

**TERMS OF REFERENCE OF AN EXTERNAL AUDIT**

**NAME OF THE SPONSOR:** Caritas Torit / Fondation Caritas Luxembourg (FCL)  
**PROGRAMME NUMBER AND TITLE:**  
**Project number reference FCL 30945:** Food Security Project Palotaka, EES  
**Total budget of the project:** 314 734 € - (amount including contributions from FCL, Caritas Czech Republic and Caritas Torit)  
**AUDIT PERIOD:** Period of 1<sup>st</sup> January - 31<sup>st</sup> December 2016

**BACKGROUND**

Fondation Caritas Luxembourg (FCL) is a Luxemburgish international NGO implementing activities in the fields of emergency relief and rehabilitation as well as development cooperation, in countries struck by conflicts or natural disasters. FCL is registered as a legal entity represented in South Sudan. FCL receives funds from the Ministry of Foreign and European Affairs (MFEA) of Luxembourg and other donors, for which FCL is accountable and allocates these funds to countries requiring emergency aid as well as rehabilitation and development support through various projects.

The objective for this financial audit is to examine the accuracy of FCL with the intent of verification and establishment of financial statements of the FCL's funded projects.

The terms of reference are intended to define the objectives, the scope and methodology of this audit, as well as reporting requirements. The terms of reference may be revised or amended during the audit.

The collaboration between FCL and Caritas Torit dates back to 2003, through a joint office with Caritas Switzerland in Torit and WHYSE (Water Hygiene and Sanitation Education) projects. Since 2006, Caritas and the diocese of Torit have been implementing emergency, rehabilitation and development projects with support from the MFEA of Luxembourg. Food security projects (such as Isohe Food Security and Nutrition, initiated with the help of the MFEA), have supported populations returning from refugee camps in Uganda and Kenya since the *Comprehensive Peace Agreement* from 2005 was put in place. Two projects co-funded by the European Union (EU) took place with the support of an EU Grant Manager from Caritas Luxembourg who was in the field from December 2012 to July 2014.

An emergency project was implemented in 2007, in Nimule, for displaced victims of the Lord's Resistance Army. At the beginning of the year 2014 Caritas Luxembourg (with Caritas Torit and Caritas Switzerland) implemented the emergency project – 30944 : “South Sudan: Emergency aid for IDPs in Nimule” at the Ugandan border, aiming to protect Internally Displaced Peoples fleeing the violence of the new civil war between former rebel army factions within the South-Sudanese army.

Within this project, FCL and Caritas Torit have decided to work with a direct and bilateral partnership (without the trilateral consortium with Caritas Switzerland).

The project is **co-funded by Caritas Torit and Caritas Czech Republic (CCR).**

**Total budget of the project= 314.734 €**

Contribution FCL = 261.048 €

Contribution CCR = 45.286 €

Contribution of Caritas Torit = 8.400 €

**Objectives of the project to be audited** *The Strengthening Food Security and Nutrition Status and improving livelihoods of the most vulnerable populations in Eastern Equatoria State project (with reference FCL 30945 - Accord-Cadre VI)* was approved for the duration of 12 months with the funding of MFEA, was a continuation of the Food Security project implemented in Isohe, Ikotos County (reference FCL 30933 - Accord-Cadre V). The overall objective of the project is to contribute to poverty reduction by improving food security, livestock and nutrition security in favour of the poorest and the most vulnerable in Magwi, Ikotos, Kapoeta and Lapoa/Laffon Counties, Eastern Equatoria State, Republic of South Sudan.

The specific objectives are to improve food security and sustainable livelihoods for 1.000 households, 100 progressive linking farmers, 20 progressive seed multipliers, 10 community animal health workers, 60 GMVs (Growth Monitoring Volunteers) and 150 lead mothers by enhancing agricultural production, diversifying income sources, improving nutrition and promote safe hygiene and sanitation practices among the households

## **OBJECTIVE OF THE AUDIT**

**The objectives of this audit are to enable the Auditor to express an opinion on whether:**

1. The financial information and reports accurately present, in all material respects, the actual expenditure incurred and the revenue received by Caritas Torit for the project period in conformity with the applicable contractual conditions set with FCL, CCR or with Caritas Torit procedures;
2. The incomes and expenses, assets and liabilities are adequately supported by original documentation and have been properly accounted for;
3. The eligibility of project expenditure and income is correct;
4. For assets declared as used, the inventory systems show proofs of existence at the date of the agreement;
5. The method applied for the conversion of local and foreign currencies into Euro (in the reports, cash books and bank books) is consistent with standard accounting practices;
6. The funds received for the project have been used efficiently and economically i.e. in accordance with sound management;
7. The local contribution of Caritas Torit to the project is estimated and certified by the local authorities (a notary);
8. An adequate and effective internal control system exists.

## **AUDIT SCOPE**

The audit work shall cover the adequacy of accounting and financial operations, reporting and management as well as accounting procedures (referring to the national law and the international accounting standards).

A verification of mathematical accuracy is expected, in order to ensure that the expenditures described in the financial statements are reconciled with the supporting documents and with the bank statements.

The period covered by the audit is the period of the project, not including the audit and evaluation reporting period.

The audit will take place in Torit, Eastern Equatoria State, South Sudan.

## **VERIFICATION PROCESS AND METHODOLOGY**

The audit methodology and the audit techniques to be used are those in accordance with international auditing standards and following the ISA 700 norm.

## **REPORTING**

The audit report should include the following:

1. Audit method used and the scope of the audit;
2. A statement declaring that all information and documentation needed to complete the audit has been made available as required;
3. Declaration that the required audit standards have been applied;
4. Distribution and use of the audit report;
5. Formal opinion;
6. The period covered by the report;
7. Cash flow statement covering the project implementation period of 1<sup>st</sup> January 2016 to 31<sup>st</sup> December 2016;
8. Statement of receipts and expenditures covering the project implementation period;
9. Income table by source of funding;
10. Confirmation of exchange rates used for book keeping and reporting;
11. The balance at the end of the implementation period;
12. Statement on the frequency on which cash and bank reconciliations have been executed;
13. The evaluation of Caritas Torit local contribution to the project;
14. Proposals for improvement

Two different reports will be produced: one with the global expenses of the project 30945, including FCL, CCR and Caritas Torit contributions. The second report will only cover the expenditures of CCR.

The auditor should submit a letter to the management at the completion of the audit. The management letter should include recommendations to address any weaknesses identified with regards to financial regularity, the internal control system, adherence to contract conditions (if applicable) and the effective use of financial resources.

**The audits reports shall be written in the English language.**

## **DEADLINES**

The auditors shall provide a draft final report of their findings including an opinion, a management summary and a set of conclusions and recommendations not later than 2 weeks after the end of their field work. The deadline for the submission of the draft report is on the 31<sup>st</sup> of March 2017. The final report Must be received on or by the 5<sup>th</sup> day of April 2017.

These findings are to be reviewed by the Caritas Torit Management and Fondation Caritas Luxembourg before the audit report is finalized and submitted.



## ELIGIBILITY OF THE AUDITOR

By agreeing to this ToR the Auditor confirms that he/she meets at least one of the following conditions:

1. The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
2. The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not 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 ToRs.
3. The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

### Annex 1 to the ToR for the Auditors

#### Financial information to be prepared by FCL and Caritas Torit before the start of the audit

1. List of Incomes and expenses related to project:
  - a. Total income listed by donor,
  - b. Table of transfers & currency conversions,
  - c. Expenses/costs presented by month and by budget line;
2. Balance sheet, income statement and general ledger at the end of the period of the project;
3. Contracts and signed budgets;
4. Consolidated financial report at the end of the period of the project against the last budget approved;
5. List of project staff working on the project and percentages dedicated to working on the project;
6. List of equipment bought through the project;
7. A consolidated table of stock procurement, distribution and closing balance;
8. Bank accounts statements at the beginning (complete as appropriate) and to the end of the period;
9. Legibility conditions of the donors;
10. Monthly bank reconciliations as available;
11. Cash flow statement.

**All applications should be forwarded to the following e-mail address:**

[admin.audits@caritastorit.org](mailto:admin.audits@caritastorit.org)

**Deadline for Submission of application: 12th March 2017**





## Disclosure Statement For Contractors And Service Providers

I herewith confirm that that I, **Audit firm**.....

I/We am/are not:

- subject to a bankruptcy or liquidation procedure; or
- involved in a court settlement with creditors;

I/We am/are - have not:

- been convicted of an offence that Caritas Torit is not aware of; or
- been proven guilty of serious misconduct in our professional capacity; or
- complied with our obligations to pay social security contributions and taxes in accordance with existing legislation; or
- been sentenced for fraud, corruption, involvement in a criminal association or for other action targeted against the financial interests of the communities; or
- committed a serious contractual infringement in connection with another Caritas Torit contract; or
- been found guilty of grave human rights violations or do not comply with minimum standards for local social and labour.

Furthermore we herewith confirm not being aware of any conflict of interest that would conflict or may be perceived to conflict with interests of the Caritas Torit when seeking appointment or during employment contract. In case of a potential conflict of interest arises during the contract period Caritas Torit will be immediately informed in writing.



