**Terms of Reference**

**for**

**Hiring an independent audit for Project Audit**

**of**

**Building Hope through the ASHA Clinic in Anandaban Hospital, Nepal**

# BACKGROUND

**1.1 ORGANISATION BACKGROUND**

The Leprosy Mission Nepal (TLMN) is a member of The Leprosy Mission Global fellowship with its headquarters in the UK since past 65 years. TLMN is currently implementing multiple activities through its initiatives in the areas of health, economic development, gender, research and advocacy. The Leprosy Program in Nepal includes four core activities Anandaban Hospital, Training and Technical Support, Mycobacterial Research Laboratory and Community Based Inclusive Development projects.

**1.2 PROJECT BACKGROUND**

TLMN received a grant of $582,639 from the United States Agency for International Development/American Schools and Hospitals Abroad (USAID /ASHA), the grantor, through the American Leprosy Mission [ALM), the passthrough entity, for the procurement of essential equipment for the Trauma Center, the Maternity Ward and the emergency department.

This project will provide the continued support to the previous established partnership between ASHA and TLMN in terms of critical support to upgrade the hospital Trauma Center, Maternity Ward and the emergency department. Supply of commodities to build out the renovated facilities, ensuring staff are required equipped with the necessary resources to offer high quality surgery, rehabilitation and maternity services.

Project period is from October 2020 to May 2023 with the grant components of USD 582,639.00 and leverage of USD 233,332.00

# OBJECTIVES

The overall purpose of this assignment is to give the reasonable assurance of all grant funds received and expended in accordance with the relevant policy of TLMN, subgrant project agreement between ALM and TLMN, US government regulations that govern this grant, compliance with Government of Nepal's rules and regulation and produce a report as per Nepal Accounting standard (NAS) for Not-for-Profit Organisations.

# AUDIT LOCATION

Audit procedures will be completed in locations as below:

|  |  |  |
| --- | --- | --- |
| **SN** | **Office** | **Location** |
| 1 | Anandaban Hospital | Tikabhairab, Lele, Lalitpur |
| 2 | Head Office,  | Talchikhel, Lalitpur |

# AUDIT SCOPE

The audit shall cover overall aspect of TLMN inclusive of Finance, Procurement, Assets Management, Cash Management, Human Resources, General Administration and sub grant project agreement between ALM and TLMN to identify issues and areas for improvement.

# AUDIT METHODOLOGY

In order to present the true and fair view on the financial statement/reports the auditor shall conduct accuracy checks, observations, inspection of records and document, and interviewing the beneficiaries, inquiry and analysis, recommendation, comparison, including:

* Visit office location and review vouchers, invoices and all supporting documents for all grant funds received and expended
* Regulations of US Government that governs this grant that are mentioned in the agreement signed are 2 CFR 200, 22 CFR 228 and other Standard Provisions for Non-U.S. Nongovernmental Organizations
* Expense incurred is within permissible limit by the budget and in line with program objectives
* Review staff, rental, and others relevant contract
* Review of tax compliance
* Review the policies, procedures and applicable compliances
* Assess the adequacy and implementation of internal control system
* Review the inventory, fixed assets in offices
* Auditors shall perform tests that TLMN operations are in compliance with applicable national laws and regulations.
* Produce an independent audit report.

# AUDIT PROCUDURES

The audit team will start the audit process passing through the following major phases:

**a) Inception:** Auditor should conduct the entry meeting with senior finance team members and propose the audit plan with schedules.

**b) Auditing:** Conduct the auditing process as agreed on audit methodologies and findings of the audit should be presented at each of the cluster Offices separately that should include recommendations to resolve/illuminate the internal control weakness, in addition to the observations on the safeguarding of assets, adequacy of documentation in payments, use of cheques instead of cash, control over accounting for outstanding advances, authorization, recording and checking procedures for stock movement and balances. The findings should be immediately shared after the completion of the report and accordingly obtain their responses.

