

**TERMS OF REFERENCE TO PERFORM AN
EXTERNAL EXPENDITURE VERIFICATION OF
THE PROJECT**

***“Strengthening capacities and developing
sustainable livelihood opportunities for the
Myanmar refugees largely encamped along
the Thai-Myanmar border in preparation for
eventual repatriation”***

**CO-FUNDED BY THE EUROPEAN COMMISSION AND
CARITAS SPAIN**

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ANNEX A: Annex VII of the Grant Contract: Model Report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract.

1. - PURPOSE OF THE EXTERNAL EXPENDITURE VERIFICATION:

With this tender, Caritas Spain, acting as Coordinator of an EU grant contract and on behalf of the grant co-beneficiary local partner in Thailand, is requesting to receive proposals for performing an expenditure verification of the project:

Name of the Project: Strengthening capacities and developing sustainable livelihood opportunities for the Myanmar refugees largely encamped along the Thai-Myanmar border in preparation for eventual repatriation.

Country /Area: Thailand, Thai-Myanmar Border temporary shelters

Project Duration: 24 months

Start date of Project: 01/01/2017

End date of Project: 31/12/2018

Expected contributions as per funding sources:

European Commission	Caritas Spain	TOTAL
EUR 1,445,830.48	EUR 361,457.62	EUR 1,807,288.10

The language of the Grant Contract is English; therefore both proposals and deliverables are expected to be submitted in English language.

Summarized description of the Project:

The project implementation period is 24 months, from 1st January 2017 to 31st December 2018. The project total budget amounts 1,807,288.10 EUR, with declared incurred expenses of 847,422.59 EUR for the first year. The European Commission co-funds a maximum of 80%, while Caritas Spain contributes the remaining 20%.

The project is a 2-years action aimed to contributing to a long-term solution to the challenges encountered by the Myanmar refugees living in nine temporary shelters along the Thai-Myanmar border, by fostering livelihood opportunities while the target population remains in the camps, thus creating capacities that potentially can serve the refugees in their future life outside the camps.

Developing their livelihood skills now to promote self-reliance, while we have the opportunity to do so, will have a major impact on preparing them for viable and sustainable lives in Myanmar, and providing them with livelihood skills to help them avoid becoming 'welfare clients' once again, upon returning to their homeland. Furthermore, the two main set of livelihood activities (organic agriculture and small animal raising and micro-business) proposed under the project ensure broad-based inclusiveness, including the most vulnerable and the affected Thai communities.

The project is being implemented in all nine camps along the Thai-Myanmar border, and includes residents of Thai host communities nearby/affected by the camps who choose to participate in this project.

Specifically, the project implements actions aimed at supporting continued access to basic services for refugees, by providing them with opportunities for developing sustainable livelihood skills while still living in the camps, and thereby promoting greater self-reliance,

as well as contributing to develop sustainable livelihood strategies among the surrounding Thai hosting communities (Outcome1 and Outcome 2).

The project also implements actions that contribute towards improving community-led camp governance, by building the livelihood skills, leadership and community-based governance capacities of a number of camp-based refugee staff, empowering them to participate in the Livelihood Camp Committees. In addition, the project will improve the capacities of a number of Livelihood Camp Committees members and camp leaders, so that they are in better position to exercise their role towards the refugee community and better promote the participation in livelihood activities within the camps (Outcome 3).

The project will then mainstream livelihoods skills and capacity building of refugees at camp level along the activities proposed, and through COERR active participation in repatriation planning processes, such as UNHCR-CCSDPT Strategic Framework for Durable Solution (Outcome 4).

The project is aimed at achieving the following chain of changes:

Outcome 0: To favour an efficient, transparent and quality aid, in a Rights-based approach framework, strengthening Caritas agents as responsibility-holders, open to learning and accountability processes.

Outcome 1: To continue with the provision of livelihood-sector-based basic services in the nine camps and their hosting communities which will contribute significantly towards reducing vulnerability and increasing self-reliance and preparedness for a possible return process.

Intermediary Outcome 0: Methodological and Operational Structures are ready for an efficient management towards transparency and accountability, operating efficient Monitoring and Learning management mechanisms.

The proposed intermediary outcome integrates transversal activities that will guarantee the necessary material, human and management resources for the correct project implementation. It is also proposed to conduct one significant activity entitled "Systematization of experiences and knowledges". For this action we put the focus on each person's learnings gained during its participation in an intervention (whether it is at institutional, strategic, operative, or technical role or level or as a target group).

