

TERMS OF REFERENCE (ToR)

Request for Proposals for Institutional Audit 2024, 2025 and 2026

1. Background

Humanitarian and Development Consortium (HDC) is a South Sudanese national NGO established in 2008, legally registered by Relief and Rehabilitation Commission (RRC) under Reg. No. 137. HDC vision is to empower communities. HDC delivers high-quality programming targeting women, children, and other persons of concern affected by the crises and climate shocks across South Sudan. HDC is implementing a four years' strategic plan with five program pillars; i.e. *Protection, Gender & Inclusion; Peacebuilding and Justice; Food Security and livelihoods; Public & Reproductive Health and Education*. HDC has operational presence across four (4) states (Upper Nile, Jonglei, Central Equatoria, Lakes) and two (2) administrative areas (Greater Pibor & Ruweng) in South Sudan, working with a dedicated team of 450 staff. HDC implements multi-donor projects funded by UNHCR, MasterCard Foundation (MCF), World Vision, Christian Aid, South Sudan Humanitarian Fund (SSHF) and War Child Holland (WCH) among others.

As part of its accountability and transparency framework, HDC invites competent audit firms to submit a written proposal for conducting its Institutional Audit for the Organization under the framework agreement which shall be for the next three years starting with the financial year FY2024. The audit will provide assurance to the Board of Directors, Management, and donors that the financial statements and internal control systems reflect a true and fair view of the organization's operations and compliance with donor requirements and statutory obligations.

This Terms of Reference outlines the objectives, scope, methodology, deliverables, and responsibilities guiding the audit engagement.

2. Objective of the Audit

The primary objective of the institutional audit is to enable the auditor to **express an independent opinion** on whether:

1. The financial statements of HDC for FY2024 present a **true and fair view** of the financial position and results of its operations.
2. The organization has maintained **adequate accounting records and internal control systems** in line with generally accepted accounting principles and donor requirements.
3. Funds received and expenditures incurred have been applied for their intended purposes in accordance with the approved budgets, donor agreements, and organizational policies.
4. HDC is compliant with applicable **laws, regulations, and statutory requirements** in South Sudan, including tax, labor, and financial reporting obligations.



5. To provide management with recommendations for strengthening **financial management systems, internal controls, risk management, and governance structures.**

3. Scope of the Audit

The audit will cover all activities of HDC during the FY2024, including field offices, sub-offices, and program locations. The audit will encompass both **institutional (core), operations and project-funded activities.**

The scope shall include, but not be limited to, the following areas:

3.1 Financial Management and Accounting Systems

- Review and evaluate the adequacy of HDC's accounting policies, procedures, and internal controls.
- Verify that accounting records are complete, accurate, and properly maintained in accordance with International Financial Reporting Standards (IFRS) or equivalent standards.
- Examine the use of accounting software (QuickBooks) and assess the accuracy of data entry, reconciliation, and reporting processes.
- Review bank accounts, reconciliations, and cash management procedures.

3.2 Income and Funding

- Verify all sources of income including donor grants, contributions, and other revenues.
- Reconcile income reported in the general ledger with donor confirmations and bank statements.
- Ensure that all donor funds are properly classified and recorded according to project budgets and agreements.

3.3 Expenditure and Cost Allocation

- Review expenditures to confirm eligibility, validity, and compliance with donor conditions.
- Evaluate cost allocation methodologies for shared costs such as staff, vehicles, utilities, and administrative overheads.
- Ensure that supporting documents (vouchers, receipts, invoices, contracts) are authentic, properly approved, and filed.
- Check adherence to the organization's procurement procedures, including tendering, selection, and contract management.

3.4 Payroll and Human Resources

- Review staff files, contracts, and payroll records for completeness and compliance with labor laws.
- Verify that statutory deductions (PAYE, pension, NSSF, etc.) are accurately computed and remitted in time.
- Examine the allocation of staff costs across multiple projects and confirm timesheet reliability.



3.5 Fixed Assets and Inventory

- Review the fixed asset register for accuracy, valuation, and tagging of assets.
- Physically verify a sample of assets at both the head office and field locations.
- Examine inventory management systems for supplies, fuel, and program materials.

3.6 Compliance and Governance

- Review compliance with donor agreements, financial regulations, and internal policies.
- Assess the functionality of the Board of Directors, management oversight, and segregation of duties.
- Examine adherence to statutory obligations such as annual returns, licenses, and tax filings.

3.7 Risk Management and Internal Controls

- Evaluate the effectiveness of risk management processes and internal control mechanisms.
- Review findings from previous audits and the extent of implementation of recommendations.
- Identify weaknesses and propose practical improvements for sustainable controls.

