
TERMS OF REFERENCE

Terms of Reference for the Independent Project Audit of ITF

1. Introduction

This document defines the terms of reference for the audit of the financial statements of the ITF VA project Ref No: **SPMWRA22GR0036** Project Title: ***Victim Assistance in Afghanistan-Provision of emergency mobile physical rehabilitation, psychological support and EORE sessions across Kabul, Kandahar and Nimroz Provinces*** by an independent auditor. In addition, the financial system and procedures of the HI shall be analysed and recommendations given for its improvement.

2. About Handicap International:

HI has been supporting the Afghan people since 1987, starting its operations in Pakistan. Since 1996, HI has been operating across Afghanistan in order to launch victim assistance interventions, working at different levels of the society and adopting a cross-sectoral approach. While present on the ground to directly support victims of the conflict through the provision of a range of services – from physical rehabilitation, to mine risk education and inclusive livelihoods – HI has been continuously advocating to increase the rights of victims and other people with disabilities in the country. In particular, and in line with its global strategy and priorities, HI has been advocating to reduce the use of landmines and conventional weapons. Acknowledging the need to respond to the urgent emergency crises combined with longer term, chronic gaps in the provision of services, HI has steadily expanded its range of activities and services in order to support the most vulnerable people, enhancing their resilience while strengthening participation and inclusion of all individuals.

3. Background and Project Information

The project is built on HI's long-term presence and extensive experience in conducting emergency activities and interventions aiming at supporting survivors of explosive ordnance through physical and psychological support with the overall objective of addressing the needs of the most vulnerable communities. Specifically, the project will ensure the provision of comprehensive and timely rehabilitation care for mines/ERW survivors and other persons with disabilities, who do not have direct access to treatments.

HI will continue to deploy gender-balanced emergency mobile teams (EMTs) to deliver physical rehabilitation, psychosocial support and to prevent, whenever possible, the development of long-term disabilities and deliver treatment to individuals with medium to long-term disabilities located in Kabul, Nimroz, Kunduz and Kandahar Provinces. Through these teams, HI will be also delivering tailored EORE sessions for boys, girls, men and women within the targeted communities. Each EMT will be composed of two physiotherapists (PTs), two psychosocial workers and two trainers delivering EORE sessions, along with social mobilizers.

The EMTs will be able to provide the following services: physical rehabilitation services and provision of PT (physiotherapy) items and assistive devices; community-based psychosocial support services (PSS) including individual, family and group sessions; awareness sessions on psychological distress and symptoms linked with injuries, disability and displacement; provision of PSS kits for homebased PSS follow-up and recovery; referral services and establishment of referral pathways managed by dedicated social workers and EORE sessions. Further, HI proposes to launch a Prosthetics and Orthotics (P&O) mobile repair workshop in Nimroz, aiming at filling the gap of the lack of physical rehabilitation services in Nimroz Province.

Information about the expenditure control

<i>Reference number</i>	SPMWRA22GR0036
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Project Title:	Victim Assistance in Afghanistan-Provision of emergency mobile physical rehabilitation, psychological support and EORE sessions across Kabul, Kandahar and Nimroz Provinces)
Country	Afghanistan
Start date of the action	01-October-2022
End date of the action	31-Decembr-2024
Total cost of the action	USD 1,415,700
Address	House #431, Street 8, taimani, Kabul Afghanistan

4. Objectives

The overall objective of the audit is to provide the ITF with confidence in financial information provided to the ITF by Handicap International (HI). By providing an opinion on the financial report, and by reporting findings and observations, the audit company provides part of the basis on which the ITF will assess the compliance of relevant legislative and regulatory requirements.

The objective of the financial audit is to obtain reasonable assurance whether the financial statements regarding funds granted through the ITF are free from material misstatements. The objective of the compliance audit is to obtain reasonable assurance whether transactions covered by the financial report comply with the appropriations granted, statutes, other regulations, agreements, and usual practice.

The audit will also aim to provide Handicap International (HI) with an external assessment of the financial capacity and established business processes. This includes providing observations and recommendations as part of the audit.

5. Scope

As per the **Article 7** and **Article 2.7** of the ITF Grant Agreement and guidance provided by the donor, the audit must be carried out in accordance with International Standards on Auditing (ISAs) and all applicable U.S. Department of State Standards Terms and Conditions.