Intermediary Outcome 1: Encamped refugees and Thai residents in hosting communities obtain knowledge and skills sufficiently to develop appropriate Farm-based livelihood strategies.

Based on the livelihood priorities stemming from the current living context and expressed by the refugees themselves, the project is highly oriented to develop knowledge and skills of the refugees through Farm-based livelihoods activities applying appropriate low-external input Organic Agriculture and Animal Husbandry technologies. This organic agriculture modus will ensure that the project activities will result in production of fresh food items by the participants themselves, demonstrating to them how to begin and manage farming activities with little resources. At the same time, participants from Thai

villages located nearby the camps will also be trained. This will also contribute to protection of the environment and sustainable management of natural resources.

Intermediary Outcome 2: Encamped refugees obtain knowledge and develop entrepreneurship sufficiently to initiate activities in Non-Farm livelihood sector.

A second work package is composed of Non-Farm based Livelihoods projects which are designed for those refugees not interested in farming and which are highly suitable for those refugees who may not be able to do farming. The project intends to develop entrepreneurship and self-confidence through basic business training and close accompaniment.

Intermediary Outcome 3: Strengthened Livelihood Camp Committees through the project will contribute to the livelihood sector's camp governance.

This result will be achieved by developing leadership and management skills of 90 Livelihood Camp Committees (LCCs) members and camp leaders, and through supporting the LCCs to reinforce their active role in the camp governance. In addition, the project will contribute to build up both the Technical skills as well as Leadership skills of 90 Camp-Based Refugee Staff Support (CBRS) persons working on the project. The project will empower them so that they will be able to conduct livelihood projects as well as to participate in the Livelihood Camp Committees.

Intermediary Outcome 4: Livelihood Working Group (LWG) is strengthened by COERR's contribution through participation and provision of inputs for development of sector plans for the UNHCR-CCSDPT Strategic Framework for Voluntary Repatriation.

COERR regular and active participation in the Livelihood Working Group will enable the project to contribute to developing the sector plan for promoting better livelihood opportunities for the refugees within the framework of a future voluntary repatriation to Myanmar.

2. - SCOPE OF THE EXPENSES VERIFICATION

The expenditure verification is a requirement under Article 15.7 of the General Conditions of the European Commission grant contract. Therefore, the subject of the expenditure verification will be the interim and final Financial Reports in connection with the Grant Contract.

The scope of the required service is widely detailed in Annex A to these ToR (Annex VII of the Grant Contract: *Model Report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract*).

The following summary contains the general rules constituting the basic guidelines and rules that shall govern the expenditure verification:

- Contract with European Commission containing the project formulation documents and general and special conditions.
- Collaboration agreement entered into CBCT-COERR and Caritas Spain.

3. – METHODOLOGY, SCHEDULE AND LOCATION

3.A METHODOLOGY

The project is being reported to the back-donor in two times, Interim report (comprising 12 months) and Final Report (comprising another 12 months and inclusive of the previous period). Since an Interim Financial report covering the implementation period 01/01/2017 – 31/12/2017 has already been submitted to the European Commission, the revision of such period may begin immediately after the service awarding. Therefore, recommendations and comments are expected before finishing the current implementation period (01/01/2018 – 31/12/2018). Recommendations will be submitted as per agreed schedules.

The methodology suggested for performing the service is as follows: two verifications of each period justifying account and financial information shall be done; between the first and the second revision, there will be from 2 to 4 weeks of difference to make possible an adequate response to the verification findings. Hence, the second revision will take into account the responses given to the initial findings before concluding the verification of that period.

3.B SCHEDULE

The schedule of the verification will be agreed with the EU Grant Contract Beneficiaries after the contract service awarding.

3.C LOCATION:

The verification shall be made mainly in the CBCT-COERR headquarters located in Bangkok (Thailand), and if necessary in some of the field offices involved in the execution of the project. All the consolidated documents involved in the execution of the Project shall be prepared as necessary in order to perform the verification.

Since a minor part of the project expenses is incurred by Caritas Spain, the verification of those may be done either through scanned copies of the expenses documentation, and/or through an on-site revision at Caritas Spain headquarters located in Madrid (Spain).

