

# Terms of Reference for the Annual Audit of GURT Resource Center

## Introduction

GURT Resource Center, hereinafter referred to as the 'Cooperation partner' is an innovative accelerator of democratic transformations. Since 1995, we have been committed to better Ukraine where civil society, business, and government collaboratively ensure dignity, confidence, and trust among citizens at local and national levels.

The Cooperation partner wishes to engage the services of an audit firm for the purpose of auditing the support to GURT Resource Center, as stipulated in the agreement between the Cooperation partner and Sida. The audit shall be carried out in accordance with international audit standards issued by IAASB<sup>1</sup>. The audit shall be carried out by an external, independent, and qualified auditor.

## I. Objectives and scope of audit

The objective is to audit the financial report for the period 01.01.2020 – 31.12.2020 as submitted to Sida and to express an audit opinion according to ISA 800/805 on whether the financial report of Core support to GURT Resource Center is in accordance with Sida's requirements for financial reporting as stipulated in the agreement including appendices between Sida and Cooperation partner.

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

1. Audit of general purpose financial statements, which consist of the statement of financial position (balance sheet), profit and loss account, and cash flow statement for 2020.
2. 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.
3. 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.
4. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs. Regardless of materiality of the findings the auditor shall quantify the amount for costs lacking sufficient supporting documentation.
5. Examine whether foreign exchange gains/losses are disclosed as a separate item in the financial report as well as disclosed in accordance with what is stipulated in the agreement including appendices and generally accepted accounting principles.
6. The cooperation partner's compliance with the applicable tax legislation with regard to taxes and social security fees.
7. Follow up whether the cooperation partner has adhered to the procurement guidelines annexed or referred to in the agreement.
8. Review if outgoing balance for previous period is the same as incoming balance for the current period.
9. If the cooperation partner applies modified cash basis as accounting principle, the auditor shall describe used method and describe possible effects on the accrual accounting within the project.
10. Verify the unspent balance at the end of the financial year against accounting records and its supporting documentation.
11. Verify the unspent balance that shall be repaid to Sida in the final report of the last agreement year.
12. Summarize the results of the Cooperation partner's internal audit, assess control risks and identify significant deficiencies, including significant weaknesses, within the audit procedures required to express the auditor's opinion on the financial statements.

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<sup>1</sup> The International Auditing and Assurances Standards Board (IAASB)

13. Indicate what measures were taken as a result of the previous audit and whether such measures were adequate to address the identified deficiencies.
14. Indicate the composition of the Board of the Cooperation partner (specify first name, last name).
15. Check whether, civil law agreements with individuals and / or annexes agreements with private entrepreneurs and/or annexes thereto have a detailed description of the task (subject, scope of work / services, cost per hour, etc.) indicating the source of funding and whether a clear definition of the task (subject, scope of work / service, cost per hour) is provided to each certificate of performed works / rendered services.
16. Provide information in the form of special purpose reporting in accordance with the International Standard on Review Engagements (ISRE 2400). Special purpose reporting for 2020 should be prepared by the cash method. Special purpose reporting should include the following information (currency: UAH):
  - Report on the movement of donor funds under the projects implemented by the Organization during 2020 (balance sheet at the beginning of the period, cash receipts, expenditures, balance sheet at the end of the period);
  - Notes to the movement of donor funds under the projects (see Annex A). The notes should include information on the following cost categories of the entire organization by source of funding, broken down on a monthly basis for the period 01.01.2020 – 31.12.2020:
    - o Employment contract (salaried employees): according to the job description, indicate last name, first name, position, employment (100% FTE or otherwise)
    - o Non-employment contracts:
      - Individuals under civil law agreements: last name, first name, type of works / services provided.
      - Individuals registered as business entities (private entrepreneurs): last name, first name, type of works / services / goods provided.
      - Intellectual property agreements: last name, first name / name of the organization, type of works / services / goods.
      - Legal entities: name of the organization, type of works / services / goods.
      - Others.

### III. Reporting

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

Based on the results of the audit, the auditor must provide the following reports in accordance with the format in standard ISA 800/805:

- Auditor's report on general purpose financial statements (2020).
- Auditor's report on reporting on cash inflows and outflows (Sida) for the period 01.01.2020 – 31.12.2020.
- Auditor's report on special purpose reporting in accordance with the International Standard on Review Engagements (ISRE 2400).
- Management letter.

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 auditor shall make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order.

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 Cooperation partner 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 shall be stated in the report.

The report shall be prepared in Ukrainian and English, and shall be submitted to the organization in two hard copies and digital copies in PDF format.

