AUDIT TERMS OF REFERENCE

**FOR AUDIT OF [SUDAN] [****Abandonment of FGM in North Kordofan FUNDED BY BMZ**

1. **Funds Background**

[Sudanese Family Planning Association North Kordofan Branch has been implementing the Abandonment of FGM in North Kordofan; funded by BMZ with the total amount of 800,000.00 € initially approved, which is been reduced to 640,000.00 € ;in tow localities in North Kordofan State Sheikan, and West Barra localities, targeting 60communities

The audit is excepted to visit the North Kordofan State and the two localities]. The auditor will carry out the audit of such statements of account in accordance with the following Terms of References.

The audit shall be performed by chartered accountant, who is officially registered by national authorities (e.g. chamber of commerce). The audit shall be reported in the following two documents in appendix 1 and 2, which includes an audit opinion in the submitted Auditor’s report and an attached Management letter describing the scope of the audit and factual findings.

1. **Audit Objectives and Scope**

The Audit shall confirm the identity of the project concerned and in which way the audit has been carried out. The objective of the audit is to express an independent professional opinion on:

* 1. Whether the financial position of the funded project, funds received and expenditures for the reporting period are presented fairly in all material respects in the financial report and in accordance with donor requirements. Any rules and regulations stricter than the donor rules and regulations lined out in the MoU (Memorandum of Understanding) between the different parties of the project are internal and are not subject to the audit;
  2. Whether the funds have been used in conformity with the provisions of the donor contract, including approved budget and work plan and any amendments;
  3. Whether the financial report agrees with the financial accounts which provide the basis for preparation of the financial report and reflect the financial transactions of the project;
  4. Whether the financial report agrees or reconciles with other information reported to the donor such as narrative reports,
  5. Based on a representative selection, the expenditures are supported by original bills, duly cancelled, stamped and signed. Appropriate and approved internal procedures for authorising disbursements have been adhered to,
  6. Based on representative selection, the expenditure dates in the invoice list are recorded based on the date of payment. Accordingly, the expenditure breakdown per year in the financial report is also based on date of payment, and
  7. Donor’s procurement guidelines as set out in appendix 3 have been followed. In the event of conflict between donor’s guidelines and internal guidelines, donor’s guidelines take precedence.

1. **Responsibility for Preparing the Financial Report**

The responsibility for the preparation of the consolidated financial report for each implementing organisation covered by the audit, if applicable, lies with Plan International [North Kordofan State , Khartoum].

1. **Financial Statements**

The auditor’s certificate shall be structured according to the quantitative documentary proof of the statement of application of funds (appendix 2). The financial statements should furthermore include the following components:

* 1. In the local currency, an Income and Expenditure Statement showing funds received and all expenditures. Expenditures should be reported against the budget in local currency[[1]](#footnote-1) as defined in the donor contract for the period with the actual expenditure allocated to the same budget categories;
  2. A statement of financial position
  3. A statement of changes in net assets
  4. Expenditure which exceeds the budget appropriations by more than 30% shall be explained separately, if the approval of the BMZ has not previously been obtained.
  5. Supplemental statements on assets, including a listing of all assets above (410 EUR excl. VAT[[2]](#footnote-2)) purchased with grant funds.
  6. Any other footnotes applicable.

1. **Auditor’s report**

The audit shall be conducted in accordance with International Standards on Auditing (ISA) 800 “The Independent Auditor’s Report on Special Purpose Audit Engagements and as promulgated by the International Federation of Accountants and that standards used for the preparation of the financial statements are in accordance with the International Financial Reporting Standards.”

The Auditor’s report must include following statement (see appendix 1):

*“We hereby certify that we have audited the statement of accounts of (name of the project-executing agency in the developing country) in respect of the financing of the project (name) on the basis of the following terms of use made available to us (list of commissions and documents). To this end, we have inspected the books and vouchers and report that:*

*1. Proofs of receipts and expenditure have been properly furnished in the form of vouchers.*

*2. The expenditures, for which evidence has been supplied, are in keeping with the appointed purpose as set out in the Financing Plan. Any deviations from the Financing Plan are described and explained separately.*

*3. The amount and origin of documented income which is accounted for as counterpart contributions made by the project executing agency, the target group and/or other agencies in the project country have been specified.*

*4. The terms set by the donor have been observed/have not been observed in the following points.*

*5. Special notes.”*

1. **Management Letter**

The auditor shall also, attached to the Auditor’s Report, submit a Management letter which needs to describe the purpose and the agreed-upon procedures of the engagement in sufficient detail to enable the reader to understand the nature and the extent of the work performed. The Management letter shall also include factual findings.

1. **Reporting**

[Plan International Sudan, Country Office Based in Khartoum ] will forward two copies of Auditor's Report and Management Letter to the NO/Donor in [Country] through both email and regular mail or courier. The report should be in English.

