

1. Introduction

iDE is an international NGO with over 30 years of experience in designing and delivering market based anti-poverty programs in 11 countries. We are a world leader in making markets work for the poor as well as the longest established market development specialist NGO in Bangladesh. iDE believes that markets can be a powerful force for improving smallholder prosperity by creating income and livelihood opportunities for poor rural households. iDE Bangladesh currently has nine projects in agricultural markets, water, sanitation and hygiene (WASH), and access to finance with a focus on women's economic empowerment and climate-smart technologies.

iDE is looking to employ the services of an audit firm for the purpose of conducting the organisation's statutory audit for the 2017-2018 fiscal year. The audit shall be carried out in accordance with the international audit standards issued by International Auditing and Assurance Standards Board (IAASB). The following are the terms of reference (ToR) on which iDE agrees to engage the Audit firm/ organization to perform financial and systems audit.

2. Scope of work

- A. The Auditor should obtain a preliminary understanding of the engagement context on the basis of the information above. The aforementioned contains key information including the reason for the audit, logistics requirements, the Contractual Conditions for the Project, grant agreement details and key documents. Yearly Audit of International Development Enterprise:
- The auditor must conduct an appropriate risk assessment to establish testing and sampling methods. An audit plan must be submitted to the Finance Director five days prior to the commencement of the audit. The commencement of the audit may consist of an entrance conference with a member of the unit in attendance.
 - In the course of the auditor's work, it is expected that the auditor will review, and if appropriate provide comments, on the following documents:
 - i. Annual Financial Statement,
 - ii. Prior year Audit Report and related Corrective Action Plans,
 - iii. Organization charts,
 - iv. Administrative code and related ordinances or resolutions, and
 - v. Internal procedural manuals or policies, including but not limited to: Personnel, Purchasing, and Financial management.
- B. The contractor must complete the following reports, studies, and analyses:
- Confirm cash accounts at 4:00 PM on 31st December 2018.
 - Perform cut-off procedures, i.e., search for unrecorded liabilities.
 - Perform walkthroughs (i.e., observation and testing) of key controls.
 - Perform disbursement testing of payroll and general expenses – view supporting documentation.
 - Review grants revenue recognition.
 - Confirm accounts receivable potentially (depends on Dec. 31 balance).
 - Inventory count observation and review of inventory procedures.

- Observe fixed assets, i.e., on a sample basis, test additions to and disposals from fixed assets.
 - Review carbon credit sales transaction, if applicable.
 - Review transactions related to Intercompany Transactions.
 - Verify and confirm that the required internal control/check system is in existence.
 - Verify and confirm the completeness of the budget variance statement prepared.
 - Verify bank transactions to confirm that the fund was received accordingly in the assigned bank account and was used only for the project purpose.
 - The auditor reserves the right to include additional/special check if felt necessary.
- C. FD-4 Certification for FD-6 related projects with the same scope of work as mentioned above.
- D. The audit firm must follow up on any finding, outliers or anomalies that are identified during the engagement and provide a written conclusion based upon the facts and professional judgment.
- E. The auditor shall identify and provide a report on any efficiencies or procedures that would lead to cost savings for iDE or their donors that the auditor discovers beyond those that have been identified from the process in “A” through “D” above, including in the report any findings of non-compliance with applicable laws, regulations, and governance.
- F. At least ten working days before the date of submission of the final draft of the audit to iDE, the auditor shall, upon receipt of written approval from the Finance unit, conduct an exit interview and provide a draft of the final report to the iDE Senior Management team to review. iDE SMT shall be encouraged to respond to the report in writing. Any written response from iDE SMT shall be included in the final report submitted to iDE.

