



CORAL TRIANGLE INITIATIVE

ON CORAL REEFS, FISHERIES
AND FOOD SECURITY

REGIONAL SECRETARIAT

CTI-CFF Secretariat Building
Jl. A.A. Maramis Kayuwatu, Kairagi II
Manado, North Sulawesi 95254
Indonesia
Email: regional.secretariat@cticff.org
<http://www.coraltriangleinitiative.org>

Terms of Reference (ToR)

Financial Audit of CTI-CFF Regional Secretariat 2016

A. Background

The Coral Triangle Initiative on Coral Reefs, Fisheries and Food Security (CTI-CFF) is a multilateral partnership of six countries (i.e. Indonesia, Malaysia, Papua New Guinea, Philippines, Solomon Islands and Timor-Leste) officially formed in 2009 to address the urgent threats facing the coastal and marine resources of one of the most biologically diverse and ecologically rich regions on earth. The Coral Triangle (CT) sometimes referred to as the “Amazon of the seas”, is the epicentre of marine life abundance and diversity on the planet, with over 75% of all known coral species, 53% of the world’s coral reefs, over 3000 fish species the greatest extent of mangrove forests of any region in the world and spawning and juvenile growth areas for what is the largest tuna fishery in the world.

CTI-CFF is administered and managed through Headquarters of CTI-CFF Regional Secretariat located in Manado, North Sulawesi, Indonesia. As part of operational expenses of the Regional Secretariat office, the budget is funded by the contribution of the CTI-CF Member States. In some cases, CTI development partners also contributes directly to the Regional Secretariat.

CTI-CFF Regional Secretariat officially started operating since 1 April 2015 when the very first of Executive Director assumed his office. As of end of December 2016, The Regional Secretariat has fifteen (15) staff members in addition to the Executive Director. Of fifteen staff, eleven of them are working in CTI-CFF Regional Secretariat office in Manado – Indonesia. Furthermore, two staff work in Jakarta, one staff in Malaysia and the other one is in the Philippines who periodically visited the office of Regional Secretariat.

The current activities of CTI-CFF RS are limited to finance the operations of the regional secretariat such as salaries expenses, routine expenses (i.e. maintenance, rent car, office supplies, etc.), staff travel and some other activities related to the deliverables of programs, Working Groups and Senior Officials Meeting (SOM) assigned tasks. Systems and procedures of the organization has been created and gradually implemented within the organization. The procedures which has been created are Financial Procedures as well as Human Resources (HR) & payroll procedures with the total of vouchers issued are approximately 60 vouchers per month.



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B. Source of Fund

Referring to the Regulation 8 (1) on Provision of Funds of CTI-CFF Financial Regulation, the funds of the Regional Secretariat shall include:

- 1) Assessed contributions made by CTI-CFF Member States;
- 2) Voluntary contributions made by CTI-CFF Member States, CTI development partners or other entities; and
- 3) Such other funds to which the Secretariat may become entitled or may receive, including income from investments.

C. Objectives of the Assignment

The objectives of the Audit are as follows:

- 1) To determine whether the financial statements/Budget and Actual of CTI-CFF Regional Secretariat presents fairly the expenses for the period of 1 January – 31 December 2016;
- 2) To ensure that all expenses paid accountably with the guide from CTI-CFF Financial Regulations, Financial Rules and Procedures; and
- 3) To ensure that all expenditures meet the category as regulated in the Financial Regulations, as well as contract between Regional Secretariat with CTI development partners (i.e. WWF Indonesia, Department of Environment of Australia and another source of fund).

D. Scope of Services

- 1) As stated in the Regulation 12 (4) of the CTI-CFF Financial Regulations, the Auditor shall conduct his or her examination of the financial statements in conformity with generally with generally accepted auditing standards and shall report on relevant matters, as follows:
 - a) Whether, in his or her opinion, the statements are based on proper accounts and records;
 - b) Whether the statements are in agreement with the accounts and the records;
 - c) Whether, in his or her opinion, the income, expenditure and the acquisition and disposal of assets by the Regional Secretariat during the year have been in accordance with the Regulations; and
 - d) Observations with respect to the efficiency and economy of the financial procedures.



