



## **TERMS OF REFERENCE (ToR)**

### **A FINANCIAL AND SYSTEMS AUDIT OF Supporting harmonisation of peace initiatives and community dialogue processes in ITURI in the DEMOCRATIC REPUBLIC of CONGO (DRC)**

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**Starting date of the Audit:** 25/06/2024

**Ending date of the Audit:** 06/07/2024

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## 1 INTRODUCTION

International Alert is looking for the services of an audit firm to conduct an audit and certify the financial report of a project that was implemented in the Democratic Republic of Congo DRC which has been implemented for Supporting harmonisation of peace initiatives and community dialogue processes in ITURI (eastern DRC).

## 2 OBJECTIVES

The **objectives** of this audit are to enable the Auditor to express an opinion on whether:

- the Financial Reports presents fairly, in all material respects, the actual expenditure incurred, and the revenue received for the project in conformity with the applicable Accountable Grant; and
- Project funds provided by FCDO have, in all material respects, been used in conformity with the applicable contract conditions.
- the Internal Control System set up and operated by the Entity for the purpose of managing risks to the achievement of the objectives of the project, was suitably designed and operated effectively.
- The entity adhered to established financial compliance requirements, statute and relevant laws and regulations.

The **additional specific objectives** of this audit are as:

- To check that internal control for project application, screening and approval process are suitably designed and implemented to achieve the control objectives.
- Check whether the financial statements present fairly, in all material respects, International Alert revenues and expenditures, in conformity with generally accepted accounting principles.
- Assess whether International Alert adhered to established financial compliance requirements, statute and relevant laws and regulations.
- Check that International Alert's internal control structures for project application, screening and approval process are suitably designed and implemented to achieve the control objectives.
- Review the assets register and verify that inventories and assets in the project financial statements are complete and accurate and that the existence and ownership of assets and stock is verified by physical checks. The audit should also ascertain if assets are being used for the intended purpose, and they are managed and maintained responsibly.
- Verify whether the funds given to International Alert's downstream implementing partners have been used for their intended purpose they have achieved value for money and accounted for.
- All necessary supporting documents, records, and accounts have been maintained in respect of all project activities. The auditor is expected to verify that the respective reports issued during the period were in agreement with the underlying books of account.

- Assess the quality of internal controls and effectiveness of accounting processes within International Alert and its implementing Partners, identify specific deficiencies, risks, and areas of weakness (if any) in systems and controls in the value chain and make recommendations for improvement.
- Express an opinion on the adequacy or otherwise of the financial management and operations of SHEPI project.
- to provide an assurance that funds granted to SHEPI in the Democratic Republic of Congo (DRC) project have been used for their intended purposes, they have achieved value for money and have been properly accounted for.
- Bring to International Alert's attention any other matters that the auditors consider pertinent, including fraud and corruption.

### **3 STANDARDS AND GUIDANCE**

The Auditor who performs this financial and systems audit is governed by:

- The IFAC *International Framework for Assurance Engagements*
- The IFAC *International Standards on Auditing ('ISAs')* for *Audits of Historical Financial Information* insofar as these can be applied in the specific context of a contractual compliance audit.
- IFAC *International Standard on Assurance Engagements ('ISAE') 3000 for Assurance Engagements other than Audits or Reviews of Historical Financial Information* insofar as it can be applied in the specific context of a systems audit intended to provide assurance that risks to the achievement of the objectives of the Project are properly managed and controlled.
- The IFAC *Code of Ethics for Professional Accountants* (issued by IFAC's *International Ethics Standards Board for Accountants (IESBA)*), which establishes fundamental ethical principles for Auditors regarding integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour, and technical standards.
- The IFAC *International Standards on Quality Control (ISQCs)*, which establish standards and provide guidance on an Auditor's system of quality control.

### **4 REQUIREMENTS FOR THE AUDITOR**

#### **4.1 QUALIFICATIONS AND EXPERIENCE**

The Auditor and/or the firm is registered as a certified accountant's body and commit to undertake this engagement in accordance with the International Federation of Accountants (IFAC) standards and ethics.

The audit team should have experience with audits of development aid programs and projects with varying size and complexities funded by national and/or international donors and institutions. The audit team should provide a report in English.

## **4.2 TEAM COMPOSITION**

The team of auditors required for this engagement will be composed of a category 1 auditor who has the ultimate responsibility for the audit and an audit team which is composed of an appropriate mix of category 2 – 4 auditors. It is the responsibility of the Auditor to compose and propose an audit team which has an appropriate mix of auditors for this engagement.

### **Category 1 – Audit Partner**

An audit partner should be a highly qualified expert with a relevant professional qualification and assuming or having assumed senior and managerial responsibilities in public audit practice. He/she should be a member of an accountancy institute and must have at least 12 years of professional experience as a professional Auditor or accountant in public audit practice.

The audit partner is responsible for the audit and its performance, and for the report that is issued on behalf of the firm. He/she has the appropriate authority from a professional, legal or regulatory body and is authorized to certify accounts by the laws of DRC.

### **Category 2 - Audit Manager**

The Audit manager should be a qualified expert with a professional qualification. They should have at least 8 years of experience as a professional auditor or accountant in public audit practice including relevant managerial experience of leading audit teams.

### **Category 3 – Senior Auditor**

Senior auditors should be qualified experts with a relevant university degree or professional qualification and at least 5 years professional experience in public audit practice.

