Terms of Reference

For

Compliance Audit of Christian Aid, Bangladesh

***Background***

Christian Aid registered in England and Wales with company number 05171525 and registered charity number 1105851, whose registered office is at 35-41 Lower Marsh, London SE1 7RL (“Christian Aid”). Christian Aid has been active in Bangladesh since 1972. We are recognised for our work on humanitarian response, climate change, inclusive market development and private sector engagement, disaster risk management, gender equality and human rights issues, and have significant expertise and experience of working with government and civil societies. Our programme promotes access to just and equitable resources and supports the creation of resilient and thriving livelihoods for marginalised people and communities. We believe in downward accountability and, alongside our partners, we are committed to making private sectors, government and public institutions more accountable to communities for the services they provide.

Based on our Country Policy and Strategy Paper (CPSP) 2012-2017, the country programme has been addressing our priority areas and has undertaken interventions for reaching the most vulnerable and the marginalized community. This internal arrangement steers to deliver a demand-driven and quality programme. During the year 2017-2-18, Christian Aid worked with 20 partner organizations in 18 of the most vulnerable districts of Bangladesh including the southern coastal region, north-west, central floods zone. The CPSP is currently under review and it is being developed for the next five years starting 2018.

Post the Rohingya influx in September 2017, Christian Aid started large scale operations focusing on the needs and aspirations of the community. Though, Christian Aid has been active in Cox’s Bazar since the last 6 years implementing disaster risk reduction, early recovery, preparedness and emergency humanitarian responses, its program underwent a massive expansion focusing on the Rohingya Response. In partnership with IOM, Christian Aid is managing one of the new settlements under the authority of RRRC – Camp 15 (Jamtoli) home to more than 11,000 families. Christian Aid operates in camp 12, 13, 15, 16 and 19 focusing on Health, Site Management, WASH, Shelter/NFI, Energy & Environment, Food Security & Livelihood, Communication with Communities, and Protection sectors. Other donors with whom Christian Aid is working closely are DFID/UKAID, UNICEF, FH, HEKS, ACT Appeal, DEC Appeal etc.

In keeping with the emergency requirements of food, shelter, water and sanitation, Christian Aid worked exclusively with the affected Rohingya community during the first phase of emergency response.

**Food Security and NFIs**: 1,04,115, of the total of 1,53,469 in the 5(12,13,15,16, &19) camps selected, were supported with emergency food security. 77,000 children were provided with winter clothing and baby blankets, 52500 adults were provided with blankets and floor mats. 40,000 people, from 8000 families were provided with kitchen sets so that they could have culture specific cuisine.

**Shelter and Shelter Upgradation**: 6259 emergency shelters were provided in the first two months for 31295 people. Subsequently, Christian Aid undertook shelter upgradation of 15500 houses, ensuring better quality of homes for 75000 people. Adequate training was provided to all 15500 households to ensure quality of construction as well as risk reduction features like increasing the height of the floor to avoid flooding, protection through use of sand bags, and ensuring drainages around the construction to avoid water logging. Shelter upgradation kits were also made available to the 15500 families to support them in construction.

**WASH:** A total number of 1,11,920 of the Rohingya affected people have been supported through WASH activities, including construction of gender-disaggregated latrines, bathing spaces and Handwashing points.

4 Faecal Sludge Management Units have been set up with a capacity of supporting 200 latrine pits per unit. This is a Model Technology that has been developed with the technical support from Practical Action. This method of desludging is clean, effective and ensures the dignity of the people engaged in Sludge Management.

4 Deep Tube Wells with gravity based 16 water supply points have been set up which can cater to 2500 people.

**Health:** 5 static Health centres and 7 Pop-Up medical centres have treated a total of 150854 cases during this time period. Christian Aid has also reached out to 69244 women and adolescent girls for creating their awareness on Sexual and Reproductive Health Management, pre-natal and post-natal care.

