RIGHT4CHILDREN

Terms of Reference

External Audit Services — FY 2026/27 (2083/84)

Assignment	External audit of Right4Children (R4C) financial statements
Audit period	17 July 2026 – 16 July 2027 (Nepali FY 2083/84)
Type of engagement	Statutory external audit; initial 3-year appointment with annual performance review
Approximate audit scope	NPR 7–8 crore for FY 2083/84
Proposal deadline	28 August 2026
Submission	By post to Right4Children, Janapriya Marg, Ratnachowk-7, Kaski, Nepal, or by email (PDF) to vacancy@right4children.org

1. Background

Right4Children (R4C) is a child- and youth-focused organization working to help children access their rights, through programs and services designed to keep them safe, improve their lives, and bring smiles to their faces. R4C's work is organized around three thematic areas:

- Protection
- Education
- Livelihood

2. Objective of the Assignment

R4C is seeking an independent external auditor to audit its accounting practices and internal procedures for the financial year 17 July 2026 – 16 July 2027, in accordance with the Nepal Accounting Standards (NAS) for Non-Profit Organizations, the relevant standards of the local accounting profession, and applicable Nepali legislation on accounting and reporting. R4C intends to appoint the selected firm for an initial three-year term, subject to annual review of performance by both parties.

Specifically, the audit should:

- Assess whether R4C's financial reports are accurate and supported by original, relevant documentation;
- Assess the strengths and weaknesses of R4C's current internal financial and operational systems;
- Verify compliance with R4C's own policies and procedures, and identify any instances of non-compliance;
- Assess whether expenditures align with approved budget categories and are justifiable and verifiable from supporting documentation or management explanations;
- Assess R4C's organizational structure to determine whether appropriate authorizations and internal controls are in place;
- Assess compliance with national legislation, particularly on reporting, taxation, and use of resources;
- Verify R4C's income, including donor payments and bank interest, and confirm the exchange rates applied;

- Verify compliance with VAT and other applicable tax rules;
- Assess compliance with applicable labor law(s) and provide recommendations where gaps exist;
- Confirm compliance with R4C's internal procurement policies.

3. Period and Term of Appointment

The audit will cover a 12-month period — 17 July 2026 to 16 July 2027 — based on the Nepali fiscal year and will constitute a statutory audit. The selected auditor will be engaged for three years beginning with the FY 2026/27 audit, subject to annual review by both parties. After the three-year term, the engagement will be re-advertised; the incumbent auditor may retender, subject to national regulations on auditor reappointment.

4. Responsibilities of the Auditor

The appointed auditor is expected to:

- Plan, organize, and carry out the audit in a professional, efficient, and effective manner;
- Assign at least one qualified professional accountant to lead the engagement, with a team sufficient to complete the work within the agreed timeline;
- Seek to resolve audit issues during fieldwork, desk review, or consultation, and report only on matters that remain unresolved;
- Clearly outline the risks associated with each finding and provide recommendations that are objective, clear, actionable, and add value to R4C's internal control system;
- Provide an independent view of R4C's strengths and areas for improvement, with expert recommendations;
- Report on relevant areas including financial management, procurement, human resources, monitoring and evaluation, and program implementation.

5. Auditor Eligibility Requirements

The auditor or audit firm must:

- Be legally registered and licensed under the laws of Nepal;
- Demonstrate at least five years of audit experience in the INGO/NGO sector in Nepal;
- Have no conflict of interest with, or undisclosed relationship to, any party involved in a dispute relevant to the engagement;
- Respect fundamental social rights and dignified working conditions in line with national and international labor standards.

6. Deliverables

The auditor shall produce the following:

Deliverable	Description
Draft audit report	Prepared against the official project budget and budget lines, circulated for R4C management comment before finalization

Final audit report	Incorporates agreed revisions; states the elements listed under Section 6 below must comply with the reporting format of NAS for NPOs
Management letter	Findings ranked High / Medium / Low risk, with clear, actionable recommendations and comments on progress against the prior year's findings

The final audit report must be written in English and must clearly state:

1. Name of the organization;
2. PAN number;
3. Name, contact information, and details of the auditor/audit firm;
4. Reporting period and currency;
5. Exchange rates used in the financial report, with a detailed explanation of how they were calculated;
6. Total budgeted and actual expenditure, differentiating direct and indirect costs, as set out in the official project budget;
7. A complete list of reported expenditures classified by the relevant budget lines;
8. Total budgeted and actual income;
9. A complete list of project funds transferred, including donor names, dates, and exchange rates;
10. Treatment of taxes and VAT;
11. Reference documents used in executing the audit.

7. Management Support Provided by R4C

R4C will provide the auditor with:

- The Terms of Reference for the external audit;
- MOUs and commitment letters from donors;
- The annual organizational and project budget;
- Financial project reports, including a complete list of reported expenditure;
- Original vouchers and receipts;
- Access to the bookkeeping system in use;
- Access to bank and cash statement information;
- Any other documentation reasonably required to complete the audit.

8. Subject and Scope of Verification

The amount subject to audit is approximately NPR 7–8 crore for FY 2083/84. The audit covers the period 17 July 2026 to 16 July 2027 (Nepali fiscal year).

9. Proposal Submission Requirements

Interested audit firms should submit a combined technical and financial proposal comprising:

- Evidence of legal registration: a copy of business registration and renewal, tax clearance up to the most recent fiscal year (or a tax clearance extension for FY 2080/81), and registration with the Institute of Chartered Accountants of Nepal (ICAN) as a Chartered Accountants firm;
- A profile of the audit firm;
- A minimum of two references for comparable audits performed for INGO/NGO within the last two years;
- A technical offer detailing the services proposed, the planned audit approach, and a calendar of activities;
- A financial offer setting out the auditor's remuneration;
- Disclosure of any actual or potential conflict of interest in undertaking this role.

10. Deadline and Submission

Proposals must be submitted by 28 August 2026, either:

- In person or by post to: Right4Children, Janapriya Marg, Ratnachowk-7, Kaski, Nepal; or
- By email, as a PDF, to: vacancy@right4children.org.

11. Selection Criteria

Proposals will be evaluated using a weighted scoring system based on the documentation listed in Section 9, combining technical merit and financial competitiveness (Quality- and Cost-Based Selection). The proposed weighting is as follows:

Evaluation Criteria	Sub-criteria	Weight
Technical Proposal	Audit methodology, work plan and calendar of activities, understanding of R4C's operating context	35%
Firm Experience & References	Years in operation, INGO/NGO audit track record, quality of references provided	25%
Compliance & Eligibility	Legal registration, tax clearance, ICAN certification, absence of conflict of interest	10%
Financial Proposal	Competitiveness and reasonableness of the proposed audit fee	30%
Total		**100%**

Each proposal will first be assessed against the Compliance & Eligibility criteria on a pass/fail basis; only proposals meeting these minimum requirements will be scored further. Technical Proposal and Firm Experience & References will then be scored out of their respective weights, and only firms achieving a minimum technical score of 70% (out of the combined 60% technical weight) will have their financial proposal opened and scored. The firm with the highest combined weighted score will be recommended for appointment.

This assignment is open to all audit firms certified by the Nepal Accountants Board as eligible to perform audit services in Nepal, whose partners are practicing members of the Institute of Chartered Accountants of Nepal (ICAN).