

Consultancy on Professional External Audit (Annual Statutory Audit) - RFP-TZA-FIN-2025-001 At Danish Refugee Council

Terms of Reference (TOR) for Annual Statutory Audit

Who is the Danish Refugee Council

Founded in 1956, the Danish Refugee Council (DRC) is a leading international NGO and one of the few with a specific expertise in forced displacement. Active in 40 countries with 9,000 employees and supported by 7,500 volunteers, DRC protects, advocates, and builds sustainable futures for refugees and other displacement affected people and communities. DRC works during displacement at all stages: In the acute crisis, in displacement, when settling and integrating in a new place, or upon return. DRC provides protection and life-saving humanitarian assistance; supports displaced persons in becoming self-reliant and included into hosting societies; and works with civil society and responsible authorities to promote protection of rights and peaceful coexistence.

DRC has been operational in Tanzania since 2015 and has been implementing projects in the refugee response. The operation is based in Nduta, Mtendeli and Nyangusu refugee camps. The area offices are located in Kibondo and Kasulu with a country office in Dar es Salaam. DRC established the operation in Burundi in October 2018. The country program is managed from Bujumbura under the supervision of the Tanzania Country Program. Our vision is a dignified life for all

Purpose of the consultancy/Audit

The Danish Refugee Council based in Tanzania, seeks proposals from a consultant to perform annual audits, as a statutory obligation in-line with the provided law as articulated in Section 29 of the NGO Act 2002, which we need to submit annual returns.

In Tanzania, like in many other countries, NGOs (Non-Governmental Organizations) are required to comply with certain regulations and reporting obligations. Two key requirements for NGOs in Kenya are:

1. Filing 2024 annual return of income to Tanzania Revenue Authority (TRA) through through e-filing system.
2. Preparation of Financial Statements: NGOs in Tanzania are also obligated to prepare and maintain financial statements. These financial statements should accurately reflect the organization's financial transactions, including income, expenses, assets, and liabilities. The financial statements must be audited by a certified auditor and made available for review by relevant authorities, donors, and the public. Proper financial reporting ensures accountability and transparency in the NGO's financial management.

It is crucial for NGOs to adhere to these requirements to maintain their legal status, demonstrate transparency, and build trust with stakeholders, including donors, beneficiaries, and the government. Failure to comply with these obligations may lead to penalties or the revocation of the NGO's registration. As regulations and compliance requirements may change over time, NGOs should regularly keep themselves updated with the latest guidelines issued by the Tanzanian authorities.

Background

DRC has executed programmes that have been funded by a wide range of institutional donors and private foundations. With this backdrop, DRC is compliant with the Tanzanian laws and NGO Coordination Board under which it is registered. Further, DRC follows the accounting guidelines as set out in the DRC Operations Handbook, Finance section and implements projects in conformity with Donor Standards and Regulations.

The organization collaborates with the Tanzanian government, UN agencies, and other partners to address the needs of vulnerable populations in the country.

Objective of the consultancy/Audit

The purpose of this consultancy is to provide auditing services is geared towards providing an audit opinion on the overall financial statements of DRC in line with the statutory requirements and conducting an independent appraisal of key financial and operations controls.

The audit will therefore examine the Income Statement, Balance Sheet and Trial Balance records for DRC. The statements for DRC will be generated from Dynamics financial system in Tanzania Shillings for the audit period 1st January 2024 to 31st December 2024.

The expected expenditure level to 31.12.2024 is TZS 12,000,000,000.

Scope of work and Methodology

The Consultant will be required to prepare a detailed methodology and work plan indicating how the objectives of the project will be achieved and the support required from DRC.

Accounting and Financial Management Information

The DRC processes are guided by policies and procedures contained in the DRC Operations Handbook. DRC uses Dynamics Accounting system, which is multi-currency accounting software, with the USD Dollar (USD) & Tanzania shillings (TZS) as the base currencies in Tanzania. Each Donor contract has a designated project code that distinctively identifies each contract. Donor funds received are coded to the relevant project code and expenses incurred are also charged to the relevant project code and donor reference budget line, hence allowing for expenses tracking, monitoring and reporting.

The Auditor Independence and Qualification

DRC is requesting proposals from licensed certified public accountants' firms to audit its financial statements from the financial year ending 31st December 2024, with the option of auditing its financial statements for the 2024 financial year.

The auditors must be completely impartial and independent from all aspects of management of 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 a director for, or have any financial or close business relationships with any senior member in the management of the Danish Refugee Council.

The Auditors should disclose any relationship that might possibly compromise their independence.

