

CALL FOR TENDER

FRAMEWORK AGREEMENT FOR AUDIT

Malteser International (MI) is an international Non-Governmental Organization based in Cologne, Germany, providing humanitarian aid worldwide. In cooperation with The Order of Malta Philippines we are implementing a project titled *“Protecting the Environment and Empowering Women Through Their Innovative and Active Involvement in the Plastic Recycling Value Chain.”* (MI PN 2598-14, Donor PN 6320). The initiative aims to reduce plastic pollution in the target communities and improve income opportunities for marginalized women in Manila. The project duration is November 1, 2021, to October 31, 2024.

To ensure the quality and accountability of our activities through annual audits, we invite certified accredited external auditors/ audit companies/firms - eligible for auditing bank, financial institution, and NGOs (registered under the Philippine Law) to apply for a framework agreement.

Details of the Framework Agreement

Project title: *“Protecting the Environment and Empowering Women Through Their Innovative and Active Involvement in the Plastic Recycling Value Chain, in Manila Philippines.”*

Project duration: 01.11.2021 – 31.10.2024

Estimated volume: 346.197 EUR.

Organisation: The Order of Malta Philippines

Assignment: Carry out 2 annual audits

Deliverables:

1. Audit report covering all income/expense for the period 01.11.2021 - 31.12.2023.
 - Draft to be submitted *as soon as possible*.
 - Final (after revision of Malteser International) to be submitted *as soon as possible/not later than 25th June*.
2. Audit report covering all income/expense for the period 01.01.2024 - 31.10.2024.
 - Draft to be submitted by 31.01.2025.
 - Final (after revision of Malteser International) to be submitted by 15.03.2025.

Requirements for the auditor: Valid qualification (at the time at which the audit report is issued)

How to apply

Technical, financial proposals & below certificates should be sent on or before 24.04.2024, by 5:00 pm [German time] to mb.hr-philippines@malteser-international.org

- Valid auditor qualification certificate
- Legal documents (registration and others)
- Organization profile or any affiliation
- Technical and Financial proposal for the audits

Interested audit companies are invited to download the detailed **Terms of Reference** under the link of www.Malteser-International.org and submit their bids to mb.hr-philippines@malteser-international.org having the subject heading “2598-14 Submission of proposal for external audit”. Tender process will be closed on 24.04.2024, 5:00 pm German Time. Applicants, who have not received any notification from Malteser International until two weeks after the deadline of the process, should consider themselves unsuccessful.

For this audit, the key contact for the applicants will be as follows:

Surafel Abraha, Program Operations Manager, MI Headquarters Cologne, Germany
Email: Surafel.Abraha@malteser-international.org

TERMS OF REFERENCE

FOR THE AUDIT OF THE BMZ- PT PROJECT

“Protecting the environment and empowering women through their innovative and active involvement in the plastic recycling value chain.”

Introduction

Malteser International is the worldwide relief agency of the Sovereign Order of Malta for Humanitarian aid. Its mission is not only to provide emergency relief but also to implement rehabilitation measures and to facilitate the link between Emergency Relief and Development. In its projects, Malteser International concentrates on the five sectors Relief and Rehabilitation, Health and Nutrition, Water, Sanitation and Hygiene, Livelihoods, and social programs.

1. PROJECT SUMMARY

The current project, *“Protecting the Environment and Empowering Women Through Their Innovative and Active Involvement in the Plastic Recycling Value Chain.”* (MI PN 2598-14, Donor PN 6320)

The implementing partner is the Philippine Association of the Sovereign Order of Malta, Inc. (hereinafter referred to as **OMP**), located in Manila.

The project goal is to reduce plastic pollution in the target communities and improve income opportunities for marginalized women. In collaboration with local long-term partner organizations of Malteser International (Pro-Vision in India, YEU in Indonesia, RSDC in Nepal and OMP in the Philippines), the project aims to reduce plastic pollution by educating people in 3Rs (Reduce, Reuse, Recycle), organizing women into Women Plastic Entrepreneur Groups (WPEGs), Establishing local waste collection centers (plastic banks) and small-scale industrial recycling workshops, as well as various trainings for women in the areas of management, waste processing, and development/marketing of self-produced products, to reduce plastic pollution in Indonesia, and increase the income of marginalized women. This project thus contributes to the overall goal of helping to protect ecosystems and livelihoods (SDG 12, SDG 13, SDG 14), To improve human health (SDG 3); To reduce poverty (SDG 1). and women's empowerment (SDG 5) in Kanyakumari District, Tamil Nadu/ India, Central Sulawesi/ Indonesia, Kathmandu/ Nepal, and Manila/ Philippines.

The project duration is 01.11.2021 – 31.10.2024 with an initial total direct project budget of 346,197.00 EUR.

