



PENGUMUMAN PELELANGAN PEKERJAAN JASA AUDIT LAPORAN KEUANGAN TAHUN 2024-2026 OLEH AUDITOR INDEPENDEN

Yayasan Spiritia, Indonesia AIDS Coalition (IAC), Konsorsium Komunitas Penabulu STPI, dan Perdhaki sebagai Principal Recipient (PR) yang mendapatkan dukungan pendanaan dari The Global Fund tahun 2024 – 2026 yang turut serta dalam penanggulangan dan pencegahan HIV, TB, dan Malaria di Indonesia. Global Fund melalui CCM Indonesia akan melakukan Pelelangan Pekerjaan Jasa Audit Laporan keuangan oleh Auditor Independen untuk melakukan audit terhadap kegiatan dan keuangan yang dilaksanakan oleh 4 (empat) PR tersebut dengan ketentuan sebagai berikut:

1. Persyaratan Calon Peserta Pelelangan
 - a. Kantor Akuntan Publik (KAP) yang mempunyai izin resmi yang berlaku di Republik Indonesia sesuai ketentuan perundangan yang berlaku;
 - b. KAP dan tenaga auditornya tidak sedang tersangkut sanksi profesi dari Kementerian Keuangan Republik Indonesia, Otoritas Jasa Keuangan, BPK, atau lembaga negara lainnya;
 - c. Tenaga auditor KAP tidak sedang tersangkut masalah hukum pidana di wilayah Republik Indonesia;
 - d. Tenaga auditor KAP tidak memiliki konflik kepentingan dengan *auditee*;
 - e. Tim audit KAP memiliki kompetensi di bidangnya sesuai persyaratan teknis dan profesional untuk melaksanakan audit;
 - f. Tim audit KAP mempunyai staf/personil dengan jumlah yang memadai untuk penugasan ini sehingga audit dapat dilaksanakan sesuai jadwal yang telah disepakati bersama;
 - g. Tim audit KAP lebih disukai memiliki pengalaman audit keuangan yang cukup pada organisasi nirlaba atau *non profit organization*.

2. Pengiriman dokumen penawaran dapat dikirimkan via email ke alamat: pengadaancm@gmail.com

Pertanyaan lebih lanjut dapat menghubungi Narahubung: Sekretariat CCM melalui email sekretariat.ccm@gmail.com

3. **Batas waktu penerimaan dokumen penawaran tanggal 15 Januari 2025 pukul 17.00 WIB.** Pengiriman di luar batas waktu yang telah ditentukan, tidak akan diproses lebih lanjut;
4. Penjelasan pekerjaan (aanwijzing) akan dilaksanakan pada tanggal 6 dan 7 Januari 2025 pada pukul 10.00 - 12.00 di kantor CCM Indonesia:

Kompleks BKPK, Kementerian Kesehatan RI, Gedung D Lantai 3

Jl. Percetakan Negara No.29, Jakarta Pusat

atau melalui zoom meeting <https://bit.ly/JasaAuditor2426> (Meeting ID: 837 1023 2361 Password: EA2024)

5. Persyaratan, informasi dan dokumen lelang selanjutnya dapat dilihat dan diakses [EXTERNAL AUDIT BIDDING ANNOUNCEMENT](#)

Jakarta, 23 Desember 2024

Panitia Pelelangan



**Terms Of Reference
For Special Purpose Grant Financial Statement (SPGFS) Audit**

External Audit of the Global Fund Program

Principal Recipient (PR) of Community

a. Spiritia

Grant Name : IDN-H-SPIRITI

GA Number : 3467

**Program Title : Indonesia HIV Response: Eliminating The
AIDS Epidemic in Indonesia by 2030**

b. IAC

Grant Name : IDN-H-IAC

GA Number : 3466

**Program Title : Indonesia HIV Response: Eliminating The
AIDS Epidemic in Indonesia by 2030**

c. STPI Penabulu

Grant Name : IDN-T-PBSTPI

GA Number : 3464

Program Title : Realization of Eliminating TB in Indonesia

d. Perdhaki

Grand Name : IDN-M-PERDHAK

GA Number : 3465

**Program Title : Acceleration of Malaria Elimination in
Indonesia**

**Implementation Period: 1st Jan 2024 to 31st Dec 2026
(inclusive)**

Period covered by the audit: 1st Jan 2024 to 31st Dec 2024



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1. Program description

HIV prevalence of 0,26% among people older than 15, Indonesia's HIV epidemic is concentrated among key populations (KP) in most provinces. The exceptions to this are the provinces of Tanah Papua, where there is a low level general epidemic with general population prevalence of 1.8%. [1] 543,100 PLHIV – 527,525 adults and 17.575 children – were estimated to be living in Indonesia in 2020. For the period 2024-2026, the program will be implemented by 3 PRs, namely 1) Ministry of Health (MoH) of the Government of Republic of Indonesia; 2) Spiritia Foundation; and 3) Indonesia Aids Coalition (IAC). PR MoH will continue ensuring HIV testing, Treatment, Care and Support, as well as undertaking other activities relating to the Health Management Information System, Monitoring and evaluation, Integrated Service Delivery and Quality Improvement, and the Procurement and Supply Chain Management system. IAC will support the National Program on prevention for female sex workers and their clients and be responsible for interventions in addressing human rights barriers to HIV services and the Community Responses and System Interventions. PR Spiritia Foundation will continue to provide comprehensive prevention programs for man who have sex with men, transgender people, and people who inject drugs, as well as comprehensive support for people living with HIV.

