

Ljubljana, 3 May 2021  
ITF File No.: 04-3-1/25-36/19

## **TERMS OF REFERENCE FOR EXTERNAL AUDIT OF “EXPLOSIVE HAZARDS CLEARANCE AND MINE RISK EDUCATION IN NORTH EAST SYRIA” PROJECT**

ITF Enhancing Human Security (ITF) is publishing this Terms of Reference in conjunction with the Invitation for Submission of Offers for External Audit of “Explosive Hazards Clearance and Mine Risk Education in North East Syria” project implemented by ITF in partnership with two implementing partners.

### **1. Publication reference**

Audit\_North East Syria Project

### **2. Eligibility**

Participation is open on equal terms to all Auditors that are a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC). Participation is also open on equal terms to all Auditors that are members of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits himself/herself to undertake this Engagement in accordance with the IFAC standards and ethics.

### **3. Contracting Authority**

ITF Enhancing Human Security

### **4. Background Information on the Contracting Authority**

ITF Enhancing Human Security (ITF) is a Slovenian humanitarian and non-profit organization. ITF has over 20 years' experience in project management of implementing humanitarian mine action and conventional weapons destruction (CWD) programs. Established by the Government of the Republic of Slovenia in March 1998, the initial purpose of ITF was to help Bosnia and Herzegovina in the implementation of the peace agreement and to provide assistance and support in relation to post-conflict rehabilitation.

Since its inception, ITF has augmented its activities to include the rectification of landmine problems and helping landmine survivors with physical and socio-economic rehabilitation across the region, i.e. in Albania, Croatia, Macedonia, Montenegro and Serbia. As the European Commission acknowledged ITF as the reference model of regional organization in mine action, ITF was asked by mine-affected countries and donors to expand operation to other mine-affected regions and countries as well e.g. Cyprus, South Caucasus, Middle East and Central Asia. To date, ITF has operated in over 30 countries around the world, including

Libya, Afghanistan, Colombia, Lebanon and Jordan. In 2018, ITF was granted the status of an EU Member States' Specialized Agency.

## 5. About the Project

Between 1 October 2019 and 31 March 2021 ITF was implementing a project designed to address the consequences of the widespread use of various types of explosives and weaponry in the ongoing conflict in Syria, especially in the relatively accessible and relatively safe North East of the country. The conflict has left behind a range of explosive hazards including improvised explosive devices (IEDs), landmines, and explosive remnants of war (ERW), which prevent the safe and sustainable returns, cause civilian deaths and injuries, exacerbate vulnerabilities, hinder safe access to humanitarian support, basic services and livelihoods, and ultimately compound the humanitarian crisis. The project was additionally based on the premise that North East Syria (NES) is considered the breadbasket of the country, and agriculture is a major source of income. The suspected explosive hazards contamination thus has a major impact on the accessibility of arable land and the ability of farmers to cultivate their land, further affecting their food security.

The project is managed by ITF Enhancing Human Security (ITF), a Slovenia-based non-profit organization with over 20 years of experience managing mine action and human security projects around the globe. ITF brought on board two implementing partners to address the threats posed by explosive hazards contamination with two sets of activities:

- **Survey and Clearance of Explosive Hazards** (Implementing Partner I) refers to activities of identifying and safely removing found explosive hazards in a systematic manner. They encompass: (1) assessment, non-technical and technical survey activities on land affected by explosive hazard, and release of non-affected land with reaching out to the affected communities; (2) systematic and controlled clearance of land and infrastructure through ERW and unexploded ordnance (UXO) clearance operations, which is then returned to local population and put to use. Items that present a serious hazard to the civilian population and the environment are thus removed. As for all clearance operations, these activities are implemented in regards to highest quality assurance and quality control standards.
- **Risk Education** (Implementing Partner II) refers to activities which seek to reduce the risk of injury from mines/UXO by raising awareness and promoting behavioral change. This is including public information dissemination, education and training, and community mine action liaison." These activities include advocacy and education about all types of explosive hazards that present a threat to the civilian population. It is important that the messages are delivered in an understandable and clear manner, taking into account cultural and local context. The messages are also specifically designed for beneficiaries, and as such adapted for different ages, genders, disabilities, languages etc. depending on the local environment.

The primary donor on the project was the Austrian Development Agency as the operational unit of the Austrian Development Cooperation, and the second donor was the Knights of Columbus organization.

## **6. Purpose of the Audit**

The purpose of the audit is to verify expenditure of the abovementioned project, and to:

- verify sound financial management and accuracy of book keeping on the basis of original vouchers;
- verify plausibility and eligibility of expense items;
- verify compliance of expenses with budget items; and
- verify that the financial statements provide a true picture of the project's finances.

## **7. Scope of Work of the Auditor**

The Auditor shall verify on the basis of original documents,<sup>1</sup> if costs declared in the Financial Statement are justified by the relevant supporting documents, costs meet eligibility criteria stipulated in the Grant Agreement and its annexes, original vouchers are clearly associated with the project and the projects time frame, all invoices have been settled and paid for, financial resources have been used efficiently, cost effectively and solely for the purpose for which they were provided, Generally Accepted Accounting Standards are met, conversion of Currency has been calculated correctly, accrued interest has been declared, expenses have been correctly assigned to budget items, over expenditure, if any, lies within the thresholds stipulated in the Grant Agreement, usage of budget funds under "unforeseen" or "contingency reserve" has been approved by ADA, indirect costs, if foreseen in the budget, have been calculated properly, procurement regulations have been met, other revenues originally not foreseen in the financial plan were registered or revenues foreseen in the financial plan were not realized, the contract, terms and conditions have been complied with, applicable tax laws and regulations have been complied with, applicable Social and Labour Laws have been complied with, an adequate, effective Internal Control System exists, all assets and equipment have been incorporated in the asset list, assets and equipment have been used for the project purposes, project vehicles, if any, have been used according to the standards set out in the General Terms and Conditions of the Grant Agreement, regulations on travel expenses have been followed, sub-grants foreseen in the project document have been provided to third parties and have been properly accounted for on the basis of actual costs, applicable visibility regulations have been adhered to, recommendations from previous periods have been implemented, depreciation on investment goods that continue to be available to the Recipient after the end of the term of the Agreement has been properly calculated, equipment or services produced or provided by the Recipient itself have been charged at cost only (without any markup).