4.- REQUIREMENTS FOR THE AUDIT COMPANY:

4.A- Standard and Ethics:

The standards required are set in point 1.5 of Annex A to these ToR (Annex VII of the Grant Contract: *Model Report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract*).

4.B- Complementary principles:

Integrity: the auditors shall be responsible for mentioning matters that had not been specifically mentioned in the Technical Prescriptions Paper, in case that was necessary to obtain a more complete analysis of the intervention.

Confidentiality agreement: the auditor and the staff agree to keep the information they get to know when performing their revision, under the terms and conditions foreseen in the current rules for the expenditure verification.

Keeping the documents: the auditor shall keep the justifying documents of the performed works for at least 5 years starting on the issue date of the verification report.

4.C- Auditing team:

The tenderers shall specify the integrating elements of the proposed working team for performing the verification. The composition of the work team, as well as their degree of dedication, shall be taken into account during the evaluation for the contract awarding.

Anyway, and notwithstanding the provisions set Annex A to these ToR (Annex VII of the Grant Contract: *Model Report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract*), the proposed working team shall prove experience on the following fields:

- Superior academic qualifications;
- Strong knowledge of English language; Thai language speaking is essential;
- Strong knowledge of the relevant legal framework in Thailand (Rules & regulation related to Thai non-profit / foundation organization), and knowledge of the relevant legal framework in Europe;
- Experience in providing professional services to non-for-profit entities;
- Experience in monitoring and verifying programs and projects and any other type of similar grants from public and/or private donors. Experience in auditing EU grants will be an asset.

Any change in the composition of the suggested team shall be previously informed to the contracting entity, which will authorize it if necessary.

On the other hand, the tenderers shall appoint an audit manager that will be the main spokesperson for the project administrator in the country.

The audit partner responsible for signing the corresponding audit reports shall also be indicated.

4.D- Model of Contract and Report:

The service contract model and report of expenditures verification are described in Annex A to these ToR (Annex VII of the Grant Contract: *Model Report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract*).

5.- PROCEDURE FOR CONTRACT AWARDING:

5. A.- Awarding system and Requested documents:

The awarding system shall be an international call for tender with competitive dialogue.

The proposals must comply with the following requirements:

1. Appointment of a representative for all the aspects related to the contract execution with a photocopy of the power of attorney for the person signing the proposal.
2. In case it is a corporation, the deed of incorporation, modification, by-laws or certificates containing the rules governing their activities, registered, if necessary in the corresponding official registry.
3. Declaration of not falling into any of the circumstances that disqualify from contracting.
4. Economic offer for the Contract: it must be expressed in EUR and it must be inclusive of VAT and/or any other relevant taxes. If the currency from the auditor country of origin is different from EUR, the economic offer may be expressed in the local currency and its equivalence to EUR. The economic offer must disaggregate the audit fees, and any reimbursable expenses and allowances (e.g. travelling, other).
5. A certificate proving that the company has been registered in the National Official Registry of Auditors of the corresponding country, as well as the auditor in charge of signing the corresponding audit reports.
6. Certification of the technical or professional experience of the bidder: a list of the works performed during the last three years, showing amounts, dates and beneficiaries of such works. Experience related with the purpose of the contract.
7. Working team: there must be at least an indicative working team including academic qualifications and experience of the member(s).

5.B- Evaluation of proposals and Awarding:

Once the submission deadline for submitting offers has finished the proposals and administrative documents will be verified and examined, in order to verify that they contain everything requested in these ToR or if there are omissions determining the exclusion.

In case the verification revealed a company that does not comply with all or with part of the specifications contained in the papers, the company shall be excluded from the procedure. Failing to comply with any necessary requirement to access the tender or submitting false documents shall also be reason of exclusion. If the failure is only related to elements that do not determine the access to the tender, they could still determine the evaluation score.

The necessary requirements for accessing the tender are those related to **prove legal capacity**, as well as those referred to **the absence of incompatibility to perform this service**. Specifically, the tenderer must comply with at least one of the following conditions, as stated in point 1.1 of Annex A to these ToR (Annex VII of the Grant Contract: *Model Report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract*):

- The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
- The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organisation is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics set out in these ToR.
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in an EU member state in accordance with the principles of public oversight set out in Directive 2006/43/EC of the European Parliament and of the Council (this applies to auditors and audit firms based in an EU Member State).
- The Auditor and/or the firm is registered as a statutory auditor in the public register of a public oversight body in a third country and this register is subject to principles of public oversight as set out in the legislation of the country concerned (this applies to auditors and audit firms based in a third country).

