Terms of Reference
for conducting
"Two interim and one final external audit"
On behalf of SOS Children´s Villages, Albania
For the project "A right to Family II – Improving the availability, accessibility and quality of foster care and community-based services in Albania, Armenia, Belarus, North Macedonia and Ukraine".

I - Introduction - Project Background

SOS Children´s Villages Albania is a non-governmental, non-political and non-profit organization, that has been operational, since the year 1996, in the field of social protection of children and young people without parental care as well as families at risk.

Since September 2025, SOS Children's Villages Albania, together with the national associations of SOS Children's Villages in Armenia, Belarus, North Macedonia, and Ukraine (hereinafter referred to as the Member Associations or MAs), has been implementing the regional project entitled "*A right to Family II – Improving the availability, accessibility and quality of foster care and community-based services in Albania, Armenia, Belarus, North Macedonia and Ukraine*".

SOS Children's Villages Albania, Armenia, Belarus, North Macedonia, and Ukraine are non-profit, non-governmental organizations and active members of SOS Children's Villages International, a federation comprising more than 130 national associations worldwide. Together, they work towards a common vision: every child belongs to a family and grows up with love, respect, and security.

While the MAs are responsible for implementing their projects and programmes, the German funding association SOS-Kinderdörfer weltweit, Hermann-Gmeiner-Fonds Deutschland e.V. (hereinafter referred to as CVW), supports them through monitoring, public relations, and fundraising activities. The roles and responsibilities of the parties are defined in internal agreements signed by both parties.

The project " *A right to Family II – Improving the availability, accessibility and quality of foster care and community-based services* ", implemented in Albania, Armenia, Belarus, North Macedonia, and Ukraine, is co-funded by SOS-Kinderdörfer weltweit, Hermann-Gmeiner-Fonds Deutschland e.V. and the Germain Federal Ministry for Economic Cooperation and Development (BMZ).

The project aims to improve children's rights, with a particular focus on supporting reforms of alternative childcare systems in the five project countries. The project implementation period runs from 1 September 2025 to 30 April 2029.

II Objective of the Audit

SOS Children's Villages Albania is seeking to pre-qualify a certified audit firm to conduct **two interim audits and one final external audit** for the project "*A right to Family II – Improving the availability, accessibility and quality of foster care and community-based services in Albania, Armenia, Belarus, North Macedonia and Ukraine*" covering the project period from 01 September 2025 to 30 April 2029.

Location of Audit and timelines

The proposal should be submitted by **October 16th** addressed to the following:

info@soskd.org.al

The detailed timetable for each audit is as follows:

Audit report covering period	Audit period	First draft due date	Final report due date
1st Interim audit - From September 1st, 2025, until December 31st 2026	February 2027	March 10th 2027	March 31st 2027
2nd Interim audit - From January 01st until December 31st 2027	February 2028	March 10th 2028	March 31st 2028
Final Audit – From September 01st 2025 until April 30th 2029	June 2029	July 15th 2029	August 15th 2029

Mandate and Relevance

In accordance with the requirements of SOS-Kinderdörfer weltweit, Hermann-Gmeiner-Fonds Deutschland e.V. all BMZ cofinanced projects are obliged to undergo a complete project audit covering the whole project duration as well as annual or interim audits, as specified in the Project Proposal, to be **conducted** by an independent and recognised audit company. The audits of the accounts are essential for SOS Children's Villages to prove to the donor that all the funds have been used for the intended purpose and according to donor's regulations.

Scope and Location of Auditing

The audit shall cover project activities implemented by the following Member Associations:

a) SOS Children's Villages Albania in Tirana
b) SOS Children's Villages Armenia in Yerevan
c) SOS Children's Villages Belarus in Minsk
d) SOS Children's Villages North Macedonia in Skopje
e) SOS Children's Villages Ukraine in Kyiv

Audit Modality

- The audit will primarily be conducted remotely (online).
- The audit firm must have the capacity to carry out audit procedures in all project implementation countries, either directly or through accredited local partners.
- The audit firm must ensure adequate knowledge of applicable local legal, tax, and accounting requirements in each project implementation country, either through its own expertise or through accredited local partners.
- The auditor may undertake on-site visits in selected countries as considered necessary for obtaining sufficient and appropriate audit evidence.

