



## TRUNG TÂM HỖ TRỢ PHÁT TRIỂN VÌ PHỤ NỮ VÀ TRẺ EM

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Hanoi, 21<sup>st</sup> November 2022

### TERMS OF REFERENCE FOR LOCAL AUDITS

**Project title: “Community sub-projects are collectively self-managed by Ethnic Minority (Mong and Thai) for better life conditions”**

(Project number: P-5821, funded by INKOTA netzwerk e.V., managed by DWC)

#### General information

Name of the implementing organisation	Centre for Promoting Development for Women and Children (DWC)
Address	Room 414, My Dinh Plaza, 138 Tran Binh street, My Dinh 2 ward, Nam Tu Liem district, Hanoi, Vietnam
Contact person	Ms. Bui Thi Kim – DWC Director
E-mail	dwc.buithikim@gmail.com
Phone number	(84) 24 66 58 74 74
Name of the funding organisation	INKOTA-netzwerk e.V.
Address	Chrysanthenenstr. 1-3, 10407 Berlin
Contact person	Sarah Griess (Program Coordinator Southeast Asia)
E-mail	griess@inkota.de
Phone number	+49-30-4208202-44
Project title	<b><i>Community sub-projects are collectively self-managed by Ethnic Minority (Mong and Thai) for better life conditions</i></b>
Project period	01.07.2021 – 31.12.2024
Project Budget	<b>220,714 Euro</b>
Funded by INKOTA/BMZ	190,965 Euro
Co-funding by Local cooperation partners/beneficiaries	29,749 Euro

## 1. Introduction

DWC - The Center for Promoting Development for Women and Children is a Vietnamese non-governmental organization founded in 2003 to improve the quality of life of disadvantaged people, especially women and children.

The project “*Community sub-projects are collectively self-managed by Ethnic Minority (Mong and Thai) for better life conditions*” (project number: P-5821) (herein called “The project”) is funded by INKOTA/BMZ (86.5%) and contributed by the local cooperation partners/beneficiaries (13.5%). The project is implemented in 04 villages of Muong Kim and Pha Mu communes of the Than Uyen district, Lai Chau Province for the period of 42 months (07/2021 – 12/2024).

- Overall objective (impact) of the project: The community development in the two project communes is sustainable and based on the needs of the local population.
- Project Objectives (outcomes) and output:

<b>Project objective (Outcome)</b>	<b>Indicators</b>
The people of Muong Kim and Pha Mu communes develop their own solutions for local challenges and implement them successfully together with political decision-makers.	<ol style="list-style-type: none"> <li>1. Regular exchanges between the villagers and the local authorities take place in four project villages, where development needs and solutions are discussed.</li> <li>2. Under the facilitation of 40 trained key community members and with the expertise of 30 other small farmers, a minimum of 16 small development projects planned and implemented in a participatory way.</li> </ol>
<b>Sub-Targets (Outputs):</b>	
A constructive dialogue between the population and the political decision-makers on existing laws and local development challenges has been initiated in the two project communes.	
Selected key community members of the project villages are qualified and enabled to identify development needs together with the population, to develop solutions and to implement them in a participatory way and with the support of political decision-makers.	
Selected farmers in the project commune apply sustainable agricultural techniques and use the benefits of collaborating in groups.	
Participatory methods for the planning and implementation of village development measures have been further developed and will be applied in the long term in all villages of the two project communities	

### Summary of Project Budget:

	<b>EXPENDITURES</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
1	Investments	667 €	0 €	0 €	0 €	<b>667 €</b>
2	Operating costs	26,323 €	54,576 €	43,693 €	30,508 €	<b>155,100 €</b>
3	Personnel	8,210 €	16,419 €	16,419 €	16,419 €	<b>57,467 €</b>
	<b>Project expenditures</b>	<b>35,180 €</b>	<b>70,955 €</b>	<b>60,072 €</b>	<b>46,887 €</b>	<b>213,094 €</b>
	Reserve	0 €	0 €	0 €	7,620 €	7,620 €
	<b>TOTAL Expenditures</b>	<b>35,180 €</b>	<b>70,955 €</b>	<b>60,072 €</b>	<b>54,507 €</b>	<b>220,714 €</b>

	<b>INCOMES</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
	BMZ	30,335 €	61,385 €	51,939 €	47,306 €	190,965 €
	Local cooperation partners/beneficiaries	4,845 €	9,570 €	8,133 €	7,201 €	29,749 €
	<b>TOTAL Incomes</b>	<b>35,180 €</b>	<b>70,955 €</b>	<b>60,072 €</b>	<b>54,507 €</b>	<b>220,714 €</b>

## **2. Objectives of the audit**

The objectives of the audit are:

- **Examination of the financial regularity**, through the control and evaluation of the exactness, exhaustiveness and fairness of the various accounting transactions, either in full or by sampling, according to need and risk evaluation (before and during the course of the audit);
- **Examination of the conformity with project objectives and observance of the contract conditions**, through the control and evaluation of transactions, expenditures and receipts compared with the basic project documents (project description, programs of activities, contracts, budgets, etc.);
- **Examination of the economical conduct of business and effective use of financial resources**, through the control and evaluation of
  - minimization of the cost of the resources utilized for the activities, always ensuring an appropriate quality;
  - comparison of expenditures with corresponding budget positions and the control and evaluation of any explanations for divergences.
- **Brief analysis of the deviations between budgeted and effective expenses. For all budget deviations of more than 30%, explanations have to be provided.**
- **Examination of the appropriateness, the relevance and the functioning of the Internal Control System**, through the control and evaluation of the:
  - internal organization (structures, functions, tasks, authority, responsibilities, methods, procedures, etc.),
  - existence, respect and application of laws, regulations and instructions
  - protection of resources and assets
  - prevention of errors and fraud
  - quality and viability of the information system and the reporting

## **3. Scope of the audit**

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 revenues and expenditure must be shown and for which it must be confirmed that receipts are provided for all revenues 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 term.
  - Financial contributions by local cooperation partners/beneficiaries

- Interest earned in the current budget year or during the project term from project funds transferred to the project partner.
- Other revenues from the project activity.
- Verifying to what extent the funds have been used appropriately for the purpose of carrying out the planned project objectives and activities.
- Verifying the cost-effectiveness of expenditure with regard to 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 by means of a comparison of objectives and effects (based on the most recent valid budget).
- Verifying the existence and respect of purchasing procedures
- 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 for the purpose of carrying 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 (contracts, German private executing agency guidelines, BMZ funding requirements, BNBest-P/private executing agencies and BMZ contract award guidelines).

#### **4. Documents of reference**

The following documents are considered basic references for the execution of the audit:

##### **Legislation:**

- National legislation, particularly as concerns the field of finance and the control of accounts;

##### **Project:**

- Latest Project agreement including Annex 1 – 12 signed 6th January 2022
- Any other documents concerning the project;

##### **Accounting: -**

- Accounting documents subject to the audit;
- Activity Reports
- Financial Reports for the project period
- Transaction lists and corresponding expenditure receipts;
- Bank statements;
- Any other information requested by the Auditor.

#### **5. Duration and timeline**

The auditor shall plan his program so as to ensure that an audit of high standards is accomplished in an economic and efficient manner and within the stipulated time.

The audit work shall be completed within two weeks from the date of commencement of the audit.

Proposed time for the audit:

- February 2023 for the period from 01/07/2021 to 31/12/2022
- February 2024 for the period from 01/01/2023 to 31/12/2023
- February 2025 for the period from 01/01/2024 to 31/12/2024 (including one audit report for the whole project duration from 01/07/2021 to 31/12/2024)

## **6. Place of audit**

The audit must be carried out within the project environment (administrative office and local site if necessary).

## **7. Closing session of the audit**

After completion of the audit, but before leaving the project or organisation headquarters, the auditor will hold a closing session with the persons responsible for the project (directors) and the concerned staff. The program coordinator of INKOTA-netzwerk will attend the closing session by video conferencing. The session will address remarks and the results of the audit, bring up significant weaknesses in the administrative and financial management and will propose solutions to the problems brought out during the audit.

## **8. Audit report**

The report of the external audit must include all information as required in the ***Guide for an external, independent audit within the scope of the BMZ funding title for private executing agencies Engagement Global – bengo*** (Version from 1 February 2020).

## **9. Deliverables**

The Auditors on completion of the audit work will submit **03 sets** of original copies in **English and Vietnamese** of the Audit Report appended to the Financial Statements and along with the Management letter in accordance with the scope of work described above.

## **10. Key qualifications and competencies of the auditor**

- The audit will be carried out by an independent auditor (one who does not have privileged ties with persons responsible for the project or with the organization to be audited). The qualifications of recognized independent auditor shall in all cases be verified by the German embassy or by another recognized institution in Vietnam (e.g. chamber of commerce).
- At least 10 years of experience in auditing of development projects;
- Expertise and strong knowledge in relevant international and Vietnamese laws on tax, accounting and finance...

## **11. How to apply?**

DWC is inviting qualified audit companies to submit the audit proposal for the project.

The audit proposal should include the valid certificate of the **company's registration, the technical proposal** (includes at least the list of audit services to ODA projects, methodology, audit team...) and **financial proposal**.

Interested companies are requested to submit the audit proposal to Mrs. Bui Thi Kim – DWC Director via email ([dwc.buithikim@gmail.com](mailto:dwc.buithikim@gmail.com)), CC to Mrs. Pham Thu Hong - DWC Deputy Director responsible for Finance and Human Resource ([hongpt.dwc@gmail.com](mailto:hongpt.dwc@gmail.com)) and Mrs Sarah Griess – INKOTA Program coordinator ([griess@inkota.de](mailto:griess@inkota.de)) on 20<sup>th</sup> December 2022 at the latest.