

Version 1.3 of April 2023

Annex D

Sida's Standard Terms of Reference for Annual Audit Of Project "Civic participation through the arts in Cambodia" including ISRS 4400 (Revised)

Introduction

Brief presentation of [Cambodian Living Arts Organization \(CLA\)](#), hereafter referred to as the 'Cooperation partner CLA':

Cambodian Living Arts was founded in 1998 by genocide survivor and musician Arn CHORN-POND. For a decade, we focused on endangered performing art forms and rituals. As 90% of Cambodia's artists did not survive the Khmer Rouge regime, Cambodia's artistic heritage was in danger of being lost forever.

Over the last 20 years, both Cambodia and the arts scene have developed rapidly and we have evolved our work to match. We have focused on helping talented people to build and develop careers in the arts, through scholarships, fellowships, and support to troupes and individuals.

CLA wishes to engage the services of an audit firm for the purpose of auditing the programme "Civic participation through the arts in Cambodia", as stipulated in the agreement between CLA and Sida. The audit shall be carried out in accordance with international audit standards (ISA) issued by IAASB¹. In addition, an assignment according to International Standards on Related Services (ISRS) 4400 shall be carried out. The audit and the additional assignment shall be carried out by an external, independent and qualified auditor.

The audit fieldwork shall be conducted in-person, at CLA's office in Phnom Penh. The audit team should be able to speak both Khmer and English.

¹ The International Auditing and Assurance Standards Board (IAASB)

I. Objectives and scope of the audit

The objective is to audit the financial report for the period 2024 January 01 to 2024 December 2024 as submitted to Sida and to express an audit opinion according to ISA, applying ISA 800/ISA 805, on whether the financial report of the programme “Civic Participation through the Arts in Cambodia” is in accordance with the Cooperation partner’s accounting records and Sida’s requirements for financial reporting as stipulated in the agreement including appendices between Sida and Cooperation partner (Agreement).

Auditing the financial report will take place:

- March 2025: Full audit of the period (01 January 2024 to December 2024).
Estimated 1 week field work and 4 weeks for complete audit report.

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

Mandatory procedures that must be included:

1. Observe whether the financial report is structured in a way that allows for direct comparison with the latest approved budget².
2. Observe and inspect whether the financial report provides information regarding:
 - a) Financial outcome per budget line (both incomes and costs) for the reporting period and columns for cumulative information regarding earlier periods under current agreement.
 - b) When applicable, compare if the opening fund balance³ for the reporting period matches with what was stated as closing fund balance in the previous reporting period.
 - c) A disclosure of exchange gains/losses. Inquire and confirm whether the disclosure includes the entire chain of currency exchange from Sida’s disbursement to the handling of the project/programme within the organisation in local currency/ies, if applicable.
 - d) Explanatory notes (such as, for instance, accounting principles applied for the financial report).
 - e) Amount of funds that has been forwarded to implementing partners, when applicable.

² The budget is attached to the agreement with Sida as an annex and any updates should be supported by a written approval by Sida.

³ I.e. funds remaining from disbursements made during previous reporting period/s

3. a) Inquire and inspect with what frequency salary costs during the reporting period are debited to the project/programme.

Choose a sample of three individuals for three different months and:

- b) Inquire and inspect whether there are supporting documentation⁴ for debited salary costs.
- c) Inquire and inspect whether actual time worked is documented and verified by a manager. Inquire and inspect within which frequency reconciliations between debited time and actual worked time is performed.
- d) Inspect whether the Cooperation partner comply with applicable tax legislation with regard to personal income taxes (PAYE)⁵ and social security fees.
4. Review and confirm that the Cooperation partner screens IP's and/or suppliers to ensure that such parties are not subject to the European Union's financial sanctions list of persons, groups and organisations (EU Sanctions list). Enquire whether there has been any reported findings from the screening process and if so, report on such findings.
5. a) Inspect and confirm that the unspent fund balance (according to the financial report) at the end of the financial year is in line with information provided in the accounting system and/or bank account.
- b) Inspect and confirm the unspent fund balance (including exchange gains) in the financial report and confirm the amount that shall be repaid to Sida.

Follow up of funds that are channelled to implementing partners

Mandatory assignments that must be included if the Cooperation partner forward funds to implementing partners (IP's):

6. Verify if any IPs have received more funds than SEK 500 000 (or the equivalent amount in USD) throughout the agreement period.

Out of all IPs, select a sample of a minimum of:

- 30% of IPs that have been awarded a grant
- 15% of IPs that have been awarded a scholarship
- 15% of IPs that have been awarded a stipend

7. Inspect and confirm whether the Cooperation partner has signed agreements with the selected IPs.

⁴ Debited salary costs should be verified by supporting documentation such as employment contracts.

⁵ Pay As You Earn

8. Inspect and confirm whether the Cooperation partner has selected and followed-up on funds forwarded to the selected IPs in accordance with the requirements and routines described in Appendix F to the Agreement, specifically that there is evidence of a Program Framework, Selection Process, Contract, and Monitoring & Support.

III. The grant budget

The total grant amount for the project funded by Sida is up to a maximum amount of SEK 10,000,000 (Swedish kronor ten million) about \$950,000 US dollars.

This represents approximately 50% of CLA's total annual budget (approximately \$800,000).

The grant project will be supporting activities including:

- Scholarships and fellowships
- Trainings and workshops
- Grants to artists (from \$1,000 up to \$25,000)
- Production of festivals and events
- Research

It also contributes to the cost of staff and operations needed to manage these activities.

III. The reporting

The reporting shall be signed by the responsible auditor (not just the audit firm⁶) and shall include the title of the responsible auditor.

Reporting from the ISA assignment

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 financial report that has been the subject of the audit shall be attached to the audit report.

The reporting shall also include a Management letter that discloses all audit findings, as well as weaknesses identified during the audit process. The auditor shall make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order and with a risk classification.

Measures taken by the Cooperation partner to address weaknesses identified in previous audits shall also be presented in the Management Letter. If the previous audit did not have any findings or weaknesses to be followed-up on, a clarification of this must be disclosed in the audit reporting.

⁶ If the audit firm is obliged to sign, refer to relevant legislation. Sida still needs to know who has been responsible for the audit assignment.

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.

Reporting from the ISRS 4400 (Revised) assignment

The additional assignment according to agreed upon procedures ISRS 4400 (Revised) under section II, shall be reported separately in an “Agreed-upon procedures report”.

Performed procedures should be described and the findings should be reported in accordance with the requirements in the International Standard on Related Services 4400 (Revised).

When applicable, the sample size shall be stated in the report.

Proposals must be received by 20 September 2024.

All proposals must include:

- a) Evidence of the firm’s qualifications to provide the above services.
- b) Background and experience in auditing NGO clients
- c) The size and organizational structure of the auditor’s firm;
- d) A proposed timeline and approach for fieldwork and final reporting.
- e) Names of the staff who will be assigned to our audit and provide biographies.
- f) Financial quotation

Selection Process

Proposals will be reviewed on qualifications and value. Shortlisted proposals will be reviewed by the CLA management team after the deadline, and an appointment will be made by 15th October 2024.

If you have any questions or would like further clarification of any aspect of this request for bid, please contact me at +855 (0)12 303 087. I look forward to receiving your proposal.



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Cambodian Living Arts