

TERMS OF REFERENCE

FOR

FINANCIAL PROJECT AUDITS

of project „Enhancing Knowledge and Capacities of Local Stakeholders to Strengthen Policy Environments Enabling Agroecology in the Himalayas” by Stiftung World Future Council in Hamburg, Germany

A. Background

a. About the Foundation World Future Council

The World Future Council (WFC) works to pass on a healthy and sustainable planet with just and peaceful societies to our children and grandchildren. To achieve this, we focus on identifying, developing, highlighting, and spreading effective, future-just solutions for current challenges humanity is facing, and promote their implementation worldwide. The Council consists of 50 eminent global change-makers from governments, parliaments, civil societies, academia, the arts, and the business world. Jakob von Uexkull, the Founder of the Alternative Nobel Prize, launched the World Future Council in 2007. We are an independent, non-profit foundation under German law and finance our activities with institutional partnerships and from donations. WFC headquarters are in Hamburg, Germany.

b. Project background

The World Future Council entered into grant agreement no. 2000004725 with the International Fund for Agricultural Development (IFAD) to receive financial support in the amount of 1.75 Mio € to implement the “Enhancing Knowledge and Capacities of Local Stakeholders to Strengthen Policy Environments Enabling Agroecology in the Himalayas” project.

This is a 48-months project (May 2023-April 2027) to empower local stakeholders in the Himalayas (India, Nepal and Bhutan) to advance the development and co-creation of enabling policy frameworks for agroecology-based food systems, through knowledge enhancement, collaboration and engagement, while fostering support for agroecology at all levels. The World Future Council is the main recipient of IFAD funds and is one of several implementing organisations (IFOAM-OI as well as organisations in Bhutan, India and Nepal). The main activities of the project comprise the participatory development, finalization and facilitation of implementation of a targeted roadmap for agroecology-based food systems together with key stakeholders, along with stakeholder engagement, capacity development, media and communication, monitoring, evaluation, data analysis, events, research, publications, policy advice, and other.

The World Future Council hereby requests, firstly, 4 financial audits of the Statement of Expenditures (SOE) and, secondly, agreed procedures of project engagement for the reporting period. Location of the service is the headquarter of the World Future Council in Hamburg, Germany. The audits are to be produced in English, while communication can take place in German. The whole audit process could be performed online.

In performing the engagements, the auditors should familiarize themselves with:

- IFAD Handbook on Financial Reporting and Auditing

- Schedule 2 and 3 of the grant agreement – overall budget & project-eligible expenditures
- List of required supporting documents, as listed at www.ifad.org/grantforms

Project title	Enhancing Knowledge and Capacities of Local Stakeholders to Strengthen Policy Environments Enabling Agroecology in the Himalayas
Project period	01.05.2023 – 30.04.2027
Total project budget	1,750,000 EUR
Number of audits during project period	Approx. 4 audits (one each year), each of 2-4 reporting periods (meaning audit of reporting including supporting documents)
Audit periods	<ol style="list-style-type: none"> 1. Audit: 01.01.2023 – 31.12.2023 2. Audit: 01.01.2024 – 31.12.2024 3. Audit: 01.01.2025 – 31.12.2025 4. Audit: 01.01.2026 – 31.12.2026

B. Objectives and Standards

a. Objective

The objective of the audit is to enable the auditor to express an audit opinion(s) on whether the SOE (including additional disclosures) fairly presents the financial position of the project in all material respects and whether the funds received, and expenditures incurred for the relevant accounting period are in conformity with applicable accounting standards.

b. Agreed-upon procedures engagement

The auditor is expected:

- To carry out the agreed-upon procedures listed in the section C of this TOR – Scope and approach of the audit and agreed-upon procedures engagement;
- To issue a report on factual findings that will support IFAD’s conclusions on the eligibility of the reported expenditure.