Based on WHO report in 2019, Indonesia ranks 3rd in the world in terms of TB incidents. In line with the global commitment to end death rate caused by tuberculosis (TB), the Government of Indonesia (GoI), in specific the Ministry of Health (MoH) is adopting the End TB Strategy which targets to lower TB death rate by 2030. To achieve the target, the MoH has drawn up a Roadmap of Eliminating TB in Indonesia 2020-2030. In it, the MoH aims to lower TB incidence to 65 cases per 10.000 citizens by 2030. For the period 2024-2026, the program will be implemented by 2 PRs, namely 1) Ministry of Health (MoH) of the Government of Republic of Indonesia; 2) Konsorsium Komunitas PENABULU-STPI.

Malaria elimination is a global and regional commitment. At the global level, the Sustainable Development Goals (SDGs) require countries in Asia to eliminate malaria by the latest 2030. The government of Indonesia's commitment to be malaria-free by 2030 has been set out in the National Development Priorities 2020-2024. Currently, 85% of Indonesia's population lives in malaria-free areas and around 15% of Indonesia's population still lives in malaria-endemic areas. By 2022, a total of 372 out of 514 districts/cities (72%) have achieved malaria elimination. The following table shows district stratification by endemicity in 2021-2022. The Malaria Program in Indonesia is implemented by two principal recipients, namely the Ministry of Health and PERDHAKI. PERDHAKI is a faith-based organization with a network of hospitals, clinics, and parishes which are mostly located in remote rural areas and dedicated to improving health services at the community level. The Ministry of Health, as the policymaking body and regulator for health-related issues, including the national malaria program in Indonesia, will remain the leader in the partnership by providing the policy, legislative and technical guidance in addition to implementing about 80% of the Program.

2. Contacts

The list of important contacts for conducting the audit is available on the PR to be provided confidentially to the selected auditor. Contacts for SR and SSR levels will be provided later, upon request by the selected auditor



3. Objectives of the Audit

The objective of the financial audit is to enable the auditor to express an independent professional opinion on each of the following:

- i. The Special Purpose Grant Financial Statements prepared by the Principal Recipients.
- ii. The Principal Recipient's compliance with, i.e. whether the grant funds have been used in conformity with the provisions of the relevant grant agreement and applicable local laws and regulations.

The objective of the audit is also to comment on adequacy of the implementers' internal control framework, and report on the weaknesses identified. This review will also include where appropriate:

- iii. Internal control as a whole including Information Technology General Controls (ITGCs);
- iv. Controls related to Principal Recipient or Global Fund hired third party agents including review of the terms and conditions of their engagement and adherence thereof.

The auditor must review the internal control framework of the Principal Recipient and key sub-recipients identified by the Global Fund Country team in consultation with the Principal Recipient. This review includes controls related to any third-party agent managing a process in the implementation of the grant, including review of the terms and conditions of their engagement and adherence thereof.

4. Responsibility for the preparation of Grant Program Financial Statements (GPFS)

- a. The responsibility for the preparation of consolidated GPFS and of separate GPFSs for each entity covered by the audit lies with the PR which delegates the responsibility to the SRs for their respective Sub-grants.
- b. The PR will prepare the consolidated GPFSs in accordance with applicable accounting standards-either the International Public Sector Accounting Standards (IPSAS) or International Financial Reporting Standards (IFRS).
- c. The PR is responsible for ensuring that all recipients of TGF's funds have effective financial managements systems in place capable of producing reliable financial statements in the required format.

5. Special Purpose Grant Financial Statements (SPGFS).

PR Communities's financial statements are prepared based on modified accrual accounting and the financial statement will be in USD. Using modified accrual accounting will impact on how the PR record the asset, liabilities, income and expenditure. In modified accrual accounting long term asset/liabilities will be recorded as expense so there is no depreciation and PR will use the asset list to records all the information related to asset.

PR will record short term asset on cash, bank, account receivable, advance payment, account payable and prepayment. While the income will be recorded when the cash is received and expenditures will be recorded based on accrual basis without depreciation.

