**Terms of Reference**

1. **BACKGROUND**

CARE Caucasus’ mission is to decrease social injustice, vulnerability, and rural poverty, and contribute to improved conditions for sustainable development and security in the South Caucasus region.

CARE Caucasus promotes lasting change by pro-poor and sustainable economic development, mobilizing local capacities and resources for building a strong and effective civil society, emergency response and disaster risk reduction, collaborating with government on policy dialogue and decision-making, promoting innovation and learning. CARE puts poor rural households, especially marginalized women and young people, in the center of its work, because we believe poverty cannot be overcome until all people have equal rights and opportunities.

CARE Caucasus is seeking an audit firm for financial and organizational audit. The audit shall be carried out by an external, independent and qualified auditor.

## OBJECTIVES OF THE AUDIT

The objectives of the audit are:

* 1. To enable the Auditor to express an independent professional opinion on whether funding resources are managed in accordance with all applicable standards, including relevant donor agreements and procedures and CARE’s internal procurement and financial management guidelines, policies and standards.
  2. To enable the Auditor to review, evaluate and express an opinion on decision-making, financial management and internal control systems of CARE Caucasus and provide recommendations on improvement.

## SCOPE OF WORK

The audit should be conducted for the period of 1 January 2024 to December 31, 2025, and will cover all the financial operations and resources. The Auditor must **perform procedures and offer an opinion** on the following areas:

* 1. **General**
* Steps must be taken to ensure that the individual expenditures made from the institutional donor funds and other sources (CARE International funding, funding from other members) are clearly evident from the project bookkeeping and/or relevant documents and that they are assigned to the budget items as specified in the applicable Project Document or CARE’s respective documents and contracts. The Recipient’s accounts shall relate to the pertinent documents and to the expenditures designated as relevant to the project.
* The contractor has to conduct an examination based on the original documents and verification coverage of min. 70%. It must be clearly stated in the audit report that the original documents have been validated.
  1. **Grant Agreement and Accounting Standards**
* Verify if generally accepted accounting standards are met;
* Verify if relevant contracts, terms and conditions have been complied with grant agreement and accounting standards;
* Verify if the organization has copies of all valid essential contracts (government, trading, rental, lease, service agreement);
* Verify if each set of accounts contains a clear description of cash flows, that is documented in the form of currency exchange confirmations and bank statements;
* It must be evident from the bookkeeping records and from the audit of accounts that the expenditures are covered by the revenues, and it must thus be verified that there is no duplicate financing by external funding bodies;
* Verify if vouchers are clearly associated with the project and the projects time frame;
* Verify if all invoices have been settled and paid for.
* Verify if conversion of currency has been calculated correctly.
* Verify if indirect costs, if foreseen in the budgets, have been calculated properly;
  1. **Eligibility and Overspending**
* Verify if recorded expenses meet eligibility criteria stipulated in the approved Grant Agreement or IPIAs/MOUs as relevant and its annexes (budget, activity plan…);
* Verify if over expenditure, if any, lies within the thresholds stipulated in the Grant Agreement and documents referred above.

**3.4. Bank Statements**

* Verify that the bookkeeping match the Official Bank Account Statements and Cash Book;
* Verify if financial transfers (bank, cash) are understandable and in line with reported expenditures**.**
* Express an opinion as to reasonableness of the financial statements in all material respects and compliance with procedures designed to provide reasonable assurance of detecting misstatements due to errors or fraud that are material in the financial statements.

**3.5. Personnel Expenses**

* Verify if the salaries of project personnel match existing, properly signed employment contracts.
* Verify that personnel social security expenses including pensions and taxes have been recorded and paid in accordance with the national legislation.
* Verify if regulations on travel expenses have been followed.

**3.6. Assets and Equipment**

* Verify if all assets and equipment have been incorporated in the asset list as defined by CARE’s financial management policy according to IFRS standards;
* Verify if organization’s vehicles, have been used according to the standards set out in the relevant grant agreement of the donor and/or CARE’s vehicle management policy.

