Terms of Reference

**For Long Term Agreement process of Audit services of Plan International Bangladesh**

**Background**

Plan International has started working in Bangladesh in the year 1993. It is working under Asia Regional Office, located in Bangkok. It is focusing on ensuring the rights of children for education, health, safe water and sanitation, protection, youth social and economic empowerment and climate change, environmental degradation and natural or man-made disaster throughout the country. Currently Plan International Bangladesh is working in 61 districts of Bangladesh.

Plan International Bangladesh is registered with NGO Affairs Bureau under the Foreign Donations (Voluntary Activities) Regulation Act 2016.

Plan International Bangladesh is intended to hire external auditor to perform audit of various purpose such as Organization Audit, NGOAB Projects, Donor Projects as well as specific Partner Organizations Audit for continuation initially for one year, which is extendable upto 03 years.

**Objective**

The objectives of audit are according to as follows:

* Alignment with Policies, procedures and their effectiveness,
* Existing Internal control system and effectiveness,
* Cost effectiveness of operation-specifically procurement procedures and its transparency,
* Evaluate approval of Income, Expenses and other transactions has been practiced as per Delegation of Authority,
* Ensure that funds have been spent in accordance with applicable Donors’, Plan and Statutory requirements in the country and to express an opinion on its compliances.
* Recording system,
* Quality and adequacy of supporting documents such as bill, voucher, challan etc.
* Compliance with laws, regulations and contract,
* Financial management process and practice,
* Compliance with agreed budget- expenditure charged against approved/agreed budget,
* Usages and record keeping of store items, NFIs other disaster related procurement (if any),
* Salary payment and other payroll compliances, contracts and timesheets requirements,
* Training cost and its transparency,
* Check Beneficiary list of distribution.
* Loan from/to in projects from organization and other sources,
* Identification of areas of improvement and critical weakness, (if any)
* Provide Plan International Bangladesh management timely information and recommendations on financial management aspects of the organization and projects to enable timely corrective actions, as necessary
* Meet the requirement of NGOAB, NBR and VAT authorities.

## General principles

By agreeing these ToR the Auditor confirms that they meet the following conditions:

* The Auditor and/or the firm are a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
* The Auditor and/or the firm are a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
* The Auditor and/or the firm must be listed currently in the NGO Bureau of Bangladesh. This condition is compulsory in case of an NGO audit.
* The accounts will be reviewed in accordance with the Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRSs) as adopted in Bangladesh applicable for all aspect of accounting, preparation and presentation of financial statements.

## Qualifications and Experiences

The Auditor will employ adequate staff with appropriate professional qualifications and suitable experience with IFAC standards, in particular International Standards on Auditing and with experience in auditing the accounts of entities comparable in size and complexity to the Entity. In addition, the audit team as a whole will have:

* Appropriate experience with audits of external aid operations financed by the donor agencies/missions/commissions. At least one senior member of the fieldwork team should have such experience;
* Sufficient knowledge of relevant laws, regulations and rules in Bangladesh. This includes but is not limited to taxation, labour regulations, accounting and reporting.

# **Standards and guidelines**

 The Auditor will undertake this financial & systems audit in accordance with this ToR and in compliance with the:

* Code of Ethics for Professional Accountants issued by the IFAC and notably the principles of integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards;
* International Standards on Auditing (ISA's) 100 – 999 (including ISA 800 – The Auditor's Report on Special Purpose Audit Engagements) in sofar these standards can be usefully applied for the financial audit and in its specific compliance context.

**Scope of Work**

The auditor shall prepare and carry out the audit with a view to ascertaining whether:

* The accounts contain essential misrepresentations or shortcomings
* Is in conformity with sound auditing principles, comprising whatever initiatives the auditor may deem necessary
* The recipient’s procedures, registration routines, and internal control procedures governing Plan International Bangladesh funds comply with these guidelines, including sound bookkeeping practices and accounting principles, and shall constitute a reliable basis for the preparation of accounts
* Carry out their examinations in accordance with Bangladesh standards on auditing and accordingly it included test of such accounting records and such other auditing procedures as were consider necessary and found feasible under the circumstances.
* The financial statements are a true reflection of the transactions during the year and have been prepared in accordance with Plan International Bangladesh requirements.
* The fixed assets as listed in the separate Fixed Asset Register are in existence and are in a reasonable state.
* Verify the expenditures at least 65-100%

**Field/Spot visit:** The auditor requires to visit/spot check the respective field/spot of the organization to justify the fund utilization in the field level.

**Physical Inventory:** The auditor should carry out physical inventory of the project assets (if any) and report as to whether the assets are registered according to the stated procedures. A detailed list of fixed asset items (if any) should also be included in the report.

