Terms of Reference for closing audit of the Special Project “WASH and Nutrition” in Malawi funded by The Swedish Postcode Lottery

Introduction

WaterAid is an international independent organization that works to change people’s lives by improving access to clean water, sanitation and hygiene in the world’s poorest communities.

WaterAid Malawi wishes to engage the services of an audit firm for auditing the project “WASH and Nutrition” to be implemented locally in partnership with The Hunger Project.

The audit shall be carried out by an external, independent and qualified auditor in accordance with international audit standards issued by IAASB.¹

Project Summary:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>WASH and Nutrition</th>
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</thead>
<tbody>
<tr>
<td>Project Period</td>
<td>2019/04/01 – 2022/03/31</td>
</tr>
<tr>
<td>Grant Amount (total)</td>
<td>SEK 9,000,000</td>
</tr>
<tr>
<td>Audit Amount</td>
<td>Of which, SEK 4,500,000 is WaterAid Malawi budget + any interest gains incorporated in the project and approved by the Donor</td>
</tr>
<tr>
<td>Audit start date</td>
<td>To be agreed</td>
</tr>
<tr>
<td>Final report</td>
<td>To be agreed</td>
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</tbody>
</table>

Objective of the audit

The objective is to audit the financial report for the period 1st April 2019 to 31st March 2022 and to express an audit opinion according to ISA 800/805 on whether the financial report of the project “WASH and Nutrition” is in accordance with the terms agreed between the parties.

Scope of the audit

Verify all funds have been used in accordance with the established rules and regulations of donor and only for the purposes for which the funds were provided as outlined in the approved budget.

¹ The International Auditing and Assurances Standards Board (IAASB)
Goods, works and services financed have been procured in accordance with the established internal standard rules and procedures.

Appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented. *Successful bidders shall be required to specify the size of the sample.*

The financial statements for the aggregated total period of the project have been prepared by WaterAid Malawi in accordance with applicable accounting standards and give a true and fair view of the financial position of the Project and of its receipts and expenditures for the period ended on that date.

Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions.

Express an opinion as to reasonableness of the project financial statements in all material respects.

Include in their reports opinion on compliance with procedures designed to provide reasonable assurance of detecting misstatements due to errors or fraud that are material in the financial statements.

Conduct entry and exit meeting with the concerned officials of WaterAid Malawi.

**Deliverables**

On completion of the audit work, the auditors shall submit 3 original copies of audit reports appended to the financial statements, signed by the responsible auditor (not just the audit firm) and including title.

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

The reporting shall also include a *Management letter* where all audit findings and weaknesses identified during the audit process shall be presented, both significant and other weaknesses. The auditor shall also make recommendations to address the weaknesses identified and present them in priority order. The financial report that has been the focus of the audit should be attached to the auditors 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 (if applicable) shall also be presented in the Management Letter.
Auditors’ experience and qualifications

The audit firm should be registered and have a license from Malawi Accountants Board. The firm should have relevant experience in accounting and auditing of development projects, especially donor-funded operations.

An audit manager with at least 10 years’ experience in auditing and with a sound knowledge of donor-financed projects. In addition, he/she should be a member of a recognized accountancy professional body.

Audit Fee

The audit fee will be fixed through a competitive bidding process.