

Request for Proposals: RFP#LED-2026-001

Financial Audit Services

Terms of Reference for Financial Audit

Project Number: 40419_2024/27

Project Name: Youth Maker Club II (YMC)

Implemented by: Moldovan Association of ICT Companies (ATIC)

Funded by: Liechtenstein Development Service – Moldova, info@led.md, www.led.md

Audited Period: 01.09.2024-31.12.2025

These Terms of Reference (“ToR”) define the mandate of the auditor(s) in the process of carrying out the financial audits of projects or programs implemented by partner organisations (“the partner”) and funded by the Liechtenstein Development Service (LED).

1. Auditor and Audit Standards

The financial audit shall be conducted by an independent, accredited, and professional auditor (“the auditor”), in line with the International Standard on Auditing (ISA) and the standards of the International Federation of Accountants (IFAC).

The financial audit of the project shall be done in accordance with International Standards on Auditing (ISA 805) “Special Considerations Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement”.

In planning, conducting, and reporting on the financial audit, the auditor shall follow the ISA 805. In addition, the relevant standards of the local accounting profession as well as of the local legislation on accounting and reporting in force need to be taken into consideration by the auditor.

2. Overall principles of the procedures to be performed

The auditor is required to plan, execute, and report on the financial audit engagement in order to conclude on the following matters:

a. Principles of orderliness and accuracy (financial regularity/reporting)

The auditor is required to assess whether the partner has adequate policies and procedures in place relating to the following matters (those matters are not covered by the audit engagement in accordance with ISA as mentioned above).

b. Existence, adequacy, and effectiveness of the Internal Control System (ICS)

c. Conformity of the financial report with the approved budget and adherence to the terms and conditions of the Agreement of Cooperation

In order to report on the adherence to these principles, the auditor shall analyse the questions mentioned in the enclosed Questionnaire (Annex 2). Recommendations to the management shall be formulated according to Annex 3.

3. Documents of reference

The following documents and matters shall be considered by the auditor as basic references for performing the financial audit:

- Legislation:
 - National law
- Project:
 - Agreement of Cooperation between LED and Partner
 - Project Document / Project Application (including Budget)
 - Yearly financial or phase financial report
 - Project management procedures
 - Any other documents concerning the project/program
- Accounting:
 - Accounting documents subject to the financial audit
 - Financial and operational reports concerning the project/program
- Auditor:
 - Prior internal and external audit reports of the partner
 - Any other information requested from the partner by the auditor

4. Planning the financial audit

The auditor shall adequately plan the financial audit engagement in advance and ensure the execution of the financial audit of highest professional quality in an economical and efficient manner as agreed upon in the respective mandate in the name of the partner and the auditor.

On the basis of the information received during the planning phase and based on the auditor's risk assessment, the auditor shall determine:

- the type of transactions to be audited and the audit methods (full audit or sample selections);
- the type of physical counts or examination and sites to be selected;
- the number of site visits to be planned.

The auditor shall ensure continuity in the audit approach of the financial audit engagement and the audit team, even if there is a change in the leader of the engagement team from the prior year.

5. Place of financial audit

The financial audit shall be carried out in the project/program environment (administrative offices and/or decentralised sites, if applicable).

6. Management representation of full disclosure

The auditor shall obtain a management representation letter signed by the management of the partner, certifying:

- a) The acknowledgement of the organisation's responsibility for maintaining the accounts and financial documents in a correct, complete, fair manner, representing the true facts, in conformity with the project objectives, documents of reference (project description, contracts, budget, yearly reports, etc.) and national legislation;
- b) The availability to auditor of all accounting records, supporting documents, minutes and any other pertinent information for carrying out the audit;
- c) The completeness of information concerning property and goods;

- d) The completeness of information about the funding received or due and own funding for the project being examined for the audited period;
- e) The availability of any written information and explanations that might be required by the auditor in the execution of their mandate;
- f) The consolidated financial information, including balance sheets and profit and loss statements of the project are to be attached to the declaration and form an integral part thereof. This declaration shall be provided together with the financial audit report.

7. Detailed financial audit procedures

Appropriate audit procedures shall be applied by the auditor in order to form a conclusion on the matters outlined above. These procedures applied, either on a full coverage or a sample selection basis may include: controls, checking, evaluation, inspection, interview, analysis and other audit techniques. When selecting the audit procedures, the auditor shall consider the results of their risk assessment (during planning stage and during the audit work). Accordingly, the auditor must define and carry out suitable audit procedures in order to obtain an overview of the aforementioned aspects before the auditor assesses the individual findings and reaches a final independent opinion on the audit. The auditor is expected to select and to apply any other audit procedures that the auditor may consider necessary in the professional execution of the financial audit engagement.