The Consolidated GPFS should include:

- i. In the currency of the grant agreement (USD) a Statement of Sources and Uses of funds (SSUF) or an Income and Expenditure Statement by implementing entity and



- consolidated for the grant program, showing TGF funds received, any other income received and all grant expenditures, preferably in the TGF expenditure categories. Grant expenditures should be reported against the budget as defined in the grant agreement for the period with the actual expenditure allocated to the same budget categories disclosed for the implementing entity;
- ii. A statement of financial position and Cash Flow statement by implementing entity and consolidated;
 - iii. A statement of changes in net assets by implementing entity and consolidated;
 - iv. Notes to the Source and Usage Fund (SUF) Report and Remaining Balance describing the applicable accounting principles in place and a detailed analysis of the main figures;
 - v. Statement of Budget versus Actual Expenditures by implementing entity and consolidated for the grant program, shown by TGF cost categories. This statement should be reconciled to the Annual Financial Report (AFR);
 - vi. Statement of SR advances and reconciliation of total amount advanced by PR to SRs with SR recorded expenditures and SR cash balances at the end of the reporting period;
 - vii. A reconciliation between the consolidated Income and Expenditure statements (SSUF) and Annual Financial Report (AFR) for the same period as submitted to the GF;
 - viii. As an annex to the Source and Usage Fund (SUF) Report and Remaining Balance a comprehensive list of all fixed assets purchased, with dates, values and condition of the assets.

A specimen set of the GPFS is provided as an attachment to this standard scope of work only to the appointed auditor service provider when it is going to conduct the audit.

6. Available documents and facilities

With respect to each grant, the Principal Recipient will provide the auditor with access to all books and records pertaining to the grant as requested by the auditor, including a list of all key Principal Recipient and sub-recipient locations, noting the key documents held at each location. An indicative list of the documents which may be requested by the auditor includes:

The key documents that the auditor will receive for conducting the audit services are:

- i. The grant program financial statements;
- ii. Grant and sub-grant agreements; including the detailed budgets;
- iii. Main supporting schedules to the financial statements including: income and expenditure, assets and liabilities, cash records;
- iv. Interim monthly or quarterly grant activity reports, as applicable (programmatic as well as financial);
- v. General ledger, cash book, other important books and records held at either Principal Recipient or sub-recipient level;
- vi. Original supporting documentation to all reported expenditures (invoices, full support for all procurement of health products or other procurements requiring tender procedures, payrolls, bank vouchers, journal vouchers etc.) held at Principal Recipient and a copy at Sub-recipient level;
- vii. Bank statements;
- viii. Important correspondence between GF and PR, PR and SRs pertaining to grant implementation matters;



- ix. Financial procedures manuals, systems descriptions or any other documentation explaining the processes contributing to the production of reliable financial reports and maintaining internal control, either at Principal Recipient or sub-recipient levels;
- x. Minutes of management meetings;
- xi. Internal audit reports relevant to GF expenditures or any systems, governance or other issue which impinges on GF grants

7. Audit Scope of Work

- 7.1.** The audit should be conducted in accordance with International Standards on Auditing (ISA) or International Standards of Supreme Audit Institutions (ISSAIs) and will include such tests and controls as the auditor considers necessary under the circumstances.
- 7.2.** As part of the comprehensive audit report, the auditor must report on agreed Key audit matters for the reporting year, and on the following aspects:
- i. Compliance with applicable legislation: Verify that the transactions comply in all material respects with any applicable legislation;
 - ii. Reconciliation of General ledger with SPGFS: Review of the general and program ledgers to determine whether costs incurred were properly recorded ensuring that the costs charged to the grant reconcile to the program and general ledgers. Reconciliation of the SPGFS to the underlying records, principally the cash book.
 - iii. Grant expenditures: Funds received by the Program from disbursements, generated by the Program's funds such as Interest generated, Revenues, exchange gains, VAT recoveries, recovery of funds from ineligible expenditures or other concept, etc. , including goods and services from direct disbursements to third parties, were spent in conformity with:
 - Compliance: The approved budget and work plan existing at the time of the expenditure; and in line with provisions of the Grant Agreement and Global Fund's Budgeting Guidelines, including any applicable grant conditions (as amended by any Implementation Letters);
 - Eligible costs: Only for the purposes for which the funds were provided.
 - Value for money: With due attention to economy and efficiency;
 - Shared costs: Verification of the shared costs allocation mechanism and review that shared costs are accurate, complete, and reasonable
 - iv. Eligible costs: Review of the costs charged to the grant identifying and quantifying any ineligible costs as per definition of compliant and non-compliant expenditures as well as agreeing expenditure to supporting documents on a sample basis. Compare actual expenditure with the budget, and obtain explanations for variances obtained (unapproved material budget variations should be included in the ineligible expenditure schedule)
 - v. System of internal controls: A comprehensive assessment at PR and key Sub-Recipients identified by the Global Fund Country team in consultation with the Principal Recipient, of the design and operating effectiveness during the period under review of:
 - Accounting and overall internal control system to monitor expenditures at all levels of the program and other financial transactions,
 - Adequacy and effectiveness of controls around cash transactions; and
 - Managing material risks to the achievement of the objectives of the Program.



