

Date: 24/08/2022

**TERMS OF REFERENCE FOR THE PROVISION OF INSTITUTIONAL AUDIT SERVICES
FOR WATER FOR SOUTH SUDAN FOUNDATION, OCTOBER 2022.**

Background

Water for South Sudan Foundation delivers sustainable quality-of-life services to and with the people of South Sudan by efficiently providing access to clean, safe water, and improving hygiene and sanitation practices in areas of great need in South Sudan.

Water for South Sudan Foundation is delivering humanitarian intervention with speciality in WASH, Hygiene and Sanitation with main Office located in Wau, Eastern Bank, Western Bahr el Ghazal State-Wau. The organization is also having an Office in Juba, Central Equatoria State as well as in Kuajok, the headquarters of Warrap State.

Scope of The Audit

The Audit will generally look at the institutional expenses incurred for 2021-2022, an amount of \$2,000,000. The Audit will also evaluate the adequacy and effectiveness of the organization's corporate governance processes, risk management, and internal control systems and the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives.

- Review and update the audit charter for approval;
- Review the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information;
- Review the systems established by management to ensure compliance with applicable WFSSF policies, donor regulations, plans, procedures and Acts, and determine whether the organization is in compliance;
- Review the means of safeguarding assets and verify the existence thereof;
- Appraise the economy and efficiency with which resources are employed, and identify and recommend opportunities to improve operating performance;
- Review operations or programmes to ascertain whether results are consistent with established objectives and goals, and whether the operations or programmes are being carried out as planned, i.e. performance audits; based systems of WFSSF to determine whether:
 - Adequate controls are incorporated in systems;
 - Thorough systems testing is performed at appropriate intervals;
 - System documentation is complete and accurate; and that
 - User needs are met.



- IT systems are compliant with the local acts on privacy and personal information storage.

The audit must be conducted in accordance with the standards for the Professional Practices of Auditing and the Code of Ethics set by the Institute of Auditors (ISA).

The scope of Audit work shall consist of, but not limited to the following work:

Scope of engagement

Agreed-upon procedures engagement will be conducted in accordance with ISA.

The proposed agreed-upon procedures below will be performed for the period of October 2022 and the audit exercise will commence on 01 October 2022 and ends on 31st October 2022 with the draft audit report to be shared with the management on 26 October 2022 and the final Audit report on 31st October 2022.

I. Cash Management/Internal Controls

- Obtain an understanding of the processes and procedures put in place by WFSSF for processing of payments and ensure that it is properly documented in WFSSF's policies and procedures.
- Determine whether the bank accounts have the relevant number of signatories, as approved by the Board of WFSSF.
- Obtain the approved list of signatories and the relevant threshold/value of payments that they are allowed to approve.
- Select a sample of payments made during the period under review and perform the following:
 - Ascertain whether the payments were loaded on the system by the designated official;
 - Determine whether the payments were verified and released by the authorised/designated signatories according to their authorised levels;
 - Agree the payments to the supporting documents.
 - Trace the payments to the general ledger and ensure that they were recorded in the correct account.
 - Determine whether the funds have been disbursed for the right reasons.
 - Find out whether there are systematic alterations on training documents.
 - Evaluate whether funds have achieved organizational objectives.





- e) Obtain an understanding as to the processes followed on receipt of funds from the donors and for any amount received during the period under review, ascertain whether the process was followed and signed acknowledgement of receipt was sent to the donor.
- f) Obtain the monthly bank reconciliation performed for the period under review and perform the following:
 - a. Ascertain whether the bank reconciliation was prepared for the relevant donor bank account and was prepared timeously (i.e. close to after month-end);
 - b. Determine whether the bank reconciliations were reviewed by the relevant officials and signed and dated as evidence of review; and
 - c. Assess whether the bank reconciliation was properly prepared with all relevant supporting documents attached and any reconciling items were properly supported.

2. Human Resource and Payroll

- a) If there were any new appointments during the period under review, ascertain the following were performed in terms of WFSSF's policies and procedures:
 - (i) Determine whether the vacant positions were advertised both internally and externally and it was approved by the designated officials.
 - (ii) Determine whether all the relevant procedures were followed in terms of:
 - a. Short-listing process
 - b. Reference and background checks
 - c. Formal interview process
 - d. Written contract was approved, issued and signed by all parties
 - e. Contract included all the relevant clauses such as probation period
 - f. Contract end notice to separating employees
 - g. Confidentiality in communicating HR issues to employees
 - h. Confidentiality agreement was signed by the employee
 - i. Payroll administration for the new employee was done on the payroll system and approved by the designated officials
- b) Obtain an understanding of the process in place with regards to monthly payroll checks and determine whether the following processes were performed in line with WFSSF's policies and procedures:





- a. The monthly payroll schedule was printed and included all relevant information such as name of employee, ID numbers, basic pay, deductions, employer contributions, etc.
- b. The monthly payroll schedule was reviewed (i.e. employee names and amounts were verified), approved, supported by relevant documentation and signed by all the designated officials.
- c. Monthly payroll reconciliation to the general ledger was performed.
- d. Determine whether there was any salary increase for any WFSSF officials for the period under review and ascertain whether the increase was processed and approved in terms of WFSSF policies and procedures.

