WWF-Pakistan is engaged with Better Cotton Growth and Innovation Funds through an agreement for the implementation of following projects.

1. WWF Pakistan – Punjab
2. WWF Pakistan - Sindh

The Implementation Duration of the Project(s) is from 1 April 2021 to 31 March 2022. For Compliance of the BC-GIF agreement WWF-Pakistan Intends to engage an auditor for External Audit of these projects.

Prerequisites for Audit engagement

1) A qualified, independent audit firm, maintaining adequate enforcement mechanisms for conducting credible, systematic, objective, and high-quality financial audits in compliance with the International Standards on Auditing (ISA). See Annex 1 for further guidance.
2) Auditor is capable and willing to work exactly according to templates and defined requirements (audit instructions) of the Fund’s auditor.
3) Auditor is capable and willing to provide all audit documents in English
4) In good cooperation with the WWF-Pakistan, the auditor can meet the deadline and deliver the audit documents on time. As the audit report is part of the annual reporting cycle of the Fund with a tight/strict schedule, meeting the deadline and reporting in time is elementary.
5) Reputation and professionalism.
6) Experience of the auditor in the non-profit sector where its clients received funds/grants from an international organization and experience in the similar sector/industry.
7) Should be a part of global top 10 Audit Firms. In case the firm is not a part of global top 10 firms then he must be able to demonstrate independence, maintaining adequate enforcement mechanisms for conducting credible, systematic, objective, and high-quality financial audits in compliance with the national auditing standard as set by the national auditing and assurance standards board or a local body of similar stature. The audit firm must also be familiar with international auditing policies and procedures as the Fund’s auditor is a swiss-based international auditing firm.
8) The Audit firm will comply with following documents for engagement of this Audit.
   a) Annex 1: Declaration of Independence and Compliance
   b) Annex 2: Applicable accounting standards

Specific Deliverables:

1) Signed Audit Report and Financial Statements according to BC GIF Format along with annexures.
2) Submission of Audit Report to the Project Donor not later than April 30, 2022.
Annex 1 Declaration of Independence and Compliance

Ethical and Independence Requirements
We confirm that we have an understanding of, and will comply with, the ethical requirements, including independence requirements, described in IESBSA Code of Ethics for Professional Accountants that is sufficient to fulfill our responsibilities in the audit of name of the GIF Implementing Partner (“IP”) financial statements.

We have notified all individual engagement team members that they are required to be independent with respect to the entities on the affiliate list included in the group audit instructions. We have notified all engagement team members of the requirement to immediately report independence concerns or breaches to the participating auditor audit partner. We understand our responsibility to immediately communicate independence breaches to the RSM GIF auditors.

Compliance with Instructions and Cooperation
• All the team members have received, read, and understand the GIF Audit Instructions and expect to be able to comply with them and meet the due dates set forth therein.
• We possess the skills (e.g. industry specific knowledge) necessary to perform the work on the financial information of the particular GIF IP.
• We understand that the financial information of the IP referred to above will be included in the GIF financial statements and that you intend to use the results of our work on the IP for the purpose of the audit of the GIF financial statements.

In addition, we confirm the following in connection with the audit:
• We will cooperate with you and provide you with access to relevant audit information and/or documentation.
• We acknowledge that we are familiar, and will comply with
• Accounting principles applied by GIF and IP, as per Annex 2:
• Auditing Framework of International Standards on Auditing (ISA)
• We understand the additional requirements outlined by you in your referral instructions that you have informed us will ensure compliance with the applicable financial reporting framework sufficient to fulfil our responsibilities in the audit of the GIF financial statements.
• We acknowledge and agree that we will not provide other services to the GIF Implementing partner other than audit services.
• As per your audit instructions, we have determined our local materiality using 2% of the total of expenditures. Our local materiality amounts to EUR [insert local materiality amount].

We will inform you of any changes in the above representations during the course of our work on the financial information as of March 31, 2020 and for the year then ended.

Name of firm

Name of partner

Signature of partner

Date
Annex 2 Applicable Accounting Standards

General
The applied accounting principles are based on the historical cost convention. Unless stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

A liability is recognized in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Revenue is recognized in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenditures are recognized when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable and/or cannot be measured with sufficient reliability.

The income and expenses (e.g. personnel costs, other costs) are allocated to the period to which they relate.

Use of estimates
The preparation of the financial report requires the management to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. Actual results may differ from these estimates.

The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognized in the period in which the estimate is revised and in future periods for which the revision has consequences.

Transactions in foreign currencies
Transactions denominated in foreign currency are translated into the relevant functional currency at the exchange rate applying on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated at the balance sheet date into to the functional currency at the exchange rate applying on that date.

Accounting principles of assets, liabilities, and the result
Financial instruments
Financial instruments include trade and other receivables, cash items and trade and other payables. Financial instruments are initially recognized at fair value. After initial recognition, financial instruments are valued in the manner described below.

Trade and other receivables
Trade and other receivables are carried at their nominal value, less provision for bad debts (impairment losses).

Trade and other payables
Trade and other payables are carried at their nominal value. Provisions must be made and charged to the profit and loss account if past events lead to the expectation of a cash outflow (without a consideration in return) in future financial years.

Revenue and expenditure
The income and expenditures are allocated to the period to which they relate. Income is matched to project expenditures. This means that income received in advance, which is not yet spent on project expenditures, after formal approval from the grantors, can be carried over to the next financial year.

Example for foreign currency rate use and presentation (numbers are fictional for the purpose of this example)

<table>
<thead>
<tr>
<th>Foreign currency (FC)</th>
<th>EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td><strong>Income</strong></td>
</tr>
<tr>
<td>EUR 20,000 @ transaction date currency exchange rate (1EUR=3FC) → FC 60,000</td>
<td>EUR 20,000</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td><strong>Expenses</strong></td>
</tr>
<tr>
<td>(FC 50,000)</td>
<td>FC 50,000@ average period currency exchange rate for month (1EUR = 3.5FC) → (EUR 14,286)</td>
</tr>
<tr>
<td><strong>Foreign exchange fluctuation</strong></td>
<td>Balancing figure (20,000-14,286 – 2,500) → (EUR 3,214)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td><strong>Closing balance</strong></td>
</tr>
<tr>
<td>FC 10,000</td>
<td>FC 10,000 @ March 31, 2020 currency exchange rate (1 EUR = 4FC) → EUR 2,500</td>
</tr>
</tbody>
</table>