



**TERMS OF REFERENCE**

**FOR**

**INDEPENDENT ANNUAL AUDIT FOR THE HEROES PROGRAMME  
(PERIOD: 1<sup>ST</sup> AUGUST 2023 TO 31<sup>ST</sup> JULY 2024)**

**AUGUST, 2024**

## **1. Program description**

The ISPHD programme is a joint district-based programme to be implemented by the consortium of Amref Health Africa in Uganda and partners – Cordaid and MIFUMI in the period 2020-2024. The programme, with a total budget of €10,000,000, aims at improving the well-being of young people (age 10-24) and women (age 15-49) including underserved groups, by empowering them with SRHR information and enhancing their decision-making skills, strengthening health systems to provide quality SRHR services, empowering communities to reject root causes of SRHR violations and SGBV and strengthening SGBV response in nine hard to reach districts of Uganda.

The programme builds on recent work done by consortium partners, including: empowering young people with comprehensive and accurate SRHR information implemented by Amref between 2013-2015, strengthening health systems to deliver rights-based SRHR services implemented by Amref and Cordaid since 2015 and engaging communities to reject harmful practices in Uganda implemented by MIFUMI in eastern Uganda from 2018-2020. The ISPHD programme has been developed through a consultative process that involved a co-creation workshop held with partners, and engagement of youth and women representatives from the beneficiary districts mostly virtually due to COVID19 restrictions

In 2023, the programme was extended for 2 years giving it 6 years, till October 2026 with an additional funding of €9,000,000 making a total €19,000,000. Since its inception, the programme continues to focus on young girls and boys (age 10-24) and women of reproductive age (age 25-49 years) including underserved groups, in the 9 districts of Central: Kalangala; East Central: Bugiri, Mayuge, Iganga & Namayingo; and the East: Mbale, Budaka, Bukwo, and Kween.

### **Programme objective**

All young girls, boys and women in 9 high burden and hard to reach districts of Uganda enjoy their sexual reproductive and reproductive health & rights and live in a gender equal society free from SGBV.

### **Specific objective of the Project**

- i. To empower 890,372 adolescent girls and young women (10-24 years), adolescent boys and young men (10-24 years), women and girls (15-49 years), with comprehensive, accurate and gender transformative SRHR information and decision-making skills in 9 target districts of Uganda by 2024
- ii. To strengthen health systems of 54 selected health facilities to provide quality and rights based sexual and reproductive health services (Maternal health, Family Planning, Post-abortion care, Post GBV health services and youth friendly SRH services)
- iii. To empower communities in 9 hard to reach districts in Uganda to reject social norms and practices that perpetuate gender inequality and SRHR violations among young people and women of reproductive age, by 2024
- iv. To strengthen the integrated SGBV response system that effectively addresses SRHR violations and enhances access to justice for young people and women of reproductive age who are SGBV survivors in 9 hard to reach districts in Uganda by 2024 Support rehabilitation and reintegration of SGBV survivors.

## **2. Scope of the program audit**

The audit will be for fourth period of the programme which runs for a period of 12 months (1<sup>st</sup> August 2023 to 31<sup>st</sup> July 2024) with a total budget of €4,423,455 for the three consortium partners (Amref, Cordaid and Mifumi). Additional information is provided in the audit protocol labelled “Annex A”.

## **3. Deliverables**

The auditor is expected to produce an audit report and management letter, which will comprise

the following:

- The scope and mandate of the audit, as well as the list of documents that formed the audit opinion
- A Fund Accountability Statement
- An audit opinion in accordance with ISA 800/805. A model opinion is available on the IAASB website.
- The auditor will not give an opinion on the narrative part but will carry out a limited review in accordance with ISA 720 (the auditor's responsibility for other information) to establish the narrative and financial sections of the report agree with each other and contain no contradictions.
- Any information that came to their notice during the audit which is relevant to the grant provider in finalising the grant award.
- Recommendations on identified shortcomings, and, if applicable, comments on the follow-up of audit observations and recommendations from the previous year.

