

## **INVITATION TO TENDER FOR EXTERNAL AUDIT SERVICES**

- Announcement Date: 25<sup>th</sup> of November 2024
- Closing Date: 10<sup>th</sup> of December 2024, 18:00 (GMT +5)

### **TERMS OF REFERENCE FOR THE PROVISION OF AUDIT SERVICES**

International Alert, one of the world's leading peacebuilding organisations, is seeking to contract a qualified audit company to conduct a final audit of its regional "Living with Dignity –reducing violence against women and girls in Tajikistan, Kyrgyzstan and Uzbekistan" project implemented for three years in three countries of Central Asia (Kyrgyzstan, Tajikistan and Uzbekistan) and funded by the UK Government – FCDO/ISF. We would like to invite your firm to submit a technical and financial proposal for the provision of external audit services for International Alert Kyrgyzstan and Tajikistan for three years starting 1 July 2022- 31 March 2025. The grant agreement amount is 1 323 962 GBP.

### **Background**

The project used the Living With Dignity (LwD) methodology, an evidence-based, family-level intervention which looked to address harmful gender norms and reduce GBV through behavioural change and family economic empowerment in selected rural and urban locations in Kyrgyzstan, Tajikistan and Uzbekistan. This has been done through changes in knowledge, attitudes and practices at the family level achieving the following results:

- Enhanced gender attitudes and family dynamics, including relations between couples and in-laws of target families
- Decreased experiences and perpetration of violence
- Improved physical and mental health
- Improved livelihoods and financial situations in target families

Our strategy involved social empowerment with the aim to encourage reflection on values and attitudes towards gender and relationships within the family, sharpen communication skills, raise awareness of VAWG, and build knowledge on health issues. This was combined with economic empowerment activities to build an understanding of women's contribution to household economics; strengthen financial management skills in households through a better understanding of budgeting, spending and saving; boost household economies by assisting families in developing their own income-generating activities (IGAs).

### **OBJECTIVES OF THE AUDIT FUNCTION**

1. The objective of this audit is for the Auditor to carry out the specific tasks listed in these ToR
2. To submit to International Alert a report of factual findings with regard to the specific verification procedures performed. Verification means that the Auditor examines the factual information in the Financial Report of International Alert and compares it with the terms and conditions of the Grant Agreement with FCDO/CSSF (now ISF).

The basic responsibilities of the auditors are:

- Providing reasonable assurance that the financial statements audited by them represent a true and fair view, have been prepared in accordance with the Agreed Project Accounting Policies, local requirements, and are in accordance with the authorities that govern them.
- Identifying, assessing and examining risks to regularity, propriety and financial control and report on significant weaknesses.
- Providing constructive advice that will help the Project to improve governance, including financial management, control and reporting.
- Collect and review policies, procedures, plans, and forms used within the Project in accordance with Agreed Project Accounting Policies.
- Provide a Final Audit Report and Management Letter, which are acceptable to the Client and ISF in terms of quality and compliance with ToR.

## **SCOPE OF THE WORK**

The scope of the audit, as well as the procedures adopted, must be sufficient to enable the auditor to express an opinion, or to justify any qualifications or disclaimers, as to whether or not all the financial statements and supporting documentation represent a true and fair view of the Projects' financial position and the results of operations for the period under review.

The Auditors will be expected to:

- (1) Audit the financing and accounting records on a quarterly basis of LwD's Project, which were implemented in three countries of Central Asia: Kyrgyzstan, Uzbekistan and Tajikistan. This includes country offices in Kyrgyzstan and Tajikistan, 2 local partners in Kyrgyzstan, 2 local partners in Tajikistan and 3 local partners in Uzbekistan (for Uzbekistan the period covers from September 15, 2024 – December 31, 2024)
- (2) Conduct the audit in accordance with International Standards on Auditing (ISAs) and the guidelines of the ISF and have the full authority to audit all financial resources of the Project and objectively determine the following:
  - The Project's programs and activities are being conducted in accordance with the Project's Financing Agreements to accomplish the intended objectives.
  - The Project's activities are efficiently, effectively and economically implemented and managed.
  - Project expenditure disbursed in compliance with established and proper procedures and according to the provisions of the Financing Agreements and the Guidelines for the Financial Management and Analysis of Projects.
  - Financial and other reports are being provided on quarterly basis, and the disclosures provide fairly and fully the information necessary to determine the scope and nature of the Project's activities, and provide a proper basis for evaluating activities.
  - There are adequate operating and administrative procedures and practices, financial and procurement internal control systems and internal management controls in operation.
  - There are no indications of fraud or abuse, which may require further investigation.
  - Tender and procurement processes were conducted in accordance with the IA's policies.
  - The project demonstrated good Value for Money in terms of used resources, their management and achieved results.
  - Project personnel recruitment was fair, professional and in accordance with the IA's policies and procedures.

