

Term of Reference For Annual Audit

Building Children Resilience in Bomi, Nimba, and Lofa through Safe Schools and Disaster Risk Reduction in Communities

Job from: Plan International Liberia

Issuing Date: January 8, 2019

Closing date: January 28, 2019

1.0 Introduction and Background to the Norwegian Agency for Development Cooperation (NORAD) framework project in Liberia 2016-2019

Plan International Liberia Early Recovery Strategy aims to ensure that during the recovery phase, communities in Plan's target intervention areas establish and strengthen Disaster Risk Management and Reduction (DRM and DRR) mechanisms in order to be able to effectively respond to any future crises in a quality manner.

Plan Liberia has developed the current Post post-Ebola Recovery Strategy to help communities return to acceptable living conditions and prompt recovery after the EVD. This strategy uses support to children in communities and families, safe school protocol, two-phase livelihood approach and health system strengthening as pillars to ensure children and communities realize minimum rights to development in a post emergency context in Plan's areas of intervention. Through existing structures, children and young people will also be active in the design, implementation and monitoring of Ebola Recovery Programme.

This Project builds upon a current NORAD Framework implemented from April 2013 to December 2015; titled: "Promoting safe schools in Liberia." This project came as a result of Liberia witnessing various naturally triggered and human induced disasters; noticeable of these disasters include wars, epidemics, landslides, floods, fires, sea erosion, windstorms and rainstorms that have caused the destruction of several school buildings across the country. The current project in question has sought to ensure that children in Liberia, are more resilient to complex emergencies, hazards, risks and have uninterrupted access to safe, quality education before, during and after emergencies.

2.0 Duration of the Project Implementation

The project is currently implemented in three geographic locations in Liberia. They are Lofa, Bomi, and Nimba Counties for four years. Year 1 – 2016, Year 2 – 2017, Year 3 – 2018, and Year 4- 2019.

3.0 Project Aim

To ensure that children and communities in Liberia are more resilient to complex emergencies and uninterrupted access to safe, quality education during and after emergencies.

4.0 Annual Audit Guideline

The financial statements of the project shall be audited in accordance with International Standards of Auditing (**ISA 800** («Special considerations audits of financial statements prepared in accordance with special purpose frameworks»)) or **ISA 805** («Special considerations audits of single financial statements and specific elements, accounts or items of a financial statement and in full alignment with the donor's guidelines»).

The audit shall be carried out by an independent chartered/ certified state-authorized public accountant (auditor). The audit report should be in **English** and the **amounts in NOK**. The payment to partner should be adjusted to liquidated expenses.

5.0 Objectives of the Annual Audit

The auditor shall form an opinion on whether the project's financial statement fairly reflect the financial position of the project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:

The financial statement shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line item. They shall, as a minimum include:

- The accounting principles applied
- Income from all sources shall be specified
- Expenses charged/ capitalized in the relevant reporting period
- Unused funds as per the reporting date
- Overhead/ indirect costs covered by the grant
- Balance sheet, when required in accordance with the accounting principles applied
- Explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the project

6.0 Expected Outputs of the Annual Audit

The audit report shall include:

- The project name and agreement number
- Identification of the project's total expenses and total income
- The subject of the audit
- The financial reporting framework applied
- The auditing standards applied
- A statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatements
- The auditor's opinion

In addition to the project's audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the project. It shall also list any measures that have been taken as a result of the previous audits and whether such measures have been adequate to deal with reported shortcomings. If any findings have been reported in the project's management letter, the Management of Plan International Liberia shall prepare a response including an action plan to be submitted to Norad together with the management letter.

7.0 Scope of the Annual Audit

The audit covers assessing the accounting system, including the review of hard copies of vouchers and invoices from January 1, 2018 to December 31, 2018. The auditor will work with Plan International Liberia Internal Audit Department and will visit Project sites in Bomi, Nimba and Lofa Counties respectively.

The financial statement shall be set up in a way that allows for direct comparison with the latest approved budget, using the same currency and budget line item. The audit will focus on the following, as a minimum include:

- ✓ The applications of the Accounting Policies and Procedures of Plan International Liberia and Grant Agreement;
- ✓ Income received for the Project;
- ✓ Expenses charged/ capitalized in the relevant reporting period and any unspent amount as at the Reporting date;
- ✓ All Operating Cost of directly or indirectly attributed to running the project;
- ✓ Balance sheet, when required in accordance with the accounting principles applied;
- ✓ Explanatory notes including a description of the accounting policies used and any other explanatory material necessary for transparent financial reporting of the project;

8.0 Information Needs and Methodology

The audit will be conducted through spot tests, review of vouchers and invoices, including the verification of the separate bank accounts (if associated) to ascertain if the movements on the accounts are in line with the payment order of NORAD, the donor.

