



Terms of Reference (TOR) For Audit Services

- **Organization:** Nabad for Development
Audit Year: 2024
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1. Background and Introduction

- Nabad for Development is a non-governmental organization (NGO) focused on improving community development, social welfare, and sustainable development in rural areas. The organization is committed to financial transparency and accountability to its stakeholders, including donors, beneficiaries, and regulatory authorities.
 - For the fiscal year 2024, Nabad for Development seeks to engage an independent external auditor to review and audit its financial statements. This audit will provide an objective assessment of the organization's financial health, ensure compliance with applicable accounting standards and legal requirements, and enhance accountability in the management of resources.
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2. Objective of the Audit

The main objective of the audit is to:

- **Verify the accuracy** and completeness of Nabad for Development's financial statements for the fiscal year 2024.
 - **Assess compliance** with applicable financial regulations, laws, and accounting standards (including International Financial Reporting Standards, IFRS, or any local applicable standards).
 - **Provide an opinion** on whether the financial statements present a true and fair view of the organization's financial position and performance.
 - **Identify any material misstatements, errors, or fraud** in the financial records.
 - **Review internal controls** to ensure that the organization's operations are effective and that resources are managed efficiently.
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3. Scope of the Audit

The audit will cover the following key areas:

- **Financial Statements Review:** The auditor will review all financial statements, including the balance sheet, income statement, cash flow statement, and statement of changes in equity, prepared for the year ending December 31, 2024.
- **Income and Expenditure:** The auditor will verify the sources of income (donations,



grants, etc.) and ensure that all expenditures are in line with the organization's financial policies and are properly supported by documentation.

- **Bank Reconciliations:** The auditor will examine the bank statements and reconcile them with the financial records.
 - **Assets and Liabilities:** The auditor will verify the accuracy of recorded assets, including fixed assets, and liabilities.
 - **Compliance Review:** Ensure the organization is in compliance with applicable tax laws, donor agreements, and government regulations.
 - **Internal Control Evaluation:** Evaluate the internal control systems in place to manage financial risks, detect fraud, and ensure financial integrity.
 - **Governance and Oversight:** Assess the role of the Board of Directors and management in overseeing financial reporting and internal controls.
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4. Methodology

The audit will be carried out in accordance with internationally accepted auditing standards, such as those set by the International Standards on Auditing (ISA). The key steps in the audit process will include:

Pre-Audit Planning:

A meeting with Nabad for Development's management to discuss the audit approach, timelines, and documentation requirements.

Review of previous audit reports (if any) and understanding of the organizational structure.

Fieldwork:

On-site or remote visits (depending on availability and operational circumstances).

Review of financial records and transactions.

Interviews with key personnel to assess financial management practices.

Reporting:

Preparation of the audit report, which will include:

The auditor's opinion on the financial statements.

Any findings or areas of concern (e.g., internal control weaknesses, non-compliance).

Recommendations for improvements in financial management practices.

Exit Meeting:

A meeting with Nabad for Development's management to discuss the preliminary audit findings.



Final adjustments to the audit report, based on feedback.

5. Deliverables

The external auditor is expected to deliver the following:

Audit Report: A formal report containing the auditor's opinion on the financial statements, as well as any findings or recommendations for improving financial practices.

- **Financial Statements:** Review and endorsement of the financial statements for the year 2024.
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6. Timeline

The audit process will follow the timeline below:

- **Audit Start Date:** February 01, 2025
- **Final Report Submission:** February 15, 2025

The timeline is subject to change based on the availability of documents and coordination with Nabad for Development's management team.

7. Auditor Qualifications and Experience

The auditor selected should meet the following criteria:

- Be a qualified and licensed external auditor with experience in auditing NGOs or similar nonprofit organizations.
 - Demonstrated experience with International Financial Reporting Standards (IFRS) and/or the applicable local accounting standards.
 - Ability to provide an independent, impartial, and professional audit opinion.
 - Experience in assessing internal control systems and identifying financial risks.
 - Strong communication skills to effectively present audit findings to management and the Board.
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8. Responsibilities of Nabad for Development

- To facilitate the audit process, Nabad for Development is responsible for:
- Providing the auditor with access to all relevant financial records, including receipts, bank statements, ledgers, and financial reports.
- Ensuring that staff members are available to provide necessary information and



clarifications.

- Responding promptly to any queries from the auditor and providing all required documentation.
 - Cooperating with the auditor in scheduling meetings, fieldwork, and report presentations.
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9. Confidentiality

- The auditor will be required to sign a confidentiality agreement to protect sensitive financial and operational information during the audit process. All findings, reports, and communications shall be kept confidential and shared only with authorized personnel.
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10. Audit Fees and Payment Terms

- The audit fee will be based on an agreed-upon budget and should be competitive within the market for similar audit services.
 - Payment terms will be outlined in the contract, with payments made according to an agreed schedule.
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