



**TERMS OF REFERENCE**

**External Auditor**

## 1. BACKGROUND

The Caribbean Biodiversity Fund (CBF) is a regional environmental fund legally registered in the UK with Companies House and as a charity with the Charity Commission with the mission “*to ensure continuous funding for conservation and sustainable development in the Caribbean.*” Established in 2012, and with a flexible structure, the CBF is designed to accommodate the receipt, investment, distribution, and monitoring of conservation funding throughout the region. Currently, the CBF has two programs:

- (i) a Conservation Finance Program, anchored by a US\$81 million endowment fund.
- (ii) a Climate Change Program, focused on Ecosystem-based Adaptation (EbA), with a US\$50 million sinking fund.
- (iii) a Nature-based Economies, focused on Advancing Circular Economies, with a US\$30 millions sinking fund.

The accounts of the CBF are subject to an annual audit in accordance with the procedures required by part 6 of the 1993 Companies Act, as amended by part 2 of the 2006 Companies Act or, otherwise, at the request of the donor, to provide independent scrutiny of accounts.

In accordance with World Bank requirements, the auditor should:

- be a registered auditor who, as an audit professional, applies auditing standards issued by the UK Auditing Practices Board (“APB”);
- the auditor will (i) be a “registered auditor” who is registered with a recognized supervisory body in accordance with the Companies Act 2006 and (ii) use accounting recommendations and guidance of the Statement of Recommended Practice that supplement accounting standards for registered UK charities as reference point.

The CBF therefore seeks the services of an external auditor for a period of three (3) years to execute duties in accordance with the conditions of this Terms of Reference (ToR).

## **2. OBJECTIVE**

2.1 The objectives of the audit of the CBF's financials are to enable the auditor to express opinions on whether (i) the operations, accounting, and reporting of the CBF financials are present fairly, in all material respects, and (ii) the use of funds are in alignment with donor requirements.

## **3. ACCOUNTING STANDARD & MANAGEMENT RESPONSIBILITY**

3.1 The annual accounts (fiscal year (*October 1 – September 30*)) will be prepared on a cash accounting basis in accordance with the International Financial Reporting Standard (IFRS).

3.2 The CBF is responsible for preparing and fairly presenting the institution's financial statements including adequacy of disclosure, and for maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error. The CBF is also responsible for ensuring that the funds were used only for the purposes of the project, for compliance with financial covenants, and for ensuring that effective internal controls including over the procurement process are maintained.

## **4. AUDITING STANDARDS**

4.1 The annual financial statements (fiscal year (*October 1 – September 30*)) will be prepared in accordance with the International Financial Reporting Standard (IFRS) and the Charity Reporting and Accounting Guideline November 2016 (CC15d).

4.2 Assist with annual filing to Charity Commission and Company House – UK.

4.3 Prepare use of funds audit for CBF programs and/or project in accordance with donors' requirements.

## **5. AUDITOR RESPONSIBILITY**

The auditor is responsible for forming and expressing an opinion on the CBF's financial statements in accordance with the auditing standards. As part of the audit process, the auditor may request from the financial institutions (Banks, Asset Managers), Donors and CBF Beneficiaries written confirmation concerning representations made in connection with the audit.

In the conduct of the audit, the auditor is expected to:

- 5.1 Plan and perform the audit to reduce risk to an acceptably low level, including risks of material misstatements in the financial statements whether due to fraud or error,
- 5.2 Design and perform audit procedures, and evaluate and report the results thereof including any noncompliance with CBF policies, laws, and regulations,
- 5.3 Communicate matters of governance arising from the audit of financial statements,
- 5.4 Carry out tests to confirm compliance accounting and donor standard to include:

*5.4.1 Grant funds have been used in accordance with the conditions of the donors' agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided,*

*5.4.2 Goods, works, and services financed have been procured and project expenditures have been incurred in line of CBF's and other donors' policies,*

*5.4.3 Assets and inventories procured is verifiable.*

*5.4.4 All necessary supporting documents, records, and accounts have been maintained in respect of all CBF's activities.*

5.5 Review the activities of all accounts including deposits received, payments made, interest earned, exchange rates used, and reconciliation of period-end balances.

## **6. AUDIT SCOPE AND REPORTING**

The auditor is required to deliver an audit report in the English language comprising:

### **6.1 Auditor's opinion on the financial statements**

An auditor's opinion providing reasonable assurance over the audited project financial statements, including the notes thereto and supplementary statements.

