



REQUEST FOR PROPSAL

IRSS Annual Audit Consultancy

Terms of Reference for Field Office Annual Audit

The purpose of these Terms of Reference is 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 Islamic Relief Field Office to express an opinion whether the financial reports prepared are prepared in all material respect, in accordance with an identified financial reporting framework. The phrases used to express the auditor opinion are given a true and fair view or present fairly, in all material respect, which are equivalent terms.

Audit Methodology

The audit methodology and the audit techniques to be used are those which accord 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 and
- (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 by product, a management letter which will help the management to improve its efficiency. 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 is undertaken in accordance with International Standards on Auditing (ISA's), and in the absence of local charity legalisation have regard to the Statement of Recommended Accounting and Reporting by Charities for the time being applicable, and published by the Charity Commissioners for England and Wales.
- 1.2 The auditors are expected to undertake the audit in accordance with the highest professional standards which will include 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 field office.
- 1.6 The audit should include site visits to project areas and an assessment of these respective projects.
- 1.7 Where the field office is in 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, ownership of any assets purchased for the project.
- 1.8 A report is required to be sent to Islamic Relief International Headquarters stating whether, in your opinion, the financial statements of the field office, 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

1. Legal & organisational aspects
 - Legal positions of (Field Office).
 - Adherence to legal requirements & constitution. For example the keeping of minutes
 - 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 balances.
 - Debtors
 - Creditors
 - Stock (In Kind Donations)
 - Fixed Assets (fixed assets register with special reference to the additions, and disposals during the accounting period)
3. Management
 - Assessment of the system of internal control & the arrangement of the bank account signatories.
 - Businesslike & economic use of the resources.
 - Assessment of the accounting system
 - Assessment of the management & the administration.



- Adherence to Islamic Relief Financial Guidelines (copy available at Islamic Relief Field Office).
- Assessment of compliance with staff contracts – e.g. are staff benefits and entitlements as stated in contract adequately provided for.

4. 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 maintained an open communication approach with the respective field office 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:

**Internal Audit Manager
Islamic Relief Worldwide
19 Rea Street South
Birmingham B5 6LB
United Kingdom**

A copy should be given to the Field Office Finance Manager and Country Director and discussed with them before and during as well as on completion of the audit.

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.

The attached Audit Tender document should be completed and sent to prospective auditors.

Audit Tender

Introduction

Islamic Relief works with communities to strengthen their resilience to disasters, and we provide vital emergency aid when disasters occur. We help vulnerable people to access basic services, including education, water and sanitation, as well as healthcare. We provide lasting routes out of poverty through our sustainable livelihoods schemes, and our integrated approach to development is transforming communities worldwide. We tackle the root causes of poverty and make sure that the world's most vulnerable people have a strong voice and real influence in both our programmes and advocacy. We are also a policy leader on Islamic humanitarianism, and our research programmes develop distinctive, practical approaches to the key issues that are affecting our world today.

In the period to be audited, Islamic Relief South Sudan implemented projects funded by UNICEF, FAO, SSHF, SIDA and IR Partners among others.

1 **Organisational Structure**

Islamic Relief South Sudan is headed by a Head of Mission as the officer-in -charge with support from Technical and support staff in delivering the organisations objective. The Country Office is based in Juba, South Sudan with field offices in Wau/Warrap, Kapoeta East, Yei and Lainya.

3 **Finances**

The last 2 years' accounts are included in the tender pack.

4 **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 Terms of Reference for Auditors

Refer to attached Terms of Reference.

6 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
Financial year end	1 st January to 31 st December 2019
Draft accounts available for audit	20 th February 2020
Timing of the audit	24 th February to 6 th March 2020
Sign off to draft accounts required from auditors	March 13 th , 2020
Approval by Trustees	March 20 th 2020

7 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 on:

- The NGO accounts

A three-year fee schedule based on the document attached as Appendix 1 should be completed and submitted as part of this section of the proposal.

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.

8 Timetable for the tender process

Below is outlined the timetable for the audit tender process.

	Activity	Deadline
1.	Invitation to tender despatched	25th September 2019
2.	Confirmation of interest received	3rd October 2019
3.	Information gathering meetings with Country Director and Finance Manager	4th October 2019
4.	Tender document received	3rd October 2019

5.	Selection panel review proposals & shortlist	4 th October 2019
6.	Firms informed of results of short listing exercise	9 th October 2019
7.	Oral presentations / Selection panel agrees recommendation	9 th October 2019
8.	IRW approval is sought	11 th October 2019
9.	Firms are informed of IRW's decision	15 th October 2019

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 3rd of October 2019 to the official email address: IRSS.Tender@islamic-relief.or.ke and/or with hard copies submitted to IRW-SS tender box by the set dateline 3rd October 2019

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

Appendix 1

As part of your written submission you are asked to submit your proposed fees schedule for the next three years.

Audit review

Year ended 31 December

2019

2020

2021

USD

USD

USD

Islamic Relief

--	--	--

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



[Handwritten signature]