

TERMS OF REFERENCE (“ToR”)
Reasonable Assurance Engagement in accordance with ISAE 3000 (Revised)
for Funds disbursed under the Disposition Fund Procedure

Name of project/programme: ITHCP Phase IV Tranche 2

Background

The ITHCP programme was set up in 2014, funded by the German Government through KfW and implemented by IUCN. This project is its fourth phase, based on the success of phase II, and III. The fourth phase runs from 2022 until 2027. The programme is aligned with the objectives of the Global Tiger Recovery Programme and its objectives are a subset of those, with a focus on improving three main areas:

- The protection of tigers through anti-poaching, and monitoring of tigers and prey;
- The management of protected areas, corridors and buffer zones;
- The livelihoods of communities living in and around tiger habitats to reduce poaching, over-exploitation of forest resources and human wildlife conflicts.

The ITHCP Phase IV Tranche 2 has grant-making as its main purpose.

The programme consists of two components: (1) the project management component implemented by IUCN HQ and its regional offices, “ITHCP Secretariat” and (6) projects carried out by implementing partners (grantees) in Asia. The scope of this RfP covers both components and cannot be split into work packages.

The total value of the contract ITHCP Phase IV Tranche 2 is EUR 12,500,000.

The amount indicatively earmarked for grants to implementing partners is EUR 10,941,422.

6 grants in the amount from EUR 500,000 to EUR 2,000,000 are planned to be awarded during the programme duration, with a possibility of adding one extra project.

The duration of each grant will be from 2 to 3 years from late 2024 to 2027, without further extensions.

Grants beneficiaries are consortia of big international NGOs and public sector entities working closely with local NGOs and communities.

In accordance with the requirements of the Financing Agreement with KfW an assurance engagement ISAE 3000 is to be performed according to the following schedule:

ITHCP Secretariat in Switzerland shall be audited every calendar year (2022 - 2027). In order to avoid the time lag between field audits and their inclusion into ITHCP consolidated audit, the field audits will not be based on calendar year periods. They will follow a July-June period, so that IUCN has the time to include it in the books before the fiscal years closing. The audit will therefore be aligned with grantees reporting period (2 reports per year, January-June & July to December).

Projects worth one million EUR or lower are to be audited every two years. It is foreseen that this will be the case for potentially 2 projects.

Projects over one million EUR are to be audited every year. It is foreseen that this will be the case for 5 projects.

The scope covers both the main project (the Disposition Fund) and all sub-projects (sub-accounts).

Implementing partners have been instructed to include a sufficient provision for the audits in their project proposals budgets.

Requirements:

1. Knowledge and experience of conducting assurance engagements ISAE 3000 according to the provided ToRs.
2. Experience of similar assignments for projects funded by KfW.
3. Experience of working with the type of grantees described above.
4. Experience of working with organizations based in Asia.
5. Knowledge and experience of auditing small NGOs and public sector organisations is added advantage.
6. Adequate capacity and resources (presence) required to carry out the assignment **onsite, in Asia.**

PROJECT	LOCATIONS	BUDGET	START DATE	END DATE	FREQUENCY OF AUDITS	EXPECTED N. OF AUDITS
Programme	Switzerland	€ 1,770,000	30/05/2022	29/05/2027	Annual	4

Project 1	Sumatra Indonesia	€ 707,809	Expected start date Q2 2025	Length 30 months	Every two year	2
Project 2	Terai Arc, Nepal / India	€ 1,900,000	Expected start date Q2 2025	Length 30 months	Annual	3
Project 3	Sumatra Indonesia	€ 1,554,689	Expected start date Q2 2025	Length 30 months	Annual	3
Project 4	Terai Arc, Nepal / India	€ 1,120,000	Expected start date Q2 2025	Length 30 months	Annual	3
Project 5	Chittagong, Bangladesh / India	€ 1,888,924	Expected start date Q2 2025	Length 30 months	Annual	3
Project 6	Thailand	€ 2,000,000	Expected start date Q2 2025	Length 30 months	Annual	3
Project 7	TBD	TBD	TBD	TBD	TBD	2

IUCN Audits	Due in June of each year
Phase IV T2	[2022 to 2024] – 2025 – 2026 - 2027

Subject Matter

1. The Disposition Fund is opened under the financial conditions of KfW loan/ financing agreement no. ... [KfW reference no.] for financing of ... (part of) [project/ programme] (the "Project") as defined in the Annexes "Total Cost and Financing" and "Disbursement Procedure" to KfW's Separate Agreement and consists of the following account(s):
 - Special Account No. ... opened with ... [name of bank] opened/kept by [name of account-holder]
 - Local Special Account(s) No(s) - if any - ... opened with ... [name of bank] opened/kept by [name of account-holder]
 - Petty Cash / Cash Box(es)... – if any - kept by [name of account-holder]
2. The preparation of the Project Financial Reports ("Financial Reports"), the Summary of Bank Accounts, the Statements of Expenditures ("SOE") and the disbursement requests (overall "Subject Matter Information") is the responsibility of ... [Name of Authorized/ Authorized Third Party, Project-Executing Agency and/or other Project Implementation Unit(s) concerned] (the "Entity").
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 Loan/Financing Agreement(s) including the corresponding Separate Agreement as well as other agreements channelling Funds to third parties on a grant or loan basis (together the “Relevant Agreements”).

