

TERMS OF REFERENCE
Financial Audit Implementation for the EcoNusa Foundation
Fiscal Year 2025
Period: October 10, 2025 – March 31, 2026

Project	The Norwegian Agency for Development Cooperation (NORAD)
Activity	- Financial Audit of the REAL Project – NORAD for the period 1 October 2024 – 31 December 2025 - Institutional Financial Audit for Fiscal Year 2025, covering the period 1 January – 31 December 2025
Activity Code	NORAD B.4.2.3.1 dan NORAD B.4.2.3.2
PIC	Rina Erayanti

A. Background

EcoNusa Foundation (Yayasan Ekosistem Nusantara Berkelanjutan) was established as a non-profit organization on 21 July 2017. The Foundation currently operates its head office in Sorong, Southwest Papua, and maintains several regional offices located in Jakarta, Ambon, Jayapura, Kaimana, and Manokwari. EcoNusa was founded with the mission to promote the equitable and sustainable management of natural resources in Eastern Indonesia (Maluku and Papua) in collaboration with local communities. Guided by the core values of sovereignty, sustainability, conservation, and collaboration, EcoNusa works closely with stakeholders at various levels—local, national, and international—to advocate for the preservation of Indonesia’s natural and cultural heritage.

One of EcoNusa’s missions is to strengthen its institutional capacity as an effective and accountable agent of change. To uphold this commitment, both the organization’s financial statements and project financial reports have been independently audited by auditors registered with the Ministry of Finance since its inception.

This Terms of Reference (ToR) is prepared to guide the implementation of an independent audit of EcoNusa’s financial statements, as well as a special audit on the use of grant funds provided by the Norwegian Agency for Development Cooperation (NORAD) under the Rainforest Economic Empowerment and Livelihood (REAL) program. The audit aims to provide assurance and recommendations for improvement to the Management, Board of Trustees and Supervisors, NORAD, and other donors, confirming that the financial statements present a true

and fair view, are accountable, and that the project funds have been utilized in accordance with the grant agreement and applicable regulations.

EcoNusa's cooperation with NORAD for the Rainforest Economic Empowerment and Livelihood (REAL) Project is formalized under Contract No. INS-24/0004, covering the period 1 October 2024 to 31 December 2027, with a total maximum grant value of NOK 71,100,000 (approximately IDR 104,161,500,000). In addition to NORAD, EcoNusa also receives financial support from other donors.

For the period 1 October 2024 to 31 December 2025, EcoNusa manages funds from NORAD for the REAL Project amounting to NOK 23,178,211 (approximately IDR 33,956,078,000). The total funds managed by EcoNusa, including other donor-funded projects during Fiscal Year 2025, is approximately IDR 80,000,000,000 (eighty billion rupiah).

NORAD requires that all its partner organizations' annual financial statements be independently audited. The audit report shall include both the REAL Project financial statements (covering the period 1 October 2024 to 31 December 2025) and EcoNusa's consolidated annual financial statements (covering the period 1 January 2025 to 31 December 2025). The audit report must comply with the requirements stipulated in Article 7 of the Special Conditions and Article 5 of the General Conditions. A Management Letter, addressing governance issues, must be attached to the audit report. The letter should include actions taken in response to findings from previous project audits and assess whether those actions have adequately addressed previously identified deficiencies.

The results of the organizational financial audit will reflect the total funds managed through various projects in the Statement of Activities, while the Balance Sheet will indicate EcoNusa's overall assets and financial position.

In this regard, EcoNusa requires the services of an Independent Public Accounting Firm (KAP) registered with the Ministry of Finance and affiliated with an international audit firm. The auditor selection process will follow EcoNusa's established procurement procedures, ensuring transparency and prioritizing both quality and competitive pricing. Preference will be given to firms with proven experience and credibility in conducting similar assignments.

B. Objectives

1. To demonstrate EcoNusa's accountability and responsibility to stakeholders as an organization managing grant funds from various donors.
2. To ensure the implementation of a financial audit process that is conducted diligently, transparently, and accountably.

3. To establish a mechanism for cross-verification of financial transactions in the field and to obtain feedback on EcoNusa's existing financial systems and procedures for future improvement.
4. To ensure the availability of supporting documentation that guarantees the conformity of the financial statements with the Organization's Standard Operating Procedures (SOPs) and the requirements of the Norwegian Agency for Development Cooperation (NORAD) as stipulated in the cooperation agreement, including all relevant annexes.
5. To produce financial audit reports in compliance with the International Standards on Auditing (ISA). The auditor must adhere to ISA 800 (Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks), ISA 805 (Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts, or Items of a Financial Statement), and all other ISAs relevant to the project audit. Additional requirements applicable to the auditor and the audit report are stipulated in Article 5 of the General Conditions of the NORAD grant agreement.

C. Expected Results (Output)

1. The entire audit process shall produce Financial Audit Reports, which will include but are not limited to the following:
 - 1.1 Financial Audit Report of the REAL Project – NORAD ("the Project") covering the period 1 October 2024 to 31 December 2025. This financial audit report must be accompanied by an Independent Auditor's Report (Audit Opinion) and a Management Letter, which include the following components:
 - 1.1.1 Independent Auditor's Report (Audit Opinion)
The report shall comply with the terms and conditions stipulated in the cooperation agreement with NORAD, and must include:
 - The auditor's obligation to maintain independence, in accordance with the Code of Ethics for Professional Accountants issued by the International Federation of Accountants (IFAC). The auditor must also provide a written declaration of independence with respect to the audited partner;
 - The audit report must be prepared in accordance with the International Standards on Auditing (ISA) and presented in compliance with ISA 805. The term "ISA 805" must be explicitly stated in the audit opinion section. If such inclusion is not feasible, the Public Accounting Firm (KAP) shall issue a separate Statement of Compliance with ISA 805;
 - The project financial statement must clearly present the following information:
 - Funds received (income) during the period 1 October 2024 to 31 December 2025;

- Expenditures (expenses) incurred during the same period; and
- The closing balance as of 31 December 2025 (*outgoing balance*).
- The audit report must contain:
 - The Project name and agreement number;
 - The Project period subject to the audit;
 - A reference to the financial reporting framework applied;
 - The auditing standards followed;
 - A statement confirming that the auditor has obtained sufficient and appropriate audit evidence to provide reasonable assurance that the financial statements as a whole are free from material misstatement; and
 - The auditor's opinion.

1.1.2 Management Letter shall include:

- Evaluation and identification of weaknesses and deficiencies in the financial systems and internal controls, along with recommendations for improvement of the internal control mechanisms;
- Findings related to compliance of project partners with the financial provisions of the REAL–NORAD Project, particularly Section III (NORAD Procurement Regulations);
- EcoNusa's written responses to the findings and recommendations presented by the Auditor.

1.1.3 Audit Report on Assets Acquired During the NORAD Project Period

An Audit Report on Assets acquired during the NORAD Project period (1 October 2024 to 31 December 2025) shall be prepared and attached as an annex to the Project Financial Audit Report. This report shall include:

- A comprehensive inventory list, containing at minimum the following information: Item name and description; Purchase price; Date of acquisition; Current status (e.g., *in good condition, damaged, lost*); and Physical location;
- Identification of weaknesses in internal controls related to the recording of fixed assets, accompanied by recommendations and EcoNusa management's responses, to be included as part of the Project's Management Letter.

1.2 Consolidated Institutional Financial Audit Report

The Consolidated Institutional Financial Audit Report shall cover the period 1 January to 31 December 2025. The presentation of the Financial Statements for a Non-Profit Oriented Entity must comply with Interpretation of Financial Accounting Standards (ISAK) 35, and shall include the following components:

- Independent Auditor's Report (Audit Opinion)
- Statement of Financial Position
- Statement of Comprehensive Income, which includes all revenues received from resource providers, both with and without donor restrictions
- Statement of Changes in Net Assets
- Statement of Cash Flows
- Notes to the Financial Statements

In addition to the above, a Management Letter is also required, containing:

- Evaluation and identification of weaknesses and deficiencies in the financial systems and internal controls, along with recommendations for strengthening internal control mechanisms;
- Findings on compliance with internal Standard Operating Procedures (SOPs);
- EcoNusa's official responses to the findings and recommendations presented by the Auditor.

2. Financial Audit Report and the Management Letter must be prepared in two languages—Bahasa Indonesia and English—each in three (3) original copies.

