Terms of Reference
For conducting Project Audit: Vihaan Project supported by The Global Fund

Background
India HIV/AIDS Alliance (Alliance India) is the Principal Recipient to implement the care and support programme with a structured implementation mechanism consisting of Sub-Recipients and Sub-Sub-Recipients funded by the Global Fund to fight AIDS, Tuberculosis and Malaria (The Global Fund).

Brief introduction of Vihaan Project
Vihaan Project is to Accelerate National HIV Response in reaching 95-95-95 Targets through Community-Led, right based Prevention to Care Approach. The overall goal of the program is to improve survival and quality of life of People Living with HIV through the accomplishment of the following specific objectives:

- To ensure retention in treatment and improved systems to deliver enhanced treatment preparedness and adherence, psychosocial support, addressing behavioral and social factors impacting adherence, actively tracking individuals missing treatment and prevent Lost to Follow up (LFU).
- To contribute to early testing and linkage to care through accessible HIV screening and testing to all the eligible partners, spouses and children of PLHIV registered in the program.
- Strengthen linkages for newly detected HIV clients at ICTCs and active tracking of the linkage lost cases;
- To establish and strengthen linkages with Government programs for early management of TB co-infection and support adherence monitoring for ATT and ART.
- Strengthen community systems to actively engage in strengthening the quality of service delivery.
- To engage and on board private sector providing HIV treatment services to the National AIDS Control Program.

Purpose of Consultancy
Consolidated Project Audit report

- **Project Period:** April 01, 2021 to March 31, 2022
- **Audit Frequency:** Yearly basis
- **Partners for the period April 01, 2021 to March 31, 2022:** Principal Recipient (PR), 6 Sub Recipient (SR), One Direct Implementation Partner and 310 SSRs in 32 States
- **SR/SSRs Closure during the Period April 01, 2021 to March 31, 2022**
- **Timeline for Completion** of Audit and Issuance of Report for others by 30 September, 2022

Program Entities and Audit Approach
The program covers 32 states in India so the audit would be conducted at both Principal recipient, Sub Recipients and SSRs level at their locations. The complete details of all entities covered by the audit including entity name and address, legal status, audit location and their approved budget for the reporting period are provided in the **Annexure “A”**.
Available documents and facilities

The PR shall provide the auditor with access to all books and records pertaining to the grant as requested by the auditor, including all key documents held at PR, SR & SSR locations. An indicative list of the key documents has been provided in Annexure “B”.

Objective of Assignment

The objective of the audit of the Financial Statements is to enable the auditor to express an independent professional opinion on:

a) Whether the Special Purpose Grant Financial Statements (SPGFS) present fairly in all material respects the financial position, funds received and expenditures by the Principal Recipient, sub-recipients and sub-sub recipients for the reporting period and in accordance with the applicable accounting framework;

b) Whether, in all material respects, the grant funds have been used in conformity with the provisions of the Grant Agreement, including the approved budget and workplan and any amendments thereto as contained in implementation letters;

The objective of the audit is also to evaluate, obtain sufficient understanding and comment on whether the program internal control framework is satisfactory and to report on the weaknesses identified. The auditor must review the internal control framework of the Principal Recipient and key sub-recipients identified by the Global Fund Country team in consultation with the Principal Recipient. This review includes any third-party agent managing a process in the implementation of the grant.

Responsibility for the preparation of Financial Statements

The responsibility for the preparation of consolidated Financial Statements or of separate Financial Statements for each entity covered by the audits, lies with the PR which delegates the responsibility to the SRs for themselves and their respective sub-sub recipients.

Accounting Standard

PR and SRs have followed cash based accounting system for this grant. This is in accordance with the Indian Accounting Standards.

Reporting and Audit Scope of Work

The audit of Grant Program Financial Statements should be conducted in accordance with International Standards on Auditing (ISA) and will include such tests and controls as the auditor considers necessary under the circumstances. The Global Fund requires a consolidated grant-specific audit- this involves one overall audit opinion combining the balances and transactions of the PR, SRs and SSRs. The financial statements will be derived from the PR’s & SR’s reporting accounting systems.

The financial statements should include the following components for the project audit period:

For Grant Program Financial Statements:

i. In the currency of the grant agreement (it may be presented in local currency but the grant reporting currency equivalents must be shown), an Income and Expenditure Statement (IES) showing GF funds received, any other income received and all grant expenditures for
both current and cumulative periods. Grant expenditures should be reported against the budget as defined in the grant agreement for the period with the actual expenditure allocated to the same budget categories disclosed for the implementing entity, in the format appended to the guidelines.

ii. Any other footnotes applicable including as a minimum the breakdown of staff advances (with age analysis if possible), refundable deposits, any unreconciled balances, schedule of commitments and obligations, opening and ending grant balances;

iii. Supplemental statements of advances and fixed assets, including:
   a) a statement or annex showing SR advances and reconciliation of total amount advanced by PR to SRs with SR recorded expenditure and SR cash balances at the end of the reporting period,
   b) Summary statement of fixed assets purchased with grant funds. This summary statement should show the assets brought forward from previous periods (opening balances) as well as the additions, disposals, write-offs of the period being audited and the closing balance (The Principal Recipient must maintain a fixed asset register which could be required when needs by the Global Fund Country Team and the different assurance providers); and
   c) The notes to the supplemental statements. These notes include information that would enhance a user’s understanding of the supplemental statements (significant assumptions, accounting estimates and related disclosures) as well as the necessary tax recoverable disclosures.
   d) Reconciliation of progress update and disbursement request (PUDR) submitted by PR to The Global Fund with the financial statements prepared for the financial year. Reconciliation of SR wise Quarterly Financial report submitted by SR to PR with the SR wise financial statements prepared for the financial year.

