

## Terms of Reference for the External Audit Services

**Reference: HiHAO/Audit1404**

**Date of Issue: 01 April 2026, Deadline for submission of Tender 14:00 hr - 12 April 2026**

### 1 Introduction

Hand in Hand Afghanistan Organization (HIHAO) is a not-for-profit organization based in Afghanistan, started operations in 2007. HIHAO is a member of Hand in Hand global network of independent organizations, working together towards a shared vision to alleviate poverty through job creation. The overall Hand in Hand mission is to promote the economic and social empowerment of women, by supporting the creation of sustainable enterprises, improved livelihoods and jobs.

HIHAO besides its development mandate has also started to provide humanitarian support to households most at risk of food insecurity. HIHAO currently operates through its Head office in Mazar-e-Sharif and sub-offices in Herat and Kunduz provinces. Implementing projects funded by, DANIDA, CAFOD, GIZ, USAID, UNOCHA, FAO, UN-Women, WFP, Hand in Hand International and Hand in Hand Sweden in Balkh, Samangan, Baghlan, Sar-e-Pul, Kunduz, Herat, Badakhshan provinces.

The HIHAO main objectives are as follow:

- Support unemployed, poor and vulnerable women, men and young people to secure entrepreneurial opportunities that enable financial resilience, provide sustainable employment, and increase diversified income
- Ensure women, men, young people and children who are affected by conflict, who are IDPs, returnees, or who are from underserved host communities in need of humanitarian assistance have access to food, potable drinking water, sanitation facilities, and have good hygiene awareness, health and education services, so they can create and grow livelihoods that enable income generation.
- That local peace mechanisms are in place and actively resolving community conflicts, and that communities are empowered to participate in peace-building processes
- The disaster-prone communities can access natural and other disaster risk reduction training.

### Safeguarding

Hand in Hand Afghanistan is committed to offer safe services by ensuring that behaviors and actions of the organization and its partners/contracting' staff do not result in exploitation, abuse or harm, discrimination or stigmatization of any individual or group of individuals directly or indirectly involved in the assignment.

For more information about HIHAO please visit the websites: <http://www.handinhand.org.af> .

All requires and correspondence relating to this should be addressed to Dr. Ahmad Kamran Hekmati, Executive Director, Hand in Hand Afghanistan at [khekmati@handinhand.org.af](mailto:khekmati@handinhand.org.af) and CC: Ahmad Munir Shams at [internalcontroller@handinhand.org.af](mailto:internalcontroller@handinhand.org.af)

## 2 Audit assignment

The main scope of the assignment is to audit, in accordance with the International Standards on Auditing (ISA), Generally Accepted Accounting Principles (GAAP) including the standards that required by major international donors for the period 21 March 2025 – 20 March 2026 (1 Hamal – 29 Hoot 1404 solar year) and express an audit opinion.

The audit engagement shall be carried out by an external, independent and qualified auditor. The auditor should have and present a license to work as a Chartered accountant, Authorized public accountant or equivalent according to the regulations in the particular country. In case the country is not a member of IFAC<sup>1</sup>, the auditor should present membership of/registration with a national audit body.

It is expected that the appointed firm shall provide an external audit service that fulfils the following requirements:

- a. Statutory audit of the HIHAO for the year/period covers (1 Hamal – 29 Hoot 1404), in accordance with the HIHAO Rules and Regulations. The expenditure for the financial year ending 29 Hoot, 1404 is approximately 2.6million USD.
- b. For subsequent years, this will include contract projects and/or programs initiated and ongoing.
- c. Ad hoc advice in matters related to taxation and compliance.
- d. The appointed firm will be expected to agree performance standards and timetables with HIHAO for the provision of the audit plan, audit reports, and issue of the accounts.

## 3 Audit reporting and Deliverables

On completion of the assignment the firm shall submit the following reports in 3 set of original signed and stamped by the CEO of the firm no later than **1 June 2026**

- A formal management letter to the HIHAO Board highlighting areas that require their attention.
- A standard Financial Audit Report of overall HIHAO financial statement with consideration of projects breakdown for the year ending 29 Hoot 1404 (20 March 2026). 3.3 An invoice with the detail of firm's Bank account in AFN/USD.

Upon completion of the assignment, the auditor shall issue an Audit Memorandum in English. Before being finalized by the auditor, a draft Audit Memorandum must be presented for

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<sup>1</sup> The International Federation of Accountants (IFAC)

discussion to the management of HiHAO, for the Audit Memorandum to be amended and completed, if needed before its finalization and submission.

The Audit Memorandum shall include:

- Auditor's confirmation of independence, signed by the Auditor
- Auditor's authorization certificate, or Practicing license (a copy)
- Independent auditor's report signed by the Auditor
- Management letter, signed by the Auditor
- Agreed-upon procedures report (IFRS), signed by the Auditor
- Audited financial report for the organization covering the whole period from 21 March 2025 – 20 March 2026 (1 Hamal – 29 Hoot 1404), stamped or signed/initialed by the auditor on each page for identification purposes.

The reports included in the Audit Memorandum shall be signed by the responsible Auditor. The signature shall include the Auditor's personal name and title, or both the Auditor's personal name and title and the name of the audit firm, if deemed suitable by the Auditor.

### **3.1 Independent Auditor's Report**

The reporting from the audit carried out in accordance with International Audit Standards (ISAs) shall include the Independent Auditor's Report in accordance with the requirements in International Standards on Auditing (ISA). The Independent Auditor's Report shall clearly state the audit has been conducted in accordance with ISA-IFRS.

