

TERM OF REFERENCE (TOR)

HIRING OF A GROUP/INDEPENDENT CONSULTANT FOR INTERNAL AUDIT

I. Background

The project "Strengthening the participation of social organizations and community-based organizations in HIV/AIDS prevention and control" is funded by the Global Fund to Fight AIDS, Tuberculosis and Malaria (GF) for 3 years, from January 2021 to December 2023 with a budget of US\$7,492,067 (HIV/AIDS: \$6,500,000; C19RM:\$992,067). The project is directly managed and implemented by the Vietnam Union of Science and Technology Associations (VUSTA). The three project implementers are 03 Vietnamese science and technology organizations (VNGO) including the Institute for Social Development Studies (ISDS), Center for Supporting Community Development Initiatives (SCDI) and Centre for Promotion of Quality of Life (LIFE). Each SR has managed and implemented in 5 provinces/cities nationwide, including: Hanoi, Vinh Phuc, Hai Duong, Thai Nguyen, Nam Dinh, Hai Phong, Quang Ninh, Thai Binh, Ninh Binh, Nghe An, Khanh Hoa, HCMC, Dong Nai, Binh Duong and Ba Ria- Vung Tau.

Project strategies:

- To provide prevention program for key populations (PWID, MSM, TGW, FSW) in 15 provinces/cities with high and medium burden of HIV/AIDS in Vietnam
- To strengthen the sustainable and resilient community system in response to HIV/AIDS
- To remove legal barriers for access to services for key populations.
- To improve the response capacity and eliminate the impact of COVID-19 for the VUSTA project.

Number of Key populations reached:

Key Population	2021	2022	2023
PWID	16,000	16,000	16,000
MSM	26,172	26,722	26,822
FSW	5,950	6,700	6,700
TGW	1,500	1,500	1,500

II. Definition of internal audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value improve an organization's operation. It helps an organization achieve its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The “independence” of internal Auditor means that its activities are conducted in a manner free from conditions that threaten its ability to carry out its responsibility in an unbiased manner.

III. Objective and scope of the audit

1. The purpose of hiring the Internal auditor is to help VUSTA Project accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.
2. The internal audit also helps the Board of management fulfil the duties through:
 - ✓ Establish risks in the areas reviewed by the internal auditor.
 - ✓ Ensure if adequate controls exist to address those risks.
 - ✓ Review if applicable policies are followed and that the internal controls are properly implemented.
 - ✓ Recommend improvements in the areas where weaknesses are identified

The management perceives that Internal Auditor shall:

- Provide assurance that financial and operation risks are understood and appropriately managed.
- Identify gaps and promote the establishment of best practices with respect to VUSTA PMU Management;
- Identify opportunities for pragmatic efficiency and effectiveness improvements, primarily in internal controls and risk analysis;
- Advise on matters regarding internal control and risk management;
- Evaluate risk management procedures and internal control;
- Provide comprehensive process assurance services
- Review and evaluation the financial management and internal control systems

IV. Key Tasks, Duties and responsibilities

Program management

1. Internal audit must be conducted according to the standards of Vietnam Internal Auditing Standards (Circular 8/2021/TT-BTC dated January 25, 2021 - Vietnam Internal Audit Standards) and the standards of the International Standards on Internal Auditing issued by the American Association of Internal Auditors (IIA) (IPPF - International Professional Practices framework: <https://www.theiia.org/en/standards/international-professional-practices-framework>) and will include control checks for each hazard assessed during project implementation;
2. Identifying gaps, risks, and opportunities in the organization's processes, risk management, governance, and control systems.

3. The assessment systems in place to ensure compliance with policies, plans, procedures, laws, financial, accounting, and regulatory regimes that could have a significant impact on the project.
4. There should be a system of internal controls that are effective in design and operation in order to ensure the prevention of and early detection of fraud, misappropriation and misapplications.
5. Identify outstanding inefficiencies in existing systems and recommend necessary solutions for improvement.
6. Report significant risks and control issues including risks of fraud, governance issues and other matters as necessary or as required by Project Management. Verify and confirm the existence of financial assets in all decisions and verify compliance with the required regulations and the Aid Agreement.
7. Identify common errors or omissions and the root cause assessment, provide suggestions to strengthen inter controls to minimize such errors.
8. The internal audit must report on the corrective actions taken based on the observations of the previous independent/ external auditors and/ or LFA/ Global Fund as well as the OIG audit (if any).
9. Assessment of the control environment and necessary recommendations are made to ensure that PR will fulfill its mission, goals and objectives, and improve the efficiency of funding and resources by identifying and addressing inefficiencies, threats and key obstacles that can prevent PR from achieving positive impacts or enhancing output quality

Procurement and supply chain

1. Verify and confirm compliance with procurement and supply chain procedures and evaluate these procedures to ensure risk issues are resolved.
2. Evaluate the completeness of documents evidencing transactions and make recommendations for improvement of any remaining weaknesses.
3. Provide complete record keeping for medical equipment and other project assets.
4. Conduct condition verification of fixed assets to ensure the existence of such assets and assess the condition of use and maintenance of assets.

