C:\Users\Wiesenbach\Dropbox\Caritas Germany - Beirut\AA-DCV - Logos\logo_caritas-germany.eps **Terms of Reference for external Audit**

This document defines the terms of reference for the audit of the project(s) listed below, by an independent auditor. In addition, the financial system and procedures of the implementing partner shall be analysed, and recommendations given for its improvement.

# Project Information

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| **Project Title(s):** | **Lifesaving support and coverage of basic needs of particularly vulnerable people affected by the war living in the 0-50 km zone along the contact line, in Southern and Eastern Ukraine**  Project No. DCV: P.545-2023-002 Project No. GFFO: F-PF-2Team2-321.50/UKR/Reg/CARITAS/2023/1 |
| **Project Period:** | 01.08.2023- 31.12.2024 |
| **Contract Project Budget(s):** | 2.772.573,85 € |
| **Financing Partner(s)/funding donor:** | AA (German Federal Foreign Office) |
| **Implementing Project Partner:** | ICF Caritas Ukraine |
| **Location(s) of Projects:** | Donetsk and Zaporizhzhia oblasts, in the 0-50 km zone along the contact line, government-controlled areas (GCA), Ukraine  Implementing Caritas: Caritas Ukraine (national Caritas); Caritas Kramatorsk (local Caritas); Caritas Volnovakha (local Caritas); Caritas Zaporizhzhia (local Caritas) |
| **Reporting Currency** | UAH and EUR |
| **Project bank accounts** | UA79 325365 000000 2600801913626, CB JSC Kredobank |

# Objective of verification

The objective of the audit is to ascertain that the funds provided by AA (German Federal Foreign Office) were used in accordance with the project agreement (including its stated objectives) and national regulations and to verify whether financial systems of the project partner respond to general accepted practices.

# Scope of work

The audit services to be provided include the following aspects:

* 1. The audit shall be carried out at the premises of the implementing project partner and where his bookkeeping is located and at places, where the above-mentioned project is carried out. It is held once a year for a period of 2 consecutive years.
  2. The audit shall contain the verification of all financial documents or a relevant sample, processes as well as other information pertaining to the project in accordance with international standards. The audit shall examine internal control systems related to the financial statements, compliance with national accounting laws and employment regulations, and compliance with all contractual conditions between the project partner and Caritas Germany (DCV).
  3. Besides the aspects mentioned above, the audit shall analyse the strengths and weaknesses of the project partner’s administrative management in general. The aim is to identify learning points for the partner to strengthen his structures and systems in a sustainable manner. This analysis shall result in a list of recommendations for the project partner which are to be included in the management letter.
  4. The audit shall verify that procured goods and/or provided services reached the targeted beneficiaries. This can be done via interviews with beneficiaries and/or field visits.

# Methodology and Standards

In his work the auditor must comply with the International Federation of Accountants (IFAC) “Code of Ethics for professional Accountants”. The verification shall be performed in accordance with national legislation and the relevant International Standards. In this regard the auditor is requested to

* 1. express opinion regarding historical financial information (ISA 800).
  2. exercise certain agreed-upon procedures regarding financial information, this includes:
     1. completing the annexed checklist
     2. confirm statements under 6.2 Deliverables
     3. Physically verify a coverage ratio of expenditure vouchers with a relevant sample. The sample should include a representative coverage of all expenditures, including a fair amount of smaller expenses, at least 10% of the value of each main budget position and at least 65% of the total value (actual costs).

 The sampling procedure must be documented in the audit report.

# Qualification of the auditor

To conduct the audit, the auditor shall fulfil one of the following criteria:

* 1. The Auditor and/or the auditing firm is a member of a national association or organization of accountants or auditors, which in turn is member of the International Federation of Accountants (International Federation of Accountants, IFAC).
  2. The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not a member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.

It would be an additional benefit if the auditor can provide trackable experience in audit/ expenditure verification of projects in the non-profit sector financed by public funds/ international donors.

1. **Deliverables**

**Audit report**

The reporting language is English. The reporting currency is both local currency and EUR. The written report of the auditor must be approved by all contracting parties.

The audit report shall consist of the following information:

* 1. Details on the nature and scope of the audit, time period and place of the audit, standards applied and findings.
  2. Explicit confirmation of the following 5 points (if there are reasons for restricting this confirmation, the reasons shall be given):
  3. Duly accounting records have been made available
  4. The financial report includes all income and expenditure corroborated by supporting documents
  5. The income/expenditure plan has been complied with
  6. The purpose of the funds has been respected and the funds have been used economically and efficiently
  7. The partner contractual agreements between the funding donor and recipient have been respected.
  8. The following documents shall be included in the audit report:
  9. Audited financial report with variance analysis (in %) between budget and expenditure per budget position.
  10. Overview of receipts and expenditures following the approved budget structure (budget structure see project agreement).
  11. Completed and signed checklist (see annex), possibly with additional remarks.
  12. Updated inventory list of the assets procured during the project.
  13. Project staff list of the implementing organization, including a confirmation of conformity of salaries with local standards.
  14. At the end of the project period, a consolidated audited financial report including a presentation of all income and expenditure, a variance analysis between the budget and the expenses per budget position and any remaining balance for the entire project period must be presented.
  15. Management letter:

The auditor shall issue a separate management letter, in which he draws attention to identified weaknesses, makes recommendations for their elimination, and furthermore reports on the implementation of recommendations of previous audits, if any. In the audit report the following standard wording shall be included: "For additional information and recommendations, please refer to the management letter."

# Timeframe for Deliverables

Time planning should consider the following dates:

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| --- | --- |
| **Deliverables** | **Dates** |
| **Submission of offer** | 16.02.2024 |
| **Completion of the audit** at the domicile of the project partner | 15.03.2024 for the report period 01.08.2023 – 31.12.2023  14.03.2025 for the report period 01.01.2024 – 31.12.2024 |
| **Submission of the draft audit report**  (the draft report has to be approved by the project partner and Caritas Germany (DCV); feedback and comments of Caritas Germany (DCV) and the project partner have to be considered and inserted in the final report) | 29.03.2024 for the report period 01.08.2023 – 31.12.2023  28.03.2025 for the report period 01.01.2024 – 31.12.2024 |
| **Submission of the final audit report** | 12.04.2024 for the report period 01.08.2023 – 31.12.2023  11.04.2025 for the report period 01.01.2024 – 31.12.2024 |

# Application Procedure

Interested candidates shall submit their offer including the following information:

1. Presentation of audit firm, mentioning qualifications and experience of auditors conducting the audit and experience of auditing project funds.
2. Proof of registration as certified public accountant/ chartered accountant *(see also 5. Qualification of the auditor)*
3. Membership in the IFAC or membership of national association which itself is registered with IFAC (registration and annual license)
4. Confirmation of TORs, audit methodology and standards
5. Quotation incl. tax and all expenses to be incurred (incl. travel expenses)
6. Proposed time schedule

Signed official offer must be delivered via email to **tender@caritas.ua** the latest by 16.02.2024 (23:59 Kyiv time)

If you have any questions or clarifications, please send a request to adeli@caritas.ua no later than February 15, 2024