This will require the Auditor to plan and perform procedures based on risk assessment and materiality. Therefore, the Auditor must:

- Identify and assess risks of material misstatements of the financial report, whether due to fraud or error. Based on the risks identified, the auditor must design and perform relevant audit procedures to obtain sufficient and appropriate audit evidence to serve as the basis for the auditor’s opinion.
- Obtain an understanding of the internal controls relevant to the audit, in order to design appropriate audit procedures. The purpose is not to express an opinion on the effectiveness of the internal controls, but whether these controls pertain to the project costs.
- Evaluate the appropriateness of the accounting policies used in the financial statements, including the reasonableness of estimates and related disclosures. In relation to funds granted through the ITF, this is particularly relevant for accounting policies regarding project costs.

The audit must be planned in order to facilitate the timely submission of audited financial statements in accordance with the ITF Guidelines, which prescribe that the audited financial statements must be submitted no later than 75 calendar days after the end of the project performance period.

6. Deliverables

6.1. The independent auditor’s opinion

Conclusions of the financial audit must be presented in the independent auditor’s opinion. The independent auditor’s opinion should be prepared in English in accordance with applicable ISA and must refer to these ToR. The auditor’s opinion shall include the following elements:

- The auditor's opinion on the financial statements and whether these are prepared in all material respect in accordance with financial provisions applicable
- Identification of the financial statements audited, including title of the activity and the financial period
- Reference to the applied accounting policies used in preparing the financial statements
- Reference to these terms of reference for the audit

Any qualifications should be clear and stated with correct headlines in accordance with relevant ISAs.

6.2. The audit report

Conclusions on the compliance and performance audit must be presented in the audit report. The audit report should be prepared in accordance with applicable ISAs/ISSAIs and must refer to these ToR. The audit report shall include the following elements:

- Conclusions in relevance to specific audit questions or procedures
- Identification of the financial statements audited, including title of the activity and the financial period
- Description of scope of the audit (and possible limitations), including key procedures performed.

Depending on the chosen report method, the audit company can choose to include management letter content in the audit report or issue a separate management letter. If the former is chosen, the audit report shall contain the following elements as well:

- Findings and observations made from the audit with indication of severity or risk level
- Description of the effect or risk derived from the finding or observation
- Recommendations to address the findings or observations and management's comments to findings and observations.

The reporting language is English. The reporting currency is USD. The written report of the auditor has to be approved by all contracting parties. The audit report shall consist of the following information:

- a) Details on the nature and scope of the audit, time period and place of the audit, standards applied and findings.
- b) Explicit confirmation of the following 4 points (if there are reasons for restricting this confirmation, the reasons shall be given):
 - c. Duly accounting records have been made available.
 - d. The financial report includes all income and expenditure corroborated by supporting documents.
 - e. The income/expenditure plan has been complied with.
 - f. Funds have been used economically and efficiently.
- c) The following documents shall be included in the audit report:
 - i. Audited financial report and financial statement.
 - ii. Updated inventory list of the assets procured in the course of the financial year.
 - iii. Management letter: The auditor shall issue a separate management letter, in which the auditor draws attention to identified weaknesses, makes recommendations for their elimination and furthermore reports on the implementation of recommendations of previous audits, if any. In the audit report the following standard wording shall be included: "For additional information and recommendations, please refer to the management letter."

6.3. Management letter

Findings or observations that are not material to financial statements as a whole, but considered to be of relevance to either management or the ITF, must be reported in a management letter. Such findings or observations may include, but are not limited to:

- Deficiencies or weaknesses in internal control or business processes
- Lack of compliance with applicable laws or regulation
- Lack in financial capacity or financial systems
- Identified reconciliation items
- Budget overruns

The management letter must be prepared in English as part of the audit and submitted together with the audited financial statements.

The management letter shall, for each finding or observation, include:

- A description of the finding or observation with indication of severity or risk level
- Description of the effect or risk derived from the finding or observation
- Recommendations to address the finding or observation
- Management's comments to the effect or risk as well as the recommendations.

6.4. Audit methodology

- Summary of the audit approach and applied audit strategy, including the considerations made to the control environment
- Significant risks identified
- Description of tested controls
- Materiality level
- Issues related to fraud (if applicable)
- Sample sizes relative to population (% of tested expenditure (Expenditure Coverage Ratio))
- Distribution of samples on different sites, activities, offices, or other locations
- Identified bias or accounting estimates

6.5. Qualification of the auditor:

To conduct the audit, the auditor shall fulfil one of the following criteria:

- a) The Auditor and/or the auditing firm is a member of a national association or organization of accountants or auditors, which in turn is member of the International Federation of Accountants (International Federation of Accountants, IFAC).
- b) The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not a member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics.
- c) The Auditors are familiar with international non-profit organizations.
- d) Fluency in Dari, Pashto and English

7. Closing meeting

As a conclusion of the on-site visit, the auditor must participate in a closing meeting with HI. The objective of the meeting is to discuss any relevant findings and observations with management to settle details or open items.