The auditor shall express an audit opinion on whether the financial report is consistent with the Organisation's accounting records and has been prepared in accordance with the requirements for financial reporting.

The report shall be signed by the responsible auditor. The signature shall include the auditor's personal name and title, or both the auditor's name and title and the name of the audit firm, if deemed suitable by the auditor.

The audited financial report shall be annexed to the Independent Auditor's Report, each page of the audited financial report must be stamped and/or signed/initialed by the auditor for identification purposes.

### **3.2 Management Letter**

The auditor shall also draw up a Management letter, containing all audit findings, as well as weaknesses identified during the audit process. The auditor shall, irrespective of materiality, quantify the amount of expenses lacking supporting documentation. If no findings or weaknesses have been identified during the audit, this should be stated in the Management letter.

The auditor shall make recommendations on how to address the identified findings and weaknesses. The findings and recommendations should be presented in the Management Letter in order of priority and include ratings of their importance/risk.

The Management Letter shall also contain the Organisation's management response, indicating corrective actions to be taken by the Organisation based on the specific findings and recommendations.

The Management Letter shall be signed by the responsible auditor. The signature shall include the auditor's personal name and title, or both the auditor's name and title and the name of the audit firm, if deemed suitable by the auditor.

#### **4 Confidentiality and Conflicts of Interest**

- 4.1 It is a further condition of tendering that you will keep confidential the information disclosed to you in this invitation to tender and in connection with the invitation and your response to the invitation.
- 4.2 In the same manner, any information received relating to the tendering firms will be treated in the strictest of confidence by the HIHAO.
- 4.3 A firm will not be eligible for appointment if any of its partners, directors or major shareholders is a member of the HIHAO Board or the staff of HIHAO.
- 4.4 Firms must declare, as part of the tender proposal, whether any partners, directors, major shareholders, senior staff, or the partners / spouses of any of these listed, are
- 4.5 Otherwise linked to the governance or management of HIHAO, and if so, how.
- 4.6 Firms should also identify any work they are currently undertaking, or bidding for, which could cause a conflict of interest, and indicate how they will deal with this potential conflict if the contract is awarded.

#### **5 Form of tender – information to be provided**

In order to be considered, your tender submission must include the following information. Failure to provide such information, in the requested format where specified, will result in your tender not being considered.

##### **5.1 Information about your firm:**

- a. A short profile of your firm with emphasis on the different services you supply. If the firm is part of a group of companies, or is a subsidiary or parent company, please also give details of the group.
- b. Total number of staff and total number of external auditors, both actual and full time equivalent.
- c. Details of training, experience and qualifications of staff (and number of staff who are qualified).
- d. Full name, corporate status, and registered office and its registration status in Afghanistan.
- e. Name, correspondence address and telephone number of main contact.
- f. Organisation chart showing all those staff who will be working on the contract and the reporting structure.

### 5.2 Experience:

- a. Details of your firm's experience of providing similar services, and in particular experience of working with similar non-profit organisations
- b. Curriculum vitae for the staff who will be undertaking the work, including experience and qualifications, and length of service with your firm.

### 5.3 Quality:

- a. Any performance standards that you work towards.
- b. Details of how you monitor performance within your firm.

### 5.4 Insurance:

- a. Details of your professional indemnity insurance (i.e. name of insurer, period and extent of cover).
- b. Details of any claims or litigation in the last three years.

### 5.5 References:

- a. Details of two clients who can be contacted for references, if required, and who have received similar services from you in the last two years in Afghanistan.

### 5.6 Other:

- a. Registration certificate of your audit firm (Updated)
- b. Copies of your policies relating to
  - i. Quality assurance, customer care and / or complaints
  - ii. Equal opportunities
  - iii. Data protection

### 5.7 Costs:

All cost shall be inclusive of all applicable taxes as per taxation law of the government of Afghanistan, [www.mof.af](http://www.mof.af)

- a. Details on the fee for the first-year services specifying what is included in the charges, including:
  - i. Hourly rates for the provision of the external audit service. These should be provided for all levels of staff that you expect to use.
  - ii. An estimate of the minimum number of external audit days you consider appropriate for the size and complexity of Hand in Hand Afghanistan and the ratio of hours to be provided by staff at different levels.
  - iii. All other costs, including details of your policy on travel and disbursements.

- b. An indication of expected fees that would be charged in the subsequent periods of the contract.

## 6 Timeline and Submission Procedure

The proposals/bids must be submitted either in hard copy or via email by the deadline of **14:00 Hrs Afghanistan time, 12 April 2026**, late submission will be rejected.

Hard copies of proposal/bids should be submitted in sealed envelopes, marked “Tender for HIHAO Annual External Audit Services for the Financial Year 1404” to HIHAO Office, House # 109, Karte Pule Hawaee, Mazar-i Sharif, Balkh – Afghanistan, or email the soft copies to: [khekmati@handinhand.org.af](mailto:khekmati@handinhand.org.af) and CC: [internalcontroller@handinhand.org.af](mailto:internalcontroller@handinhand.org.af)

## 7 Disclaimer

HIHAO is not bound contractually or in any other way to any Proponent to this request for proposal/bid. The organization is not liable for any costs or compensation in relation to the consideration of this Request for submission of proposal/bids by the Proponents whether or not the organization terminates, varies, or suspends the process or takes any other action permitted under this Request for proposals/bids.

The organization may, at its absolute discretion, elect to abandon any part or whole of the process without giving prior notice to the Proponents or potential Proponents.

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