#### **4. Qualifications and experience**

- The audit firm/engagement partner must be a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC)
- Minimum of 5 years of experience conducting external independent audits of projects funded by international institutional donors
- Other requirements
  - i. Copy of Valid Tax Compliance
  - ii. Tax Identification Number (TIN)
  - iii. Copy of valid trading license
  - iv. Copy of Business Registration/Sole proprietorship/Certificate of Incorporation
  - v. Company profile and CVs for technical team
  - vi. Evidence of past similar services done with INGOs or donor funded projects
  - vii. Recommendation letters from previously worked with INGOs or donor funded projects

#### **5. Procedures and communication**

The auditor shall be given access to all necessary program documents in the Amref Uganda and implementing partners' offices. Any expenses for field trips, postal and translation services and other expenses shall be included in the auditor's financial proposal.

#### **6. Application procedure**

Interested Independent Audit Firms (Consultants) who meet the above requirements should submit a Technical Proposal explaining competencies, audit methodology, work plan and brief profile of audit team, Financial proposal in EUR, Current practicing certificate from the relevant regulating authority and Reference list of three previous clients (institutional donors) to the Procurement Office Amref Health Africa, Uganda Country Office 8 Plot 1 Okurut Close, Kololo (Opposite Lohana Academy) P.O. Box 10663 Kampala **In Soft Copies**. Please submit the documents with the subject "**Financial Audit – HEROES Program**" to [ugerp.tender@amref.org](mailto:ugerp.tender@amref.org). The deadline for submission of technical and financial proposals of the consultancy is **16<sup>th</sup> September 2024 at 5:00pm**. Contact +256414250319 for any other inquiries.

#### **7. Evaluation and award of Consultancy**

Amref Health Africa in Uganda will evaluate the proposals and award the assignment based on technical and financial feasibility. Amref Health Africa in Uganda reserves the right to accept or reject any proposal received without giving reasons and is not bound to accept the lowest, the highest or any bidder. **Only the successful applicant will be contacted and those not successful be notified.**

## 1. Introduction

This protocol must be followed in auditing the annual financial statements prepared in respect of the activity "Integrated Sexual and Reproductive Health & Rights Programme in High Burden Districts of Uganda (HEROES)" for which a contribution has been awarded under contribution agreement 4000004238.

This audit protocol sets out the applicable principles and requirements and explains how the outcome of the audit must be reported.

The external auditor is engaged by counterparty Amref Health Africa, *the applicant*. The Minister may request that a review be performed, in consultation, to ascertain that the auditor has complied with the audit protocol.<sup>1</sup>

**This protocol should be followed in the case of a consortium.** That means a partnership between a lead party, which is also the Ministry's contractual partner, and consortium partners which work with the lead party towards the results and activities defined in the funding application to which the reports relate and the audit activities for which are defined in this protocol. The term 'lead party' in this Audit Protocol refers to the civil society organisation, the applicant, which receives funding on the basis of the contribution agreement contract. The term 'consortium partners' in this protocol refers to the lead party and co-applicants. These are the partners on whose reports the lead party bases the consolidated report. The term 'cooperating partners' in this protocol means partners that are not part of the consortium. They are third parties that carry out activities for consortium partners. These third parties fall outside the scope of this protocol.

## 2. Audit subject and standards framework

### 2.1. Audit approach

|    |  |
|----|--|
| A. | Engagement to ascertain that the financial statements have been prepared in accordance with a special purpose framework pursuant to ISA 805 mentioned under 3.A; |
| B. | Engagement to perform agreed-upon procedures pursuant to ISRS 4400 regarding the subjects mentioned under 3.B;   |
| C. | Engagement to perform agreed-upon procedures pursuant to ISRS 4400 regarding the subjects mentioned under 3.C.   |

The audit must be carried out in accordance with generally accepted auditing standards and in particular the International Standards on Auditing (ISAs) of the International Auditing and Assurance Standards Board (IAASB).

The agreement and this protocol refer to financial statements drawn up on the basis of the cash accounting system (expenditures and receipts) or accrual accounting system (costs and revenues). The accounting policies should be selected on the basis of the system used by the applicant in preparing the annual financial statements. The accounting policies used in the approved budget submitted for the contribution must correspond with those used in the related financial statements. They must also be consistent with the annual financial statements. Any changes to accounting policies must be accompanied by explanatory notes and figures. **If the consortium partners use different accounting policies, those applied by the lead party have primacy for reporting purposes.**<sup>2</sup>

<sup>1</sup> Government Accounts Act, section 6.3.

