

Terms of Reference (ToR)
for
Audit Firm for Internal Audit of NEWAH Headquarters and Province Offices for Fiscal
Year 2080/81(2023/24)

1) Scope of Audit

The Internal Audit should be performed in accordance with this Terms of Reference (ToR) following the standards and practices applicable to Internal 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. 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.

2.3. 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 Internal Audit, which will be followed by another meeting before the submission of the report.

2.4. 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.

3) Examination

3.1. Internal audit shall cover the areas of financial management, systems and processes and transactions which includes inter alia:

- Incomes, expenditures, assets and liabilities
- Expenditure authorization and procurement system and procedure
- Compliance of prevailing laws, agreement terms, NEWAH Rules, Regulations and Procedures
- Compliance of applicable Financial Reporting Standards
- Bank Reconciliation
- Review of Internal Control System and practices including safeguarding of assets
- Review of budget and plans vs actual results.
- Any other relevant matter as determined by the audit committee from time to time

3.2 In addition to the NEWAH Head Quarters, the internal audit should cover the Province Offices located in Sindhuli and Baglung on site. Besides checking system, process and procedures, transactions are also to be checked on sample basis.

3.3 Project sites under each of the province offices are to be visited and audited for financial control and compliances.

3.4 An Audit Plan on how the above will be carried out shall be prepared and submitted to the Audit Committee of NEWAH for approval before starting internal audit. The internal audit plan should consider efficiency, effectiveness and economy of its assignment while performing the duty. The audit plan should be based on the assessment of the risks in all the areas of NEWAH to be covered by the internal audit. Such a plan should state, among others, audit areas to be covered, time frame, audit team members involved to carry out specific activities. An annual internal audit plan should be prepared at the beginning stating audit areas and coverage in each of the semesters based on the risk assessment and agreed with the audit committee. The second semester plan may need changes based on the experience in the first semester internal audit and should be discussed with the Audit Committee.

3.5 Two Internal Audits are required to be performed in the fiscal year 2080 - 2081 covering period of Mid-July to Mid-January (Shrawan to Poush), Mid-January to Mid-July (Magh – Ashad)

3.6 To identify areas for improvement and critical weaknesses, if any

3.7 The internal audit first draft report shall be shared with the management for comments and responses which then shall be shared with the Audit Committee for comments & finalization.

3.8 The internal audit will attempt to resolve any audit related issues immediately and mention in notes to management as part of the report.

3.9 The criteria on the technical proposal will be on the basis of the following table:

Summary of Technical Proposal Evaluation Forms		Score weight	Points obtainable
1.	Expertise of Firm submitting Proposal	20%	20
2.	Proposed Work Plan, Approach and Methodology	30%	30
3.	Personnel	50%	50
Total			100

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
Report Compilation, Management Discussion and Exit Meeting 1 st Half Audit Period	Within 2 nd Week of Falgun 2080
Report Compilation, Management Discussion and Exit Meeting 2 nd Half Audit Period	Within 1 st Week of Bhadra 2081

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.

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

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

8.5. 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 2023 to 16 th July 2024	250,000 to 270,000
NEWAH Accounts	17 th July 2023 to 16 th July 2024	20,000

9. Payment Modality

50% Payment shall be paid after submission of 1st Half Final Report and approved by the Audit Committee and remaining 50% payment shall be paid after the submission of 2nd Half Final Report and approved by the Audit Committee.

10. Interested Audit Firms are requested to submit their sealed hard copy of Technical and Financial Proposal along with the above document by 17th February 2023 (Friday), 17:00 Hrs to reach the address below:

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.