**Protection:** 7600 solar lamps have been distributed minimising general protection risks for 38000 affected Rohingya population.145 Solar Street lamps also have been provided taking into account the alleyways and small paths leading to the latrines and the Bathing spaces. 38 Community Kitchens have been set up to protect the families from the risks they face while collecting firewood. Through this intervention, 950 households have safe access to cooking facilities. Women and Child Friendly Spaces have also been provided that provides spaces for women and adolescent girls to meet in a non- threatening atmosphere and derive support from each other. Christian Aid is supporting 8 women and child friendly spaces. Six are in in Jamtoli in camp 15 and two are in Thangkhali in camp 19

**Camp Coordination and Management:**

Christian Aid has been in charge of managing Camp 15, one of the largest camps with 11,145 households and a population of 49298. Divided into 8 Blocks and 99 sub-blocks, Camp 15 has 35 NGOs working in the different sectors of Health, WASH, Food Security, Protection and Shelter. The weekly coordination meetings, chaired by the Camp in Charge (CIC) and anchored by Christian Aid, has been highly successful in ensuring synergic approaches, minimising duplication while ensuring full coverage of all the households in the Camp.

The Community based governance mechanism, through the Block Development Committees and the Sub-Block Development Committees, has been acknowledged as a good model and is being replicated in other camps as well.

Christian Aid has its offices in three locations-Dhaka, Cox’s Bazar and Ukhia. It has a team of around 80 full time staff supported by around 100 community mobilizers and volunteers. Out of which around 50 staff and most of the community mobilizers and volunteers are either based in Cox’s Bazar or Ukhia.

***Objective***

Christian Aid wants to ensure that the unprecedented growth which it had in the last one year due to the Rohingya Crisis is efficiently and effectively managed. The larger agenda is to strengthen our systems and processes and ensure if there is a deviation, corrective measure are taken as soon as possible. Keeping the larger mandate in mind Christian Aid is wanting to hire an audit firm which will help us understand and strengthen our checks and balance systems. The objective is further defined below:

* with regards to efficiency, effectiveness of internal controls and compliance systems to Christian Aid policies and in-country legal requirement.
* To ascertain and evaluate the adequacy and effectiveness of the financial management and internal control framework within the organization against the Christian Aid policies and the requirement of the donors as well as the government.
* on compliance of Christian Aid financial procedures to ensure the donor compliance are met fully and consistently by the Christian Aid Bangladesh.

To identify areas of improvement and make recommendations for improvement and to provide Christian Aid management timely information and recommendations on operational management comprising of finance, procurement and HR. ***Coverage***

The compliance audit will be performed on quarterly basis of Christian Aid. The auditor will visit different field offices (Dhaka, Cox’s Bazar and Ukhiya). The compliance audit also includes a physical verification of assets/equipment/supplies procured under different existing projects and located in different area offices.

***Scope of work***

The Compliance audit should be carried out in accordance with the international standards of auditing (ISA) published by the International Federation of Accounts and should include such test and control, as necessary for the performance of the audit. The scope of the audit will be comprehensive and cover the organization and project activities and transaction of all cost centers. The responsibilities of the auditor includes reporting on the adequacy, the accuracy and propriety of the transaction, the extent to which assets are accounted for and safeguarded and the level of compliance with CA financial norms and government and donor policy and regulations. Specific area of the audit should include the followings:

1. An assessment of the adequacy of the program’s financial management system, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls and suggestion of improvement, if any
2. Fund has been used in accordance with the regular financial norms and financial regulations with due attention to the economy and efficiency, and only for the purpose for which the financing has been provided
3. Expenditure incurred are in accordance to the financial norms prescribed in the CA policy, operational guideline, legal agreement or any other clarification issued time to time
4. Expenditure incurred with reference to the approved budget
5. Process has been followed in procurement accordance to the policy of the organization. Comments on the process is being followed in vendor selection and are documented appropriately.
6. Adequate and proper supporting documents, namely purchase orders, tender documents, invoice, voucher, receipts, pay bills, TA bills, etc. are maintained and linked with the transactions
7. Assets: completeness, existing, recording, safeguard, and utilization of the purpose intended including, physical verification of assets
8. Ascertain the reliability of integrity controls security and effectiveness of the operation of computerized accounting, identify constrain, if any, in the timely updating of the computerized financial management system and in adhering to the internal control system
9. Reconciliation of the bank statement and accounts is regularly carried out on a monthly basis
10. Review Budget and Expense variance analysis and reporting on major variances to the management team on time
11. The scope of work will additionally include detailed review of the issue of advance, staff advance and cash payment. The following should be covered in the detailed review-
12. Staff advance
13. Review of advances paid to staff, their purposes and if the staff rules are followed
14. Review the settlement of advance as per operational rules
15. Present a staff advance status report

ii Cash payment:

1. Review the payments made in cash in program and advice if the operational guideline/rules are being followed
2. Review the record keeping for recording the purchase made against cash and advice
3. Provide an opinion on adequacy of the limit of the cash payment as per CA operational guideline/rules
4. Payroll management- Verification of individual monthly salary, withholding tax, and any other benefits or allowances as per the Christian Aid Employee Handbook, transfer of individual employees pay to their respective bank account; deposit of withholding tax with the tax authority; preparation of individual employee’s annual salary income and tax deduction certificate; calculation for separation payment

Other information

Timing for the audit and submission of the audit report

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| --- | --- | --- |
| Period of Audit | Time of Audit | Submission of Report |
| October 2018 to December 2018 | February 2019 | 15th March 2019 |
| January 2019 to March 2019 | May 2019 | 15th June 2019 |
| April 2019 to June 2019 | August 2019 | 15th September 2019 |
| July 2019 to September 2019 | November 2019 | 15th December 2019 |

**Duration of contract**

The contract will be initially for one year starting January 2019. This can be extended further extended based on the need, mutual understanding and quality of work by the agency.

***Audit resources***

The key personnel of the audit team should be familiar with the INGO operation and financial management system and government rules and regulation in country. The list of key personnel and who’s CVs and experience requirement is as follows:

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| --- | --- | --- | --- | --- |
| Sl # | Key professionals | Description of service to be provided | Experience | No of persons & person days |
| 1 | Audit Manager/partner | Overall coordination and planning and team leadership, reporting, liaison with client | Qualified chartered accountants with at least 10 years of experience as a partner with expertise in the area of internal audit planning, execution and reporting | 1 persons  1-5 days |
| 2 | Audit team leader | Responsibility to lead the audit team, planning and execution of the audit, discussion of head of office, report writing and finalization | Qualified chartered accountants with at least 5 years of experience in internal audit with expertise in procurement audit | 1 persons  5-10 days |
| 3 | Team member | Field level audit (including visit to the project araes) | Persons experience in budgeting, financial management system (computerized), government rules, policies, experience in procurement audit is desirable | Sufficient members  5-15 days |
|  |  |  |  |  |

***General***

The auditor will be given access to all legal documents, project documents, donor agreement, books of accounts, organizational policies and any other information deemed necessary with the audit.

*Fees*

The contractors shall submit quotations to Christian Aid as per deliverables mentioned above. Christian Aid will evaluate the proposal and the quotation and agree on the final fees

**Logistics-**Christian Aid will not cover any cost apart from the agreed deliverables

***Mode of payment***

Payment will be made through account payee cheque or as agreed by Christian Aid and the auditor after adjusting TAX and VAT as per government rules

**Firms must qualify following minimum criteria:**

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| --- | --- | --- | --- |
|  | Particulars\* | Minimum Criteria |  |
| 1 | Number of Full Time Partners associated with the firm for not less than 3 years with at least one being a Fellow CA (As per Certificate of ICAB as on 1.1.2018) | 4 (four) |  |
| 2 | Turnover of the firm (Average annual in last three financial years) | Minimum BDT. 25 (twenty five) lakh |  |
| 3 | No. of Years of Firm Existence | 5 (five) years |  |
| 4 | No. of assignments of Internal Audit of Corporate/PSUs entities except Bank Branch Audit having a turnover of not less than BDT 25 crores in the last 3 years. | 4 (four) |  |
| 5 | No. of assignments: Experience of audit of Externally Aided Projects/ Social Sector Projects/ Charitable Institutions/ INGOs in the last 3 years | 4 (four) |  |

**SUPPORTING DOCUMENTS FOR ELIGIBILITY CRITERIONS:**

1. Detail profile mentioning last two years achievement.
2. A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years.
3. A self-attested copy of the latest firm constitution certificate issued by the ICAB (this certificate shall also act as evidence for verifying the Date of Constitution of the firm). This certificate should not be older than 30 days as on the date of the EoI.
4. A copy of the balance sheet for the last three years.
5. A copy of the appointment letters from the auditee organizations. Branch Audit of any Bank shall not be considered while taking into account the total number of assignments.