

TERMS OF REFERENCE Audit of Project Financial Statements

Enhancing citizen participation for a transparent and accountable budget.

I. BACKGROUND

1. The Institute of Social Policy and Research (ISPR) is a registered (RRC Registration Number 1122) non-governmental, not-for-profit. ISPR is a public policy and research organization founded to undertake social, economic, and governance policy research and conduct capacity building and management consultancy for civil society and the public and private sectors. ISPR bridges policy research gaps in South Sudan and the region and builds the capacity of national, state, and local government, citizens, and civil society on public finance management, natural resources, and budget making and implementation. We research and analyze policy issues and public policy-making processes and produce and disseminate our research and publications.

ISPR has the following Focus Areas.

1. Governance and Democracy
2. Public Finance Management, Transparency and Accountability
3. Natural Resource Management
4. Policy Research, Communication, and Advocacy
5. Organizational Capacity Development
6. Management Consultancy

Community Empowerment for Rehabilitation and Development (CEFoRD) CEFoRD is a non-governmental and non-profit youth organization established as a drama group in 2005 with a group of 20 youths under the support of Yei Community Resource Centre till its transformation into a Civil Society Organization in 2008. The organization started with mainly conducting awareness through participatory methods such as Forum theatre plays, Music and dance, board games, etc. Since then, CEFoRD has transformed into a National CSO/NGO registered in the Republic of South Sudan.

The Institute of Social Policy and Research and Community Empowerment for Rehabilitation and Development has been implementing activities targeting the Transitional National Legislative Assembly in Juba, State Legislative Assemblies, Civil society organizations, Journalists, media houses and Community members, religious leaders, youth, women, private sector, and Anti-Corruption Commission. The Norwegian Ministry of Foreign Affairs (NMFA) funds the project. The initiatives under this project strengthen the capacity of citizens to effectively engage in the national budget process and strengthen key government actors' capacity to create a pro-citizen national budget.

2. The project agreement, Enhancing Citizen Participation for a Transparent and Accountable Budget, with Project Goal Transparent, Accountable, and Pro Citizen Budget, total financing of Norwegian Kroner 4,500,000.00, and Agreement Number SSD-20/0010 was signed between the Norwegian Ministry of Foreign Affairs (NMFA) and the Institute of Social Policy and Research (ISPR) Consortium on June 25, 2021.
3. The project has two (2) Outcomes.

PROJECT GOAL: Transparent, Accountable, and Pro Citizen Budget

OUTCOME 1: Strengthened citizen participation in the national budget process

OUTCOME 2: Strengthened Government Engagement with Citizens on the Budget Process

4. The Institute of Social Policy and Research is seeking the services of an independent external auditor to conduct audits of the project's financial statements. The auditor will be appointed to conduct audits for the grant period from January 1 to December 31, 2023.
5. The continued engagement of the auditor is subject to satisfactory performance and the timely submission of audit reports in accordance with the terms of the agreement.

II. OBJECTIVES

6. The objectives of the audit of the project financial statements are to enable the auditor to express opinions on (i) whether the project financial statements (including the notes thereto and supplementary statements) present moderately, in all material respects, (or give an accurate and fair view of) the grant financial position as January 1, to December 31, 2023, and its cash flows for the years then ended, in conformity with the accounting standards acceptable to the ISPR, (ii) whether the proceeds of the grant were used for the intended purpose, and (iii) whether the project has complied with the covenants stated in the grant agreement.

III. ACCOUNTING STANDARDS

7. The financial statements will be prepared on a cash/accrual basis of accounting following the International Financial Reporting Standards, International Public Sector Accounting Standards, or equivalent national accounting standards.

IV. MANAGEMENT RESPONSIBILITY

8. The Institute of Social Policy and Research is responsible for preparing and fairly presenting the project financial statements, including the adequacy of disclosure, and maintaining sufficient internal controls to ensure that the financial statements are free from material misstatement, whether due to fraud or error. ISPR partner (CEFoRD is also responsible for ensuring that the funds were used only for the purposes of the project, for compliance with financial covenants, and for ensuring that adequate internal controls, including over the procurement process, are maintained.
9. The project's books of accounts provide the basis for preparing the financial statements and are established to reflect the financial transactions in respect of the activities. This includes maintaining adequate accounting records and supporting transaction documentation, selecting and applying accounting policies, and safeguarding project assets.

V. AUDITING STANDARDS

10. The auditor will conduct the audit per International Standards on Auditing, International Standards of Supreme Audit Institutions, or equivalent national auditing standards.

VI. AUDITOR'S RESPONSIBILITY

11. The auditor is responsible for forming and expressing an opinion on the project's financial statements in accordance with the auditing standards. As part of the audit process, the auditor may request written confirmation from the ISPR and CEFoRD concerning representations made in connection with the audit.

