

Terms of reference for annual audit of Doing business effectively with ethnic minority women – Making fortune from indigenous pigs in Lao Cai (GREAT)

I. Introduction and Background

Oxfam in Vietnam wishes to engage the services of an audit firm for the purpose of auditing “Doing business effectively with ethnic minority women – Making fortune from indigenous pigs in Lao Cai”, as stipulated in the agreement between Oxfam Novib and CoWaterSogema for the budget and activities implemented by Oxfam Novib and its partner – Lao Cai Department of Agriculture and Rural Development. The audit shall be carried out in accordance with international audit standards issued by IAASB¹.

Name of programme:	Doing business effectively with ethnic minority women – Making fortune from indigenous pigs in Lao Cai
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Contribution requested from CowaterSogema	668,844 AUD
Time frame	1 June 2019 – 30 Sep 2021.

Background of programme

Oxfam

Oxfam is a confederation of 20 organizations working together in more than 90 countries. We are part of a global movement for change, empowering people to create a future that is secure, just, and free from poverty.

Oxfam in Vietnam is working to seek transformative changes in policies, practices and beliefs in ways that will fundamentally improve the lives of poor and marginalized women and men and ensure that all citizens have the same opportunity to enjoy their rights. Oxfam in Vietnam current country strategy contributes to shaping the debate on extreme inequality in Vietnam and globally, our four-programme includes women rights’, building resilience to disaster, climate risks and emergency response,

¹ The International Auditing and Assurances Standards Board (IAASB)

sustainable food and fair sharing of natural resources, and good governance.

GREAT project:

GREAT is a project implemented in 4 communes in Muong Khuong and 3 communes in Bac Ha district, Lao Cai province by Oxfam with the partnership with Lao Cai Department of Agriculture & Rural Development with the following objectives:

Overall Objective: Ethnic minority women (EMW) in Lao Cai have improved economic status through active engagement in and having decent income from sustainable development of the indigenous pig value chain.

Outcome 1: Ethnic minority women raising indigenous pigs have increased and sustainable income through equal and responsible business cooperation with other actors in the indigenous pig value chain.

Outcome 2: Ethnic minority women are empowered to participate in indigenous pig value chains

Outcome 3: Lao Cai provincial government, businesses and communities promote and widely apply practices to improve women's economic power in the household, the community and the value chain.

II. Objectives and scope of the audit

The objective is to audit the project's financial statements in accordance with international Standards on Auditing or its legally recognized local equivalent for the period **1st July 2020 to 30th June 2021** and to express an audit opinion. This task will be done in Oxfam office in Hanoi.

The auditor is also required to do sample checking and interviewing with 10 final beneficiaries in one recent specific activity located in one project district and one supplier to verify the implementation of program activities and the actual allowances paid to beneficiaries. This task will be done in Lao Cai province.

DETAILED DESCRIPTION OF THE AUDIT

1. Obtaining the declaration of full disclosure to be supplied by the management of the audited organisation

The auditor shall obtain a written declaration signed by the management of the audited organisation, certifying:

- a) the acknowledgement of the organisation's responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts, in conformity with the objectives of the project, the documents of

reference (description of the project, contracts, budgets, etc.) and national legislation;

- b) that all accounting records, supporting and other documents, minutes and any pertinent information necessary for the audit be at the disposal of the auditor;
- c) the completeness of information concerning property and goods;
- d) the completeness of information concerning financing received or due and own financing concerning the audited period, for the project being audited; and
- e) the availability for supplying any information and explanations, either orally or by written confirmation, which might be required by the auditor in the execution of his mandate.

2. General Controls

The Auditing Firm's assignment shall include the following tasks:

- Give an opinion on the Statement of Fund advanced/Received:
 - ✓ To verify that a separate bank account is kept exclusively for the project as required by the Program Partnership Agreement; and
 - ✓ To examine income for the Project, to verify especially the accuracy and completeness of records and evidence of the proper recording of exchange transactions from foreign into national currencies;
- Give an opinion on the Statement of Expenditures:
 - ✓ To verify that the expenses incurred were in conformity with the approved project budgets;
 - ✓ To verify that the expenses incurred were for the approved purposes of the project;
 - ✓ To examine whether the expenses incurred were in compliance with the relevant regulations and rules, policies and procedures of the GREAT Program specified in the Partnership Agreement; and
 - ✓ To examine whether the expenses incurred were supported by properly approved vouchers and other supporting documents.
- Give an opinion on the Statement of Fund Acquittals and Balance
 - ✓ To verify the Acquittal Expenditures and the fund balances; and

- ✓ To examine the notes to Acquittal and Non- Acquittal expenditures.

In conducting the audit, special attention should be paid to check and collect evidence of fraud, corruption, and/or misuse of funding, if any.

3. Location

The audit must be carried out within the Program partners' premises and project field sites.

