TERMS OF REFERENCE

**FOR AUDIT OF [SDN100350& SDN100351 Joint Response 4 projects – JR4]**

**FUNDED BY [Dutch Relief Alliance]**

1. **Funds Background**

[Plan International – Sudan, received funding from the Dutch Relief Alliance – DRA. The costs were 3,015,666 €. The project takes place in Khartoum, South Kordofan and North Darfur States, and runs from01.01.2022 until 31.12.2023. However, this audit covers the period between (**01, January, 2022** to **31, December, 2022**). The auditor will carry out the audit of such statements of account in accordance with the following Terms of References.

The audit shall be reported in the following two documents in appendix 1 and 2, which includes an audit opinion in the submitted Auditor’s report and an attached Management letter describing the scope of the audit and factual findings.

The audit firm must be available to NLNO for an interview after the report is submitted.

1. **Audit Objectives**

The objective of the audit is to enable the auditor to express an independent professional opinion on:

* 1. Whether the financial position of the funded project, funds received and expenditures for the reporting period are presented fairly in all material respects in the financial report and in accordance with donor requirements;
  2. Whether the funds have been used in conformity with the provisions of the donor contract, including the approved budget and workplan and any amendments;
  3. Whether the financial report agrees with the financial accounts which provide the basis for preparation of the financial report and reflect the financial transactions of the project; and
  4. Whether the financial report agrees or reconciles with other information reported to the donor such as narrative reports;
  5. Since the project currency is Euro, the opinions of the auditor are always to be written on the transactions in this currency.

1. **Responsibility for Preparing the Financial Report**

The responsibility for the preparation of the consolidated financial report for each implementing organisation covered by the audit, if applicable, lies with Plan International Sudan.

1. **Financial Statements**

The financial statements should include the following components:

* 1. In the currency of the donor contract, an Income and Expenditure Statement showing funds received and all expenditures. Expenditures should be reported against the budget as defined in the donor contract for the period with the actual expenditure allocated to the same budget categories;
  2. A statement of financial position
  3. A statement of changes in net assets
  4. Any other footnotes applicable.
  5. Supplemental statements on advances and fixed assets, including: (a) a statement or annex showing partner advances and reconciliation of total amount advanced by Plan to sub-grant partners with recorded expenditure and cash balances at the end of the reporting period, (b) a listing of all fixed assets purchased with grant funds.

1. **Audit Scope of Work**
   1. The Audit shall confirm:

* The identity of the project concerned.
* In which way the audit has been carried out.
  1. The audit should offer an opinion on the following areas:
* Does the Financial Project Report correspond with the agreement?
* Are the recorded expenses in the Financial Project Report in line with the approved original budget and activity plan?
* Is the approved Financial Project Report free of material misstatement?
* Have the funds have been utilised in accordance with the approved budget and planned activities?
* The organisation has kept registers of the Petty Cash and the Bank Accounts. In the absence of the project bank account, there are sufficient internal controls to monitor the project funds.
* Based on a representative selection, the expenditures are supported by original bills, duly cancelled, stamped and signed. Appropriate and approved internal procedures for authorising disbursements have been adhered to.
* Were the tender requirements adhered to for all construction and acquisition measures and if not, which costs are not eligible?
* Were the numerous correction bookings sufficiently justified and did they result in losses in Euros that have to be refunded to the donor?
* Were employee expenditures always posted to the correct posting line in SAP, or were there incorrect postings that were not adequately corrected and must be refunded to the donor?
* The audit shall especially verify, at least by sampling and on site, any irregularities in the invoicing of meals, the completeness and credibility of the lists of participants, all expenditures related to workshops, hotels/accommodation, perdiems, staff insurance and taxes, vehicle maintenance and services and shall present, if necessary, a list of expenses that are ineligible.
* What impression do the auditors have of the accounting in general and on the archiving of physical documents in the various offices, including the partner’s office?
* Were any bookings made outside the agreed project period and if so, which ones?
* Were there additional expenditures of more than 20% in budget lines and if so, which ones?
* What is the underspending of the project that needs to be repaid to the donor?
* What is the amount of the exchange rate gains in Euro?
* Was the separation between apportioned and direct costs adhered to or was there any commingling?

1. **Auditor’s report**

The audit shall be conducted in accordance with International Standards on Auditing (ISA) 800 “The Independent Auditor’s Report on Special Purpose Audit Engagements and as promulgated by the International Federation of Accountants and that standards used for the preparation of the financial statements are in accordance with the International Financial Reporting Standards.

