



# REQUEST FOR PROPOSAL FOR PROJECT AUDIT CONSULTANCY

**Project Name:** Enhancing Emergency Humanitarian Response in Tonj North  
**Project Code:** 020\_003980

## 1. Introduction

Islamic Relief Worldwide (IRW) is an international relief and development charity, Non-Governmental Organization (NGO) founded in the UK in 1984. As well as responding to disasters and emergencies, Islamic Relief promotes sustainable economic and social development by working with local communities - regardless of race, religion or gender.

Islamic Relief Worldwide South Sudan (IRW-SS) commenced operations in South Sudan in 2004 as an international humanitarian organization that has been working with vulnerable communities in South Sudan. Islamic Relief is also registered with Relief and Rehabilitation Commission (RRC).

Islamic Relief is a non-governmental organization (NGO) in consultative status (category special) with the Economic and Social Council of the United Nations, signatory to the Code of Conduct of the International Red Cross & Red Crescent (since 1995) and the Code of Conduct of People in Aid. Since 2002 Islamic Relief is a framework partner of ECHO (the European Community Humanitarian Aid department, FPA nr 251, NGO nr: 195) and the organization is also a member of BOND (British Overseas NGOs for Development) and DEC (Disaster Emergencies Committee).

IRW-SS wishes to engage the services of an audit firm for the purpose of auditing the “Enhancing Emergency Humanitarian Response in Tonj North” (**Project ID 020-003980**), as stipulated in the agreement between Islamic Relief Worldwide and Islamic Relief Sweden. The audit shall be carried out in accordance with international audit standards issued by IAASB<sup>1</sup>. The audit shall be carried out by an external, independent and qualified auditor.

## Project Background

In response to the humanitarian crisis in South Sudan, Islamic Relief Worldwide South Sudan launched a project named “**Enhancing Emergency Humanitarian Response in Tonj North**” in 2021 with the following briefs.

- a. Project is funded by the Swedish International Development Cooperation Agency (SIDA).
- b. Time duration of the project is from **18-06-2021 to 18-10-2021**.
- c. Total project Budget is **4,600,000 SEK**
- d. Project implementation area is Tonj North

IR South Sudan through this project aims at enhancing emergency humanitarian response to the famine affected communities in order to reduce suffering, hunger and starvation in Tonj North.

## Objectives and Scope of the audit

The objective is to audit the financial report for the period from 18-06-2021 to 18-10-2021 as submitted to Sida and to express an audit opinion according to ISA 800/805 on whether the financial report of this project “**Enhancing Emergency Humanitarian Response in Tonj North**” is in accordance with Sida’s instruction for financial reporting as stipulated in the agreement including appendix between Islamic Relief Sweden (IRS) and Islamic Relief Worldwide.

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<sup>1</sup> [The International Auditing and Assurances Standards Board \(IAASB\)](http://www.iaasb.org)

**2. Additional assignment; according to agree upon procedures ISRS 4400, review the following areas in accordance with the Terms of reference below**

- Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.
- Examine whether the financial report includes a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Sida for the period.
- Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs
- Follow up whether Islamic Relief South Sudan (IRSS) has implemented the following recommendations from the assessment of internal control: Report of factual findings – additional tasks for agreed-upon procedures for the said project. The examination includes reviewing whether Islamic Relief South Sudan (IRSS) has implemented the action points as described in Islamic Relief South Sudan (IRSS) management response that has been submitted to Sida.
- Examine whether foreign exchange gains and losses are disclosed in accordance with what is stipulated in the agreement including appendixes.
- IRW South Sudan compliance with the applicable tax legislation in regard to taxes (e.g.PAYE)<sup>2</sup> and social security fees.
- Follow up whether IRW South Sudan has adhered to the procurement guidelines annexed to the agreement.
- Review if outgoing balance for previous period is the same as incoming balance for the current period.
- If IRW South Sudan applies modified cash basis as accounting principle, the auditor shall motivate whether the applied accounting principle is acceptable for this type of financial report.

**Follow up of funds that are channelled to implementing partners;**

- Does **Islamic Relief Worldwide (IRW)** have signed agreements with its partner organisations?
- Are the audit requirements in agreements with partner organisations in accordance with the audit requirements as stipulated in IRW agreement with Sida?
- Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between IRW and Sida, for funds disbursed the previous year. The review shall include whether IRW makes documented assessments of the audited financial reports submitted to IRW and whether these reports are followed-up by IRW. The review shall include verification of contributions equivalent of a minimum of 75 % of the total of disbursed funds as well as 75% of the number of contributions. The review shall also include any observations from auditors that Sida should be informed about.
- Are the same requirements for reporting exchange rate gains/exchange rate losses as stipulated in the agreement between IRW and Sida, included in the agreements between IRW and its implementing partners?

**3. The reporting**

The scope of the audit shall be stated in the report and the methodology used shall be presented.

The reporting shall be signed by the responsible auditor (not just the audit firm) and title.

The reporting from the auditor shall include an independent auditor's report in accordance with the format in standard ISA 800/805 and the auditor's opinion shall be clearly stated, as well as a Management letter with audit findings and weaknesses identified during the audit process. The auditor shall regardless of materiality, quantify the amount for costs lacking sufficient supporting documentation. The auditor shall make recommendations to address the weaknesses identified and the recommendations shall be presented in priority order. If the auditor assesses that no findings or weaknesses have been identified during the audit that would result in a Management Letter, an explanation of this assessment must be disclosed in the audit reporting.

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<sup>2</sup> [Pay As You Earn](#)

Measures taken by the organisation to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The additional assignment according to agreed upon procedures ISRS 4400 under paragraph III, shall be reported separately in a “Report of factual findings”.