For Principle Recipient:
   i. A standalone audited statement of Financial Position (Balance Sheet)
   ii. A standalone audited Statement showing Income and Expenditure
   iii. A standalone audited Statement showing Receipts and Payment
   iv. Any other footnotes applicable;
   v. Management Letter (refer point no 12)
   vi. Supplemental statements of advances and fixed assets, including: (a) a statement or annex showing SR advances and reconciliation of total amount advanced by PR to SRs with SR recorded expenditure and SR cash balances at the end of the reporting period, (b) a listing of fixed assets purchased with grant funds.

For Sub Recipient:
   i. A standalone SR and consolidated (SR+SSR) audited Balance Sheet
   ii. A standalone SR and consolidated (SR+SSR) statement showing Income and Expenditure
   iii. A standalone SR and consolidated (SR+SSR) audited Statement showing Receipts and Payment
   iv. Any other footnotes applicable;
   v. Management Letter (refer point no 12) a standalone for SR and consolidated for SR+SSR
   vi. Supplemental statements of advances and fixed assets

For Closed Sub Recipient/Sub Sub Recipient:
   i. A standalone SR/SSR audited Balance Sheet
   ii. A standalone SR/SSR statement showing Income and Expenditure
   iii. A standalone SR/SSR audited Statement showing Receipts and Payment
   iv. Any other footnotes applicable;
   v. Management Letter (refer point no 12) a standalone for SR/SSR Supplemental statements of advances and fixed assets
Audit Scope of Work

The minimum requirement is that the audit will be carried out in accordance with International Standards on Auditing and will include such tests and controls as the auditor considers necessary under the circumstances.

As part of the audit testing procedures, particular attention should be paid to the following areas:

i. **Compliance with applicable legislation** – Verify that the transactions comply in all material respects with any applicable legislation;

ii. **Reconciliation of General ledger with SPGFS** – Review of the general and program ledgers to determine whether costs incurred were properly recorded ensuring that the costs charged to the grant reconcile to the program and general ledgers. Reconciliation of the SPGFS to the underlying records, principally the cash book.

iii. **Grant expenditures** - Funds received by the Program from disbursements, or generated by the Program’s funds, were spent in conformity with the approved budget and work plan existing at the time of the expenditure and in line with provisions of the Grant Agreement, including any applicable grant conditions (as amended by any Implementation Letters), and only for the purposes for which the funds were provided; The Auditor should also pay attention to the shared costs especially on the allocation mechanism and review these costs for accuracy completeness and reasonableness.

iv. **Eligible costs**: Review of the costs charged to the grant identifying and quantifying any ineligible costs as well as agreeing expenditure to supporting documents on a sample basis. Compare actual expenditure with the budget, and obtain explanations for variances obtained (unapproved material budget variations should be included in the ineligible expenditure schedule).

v. **System of internal controls** - Assess the Principal Recipient and key risky sub-recipient’s internal controls based on the COSO framework. The auditor will be requested to identify the key controls of the program (entity, process and transaction levels) for each of the main operational processes and test them for effectiveness (design and operation). Based on risk, the auditor must review the internal control framework (financial and non-financial controls) of the Principal Recipient and key sub-recipients identified by the Global Fund Country team in consultation with the Principal Recipient. If an important process is outsourced or entrusted to a third-party, the auditor must also include such third-party in the scope of the review.

vi. **Funds flow mechanisms** - Review of the procedures used to control the funds, including their channeling to contracted financial institutions and other implementing entities. Review the bank accounts and the controls on those bank accounts. Perform positive confirmation of balances, as necessary.

vii. **Follow up on the status of findings of previous audit reports** – The auditor should follow up on management’s intended actions to address the findings of previous audits, including external audit, relevant internal audits and audits issued by the Office of the Inspector General (OIG) of The Global Fund;

viii. **Designated bank accounts** - Where Designated Accounts (including those being used under an approved pooled funding program implementation mechanism) have been used by PR and SRs, they have been maintained and operated in accordance with the provisions of the Grant agreement and in accordance with the Global Fund’s rules and procedures;

ix. **Interest Earned**: The bank account operated by PR and SRs must be an interest bearing account and the interest must be reported and utilized in accordance with the provision of Grant agreement.
x. **Safeguarding of assets** - Verify that the PR has put in place mechanisms for the tracking and safeguarding of assets purchased with grant funds and that they are being used for the intended purposes. Verify that Program’s fixed assets register exists, is maintained in accordance with the Grant agreement; that property rights or related beneficiaries’ rights are established in accordance with the Grant’s conditions;

xi. **Disbursements to SRs** - Verify that disbursements made by the PR to SRs are in line with the SR sub-grant agreements and the approved work plan and budget. Verify that the PR follows adequate process for validating expenditure reports submitted by the SRs and similarly verify that disbursements made by the SR to SSRs are in line with the SR’s sub sub-grant agreements;

xii. **Data retention and supporting documentation** - Necessary supporting documents, records, and accounts have been retained in compliance with provisions of the Grant Agreement. Procedures exist for security and management of electronic data (backup systems and procedures, etc.);

xiii. **Goods and services** - have been procured transparently, competitively and in accordance with the Grant Agreement and relevant procurement Guidelines

xiv. **Human Resource costs** - Review of direct salary charges to determine that salary rates are reasonable for that position, in accordance with those approved by the Global Fund when approval is required and supported by appropriate payroll records.

xv. **Travel and related costs** - Review of travel and transportation charges to determine whether they are adequately supported and approved.

