

**PLASTIC SMART CITY- TV ACTION – THAILAND****WWF THAILAND****TERMS OF REFERENCE****for****THE EXTERNAL AUDITORS**

**PROJECT NAME:** PSC-TVA- Thailand

**PROJECT LOCATION:** Suratthani, Songkla, Samui, Hat Yai

**PROJECT PERIOD TO BE AUDITED:** 01 January 2024 - 31 December 2024 and  
01 January -31 March 2025

**A. BACKGROUND**

The World Wildlife Fund for Nature (WWF) aims to conserve nature and ecological processes by preserving biodiversity, ensuring sustainable use of natural resources and promoting the reduction of pollution and wasteful use of resources and energy. WWF works in more than 100 countries around the world. WWF has been working in Thailand since 1983 and WWF-Thailand was founded in 1995.

“No More Plastic in Nature” initiative of WWF was launched in 2018 with the aim of stopping plastic leakage from land-based sources into nature by 2030. This regional project is being implemented in five Southeast Asian countries namely Indonesia, the Philippines, Vietnam, Hong Kong and Thailand under Plastic Smart Cities (PSC) program with an aim to reduce plastic leakage at the city-level by 30%.

A Plastic Smart Cities Project in Thailand, financially supported by TV-Action and NORAD is currently in the implementation phase in the 4 cities of the Southern region of Thailand in 2023, namely Surat Thani, Hat Yai, Songkhla and Samui island. The combined jurisdiction of these cities comprises more than 1,000 sq.km. and is home to more than 420,000 residents. These cities were prioritized because of their significant contribution to plastic pollution, their close proximity to key major marine protected areas and coastal ecosystems featuring outstanding marine biodiversity, and for their strong commitment to address the issue of plastic pollution.

**B. OBJECTIVE**

The objective of the audit of PSC-TVA Thailand Project’s financial statements is to enable the auditors to express an independent professional opinion on the financial position of the project and to ensure that the funds utilized to the Project’s activities have been used for their intended purposes.

### C. SCOPE OF WORK

1. Perform an audit of the project financial information for projects funded through WWF-Norway and their back donor and give a management letter for these projects. Information from your management letter may be forwarded to the back-donors and may also be made publicly available.
2. Include the audit of Sub-grants' financial information for activities funded by WWF Thailand. Two sub-grants are Wongpanit Krabi Co., Ltd. and Ranong Recycle for Environment Social Enterprise. In case of transfers to other local partners/sub-contractors, actual expenditure and balance by these partners/sub-contractors need to be confirmed either by that partner/sub-contractor's auditor or you as project auditor. In the consolidated project report, these costs are to be included, and you as project auditor will have to confirm these costs as part of your overall audit.
3. Specific focus areas include
  - a) Internal approval processes regarding third party/subgrantee contracts
    - Review internal approval processes, including, but not limited to third party/subgrantee contracts
    - Review to include specification of which WWF policies are being applied, and what structures of control are implemented
    - Review to include WWF International Asia Pacific Regional office/staff involvement in WWF-Thailand approval processes.
  - b) Contract process for external partners
    - Review and document contracting process for external partners, including but not limited to, Resources and Waste Advisory Group, Ranong Recycling for Environment, Wongpanit Krabi, and Thai Sea Watch Association. The review should be done against budgets approved from 2023-2025
  - c) Calculation of salary expenses
    - Audit salary expenses based on specific expenditure figures provided separately for each staff member that is charged to the project and verify actual contribution by staff to the project (both hours and results/activities)
  - d) Sub-grants' fixed assets to prepare for ownership transfer.
4. Verify all funds have been used in accordance with the established rules and regulations of WWF Thailand and the Agreement between WWF Norway and WWF Thailand.
5. Goods, works and services financed have been procured in accordance with the WWF Thailand and the Agreement between WWF Norway and WWF Thailand established rules and procedures.
6. Appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented to.
7. The financial statements prepared by PSC-TVA Thailand Project management in accordance with applicable accounting standards and give a true and fair view of the financial position of PSC-TVA Thailand Project and of its receipts and expenditures for the period ended on that date.
8. The auditor shall form an opinion on whether the Project's financial statements fairly reflect the financial position of the Project and whether they are prepared, in all material respects, in accordance with the applicable financial reporting framework, namely:
  - a) The accounting principles followed by the Grant Recipient and;
  - b) The requirements of article 3 clause 2 of the General Conditions

c) Audit Engagement Instructions provided by BDO

The audit report shall include:

- a) The Project name and agreement number;
- b) Identification of the Project's total expenses and total income;
- c) The subject of the audit;
- d) The financial reporting framework applied;
- e) The auditing standards applied;
- f) A statement that the auditor has obtained reasonable assurance about whether the financial statements as a whole are free from material misstatement;
- g) The auditor's opinion.

9. The auditor's report shall state that the organization has complied with the agreement between the organization and the Fundraising Council of NRK.

10. Conduct entry and exit meeting with Head of Finance of WWF Thailand, Senior Project Accountant, and/or PSC-TVA Thailand Senior Program Manager, Project Manager.

- a) In addition to the Project's audit report, the auditor shall submit a management letter (matters for governance attention), which shall contain any findings made during the audit of the Project. It shall also list any measures that have been taken as a result of the previous audits and whether such measures have been adequate to deal with reported shortcomings.
- b) Identify specific deficiencies and areas of weakness in systems, controls and make recommendations for improvement.
- c) Report on the implementation status of recommendations pertaining to previous period audit reports.
- d) Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
- e) Bring to Head of Finance of WWF Thailand, Senior Project Accountant, PSC-TVA Thailand Senior Program Manager and/or Project Manager's attention any other matters that the auditors consider pertinent.

11. Comply with according to requirements of Audit engagement instructions.

Attachment 1 - Audit engagement instruction

12. Audit engagement instruction will be sent to the selected auditor to inform the scope of work required by the donor to perform for the purpose of the total project audit. The project instructions outline among other areas: key reporting deadlines and audit deliverables that shall be submitted to the donor based on communication guidelines. The appendixes attached to the audit engagement instruction are as follows:

- a) Appendix A: Acknowledgement of client audit engagement instructions and confirmation of independence
- b) Appendix B: Auditor's report including signed project report
- c) Appendix C: Communicating results - Memorandum of work performed
- d) Appendix D: Communications with those charged with governance and management letter
- e) Appendix E: Detailed questionnaire

Attachment 2 - Appendix A-E

## D. AUDIT DURATION

### Audit schedule Timeline

- a) WWF Thailand Location: Bangkok Date: 3-4 Feb 2025 (financial report period Jan – Dec 2024)
- b) Wongpanit Krabi (WPN) Locations: Songkhla and Hatyai Date: 6-7 Feb 2025 (financial report period Jan – Dec 2024)
- c) Ranong Recycle Social Enterprise For Environmental (RRE) Locations: Surat Thani and Samui Date: 10-12 Feb 2025 (financial report period Jan – Dec 2024)  
**(a), (b) , (c) should be submit draft report within 28 February 2025**
- d) WWF Thailand Location: Bangkok Date: 7-8 Apr 2025 (financial report period Jan – Mar 2025)  
**(d) should be submit draft report within 31 May 2025**

The Auditor's report including signed project report 2024- 2025 shall be completed by **15 June 2025**.

## E. DELIVERABLES

1. The Annual Audit Report must reflect the requirements defined for Annual Financial Report as follows:
  - a) WWF Norway project's reference number on the front page as well as where appropriate in the Report itself;
  - b) The reporting currency is NOK (Norwegian Kroner);
  - c) Exchange rates between NOK and other currencies involved must be given, described and justified. It must be made clear how the exchange rates used are calculated.
  - d) Reporting should have the same degree of detail and the same format and budget items as the approved budget;
  - e) Significant deviations, i.e. +/- 10% variance on any budget line, between the budget and actual expenditure must be explained and justified, with clear comments provided in the finance report.
2. The reporting deadline for an electronic version of the Report is 10<sup>th</sup> March 2025.
3. A hard copy of the Report, including the original of the signed audit statements bearing the auditor's signature and accompanied by the auditor's comments will also be provided.
4. Draft version(s) of the Report will be submitted to WWF Norway for comments and discussion before a final version is issued by WWF Thailand. The first draft of the Report is to be submitted before 28<sup>th</sup> February 2025.
5. The auditor is required to send a copy of the final signed audit report and management letter (after WWF Thailand has agreed the final version with WWF Norway) together with the reporting on Award Audit Instructions sent by WWF Norway's auditor, to the email address which belongs to the WWF Norway auditor.

## F. AUDITOR QUALIFICATION

The annual financial statements of the Project shall be audited in accordance with International Standards of Auditing (ISA). The auditor shall comply with all ISAs relevant to the audit, ref. ISA 200 (Overall objectives of the independent auditor and the conduct of an audit in accordance with international standards on auditing), paragraphs 18 and 20. Of Particular relevance is ISA 240 (The Auditor's responsibility to Consider Fraud and Error in an Audit of Financial Statements), and ISA 800

("Special Considerations audits of single financial statements and specific elements, accounts or items of a financial statement"). Additional requirements applicable to the auditor and the audit report are included in article 5 of the General Conditions.

#### **G. AUDIT FEES**

The audit fees will be fixed through a competitive bidding process.

Interested please send your quotation to [Jutamartn@wwf.com](mailto:Jutamartn@wwf.com)

cc. [boonchanitw@wwf.or.th](mailto:boonchanitw@wwf.or.th) and [procurement@wwf.or.th](mailto:procurement@wwf.or.th) within January 3, 2025.