

Approved. Ljilje 7/3/2016  
Caritas to find out competent  
qualified persons for this Audit and  
set of this office their personalities.

## TERMS OF REFERENCE OF AN EXTERNAL AUDIT



**NAME OF THE SPONSOR :** Caritas Torit / Foundation Caritas Luxembourg

**PROGRAMME NUMBER AND TITLE:**

- 30942 Emergency response to IDPs in Melijo and IDP returnees in Palotaka, EES

**Budget :** 132 000 €

- 30943: Extension of the Food Security Project from Isohe to Paloka – Food Security Palotaka, EES

**Budget:** 290 000 €

-30944: Emergency 2015 Basic Health for IDPs in Nimule, Melijo Camp, EES

**Budget:** 280 000 €

**AUDIT PERIOD:** Period of each project:

### BACKGROUND

Foundation Caritas Luxembourg (FCL) is a Luxemburgish legal entity represented in 5 countries through its own offices which directly implement projects in the country. Fondation Caritas Luxembourg receives funds from the Ministry of Foreign Affairs 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.

Since 2006, Caritas and the diocese of Torit have been implementing emergency, rehabilitation and development projects with support from the MAE Luxembourg (Foreign Ministry of Luxembourg). The collaboration with Foundation Caritas Luxembourg (FCL) dates back to 2003, through a joint office with Caritas Switzerland in Torit and WHYSE (Water Hygiene and Sanitation Education) projects. Food security projects (such as Isohe Food Security and Nutrition, initiated with the help of the MAE), 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 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 LRA (Lord's Resistance Army). At the beginning of the year 2014 Caritas Luxembourg (with Caritas Torit and Caritas Switzerland) implemented the emergency project AH/CAR/2014/0005: "South Sudan: Emergency aid for IDPs in Nimule" at the Ugandan border, aiming to protect IDPs fleeing the violence of the new civil war between former rebel army factions within the South-Sudanese army.

### Objectives of projects to be audited

Foundation Caritas Luxembourg and Caritas Torit have decided to work with a direct and bilateral partnership (without the trilateral consortium with Caritas Switzerland).

1. **Emergency project 3 09 42: A new phase of WASH** was approved to continue strengthening hygiene measures and to maintain prevention against cholera between **September 2014 - July 2015**: "Emergency Aid for IDPs in the Eastern Equatorial State", (n°



project: **3 09 42 / AH/CAR/2014/0010**). The overall objective of project 30942 is **to increase access to safe water, improve hygiene and sanitation for returnees community and Internal Displaced Persons.**

2. **Food security and nutrition project n° 30943/AC 25b**, which was approved for the duration of 18 months **(Oct 2014 – Dec 2015)** with the funding of MAE Accord-Cadre V, was an extension of the Food Security project implemented in Isohe, Ikotos County.
  - The objective of the project is to contribute to poverty reduction by improving food security and nutrition security in favor of the poorest and the most vulnerable in Palotaka, Magwi, County Eastern Equatoria State in the Republic of South Sudan.
  - The specific objective of the project is to improve food security and sustainable livelihoods for 1.000 households (approximately 5.000 to 7.000 individuals) by enhancing agricultural production, diversifying income sources and strengthening resilience against climate change, improving nutrition and promote safe hygiene and sanitation practices among the households.
3. **The Emergency Basic Health for IDPs in Nimule, Melijo Camp n° 30944/AH/CAR/2015/001 (01/01/2015 – 31/01/2016)** funded by the MAE has as overall objective to avoid deterioration of mortality, morbidity and nutritional status of displaced persons in Nimule, and as specific objectives :
  - To establish a permanent service for access to emergency care for displaced persons (7/7 and 24h/24h), establishment of a health post in the camp by maintaining the mobile team of the Health Centre of Caritas Torit and by assigning an ambulance to the camp Melijo for emergency cases.
  - To improve the nutritional status of children under 5 years by monitoring and following up on already identified cases of malnutrition, distributing therapeutic supplements (plumpy nuts) for acute malnutrition cases, screening and monitoring growth of other children at risk, as well as transferring cases with complications to the therapeutic nutrition unit at the Nimule hospital.
  - To prevent epidemic of contagious diseases by promoting the use of impregnated mosquito nets (against malaria) and the appropriate use of soap for daily hygiene, by strengthening management committees of water points (against cholera), by monitoring the vaccination campaigns for new arrivals (measles) and by training volunteer communities and the Caritas Torit team for potential treatment against Ebola.

## 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 (see annex 1) 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 donor 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 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. 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. Statement of receipts and expenditures covering the project implementation period;
8. Income table by source of funding;
9. The balance at the end of the implementation period.

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 irregularity, the internal control system, adherence to contract conditions (if applicable) and the effective use of financial resources.

**The audit reports shall be written in the English language and separate for each project.**

## **DEADLINES**

The auditors shall provide a draft 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 findings are to be reviewed by Caritas Torit Management with the FCL before the audit report is finalized and submitted. ~~the draft report being shared~~

## ELIGIBILITY OF THE AUDITOR

By agreeing these ToRs the Auditor confirms that he/she meets at least one of the following conditions:

1. The Auditor 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 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 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 Caritas Torit before the start of the audit

1. List of Incomes and expenses related to the project:
  - Total income listed by donor,
  - Table of transfers & currency conversions,
  - 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. Consolidated financial report at the end of the period of the project against the last budget approved;
4. List of project staff working on the project and percentages dedicated to working on the project;
5. List of equipment bought through the project;
6. A consolidated table of stock procurement, distribution and closing balance;
7. Bank accounts statements at the beginning (complete as appropriate) and to the end of the period;
8. Eligibility conditions of the partner;
9. Monthly bank reconciliations as available;

**NB:** Proposal submission period & deadline: 7<sup>th</sup> to 15<sup>th</sup> March 2016