



Terms of Reference (ToR)

External audit of the project

STREAM and PAT-ACTED-UZB_TAJ_KYR_01_22

**Assurance Engagement in accordance with ISAE 3000 – revised
for Expenditures under the Financing Agreement
dated December 08,2023
between
PATRIP Foundation
and
Acted (“Implementing partner”)**

The Financing Agreement and Project Expenditures (“Subject Matter”)

1. The Project Expenditures are made under the conditions of the Financing Agreement dated December 08, 2023, between PATRIP Foundation and the Implementing Partner including the corresponding Special Agreement, for financing of the project(s): *STREAM and PAT-ACTED-UZB_TAJ_KYR_01_22*
2. The preparation of the Statements of Expenditures (“SOE”), the Summary of Bank Accounts and the disbursement requests (overall “Subject Matter Information”) is the responsibility of the Implementing Partner.
3. The financial information has to be established in accordance with consistently applied accounting standards and the underlying agreements governing the use of funds, notably the Financing Agreement including the corresponding Special Agreement as mentioned under paragraph 1 above (together the “Relevant Agreements”).

Scope

4. This engagement is a **reasonable assurance engagement** in accordance with International Standard on Assurance Engagements (ISAE 3000 – revised) as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This standard requires that the auditor will plan and perform procedures considered necessary to obtain reasonable assurance about the Subject Matter information (including – if necessary – on-site visits). The auditor must bear in mind that, for the establishment of the audit opinion, he/she must carry out a compliance audit and not a normal statutory audit.
5. The assurance engagement
 - a) will be effected annually (“Reporting Period”) and the respective report(s) shall be presented **not later than March 25, 2025**.

- b) shall cover in one single Report (“Report”) exclusively all accounts opened or used in connection with the Financing Agreement as mentioned under paragraph 1 above.
- c) shall comprise all expenditures listed in the SOE referred to in the Report.

Objective

6. The objective of the assurance engagement (“Objective”) is to permit the auditor to express a conclusion on the “Subject Matter Information” as far as the Financing Agreement and Expenditures (Subject Matter) are concerned and to obtain reasonable assurance about whether the Subject Matter Information is free from material misstatement regarding proper use of PATRIP funds according to the criteria mentioned below (paragraph 8).
7. The auditor shall consider that mere account transfers as well as advance payments out of any special account or cash boxes to service providers which have not been cleared until the end of the Reporting Period cannot be classified as “use of funds” and shall be shown separately in the Summary of Bank Accounts and the SOE.
8. In a form that conveys the auditor’s position and based on the Subject Matter Information the auditor/practitioner shall express his conclusion with reasonable assurance on the following criteria (“Criteria”), and shall thus confirm whether in all material aspects:
 - (a) The payments have been made in accordance with the conditions of the Relevant Agreements. Where ineligible expenditures are identified, these should be noted separately in the Report.
 - (b) The bank account(s) have been maintained in accordance with the provisions of the Relevant Agreements. This also comprises cash flows to and from accounts opened or used in connection with the Relevant Agreements as mentioned under paragraph 1 above, as well as interest earned from balances.
 - (c) Expenditures are supported by relevant and reliable evidence (such as contracts, invoices, guarantees etc.). All supporting documents and record with respect to the SOE submitted as basis for withdrawal applications have been made available. There were no indications that these expenditures had already been financed by other sources.

In addition, project receivables (such as advances, tax claims, ...) paid in former Reporting Periods have been cleared and used for project purposes, supported by relevant and reliable evidence.
 - (d) The SOE referred to in the Report can be relied upon to support the related disbursement requests. Clear linkage exists between the SOE and

disbursement requests presented to PATRIP Foundation and the accounting records of the Implementing Partner.

- (e) The procurement process of goods and services financed was in accordance with the Relevant Agreements and according to the procurement guidelines of PATRIP Foundation.
- (f) Specific deficiencies and areas of weakness have been identified in the internal system and controls of the Implementing Partner. Where deficiencies are identified, these should be noted separately.

Reports

9. The Report(s) shall

- (a) be issued by a renowned auditor in English language.
- (b) be presented annually (signed original(s)) **not later than March 25,2025**.
- (c) include at a minimum the following elements:
 - i. title of the audit report: “Independent Assurance Report”
 - ii. description of the Subject Matter
 - iii. applied criteria to evaluate the Subject Matter and to express the auditor’s/practitioner’s conclusion as defined under paragraph 8 above
 - iv. identification of the level of assurance obtained
 - v. informative summary of work performed as to extent, locations, etc.
 - vi. description of significant limitations
- (d) state in a separate paragraph any tax amounts or other project related contributions paid and not refunded, if the Relevant Agreements prohibit financing of these costs.
- (e) comprise the auditor’s statement on the seriousness of observations noted including the consequences of specific deficiencies, if any, also in connection with the internal control system.
- (f) contain the following Annexes:
 - Summary of the auditor’s conclusions during the Reporting Period (see **Annex A** to these ToR)
 - Schedule showing receipts, transfers and disbursements of all accounts related to the Relevant Agreements as mentioned under paragraph 1 above (see **Annex B** to these ToR) during the Reporting Period, in particular showing cumulated expenditure less advances not yet cleared resulting from PATRIP Foundation payments since project start. A **pdf version and**

an excel version of Annex B are required to be submitted with the audit report.

