

JFPR9155(BHU): Advancing Economic Opportunities of Women and Girls

Draft Terms of Reference for Project Audit

OBJECTIVE

1. The objective of the audit of the Project Financial Statement (PFS) is to enable the Auditor to express a professional opinion on the financial position of contracts under component C of the Advancing Economic Opportunities of Women and Girls (the project sub- component) and of the funds received and expenditures for the accounting period starting from the commencement of the project and ending on 31 October, 2014, as reported by the PFS, as well as an opinion on the project sub- component's Statements of Expenditures (SOEs).
2. The project sub-component's accounts (books of account) provide the basis for preparation of the PFS and are established to reflect the financial transactions in respect of the project component, as maintained by the Project Implementation Unit (PIU) of Tarayana Foundation and Bhutan Association of Women Entrepreneurs (BAOWE)

SCOPE

3. The audit will be carried out in accordance with International Standards of Auditing, and will include such tests and controls, as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:
 - (a) Grant proceeds under the contracts have been used in accordance with the conditions of contract agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. The relevant financing agreements are the CONSULTANT SERVICES CONTRACT No. NCWC/JFPR9155 (BHU)/16/2011-12/ & NCWC/JFPR9155 (BHU)/16/2011-12/ dated 7 May 2012.
 - (b) Goods and services financed have been procured in accordance with the relevant financing agreements;
 - (c) All necessary supporting documents, records, and accounts have been kept in respect of all project component including expenditures reported via SOEs.
 - (d) Where Special Accounts have been used, they have been maintained in accordance with the provisions of the relevant financing agreements;
 - (e) The project component accounts have been prepared in accordance with consistently applied International Accounting Standards and give a true and fair view of the financial situation of the project component as of 31 October 2014 and of resources and expenditures for the period sub-component ended on that date.

PROJECT FINANCIAL STATEMENTS

4. The Project Financial Statements should include:

- (a) A Summary of Sources & Uses of Funds showing the sources from ADB and counterpart funds (if any) separately and the uses of funds by disbursement category for the entire contract period including extension; and
- (b) A Statement of Uses of Funds by Project Activity showing expenditures of the project sub-component for the entire contract period including extension.

5. As an annex to the Project Financial Statements, the auditor should prepare a reconciliation between the amounts shown as received by the project sub-component from ADB as direct payments and that confirmed as being disbursed by ADB.

STATEMENTS OF EXPENDITURES (SOEs)

6. In addition to the audit of the PFS, the Auditor is required to audit all SOEs used as the basis for the submission of Invoices for withdrawal applications. The auditor should apply such tests and controls, as the auditor considers necessary under the circumstances. These expenditures should be carefully compared for project eligibility with the contract agreements and with reference to the Grant Implementation Manual for guidance when considered necessary. Where ineligible expenditures are identified as having been included in invoices for withdrawal applications and reimbursed against, these should be separately noted by the auditor. A schedule listing individual invoices for Direct Payment withdrawal applications by specific reference number and amount should be prepared as annexure to the Project Financial Statements. The total withdrawals under the Direct Payment procedure should be part of the overall reconciliation of ADB disbursements described above.

AUDIT OPINION

7. Besides a primary opinion on the Project Financial Statements, the Cumulative Audit Report of the Project Accounts should include a separate paragraph commenting on the accuracy and propriety of expenditures withdrawn under Direct Payment procedures and the extent to which the ADB can rely on SOEs as a basis for disbursement. The financial statements, including the audit report, should be received by the National commission for Women and Children no later than 15 November 2014.

MANAGEMENT APPRAISAL LETTER

8. 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 and 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 on the financing agreement and give comments, if any, on the internal and external matters affecting such compliance;
 - (d) communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project sub component; and
 - (e) bring to the attention of the NCWC and ADB any other matters that the Auditor considers pertinent.

GENERAL

9. The Auditor will be given access to all legal documents, correspondence, and any other information associated with the project and deemed necessary by the Auditor. Confirmation should also be obtained of amounts disbursed and outstanding at ADB .

10. It is highly desirable that the Auditor becomes familiar with the Financial Reporting and Auditing of Projects Financed by the ADB as well as with the ADB's Disbursement Handbook, Procurement Guidelines and the Grant Implementation Manual. These documents will be provided by the PMU of the project.

QUALIFICATIONS

- I. Minimum of Bachelors Degree in accounting, financial or other related financial field;
- II. Certified by the Royal Audit Authority;
- III. At least 5 years of proven experience as a successful auditor ;
- IV. Proven track record in project accounting, especially donor assisted projects;
- V. Prior experience in ADB assisted projects will be an added advantage; and
- VI. Excellent analytical and communication skills.