

**CPA / AUDIT FIRMS TO CONDUCT A PROJECT AUDIT PURSUANT TO THE GRANT
AGREEMENT FOR A UNITAID FUNDED GRANT****EXP_19_2019****Background**

ISGlobal – the Barcelona Institute for Global Health -- is an international health research centre whose ultimate goal is to help close the gaps in health disparities between and within different regions of the world. For this, we focus on knowledge generation (research), training, and implementation (both policy and global development).

ISGlobal is a WHO Collaborative Centre for Malaria Control, Elimination and Eradication. Malaria remains a public health problem in endemic countries. After achieving remarkable advances from 2000 to 2015, the global fight against malaria has stalled. The World Malaria Report 2018 estimates an increase to 219 million cases in 2017 compared to 216 million in 2016. We are currently not on track to achieve the goals proposed by WHO in the Global Technical Strategy for Malaria 2016-2030 (GTS). Vector control, our most effective prevention strategy, is now doubly threatened by residual transmission and insecticide resistance. New tools are needed to control residual transmission, one of the key liabilities of vector control today.

The Project

BOHEMIA is a Unitaid funded, 4-year project that combines evidence generation and stakeholder engagement to create an enabling environment for ivermectin as a first-in-class endectocide for malaria prevention. This will be achieved by demonstrating the efficacy of ivermectin against malaria to support a WHO policy recommendation, as well as by engaging country leaders and civil society in order to forge local ownership and create demand. In addition, to ensure the supply of high volume/low cost quality product it will be key to efficiently engage manufacturers.

Further information on the trial design will be supplied on receipt of a fully executed Non-Disclosure Agreement (NDA).

I. OBJECT

The present document is intended to contract a cpa/audit firms to conduct a project audit pursuant to the grant agreement for a unitaid funded grant.

All the technical specifications contained in this document are considered to be part of the minimum requirements and do not exclude any other needs for compliance with the purpose of the service contracted.

II. CONTENT OF THE WORK

Scope of services required

Unitaid funded projects are subject to annual audit by an external audit firm (the Auditor). In the case of the BOHEMIA Project, the following is required:

- **Grant Financial Audit** of the 2019 Unitaid Grant Financial Report and expenses incurred during the Grant Agreement Development funded by Unitaid through the Project preparation Facility (PPF). The audit firm is expected to issue an audit report under the International Standards on Auditing - with special consideration to ISA 805.
- **Agreed-Up on Procedures** (“AUPs”) as defined in these terms of reference. The audit firm is expected to issue a report of factual findings under the International Standard on Related Services 4400.

All the details of the services required can be consulted in the attached annex.

III. ESSENTIAL CONTRACTUAL OBLIGATIONS

They will be considered as essential obligations of the successful bidder, the following:

- a) Guarantee absolute confidentiality of the documentation received, taking the due diligence not to disclose it, or use it in any way other than the purpose of this contract. Failure to comply with this obligation will automatically imply termination of the contract and will result in a claim by ISGlobal for damages that may have been inflicted.
- b) Guarantee and take responsibility for the technical quality of the works and services that develops and the consequences that may occur, by ISGlobal or for third parties, as a consequence of omissions, errors, inadequate methods or incorrect conclusions in the execution of the contract.
- c) To carry out a strict follow-up in carrying out the work of the report audit.
- d) Deliver the works and reports hired in the manner and terms provided in the Bidding Document.

IV. CONTRACT PERIOD

The audit services required are for an initial term of twenty months covering the period from grant agreement development (May 2018 – January 2019) and project inception on February 1, 2019 through December 31, 2019.

The contract will be signed from the adjudication up to submission of final deliverable approximate June 30th 2020.

The term may be extended in three annual increments and will normalize to cover a twelve (12) month calendar year for periods January 1, 2020 through December 31, 2020 and January 1, 2021 through December 31, 2021 and thirteen months for period January 1, 2022 through January 31, 2023.

V. ADVERTISING

The present contract will be published by announcement in the Suppliers Profile of the entity on the website: www.isglobal.org

VI. PLACE AND DATE OF SUBMISSION OF PROPOSALS

The economic proposals must be submitted by email to the address licitaciones@isglobal.org

The deadline for submitting proposals will end on 19 July, at 12:00.

VII. LEGAL SYSTEM OF THE CONTRACT

The contract is considered a private contract and is subject to private law, ruling by this Schedule, by the contract and documentation attached, and in everything not provided by the applicable civil and commercial legislation.