- Specific attention has to also be paid to controls with respect to the risk of fraud at the Principal Recipient /Sub-recipients (ISA 240);
 - To the controls on the processes entrusted to third-parties (If any).
- For the Focused countries, the auditor should limit their assessment to the financial controls of the Principal Recipient/sub-recipients.
- vi. Follow up on the status of findings of previous audit reports: The auditor should follow up on management's intended actions to address the findings of previous audits, including external audit, relevant internal audits and audits issued by the Office of the Inspector General (OIG) of the Global Fund;
 - vii. Designated bank accounts: Where designated accounts (including those being used under an approved pooled funding program implementation mechanism) have been used by the Principal Recipient and sub-recipients, they have been maintained and operated in accordance with the provisions of the Grant Agreement and in accordance with the Global Fund's rules and procedures. The auditors should perform direct bank confirmations for all designated bank accounts held by the Principal Recipients. In addition, they should review the process and controls that Principal Recipients perform on designated bank accounts maintained by key sub-implementers;
 - viii. Funds flow mechanisms: Review of the procedures used to control the funds, including their channelling to contracted financial institutions and other implementing entities. Review the bank accounts and the controls on those bank accounts. Perform positive confirmation of balances, as necessary.
 - ix. Safeguarding of assets: Verify that the Principal Recipient has put in place mechanisms for the tracking and safeguarding of assets purchased with grant funds and that they are being used for the intended purposes. Verify that Program's fixed assets register exists, is maintained in accordance with the Grant Agreement; that property rights or related beneficiaries' rights are established in accordance with the Grant standard terms and conditions;
 - x. Disbursements to Sub Recipients: Verify that disbursements made by the Principal Recipient to sub-recipients are in line with the sub-recipient sub-grant agreements and the approved work plan and budget. Verify that the Principal Recipient follows adequate process for validating expenditure reports submitted by the sub-recipients;
 - xi. Data retention and supporting documentation: Necessary supporting documents, records, and accounts have been retained in compliance with provisions of the Grant Agreement. Procedures exist for security and management of electronic data (backup systems and procedures, etc.);
 - xii. Goods and services - Have been procured transparently, competitively and in accordance with the Grant Agreement and the Principal Recipient or key Sub-recipient's procurement procedures ;
 - xiii. Procurement and distribution systems for pharmaceutical and health products – Verification that procurement and inventory systems and controls are adequate to efficiently support the acquisition, storage, supply and distribution of pharmaceutical and health products, in accordance with program objectives. For PPM/Wambo products, the verification covers only storage, supply and distribution of pharmaceutical and health products; **(NA for PR Communities)**



- xiv. Human Resource costs - Confirmation that HR costs charged to the grant are in accordance with the budget assumptions approved by the Global Fund and supported by appropriate contracts, payroll and records;
- xv. Travel and related costs - Review of travel and transportation charges to determine whether they in accordance with the budget assumptions approved by the Global Fund, are adequately supported and approved as per the implementer's policies

8. Audit Procedures

8.1. Planning

8.1.1. Kick off Meeting with the Principal Recipient

1. For each grant, the auditor will arrange for an opening meeting with the Principal Recipient and the Fiscal/Fiduciary Agent if applicable, to discuss and explain the planning, fieldwork and reporting. The auditor will explain the nature, objectives and scope of the audit.
2. During the preparatory and kick-off meetings, the auditor may request additional information and documents that he/she considers necessary or useful for the planning and fieldwork of the audit. The auditor may contact the Principal Recipient directly to obtain such information. For all Focused countries, the attendance of the Local Fund Agent is mandatory. In High Impact and Core countries, either the LFA or the FS should participate.

8.1.2. Planning Activities, Audit Plan and Audit Work Programs

1. For each grant, the auditor should plan the audit so that it is performed in an effective and efficient manner. Adequate planning involves ensuring that appropriate attention is devoted to important areas of the audit, that potential problems are identified and resolved on a timely basis and that the audit is properly organized and managed within the due dates.
2. The assessment of the risks of material misstatement at the financial statement level, and thereby the auditor's overall responses, is affected by the auditor's understanding of the control environment.
3. The auditor should have an audit plan documenting the audit approach and key principles of audit planning, fieldwork and reporting. The auditor should have audit work programs that detail and document the audit tests and procedures.
4. Before the start of the fieldwork and before the kick-off meeting, the auditor should provide to the Global Fund Finance Specialist and the Principal Recipient, the audit plan for each grant including the scope of the review. Enhanced focus will be placed on the audit approach at the Principal Recipient but also at the selected sub-recipients.



8.2. Materiality

1. The auditor should apply materiality and a risk-based approach to detect material errors and misstatements in the expenditure and revenue stated in the Grant Financial Statements, whether caused by error or fraud.
2. For the purpose of these terms of reference, the auditor should use the following materiality levels to assess misstatements or errors, or whether a finding of non-compliance is material.
 - a. A materiality threshold of 2% of the total amount of the gross reported expenditure with a confidence level of 95% for Focused portfolios.
 - b. A materiality threshold of 2% of the total amount of the gross reported expenditure, minus PPM/Wambo expenditures when existing, with a confidence level of 95% for Core and High Impact portfolios.

