

TERM OF REFERENCE – EXTERNAL AUDITOR

1. The External Auditor shall perform such audit of the accounts of Machabeng College including all special accounts, as he deems necessary in order to assure himself:
 - a) that the financial statements are in accordance with the books and records of Machabeng and compliant to relevant IFRSs and IASs
 - b) that the financial transactions reflected in the statements have been in accordance with the College Financial Rules and Regulations and other applicable policies
 - c) that the internal controls are adequate in the light of the extent of reliance placed thereon;
 - d) that procedures satisfactory to him have been applied to the recording of all assets, liabilities, surpluses and deficits.

2. The External Auditor shall express and sign an opinion on the financial statements of the College. The opinion shall include the following basic elements:
 - a) the identification of the financial statements audited;
 - b) reference to the responsibility of the College management and the responsibility of the External Auditor;
 - c) reference to the audit standards followed;
 - d) description of the work performed;
 - e) an expression of opinion on the financial statements as to whether:
 - i. the financial statements present fairly the financial position as at the end of the period and the results of the operations for the period;
 - ii. the financial statements were prepared in accordance with the stated accounting policies; and
 - iii. the accounting policies were applied on a basis consistent with that of the preceding financial period.

f) an expression of opinion on the compliance of transactions with the Financial Regulations and legislative authority;

3. The Report of the External Auditor on the financial operations of the period should mention and not limited to:

a) the type and scope of his examination;

b) matters affecting the completeness or accuracy of the accounts, including where appropriate:

i. information necessary to the correct interpretation of the accounts;

ii. any amounts which ought to have been received but which have not been brought to account;

iii. any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;

iv. expenditures not properly substantiated;

v. whether proper books of accounts have been kept. Where, in the presentation of statements, there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;

c) Auditor will also be expected to bring to the notice of the Boards of Governors matters which may include but not limited to:

i. cases of fraud or presumptive fraud;

ii. wasteful or improper expenditure of the College's money or other assets;

iii. expenditure likely to commit the College to further outlay on a large scale;

- iv. any defect in the general system or detailed regulations governing the control of receipts and disbursements or of supplies and equipment;
- v. expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
- vi. expenditure not in conformity with the authority which governs it;