**Auditor’s report**

In preparing the audit report, the selected audit firm will issue an audit opinion on the financial statements in accordance with International Standards on Auditing (ISA).

**Audit Procedures**

10.1. **Planning**

10.1.1 **Kick off Meeting with the Principal Recipient:**

1. For each grant, the auditor will arrange for an opening meeting with the Principal Recipient and the Fiscal/Fiduciary Agent if applicable, to discuss and explain the planning, fieldwork and reporting. The auditor will explain the nature, objectives and scope of the audit.

2. During the preparatory and kick-off meetings, the auditor may request additional information and documents that he/she considers necessary or useful for the planning and fieldwork of the audit. The auditor may contact the Principal Recipient directly to obtain such information. For all Focused countries, the attendance of the Local Fund Agent is mandatory. In High Impact and Core countries, the participation of the LFA would be based on Country Team needs.

10.1.2. **Planning Activities, Audit Plan and Audit Work Programs**

3. For each grant, the auditor should plan the audit so that it is performed in an effective and efficient manner. Adequate planning involves ensuring that appropriate attention is devoted to important areas of the audit, that potential problems are identified and resolved on a timely basis and that the audit is properly organized and managed within the due dates.

4. The assessment of the risks of material misstatement at the financial statement level, and thereby the auditor’s overall responses, is affected by the auditor’s understanding of the control environment.

5. The auditor should have an audit plan documenting the audit approach and key principles of audit planning, fieldwork and reporting. The auditor should have audit work programs that detail and document the audit tests and procedures.

6. Before the start of the fieldwork and before the kick-off meeting, the auditor should provide to the Global Fund Finance Specialist and the Principal Recipient, the audit plan for each grant including
the scope of the review. Enhanced focus will be placed on the audit approach at the Principal Recipient but also at the selected sub-recipients.

10.2. **Materiality**

7. The auditor should apply materiality and a risk-based approach to detect material errors and misstatements in the expenditure and revenue stated in the Grant Financial Statements, whether caused by error or fraud.

8. The auditor uses professional judgment to assess whether a finding of non-compliance is material. A reasonable basis should be determined as used by the auditor to set the materiality level. For instance, the threshold may be applied to the total amount of gross expenditure for the Grant for the period being audited. Gross expenditure is the total actual expenditure incurred for the Grant before deduction of Grant related revenue (e.g. interest).

10.3. **Fieldwork**

10.3.1. Obtaining evidence regarding the design of controls and performing tests of controls

9. The auditor will perform procedures to obtain evidence regarding the design of controls and perform tests of controls if he/she considers this appropriate or necessary for the purpose of this financial audit.

10. The auditor will focus the tests of controls on key financial controls, which relate to the subjects described in the terms of reference and which are relevant to the management of the risks. Findings of significant weaknesses and deficiencies in the design or operating effectiveness of the Principal Recipient controls should be reported in the Management Letter.

11. For Core countries, High Impact countries and a selected number of high risk Focused countries, the auditor must review the internal control framework (financial and programmatic) of the Principal Recipient and key sub-recipients identified by the Global Fund Country team in consultation with the Principal Recipient and report thereon. At the discretion of the Country Team, such testing could be performed during an interim audit at the Principal Recipient.

10.3.2. Substantive Procedures

12. The auditor should perform substantive procedures to be responsive to his/her assessment of the risks of material errors or misstatements in the expenditure and revenue stated in the Grant Program Financial Statements, whether caused by error or fraud. The results of tests of controls, if any, should be taken into account. The auditor should perform substantive procedures which cover the subjects described in the terms of reference and which are relevant to the management of the risks.

13. Regarding the risk of fraud, the auditor must comply with the International Standard on Auditing 240 “the Auditor’s responsibilities relating to fraud in an audit of financial statements”

10.3.3. Sampling and other means of selecting items for testing

14. When designing and performing tests of controls and substantive tests, the auditor should apply audit sampling or other means of selecting items for testing. Audit sampling involves the application of audit procedures to less than 100% of items within a population of audit relevance (e.g. a class of transactions or account balance) such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.

15. Audit sampling can use either a statistical or a non-statistical approach. The auditor may use a judgmental selection of specific items from a population (e.g. high value or key items, all items over a certain amount, items to obtain information or items to test control activities).

16. While selective examination of specific items will often be an efficient means of obtaining evidence, it does not constitute sampling. The projection to the entire population, of results of procedures applied to items selected in this way is not possible; accordingly, selective examination of specific items does not provide evidence concerning the remainder of the population. Sampling, on the other hand, is designed to enable conclusions to be drawn about an entire population based on testing a sample drawn from it.
17. The auditor must clearly provide details of the expenditure coverage by budget line and recipient and the sample selection methodology. Annex 3 to these terms of reference should be used to document this information.

10.3.4. Analytical procedures

18. Analytical procedures must be performed by the auditor, such procedures consists in verifying the financial data by assessing the plausible connections between both financial and non-financial information. The analytical review of actual expenditure incurred with the Grant budget (budget – actual comparisons) is a critical compliance check.

10.3.5. Using the work of internal auditors

19. If relevant for the audit, ISA 610 “Using the Work of Internal Auditors” should be used by the auditor. If the auditor assesses that the internal audit function can be relied on for the assignment, the auditor should:

- Evaluate the specific work of the internal auditor and to what extent such work can be considered for the audit.
- Assess if the work of the internal audit is adequate for the objective of the audit.

20. Where the Principal Recipient has an internal audit function and the auditor does not rely on it, the auditor will be required to provide recommendations for improvement of the internal audit function in a dedicated section in the management letter.