- (1) Verify the mathematical accuracy of the accounts by ensuring that the expenditures described in the supporting documentation are reconciled to the budget categories mentioned in the Financing Agreements and reflected in the Projects' book of account.
- (1) All supporting documentation, records and accounts have been maintained in respect of all Projects activities. The originals as well as copies should be acceptable to audit company.
- (1) Assets procured from Project funds exist, recorded in the Fixed Asset Register and easily identifiable, and properly safeguarded in line with the Financing Agreements
- (1) Ensure all the appropriate reconciliations have been prepared and discrepancies have been resolved.
- (1) Where ineligible expenditures are identified as having been included in Withdrawal Applications, these should be separately noted in the Audit Reports. In addition, the auditor should verify reimbursement of ineligible expenditures (if any)
- (1) In complying with the International Standards on Auditing, the auditors are expected to pay attention to: Overall Objectives of the Independent Auditor and the Conduct of an Audit (ISA 200), Fraud and Corruption (ISA 240), Laws and Regulations (ISA 250), Governance (ISA 260), Communicating Deficiencies in Internal Control (ISA 265), and Risks (ISA 330).

### **The Audited Report**

- 1 The auditor's opinion should include the following.
  - (1) The nature of the report and its intended use.
  - (2) The audit standards that were applied.
  - (3) The period covered by the opinion.
  - (4) Whether all the Projects' Financial Statements present fairly the expenditures of the Project and that the funds were utilized for the purposes described in the Financing Agreement and agreed Project's annual work plans.
  - (5) Separate audit opinion on project compliance with financial covenants.
  - (6) Separate opinion on the use of Statement of Expenditures Procedures (SOE).
- 2 The due date for submission of a first draft of the Audit Report is 15 days after the commencement of the audit and the due date for the submission of the signed audited report (both in English and Russian languages) is 15 days after the submission of the first draft. The Management Letter will accompany the audited report.

### **Management Letter**

- 3 The auditors are required to prepare a Management Letter (Letter of Weakness) on the completion of the audit addressed directly to the International Alert Office.
- 4 The topics/issues to be covered in the Management Letter, include an assessment of the Project's internal control system with equal emphasis on (i) the effectiveness of the system in providing the Management with useful and timely information for the proper management of the Project, and (ii) the general effectiveness of the internal control system in protecting the assets and resources of the Project.
- 5 Comments and observations on the accounting records, systems and controls that were examined during the course of the audit.
- 6 Economy, efficiency and effectiveness in the use of resources.

- 7 Achievements of the planned results of the Project for the period under review.
- 8 A description of any specific internal control weakness noted in the financial management of the Project and recommendations to resolve/eliminate the weakness should be included. The auditors are expected to consider the provisions of ISA No 265 (Communicating Deficiencies in Internal Control).
- 9 Communicate matters that have come to the auditor's attention during the audit, which might have a significant impact on the implementation of the Project.
- 10 Comments as to whether recommendations made in the Management Letter from the previous audit were implemented or, if not, the implementation status.
- 11 Bring attention to other matters found during the audit, which the auditor considers pertinent, including ineligible expenditures.

#### **Available Facilities and Right of Access**

- 12 All records and documents should be available at the Projects' office.
- 13 The auditors will have full and complete access at any reasonable time to all records and documents (including books of account, legal agreements, bank records, invoices and contracts, and other documentation to assist them in their work).

