

SIDA Project Audit ToR

Plan China
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TOR of Auditing for SNO

1. Background

1) Education in CCDRR-Strengthening Child Voice in Promoting Safe School Project (CHN0258)

Plan is currently implemented multi-country Education in CCDRR- Strengthening Children's Voice in Promoting Safe Schools Projects in Asia, "Children in the most at-risk communities in Cambodia, China, Indonesia, have access to safer education through duty bearers minimizing the impact of disasters on their right to quality education with the support of civil society". 3 country programmes are now implementing donor funded grants from Jan 2014– December 2014. In China, the Project total investment is 125000 dollars, cooperation with women's federation of Jinping County running project activities in 10 schools and advocate project through cooperate with Yunnan education foundation in provincial level.

2) Community-Based Child Protection Mechanisms Development Project (CHN0259)

Community-Based Child Protection Mechanisms Development Project funded by the Swedish International Development Cooperation Agency (aka SIDA), is a 293,543 USD project to be implemented from 1st Jan. 2014- 31st Dec. 2014. The project is meant to increase the capacity of Chinese civil society organizations and their government partners to fulfill their duties to protect children by mobilizing and offering support to community-based child protection mechanisms, primary caregivers, and children themselves, empowering these to prevent and respond, whether through direct intervention or referral, to cases of child abuse and neglect, particularly among marginalized and vulnerable populations.

3) Learn Without Fear Project (CHN0260)

The Learn without Fear Project, funded by the Swedish International Development Cooperation Agency (hereinafter referred as SIDA), aims at preventing all forms of violence against children in school so as to create a safe learning environment where children can exert their potentials fully. The project is implemented from January 2014 to December 2014, covering four project schools in two counties, Shaanxi Province

2. Audit Amount

GAD No.	GAD Name	Budget for CY2014 (USD)
CHN0258	Education in CCDRR-Strengthening Child Voice in Promoting Safe School Project	125,000
CHN0259	Community-Based Child Protection Mechanisms Development Project	293,543
CHN0260	Learn Without Fear Project	269,657

3. Audit Objective

The objective of this audit is to provide Plan China and SIDA with an independent and objective opinion on the effectiveness of program implementation, financial controls and risk management within the above-mentioned three projects, including Education in CCDRR-Strengthening Child Voice in Promoting Safe School Project, Community-Based Child Protection Mechanisms Development Project and Learn without Fear Project. The findings and agreed upon actions will be issued in the audit report.

4. **Audit Scope, standard applied and detailed requirements: Please refer to SNO SIDA Audit Instruction in the Appendix;** mandatory grant expenditure reporting format will be shared once available from donor.

5. Audit Activities

A) Field work

a) Education in CCDRR-Strengthening Child Voice in Promoting Safe School Project

Work plan of field visit	Partner/Location
Financial and program record of Plan China's expenditure	Country Office of Plan China, Xi'an, Shaanxi Province
Financial and program record of Partner A's expenditure	Jinping Women Federation, Jinping county, Honghe, Yunnan Province
Financial and program record of Partner B's expenditure	Yunnan Education Foundation, Kunming, Yunnan Province

Feedback to and Q&A with partner's project manager and team is required.

b) Community-Based Child Protection Mechanisms Development Project

Work plan of field visit	Partner/Location
Financial and program record of Plan China's expenditure	Country Office of Plan China, Xi'an, Shaanxi Province
Financial and program record of partner A's expenditure	Yimen County Women's Federation, Yimen county, Yuxi, Yunnan Province
Financial and program record of partner B's expenditure	Changsha County Women's Federation, Changsha, Hunan Province

Feedback to and Q&A with partner's project manager and team is required.

c) Learn without Fear Project

Work plan of field visit	Partner/Location
Financial and program record of Plan China's expenditure	Country Office of Plan China, Xi'an, Shaanxi Province
Financial and program record of Partner's expenditure	Shaanxi Gender Development Solution, Xi'an, Shaanxi Province

Feedback to and Q&A with partner's project manager and team is required.

