## TERMS OF REFERENCE

<table>
<thead>
<tr>
<th>Position title:</th>
<th>NPCA EXTERNAL AUDITORS CONSULTANCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position type:</td>
<td>Consultancy</td>
</tr>
<tr>
<td>Office/Project:</td>
<td>CORPORATE SERVICES</td>
</tr>
<tr>
<td>Conditions of work:</td>
<td>- <strong>Part Time/Consultancy</strong></td>
</tr>
<tr>
<td></td>
<td>- “If negotiations with bidder(s) were to fail, NPCA shall, as of</td>
</tr>
<tr>
<td></td>
<td>right, reject proposal(s) and cancel the bidding procedure,</td>
</tr>
<tr>
<td></td>
<td>without thereby incurring any liability whatsoever towards</td>
</tr>
<tr>
<td></td>
<td>bidder(s).”</td>
</tr>
<tr>
<td></td>
<td>- The signature of a contract with a selected bidder shall occur</td>
</tr>
<tr>
<td></td>
<td>within fourteen (14) working days after the date of submission</td>
</tr>
<tr>
<td></td>
<td>of the contract failing which the negotiations shall be</td>
</tr>
<tr>
<td></td>
<td>considered as broken off indefinitely and the proposed draft</td>
</tr>
<tr>
<td></td>
<td>contract shall become null and void.”</td>
</tr>
<tr>
<td></td>
<td>- <strong>The selected firm’s contract may be renewed upon review of initial contract.</strong></td>
</tr>
<tr>
<td>Duration of contract:</td>
<td>Three (3) years</td>
</tr>
<tr>
<td>Requirement for travel &amp; Location:</td>
<td>N/A</td>
</tr>
<tr>
<td>Conditions of payment:</td>
<td>• Payments to be made within 30 days of receipt of invoice based on the quotation.</td>
</tr>
<tr>
<td></td>
<td>• The consultancy fees include all of the Consultant's costs (all staff costs, Sub-consultants’ costs, printing, communications) and profits as well as any taxes, levies, duties, fees and other impositions as may be imposed on the Consultant.</td>
</tr>
<tr>
<td>Competencies:</td>
<td>Qualified registered Audit Firm with 10 years of experience in Audit</td>
</tr>
</tbody>
</table>
1. BACKGROUND

The New Partnership for Africa’s Development (NEPAD) is a vision and strategic framework for Africa’s renewal that is based on a shared understanding that is imperative to eradicate poverty and position African countries on the road to sustain economic growth and development. NEPAD works closely with the African Union Commission (AUC), regional economic communities, national governments, research institutions and civil society organizations in its attempts to eradicate poverty in Africa whilst also voicing Africa’s concerns at the global level.

NEPAD is the technical body of the African Union. NEPAD’s main offices are located in Midrand, Johannesburg, South Africa, has the following mandate:

- To facilitate and coordinate the implementation of continental and regional priority programmes and projects;
- To Mobilize resources and partners in support of the implementation of Africa’s priority programmes and projects;
- To conduct and coordinate research and knowledge management;
- To monitor and evaluate the implementation of programmes and projects;
- To advocate on the AU and NEPAD vision, mission and core principles/values

The NPCA Strategic Plan 2014 – 2017 places premium on the adoption of a Results Based Management (RBM) approach in Managing for Development Result. This is in response to the requests made to NEPAD by member States for more technical support based on performance and results. The objective of results based management is to improve performance and achieve developmental results. Performance captures the progress towards results as well as achieving targeted results. RBM is a very complex subject that requires substantial institutional innovation, and the capacities that come with it.

2. OBJECTIVE

The Objective of this consultancy is the conduct of an audit of the NEPAD Planning Coordinating Agency.

3. MAIN RESPONSIBILITY AND DESCRIPTION OF THE SERVICES

The audit of the NEPAD CORE activities and projects will be conducted in accordance with internationally accepted audit standards and procedures which is International Standards on Auditing (ISAs) issued by the International Federation of Accountants (IFAC). The audit must cover all funds and all expenditures made by the NEPAD Agency. The financial year of the Agency is from 1 January to 31 December.