The auditor's assignment includes the following tasks:

- To verify whether or not the entity has accounting and operating policies and procedures manuals and their conformity with the agreements and relevant national regulations.
- To verify whether the Project has special bank accounts: one in EUR, that may be used to receive funds from various donors and one in LCY, that is used especially and exclusively for the project.
- For all transferred installments, examine the accuracy and completeness of records (dates and amounts of exchange transactions, relevant fees, etc.) of the exchange transactions between EUR funds received from CVW and LCY.
- To examine whether any gain was generated from payments of CVW and/or any third party, and if so, whether the interest thus gained was properly reflected in the accounting documents and used for the financing of project expenditure.
- To thoroughly examine the bookkeeping records and ensure their alignment with the voucher list
- On a sample basis, verify that the Project transactions are supported with supporting documents required by Partnership Agreement (e.g. invoice, receipt voucher, copy of cheque, copy of bank transfer…).
- For all assets procured for project purposes with value above EUR 800 (excluding value-added tax) (or the respective amount in local currency, using the actual donor's exchange rate), check whether the inventory and internal procedures for ensuring compliance with appropriation periods are in line with the procedures stipulated in the PA.
- To verify that procurement of goods and services is made in conformity with Partnership Agreement conditions/ MAs procurement procedures. Thus, documenting most economical and efficient use possible of funds made available for purchasing or construction/renovation purposes; if no quotation or tenders were obtained, the auditor shall give an assessment in his/her written report.
- If immovables were purchased or buildings erected or renovated as part of the project, to examine evidence of ownership or of right of disposal, and to find out whether any encumbrances or obligations to third parties were created; also, to examine whether they are being used for project purpose for which they were destined as stipulated in the Project Proposal.
- To certify that any transfer of ownership for items financed out of the grant has been documented (Asset Transfer Agreement) and previously agreed upon with CVW.
- To reconcile the project cash balance (considering all bank accounts used for the project) and obtain entity justification with regard to unspent amounts, if any.
- In case of Revolving Funds (e. g. Microcredit Schemes) to examine whether the same have been utilized in accordance with the terms laid down in the project proposal, especially referring to the loan purpose, the defined target groups and loan modalities.
- Provided that expenses are recorded when paid (cash-based method), verify that non-cash items including depreciation and imputed costs are NOT charged to the project

Auditing of Annual Statements

- The auditor shall audit the accounts for periods as stated above in the timeline for 1st interim audit, 2nd interim audit and final audit. The final audit will cover the entire project duration September 01st ,2025 until April 30th ,2029.

Auditing Procedure

- The auditing shall be conducted in accordance with the relevant national regulations as well as SOS-internal auditing standards and International Standard on Related Services (ISRS) 4400,

Agreed-Upon Procedures Engagements. The auditor shall perform the agreed procedures and report factual findings in relation to the Project Statement of Accounts and compliance with the grant conditions. In addition, the auditor may provide professional advice on financial management and bookkeeping matters, provided that such advice does not impair the auditor's independence.