For the service provider

Signature:

Name

**Fighting Corruption***Code of Conduct*

Every form of corruption is forbidden. In particular, the following types of conduct are prohibited:

**Offering bribes (active bribery)**

Whoever offers, promises or grants representatives of authorities, companies, and partner organizations etc. an improper advantage in return for an official action to be taken in a certain way makes him/herself guilty of active bribery. Classified as improper are all inducements – both material and immaterial – that exceed the socially acceptable norm, and are more than trivial.

**Accepting bribes (passive bribery)**

Whoever, as a representative of Caritas Torit or its Partner, demands, expects or accepts an improper advantage from others in return for an official action to be taken in a certain way makes him/herself guilty of passive bribery. Classified as improper are all inducements – both material and immaterial – that exceed the socially acceptable norm, and are more than trivial.

**Unlawful Offering of Benefits**

Whoever offers, promises or grants to representatives of authorities, companies, partner organizations etc. an improper advantage with a view to the future behaviour of such representatives, makes him/herself guilty of unlawful offering of a benefit. Classified as improper are all benefits - both material and immaterial - that exceed the socially acceptable norm, and are more than trivial.

**Unlawful Acceptance of Benefits**

Whoever, as a representative of Caritas Torit or its Partner, demands, expects or accepts an improper advantage from others with a view to his/her future behaviour as a representative, makes him/herself guilty of unlawful acceptance of a benefit. Classified as improper are all benefits - both material and immaterial - that exceed the socially acceptable norm, and are more than trivial.

**Embezzlement**

Whoever makes illicit use of, or misappropriates, the means or authority entrusted to them, in order illegitimately to enrich himself or a third party, makes himself guilty of embezzlement.

**Theft**

Whoever takes things away from someone, in order illegitimately to enrich himself or a third party, makes himself guilty of theft.

**Fraud**

Whoever - with the intention of enriching himself - maliciously deceives someone or causes them damages, makes himself guilty of fraud.

**Breach of Trust**

Whoever, as a representative of Caritas or its Partner – in violation of his/her duties and obligations – causes or permits Caritas or its Partner's property to suffer damage, commits a breach of trust.

**Coercion**

Whoever applies force or threats of severe disadvantages to compel someone to do, omit or tolerate something, makes himself guilty of coercion.

**Sexual Coercion**

Whoever applies force or threats of severe disadvantages to compel someone to commit acts of sex, makes himself guilty of sexual coercion.

For the service provider

Signature

Name

**Child Protection****Code of Conduct**

Staff involved in the project must be aware of the risk of child abuse and recognise particularly risky situations. They must do everything to protect children from abuse and shall plan and execute their tasks in a way that the chance of abuse is eliminated or at least minimised. Specifically, this refers to:

**Sexual or physical contact**

Sexual contact of any kind with children, i.e. persons under the age of 18, is prohibited regardless of local ordinances on legal age. This includes other inappropriate physical conduct – such as washing, undressing, or taking children to the toilet when they are able to go on their own.

Sexual allusions in word, gesture or any other form are prohibited.

**Physical punishment**

Any type of physical punishment is prohibited.

**Exploitation, extortion**

Any form of exploitation or extortion is prohibited. In particular, it is forbidden to demand, expect or accept sexual or other illegitimate forms of service from children or adults in return for goods, assistance and the like.

**Emotional mistreatment**

Subjecting children or adults to belittling, humiliating, embarrassing or demeaning treatment or other forms of emotional mistreatment is prohibited.

**Discrimination**

Any form of discriminatory behaviour is prohibited, i.e. no child or adult may be treated differently on the basis of extraneous criteria such as race, religion, ethnical background, political views and the like.

**Person-to-person contact**

Whenever possible, personnel should not come into contact with children during their work without at least one other adult present. If this is not possible, at least one other adult is to be informed in advance about the contact with the child. Whenever possible, contact should take place in a location that can be easily monitored by other personnel. Personnel are prohibited in principle from harbouring children, inviting them to their homes, or spending the night in the same room with them unless they have the right of custody over the child.

**Employment**

Children must not be employed in any project co-funded by Caritas Torit and other Donors.

**Offensive material and intoxicating substances**

The consumption, possession, manufacturing and distribution of child pornography is prohibited. Personnel are prohibited from bringing children purposely or negligently into contact with pornographic materials, alcohol or other intoxicating substances.

**Film and photography**

Personnel must ensure that the dignity of the child is guaranteed when children are being filmed or photographed. In particular, they must ensure that graphic material cannot be misused for purposes of satisfying sexual or other illegitimate needs.

**Information flow**

Personnel are prohibited from making it difficult in any manner for children to contact persons in whom they wish to confide. Personnel have an obligation to report any reasonable suspicion of abuse to their superior.

For the service provider

Signature:

Name