- Fixed Asset Register as per PATRIP Foundation template
- Summary of Bank Accounts and SOE referred to in the Report, including the balance(s) of all bank account(s) at the beginning and the end of the Reporting Period
- These Terms of Reference (ToR)

Management Letter / Statement on Internal Control

10. The auditor/practitioner shall prepare a “Management Letter” or “Statement on Internal Control” in which he will:

- (a) give comments, observations and recommendations on the accounting records systems and controls examined during the course of the engagement (with special focus on the account(s) under the Relevant Agreements and on the handling of project receivables such as advances, tax claims, etc.).
- (b) if pertinent, identify specific deficiencies and areas of weakness in relevant systems and controls of the Implementing Partner that have come to the auditor’s attention, especially with regard to withdrawal, procurement, storage and payment transactions, and make recommendations for their improvement.
- (c) if pertinent, report on actions taken by the management of the Implementing Partner to make improvements with respect to deficiencies and areas of weakness reported in the past;
- (d) bring to the attention of the Implementing Partner’s management any other matters that the auditor considers pertinent.

In case there are no observations to be taken into the management letter the auditor specifies a statement by confirming that no management letter has been issued by stating the reason(s).

Liability

11. The amount of the professional liability insurance shall be based on local/regional standards for audit companies. When prompted to do so, the auditor will provide PATRIP Foundation or any third party commissioned by PATRIP Foundation with evidence of his liability insurance.

Review

12. The auditor shall keep documentation supporting his conclusion until at least five years after completion of the assurance engagement and shall have them accessible at all times for review by PATRIP Foundation or any third party commissioned by PATRIP Foundation.

Independency of the auditor

13. The auditor has not been a legal representative or a member of the supervisory board or an employee of the Implementing Partner in the last 3 years prior to the date of the engagement and will not accept such functions until the completion of the audit.
14. In addition to the auditing activity, the auditor has neither participated in a responsible manner in the keeping of the books or the preparation of the annual/consolidated financial statements/statement of expenditure of the Implementing Partner, nor in the performance of the internal audit, nor he is an executive body or employee of a company that has participated in this, nor has rendered other services.
15. The auditor has not provided any corporate management or financial services or independent actuarial or valuation services that have a significant effect on the proof of use to be audited, nor is he an executive body or employee of a company that has provided such services.
16. The auditor has not taken on any fiduciary activities for the Implementing Partner.

Annex A [to be attached to every Report]**SUMMARY****Name of Project(s) : STREAM****PATRIP Project code(s). PAT-ACTED-UZB_TAJ_KYR_01_22****Financing Agreement dated: December 08, 2023****Reporting Period: December 2023 – December 2024**

Within the scope of our reasonable assurance engagement under the above mentioned Project(s), performed in accordance with International Standard on Assurance Engagements (ISAE 3000 revised), we express our conclusion on the following criteria:

Applied Criteria	Conclusion (YES/NO)*	Summary of work performed (see para. 69 of ISAE 3000)
a) The payments out of the bank account(s) have been made in accordance with the conditions of the Relevant Agreements. Where ineligible expenditures are identified, these should be noted separately in the Report.		
(b) The bank account(s) has (have) been maintained in accordance with the provisions of the Relevant Agreements. This also comprises cash flows to and from accounts opened or used under the Relevant Agreements as mentioned under paragraph 1 in the Terms of Reference, as well as interest earned from balances.		
c) Expenditures are supported by relevant and reliable evidence (such as contracts, invoices, guarantees etc.). There were no indications that these expenditures had already been financed by other sources. In addition, project receivables (such as advances, tax claims etc.) paid in former Reporting Periods have been cleared and been used for project purposes, supported by relevant and reliable evidence.		
d) The Statements of Expenditures (SOE) referred to in the Report can be relied upon to support the related disbursement requests. Clear linkage exists between the Statements of Expenditures (SOE), the disbursement requests presented to PATRIP Foundation and the accounting records at the Implementing Partner.		
e) The procurement process of goods and services financed was in accordance with the Relevant Agreements and according to the procurement guidelines of PATRIP Foundation.		
f) No other important findings and observations have been disclosed during the engagement.		
g) All observations raised in former reports have been solved by now (for details please refer to page) – not applicable in case of first report hereunder.		

*Result “NO” requires a reference to a page/section of the Report.

Annex B *[to be attached to every Report]* *

PATRIP Project code		Designated PATRIP account (EUR) No. ...	Local designated account 1 No. ...	Local designated account 2 No. ...	***)	Petty Cash Box
		EUR	Account Currency ...	Account Currency...	Account Currency...	Currency ...
Reporting period	from ... to ...					
a) Account balance at the beginning of the reporting period						
b) Inflow of funds from PATRIP Foundation (special account)	plus					
c) Credit interest or other project related receipts, if any	plus					
d) Incoming transfers between accounts (from accounts named here)	plus					
e) Outgoing transfers between accounts (only in favour of accounts named here)	less					
f) Expenditure (including bank charges) and advances **)	less					
g) Account balance at the end of the reporting period						
Cumulated amounts from project start until end of Reporting Period -PATRIP Foundation funds only-						
a) Cumulated inflow of funds (special account)						
b) Cumulated expenditure less advances not yet cleared						

*) In case multiple projects are implemented by one Implementing Partner and covered by the audit, then a consolidated Annex B shall be prepared, and a Sub-Annex B as per individual project shall be submitted which shall support and reconcile the consolidated figures in the consolidated Annex B.

**) Please include notes to support this line where applicable

***) Please note that **ALL bank accounts used** for the management of PATRIP funds MUST be presented in Annex B (including general accounts of implementing partner, if any). Add columns as needed. Figures for local currency bank accounts should be reflected in local currency and not in Euro.

A pdf version and an excel version of Annex B are required to be submitted with the audit report. An excel template for Annex B is provided separately to this document.

Any deviation/differences require an explanatory note.