



TERMS OF REFERENCE FOR FINANCIAL & SYSTEM AUDIT OF ACTIONS TRANSFORMING LIVES

1. BACKGROUND

Actions Transforming Lives is an NGO, Not-for-profit registered under the Liberian Business Association in 2018. It was incorporated by 5-member incorporators and currently partners with local and international institutions to implement programs aimed at addressing access and quality of service to Liberians. ACTS has four core indicators, which in total define the vision, mission and objectives of its existence. The indicators include health, education, food security and environmental protection. Each of these indicators is implemented based on its clearly identified objectives, targeted beneficiaries and funds. With its office in Kpelle Town, Paynesville, ACTS currently implements programs in partnership with the Ministry of Health on NTDs. With local and international partners and donors, ACTS currently implements programs in WASH, education, Income generation in Bong, Rivercess, Grand Bassa and Margibi Counties. Some of ACTS' partners and donors are effect:hope, Liverpool School of Tropical Medicine, Medicine for All People (MAP), Anesvad, ALM, Queen Margret University of Edinburgh, The Taskforce for Global Health, Asbury Church, and Liquid IV.

ACTS' accounting period is from September 1, to August 31. In this call, however, ACTS wants to review its financial and system performance covering the past 20 months of implementation (from May 1, 2023 to December 31, 2024). ACTS wants to determine if activities and practices are in line with the objectives and standard of financial practices. With funding from national and international partners, ACTS aims at contributing to the realization of Government of Liberia's Development objectives in a sustainable manner.

ACTS works with the Ministry of Health (Neglected Tropical Diseases) on Case Management of NTDs in the fifteen counties of Liberia. Currently, ACTS has its office in the City of Monrovia and maintains smaller staff, including volunteers and support staff. The accounting period to be covered by this audit runs from May 1, 2023 to December 31, 2024 (20 months).

2. MAIN OBJECTIVES OF THE AUDIT

The overall objective of this audit is to establish, in line with ACTS financial and system adherence, coherence with ACTS' policies and standards. Therefore, the audits will look at:

- ACTS HR and financial compliance in the implementation and management of funds provided by the donors.
- Verify the financial completeness and accuracy of May 1, 2023 to December 31, 2024
- Evaluate the effective management and control of fixed assets, expendable assets and cash and cash equivalent.
- Management and control of fixed assets and expenditure assets in line with the policies and guidelines of ACTS.

- Adherence to procurement and donor regulations in specific program implementation
- Audited financial statements aligned with existing cash and Bank balances;
- Review and confirm appropriate authorization of transactions including cash disbursements, cash receipts, adjusting journal
- Review and confirm availability of appropriate and approved supporting documents for procurement transactions and compliance with procurement policies and procedures
- Review supporting documents and timeliness to account for travel advances and other advances to ensure that the advances are properly accounted for
- Review cash management and controls including monthly bank reconciliation and physical cash count reports
- Perform physical verification of fixed assets and evaluate the effectiveness of recommend measures that came out of last audits
- Verify the accuracy of employee payroll including the Payee and social security deductions, and timely remittances of statutory deductions to the expropriate government authorities.

3. PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The responsibilities for the preparation of financial statements including adequate disclosure is that of the implementing donors and implementing partners.

The auditors are responsible for the formation and expression of an opinion on the financial statements and the overall systems. The auditors would carry out the audit of the project in accordance with the international standards on accounting and auditing (ISA)

4. DETAILED ANALYSIS

- Verify program funds received locally for specific projects during FY19 and confirm the date of receipt, amount transferred by donor and the local currency amount received. A schedule of funds received by project and by donor will be helpful.
- Verify funds MAP International USA office transferred to the Country Office and provide a table of the funds allocation by project and/or department.
- Confirm the year-end total cash balance and categorize it into (a) Designated / specific project cash balance; (b) General administration cash balance.
- For all assets disposed of during the FY, review the disposal procedures and the complete and correct recording of the disposal proceeds.
- Review and validate the accuracy of all outstanding liabilities as at year end and recommend appropriate adjustments.
- Review and confirm the accuracy of fixed assets and expendable equipment.

The project books of accounts provide the basis for preparation of the PFSs by the project implementing donors and are established to reflect the financial transactions in respect of the project. The implementing agency, ACTS, maintains adequate internal controls and supporting documentation for transactions.

5. PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The responsibility for the preparation of financial statements including adequate disclosure is that of the implementing agency. The agency is also responsible for the selection and application of accounting policies. The agency would prepare the PFSs in accordance with best practices.

