

Terms of Reference (ToR)
for
Hiring of Audit Firm for Statutory/External Audit of NEWAH Headquarters and Province
Offices for Fiscal Year 2079/80(2022/23)

1) Scope of Audit

The audit shall cover overall aspect of NEWAH inclusive of Finance, Procurement, Assets Management, Cash Management, Human Resources, General Administration and to identify issues and areas for improvement.

2) Process

2.1. Auditor shall consider the directives issued by the funding agencies for audit of the project in addition to generally accepted auditing practices/standards/guidelines.

2.2. Auditor shall visit 2 Province Offices (Sindhuli and Baglung) and NEWAH HQ, Lohasal, Kathmandu.

2.3. NEWAH will provide donor wise/ NEWAH's restricted and unrestricted Fund Accountability Statement (FAS), Income and Expenditure, Trial Balance, Bank Reconciliation Statements, Bills and Vouchers, Books of Accounts and all required documents and information during the auditing works.

2.4. Prior to the start of Audit work, the auditors are required to consult NEWAH Audit Review Committee and the Management for sharing the audit program and other audit related matters,

A meeting needs to be carried out between the auditors and the management before conducting Statutory/External Audit, which will be followed by another meeting before the submission of the report.

2.5. CV should be provided to NEWAH by the principal auditor who would be responsible for signing the report, together with CVs of Managers, Supervisors and key personnel proposed as part of the audit team. CVs should include details on audit carried out by the applicable staff, including ongoing assignments indicating capability and capacity to undertake the audit of NEWAH.

Mandatory Requirements:

- A technical proposal including
 - Description of how your skills and experience match the TOR requirements,
 - Proposed methodology
- A financial proposal: should include a detailed budget sheet with breakdowns
- CV of principal auditor who would be responsible for signing the report along with Managers, Supervisors and key personnel proposed as part of the audit team
- Profile of the consultancy firm
- Certificate of Practice (COP) with renewal
- FIRM Registration Certificate in ICAN
- Company Registration Certificate and VAT registration certificate
- Latest Tax clearance certificate
- Minimum 5 years of firm establishment and minimum 3 years of experience in development sector.

3) Examination

3.1. Detail check of bills, vouchers and other procedures should be carried out as per the requirement in order to assess and recommend for better control over procurement, financial and personnel policies and make more effective utilization of funds.

3.2. Auditor shall conduct a general assessment of control that includes:

- Costs are actually incurred, identifiable and verifiable
- Expense incurred in compliance with the applicable laws, donor requirements, accounting standards, organization policies
- Cost incurred within the fiscal year respective to statutory and tax audit
- Expense incurred is within permissible limit by the budget and in line with program objectives
- Expense incurred appropriately recorded in books of accounts of NEWAH and its implementing partners
- Accuracy and adequacy of accounting records

3.3. The auditor shall perform physical inspection of materials, inventories and fixed assets. It is not sufficient for auditors to observe NEWAH Staff perform the count. Auditors should perform the count themselves.

3.4. Auditors shall perform tests that NEWAH operations are in compliance with applicable national laws and other applicable terms and conditions.

4) Confidentiality

4.1. Auditors shall not directly or indirectly divulge, disclose or use any confidential information pertaining to NEWAH without the written consent of NEWAH.

4.2. 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.

4.3. 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 concern person or firm engaged by the project management.

5) Liability Release

5.1. Auditor must be impartial and completely independent from all aspect of management or financial interest in NEWAH. Auditors should not, during the period covered by audit or during the undertaking of audit, be employed by, serve as director for, or have any financial or close business relationship with any senior staff of NEWAH.

(Note: Please refer to the self-declaration document provided in the website of NEWAH by logging on www.newah.org.np/notices which needs to be submitted along with the proposal.)

5.2. NEWAH shall have no control or discretion and therefore no liability over the methods by which the auditor performs the audit.

5.3. All obligation, legal, financial to any person claiming entitlement for compensation or other remedies relating to personal injuries, economic harm or incurred before, during and after the completion of audit will be the liability of the auditor.

6) Audit Working Papers

6.1. Auditors shall retain audit working papers for seven years after the end of audit, or longer as requested by NEWAH in writing.

6.2. NEWAH may require the audit programs and/or audit working papers of the audit carried on; and auditor should provide them upon receipt of the request.

7) Audit Time Frame

| Audit Procedure | Date |
|--|---|
| Entry Meeting | 22 nd Ashad 2080 |
| Understanding the Business | 25 th Ashad 2080- 29 th Ashad 2080 |
| Audit Period (Including Province Office Visit) | 1 st Shrawan 2080 – 32 nd Shrawan 2080 |
| Financial Review | 1 st Bhadra 2080 – 7 th Bhadra 2080 |
| Report Compilation | 8 th Bhadra 2080 - to 12 th Bhadra 2080 |
| Management Discussion of Findings | 13 th Bhadra 2080 |
| Exit Meeting | 14 th Bhadra 2080 |

8) Execution of Assignment and Reporting

8.1. Findings of the audit should be presented at each of the Regional/District Offices separately. The findings should be immediately shared after the completion of the report and accordingly obtain their responses. It will shorten the time lag for the management response.

8.2. Auditors should share their audit observations before finalization of their report and the management letter. Auditor should present their observation at NEWAH HQ. Consolidated draft audit report must be submitted at HQ by August 24, 2023. The final report and financials must be submitted within August 31, 2023

8.3. Management letter 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.

8.4. Auditor may also wish to comment for good practices that were developed by NEWAH and/or the implementing partner/s.

8.5. The audit report should cover the donor wise expenditure and its fund balance plus one main compilation report of NEWAH for Fiscal Year 2079/80 (2022/23) as prepared according to the rules and regulation of the organization following the Generally Accepted Accounting Practices (GAAP).

8.6. Auditor should submit 2 copies of final audit report, each bearing original signatures.

8.7. In the consolidated annual financial audit report; summary of the report, chart of the financial figures for visual context to the financial numbers, recommended activity-time frame and responsible person in the management report should also be included.

8.8. Financial Figures (approx..) and Account Name for audit, during the period is as follows in NPR

| Particulars | Period | Approx Figure (NPR '000) |
|----------------|--|--------------------------|
| Donor Funds | 17 th July 2022 to 16 th July 2023 | 250,000 to 270,000 |
| NEWAH Accounts | 17 th July 2022 to 16 th July 2023 | 20,000 |

9. Payment Modality

100% Payment will be paid after the submission of final report and approved by the concern authority.

10. Interested Audit Firms are requested to submit their sealed hard copy of Technical and Financial Proposal along with the above document by 26th August 2022 (Friday), 16:00 Hrs to reach the address below:

**The Director,
Nepal Water for Health (NEWAH)
Lohasal, Kathmandu - 4**

Please visit www.newah.org.np/notice for the detail ToR. NEWAH reserves the right to reject any submission without mentioning the reasons whatsoever.