



CHAPTER FOUR UGANDA

TERMS OF REFERENCE
EXTERNAL AUDITOR

1. INTRODUCTION

Chapter Four Uganda is an independent, non-partisan, not-for-profit organisation dedicated to the protection of civil liberties and promotion of human rights for all. Established in 2013, our name is inspired by the bill of rights contained under chapter four of the 1995 Constitution of the Republic of Uganda. We are a vocal and principled defender of constitutionally-guaranteed rights across a spectrum of issues without limitation based on ethnic, religious, or other group identity, political affiliation or sexual orientation.

To provide a robust, strategic and non-discriminatory legal response in the defence of civil liberties in Uganda. In partnership with others, we employ strategic and public interest litigation, research and legal analysis and advocacy to advance the respect, promotion and protection of civil liberties and human rights

2. THE ENGAGEMENT

To perform the audit in accordance with international standards on auditing. These standards require that you plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, net income and cash flows in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (“IFRS for SMEs”). The audit shall be carried out by an external, independent and qualified auditor (Certified Public Accountant/Authorized Public Accountant).

2.1 *General Responsibilities*

- Ensuring that the financial reports can be reconciled to the accounting and bookkeeping systems for the different sources of funds and their respective expenses.
- Providing sufficient and adequate information, both financial including approved budgets and non-financial, in support of the financial report.
- Providing sufficient and adequate information on proposed work plans and program implementation output.

3. OBJECTIVES AND SCOPE OF THE AUDIT

The scope of the audit is that auditors are required to examine the following:

- Verify that there are supporting vouchers for all transactions and that these are all filed chronologically and that the trail of vouchers is intact.

- Examine that there is proper supporting documentation to the vouchers. The supporting documentation should consist of example receipts, invoices, written and signed decisions regarding payments to organisations etc. If the transaction is a payment to a partner organization, the supporting documentation shall consist of a contract or another written document signed by the partner. This document shall disclose information regarding what the partner will use the payment for.
- Examine that the vouchers have been correctly booked on the correct account with respect to the type of cost the business transaction refer to.
- Examine that the business transactions recorded are in accordance with the business activities and the policies of the entity.
- Verify that the appropriate person according to the approvals list has approved the invoices.
- Verify that payments from the check account (or cash account) have been approved (according to the approvals list) and are in accordance with the operations of the entity.
- Verify that the office has been properly registered according to laws and regulations in the country.

4. AUDITING THE ORGANISATION'S ROUTINES AND CONTROLS

- Verify if there is a register/schedule of all fixed assets recorded in the books.
- Verify if there has been a physical count or similar activity to verify the existence of all fixed assets recorded in the books.
- Verify on a sample basis that purchases of fixed assets made during the year have been properly approved and recorded at the correct amount.

5. ROUTINES REGARDING BALANCE SHEET ITEMS

To perform the following around items included in the balance sheet:

- Document the months where all major balance sheet items have been reconciled during 2021.
- Purchasing procedures.
- Salaries, social charges and taxes for employees.
- Compliance with requirements of different laws, specifically with the Anti Money Laundering Act (as amended).
- Follow up on compliance to contracts.
- Fraud and corruption.
- Routines for reconciliations of the bookkeeping.

6. REQUIREMENTS

6.1. Requirements in respect of audit certificates

The auditor shall express an opinion on whether the financial report has been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (“IFRS for SMEs”).

The auditor shall express an opinion on the following parts and aspects:

- The auditor verifies that the report against the budget corresponds with the accounts and thus provides a true and fair view.
- The auditor verifies that explanations of deviations from budget are provided and that the explanations are not contradicted by other parts of the report or by any other information possessed by the auditor.

The activity report should be related to the financial report and to check whether they are in accord with each other and in order to assess whether the costs are reasonable. The auditor only expresses an opinion on that part of the activity report that can be related to the financial report.

6.2. Requirements in respect of the audit report

- The auditor shall give a report to the entity on the content and scope of the audit and how they met the TORs.
- The report should have analysis and recommendations on the internal control systems and routines.
- The report should contain possible recommendations in respect of the observations reported by the auditor.

6.3. Requirements in respect of the scope of the audit

In addition to the audit made by the auditor in accordance with International auditing standards, the auditor shall make a special examination to ascertain that:

- The organization has implemented planned activities as planned per donor grants proposals.
- Examine, assess and report on compliance with the terms and conditions of current funding agreements and applicable laws and regulations regarding accounting and taxes.

- The auditor shall verify that the funds disbursed to and balances of funds brought forward if any and reported in respect of the specified activities were applied effectively and efficiently for the intended purposes as specified in the proposals and work plans.
- The auditor shall examine on a test basis that there is supporting documentation related to reported expenditure. The auditor shall examine the procurement procedures and internal control systems of the entity. The size of the test shall be based on the auditor's risk analysis and that should be stated in the report. The auditor shall report the identified amount in case there is any missing supporting documentation. The auditor should determine the type, nature and extent of audit tests and procedures to fit the objectives, scope and context of the audit engagement.

7. THE REPORTING

- The reporting shall contain details regarding used audit methodology and the scope of the audit. The scope will bring out the sources of finance and the associated expenditure, the details of which will be highlighted in the notes.
- The reporting shall contain an assurance that the audit was performed in accordance with International Auditing Standards and Chapter Four Guidelines, relevant Ugandan laws and by a qualified auditor. A summary schedule shall be presented on how the auditor has accomplished all the tasks stated in the TORs.
- The reporting shall contain the responsible auditor's signature (not just that of the audit firm) and title.
- The auditor shall submit a report of Factual findings. This shall contain the audit findings made during the audit process. It shall state the measures that have been taken as a result of previous audits and whether measures taken have been adequate to deal with reported shortcomings. The findings should be relevant & specific to the organisation.
- The auditor shall make recommendations to address any weaknesses identified. The recommendations should be presented in priority.

- The reporting will be presented in English and shall not exceed 30 pages.

8. EXPRESSION OF INTEREST

Interested applicants should send a response to this ToR and attach the budget and CV to info@chapterfouruganda.org not later than **Friday May 21, 2021 at 5:00 PM**.



     ChapterFourUG