# Terms of Reference for

# Independent Audit of the Financial Statements

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| --- | --- |
| Organization: | **International Charitable Foundation “Alliance for Public Health”** |
| Period covered by the audit, reporting period: | **January 01, 2025 – December 31, 2025**  **January 01, 2026 – December 31, 2026**  **January 01, 2027 – December 31, 2027** |

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1. **Introduction**

International Charitable Foundation “Alliance for Public Health” (hereinafter – Alliance) is an independent international organization, registered in Ukraine. In 2018 Alliance received international accreditation from the Frontline AIDS (UK). Alliance has received the highest professional accreditation to confirm that it complies with nine principles in the areas “Governance and Sustainability”, “Organizational Management” and “HIV Programming” based on 38 standards. Currently it is the only organization in Eastern Europe and Central Asia with such accreditation.

The Mission of Alliance is to support community action against HIV/AIDS, to reduce the spread of HIV and related epidemics through disseminating effective services and approaches, strengthening health care systems and social services, and building the capacity of vulnerable communities.

Alliance is a leading non-governmental professional organization making a significant impact on the epidemics of HIV/AIDS, tuberculosis, viral hepatitis and other socially dangerous diseases in Ukraine. It has a responsibility to the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Centers for Disease Control and Prevention, USAID, Yale University, International HIV/AIDS Alliance, Stichting Aidsfonds – Soa Aids Nederland, the Elton John AIDS Foundation, Christian Aid, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, United Nations Office for the Coordination of Humanitarian Affairs (OCHA),International Renaissance Foundation, the Stop TB Partnership and United Nations Office for Project Services, the Foundation for Innovative New Diagnostics and other for proper financial management of the funds.

Alliance is actively involved in the response to HIV/AIDS in Ukraine by providing financial resources to its partners from the public and governmental sectors.

Total Alliance expenditures in 2025 are forecasted at 33 million USD.

1. **Objectives of the Audit**

The **objective of the audit** of the Financial Statements (FS) is to enable the auditor to express an independent professional opinion that the financial statements present fairly, in all material respects, the financial position of the Organization as of 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with Ukrainian Accounting Standards (“UASs”) and the preparation of the consolidated financial statements requirements of the Law of Ukraine “On accounting and financial reporting in Ukraine” (“Law on accounting and financial reporting”).

1. **Responsibility for the preparation of Financial Statements (FS).**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with UASs and Law on accounting and financial reporting, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

1. **The Financial Statements (FS) should include the** **full set of statutory financial statements, prepared under Ukrainian Accounting Standards (“UAS”):**
2. Balance sheet (the Statement of Financial position);
3. Statement of financial results (Statement of comprehensive income);
4. Statement of cash flows;
5. Statement of equity;
6. Notes to the financial statements in accordance with UAS
7. **Audit Standards and Scope of Work**
   1. The minimum requirement is that the audit will be carried out in accordance with Ukrainian Accounting Standards (UAS) and will include such tests and controls, as the auditor considers necessary under the circumstances.

The auditors also:

* Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control.
* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
* Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

1. **Auditor’s report**
   1. In preparing the audit report, the auditor in accordance with ISA will issue an audit opinion on the financial statements.
2. **Management Letter.**
   1. In addition to the audit report, the auditors will prepare Management letter.
   2. It must be clearly noted in the Management Letter that it is a confidential document and must be treated as such.
3. **Terms of performance**

The selected audit firm will also be granted timely, full and unrestricted access to financial management system, accounting record, asset, property and personnel that may assist in clarifying any matter related to the audit.

Deadlines of the audit arrangements:

* Contract negotiation and singing:               by January 15tst, 2026
* Field work start date June 6th, 2026
* Draft Audit report by August 30th, 2026
* Draft Management Letter by August 30th, 2026
* Final Audit report and Management letter:      by September 15th, 2026.

The hard copies of the auditors’ reports will be provided directly to PR. The original Management letter and Auditor’s reports shall be prepared both in English and Ukrainian each in 4 copies.

Deadlines of the audit arrangements for 2026 and 2027 will be submitted additionally for each period.

1. **Access to Facilities and Documents**

Alliance will provide the auditor with unrestricted access to all books and records pertaining to the FS.

