



TERMS OF REFERENCE FOR THE HIRING OF AN INTERNAL AUDIT FIRM FOR FARA

FARA/CS/QCBS/2021/01

1. Background

The Forum for Agricultural Research in Africa (FARA) is an apex organization forming and bringing together coalitions of major stakeholders in agricultural research for development (AR4D) in Africa. It is the technical arm of the African Union with the mandate of developing and coordinating Agricultural Research for Development in Africa.

FARA serves as the entry point for agricultural research initiatives in Africa designed to have a continental reach or a sub-continental reach spanning more than one sub-region. Headquartered in Accra, Ghana, FARA has been in existence since the late 1990s. Over this period, FARA has provided a continental forum for stakeholders in AR4D to shape the vision and agenda for this sub-sector, and to mobilize themselves to respond to key continent-wide development frameworks, notably the Comprehensive Africa Agriculture Development Programme (CAADP).

In order to ensure that the organisation's funds are used properly for the purpose for which they are intended and accounted for in accordance with our donors' procedures, it is prudent to engage an Internal Audit firm to provide a continuous and critical appraisal of the functioning of the organisation with a view to suggest improvements thereto and add value to and strengthen the overall mechanism of FARA and its internal control systems.

2. Objectives and Standards

The overall objective of this assignment is to; a) express an independent professional opinion with regard to efficiency, effectiveness and economy of FARA's operations; b) evaluate the adequacy and effectiveness of the financial management and internal control systems; c) ensure compliance of the laid down Implementation guidelines and procedures of FARA; d) provide timely information and recommendation to the Management on improvement of systems.

3. Scope of the Audit Assignment

3.1. Specific areas of responsibility include:

- In accordance with the audit plan, undertake a programme of reviews of key functional areas, processes and systems to ensure that material risks are identified and managed. These will include, but will not be limited to, reviews of: design and operating effectiveness of the internal governance structures and processes of FARA; the setting of, and adherence

to, risk appetite; the risk and control culture of FARA; liquidity risks; key corporate events; and outcome of processes;

- In addition to the completion of reviews as outlined in the Internal Audit Annual Plan, Internal Audit activities will also include consulting, assurance and project work, in accordance with FARA Board of Directors, the Executive Director, Audit Committee or regulatory requests;
- Provide an independent assessment of the progress made by management in implementing actions agreed to manage risk issues and control weaknesses reported in external and internal audit reports. Report outstanding overdue actions to the Board on a biannual basis. Issue details of all outstanding actions to management on a monthly basis;
- Maintain close co-operation between Internal Audit (IA) and the FARA's Compliance and Risk Functions, including the exchange of relevant information. Regular meetings will be held to discuss risks, identify potential areas of reliance and to develop effective working relationships;
- Maintain an appropriate level of professional audit team with sufficient knowledge, skills, qualifications and experience to meet the requirements of this Terms of Reference;
- Using a well thought-out Risk Matrix, evaluate and assess emerging risks and their potential impact on the FARA's operations. IA may instigate additional work to address new and emerging risks during the year. The impact of carrying out these reviews on the annual plan will be assessed and reported to the next Board meeting;
- Report to the Executive Director of FARA summarising the results of audit activities;
- Provide assurance over the governance, risk management, project and financial controls together with quality assurance processes operated within key business initiatives;
- Participate in meetings with individuals and departments to update auditees on findings and the audit process;
- Make recommendations on the best ways for a company to reduce waste; and
- Any other business assigned by the Board of Directors

3.2. Qualifications, Experience, and Team Composition

3.2.1. Qualification and Experience

The audit firm should be registered and have a license from a national or regional professional Accountancy Body. The firm should have relevant experience in accounting and auditing of development projects, especially NGOs and donor-funded operations.

The auditor will employ staff with appropriate professional qualifications and suitable experience with IFAC standards and with experience in verifying financial information of entities comparable in size and complexity to the Recipient. In addition, the audit team as whole should have:

- Experience with programme and projects related to donor funded project by national and/or international donors and institutions.
- Experience with audits in West Africa sub region particularly Ghana
- Experience with audits of NGOs and Not-for-Profit Organisations
- Sufficient knowledge of relevant laws, regulations and rules in the country concerned. This includes but is not limited to taxation, social security and labor regulations, accounting and reporting.

- Spreadsheet software skills to quantify and illustrate routine financial reports, comparisons, impacts, and/or projections
- Ability to effectively communicate accounting information, policies, and/or procedures in a manner easily understood by the stakeholder.
- Fluency in English
- A good knowledge of agricultural research & development and innovation issues in Africa will be an advantage

3.2.2. Team composition

The team of auditors required for this engagement will be composed of a Chief Internal Auditor and Senior Internal Auditor.

