

Terms of reference for Annual Audit of Project/programme support

Project Name: **Strengthening Responsible Nature Fibre and Timber Production in the Greater Mekong**

Primary Donor Funding Source Agreement Number: **1003059**

Introduction

The WWF Donor wishes to engage the services of an audit firm for the purpose of auditing the project/programme “Strengthening Responsible Nature Fibre and Timber Production in the Greater Mekong” as stipulated in the Agreement between the WWF Recipient and the WWF Donor. The audit shall be carried out in accordance with international audit standards (IAS) issued by International Organization Federation of Accountants (IFAC). The audit shall be carried out by an external, independent and qualified auditor (Certified Public Accountant/Authorized Public Accountant).

I. Objectives and scope of the audit

A midterm and final review shall be done according to ISRS 4400 – Engagement to perform Agreed-upon procedures regarding financial information (<http://www.ifac.org/system/files/downloads/b015-2010-iaasb-handbook-isrs-4400.pdf>).

In accordance with ISRS 4400 the objective of an agreed-upon procedures engagement is for the auditor to carry out procedures of an audit nature to which the auditor and the entity and any appropriate third parties have agreed and to report on factual findings.

If the recipient channels funds to other WWF offices shall the auditor examine if the WWF Recipient has followed these audit requirements in the next step and has satisfying routines/resources for acting on received audit reports from these organisations.

Within these Terms of Reference, the following procedures should be carried out by the auditor at the respective times of audit/review. The level of engagement amounts below are related to the total Agreements’ funding for the whole project period.

Midterm review	
Revision period: Sep 2017 – Dec 2018	
Level of engagement: project under SEK 5 million	Level of engagement: project over SEK 5 million
Review of the internal controls connected to the project: <input type="checkbox"/> Is there a separate project accounting? If not – examine if the accounting is organised in such way that it allows following up different projects?	Review of the internal controls connected to the project: <input type="checkbox"/> Is there a separate project accounting? If not – examine if the accounting is organised in such way that it allows following up different projects?

<p>☐ Check that the latest reporting to WWF Sweden can be linked to the project accounting.</p> <p>☐ Have reconciliations been made in connection with the reporting?</p> <p>☐ Have reconciliations been inspected and certified by a person other than the person who produced them?</p>	<p>☐ Check that the latest reporting to WWF Sweden can be linked to the project accounting.</p> <p>☐ Have reconciliations been made in connection with the reporting?</p> <p>☐ Have reconciliations been inspected and certified by a person other than the person who produced them?</p>
<p>If the project has separate accounts for the amounts received:</p> <ul style="list-style-type: none"> ■ Check the bank statement for a specific period. ■ Check that the amount of bank reconciliation is in line with the bank statements. <p>If the project does not use separate accounts:</p> <ul style="list-style-type: none"> ■ Check that the amounts received from the WWF Donor can be traced in the project accounting and have been correctly booked. ■ Check that the WWF Recipient has sufficient available funds at the bank account to reflect the closing balance stated in the latest financial report submitted to the WWF Donor. 	<p>If the project has separate accounts for the amounts received:</p> <ul style="list-style-type: none"> ■ Check the bank statement for a specific period. ■ Check that the amount of bank reconciliation is in line with the bank statements. <p>If the project does not use separate accounts:</p> <ul style="list-style-type: none"> ■ Check that the amounts received from the WWF Donor can be traced in the project accounting and have been correctly booked. ■ Check that the WWF Recipient has sufficient available funds at the bank account to reflect the closing balance stated in the latest financial report submitted to the WWF Donor.
<p>Choose 3 largest payments during the period and additional 5 randomly picked payments (that would correspond to at least 40% of the total costs).</p> <p>Follow up these payments to see how they have been booked in the accounting system:</p> <p>Is it easy to follow up?</p> <p>Is the cost plausible?</p> <p>Is the documentation evident considering:</p> <p>When has the transaction been done?</p> <p>What the booking applies to?</p> <p>Is there a segregation of duties between the payment and booking of the cost?</p> <p>Has the authorization of the payment been made by the relevant person?</p>	<p>Choose 6 largest payments during the period and additional 15 randomly picked payments.</p> <p>Follow up these payments to see how they have been booked in the accounting system:</p> <p>Is it easy to follow up?</p> <p>Is the cost plausible?</p> <p>Is the documentation evident considering:</p> <p>When has the transaction been done?</p> <p>What the booking applies to?</p> <p>Is there a segregation of duties between the payment and booking of the cost?</p> <p>Has the authorization of the payment been made by the relevant person?</p>
<p>If the project includes salary costs:</p> <p>Choose 2 randomly picked salary costs during the period and check if employment contracts exist. Have the salaries been paid according to the contract and correctly booked?</p>	<p>If the project includes salary costs:</p> <p>Choose 4 randomly picked salary costs during the period and check if employment contracts exist. Have the salaries been paid according to the contract and correctly booked?</p>
<p>Has any purchase of goods or services over SEK 250 000 occurred? If so, has procurement been carried out and documented?</p>	<p>Has any purchase of goods or services over SEK 250 000 occurred? If so, has procurement been carried out and documented?</p>