VIII. EXPENDIENT OF RECRUITMENT, AWARD PROCEDURE OF THE CONTRACT AND DOCUMENTATION TO BE PROVIDED TENDERS

The contracting of the reference services will be awarded by the procedure envisaged in Section IX of the Internal Contracting Instructions of the entity. From the day of publication of the tender notice, interested companies can be obtained through the contractor's profile on the website www.isglobal.org the necessary documentation to prepare your proposals.

ISGlobal will evaluate proposals based on how well the responses demonstrate the company's ability to meet the needs and scope of services for this project as outlined in this audit as well as cost-effectiveness of the proposed strategy. ISGlobal will select the company based on:

- Merits and completeness of the proposed project plan and scope of services proposed
- Service-related experience
- Experience and qualifications of proposed staff
- Planned approach to meet the project's requirements as listed above
- Financial proposal including, but not limited to, discounts, service charges, and other charges

Depending on the number and quality of proposals received, ISGlobal may shortlist 2 potential vendors and request further information or a presentation by the individual company. The way forward to final selection will be communicated to all parties at the same time.

IX. PAYMENT METHOD

Payment will always be made under invoice and 60 days invoice date by bank transfer once the services have commenced and in accordance with the contractual agreement.

Barcelona, June 13, 2019

ANNEX 1

**STANDARD TERMS OF REFERENCE FOR
AUDIT OF THE UNITAID GRANT BOHEMIA**

I. Audit services

Unitaid funded projects are subject to annual audit by an external audit firm (the Auditor). In the case of the BOHEMIA Project, the following is required:

- **Grant Financial Audit** of the 2019 Unitaid Grant Financial Report and expenses incurred during the Grant Agreement Development funded by Unitaid through the Project preparation Facility (PPF). The audit firm is expected to issue an audit report under the International Standards on Auditing - with special consideration to ISA 805.
- **Agreed-Upon Procedures** (“AUPs”) as defined in these terms of reference. The audit firm is expected to issue a report of factual findings under the International Standard on Related Services 4400.

Detailed requirements for execution of services are described in the next sections.

II. Grant Financial Audit

II.1. Objective

Unitaid requests that the grant auditor issues a fair-presentation audit opinion attesting that

- i. Grant financial information as reported in the grant financial report, has in all material respect, been reported in compliance with Unitaid’s financial reporting requirements as established in the Grant Financial Reporting Guidelines.
- ii. Underlying transactions have been accounted for in compliance with both the terms and conditions of the grant agreement, and applicable accounting standards and local laws.

II.2. Auditing Standards

Grant Financial Audit shall be performed in accordance with the International Standards on Auditing (ISA) as published by the International Auditing and Assurance Standards Board (IAASB), with special considerations of ISA 805 “special considerations—audits of single financial statements and specific elements, accounts or items of a financial statement.”

II.3. Financial report(s) subject to audit

The following financial reports shall be subject to the audits:

May 1, 2018 through January 31, 2019

February 1, 2019 through December 31, 2019

The term may be extended in three annual increments and will normalize to cover a twelve (12) month calendar year for periods January 1, 2020 through December 31, 2020 and January 1, 2021 through December 31, 2021 and thirteen months for period January 1, 2022 through January 31, 2023.

II.4. Grant Financial Report

For the purpose of the Grant Financial Audit, parts of the financial report to be audited are the fund statement (cash statement)

II.5. Audit Deliverables

The Auditor is expected to issue the following documents:

- **An audit report.** This report should cover the grant for the project year 2019 and expenses funded through the PPF funding during the grant agreement development stage;
- **A management letter.** This letter shall explicitly capture:
 - Any instances of non-compliance with the Grant Agreement noted in the course of the audit work and related adjustment(s);
 - A summary of non-compliant and ineligible expenses noted in the course of the audit work;
 - Analysis and recommendations on instances of non-compliance with particular reference to ineligible expenses and internal control weaknesses;
 - Responses collected from the Grantee and action timelines for implementing agreed recommendations. Should a Grantee reject an audit finding or if the Auditor disagrees with the adequacy of the response received, the Management Letter should acknowledge that disagreement;
 - Matters that have come to the Auditor's attention during the audit and which may have a significant impact on the implementation and-or sustainability of the project;
 - Report on the implementation status of recommendations contained in previous audit reports. The Auditor will follow up on management's actions to address the findings of the previous audits, including external audits, internal audits or other reviews relevant to the project.

