Terms of reference for the audit of the LIFT programme grantees

1 Introduction

The LIFT Programme works in 7 of the most disadvantaged districts (Gisagara, Gakenke, Ngororero, Karongi, Rusizi, Kirehe and Gasabo) in Rwanda and aims to:

Improve foundational learning outcomes for girls and boys in English and maths in P1-P3 through Teacher Professional Development (workstream 1)

Strengthen coordination at the district level and enhance data-driven decision-making to improve efficiency and support for struggling schools (workstream 2)

Support out-of-school children and youth (OOSCY) aged 12–18 to return to school or pursue alternative learning pathways (workstream 3)

The out-of-school component (workstream 3 above) has made grants to 16 organisations to collectively implement the out-of-school interventions in seven district-level consortia. The approach taken by LIFT was not one of hands-off grant-making. On the contrary, the theory of change and programme activities were co-created with partners, and the CE team were heavily involved in implementation and monitoring through providing technical input.

The programme's theory of change also involved a component of capacity strengthening – understanding this is essential for the auditing team. Grantees were selected in full knowledge that many of them had capacity gains across various domains – including but not limited to finance and governance. The programme was deliberately designed to include such partners, and give them the support, tools and advice needed to thrive. This was in contrast to a status quo where only partners with strong systems are given grants, thus continuing a cycle of locking smaller parters out despite their potential to positively impact children and communities.

As a result, partners were never expected to have perfect and strong financial management systems. Instead, it became a joint responsibility for partners and the CE grant management team to work together to improve staff knowledge, processes and systems slowly over time. Approximately two years have elapsed since this initiative began, and reduced funding from FCDO has led to this capacity strengthening plan to be prematurely ended. As a result, the audit team should expect to find a wide variance in quality of financial management. The approach taken should be supportive, non-punitive, and celebrate the journey that grantees have already started – but not yet finished.

2 Audit objectives

The objective of the audit of the Financial Statements is to enable the auditors to express a professional opinion on the financial position of the project at the end of the reporting period and of the funds received and expenditure for the reporting period, as reported by the 16 Learning and Inclusion for Transformation (LIFT) programme grantees (See annex 1) and in particular to confirm that the reporting expenditure has, in all material respects, been used in conformity with the provisions of the Contract, including any amendments thereto as contained in implementation letters, and any applicable guidelines in force and applicable to the audit scope and with due attention to economy and efficiency.

To also confirm that the Financial Statements agree with the Project accounts (books of account) which provide the basis for preparation of the Financial Statements and are established to reflect the financial transactions in respect of the Project, as maintained by the Company.

The audit firm is expected to **express an audit opinion on whether the financial statements are, in all material respects, prepared in accordance with the applicable financial reporting framework**.

The audit is not intended to police or chastise grantees for any inconsistences or issues identified. Instead, the audit should seek to understand – and articulate in the report – the reasons behind any findings and contextualise these findings as part of the grantee's journey towards improved financial management.

3 The auditor

The Auditor shall determine whether:

- The financial statements of the project have been prepared in accordance with consistently applied International Accounting Standards and give a true and fair view of the financial situation of the project, of resources and expenditures, for the period **15th August 2025 to 30th September 2026**.
- The financial statements agree with the terms and conditions specified in the contracts **by LIFT grantees under LIFT contracts.**
- Funds remitted to LIFT grantees have been used for the intended purpose and have been properly accounted for in accordance with LIFT grantees' accounting systems and records, and FCDO/ Mott MacDonald requirements for financial reporting.
- There are adequate internal controls in place to safeguard the funds and assets provided by FCDO under the project. The auditors will also establish the physical existence of all FCDO funded project assets, their conditions and recording in assets register.

3.1 Criteria for selection of auditor

A certified audit firm will be procured through a limited competition tender. The firm must have strong experience in the field of International Development and FCDO funded projects. AEE Rwanda will supervise their operations and submit the final audit report to Mott MacDonald Limited (MML).

3.2 Commissioner of Audit and Recipient of Deliverables

The commissioner of this assignment is Mott MacDonald, and the recipients of deliverables are LIFT grantees and MML.

