**Annex 1**

**International Renaissance Foundation**

**CARE Funding for the period 01 April 2022 to 31 December 2022**

**PART I Audit Terms of Reference**

International Renaissance Foundation (IRF) is seeking to engage a reputable auditing firm to conduct its Project Audit for the CARE Deutschland e.V. (hereinafter, CARE) funding for the project “Humanitarian Solidarity” for the period 01 April 2022 to 31 December 2022. The audit will be conducted at the IRF office at 46 Sichovykh Striltsiv, Kyiv, Ukraine . The auditors will work directly with the IRF’s Finance Department during the audit period with an initial briefing from IRF.

The audit will be performed by a chartered accountant or certified public accountant from an audit firm of high repute. IRF has the overall supervision of the local audit of expenses. The financial audits and performance audits are carried out in accordance with recognized international standards **IAASB**. The auditors shall be informed, where appropriate, of the content of these audit instructions.

The audit shall verify that the project accounts are true and whether the transactions covered by the

financial reporting are in accordance with the appropriations granted, the project agreement between IRF and CARE, contracts concluded and laws and regulations in the field of grant management. The auditor shall also assess whether due financial considerations have been considered in the management of the grant funds covered by the project accounts.

In the audit, the auditor shall verify:

1. whether the project financial accounts and reports are fair and accurate and do not contain significant errors or omissions.

Other conditions:

The audit shall be carried out by random examination, in particular based on an assessment of materiality and risk.

1. The IRF's management shall provide the auditor with the information which must be considered relevant for the assessment of the accounts and for the auditor's assessment of the management, including objectives and results achieved. The management of the IRF shall allow the auditor to carry out any inquiries relevant to the expenditure of Project funds deemed necessary by the auditor and to ensure that the auditor receives the information and assistance that may be considered necessary for the performance of the audit office.
2. If, in connection with the management of grant funds, the auditor becomes aware of legal violations or material breaches of the project agreement or grant basis, it shall be the responsibility of the auditor to inform the IRF's management without delay and to ensuring that information on the facts established, with the auditor's comments, is forwarded to CARE within 3 weeks. Otherwise, it is the auditor's duty to inform CARE. The auditor's observations shall be submitted together with the communication. The same applies if, during his audit or otherwise, the auditor becomes aware that the continuation of operations is uncertain for financial or other reasons.
3. The audited project accounts shall be endorsed with an audit report stating that the accounts have been audited in accordance with the rules set out in this instruction. Reservations must appear in the endorsement.
4. The auditor must provide an audit report with the auditor's assessment and conclusion regarding the audit carried out.
5. Copies of the audit report shall be submitted by the IRF to CARE together with the audited financial report.

The auditor shall submit a management letter (or similar format), if required by the applicable audit standards.

PART II

**Additional assignment; according to agreed upon procedures ISRS 4400, review the following areas in accordance with the Terms of Reference below:**

1. Follow up whether the grant conditions have been met, indicated in the provisions of the project agreement with CARE.
2. Examine whether the grant has been used in accordance with the purpose and the basis for granting the grant.
3. Follow up whether financial reporting has been submitted and audited in accordance with recognized international standards and is audited by the local auditor. The auditor shall examine whether the local audit has given rise to any significant observations or reservations. If a reservation has been made by the local auditors, this shall be mentioned in the auditor's report
4. Follow up whether the project accounts figures are aligned with the general annual accounts of the IRF
5. Verify that the grant funds are held in a separate bank account and that the movements in the account are in line with payment procedures of the IRF and the grant contract with CARE. It must also be verified that grant funds forwarded by the IRF to sub-grantees are kept in separate accounts. In doing so, the auditor must ensure that there is no confusion between the grant funds and the IRF's own resources
6. Verify that grant funds are segregated from other funds either in the organizations’ accounting system or using a separate bank account and that there is no mix of grant funds and the organizations’ own funds.
7. Follow up whether the IRF has provided CARE with correct and adequate information on the fulfilment of the performance requirements (number of grants issued, volume of direct aid made).