



TERMS OF REFERENCE FOR ANNUAL INSTITUTIONAL AUDIT FOR CEPAD FY23

1. Background.

Community Empowerment for Peace and Development West Nile (CEPAD-WN) is a voluntary non-profit-making organization that works to resist violence, transform conflicts, and build peace in communities. Founded in 2014 by Ugandan women who have worked in conflict zones for more than a decade and are scholars of peace and conflict management. CEPAD-WN is registered with the National Bureau for NGOs with REG No 5623, a member of the West Nile Civil Society Network, the West Nile Humanitarian platform and the charter 4change. The organization since its inception has worked with civil society organizations, particularly the youth, women, faith-based, refugee population and traditional structures in West Nile to transform conflicts, and to promote nonviolent and democratic principles. Based in Arua, Uganda, CEPAD-WN works with vulnerable groups and partners across the country to support individuals and organizations to enhance the skills needed to transform violent conflicts and build bridges across ethnic, religious, and political divides.

Our Vision:

A nonviolent and peaceful society where every person has access to basic rights and a life in dignity.

Mission

works with vulnerable people to promote nonviolent actions, good governance, gender equity and community safety through training, research and advocacy.

Core Values:

1. Social Justice
2. Integrity
3. Voluntarism
4. Inclusion
5. Accountability

2. Objective of the Audit

The objective of the audit is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, thereby enabling the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.

The auditor also expresses an opinion whether the funds were properly supported with approved documentation and used for the purpose intended in accordance with the approved budget, requirements of the applicable funding agreement and the organization's policies and procedures.

The audit shall be both the desk review audit and field activity audit as entire process termed as;

- ★ **Systeme audit**
- ★ **Documentation and Reporting audit**
- ★ **Physical audit**
- ★ **Activity audits.**
- ★ **Lifestyle audit**

3. Standard

The audit is conducted in accordance with International Auditing Standards (ISA) 800 Special Considerations – Audit of Financial Statements Prepared in Accordance with Special Purpose Frameworks.

The audit is conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) if the auditor is a supreme audit institution.

4. Planning, procedures, documentation and evidence

The Auditor should plan the work so that an effective audit can be performed. For this purpose He/She performs the procedures specified in CEPAD WN Guidelines on annual Audits and he uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with CEPAD WN and these ToR.

5. Scope of the Audit

The scope includes a definition of the entity, or the portion of an entity, that is subject to audit. This is normally the programme counterpart unit whether located within the implementing partner or in a separate location.

The Auditor shall undertake this engagement in accordance with these Terms of

Reference and:

- In accordance with the International Standard on Audit (ISA) to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- In compliance with the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, the Contracting Authority requires that the auditor also complies with the independence requirements of the Code of Ethics for Professional Accountants.
- In accordance with International Standards on Auditing and in line with CEPAD's Guidelines for Project Audits.
- The audit will be carried out in accordance with the International Auditing Standards and will include tests and verification procedures as the auditors deem necessary.
- Verify all funds for the selected projects have been used in accordance with the established rules and regulations of CEPAD WN and only for the purposes for which the funds were provided.
- Goods, works and services financed have been procured in accordance with the CEPADWN established rules and procedures.
- Appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented to.
- The financial statements have been prepared by CEPAD WN management in accordance with applicable accounting standards and give a true and fair view of the financial position of the selected CEPAD WN projects and of its receipts and expenditures for the period ended on that date.
- Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions.
- Express an opinion as to reasonableness of the financial statements in all material respects.
- Include in their reports opinion on compliance with procedures designed to provide reasonable assurance of detecting misstatements due to errors or fraud that are material in the financial statements.
- Assess the assets and fleet management system and their account reporting like the asset register, asset maintenance cost management, fuel reporting and cost management and others deemed necessary.

- Comprehensively assess the stock management including the storage, distribution and accountability and reporting.
- Conduct entry and exit meetings with the Executive Director of CEPADWN.
- In addition to the audit report, the auditors will prepare a Management Letter on the following:
 - Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit.
 - Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement.
 - Report on the implementation status of recommendations pertaining to previous period audit reports.
 - Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
 - Bring to the Executive Director's attention any other matters that the auditors consider pertinent.

8. Deliverables

1. The audit report must clearly indicate the auditor's opinion on the financial statement (s) of the project(s). The audit report must also state, at a minimum:
 - a. The Combined Delivery Report (CDR), serves as the official statement of expenses that will be subject to audit. The statement of assets and equipment, statement of cash position, and list of inventory as at 31 December 2023 (or on the date prescribed by the CEPAD WN), as appropriate, may also be subject to audit based on CEPAD WN specific requirements.
 - b. That the audit report is a special purpose and confidential report;
 - c. Period covered by the audit opinion and the statement of expenses is for the period 1 January to 31 December 2023 by the client
 - d. Total amount of expenses, assets, cash balance and inventory audited, to be reported separately for each project implemented by CEPAD WN.
 - e. Scope limitation (if any) for those transactions that are the responsibility of the CEPAD WN
 - f. Amount of the net financial impact of the qualified audit opinion if qualified, to be reported separately for each CEPAD WN, in case the IP(s) are shared by two or Donors,

and the reason(s) resulting in the issuance of a qualified, adverse or disclaimer opinion as per.

- g. Management letter as described below and further detailed in Appendix XI.