II.6. Areas of Audit Focus

As part of the audit testing procedures, the Lead Auditor must pay particular attention to the following principles and areas:

II.6.1 Grant expenditures

- The Auditor must ensure that the audited parts of the financial report agree with the Grantees' books of account which provide the basis for preparation of the grant financial report.
- The Auditor must ensure that accruals balances are reviewed for reasonableness, existence and completeness.
- For any audited expenses incurred on the grant, the Auditor is expected to validate that:
 - Such expenses are eligible under the grant agreement. An eligible expense is defined as an expense supporting an approved programmatic activity as defined in the approved Project plan and Budget of the Grant Agreement, or in any related amendment; such expenses should not be charged against another funding source.
 - Such expenses are not charged against another funding source.
 - Such expenses, including accruals, are supported with adequate and approved documentation; this includes, but does not limit to, approved purchase orders (approved quality, time and price terms), delivery documents and invoices.
 - Staff related expenses correspond to actual time spent and level of deployment on the project (through reconciliations with reports from the grantee's timekeeping system or equivalent) and have been approved in compliance with the grantee's internal policy and-or relevant local regulations (including the level of remuneration and related benefits).
 - Adequate tax exemptions for the procurement and delivery of commodities have been secured; alternatively, it should be properly documented when tax exemptions were not granted by relevant tax authorities.

II.6.2 Grant Revenues

For any audited project income, the Auditor must ensure that income generated has been properly identified, recorded and reported in accordance with the provisions of the grant agreement.

II.6.3 Foreign Exchange Currency

The Auditor is to assess the reasonableness of the foreign exchange rates applied to:

- Grant expenses reported in functional currencies other than the US dollar currency.
- Grant financial position in functional currencies other than US dollar currency.

The auditor is to assess on existence and valuation of the funds at bank at reporting closing date in local currencies and USD.

II.6.4 Data retention and supporting documentation

Ensure supporting documentation is managed in compliance with provisions of the Grant Agreement on data retention.

II.6.5 Compliance with applicable legislations

The Auditor is expected to ascertain that reported transactions comply in all material respects with applicable legislations. Particular attention should be laid upon payroll and staff related expenses.

III. Agreed Upon Procedures

III.1. Objective

The Auditor is expected to perform Agreed-Upon Procedures (“AUPs”). These AUPs will consist in delivering complementary audit and risk assessment services in order to further assess and strengthen both the Project’s and Grantee’s system of internal control.

III.2. Auditing standards

The Auditor is required to perform the Agreed-Upon Procedures in compliance with the IAASB’s International Standard on Related Services 4400.

III.3. Selected Agreed-Upon Procedures

AuPs on Fraud:

- Hold discussions on processes relating to fraud prevention, detection and management with key individuals involved in the oversight and management of the Project and enquire whether they are or have been aware of:
 - Any fraud or loss (by illegal acts or otherwise) including commodity-related (wastage, expiries) that resulted in a loss specific to Unitaid activities
 - Any known non-compliance with Unitaid grant requirements on reporting of cases of fraud and loss.

As a minimum, the Auditor is expected to have discussions with the Finance Director (or an equivalent position), staff responsible for the management of fraud cases and key staff involved in the management and implementation of Unitaid funded project.

- Inquire and obtain the list of all reported fraud, loss or corruption incidents related to Unitaid funding if any. For any incident, ascertain that the incident and follow up measures were duly reported to Unitaid via the relevant sections of the Financial Reports or any other ways of communication. Verify that measures have been taken by management to both correct and avoid recurrence.
- Enquire with the Finance Director whether Internal Audit (or other function, which fulfils that role) performed any work to identify cases of fraud and loss. If

yes, document work performed, internal audit findings, and management response.

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Direct Project costs

For 25% of expenditure tested as part of the reasonable assurance engagement, perform the following:

1. Validate that expenditure related to Unitaid grant.
2. Validate that expenditure was supported by a valid invoice or other appropriate substantiating documentation
3. Validate that expenditure occurred in compliance with UNITAID's expense policies.
4. Where costs have been incurred in foreign currency, check that exchange rates used for translating costs are reasonable

Staff costs

For 50% of payroll related expenditure tested as part of the reasonable assurance engagement, perform the following:

1. Validate that costs charged to the project relate to positions included in the budget/revised budget as approved by Unitaid in the Grant Agreement or amendment to the Grant Agreement.
2. Verify that costs charged to the project:
 - a. Correspond to time actually spent on the project, through reconciliation to the timekeeping system or equivalent.
 - b. Have been approved in line with the grantee's internal policy.
 - c. Are valued using the relevant employee payroll costs (base salary and benefits).
3. Verify and document that changes in key staff (if any) have been communicated to Unitaid in a timely manner.