Human Resources

1. Review the Human Resources (HR) management and identify weaknesses in the internal controls including the review and payment process of payroll, recruitment process, performance evaluation, salary increments (if any), and discontinuation of employment.

Monitoring - monitoring system and system of providing services of the Project.

1. Reporting data collection system.
2. Monitoring and monitoring system of the epidemic situation.
3. Analyze and evaluate the difficulties and advantages and propose solutions in the provision and access to the project's services.
4. Difficulties and solutions to invest/improve the system.

Financial accounting system

1. Particular attention should be paid to the management of the project implementation units from the disbursement and settlement of advances to the evaluation of supporting documents as well as additional monitoring mechanisms if necessary. Capacity challenges need to be considered, from which the system is evaluated to identify weaknesses and make recommendations for improvement.
2. Evaluating accounting and financial management systems to ensure they have a reliable and efficient design and assessing the extent of functional use.
3. Review the Bank/Treasury Reconciliation to ensure that they have been carried out on a monthly and is carefully checked.
4. Advances and the liquidation of advances should be reviewed for adherence to controls and the controls should be assessed for weaknesses. There should be recommendations provided for the identified weaknesses.
5. There should be an assessment of the level of transactions that occur on a cash basis and recommendations should be made to reduce the level of cash transactions and subsequent associated risks.
6. Check the effectiveness, completeness and application of accounting, financial and operational controls and ensure accuracy in reporting.

V. Requirements for the internal auditor

The following are the qualifications of the individual consultant or the Lead Consultant in the cases of a firm/a group of consultant:

- Bachelor degree in Audit, Accounting, Finance or related field.
- Professional audit certifications (ACCA/CPA/CIA) finalized or in advanced stage of certification process.
- Must be able to effectively work with new and changing situations including new regulations; where there may not always be a readily apparent solution
- Excellent presentation, analytical, interpersonal, time management, research, and communications skills
- Maintain a current knowledge base of audit industry practices and to ensure best practices as always considered
- Perform all assigned audit duties in a manner that reflects the highest professional standards and complies with the guidelines of the Institute of Internal Auditors.
- Considerable knowledge of the Standards for the Professional Practice of Internal Auditing and the Code of Ethics developed by the Institute of Internal Auditors.
- Good analytical, interpersonal, time management, research, and communications skills.

- Must have prior working experience in audit (Public or private) of not less than three years in a recognized organization. Experience in accredited audit firms and/or in a non-Governmental organization will be an added advantage.
- Proven experience in Risk Based Auditing
- Strong interpersonal skills, including the ability to influence others and establish credibility with business partners.
- Cross cultural and multi faith experience
- Exposure to various accounting systems

VI. Consultancy time

90 working days (it might be started from September 2023 to mid of December 2023)

VII. Reporting

The auditor is required to submit a comprehensive internal audit at the end of his/her assessment as well as other additional reports required by the Board Management.

The auditor will provide a report to Project Management highlighting findings during the period under review. This will be in the form of a Management Letter report with the following suggested sections:

- Introduction – scope, nature and coverage of the audit including period covered, units audited.
- Executive Summary – highlighting the critical issues preferably classified as per thematic area with the response of the auditee.
- Specific report on any fraud, illegal act or mis-appropriation and significant non – compliance
- Comments and observations on the financial management records, systems and controls that were examined during the course of the review.
- Deficiencies and areas of weaknesses in systems and controls and recommendation for their improvement.
- Compliance with covenants in the financing agreement and comments, if any, on internal and external matters affecting such compliance.
- Matters that have come to attention during the review and might have a significant impact on the implementation of the Project.
- Any special review procedures required of a compliance nature (for example, compliance of the procurement procedures, procedure for selection of consultants etc.)
- Recommendations for improvement
- Any other matters that the auditor considers pertinent

(in Collaboration with VUSTA PMU and SRs to revise, amend and supplement the regulations on the current internal control regulations in line with GF and the Government of Vietnam.

VIII. Composition of Review Committee to monitor Internal Auditor’s work

The Internal Auditors will report to Board of Directors of VUSTA and the report can be shared with VUSTA GF project management team as well including;

1. Standing Deputy Director/Project manager
2. Technical Deputy Director
3. Chief Accountant
4. The Global Fund

IX. General

The internal auditor shall be given access to all documents, correspondences, and any other information relating to the project. The auditor shall be provided with the relevant policies and guidelines, project approval documents, Grant confirmation, reports and other relevant documents like subject files of the project.

X. Conditions for payment:

- The auditor will be hired to work with the number of working days as expected above, in the period from September 2023 to mid of December 2023
- The payment will be based on the signed contract and the results of the implementation of the assigned work according to the assessment of the Board of Directors and the Project Manager and the report on the work results of the auditor