

## Terms of Reference- External Audit

### TERMS OF REFERENCE OF AN EXTERNAL AUDIT

#### **Organization: Insan Association**

Project: Building the capacity of MENA civil society to better mobilize for the protection of migrants rights in the region

AUDIT PERIOD: January – December 2019

#### **OBJECTIVES**

The objectives of this audit is for the auditor to assess the following:

- Financial information and financial reports accurately reflect actual expenditures of project funds during the project period from January 1, 2019 to December 31<sup>st</sup>, 2019 in accordance with the applicable Contractual Conditions established with the donors (if any);
- Income and expenses, assets and liabilities are duly supported by the original receipts and have been properly accounted for; goods are declared as used, inventory systems reveal evidence of existence at the date of the agreement; the method applied for the conversion of local and foreign currencies into euros is in line with standard accounting practices;
- Suitable and functional internal control system are put in place by the organization dispensing the funds
- Recommendations from previous assessments are well implemented and internal measures and procedures are developed.

#### **Aims of the audit:**

The audit should cover compliance of accounting and financial operations, reporting and management, as well as accounting procedures (referring to national laws and international accounting standards).

The audit must also verify that the expenses described in the financial statements are reconciled with supporting documents and bank statements.

The audit must also assess the extent to which results from previous assessment has been implemented and the kinds of measures that have been put in place.

The period covered by the audit is: January 1, 2019 to December 31, 2019

The audit will take place in: Beirut, Lebanon.

### **Methods:**

The audit method and techniques to be used must be in accordance with international standards on auditing (ISAs) and the auditor's report to be issued in accordance with ISA 805.

### **REPORTS**

The audit report should include the following elements:

- Audit method used and purpose of the audit.
- A statement affirming that all the information and documentation necessary to complete the audit has been made available as required.
- Statement that the required auditing standards have been applied.
- Formal opinion.
- The period covered by the report.
- The list of procedures and documents analyzed in accounting, financial, HR and administrative matters and recommendations for improvements if necessary.
- The % of verified expenses.
- Cash flow statement covering the project implementation period.
- Balance of receipts and expenses covering the project implementation period.
- Income table by source of funding.
- The balance sheet at the end of the implementation period.

Once the audit is complete the auditor must draft a letter to the entity that commissioned the audit. The letter should include recommendations on how to address potential weaknesses in financial regularity, the internal control system, adherence to contractual conditions (if any) and the judicious use of financial resources. The audit report must be written in English.

### **DEADLINES**

The auditors will have to provide a draft final report on the results of their analysis which includes an opinion, a summary of the observations made and a set of conclusions and recommendations, before 15 January 2020.

These results will have to be reviewed by the financial officer of the organization before the audit report is finalized and submitted.

## **ELIGIBILITY**

The Auditor must comply with at least one of the following conditions:

- The Auditor and / or the firm is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).
- The Auditor and / or the firm is a member of a national accounting or audit body or institution. Although this organization is not a member of IFAC, the Auditor agrees to work in accordance with the IFAC Standards and the Ethics set out in the ToRs set forth herein.
- The Auditor and / or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to the principles of public oversight as set out in the legislation of the country concerned.

## **HOW TO APPLY**

Please send your application in English to the following e-mail addresses: [larabian@insanlb.org](mailto:larabian@insanlb.org) not later than 16th of December 2019.

The application shall include the following;

- CV of the consultant(s) and name of the consultancy firm he/she represents.
- Proposed methodology and timeframe
- Financial offer and payment Schedule