

Date: 06<sup>th</sup> September 2023.

## **TERMS OF REFERENCE (ToR): EXTERNAL AUDIT FOR THE PERIOD 2023-2025**



### **1. INTRODUCTION AND BACKGROUND**

Stromme Foundation (SF) is an International Development Organisation with its Head Office in Norway. SF is committed to empower people to overcome root causes of poverty through our interventions on Education, Community Empowerment and Livelihood. Through challenging, committed, and long-term partnerships with local organisations, SF aims to make its vision reality: a world free from poverty. SF's South Sudan programme is strategically managed by the country offices located in Juba. Stromme Foundation (SF) implements programmes through local implementing partners. Please visit [www.stromme.org](http://www.stromme.org) for more details about our organisation.

The main aspect of SF South Sudan's development approach is building partners' capacity in facilitating empowerment of the poor. Through this, SF expects to establish a strong civil society mechanism to upgrade the living standards of the marginalised, vulnerable, and poor people.

SF South Sudan is currently working with 3 partner NGOs in selected areas of Juba, Aweil, and Kapoeta East Counties. SF is in the process of identifying new Partners the year 2024 onwards.

### **OBJECTIVES AND SCOPE OF THE AUDIT ENGAGEMENT:**

1. The main objective of the engagement is to express independent audit opinion on the annual financial summary statement of SF South Sudan Office. The engagement will be carried as per the audit instructions 2023 of Price Waterhouse Coopers, Norway who are the group auditors of SF.
2. The other objective of the engagement is to express independent audit opinion on the project annual financial summary statements of implementing partner National NGOs as mentioned above for the fund transfer from SF as per the financial control requirements for partners. The engagement will be carried out as per the audit instructions sent from SF Head office in Kristiansand Norway.
3. The annual audit engagement per entity will include reporting as per specific instructions for interim audit covering the first three quarters of the year, to be conducted in October/November.
4. The group auditor may give instructions for additional audit performance and documentation requirements on selected entities. This will be remunerated separately when applicable.
5. The places of execution of the verification for the audit engagement is SF Juba office and field offices of all implementing partners.



## 2. PREPARATION OF ANNUAL FINANCIAL STATEMENTS

SF Juba is responsible for the preparation of financial statements including adequate disclosure and to provide partner financial statements adopting generally acceptable accounting policies.

The auditor is responsible for forming and expressing opinions on the financial statements. The auditor will carry out the audit in accordance with the International Standards on Auditing (ISA 200 -799), (ISA 800/805), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from the Implementing Partner written confirmation concerning representations made in connection with the audit.

SF will provide templates to be utilised for the annual audit reporting, and the Auditor will report on SF structure as instructed by the Group Auditor.

The Auditor shall take responsibility to secure enough resources to meet the deadlines.

All submissions must arrive SF Juba ~~within~~ by 12:00AM on the due date, or otherwise in advance notify to SF explaining the reasons for delaying proposed delivery date. All correspondence should be addressed to

Country Director,  
Stromme Foundation, South Sudan  
Plot 43, Hai Neem  
P.O Box 143, Juba  
Email: southsudan@stromme.org



## 3. FINANCIAL STATEMENTS

The auditor should verify that the Annual Financial Summary Statement (AFSS) has been prepared in accordance with the agreed accounting standards (see paragraph 3 above) and give a true and fair view of the financial position at the relevant date and of resources and expenditures for the financial year ended on that date.

The Annual Financial Summary Statements (AFSS) should include:

- A statement of funds received, showing funds from the SF Head office and funds from other donors separately.
- A statement of expenditures incurred on different activities/projects, split by the various funding sources.
- A summary of the activity in the Designated accounts and fund transfer to partners.
- A summary of the closing balances at the end of the period.
- Explanatory notes on Annual Financial Statement.

## 4. DESIGNATED ACCOUNT

The auditor should examine the eligibility of financial transactions during the period under examination and fund balances at the end of such period.

The auditor should also examine eligibility and correctness of:



- Financial transactions during the period under review.
- Fund Accountability Statement (FAS) which presents the project's revenues, budget of the project; costs incurred and cash balance of donor funds.
- The operation and use of the Designated Account in accordance with the Partnership Agreement between SF and Implementing partner; and
- The adequacy of internal controls for the type of disbursement mechanism.

## 5. AUDIT REPORT

The auditor will issue an opinion on the set of SF financial statements and Partner Financial Statements. The Auditor will prepare the audit report on the SF prescribed format instructed by SF Head office, Norway, confirming the fund transfers from SF to implementing partners specifying donor and projects.

It should include a separate paragraph highlighting key internal control weaknesses and non-compliance with the Partnership Agreement terms between SF and Implementing Partner.

There are two main reports on which auditor will issue opinions:

1. Annual Audit Report (Jan to Dec)- SF South Sudan Office accounts and Partners accounts (6 partners) - deadline for SF South Sudan office accounts and for partner accounts is 25<sup>th</sup> February and 8<sup>th</sup> of March respectively.
2. Interim audit: Voucher verification (Income & Expenditure), Opening balance, bank reconciliations, compliance of Policies and Procedures covering period January to September (9 months) and a brief report listing findings and recommended course of action to rectify - deadline for interim audit is 10<sup>th</sup> of November of the year for partners and SF South Sudan office account.

## 6. MANAGEMENT LETTER

In addition to the audit report, the auditor will prepare a management letter, in which the auditor will:

- a) Give comments and observations on the accounting records, systems and controls that were examined during the audit.
- b) Identify specific deficiencies or areas of weakness in systems and controls and make recommendations for their improvement.
- c) Report on the degree of compliance in the Partnership agreement and give comments, if any, on internal and external matters affecting such compliance.
- d) Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation.
- e) Give comments on the extent to which outstanding issues/qualifications issues have been addressed.
- f) Give comments on previous audits' recommendations that have not been satisfactorily implemented; and
- g) Bring to the recipient's attention any other matters that the auditor considers pertinent, including ineligible expenditures. Ideally, the management letter should also include responses from the Implementing Partner to the issues highlighted by the auditor.



## 7. ELIGIBILITY CRITERIA FOR EXTERNAL AUDITOR AND TEAM

The audit shall be carried out by any independent Chartered Accountancy firm which is affiliated with reputed international accounting firm with minimum 7 years' experience in Audit Practice, and a team comprising of qualified Chartered Accountants having exposure to development agencies and INGOs/NNGOs.

## 8. AUDIT FEE/ REMUNERATION

### 1. *Annual Fee*

The eligible and interested firms shall quote their best annual fee detailing out their HR requirement basis for 1. Annual audit and 2. Interim audit for the year 2023.

### 2. *Reimbursement*

Travel and accommodation and food will be covered on actual basis, separate from the Annual fee.

### 3. *Extra Fee*

In the case of additional audit/documentation requirements instructed by the Group Auditor, an extra fee will be negotiated.

## 9. Application procedures.

Submit expression of interest/bids only through Email address below which should include Financial and Technical proposals by 6:00pm on Wednesday the 27<sup>nd</sup> September 2023 with email subject named - "*Expression of Interest for undertaking External audit*" to the address below.

Stromme Foundation South Sudan

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Phone: +211925 867 743 or +211 920 277 423

Email: [southsudan@stromme.org](mailto:southsudan@stromme.org)

