

ACTION AGAINST HUNGER – USA

TERMS OF REFERENCE FOR YEAR 2024 FINANCIAL AUDIT

1.0 General

1.1 Background:

Action Against Hunger - USA is a non-profit leader in a global movement that aims to end life-threatening hunger for good. For over 40 years, the organization has innovated better ways to treat and prevent hunger. It serves more than 21 million people annually across 55 countries - with seven countries within the Horn and Eastern Africa Region including Tanzania. In Tanzania, the organization was established in 2015 and has been intervening in the areas of nutrition and health, water, sanitation and food security working in close collaboration with the relevant line ministries and other partners, PO-RALG, and the local government authorities. In compliance with the country's laws and regulations, Action Against Hunger - USA is seeking the services of an auditor for its Tanzania operations. The objectives of the assignment are outlined in the sections below.

1.2 Objectives of the Audit

The main objective of the assignment is:

- a) To express an independent opinion on the financial position of Action Against Hunger - USA and ensure that funds are utilized for their intended purpose.
- b) To ensure proper books of accounts are prepared by the organization in accordance with the required standards and that adequate internal controls and supporting documentation of transactions have been maintained.

1.3 Audit start date, completion and reporting time frame

The draft audit report is required at the end of 30 working days from the date of issuance of letter of engagement from Action Against Hunger - USA.

2.0 Scope of work

The audit will be carried out in accordance with the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC) and International Public Sector Accounting Standards (IPSAS) adopted by National Board of Accountants and Auditors (NBAA) and will involve review of the financial and internal control systems. To this effect, the scope of the audit shall cover the following areas:

2.1 Accounting system

Develop an understanding of the accounting system and obtain all related documentation, manuals, written policies, relevant procedures, and other guidelines and ensure they have been complied with during the periods under review. Assess the reasonableness of expenditures, report on whether value for money has been achieved.

2.2 Organization structure and the control environment

Assess organization structure in terms of effectiveness and efficiency of the framework of authorities, workflows, adequacy of staffing and competence of staff especially in the finance function and appropriate segregation of duties. Evaluate the control environment and make recommendations on risks identified.

2.3 Programme activities funded by the various donor funds

Critically review implementation, monitoring and supervision exercised over the donor funded projects. Review work plans, project reports, vis a vis the appropriated project resources and assess the general achievement of value for money, budgets and financial expenditure, beneficiary selection, operational procedures, and their effects on service delivery. Ascertain the funds opening and closing balances as well as exchange gains/loss under each funding agreement.

2.4 Funding agreements

Assess the extent of compliance with the terms and conditions of the funding agreement over the period under review.

2.5 Human resources

Review the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel including performance appraisal, payroll preparation and remittance of statutory deductions and management of personnel records. Ascertain the existence and completeness of any documented human resource policies and or guidelines.

2.6 Finance

Review adequacy of the accounting and financial operations and reporting systems. This will include budget control, cash management, proper recording of management intervention and override, records maintenance, and control.

2.7 Procurement

Review the set procurement procedures and policies for competitiveness, transparency, and effectiveness. Testing them for compliance and where there is departure, reviewing documented reasons for such. Ascertain that assets (permanent and consumable) and services procured meet the requirements.

2.8 General administration

Review the management and safeguard of the assets, travel activities, vehicle management, office premises and lease management, office communications and records maintenance as well as the control and management of consumable and permanent inventories.

2.9 Information systems

Review the appropriateness and adequacy of the management information systems and the security and control of equipment and data whether manual, semi or fully computerized.

2.10 Previous audit recommendations

Review the status of the previous audit findings and recommendations detailing levels of implementation to date, the consistency of practice and general usefulness to the organization.

3.0 Fraud and corruption

The audit procedures should be planned and documented in accordance with Revised ISA 240.

4.0 Audit of the program financial statements

The audit of the financial statements of the country programmes should be carried out with the objective of expression of opinion on whether the financial statements give a true and fair view of the operations of the organization. The audit should also ascertain whether the projects complied with generally accepted accounting principles and the respective donor requirements.

