



TERMS OF REFERENCE

HIRING OF CHARTERED ACCOUNTANT FIRM

Name of project: Sustainable mangrove management and community development in the Indus Delta II

Engagement Global BENGGO project no: 6214

Project Agreement no: 14346/SNE

Auditing period: November 2021 – December 2022

1. Introduction

The above-mentioned project is a public sector funded project grant of the Germany Federal Ministry for Economic Cooperation and Development through their executing agency ENGAGEMENT Global gGmbH. The First Recipient of the grant is WWF Germany. WWF Pakistan is subgrantee and project implementing partner of WWF Germany.

The verification of the expenditure of WWF Pakistan will be done by voucher list and certificate of an independent auditor / chartered accountant. And, if requested by the primary donor, additionally by presentation of original documents. Income expenditure and transfers of WWF Germany are not part of this audit and will be checked by the primary donor in Germany.

2. Assignment of the auditor / chartered accountant

The auditor / chartered accountant should work according to international auditing standards and be independent of the contracting authority.

The contracting authority will be WWF Pakistan, but the selection of the auditor / chartered accountant will be done jointly by WWF Pakistan and WWF Germany.

The qualification of the auditing company / chartered accountant must be approved by the German embassy or other accepted institution in the country of WWF Pakistan, e.g. Chamber of Commerce, national Auditing association. A copy of the approval must be added to the auditor's report.

The selection of the auditing company / chartered accountant is based on a tender procedure, according to the rules of the primary grant donor. Procurement regulations of Project 6214 prevail.

The same auditing company / chartered accountant should not evaluate projects of the WWF Pakistan for more than 6 years in a row.

3. Contract with the auditor / chartered accountant

The contract with the auditor / chartered accountant will stipulate at least:

- Name of the project to be audited
- Project period to be audited
- Place of audit
- Estimated cost of the audit
- Audit period
 - project period to be audited
 - timeframe for the audit itself (As the signed audit is required for the final report of WWF Germany to BMZ / Engagement Global, the audit must be terminated on time.)
- Obligations of the auditor and the obligations of WWF Pakistan Scope of the audit

As soon, as the audit starts, all necessary documents have to be presented to the auditor / chartered accountant. These documents are (e.g.):

- Project proposal
- Project agreement no: 14346/SNE including all attachments
- Financing plan = project budget, showing the budget lines and their designation (see attachment 2 of project agreement no: 14346/SNE)
- Any approved budget changes
- Requirements for accounts by chartered accountants are “Guidelines for promoting development of major projects of private German institutions in developing countries” effective as of 1 January 2016 (Chapter 2302 title 687 76) (see attachment 8 of project agreement no: 14346/SNE)
- Final voucher list of the years to be audited (expenditure and income listing) and underlying documents, e.g. receipts, proofs of payments, extracts from accounting systems, tender documents, contracts with suppliers or consultants or the like, employment contracts
- Bank account statements and extracts from the booking system, showing the amount and date of funds received for the project
- Technical reports of the periods to be audited
- Inventory list of the years to be audited
- Any other documents requested by the auditor / chartered accountant for the audit

The auditor / chartered accountant must use the template of Attachment 8 of project agreement no. 14346/SNE for the certificate of the audit. The template is also embedded in No. 5 of this document.

The contract between WWF Pakistan and the auditor / chartered accountant should be signed during the project period. The audit itself and the preparation of the audit certificate by the auditor / chartered accountant should be carried out after the end of the project period, so that all relevant project documents are available for the audit.

4. Scope of the audit

During the examination, the chartered accountant shall pay special attention to the following aspects and reflect his findings in the “Auditor’s certificate”

- **General assessment of accounting:** is the accounting accurate and complete?

