**Annex A: Terms Of Reference**

**Terms of Reference for the audit of BMZ- PT PROJECT “Strengthening socio-economic resilience of vulnerable women in Juba and Wau, South Sudan”**

1. **Project Summary**

The current project “Strengthening socio-economic resilience of vulnerable women in Juba and Wau, South Sudan” is implemented by two partner organisations, which is AIWE (African Indigenous Empowerment) based in Juba and Salesian Sisters based in Wau with Regional Headquarters in Ethiopia. The duration of the project is from 01.09.2023- 31.08.2026. The project contributes to the empowerment of gender equality and socio-economic resilience of vulnerable women in South Sudan. Vulnerable women in Juba and Wau are empowered through their contribution to the household income and improved life skills, thereby contributing to gender equality and restoration of women’s rights.

**2. Objectives of the Audit**

The objective of the audit is to express an opinion on the financial statements and report that all statutory compliances are carried out in accordance with the Generally Accepted Accounting Standards in South Sudan and the regulations according to the Partner Project Agreement.

**3. Description of Services**

* 1. **General Mandate**

Carry out an audit in accordance with appropriate professional standards of auditing as applicable in South Sudan and the regulations defined in the Partner Project Agreement and express an independent professional opinion on the financial statements of

* AIWE for the financial year, and period starting September 1, 2023, to December 31, 2023
* Salesian Sisters for the financial year, and period starting September 1, 2023, to December 31, 2023

Produce a report on the evaluation of the financial management of Malteser Internationals implementing partner indicating the strengths and weaknesses, as well as corrective measures needed to ensure proper financial management.

**3.2 Give particular attention to:**

The external audit should include the following auditing and control measures.

* Verifying accounting records for correctness and completeness.
* Verifying the financial report in which all project-related income and expenditure must be shown and for which it must be confirmed that receipts are provided for all income and expenditure.
* Verifying how the provided project funds have been managed. This includes:
  + Project funds transferred to the project partner in the current budget year or during the project duration.
  + Interest earned in the current budget year or during the project duration from project funds transferred to the project partner, if existing.
  + Other income from the project activity.
* Verifying to what extent the funds have been used appropriately in line with the planned project objectives and activities.
* Verifying the cost-effectiveness of expenditure with regard to financial resources (to be used economically and as effectively as possible).
* Verifying the personnel costs and social security contributions to ensure that they are in line with local standards, are legal in the respective project country and, above all, that they comply with contracts agreement.
* Verifying that the cost plan is being adhered to by means of a comparison of objectives and effects (based on the most recent valid budget).
* Verifying the economic use of project equipment.
* Verifying the procured inventory, where it is being held and whether it has been/is being used appropriately for the purpose of carrying out the planned project objectives and activities.
* Verifying and confirming that project-relevant documentation is complete and correct.
* Verifying that all agreements fundamental to the project are being adhered to

**4. Auditor's Report**

The report of the external audit must include the following:

* Presentation of the audit assignment and scope with extensive comments on the audit findings. The auditor must also indicate that the sample documents used for the audit are representative, show appropriate use of funds and are in compliance within the project term.
* Recommendations in case of complaints
* Comment on how audit observations from previous years were followed up on, if required
* Budget (most recent version), with the structure used for the financial report, provided for the final report and presented like the Annex 1. The comparison of planned and actual expenditure is shown in the currency in which the expenditure was incurred. The audit will not convert these amounts to EUR.
* For deviations of actual expenditure from the planned expenditure in the current budget that exceed 30% of individual budget sub-categories, reasons must be given.
* The final audit opinion in the audit certificate must state the following (minimum requirements), which is to be worded clearly by the external auditor and adapted if appropriate: “We hereby certify that we have audited the statement of accounts of [name of project partner] regarding the financing of the project [name]. Our audit was carried out on the basis of the following requirements pertaining to the use of fundings: [List of relevant contracts and documents]. To this end, we have inspected the books and receipts. Based on our audit, we confirm that:” Following this, the audit should provide specific statements on the following questions:

1. To what extent has all income and expenditure been properly documented by means of receipts?

2. To what extent has documented expenditure complied with its application and project approval and to what extent is it in keeping with the appointed purpose and the most recent budget? Have any deviations from the most recent budget been explained separately?

3. To what extent has documented income, that is accounted for as contributions made by the local project partner, the target group and/or other agencies in the project country been specified correctly and its origin explained in accordance with specifications?

4. Which special aspects – positive or negative – should be mentioned with regard to this project?

The audit report should draw a clear conclusion regarding adherence to the binding arrangements made in the project agreement.

As the audit report replace receipts as proof of proper use of funds, the auditor is required to provide information in the audit report about any special aspects (relating to project in question). Specific statements on the audit conducted on the project in question (i.e. which income and expenditure were examined, whether planned project activities were implemented) and on the individual audit findings must be made. If there were no findings, this must also be explicitly mentioned in the report.