D. Audit Implementation Flow / Mechanism

1. **Preparation of the Terms of Reference (ToR).** Develop and finalize the Terms of Reference (ToR) to guide the scope, objectives, and procedures of the audit process.
2. **Publication of the Auditor Tender Announcement.** Publicly announce the auditor service tender through EcoNusa Foundation's official communication channels (e.g., website and other relevant media).
3. **Evaluation of Proposals from Vendors.** Conduct a review and evaluation of submitted proposals from qualified vendors (Public Accounting Firms).
4. **Announcement of the Selected Public Accounting Firm (KAP).** Officially announce the selected Public Accounting Firm (KAP) as the appointed independent auditor.
5. **Initial Meeting with the Selected KAP.** Hold an inception meeting with the selected KAP to agree upon the audit process flow, methodology, and schedule, followed by the signing of a Memorandum of Understanding (MoU).
6. **Commencement of the REAL–NORAD Project Financial Audit.** The audit process shall begin with a review of key documents, including the project contract, EcoNusa's internal SOPs, and donor regulations. This will be followed by a detailed examination of the REAL–NORAD Project's financial documentation, such as project financial reports, general ledger (GL), transaction vouchers, and other relevant supporting records.
7. **Execution of the Consolidated Institutional Financial Audit.** Conduct a comprehensive review of institutional-level financial statements, which includes the examination of donor contracts, financial records of all ongoing projects, general ledgers (GL), transaction vouchers, and related documentation.

8. **Field Visits to Selected Program Locations (if necessary).** Perform on-site verification visits to selected program areas to validate reported financial and operational data, as needed.
9. **Submission of Complete Audit Reports.** All audit deliverables—comprising both the REAL–NORAD Project Financial Audit Report and the Institutional Consolidated Financial Audit Report for Fiscal Year 2025—must be completed with the Audit Opinion and Management Letter, and presented in two languages (Bahasa Indonesia and English).
10. **Inclusion of Detailed Project Activity Reports.** The Institutional Financial Audit Report must also include a Statement of Activities detailing income and expenditure for each donor-funded project.

E. Location and Duration of Implementation

All proposals and related correspondence shall be addressed to:

EcoNusa Foundation (Yayasan Ekosistem Nusantara Berkelanjutan)

Attn: Ms. Rina Erayanti

Jl. Irian No. 05, RT 06 / RW 05, Gondangdia, Menteng District, Central Jakarta 10350, Indonesia

Email: rina@econusa.id and etik@econusa.id

F. Agenda

The audit process is expected to take five (5) months, commencing on 10 October 2025 and concluding on 31 March 2026, following the schedule outlined below:

No.	Activity	Implementation Period
1	Submission of the Terms of Reference (ToR) and publication on EcoNusa's official media channels (website, LinkedIn)	10 October 2025
2	Receipt of proposals by EcoNusa	No later than 20 October 2025
3	Evaluation and selection process by the EcoNusa team	21 – 22 October 2025
4	Announcement of the selected vendor	23 October 2025
5	Initial meeting to agree on process, methodology, and schedule	28 October 2025
6	Signing of the Memorandum of Understanding (MoU)	29 October 2025
7	Issuance of data request letter by the auditor	30 October 2025
8	Submission of contract documents, SOPs, and other supporting materials	3 November 2025
9	Submission of financial data to the auditor:	7 November 2025

	- REAL-NORAD Project (Oct 2024 – Jun 2025) - EcoNusa Institutional Consolidation (Jan – Jun 2025)	
10	Implementation of interim audit for REAL-NORAD Project and Institutional Consolidation	10 November – 20 December 2025
11	Field visit for audit verification (if required)	Tentative
12	Audit of the REAL-NORAD Project (Oct 2024 – Dec 2025)	
12.1	Submission of the REAL-NORAD Project Financial Report as of 31 Dec 2025	31 January 2026
12.2	Implementation of the REAL-NORAD Project audit as of 31 Dec 2025	2 February 2026
12.3	Submission of draft REAL-NORAD Project Audit Report	20 February 2026
12.4	EcoNusa's response and clarification to audit findings	6 March 2026
12.5	Submission of the final REAL-NORAD Project Audit Report (Phase 2) to EcoNusa	20 March 2026
13	Audit of Institutional Consolidation (Jan – Dec 2025)	
13.1	Submission of Institutional Financial Report as of 31 Dec 2025	13 February 2026
13.2	Implementation of Institutional Audit as of 31 Dec 2025	16 February 2026
13.3	Submission of draft Consolidated Institutional Audit Report	20 February 2026
13.4	EcoNusa's response and clarification to audit findings	20 March 2026
13.5	Revision and finalization of report	21 – 30 March 2026