

Terms of Reference for Annual Audit of the Sida CSO 2017-2021 Programme

Introduction

Brief presentation of Down Syndrome Kosova hereafter referred to as the ‘Cooperation partner’:

Down Syndrome Kosova Association is a partner of Save the Children International office in Kosova/o, which is implementing a project of SIDA and has a strong commitment to support the capacity strengthening of local civil society organizations. Part of Save the Children’s key requirements is to indicate a clear plan on how a financial support was used and focuses on improving the overall identified needs of the Down Syndrome Kosova Association including access to finance, organizational financial management capacity and capacity in monitoring activities and financial reporting to the donor.

Down Syndrome Kosova Association is a nongovernmental organization established in 2007 with the aim to serve mainly to citizens of Kosovo, but also wider. Organization’s mission is to increase the dignity of individuals with Down syndrome and their families. DSK is dedicated to promote and support the rights and the needs of individuals with Down syndrome in Kosovo. and we aim to continue to remain “an organization that accomplishes local actions based on best practices.”

The Cooperation partner wishes to engage the services of an audit firm for the purpose of auditing the “Fuqizimi i sistemeve mbeshtetese drejt realizimit te te drejtave te personave me syndrome Down”, as stipulated in the agreement between SCIK and DSK. The audit shall be carried out in accordance with international audit standards issued by IAASB¹. The audit shall be carried out by an external, independent and qualified auditor. In addition to auditing the financial report, the assignment also includes an assessment in accordance with a special agreement described under section II.

I. Objectives and scope of the audit

The objective is to audit the financial report for the period 2020 – 01 – 01 to 2020 – 12 -31 and to express an audit opinion according to ISA 800/805 on whether the financial report of “Fuqizimi i sistemeve mbeshtetese drejt realizimit te te drejtave te personave me syndrome Down” is in accordance with Sida’s requirements for financial reporting as stipulated in the agreement including appendix between SCIK and DSK.

¹ The International Auditing and Assurance Standards Board (IAASB)

Sida emphasizes the importance that the auditor, as part of the assignment, reviews whether Save the Children Sweden has complied with applicable contractual provisions regarding payments to all subsequent partners².

Regardless of which material amount the auditor chooses and works on the basis of, all discrepancies detected by the auditor and unadjusted by Save the Children Sweden regarding funds disbursed to partners (either direct and/or subsequent partners) shall be stated in the report.

II. Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the Terms of reference below³

1. Follow up whether salary costs debited to the project/programme are recorded throughout the duration of the year in a systemized way and examine whether the salary costs can be verified by sufficient supporting documentation.⁴
2. Examine whether the financial report includes a comparison, for every budget item, between the actual costs/expenditures of activities and the budgeted costs/expenditures as approved by Sida for the period.
3. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs.
4. Follow up whether the cooperation partner complies with the applicable tax legislation with regard to taxes (e.g. Pay As You Earn (PAYE)) and social security fees.
5. Follow up whether the cooperation partner has adhered to the procurement guidelines annexed or referred to in the agreement.
6. Review if outgoing balance for previous period is the same as incoming balance for the current period.
7. If the cooperation partner applies modified cash basis as accounting principle, the auditor shall describe whether the chosen accounting principle is acceptable for the established financial report.
8. Verify the unspent balance at the end of the financial year.
9. Regardless of materiality of the findings, the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
10. Review whether the cooperation partner has signed agreements with its subsequent partner organisations.
11. Review whether the audit requirements in agreements with the cooperation partner as well as subsequent partner organisations are in accordance with the audit requirements as stipulated in Save the Children Sweden's agreement with Sida.
12. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between the Save the Children Sweden and Sida, for funds disbursed the previous year. The review shall include whether the cooperation partner makes documented assessments of the audited financial reports submitted to the cooperation partner and whether these reports are followed-up by the

² Only applicable for the auditor of Save the Children Sweden

³ Assignments 1-9 shall apply to Cooperation partners that do not sub-grant funds, and assignments 1-13 shall apply to Cooperation partners that sub-grant funds.

⁴ If the budget contains salary costs to be charged to the project, the auditor should always review these costs as stipulated here.

cooperation partner. The review shall include verification of contributions equivalent of a minimum of 40% of the total of disbursed funds as well as 40% of the number of contributions.⁵ The review shall also include any observations from auditors that Sida should be informed about.

13. Review whether the same requirements for reporting exchange rate gains and exchange rate losses as stipulated in the agreement between Save the Children Sweden and Sida is included in the agreements between the Cooperation partner and its subsequent partner organisations.

III. The reporting

The reporting shall be signed by the responsible auditor (not just the audit firm) and shall include the title of the responsible auditor.

The reporting from the auditor shall include an **independent auditor's report** in accordance with the format in standard ISA 800/805 and the auditor's opinion shall be clearly stated. The independent auditor's report shall clearly stipulate that the audit has been conducted in accordance with ISA 800/805.

The reporting shall also include a **Management Letter** that discloses all audit findings and weaknesses identified during the audit process. The Management Letter shall include both significant and other findings. The auditor shall also make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order. The financial report that has been subject of the audit shall be attached to the audit reporting. If the auditor assesses that no findings or weaknesses have been identified during the audit that would result in a Management Letter, an explanation of this assessment must be disclosed in the audit reporting.

Measures taken by the organisation to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in a **Report of Factual Findings**. The size of the sample of reviewed audit reporting from subsequent partners (if applicable) shall be stated in the report.

If the auditor performs additional assignments and finds that the observations described in the Report of Factual Findings contain the information that would have been stated in the Management Letter, a Management Letter does not need to be issued. In such cases, it must be stated in the Report of Factual Findings that a Management Letter has not been issued for this reason.

The organisation shall produce a **Management Response including an Action Plan** to the findings in the Management Letter and/or Report of Factual Findings.

⁵ The size of the selection in relation to sub-granting funds shall be determined in consultation with the cooperation partner and the auditor, and shall be stated in the ToR or at the latest in the assignment letter between the auditor and the cooperation partner.



Duration of Assignment:

Preferred start date Jan 15, 2021, the final report to be submitted by February 10, 2021

Send your application by:

Mail address: info@downsyndromekosova.org with the subject Audit for DSK_SCIK_SIDA project.

Postal address: Shoqata Down Syndrome Kosova, Rr. Nazmi Mustafa, Prishtine.