TERMS OF REFERENCE FOR SIDA PROJECT AUDIT

Commerce Equitable Afrique T/A Fairtrade Africa (FTA) is the umbrella organization representing Fairtrade certified producers in Africa. FTA aims to effectively represent producers within the Fairtrade International system and to contribute to livelihood improvement of African producers by increasing access to markets. Established in 2005, FTA directs policy and strategic development of the organization. FTA has four (4) regional networks – Eastern, Southern, West and Middle East & North Africa supporting producer activities.

Fairtrade Africa hereafter referred to as the "Cooperation partner" wishes to engage the services of an audit firm for the purpose of auditing YICU Project- Strengthening youth participation in Fairtrade certified coffee cooperatives in Uganda, as stipulated in the agreement between the Cooperation partner and Sida. The project started in January 2026 and ends in December 2027 (however plans to have a no cost extension to June 2028 are underway) . The audit shall be carried out in accordance with international audit standards (ISA) issued by IAASB[1]. In addition, an assignment according to International Standards on Related Services (ISRS) 4400 (Revised) shall be carried out. The audit and the additional assignment shall be carried out by an external, independent and qualified auditor.

I. OBJECTIVE AND SCOPE OF AUDIT

The objective is to audit the financial report for the period January-December 2026 and January 2027-December 2027 (however plans to have a no cost extension to June 2028 are underway) as submitted to Sida and to express an audit opinion according to ISA, applying ISA 800/ISA 805, on whether the financial report of YICU Project- Strengthening youth participation in Fairtrade certified coffee cooperatives in Uganda 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).

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 budget[2] of 3950000 SEK = 356707.45 EUR
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 balance[3] 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 organization in local currency/ies, if applicable.

d) Explanatory notes (such as, for instance, accounting principles applied for the financial report).
   i) The amount of funds that have been forwarded to implementing partners, when applicable.

3) 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:

a) Inquire and inspect whether there is supporting documentation[4] for debited salary costs.
b) Inquire and inspect whether actual time worked is documented and verified by a manager.
c) Inquire and inspect how often reconciliations between debited time and actual time worked are performed.
d) Inspect whether the Cooperation partner complies 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 organizations (EU Sanctions list).
   Enquire whether there have 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) Applicable in the final year: Inspect and confirm the unspent fund balance (including exchange gains) in the financial report and confirm the amount that shall be repaid to Sida.

[1] The International Auditing and Assurance Standards Board (IAASB)
[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 [4] Debited salary costs should be verified by supporting documentation such as employment contracts.

[5] Pay As You Earn

FOLLOW UP OF FUNDS THAT ARE CHANNELED TO IMPLEMENTING PARTNERS

Mandatory assignments that must be included if the Cooperation partner forwards funds to implementing partners (IP's):
Choose a sample of a minimum of 10 % of the total of disbursed funds as well as 10 % of the number of IP's or a maximum of 10 IP's.

6) Inspect and confirm whether the Cooperation partner has signed agreements with the selected IP's and include/refer to the Sida general and specific

agreement conditions.

7) Inspect and confirm whether the Cooperation partner, in all agreements entered with IP's, included the requirement to carry out annual audits. The requirement shall specify that these audits shall be carried out with application of ISA (reporting according to ISA 800/805) and a separate assignment according to ISRS 4400 (Revised) should be included for project/Programme support. If agreements regarding core support are entered into with IP's, the audit shall be conducted in accordance with ISA 700 or National standards on auditing.
8) Inquire and inspect whether the Cooperation partner has received financial reports and auditor reports from all IP's included in the selected sample:

a) Inquire and inspect whether the Cooperation partner has verified if reports from IP's are in line with the requirements in the Agreement.
b) Inquire and inspect whether the Cooperation partner has documented its assessment of the submitted financial reports and reporting from auditors including management responses and action plans from selected IP's.
c) Inquire and inspect whether the Cooperation partner has documented its follow-up actions based on the information provided in the financial reports and the reporting from the auditor of the selected IP's.
d) Inquire and inspect whether the Cooperation partner has reported substantial observations[6] from selected IP's audit reports in its communication with Sida. List observations[7] from IP's audit reports which have been part of this sample.

[6] Deemed substantial by the Cooperation partner.
[7] Observations included in Management Letters and if applicable, qualified audit reports.

III. THE REPORTING

The reporting shall be signed by the responsible auditor (not just the audit firm[8]) 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.

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.

[8] 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.

IV. MANAGEMENT LETTER

In addition to the audit report, the auditor will prepare a "management letter", in which the auditor will:

a) give comments and observations on the accounting records, systems, and controls that were examined during the audit.
b) identify specific deficiencies and areas of weakness in systems and controls and make recommendations for their improvement.
c) report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on the internal and external matters affecting such compliance.
d) communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the project; and
e) bring to the attention of FTA and donor any other matters that the auditors consider pertinent.
f) A Management Response from the project management must be prepared in reaction to the recommendations included in the Management Letter and attached to the audit report.

V. GENERAL

1) The auditor should be given access to all legal documents, correspondence, and any other information associated with the project and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding at FTA and with donors. The Regional Finance and Administration Officer will assist in obtaining these confirmations.
2) These terms of reference will remain effective for future years unless it is terminated, amended or superseded.

VI. LOCATION OF SERVICES

The required services of project audit will be conducted at Fairtrade Africa Offices in Westlands, Nairobi Kenya.

VII. TECHNICAL REQUIREMENTS

The qualified auditing firm should exhibit the following:

- ✓ Demonstration of experience and expertise of project auditing with non-governmental organizations.
- ✓ Providing an activity plan (project plan) of actions to achieve the objectives of the project audit function, specifying budgeted hours, timelines and sequence for its audit procedure and level of staff to be assigned.
- ✓ Incorporating CVs of the proposed professional staff of the core management team proposed for the engagement and the authorized representative submitting the proposal. Key information should include the position of the individual in the auditing firm, the role that the individual will have in the engagement, number of years and type of experience, all tertiary and professional qualifications, professional memberships and degree of responsibility held in various assignments during the last three (3) years. CVs should be maximum two (2) pages per staff member.
- ✓ Proof of experience in performing project audit services: list current and past clients where the bidder carried out project audit along with the name of the organization, contact person, designation, contact number, nature of the project audit service and length of the appointment.
- ✓ An auditing firm registered in Nairobi, Kenya.
- ✓ Be registered at the Institute of Certified Public Accountants of Kenya.
- ✓ Tax Compliance Certificate.
- ✓ Financial Proposal of the audit (please quote YICU Project-SIDA on the proposal as ref and separate audit cost for period January-December 2026 and January 2027-June 2028)

VIII. PAYMENT DETAILS

Payment will be in accordance with a detailed budget breakdown as submitted through the proposal, and invoices will be expected from the consultant prior to payment.

IX. SUBMISSIONS

Applicants are requested to submit their tender documents (technical & financial) proposals to Fairtrade Procurement email procurementeastafrica@fairtradeafrica.net and cc l.wamboka@fairtradeafrica.net **by 5.00 pm Monday 30th November 2026.**