For interest income reported:

- i. If a separate bank account has been used, agree amount in the financial report to supporting document from the bank.
- ii. If no separate bank account, confirm interest has been correctly calculated in accordance with agreed methodology for the project.

III.4. Deliverables

The Auditor is expected to issue a **report of factual findings**. This report shall at least capture the following:

- A statement that the procedures performed were those agreed upon with the recipient;

- A statement that the engagement was performed in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements, or with relevant national standards or practices;
- A description of the auditor's factual findings including sufficient details of errors and exceptions found;
- A statement that had the auditor performed additional procedures, an audit or a review, other matters might have come to light that would have been reported.

IV. Auditor's responsibilities and Other considerations

IV.1. Auditor's and Lead Auditor's responsibilities on Audit Strategy, Execution and Reporting

IV.1.1 Auditor's responsibilities

The Auditor is responsible for issuing the required audit deliverables, and for the overall achievement of the objectives of the grant audit. It is the Auditor's responsibility to assess, organise, implement, monitor and follow-up on the audit progress and results in conformity with requirements as set in this document. This responsibility includes the Auditor's role in defining the audit scope and coverage. It is expected that the audit strategy, scope and coverage are discussed and agreed with the Grantee before the audit commences. Appropriate disclosure notes should be added on to the audit reports, if relevant, in order to reflect important matters of the audit strategy and present the retained audit scope and coverage. It is here expected that the Auditor will inform the Grantee and Unitaid about any exclusions or scope limitations associated to the audit strategy.

The Auditor will report any attempt by the Grantee to restrict the scope of the audit, or any lack of co-operation on the part of the Grantee. The Auditor will consult Unitaid on what action may be required, whether or how the audit can be continued, and whether changes in either the audit scope or timetable are necessary.

IV.1.2 Lead Auditor's extended responsibilities

In case the grant is managed through a consortium of organizations that includes grant subawards to subgrantees, the Auditor is expected to act as the Lead Auditor, and shall coordinate with the Lead Grantee, guide and consolidate the overall audit work and progress. The Lead Auditor is expected to issue consolidated audit deliverables and shall eventually remain fully accountable for the required deliverables, the overall achievement of the audit objectives, and the consolidated audit opinions and findings.

IV.2. Audit locations and subcontracted audit

IV.2.1 Decentralised Project Activities

In order to obtain appropriate evidence for any decentralised operations run under the project, the audit may include, or combine, both field visits and desk review work.

IV.2.2 Subcontracted audit

Should any part of the audit work be contracted out to another audit firm, the Auditor shall act as a Lead Auditor and shall be expected to guide and consolidate the audit work and the audit outcomes, and shall eventually remain fully accountable for the required Deliverables, the overall achievement of the audit objectives, and the consolidated audit opinions and findings.

Before the audit commences, the Lead Auditor shall provide to the Grantee and Unitaid a schedule capturing the selected audit subcontractors, and shall ensure such subcontractors will perform in compliance with requirements of these Terms of Reference.

It should be reminded that audit firms should satisfy the following minimal requirements:

- Be registered with a professional regulatory body and confirm that it can apply standards issued by the IAASB or equivalent;
- Be eligible to practice as an external auditor and express audit opinions pursuant to the laws, rules and other requirements of the countries where the grant is implemented;
- Be independent and free from real or potential conflicts of interest with the grantee or any of its agents; and
- Have demonstrably competent international presence and experience in examining non-profit organizations operating internationally.

IV.3. Access to information by the Auditor

The Auditor shall be given unrestricted access to books and records supporting preparation and review of the grant financial report.

IV.4. Access to audit deliverables

All audit deliverables shall be shared with both the Grantee, or the Lead Grantee in the context of a consortium, and Unitaid as a donor.

V. Place and desired timeframe

The audit will be coordinated from ISGlobal headquarters in Barcelona Spain by BOHEMIA Financial Manager, with potential visits to the institutions described in section 1.1.

- Signing of audit contract/engagement letter: As soon as possible
- Requested start date for auditor: At date of signature
- Draft deliverables submitted for review: 31/05/2020
Final deliverables submitted by: 30/06/2020