- **General assessment of project documents:** are all project related documents complete and correct?
 - **The financial report**, which must show all project-related income and expenditure. The auditor must confirm that all income and expenditure has been documented by underlying vouchers.
 - **Income:** Has the executing agency received any project related income apart from the funds transferred by WWF Germany or the mentioned third party funding from the financial plan? E.g. interest on bank account, sponsoring or the like or other income generated from project activities. If so, are these amounts reflected in the financial report?¹
 - Checking that the **financial resources** are being **used appropriately in accordance with the planned project objectives** and measures
 - Checking the **efficiency of expenditure** in terms of the financial resources to be used economically and as thrifty as possible
 - **Exclusive use:** Have all goods which have been purchased with the project funds been and are being exclusively used for the project? (e.g., Project Car, other goods)
 - **Staff cost:** verification of staff cost and staff related cost like social security contributions with regard to local customs and in compliance with employment contracts and the laws of the country
 - **Comparison of budget and** actuals based on the final approved version of the budget
 - Check of the economic and appropriate use of the **project equipment**, including check of whereabouts of inventory, its appropriate use and documented handover
 - **Verification of compliance with all agreements** fundamental to the project, such as contracts, guidelines of the German executing agency and the funding guidelines
 - **Verification of details on the expenditure list:**
 - Does each transaction contain information on:
 1. Date of payment (to the final beneficiary)
 2. Concrete purpose/reason for payment (such as meeting with management committee) and nature of expenditure (example: For trips: trip on (date) by bus/by car from...to...; For events: Title and location of event)
 3. Amount per final beneficiary in the currency of payment
- Separate and correct entries in voucher list: each position in the expenditure list can only cover costs of one BMZ budget line. It is not possible to merge costs of different BMZ budget lines into one position in the expenditure list. Expenditures can be gathered to one receipt and thus also displayed as one booking in the accounting system when the following criteria are fulfilled:
- Each single amount is below 50 EUR
 - All expenditures come from the same BMZ budget line
 - Proof of payment (=receipt) exists and contains the following information: date of expenditure, each Beneficiary's name, specific purpose of payment, amount and signature of each beneficiary confirming receipt of funds.
- **Original receipts:** Do all positions correspond with original receipts (i.e. invoices, proofs of payment) and do these receipts show:
 - The Engagement Global project number

¹ Please note: additional income generated reduces the BMZ funding

- Final beneficiary (recipient of the payment), reason and date of payment ○ Proof of payment (e.g. bank account information or a stamp “paid”)?
- **Actual balance by end of project:** The auditor shall assess the actual balance of the project executing agency by the end date of the project, based on (1) total eligible expenditure (including staff costs and match funding) and without reported costs which are not eligible ; and (2) income: total income (including funds from WWF Germany and own contribution from project executing agency as well as any other project income, e.g. interest received, if applicable)

5. Auditors certificate

The auditor’s report must contain the following parts:

- Presentation of the audit mandate and scope with detailed comments on the results of the audit. The auditor must also list and explain which documents were the basis for the audit of the appropriate use of funds and compliance with the project duration.
- Recommendations in case there were any findings.
- If applicable, follow-up of audit recommendations from previous years.
- Comparison of budget and expenditures according to the template in the attachment 1 of this document; all amounts have to be stated in local currency and if applicable also in accounting currency. There should be **no conversion to EUR in the audit report**.
- In case there are any **deviations of more than 30% of the budget headers** (meaning the total of investments, operational cost and / or staff cost), the deviations have to be explained and justified.
- In case there are any **deviations of more than 30% of the single budget lines**, the deviations have to be explained.

As a minimum requirement, the final certificate shall contain the following:

"We hereby certify that we have audited the statement of accounts of WWF Pakistan in respect of the financing of the project Sustainable mangrove management and community development in the Indus Delta II on the basis of the following terms of use made available to us (list of commissions and documents). To this end, we have inspected the books and vouchers and report that:

1. *Proofs of receipts and expenditure have been properly furnished in the form of vouchers.*
2. *The expenditures, for which evidence has been supplied, are in keeping with the appointed purpose as set out in the Financing Plan. Any deviations from the Financing Plan are described and explained separately.*
3. *The amount and origin of documented income which is accounted for as counterpart contributions made by the project executing agency, the target group and/or other agencies in the project country have been specified.*
4. *The terms set by the donor have been observed/have not been observed in the following points.*

The certificate should clearly state a conclusion regarding compliance with the agreements set out in the project agreement. Findings or No Findings must be explicitly stated in the auditor's report. The auditor's report must be written in German or English. Exception is possible for audit reports in French or Spanish. For reports in French or Spanish, the main findings as well as the final certificate must be translated to German.

6. Audit cost

The auditor / chartered accountant will be paid after delivery of the final audit report. The amount can be financed from the project budget, even if the payment is made after the end of the project. This also prevails for audit related travel cost. (Take care: the payment must be made during the spending period, otherwise a penalty interest fee needs to be paid to Engagement Global.)

