

Annex II

Sida's Standard Terms of Reference for Annual Audit of Project Think Nature!

Introduction

Brief presentation of Center for Civil Society Promotion, hereafter referred to as the 'Cooperation partner':

Centre for Civil Society Promotion (CCSP) is a local, non-governmental, non-partisan organization, which since its founding in 1996, works on strengthening civil society in B&H and the region. At the same time we build organizational capacity and strengthen own capacities. Our strategic goals in the coming years are: the creation of an enabling environment for civil society development; promotion and development of civic engagement and participatory democracy and institutional development of CCSP. Our vast experience in democratic processes resulted in institutionalized partnership of civil society organizations and authorities at different levels. We are specialized in building capacity of social entities and individuals.

Think Nature! is a three-year project that will be implemented on whole territory of Bosnia and Herzegovina. Main objective of the project is to increase influence of civil society on environment protection, and by that, to contribute to better environment protection and enhanced resilience to environmental impact and climate change in Bosnia and Herzegovina, and to strengthen implementation of the requirements imposed by the EU and international agreements on the environment, climate and energy.

Think Nature! will have a set of different activities, which will lead to increasing environmental responsibility of government bodies, companies and citizens through advocacy campaigns; increasing involvement of local actors in addressing environmental issues through establishing infrastructure/network of 10 Eco Hubs; encouraging young people to engage in their environment and actively protect it through development of 40 Eco Schools; raising awareness and activism of young people in area of environment protection; and improving the quantity and quality of environmental coverage in media.

This project will involve variety of key stakeholders, such as environmental CSOs, media, citizens (especially young people), companies, primary and secondary schools, local and national government. Special attention will be paid to cross cutting issues, such as cross-cutting

Misli o prirodi!





aspects of multidimensional poverty, conflict prevention, human rights, gender equality and environment. All project components include strong gender component.

This project is carefully designed, having in mind current situation of environment in Bosnia and Herzegovina, recommendations of Environmental Performance Reviews Bosnia and Herzegovina (Third Review from 2018), by United Nations Economic Commission for Europe (UNECE), measures 5.3.1.2 and 5.6.1.3 from the Strategy for Environment Protection of FBiH (2008-2018), Strategy on Nature protection of RS. Also, inputs from research “Register of organizations in the field of environmental protection” conducted in 2018 by Regional Environment Center in BiH was used in design of this project.

Also, some aspects of the project are connected with Strategy of harmonization of regulations to EU Acquis in the field of Environmental Protection of BiH, EAS-BIH (2017, where it was stressed out that particular attention should be paid to the preparation of Directive Specific Implementation Plans for directives relating to the freedom to access environmental information / environment and public participation in environmental / environmental decision-making, due to the nature of these directives (which have a significant impact other directives, the freedom to access information and public participation in environmental / environmental decision-making, as well as the right to legal protection are the basic principles of the entire environmental / environmental sector).

The Cooperation partner wishes to engage the services of an audit firm for the purpose of auditing the Think Nature!, as stipulated in the agreement between Cooperation partner and Sida. The audit shall be carried out in accordance with international audit standards issued by IAASB¹. The audit shall be carried out by an external, independent and qualified auditor.

I. Objectives and scope of the audit

The objective is to audit the financial report for the period 1.9.2019 to 31.8.2022. as submitted to Sida and to express an audit opinion according to ISA 800/805 on whether the financial report of Think Nature! is in accordance with Sida’s instruction for financial reporting as stipulated in the agreement including appendix between Sida and Cooperation partner.

¹ The International Auditing and Assurance Standards Board (IAASB)

II. Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the Terms of reference below

1. Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.
2. Examine whether the financial report includes a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Sida for the period.
3. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs. Regardless of materiality of the findings the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
4. Examine whether foreign exchange gains/losses are disclosed as a separate item in the financial report as well as disclosed in accordance with what is stipulated in the agreement including appendices and generally accepted accounting principles.
5. The cooperation partner's compliance with the applicable tax legislation with regard to taxes (e.g.PAYE)² and social security fees.
6. Follow up whether the cooperation partner has adhered to the procurement guidelines annexed or referred to in the agreement.
7. Review if outgoing balance for previous period is the same as incoming balance for the current period.
8. If the cooperation partner applies modified cash basis as accounting principle, the auditor shall describe used method and motivate whether the applied accounting principle is acceptable for this type of financial report.
9. Verify the unspent balance at the end of the financial year against accounting records and its supporting documentation.
10. Verify the unspent balance that shall be repaid to Sida in the final report of the last agreement year. (Only applicable in the final report of the last agreement year)

² Pay As You Earn

Follow up of funds that are channelled to implementing partners

1. Review whether the Cooperation partner have signed agreements with its implementing partner organisations
2. Review whether the audit requirements in agreements with partner organisations are in accordance with the audit requirements as stipulated in the organisation's agreement with Sida
3. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between the cooperation partner and Sida, for funds disbursed the previous year. The review shall include whether the cooperation partner makes documented assessments of the audited financial reports submitted to the cooperation partner and whether these reports are followed-up by the cooperation partner. The review shall include verification of contributions equivalent of a minimum of 100 % of the total of disbursed funds as well as 100 % of the number of contributions. The review shall also include any observations from auditors that Sida should be informed about.
4. Are the same requirements for reporting exchange rate gains and exchange rate losses as stipulated in the agreement between the Cooperation partner and Sida, included in the agreements between the Cooperation partner and its implementing partner organizations?

III. The reporting

The reporting shall be signed by the responsible auditor (not just the audit firm) and shall include the title of the responsible auditor.

The reporting from the auditor shall include an independent auditor's report in accordance with the format in standard ISA 800/805 and the auditor's opinion shall be clearly stated. The independent auditor's report shall clearly stipulate that the audit has been conducted in accordance with ISA 800/805. The reporting shall also include a Management letter that discloses all audit findings (significant and other findings), as well as weaknesses identified during the audit process. The financial report that has been subject of the audit shall be attached to the audit reporting. The auditor shall make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order.

If the auditor assesses that no findings or weaknesses have been identified during the audit that would result in a Management Letter, an explanation of this assessment must be disclosed in the audit reporting.



Measures taken by the organisation to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in a “Report of factual findings”. The size of the sample of reviewed audit reporting shall be stated in the report.

If the auditor conducts an additional assignment according to ISRS 4400 and assesses that the observations presented in the “Report of factual findings” include the information that would have been included in a Management Letter, a separate Management Letter does not need to be issued for the ISRS 4400 assignment. Instead it is sufficient if the “Report of factual findings” include an explanation as to why a Management Letter has not been issued.