8.3. Fieldwork

8.3.1. Obtaining evidence regarding the design of controls and performing tests of controls

1. The auditor will perform procedures to obtain evidence regarding the design of controls and perform tests of controls if he/she considers this appropriate or necessary for the purpose of this financial audit.
2. The auditor will focus the tests of controls on key financial controls, which relate to the subjects described in the terms of reference and which are relevant to the management of the risks. Findings of significant weaknesses and deficiencies in the design or operating effectiveness of the Principal Recipient controls should be reported in the Management Letter.
3. For Core countries, High Impact countries and a selected number of high risk Focused countries, the auditor **must** review the internal control framework (financial and programmatic) of the Principal Recipient and key sub-recipients identified by the Global Fund Country team in consultation with the Principal Recipient and report thereon. At the discretion of the Country Team, such testing could be performed during an **interim audit** at the Principal Recipient.

8.3.2. Substantive Procedures

1. The auditor should perform substantive procedures to be responsive to his/her assessment of the risks of material errors or misstatements in the expenditure and revenue stated in the Grant Program Financial Statements, whether caused by error or fraud. The results of tests of controls, if any, should be taken into account. The auditor should perform substantive procedures which cover the subjects described in the terms of reference and which are relevant to the management of the risks
2. Regarding the risk of fraud, the auditor must comply with the International Standard on Auditing 240 "the Auditor's responsibilities relating to fraud in an audit of financial statements"



8.3.3. Sampling and other means of selecting items for testing

1. When designing and performing tests of controls and substantive tests, the auditor should apply audit sampling or other means of selecting items for testing. Audit sampling involves the application of audit procedures to less than 100% of items within a population of audit relevance (e.g. a class of transactions or account balance) such that all sampling units have a chance of selection in order to provide the auditor with a reasonable basis on which to draw conclusions about the entire population.
2. Audit sampling can use either a statistical or a non-statistical approach. The auditor may use a judgmental selection of specific items from a population (e.g. high value or key items, all items over a certain amount, items to obtain information or items to test control activities).
3. While selective examination of specific items will often be an efficient means of obtaining evidence, it does not constitute sampling. The projection to the entire population, of results of procedures applied to items selected in this way is not possible; accordingly, selective examination of specific items does not provide evidence concerning the remainder of the population. Sampling, on the other hand, is designed to enable conclusions to be drawn about an entire population based on testing a sample drawn from it.
4. The auditor **must** clearly provide details of the expenditure coverage by cost grouping and recipient and the sample selection methodology. For the purpose of this work, the auditors should sample each cost grouping existing in the summary budget of the grant under review. For sampling purposes, the auditor should use appropriate thresholds, based on their risk assessment. Annex 3 to these terms of reference should be used to document this information.

8.3.4. Analytical procedures

Analytical procedures must be performed by the auditor, such procedures consists in verifying the financial data by assessing the plausible connections between both financial and non-financial information. **The analytical review of actual expenditure incurred with the Grant budget (budget – actual comparisons) is a critical compliance check.**

8.3.5. Using the work of internal auditors

1. If relevant for the audit, ISA 610 “Using the Work of Internal Auditors” should be used by the auditor. If the auditor assesses that the internal audit function can be relied on for the assignment, the auditor should:
 - Evaluate the specific work of the internal auditor and to what extent such work can be considered for the audit.
 - Assess if the work of the internal audit is adequate for the objective of the audit.
2. Where the Principal Recipient has an internal audit function and the auditor does not rely on it, the auditor will be required to provide recommendations for improvement of the internal audit function in a dedicated section in the management letter.



8.3.6. Using the work of an expert

The auditor may use the work of an individual or organization presenting an expertise in a field other than accounting or auditing, that is necessary to obtain sufficient evidence to reach his/ her conclusion. The auditor should comply with ISA 620 (Using the Work of an Auditor's Expert) insofar as this ISA is relevant to the audit.

8.3.7. Written representations

Per the standard requirement stipulated in ISA 580 - Written Representations, the Principal Recipient Management should provide the auditor with a written representation letter. The auditor must request a letter of representation signed by the member(s) of the management of the Principal Recipient who has the primary responsibility for the grant and its financial aspects.

8.3.8. Complementary letter

1. The auditor may, at any time during the audit process, draw up a complementary letter if he/she considers that the Global Fund must be made aware of facts and issues that are urgent, very unusual or of particular interest and importance to the Global Fund.
2. For instance, this could be the case of any fraud or irregularity that has occurred or that is likely to occur. The Global Fund will decide on follow-up measures including, where appropriate, the launching of an investigation by its Office of Inspector General.

8.3.9. Debriefing Memorandum ('Aide Mémoire')

The auditor will draft a Debriefing Memo or the draft report for the closing meeting which will provide the main findings, resulting draft audit opinions and recommendations for discussion. The Principal Recipient should send a copy of the memo or draft report to the Global Fund.