4 Scope

The audit will be carried out in accordance with international standards of auditing. It will include such tests and controls as the auditor considers necessary. Representative sampling may be used as the auditor considers necessary (see Verification/Coverage of Expenditure). This exercise is required to give full and satisfactory audit discharge to the project expenditure from 15th August 2025 to 30th September 2026. Specific focus will be:

- To establish that the transactions have been recorded and funds have been expended in accordance with the terms and conditions of the contract;
- Items and services have been procured in accordance with the guidelines included in the contract;
- Necessary supporting documents, records and accounts have been kept in respect of programme expenditure;
- Whether the systems, procedures and controls, contractual or otherwise, adopted by LIFT grantees are efficient, effective and transparent;
- Whether these systems, procedures and controls enable LIFT grantees to discharge its contractual obligations to Mott MacDonald including its financial and project management obligations;
- Whether the expenditure verification submitted to Mott MacDonald are accurate.

For every finding, the auditor should confer with the grantee's finance team (and the Cambridge Education Grant Manager if necessary) to rationalise the reasons behind every finding. This is not intended to encourage defensive practices, but instead to help readers of the audit report understand how far grantees have come since they first started. Further discussion of how auditors can support this approach will happen within the inception/kick-off meeting.

5 Methodology

The approach should include:

- The auditor should apply a risk-based approach to identify areas of potential control weakness or financial misstatement
- Hold pre-engagement meetings with LIFT grantees to present an outline of the planned approach for conducting the exercise.
- Request and hold formal interviews with the LIFT grantees project and financial management team and with a view to forming an understanding on the effectiveness of the internal control system in the management of the project.
- Examination of the financial transactions of the Project under the management of LIFT grantees for the above period in line with expectations set out in the project documents listed below. Note that the financial records would consist of all

documents relevant to the raising of an invoice; for personnel this would mean being supported by timesheets.

- Review invoices for reimbursable expenses by LIFT grantees and ascertain that:
  - The basis for which invoices have been calculated are in line with obligations within the contract.
  - Duly authorised time sheets are available for consulting days charged to MML during the period under review.
  - Monthly fees charged to MML are for the contractually approved productive days only.
  - Scheduled leave days are appropriately discounted from billable days on long and short-term consultancy fees.
- Review and vet bills paid for services rendered by sub-contractors and ascertain that:
  - Services billed in the period under review are covered in the relevant sub-contracts
  - Contractually agreed deliverables have been achieved and approved by appropriate authority within the Company.
- Review the procurement process and procedures for all short-term contracts for the period under review and ascertain that:
  - Transparent and open systems are in place to ensure negotiations for contracts (services, works, goods and printing) are competitive and represent good value for money.
  - Appropriate procedures are in place to document and manage conflicts of interest that may arise from related party transactions.
- Verify that procurement procedures were followed, as well as the accuracy and completeness of the financial transactions for the period under review.
- Review the Terms of Reference for the contract (and subsequent amendments) to ascertain the extent to which the Company has complied with the specified reporting requirements as outlined in the Guidelines of Annex 2 of the partnership agreement.
- Any suspected fraud or irregularity must be reported to MML within 5 working days of identification, with a preliminary assessment of impact and supporting evidence.

LIFT grantees will provide the audit firm with a variation report illustrating spending against the contract budget as outlined in the proformas.

6 Verification/ Coverage of Expenditure

The Auditor shall select a minimum 60% sample of transactions and can use value as a primary factor; selecting high value items to ensure appropriate coverage of expenditure. The auditor shall use their judgement to select specific items or classes of expenditure items. The auditor may apply factors such as their knowledge of the activities of the project, the activities and characteristics of expenditure categories, the inherent nature of expenditure categories as risky or error prone, or unusual items. The auditor verifies the expenditure and reports all exceptions resulting from this verification. The auditor describes in the report of factual finding the coverage and sampling technique applied in order to assist the Contracting Authority concluding on whether sufficient expenditure have been covered.

6.1 Deliverables

(i) Report on factual finds which should describe the following;

- The purpose
- The agreed-upon procedures of the engagement
- Factual findings of the procedures and details of all exceptions

(ii) A management letter, which should highlight observed weaknesses in the system of internal control and the recommendations for managing the identified issues over the life of the programme. Weaknesses should be contextualised within the wider approach of deliberately grant-making and supporting smaller organisations with lower capacity, and the broader capacity strengthering agenda.

(iii) A statement of compliance with MML terms and conditions as contained in the Guidelines of Annex 2 of the partnership agreement.

