

## **TERMS OF REFERENCE FOR EXTERNAL AUDITOR OF FORAFRIKA HUMEDICA PROJECT**

### **1. BACKGROUND**

Founded in 1984 in South Africa; ForAfrika (**formerly Joint Aid Management (JAM)**) is an international faith-based, non-governmental organization working to save lives, overcome poverty and create sustainable living for communities. We work exclusively in Africa (Angola, Mozambique, Rwanda, Sierra Leone, South Africa, South Sudan, and Uganda), implementing programs in food security, health, livelihoods, nutrition, education, protection, WASH, and economic recovery. ForAfrika is supported by affiliate offices in Canada, Germany, Norway, Switzerland, the United Kingdom, and the United States of America.

In South Sudan, ForAfrika began operations in 2002. Today, its programs span across five states: Central Equatoria, Jonglei, Northern Bahr el Ghazal, Unity, and Warrap. ForAfrika's integrated programs focus on three pillars: (1) saving lives (2) promoting early recovery and (3) promoting community resilience. In keeping with our organizational core values, we ensure that even when responding to short-term emergencies, our investment in building individuals' adaptive capacities and our commitment to community ownership enables a successful transition toward long-term recovery and resilience

ForAfrika has been implementing the HUMEDICA project in Boma and Pibor in Greater Pibor Administrative Area since 1<sup>st</sup> September 2022. A Grant from HUMEDICA International (Germany) to improve Improving access to basic health and nutrition services.

The overall objective was to build the resilience of 36,090 vulnerable individuals through improved access to basic health and nutrition services in GPAA South Sudan. The project integrated with FORAFRIKA's existing health & nutrition works in Pibor and ensured better access to basic health, nutrition & WASH services. Children under five, Pregnant & Lactating Women and other vulnerable groups were beneficiaries through facility and community-based services.

### **2. OBJECTIVE OF THE AUDIT**

- 2.1 The objective of the audit of the Project financial statements (PFSs) is to enable the auditors to express an independent<sup>1</sup> professional opinion on whether the funds granted to ForAfrika have been used for their intended purposes.
- 2.2 The project books of accounts provide the basis for preparation of the PFSs by the Finance and Grants Department (FGD) and are established to reflect the financial transactions in respect of the project. The FGD maintains adequate internal controls and supporting documentation for transactions.

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<sup>1</sup> The auditors will not provide any other services that may result to a conflict of interest.

### **3. RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS**

3.1 The responsibility for the preparation of PFSs lies with the FGD. The FGD is also responsible for:

- (a) the selection and application of accounting policies. The FGD will prepare the PFSs in accordance with applicable accounting standards-either the International Public Sector Accounting Standards (IPSASs), International Financial Reporting Standards (IFRs), or National Accounting Standards if any, that comply with IPSASs or IFRs in all material respects; and
- (b) Implementing accounting, administrative and financial procedures documented in manuals.

3.2 The auditors are responsible for the formulation of an opinion on the PFSs based on their audit conducted in accordance with ISAs (International Standards on Auditing). National Auditing Standards-if any, that comply with ISAs or ISSAIs in all material respects will also be accepted. In accordance with these standards, the auditors will request the FGD for an Engagement/Confirmation Letter committing the FGD management to the preparation of the PFSs and maintenance of proper internal control systems as well as acceptable documentation for all financial transactions.

### **4. SCOPE OF THE AUDIT**

4.1 The audit will be carried out in accordance with the Standards specified in 3.2 above and will include such tests and verification procedures as the auditors consider necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

- (a) All Bank funds have been used in accordance with the conditions of the Grants agreement, with due attention to economy and efficiency and only for the purposes for which the funds were provided;
- (b) Counterpart funds (Other donor funds) and external funds (in case of co-financing) have been provided and declared and used in accordance with the conditions of the Grants agreement, with due attention to economy and efficiency and only for the purposes for which they were provided;
- (c) Goods, works and services financed have been procured in accordance with the Grants agreement and in accordance with the Bank's rules and procedures; and have been properly accounted for;
- (d) Appropriate supporting documents, records and books of accounts relating to all project activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented to HUMEDICA;
- (e) Special accounts have been maintained in accordance with the provisions of the Grants agreement and in accordance with HUMEDICA's disbursement rules and procedures
- (f) The financial statements have been prepared by project management in accordance with applicable accounting standards mentioned (ref. section 3 above) and give a true and fair view of the financial position of the Project as at end and of its receipts and expenditures for the period ended;

- (g) Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions and ensure safe custody of project-financed assets and that they are being used for the intended purposes;
- (h) Project's fixed assets are real and properly evaluated and project property rights or related beneficiaries' rights are established in accordance with Grants conditions; and
- (i) Ineligible expenditures identified during the audit will be reflected in a separate paragraph of the audit report and if material, the point should be reflected in the auditors' opinion.

