SEARCH FOR COMMON GROUND

TERMS OF REFERENCE ("ToR") – EXTERNAL AUDIT

Assurance Engagement in accordance with ISAE 3000 – revised
for Expenditures under the
Financing Agreement dated December 18, 2019, between
PATRIP Foundation and the Project Executing Agency Search for Common Ground

The Financing Agreement and Project Expenditures ("Subject Matter")

1. The Project Expenditures are made under the conditions of the Financing Agreement dated **December 18**, 2019, between PATRIP Foundation and the Project Executing Agency **Search for Common Ground** (PATRIP project code **WAF-SFCG-MF-001**) including the corresponding Separate Agreement, for financing of the project(s): **Support Youth-led dialogue for Peace and Stability in the Sahel**.

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 Project Executing Agency.

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 Separate 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/ practitioner 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 has to carry out a compliance audit and not a normal statutory audit.

5. The assurance engagement
   a) will be affected annually ("Reporting Period") and the respective report(s) shall be presented not later than 2 months after the end of the period covered.
   b) shall cover in one single Report ("Report") exclusively all accounts opened 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/practitioner 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/practitioner 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/practitioner'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 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 records 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 Project Executing Agency.

   (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 Project Executing Agency. Where deficiencies are identified, these should be noted separately.

Reports

9. The **Report(s)** shall

(a) be issued by a renowned auditor/ practitioner in English language.

(b) be presented annually (signed original(s)) not later than two months after the end of the Reporting Period covered.

The final audit report shall be presented no later than three months after the end of the Reporting Period in which the final payment out of the bank account(s) is effected or six months after the final payment out of the bank account(s), whichever occurs earlier.

(c) include at a minimum the following elements:

i. description of the Subject Matter

ii. applied criteria to evaluate the Subject Matter and to express the auditor's/practitioner's conclusion as defined under paragraph 8 above

iii. identification of the level of assurance obtained

iv. informative summary of work performed as to extent, locations, etc.

v. 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/practitioner'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/practitioner'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.
- 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. If considered pertinent, 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) identify specific deficiencies and areas of weakness in relevant systems and controls of the Project Executing Agency that have come to the auditor's/practitioner's attention, especially with regard to withdrawal, procurement, storage and payment transactions, and make recommendations for their improvement.

    (c) report on actions taken by the management of the Project Executing Agency to make improvements with respect to deficiencies and areas of weakness reported in the past;

    (d) bring to the attention of the Project Executing Agency's management any other matters that the auditor/ practitioner considers pertinent.

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/practitioner will provide PATRIP Foundation or any third party commissioned by PATRIP Foundation with evidence of his liability insurance.

Review

12. The auditor/practitioner 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.

Annex A

(to be attached to every Report)

SUMMARY [Issued on the auditor's/ practitioner's letterhead]

Name of Project(s) : Support Youth-led dialogue for Peace and Stability in the Sahel
PATRIP Project code(s)WAF-SFCG-MF-001

Financing Agreement dated: WAF-SFCG-MF-001

Reporting Period: January 1st, 2020 to December 31, 2020

Audit period: January 4th to 10, 2021

Report: January end, 2021

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)**
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 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 Project Executing Agency.	
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.

Date:

Stamp and signature of the Auditor/Practitioner:

SEARCH FOR COMMON GROUND

[Issued on the auditor's/ practitioner's letterhead] **Annex B**

(to be attached to every Report)

PATRIP Project code ….		**Designated account no. (Currency = EUR)**	**Local designated account 1 **)**	**Local designated account 2 **)**	**Petty Cash Box**		**Total/ Summary**
Reporting period from … to …		**Unified Currency (preferably EUR) **) for accounts in local currency, please add currency and exchange rate used**					
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 (only 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-			**Unified Currency (preferably EUR)**				
a) cumulated inflow of funds (special account)							
b) cumulated expenditure less advances not yet cleared							

Date: Stamp and Signature of the Auditor/Practitioner: