**Terms of Reference and Scope of Works**

**Independent Monitoring Agent**

**Background to SRTF**

The Syria Recovery Trust Fund (SRTF) was established in September 2013, pursuant to decisions at the 12 December 2012 Fourth Meeting of the Group of Friends of the Syrian People in Marrakech, for the financing of reconstruction activities to rebuild the country and alleviate the suffering of the Syrian people as a result of the on-going conflict. The governance of the SRTF, priority areas of attention and general guidelines (regarding eligibility of partners, projects and expenditures, as well as for procurement and reporting) are contained in the Framework Agreement. The Framework Agreement establishes the Director General (DG) as overall responsible for management of the Fund, supported on a daily basis by a Management Unit (MU). The Framework Agreement further calls for an external Monitoring Agent to assist with verification of assets, eligibility issues, performance and impact monitoring, and generally to assist with reporting obligations.

**Purpose of these Terms of Reference**

The SRTF Management Unit (MU) seeks to engage a Monitoring Agent (MA) on its behalf. The Framework Agreement among the Donors has recognized that special attention is needed to monitor and support financial management and accountability practices under the SRTF. A qualified and independent MA will be contracted by the MU to monitor and review expenditures, disbursements, payments, accounting, and reporting of financial and physical progress for SRTF activities and their impact on the communities assisted. The MA will also carry out on-site verification of the reports provided by the Implementing Entities (IEs) and MU Field Coordination Officers (FCOs). The verification should be done monthly for all projects operating in Syria. The MA will be visiting the project sites, as needed, and will liaise closely with the MU senior management. The MA will report to the MU Director General, with copy of Reports to the Chair of the SRTF Management Committee.

The Contract is for the monitoring of local project activities under the direct responsibility of the IE. This includes local tenders for works, goods and services, receipt and installation of internationally supplied equipment and supplies, and local disbursements for any reasons. It does not include review of the international procurement processes conducted by the MU on behalf of the IE, other than to verify the IE acceptance of the results.

**Assignment Objectives**

The overall purpose of this Monitoring Agent (MA) assignment is to provide due diligence and verify reporting of all SRTF activities, including:

(1) all expenditures incurred by the IEs under SRTF projects monitored by the MA;

(2) independent verification of delivery of shipments and progress at project sites;

(3) verification of financial and physical reporting by IEs and MU FCOs; and

(4) to the extent feasible, monitoring of the impact of the SRTF projects on the communities assisted.

The Monitoring Agent services will provide assurance that SRTF resources are utilized for their intended purposes and that confidence can be placed in SRTF standard reporting (from IEs and FCOs).

**Specific objectives** are to:

* Verify SRTF payments received by the IEs and Contractors, and activities carried out with those funds;
* Verify assets, including existence of the assets and validation of work;
* Provide quarterly and annual reports summarizing results of the due diligence outcome, highlighting problems identified for correction, areas of vulnerability and possible actions, and cumulative status of resolution of issues identified;
* Bring critical issues to the immediate attention of the MU and the MC, as identified;
* Monitor and report on the adherence of Implementing Entities to the Eligibility Criteria;
* To the extent feasible, monitoring of the impact of the SRTF projects on the communities assisted; and
* Assess and report on adequacy of project design, the sustainability of projects as designed, project risk assessment and risk management, and recommend changes or call attention to areas that should be revised.

**Detailed Scope of Services/Roles and Responsibilities**

All projects should be monitored by the MA, including monthly site visits during the implementation phase. When security conditions do not permit a scheduled site visit, the next monitoring visit should cover the full cumulative period.

The MA will, on a sample basis, verify all expenditures and disbursements by IEs under the SRTF. The MA shall prepare a monitoring plan on a valid sampling basis which would assure a reasonable level of confidence that SRTF funds are being used and reported as per the respective agreements and that SRTF-financed projects are advancing appropriately. The MA will propose the sampling plan for approval by the DG; it will be subject to agreed modification with experience.

More specifically, the MA shall assure:

1. Certification that amounts reported as expended both by the IE or Contractor were properly accounted for, and reported to the MU with appropriate documentation on a timely basis.
2. Verification of procurement procedures utilized and availability of relevant documentation to ensure that procurement processes and expenditures fully adhere to MU procurement guidelines. This includes physical stock and asset checks at periodic intervals.
3. Verify transactions through physical visits to site locations. Conduct physical verification of delivery of contracted supplies and works under SRTF funded procurement and general adherence to contractual terms.
4. Verify IE reporting on agreed project indicators and provide own assessment of those indicators. Identify questions or anomalies that require follow-up, including indicators which may require adjustment or substitution with suggestion of appropriate corrective measures.
5. Report on signs of positive or negative impact on the life of the community assisted.
6. Meet with MU officials on a regular basis (quarterly or more often when requested by MU or MA) to address issues of concern to SRTF and provide actionable recommendation for solutions, including resolution of issues identified by the MA.
7. Verify continuing compliance of IEs with SRTF eligibility requirements. Verify sample of compliance checks. Note whenever there is a change in key personnel to ensure new compliance check conducted. Verify that any organizations or key personnel previously identified as non-eligible are no longer associated with the SRTF financed projects.
8. Monitor that SRTF funds are used for the specific purposes budgeted, provide feedback on suspected misuse/misreporting, and identify any need for clarification of procedures.
9. Provide quarterly reporting on analysis of fund expenditure including any potential errors, probable causes and recommendations to prevent these in the future.
10. Develop and maintain comprehensive database of all visits, reports and observations for MU. Maintain the database available to the MU during the assignment and hand it over to the MU at the conclusion of the assignment.
11. Provide sufficient staffing and field presence to ensure coverage of all governorates with SRTF-financed projects, and to ensure due diligence on implementation processes and progress; and provide analysis with adequate professional and support personnel.

