



TERMS OF REFERENCE (TOR) FOR END OF PROJECT EXTERNAL FINANCIAL AUDIT

Scaling up coordinated, protection, promotion and enforcement of human rights for citizens and vulnerable groups including internally displaced persons in Zimbabwe project

i. Introduction

The International Organisation for Migration (IOM) obtained a voluntary contribution of SEK 61,500,000 (including SEK 15 000 000 for COVID-19 response and the 2021-2022 extension) from Sweden, represented by the Embassy of Sweden in Zimbabwe, to finance a project entitled *Scaling up coordinated, protection, promotion and enforcement of human rights for citizens and vulnerable groups including internally displaced persons in Zimbabwe*. The project implementation period was from 13 November 2017 to 31 March 2022 and within the framework of the project an addendum to contract was made for COVID-19 response activities covering the period 14 May 2020 to 31 March 2021.

The purpose of the project was to improve protection and human rights monitoring in Zimbabwe through support to evidence-based mechanisms for creating dialogue, communication, collaboration, and coordination with multiple stakeholders working in the human rights sector in Zimbabwe. The overall objective was to contribute towards comprehensive promotion and protection of human rights of vulnerable and at-risk populations including IDPs and migrants. The project was undertaken through 10 Civil Society Organisations (CSOs) in Zimbabwe, namely Zimbabwe Human Rights Commission (ZHRC), Civic Forum on Human Development (CFHD), Zimbabwe Community Development Trust (ZCDT), Counselling Services Unit (CSU), Zimbabwe Lawyers for Human Rights (ZLHR), Zimbabwe Human Rights NGO Forum, Zimbabwe Peace Project (ZPP), International Institute for Development Facilitation (IIDF), Partnership for Development Initiative Trust (PDI), Zimbabwe Human Rights Association (ZimRights) and Matabeleland Humanitarian and Resilience Forum (represented by Zimbabwe Humanitarian and Livelihoods Development Trust-ZHLDT).

IOM wishes to engage the services of an audit firm for the purpose of auditing this project as stipulated in the agreement between IOM and the Embassy of Sweden. The audit shall be carried out in accordance with international audit standards issued by The International Auditing and Assurance Standards Board (IAASB). The audit shall be carried out by an external, independent and qualified auditor (Certified Public Accountant/Authorised Public Accountant) in Zimbabwe.

ii. Objectives and scope of the audit

The auditor shall use ISA 805 as the basis for the risk assessment.

1. Audit the Financial report and practices for implementation of the project covering from 01 January 2021 to December 2022 and express an audit opinion according to ISA 805 on whether the interim report is in accordance with IOM's accounting records and agreed budget.
2. Examine, assess, and report on the compliance if all funds/grants have been used in accordance with the conditions of the relevant financing agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided.
3. The auditor shall examine on a test basis that there is supporting documentation related to reported expenditure. The size of the test shall be based on the auditor's risk analysis and that should be stated in the report. The auditor shall report the identified amount in case there is any missing supporting documentation.

The auditor shall submit an audit memorandum/management letter after review of the draft by IOM Zimbabwe which shall contain the audit findings made during the audit process. The audit memorandum/management letter shall state which measures that have been taken as a result of previous audits and whether measures taken have been adequate to deal with reported shortcomings.

In accordance with International Standards on Auditing, the auditors shall pay attention to the following:

(a) Fraud and Corruption: In accordance with ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements) the auditors shall identify and evaluate risks related to fraud, obtain or provide sufficient evidence of analysis of these risks and assess properly the risks identified or suspected;

(b) Laws and Regulations: In preparing the audit approach and in executing the audit procedures, the auditors shall evaluate the Implementing Partners (IP)'s compliance with the provisions of laws and regulations that might impact significantly the Project Financial statements (PFSs) as required by ISA 250 (Considerations of Laws and Regulations in an Audit of Financial Statements);

(c) Governance: Communicate with the Implementing Partners (IP)'s Management responsible for Governance regarding significant audit issues related to governance in accordance with ISA 260: (Communication with those charged with Governance); and

(d) Risks: With a view to reducing audit risks to a relatively low level, the auditors will apply appropriate audit procedures and handle anomalies/risks identified during their evaluation. This is in accordance with ISA 330 (The Auditor's Responses to Assessed Risks).

iii. Audit certificate/report/memorandum/management letter

The report shall contain details regarding the audit methodology and the scope of the audit.

