Terms of Reference (ToR) for the Statutory Audit

DANISH REFUGEE COUNCIL (DRC)

Sudan Mission

Period of Review: January – December 2024

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Time frame : 1 Month

1. **BACK GROUND**
   1. About DRC

The Danish Refugee Council (DRC) has been providing relief and development services in Sudan since 2014. Using a protection of human rights framework, DRC has mainly focused on refugees who are displaced by conflict and natural disaster. DRC’s programs include Protection, Food security & Livelihoods, Shelter/NFI.

* 1. Accounting and Financial Management Information

DRC's financial and operational procedures are guided by the DRC Operations Handbook, which outlines policies across various domains, including:

* Procurement and Logistics
* Accountability
* Finance
* Human Resources and Administration
* Programme Management

DRC uses **DRC Dynamics**, a multi-currency Enterprise Resource Planning (ERP) system. All transactions are recorded in the currency of expenditure and automatically converted into Danish Krone (DKK) and Sudanese Pound (SDG) for internal and external reporting. Each donor contract is associated with a unique project code, which is used for tracking funds, expenses, and reporting. Transactions from sub-offices are consolidated monthly through journal entries submitted to the central database.

* 1. The Auditor, Independence and Qualification

DRC invites proposals from licensed Certified Public Accountant (CPA) firms to conduct the statutory audit for the financial year ending 31 December 2024.

The selected audit firm must meet the following criteria:

* Be independent from DRC’s management and operations.
* Have no ongoing or recent employment or financial relationships with DRC staff or leadership.
* Disclose any existing relationships or circumstances that could affect independence.
* Demonstrate experience in conducting audits in accordance with international and national standards.
* Employ qualified personnel, including certified auditors with relevant sectoral experience.

**Firms are expected to submit the following documents:**

* Company profile
* CVs of audit partners, managers, supervisors, and key team members
* Evidence of experience in auditing similar INGOs
* Ability to engage with local authorities (e.g., Sudan Revenue Authority)
* List of INGOs audited in the last three years
* Demonstrated value-added services, such as guidance on tax compliance or changes in financial regulations

Shortlisted firms will be expected to present their proposal to DRC’s Senior Management Team and the Board (if applicable).

* 1. Engagement date

The final selection of the audit firm is expected to be completed by 25 April 2025.

1. **ACCOUNTING STANDARDS**

DRC Sudan follows the Danish Accounting Standards and complies with the legal and regulatory requirements of the Republic of Sudan and the Humanitarian Aid Commission (HAC). Additionally, DRC ensures adherence to donor-specific financial guidelines and reporting requirements as outlined in the Finance section of the Operations Handbook.

1. **AVAILABLE FACILITIES**

DRC retains financial and administrative documents at the Country Office in Port Sudan and at each Area Office. The audit team will be granted full access to all necessary documents and personnel, including:

* Books of accounts and financial records
* Donor agreements and budgets
* Meeting minutes
* Contracts and procurement records
* Bank statements and reconciliations
* Partner agreements
* Relevant staff and stakeholders

Access to third-party confirmations (e.g., banks, suppliers, consultants) will also be facilitated as needed.

1. **AUDIT SCOPE**
2. 1 Scope of Work

The objective of the audit is to enable the auditors to express an independent opinion on whether the financial statements for the year ending 31 December 2024 present a true and fair view in accordance with applicable accounting standards and legal requirements.

The audit shall cover the following:

* Review of the overall financial statements of DRC Sudan
* Examination of compliance with Sudanese tax regulations, HAC requirements, and donor terms
* Review of internal control systems and financial procedures
* Verification of bank reconciliations, cash counts, payroll, and procurements
* Sampling and testing of financial transactions across projects and offices
* Review of fixed asset registers and depreciation policies
* Audit visits to area offices as needed
* Issuance of a management letter identifying internal control weaknesses and recommendations
  1. **The Audit Report**
     1. Submission Date of the Audit Report

The audit is scheduled to begin on 1st of May 2025 and should conclude by 31st of May 2025.