Afghan Family Guidance Association (AFGA)

Terms of Reference (TOR) to External Auditor for Year 2019

1. **Background:**

AFGA is a professionally managed non-governmental, not-for-profit and non-political organization established in 1968. AFGA has been working in the field of sexual and reproductive health and rights (SRHR) since its inception and is a full and accredited member of International Planned Parenthood Federation (IPPF).

Committed to improving the quality of life of Afghan families, AFGA has been among a handful of valiant service providers in Afghanistan even during the most difficult days of conflict. AFGA has continuously worked to not only expand the basket of family planning choices for Afghani women but it is also among the little few national NGOs that provide HIV and harm-reduction-related services in extremely challenging conditions. AFGA’s cutting edge work on Gender Based Violence is well recognised widely in Afghanistan.

AFGA’s close working relationship with Ministry of Public Health, Ministry of Women Affairs and Ministry of Hajj & Islamic Affairs for a coordinated response is distinctly recognized. AFGA also works very closely with religious leaders, policy makers and parliamentarians, in order to create an enabling environment for the poor, marginalised and underserved Afghans.  Currently, 80 per cent of AFGA’s clients accessing SRHR were poor, marginalised, socially excluded and underserved people.

AFGA operates through Service Delivery Points (SDPs) across the national capital of Kabul and three other provinces of Herat, Mazar-e-Sharif and Jalalabad. All these clinics are located within government maternity homes and hospitals which is a testimony to our linkages with government.

1. **General**

AFGA wishes to undertake its statutory audit for the calendar year 2019.

In the above context AFGA confirms that it shall be responsible for the preparation of financial statements and that the auditors selected through this process will be responsible to express an opinion on the financial statements based on this audit. However, in conjunction with the audit, the selected auditors will provide assistance to AFGA in preparing the financial statements and notes thereto in accordance with the requirements and guidance contained in the IPPF External Audit Manual.

This audit must be conducted in accordance with generally accepted international auditing standards as defined in Section A4 of the External Audit Manual. We understand that the selected audit firm will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Accordingly, the audit will include the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, and an assessment of the accounting principles used and significant estimates made, as well as an evaluation of the overall financial statement presentation.

1. **Scope of work**

In order to express an opinion on the true and fair view of the financial statements of AFGA as on 31st December 2019 the auditors shall:

* Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.  Accordingly, the audit will include the examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements, and an assessment of the accounting principles used and significant estimates made, as well as an evaluation of the overall financial statement presentation.
* Include but not be limited to the specific procedures outlined below and which may be undertaken during on the course of this audit:
	+ Ascertaining that the Association’s activities have been conducted in conformity with the IPPF Funding Agreement, as well as Agreements entered into with other grantors, and establishing that both direct and indirect costs have been apportioned to projects in accordance with these Agreements.
	+ Visits to branches/clinics of the Association, as considered necessary, to enable assessment of the adequacy of internal control systems and procedures, and the accuracy of inventory counts.
	+ Review and evaluate key accounting controls and procedures
	+ Surrounding significant accounting functions and applications.
	+ Review the adequacy of insurance cover on the Association's assets and third party and employment risks.
	+ Review the minutes of meetings of the Governing Body and subsidiary committees to ensure that operations have been carried out in accordance with approved resolutions.
	+ Review the Association's designated and restricted reserves to ascertain that they conform with both IPPF policies and local customary or legal practice in terms of their adequacy and use.
	+ Review post balance sheet date operations and events and the evaluation of their possible impact on the Association's financial statements. including but not limited to:
		- confirmation of bank balances and investment directly with banks and custodians;
		- confirmation of grants and other receivables directly with donors and other third parties;
		- attendance at and observation of physical inventories (as above);
		- physical identification of fixed assets, particularly major acquisitions during the year;
	+ Verify and validate the compliance of prevailing Tax and other regulatory requirements in the country, including but not limited to:
		- Filing of all statutory returns with the Government
		- Deduction of taxes at source (for employees, vendors, consultants, etc) and their timely deposits into the Government treasury.
1. **Financial Control Evaluation (FCE)**

In conjunction with the financial statements audit, the selected auditors are expected to complete the Financial Control Evaluation (FCE) audit programme (as provided in the IPPF External Audit Manual).

1. **Document to be provided to Auditor**

The Association shall provide to the auditors with, at minimum, the following documents:

* Draft Financial Statements (including notes and annual report);
* IPPF Cash and Commodity Grant Certificate;
* IPPF Year-end Current Account Statement;
* IPPF Grant Remittance Advices;
* IPPF Funding Agreement and attached Schedules;
* Other Donor Funding Agreements;
* Association Programme Budget in IPPF format;
* IPPF Supplementary Grant Agreements;
* IPPF Building Loan agreement;
* IPPF External Audit Manual;
* IPPF Financial Handbook;
* Associations Annual Report in IPPF format;
* Prior year Audited Financial Statements.

Any additional information required from IPPF or queries should be addressed to the respective Regional Director.

1. **Deliverables:**

The audit report should content following:

* 1. An evaluation report on financial management procedure.
	2. Express opinion on the financial statements.
	3. Analyze the financial statements and recommend the strengths and weaknesses on financial management practice and internal control systems.
	4. Final Independent Audit Report
	5. FCE report
1. **Payment Schedule**

The payment would be made within seven days of submission of Audit Report subject to final approval of report by AFGA.

1. **Criteria for agency/ Auditor selection**

The proposals will be technical evaluated on the basis of the following criteria:

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| **No** | **Overall Criteria** |
|  | Organizational Experience:The firm/ auditor should have undertaken a minimum of 5 audits (different organizations) of similar liaison organizations |
|  | Audit Approach* Understanding
* Approach & Methodology
* Audit Plan
* Audit timelines
 |
|  | Quality of Manpower assigned/ deployed for the audit including their time commitment |

The audit firms that meet a minimum 60% score shall be shortlisted for the financial bid opening.

A comparative analysis of financial bids of the shortlisted firms shall be undertaken and the assignment shall be awarded to the L1 bidder.

1. **Deadline for submission of proposal**

Responses to this Request for Proposals should be received only in hard copy with subject; “RFP for External Audit of AFGA” no later than 04:30 PM, 16th- Aug- 2020. Proposals delivered and/or received after this deadline will not be considered and will be marked as disqualified. The technical proposal should be sent both in hard and soft copy. The financial proposal must only be sent in hard copy.

Proposals should be addressed to:

Chief Executive Officer

South of Habibia, High School, Ayub Khan Mina,

Chaman Mir Waiz District, Kabul

Afghanistan

Email: naikmal@afga.org.af & rafi.s@afga.org.af

Cell: 0093 790900300 & 0093 775858500

**Note: Any Clarification, if required may be sought by e-mail only. Only top 20 audit firms or their associates and member firms can participate and submit their proposals. For top 20 audit firms list please refer to the below link.**

[**https://www.accountancyage.com/aa/analysis/1776670/top-35-networks-2013-the-survey**](https://www.accountancyage.com/aa/analysis/1776670/top-35-networks-2013-the-survey)