<sup>2</sup>With a view to enabling the preparation of consolidated financial statements, the consortium partners must prepare their individual financial statements on the basis of the same accounting policies as those applied by the lead party.

## 2.2. Standards framework

The following standards framework applies to the contribution:

- Agreement awarding contribution 4000004238, including related appendices.

An exhaustive summary of the review points relevant for the financial statements and the auditor is given in chapter 3 of this audit protocol.

## 3. Audit activities

Not all of the activities described in this protocol apply to all parties. The activities described in part 3.A and 3.B must be performed for all consortium partners including the lead party. The activities described in part 3.C must be performed for the lead party. These activities focus on the consolidated report prepared on the basis of the individual reports of the consortium partners and the lead party.

The activities can be summarised as follows:

| Activities  | What and for whom  | To be submitted to      |
|---|--|-------------------------|
| A. Audit of financial statements prepared in accordance with a special purpose framework pursuant to standard ISA 805 | An individual audit opinion on all of the consortium partners including the lead party. Activities can be performed by consortium partner's own regular auditor.   | Lead party              |
| B. Engagement to perform agreed-upon procedures pursuant to ISRS 4400   | For all consortium partners including the lead party: an individual report (including descriptions of the consortium partner as mentioned in part B). Activities can be performed by consortium partner's own regular auditor. | Lead party and Ministry |
| C. Engagement to perform agreed-upon procedures pursuant to ISRS 4400 (lead party)                                    | Report of findings on a consolidated report prepared by the lead party concerning the consortium partners' individual audit opinions and reports on factual findings.  | Ministry                |

### A. Audit of financial statements prepared in accordance with a special purpose framework pursuant to ISA 805

The aim of the audit of the financial statements is to establish whether they meet the requirements laid down in the standards framework referred to in section 2.2 of this protocol. The auditor must ascertain that:

1. if the accrual accounting system has been used, the explanatory notes mention which portion of the costs was paid within the period covered by the financial statements and which amount has been recognised for items that are payable;
2. expenditures (or costs) have been properly recognised and that expenditures (or costs) are related to the activities mentioned in the contribution agreement;
3. receipts or revenues have been recognised in full and that revenues have been received. The auditor will examine consistency with the revenue sources included in the approved budget and use their knowledge of the organisation, for example in relation to the auditing of annual financial statements;
4. the financial statements are structured with the same level of detail and with the same cost/expenditure categories as the submitted and approved budget. Please note, this requirement only applies to the costs/expenditure of the consortium partner/lead party. Commitments to local cooperating partners should be presented on a separate line. The budget must also be recorded in the financial statements. The individual financial

- statements form the basis for the consolidated financial statements. This is explained in more detail in 3.C below;
5. expenditures/costs are evidenced by supporting documents. The auditor must determine on the basis of their professional judgement whether the supporting documents suffice as audit information/evidence and are appropriate to the nature of the activity and the accompanying approved budget;
  6. discrepancies of more than 10% per budget line between the actual figure and approved budget are explained. Variances of EUR 5,000 or less do not need to be explained. The individual financial statements form the basis for the consolidated financial statements. This is explained in more detail in 3.C below;
  7. the accounting policies used are explained in the financial statements, and are consistent with the approved budget and the annual financial statements;
  8. the system for allocating indirect costs/overheads to the activity is explained in the explanatory notes. The auditor must assesses whether the allocation system has been used in the financial statements in accordance with the explanatory notes to the financial statements and with the approved budget. The associated audit activities are carried out in conjunction with those described at 9, namely ascertaining that expenditures/costs are recharged on the basis of actual expenditures/costs. These activities only need to be performed in respect of the individual financial statements;
  9. expenditures/costs are recharged to the funded activities on the basis of actual costs in accordance with the principles laid down in the model budget.<sup>3</sup> This means that the applicant for the funds adopts a consistent approach in allocating indirect expenditures/costs and that retrospective costing takes place each year. If not yet available at the time of the audit, the retrospective costing for the year under review T-1 may be used. In the event of departure from this consistent approach in the allocation system, the applicant must have included an explanatory note in the financial statements. These activities only need to be performed in respect of the individual financial statements;
  10. as part of the audit of the financial statements, the auditor ascertains that the selected external invoices are compliant with the organisation's procurement policy. The auditor also ascertains that this procurement policy ensures that suppliers are selected objectively by requiring that several bids be sought from a threshold amount of EUR 33,000.<sup>4</sup> Any departures must be explained by the organisation in the financial statements;
  11. the number of hours and hourly rates claimed for internal and external staff where the hourly rate exceeds a threshold of EUR 225 per hour (excl. VAT) has been explained by the applicant in the financial statements. The total amount concerned must be included in the financial statements. The individual financial statements form the basis for the consolidated financial statements. This is explained in more detail in 3.C below.
  12. Expenditures/costs on tSalaries of staff member mentioned under budget line Human Resource do not see an increase beyond the inflation percentage (unless with prior approval by the Minister)

