**Request for Proposal**

**Terms of Reference (TOR) for Audit of Statement of Cash Receipts and Disbursements**

1. **Project introduction**

Dutch Committee for Afghanistan- Veterinary Programmes **(DCA-VET)** has entered into an agreement with Ministry of Agriculture, Irrigation and Livestock **(MAIL)**, concerning the provision of technical assistance and implementation services in respect of the Sub-component 2.4 Livestock development among the Kuchi Project of **Community Livestock and Agriculture Project** **(CLAP)** (hereinafter referred to as “Project”) funded by International Fund for Agricultural Development **(IFAD**). The project started on 26th January 2014 for a period of six years. The contract is being modified in order to implement the recommendations of the Mid Term Review and IFAD/MAIL/CLAP Additional financing2, and the duration of the contract is extended from 26-Jan-2020 to 31-Dec-2022.

1. **Audit objective**

The selected firm shall conduct an audit in accordance with International Standards on Auditing (ISA) to determine the regularity of the receipt, custody, expenditure, and accounting for Project resources and assess the overall operational and internal control system for management of the Project. The objective of this audit is for the auditor to:

* Express an opinion on whether the financial statements of the Project for the period 01 January 2018 to 31 December 2018 presents fairly, in all material respects, statement of expenditures (SoE) incurred on the project; and whether these expenditures were incurred:

1. in conformity with the approved Project budget;
2. for the approved purposes of the Project;
3. in compliance with the relevant policies and procedures of DCA-VET;
4. in accordance with covenants of the donor grant agreement; and
5. Supported by properly approved vouchers and other supporting documents.

* Express an opinion on whether the Projects’ statement of assets (Non-expendable items) as at 31 December 2018 presents fairly, in all material respects, the balance of Non-expendable items of the Project.
* Express an opinion on whether the Projects’ Bank balance as at 31 December 2018 presents fairly, in all material respects, the bank balance of the Project.
* Provide an overall assessment of the operational and internal control systems that are in place for the management of the Project so that related transactions are processed in accordance with DCA-VET policies and procedures and for the achievement of the Project objectives.

Express an opinion on use of IFAD Funds:**:** The auditor is also required to audit the utilization of funds provided by IFAD and provide an opinion on whether the funds have been exclusively used to finance eligible expenditure and not used to finance, even temporarily, other activities of DCA.

1. **Scope of work**

The audit shall:

1. Cover all activities of the projects during the period 01 January 2018 to 31 December 2018 (see audit objectives)
2. In order to achieve the audit objectives, the audit shall cover the following areas:
3. **Organization and Staffing:**

Assess the organization structure of the Project in terms of its effectiveness and efficiency for the management of the Project, taking into account the framework of authorities, workflows, staffing levels and necessary internal controls including the different levels of delegated authority for different operational functions and distribution of project management responsibilities to achieve project goals while ensuring appropriate segregation of duties in general so as to minimize risks.

1. **Project management:**

Assess overall management of the Project including but not limited to work plans, budget formulation, project resources, monitoring and evaluation of implementation towards achievement of project objectives including, field visits, review meetings and the coordination and consultation mechanisms with the stakeholders, and periodic project progress reporting against planned objectives and work plans.

1. **Human Resources:**

Assess timeliness of recruitment of competent personnel for clearly defined tasks and responsibilities through a competitive and transparent process and the continued management of Project personnel including review of their performance, and the payment of salaries and allowances in accordance with DCA-VET. Policies and procedures.

1. **Finance:**

Assess the adequacy of the accounting and reporting systems used for the management of Project resources; and the adequacy of internal controls for compliance with DCA-VET policies with respect to the safe custody and adequate management of cash, commitment of expenditures against approved budget, disbursement or payments against liabilities and cash advances to field offices, project staff, etc.

1. **Procurement:**

Assess whether goods (supplies, equipment) and services for the Project are procured competitively and in a transparent manner in accordance with DCA-VET policies and procedures; and these are of a quality and quantity that are actually required for the Project. The review shall cover the integrity of the entire procurement process from the initial identification of needs, the formulation of specifications, solicitation of bids/tenders/proposals from vendors, evaluation of vendor offers in response to solicitations, the award of contracts, the appropriate assessment of goods or services delivered and the payment for received goods or services and monitoring performance of the contractors.

1. **Assets Management:**

Assess whether Project assets/ (Non-expendable items) are adequately recorded, safeguarded, monitored, including periodic physical verification of their use and existence, and controlled to ensure that the assets are adequately used and only for project purposes. Assets are defined as all items individually costing US$ 100 and above.

1. **Cash Management:**

Review the safeguarding of all cash (including bank accounts) held separately for the purposes of the Project either in the DCA-VET Kabul office/ Netherlands office or at the project field offices.

1. **Information Systems:**

Assess the efficiency and security of the information systems established and maintained from Project funds and their adequacy to meet the management and reporting requirements of the Project.

1. **General Administration:**

These include areas of operations not specifically covered above and for which expenditures are charged to the project covering such areas as: travel of Project staff, use and maintenance of Project vehicles, lease and maintenance of office premises and facilities, communications, and records maintenance.

1. **Follow up on previous audits:**

Assess the status of implementation of the previous audits ‘recommendations done within the last two years.

1. **AUDIT PLANNING AND FIELDWORK**
2. The auditor should plan the work so that an effective audit can be performed. For this purpose, the auditor performs the procedures for areas as specified under Scope para of this TORs and uses the evidence obtained from these procedures as the basis for the report(s). The auditor should document matters that are important in providing evidence to support the report of findings, and evidence that the work was carried out in accordance with ISA and these TORs.
3. The timelines for fieldwork and reporting shall be agreed with the Head of Finance of DCA-VET. The final audit report will be submitted to the CLAP PST team at MAIL within 31 March 2019
4. Any audit-related issue during fieldwork shall be reported to and resolved with the Head of Finance of DCA-VET.
5. **REPORTING**
6. As a result of the audit work performed, the audit report and certifications shall include:
7. An audit opinion on the accrued based Financial Statements for the period from 01 January 2018 to 31 December 2018
8. Au audit opinion on the statements of Expenditures for the period of from 01 January 2018 to 31 December 2018
9. An audit opinion on the DCA special account.
10. A certification of and audit opinion on the Statement of Assets held as at 31 December 2018.
11. A certification of and audit opinion on Projects’ Bank balances.

The certifications shall be attached to the Statement of Cash Receipts and Disbursement and include, as applicable, relevant notes to the statements being certified.

1. A management letter that identifies,
2. as a result of the financial audit, observations regarding areas of improvements in the overall operational and control systems of the Project. It should cover all the areas specified in the Objectives and Scope paragraphs of these TORs.
3. Where an area of audit specified in Scope paragraph is either not included in the work undertaken or not covered in the management letter, the reasons for not doing so must be clearly provided in an appropriate section.

The management letter shall contain, detailed assessment of each audit area and recommendations as follows:

* Issue title
* Observation
* Cause
* Risk
* Priority
* Recommendation
* Management comments
* Responsible Manger
* Expected completion date
* Auditor’s response

1. The draft audit report and certifications shall be prepared and submitted to the DVA-VET office in Kabul within 05 working days after the completion of the audit fieldwork.
2. The selected firm shall ensure that the comments of the management on the audit observations and recommendations are obtained in writing prior to their inclusion in the final audit report and certifications.
3. The final audit report shall focus on matters considered significant for the Project and/or DCA-VET as a whole.
4. **AUDITORS’ PROFESSIONAL QUALIFICATIONS**

The Principal of the audit firm should have at least 10 years of audit experience. The audit of the Project shall be led by a Professional Accountants such as Chartered Accountant (CA), or Certified Public Accountant (CPA).

The auditor must be completely impartial and independent from all aspects of management or financial interests of DCA-VET. The auditor should not, during the period covered by the audit nor during the undertaking of the audit, be employed by, serve as director for, or have any financial or close business relationships with any senior participant in the management of the entity.

**To carry out the above assignment, you are requested to submit your technical and financial proposals to** [**m.basiri@dca-af.org**](mailto:m.basiri@dca-af.org) **with cc to and** [**noorulhadi@dca-af.org**](mailto:noorulhadi@dca-af.org) **no later than February 25, 2019.**