

SARD FINANCIAL AUDIT

Terms of Reference

Background

SARD provides humanitarian assistance in Northwest Syria employing more than 100 humanitarian workers, working in close coordination and cooperation with various national and international humanitarian organizations. Since 2016, every year, more than 100 000 persons receive humanitarian multi-sectorial integrated support including Food and Non- Food assistance, Shelter assistance as well as Livelihood opportunities. SARD also implements programming with a social cohesion lens.

After quickly gaining recognition from several international NGOs such as WHH, Mercy Corps (GMO with various donors) and members of the Caritas family, SARD became a trusted partner of major donors such as the UNOCHA's administered Humanitarian Pool fund, European Union (ECHO), and UNDP.

Due to the shifting work environment, the onset of COVID-19, and the evolving needs, SARD is consistently adapting and improving its approach to align with the changing needs. This is done through our robust Monitoring & Evaluation mechanism and comprehensive Needs Assessments (NA). Currently, SARD is providing integrated multi-sectoral support in the following areas:

Emergency Relief for newly arrived IDPs: Food, Non-food Items (Shelter Kits, Kitchen Sets, Clothing, Hygiene Kits), Emergency Latrines, Child protection emergency support
Life-sustaining Assistance for the most vulnerable communities: Food, Non-food Items, Shelter and House Rehabilitation, Income Generation Activities
Rehabilitation and Development Support for early recovering vulnerable communities: Infrastructure Rehabilitation, Community-based Projects, Vocational training and Resilience.

Objectives

The objectives of this audit are to enable the Auditor to express an opinion on whether:

1. the Financial information and reports (see annex 1) accurately present, in all material respects, the actual expenditure incurred and the revenue received by the Project Holder for the period 01/01/2021 – 31/12/2021, in conformity with the applicable Contractual Conditions set with donors (ECHO – OCHA – BHA – DFID - WHH) and SARD internal procedures (SOP - Standard Operation Procedures), SARD financial manual; delegation of signature, filing system procedure, procurements, etc....);

2. the incomes and expenses, assets and liabilities are adequately supported by original documentation and have been properly accounted for, following the filing system procedure;
3. that documentation is clear and provides a fully justifiable audit trail to the external eye, particularly ensuring the link from purchase request, to payment, to distribution is transparent;
4. procurement procedures applied correctly and procurement plan is up to date; procurement process for each procurement above 10.000 USD should be checked
5. that key documentation and figures are translated into English (most of original invoice and supporting documentation is in Arabic and Turkish) in order to maintain a fully traceable audit trail;
6. shared cost policy is applied correctly and consistently and cost sharing between different donors;
7. that mission documents are provided for travel items to assure a justifiable and traceable allocation;
8. full cash/banks counts of all cash/banks accounts are performed on a monthly basis;
9. exchange rates between different currencies are applied consistently and correctly and are justified by appropriate documentation;
10. correct physical and accounting treatment of fixed assets, the inventory systems showing proof of existence;
11. adequate and effective internal control system exist;
12. other recommendations from previous donor audits are followed and their status.

Audit Scope

The audit work shall cover the adequacy of accounting and financial operations, reporting and management as well as accounting procedures (referring to the national law and the international accounting standards).

A verification of mathematical accuracy is expected, to ensure that the expenditures described in the financial statements are reconciled with the supporting documents and with the bank statements.

The auditor verifies the eligibility of direct costs with the terms and conditions of the grant contracts. The auditors verify that all SARD allocated costs are clearly identifiable and traceable in the accounting as clearly separated from other funding(s).

The auditor selects expenditure items and verifies all expenditure with a value over EUR 5.000, with the sample of more than 80 % (approx. 7.000.000 USD) to be audited.

The scope of the work will be adjusted for each period of the year as follow :

- **Period 1** : from 01/01/2021 to 01/06/2021 : all SARD expenses were already audited externally by SARD partners. As such, for this period, the Auditors will undertake sampling verification of transaction and based their analysis on existing external audit report that will be shared by SARD.
- **Period 2** : From 01/06/2021 to 31/12/2021 : for expenses that were not yet audited, the Auditors will assess all the expenses as per their requirements (should the auditors already audited some SARD expenses during this period, the period 1' methods will then apply)

The audit will take place in the premises of SARD in Mersin, Turkey based on the previous audit reports and documentation available in the office in Mersin and/or through the scanned documentation shared via Dropbox.

It is to note that should the company has already audited some expenses through a donor audit, it would be expected that the auditors will refer to the on-going audit for funds related to that audit.

Please refer to Annex 1 for the list of projects to be audited

Verification Process and Methodology

The audit methodology and the audit techniques to be used are those in accordance with international auditing standards and following the ISA 700 norm.

Reporting

The audit report should include the following:

Audit method used and the scope of the audit.

A statement declaring that all information and documentation needed to complete the audit has been made available as required.

Declaration that the required audit standards that have been applied.

Distribution and use of the audit report.

Formal Opinion.

The period covered by the report.

Cash flow statement covering the implementation period 01/01/2021 – 31/12/2021.

List of non-eligible expenses.

Statement of receipts and expenditures covering the implementation period 01/01/2021 – 31/12/2021.

Income table by source of funding (donations)

The balance at the end of the implementation period.

The auditor should submit a letter to the management at the completion of the audit. The management letter should include recommendations to address any weaknesses identified with regards to financial regularity, the internal control system, adherence to contract conditions (if applicable) and the effective use of financial resources. The audit report shall be in English language. Issued in a soft copy and 2 hard copies will be produced and delivered to SARD.