8.3.10. Audit Exit Meeting in country

1. The auditor should organize a closing meeting with the Principal Recipient. The purpose of this meeting is to discuss the Debriefing Memo or draft report and to obtain the confirmation and initial comments of the Principal Recipient on the auditor's findings, opinions and recommendations. The auditor and the Principal Recipient can agree outstanding information to be provided by the Principal Recipient and where applicable, a deadline for submission.
2. At the request of the Global Fund Country Team, the auditor will also debrief the Country Coordinating Mechanism on the conclusion of the audit. The Local Fund Agent should, at the request of the Global Fund, also be invited to participate in this meeting. For the Focused countries, attendance of the LFA is mandatory.



9. Auditor's report and Language

In preparing the audit report for each grant, the auditor must comply with the financial audit report template provided in Annex 3 of the auditing guidelines.

The auditor will issue:

- an opinion on the consolidated financial statements in accordance with ISA or ISSAI.
- an opinion on the implementer's compliance with the grant agreement in accordance with ISA or ISSAI.

The audit report should be presented in English & Bahasa (Bilingual). Annex 3 to these terms of reference presents the comprehensive auditor's report template that will be used by the auditor.

The PR Communities should be submitted the final audit report to the Global Fund at 30 Jun 2023

10. Management Letter

In addition to the audit report, the auditor will prepare a Management Letter for each grant in the Portfolio, consolidating Principal Recipient and sub-recipient findings. The Management Letter must not only provide a response to the review of the internal control but also to the financial risk profile of the grant (Principal Recipient and key selected sub-recipients)

10.1. Internal Control Framework

1. The Management Letter must highlight the weaknesses in the internal control framework of the grant noted with respect to relevant processes For each weakness, the auditor is requested to provide a recommendation. For Core and High Impact countries having an interim audit, a Management Letter shall be issued on the internal control framework. The auditor must also present a summary of the control procedures of the Principal Recipient in the Management Letter
2. The auditor must comment on instances of non-compliance in the accounting records, procedures, systems and controls that were identified during the course of the audit with particular reference to ineligible expenditures and systematic weaknesses.
3. The auditor must communicate matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the grant program in the Management Letter which shall include the following sections at a minimum:
 - **Internal control:** this section should capture all other key internal control issues noted by the auditor in performing the review described in the scope of work particularly in the following sub-categories (a) Financial Management, (b) Sub-recipient management (c) Program management (d) Stock management; (e) Information Technology General Controls (ITGCs); (f) controls related to Principal Recipient or Global Fund hired third party agents including review of the terms and conditions of their engagement and adherence thereof.



- **Compliance with grant agreement and applicable law:** this section should highlight any instances of non-compliance with the relevant grant agreement that were noted by the auditor in the course of their work in forming an opinion on the SPGFS or confirm that none has been identified in the sample tested. This implies that the auditor should ensure that the expenditure corresponds to the activity approved in the detailed budget for the relevant period under review as well as corresponds to any subsequent budgetary adjustments including the required necessary approvals for such budget reallocations;
- **Value for Money:** this section should capture the auditor's view on the Principal Recipient and sub-recipient's considerations regarding economy and efficiency as part of the auditor's review of grant expenditures. The Global Fund country team can make a request for this additional service to be delivered by the auditor. All issues noted around value for money (control deficiency, estimated loss incurred as a result of inefficient process and others) should be stated in this section of the Management Letter;
- **Ineligible and unsupported expenditures:** this section should provide a schedule of non-compliant expenditures identified by the auditors in the course of their work. The electronic version, machine-readable, of this section must be provided by the auditors to GF
- **Follow-up on previous audit report:** in this section, the auditor will report on the implementation status of recommendations contained in previous audit reports.

10.2. Risk Management

1. Specific to the Financial management section in the Management Letter, the auditor is expected, to categorize the level of risk for each of the six sub-categories of the Global Fund's defined financial risks. The auditor should provide a summary table showing the perceived risk level in any of the following Global Fund's defined levels: Low, Moderate, High, Very High ; and related explanations. The six categories are:
 - Inadequate Flow of Funds Arrangements;
 - Inadequate Internal Controls;
 - Financial Fraud, Corruption and theft;
 - Inadequate Accounting and Financial Reporting;
 - Limited Value for Money; and
 - Inadequate Auditing Arrangements.
2. The definitions of each of these categories are provided in [the Global Fund Financial Risk Management guidelines¹](#). The auditor is expected, to categorize each finding, where applicable, into one of these six sub-categories and to provide a summary table showing the findings per sub-risk category and grading. The auditor's judgement of what are the key audit risks and the methodology used to address these key risks should be included in that section.