7. Right of inspection

Even if the project is audited by an external auditor / chartered accountant, WWF Germany, as well as Engagement Global, BMZ and the German Federal Court of Auditors have the right to do additional inspections and audits.

8. Duties of WWF Pakistan

WWF Pakistan must create basic conditions to prepare the audit by the auditor / chartered accountant. It should be noted that violations and/or failure to meet deadlines can lead to the termination of current project contracts or at least to considerable delays in the provision of or reimbursement of project funds.

- all relevant documents must be made available and necessary information must be given
- The local project-executing agency must organize its project administration and financial accounting and the commissioning of the external auditor in such a way that the deadlines for submitting the final report to Engagement Global can be met.

9. General information on the project WWF Pakistan

The project *Sustainable mangrove management and community development in the Indus Delta II* has been approved by Engagement Global on 27 October 2021 as proportional funding grant. The grant contract agreement between Engagement Global and WWF Germany was signed on 18 November 2021. Engagement Global and BMZ approved the start of the project for 1 November 2021.

(Unfortunately) all grant documents between Engagement Global and WWF Germany are only available in German language. The project is documented in a database of Engagement Global, that can be accessed by WWF Germany. All stipulations of the grant document are included in the project agreement between WWF Germany and WWF Pakistan.

10. Approved project budget

According to the funding rules of BMZ / Engagement Global, the project budget was handed in for approval and approved in EUR. The fx of the proposal was 1 EUR = 183.24 PKR.

Based on this proposal fx rate, the final budget in local currency is as follows:

Budget Expenditure

Project partner	Budget heading	Amount in EUR	Amount in PKR
NAME of project executing agency	Investments		
NAME of project executing agency	Operational costs		
NAME of project executing agency	Staff		
WWF DE	Travel WWF DE		
NAME of project executing agency	Contingencies		
WWF DE	Management fee		
all	total		
Of that NAME of project executing agency			
Of that WWF DE			

Budget income

Income source	WWF DE in EUR	NAME of project executing agency in EUR	NAME of project executing agency in PKR
BMZ / Engagement Global			
WWF DE			
Total amount of project agreement			
Other match funds			
total			

11. Documents to be included when submitting the proposal:

Interested individual consultants/consultancy must submit the following documents/information to demonstrate their qualifications:

- Application form available at WWF Website for consultancies
- Technical Proposal:
 - (i) Explaining why the consultant/bidder is the most suitable for the work;
 - (ii) Provide a brief methodology on how they will approach and conduct the work;
- Detailed work plan and training modules
- Financial proposal (including fee, travel cost (if any), and other relevant expenses)
- Profile of the bidder and;
- Curriculum Vitae of the Lead and support trainers, as applicable.

12. Conditions:

- WWF-Pakistan reserves the right to accept any proposal or reject all proposals
- Only shortlisted consultants will be contacted for further consideration.

13. Copyrights:

WWF-Pakistan will have the copyright for the entire study data; the consultant(s) will have no right to use the data at any forum or in publication.

14. Guideline for submission of proposal/expressions of interest:

Interested consultants should submit the following documentation to **Muzzammil Ahmed** (mahmed@wwf.org.pk) and **Maham Zahara** (mzahara@wwf.org.pk)

Work plan

- A technical proposal not exceeding 10 pages
- An understanding and interpretation of the TORs
- Methodology to be used in undertaking the assignment
- Time and activity schedule
- Evidence of relevant experience and samples of products related to the assignment
- Curriculum vitae of the lead consultants to undertake the assignment
- Work Plan
- A financial proposal consisting of the cost of assignment in lump sum including all applicable taxes of the Government of Pakistan and out of pocket expenses.

15. Selection Criteria:

Applicant's proposal shall be evaluated based on Quality and Cost Based Selection (QCBS) method. Under QCBS both technical and financial proposals shall be evaluated as per following criteria against a maximum score of 100 points.

- a. Technical Proposal 70%
- b. Financial Proposal 30%

The following criteria shall be used as a basis for evaluation of technical proposals:

- Qualifications (maximum 30 points)
- Experience relevant to the assignment (maximum 30 points)
- Adequacy of the proposed methodology and work plan (maximum 20 points)
- Skills & Competencies for the assignment (maximum 10 points)
- Prior experience with WWF-Pakistan (maximum 10 points)

Note: Late/ incomplete submissions will not be accepted. Only three (03) top-ranked firms will be included in the comparative process.