4.2 In accordance with International Standards on Auditing, the auditors shall pay attention to the following:

- (a) **Fraud and Corruption:** In accordance with ISA 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements) the auditors shall identify and evaluate risks related to fraud, obtain or provide sufficient evidence of analysis of these risks and assess properly the risks identified or suspected;
- (b) **Laws and Regulations:** In preparing the audit approach and in executing the audit procedures, the auditors shall evaluate the FGD's compliance with the provisions of laws and regulations that might impact significantly the PFSs as required by ISA 250 (Considerations of Laws and Regulations in an Audit of Financial Statements);
- (c) **Governance:** Communicate with the PIU's Management responsible for Governance regarding significant audit issues related to governance in accordance with ISA 260: (Communication with those charged with Governance); and
- (d) **Risks:** With a view to reducing audit risks to a relatively low level, the auditors will apply appropriate audit procedures and handle anomalies/risks identified during their evaluation. This is in accordance with ISA 330 (The Auditor's Responses to Assessed Risks).

## 5. FINANCIAL STATEMENTS

5.1 The auditors will ensure that the PFSs are prepared in accordance with the standards mentioned above (ref. section 3 above) and give a true and fair view of the financial position of the project as at the fiscal year end and its receipts and expenditures for the financial year ended on that date.

5.2 The project financial statements prepared by project management shall include:

- i) Statement of Receipts<sup>2</sup> (funds received from the Bank, counterpart funding and where applicable, co-financiers' funding) and Expenditures (expenditures incurred for both the current year and accumulated to-date) showing separately Bank's funding, those of counterparty and co-financiers if applicable and cash balances;
- ii) Statement of Special Account;
- iii) Statements of Expenditures

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<sup>2</sup> Any revenue generated by the Project e.g. sale of bid documents, disposal of project assets, bank credit interests earned in the special account and fees earned should be accounted for and disclosed.



- iv) Notes to the Financial Statements describing the applicable accounting principles in place and a detailed analysis of the main accounts.

5.3 As an annex to the financial statements mentioned above, the audit report should include:

- (a) A reconciliation between the amount shown as “received from HUMEDICA” and that shown as having been disbursed by HUMEDICA. The reconciliation should indicate the methods used for disbursement, i.e. special account, direct payment or reimbursement guarantee, reimbursement methods with those recommended in the appraisal report and the disbursement letter; and
- (b) A comprehensive list of all fixed assets purchased, with given dates, values and condition of the assets.

## **6. STATEMENT OF EXPENDITURES**

In conjunction with the audit of the PFSs, the auditors should:

- (a) Audit all Statements of Expenditures (SOEs) used as a basis for the submission of withdrawal applications to HUMEDICA by the project;
- (b) Determine the eligibility of expenditures in accordance with the Grants agreement and appraisal report. Where ineligible expenditures are identified as having been included in the withdrawal applications and replenished, these should be noted separately by the auditors; and
- (c) Annex to the PFSs a schedule listing withdrawal applications submitted on the basis of SOEs with their reference number and the amount involved.

## **7. AUDIT REPORT**

7.1 The audit report will comprise (i) the auditors’ opinion on the project financial statements and (ii) a complete set of project’s financial statements and other relevant statements as mentioned in section 5.2 above.

7.2 All ineligible expenditures will be disclosed in an annex to the audit report.

## **8. MANAGEMENT LETTER**

8.1 In addition to the audit report, the auditors will prepare a “management letter” in which they will:

- (a) Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
- (b) Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
- (c) Report on the degree of compliance with each of the financial covenants on the Grants/Grant agreement and give comments, if any, on internal and external matters affecting such compliance;
- (d) Communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of future HUMEDICA project; and
- (e) Bring to ForAfrika attention any other matters that the auditors consider pertinent.

8.2 Ideally, the management letter will include reactions/comments from PIUs on the weaknesses noted by the auditors.

### **9. AUDITORS EXPERIENCE AND QUALIFICATIONS**

The audit firm should be registered and have a license from a national or regional professional Accountancy Body.

The firm should have relevant experience in accounting and auditing of Humanitarian or Development projects, especially donor-funded operations.

### **10. AUDIT FEES/RENUMERATION**

The eligible and interested firm shall quote their best audit fees detailing out their HR requirements for the project. Travel and accommodation plus food will be covered in the fees.

### **11. TERMS AND CONDITIONS.**

1. Valid registration Company's Document
2. Recent three (3) months Bank Statement
3. Office availability & storage facility
4. Company's Memorandum of Association
5. Valid Tax Clearance Certificate
6. Recent or previous job references
7. Updated Company's Profile
8. Currency USD

### **12. APPLICATION PROCEDURES**

Interested firms shall submit expression of interests/bids only through email which should include financial and technical proposal by 4:30PM 6<sup>th</sup> October 2023, with email subject- "Expression of Interest for Undertaking Project Audit" to the address below. ForAfrika will not accept tenders delivered after that time and the dateline.

ForAfrika reserves the right to cancel the tender process at any time prior to awarding a contract for the Service.

ForAfrika will not be responsible for any costs or expenses incurred by you in connection with preparing and delivering your tender regardless of the outcome of the tender process.

At any time prior to the Submission Deadline, you may make inquiries with, or seek further information or clarifications through the following email:

**[jamss.logs@jamint.com](mailto:jamss.logs@jamint.com)**

Yours faithfully

Procurement Department- ForAfrika

