

TERMS OF REFERENCE

EXTERNAL AUDIT

Introduction

Human Relief Foundation (HRF) is a charitable international humanitarian non-governmental organisation registered in the UK (Reg. no. 11262810) with its head office in Bradford and branches in London, Birmingham, Manchester, Cardiff, and Paris. HRF is a well-established and respected organisation operating in 22 of the world's most deprived and impoverished countries. HRF is a signatory to the code of conduct of standards of the International Red Cross and Red Crescent Society. HRF has a partnership agreement with the European Commission Humanitarian Aid - ECHO and is a member of the British Overseas National Development Forum – BOND and many other international humanitarian aid organisations.

HRF has partnered with the Islamic Development Bank – IsDB to implement the 'Multi-sector Assistance for Displaced Rohingya Refugees and Host Populations in Bangladesh' project. The project objective was to provide immediate frontline assistance and strengthen the socio-economic resilience of the Rohingya and the Host Community of Cox's Bazar, Bangladesh, with three outcomes: shelters and WASH support, primary health, education and skill training. The project is implemented in various Rohingya Camps and Host Communities in the Cox's Bazar district, collaborating with five national NGOs as implementing partners. Therefore, the following Terms of Reference have been set out to conduct the audit of the IsDB/KAAP-funded project being implemented by HRF in Bangladesh.

Appointment of External Auditor

An External Auditor, who must be a Chartered Accountant Firm in Bangladesh, shall be appointed by the Human Relief Foundation.

Audit Period

The audit period will be from 01 October 2020 to 30 June 2024.

Estimated Project Expenses

The estimated project expenses for the said audit period are approximately BDT 50 crore.

Objectives of the Audit

The objective of the audit is to provide an independent audit opinion on the accounts, financial statements, and financial reports of the IsDB project for the period covered by the term of the audit appointment. The external auditor must adhere to and meet all the statutory requirements of the International Standards on Auditing (ISA) adopted in Bangladesh, such as BSA and other applicable laws and regulations.

Scope of Audit

The management of HRF is responsible for preparing the financial statements under International Accounting Standards (IAS)/International Financial Reporting Standards (IFRS) as adopted by the Institute of Chartered Accountants of Bangladesh as BAS/BFRS. International Auditing Standards and other statutory requirements will be used to conduct the audit. The auditor is required to plan, execute, and express an opinion on the financial statements, which shall:

- Identify the financial statements examined and
- Describe the scope and extent of audit procedures and, as appropriate, whether:
 - o The financial statements are presented fairly and are free from material misstatement
 - o The financial statements were prepared under accounting principles
 - o Accounting principles were applied in line with the set principles of International Accounting Standards
 - o The transactions were under the organisation's financial regulations.

Specific Scope of Audit

The external auditor shall perform an audit of the IsDB project accounts of HRF as the firm may deem necessary to form a professional judgment/satisfy:

- The financial statements align with the books and records of HRF and the Partner Organizations.
- The financial transactions reflected in the statements have been per the Financial Rules and Regulations, budgetary provisions, plans, activities, and other applicable directives [Funding agreements, Physical safeguard of assets, Prevention of accounting errors and fraud, Procurement, Banking, etc.]
- The auditor shall always have the right to access all books of accounts and records that are, in the auditor's opinion, necessary for the performance of the audit. In addition to auditing the accounts, the auditor may make necessary observations regarding the efficiency of the financial procedures, the accounting system, the internal controls, and, in general, the financial consequences of administrative practices.
- The auditor may report to the Country Director immediately on the following matters:
 - o Audit objections to any items arising during the examination of the accounts
 - o Any essential changes in accounting principles
 - o Any essential changes in the extent and character of such examination, including whether the auditor has obtained all the information and explanations required
 - o Matters affecting the completeness or accuracy of the accounts, such as:
 - Information necessary for the correct interpretation of the audit
 - Any amount which ought to have been received but which has not been brought to account
 - Expenditures not appropriately substantiated
 - Material weaknesses in internal control
 - Any other matters which should be brought to attention if appropriate
- Submit draft auditors' reports to the country director, audited accounts with notes to the accounts, and management reports with observations and recommendations.
- Hold a closing meeting with HRF management to reduce discussion points on the draft report.
- Submit the final auditor's report to the country director with notes on the account and the management report with observations and recommendations.

Deliverables

The following deliverables are expected at the end of the audit:

- Final Auditor's reports to the Country Director
- Final audited accounts with notes to the accounts in BDT and USD.
- Management Report with management responses on corrective actions and presentation thereof to the HRF management.