B) Pre-audit meeting around Dec.1, 2014

C) Field work from Jan.5, 2015

D) Feedback to and Q&A with Plan's project and management team around Jan. 26, 2015

E) Draft audit report Submission on Feb.15,2015 (CHN258 submission on Feb 10,2015)

F) Final Audit report Submission on Mar.1, 2015 (CHN258 submission on Feb 20,2015)

Appendix 1:

Plan Sweden (SNO)

Audit instructions for projects within the Sida framework agreement

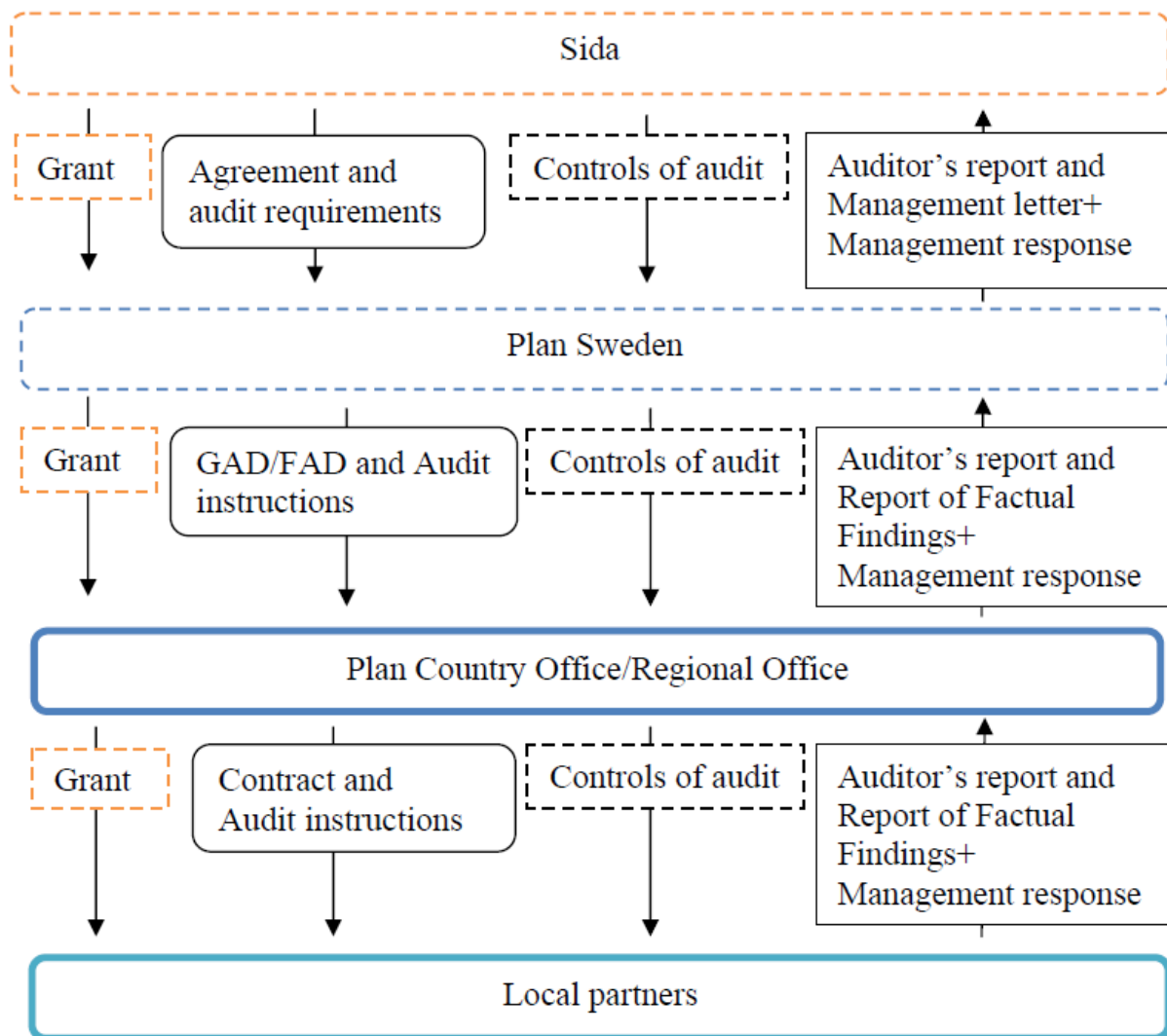
Financial reports, including transfer of funds to subsequent link, must be audited in accordance with guidelines below. There shall be an unbroken chain of Auditor's Reports and Reports of Factual Findings down to, and including, the final organisation/local partner in receipt of the grant. This means that, if funds have been transferred to another organisation (such as a local sub-granted partner, i.e. a separate legal entity to which grant funds are channelled directly via the country office/regional office or a partner), these funds shall also be subject to an audit by an external auditor. An audit shall only be made of organisations that record costs in their accounts and submit reports in accordance with an agreement. This means that organizations that receive advances and then account for these advances with receipts are not audited.

