

TENDER NO.1 OF 2021

## **Terms of Reference (TOR) for the External Auditors**

### **Background:**

Status Capital Building Society (SCBS) is an Eswatini registered and licensed financial services provider carrying on the business of a building society within the parameters of the Building Societies Act of 1962. Our head office and main branch is at The Crescent, Ezulwini. As a building society we are a mutual organisation which means we are proudly owned by our members.

Although SCBS was registered in 2019, it can draw on the vast skills and industry expertise of its assembled staff, management and business partners. SCBS will develop its Vision and Mission in line with the National Development Strategy from the Minister of Economic Planning and Development and focus on the SME, Vendor financing, Agriculture and Farming.

The “Making Access Possible” (MAP) study (2014) on financial in Eswatini developed jointly by UNCDF, Fin Mark Trust (FMT) and the Centre for Financial Regulation and Inclusion (Cenfri) on financial inclusion revealed that only 3.7% of self-employed people had access to formal credit. This means that 96.3% of SME's in the country are excluded from accessing credit. This has a negative impact in the economy and SCBS will be seeking to address and redress that by improving financial inclusion to boost SME's in Eswatini.

### **Objective of the Audit:**

1. The objective of the audit of SCBS's financial statements is to enable the auditors to express an independent professional opinion on the financial position of SCBS and to ensure that the funds utilized to SCBS's activities have been used for their intended purposes.
2. The books of accounts of SCBS provide the basis for preparation of the SCBS's Financial Statements. Proper books of accounts as required by law have been maintained by SCBS and also maintain adequate internal controls and supporting documentation for the transactions.

### **Scope of the Audit**

**The audit should cover the period from November 2019 to December 2020. The annual financial year of the Society is 31 December.**

The audit will be carried out in accordance with the International Auditing Standards and will include tests and verification procedures as the auditors deem necessary. The auditors

should be further guided by the Financial Services Regulatory Authority Act of 2010 and the Building Societies Act in particular section 54 thereof. Furthermore, the auditors should verify that;

1. All funds have been used in accordance with the established rules and regulations of SCBS and only for the purposes for which the funds were provided.
2. Goods, works and services financed have been procured in accordance with the SCBS established rules and procedures.
3. 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 statements presented to.
4. The financial statements have been prepared by SCBS management in accordance with applicable accounting standards and give a true and fair view of the financial position of SCBS and of its receipts and expenditures for the period ended on that date.
5. Comprehensive assessment of the adequacy and effectiveness of the accounting and overall Internal control system to monitor expenditures and other financial transactions.
6. Express an opinion as to reasonableness of the financial statements in all material respects.
7. 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 statements.
8. Conduct entry and exit meeting with the Board of SCBS.
9. In addition to the audit report, the auditors will prepare a Management Letter on the following:
  - 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. Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization.
  - d. Bring to the General Manager's attention any other matters that the auditors consider pertinent.
  - e. Give an overview of SCBS operational policies and give their professional advise thereon.

#### **Audit Duration:**

The audit work shall be completed within two weeks from the date of commencement of the audit.

#### **Deliverables:**

1. The Auditors on completion of the audit work will submit 5 (five) original copies of the Audit Report appended to the Financial Statements along with the reports to the attention of the Board of Directors.

2. Management letter in accordance with the scope of work described here before.

**Qualification of the Audit Firm:**

The audit firms based in the Kingdom of Eswatini having affiliation/membership with an internationally reputed audit firms will be eligible to apply.

- Knowledge of Building Society and FSRA acts is a prerequisite

**Audit Fees:**

The audit fees will be fixed through a competitive bidding process.

Additional information can be obtained by request from:

[info@status.holdings](mailto:info@status.holdings)

**Submission of proposals:**

These should be marked, addressed and emailed to : [info@status.holdings](mailto:info@status.holdings)

**The Chairman of the Board of Directors**

**Status Capital Building society**

**Shop 12 The Crescent. Ezulwini**