2. OBJECTIVES OF THE AUDIT

The objective of the audit is to express an opinion on the financial statements and report that all statutory compliances are carried out following the Generally Accepted Accounting Standards in the Philippines and the regulations according to the Partner Project Agreement.

The specific objectives are as follows:

- ✓ Giving a judgment of the financial performance and position particularly whether correct and reliable reflection is given of the receipts and expenditure in these financial statements.
- ✓ Analyzing and evaluating the financial management and internal control system.
- ✓ Making observations to assess whether MI and Partner organizations have complied with all conditions of the existing rules and regulations.

3. DESCRIPTION OF SERVICES

3.1 GENERAL MANDATE

Carry out an audit by appropriate professional standards of auditing as applicable in the Philippines and the regulations defined in the Partner Project Agreement and express an independent professional opinion on the financial statements of **OMP** for the financial year for the period from

- November 01, 2021, to December 31, 2023,
- January 01, 2024, to October 31, 2024 (project end), subject to potential extension.

Annexes 1 and 2 must be prepared separately for each calendar year, 2021, 2022, 2023, and 2024. In addition, Annex 1 and 2 must be prepared for the final audit covering the entire duration of the project.

Produce a report on the evaluation of the financial management of Malteser International's implementing partner indicating the strengths and weaknesses, as well as corrective measures needed to ensure proper financial management.

3.2 Give particular attention to:

The external audit should include the following auditing and control measures.

- ✓ Verifying accounting records for correctness and completeness.

- ✓ Verifying the financial report in which all project-related income and expenditure must be shown and for which it must be confirmed that receipts are provided for all income and expenditure.
- ✓ Verifying how the provided project funds have been managed. This includes:
 - Project funds transferred to the project partner in the current budget year or during the project duration.
 - Interest earned in the current budget year or during the project duration from project funds transferred to the project partner if existing.
 - Other income from the project activity.
- ✓ Verifying to what extent the funds have been used appropriately in line with the planned project objectives and activities.
- ✓ Verifying the cost-effectiveness of expenditure on financial resources (to be used economically and as effectively as possible).
- ✓ Verifying the personnel costs and social security contributions to ensure that they are in line with local standards, legal in the respective project country, and, above all, that they comply with contracts and that the contributions required by law are being withheld.
- ✓ Verifying that the cost plan is being adhered to using a comparison of objectives and effects (based on the most recent valid budget).
- ✓ Verifying the economic use of project equipment.
- ✓ Verifying the procured inventory, where it is being held and whether it has been/is being used appropriately to carry out the planned project objectives and activities.
- ✓ Verifying and confirming that project-relevant documentation is complete and correct.
- ✓ Verifying that all agreements fundamental to the project are being adhered to.

4. PROCESS OF THE AUDIT

Activity	Actors involved	Frequency of activity	Timeline (starting 2025)	Timeline 2024
submission of offer (one amount including travel, food and accommodation, taxes, etc.)	auditor	Once, in the first project year		April

signature of tri-partite agreement by all parties (optional: First Instalment payment)	MI + partner + auditor	Once, in the first project year		End of April / Beginning of May
provision of a project contract with all annexures, amendments, etc. to the auditor	partner	Once, in the first project year. If project amendments are approved during the project, these must be shared with the auditor.		
workplan: partner and auditor decide dates for documents verification at partner office <u>and field visit</u>	partner + auditor	Each project year		
conduct of audit	partner + auditor	Each project year		
auditor shares draft audit report	MI + partner + auditor	Each project year	Latest 01.03.	End of May/early June (if later, as soon as possible)
review of audit report and sharing of comments	MI + partner	Each project year		
revision process of audit report to be continued until provision of clearance	MI + partner + auditor	Each project year		
signing of the stamped audit report, provision of the soft copy and the 4 hard copies to MI and partner	auditor	Each project year	20.04.	As soon as possible / mid of June
Installment payment	partner	Each project year		

5. AUDITOR'S REPORT

The report of the external audit must include the following:

- ✓ Presentation of the audit assignment and scope with extensive comments on the audit findings. The auditor must also state which documents were used for the audit of the appropriate use of funds and compliance within the project term.
- ✓ Recommendations in case of complaints
- ✓ Comment on how audit observations from previous years were followed up on, if required
- ✓ Budget (most recent version), with the structure used for the financial report, provided for the final report, and presented like Annex 1. The comparison of planned and actual expenditure is shown in the currency in which the expenditure was incurred. The audit will not convert these amounts to EUR.
- ✓ For deviations of actual expenditure from the planned expenditure in the current budget that exceeds 20% of individual budget sub-categories, reasons must be given.