10.3. Other important disclosures

1. Based on the findings of the internal control framework review (eventually including a third-party agent) and the grade of these weaknesses, the Management Letter **must** include a high-level executive summary with the following statistics and information:
 - The financial risk rating per risk category
 - The quality of the financial statements provided by the Principal Recipient prior to the auditor's proposed adjustments
 - Statistics on the number of findings per grade and their evolution over time
 - Summary of key control procedures of the recipients, such as policies on procurement, travel, expenditure allocation etc.
 - The auditor's judgement of what are the key audit risks and the methodology used to address these key risks.
 - The number of recommendations from previous audit solved and those not solved
 - Any other important information management should focus their attention on.

2. The Management Letter must include responses made by the Principal Recipient in discussing audit recommendations, along with a timeline for implementing agreed recommendations. In cases where either the Principal Recipient does not accept an audit finding or the auditor disagrees with the adequacy of the management response, the management letter will acknowledge that disagreement. All observations and recommendations will be discussed with Principal Recipient management before the letter is finalized.
 - It must be clearly noted on the face of the Management Letter that it is a confidential document and must be treated as such.
 - The Management Letter should state that the auditor acknowledges and agrees that the Management Letter shall be shared with Global Fund and the Local Fund Agent (on a confidential basis).
 - The Management Letter should use a system of grading points depending on the level of severity in line with that proposed in the *Guidelines for Annual Audit of Global Fund Grant Program Financial Statements*.

10.4. Report Review Process

10.4.1. Draft Report

1. The Principal Recipient would provide comments on the auditor's draft report within 10 calendar days from receipt of the draft report. The relevant Global Fund's Country Team may also request to review the draft report. Following the review of the draft report, should the Global Fund request the auditor to carry out additional work, a new reporting deadline could be agreed.
2. The auditor should submit an updated draft report which takes into account the comments to the Principal Recipient (and eventually the Global Fund) within five calendar days from receipt of the comments. The Principal Recipient would provide feedback to the auditor on the updated draft report within five calendar days.



3. If the Principal Recipient 's comments are not received within this deadline, the auditor reminds the Principal Recipient until a written reply from the Principal Recipient is received. In case of excessive delays from the Principal Recipient (more than ten calendar days), the auditor should contact the Global Fund to find out an appropriate solution.

10.4.2. Final Report

1. Once the Auditor receives the final comments from the Principal Recipients, the final report is expected to be issued within the next five calendar days. The audit report and accompanying Management Letter, including the Principal Recipient's responses, **must** be received by the Global Fund within six (6) months after the end of the reporting period under audit. Successful reception of the audit report and Management Letter implies that all reiterations between the Principal Recipient and the auditors including review by the Global Fund or any of its agents **must** be completed and finalized before the six-month submission deadline.
2. The auditor should submit three original hard copies to the Principal Recipient, and one electronic machine-readable copy of the final report and the excel file "non-compliant expenditures".to the Principal Recipient and to the Global Fund

In any case, the Principal Recipient should ensure the auditor sends directly to the Global Fund an electronic copy of the reports

11. Auditor performance assessment, rotation and termination

The audit must refer to the relevant sections of the Global Fund Guidelines on Grant audit regarding how their performance will be assessed by the Global Fund and the implications thereof on the contract

11.1. Audit Firm Selection Process

The minimum requirement for a GF grant auditor as follows:

- a. Have experienced to audit a GF Project in the last 3 years is an advantage and have experienced to audit GF Project Component in the last 3 years is a plus.
- b. Have a license to practice as an external auditor in Indonesia form minister of finance
- c. Have a license as affiliate member of the abroad public accounting firm
- d. Is an independent company, which is free from conflicts of interest with the auditee.
- e. PR Communities must ensure that the auditors selected understand the guidelines of "the GF's Code of Conduct for Suppliers" and comply with its provisions. In the event of non-compliance, PR must take appropriate corrective action, including dismissal of the auditor.
- f. Technical specifications for the materials and equipment needed, must meet the established standards;
- g. The results that can be produced/completed must meet the standards/quality as set out in the TOR and GF. Guidelines
- h. Willing to present all personnel when proving qualifications/clarification of



technical personnel

- i. To keep all financial or non-financial information secretly/confidential that Auditors or Audit team members obtain during the assignment and compulsory not to use or disclose without written approval from PR Communities or the Global Fund

11.2 Timing of Process both Bid and Audit

Description	Date	Remarks
Bid Announces	23 Dec 2024	Timing of Bid
Aanwijzing	6-7 Jan 2025	
Submission of quotation	15 Jan 2025 (17:00 WIB)	
Bid Opened	16 Jan 2025	
Bid Evaluation	17 Jan 2025	
Asking GF Approval	20 - 23 Jan 2025	
Bid Winner Announces	24 Jan 2025	
Contract Sign	31 Jan 2025	
Commencement of work	Deadline of work: 30 April 2025 and or semesterly basis if needed (June & Des 2024)	Timing of Audit
Draft Audit Report	15 May 2025	
Final Audit Report	15 Jun 2025	

11.3. Proposal submission and requirement

Proposal should indicate:

