

Terms of Reference

External Financial Auditing Service

Project entitled “Improving Access to Food Aid to Palestinians in Gaza Strip Affected by the Non-Stop Israeli Aggression”

Funded by: Norwegian People’s Aid (NPA)

Implemented by: Social Developmental Forum (SDF)

Period: 1st July – 31st December 2024

Invitation date: 04/01/2025

Submission date: 08/01/2025

Location: South Gaza

Expected awarding date: 09/01/2025

January 2025

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Terms of Reference

ToR: Project Audit Report
Project No. 233 4 xx
Period: 01/07/2024-31/12/2024
Presented to Norwegian People's Aid (NPA)

Social Developmental Forum (SDF)

A Palestinian NGO, established in 2006 by a group of young activists to create a professional community model capable of delivering community-based services by optimizing digital and non-digital resources to achieve a human-centered developmental vision in accordance with the Rule of Law and civic values.

TERMS OF REFERENCE

FINANCIAL AUDIT

The Financial Information of the project shall be audited in accordance with International Standards on Auditing (ISA 805) "Special Considerations Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement".

1. Fundamental principles

1.1 The financial audit of projects ("financial audit") is to be carried out by an independent auditor ("the auditor"), having the required professional competence and experience (e.g. Certification by National Audit Oversight Authority), and in accordance with International Standards on Auditing (ISA).

1.2 These Terms of Reference ("TOR") define the mandate of the auditor in connection with the financial audit of projects of the partner, financed by Norwegian People's Aid (NPA). The financial audit is based on the professional requirements and guidelines governing the professional work to be undertaken by an auditor.

1.3 In planning, conducting and reporting on the financial audit, the auditor has to follow the ISA 805.

In addition, the relevant standards of the local accounting profession as well as the local legislation on accounting and reporting in force in the country in which the financial audit is carried out need to be taken into consideration by the auditor.

2. Overall principles of the procedures to be performed

The auditor is required to plan, execute and report on the financial audit engagement in order to conclude on the following matter:

- **2.1 Principles of orderliness (financial regularity/reporting)**

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Furthermore, the auditor is required to assess whether the partner has adequate policies and procedures in place relating to the following matters (those matters are not covered by the audit engagement in accordance with ISA as mentioned above):

- **2.2 Existence, adequacy and effectiveness of the Internal Control System (ICS)**
- **2.3 Conformity with the project objectives and adherence to the contract conditions**
- **2.4 Economical conduct of business and effective use of financial resources**

3. Documents of reference

The following documents and matters are to be considered by the auditor as basic references for performing the financial audit:

Legislation:	National law
Project/program:	Agreement between NPA and the partner relative to the project; Project Document / TOR; Budgets, financing plans, programs of project activities; Project management procedures; Any other documents concerning the project/program.
Accounting:	Accounting documents subject to the financial audit; Financial and operational reports concerning the project/program.
Auditor:	Prior internal and external audit reports of the partner; Any other information requested from the partner by the auditor.

4. Planning the financial audit

The auditor shall adequately plan the financial audit engagement well in advance of the work and ensure the execution of the financial audit of highest professional quality in an economical and efficient manner as agreed upon in the respective mandate in the name of the partner and the auditor.

On the basis of the information received during the planning phase, including the auditor's risk assessment, the auditor shall determine:

- the type of transactions to be audited and the audit methods (full audit or sample selections);
- the type of physical counts or examination and the sites to be selected;
- the number of site visits to be planned.

The auditor ensures continuity in the audit approach of the financial audit engagement and the audit team, even if there is a change in the leader of the engagement team during the auditing period.

5. Place of financial audit

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The financial audit is to be carried out at the project/program environment (administrative offices and/or decentralised sites, if applicable).

6. Management representation of full disclosure

The auditor shall obtain a management representation letter signed by the management of the partner organization, certifying:

- a) The acknowledgement of the organization's responsibility for the keeping of accounts and financial documents that are correct, complete, fair, representing the true facts, in conformity with the objectives of the project, the documents of reference (description of the project, contracts, budgets, etc.) and national legislation;
- b) That all accounting records, supporting and other documents, minutes and any other pertinent information necessary for the audit be at the disposal of the auditor;
- c) The completeness of information concerning property and goods;
- d) The completeness of information concerning financing received or due and own financing concerning the audited period, for the project being examined;
- e) The availability of any information and explanations, either orally or by written confirmation, which might be required by the auditor in the execution of his mandate;
- f) In the case of contributions to local NGOs, the declaration has to certify the completeness of information concerning financing received or due and own financing concerning the audit period, for the project being audited.

