



Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)

1. FUNDAMENTAL PRINCIPLES

These Terms of Reference (TOR) define the mandate of the auditor in connection with the financial review of project **“Supporting vulnerable families with food parcels in Northwest Syria” (HQ0202447102)** implemented by Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey, funded by Islamic Relief Sweden with main funding source by through Swedish International Development Cooperation Agency (SIDA-RRM)

The financial review will be based on the professional requirements and guidelines governing the professional work to be undertaken by an auditor in relation to an agreed upon procedure engagement as per International Standard on Related Services 4400 and International Standards for Auditing (ISA) 800/805.

I. The Organizational Structure

ULUSLARARASI İSLAMİ YARDIM VAKFI - Islamic Relief Turkey Foundation was founded in 2018 in İstanbul/Turkey. Islamic Relief Turkey is an independent non-governmental organization aiming at mitigating the suffering of the poorest people by providing them with humanitarian support regardless of their race, political affiliation, gender or believes. In addition to humanitarian response to disasters and emergency relief, Islamic Relief Turkey promotes sustainable economic and social development.

II. In planning, conducting and reporting on the financial review, the auditor shall be given due considerations to the auditing and other standards promulgated by International Auditing and Assurance Standards Board (IAASB), In addition, the relevant standards of the Local accounting professional bodies as well as the local legislation on accounting and reporting in force in the country will be taken into consideration by the auditor.

2. Objectives and scope of the audit

The objective is to audit the financial report for the period of **June. 05, 2024 to October. 05, 2024**, as submitted to SIDA and to express an audit opinion according to ISA 800/805 on whether the financial report of **Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)** is in accordance with SIDA’s instruction for financial reporting as stipulated in the agreement including appendix between IR Sweden and IR Worldwide.

3. OVERALL PRINCIPLES OF THE FINANCIAL REVIEW

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development

Cooperation Agency (SIDA)



The auditor is required to plan, execute and report on the financial review engagement in order to form a professional judgment on the following matters relating to the activities and the organization:

- I. Verify that the final reporting has been done in accordance with the existing agreement with IR Sweden on the correct templates provided by IR Sweden. If this is the case, please state this.
- II. Verify whether implementation and reporting has been done in accordance with the time frames agreed upon with IR Sweden. If this is the case, please state this, otherwise specify deviations.
- III. Verify that there is an agreement between IR Syria/IRW and any other implementing party and that this agreement has been established in accordance with the instructions in IRW's agreement with IR Sweden. If this is the case, please state this, otherwise specify deviations.
- IV. Verify whether the budget provided in the financial report has been approved by IR Sweden. If this is the case, please state this. Please specify deviations (if any) from the approved budget by IR Sweden.
- V. Verify that all budget deviations, per budget item, exceeding 10% of the total budget have been commented upon in IR Syria/IRW's final report and that approval for these deviations has been received from IR Sweden. Please state all cases (if any) where this has not been the case.
- VI. Verify that the financial report is in accordance with the organization's book-keeping and with reporting from other implementing parties (if any). If this is the case, please state this, otherwise specify deviations.
- VII. Verify and assess whether calculations underpinning the financial report are correct and based on reasonable assumptions.
- VIII. Verify that costs labeled as "administrative costs" and "overhead" in the financial report are in agreement with the percentage stated in the agreement between IRW and IR Sweden. If this is the case, please state this, otherwise specify deviations.
- IX. Assess whether there are material weaknesses in Organization's internal control regarding the financial reporting. "Material" in this respect refers to weaknesses that normally would be reported in a management letter to the Board of Directors of the Organization.
- X. Verify that a local audit, in compliance with IRW's agreement with IR Sweden, has been performed in all cases where funds have been transferred to another implementing party. If this is the case, please state this. Specify deviations (if any). Comment on how IRW has ascertained that the local auditor is qualified according to the specifications in the agreement between IRW and IR Sweden.

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development

Cooperation Agency (SIDA)



- XI. Highlight significant findings from the report done by the local auditor. If there are no significant findings, please state this.
- XII. Confirm whether there have been or have not been suspicions of corruption in the audited projects.

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

Auditors have to List any additional areas to be examined, e.g. following up on weaknesses identified in previous efficiency audits or reviews of internal management and control. Observe that if the budget includes salary costs that will be debited to the project/programme, agreed upon procedures ISRS 4400 (for information about ISRS 4400 as a standard, see the Audit Handbook) shall always be conducted and include a review whether these costs have been recorded in a systemized manner that allows for following-up. The size of the sample for the auditor to review under an additional assignment according to agree upon procedures 4400 need to be specified in the terms of reference.