4. Audit Methodology

The Auditor must be a member of an internationally recognized supervisory body for statutory auditing and must provide documentary evidence to this. The Auditor will work mainly at HDC Coordination office in Juba. The auditors will make field trips to the respective target sites/Participants when needed. The Auditor should be available to provide comments on donor questions after submission of the final report. The auditor shall adopt a **risk-based audit approach** which includes but is not limited to:

1. Planning and Risk Assessment

- Review of prior year audit reports and management letters.
- Understanding HDC's structure, policies, and operating environment.
- Identification of key risk areas and development of an audit plan.

2. Fieldwork and Testing

- Sampling of transactions and account balances for testing.
- Verification of supporting documents and reconciliations.
- Interviews with key management and staff for understanding internal processes.

3. Reporting

- Drafting of audit findings and discussion with management.
- Preparation of a management letter highlighting internal control weaknesses, compliance gaps, and recommendations.
- Issuance of final signed audit report and audited financial statements.

5. Deliverables



The audit firm shall provide the following deliverables:

- **Audited Financial Statements** for the year ended 31st December 2024, including:
 - Statement of Financial Position
 - Statement of Comprehensive Income
 - Statement of Changes in Net Assets
 - Statement of Cash Flows
 - Notes to the Financial Statements
- **Independent Auditor's Report** expressing a clear opinion on the financial statements.
- **Management Letter** containing detailed findings, identified risks, and actionable recommendations.
- **Exit Meeting** presentation summarizing audit results and providing clarifications to HDC management and Board of Directors.
- **Audit Duration**, for every financial year the audit work shall be completed within one month from the date of commencement of the audit, the successful bidder contract shall be renewed every year based on the successful completion of the first, and second audit

6. Auditor's Qualifications and Experience

The audit firm must:

- Be a **registered and licensed audit firm** in South Sudan having membership with an internationally reputed audit firm/s and Certified Public Accountant will be eligible. (or recognized by the National Audit Chamber).
- Have at least **five (5) years' experience** in auditing NGOs or international donor-funded projects.
- Demonstrate proficiency in International Standards on Auditing (ISA) and IFRS.
- Possess proven experience in auditing organizations using QuickBooks or similar accounting systems.
- Have qualified personnel including Certified Public Accountants (CPA) or Chartered Accountants (CA).
- Show a good understanding of the **humanitarian and development context** in South Sudan.

7. Audit Timeline and Reporting

Activity	Responsibility	Timeline
Engagement & Planning Meeting	HDC & Auditor	November 2025
Fieldwork and Document Review	Auditor	December 2025
Draft Report and Management Response	Auditor & HDC	December 2025
Submission of Final Signed Reports	Auditor	By 30 th January 2026



All reports shall be submitted in **both hard copy and electronic format** to HDC's Executive Director.

8. Confidentiality and Independence

The audit firm and its personnel must maintain the highest level of **confidentiality** regarding all information obtained during the audit. All data, documents, and reports remain the property of HDC. The auditor shall confirm **independence** and disclose any conflict of interest prior to engagement.

9. Payment Terms

The audit fees will be agreed upon through a **competitive procurement process** based on the scope, quality, and level of effort. Payment shall be made in three tranches:

- 30% upon signing of the engagement contract,
- 40% after completion of fieldwork and submission of draft report,
- 30% after delivery and acceptance of the final report.

10. Expected Outcomes

By the end of the audit, HDC expects:

- A transparent and credible review of its 2024 financial performance.
- Strengthened accountability and donor confidence.
- Clear insights into internal control weaknesses and practical recommendations for improvement.
- Enhanced governance and compliance mechanisms supporting institutional growth and sustainability.

11. Evaluation Criteria

All proposals should be received no later than **2:00pm on Friday 31st October 2025** and will be scored on the criteria below:

	Evaluation Criteria	Marks
1	Number of Partners in the firm and number of professionally qualified staff. <i>Audit firm to submit a profile of the company detailing how many partners and professionally qualified staff it has.</i>	10
2	CVs of audit lead and audit team. <i>The Audit firm must provide a CV of the lead auditor/Audit Manager and team members to be assigned for this audit. The auditors must be registered with a recognized Accountancy and must be in good standing. Each member will be evaluated on their training, length of experience and experience auditing organizations in the South Sudan NGO sector.</i>	15
3	Audit Approach. <i>The Audit firm should detail their audit approach based on the Audit Protocol</i>	25





HUMANITARIAN & DEVELOPMENT CONSORTIUM

We empower the communities

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4	Number of Audits and similar assignments undertaken in the last 3 years. Provide a list of four (3) references for audits and similar assignments carried out in the last 3 years	20
5	Audit Fees. The audit contract will be awarded on the basis of the most economically advantageous offer	30
	Total	100