10.3.6. Using the work of an expert

21. The auditor may use the work of an individual or organization presenting an expertise in a field other than accounting or auditing, that is necessary to obtain sufficient evidence to reach his/her conclusion. The auditor should comply with ISA 620 (Using the Work of an Auditor's Expert) insofar as this ISA is relevant to the audit.

10.3.7. Written representations

22. Per the standard requirement stipulated in ISA 580 - Written Representations, the Principal Recipient Management should provide the auditor with a written representation letter. The auditor must request a letter of representation signed by the member(s) of the management of the Principal Recipient who has the primary responsibility for the grant and its financial aspects.

10.3.8. Complementary letter

23. The auditor may, at any time during the audit process, draw up a complementary letter if he/she considers that the Global Fund must be made aware of facts and issues that are urgent, very unusual or of particular interest and importance to the Global Fund.

24. For instance, this could be the case of any fraud or irregularity that has occurred or that is likely to occur. The Global Fund will decide on follow-up measures including, where appropriate, the launching of an investigation by its Office of Inspector General.

10.3.9. Debriefing Memorandum (‘Aide Mémoire’)

25. The auditor will draft a Debriefing Memo for the closing meeting which will provide the main findings for discussion. The Principal Recipient should send a copy of the memo or draft report to the Global Fund.
10.3.10. Audit Exit Meeting

26. The auditor should organize a closing meeting with the Principal Recipient. The purpose of this meeting is to discuss the Debriefing Memo and to obtain the confirmation and initial comments of the Principal Recipient on the auditor’s findings and recommendations. The auditor and the Principal Recipient can agree outstanding information to be provided by the Principal Recipient and where applicable, a deadline for submission.

27. At the request of the Global Fund Country Team, the auditor will also debrief the Country Coordinating Mechanism on the conclusion of the audit. The Local Fund Agent should, at the request of the Global Fund, also be invited to participate in this meeting. For the Focused countries, attendance of the LFA is mandatory.

Auditor’s report and Language

In preparing the audit report for each grant, the auditor must comply with the financial audit report template provided in Annex 3 of the auditing guidelines. The auditor will issue:

- an opinion on the consolidated financial statements in accordance with ISA or ISSAI.
- an opinion on the implementer’s compliance with the grant agreement in accordance with ISA or ISSAI.

The audit report should be presented in one of the official Global Fund languages as indicated in the terms of reference. Annex 3 to these terms of reference presents the comprehensive auditor’s report template that will be used by the auditor.

Management Letter

In addition to the audit report, the auditors will prepare a management letter consolidating Principal Recipient and sub-recipient findings. The Management Letter must not only provide a response to the review of the internal control but also to the financial risk profile of the grant (Principal Recipient and key selected sub-recipients).

I. Internal Control Framework: The Management Letter must highlight the weaknesses in the internal control framework of the grant noted with respect to the processes mentioned in Scope of Audit. For each weakness, the auditor is requested to provide a recommendation. For Core and High Impact countries having an interim audit, a Management Letter shall be issued on the internal control framework. The auditor must also present a summary of the control procedures of the Principal Recipient in the Management Letter.

The auditor must comment on instances of non-compliance in the accounting records, procedures, systems and controls that were identified during the course of the audit with particular reference to ineligible expenditures and systematic weaknesses.

The auditor must communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the grant program in the Management Letter which shall include the following five sections at a minimum:

1) Internal control: this section should capture all other key internal control issues noted by the auditor in performing the review described in the scope of work particularly in the following sub-categories (a) Financial Management, (b) Sub-recipient management (c) Program management (d) Stock management;

2) Compliance with grant agreement and applicable law: this section should highlight any instances of non-compliance with the relevant grant agreement that were noted by the auditor in the course of their work in forming an opinion on the SPGFS or confirm that none has been identified in the sample tested. This implies that the auditor should ensure that the
expenditure corresponds to the activity approved in the detailed budget for the relevant period under review as well as corresponds to any subsequent budgetary adjustments including the required necessary approvals for such budget reallocations;

3) **Value for Money**: this section should capture the auditor’s view on the Principal Recipient and sub-recipient’s considerations regarding economy and efficiency as part of the auditor’s review of grant expenditures. The Global Fund country team can make a request for this additional service to be delivered by the auditor. All issues noted around value for money (control deficiency, estimated loss incurred as a result of inefficient process and others) should be stated in this section of the Management Letter;

4) **Ineligible and unsupported expenditures**: this section should provide a schedule of non-compliant expenditures identified by the auditors in the course of their work;

5) **Follow-up on previous audit report**: in this section, the auditor will report on the implementation status of recommendations contained in previous audit reports.

II. **Risk Management**: Specific to the financial management section in the Management Letter, the auditor is expected, to categorize each finding, where applicable, into one of the six sub-categories of the Global Fund defined financial risks and to provide a summary table showing the findings per sub-risk category and grading. The six categories are: (a) Inadequate Flow of Funds Arrangements; (b) Inadequate Internal Controls; (c) Financial Fraud, Corruption and theft; (d) Inadequate Accounting and Financial Reporting; (e) Limited Value for Money; and (f) Inadequate Auditing Arrangements.

III. **Other Important Disclosure**: the management letter must include a high-level executive summary with the following statistics and information:

The financial risk rating per risk category
a) The quality of the financial statements provided by the Principal Recipient prior to the auditor’s proposed adjustments
b) Statistics on the number of findings per grade and their evolution over time
c) Summary of key control procedures of the recipients, such as policies on procurement, travel, expenditure allocation etc.
d) The auditor’s judgement of what are the key audit risks and the methodology used to address these key risks.
e) The number of recommendations from previous audit solved and those not solved
f) Any other important information management should focus their attention on.

