



TERMS OF REFERENCE EXTERNAL AUDIT

1. INTRODUCTION

The aim of the humedica project in Kosovo is to improve the delivery of health services in the general hospital of the city of Peja, Kosovo by developing and implementing nutrition standards and complementary activities to improve the skills of hospital staff through tailored training and workshops.

2. BACKGROUND OF THE PROJECT

The implementation of the project will contribute to improve the overall operations regarding nutrition including hygiene and sanitation inside the catering units which shall be addressed through development of manuals, protocols, trainings and small physical interventions that lead to improved delivery of services at the hospital and increase the efficacy and safety levels. Furthermore, it helps in taking action to build safe and acceptable protocols and standards which in turn will reduce potential health impacts on the nutrition. Through this project, the hospital will also be able to organize catering and nutritional support with all other services in a hospital and provide adequate nutritional care to all patients in all departments/units.

Project Objective:

- Improve delivery of health care services through the development and implementation of nutrition standards by conducting complementary activities to improve the skills of of hospital staff through tailor-made skills training and educational workshops.

Specific Objectives:

- Baseline study on existing structures and mapping of needs; and draft report recommendation for nutrition protocols.
- Drafting a nutrition manual and protocols by an external expert through a participatory approach.
- Improvement of hygienic and sanitary conditions by small-scale investment.
- Obtaining certification to food safety standards (ISO 22000:2018) and quality management standards (ISO 9001:2018).

Main outcome:

The purpose of the project is to provide quality healthcare services and enhance the expertise of hospital staff through a combination of theory and hands-on training by developing protocols for nutrition and food safety standards.

3. GENERAL INFORMATION AND REQUIRED EXPERTISE

One (1) audit should be conducted during the project implementation period from 1st of July 2022 to 1st July 2023 covering one year of project expenses. The total amount of expenses to be verified is estimated at EUR 71,920.00 based on the project budget approved by all project partners. The audit report must show the total project expenses during each year.

The auditor must not have been involved in the operation's accounting and must not be personally connected in any way with the organisation being audited.

The expert auditor company must be legally registered in the Republic of Kosovo. 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.

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 (as revised April 2020);
- 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 behavior 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 Syri i Vizionit and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

4. OBJECTIVES AND PROCEEDINGS OF THE AUDIT

Based on original documents the Auditor verifies that

1. the project is implemented in accordance with the principles of economy, efficiency, and expediency.
2. proper book-keeping and sound financial management have been maintained by the Grant Recipient, the related expenditure practices are correct, Generally Accepted Accounting Standards have been met and an adequate, effective Internal control system exists.
3. the project funds have been used in conformity with the Grant Agreement, in particular:
 - a. the project funds were spent exclusively for project related expenses and solely for the purpose intended.
 - b. costs have been incurred during the implementation period.
 - c. costs meet the eligibility criteria stipulated in the Grant Agreement and its annexes.
4. the financial report presented by the Grant Recipient presents the actual expenditure incurred and the revenue received for the project for the respective reporting period accurately and in conformity with the Grant Agreement and annexes thereto.
5. the project expenditures are allocated to the last approved (allocated) project budget.
6. individual expenditures made from grant funds are clearly evident from the project bookkeeping and are assigned to the correct budgeted items as specified in the approved Grant Application.
7. it is plausible that the expenditure for a selected item was necessary for the implementation of the project and that it had to be incurred for the contracted activities of the project by examining the nature of the expenditure with supporting documents.
8. where expenditure was apportioned, the applied allocation key was based on sufficient, appropriate, and verifiable underlying information.
9. over-expenditure, if any, lies within the thresholds stipulated in the Grant Agreement.
10. costs declared in the Financial Statement are justified by the relevant supporting documents in form of genuine and original invoices, receipts and vouchers bearing all necessary information; these original supporting documents are clearly associated with the project and the project's time frame.
11. all expenditures claimed under the financial report have been settled and paid for, no outstanding invoices or accrued costs have been included in the financial report.
12. all necessary supporting documents for employees' costs are available and these costs are reported correctly. Specifically, the auditor verifies