**Reporting by the Monitoring Agent**

At a minimum, the MA will provide reports identified below to the MU Director General, with copy to the Chair of the MC. Reports will be in English. The MA will be notified should further, more frequent reports become necessary.

* The annual report should be issue-focused and provide both aggregated and detailed financial information in order to support adequate analysis of overall fund expenditure and projects’ progress and impact. The report should address, in detail, any issues with expenditures, physical progress, or related reporting. The MA should make recommendations if specific rules and procedures should be adapted in order to improve smooth implementation or ensure effective control and oversight, and should provide advice on measures to remove potential bottlenecks to implementation.
* The four (4) quarterly reports each year should identify problems in relation to sustainability of projects as designed, accounting and recording on expenditure and progress reporting under SRTF and recommend appropriate actions, identify possible trends and recurring challenges, and describe positive feedback and lessons learned.
* The MA will participate in the regular (quarterly) MC meeting, to discuss issues, findings and other information addressed in its reports and respond to questions of the MC Members. The MA should be available to meet on an ad hoc basis with the MC and Steering Board (SB), if required, to discuss issues, findings and other information addressed in its reports. The MU will arrange those meetings, upon request of the MC Chair.
* The MA will meet with MU staff on a regular basis (quarterly or more often when requested by MU or MA) to address issues of concern to SRTF and provide actionable recommendation for solutions, including resolution of issues identified by the MA.

**Monitoring Agent Team**

General

* The team ideally should be composed of a combination of international and national staff in Gaziantep and Syria, with the ability to cover all governorates where SRTF projects are being carried out. The composition of each field team should be consummate with the tasks at hand, and the composition of the full team should be commensurate with the number of project sites to be monitored.
* The team shall include at least one or more professionals for each of the following four profiles:
  + - * Team Leader
      * Financial management specialist
      * Work progress specialist
      * Social impact specialist
* The contractor will have to provide additional professionals (when necessary) to properly implement this service contract. The Contractor must be prepared to provide sufficient staffing and field presence to ensure coverage of all projects in all governorates with SRTF-financed projects, and to ensure due diligence on implementation processes and progress; and provide analysis with adequate professional and support personnel. Any additional staff provided should have the same or stronger qualifications than those submitted with the original proposal.

Team Expertise

* Team leader should possess a formal qualification as a Certified Public Accountant or Certified Public Auditor, and have at least ten years of relevant work experience and expertise in Public Financial Management, financial controlling, accounting and/or auditing, and social science;
* The team should include staff with advanced university degrees or equivalent in finance/accounting, business administration, engineering and social sciences, with minimum three years of work experience in the field of audit, accounting, supervision of engineering works or social impact assessment;
* The team should have collective expertise in financial management, auditing, fraud investigation, engineering, procurement, and social impact assessment preferably with international exposure through Governmental institutions, NGOs, UN agencies and/or other organizations;

Further qualifications

* The team must have proven management capacity, excellent IT skills and command of MS Office applications, and financial software applications;
* Proven written and oral communication skills, reporting skills, auditing and project financial performance assessment experience are required;
* Relevant work experience of the company and the majority of team members in Syria is highly desirable;
* Knowledge of Syrian public sector budgeting system and financial management standards is desirable;
* Prior work experience with clients of a similar nature is desirable;
* Fluency in English for all senior staff and key staff is a must; fluency in Arabic would be an advantage for internationals, and is mandatory for all who will work in Syria;
* A limited amount of sub-contracting, in full disclosure, to augment the capacities of the core team, is permissible. Any such sub-contracting shall be reviewed and approved by the MU’s DG in writing, in advance.

**MU’s responsibility**

The MA is expected to operate completely independent of the SRTF. The SRTF MU will keep the MA informed as to the location of projects and will facilitate initial contact with the IEs. MU will be responsive to MA requests for information and support on a timely basis. Designated MU staff will be available to provide guidance to the MA during the course of the work and for monthly in-depth review sessions.

**Monitoring Agent’s Reporting format**

Upon selection of the Monitoring Agent, before signature of the contract, the MA will be required to attend a meeting in Gaziantep with the MU, to clarify the initial reporting format, required quality standards and payment terms. The MA should propose an appropriate report format for DG agreement, including attention to analysis by IE, sector, geography and other factors of interest. Key performance indicators will be clarified and defined. MA will report to the MU DG and will coordinate with MU’s Chief Operations Officer (COO).

**Scope of Bid Price and Schedule of Payments**

The payment terms will be in line with the schedule of delivery of reports with required quality standards, as agreed to above. Further,

* The Monitoring Agent has to indicate in the bid submission a fixed output-based monthly rate for the core team, covering the deliverables as specified above, adjustable in accordance to any additional requests during the duration of engagement, for which pro-rated rates will be applied.
* The Monitoring Agent must specify the cost components that are included in the computation of the fixed, output-based monthly contract price (e.g. professional fee, travel costs, living allowances, security costs, office space, transportation, taxes, etc.), and those costs that will be claimed and reimbursed separately. Reimbursable costs will be added to the fixed-cost fees for purposes of the price evaluation. Subsequent to contract award, reimbursable costs will be reimbursed, based on the submission of supporting documentation, up to the maximum amount provided in the bid.

Assuming a contract can be agreed by **15th May 2015**, the Contractor is expected to take up work latest by **end of May 2015** and be fully operational by **15th June 2015**. The staffing of the team will be required to keep pace with the requirement, and in particular with the growth of the SRTF-financed portfolio.

The initial contract will have a duration of **twelve (12) months** renewable by mutual agreement.