

Terms of Reference for IR South Sudan Annual Audit FY 2023



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 South Sudan 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 legislation 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 Islamic Relief South Sudan.
 - 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 South Sudan).
 - 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 South Sudan 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 South Sudan 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.