



Centar za prava deteta

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Terms of Reference for Annual Audit of the Sida CSO 2017-2021 Programme

AUDIT OF THE PROJECT EXPENDITURES WITHIN THE PROJECT “CHILD RIGHTS IN POLICY AND PRACTICE”

Introduction

Brief presentation of Child Rights Centre, hereafter referred to as the ‘Cooperation partner’:

Child Rights Centre is a partner of Save the Children International office in Kosova/o, which is implementing a project of the Government of Sweden and has a strong commitment to support the capacity strengthening of local civil society organizations. Part of Save the Children’s key requirements is to indicate a clear plan on how a financial support was used and focuses on improving the overall identified needs of the Child Rights Centre, including access to finance, organizational financial management capacity and capacity in monitoring activities and financial reporting to the donor.

The Child Rights Centre is an association of citizens established in 1997 with the main aim of implementing child rights in Serbia in accordance with the Convention on the Rights of the Child. The main course of action of the Centre is aimed at creating a favourable social and legislative framework for the full achievement of child rights in Serbia through activities focused on the introduction and implementation of laws, policies and practices that enable the improvement of the welfare of the child, the protection of their rights and their full participation in society.

The mission of the Centre is to promote the implementation of the Convention on the Rights of the Child; to promote the child’s wellbeing, its protection and participation in society; to conduct academic and professional research in the domain of child rights, to educate professionals, parents and children and raise awareness on the content and protection of child rights, as well as to implement programmes in separate areas of the protection of child rights.

The Cooperation partner wishes to engage the services of an audit firm for the purpose of auditing the project CHILD RIGHTS IN POLICY AND PRACTICE, as stipulated in the agreement between Save the Children Sweden and Sida. The audit shall be carried out in accordance with

international audit standards issued by IAASB¹. The audit shall be carried out by an external, independent and qualified auditor. In addition to auditing the financial report, the assignment also includes an assessment in accordance with a special agreement described under section II.

Duration of Assignment:

Start date Jan 25, 2021, the final report to be submitted by February 12, 2021

Information about Partner Agreement:

- Agreement No: SCI SoF: 75201765
- Partner Code: 41310037
- Partner Agreement Code: 12943
- Agreement Amount: 66.825,66 EUR
- Agreement Timeframe: 01.01.2020 - 31.12.2020.

I. Objectives and scope of the audit

The objective is to audit the financial report for the period 2020-01-01 to 2020-12-31 and to express an audit opinion according to ISA 800/805 on whether the financial report of the project CHILD RIGHTS IN POLICY AND PRACTICE is in accordance with Sida's requirements for financial reporting as stipulated in the agreement including appendix between Sida and Save the Children Sweden.

Sida emphasizes the importance that the auditor, as part of the assignment, reviews whether Save the Children Sweden has complied with applicable contractual provisions regarding payments to all subsequent partners².

Regardless of which material amount the auditor chooses and works on the basis of, all discrepancies detected by the auditor and unadjusted by Save the Children Sweden regarding funds disbursed to partners (either direct and/or subsequent partners) shall be stated in the report.

II. Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the Terms of reference below³

1. Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.⁴
2. Examine whether the financial report includes a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Sida for the period.

¹ The International Auditing and Assurance Standards Board (IAASB)

² Only applicable for the auditor of Save the Children Sweden

³ Assignments 1-9 shall apply to Cooperation partners that do not sub-grant funds, and assignments 1-13 shall apply to Cooperation partners that sub-grant funds.

⁴ If the budget contains salary costs to be charged to the project, the auditor should always review these costs as stipulated here.

3. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs.
4. Follow up whether the cooperation partner complies with the applicable tax legislation with regard to taxes (e.g. Pay As You Earn (PAYE)) and social security fees.
5. Follow up whether the cooperation partner has adhered to the procurement guidelines annexed or referred to in the agreement.
6. Review if outgoing balance for previous period is the same as incoming balance for the current period.
7. If the cooperation partner applies modified cash basis as accounting principle, the auditor shall describe whether the chosen accounting principle is acceptable for the established financial report.
8. Verify the unspent balance at the end of the financial year.
9. Regardless of materiality of the findings, the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
10. Review whether the cooperation partner has signed agreements with its subsequent partner organisations.
11. Review whether the audit requirements in agreements with the cooperation partner as well as subsequent partner organisations are in accordance with the audit requirements as stipulated in Save the Children Sweden's agreement with Sida.
12. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between the Save the Children Sweden and Sida, for funds disbursed the previous year. The review shall include whether the cooperation partner makes documented assessments of the audited financial reports submitted to the cooperation partner and whether these reports are followed-up by the cooperation partner. The review shall include verification of contributions equivalent of a minimum of 40% of the total of disbursed funds as well as 40% of the number of contributions.⁵ The review shall also include any observations from auditors that Sida should be informed about.
13. Review whether the same requirements for reporting exchange rate gains and exchange rate losses as stipulated in the agreement between Save the Children Sweden and Sida is included in the agreements between the Cooperation partner and its subsequent partner organisations.

