

## **Terms of Reference:**

### **Annual and End of Project Audit**

### **Inclusive Conflict Prevention and Peacebuilding (Kolhat Barray) Project**

#### **Cordaid in Brief**

CORDAID believes in a world without poverty and exclusion. We strive for a just and sustainable society where every person counts. We stand for knowledge and talent sharing between North and South, between farmers and businesses, between activists and policymakers. Where poverty, conflict and exclusion divide societies, we connect people and communities. We stand for professionalism, expertise and solidarity across borders. We make a difference where it is most needed.

We do that where natural disasters strike, where conflicts tear up communities and where under development keep families in extreme poverty and ill health. In the Netherlands we are known as CORDAID Memisa, CORDAID Menes in Nood, CORDAID Kinderstem and CORDAID Microcrediet. In Sierra Leone, we focus on two key areas of support – Health System Strengthening and Private Sector Development.

#### **Cordaid Sierra Leone Country Office**

CORDAID Sierra Leone County Office was established in October 2015, following official registration as an International Non-Governmental Organisation (INGO) in August 2015, a satellite office under the purview of Cordaid Sierra Leone was opened in Liberia in 2017. Although Cordaid has been working in both Sierra Leone and Liberia for over 20 years, this is the first time there has been an official country office in place – previous work was carried out on a donor or project basis.

#### **1.1. Background**

Cordaid and Youth Partnership for Peace and Development (YPPD) is implementing the Inclusive Conflict Prevention and Peacebuilding (Kolhat Barray) Project funded by the United Nations Secretary General's Peacebuilding Fund (UNPDF), with the aim of enabling young women and men, organized through youth-led CSOs and CBOs and working in solidarity with older women and men, to foster more inclusive, gender-sensitive, and conflict-sensitive CBDR mechanisms in rural and peri-urban Sierra Leone. The project builds on the premise of UNSCR 2250 that recognizes the positive role young people play in contributing to solutions for peace; and applies a people-centered, bottom-up approach that will be further adapted to the contexts of each of 3 intervention sites. Despite constituting a majority of Sierra Leone's population, young women and men struggle to claim rights, address grievances, and resolve conflicts through the most widely used CBDR mechanisms at local level, especially in rural and peri-urban areas. The continued exclusion of young women and men from CBDR has an adverse impact not only on security and justice outcomes for youth themselves, but also on Sierra Leone's prospects for stability. By linking local-level evidence of how Community Based Dispute Resolution (CBDR) providers become more accessible and accountable to national advocacy. The project has, however, enabled young women and men to create space for their own voices on inclusive, gender-sensitive forms of conflict prevention, with positive effects for all Sierra Leoneans as well as the country's conflict and fragility outlooks.

The following are the terms of reference ('ToR') on which the Convening Agency (CA - Cordaid) agrees to engage audit firm 'the Auditor' to perform an Audit and to report in connection with the Agreement with the United Nations Secretary General's Peacebuilding Fund (UNPBF) concerning the Inclusive Conflict Prevention and Peacebuilding (Kolhat Barray) Project (Cordaid Project ID: 200795 and UNDP project ID: 00126042).

## **1.2 Subject of the Engagement**

The subject of this engagement is the project financial statements for the year 2021 and end of project financial statements for the UNPBF Grant 00126042. The information, both financial and nonfinancial, which is subject to verification by the Auditor, is all information which makes it possible to verify that the expenditures claimed by the Convening Agency (Cordaid) and Sub-contracting Agency (YPPD) in Financial Statements have occurred and are accurate and eligible.

## **1.3 Reason for the Engagement**

The Convening Agency (Cordaid) is required to submit to the UNPBF (Donor) an Audit report produced by an external auditor.

## **1.4 Engagement Type and Objective**

The overall objective of the audit is to provide the Donors with a reasonable assurance on the appropriate use of funds provided to the Consortium Partners in accordance with the reporting requirements of the IP agreement(s), programme document, work plan(s) and budgets. The objective of this audit is for the Auditor to verify that the expenditures claimed by Cordaid and YPPD in the financial statements for the services covered by the Agreement have occurred ('reality'), are accurate ('exact') and eligible and to submit to Cordaid a report of factual findings with regard to the agreed-upon procedures performed. Eligibility means that expenditure have been incurred in accordance with the terms and conditions of the Agreement.

## **1.5 Responsibilities of the Parties to the Engagement**

- Cordaid is responsible for providing a Financial Statements for the services financed by the UNPBF Grant and for ensuring that these Financial Statements can be properly reconciled to the Cordaid's records and accounts in respect of these services.
- Cordaid accepts that the ability of the Auditor to perform the procedures required by this engagement effectively depends upon Cordaid providing full and free access to its staff and records and accounts.
- Cordaid shall provide the auditors with all the necessary documentation to perform the assignment properly; in particular the following information shall be provided to the auditors before the beginning of the assignment:
  - a) Project Agreement;
  - b) Annual Progress Report;
  - c) Financial Management Manual;
  - d) Organizational charts along with names and titles of project staff;
  - e) Names and qualifications of officers responsible for financial management, accounting and internal audit.