Final review Revision period: Jan 2019 - Aug 2020	
Level of engagement: project under SEK 5 million	Level of engagement: project over SEK 5 million
<p>Review of the internal controls connected to the project:</p> <p><input type="checkbox"/> Is there a separate project accounting?</p> <p>If not: examine if the accounting is organised in such way that it allows for following up of different projects?</p> <p><input type="checkbox"/> Check that the Final Multi-year Summary reporting (R3 format) to WWF Sweden can be linked to the project accounting and has been signed by the CFO.</p> <p>Have reconciliations been made in connection with the reporting?</p> <p><input type="checkbox"/> Have reconciliations been inspected and certified by a person other than the person who produced them?</p>	<p>Review of the internal controls connected to the project:</p> <p><input type="checkbox"/> Is there a separate project accounting?</p> <p>If not: examine if the accounting is organised in such way that it allows for following up of different projects?</p> <p><input type="checkbox"/> Check that the Final Multi-year Summary reporting (R3 format) to WWF Sweden can be linked to the project accounting and has been signed by the CFO.</p> <p>Have reconciliations been made in connection with the reporting?</p> <p><input type="checkbox"/> Have reconciliations been inspected and certified by a person other than the person who produced them?</p>
<p>If the project has separate accounts for the amounts received:</p> <ul style="list-style-type: none"> ■ Check the bank statement for a specific period. ■ Check that the amount of bank reconciliation is in line with the bank statements. <p>If the project does not use separate accounts:</p> <ul style="list-style-type: none"> ■ Check that the amounts received from the WWF Donor can be traced in the project accounting and have been correctly booked. ■ Check that the WWF Recipient has sufficient available funds at the bank account to reflect the closing balance stated in the latest financial report submitted to the WWF Donor. 	<p>If the project has separate accounts for the amounts received:</p> <ul style="list-style-type: none"> ■ Check the bank statement for a specific period. ■ Check that the amount of bank reconciliation is in line with the bank statements. <p>If the project does not use separate accounts:</p> <ul style="list-style-type: none"> ■ Check that the amounts received from the WWF Donor can be traced in the project accounting and have been correctly booked. ■ Check that the WWF Recipient has sufficient available funds at the bank account to reflect the closing balance stated in the latest financial report submitted to the WWF Donor.
<p>Choose the 3 largest payments during the period from the midterm review until the date of the final audit and additional 5 randomly picked payments (that would correspond to at least 40% of the total costs).</p> <p>Follow up these payments to see how they have been booked in the accounting system:</p> <p>Is it easy to follow up?</p> <p>Is the cost plausible?</p> <p>Is the documentation evident considering: When has the transaction been done? What the booking applies to? Is there a segregation of duties between the payment and booking of the cost?</p> <p><input type="checkbox"/> Has the authorization</p>	<p>Choose the 6 largest payments during the period from the midterm review until the date of the final audit and additional 15 randomly picked payments.</p> <p>Follow up these payments to see how they have been booked in the accounting system:</p> <p>Is it easy to follow up?</p> <p>Is the cost plausible?</p> <p>Is the documentation evident considering: When has the transaction been done? What the booking applies to? Is there a segregation of duties between the payment and booking of the cost? Has the authorization of the payment been made by the relevant person?</p>

If the project includes salary costs: Choose 2 randomly picked salary costs during the period and check if employment contracts exist. Have the salaries been paid according to the contract and correctly booked?	If the project includes salary costs: Choose 4 randomly picked salary costs during the period and check if employment contracts exist. Have the salaries been paid according to the contract and correctly booked?
Has any purchase of goods or services over SEK 250 000 occurred? If so, has procurement been carried out and documented?	Has any purchase of goods or services over SEK 250 000 occurred? If so, has procurement been carried out and documented?
Follow up on observations from the midterm review.	Follow up on observations from the midterm review.