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- 2) The Auditor should prepare the audit methodology and work plan to be finalized with CTI-CFF Regional Secretariat;
- 3) The Auditor need to work closely with the Finance & Administration Sr Manager, Finance Assistant and other staff in conducting the audit;
- 4) The Auditor should conduct the audit in accordance with i) generally accepted auditing standards, ii) adhere to International Auditing standards as well as iii) Indonesian accounting principle due to Indonesia is as the Host Country;
- 5) The Auditor should examine the data on test basis, evidence supporting the amounts in the financial statements. It will include assessing the accounting principles used and matching between estimates and actual payments.
- 6) The audit examination will be taken place at the Headquarters of CTI-CFF Regional Secretariat located in Manado, North Sulawesi, Indonesia.
- 7) The Auditor should observe whether CTI-CFF Regional Secretariat has applied the efficiency and economy of the finance procedures.
- 8) By the end of the assignment, the Auditor should submit a draft audit report which consists of the followings:
 - a) Findings from the audit; and
 - b) The auditors' opinion on the organization of the Reimbursable Cost to determine whether the financial reports/ Budget vs Actual of RS CTI-CFF Program presents fairly the expenses for the period 1 January – 31 December 2016
- 9) The Auditor should finalize and submit the final audit report after receiving CTI-CFF Regional Secretariat's comments to the audit report draft.
- 10) Among others of focus areas to be examined are as follows:
 - a) To seek complete financial accounts and full documentation during the handover period from the Interim Regional Secretariat (IRS) to the Regional Secretariat to determine the origin of the beginning balance, which shall also apply for Petty Cash account;
 - b) To provide disclosure on the status of the assets of the Regional Secretariat.
 - c) To provide disclosure on the following items as outlined in 2015 Audit Report:
 - o Item 9: Support to Activities
 - o Item 10: Seeking Partnership
 - o Item 11: Program Activities
 - o Item 12: SOM Expenses
 - d) To determine the Cash on Hand and in Banks of 2015 with documents from the bank;



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- e) To provide disclosure and clarification on the overdraft amount of USD27,285 in the 2015 Audit Report and the latest status from the support of Australian Government.
- f) To examine Revenue and Expenditure for 2016
- g) To ensure that Compensation and benefits for organizational staff are in compliance with the Financial Regulation and Staff Regulation for 2015 and 2016

E. Timeline for Audit Process

- 1) Audit process will be conducted during the months of June to August 2017;
- 2) Once contract between CTI-CFF Regional Secretariat and the Auditor firm is signed, a timeline of audit process should be developed and concurred by both parties.
- 3) The following are timeline for Audit Process:
 - a) A brief report of no more than 3 pages, presenting the audit methodology and work plan to CTI-CFF Regional Secretariat, 7 working days after signed contract with CTI-CFF Regional Secretariat;
 - b) The Audit Auditor shall conduct audit process within 7 working days;
 - c) The Auditor should submit a Draft Audit Report, in English, and management letter along with annexes to CTI-CFF Regional Secretariat within 20 working days for review by the related finance officers of CTI-CFF Regional Secretariat.
 - d) The Auditor should submit the Final Audit Report, in English, and management letter along with annexes to CTI-CFF Regional Secretariat within 5 working days for final review by the related finance officers of CTI-CFF Regional Secretariat;

F. Requirement for Proposal from Prospective Auditor

- 1) The prospective auditor is required to submit a Proposal to demonstrate its interest and services.
- 2) Please provide the following information in the Proposal:
 - a) Details of your firm/profile: This should include an outline of the organization, size and capacity, listed as auditor in an authorized government institution. (Score: 20%)
 - b) Affiliated with the reputable international Public Accountant. (Score: 10%)
 - c) Indicate fast experience in the audit of international organizations, Non-Government Organization (NGO) clients and provide references from them. (Score: 35%)



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- d) The Auditor's partner and member of auditor who will be assigned to the audit should provide an overview and CV, including details of their relevant experiences and qualifications. (Score: 20%)
- e) Audit approach and methodology: Determine audit strategy and undertake audit planning. (Score: 15%)

Please send your **Proposal** stated as mentioned in Point F at **the latest by 23 April 2017** by email to: regional.secretariat@cticff.org and cc: cfsyahda@cticff.org, iperintis@cticff.org. The highest score of the proposal will be considered and awarded contract based on final negotiation.

G. Fees

Please outline your fee structure for the audit in US Dollar (USD). Please include an estimate of any expenses necessary to adequately perform the work required, reporting and related activities needed to maintain a quality client relationship.

The cost of preparing a proposal and conducting the pre-proposal survey or any meetings for verbal presentations shall be borne by your company, regardless of the conduct or outcome of the solicitation process. Proposals must offer services for the total requirements.



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