12. In the conduct of the audit, the auditor is expected to:

- Plan and perform the audit to reduce risk to an acceptably low level, including risks of material misstatements in the financial statements, whether due to fraud or error,
- Design and perform audit procedures and evaluate and report the results thereof, including any noncompliance with laws and regulations and any challenges recorded in meeting compliance,
- Communicate matters of governance arising from the audit of financial statements,
- Carry out tests to confirm compliance with the grant agreement, such as:
 - Grant funds have been used under the conditions of the grant agreement, with due attention to economy and efficiency, and only for the purposes for which the financing was provided,
 - Goods, works, and services financed have been procured, and project expenditures have been incurred in line with the grant agreement,
 - Assets and inventories procured from grant funds exist, and there is verifiable ownership following the grant agreement,
 - All necessary supporting documents, records, and accounts have been maintained with respect to all project activities,
- Review the activities of the project's designated account, including deposits received, payments made, interest earned, exchange rates used, and reconciliation of period-end balances and
- Review all semi-annual financial reports submitted to NMFA and assess the methods used to compile the reports, ascertain that the information given in the reports accurately reflects the underlying records, documents, and books of accounts, and verify that the information in the reports reconciles with the annual financial statements.

VII. AUDIT SCOPE AND REPORTING

13. The auditor is required to deliver an audit report in the English language comprising:

A. AUDITOR'S OPINION ON THE FINANCIAL STATEMENTS

An auditor's opinion provides reasonable assurance over the audited project financial statements, including the notes thereto and supplementary statements.

B. AUDITOR'S OPINION ON COMPLIANCE WITH LEGAL AGREEMENT

An auditor's opinion made by ISAE 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information, ISSAI 4200 'Compliance Audit-Related to the Audit of Financial Statements, or equivalent national standards providing reasonable assurance that the (i) proceeds of the grant were used only for the purpose of the project¹ and (ii) the project was in compliance with the covenants in the grant agreement².

C. AUDITED PROJECT FINANCIAL STATEMENTS

Consolidated (all sources of funds) financial statements with comparative presentation:

UNDER THE CASH-BASIS OF ACCOUNTING

- Statement of Cash Receipts and Payments

¹ This includes an assurance that activities were carried out in conformity with sound administrative, technical, financial, business, and development practices in the three project locations, namely Juba, Wau, and Yambio.

² This refers to compliance with all the terms and conditions of the grant agreement, including the Standard Conditions and the Policy on Prohibited Practices.

- Statement of Comparison of Budget and Actual Amounts
- Supplementary Schedules
 - Statement of Bank Account Reconciliation / Certificate of Cash Position
 - Summary Statement of Expenditures
- Notes to the Financial Statements

UNDER THE ACCRUAL BASIS OF ACCOUNTING

- Statement of Financial Position
- Statement of Financial Performance
- Statement of Cash Flows
- Statement of Comparison of Budget and Actual Amounts
- Supplementary Schedules
 - Statement of Bank Account Reconciliation / Certificate of Cash Position
 - Summary Statement of Expenditures
- Notes to the Financial Statements

D. MANAGEMENT LETTER

A management letter providing the auditor’s observations and findings on accounting records, systems, and internal controls that were examined during the audit, including:

- Weaknesses and issues in accounting and internal control systems, including irregularities in using grant funds, ineligibility of expenditures, and procurement-related weaknesses and issues.
- Auditor’s assessment of the causes and recommendations to improve or rectify the identified weaknesses and issues.
- ISPR responds to the weaknesses and issues, including explanations of the causes, a proposed action plan to address the concerns, and the timeline for completion.
- Status of weaknesses and issues identified and reported in prior periods.
- Any continuing or persistent issues and weaknesses, and follow-up actions are taken.
- Any matters the auditor considers pertinent or significant as to impact implementation.

14. The audit shall be period as articulated in point 4 above

15. All audit reports shall be submitted to ISPR on or before March 15, 2023, and be forwarded to the NMFA no later than March 20, 2023, after the end of such period, according to the approval granted by NMFA to conduct such audits.

VIII. AUDITOR QUALIFICATIONS

16. The auditor must satisfy the following minimum requirements:

- A legal entity in South Sudan with a business license granted by an appropriate authority.
- A member of a professional body affiliated with the International Federation of Accountants or the International Organization of Supreme Audit Institutions.
- Have adequate, relevant professional and educational qualifications or be able to provide audit staff with adequate qualifications, experience, and competence.
- Technically competent and able to conduct an audit in line with the auditing standards.

- Objective and independent from the project, its staff, and activities, and all aspects of management or financial interests of the ISPR and its partners.
- Possesses proven track record in the financial audit of public sector projects, audits of similar nature, type, and complexity, or donor-funded projects.

IX. OTHER MATTERS

17. The auditor is entitled to unlimited access to all legal documents, correspondences, project preparation, and supervision reports, reports of reviews and investigations, financial management assessment reports, and any other information and explanations associated with the project and considered necessary to facilitate the audit. The auditor may also obtain written confirmation of amounts disbursed from the NMFA.
18. The auditor is encouraged to meet with the ISPR and CEFoRD to discuss audit-related matters, including inputs to the audit plan. If requested, the NMFA will also provide the necessary information.
19. At the conclusion of the audit, the auditor will hold a closing meeting with the ISPR and CEFoRD to obtain the ISPR's comments on the accuracy and completeness of facts and conclusions, including whether ISPR concurs with the audit findings. The closing meeting will be part of the audit work papers.

X. SUBMISSION

Interested applicants should submit applications by email to info.ispr2017@gmail.com
Or hand delivery to the ISPR Office, located in The Civic Engagement Center within the State Ministry of information Central Equatoria.

Applications submitted after 5:00 PM Friday, February 9, 2024, will not be considered.