

## **Sida's Standard terms of Reference for Annual Financial Audit of Project**

**Reference Number: SDN-11170\_RSS\_2022-0021**

**Description: SFNS-RSS-2021 Project Financial Audit**

**Posting Date: 8 February 2022**

**Deadline of Submission: 15 February 2022**

### **I. Introduction**

**Welthungerhilfe (WHH)**, hereafter referred to as the "cooperation Partner": The corporation partner wishes to engage the services of an audit firm the purpose of auditing the "**Sustainable Food and Nutrition Security in Red Sea State (SFNS- RSS) (Sida Contribution No. 14330)**", as stipulated in the agreement between the cooperation partner and Sida. The audit shall be carried out in accordance with international audit standard issued by IAASA. The audit shall be carried out by an external, independent and qualified auditor.

### **II. Objective and scope of Audit**

The objective is to audit for financial report for the period [ **2021-09-01 to 2021-12-31**] as submitted to Sida and to express an audit opinion according to ISA 800/805 on whether the financial report of [ **Sustainable Food and Nutrition Security in Red Sea State (SFNS- RSS) (Sida Contribution No. 14330)**] is in accordance with Sida's requirement for financial reporting as stimulated in the agreement including appendix between Sida and WHH.

### **III. Additional assignment: according to agree upon procedure ISRS 4400, review the following areas in accordance with the terms of reference below.**

Mandatory assignment that must be included:

1. 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 cost can be verified by sufficient supporting document.
2. 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.
3. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs. Regardless of materiality of the findings the auditor shall quantify the amount for costs lacking sufficient supporting documentation.

4. Examine whether foreign exchange gains/losses are disclosed as a separate item in the financial report as well as disclosed in accordance with what is stipulated in the agreement including appendices and general accepted accounting principles.
5. The cooperation partner's compliance with the applicable tax legislation with regards to taxes (e.g PAYE) and social security fees.
6. Follow up whether the cooperation partner has adhered to the procurement guidelines annexed or referred to the agreement.
7. Review if outgoing balance for pervious period is the same as incoming balance for the current period.
8. If the cooperation partner applies modified cash basis as accounting principles, the audit shall describe used method and describe possible effects on the accrual accounting within the project.
9. Verify the unspent balance at the end of the financial year against accounting records and its supporting documentation.
10. Verify the unspent balance that shall be repaid to Sida in the final report of the last agreement year. (Only applicable in the final report of the last agreement year)

Optional assignment to be included where applicable

- Follow up whether the cooperation partner has implemented the following recommendations from the assessment of internal control: 30.04,2021. The examination includes reviewing whether the cooperation partner has implemented the action points as described in cooperation partner's management response that has been submitted to Sida.
- Other additional assignments

### **Follow up of the funds that are channeled to implementing partners**

1. Review whether the cooperation partner have signed agreements with its implementation partner organizations
2. Review whether the audit requirements in agreements with partner organizations are in accordance with the audit requirements as stipulated in the organization's agreement with Sida.
3. (optional text to be inserted if other forms of control of funds other than audit has been agreed for grants to Third party of a lower threshold than SEK 500.00 for the total

agreement period. Review whether the cooperation partner has followed up grants according to the requirements under the audit article and Appendix to the agreement.

4. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between the cooperation partner and Side, for funds disbursed for the previous. The review shall include whether the cooperation partner makes documented assessments of the audited financial reports submitted to the cooperation partner and whether these reports are followed up by the cooperation partner. The review shall include verification of contribution equivalent of a minimum of 40% of the total of disbursed funds as well as 40 % of the number of contributions. The review shall also include any observations from auditors that Sida should be informed about.
5. Review whether the same requirements for reporting exchange rate gains and exchange rate losses as stipulated in the agreement between the cooperation partner and Side is included in the agreements between the cooperation partner and its implementation partner organization.

#### **IV. The Reporting**

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

The reporting from the auditor shall include an independent auditor's report in the accordance with the format in standard ISA 800/805 and the auditor's opinion shall be clearly stated. The independent auditor's report shall be clearly stipulate that the audit has been conducted in accordance with ISA 800/805. The reporting shall also include a management letter that discloses all audit findings (significant and other findings).as well as weakness identified during the audit process. The financial report that has been subject of the audit shall be attached to the audit reporting. The auditor shall make recommendations shall be presented in priority order.

If the auditor assesses that no findings or weakness 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.

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

The additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in a “Report of factual findings” . The size of the sample of reviewed audit reporting shall be stated in the report.

## **V. Timelines and Payment**

Work must be completed within 10 working days after approval

The payment shall be made after submission of the final report

### **The language Expression of Interest**

**The Expression of Interest bid, all correspondence, and documents related to the EOI exchanged by the bidder and the Contracting Authority must be written in English only.**

### **Prices**

All prices in your quotation must be indicated in EURO only.

**For any clarifications, please contact the following numbers or Email:**

- +249-912-509-982
- +249-912422-969
- +249-912-502-258

[dereje.kassa@welthungerhilfe.de](mailto:dereje.kassa@welthungerhilfe.de)

## **VI. Submission of Bids**

The deadline for submission of expression of interest is 15 February 2022.

Application should be sent by email to : [Procurement.Sudan@welthungerhilfe.de](mailto:Procurement.Sudan@welthungerhilfe.de)

Please indicate “**SFNS-RSS-2021 project Audit**”

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