TERMS OF REFERENCE (TOR) FOR EXTERNAL AUDIT SERVICES

1. Background

Open Future Ethiopia (OFE) is a local nonprofit organization established in 2012 and re-registered on January 28, 2020, under Registry No. 2320, in accordance with Civil Society Organizations Proclamation No. 1113/2019. OFE works to improve the lives of vulnerable children and their families through education, learning opportunities, livelihood support, and holistic care.

OFE invites licensed audit firms to submit technical and financial proposals for annual statutory audit services for FY 2026, 2027, and 2028 (three-year term).

RFPNo.: OFE-ETH-AUD-2026-01

Issue Date: October 21, 2026

Submission Deadline: November 5, 2026

2. Objectives of the Statutory Audit

The objectives of the audit are to:

- Express an independent professional opinion on whether the financial statements present fairly, in all material respects, the financial position, financial performance, and cash flows of OFE for the financial year under review.
- Assess whether proper accounting records have been maintained in accordance with applicable laws and accounting standards.
- Evaluate compliance with applicable Ethiopian laws, donor requirements, and OFE internal policies.
- Review the adequacy and effectiveness of the organization's internal control systems and provide recommendations for improvement.
- Identify and report material misstatements, significant control weaknesses, irregularities, instances of non-compliance, and other matters identified during the audit.

Applicable Standards

The audit shall be conducted in accordance with:

- International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB).
- Applicable Ethiopian auditing standards and regulatory requirements as adopted by the Accounting and Auditing Board of Ethiopia (AABE).
- Authority for Civil Society Organizations (ACSO) requirements.
- The financial statements shall be prepared in accordance with the International Public Sector Accounting Standards (IPSAS)
- Applicable Ethiopian laws and regulations.

Scope of Work

The selected audit firm shall:

- Plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.
- Audit total project expenditures estimated at approximately ETB equivalent of **USD 80,000**
- Review accounting records, vouchers, contracts, bank records, payroll, procurement documentation, and supporting documents maintained in approximately **7 box files.**
- Assess the adequacy and effectiveness of internal controls.
- Verify compliance with applicable laws, donor agreements, contractual obligations, and OFE policies.
- Identify any material weaknesses, irregularities, or non-compliance and provide practical recommendations for improvement.

1. Reporting and Coordination

The selected audit firm shall report to the OFE Board or designated senior management and coordinate closely with the OFE Finance and Operational Manager throughout the audit assignment.

2. Timeline and key Deliverables

Expected Timeline:

Activity	Timeline
Contract award and commencement	Mid November- 2026
Audit planning and preparation	Jan 1 – 15, 2027
Audit fieldwork	Jan 16 – 31, 2027
Submission of draft audit report and management letter	Feb 8, 2027
OFE review and feedback	Feb 15, 2027
Submission of final signed audit report	Feb 22, 2027
Submission of final signed audit report	Feb 22, 2027

Statutory filing/submission deadline, if applicable	Feb 24, 2027

3. Deliverables

The successful audit firm shall submit:

- Independent Auditor's Report on the financial statements.
- Management Letter detailing audit findings, internal control weaknesses, and recommendations.
- Audited Financial Statements.
- Three (3) original signed and stamped copies of the final audit report.

4. Compliance and Professional Conduct

The audit firm shall:

- Comply with OFE policies on ethics, confidentiality, safeguarding, security, and conflicts of interest.
- Maintain independence, objectivity, and professional integrity.
- Promptly disclose any actual or potential conflict of interest.
- Protect all confidential financial and operational information.
- Prohibit any form of bribery, fraud, or unethical gifts and benefits.

Qualifications and Experience

The audit firm must meet the following minimum requirements:

- Be licensed and registered by the Accounting and Auditing Board of Ethiopia (AABE).
- Hold a valid business license, Tax Identification Number (TIN), and professional competence certificate.
- Demonstrate at least five (5) years of experience conducting statutory audits for NGOs, international organizations, or donor-funded projects.
- Have qualified audit personnel with relevant professional certifications and experience.
- Demonstrate independence and the absence of any conflict of interest.
- Experience auditing IPSAS-based financial statement
- Ability to meet agreed timelines

How to Apply

Interested audit firms are invited to submit their technical and financial proposals in person at the OFE Main Office no later than November 5, 2026.

Proposal Submission Guidelines

The proposal shall include:

- Technical Proposal
- Company profile.
- Understanding of the ToR
- Proposed audit methodology and work plan.
- Detailed implementation schedule.
- Relevant experience conducting audits for NGOs, INGOs, or donor-funded organizations.
- At least three references from similar assignments.
- Financial Proposal

A detailed financial quotation indicating:

- Professional audit fees.
- Administrative expenses.
- Applicable taxes.
- Any other related costs.

Evaluation Criteria

Proposals will be evaluated using the following criteria:

Weight

- 40% Technical Proposal (Experience, Methodology, Team Qualifications)
- 60% Financial Proposal

The contract will be awarded to the bidder achieving the highest combined technical and financial score.

Confidentiality

All audit working papers, financial records, and information obtained during the engagement shall remain confidential and shall not be disclosed to any third party without prior written authorization from OFE, except where required by law or professional standards.