



TERMS OF REFERENCES (TORS) FOR EXTERNAL AUDITORS ANNUAL AUDIT

Regarding the Audit of Accounts for Activities Funded by the Education Out Loud Project

1. The auditor shall be selected by the organization's administrator through a rigorous procurement process, ensuring the acquisition of competitive and independent quotations.
2. The auditor must hold a Chartered Accountant designation or possess equivalent qualifications and credentials recognized in the respective country. Additionally, the auditor must be capable of performing the audit in compliance with both national laws and the International Standards on Auditing (ISA).

Objective of the Audit

1. The objective of the audit of the GRANTEE's financial statements is to enable the auditors to express an independent professional opinion on the financial position of the GRANTEE and to verify that the funds allocated for activities funded by the Education Out Loud (EOL) initiative have been utilized in accordance with their intended purposes.
2. The GRANTEE's financial statements are prepared based on its maintained books of accounts, which comply with legal requirements. The GRANTEE has ensured the maintenance of proper books of accounts, adequate internal controls, and comprehensive supporting documentation for all transactions.

Scope of Audit

The scope of the audit is the project audit of the EOL grant agreement for the 2024 calendar year. The organization's management must provide the auditor with access to the grant agreement and all related documents (annexes, reports, and any other relevant documents the auditor deems necessary for the audit).

1. The audit of financial transactions will involve a thorough examination of the quality of voucher materials and their accurate recording in the financial records, with a focus on assessing their relevance, significance, and associated risks.
2. The auditor shall verify:
 - 2.1. That the accounts and reconciliations are correct and accurate, with no significant errors or omissions.
 - 2.2. That the financial provisions (accounting policies) contained in agreements with local regulations and Oxfam have been complied with.

- 2.3. That the transactions comprising the accounts comply with the conditions and general objectives of the grants as agreed with Oxfam DK.
- 2.4. And the budget. The following are examples of the performance areas that the organization must practice satisfactorily, and that the auditor will inspect and verify sufficiently.
3. The following are examples of the performance areas that the organization must practice satisfactorily, and that the auditor will inspect and verify sufficiently:
 - 3.1. The procedures and control mechanisms related to voucher approval are satisfactory. The approval of a voucher must ensure that the voucher is based on thrift.
 - 3.2. Payroll costs for individual staff are reasonable when compared with relevant comparable organizations, salary statistics, established policies, and procedures for compliance and other accounting routines.
 - 3.3. If the organization has multiple donors, its shared costs should be reasonably allocated to OC1 when compared with other grants.
 - 3.4. Competitive quotations are being obtained in relation to the procurement of goods and services.
 - 3.5. Available assets are being kept in an appropriate manner and according to rules and regulations.
 - 3.6. Project materials and equipment such as computers and phones are properly recorded, maintained in the Asset Register, and included in the annual audit report.
 4. Additionally, the auditor will assess and comment on any exchange rate gain or loss generated at the end of the calendar year.
 5. **Due Diligence:** The auditors are to assess the grantee's progress on closing due diligence findings since the last assessment, either by the previous auditor or as conducted by the Regional Management Unit.
 6. **Presentation of Financial Figures in Local Currency and USD:** The financial statement is to be presented in the grantee's local currency with corresponding figures in USD. As for the foreign exchange rate, EOL has used fund transfer rates for reporting, fundamentally following the FIFO method.
 7. **Languages:** The audit report is to be submitted in English and any other official or business language, such as French, Spanish, or Portuguese, as applicable.
 8. **Legal Barriers to Making Financial Documentation Available Online:** EOL would like the auditor's view on whether there are any legal barriers preventing EOL from requesting grantees to make financial documentation available online, such as in a cloud storage solution. The grantee can continue to keep a hard copy archive, which is very likely also required by national law.
 9. The organization's management is required to provide the auditor with any information that may be considered material for the assessment of the accounts and the organization's administration of the grant.
 10. Similarly, the organization's management should provide the auditor access to initiating any other examination that they consider necessary and ensure that the auditor receives the information and assistance needed to perform the audit.

Audit Duration

The audit work shall commence on January 23, 2025, and be completed by January 31, 2025, with the final report to be submitted by February 7, 2025.

Audit Deliverables

1. Upon completion of the audit work, the auditor will submit two (2) original copies of the Audit Report, appended to the Financial Statements, along with the related reports.
2. A management letter in accordance with the scope of work described herein in the Terms of Reference (TOR).

The auditor's statement must be issued in accordance with the ISA 700 or 800 (Revised).