

# Terms of Reference (TOR) of External Auditor for F/Y 2080/81

## **I. Introduction**

Panchtara Yubwa Samrakshak Manch (PTYSM) Jajarkot is Karnali Province based non-governmental organization (NGO) based in Bheri municipality-3 Jajarkot district. It was registered in local administration office, Jajarkot in 1997 and affiliated with Social Welfare Council (SWC) in 1998. The organization was established with sole aim to create social justice through empowerment of vulnerable groups. Since establishment of PTYSM, it has been working for economically poor and socially disadvantages groups including Dalit, indigenous, and marginalized ethnicity; children and youths to ensure their equitable access to resources, opportunities and decision-making process.

PTYSM hereby request for submission of comprehensive proposals for External Audit for the fiscal year 2080/81 from eligible Chartered Accountancy Firms having more than 3 years of experience in auditing of Non-profit organization (NGO). The interested audit firms are requested to submit their proposal by 19<sup>th</sup> Sharawan 2080 (3<sup>rd</sup> July 2023).

## **II. Major Responsibilities of External Auditor:**

- All the functions of the unit shall be audited by the organization from the fiscal year F/Y 2080/81.
- An auditor shall physically attend the Head office and field office of PTYSM and pre-plan the audit in accordance with the scope and complexity of the area which is under review.
- The task shall be completed in a timely, accurate, and well-documented manner as per the agreement.
- Friendly and cooperative behavior with the audited area's staff.
- The auditor shall request files to the organization staff which may need.
- An auditor shall return all files/records to the person or area from where it was obtained.
- The auditor shall maintain records at all times in the same or better condition in which they were found.
- The auditor shall retain all the records on the premises. They shall never remove any vital documents from the premises.
- An auditor shall submit the final audit report as per the agreement.
- An auditor shall commit to safeguarding the policy of the organization.
- Holding meetings with the organization's management and officials.

## **III. Scope of Services**

- Bookkeeping and accounting system.
- Assessment of internal controls.
- Procurement and financial management.
- Banking operation
- Cash and other assets management.
- Human resource and General Administration.
- Information system management.
- Compliance with applicable laws policies and procedures.

- Review the internal audit report. In addition to the audit report, the auditors will prepare a Management Letter on the following:
- Give comments and observations on the accounting records, procedures, 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 improvement.
- Report on the implementation status of recommendations pertaining to previous period audit reports.
- Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
- Bring to the Executive Director's attention any other matters that the auditors consider pertinent.

#### **IV. Eligibility Criteria for External Auditor**

Any eligible Class A Chartered Accountancy Firm as per the prevailing laws of Nepal fulfills the following additional criteria and may submit its proposal for audit for F/Y 2080/81:

- With 3 years of experience in auditing in non-profit organizations.
- With a team of Qualified Chartered Accountants.
- Terms of Reference (TOR) of External Auditor for F/Y 2080/81.

#### **V. Team for Audit**

- The Audit Firm shall deploy at least one qualified CA for audit work.
- The Audit shall be conducted by a team led by a senior CA who will be the Audit Manager
- Another auditor would be at least semi-Qualified CA/ACCA/CPA with audit experience.

#### **VI. Audit Duration:**

The audit work shall be completed within two weeks from the date of commencement of the audit.

#### **VII. Deliverables:**

- The Auditors on completion of the audit work will submit original copies of the audit report.
- Report appended to the Financial Statements along with the reports to the attention of the Executive Director of the organization.
- Management letter in accordance with the scope of work described here before.

#### **VIII. Audit Fee/ Remuneration**

The eligible and interested firms shall submit their proposal including the audit fee on a lump sum basis including traveling, Lodging, and food cost.