7. Management's Responsibility for the Statement

Management of the recipient of funds is responsible for the preparation of the statement in accordance with the CEPAD WN accounting policies and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

8. Auditor's Responsibility

Risk levels

In addition to explaining the and giving details about the 'effect, potential impact or risk' in the text of an audit observation, CEPAD WN requires that the auditor also identifies the risk level in the audit report by using one of the following three pre-established risk levels:

Internal Control Findings (with the risk rating for each CEPAD WN if applicable).

Financial Findings (with Financial Impact and risk rating for each Projects) impact is not required.

Compliance Findings

Other Findings

Share list for audit samples

Other Pertinent Matters

- Cases which indicate fraud or presumptive fraud will be brought to the immediate attention of the
- Board of directors by the auditor.
- Commissioning the audit without waiting for the issuance of the audit report.
- Protocols on management replies, draft and submission of final signing audit reports will follow the guidance and rules of CEPAD WN. This includes requirements related to language of reports (and other documents) as well as file formats (e.g. PDF, doc etc.).

Final audit reports are to be issued by the auditor directly to the Executive Director and will share the final audit report(s) with the Board members for adoption.

Requirements for multilingual audit staff are to be specified by CEPAD WN.

Any indication included in the audit report restricting its distribution and/or use will be null and void

9. Management Letter.

The auditor is required to submit a management letter that takes into consideration the following:

- General review of the project(s)' progress and timeliness in relation to progress milestones and the planned completion date;
- An assessment of the implementing partner's internal controls as related to the project(s) with equal emphasis on:
 - the effectiveness of the system of internal control in the areas of operations/finance/compliance management in providing programme management with useful and timely information for the proper management of programme;
 - the general effectiveness of internal control system in protecting the assets and resources of the programme, and in preventing and detecting fraud; and
- The compliance with contractual documents between the implementing partner and Donor
These can be examined through the review of overall programme management, financial operations, controls and cash/fund management, contracting for procurement of goods and services, staffing and management of human resources, assets/property management, ICT and general services, and other observations.
- Sample categories of Internal, Compliance and other control findings are provided in.
- A description of any specific internal control weaknesses noted in the financial management of the programme and the audit procedures followed to address or compensate for the weaknesses, resulting in recommendations to resolve/eliminate the internal control weaknesses identified.

10. Data Protection Policy:

The Contractor shall agree that all relevant data, maps, diagrams, plans, reports, statistics and supporting material compiled by the Auditor, relating to the Service shall be the property of the Client and the Client shall have the copyright of the same.

The auditor shall commit not to share the information obtained during this audit to any outsider without the authorization of the management of CEPAD WN.

11. Financial Conditions-Guarantees

- **Remuneration**

The payment shall be released on presentation by the Contractor of a TAX invoice in Ugandan Shillings to the Client provided the conditions of each payment are met. The Contractor's remuneration shall be paid through a bank transfer or cheque in Ugandan Shillings.

This is a turnkey contract and the contractor is expected to deliver a product that fully meets

- **Terms of Payment**

The payment schedule shall be as follows:

Payment 1: Payment of 100% of contract sum, UGX. will be made upon 100% completion of the work, reports and other materials submitted by the Contractor and completion report approved by the executive director. Then the contractor shall submit an invoice for the full balance of 100% of the contract amount to finance for payment.

All relevant taxes will be deducted from the payments made. Like WHT of 6% (UGX) of the total contract value or any level amount of money payable.

12. Duration of the audit

This audit is expected to take 15 working days in the first month of 2024

13. Academic Qualification/Education:

Advanced University Degree (Master) in accounting, finance or related fields or first level degree in combination with a professional certification, i.e., Chartered Accountant, Certified Public Accountant or Certified Chartered Accountant

Professional certification of CISA (Certified Information Systems Auditor) is a must

Additional professional certifications (CIA, CFE) are desirable

Additional professional certifications on information technology are desirable.

14. Experience:

At least 7 years of practical experience in Financial audit preferably in Not-for-profit sector, public administration.

Expert level knowledge and practical experience in auditing Financial administration for donor projects, governance, security, risk management and management of large .

Knowledge in Microsoft applications is a plus.

15. Language skills:

Excellent writing, editing and oral communication skills in English.

16. Evaluation of Applicants

Individual consultants will be evaluated based on a cumulative analysis taking into consideration the combination of the applicants' qualifications and financial proposal.

The award of the contract should be made to the individual consultant whose offer has been evaluated and determined as:

- a) Responsive/ qualified compliant and
- b) The highest score received for technical and financial evaluations based on predetermined criteria.

Technical Evaluation: max 80 points (weight 80 percent of total evaluation):

Criteria A – Academic qualifications/education: 30 points

- Master, or Bachelor with Professional Certifications (Chartered Accountant, Certified Public Accountant, Chartered Certified Accountant) : 10 points
- CISA: 10 points (This is a “must” criteria) Other certification: 2 points each (max 10 points)

Criteria B – Experience in IT audit: 40 points

- 10 years experience: 10 points
- Thereafter, 2 points every additional year (max. 10 points)
- Leading position in IT audit assignment: 4 points per assignment (max. 20 points)

Criteria C – Audit experience in public sector: 10 points

- 2 points per year (max 10 points)
- Financial Evaluation: max 20 points (weight 20 percent of total evaluation)
- Financial proposals will be evaluated only for candidates who reached a minimum of 80 percent of technical evaluation (i.e. 64 points) and who possess

How to apply

Any interested firm or individual should send a Technical and financial proposal to the emails address cepadwestnile@gmail.com , fm@cepadwestnile.org, or hand deliver to the office at the address above note later than December 31, 2023 by close of business.

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