- f) Copies of the approved project proposal document, the annual work plan and approved budget.

'The Auditor' refers to the Auditor who is responsible for performing the agreed-upon procedures as specified in these ToR, and for submitting a report of factual findings to Cordaid.

The Auditor shall provide:

1. The statement of expenditure contains the transactions for the audit period and reports on the balance of any funds remaining unspent and due to the funding agency at the end of the project period. The transactions of the programme are also checked against the bank account reconciliations. The bank account is the account held by the Partners (Cordaid and YPPD) into which funds were deposited for the programme. The transactions are checked to determine whether they are adequately supported by appropriate documentation that evidences the validity of the transactions reported, and whether the goods and services procured have been received and used to implement the activities in line with the work plan or programme document.
2. The auditor also expresses an opinion whether the funds transferred to the IP (YPPD) were used for the purpose intended in accordance with the work plan or programme document, approved budget, and the requirements of the applicable funding agreement.
3. The Audit Report must quantify the monetary value of the net financial impact of the audit observations and clearly identify the reasons for qualification if the audit opinion is Qualified, Adverse or Disclaimer.
4. The auditor also assesses the implementing partner's key internal controls in the areas of programme management, organizational structure and staffing, accounting policies and procedures, fixed assets and inventory, financial reporting and monitoring, and procurement and contract administration and reports on specific control weaknesses, audit observations and recommendations to address them, and indication of the risks associated with the weaknesses/observations. Management comments are expected.
5. Where the IP maintains a segregated bank account, then the report fund balance on Statement of Expenditure should also agree to the bank statement balance.

- **A separate opinion on Project Financial Statements (PFS)**

Minimum content of the PFS:

- a) Yearly and cumulative statements of sources and application of funds, which should disclose UNPBF funds
- b) Yearly and cumulative SOEs by withdrawal application and category of expenditures; reconciliation of the SA.
- c) Reconciliation between the amounts shown as received by the project and those shown as being disbursed by UNPBF should be attached as an annex to the PFS. As part of that reconciliation the auditor will indicate the procedure used for disbursement (SA funds, cash advances, special commitments, reimbursement or direct payment) and indicate whether the expenditure is fully documented or uses the Summary of Expenditures format.

- d) Notes accompanying the Financial statements
- e) Cumulative status of funds by category
- f) A statement of comparison between the actual expenditures and the budget estimates
- g) Full disclosure of cash balances and
- h) Other statements or disclosures relevant to the project. e.g. financial monitoring reports, credit lines etc.
- **A separate opinion on Withdrawal Application Statement / Statement of expenditures / Summary of Expenditures (SOEs);** the audit will include a review of SOEs used as the basis for submitting withdrawal applications. The auditor will carry out tests and reviews as necessary and relevant to the circumstances. SOE will be carefully compared for eligibility with relevant financial agreements, and the disbursement letter, and with reference to the project appraisal report for guidance when necessary. Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed, auditors will note these separately. A schedule listing individual SOEs withdrawal applications by reference number and amount should be attached to the PFS. The total withdrawals under the SOE procedure should be part of the overall reconciliation of UNPBF disbursements described above. The auditor's opinion should deal with the adequacy of the procedures used by the project for preparing SOEs and should include a statement that amounts withdrawn from the project account on the basis of such SOEs were used for the purposes intended under the agreement.
- **A separate management letter addressing the adequacy of the accounting and internal control systems of the Programme, including compliance with UNPBF Cost categorization Guidelines and such other matters as UNPBF may notify Cordaid to include in the audit.**
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**The auditor is requested to:**

- a) Comment on value for money, efficiency and effectiveness in the use of project resources;
- b) Comment on achievement of planned project results;
- c) Comment on legal and financial obligations and commitments of the project and the extent of compliance or non-compliance thereof;
- d) Comment on systems and procedures such as improvements in accounting, information technology or computer systems, and operations that may be under development, on which the auditor's comments are necessary to ensure effective controls;
- e) Comment on other activities on which an auditor may consider it appropriate to report
- **Auditors shall certify:**
  - a) Whether the PFS are drawn up in conformity with international accepted accounting standards (IFRS or IPSAS)
  - b) Whether the PFS are accurate and are drawn up from the books of accounts maintained by the Project.
  - c) Whether the provisions of the Project Agreement are adhered to.
  - d) Whether Procurement has been undertaken by the Project in accordance with National Procurement guidelines and Project Agreement.
  - e) Carry out a physical verification of any significant assets purchased and confirm their existence and use for project purposes.