7. Detailed financial audit procedures

Appropriate audit procedures are to be applied by the auditor in order to form a conclusion on the matters outlined below. These procedures applied, either on a full coverage or a sample selection basis may include: controls, checking, evaluation, inspection, interview, analysis and other audit techniques. When selecting the audit procedures, the auditor shall give consideration to the results of his risk assessment (during planning stage and during the course of the audit work).

Accordingly, the auditor must define and carry out suitable audit procedures in order to obtain an overview of the aforementioned aspects before the auditor assesses the individual findings and reaches a final independent opinion on the audit.

The auditor is expected to select and apply any other audit procedures that the auditor may consider necessary in the professional execution of the financial audit engagement.

Upon receipt of the financial audit report, the NPA or any third persons designated by the NPA reserve the right to request other audit procedures to cope with the change in circumstances in the project or of the organisation of the partner.

8. Closing meeting

After the completion of the financial audit engagement, but before leaving the project or the premises of the partner, the auditor shall hold a closing meeting with the persons responsible for the project/program (directors) and the staff responsible for accounting and reporting. The meeting shall address the results of the audit, discuss major weaknesses in the project, administrative and financial management (including

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the deficiencies of individual staff members) and propose recommendations to improve the project management, the accounting procedures and the internal control system (ICS).

9. Financial audit deliverables

The audit report of the auditor shall provide an opinion on the financial information of the partner as per ISA.

The recommendations to the management (Management Letter) as well as the management representation letter shall be provided as separate deliverables together with the audit report.

9.1. Currency and language of the financial audit report

The financial information contained in the financial audit report of the auditor is to be expressed in the currency provided for in the contract. The financial audit report of the auditor and all other documents resulting from the financial audit engagement must be prepared in English.

9.2. Signature

The financial audit report is to be signed by the leader of the audit team. The financial reporting subject to audit shall be signed by a representative of the management of the partner (place and date for both).

Your participation in this price offer procedures requires submission of the following:

- ❖ **Financial Offer (In addition to enter the total amount of offer by the original ToR document into the specified cells)**
- ❖ **Technical Offer**

The offer cost is expected to:

#	Item	Unit	Quantity	Unit price €	Total price €
1	External financial auditing	Service	1		
Total amount in numbers					
Total amount in letters					

All amounts should be expressed in EUR (Included VAT)

Terms and Conditions:

1. The firm is obligated to present the applied cost through the original price offer document and stamp all pages.
2. SDF does not bind itself to award the price offer to the lowest cost.
3. SDF has the right to cancel the price offer without stating the reasons.

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4. The firm has to be registered, has license and has a valid tax clearance to the date (If possible or the latest possible versions, due to the current situation in Gaza Strip).
5. The firm shall provide withholding tax certificate.
6. The firm shall provide tax invoices and the document of deduction from source.
7. Costs must be in Euro currency and including VAT
8. Prices must be valid for a period of not less than 90 days from the date of submission.
9. Offers shall be submitted in the sealed and stamped separated envelopes (Financial Offer and Technical Offer) to the following office address:
Deir Al-Balah – Al-Balad area – Al-Madfa' roundabout – Building no. 2/7000 – 1st floor – Apartment no. 3
 Or by email to the following email address:
procurement@sdf-pal.org

Evaluation Percentages:

The evaluation will be divided with 40% for the financial offer and 60% for the submitted technical offer.

Technical Evaluation Criteria:

#	Technical point	Weight
1	long experience in the NGO's audit, especially if there is previous experience and work with SDF	30
2	Provide a clear and detailed proposed timetable (plan) and time frame	20
3	The auditor has a permanent office in Gaza	15
4	Signing the ToR indicating compliance with ToR	3
5	Submit valid license and registration certificate	4
6	The responsible person must have more than 8 years of experience in the field of auditing	4
7	Attach a sample of engagement letter	3
8	The validity period of the proposal (i.e. 90 days)	2
9	Write details about the professional fees	5
10	Write details about the methodology and approach	3
11	Clearly disclose the deliverables of audit report as well as a management letter	2
12	Clearly disclose of the team structure	2
13	Attach CVs for staff	4
14	Attach a source deduction certificate	3
Technical percentage 60%		100

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Note:

In case of attaching for more details, all additional documents should be stamped by the offeror auditing firm.

Submission Deadline:

- The deadline is at 14:00 (Palestine time) on Wed 08.01.2025

Contact:

- Financial and Administrative Officer: Ms. Maha Al Qaddomi: +201021098648
email address: maha@sdf-pal.org

Applicant information:

Applicant firm name:	
Registration no:	
Address:	
Representative person name:	
Representative position title:	
Contact number:	
Email address:	

I, the undersigned _____, undertake to provide the aforementioned services in accordance with the terms, conditions and prices mentioned above. I also acknowledge that I have read and agreed to the previous terms and conditions.

Applicant's signature & stamp: _____

Date: _____

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