


# Terms of Reference - Annual Audit

 Catholic Relief Services

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 Open until 2023-11-17 (1 year ago)

## INTRODUCTION

Catholic Relief Services - United States Conference of Catholic Bishops (CRS) is an American international NGO with headquarters in Baltimore, Maryland, USA. CRS carries out the commitment of the Bishops of the United States to assist the poor and vulnerable overseas. Present in over 90 countries in Africa, Asia, Latin America, Eastern Europe and the Middle East, CRS is a member of Caritas Internationalis, the worldwide network of Catholic humanitarian agencies. For more information on CRS, please visit its website: [www.CRS.org](http://www.CRS.org)

CRS and a Consortium of members of the Global Evergreening Alliance are implementing the Restore Africa Programme in Malawi with the Global Evergreening Alliance through investment from the Climate Asset Management (CAM) Fund. CRS as the Lead Implementing Organization has partnerships with local and international non-government organisation and together form and implement a country-level project through a consortium. The Restore Africa (ReSAaf) Program is a community-led carbon land restoration programme that implements nature-based solutions through a collaborative approach. The Restore Africa Program has been designed for inclusive and collaborative implementation in partnership with the governments of participating countries, members of the Global Evergreening Alliance, and grassroots organisations. This program will accelerate and massively scale up the adoption of Farmer Managed Natural Regeneration (FMNR) and other complementary Evergreening practices in six African countries - Ethiopia, Kenya, Malawi, Tanzania, Uganda and Zambia.

The Global Evergreening Alliance contractual agreement with CRS and the subsequent contract agreement between CRS and the consortium members require CRS to comply with annual audit requirements. The requirement of an annual audit is outlined in the Project Implementation Agreement document clause 18 (b) The Implementing Party will provide an annual External Financial Audit Report as stated in Schedule 3 of the PIA Agreement encompassing Program Funds provided to the Implementing Party and will cover the expenditure of all Program Funds provided by the Implementing Party to each Consortium Member. The audit must be completed by an accredited auditor and should cover a review of the Program's accounts and all Program Funds and include a statement on whether the Program Funds have been expended in accordance with this Agreement. GEA reserves the right to request and review detailed transactions if necessary."

The Terms of Reference of the annual audit explains the extent of work the auditor needs to perform.

## OBJECTIVE

The objectives of the audit are to enable the Auditor to express an opinion on whether the financial statements, in all material respects, present a fair view of the actual expenditure incurred and the revenue recognized for the Restore Africa Programme at the CRS Country Office for the period from 01 July 2022 to 31 December 2023.

## SCOPE

The audit will be carried out for the Restore Africa Programme implemented by CRS Malawi in partnership with the consortium members. The audit shall follow International Auditing and Assurance Standards Board (IAASB). The auditor will perform assurance engagements under standard ISAE 3402 and cover the period from 01 July 2022 to 31 December 2023. The Program Implementation Agreement (PIA) document signed between GEA and CRS Malawi is the main document that sets the scope of this audit. In addition, the Auditor will provide assurance against the CAM Supplier Code of Conduct which is a part of the PIA.

## AUDIT PROCEDURES

Compliant to ISAE 3402, 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.

In conducting the audit, the auditor should:

- Express an opinion on the financial statements produced.
- Verify the presentation of financial statements in compliance with accepted accounting and reporting principles and with the Manual Supporting and Accounting processes of the Country Office and statutory requirements.
- Verify that CRS Malawi is compliant with local laws and regulations including Country Office registration. • Analyse and evaluate that financial management, risk management and internal controls are in place and effective.
- Certify that the funds were utilized for their intended purposes according to the terms in the annual budget, specific project budgets, annual work plans, etc.