### **Category 4 – Assistant Auditor**

Assistant auditors should have a relevant university degree and at least 2-year professional experience in public audit practice.

## **4.3 CURRICULA VITAE ('CVS')**

The Auditor will provide International Alert with CVs of the partner or other person in the audit firm who is responsible for the audit and for signing the report together with the CVs of the audit managers, senior auditors and assistant auditors proposed as part of the audit team. CVs will include appropriate details on the type of audits carried out by the staff indicating capability and capacity to undertake the audit as well as details on relevant specific experience.

Alert will examine the CV's before it signs an order form or other applicable contractual document for this engagement and will reject them if they are not considered suitable for the requirements of the engagement.

## 5 SCOPE

The scope of an audit is a statement that specifies the focus, extent, and boundary of a particular audit. The scope can be specified by defining the physical location of the audit, the organizational units that will be examined, the processes and activities that will be included, and the time that will be covered.

The **subject of the audit** is:

- International Alert
- To provide with assurance that the Financial Contribution has been used for the intended purpose and in compliance with the Project Agreement, including approved budget and any amendments, and for the purposes set out in the Application, as well as in compliance with applicable laws and regulations.

FCDO Project Number	No: PAF CSSF REG 0114002
International Alert Fund Code	AP22HR
Project title	Supporting harmonisation of peace initiatives and community dialogue processes in Ituri (eastern DRC)
Implementation Period	01 October 2023, to 31 March 2024

The funds were managed by International Alert with a project partner for their final use:

International Alert	245,000 GBP
Interpeace	155,440 GBP
Award Amount	400,440 GBP

- Arrange meetings with International Alert and other relevant agencies and partners working with International Alert on this project.

The Terms and Conditions for this Project are set out in:

- (a) Accountable Grant including amendments.
- (b) Logframe
- (c) Audit report ending period.
- (d) Quarterly progress and financial reports
- (e) Latest annual review report
- (f) FCDO's approach to value for money (VfM)
- (g) Other documents as necessary

### Methodology

The exact methodology will be the responsibility of the audit firm, we expect a technical proposal on approach, methodology and work plan of not more than 5 pages. The Auditor should exercise due professional care and judgment and determine the nature, timing, and extent of audit procedures to fit the objectives, scope and context of the audit.

The Auditor should identify controls which are relevant and appropriate to the Project and the Entity and to the preparation of the Entity's Financial Report for the Project. Controls should be suitable for managing and mitigating risks to the achievement of the objectives of the Project. The audit should cover an examination of the Entity's control environment and more specifically of:

- Asset management (This concerns management and control of Project fixed assets such as vehicles, equipment etc).
- Procurement process and procedures.
- Cash and bank management (treasury).
- Accounting and financial reporting (including underlying transaction processing systems and financial ledgers)
- Budgetary and expenditure control.
- Human resources, payroll processes and time management.
- Suitability and effectiveness of controls throughout the delivery chain.
- Financial management capacity of downstream partners (sub-grantees).
- Proportion of funds being spent on Administration costs throughout the delivery chain.
- Fraud and Corruption
- Eligibility of expenditures.
- Adherence to delegated authority in expenditure approval and procurement.

## **6 TIMEFRAME**

The assignment is expected to be completed by **6<sup>th</sup> July 2024**.

The auditor shall include and justify their estimated timeframe for this audit, including chargeable days and budget.

## **7 RECIPIENT**

The main recipient of this assignment is International Alert.

## **8 REPORTING**

The Auditors will report to the following members of the International Alert's team in DRC: Country Director, the Programme Director, and Country Finance Director. Final reports including the Management letter will be submitted to Alert's Management team.

### **8.1 WORK PLAN**

A revised audit work plan, if necessary, should be submitted 1 days after the first meeting with International Alert Management Team.

### **8.2 AUDIT REPORT**

The audit report will comprise:

- a complete set of project's financial statements and other relevant statements.
- the auditors' opinion on International Alert 's financial statements.

### **8.3 MANAGEMENT LETTER**

In addition to the audit report, the auditors will prepare a "management letter" in which they will:

- Give comments and observations on the accounting records, procedures, systems, and controls that were examined during the audit.
- Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement.

- Report on the degree of compliance with the contract, financial compliance requirements, and relevant programme manuals.
- Communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the project; and
- Bring to Alert's attention any other matters that the auditors consider pertinent.

The management letter will include reactions/comments from **the auditee** on the weaknesses noted by the auditors.

## 9 EVALUATION CRITERIA

The Evaluation Criteria that will be applied to these terms of reference are as follows:

CRITERIA	Score (%)
<b>Technical Criteria</b>	
Qualifications and competence of the proposed staff including local or regional expertise. Demonstrated experience on similar assignments.	30
Adequacy of the proposed technical approach, methodology and work plan in responding to the Terms of Reference	25
<b>Commercial Criteria</b>	
Competitiveness of fees and expenses in relation to the market for the delivery of this work	25
Demonstration of value for money and Clear and effective financial plan showing payments linked to the expected outputs.	20
<b>TOTAL SCORE</b>	<b>100</b>

## 10 APPLICATION

The audit will take place at International Alert Office based in Goma – DRC

Interested audit firms should submit their **technical and financial** officer to: [DRC.Office@international-alert.org](mailto:DRC.Office@international-alert.org) with copy to [skambere@international-alert.org](mailto:skambere@international-alert.org)

Not later than 15<sup>th</sup> June 2024

Administration



*[Handwritten signature]*  
J. J. K.

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