**Procurement of goods and services:** The auditor shall check/review the documents, vouchers related to procurement of goods and services including consultant hiring process and give comments/suggestions whether adequate internal control systems on procurement management exist and have been applied properly or not, as well as eventual suggestions for further improvements. The auditor shall assess whether Procurement, Tenders and Contractor/Consultant Selection is carried out on a manner that ensures probity and maximum value for money.

**Expense charged against approved budget lines:** The auditor should check the relevancy of individual expenditure i.e. whether those are incurred in line with approved budget and charged against appropriate budget line i.e. no irrelevant expenditure is booked against different budget line to be within stipulated allocation.

**Tax and VAT issues:** The auditor should also check and report the Tax & VAT issues as per existing laws of the land.

**Bank Accounts/Cash:** The auditor should check and report as to whether all financial transactions of the project are done through the single bank account as specified in the signed agreement. The auditor should check and confirm the balances of cash/bankbook along with the bank statement and reconciliation thereof. In addition to that please collect bank balance confirmation letter/certificate from the bank, and report on any difference with an explanation for future adjustment.

**Bank Interest on project funds:** Auditors should check whether bank interest if any on funds has been accounted for and utilized for the project purposes.

**Additional Terms of Reference based on nature of Audit:**

The auditor must follow and report according to prevailing terms of reference issued by NGO Affairs Bureau for all FD6, FD7 and FC1 Audit as well as terms of reference issued by Donor/ National Office specific for Donor Audit.

**Timetable, Preparatory and Opening Meetings**

It is expected that the audit will start after the financial completion of the project.

If necessary the Plan International Bangladesh will arrange for a preparatory meeting with the Auditor. The purpose of this meeting is to discuss the planning, conduct and reporting of the audit and to clarify outstanding issues.

The Auditor should normally arrange for an opening meeting with the Entity to further discuss and explain the planning, conduct and reporting insofar as this has not yet been covered in previous contacts between the Auditor and the Entity. The Auditor will further explain the nature, objectives and scope of the audit. The Auditor should inform Plan International Bangladesh about this meeting, which may be attended by Plan International Bangladesh.

During the preparatory and opening meeting, the Auditor may request additional information and documents that he/she considers necessary or useful for the planning and conduct of the audit

**Report to the Management:**

The auditor must report to appointing authority on the following matters that came to the notice during the course of audit.

• Material changes in accounting principles

• Inadequacy in project's accounting function

• Material weakness in internal control

• Material change in scope of operation

**Report requirements**

The following should be part of the audit report:

**Financial report:** Receipts & Payment Accounts, Income & Expenditure Accounts and Balance Sheet for the period under audit including notes to the accounts with sufficient breakdown. Subsequent adjustment against provision shall also be reflected in the audit report till the date of audit.

**A management report:** Auditor is required to submit a management report along with independent financial audit report; pointing out all material observations they consider necessary to bring to management's attention. Findings should as much as possible be prioritized according to their importance so the most important findings are first, etc. The management report should specifically comment on the areas like cash & advance management, procurement, inventory management (warehouse & non-warehouse assets), recruitment, and overall financial management strength and so on.

• Management Comments of the Organization, projects, PNGOs should also be included in the management report.

• A variance report of expenditure mentioning the reason for deviations if any should be drawn against budgeted line item agreed with Plan International Bangladesh and Donor.

• Follow-up/implementation status of recommendation of periodic financial monitoring visit (if any).

• Recommendations: A separate section should be devoted to recommendations against individual findings to improvement of administrative systems and procedures. This section should be as practical as possible in order to guide the project management so that this could be included in an action plan.

• Conclusions: Summary of the findings prioritized according to their importance.

**The Auditor Materiality and Risk Assessment**

The Auditor should consider materiality and its relationship with audit risk so as to detect material errors and misstatements. The Auditor should use his/her professional judgment to assess whether an issue of non-compliance is material. The audit plan must be made in a way so that there is a reasonable expectation of detecting material misstatement in the financial statements resulting from fraud or breach of regulations as well as agreement.

**Documents Issued with the Financial Statements**

You must go through all documents and statements issued with the financial statements and reports of the organization, projects and PNGOs and state if these reports do not comply with the agreements and policies.

**Exit meeting**

The auditor should arrange an exit meeting with the management of organization and PNGOs in order to reduce point of discussion on draft audit report. Please minutes the exit meeting signed by both auditor and Organization’s representative as well as PNGO representative (ED and Accountant) where applicable and submit a copy of the same along with draft report.