#### Special attention should be paid to:

- **Budgetary:** The budgetary procedures (establishing forecasts by activity/task or Output, conformity with the Annual Work plan forecasts, budgetary approvals and work plans by the responsible agent, budgetary amendments during the audit period, etc.).
- **Bank Accounts:** The management procedures of the funds (bank account, advances supported by forecasts and in conformity with CRS policy, petty cash safekeeping, bank reconciliation, control of receipts, etc.).
- **HR/Personnel:** The financial aspects of personnel management (employee contracts, remuneration/ salaries, allowances and other benefits, deductions at source according to regulations currently in force, remittances made to the proper authorities including Income Tax including expat tax, annual personnel evaluations/appraisals, etc.) (NOTE: Verify that allowances have been paid in conformity to regulations and/or CRS policy).
- **HR/Consultant:** The procedures for the hiring and payment of consultants (approval of selection and contracts by the proper authorities, contracts properly written with appropriate financial control over payments of fees and expenses including appropriate certification that the work was performed satisfactorily before a payment is made).
- **Supply & Logistics:** The financial aspects of procurement (purchase orders, appropriate certification that the goods have been delivered in satisfactory condition before a payment is made):
- The procedures on the control of expenses (complete documentation, certification that the goods have been received or services rendered, issuance of check in the name of the supplier stipulated in the contracts/purchase orders, proper signatories, bank accounts, etc.).
- The procedures on inventory control of non-renewable stock (replacement parts, etc.) and assets (catalogued/inventoried on a regular basis, identification by serial number or other means, condition of the inventory, location, etc.).
- The policy for, and control of, the use of vehicles and fuel as implemented by the Restore Africa country office.
- **Receivables:** The mechanism for the recovery of costs (method of invoicing, control of invoices issued but unpaid), control of receipts generated by these revenues.
- The procedure and recovery mechanism for staff advances.
- **Reporting:** The reporting mechanisms (financial and quarterly progress reports, explanation of variances, etc.).
- **Signatories:** Verify the status of bank accounts signatories, including reviewing the list of designated signatories, appointment process and authorizations of the signatories by the Board of Directors."

## DELIVERABLES

The auditor is responsible for conducting the audit procedures as specified in the ToR.

In addition to the audit report, the auditor will also provide a Management Letter summarizing the observations on accountability and internal controls. These would include the following:

- Comments and observations on the accounting records, systems and controls that were examined during the course of the audit.
- Specific deficiencies and areas of weakness in systems and controls and recommendations for improvement.
- Any other matter that the auditor considers significant to report to the management.
- Audit findings should be categorized by risk severity impact High, Medium, or Low.
- The observations in the "Management letter must be accompanied by the implications, suggested recommendations from the auditors and the management comments on the observations/ recommendations.

## ROLE OF THE AUDITOR

- Meet with the CRS Country Director, Malawi, Chief of Party-Restore Africa, Malawi, Consortium members, major suppliers, GEA key personnel to gain an appreciation of any specific concerns or risks with the financial management.
- Perform the audit at the premises of the Restore Africa CRS Malawi Country Office and visit consortium member offices when/where organisation security is allowed.
- Get management's feedback/response to the draft management letter.

- At the end of the audit, debrief the CRS Restore Africa Team including Country Director at the Country Office.
- Share a copy of the finalised audit report with Global EverGreening Alliance.

## TIMEFRAME

The annual audit exercise can start as soon as possible after an external and independent chartered accountant is selected following the CRS procurement procedure.

## INFORMATION REQUIRED ON TENDER DOCUMENTS:

1. Background Information:
  - a. Name and address of Firm, Telephone numbers
  - b. Name and Title of Principal contact
  - c. Brief History of the Firm including years in operation and the nature of its practice
2. Professional Competence
3. List of your clients
4. Experience in auditing International Non-Governmental Organizations
5. Proposed period of Audit, please state when the Final Audit Report will be submitted to CRS
6. Audit fees for the financial audit of CRS/Malawi:
  - The prices shall be quoted in Malawi Kwacha.
  - The financial bid must be presented both before taxes and including all taxes. The taxes that can be legally charged to the auditor in the execution of this mission shall be paid directly by CRS.
  - Any bid quoted in a currency other than the one cited in the bidding package will be rejected for non-compliance.

## EXPRESSION OF INTEREST

Please submit an Expression of Interest to the below address by **17/11/2023**

**"RESAF EXTERNAL AUDIT"**

**The Internal Procurement Committee**

**Catholic Relief Services/Malawi**

**Manobec Complex, Plot No.5/1,**

**Private Bag B319, Lilongwe 3, Malawi**