

TERMS OF REFERENCE FOR LOCAL AUDITORS

Terre des hommes Hellas is announcing a call for quotation for the Auditing services of Terre des hommes for the year 2023

BACKGROUND:

Terre des hommes (Tdh) is the leading Swiss child relief agency. Founded in 1960, we are committed to improving the lives of millions of the world's most vulnerable children. Through our innovative protection and health projects, we provide assistance to over four million children and their families in over forty countries each year.

Tdh started in Greece in 2016, and was officially registered as a national entity in February 2018 under the name Terre des hommes Hellas-Gi ton Anthropon AMKE which currently has 12 staff and is governed by a General Assembly with members from Tdh Lausanne. Tdh Hellas mainly targets children and families, as well as vulnerable groups: migrants, asylum seekers, beneficiaries of humanitarian protection, victims of trafficking, victims of torture, children in the streets, Roma, detainees, former prisoners, homeless, women, unemployed, people of different religions, sexual orientation and gender identities, abilities, people facing social and/or economic exclusion. We strive to improve their well-being and ensure the effective application of their rights as defined by the Convention on the Rights of the Child and other human rights instruments. We aim to empower children and youth through active participation and we advocate for the respect of their rights, supporting them in voicing their needs and interests through our programmatic and strategic priorities: children on the move, access to justice and cross-cutting child protection and safeguarding.

I. MAIN DEMANDS TO THE LOCAL AUDITORS:

1. Applicable auditing standards:

Local Auditor teams are required to apply the scope of work in accordance with the International Standards on Auditing (ISA) and local GAAPs.

2. Client expectations / Communication:

- General

The annual statutory audit financial report must be based on the **Tdh accounting system Saga audit report/Saga Financial statements** and by the currencies in used. In accordance with the standards of accounting practices, only the transactions made by the Delegation and Projects run by Tdh in the country where the audit is taking place, should be taken into consideration for the audit purpose. It includes the transactions made for donors.

If the country auditor wants to get a reconciled/consolidated financial report in the country currency, it should be prepared and finalised by them.

Audit for Government or any other institutions, if they are necessary, should be a totally separated document from the Tdh audit report.

- Subcontracted projects (run by contracted local partners):

Regarding the project subcontracted to partner organisations, the subcontractors/partner organisations must justify, control and certify the money spent and received by Tdh through its manager. This is used to justify the money sent (Tdh) and the money spent (partner organisation), and its balance calculated and recorded on the balance sheet of Tdh's accounts as receivables or payable. All related financial documents must be included.

A Recommendation/Management letter should be part of the report to be delivered.

- **Direct Instructions given/sent by Terre des hommes Head quarter global Auditor:**

If there are any specific instructions coming from Terre des hommes Head quarter global Auditor, those should be dealt specifically and sent directly to the Head quarter global Auditor. In any case, the main requests from Terre des hommes should be met separately and sent to the Terre des hommes Delegation country office. (Financial audit report, financial statements certified, audit questionnaire, Recommendation/Management letter and letter of integrity.)

- **Before the start of the annual audit:**

The local auditor should send the list of specific audit tasks and demands that should be performed during the physical audit control to the Terre des hommes delegation country office at least 1 month prior to the start of the physical audit control.

Terre des hommes will provide to the selected auditor a set of **audit Instructions**. The latter specifies a set of specific tasks to perform.

These instructions contain:

- Company certification
- Applicable auditing standards
- Ethical requirements, including independence
- Client expectations / Communication
- Recurring information
- Financial reporting framework
- Key Accounting Principles and Disclosure Requirements
- Specific tasks for the SDC group audit and/or the SDC consortiums projects, can be mandated and included in the Tdh Instructions to the local auditor under contract. They are the following tasks:
 1. SDC Audit ToRs
 2. SDC Audit questionnaire
 3. SDC Independent auditor report
 4. SDC Management letter

The audit firm must be approved by the SDC office of the country, allowing if necessary to conduct audit on project funded by SDC. **A letter from the SDC office must justify that accreditation.**

3. The auditor should prepare at minima the following auditor reports:

- **A Financial Statements and Auditor's Report.** The auditor report must include the audit opinion. The Financial statements must show, currency by currency used in the country organization accounts, a clear picture of the country organization financial position. If the auditor wants to add in the country currency a reconciled/consolidated financial statement, this one should come in parallel.
- **The Tdh Questionnaire including a risk assessment part:** the auditor should fill the Tdh's format at disposal.
- **An audit Management letter report:** Answers to the points raised in the Management letter from the Tdh's country management must be part of the report.
- **The Saga Tdh accounting system audit reports (Saga Financial statements):** to be certified currency by currency by the auditor.
- **Debriefing:** At the end of the audit process, an audit debriefing is done between the client senior team and the auditor senior team. The goal is to discuss the points of importance and to share the best way to improve the quality of the work. A client HQ representative should as much as possible be present.
- **The following annexes must at minima be included with the auditor reports:**
 - a. A Management representation letter of Terre des hommes: signed by the Tdh's country management.

