

**TERMS OF REFERENCE FOR
INDEPENDENT AUDITOR for FINANCIAL AUDIT OF
Yayasan BaKTI - LANDASAN II Project**

Background

BaKTI (the Indonesian acronym for Eastern Indonesia Knowledge Exchange) is an independent organization based in Makassar, founded on August 24, 2009. BaKTI specializes in knowledge management in Eastern Indonesia focusing on expanding local knowledge, building bridges and networks among local reform champions, and providing platforms upon which reformers can share their successes and advocate for further change.

The LANDASAN II project is a complex frontline service delivery framework, working across several sectors and across different levels of government. The key targets for support are frontline service units within education, health and legal identity, in addition to the villages themselves with regards to village development.

Yayasan BaKTI as the Associate of KOMPAK is responsible for implementing LANDASAN II Project in Papua, funded by the Australia Government through DFAT in accordance with the terms and conditions of the Agreement Reference No. SUB 324

Objective of the Audit

The objectives of this financial audit are to enable the Auditor to express an opinion on whether:

1. The Financial Reports are presented fairly in all material respects. The actual expenditure incurred for the Project for the period from January 1, 2019 to December 31, 2019 in conformity with the applicable contractual conditions or other applicable regulation;
2. The Project funds granted to the Project in all material respects have been used in conformity with the applicable contractual conditions or other applicable regulation.

Scope of Audit

1. These terms of reference address the requirement for independent audit of financial report of Yayasan BaKTI-LANDASAN II Project for the 12 (twelve) months from **January 1, 2019 to December 31, 2019**.

During the period of 1 January 2019– 31 December 2019, Yayasan BaKTI has conducted around 1,031 vouchers, consisting of 3,984 line transactions.

2. The audit will be carried out in accordance with the generally accepted auditing standards and will include tests and verification procedures as the auditors deem necessary.
3. Verify all funds have been used in accordance with the established rules and regulations of Yayasan BaKTI and Contractual Condition with due attention to economy and efficiency and only for the purposes for which the funds were provided.
4. Thorough examination of an appropriate sample of invoices, receipts and other relevant documentation, expenditures charged to the project are eligible expenditures and have been supported by documentary evidence and correctly classified in accordance with the relevant financing agreement. The selected sample size should be endorsed as providing a good standard of assurance in relation to the reliability of financial reports provided by Yayasan BaKTI to KOMPAK.

5. Goods, works and services financed have been procured in accordance with the Yayasan BaKTI and Landasan Project's established rules and procedures, appropriate supporting documents, records and books of accounts relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial report presented to.
6. The Financial Reports have been prepared by Yayasan BaKTI in accordance with applicable accounting standards and give a true and fair view of the financial position of Landasan Project and of its receipts and expenditures for the period ended on that date.
7. Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions.
8. Express an opinion as to reasonableness of the financial report in all material respects.
9. Include in their reports opinion on compliance with procedures designed to provide reasonable assurance of detecting misstatements due to errors or fraud that are material in the financial reports.
10. Conduct entry and exit meeting with the Management of Yayasan BaKTI in Makassar.

Audit Duration:

The audit work should be carried out within 1 (one) month from the date of commencement of the audit and conducted in Yayasan BaKTI Office in Makassar.

Deliverable:

By the end of the assignment, the Auditor should submit the following documents in English and Bahasa:

1. Audit Report
 - a. Draft audit report that includes the auditors' opinion on financial reports of LANDASAN Project – Yayasan BaKTI for the period of January 1, 2019 – December 31 2019, should be reported 5 (five) days after the audit work completion.
 - b. The final audit report, should be completed 3 (three) days after receiving Yayasan BaKTI's comments to the Draft Audit Report.
 - c. All ineligible expenditures will be disclosed in an annex to the audit report
2. Management Letter

In addition to the audit report, the auditors will prepare a "management letter" in which they will:

 - a. Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
 - b. Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement;
 - c. Report on the degree of compliance with each of the financial covenants on Yayasan BaKTI and Landasan Project SOP and the Sub Contract agreement; and give comments, if any, on internal and external matters affecting such compliance;
 - d. Communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the project;
 - e. Give comments on previous audits' recommendations that have not been satisfactorily implemented; and

- f. Bring to Yayasan BaKTI's attention to any other matters that the auditors consider pertinent, including ineligible expenditures.

Qualification of the Audit Firm:

The prospective auditor is required to submit a Proposal to show its interest for its services which provided the following information in the proposal:

1. Details of your firm/Profile: This should include an outline of the organization, size and capacity, listed as auditor in Ministry of Finance (MOF)/OJK/formerly Bappepam. (Score 10%)
2. Identify experience with NGO clients and if possible provide references of NGO clients. (Score 25%)
3. Staffing: The partner and manager who will be assigned to the audit, including details of their relevant experience and qualifications. Provide an overview of staff that will be involved and the time which will be allocated to the audit. (Score 20%)
4. Audit approach: Determine audit strategy and undertake audit planning. (Score 15%)
5. Fees: Include separate estimates of your total audit fees for reporting. Please include travel costs separately. (Score 30%)

Please send your **Proposal** stated your organizational qualification and Experience before (7 Mei 2020) by email to: info@bakti.or.id

The highest score of the proposal will be awarded contract based on final negotiation.