

**TERMS OF REFERENCE FOR ANNUAL AUDIT OF  
“GENDER TRANSFORMATIVE AND RESPONSIBLE AGRIBUSINESS  
INVESTMENTS IN SOUTH EAST ASIA II (GRAISEA 2) - R08449”**

**I. Introduction and Background**

Oxfam GB wishes to engage the services of an audit firm for the purpose of auditing “the Gender Transformative & Responsible Agribusiness Investments in South East Asia - phase 2” (GRAISEA 2), as stipulated in the agreement between Oxfam GB and SIDA. The audit shall be carried out in accordance with international audit standards issued by IAASB<sup>1</sup>.

Name of programme:	Gender Transformative & Responsible Agribusiness Investments in South East Asia - phase 2 (GRAISEA 2)
Organization	Oxfam Great Britain (Oxfam GB)
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Web site	<a href="https://www.oxfam.org.uk/">https://www.oxfam.org.uk/</a>
In cooperation with the following:	Oxfam GB in cooperation with Oxfam Novib, and Oxfam America
The application concerns	The project aims to improving the livelihoods of small-scale producer’s in the agriculture sector in South East Asia through inclusive value chains and responsible business practices
Country/region	Mainly South East Asian countries: Philippines, Indonesia, Cambodia, Vietnam and Pakistan.  Regional partners/service providers based in: Philippines, Singapore, and Hongkong
Contribution from Sida (Primary Donor)	Sida’s contribution for 3 years is SEK 79,900,000. Actual of Y1 is SEK 16,265,196 Budget of Y2 is SEK 34,719,669 Budget of Y3 is SEK 28,915,135
Project Time frame	1 Aug 2018 – 31 Jul 2021.

<sup>1</sup> The International Auditing and Assurances Standards Board (IAASB)

## Background of programme

The Gender Transformative and Responsible Agribusiness Investment in South East Asia (GRAISEA) programme is a joint regional programme among Oxfam Great Britain, Oxfam Novib and Oxfam America in South East Asia funded by the Embassy of Sweden in Bangkok and private sector companies involved in the relevant value chains. The project period is 1 Aug 2018 – 31 Jul 2021 (3 years).

Swedish International Development Cooperation Agency (Sida) is a government organization under the Swedish Foreign Ministry. Sida's headquarters is based in Stockholm with regional and country offices in countries where Oxfam has ongoing activities. Since, August 2018 Sida has funded the GRAISEA 2 programme.

Working in Cambodia, Indonesia, Pakistan, the Philippines, and Vietnam, GRAISEA utilises various partner models at multiple levels to tackle the root causes of poverty and support system-wide change. Currently in its second phase, GRAISEA supports the development of agricultural value chains that provide opportunities for women's economic empowerment, integrate human rights, and promote improved resilience to climate change.

We work with farmers, producer groups, local companies, national governments, multi-national corporations, and with the regional economic block ASEAN. GRAISEA also supports the capacity development of producer organizations, promotes women's leadership and changes to social norms, brings about direct change to the practice of companies, and promotes national and regional policy change.

GRAISEA works to directly increase the incomes and resilience of smallholder farmers in the shrimp and rice value chains, but it aims to do this not simply by directly supporting farmers but by re-shaping the market system, so that change is embedded and large in scale. The market system being developed in the programme is one in which:

- Women are recognised and supported, and social norms promote women's leadership and opportunity.
- Producers (both men and women) are practicing sustainable production, securing markets, and seeing increased income.
- Producers are effectively organised so that they can support each other, engage effectively with market actors, access support to improve production, and access inputs and sell crops on fair terms.
- Governments, civil society, and the private sector are adopting and supporting sustainable production that meets the demands of an expanding market segment.
- Private sector companies are driving change, demonstrating how improved inclusive business practices can be embedded in their operations and championing this across the region.
- MSIs are promoting guidance and standards that make change possible.
- Policy supports this change at national and regional levels.

## II. Objectives and scope of the audit

The objective is to audit the Financial Report for the period **1<sup>st</sup> August 2019 to 31<sup>st</sup> July 2020** and to express an audit opinion according to ISA 800/805 on whether the Financial Report of GRAISEA is in accordance with Sida's instructions for financial reporting as stipulated in the agreement between Sida and Oxfam GB.

### Scope of Engagement

- This audit covers costs incurred during 1<sup>st</sup> August 2019 to 31<sup>st</sup> July 2020 through the GRAISEA 2 Programme comprised of PMU (Programme Management Unit), Oxfam affiliates, service provider, regional partners, implementing countries and their local partners and make formative recommendations.
- The audit will carry an element of on-site review of countries/partners (based on risk assessment and feasibility) who have received Sida's funding to audit income, expenditures, funding transfers adherence to policy and procedures and the internal control environment. The supporting documentation will be made available in softcopy form and that any assessment of Oxfam's internal controls should be conducted locally (closest country office) and/or remotely for Head Quarter level functions. Original documents will be provided in the offices visited only.

