



## Terms of Reference

The purpose of these Terms of Reference is to set out the basis on which you are to act as auditors & to clarify your expected responsibilities.

### **Objectives of the audit**

The objective of the audit of Islamic Relief South Sudan Program is to express an opinion whether the financial reports prepared are in all material respect, in accordance with an identified financial reporting framework. The phrases used to express the auditor's opinion are to give a true and fair view.

The core responsibility of the audit firm is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing as set out by recognised professional accounting regulators.

### **Audit Methodology**

The audit methodology and the audit techniques to be used are those in accordance with international auditing standards.

Substantive testing procedures encompassing the following should be applied:

- Inspection of original support documentation;
- Inspection of inventory print outs and physical inspection of assets
- (Where necessary) inspection of computer systems.

### **Expectations/output**

Through the audit exercise, the auditor will give an independent audit opinion as to the truth and fairness of the accounts prepared. Islamic relief management will get, as a byproduct, a management letter which will help the management to improve its efficiency. The audit report will include Appendix I- IRW Consolidation Template. The audit report will also help to submit a return under any Taxation legislation and deposit the tax.

- 1.1 It is expected that the audit will be undertaken in accordance with International Standards on Auditing (ISA's), and International Financial Reporting standards (IFRS).
- 1.2 The auditors are expected to undertake the audit in accordance with the highest professional standards which will include but not limited to tests of transactions, and of the existence, ownership and valuation of assets and liabilities.
- 1.3 Ascertain the accounting system in order to assess its adequacy as a basis for the preparation of financial reports.

- 1.4 Report on any significant weaknesses in, or observations on, the field office's systems.
- 1.5 Undertake an appropriate risk assessment of the office.
- 1.6 The audit should include site visits to project areas and an assessment of these respective projects. When security situation allows.
- 1.7 Where the field office is undertaking projects funded by institutional donors, the audit should include the verification of the expenditure on the project and the income received for the project, including the existence and ownership of any assets purchased for the project.
- 1.8 A report is required to be sent to Islamic Relief International Headquarters and donors where applicable stating whether, in your opinion, the financial statements, which have been audited by your firm, give a true and fair view of the state of the field office's affairs at the period end, and of its income and application of resources for the period then ended.
- 1.9 The basic fundamentals for prospective auditors are:

- Credibility
- Professionalism
- Independence
- Quality of service
- Confidence

## Audit Scope

The audit must involve obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the IRW and the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

The scope of the audit should also cover the accuracy and completeness of the IRW consolidation schedule.

### 1. Legal & organisational aspects

- Legal positions of Islamic relief Country Name.
- Adherence to legal requirements of the land.
- Right of disposal & decision-making levels.
- Attention paid to taxation laws.
- Adherence to laws of employment including termination benefit entitlement

### 2. Accounting System

- Detailed bookkeeping.
- Supporting vouchers & other documents, including legal requirements in this regard.
- Income and Expenditure Account
- Balance Sheet.

- The use of all Bank Accounts and the regular reconciliation of bank & cash balance.
- Debtors
- Creditors
- Stock ( In Kind Donations)
- Fixed Assets (fixed assets register with special reference to the additions, and disposals during the accounting period)

### **Management reporting**

- The auditors are expected to formally report on control weaknesses found during the course of the audit to local country management.
- This audited accounts with the audit opinion and the management letter should be directly sent to

Finance Director  
 Islamic Relief Worldwide  
 19 Rea Street South  
 Birmingham B5 6LB  
 United Kingdom

1. Assessment of the system of internal control & the arrangement of the bank account signatories.
2. Economic use of the resources.
3. Assessment of the accounting system
4. Assessment of the management & the administration.
5. Adherence to Islamic Relief Financial Guidelines (copy available in the Office).
6. Adherence to Donor Financial Guidelines (copy available in the Office).
7. Assessment of compliance with staff contracts – e.g. are staff benefits and entitlements as stated in contract adequately provided for.

### **Audit Opinion**

The opinion on the financial statements should give a true and fair view of the state of the Islamic Relief Country's affairs as at 31 December 2016 and of the incoming resources and application of resources, including the countries income and expenditure and cash flows, for the year then ended;

The opinion should also confirm that the financial statements have been properly prepared in accordance with Generally Accepted Accounting Practice.

### **4. IRW Consolidation**

1. In order to consolidate and compare local country accounts, IRW finance has prepared a consolidation template. Appendix II sets out the template and provides guidance on how this template should be completed.

The IRW consolidation template must be signed by the following to confirm its accuracy and consistency with the audited trail balance:

1. Country Director
2. Country Auditor
3. Country Finance Manager

## **5. Audit report**

- Audit Opinion in terms of a management letter (such a letter should include recommendations)
- Audit Opinion on the Financial Statements

It is expected that Auditors will maintain an open communication approach with the respective Finance Manager and Country Director and ensure that there is no surprises at the end of the audit.

## **Reporting**

The Audited Financial Statements and the Management Letter should be sent as soon as possible on completion to:

### **Country Director**

**Islamic Relief South Sudan**

**Unity road plot No.54, block B-xvi, Hai Cinema next to solidarities Office.**

**South Sudan**

## **Requirements for Proposals from prospective auditors**

The prospective auditor is required to submit its understanding about the audit scope, methodology, client resource base and professional fee.

