

TERMS OF REFERENCE

FOR THE AUDIT OF BMZ- PT PROJECT

“Strengthening the resilience of the vulnerable population in rural regions of Lebanon by promoting agricultural production” (LLP3)

Introduction

Malteser International is the worldwide relief agency of the Sovereign Order of Malta for Humanitarian aid. Its mission is not only to provide emergency relief, but also to implement rehabilitation measures and to facilitate the link between Emergency relief and Development. In its projects, Malteser International concentrates on the five sectors Relief and Rehabilitation, Health and Nutrition, Water, Sanitation and Hygiene, Livelihoods, and social programs.

Order Of Malta Lebanon (OML) agro-humanitarian centres is implementing the project LLP3 based on the successful implementation of the already ongoing BMZ funded projects in Lebanon (LLP2) where short-term food security interventions were reinforced by the establishment of Service Provision Units (SPUs) - OML's agro humanitarian centres - that meet the medium- and long-term upstream needs of vulnerable farmers. In order to maintain the supply side of the targeted nutrient-rich and climate-smart value chains, the project at hand will continue to help farmers and businesses in their efforts to maintain and enhance production while generating revenue and employment.

Agro-humanitarian centers target nutrition-sensitive and climate-smart agriculture value chains which aims to enhance economic recovery and increase the resilience of Lebanon's local food systems on the long-term.

1.PROJECT SUMMARY

The current project, “LLP3.” (MI PN 2650-BEY, Donor PN 2023.1841.8)

The implementing partner is Order of Malta Lebanon, located in Beirut, Lebanon.

The project contributes to Strengthening the resilience of the vulnerable population in rural regions of Lebanon by promoting agricultural production.

The project duration is 05/09/2023 until 31/12/2025 with an initial total direct project budget of 2.760.000 EUR (Two million seven hundred sixty thousand EURO)

2. OBJECTIVES OF THE AUDIT

The objective of the audit is to express an opinion on the financial statements and report that all statutory compliances are carried out in accordance with the Generally Accepted Accounting Standards in Lebanon and the regulations according to the Partner Project Agreement.

The specific objectives are as follows:

Giving a judgment of the financial performance and position particularly whether correct and reliable reflection is given of the receipts and expenditure in these financial statements.

- ✓ Analyzing and evaluating the financial management and internal control system.
- ✓ Making observation to assess whether Partner organization have complied with all conditions of the existing rules and regulations.

3. DESCRIPTION OF SERVICES

3.1 GENERAL MANDATE

Carry out an audit in accordance with appropriate professional standards of auditing as applicable in Lebanon and the regulations defined in the Partner Project Agreement and express an independent professional opinion on the financial statements of **OML** for the financial year for the period from

- 05/09/2023 to 31/12/2023,
- 01/01/2024 to 31/12/2024
- 01/01/2025 to 31/12/2025

Annex 1 and 2 must be prepared separately for each fiscal year 2023, 2024 and 2025.

Produce a report on the evaluation of the financial management of Malteser International's implementing partner indicating the strengths and weaknesses, as well as corrective measures needed to ensure proper financial management.

3.2 Give particular attention to:

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 income and expenditure must be shown and for which it must be confirmed that receipts are provided for all income and expenditure.

- ✓ Verifying how the project funds provided have been managed. This includes:
 - Project funds transferred to the project partner in the current budget year or during the project duration.
 - Interest earned in the current budget year or during the project duration from project funds transferred to the project partner, if existing.
 - Other income from the project activity.
- ✓ Verifying to what extent the funds have been used appropriately in line with 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 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

4. PROCESS OF THE AUDIT

Activity	Actors involved	Frequency of activity	Timeline (annually)	Timeline
submission of offer (one amount including travel, food and accommodation, taxes, etc.)	auditor	Once		Oct 2025

signature of two-parties agreement by all parties (optional: First Instalment payment)	MI + auditor	Once		Nov 2025
provision of project contract with all annexures, amendments etc. to the auditor	partner	Once we start the audit. If project amendments are approved during the project, these must be shared with the auditor.		Once the agreement is signed
workplan: partner and auditor decide dates for documents verification at partner office and field visit if needed	MI + partner + auditor	Each project year		Nov 2025
conduct of audit	MI + partner + auditor	Each project year		Nov – Dec 25 first phase, Feb 2026 2 nd phase.
auditor shares draft audit report	MI + partner + auditor	Each project year	2 audit reports or 1 consolidated	Either 2 reports, first 15.01.2026 and second 01.03.2026

review of audit report and sharing of comments	MI + partner	Each project year		10.03.2026
revision process of audit report to be continued until provision of clearance	MI + partner + auditor	Each project year		16.03.2026
signing of the stamped audit report, provision of the soft copy and the 3 hard copies to MI and partner	auditor	Each project year		20.03.2026
Instalment payment	MI	Each project year		Maximum 30.03.2026 last payment

