TERMS OF REFERENCE FOR THE ANNUAL AUDIT OF PROJECT AND PROGRAMME SUPPORT INCLUDING ISRS 4400

The audit shall be carried out in accordance with International Audit Standards (ISA) issued by IAASB[1]. In addition, an assignment according to International Standards on Related Services (ISRS) 4400 shall be carried out. The audit and the additional assignment shall be carried out by an external, independent, and qualified auditor.

These Terms of Reference shall be:

- *Used for the Partner organisation's commissioning of an Audit of the annual financial report for the Organisation's project/programme and the additional assignment of Agreed upon procedures.*
- *Signed by the management/board in accordance with the Partner organisation's valid regulations.*
- *Part of the Auditor's engagement letter, either included in the text or as annex.*

[ORG] is to be replaced with the registered/legal name of the Partner to Diakonia, and other [highlighted text] replaced with information relevant for these Terms of Reference.

If other donors to the Partner are requesting similar audits, Diakonia shall be contacted for the sake of harmonisation.

I. INTRODUCTION

Edraak Foundation for Development and Equality is an Egyptian non-profit organization registered at the Ministry of Social Solidarity under No. 11014 of 2019, concerned with supporting the presence of women and their social, economic and political participation in the public sphere and advocating for issues that enable them to obtain their full basic rights, achieve equality in gender issues and combat forms of violence and discrimination in the public and private spheres, by providing means of support, protection and social guidance for victims/survivors of violence and providing various awareness-raising services.

The Foundation engages with women and girls' issues by designing advocacy and support campaigns, as well as issuing studies and monitoring reports since 2020 through the Observatory for Gender-Based Violence Crimes against Women and Girls. The Foundation pays attention to multisectoral partnerships with stakeholders concerned with women's issues, decision-makers and legislators, and works to integrate and engage men in supporting and advocating for women and girls' issues. The Foundation pays special attention to sexual and reproductive health, community development and economic empowerment programs for women and vulnerable groups in local communities.

Edraak Foundation for Development and Equality - EFDE shall procure/commission an audit of the financial report of the project that includes financing from Diakonia in accordance with the conditions set in the Cooperation Agreement between Edraak Foundation for Development and Equality - EFDE and Diakonia, dated November 14, 2024..

The Audit Firm and/or the Auditor shall be a member of IFAC.

[1] The International Auditing and Assurance Standards Board (IAASB)

II. THE SCOPE OF WORK AND PURPOSE OF THE AUDIT

The audit concerns the financial report for the project Waslah Amna for the period January 1, 2025 – June 30, 2025.

The purpose of the audit is to express an audit opinion in accordance with ISA 800/805 on whether the financial report of the project support is in accordance with Edraak Foundation for Development and Equality - EFDE's accounting records and the Diakonia requirements for financial reporting as stated in the Cooperation Agreement between the Edraak Foundation for Development and Equality - EFDE's and Diakonia, dated November 14, 2024..

III. THE AUDITOR'S REPORTING

The reporting shall be signed by the responsible auditor (not just the audit firm[2]) and shall include the title of the responsible auditor.

The Independent Auditor's report

The auditor's reporting shall include an independent auditor's report in accordance with the 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 Independent Auditor's report should cover whether the project's or programme's:

- Financial report gives a true and fair view of the activities of the project
- Whether the implementation has complied with the rules and conditions governing the use of funds as stated in the Agreement
- Financial reporting has been done as per agreement and that the funds are included in the Edraak Foundation for Development and Equality - EFDE's accounting.

The Management Letter

The audit reporting shall 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.

Measures taken by Edraak Foundation for Development and Equality - EFDE 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.

Diakonia considers the following Cooperation Agreement areas to be of special importance:

- Whether a satisfactory system for financial management and internal control, assessing the effectiveness of policies and procedures in preventing or detecting fraud, is applied.
- If the accounting is in accordance with Accepted Accounting Standards in Egypt or with International Financial Reporting Standards (IFRS)

[2] If the audit firm is obliged to sign, refer to relevant legislation. Diakonia needs to know who has been responsible for the audit assignment.

- Salary costs
- Supporting documentation related to incurred costs
- Compliance with rules and regulations regarding taxes and social security fees
- Procurement
- Signed agreements with contracting partners
- If any sub granting is allowed signed agreements with partner organisations for which funds financing the project have been used verifying compliance with the conditions of the Agreement.

The Independent Auditor's reporting shall be received by Edraak Foundation for Development and Equality - EFDE not later than August 6, 2025.. This assumes that the Auditor has been able to start their audit not later than four weeks before the due date of the report, and that the documentation regarding the financial report is complete.