At all levels, the audit must be conducted according to these instructions. The basic principle for division of responsibilities between the organisation and the auditor is that an auditor only expresses an opinion on the organisation s/he audits and not on organisations in subsequent links in the chain. The auditor only expresses an opinion on the audited organisation's control of the audit of organisations subsequently in receipt of the grant, not on the audit(s) of the organisation(s) as such.

Checks of audits in subsequent links in the chain are extremely important and the responsibility for performing controls of this type rests with the audited organisation. Independent Auditor's reports for partners are not to be submitted to Plan Sweden. An organisation has the responsibility for audits in subsequent links in the chain and the organisation's auditor expresses an opinion on the organisation's internal controls of audits in subsequent links in the chain. The same principle also applies in cases where the chain has more links than in the figure below.

Organisations at all levels report upwards to the organisation from which they have received the grant, with separate auditor's report. Each link has the responsibility for controls of audit for the previous link according to the following:

1. Assessment of auditor (external, independent, qualified)
2. Control of independent auditor's report
3. Assessment of the auditor's report as well as any actions required, that should be reported upward in the chain



In cases where several sub-granted partners implements one project together with Plan and receives a smaller grant (up to 40,000 USD), the audit can be based on a sample selection of the such sub-granted partner organisations.

Case 1: The project is implemented by Plan together with one or several sub-granted partner/s that according to each agreement will receive more than USD 40,000 of the grant each. In this case full audit is required for all organisations (i.e. separate Auditor's reports and Report of Factual Findings).

Case 2: The project is implemented by Plan together with five sub-granted partners as follows:

- Partner 1: 50 000 USD total grant according to an agreement for the project period
- Partner 2: 13 000 USD total grant according to an agreement for the project period
- Partner 3: 21 000 USD total grant according to an agreement for the project period
- Partner 4: 39 000 USD total grant according to an agreement for the project period
- Partner 5: 80,000 USD total grant according to an agreement for the project period

The audit of partners 2, 3 and 4 is based on a sample selection (grant is below USD 40,000). The other organisations will be subject to complete audits as in case 1.

Case 3: Contracted partner: E.g. research institutes, academics, professional groups, consultants other CSOs that are contracted for a specific activity or service (e.g. workshop, research). No audit is needed but Plans internal procurement policies and procedures MUST be used.

The audit shall be conducted by an **external, independent** and **qualified** auditor certified by a member body of IFAC. The same auditor may conduct the audit in all **subsequent links** locally, but each link may also use different auditors. The audit shall be reported according to the following two formats in Appendix 1 and 2 of this document, which includes an audit opinion in the submitted **Independent Auditor's report**, and a **Report on Factual Findings** for agreed-upon procedures. The audit performed is a financial audit and the auditor is not expected to express an opinion on effects and results of a project.

The audit shall result in either two reports from the auditor or one report with two parts:

1. Independent Auditor's report

The auditor shall audit the projects/programmes in accordance with (International Standards on Auditing) ISA 800 "Special Considerations-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks" and/or ISA 805 "Special considerations-Audits of single financial statements and specific elements, accounts or items of a financial statement". The auditor shall submit an "Independent Auditor's report", including an audit opinion. See format for an Independent Auditor's report, **appendix 1-1**. It is of great importance that the audit has been conducted according to **International Standards on Auditing** and that this is clearly stated under basis of opinion.