Auditor's Report

- The auditor shall draw up his statement according to the specimen provided by CVW (Pls. refer to **Error! Reference source not found.**)
- Financial statements will be prepared and audited separately for each of the five Member Associations (MAs) in their respective local currencies (LCY). **A consolidated financial statement in EUR is not required for the purposes of this audit.** (Reference: GDB reports and databases available).
- As a source of data for donor reporting, the entered transactions in GDB - Grant Data & Budget Monitoring Tool, (a cloud-based software solution, using Microsoft's Model-Driven PowerApps environment) will be utilized.
- Each project country shall provide the auditor with all supporting documentation in originals (in exceptional cases, digital copies can be accepted), preferably structured in conformity with the items of the financing plan and in chronological order.
- Each of the Annual Audited Statement of Accounts shall be accompanied by a condensed voucher list arranged chronologically by date, and showing all payments made by the respective MA in original transaction currency (expenditures paid by CVW, e.g. for monitoring visits, shall be excluded). Digital copies shall be sufficient for annual and interim audits. Hard copies signed and certified by the auditor only are required for the final audit.
- The audit report should contain a statement of cash receipts (including converted funds, if available) which is to be supported by documentation (bank statements, exchange receipts, etc.) as well as a fund accountability statement (see templates in Annex 4.3: "Financial statement template")
- The final auditor's certificate is to be worded as in Annex 4.2: "Format Audited Statement of Accounts".
- Budget items that exceed the budget appropriations by more than ± 20% must be explained separately, if prior approval has not been obtained from CVW.
- Any significant deviation between budgeted and actual receipts must be explained
- The audit report shall contain a description of the detailed task that has been entrusted and a detailed list of documents which have been made available for inspection.
- The audit report shall also include precise comments and recommendations on the accounting systems/procedures in force. Each following audit report shall refer to such recommendations and verify whether the same have been implemented by the project holder.
- The copy of official registration certificate is attached to the audit report.
- **The yearly audit report shall be submitted to CVW not later than March 15th every year and the final audit covering the whole project duration not later than August 15th, 2029, after the end of project.**

Final Audit Package

The auditor shall submit the following documents, properly **signed and stamped**, on the completion of the audit process as Audit Package:

- Auditors' report, according to the format provided in Annex 4.2: "Format Audited Statement of Accounts"
- Audited statement of accounts according to the format provided in Annex 4.3: "Financial Statements template"
- List of key employees.

Financial Statements shall be prepared separately by each Member Association (MA) and signed by the respective National Director and authorised signatory(ies), in accordance with the applicable legal requirements of the respective country.

Submission of the proposal

Interested Certified Public Accountant firms should submit a Technical and Financial proposal in relation to the terms of references (ToRs) below and as stated in the attached Cooperation Agreement to be signed between SOS Children's Villages and the Chartered Accountant Firm.

The following information and documents shall be provided:

a. Background information on the audit firm: Details of firm's experience in providing auditing services to companies in the not-for-profit sector, especially international organizations
b. Methodology to be used: Describe how your firm will approach the audit of the project, e.g. select expenditure items
c. Describe how and why your firm is different from other firms being considered, and why our selection of your firm as an independent auditor is the best decision we could make;
d. Firm's registration details with relevant regulatory authorities
e. Accreditation by a recognized institution (e.g. chamber of commerce, auditors' association) or German embassy.
f. Provide at least 3 references from not-for-profit organizations for which your organization conducted audits in recent years and are still your clients;
g. Provide names and resumes of key personnel that will conduct the audit.
h. Where local partners are proposed, the applicant shall provide details of the partner firm(s), including their qualifications, professional certifications, country coverage, and role in the audit assignment.
i. Include estimated time required on-site to complete the services.
j. Include fee proposal to complete the services outlined in this request.

Selection Criteria

- **Quality of Technical Proposal**: Assessment of the proposed audit approach, methodology, and understanding of the assignment.
- **Competitiveness of Financial Proposal:** Assessment of value for money and cost-effectiveness.
- **Relevant Experience:** Assessment of experience in similar external audit assignments and qualifications of the audit team.

Sanctions and compliance

The applicant must not be subject to sanctions imposed by EU/UN or any other applicable national or international sanctions` regimes to which Albania is a party.

Deadline for Application

Both, technical and financial proposals must be submitted in PDF electronically to the following e-mail address: **info@soskd.org.al** with subject line:

"External audit service for BMZ Right to Family II project" by the deadline **October 16th, 17:00 CET**.

Late submissions shall not be considered.

Questions related to the application process must be addressed at **info@soskd.org.al**.

Modification and withdrawal of the bids

A proposal may be withdrawn by the bidder through a written notification submitted before the proposal submission deadline. Once submitted, proposals shall be considered final and no amendments, corrections, or modifications will be accepted.

Notification of Award

SOS Children´s Villages Albania will inform the successful bidder electronically within three (3) weeks after the closing date of the Request for Proposals.