



# TERMS OF REFERENCE FOR EXTERNAL AUDIT SERVICES

REF: MHU/2025-2029/AUDIT/001

## INTRODUCTION

These Terms of Reference (TOR) covers External Audit services to Mental Health Uganda (MHU) for financial years 2025 - 2029.

## BACKGROUND

Mental Health Uganda (MHU) is an indigenous Organization, established in 1997 for people with a lived experience of mental illness, care givers and service providers. Over the years, MHU has registered huge successes in the areas of advocacy for policy, rights and legislative reforms, advocacy for community mental health care, capacity building especially for membership district associations, livelihoods support for people with a lived experience of mental illness, rehabilitation and reintegration of homeless people off the streets of Kampala, user-led programming, anti-mental health stigma and discrimination, among others.

## OBJECTIVE OF THE EXTERNAL AUDIT

The objective of the audit of MHU financial statements is to enable the auditors to express an independent professional opinion on the financial position of MHU and to ensure that the funds utilized have been used for their intended purposes.

### ***Scope of Audit of MHU Financial statements***

- Develop an understanding of the accounting system and obtain all related documentation, manuals, written policies, relevant procedures and other guidelines and ensure they have been complied with during the period under review. Assess the reasonableness of expenditure, ascertain there was no double funding and report on whether value for money has been achieved.
- Assess organization structure in terms of effectiveness and efficiency of the framework of authorities, workflows, adequacy of staffing and competence of staff especially in the finance function and appropriate segregation of duties.
- Critically review implementation, monitoring and supervision exercised over the donor-funded projects. Review work plans, project reports, vis a vis the appropriated project resources and

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assess the general achievement of value for money, budgets and financial expenditure, beneficiary selection, operational procedures and their effects on service delivery. Observe the procedures through a walk-through of a sample (one activity) in coordination with senior management at MHU and recommend improvements for efficiency and better control.

- Review the competitiveness, transparency and effectiveness of the recruitment and hiring of personnel including performance appraisal, payroll preparation and remittance of statutory deductions and management of personnel records. Ascertain the existence and completeness of any documented human resource policies and guidelines.
- Review adequacy of the accounting and financial operations and reporting systems. This will include budget control, cash management, certification and approving authority, receipt of funds, disbursement of funds, proper recording of management intervention and override, records maintenance and control.
- Review procurement procedures and policies for competitiveness, transparency and effectiveness. Testing them for compliance and where there is departure, reviewing documented reasons for such. Ascertain that assets (permanent and consumable) and services procured meet the requirements of funded activities.
- Review the management and safeguard of the assets, travel activities, vehicle management.
- Review the appropriateness and adequacy of the management information systems and the security and control of equipment and data whether manual, semi or fully computerized. Review the status of the previous audit findings and recommendations detailing levels of implementation to date.
- Conduct a consolidated Audit of all projects to come up with institutional Audit.
- Presentation of the draft Annual Audited Financial Statements, including all findings of material in nature, together with the Management letter to the Finance & HR Committee. Comments and concerns raised by the Committee must be addressed and corrected before the financial statements are presented to the Board of Directors (BOD) for approval.

**a) THE TECHNICAL PROPOSAL SHALL:**

- Include a listing of staff to be assigned to the engagement including their level of seniority and experience, the plan for quality management, monitoring, and auditing including proven experience with similar audit tasks.
- Demonstrate similar audit assignments that have been delivered on time and to the satisfaction of the client.

- Experience in working with donor funded programs.
- Practicing License

## B) FINANCIAL PROPOSAL

The Financial proposal shall include (a) Breakdown of fees and (b) Project related expenses. The auditor’s financial proposal shall therefore include all costs for fee and staff related expenses inclusive of VAT and any other taxes applicable.

## C) EVALUATION CRITERIA

Criteria	Requirement/Definition	Maximum Points Scores Awarded
1. Consultants’ professional qualifications and experience	CIA/ CPA/ACCA and/or internal audit experience of the firm or individual auditor. Experience with donor-funded programmes	50
2. Adequacy of the proposed work plan and methodology	Proposal addresses each of the key tasks/activities in the scope of work	20
Proposed operational costs	Reasonableness/ affordability of proposed costs	30

## PROPOSAL SUBMISSION

Interested audit firms shall send separate technical and financial proposals to [procurement@mhu.ug](mailto:procurement@mhu.ug) not later than **7<sup>th</sup> October 2025 at 4:00 PM** local time