Specifically, the audit includes:

- Examination of the project's financial statements for the fiscal year ending on 31 July 2020 in accordance with international Standards on Auditing or its legally recognized local equivalent. The financial report should include a comparison, for every budget item, between the actual costs/expenditures of activities and the budget as approved by Sida for the period;
- Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs;
- Regardless of materiality, quantify the amount for costs lacking sufficient supporting documentation;
- Follow up whether Oxfam GB has implemented the recommendations from the assessment of internal control according to the last year findings. The examination includes reviewing whether Oxfam GB has implemented the action points as described in Oxfam GB's management response that has been submitted to Sida;
- Examine whether foreign exchange gains and losses are disclosed in accordance with what is stipulated in the agreement including appendixes;
- Oxfam GB's compliance with the applicable tax legislation in regard to taxes (e.g .PAYE)<sup>2</sup> and social security fees;
- Follow up whether Oxfam GB has adhered to the procurement guidelines annexed to the agreement;
- Review if outgoing balance for previous period is the same as incoming balance

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<sup>2</sup> Pay As You Earn

for the current period;

- If Oxfam GB applies modified cash basis as accounting principle, the auditor shall motivate whether the applied accounting principle is acceptable for this type of financial report;
- Verify the unspent balance at the end of the financial year;
- Follow up whether salary costs debited to the project are recorded throughout the duration of the year in a systemized way that enables separation of costs for time spent on the particular project and other Oxfam projects, and examine whether the salary costs can be verified by sufficient supporting documentation, such as time reporting documentation;
- The review shall make a comprehensive summary of all third-party transfers (list of agreement partners, agreed amounts and amounts forwarded).

### **Follow up of funds that are channeled to implementing partners**

The review of agreements and audit reporting from implementing partners must specify that;

- Does Oxfam GB have signed agreements with its partner organisations?
- Are the audit requirements in agreements with partner organisations in accordance with the audit requirements as stipulated in Oxfam GB' s agreement with Sida?
- Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between Oxfam GB and Sida, for funds disbursed in the previous year. The review shall include whether Oxfam GB makes documented assessments of the audited financial reports submitted to Oxfam GB and whether these reports are followed-up by Oxfam GB. The review shall include verification of contributions equivalent of 100 % of the total of disbursed funds as well as 100 % of the number of contributions. The review shall therefore consider all transactions, and from these tests a risk-based sample of transactions. The review shall also include any observations from auditors that Sida should be informed about.
- Are the same requirements for reporting exchange rate gains/losses as stipulated in the agreement between Oxfam GB and Sida, included in the agreements between Oxfam GB and its implementing partners?
- Ensure that Oxfam GB's implementing partners are not private entities/companies, exclusive of CSR Asia and ASIC. Both Sida and Oxfam GB are aware about their legal registration status.
- Ensure that any forwarded funds to Implementing Partners that remain unused at the end of the Activity Period are treated as an income in the Cooperation Partner's reporting to Sida and will be part of the balance that shall be repaid to Sida.

### III. The reporting

The audit report shall present;

- The scope of the audit shall be stated in the report and the methodology used shall be presented.
- The reporting shall be signed by the responsible auditor (not just the audit firm) and title.
- The reporting shall include an audit report/management letter with audit findings and weaknesses identified during the audit process.
- The auditor shall regardless of materiality quantify the amount for costs missing sufficient supporting documentation.
- The auditor shall make recommendations to address any weaknesses identified and actions required. The recommendations and required actions should be presented in priority and provide a copy in excel.
- Measures taken by Oxfam GB to address weaknesses identified in previous audits shall also be presented in the audit report/management letter.
- The reporting shall express an opinion whether the submitted annual financial report is in accordance with the Oxfam GB's accounting records and Article 2.2, 13 and 16 of the General Conditions (see Annex 3).
- The reporting shall cover a consolidated statement of all partners and countries project/institutional audit reports if any, a consolidation of all audit reports summarising recommendations of the overall project.

### IV. Timelines

Transaction listing (Q1-Q3) supplied to the appointed auditor	17 August
Selection of sample and countries/partners to visit and advised to Oxfam GB	21 August
Appointed auditor to review scanned documentation of Q1-Q3 and visit countries/partners	7 September - 16 October
Transaction listing (Q4) supplied to the appointed auditor	3 September
Appointed auditor to review scanned documentation of Q4	15 September
Sharing of the consolidated financial report	15 October
Sharing of recommendations with Oxfam	20 October
Submission of a draft audit report and management letter to Oxfam GB to respond/for comment and follow-up	26 October
Oxfam response on the management letter and feedback on the reports/Finalise audit report	6 November
Final report and management response to be sent to Oxfam GB	16 November

#### **IV. Fee and Payment terms**

The audit fee includes professional fees, operation costs, all taxes, travel expenses, and out of pocket (if required) in a lump sum amount equivalent to THB 1,200,000.

The fee will be billing and reimbursed as per the following milestones;

50% - upon signing of the contract.

20% - upon completion of all deliverables and submission of the draft audit report.

30% - upon satisfactory submission of the final audit report

#### **ANNEX 1**

Agreement between Oxfam GB and Sida (will be shared to the selected firm later)

#### **ANNEX 2**

Project budget (detailed budget will be shared to the selected firm later)

#### **ANNEX 3**

The General Conditions (will be shared to the selected firm later)

#### **ANNEX 4**

Request For Quotation (RFQ) Terms and Conditions

#### **ANNEX 5**

Oxfam GB Ethical and Environmental Policy