3. Deliverables

Through this ToR iDE requires the audit firm to provide five (5) separate and specific deliverables as mentioned below, following the principles outlined in the scope of work:

Deliverable 1: Consolidated Audit Report for iDE Global:

Period of audit	January 2018 to December 2018, or as needed
Proposed date Start	January 27th, 2019
Report submission date	<ul style="list-style-type: none"> ● Draft report to be provided by auditor to IDE on/or before 25th February 2019 ● Report finalization by iDE Bangladesh 28th February 2019 ● Final report to be completed by auditor on/before 5th March 2019

Deliverable 2: Consolidated Statutory Audit:

Period of audit	July 2018 to June 2019
Proposed date Start	July 23rd, 2019
Report submission date	<ul style="list-style-type: none"> • Draft report to be provided by auditor to iDE 22nd August 2019 • Report finalization by iDE Bangladesh on 26th August, 2019 • Final report to be completed by auditor on/before 28th August, 2019

Deliverable 3: Project Specific FD 6 Audit:

Name of Project	Audit Period	Audit start date	Draft Report	Final Report
SUCHANA	August 2018 to July 2019	27 August 2019	22 September 2019	26 September 2019
Thermofluidics	May 2018 to April 2019	20 May 2019	20 June 2019	26 June 2019
WEESMS	July 2018 to June 2019	22 July 2019	19 August 2019	26 August 2019

Deliverable 4: Audit of iDE Bangladesh Employee Provident Funds

Name of Project	Audit Period	Audit start date	Draft Report	Final Report
iDE Bangladesh Employees' Provident fund	Jan-Dec-18	10 Feb-19	28 Feb-19	11 Mar-19

Deliverable 5: Audit of iDE Bangladesh Employee Gratuity Fund:

Name of Project	Audit Period	Audit start date	Draft Report	Final Report
iDE Bangladesh Employees' Gratuity fund	July-18 to June-19	22 July 2018	19 August 2019	26 August 2019

4. Name of the Projects To Be in the Consolidated Audit

Name Of Project	Period	Place of Audit
PROOFS	Jan 2018 - Oct 2018	Dhaka Head Office, Barishal, Rangpur
CSISA-MI	Jan 2018 - Dec 2018	Dhaka Head Office, Faridpur, Barishal, Jessore
SRFSI	Feb 2018 - Dec 2018	Dhaka Head Office
iDE General (including local fund)	Jan 2018 - Dec 2018	Dhaka Head Office
SanMark Systems	Jan 2018 - Dec 2018	Dhaka Head Office, Barishal, Khulna, Sunamganj, Bogura, Rangpur
SUCHANA	Jan 2018 - Dec 2018	Dhaka Head Office, Sylhet, Moulvibazaar
PAEGC	Jan 2018 - Nov 2018	Dhaka Head Office, Barishal
WEESMS	Jan 2018 - Dec 2018	Dhaka Head Office, Khulna, Rangpur
Thermofluidics	Jan 2018 - Dec 2018	Dhaka Head Office, Savar

Note: The total value for the transaction of all projects will amount to approximately BDT 38 Crores (USD 4.7 million).

5. Reporting

The report should be executed in one document that covers the mentioned time frame. It should include the following:

- A consolidated Statement of Financial Position (Balance Sheet) and Statement of Income & Expenditure of iDE Bangladesh and Cash Flow statement for the period as mentioned in Deliverables 1 and 2.
- Separate Statement of Financial Position (Balance sheet) and Statement of Income & Expenditure for each project (as per above list, Deliverable 3) for the period as mentioned under the deliverable.
- Auditors will also provide a **Management Letter** along with recommendations for areas to improve as outlined in the scope of work.
- FD-4 Certification for NGOAB Projects as per deliverable 3.
- Separate Reports for iDE Bangladesh Employee Provident Funds and Gratuity Funds as per GoB regulations.

6. Place of Audit

The audit must be carried out in iDE Bangladesh Dhaka office premises. The auditors need to visit the field offices (at least 33% of field office) with a prior management plan to be provided.

7. Closing Session of the Audit

A closing session (exit meeting) by the auditor after the completion of the audit is to be held with the project stakeholders. This session will address the auditors' post project analysis where they may highlight the significant weaknesses, if any, in the administrative and financial management and their possible solutions along with any other additional observations.