## Materiality

The auditor will seek reasonable assurance which, when the statistical sampling method is used, means a minimum reliability level of 95%. In other words, the auditor will plan and perform the audit to obtain this level of assurance about whether the financial statements are free of material misstatements and/or uncertainties.

The following materiality levels apply when performing the audit.

| Benchmark                   | Materiality |
|-----------------------------|-------------|
| Reported expenditures/costs | 2%          |

| Type of audit opinion                            | Unqualified | Qualified      | Disclaimer            | Adverse        |
|--|-------------|----------------|-----------------------|----------------|
| Accounting errors and uncertainties in the audit | ≤2%         | > 2% -<br>≤ 4% | Uncertainties ><br>4% | Errors ><br>4% |

<sup>3</sup> If the model budget is not followed, explicit approval of the method to be employed is required.

<sup>4</sup> The equivalent amount in a foreign currency applies where relevant.

The auditor must prepare the audit opinion in accordance with the requirements set out in section 4 of this audit protocol. If the auditor encounters both accounting errors and uncertainties in the audit while performing the audit, these errors and uncertainties should always be considered individually and together when drawing up the audit opinion.

## **B. Engagement to perform agreed-upon procedures pursuant to standard ISRS 4400**

The auditor must perform the audit in accordance with ISRS 4400. This means that the auditor does not give assurance but reports only their audit findings. This protocol describes the audit activities.

In order to comply with the conditions for the contribution the applicant must have documented the following safeguards in its organisation.

The consortium partner's descriptions of subjects 1 to 3 do not need to be sent with the report of findings issued as part of an engagement to perform agreed-upon procedures. The description of subject 4 should be included in the report of findings. If necessary the Ministry can ask afterwards for the descriptions of subjects 1 to 3.

### **1. Allocation of expenditures/costs**

A. The consortium partner must describe:

- how it is ensured that the direct costs/expenditures in the **(project) records** match the financial statements and how (direct and indirect) costs/expenditures are allocated to the individual projects in these (project) records. If the consortium partner has a different procedure for the allocation of costs/expenditures it should be explained;
- how work done by staff is recorded (by means of timesheets for example) to allow staff-related costs/expenditures to be allocated to the projects in the (project) records.

B. The consortium partner must describe the organisation's procedures and internal policies for determining the **allocation of costs/expenditures and overheads/indirect costs to the activity**. This description must explain:

- how the consortium partner allocates the overheads/indirect costs to the activity and whether any changes have been made to the allocation system. A consistent approach should be adopted in this respect;
- how the consortium partner ensures that the overheads/indirect costs recharged are no higher than necessary to cover costs.

The auditor must ascertain that the description is consistent with the information gathered during the activities referred to in part 3.A and reports their findings on this matter.

### **2. Incident management (duty to report)**

The applicant must describe the organisation's procedures and internal policies for detecting, dealing with and reporting incidents. This concerns incidents which may relate to fraud, corruption, sexual misconduct and other serious forms of inappropriate behaviour. This description must also address how such incidents can be reported and how they are recorded.