OBSERVE! The areas of review below are examples and must be adjusted to the specific project/programme based on what is applicable and relevant in accordance with the appraisal phase and risk analysis. Consult your controller regarding relevant areas of review.

- I. 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.
- II. 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.
- III. Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs
- IV. Follow up whether Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey has implemented the following recommendations from the assessment of internal control: of previous audit, the examination includes reviewing whether the partner has implemented the action points as described in partner's management response that has been submitted to SIDA.
- V. Examine whether foreign exchange gains and losses are disclosed in accordance with what is stipulated in the agreement including appendixes.
- VI. Examine whether Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey compliance with the applicable tax legislation in regard to taxes (e.g. PAYE)¹ and social security fees.

¹ Pay As You Earn

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development

Cooperation Agency (SIDA)



- VII. Follow up whether Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey has adhered to the procurement guidelines annexed to the agreement.
- VIII. Review if outgoing balance for previous period is the same as incoming balance for the current period.
- IX. If Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey applies modified cash basis as accounting principle, the auditor shall motivate whether the applied accounting principle is acceptable for this type of financial report.

5. Follow up of funds that are channeled to implementing partners

The sample test's size of the review of agreements and audit reporting from implementing partners must be specified.

- I. Does Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey have signed agreements with its partner organizations?
- II. Are the audit requirements in agreements with partner organizations in accordance with the audit requirements as stipulated in the Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey agreement with IR Sweden and related SIDA agreement?
- III. Review whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between IRW and IR Sweden for funds disbursed to third parties. The review shall include whether the partner makes documented assessments of the audited financial reports submitted to Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey and whether these reports are followed-up by the partner. The review shall also include any observations from auditors that IR Sweden/SIDA should be informed about. The review shall include verification of contributions equivalent of a minimum of 80 % of the total of disbursed funds as well as 80 % of the number of contributions. The review shall also include any observations from auditors that IR Sweden/SIDA should be informed about.
- IV. Are the same requirements for reporting exchange rate gains/exchange rate losses as stipulated in the agreement between IRW and IR Sweden, included in the agreements between the Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey and its implementing partners?

6. The reporting

The scope of the audit shall be stated in the report and the methodology used shall be presented.

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

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, as well as a

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)



Management letter with audit findings and weaknesses identified during the audit process. The auditor shall regardless of materiality, quantify the amount for costs lacking sufficient supporting documentation. The auditor shall make recommendations to address the weaknesses identified and 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 organization to address weaknesses identified in previous audits shall also be presented in the Management Letter.

The additional assignment according to agree upon procedures ISRS 4400, shall be reported separately in a "Report of factual findings".

7. DOCUMENTS OF REFERENCE

The following documents and matters are to be considered by the auditor as basic references for performing the financial review:

- Project agreement (Service Level Agreement SLA signed between IR Sweden and IRW code **HQ0202447102**); and
- Annexures as mentioned in the agreement.

I. Project Background

An estimated 4.33 million people including IDPs, returnees, and host communities require Non-Food Items (NFI) . This figure increased by nearly one million at the mid-year due to displacement in NWS early in 2020 and increased vulnerability following the onset of Covid-19. Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey is planned this emergency response due to the immense impact that the heavy rainfall across the Idleb governorate. Through this project, in coordination with the SNFI cluster, IR Syria plans to reach 2,302 families who are deeply flood-affected displaced IDPs in Idleb governorate.

II. Following are the brief of this project:

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)



Project Name	Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)
Project PIN	HQ0202447102
Funded By	Islamic Relief Sweden with funded secured from Swedish International Development Cooperation Agency (SIDA)
Project Budget	4,850,000 SEK.
Project Duration	05th Jun 2024 to 05th October 2024

8. PLANNING THE FINANCIAL REVIEW

The auditor shall adequately plan the financial review engagement well in advance of the work and ensure the execution of the financial review of highest professional quality in an economical and efficient manner and within the agreed timetable.

On the basis of the information received during the planning phase, including his review risk assessment, the auditor shall determine:

- I. The type of transactions to be reviewed and the review method (full or random sample);
- II. The type of physical verifications and the sites to be selected;
- III. The number of site visits to be planned.

The auditor undertakes to ensure continuity in the review approach of the financial review engagement and the review team, even if there is a change in the leader of the review team from the prior year.

9. PLACE OF FINANCIAL REVIEW

The financial review is to be carried out within the project environment (administrative offices and / or decentralized sites, if applicable).