It must be clearly noted on the face of the Management Letter that it is a confidential document and must be treated as such. Further the guidelines for management letter is placed at Annexure ‘C’

The Management Letter must include responses made by the Principal Recipient in discussing audit recommendations, along with a timeline for implementing agreed recommendations. In cases where either the Principal Recipient does not accept an audit finding or the auditor disagrees with the adequacy of the management response, the management letter will acknowledge that disagreement. All observations and recommendations will be discussed with Principal Recipient management before the letter is finalized.

The Management Letter should state that the auditor acknowledges and agrees that the Management Letter shall be shared with GF and the Local Fund Agent (LFA) on a confidential basis.
The Management letter should use a system of grading points depending on the level of severity in line with that proposed in the Guidelines for the annual audits of PRs’ and SRs’ financial statements.

**Reports’ review process**

**A) Draft report**

- The Principal Recipient would provide comments on the auditor’s draft report within 10 calendar days from receipt of the draft report. The relevant Global Fund’s Country Team may also request to review the draft report. Following the review of the draft report, should the Global Fund request the auditor to carry out additional work, a new reporting deadline could be agreed.

- The auditor should submit an updated draft report which takes into account the comments to the Principal Recipient (and eventually the Global Fund) within five calendar days from receipt of the comments. The Principal Recipient would provide feedback to the auditor on the updated draft report within five calendar days.

- If the Principal Recipient’s comments are not received within this deadline, the auditor reminds the Principal Recipient until a written reply from the Principal Recipient is received. In case of excessive delays from the Principal Recipient (more than ten calendar days), the auditor should contact the Global Fund to find out an appropriate solution.

**B) Final report**

- Once the Auditor receives the final comments from the Principal Recipients, the final report is expected to be issued within the next five calendar days. The audit report and accompanying Management Letter, including the Principal Recipient’s responses, must be received by the Global Fund within six (6) months after the end of the reporting period under audit. Successful reception of the audit report and Management Letter implies that all reiterations between the Principal Recipient and the auditors including review by the Global Fund or any of its agents must be completed and finalized before the six-month submission deadline.

- The auditor should submit three original hard copies to the Principal Recipient and one electronic copy of the final report to the Principal Recipient and to the Global Fund.

- In any case, the Principal Recipient should ensure the auditor sends directly to the Global Fund an electronic copy of the reports.

**Auditor performance assessment, rotation and termination**

The audit must refer to the relevant sections of the Global Fund Guidelines on Grant audit regarding how their performance will be assessed and the implications thereof on the contract.

**General Information**

The auditors are strongly encouraged to contact the LFA prior to preparing the audit plan enabling the LFA to highlight any key weaknesses and areas of concern upfront. During the course of the audit, the Auditors are encouraged to contact the LFA as and when needed to obtain any additional information/clarifications.
**Payment Terms & Timelines:**

<table>
<thead>
<tr>
<th>Tranche</th>
<th>Milestone</th>
<th>% of Agreed Amount (Yearly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>On signing of the Contract</td>
<td>40%</td>
</tr>
<tr>
<td>2</td>
<td>On completion of field visits and submission of Standalone financial statements of PR, SR &amp; SSR's to Alliance India</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>On Submission of complete program final financial statements to Alliance India</td>
<td>40%</td>
</tr>
</tbody>
</table>

These Terms of Reference may vary to reflect the changing needs of the India HIV/AIDS Alliance. This will be done in full consultation with the Auditor. The Auditor will be expected to work in a flexible and adaptable manner, responding to changing needs, priorities and context.

**Annexures:**

Annexure A – List of Partners with their complete details, including budget.
Annexure B - List of Key Documents Provided by PR, SRs & SSRs.
Annexure C – General Guidelines for Management Letter (M/L)
Annexure D – Qualification and Methodology Guidelines for Auditors

**Eligibility Criteria**

On successful completion of eligibility criteria, the service provider will be considered for technical and financial evaluation. List of documents mentioned below will be considered for assessment of eligibility criteria:

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Eligibility Criteria</th>
<th>Document (to be submitted with technical proposal)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company/Firm profile</td>
<td>Document on detail with regard to company</td>
</tr>
<tr>
<td>2</td>
<td>CA firm must be register with the Chartered Accountants Regulations Act (ICAI) and should have been in operation for the last five years.</td>
<td>Certificate of Incorporation &amp; relevant supporting documents</td>
</tr>
<tr>
<td>4</td>
<td>Should have min 05 years proven relevant experience in the projects of similar nature in Nationally /Internationally</td>
<td>Relevance Work Order/ Experience / Appreciation Certificate for similar nature assignment</td>
</tr>
<tr>
<td>5</td>
<td>The bidder must have a team of professionals having valid professional certifications relevant certifications related to the assignment</td>
<td>Undertaking and copy of certificates of the professionals.</td>
</tr>
</tbody>
</table>
EVALUATION CRITERIA:

a) Technical Evaluation: Scoring Mechanism

<table>
<thead>
<tr>
<th>Technical Evaluation Criteria</th>
<th>Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Years in Existence</td>
<td>5</td>
</tr>
<tr>
<td>No of Partners</td>
<td>5</td>
</tr>
<tr>
<td>No of office in Delhi</td>
<td>5</td>
</tr>
<tr>
<td>No. of offices in India</td>
<td>10</td>
</tr>
<tr>
<td>Audit /Other engagement with NPOs (exclude the Global fund here) in last 3 years</td>
<td>5</td>
</tr>
<tr>
<td>Audit engagement with The Global Fund</td>
<td>5</td>
</tr>
<tr>
<td>No of Permanent Staff</td>
<td>10</td>
</tr>
<tr>
<td>Professional Fees receipts in last 3 years</td>
<td>5</td>
</tr>
</tbody>
</table>