3. Travel Management

- a) Obtain an understanding of the process in place with regards to travel management and ensure that the processes are properly documented in WFSSF policies and procedures.
- b) Select a sample of transactions (road travel, air travel, accommodation and subsistence) for staff and executive management and determine whether the required processes were followed in terms of submission and approval thereof and agree details to supporting documents.

4. Grant management control procedures

- a) Obtain grants agreements, detailing the fund activities and stipulated conditions towards the utilisation of funds and the reporting thereof and ascertain whether the agreements are signed by all the relevant parties.
- b) Determine the reporting timelines stipulated in each agreement and by inspection of supporting documents, ascertain whether:
 - (i) the sub-grantees submitted all the relevant reports to WFSSF within the stipulated timelines;
 - (ii) The reports were signed by relevant donors and WFSSF South Sudan.
- c) Review institutional assets management process, depreciation and assets disposal.


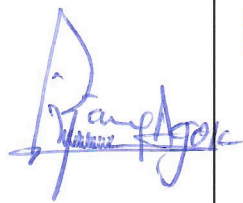
5. Quarterly Financial report procedures

- a) Obtain an understanding of the processes and procedures put in place by (WFSSF) for the quarterly reports due to the donors and ensure that it is documented in line with WFSSF policies and procedures.





- b) Select a sample of departments (Finance and Program) and establish whether they submitted their quarterly financial report, detailed list of expenditure incurred and relevant supporting invoices/documents, within the due timelines and perform the following:
- (i) Assess whether the amounts per the financial report agree to the total per the detailed list of expenditure;
 - (ii) Re-perform all casts on the expenditure schedules; and
 - (iii) Review the list for any unusual items.
- c) Establish the process undertaken by management to perform spot checks on the expenditure reports and supporting documents and inspect relevant documentation to establish whether the spot checks were conducted timeously.
- d) Establish the process undertaken by management to record the donors' expenditure transactions into WFSSF's QuickBooks accounting system.
- e) Select a sample of expenditure transactions from WFSSF expenditure listing and perform the following:
- (i) Determine whether journals were created to process/record the above-mentioned transactions and that they were approved by the delegated officials.
 - (ii) For general expenses (including travel costs):
 - Agree the details (supplier name, date, amount, etc.)
 - Determine whether the correct treatment of PIT (and other applicable taxes) was paid.
 - Test the arithmetic accuracy of the source documents.
 - Check that the transactions were recorded in the correct period.
 - From the expense description, assess whether it was correctly classified in the general ledger.
 - Assess whether the expenses do not include capital items which should have been capitalised.
 - Establish whether the expenditure/payment was approved by the designated officials.
 - Establish whether the expense is in line with expenses allowed in terms of the signed agreement with the donors and institutional policy.







(iii) **For staff costs:**

- Examine the actual timesheets/appointment contract of staff and ensure that the payments were in accordance with the timesheet/contract and against the correct project; and
- Test the calculations of the amounts paid and compare to actual amounts on payslip.
- Ensure cost allocation is applied on shared staff cost/remunerations.

6. Procurement and Logistics:

- Sample procurement payments for the selected period and ensure that procurement policy is followed and adhered to.
- Review the procurement processes, analyse the loopholes and recommend best procurement practices and standards.
- Assess the logistical processes from the vendor, warehousing, issuing to the final beneficiary, e.g. purchase of dignity kits, delivery, storage, requesting and issuing to distribution report.
- Analyze the involvement of management in procurement processes and decision making around sourcing goods/services.
- Analyze the segregation of duties within the organizational structure.

7. General Information

The auditor will technically report to the Board President, report administratively to the Country Director and work closely with the Finance Manager during this exercise.

It is highly desirable that the auditor becomes familiar with Water for South Sudan Foundation's policies e.g. Finance Policy, Assets Management Policy, Human Resource Policy, Strategic plan as well as institutional structure. This will aid the auditor to keenly ascertain the processes involved in the organization's management.

The selected Auditor will travel to Wau, Western Bahr El Ghazal State to carry out Audit exercise.

8. Technical & Financial Proposal

For interested audit firms, kindly prepare your Technical & financial proposal and include 15% withholding tax in the audit service and address your mail to drmadhemalek@gmail.com and copy ajang.agok@waterforsouthsudan.org, angelo.biet@waterforsouthsudan.org and lynn.malooty@waterforsouthsudan.org.





The last day for sending the financial proposal is 15/09/2022.

Prepared by: Angelo Biet Girwel

Position: Finance Manager

Date: 24/08/2022

Reviewed by: Ajang Abraham Agok

Position: Country Director

Date: 24/08/2022



Approved by: Dr. Madhel Malek Agei

Position: Board President

Date: 24/08/2022

7 | Page