### **6.2 Auditor's opinion on compliance with legal agreement**

An auditor's opinion made in accordance with [ISAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', ISSAI 4200 'Compliance Audit Related to the Audit of Financial Statements', or equivalent national standards] providing reasonable assurance that the (i) proceeds of the grant were used only for the purpose of the program and/or project, and (ii) program/project was in compliance with the covenants in CBF's policy standards and/or donors' agreement.

### **6.3 Audited CBF Financial Statements**

Consolidated (all sources of funds) financial statements with comparative presentation:

- a) Notes to the Financial Statements
- b) Statement of Financial Position
- c) Statement of Financial Performance
- d) Statement of Cash Flows
- e) Notes to the Financial Statements

## **7. TRUSTEE REPORT**

The CBF shall prepare an annual trustee report narrative detailing the operation, successes, and challenges of the CBF for the fiscal year. The report shall include but not limited to:

- a. Institutional update on appointments to the Board.
- b. Institutional update on Board and Committee meetings.
- c. Institutional update on changes in staffing.
- d. Implementation of new policies.
- e. Program update on active agreements, disbursements to grantees.
- f. New funding for programs and projects.

The trustee report shall form part of the audit report for annual filing.

## **8. AUDITOR'S QUALIFICATION**

The auditor must satisfy the minimum the minimum following requirements.

- a) A legal entity registered with the appropriate bodies.
- b) A member of a professional auditing and accounting affiliate for a period no less than 5 years.
- c) Proven track record of auditing UK private companies and/or charities with international donors.
- d) Demonstration of working with Conservation Trust Funds and donor organisation would be an asset.
- e) The provision of three (3) organization for character reference.

## **9. TENDER EVALUATION**

### 9.1 General

The selection of the consultant for the execution of the required services will be made in accordance with the CBF procurement guidelines.

### 9.2 Proposal

Applicants shall submit a proposal detailing audit methodology with associated cost assumption in according to the instructions item 10 in the ToR. The proposal will be evaluated on based on the criteria in Annex A. The submission with the highest percentage greater than or equal to 75% will considered.

## **10. COMMUNICATION AND COORDINATION**

The work is expected to be done in full collaboration with the CBF CEO and Finance Officer. The Auditor will report to the CBF CEO or their approved designate.

All proposals and related documents will be prepared in Word and PDF formats and submitted by email to Mr. Junior Buchanan, Finance Officer at [jbuchanan@caribbeanbiodiversityfund.org](mailto:jbuchanan@caribbeanbiodiversityfund.org) and copied to Mrs. Karen McDonald Gayle, CEO at [ceo@caribbeanbiodiversityfund.org](mailto:ceo@caribbeanbiodiversityfund.org).

## **11. HOW TO APPLY**

Invited audit firms shall submit the Proposal addressing the overall concepts and methodologies to attain the works' objectives, the specific tasks, and addressing the evaluation areas contained in the evaluation criteria (see Annex A). The Proposal shall be submitted by **May 12, 2023**, via e-mail to the following

address: [secretariat@caribbeanbiodiversityfund.org](mailto:secretariat@caribbeanbiodiversityfund.org) with Subject Line: Proposal – Audit Service.

The language of the Proposal and of all communication with CBF shall be English. The currency of the Financial Proposal shall be USD.

Questions may be submitted by **April 21, 2023**, via e-mail to the following address: [secretariat@caribbeanbiodiversityfund.org](mailto:secretariat@caribbeanbiodiversityfund.org) with Subject Line: “Questions CBF Audit Proposal

If necessary, the CBF will be involved and answer at the latest **7 days before the submission date deadline**.

## Annex A

### Auditor Evaluation Criteria

| <b>Evaluation criteria and sub-criteria of the tender</b>                       | <b>Maximum points</b> |
|---|-----------------------|
| <b>1. <u>Management Organisation</u></b>  | <b>4</b>              |
| a. Organisational structure, history, company size                              | 4                     |
| <b>2. <u>Proposed concepts and methods</u></b>                                  | <b>70</b>             |
| a. Overall concept and approach for consultancy                                 | 25                    |
| b. Proposed work plan outline for audit process                                 | 15                    |
| c. Proposed audit fees  | 24                    |
| d. Clarity & Form   | 6                     |
| <b><u>Qualifications and Experience of the Audit Firm</u></b>                   | <b>26</b>             |
| Demonstrated licensing and/or affiliation with accountancy professional bodies. | 10                    |
| Experience with UK Charities  | 10                    |
| Experience with annual filing with UK Charity Commission and Companies House    | 6                     |
| <b>Total</b>  | <b><u>100</u></b>     |