

Terms of Reference for Project Audit

BACKGROUND

Feed the Future Bangladesh Aquaculture and Nutrition Activity (BANA) is a five-year award by the United States Agency for International Development (USAID) to WorldFish to sustain positive aquaculture sector growth through an inclusive market system approach. The Activity aims to improve the sustainable livelihoods for a large number of smallholder farmers and other stakeholders linked to aquaculture value chains in USAID's Feed the Future Zone of Influence (ZOI) and the Zone of Resilience (ZOR).

The Activity has a sub-grant program which purpose is to identify rationales for investment and use partnerships and grants to leverage co-investment from the private sector and other organizations. Sub-grant amount are ranging from USD25,000 to USD250,000.

PURPOSE

The sub-grantee is required to undergo an audit as per Article XIII–Financial, Records, Monitoring and Audit of the fully executed Sub-grant Agreement between WorldFish and the sub-grantee.

OVERALL PRINCIPLES OF THE AUDIT

The auditor is required to plan, execute and report on the audit engagement in order to form a professional judgment on the following matters relating to the activities of the sub-grantee in relation to the BANA Project:

1. Principles of Financial Regularity
2. Existence, adequacy and effectiveness of internal controls
3. Conformity with the project objectives and compliance to the contractual conditions
4. Economical conduct of business and effective use of financial resources

The objective of the project audits are

1. To review of the books of accounts, records of transactions, project documents and come up professional opinion of the sub-grant and of the funds received and expenditures for the project period stated on each of the fully executed sub-grant agreement.
2. The project accounts (books of account), provide the basis for preparation of the project financial statement and are established to reflect the financial transactions in respect of the project, as maintained by the sub-grantees' project team
3. Recommendation on strengths, weaknesses, and improvement required in the sub-grantees' financial system.

SCOPE OF THE AUDIT AND DOCUMENTS OF REFERENCE

The scope of audit services shall cover the overall management of the project's implementation.

The following documents and matters are to be considered by the auditor as basic references for performing the audit:

1. Sub-grant agreement signed between WorldFish and Sub-grantee
2. Annexes to the sub-grant agreement
3. Project Documents such as budgets, workplans, project description
4. Accounting, procurement, human resources and other operational policies and procedures applied in relation to the project implementation
5. Supporting documents of all expenditures incurred and charged to the BANA project funds
6. Financial and progress reports concerning the BANA project
7. This terms of reference for the audit
8. Prior internal and external audit reports of the partner

To this effect, the scope of the audit shall cover the following areas as they are performed in relation to the BANA project:

Finance

The audit work shall cover the adequacy and efficiency of the accounting and financial management of the project and compliance with the rules of accounting and record keeping of Article XIII of the Sub-grant agreement. These include budget control, approving authority, Bank transactions and reconciliations, allocation of expenditures in conformity with the agreed budget, receipt of funds, disbursement of funds, recording of all financial transactions in accounting systems/records, reconciliation of information in expenditure reports to the Sub-grantee's accounting systems and records, and records maintenance and control.

Procurement

The audit work shall cover the competitiveness; transparency and effectiveness of the procurement activities of the project in order to ensure that the project input purchased meet the requirement of sub-grantees' and compliance with WORLD FISH and USAID policies.

Include the following:

- i. Procurement thresholds, call for bids and proposals, evaluation of bids and proposals and approval/signature of contracts and purchase orders;
- ii. Receiving and inspection procedures to determine the conformity of the items supplied with the agreed specifications and, when applicable, the use of independent experts to inspect the delivery of the quality
- iii. Management and control over the variation orders.

Human resources

The audit work shall cover the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel and include performance appraisal, attendance control,

calculation of salaries and entitlements, payroll preparation and payment, and management of personnel records.

General Administration

The audit work shall cover travel activities, vehicle hire management, office premises and lease management, office communications, and records maintenance.

EXPECTED OUTCOME/REPORT

The audit will be carried out in accordance with International Standards of Auditing. In conducting the audit, special attention should be paid to the following:

- a) All the project funds have been used in accordance with the conditions of the signed sub-grant agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided
- b) Goods and services financed have been procured in accordance with the relevant financing agreements;
- c) All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported.
- d) The projects accounts have been prepared in accordance with consistently applied International Accounting Standards and give a true and fair view of the financial situation of the project.

TIMEFRAME

Item	Activity and contents of reports	Duration	Format of Reports
1	Conduct project audit at the five selected sub-grantees' office	Commencement of the assignment should be around 20 October and will finish by 7 November 2019	Electronic copy
2	Submission of draft audit report including audit findings and recommendations for the client	Draft audit report by November 14, 2019	1 hard copy of the draft report plus a Soft copy
3	Submission of Final Audit Report including the expressing of opinion	Final audit report by November 28, 2019	3 hard and 1 electronic copy of the Final Report

The auditor is expected to produce:

AUDIT OPINION/REPORT;

1. Separate Management letter and,
2. The audit report which will comprises the auditors' opinion on the project financial Statements, fund accountability and findings and recommendations

AUDITORS EXPERIENCE AND QUALIFICATIONS

The audit firm must be registered and have a license as Certified public accountant in Kenya. The firm should have relevant experience in accounting and auditing in development projects, especially donor-funded operations.

H. Submission process

Interested firms should submit the following;

- a) An expression of interest to provide the above mentioned audit services.
- b) An organization profile including previous relevant experiences (not more than 6 pages)
- c) Preference will be given foreign affiliated firm
- c) Proposed detailed methodology to deliver required services
- d) A work plan and budget for the activities
- e) Tentative schedule of audit work and submission of draft and final report

The completed proposal in Hard copy and in a sealed envelope clearly marked should be submitted to:

Sally W. Mallari Finance and Grants Manager Feed The Future Bangladesh Aquaculture and Nutrition Activity WorldFish-Bangladesh House 2/B, Block B Banani, Dhaka 1213 Bangladesh
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The deadline for submission of the proposal will be on **18th September 2019**