- b. An annexed list of all donations in kind received in-country by the organisation: valued as per the standard rules used in the country.
- c. An annexed list of all the fix assets purchased by the organisation in the country: valued and depreciated as per the standard rules used in the country.

4. Controls to undertake: Control by random sampling.

1.1) General controls:

1. Verification of the existence of the signed and written contractual agreements with partner organisations.
2. Verification of the Tdh HQ and local donors' funds received for the project.
3. Verification that goods purchased with allocated funds are utilised within the foreseen objectives and are still available or have been ceded/sold in conformity with the methods defined in the respective procedures defined by head office and/or by the donors' pre-requirements.
4. For all "self-implemented projects": verification of expenditures through examination of supporting documents, or confirmation or combination of those procedures.
5. For other subcontracted projects: verification and review of the audited financial statement of the implementing partner organisation. If there are no audited financial statements, verify the project expense reports from the implementing partner per project.
6. Verification of the office expenditures (salaries, office rent, travel expenses, allowances, social security benefits, etc.) through the examination of supporting documents, or with confirmation or a combination of those procedures.
7. Verification that local contracts (employment contracts, renting contracts and consultant contracts) are in conformity with the local legislation currently in force.
8. Identification and evaluation of risks, litigation and provision. Please disclose your findings on the final yearly audit report.
9. Verification of the management procedures relative to the various transactions and the application thereof. In particular, a verification of the repartition of competences and responsibilities (commitments, posting of expenditures, reconciliation of cash, etc.), judging their efficiency, signalling discovered weaknesses. Prepared check list, showing each actor in the activities.
10. Follow-up of unverified expenditure and/or with no correct validation.

1.2) Verification of project transactions under the following aspects:

1. Conformity of expenditure authorisations and validity of the supporting documents.
2. Arithmetic correctness of the accounts, supporting documents and financial statements.
3. Exactness of the bookkeeping entries.
4. Allocation of expenditures in conformity with the budgets.
5. Asset and liability transactions throughout the year are coded according to the coding classification used in the chart of accounts of Tdh's accounting system,
6. Control of the local contracts, to make sure they are in accordance with the local legislation in force.
7. Control of advances, accrued/provisions, payables/receivables, and project terminations, including the payables and receivables entries made for the calculated money balance on the money sent (Tdh) and spent by the sub-contracted partner organisations.
8. Regarding the project subcontracted to partner organisations, the subcontractors/partner organisations must justify, control and certify the money spent and received by Tdh through its manager. This is used to justify the money sent (Tdh) and the money spent (partner organisation), and its balance calculated and recorded on the balance sheet of Tdh's accounts as receivables or payable. All related financial documents must be included.
9. Allocation of expenditures in conformity with donor contracts.

10. After discussion and approval with the Tdh local authorities, any other verification that the auditor may consider useful in the execution of his mandate.
- 1.3) Economical conduct business – assessment of the following areas/measures:
 1. Procurement Process: verification of the existence and respect of the purchasing procedures.
 2. Collaboration with local experts (legal, tax, etc.).
 3. Verification that local contracts are in conformity with local legislation currently in force.
- 1.4) Specific audit work with local partnerships – Liaison office – related to:
 1. Verification of the existence and respect of the Tdh head office instructions. How his process works? Controls functioning?
 2. Selection process of the partner whether the partner is compatible and likely to be trustworthy for Tdh (program management, performance framework, procurement & financials and additional conditions, reporting) etc.
 3. In relation with the agreement(s): The general terms and conditions on which the funds are made available, including how and when they are disbursed, procurement requirements that are applicable and the program / financial reporting that the partner must fulfil, etc.
 4. Disbursements and control processes. The reviews of the progress update and disbursement request. Who reviews the budget (expenditure and cash balance), indicators (monitoring & evaluation and procurement) and performs a contextual review. The controls done by the Country team and the controls done by the controllers in the Lausanne team.
- 1.5) Final controls:
 1. Verification that all corrections required from any previous audit has been carried out.
 2. Verification of the vehicle logbook and verification that possible private use of vehicles has been invoiced and paid.
 3. Reconciliation of bank + Cash and accounting balances.
 4. Certification at 31/12 of the Bank accounts balances used by Tdh: Auditor must make sure that all Bank accounts balances at 31/12 are correct, checking the balances found in the accounting system, the bank accounts statements, and their reconciliations, with the Tdh accounts balances certification at 31/12 received by the Banks' administration.
 5. List provided by the bank(s) of authorised Tdh signatories for each bank account.
 6. Verification of the Saga audit reports by currency and to certify each.
 7. The Tdh HQ questionnaire should be filled by the auditor and signed by both parties.
 8. The Recommendation/Management letter should include the answer of the management of the Delegation for each point raise.
- 1.6) Specific tasks for the SDC group audit and/or the SDC consortiums projects, can be mandated and included in the Tdh Instructions to the local auditor under contract **(For in-countries accounting operations only, HQ specific accounting operation are audited at Swiss HQ until and unless different instructions are given)**
 1. That Follow SDC Audit ToRs.
 2. Provide an audit report as per the SDC form.
 3. Fill the SDC questionnaire.
 4. Provide a management letter as per SDC form.
 5. Provide the Ledger of the SDC project costs and incomes.
 6. Provide the Working time registration/time sheets of the staff budgeted in the project (SDC and own costs included).
 7. Provide the list of the year exchange rate used in the accounts (Saga accounting system list of rates used in the accounts).
 8. Financial report to SDC signed showing the annual costs and incomes. HQ and countries costs separated.

