



## NEPAD Spanish Fund for African Women Empowerment

### TERMS OF REFERENCE ON EXTERNAL AUDIT

#### 1. OVERVIEW OF FIOM RWANDA

*The Future in Our Minds* – FIOM Rwanda – is a non-governmental organization based in Kigali. FIOM has been working with vulnerable communities in the Eastern Province of Rwanda since 1998. FIOM is recognized by the Ministry of Justice and the Ministry of Local Government through Rwanda Governance Board (RGB) as a national NGO. Its legal entity N° 128/08.11 of 22<sup>nd</sup> August 2011 has been published in the official gazette of the Republic of Rwanda N° 40BIS of 03 October 2011. FIOM envisages a world in which vulnerable populations are able to prepare for their future with confidence; where it is a catalyst for development, building hope within communities and improving the wellbeing of marginalized populations.

#### 2. THE CONTEXT AND JUSTIFICATION

Rwanda is embarking on a comprehensive program of privatization and liberalization for rapid and sustainable economic growth, with its “Vision-2020” objective of combating poverty through EDPRS (Economic Development and Poverty Reduction Strategies). Agriculture and rural development continue to remain engines for growth by creating employment and reducing poverty. Under the objectives, the Government has identified the development of cooperatives as a key strategic avenue for alleviating rural poverty<sup>1</sup>. Cooperatives encourage sustainable community-based and self-development initiatives, create opportunities for employment, expand access to income generating activities, develop local and cross-border business potentials and improve entrepreneurial, managerial and decision-making capacities. Many grassroots associations especially of women existent incipient stages, not properly established and lack capacity to access support from government or local financial institutions. The government is targeting some of these to be re-organized, re-trained, registered and developed as full cooperatives and organs of grass-roots economic development.

The project of “**Empowering Women through Cooperative Development**” funded by NEPAD SPANISH FUND for African Woman Development, is in synergy with these government strategic objectives, by providing specific support to a number of local women associations in the Kayonza, Kirehe and Ngoma Districts from August 2012. It is a two years project to improve the economic wellbeing of women and local communities in these three districts. By transformation of these associations into cooperatives and support them to undertake the income generating activities through processing units and shop-centers.

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<sup>1</sup> National Policy on Promotion of Cooperatives. 2005. Republic of Rwanda: MINICOM , p5

The following are the terms of reference (ToR) in which Fiom Rwanda agrees to engage the service of qualified firm or individual to perform an audit of the aforesaid project grant in accordance with generally accepted auditing standards and relevant national legislations.

### **3. OBJECTIVES OF THIS AUDIT OF EWCD PROJECT**

This audit was planned to insure that the grant report gives a true and fair view of the activities of the project and that the grant has been used for the purpose mentioned in the grant agreement. Otherwise this audit is to evaluate in which extent have been made by organization in relation to the recommendations from the last audit 2011-2012 and accountability of the organization.

### **4. MAIN TASKS OF THE AUDITOR**

- Verify a bank statement of the project account
- Compare all cash and bank transactions to the project budget
- Verify all bank and cash justifications if they are true and match with the budget lines
- Verify the respect of the accountancy procedures (cash book and vouchers)
- Verify how justification pieces are sorting out and kept in files
- Look the coincidence between report and fund transactions
- Redact an audit report and submit it to the General coordinator of Fiom both in soft and in hard copy.

### **5. METHODOLOGY OF THIS TENDER**

- Call of proposals from Auditing firm or independent auditors
- Selection of one of them according to tender procedures
- Sign and implement the contract
- Organize restitution meeting with the board of directors of Fiom Rwanda to discuss on the draft report.
- Submission and approval of the final audit report

### **6. EXPECTED DELIVERABLES AND STRUCTURE OF THE AUDIT REPORT**

The auditor will end up by providing an audit report both in soft and in hard copy. This report should include the following items:

- Project name
- Implementing organization and donor
- Date of the cooperation agreement / date of fund transfer
- Reporting period and currency
- Exchange rate used in the financial project report
- Total amount of budgeted income and expenditures
- Total amount of actual income and expenditures of previous project period
- Closing balance (including advance payments and outstanding checks)
- Auditor's opinion (see the next point on this document)
- Give the main findings and recommendations of the audit
- Auditor's name, position, address, phone, fax and e-mail
- Date, auditor's signature and authorization.

## 7. AUDITOR'S OPINION

The auditor's report should offer an opinion on the following areas:

- Does the financial project report match with the bookkeeping?
- Does the financial project report correspond with the cooperation agreement?
- Does the bookkeeping match with the vouchers?
- Do received funds match with the bookkeeping?
- Are there proper vouchers for the transactions?
- Is the bookkeeping adequate, including journal and general ledger?
- Does the bookkeeping match with the official bank account statements and cashbook?
- Does the opening balance of funds correspond with the audit report of the last period?
- Is the approved financial project report free of material misstatement?
- Are any received, yet unused funds properly recorded as a liability in the balance sheet and included in the ending balance of the financial project report?
- Are the recorded expenses in the financial project report in the line with the approved original budget or activity plan?
- Is the internal control system of the management of the organization adequate? Are there any material weaknesses that the organization should improve? Have the by-laws of the organization been observed in the project decision-making?
- Do the salaries of the project personnel match with the existing properly signed employment contracts?
- Have social security expenses including pensions and taxes been recorded and paid to relevant authorities in accordance to the national legislation?
- Does the organization have copies of all valid essential contracts (government, trading, rental, lease, service agreement)?

## 8. MODE OF PAYMENT

The payments will be made in three installments as follows:

- 40% installment will be paid after signing the contract
- 40% after provisional acceptance of the services done
- 20% on the submission of final report after incorporating the comments by board members

## 9. DURATION

The assignment is expected to last ***as per time stipulated in the contract*** after signing it.

## 10. DEADLINE FOR APPLICATION

Deadline for application is ***October 15<sup>th</sup>, 2013 at 5:00 PM***. Complete expressions of interest, including financial proposal, detailed CV of the Auditor and cover letter to be addressed to the General coordinator of FIOM Rwanda. Hand delivered hard copy applications can be dropped at the FHR office of FIOM Rwanda in Kimironko. For more information, address your queries on the following contacts: +250 788304194 or +250 788535925; [fiom.rwanda@yahoo.com](mailto:fiom.rwanda@yahoo.com)