

**TERMS OF REFERENCE FOR AUDITS**

TENDER FOR THE EXTERNAL AUDIT

Of the “Consolidation of a transnational network of NGOs specializing in labor migration between Russia, Armenia, Kyrgyzstan and Uzbekistan” project

SUPPORTED BY CÁRITAS ESPAÑOLA (CE) AND SECOURS CATHOLIQUE- CARITAS FRANCE

Year 2021

# **1.- Purpose of the external audit:**

In the present call for tenders, the audit of the final financial report of the following project is requested:

* Project Title: “Consolidation of a transnational network of NGOs specializing in labor migration between Russia, Armenia, Kyrgyzstan and Uzbekistan”
* Country/Area: Armenia,
* Project Duration: 12 months
* Project Start Date: December 1st, 2020
* Project End Date: November 30th, 2021
* Short description of the project: *This project is the third phase of a 3-year project to protect the rights of migrant workers in Armenia, Kyrgyzstan, Russia and Uzbekistan.* *The tightening of Russian migration policy in recent years, as well as the restrictions related to the Covid-19 health crisis, expose migrant workers and their families to many difficulties (obtaining legal status, finding legal employment, dealing with rights violations including illegal detention and corruption, etc.). Through advocacy, training and information activities, the project promotes the respect and exercise of the rights of migrant workers in the countries of departure and destination. The project also fosters the cooperation between civil society, migrants’ associations, state services, local authorities and international organizations to solve the problems faced by migrants and their families and advocate for the respect of their rights.*

The audit of all the executed expenses is requested, the amounts of which are summarised in the following table:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Project Budget | Local Caritas | Other local contributions | Subtotal |
| Caritas France | 27.425,00 € |  |  |  |
| Cáritas Española | 24.944,00 € |  |  |  |
| Balance from previous project | 11.480,92 € |  |  |  |
| Total: | 63.849,92 € |  |  |  |

## **2.-Objectives and products**

The objective of the auditor will be to conduct audit of the special purpose financial statements for the period from December 1st , 2020 to November 30th, 2021 prepared by the management of Armenian Caritas and submitted to Cáritas Española to determine if, in all material respects, they are prepared in accordance with the cash basis of accounting and the relevant articles of the Project Contracts with Caritas Española.

1. All the expenses included in the report are a true reflection of the reality of the project executed in all important aspects;
2. Said expenses have been made in compliance with the conditions of the financing contract between the executing entity with Cáritas Española and the applicable legislation;
3. Income and expenses, as well as assets and liabilities, are correctly supported by original documentation in accordance with the justification regulations of Cáritas Española (Annex II) and have been correctly accounted for, and
4. Expenditure has been incurred in accordance with the internal regulations of the executing entity and has been subject to an adequate and effective internal control system.

*Audit report*

These reviews will be recorded in an audit report, as described in **Annex I** of this document, in which the checks carried out will be detailed including the information in sufficient detail so that Cáritas Española can draw its conclusions on the previous aspects.

*Recommendations for improvement*

In addition, a letter of recommendations will be issued to the executing entity identifying possible improvements to its internal control system.

## **3.- Scope, schedule, place of execution of the Audit, and methodology**

**SCOPE**

This proposal covers the entire project period, which is 12 months.

\*100% of the transactions that make up the financial report will be audited, which are detailed below:

SEND THE LAST LIST OF EXPENDITURES WITH COMPLETE DATA: SUPPLIER, DATE OF INVOICE, AMOUNT, PAYMENT METHOD (CASH OR TRANSFER), BUDGET LINE,

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **COUNTRY** | **IMPLEMENTED EXPENDITURE** | **PERIOD COVERED** | **NO. OF INVOICES** | **ORIGINAL (IN COUNTRY AUDIT)** |
| **ARMENIA** |  | 01.12.2020-30.11.2021 |  |  |

\*Project narrative and financial final report will be provided to auditor. Original invoices are available at Armenian Caritas main 0ffice in Gyumri.

**METHODOLOGY**

The proposed methodology will be as follows: two audit reviews of **the financial report of the project** will be established. Between the first and the second review, there will be approximately 1-2 weeks of difference to allow the possibility to request the correction of the documentation in the field.

Once the 2nd review is finished, the audit draft will be generated.