1.7) Specific request for the Terre des hommes HQ auditor:

1. Provide a description of audit work regarding cash.
2. Provide a description of audit work regarding charges.
3. Provide a description of audit work regarding cut-off testing including the method of sampling used and the number of items tested.

II. AUDIT REQUIREMENTS:

Auditor Company certification and standard requirements

Government Certified Public Accountants, with experience in auditing International NGOs with big institutional fund coming from Donors the like EU, USAID, etc.

Applicable auditing standards

Local audit teams are required to apply the scope of work in accordance with the International Standards on Auditing (ISA) and local GAAP.

Ethical requirements, including independence

As auditor in charge of the work, you are responsible for forming a conclusion on compliance with the Ethical and Independence requirements and confirm to us that, in respect of the work undertaken, you are independent in accordance with the independence requirements of the International Ethics Standards Board for Accountants (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code).

Client expectations / Communication

TDH management and the Foundation Council expect local auditors and auditors' team to comply strictly with the timetable and the **deadline of 28/02 for the final signed documents in client hands**.

A draft document, for possible discussions and corrections, should be shared with the Tdh local financial team in advance of receiving the final signed ones.

Immediately report all highly significant issues (i.e., issue having a material impact on the financial reporting and/or involving high risk for the delegation) to local management of Tdh

Foreseen timelines of work and reporting:

	Timelines
Contract signature	By Nov 2023
Financial Statements as at 31/12/2023 to be provided to the audit company	By 24/01/2024
Audit preparatory work process in office	3 weeks 2 weeks December 2023 1 week February 2024
Audit field work process	1 week 05/02 – 10/02/2024
Draft audit reports preparation	1 week 12/02– 16/02/2024
Audit draft deliverables	By 16/02/2024
Comments from Tdh	By 21/02/2024
Audit final deliverables	By 28 Feb 2024

How to apply:

All qualified companies are strongly encouraged to apply and to submit the following documents to

grc.logistics@tdh.org

The application should contain the following information:

- o Business Registration Certificate; fiscal number; VAT
- o Auditor License
- o Letter of Interest
- o History of the Audit Company (at least 3 years of experience in the required field)
 - Curriculum Vitae of the Auditing Company Partners and engagement team
 - Number of staff and list of certified chartered accountant staff
 - Annual turnover for the last three years
- o Providing contactable references. At least 3 references for similar services, International NGOs with big institutional funds coming from Donors like SDC, EU, USAID will be preferred.
- o Audit methodology, plan including working hours and timeline
- o Financial proposal (VAT included)

III. PLACE OF AUDITING PROCESS TO BE CARRIED OUT:

The Audit will be carried out in the offices of Tdh Mission in Greece, Meteoron 28, Athens, Greece.

The auditor shall adequately plan the audit well in advance the work and ensure the execution of the audit process of highest professional quality in an economical and efficient manner and within the agreed timetable.

For the year 2023, relevant information is provided below:

- o Number of main projects and donors – 7 projects (EC projects, Swiss Solidarity, Niarchos Foundation)
- o Approx. Annual Budget: CHF 800,000
- o Number of employees – total 12-15 employees

The application deadline is **27.10.2023**

Please include” **auditing services of Terre des hommes in Greece**” in the subject line. Please note that applications received after the deadline will not be considered.