The auditor shall comply with the IFAC Code of Ethics for Professional Accountants, developed and issued by IFAC’s International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for auditors on integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards.

C. Scope of the audit and list of agreed-upon procedures

a. List of agreed-upon procedures covered by this TOR

The auditor must perform the following checks in relation to the eligibility criteria applicable to the grant agreement. The auditor must therefore gain a good understanding of such requirements to perform the relevant checks only and properly apply the relevant eligibility requirements.

a) The Statement of Expenditures (SOEs) for the reporting period, as submitted to IFAD, comprises the project information (name of the recipient, grant number, currency of the grant agreement, project name and reporting period), as well as whether the presentation of the expenditures is by expenditure category and/or project component, as set out in schedule 2 of the grant agreement.

b) The total of the expenditure transaction lists for the reporting period agrees with the total cumulative expenditures for the same period, as described in the SOEs submitted to IFAD.

c) The reported expenditures meet the project eligibility criteria as described in schedule 2 and 3 of the grant agreement and other eligibility requirements, including but not limited to the correct exchange rates used, where applicable; duties, taxes and charges included in the financial report cannot be recovered by the Recipient, and expenditure specifically considered ineligible by schedule 2 and 3 of the grant agreement is not included in the SOEs.

d) The expenditure is recorded in the accounting system of the Recipient or Subrecipients (third parties with subsidiary agreements such as implementing partners, subrecipients, service providers, etc.) in accordance with the applicable accounting standards and the Recipient's usual cost accounting practices.

e) The expenditure is backed up by sufficient and effective supporting documentation listed at www.ifad.org/grantforms, which shall be constantly available and stored in accordance with paragraph 3.11, schedule 3 of the Grant Agreement.

f) A representative sample of transactions is selected from the recipient's list of expenditures to confirm eligibility for financing. The size of the sample will be based on the auditor's professional judgement and underlying risks.

Expenditures Categories

Expenditure Category	Total
1. Salaries & Allowances	524,00.00
2. Subgrants*	1,061,000.00
3. Operating Costs	114,000.00
4. Overheads	51,000.00
Total	1,750,000.00

**a high percentage of the subgrants money is also for salaries & allowances*

Please note: Our donor also requests a general audit opinion on our year end closing, which will not be part of the Assignment since we already work with an audit company for that part.

D. Requirements for the auditor

a. General Principles

By agreeing to these TORs, the auditor confirms meeting at least one of the following conditions:

- The auditor is a member of a national accounting or auditing body or institution, which in turn is a member of the International Federation of Accountants (IFAC).
- The auditor is a member of a national accounting or auditing body or institution. Although this organization is not a member of the IFAC, the auditor commits to undertaking the engagement in accordance with the IFAC standards and ethics set out in these TORs.
- The auditor is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC

of the European Parliament and the Council (this applies to auditors and audit firms based in an EU member state).

- The auditor 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).

b. Qualifications and Experience

Qualification and Experience:

The auditor will employ staff with appropriate professional qualifications and suitable experience with IFAC standards and verification of the financial information of entities of comparable size and complexity as the Recipient. In addition, the audit team as a whole should have:

- Experience with audits in Germany
- Experience with audits of NGO projects
- Sufficient knowledge of relevant laws, regulations and rules in the country concerned. This includes but is not limited to taxation, social security and labour regulations, accounting and reporting.
- Fluency in English, optionally German
- A good knowledge of project work with multiple partners; German bookkeeping standards, preferable knowledge of international bookkeeping standards

Curriculum Vitae (CVs)

The auditor will provide the World Future Council with the CVs of the staff/experts involved in the engagement. The CVs will include appropriate details for the purpose of evaluating the offer in terms of the specific relevant experience for this engagement and the qualifying work performed in the past.

c. Duties

The auditor shall:

- a) Provide proof that it is independent from WFC and is registered/accredited/authorised to undertake audit work in the country where the engagement will take place.
- b) Provide proof that it fulfills the international auditing standards and national standards.
- c) Identify, confirm and assess internal controls that are likely to be relevant to and impact on the evidence that will be obtained for this engagement.
- d) Conduct a conference call with WFC ahead of the assignment to reconfirm and agree on the planned audit actions.
- e) Liaise directly with the WFC to agree with them on the exact dates and timeframe of the audit and reconfirm that all required documents will be made available in their offices or online.