5. AUDITOR'S REPORT

The report of the external audit must include the following:

- ✓ Presentation of the audit assignment and scope with extensive comments on the audit findings. The auditor must also state which documents were used for the audit of appropriate use of funds and compliance within the project term.
- ✓ Recommendations in case of complaints
- ✓ Comment on how audit observations from previous years were followed up on, if required
- ✓ Budget (most recent version), with the structure used for the financial report, provided for the final report, and presented like the Annex 1. The comparison of planned and actual expenditure is shown in the currency in which the expenditure was incurred. The audit will not convert these amounts to EUR.
- ✓ For deviations of actual expenditure from the planned expenditure in the current budget that exceeds 30% of individual budget sub-categories, reasons must be given.

- ✓ The final audit opinion in the audit certificate must state the following (minimum requirement), which is to be worded clearly by the external auditor and adapted if appropriate: “We hereby certify that we have audited the statement of accounts of Malteser International in Lebanon regarding the financing of the project “Strengthening the resilience of the vulnerable population in rural regions of Lebanon by promoting agricultural production” LLP3. Our audit was carried out on the basis of the following requirements pertaining to the use of funding:
- project agreement including all annexures and amendments if applicable,
 - partner reports
 - budget control incl. voucher list, vouchers with supporting documents, cash books, ledger books, bank passbook/ deposit slips/ certificate of deposits, bank reconciliation statement, monthly trial balance allocations of shared costs (staff, office rent, water, communications, and electricity, etc.),
 - income overview/ receipt documents: instalments of MI incl. exchange rate calculation, interest received on bank account, local contribution documentation
 - staff list, staff contracts.
 - logistic documents incl. inventory list, handover documents, procurement documents, logbook, vehicle registration etc.
 - training documentation: participants list, training flow etc.
 - MOUs/ agreements/ contracts with governmental partners/ local authorities, community-based organisations (self-help groups, federations, etc.), service providers, etc.
 - in case of project-funded constructions: land title documents, agreements between landowner and project holder/ beneficiaries for long-term utilization
 - others: to be specified

To this end, we have inspected the books and receipts. Based on our audit, we confirm that:” Following this, the audit should provide specific statements on the following questions:

1. To what extent has all income and expenditure been properly documented by means of receipts?
2. To what extent has documented expenditure complied with its application and project approval and to what extent is it in keeping with the appointed purpose and the most recent budget? Have any deviations from the most recent budget been explained separately?

3. To what extent has documented income, that is accounted for as contributions made by the local project partner, the target group and/or other agencies in the project country been specified correctly and its origin explained in accordance with specifications?
4. To what extent were the donor's conditions that were specified in the project agreement taken into account? What response was there to these conditions? Which of these conditions were not adhered to and were reasons given for this?
5. Which special aspects – positive or negative – should be mentioned with regard to this project?

The audit report should draw a clear conclusion regarding adherence to the binding arrangements made in the project agreement.

The auditor is required to provide information in the audit report about any special aspects (relating to project in question). Specific statements on the audit conducted on the project in question (i.e. which income and expenditure were examined, whether planned project activities were implemented) and on the individual audit findings must be made. If there were no findings, this must also be explicitly mentioned in the report.

Annex 1: Statement of Accounts by Chartered Accountants

1. The chartered accountant shall structure his auditor's certificate according to the quantitative documentary proof of the statement of application of funds (cf. Annex 2). He must record the commissions and documents which make up the terms of use made available on which the audit is based.
2. Expenditure which exceeds the budget appropriations by more than 30% shall be explained separately if the approval of the BMZ has not previously been obtained.
3. The final auditor's certificate shall contain the following (minimum requirement):

"We hereby certify that we have audited the statement of accounts of (name of the project-executing agency in the developing country) in respect of the financing of the project (name) on the basis of the following terms of use made available to us (list of commissions and documents). To this end, we have inspected the books and vouchers and report that:

1. Proofs of receipts and expenditure have been properly furnished in the form of vouchers.
2. The expenditures, for which evidence has been supplied, are in keeping with the appointed purpose as set out in the Financing Plan. Any deviations from the Financing Plan are described and explained separately.
3. The amount and origin of documented income which is accounted for as counterpart contributions made by the project executing agency, the target group and/or other agencies in the project country have been specified.
4. The terms set by the donor have been observed/have not been observed in the following points.
5. Special notes:

