

## Terms of Reference

Kyiv

20.03.2023

Non-government organization “PUBLIC TELEVISION”, hereafter referred to as the ‘Cooperation partner’ a non-for profit organization, is a VAT payer and is not corporate profits tax:

The Cooperation partner wishes to engage the services of an audit firm for the purpose of auditing:

1. the project ‘Support to institutional development and content production in 2019-2022’ (Phasing out, Sida contribution #12917), as stipulated in the agreement between Cooperation partner and Sida.
2. general purpose financial statements (Balance Sheet, Statement of Financial Results) for the period 01.01.2022 – 31.12.2022.

The audit shall be carried out in accordance with international audit standards issued by IAASB<sup>1</sup> and in line with Sida’s Standard Terms of reference for Annual Audit of Project Support including ISRS 4400, Annex IV (D) available [here](#).

The audit shall be carried out by an external, independent and qualified auditor.

### [Objectives and scope of the audit](#)

The objective is to audit the financial report for the period 01.01.2022 – 31.03.2023 as submitted to

- Sida and to express an audit opinion according to ISA, applying ISA 800/ISA 805, on whether the financial report of project “Institutional development and content production 2019-2022 (Phasing out)” is in accordance with the Cooperation partner’s accounting records and Sida’s requirements for financial reporting as stipulated in the agreement including appendices between Sida and Cooperation partner (Agreement).
- general purpose financial statements (Balance Sheet, Statement of Financial Results) for the period 01/01/2022 - 31/12/2022, and express an audit opinion on whether the financial statements present all material aspects of the Organization's financial condition as of December 31, 2022 and changes in assets for the year ended, the results of operations and cash flows for the year ended are in accordance with the National Accounting Rules (standards)..

II. [Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the Terms of Reference below](#)

Mandatory procedures that must be included:

1. Observe whether the financial report is structured in a way that allows for direct comparison with the latest approved budget.
2. Observe and inspect whether the financial report provides information regarding:
  - a) Financial outcome per budget line (both incomes and costs) for the reporting period and columns for cumulative information regarding earlier periods under current agreement.

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<sup>1</sup> The International Auditing and Assurance Standards Board (IAASB)

- b) When applicable, compare if the opening fund balance<sup>2</sup> for the reporting period matches with what was stated as closing fund balance in the previous reporting period.
  - c) A disclosure of exchange gains/losses. Inquire and confirm whether the disclosure includes the entire chain of currency exchange from Sida's disbursement to the handling of the project/programme within the organisation in local currency/ies, if applicable.
  - d) Explanatory notes (such as, for instance, accounting principles applied for the financial report).
  - e) Amount of funds that has been forwarded to implementing partners, when applicable.
3. a) Inquire and inspect with what frequency salary costs during the reporting period are debited to the project/programme.

*Choose a sample of three individuals for three different months and:*

- b) Inquire and inspect whether there are supporting documentation for debited salary costs.
  - c) Inquire and inspect whether actual time worked is documented and verified by a manager. Inquire and inspect within which frequency reconciliations between debited time and actual worked time is performed.
  - d) Inspect whether the Cooperation partner comply with applicable tax legislation with regard to personal income taxes (PAYE) and social security fees.
4. a) Inspect and confirm that the unspent fund balance (according to the financial report) at the end of the financial year is in line with information provided in the accounting system and/or bank account.
- b) Applicable the final year: Inspect and confirm the unspent fund balance (including exchange gains) in the financial report and confirm the amount that shall be repaid to Sida.

5. List the types of expenses that have been incurred during the reporting period as authorized by the Sida's decision on fund repurposing (of 7 March 2022) to accommodate “Urgent security related costs and other urgent costs that occur as a consequence of Russia's invasion of Ukraine”.

### III. The reporting

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

#### *Reporting from the ISA assignment*

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. The financial report that has been the subject of the audit shall be attached to the audit report.

