TERMS OF REFERENCE FOR THE PROVISION OF EXTERNAL AUDIT SERVICES
FOR THE FINANCIAL YEAR 2021 TO HAKIELIMU

Background HakiElimu Company Limited automatically ceased to exist in June 2019 due to amendment of Non-Governmental Organisation and the Company Acts, and therefore HakiElimu was re-registered as a Non-Governmental Organization with registration number 00NGO/R2/00066 from July 2019.

HakiElimu works to realize equity, quality, human rights and democracy in education by facilitating communities to transform schools and influence policy making; stimulating imaginative public dialogue and organizing for change; conducting critical research; policy analysis and advocacy and collaborating with partners to advance common interests and social justice.

HakiElimu’s overarching goal for the 2017-2021 period is “An open, just and democratic society with quality education for all”. This long-term goal reflects the mission and purpose of our organisation in developing and transforming education in Tanzania through improved policy implementation, citizen participation and increased accountability within different layers of the government.

1. Context

HakiElimu has well established financial regulations and procedures which are supported by the existence of financial and administrative guidelines. The financial accounting year is the calendar year.

As per Companies Act, 2002 (CAP 2002) HakiElimu is required each year to subject the prepared financial statements and other reports for independent and professional external statutory audit.

The HakiElimu accounts (books of account) provide the basis for preparation of the HakiElimu financial statement and are established to reflect the financial transactions in respect of the program strategy implementation, as maintained by HakiElimu Strategic Plan (2017-2021)

2. Objective

The objective of the audit of the HakiElimu Financial Statement is to enable the auditor to express a professional opinion on the financial position of HakiElimu organization on the funds received and expenditures for the accounting period starting from 1st January 2021 ending on December 31, 2021, as reported by the HakiElimu financial Statement.
3. **Scope**

The successful bidder will be required to perform the audit in accordance with International Standards on Auditing (ISA), as promulgated by the International Federation of accountants (IFAC), and will include such tests and auditing procedures as the auditor will consider necessary under the circumstances.

4. **Audit Methodology and Tasks**

The audit will be carried out in accordance with International Standards of Auditing, and will include such tests and controls, as the auditor considers necessary under the circumstances. In conducting the audit, special attention should be paid to the following:

4.1. **Internal controls**

Evaluate internal controls to obtain a sufficient understanding of the design of relevant controls, policies and procedures and whether they have been in operation during the period under review.

4.2. **Compliance with agreement terms and applicable laws and regulations**

- Review, assess and report on compliance with the terms and conditions of the agreements.

- Review, assess and report compliance with the laws and regulations (i.e. Income Tax Act, NSSF/PPF Act, VAT Act) and applicable procurement rules and regulation stipulated in the funding agreement.

4.3. **Contractual obligations**

- Appraise relevant documents such as agreements with donors;
- Verify compliance of organization’s expenditures with relevant terms of agreements as well as all the applicable rules;
- Verify compliance of the recipient with the terms and conditions of the agreement with the donors; and

4.4. **Receipts and disbursements and fund balance at Year end**

- Verify completeness and accuracy of the funds received from donors and recording into the system in accordance with the acceptable principles.
- Ensure that all funding received by programme was appropriately recorded in the accounting records and that those records were periodically reconciled with information provided by the donors and partners.
• Review all requests for disbursement and ensure that they are in line with the annual project budget and work plans
• Verify compliance with the disbursements and procurement procedures set up for the organization.
• Review updated project documents, contracts, funding agreements, approved work-plans and budgets for the year under review to verify proper accruals of income; and Ensure that all other income is appropriately recorded
• Completeness and Accuracy of reported Fund balance at period end

4.5. Implementation

• Examine whether all expenditures are incurred in accordance to the agreed work plans and budgets
• Examine programmers' financial statements for the year and relate them to the reported activities of the funded programme
• Examine whether the expenditure are classified in accordance with the budget or the annual plan.
• Review bank statements and accounts of the recipient and other relevant books of accounts and assess whether they show a complete view of the income received and expenditure incurred in accordance with generally accepted principles.
• Verify and confirm that all commitments are genuine, with the relevant agreements disclosed within the financial records and are for the pursuance of agreed organization objectives.

4.6. Other income sources

• Establish whether other income generated by the Organization, such as exchange gains, interest income etc.; have been used in furtherance of the Organizations objectives;
• Ensure that all other incomes received by programme was appropriately recorded in the accounting records and that those records were periodically reconciled with information provided by the donor; and
• Verify whether that contributions made towards project activities were made and used in accordance with relevant agreement.

5. Audit opinion
Review and provide independent audit opinion on the 2021 financial statements for HakiElimu with a detailed Management Letter for HakiElimu program strategy. The "management letter", in which the auditor will:

• give comments and observations on the accounting records, systems, and controls that were examined during the course of the audit;
• identify specific deficiencies and areas of weakness in systems and controls and make recommendations for their improvement;
• report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on the internal and external matters affecting such compliance;
• communicate matters that have come to attention during the audit which might have a significant impact on the implementation of the program strategy; and
• bring to the attention of HakiElimu organization any other matters that the auditors consider pertinent.

6. General
The auditor should be given access to all legal documents, correspondence, and any other information associated with the program and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed by our donors. Task Team Leader can assist in obtaining these confirmations.

The Auditor shall be required to file the Annual TRA return immediately after having the signed 2021 financial statements.

These terms of reference will remain effective for future years unless it is terminated, amended or superseded.

Signed by:

1. Executive Director

2. Head of Support Services and Finance Dept