- a. the existence of employment contracts in accordance with the relevant national legislation,
 - b. that the reported employees' costs are calculated correctly in accordance with the approved Budget and respective provisions of the ADA General Terms and Conditions,
 - c. that only actually paid employees' costs have been claimed under the Financial Report and this has been evidenced by the respective supporting documents.
13. other revenues originally not foreseen in the financial plan (if any) were registered.
 14. applicable procurement regulations of the Humedica e.V. General Terms and Conditions have been complied with.
 15. applicable provisions of social and labour laws in all countries where the project is being implemented have been complied with;
 16. applicable provisions of the company and tax laws and regulations have been complied with;
 17. regulations on travel expenses have been followed;
 18. equipment or services produced or provided by the Recipient itself have been charged at cost only (without any mark-up), if applicable;
 19. applicable visibility regulations have been adhered to;
 20. requests and recommendations from the previous expenditure verifications regarding any project relevant matters have been considered and implemented.

The Expenditure Coverage Ratio (ECR) is defined as follows:

The Auditor ensures that the overall ECR is at least 65%. If he/she finds an exception rate of less than 10% of the total amount of expenditure verified (i.e. 6,5 %) the Auditor finalises the verification procedures and continues with reporting. If the exception rate found is higher than 10% the Auditor extends verification procedures until the ECR is at least 85%. The Auditor then finalises verification procedures and continues with reporting regardless of the total exception rate found. The Auditor ensures that the ECR for each expenditure heading and subheading in the Financial Report is at least 10%. The Contractor must reserve the right to share the Expenditure Verification Report and its annexes with all donors.

4. WORK PLAN

The procedures regarding the audit report are conducted on the premises of Syri i Vizionit and include the examination of all the original documents/vouchers. Syri i Vizionit is obliged to provide the auditor with all information and all documents necessary to conduct the audit.

A draft of the audit report shall be sent by E-Mail to Syri i Vizionit and Humedica e.V. on the end working day of 10 September 2023. Any open questions can be discussed and addressed within 5 working days after sending the draft report. A final version of the audit report must be completed and forwarded to Syri i Vizionit and Humedica e.V. electronically. Furthermore, signed and stamped reports together with a management letter are to be sent to Syri i Vizionit, as follows:

- Triplicates (3) in English language.

5. STRUCTURE OF THE AUDIT REPORT

The Auditor shall invalidate the original receipts and produce an Expenditure Verification Report, that should describe the purpose, the agreed-upon procedures and the findings in enough details.

The report should contain at least the following information:

1. Title
2. Addressee
3. Brief description of the project and partner(s)
4. Period covered by the report
5. Total amount of budgeted and actual incomes
6. Complete list of project funds transferred, including donors' names, dates and exchange rates
7. Total amount of actual expenditures verified
8. Expenditure coverage ratio
9. Objectives, scope and description of the procedures performed
10. Findings from the expenditure verification
11. Recommendations, if applicable
12. Follow up of previous recommendations, if applicable
13. Other relevant matters
14. Date of the report
15. Auditor's address and signature

The Report shall also comprise the following annexes:

1. Financial Statement: overall calculation with comparison of actual expenditures vs. approved budget certified by the company's formal signature (stamp and signature) and by the formal signature (stamp and signature) of the auditor;

TERMS OF REFERENCE
external audit

Publication date: 03 July 2023
Deadline for application: 17 July 2023

2. cash flow statement;
3. a detailed voucher list classified according to the relevant budget lines;
4. bank account statements;
5. list of payable invoices, if any;
6. in case ineligible costs are detected, a list of respective vouchers;
7. asset list;
8. list of procurement contracts awarded during the reporting period, if any;
9. list of grant contracts awarded during the reporting periods, if applicable.

Auditing firm:	
Name/s of Auditor/s:	

We hereby confirm that we will carry out the audit of the project mentioned above according to the requirements laid down in this documents (ToRs).

Place and date

Signature