The reporting shall also include a Management letter that discloses all audit findings, as well as weaknesses identified during the audit process. The auditor shall make recommendations to address the identified findings and weaknesses. The recommendations shall be presented in priority order and with a risk classification.

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Measures taken by the Cooperation partner to address weaknesses identified in previous audits shall also be presented in the Management Letter. If the previous audit did not have any findings or weaknesses to be followed-up on, a clarification of this must be disclosed in the audit reporting.

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.

#### *Reporting from the ISRS 4400 assignment*

The additional assignment according to agreed upon procedures ISRS 4400 under section II, shall be reported separately in an “Agreed-upon procedures report”. Performed procedures should be described and the findings should be reported in accordance with the requirements in the International Standard on Related Services 4400.

When applicable, the sample size shall be stated in the report.

The reporting from the auditor shall be prepared in English and Ukrainian, each in 2 hard copies and 1 electronic (pdf format).

#### **IV. TERMS OF PERFORMANCE**

Deadlines of the audit arrangements:

- |   |                       |
|---|-----------------------|
| - Contract negotiation and signing:         | until April 14, 2023; |
| - Audit field work to be completed:         | until May 05, 2023;   |
| - Draft audit report and management letter: | until May 12, 2023;   |
| - Final audit report and management letter: | until May 17, 2023.   |

The auditor’s report shall be provided directly to the Organization.

#### **V. ACCESS TO FACILITIES AND DOCUMENTS**

The Organization will grant full and complete access to all records and documents and all employees of the Organization the auditor deems necessary in order to provide a clear picture of the financial status of the Organization.

#### **VI. AUDITOR’S SELECTION**

The auditor must be completely impartial and independent from all aspects of management or financial interests in the Organization. The auditor shall not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial, family or close business relationships, or any other relevant connection or shared interest with any senior participant in the management of the Organization. In this aspect, the Organization asks the auditor to disclose any relationship that might possibly compromise his/her independence.

An audit company that has audited the Organization for no longer than 2 consecutive years shall be selected.

#### **Requirements to the tender proposals:**

To participate in the tender, the audit company submits a tender proposal, which must contain the following documents:

1. Signed letter of interest, stating company name, address, contact information (telephone, e-mail, website address), full name of the contact person. The letter shall contain an

assurance of independence, understanding of the scope of work to be performed, the objectives of the audit, audit methodology, overall capacity to carry out audit engagements including availability of audit staff and supervisors with due expertise and qualification, audit plan with a commercial offer in UAH (total cost of services and rate per hour shall be indicated), a list of reports to be delivered as a result of the audit;

2. Copy of Extract of the State Register of Legal Entities;
  - Copy of valid certificate on enrolment to the register of audit firms, issued by the Audit Chamber of Ukraine;
  - Provide information and documents confirming the audit company's work experience in auditing non-profit organizations. Recommendations from 3 clients, issued not earlier than 2020, shall be provided;
  - Data on the general number of qualified staff, seniors and managers to fulfill the set task, copies of auditor's certificates, as well as CVs of the engagement team. Copies of professional education certificates (if any);
  - Copy of latest Certificate, issued by the Audit Chamber of Ukraine based on external assessment of the quality control system.

## **VII. PARTICIPATION**

To participate in the tender, interested organizations must submit documents in paper form, listed in Section VI, by courier service (paper documents are sent in a sealed envelope, protected from unauthorized access). Documents must be submitted at the place of location of the NGO "Public Television" (Kyiv, M. Omelyanovich-Pavlenko Street, building 4/6, 13th floor).

You also need to send a package of documents with the tender offer in electronic form to the postal address [cfo@hromadske.ua](mailto:cfo@hromadske.ua).

The deadline for submitting proposals for the completion is April 03, 2023, 18.00 p.m. (EET). Applications submitted later shall not be considered.

The decision of the competition commission of NGO "Public Television" will be announced by April 05, 2023.

All organizations that provided bids in the specified time, will be notified of the decision.

Please submit your questions regarding the competition to e-mail: [cfo@hromadske.ua](mailto:cfo@hromadske.ua).