A draft report will first be issued containing the initial conclusions established by the auditing firm, so that the entity can make its comments in this regard and correct those aspects that may have been misinterpreted or clarify some of the statements made in said report. Subsequently, once the allegations have been collected and analysed, the Final Audit Report will be issued (see Annex I).

**WORK PLAN**

Below are the estimated key dates that comprise the audit engagement.

Tender: 15 - 21 March, 2022

Start of audit: 28 March, 2022

First review: 18 April, 2022

Second review: 25 April, 2022

Delivery of draft report: 02 May, 2022

Delivery of final audit report: 11 May, 2022

**2 originals and a digital copy** of the final audit report will be delivered.

**PLACE:**

**The audit will be carried out at the national offices of Armenian Caritas, where all the consolidated documentation of the offices involved in the implementation of the project and necessary for the execution of the audit will be prepared.**

The address and contact details of Local Caritas is as follows:

**Head Office in Gyumri**

**8 H. Sargissian, sidestreet 3.**

**Gyumri, Armenia**

**Sub Office in Yerevan**

**Tchaikovsky street 34, apt. 23**

Contact person for the audit:

Movses Hakobyan, Program Manager

Stella Voskanyants, Accountant

## **4.- Requirements of the auditing firm:**

**4.A- Principles of Action:**

Integrity:

The auditors shall have the responsibility to highlight issues not specifically mentioned in the Technical Specifications, if this is necessary to obtain a more complete analysis of the intervention.

Duty of confidentiality:

The auditor and the personnel in its service shall be obliged to maintain the secrecy of all information known to them in the exercise of their review, in the terms set forth in the current regulations on auditing of accounts.

Retention of documentation:

The auditor shall keep the documentation supporting the work performed for a minimum period of 5 years from the date of issue of the report.

**4. B- Composition of the Audit Team:**

Audit firms located in the country or, if necessary, from some other country, in which case they must be certified as auditors in the country of execution of the project, may submit their proposals.

The tenderers must specify the members of the team that will carry out the audit work. The composition of the team and its degree of dedication will be taken into account during the assessment for the award of the contract.

In any case, the proposed work team must necessarily prove its experience in the following fields:

* Higher degrees of the proposed team.
* Experience in the provision of professional services to non-profit organisations and, more specifically, in the control and verification of programmes and projects or other similar types of subsidies.

In addition, proof of experience in the following will be positively valued:

* Experience in assessment and auditing of international development cooperation projects.

Any change in the composition of the proposed team must be previously notified to the established contact, who will authorise it if necessary.

Additionally, the applicant shall nominate an audit manager who will be the main interlocutor with the project manager coordinating the project in the country.

The audit partner in charge of signing the corresponding audit reports shall be indicated.

**4.C- Model Contract for Auditors:**

The contract shall contain the following basic information:

1. Objectives of the audit.
2. Scope of work.
3. Work agenda. Time schedule for the review and deadlines for the delivery of the reports.
4. Work team.
5. Scope of the audit.
6. Conducting the audit: activities.
7. Audit report: key aspects.
8. Obligations of the Contracting Parties:

* Obligation of the auditor to carry out the review and issue a report in accordance with the table of contents set out in **Annex I** of this document.
* Duty of confidentiality of the auditor and their staff in accordance with the provisions of the above regulation and the Spanish Organic Law on the Protection of Personal Data.
* Obligation of Local Caritas and, if necessary, of Cáritas Española to prepare and provide the auditor with the documents required by the regulations and any books, records, and documents requested for the audit.

1. Fees to be received by the auditor, with an indication of the estimated hours to be worked by the audit team, and the form and schedule of payments.

**5.- Procedure and awarding method:**

**5.A.- Awarding System and Required Documentation:**

The system for contract awarding will be a tendering procedure with competitive basis.

To participate in the tender, the tenderer must present a sealed envelope at the offices of Armenian Caritas, within the period indicated, with the documentation specified below, indicating on the front of the envelope the tender to which it refers and the name of the proposing entity in legible manner, as well as the denomination of the envelope.

**The tenderer shall submit a proposal for the performance of the audit, specifying the cost thereof.**

Documentation:

1. Appointment of a person with representative capacity for all matters relating to the execution of the contract with a photocopy of the power of attorney to represent the person signing the proposal.
2. In the case of companies, the deed or document of association, of modification, statutes, or founding act in which the rules governing their activity are stated, registered, where appropriate, in the corresponding official register.
3. Declaration of not being in any of the circumstances that disqualify them from entering into an agreement.
4. Financial proposal for the contract.
5. Certificate of registration of the company in the country's Official Register of Auditors, as well as of the auditor in charge of signing the corresponding audit reports.
6. Proof of the tenderer's technical or professional experience: list of the work carried out in the last three years, indicating the amounts, dates, and beneficiaries. Experience related to the purpose of the contract.

