

Terms of Reference

The purpose of these Terms of Reference is to set out the basis on which you are to act as auditors & to clarify your expected responsibilities.

Objectives of the audit

The objective of the audit of Islamic Relief Worldwide Türkiye Temsilciligi (IRW representative office) and Uluslararası İslami Yardım Vakfı (UIYV) here in after referred as “The Organizations” is to express an opinion whether the financial statements (statement of financial position, statement of comprehensive income, cash flow statement and statement of funds movement including any notes to the financial statements) prepared in all material respect, in accordance with an identified financial reporting framework. The phrases used to express the auditor’s opinion are to give a true and fair view.

Audit Methodology

The audit methodology and the audit techniques to be used are those in accordance with international standards on auditing.

Substantive testing procedures encompassing the following should be applied:

- Inspection of original support documentation;
- Inspection of inventory print outs and physical inspection of assets
- (Where necessary) inspection of computer systems.

Expectations/output

Through the engagement, the auditor will give an audit report on the financial statements prepared. Islamic Relief management will get, as a byproduct, a management letter which will help the management to improve internal controls of the Organizations. The audit report will also help to submit any return under Turkish legislation.

- 1.1 It is expected that the audit will be undertaken in accordance with International Standards on Auditing.
- 1.2 The auditors are expected to undertake the audit in accordance with the highest professional standards which will include but not limited to tests of transactions, and of the existence, ownership and valuation of assets and liabilities.
- 1.3 Ascertain the accounting system in order to assess its adequacy as a basis for the preparation of financial reports.
- 1.4 Report on any significant weaknesses in, or observations on, the field office’s systems.
- 1.5 Undertake an appropriate risk assessment of the office.

1.6 The audit may include site visits to project areas and an assessment of respective projects. When security situation allows.

1.7 A report is required to be sent to the Organizations' Management stating, whether, in your opinion, the financial statements, which have been audited by your firm, give a true and fair view of the state of the Organization's affairs at the period end, and of its income and application of resources for the period then ended in accordance with financial reporting standards applicable for Small and Medium size entity.

1.8 The basic fundamentals for prospective auditors are:

Credibility
Professionalism
Independence
Quality of service
Confidence

Audit Scope

The audit must involve obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the IRW and the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

1. Legal & organisational aspects

- Legal position of The Organizations.
- Adherence to legal requirements of the country.
- Right of disposal & decision-making levels.
- Attention paid to taxation laws of the country.
- Adherence to laws of employment including termination benefit entitlement

2. Accounting System

- Detailed bookkeeping.
- Supporting vouchers & other documents, including legal requirements in this regard.
- Income and Expenditure Account
- Balance Sheet.
- The use of all Bank Accounts and the regular reconciliation of bank & cash balances.
- Debtors
- Creditors
- Stock (In Kind Donations)
- Fixed Assets (fixed assets register with special reference to the additions, and disposals during the period)

3.Management

1. Assessment of the system of internal control.
2. Economic use of the resources.
3. Assessment of the accounting system
4. Assessment of the management & the administration.
5. Adherence to The Organizations' Financial Guidelines.
6. Adherence to Donor Financial Guidelines (copy available in the Office).
7. Assessment of compliance with staff contracts – e.g. are staff benefits and entitlements as stated in contract adequately provided for.

4.Audit report

- Audit Opinion in terms of a management letter (such a letter should include control weakness implication and recommendations for improvement)
- Audit Opinion on the Financial Statements for the period of (Jan.01,2024–Dec 31, 2024)

It is expected that Auditors will maintain an open communication approach with the respective Finance staff and management and ensure that there are no surprises at the end of the audit.

- The auditors are expected to formally report on control weaknesses found during the course of the audit to local country management.
- Audit Opinion
The opinion on the financial statements should give a true and fair view of the state of the Islamic Relief Country's affairs for the period Jan. 01, 2024 to Dec 31, 2024 and of the incoming resources and application of resources, including the income and expenditure and cash flows, for the period then ended.

5.Reporting

The Audited Financial Statements and the Management Letter should be sent as soon as possible upon completion to:

The Board of Directors
Uluslararası İslami Yardım Vakfı

Beylerbeyi Mah. Arabacılar Sokak No:36 İç Kapı No:1,Üsküdar/İstanbul

Requirement for Proposals from prospective auditors

The prospective auditor is required to submit its understanding about the audit scope, methodology, client resource base and professional fee.