III. The reporting

The reporting shall be signed by the responsible auditor (not just the audit firm) and shall include the title of the responsible auditor.

The reporting from the auditor shall include an **independent auditor's report** in accordance with the format in standard ISA 800/805 and the auditor's opinion shall be clearly stated. The independent auditor's report shall clearly stipulate that the audit has been conducted in accordance with ISA 800/805.

⁵ The size of the selection in relation to sub-granting funds shall be determined in consultation with the cooperation partner and the auditor, and shall be stated in the ToR or at the latest in the assignment letter between the auditor and the cooperation partner.

The reporting shall also include a **Management Letter** that discloses all audit findings and weaknesses identified during the audit process. The Management Letter shall include both significant and other findings. The auditor shall also make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order. The financial report that has been subject of the audit shall be attached to the audit reporting. If the auditor assesses that no findings or weaknesses have been identified during the audit that would result in a Management Letter, an explanation of this assessment must be disclosed in the audit reporting.

Measures taken by the organisation to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in a **Report of Factual Findings**. The size of the sample of reviewed audit reporting from subsequent partners (if applicable) shall be stated in the report.

If the auditor performs additional assignments and finds that the observations described in the Report of Factual Findings contain the information that would have been stated in the Management Letter, a Management Letter does not need to be issued. In such cases, it must be stated in the Report of Factual Findings that a Management Letter has not been issued for this reason.

The organisation shall produce a **Management Response including an Action Plan** to the findings in the Management Letter and/or Report of Factual Findings.

IV. DURATION AND TIMEFRAME

Preferred start Jan 25, 2021, the final report to be submitted by February 12, 2021.

V. DATA, REQUIREMENTS, PERSONNEL AND FACILITIES TO BE PROVIDED

The audit company will be given access to all documents, including the relevant Agreements between the Child Rights Centre and SCiK, Description of the Action, Reports and any other information associated with the Project and deemed necessary by the auditor. The Child Rights Centre project staff will also provide full support to the auditors in terms of background briefing, orientation, guidance and support to gain access to the necessary premises.

- Data

- The basic language of all documentation is English. By exception however, some documents may be only available in Albanian or Serbian.
- All documents will be returned at the end of the Audit. Data of a confidential nature will be handled with all necessary prudence and will be disclosed only to duly authorised persons.
- The audit shall be carried out by an external, independent and qualified auditor in accordance with international standards mentioned above.

- An auditing company which applies to carry out the audit will be immediately subject to disqualification if any potential conflict of interest towards or in relation to Child Rights Centre is identified.
- The audit reports must be submitted at the end of the assignment, and with a Final Audit Report and Management Letter in English.
 - **Personnel**
 - The audit shall be performed under the overall responsibility of an Audit Project Manager and the operational responsibility of a Team Leader (Senior Auditor, at least 5 years' professional audit experience), supported by the team considered convenient by the Contractor (with at least 2 years of professional audit experience).
 - The qualifications, the skills and the general and specific professional experience of the Project Manager and the Team of Auditors shall be considered during the technical evaluation of the offer. No intern staff should be involved in the Team of Auditors in this specific action.
 - **Office accommodation**
 - The office space where the action of the assigned auditing experts should be ensured by a selected auditing company and it should not be responsibility of Child Rights Centre. However, in exceptional cases, an office space within the Child Rights Centre premises can be used only if clearly justified and priority accepted.
 - The auditors' company shall ensure that auditors are adequately supported and equipped. In particular, it shall ensure that there is sufficient administrative, secretarial and interpreting provision to enable auditors to concentrate on their primary responsibilities.
 - **Equipment**
 - No equipment is to be purchased or provided to a selected Auditing Company on behalf of the Child Rights Centre as part of this service contract.

VI. APPLICATION PROCEDURE

Applications must be sent in English and entail the following:

- Expression of Interest and availability;
- CV/Organisation Profile should be presented;
- Two references from similar assignments and copies of the reports prepared
- Financial bid – gross amount of the auditing costs

Expression of Interest clearly marked “Audit of the project expenditures within the project Child Rights in Policy and Practice” should be sent before 5 PM, Wednesday, 23 December 2020

The application should be sent to: finansije@cpd.org.rs

Belgrade, 15 December 2020

Nada Lucic
 Financial Manager
 Child Rights Centre