5.0 Reporting structure

The report of systems review, and assessment should be set out in a format which summarizes the nature of the finding, identifies the implications to which the country program is exposed and recommends appropriate action for improvement as well as management comments. Those recommendations need to be rated as follows:

5.1 Priority rating description

- High:** Recommendations addressing serious control weaknesses, which could cause material, financial, regulatory or reputational risks, warranting immediate attention by management. Significant deviation from established policy and principles or generally accepted industry/sector standards as well departure from accounting standards will normally be rated high.
- Medium:** Recommendations addressing weaknesses which, although less likely to lead to material financial, regulatory, or reputational risk, warrant timely management action using the existing management framework to ensure a formal and effective system of management controls exists in the organization. The absence of key controls in a function like a thinly segregated finance function duties would be graded medium if there is sufficient evidence of hands-on management control and oversight at an appropriate level of seniority.
- Low:** Recommendations which address issues where resolution with the normal management framework is considered desirable to improve efficiency or ensure that the organization matches current sector best practice. Deviations from laid down procedures would normally be graded low provided there is sufficient evidence of management action to put in place and monitor compliance with laid down procedures.

The detailed findings and recommendations report should be presented on a landscape layout as shown below:

Priority rating	Findings	Implication	Recommendation	Management Comment	Implementation time frame



6.0 Audit Deliverables:

6.1 Audit Report

Audit report in TZS which shall include:

- a) Expression of an opinion on whether the financial statements present fairly the expense incurred by the country program over a specified period in accordance with the accounting policies and procedures and that the expenses incurred were: (i) in conformity with the approved project budgets; (ii) for the approved purposes of the projects; (iii) in compliance with the relevant regulations and rules, policies and procedures of the Government or Action Against Hunger – USA; and (iv) supported by properly approved vouchers and other supporting documents.
- b) The audit standards that were applied (ISAs, or national standards that comply with one of the ISA in all material respects).
- c) The period covered by the audit opinion.
- d) The amount of expenses audited.
- e) Expression of an opinion on the value and existence of the country program's statement of assets and equipment as at a given date. This statement must include all assets and equipment available as of December 31, 2024, and not only those purchased in each period.
- f) Donor-wise expenditure report.

6.2 Management Letter

The Management Letter should be attached to the audit report and cover the following topics/issues:

- a) An assessment of the country program internal control system with equal emphasis on: (i) the effectiveness of the system in providing the country program management with useful and timely information for the proper management of the projects; and (ii) the general effectiveness of the internal control system in protecting the assets and resources of the organization.
- b) A description of any specific internal control weaknesses noted in the financial management of the country operation and the audit procedures followed to address or compensate for the weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted should be included.
- c) Effective audit observations/recommendations.
- d) The categorization of audit observations by risk severity: High, Medium, or Low.
- e) Management comments/response to audit observations and recommendations.
- f) Indication of observations that affect the audit opinion (when qualified, adverse or disclaimer opinion is given).



HOW TO APPLY

- Only, a qualified Tanzania national/firm are encouraged to apply.
- Submit the firm's license and certifications including VRN, registration and tax clearance.
- Experience and reputation, including reviews or references from previous clients to establish credibility, examples of audits you've successfully completed in the past, with anonymized client data, highlight the firm's history and any notable achievements or awards.
- CV(s) and a strong justification for your application (outlining core competencies in line with the assignment).
- Audit Methodology: Provide a brief description of the methods and technology you use in conducting audits.
- A soft copy of technical and financial proposal based on the Terms of Reference outlined above must be submitted by **January 31, 2025**, and addressed to:

**Country Director,
Action Against Hunger, Tanzania
P.O Box 54274, Dar es Salaam**

Applications should be submitted by email to: tender@tz-actionagainsthunger.org. Please quote **YEAR 2024 FINANCIAL AUDIT** on the subject line of your email.