

## TERMS OF REFERENCE

for the procurement of financial statement audit services Part 1 and 3 of the project  
Karavan zdoroviya «Health caravan» in the Republic of Tajikistan  
for the period from March 17, 2020-December 31, 2020 and from January 01, 2021-  
December 31,2021

<b>Project title:</b>	Karavan zdoroviya «Health caravan» in the Republic of Tajikistan (the project)
<b>Client:</b>	Foundation for prevention and control of HIV and other infectious diseases AIDS Infoshare (Russia Federation)
<b>Financing institution:</b>	Grant from Eurasian Fund for Stabilization and Development to fund Karavan zdoroviya «Health caravan» project in the Republic of Tajikistan
<b>Audit type:</b>	Financial statement audit for the mentioned periods
<b>Duration of services:</b>	May-June 2021 - June 30, 2022.
<b>Audit stages:</b>	<p>The assignment has 2 stages:</p> <p><b>Stage 1</b> - . Financial statement audit for the period March 17, 2020-December 31, 2020</p> <p><b>Stage 2</b> - Financial statement audit for the period January 01, 2021-December 31, 2021</p> <p>Audit of each reporting year must start no earlier than May 20 following the reporting year and end (submit Audit report) no later than June 15 following the reporting year</p>
<b>Basic requirements to audit:</b>	<p>Audit must be conducted in accordance with the requirements of International audit standards (ISA), published by the Council on audit standards and security of International Federation of accountants (IFAC). In accordance with International audit standards, (ISA) the Consultant must plan and conduct audit with special attention to the following:</p> <ol style="list-style-type: none"> <li>1.In accordance with ISA requirement <b>240</b> «Responsibilities of auditor in relation to unjust acts during financial statement audit», to reduce the audit risk the auditor when planning and conducting audit must take into account the significant distortion in financial statement as the result of unjust acts.</li> <li>2.In accordance with ISA requirement <b>250</b> «Reviewing the laws and legal acts in the course of financial statement audit» when working out, audit, evaluation and submission of final statement the auditor must take into consideration the violation of laws and legal acts that may significantly influence the financial statement.</li> <li>3.In accordance with ISA requirement <b>260</b> «Informational cooperation with corporative managers», in the course of audit related to management issues the auditor must cooperate with corporative managers.</li> <li>4.In accordance with ISA requirement <b>265</b> «Informing corporative managers and management of organization on internal control disadvantages», the auditor must inform management of organization and corporative managers on internal control disadvantages, revealed by auditor.</li> <li>5.In accordance with ISA requirement <b>330</b> «Audit procedures on counteracting the revealed risks», the auditor must work out and perform a</li> </ol>

	<p>system aimed at eliminating the risks of significant distortion in financial statement as well as work out and conduct audit procedures, the nature, timing and scope of which are based on evaluated risks and aimed at its elimination.</p> <p>6. In accordance with ISA requirement <b>402</b> «Features of the enterprise audit, using the services of the service organization», when the certain enterprise activities are implemented by third party (the supplier), auditor must evaluate the internal control management of the supplier.</p> <p>7. In accordance with ISA requirement <b>580</b> «The written statements», during financial statement audit is expected that auditor must receive the written confirmation from management and in relevant situations from corporative managers.</p>
<p><b>Basic responsibilities and tasks of the auditor:</b></p>	<ol style="list-style-type: none"> <li>1. independent audit, working out and submission to the Client an expert statement on legality and validity of using investment credit, received according to the Grant agreement from Eurasian Fund for Stabilization and Development # 3 as of July 07, 2019 (Financial agreement);</li> <li>2. review and evaluation of financial statement, submitted to Eurasian bank for Stabilization and Development for the reviewed period;</li> <li>3. review the compliance of financial restrictions according to the Financial agreement;</li> <li>4. review and evaluation of financial procedures;</li> <li>5. review of complete documentation availability in relation to all expenses within the project;</li> <li>6. evaluation the compliance of financial statement on the contracts expenses from March 17, 2020 - 31.12.2021 and from January 01, 2021- December, 31, 2021;</li> <li>7. evaluation the accounting system, internal financial control and related systems;</li> <li>8. review the compliance of financial statement and methods of financial statement implementation on the project to International accounting standarts in the government sector, Financial agreement provisions, requirements of applicable guidelines, policy and procedures, and submission the compliance report to the Client;</li> <li>9. review of legality and validity of funds movements on special accounts (special accounts of the project: special account in roubles 40703810700701304043, in US dollars 40703840100701304040. Financial statement on special accounts is part of the project financial statement;</li> <li>10. making the statement on special accounts maintainance related to the project. Financial statement on special accounts includes: <ul style="list-style-type: none"> <li>• deposits and funds reimbursed on the Bank line;</li> <li>• payments made on withdrawal requests;</li> <li>• interest that may be accrued on the balance of the account funds;</li> <li>• balance sheet at the end of reporting period.</li> </ul> </li> </ol>