They key areas that must at least be covered by the internal policies and procedures, for instance by a code of conduct, are:

- inappropriate sexual behaviour, sexual harassment and sexual violence
- aggression, discrimination and bullying
- abuse of power
- corruption and fraud
- misuse or improper use of resources
- conflict of interests and nepotism
- tax avoidance and the pursuit of an asset management/investment policy contrary to the organisation's objectives
- manipulation of or misuse/leaking of information (or access to information)
- the existence of a whistleblowing procedure
- the existence of a point of contact inside or outside the organisation for reporting and recording incidents.

The auditor must ascertain that:

- the internal policies and procedures are focused on the aforementioned subjects;
- the organisation keeps records of incidents;
- incidents related to the activity that have been registered in these records are reported to the Ministry in accordance with the described procedures and as demonstrated by supporting documents.

### **3. Procurement**

The applicant must describe the procedures and internal policies for the procurement of goods and services. This description must incorporate measures to ensure that suppliers are selected objectively and must include at least:

- the bidding procedure
- the procedure for assessing bids
- how procedures for the procurement of goods and services have been made available on paper and/or digitally to the relevant staff.
  
- The auditor must ascertain that the applicant's/institution's description matches the information gathered during the audit activities referred to in part 3.A and report their findings on this matter.
- The auditor must ascertain that, in relation to 15 of the selected and audited external invoices relating to the audited eligible costs<sup>5</sup> mentioned in part 3.A, that the organisation's procurement policy has been complied with. It must be ascertained that the objective selection of suppliers has been ensured for the transactions in question, with several bids being sought from a threshold amount of EUR 33,000.<sup>6</sup> If there are fewer than 15 invoices, the auditor will ascertain this in relation to all external invoices and audited invoices.

### **4. Management by cooperating partners outside the consortium**

If applicable, the consortium partner describes the procedures and internal policy relating to **cooperating partners** that are not part of the consortium.

This description must include:

- how the consortium partner makes an advance assessment of the quality (management capacity) of the implementing organisation(s) that will be performing work for the applicant in relation to the activity or activities;
- how the consortium partner monitors the implementing organisation(s). Consideration must be given in this connection to the narrative and financial progress information that is provided and how it is established whether obligations have been met by the implementing organisation(s);
- the details of the sanctions procedure followed by the applicant if an implementing organisation fails to meet its obligations.

Each consortium partner must also fill in the table entitled 'Expenditure vis-à-vis third parties' included below.

The auditor must ascertain:

- that the management capacity of three of the cooperating partners **has been assessed by the consortium partner** in conformity with the consortium partner's description. If there are fewer than three implementing organisations, each one **must be assessed**;
- that the financial and narrative progress information of three of the implementing organisations has been monitored **by the consortium partner** in conformity with the applicant's description. If there are fewer than three implementing organisations, each one **must be assessed**;
- in the event of a recorded failure by an implementing organisation to comply with its obligations, whether the established sanctions procedure was followed in relation to this implementing organisation;
- that the information in the 'Expenditure vis-à-vis third parties' table matches what has been learned from the audit activities prescribed in part 3.A.

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<sup>5</sup> Eligible costs are all the costs that fall within the scope of the decision made by or agreement concluded with the Ministry of Foreign Affairs.

<sup>6</sup> The equivalent amount in a foreign currency applies where relevant.



**Annexe (table): Expenditure vis-à-vis third parties**

The explanatory notes to the financial statement include a table 'Expenditure vis-à-vis third parties' itemising the total expenditure going to third parties outside the consortium.<sup>7,8</sup>

This table includes the amounts forwarded by the consortium partner to the cooperating partner(s), that is to say third parties. The table comprises the following elements:

| A.                         | B.   | C.  | D.  | E.   | F.  | G.  | H.   | I.   |
|----------------------------|--|---|---|--|---|---|--|--|
| Name of consortium partner | Funds received from BZ/lead party in the year under review | Funds received from BZ/lead party over the entire duration of the funded activity | Commitments to cooperating partners assumed by consortium partners in the year under review | Commitments to cooperating partners assumed by consortium partners over the entire duration of the funded activity | Expenditure by consortium partners flowing to cooperating partners in the year under review | Cumulative expenditure by consortium partners flowing to cooperating partners over the entire duration of the funded activity | Expenditure reported by the cooperating partner in the year under review | Cumulative expenditure reported by the cooperating partner over the entire duration of the funded activity |
| 1                          |  |   |   |  |   |   |  |  |
| 2                          |  |   |   |  |   |   |  |  |
| 3                          |  |   |   |  |   |   |  |  |

