



## **TERMS OF REFERENCE FOR EXTERNAL AUDITOR**

### **1. Organization Background**

Habitat for Humanity Uganda (HFHU) is a non-denominational, non-profit Christian Housing Ministry established in 1982 and registered in Uganda as a Non-Governmental Organization (NGO). HFHU is affiliated with Habitat for Humanity International (HFHI), Headquartered in Atlanta, Georgia, USA.

Since 1982, HFHU has partnered with families across the country to build, refurbish, and renovate over 40,000 houses, directly housing over 240,000 of family members. This housing partnership, particularly targeting vulnerable families, has contributed to addressing the housing needs of the 2.9 million people who live under poor housing conditions. HFHU also implements interventions for household and community water and sanitation (WASH), capacity building for youth and vulnerable caregivers, and advocacy for tenure security, essential basic services, and collaborative participation.

### **2. Scope of Services**

HFHU wishes to hire the services of an external auditor for the audit of the financial statements for the period **1 July 2024 to 30 June 2025**, with a possible extension for the next two (2) years. The audited financial statements must be prepared per International Accounting Standards and applicable laws and reporting frameworks in the Republic of Uganda. The audit must be conducted under applicable International Standards on Auditing. The Auditor is expected to meet the following reporting milestones:

- Draft audited financial statements to be submitted within I (one) month from the date of commencement of the audit including the day for audit briefing.
- The final and signed audited financial statements should be submitted within Fourteen (14) working days after approval of the draft audited financial statements.
- The signed audited financial statements and management letter for the financial year ended should be made available no later than 30<sup>th</sup> September 2025.
- Sufficient audit evidence should be gathered to substantiate in all material respects the accuracy of financial statements.

The audit report of the auditors should state whether the financial statements of HFHU were or was not in conformity with any of the above standards including the policies of HFH Uganda and Habitat for Humanity International (HFHI). The final audited financial statements must be reflective of the following:

- i. Statement of financial position
- ii. Statement of income and expenditure
- iii. Statement of cash flows
- iv. Statement of changes in accumulated funds, and
- v. Comprehensive notes disclosures

### 3. Audit Reporting

- The audited financial statements must be submitted with an auditor's opinion and shall contain the methodology applied and the scope of the audit.
- The report shall also contain an assurance that the audit was performed in accordance with international standards and by a qualified auditor.
- The reporting shall contain the audit approach which will describe the audit procedures employed.
- The reporting shall contain the responsible auditor's signature and title.
- The auditor shall submit an audit management letter, which shall contain the findings made during the audit process. It shall state the recommendations implemented from the previous audits and whether measures taken have been adequate to deal with reported short comings.

The auditor shall make recommendations to address any weaknesses identified.

The recommendations should be presented in priority.

- The auditor shall report by stating whether the audited financial statements are true and fair in all material respects.
- Report on the degree of compliance with each of the financial principles in the grants agreements and give comments, if any, on internal and external matters affecting such compliance.
- Communicate matters that have come to their attention during the audit that might have a significant impact on the implementation and sustainability of existing projects. The audit exercise shall be performed in a period of 1 (one) month and the auditor will be given 1 (one) more month to compile and submit the final and signed report.
- The audit will be carried out in accordance with the International Auditing Standards and will include tests and verification procedures as the auditors deem necessary.
- Verify that all funds have been used in accordance with the established rules and regulations of HFHU and only for the purposes for which the funds were provided.
- Goods, works and services financed have been procured in accordance with the HFHU established procurement rules and procedures.
- Appropriate supporting documents, records and account books relating to all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented.
- The financial statements have been prepared by HFHU management in accordance with applicable accounting standards and give a true and fair view of the financial position of HFHU and of its receipts and expenditures for the period ended on that date.
- Comprehensive assessment of the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions.
- Express an opinion as to the reasonableness of the financial statements in all material respects.
- 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 statements.
- Conduct entry and exit meetings with the HFHU Leadership

#### **4. Management Letter**

The Auditors should submit a letter management of the audit. The issues to be covered in the letter should include:

- i. The assessment of the efficiency of the administration, management, and internal control systems of HFHU.
- ii. A description of any specific internal control weaknesses noted in the financial management of HFHU.
- iii. Report on the implementation status of recommendations to previous period audit reports.
- iv. Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
- v. Recommendations to resolve/eliminate the internal control weaknesses noted should be included. Management comments/responses to audit findings and recommendations
- vi. Bring to the National Director's attention any other matters that the auditors consider pertinent.
- vii. Bring to the Board Audit Committee any matter that the auditor considers pertinent.

#### **5. Audit Duration:**

The audit work shall be completed within one month from the date of commencement of the audit.

#### **6. Deliverables:**

- i. The Auditors, on completion of the audit work, will submit 4 (four) original copies of the Audit Report appended to the Financial Statements
- ii. Management letter in accordance with the scope of work described here before.

#### **7. Independence and Qualification of the Audit Firm:**

To perform the audit of Habitat for Humanity Uganda, the following requirements must be met:

- i. The Auditors must be impartial and independent from all aspects of management or financial interests in the entity being audited. The Auditors should 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 or close business relationships with any senior member in the management of HFHU
- ii. The Auditors should disclose any relationship that might compromise their independence.
- iii. The Auditors should be experienced in applying auditing standards; The Audit Firm must deploy adequate staff with appropriate professional qualifications and suitable experience in auditing the accounts of Non-Governmental Organizations.
- iv. The ideal firm must be registered by ICPAU
- v. At least five years of experience of auditing NGOs
- vi. Excellent analytical skills, Strong interpersonal and communication skills, and report-writing skills

## 6. Access to Facilities and Documents

Financial recordings are automated in Sun Systems accounting package, the supporting documents in the form of invoices, and payment vouchers are processed manually.

The Auditors will have full and complete access at any time to all records and documents (including books of accounts, Donor agreements, minutes of the Board meetings, bank records, invoices, contracts etc.) and all employees files of HFHU.

Further, the Auditors will have a right of access to banks and depositories, consultants, contractors and other persons or firms engaged by HFHU over the period under the audit review.

## 7. Required

Interested and qualifying firms should submit financial and technical proposals showing a clearly defined approach to the assignment, the cost implication, and the proposed period of execution. All BIDs must be submitted manually in sealed envelopes and delivered to:

**Habitat for Humanity Uganda Offices  
Plot 1026, Lukadde Road, Kyaliwajjala, Kira Ward  
Marked: "AUDIT TENDER"**

All submissions should be made not later than **24<sup>th</sup> March 2025** at **16:00Hrs** clearly marked "AUDIT TENDER" and addressed to the Chairperson, Procurement Committee. Late submissions will not be accepted.

Eligible bidders must submit the following documents together in their bids along with those mentioned in clause (5) above; -

- A company profile with details of physical address and contact details
- A Tax Registration Certificate
- Valid Tax Clearance Certificate
- List of the proposed Audit team, their qualifications, and experience
- Proposed professional fees

### Note:

- **AUDIT FIRMS WHO SUBMITTED THEIR PROPOSALS DURING THE FIRST CALL ARE INFORMED NOT TO RESUBMIT AS THEIR BIDS ARE STILL VALID.**

## MANAGEMENT.