9.0 Specific Deliverable

During the assessment, the auditor must verify:

1. Whether the accounts give a true and faithful representation of the financial dispositions without relevant errors and omissions;
2. Whether the accounts are in compliance with the terms of the grant, including the provisions in the agreement with NORAD and Plan International Liberia rules in general;
3. Whether the grant has been spent in accordance with the stated objectives and foundation of the funding;
4. Whether the grant recipient has practiced economy of scale in the spending of funds;
5. Whether Plan international Liberia have submitted correct and adequate information on the achievement of the required outputs to NORAD;
6. Whether Plan International Liberia has produced reliable data on productivity and efficiency as prescribed by NORAD;
7. Whether the accounts from Plan International Liberia have been submitted and audited in accordance with internationally recognized standards, including the attachment of the local auditor's report. The auditor must give overall assessment of the extent and quality of the audit, examining whether the audit carried out has occasioned relevant comments or reservations. If the auditors have qualified their approval, this must be mentioned in the auditor's report (also known as "audit opinion") on the NORAD fund allocated.
8. Whether the figures of the accounts are in line with Plan International Liberia own annual accounts.

10.0 Roles and Responsibilities of the Auditor

- The auditor must work with the audit instructions provided by Plan International Liberia and NORAD
- Auditor must examine and provide report on all the deliverables
- The audited accounts must be attached to the auditor's report, wherein it must be stated that the accounts have been audited in compliance with the rules set out in the instructions. Any reservations must be included in the attached report
- Submit an audit statement with his/her assessment or conclusion concerning the assignment carried out as set in the instructions. The statement can be given as an extension of the auditor's report or letter of recommendation.

The audit report shall include:

- The project name and agreement number
- Identification of the project's total expenses and total income
- The subject of the audit
- The financial reporting framework applied

The auditing standards applied

A statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatements

The auditor's opinion

11.0 Approximate Timeline

Audit should be conducted in 15 days as of the day of contracting.

12.0 Auditor's Qualification, Competences and Experience for the Annual Audit:

1. The audit shall be carried out by an external, independent and qualified auditor (Certified Public Accountant/Authorized Public Accountant).
2. The auditor must be completely impartial and independent from all aspects of management or financial interests of the organization. The auditor shall not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as advisers or mentors for, or have any financial or business relationships with the organization. The Auditors should disclose any relationship that might possibly compromise their independence.
3. The auditor shall be registered and have a license with the Liberia Institute of Chartered Public Accountant LICPA and must demonstrate that s/he employs adequate staff with appropriate professional qualifications with international standards, in particular International Standards on Auditing (ISA) and with suitable experience in accounting and auditing the accounts of entities comparable in size and complexity to the entity being audited.
4. In addition the audit team as a whole will have:
 - ✓ Appropriate experience with audits of development projects financed by the donors. At least one senior member of the team either a manager/supervisor should have such experience; and
 - ✓ Demonstrate sufficient knowledge of relevant laws, regulations and rules in the country concerned. This includes but is not limited to taxation, social security and labour regulations, accounting and reporting; and
 - ✓ Fluency in English
5. The key audit team will comprise, at least:
 - An audit manager with at least 10 years' experience in auditing and with a sound knowledge of donor-financed projects. In addition s/he should be a member of a recognized accountancy professional body;
 - A team leader with at least a Masters degree in auditing/accounting or equivalent with a minimum of 5 years' experience in auditing; and
 - An assistant auditor with adequate experience and professional qualifications.

Curriculum Vitae (CVs) must be provided to the client by the Partner of the firm of auditors who shall be responsible for signing the opinion, together with the CVs of managers, supervisors and key personnel proposed as part of the audit team. The CVs shall include details of audits carried out by the concerned staff, including ongoing assignments indicating capability and capacity to undertake the audit.

13.0 EVALUATION CRITERIA

The evaluation criteria are divided into Technical and Cost factors. In assessing the Firm's proposal, Plan International Liberia allocates greater importance to Technical factors than to Cost factors and thus the evaluation is split **80 points**, for Technical factors, and **20 points**, for Cost factors.

Plan International Liberia’s Evaluation Panel will assess the extent to which proposals submitted in response to this RFP meet the evaluation criteria below and in accordance with the **Plan International policies and procedures**.

A two stage procedure will be utilized in evaluating the proposals, with the evaluation of the technical proposal being completed prior to the cost proposal being considered. The evaluation of the cost proposal is only undertaken for technical submissions that score above the minimum (**40 points** out of a maximum of **80 points**). The score assigned to each proposal will be of guidance in determining which proposal would provide the greatest value to Plan International Liberia. However, Plan International Liberia reserves the right not to employ raw scores in determining best value where it considers, in its sole discretion, that this would not be appropriate.