The organization Edraak Foundation for Development and Equality - EFDE shall present a Management Response to the auditor's reported findings, including an action plan with clear deadlines.

IV. TERMS OF REFERENCE FOR AGREED-UPON PROCEDURES ENGAGEMENT, ISRS 4400

The Agreed-Upon Procedures engagement in accordance with International Standards on Related Services, ISRS 4400 concerns review of specific areas under the period of reporting and may concern both financial and non-financial information. The purpose is to review Edraak Foundation for Development and Equality - EFDE's compliance with the Cooperation Agreement for the project concerned, signed between Edraak Foundation for Development and Equality - EFDE and Diakonia. The size of the samples needed for the review below is based on the analysis of materiality and risk done by the auditor under the ISA 800/805 assignment.

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[3]
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.
   b. When applicable, compare if the opening fund balance[4] 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 the donor'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:

[3] The budget is attached to the agreement with Diakonia as an annex and any updates should be supported by a written approval by Diakonia.

[4] I.e. funds remaining from disbursements made during previous reporting period/s

i. Inquire and inspect whether there are supporting documentation[5] for debited salary costs.
ii. 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.
iii. Inspect whether Edraak Foundation for Development and Equality - EFDE complies with applicable tax legislation with regard to personal income taxes (PAYE)[6] and social security fees.

4.
   a. Inspect and confirm that the unspent fund balance (according to the financial report) at the end of the reporting period in June 30, 2025 is in line with information provided in the accounting system and/or bank account.
   b. Applicable **the final reporting period**: Inspect and confirm the unspent fund balance (including exchange gains) in the financial report and confirm the amount that shall be repaid to Diakonia.
5.
   a. Inquire and inspect if the agreed overhead costs are based on a cost recovery model. Obtain information on debited overhead costs within the project and confirm whether the costs are in line with Edraak Foundation for Development and Equality - EFDE ´s routines for allocating overhead costs to different projects.
   b. f If the auditor assesses that
   c.
6. Review, on sample basis, whether Edraak Foundation for Development and Equality - EFDE has adhered to the procurement guidelines annexed to the Cooperation Agreement.
7. Regardless of materiality, quantify the amount of costs missing supporting documents.
8. If Edraak Foundation for Development and Equality - EFDE has third party agreements, inquire, and inspect whether there is an unbroken chain of audited financial reports according to the requirements as stipulated in the agreement between Edraak Foundation for Development and Equality - EFDE and Diakonia, for funds disbursed the previous year. The inquiry and inspection shall include whether Edraak Foundation for Development and Equality - EFDE makes documented assessments of the audited financial reports submitted to Edraak Foundation for Development and Equality - EFDE and whether these reports are followed-up by Edraak Foundation for Development and Equality - EFDE.
9. If Edraak Foundation for Development and Equality - EFDE is allowed to have third party agreement according to the Cooperation Agreement, review and confirm that the Edraak foundation for Development and Equality - EFDE screens the third party to ensure that such parties are not subject to the European Union's financial sanctions list of persons, groups and organisations (EU Sanctions list). Enquire whether there have been any reported findings from the screening process and if so, report on such findings.
   a. Review and confirm that Edraak Foundation for Development and Equality - EFDE screens suppliers to ensure that such parties are not subject to the European Union's financial sanctions list of persons, groups and organisations (EU Sanctions list). Enquire whether there have been any reported findings from the screening process and if so, report on such findings.
10. If Edraak Foundation for Development and Equality – EFDE is allowed to have third party agreement according to the Cooperation Agreement, enquire whether Edraak Foundation for Development and

[5] Debited salary costs should be verified by supporting documentation such as employment contracts.
[6] Pay As You Earn

Equality - EFDE has received prior approval from Diakonia for using alternative payment methods in an amendment to the agreement. If so, obtain information of the total amount that have been transferred through alternative payment methods. Furthermore, select 40 % or a maximum of 15 sub-grantee where alternative payment methods have been used. Review, confirm and report on the below:

a. That the Edraak Foundation for Development and Equality - EFDE has followed routines for the use of alternative payment methods,
b. The relevant amount transferred,
c. Why the exemption from bank transfers is motivated and authorised in the specific context.

Reporting on Agreed-upon procedures

The additional assignment according to agreed-upon procedures ISRS 4400 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.

Please submit the technical and financial offer to the following email: info@edraak-eg.org no later than Wednesday, April 30, 2025, at 5:00 PM.