**c) Reporting:** The Audit team should conduct debriefing meeting to relevant program and finance staff and Management Committee Members regarding the audit in overall, response on the management letter, and auditor’s final view on the response of management and provides following by the end of June 2023:

* An Independent Auditor’s Report
* Management Letter containing audit findings along with the management comments.

# RESPONSIBILITIES OF AUDIT FIRM

The auditor is responsible for forming and expressing an opinion on the project financial statements in accordance with the Nepal Audit Standards. As part of the audit process, the auditor may request from the written confirmation concerning representations made in connection with the audit.

* Plan and perform the audit to reduce risk to an acceptably low level, including risks of material misstatements in the financial statements whether due to fraud or error,
* Design and perform audit procedures, and evaluate and report the results thereof including any noncompliance with laws and regulations,
* Perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement,
* Review all the projects financial reports submitted to the Head Office and assess the methods used to compile the reports, ascertain that the information given in the reports accurately reflect the underlying records, documents and books of accounts, and verify that the information in the reports reconcile with the annual financial statements.
* Communicate matters of governance arising from the audit of financial statements,

# AUDIT FIRM/AUDITOR’S REQUIREMENTS

The auditor must be completely independent from all aspects of management or financial interests in TLMN. 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 TLMN. The auditor should disclose any relationship that might possibly compromise his/her independence.

Specific requirements are as follows:

* The audit firm signing partner must be a Chartered Accountant holding valid Certificate of Practice (COP) and registered with the Institute of Chartered Accountant of Nepal (ICAN).
* Have adequate relevant professional and educational qualifications, or able to provide audit staff with adequate qualifications, experience, and competence.
* Possesses proven track record in financial audit of similar nature, type, and complexity of donor-funded projects and Hospitals.
* The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with Nepal Standards on Audit including experience in auditing the accounts of entities comparable in size and complexity to TLMN.
* Curriculum vitae (CVs) should be provided to TLMN by the principal of the audit institution who would be responsible for signing the opinion and key personnel proposed as part of the audit team. CVs should include details on relevant audits carried out by the applicable staff, including ongoing assignments indicating capability and capacity to undertake the audit and experience in auditing financial statements compliant with the Chartered Accountants Standards.

# CONFIDENTIALITY

The consultant will be required to sign a non-disclosure/confidentiality agreement as part of their undertaking of this work with not limited to:

* Auditors shall not directly or indirectly divulge, disclose or use any confidential information pertaining to TLMN without the written consent of TLMN.
* Auditors shall maintain strict professional confidentiality of the knowledge and the information that come to their notice both during and after the audit to protect from irreparable harm that may arise due to disclosure of confidential information.
* Auditors will have full and complete access to all the records and documents, inclusive of books of accounts, legal agreements, meeting minutes, bank records, invoices, contracts of all employees.
* Auditor will have a right of access to banks, consultants, contractors and other associated person/institutions.

# SAFEGUARDING

The Leprosy Mission Nepal expects the highest standards of professional practice and behaviour by TLMN staff and representatives in our work and when in direct or indirect contact with all people, particularly children and vulnerable adults. It is committed to safeguarding such persons from abuse, exploitation and harassment and has **zero tolerance** towards behaviour that may harm anyone.

# PAYMENTS TERMS

* 100% of Audit Fees and expenses will be made payment after the submission of final report and approved by the concern authority in the form of A/c Payee cheque.
* No any out-of-pocket expenses will be borne by TLMN.

# SUBMISSION DOCUMENTS

Interested consulting firm can apply by submitting the following:

* A technical proposal including description of how the skills and experience match with TOR
* Proposed methodology and work plan
* A financial proposal: should include a detailed budget sheet with breakdowns
* Certificate of Practice (COP) of Partner
* CV of lead consultant auditors
* Profile of the audit firm
* Firm Registration Certificate in ICAN with renewal
* VAT registration certificate
* Company Registration Certificate
* Tax clearance certificate 2078/79

# SUBMISSION DETAILS

The interested audit firm should submit the technical and financial proposal via email mentioning “EOI for Project Audit” on procurement@tlmnepal.org not later than 4:00 pm of 7th June 2023.