List of findings of current year

Finding of the auditor	Recommendation of the auditor	Feedback of the partner

List of findings of previous year

Finding of the auditor	Recommendation of the auditor	Status of implementation

Quantitative documentary proof

Annex 2: Statement of application of funds

BMZ project number

Statement of accounts for 20 to 20

Financial statement as at

4.1	<u>Expenditure</u>	Appropriation according to Financing Plan of [date] in local currency	Actual expenditure in local currency	Deviation – as a % –
4.1.1	<u>for investments</u>			
4.1.1.1.				
4.1.1.2				
4.1.1.3				
4.1.1.4				
4.1.2	<u>for operating expenditure</u>			
4.1.2.1				
4.1.2.2				
4.1.2.3				
4.1.2.4				
4.1.3	<u>for personnel</u>			
4.1.3.1				
4.1.3.2				
4.1.3.3				
4.1.3.4				
4.1.5	<u>for evaluation or study</u>			
	Project expenditure			
4.1.6	<u>Reserve funds</u> (appropriations only)		---	
	<u>Total expenditure</u>			

4.2.	Receipts	Budgeted receipts according to Financing Plan of [date] –in local currency–	Actual receipts –in local currency–	Deviation – as a % –
4.2.1	BMZ grant and financial contribution from private executing organisation			
4.2.2	Contribution from project-executing agency, target group and/or other source in developing country			
4.2.3	Additional resources (e.g. interest, sales revenue)			
	Total receipts			

4.3	Financial statement as at	
		– in local currency –
	Total receipts	
	Total expenditure	./.
	Balance	_____
	Overspending ¹	

It is confirmed that no funds were available for the financing of the project other than the receipts detailed above. It is also confirmed that all expenditure was necessary, that funds were utilised efficiently and economically, and that the information given conforms with the books and vouchers.

(Place)

(Date)

(Signature and stamp)

¹ Overspending = Actual total expenditure – Appropriation total expenditure according to Financing Plan

Required Expertise of the Consultant Team

Following points need to be considered when selecting an external auditor:

- The external auditor must be independent (especially independent from the local project partner and the German private executing agency). They should work to an internationally recognized standard.
- If an independent audit is to be carried out for the project, the auditor is to be chosen by the German private executing agency and the local project partner together.
- The auditor's valid qualification (at the time at which the audit certificate is issued) as a recognized, independent auditor must be confirmed by the German embassy or a relevant, recognized institution in the partner country (e.g. a chamber of commerce or national association of auditors). The embassy's confirmation, a qualification certificate or a print-out of the registry entry must be submitted with the audit certificate.
- The external auditor is to be selected on a competitive basis; i.e. contract award regulations are to be complied with.
- In the interests of countering corruption, it is only permitted to work with the same auditor **for a limited period** (max. 5 to 6 years).

Expression of interest

Interested candidates and institutes must submit an offer including the following:

- A curriculum vitae of the principal consultant detailing relevant experience in Financial audit of humanitarian.
- A brief description of the team assembled, including CVs of team members.
- A financial proposal in USD for the study, including the consultant's fees, and per diems. The budget must show the cost of the consultant's fees in relation to the number of working days anticipated over the entire period concerned.

Submission

Tenders must be submitted electronically to MI by the deadline of the 17th of October 2025 to

mb.procurement-BEY@malteser-international.org

MI may, at its sole discretion, extend the deadline for submission of bids. Final selection of proposals will be made in accordance with MI's proposal evaluation procedures.

Selection process, including provisional timetable. The contract will be awarded to the candidate with the highest number of points, based on the following criteria:

- Auditing experience

- Understanding the ToR and evaluation issues
- Presentation / Writing skills (e.g. final evaluation samples)
- Reputation / References presented or obtained
- Presentation of the financial offer

As part of the selection process, the three highest-scoring candidates based on the technical and financial evaluation of their applications will be invited to an interview, which will contribute to the final assessment.

Payment and performance approval process

The consultant will be responsible for his or her own insurance coverage, all necessary equipment (e.g., computer), communication costs and any taxes applicable to the consultancy. All expenses related to travel and accommodation should be included in the consultant's financial offer, as these will not be covered separately. Fees will be paid as follows:

- 30% upon signature of the contract.
- 50% upon submission of the final report.
- 20% upon approval and discussion of the final report.