II. Audit Report

The reporting shall contain details regarding used audit methodology and the scope of the audit/review. The reporting shall make reference to the applicable standard ISRS 4400.

The auditor shall submit a Management Letter, which shall contain findings made during the audit process. It shall also state which measures have been taken as a result of the previous audit and whether measures taken have been adequate to deal with reported shortcomings.

If a project office runs several different projects within the scope of the IKEA funded projects, the audit/review of those can be reported in one single report. However, the results from the audit/review of the respective projects shall be clearly distinguished in the report.

The reporting shall contain an assurance that audit was performed in accordance with international standards and by a qualified auditor.

The reporting shall contain the responsible auditor's signature (not just the audit firm indication) and title.

III. Project information for auditing

1. Project Name

Strengthening Responsible Nature Fibre and Timber Production in the Greater Mekong

2. Project Donor

Primary Donor: IKEA Supply AG

Network Donor: WWF Sweden

Primary Donor Funding Source Agreement Number: 1003059

3. Project Location

Vietnam, Cambodia, Laos, Thailand and Myanmar

4. Project Duration

01.09.2017 – 31.08.2020 (Three years)

5. Total expenditure (SEK)

Cost center	Total	Sep17-Jun18	Jul18-Jun19	Jul19-Aug20
SUMMARY (SEK)	19,540,000	5,055,413	7,832,367	6,652,220
Hub	4,005,704	859,166	1,773,086	1,373,452

VN	6,643,598	1,560,132	2,643,752	2,439,715
LA	2,344,796	667,315	842,754	834,727
KH	1,758,596	500,199	659,781	598,617
TH	4,005,701	908,897	1,691,095	1,405,710
MM	781,602	559,704	221,899	-

6. Expected time for receiving audit proposal

15 December 2018

7. Expected time needed for the audit (included audit field work)

Early February 2019, Early October 2020

8. Expected time to receive audit report

First draft: 27th Feb 19/ 27th Oct 2020

Final draft: 08th March/ 08th Nov 2020

Final report: No later than 16th March 18/ 16th Nov 2020

9. Total Audit for “Strengthening Responsible Nature Fibre and Timber Production in the Greater Mekong” project in Vietnam, Laos, Cambodia, Thailand and Myanmar

2 times, Mid-term and Final Review.

10. Audit Deliverables

Follow “II. Audit report”

All audit deliverables shall be issued in physical copies and digital copies. The digital copies must be sent to WWF Sweden by Audit firm.

11. Supporting documents are available at

- WWF-Cambodia: 21, Street 322 Boeng KengKang I, Chamkarmorn, Phnom Penh, Cambodia;
Tel: +855 23 218 034/ Fax: +855 23 211 909
- WWF-Laos: P.O. Box. 7871 House No.39, Unit 05, Saylom village, Chanthabouly district, Vietiane, Lao PDR;
Tel: +856 21216 080; Fax: +856 21251 883
- WWF – Vietnam and WWF – Greater Mekong: Number 6, Lane 18 Nguyen Co Thach Street, Nam Tu Liem District, Ha Noi, Vietnam
Tel: +84 24 37193049; Fax: +84 24 37193049
- WWF – Thailand: 92/2 Soi Paholyothin 5, Paholyothin Road, Samsen nai, Phyathai, Bangkok 10400, Thailand
- WWF – Myanmar: 15/C Than Taman Rd, Yangon 11191, Myanmar (Burma)

IV. Audit proposal Guideline

Language of the Proposal: The Proposals prepared by the bidders and all correspondence and documents relating to the Proposal exchanged by the bidders and WWF-GM shall be written in the English language. Any printed literature furnished by the bidders may be written in another language so long as accompanied by an English translation of its pertinent passages in which case, for purposes of interpretation of the Proposal, the English translation shall govern.

Proposal Currencies: All prices shall be quoted in Vietnam dongs.