Timeframe

Audit will be split in two parts:

Part 1 – Audit of expenditures from **01/01/2021 – 01/06/2021, based on previous external audit analysis**

Audit report needed until **30/06/2022**.

Part 2 – Audit of expenditures from **01/06/2021** until **31/12/2021**.

Final audit report (including Part 1 report) needed until **31/07/2022**.

First draft of the complete audit report, for comments, should be shared with SARD latest until **30/06/2022** and the final report, including comments of SARD should be submitted latest until **15/08/2022**.

Qualifications

By agreeing these ToR the Auditor confirms that he/she meets at least one of the following conditions:

1. The Auditor and/or the firm is a member of a national accounting or auditing body or institution that in turn is member of the International Federation of Accountants (IFAC).
2. The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
3. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

Application Process

Audit Company meeting the above criteria is requested to submit proposal containing:

- Confirmation of the company understanding of the Terms of Reference and its capacity and capability to deliver on the TOR;
- The methodology, work-plan and timelines for undertaking and completing the audit and the deliverables;
- Financial proposal indicating the separately proposed fees and any additional expenses (travel,...);
- Description of specific audit approach used in the audit to ensure that the auditors will cover all pertinent areas.
- The CVs of key staff proposed to do the assignment.
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The company must include a cover letter clearly stating the name of the firm and name; address and telephone number of the company representative.

SARD may invite company for providing additional information's prior to the approval of a proposal.

In case of need regarding clarification to any aspect of this request for proposal, company may require a meeting latest until 28th of Feb 2022

Closing date for submitting the proposal: **09th of May 2022**

Time in Turkey: **15h00**

The original proposal must be delivered to SARD Office located at Turkey/Mersin /VIRANSEHIR MAH.34318 SK. NO:17 Şih Mehmet Apt / Kat:1 D1 MEZITLI MERSIN.

Note: Companies who face difficulties to submit their application directly to SARD Office can send an email to: procurement@sardngo.org to request an alternative procedure on how to apply for the bid.

Selection Criteria

Applications will be scored on the following criteria:

Criterion	Percentage
References, (Copies of contracts officially signed with NGOs for similar services within the last 3 years) Familiarity with the Syrian humanitarian context (2 Point for each contract) Unfamiliarity with the Syrian humanitarian context (1 Point for each contract)	40%
Budget	60%

Annex 1 : List of projects to be audited

Project Code	Project title	Agreement #	Start	End	Final report	Currency
S1 20 8 ECHO FCL	Humanitarian Assistance to most vulnerable people and communities affected by the conflict in North-West Syria	ECHO/SYR/BUD/2020/91000	01/01/2021	31/05/2021	2 268 000	Eur
S1 20 6 WHH SNFI	Improving the living standards of conflict-affected people in northwest Syria through multi-sectoral measures	SYR 1078-20 (donor reference: S09-33-321.50 SYR 08/20)	01/01/2021	30/04/2021	392 875	Eur
S1 20 7 GMO Covid-19	Covid-19 transmission prevention in shelters and health centers in North West Syria	SARD MEANS 91460S001	01/10/2020	15/05/2021	709 845	Eur
S1 21 6 GMO BHA	Shelter support through self-help approach for people belonging to the most vulnerable communities in NW Syria	33575S001	01/05/2021	31/08/2021	194 463	USD
S1 21 01 ECHO FCL	Humanitarian Assistance to most vulnerable people and communities affected by the conflict in North-West Syria	4623 51389	01/06/2021	31/12/2021	2 456 000	Eur
S1 21 04 OCHA PRO	Lifesaving protection mitigation and prevention support for unaccompanied and separated children and families vulnerable to separation	TUR-21/3559/SA1/P/NGO/18395	01/08/2021	31/12/2021	35 873	USD
S1 21 06 UNDP ERL	Enhancing socio-economic resilience of communities affected by protracted civil war, the COVID-19 pandemic, floods, and economic deterioration through diverse livelihood opportunities for the most vulnerable groups in Dana sub-district	TUR-21/3559/SA1/ER/UN/18368	01/07/2021	31/12/2021	69 000	USD
S1 21 07 DCV Protection	Life-saving protection mitigation and prevention support for unaccompanied and separated children and for families vulnerable to separation	AH/CAR/2021/0008	01/08/2021	31/12/2021	19 426	Eur
S121 08 MAEE 90	MAEE90 SARD office costs (to accompany ECHO 9: Syria: Extension of humanitarian aid in Northern Syria to most vulnerable persons	4623 51390	44348	44736	67 883	Eur

Annex 2 : Financial information to be prepared by SARD before the start of the Audit.

1. List of Incomes and expenses related to **projects listed above (for the period of 01/01/2021 to 31/12/2021)**
 - a. Total income listed by donor
 - b. Table of transfers & currency conversions
 - c. Expenses/costs presented by date and by budget line
2. Scanned vouchers for each transaction with the supporting documentation
3. Consolidated financial report against the last budget approved
4. List of project staff working on the action and percentages dedicated to working on the action
5. List of equipment bought through the action
6. A consolidated table of stock procurement, distribution and closing balance
7. Bank accounts statements at the beginning (complete as appropriate) and to the end of the period
8. Monthly bank reconciliations
9. Cash flow statement
10. Audit report from ECHO
11. Any other document requested by the auditors