**5.B- Assessment of Tenders and Award:**

Once the deadline for submission of tenders has ended, including those that may be submitted by mail, **the national management and the project administrator** will first open the envelopes and examine and verify the administrative documentation contained in them, to check that they contain everything required by these specifications or if there are any omissions that could lead to exclusion.

In the event that the verification reveals that any of the companies does not comply, in whole or in part, with any of the specifications included in the documentation, it will be automatically declared excluded from the procedure, as well as in the event of total non-compliance with any of the requirements necessary for access to the tender or absolute falsehood in any of the documents. If the non-compliance refers to elements that, while not being decisive for access to the competition, are essential for the purposes of assessment.

Necessary requirements for access to the contract are considered those related to the accreditation of personality, as well as those that refer to **the non-incompatibility for the performance of this service.**

Once the administrative documentation has been analysed, the national management of Local Caritas, together with the representative of Cáritas Española, will examine the financial and technical proposals that have been submitted, assessing their approval. Finally, and after a selection of three candidates closest to the work to be carried out, the last selection will be made under the supervision of Cáritas Española within its Audit Committee. To finalise the process, an interview will be held with the pre-selected company or auditor.

The selection criteria will be those agreed between Cáritas Española and Local Caritas, based on compliance with the specific regulations applicable to this project:

* Proven experience in auditing publicly funded projects in international cooperation.
* Expertise and extensive knowledge of the legislation in the country.
* Experience of the assigned personnel in similar audits.
* Work methodology.
* Cost and method of payment.

**6.- Submission of proposals**

Interested parties must submit a technical and financial proposal to Local Caritas, in the format and by the deadline indicated below:

Date of submission of tenders: before **<21, March 2022>**

Place of submission: <Armenian Caritas Yerevan office, Tchaikovsky street 34, apt. 23>

Person in charge of receiving tenders: <Movses Hakobyan>

**e-mail:** < [m.hakobyan@caritas.am](mailto:m.hakobyan@caritas.am) >

Form of submission: in writing in a sealed envelope

In digital version to the above-mentioned e-mail addresses

**6.A- Formalisation and Performance of the Contract:**

**The auditing firm will formalise a contract with Armenian Caritas for the audit to be carried out.**

The successful tenderer undertakes to carry out the contract itself, and the assignment or subcontracting of the same to a third party is expressly prohibited, unless expressly authorised by Cáritas Española.

Furthermore, the contractor will be liable for the consequences that may arise from the lack of truthfulness in the content of all statements made by them in the fulfilment of the obligations arising from these specifications and the contract they sign.

ANNEX I: STRUCTURE OF THE AUDIT REPORT

The following is the estimated table of contents of the final report presented by the Auditors to **the national management of Local Caritas** and to be approved by Cáritas Española. In each section the content that must be found is developed. These terms are always the same, accepting any extension that further clarifies the headings.

1. **Project Overview**

The data identifying the project, number, title, and period of execution will be presented, comparing the actual dates of start, end, and submission of reports with the dates that were programmed. The executing entity and its partners, as well as the different funders, shall also be identified.

1. **Background and Scope of Work**

Presentation of the objective of the audit and the applicable regulatory framework (legislation governing the funding of the project and its implementation), as well as principles and rules included in the funding contract and internal rules of the executing entity.

Description of the procedure followed during the audit, specifying the verifications carried out.

**3.1. Results of the Verifications**

3.2. On the Financial Report

Showing a comparative table between the expenditure allowed per item and the actual expenditure incurred, explaining the deviations. Including a cash flow statement with its final balance.

3.3. On Individual Expenditure Supporting Documents

With an annex detailing the supporting documents checked and the incidents detected.

3.4 On Internal Regulations and Internal Control System

6.1. Degree of compliance with internal regulations

6.2. Adequacy and effectiveness of the internal control system

**Conclusions and Recommendations**

* General conclusions.
* Conclusions on the incidents detected in the expenditure supporting documents.
* Letter of recommendations on internal control systems.

ANNEX II: Caritas Española justification regulations is attached