<sup>7</sup> A report submitted during the current reporting period may concern amounts received from or paid by consortium partners in earlier reporting periods. The time at which the report is submitted is therefore decisive.

<sup>8</sup> Commitments and expenditure should be presented in the table as negative amounts in the case of decommitments and repayments respectively.

### **C. Engagement to perform agreed-upon procedures pursuant to ISRS 4400 (lead party)**

The auditor must perform the audit in accordance with ISRS 4400. This means that the auditor does not give assurance but reports only their audit findings. This protocol describes the audit activities. The activities described in this section are performed only by the auditor of the lead party within the consortium.

- The auditor ascertains whether separate Standard 805 audit opinions have been issued on the financial statements of all consortium partners.
- The auditor ascertains the type of audit opinions issued and ascertains that the audit opinion indicates that the audit has been performed in accordance with the audit protocol. For those audit opinions that are not unqualified, the auditor will include the following information in their report of findings:
  - the consortium partner's name;
  - the type of audit opinion issued;
  - the actual text from the audit opinion giving the reasons for issuing a qualified opinion;
  - if applicable: the place in the report of the consortium as a whole where the item(s) which led to a qualified opinion being issued is/are recorded.
- The auditor ascertains whether the lead party has accurately and completely combined the financial statements of the individual consortium partners in the consolidated financial statements and provided explanations for any discrepancies<sup>9</sup> between the individual financial statements and the consolidated statements. If the auditor believes that the lead party's consolidation of the individual financial statements or the explanatory notes are not complete or accurate, they will indicate this in their report of findings.
- The auditor ascertains that, if differences have not been adjusted by the lead party, they have been explained in the consolidated report.
- The auditor ascertains that all deviations from the procurement policy identified by the audit of the individual financial statements, including the amount of money involved, are explained in the consolidated report.
- The auditor ascertains that the explanatory notes in the consortium partners' individual financial statements on instances of the hourly rates for internal and external staff exceeding EUR 225 (excl. VAT) have been combined correctly and completely in the consolidated report. The auditor ascertains that all consortium partners reporting exceedances are included in this overview. In addition, it should be ascertained that the correct number of staff and the associated hourly rates and total amounts have been included in the consolidated report.
- The auditor ascertains that the 'Expenditure vis-à-vis third parties' annexe contains all consortium partners, that this information has been combined correctly and completely, and that it has been included in the consolidated report. If this is not the case, the auditor should indicate where and/or in relation to which consortium partner a misstatement has been identified.

#### **4. Reporting**

This section explains how the auditor must report on their activities.

##### **4.1. Audit opinion**

The auditor must issue an audit opinion in accordance with the requirements of standard ISA 805 upon completing the activities described in part 3.A. A model opinion is available on the IAASB's website.

The auditor must also ensure a suitable way of identifying the financial statements on which the audit opinion will be issued. The audit opinions are submitted to the lead party for the purpose of producing the consolidated report. They need not be submitted to the Ministry.

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<sup>9</sup> Discrepancies are defined as differences between the reporting of the individual consortium partners and the financial reporting as a whole, for example as a result of adjustments to figures in the current reporting period, adjustments to figures in previous reporting periods, changes in categorisation (e.g. the presentation of costs under different cost types) and so on.

#### 4.2. Report on factual findings

As regards the activities described in part 3.B and 3.C, the auditor must report their findings in accordance with the requirements of standard ISRS 4400. A model report is available on the IAASB's website. The individual reports specified in part B must be submitted to the Ministry and to the lead party for the purposes of the consolidated report. The consolidated report and the report of findings requested in part 3.C are submitted to the Ministry by the lead party.