The auditor is responsible for forming and expressing opinions on the financial statements. The auditor would carry out the audit of the project in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from ACTS written confirmation concerning representations made in connection with the audit

6. SCOPE OF THE AUDIT

As stated above, the audit of the project will be carried out in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants (IFAC), and will include such tests and auditing procedures as the auditor will consider necessary under the circumstances. Special attention should be paid by the auditor as to whether the:

- (a) Donors financing have been used in accordance with the conditions of the relevant financing agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. The financing agencies;
- (b) Counterpart funds have been provided and used in accordance with the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which they were provided;
- (b) Goods, works and services financed have been procured in accordance with the relevant financing agreements including ACTS financial policy;
- (d) All necessary supporting documents, records, and accounts have been maintained in respect of all project activities, including expenditures reported using Statements of Expenditure (SOE) or Interim Unaudited Financial Statements (IFS) methods of reporting. The auditor is expected to verify that respective reports issued during the period were in agreement with the underlying books of account;
- (e) Designated Accounts (if used) have been maintained in accordance with the provisions of the relevant financing agreements and funds disbursed out of the Accounts were used only for the purpose intended in the financing agreement;
- (f) National laws and regulations have been complied with, and that the financial and accounting procedures approved for the project (e.g.

operational manual, financial procedures manual, etc.) were followed and used;

- (g) Financial performance of the project is satisfactory.
- (h) Assets procured from project funds exist and there is verifiable ownership by the implementing agency or beneficiaries in line with the financing agreement.
- (i) Ineligible expenditures included in withdrawal applications are identified and reimbursed to the Designated Accounts. These should be separately noted in the audit report.

7. IN COMPLYING WITH INTERNATIONAL STANDARDS ON AUDITING, THE AUDITOR IS EXPECTED TO PAY PARTICULAR ATTENTION TO THE FOLLOWING MATTERS:

- a) ***Fraud and Corruption:*** Consider the risks of material misstatements in the financial statements due to fraud as required by standard practices The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements. The auditor is required to identify and assess these risks (of material misstatement of the financial statements) due to fraud, obtain sufficient appropriate audit evidence about the assessed risks; and respond appropriately to identified or suspected fraud;
- b) ***Laws and Regulations:*** In designing and performing audit procedures, evaluating and reporting the results, consider that noncompliance by the implementing agency with laws and regulations may materially affect the financial statements as required. Consideration of Laws and Regulations in an Audit of Financial Statements;
- c) ***Governance:*** Communicate audit matters of governance interest arising from the audit of financial statements with those charged with governance of an entity as required by International Standards on Auditing;
- d) ***Risks:*** In order to reduce audit risk to an acceptable low level, determine the overall responses to assessed risks at the financial statement level, and design and perform further audit procedures to respond to assessed risks at the assertion level as required by Internal Standard on Auditing. the Auditor's Procedures in Response to Assessed Risks.

8. PROJECT FINANCIAL STATEMENTS (PFSs)

The auditor should verify that the project PFSs have been prepared in accordance with the agreed accounting standard and give a true and fair view of the financial position of the project at the relevant date and of resources and expenditures for the financial year ended on that date

The Project Financial Statements (PFSs) should include:

- (a) A statement of funds received, showing funds from ACTS, project funds from other donors and counterpart funds separately, and of expenditures incurred;
- (b) A summary of the activity in the Designated Account;
- (b) A Balance Sheet (if deemed necessary);
- (c) A Summary of the principal accounting policies that have been adopted, and other explanatory notes;
- (d) A list of material assets acquired or procured to date with project funds

As an Annex to the PFSs, the auditor should prepare a reconciliation of the amounts as "received by the Project, with those shown as being disbursed by ACTS.

9. STATEMENT OF EXPENDITURES (SOEs)/UNAUDITED INTERIM FINANCIAL REPORTS (IFRs)

In addition to the audit of the PFSs, the auditor is required to verify all SOEs or IFRs used as a basis for the submission of loan withdrawal applications to the ACTS. The auditor will apply such tests and auditing procedures as considered necessary under the circumstances. Annexed to the PFSs should be a schedule listing individual SOE or withdrawal applications by specific reference number and amount.

The total withdrawals under the SOE procedures should be part of the overall reconciliation of Bank disbursements described above.

10. DESIGNATED ACCOUNT

In conjunction with the audit of the Project PFSs, the auditor is also required to review the activities of the Designated Account associated with the project. The Designated Account usually comprises:

- Replenishments substantiated by withdrawal applications;
- Withdrawals related to project expenditures

The auditor should pay particular attention as to the compliance with the Bank's procedures and the balances of the Designated Accounts at the end of the fiscal year (or period). The auditor should examine the eligibility of financial transactions during the period under examination and fund balances at the end of such a period, the operation and use of the DAs in accordance with the relevant general conditions, relevant financing agreements and disbursement letter, and the adequacy of internal controls for this type of disbursement mechanism.

For this Project, the Designated Accounts are referred to in the general conditions, the Financing Agreement and Disbursement Letter.

The auditor should also examine eligibility and correctness of:

- Financial transactions during the period under review;
- Account balances at the end of such a period;
- The operation and use of the Designated Account in accordance with the financing agreement; and
- The adequacy of internal controls for the type of disbursement mechanism.