8. Deliverables and Timelines

Based on the proposed schedule outlined in *Article 5* of these **Terms of Reference**, the Audit Firm is required to establish a comprehensive work plan for completing the service. The plan should clearly specify

the time required to accomplish each deliverable listed above and provide a detailed approach to the activities necessary for the service’s completion.

The work plan must include a clear description of the Audit Firm’s methodology, highlighting the rate of progress and/or the level of completion for each stage of the service. It should also outline specific criteria and indicators to monitor progress and ensure the service is proceeding as planned.

The Workplan should be in a presentable form like Gantt Chart or bar chart for ease of reference.

9. Report

The Independent Audit Report for the ITF Project will include an executive summary outlining key findings, compliance with financial regulations, and the overall audit opinion. It will cover the audit scope, methodology, and key observations, focusing on financial statement accuracy, adherence to ITF grant agreements, and internal control effectiveness. The auditor’s opinion will be stated (unqualified, qualified, adverse, or disclaimer), followed by recommendations for strengthening financial processes and compliance. A management letter may highlight minor control weaknesses, with HI’s responses and an action plan for corrective measures. The final report will include audited financial statements, an updated inventory list, and supporting documentation, ensuring submission in compliance with ITF guidelines.

10. Technical Evaluation Criteria.

The following table outlines the **technical evaluation criteria**, with a total score of **70 points** distributed across **five key criteria** and their respective sub-criteria.

Key Criteria	Sub-Criteria	Maximum Score
1. Audit Firm Experience & Qualifications (20 Points)	Experience in auditing international non-profit organizations and donor-funded projects (ITF, U.S. Department of State, UN, etc.)	8
	Proven track record in financial and compliance audits aligned with International Standards on Auditing (ISAs)	6
	Relevant certifications and affiliations (IFAC membership, CPA, ACCA)	6
2. Audit Methodology & Approach (20 Points)	Risk-based approach and alignment with ITF & donor-specific guidelines	7
	Materiality assessment, sampling techniques, and testing procedures	7
	Clear timeline, work plan , and strategy for managing audit constraints	6
3. Team Composition & Key Personnel (15 Points)	Qualifications and experience of the Lead Auditor (relevant certifications, sector experience)	7
	Experience of audit team members in financial audits of donor-funded projects	5
	Fluency in English for effective fieldwork and reporting	3
4. Understanding of ITF Grant Agreement & Compliance (10 Points)	Knowledge of ITF grant financial regulations and compliance requirements	5
	Experience with U.S. Department of State Terms and Conditions in financial audits	5
	Clarity, structure, and completeness of the proposal	3

5. Presentation & Quality of Proposal (5 Points)	Adherence to TOR requirements and overall professionalism	2
Total Score		70 Points

Minimum passing score: 50 points (to qualify to financial evaluation).

11. EVALUATION OF THE PROPOSALS

The Technical and financial Proposals will be evaluated at **70 and 30 out of 100 points respectively**.

Both proposals must be submitted before the deadline as per the TOR requirements.

12. PROPOSAL APPLICATION PROCEDURE.

Interested candidates shall submit their offers to the following email address: procurement.afghanistan@hi.org including the following information on or before **3rd of April 2025 by 15:00HRS Kabul Time**:

- a) Presentation of audit firm, mentioning qualifications and experience of auditors conducting the audit and experience of auditing project funds.
- b) Proof of registration as certified public accountant/ chartered accountant (see also 5. Qualification of the auditor)
- c) Membership in the IFAC or membership of national association which itself is registered with IFAC (registration and annual license)
- d) Confirmation of TORs, audit methodology and standards.
- e) Sealed Quotation in USD incl. tax and all expenses to be incurred.
- f) The tax will be withheld by HI based on the laws and regulations of Afghanistan.
- g) Technical proposal to meet the requirements + Methodological approach/work plan
- h) Consultant's CV
- i) Proof of Insurance certificate (including professional civil liability)
- j) Proof of medical repatriation insurance (Applicable for non-citizen only)
- k) Identification documents (Passport/ID)
- l) Works certificate for 3 last jobs done or Reference letter
- m) Tax registration certificate + Proof of Tax Payment

Where the proposals are huge as compared to what the provided email can allow, Bidders can also upload their proposals to [Google Drive](#) and send the Link to the email: procurement.afghanistan@hi.org. Bidders should also provide access and permissions to HI to download the Documents and use them for evaluation.

All Proposals shall only be submitted to the email address: procurement.afghanistan@hi.org on or before the date of submission. Any other form of submission is not allowed.

Bidders shall submit Portable Document Format (Pdf) version of their documents. HI will not allow for hard copy submission for this Procurement Process.