Scope

4. This engagement is a **reasonable assurance engagement** in accordance with the 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 on-site visits).

Please note: We do not accept a limited assurance engagement.

5. The assurance engagement
 - shall cover in one single Report (“Report”) exclusively all accounts opened in connection with this Disposition Fund as mentioned under paragraph 1 above.
 - shall comprise all expenditures listed in the SOE referred to in the Report.

Objective

6. The objective of the assurance engagement is to permit the auditor/practitioner to express a conclusion on the Financial Reports, the SEO and the disbursement requests as far as the Disposition Fund (Subject Matter) is concerned and to obtain reasonable assurance whether the Subject Matter Information is free from material misstatement regarding proper use of KfW 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 the special accounts and out of the ash 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 out of the Disposition Fund 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 Disposition Fund has been maintained in accordance with the provisions of the Relevant Agreements. This also comprises cash flows to and from accounts opened in connection with this Disposition Fund as mentioned under paragraph 1 above, as well as interest earned from balances.

Note: Special attention should be given that no contract value exceeds EUR 350.000,00 or equivalent balance(s) on Local Special Account(s) do not exceed a one month's requirement and balance(s) in petty cash box(es) do not exceed a one day's requirement.

- (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 ...) 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 KfW and the accounting records of the Entity.
- (e) The procurement process of goods and services financed was in accordance with the Relevant Agreements.

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

- (a) be issued by a renowned auditor/ practitioner in the English language;
- (b) be presented annually (signed original(s)) not later than three months after the end of the Reporting Period covered;

The last 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 Special Account or a Local Special Account is effected or six months after the final payment out of the Special Account or a Local Special Account, whichever occurs earlier;

- (c) include at a minimum the following elements:
- description of the Subject Matter;
 - applied criteria to evaluate the Subject Matter and to express the auditor's/practitioner's conclusion as defined under paragraph 8 above
 - identification of the level of assurance obtained
 - informative summary of work performed as to extent, locations, etc.
 - 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 mentioned under paragraph 1 above (see Annex B to these ToR), in particular showing cumulated expenditure less advances not yet cleared resulting from KfW payments since project start.
 - Summary of Bank Accounts and SOE referred to in the Report

- 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 this disposition fund and on the handling of project receivables such as advances, tax claims, etc).
 - b) procurement systems, procedures and controls (with special focus on conformity to KfW guidelines and other relevant documentation agreed upon, see Annex C of these ToR). In case of comments on procurement systems, these shall be presented in a separate chapter and shall include a list of all affected contracts with contract values.
 - c) identify specific deficiencies and areas of weakness in relevant systems and controls that have come to the auditor’s/practitioner’s attention and make recommendations for their improvement.
 - d) report on actions taken by the management to make improvements with respect to deficiencies and areas of weakness reported in the past;
 - e) bring to the management’s attention 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 KfW 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 KfW or any third party commissioned by KfW.

Annex A (to be attached to every Report as integral part)

SUMMARY

Name of Project: ...

KfW Ref. No.: ...

Subject Matter: Disposition Fund (all Project Accounts stated in Annex B)

Reporting Period: ...

[Only if applicable:] The Funds were (partially) channelled through the Entity to the following Project Partner(s) for final use:

Within the scope of our reasonable assurance engagement under the above mentioned Project / Programme, performed in accordance with International Standard on Assurance Engagements **ISAE 3000 (Revised)**, we express **our conclusion** on the following criteria:

Applied Criteria	**Conclusion (YES/ Yes, except for .../ NO)
a) The payments out of the Disposition Fund 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 Disposition Fund has been maintained in accordance with the provisions of the Relevant Agreements. This also comprises cash flows to and from accounts opened in connection with this Disposition Fund 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 KfW and the accounting records at the Entity.	
e) The procurement process of goods and services financed was in accordance with the Relevant Agreements.	
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:

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

Annex B

(to be attached to every Report)

KfW Ref. No.		Special account no.	Local Special account 1 **)	Local Special 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 KfW (special account)	plus		X	X	X	X	X
c) credit interest or other project related receipts– if any -,	plus						
d) incoming transfers between accounts (only from accounts named here)	plus						X
e) outgoing transfers between accounts (only in favour of accounts named here)	less						X
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 -KfW funds only-			Unified Currency (preferably EUR)				
a) cumulated inflow of funds (special account)			X	X	X	X	X
b) cumulated expenditure less advances not yet cleared							

Date:

Stamp and Signature of the auditor/practitioner: