



Invitation to Tender for External Audit Services

Organization: Care of Afghan Families (CAF)

Date of Issue: 17th January 2018

Deadline for Submission of Tenders: 16:30 Hours (AFT) 24th January 2018.

INTRODUCTION:

Care of Afghan Families (CAF) is a non-governmental, non-political, not for profit and independent organization established on January 2003 and is registered with Ministry of Economy of Afghanistan. CAF is also registered with Ministry of Public Health (MoPH) and is one of the main partners of MoPH in implementation of Basic Package of Health Services (BPHS), Essential Package of Health Services (EPHS). Furthermore CAF considering its strategic directions has implemented Nutrition, Community Development and Education & research projects so far. Currently CAF is functional in three provinces of Afghanistan namely, Badakhshan, Logar and Daikundi province. The projects that are being implemented by CAF include BPHS, EPHS and other vertical programs in health and other strategic directions.

CAF is governed by its board of trustee comprised of dedicated volunteer members and its board of management comprised of high level staff with postgraduate-education from prestigious institutions. They have years of experience in leadership and in management positions and currently mastering in public health, financial Management, community development and conservation and, environmental health from prestigious international academic institutions and certificate in nutrition.

The organization has specific capacity to develop highly qualified and committed staff to ensure effectiveness, efficiency and sustainability of its projects in the country. Currently CAF has total of 1342 full time paid staff at different levels of the organization from top management to lower management and technical positions. CAF has also 1050 Community Health Workers (CHWs) who are delivering basic health services considering the CHW guidelines and more strengthening the referral systems.

Moreover the organization has sufficient financial management system, policies, procedures and internal control system in-line with the financial management ethical principles, International Accounting Standards (IASs) and Generally Accepted Accounting Principles (GAAP). Our aim is to ensure core values of accountability, transparency, and integrity in all our conducts.

AUDIT SCOPE

The preparation of the financial statements and other supportive document is the responsibility of CAF. The audit firm should start examining the financial documents and financial statement of CAF for the period mentioned in this document. The Audit will involve verification of records, systems and controls to:

- Determine that costs incurred are allowable, allocable and reasonable under the agreement terms, and to identify exceptions that have occurred or are likely to occur as a result of inadequate controls.
- Evaluate the organization internal control structure, assess control risks, and identify exceptions, including material internal control structure weaknesses.
- Determine whether the organization complied with agreement terms and applicable laws and regulations.

The following steps should be used as the basis for the review but they are not all-inclusive or restrictive in nature. Due professional care and judgment should be exercised to expand/modify them as appropriate.

1. Financial Statements are prepared in accordance to generally accepted accounting principles and in line with organization Policies and procedure.
2. The funds have been accounted for in accordance to generally accepted accounting principles and in line with approved contracts.
3. Whether the original documents tally with the figures reflected in the financial report and Financial Statements.
4. Identify the risk points and assure these are monitored and assessed on a regular basis and supported by sound financial management practices.
5. Ensure financial control framework applies sound judgment in the approval of expenditure and there are adequate regulatory checks and balances.
6. Ensure that information used for financial and accounts related decision-making and reporting is timely, relevant and reliable.
7. Ensure that financial reporting framework (monthly returns and others) addresses the need to have sound financial practices.
8. Ensure expenditure reports, forms, guidelines, and all other financial and accounting documents are provided in ways that are conducive to their use in the financial accountability and decision making-process.
9. Ensure the financial control framework addresses the management information requirements and expected attributes.
10. The financial activities implemented are reflected in the management decision-making process and financial control frameworks.
11. Ensure that expense claimed in the financial statements are eligible:
12. Ensure that expenses have been incurred and have been borne by the Organization;
13. Ensure that expenses are clearly broken down as laid down in CAF

- requirements;
14. Ensure that expenses are adequately supported by appropriate vouchers, quotations etc. and have been properly accounted for;
 15. Ensure that expenses have been incurred during the audit period;
 16. Ensure that income and expenditure have been fully disclosed in the financial statement:
 17. Ensure that formal procedures are in place for the authorization of all expenditure including the use of funds earned from income generating activities;
 18. Ensure that all income from other sources has been disclosed in the financial statement;
 19. Ensure that formal procedures are in place for the acquisition and disposal of assets, and the nature of the assets acquired, are clarified;
 22. Ensure that assets are used exclusively to support running the operations of Organization.
 23. Ensure that all liabilities are disclosed in the balance sheet:
 24. Ensure that liabilities that are not paid at year end are disclosed;
 25. Ensure that liabilities are entered into solely for the execution of the operations.
 26. Ensure that reserve funds, if any, are disclosed in the balance sheet:
 27. Ensure that restricted and unrestricted funds, if any, are clearly shown in the financial statement;
 28. Ensure that Payroll and other Taxes are deducted based on Government tax policies and Paid to the government.
 29. Calculate the Indirect cost rate based on direct expenses of the organization of the organization for the period and give the organization an audit indirect cost rate.
 30. Auditors will also prepare the management letter at the end of audit fieldwork that will include:
 31. Comments and observations on the accounting records, systems and controls that were examined during the course of the Audit
 32. Identify specific deficiencies and areas of weakness in systems and controls and make recommendation for their improvement
 33. Report on the degree of compliance of each of the financial covenants on the financing agreement and give comments, if any, on internal and external matters affecting such compliance
 34. Communicate matters that have come to attention during the audit which might have a significant impact on the running and operation of CAF organization.
 35. Include management's comments on the final management letter.
 36. The Audit report and management letter shall be submitted to CAF in English.

DELIVERABLES

- 1- Independent Auditors Report on Financial statements
- 2- Independent Auditors Report on Calculation of Indirect Cost Rate
- 3- Independent Auditors Report on compliance to the donors Rules and Regulations
- 4- Independent Auditors Report on Tax
- 5-Management Letter

MANAGEMENT LETTER

The auditor will submit a management letter at the completion of the audit. The management letter should include at least the following topics/issues:

- A general review of project progress and timeliness in relation to progress milestones and the planned completion date, both of which should be stated in the project document or the Donor Guidelines. This is not intended to address whether there has been compliance with specific covenants relating to specific performance criteria or outputs. However general compliance with broad covenants such as implementing the project with economy and efficiency might be commented upon but not with the legal force of an audit opinion.
- An assessment of the project's internal control system with equal emphasis on
 - (i) the effectiveness of the system in providing the project management with useful and timely information for the proper management of the project and
 - (ii) the general effectiveness of the internal control system in protecting the assets and resources of the project.
- A description of any specific internal control weaknesses noted in the financial management of the project and the audit procedures followed to address or compensate for the weaknesses. Recommendations to resolve/eliminate the internal control weaknesses noted should be included.

The management letter should also include the following:

- The categorization of audit findings by risk severity: High, Medium, or Low.
- The classification of possible causes of the audit findings.
- Comments as to whether recommendations made in the management letter for the previous audit were implemented or, if not, the implementation status;
- Management comments/response (CAF Management Board).

AVAILABLE FACILITIES & RIGHT ACCESS

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The auditor will have full and complete access at any time to all records and documents (including books of account, QuickBooks, legal agreements, minutes of committee meetings, bank records, invoices and contracts etc.) and all employees of the entity. The auditor will have a right of access to banks, consultants, contractors and other persons or firms engaged by the CAF management.

QUALIFICATION OF THE AUDIT FIRM

CAF invites submission of proposals from eligible audit firms, who have experience in external auditing of national/international organizations working in development sector. Other qualifications related to the proposal are:

1. The auditor should be experienced in applying either International Standard Auditing (ISA) audit standards, whichever is applicable for the audit. The auditor must employ adequate staff with appropriate professional qualifications and suitable experience with ISA standards, including minimum three years of experience in auditing the accounts of entities comparable in size and complexity to the entity being audited. Experience in auditing of USAID supported projects is an asset.
2. The interested audit firm must have valid updated license issued by IASA/MoCI and must be affiliated member of international accounting and auditing network. The auditor is required to attach scan copies of the above certificates/ evidence with proposal.
3. The audit firm must have Afghanistan based working office, having rich local/international nonprofit organizations auditing experience. The auditor is required to briefly describe its experience in proposal.
4. The interested audit firm should submit Technical and Financial proposals clearly mentioning “**Technical and Financial Proposal for Audit for the Year Ended December 22, 2017**” in the subject line of the email. Submission email is caf.int.audit@gmail.com Cc to caf.director.general@gmail.com.

SHORTLISTING AND EVALUATION

A shortlist will be drawn up from the tenders received, and the selected firms will be invited to make a presentation to the Tender Panel, and the final decision will be made in the 3rd week of January 2018.

In evaluating tender bids submitted, consideration will be given to not only on the basis of low price but also to the quality, relevant experience, references and reputation of the firms.

TIME SCHEDULE

The external Audit should commence from **1st Feb 2018** including 'field visit' offices and should be completed by **14th Feb 2018**, as details below:

S.No.	Particulars	Form	Date
1.	Commencement of Audit	N/A	3 rd Feb 2018
2.	Audit Fieldwork Completed		9 th Feb 2018
3.	Submission of Draft Audit Report & Management Letter	Soft Copy	12 th Feb 2018
4.	Submission of Final Report after Management Response	Soft Copy	14 th Feb 2018
5.	Financial Statements sign up and issuance of Management Letter	5 Original Hard Copies	15 th Feb 2018

TERMS OF PAYMENT

As per the policy 50% of the agreed fee will be paid as advance right after signing the contract and 50% will be payable at submission of the final audit report. The tax will be withheld as per the guidelines of ministry of finance, Afghanistan.

PROPOSAL SUBMISSION DEADLINE

Interested audit firms should submit their proposal no later than **04.30 PM, Wednesday, 24 January 2018** to caf.int.audit@gmail.com Cc: caf.director.general@gmail.com

No proposal will be considered if received after the deadline set out above. For information and queries email to caf.int.audit@gmail.com. No phone call or any verbal communication will be entertained.

DISCLAIMER

CAF 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.

M.Naim."Rassa"
Director General
Care of Afghan Families (CAF)