**Duration of contract**

The initial contract will be for the **01 years effective from 01 July 2025** and audit period will effective from FY25 (July 2024 to June 2025). Further based on the satisfactory performance and assessment for extension/reappointment shall be issued for subsequent periods.

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| --- | --- |
| **Financial Year** | **LTA duration** |
| FY2025 | July 2024 to June 2025 |
| FY2026 | July 2025 to June 2026 |
| FY2027 | July 2026 to June 2027 |

**Time frame**

Audit time frame will be prepared by mutual discussion with Plan International Bangladesh and selected audit firms based on FD6, FD7 and donor funded project financial year duration.

* A kick off meeting will be organized for better understand the requirements and Plan International operation in Bangladesh.
* Auditor will submit final audit report as per mentioned in the ToR and appointment letter.

**Audit firms’ selection criteria**

The auditor will be selected based on the following criteria:

* Understanding of the Terms of reference
* Professional qualifications in relevant area.
* Affiliation with global external audit firm/entity.
* Recent audit experience in INGOs / NGOs.
* Appropriate methodology
* Legal documents; - Trade license; - Enlistment reference of NGOAB; -BIN, TIN certificate with latest Income tax return acknowledgement;
* Audit fees
* Audit Team Composition with below requirements:

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| --- | --- | --- | --- |
| Sl # | Key professionals | Description of service to be provided | Experience |
| 1 | Audit engagement partner | Over all responsibility to review and finalize audit report within stipulated time frame | Qualified partner with expertise in development sector for at least 5 years. |
| 2 | Audit team leader | Responsibility to lead the audit team, planning and execution of the audit, discussion of head of office, report writing and finalization | Qualified chartered accountants with at least 3 years of experience in audit with expertise in development sector.  |
| 3 | Team member | Field level audit (including visit to the project areas) | Senior audit representative who have experience in budgeting, financial management system (computerized), government rules, policies etc. The persons will be partly qualified.  |
| 4 | Diversity considerations of the proposed team (gender balance, race, diversity etc.) |

**Logistics**

Any other reimbursable costs like all kinds of travel, accommodation, food and any other related costs will be borne by audit firm. Apart from fees, Plan international Bangladesh will not borne anything else.

**Coordination**

Plan International Bangladesh shall coordinate the audit of the PNGOs and shall supply required project documents available. Plan International Bangladesh will also coordinate the visits of the Audit Team to the PNGO offices and other allied matters related to the audit.

**Fees**

Total audit fees, inclusive of VAT & TAX and will be paid through bank transfer after making necessary deductions at source as per the prevailing laws of Bangladesh. The fees will be paid not later than 30 days after submission of the final report and acceptance thereof.

**Mode of payment**

Payment will be made through Bank Transfer, as agreed by Plan International Bangladesh and the auditor, after deducting TAX and VAT at source as per government rules.

**Contact Person**

For any technical issue related to the project, please email Dipangkar Chakma, Procurement Coordinator, email Dipangkar.Chakma@plan-international.org

**Proposal submission**

Please send your application to Plan International Country Office Bangladesh electronically email to planbd.purchase@plan-international.org on or before **12 June 2025,** referencing **“Proposal for Long Term Agreement for Audit Service’’** in the subject line, and including supporting documents as outlined. Documents submitted to any other email account except this and in hard copy will be treated as disqualified.

**Professional Secrecy**

Any document, information or data entrusted to or produced by the Auditor in connection with this agreement shall be strictly confidential and cannot be used by the Auditor for any other purpose without the written consent of Plan International Bangladesh. This provision shall remain valid even after the completion of this assignment.

The Auditor shall be liable for and ensure a careful and professional performance of the tasks.

**Global Policy on Safeguarding Children, Young People and program participants:** The firm/individual shall comply with the Global Policy on Safeguarding Children and Young People Policy of Plan International. Any violation/deviation in complying with Plan International Global Policy on Safeguarding Children and Young People will not only result-in termination of the enlistment but also Plan International will initiate appropriate action in order to make good the damages/losses caused due to noncompliance of the Safeguarding Children and Young People Policy.

**Non-Staff engaged by Plan International Inc (PII) Code of Conduct:** The firm/individual shall comply with the Non-Staff engaged by Plan International Inc (PII) Code of Conduct of Plan International Bangladesh. Any violation /deviation in complying with Plan International Non-Staff engaged by Plan International Inc (PII) Code of Conduct will result-in termination of the enlistment.

**Anti-Fraud, Anti-Bribery, and Corruption:** The firm/individual shall comply with the Anti-Fraud, Anti­ Bribery, and Corruption of Plan International Bangladesh. Any violation /deviation in complying with Plan International’s Anti-Fraud, Anti-Bribery, and Corruption policy will result-in termination of the Enlistment.