

Terms of Reference

External audit on Accounting and Financial management Institution XYZ

1. BACKGROUND

[Briefly present the institution, mention the date it started its operations, describe the target population, products and services, areas of intervention and methodology; key figures. Also give a very quick overview of the financial management system].

2. OVERALL PURPOSE OF THE ASSIGNMENT

The overall purpose of the external audit is to review the effectiveness of the operations of institution XYZ and of the accounting process of the institution, as well as the correct use of funds received from donors and the transparency of the disclosed accounting and financial information.

3. SCOPE OF THE ASSIGNMENT

The audit is expected to cover all aspects related to finance and accounting, including – but not limited to – the following aspects:

- Cash and Bank accounts management and reconciliations; cash management procedures and their validity in terms of control
- Client loans and savings accounting processes, monthly reconciliation procedures;
- Control over late payments, loan loss provisioning, loan write offs
- Staff payroll preparation, accounting and control
- Booking of funds received from donors, and compliance of fund use with the terms agreed by the donors
- The accounting ledgers, vouchers and other supporting documents
- The financial statements (balance sheet, profit and loss statement
- Budget control

And more generally speaking, the audit will aim at controlling the compliance of the institution's practices with the procedure manuals, as well as the quality of these manuals.

4. EXPECTED OUTPUT

A comprehensive financial audit report comprising of detailed financial statements, all notes to the statements and a proper management letter, has to be submitted to the Executive Director of XYZ in English [and in ... if applicable].

The report has to be well-structured, including an in-depth analysis on all the aspects of accounting and financial management as listed above and evidence-based recommendations for consolidation and improvement of XYZ institution's

financial management. The final version of the management letter will include the institution's management's response to the listed findings and to the recommendations.

5. METHODOLOGY:

Desk study and field visit are a must. The audit is expected to take a risk-based approach.

6. TIMING

The mission is expected to be carried out in **Month YEAR**, and completed **within one month** after signature of the contract.

7. PROPOSALS

The proposals must include a description of the scope of work, timing of the assignment, as well as detailed composition of the team, breakdown of the fees and charges.

Please send full proposals (technical and financial offers) before **day Month YEAR** via email to:

- **xxxxxx**, Executive Director, **xxxxxx@xxxxxxx.com**
- **zzzzzz**, Chairperson, **zzzzzzzzzzzz@zzzzzzzzzzzz.com**

Place, date and sign!