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<sup>1</sup> Considering that the project was implemented in Syria, from where it is difficult to obtain original documents due to the security concerns, scanned documents are considered as sufficient.

## 8. Required Expertise and Minimum Criteria

1. The Auditor is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC)  
or  
The Auditor is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits himself/herself to undertake this Engagement in accordance with the IFAC standards and ethics.
2. The Auditor will employ staff with appropriate professional qualifications and suitable experience with IFAC standards and with experience in verifying financial information of entities comparable in size and complexity to the Grant Recipient.
3. The Auditor has 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.
4. The Auditor will provide the Contracting Authority with CVs of the staff/experts involved in the expenditure verification. The CVs will include appropriate details for the purpose of the evaluation of the offer on the relevant specific experience for this expenditure verification and the qualifying work carried out in the past.

## 9. Audit Standards

The Auditor shall undertake this Engagement in accordance with:

- the International Standard on Related Services ('ISRS') 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;
- 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 regarding integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for Agreed-upon procedures engagements, the Contracting Authority requires that the Auditor is independent from the Beneficiary and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

## 10. Reporting

The Auditor shall produce an Expenditure Verification Report which contains at least:

- Title
- Addressee
- Brief description of the project and partner(s)
- Period covered by the report

- Total amount of budgeted and actual incomes
- Complete list of project funds transferred, including donors' names, dates and exchange
- rates
- Total amount of actual expenditures verified
- Expenditure Coverage Ratio
- Description of the procedures performed
- Factual findings
- Recommendations, if applicable
- Follow up of previous recommendations, if applicable
- Other relevant matters
- Date of the report
- Auditor's address and signature

The Report shall also comprise the following annexes:

- Financial Statement
- Bank account statements
- List of payable invoices, if any
- In case ineligible costs are detected, a list of respective vouchers
- Asset list
- If expenses contain Value Added Tax (VAT), the Auditor shall certify that Grant Recipient is not exempt from VAT and cannot reclaim it either.

## 11. Mandate

ITF will provide the external auditor with at least the following material and sources:

- The Grant Agreement between ADA and ITF for the project implementation.
- Agreement/contract between ITF and two (2) implementing partners and corresponding Annexes and Amendments.
- The bank statements, accounts and invoices originated from the project activities; the project reports with financial reports (including financial statements and list of bills) will be included as well as audit reports for respective partners' financial expenditure.

The project managers, the accountants and the staff working on the project by the ITF will be open to collaboration with the selected expert auditor. They will facilitate the audit process and give timely responses in accordance with the above schedule.

## 12. Work Plan

The audit shall be carried out in the ITF's office in Ljubljana (Slovenia) and comprises the verification of bank statements, accounts and invoices.

Interested auditors may **request additional documentation** (e.g. Grant Agreement, Project Proposal) prior to the submission of the quotation to assist in the preparation of it, by email addressed to Ms. Katarina Cviki Balić, ITF Project Manager, at [katarina.cviki-balic@itf.si](mailto:katarina.cviki-balic@itf.si) and [info@itf.si](mailto:info@itf.si).

The **quotations of interested auditors should be submitted to ITF by 17 May 2021 at 12:00 hrs (noon) CET to Ms. Katarina Cviki Balić**, ITF Project Manager, at [katarina.cviki-balic@itf.si](mailto:katarina.cviki-balic@itf.si) and [info@itf.si](mailto:info@itf.si). Additional questions and proposals may be submitted electronically to [katarina.cviki-balic@itf.si](mailto:katarina.cviki-balic@itf.si) and [info@itf.si](mailto:info@itf.si).

The decision on selection of the auditor will be determined by 24 May 2021. Selection will be made among qualified auditors on the basis of most favourable price.

**The audit report must be delivered to ITF by 15 June 2021 at the latest.** The audit will examine the bank statements, accounts and invoices for the period 1 October 2019 to 31 March 2021.

The audit report has to be written in English language. The reports should be presented in softcopy to Ms. Katarina Cviki Balić at [katarina.cviki-balic@itf.si](mailto:katarina.cviki-balic@itf.si), as well as sent in one hardcopy to the ITF Enhancing Human Security, Trg republike 3, 1000 Slovenia.

### 13. General Terms

- The Contracting Authority reserves the right to do the final selection based on the available funds.
- The offer and all correspondence and documents related to the offers exchanged by the bidder and the Contracting Authority shall be written in English, which is the language of this procedure.
- This Terms of Reference and the Invitation for Submission of Offers is governed by the laws of the Republic of Slovenia.
- The bidder shall bear all costs associated with the preparation and submission of their offer. In no case will the Contracting Authority be responsible or liable for such costs, regardless of the process or results of the Invitation for Submission of Offers procedure.