

TERMS OF REFERENCE

Financial Statement Audit of Fundación Avina in relation to funds received from the Green Climate Fund (GCF) for a readiness project below:

Enhance the capacity of Decentralized Autonomous Governments to access and manage climate finance in Ecuador and contribute to the implementation of the NDC

Fundacion Avina

Project: ECU-RS-003

A. OBJECTIVE

1. The objective of the audit of the Financial Statement (FS) is to enable the auditor to express an independent opinion on the financial performance of the activities undertaken by Fundación Avina for funds received and expenditures under the readiness project “Enhance the capacity of Decentralized Autonomous Governments to access and manage climate finance in Ecuador and contribute to the implementation of the NDC” granted by the Green Climate Fund and managed by UNOPs; as well as an opinion on the Statement of Expenditures (SOE). The audits will be conducted at the end of the first year of the implementation period and at the end of the project. Each audit of the FS shall cover the period of one fiscal year of the delivery partner. The first audit will be conducted from the effectiveness up to March 29, 2020. The audited Financial Statements for each period shall be furnished to UNOPS not later than 15 calendar days after the end of each period.
2. The accounts (books of account) provide the basis for preparation of the FS and are established to reflect the financial transactions in respect of the activities, as maintained by the delivery partner. The delivery partner maintains adequate internal controls and supporting documentation for transactions.
3. The proposal aims to strengthen the capacities of the Decentralized Autonomous Governments (DAGs) at the province level in Ecuador to be able to access climate finance from the Green Climate Fund and other sources of finance for the implementation of strategic and prioritized climate related activities. In addition, provincial authorities will have capacities in place to contribute to the implementation of the National Determined Contributions (NDCs) of Ecuador. Enhancing the participation of Local Authorities in the design and development of climate solutions is essential to promote effective country ownership. Thus, readiness support is required to create tools that empower local authorities to strengthen the monitoring and evaluation of projects and programs and formulate climate change proposals. The project started in March 2019, has a duration of 18 months and a budget of 559,516 USD¹.

¹ The proposal is found in this link <https://www.avina.net/wp-content/uploads/2019/04/Readiness-proposal-EcuadorFinalFundacionAvina03-10-18cleanversion.pdf>

B. PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The responsibility for the preparation of financial statements, including adequate disclosure, is that of the delivery partner. The delivery partner would prepare the FS in accordance with the applicable financial reporting framework i.e. the International Public Sector Accounting Standards (IPSAS) or the International Financial Reporting Standards (IFRS).

The auditor is responsible for forming and expressing an opinion on the financial statements submitted by the delivery partner. The auditor would carry out the audit of the project in accordance with the International Standards on Auditing (ISA), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from the Delivery Partner written confirmation concerning representations made in connection with the audit.

C. SCOPE

4. The audit will be carried out in accordance with International Standards of Auditing, and will include such tests and controls, as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:
 - a. The GCF funds have been used in accordance with the conditions of the relevant agreements, with due attention to economy and efficiency, and only for the purposes for which the financing was provided. The relevant financing agreements are in the Annex D of Grant Support Agreement.
 - b. Goods and services procured have been hired in accordance with the relevant agreement.
 - c. All necessary supporting documents, records, and accounts have been kept in respect of all activities including expenditures reported using Statements of Expenditure (SOE) or Interim Unaudited Financial Statements (IFS) methods. The auditor is expected to verify respective reports issued during the period agreed with the underlying books of account. Clear linkages should exist between the books of account and reports presented to GCF.
 - d. The accounts have been prepared in accordance with consistently applied International Accounting Standards i.e. IPSAS/IFRS and give a true and fair view.
 - e. National laws and regulations have been complied with, and that the financial and accounting procedures approved for the project were followed and used.
 - f. Financial performance of the project is satisfactory.
 - g. Assets procured from project funds exist and there is verifiable ownership by the delivery partner or beneficiaries in line with the financing agreement.
 - h. Compliance with the terms and conditions were agreed on the memorandum of understanding.

Auditors shall certify:

- i. Whether the FS are drawn up in conformity with the applicable international accepted accounting standards.
- ii. Whether the FS are accurate and are drawn up from the books of accounts maintained by the Delivery partner.
- iii. Whether the provisions of the Agreement are adhered to.
- iv. Whether the Delivery Partner in accordance with the relevant Agreement has undertaken Procurement.
- v. Carry out a physical verification of any significant assets purchased and confirm their existence and use for project purposes.

D. AUDIT OPINION

5. Besides a primary opinion on the Financial Statements, the audit report of the accounts should include a separate paragraph commenting on the accuracy and eligibility of expenditures.

E. MANAGEMENT LETTER

5. In addition to the audit report, the auditor will prepare a "management letter", in which the auditor will:
 - a) Give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
 - b) Give comments on previous audits' recommendations that have not been satisfactorily implemented;
 - c) Bring to the recipient's attention any other matters that the auditor considers pertinent, including ineligible expenditures;
 - d) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement; and,
 - e) Communicate matters that have come to attention during the audit, which might have a significant impact on the implementation of the agreement.

The management letter should also include responses with action plan from the Delivery Partner to the issues highlighted by the auditor.

F. AVAILABLE INFORMATION

The auditor should have access to all legal documents, correspondences, and any other information associated with the project and deemed necessary by the auditor. The auditor will also obtain confirmation of amounts disbursed and outstanding at the Fund. Available information should include copies of the relevant: project appraisal document; financing agreement; financial management assessment reports; supervision mission reports and implementation status reports.

SKILLS AND REQUIREMENTS:

The audit firm should be based in Panama. It should be affiliated with an internationally reputed audit firm.

At least 5 years' experience in providing auditing services according to international standards.

Familiarity with fiduciary, transparency and accountability standards managed by the Green Climate Fund.

AUDIT FEES:

The fees will be paid in two payments:

USD 4,000.00 in May 29th 2020 upon the completion of the Interim Audited Financial Report.

USD 4,000.00 in November 29th 2020, upon the completion of the Final Audit Financial Report.

Additional expenses to conduct the auditing services provided above will fall under the contractor.

INDEPENDENT CONTRACTOR:

It is expressly agreed that the auditor is acting as an independent contractor in performing his/her services hereunder. Audit firm agrees to independently report and pay any contributions for any applicable taxes.

APPLICATIONS:

Interest parties please submit your company presentation and letter of interest to the following email: desarrollo.humano@avina.net until Friday, February 21st 2020