4. AUDIT REPORT

The format of the report for each partner must comply with the format prescribed by ISA 800 and defined in 6.4. Only with regard to confirmations under section 4.4 a and b is an audit opinion also admissible in accordance with ISAE 3000.

- 4.1 Brief description of the audited organisation and project, objectives of the project, period covered by the audit.
- 4.2 Objectives and extent of the audit.
- 4.3 Declaration of full disclosure delivered by the project management or the organisation audited.
- 4.4 Opinion of the auditor on the financial statements of the project upon the following:
 - a. Compliance with the Program Partnership Agreement;
 - b. Use of the project funds exclusively for purposes of the project and in accordance with the Program Partnership Agreement; and
 - c. Whether the financial statements show a true and fair view of the income and expenditure and the financial position of the project.

If the auditor has to qualify opinion c) or identifies material exceptions to opinions a) and b), full details shall be given in the audit report

- 4.5 Annual Financial Report of the project including:
 - a. Statement of Fund advanced/Received
 - b. Statement of Expenditures
 - c. Statement of Fund Acquittals and Balance including notes to unacquitted expenditures

4.6 Management Letter

For each individual partner, the Management Letter should include the following:

- A general assessment of the Project's internal control
- A description of any specific weaknesses, evidence of fraud, corruption, misuse of funding noted in the financial management of the Project and the audit procedures followed to address or compensate for the weaknesses.
- Recommendations to resolve/eliminate the internal control weaknesses noted should be included. Recommendations should be directed to a specific entity so that there is no confusion regarding who is responsible for implementation.
- The Management response from the Project should be included in the Management Letter, immediately following the recommendation.
- In addition, the auditor may wish to comment on "good practices" that should be shared with the Project.

4.7 Currency and Language of the Audit report

The financial information contained in the audit report is to be expressed in AUD and VND. All the documents are written in Vietnamese and English.

4.8 Signature

The audit report is signed by the person responsible for the audit, as well as by the legal representative of the firm of auditors.

5. REQUIREMENT OF THE AUDITING FIRM

The auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of the entity. It is required that the auditor disclose any relationship that might possibly compromise his/her independence.

The auditor should be experienced in applying ISA, whichever is applicable for the audit. The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with ISA, including experience in auditing the accounts of entities comparable in size and complexity to the entity being audited.

5.1 Eligible criteria

- Legally established company governed by private law in the field of auditing.
- At least five (05) years of experience in auditing.
- Annual turnover of at least 150, 000 AUD
- A minimum of three audit contracts implemented during the last five years with contract value of over 100,000 AUD each

5.2 Minimum personnel requirement

01 Audit Director, 01 Audit Manager, 01 Senior Auditor and 04 Auditors

Audit Director:

- University graduate in accounting/finance/auditing;
- Certified auditor certificate by the Ministry of Finance and/or international certificate (ACCA or other G-20 recognized international accounting/auditing certificate);
- At least 15 years experience working in auditing services;
- Experience as Audit Director for at least 3 audit contracts of NGO/development cooperation projects; and
- Fluency in English is compulsory.

Audit Manager:

- University graduate in accounting/finance/auditing;
- Certified auditor certificate by the Ministry of Finance and/or international certificate (ACCA or other G-20 recognized international accounting/auditing certificate);
- At least 10 years experience working in auditing services;
- Experience as Audit Manager for at least 3 audit contracts of NGO/development cooperation projects; and
- Fluency in English is compulsory.

Senior Auditor:

- University graduate in accounting/finance/auditing;
- Certified auditor certificate by the Ministry of Finance and/or international certificate (ACCA or other G-20 recognized international accounting/auditing certificate);
- At least 8 years experience working in auditing services;
- Experience as Senior Auditor for at least 3 contracts of NGO/development cooperation projects; and
- Fluency in English is compulsory.

Auditor:

- University graduate in accounting/finance/auditing;
- Certified auditor certificate by the Ministry of Finance and/or international certificate (ACCA or other G-20 recognized international accounting/auditing certificate);
- At least 2 years experience working in auditing services;
- Experience as Auditor for at least (03) audit contracts for NGO/development cooperation projects; and
- English proficiency would be preferable.

IV. Timelines (to be finalized)

Transaction listing supplied to the appointed auditor	18 Jul 2021
Appointed auditor to review documentation	25 – 30 Jul 2021
Sharing of recommendations with Oxfam in Vietnam	30 Jul 2021
Submission of draft audit reports and management letter to Oxfam in Vietnam to respond/for comment and follow-up	5 Aug 2021
Oxfam in Vietnam response on the management letter and feedback on the reports/Finalise draft audit report	10-Aug-2021
Issuance of audit reports and management letter	20 Aug 2021

IV. Fee and Payment terms

The audit fee includes professional fees, operation costs, taxes, and travel expenses (if required) in a lump sum amount.

The fee will be billing and reimbursed as per the following milestones;

50% - upon signing of the contract.

50% - upon satisfactory submission of the final audit report

ANNEX

1. Donor contract