8. Audit Report Content

iDE Bangladesh recommends the following content of the audit report. All reports must include, but is not limited to, the following sections:

- General description of the audit organisation and the project, the objectives of the project, and the period covered by the project.
- Objective and Scope of Audit - Declaration of full disclosure delivered by project management or the organisation audited.
- Financial Statements of the Project (Aggregated and Individual) Including:
 - Statement of the financial position (balance sheet).
 - Income and expenditure statement of the year ended.
 - Auditor's opinions on the financial statement. This will serve as an indication that the document, in all respect, is a true and correct representation of the expenditures incurred and the revenue obtained and conforms to the conditions by NGO Affairs Bureau Government of the People's Republic of Bangladesh.
 - Budget comparison of the project that includes comments on important deviations.
 - List of the investments, furniture and equipment acquired by the project during the accounting period.
 - Any other annexure as may be considered necessary by the auditor.

9. Management Report

iDE Bangladesh strongly recommends a separate and comprehensive report on management findings mentioning facts, consequences, suggestions, and management responses.

10. Form

The financial information may be expressed in both the implementing currency (BDT) as well as the reporting currency (USD) if required.

11. Submission of Audit Report

The auditor shall submit 1 (one) copy of the draft version each as their audit report to iDE Bangladesh (Dhaka Office). After this, the auditor shall submit 3 (three) copies each of the final version as their audit report to iDE Bangladesh (Dhaka Office) and the iDE Global HQ (USA office). The deadlines for the submission of these milestones are given above. The Auditor shall also submit 6 sets of audit reports for each project including the certification of FD-4 for NGOAB, and 3 set of audit report for others (PF, Gratuity).

12. Fees and Payments

An amount of BDT xxx,xxx has been fixed as fees (including all costs). Tax and VAT will be deducted (as per GoB rules) from the fees for the audit services. 25% of the agreed amount would be paid in January 2019; 25% of the fee amount would be paid in April 2019; 25% would be paid in August 2019; the rest 25% would be paid in November 2019 after the

completion of the deliverables.

13. Termination of the Mandate

- Either party can terminate this mandate with a written notice within 30 days from the date of signing the mandate.
- The Auditee can terminate the contract without any notice in the following cases:
 - If the auditor cannot fulfill the Terms of Reference.
 - If the auditor fails to inform the incidence of funds/misappropriation to the Auditee and iDE Bangladesh or does not mention the incidence of fraud/misappropriation in their audit report.

14. Standards and Requirements for the Auditor

The audit shall be carried out by an external, independent and qualified auditor and in accordance with B/ISA and other applicable local laws and regulations.

14-A Qualifications and Experience:

The Audit firm has to be a member of ICAB along with affiliation with internationally recognized audit firm. Auditor also need to be enlisted with NGOAB.

14-B Team Composition

The team of auditors required for this engagement will be composed of a category 1 auditor who has the ultimate responsibility for the audit and an audit team which is composed of an appropriate mix of category 2 – 4 auditors, who have the qualifications and experience as set out below:

- **Category 1 – Audit Partner**

An audit partner should have relevant professional qualification and with senior and managerial responsibilities in public audit practice. He/she should be a member of ICAB and must have at least 12 years of professional experience as a professional Auditor or accountant in public audit practice.

- **Category 2 - Audit Manager**

Audit managers should have relevant professional qualification and with senior and managerial responsibilities in public audit practice. They should have at least 10 years experience as a professional auditor.

- **Category 3 – Senior Auditor**

Senior auditors should have relevant university degree or professional qualification and at least 5-7 years professional experience in public audit practice.

- **Category 4 – Assistant Auditor**

Assistant auditors should have a relevant university degree and at least 2 years of professional experience in public audit practice.

15. All proposals should include:

- Cover letter (maximum one page);
- Technical Proposal which should include:

- Understanding of the assignment and a detailed work plan
- Relevant experience of the auditor
- Financial Proposal
- If applicable, please also include:
 - Company profile
 - VAT Registration Certificate
 - TIN Certificate
 - Joint Stock Company Registration Certificate
 - Trade License Certificate

Interested and qualified consultants should submit their proposals to bangladesh.procurement@ideglobal.org by **5:00 PM, 4th October 2018**. Please write **"Proposal for iDE Bangladesh Statutory Audit"** in the subject line. Only shortlisted firms/ organization will be contacted.

iDE is an equal opportunity employer and does not discriminate on grounds of race, gender, religion, or sexual orientation.