AUDIT TERMS OF REFERENCE

**FOR AUDIT OF Plan International Sudan FY 2020 Statutory Audit**

1. **Background**

[Plan International Sudan has been implementing sponsorship and grant projects; with a total budget of **561,316,818 SDG (EUR 10,649,758.47)**; in four states (White Nile, Kassala, North Kordofan and North Darfur,) These program units operations are supervised and supported by the main office in Khartoum that includes different department managers and teams.; for the period from January 2020 to Dec, 2020 The auditor will carry out the audit of such statements of account in accordance with the following Terms of References. The audit firm can however be contracted for longer period 4 years up to December 2023.

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.

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 projects, funds received and expenditures for the reporting period are presented fairly in all material respects in the financial report and in accordance with Plan International and donor requirements;
  2. Whether the funds have been used in conformity with the provisions of the donor contract, including the approved budget and work plan 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 projects
  4. Whether the financial report greets or reconciles with other information reported to the donor such as narrative reports.
  5. The funds have been utilized in accordance with the approved budget and planned activities and any unspent amount shall be clearly stated in the report.
  6. All expenditures are supported by original bills, duly cancelled =, stamped and signed based on levels of authorities.
  7. Internal appropriate and approved procedures for authorizing disbursements have been adhered to.
  8. The conversion of the currency is supported by an official receipt from the bank or authorized Money Exchange Bureau.
  9. The Organization is maintaining a proper system and registers for cash and bank accounts.

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 LC and EUR, 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**

5.1 PLAN International Sudan have five Area Offices located:

1. Elobied, North Kordofan State.
2. Kassala, Kassala State.
3. ELdowaim, White Nile State
4. Kosti, Whitle Nile State.
5. Elfashir North Darfur State.
6. In Addition to the country Office in Khartoum.

The Audit company shall submit their offer in SDG.

The Audit company shall cover the travels and travel related costs for their staff travelling for audit of the area Offices (travel ticket, Accommodation, etc..).

Audit company shall be the tax as per the government law.

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.

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**

Plan International Sudan will forward the Auditor's Report and Management Letter to the Humanitarian Affairs Commissioner (HAC) and Donors in Sudan 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.

Closing Date 15th March 2021

**Appendix 1**

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

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**AUDITOR’S REPORT (IN ACCORDANCE WITH ISA 800/805)**

We have examined the financial statements for the [PLAN International Sudan] set out on pages.... The management is responsible for preparing the financial report. Our responsibility is to report to you our opinion on the consistency of the financial report within the [Projects] and its compliance with agreements and regulations. We also read other information contained in the financial 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 [Donors] and [Plan Office]. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statement within the financial projects reports 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 Plan International Sudan is consistent with the accounting system, complies with the agreement and regulations and has been prepared in accordance with the agreement between Plan International donors and Plan International Sudan.

[Date and place]

[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 year as at [date] of [organisation] for the time period 01/01/2018 to 31/12/2018 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 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 Sudan and [HAC/Donors]..

[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)