

TERMS OF REFERENCE FOR AN EXTERNAL AUDIT

1. Introduction

The Association for Empowerment of Persons with disabilities (AEPD) is a legacy of Survivor Corps/Landmine Survivors Network (SC/LSN), an International NGO. AEPD focused on supporting landmine and cluster munitions victims, and other persons with disabilities with a profound and compassionate understanding of the challenges faced by this population. Continuing the work of SC/LSN in Vietnam, AEPD is committed to improving the quality of life of persons with disabilities through economic and social empowerment and access to health care.

AEPD builds its values including accountability, transparency and effectiveness that supports the organization to have belief and cooperation from its partners, beneficiaries and donors.

Annual audit of organization is one of the tools to support AEPD to measure its values. This contributes to help AEPD clearly see and overcome the shortcomings, exists in term of financial management and improve quality of financial and related transactions for transparency. This also helps AEPD donors to know whether their funds are use properly as committed and in line with their donor letter.

To conduct an assessment of the financial management of the organization for the financial year of 2024, AEPD needs technical assistance from auditors; here under is the terms and conditions (TOR) for the consultancy assignment

2. Objectives of the Audits

The objective of the audit of the programme/project financial statements is to enable the auditor to express a professional opinion on the financial statements.

3. Scope

The scope of the audit will include all funds AEPD received from donors.

The audit will be carried out in accordance with international standards on auditing, as promulgated by the International Federation of Accountants and will include such tests and auditing procedures as the auditor considers necessary under the circumstances.

Special attention should be paid by the auditor as to whether:

- a) Funds have been used in accordance with the conditions of funding agreements,

with due attention to efficiency and economy, and only for the purposes for which funding was provided.

- b) An internal control system is in place to prevent, or detect and correct, errors, misstatements and misappropriations. The control system is appropriate for the type of modality, i.e., direct implementation or sub-granting or both.
- c) Bank accounts maintained for all funds (if applicable) have not become overdrawn during the accounting period.
- d) Goods and services have been procured in accordance with the relevant procedures
- e) All necessary supporting documents, records and accounts have been kept in respect of each project with clear linkages to the progress reports presented to the organization's donors.
- f) The financial statements have been prepared in accordance with international accounting standards taking into account the partner's system of accounting.
- g) The audit needs also to review arrangement for ensuring value for money is obtained.
- h) Review the organization's conformation to the local labor and tax regulations
- i) Review the PIT finalization package prepared by AEPD to ensure it is complete and accurate before they submit it to the tax authority.
- j) Guiding AEPD and updating regulations, and policies on local labor and tax regulations. AEPD labor contract, termination of the labor contract, labor rule, insurance, etc... are reviewed and updated in line with current regulations and practical situation of the organization. In addition, keeping track on and managing as well as reporting on PIT, VAT and VAT refund should also be concretely guided

The audit should include a rigorous examination of the system of internal controls, including organisation structure, authority levels, staff competence, accounting records and supporting documentation, separation of duties, and monitoring arrangements. Where certain controls are impracticable, appropriate compensating controls should exist.

The auditor should plan the audit so that there is a reasonable expectation of detecting material misstatements in the accounts resulting from fraud, error or non-compliance with laws and regulations as may be necessary. If the auditor's suspicions are aroused, s/he must inquire into all the circumstances until satisfied. If material irregularities are discovered, they must be reported to AEPD and donors immediately.

4. The project should be audited and the audit period

4.1 List of project should be audited:

- Community-based disaster management with a special focus on people with disabilities, Phase 1 – Funded by Bread for the World (BfdW)
- AEPD's activities paid by AEPD fund.

4.2 Audit period

- The audit period is from 1 January to 31 December of the year 2024

5. Financial Statements

The financial statements must be prepared from the accounting records maintained at particular projects however, at a minimum this must include:

- a) A Receipts and Payments or an Income and Expenditure showing separately all income received from donors. The accounts should include expenditure by budget line item, and comparative figures for the preceding year together with and any other information included in the format of the standard financial statements provided by donors.
- b) Where possible the statement should also include expenditure incurred directly by donors.
- c) The payment statement will identify the total amount by organisation of any grant to another organisation/district, etc from all funding.
- d) Balance sheet as at the year-end.
- e) Notes to the financial statements presenting:
 - A brief explanation of the programme/ project objectives.
 - Accounting policies.
 - Any supplementary financial information or schedules in support of (a), (b) and (c) above
- f) Receipts from donors and actual local currency with the date of transfer of the funds.
- g) The financial statements should be signed by the partner (AEPD)

6. Audit Report

The audit report is intended for the information of donors and AEPD. The audit report should be sent to AEPD and donors. The opinion expressed in the audit report will address whether:

- a) The financial statements present a true and fair view of the financial position of the partner audited. In expressing this opinion, the auditor must consider whether proper accounting records have been maintained in each case, and whether the financial statements are in agreement with these records.
- b) Funds provided for the project by donors have been used in accordance with the relevant agreement with each donors.
- c) The auditor shall make a statement confirming they have complied with these terms of reference in the introduction to the management letter.

7. Management Letter/ Internal Control Letter

In addition to the audit report, the auditor will prepare a "Management Letter" **addressed to AEPD and each donor**, which will:

- a) Give comments and observations on the accounting records, systems, and controls that were examined during the audit;
- b) Identify specific deficiencies or areas of weakness in systems and controls, and make recommendations for their improvement;
- c) Include management comments and observations relating to the recommendations in (b) above.
 - ☐ Include management comments from the AEPD' programme/project management.
 - ☐ The auditors will bring matters to the attention of management as they arise and seek clarification and/or management's comments during the course of the audit.
- d) Communicate matters that have come to the auditor's attention that might have a significant impact on the implementation of the programme.
- e) Refer to any other matters that the auditor considers relevant.
- f) The management letter must include a review of the issues raised in the previous year's management letter and a status report on progress/follow up covering:
 - ☐ Recommendations from previous years not implemented;
 - ☐ Recommendations from previous years implemented;
 - ☐ Recommendations from current year – including note when there are no issues highlighted during the year.

- g) **In all cases, a management letter MUST be issued. If no issues have arisen during the course of the audit, the auditors must issue a management letter stating that no issues have arisen. – This situation does not mean that the update on previous years will not be given.**
- h) Include a high, medium or low prioritization on all issues arising in the management letters. Ranks should be allocated according to the following criteria:
- ☐ A - a major weakness or a recurring issue that must be addressed soon
 - ☐ B - an important matter that will significantly improve the control environment, the accounting system or the operations of the business but is not so serious or prevalent as to be considered a major weakness
 - ☐ C - a minor (or isolated) weakness that should nevertheless be addressed to improve the control environment, the accounting system or the operations of the business.

8 . Qualification of the Auditor

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 the entity. It is required that the auditor disclose any relationship that might possibly compromise his/her independence.

The auditor should be experienced in applying either ISA or INTOSAI audit standards, 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 the entity being audited.

9. Costs and methods of payment

- Auditing fees will be paid on the agreement of both parties. The specific fees will be determined after consultation with the AEPD
- Payment installments: will be made into 2 expected installments
 - + 1st installment: 65% total cost of the contract, after contract signed
 - + 2nd installment: 35% remaining of the total cost at receiving audit report.

10. Submissions

If interested in the above mentioned opportunity, please submit your application including: the technical, financial offers and CV **before December 28, 2024**

To : 18A Quang Trung street, Dong Hoi city, Quang Binh province.
or contact email: info.aepd@gmail.com, phone: 0988 783 699

Date: December 18,2024

CHAIRWOMAN



NGUYEN THI THANH HONG