**3.7. Subgrants and subcontracts**

* Verify if sub-grants foreseen in the project documents have been provided to third parties and have been properly accounted for on the basis of actual costs.
* Check that the awarding of sub-contracts for supplies, work and services have followed the relevant procurement procedures, established by the donor and/or by CARE International regulation. Furthermore, verify the proper application of applicable procurement law.

**3.8. Internal management and control systems:**

* Assess the adequacy and effectiveness of the accounting and overall internal control system to monitor expenditures and other financial transactions.
* Appropriate supporting documents, records and books of accounts relating the all activities have been kept. Clear linkages should exist between the books of accounts and the financial statements presented to.
* Verify that expenditure for a selected item is substantiated by evidence and supporting documents
* Verify that the monetary value of selected expenditure item agrees with underlying documents (e.g. invoices, salary statements) and that correct exchange rates are used where applicable.
* Assess whether the expenditures were incurred in accordance with applicable procurement rules by examining the underlying documents of the procurement and purchase process.
* Assess and verify that existing system and decision-making structure ensures that financial and operational risks are appropriately managed.

## REQUIRED EXPERTISE

* The Auditor must in any case be a registered firm of auditors and registered in Georgia;
* The Auditor must not have been involved in CARE Caucasus’ operation’s accounting;
* The Auditor must not personally be connected in any way with CARE Caucasus, which is being audited;
* The Auditor must have at least five years’ experience in auditing of NGOs;
* The Auditor must have relevant experience of auditing internal management and control systems of NGOs;
* The Auditor must be a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC). If the applicant Auditor organization is not member of the IFAC, the Auditor must commit himself/herself to undertake this Engagement in accordance with the IFAC standards and ethics.
* The Auditor must employ staff with appropriate professional qualifications and suitable experience with IFAC standards and with experience in verifying financial information of entities comparable in size and complexity to the Grant Recipient.
* The Auditor has sufficient knowledge of relevant laws, regulations and rules of Georgia. This includes but is not limited to taxation, social security and labour regulations, accounting and reporting and corporate governance.
* The Auditor will provide CARE Caucasus with CVs of the staff/experts involved in the expenditure verification. The CVs will include appropriate details for the purpose of the evaluation of the offer on the relevant specific experience for this expenditure verification and the qualifying work carried out in the past.

## STANDARDS AND ETHICS

## The Auditor shall undertake this Engagement in accordance with:

## The International Standard on Related Services (‘ISRS’) 4400 Engagements to perform Agreed-upon Procedures regarding Financial Information as promulgated by the IFAC;

## The IFAC Code of Ethics for Professional Accountants (developed and issued by IFAC's International Ethics Standards Board for Accountants (IESBA), which establishes fundamental ethical principles for Auditors regarding integrity, objectivity, independence, professional competence and due care, confidentiality, professional behaviour and technical standards. Although ISRS 4400 provides that independence is not a requirement for Agreed-upon procedures engagements, CARE Caucasus requires that the Auditor is independent from the Beneficiary and complies with the independence requirements of the IFAC Code of Ethics for Professional Accountants.

## REPORTING AND ACCOUNTABILITY:

The Auditor shall agree on the final Scope of Work with CARE Caucasus’ Supervisory Board (Chair) and will submit its final report to the Supervisory Board.

In addition of the audit report, the auditors shall prepare a Management Letter on the following:

* Give comments and observations on the accounting records, procedures, systems and controls that were examined during the course of the audit;
* Identify specific deficiencies and areas of weakness in systems and controls as related to the scope of the audit and make recommendations for improvement;
* Communicate matters that have come to their attention during the audit which might have a significant impact on the sustainability of the organization or any other matters that the auditors consider pertinent.

1. **HOW TO APPLY:**

The interested Auditors must submit applications, which will include CVs of the team, experience of the Auditor and financial offer, electronically to the following e-mail: [Temuri.Kurtaidze@care.org](mailto:Temuri.Kurtaidze@care.org) no later than **05 March, 2026**