Time Frame

The audit team will provide a schedule of their assignment, including the time frame, team members' names, qualifications, working experience, and details of working days/hours for each team member. Submit the Draft Report within 30 working days from the audit commencement date. The final audit report will be submitted within 15 working days from the draft report's discussion date (Exit Meeting).

Location of Audit

The audit will be conducted at the HRF Bangladesh Country Office, Dhaka. However, it may require visiting any financial link/cost centre [Lama (Bandarban), Cox's Bazar] to the beneficiaries or need to cross-reference any payments to the working areas [different Upazila of Cox's Bazar district and different Rohingya camps of Ukhiya]

Audit Fee

The HRF Management shall fix the remuneration through a competitive process.

Coordination

The Finance and Support Services Manager of HRF shall coordinate the audit. She shall ensure that all related documents are provided to the auditor, coordinate the Audit Team's visits to the HRF working areas, and handle other matters related to the audit.

Payment of Audit Fee

Payment will be made in BDT after the final audit report is submitted via account payee cheque/bank advice in favour of the audit firm.

Instruction on Submission of Price/Bid

- The Technical and Financial Proposals should be submitted electronically to the email address bangladesh@hrf.co.uk with the subject line "Appointment of an External Auditor for HRF."
- The proposal submission deadline is on or before **Wednesday, 31 July 2024, at 6.00 pm.**
- Price/bid must be quoted in Bangladeshi Taka and TAX/VAT exclusive.
- HRF reserves the right not to evaluate any late bid responses.
- All documentation submitted for the bid must be in English.
- The bidder is responsible for all costs incurred in preparing and submitting the bid documents.
- A bid submitted by the audit firm must be signed by a person or persons duly authorised.
- A valid TAX certificate and VAT registration must be included in the bid response.
- A valid registration certificate issued by the Institution of Chartered Accountants of Bangladesh (ICAB).
- The audit firm must provide a company profile detailing its capacity to provide the agreed assignment.
- The audit firm must demonstrate the following relevant experience in rendering external audit services in the last ten years:
 - o Not-for-Profit company registered under section 28 of the Company Act 1994
 - o International and national non-governmental organisations (NGOs) audit sizeable multi-million-dollar projects.
- International Affiliations
- The audit firm must provide three relevant contract references (completion certificates) for audits done in the last five years.
- The audit firm must provide the methodology/approach to carry out the scope of work and demonstrate how the audit deliverables will be achieved.
- The audit firm must submit the proposed audit team.
- The audit firm's key personnel of the proposed audit team must have relevant qualifications, skills, and experience.
- CVs of key personnel must highlight qualifications and areas of experience/competence relevant to the tasks/scope outlined in the ToR.

HRF Rights

- HRF is entitled to amend any conditions, validity period, or extend the closing date of the bid.
- HRF reserves the right not to accept the lowest bid or any bid in part or whole. It typically awards the contract to the bidder who proves to be fully capable of handling it and whose bid is technically acceptable and financially advantageous to HRF.
- HRF reserves the right to award or reject this bid as a whole or in part without furnishing reasons.
- As part of the legal and audit obligations, HRF may request the auditor to provide additional services to supplement the reported findings.
- Only shortlisted audit firms meeting the criteria will be contacted.

Undertakings by the Audit Firm

- The audit firm now offers to render all the services described in the ToR.
- A bid submitted by the Audit firm must be signed by a person or persons duly authorised.
- The audit firm now agrees that the offer herein shall remain the same during the validity period/assignment period.
- The audit firm accepts full responsibility for the proper execution and fulfilment of all obligations and conditions devolving under this agreement for the due fulfilment of this contract/assignment.
- A successful audit firm shall, upon receipt of written notification of an award, be required to conclude a contract with HRF.

Selection Criteria/Evaluation Criteria

Price offers shall be evaluated in terms of the following parameters:

- Registration certificate
- Audit plan
- Methodology/approach to be used to carry out the scope of work outlined
- Proposed audit team with CVs (clearly highlighting qualifications, areas of experience/competence relevant to the scope/tasks as outlined)
- Company profile detailing the firm's capacity to provide expertise in external audit
- Relevant experience certificate, particularly with INGOs and NGOs
- Have experience in auditing large multi-million-dollar projects
- Experience with the Rohingya Response Project
- International affiliation
- Proposed fees