That auditors should have demonstrable experience in applying general accepted audit standards; the Audit Firm must employ adequate staff with appropriate professional qualifications and suitable experience in auditing the accounts of non-governmental organizations.

Specifically, the Audit Scope will include but will not be limited to:

1. Audit of DRC's Income Statement and Balance Sheet Reports covering the period 1st January 2024 to 31st December 2024.
2. Obtain sufficient audit evidence to substantiate, in all material aspects, the accuracy of the information contained in the Balance sheet reports.
3. Obtain an understanding of internal controls and perform tests of internal controls.
4. Perform procedures to determine whether DRC has complied with laws, rules and regulations.
5. Issue an Independent Auditor's Report that states but not limited to the following:
6. An Opinion (or disclaimer of opinion) as to whether the Financial Statements present fairly in all material respects.
7. Filing 2024 annual return of income to Tanzania Revenue Authority (TRA) through through e-filing system.
8. Certification of annual returns through the e-filing system of TRA.
9. Obtain sufficient audit evidence to substantiate, in all material respects, the accuracy of the information contained in the Balance Sheet reports.
10. Tax Computation for 2024, preparation of final return of Income.
11. Obtain an understanding of internal controls and perform tests of internal controls.
12. Perform procedures to determine whether DRC has complied with country laws, Tax laws, statutory requirements and regulations.
13. Perform a test on the DRC procurement procures, engagement of vendors if they comply with Tanzania regulations and procedure and identify any risks for noncompliance.
14. Perform a test on the DRC employment and recruitment procedures and employee engagement if they compliance with Tanzania Labor laws and employee relationship act.
15. Perform test on all Cash and bank reconciliation and ensure all accounts are reconciled.
16. Perform test on payrolls to obtain sufficient evidence on the amount of PAYE paid and all other statutory deductions.
17. Obtain sufficient evidence on all With-holding Taxes paid on professional services, rent and any other relevant payment as per Tanzania Tax laws.
18. Obtain sufficient evidence of all income received during the year and reconcile with financial statements and bank statements.
19. Perform a check on the DRC Management of inventories and Assets if they comply with the required standards and advice on the areas of improvement
20. Ensure audited financial statements are prepared in the correct and standard template as required by the Country Laws, regulations and standards and that all required information is captured.
21. Issue an independent Auditor's Report that states but is not limited to the following:
 1. An Opinion (or disclaimer of opinion) as to whether the financial statements present fairly in all material respects.
 2. A report on internal controls, which shall describe the scope of testing of internal controls and the results of the tests.
 3. A schedule of findings and questioned costs that includes a summary of the auditor's results.
 4. A statement on the organization's compliance with legal and regulatory requirements
 5. Whether the financial statements and supporting documents of Danish Refugee Council Tanzania fairly present the cash receipts and expenditure in all material respects and that the funds were used for the purposes defined by Danish Refugee Council Tanzania

program.

22. Deliverables

The Auditor will submit the following deliverables upon execution of the work as mentioned below:

1. The Audit Report

The Auditor will issue an independent auditor's report for the institution's financial statements for the year 2023 which shall capture the audit opinion as to whether there is fair presentation of the financial statements in all material aspects.

1. Management Letter

The management letter indicating observations made from the audit engagement and recommendations arising from the observations. The Management Letter should categorize clearly High-Risk areas, Medium-Risk areas and Low-Risk areas for each of the risks to be reported as stated below (a) to (g) to enable management to prioritize to manage the risks of the organization:

1. Give comments and observations on the accounting records, procedures, systems and controls that were examined during the audit.
2. Identify specific deficiencies and areas of weakness in systems and controls and make recommendations for improvement.
3. Report on the implementation status of recommendations pertaining to previous period audit reports.
4. 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; and
5. Bring to the Board's attention any other matters that the auditors consider pertinent.
6. Ideally, the management letter will include reactions/comments from DRC Management on the weaknesses noted by the auditors.

Duration, timeline, and payment

The auditors shall be prepared to complete the assignment no later than:

1. Interim Audit to begin on 24th March 2025 and end by mid-April 2025, and the
2. Final Audit to be finalized by 20th May 2025.

Payment installments will be as agreed in the contract.

Proposed Composition of Team

The Auditor/Consultant should submit CVs for all staff to be involved in each job title for the Team that includes Audit Partner, Audit team leader, Audit manager, Audit senior, Audit assistant or Special expertise, if necessary.

