



TERMS OF REFERENCE

Audit of Project Financial Statements

Sustainable livelihood enhancement of drought affected rural communities in Samangan and provinces, Afghanistan.

Project: P.307-2021-007

BACKGROUND

Caritas Germany is supporting Afghan NGOs since 1984 and established its own office in 1994, with programming focused primarily on water, sanitation and hygiene (WASH); food security; nutrition; disaster risk reduction; emergency response; and psychosocial support.

Caritas Germany registered as an International NGO with the Ministry of Economy of Afghanistan in 2002.

The Misereor project, P.307-2021-007, "Sustainable livelihood enhancement of drought affected rural communities in Samangan and Daykundi provinces, Afghanistan" was approved in August 2022 and is funded by MISEREOR. The farmers and livestock owners were the direct beneficiaries of the project, divided between individuals involved in agricultural value chains and entrepreneurship development and farmers at high risk of food security, owning livestock, and being affected by the negative effects of the drought. The project is administered and implemented by two partners, Organization of Human Welfare (OHW) and Afghan Peace Builders Humanitarian Organization (APBHO) with their main offices located in Kabul, Afghanistan.

This project commenced on August 1st, 2022. Following the completion of the registration process with the Ministry of Economy and the signing of MOUs with the relevant sectors, the project activities were paused on December 29th, 2022, due to certain considerations. During this period, no significant or large expenses were incurred. From the project's inception until the end of May 2023, the only costs associated with the project were staff salaries and some administrative expenses.

The project has 3 Outcomes: 1- partners will provide drought-affected communities classified as highly food insecure (IPC Phase 4) with livestock protection assistance, as well as in-kind inputs for improved farming outputs. 2- Afghan farmers (with a focus on women) having improved livelihood strategies and economic self-sufficiency due to increased access to opportunities, services and assets required for business creation. 3- Provide farmers with replicable long-term climate-smart skills which will allow beneficiaries to intersect livelihoods with increased resilience to climate shocks and stresses, preventing displacement and diminishing dependence on humanitarian assistance.

AUDIT OBJECTIVES

The auditing shall be conducted at the location of the Legal Holder's registered offices where the project bookkeeping is done. The duration of the project is 30 months, but the financial audit will be conducted for the first ten months of the project, from **01.08.2022 – 31.05.2023**.

AUDIT TEAM RESPONSIBILITY

The audit team is responsible for forming and expressing an opinion on the project's financial, procurement, quality of purchasing goods and stock documents following the international standards. As part of the audit process, the audit team may request from the supplier written confirmation of some bills and documents.

Auditor's assignment shall include the following tasks:

1. To examine the propriety of project accounting operations and their conformity with the Project Contract in all its parts as well as with relevant national regulations.
2. To examine the tools and procedures of internal control.
3. To examine the bank account opened especially and exclusively for the project, and any further bank accounts of the project which may be necessary (e. g. for repayments of loans).
4. To examine whether the person(s) enjoying power of disposal over the project bank account is/are the same or among those officially authorized to represent the Legal Holder of the project.
5. To examine whether there have been any changes regarding staff enjoying authorization to represent the Legal Holder of the project.
6. To examine all incoming grant disbursement transactions, including especially accuracy and completeness of records and evidence of exchange transactions from foreign into national currency.
7. To examine the various project bookkeeping accounts with their supporting documents of receipts and payments in the national currency; to verify whether a clear distinction has been maintained between amounts actually paid out at the point of time when the accounting period ends and payments not yet effected but to be recognized as expenditure for the same period on the basis of the obligations incurred (payments according to a receipt and payments account versus expenditure based on accruals concept).

