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| **TERMS OF REFERENCE (ToR) FOR** **A FINANCIAL AND SYSTEMS AUDIT OF****Matasa Ku Taso – Youth Arise Project!** |

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| Starting date of the Audit: 31/12/2020Ending date of the Audit: 30/08/2023 |

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# INTRODUCTION

The following are the terms of reference (‘ToR’) on which International Alert agrees to engage an audit company to perform a **financial and systems** audit and to report in connection with the programme below.

# 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 EU have, in all material respects, been used in conformity with the applicable contractconditions.
* 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 incurred for the period 31/12/2020 to 30/08/2023, in conformity with generally accepted accounting principles. Total amount concerned by the audit EUR 500,000.00
* 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 respective reports issued during the period agreed 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 the project “Matasa Ku Taso – Youth Arise” in Nigeria.
* to provide an assurance that funds granted to the project “Matasa Ku Taso – Youth Arise” in Nigeria, 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.

# 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.
* TheIFAC *Code of Ethics for Professional Accountants (*issued by IFAC's *International Ethics Standards Board for Accountants (IESBA)*, which establishes fundamental ethical principles for Auditors about 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.

# REQUIREMENTS FOR THE AUDITOR

## 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.

## 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 Nigeria.

**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 years professional experience in public audit practice.

## CURRICULA VITAE (' CVS')

The Auditor will provide International Alert with CV's 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.

# 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

- the expenditure and revenue as stated in Financial Reports of the Project for the period from 31/12/2020 to 30/08/2023

- the design and operating effectiveness of the Internal Control System in the period 31/12/2020 to 30/08/2023

- Arrange meetings with International Alert and other relevant agencies and partners working with International Alert

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

1. Accountable Grant including amendments.
2. Log frame.
3. Audit report ending period.
4. Quarterly progress and financial reports
5. Latest annual review report
6. EU’s approach to value for money (VFM)
7. 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.

# TIMEFRAME

The assignment is expected to be completed by 30/04/2024.

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

# RECIPIENT

The main recipient of this assignment is International Alert.

# REPORTING

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

## WORK PLAN

A revised audit work plan should be submitted 2 days after the first meeting with International Alert management team.

## 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.

## 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.

# APPLICATION

The audit will take place at International Alert Office based in Abuja – Nigeria

Payment will be as follows: 20 percent on the date of this contract, 40 percent on the date the recipient receives the final report, and 40 percent on the date Donors approves the final report.

**To apply**

* Please send in a CV of maximum 3 pages and a cover letter of maximum 1 page, Profile and TAX Certificate to nigeria@international-alert.org copying soosom@international\_alert.org by 5 PM 17th April, 2024. Include your daily rate/fee in your application.
* Please note that incomplete applications will not be considered.
* This position is only open to Nigerian nationals.
* Please note that only shortlisted candidates will be contacted. If you have not heard from us within three weeks of the closing date, you can assume your application has, on this occasion, been unsuccessful. Please do not send follow-up emails or calls.
* International Alert is an equal opportunities employer. All applicants will be judged strictly on the basis of merit.