Eligibility, qualification, and experience required

The Firm profile and the Curriculum Vitae (CVs) of the firm's partners should be provided to DRC by the principal of the Audit Firm who would be responsible for signing the opinion, together with the CVs of the Managers, Supervisors and Key personnel proposed as part of the Audit Team. In particular, the firm should:

1. Be approved by NBBA & the partners should be in good standing with NBBA or any

accounting professional institution and have active audit license

2. The firm should have been in practice for a period of not less than 5 years
3. The firm must have five years' experience in audit of large International Non-Governmental Organisations (INGOs) and conducting statutory audit.
4. The firm must have experience in IT systems audit
5. The firm must have at least two partners who are full time practitioners
6. The audit team must have Audit and accounting qualifications and level of experience (minimum of 5 years' experience) of the key proposed personnel in relation to audit of financial service institutions.
7. Be able to demonstrate that the audit team has vast experience in the sector.
8. Be able to demonstrate ability to engage with different stakeholders in the sector including the Tanzania Revenue Authority (TRA) and other government departments.
9. Meet with the organization's representatives to agree on the scope of the audit and address queries arising from the audit.
10. Be competent to provide Value-added services on matters related to taxation, Insight on changing operating environment and audit standards. Technical supervision

The selected audit firm will work under the supervision of the Country Head of Support Services

Location and support

DRC operations for Tanzania Programme are transacted in Kibondo as the field office where the documents are retained except for few documents which are retained on Dar Office where few documents are retained. The auditor will be expected to specify the sample transactions required prior to the commencement of the audit to facilitate remittance of the supporting documents. Payroll is a centralized function and is done for Tanzania Programme in the Kibondo field Office.

The auditors will have full and complete access during working hours to all records and documents (including books of accounts, legal requirements, Program Grant Agreements and Budgets, minutes of meetings, bank records, invoices and contracts) and employees. The Auditor will also have right to access to information on banks, consultants, contractors, partners and other persons or firms engaged by DRC.

Travel

While executing the assignment, there will be some travel expected to some of the areas we work in within the country and DRC will facilitate the related costs.

Evaluation of bids

DRC will evaluate proposals and award the assignment based on technical and financial feasibility in line with DRC Procurement guidelines.

A bid shall pass the administrative evaluation stage before being considered for technical and financial evaluation. Bids that are deemed administratively non-compliant may be rejected.

Documents listed in RFP invitation letter Must be submitted together with your bid.

If any information required during the administrative evaluation is not provided by the bidders, DRC may choose to request bidders to supply this information within 48 hours of the tender opening. Please note that this is only applicable for documentation that does not alter the details in the bid, such as price information.

Note: Proposals failing to meet the minimum requirements stated above will not be considered further.

Financial Evaluation

Financial proposal – should be all inclusive and itemized to show audit fees, taxes, incidentals, logistics cost and any other cost associated with this assignment. The financial proposal should be in Tanzania Shillings.

TERMS & CONDITIONS

The auditor must be completely impartial and independent from all aspects of the management or financial interests in Danish Refugee Council.

DRC reserves the right to accept or reject any proposal received without disclosing reasons to applicants and is not bound to accept the lowest bidder.

CONFIDENTIALITY

All information presented, obtained, and produced is to be treated as DRC's property and is considered as confidential for all other purposes than what is outlined in these terms of reference.

ADDITIONAL INFORMATION

For additional information regarding these terms of reference, please send your questions to procurement.tza@drc.ngo

Please find complete bidding documents in the following link: [RFP-TZA-FIN-2025-001 - Consultancy on Professional External Audit \(Annual Statutory Audit\)](#)

How to apply

Bids can be submitted by email to the following dedicated, controlled, & secure email address:

tender.tza@drc.ngo

When Bids are emailed, the following conditions shall be complied with:

- **The RFP number shall be inserted in the Subject Heading of the email**
- **Separate emails shall be used for the 'Financial Bid' and 'Technical Bid', and the Subject Heading of the email shall indicate which type the email contains**
 - The financial bid shall only contain the financial bid form, Annex A.2
 - The technical bid shall contain all other documents required by the tender, but excluding all pricing information
- Bid documents required, shall be included as an attachment to the email in PDF, JPEG, TIF format, or the same type of files provided as a ZIP file. Documents in MS Word or excel formats, will result in the bid being disqualified.
- Email attachments shall not exceed 4MB; otherwise, the bidder shall send his bid in multiple emails.

Failure to comply with the above may disqualify the Bid.

DRC is not responsible for the failure of the Internet, network, server, or any other hardware, or software, used by either the Bidder or DRC in the processing of emails.

Bids will be submitted electronically. DRC is not responsible for the non-receipt of Bids submitted by email as part of the e-Tendering process.