1. **Audit Report**

The required number of copies of the signed report which will be then submitted by Plan both in hard copy and PDF soft copy. Furthermore, the auditor shall submit his/her audit certificate of registration.

**Appendix 1**

**Format for the Auditor’s Report**

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**AUDITOR’S REPORT (IN ACCORDANCE WITH ISA 800/805) TO THE DONORS OF [CO Name] – [Project Name and grant #]**

We hereby certify that we have audited the statement of accounts of (name of the project-executing agency in the developing country) in respect of the financing of the project (name) on the basis of the following terms of use made available to us (list of commissions and documents). To this end, we have inspected the books and vouchers and report that:

1. Proofs of receipts and expenditure have been properly furnished in the form of vouchers.

2. The expenditures, for which evidence has been supplied, are in keeping with the appointed purpose as set out in the Financing Plan. Any deviations from the Financing Plan are described and explained separately.

3. The amount and origin of documented income which is accounted for as counterpart contributions made by the project executing agency, the target group and/or other agencies in the project country have been specified.

4. The terms set by the donor have been observed/have not been observed in the following points.

5. Special notes.

**Appendix 2**

**Quantitative documentary proof**

##### Statement of application of funds

BMZ project number

**Statement of accounts for 20   to 20**[Please fill period]

Financial statement as at       [Please fill date]

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Expenditure** | Appropriation according to Financing Plan of        [date] | Actual expenditure | Deviation |
|  |  | in local currency | in local currency | – as a % – |
| **1** | **for investments** |  |  |  |
| 1.1 |  |  |  |  |
| 1.2 |  |  |  |  |
| 1.3 |  |  |  |  |
| 1.4 |  |  |  |  |
| **2** | **for operating expenditure** |  |  |  |
| 2.1 |  |  |  |  |
| 2.2 |  |  |  |  |
| 2.3 |  |  |  |  |
| 2.4 |  |  |  |  |
| **3** | **for personnel** |  |  |  |
| 3.1 |  |  |  |  |
| 3.2 |  |  |  |  |
| 3.3 |  |  |  |  |
| 3.4 |  |  |  |  |
|  |  |  |  |  |
| **5** | **for evaluation or study** |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  | Project expenditure |  |  |  |
|  |  |  |  |  |
|  | **Reserve funds** (appropriations only) |  | ——— |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  | **Total expenditure** |  |  |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Receipts** | Budgeted receipts according to Financing Plan of        [date] | Actual receipts | Deviation |
|  |  | – in local currency – | – in local currency – | – as a % – |
|  | BMZ grant and financial contribution from private executing organisation |  |  |  |
|  | Contribution from project-executing agency, target group and/or other source in developing country |  |  |  |
|  | Additional resources  (e.g. interest, sales revenue) |  |  |  |
|  | **Total receipts** |  |  |  |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Financial statement as at** | |  |  |  |  |
|  |  | |  |  |  |  |
|  | |  |  |  | – in local currency – |  |
|  | | Total receipts |  |  |  |  |
|  | | Total expenditure |  | ./. |  |  |
|  | | Balance |  |  |  |  |
|  | |  |  |  |  |  |
|  | | Overspending[[3]](#footnote-3) |  |  |  |  |

It is confirmed that no funds were available for the financing of the project other than the receipts detailed above. It is also confirmed that all expenditure was necessary, that funds were utilised efficiently and economically and that the information given conforms to the books and vouchers.

(Place) (Date)

(Signature and stamp)

**Appendix 3**

**BMZ Guidelines on award of contract in the partner country**

|  |  |
| --- | --- |
| **Award of contract in the partner country (through the project executing organisation)** | |
| **Value of the order (excl.**  **value-added tax)\*** | **Contract award procedure** |
| < 500 EUR | Award of contract without formal tendering procedure,  documentation of market analysis / ascertainment of price is  not required |
| 500 – 1,000 EUR | Award of contract without formal tendering procedure,  traceable ascertainment of price (e.g. also by telephone,  Internet etc.) with at least three suppliers is required |
| > 1,000 EUR | Award of contract without formal tendering procedure, at least  three written offers required |
| If applicable > 7,500 EUR | If formal contract award procedures are common in the partner  country (particularly in the case of building contracts and large  supply contracts), these ways of procedure should be followed  where reasonable even if their application is not obligatory for  NGOs. Otherwise: award of contract without formal tendering  procedure, at least three written offers |

1. to be converted using exchange rate applicable to the project as stated in the proposal. Should the information not be available, the correct exchange rate shall be requested from the German National Office. [↑](#footnote-ref-1)
2. Exchange rate applicable to the project according to donor regulations, is the average exchange rate calculated based on the actual transfers (funds received in local currency less bank fees / funds transferred in Euro). [↑](#footnote-ref-2)
3. Overspending = Actual total expenditure – Appropriation total expenditure according to Financing Plan [↑](#footnote-ref-3)