Period of Validity of Proposals: Proposals shall remain valid for 60 days after the date of Proposal submission indicated in the table above.

Submission Deadline: 15 Dec 2018

Proposal: The proposal to be submitted shall include but not limited to the below information:

A - TECHNICAL PROPOSAL

- The audit firm is familiar with International Auditing Standards (ISA 800/805), ISRS 4400
- Experience in auditing ODA projects/Public funds
- Understanding of the audit requirements
- Understanding the deliverable of the requirements
- Approach and methodology to be used
- Initiatives (if any) for improving audit implementation plan
- Implementation plan (starting time and total time needed)
- Human resources arrangement: Team leader should be qualified independent auditors.

B - FINANCIAL PROPOSAL

Financial proposal are prepared based on the technical proposal in accordance with the requirements and provisions in the request for proposal, including summary of cost and out of pocket expenses.

Submission of Proposals

The proposals shall be submitted in sealed envelope, containing the Technical Proposal(s) and the Financial Proposal(s). The outer envelope shall be clearly marked “**Strengthening Responsible Nature Fibre and Timber Production in the Greater Mekong**” in Vietnam, Cambodia, Laos, Thailand and Myanmar - **DO NOT OPEN BEFORE SUBMISSION DEADLINE**”. The sealed envelope shall be addressed to WWF-Greater Mekong at the following address: Number 6th, Lane 18 Nguyen Co Thach Street, Nam Tu Liem District, Ha Noi

Alternatively, bidders are allowed to submit their proposal by email. Bidders who intend to submit electronic proposals must follow the following submission instructions:

- Bidders can submit a proposal by email. The proposal shall be separated in two files: one for technical proposal and one for financial proposal.
- The file shall be in the form of MS word or MS excel (MS Office 2007 at least) or PDF version 7.
- Please send the electronic proposal to lien.caoquynh@wwfgreatermekong.org
- Please be aware that bids or proposals emailed to WWF-GM will be rejected if they are received after the deadline for bid submission. As an email may take some time to arrive after it is sent, especially if

it contains a lot of information, we advise all bidders to send email submissions well before the deadline.

- Maximum size for electronic submission: The maximum size per email that WWF-GM can receive is **8MB**. Bidders may need to split proposals into parts to fit this limit.

Please note that the proposal must be arrive in the aforementioned mailbox before the submission deadline

Criteria for Selection:

a) Evaluation of Technical Proposal:

The evaluation panel will fully evaluate the Technical Proposals. The panel will determine which of the Technical Proposals pass the minimum agreed technical score specified below.

After the evaluation of Technical Proposals has been completed, WWF-GM will notify those Consultants whose proposals did not pass the minimum technical score or were considered to be non-responsive to the TOR.

b) Evaluation of Financial Proposal:

The financial evaluation shall be based on the lowest price of those bidding firms which submitted responsive Technical Proposals. The formula for determining the financial scores is the following:

$S_f = 100 \times F_m / F$, in which S_f is the financial score, F_m is the lowest price and F the price of the proposal under consideration.

c) Final evaluation and negotiations:

The final ranking of the proposals will be based on the quality of technical proposals and lowest cost. The total score will be calculated as the weighted sum of the technical and financial scores, with the weights given to the technical and financial scores being:

70/30 where the technical proposal = 70 and the financial proposal = 30.

With regard to contract negotiations WWF-GM reserves the right to invite the next-ranked firm to negotiate, if negotiations with the first-ranked firm do not result in a contract.

Bidders who pass the minimum score, but are unsuccessful based on the calculation of the technical and financial scores, will be notified after the contract with the winner has become effective.

Technical Evaluation Criteria:

Criteria	Score
Technical	100
The auditor must be a chartered or registered public accountant.	15
Experience in auditing SIDA funded project	15
Experience in auditing ODA projects/public funds	10

Understanding of the audit requirements	10
Understanding the deliverable of the requirements	10
Approach and Methodology to be used	10
Implementation plan (starting time and total time needed)	10
HR arrangement; Team leader and team member hold CPA or ACCA, CFA or MBA qualification experience with audit of ODA funded projects	15
Initiatives (if any) for improving audit implementation plan	5

Note: The acceptable threshold for technical proposals is set at a **minimum score of 70 points out of 100 points**. Technical proposals which do not reach this minimum score will not be considered for financial evaluation.