The scope of audit services required for specific partner funding projects shall be agreed upon, as clear TOR will be drafted for each project. The auditor is not restricted in the use of audit procedures or
techniques that will help in forming an opinion. The audit shall include the review of work plans, progress reports, project resources, project budgets, project expenditure, project delivery, internal rules and regulations, and other management processes.

**Programme management**

The NPCA programmes are Agriculture, Nutrition and Food Security; Climate Change and Natural Resources Management; Regional Integration and Infrastructure, Human Development and cross cutting priorities of Gender, Youth, Governance and Capacity Development that are aligned to the African Union goals and objectives. The strategy of the NPCA is to ensure the delivery of results informed by quality outputs (deliverables) that clearly demonstrate the achievement of results against properly established baselines, the regular monitoring and evaluation of progress from the harmonized data and sets of indicators that are commonly agreed by key African stakeholders.

**Financial Management System**

NEPAD operates an automated ERP accounting system ACCPAC. However the Agency is in the process of acquiring a more robust system (SAP) in the near future.

1. **Audit Report**

   The audit report should contain:
   - Clear audit opinion
   - The audit standards that were applied.
   - The period covered by the opinion.
   - The scope of limitation for the transactions that are the responsibility of a third party
   - Whether the financial statements of the agency are adequately and fairly presented.
   - In case of grants, whether the fund disbursements made by development partners are used in accordance with the purpose for which funds have been allocated to the projects
   - Whether the Statement of Cash Position reported by core and programmes/ Projects is fairly and adequately presented as at end of accounting period.

   The draft audit reports and management letters should be submitted timely to the CEO of the Agency.

2. **Assessment of internal control**

   The auditor is expected to conduct a general assessment of internal controls according to established internal control standards. The best practices from similar entities may be recommended.

   In addition to the above general assessment, the auditor shall take additional specific steps which
include among others the following:

- Review expenditures made by the implementing partner and assess whether they are in accordance with project document, work plan and budgets.
- Review the process for procurement/contracting activities and assess whether it was transparent and competitive.
- Review the use, control and disposal of non-expendable equipment and assess whether it is in compliance with the Agency/ AU Financial rules and Regulations and also whether the equipment procured met the identified needs and whether its use was in line with intended purposes.
- Review the process for recruiting project personnel and consultants and assess whether it was transparent and competitive.

Recommendations for improvement

Recommendations should be specific and directed to a specific department of the Agency. The response of the entity should be included in the management letter, immediately following the recommendation.

Available Facilities and Right of Access

The auditors shall have unhindered, full and complete access during the auditing period to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the executing agency and implementing partners.

3. REPORTING SCHEDULE AND ACCOUNTABILITY

The Consultant should provide the following Deliverables/Reports:

- **Management letter**

  The management letter should cover the following issues:

  - A general review of the core and programs/projects progress and timeliness in relation to progress milestones and the planned completion date, both of which should be stated in the project document or work plan. This is intended to address whether there has been compliance with specific covenants relating to specific performance criteria or outputs. General compliance with broad covenants such as implementing the project with economy and efficiency might be commented upon but not with the legal force of an audit opinion.
  
  - A description of any specific internal control weaknesses noted in the financial management of the core and program/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.
  
  - The control systems should also include those within the Agency as well as the regional offices.
  
  - The management letter should also include the following:
  
    - The categorization of audit findings by risk severity: High, Medium, or Low. Definitions of these categories are given in Annex ....
    
    - The classification of possible causes of the audit findings. Definitions of these causes are
given in Annex ….
- Management comments/response (project management and, as applicable).

4. COPYRIGHTS
All materials / documents arising out of this consultancy work shall remain the property of the NEPAD Planning and Coordinating Agency (NPCA).

5. SUBMISSION DATES
Deadline for submission of applications: 14 April, 2015