain sufficient and appropriate audit evidence that such information has been provided in a consistent way to support the overall fair presentation of the financial annual report.
- for other information not directly related to the financial parts of the annual report, evaluate the consistency of the information with other parts of the annual report and whether it is free from material misstatement, based on our knowledge of CBSS.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Anders Lexner, Auditor in Charge, has decided in this matter. Gunhild Magnusson, Audit Manager, has presented the matter.

Anders Lexner

Gunhild Magnusson