- f) Whether the project has an effective system of financial supervision or internal audit at all levels.
- g) Whether the expenditure claimed through SOEs are properly approved, classified and supported by adequate documentation.
- h) The Auditor is a member of the International Federation of Accountants (IFAC).

## **1.6 Scope of Work**

1.6.1 The Auditor shall undertake this engagement in accordance with these Terms of Reference and:

- In accordance with the International Standard on Audit (ISA) to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- In compliance with the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, Cordaid requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.
- In accordance with International Standards on Auditing for Project Audits.

### **1.6.2 The Terms and Conditions of the Agreement and Engagement Context**

The Auditor verifies that the funds provided by the Agreement were spent in accordance with the terms and conditions of the Agreement.

1. The selection of Auditor is established based on a thorough assessment of qualifications and the ToR, as well as a competitive bidding process in accordance with the Cordaid procurement and contracting rules and regulations for service providers.
2. The audit will be performed in the country of operation, at location(s) where the Partner maintains programme documentation, typically at the project implementation sites. Each Partner will identify a focal person responsible for assigning the Auditor and liaising with the Partner(s) in order to ensure efficient coordination and establish deadlines. Should the scope of work change, the focal person and the Auditor will determine the requirements, mutually agree on the cost implications, and adjust the payment accordingly.
3. The Auditor will obtain an understanding of the engagement context of the programme subject to this audit, on the basis of the agreement, work plan or programme document signed by the Convening Agency and the Partner.

### **1.6.3 Planning, procedures, documentation and evidence**

The Auditor should plan the work so that effective audit can be performed. For this purpose s/he performs the procedures specified for international best practice on Project Audits and s/he uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISA and these ToR.

## **1.7 Reporting**

The report on this audit should describe the purpose and the agreed-upon procedures of the engagement in sufficient detail in order to enable Cordaid and the Donor to understand the nature and extent of the procedures performed by the Auditor. Use of the financial and audit reporting is compulsory.

### **1.7.1 Periods covered**

The reports on this audit should cover the following:

- a) UNPBF Grant 00126042/200795 for the year 2021
- b) UNPBF Grant 00126042/200795 for the implementing period 19<sup>th</sup> February 2021 to 19<sup>th</sup> August 2022

#### ***Work Schedule:***

Duration of the audit shall be 20 working days

## **1.8 . Auditors Experience and Qualifications**

1. The composition of the audit team shall be such that the Auditor is able to comply with the International Standards on Auditing. A mixture of audit team members with different categories of Auditors and variable seniority is required for this assignment. This should include a highly qualified team leader(s), expert(s), and assistant(s). The number of members will vary according to the audit subject, volume and size of the Programme(s) being audited.
2. The principal Auditor should have at least 10 years of post-qualification audit experience. The team will be led by a duly certified professional auditor, such as a Chartered Accountant (CA), Chartered Certified Accountant (CCA), Certified Public Accountant (CPA), or Certified Auditor (CA). The team should also be experienced in applying the International Standards on Auditing. The Auditor must employ an adequate number of staff with appropriate professional qualifications and suitable experience with ISA, including experience in auditing of entities comparable in size and complexity to the entity being audited.
3. By agreeing to these ToR, the Auditor confirms that he/she meets at least one of the following terms:
  - a) The Auditor is a professional accountant (or a firm of professional accountants) that is a member of a national accounting or auditing body or institution, which in turn is a member or associate of the International Federation of Accountants (IFAC)
  - b) The Auditor is a member of a national accounting or auditing body or institution that is a recognized regulatory body of professional accountants and Auditors. The Auditor commits him/herself to undertake this engagement in accordance with the IFAC Handbook on International Standards on Auditing and Quality Control, including the Code of Ethics therein.

## **SUBMISSION CRITERIA**

Interested firms are required to submit hard copy proposals clearly marked at the top right-hand corner “**Inclusive Conflict Prevention and Peacebuilding Project Audit**” enclosing all necessary supporting documents including business registration certificates for consulting firms.

The following documents **must** accompany the application

- A technical proposal not exceeding 10 pages containing.
  - A demonstration of a clear understanding and interpretation of the TOR as presented.
  - Methodology to be used in undertaking the assignment.
  - Time and activity schedule.
  - Detailed financial proposal in Leones currency separately showing the gross (including cost of taxes you are liable for) and net amount. NOT exceeding 2 pages.
  - Evidence of experience for similar work - if confidentiality is an issue please forward an extract of a report you have written
  - Curriculum vitae of the person/s who will carry out the assignment accompanied by written confirmation that this person will complete all tasks outlined above
  
  - Details of a minimum of three reference clients and valid contact details (e-mail address and phone number)

***How to apply?***

All Proposals must be submitted on or before the deadline **7<sup>th</sup> July 2022** at the Cordaid Office situated at 51 Byrne Lane off Wilkinson Road OR by mail to [procurementsierraleone@cordaid.org](mailto:procurementsierraleone@cordaid.org)