11. AUDIT REPORT

The auditor will issue an opinion on the project financial statements (PFSs). The annual audit report of the project accounts should include a separate paragraph highlighting key internal control weaknesses and non-compliance with the financing agreement terms.

OPTIONAL OPINIONS (To be included as appropriate, i.e. based on project FM risk, complexities, governance issues, etc as identified during the Financial Management Assessment)

<i>Special Opinion</i>	<i>Possible Rationale</i>
<i>Provision and usage of Counterpart Funds (CF).</i>	<i>Past poor compliance with financing agreement terms relating respect to the provision and usage of CF or abuse of CF in the country or sector <u>or</u> Inadequate provision or inappropriate usage of Counterpart funds) could affect the successful implementation of the project.</i>
<i>Entities that received funds met eligibility criteria</i>	<i>A component or components of the project involves transferring/releasing of funds to only entities that meet certain eligibility criteria <u>or</u> Where Aide Memoire, FM supervision, technical audit reports or previous experience in sector points to non-compliance with Financing agreement terms relating to eligibility criteria <u>or</u> If entities receiving funds do not meet eligibility criteria, project implementation will be impacted adversely</i>
<i>Used of Funds by Communities and Decentralized Entities</i>	<i>Where funds are transferred to communities and decentralized entities under the project, and the assessed risk for this activity is high or substantial.</i>
<i>Use of Funds by NGOs</i>	<i>Where significant amounts of fund are transferred to NGOs and the assessed risk for this activity is high or substantial.</i>
<i>Use of Funds by line Ministries</i>	<i>Where significant amounts of fund are transferred to several line ministries and the assessed risk for this activity is high or substantial.</i>
<i>Delivery of specified/agreed outputs/services</i>	<i>Where a project is designed around a series of verifiable output/service levels to be achieved and disbursements are, at least in part, related to these outputs/services (e.g. a power company that is expected to increase power generation to certain specific levels in each quarter, year or specified date)</i>

12. MANAGEMENT LETTER

In addition to the audit report, the auditor will prepare a management letter, in which the auditor will:

- (a) Give comments and observations on the accounting records, systems and controls that were examined during the course of the audit;
- (b) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;

- (c) Report on the degree of compliance of each of the financial covenants in the financing agreement and give comments, if any, on internal and external matters affecting such compliance;
- (e) Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation of the project;
- (f) Give comments on the extent to which outstanding issues/qualifications issues have been addressed;
- (g) Give comments on previous audits' recommendations that have not been satisfactorily implemented; and
- (e) Bring to the recipient's attention any other matters that the auditor considers pertinent, including ineligible expenditures.

Ideally, the management letter should also include responses from the implementing agency to the issues highlighted by the auditor.

13. AVAILABLE INFORMATION

The auditor should have access to all legal documents, correspondences, and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at the Bank. Available information should include copies of the relevant: project appraisal document; financing agreement; financial management assessment reports; supervision mission reports and implementation status reports.

14. GENERAL

The financial statements, including the audit report, management letter and management response should be received by the ACTS no later than 3 weeks after the end of the accounting year to which the audit relates.

The auditor should submit the report to the recipient's designated agent rather than to any staff member of the project entity. The agent should then promptly forward two copies of the audit report and accompanying statements to the ACTS together with the management letter and management response.

It is highly desirable that the auditor becomes familiar with the ACTS' Guidelines on Annual Financial Reporting for ACTS, which summarizes ACTS financial reporting and auditing requirements. The auditor should be familiar with ACTS Procurement Guidelines, which can be obtained from the project implementing agency. The auditor should also be familiar with the ACTS Disbursement Handbook, Disbursement Guidelines for Projects. These documents are available and can be obtained from ACTS Management Team and the EcoBank Liberia limited.

15. THE LEVEL OF EFFORT

The Management of Actions Transforming Lives will review all entries and expectation as defined in this ToR. The Management will negotiate and finalize with the qualified firm to conduct the audit. The total time engagement for the entire audit is 6 weeks as of the signing of the management letter.

16. AUDIT SCHEDULE

- Finalize and sign engagement letter by May 10th and commence audit.
- Complete interim audit of controls assessment and certain procedures including significant transactions testing, review of project and monthly and quarterly financial reports by May 18, 2025.
- Complete final audit field work by May 25, 2025
- Provide draft audit report and management letter by June 10, 2025
- Provide final audit report and management letter by June 15, 2025.

All applications (financial & technical proposal) should be directed to Mrs. Magdalene W. Barcon, Finance & Administrative Officer (FAO) , Actions Transforming Lives, Kpelle Town, Monrovia, email: magdalenewreou@yahoo.com; mbarcon@actslr.org; borwahthomas@yahoo.com; tborwah@actslr.org; d.bwalton1847@gmail.com (Make sure you copy all these emails) Deadline for the submission applications is BCOB, April 30, 2025. Applications will be reviewed on rolling basis and a consulting firm or an auditor could be recruited before the deadline due to the urgent need for the service.