If the auditor conducts an additional assignment according to ISRS 4400 and assesses that the observations presented in the “Report of factual findings”, include the information that would have been included in a Management Letter, a Management Letter does not need to be developed. In such a case, the “Report of factual findings” shall include an explanation of why a Management Letter has not been developed.

Kindly, adhere to the below structure when presenting the audit report:

### **Audit report to the Management of Islamic Relief South Sudan**

The independent auditor’s report shall be in accordance with the format in standard ISA 800/805 and the auditor’s opinion shall be clearly stated. Audit Opinion on the Financial Statements shall state whether the financial statements of the project give a true and fair view of its income and expenses for the project period. Audit findings and weaknesses identified during the audit process shall be clear. The auditor shall regardless of materiality, quantify the amount for costs lacking sufficient supporting documentation.

### **Report of factual findings**

The additional assignment according to agreed upon procedures ISRS 4400 shall be presented in the “Report of factual Findings

### **Management letter**

A management letter with audit findings and weaknesses identified during the audit process shall be provided. The auditor shall make recommendations to address the weaknesses identified and the recommendations shall be presented in priority order. If the auditor assesses that no findings or weaknesses have been identified during the audit that would result in a Management Letter, an explanation of this assessment must be disclosed in the audit reporting.

## **4. Audit Methodology**

The audit methodology and the audit techniques to be used are those which accord with international auditing standards issued by International Federation of Accountants (IFAC).

Substantive testing procedures encompassing the following should be applied:

- Inspection of original support documents;
- Inspection of inventory print-outs and physical inspection in the field and office
- (Where necessary) inspection of computer systems.

## **5. Auditor’s responsibilities**

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.

- a) It is expected that the audit is undertaken in accordance with International Standards on Auditing (ISA’s) as prescribed by International Federation of Accountants (IFAC). 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 (if any).
- b) Ascertain the accounting system in order to assess its adequacy as a basis for the preparation of financial reports.
- c) Report on any significant weaknesses in, or observations on, the field office’s systems.
- d) The audit should include the verification of the income received and expenditure incurred for the project.

- e) The audit should include site visits to project areas for verification of financial and non-financial record.
- f) Undertake an appropriate risk assessment of the field office.
- g) A report is required to be sent to East Africa desk at Islamic Relief International Headquarters stating whether, in your opinion, the financial statements of the project, give a true and fair view of the state of the accounts for the specified project period.
- h) The basic fundamentals for prospective auditors are:
  - Credibility
  - Professionalism
  - Independence
  - Quality of service
  - Confidence

## 6. The audit duration

Since inception of project to its end, from 18<sup>th</sup> June, 2021 to 18<sup>th</sup> October, 2021

	Islamic Relief
Project End date	18 <sup>th</sup> October 2021
Timing of the audit	15 <sup>th</sup> to 19 <sup>th</sup> November 2021
Sign off to draft accounts required from auditors	6 <sup>th</sup> December 2021
Submission of Audit Report to IR Sweden	8 <sup>th</sup> December 2021

\* Project implementation period may extend due to some un-avoidable reasons;

## 7. The audit Scope

### a) Accounting System

- Detailed bookkeeping.
- Supporting vouchers & other documents.
- Income and Expenditure Account

### b) Management

- Assessment of the system of internal control.
- Business-like & economic use of the resources.
- Assessment of the accounting system
- Assessment of the management & the administration.
- Adherence to Islamic Relief Financial Guidelines
- Assessment of compliance with SIDA's guideline applicable for the grant and the grant agreement for this project

## 8. 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 be of maximum **30 - 35 pages** consist of the following:

- Outline your structure, size and relevant capabilities
- Identify your firm's major NGO clients
- Evidence of being a member of IFAC
- 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 (engaged on this assignment) will devote to this 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

**iv) Fees**

- Quoted price in US\$ for the above items shall be inclusive of all kind of govt. taxes
- In addition, your proposal must provide:
  - The basis of charging expenses
  - Your proposed billing schedule

### Schedule

<b>Tender Schedule</b>	<b>Task date</b>
Advertising of Tender	23 <sup>rd</sup> August 2021
Closing of Tender	3 <sup>rd</sup> September 2021
Opening of Tender	6 <sup>th</sup> September 2021
Evaluation	7 <sup>th</sup> September 2021
Award	20 <sup>th</sup> September 2021

All interested Audit firms (member of IFAC) with sound capacity and relevant experience in similar works can access this ToR in South Sudan NGO forum website or equally on IRSS WEBSITE <http://www.islamicreliefsouthsudan.org/>

All envelopes should be sealed and clearly labelled as “REF. SIDA/AUDIT/2021 PR # 2534” address to “Procurement Committee Islamic Relief Juba South Sudan” and be dropped at IRW-SS Office Tender Box. The deadline for submitting bids/quotation is **3<sup>rd</sup> September 2021 at 4:00 pm**. Proposal documents received later than the deadline will not be accepted.

For any other query, please contact on [IRSS.Tender@islamic-relief.or.ke](mailto:IRSS.Tender@islamic-relief.or.ke)

## Supplier Code of Conduct

1 Islamic Relief's Supplier Code of Conduct

2 Islamic Relief Worldwide requires all suppliers to adhere to:

The Modern Slavery Act 2015

The International Labour Standards as defined by the ILO (International Labour Organisation).

The United Nations Global Compact's 10 principles as stated below:

### Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;

and

Principle 2: Make sure that they are not complicit in human rights abuses.

### Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The elimination of all forms of forced and compulsory labour;

Principle 5: The effective abolition of child labour;

and

Principle 6: The elimination of discrimination in respect of employment and occupation.

### Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility;

and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.