



IOM International Organization for Migration
OIM Organisation Internationale pour les Migrations
OIM Organización Internacional para las Migraciones



Terms of reference

External audit in the framework the “Consortium for Integrated Stabilization and Peace of Eastern Congo” (CISPE) program

I. Introduction

IOM obtained a grant of 12,488,000 Euros from the Embassy of the Kingdom of Netherlands in Kigali (herein after referred to as “EKN”) to finance the “Consortium for Integrated Stabilization of Eastern Congo” (herein after referred to as “the program”). The program commenced on 1 November 2015 and lasts up until 30 April 2019. The consortium is comprised of three non-governmental organizations based in the Netherlands, Cordaid, PAX and VNG-I and of the International Organization for Migration (IOM), who is the lead of the program.

II. Programme Objectives

The overall objective of the program is to improve the security and stabilization of pre-defined intervention zones in North-Kivu and Ituri through inclusive dialogue structures that address drivers of conflict and support social cohesion and through policies that improve the functioning of key state institutions and reinforce state legitimacy. Two specific objectives will contribute to the attainment of this overall objective:

1. The objective under the *Democratic Dialogue Pillar* is to contribute to improved security, stabilization and social cohesion of the intervention zones through the promotion of inclusive, dialogue-based conflict resolution mechanisms.
2. The objective under the *Restoration of State Authority* is to contribute to enhanced state/community relations through improved security services performance and an enhanced perception of services within communities.

III. Geographical areas of Intervention

The program is implementing activities within the Nyiragongo, Rutshuru and Masis territories in the North-Kivu province and the Aru, Mahagi, Irumu and Djugu territories in the Ituri province. A series of activities will take place at the *territorial* level whereas others will involve the *chefferie/secteur* and *groupement* level.

While IOM’s head of office is located in Kinshasa, the program is led by IOM from its sub-office in Goma. PAX is operating from its headquarters in Utrecht, the Netherlands, but has its field offices in Bunia, Ituri. VNG-I is also leading its operations from its headquarters in The Hague (Netherlands), but has its main field office in Goma with a presence in Bunia (Ituri

province). Finally, Cordaid’s headquarters are also located in The Hague (Netherlands), while its main sub-office is in Goma and it has a presence in Bunia.

IV. Objectives and scope of the audits

Within this context, IOM wishes to engage the services of an audit firm for the purpose of auditing the above mentioned program, as stipulated in the agreement between the Consortium and EKN. The audit shall include the activities of the lead organization (IOM) as well as the three NGOs members of the consortium listed above.

| <i>Structure</i> | <i>Headquarters</i> | <i>Sub-field Office of reference</i> | <i>Other field presence</i> |
|------------------|-------------------------|--------------------------------------|-----------------------------|
| IOM | Kinshasa (DRC) | Goma (DRC) | Bunia (DRC) |
| CordAid | The Hague (Netherlands) | Goma (DRC) | Bunia (DRC) |
| PAX | Utrecht (Netherlands) | Bunia (DRC) | |
| VNG-I | The Hague (Netherlands) | Goma (DRC) | Bunia (DRC) |

The audit needs to be carried out three times during the duration of the program: at the end of Year 1 (April 2017), at the end of Year 2 (April 2018) and at the end of Year 3 (April 2019).

For the first audit the awarded firm will be tasked to examine the period comprising the Inception Phase (November 2015 to May 2016) and Year 1 (June 2016 to April 2017), with a total of 18 months. The auditing should take place between May and July 2017, to deliver the final Audit Report by 30 August 2017.

The audits shall be carried out in accordance with international audit standards issued by the International Organization of Accounts (IFAC) by an external, independent and qualified auditor (Certified Public Accountant / Authorized Public Accountant).

The auditor shall use the ISA 315 as basis for the risk assessment.

- Audit the yearly consolidated financial report for the program as submitted to the donor and express and audit opinion according to ISA 800 on whether the financial report of the program submitted to the donor is in accordance with IOM’s accounting records and agreed budget.
- Examine, assess and report on compliance with the terms and conditions of the agreement (Article 5.4 of the Consortium Agreement, Article 13 of the Arranging not based on a General Arrangement and the Annex 3 to the Arrangement on Audit protocols for International Organization for Migration, project 27924) and applicable laws and regulations.
- The auditor shall examine on a test basis whether there is supporting documentation related to reported expenditures. The size of the tests shall be based on the auditor’s risk analysis and should be stated in the reports. The auditor shall report the identified amounts in case there are any missing supporting documentation.

- The auditor shall submit three audit memorandum / management letters, which shall contain the audit findings made during the audit processes. The audit memorandum / management letters shall state which measures were taken as a result of previous audits and whether measures taken were adequate to deal with reported shortcomings.

V. Audit certificates / Reports / Memorandums / Management letters

- There shall be only one consolidated report, independently of the number of missions or field inspections conducted with the different members of the consortium.
- The report shall contain details regarding the used audit methods and the scope of the audits in line with the Annexed protocol 3.
- The report shall contain an assurance that the audit was performed in accordance with international standards and by a qualified auditor.
- The report shall contain the responsible auditor's signature (not just the audit firm) and title.
- The auditor shall make recommendations to address any weaknesses identified. The recommendations should be presented according to the degree of priorities.
- The reports shall not exceed 20 pages, be written in English and will be presented to IOM in two copies and one digital for onward transmission to EKN, within four weeks after the last visit.

VI. Request for budgetary proposals

In view of the fact that the different members and its consortium are located in two different countries, IOM would request the awarded firm to provide their budgetary proposal for the following scenarios:

- 1- **Option 1: "100% DRC audit firm"**: Budget for the Audit of the entire consortium conducted exclusively by the Kinshasa-based branch, with field inspection missions of the auditor(s) to Goma (DRC) and The Hague and Utrecht (Netherlands).
- 2- **Option 2: "100% Netherlands Audit firm"**: Budget for the Audit of the entire consortium conducted exclusively by a Netherlands-based company, with field inspection missions of the auditor(s) to Goma (DRC).
- 3- **Option 2: Hybrid option combining DRC-based and Netherlands-based teams from the same firm's branches**: Budgetary proposal for the overall audit with (i) the field missions in Goma (DRC) exclusively conducted by the Kinshasa-based branch and (ii) the inspection of members of the consortium established in Utrecht and The Hague

conducted by the partner firm in The Netherlands (HQ or country branch). The findings of both audits should be later harmonized in a single report.

- 4- **Option 3: Partnership Kinshasa-based or Netherlands-based audit company and third firm established in the other country:** Should the Kinshasa/Netherlands-based firm have no partnership with a sister firm based in the other country, IOM might be open to explore options involving audits conducted by a third audit company using the same methodological approach in both countries and consolidated in a single final report.

For the sake of obtaining a homogeneous approach, Options 1, 2 and 3 would be preferred; however, those offers involving the Option 4 would also be receivables and analyzed in its merits.

VII. Submission of offers

Interested Audit firms that may comply with these requirements are welcomed to put forward:

- a) their budgetary proposal
- b) specifying the modality they intend to use to combine the inspection of the DRC and Netherlands partners,
- c) the understanding that they will be using a homogenous approach and presenting its findings in a single report covering the period of November 2015-April 2017 no later than 30 August 2017.

The cut-off date for the reception of proposals will be **30 March 2017.**