**Terms of Reference - Independent Financial Audit of DRCJR3 (Dutch Relief Alliance- Joint Response)**

1. **Introduction**

**1.1 Background summary**

Dutch Relief Alliance (DRA) is a consortium of six NGOs funded by Ministry of Foreign Affair (MFA) of the Netherlands and implemented in South and North Kivu. DRA is providing multi-sectoral assistance to respond to the immediate needs and protection risks of the most vulnerable and conflict affected people in targeted Territories within North and South Kivu in DRC, through an effective and efficient humanitarian response by Dutch NGOs, local partners and actors. The current phase has €1,242,644.23 and $1.406.658,45 as World Vision activities budget and €301,497 and $342.275 Consortium Joint budgets, respectively.

WV DRC is seeking an external audit firm to carry out a comprehensive audit of the DRCJR3 program. The audit will cover the period of January 1st, to December 31st, 2020.

**1.2 Audit Objective**

The auditor must establish that the transactions as accounted for in the financial statement comply with the two MOUs for the coordination of the programme signed between World Vision DRC and World Vision NL: one of the budget for the WV activities including a COVID-19 top up (Attachment 2a) and one on the joint budget (Attachment 2B) and are in compliance with the Conditions of the Contract signed on 15 June 2020 between World Vision NL and the Dutch Ministry of Foreign Affairs (MFA) via the Dutch Relief Alliance: DRC Joint Response Phase 3 (Attachment 2c).

1. **Scope**

The audit must be carried out in accordance with generally accepted auditing standards and in particular the auditing standards (Dutch- or International Standards on Auditing; ISAs) of the International Auditing and Assurance Standards Board (IAASB), see chapter 2 of audit protocol. (Attachment 1)

The auditor must establish that the financial statements meet the requirements laid down in section 2 of this protocol. The auditor will ascertain that:

1. Expenditures and receipts are accurate and complete;

2. Expenditures and receipts relate to the activities referred to in section 1.1 of this protocol;

3. Expenditures are legitimate and comply with the criteria laid down in point’s a. to e.

The auditor must establish that:

a. expenditures are corroborated by supporting documents;

b. the organization keeps project records and documentation with argumentation for linking (staff) costs to the project (such as timesheets). The information in the project records and other documentation agrees with the information in the financial administration;

c. the procurement procedures comply with the Principles and Procedures applicable to Procurement Contracts awarded within the framework of Humanitarian Aid Actions financed by the European Union, as laid down in Annex III of the Framework Partnership Agreement (FPA) between the organization and ECHO;

d. tax and social insurance remittances have been made in accordance with the tax laws of the country where the organization is established and for the period to which the audit opinion relates;

e. invoices are settled on the basis of actual costs or lump sum amounts set in accordance with the organization’s internal policies.

1. **Audit approach:**

The audit must be carried out in accordance with the approach and procedures laid down in section 2.3 of audit protocol.

1. **Deliverables:**

The audit firm must produce two sets of the following deliverables for i) WV Budget and Covid19 budget, and ii) Joint Budget respectively, all elements both in soft and hard copy

**1 Independent audit report including audit opinion** (template in attachment 3)**,** as stipulated under section 2.4 of audit protocol. (Attachment 1)
**2. Annex A of the protocol fully filled out\*.** (Template in attachment 4)

**3. Letter of Representation** from World Vision’s management. (Template in attachment 5)

**4. Signed financial report**

1. **Timing**

The audit work is expected to commence on 02 February 2021. The audit firm is expected to submit first draft of report by 19th February 2021 and the final report not later than 26th February 2021.

*“The audit company (auditors) may not offer to or accept from third parties anything of any kind whatsoever, if this could be interpreted as an illegal or corrupt practice. Such practices may provide grounds for the withdrawal of this decision or part thereof”* and that in Annex A, it must be confirmed that the LoR contains this phrase.