Sub Total 50

Financial Criteria

Financial Audit Fee for the assignment 50

Total 100

b) Prospective bidders need to give a presentation (15min) based on the Scope of Work and technical evaluation scoring mechanism.

c) Bidders who will obtain minimum score of 70% in Technical criteria will be eligible for presentation.

d) The Technical Evaluation Committee appointed by IHAA, shall review and evaluate the Technical Proposals based on evaluation criteria mentioned above. A Proposal shall be rendered non-responsive/disqualified at the technical evaluation stage, in case it fails to achieve the minimum technical score stated herein above.

e) The Financial Proposals of only those Bidders who achieve the minimum technical score will be opened by the procurement committee appointed by IHAA. The Financial Proposal evaluation shall be carried out as Least Cost Selection (LSC). The Financial Proposals corresponding to Technical Proposals that were rendered non-responsive/disqualified shall remain unopened.

f) The Agency securing with least cost will be invited for negotiations

NOTE: IHAA reserves the right to reject applications that do not meet eligibility or application submission requirements (as detailed above) without further notice to the applicant. Issuance of this RFP does not constitute an award commitment or a guarantee of business on the part of IHAA nor does it commit IHAA to pay for the costs incurred in the submission of application. Further, IHAA reserves the right to reject any or all applications received and to negotiate separately with an applicant, if such action is considered to be in the best interest of the project.
DETAILED TECHNICAL PROPOSAL

Proposals should include the following information:

i. A brief profile of the Organization with the details of the head of the organization and team/facilitators who would be involved in the assignment
ii. A description of similar assignments undertaken preferably in the development sector (along with names of the organization)
iii. List of organizations service provided
iv. Description of organizational structure
v. Provide a minimum of three (3) trade references that the Service Provider have partnered with on similar interventions as mentioned in the RFP including names of persons, who may be contacted, position of person, address and phone number.
vi. Letter of interest (LOI)/ Cover letter on letter head signed by authorized signatory
vii. Additional information as mentioned in the Technical Evaluation Criteria

DETAILED FINANCIAL PROPOSAL OF SERVICE PROVIDER

The financial proposals should include the following and necessary supporting documents will be required:

(i) Name and address of the Organization/Institution:
(ii) PAN
(iii) GST registration certificate (if applicable)
(iv) The lump sum amount for all the said activities to be indicated.
(v) The rates should be mentioned excluding tax, however GST applicable must be clearly mentioned.

TRAVEL REQUIREMENTS: - audit will be conducted at PR and SR offices. SSRs will travel to SR office with the documents for the purpose audit. With reference past experience regarding travel 2-3 SSRs can be taken over in one day travel.

PROPOSAL SUBMISSION:

a) Proposals through email are invited from the reputed Agency for the aforesaid purpose. Application should have the subject line as "Conducting Project Audit - Vihaan" in emails and on envelopes submitted. Hard Copies to be delivered either personally or through registered post.

b) Two separate proposals are required to be submitted naming as Technical Proposal and Financial Proposal. The interested service provider must submit their proposals in two separate emails, your email should clearly state in the subject line - "Technical Proposal for conducting Project Audit – Vihaan" and "Financial Proposal – Proposal for conducting Project Audit - Vihaan" with all relevant documents as listed to procurement@allianceindia.org latest by 28th February 2022. Both Technical and financials should include the documents asked as above.

c) Passwords for financial proposals should be sent on email id jbaluja@allianceindia.org by 28th February 2022.

d) "Financial Proposal" shall remain password-protected, and password shall be obtained by procurement committee appointed by IHAA after the Technical Qualification of the Proposal submitted by the bidder.

e) Proposal validity period will be for 6 months from the date of submission of proposal.
f) For any queries/clarifications, please email at procurement@allianceindia.org by 21st February 2022.

g) Application Guidelines.

**Application should have:**
1. Covering letter with reference to all enclosure/attachments
2. Executive summary
3. Details as per Technical evaluation criteria
4. Financial documents specified in the financial requirements section along with proposed budget
## Annexure 'A'