2. Report of Factual Findings

The auditor shall also, attached to the Independent Auditor's report, submit a Report of Factual Findings according to ISRS 4400. The Report of Factual Findings shall include factual findings for each of the following procedures:

Examine if the financial reporting has been done in accordance with the existing agreement with Plan Sweden and Sida (All material deviations are to be reported):

1. Examine if the project/programme has been carried out according to the agreement.
2. If applicable, examine if an audit according to the audit instructions from Plan Sweden has been performed in all cases where funds have been transferred to another implementing party. Highlight significant findings from the report done by the local auditor. If there are no significant findings, please state this.
3. Examine if the funds have been transferred through a bank account to any other implementing party.
4. Examine if the organisation has signed agreements with the organisations to which it channels funds where, if applicable, the audit requirements have been passed on.
5. Examine if the organisation has procurement regulations which have been followed.
6. Examine if the organisation has an internal control system in place that is sufficient for the carrying out and reporting of the project, in accordance with the agreement.

See example and format for a Report of Factual Findings, **appendix 1-2**.

All reports may be submitted to Plan Sweden in any of the following languages: English, French or Spanish.

Appendix 1-1

Illustration of Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To [Appropriate Addressee]

We have audited the financial report for the project [PROJECT NAME (PROJECT NO)] for the period DD MONTH 20YY- DD MONTH 20YY, indicating total costs of [CURRENCY] [AMOUNT]. The financial report has been prepared by Project Management according to the agreement with Sida and Plan Sweden dated DD MONTH 20YY and on the basis of the [instruction for financial reporting] shall be adapted to current project.

Project Management's responsibility for the financial report

Project Management is responsible for the preparation of a financial report according to the above mentioned agreement and for such internal control as Project Management determines is necessary to prepare a financial report which is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with International Standards on Auditing (with the application of ISA 800/805) and in our view the applicable parts of the agreement between [ORG] and Plan Sweden. This standard requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the organisation's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by

Project Management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report is, in all material respects, consistent with the organisation's accounts, and has, in all material respects, been prepared in accordance with the agreement between [ORG] and Plan Sweden.

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we would like to draw attention to the fact that the financial report has been prepared according to the agreement between [ORG] and Plan Sweden. The financial report is prepared to assist [ORG] to meet the requirements of Plan Sweden. As a result, the financial report may not be suitable for any other purpose. Our report is intended solely for [ORG] and Plan Sweden as well as Sida and should not be distributed to parties other than [ORG] and Plan Sweden or Sida.

Other matters

Under the terms of the Terms of Reference, we have also submitted a Report of Factual Findings.

Place, DD MONTH 20YY
[Date of the auditor's report]

[Auditor's signature]
[First name Last name]
[Title of auditor]
[Address]

Appendix 1-2

Template according to ISRS 4400 for Engagement to perform Agreed-upon Procedures regarding financial information

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REPORT OF FACTUAL FINDINGS

To the management of organisation [Name]

We have performed the agreed-upon procedures as specified below concerning the enclosed financial report to Plan International concerning project number [Plan GAD/FAD no.), for the time period DD MMMM YYYY to DD MMMM YYYY showing total expenditure of [currency] [amount]. Our engagement was performed in accordance with the International Standard on Related Services applicable to agreed-upon procedures

engagements, ISRS 4400. The procedures were performed solely to assist you in your commitment towards Plan International regarding the provision of a report on how funds from Sida have been used and are summarised as follows:

1. We have examined if the project/programme has been carried out according to the agreement.
2. We have examined if an audit according to the audit instructions from Plan Sweden has been performed in all cases where funds have been transferred to another implementing party.
3. We have examined if the funds have been transferred through a bank account to any other implementing party.
4. We have examined if the organisation has signed agreements with the organisations to which it channels funds where the audit requirements has been passed on.
5. We have examined if organisation has procurement regulations which have been followed.
6. We have examined if the organisation has an internal control system in place that is sufficient for the carrying out and reporting of the project, in accordance with the agreement.

Outcome and significant observations

We report our findings below:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

[NB. In cases where observations have been made or if there are uncertainties regarding any of the items, a detailed description of the observation or uncertainty shall be provided.]

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties than Plan International and Sida. This report relates only to the financial report specified above.

[Date and place]

[Auditor's signature]

[First name Last name]

[Title of auditor]

[Address]