Once the documents have been analysed, the valid proposals will be evaluated by an evaluation committee - comprised of three persons from Caritas Spain as Coordinator and two persons from the grant co-beneficiary-, within 8 working days since the submission deadline.

The selection criteria will be the following:

- ❖ Technical Quality: scoring 40 points
 - Proven experience in auditing projects funded with international aid to development funds (20 points)
 - Experience in past audits with Caritas (10 points)
 - Experience and/or branch in the country of implementation (10 points)
 - Specialization and sound knowledge of the local laws.
- ❖ Working Plan: scoring 30 points
 - Experience of the proposed auditing team: (20 points)
 - International experience of the team on similar auditing works,
 - Ability to read, write and speak English.
 - Existence of Thai-speaker members in the working team.
 - Adequacy of the working methodology (10 points)
- ❖ Economic offer: scoring 40 points.

5.C- Contracting:

The contract of services may be entered into either by Caritas Spain as the grant Coordinator, or by the local co-Beneficiary. In case the awarded company is legally established in Spain, the contract will be entered into by Caritas Spain.

Bidders will be informed of their exclusion or success within eight (8) calendar days from the opening of proposals. The corresponding contract will be signed within 15 days following receipt of the final-award notice.

The contract language is English; therefore all the documents related with the verification process, as well as the expected produces, shall be issued in English language.

6.- PREMISES AND DISSEMINATION

The following basic premises are required for ethical, professional behaviour by the work team:

Anonymity and confidentiality: The verification process must uphold people's right to provide information anonymously and in confidence.

Responsibility: Any disagreement or difference of opinion that may arise among the members of the group or between them and those in charge of the intervention regarding the conclusions or recommendations should be mentioned in the report. Any claims made must be sustained by the team and any disagreement reported.

Integrity: The auditor team will be expected to cover any issues not specifically mentioned in the ToR, if doing so will help a wider analysis of the intervention to be arrived at.

Independence: The team must assure its independence from the intervention under verification, having no links with its management or any of its component parts.

Data protection: The auditor firm undertakes to maintain the strictest professional secrecy and confidentiality in respect of any personal data to which it has access in consequence of the evaluation carried out and to duly comply with the duty of custody of such data required under the Personal Data Protection Act 1999 (15/99, of 13 December). This requirement shall apply to the auditor firm throughout the term of the services contract and subsequent to its expiry for any related cause. The auditor firm further expressly undertakes to take the necessary technical and organisational steps to protect the security of any personal data to which it has access and to prevent any alteration, loss, unauthorised processing of or access to such data, taking into account the current technology available, the nature of the data stored and the risks to which it is exposed,

whether from human action or from the physical or natural environment, complying in this respect with the relevant provisions of the Personal Data Protection Act 1999 at all times.

Verification of information: The auditor team is responsible for assuring the accuracy of the information compiled for the preparation of its reports and shall be responsible in the last instance for the information presented in the expenditure verification report.

Incidents: Any problems arising during the field work or at any other stage of the auditing must be communicated immediately to the NGDO, which at its own discretion will forward the relevant information to the funding agency. Otherwise the existence of any such problems may not be used to justify any failure to obtain the results established by the NGDO under these ToR.

Copyright and dissemination: It should be clear that all copyright corresponds to the entity contracting the expenditure verification. The dissemination of the information compiled and the final report remains the prerogative of the NGDO.

Penalty arrangements: In the event of any delay in the delivery of reports or if the quality of the reports delivered is manifestly lower than what was agreed with the NGDO, the penalties and arbitration measures established by the contracting entity under the official terms and conditions of the contract entered into with the auditor firm shall apply.

7.- SUBMISSION of PROPOSALS

The interested parties shall submit a proposal to Caritas Spain and COERR, in due time and form:

Final date for submitting offers: 1st of April 2018

Place of submission: Spain and Thailand

Evaluation Committee: Staff responsible for receiving and evaluating tenders (send to all):

Mrs. Vittoria Garofalo: vgarofalo.ssgg@caritas.es

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Method of submission: digital format through E-mail.

Annexes to this ToR: Annex A (Annex VII of the Grant Contract: *Model Report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract*)