
TERMS OF REFERENCE

Procurement Nbr.	003/UCLG ASPAC/I/2025
Item Procurement:	External Audit Services Fiscal Year 2023 and 2024
Division:	Bureau of Secretary General
Duty Station:	UCLG ASPAC Secretariat
Posting date:	23 January 2025
Closing date:	10 February 2025

1. Introduction

UCLG ASPAC is the largest regional section of the United Cities and Local Governments (UCLG), an amalgamation of the International Union of Local Authorities (IULA), United Towns Organization (UTO), and World Association of the Major Metropolises (METROPOLIS). UCLG was established on 1 January 2004 and is headquartered in Barcelona, Spain. Following this unification, UCLG ASPAC was established in Taipei on 14 April 2004, as the new entity of IULA ASPAC.

UCLG ASPAC is the key knowledge management hub on local government issues in the Asia-Pacific region. It promotes democratic local government, supports cooperation between cities, local governments and their associations, and facilitates programmes, networks and partnerships to develop the capacity of local governments and their associations. Moreover, UCLG ASPAC represents local governments politically within the international community, and with the United Nations. It also promotes inclusive societies which safeguard equality, social and economic justice, and sustainable community development. UCLG ASPAC is engaged in all relevant thematic fields for nurturing sustainable development comprising poverty alleviation, climate change, disaster resiliency, culture, strategic planning, decentralisation, local finance, gender equality, women leadership and empowerment as well as good governance.

2. Subject of the Engagement

The subject of this engagement is the Consolidated Financial Report which encompasses the final financial report for an interim financial report, in relation to the financial implementation, covering the fiscal period of 1/01/2023 to 31/12/2024.

The information, both financial and non-financial, which is subject to verification by the Auditor, is all information which makes it possible to verify that the expenditure claimed by UCLG ASPAC in the Consolidated Financial Report has occurred and is accurate and eligible.

3. Engagement Type and Objective

This TOR refers to an audit engagement. The auditor's responsibility will be to express opinions on the Consolidated Financial Report for UCLG ASPAC. The auditor will be expected to plan the audit to obtain reasonable assurance that the financial report is free of material misstatement due to errors or fraud. It should be accurate and eligible. Through the review and evaluation of UCLG ASPAC's system of internal controls, policies and procedures and by inspection of documents, observation of assets, making enquires within and outside the organisation, and by International Standards on Auditing (ISA),

the auditor will gather evidence necessary to determine whether the financial reports present a fair representation of the institution's financial position and its activity during the period being audited.

4. Responsibilities of the Parties to the Engagement

UCLG ASPAC

- UCLG ASPAC will be responsible for providing the Consolidated Financial Report and for ensuring that this Consolidated Financial Report can be properly reconciled to UCLG ASPAC's accounting and bookkeeping system and to the underlying accounts and records.
- UCLG ASPAC accepts that the ability of the prospective Auditor to perform the procedures required by this engagement effectively depends upon UCLG ASPAC, and as the case may be the partners, providing full and free access to UCLG ASPAC's staff and its accounting and other relevant records.

The Auditor

It refers to the Auditor who is selected and responsible for performing the agreed-upon procedures as specified in the ToR, and for submitting a report of factual findings to UCLG ASPAC. By agreeing the ToR, the Auditor confirms to have at least one of the following conditions:

- The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is a member of the International Federation of Accountants (IFAC).
- The Auditor must commit him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in the ToR.
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

5. Scope of Work

5.1 The Auditor shall undertake this engagement in accordance with the ToR and:

- With the International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC).
- In compliance with the Code of Ethics for Professional Accountants issued by the IFAC. Although ISRS 4400 provides that independence is not a requirement for agreed-upon procedures engagements, UCLG ASPAC requires that the auditor also comply with the independence requirements of the Code of Ethics for Professional Accountants.

5.2 The Terms and Conditions of the Grant Arrangement

The Auditor verifies that the funds provided by the grant were spent in accordance with the terms and conditions of the Grant Arrangement.

5.3 Planning, procedures, documentation and evidence.

The Auditor should plan the work so that effective expenditure verification can be performed. For this purpose, she/he performs the procedures specified and she/he uses the evidence obtained from these procedures as the basis for the report of factual findings. The Auditor should document matters which are important in providing evidence to support the report of factual findings, and evidence that the work was carried out in accordance with ISRS 4400 and the ToR.

6. Reporting

The report on this expenditure verification should describe the purpose and the agreed-upon procedures of the engagement in sufficient detail in order to enable UCLG ASPAC to understand the nature and extent of the procedures performed by the Auditor.

The Auditor will be required to submit the following reports and deliverables:

- Detailed scope of work, dates for field work and site visits and schedule of client-prepared documents required within 10 days of a signed Letter of Appointment (LoA).
- Draft final audit report FY 2023 to be submitted by 30 March 2025 with exit conference date to be mutually agreed upon.
- Final report and management letter FY 2023 due 15 April 2025. Management letter is to highlight if any, material weaknesses in internal controls and noncompliance with the Contract.
- Draft final audit report FY 2024 to be submitted by 30 May 2025 with exit conference date to be mutually agreed upon.
- Final report and management letter FY 2024 due 15 June 2025. Management letter is to highlight if any, material weaknesses in internal controls and noncompliance with the Contract.

7. Other Terms

7.1 Audit Fees:

The fee for this engagement will be agreed upon before the engagement of the auditor.

The engagement fee shall include all necessary and relevant expenses incurred by the Auditor to perform the engagement. UCLG ASPAC shall neither be liable for nor reimburse any additional expense not originally budgeted for within the agreed fee in the first paragraph (of 7.1).

Should the report not be of sufficient quality and fail to meet the requirements the UCLG ASPAC reserves the right to withhold part of, or the entire agreed fee.

UCLG ASPAC is not liable for any local employment-related taxes or employee costs, including health and/or any liability costs, incurred as a result of this verification report.

No additional verification work should be conducted by the Auditor, until a prior written agreement has been made with UCLG ASPAC and any necessary increase in the fee for the engagement has been agreed.

7.2 Proposed Timetable:

- Agreement of Terms of Reference
- Audit Work to Commence

- Auditor to present draft report
- Auditor to present final report

7.3 Location:

The audit location is at the UCLG ASPAC Secretariat office in Jakarta, Indonesia.

7.4. Auditor's Qualifications and Experiences requirements:

The firm must have expertise in the non-for-profit sector and organisation of our size. The auditing firm and auditors should be independent from all aspect of management or financial interests of the organisation.

7.5. Application:

The expression of interest should response to the TOR's and clearly demonstrate a solid understanding and ability to deliver the requirements of assignment such as:

- Institutional Capacity and expertise including at least 2 (two) examples of past relevant experience of similar assignment
- CV of key personnel highlighting previous relevant work and level of seniority
- Statutory Documents including registration, practicing license, tax compliance should be included in the application.

Interested firms should submit the proposal by email to: recruitment@uclg-aspac.org copy to hanggar.irawan@uclg-aspac.org with External Audit Services in the subject line.

Proposal submission deadline : 10 February 2025

Only shortlisted applicants will be contacted for an interview, presentation of the proposal and discussion on audit methodology.