## **Audit Tender**

### **1      Introduction**

Islamic Relief's main objective is to promote sustainable social development by co-operating with local communities through relief and development programs. Islamic Relief has implemented a variety of relief and development programs, as well as launching several emergency responses since its inception, this includes; working with IDPs affected by floods and conflict through emergency and Relief programmes. In the period to be audited, IR South Sudan implemented projects funded by WFP, IOM, UNMISS, UNICEF and IR Partners among others.

### **2      Organisational Structure**

Islamic Relief South Sudan is headed by a Country Director as the officer-in -charge with support staffs that include Head of Programme, Finance Manager, Finance Officer, HR/Admin office and Logistics officer asked at support office in Juba.

### **3 Auditors**

Amongst the essential qualities Islamic Relief will consider are as follows:

#### ***Technical competency***

Islamic Relief expects the auditors to have expertise in its area of charitable activity and being able to provide advice in specialist areas such as taxes, Payroll, NGO accounting and risk management.

#### ***Cultural fit***

Islamic Relief expects the auditors that are appointed to understand and sympathise with the purpose, values and methodology of Islamic Relief.

#### ***Expertise and experience in the NGO sector***

Islamic Relief is an International Relief and Development NGO, thus it expects its auditors to have NGO sector specialists within its audit team and an experience and portfolio of clients in the NGO sector.

#### ***Value for money***

Islamic Relief expects its appointed auditors to be proactive in the relationship, sharing experience, knowledge and ideas so that the audit adds more value than just meeting statutory requirements.

Islamic Relief expects the audit to be cost competitive and balanced with a quality professional service. Islamic Relief will expect an open and clear approach to audit costs but will be considering overall value for money of the service provided in making its decision.

#### ***Partner and manager time***

Islamic Relief expects in the proposal a realistic commitment of partner and manager time and consideration of how you will maintain consistent staffing levels.

#### ***Communication***

Islamic Relief places strong emphasis on personal relationship and good communication. We hope that we can develop a free and open two way conversation including such areas as changes in accounting standards, fees, deliverables, timing of audit visits, staffing changes.

#### ***Risk based approach***

We are also seeking to appoint auditors that take a risk based approach to financial audit and have an understanding of risk in a broader context than financial risks.

### **5 The financial and accounting year**

Below are key dates in the accounting year for the preparation of accounts and audit reporting, we anticipate a similar pattern to each year in the future?

Islamic Relief	
<b>Financial year end</b>	<b>1<sup>st</sup> January to 31<sup>st</sup> December 2016</b>
<b>Draft accounts available for audit</b>	<b>6<sup>th</sup> February 2017</b>
<b>Timing of the audit</b>	<b>13<sup>th</sup> February to 27<sup>th</sup> February 2017</b>
<b>Sign off to draft accounts required from auditors</b>	<b>March 6<sup>th</sup> , 2017</b>
<b>Approval by Trustees</b>	<b>March 10<sup>th</sup> , 2017</b>

The audit must be completed within the prescribed timelines above. The auditor must directly email IRW of any delays immediately on [audit@irworldwide.org](mailto:audit@irworldwide.org). This email is must be used by auditors only.

## 6 The tender proposal

Please provide the following information in the proposal, in the order identified in this section of the tender pack.

### i) ***Details of your firm***

Your proposal should:

- Outline your structure, size and capabilities as relevant to us
- Identify your firm's major NGO clients
- Describe your audit philosophy and methods
- Provide two references of other NGO's that are your audit clients that can be taken up as required

### ii) ***Staffing***

Your proposal should identify:

- The partner and manager who will be assigned to the audit, including details of their relevant experience and qualifications
- The time which the partner and manager identified above will devote to the audit
- How you manage succession planning and staff continuity

### iii) ***Audit approach***

Your proposal should identify how you:

- Determine audit strategy and undertake audit planning
- Address matters of audit scope and materiality
- Identify and respond to critical audit issues
- Control and co-ordinate the audit process
- Ensure appropriate responsibility for decisions on the audit

- Conduct the reporting arrangements
- Approach the first year of the audit

**iv) Fees**

**Your proposal should include separate estimates of your total audit fees for reporting:**

In addition in your written proposal you should:

- Provide an analysis of hours by grade of staff that will be involved on the audit together with details of your hourly charge out rates
- Indicate the basis of charging expenses
- Provide your proposed billing schedule
- Outline your proposals for setting and agreeing fees in future years

Your proposal should also contain details of other additional relevant services that your firm would propose to provide, but are not a necessary and integral part of the statutory audit, and where appropriate include these in the 'additional services' section in the three-year fee schedule.

**Appendix I                      Consolidation Template**

**Appendix II**

As part of your written submission you are asked to submit your proposed fees schedule for 2016.

Audit review

**2016**

**Islamic Relief**

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**NB: the fees quoted should include all chargeable time, out of pocket expenses (e.g. travel) and be all-inclusive fee only.**

**Kindly submit your EOI with financial proposal latest by 30<sup>th</sup> of January, 2017 to the official email address: [IRSS.Recruitment@islamic-relief.or.ke](mailto:IRSS.Recruitment@islamic-relief.or.ke) and/or with hard copies submitted to IRW-SS tender box by the set date.**

**Our office is situated along Unity road plot No.54, block B-xvi, Hai Cinema next to solidarities Office.**