



HELPING HAND
FOR RELIEF AND DEVELOPMENT

HELPING HAND FOR RELIEF & DEVELOPMENT (HHRD)

TERMS OF REFERENCE (TOR) FOR AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Date of Issue: February 20, 2019

Closing Date: February 25, 2019 before 4:00 pm



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A. Background Mandated

Helping Hand for Relief & Development (HHRD) is registered as non-profit organization with Ministry of Economy, Government of Afghanistan. The main objectives of the organization are reconstruction and rehabilitation of the disaster affected areas, mainly through Emergency Relief, Food, Shelter, Skills Development, Education, Water for Life, Orphans Support Program, Health facilities and Economic Empowerment & Livelihood Programs.

HHRD office is based in KABUL Afghanistan.

B. Scope and objectives of the Audit

These Terms of Reference address the requirement for external audit of financial statements for the year ended December 31, 2018.

The objective of an audit is to determine whether the financial statements are presented in conformity with accounting principles generally accepted in the United States of America (US GAAP). This includes review of the financial management system at the beginning of project implementation. The auditor's report should indicate the standards/principles used, and the extent, if any, to which the examination did not conform to those standards/principles.

The audit report should contain a clear expression of the **auditor's opinion** regarding the financial statements. It should include a **financial statements audit** and should be accompanied by a **management letter (inclusive of management's replies to recommendations issued)**.

The audit the planned to be started in the first week of March and a draft audit report should be submitted by March 12, 2019 and a final signed audit report along with the management letter by March 17, 2019.

The audits should be carried out in accordance with International auditing standards (ISAs). Sufficient audit evidence should be gathered to substantiate in all material respects the accuracy of financial statement.

The audit report of the auditors should state if the audit was not in conformity with any of the above and indicate the alternative standards or procedures followed.

C. The Audit Report and Management Letter

A. Audit Report:

The audit report should clearly indicate the auditor's opinion. This would include at least the following:



- The title, addressees and an opening or introductory paragraph containing
 - Identification of the financial information audited including the period covered; and
 - Statement of the responsibility of the entity's management and the responsibility of the auditor
 - Opinion
- A scope and methodology paragraph describing the nature of audit referencing
 - The accounting standards/principles that have been applied and indicate the effect of any deviations from those standards;
 - The audit standards ISAs, or national standards that comply with one of these in all material respects); and
 - The work the auditor performed.
- An opinion paragraph disclosing:
 - whether the financial statements and supporting schedules fairly present the cash receipts and expenditure in all material respects and that the funds were used for the purposes defined by the work programme;
 - whether the financial transactions reflected in the statements are in accordance with financial regulations and procedures, budgetary provisions and other applicable directives; and
 - Summary assessment of the efficiency of the management and internal control system.
 - The adequacy of accounting and internal controls, including the internal audit mechanism, for monitoring expenditures and other financial transactions and ensuring safe custody of project assets;
 - The adequacy of documentation maintained by the HHRD for all transactions
 - The auditors' opinion on the outstanding advances or accounts receivable and the risk associated with such advances. The auditors should also provide an assessment with regards to the turnaround time for the advances
 - The adequacy of documentation maintained by the HHRD for all government and beneficiary contributions

The auditor may expand the report to include other information and explanations not intended as a reservation. Audit reports will be provided in English.

b. Management Letter

The auditor should submit a letter to the management at the completion of the audit. The topics/issues to be covered in the letter should include:

- An assessment of the efficiency of the administration, management and internal control system of HHRD
- A description of any specific internal control weaknesses noted in the financial management. Recommendations to resolve/eliminate the internal control weaknesses noted should be included.
- Management comments/response to audit findings and recommendations



D. Auditor Independence and Qualification

The auditor must be completely impartial and independent from all aspects of management or financial interests in the entity being audited. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of HHRD. The auditor should disclose any relationship that might possibly compromise his/her independence.

The auditor should be experienced in applying either ISA or IFRS/GAAP, whichever is applicable for the audit. The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with ISA or INTOSAI standards, including experience in auditing the accounts of entities comparable in size and complexity to HHRD.

Curriculum vitae (CVs) should be provided to HHRD by the principal of the audit institution who would be responsible for signing the opinion, together with the CVs of managers, supervisors and key personnel proposed as part of the audit team. CVs should include details on audits carried out by the applicable staff, including ongoing assignments indicating capability and capacity to undertake the audit and experience in auditing financial statements compliant with the International Public Sector Accounting Standards.

E. Access to Facilities and Documents

The auditor will have full and complete access at any time to all records and documents (including books of account, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the entity. The auditor will have a right of access to banks and depositories, consultants, contractors and other persons or firms engaged by the program management over the period under the audit review.

F. Deadline for submission of proposal

Responses to this request for proposal (Technical & Financial Proposal) should be received only in soft form with subject; "RFP for External Audit of HHRD 2018" no later than February 25 2019 at the below mentioned email. Proposals received after this deadline will not be considered and will be marked as disqualified.

Proposals should be addressed to:

HHRD Management

Email: hr.hhrd@gmail.com
hhrd.afghan@gmail.com