- ✓ The final audit opinion in the audit certificate must state the following (minimum requirement), which is to be worded clearly by the external auditor and adapted if appropriate: “We hereby certify that we have audited the statement of accounts of **OMP** regarding the financing of the project “Protecting the environment and empowering women through their innovative and active involvement in the plastic recycling value chain”. Our audit was carried out based on the following requirements about the use of funding:
- project agreement including all annexures and amendments if applicable,
 - partner reports
 - budget control including voucher list, vouchers with supporting documents, cash books, statement of accounts, bank passbook, deposit slips, monthly trial balance, and allocations of shared costs (staff, office rent, water, communications, and electricity, etc.),
 - income overview/ receipt documents: installments of MI including exchange rate calculation, interest received on bank account,
 - staff list, staff contracts, time sheets,
 - logistic documents incl. inventory list, handover documents, procurement documents, logbook, vehicle registration etc.
 - training documentation: participants list, training flow, etc.
 - MOUs/ agreements/ contracts with governmental partners/ local authorities, community-based organizations (self-help groups, federations, etc.), service providers, etc.
 - in case of project-funded constructions: land title documents, agreements between landowner and project holder/ beneficiaries for long-term utilization
 - others: to be specified

To this end, we have inspected the books and receipts. Based on our audit, we confirm that:”

Following this, the audit should provide specific statements on the following questions:

1. To what extent has all income and expenditure been properly documented using receipts?
2. To what extent has documented expenditure complied with its application and project approval and to what extent is it in keeping with the appointed purpose and the most recent budget? Have any deviations from the most recent budget been explained separately?
3. To what extent has documented income, that is accounted for as contributions made by the local project partner, the target group, and/or other agencies in the project country been specified correctly and its origin explained per specifications?

4. To what extent were the donor's conditions that were specified in the project agreement? What response was there to these conditions? Which of these conditions were not adhered to and were reasons given for this?
5. Which special aspects – positive or negative – should be mentioned about this project?

The audit report should draw a clear conclusion regarding adherence to the binding arrangements made in the project agreement.

The auditor is required to provide information in the audit report about any special aspects (relating to the project in question). Specific statements on the audit conducted on the project in question (i.e. which income and expenditure were examined, whether planned project activities were implemented) and on the individual audit findings must be made. If there were no findings, this must also be explicitly mentioned in the report.

Annex 1: Statement of Accounts by Chartered Accountants

1. The chartered accountant shall structure his auditor's certificate according to the quantitative documentary proof of the statement of application of funds (cf. Annex 2). He must record the commissions and documents that make up the terms of use made available on which the audit is based.
2. Expenditure that exceeds the budget appropriations by more than 20% shall be explained separately if the approval of the BMZ has not previously been obtained.
3. The final auditor's certificate shall contain the following (minimum requirement):

"We hereby certify that we have audited the statement of accounts of (name of the project-executing agency in the developing country) in respect of the financing of the project (name) based on 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 expenditures 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.
5. Special notes:

List of findings of the current year

Finding of the auditor	Recommendation of the auditor	Feedback of the partner

List of findings of the previous year

Finding of the auditor	Recommendation of the auditor	Status of implementation

"

Quantitative documentary proof

Annex 2: Statement of application of funds

BMZ project number

Statement of accounts for 20 to 20

Financial statement as at

4.1	<u>Expenditure</u>	Appropriation according to the Financing Plan of [date] in local currency	Actual expenditure in local currency	Deviation – as a % –
4.1.1	<u>for investments</u>			
4.1.1.1.				
4.1.1.2				
4.1.1.3				
4.1.1.4				
4.1.2	<u>for operating expenditure</u>			
4.1.2.1				
4.1.2.2				
4.1.2.3				
4.1.2.4				
4.1.3	<u>for personnel</u>			
4.1.3.1				
4.1.3.2				
4.1.3.3				
4.1.3.4				
4.1.5	<u>for evaluation or study</u>			
	Project expenditure			
4.1.6	<u>Reserve funds</u> (appropriations only)		---	
	<u>Total expenditure</u>			

4.2. Receipts	Budgeted receipts according to the Financing Plan of [date] –in local currency–	Actual receipts –in local currency–	Deviation – as a % –
4.2.1 BMZ grant and financial contribution from private executing organisation			
4.2.2 Contribution from project-executing agency, target group and/or other source in developing country			
4.2.3 Additional resources (e.g. interest, sales revenue)			
Total receipts			

4.3 Financial statement as at			
			– in local currency –
Total receipts			
Total expenditure		./.	_____
Balance			
Overspending ¹			

It is confirmed that no funds were available for the financing of the project other than the receipts detailed above. It is also confirmed that all expenditure was necessary, that funds were utilised efficiently and economically, and that the information given conforms with the books and vouchers.

.....
(Place) (Date)

.....
(Signature and stamp)

¹ Overspending = Actual total expenditure – Appropriation total expenditure according to Financing Plan