



## **DIOCESAN DEVELOPMENT SERVICES-NORTH KARAMOJA CHURCH OF UGANDA**

Church of Uganda Compound,  
Opposite Kotido Central Police Station,  
P.O Box 26, Kotido.

**TEL:** +256 777504147  
**Email:** diocesan.developmentsservicesnk@gmail.com

---

### **TERMS OF REFERENCE FOR THE DIOCESAN DEVELOPMENT SERVICES - NORTH KARAMOJA AUDIT FIRM**

#### **INTRODUCTION AND BACKGROUND**

Diocesan Development Services – North Karamoja (DDS-NK) is the development arm of Church of Uganda North Karamoja Diocese, with headquarters in Kotido Municipality. DDS-NK is registered by Uganda National Bureau for Non-Governmental Organizations as indigenous NGO with registration number INDR138431268NB

DDS-NK envisions empowered, productive, and self-reliant communities in North Karamoja. Our mission is to support communities and church workers in North Karamoja to improve their livelihoods through an integrated and sustainable development approach. DDS-NK key thematic areas are sustainable Livelihoods, Water, Hygiene and Sanitation and Hygiene (WASH), Climate Change and natural resource management. DDS-NK operates in all the four districts of North Karamoja - Kotido, Kaabong, Karenga and Abim and uses an integrated development approach.

The organization's overarching goal is to support key target groups such as men, women, and youth, as well as vulnerable populations such as people living with HIV/AIDS, people living with disabilities, orphans, vulnerable children, and the elderly.

#### **Introduction:**

These Terms of Reference (TOR) cover External Audit services to Diocesan development services - North Karamoja (DDS-NK) for financial years 2023/2024, 2024/2025 and 2025/2026

#### **OBJECTIVE OF THE EXTERNAL AUDIT**

The main objective of the engagement is to express an independent audit opinion on the annual financial statement of DDS-NK. The place of execution for the audit engagement is DDS-NK office Kotido.

#### **SCOPE OF THE AUDIT ENGAGEMENT**

- Develop an understanding of the accounting system and obtain all related documentation, manuals, written policies, relevant procedures and other guidelines and ensure they have been complied with during the period under review. Assess the reasonableness of expenditures, ascertain there was no double funding and report on whether value for money has been achieved.
- Assess organization structure in terms of effectiveness and efficiency of the framework of authorities, workflows, adequacy of staffing and competence of staff especially in the finance function and appropriate segregation of duties. Evaluate the control environment.



- Critically review implementation, monitoring and supervision exercised over the donor funded projects. Review work plans, project reports, vis a vis the appropriated project resources and assess the general achievement of value for money; budgets and financial expenditure, beneficiary selection, operational procedures and their effects on service delivery. Ascertain the funds opening and closing balances
- Review the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel including performance appraisal, payroll preparation and remittance of statutory deductions and management of personnel records. Ascertain the existence and completeness of any documented human resource policies and or guidelines.
- Review the set procurement procedures and policies for competitiveness, transparency and effectiveness. Testing them for compliance and where there is departure, review documented reasons for such. Ascertain that assets (permanent and consumable) and services procured meet the requirements of funded activities.
- Review the management and safeguard of the assets, travel activities, vehicle management, office communications and records maintenance as well as the control and management of consumable and permanent inventories.
- Assess the extent of compliance with the local laws and regulations and terms and conditions of the funding agreement over the period under review.
- Review the appropriateness and adequacy of the management information systems and the security and control of equipment and data whether manual, semi or fully computerized.

## **PREPARATION OF ANNUAL FINANCIAL STATEMENTS**

DDS-NK is responsible for the preparation of financial statements including adequate disclosure and to provide financial statements adopting generally acceptable accounting policies.

The auditor is responsible for forming and expressing opinions on the financial statements. The auditor will carry out the audit in accordance with the International Standards on Auditing (ISA 200-799), (ISA 800/805), as promulgated by the International Federation of Accountants (IFAC). As part of the audit process, the auditor may request from the DDS-NK written confirmation concerning representations made in connection with the audit.

## **FINANCIAL STATEMENTS**

The auditor should verify that the Annual Financial Summary Statement (AFSS) has been prepared in accordance with the agreed accounting standards (see paragraph 3 above) and give a true and fair view of the financial position at the relevant date and of resources and expenditures for the financial year ended on that date.

The Annual Financial Summary Statements (AFSS) should include:

- A statement of funds received, showing funds from the donors separately.
- A statement of expenditures incurred on different activities/projects, split by the various funding sources.
- A summary of the closing balances at the end of the period.
- Explanatory notes on Annual Financial Statement.



The auditor should also examine eligibility and correctness of,

- (i) The fund Accountability Statement (FAS) which presents the project's revenues, budget of the project; costs incurred and cash balance of donor funds.
- (ii) The adequacy of internal controls for the type of disbursement mechanism.

### **AUDIT REPORT**

1. The auditor will issue an opinion on the financial statements.
2. The Auditor will prepare the audit report confirming the fund transfers to DDS-NK specifying donors and projects.

### **MANAGEMENT LETTER**

In addition to the audit report, the auditor will prepare a management letter, in which the auditor will:

1. Give comments and observations on the accounting records, systems, and controls that were examined during the audit.
2. Identify specific deficiencies or areas of weakness in systems and controls and make recommendations for their improvement.
3. Report on the degree of compliance in the Partnership agreement and give comments, if any, on internal and external matters affecting such compliance.
4. Communicate matters that have come to his/her attention during the audit which might have a significant impact on the implementation.
5. Give comments on the extent to which outstanding issues/qualifications issues have been addressed.
6. Give comments on previous audits' recommendations that have not been satisfactorily implemented; and
7. Bring to the recipient's attention any other matters that the auditor considers pertinent, including ineligible expenditures. Ideally, the management letter should also include responses from DDS-NK to the issues highlighted by the auditor.

### **ELIGIBILITY CRITERIA FOR EXTERNAL AUDITOR AND TEAM**

The audit shall be carried out by any independent Chartered Accountancy firm with a minimum of 5 years' experience in Audit Practice, and a team comprising of qualified Chartered Accountants having exposure to development agencies and INGOs/NGOs.

### **AUDIT FEES**

Annual Fee: the eligible and interested firms shall quote their best annual fee detailing out their experience.

### **APPLICATION PROCEDURES**

Submit an expression of interest/bids (Financial and Technical proposals) by 6:00 pm on Monday the 26<sup>th</sup> of August 2024 with the subject field – "Expression of Interest for undertaking External audit to the addresses below.



## PROPOSAL SUBMISSION

Interested audit firms/consultants shall send their application by email to [spijala@gmail.com](mailto:spijala@gmail.com) copied to [diocesan.developmentservicesnk@gmail.com](mailto:diocesan.developmentservicesnk@gmail.com) with a reference "Audit firm in the subject line or submit hand delivered proposals to:

The Executive Director,  
Diocesan Development Services - North Karamoja,  
O. Box 26, Kotido.

**Deadline: August 26, 2024**