E. Reporting

The auditor is required to deliver an audit package that includes:

- a) The certified SOEs, including the expenditure transaction lists where the grant is funded under the EU and additional disclosures;
- b) An audit opinion on the SOEs, within the scope outlined in section C of this TOR;
- c) A report on factual findings, within the scope of agreed-upon procedures as outlined in section C of this TOR. The report on factual findings shall include at a minimum:
 - Background information on the project subject to engagement
 - Overview of the transaction population and sample
 - Brief descriptions of the testing process

- Summary of findings
- Details of findings, including the auditor’s recommendations. Any ineligible expenditure identified should be clearly mentioned.
- Include project management’s responses to the issues identified and its proposal to address those issues within a specific time period.
- Where applicable, follow up on the issues identified in the previous year's report on factual findings.
- List names of the audit team.

The audit report should provide sufficient detail on the nature and extent of the procedures performed by the auditor. The auditor is required to provide the audit package each year but no later than end of May. The WFC and the auditor can agree on a date for the audit for each year individually. Reports are to be delivered in English.

F. Public disclosure

IFAD promotes public disclosure of project financial information to enhance the level of transparency and accountability. IFAD will disclose project audit reports, as appropriate, in line with the Fund’s disclosure policy. Management letters issued by auditors are not subject to public disclosure by IFAD. In agreeing to the terms of reference, the auditor explicitly acknowledges IFAD’s right to publicly disclose audit reports (audited financial statements and audit opinion) and will issue reports without a limitation-of-use clause.

To facilitate the public disclosure process, the auditor is requested to submit two separate files, as follows:

- Audited financial statements and audit opinion on the SOEs; and
- Report on factual findings.

G. Offers

The offers submitted should provide:

- Your full contact information and core competencies (description of expertise including language experience)
- Short overview of previous experiences
- Quoted price, including details on:
 - Staff capacities
 - Upper range estimate travel costs and any additional charges and incidentals
- Estimated time schedule per audit (how many days do you plan for each audit).

When preparing the financial aspects of the offer, please take the following points in consideration:

- If the assignment involves travel, we can only reimburse actual costs (supported by invoices) for transportation and accommodation. The offer should include realistic upper estimates. Costs eventually reimbursed will be actuals, based on available proper receipts/documentation.
- Subsistence and any additional charges and incidentals (e.g. local transportation, writing materials, communication, printing, postage) incurred during the implementation of the contract cannot be invoiced separately and should be covered by the fee.

a. Submission of offers

Offers should be submitted by 18th February 2024 via E-mail to Josephin Ollesch, HR and Finance Manager – Josephin.ollesch@worldfuturecouncil.org (Stiftung World Future Council, Große Elbstraße 117, 22767 Hamburg). If you have any questions regarding the audit, please feel free to contact her.

b. Award criteria

The contract will be awarded based on the following criteria (100% or 100 points):

- Quoted price 60% / 60 points
- Experience 40% / 40 points.

H. Attachments

If you are interested please contact Josephin Ollesch (Josephin.ollesch@worldfuturecouncil.org) to receive the attachments.

- *Appendix 1: Grant agreement, including schedules 1, 2, 3 and 4*
- *Appendix 2: IFAD Handbook on Financial Reporting and Auditing. Please note: We qualify as a Grant Type B, but special rules may apply based on the grant agreement.*
- *Appendix 3: List of required supporting documents, as listed at www.ifad.org/grantforms*
- *Example of the reporting format (Excel)*