The report shall contain an assurance that the audit was performed in accordance with international standards and by a qualified auditor.

The report shall contain the responsible auditor's signature (not just the audit firm) and title.

The auditor shall make recommendations to address any weaknesses identified. The recommendations should be presented in priority.

The report on this audit should describe the purpose and the agreed-upon procedures of the engagement in sufficient detail in order to enable the Implementing partner (IP) and the Contracting Authority (IOM) to understand the nature and extent of the procedures performed by the Auditor. Use of the financial and audit reporting is compulsory.

The report shall not exceed 20 pages, be written in English and be presented to IOM Zimbabwe in three copies and one digital PDF version, within 3 weeks of the audit visit.

iv. Responsibility for preparation of financial statements

The responsibility for the preparation of Project Financial statement (PFS) lies with the Implementing partner (IP) as per the agreed timeline between the two parties. The IP is also responsible for: (a) the selection and application of accounting policies. The IP will prepare the PFSs in accordance with applicable accounting standards—either the International Public Sector Accounting Standards (IPSASs), International Financial Reporting Standards (IFRSs), or National Accounting Standards that comply with IPSASs or IFRSs in all material respects; and (b) Implementing accounting, administrative and financial procedures documented in manuals.

TERMS OF REFERENCE OF AN AUDIT FOR IMPLEMENTING PARTNERS

Additional assignment limited to implementing local partner organizations (IP); according to agree upon procedures ISRS 4400, review the following areas in accordance with the Terms of Reference below:

- Express an opinion on whether the fund accountability statement for the IOM funded program presents fairly in all material respects in relation to the IP's financial statements as a whole and in revenues received, costs incurred, and assets, commodities, and technical assistance directly procured with IOM funding for the period audited in conformity with the terms of the award.
- Evaluate whether the IP has met its cost-sharing or matching contributions, and report on any deviation from the 30%/70% staff & Office / Operations budget composition of the grant. Report in any funding directing from one category to the other more than the allotted percentage.
- Perform tests to determine whether the IP complied, in all material respects, with agreement terms (including cost-sharing or matching contributions, if applicable) and applicable laws and regulations related to IOM-funded program.
- Evaluate the IP's internal control related to the IOM-funded project, assess control risk, and identify significant deficiencies including material weaknesses.
- Is there an anti-corruption policy or has the organization in other ways manifested that they work proactive against corruption? Are there satisfactory routines and systems for preventing, detecting and taking measures on fraud and corruption? Does the organization have documented ethical guidelines/code of conduct policy?
- Check, verify and report if the board of trustee is already established in each Implementing partner and verify the board's work, its independency and professional integrity.
- Take sample communication between IOM and each implementing partner on compliance issues and feedbacks and verify if the sampled issues have clear evidence of rectification.
- Has it according to the organization reported corruption cases, and if so, how has it been handled by the organization?
- What eventual corruption risks have been identified during the assignment by the consultant that IOM has procured for this review?
- Does the management structure have clearly defined roles, authorizations and authorities?
- Are there bylaw/statutes that clearly stipulate the mandate of the board and the organization?
- Present the composition of the board, its members different competences, the election process and the board's insight in the operations of the organization.
- Based on the above, does the board have enough and relevant competence, including competence in financial matters, for an organization of this type and size?
- Does the organization have systems in place for managing cash?
- Is there a decision order that adequately ensures segregation of duties regarding authorization of payments, different roles and responsibilities within the organization?
- Is there an office manual or equivalent stipulating rules and policies regarding travel advances, other types of advances, petty cash, inventories, per diem level, routines for credit cards and payments, etc? Do these rates and rules seem reasonable? Are travels with business class

allowed, and what levels of per diems are applied? It is stipulated what standard of accommodation that is used for workshops and travels?

- Follow-up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.
- Does the organization have an accounting software that allows for adequate accounting records for an organization of its size and operations? Is project accounting possible in the accounting software? How does the organization work with budget analysis and budget follow-up?
- Is there a procurement policy that includes adequate rules and regulations to manage planned procurement in compliance with applicable regulations? Check adherence to the procurement policy by reviewing a couple of procurements.
- Determine if the recipient has taken adequate corrective actions on prior audit report recommendations, if applicable.

The additional assignment to be agreed upon procedures ISRS 4400 shall be reported separately in a "Report of factual findings".