8. To examine whether the local and/or third-party contributions to be provided as part of the project have actually been received, duly shown in the books, and properly used for the financing of project expenditure; to verify information on income which was due but was actually received after the end of the period under review from local and third-party contributions, if any; as to local contributions, only those made in monetary terms should be shown. Where non-monetary contributions (e. g. voluntary labour, contributions in kind) have been provided, these should be shown separately.
9. To examine whether any credit interest was gained from disbursements of KZE and/or MISEREOR and/or any third party, and if so, whether the interest thus gained was properly used for the financing of project expenditure.
10. To examine the inventory of all movables of a value exceeding EUR 410.00 (excluding local value-added tax) and purchased with money from project funds; to examine compliance with their project-tied use within the periods stipulated in the General Agreement.
11. If immovables were purchased or buildings erected as part of the project, to examine evidence of ownership or of right of disposal, and to find out whether any encumbrances or obligations to third parties were created; also, to examine whether they are being used for the project purpose for which they were destined.
12. To check if the award process is documented in the case of purchase contracts and construction contracts (with a value of more than 500.00 euros excluding VAT). In case of no tender, the reasons should be explained in the auditor's report.
13. To examine whether any reserves have been created from funds disbursed, and if so, whether the consent of KZE or MISEREOR to do so has been obtained. To examine on completion of the project whether these reserves have been dissolved and duly used for project purposes
14. To examine whether any depreciation or imputed costs, which are no actual payments in the sense of a receipts and payments account, have erroneously been included in the Statements of Receipts and Payments submitted to KZE or MISEREOR.
15. To examine staff payrolls and lists of professional fees paid with regard to being in accordance with the project contract and the employment contracts and fee contracts concluded as well as with the rules regarding payment of taxes and social security contributions.
16. In the case of education and training courses, to examine the relevant invoices, bills, receipts (covering professional fees, food, accommodation, transport etc.) and also the lists of Participants.

17. To examine whether funds approved for the project have been used within the stipulated period (four months in the case of non-European foreign countries / six weeks in the SEPA1 area.
18. Statement regarding which of the above-mentioned items were examined individually and on which items statements were made regarding the failure to comply with regulations and requirements as stipulated in the project contract.

Auditing of Final Statements: Within three months after completion of the project, the audit report shall be prepared showing separately all periods under review as well as providing a consolidated overall picture. The report shall include an inventory of all equipment, furnishings and other items of property that were purchased.

Auditor's Report:

The written audit report shall include the following:

- statement explaining criteria and scope as well as duration and location of the auditing conducted;
- statement as to scope of the auditing with regard to Art. 2. of this contract (cf. above);
- statement as to deviations, if any;
- schedule of verified receipts and payments: to show initial balance plus all receipts obtained itemised according to Section 4. Financing plan of the Project Contract, as well as credit interest gained, if any, unforeseen donations etc.; payments to be itemised according to the Detailed Breakdown of the Cost Plan (Appendix to Project Contract), or, if this was not provided, according to Section 3. Cost plan of the Project Contract; the final balance to be in a consolidated form;
- statement as to correct and proper accounting;
- statement as to compliance with the Project Contract in all its parts, as well as compliance or variance with the recommendations of previous audit reports, if any; statement to the effect that all receipts and payments correctly relate to the project (or don't), and are (or are not) correct with regard to the calculations involved;
- if the report is a qualified one, the reasons for the qualification shall be explained;
- further points according to individual agreement, if any:

PROFILE OF AUDITOR - REQUIREMENTS:

- 1- Be an official organization.
- 2- The Auditors have a previous experience in auditing of humanitarian projects and are familiar with non-profit organizations
- 3- Master's degree in financial audit areas and extensive (more than 5 years) and practical experience in the audit fields
- 4- Excellent attention to detail and evidence of quality outputs from previous assignments
- 5- Good qualitative and quantitative analytical skills
- 6- Good financial and accounting reporting and presenting skills
- 7- Punctuality and availability to complete the work on time
- 8- Fluency in Dari, Pashto, English

PAYMENT SCHEDULE

The payment shall be made through bank to the bank account of the auditing company after completion of the auditing period and upon finalization of the audit report.

OTHER MATTERS

- The audit team is entitled to unlimited access to all legal documents, correspondences, project preparation and supervision reports, reports of reviews and investigations, financial management assessment reports, and any other information and explanations associated with the project and considered necessary to facilitate the audit.
- The audit team will meet with the finance, HR and procurement team to discuss audit-related matters, including inputs to the audit plan.

Deadline for submission of the proposals: Saturday, 22nd March 2025 (02:00 pm Afghan time)

SUBMISSION OF PROPOSALS

Interested service providers are invited to submit their proposal, financial proposal, work plan, legal certificate and accompanied by a cover letter with mention of three references to:

Caritas Germany Country Office Afghanistan, email: jobs@caritas-germany.af

Quotations shall:

- State prices for the requested services in Euro currency.
- Contain an all-inclusive fee per audit. No extra charges.
- Be submitted in the English language, duly signed, and contain the point of contact for discussion or clarification of the quotation's content.