In addition, to respect the principles mentioned under Art. 2 above, the auditor must analyse the questions in the enclosed Questionnaire (Annex 2). Any answers with “no” have to be taken up as recommendations (Annex 3).

Should the audit company detect any illegal / fraudulent practice / financial misstatement, they shall directly contact the donor organisation to inform about their findings.

8. Closing meeting

After the completion of the financial audit engagement, but before leaving the project or the premises of the partner, the auditor shall hold a closing meeting with the persons responsible for the project/program (directors) and the staff responsible for accounting and reporting. The meeting shall address the results of the audit, discuss major weaknesses in the project, administrative and financial management and propose recommendations to improve the project management, the accounting procedures, and the internal control system (ICS).

9. Financial audit deliverables

The audit report shall provide an opinion on the financial information of the partner as per ISA. Any variations between the financial report submitted to the donor and auditor’s findings will be explained in the audit report. The report will also include information on the overall funding received by the partner and the project staff remuneration across the implemented projects (Template Annex 1). The answers to the Questionnaire (Template Annex 2) and recommendations to the management (Management Letter according to Template Annex 3) as well as the management representation letter shall be provided as separate deliverables together with the audit report.

9.1. Currency and language of the financial audit report

The financial information contained in the financial audit report is to be presented in the currency used in the project/program budget. The financial audit report and all other documents resulting from the financial audit engagement must be prepared in English and in Romanian (whereas the English version prevails in case of differences).

9.2. Signature

The financial audit report is to be signed by the leader of the audit team. The financial reporting subject to audit shall be signed by a representative of the management of the partner.

Place and date: _____

For the partner: _____

For the auditor: _____

Annex 1: Overall funding and remuneration

Overall Funding: The table below shall present the overall funding the partner organisation received during the time of the audited project year. The table shall include information about all funds received by the partner organisation both from LED and from other donors.

Table 1. Funding received from all sources during the audited period

	Project Title	Donor(s)	Funds transferred, currency
1.			
2.			
3.			
4.			

Staff Remuneration: The table shall present the total remuneration of the project staff of the partner organisation received from all projects implemented during the audited period. The table shall detail the workload distribution per projects according to the employment contracts and/or records.

Table 2. Total yearly remuneration of the employees distributed per projects

		Project 1	Project 2	Project 3	Total
Name, Surname, Position	Salary, EUR				
	% of employment				
Name, Surname, Position	Salary, EUR				
	% of employment				
Name, Surname, Position	Salary, EUR				
	% of employment				

*The table shall reflect the budgeted salary and shall ensure comparability between projects to the extent possible. In other words, the table may be adjusted (e.g. include taxes and social fund contributions) to the particularities of the audited organisation.

Annex 2: Questionnaire

QUESTIONS	YES	NO	N/A	COMMENTS
1. Does the partner organisation comply with laws and regulations (e.g. taxes, social contributions, labour legislation)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.
2. Are the payments within the audited project in accordance with the approved budget?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.
3. Have the variations from budget heading exceeding 10% been justified and approved?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.
4. Is the ICS of the partner organisation adequate for its size and type of activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.
5. Is the partner organisation using the 4-eye principle when approving expenses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.
6. Does the partner organisation have procedures for documenting labour costs (time sheets) of the relevant employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.
7. Has the partner organisation correctly accounted for project team hours (or rendered services) to avoid double-charging of expenses (e.g. to different projects)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.
8. Has the partner organisation duly acted upon the recommendations of the previous audits?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Click or tap here to enter text.

Annex 3: Management Letter

Management Letter *(suggested format)*

Project/programme – financial statement period of: Click or tap here to enter text.

Partner’s name and address: Click or tap here to enter text.

Auditor’s name and address: Click or tap here to enter text.

Date and Signature: Click or tap here to enter text.

The auditor was required to assess with the enclosed questionnaire (Annex 2) whether the partner has adequate policies and procedures in place. All questions answered with a “no” or „n/a”, should be elaborated in the Management Letter and followed up by the partner.

Findings	Recommendations for the management of partner organisation
Click or tap here to enter text.	Click or tap here to enter text.
Click or tap here to enter text.	Click or tap here to enter text.
Click or tap here to enter text.	Click or tap here to enter text.
Click or tap here to enter text.	Click or tap here to enter text.
Click or tap here to enter text.	Click or tap here to enter text.