



TERMS OF REFERENCE

Health Reform Project Agreed Upon Procedure

ADRA, the global humanitarian organisation of the Seventh-day Adventist Church, is dedicated to delivering relief and development support to individuals in more than 120 countries – regardless of their ethnicity, political affiliation, gender, or religious association. By partnering with local communities, organisations, and governments, we ensure our programs are culturally appropriate and empower local capacities for sustainable change.

In Nepal, ADRA has been a trusted development partner for over 35 years, with expertise in health, livelihoods, education, and disaster risk management. We work with all three levels of government and with civil society nationwide, with a focus on the provinces of Madhesh, Bagmati, Lumbini, Karnali, and Sudurpashchim.

This project aims to improve the nutritional status and WASH environment through improving administrative governance, infrastructure development, and increasing awareness of local people and government employees. Through these multifaceted approaches, the project aims to comprehensively improve the health status of residents, and the total project budget is around NPR 3.6Crore.

1 Objective:

The objective of this procedure is to verify, from the objective perspective of financial experts, that the public fund of Japan is properly used for the implementation of the project. The nature of this procedure differs from the **General Audit Process** whose purpose is to verify the financial administration of an institution in accordance with the legal requirement imposed by law. Simply stated, the purpose of this procedure is to verify that:

- 1.1 The expenditure reported in **The Financial Summary** agrees with the total sum of **The Detailed Financial Statement** which is a detailed list of all the expenses of the project.
- 1.2 The expense recorded in **The Detailed Financial Statement** is properly drawn from the original proof of payment (payment receipt, etc.)

2 Procedure

2.1 Verification of the Financial Summary

- 2.1.1 Verify that the project title and the name of the implementing organization stated in the Financial Summary are in accordance with the Grant Contract of the project.
- 2.1.2 Verify that the duration, budget, and budget lines described in the Financial Summary are in accordance with final approval and authorization from the donor evidenced by the Grant Contract and any additional authorization given in a written format.
- 2.1.3 Verify that the total expenditure stated in the Financial Summary is the total sum of expenses recorded in the Detailed Financial Statement.
- 2.1.4 Verify that the expense in currencies other than the reporting currency is properly converted to and aggregated in the reporting currency.
- 2.1.5 Verify that the sum of expenditure recorded in each budget line of the Financial Summary to the total expenditure of the project.

2.2 Verification of the Detailed Financial Statement

3 Contents of Agreed upon Procedures:

The report of Agreed upon Procedures” shall include all the items of the following:

1. Verification of Currency Exchange Rate

Verify that the exchange rate applied to the expense recorded in the Detailed Financial Statement is in accordance with the List of Currency Exchange Rate.

2. Verification of the Financial Summary (format 4-a)

- 2-1 Verify that the name of implementing organization, the organization number, the project title, and the project duration stated in the Financial Summary are in accordance with the MOU and any additional authorization given in a written format such as copy of a registration certificate. If the project duration was changed through change application process, verify that the changed project duration.
- 2-2 Verify that the amount of the total income on the financial summary is in accordance with the maximum amount of grant written in the MOFA grant contract, and deposited amount from MOFA on the passbook of the project bank account.
- 2-3 Verify that the expense amount of each item stated in the Financial Summary is in accordance with the expense amount of each item stated in the Detailed Financial

4 Method of Verification

- 4.1 This procedure is to be carried out by reviewing all the expenses incurred as listed in the Detailed Financial Statement and included in the Financial Summary.
- 4.2 All expenses are to be verified by reviewing original proof of payment which serves as evidence of the expense.

5 Report

- 5.1 The report of Agreed upon Procedures which is prepared in accordance with the Professional Practice Guideline 4400 "Practical Guidelines for Agreed-upon Procedures", issued by the Japanese Institute of Certified Public Accountants (JICPA), shall be attached to the project completion report. "Practical Guideline for Agreed-upon Procedures" is based on International Standard on Related Services (ISRS) 4400 “Engagements to Perform Agreed-upon Procedures Regarding Financial Information”.

6 Duration and Time Frame:

The Audit of the project period between February 2025 to March 2026.

7 Payment

- 7.1 Accommodation, travel costs and per-diem will be arranged and paid for by ADRA arrangement and payment will be made as per ADRA policy. Except accommodation and travel ADRA will not be liable to pay other cost if claimed any.