A. Technical Evaluation Criteria (80 points)

Technical proposals will be evaluated based on the following evaluation criteria:

1- Profile of the Firm (10 points):

Qualifications and experience of the Auditors, including experience in auditing international donor projects/programs. At least five (5) performance references from clients within the last eight (08) years). Registered with the Liberia Institute of Chartered Public Accountant LICPA or a recognized international professional body.

2- Profile of the Staff (40 points):

Qualifications and experience of the proposed Professional Personnel to work on the audit, including experience in performing work related to the technical requirements described in the Terms of Reference. Will also consider both years with the firm and current position held.

2.1- Audit 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 and who have the qualifications and experience as set out below. It is the responsibility of the Auditor to compose and propose an audit team which has an appropriate mix of auditors for this engagement. Plan International Liberia distinguishes 4 categories of auditors.

➤ 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 a national accounting or auditing body or institution. He/she must have at least 10 years of professional experience as a professional Auditor or accountant in public audit practice.

An audit partner, or another person in a position similar to that of a partner, is the person of the audit firm who 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 the country in which the audit firm is registered.

➤ Category 2 - Audit Manager

Audit managers should be qualified experts with a relevant university degree or professional qualification. They should have at least 6 years’ 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 3 years professional experience in public audit practice.

➤ **Category 4 – Assistant Auditor (s)**

Assistant auditors should have a relevant university degree and at least 1 years“ professional experience in public audit practice.

3- Proposed Methodology (30 points):

Understanding of the scope of work and the proposed approach, including a detailed work proposal that describes in detail how the Auditor plans to meet the requirements of the audit. Will also consider experience in overcoming technical problems in meeting the requirements of previous audit work.

B. Cost Evaluation Criteria (40 points):

When at least **40 points** out of the maximum possible **80 points** has been scored for Technical proposal evaluation, a review of the Cost proposals will be conducted.

Proposals will be evaluated in terms of best value to Plan International, price and other factors considered. Cost proposals must be submitted in USD.

Cost proposal and technical proposal must be attached separately, in one email.

B1.0 Financial Proposal

B1.1. Summary of Costs

Cost	Amount (USD)
Subtotal B1.2. – Fees	
Subtotal B1.3. – Reimbursable Expenditure	
Subtotal B1.4. – Miscellaneous Expense	
Local Taxes (as applicable)	
Total Amount of Financial Proposal	_____ (USD)

B1.2. Breakdown of Fees

Expert Name	Category	Daily Rate (USD)	Level of Effort No. of days)	Total Amount (USD) (Daily rate x LoE)
Audit Partner	Category 1			

Audit Manager	Category 2			
Audit Senior	Category 3			
Assistant (s)	Category 4			
Sub Total B1.2.				_____ USD

***Please do not use hours and hourly rates, please use days and daily rates**

B1.3. Reimbursement Expenditure and Daily Subsistence Allowance

No.	Description	Unit	Quantity	Unit Price (USD)	Total Amount (USD)
	Reimbursable Expenditure				
1.	Flights	Trip			
2.	Miscellaneous travel expenses	Trip			
3.	Local transportation costs	Trip			
4.	Office rent/accommodation/clerical assistance				
5.	<u>Daily Subsistence Allowances:</u>	Day			
	Per diem				
	Sub Total B1.3.				_____ USD

B1.4. Miscellaneous Expenses

No.	No.	Description	Unit	Quantity	Unit Price (USD)
1.		Communication Costs (Telephone, telegram, fax)			
2.		Drafting, reproduction of reports			
3.		Equipment: Vehicles, Computers, etc.			
		Sub Total B1.4.			_____ USD

Local transportation costs are not included if local transportation is being made available by the Plan International Liberia. Similarly, in the project site, office rent/accommodations/clerical assistance costs are not to be included if being made available by the Firm.

14.0 Submission of Application

- A PDF scanned copy of the tender cover letter signed by an authorized officer of consultancy team outlining the contents of the tender documents;
- Application subject must be written with only the following phrase on the Envelop and email subject for submission **(NORAD 2018 Audit)**

Interested individuals, firms and institutions can submit their application no later than **February 28, 2019** at 4:30 p.m. local time. Please submit a written technical proposal including a detailed budget to liberia.consultantsinfo@plan-international.org and if you have further question, please send your question to the same email address up to January 15, 2019. No questions will be addressed after this date.

PLEASE NOTE THAT HARD COPIES OF PROPOSALS WILL BE ACCEPTED AND FOLLOW-UP TELEPHONE CALLS ARE NOT NECESSARY. SHORT LISTED INDIVIDUALS/FIRMS WILL BE DULY INFORMED.

Address all hard copies to:

**Country Director
Plan International Liberia
Office Tubman Boulevard
Behind Zone 3 Police Station; Oldest Congo Town
P. O. Box 1021
Monrovia, Liberia**