

## TERMS OF REFERENCE FOR FINANCIAL AUDIT

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### Background

Urunana Development Communication (Urunana DC) is a not-for-profit National NGO based in Rwanda which was founded in 2004 and registered as a Legal Entity Ref. # 138/11 of 26<sup>th</sup> December 2006. The Mission of the organization is to Contribute to the Development of Communities through Creative communication and engagement. Urunana DC implements a national social behaviour change communication (SBCC) program that largely focuses on public health and other social sector issues. The program mainly implements donor funded projects that focus on various public health issues and other social issues that directly or indirectly affect health and welfare of the target population. Urunana DC's SBCC program activities include: Production of Urunana radio soap opera which is broadcast on Radio Rwanda and Radio Ten weekly, Umuhoza Radio Magazine, broadcast on Radio Ten, production of radio spots, radio sketches, serial mini drama and Community outreach drama shows. The Urunana radio soap currently has a listenership estimated above 70% in Rwanda. Urunana DC has been implementing the SBCC program for over 18 years since 2004 when the organization was formed.

### Audit Objectives

The objective of the financial audit is to enable the Auditor to express a professional and independent opinion on the organization's financial statements for the financial year ending 31 December 2022 and the soundness of the Organisation internal control system to achieve its objectives.

### Auditing Standards

The Audit should be carried out in accordance with International Standards of Auditing (ISA) in all material respects and should include such tests and auditing procedures as the auditor considers necessary under circumstances.

### Scope of assignment

#### The Auditor will:

- (a) Carry out tests of transactions as necessary, and will obtain an understanding of the Organization's accounting system, to assess its adequacy as a basis for the preparation of the financial statements to establish whether adequate records have been maintained;
- (b) Confirm that appropriate internal control framework is in place to provide reasonable assurance on the operations of the Organisation, efficient use of resources and reliability of financial statements;
- (c) Confirm that although the responsibility for preventing errors, irregularity of fraud, remains with the Organisation, the audit is planned so as to have reasonable assurance that any material misstatements, irregularities and or fraud in the Organization's financial statements is detected.

### Special attention should be paid by the auditors as to whether;

- 1) Donor funds and internally generated income have been accounted for and used in accordance with the conditions of the Grant Agreement and approved Procedure manual.
- 2) Goods and services have been procured in accordance with sound procurement practices mentioned in the procedure manuals.

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- 3) All necessary supporting documents, records, and accounts have been kept in respect of Urunana DC activities, with clear linkages between the books of the account.
- 4) The overall internal control framework, as well as the risk management, and the existing practices and procedures, are sound in line with institutional procedure approved manuals.
- 5) The organization's financial statements have been prepared in line with the accounting policies in use and give a true and fair view of the financial position of Urunana DC as at end of the reporting period.

### **Specific Areas of Attention**

#### **A: Internal Controls Systems**

The auditor will conduct an in-depth and exhaustive review of the internal control systems to have sufficient knowledge of the procedures underpinning the systems, as contained in the various procedures manuals. In the process of reviewing the internal control system, the Auditor needs also to examine areas like; Governance, Asset management, procurement of goods and services.

#### **B: Institutional Financial Statements**

The Institutional Financial Statements shall include;

- 1) A statement of Financial position (Balance Sheet)
- 2) Statement of Revenue and Expenditure
- 3) Cash flow statements
- 4) Statement of Changes in Equity
- 5) The accounting policies adopted and Explanatory notes.

#### **Expected output/Audit Report**

The Audit is expected to present two types of reports; an opinion on the financial statements and management letter.

The report of the certified financial statements will contain;

1. A professional opinion on the financial statements and set of financial statements.
2. Accounting standards that have been applied indicating the effect of any deviations from the standards.
3. The Audit standards that were applied.
4. The period covered by the opinion

The management letter will broadly cover findings and recommendations on any deficiency on governance, internal controls, financial management, procurement and fixed Asset management.

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## Documentation

The auditor shall have the rights to access all legal documents, correspondences and any other information associated with the Audit that may reasonably be deemed necessary to enable him/her to undertake the audit.

## Auditor's qualifications

- a. The Auditor should be experienced in International Standards of Auditing (ISA) which is applicable for this audit. The Auditor must employ adequate staff with appropriate professional qualification and suitable experience with ISA including experience in auditing the accounts of entities comparable in size and complexity to the entity being audited.
- b. Curriculum Vitae (CV) should be provided to the client, together with the CVs of managers, supervisors and likely personnel proposed as part of the audit team.

**The partner/Team leader, who would be responsible for signing the opinion and responsible for the audit, He/She should have the following;**

- CPA or any other equivalent professional qualification
- Relevant experience of not less than 5 years (i.e in auditing services and supervising audit assignments) and provide evidence of having conducted similar assignments.
- Proven experience in conducting audit in non-profit making organization

**The Senior Auditor/Audit team leader should have the following profile**

- Not less than 4years of experience as an Audit team leader
- Bachelor's degree in Accounting, Finance, or relevant fields. Having a professional qualification such as ACCA/CPA is an added advantage.
- Proven experience in conducting an audit in non- profit Non-Government organizations.

**The Audit team members should have;**

- Bachelor's degree in Accounting, Finance management majoring in Finance or related fields
- Relevant experience of not less than 2 years in Audit services.

CVs should include details on an audit carried out by applicable staff, including ongoing assignments indicating their capacity to undertake the audit.

## Terms of the Audit

Interested firms should present a technical proposal detailing the methodology anticipated, the work schedule, the key staff for the assignment and a detailed financial proposal.

The technical proposal shall include specifically:

- The comprehension of the terms of reference;

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- The methodology to be implemented;
- The work programme/schedule;
- The description, with CVs, of the team composition.

The financial proposals shall take into consideration and include all taxes required in Rwanda.

### Duration of the assignment

The duration of the assignment will be discussed by both parties during contract negotiations for the firm that will be selected.

### Post qualification

Technically, qualified bidders shall be subjected to post-qualification evaluation based on the following criteria;

- Trade license
- Valid Rwanda Revenue Authority(RRA)tax clearance Certificate
- Valid National Social Security (CSR) clearance certificate
- Membership certificate of Institute of Certified Public Accountants of Rwanda(ICPAR)

### Procurement method

The selection method for the audit firm will be the **Quality and Cost Selection method**

### Submission of Expression of Interest

The Expression of Interest bid documents should be submitted to Urunana Development Communication via email: [urunanadc2004@gmail.com](mailto:urunanadc2004@gmail.com) copy to: [bmutanguha@gmail.com](mailto:bmutanguha@gmail.com) not **later than 4<sup>th</sup> November 2022 at 3:00 Pm Kigali Time**. For any clarification about this offer, you can send an email to [urunanadc2004@gmail.com](mailto:urunanadc2004@gmail.com) not later than 31<sup>st</sup> **October 2022**. For more information about this offer please read the attached Terms of Reference (ToR).

NB:

- *Only selected bidders will be contacted to submit their proposals*

Done at Kigali on 20<sup>th</sup> November 2022

MANAGEMENT  
URUNANA DEVELOPMENT COMMUNICATION




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