The Auditor’s report shall include an audit opinion. See example and format for an Auditor’s report, appendix 1.

1. **Management Letter**

The auditor shall also, attached to the Auditor’s Report, submit a Management letter which needs to describe the purpose and the agreed-upon procedures of the engagement in sufficient detail to enable the reader to understand the nature and the extent of the work performed. The Management letter shall also include factual findings. See example and format for a Management letter attached to the Auditor’s report, appendix 2.

1. **Reporting**

[CO name] will forward the Auditor's Report and Management Letter to the NLNO/Donor in [Country] through both email and regular mail or courier. The report should be in English.

1. **Audit Report**

The required number of copies of the signed report will be submitted by Plan both in hard copy and PDF soft copy.

**SAFEGUARDING AND PROCESSING OF PERSONAL DATA DURING AUDITS**  
In the course of this audit, we may need to interview children and adults, who are beneficiaries of Plan International projects and programmes (both grant and sponsorship funded), to verify their participation and their existence. The grounds for processing their personal data is within the legitimate interest of the organisation as part of the routine monitoring activities of the organisation in delivering these projects and programmes. The audit does not intend to use the personal data obtained from such interviews for any other purpose other than monitoring and verification of Plan’s activities. The personal data will be held securely by the relevant auditors. Once we have identified our sample beneficiaries we will request the Country Office to inform the children and young people (and where appropriate their parent/guardian), and adults that the audit team would like to interview them on their engagement with Plan International and it must be made clear to them that they are not obliged to take part or answer any questions they do not feel comfortable with. Additionally, the Country Office will need to assure them that their participation or not will have no impact on their association with Plan International or any perceived benefits.

**Appendix 1**

**Example format for the Auditor’s Report**

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**AUDITOR’S REPORT (IN ACCORDANCE WITH ISA 800/805) TO THE DONORS OF [Plan International] – [SDN100350& SDN100351 Joint Response 4 projects]**

We have examined the financial statements for the [Project name] set out on pages.... The management is responsible for preparing the financial project report. Our responsibility is to report to you our opinion on the consistency of the financial report within the [Project name] and its compliance with agreement and regulations. We also read other information contained in the financial project report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statements whether due to fraud or error.

We conducted our audit in accordance with International Standards on Auditing (ISA 800/805), and the applicable parts of the agreement between [Donor name] and [Plan Office]. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statement within the financial project report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial report. An audit also includes assessing the accounting principles used and their application by the management and significant estimates made by the management when preparing the financial statement as well as evaluating the overall presentation of information in the financial statement. We believe that our audit provides a reasonable basis for our opinion set out below.

**Basis of opinion**

We conducted our work in accordance with ISA 800/805 “The Independent Auditor’s Report on Special Purpose Audit Engagements”.

**Opinion**

In our opinion, the financial report for the project is consistent with the accounting system, complies with the agreement and regulations and has been prepared in accordance with the agreement between [Donor name] and [Plan Office].

[Name and title of auditor]

[Address]

**Appendix 2**

**Example format for the Management Letter/Report of Factual Findings**

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**REPORT OF FACTUAL FINDINGS**

To [CO Name] Management

**Scope of audit**

We have performed the procedures agreed with you and enumerated below with respect to the financial project report as at [date] of [organisation]’s [Project name] , for the time period DD/MM/YYYY to DD/MM/YYYY showing total expenditure of [currency] [amount].

Our engagement was undertaken in accordance with [standards and regulations]. The procedures were performed solely to assist you your commitment to Plan International regarding the validity of the financial project report, and the following most important procedures were undertaken during the audit:

1. [Risk analysis according to ISA 315, describe the most significant standpoints in the planning of the audit]

2. [Review process of fraud and corruption according to ISA 240]

3. ……

4. ……

**Outcome and significant observations**

We report our findings below:

a) ….

b) ….

c)

Our report is solely for the purpose set forth above and for your information and is not to be used for any other purpose or to be distributed to any other parties than Plan International and [donor name].

[Date and place]

[Name and title of auditor]

[Address]

[See guidance section 3.4](https://planet.planapps.org/Funding/InstitutionalFunding/Documents/GLO-Fund_Grant_Mgmt_Guidance-Stage%203_3.4%20External%20audits.pdf?Web=1)