

TERMS OF REFERENCE

Financial Audit Implementation for the EcoNusa Foundation

Project: Interfaith Rainforest Initiative Indonesia (IRI Indonesia)

Project Name	Rainforest Foundation Norway (RFN) Project Interfaith Rainforest Initiative Indonesia (IRI Indonesia)
Activity Name	Financial Audit of the Interfaith Rainforest Initiative Indonesia (IRI Indonesia) Project for the 13-month period: 1 December 2024 – 31 December 2025
Activity Code	RFN B.5

A. Background

Yayasan EcoNusa, as an organization committed to upholding integrity, manages all programmatic and financial processes transparently and accountably based on the Cooperation Agreement between EcoNusa and Rainforest Foundation Norway (RFN) No. 985 828 806 regarding the Interfaith Rainforest Initiative Indonesia (IRI Indonesia) Project for the period 1 December 2024 to 31 December 2029.

RFN requires all project-implementing organizations to conduct an independent audit of their financial statements. As the hosting organization of the IRI Indonesia project, EcoNusa intends to conduct a financial audit for the period 1 December 2024 to 31 December 2025. The total funds managed during this 13-month period amount to approximately NOK 2,031,521 or Rp 2,945,705,456.-

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 documents validating the conformity of financial reporting with EcoNusa's Standard Operating Procedures (SOP) and RFN donor requirements as stipulated in the Cooperation Agreement.
5. To produce a Financial Audit Report in accordance with **International Standards on Auditing (ISA) 805** for project reports and **ISAK 35** for institutional audit reports.

C. Expected Results (Output)

1. The audit process will result in a Financial Audit Report for the Interfaith Rainforest Initiative Indonesia (IRI Indonesia) Project for the 13-month period from 1 December 2024 to 31 December 2025. The audit report must include an Independent Auditor's Report (Audit Opinion) and a Management Letter, which include the following components:
 - i. Independent Auditor's Report (Audit Opinion) This must comply with Appendix 3 Articles 2c–d:
 - (2c): 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;

- (2d): The audit report must be prepared in accordance with the International Standards on Auditing (ISA) and presented in compliance with ISA 805 and must include at minimum:
 - i) Audit certificate with auditor's opinion.
 - ii) Auditor's presentation of project expenditures per budget line compared with the approved budget, with reference to the approved annual budget and the financial statements submitted by the partner; specification of project opening balance (1/12) and closing balance (31/12); transfers received including donor names, dates, and exchange rates; and any project income during the reporting period.
 - iii) Tables showing deviations between budget and expenditures. Significant deviations must be highlighted unless previously approved in writing by RFN and must be explained by the partner.
 - iv) Management letter summarizing general comments on the partner organization's internal controls related to the project and recommendations for improving any weaknesses.
- The project financial report must clearly show information on : Opening balance as of 1 December 2024, Funds received between 1 December 2024 – 31 December 2025, Expenditures during the same period, and Closing balance as of 31 December 2025.
- The auditor's presentation of project expenditures by budget line compared with the approved budget. This must include references to the approved budget and the financial reports submitted by EcoNusa; a specification of the project's opening balance (as of 1 December 2024) and closing balance (as of 31 December 2025); details of transfers received by EcoNusa, including donor names, dates, and exchange rates; and any potential project income during the reporting period.
- The statement tables must show the deviations between the budget and the actual expenditures, where such deviations must be reviewed unless they have been previously approved in writing by RFN, and EcoNusa must provide an explanation.
- The complete audit package must be submitted to RFN Headquarters in Oslo if IRI-EcoNusa is selected as one of the audit samples.

ii. Management Letter

- Evaluation and identification of weaknesses and deficiencies in the financial systems and internal controls, along with recommendations for improvement of the internal control mechanisms;
- Presentation of findings on the partner's compliance with RFN's financial requirements, particularly those outlined in Appendix 3 (Financial Administration and Audit Provisions for RFN-supported Projects) and Appendix 7 (RFN Procurement Regulations).
- EcoNusa's 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

D. Audit Implementation Flow / Mechanism

1. Preparation of the Terms of Reference (ToR).
2. Publication of the Auditor Tender Announcement..
3. Evaluation of Proposals from Vendors..
4. Announcement of the Selected Public Accounting Firm (KAP).
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 IRI 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 IRI Project's financial documentation, such as project financial reports, general ledger (GL), transaction vouchers, and other relevant supporting records.

E. Location and Duration of Implementation

All Proposal and related correspondence shall be addressed to:

EcoNusa Foundation (Yayasan Ekosistem Nusantara Berkenalnjutan)

Attn. Ibu Etik Mei Wati

Jl. Irian No.5 RT08/RW05 Gondangdia, Menteng District, Central Jakarta 10350
Indonesia

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

F. Agenda

No	Kegiatan	Waktu Pelaksanaan
1.	Submission of the Terms of Reference (ToR)	25 November 2025
2.	Receipt of proposals by EcoNusa	No later than 19 December 2025
3.	Evaluation and selection process by the EcoNusa team	22-24 December 2025
4.	Announcement of the selected vendor	29 December 2025
5.	Initial meeting to agree on process, methodology, and schedule	30 December 2025
6.	Signing of the Memorandum of Understanding (MoU)	5 January 2026
7.	Issuance of data request letter by the auditor	6 January 2026
8.	Submission of contract documents, SOPs, and other supporting materials	7 January 2026
8.	Submission of financial data to the auditor	8 Januariy 2026
9.	Implementation of the IRI Indonesia Project audit	12-23 Januari 2026
10.	Submission of draft IRIProject Audit Report	1 Februari 2026
11.	EcoNusa's response and clarification to audit findings	10 Februari 2026
12.	Submission of the final IRI Project Audit Report to EcoNusa	28 Februari 2026