**List of Partners in Vihaan Project - Audit period Apr’21-Mar’22**

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name &amp; Address of the Entity</th>
<th>Legal Status</th>
<th>Location of Audit</th>
<th>No. of SSRs</th>
<th>Project Period (Apr’21-Mar’24)</th>
<th>Budget (In USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>India HIV/AIDS Alliance</td>
<td>Section 8 Company</td>
<td>Delhi</td>
<td>-</td>
<td>7,214,240</td>
<td>4,587,779</td>
</tr>
<tr>
<td>2</td>
<td>Gujarat State Network of People Living with HIV/AIDS (GSNP+)</td>
<td>Society</td>
<td>Gujarat, MP and Rajasthan</td>
<td>44</td>
<td>1,622,553</td>
<td>600,080</td>
</tr>
<tr>
<td>3</td>
<td>National Coalition Of People Living With HIV in India (NCPI+)</td>
<td>Society</td>
<td>Delhi, West Bengal, Jharkhand, J&amp;K, Himachal Pradesh, Uttarakhand, Haryana, Telangana and Punjab</td>
<td>51</td>
<td>2,787,994</td>
<td>874,560</td>
</tr>
<tr>
<td>4</td>
<td>Network of Maharashtra by People Living with HIV/AIDS (NMP+)</td>
<td>Society</td>
<td>Maharashtra, Goa, Karnataka and Kerala</td>
<td>88</td>
<td>4,987,182</td>
<td>1,714,592</td>
</tr>
<tr>
<td>5</td>
<td>Tamilnad Network of Positive People (TNP+)</td>
<td>Society</td>
<td>Tamilnadu</td>
<td>32</td>
<td>884,967</td>
<td>391,972</td>
</tr>
<tr>
<td>6</td>
<td>Uttar Pradesh Welfare for People Living with HIV/AIDS Society (UPNP+)</td>
<td>Society</td>
<td>Uttar Pradesh, Bihar, Chhattisgarh and Orisha</td>
<td>57</td>
<td>2,276,527</td>
<td>828,970</td>
</tr>
<tr>
<td></td>
<td>North East Regional office (NERO)</td>
<td>Directly Implemented by India HIV/AIDS Alliance</td>
<td>Company</td>
<td>Section 8 Company</td>
<td>38</td>
<td>1,212,480</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------</td>
<td>-----------------------------------------------</td>
<td>---------</td>
<td>-------------------</td>
<td>----</td>
<td>----------</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td>Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Andhra Pradesh</td>
<td>38</td>
<td>1,212,480</td>
</tr>
<tr>
<td>8</td>
<td>The Humsafar Trust</td>
<td>Floor no. 6, Gujral &amp; Sons, Plot No. 167, CST Road Kalina, Santacruz, Mumbai - 400098</td>
<td>Trust</td>
<td>Mumbai</td>
<td>-</td>
<td>5,681,704</td>
</tr>
<tr>
<td></td>
<td>Grand Total Program Budget</td>
<td></td>
<td></td>
<td></td>
<td>310</td>
<td>26,667,646</td>
</tr>
</tbody>
</table>
Annexure ‘B’

Documentation provided by PR

The PR shall provide the auditor with access to all books and records pertaining to the grant as requested by the auditor, including a list of all key PR and SR locations, noting the key documents held at each location. An indicative list of the documents is as follows:

i. The grant program financial statements;
ii. Grant and sub-grant agreements, including the detailed budgets;
iii. Main supporting schedules to the financial statements including: income and expenditure, assets and liabilities, cash record
iv. Interim monthly or quarterly grant activity reports (programmatic as well as financial);
v. General ledger, cash book, other important books and records held at either Principal Recipient or sub-recipient level;
vi. Original supporting documentation to all reported expenditures (invoices, full support for all procurement of health products or other procurements requiring tender procedures, payrolls, bank vouchers, journal vouchers etc) held at either Principal Recipient or sub-recipient level;
vii. Bank statements;
viii. Important correspondence between GF and PR, PR and SRs pertaining to grant implementation matters;
ix. Financial procedures manuals, systems descriptions or any other documentation explaining the processes contributing to the production of reliable financial reports and maintaining internal control either at Principal Recipient or sub-recipient levels;
x. Minutes of management meetings;
xi. Internal audit reports relevant to GF expenditures or any systems, governance or other issue which impinges on GF grant
xii. Progress Update (PU/DRs) and Management Letters Confirmation of amounts disbursed and outstanding at Global Fund should also be obtained.
xiii. Annual Financial Reports (EFR)
xiv. Guidelines for Budgeting on GF Programs:
   https://www.theglobalfund.org/media/3261/core_budgetingglobalfundgrants_guideline_en.pdf
xv. GF’s Guidelines for the annual audits of Global Fund Grant Program Financial Statements:
   https://www.theglobalfund.org/media/6041/core_annualauditsoffinancialstatements_guideline_en.pdf
Annexure ‘C’

General Guidelines for Management Letter (M/L)

The following is a general guide on the essential elements of the M/L and should not be viewed as an exhaustive list of requirements. Guidance should be sought from the IAASB’s:


ii. also that on reporting internal control deficiencies:


In the case of public-sector or government auditors (i.e. the Supreme Audit Institution) guidance can be obtained from INTOSAI Standards (see Chapter 4’s Reporting Standards in Government Auditing of INTOSAI’s Code of Ethics & Auditing Standards: [http://intosai.connexcc-hosting.net/blueline/upload/1codethaudstande.pdf](http://intosai.connexcc-hosting.net/blueline/upload/1codethaudstande.pdf)).

A typical M/L format follows:

_______________________________________________________

STRICTLY PRIVATE AND CONFIDENTIAL

[It must clearly be noted on the face of the Management Letter that it is a confidential document and must be treated as such, in accordance with Global Fund Policy]

[The Management Letter should state that the auditor acknowledges and agrees that the Management Letter shall be shared with the Global Fund on a confidential basis. The audience of the letter, however, is the PR/SR]

(Name of PR) - MANAGEMENT LETTER FOR THE AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED …….. (Insert year end date)

[Background information is provided on the applicable auditing framework that was employed in auditing the Financial Statements, for which there is this management letter]

[The purpose of the financial statement audit should be stated here which is the expression of an opinion on the Financial Statements. Also, a brief description of the methodology used in carrying out the audit as regards the use of testing as the basis for examining evidence supporting the amounts and disclosures contained in the Financial Statements, inter-alia.]

[An explanation of the purpose of the management letter should be provided in terms of the value-added in its provision to management for the improvement of systems and processes for the organization, thereby aiding the achievement of broader organizational goals.]

[A description of system of grading of the management letter issues or findings should be provided in order that the Principal Recipient is able to better prioritize implementation of recommendations emanating from findings. The following system of grading is recommended:

**Grade I findings** are those which are particularly critical and the involvement of management may be required for their resolution. These are high-level issues which impact seriously on the achievement of overall grant goals.