A. Administrative included:

1. Audit firm experience: please outline firm license to practice as an external auditor in Indonesia (proven with document) , expertise and track record in audit not for profit organization, size of the firm, license as affiliate member of abroad affiliation (proven with document) if any.
2. References: please list contact information for at least three organizations similar to Indonesia AIDS Coalition that Firm has audited and will be preferred if accompanied by the contract
3. Letter of interest, Company profile, and legal document such as Deed of establishment and changes (if any), Domicile Letter, Trade Business License (SIUP), Company Registration Certificate (TDP) or SIUP & TDP could be replace by Business Identification Number (NIB), and NPWP (Tax Assessment Letter (SKP), Taxable Entrepreneur (PKP), Taxpayer ID) and Tax Receipt for 2023.

Failure to fulfill the above documents (points 1 to 3) will result in not being able to be included in the further bidding process regarding the bid price.



B. Technical included:

1. Methodology / Approach
2. Team / Consultant Proposed
3. Organizational Capacity
4. Schedule / Time frame

C. Price included:

1. Please outline your audit in fee in Indonesia Rupiah (Rp) includes Value Added Tax (VAT), Other Cost (if any) such as Out of Pocket Expenses - OPE), Printed Cost, ect and Term of Payments
2. The cost of preparing a proposal and conducting the pre-proposal survey or any meetings for verbal presentations shall be borne by your company, regardless of the conduct or outcome of the solicitation process.
3. Proposals must offer services for the total requirements and the propose of payment term against deliverables.
4. Price proposals must be given a password and must be submitted to the CCM Indonesia through email: pengadaanccm@gmail.com on Wednesday, 15 Jan 2024 at 17.00 WIB

Please submit your proposal by Date: Wednesday, 15 Jan 2024 at 17:00 WIB to: CCM Indonesia through email: pengadaanccm@gmail.com

All proposals must remain valid and open for acceptance for a period of 45 (forty-five) days after the date specified for receipt of proposals.

11.4. The duration of the Contract

The contract duration to conduct audit on annual basis for three years (2024-2026) for each implementer except SPIRITIA that will only be for 2025-2026. Continuation of the contract to conduct audit for the next year, i.e., 2025 and 2026, will be subject to the project's duration between GF and the Communities PRs and contingent upon satisfactory performance in the current year's audit. The External Auditor may conduct interim fieldwork on a semesterly basis to reduce the workload at the end of the audit period or fiscal year.

12. General Information

The audit report and the accompanying management letter including the PR's responses should be received by the Global Fund within six (6) months after the end of the reporting period under audit. The audit report for period ending 31st December 2024 will be due on 30nd June 2025

- a. The selected audit firm will also be granted timely, full and unrestricted access to any financial management system, accounting record, asset, property and personnel that may assist in clarifying any matter related to the audit.
- b. To assist the selected audit firm in conducting this audit task, the PR will provide copies of all documents and information stated below. It is highly recommended as part of auditing requirements on understanding the nature of the entity's operations, that the auditors familiarize themselves with the following:



- TGF's *Guidelines for the annual audits of PRs' and SRs' Source and Usage Fund (SUF) Report and Remaining Balance* [<http://www.theglobalfund.org/en/library/guidelinstools/>]
- Grant agreements between the PR and TGF and sub-grant agreements concluded with SRs. Any correspondence from TGF approving a reprogrammed budget affecting the audited year.
- Progress Updates (PU/DRs) and Management Letters. Confirmation of amounts disbursed and outstanding at the Global Fund should also be obtained.
- Annual Financial Reports (AFR);
- Guidelines for Budgeting on TGF programs (TGF's website: <http://www.theglobalfund.org/en/library/guidelinstools/>).
- Project Implementing Manual
- It is also recommended to obtain understanding of the Proposal under which the grant is being implemented, including accounting, and administration structure.

The auditors are strongly encouraged to contact the LFA prior to preparing the audit plan to allow for more in-depth information gathering, enabling the LFA to highlight any key weaknesses and areas of concerns upfront. During the course of the audit, the Auditors are recommended to contact the LFA as and when needed to obtain any information/clarifications

12.1. General Guidelines for Management Letter (M/L)

1. The following is a general guide on the essential elements of the M/L and should not be viewed as an exhaustive list of requirements. Guidance should be sought from the IAASB's:
 - i. standard on communicating management letter issues to those charged with governance of an entity: http://web.ifac.org/download/ISA_260_standalone_2009_Handbook.pdf
 - ii. also that on reporting internal control deficiencies: http://web.ifac.org/download/ISA_265_standalone_2009_Handbook.pdf
2. In the case of public-sector or government auditors (i.e. the Supreme Audit Institution) guidance can be obtained from INTOSAI Standards (see Chapter 4's Reporting Standards in Government Auditing of INTOSAI's Code of Ethics & Auditing Standards: <http://intosai.connexcc-hosting.net/blueline/upload/1codethaudstande.pdf>)