6. AUDIT TENDER

Introduction of the Organisation

The Organization's main objective is to promote sustainable social development by co-operating with local communities through relief and development programs. The Organizations' has implemented a variety of relief and development programs in Türkiye and Syria, as well as launching several emergency responses since its inception, this includes; working with IDPs affected from conflict through emergency and Relief programmes. In the period to be audited, the Organization implemented projects funded by SIDA, OCHA, and other Islamic Relief fundraising partners, with an average annual portfolio of 29 million EUR in cash grants.

A. Organisational Structure

The Organizations are represented by a legal body as required by the local laws i.e. the representative office of Islamic Relief is represented by a local legal representative and UIYV is represented by a Board of Trustees supported by Board of Directors having a CEO who is the chairman of the Board of Directors, the organizations are undertaking relief operations in Syria and Türkiye which are being headed by the management with the support of Head of Programmes, Finance, admin & logistic Manager, based in Istanbul, Türkiye. The Organizations are managing their operations inside Syria through two offices located in Idlib (Bab Alhawa) and Aleppo (Azaz) which are being supervised by respective office in-charges and supported by teams in respective programme and support departments.

B. Auditors

Amongst the essential qualities, the Organizations will consider the audit proposals as follows:

Technical competency

The Organizations expect the auditors to have expertise in its area of charitable activity and being able to provide advice in specialist areas such as taxes, Payroll, NGO accounting and risk management.

Cultural fit

The Organizations expect the auditors that are appointed to understand and sympathise with the purpose, values and methodology of Islamic Relief.

Expertise and experience in the NGO sector

The Organizations expect its auditors to have NGO sector specialists within its audit team and an experience and portfolio of clients in the NGO sector.

Value for money

The Organizations expect its appointed auditors to be proactive in the relationship, sharing experience, knowledge and ideas so that the audit adds more value than just meeting statutory requirements.

The Organizations expect the audit to be cost competitive and balanced with a quality professional service; it is expected to have an open and clear approach to audit costs but will be considering overall value for money of the service provided in making its decision.

Partner and manager time

Islamic Relief expects in the proposal a realistic commitment of partner and manager time and consideration of how you will maintain consistent staffing levels.

Communication

The Organizations place strong emphasis on personal relationship and good communication. We hope that we can develop a free and open two way conversation including such areas as changes in accounting standards, fees, deliverables, timing of audit visits, staffing changes.

Risk based approach

We are also seeking to appoint auditors that take a risk based approach to financial audit and have an understanding of risk in a broader context than financial risks.

C. The financial and accounting year

Below are key dates in the accounting year for the preparation of accounts and audit reporting:

	Key Date
Period under audit	Jan 01, 2024 – Dec 31, 2024
Last date for submission of proposal	Jan. 3, 2025
Final selection of firm and awarding of audit contract	Within a month of closing date of proposal submission
Draft financial statements available for audit	Feb. 20, 2025
Exit meeting to discuss audit observations	Mar. 31. 2025
Initial draft audit report	Apr. 10, 2025
Sign off of final report by auditors	Apr. 25, 2025

The audit must be completed within the prescribed timelines above. The auditor must directly email on ihale@islamic-relief.com.tr

D. The tender proposal

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

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 audit philosophy and methods
- Provide two references of other NGO's that are your audit clients that can be taken up as required

ii) Staffing

Your proposal should identify:

- The partner and manager who will be assigned to the audit, including details of their relevant experience and qualifications
- The time which the partner and manager identified above will devote to the audit
- How you manage succession planning and staff continuity

iii) Audit approach

Your proposal should identify how you:

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

iv) Fees

Your proposal should include estimates of your total audit fees in TRY in addition to your written proposal you should:

- Provide an analysis of hours by grade of staff that will be involved on the audit together with details of your hourly charge out rates
- Indicate the basis of charging expenses
- Provide your proposed billing schedule
- Outline your proposals for setting and agreeing fees in future years

Your proposal should also contain details of other additional relevant services that your firm would propose to provide but are not a necessary and integral part of the statutory audit, and where appropriate include these in the 'additional services' section in the three-year fee schedule.

NB: the fees quoted should include all chargeable time, out of pocket expenses (e.g. travel) and be all-inclusive fee only.