

## **TERMS OF REFERENCE FOR ANNUAL AUDIT**

### **I. Introduction**

Brief background information:

[X] wishes to engage the services of an audit firm for the purpose of auditing the project/programme X, as stipulated in the agreement between [X] and Sida/Sweden. The audit shall be carried out in accordance with international audit standards issued by International Organization Federation of Accountants (IFAC). The audit shall be carried out by an external, independent and qualified auditor (Certified Public Accountant/Authorized Public Accountant).

### **II. Objectives and scope of the audit**

-Audit the Financial report for period "January-December 200X" as submitted to the donor and express an audit opinion according to ISA 800 on whether the financial report of X project/programme submitted to the donor, is in accordance with [X]s accounting records and agreed budget.

-Examine, assess and report on compliance with the terms and conditions of the agreement [State which agreement articles] and applicable laws and regulations within accounting and taxes.

- The auditor shall examine on a test basis that there is supporting documentation related to reported expenditure. The size of the test shall be based on the auditor's risk analysis and that should be stated in the report. The auditor shall report the identified amount in case there is any missing supporting documentation.

- The auditor shall submit an audit memorandum/management letter, which shall contain the audit findings made during the audit process. The audit memorandum/management letter shall state which measures that have been taken as a result of previous audits and whether measures taken have been adequate to deal with reported shortcomings.

- Examine if [X] has agreements with the organisations to which it channels parts of the funds and whether [X] has followed Sida's audit rule and have satisfying routines/resources for acting on received audit reports from these organisations.

### **IV. The auditor's reporting**

The auditor's report shall contain details regarding used audit method and the scope of the audit.

The report shall contain an assurance that the audit was performed in accordance with international standards and by a qualified auditor.

The report shall contain the responsible auditor's signature (not just the audit firm) and title.

The auditor shall make recommendations to address any weaknesses identified. The recommendations should be presented in priority.

The report shall not exceed 20 pages, be written in English and be presented to [X] in X copies and one digital for onward transmission to Sida, within X weeks after the last visit. STATE DATE!