3.2.3. Categories of staff/experts

- **Category 1 – (Chief Internal Auditor)**

A Category 1 expert (Chief Internal Auditor) should have completed a university program with at least (MSc) in Accounting, Finance, Auditing, Business Administration, Economics, Engineering, IT, Mathematics or Law, or MBA. Professional auditing certification (preferred), such as Certified Internal Auditor (CIA), Certified Public Accountant (CPA), Chartered Accountant (CA), Certified Fraud Examiner (CFE) and Certified Information Systems Auditor (CISA). He/she must have at least 12 years of professional experience as a professional auditor or accountant in public audit practice. The audit partner will be the person who will be responsible for the specific contract and its performance as well as for the report that is issued on behalf of the firm. He/she has the appropriate authority from a professional, legal or regulatory body and is authorized to certify accounts by the laws of the country in which the audit firm is registered.

- **Category 2 – (Senior Internal Auditor)**

The Senior Internal Auditor should be a qualified expert with a relevant university degree or professional qualification, i.e. at least (MSc) in Accounting, Finance, Auditing, Business Administration, Economics, Engineering, IT, Mathematics or Law, or MBA. Should have at least 6 years of experience as a professional auditor or accountant in public audit practice including relevant managerial experience of leading audit teams. He/she should be a member of a national or international accounting or auditing body or institution.

3.2.4. Curriculum Vitae (CVs)

The auditor will provide FARA with CVs of the staff/experts involved in the engagement. The CVs will include appropriate details for the purpose of the evaluation of the offer on the relevant specific experience for this engagement and the qualifying work carried out in the past.

4. Reporting

The auditors would submit quarterly reports and an annual report.

- a. Quarterly Reporting: The Auditors will provide a quarterly report for the units audited during the quarter containing findings and recommendations to enable Management to take timely action. The Report shall contain the records verified, deviations, if any, the adequacy of internal controls and the adherence to rules and regulations made from time to time under the organisation. The report should be discussed and agreed with the auditee and should be structured in a manner giving the observations, the implications of the observations, the suggested recommendation and the management comments/ agreed actions. In addition, the internal auditor should provide an Executive Summary highlighting the critical issues which require the attention and the status of actions on the previous recommendations. The audit observations should be supported by instances and quantified, as far as practicable.
- b. The quarterly audit reports should be submitted within 30 days from the end of the quarter with a management letter, executive summary and the detailed report. The reports will be submitted to the Executive Director. The auditor will provide a report to Management highlighting findings during the period under review. This will be in the form of a Management Letter which will inter-alia include:
 - Comments and observations on the financial management records, systems and controls that were examined during the course of the review;
 - Deficiencies and areas of weaknesses in systems and controls and recommendation for their improvement;
 - Matters that have come to attention during the review and might have a significant impact on operations;
 - Any special review procedures required of a compliance nature (for example, compliance of the procurement procedures, procedure for selection of consultants etc;
 - Status of compliance to previous report; and
 - Any other matters that the auditor considers pertinent.

5. Duration of Assignment:

The assignment will be for 96 man-days for a financial year audit with possibility of extension strictly based on satisfactory performance. The key staff required for the assignment and the estimated time input required is enumerated below;

Category	Man-Days per Week	Man-Days per Month	Man-Days per Year
Chief Internal Auditor	1	4	48
Senior Internal Auditor	1	4	48
Total	2	8	96

6. Location of Assignment:

The assignment will be carried out at the FARA Secretariat, 12 Anmeda Street, Roman Ridge, Accra, Ghana and any other location that may be deemed appropriate but will be subject to further negotiations.

7. Professional Standards and Disclosure

All IA activity will be undertaken in accordance with FARA’s policies in order to ensure consistent professional standards are adopted. IA will adhere to the Code of Ethics and International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors – Ghana. IA effectiveness will be assessed annually.

FARA’s external auditors and other stakeholders have the right to request any information including IA reports which may be requested by these external parties to allow them to discharge their obligations.

8. Facilities to be provided by FARA

The Internal auditors shall be given access to all documents, correspondence, and any other information relating to the organisation. The auditors shall be provided with the relevant policies and guidelines, Project Appraisal Documents (PADs) and other relevant documents.

9. Selection of Audit Firm

The firm will be selected based on Quality & Cost Based Selection (QCBS) procedures defined in the Procurement Guidelines of FARA.

10. Application Process

Expressions of Interest should be submitted electronically to [recruitment@faraafrica.org] and addressed to Dr. Yemi Akinbamijo, Executive Director of FARA, 12 Anmeda Street, Roman Ridge, Accra, Ghana, no later than **Friday, 26th February, 2021**, at **14h00 GMT**. Tel: +233 302 772823/744888.

FARA Affirmative Action Statement on Recruitment: *there is no discrimination based on gender race, religion, ethnic orientation, disability or health status.*