7 Timeline

The work is expected to commence no later than 1st September 2026. The audit firm is expected to submit draft and final reports as per the following timelines:

i) A first complete, formatted and proofread draft report will be submitted by the audit firm AEE Rwanda for comments 5th October 2026.

ii) The draft will be reviewed internally by the LIFT grantees programme management team. Comments along with the final financial reports including September passed to the auditor 20th October 2026.

iii) Revised and final draft is shared with AEE Rwanda programme management team for feedback as final by 30th November 2026.

iv) If no further comments are made by the LIFT grantees leadership team, then the report is considered final and can be shared with MML.

8 Explanation of terms used

Financial Statement	Quarterly expenditure verification reports
Financial Position	Actual expenditure (financial statement) against the contracted budgeted position.
Project Accounts/Book of Accounts	Projects transactions listings/tracker
A statement of compliance	A statement on the compliance of the terms mentioned in “Scope of the ToRs” and as defined in our procurement manual.

Deliverable 1	**Guidelines**
Audited financial report	The report should provide a timesheet analysis along with the verification of fees and expenditure to the client. The auditor is expected to examine the Quarterly expenditure reports submitted to MML and verify expenditure. The criteria for the verification of the expenditure are outlined in Part 4” Verification/Coverage of Expenditure”. The main purpose of the audit is to: a) verify the accuracy of the Charges and any other amounts payable by MML under this Contract (and proposed or actual variations to them in accordance with this Contract); b) verify the costs of the Supplier (including the costs of all Sub-Contractors and any third-party suppliers) in connection with the provision of the Services; c) verify the Supplier’s and each Sub-Contractor’s compliance with the applicable law; d) identify or investigate an actual or suspected Prohibited Act, impropriety or accounting mistakes or any breach or threatened breach of security e) review relevant books of account kept by the Supplier in connection with this Contract; f) verify the accuracy and completeness of relevant

	information delivered or required by this Contract; g) inspect any of FCDO's assets, including FCDO's IPRs, equipment and facilities, for the purposes of ensuring that any of FCDO's assets are secure and that any register of assets is up to date. h) ascertain that consistent and transparent methods and rates of conversion were applied in translating all local transactions by LIFT grantees in line with agreements with MML. In addition, the auditor is expected to comment on the transparency and the efficiency of the procurement process.
Deliverable 2	**Guidelines**
A management letter, which should highlight observed weaknesses in the system of internal control	The management letter can form part of the financial report/ or should be submitted along the report. The management letter should highlight observed weaknesses in the system of internal control and the recommendations for managing the identified issues over the life of the programme. The template of the management will be shared with the auditors after the pre-engagement meetings.
Deliverable 3	**Guidelines**
Statement of compliance	A statement of compliance with FCDO/ MML terms and conditions as highlighted in Part 2 "Scope of the ToRs". The statement will be submitted at the same time as the report and the management letter. The template of the management letter will be shared with the auditors after the pre-engagement meetings.

Annex1: LIST OF LIFT GRANTEES WITH THEIR RESPECTIVE EXPENDITURES DOCUMEMT LOCATIONS

NO.	Grantee name	Estimated expenditure for the period to be reviewed	Documents' location
1	YWCA	397,694 £	Kicukiro / nearby Kicukiro Police station office
2	AEE	414,210 £	Remera/next to Gasabo District
3	ADEPE	252,841 £	Rubavu District
4	Rising Academy	209,611 £	Gishushu/ opposite Lemigo hotel
5	Access Enable	136,610 £	Gishushu/ opposite Lemigo hotel
6	UPHLS	107,262 £	Kimihurura/ nearby Sundown restaurant
7	RODI	108,549 £	Niboye/ nearby NPD office
8	CECYDAR	82,394 £	Remera/ nearby UNILAK University
9	LWD	78,836 £	Kicukiro / Niboye KK 455st 22 Gate
10	UWEZO	69,179 £	Kimironko
11	Generation Rise	55,970 £	Bugesera / Nyamata
12	MPC	46,477 £	Gakenke District / Janja
13	Ni Nyampinga	47,026 £	Remera/ Nearby Amahoro stadium/ KIE Road
14	Empower Rwanda	27,125 £	Remera/ nearby Rwahama / KIE road
15	FMI	23,398 £	Gisagara / Nyaruteja
16	THT	20,195 £	Kicukiro District, Gikondo Sector, Karugira Cell, Umurimo Village, Street: KK31 AV, Plot No: 172
	Total	**2,077,377 £**	