



Caritas Germany
Country Office Afghanistan
House 7, Street 7, Taimani, PD 10
Kabul, Islamic Emirate of Afghanistan

Terms of Reference (ToR) for external Audit

This document defines the terms of reference for the audit of the Caritas Germany Country Office Afghanistan (COA) by an independent auditor. In addition, the financial system and procedures of the office shall be analysed and recommendations given for its improvement.

1. About Caritas Germany, Country Office Afghanistan

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 the Islamic Republic of Afghanistan in 2005.

2. Objective of verification

The auditor will identify strength, weaknesses, and gaps within the finance, administrative and procurement procedures of COA as well as verify whether they respond to general accepted practices and national regulations, including Afghan Tax Law. The auditor will share their recommendations, comments and findings to Caritas Germany Country Office Afghanistan and its Head Office.

3. Scope of work

The audit services to be provided include the following aspects:

- 3.1 The audit shall be carried out at the premises of COA.
- 3.2 The audit shall contain the verification of all financial documents or a relevant sample. The audit will verify if processes are 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.
- 3.3 Besides the aspects mentioned above, the audit shall analyse the strengths and weaknesses of COA's administrative management in general. The aim is to identify learning points for COA to strengthen its structures and systems in a sustainable manner. This analysis shall result in a list of recommendations for COA which are to be included in the management letter.

4. Methodology and Standards

In his/her work the auditor has to 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

- 4.1 express opinion regarding historical financial information (ISA 800).
- 4.2 exercise certain agreed-upon procedures regarding financial information, this includes:
 - a. confirm statements under 6.2 Deliverables.

- b. 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 and at least 65% of the total value (actual costs). The sampling procedure has to be documented in the final audit report.
- 4.3 keep a high level of confidentiality and act in accordance to the European data protection regulation or equivalent regulations.

5. Qualification of the auditor

- 5.1 To conduct the audit, the auditor shall fulfil one of the following criteria:
- a. 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).
 - b. 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.
- 5.2 The Auditors are familiar with international non-profit organizations.
- 5.3 Fluency in Dari, Pashto and English

6. Deliverables

Audit report

The reporting language is English. The reporting currency is both local currency and EUR.

The written report of the auditor has to be approved by all contracting parties.

The audit report shall consist of the following information:

- 6.1 Details on the nature and scope of the audit, time period and place of the audit, standards applied and findings.
- 6.2 Explicit confirmation of the following 4 points (if there are reasons for restricting this confirmation, the reasons shall be given):
- c. Duly accounting records have been made available.
 - d. The financial report includes all income and expenditure corroborated by supporting documents.
 - e. The income/expenditure plan has been complied with.
 - f. Funds have been used economically and efficiently.
- 6.3 The following documents shall be included in the audit report:
- a. Audited financial report and financial statement of COA.
 - b. Updated inventory list of the assets procured in the course of the financial year.
 - c. Management letter: The auditor shall issue a separate management letter, in which the auditor 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."

7. Timeframe for Deliverables

Time planning should consider the following dates:

Deliverables	Dates
Submission of offer	22.02.2024
Completion of the audit at COA	18.03.2024
Submission of the draft audit report (the draft report must be approved by COA and Caritas Germany (DCV); feedback and comments of Caritas Germany (DCV) and COA have to be considered and inserted in the final report)	28.03.2024
Submission of the final audit report	10.04.2024

8. Application Procedure

Interested candidates shall submit their offer including the following information:

- a. Presentation of audit firm, mentioning qualifications and experience of auditors conducting the audit and experience of auditing project funds.
- b. Proof of registration as certified public accountant/ chartered accountant (*see also 5. Qualification of the auditor*)
- c. Membership in the IFAC or membership of national association which itself is registered with IFAC (registration and annual license)
- d. Confirmation of TORs, audit methodology and standards
- e. Quotation in USD incl. tax and all expenses to be incurred (incl. travel expenses). The tax will be withheld by COA based on the laws and regulations of the Islamic Emirate of Afghanistan.
- f. Proposed time schedule.
- g. Proposals have to be submitted via email to jobs@caritas-germany.af no later than Thursday 22 February 2024 closing of business. Please include "COA Audit 2023" in the subject line.