	<p>11.making the statement on the Bank procedures compliance relating to special accounts maintenance, as well as of balance sheet at the end of reporting period;</p> <p>12.investigation the correctness of financial transactions during the evaluated period, balance sheet at the end of the evaluated period, using special account in accordance with Financial agreement, as well as internal control system adequacy, applied in case of using such spending mechanism;</p> <p>13.random check of expense statements on the basis of which the withdrawal requests were submitted. Such expenses must be thoroughly analysed for conformity to the requirements of corresponding financial agreements as well as with Evaluation report commission, which when necessary may serve as the guideline. If the expenses not eligible for funding but included in withdrawal requests and paid are revealed the auditor should mention this. Financial statement on the project must include a registry of all withdrawal requests compiled on the basis of expense statements with order number and amounts. The total amount of withdrawn expenses compiled on the basis of expense statements must be checked with the amounts paid by the Bank and corresponds to financial statement information.</p> <p>14.include in the Audit report tables or other forms showing the calculation, confirming or refuting legality and validity of funds movement.</p>
<p><b>Financial reports subject to audit review:</b></p>	<p>The project financial documentation must be prepared by PIU management and submitted to the Consultant and should include:</p> <ol style="list-style-type: none"> <li>1.basic information on the sources and funds expenses with separate showing the funds, received from the World Bank or other donors and were received from the Contractor (including the natural form);</li> <li>2.basic information on the expenses with separate showing the main project components and categories for the current financial year and for the whole period with cumulative total;</li> <li>3.table of statement expenses;</li> <li>4.financia reports on special accounts;</li> <li>5.primary documentation in accordance with expense statements;</li> <li>6. as well as other financial statement according to the Financial agreement;</li> </ol> <p>The mentioned in paragraphs 5 and 6 documentation must be prepared in accordance with accounting principles of the Russian Federation.</p>

<b>Reporting:</b>	<p>At the end of each stage the auditor must submit the following documents:</p> <ol style="list-style-type: none"> <li>1. Audit report;</li> <li>2. «Letter to the management», which includes: <ol style="list-style-type: none"> <li>2.1 disadvantages, weak points, comments and remarks to the accounting, systems and instruments of internal financial control, investigated during the audit;</li> <li>2.2 submit information of noncompliance with Financial agreement;</li> <li>2.3 information on expenses which are considered to be unreasonable and illegal;</li> <li>2.4 information on important problems during the audit which may significantly influence the project efficiency;</li> <li>2.5 other questions which the auditor considers necessary to draw the Client's attention;</li> <li>2.6 the Client's comments regarding the auditor observations, included in the letter to the management.</li> </ol> </li> </ol> <p>If nothing of the above is found the auditor submits the letter in which mentions that nothing was found during the audit review that may draw the Client's attention.</p> <p>Before the assignment is completed the auditor must submit to the Foundation for prevention and control of HIV and other infectious diseases AIDS Infoshare drafts report and letter for the discussion. Drafts should be submitted in Russian. On reviewing the report the Foundation submits comments which should be taken into account in the final versions of the above documents. The auditor includes the comments and submits the final Audit report and «Letter to the management» in 2 (two) copies in Russian in printed and electronic forms.</p>
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<b>Requirements to the Consultant and key personnel qualification:</b>		
<b>№</b>	<b>Requirements</b>	<b>Minimum</b>
1	Experience of the Consultant in providing audit services in the government sector	5 years
2	Number of completed similar assignments within financial statement audit financed by International financial organization within last 5 years.	3
3	<b>Key personnel qualification:</b>	
	Head of the group	10 years of audit experience conforming to international standarts, including no less than 5 years of audit experience and implementation the programmes financed by International financial organizations (IFIs), no less than 4 years of audit experience as head of the unit in audit organization, good command of the English language.
	Auditor 1	5 years of audit experience лет conforming to international standarts, including no less than 3 years of audit experience and implementation the programmes financed by International financial organizations (IFIs), no less than 2 years of audit experience in audit organization, good knowledge on international accounting standarts and tax legislation, good command of the English language.
	Auditor 2	5 years of audit experience лет conforming to international standarts, including no

		less than 3 years of audit experience and implementation the programmes financed by International financial organizations (IFIs), no less than 2 years of audit experience in audit organization, good knowledge on international accounting standarts and tax legislation, good command of the English language.
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