**Grade II findings** are those that may have significant impact on the control environment. Here control environment looks at risk factors derived from management’s attitude to risk regarding operational activities within the Principal Recipient/Sub-recipient organization.]
Grade III findings are those which are less significant than Grade 1 and II but nevertheless merit attention.

For each finding:

1.0 [Brief heading for finding and Grade 1, 2 or 3 as is applicable]

[Where there is a criteria (or criterion as the case may be) which is the object of non-compliance by the PR/Sub-recipient, then this must be stated or quoted where applicable. A criterion is defined as any law, policy, regulation or framework that an audited entity has to comply with in carrying out its activities. A deviation or complete non-compliance of it would trigger a finding. In some instances, criteria would not be present hence it would not be necessary to state it here.]

1.1 FINDING

[The condition or issue presently obtaining which could have been as a result of non-compliance of a criteria is stated here fully. This must be consistent with the grading level indicated above. Where possible, the reason(s)/rationale for the non-compliance to the criteria or factors responsible for the finding issue should be stated in a separate paragraph or section under FINDING.]

1.2 IMPLICATION

[The effect of the finding both from a financial and non-financial perspective should be clearly stated here as this will provide better insights to the Principal Recipient/Sub-recipient entity in formulating a robust management response and action plan for implementation of recommendations.]

1.3 RECOMMENDATION

[Practical recommendations relevant to the findings stated in 1.1 above should be put in this category. Recommendations should be capable of eliminating or reducing the effects identified in 1.2 above (to an acceptable level) such that there will be no negative material impact on grant implementation upon its initiation by Principal Recipient/Sub-recipient management.]

1.4 BENEFITS

[The advantages of implementing the recommendations stated in 1.3 above should be highlighted here from a financial and non-financial perspective. The use of financial data in terms of for example, cost savings, should be stated here.]

1.5 MANAGEMENT’S RESPONSE

[PRs/SRs are required to state the extent to which they agree or disagree with the finding indicated above. This should extend further to whether they agree or disagree with all the other elements to the management letter (i.e. 1.2 to 1.4). These should include reasons for the agreement or disagreement.]

As part of the management response the PR should develop an action plan to address any pertinent recommendations emanating from the PR and SR Audits.

Finally, all M/Ls must contain a “Matters arising from previous audits” section in tabular form that will serve as a tracking tool in determining the status of implementation of recommendations.]. See below:
MATTERS ARISING FROM PREVIOUS AUDITS

<table>
<thead>
<tr>
<th>Audit period covered</th>
<th>Issue (i.e. the finding identified)</th>
<th>Recommendations</th>
<th>Status of Implementation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>The period covering the audit is stated here: it should follow chronologically from one year to the next</td>
<td>The findings of previous audits are entered here. The findings should be quoted verbatim or reproduced from the relevant management letter</td>
<td>The recommendations related to the findings from the previous column are entered here quoting verbatim from the relevant management letter</td>
<td>The state of implementation is entered here via the following key: Y (Yes) – showing full implementation of recommendations, N (No) - showing that the recommendation remains to be implemented and as such no steps have been taken to commence implementation, P (Partial) – showing that implementation has commenced but is yet to be completed</td>
<td>For N and P categories, an indication of the audit period from when the finding &amp; recommendation was first identified should be stated, inter- alia</td>
</tr>
</tbody>
</table>
## Schedule of non-compliant expenditures

<table>
<thead>
<tr>
<th>Description</th>
<th>Unsupported expenditures</th>
<th>Expenditures incurred outside of the scope or period of the grant</th>
<th>Expenditures compromised by prohibited practices</th>
<th>Expenditures relating to other types of non-compliance or mismanagement of grant funds (or goods or services purchased with grant funds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel Related Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement Related</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Internal Control Findings

<table>
<thead>
<tr>
<th>#</th>
<th>Functional areas</th>
<th>Inadequate Flow of Funds Arrangements</th>
<th>Inadequate Internal Controls</th>
<th>Financial Fraud, Corruption and theft</th>
<th>Inadequate Accounting and Financial Reporting</th>
<th>Limited Value for Money</th>
<th>Inadequate Auditing Arrangements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Grading</td>
<td>I</td>
<td>II</td>
<td>III</td>
<td>I</td>
<td>II</td>
<td>III</td>
</tr>
<tr>
<td>1</td>
<td>Financial management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Sub-recipient management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Program management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Stock management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Procurement management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Compliance with grant agreement and applicable law</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Follow-up on previous audit report</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annexure ‘D’

Auditor Independence and Qualification

The auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited or those of its implementing/supervising agency or directly related entities. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with the PR.

The auditor must demonstrate that appropriate professional qualifications and suitable experience with ISA standards, including experience in auditing the accounts of entities comparable in size and complexity to the entity being audited.

The Curriculum Vitae (CVs) of the auditor(s) who will be responsible for signing the opinion, together with the CVs of managers, supervisors and key personnel proposed to be part of the audit team must be made available. The senior partner should have minimum 10 years’ experience in handling audits of NGOs/ Community based organisations.

Audit Methodology and Documentation

To ensure quality audit there should be a statement of professional ethics. The auditors consolidating the reports should have proper skills and be competent to carry out the consolidation in a professional manner. Sufficient direction, supervision and review of work at all levels should be carried out in order to provide reasonable assurance that the work performed meets appropriate standards of quality. Whenever necessary, consultation within or outside the firm should occur with those who have appropriate expertise. The continued adequacy and operational effectiveness of quality control policies and procedures be monitored. These need to be in compliance with Indian audit standards.