

Terms of Reference for IR South Sudan Annual Audit FY 2022



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.

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 SIDA 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?

Financial year end	1 st January to 31 st December 2022
Draft accounts available for audit	15 th February 2023
Timing of the audit	15 th February to 10 th March 2023
Sign off to Accounts by Auditors and IR SS	March 20 th , 2023

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.

As part of your written submission you are asked to submit your proposed fees schedule for 2022.

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

Kindly submit your EOI with financial proposal (with a maximum of 40 pages) latest **by 4th January, 2023** to IRW-SS tender box on following office address.

Islamic Relief South Sudan
Along Unity road plot No.54,
Block B-xvi, Hai Cinema
Near ACTED NGO Office.
Juba South Sudan.

For any clarity, please contact +211 922 680 313