1. **Key contacts**
2. Andriy Klepilov, Executive Director [klepikov@aph.org.ua](mailto:klepikov@aph.org.ua)
3. Kristina Bubnova, Finance Director [bubnova@aph.org.ua](mailto:bubnova@aph.org.ua)
4. Olena Nosatska, Chief Accountant [nosatska@aph.org.ua](mailto:nosatska@aph.org.ua)
5. Nataliia Ishchenko, Finance Controller [ishchenko@aph.org.ua](mailto:ishchenko@aph.org.ua)

# Annex 1: General Guidelines for Management Letter (M/L)

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:

1. standard on communicating management letter issues to those charged with governance of an entity: ISA 260 COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE
2. also that on reporting internal control deficiencies: ISA 265 COMMUNICATING DEFICIENCIES IN INTERNAL CONTROL TO THOSE CHARGED WITH GOVERNANCE AND MANAGEMENT

A typical M/L format follows:

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**STRICTLY PRIVATE AND CONFIDENTIAL**

**(*Name of PR)* - MANAGEMENT LETTER FOR THE AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED …….. (*Insert year end date)***

[Background information is provided on the applicable auditing framework that was employed in auditing the Financial Statements, for which there is this management letter]

[An explanation of the purpose of the management letter should be provided in terms of the value-added in its provision to management for the improvement of systems and processes for the organization, thereby aiding the achievement of broader organizational goals.]

[A description of system of grading of the management letter issues or findings should be provided in order that the PR is able to better prioritize implementation of recommendations emanating from findings. The following system of grading is recommended:

**Grade I** findings are those which are particularly significant and the involvement of management may be required for their resolution.

**Grade II** findings are those that may have significant impact on the control environment. Here control environment looks at risk factors derived from **management’s attitude to risk** as regards operational activities within the PR/Sub-recipient organization.

**Grade III** findings are those which are less significant than Grade 1 and II but nevertheless merit attention.

For each finding:

**1.0** [Brief heading for finding and Grade 1, 2 or 3 as is applicable]

[Where there is a criteria (or criterion as the case may be) which is the object of non-compliance by the PR/Sub-recipient, then this must be stated or quoted where applicable. A criterion is defined as any law, policy, regulation or framework that an audited entity has to comply with in carrying out its activities. A deviation or complete non-compliance of it would trigger a finding. In some instances, criteria would not be present hence it would not be necessary to state it here.]

* 1. **FINDING**

[The condition or issue presently obtaining which could have been as a result of non- compliance of a criteria is stated here fully. This must be consistent with the grading level indicated above. Where possible, the reason(s)/rationale for the non-compliance to the criteria or factors responsible for the finding issue should be stated in a separate paragraph or section under FINDING.]

* 1. **IMPLICATION**

[The effect of the finding both from a financial and non-financial perspective should be clearly stated here as this will provide better insights to the PR/SR entity in formulating a robust management response and action plan for implementation of recommendations.]

* 1. **RECOMMENDATION**

[Practical recommendations relevant to the findings stated in 1.1 above should be put in this category. Recommendations should be capable of eliminating or reducing the effects identified in 1.2 above (to an acceptable level) such that there will be no negative material impact.]

* 1. **BENEFITS**

[The advantages of implementing the recommendations stated in 1.3 above should be highlighted here from a financial and non-financial perspective. The use of financial data in terms of for example, cost savings, should be stated here.]

* 1. **MANAGEMENT’S RESPONSE**

[PRs/SRs are required to state the extent to which they agree or disagree with the finding indicated above (i.e the Management response should start with a clear **AGREE** or **DISAGREE** statement). This should extend further to whether they agree or disagree with all the other elements to the management letter (i.e. 1.2 to 1.4). These should include reasons for the agreement or disagreement.

As part of the management response the PR should develop an action plan to address any pertinent recommendations emanating from the PR and SR Audits.

Finally, all M/Ls must contain a “**Matters arising from previous audits”** section in tabular form that will serve as a tracking tool in determining the status of implementation of recommendations.]

See below:

**MATTERS ARISING FROM PREVIOUS AUDITS**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Audit period**  **covered** | **Issue (i.e. the finding identified)** | **Recommendations** | **Status of implementation** | **Comments** |
| The period covering the audit is stated here: it should follow chronologically from one year to the next | The findings of previous audits are entered here. The findings should be quoted verbatim or reproduced from the relevant management letter | The recommendations related to the findings from the previous column are entered here quoting verbatim from the relevant management letter | The state of implementation is entered here via the following key:  Y (Yes) – showing full implementation of recommendations,  N (No) - showing that the recommendation remains to be implemented and as such no steps have been taken to commence implementation,  P (Partial) – showing that implementation has commenced but is yet to be completed | For N and P categories, an indication of the audit period from when the finding &recommendation was first identified should be stated, inter- alia |