**Sample terms of reference for SPI4 audit**

**objectives of the audit**

**activities**

* Preparation for the audit
* Organize an introductory workshop on SPM and CPP to kick off audit process
* Field visit
* Debriefing session with preliminary results
* Action planning session to set priority activities based on gaps identified and define an action plan (person in charge per activity, timeframe, existing resources to support implementation)

**methodology**

The SPI4 tool, developed by CERISE in collaboration with the SPTF, will be used.

The SPI4 allows users to evaluate their level of implementation of the **Universal Standards for Social Performance Management** (USSPM), which include the **Smart Campaign Client Protection Principles**. Designed in collaboration with MFIs, networks, TA providers, and investors, SPI4 streamlines social performance assessment and decreases the reporting burden on MFIs. The results of a SPI4 audit can serve as **social statements**, that can be used to manage social performance, dialogue with partners and meet social reporting obligations.

The audit involves:

* Off-site document review (a list of documents to provide prior to the field visit will be provided). *A non-disclosure agreement can be specified as needed*.
* Interviews with Board, management, staff, some clients
* Observation of branch operations
* Verification of client files
* Consultation of MIS data

**results sharing**

*Define the role of the institutional focal point: in preparation, during the visit, the analysis, filling in the questionnaire, preparing the results presentation, defining the action plan, oversight of the action plan’s implementation, etc.*

**results sharing**

*To discuss with auditor and specify as needed.*

***Benchmarking*** *- Note that all SPI4 users are requested to provide their results to CERISE for entry into a* ***confidential*** *database, in order to produce benchmarks**that allow users to compare their results with peer groups. See benchmark tables at cerise-spi4.org*

***MIX data -*** *SPI4 is aligned with* ***MIX*** *social reporting requirements and CERISE can facilitate the reporting of this information to MIX, if the MFI gives authorization.*

***ALINUS social investors*** - *The SPI4 includes a reporting function for the* ***ALINUS*** *group of social investors.**ALINUS investors[[1]](#footnote-2) are committed to using the USSPM in their investment due diligence. If your institution has investor partners that are in the ALINUS group, sending your completed SPI4 to these partners can demonstrate commitment to client-centered management, facilitate the due diligence process and satisfy a large portion of monitoring requirements. Contact CERISE or your investor for more information.*

**level of effort**

*Will depend on*

* *size of institution*
* *maturity*
* *level of formalization of procedures (the more formalized the institution, the greater amount of documentation to consult, and more preparation time needed)*
* *level of involvement of the institution (if the institution designates a focal point that is actively involved in the audit, this can decrease the number of days needed for the external auditor)*
* *level of involvement in post-audit activities – helping implement the action plan with on or off-site mentoring*

*As a rule, CERISE observes an audit can take between 5-12 days:*

* *Preparation: 1-3 days preparation*
* *Introductory workshop, field visits and interviews: 3-5 days*
* *Reporting and action planning: 2-4 days*

*Some time may be added for on-site or off-site follow up of the action plan, to provide additional resources to the MFI as needed, review newly drafted documents, provide feedback on suggested actions.*

**calendar**

*To specify.*

**deliverables**

* Completed SPI4 questionnaire
* Narrative audit report (potentially with SPI4 benchmark graphs based on CERISE SPI4 database)
* Action plan and link with technical resources available (from SPTF and Smart Campaign websites)
* Introductory workshop and closing meeting presentations
* *May be completed by FI*

1. As for December 2015, ALINUS group includes: ADA, Blue Orchard, BNP Paribas, Caspian, Cordaid, Deutsche Bank, Grameen Credit Agricole, Grassroots, Incofin, Oikocredit, Proparco, SIDI, Triple Jump [↑](#footnote-ref-2)