

**TERMS OF REFERENCE FOR**  
**INDEPENDENT AUDITOR for FINANCIAL AUDIT OF**

**Yayasan BaKTI – Project KIAT Guru Phase 2**  
**1 January 2020 – 30 April 2020**

**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.

Project Development Objective of KIAT Guru is to improve the presence and service quality of primary school teachers in targeted areas. The objective will be reached by making teachers more accountable and by empowering communities to participate in education.

The Government of Indonesia (GoI) is currently expanding the scope of KIAT Guru Implementation (Phase 2). Phase 2 aims to test two institutional arrangements for scale up within the government system using technology: through village governance with minimum NGO supports, or through school governance

Yayasan BaKTI as the Grant Recipient of the International Bank for Reconstruction and Development ("World Bank"), is responsible for implementing KIAT Guru Phase 2 Project in West Kalimantan and East Nusa Tenggara, in accordance with the terms and conditions of the Agreement Reference TFOA9873.

**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, 2020 to April 30, 2020 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-KIAT Guru Phase 2 Project for the 4 (four) months from **January 1, 2020 to April 30, 2020**.

During the period of 1 January 2020– 30 April 2020, Yayasan BaKTI has conducted around 278 vouchers, consisting of 996 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 World Bank.
5. Goods, works and services financed have been procured in accordance with the Yayasan BaKTI and KIAT Guru Phase 2 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 KIAT Guru Phase 2 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 3 (three) weeks 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 KIAT Guru Phase 2 Project – Yayasan BaKTI for the period of January 1, 2020 – April 30 2020, should be reported 4 (four) days after the audit work completion.
  - b. The final audit report, should be completed 2 (two) 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 KIAT Guru Phase 2 Project PIM 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.

#### **Reporting Requirements**

- a. A brief report of no more than 3 pages, presenting the audit methodology and work plan to Yayasan BaKTI by 31 March 2020.
- b. The team should submit a Draft Audit Report (In English and Bahasa) and management letter plus annexes to Yayasan BaKTI by 5 June 2020.
- c. The team should submit the Final Audit Report (In English and Bahasa) and management letter plus annexes to Yayasan BaKTI by 19 June 2020.

#### **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 *31 March 2020* by email to: [info@bakti.or.id](mailto:info@bakti.or.id)

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