10. DETAILED FINANCIAL REVIEW PROCEDURES

Appropriate review procedures are to be applied by the auditor in order to form a professional judgement on the matters outlined below. These procedures applied, either on a full scope or random basis may include:

Controls, checking, evaluation, inspection, interview, analysis and other review techniques. When selecting the review procedures, the auditor shall give consideration to the results of his review risk assessment (during planning stage and during the course of the review work).



Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)

Accordingly, he must define and carry out suitable review tasks in order to obtain an overview of the aforementioned aspects before he assesses the individual findings and reaches a final independent decision on the review.

The auditor is expected to select and apply any other review procedures that he may consider necessary in the professional execution of the financial review engagement.

11. FINDINGS AND RECOMMENDATIONS

In his financial review report, the auditor is expected to

- Explain and quantify any adjusting and/or reclassification entries, and to
- Formulate recommendations for the improvement of the internal control system (ICS) as well as of project and accounting procedures

12. CLOSING MEETING

After the completion of the financial review engagement, but before leaving the project or the premises of the partner, the auditor shall hold a closing meeting with the persons responsible for the project/program (directors) and the staff responsible for accounting and reporting. The meeting shall address the results of the project review, discuss major weaknesses in the project, administrative and financial management (including the deficiencies of individual staff members) and propose recommendations to improve the project management, the accounting procedures and the internal control system.

13. FINANCIAL REVIEW REPORT

I. Format of the Report

The review report of the auditor shall explicitly be responsive to the overall principles applicable to the review engagement.

We expect the report as per the below template prescribed by ISRS 4400 for Engagement to perform Agreed-upon Procedures regarding financial information:

INDEPENDENT AUDITOR'S REPORT

To: Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey



Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)

Opinion

We have audited the accompanying financial report of Islamic Relief Worldwide (IRW) in respect of the project “**Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)**” concerning project number **HQ0202447102**, for the time period from **June. 05, 2024 to October. 05, 2024**, indicating total costs of **4,850,000 SEK**.

In our opinion, the accompanying financial report corresponds, in all material respects, with the organization’s accounts, and has also, in all material respects, been prepared in accordance with the agreement between Islamic Relief Sweden and Islamic Relief Worldwide **dated 30/04/2022**, as well as based on the instructions for financial reporting received by Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey.

Basis for Opinion

We have conducted the audit in accordance with International Standards on Auditing (ISA). Our responsibility according to these standards are further described in the section “Auditor’s responsibility for the audit of the financial report” in our report. We are independent in relation to Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey according to the professional ethical requirements that are relevant for the audit of the financial report in Turkey and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Reporting

The Management is responsible for the preparation of the financial report in accordance with the above-mentioned agreement and for the financial control which the Management deems necessary in order to prepare the financial report free from material misstatements, whether due to fraud or error.

In preparing the financial report [YY] is responsible for taking into account Management's assessment of the Organization’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern basis of accounting unless Management either intends to liquidate the Organization or cease operations, or has no realistic alternative but to do so.

Management is responsible for the supervision of the Organization's processes for financial reporting.

Auditor's responsibilities for the audit of the financial report

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)



Our objectives are to obtain reasonable assurance about whether the financial report, on the basis of our assessment of the relevant sections of the agreement between Islamic Relief Sweden and Islamic Relief Worldwide, as a whole is free from material misstatement, whether these are due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is no guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs we exercise professional judgement and maintain a professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate in order to form a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by Project Management.



Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)

- Evaluate the overall presentation, structure and content of the financial report, including disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

[Auditor's signature]

[Date of the auditor's report]

[Auditor's address]

REPORT OF FACTUAL FINDINGS

Uluslararası İslami Yardım Vakfı- Islamic Relief Turkey

We have performed the agreed-upon procedures as specified below concerning the enclosed financial report to IR Sweden concerning “**Supporting flood affected vulnerable families with food parcels in Northwest Syria (NWS)**” concerning project number **HQ0202447102**, for the time period from **June.05, 2024 to October. 05, 2024, Indicating total costs of 4,850,000 SEK**. Our engagement was performed in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements, ISRS 4400. The procedures were performed solely to assist you in your commitment towards IR Sweden regarding the provision of a report on how funds from IR Sweden have been used and are summarized as follows:

- Follow up whether salary costs debited to the project 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.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.

² If the budget includes salary costs to be debited to the project, the auditor shall always examine salary costs as stipulated here.



Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)

- Based on materiality and risk the auditor shall examine whether there is supporting documentation related to incurred costs
- Follow up whether IR Syria has implemented the following recommendations from the assessment of internal control. The examination includes reviewing whether IR Syria has implemented the action points as described in IR Syria's management response that has been submitted to SIDA.
- Examine whether foreign exchange gains and losses are disclosed in accordance with what is stipulated in the agreement including appendixes.
- IR Syria's compliance with the applicable tax legislation in regard to taxes (e.g. PAYE)³ and social security fees.
- Follow up whether IR Syria has adhered to the procurement guidelines annexed to the agreement.
- Review if outgoing balance for previous period is the same as incoming balance for the current period.
- If IR Syria applies modified cash basis as accounting principle, the auditor shall motivate whether the applied accounting principle is acceptable for this type of financial report.
- We have verified that reporting in accordance with the agreement with IR Sweden has been done on the correct templates provided by IR Sweden.
- We have verified that the project has been implemented and reported in accordance with the time frames agreed on with IR Sweden.
- We have verified that there is an agreement between Islamic Relief Sweden and Islamic Relief Worldwide that this agreement has been established in accordance with the instructions in IR Sweden's agreement with Swedish International Development Cooperation Agency (SIDA).
- We have verified that the financial report includes information with regard to the funds obtained from IR Sweden and specifies whether the closing balance contains any unused funds from IR Sweden.
- We have verified that costs labelled as "administrative costs" and "overhead" in the financial report are in agreement with the percentage stated in the agreement between IRW and IR Sweden.

³ Pay As You Earn



Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)

- We have assessed whether there are material weaknesses in IRW's internal control regarding the financial reporting.
- We have verified that a local audit, in compliance with IRW's agreement with IR Sweden, has been performed in all cases where funds have been transferred to another implementing party.
- We have highlighted significant findings from the report done by the local auditor.

II. Currency and language of the financial review report

The financial information contained in the financial review report of the auditor is to be expressed in the currency provided for in the contract. The financial review report of the auditor and all other documents resulting from the financial review engagement must be in English.

III. Signature

The financial review report is to be signed by a representative of the auditor as well as by the leader of the review team.

Place and date of Signatures:

14. THE SCHEDULE

Financial review period of the project will be since inception to project's end as mentioned in the below table

Project Name	Supporting flood affected vulnerable families with food parcels in Northwest Syria (NWS)
Project Period	From 05th June to 05th October 2024
Last date for submission of proposal	NOV 04, 2024
Final selection of firm and awarding of audit contract	ASAP
Start of audit field work	Within one week of the contract signing
Draft financial statements available for audit	Upon deployment of audit team
Completion of audit field work and Discussion of audit observations	Max two weeks of audit team deployment
Initial draft project audit report	Immediately after completion of audit fieldwork or maximum within one week of fieldwork completion
Sign off to final report by auditors	Immediately after donor approval.

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

Funded by Islamic Relief Sweden through Swedish International Development Cooperation Agency (SIDA)



Office Address:	Akşemsettin Mahallesi Vatandaş Sokak No:22 Fatih /İSTANBUL
Email Address	syria.tenders@islamicrelief.org.tr

15. THE TENDER PROPOSAL

Please provide the following information in the proposal, in the order identified in this section.

I. Details of your firm

Your proposal should:

- Outline your structure, size and capabilities as relevant to us
- Identify your firm's major NGO clients.
- Describe your engagement philosophy and methods
- Provide two references of other NGO's that are your clients that can be taken up as required.

II. Staffing

Your proposal should identify:

- The partner and manager who will be assigned to the assignment, including details of their relevant experience and qualifications.
- The time which the partner and manager (engaged on this assignment) will devote to this assignment
- How you manage succession planning and staff continuity.

III. Audit approach

Your proposal should identify how you:

- Determine engagement strategy and undertake planning
- Address matters of engagement scope and materiality
- Identify and respond to critical engagement issues
- Control and co-ordinate the engagement process
- Ensure appropriate responsibility for decisions on the engagement
- Conduct the reporting arrangements

IV. Fees

- Your proposal should include estimate of your engagement fee for this project in Turkish Lira (TRY);
- In addition, your proposal must provide:

Terms of References

Financial Review of Project HQ0202447102

Supporting flood-affected vulnerable families with food parcels in Northwest Syria (NWS)

**Funded by Islamic Relief Sweden through Swedish International Development
Cooperation Agency (SIDA)**



- An analysis of hours by grade of staff that will be involved on the similar assignments together with details of your hourly charge out rates.
- The basis of charging expenses.
- Your proposed billing schedule.