#### **Quarterly Project Financial Statements**

GUIDANCE: The Quarterly Project Financial Statements (QPFS) may comprise a Statement of Receipts and Payments (Cash flow statement). This template is specifically intended for audits of these types of QPFS. Other schedules of value or cumulative work-in-progress, assets and inventories and a summarized reconciled bank statement are to be attached. Project reporting requirements will usually be specified in the Project agreement. The component parts of the QPFS should be specified in this section.

- 14 The QPFS comprises:
  - Statement of Accounting/Financial Policies,
  - Statement of Cash Receipts,
  - Statement of Cash Payments,
  - Statement of Cash Receipts and Payments,
  - Statement of Uses of Funds by Project Activity,
  - Notes to the Financial Statements, and
  - Other Information.

#### **Locations/units to be covered:**

- Two International Alert offices in Bishkek and Dushanbe and seven project's locations (Osh city and Ivanovka –Ken bulun AO of Kyrgyzstan, one in Khatlon and another in GBAO of

Tajikistan, and Tashkent, Samarkand and Bukhara provinces of Uzbekistan) to be covered under this audit plan.

### **Fraud and Irregularities**

In planning and conducting its work, the auditor should seek to identify any gaps in internal controls, resulting in possible malpractices. Any such gaps must be in the final report to the IA Senior Management, without disclosing them to any other staff. It also applies to instances where serious fraud and irregularities have been uncovered, if any.

### **INDEPENDENCE AND OBJECTIVITY OF STAFF**

In carrying out the work, the auditor must ensure that their staff members maintain objectivity by remaining independent of their audit activities. Any real or perceived conflict of interest should be disclosed immediately to the IA Senior Management.

### **TECHNICAL PROPOSAL AND CRITERIA**

The formal quotation should focus on the following aspects to qualify and be considered:

- Experience of the firm in internal audit services, including specialised skills, expertise and value-added services
  - Demonstration of the firm's substantial internal audit experience and exposure
  - Specialised skills, expertise and value-added services in the field of internal audit, with an emphasis on best practice methodology, tools and technology
  - Availability of forensic audit skills and
  - Availability of information systems audit skills
- Experience in the internal audit of Public Foundations
  - Understanding of the financial management in the INGO sector
  - Experience in auditing public Foundations
  - Experience in auditing donor-funded programmes
  - External references, the type of audits and the size of the client
- Qualifications and experience of team members.
  - The audit firm should be registered with the respective professional body and in possession of the required valid license, as applicable.
  - The relevant individuals must be registered with the respective professional accounting/audit bodies.
  - Detailed CVs of the auditors responsible for managing the internal audits, and the person signing the audit plan and reports.
- The organizational structure of the audit firm includes:
  - Shareholding and management structure.
  - Years in the internal audit field

### **Qualifications and Experience**

The auditor will possess the following qualifications and experience:

- At least 5 years of practicing experience in undertaking similar assurance service in international organizations.
- Audit firm with capacity to deploy adequate staff for timely completion of assignment in both countries.
- Experts with appropriate language fluency.

### **Duration**

The assignment should be completed by 30 April 2025 . The regional LwD project audit will take place during March 2025 with reporting by the end of April 2025 .

### **FINANCIAL PROPOSAL**

Firms bidding for internal audit services should provide a quotation for the services, including tax expenses. Firms may request further information from International Alert via the offices in Bishkek and Dushanbe to provide the appropriate quotation. Information requested by a bidder will be shared with other bidders to ensure a fair and transparent process.

### **Proposal SUBMISSION DETAILS**

If you would like to tender for this work, please submit

- A technical and financial proposal.
- CVs of the experts to be engaged in the assignment.
- Certificate and renewal of membership demonstrating accreditation, firm registration and certificate of practice (CoP).
- Filled procurement Alert Form - Request for Quotation

The application package should be submitted to the following address with subject title:

Living with Dignity: **EXTERNAL AUDIT SERVICES**

[Kyrgyzstan@international-alert.org](mailto:Kyrgyzstan@international-alert.org) AND [Admintjk@international-alert.org](mailto:Admintjk@international-alert.org)

on 10<sup>th</sup> of December 2024, 18:00 (GMT +5)