#### IV. Requirements for auditors

1. The contractor for the audit may be a person who meets the following criteria:
  - Audit company (auditor) registered in the register of audit firms and auditors who have the right to provide audit services.
  - The auditor who will conduct the audit (individual entrepreneur or company employee) must have an auditor's certificate (series A) issued by the Audit Chamber of Ukraine.
  - The auditor who will conduct the audit (individual entrepreneur or company employee) must have experience of working with organizations in the non-profit sector.
2. An auditor who meets at least one of the below criteria cannot be allowed to perform the audit:
  - Has family relationship with the members of the governing bodies of the Cooperation partner;
  - Is a member of the governing bodies or a member of the Cooperation partner;
  - Is an employee of the Cooperation partner;
  - Is an employee or co-owner of enterprises, branches or other structural units of the Cooperation partner;
  - Has conducted financial audits of the Cooperation partner's activities twice or more in a row.

#### V. Requirements for participation in the tender

To participate in the tender a commercial proposal for conducting audit shall include:

1. Letter of interest stating the name of the organization, address, contact information (telephone, fax, e-mail, WEB-site address), last name, first name and patronymic of the contact person. The letter must contain **an assurance of independence; understanding the scope of work to be performed; audit objectives; list of reporting materials based on the results of the audit; audit methodology and approaches; work plan for the audit.**
2. Certificate / extract on the registration of the audit company, certificate of the right to engage in auditing activities.
3. Commercial offer in hryvnias (total cost of services and cost of services per hour) and contacts of the responsible person who is authorized to answer questions about the tender offer.
4. Documents confirming the experience of the audit company with non-profit organizations, the experience of audits in accordance with the Terms of Reference (including copies of certificates confirming the qualifications of auditors).

Tender documents shall be submitted to the email address of Cooperation partner [tenders@gurt.org.ua](mailto:tenders@gurt.org.ua). Please indicate the subject line as: Audit\_2020 and available short name of the organization that submits its proposal.

#### VI. Time frame

Tender announcement – **May 17, 2021**

Deadline for submitting of questions on the tender – **18.00 (EET) on May 20, 2021**

Providing clarifications on the tender – **May 24, 2021**

Deadline for submitting tender documents – **18.00 (EET) on May 28, 2021**

Contracting of selected audit firm and notifying all tender participants – by **June 11, 2021**

Contract implementation start – not later than **June 14, 2021**

Deadline for submitting the report – by **June 25, 2021**

#### Contacts

GURT Resource Center

+380.44.3002410

[tenders@gurt.org.ua](mailto:tenders@gurt.org.ua)

[www.gurt.org.ua](http://www.gurt.org.ua)

Annex A: Template for the breakdown of expenditures in Note to the Statements on the flow of donor funds

<b>1. Payments to staff employees from 01.01.XX to 31.12.XX</b>				
	SIDA (55070100)	Donor name	Donor name	Subtotal (all donors), UAH
<b>Full Name – position, full / part-time</b>				
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
<b>Subtotal, UAH</b>				
<b>Total for the category, UAH</b>				
<b>2. Payments to physical persons under civil law agreements from 01.01.XX to 31.12.XX</b>				
	SIDA (55070100)	Donor name	Donor name	Subtotal (all donors), UAH
<b>Full Name/Contractor's Title – type of services</b>				
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
<b>Subtotal, UAH</b>				
<b>Total for the category, UAH</b>				
<b>3. Payments to private entrepreneurs from 01.01.XX to 31.12.XX</b>				
	SIDA (55070100)	Donor name	Donor name	Subtotal (all donors), UAH
<b>Full Name/Contractor's Title – type of services</b>				
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				

December				
<b>Subtotal, UAH</b>				
<b>Total for the category, UAH</b>				
<b>4. Payments under intellectual property agreements from 01.01.XX to 31.12.XX</b>				
	SIDA (55070100)	Donor name	Donor name	Subtotal (all donors), UAH
<b>Full Name/Contractor's Title – type of services</b>				
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
<b>Subtotal, UAH</b>				
<b>Total for the category, UAH</b>				
<b>5. Payments to legal entities from 01.01.XX to 31.12.XX</b>				
	SIDA (55070100)	Donor name	Donor name	Subtotal (all donors), UAH
<b>Full Name/Contractor's Title – type of services</b>				
January				
February				
March				
April				
May				
June				
July				
August				
September				
October				
November				
December				
<b>Subtotal, UAH</b>				
<b>Total for the category, UAH</b>				
<b>6. Other types of payments from 01.01.XX to 31.12.XX</b>				
	SIDA (55070100)	Donor name	Donor name	Subtotal (all donors), UAH
<b>Full Name/Contractor's Title – type of services</b>				
January				
February				
March				
April				

May				
June				
July				
August				
September				
October				
November				
December				
<b>Subtotal, UAH</b>				
<b>Total for the category, UAH</b>				
<b>Grand total, UAH</b>				